SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1962

No. 97

THE BALTIMORE & OHIO RAILROAD COMPANY, ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 98

MARYLAND PORT AUTHORITY, ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 99

INTERSTATE COMMERCE COMMISSION, APPELLANT,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

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TRANSCRIPT OF RECORD

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Supreme Court of the United States

OCTOBER TERM, 1962

No. 97

THE BALTIMORE & OHIO RAILROAD COMPANY, ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 98

MARYLAND PORT AUTHORITY, ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 99

INTERSTATE COMMERCE COMMISSION, APPELLANT,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

FILED MAY 1, 1962

PROBABLE JURISDICTION NOTED JUNE 11, 1962

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1962

No. 97

THE BALTIMORE & OHIO RAILROAD COMPANY,
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BOSTON AND MAINE RAILROAD, ET AL.

No. 98

MARYLAND PORT AUTHORITY, ET AL.,
APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 99

INTERSTATE COMMERCE COMMISSION,
APPELLANT,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF MASSACHUSETTS

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BEFORE THE INTERSTATE COMMERCE COMMISSION

Board of Suspension, Washington, D. C.

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

ORDER—July 6, 1956

It appearing, That there have been filed with the Interstate Commerce Commission tariff schedules setting forth new rates and charges, and new rules, regulations and practices affecting such rates and charges, applicable on interstate or foreign commerce, to become effective July 10, 1956, and later, designated as follows:

C. W. Boin, Agent:

Supplements 14 and 15 to I.C.C. A-942 in full;
Supplements 12 and 13 to I.C.C. A-961 of C. W. Boin, Agent and I.C.C. 635 of O. E. Swenson, Agent in full;
Supplements 20 and 21 to I.C.C. A-966 of C. W. Boin, Agent and I.C.C. 640 of O. E. Swenson, Agent in full;

C. W. Boin, Agent:

Supplements 35 and 36 to I.C.C. A-1017 in full;

H. R. Hinsch, Agent:

Supplements 259 and 260 to I.C.C. 3422 in full;
Supplements 114 and 115 to I.C.C. 3472 in full;
Supplements 254 and 255 to I.C.C. 3642 in full;
Supplements 89 and 90 to I.C.C. 4350 in full;
Supplements 76 and 77 to I.C.C. 4403 in full;
Supplements 176 and 177 to I.C.C. 4542 in full;

R. B. LeGrande, Agent:

Supplement 22 to I.C.C. 256 in full;

O. E. Swenson, Agent:

Supplement 154 to I.C.C. 362 and MF-I.C.C. 22 in full;
Supplement 198 to I.C.C. 591 and MF-I.C.C. 90 in full;
Supplement 71 to I.C.C. 604 in full;

The Baltimore and Ohio Railroad Company:

Supplement 27 to I.C.C. 23847 in full;
Supplement 53 to I.C.C. 24092 in full;
Supplement 41 to I.C.C. 24097 in full;
Supplement 17 to I.C.C. 24105:
  on page 3 thereof, Index Nos. 7150, 7555, and 3761 to 4940 inclusive, also under the caption "Table of Rates" Rate Basis Nos. 882, 883 and 884;
Supplement 43 to I.C.C. 24237:
  on page 2 thereof, Items 420-O and 425C;
  page 3 thereof in full;
  on page 4 thereof Item 2920 A;
Supplement 45 to I.C.C. 24237:
  on page 7 thereof, Items 420-P and 425-D;
Supplement 8 to I.C.C. 24246 in full;
[fol. E] Supplement 63 to I.C.C. 24248 in full;
Supplement 11 to I.C.C. 24250 in full;
Supplement 10 to I.C.C. 24255:
  on page 3 thereof, Index Nos. 170, 175, 330, 655, 715 and 69;
Supplement 31 to I.C.C. 24271 in full;
Supplement 25 to I.C.C. 24289 in full;

Bessemer and Lake Erie Railroad Company:

Supplement 29 to I.C.C. 1276 in full;
Supplement 7 to I.C.C. 1284 in full;
Supplement 3 to I.C.C. 1285 and MF-I.C.C. 31 in full;
Supplement 15 to I.C.C. 1291:
  page 5 thereof in full;
Supplement 3 to I.C.C. 1330 in full;

The Chesapeake and Ohio Railway Company:

Supplement 11 to I.C.C. 13032 in full;
Supplement 127 to I.C.C. 13099 in full;
Supplement 81 to I.C.C. 13153 in full;
Supplement 19 to I.C.C. 13383 in full;

The Delaware and Hudson Railroad:

Supplement No. 10 to I.C.C. No. 283:
On page 2 thereof, Item No. 120-A in full;

Erie Railroad Company:

Supplement 18 to I.C.C. A-7849 in full;

The New York Central Railroad Company:

Supplement 72 to I.C.C. 1238 in full;
Supplement 36 to I.C.C. 1603 in full;
ICC 1719 in full;

The Pennsylvania Railroad Company:

Supplement 22 to I.C.C. 2990 in full;
Supplement 21 to I.C.C. 3035 in full;
Supplement 16 to I.C.C. 3105 in full;
Supplement 8 to I.C.C. 3200 in full;
Supplement 14 to I.C.C. 3363 in full;
Supplement 14 to I.C.C. 3439 in full;
Supplement 2 to I.C.C. 3462 in full;
Supplement 1 to I.C.C. 3467 in full;
Supplement 1 to I.C.C. 3476 in full;

The Pittsburgh and Lake Erie Railroad Company:

Supplement 2 to ICC 3564 in full;
Supplement 5 to ICC 3565 in full;
Supplement 6 to ICC 3565:
all matter therein which is shown as a reissue of, or is the same as that suspended in Supplement 5;

[fol. F] The Pittsburgh & Shawmut Railroad Company:

Supplement No. 2 to I.C.C. No. 829 in full;

The Pittsburgh & West Virginia Railway Company:

Supplement 19 to I.C.C. 535;
  on page 5 thereof, Item No. 690-B;
  pages 6 and 7 thereof in full;
Supplement 20 to I.C.C. 535 in full;

Reading Company:

Supplement 9 to I.C.C. 2295:
  pages 3 and 4 thereof, except the provisions shown as reissued;
Supplement 93 to I.C.C. 2297:
  pages 3, 4 and 5 thereof, except the provisions shown as reissued;
Supplement 16 to I.C.C. 2324:
  page 2 thereof, except the provision shown as reissued from Supplement 15;
  page 3 thereof in full;
Supplement 10 to I.C.C. 2330:
  on page 2 thereof, the Rate of 957 cents and all provisions in connection therewith, also the encircled reference "2" and the explanation thereof;
Supplement 9 to I.C.C. 2333:
  page 2 thereof, except the provision preceded by the squared reference "7";
Supplement 34 to I.C.C. 2346:
  page 5 thereof in full;
Supplement 5 to I.C.C. 2349:
  on page 2 thereof, the Rates to Farrell and Sharon, Pa., and Youngstown, Ohio;

Western Maryland Railway Company:

Supplement 15 to I.C.C. 9044 in full;
Supplement 26 to I.C.C. 9067 in full;

and all other schedules contained in other tariffs and supplements insofar as they contain the same provisions or provisions of the same import as those hereinbefore suspended;

And it further appearing, That upon consideration of the said schedules and protests thereto there is reason to believe that they would, if permitted to become effective, result in rates and charges, rules, regulations or practices which would be unjust and unreasonable, unduly prejudicial and preferential, and unjustly discriminatory, all in violation of the Interstate Commerce Act; in contravention of the provisions of Section 4 of the Interstate Commerce Act without appropriate authority; and would constitute unfair and destructive competitive practices in contravention of the National Transportation Policy; and good cause appearing therefor;

[fol. G] *It is ordered,* That an investigation be, and it is hereby, instituted into and concerning the lawfulness of the rates, charges and regulations contained in said schedules, with a view to making such findings and orders in the premise as the facts and circumstances shall warrant.

It is further ordered, That the operation of the said schedules be and it hereby is suspended, and that the use thereof on interstate and foreign commerce be deferred to and including February 9, 1957, unless otherwise ordered by this Commission.

It is further ordered, That the investigation in this proceeding shall not be confined to the matters and issues hereinbefore stated as the reason for instituting this investigation, but shall include all matters and issues with respect to the lawfulness of the said schedules under the Interstate Commerce Act.

It is further ordered, That neither the schedules hereby suspended nor those sought to be altered thereby shall be changed until this proceeding has been disposed of or until the period of suspension has expired, unless otherwise ordered by the Commission.

And it is further ordered, That a copy of this order be filed with the schedules in the office of the Interstate Commerce Commission, and that copies hereof be forthwith served upon the carriers parties to the said schedules and that the said carriers be, and they are hereby, made respondents to this proceeding.

By the Commission, Board of Suspension.

Harold D. McCoy, Secretary.

[fol. H]

BEFORE THE INTERSTATE COMMERCE COMMISSION

Board of Suspension

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

CORRECTED ORDER—July 6, 1956

It appearing, That there have been filed with the Interstate Commerce Commission tariff schedules setting forth new rates and charges, and new rules, regulations and practices affecting such rates and charges, applicable on interstate or foreign commerce, to become effective July 10, 1956, and later, designated as follows:

C. W. Boin, Agent:

- Supplements 14 and 15 to I.C.C. A-942, in full;
- Supplements 12 and 13 to Joint Tariff I.C.C. A-961 of C. W. Boin, Agent, and I.C.C. 635 of O. E. Swenson, Agent, in full;
- Supplements 20 and 21 to Joint Tariff I.C.C. A-966 of C. W. Boin, Agent, and I.C.C. 640 of O. E. Swenson, Agent, in full;
- Supplements 35 and 36 to I.C.C. A-1017, in full;

H. R. Hinsch, Agent:

- Supplements 259 and 260 to I.C.C. 3422, in full;
- Supplements 114 and 115 to I.C.C. 3472, in full;
- Supplements 254 and 255 to I.C.C. 3642, in full;
- Supplements 89 and 90 to I.C.C. 4350, in full;
- Supplements 76 and 77 to I.C.C. 4403, in full;
- Supplements 176 and 177 to I.C.C. 4542 in full;

R. B. LeGrande, Agent:

Supplement 22 to I.C.C. 256 in full;

O. E. Swenson, Agent:

Supplement 154 to I.C.C. 362 and MF-I.C.C. 22 in full;
Supplement 198 to I.C.C. 591 and MF-I.C.C. 90 in full;
Supplement 71 to I.C.C. 604, in full;

The Baltimore and Ohio Railroad Company:

Supplement 27 to I.C.C. 23847, in full;
Supplement 53 to I.C.C. 24092, in full;
Supplement 41 to I.C.C. 24097, in full;
Supplement 17 to I.C.C. 24105:
  On page 3 thereof, Index Nos. 7150, 7555, and 3761 to 4940 inclusive, also under the caption "Table of Rates" Rate Basis Nos. 882, 883 and 884;
Supplement 43 to I.C.C. 24237:
  On page 2 thereof, Items 420-O and 425C;
  page 3 thereof, in full;
  On page 4 thereof Item 2920 A;
Supplement 45 to I.C.C. 24237:
  On page 7 thereof, Items 420-P and 425-D;
Supplement 8 to I.C.C. 24246, in full;
Supplement 63 to I.C.C. 24248, in full;
Supplement 11 to I.C.C. 24250, in full;
Supplement 10 to I.C.C. 24255:
  On page 3 thereof, Index Nos. 170, 175, 330, 655, 715 and 69;
Supplement 31 to I.C.C. 24271, in full;
Supplement 25 to I.C.C. 24289, in full;

Bessemer and Lake Erie Railroad Company:

Supplement 29 to I.C.C. 1276, in full;
Supplement 7 to I.C.C. 1284, in full;
Supplement 3 to I.C.C. 1285, and MF-I.C.C. 31, in full;
[fol. 1] Supplement 15 to I.C.C. 1291:
  page 5 thereof, in full;
Supplement 3 to I.C.C. 1330, in full;

The Chesapeake and Ohio Railway Company:

Supplement 11 to I.C.C. 13032, in full;
Supplement 127 to I.C.C. 13099, in full;
Supplement 81 to I.C.C. 13153, in full;
Supplement 19 to I.C.C. 13383, in full;

The Delaware and Hudson Railroad:

Supplement No. 10 to I.C.C. No. 283:
On page 2 thereof, Item No. 120-A, in full;

Erie Railroad Company:

Supplement 18 to I.C.C. A-7849, in full;

The New York Central Railroad Company:

Supplement 72 to I.C.C. 1238, in full;
Supplement 36 to I.C.C. 1603, in full;
ICC 1719, in full;

The Pennsylvania Railroad Company:

Supplement 22 to I.C.C. 2990, in full;
Supplement 21 to I.C.C. 3035, in full;
Supplement 16 to I.C.C. 3105, in full;
Supplement 8 to I.C.C. 3200, in full;
Supplement 14 to I.C.C. 3363, in full;
Supplement 14 to I.C.C. 3439, in full;
Supplement 2 to I.C.C. 3462, in full;
Supplement 1 to I.C.C. 3467, in full;
Supplement 1 to I.C.C. 3476, in full;

The Pittsburgh and Lake Erie Railroad Company:

Supplement 2 to ICC 3564, in full;
Supplement 5 to ICC 3565, in full;
Supplement 6 to ICC 3565:
all matter therein which is shown as a reissue of, or is the same as that suspended in Supplement 5;

The Pittsburgh & Shawmut Railroad Company:

Supplement No. 2 to I.C.C. No. 829;

On page 2 thereof, under caption Export Grain and Grain Products Rates, all rates preceded by the "dagger" reference mark, and all provisions insofar as they apply in connection therewith;

The Pittsburgh & West Virginia Railway Company:

Supplement 19 to I.C.C. 535;

On pages 5 to 7, inclusive, rates prefixed by encircled 36 in Items 690B, 700B, 720B, 730A, 740B, 750E, 760A and 770C and Supplement 20 to I.C.C. 535;

Reading Company:

Supplement 9 to I.C.C. 2295;

pages 3 and 4 thereof, except the provisions shown as reissued;

Supplement 93 to I.C.C. 2297:

On page 4 thereof, Commodity: Ore, Zinc and all rates and provisions in connection therewith;

On page 5 thereof, Commodity: Zinc Ore Concentrates and all rates and provisions in connection therewith;

Supplement 16 to I.C.C. 2324:

page 2 thereof, except the provision shown as reissued from Supplement 15;

page 3 thereof, in full;

Supplement 10 to I.C.C. 2330:

On page 2 thereof, the Rate of 957 cents and all provisions in connection therewith, also the encircled reference "2" and the explanation thereof;

[fol. J] Supplement 9 to I.C.C. 2333:

page 2 thereof, except the provision preceded by the squared reference "7";

Supplement 34 to I.C.C. 2346:

page 5 thereof, in full;

Supplement 5 to I.C.C. 2349:

On page 2 thereof, the Rates to Farrell and Sharon, Pa., and Youngstown, Ohio;

Western Maryland Railway Company:

Supplement 15 to I.C.C. 9044, in full;
Supplement 26 to I.C.C. 9067, in full;

and all other schedules contained in other tariffs and supplements insofar as they contain the same provisions or provisions of the same import as those hereinbefore suspended;

And it further appearing, That upon consideration of the said schedules and protests thereto there is reason to believe that they would, if permitted to become effective, result in rates and charges, rules, regulations or practices which would be unjust and unreasonable, unduly prejudicial and preferential, and unjustly discriminatory, all in violation of the Interstate Commerce Act, in contravention of the provisions of Section 4 of the Interstate Commerce Act without appropriate authority; and would constitute unfair and destructive competitive practices in contravention of the National Transportation Policy; and good cause appearing therefor:

It is ordered, That an investigation be, and it is hereby, instituted into and concerning the lawfulness of the rates, charges and regulations contained in said schedules, with a view to making such findings and orders in the premise as the facts and circumstances shall warrant.

It is further ordered, That the operation of the said schedules be and it hereby is suspended, and that the use thereof on interstate and foreign commerce be deferred to and including February 9, 1957, unless otherwise ordered by this Commission.

It is further ordered, That the investigation in this proceeding shall not be confined to the matters and issues hereinbefore stated as the reason for instituting this investigation, but shall include all matters and issues with respect to the lawfulness of the said schedules under the Interstate Commerce Act.

It is further ordered, That neither the schedules hereby suspended nor those sought to be altered thereby shall be changed until this proceeding has been disposed of or until the period of suspension has expired, unless otherwise ordered by the Commission.

And it is further ordered, That a copy of this order be filed with the schedules in the office of the Interstate Commerce Commission, and that copies hereof be forthwith served upon the carriers parties to the said schedules and that the said carriers be, and they are hereby, made respondents to this proceeding.

By the Commission, Board of Suspension.

Harold D. McCoy, Secretary.

[fol. K]

BEFORE THE INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204

Import and Import Rates From and To North Atlantic Ports

NOTICE, DATED AUGUST 2, 1956, OF PREHEARING CONFERENCE

The above-entitled proceedings are assigned for prehearing conference on September 11, 1956, at 8:30 o'clock a.m., United States Standard Time (9:30 o'clock a.m., District of Columbia Daylight Saving Time), at the Office of the Interstate Commerce Commission, Washington, D. C., before Examiner Boat.

The attention of the parties is directed to the General Rules of Practice, Rule 84(d), the provisions of which point to the desirability of interchange of exhibits and other pertinent material before the hearing.

By the Commission.

Harold D. McCoy, Secretary.

[fol. M]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I&S Docket No. 6615

In the Matter of:

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Fourth Section Application No. 32204

In the Matter of:

IMPORT AND IMPORT RATES FROM AND TO
NORTH ATLANTIC PORTS

Hearing Room "A"
Interstate Commerce Commission
Washington, D. C.

Transcript of Prehearing Conference—Tuesday, September 11, 1956

Met, pursuant to notice, at 9:30 a.m.

BEFORE:

M. L. BOAT, Examiner.

APPEARANCES:

JOHN H. COLGREN, 466 Lexington Avenue, New York 17, New York, appearing for New York Central Railroad Company, respondent.

DONALD MACLEAY, 1625 K Street, N. W., Washington, D. C., appearing for Maryland Port Authority, intervenor.

WILLIAM L. MARBURY, Maryland Trust Building, Baltimore, Maryland, appearing for Maryland Port Authority, intervenor.

L. W. Scully, 232 St. John Street, Portland, Maine, appearing for Maine Central Railroad Company, petitioner for suspension of export rates only, respondent for suspension of import.

[fol. N] Julian Y. Bedox, 15 N. 6th Street, Richmond, Virginia, for Richmond Chamber of Commerce, opposing N.Y. and Boston.

M. R. Warnock, 143 Liberty Street, New York 6, N. Y., appearing for Railroads serving New York.

C. B. O'Hara, 111 8th Avenue, New York 11, New York, appearing for Port of New York Authority.

Charles McD. Gillan, 22 Light Street, Baltimore 2, Maryland, appearing for Baltimore Association of Commerce and Baltimore Chamber of Commerce.

Neal J. Holland, 150 Causeway Street, Boston 14, Massachusetts, appearing for Boston and Maine Railroad, respondent.

Peter Campbell Brown, Corporation Counsel, City of New York, by James J. Thornton and Sidney Brandes, Assistant Corporation Counsels, appearing for the City of New York, Municipal Building, New York 7, New York, protestant.

W. Q. Keenan, 54 Meadow Street, appearing for New Haven Railroad, respondent.

Hewitt Biaett and John W. Hanifin, 1500 First National Bank Building, Richmond, Virginia, appearing for The Chesapeake and Ohio Railway Company, protestant-respondent.

Erle J. Zoll, Jr., 135 E. 11th Place, Chicago 5, Illinois, appearing for Illinois Central Railroad Company.

J. T. Clark, 1336 Midland Building, Cleveland 15, Ohio, appearing for Erie Railroad Company, respondent.

R. Granville Curry and Frederick M. Dolan, 631 [fol. O] Southern Building, Washington, D. C., appearing for Albany Port District Commission, Albany, New York.

Warren Price, Jr., 1116 Investment Building, Washington, D. C., appearing for Delaware River Port Authority.

E. H. Burgess, A. P. Donadio and C. J. Henry, 301 B&O Building, Baltimore 1, Maryland, appearing for Baltimore & Ohio Railroad.

J. P. Fishwick, 106 N. Jefferson Street, Roanoke, Virginia, appearing for Norfolk and Western Railway.

William C. Seibert, State Office Building, Richmond, Virginia, appearing for State Corporation Commission of Virginia, intervenor-protestant.

Wilbur LaRoe, Jr. and S. H. Moerman, 743 Investment Building, Washington 5, D. C., appearing for Port of New York Authority, favoring equalization.

J. Arthur Mulhern, 111 8th Avenue, New York 11, New York, appearing for Port of New York Authority, favoring equalization.

Richard R. Bongartz, 1740 Broad Street Station Building, Philadelphia, Pennsylvania, appearing for Pennsylvania Railroad.

Paul F. Robinson, 230 Park Avenue, New York, New York, appearing for The Delaware and Hudson Railroad Corporation, respondent.

Rene J. Gunning, 501 St. Paul Place, Baltimore, Maryland, appearing for Western Maryland Railway Company.

E. H. Burgess, B&O Building, Baltimore, Maryland, [fol. P] appearing for B&O Railroad.

Henry E. Foley, 10 Post Office Square, Boston, Massachusetts, appearing for Port of Boston Commission, in support of equalizing rates.

J. S. Chartrand, 141 W. Jackson Boulevard, Chicago, Illinois, appearing for Board of Trade of the City of Chicago, in support of equalization.

A. C. Welsh, 26 Court Street, Brooklyn 1, New York, appearing for Brooklyn Chamber of Commerce.

Philip G. Kraemer, Bridge Plaza, P.O. Box 69, Camden, New Jersey, appearing for Delaware River Port Authority.

Charles R. Seal, 254 Granby St., Norfolk, Virginia, appearing for Virginia State Ports Authority, protestant.

Warren H. Wagner, 1031 Investment Building, Washington 5, D. C., appearing for Oscar Mayer & Co., Geo. A. Hormel & Co., Rath Packing Co., and John Morrell & Co.

William T. Taylor, 1740 Suburban Station Building, Philadelphia, Pennsylvania, appearing for Pennsylvania Railroad Company.

Edward K. Laux, 111 8th Avenue, New York 11, New York, appearing for Port of New York Authority.

Martin A. Meyer, Jr., 1110 Investment Building, Washington 5, D. C., appearing for The Virginian Railway Company, protestant-respondent.

[fol. Q] **Samuel H. Williams**, 1100 Chamber of Commerce Building, 121 S. Broad St., Philadelphia, Pennsylvania, appearing for Chamber of Commerce of Greater Philadelphia.

Stephen Tinghitella, 99 Church Street, New York, appearing for Commerce & Industry Association of New York, Inc., petitioner for New York interests.

Ignatius C. Goode, Commonwealth Pier 5, Boston 10, Massachusetts, appearing for Port of Boston Commission.

Richard Costello, 140 Cedar Street, New York, New York, appearing for The Delaware, Lackawanna and Western Railroad Company, respondent.

William C. Purnell, 501 St. Paul Place, Baltimore, Maryland, Western Maryland Railway Company.

John D. Clark, 550 Munsey Building, appearing for various shippers.

Morris Duane, 1617 Land Title Building, Philadelphia, Pennsylvania, appearing for Delaware River Port Authority.

WILLIAM H. DAY, 80 Federal St., Boston, Massachusetts, appearing for Greater Boston Chamber of Commerce.

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[fol. R]

COLLOQUY

Mr. Colgren: As the Examiner knows, it takes quite a while to process a waybill study. And it is that information which is now in process of being prepared. It involved the traffic, export and import traffic, originating and/or terminating in C.F.A. territory. Perhaps I should say Differential Territory. It starts August 1, 1955, and terminates July 31, 1956. In other words, it is a one-year study.

Mr. Burgess: I understand that would show the traffic that the New York lines—I take it, it is a study by those lines only, for the moment, at least—shows the traffic those lines handled to and from the North Atlantic ports; say, the New York Central shows its traffic to and from all the ports, and the same would be true of the other New York lines?

Mr. Colgren: That is right. Yes, sir.

Mr. Burgess: It seems to us, Mr. Examiner, that that is a very important study. The question that occurs to me about it is as to the periods being covered. That sort of study would show an absolute figure, but wouldn't show anything about trends over a period of time in the flow of this foreign commerce.

And the issues that are involved here, it seems to us that that sort of a traffic flow study would be of very great importance in the determination of the case. And I raise the question whether that shouldn't be expanded so as to cover a waybill study by all of the North Atlantic port lines [fol. S] over a period sufficiently representative to show trends of this traffic to and from the ports that are here involved.

Mr. LaRoe: And that would take about two years?

Mr. Burgess: Oh, no.

Mr. LaRoe: How long have you been working on yours, Mr. Colgren?

Mr. Colgren: Well, I barely received our last waybills. The study commenced August 1, 1955.

Mr. LaRoe: And you have been working on it all that time and haven't got it finished yet?

Mr. Colgren: Mr. LaRoe, it is a current study, month to month.

Mr. LaRoe: When did you start working on these waybills?

Mr. Colgren: Six months ago.

Mr. LaRoe: And it is not finished yet?

Mr. Colgren: That is right. It is a month-to-month study.

Mr. Burgess: We think a study of that sort could be completed in time to enable us to meet this schedule of hearing dates that you have suggested here. It is a big study. Exactly. It is a big study. But its importance, I think, is self-evident on one of the main issues in the case: How is this traffic flowing on the rates here involved, through one of these competing ports? It is one of the vital issues in the case. And how better can the facts be shown than by analysis of the actual waybills?

[fol. T] As everybody knows, the standard statistics of the Commission and the carriers don't break down foreign traffic so as to segregate to and from Differential Territory. The port district, of course, moves a lot of traffic, is another thing, and wouldn't show the correct picture.

It would seem to us that that study ought to embrace a five or six-year period, say since 1951. The Commission's rules on the destruction of records, I think, leave the waybills in our possession up to about six years. So if we ran a study of that sort from the first of 1951 through so far into 1956 as we could go, and did it on a uniform basis; that is, if all the lines serving the ports did it on a uniform basis, it seems to me you would have a very vital, very valuable piece of evidence here.

If we are undertaking to make such a study, and in order to have a comparable figure from the port of New York, we think—Norfolk, Baltimore and Philadelphia lines are undertaking to make such a study—

Exam. Boat: You mean you are working along somewhat the same lines, but the point as to the scope—

Mr. Burgess: We are working on a period that will reflect the trend of the flow. It will be the same type.

Exam. Boat: Is your study related solely to the flow of traffic through the ports you represent, that your lines serve?

Mr. Burgess: No, the B&O, for example, will show all of [fol. U] its foreign traffic through all the ports, the same with the Pennsylvania, the Reading, and—

Exam. Boat: But as to those lines, of course, you would have some New York and Philadelphia?

Mr. Burgess: That is right. Each line will analyze its waybills and show how the traffic it originated flowed through these ports, by commodities; that is, using the Commission's standard commodity designations.

Mr. Colgren: May I ask, is that a sample basis?

Mr. Burgess: No, it is an analysis of every waybill.

Mr. Colgren: For the five years?

Mr. Burgess: Yes.

Exam. Boat: Well, I am sure it has been helpful here, this disclosure we have had. I think it has been helpful to both sides to know what the nature of the preparation is by the other side.

Mr. Colgren: May I confer a moment?

Exam. Boat: Certainly.

Mr. Burgess: The study, also, of course, embraces and reflects all the traffic that moves under differential rates. We all know a lot of traffic to and from beyond territory moves on combinations, on the border points, with the differential rate, from C.F.A. in. In other words, what we want here is a traffic study which will show the flow of the traffic, the total traffic, under these rates that our friends in [fol. V] New York would wipe out.

Mr. LaRoe: Your study can be completed in time for these hearing dates?

Mr. Burgess: We think it can, and we are going to shoot for that objective.

Mr. LaRoe: I think it would be very helpful.

Mr. Burgess: Of course, it would have to embrace the New York lines in order to be significant.

Mr. LaRoe: That is right.

Mr. Burgess: And the Boston lines.

Exam. Boat: We will wait a moment until Mr. Colgren has finished his discussion there.

(Counsel confer.)

Mr. Burgess: To facilitate the study and still produce an accurate result, it seemed to us it might properly be confined to carload traffic, that kind of traffic that moved under a waybill showing it was moving as a carload. That means shipments having a minimum of not less than 10,000 pounds.

Exam. Boat: Is your part of the study confined to carload traffic, Mr. Colgren, as shipments of 10,000 pounds and over?

Mr. Colgren: It is my understanding it is. This brings up an interesting point, Mr. Examiner, that I am not prepared to speak on for all of the North Atlantic port lines. I wonder if we could have a short recess, so I could discuss this with my colleagues?

[fol. W] [File endorsement omitted]

[fol. X]

Before the Interstate Commerce Commission

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204

Import and Export Rates From and To North Atlantic Ports

Petition of Port of Boston Commission for Leave to Intervene—Filed September 17, 1956

Comes Now your petitioner, Port of Boston Commission, and respectfully represents that it has an interest in the matters in controversy in the above-entitled proceedings and that it desires leave to intervene in, and become a party to, said proceedings. For grounds of the intervention herein sought your petitioner says as follows:

I

Port of Boston Commission is an agency of The Commonwealth of Massachusetts created and existing pursuant to the provisions of Sections 53 to 55, both inclusive, of Chap- [fol. Y] ter 6 of the General Laws of Massachusetts, as amended. Its principal office and mailing address is at Commonwealth Pier, Boston, Massachusetts.

Port of Boston Commission has administrative charge of the Port of Boston and, among other things, has the responsibility of promoting and protecting the trade and commerce of said Port and, in connection therewith, of endeavoring to foster and support the establishment and maintenance of fair and equitable transportation rates from, to and through said Port and to prevent the establishment and maintenance of transportation rates from, to and through said Port which are unfair or inequitable, or are prejudicial to said Port or injurious to its trade and commerce. Incident to said responsibility, Port of Boston Commission is authorized to initiate, or intervene or otherwise participate in, any rate proceeding, investigation and suspension proceeding, or any other hearing or proceeding before and by this Commission, if the subject matter of such proceeding or hearing in any way or manner concerns the Port of Boston, its trade or commerce.

II

By reason of its aforesaid responsibility, Port of Boston Commission has a direct and vital interest in the above-entitled proceedings, for upon the decision reached by the [fol. Z] Commission in said proceedings depend, in very large part, the future development and growth of the trade and commerce of the Port of Boston, and the prosperity of said Port, as well as the prosperity, to a considerable extent, of the City of Boston, The Commonwealth of Massachusetts and most of New England.

The trade and commerce of the Port of Boston, as well as that of the City of Boston, The Commonwealth of Massachusetts and of most of New England, have long suffered, and are now suffering, grievous injury, and are at an unjustly and artificially depressed level, and their development and growth have been retarded, by reason of the existence and maintenance, as a part of the rail rate structure applicable to export and import traffic through the North Atlantic ports, of the so-called North Atlantic port differentials. Said port differentials unreasonably and unjustly provide lower rail rates upon such traffic from and to the ports of Baltimore and Philadelphia (and certain other ports taking the Baltimore rate base) than from and to the ports of Boston and New York. Said rail rate differentials have long resulted in, and are now causing, the diversion of large volumes of export and import traffic from the Port of Boston to the ports of Baltimore and Philadelphia, thus depriving the Port of Boston of its fair share of the total export and import traffic through the [fol. AA] North Atlantic Ports, all to its grievous injury. The Port of Boston is well qualified to handle said traffic by reason of its superior geographic location and its excellent physical and commercial facilities, it is legally entitled to a fair share thereof, and it would obtain such fair share but for the existence of said unfair and discriminatory rate differentials in favor of the ports of Baltimore and Philadelphia.

The vital interest of Port of Boston Commission in these proceedings derives from the fact that the question of the abolition or perpetuation of said port differentials and of the resulting serious harm hereinbefore briefly described, is squarely at issue herein. In these proceedings, the Commission will have to determine whether the abolition of said port differentials and the institution of export-import rail rates from and to Boston and New York on a parity with those from and to Baltimore, by the rail carriers serving the ports of Boston and/or New York, should be permitted by the Commission; and further, whether certain new rates published by the rail carriers serving Baltimore and Philadelphia, which rates undercut said parity rates and reinstitute, at a lower rate level, said unfair and discriminatory port differentials, must be set aside and ordered to be cancelled.

[fol. BB]

III

Port of Boston Commission desires leave to intervene herein and become a party hereto for the purpose of presenting evidence and argument to the Commission in support of the abolition of said port differentials and in support of the parity rates proposed by the rail carriers serving Boston and/or New York, and in opposition to the new, lower rates published by the carriers serving Baltimore and/or Philadelphia, which rates would reinstitute, at a lower level, said port differentials. Port of Boston Commission, if granted leave to intervene, accordingly will seek an order vacating the suspension of said parity export-import rates from and to Boston and New York, and directing the cancellation of said new, lower differentially-based rates from and to Baltimore and Philadelphia (and certain other points taking the Baltimore rate base).

Wherefore your petitioner, Port of Boston Commission, prays leave to intervene and to become a party hereto with all the rights of a party, including the rights to receive notice of all pleadings, hearings and proceedings, to appear at any hearing herein and present testimony, to produce and cross-examine witnesses, and to be heard by counsel upon brief and oral argument, if oral argument [fol. CC] be had. The intervention herein sought, if granted, will not broaden the scope of the issues herein involved.

Respectfully submitted,

Henry E. Foley, 10 Post Office Square, Boston,
Counsel for Port of Boston Commission.

Hans F. Loeser, Foley, Hoag & Eliot, 10 Post Office Square, Boston, *Of Counsel.*

September 13, 1956.

Certificate of Service (omitted in printing).

[fol. DD]

BEFORE THE INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204

Import and Export Rates From and To North Atlantic Ports

ORDER ALLOWING PORT OF BOSTON COMMISSION LEAVE TO INTERVENE—September 26, 1956

In the Matter of Petition for Leave to Intervene.

PRESENT: Richard F. Mitchell, Acting Chairman, to whom the above-entitled matter has been assigned for action thereon.

Upon consideration of the record in the above-entitled proceedings and petition filed on behalf of Port of Boston Commission.

It is ordered, That Port of Boston Commission, be, and it is hereby, permitted to intervene and be treated as a party to these proceedings, with the right to have notice of and appear at the taking of testimony, produce and cross-examine witnesses and be heard on brief and on oral argument, if oral argument is heard; provided, however, that the permission to intervene herein granted shall not be construed to allow intervener to introduce evidence which will unduly broaden the issues raised in the proceedings.

It is further ordered, That a copy of this order be served upon each of the parties to these proceedings.

Dated at Washington, D. C., this 26th day of September A. D., 1956.

By the Commission, Acting Chairman Mitchell.

Harold D. McCoy, Secretary.

[fol. EE]

BEFORE THE INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204

Import and Export Rates From and To North Atlantic Ports

ORDER ASSIGNING THE TIME AND PLACE OF HEARINGS, ETC. —October 18, 1956

In the Matters of (1) Assigning the Time and Place of Hearing, and (2) Prescribing Special Rules Governing Interchange of Prepared Material Prior to Hearing

Upon consideration of the record made at the prehearing conference in the above entitled proceedings held at Washington, D. C., on September 11, 1956, and the need for special rules of procedure to expedite hearing and disposition of the matters in issue, while affording opportunity to all interested parties to be fully heard;

It is ordered, That these proceedings be, and they are hereby assigned for hearing on February 18, 1957, at 9:30 o'clock a.m., United States Standard time, and for further hearing on April 16, 1957, at 9:30 a.m., United States Standard time, at the office of the Interstate Commerce Commission, Washington, D. C., before Examiner Marion L. Boat;

It is further ordered, That the following special rules shall be applicable herein:

1. *Interchange of prepared statements and documentary evidence in chief before hearings.*

(a) The parties shall prepare in writing the testimony in chief of their witnesses and serve upon all parties shown on the list later to be issued pursuant to Rule 2 hereof, copies thereof together with any exhibits they intend to present with such testimony.

(b) All such testimony and exhibits intended to be offered by respondents proposing equalization of the port rates and by all parties supporting the proposed equalization, shall be served by them on or before January 15, 1957.

[fol. FF] (c) All similar testimony and exhibits intended to be offered by respondents opposing equalization of the port rates and by all parties supporting their position, shall be served by them on or before March 15, 1957.

(d) A copy of all testimony and exhibits served pursuant to this rule shall also be mailed to Examiner Marion L. Boat, Interstate Commerce Commission, Washington, 25, D. C. No other copies thereof need be filed with the Commission prior to the hearing at which the material is tendered in evidence.

2. *Notification of desire to become a party and to be served with testimony and exhibits.*

Any person not a respondent or applicant in these proceedings, who has an interest in and desires to become a party to these proceedings shall, on or before December 3, 1956, give notice to the Secretary of the Interstate Commerce Commission of his intention to appear at and participate in the hearings therein, together with his address. If any party desires to be served with copies of testimony and exhibits, as provided in Rule 1 hereof, such party shall notify the Secretary on or before December 3, 1956, of such desire, indicating the number if more than one copy is desired. Thereafter, a list of parties upon whom such service should be made will be compiled, and a copy thereof served upon all parties.

3. *Participation limited.* Except as good cause therefor shall otherwise be shown at the hearings, and subject to such limitations as may be found justified by the presiding examiner with respect to participation by late intervention, the reception of evidence in these proceedings will be limited to respondents and those persons who have become parties as provided in Rule 2 hereof.

4. *General specifications.* Prepared statements shall conform to rule 15 of the General Rules of Practice in respect to style, mimeographing or printing, etc. Evidence offered should be prepared carefully with conciseness and clarity and so as to avoid extraneous, immaterial, and irrelevant matter, and undue cumulation of testimony upon any point. The statements should be factual in character. Argument should not be incorporated in the testimony. If not so limited the prepared statement may be excluded in whole or in part. Also the Commission on its own motion or on objection may exclude a statement or any portion thereof which is (a) not material or relevant to the questions presented in the proceeding, or (b) obviously incompetent.

5. *Verification: relief from cross examination and personal appearance.* There is no requirement that a prepared statement shall have an affidavit attached, but this does not preclude attaching an affidavit to the prepared statements. If the latter is done, the following, or its equivalent, should appear in the margin *on the top* of the first sheet of the statement:

> [fol. GG] This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

A witness making such a request and thereafter receiving a demand for cross examination must personally report at the hearing, or his verified statement may not be received. If there is no demand for cross examination as above provided (indiscriminate demands for cross examination should be avoided), the privilege of cross examination will be deemed to be waived if the statement is verified and the witness making the statement has requested to be relieved from personal appearance as above provided. It will be presumed that a witness preparing an unsworn statement intends personally to appear at the hearing for cross examination and to be sworn at that time. An unsworn statement will be admitted only if the affiant is personally present at the hearing. The original signed and notarized copy of a verified statement should be retained by affiant or his counsel for incorporation of the statement into the record at the appropriate hearing.

6. *How admitted to the record.* To become a part of the record it is necessary for the witness, or some one qualified to represent him, formally to offer the prepared statement in evidence at the hearings; and unless good reason shall otherwise appear, the statement will be admitted as an exhibit.

7. *Materiality reserved.* A prepared statement received in evidence with or without objection as to its admissibility is subject to subsequent challenge as to the weight to be accorded to the facts in such statement.

8. *Witness examination.* The examination of a witness should be conducted in a manner so as to make it rapid, distinct, and as little annoying to the witness as is consistent with eliciting the facts, and to this end counsel on the same side of an issue should agree upon one person to examine a witness.

9. *Due dates defined.* All dates specified in these rules are the latest dates on which the parties in the performance of an act contemplated by these rules may make deposit in the mails, except (a) as to any date respecting which there is an express provision otherwise, and (b) any date therein provided for the filing of a petition with, or dispatch of notification to, the Commission shall be governed by the provisions of rule 4(b) of the General Rules of Practice, namely, receipt in the Commission and not the date of deposit in the mails shall be determinative.

It is further ordered, That changes in the dates for hearing and in the time schedules specified in this order may [fol. HH] be made, in accordance with the provision of the Commission's General Rules of Practice, by letter addressed to the Secretary of the Commission, and upon good cause shown such dates and time schedules may be changed, and parties notified, by notice from the Secretary without formal order. Other requirements of the order may be changed for good cause shown upon order issued by the Chairman of the Commission to whom such matters are hereby assigned.

And it is further ordered, That in addition to service hereof upon all parties of record, a copy hereof also shall be filed with the Director, Division of the Federal Register.

By the Commission.

Harold D. McCoy, Secretary.

(Seal)

[fol. II]

BEFORE THE INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204

Import and Export Rates From and to North Atlantic Ports

NOTICE DATED DECEMBER 17, 1956 POSTPONING THE SCHEDULE OF HEARINGS

Counsel representing respondents in the above-entitled proceedings which serve the ports New York, N. Y., and north thereof has requested modification of the order of October 18, 1956, by postponement of the date of January 15, 1957, set for the service of testimony and exhibits by said respondents and parties supporting their proposal herein, until May 1, 1957, and that other dates named in that order be correspondingly postponed. This request is based upon difficulties encountered in obtaining basic and other data necessary for the preparation of studies to be presented in evidence. No objection has been made to the request.

Upon consideration of the matters submitted, the dates specified are changed as follows:

For serving testimony and exhibits by respondents supporting parties, under paragraph 1 (b) of said order, from January 15, 1957, to *April 22, 1957*.

For the hearing now assigned on February 18, 1957, to *May 20, 1957*.

For serving testimony and exhibits by respondents which serve the ports Philadelphia, Pa., and south thereof and parties supporting them, under paragraph 1 (c) of said order, from March 15, 1957, to *June 28, 1957*.

For the further hearing now assigned on April 16, 1957, to *July 22, 1957*.

It is expected, in view of the substantially increased time granted for preparation for the hearings, that the parties will adhere to this new schedule without further requests for postponement.

Harold D. McCoy, Secretary.

[fol. JJ]

BEFORE THE INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204

Import and Export Rates From and to North Atlantic Ports

NOTICE DATED FEBRUARY 25, 1957 POSTPONING THE SCHEDULE OF HEARINGS

Counsel representing respondents in the above-entitled proceedings which serve the ports New York, N. Y., and north thereof has requested further modification of the order of October 18, 1956, by postponement of the date of April 22, 1957, set for the service of testimony and exhibits by said respondents and parties supporting their proposal herein, until June 21, 1957, and that other dates named in that order be correspondingly postponed. This request is based upon additional difficulties encountered in obtaining basic and other data necessary for the preparation of studies to be presented in evidence; and the necessary use of personnel in other pending proceedings. No objection has been made to the request.

Upon consideration of the matters submitted, the dates specified in the notice of December 17, 1956, are changed as follows:

(a) For serving testimony and exhibits by respondents and supporting parties, under paragraph 1 (b) of said order, from April 22, 1957 to *June 21, 1957.*

(b) For the hearing now assigned on May 20, 1957, to *July 22, 1957.*

(c) For serving testimony and exhibits by respondents which serve the ports Philadelphia, Pa., and south thereof and parties supporting them, under paragraph 1 (c) of said order, from June 28, 1957, to *August 27, 1957.*

(d) For the further hearing now assigned on July 22, 1957, to *September 23, 1957.*

Harold D. McCoy, Secretary.

[fol. KK]

BEFORE THE INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204

Import and Export Rates From and to North Atlantic Ports

NOTICE TO THE PARTIES—February 25, 1957

Listed below are the names and addresses of the persons who are to be furnished with copies of the prepared testimony and exhibits to be interchanged or introduced in the above-entitled proceedings pursuant to the special rules of procedure entered therein by order of October 18, 1956, together with the number of copies, indicated in parentheses, to be sent each party:

(1) F. L. Ackerman
Director of Commerce
Norfolk Port Authority
500 Board of Trade Building
Norfolk 10, Va.

(1) William L. Baxter
Corporation Counsel
11 Beacon Street
Boston 8, Mass.

(1) Julian Y. Bedox
Transportation Bureau
Richmond Chamber of Commerce
15 N. 6th Street
Richmond 19, Va.

(3) Mr. Hewitt Biaett
General Solicitor
Chesapeake and Ohio Railway Co.
1500 First National Bank Bldg.
Richmond 10, Va.

(1) Mr. R. G. Bleakney, Jr. Attorney
Boston and Maine Railroad
150 Causeway St.
Boston, Mass.

(2) Mr. Richard R. Bongartz
General Attorney,
Pennsylvania R. R. Co.
1740 Broad Street
Station Bldg.
Philadelphia, Pa.

(1) Mr. Charles B. Bowling
Chief, Freight Rate Service Branch
Agricultural Marketing Service
Washington 25, D. C.

(1) Charles W. Bucy
Asst. General Counsel
U. S. Department of Agriculture
Washington 25, D. C.

(3) Mr. E. H. Burgess
Vice President and General Counsel
The Baltimore and Ohio Railroad Company
Baltimore 1, Md.

[fol. LL]

(2) Mr. Robert B. Claytor
Assistant General Counsel
Norfolk and Western Ry. Co.
Roanoke, Va.

(20) Mr. John H. Colgren
466 Lexington Ave.
New York 17, N. Y.

(1) Honorable Richardson Dilworth
Mayor
City of Philadelphia
Philadelphia, Pa.

(1) Curry & Dolan
Counsellors at Law
Southern Building
Washington, D. C.

(1) Mr. A. P. Donadio
General Attorney
The Baltimore and Ohio Railroad Company,
Baltimore 1, Md.

(1) Morris Duane, Esq.
Duane, Morris and Heckscher
1617 Land Title Building
Philadelphia 10, Pa.

(1) A. H. Elder
13 Ferncliff Terrace
Glen Ridge, N. J.

(1) H. M. Engdahl
Chairman
Southern Ports Foreign Freight Committee
Room 305—Union Station
516 West Jackson Blvd.
Chicago 6, Ill.

(2) Henry E. Foley
Foley, Hoag and Eliot
10 Post Office Square
Boston 9, Mass.

(1) Charles McD. Gillan
Transportation Director
Baltimore Association of Commerce
22 Light Street
Baltimore 2, Md.

(3) I. C. Goode
Traffic Manager
Port of Boston Commission
Commonwealth Pier No. 5
Boston 10, Mass.

(1) Honorable Alexander Greenfield
Deputy Attorney General
State of Delaware
Wilmington, Del.

(1) F. Clifford Hane
Assistant City Solicitor
Room 505 Court House
Baltimore 2, Md.

(1) Mr. C. J. Henry, Jr.
Assistant General Counsel
The Baltimore and Ohio Railroad Company
Baltimore 1, Md.

(2) Alfred W. Hesse
Assistant General Counsel
Reading Company
Philadelphia 7, Pa.

(2) Phillip G. Kraemer
Traffic Manager
Delaware River Port Authority
P. O. Box 69
Camden 1, N. J.

(1) C. J. Kucera
Transportation Commissioner
Toledo Board of Trade
408 Madison Avenue
Toledo 4, Ohio

(1) Mr. Jervis Langdon, Jr.
General Counsel,
The Baltimore and Ohio Railroad Company
Baltimore 1, Md.

(4) Wilbur LaRoe, Jr.,
LaRoe, Winn & Moerman
Investment Building
Washington 5, D. C.

(2) Donald Macleay
Macleay, Lynch & Macdonald
Commonwealth Building
1625 K St. N. W.
Washington 6, D. C.

(1) C. Philip Manger
President
Baltimore Chamber of Commerce
Commerce & Water Streets
Baltimore 2, Md.

(2) Mr. Martin A. Meyer, Jr.
The Virginian Railway Co.
1511 K Street N. W.
Washington 5, D. C.

(1) Warren Price, Jr., Esq.
1116 Investment Building
Washington 5, D. C.

[fol. MM]

(1) William C. Purnell, Esq.
Vice President and General Counsel
Western Maryland Railway Company
501 St. Paul Place
Baltimore 2, Md.

(1) Walter Raleigh
Executive Vice President
The New England Council for
Economic Development
Statler Building
Boston, Mass.

(1) Wesley A. Rogers
Waterways Freight Bureau
28 E. Jackson Blvd.
Chicago 4, Ill.

(1) William C. Schafer
Freight Traffic Manager
Western Maryland Railway Company
501 St. Paul Place
Baltimore 2, Md.

(1) Charles R. Seal
General Counsel
Virginia State Port Authority
254 Granby Street
Norfolk 10, Va.

(1) H. L. Shaffer
Dubuque Packing Co.
701-799 East 16th St.
Dubuque, Iowa

(1) G. Gary Sousa
Assistant Corporation Counsel
City of New York
Law Department
Municipal Building
New York 7, N. Y.

(3) Edward G. Sweeney
General Counsel
General Services Administration
18th & F Streets, N. W.
Washington 25, D. C.

(2) William J. Taylor
Assistant General Counsel
Pennsylvania Railroad Co.
1740 Broad Street Station Bldg.
Philadelphia 4, Pa.

(2) Warren H. Wagner
Attorney at Law
Investment Building
Washington 5, D. C.

(1) Samuel H. Williams
Director,
Chamber of Commerce of Greater Philadelphia
Chamber of Commerce Bldg.
121 South Broad Street
Philadelphia 7, Pa.

(1) Erle J. Zoll, Jr.
General Commerce Attorney
Illinois Central Railroad Company
135 E. Eleventh Place
Chicago 5, Ill.

By the Commission

Harold D. McCoy, Secretary.

[fol. NN]

BEFORE THE INTERSTATE COMMERCE COMMISSION
WASHINGTON 25, D. C.

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204
Import and Export Rates From and to North Atlantic Ports

NOTICE TO PERSONS SUBMITTING EVIDENCE—March 26, 1957

The names of the following persons should be added to those listed in the notice of February 25, 1957, who are to be furnished with copies of prepared testimony and exhibits to be interchanged or introduced in the above-entitled proceedings. The figure in parenthesis is the number of copies to be sent to each of these persons:

(1) Mr. A. C. Welsh
Brooklyn Chamber of Commerce
25 Court St.,
Brooklyn 1, N. Y.

(1) Mr. Thomas J. Newell,
Traffic Manager
Board of Harbor Commissioner
P. O. Box 1191
Wilmington, Del.

By the Commission.

Harold D. McCoy, Secretary.

[fol. OO]

BEFORE THE INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204

Import and Export Rates From and To North Atlantic Ports

NOTICE DATED JULY 8, 1957 POSTPONING SCHEDULE OF HEARINGS

Counsel representing respondents in the above-entitled proceedings have requested further modification of the order of October 18, 1956, by postponement of the dates of the hearings specified in the notice of February 25, 1957, and of the date for the service of testimony and exhibits of the parties indicated in sub-paragraph (c) of said notice. These requests are made upon representation that additional time is required to prepare testimony specified in said subparagraph and otherwise to complete preparation for the hearings. Counsel for all respondents have agreed to such postponement and to the common date for the hearing.

Upon consideration of the matters submitted, the dates specified in the notice of February 25, 1957, are changed as follows:

(b) The hearing now set for July 22, 1957, is cancelled.

(c) For serving testimony and exhibits by respondents which serve the ports Philadelphia, Pa., and south thereof and parties supporting them, under paragraph 1(c) of said order, from August 27, 1957, to *September 23, 1957*.

(d) For the hearings now assigned on July 22, 1957, and September 23, 1957, a hearing on *October 28, 1957*, for all parties.

Harold D. McCoy, Secretary.

[fol. PP]

BEFORE THE INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204

Import and Export Rates From and To North Atlantic Ports

NOTICE DATED AUGUST 23, 1957 POSTPONING THE SCHEDULE OF HEARINGS

Counsel for port agencies and commercial organizations which represent the interests of the ports of Philadelphia, Baltimore and Hampton Roads have requested postponement of the dates for serving testimony and exhibits of the parties indicated in subparagraph (c) and of the date of hearing schedules in subparagraph (d) of the notice of July 8, 1957. These requests are based chiefly upon representations that additional time is needed for analysis of evidence submitted by opposing parties and completion of traffic and other studies by rail carriers serving these ports. Opposing counsel have been advised of this request and have indicated no objection.

Upon consideration of the matters submitted, the dates specified in the notice of July 8, 1957, are changed as follows:

(c) For serving testimony and exhibits by respondents which serve the ports Philadelphia, Pa., and south thereof and parties supporting them, under paragraph 1(c) of said order, from September 23, 1957, to *October 18, 1957*.

(d) For the hearing now assigned on October 28, 1957, for all parties, to *November 18, 1957*, at 9:30 o'clock

a. m. United States Standard Time at the offices of the Interstate Commerce Commission, Washington, D. C., before Marion L. Boat.

Harold D. McCoy, Secretary.

[fol. QQ]

BEFORE THE INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204

Import and Export Rates From and To North Atlantic Ports

NOTICE DATED NOVEMBER 7, 1957 POSTPONING THE SCHEDULE OF HEARINGS

Counsel for respondents in the above-entitled proceedings which serve the ports New York, N. Y., and north thereof and port interests supporting them, have requested postponement of the date of hearing from November 18, 1957, as specified in the notice of August 23, 1957, for the purpose of affording them additional time for study of opposing parties voluminous evidence and preparation for cross examination thereon. Counsel for the latter who are advised of such request have indicated they have no objection to such postponement.

Upon consideration of the matters submitted, the hearing in these proceedings assigned on November 18, 1957, is postponed to *February 17, 1958*, at 9:30 o'clock a.m., United States Standard Time, at the offices of the Interstate Commerce Commission, Washington, D. C.

Counsel for each of the principal groups of parties, and any other parties to the extent that it is practicable to do so, are requested to advise the Commission by *January 15, 1958,* with copies to all parties:

(a) The order in which their statements thus far submitted, together with supporting documentary material which are to be presented as direct evidence, will be offered for the record.

(b) (1) The names of witnesses whose presence is desired for the purpose of cross examination, and (2) The amount of time estimated to be necessary for such examination of each witness.

[fol. RR] A notice to all parties will be issued promptly after January 15, 1958, containing the information requested in paragraph (b) (1) and (b) (2) and indicating the order in which ~~the~~ statements will be offered in evidence.

Harold D. McCoy, Secretary.

[fol. SS]

Before the Interstate Commerce Commission

I. & S. Docket No. 6615

Equalization of Rates at North Atlantic Ports

F. S. A. No. 32204

Import and Export Rates From and To North Atlantic Ports

Petition of the Baltimore and Ohio Railroad Company, et al. for Investigation of Rail Terminal Costs at the Port of New York—Filed January 15, 1958

The Baltimore and Ohio Railroad Company, Canton Railroad Company, The Chesapeake and Ohio Railway Company, The Pennsylvania Railroad Company, Reading Company, Norfolk and Western Railway Company and Western Maryland Railway Company hereby petition the Commission to institute an investigation into the costs of rail transportation of import and export traffic from and to the port of New York, particularly with relation to the terminal costs at New York of the railroads proposing equalization.

I.

In this proceeding the principal issue before the Commission concerns relationships in rail rates on export-import traffic between the North Atlantic ports and so-called differential territory (generally west of a line drawn [fol. TT] between Buffalo, New York, and Pittsburgh, Pennsylvania). On the one side are the New York and Boston port interests, together with certain railroads serving those ports, which are in favor of rate equalization. On the other side are the Philadelphia, Baltimore, and Hampton Roads port interests, together with the railroads serving those ports, which are opposed to equalization.

Under special rules of procedure adopted by the Commission by its order of October 18, 1956, there has already been distributed the affirmative evidence of the parties in favor of equalization. This was accomplished June 24, 1957. Similarly, the affirmative evidence of the parties opposed to equalization (including the petitioners herein) has been distributed. This was done October 18, 1957.

The initial hearing in this proceeding is now scheduled for February 17, 1958, before Examiner Boat.

There is included among the exhibits to be offered by petitioners (the railroads opposed to equalization) at the hearing on February 17th a study of the estimated costs of transporting by rail typical commodities moving in export and import commerce between differential territory and the North Atlantic ports. The costs set forth in this study, aside from making use of the Form A figures of the cost section of the Commission for the line-haul transportation and the terminal service which is performed within [fol. UU] differential territory, include separately computed terminal costs for each of the following railroads covering services provided on export and import traffic at each of the following ports:

Port	*Separate Terminal Cost Studies*
New York	Baltimore & Ohio R. Co.
	Central R. Co. of N. J.
	Pennsylvania R. Co.
Philadelphia	Baltimore & Ohio R. Co.
	Pennsylvania R. Co.
	Reading Co.
Baltimore	Baltimore & Ohio R. Co.
	Canton R. Co.
	Pennsylvania R. Co.
	Western Maryland Ry. Co.
Hampton Roads	Chesapeake & Ohio Ry. Co.
	Norfolk & Western Ry. Co.

In the final results set forth in the study these separately computed terminal cost figures are weighted in accordance with each petitioner's share of the export-import traffic, and composite cost figures are arrived at for each port.

No cost evidence is included in the affirmative case of the parties favoring equalization, and it is understood that no special cost studies will be undertaken by them.

II.

Pursuant to request, copies of the underlying work sheets for these special cost studies were delivered to counsel for the New York Central Railroad Company on November 4, [fol. VV] 1957. Copies of the same work sheets were sent to the Examiner with covering letter of the same date.

III.

According to the evidence set forth in petitioners' study, the present rates on export-import traffic between differential territory and the port of New York are, in the majority of instances, grossly non-compensatory. This result follows a comparison of the calculated transportation costs with the revenues arising under the present rail rates on over 100 individual but typical commodity movements in export and import commerce passing through the port of New York. The losses exist even though the costs used in the study are partial costs and do not include any allowance for income taxes, or for such integral parts of constant expenses as passenger and less carload deficits.

Pages 3 and 4 of Exhibit JLH-1 accompanying the testimony of Witness J. L. Heywood contains 57 examples of carload shipments of various import commodities from the port of New York to destinations covering the area of differential territory. In 47 of the 57 examples, the ratio of costs to revenues ranges from 105.0 to 158.3 per cent, with per car losses ranging as high as $254.40.

Pages 3 and 4 of Exhibit JLH-2 of the same witness contains similar information with respect to export traffic from differential territory to New York. In 42 of the 57 instances there shown, the ratio of costs to revenues ranges [fol. WW] from 100.2 to 241.2 per cent, with per car losses ranging up to $509.34.

IV.

When these losses are related to that part of the export-import traffic handled by all the railroads at New York which moves to and from differential territory, the aggregate annual loss (on the basis of partial costs only) would appear to approximate $13,000,000 per year under *present* rates. Applied to all export-import traffic handled by the railroads at New York, the aggregate annual loss (again on the basis of partial costs) would appear to approximate $30,000,000 per year under *present* rates. Additional losses (beyond the scope of this proceeding) probably occur in connection with domestic freight receiving comparable services at New York.

V.

The losses referred to in the foregoing paragraph would be increased if, as sought by the interests favoring equalization, the rail rates on export-import traffic to and from New York were reduced to the level now obtaining at the port of Baltimore.

VI.

Whether or not the suspended rates are compensatory is a fundamental and primary issue in this proceeding. [fol. XX] Wherefore your petitioners pray that the Commission itself institute as a part of these proceedings an investigation into the costs of rail transportation of export and import traffic to and from the port of New York, particularly with relation to the terminal costs at New York of the railroads proposing equalization. This would insure that the costs of all of the lines serving New York would be before the Commission when deciding the fundamental and primary issue of whether the suspended rates are reasonably compensatory.

Respectfully submitted,

Richard R. Bongartz, Robert B. Claytor, Rene J. Gunning, John W. Hanifin, Charles J. Henry, Jr., Alfred W. Hesse, Jr., John Henry Lewin, William C. Purnell, William P. Quinn, John S. Shannon, William J. Taylor, Jervis Langdon, Jr., 301 B. & O. Building, Baltimore 1, Maryland, January 15, 1958.

[fol. YY] Certificate of Service (omitted in printing).

[fol. ZZ]

BEFORE THE INTERSTATE COMMERCE COMMISSION

January 21, 1958

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204

Import and Export Rates From and To North Atlantic Ports

NOTICE DATED JANUARY 21, 1958 OF LIST OF WITNESSES, ETC.

The principal groups of parties have suggested that the statements and supporting documentary matter of the witnesses listed, constituting their direct evidence in these proceedings, be presented in the following order at the hearing beginning on February 17, 1958. That order will be adhered to to the extent practicable.

The New York-Boston Railroads
and Supporting Interests.

Witness		Time estimated for cross-examination (minutes)
A. E. Baylis, V.P.	NYC RR Co.	60
A. J. Crookshank, Dir. of Rates	NYC RR Co.	30
E. C. Hallberg, AVP —Traffic	Erie RR	30
C. F. Heard, GTM	B&M RR	0
R. H. Harris, AGM —Marine Terminals	B&M RR	0
A. F. Lane, FTM	B&M RR	0
E. C. Ennis, FFTM	DL&W RR Co.	30
A. K. Thomas, FFTM (Vice W. H. Lancton, deceased)	LV RR Co.	30
[fol. AAA]		
G. W. Flanigan, AFTM	NYNH&H RR Co.	30
E. E. Allstatter, TM	Sorg Paper Co.	0
F. W. Bennett, AVP and GTM	Sharon Steel Corp.	0
W. F. Conlin, TM	Shenango Furnace Co.	0
R. B. O'Donnell, TM	Armco International Corp.	0
F. C. Tighe, TM	Union Carbide Corp.	0
R. H. Gilman, Director Port Development Dept.	Port of New York Authority	30

Witness		Time estimated for cross-examination (minutes)
J. Gilbert, Trade Economist	Port of New York Authority	30
E. K. Laux, TM	Port of New York Authority	60
J. Patterson, Export TM	Allis-Chalmers Mfg. Co.	0
E. A. Senghas, AGTM	National Biscuit Co.	0
H. G. Seymour, President	N.Y. Foreign Freight Forwarders & Brokers Inc.	0
R. Hamlin, ATM	Union Metal Mfg. Co.	0
C. P. Kelsey, Export Manager	Weatherhead Co.	0
C. D. Mawer, Jr., Asst. Secretary and Import-Export TM	Mawer-Golden-Annis, Inc.	0
R. C. Sell, TM	Koehring Co.	0
M. A. York, TM	E. W. Bliss & Co.	0
J. F. O'Halloran, Ex VP	Wiggin Terminals, Inc.	0
J. J. Halloran, Mgr., Maritime Asso.	Greater Boston Chamber of Commerce	0
[fol. BBB] B. J. Brooks, Trans. Spec.	On behalf of Port of Boston Commission	0
W. H. Day, Mgr., Trans. Dept.	Greater Boston Chamber of Commerce	30
Dr. G. H. Ellis, Dir. of Research	Federal Reserve Bank, Boston	0

Witness		Time estimated for cross-examination (minutes)
D. P. Locklin, Professor	University of Illinois	30
R. F. Wagner, Mayor	City of New York	0
V. A. G. O'Connor, Commissioner, Marine & Aviation	City of New York	0
J. L. Pease, Asst. Chief, Freight Rate Service Branch	U.S. Dept of Agriculture	30
J. K. Cowling, Director, Charter and Routing Division	General Services Admin.	30
D. J. Speert	For Brooklyn Chamber of Commerce, Inc.	30
L. H. Dalzell, Chairman of the Board of Dalzell Towing Co., Inc.	For the Chamber of Commerce of the State of New York	0
B. A. Springrose, GTM	Cargill, Inc.	0
J. S. Chartrand, Mgr., Trans. Dept.	Board of Trade of the City of Chicago	0
R. L. Beal, GTM	Farmers Grain Dealers Asso. of Iowa	0
N. M. Conley, Mgr., Trans. Dept.	Norris Grain Co.	0
W. P. Conrad, Jr., TM	Rice Grain Corp.	0
T. J. Crowe, VP & TM	Illinois Grain Corp.	0

Witness	Time estimated for cross-examination (minutes)
[fol, CCC]	
F. W. Dunham, Jr., Gen. Mgr., Albany Port District Commission	30
Maine Central Railroad Company	
R. C. Merrow, FTM, Maine Central RR Co.	•15
A. E. Langlois, Jr. Maine Port Authority	0
The Philadelphia-Baltimore-Hampton Roads Railroads and Supporting Interests	
M. L. Mollman, GFA B&O RR	•60
K. G. Growe, Asst. Mgr.-Freight Rates, PRR	•45
F. H. Clark, Spec. Asst. to VP (retired) PRR	45
J. L. Heywood, Asst. Comptroller, PRR	•30
F. S. Baird, VP Traffic, N&WR Co.	0
C. F. Keeley, FTM, N&W RR Co.	•20
T. Jefferson, Jr., FTM C&O R Co.	20
J. Schmuck, Jr., Asst. FTM, Virginian Ry. Co.	0
G. Roach, Asst. GM—World Commerce Dept. C&O R Co.	•20
W. C. Sawyer, FFTM, N&W R Co.	20
R. E. Petterson, Compt., N&WR Co.	•
W. M. Warren, Asst. G. Auditor, C&O R Co.	•
A. J. Kneesy, TM, Brown & Williamson Tobacco Corp.	•10
J. H. Stratton, Consulting Engineer, Tippets-Abbett-McCarthy-Stratton	30
W. S. Hamil, Dir, Business Research Dept. Baltimore Assn. of Commerce	•60

Witness	Time estimated for cross-examination (minutes)
J. L. Stanton, Exec. Dir., Maryland Port Authority	•
[fol. DDD]	
J. W. Davis, Sec-Treas. and Director, Maryland Port Authority	0
F. H. N. Heemann, Transportation Dept., Maryland Port Authority	0
H. K. Hildebrand, Maritime Statistician Maryland Port Authority	15
G. M. Footner, Partner, Footner and Co.	•
S. Shapiro, Pres., Samuel Shapiro & Co.	•10
W. V. Connor, Prop., John S. Connor	•
C. A. Masson, Pres., Baltimore Custom House Brokers and Frt. Forwarders Assn.	•
N. M. Wittkamp, Pres., Inland Shipping Co.	•
A. B. Summers, TM, The Everedy Co.	0
V. F. Stine, Pres., Pangborn Corp.	0
J. V. Jamison, 3rd, Pres., Jamieson Cold Storage Door Co.	0
R. M. Pilson, TM, Anchor Post Products, Inc.	0
C. G. Kappel, TM, National Plastic Products Co.	•15
E. A. Seidle, retired	•
C. E. Childe, Transp. Consultant, Maryland Port Authority	•20
C. R. Seal, Dir., Transportation Department Maryland Port Authority	•
C. N. Bean, Mgr. Research & Promotion Bureau, Delaware River Port Authority	0
P. G. Graemer, TM, Delaware River Port Authority	0

[fol. EEE]

Witness	Time estimated for cross-examination (minutes)
L. A. Drake, Ex. Dir., Economics and Taxation Council, Chamber of Commerce of Greater Philadelphia	*
Richardson Dilwarth, Mayor, City of Philadelphia	0
J. D. Craven, Attorney General, State of Delaware	0
J. F. Curren, Asst. TM, Delaware State Ch. of Commerce, Inc.	0
D. S. Gendell, Dir. of Planning, Virginia State Port Authority	0
A. S. Campbell, Research Economist, Virginia State Port Authority	0
B. P. Wakefield, Dir., Bureau of Transportation, Virginia State Port Authority	0
G. E. Miller, Dir., Bureau of Comm., Virginia State Port Authority	*15
H. A. Keitz, Pres., Export-Import Assn. of Virginia	*
M. M. Mora, GM, Norfolk Port Authority	*45
J. Y. Bedox, Mgr. Transportation Bureau, Richmond Chamber of Commerce	0
O. M. Shuler, Asst. VP and GTM, Oscar Mayer & Co.	0

Note:

* Counsel F. W. Denniston, GSA, has also requested the presence of witnesses whose names are followed by an asterisk, but he has not indicated an estimate of time required. Any such time is in addition to that stated by other parties and recorded above.

[fol. GGG]

Before the Interstate Commerce Commission

I. & S. Docket No. 6615

Equalization of Rates at North Atlantic Ports

F. S. A. No. 32204

Import and Export Rates From and To North Atlantic Ports

Reply of Boston and Maine R.R., et al., to Petition for Investigation of Rail Terminal Costs at the Port of New York—Filed February 3, 1958

Come now the railroads[1] proposing equalization of the rail rates on import and export traffic to and from so-called differential territory[2] and the North Atlantic ports and in reply to the petition of the railroads[3] in this proceeding [fol. HHH] which oppose such equalization respectfully state:

I

The petitioners state that the "principal" issue before the Commission concerns the relationship of rail rates on export-import traffic between the North Atlantic ports and differential territory. Replicants' position is that this is not only the "principal" but the sole issue in this proceeding. The single issue is whether the assertion by replicant railroads of the right to compete for export-import traffic on an equal basis with other railroads serving the same common territory but different ports is consistent with the Interstate Commerce Act, the National Transportation Policy, and Congressional policy toward the continuing strength of our national production and all port areas.

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[1] Boston and Maine Railroad; The Delaware and Hudson Railroad Corporation; The Delaware, Lackawanna and Western Railroad Company; Erie Railroad Company; Lehigh Valley Railroad Company; The New York Central Railroad Company; The New York, New Haven and Hartford Railroad Company; and New York, Susquehanna and Western Railroad Company.

[2] Generally west of a line drawn between Buffalo, New York, and Pittsburgh, Pennsylvania, and extending to the Mississippi River.

[3] The Baltimore and Ohio Railroad Company; Canton Railroad Company; The Chesapeake and Ohio Railway Company; The Pennsylvania Railroad; Reading Company; Norfolk and Western Railway Company; and Western Maryland Railway Company.

The equal rates proposed and currently in issue raise only the question of *relationship* and do not require investigation of the *level* of the rates to be charged to and from the different ports. During the course of this proceeding replicants will show that the proposed rate relationship is proper and otherwise lawful. Whether or not the rate level is appropriate is a separate and distinct question from that in issue and must not be permitted to obscure and obfuscate the Commission's determination of the basic and only question at issue as above stated.

[fol. III]

II

Petitioners have apparently adopted a course of attempting to divert the Commission from the single issue in this case. This tactical move should be at once recognized for what it is and dealt with accordingly. The port differentials were not established on the basis of handling costs of the carriers at the ports, and this proposed investigation is therefore entirely foreign to the real issue in this proceeding. Furthermore, an investigation into the costs to the extent proposed by petitioners and the level of rates that should be established would require a great deal of time during which petitioners would maintain their present rate advantages. The Commission should not, in this proceeding, be led into a course of inquiry which can only extend the time that replicant railroads must suffer the continuing and increasing loss of traffic through the continuance of the differentials advantaging the petitioning railroads, which present competitive conditions do not justify.

III

It is axiomatic that railroad unit costs depend on volume of traffic. Particularly is this true [illegible] export-import traffic which requires port facilities of the fixed-cost type, peculiarly vulnerable to wide variations in unit cost computations dependent upon volume. And, in this connection, it must be kept in mind that, whereas the railroads serving [fol. JJJ] the individual southern tier of ports are few in number, the export-import traffic through New York Harbor is divided among more than a dozen railroads, each of which has necessarily provided facilities for handling the water-borne traffic of its customers. Considering that the railroads serving New York have shown a relative decline over the past years in their volume of export-import traffic, unit costs will thereby have risen relatively to the unit costs of railroads handling similar traffic at ports which have shown a relative increase in traffic. But this brings us to the question of whether or not the railroads serving the ports showing a decline in traffic have a right to better their cost and earnings positions by reducing their unit costs through increased volume. And this is the precise and only question before the Commission, i.e., whether an arbitrary differential, advantaging the railroads serving the ports to the south of New York, should be permitted to continue, in the face of the declining position of the railroads serving the ports, New York and north, which have demonstrated the need for equal rates in order to participate fairly in the transportation of foreign traffic.

Unless the Commission is prepared to embark on an entirely novel course in establishing rates for competing ports which will require investigation into the level of [fol. KKK] rates and their relationships among all ports in the United States, it must confine itself to the single issue presented by the railroads serving the northern tier of North Atlantic ports.

The accuracy and propriety of the figures, compiled and used by petitioners, will be disproven in this proceeding. Certainly, these figures do not afford any basis for the

Commission to embark upon an investigation of the nature proposed by petitioners.

IV

It is clear to the Commission, of course, that, if the request of petitioners were granted, it would lead to a tremendous and time-consuming study which would necessarily embrace each and every North Atlantic Port. It is assumed that, if the Commission deemed the sought information pertinent at New York, it would necessarily find it just as important and necessary at the ports served by competing railroads. Indeed, if the request of petitioners was granted by the Commission without broadening it to include all the North Atlantic Ports, replicants would necessarily, as a matter of right and as a prerequisite to complete adjudication on the course that the Commission would then be following, demand such a broadening.

Naturally, a halt to the proceedings in I. & S. Docket No. 6615, while the Commission pursued its inquiry of costs at the ports, would be welcomed by petitioners. But, during [fol. LLL] the delay, the disadvantaged northern port railroads would continue to suffer losses and declining traffic while their southerly counterparts continued to gain at their expense.

V

A determination of the sole issue in this proceeding, dominated primarily by considerations of present-day costs at the various ports, in effect, would freeze the ports to the traffic presently handled, or worse, place presently artificially advantaged ports in better position to take further advantage of volume shipments to the increasing detriment of their disadvantaged competitors.

The influence of traffic volume upon costs cannot be overstated. If the purpose of the requested cost study is simply to show that the New York port line rates are not compensatory, then all petitioners have to do is to delay this case by an extensive cost investigation sufficiently to permit the present decline in traffic volume to affect the costs enough to produce the desired result. For example, in the year 1957 replicant New York Central had a net loss from railroad operations, including fixed charges, of more than $24 million, so that in that year the New York Central's entire operations were handled on a non-compensatory basis. But it would be absurd to argue from this that the Central should not be permitted to reduce rates to [fol. MMM] increase volume and thereby reduce unit costs merely because its existing traffic volume had declined to such a level that its operation was non-compensatory. To accept this philosophy would be to condemn roads like the Central to perpetual insolvency.

It is doubtful, however, whether this is the real objective of the petition. If it is, then there is no need to suffer the delay, the cost, and the drain on manpower that will be involved in furnishing the information sought by petitioners, because petitioners have already submitted a voluminous cost study purporting to prove that the northern tier port line rates are "grossly non-compensatory".

Replicants are prepared to prove that petitioners' cost study is completely in error as to this conclusion. Apparently, the southern tier port lines have lost confidence in their own study and are unwilling to take the chance of allowing it to stand or fall on the basis of the evidence already presented and the cross-examination to come. They now come to the Commission asking for help in the prosecution of their case.

Replicants not only do not deny but contend that, by reason of their reduced volume of traffic and the increased volume at the southern tier ports, replicants' unit costs at the port of New York are higher than the unit costs of the petitioning roads at the ports south of New York. The adverse effect of the artificial differentials upon replicants' [fol. NNN] traffic volume and the effect of their reduced volume upon their unit costs is the decisive reason why the northern tier lines must equalize the export-import rates. Having reaped the reward of lower unit costs from the artificial differentials, the southern tier port lines would now seek to clothe themselves with virtue and ask the Commission to freeze existing traffic volumes on the basis of existing costs. On this basis they would, with one stroke, eliminate any future competition from the northern tier port lines and, at the same time, forever prevent these lines from ever looking to increased traffic volume to relieve their increasing unit costs.

Truly, as Commissioner Hall said in *Interchangeable Mileage Ticket Investigation,* 77 I.C.C. 200 at 214: "Special privilege dies hard and the craving for it never dies."

Thus, it would appear that the southern tier lines seek to support their special privilege by an unsound application of costs to rates without any showing that costs in the past or present were ever related to the differential which they now seek to preserve.

History establishes the lack of merit inherent in the instant petition, because actions always speak louder than words. At the time when the railroads at the Port of New York handled the largest proportion of the traffic, the southern tier lines claimed a differential on the grounds [fol. OOO] that it was necessary to enable them to equalize differing water rates to the ports, more frequent sailings to and from the Port of New York, greater number of banks and credit facilities at New York, etc., and thus was required if the southern tier lines were to obtain their "share of traffic". Unquestionably, the larger volume of foreign traffic that then flowed through the Port of New York gave the New York lines a substantial cost advantage over the lines serving the southern tier ports. A search of the cases in which the differentials were under consideration will show a noticeable absence of emphasis on costs.

The principal contention in all of the prior port cases lay upon equalizing competitive advantages among the various competing lines, and the differentials were established precisely for that purpose. Now that conditions have changed and the differentials have worked their designed purpose to a point where they are now producing a wholly unwarranted artificial preference and advantage to the southern tier port lines, these lines now seek to preserve their preference by asking the Commission to look at the static situation as it now prevails and to justify the differentials on the basis of unit costs. This not only is grossly unfair to the lines serving the Port of New York but is a basic attack upon the fundamental concept of differentials. Thus, the petition presents the Commission [fol. PPP] squarely with the issue of whether this is a rate relationship case or whether it is now to be turned into an investigation of the general level of import-export rates.

Conclusion

Wherefore, replicants pray that for the reasons set forth above, the Commission deny the petition.

Respectfully submitted,

Robert G. Bleakney, Jr., John T. Clark, John H. Colgren, Richard E. Costello, William Q. Keenan, John F. Reilly, Malcolm R. Warnock.

[fol. QQQ] Certificate of Service (omitted in printing).

[fol. RRR]

Before the Interstate Commerce Commission

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204

Import and Export Rates From and To North Atlantic Ports

Order Denying Petition of Baltimore and Ohio R.R. Co., et al.—February 25, 1958

The Commission having under consideration (1) petition dated January 15, 1958, filed by the Baltimore & Ohio Railroad Company and six other eastern railroads, requesting the Commission to institute as a part of the above-entitled proceedings an investigation into the costs of rail transportation of export and import traffic to and from the port of New York, particularly with relation to the terminal costs of the railroads proposing equalization, and (2) reply of the New York Central and seven other eastern railroads, dated January 31, 1958;

And it appearing, That the petition for investigation is presented almost seven months after respondents proposing equalization of the port rates submitted their evidence in chief in accordance with the order of October 18, 1956, as amended; that to grant the petition would entail a costly and time consuming delay in these proceedings, which have already been pending 18 months; that the burden of establishing the lawfulness of the proposed rates in these proceedings rests upon respondents; and that the circumstances and the matters submitted in the petition do not warrant institution by the Commission of the requested investigation:

[fol. SSS] *It is ordered,* That the said petition be, and it is hereby, denied.

By the Commission.

Harold D. McCoy, Secretary.

[fol. A1] Secretary's Certificate to transcript (omitted in printing).

[fol. 1]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I & S Docket No. 6615

In the Matter of:

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

FSA Docket No. 32204

In the Matter of:

IMPORT AND EXPORT RATES FROM AND TO NORTH ATLANTIC PORTS

Transcript of Hearing—Monday, February 17, 1958

Met, pursuant to notice, at 10:00 a.m.

Before: Marion L. Boat, Examiner.

APPEARANCES:

John H. Colgren, 466 Lexington Avenue, New York 17, N. Y., appearing for Railroads Seeking Equalization, appearing for the Respondent.

Richard E. Costello, 140 Cedar Street, New York 6, N. Y., appearing for Railroad Respondents.

John F. Reilly, 230 Park Avenue, New York 17, N. Y., appearing for The Delaware and Hudson Railroad Corporation, Respondent.

Malcolm R. Warnock, 143 Liberty Street, New York 6, N. Y., appearing for Respondents.

[fol. 2] J. T. Clark, 1336 Midland Building, Cleveland 15, Ohio, appearing for Respondents proposing equalization.

Bernard Hulkower, 466 Lexington Avenue, New York, N. Y., appearing for Respondents.

Scott W. Scully, 232 St. John Street, Portland, Maine, appearing for Maine Central Railroad Company, Respondent.

Neal Holland and Robert G. Bleakney, Jr., 150 Causeway Street, Boston 14, Massachusetts, appearing for Respondent, Boston and Maine Railroad.

William Q Keenan, 54 Meadow Street, New Haven, Connecticut, appearing for New Haven Railroad, Respondent.

Arthur L Winn, Jr., Samuel H. Moerman and Walter J. Myskowski, 743 Investment Building, Washington, D. C., appearing for The Port of New York Authority, In support of Respondents, and others, as follows:

Chamber of Commerce of the City of Newark, in support of Respondents.

New York Board of Trade, in support of Respondents.

Shippers' Conference of Greater New York, Inc., in support of Respondents.

The Maritime Association of the Port of New York, in support of Respondents.

Queensboro Chamber of Commerce, in support of Respondents.

New Jersey Industrial Traffic League, Inc., in support of Respondents.

[fol. 3] West Side Association of Commerce in the City of New York, in support of Respondents.

The Bronx Board of Trade, in support of Respondents.

The New York Shipping Association, Inc., in support of Respondents.

Belleville Manufacturers' Association, in support of Respondents.

Bergen County Chamber of Commerce, in support of Respondents.

Bloomfield Chamber of Commerce, in support of Respondents.

Chamber of Commerce of Eastern Union County, in support of Respondents.

Chamber of Commerce, Garfield, New Jersey, in support of Respondents.

Chamber of Commerce, Irvington, New Jersey, in support of Respondents.

Chamber of Commerce of Northern Hudson County, in support of Respondents.

Clifton Chamber of Commerce, in support of Respondents.

Cold Storage Warehousemen's Association of the Port of New York, in support of Respondents.

Edgewater Chamber of Commerce, in support of Respondents.

Hoboken Chamber of Commerce, in support of Respondents.

Ironbound Manufacturers' Association, Inc., in support of Respondents.

[fol. 4] The Metuchem Chamber of Commerce, in support of Respondents.

West New York Board of Trade, in support of Respondents.

Peter Campbell Brown, represented by James J. Thornton and Sidney Brandes, Rm. 1540, Municipal Building, New York 7, N. Y., appearing for the City of New York, in support of Respondents.

A. C. Welsh, 26 Court Street, Brooklyn, N. Y., appearing for Brooklyn Chamber of Commerce, in support of Respondents.

Edward R. Laux, 11 Eighth Avenue, New York, N. Y., appearing for Port of New York Authority, in support of Respondents.

Leonard M. Shinn, Rm. 1305, Office of the General Counsel, U. S. Department of Agriculture, South Building, Washington 25, D. C., appearing on behalf of Ezra Taft Benson, Secretary of Agriculture of the United States, in support of Respondents.

J. S. Chartrand, 141 W. Jackson Boulevard, Chicago, Illinois, appearing for The Board of Trade of the City of Chicago, in support of Respondents.

J. L. Pease, Washington 25, D. C., appearing for Special Services Division, A.M.S., U. S. Department of Agriculture, Washington 20, D. C., in support of Respondents.

Louis J. Lefkowitz, Attorney General of State of New York, represented by D. F. Tynan, Asst. Attorney General, The Capitol, Albany, New York for the people of the State of New York, in support of Respondents.

[fol. 5] Henry E. Foley, 10 Post Office Square, Boston, Massachusetts, appearing for Port of Boston Commission, in support of Respondents.

George Waldstein, 10 Post Office Square, Boston, Massachusetts, appearing for Port of Boston Commission, in support of Respondents.

R. G. Curry and Frederick M. Dolan, 631 Southern Building, Washington 5, D. C., appearing for Albany Port District Commission, Albany, in support of Respondents.

Charles W. Merritt, 25 Broadway, New York, N. Y., appearing for The New York Chamber of Commerce, in support of Respondents.

Malcolm D. Miller and Loren B. Hillsinger, 6-129 G.S.A. Building, Washington 25, D. C., appearing for Executive Agencies of U.S. Government, subject to exemption of the Department of Defense, in support of Respondents.

John S. Shannon and Robert B. Claytor, 106 N. Jefferson Street, Roanoke, Virginia, appearing for Norfolk and Western Railway Company, Protestant.

John W. Hanipin, 1500 First National Bank Building, Richmond, Virginia, appearing for C. & O. Ry. Co., Protestant.

Horace L. Walker, 700 Travelers Building, Richmond, Virginia, appearing for Virginia State Ports Authority, Protestants.

[fol. 6] Warren Price, Jr., 1116 Investment Building, Washington, D. C., appearing for Delaware River Port Authority, Protestant.

Richard R. Bongartz, 1138 Six Penn Center Plaza, Philadelphia 4, Pennsylvania, appearing for The Pennsylvania Railroad Company, Protestant.

Donald Macleay, 1625 K Street, N. W., Washington 6, D. C., appearing for Maryland Port Authority, Protestant.

Charles R. Seal, 10 Light Street, Baltimore, Maryland, appearing for Maryland Port Authority, Protestant.

Martin A Meyer, Jr., Investment Building, Washington 5, D. C., appearing for The Virginia Railway Company, Protestant.

Philip G. Kraemer, P. O. Box 69, Camden 1, New Jersey, appearing for the Delaware River Port Authority, Protestant.

Jervis Langdon, Jr., 301 B&O Building, Baltimore 1, Maryland, appearing for Baltimore and Ohio Railroad Company, Protestant.

Charles J. Henry, Jr., 301 B&O Building, Baltimore 1, Maryland, appearing for the Baltimore and Ohio Railroad Company, Protestant.

William J. Taylor, 1138 Transportation Center, Philadelphia, Pennsylvania, appearing for The Pennsylvania Railroad Company, Protestant.

Rene J. Gunning, 300 St. Paul Place, Baltimore, Maryland, appearing for the Western Maryland Railway Company, Protestant.

[fol. 7] Henry E. Ketner, 1001 State Planters Bank Building, Richmond 19, Virginia, appearing for the Virginia State Ports Authority, in support of Protestants.

Charles McD. Gillan, 22 Light Street, Baltimore 2, Maryland, appearing for Baltimore Association of Commerce, in support of Protestants.

William L. Marbury, 900 First National Bank Building, Baltimore 2, Maryland, appearing for Maryland Port Authority, in support of protestants.

[fol. 9]

PROCEEDINGS

Exam. Boat: Gentlemen, the Interstate Commerce Commission has set for hearing at this time and place Investigation and Suspension Docket No. 6615, Equalization of Rates at North Atlantic Ports; also Fourth Section Application No. 32204, Import and Export Rates From and To North Atlantic Ports.

As you know, the procedure in this case up to this point has been under special rules, and the appearances will not be entered orally. We are ready at this time to proceed to the cross-examination of such witnesses for whom cross examination has been requested.

Mr. Welsh: We filed a petition for suspension of these tariffs early in this proceeding, and at that time we filed a statement of testimony—not a verified statement. That statement has been distributed to all parties, and if it please the Examiner, I should like to call my witness and have him sworn so that that statement may now take the effect of a verified statement. He can then return when required for cross examination.

The swearing of the witness will only take a few minutes, and we will then have the point clarified on the record as to the character of the statement that has already been filed.

Exam. Boat: I think it is somewhat of the same nature as others whose statements have not been verified, and I thought that we would take up those matters at the session [fol. 10] this afternoon, perhaps.

Mr. Welsh: Of course, there is one distinction in ours, and that is we filed one of the early petitions for suspension. That is just a little different from a subsequent intervention.

Exam. Boat: I don't think it is substantially different. We will handle those all at one time.

Mr. Welsh: Then it is your desire to consider that the first thing after recess?

Exam. Boat: Yes, we will pick up that matter this afternoon.

Call your first witness.

Mr. Macleay: Mr. Baylis.

ARTHUR E. BAYLIS was sworn and testified as follows:

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Bongartz: Mr. Examiner, do I understand that Mr. Baylis' verified statement is to be given an exhibit number?

Exam. Boat: That statement is referred to in the text of the—that exhibit is referred to in the text of his statement, is it?

Mr. Bongartz: No; what I am referring to is his statement, itself. Mr. Baylis has a statement of some 16 pages, to which is attached a copy of a report as an exhibit. But I was wondering what your pleasure was to be regarding the statement, itself.

[fol. 11] Exam. Boat: I think perhaps counsel should tender it at this time and we should receive it in evidence.

Mr. Colgren: I have given to the reporter the original of Mr. Baylis' verified statement, with the attached exhibits.

Exam. Boat: You tender it at this time in evidence?

Mr. Colgren: Yes.

Exam. Boat: That exhibit will be assigned No. 1.

Mr. Bongartz: I would assume at this time it would only be marked for identification, Mr. Examiner, because possibly some parts of the statement will be subject to objection or a motion to strike?

Exam. Boat: Yes, very well.

(Respondent's Exhibit No. 1, Witness Baylis, was marked for identification.)

Mr. Bongartz: And the exhibit that is attached to it will just remain—

Exam. Boat: May be considered a part of the statement, that is right, of the entire exhibit.

Mr. Bongartz: Shall I proceed?

Exam. Boat: Yes.

Cross examination.

By Mr. Bongartz:

Q. Mr. Baylis, as I understand it, you are Vice President of the New York Central, in charge of freight, sales and service; is that correct?

A. That is correct.

[fol. 12] Q. And you state that you have been with the New York Central for more than 20 years?

A. Yes, sir.

Q. How long have you been Vice President, in this capacity?

A. Since 1953.

Q. Has your service with the New York Central been entirely in New York?

A. Headquarters in New York.

Q. Over this 20-year period?

A. More than 20 years.

Q. More than 20 years. Does "more than 20 years" have any particular significance—21?

A. Well, it is a little more accurate than 20.

Q. As I understand it, from what you state, you were concerned with the earnings of the New York Central?

A. Yes, sir.

Q. And because of that, am I correct in understanding that in the making of freight rates—and I assume that you are in charge of making the freight rates for the New York Central; is that right?

A. That is part of the function of the department that I head.

Q. Yes. That in considering changes in the rates of the New York Central, you have the earnings of the New York Central in mind; is that correct?

A. Yes, sir. Gross and net.

[fol. 13] Q. Gross and net. And in that connection, with respect to proposed changes in rates, when you give consideration to that subject you have given some consideration, I would assume, to the costs the New York Central incurs?

A. When you are establishing new rates or new rate levels, costs are one of the factors. Only when you are establishing a new rate level.

Q. You must consider, when you are considering a change in rates and costs, you don't consider costs, then?

A. No, sir.

Q. You do not. Do you at that time consider the nature of the service to be performed under the rates proposed?

A. The service to be performed is the only thing that you sell for the quoted rate, so it is always a factor. That is our only product—service.

Q. Yes. Then, consequently, when you are considering a change in rates, you do take into consideration the nature of the service involved, the traffic for which the rates are to be changed?

A. The rates are the charges for a service—transportation service. I mean that is the commodity covered by the rate.

Q. Well, I am afraid, Mr. Baylis, you haven't quite answered my question. My question was whether, in considering a change in rates, you consider the nature of the service the New York Central performs under such rates.

A. I believe I have answered that.

[fol. 14] Q. Well, would you answer it again? Could you say "yes" to that question? Your answer borders on "yes", but it isn't clear to me whether it is "yes".

A. I don't think it is a ~~yes or~~ no answer, because you are asking me to define what the service is, if I understand your question. The rates that are changed, if you are changing and making new rates, are usually the prices charged for a service that you are trying to sell. I believe that should answer your question.

Q. Well, now, let's put it this way: When you have under consideration a change in your rate level, do you or do you not, at that time, in considering that subject, take into account the nature of the New York Central's operations with respect to the traffic involved in that change?

A. If you are changing the basic rate level, or creating a rate for a service that heretofore did not exist, you consider many factors, including the type of service to be performed, the type of competition that you are trying to meet, the type of transportation that the customer wants, and then you come up with a change in the basis of the rates, or the establishment of a new rate.

However, that only applies where you are changing the basic rate level.

Q. Well now, do you consider you were changing the basic rate level when you published the tariffs under suspension in this proceeding? [fol. 15]

A. Certainly not.

Q. You didn't. Am I to understand from that that when you undertook to publish those tariffs, you gave no consideration to the operation to the New York Central involved in handling the traffic?

A. None whatsoever. And the reason for—

Q. I think you have answered my question.

A. I wanted to make sure.

Mr. Colgren: Can the witness clarify that?

Mr. Bongartz: I think the witness will be subject to redirect, and counsel can undertake to develop what he wishes on that subject.

By Mr. Bongartz:

Q. Mr. Baylis, at page 2 of your verified statement you refer to your concern over what you say is a decline in the New York Central's share of foreign traffic. Do you see where I mean there on page 2?

A. Yes.

Q. And then apparently that concern, at least from your statement, was based on a study of the United States Army Corps of Engineers. Is that what you are referring to when you talk about a decline in the share of your traffic?

A. Well, there are many ways to measure whether you are going up or down.

Q. I am talking about the way that you mention it here [fol. 16] in your statement.

A. Yes, sir.

Q. Am I to understand, when you talk about the New York Central's share declining, that that statement is based on this study that you mention here of the United States Army Corps of Engineers?

A. Not entirely. As I started to say, there are several ways to measure it. The one way we measured it was comparing ourselves with ourselves and watching the reports from the area men, the field men of our Sales Department, who are in constant contact with our customers.

Additionally, we measured it with representatives of the Ports of New York and Boston, and their experiences in attracting tonnage to their ports, and also compared our experience with that of other railroads serving New York and Boston.

In addition to all of this, the statement of comparison, that will be enlarged on by Mr. Crookshank, is taken from certain statistics of the Army Engineers. That was one of the factors.

Q. Now, this Army Engineers' statement that you refer to here was a statement, was it not, which involved traffic through various ports, regardless of inland origin or destination?

A. Those statements that are referred to in the fourth and fifth from the last line of my statement, at page 2, will be introduced in evidence by another witness.

[fol. 17] Q. You have no familiarity with it?

A. No, sir—other than the conclusions.

Q. You mean to say that without familiarity with the statement you are able to reach this conclusion that you mention here?

A. Yes, sir.

Q. You don't know whether the tonnage shown in the Army's statement originates or terminates in differential territory?

A. That will be clarified by the following witness.

Q. I am asking you whether you know.

A. I know the conclusion, the witness is going to introduce the statement.

Q. But this is your testimony, Mr. Baylis?

A. That is right.

Q. We can't talk about another witness now. We want to know what you know about it.

A. All I know is what is stated on page 2 and the reference.

Q. Well, isn't page 2 part of your statement?

A. Yes, sir.

Q. Then can't you tell me whether or not this Army Engineers' report that you refer to includes traffic which originated or was destined to points other than in so-called differential territory?

A. The statement includes affected and non-affected territories—the total statement. But as I say, the conclusions [fol. 18] reached from it will be described by another witness.

Q. I am not talking about the conclusions. I am talking about the traffic which the statement—

A. I just said it includes a total.

Q. It includes everything?

A. Affecting and non-affected territory. But the breakdown from the statement leads to the conclusion I made, which will be explained in detail.

Q. You used the terms "affected" and "non-affected". What do you mean by affected territory?

A. The differential territory.

Q. And non-affected territory?

A. Non-differential territory.

Q. Non-differential territory. Now, does that mean that where traffic moves from a point west of the differential territory, say to New York, yet which moves, however, on differential rates, that you exclude such traffic?

A. Yes, sir, because this case and these tariffs do not at this proceeding go west of the differential territory of official territory.

Q. Mr. Baylis, in considering this matter of your share of traffic, have you taken occasion to consider changes generally in the economy of the country regarding the development of other areas in determining just why, if you did lose traffic, that loss occurred?

[fol. 19] A. Well, we have considered that. More seriously in this proceeding, however, we are comparing ourselves with our own territory; that is, the official territory and the roads to the north. Quite as a separate thing, as a matter of good business procedure, we try to keep posted on the growth on the Gulf side, South Atlantic, the Mid-West, and the Pacific Coast areas, but that is not as important to us as our dwindling share of the available traffic moving export and import to and from the official territory.

Q. Isn't it a fact that the South and West Coast have developed materially commercially since the last war, since World War II?

A. They have, for various reasons that I could mention, but I believe it would not add anything to this case. However, while I believe it is common knowledge that the Southeast and the Far West are the rapid growth areas, geographically, in the country, that is a somewhat different subject than our pleading here for a right to be able to compete in our own territory.

Q. Now, you refer to studies which your railroad made for the purpose of this case for the years '46, '51 and 1956; why did you pick those years?

A. Well, '46 was a definite post-war leveling-off year. We took '51 and '56 just to get the 5-year spread as a matter of convenience.

Q. Leveling-off! Wasn't there a fairly high level of traffic in '46?

[fol. 20] A. There was, primarily in the West. In official territory you had some support program in '46 that would not be a normal year, but it was the first non-wartime eastern year.

Q. There was still a high level of traffic in the east at that time, was there not?

A. As against now, yes.

Q. '51, wasn't that the year of the Korean War?

A. There was some factor of the Korean War in '51.

Q. That was the year the Korean War started, wasn't it?

A. I think the preparation for the Korean War was spread generally from '50 to '52, inclusive. You had about

3½ years of impact, due to the Korean War, although the war itself did not take that long.

Q. The Korean War was at the time you were asked, '51?

A. I believe so.

Q. Do I understand the New York Central was proposing equalization of rates; that is, for import-export traffic to and from differential territory as between New York City and Albany?

A. Yes, sir. We propose an equalization for the North Atlantic range, all ports.

Q. When you talk about—I am referring to page 8, Mr. Baylis—what you term to be the basic right of railroads to compete on equal terms with competing railroads, does "equal terms" include one railroad giving substantially more service than another railroad at the same rates?

[fol. 21] A. Yes, sir. I think you will find it would be high folly in the national economy if the basic rate structure were built around a so-called standardized type of service, because there is absolutely no such thing as standardized service, standard mileage, standard terrain, standard weather, standard terminals, or any of the fluctuating things that go to make up one route as against the other into a geographic area.

Q. You state that ocean rates were equalized. When did that occur, in your opinion?

A. I believe it was 1935.

Q. Iron ore rates are not in this proceeding, are they?

A. No, sir, they are being handled in a separate proceeding that I think we are all familiar with.

Q. In your testimony you speak specifically of the fact that coal was not involved, and I wanted to make it clear that iron ore wasn't.

A. Export and import iron ore rates are not in this proceeding.

Exam. Boat: Coke is not involved, isn't that correct, a direct product of coal, I believe is the way it is described in another statement?

The Witness: That is right.

By Mr. Bongartz:

Q. Mr. Baylis, you are generally familiar with the facilities of the New York Central Railroad, in New York?

A. Yes, sir.

[fol. 22] Q. You are also acquainted generally with the operations of the New York Central Railroad at New York?

A. Yes, sir.

Q. And that includes how export and import traffic is handled?

A. Yes, sir.

Q. Now, you have a copy—I suppose your counsel would have it—of this exhibit of Mr. Gilman's, which carries the caption "Save time, Save Money, Ship Via the Port of New York", and it is a map of New York Harbor, showing railroad facilities?

A. I am generally familiar with that map.

Mr. Bongartz: Does the record show, Mr. Examiner, that the witness is looking, as I also am looking, at a map of the Port of New York? I want to make some reference to it.

Exam. Boat: Identified as Exhibit "D" of Witness Gilman's presentation. I think it is the one which has a caption "New York Harbor Terminals Map". I believe that is the way it is captioned on the outside.

Mr. Bongartz: I see. When I was reading I was looking at the caption on the inside.

Exam. Boat: I think we can identify it as that.

Proceed.

By Mr. Bongartz:

Q. Mr. Baylis, am I correct in understanding that the export-import traffic to and from differential territory over the New York Central is generally handled at its Weehawken terminal?

[fol. 23] A. Some of it is handled at Weehawken, some of it is handled at Manhattan Piers.

Q. Isn't it a fact that the great preponderance of this traffic is handled at your Weehawken Piers?

A. No, sir.

Q. What is the split?

A. Well, it varies with commodities and the seasons of the year. If you are talking about bananas, all of it is at Weehawken. If you are talking about automobiles, very little of it is at Weehawken—so it varies.

Q. Are you telling me that with respect to the automobiles, that traffic comes down the east side of the Hudson River?

A. Most of it.

Q. Traffic to and from differential territory over the New York Central goes to and from Weehawken, goes through Selkirk Yard, doesn't it?

A. Yes, sir.

Q. Selkirk Yard is a yard south of Albany?

A. South and west.

Q. South and west of Albany. From an operational point of view, the use of Selkirk Yard avoids trains going through Albany; is that correct?

A. Yes. We have a cut-off that goes around Albany to the south and serves the West Shore Branch that comes to Weehawken, prior to the entering into the cut-off at Selkirk [fol. 24] —just out of Selkirk. Those trains that bypass Albany that come down the east side of the river also use Selkirk.

Q. They have to cross the river there?

A. Through this cutoff.

Q. Now let's talk about Weehawken for a moment. Can you tell me what there is at this Weehawken terminal? You have got, of course, a rail yard there?

A. Yes, sir.

Q. You have a number of piers?

A. Yes, sir.

Q. And these piers are both open-top piers and closed piers, are they?

A. That is correct. They are also for the direct docking of the vessels and also for floating and lighterage.

Q. At what piers is there direct docking?

A. There could be direct docking at any of them, and there has been direct docking at all of them. At the present time Pier 9 is primarily used for direct docking; Pier 11 can be, and Pier K can be. All of the others are available if needed. And, of course, when not used for direct docking, rapidly silt in, and have to be dredged to put vessels in direct.

Q. Has it been dredged recently?

A. With the exception of the ones I mentioned, the others have not.

Q. Isn't it a fact that Pier 9 is an ore pier?

[fol. 25] A. It is an open-top bulk commodity pier.

Q. Yes. Isn't it used primarily for ore?

A. At the present time it is. It has been used for phosphate rock and sulphur, but it is at the present time being almost exclusively used for bulk import ore.

Q. Didn't you mention Pier 11?

A. That is right.

Q. Isn't that a lighterage pier?

A. It is just north of Pier 9, and is currently used for tie-up vessels and for lighterage.

Q. Do I understand, to go up to the top number, that Pier 13 is used primarily for mooring marine equipment?

A. Yes. It is not used for commercial purposes. It is for our own company purposes.

Q. Yes. And Piers 12 and 11-A are lighterage piers?

A. Lighterage and storage. 11-A is occasionally used for tie-up vessels.

Q. Then you have a bulkhead at the foot of 61st Street at Weehawken which is used for heavy material by barge and lighter; is that right?

A. I am not familiar with that.

Q. And Pier 7?

A. I am not familiar with your identification of the location.

Q. Well, I gave you the number of the pier.

A. You identified it by the foot of some street.

[fol. 26] Q. I said Pier 12.

A. Yes, Pier 12.

Q. There is a bulkhead right, as I understand it, between Pier 11-A and 11; is that right?

A. Yes. That is used for ground storage.

Q. Yes.

A. It actually doesn't extend into the river at all. It is on the land.

Q. Yes. Then Pier 7 is your grain pier, is that where your elevator is?

A. Yes. In the case of commodities, I mentioned bananas all moving from Weehawken, and automobiles mostly from the other side. Grain is another good example. We have only one grain elevator left now out of what used to be three, and it happens to be on the west side at Weehawken, so any handling of grain, either through direct loading into ships, or through transfer through the floating elevators, has to be done from Weehawken.

Q. That grain elevator was out of service for a number of years, was it not?

A. No.

Q. It was not?

A. No.

Q. The New York Central Railroad grain elevator was not out of service?

A. No, sir. It suffered very badly for a number of years [fol. 27] through loss of business, except government business occasionally, because the ex-lake grain rates were not equal. However, we did bring that case before the Commission several years ago and were successful in getting the agreement that we should have the right to compete on ex-lake grain, and since then we have been doing much better at the Weehawken elevator. Perhaps you thought it was out of service simply because we had a rate disadvantage which was later corrected.

Q. You said something about ground storage. Do I understand that export freight moving to Weehawken is unloaded on the ground before being loaded in a lighter?

A. Only a small portion of it, in extreme circumstances, such as some goods that are very heavy weight and are put on the ground pending the arrival of specialized vessels, or specialized space on regular vessels to handle it. Occasionally you have a backup for storage on the ground of military impedimenta of height, and a nuisance of things to have on wheels tying up railroad equipment. The general practice, however, is not to ground either the export or import, but to carry it through in a continuous movement to the ship, if it is export, or from a ship to a rail car and forwarding if it is import.

Q. What percentage of the New York Central's export traffic is lightered, or car-floated? In other words, what percentage of your traffic, differential territory, destined to vessels in New York Harbor, receives a water movement [fol. 28] on the New York Central?

A. I can't give you the exact percent because it wouldn't mean anything. Again, it fluctuates from day to day—other than to say a very large percentage of the export or import business of the New York Central has to be either lightered, floated, or trucked, but that is not unusual to the New York Central or to export and import freight, because the domestic freight is in the same situation—

Q. At New York?

A. At New York, due to the geography of the situation, with which you are familiar. There are very few piers or receiving docks, either for ships or storage that are served by railroad tracks in the terminal area of New York.

Q. Well, along those lines, take Weehawken; the only ships there are that banana pier, aren't they? Isn't that where you have your direct transfer from ship to car?

A. Well, on the New York Central, as I said, that is a direct transfer. We have had many direct transfers at Pier K, which is just north of the banana pier. We have had many direct transfers at Pier 7, the grain elevator. We have constant direct transfers on both sides of Pier 9, and occasional direct transfer of heavy pieces at Pier 11.

Q. Is it a correct statement that the preponderance of export-import traffic handled through the Port of New York, which moves in or out by railroad, is handled by [fol. 29] railroad marine equipment between the rail ends and the ship-side, or where the ship is docked?

A. The preponderance of everything handled by any railroad at New York is that, as I said, because of the geography, just the same as the preponderance of people that live in New Jersey and work in Manhattan have to come across the river by tunnel, ferry, or bridge. They can't walk it.

Q. Of course, in answering my question you said the preponderance of everything. Of course, I take it when you say that, you are including export-import traffic to which my question is directed?

A. That is right. And also, my only reason for saying "everything" was to point out again the geography of New York is such that you have to consider this extension of your tracks by lighterage, trucking, and so on, as an extension of your service to get around the physical layout.

Q. If it could be done, you would prefer, would you not, to have all of your transfers direct from rail cars to vessels?

A. That would depend on the circumstances of service. We do some of that ourselves. And where it is advantageous from the standpoint of service, and adjacency to your yards, it is sometimes better to transfer direct by rail. In other cases the geography is ideally cut out for waterborne freight.

Q. Well, now—

A. It is much better to run right across a stream than [fol. 30] to go 100 miles around by rail for the sake of getting there all-rail.

Q. Well, let's take Weehawken again. Certainly from the point of view of transporting traffic to and from differential territory, you are not going a greater distance; that is, the New York Central isn't going a greater distance when it handles that traffic to Weehawken than it is when it is handling traffic into Manhattan Island, itself, is it?

A. It is about the same.

Q. It isn't a greater distance, is it? It is a lesser distance, isn't it?

A. It is about the same.

Q. Isn't it a lesser distance, Mr. Baylis?

A. No, I say it is about the same.

Q. I hate to take your time for this, but—

A. Actually, I think your average distance from Selkirk to Weehawken and Selkirk to Lower Manhattan is within two miles, most of the cars don't go to Lower Manhattan, and there would be a difference of about four miles, and in my opinion that is about the same.

Q. At least you have an additional movement east from Selkirk when a train crosses the Hudson River, up there, before going south to New York City, don't you?

A. That is the addition that is offset in part by a shorter run down the east side than the west side.

Q. Well, maybe your New York Central Railroad map [fol. 31] is an exceptional one.

A. I think all railroad maps are.

Q. Now, to get back to this matter of direct transfer. From the railroad's point of view, from your railroad's point of view, is it not less expensive to handle traffic direct to and from vessels at Weehawken than it is to load traffic to a lighter or a car-float at Weehawken and take the lading to some other point in New York Harbor?

A. Not in all cases.

Q. Can you give me—

A. And also, as I say, you are providing a service with a geography that was laid out for you in the historic beginnings of time. And therefore in some cases you are better off to lighter, and in some cases you are better off to seek additional means of handling all-rail. Service is what we are trying to sell, and the question of benefits depend on the individual movements.

Q. Can you cite me an instance of where it is less expensive to lighter traffic from Weehawken to the vessel involved, the steamship involved, than it is to have direct transfer from the pier at Weehawken to the vessel?

A. Well, you mean from Weehawken?

Q. Yes, that is what I am talking about.

You just answered it, that there were instances where it was, as I understood it, from what you said, less expen-[fol. 32] sive to lighter it.

I would like to have an instance of what you have in mind when you say that.

A. If the vessel is already at your dock, where the rail service terminates, then there is no need to consider lighterage. If the vessel is on the lower East River, or in Brooklyn, where most of them terminate, it is, in my opinion, much less expensive to lighter or float than to try to get there all-rail.

Q. Pardon me—

A. We have to handle it at the Port of New York, where the vessels are.

Q. Pardon me, Mr. Baylis, you obviously misunderstood my question. I am talking about Weehawken. The New York Central Railroad has a line of railroad coming into Weehawken with a rail terminus there, and rail yards. You have testified that on occasion vessels dock at Weehawken at your piers in Weehawken, and the transfer from vessel to railroad, or vice versa, is made right there?

A. That is true.

Q. My question to you was, from the railroad's point of view, is it not less expensive where you have that situation than where the railroad perforce must lighter or car-float the traffic from Weehawken to some other point in the harbor?

A. I would have to answer that in the negative, for two reasons: First, your costs—you want to talk costs, which I have no objection to. I think you are not talking the whole [fol. 33] story. But just the cost of handling one piece of cargo at Weehawken against lightering it to some other part of the harbor in some circumstance may be less, and in some circumstance it may be more.

Q. All right, let's stop right there. Give me an idea of what you have in mind when you say that it might be less. Give me an instance of where it costs the New York Central Railroad less money to lighter traffic from Weehawken to some point within the New York Harbor than it costs the New York Central to have direct transfer to a ship at Weehawken?

A. Well, such a case could easily exist where the question of a long delay and the holding of cars for the direct delivery more than offset a proper delay that could be facilitated by having the same ship offer a steamship pier where it wanted to be.

Q. You are assuming things, Mr. Baylis, which are not in my question.

Mr. Colgren: Mr. Examiner, may I interpose an objection to this line of questioning? Mr. Baylis has not testified to costs, as such, nor is there testimony in the direct presentation of the so-called respondents in this case, along that line. We have, I think, established the compensativeness of these rates. This line of testimony, or the questions, rather, is beyond the scope and the issues in this proceeding.

Mr. Bongartz: Have you finished, Mr. Colgren?

[fol. 34] Mr. Colgren: I think so.

Mr. Bongartz: Mr. Baylis, at page 12, beginning at the bottom of 11, going to the top of page 12 of his statement, makes the statement that proposed rates are without question compensatory.

Mr. Colgren: That is precisely what I pointed out in my objection. I think we established the compensativeness of these rates.

Mr. Bongartz: Established through what source—not through Mr. Baylis, certainly?

Mr. Colgren: Mr. Baylis has not testified as to costs in this proceeding. I think the line of questioning, if you want to pursue it, is—

Mr. Bongartz: Isn't Mr. Baylis the witness who has stated here, as I just read, the proposed rates are without question compensatory; isn't that his testimony?

Mr. Colgren: Yes.

Mr. Bongartz: Then I think I have a right to cross examine on his testimony.

Mr. Colgren: As to whether the rates are compensatory.

Exam. Boat: The line of questioning you are pursuing, Mr. Bongartz, seems to relate to the service; I assume, that would be involved here. It doesn't seem to go to the element of expense in details.

Mr. Bongartz: Well, Mr. Examiner, nothing in these pro-[fol. 35] ceedings is more important than a dollar. Everything relates to the dollar. And when we talk about the service involved, necessarily it has significance only in the ultimate cost of such service. It so happens that these respondents have not seen fit in this proceeding to offer anything in the way of their costs, yet they are serving a port, the Port of New York, which, without question, from a railroad point of view, is one of the most costly places to operate, and it is because of the harbor service that is involved in New York.

Now, Mr. Baylis has stated in his testimony that these rates which he proposes are compensatory. Now, the word "compensatory" has only one meaning, that the cost of the service over the New York Central is less than the revenue which the New York Central would obtain from these rates. He is the one who has opened the door to this. And I believe, under the circumstances, we have a perfect right to enter into this line of questioning to find out just what the New York Central does do over there.

There is a lot of talk here about their right to compete. There are a lot of generalities in one way or another; but let's find out what they do.

Exam. Boat: I thought that was the line of questions you were following.

Mr. Bongartz: That is the line of questions I am pursuing here.

[fol. 36] Exam. Boat: The objection is overruled.

Mr. Colgren: Mr. Examiner, I would like to indicate that we cannot, of course, agree with the statement of counsel, and that is all it is, that New York City is the most high-cost port in this North Atlantic range.

Along that line, too, if the Examiner please, counsel is apparently going to try to impress upon the Commission some theory that every movement of export and import freight individually must bear its individual costs. I see no other point to his trying to pin down the specific shipments, the specific operations, and so on, and thus relate the costs of these individual operations to the particular commodities.

Now, we must object to that line of cross examination as being impertinent to the investigation. The Commission has long recognized that rates are compensatory if they contribute something above out-of-pocket costs of the whole operation in an area, and as a matter of fact, the Supreme Court has even indicated that rates may sometimes be reasonably—what's the term—Jervis?

Mr. Bongartz: Don't seek an answer from him.

Mr. Colgren: Reasonably confiscatory of railroad revenues, and therefore I think that this whole line of questioning is impertinent to the investigation.

Mr. Bongartz: It is rather amazing, Mr. Examiner, when a witness makes a statement in his prepared testimony [fol. 37] about compensatory nature of the suspended rates, and then we have objection from counsel when the witness is cross examined regarding the service that is accorded to the traffic under the proposed rates. Now, counsel speaks of out-of-pocket costs as being the floor of what is or is not a compensatory rate. But it should be noted on the record, in spite of that, and in spite of his burden of proof, that he has not introduced any evidence regarding out-of-pocket costs of the New York Central Railroad.

Exam. Boat: Let's proceed.

Mr. Colgren: May I just make one further comment in that vein?

Exam. Boat: I think we can argue this on brief, Mr. Colgren.

Mr. Colgren: I think you are right, Mr. Examiner, and I think it doesn't have any bearing on the testimony in the proceeding. That is our position.

Mr. Bongartz: Shall I proceed?

Exam. Boat: Yes.

By Mr. Bongartz:

Q. To get back to this question, Mr. Baylis, we better have the terms and conditions of the question clear before you undertake to answer it. Can we take this situation: You have the vessel docked at a pier at Weehawken, one of the railroad piers at Weehawken, to receive freight for export. We will assume for the purpose of this question that there is no matter of car delay or vessel delay in con- [fol. 38] nection with this transfer.

At the same time, you have a railroad car come into Weehawken, the contents of which have to be lightered to a point in New York Harbor to shipside.

My question to you is: which, from the railroad's point of view, involves the lesser operations?

A. The "lesser operation", would you define that?

Q. Rail operation, the discharge of that car at Weehawken.

A. It could go either way.

Q. All right, now suppose you give me an explanation of what you mean by that?

A. The railroad could be—well, if I may, I would like to say that you are talking about a complete service, a line-haul service, and complete delivery in both cases.

Q. Yes. The line-haul service is the same in both cases, it has come into Weehawken.

A. And the amount of service, as you call it, provided on each could vary with the commodity, the method of handling—the fact that a ship—

Q. Let's assume—

A. May I finish?

Q. All right, go ahead.

A. The fact that a ship docks against the rail head at one time, and that same ship or another ship may be at another pier that is not at a rail head at another time has [fol. 39] very little to do with the importance of the business or the cost that you want to refer to or the amount of service performed, because costs, of course, are based on units. The more units handled, the lesser the cost, and that is why the cost might be, of the service performed, might be high on the direct delivery one time, and low again if you had an increased number of units.

Q. All right, now—

A. But the amount of service provided by the railroad can vary either way, and you cannot set up, in my opinion, a fictitious idea that you can have your choice at New York of one or the other. It is all one complete total terminal laid out around water, and you have to take the harbor as you find it today, and we are not talking whether we would like all of it by lighter, all of it by truck, or all of it by direct delivery.

We know that we have to handle it in all of those ways, and all we are saying is that we should have a right to complete our railroad service at New York at no penalty to the shipper in the rate level.

Q. I understand what your contentions are, Mr. Baylis, but I still don't think you have answered my question. Going back to what we were discussing, back to Weehawken, with a ship there at the dock; my question to you is whether it is less costly, or if you want to avoid the word "cost", if there is lesser service required by the railroad to unload a car to the ship and unload a car of the same commodity, the same amount in the car, to lighter [fol. 40] for subsequent movement, New York Harbor to another ship?

A. I answered that.

Q. I believe you haven't.

A. I said it could be either way.

Q. But how could it be either way? I want to get an explanation of that. You have not given it to me. All you have said in explanation is that you have a railroad which performs all kind of service in New York Harbor, that the harbor, of its nature, requires all that kind of service, and that does not answer my question.

A. Well, then, you better rephrase the question, because that is the answer I have for what I thought your question was.

Q. Is that the only answer you can give me to my question?

A. Yes, sir.

Q. How much marine equipment does the New York Central have?

A. Well, of tugs, lighters and scows, let's say between 150 and 175 units at the current operating time. Some are laid up. Some are under bad order at the present time, not being repaired, due to business levels.

Q. Do you know that Report PT-5, published by the Association of American Railroads—and this report to which I refer was dated December 1, 1957—shows that the New York Central, at New York, owns 17 tugs, 36 car-floats, 13 steam diesel gas hoist lighters, 123 covered barges, and [fol. 41] 74 scows, for a total of 263 pieces of marine equipment?

A. If that is the statement you are reading from, those are undoubtedly authentic figures, but in usable condition and available for service, now, it would be less than that.

Q. You will accept the figures?

A. As the inventory, yes.

Q. Do you have split deliveries?

A. Yes.

Q. On lighterage at New York?

A. Yes.

Q. What is the operation of a split delivery?

A. We will make part of the load at one delivery point, another part at another point, similar to land delivery, where you have stop-off for loading or stop-off for partial unloading.

Q. Doesn't it involve, as a rule, the unloading on the ground, or on the pier, say at Weehawken, before loading of the lighter; in other words, the split occurs before the lighter is loaded? When the lighter is loaded, accordingly—

A. The lighter could be loaded, and often is, direct from a car or a group of cars, without physically flooring the freight. And then the split comes on the delivery route. I am speaking of export.

Q. This map that you have in front of you shows, does it not, the lighterage limits in New York?

A. Yes.

[fol. 42] Q. If you will look at the map, it would appear that the lighterage limit—the northern lighterage limit on the Hudson River is just north of the George Washington Bridge?

A. Yes.

Q. It is marked by "L", with a dotted line underneath it?

A. That is right.

Q. And on the—

A. Just south of that.

Q. What?

A. Just south of 130th Street.

Q. I am looking at the Jersey side of the river, Mr. Baylis.

A. On the Jersey side it says the George Washington Bridge, on the Manhattan side it is south of the bridge.

Q. On the Manhattan side it is marked at a point that says 135th Street?

A. North of 125th, at 135th Street.

Q. 135th Street?

A. Yes.

Q. Now, carrying the lighterage limits down the Jersey side, we go down through Kill Van Kull, the lighterage limits, referring to the Jersey side, going south, carry you through the Kill Van Kull and go down, according to a legend at the left-hand bottom of the map, to Perth Amboy; is that correct?

A. It goes up to where the Skyway crosses the Hackensack River, that route.

[fol. 43] Q. Right. That is at a point—

A. It goes where the Belleville Turnpike crosses the Passaic River on the other route, and it goes into the slip on the New Jersey-New York State Line, just south of Elizabethport, near Elizabeth Avenue, at the dead end of Broadway on that area.

Q. Just a minute, there, I think you are talking there, Mr. Baylis, about the Staten Island side?

A. That is right.

Q. The legend says "New Jersey Lighterage Limit extends to Perth Amboy"?

A. Yes.

Q. That is down below?

A. That is right. It is down that river.

Q. Down the Arthur Kill?

A. That is not on this map.

Q. That is not on the map?

A. No.

Q. On the Staten Island side, the extent of the lighterage limit is shown as you mentioned it there?

A. That is right.

Q. Now, going up into the East River and the Harlem River, will you please point out where the lighterage limits extend?

A. Well, in the lower bay, it comes in at Owl's Head Park, just south of Owl's Head Park, just above the Narrows, and goes up the East River, on the Queens side of it, just [fol. 44] at Hell Gate—

Q. Astoria Park?

A. —and Astoria Park, just south of the New York Connecting Railroad, and follows the easterly bank of the Harlem River up to 161st Street.

Q. And then if you didn't mention on Staten Island, on the Narrows side, the lighterage limit there, in the neighborhood of Highland Boulevard?

A. Just north of Quarantine Station.

Q. Now, the waters between these points that you mentioned are all within the lighterage limits of New York Harbor; is that correct?

A. Within the boundaries as described is what is known as New York, in the eyes of the public, receivers, and foreign traders, but more close at home it is called the New York lighterage limits, to and from which area the flat, through rates listed on New York apply, of all types, export, import, coastwise, intercoastal and domestic.

Q. And it is often referred to, is it not, as free lighterage?

A. That is right—for the reason that it takes the flat New York rate, and any additional mileage beyond this is not regarded as being New York, and there is something charged for it.

Q. Now, in other words, going back to your Weehawken terminal, on any freight that has to be lightered by the New York Central, the New York Central holds itself out [fol. 45] to take that freight on a lighter to any point within New York Harbor within the confines of the lighterage limits?

A. Correct.

Q. Without extra charge?

A. Correct.

Q. Do you have occasion to lighter to Port Newark from Weehawken?

A. Yes, we sometimes lighter to Port Newark, and we sometimes go there all-rail. Sometimes it is better to lighter, and sometimes it is better to go all-rail.

Q. If you go all-rail, you have to go via another railroad, do you not?

A. That is right.

Q. And pay some sort of switching?

A. We have an arrangement.

Q. Which involves a switching charge?

A. No.

Q. Well, is it some sort of reciprocal switching?

A. No.

Q. Suppose you tell me what it is?

A. It is a division.

Exam. Boat: We will recess for 10 minutes at this time.

(Recess taken.)

Exam. Boat: Come to order, please.

By Mr. Bongartz:

Q. Mr. Baylis, there is a facility of the New York Central at Weehawken which I don't believe we referred to. [fol. 46] and that is a transfer bridge there; is that Pier 4?

A. Pier—

Q. Or does that come down there where it says FB?

A. It is Pier 1, really. Just south of Pier 1, which is part of it. The "FB" means float bridge.

Q. We are referring to this map exhibit that we have been referring to right along. Now, a float bridge is a point on the railroad from which cars are transferred from the land on to rails on car floats?

A. That is correct. It is a continuation of the rail service without breaking bulk or without unloading or unsealing the car. We merely move it along on additional rails that are on this float, and the cars are then taken—

Q. The floats are taken?

A. The float with the cars on them are taken to points where they can be then hooked up with other railroad lines by land or on docks, or the floats can be tied up alongside of steamships for handling direct.

Q. So in connection with the Central's operation with respect to the handling of export-import traffic, the use of floats would be shipside or alongside a pier at which a ship is docked; is that right?

A. Yes, sir.

Q. We talked about the amount of marine equipment which the New York Central has. What facilities does it [fol. 47] have for the repair of marine equipment?

A. We have our own marine shops, the same as we have our own engine terminals and car repair shops, throughout our system. Our marine shops are in New York. That is where our navy is located. We also use the commercial shipyards, about four of them, in New York Harbor.

Q. Do you—

A. We do most of the above-water work ourselves, and contract out the underwater work.

Q. Among those yards are the Port of New York Marine Repair Corporation and Dwyer Lighterage?

A. I am not familiar with us ever doing business with either of those two.

Q. But you have four firms with which you do business?

A. Four, about.

Q. Yes. Can you give us any idea of the amount of marine personnel that the New York Central employs?

A. No, I don't have those figures. They can be developed.

Q. But that would include, as far as a tug is concerned, the captain, mates, engineers, deck-hands?

A. The normal crew.

Q. Yes. Is your export-import traffic, as it is involved in this proceeding, balanced? Do I make myself clear as to what I refer to as balanced?

A. We are generally an eastbound line. I would say over [fol. 48] any 5-year period of normal business, if there is such a thing as normal business, the export would exceed the import by maybe 1½ or 2 to 1.

Q. You referred to New York facilities—New York Central facilities on the east bank of the Hudson River. Those facilities are what?

A. Are you talking of only water facilities, or everything?

Q. Well—

A. We have a—

Q. At 60th Street, is that the facility to which or from which export-import traffic is handled?

A. Yes. To give you a description of the all-rail route and its facilities, you will notice that the red line along the east bank of the Hudson River crosses at the extreme top of the map where the Harlem River joins the Hudson at a point called Spuyten Duyvil, and it continues down along the river with very little, practically nothing to do except move along until it gets to our 72nd Street Yard, which extends from 72nd Street to 59th Street, and that is a large receiving and also consolidation yard for outgoing cars on the land side, and it is buffeted with five piers and float bridge on the water side.

The railroad goes on down then to the 30th-36th Street area, where we have another large team track yard and some industrial sidings and hold tracks. There are no water facilities at that point.

[fol. 49] The railroad itself goes on an elevated grade and serves industries and on down to St. John's Park, where it terminates in a loading and unloading terminal. Below that we have piers at Pier 16 and Pier 17, at Barclay Street.

Q. The map doesn't seem to show it, but is there a connection of the railroad between the area at 36th Street and south of it?

A. Yes. It is a continuation.

Q. There is a continuation?

A. We come out of a cut at 36th Street, stay at the level of the ground, and then go up on an elevation.

Q. At what points that you have mentioned is export-import traffic handled by the Central?

A. Direct from the cars at 60th Street, and from piers at Barclay Street, to a lesser degree.

Q. You say direct from cars at 60th Street?

A. Yes.

Q. Are you saying direct from cars to vessel?

A. No. There are no docking facilities any more, due to the out-of-condition situation of the docks at that point. However, the cargo is transferred there either to truck—it is a big trucking point—for delivery or receipt, and it is also a car float and lighterage point.

Q. Where it is lighterage or car float, the lighterage or car floats would be moved around the harbor at no cost to [fol. 50] the shipper within the lighterage limits?

A. The lighterage is there, and if it came into Weehawken by rail and the lighter is floated, here you come into 60th Street, a lighter, float, or truck, wherever the vessel is at the flat New York rail.

Q. Is that trucking in lieu of lighterage?

A. Yes.

Q. That is trucking without charges within the lightering limits as well?

A. The continuation of the delivery trucks.

Q. Now, what about these facilities south of 60th Street?

A. Which one?

Q. The ones—

A. The ones I mentioned?

Q. Yes.

A. On the water?

Q. Yes.

A. Pier 16 and Pier 17 are the lighterage piers. At the present time they are primarily used for domestic business. They are available, however, for export or import.

Q. Well, to the extent that you have—to the extent you handle export-import traffic on the east side of the river, it is generally handled through this 60th Street terminus?

A. At the present time most of it is. It hasn't always been that way.

[fol. 51] Q. We are talking about the east side of the Hudson River?

A. That is right—Manhattan Island.

Q. Right. Are there any hold yards on the Central prior to getting to 60th Street?

A. Well, we hold all the way from 72nd, down to 60th Street, which is, itself, a hold yard. Also, we have hold tracks at Harmon.

Q. Do you have any hold yards back of Weehawken?

A. Yes, sir, North Bergen.

Q. When you talk about export-import traffic handled through 60th Street, isn't that traffic which generally is destined to or originating from points outside of so-called differential territory?

A. No.

Q. Wouldn't any of your New England export-import traffic take that route?

A. It logically would. There is very little of that, however, as compared with the bulk of the export-import that finds its way into that terminal. A lot of the New England business moves through Boston to the extent the port is used, but there, again, Boston and New York have the same rate disadvantage.

Mr. Bongartz: Can we strike the argument?

The Witness: I think that is an explanation of how the traffic moves.

Mr. Bongartz: Well, I would like you to restrict yourself [fol. 52] to the explanation. Pardon me a moment, please.

By Mr. Bongartz:

Q. Do you have arrangements at New York, Mr. Baylis, in the handling of export-import traffic with the Brooklyn terminals?

A. Brooklyn is in the free lighterage limits, and as such is part of the point known as New York Harbor, and we have through rates of all varieties to and from the Brooklyn contract terminals, the Brooklyn Eastern District Terminal being one.

Q. Which are the others?

A. Bush Terminal, Jay Street terminal—

Q. New York dock?

A. New York Dock, I don't know whether we should call that one of them or not, but—

Q. Isn't New York Dock owned and operated by the Port of New York Authority?

A. That is what I said. I don't know whether we should call it a contract terminal. I don't actually know the status. It has been purchased and is being rehabilitated by the Port Authority. The whole point is we have a complete line of domestic rates, export rates, import rates, class rates, commodity rates, and everything, because Brooklyn is just the same—and its land and rail and water facilities are just the same as anything else in the harbor.

Mr. Welsh: Mr. Examiner, may I ask at this time that any reference to Brooklyn Eastern District Terminal be [fol. 53] stricken from the record? They do not handle export or import freight. There are no export or import rates applied to that terminal.

Mr. Bongartz: The witness apparently doesn't agree with counsel, so I don't know if we can take your statement.

Mr. Welsh: On the contrary, if the Examiner please, the question was entirely too broad. The witness answered the question as put to him. The question was not limited to arrangements made with the waterfront terminals of Brooklyn exclusively on export-import coastwise and intercoastal business, so, of course, he has to answer the question as it was put.

Exam. Boat: Perhaps he can clear it up later on redirect. You could ask a question to clear it up.

By Mr. Bongartz:

Q. As far as your knowledge extends, Mr. Baylis, what terminal railroads in Brooklyn do you interchange export and import freight at?

A. It was my understanding we are in position to interchange—I know we are in a position to interchange with all of them. If the BEDT at this time is not, because of their own desires, handling export-import freight, the question is moot, but the geography of Brooklyn, the transportation layout makes it no different in our consideration of this case than any other point in the lighterage limits of New York.

Q. With respect to the interchange of traffic with these Brooklyn terminals—does the New York Central pay such railroads a division or allow such railroads a division out [fol. 54] of the through rate?

A. Generally they do.

Q. So that out of these export-import rates from differential territory to and from differential territory and New York, to the extent that the traffic under such rates is moved via those Brooklyn terminals, you have to allow such terminals a cut out of that rate?

A. There are two ways. One applies on domestic freight, where they are line-haul carriers, they being those who perform the line-haul functions, for instance like the Long Island Railroad; and the other would apply to the export-import freight, where there is only what might be the same as a switching rate at Philadelphia or Baltimore, or Detroit or Chicago, where the line that originates or terminates the traffic isn't the line that has the road haul.

In those cases you pay a switching rate. Here it is the same thing, in principle; but they call it an allowance, a terminal allowance, for bringing it over to you, and that is taken out of the through rate, the same as the switching rate is before the road-haul factor is pro-rated among the road-haul lines.

Q. Aren't certain concessions made to those terminals with respect to per diem?

A. Not to my knowledge.

Q. You are not familiar with the content of the agree- [fol. 55] ment between the railroads in that respect? When I say "railroads", I mean these Brooklyn terminals.

A. I know we have arrangements, but it is not, to my knowledge, a concession.

Q. What is the arrangement?

A. It is a definition of how the per diem shall apply, as you have to define it in every terminal area, whether it is on an average basis, or so many days free.

Q. Do you know what the arrangement is?

A. It is a combination of—

Q. Can you tell us what it is specifically?

A. In number of days, I can't, but there is a specification of the number of days. It applies throughout the entire harbor.

Q. You wouldn't say, would you, Mr. Baylis, that your arrangement with the Brooklyn terminal lines is in all respects similar to a situation where some line at destination does some switching on land?

A. It is much more favorable than many others we have.

Q. All right, tell me how.

A. Because it gives them less use of our cars in other arrangements in other places.

Q. Less use?

A. Yes, less free use.

Q. Less free use of your cars?

A. Yes.

[fol. 56] Q. Are you familiar with the fact this Commission has been conducting an investigation into the amount of use of railroad equipment made by these Brooklyn terminals?

Mr. Colgren: I object to that question, Your Honor. There is no basis laid for that question. I think it is, well, just plainly immaterial.

Mr. Bongartz: I can lay the basis for it.

Mr. Colgren: In extenso, Mr. Examiner, I think it makes little difference whether this witness is familiar with whether or not the Commission is making an investigation in another proceeding, and certainly the fact of that investigation is no proof of what the Commission may ultimately find.

Mr. Bongartz: This witness, if you please, undertakes to make a general statement in comparison with one kind of operation and another, and then when he is questioned to specify what he has behind the general statement, we run into this difficulty.

Exam. Boat: The objection is sustained.

By Mr. Bongartz:

Q. Do you know whether or not these marine operations of the New York Central at New York Harbor run into any difficulties due to weather and tidal conditions?

A Only the normal seasonal things that happen—

Q. On the waters?

A. On any terminal operation. It took me eight hours to get down here last night.

Mr. Moerman: On the Pennsylvania?

[fol. 57] The Witness: Three hours getting into the Washington terminal, and that is not on the water.

By Mr. Bongartz:

Q. Do you know how the New York Central's marine operations performed yesterday?

A. Yes; they were all on schedule.

Q. They were?

A. Very little business, though.

Q. In other words, they were on schedule to the extent they didn't move; is that it?

A. It is getting easier and easier to keep them on schedule, because our rate structure has driven away all the business.

Q. Do you know what you pay over New York to load and unload a box car, the content of which is to be lightered?

A. There is a payment per hour for labor. It varies with the seasons as to what the productivity per man per hour is. It has been our observation, because of the relatively lower rate of pay on the railroad stevedoring side than on the contract stevedoring side, that we end up with two-legged creatures that are just barely warm, and the productivity per man is low.

The amount of work done in the spring and fall is very different from the summer or winter, so you have a wide fluctuation.

Q. Do you have any idea of wha –

A. No, I can't give you any figure. It wouldn't mean anything.

Q. Do I understand what you have said in answer to my [fol. 58] question that the New York Central has made no study of the cost of handling export-import traffic through the Port of New York, particularly with respect to cost of handling such traffic via water at the Port of New York?

A. That is correct.

Q. Do you know a man by the name of John F. Nash?

A. Yes, sir.

Q. Who is he?

A. He is our operating vice-president at New York.

Q. He is reported to have made a study in 1955—wait a minute, isn't he conducting a study at the moment?

A. No, sir.

Q. He is not?

A. He is conducting a lot of studies all over the system—yes, the answer would be "yes," he is conducting a lot of studies, that is his job, to supervise studies, among other things.

Q. He is reported in the New York Journal of Commerce, issue of January 28, 1958, as stated "The New York Central is making a study of its costs in the New York area."

A. That is perfectly correct.

Q. Is that correct?

A. That is correct.

Q. Do you know a man by the name of A. F. Coon?

A. Yes.

Q. Didn't he make a study in the year 1955 for that year [fol. 59] in which it showed that as against the gross freight revenue in this New York area of 82 million dollars for the New York Central, the Central had costs of 92 million dollars?

A. Well, as is often the case, the New York Journal of Commerce is highly inaccurate, or we will say incomplete. Mr. Coon's study was made on all types of traffic handled in a highly concentrated area of Manhattan. It had no relationship to export-import freight.

Q. You mean it didn't include it?

A. It included everything.

Q. It included export-import freight?

A. But in this highly concentrated area that he studied, export-import freight was just an infinitesimal part of the study. Actually, the study was made for a purpose having nothing to do with anything but taxation in a certain section of Manhattan Island. That is why I say the reference that you are reading from—I am familiar with it—it is highly inconclusive and incomplete.

Q. I take it from your scope of your answers that you have seen this study?

A. No, I haven't.

Q. Are you going to produce a study, Mr. Colgren, for this case?

Mr. Colgren: I beg your pardon.

Mr. Bongartz: Are you going to produce this Coon study?

Mr. Colgren: No. After the witness indicated it is not [fol. 60] relevant in our estimation.

Mr. Bongartz: Suppose we consider it relevant will you produce it?

Mr. Colgren: No, I don't think so.

Mr. Bongartz: Do you refuse to produce it?

Mr. Colgren: Well, yes.

By Mr. Bongartz:

Q. Don't you consider, Mr. Baylis, this water operation within these free lighterage limits of New York Harbor performed by the New York Central in connection with export-import traffic an expensive operation?

A. Related to what?

Q. In and of itself, an expensive operation?

A. I don't know what is expensive and what is not. Sometimes, as you know, $5 is a lot of money, in other cases it isn't. It is still the same $5 bill.

Q. Aside from your $5 reference, what is your view on that? Do you regard it as an expensive operation?

A. When you compare it with all of the other expenses that go into the performance of railroad transportation service from the affected area to New York, it isn't expensive, it isn't important. It is just part of the total program.

If you are handling only one car, now and then, and your total allocated costs fall on a very small volume of business, it is much more expensive per unit than if you had a lot of business over which to spread these allocated costs. But in [fol. 61] and of itself, as part of an entire transportation service from many, many origin areas, to and from this New York point, it is not, in my opinion, expensive.

Q. The other day, following the decision of the Interstate Commerce Commission in Ex Parte 212, you were quoted by the New York Times, a newspaper in New York, in its issue of February 13, as follows: "'The decision,'" referring to the Interstate Commerce Commission's decision, "'is disappointing,' Mr. Baylis said, 'in that it failed to give us revenues for important and expensive services we are performing, such as the handling of water-borne freight.'"

Did you make that statement?

A. Yes, sir.

Q. Now, Mr. Baylis, as I understand it you have made, or your company has not made for this proceeding a cost study for the handling of traffic as water-borne traffic at New York; is that correct?

A. We have made no such study; regarding the handling of water-borne freight as part of the total service job.

Q. Having made no such study you are not in position to state whether the costs of handling this traffic are lower than or higher than the revenue under present rates, or the revenue under the proposed rates?

A. May I have that question, read, please, Mr. Reporter?

(Question read.)

[fol. 62] The Witness: There is no such thing as the present rates or proposed rates. The rate base remains the same. All we are trying to do is to equalize on the present basis with Baltimore. It doesn't change the rates as a rate case. We regard costs, as I have said, as part of the total service performed in receiving, carrying, and delivering freight.

The cost, if you wanted to carry it to a fine unit point would show that everything that the New York Central carried in 1957 was greater than whatever the level of the rate was on whatever commodity you want to mention, because we lost money in 1957. Therefore, this freight, all domestic freight, all coastwise freight, all switching service, and everything, on their unit basis, was handled at a loss.

In this proceeding we are not talking about the level of rates, we are talking about equality of rates for similar types of competitive handling.

I think that answers your question.

By Mr. Bongartz:

Q. Well, I don't know that I agree with you that it answers it, but I will put a question to you this way: You have already stated to me that you have not undertaken to determine the cost of service with respect to this traffic?

A. That is right.

Q. It follows from that, does it not, that not having undertaken to develop the costs of handling this traffic you cannot say whether the revenue that you receive for han-[fol. 63] dling this traffic, under the basis of the present rates, is greater than or less than the cost of handling them?

A. In our opinion, under either basis, the rates, if you want to call them that—under the basis of the same rate at an equality or an inequality level, this traffic is profitable traffic. It earns us in gross twice as much as our domestic traffic, in ton-mile earnings per car, per ton-mile, it earns over twice as much as our other business. The cost of picking it up inland, or delivering it through New York, or picking it up at New York and delivering it inland, are all part of the complete package, and we believe that these units carry themselves now, and, of course, would carry themselves much better were we able to competitively to build up a more healthy volume of traffic.

Q. That all sounds very well, Mr. Baylis.

A. Thank you.

Q. But let us get down again to the idea of cost of service. Do you recall a case which you participated in last summer involving rates on iron ore through a point called Contre Coeur, Quebec?

A. Very well. In that case we were seeking equality with—

Q. No, in that case you put a cost study in, didn't you?

A. You did.

Q. No, you did.

A. We answered yours.

Q. No, your memory is faulty there, Mr. Baylis.

[fol. 64] A. We had certain figures of the total rail costs from Contre Coeur. We had certain figures of the transfer cost and certain water figures. We did not break the rail factor down into tiny pieces the way you were suggesting here.

Q. Do you mean to say that in that case the New York Central did not put in through a cost witness the cost as it saw it of handling iron ore from Contre Coeur to Youngstown?

A. ~~I said we~~ had the total rail costs.

Q. Yes, that is right.

A. I said here the total—

Q. You do not have the total cost here?

A. We have Form A, on all of the business we handled.

Q. But you have not shown us here what the cost is of handling this export-import traffic?

A. Because we say that the single cost factor per unit, or any other basis at New York, is irrelevant.

Q. Well, aside from your reason for not doing it, the fact remains that you haven't done it, isn't that correct?

A. We considered it unnecessary, and therefore didn't do it.

Mr. Bongartz: All right, I think that about exhausts this subject, Mr. Examiner.

I wish to move to strike Mr. Baylis' statement beginning at the bottom of page 11 through the top of page 12, the first part of it is that the proposed rates are without question compensatory. It is argumentative. It is without basis [fol. 65] in fact. The witness has admitted that he has not made any study of these costs, and compensatory can only have that relation here. I ask that be stricken.

I ask the remainder of the sentence be stricken as purely argumentative. It is not up to this witness to give an opinion on what is reasonable. That is what the Commission is seeking to determine here, whether these rates are reasonable under the term as it is used in the Interstate Commerce Act, and likewise whether they are non-discriminatory. It is not the province of this witness to evade the question by stating the rates are reasonable and non-discriminatory.

To go on with the remainder of that page, page 15, again, where the witness undertakes to solve the entire problem to the Commission when he talks about the rates proposed as will be demonstrated—there he even goes to somebody else, he doesn't depend on his own testimony—are not unreasonably low, so as to require the intervention of the Commission on that score. Then he talks about capricious and unjustifiable acts of other carriers that acted within their rights under the Interstate Commerce Act, and talks about the Commission lifting its deterring hands, if you please.

I ask all of that material on page 15 be stricken as being entirely improper in this case.

Both statements, starting at the bottom of page 11, extending into page 12, and the material that I just referred to on page 15.

[fol. 66] Mr. Colgren: Mr. Examiner, if I may answer the motion to strike: The railroads opposing equalization have had the entire testimony of all of the railroads seeking equalization for a matter of some seven months, or so, and should by now, I think, understand the format of the entire testimony before the Commission.

Mr. Baylis, it is quite apparent, has given a general outline of the position of the carriers. It is not incumbent for him to state a conclusion based on his studies, information, reports, and so on, in the body of his testimony, and refer to following testimony of other witnesses looking into the specifics.

Now, the motion to strike is directed towards the statement that the rates are without question compensatory, and again to another statement that the rates are not unreasonably low. Now, we may refer back to witness Crookshank's testimony, page 26, where by all standards of the Commission as to car-mile or ton-mile revenues there is the testimony which he establishes that these rates produce, as Witness Baylist has indicated, well over the average return to the New York Central of our overall traffic.

In terms of car-mile and ton-mile revenues, we have established, we think, sufficiently for consideration in this proceeding, and for guidance of the Commission, the com-[fol. 67] pensitiveness of these rates.

Exam. Boat: The motion is overruled, with the exception of that part of it which relates to the last two sentences on sheet 15.

Mr. Bongartz: Wouldn't it be the last three?

Exam. Boat: The last two sentences only, Mr. Bongartz.

Mr. Bongartz: Only the last two?

Exam. Boat: Yes.

Mr. Bongartz: Leaving his conclusion as to the reasonableness of the rates which can be nothing but a conclusion of law to stand?

Exam. Boat: That I understand is to be considered in connection with all of the evidence that will be introduced.

Mr. Bongartz: If you will permit me, sir, I think if something of that character is to be contended, it is up to counsel to make that contention in his brief, it isn't up to a witness to sanctify it through sworn testimony.

Exam. Boat: Well, I have ruled on both parts of the exhibit.

Mr. Bongartz: That concludes my questioning of Mr. Baylis, Mr. Examiner.

Mr. Langdon: Mr. Examiner, we have tried within limits to divide up the cross-examination here. In this particular case there are a few questions by Mr. Macleay.

Exam. Boat: Very well.

By Mr. Macleay:

Q. Mr. Baylis, will you please refer to page 14 of your [fol. 68] statement which has been marked for identification as Exhibit 1.

Mr. Welsh: If the Examiner please, we can't hear counsel over here at all.

Mr. Macleay: I am sorry.

By Mr. Macleay:

Q. You make the statement, and I quote, "It is not peculiar that the railroads serving the ports with favorable rate differentials could gain a disproportionate share of traffic to and from those ports."

By that are we to gather that it is your opinion that they have gained a disproportionate share of traffic?

A. Yes, sir.

Q. Upon what studies do you base that statement? What comparative studies of your traffic with the rail traffic to the other ports?

A. I outlined at the beginning of the cross-examination the type of reports that we gather as a regular matter of business from our own field staff, our discussions with the other railroads, and our use of one of the U. S. Army Engineers' reports.

Q. Do the U. S. Army Engineer reports break down rail traffic as distinguished from other traffic?

A. No.

Q. Did you have in mind such reports as are the basis for, for example, Witness Crookshank's Exhibit AJC-15, which shows export carloads unloaded at the various North [fol. 69] Atlantic ports over a period of years?

A. That is part of it. And also we have followed in our contact with the customers to develop their reasons for favoring one port as against another. It all might be laid at the beginnings when the ocean—

Mr. Macleay: Mr. Examiner, I am going to move to strike that as being non-responsive.

The Witness: That was the question.

By Mr. Macleay:

Q. No, it was not the question. I asked if you made any comparative studies upon which to base the traffic, which I think is an ordinary statement.

A. Yes, we have, we make them constantly.

Q. Will you give me one example of a study that indicates that the railroads serving the other ports have gained a disproportionate share of traffic? I want to try to discover, if I can, what you consider to be a disproportionate share of traffic.

A. We have recently made a study of grain. We also made a study of machinery. We made a study of grain products.

Q. Is there anything in this record that indicates that, in your opinion, Mr. Baylis?

A. I did not have any testimony or any exhibits of our studies but I have said and say again that we make these all the time. The best recent one happened within the last month.

Q. That is since you made this statement, then?

A. No, we are making them all the time.

[fol. 70] Q. No, but I am trying to find out what it was you based this statement on, not something that you say has happened since.

A. Well, at the time this was written the commodity studies were being progressed the same as they are now. As I remember at this time we had just completed a study on export machinery—farm implements, ~~due to~~—

Q. What did that study show?

A. We made that on direct contact with our own shippers, that used to use the port of New York and no longer were using it. And in every case of diversion we found it due to the disadvantage of New York on export freight rates.

We made studies on the import side on ores, on rubber. In fact, there are very few commodities we haven't studied, and we continue to do it all the time.

Q. I see. Any time you find any traffic is moving through another port you consider that the railroads serving that port has a disproportionate share of the traffic; is that correct?

A. All of this business could be considered as, in any day, any month, or any year, as 100 percent pool of competitive rail tonnage. Unfortunately, the rail size of the pool is not as big as we would like it, and we therefore compare ourselves only with that which is still moving by rail. We ask why it has gone away from New York or Boston, and to other ports. Invariably we find that the difference in the rate is the reason first given.

[fol. 71] Q. Mr. Baylis, you still haven't gotten around to talk about what I asked you about, and that is, what do you consider a disproportionate share of the traffic?

A. A constantly eroding of participation on our part, and a constant growth, commodity by commodity, by our competing railroads serving preferentially the other ports.

Q. All right. Let us refer to Mr. Crookshank's Exhibit 15, which I assume is one of the documents that you had in mind in these various studies. That indicates that from 1939 to 1947 carloads unloaded at New York, other than grain and coal and coke, increased by 216,000. Baltimore's increase in that period was about 34,000. The combined increases of Baltimore, Philadelphia, and Hampton Roads is about 73,000.

Does that indicate to you a disproportionate share of the increase?

A. Mr. Brookshank will explain those exhibits.

Q. I am not asking for an explanation of the exhibit. I am trying to find out where you got the idea of this disproportionate increase, and what it is.

A. I would regard it as a disproportionate increase.

Q. What would you consider to have been a proper proportion of Hampton Roads, Baltimore, and Philadelphia for the increase during that period?

A. All I am saying is it should have been less than it was.

Q. Well, now, let us refer to the last two years that are [fol. 72] shown on that exhibit, Mr. Baylis, 1955 and 1956. That shows that New York's gain in export cars, 1956 over '55, was about 10,000. During that same period Baltimore lost about 1,000 and Philadelphia, Baltimore, and Hampton Roads, combined, lost about 10,000. Do you consider that a disproportionate share?

A. Yes.

Q. Why?
A. Why?
Q. Yes.
A. Because—
Q. New York gained 10,000 and the other ports lost 10,000.
A. I think New York should have gained more than 10,000.

Mr. Macleay: That is all. Thank you, sir.
Exam. Boat: No further questions?
Mr. Langdon: No.
Exam. Boat: That seems to be all, Mr. Baylis.
Mr. Colgren: I have one question on redirect, only.
Exam. Boat: Redirect.

Redirect examination.

By Mr. Cole:

Q. Mr. Baylis, with reference to the lighterage area in New York Harbor that you were queried about: In connection with export-import freight, where in the lighterage limits do the vessels generally dock? A. At piers that are either owned or leased by the steamship lines, using those piers.
[fol. 73] Q. In what location are they?
A. Generally on the Manhattan Island waterfronts or Brooklyn. To some smaller extent on the lower Jersey shores.

Mr. Colgren: That is all I have.

Recross examination.

By Mr. Bongartz:

Q. You would add to it Staten Island, wouldn't you?
A. Yes.

Mr. Colgren: No, sir.
Exam. Boat: No further questions?

OFFER IN EVIDENCE

Exam. Boat: Did you tender the exhibit?

Mr. Colgren: Mr. Examiner, I tender for acceptance in the record Exhibit identified as No. 1, which is the verified statement of Mr. Arthur E. Baylis, and his accompanying exhibit identified as AEB-1.

Mr. Bongartz: I renew my objection, Mr. Examiner, to the sentence beginning at the bottom of page 11 and continuing through the first three lines at the top of page 12 of Exhibit 1, and also to the first sentence appearing at the top of page 15.

~~Exam.~~ Boat: That was the subject of your previous motion?

Mr. Bongartz: Yes, sir.

Exam. Boat: With the exception that was indicated in the ruling on the motion?

Mr. Bongartz: Sir?

[fol. 74] Exam. Boat: Do you have something further you wish to add to your statement?

Mr. Bongartz: Well, no, I think not.

Exam. Boat: With the exceptions indicated on the ruling on the motion, the exhibit is received.

(Respondents' Exhibit No. 1, Witness Baylis, was received in evidence.)

Mr. Bongartz: There is one matter that has come to my attention, I think the New York Central would wish to have this corrected.

At the bottom of page 10 of the exhibit attached to Exhibit 1 there are some words missing. I think those missing words should be supplied, as I understand it the missing words are "known, they claimed."

Mr. Colgren: I will accept that, Mr. Examiner.

Exam. Boat: It seems those words seem to be essential to complete the thought. That insertion may be made in the exhibit.

That seems to be all, Mr. Baylis. You are excused.

(Witness excused.)

Exam. Boat: Call your next witness.

Mr. Langdon: Sir, could we adjourn for lunch at this time?

Exam. Boat: I think we might adjourn.

Before we adjourn there seemed to be some persons present who will desire to introduce some testimony in the [fol. 75] form of verified statements. I have one here, styled "Petition of the State of New York," and it is in the form of a verified statement, and I have requested counsel to make these available to other counsel so that they may examine them. This being an I. & S. proceeding, I understand that we will not be able to limit such presentation to evidence that has been exchanged heretofore, but I hope that the evidence that comes in of this nature will be limited.

Mr. Bongartz: You say there was a petition, Mr. Examiner?

Exam. Boat: It is styled a petition, but he wishes to file it as a verified statement. It is verified.

So if there are other statements of this nature that it is desired to introduce I suggest they be made available to counsel here so that we may—

Mr. Bongartz: It is merely a petition for intervention.

Exam. Boat: A petition isn't necessary. But he has also—

Mr. Bongartz: Why should it be labeled as a verified statement when it is merely a petition for intervention?

Exam. Boat: He has indicated this statement is verified.

Mr. Bongartz: Well, all right, under that circumstance we could write a brief and I could put an affidavit on it and introduce it as a verified statement here. It has no place as a verified statement, sir, just looking at it very quickly. The prayer of it asks for leave to intervene and be treated as a party, with the right to notice and taking of testimony, [fol. 76] and so forth. How could you cross-examine a person on a petition to intervene?

Exam. Boat: Well, there are some statements in there that might be considered statements of fact. I think he has a right to file the statement if he wishes to, subject to objection, of course.

Mr. Bongartz: This gentleman is here for cross-examination?

Exam. Boat: I understand that he is; is that correct.

Mr. Tynan: The Attorney General isn't here, himself.

Exam. Boat: Is there someone here ready to stand cross-examination on this?

Mr. Tynan: Not today, if the Examiner please. But I can have the Attorney General here.

Mr. Bongartz: He makes a lot of statements here that are not within the knowledge of the Attorney General.

Exam. Boat: If there are any other such statements, if counsel will make them available to other counsel here I think that can be done, and we will recess at this time until 1:45.

(Whereupon, at 12:25 p. m., a recess was taken until 1:45 p. m. of the same day.)

[fol. 77] **AFTERNOON SESSION** 1:45 P. M.

Exam. Boat: Show on the record that Mr. Merritt—

Mr. Merritt: Charles Merritt, I filed an appearance.

Exam. Boat: —has tendered the statement of Mr. Lloyd H. Dalzell, a witness on behalf of the Chamber of Commerce of the State of New York. He has tendered the statement in evidence. There is no objection, so the statement will be received and an exhibit number will be assigned at a later point.

Mr. Merritt: Thank you, Mr. Examiner.

Exam. Boat: Mr. Welsh; we will take care of you, then, when we reach you in order.

Mr. Welsh: If that is your pleasure, sir.

Exam. Boat: Let us proceed, then.

Mr. Costello: Mr. Examiner, Mr. Colgren of the New York Central has been delayed a few minutes. His witness is the next witness. I wonder if we can delay the commencement for a few moments? I am sure he will be here very shortly.

Exam. Boat: We might dispose of this other matter, then, in the meantime.

There has been the matter I mentioned just before the lunch period, this matter of the appearance of the State of New York, which purports to be a verified statement.

Mr. Langdon: We have no objection to this if it is received as a petition of intervention, and if the verification part is stricken, or regarded as stricken. If it is [fol. 78] merely tendered as a petition of intervention and received as such we have no objection to it.

Exam. Boat: It doesn't require a petition of intervention in an I. & S. proceeding, Mr. Langdon.

Mr. Langdon: Then there is no point to the paper at all.

Exam. Boat: It is a statement of position, that is all it is. We can receive it as such. Do you object to it being received as that?

Mr. Langdon: I would like the verification stricken.

Exam. Boat: Is that agreeable?

Mr. Tynan: That is agreeable, Mr. Examiner. I would like to strike from the petition the last four lines on page 4 and the first three lines on page 5, and for the purpose of accuracy I would also like to have paragraph VIII stricken. I offer this as a statement of position, not as evidentiary matter.

Exam. Boat: Very well. Thank you, sir.

There being no objection to its receipt in that manner, the statement is received as a statement of position.

Mr. Welsh; Are we off the record, sir?

Exam. Boat: Yes, we can go off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Welsh: I call Mr. D. J. Speert.

D. J. Speert was sworn and testified as follows:

[fol. 79] Direct examination.

By Mr. Welsh:

Q. Mr. Speert, I hand you a document that is described as prepared testimony of Witness D. J. Speert for the Brooklyn Chamber of Commerce, and ask you to examine it.

A. I have.

Q. Are you the same D. J. Speert described in the title page of that document?

A. I am.

Q. And are you familiar with the contents of that document?

A. I am.

Q. Is the contents thereof true, to the best of your knowledge and belief?

A. It is.

Mr. Welsh: That is all.

Exam. Boat: Do you wish to tender the statement in evidence?

Mr. Welsh: I will offer it. I will now offer Mr. Speert's verified statement, it now becomes a verified statement.

Exam. Boat: I understand, Mr. Welsh, that the request for cross-examination of this witness has been waived, and there being no objection to the statement it will be received in evidence, and I will assign an exhibit number to it when we reach that stage in the order of witnesses.

Mr. Welsh: Very well.

(Witness excused.)

[fol. 80] Exam. Boat: May we go ahead now?

Mr. Colgren: Mr. Examiner, at this time I would like to present Mr. Arthur J. Crookshank, for cross-examination, and I hand the reporter the original of his verified statement and exhibits identified as AJC-1 through 15.

Arthur J. Crookshank was sworn and testified as follows:

Cross examination.

By Mr. Langdon:

Q. Mr. Crookshank, may I ask you a few questions about your Exhibits AJC-4 and 6?

A. Yes, sir.

Q. AJC-4 deals with import traffic, and on page 1 and page 2 you make certain deductions for iron ore and petroleum products.

A. Yes, sir.

Q. Now, on page 3 of your exhibit would you say that the figures there shown represent general import traffic, or would it be necessary to make further exclusions in order to get those figures down to the point where they would reflect general traffic, as opposed to bulk traffic?

Exam. Boat: Before he answers, may I interrupt, please?

(Discussion off the record.)

[fol. 81] Exam. Boat: On the record.

By Mr. Langdon:

Q. Did you understand my question, Mr. Crookshank?

A. I would like to have it restated, Mr. Langdon, because of the interruption.

Exam. Boat: The reporter may read it, unless you wanted it restated in a different method?

The Witness: No, no.

Mr. Langdon: Read it, then, Mr. Reporter.

(Question read.)

The Witness: These figures, Mr. Langdon, are taken from the Corps of Engineers' figures and they include all traffic.

By Mr. Langdon:

Q. Well, a general traffic or all general traffic plus some bulk traffic, other than the bulk of traffic which you have excluded, namely, petroleum products and iron ore?

A. No. I understand that they include all traffic except iron ore and petroleum.

Q. And that would include, then—I am speaking now of the figures on page 3—that would include some bulk tonnage, would it not?

A. Yes, sir. There would be bulk tonnage in there, such as chrome, manganese ore, and so on, in bulk.

Q. Have you consulted the separation between general traffic and bulk traffic that is set forth in Witness Gilbert's [fol. 82] exhibit, Witness Gilbert being for the Port of New York Authority?

A. No, sir.

Q. You haven't seen that separation?

A. No, sir.

Q. Would you agree on the import traffic, in order to limit it, now, to general traffic, that other ores, aside from iron ore, should be excluded?

A. Well, when we assembled these figures and took them from the Corps of Engineers, we separated iron ore and petroleum for two reasons; first, dealing with iron ore, we separated that because on the import iron ore it is being handled separately. The equalization is before the Commission and the courts. We didn't think it was a part of this case. And in the case of petroleum most of the petroleum imported is consumed right at the ports. It doesn't move, with very little exception, a distance, it is consumed right here. There is little or no movement into the territory we are talking about.

Q. Now, Mr. Crookshank, would you be good enough to answer my question? Will you go back and read it, Mr. Reporter?

Exam. Boat: That is, the original question?

Mr. Langdon: No, the question whether or not in the order to—

Exam. Boat: The last question that you put?

Mr. Langdon: Yes, the last question.

(Question read.)

[fol. 83] The Witness: Well, as I understand your question, you are asking me whether other ores, excluding iron ore, should be excluded from this exhibit. The answer is no.

By Mr. Langdon:

Q. In order to produce a figure representing general traffic.

A. I don't think so. It should be included, and is included.

Q. Included in what, Mr. Crookshank?

A. In these figures.

Q. Do you regard chrome ore and manganese as constituting general import traffic?

A. Yes, sir.

Q. Isn't it bulk traffic?

A. Yes, sir.

Q. Do you, as a traffic man, distinguish between general traffic and bulk traffic?

A. No, I do not.

Q. Do you distinguish between bulk traffic and dry cargo?

A. Well, naturally, there is a difference, certainly.

Q. Would chrome and manganese constitute general cargo?

A. I have seen some vessels that had a part cargo which was chrome ore and had other general cargo in it.

Q. It isn't regarded as general cargo, though, is it?

A. No, sir.

Q. Have you any figures—this is dealing now with imports, Mr. Crookshank—which undertake to compare the [fol. 84] flow of general cargo through the North Atlantic ports, as opposed to total traffic through the ports?

A. Yes. We have made some studies.

Q. Those figures aren't in any of the your exhibits, are they?

A. No, sir.

Q. Now turn to Exhibit 6. This exhibit deals with exports; is that correct?

A. Yes, sir.

Q. In which you say that after you had eliminated coal and grain, that the figures representing the balance on page 2 of his exhibit represented general cargo?

A. Yes, sir.

Q. You wouldn't regard it necessary to make any further exclusions in order to eliminate any further bulk traffic from those figures?

A. I don't know of any.

Q. And those figures, in other words, to make sure that we are talking about the same thing here, for New York, 1955, of 8,201,504 tons represents, in your mind, general export cargo through New York Harbor; is that right?

A. Yes, sir. There is some correction that should be made on that Exhibit No. 6. I presume you have those.

Exam. Boat: Yes.

The Witness: On page 2.

Mr. Bongartz: Also on page 1, the pencil corrections that [fol. 85] were made just before they were distributed?

The Witness: Yes, sir, there are some corrections.

Mr. Bongartz: They were made?

The Witness: Yes, I think so.

Mr. Colgren: Yes.

By Mr. Langdon:

Q. Now, again dealing with export traffic and limited to general traffic—general cargo; what, Mr. Crookshank, is your testimony as to New York's share of that general cargo traffic, comparing now the North Atlantic ports only, in the latest figure that you have? A. I don't understand what you mean by the word "share".

Q. Well, proportion.

A. I don't understand that.

Q. You mean to say that you can not—how do you define "proportion", Mr. Crookshank?

A. I define a proportion in this way, when it comes to the share of the traffic: If I have a shipper on our railroad who is located in the so-called affected territory, and my port for export is New York, but because of the differential now existing between New York, Baltimore and Philadelphia, nothing less than 100 per cent is my share.

Q. You mean you are satisfied with the differential in those instances where you get 100 per cent of the competitive traffic?

A. I said that you asked me for a definition of a proportionate share, and if I have a shipper that I serve and [fol. 86] I can't receive 100 per cent of that business for export through the Port of New York because of the differential, then I am not getting my share.

Q. Is that your objective, to get 100 per cent of the business from the shippers that you serve?

A. That was my objective when I was out selling freight service, yes, sir.

Q. Is that your objective in this case?

A. My objective is to have the opportunity to get it, yes, sir.

Q. And I take it that same observation would go in regard to your import traffic; is that right?

A. Yes, sir.

Q. You refer, at page 1 of your testimony, to the fact that this rate adjustment was first presented to the traffic executives in June of 1955; is that correct?

A. Yes, sir.

Q. Now, at the time that that rate proposal was submitted, I take it from the testimony of Mr. Baylis this morning that there had been no investigation by your road, or any other roads friendly to your cause, as to the cost of transportation involved in moving this traffic; is that correct?

A. Mr. Baylis said that? If he said that, that is true.

Q. Now, at the top of page 26 you refer to your investigation as to the reasonableness and compensatory level of the rates herein involved. What was your investigation, Mr. Crookshank?

[fol. 87] A. My investigation was the study of the traffic that was moving to and from affected territory, from the several States involved, and using samples from each State, the revenue that was ea ned on this import and export traffic, and then I compared that with our overall average of traffic, and as Mr. Baylis said this morning, with the general level and measure of the rate this traffic, in my opinion, is compensatory.

Q. Is it your definition of a compensatory rate a rate that produces revenues that are comparable to the revenues produced by some other rate? Is that your definition of a compensatory rate?

A. Well, my definition of a compensatory rate is this: If your net figure at the end of the year is showing a deficit, then all of our rates are noncompensatory. It has to be.

Q. Is that true today on the New York Central, then, that these rates that you are presently handling the export-import traffic on, are non-compensatory?

A. I didn't say that. I said in my verified statement, in my opinion, the export and import rates are compensatory.

Q. For what reason?

A. I gave you the reason, Mr. Langdon.

Q. Because the revenues produced under those rates are comparable to the revenues produced by some other rate or rates; is that your reason?

A. No. I didn't say that at all. The answer is no.

[fol. 88] Q. Then what is your reason?

A. In the measure of the rate, throwing everything into the pot of soup, so to speak, when we come up with an average revenue per car per ton, or per ton-mile, these rates, in my opinion, are compensatory.

Q. You don't undertake, then, in reaching the conclusion that these rates are compensatory, to assign any expenses to this particular traffic; is that right?

A. I have not said anything about costs in this testimony, and I am using my opinion on the basis of all rates, generally speaking, the level of rates, these rates are compensatory.

Q. Mr. Crookshank, do you know what an out-of-pocket cost level is?

A. Yes, sir.

Q. What is an out-of-pocket cost?

A. An out-of-pocket cost is the cost of handling traffic above the rail.

Q. Above the rail?

A. Yes, sir. That is my own definition.

Q. Is it your idea that the more traffic you handle, the less your out-of-pocket costs per unit are?

A. Yes, sir.

Q. How do you define, Mr. Crookshank, the cost that varies with the traffic? What do you call that?

A. Well, naturally, if I handled a trainload of freight [fol. 89] with a crew from any given point, the more tonnage I had in that train the lesser my out-of-pocket cost would be, or the higher the net would be for me. It costs more money, in other words, to handle one carload of freight than it does a hundred. We know that.

Q. Just to make sure that this record is clear—

Mr. Colgren: Mr. Examiner, I am afraid I will have to object. We are again pursuing this question of costs. The witness has not testified as to costs. He has given the results of comparisons shown on his pages 26 and thereafter, which are valid comparisons of ton-mile and car-mile earnings, in which he took the lowest rated commodities which were moving in the affected traffic zone that we are here considering, and illustrates thereby the fact that they return what are, by recognized standards, ample revenues to justify his conclusion that they are compensatory.

Now, I think this inquiry into costs is beyond the scope of his direct testimony, and is objectionable for that reason.

Exam. Boat: You hadn't finished your question, Mr. Langdon?

Mr. Langdon: No, but I would like to deal with his objection, if you don't mind, at this point. This witness, like the preceding witness, has said that he regards these rates as compensatory, and this witness, as distinguished from the prior witness, said he made an investigation as to the reasonableness and the compensatory level of the rates here involved.

[fol. 90] Certainly I am entitled to inquire as to what that investigation consisted of, and that is the purpose of my questioning.

Mr. Colgren: I think, Mr. Examiner, it is clearly stated on page 26 of the witness' direct testimony as to how it was—

Mr. Langdon: Of course, Mr. Examiner, there is one test, and only one test, of whether a rate is compensatory, and that is: whether the revenue exceeds the costs.

Mr. Colgren: Mr. Examiner, I must object to that statement of opposing counsel. It is not a true statement.

Mr. Langdon: Well, it is so true that I am flabbergasted, frankly, that any counsel in this room should question it. That is the starting point for determining whether a rate is compensatory, how do the revenues compare with the expenses, that is the beginning point. If, later, they want to go ahead and compare the revenues under these proposed rates with revenues under some other rates that they regard as reasonable, whether the service is the same or not, that is a refinement, but it has nothing to do with the basic test. I move, then, that this portion of the—

Exam. Boat: I haven't ruled on the objection yet. You were questioning the witness as to the basis for his conclusions that you referred to in the statement, I believe, Mr. Langdon.

Mr. Langdon: The conclusion, sir, is on page 30.

Exam. Boat: Yes, on page 30.

[fol. 91] Specifically, you referred to one sentence there, but which is the particular one you have in mind now?

Mr. Langdon: I have in mind the exclusion on page 30.

Exam. Boat: "I believe I have established my point"; is that it? Is that the conclusion?

Mr. Langdon: Yes, sir.

Exam. Boat: You were pursuing a line of questions there which seems to develop what was considered in arriving at that conclusion.

Mr. Langdon: Yes, and the one element that should have been considered and is implied when you use the word "compensatory" apparently wasn't considered; namely, the cost of transportation. Everything else is superfluous.

Exam. Boat: I overrule the objection to the extent that you are trying to develop just what was considered as a ground for that statement. I think you have a perfect right to ask that question.

By Mr. Langdon:

Q. As I take it, Mr. Witness, the only investigation you made as to the compensatory level of these rates, from which you draw the conclusion that all of the rates under your proposal are compensatory, is an investigation of the revenues produced by these rates as compared with the revenues produced by other rates; is that right?

A. That is right. That is right. I have made no comparison of costs.

[fol. 92] Q. What other rates did you take into account when you compared the revenues arising under these proposed rates? What other rates did you take into account?

A. Well, dealing first with imports, taking the sample of 2,563 carloads of freight—

Mr. Bongartz: Are you looking at an exhibit?

The Witness: No, this is my own work sheet—that traffic was destined into the affected territory of Ohio, and includes all classes of import traffic other than iron ore.

Mr. Colgren: Mr. Crookshank, are you sure you understood the question?

The Witness: I thought I did. He wanted to know how I arrived at it. I was trying to tell Mr. Langdon how we arrived at my thinking, that is all.

Mr. Colgren: I think he asked for a comparison.

By Mr. Langdon:

Q. How are you comparing the revenues that arise under these proposed rates with or against—what revenues arising under some other rates apparently are you making these comparisons on?

A. I am making the comparisons on the import and export traffic—

Exam. Boat: The whole body?

The Witness: The whole body of the import and export traffic, compared with everything that we handle on the New York Central Railroad—everything thrown in.

[fol. 93] By Mr. Langdon:

Q. Where does that show in your exhibit?

A. It is not in the exhibit. You asked me how I compared it, and I did, and when I was finished I made the statement that I thought they were compensatory, in my opinion.

Q. And your conclusion is based on the point that the revenues arising under these proposed rates are in excess of the revenues arising under the average rates on the New York Central; is that the basis of your conclusion?

A. About double, as Mr. Baylis testified this morning.

Q. There was no effort at all made to determine the differences in service involved in handling this export-import traffic and the average service that is involved in handling traffic on the New York Central?

A. No, sir, I made no comparison, I did not take that into account.

Q. Service is immaterial, apparently, as an element in arriving at whether a rate is compensatory?

A. Using the average, that is the way, in my opinion, it worked out.

Q. On page 14, Mr. Crookshank, I am referring now to the first complete paragraph on that page, the last sentence, starting "It should be obvious that without complete data as to the rail tonnage through the several ports affected, that it would be impossible at this time to properly evaluate the relationship of the volume of traffic moving in rail service, one port compared with another." Do [fol. 94] you follow that?

A. Yes, sir.

Q. What does that mean?

A. Well, it means this: In our traffic study of the tonnage moving through the ports of Albany, New York, Boston, and Portland, at New York we do not have the tonnage the way it was compiled of the Pennsylvania, the Baltimore and Ohio, and the C&J.

Q. So that you didn't have the information on which to make a study which would enable you to evaluate the relationships?

A. Not at that time, no, sir. We didn't have any information as to the traffic that was handled by the other New York port lines until after our exhibits had been filed and the opposition to the relationship filed their exhibits, we didn't know what these expenses were.

Q. Since you received the traffic study of the lines opposed to equalization, have you undertaken to put together the results for the common year shown in both your exhibits and our exhibits?

A. Yes, sir.

Q. Have you done it by commodities?

A. Yes, sir.

Q. Have you broken out the percents that each port handles of each commodity?

A. I believe we have. Yes, sir.

Q. Will you turn to your consolidation representing ex-[fol. 95] port tonnage? Have you got that?

A. What exhibit, my own?

Q. You said that you had consolidated the figures.

A. Oh, yes, sir.

Exam. Boat: Have those figures been exchanged?

Mr. Langdon: No, apparently this is a study—

Exam. Boat: Made subsequent to the time to file the statements?

Mr. Langdon: Yes:

By Mr. Langdon:

Q. Have you got the commodities broken down on your study, Mr. Crookshank, from the point of view of New York's participation, commodity by commodity?

A. No, sir.

Q. Have you listed—

A. We compared the tonnages, Mr. Langdon, affected-unaffected, four ports versus the three ports in the total. That is the way we did that. I haven't separated New York.

Q. It would be perfectly possible, wouldn't it, on the basis of your traffic study for the fiscal year, as you call it, '55-'56, together with our traffic study, to put together a consolidation, commodity by commodity?

A. Well, we did that, but we included the Port of Albany with New York, Boston, and Portland. We didn't separate the Port of New York from the other ports because the equalization involves all ports.

[fol. 96] Q. Do you have a list of the commodities—export commodities—where New York handled 100 per cent of the traffic shown in both studies?

A. One hundred percent of what?

Q. Of the traffic moving in these particular commodities.

A. Oh, no. I understand what you mean. You are talking about rubber, as an example, where New York handled it all and the other ports didn't handle any?

Q. Yes. You didn't make any such list?

A. No, sir.

Q. Do you know of some commodities where New York handled 100 per cent of the export traffic?

A. Export?

Q. Yes.

A. I imagine there are some.

Q. Quite a long list, aren't there?

A. Yes, sir.

Q. That, I take it, is a proper proportion of the traffic for New York?

A. One hundred per cent. That is very good proportion.

Q. Did you make a list of the commodities at New York where you handled over 90 per cent of the traffic, by commodities?

A. Your question was 99 per cent?

Q. Well, I will revise it, yes, 99 per cent—I said over 90, actually.

[fol. 97] Mr. Colgren: Mr. Witness, are you sure you understand the question? You aren't referring to a paper that will give you the answer, that is the reason I asked.

The Witness: No, I am just looking at my own work sheets.

Mr. Colgren: Are you sure you understand the question?

The Witness: Yes, I understand the question.

I don't know, Mr. Langdon, of any of those commodities. I know New York is the favorite port on some commodities, exported and imported.

By Mr. Langdon:

Q. A great many commodities, isn't that right, Mr. Crookshank?

A. No, I wouldn't say a great many.

Q. A great majority?

A. Not a great majority.

Q. Is it your testimony you don't handle in excess of 50 per cent of the majority of the items moving in export commerce?

A. That could be a true statement. I am not familiar with the actual percentages of all commodities that are imported and exported.

Q. Mr. Crookshank, Mr. Gilbert, I believe, of the Port Authority, has some figures in his exhibit which he says were given to him by the railroads, which is not identified yet, but it is identified on this sheet as JD-13. Are you familiar with those figures?

A. No, sir.

[fol. 98] Q. Did you give the Witness Gilbert any figures having to do with the movement of rail traffic through New York?

A. I think Mr. Gilbert had the benefit of all the figures that we made that are in my exhibit.

Q. Did he have any figures for '56?

A. The entire year '56?

Q. Yes.

A. Not that I know of.

Mr. Colgren: Mr. Examiner, I think that question should be directed to Mr. Gilbert.

Mr. Langdon: I want to find out what these railroads gave Mr. Gilbert, that is the reason I am asking.

Mr. Colgren: Then let's ask Mr. Gilbert.

Mr. Langdon: Well, the donor might be on the stand at the moment. It appeared to me he might be the proper one to ask about that. These figures refer to a source, records of New York Central Railroad, Delaware, Lackawanna and Western Railroad, Lehigh Valley Railroad, and Erie Railroad.

By Mr. Langdon:

Q. You know nothing about them?

A. The annual report is available to everybody. The figures are in the annual report, whether we gave it to them or not. They are public information. I didn't give them to them first.

Q. Do you put in your annual report import and export traffic to and from the affected territory?

A. No.

[fol. 99] Q. Then the figures are not in your annual report, are they?

A. I thought you were speaking of the entire figures.

Q. Look at Witness Gilbert's exhibit. Do you recognize those figures?

A. I don't recognize the figures, but generally speaking, I know that in the year 1956, from my own information, we handled about 1,700,000 tons of export and 411,000 import, those figures are all right, Mr. Langdon. I know that that is about the average and the percentage of import versus export that we handled. It does not fluctuate that much from year to year, but I know those figures would be all right. But I didn't give them to him.

Q. Did you make any study for the year—the calendar year 1956, of export-import traffic moving to and from affected territory?

A. No, sir. I don't know whether those are the four roads or not, Mr. Langdon, but I do have the figures that I made a note on here this morning. For the period of August 1, 1955, July 31, 1956, the New York Central's import traffic for the period that these exhibits are made over, most of them, was 778,380 tons, and the export was 1,050,522 tons, and the total import and export traffic to affected and non-affected territory on the New York Central was 1,828,000 tons.

Exam. Boat: Was that the period you used generally?

The Witness: That was the period we used generally [fol. 100] for all of our study, yes, sir.

Mr. Langdon: I guess that is all.

Mr. Bongartz: I have a few questions.

Cross examination.

By Mr. Bongartz:

Q. Did I understand you to say, Mr. Crookshank, that last year the New York Central lost money in all of its operations?

A. I didn't make any statement like that.

Q. What did it do last year?

A. I don't know that. All operations I am not familiar with, no, sir.

Q. What did the New York Central do last year? What was the result of last year?

A. We had a very bad year.

Q. What were your figures? What was your net railway operating income last year?

A. I don't have those figures in front of me.

Q. What was your net income last year?

A. It wasn't enough.

Q. What was it?

A. I can't quote it. It was somewhere around six million dollars.

Q. Wasn't it around $8 million last year?

A. None of which was from railway operation.

Q. Well, was your revenue from railway operation a deficit?

[fol. 101] A. Yes, sir.

Q. Last year?

A. Yes, sir.

Q. That was the overall operation?

A. Yes, sir.

Q. What was your passenger deficit last year?

A. I haven't any idea. I have nothing to do with passenger.

Q. You, as an officer in the Freight Traffic Department of the New York Central, are not interested in the passenger results?

Mr. Colgren: I think the witness has answered.

Mr. Bongartz: Let him answer that question that I have just asked him.

Mr. Colgren: What has it to do with this case?

Mr. Bongartz: It has a lot to do with it, if you let me pursue my examination of the witness.

By Mr. Bongartz:

Q. Can you answer that question?

A. No, sir.

Q. Do you know in the year 1957 your passenger deficit consumed about 62 per cent of your freight revenues?

Mr. Colgren: The witness has already said he doesn't know.

By Mr. Bongartz:

Q. I am asking if he knows that.

A. No, sir, I don't know.

Q. In view of your lack of knowledge on these matters, how can you testify regarding the compensatory character of a rate when you say, as I understand your testimony, [fol. 102] that where you were losing money on all traffic, why, necessarily, some of it must be compensatory?

Mr. Colgren: Mr. Examiner, I either ask the question be rephrased or withdrawn.

Exam. Boat: I don't believe it is a clear-cut question. Will you read it, Mr. Reporter?

(Question read.)

By Mr. Bongartz:

Q. Let me put a question to you this way: When you state that the rates here under consideration are compensatory, can you find any support in that statement from the fact that the New York Central had an overall loss last year?

Mr. Colgren: I don't think the question necessarily helps the premise. It is not a clear question.

Mr. Bongartz: What is unclear about it?

Mr. Colgren: Your question doesn't follow the premise.

By Mr. Bongartz:

Q. Is it clear to you, Mr. Crookshank, after all this colloquy?

A. I made no statement in my verified statement about the passenger deficit. I made no statement whatever about the New York Central earnings in 1957, and I thought I explained my position to Mr. Langdon of how I arrived at what I thought was a compensatory rate.

Q. Well now, as I understand your testimony in that regard, it was to the effect that in comparing the earnings [fol. 103] on this traffic of the New York Central, such earnings compared favorably; is that correct?

A. Yes, sir.

Q. And yet, as I understand your testimony, the New York Central had an overall loss; is that right?

A. Not entirely an overall loss. We had a very meager net income.

Q. Yes, but you said your net income didn't come from freight traffic?

A. I didn't say that at all.

Q. I think the record will speak for itself on that. Now, in these earnings figures that you show in your statement, you base them all on short-line distances; is that correct?

A. Where are you referring, sir?

Q. From page 26 on. Aren't all those earnings shown there based on short-line mileages?

A. They are average mileages.

Q. Why did you say short-line mileages?

A. Where did I say short-line mileages?

Q. All right, let's look at your statement here. Take page 27. Short-line distances; do you see that in the last paragraph there, up at the top of page 28, the third line, "short-line distances"; do you see that?

A. Yes, sir.

Q. I don't know what it is, when you get to 29, you just [fol. 104] talk about distance; is that short-line again?

A. Well, that is what we used.

Q. Short-line distance?

A. Short-line distances.

Q. Short-line distances?

A. Yes.

Q. Not the working route distances?

A. No, sir.

Q. It would be longer, wouldn't it?

A. For our account it would be.

Q. If you used the working route distances, your earnings would be lower than are shown here; is that correct?

A. Yes.

Q. On page 4 of your statement you say eventual equalization is intended to cover all territory to and from which the differentials have been maintained; in other words, your purpose here, eventually, if you are successful here, is to extend this equalization to other origins and destinations than just those in so-called differential territory; is that right?

A. Well, we would probably—I haven't decided that.

Q. Why did you say it?

A. I was speaking for the committee in general, for whom I am testifying.

Q. Aren't you a part of the committee?

A. Yes, sir.

[fol. 105] Q. It is your intention, isn't it?

A. Yes, sir.

Q. What I said was right, wasn't it?

A. Yes, sir.

Q. This Exhibit AC-4, just so I can understand it, this total volume of import tonnage handled at North Atlantic ports, as you show it here on these three sheets, is regardless of destination; is that correct? It is all of the import handled through these North Atlantic ports?

A. No. This is only—

Q. Only what?

A. These are the Engineers' figures. Yes, sir, that is all traffic.

Q. Yes. In other words, traffic—

A. We haven't separated them, no, sir.

Q. Traffic destined to some point in New Jersey, or traffic destined to a point beyond differential territory?

A. That is right, you are right.

Q. Any and all traffic?

A. We haven't separated it.

Q. Right. I just wanted to be clear on it. And it includes traffic handled by rail, traffic handled by truck, traffic handled by canal boat, any means of transportation?

A. Yes, sir, that is correct. There is no separation made in those figures. We took them as they were.

[fol. 106] Q. I just wanted to get that clear. That is likewise true when you talk of export traffic, isn't it?

A. Yes, sir.

Q. Going the other way?

A. The same thing.

Q. I don't know whether Mr. Langdon asked you this question, but I want to ask it so I will be clear in my own mind. Iron ore is not in this case; is that correct?

A. That is correct. Iron ore is not in our figures.

Q. It is not an issue in this case?

A. That is right. We would like to have equalization on iron ore.

Q. I don't know whether, due to the circumstance of your answer to my question, it is necessary to correct you on your statement. You have here it is not subject to the Philadelphia rate basis.

A. That is right.

Q. It is subject?

A. No, sir.

Q. It is not, in your opinion?

A. No, sir. They didn't put it on that basis, they put it on a different basis..

Q. Due to the fact it is out of this case; I won't argue. At page 13, Mr. Crookshank, when you talk about combined rail and ocean distances which, after you mention them, you [fol. 107] say have little significance; you say that in many instances a steamship line sailing from the North Atlantic port touches at one or more of the remaining ports before finally sailing for the foreign destination or destinations. Do you see where I mean?

A. Yes, sir.

Q. You are pretty familiar with that situation, are you?

A. No. That is my understanding, but I must admit I am not familiar with where every boat goes to before it takes off for Europe, or vice versa.

Q. Are you familiar with the fact that in most instances New York is the last stop before the boat takes off?

A. On export?

Q. Right.

A. I presume that is right.

Q. It is the first stop on import?

A. I don't know about that. I would think that would depend on what the cargo is.

Q. Do you think that Albany will have equal opportunity with New York if equalization is brought about?

A. I didn't hear you, Mr. Bongartz, I am sorry. Do I think Albany what?

Mr. Bongartz: Will you read the question?

(Question read.)

The Witness: On certain commodities, yes, sir.

By Mr. Bongartz:

Q. What are those?

[fol. 108] A. Grain, principally.

Q. Is that ex-lake?

A. Not all of it.

Q. Some of it is?

A. Some of it is, yes, sir.

Q. You talk about Great Lake tonnage. What do you know about Great Lake tonnage via motor? You talk about the water competition of the vessel lines presently serving the Great Lakes ports. What are you talking about there? What does that tonnage amount to?

Mr. Costello: What page is that, Mr. Bongartz?

Mr. Bongartz: Page 24.

The Witness: In the last paragraph on page 24?

By Mr. Bongartz:

Q. Yes.

A. Well, we are talking here—I am talking here about the competition that we have in the differentials today, plus the competition we are now finding ourselves confronted with on four foreign flag vessels that are coming into the ports of Chicago, Toledo, Cleveland, taking our export cargo, such as lard, packinghouse products, machinery, going through the Welland Canal.

Q. How much of it is there?

A. I haven't any figures, Mr. Bongartz, to give to you, but it is substantial, because many of the steamship lines plying from Philadelphia, Baltimore and New York have [fol. 109] complained to us, wanting adjustment in the rates, particularly during the open season of navigation on the Lakes to help them try to secure some of this business back. We have been approached by the President of Moore-McCormack, and so on.

Q. What is the present tonnage of the vessels using the St. Lawrence Canal going to the Great Lakes?

A. I don't know.

Q. They are pretty small vessels, aren't they, Mr. Crookshank?

A. Oh, certainly, they are small vessels. I don't know what the capacity is in tons. I don't think there are very many of them are [sic] are over five, six, seven thousand tons.

Q. Five, six or seven?

A. I say I don't know.

Q. Do you know they are around three or four?

A. I said I don't know.

Q. You just don't know?

A. They are still foreign flags, and they are still taking tonnage.

Q. You could have a row boat with a foreign flag on it?

A. It won't hold a carload of freight.

Mr. Bongartz: That is all.

Exam. Boat: Are there any further questions?

Cross examination.

By Mr. Macleay:

Q. Mr. Crookshank, isn't the greater part of your export traffic to and from the differential territory passing [fol. 110] through or near Albany?

A. Yes, sir.

Q. What proportion of it is actually exported or imported through Albany, as compared to New York?

A. Very small percentage.

Q. What is the inland rate differential to and from Albany, as compared to New York?

A. Well, Albany, as far as Albany is concerned—and most of the traffic that moves through Albany—

Q. Will you just answer my question, please, Mr. Crookshank?

Mr. Macleay: May I have the question read, Mr. Examiner?

Exam. Boat: Please read the question.

(Question read.)

The Witness: Albany has the same rates as Philadelphia on export grain, and their—

By Mr. Macleay:

Q. On grain only, Mr. Crookshank?

A. Beg pardon?

Q. On grain only?

A. Everything.

Q. What is that differential, under New York?

A. One-half cent.

Q. What is it on other commodities?

A. It is the same. You mean on other commodities, other than grain?

Q. How much is it on grain, did you say?

[fol. 111] A. One-half cent.

Q. And how much is it on other commodities?

A. Two cents.

Q. How far is it from Albany down to New York, via your line, Mr. Crookshank?

A. Approximately 145 miles.

Q. Can you explain why it is that the shipper pays you a differential over the Albany rate in order to haul it that additional mileage into New York for export, rather than export it through Albany?

A. I think those rates were prescribed by the Commission.

Mr. Macleay: Will you please read my question, Mr. Reporter?

The Witness: The grain was—

(Question read.)

The Witness: I misunderstood your question, I am sorry. The reason for that is because the steamers don't go to Albany. We have to come down, or even the shippers have to come down to New York for their freight for export. The same thing applies to import.

By Mr. Macleay:

Q. It is largely a matter of ocean service, isn't it, Mr. Crookshank?

A. Yes, sir, that is right.

Q. The shipper pays you an additional two cents because of the better service at New York; isn't that correct?

A. I don't know whether it is better service. Because of [fol. 112] more frequent sailings, that could be considered service, yes, sir.

Q. That is right. Then this matter of the inland differential is not all-controlling in the movement of traffic for export and import; is it, Mr. Crookshank?

A. No, sir.

Q. Would you say that those same considerations affect the shipper when he routes the traffic via your line into New York from differential territory in preference to routing it to Philadelphia at two cents less?

A. Yes. The same thing applies on certain commodities, whether they are import or export. There are reasons for it.

Q. That applies to a great many commodities, doesn't it, Mr. Crookshank?

A. I don't think it is a great many. It applies on certain commodities, yes, sir.

Q. As a matter of fact, so far as general cargo is concerned, it applies on enough traffic to get New York more than the so-called differential ports put together, doesn't it, Mr. Crookshank, according to your figures?

A. Yes, sir.

Mr. Macleay: That is all. Thank you.

Cross examination.

By Mr. Walker:

Q. Does the New York Central make a practice of soliciting freight on rates that are non-compensatory?

A. We try to keep all of our salesmen—you said soliciting [fol. 113] freight—we try to inform all of our salesmen of complete information so that they will spend more time soliciting higher-rated freight than lower-rated freight. We inform them each and every month—and I am not separating export and import, I am taking the traffic on the whole, whether it would be refrigerators or postholes, we keep our salesmen informed of the high-rated traffic, so that he knows that in some cases one carload of freight —as an example, one carload of wine coming to New York is worth ten carloads of sugar beets. We do. We don't have our men spend the same time calling on the trade, soliciting freight, trying to sell our services on traffic that is not compensatory.

Q. Would you tell him to solicit freight when you know the rates are not compensatory?

A. I wouldn't.

Q. Does he do it, do you know?

A. Sir?

Q. Would he normally do it?

A. Oh, I imagine we have some people that wouldn't know the difference between a carload of freight that was a good carload of freight and some traffic that isn't so good. We all have those kind of men in the field.

Mr. Colgren: I think this line of questioning is argumentative and speculative.

Mr. Walker: That is all.

[fol. 114] Exam. Boat: Is there any further cross?

(No response.)

Exam. Boat: Any redirect?

Mr. Colgren: I have a couple on redirect, please.

Redirect examination.

By Mr. Colgren:

Q. Mr. Crookshank, would you refer to that working paper which showed a consolidation of the traffic moving through New York, as shown by the respective parties to this case, rail traffic, and indicate, if you will, those commodities and the quantities which moved one hundred per cent through New York?

Mr. Langdon: Excuse me, off the record.

(Discussion off the record.)

Exam. Boat: On the record.

The Witness: Were you talking about import or export?

By Mr. Colgren:

Q. Both.

A. These are the figures we compared with the four ports and three ports after we had the opposition's information. Now, if you will give me the commodity, I will see if I can find one.

Q. No, I don't think that will give you the information.

A. It doesn't show, this being equalizing of four ports, we didn't show it, no, by separating New York from the rest. We included the traffic of all four ports. Here is one, as an example—

Q. Excuse me—

[fol. 115] A. —of what I was referring to.

Q. Excuse me, Mr. Crookshank, let's keep the record straight. The work paper you have there does show the consolidation of New York, as I indicated in my previous question.

Now, presumably if 100 per cent of the traffic moved through New York, it would be shown as 100 per cent through the four ports?

A. That is correct.

Q. Would you mind reading the commodities and the tonnages which show as moving 100 per cent through the four ports?

A. Yes, sir. Here is one. Sulphur.

Q. And the quantity?

A. 62 tons, via the four ports; none via the three ports. That is, to affected territory, and that is all we are talking about here.

Q. That is right.

A. Now, the other one is—here is one, copper ingot, 24,084 tons, which is 100 per cent. The next one is ammunition and explosives, 100 per cent via the four ports, 39 tons. No tons via the three ports south of New York.

Those are the only import tonnages that I compare.

Q. Mr. Crookshank, will you read the heading of that working paper for me, please?

A. "Import Tonnages in Lots of 10,000 tons or more Handled Through North Atlantic Ports, August 1, 1955, [fol. 116] Through July 31, 1956."

Q. Have you any idea what the total traffic shown on that working paper represents of the total traffic moving in import and export traffic?

A. No

Q. Let me put it this way: Does that working sheet represent the majority of the traffic moving in import and export?

A. This is traffic that moved, the import tonnage that moved through the North Atlantic ports.

Q. In lots of 10,000 tons or more?

A. In lots of 10,000 tons or more.

Q. You have read to me the import traffic?

A. Yes.

Q. Would you mind referring to the sheet of export traffic? Will you now read to me the commodity and the quantity which moved through the four ports, 100 per cent through the four ports?

A. This is export tonnage. The first one I come to is oranges and grapefruit.

Q. And the tonnage?

A. 41 tons. The next one I come to is flaxseed, 63 tons.

Mr. Macleay: Mr. Examiner, may I inquire for clarification? I thought the witness said all of this is limited to commodities moving in 10,000 tons or more; yet he is giving these figures in 60-odd tons, 70-odd tons. I am wondering if possibly he is not misreading his exhibit, or the tabulation?

[fol. 117] Exam. Boatt: Can you clarify that?

By Mr. Colgren:

Q. What is the total quantity moving, the total over on the right?

A. Well, the 10,000 tons that I am referring to here is of the total traffic that moves through North Atlantic ports. As an example, using—I gave you on oranges and grapefruit, the Port of New York, from affected territory, exported 41 tons, but of the total tonnage exported, that was 30,552 tons. The balance of that tonnage was exported from unaffected territory. In other words, if this traffic was oranges and grapefruit from California, which is unaffected territory, transcontinental territory, where the differentials do not apply from, but from the affected territory, which I was only reading, where we do have differential rates, then those were the 100 per cent figures that I gave.

Q. Mr. Crookshank, did you complete the list for export freight?

A. No, sir. Scrap iron and steel.

Q. The tonnage?

A. It wasn't 100 per cent, because there were 4,945 tons, but only 20 tons from the Southern ports.

Mr. Langdon: Now, just on that alone, does that mean, on that scrap iron and steel, New York exported 99.6 per cent of the total exported through the four North Atlantic ports of New York, Philadelphia, Baltimore and Hampton Roads; that was the fact, wasn't it?

The Witness: That is the way my figures read, but that [fol. 118] can't be right, because of the total tonnage that moved there was 494,466 tons, but from affected territory, Mr. Langdon—from the territory where the differentials are involved—there was 34,945 tons that moved through the Port of New York.

Now, you throw the affected and the non-affected together, then you get quite a different picture.

Mr. Langdon: That isn't what I am interested in, you know that, Mr. Crookshank.

The Witness: I don't know it.

Mr. Langdon: This goes back to my original line of questioning, if I may clarify this point. What is New York's proportion, commodity by commodity, of the traffic moving from and to affected territory through the North Atlantic ports?

The Witness: Yes, sir.

Mr. Langdon: Now, on that particular commodity to which you refer, namely, scrap iron and steel, according to our computation, New York got 99.8 per cent of all of the export scrap iron and steel that moved through the North Atlantic ports.

The Witness: I said that we were pretty close. I got 4948 tons versus 20. So that might be 99.8. I will take your figure. Maybe it is 99.99 per cent, maybe that would be closer.

Mr. Langdon: I might inform counsel we have this in exhibit form, and when our witness is reached we will introduce it. We have taken each commodity shown in a [fol. 119] consolidation of the traffic studies on both sides, and indicate the participation by ports, commodity by commodity.

Mr. Colgren: May I ask if that includes the tonnages involved?

Mr. Langdon: Yes.

Mr. Colgren: We certainly will have no objection to the introduction of that exhibit.

Mr. Langdon: It would be offered now, except our witness is in a snow bank, and we hope to have him tomorrow.

Mr. Colgren: Excuse me, just a moment, Mr. Examiner.

Exam. Boat: Certainly. Would you like to take a recess?

Mr. Colgren: I would like to, very much.

Exam. Boat: We will take a 10-minute recess. Come back promptly.

(Recess taken.)

Exam. Boat: Come to order, please, gentlemen.

Mr. Macleay: Mr. Examiner.

Exam. Boat: Mr. Macleay. Mr. Macleay.

Mr. Macleay: May we be off the record?

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Colgren: Mr. Examiner, I have no further questions on redirect. In the absence of any further questions by the parties I would like to offer in evidence the verified state- [fol. 120] ment of Witness Crookshank and the exhibits AJC-C-1 through 15, attached thereto. May I remind the Examiner that we circulated certain corrected figures to Exhibits AJC-6 and AJC-10?

Exam. Boat: Is that true of the reporter's copy?

Mr. Colgren: I am sure they were made on the copy.

Exam. Boat: If they were made on the copy, it will be all right.

Mr. Colgren: Yes, the reporter's copy has been corrected.

Exam. Boat: Mr. Crookshank, you referred in your statement on Sheet 3 to other carriers, other than the port lines, other than the principal trunk line carriers, which are either proponents or opponents of the equalization.

Can you indicate their position generally in this case? They are not actively the respondent carriers here, but in numerous instances they are shown as concurring in the equalization and in the maintenance of differentials. Can you say anything more about their situation as to their interest in the ports that you represent?

The Witness: I think generally our connecting lines, who we refer to as the railroads operating in the so-called 60 per cent territory and west, those are the carriers that some of them have joined us in the equalization of rates.

On the other hand, to be competitive, they have joined the railroads serving the ports of Baltimore, Philadelphia, Newport News, and the Hampton Roads ports. In other [fol. 121] words, they are walking on both sides of the street at the same time.

Exam. Boat: You mentioned several out-ports. You show a list of out-ports here. There is no intention to change the relationship of the ports as to those?

The Witness: No, sir.

Exam. Boat: They would follow merely—

The Witness: Yes, sir.

Exam. Boat: Now, you referred—you used the term coastal ports in here. Do you include in that the Gulf ports, or are you referring only to North Atlantic ports?

The Witness: North Atlantic ports.

Exam. Boat: Is any Canadian port tonnage included in your exhibits?

The Witness: No, sir.

Exam. Boat: No Canadian port tonnage?

The Witness: No, sir.

Exam. Boat: On your AJC-4, on page 3, you show a decline in imports through Portland and Boston, I believe, on page 3 of that exhibit.

The Witness: Yes, sir.

Exam. Boat: Did you make any study to determine whether the removal of industry from New England, of which there has been some, I understand, affected that volume of import tonnage?

The Witness: I would think it would, yes, sir.

Exam. Boat: I believe Albany shows an increase in [fol. 122] import tonnage. I believe you show that there, is that correct?

The Witness: Yes, sir.

Exam. Boat: And on the next sheet, that graph, that excludes Canadian port tonnages, as I understand, also—the figures on which it was based?

The Witness: Yes, sir. In other words, the graph—it takes the figures in the exhibit and puts them in graph form.

Exam. Boat: On AJC-15, does the grain tonnage figure—do those figures include ex-lake grains from Buffalo? You mentioned other ex-lakes grain, I believe, in your testimony here.

The Witness: Yes, they do.

Exam. Boat: It includes it?

The Witness: Yes, sir.

Exam. Boat: The grain from Buffalo?

The Witness: Yes, sir. I think the A.A.R. statistics include that, and these are those statistics.

Exam. Boat: Is that tonnage involved here also?

The Witness: The ex-lake grain?

Exam. Boat: From Buffalo?

The Witness: No, sir.

OFFER IN EVIDENCE

Exam. Boat: I didn't think it was. That is all I have. Do you tender Mr. Crookshank's Exhibit?

Mr. Colgren: Yes, sir, it has not been numbered as yet.

Exam. Boat: No, it should have been identified, probably.

Mr. Langdon: I want to renew my objection, sir, to the [fol. 123] portion of the testimony on page 30, reaching the conclusion that all the rates under our proposal are compensatory. That was argued before, if you recall.

Exam. Boat: Thank you, sir. All right, then, Exhibit No. 2, Witness Crookshank, is received in evidence.

(Respondent's Exhibit No. 2, Witness Crookshank, was identified and received in evidence.)

Exam. Boat: I think we are ready for another witness.

The Witness: Am I excused?

Exam. Boat: You are excused.

(Witness excused.)

Mr. Clark: I present Mr. Hallberg.

E. C. HALLBERG was sworn and testified as follows:

Mr. Clark: May I have Mr. Hallberg's statement numbered, Mr. Examiner, or identified?

Exam. Boat: Yes. We will identify that as Hallberg's verified statement, Exhibit No. 3.

(Respondent's Exhibit No. 3, Witness Hallberg, was marked for identification.)

Mr. Clark: There is an exhibit attached which has no identifying symbol.

Exam. Boat: It being only one, I think we might designate that H-1. I think that will be a proper identification. The letter H—Hallberg-1.

Mr. Clark: On page 2 of the Exhibit No. 3, the blank [fol. 124] space should be filled in H-1.

Exam. Boat: Proceed.

Cross examination.

By Mr. Bongartz:

Q. Mr. Hallberg, you state you have been with the Erie in its Traffic Department for 47 years?

A. 47 when that was written. It has been 48, now.

Q. Has this service been largely in New York?

A. No, sir. For 44 years it was in Chicago, and a little more than four in New York.

Q. The last four years?

A. Right.

Q. And during that time you have been in New York you have familiarized yourself with the Erie's operations in that area?

A. To the extent that I have been able to. My jurisdiction, of course, is entirely in rates and legislation.

Q. I appreciate that.

A. The way things have been for the last four years, I haven't had much opportunity to get out into the field to see the actual operations.

Q. But you were generally familiar?

A. In a very general way.

Q. General way?

A. Very general.

Q. In this traffic study that you appended to your statement, why did you pick the years '46 and '51?

[fol. 125] A. Well, the committee selected a 10-year period from the time that we started to work on this, or prior to the time we started to work on this, so 1946 would be the earliest year of that 10-year period. 1951 happened to be the middle year. And '55-'56 was a current matter at the time we started to work on it; that is, from August 1, 1955 to July 31, 1956, inclusive.

Q. '51 is the Korean War year?

A. Yes, I believe that is right.

Q. At page 3 of your statement you make the comparison of your traffic with the total import-export tonnage through all North Atlantic ports. You describe your increase in your traffic as microscopic, compared with the total?

A. Yes.

Q. It is your understanding, is it not, that this total through all the ports with which you make comparisons includes all traffic, ore, coal, traffic that was not involved in this case?

A. Yes, that is right. All of the traffic. Taken from the U. S. Engineers.

Q. And you also understand that that United States Army Engineers report or study is not limited in any way with respect to inland origins and destinations?

A. Yes, that is right, I understand.

Q. Mr. Hallberg, I will ask you to refer to this map exhibit of Witness Gilman, which bears the legend "Exhibit [fol. 126] No. D", which is a map of the New York Port Authority, showing facilities, the one I referred to this morning, "Save time—Save Money—Use New York", it shows the rail facilities of New York Harbor?

A. Yes.

Q. Would you tell us where on this map the Erie is located with respect to its facility used for export-import traffic?

A. Do you see Holland Tunnel on there in black letters in the middle of the river?

Q. Yes.

A. It says Erie right to the left—Erie Lighterage Long Dock.

Q. I see. Is that the only facility?

A. No, we have some facilities in Weehawken.

Q. Do those show up here? I see, yes. It is just south of the Lincoln Tunnel; is that right?

A. That is right, south of the Lincoln Tunnel.

Q. Now this first one you mentioned, Erie Lighterage Long Dock—

A. Yes.

Q. Is that the point from and to which you lighter traffic, this export-import traffic?

A. Lighter for export to ship-side you mean?

Q. Yes.

A. Yes. We would lighter it from there, and we also lighter domestic traffic from there.

Q. Yes. A reverse movement would also be true on [fol. 127] import? In other words, you would lighter it to that pier?

A. Yes.

Q. These other piers that you refer to up at Weehawken, what do you do there?

A. Well, the boats—some ships come up to Weehawken, discharge or take on cargo at Weehawken.

Q. How would you say that the preponderance of the Erie's export-import traffic is handled at New York?

Mr. Clark: If you know.

The Witness: Frankly, I really don't know whether it is lighterage or the ships dock at the piers.

By Mr. Bongartz:

Q. Well, in your capacity, Mr. Haliberg, as Assistant Vice President of the traffic of the Erie, you have occasion to talk to your foreign freight traffic people?

A. I do.

Q. And in the course of those conversations haven't you developed in your own mind generally how this traffic was handled, where the ships are that handled this foreign freight that comes in to New York?

A. Well, as I said, it is handled both ways. You asked me what percentage is handled by lighterage to shipside where the ships are docked down at Brooklyn or on the Manhattan side, as against the amount that is loaded direct to the ships from Weehawken or Jersey City, I am not in position to say, I have not gone into that detail.

[fol. 128] Q. You don't know enough about it to say the preponderance is handled by lighterage?

A. I would say the preponderance is handled by lighterage—a greater part of it.

Q. Some of it is handled by car-float?

A. Some, yes.

Q. You have float bridges in your territory? Will you point out where they are?

A. There are float bridges right down there—it is right there at the same place where Erie lighterage is.

Q. Right to the left of the word "Tunnel" appears the letter "FB"; is that right?

A. Yes.

Q. That is where your float bridges are?

A. Yes.

Q. The Association of American Railroads, Report PT-5, of December 1, 1957, lists the Erie as owning at New York 11 tugs, 26 car-floats, 13 steam diesel gas hoist lighters, 97 covered barges, and 51 scows, making a total of 198 pieces of marine equipment. Do you accept that statement?

A. I assume our lighterage department has reported to the A.A.R., and I will accept those figures.

Q. Do you accord split deliveries of lighterage freight at New York, Mr. Hallberg?

A. Yes, sir.

[fol. 129] Q. Without extra charge?

A. Well, the number of split deliveries allowed are limited.

Q. Two, isn't it?

A. Yes. Beyond there is a charge.

Q. There is a charge for the next three?

A. Yes.

Q. You won't make any more than that?

A. I think that is right.

Q. Is that right?

A. Yes.

Q. In connection with the two free split deliveries, that involves the unloading of the railroad cars at these lighterage points that you have referred to on the map, and then the subsequent loading of part of that freight on to the lighter for movement beyond so as to perfect the split delivery of the car itself?

A. The two portions may be loaded on one lighter, however. In other words, the lighter makes Stop 1 and then Stop 2

Q. Yes, on the other hand it also may involve, because of the destination in the harbor, unloading on to the pier and loading of one portion on one lighter and one portion on another going to different parts of the harbor?

A. That could happen.

Q. Did you hear Mr. Baylis' description of the lighterage limits in New York Harbor, with reference to this map?

[fol. 130] A. Yes, sir.

Q. That is likewise true of your operations in New York?

A. Yes, sir.

Q. That you perform service, marine service, within those lighterage limits on export-import traffic without charge over the line-haul rate?

A. Inside of those lighterage limits.

Q. Inside of those lighterage limits?

A. Yes.

Q. That involves, for example, if you please, moving something from these Erie piers that you describe over to Brooklyn down to Staten Island up to Newark Bay, et cetera?

A. That is right.

Q. To the extent that a vessel would dock at one of your piers, such as you described at Weehawken, does that involve less service in delivery to the vessel than where you have to lighter freight, say over to Brooklyn?

A. It could very well, depending upon circumstances.

Q. Do you know where the hold yards are for the Erie? Take, for example, these first piers that you mentioned there, Long Dock. Isn't there a yard west of that point called Croxton Yard? There is no yard up at Secaucus, I guess. Would that be hold yards?

A. Croxton is the backup yard.

Q. The back-up yard for the waterfront?

[fol. 131] A. Right.

Q. So that the trains would come into Croxton Yard and break up there, and then there would be some classification there for further movement to the waterfront?

A. Yes, sir.

Q. And on out-bound traffic, the cars would be moved to Croxton, and then classified for outbound movement?

A. That is right, and that is true also with the domestic freight, as well as the import-export freight.

Q. Yes. Do you have any knowledge about the Erie's costs for loading and unloading lighters?

A. No, sir.

Q. You haven't? For unloading or loading railroad cars at the waterfront?

A. No, sir.

Mr. Bongartz: I think that is all, thank you, Mr. Hallberg.

Cross examination.

By Mr. Macleay:

Q. Mr. Hallberg, on page 3 of your statement you comment upon what you term microscopic increase in the Erie export-import cars for 1955-'56 period, counted over 1946, and compare it to the increase which you cite for all of the North Atlantic ports lumped together.

Did you make any similar computation of the increase during that period at the Port of New York?

A. For all lines?

[fol. 132] Q. For the Port Traffic. You have lumped all the Port Traffic?

A. No, I did not, sir.

Q. Do you know that that increase amounted to about a 70 per cent increase for the Port of New York during that period?

A. No, I don't know that. I will accept your figure.

Q. Well, in accepting that figure, can you explain why the Erie did not keep pace with that increase at the Port of New York?

A. Of course, there are many reasons why a shipper might use one port as against the another. I can't account for it. Maybe our sales people weren't doing a very good job.

Q. I am not talking about one port as against another. I am talking about through the Port of New York, which you serve.

A. I understand. I can't account for why the Erie didn't participate to a greater extent than they did in the 70 per cent increase, as you say, which occurred at New York.

Q. What it amounts to, isn't it, Mr. Hallberg, there are many factors that enter into a proper understanding of these gross tonnage figures?

A. Yes, sir, that is right.

Q. Have you had an opportunity to examine Witness Crookshank's Exhibit AJC-15?

A. No, sir, I have not. My working papers didn't come.

Q. You state also on page 3 of your statement that the Erie had an increase in the number of export cars in the [fol. 133] period 1946 to the 1955-'56 period studied, an increase of five per cent?

A. Yes.

Q. Do you know what happened to the export traffic of the Port of New York as a whole during that period?

A. No, sir.

Q. What?

A. No, sir.

Q. Do you know whether for all of the North Atlantic ports during that period, if you exclude coal and grain, there was a decrease in traffic?

A. I didn't know that.

Q. You made no attempt, then, to relate your own figures to the competitive movements through the other ports?

A. Those figures weren't available to me.

Q. You didn't have Mr. Crookshank's figures available to you?

A. I did not, no, sir. When I wrote this statement I did not.

Mr. Macleay: Thank you.

Mr. Bongartz: I have just one more question, Mr. Hallberg.

By Mr. Bongartz:

Q. Do you know who Mr. Oscar A. Frost is?

A. Yes. He is our Superintendent of Lighterage.

Q. Do you know that he is a witness in a case known as the Transcontinental Divisions Case, before this Commission, ICC Docket 31503?

A. Yes, I know he was a witness there.

Q. He has recently distributed testimony for introduc- [fol. 134] tion in that case?

A. Well, I don't know whether—I knew he was going to prepare some testimony. I didn't know whether it had been distributed or not.

Q. That testimony would be a comparison of railroad operation at New York, as compared with railroad operations in San Francisco?

Mr. Clark: Do you know?

The Witness: I really don't know what he is going to put in that statement, to be honest about it.

Mr. Bongartz: Mr. Clark, this is the only Erie witness that you propose to use in this proceeding?

Mr. Clark: Yes.

Mr. Bongartz: In that circumstance, Mr. Examiner, I would like to offer in evidence, and I will supply copies—sufficient copies of this testimony—the testimony of Oscar A. Frausen, witness for Eastern Railroads in this Transcontinental Divisions Case. Mr. Frausen is employed by the Erie as its Superintendent of Lighterage and Superintendent of Lighterage and Lighterage Stations, New York Harbor, for the Erie, and in this testimony he goes in some detail as to the marine operations of the Erie Railroad, and other railroads in New York Harbor, the distances traveled, the amount of tug movements that are performed in handling this traffic, the navigational hazards and the type of equipment used.

[fol. 135] Mr. Clark: Mr. Examiner, I object. I move that all that be stricken. This witness has not testified as to any of these facilities, any of these operating facts. Mr. Frausen is an operating man. All of that testimony deals with operations. This witness is a traffic man, he has not testified to anything like that.

Mr. Bongartz: I am not offering this through this witness. I am offering this as a statement against interest in this proceeding against the Erie Railroad.

Mr. Foley: May I say, Mr. Examiner, this is not the time for Mr. Bongartz to be offering anything in evidence.

Mr. Bongartz: I beg your pardon—why not?

Mr. Foley: It is not the proper time, you well know. This is the time for your opponents to bring in their evidence.

Mr. Bongartz: This is the opportune time, Mr. Examiner. We are examining the witnesses for the New York railroads. Unfortunately, they have tried to present a case which they would confine to certain traffic testimony, as we pointed out this morning, with no cost testimony offered by them.

The only operations or service matters that we could get into the record was through what these men knew about it, and unfortunately Mr. Hallberg hasn't got quite the specific information that Mr. Frausen has, and I can't see how these gentlemen can object to having a true statement of their operations put into the record.

[fol. 136] Exam. Boat: How would you suggest it be put in evidence?

Mr. Bongartz: I would like to offer it as a statement of counsel and placed in the record as a statement of interest in this proceeding.

Mr. Clark: It has nothing to do with differential traffic, as such, as it has no materiality in this case, and I object to it.

Mr. Bongartz: This is testimony, Mr. Clark, I am sure you are familiar with it, it goes into lighterage limits, the character and extent of the marine service. He talks about how it takes 2½ hours to move some traffic by water. It is full of pertinent information about how you operate within the lighterage limits.

Mr. Clark: I move that all this be stricken.

Mr. Foley: Mr. Examiner, this is not appropriate for him to be offering evidence at this stage of the hearing.

Mr. Bongartz: I will defer it until sometime later. I would like these gentlemen to know about it so they will be prepared.

Mr. Welsh: In addition to that, Mr. Examiner, this is a general statement and embraces in it a great deal of tonnage that is of no pertinency in this investigation.

Mr. Bongartz: Let me read some of it.

Mr. Clark: Mr. Examiner, I move all the comment he made on that exhibit be stricken from this record.

[fol. 137] Exam. Boat: It is not evidence.

Mr. Welsh: I join in that.

Mr. Bongartz: It isn't evidence, Mr. Examiner.

Exam. Boat: No, it is not evidence. Are there any further questions of Mr. Hallberg?

Mr. Clark: I have a question.

Redirect examination.

By Mr. Clark:

Q. Mr. Hallberg, where is the great bulk of lighterage performance, in what limits in New York Harbor?

Mr. Macleay: I am sorry, we can't hear you down here.

Mr. Clark: I asked Mr. Hallberg: Within what limits is the great bulk of the lighterage performed in New York Harbor.

Exam. Boat: Speaking of the Erie, now?

Mr. Clark: Yes.

The Witness: Do you mean distancewise?

By Mr. Clark:

Q. Yes.

A. Frankly, I don't know what the distance is, but I would say from my very general knowledge it is from the Long Dock Pier there at Jersey City, as I indicated on the map, to the Manhattan side, and over to Brooklyn.

Q. Relatively a short distance, as compared to the lighterage limits?

A. Yes, that is right.

Mr. Clark: That is all.

By Mr. Moerman:

Q. I want to clear something up, if you will, Mr. Hall- [fol. 138] berg. About these split deliveries about which you were asked, is there any difference in the number of split deliveries afforded shippers on export and import traffic at New York, versus Philadelphia and Baltimore, if you know?

A. I do not know.

Mr. Moerman: That is all.

Recross examination.

By Mr. Bongartz:

Q. In answer to Mr. Clark, you spoke of this traffic going over to Brooklyn. Where is that, Mr. Hallberg, on this map, at what places did you have reference to? Is it the waterfront over here in Brooklyn?

A. Yes, it is the waterfront on this side, whereas the lighterage limits go up here, as explained by Mr. Baylis this morning, up around George Washington Bridge.

Q. When the witness speaks of "this side", he is pointing to a territory east of the Governors Island, and I suppose it goes down in here into Gowanus Bay, and that section, too, doesn't it?

A. Yes.

Q. I suppose some of this traffic finds its way down to Staten Island, too, doesn't it?

A. Yes, and some down as far as Port Newark.

Mr. Bongartz: Yes. Thank you.

Exam. Boat: Are there any further questions?

(No response.)

[fol. 139] Exam. Boat: You are excused.

(Witness excused.)

Mr. Clark: I offer Exhibit 3 and Exhibit H-1 in evidence.

Exam. Boat: That statement and the exhibit referred to will be received as Exhibit No. 3.

(Respondent's Exhibit No. 3, Witness Hallberg, was received in evidence.)

Mr. Costello: Have we got time for one more witness?

Exam. Boat: Yes.

Mr. Costello: My name is Richard Costello, of the Lackawanna Railroad, and at this time I would like to call Mr. Ennis.

E. C. ENNIS was sworn and testified as follows:

Mr. Langdon: May I interrupt? Wouldn't it be appropriate at this time, since Mr. Ennis is not the next witness on your list, to take and receive in evidence and give an exhibit number to Mr. Heard's exhibit, Mr. Harris' exhibit, Mr. Lane's, and so forth? They are New England lines, and they are not going to be called for questioning.

Exam. Boat: I think that would be proper.

Mr. Holland: My name is Holland, and I represent the Boston and Maine Railroad. I would like to offer Mr. Heard's statement and the exhibits attached thereto, numbered BM-1 through 10.

Exam. Boat: They are identified as such in the statement.

[fol. 140] Mr. Holland: Also Mr. Lane's statement and Mr. Harris's.

Exam. Boat: Mr. Lane's and Mr. Harris'—Mr. Harris and Mr. Lane, in that order, I think?

Mr. Holland: That is right.

Exam. Boat: Now let's identify those. Mr. Heard's statement is identified as Exhibit No. 4.

(Respondent's Exhibit No. 4, Witness Heard, was marked for identification.)

Exam. Boat: Mr. Harris' is No. 5.

(Respondent's Exhibit No. 5, Witness Harris, was marked for identification.)

Exam. Boat: Mr. Lane's as Exhibit No. 6.

(Respondent's Exhibit No. 6, Witness Lane, was marked for identification.)

Exam. Boat: Has the reporter a copy of the original?
Mr. Holland: Just being passed to him.
Exam. Boat: Those may be received in evidence as Exhibits 4, 5 and 6.

(Respondent's Exhibits 4, 5 and 6, Witnesses Heard, Harris and Lane, respectively, were received in evidence.)

Mr. Holland: Thank you.
Mr. Bongartz: Has Mr. Ennis' statement been marked?
Mr. Costello: No, it hasn't. I have a few preliminary questions.

Direct examination.

[fol. 141] By Mr. Costello:

Q. Will you state for the record your name and address?
A. E. C. Ennis, New York City, Foreign Freight Traffic Manager, Lackawanna Railroad.
Q. Mr. Ennis, have you prepared a verified statement in this proceeding?
A. Yes, I have.

Mr. Costello: I would like at this time to have it marked.
Exam. Boat: That will be identified as Exhibit No. 7.

(Respondent's Exhibit No. 7, Witness Ennis, was marked for identification.)

Exam. Boat: We can identify the witness' exhibit attached to that, which is referred to on page three of his statement, and I think we should identify it as ECE-1.
Mr. Costello: Yes, sir. And also on page—
Mr. Foley: That is the only one.
Exam. Boat: That is the only place, I believe, that is referred to.
Mr. Costello: Yes.

Mr. Examiner: I wonder if I might see your copy there? I just want to make sure. There was a slight change made. I want to make sure you have the right one there.

Exam. Boat: It is probably more necessary to make the changes on the original.

Mr. Costello: I am sorry to say, but the copy you have is [fol. 142] not the proper one.

Exam. Boat: Is the copy the reporter has the right one?

Mr. Costello: Yes.

Exam. Boat: I see. You can furnish me a copy later on, if you will.

Mr. Costello: All right.

Mr. Langdon: What is this change you suggest?

Mr. Costello: I will see if you have it, Mr. Langdon.

Mr. Langdon: Could you do it for the record, and then everybody would know whether they had the right one or not?

Mr. Costello: I am sorry, it is a mistake on my part, Mr. Examiner. But on page 3 of the copy which I am handing to the reporter, there appears this paragraph, which is not in the copies which Mr. Jervis Langdon has, and the Examiner has, it reads as follows: "The lighterage operation, which is characteristic of the Port of New York, enables the harbor carriers to move freight to any vessel in the harbor regardless of its location. This contrasts with the operations at the Ports of Philadelphia and Baltimore, where freight is handled directly from car to shipside."

Mr. Langdon: Do you want that in or out?

Mr. Bongartz: It is on the original that has been submitted, I assume.

Mr. Costello: Mr. Examiner, I wonder if I could have the opportunity to check this carefully? Apparently, as I said, [fol. 143] we did make a statement—Mr. Ennis made a statement, and then there were some changes in it. Apparently in serving copies on counsel there has been some discrepancies, and I am afraid at this moment I couldn't tell exactly what they are.

Exam. Boat: All right, I think it is a good time, perhaps we better adjourn and we will take it up in the morning.

Mr. Costello: Thank you.

Exam. Boat: We will adjourn until 9:30, tomorrow morning.

(Whereupon, at 4:27 p.m., the hearing adjourned to reconvene at 9:30 a.m., Tuesday, February 18, 1958.)

[fol. 144]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I & S Docket No. 6615

FSA Docket No. 32204

[Title omitted]

Tuesday, February 18, 1958

Met, pursuant to adjournment, at 9:30 o'clock a. m.

Before: Marion L. Boat, Examiner.

APPEARANCES:

As heretofore indicated.

ADDITIONAL APPEARANCES:

Weston B. Grimes, Esq., 1001 Bowen Building, Washington, D.C., appearing for Cargill, Incorporated, Cargo Carriers, Inc.

George E. Pratt, Esq., 121 So. Broad St., Philadelphia, Pennsylvania, appearing for Chamber of Commerce of Greater Philadelphia, Protestant.

[fol. 144a] Warner H. Wagner, 1031 Investment Building, Washington, D.C., appearing for Oscar Mayer & Company.

[fol. 146]

PROCEEDINGS

Exam. Boat: Come to order, please, gentlemen.

E. C. ENNIS having been previously sworn, resumed his testimony as follows:

Mr. Costello: Mr. Examiner, upon further checking the statement of Mr. Ennis, I find that the statements which were distributed to counsel is the correct statement of Mr. Ennis. I therefore will proceed with one other question on direct examination.

Direct examination (continued).

By Mr. Costello:

Q. Are the contents of the statement which you have submitted in this proceeding true and correct to the best of your knowledge?

A. They are.

Mr. Costello: I tender this witness for cross-examination.

Cross examination.

By Mr. Bongartz:

Q. Mr. Ennis, as I understand your statement, with respect to your experience, you had considerable operating experience with the Lackawanna Railroad.

A. Yes.

Q. In the course of 14 years.

A. That is right. However, not in a supervisory capacity.

Q. Not in a supervisory capacity?

A. Yes.

Q. But at least in the capacity that has familiarized you [fol. 147] with the operations of the Lackawanna Railroad?

A. I am familiar with the operations of the Lackawanna lighterage.

Q. And your office is at Pier 13?

A. That is right.

Q. As I understand your testimony, as Foreign Freight Traffic Manager, you are responsible not only for the sales of foreign traffic but also the servicing of that traffic?

A. That is true, yes.

Q. Will you refer to page 2 of your statement? You refer there to total tonnage, total carload, both export and import traffic, through New York Harbor over your line, in the year 1956. Is that showing limited to so-called differential territory?

A. No, that is total, that includes affected and unaffected territory.

Q. I see.

Now, I want to get you to look at this map of New York Harbor. Do you have one there?

A. No, sir.

Q. I have an extra copy here. Mr. Frauson's testimony that I was talking about yesterday had a copy of that.

Exam. Boat: Shall we make use of the microphone? I guess we probably should. They are now supposed to be on.

By Mr. Bongartz:

Q. Mr. Ennis, these eight piers that you referred to at your New York Lighterage Station at Hoboken, would [fol. 148] you locate them on this map that you have in front of you?

A. Yes, sir. The best way to locate them is look at Holland Tunnel.

Q. Yes.

A. And there they are. It is our only lighterage operation in the Harbor. As you can see, it is favorably situated.

Exam. Boat: It is north of the Holland Tunnel?

The Witness: That is right.

By Mr. Bongartz:

Q. Just north of the Holland Tunnel?

A. Yes.

Q. In that red area which says "DL&W, LTG" underneath it?

A. Yes, and 1, 2, 3, 4, up to 10.

Q. And then there are initials "FB," indicating that you have a float bridge at that point.

A. That is correct. We have 6 track there and 5 in operation at the present time.

Q. I see.

Now, this is the terminus through which this export-import traffic moves?

A. That is correct.

Q. And it moves—

A. Let me clarify that to this extent: on import, we bring our import into Pier 9 for loading.

Q. Pier 9?

[fol. 149] A. Pier 9 for loading. But the statement is true regarding export.

Q. That is, Pier 9 that shows here in this area?

A. That is correct.

Q. And to service foreign vessels, or vessels in foreign trade, rather, in New York Harbor, you operate lighters and car floats out of this terminal?

A. That is correct.

Q. If I understand it, you have 177 pieces of marine equipment to do that work?

A. That is right. Today it is 174. We lose a few en route.

Q. And that equipment consists of tugs, car floats?

A. That is correct.

Q. Steam, diesel gas hoist lighters, covered barges and scows?

A. That is right.

Q. Now, you mentioned two New York City piers on Manhattan, Nos. 13 and 41, on the North River.

A. Yes.

Q. 13 would be down in the lower part of Manhattan; is that correct?

A. That is correct.

Q. Looking at this map, that is, and 4 is—

A. 41 is approximately Christopher Street.

Q. It is right next to St. John's Park, isn't it?

A. You can see B&O 40 and Lackawanna 41.

[fol. 150] Q. That is right. It says DL&W 41.

A. That is right, Pier 41.

Q. And you handle import-export freight out of these piers?.

A. Well, I would like to clarify that. On export freight, the freight handled at Piers 13 and 41 are strictly LCL. It is done for our convenience at times, where we prefer not to use a piece of marine equipment. Then we have a trucker handle it at the piers for us to make the delivery to the steamship lines.

Q. How does this freight get to Piers 13 and 41?

A. By car float.

Q. I see. You float it across.

A. That is right.

Q. And it is unloaded on to the pier?

A. Yes.

Q. Then it is loaded on to a truck?

A. That is right.

Q. And taken down to the steamship.

A. Yes.

Q. And all of that service is performed by the Lackawanna?

A. That is correct.

Q. At no cost to the shipper?

A. That is true.

Q. Do you have supporting traffic behind these lighterage piers that you referred to on the Jersey side of the Hudson?

A. Well, I would like to explain our operation. We bring [fol. 151] our through trains right into Hoboken. We don't yard them anyplace.

Q. You don't yard them at Secaucus?

A. No, sir. I wish business were that good, that we would have to, but it isn't. We bring them directly into Hoboken and those tracks, Track 97 where we run our through train in, is adjacent to our lighterage operation.

Q. In order to get to Hoboken, those trains have to go through a tunnel, don't they?

A. That is right.

Q. And that is the same tunnel that your passenger trains use, is it?

A. That is correct.

Q. Now, on your outbound movement—that which you just mentioned is our inbound movement?

A. That is right.

Q. On your import traffic, do you hold empty cars at Hoboken?

A. Yes.

Q. Do you make up yorr trains there?

A. Yes, they are classified there.

Q. They are classified right at Hoboken going westbound?

A. That is right. For example, in import freight that would come in by boat or truck in lieu of lighterage to be loaded into cars at Pier 9 and moved to Pier 10, where they will be incorporated in our through trains.

[fol. 152] Q. You were here yesterday, Mr. Ennis?

A. Yes, sir.

Q. And you heard testimony regarding the lighterage limits of New York Harbor as indicated on this map that you have in front of you?

A. Yes.

Q. And your railroad, like the other railroads in New York, holds itself out to perform lighterage service without extra charge to the shipper within those lighterage limits; is that correct?

A. That is true.

Q. I believe you mentioned in your testimony something about split deliveries?

A. Yes, I did.

Q. Your railroad accords two free split deliveries without, of course, any charge; is that right?

A. That is correct.

Q. And then it accords three additional ones at a charge?

A. At a charge of $20.67 minimum.

Q. Yes.

Now, in the handling of this lighterage traffic, take export traffic, your trains come into Hoboken, those cars are how handled? They are unloaded to the piers?

A. Well, we have this operation: the covered freight is put into 3 and 4 piers. That is the covered freight. The [fol. 153] open top freight is put on what we call Long Street, adjacent to the gantry crane, so that the open freight can be moved directly from car to lighter. The covered freight in Piers 3 and 4 is unloaded directly from the car, it is all palletized in the car, unloaded directly from the car to the boat.

Where we don't have lighterage orders on certain portions of that freight, that freight is floored, but it is palletized and it is an economical operation; when the lighter order does come through, we pick it up on a fork truck and put it on the lighter.

Q. You have occasion, don't you, to unload that freight on to the pier before unloading it into the lighter?

A. No, I say normally the situation is this: when you get your order, the lighterage agent lines up his cars versus his boats, the cars on one side and the boats on the other side of the pier, and the normal operation is direct from car to boat.

Where we unload cars without lighterage order, it is floored. There is a percentage of that, that is true.

Q. There is a percentage too, is there not, of freight that is put on the pier?

A. Floored on the pier, that is right.

Q. Does your export-import traffic,—is it what could be called a balanced movement?

A. No, I would say it is 3 export to approximately 2 import.

Q. So that you do not have a situation where cars [fol. 154] balance out, that all of the empties can be filled going in the other direction?

A. No, we do not have that situation.

Mr. Bongartz: Thank you, very much.

The Witness: Thank you.

Exam. Boat: No further cross?

Mr. Macleay: I have a question.

Exam. Boat: Very well.

By Mr. Macleay:

Q. Mr. Ennis, in the traffic figures which you have submitted in your statement, you show that during the period 1947-1951 your imports increased considerably, import traffic.

A. Yes, that is true.

Q. During the same period, your export traffic fell off.

A. That is right.

Q. To what do you attribute that?

A. I will explain that. You are referring to the 6,382 import cars?

Q. I was looking at your tonnage figures rather than that.

A. Yes. Actually that involved two things. There was a heavy movement of bananas in that period, over which we don't have control. The Fruit Dispatch and the Standard Banana used the Port of New York to a larger extent that year.

Additionally, there was an import movement of steel due to the domestic scarcity during that period.

[fol. 155] Q. And then during the period '51-55, or '55-56 period that was studied, you show a decline in imports, but a rather substantial increase in your export tonnage.

A. I can explain that in this way: that is due to a heavy movement of soy bean oil, Government controlled, to Greece, Turkey and Spain.

Q. And you got that traffic despite the differential?

A. Well, we had to get it, it originated on our own railroad.

Q. Beg your pardon?

A. We had to get that traffic, it was drummed on our own railroad, at Boonton, New Jersey.

Mr. Moerman: What was the point you named, origin point?

The Witness: Boonton, New Jersey, B-o-o-n-t-o-n.

By Mr. Macleay:

Q. Do you consider Boonton, New Jersey to be in differential territory?

Mr. Costello: Transit.

The Witness: It is a transit proposition, you see. I said it was drummed at Boonton. It didn't originate there, it was drummed there.

By Mr. Macleay:

Q. You say it did come from differential territory?

A. Yes, it was transit.

Q. And moved against the differential?

A. That is right.

Mr. Bongartz: I have just one question I overlooked, Mr. [fol. 156] Examiner, if I could ask the witness.

Exam. Boat: Very well.

By Mr. Bongartz:

Q. Mr. Ennis, you have a marine yard for the maintenance and repair of this equipment?

A. That is right.

Q. Am I correct in stating that that is known as the Brighton Marine Repair Yard at Staten Island?

A. That is true.

Q. And does that show up on this map you have in front of you?

A. Look at West Brighton down there, located around Kill Van Kull, I presume it is in that area. I am not too sure. Let's see now. I think it would be New Brighton, rather than West Brighton. But I am not too sure.

It is jointly operated by us and the Lehigh Valley.

Q. I think it is jointly owned by you and the Lehigh Valley but operated by you, is that it?

A. That is right. That is the situation.

Mr. Bongartz: That is all.

Mr. Costello: I have a few questions on redirect, Mr. Ennis.

Redirect examination.

By Mr. Costello:

Q. Mr. Ennis, would you please tell us where most of the lighterage deliveries in connection with export and import freight handled by the Lackawanna are performed in New York Harbor?

[fol. 157] A. Yes. The majority of them are to North river piers and to the Brooklyn piers. As a matter of fact, about 60 percent of the export business go to piers located in the Brooklyn area.

In that connection, I would like to point out that our average tow is approximately 4 miles.

We have a favorable location within the port.

Q. And I would also like to clarify one point. I am not sure if the stenographer got it.

In response to a question by Mr. Bongartz about the handling of export freight, you made some statement about the palletizing of freight.

A. That is correct.

Q. Is it a correct statement that all of the freight in the cars is palletized, where it is floored or delivered directly to the boats?

A. That is correct.

Q. Now, in connection with this lighterage service that is performed by the Lackawanna, by the Pennsylvania Railroad and the other railroads in New York Harbor, isn't that a service that is part of our line haul rate?

A. True.

Q. Just like a switching operation that is performed in some other city?

A. That is true.

Q. Such as Philadelphia and Baltimore?

[fol. 158] A. That is true.

Q. Mr. Ennis, in connection with the use of our car float equipment, would it be a fair statement to say that that is used chiefly in connection with domestic traffic in New York Harbor?

A. That is true. With but few exceptions, it is all domestic. We have calls on the export-import end of our business, for car floats. I would say they run to 1 to 2 per week. But the car floats are usually for station pier work and for auxiliary terminals, and it is strictly domestic.

By Mr. Moerman:

Q. Is this car float and lighterage operation used for a part of your traffic to and from New York?

A. Yes, I just indicated that, that we get calls on export-import freight for possibly one or two weekly.

Now, arrangements have to be made with the steamship lines and they have to agree to take a car float.

Q. What I want to know is what part of your total business to and from New York, domestic, export and import, is involved with marine movement?

Mr. Costello: If you know, Mr. Ennis.

The Witness: Give that to me again. What part of our—.

By Mr. Moerman:

Q. Total business in and out of New York is involved in lighterage and car floatage? I want to know whether it is important, incidental or your regular operation.

A. It is very important to us. I don't know the per-[fol. 159] centage, but it is very important to us.

Mr. Costello: I just have one further question.

By Mr. Costello:

Q. Mr. Ennis, just to clarify this point: our lighterage equipment, the Lackawanna's lighterage equipment at New York Harbor, is used both in connection with domestic and export-import traffic?

A. That is true.

Mr. Costello: I have no further questions.

Mr. Bongartz: I have a couple of questions in view of what has been asked.

Recross examination.

By Mr. Bongartz:

Q. You talk about your average tow, Mr. Ennis, and where you usually go, as I understand it, Brooklyn. Where else do you go?

A. We go to any point within the free lighterage limits.

Q. Right. You hold yourselves out to do that?

A. True.

Q. Any shipment that comes in where the vessel on export to receive the shipment is located anywhere within these free lighterage limits, the Lackawanna will take this freight to the vessel at no extra charge?

A. That is our obligation.

Q. That is your obligation under your tariffs. And similarly on the reverse movement, you will go anywhere within the free lighterage limits to pick up the freight that comes in?

[fol. 160] A. That is right.

Q. Now, I wasn't quite clear about a question that was asked you about the importance of lighterage. Are you saying that on this export-import traffic, that lighterage was very important factor?

A. It represents about 12 percent of the Lackawanna's total revenues.

Q. But I mean, as I understand it, your handling of export-import freight is via marine movement?

A. Yes.

Q. That is the way you handle it?

A. Yes. Also by truck in lieu of lighterage. And also to Port Newark we have a joint rail service in connection with the CNJ. We get into Port Newark three ways: lighter, joint routes and rates with the CNJ, and by truck in lieu of lighter.

Q. Truck in lieu of lighter, that is truckage at your expense?

A. That is true.

Q. And then on the CNJ movement you have to make some allowance to the Central of New Jersey?

A. It is a part of the through rate.

Q. Yes. You have to give them a division out of it?

A. That is true.

Q. Now, you, in answer to your counsel's question, made some reference to Philadelphia and Baltimore.

As far as terminal operations are concerned, isn't the [fol. 161] big difference between New York, on the one hand, and Philadelphia and Baltimore, on the other, the fact that at New York this export-import freight has to have a water movement?

A. That is true.

Q. That is the big difference between New York, on the one hand, and Philadelphia and Baltimore, on the other; is that right?

A. Yes. I am not too familiar with the operation at Philadelphia.

Q. But that is your understanding?

A. That is my understanding, that the operation at Philadelphia is strictly a car-to-boat movement, and the car would have to be moved from one pier to the other to effect two deliveries.

Q. It would be a direct transfer from the car to the boat as distinguished from this water operation that you have been describing?

A. That is right. But I understand you do have some lighterage movement in Philadelphia and Baltimore.

Q. But it is insignificant as compared with New York, isn't that true?

A. I am not sure about the extent of it, but I understand there is a lighterage movement in the Port of Baltimore.

Exam. Boat: Do you handle any freight to and from docks on the Jersey Shore, where you have direct docking to vessels?

The Witness: No, unfortunately our piers aren't deep [fol. 162] enough to dock vessels, with one exception, Pier 10, where at high tide we might bring in a tanker direct and transfer the oil direct to cars or to a tank facility located in that area.

By Mr. Bongartz:

Q. That is pretty much the exception?

A. Yes, it is an exception.

Q. On this trucking in lieu of lighterage that you mentioned, what are the rates that you pay for that?

A. I believe the present rates vary with the commodity, and the point trucked from and to, and would average 18 to 22 cents per hundred.

Q. Per hundred pounds?

A. Per hundred pounds.

Q. And that, of course, does not include the operation of unloading the car and into the truck?

A. No, sir, that is railroad labor. We use—

Q. In unloading the truck—

A. That is right. The Lackawanna uses railroad labor rather than ILA labor, which is cheaper for us in the Port of New York.

Q. What do you estimate the cost of loading a boxcar on the Lackawanna?

A. Our cost of lighterage on the Lackawanna is 86 cents per ton.

Q. 86 cents per ton for lighterage?

A. That is right.

[fol. 163] You asked me how much it cost to handle a car, unload. That would be a pier operation cost, and the cost per ton, covered freight is 86 cents, and the cost per ton on open freight is 36.66 cents.

Q. And that is just—

A. Per ton.

Q. (Continuing) —just to unload from car to lighter?

A. Yes, it includes that operation at the pier, unloading from car to lighter or in reverse, loading from—loading import from the lighter to the car.

Q. And do you have any figures as to what it cost you to operate these lighters around the harbor?

A. No, I am not a cost man. I can't qualify to that.

Exam. Boat: Can you give a typical example of trucking in lieu of lighterage?

The Witness: For example, trucking in lieu of lighterage is an expedited service which developed at the demands of certain shippers.

It covers principally, in our end of the business, coffee and crude rubber. Crude rubber people, for example, have reduced their inventory from approximately 30 days to 18 days because of this service.

We can pick up by truck in lieu of lighterage this morning and have it out of New York tonight. And the same is true of coffee.

[fol. 164] Exam. Boat: That would be on import business?

The Witness: It is only import business.

Exam. Boat: And you pick up the coffee on the Manhattan side?

The Witness: That is correct, take it to one of our pier facilities, load it in a car and move it out.

Exam. Boat: You take it to a pier facility on the Manhattan side?

The Witness: We take it to our New York piers or Hoboken, mostly to Hoboken. Therefore we don't have any car float operation there. Pick it up on the New York side and truck it over to Hoboken, where it is loaded at Pier 9.

By Mr. Bongartz:

Q. Where does he pick it up on the New York side?
A. Any pier, within the lighterage limits.
Q. Then he goes through the tunnel?
A. He pays the tunnel charge.
Q. That is included in the rate that he charges you?
A. That is right.

Mr. Bongartz: That is all.
Mr. Costello: I have a few more questions.

Further redirect examination.

By Mr. Costello:

Q. Mr. Ennis, whatever the type of pickup or deliveries involved, whether it is car float or lighter or trucking in lieu of lighterage, the service which the Lackawanna and [fol. 165] the other New York railroads hold themselves out to perform in connection with their line haul rates—
A. That is true.
Q. Mr. Bongartz asked you another question or two about lighterage limits. In that connection, the lighterage tariff applies not only to export-import traffic but also to domestic traffic?
A. That is right.
Q. Do you recall the last time the Lackawanna has gone down to Perth Amboy, New Jersey, to lighter any shipments down there in connection with import or export traffic?
A. No. For the Lackawanna, that is a domestic move. We handle copper, but it is strictly a domestic movement.
Q. You wouldn't handle any export or import shipments?
A. No.

Mr. Costello: Thank you.

By Mr. Moerman:

Q. How long has this pickup and delivery within the line-haul rate via marine facilities been the practice in New York Harbor, to your knowledge?

A. Speaking for the Lackawanna—you are talking about truck in lieu of lighterage now?

Q. No, I am talking about lighterage and car floatage and those services within your line-haul rate.

A. Well, I don't know when, but for many, many years. I can't give you the exact date, but it has been in effect for [fol. 166] many, many years.

Q. You don't remember when it wasn't so, is that right?

A. No, no.

Mr. Moerman: That is all.

Further recross examination.

By Mr. Bongartz:

Q. On this palletizing, Mr. Ennis, these pallets have to be in the car throughout its movement, don't they?

A. No. We furnish the pallets. In other words, we have a fork-lift truck operation.

Q. Yes.

A. We load the freight on pallets and move it to the boat.

Q. Then you take it—it has to be taken off the pallets?

A. That is right, and they come back to us.

Q. The same way on the car, it is taking it off?

A. That is right.

Q. So from the pallet point of view you have to load the freight as packaged on to the pallet?

A. That is right.

Q. Then it moves across and then you take it off the pallet?

A. It makes for more economical handling with fork-lift trucks.

Q. But you still have a certain amount of stowage involved and the unloading of the car by hand?

A. Yes.

Q. Your domestic rates at New York are generally higher [fol. 167] than your export-import rates, aren't they?

A. Yes, they are.

Mr. Bongartz: Thank you, very much.

Mr. Costello: I have no further questions.

Exam. Boat: That seems to be all.

(Witness excused.)

Offer in Evidence

Exam. Boat: Do you tender the exhibit, Mr. Costello?

Mr. Costello: Yes. I believe it has been identified as Exhibit No. 7.

Exam. Boat: That is right.

If there is no objection—

Mr. Costello: I believe the exhibit attached has also been identified as ECE-1.

Exam. Boat: That is correct.

If there is no objection, Exhibit 7 is received.

(Respondent's Exhibit No. 7, Witness Ennis, was received in evidence.)

Exam. Boat: We have reached the point of Mr. Thomas on the list here, but we will pass over that, is that right?

Mr. Langdon: Yes, I understand he was ill and couldn't be here.

Mr. Warnock: Mr. Thomas is sick in bed. He has been in bed for almost a week. We will be glad to offer him for cross-examination as soon as he is able of coming down here.

Exam. Boat: We will have to consider that later.

[fol. 168] We have reached Mr. Flanigan, I believe, as the next witness.

G. W. Flanigan was sworn and testified as follows:

Direct examination.

By Mr. Keenan:

Q. Please state your name and address.

A. My name is George W. Flanigan, Assistant Traffic Manager of the New Haven Railroad, official headquarters at 54 Meadows Street, New Haven, Connecticut.

Q. Are you the George Flanigan who submitted and distributed under this docket number, verified statement dated June 19, 1957?

A. I am.

Q. Are the statements contained therein true, to the best of your knowledge and belief?

A. They are.

Mr. Keenan: The witness is tendered for cross-examination.

Before he is examined, may I ask that his verified statement be marked as an exhibit for identification?

Exam. Boat: It may be identified as Exhibit No. 9.

(Respondent's Exhibit No. 9, Witness Flanigan, was marked for identification.)

Cross examination.

By Mr. Bongartz:

Q. Mr. Flanigan, if you will, I will get you to refer to this map of the New York Port Authority that we have been using. This is a map that has a legend on it: Exhibit No. [fol. 169] D, of Witness Gilman.

I want you, if you will, to locate the New Haven's water facilities at New York. You mentioned first, Harlem River. You say: Included in this service is the loading or unloading of the car at Harlem River from or to the lighter, and so forth.

Now, would you just identify this Harlem River facility that you refer to?

A. If you look up in the upper right-hand corner, the Bronx, at the tip, you will find designated Harlem River, New York, New Haven, Hartford lighterage.

Q. And at that point with respect to the traffic involved in this proceeding, the New Haven Railroad loads and unloads cars for movement, or that has had movement in New York Harbor by lighter?

A. That is correct.

Q. The lighterage limits which have been described by other witnesses in connection with this map apply equally to the New Haven Railroad?

A. That is correct.

Q. And within the boundaries of those limits the New Haven undertakes to lighter export-import traffic through the harbor?

A. That is correct.

Q. Without extra charge to the shipper?

A. That is included in the through rates to which we are a party.

[fol. 170] Q. Your railroad does not have any direct connection with any pier which services ocean-going vessels?

A. We have no piers other than the piers at Harlem River, which are our own, controlled piers.

Q. That is purely a lighterage operation?

A. That is correct.

Q. You mentioned Oak Point, where you have float bridges.

A. That is in the same general area, in the Harlem River. I believe it is also marked. It is over here to the right, the red indicated space, showing the float bridges projecting in the East River, just below Casanova.

Exam. Boat: The largest red area in the upper right-hand corner?

The Witness: That is right.

By Mr. Bongartz:

Q. And to the extent that car floats are moved to and from that location, they have to go through Hell Gate, is that right?

A. No, that is not correct.

Q. What movement do they take down through there?

A. Over our own tracks.

Q. Isn't this the point up here where it says "FB Oak Point"?

A. Oak Point is the red point you are looking at. Cars, to get there, come directly over our rails.

Q. But when the car float moves out, it goes out into the harbor, it has to go through Hell Gate.

[fol. 171] A. Oh, yes. I confused Hell Gate Bridge in your definition. Yes. Through Hell Gate, yes, through that part of the water known as Hell Gate.

Q. That is right.

That is quite an hazardous operation through Hell Gate, isn't it?

A. How hazardous it is, I don't know, but it is a difficult operation.

Q. Because of the current?

A. Well, I am not a marine man.

Q. Now, with respect to your lighterage traffic which moves through this Harlem River yard, cars have to be loaded or unloaded there depending on whether it is export or import and transferred to lighters, or from lighters?

A. That is correct.

Q. And these lighters go to steamship piers?

A. Piers at which steamships are located, or in the case of our local rivers to points within the free lighterage limits of New York Harbor.

Q. You mention here, you say: Included in this service is the loading or unloading of the car at Harlem River from or to the lighter, and the loading or unloading of the lighter at the pier or attaching or detaching from or to tackle at ship's side.

My question is, is all of this service performed by the [fol. 172] New Haven at no additional cost to the shipper?

A. That is correct. It is included in the through rates which are charged.

Q. It is included in the line-haul rate?

A. That is right.

Q. And likewise, what you have to say about your car float operation is included in the line-haul rate?

A. That is correct.

Q. Do you have this split delivery lighterage operation, where the shipper is given two free split deliveries?

A. We have somewhat similar provisions as the other New York Harbor lines.

Q. Yes.

Now, are you familiar with the way export-import traffic is handled at Philadelphia and at Baltimore?

A. I have no direct familiarity with it, other than that which I read about through the years.

Q. To the extent that you have familiarity, does it extend to this: that the great difference between the handling of export-import traffic at New York, and the other two ports that I have mentioned is that at New York it is predominently a marine movement, whereas at the other ports it is predominantly a shore to ocean-vessel movement?

Mr. Keenan: Mr. Examiner, I don't think, although I am very glad to hear whatever Mr. Flanigan says on the [fol. 173] matter, that it is proper to include in the record material that the witness says he arrived at only by reading the newspapers, and that is substantially what Mr. Flanigan has told Mr. Bongartz just now, as to his knowledge of the relative port operations, in Philadelphia and New York, if I recall correctly.

Mr. Bongartz: I am willing to accept Mr. Flanigan's statement, but what does he mean then at page 3 of his testimony, where he says in general the service accorded by the New Haven at Boston and New York, in connection with both import and export traffic is similar to that accorded like traffic at other ports involved in this proceeding.

Mr. Keenan: I have no objection to Mr. Flanigan answering that question, Mr. Examiner.

Mr. Bongartz: If he has no objection to—

The Witness: I have the question.

Mr. Bongartz: Just a minute.

If Mr. Keenan has no objection to Mr. Flanigan answering that question, I submit that my question should be answered first.

The Witness: Let's answer them both, if you care to.

By Mr. Bongartz:

Q. You have to answer one at a time. Supposing we go back to my question and you answer that.

(Question read.)

The Witness: My impression is that it is somewhat along the lines you speak, although I do understand there [fol. 174] is some movement in marine service at both Philadelphia and Baltimore.

By Mr. Bongartz:

Q. But not merely to the extent as it is at New York?

A. I wouldn't hazard a guess as to its extent.

Now, the other question—

(Question read.)

By Mr. Bongartz:

Q. What did you have in mind when you made this statement at page 3?

A. What I had in mind was that our service at Boston is, generally speaking, quite comparable with that at Philadelphia, Baltimore, Chesapeake Bay, with the possible exception that we do make direct delivery without a floatage or lighterage operation.

Q. Then, it was an inadvertence that New York was put in that paragraph?

A. Oh, no, New York is similar to other carriers at New York—

Q. Wait a minute.

A. I included Boston and New York.

Q. You just in explanation of this paragraph stated that in your opinion the operation, transfer operation at Boston on this traffic is similar to that at Philadelphia and Baltimore. How do you get New York into that picture?

A. New York is similar to the extent that you do have lighterage service at Philadelphia and you do have lighterage service at Baltimore. You do have floatage service at [fol. 175] Philadelphia, and you do have floatage service at Baltimore. To that extent, it is similar.

Q. It is only similar to the extent that there may be lighterage services at the other ports?

A. If there is, I think it is correct that—

Q. But only to that extent it is similar?

A. That is right.

Q. It certainly isn't similar as far as the New Haven is concerned, is it, because all of your traffic at New York is lightered or floated?

A. Or trucked in lieu of lighterage, yes.

Q. On this trucking in lieu of lighterage, again that is a New Haven expense?

A. That is correct.

Q. Will you tell us what you pay for that service?

A. I am not familiar with that figure.

Q. Now, this Exhibit 1, which is attached to your statement, Mr. Flanigan, this purports to show import traffic through New York over your line, both to affected and unaffected territory.

You read the definition of those terms yesterday. Is that your definition of them?

A. Yes, that is right.

Q. You show to affected territory over the New Haven 16 cars. This was for a period of a year. Now, first, you [fol. 176] show rough stone. Where did those five cars of rough stone go?

A. I can't say at this time. It is not carried—the origins are not in this statement. It is included in some part of the affected territory, which is roughly west—

Q. Do you know the route that it took?

A. It is almost certain to be either the Canadian Pacific dispatch or the National dispatch.

Q. Well, now, when the New Haven receives import traffic at New York, going to affected territory, how does it go on the New Haven? What route does it take?

A. Well, various routes, but principally through the Canadian Pacific dispatch, which is via Springfield and Boston and Maine Railroad, Wells River, Vermont; Canadian Pacific Railway, Detroit, and the Canadian Pacific Railway's connections beyond there to the affected territory, or via New London and the Central Vermont Railway, East Alburg, and the Canadian National Railway, that is, in Vermont. The Canadian National Railway, possibly, to Chicago, or points in the Michigan area served by the Canadian National Railroad, or the Grand Trunk, its wholly-owned subsidiary, and through Detroit and other junctions in the Michigan area, with connections of that line into the affected area.

Q. In other words, when the New Haven receives this import traffic and it is loaded into your cars, it moves east instead of west? It starts out, goes up to New Haven, [fol. 177] then up to Springfield, around the block there, going eventually west; or it goes to New London and gets on the Central of Vermont and goes north and then eventually west?

A. That is true.

Of course, no railroad as a general thing runs direct to the point of destination of the freight. There is a certain amount of circuity in all movements.

Q. Well, you have, do you not, railroads at New York, serving New York, which go more directly west than the New Haven does?

A. That is absolutely correct.

Q. And would you say that that constitutes a disability on the part of the New Haven as far as obtaining this import traffic that is destined to differential territory?

A. It certainly adds to our difficulties,—

Q. Yes.

A. (continuing) —which are further complicated by our difficulty on rates.

Q. And that is shown up, is it not, by your Exhibit 1 to the extent that as far as unaffected territory is concerned, you have considerably more than 16 cars, namely, something over 4,000 cars?

A. That is correct.

Q. That unaffected territory in large measure is New England?

A. I would say it is New England and Eastern Canada, perhaps, and Central Canada.

[fol. 178]. Q. To the extent that you got those 4,000 cars of import traffic at New York, moving to this unaffected territory in New England, Boston, I assume was deprived of that traffic?

A. Well, we also handle a considerable amount of traffic from Boston in the same general area.

Q. Boston serves New England?

A. Boston serves New England, as well as New York serves New England, and I think Philadelphia and Baltimore also try to serve New England to some extent.

Q. Try to.

Now, on your export traffic, Mr. Flanigan, you show in the same period, export traffic through the Port of New York 26 cars, from the affected territory, and something over 2700 cars from the unaffected territory. And what you said about your disabilities with respect to import traffic would likewise extend to this export traffic?

A. That is as to both rates and other disabilities.

Q. But the disabilities I was talking about were your disabilities in contrast to other railroads serving New York.

A. We have handicaps as compared with the other railroads serving New York, in addition to the rate handicap.

Q. Well, I won't ask you which comes first, but it is a very definite disability that you have with respect to other railroads serving New York?

A. That is correct.

[fol. 179] Q. Fine.

Those routes that you mentioned with respect to your import traffic are generally the same with your export?

A. Correct.

Q. Page 9 of your statement, you apparently give emphasis to the New Haven's net income position in 1956, as compared with the net income of other railroads named there.

Is the New Haven's net income affected by its passenger operations?

A. Yes, of course, as is every carriers.

Q. But isn't the New Haven, in that respect, somewhat worse off than other carriers, except possibly the Long Island Railroad, in that a greater percentage of the New Haven's over-all business is passenger traffic; isn't that correct?

A. A greater percentage than what? A greater percentage—

Q. Of the total.

A. Yes, as to the total, New Haven's percentage is greater, perhaps; it is next to perhaps the Long Island Railroad and perhaps the New York Central.

Q. Can't you tell us approximately what percentage is on the New Haven, passenger out of total? Isn't it around 50 percent?

A. I don't think it approaches 50 percent, in several years. There have been times when it has approached 50 percent in the past year., particularly during the war period.

[fol. 180] Q. Now, in this year '56 that you referred to, what was the New Haven's passenger deficit in that year?

A. I wouldn't attempt to say. It was a large deficit.

Q. Isn't that a matter that is pretty important to all New Haven people?

A. It is important to all of us, the passenger deficit; New Haven, as well as other railroads.

Q. Yes, but isn't it particularly important to the New Haven Railroad?

A. It is particularly, very important to us.

Q. And your president, at the present time, is marching up and down New England preaching the gospel of passenger deficits, is he not?

A. I think he is preaching the cause of all of the railroads in that respect.

Q. I think he is, too, but he has particularly in mind the New Haven situation.

A. His primary interest is the New Haven.

Q. Can't you give for this record a figure of the New Haven's passenger deficit in 1956?

A. I don't care to put in a guess, and—I know it is a substantial deficit, but I would not care to put in a guess, because guesses have no place here.

Mr. Bongartz: Maybe counsel could clear it up for us.

Mr. Keenan: I am ashamed to say I don't know what it is. [fol. 181] I will certainly be glad to give it to you, when I look it up somewhere.

Mr. Bongartz: Would you supply that for the record, Mr. Keenan?

Mr. Keenan: Be glad to, certainly.

Mr. Examiner, may I inquire of Mr. Bongartz whether he would be content to put the Pennsylvania's in while we are at it?

Mr. Bongartz: Well, you see—I have no objection to putting the Pennsylvania's in, Mr. Keenan.

Mr. Keenan: Well, then, let's just settle it there.

Mr. Bongartz: You on the New Haven have a situation and you have brought this up here in Mr. Flanigan's testimony, showing how poor the New Haven is. It is a matter of common knowledge that the reason the New Haven is as poor as it is is because of its passenger situation—

Mr. Moerman: It is also true that you opposed the New Haven in the iron ore case and beat them in the courts, and it is also true that you are opposing them here, where they are trying to improve their freight situation.

Mr. Bongartz: Well, if they win here, they will lose their shirts, which are half off now.

Mr. Keenan: At any rate, are we agreed, Mr. Examiner, that Mr. Bongartz and I will choose up passenger deficits?

Mr. Bongartz: We will exchange passenger deficits.

[fol. 182] Exam. Boat: Any further cross?

(No response)

Exam. Boat: Any redirect?

Mr. Keenan: May I have just one minute, Mr. Examiner?

Redirect examination.

By Mr. Keenan:

Q. Just to make sure there is no confusion on the record, did you mean to testify there was any car float operation whatsoever at Boston?

A. If I did, I certainly tried to testify that there was no car float operation at Boston.

Q. Did you mean to testify that there was any lighterage operation at Boston?

A. I also meant to testify if I did not, and I think I did, there was neither lighterage or floatage, and to an extent we had a much simpler operation at Boston than at some of the other ports involved.

Q. Mr. Flanigan, is the lighterage operation which you have described at rather great length to Mr. Bongartz, is that the lighterage operation that is used by the 16 cars imported at the Port of New York by the New Haven Railroad destined for affected territory during the period of the one year study?

A. Yes, I would say that that is correct.

Q. And are those 16 cars comparable to 4100-odd cars imported during the same period by the New Haven Railroad destined for unaffected territory?

[fol. 183] A. They are comparable, yes.

Q. Are the comparable figures with regard to export traffic, derived in this study, 26 cars and 2700-odd cars as reflected by sheet 3 of your Exhibit 1 to your verified statement?

A. That is correct.

Mr. Keenan: I have no further questions, Mr. Examiner.
Mr. Bongartz: No further questions.

Offers in Evidence

Exam. Boat: Do you tender the exhibit?
Mr. Keenan: I tender Exhibit 9.
Exam. Boat: That exhibit is received as No. 9.

(Respondent's Exhibit No. 9, Witness Flanigan, was received in evidence.)

Exam. Boat: We seem to have reached a point, Mr. Colgren, are these next—
You are excused.

(Witness excused.)

Mr. Colgren: Yes, sir, Mr. Examiner, I have the originals for the reporter.
The verified statements of Mr. E. E. Allstatter, Traffic Manager of the Sorg Paper Company.
Exam. Boat: May be identified as Exhibit No. 10.

(Respondent's Exhibit No. 10, Witness Allstatter, was marked for identification.)

Mr. Colgren: Also, the verified statement of Witness Frederick W. Bennett, Assistant Vice President and General Traffic Manager of the Sharon Steel Corporation, Sharon, Pennsylvania. [fol. 184]
Exam. Boat: That may be identified as Exhibit 11.

(Respondent's Exhibit No. 11, Witness Bennett, was marked for identification.)

Mr. Colgren: Also, the verified statement of Mr. William F. Conlin.
Exam. Boat: That may be identified as Exhibit 12.

(Respondent's Exhibit No. 12, Witness Conlin was marked for identification.)

Mr. Colgren: Also, the verified statement of Witness R. B. O'Donnell, Traffic Manager of the Armco International Corporation of Middletown, Ohio.
Exam. Boat: That may be identified as Exhibit 13.

(Respondent's Exhibit No. 13, Witness O'Donnell, was marked for identification.)

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.
Mr. Colgren: Also, the verified statement of Witness F. C. Tighe, Traffic Manager of the Union Carbide Corporation.
Exam. Boat: That will be identified as No. 14.

(Respondent's Exhibit No. 14, Witness Tighe, was marked for identification.)

Mr. Colgren: There has been no request for cross- [fol. 185] examination on the verified statements just submitted, and I ask that they be accepted in the testimony.
Exam. Boat: Any objection?

(No response)

Exam. Boat: There being no objection, the exhibits are received as Exhibits Nos. 10 to 14, inclusive.

(Respondent's Exhibits No. 10, Witness Allstatter; No. 11, Witness Bennett; No. 12, Witness Conlin; No. 13, Witness O'Donnell, and No. 14, Witness Tighe, were received in evidence.)

Exam. Boat: Shall we take a short recess? Not over ten minutes, please.

(Short recess.)

Exam. Boat: Come to order, please, gentlemen.
Mr. Moerman: Mr. Gilman, please.

Roger H. Gilman was sworn and testified as follows:

Mr. Moerman: Mr. Examiner, at this time I would like to offer for identification the verified statement of Mr. Roger H. Gilman, Director of Port Development, at the Port of New York Authority.

Mr. Gilman's statement consists of 16 pages, a one-page appendix and nine exhibits. I suggest that the statement and the one-page appendix be marked as an exhibit.

Exam. Boat: Off the record, please.

[fol. 186] (Discussion off the record.)

Exam. Boat: That may be identified, the statement and the exhibits in connection therewith, may be identified as Exhibit No. 15.

(Exhibit No. 15, Witness Gilman, in support of Respondent, was marked for identification.)

Mr. Moerman: Let me give the reporter the original. The witness is tendered for cross examination.

Cross examination.

By Mr. Langdon:

Q. Mr. Gilman, are you the senior officer or perhaps I should say supervisory officer who is testifying for the New York Port Authority in this proceeding?

A. Yes, sir, I am the Director of Port Development, and the two other witnesses are in my department.

Q. Mr. Laux reports to you, does he?

A. Yes, sir.

Q. And the same is true of Mr. Gilbert?

A. That is correct.

Q. Now, beyond the rather general description of your job, which is set forth on page 1 of your statement, would you mind describing a little bit in more detail exactly what your responsibilities are?

A. My responsibilities embrace two basic functions. First, I am responsible for the general advance or long-range planning of transportation and terminal facilities other [fol. 187] than aviation, within the Port Authority. And, second, I have the responsibility for the trade agreement and promotion and port promotion activities of the Port Authority. They all come within the Department of Port Development.

Q. Do you specifically, for instance, Mr. Gilman, have responsibility for reviewing the advertisements of the New York Port Authority having to do with the use of the port and port development?

A. I have general responsibility for that. I do not review all of them before they are actually released. Of course, I am familiar with all of them.

Q. They are, I assume, checked for accuracy in the Port Authority?

A. Yes, sir.

Q. Is that done within your department?

A. That is done within my department.

Q. Now, is the same true of the promotional literature that comes out of the Port Authority from time to time having to do with New York Harbor activities and developments?

A. Anything that relates to the promotion of commerce and trade is prepared within my department.

Q. What responsibility, if any, do you have for the magazine that is issued monthly, I believe, or has been issued monthly by the New York Port Authority, called "Via Port of New York"?

A. That is also prepared within my own department.

[fol. 188] Q. The articles dealing with the port activities are, I take it, checked for accuracy in your department?

A. Yes, sir, by those responsible for it.

Q. Now, going to the activities of the Port Authority for a minute, what responsibilities, if any, do you have for pier construction or reconstruction or pier maintenance, perhaps, in the New York Harbor area?

A. Do you mean my own responsibility, or the Port Authority's responsibility?

Q. The Port Authority's responsibility.

A. The Port Authority is responsible for developing and operating those sections of the waterfront in which we arrive at agreements with the municipalities which actually own the waterfront. That has occurred in five specific locations within the New York-New Jersey Harbor.

Where those leases have been signed with the municipality, and in one case where we actually purchased the property in the Brooklyn waterfront, we then have complete responsibility for reconstructing those facilities or constructing new facilities where that is appropriate.

That also includes the general responsibility for maintenance and rehabilitation.

Q. Would you please name those five pier developments which are the responsibility of the Port Authority in the New York Harbor area?

[fol. 189] A. Yes, sir.

They include the Brooklyn Port Authority piers, which is a 2-mile stretch of waterfront just south of the Brooklyn Bridge.

Q. If I may interrupt, sir, I wonder if you will be good enough to anticipate your map exhibit, which has heretofore been used rather extensively in this case, the save-time, save-money map, and identify these port facilities?

Mr. Welsh: Mr. Langdon, may I ask one question to clarify, if you please?

When you alluded to the New York-New Jersey Harbor, you meant that geographical area described as New York Harbor, did you not?

The Witness: What we know as the Port of New York district.

Mr. Welsh: Which is New York Harbor, geographically?

The Witness: Yes, there are various terms used.

Mr. Welsh: You have used New York Harbor on this exhibit.

The Witness: Yes. The Brooklyn Port Authority piers includes the stretch of waterfront, referring to this map, from Brooklyn Bridge to a section just south of the Brooklyn-Battery Tunnel. It is about a 2-mile stretch of waterfront, marked in light purple.

By Mr. Langdon:

Q. That is designated "Port Authority piers"?

A. It is designated "Brooklyn-Port Authority Piers." I think you will see that in the stretch of water between Governors Island and Brooklyn itself.

[fol. 190] Q. How much of an investment have you got in that property there?

A. We will have, when the work is completed, an investment of about $85 million. I can't say what it is just at the moment, because some of that work is going on at the present time. But the total investment will be about $85 million.

Exam. Boat: Does that include the Gowanus Bay elevator property?

The Witness: No, sir, that is a separate facility. That is one of the five, which I mentioned earlier.

By Mr. Langdon:

Q. What is No. 2?

A. No. 2 is the Port Authority Grain Terminal and the adjoining Columbia Street Pier, which you can see also indicated in light purple in Gowanus Bay.

Q. That is below the Brooklyn-Port Authority Piers?

A. Yes, sir.

Q. Will you go on to No. 3, please?

A. The third marine terminal on the New Jersey side is what is known as the Hoboken Port Authority Piers, which is just north of the Holland Tunnel. I think you will see the piers marked A, B, C.

Q. What investment do you have in those piers?

A. $17 million.

Q. What is the next one?

A. The fourth is the property known as Port Newark, which is leased from the City of Newark, but is the respon- [fol. 191] sibility of the Port Authority for development and operation. That is shown on Newark Bay.

Q. How do you measure the investment in that property?

A. As I recall, the total investment, as well as the commitments which we now have for work over there, would be about $47 million.

Q. Does that complete the five?

A. No. There is a fifth marine terminal which has not yet been developed, which is to be known as the Elizabeth

Port Authority Piers. It is immediately south of Port Newark within the property which is indicated as "Union County," also facing on Newark Bay, just south, in other words, of that waterway or that strip of water which forms the boundary line between Essex and Union Counties.

Q. This last property that you have just referred to, is it your plan or the plan of the Port Authority to construct piers and provide at that point a regular marine terminal?

A. It will be, yes.

Q. And what is the projected investment in that operation?

A. We don't have that yet. Actually, we are still acquiring property over there.

Q. I think the only facility that you didn't give your investment in is the grain facility at Columbia Street. Do you mind giving that figure?

[fol. 192] A. That would have to be an approximate figure, but I believe it is in the neighborhood of $3 million, mostly for rehabilitation work.

Q. Now, is it the desire and plan of the Port Authority to extend its holdings, if you call them that, of piers and marine facilities in New York Harbor?

Mr. Moerman: Objection, immaterial. That is not material, Mr. Examiner.

Mr. Langdon: I regard it as material, as indicating the future planning of the New York Harbor and its facilities, sir.

Exam. Boat: The objection is overruled.

The Witness: We have no plans beyond what I have already described to you.

By Mr. Langdon:

Q. What is the charter power or legislative power, perhaps, that you have to cover and authorize you in connection with this construction and maintenance and operation of these piers?

A. As I think I referred to this earlier, we are authorized, under the Port Compact of 1921, to develop marine terminals only when we come to an agreement with the municipalities which actually own the waterfront.

We have no power of condemnation, in other words, over waterfront municipal property.

Q. And these facilities, of course, once established and in operation, become tax-free?

[fol. 193] A. In the main, those properties have been municipal properties, part properties actually owned by the city. We have made agreements with the municipalities which own those waterfronts to pay to them what amounts to a rental for the use of their properties.

In the case of the Newark Airport and Port Newark facilities, as a package, we pay to the City of Newark, I recall, about $125,000 a year.

In Brooklyn, where we took over the waterfront property of the New York Dock Company, we made an agreement with the City of New York whereby we pay to the city approximately $600,000 a year, which represents exactly the amount of taxes the City of New York was receiving from that property prior to our acquisition.

Q. Mr. Gilman, once you have these piers in operation, or at least available, physically, do you undertake, then, to lease them to steamship companies?

A. Yes, sir.

Q. And what are the yardsticks that you apply in determining the rental assessed against the steamship companies for the use of these piers?

A. I wouldn't be able to give the exact description on that, because the responsibility for leasing these facilities is not my own. That comes within our marine terminals department.

[fol 194] Q. Do you know enough about the situation to be able to say that you—the Port Authority, rather, undertakes to make these facilities self-sustaining?

A. That is correct.

Q. Do you regard that as a fixed policy of the Port Authority, namely to have your operations self-sufficient and compensatory?

A. The objective in any of our operations is that they will become self-supporting, always with the understanding that there may be a certain few years of developmental period in which they will not be carrying their full charges. But ultimately it is our objective that they become entirely self-supporting.

Q. That is regarded by the Port Authority as a sound principle to apply in connection with its operations at New York Harbor?

A. Yes, sir, for our own operations. Yes.

Q. For your own operations?

A. Yes, which is the only thing for which we are responsible.

Q. In your testimony, Mr. Gilman, you refer to New York Harbor on page 8 as an economic unit, and on page 4 as a port of many ports.

Do you regard it as important that the New York Harbor be regarded as an economic unit in all respects?

A. We regard that as a basic premise of the best development for this area, that it be an economic unit, single economic unit.

Q. Is one aspect of that position on the part of the Port [fol. 195] Authority that it would insist, for instance, on the same railroad rates to all parts of the New York Harbor and all deliveries within that harbor?

A. We regard that as essential, that there be a single type of rate structure applicable to the port district.

Q. You mean by single type of rate structure that you want the same rate applying on commodity X to Brooklyn Port Authority Piers as would apply to your facilities at Port Newark, commodity X originating, let's say, in Cleveland, Ohio?

A. For export-import movement?

Q. Yes.

A. Yes, that is correct.

Q. Does your position go to the point of representing fixed policy on the part of the Port Authority?

A. That is the general basis on which we have operated over the past 36 or 37 years.

Q. And you know of nothing to change that policy that lies in the future, so far as you can tell?

A. No.

Q. Now, before I leave these piers, Mr. Gilman, is it or is it not true in connection with these Hoboken facilities of yours that they are provided with tracks that run right out on the piers?

A. That is correct.

Q. And are those tracks presently covered up at the [fol. 196] present time?

A. Yes, sir.

Q. And there being—rather, the space which they occupy is being used by trucks?

A. That is correct, they are leveled off.

Q. And any rail traffic to and from these Hoboken piers of yours would be handled by lighter?

A. Or, I assume, truck in lieu of lighters.

Q. Trucking in lieu of lighterage or lighterage?

A. To the best of my knowledge, yes.

Q. Are there any rail tracks on any of these other piers of yours?

A. Port Newark has direct rail connections with three of the Trunk Line Railroads.

Q. But Port Newark also receives lighterage freight, does it not?

A. That is my understanding, yes.

Q. And trucking in lieu of lighterage?

A. Yes, sir.

Q. Now, starting, Mr. Gilman, at page 9 of your testimony, you refer to an economic study that was apparently made in your department, indicating that in excess of 3 million people in the New York Harbor area are dependent, directly or indirectly, upon the existence and operation of the harbor.

A. That is correct.

[fol. 197] Q. I think you said in accordance with that study that 430,000 people had jobs that existed only because of the port?

A. The port and its related facilities, as of 1953, which was the basic year in which this study was made.

Q. And your study further contemplated that each person whose job was related to the port, in turn, supported two others?

A. That is correct.

Q. And then each of them, in turn, supported dependents.

A. That is right.

Q. And the total that you got was, as I say, in excess of three million people.

A. Three million out of the total 13 million in the area.

Q. Do you think that those same ratios would exist at the other North Atlantic ports?

A. I wouldn't have any direct knowledge of that.

Q. Is it your contention in any way that these relationships vary with the tonnage handled at the port?

Mr. Moerman: I don't know that the witness is contending anything, Mr. Examiner. His testimony is supposed to be factual. I will do the contending.

By Mr. Langdon:

Q. Is it your testimony, then, Mr. Gilman, that these ratios that you have developed vary with the tonnage handled at the port?

A. It would certainly vary as tonnage is varied.

Q. Would it be your opinion that a port that handled [fol. 198] more tonnage than New York would have in excess of 3 million people dependent on the port?

A. Not necessarily.

It might depend on the various factors in which your tonnage is made up.

Q. Doesn't the character of the traffic have almost controlling weight in that connection?

A. I would say it wouldn't in some of these jobs and not necessarily in others. There are so many different jobs involved in the 430,000.

Exam. Boat: For example, grain tonnage; that wouldn't entail as much labor, would it, as general cargo?

The Witness: That is correct, not as much as general cargo.

By Mr. Langdon:

Q. How about coal traffic; would that involve many jobs?

A. I wouldn't know just what that would amount to. We don't handle much of that, so I am not familiar with the number of jobs involved.

Q. Well, I read you, Mr. Gilman, a paragraph from an article in "Shipping Digest," apparently a magazine published every week for transportation people in the New

York area. I read a paragraph from an article that appears in the issue of December 16, 1957, and ask whether or not you agree with it:

"The New York-New Jersey Port is the recognized leader in the handling of general cargo. This type of cargo pro-[fol. 199] vides more employment of longshore and other labor and more port facilities and services of other kinds than does the bulk cargo which is generally handled through mechanically operated and industrially-owned terminal facilities."

A. I would be in general agreement with that statement as it relates just to port jobs.

Q. Now, at page 11, Mr. Gilman, you refer to New York's decline from 28.6 percent of the total export-import tonnage to 14 percent.

Have you made any figures at the Port Authority which would indicate New York's relative standing over the years, relative to the other North Atlantic ports, in regard to the handling of general cargo?

A. We have, as to both general cargo, what is sometimes referred to as general cargo, and all other cargoes.

Q. Are there going to be introduced figures in that respect by Port Authority witnesses, or any other witness on your side of the case?

A. I am not certain to what extent the figures would be or are broken down. There are statements as to the total cargo which have moved through the port as compared to the other ports to the south.

Q. Now, it is true, is it not, Mr. Gilman, that limiting your answer now only to general cargo, both export and import, that New York in relation to the other North Atlantic [fol. 200] ports has not slipped in recent years?

A. Oh, no. No. Percentagewise, we have slipped very badly.

Q. I am limiting now my question to general cargo.

A. General cargo?

Q. And I am limiting the comparison to other North Atlantic ports.

A. I don't have the figures in front of me. I know from the standpoint of the U. S. as a whole we are declining, and I believe we are also losing out in our share in comparison to the other North Atlantic ports.

Q. Have you any figures on that?

A. No, sir.

Q. I am limiting the question to the North Atlantic ports.

A. I don't have those figures in front of me.

Q. Now, at page 12 of your statement, you take the position that the primary reason—I think those are your very words—why your import-export tonnage is declining is the differential rate adjustment that is involved in this proceeding.

A. We are driven to that conclusion, inasmuch as we have invested substantially in improved facilities at the port. We have undertaken an active trade development port promotion campaign, as have the other ports, in both cases, and the tonnage, the share of tonnage is steadily eroding away from the Port of New York.

Q. Now, on page 12, you say that in the last analysis, if it [fol. 201] costs more money to ship via the Port of New York than via competing ports, the traffic will tend to move through the lower-rated ports.

Was that use of the word "tend" on your part deliberate?

A. Yes.

Q. Now, when you say "through the lower-rated port," what do you mean?

A. Those ports which enjoy a differentially lower inland rail rate.

Q. Does a lower-rated port, to you, mean only the dollars and cents that it costs to move traffic through a port? Is that all that you mean when you say "lower-rated port"?

A. That was the reference in this particular sentence.

Q. In other words, this sentence didn't take into account the service that is obtained for the rates that apply; is that correct?

A. This had specific reference to the actual rates charged on the inland rail movement.

Q. Without regard to service?

A. That is correct, yes.

Q. How can you tell whether a port is lower or higher cost, unless you take into account the service that is available at those ports?

A. The comments we have received from industries, shippers, have indicated that one of the most important [fol. 202] factors, certainly, in their decision as to the port, of routing, is the inland rail rates.

Q. Can you, as an economist, Mr. Gilman,—and I take it that you are an economist?

A. Trained as an engineer.

Q. Trained as an engineer?

A. Yes.

Q. (Continuing) —can you determine whether a port or any other transportation facility is lower rated or higher rated without taking into account the service?

Mr. Moerman: Now, Mr. Examiner, the witness testified about rates, some ports having lower rates than others. I don't understand the question. I don't think it is susceptible of an answer.

Exam. Boat: It is not clear to me, either.

Mr. Langdon: I will skip it.

By Mr. Langdon:

Q. Now, please go back to your map, Mr. Gilman. Up in the upper left-hand corner of the map—incidentally, this was prepared by the Port Authority, was it not?

A. Yes, sir.

Q. (Continuing) —there is the legend, or descriptive title, "Save Time—Save Money. Ship via Port of New York, World's Greatest Port."

Will you please tell us how you save money by shipping through the Port of New York?

[fol. 203] A. Well, there are many factors, obviously, involved in shipping facilities. In the routing of freight, this is the type of promotion which every port undertakes in trying to put their best foot forward insofar as the impact on the shippers, the people we are trying to do business with.

That does not make the point of saving money on the inland rail rate, certainly, because that would not apply at New York.

Q. How do you save money, then, at the Port of New York? Is this a misleading title, or is it accurate?

A. No, it would vary with individual shipments which come from a tremendous variety of producers and industries throughout the Midwest, the territory that is involved in this particular proceeding. And certainly it is our belief that on some of those shipments they can save money, which may be dependent on the facilities that are available at the Port of New York, the services—

Q. The service that is available?

A. That is right.

As to those facilities and services, undoubtedly, they excel, for certain commodities and certain shipments, at other ports.

Q. The frequency of service, perhaps?

A. That is one factor.

Q. Direct service, perhaps?

A. What do you mean by direct service?

Q. Well, of course, that bears on the ocean transit time. [fol. 204] Don't you advertise that from New York, ocean sailings involve less transit time than from the out-ports, as you designate them, Philadelphia and Baltimore?

A. You mean on the ocean trip?

Q. Yes.

A. Not to my knowledge, unless you are referring to the direct sailings which we have at New York and which the other ports also enjoy.

Q. That is exactly what I am referring to.

A. And the other ports enjoy direct sailings, too.

Q. Do you know how they compare for direct sailings at New York with direct sailings at Baltimore and Philadelphia?

A. I don't have those figures.

Q. You know you have the great majority of the direct sailings, don't you?

A. I would say we have the majority. I don't know what the preponderance is.

Q. So that you are still firm in your conclusion that you save time and save money by shipping via the Port of New York?

A. That is certainly true on some shipments. It would not be true on others.

Q. Do you designate in this map or in your distribution of this map the shippers who can gain by shipping through the Port of New York and those who will lose money by shipping via the Port of New York?

[fol. 205] A. No, we wouldn't try to break that down and indicate that on the map or a promotional piece of literature.

Mr. Langdon: That is all I have.

Mr. Price has some questions.

By Mr. Price:

Q. Mr. Gilman, at page 6 of your testimony you refer to the fact that there are 200 piers in New York Harbor. Are they all steamship freight piers?

A. Yes, what we would refer to as deep sea facilities.

Q. Are some of them passenger piers exclusively?

A. Yes.

Q. Are they all in good condition, operating condition?

A. They vary as the spectrum.

Q. You say that there are over 4,000 shallow-draft harbor vessels, including tugboats, car floats, lighters, barges, scows. Do they also include intra-harbor vehicles like coal barges, gravel barges? Do they not?

A. I assume they are within that 4,000 figure.

Q. You say that you have 100 heavy lift derricks with individual lifting capacity up to 250 tons. How many have a 250-ton capacity, do you know?

A. I believe one or two, actually, in that top capacity.

Q. Do you include in that figure your deck lighters and steam lighters?

A. Yes, they would be in there.

Q. Referring to your exhibit identified by D.G., the [fol. 206] tonnage figures shown there include all import and export traffic, do they not?

A. That is correct.

Q. Do you agree, then, that there is traffic represented in these figures which is not involved in this proceeding? Perhaps you might state what your idea of the issues here is—

A. I don't know just what commodities or what portion of that would be involved in this particular proceeding. Typically included in here are, as I recall, about 17½ million tons of tanker cargoes which move just into the refineries in the New York-New Jersey Port district and never get into this differential territory.

Q. There would be other traffic that would not move to or from differential territory, would there not?

A. That is correct.

Q. I note from that same exhibit that New York's share of the total U. S. commerce in 1940 was approximately the same as in 1923, and even higher than in 1936, -7 and -8 and -9. And that according to this exhibit, New York's share did not start to decline until after World War II.

A. Well, I would say that from, certainly beginning with the year 1940, and through 1946, there was a great distortion of figures as a result of shipments overseas, necessarily part of our Government-aid, even prior to our joining the war in 1941, late '4.

[fol. 207] Q. That is correct. That is why I didn't even discuss the war years.

Would the fact that New York's decline in the total commerce, according to your exhibit, did not begin until after World War II, suggest to you that there may be factors other than the differential which have influenced that decline?

A. Mr. Price, my figures would indicate that generally we are starting to decline about 1935 or 1936. We had already slipped in 1937, 1938, 1939, lower than in 1936, and then from 1940 through '46 is, as we agreed—the share is quite distorted by the war shipments. So, I would say that we were beginning to slide and lose our share starting in the late 1930s.

Q. Except for the year 1938, was there any pre-war year that was not higher than your 1926 participation?

A. I am not sure that I get your point.

Q. As I read your exhibit, in 1926 New York had 24.5 percent of the total.

A. Which was a bad year, I might say. As I recall it, there was a very heavy movement of coal overseas in connection with conditions in Europe which tended to pull down our share.

I think through that middle 1920s area, that again may be a distorted figure.

Q. I notice in 1940 your participation was 3 percentage points greater than in 1939.

A. Than in—

[fol. 208] Q. 1939, the preceding year.

A. Again I refer to the fact that shipments were moving overseas to our—those countries which were to be our allies in World War II.

Q. You, also, make the statement at page 12 that the diversion of traffic from New York is continuing at an accelerated pace. Have you see witness Gilbert's exhibit J.G. 11?

A. I have read it.

I am not familiar with the detail.

Q. Is it not a fact that according to that exhibit New York's share increased, 1956 over 1955, whereas the share of the other North Atlantic Ports decreased during the same period?

A. On exports but not imports.

Q. How would you reconcile your statement at page 12 with the export figures there?

A. Well, I would never feel that you can take two consecutive years and develop a trend from that. I think it has to be a longer period of time.

Q. Do you agree that the diversification of industry in this country has had any bearing on this movement of traffic through New York, comparative movement?

A. Do you mean the share?

Q. Yes.

A. It certainly is a factor, as a share of the total United States. I would not say that that is necessarily true in [fol. 209] the North Atlantic range, we are a more mature, older economy, all of us have shared in the early growth of this country.

Q. Do you think the Gulf South Atlantic Port competition has had any bearing on the New York situation?

A. You mean on the percentage share of the total United States?

Q. Yes.

A. That is certainly a factor.

Q. I observe from your exhibit C-1 that New York in the past ten years has spent about 75 million dollars in the construction of new port facilities and $41 million in modernization.

In view of the rate handicap which you apparently feel the port has, do you consider that was a prudent investment?

A. You understand, Mr. Price, that much of that work is reconstruction of old facilities, replacement of piers that may be fifty, sixty or seventy or eighty years old and so it is not an expansion of actual facilities; it is more a replacement, much of that investment.

We certainly feel that it is vital that the port be modernized and that investment on that extent is a good one.

Q. In other words, the $75 million does not cover only [fol. 210] new piers, for example?

A. I am not sure that I find your 75 million dollars, Mr. Price. I am looking at Exhibit C-1, page 1.

Q. Yes, 54 plus 19.

A. That is right, 54 plus 19.

And that means typically, the tearing down of two of the ancient piers in Hoboken and replacing them with new facilities.

In other words, good new facilities in place of poor, old ones.

The same would be true at Brooklyn, of course.

Mr. Price: That is all, thank you.

Mr. Walker: I have one question.

By Mr. Walker:

Q. How long did you say you had been with the New York Port Authority?

A. A little over 20 years.

Q. 20 years. And in what year did the most export and import traffic move through the Port of New York?

A. Of course it would be the war years.

Q. Are you sure of that?

A. No, I am not. Certainly without a close check I am not certain.

Mr. Moerman: Do you mean in tons, Mr. Walker?

Mr. Walker: In tons.

The Witness: In 1956, the total which includes, as I [fol. 211] say, 17½ million tons of tanker cargoes, was the largest.

By Mr. Walker:

Q. The largest in history?

A. Since 1923, which is the period—on which we have figures.

Q. Have you seen your figures for the first nine months of 1957?

A. I do not believe I have. I notice the first six—I am familiar that we have a report on the first six months.

Q. And do you know how that compared with the first six months of 1956?

A. I would not be able to do it through memory.

Q. Larger, was it not?

Mr. Moerman: Put a witness on, Mr. Walker, and do not try to get it out of the witness when he says he does not know.

Mr. Walker: I asked him if it was not larger. I asked him if it was not larger, the first six months of 1957 over the first six months of 1956.

The Witness: My recollection is that it is about a one per cent increase. That is my recollection.

By Mr. Walker:

Q. Do you agree with the other witnesses, Baylis and Gilbert, that your decline has been more accelerated since the war?

A. I am not familiar with their testimony to that effect.

Q. You don't know whether it is a fact?

A. No, I would not, without studying the figures.

[fol. 212] Q. Do you know how much export and import tonnage moved between New York and differential territory?

A. I don't have those figures.

Mr. Walker: That is all.

Exam. Boat: Is there further cross?

(No response.)

Redirect examination.

By Mr. Moerman:

Q. Mr. Gilman, you were queried about some so-called general cargo; does New York have any import iron ore?

A. As I recall about three or four hundred tons.

Q. How much export coal does New York have?

A. I do not have those figures.

Q. Did New York obtain equalization with the North Atlantic ports on grain in recent years after some extensive litigation?

A. We did, out of the lake.

Q. Has New York regained its former position in the grain trade as a result of that equalization?

A. My best recollection is that we have not.

Q. What is the situation with respect to the grain out of New York? Is it substantial, as compared with Baltimore and Philadelphia?

A. My recollection is it is substantially smaller.

Q. Does grain move outbound by truck through the Port [fol. 213] of New York, to the extent that it moves?

A. Outbound by truck?

Q. Yes.

A. Export grain?

Q. Yes, does it move by truck into New York?

A. No.

Q. Do you know whether any iron ore moves by truck into the interior from any port?

A. I am certainly not familiar with that.

Q. Does general merchandise move from New York into the interior, import by truck?

A. Yes.

Q. Is there a substantial volume of it?

A. I would not know what comparative figures are, as between rail and truck.

Q. Is export general cargo susceptible to trucking from CFA to New York?

A. Yes.

Q. Does it move in substantial volume by truck from CFA to New York?

A. Again I would not have the figures.

Q. Is there any bulk cargo that you know that can move export from CFA to New York by truck, any that you ever found out about?

A. I have certainly never heard of any.

Q. Is there any bulk cargo that you know about that [fol. 214] moved inland by truck from CFA?

A. Again I have never heard of any.

Q. Are the railroads which are here the respondents serving the Port of New York in possession of a monopoly of the merchandise export and import traffic to and from CFA territory?

A. I would certainly say by no means.

Q. Do you know whether or not the railroads at Baltimore and Philadelphia share their export and import bulk traffic with the trucking lines?

A. I certainly never heard of it.

Mr. Moerman: That is all.

Recross examination.

By Mr. Walker:

Q How do you know that New York has a monopoly on traffic to and from differential territory, if you do not know what the movement is?

A. Well, I certainly would know that merchandise freight does move through Baltimore and Philadelphia on the basis of their own figures, and I would certainly come to the conclusion that it is not all moving by truck.

Mr. Walker: Thank you.

Mr. Moerman: One more question.

By Mr. Moerman:

Q. The increase on your exhibit D.G. about which Mr. Walker asked you, from 1946 on do you know what is attributable to, the rise of 22 million tons to New York, to [fol. 215] 36 million tons?

A. The increase in tanker cargo tonnage accounts for more than the total increase in the total volume.

In other words, as I recall the increase in tanker tonnage amounts to more than—between 11 and 12 million tons, whereas the increase in total tonnage, by these figures, is less than 11 million.

Q. To what extent, if you know, does any of this tanker tonnage move inland by rail to CFA?

A. I certainly would never think that any of it would move in.

Mr. Moerman: That is all.

By Mr. Macleay:

Q. Did I understand you to say, Mr. Gilman, that you had made no investigation of the comparative movement through the Port of New York to and from CFA territory by rail or by truck?

A. I do not believe I said that.

I did not make it, myself.

Q. Have you made such an investigation or was such an investigation made under your direction?

A. I could not say.

Q. You cannot say whether such an investigation was made under your direction?

A. Well, it was not—it would not be made immediately under my direction.

[fol. 216] Q. Have you any knowledge of any such investigation?

A. I do not have knowledge of that.

Q. Do you have any knowledge of the relationship in the movement, how much of it is by truck as compared to rail?

A. No, I do not have figures on that.

Q. Do you know whether or not the water carriers publish differential rates?

A. Not to my knowledge.

Q. Then how can you possibly assess, with any degree of accuracy, the effect of the rail differentials upon your general cargo traffic?

A. You mean, I, personally, or the—

Q. How can you? You are the witness, Mr. Gilman, you are the man I am asking. You have attributed to this differential what you claim is an adverse effect upon New York's tonnage.

Now, I am asking how you can possibly have measured that effect when you have no knowledge of the respective movements by rail as compared to truck, and you know that the trucks do not maintain a differential system?

Mr. Moerman: I do not think that follows, Mr. Examiner, at all, that if the witness does not know the relative amount of truck versus rail, that therefore he is unable to assess the effect of the rail differentials.

He has already testified the basis for his assessment, and that is the knowledge he has gained in his work.

[fol. 217] Mr. Macleay: I refer to the witness' testimony at page 12 of his statement, where he says, "We have given consideration to all possibilities."

He goes on to say that they are driven to the conclusion that New York's rail rate handicap is the primary reason why the import-export tonnage has been steadily declining.

I might add I assume that has been amended to what he deems New York's share of the export-import traffic is declining.

I am trying to determine what is the basis for their determination that the rail rate handicap, as he terms it, is a preliminary influence.

If he cannot answer the question, why he can't answer the question.

Exam. Boat: Can you answer, Mr. Gilman?

The Witness: As I indicated earlier, we have statements from important shippers in the midwest who tell us directly that the inland rail rate is the reason that they are using Baltimore or some of the other ports as compared to New York.

By Mr. Macleay:

Q. Have you made any measurement of the traffic involved in these relative movements? Do you know how much rail traffic there is between the Port of New York on export-import traffic and how much rail traffic there is between these other ports and CFA territory, or differential [fol. 218] territory?

A. I do not have any figures direct.

Q. Do you have it indirect?

Do you have any figures on it?

A. I, myself no.

Mr. Moerman: Are you familiar with the iron ore situation?

A. Generally, yes.

Mr. Moerman: Mr. Macleay knows about that.

By Mr. Macleay:

Q. Are you familiar with general cargo, and that situation, the 8 or 9 million tons of general cargo that the Port of New York handles every year, do you know how much of that goes to and from CFA territory?

A. No, I do not have that figure.

Mr. Macleay: That is all.

Mr. Moerman: We have another witness, Mr. Macleay, who will deal with that subject.

Exam. Boat: No further examination of this witness?

OFFER IN EVIDENCE

Mr. Moerman: No further examination.

If there are no further questions, Mr. Examiner, I would like to offer witness Gilman's testimony—his exhibits which have been marked exhibit 15.

Exam. Boat: Very well, they have been marked and are received as exhibit 15.

[fol. 219] (Exhibit No. 15, witness Gilman in support of Respondents was received in evidence.)

Exam. Boat; You are excused, Mr. Gilman.

(Witness excused.)

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: We will adjourn for lunch until 1:30 p.m.

(At 11:57 a.m. the hearing was recessed until 1:30 p.m.)
[fol. 220]

Afternoon Session

(1:30 p.m.)

Exam. Boat: Come to order, gentlemen, please.
Will you be sworn, please, Mr. Gilbert.

J. Gilbert was sworn as a witness and testified as follows:

Mr. Moerman: Mr. Examiner, I should now like to offer for identification the verified statement of Mr. Jerome Gilbert whose title is trade economist for the Port of New York Authority.

His statement consists of 10 pages and is accompanied by 13 exhibits.

Exam. Boat: That may be identified as exhibit 16.

(Exhibit 16, Witness Gilbert in support of Respondents is marked for identification.)

Mr. Moerman: Mr. Examiner, I tender the witness for cross examination.

Mr. Langdon: Sir, before asking questions of the witness, I think I should state that the interests I represent—we represent over on this side of the table—are prepared to excuse Mr. F. W. Dunham, Jr., General Manager Albany Port District Commission. He is listed at the top of page 4 of the schedule.

Exam. Boat: I take it that in view of Mr. Langdon's statement, he can be excused, if he is here.

[fol. 221] Mr. Langdon: Yes, sir.

Examiner Boat: Off the record.

(Discussion off the record.)

Cross examination.

By Mr. Langdon:

Q. Mr. Gilbert, would you be good enough to turn to your exhibits, J.G. 7 to 10, inclusive. Do you have them before you?

A. Yes, sir, I have those in front of me.

Q. Now, in the case of the export figures given on J.G.-7 and JG-8, is it your purpose to arrive, in the column next to the last over on the right, at the general cargo exports, as distinguished from total exports through both the United States and New York?

A. No, that was not my specific purpose.

The purpose of the case, as we all know, is the amount of traffic moving to and from the CFA territory to the various North Atlantic Ports.

When we went to prepare the exhibit, we had only had part of the picture of the precise rail tonnage moving to and from the CFA territory which is included in my last exhibit, and since that time we have ascertained quite specifically that there is 1,900,000 additional tons moving to Baltimore than the Port of New York from the CFA territory and moving by rail.

One of the reasons why I am saying this quite specif- [fol. 222] ically is that when you take the concept of general cargo you come under there—many people feel that it has a specific meaning.

It means packaged goods. However, one of the largest components in there, both for port of New York and for the other ports is iron and steel scrap, which I think all of those in the transportation business know is handled mechanically.

Another component is sugar. Sugar is a bulk commodity, to all intents and purposes.

I can go down and enumerate commodity after commodity on which there is complete unanimity among those who handle cargo.

The general cargo is a general phrase which you use as you first address any problem of foreign trade.

Q. What do you mean, in a few words, Mr. Gilbert, when you use the phrase as you have on these exhibits, "general cargo, exports"?

A. The term "General Cargo" as we used it is just a rough approximation of dividing cargo which, in terms of this case, however, we felt were not generally germane to the case, which is rail traffic, so far as it went.

Q. And the question, Mr. Gilbert, you have not answered. Will you do so?

What do you mean when you say and use the phrase on this exhibit "general cargo exports" now, do you mean the [fol. 223] exports excluding the principal bulk commodities?

Is that what you mean?

A. I do not.

There is implicit in the statement "bulk cargo" that there is—all the cargo which is under bulk cargo here and which is used by the other ports, that all the bulk cargo is under the definition of bulk cargo and whatever general cargo is, is under general cargo.

As I pointed out, I think, if you look at the figures of New York or any port, you would realize that this term in general usage is not applicable to the commodities using scrap, sugar, lumber is in there—I could run down the whole list.

Q. Are you sorry you made this exhibit now?

A. I would say at the time, in the tools that we had, it was the best that we had. Since then, as you can see the exhibits, we have finer tools and it is that which I address myself to.

Exam. Boat: Now, are we to understand that the term "general cargo" embraces all traffic that is in this case, excluding the coal, coke and iron ore that we referred to?

A. No, not even among ourselves, Mr. Examiner.

Let me give you one example: We are speaking of definitions and I think it goes to the crux of it.

[fol. 224] The Port of New York, under its definition of bulk, speaking of definitions, excludes coal, grain and bulk petroleum, so does the Port of Philadelphia.

However, under our general cargo we have such things as flaxseed. This we call general cargo. We also, going back and developing this concept further—I am saying this to get a feel for what we are dealing with—under bulk cargo we include clays and earths, sulphur, gypsum, nitrates. The Port of Philadelphia does not.

Exam. Boat: The flaxseed you mentioned a moment ago, that is not considered bulk because it moves in bags, generally, is that it?

The Witness: No, there is a concept, which from a long time ago, meant packaged goods. Take sugar which everybody classifies as general cargo, does by and large move mechanical and the trend is more and more so. Certainly in the Port of New York, iron and steel scrap, we include in general cargo because at one time the volume was small and there was an element of hand labor.

Scrap exports are growing and because the volumes are not large not only at the Port of New York but for all ports, it is handled by mechanical means.

Bananas are included on the import side. We call this general cargo, so do all the other ports.

There is hardly any hand labor involved. This can be [fol. 225] multiplied.

The word, or the concept "bulk cargo" and "general cargo" are something which grew among operating men and it helped them to address themselves to a problem.

But when you get more specific, into a case and you begin to handle commodity by commodity, you soon come up to the concept that what is packaged and what is not packaged, what is bulk and what is general, is a concept that has really become somewhat archaic.

Mr. Langdon: Are you finished, sir?

Exam. Boat: Yes.

By Mr. Langdon:

Q. Mr. Gilbert, for the purposes of this record, are we to understand that the figures appearing in the next to the last column of your exhibits J.G. 7 through 10, inclusive, represent your notion of general cargo exports or not?

A. Would you repeat that question?

Q. I will be glad to repeat it.

Are we to assume for the purposes of this record and this proceeding that the figures appearing in the last and next to the last columns of your exhibits J.G. 7 to 8 represent general cargo exports?

A. The question is: What is general cargo?

All we say under those figures—

Q. I am just asking you—now, you can answer that yes or no.

[fol. 226] Are we to assume that this title means what it says or are we to assume that it means something other than what it says?

Mr. Moerman: Now, Mr. Examiner, the question is as I see it, that counsel and the witness have a disagreement about what general cargo means. Now, I think it proper for counsel to find out from the witness what general cargo means.

The witness has told him.

Mr. Langdon: He has designated here certain figures as general cargo exports.

Now he has spent 15 minutes telling us that that is not what those figures represent at all.

I am trying to find out what they do represent.

Mr. Moerman: The exhibit shows on its face that there is grain, coal, other minerals and tanker cargo.

The Witness: Everything else is general cargo including scrap, flaxseed, bananas, and so forth.

By Mr. Langdon:

Q. Now, turning to J. G. 9 and 10, dealing with imports, am I to understand then that the figures appearing over on the righthand side represent general cargo imports?

A. The term general cargo imports excludes everything except those other minerals, ores and tanker.

Q. Now, Mr. Gilbert, apparently you thought that general cargo imports and general cargo exports were meaningful, [fol. 227] at least from the point of view of comparing New York with South Atlantic and Gulfports, and I refer to J. G. 11.

A. The purpose there, or one—

Mr. Moerman: There is no question.
Mr. Langdon: Can you answer the question?
The Witness: Can you repeat the question, please?
Mr. Moerman: There wasn't one yet.
Exam. Boat: Please read the question?

(Question read.)

The Witness: The answer is yes.

By Mr. Langdon:

Q. Why did you not make that same comparison over the same period of time, namely, 1923 to 1956, for the North Atlantic Ports?

A. There are three reasons: One is that the data which we had, which is based on that of the Department of Commerce, for that reason is not as detailed, does not go back to 1923.

Point 2: The issue of differential rates which applies to the North Atlantic Ports, and we wanted to exclude iron ores since that is not an issue in this case, also is applicable in the area to the South Atlantic and Gulf.

Q. Here you say that you could not have made, with regard to the North Atlantic Ports, the same comparison over the same period of time—strike that question.

Am I to understand that the material with which to make the same comparison for the North Atlantic Ports as in-[fol. 228] dicated in your J.G. 11 is not available for the period of time indicated in your exhibits J.G. 7 to 10 inclusive?

A. Our records, which have been developed, only go back to around 1955—we have coastal regions, if I may explain.

In other words, we take the entire South Atlantic. But I could not break it as we have it here, into North Carolina, South Carolina and Georgia districts.

That is the reason why this was on the more current figures, while the other includes an area going back to 1923.

Q. What is the base for these figures? They are the Army Engineer figures, are they not?

A. No, ours are the Department of Commerce, which is the original source.

Q. And they do not go back to 1923?

A. I can say this with definition: We could not go back with a complete breakdown for those ports for that period of time using the Department of Commerce figures.

Q. Now, turn back to J. G. 7.

What commodities—and my question is directed now to column 7—do you include in "other minerals"?

A. If you will bear with me, I will get the precise definition.

The omissions are sulphurs, phosphates, iron ore.

Q. Now, what is included under Tanker cargo?

A. On which definition is that?

[fol. 229] Q. That is on the same J. G. 7 in column 8.

A. The definition there encompasses petroleum, coal tar products—put it this way: It is petroleum and coal-tar products and molasses for the period 1941-1945.

Q. Now, what does, in column 9, the designation "Foreign Aid Shipments" cover?

A. I hope you will bear with me, if you work with the data you will discover the government changes its definition about every two or three years and this is a problem for compatability of data.

Q: I am sure it is complicated.

A. But our job is to make it simple.

The definition which they have as Department of Defense controlled cargo under foreign aid programs and special category cargo. There is no data prior to 1948.

If you want a more precise one, you will have to speak to the people who work with it.

Q. Now, turn to J. G. 9.

A. Surely.

Q. What is included under "Other minerals"?

A. That is on the import side, is it not?

Q. Import side, column 5.

A. Other minerals, clays, gypsum, nitrates.

Q. And what is included in column 6 under "ores"?

A. Iron, manganese, chrome, bauxite, copper, lead, ilmenite.

[fol. 230] Q. Column 7, tanker cargo, is that the same as comprehended by tanker cargo in your export exhibits?

A. No, there the definition is a little more precise in the sense that it encompasses only petroleum products.

Q. Only petroleum and with the exception of the foreign aid shipments which you say go back only to 1948, am I to understand from you that the Department of Commerce figures do not permit a separation or showing of the character that you have in this exhibit no. 2, but limited to the North Atlantic ports?

A. I would say this: The Port Authority has spent in excess, well into five figures to derive this data, and as we went back it got more and more expensive. It is quite feasible that it could be done, if money was no object.

Q. What purpose did you undertake that, this work for?

A. It is the function or one of the functions of my section at the Port of New York Authority, to survey and analyze the flow of foreign goods through the Port of New York and the relationship of this trade to the other competing ports.

Q. But yet you did not make these comparisons with regard to the North Atlantic ports, your competitors in the same range as your own port, is that correct?

A. No. The choice was basically on this criteria: We were interested in what we felt is our main competitors. [fol. 231] They encompassed Boston, New York, Philadelphia, Baltimore, Virginia. The South Atlantic Ports, up until very recently, I would effectively say were not real competition. We then went to Galveston, Mobile, New Orleans and even the principal ports on the West Coast.

But times change and with the advent, the promotion of the ports on the South Atlantic, we then began to feel that it was worth our time and our effort and so we started keeping the figures, though we found it was prohibitive, at least on our initial investigation to develop a list or a historical series going back to 1923.

Q. But you did not keep the figures with regard to your principal competitors on the North Atlantic Coast.

A. That is not true.

We have the figures for our competitors.

Q. You have the figures?

A. Yes.

Q. In other words, you have the figures with which you could construct a showing such as you have in J. G. 7, 8, 9 and 10 but limited to the North Atlantic Ports?

A. Based on the data that we have—

Q. May I have a yes or no answer to that?

A. The answer is definitely yes.

Q. Yes?

A. Yes.

[fol. 232] Q. Now, Mr. Gilbert, turn to your exhibit J. G. 13.

A. Yes.

Q. Now, where did these figures come from? You say they came from the four railroads?

A. Yes, sir.

Q. Will you indicate who, in each railroad, gave you these figures?

A. I could not give the names at this time.

I would say with no equivocation, that the data was given to us by the railroads—and if I were to see various of the lawyers and the men when we had a joint meeting—since we at the Port were interested in the over-all picture, I was called in to bring together the total picture of each of the roads which are indicated under there, and this can be substantiated.

Q. Did you hear the testimony on Monday, at least on the part of one railroad, that no 1956, calendar year now, figures had been compiled for export and import traffic between New York and differential territory.

A. On Monday I spent 13 hours coming down here on the Pennsylvania Railroad.

In that sense it is correct, these are not—these are statistical years, they are not calendar years.

Q. Well, what do you mean by a statistical year now?

A. It is the difference between a fiscal year that the [fol. 233] government has for its accounting purposes, in contrast to a calendar year that begins on January 1 and ends on December 31st.

Q. Then this should be—is that true of 51? A. It is true for both periods.

Q. Well, you mean that these tonnages you show here for 1951 are really not for 1951, but are for a part of 1950 and 1951, or are they part 1951 and part 1952, or what are they?

A. They are part 1951, the statistical year, if we use that definition, 52-52, 55-56.

Q. Did the railroads supply you with these 1951-1952 figures?

A. That is correct.

Q. So that 1951 includes the year that follows, 1952 but 1956 does not include the year that follows, on the contrary, it includes the prior year?

Is that what you meant to say?

A. No, we were speaking of 12 successive months.

The period of 1956, for example, encompasses the period from 8-1-55 to 7-31-56.

Q. What is a statistical year?

Is it a year beginning July 1? Is it comparable to the government fiscal year?

A. No, it is any 12 successive months which would comprise a year.

[fol. 234] Q. Are these successive months?

A. They certainly are.

Exam. Boat: Does the 1951-1952 period begin with the same corresponding month?

The Witness: That is right.

I am more positive about the 1956—I am definite about the 1955-56 period since I have more occasion—the same method of approach was used for the other period, Mr. Examiner. I would have to check the other time period.

Mr. Colgren: I think perhaps I should clarify the record. The statistics for 1951 are for the calendar year 1951.

Mr. Langdon: Are we getting the testimony now or is this—

Mr. Colgren: Excuse me. I withdraw my comment.

Mr. Langdon: So, Mr. Gilbert's testimony is incorrect, is that right?

The Witness: As I said, I am not certain about 1951. I am definitely sure that it was 8-1-55, 7-3-56 for the latter period.

By Mr. Langdon:

Q. Who handed these figures to you?

A. I worked with the railroads.

Q. Who did you work with?

A. I do not recall the names. But I can give an example, in one case it was Mr. Colgren of the New York Central and [fol. 235] Mr. Keefe who was the man on the job handling it for the New York Central.

Q. Have you tried, Mr. Gilbert, or have you undertaken to reconcile your figures for the year 1955-1956 with the figures given in Mr. Crookshank's testimony for that same period?

A. I know nothing—I was not here. I know nothing about Mr. Crookshank's testimony.

Q. You know nothing about the figures he used in his testimony?

A. I have no occasion to see it.

Q. The answer is no.

A. The answer is no.

Q. Now, Mr. Gilbert, the Department of Commerce publishes every once in a while, does it not, figures which compare the value of the export-import traffic moving through the several ports?

A. They do.

Q. Have you any figures using that criterion as a measure of the traffic through these ports?

A. We could do—now we do not use the dollar criteria for the flow of traffic because it is only—it is of no concern to the people in the transportation business. They are interested in the tonnage, since that is what they are selling.

Q. Is it of no concern to the Port Authority as to the value of the tonnage moving through New York?

[fol. 236] A. It would be of concern to the business community wherever they are in the import-export trade.

Q. I did not ask you about the business community, I asked you about the Port Authority. Doesn't the Port Authority, itself, repeatedly refer to the value of the traffic moving through New York, as compared with the value of the traffic moving through the other North Atlantic Ports? Don't you compile the figures?

A. I believe the Department of Commerce compiles the figures.

Q. Do you bring them together for the review of your Port Authority people?

A. We do.

Q. But you have not seen fit to produce them in this case?

A. The—

Mr. Moerman: I did not think they were fit to produce in this case, because what this case is about is railroad tonnage, and freight that produces revenues for the railroads.

I was the one who saw what was fit to produce here, not this witness.

Mr. Langdon: That is very revealing. I had understood that the railroads have had a preference for high grade traffic, but maybe that is wrong.

Mr. Moerman: High grade traffic that moves by truck, [fol. 237] that does not bring them any revenue like iron ore—

Mr. Marbury: I thought this case was not about iron ore.

Mr. Langdon: It isn't in this case.

Mr. Moerman: I know, but it is moving on the B & O and not the New York Central, and that is why the New York Central is here.

That is why we are here.

Grain is moving through Baltimore and not through New York and that is why we are here, too.

Mr. Bongartz: I think you have your cases confused, Mr. Moerman.

Mr. Foley: Mr. Examiner, equalized rates are being sought on Iron Ore, currently, and I do not think that can be ignored.

Just because the two cases are not consolidated, does not make iron ore irrelevant.

Mr. Marbury: Would you like to consolidate them? We would be glad to consolidate them.

Mr. Moerman: I think it is about time we stopped talking about ports and started talking about railroads.

Mr. Marbury: The ports have rights, too.

Exam. Boat: Let us confine ourselves to questions and answers here.

Mr. Langdon: Yes, I think that would be a good idea.

[fol. 238] By Mr. Price:

Q. Mr. Gilman, in discussing your J. G. 4 you state that the significance of Philadelphia's growth, as you put it, in the share of total U.S. foreign trade is—that its growth started at the end of World War II and has continued to the present time.

How do you account for the fact that Philadelphia's growth did not begin until after World War II?

A. That is exhibit 4?

Q. Yes, sir.

Mr. Welsh: What exhibit are you discussing, sir?

Mr. Price: J. G. 4.

The Witness: What I say about Philadelphia applies to all ports. The composition of the goods moving in foreign trade has changed radically.

The phophecies of the Paley Commission about the importation of raw materials are no longer prophecies they are facts, and that includes a whole range of raw materials.

We think of this country as an exporter of manufactured goods. But if you remove the volume of foreign goods moving to Canada and Mexico, which encompasses close to 30 per cent of all the foreign trade of the United States, you will discover that the movement of so-called manufactured goods of the United States in foreign markets is continually declining, and those on both the import and the export side are raw materials, and to a lesser extent, semi-finished [fol. 239] goods.

Mr. Price: Will the reporter read the question to the witness?

(The question was read.)

The Witness: The answer is the change in the composition of foreign goods, or the goods moving in foreign trade.

By Mr. Price:

Q. What, in your opinion—why, in your opinion, did not the rate differentials you are here complaining of increase Philadelphia's share of the traffic prior to World War II?

A. Well, let us speak about a specific commodity, if you would.

Q. I am asking you about the whole range of commodities, all commodities are involved here.

A. Then I only repeat what I said before, unless we go into particulars.

Q. That is your answer to that question?

A. Definitely.

Q. Your J. G. 11, that compares certain ocean-borne tonnage figures for 1955 with those for 1956. What is the significance of that comparison?

A. What is the number of that exhibit, please?

Q. 11.

A. The purpose of that exhibit was to show that on a range of goods the effect of the differential on other than [fol. 240] the bulk commodities which we have enumerated, was being felt at the South Atlantic and the Gulf as well as on the North Atlantic.

Q. Does not your exhibit show that in so far as exports are concerned, New York's participation increased and the other North Atlantic Ports decreased?

A. Yes, it does show that.

Q. Do you think that has any significance?

A. No, it does not have any significance, in terms of just the short run. I mean you are speaking of one year to another; if you wish, I will go into that in more detail.

Q. That is the question I originally asked, what significance does a one-year comparison have in your opinion?

A. As I explained, I would have loved to go into it in more depth but we did not have the data for it.

Q. J. G. 13, you make certain comparisons, 1951 versus 1956. It is a fact, is it not, that 1951 was a war year?

A. It was.

Q. Do you think that would affect the validity of your comparison?

A. Definitely not. When you look at the growth of foreign trade between the two periods I think you find I was conservative.

Q. In your opinion should we compare tonnages moved through New York during 1941-1945—do you think those [fol. 241] figures have any particular relevance?

A. If you would explain what relevance is relevant to, I might say yes.

In other words, you cannot take it in abstract.

Compared to another war year, it may be significant.

Q. You are saying that traffic moved during the war periods, the amount has significance in this proceeding?

A. In this proceeding, no.

Q. Why, then, did you use a war period in J. G. 13?

A. The Korean crisis, which I believe is the correct terminology, was quite different from a war period. It was a high period, and if anything it would be biased against us.

In other words, I was choosing a high period. If I wanted to accentuate it, I would have taken a period where the volume of foreign trade was less.

This was dictated by the availability of data.

Q. You say 1951 was a high period, correct?

A. I believe so.

Q. 1956 was a low period?

A. No, I am saying if I wanted to bias it, I would have chosen 1949, where the volume of trade was down.

Q. Did you ask for these data or did the railroads give you what they had?

A. The Port of Authority was cooperating, and we were influenced by the problems of the railroads.

[fol. 242] Q. Could you answer my question, please?

A. The period of time was chosen by the railroads.

Mr. Price: That is all.

Mr. Walker: I have a question or two, if I may.

By Mr. Walker:

Q. On your exhibit J. G. 1, Mr. Gilbert, just as a matter of information, why did you start with 1923? Is there any significance to that year?

A. Yes, I would say the significance was that the data which we have at the Port Authority goes back to 1923, so as a result we went back to whatever we had.

Q. That is the first year you have, that is the reason for that?

A. That is correct.

Q. Now, the trend line shown on exhibit J. G. 1 is down. If traffic keeps on like it has in the last 10 years, would that line finally get down to zero?

A. If the trend were to continue, the answer statistically to that is yes. But obviously, if you know the derivation of the data, it would take an infinite number of years to arrive at that period of time.

Q. But finally, you would—

A. In the year one trillion, yes.

Q. Now, on sheet 3, in discussing your decline, you state that the greatest part of the decline occurred in the period following World War I.

[fol. 243] A. One or two.

Q. World War II, I guess.

World War II.

Looking at your exhibit J. G. 2 page 2, where you say the greatest decline occurred after World War II, New York's tonnage in 1946, which was the first post-war year, was 25,696,000 tons, is that right?

A. That is correct.

Q. And in 1956 it had increased from 25,696,000 to 36,246,000—quite a substantial increase in the volume of tonnage, is that right?

A. Mr. Gilman explained before that all that increase and then some is accounted for by one commodity and that is petroleum.

Q. If you eliminated all commodities, you would not have any tonnage, would you?

A. I certainly agree with you.

Q. Now, on your exhibit J. G. 6, showing the export tonnage through Hampton Roads, in 1956 you show a total tonnage of 39.5 million tons.

Do you see that figure?

A. Yes.

Q. How much of that is coal?

A. I do not know. I would have to check it.

Q. About 95 per cent of that is coal, is it not?

[fol. 244] A. I would say a large share.

Q. Well, 95 per cent, would you agree that is about correct?

Do you think that is correct?

A. I could check it if you wish.

Q. How long would it take you to check it?

A. I do not have the data with me. I would say it was about 90 per cent or thereabouts.

Q. Now, your exhibit J. G. 11, I do not know whether I understand that exhibit or not.

Under 1956 you show New York import—let's take J. G. 11, your export, page 1.

In 1956 as I understand it, your export tonnage through New York was 6,397,000 tons, is that what that shows?

A. Yes, sir.

Q. Now, do I understand that the export tonnage during the year 1956 through all other North Atlantic Ports from Halifax to Norfolk was only 4 million tons?

A. We are getting back to definitions.

These are a group of commodities and for those commodities, the figure is correct.

If we include your coal, this thing would become microscopic.

Q. Is coal in this case?

A. If we do not have this or any other, we would have no [fol. 245] commodities.

This is why definitions are so important.

Q. Well, as far as your exhibit shows, that you have put in this case, general cargo traffic moving through New York in 1956 was greater than the general cargo traffic moving through all the other North Atlantic Ports put together, is that correct?

A. Of the commodities that we listed, yes.

Q. Don't you think they are important, the commodities that you listed?

A. I think any commodity that moves by rail is important.

Q. Have you any complaint with this disposition of the traffic, 6,397,000 to New York and 4 million to all the other North Atlantic Ports put together?

A. Sir, I have worked on the data and when I watched the amount of traffic that the railroads are handling at the Port of New York, I am concerned.

Q. Do you think you are entitled to more than that?

A. Sir, the Port of Baltimore handles 4,900,000 tons—

Q. I am not talking about the Port of Baltimore.

Mr. Moerman: Let him answer—

Mr. Walker: He is not answering—

Mr. Moerman: Mr. Examiner, let the witness answer; I beg of you.

Mr. Walker: I do not want him to answer. I do not want [fol. 246] him to talk about Baltimore when I ask the question of him.

Exam. Boat: Well, that is involved in the answer, I believe.

Mr. Walker: Read the question to him, please, Mr. Reporter.

(The record was read.)

The Witness: May I answer, Mr. Examiner.

Mr. Walker: Certainly, I want you to answer.

The Witness: Proceeding on the point that I made before, I think that the 9 roads serving the Port of New York who only must divide among them on the average, 300,000 tons, have a case when only three roads at the Port of Baltimore share among them close to 5 million tons.

By Mr. Walker:

Q. You are looking after the interest of the railroads now?

A. There is a case of—this is a railroad case.

Q. Don't you think this is a port case?

A. A port needs a successful and prosperous railroad, it needs successful and prosperous railroads This I am deeply concerned about.

Q. Let us look at your imports now, on page 2 of exhibit J. G. 11.

Do I understand that during the year 1956 New York received 6,494,649 tons of general cargo traffic?

A. That is correct.

[fol. 247] Q. And all the other North Atlantic Ports put together, from Canada to Norfolk received only 4,918,000 tons?

A. Of the particular commodities included under that definition, the answer is yes.

Q. Do you think this—do you think that New York is getting less than its proper share of that traffic?

A. Its share of the traffic moving from the CFA territory or of the total traffic moving in waterborne trade is definitely too small.

Q. Why do you think New York is entitled to more general cargo traffic than all the other ports put together?

A. I am not speaking about general cargo. I was speaking—

Q. Your exhibit shows it. That is what your exhibit is talking about, speaking about. Now, give me a reason why you think New York is entitled to over a million tons, more than all the other North Atlantic ports put together. You say it is unfair to New York?

A. In terms of the commodity disposition there, I have nothing to say about it, the record speaks for itself, of those commodities.

Q. That satisfies me.

Do you know how much traffic moved from differential territory to—strike that question.

Do you know how much more traffic moved from differential territory, to and from differential territory through [fol. 248] New York than through Hampton Roads?

A. I have here the records for New York and Baltimore. I think I could work up the other.

Q. Taking my word for it, if New York is receiving twice as much traffic, all traffic now, as Hampton Roads, to and from differential territory, do you think that is an unfair share of the traffic for New York?

A. I think the only issue involved is the right for all ports to compete without any artificial advantages.

Q. I thought you were complaining about the share of your traffic.

A. And our ability to compete, because of the disadvantage.

Q. Do you think that twice as much traffic through New York as Hampton Roads is unfair to New York?

A. If you take Baltimore, Philadelphia, Norfolk or just

Baltimore alone, which is the one I took, I would say yes, with no equivocation.

Q. Is your complaint against Baltimore and not Hampton Roads?

A. Our complaint is against a rate which prevents the ports from competing because of this artificial advantage.

Q. Well, do you think rates should be the same regardless of the service performed?

A. What do you mean by service?

Q. Transportation service.

[fol. 249] A. I think the rate should be the same from the point of origin to the point of destination, which is the—

Q. Do you think distance should have anything to do with the volume of the rate?

A. At this point you are getting beyond my field. I am only an economist.

Mr. Walker: That is all.

One other question.

By Mr. Walker:

Q. One other thing I want to call your attention to. I think it is an error.

A. That could well be.

Q. That is on exhibit J-G. 4 on page 5, you are talking about Philadelphia's share of the traffic. You show that in 1923, the Port of Philadelphia handled 10 per cent of U.S. ocean-borne foreign trade and that in the year 1956 this percentage had risen to 24.7.

Is that taken from the figures on J. G. 4, this statement?

A. Yes, in all cases the data is the—the data on the back sheet substantiates the chart. That is the composition of the exhibit.

Q. I think, if you refer to J. G. 4, I think you will find that all those figures that you state there are probably wrong.

A. That could well be. I will check and notify you. But [fol. 250] to the best of my opinion they are correct.

Mr. Moerman: Mr. Walker is right.

I think that correction should be made.

A. That data is correct, by the way.

Mr. Walker: You say your statement is correct or incorrect?

The Witness: Yes, the numbers are accurate.

Mr. Walker: I call attention to it. I do not think they are in accordance with the exhibit.

The Witness: If I may say off the record.

Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

Are we to understand that you testified that the figures on J. G. 11 include only tonnage to and from the affected territory?

The Witness: That is correct.

Exam. Boat: That is the same as Central Territory?

The Witness: That is correct, I refer to CFA.

Mr. Macleay: J. G. 11.

The Witness: I think it is 13.

Exam. Boat: J. G. 11 is what I was speaking of.

The Witness: No, I take that back, that is statistics at the port, regardless of how it moved to the port area.

Exam. Boat: Thank you.

[fol. 251] Does that complete the cross-examination?

(No response.)

Any redirect?

Mr. Moerman: One or two.

Redirect examination.

By Mr. Moerman:

Q. Mr. Gilbert, looking at your J. G. 2, the year 1956, with respect to which you testified that of a total export and import traffic of some 36 million tons, 17.5 million tons were petroleum products?

A. I believe the figure is 12 million.

Q. 12 million?

A. To the best of my recollection.

If you wish, I could check it.

Q. Is that import or export?

A. That is only inbound.

Q. Can you check that figure from your papers there?

A. Surely.

I wish to retract the statement, according to the data I have on hand, the import tanker cargo in 1956 was 19,099,000 long tons.

Exam. Boat: That is included in the figure for 1956?

The Witness: That is in the total, yes.

Exam. Boat: —shown on page 2?

The Witness: Yes.

By Mr. Moerman:

Q. You subtract 19,099,000—

[fol. 252] A. Yes.

Mr. Walker: Is that figure in any of your exhibits?

The Witness: That number is included in the total, sir.

By Mr. Moerman:

Q. Mr. Walker, sir, wanted to know if the breakdown of 19 million was shown anywhere in the exhibits which you have filed here.

A. I do not believe so.

Q. What is the source for the 19-million figure on petroleum products?

A. The source is the United States Department of Commerce.

Q. Can you identify it any further?

A. Yes, it is U.S. Department of Commerce, Bureau of Census, the Department of Shipping Statistics.

Q. All right.

Now, bearing that figure in mind—pardon me.

With respect to these petroleum products—that is what you call them, is it not?

A. Yes.

Q. —do you know what they are?

A. On the inbound side it is only petroleum.

Q. What kind of petroleum, is it crude, refined, or what?

A. We have made at the Port of New York a study of the type of petroleum which is imported. The overwhelming percentage at the Port of New York is referred to as residual oils which is used for heating purposes in contrast [fol. 253] with further refining into gasoline.

It comes in, usually it is in a state used for industrial purposes.

Q. Look at your exhibit J.G-10, the year 1956, last line, under tanker cargo, is that the figure you gave us, 19,-099,000?

A. Yes, that bears it out. That is the same number, same source.

Q. Now, do you know to what extent if at all, any of that tanker cargo moved inland by rail from the Port of New York?

A. It was microscopic. We used the I.C.C. waybill statistics just to get a feel of how much petroleum moved by rail to these areas which are included in the CFA territory.

I do not recall the number offhand. I could check it. It was very, very minor.

Q. Turn to your J. G.-6. That is your Hampton Roads showing. For 1956 you show 44 million tons of which Mr. Walker insists 95 per cent is coal—I beg your pardon. 95 per cent of the export, 39 million tons, is coal.

Now, do you know whether any of that coal originated at Hampton Roads?

A. According to our studies, based on the ICC waybill statistics, it appeared that practically all of it came by rail from some point beyond.

Q. It had a rail movement?

[fol. 254] A. Definitely.

Q. As contrasted with what you say is a microscopic railroad movement on the petroleum, some 19,000,000 tons?

A. Yes, sir.

Mr. Moerman: That is all.

Mr. Langdon: Before the witness is excused, I am wondering if I could call his attention to what appears to be an error on JG-2, page 2.

The Witness: Surely.

Mr. Langdon: In column 4, 1945. He shows a total of 23,388. Should not that be 28,000? 1945, column 4?

The Witness: I agree, Mr. Examiner, do you want me to take the time to verify it now. I know if you add it—check the basic source data which I have in front of me.

Exam. Boat: Yes.

By Mr. Langdon:

Q. That will change your percents, too, will it not?

A. That is why I want to pin down the source of the mistake.

Exam. Boat: If you will vertify the export and import figures, why, we will make the necessary computations.

The Witness: All right.

The tonnages are correct.

Exam. Boat: The basic figures are correct?

[fol. 255] A. Yes.

I would then have to verify against the universe whether the percentage is correct. I can not speak on that.

Exam. Boat: The other figure would be 23,088—

The Witness: Yes, the basic figures are correct.

Exam. Boat: The percentage can be computed.

The Witness: Yes.

That would have to be computed against the Universe.

Exam. Boat: Any further questions?

(No response.)

Offer in Evidence

Exam. Boat: Do you tender the exhibit, Mr. Moerman?

Mr. Moerman: Yes, at this time I offer the testimony and exhibits of Witness Gilbert in evidence.

Exam. Boat: They will be received as exhibit No. 16.

(Exhibit 16, Witness Gilbert was received in evidence.)

Mr. Moerman: I call Mr. Edward K. Laux.

Thereupon Edward K. Laux was sworn and testified as follows:

Mr. Moerman: Mr. Examiner, I should like to offer for identification the verified statement of Mr. Edward K. Laux, traffic manager, Port of New York Authority. His statement consists of 64 pages and is accompanied by not less than 20 exhibits.

[fol. 256] Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: The documentary matter will be considered a part of this exhibit which will be No. 17.

(Exhibit No. 17, Witness Laux in support of Respondents was marked for identification.)

Direct examination.

By Mr. Moerman:

Q. Before I turn you over for cross-examination, there was some query earlier in the day about direct bookings. Are you prepared or can you help us a little bit on definition of that term?

A. As I understand the term, it means that the customer or buyer arranged for the booking with a Steamship Line before the freight was moved from origin to the port.

Q. Which contrasts with what other situation?

A. Well, ordinarily an exporter moves his freight to the port, North Atlantic Port, South Atlantic or Gulfport, and there it is handled or controlled by a foreign freight forwarder, and the foreign freight forwarder ordinarily makes the booking with the steamship line.

Q. And in direct booking he makes—the shipper makes it what?

A. The consignee in Europe or the foreign port makes it, he makes the arrangement with the steamship line.

[fol. 257] Q. I see.

Is that clear as far as it goes, Mr. Examiner?

Exam. Boat: I think that clears it up.

Mr. Moerman: All right, sir.

I tender the witness for cross examination.

Cross examination.

By Mr. Langdon:

Q. Mr. Laux, at the top of page 4 of your statement you say that with regard to the equalization of through ocean-rail rates prior to 1935 you will show later in your evidence examples.

Do you mind pointing to that part of your testimony where those examples are shown?

A. Well, for one place, we mentioned woodpulp, imported woodpulp and the other place where we made reference to it was in the exhibits which were reproductions of an engineer's report covering the Port of Boston, I believe, my exhibit H.

In this report, which is an excerpt from the Port of Boston, Massachusetts Port series No. 2, prepared by the Corps of Engineers for Rivers and Waters, War Department, reference is made to these differences in the ocean-rates.

And I believe the report also contains some calculations of the railroad rates and the steamship rates as of that time, that is before World War I.

I presume that is the period they were referring to.

Q. What page do you refer to on that exhibit?

[fol. 258] A. Well, I just picked up this one page, it is No. 112. It is about the third from the last page in the exhibit. It shows a table there, the United Kingdom via Boston, New York, Philadelphia, Baltimore, etc., examples from Chicago on agricultural implements, clothing, grain, meats, shoes, and so forth.

Q. Now, that situation began to be changed, did it not, right after World War I?

A. Yes, as I remember the history of it—of course right after World War I, I was not too much involved in this business, I was just a youngster having a lot of fun.

But as I read the history, these conferences commenced to form following the Shipping Act of 1916.

I presume you are familiar with that Act. That Act is the first legislation that this country had under which ocean rates were controlled or regulated. And in that Act was a proviso that the steamship lines may form conferences and gradually the steamship lines formed those conferences.

One group covered the United Kingdom; another one, the Continent, another one South America and so on, and little by little the rates became stable and they were on the same equality for all ports.

In 1935 it was further accomplished when the carriers that handled grain and so on, kind of got together and agreed that they observe one rate from the North Atlantic Ports.

[fol. 259] Q. Would you say that the more important rates were equalized soon after World War I and that the rates that were equalized later were the less important ones, or how would you divide the progress made between World War I and 1935?

A. Well, from the railroads' standpoint, the ones that were equalized did not mean too much to the railroads' volume, and of course the volume was on export grains and packinghouse products, commodities of that nature, which moved from far inland distant points.

The so-called equalized rates which covered this term which has been referred to as general cargo and I might say to clarify the record general cargo is a term they use in the steamship trade, and they list all the commodities in the tariff and they say, instead of saying NOIBN, like we do in the railroad business, they say general cargo, and there is a flat rate.

As to those commodities, they did not move in such great volume from the interior.

Q. But what there was of those commodities, that was moving through New York, wasn't it, principally?

A. Oh, I do not think so. We have had other ports, New Orleans was a big port, Boston was a big port, Philadelphia has always been a big port.

Heavens, Baltimore is a wonderful port.

Q. Now, that equalization that you say took place— [fol. 260] rather, terminated in 1935, marks, as I think you testified, the beginning of New York's disadvantage, using your words?

A. I believe that is about it. We commenced to worry about the differential, the railroads did, I mean. Not me. I was not around in 1935.

Q. You say at page 51 in your testimony that you have been insisting upon equal rates, equal rail rates since 1935, the Port of New York Authority, that is right. But as far as me, personally, I have only been with the Port Authority since 1944 and I can promise you I did insist upon getting this adjustment.

Q. Was that insistence very real as to you?

A. Well, I do not know what you mean by real?

Q. Determined.

A. You mean did we make it stick or something?

Q. Yes.

A. No, we were really gentlemen, we talked quite nice about it, we had lunch together and outlined the problems and I think the railroads realized that it was time to move ahead.

Q. Why did you not file a complaint?

A. I do not know.

Q. You do not know why you did not file a complaint?

A. No, well, I think one reason is that we thought it was the problem of the railroads, not the Port Authority.

Q. Port Authority has got no business with this case, you mean?

[fol. 261] A. Well, I do not believe we have the right to tell the railroads what they must do. We try to cooperate with them. We know they are important in our port. But we believe, if a railroad is in trouble—well, you ought to know about it—meeting truck competition, you meet it every day, if they cut the rates in half, say, well, we have a competitive situation here and I think it is time for the railroads to move ahead and help themselves in preventing further loss of traffic.

Q. So, you have been insisting since 1935 that the railroads act in their own self-interest, right?

A. Yes, we have been insisting in a manner where we showed the different movements that have been diverted and where shippers have informed our people that the reason they were diverted was on account of the differential.

Q. You say at page 46, Mr. Laux, that these rates should have been filed 10 years ago.

A. Right, 10 years ago, that would be what, about 1948-something, right after World War II.

Q. Right after World War II they should have filed these rates in your opinion?

A. Yes, sir.

Q. Have you been selling them on this idea, have you been telling them that all these years?

A. No.

Q. Did you assume that they would reach that conclu- [fol. 262] sion, themselves?

A. Yes, I had a lot of confidence in the New York Railroads. Of course, they have had their problems and everybody knows they have had their problems in trying to get enough revenue to live on.

They have been called into all these ex parte cases and whatnot and they have kept them pretty well occupied.

Of course, this Port business was a fringe deal in a way, they had so many other things to worry about.

So, whenever we could, we brought it to their attention.

Q. From the port point of view, it does not make any difference, does it, whether this traffic comes to you or leaves you by truck or by rail?

A. From the standpoint of port facilities, steamship piers, things like that, it does not. But let me tell you that the railroads have an important stake in our port.

We have a lot of railroads, we have got good ones, which we want to keep there, healthy, we can't fold them up, their facilities are there. They have to make money with them.

In order to make money, they would have to have a greater volume of business.

If they had a greater volume of tonnage, I am sure their costs that Mr. Bongartz referred to or is incorrectly [fol. 263] referring to, would be greatly alleviated.

Mr. Bongartz: I ask that be stricken as clearly incompetent.

Mr. Moerman: No objection.

Mr. Langdon: If it stays in the record, I would like to ask some questions. Is it then stricken or not?

Exam. Boat: I do not think it should be stricken.

Mr. Bongartz: The witness has shown no qualifications whatever.

Mr. Langdon: I understood you to say it was stricken.

Exam. Boat: No.

Mr. Langdon: It is not stricken.

By Mr. Langdon:

Q. I take it then that you believe that if traffic at New York is handled at less than cost, the more traffic you handle the greater the loss or do you turn a loss into a profit?

Mr. Moerman: I agree with Mr. Bongartz, I do not think the witness should get into this subject, because he did not testify about it.

Mr. Bongartz: Then I renew my motion and I take it you join.

Mr. Moerman: Yes, I do.

We have other witnesses on costs.

Exam. Boat: Let us develop it through someone who is competent to go into that, if necessary.

[fol. 264] Mr. Bongartz: Do I get a ruling now?

Exam. Boat: It will be considered stricken, yes.

Mr. Moerman: Philadelphia and New York agree against Baltimore.

By Mr. Langdon:

Q. So that, since 1935 the Port Authority has been insisting upon equal rates and you say that these tariffs should have been filed 10 years ago, right?

A. That is substantially correct, yes, sir.

Q. You refer at pages 7 and 8 of your testimony, Mr. Laux, to the fact that the bulk ocean carriers tend to assess, and I emphasize "tend" because that is your word —and then a penalty against New York Authority handling of bulk traffic at New York. You also say that those bulk carriers, as I read your testimony "incline toward assessment of a penalty charge against New York," is that correct?

A. That is correct.

Q. Now, when you say "tend to assess," what do you mean?

A. I mean to say if we were endeavoring or someone was endeavoring to bring a cargo of dry bulk commodities to New York, for example, ore, if the boat lines were asked to quote on a cargo of dry bulk commodities, the tendency would be that they would require a higher charge to New York than they would to Baltimore or the other ports to the South of New York.

Q. Does that mean that ocean rates on bulk traffic are [fol. 265] not equalized?

A. Well, I cannot say whether it does or does not, because we have handled very little dry bulk.

You see, if we had the proper railroad rates for dry bulk, then we could probably talk about it more realistically. But as I make my investigation with these carriers that are interested in dry bulk, they all say, well, if you have a return cargo we have to ship out of New York as against Baltimore or somewhere else to get some coal or grain which we do not have.

Q. So in the event of a traffic shift at some of these out-ports, you would anticipate that these bulk ocean carriers would tend to treat those out ports in the same way that you say they treat New York, is that right?

A. No, I think if we had equalized rates for the railroads, why we would not have any problems.

These boat lines could come into New York, Baltimore, all at the same rate.

Q. You would get our bulk traffic from us, is that right?

A. No, we are going to get new traffic. Don't you know it is going up? Don't you look at the papers? Certainly new traffic, millions of tons of it.

Q. Where is that going to come from?

A. I do not know. All over the world. It has been ascending right along, has it not?

[fol. 266] Q. Is the object of these equalized rates that you want, to put you in a position to handle new traffic?

A. In a position to handle new traffic and to prevent the downward trend of our traffic, in other words, to stop the tonnage from going down, down, down, as Mr. Gilbert tried to show you.

Q. You are satisfied with your present share, but you want to stop further erosion?

A. We want to stop further erosion and then see what we could do about improving our present share.

Q. By diverting bulk traffic that is moving through Baltimore and the other outports, right?

A. No, I do not say by diverting it.

Q. Where is it going to come from?

A. I said more imported tonnage. The iron ore, for example, that has gone way up since the fight started on the iron ore rates.

Philadelphia has got a lot of iron ore and Baltimore really did not lose it.

Q. Are you satisfied to let Baltimore and Philadelphia maintain their present shares of the bulk traffic?

A. Of course. We are neighborly with you fellows. We do not want to take everything away from you.

Exam. Boat: Shall we recess for 10 minutes at this time?

[fol. 267] (A brief recess was taken.)

Exam. Boat: Come to order, please, gentlemen. We shall resume now.

By Mr. Langdon:

Q. Mr. Laux, at page 10 or 11 you refer to your experience as an industrial traffic manager, and apparently you employ that experience as the basis for your statement that industrial traffic manager would not be doing an efficient job by using a higher cost transportation service when a lower cost service was available.

Do you mean when you use the phrase "Lower-cost service" a measure that is limited to dollars and cents?

A. No, sir, I had in mind only one thing, the railroads' rate, or perhaps in any other—a freight rate. I mean using some other mode of transportation, perhaps barge or coastwise line.

Q. You did not intend by that statement, then, to connect up the rail service with the ocean service?

A. No, sir.

Q. Wouldn't that be the criterion that an industrial traffic manager, interested in export or import freight, would use?

A. Hardly.

Q. He would only look at the rail rate?

A. Yes, sir.

Q. Is it your theory or understanding, rather, that service on the or at New York and all these out ports is com- [fol. 268] parable?

A. I would say so, it is reasonably comparable; ordinarily for your information, on export traffic these firms generally have an export manager who makes the deals on how they will sell or what kind of a deal, if any, they will make—the shipper.

The traffic manager, his duty is to find the lowest railroad rate or truck rate or steamship rate to get the freight to port.

Q. Is it your understanding now, and I want the record clear on this, that the ocean service provided at New York is not any better or any worse than the service provided at the out-ports?

A. Well, if you are talking about out-ports, I do not know what you mean by out-ports.

Of course, there is a difference in steamship services from the various ports, but naturally they have to look to the port that is competitive, and I would say, using Baltimore as an example, or New Orleans, that the service there is just about as good as it is from New York.

Q. Is that what you tell the public through your advertisements and articles via the Port of New York?

A. We have to tell the public how good our service is to match what you tell the public about Baltimore.

Q. Isn't it true, Mr. Laux, that from the point of view of frequency of service, directness of the service, that there [fol. 269] is no comparison between New York and Baltimore?

A. Definitely not. I looked into that, and I was really startled to find the way the service from Baltimore has improved, it jumps in leaps and bounds from one month to the other.

They pick up three or four more sailings, some more direct sailings, they are doing a pretty good job at Baltimore.

Q. Is your testimony based on advertised service or actual service?

A. Well, the only thing we have to go by is advertised service, but we were compelled to look over the official figures in view of Mr. Hammel's elaboration in his exhibits and that kind of—that made an awakening in our shop.

Q. You indicated that there were some differences between scheduled service and actual service.

A. Well, it showed Mr. Hammel left out about 800 vessel sailings.

Q. What were they?

A. Dry bulk carriers.

Q. Dry bulk carriers?

A. And also general cargo carriers.

Q. Sailing from where?

A. Sailing to and from the Port of Baltimore.

Q. During what period of time?

[fol. 270] A. The same period of time Mr. Hammel chose to select. I think it was a six-month period.

Q. Are you going to put the criticism of that exhibit in the record?

A. I do not know.

Q. Now, you refer, as among the 18 reasons why the Commission is justified in lowering rates to the Gulf, to the then existence of differential lake-rate and barge rates at New York. I think that was reason No. 16 and it is on page 31.

A. May I repeat 16—see if we got the right one: The differential rates under the all-rail rates available between New York and interior points via lake and rail routes and the New York barge canal: That was one of the reasons submitted, as I recall it, by the carriers in this docket case 3718.

Q. Now, in relation to your comment, I would like to ask this question: You say, since World War II all of the rail and lake and barge services to and from the Mid-Continent area have been suspended. My question goes as to the suspension of the barge services. Is there no longer available barge service from New York to the Mid-Continent area?

A. That is correct. It is no longer available as it was in the pre-World War II days.

There are barges that are operating on the canal today but they are industrial carrier barges. They move per-

[fol. 271] haps cement and petroleum products, industrial products. But they are not common carriers, as such.

We have one or two that become involved maybe on some special commodity movement, but as a general proposition, the barge competition has deteriorated so much that the New York Railroads do not even bother meeting their competition.

Years ago they used to reduce their rates in the summertime. Today they ignore them entirely, do not bother with them at all.

Q. How much is the import and export tonnage, or aggregate tonnage if you have not got the breakdown between export and import traffic, moved over the barge canal last year?

A. I do not know. I know it is a pretty substantial tonnage. But it is not the type of tonnage that would be involved in this CFA case.

Q. Are you sure of that?

A. Pretty positive. You may be referring to some isolated movement of maybe newsprint and perhaps an isolated movement of grain.

We do know of one or two special movements like that, but it really does not mean anything because it is sort of a deal that somebody made, you know, "we carry the paper one way and I will bring the grain back," and if you wanted to ship over that line you probably could not get space on [fol. 272] the barge.

Q. Now, your reason 18, you say—you quote the Commission or paraphrase the Commission: "densely populated and highly industrialized territory immediately adjacent to New York which affords a market for a large volume of import traffic and produces great quantities of high-class export traffic."

Again I am interested in your comment, you say that this finding by the Commission has nothing to do with the issue in this case. That is the sixth line down in your comment.

Mr. Moerman: I would like to interject at this moment to say that I do not believe the witness says they are findings of the Commission.

I believe that these are a summary of contentions made by the Southern ports. If you look back on page 26, I think the witness states it correctly, Mr. Langdon.

Mr. Langdon: Whatever they are, I am interested in Mr. Laux' comment.

Mr. Moerman: All right.

Mr. Langdon: —that the fact that New York is a densely populated highly industrialized area, and produces a large amount of high class export freight and is producing great quantities of high class export freight has nothing whatever to do with the issue in this case, is that correct?

A. That is correct.

[fol. 273] By Mr. Langdon:

Q. On what theory, then, are the aggregate tonnage figures at New York and its competing ports relevant to the issue in this case?

A. Well, I presume you mean those over-all figures that ran into millions of tons. I think they were shown mainly to let the Examiner see the trends over a period of—1923 to 1956—how many years is that? 30-some odd years, that the over-all tonnage for the nation is going up and the tonnage from New York is going down.

Q. According to your testimony here, as I understand it, they would have nothing to do with the issue in this case?

A. That is correct, because this is a railroad case and we are talking about these CFA territories, far removed from New York proper.

By the way I would like to make a change in my statement at this time, Mr. Examiner. If you will refer to page 15 the third line from the bottom, I enumerate the Baltimore Steam Packet, that Baltimore Steam Packet should be deleted because I understand they are still operating between Baltimore and Hampton Roads port.

Exam. Boat: That is right.

The Witness: Thank you, sir.

Exam. Boat: That correction will be made.

The Witness: Thank you, sir.

By Mr. Langdon:

Q. Now, turn over to page 59, Mr. Laux, in the middle [fol. 274] of the page I gather it is the purpose of your testimony to discredit as a test of the rate relationship here involved the element of distance, right?

A. Yes, sir.

Q. You do not want the distance to play any part in relating the rates here involved, is that correct?

A. Well, I would like to answer it this way.

I honestly do not believe you can use distance as an element in making rates that ought to be competitive, or are to be competitive with other carriers or other ports.

Q. Now, is it not true, Mr. Laux, that distance is ordinarily used as a yardstick of the service that is performed, a rough yardstick of the service that is performed?

A. Well, it is true, it started, I believe with Commissioner Eastman. He was the great Commissioner and he believed we had to have some sort of a yardstick and he used mileage.

But, on the other hand, it has been shown time and time again, that where there is competition, even within a rate group or to a port, for example, we will use Baltimore, the B & O may have a short route to and from Baltimore from certain points, but there are many other routes that are traveled regularly into Baltimore and still the Baltimore and Ohio cannot maintain the lowest rate, it has to let the other carrier meet that rate despite the fact that its distance may be 30, 40, 50 per cent greater than the [fol. 275] Baltimore and Ohio route.

Q. Is it your point, then, that distance is an inaccurate indication of service rendered?

A. As far as import-export rates are concerned, I would say yes.

Q. What is a better transportation standard than distance?

A. Well, I believe the standard that should be used is the standard under which traffic will be generated. To have a rate that looks nice on paper does not produce revenue. You have to have a rate that moves traffic.

Q. Mr. Laux, in this case, though, we are relating rates, are we not?

A. Well, in this case the railroads are trying to have an opportunity to equalize the lowest rate to and from the lowest rated port.

Q. But, basically, the issue is one of relationship, is it not?

A. Well, I do not know whether or not that is the right term or not. I dislike to make any comment on relationship because it is tossed around so many different ways. It may be used to make a rate higher or make a rate lower.

Q. Do you think that in the decision of this case, that—strike that.

What transportation standard would you apply in determining the competitive rates involved in this case? You [fol. 276] have discredited, I understand, distance as a transportation standard.

Now, what other standard would you use?

A. You mean in determining the case?

Q. Yes.

A. I think it is a very simple thing. If you call a standard, I do not know whether standard is the proper word or not, but it is simply to let the railroads to and from New York and Boston meet the Baltimore rate.

Q. Actually, is that in your mind a transportation standard?

A. I am not sure I understand what you mean by a transportation standard.

Q. I will ask you, then, you are a rate man, an experienced rate man. What do you regard as constituting transportation standards for the making of rates?

A. Well, I think a transportation standard—of course I am not an expert on that—but I would say the standard I would go by is the one that brings revenue to my railroad.

Q. Well, would that be a cost standard?

A. No, it would be the standard under which I make money. I do not know whether costs are involved there or not.

Q. In order to make money or determine whether you are making money, you would have to know what your cost of service was, would you not?

A. I presume cost has a place in the consideration of [fol. 277] whether or not you are making money. You would have to find out what costs are and deduct it from the gross and see whether anything is left.

Q. You do not want these railroads, for whom you take such a paternalistic attitude, to put in some rates under which they are going to lose money, do you?

A. They are not going to lose money. Who said they are going to lose money?

Q. We are saying it.

A. I did not say it and the respondents did not say it.

Q. We have not seen one bit of evidence from your side of the case that these rates that you are urging the railroads to put in are going to make money for them.

Mr. Moerman: I ask that be stricken from the record as an observation, not a question—and it is immaterial.

Exam. Boat: It does not relate to his direct.

By Mr. Langdon:

Q. Have you ever heard of the value of the service as a transportation standard?

A. Not in export-import rate fabrics. I have heard of that in domestic rates but not on import or export.

Q. You regard that as immaterial, do you?

A. Yes, absolutely.

Q. It has to do with making of rates for export-import?

A. In making rates?

[fol. 278] Q. Yes.

A. I do not know that rates on export or import are ever made.

Q. What are they, dictated?

A. No, they just come about through circumstances. Some of these rates date back, I will bet, 50 years.

Q. Mr. Laux, are you familiar in your capacity as traffic manager with the truck rates that apply on export-import traffic at New York?

A. Well, there are not any export-import truck rates as far as I can determine. The motor carriers; several groups of them as you probably know, operating from and to the East, Central Territory and Middle Atlantic States, and I think generally they observe the railroad rates with a certain premium added when it comes to small shipments.

Now, I have not seen any general line of truck rates that are designed to meet the import-export rate of the railroads.

Q. Have you examined the truck rates to and from the ports with which New York competes?

A. In a general way I have.

Q. Is it your observation that the truck rates to and from New York are measurably higher than they are to the other ports?

A. In some cases that is so. Of course—bear this in [fol. 279] mind, when you say have you observed the rates, I have looked at the rates. But I did not take a rate on a specific commodity and measure how much of that commodity the truck was carrying and then compare it with the railroad rate.

I did not do that. So I am really talking in a vacuum when I answer your question because—

Q. Well, I am asking you this question: Are the truck rates from any point in differential territory applying on export or import traffic to New York higher than they are to Baltimore?

A. Yes, they are.

Q. It is a measurable difference, is it?

A. I could not say whether it is measurable or not. I do not know what you mean by measurable. There is a difference, and the rates are higher.

Q. Now, Mr. Laux, during what period since the war has this 3-cent differential adjustment which you are complaining about been in effect? During what period since 1946?

A. First of all we are not complaining. We are just trying to support our railroads.

But the differential you will notice—

Q. Let me revise it: With which you are dissatisfied, is that better?

A. Maybe that would be better.

Q. Because you are not satisfied, are you?

[fol. 280] A. No, we are not satisfied, but we are not complaining in this case, but the rate fabrics—I do not know how much you know about them—you are a lawyer of course and there are plenty of traffic men, but the rate situation as far as the relationships go is just a mess ever since 1947, and still is.

Q. In fact, the differentials at New York had been generally in excess of 3 cents, have they not?

A. Yes, at different times.

Q. Have they—

A. Not only with Baltimore, but with New Orleans and other ports, too. In other words, we were always on the outside. You see, we always had the highest rate and your railroads and the others serving the Southern ports took their sweet time in fixing the rates up, they just wanted to leave them that way.

Q. That difference has amounted to, in many cases, 5 cents, has it not?

A. And more sometimes.

Q. And more?

A. Yes.

Q. Have there been any periods of time since 1946 when you have had the 3 cent differential in effect?

A. Not that I can recall.

Q. So that all of the traffic distribution since the war that you referred to in this case has been effected under [fol. 281] a differential adjustment other than the one that is involved in this case, is that right?

A. I did not say that, no, sir.

Q. Isn't that true?

A. Well, it is not true, either. You asked me when I commenced to notice this thing. I told you it was when these differentials became disturbed.

But since that time or since World War II, we have definitely noticed that the trend of traffic was going more and more to the other ports. And when we talked to our shippers, invariably we were referred to the differential, 3 cents.

Q. Will you please answer the question? Let's go back and have the reporter read it, please.

(The question was read.)

The Witness: I said no.

By Mr. Langdon:

Q. Hasn't the traffic distribution since the war been accomplished under a differential that, so far as New York is concerned, was in excess of 3 cents? I think that was your testimony?

A. No, wait a minute; you mentioned distribution. What do you mean by distribution?

Q. Well, the participation of the competing ports in this differential territory traffic. All of the figures in other words, that you give for export-import traffic to and from [fol. 282] this differential territory since 1946 has been accomplished under a rate adjustment other than the one that is involved in this case.

A. Well, I can not say that is so because—maybe I spoke a little too fast—on grain, for example, the carrier did re-adjust the differential rates pretty promptly on grain and a few other commodities.

Q. What are the few other commodities?

A. I do not recall what they are at the moment.

Q. Is grain the only commodity?

A. No, there were a few others. And the reason the differentials were restored promptly was because it was a simple matter in amending the tariff. In other words, it was a special tariff.

Q. But for the great bulk of traffic, however, the differential at New York since the war has been greater than 3 cents, is that correct?

A. Well, the differential has been greater in a good many cases, but whether it covered the great bulk of the traffic; I could not say. When we talk bulk, we are talking about volume, naturally.

By Mr. Price:

Q. Mr. Laux, if the record in this case should show that the suspended rates through New York do not pay their out-of-pocket cost for performing the service, would you still urge the commission to approve them?

[fol. 283] Mr. Moerman: I would like to hear the question read, please.

Exam. Boat: Please read the question.

(Question read.)

Mr. Moerman: I do not think the witness can determine from this record whether or not the rates will show that they are compensatory or not. The Commission has that determination to make.

Mr. Price: It is a hypothetical question, Mr. Examiner. I would like to know what the witness' theory is on it. Does he want these rates put in, even though they are noncompensatory to the railroads?

Mr. Foley: I think it is irrelevant what he wants. The carriers have the burden here.

Mr. Price: Mr. Laux has put in an extensive statement justifying these rates. I would like 'o see what he has to say about that feature.

Exam. Boat: Well, whether he has a view on the matter or not—

The Witness: I would tell him that we would reach that decision—we would cross the bridge when we come to it. I do not see any sense in prognosticating—I do not have a crystal ball.

By Mr. Price:

Q. You have not given any consideration to these rates whether they are compensatory to the railroads or not?

[fol. 284] A. No, we have not, no.

Q. Very well. If, as you state, Mr. Laux, New York's disadvantage began in the year 1935, I believe that was your testimony, wasn't it?

A. Yes, sir.

Q. How do you account for the fact that its participation continued to improve even after that period up until World War II?

Mr. Moerman: Participation in what?

Mr. Price: The traffic we are referring to today.

Mr. Moerman: General over-all cargo, CFA traffic or both?

Mr. Price: Both, general over-all and CFA.

The Witness: No. 1, I do not know whether or not what you said is true because we did not have available to us any breakdown of the railroad figures.

By Mr. Price:

Q. Are you talking now about the CFA traffic?

A. We are talking about—you said this period after 1935, why so-and-so and so-and-so. Now, maybe if you make your questio e specific, I will try to give you a more specific answer.

Q. I refer you to an exhibit put in by other witnesses for the Port Authority, indicating New York's participation in the total ocean-borne traffic, the yeai 1935 on.

[fol. 285] A. Well, I think the statistics you are referring to are the statistics covering ocean tonnage, right?

Q. Right.

A. Well, we do not know how much of that went to the interior. We do not know where it went.

Q. You agree those statistics do not have any particular relevance here, then?

A. Probably not, not as far as this case goes. In other words, like I said before, these figures were put in to show a trend. We are getting down to brass tacks now.

When we talk about railroad tonnage from CFA, we did not have that originally, and that is the best we could produce, which after all, is a statistical reproduction, and we could not tell whether the traffic went to Teaneck or Chicago or where it went.

Q. You refer at length to the woodpulp situation, I believe, stating that the rates on woodpulp to New York from Sweden and Finland are higher than to other ports?

A. Yes, sir.

Q. Does it follow that the ports south of New York would receive more of this woodpulp traffic than New York or perhaps Boston?

A. Well, I do not know how much these other ports have received of woodpulp. I know they certainly have received more than we get at New York.

[fol. 286] Q. Do you know what Boston's participation has been in the woodpulp traffic?

A. I do not.

Q. You state at pages 7 and 8 that lower port costs at ports south of New York compel the steamships to solicit their heavy bottom cargoes at those ports whenever possible: Do you recall that?

A. Yes, sir.

Q. Why in your opinion, don't these same steamships load the balance of their cargoes at these other ports and thereby save the traffic charge between ports.

A. Very simple: The top cargo in New York is the cargo generated around the metropolitan area of New York City, that is the cream of the cargo. They call it broken stowage, and there is plenty of that around New York, which is produced and manufactured by the industry within maybe a radius of 40 or 50 miles of New York.

Q. Do you have any opinion as to why the majority of the steamer sailings make New York the first port of call and the last port of call on their itineraries?

A. For the same reason, that they carry some very high valued commodities, small packages, maybe capsules some of it, and they want to get rid of that for the customers in New York, like R. H. Macy's, Gimbel's, Stern's, marble-ware, Jewelry, clothing, shoes, leather goods, ties. That is the [fol. 287] commodity that is given expedited service by the steamship lines, because the steamship lines are competing with one another for that traffic and it is local, by that I mean, it goes in the port area.

Q. You state at page 9 that the bulk vessels inbound assess a penalty charge against New York over ports south thereof due to their lack of export bulk traffic. Are not the bulk handling facilities at New York inferior to those at other North Atlantic ports?

A. Well, they are kind of old facilities, old-fashioned. I do not know whether they are not as good or not, but they are old-fashioned.

Q. It was brought out in the iron ore case that the ore unloading facilities at New York are antiquated and outdated. Has that situation changed?

A. Not a bit.

Q. Perhaps you could name for us, if you will, a few of the factors other than freight rate which influence the port that will be used by shippers or receivers?

A. I do not know of any.

Q. Rates are the only one in your opinion?

A. Yes, sir.

Of course, sometimes, frequently, we run around or across a foreign buyer in Europe that has perhaps some interest in a foreign flagship or ship line, and he will specify [fol. 288] the use of the port that the freight should be moved via, or where it is, the steamship line is operating to and from, but those are exceptions to the general rule.

Q. Didn't you go into a long list of considerations that the Commission referred to in a previous case as to why traffic moved through certain ports in preference to others?

A. Yes, we tried to show why those conditions have changed.

Q. But, nevertheless, conditions—strike that. I will let the record speak for itself on that.

A. All right.

Q. If the freight rate is the only consideration in determining the choice of a port, what do you tell shippers that you want to use the port of New York—why do you tell them they should use that port?

A. Why?

Q. Yes.

A. Well, I tell you, when we go around to see our shippers, we try to find out why they are not using our port. That is the information we try and develop. And why they use the other ports.

Q. That is not answering my question.

A. That is the only answer I can give you. I do not tell them anything else.

Q. You do not tell them anything else?

A. No.

[fol. 289] Q. Your exhibit 5-d Mr. Laux, I believe that it refers to relative ocean distances to and from various Atlantic ports. As I read your exhibit 27 or 65 per cent of the foreign ports shown there are nearer New York than South Atlantic or Gulf ports, and 28 or 68 per cent are closer to New York than to Philadelphia.

Assuming that to be so, would you not say that that gave New York some advantage over the other ports?

A. In what way? I do not understand what you mean.

Q. What is the purpose of the exhibit, first? What are you trying to show?

A. It is merely for the purpose of information. We thought the Interstate Commerce Commission would desire to see what the distances are between the ports and the foreign ports.

Q. You had no other purpose in preparing the exhibit?

A. No, no other purpose because we did not know whether anyone else would supply this data and we thought it might be significant in the interest of the proceeding. I did not even make an analysis to notice which distance was shorter or longer, because it does not mean anything today, because it—the steamship lines equalize their ocean rates, so what is the difference? And the other thing is: You have ships that operate today, we have a standard speed of maybe 18 to 20 knots, which we did not have back before World War I, or even after World War I.

[fol. 290] Q. You state at page 30 the fact that many steamship lines have their headquarters in New York is of no significance in connection with the availability of service. Is it not a fact that control of the bookings of the vessels is very often in the hands of the main offices in New York; that the other ports must clear their bookings through New York?

A. I do not think that means anything. Naturally, you have to have some home office, just like the railroads have a home office in Baltimore, another one in New York, another one in Chicago. Their managers at these other ports certainly have enough leeway to make bookings or engage traffic and then report what they engage or what they book, so that the New York office would understand how much more space was available.

Q. Is it not the common practice to clear bookings through the main office to find out whether or not there will be sufficient cargo space at that port?

A. Today they tell me they got all the space in the world. You do not even have to worry about a booking today.

Q. Getting back to your exhibit D-5, Mr. Laux, page 28 of your testimony, you comment on the fact that there are many important foreign ports to which the distances from Charleston and Savannah and New Orleans are much shorter than from New York.

[fol. 291] Is there any significance to that statement?

A. What did you say, page 28?

Q. Page 26, bottom.

A. Page 26. I am simply saying that—of course everybody cannot have the shortest distance—that while it may be different here, why it is different between somewhere else. And, after all, all of these ports are competing for this same traffic, to CFA. So, in one case the South Atlantic Port maybe has the shortest space, the shortest distance from one foreign country, and then again it may have the longest distance from some other foreign country.

In other words, you cannot tell where this freight is going to come from. It comes from all over the world; on that count distance does not mean much when you talk about railroad freight.

Q. Whatever decline you say has taken place in New York's relative participation, has that been due to the competition of South Atlantic and Gulfports more than the other North Atlantic Ports, or not?

A. I think it is a combination of all of them.

Q. Which do you think is getting most of what you consider New York's share?

A. I could not say. I do not know, but from some of the figures that Mr. Gilbert arranges, it is very obvious that these other ports are picking up.

[fol. 292] Q. Do you think the decentralization of industry has any bearing on the increased participation of South Atlantic and Gulfports?

A. On the import-export traffic I do not believe it has anything to do with it at all.

Mr. Price: Thank you.

The Witness: Yes.

By Mr. Walker:

Q. Mr. Laux, I understood you to say that all of these exhibits showing all of the traffic that moves throughout the ports has not much to do with this case, that the real meat in the coconut is the traffic to and from differential territory, rail traffic, right?

A. Yes.

Q. Have you any figures showing what the movement was through New York to and from differential territory, in a recent year?

A. Yes, the railroads had an exhibit, I think they submitted, showing 1955 and 1956.

Q. And have you seen the exhibits showing similar traffic moving through Hampton Roads?

A. No, and the reason I have not is because we were concentrating for the most part on matching up what Mr. Mollman put in this proceeding.

Q. Did I understand you to say generally speaking a shipper would ship through the port with the lowest rail rate?

[fol. 293] A. Yes, sir.

Q. How do you account for the fact that during this period 1955 and 1956 twice as much traffic moved to and from New York as to and from Hampton Roads, when Hampton Roads had a differential under New York?

A. The only thing I can say is that "Mister/Hampton Roads is not on his feet getting business.

Q. In other words, Hampton Roads has not hurt New York?

A. They should go out and do a job; I think it has hurt us in the fact that they hav a differential, that is a talking point.

Q. Do you know of any traffic that you have lost to Hampton Roads?

A. Yes, plenty of it, butter, dried eggs, I do not know how much more we are going to lose down there at Cheatham, Virginia where the army is making a deal.

Q. Do you mean to say that the Hampton Roads traffic has increased other than a little grain, over the past few years?

A. A little grain?

Q. Yes.

A. Yes,

A lot of grain.

Q. Grain?

A. A lot of grain, not a little grain.

[fol. 294] Q. Grain, I said?

A. A lot of grain, more than we have. Let me tell you that butter traffic which moves in 500-ton lots, dried milk which moves in 600-ton lots, that is the kind of traffic we would like our New York railroads to have a share in.

Q. Do you think you have any complaint against Hampton Roads when today you are handling twice as much traffic to and from CFA territory as they are?

Mr. Moerman: Whom do you mean by "you", the Port Authority or the witness here?

Mr. Walker: The Port Authority.

Mr. Moerman: I object to the question. It does not matter whether the Port Authority has any complaint or not.

Mr. Walker: You are here complaining.

Mr. Moerman: Yes, we are complaining in behalf of the Respondents.

Mr. Walker: I would like for the Examiner to rule on my question.

The Examiner: The objection is overruled.

Mr. Walker: Do you want the question read?

The Witness: Yes, I do not know what the question was.

(Question read.)

Mr. Moerman: Permit me to renew by objection. He says "you are handling twice as much traffic." That is vague.

[fol. 295] Mr. Walker: You are quibbling. I mean twice as much is moving through the Port of New York, as moves through Hampton Roads—

Mr. Moerman: May I have a ruling on my quibble, sir?

Exam. Boat: I think he is aiming his question—at least it can be answered relatively, I think. The witness has an answer, I think, which is pertinent.

You must have in mind relationships of some sort.

The Witness: Well, of course, I do not know, Mr. Walker, when you say twice as much, you are not referring to all railroad cargo or all-rail tonnage, are you?

By Mr. Walker:

Q. Yes, to and from differential territory.

A. Well, I do not think twice as much is a lot of tonnage for 8 or 9 railroads. You have about two railroads down there in Hampton Roads and we have about 8 or 9 in New York. Certainly those 8 or 9 ought to get something better than 2 times what you get.

Q. Do you think the tonnage ought to be divided by the number of railroads serving the port?

A. No, I did not say that but I mean—you are bringing out Hampton Roads with two rich railroads and we have poor railroads around New York.

Q. You were talking about butter there. Somebody handed me an exhibit here filed by Mr. Pease. It shows during the period June 1, 1956, through May 31, 1957, 1764 tons moved through Norfolk, none through Newport News [fol. 296] and 24,000 tons moved through New York.

A. Butter?

Q. Yes. It looks like you have done pretty well with your butter, haven't you?

A. Yes. Where did it originate? It must have originated in New York.

Q. Well, I will say that is a U.S.D.A. figure.

A. Yes, originated in New York, probably a warehouse in New York City.

Q. You are doing pretty well, are you not?

It says shipped by the Cincinnati and Chicago Office. I do not think that means anything—

A. Probably in a warehouse.

Q. Now, if we are going to make these rates based on a division of tonnage between CFA and the ports, don't you think probably Hampton Roads differential should be increased rather than decreased, you having twice as much tonnage as Hampton Roads?

A. No, I can't agree with any such arbitrary basis. After all, you know as well as I do that the C & O comes into Hampton Roads and you want the same rates as the N & W and N & W comes into Hampton Roads and want the same rates as the C & O. You have to have competition and you have to have the same rate. It is silly talking about having a higher rate here and a higher rate, a lower rate there.

[fol. 297] Q. You want Hampton Roads to get a little of that traffic, do you?

A. Certainly, we did not say we were going to take a pound away from Hampton Roads.

Q. You have already taken it away from us, 2 to 1.

Exam. Boat: That is one of the prime questions in this case, one of the most difficult, probably.

The Witness: It sure is.

Exam. Boat: I hope [illegible] will have some evidence here from which we can determi[illegible] it.

Mr. Walker: I understand the witness to say that he thought this rate adjustment should be based on the amount of tonnage handled. If he is, then I submit—I will not submit it, either—but I think the question should be answered as to whether or not he thinks the Hampton Roads differential is already too low if you based it on tonnage.

The Witness: Certainly you would not want to have a lower rate than Baltimore, would you?

Mr. Walker: A lower rate than Baltimore?

The Witness: Yes.

Mr. Walker: We will not object.

By Mr. Marbury:

Q. Mr. Laux, you are familiar with the fact, are you not, that top cargo is moving from Boston's yard to New York for export?

A. I am not familiar with it.

[fol. 298] Q. You are not?

A. But I have been told about it.

Q. You know it is a fact, do you not?

A. Yes, but it does not amount to anything.

Q. It does not amount to anything?

A. No.

Q. Have you read the testimony of the Boston witnesses in this case?

A. I did not read them thoroughly, but I know some reference was made to it.

Q. They say in fact to this effect: It amounts to a great deal. What explanation have you got for the fact that New England's top cargo, most of its general cargo, is moving through the Port of New York rather than through the Port of Boston?

A. I think that is a deal that is made with the vendor, where a person wants to buy something, maybe machinery and tools, he can buy it over in New Jersey and the fellow in Boston wants to sell it, so he tells the man in Boston, "All right, I will buy it, but I want it to go on this ship." That is the case. In other cases we find where a steamer unloads in Boston and he has a bill of lading from New York. He may not want to go to New York. He may want to go to Baltimore next, so the steamship line pays the freight to move the cargo from Boston to New York to [fol. 299] complete the billing agreement.

Q. You did not understand my question. My question is why does the traffic, the general cargo traffic which is generated in New England, in Boston's hinterland, moves through the Port of New York for export, rather than through Boston?

Mr. Moerman: I object.

Mr. Foley: I object on the ground the witness has not been qualified as to New England Traffic.

Mr. Marbury: He testified he knows it is a fact.

Mr. Foley: I understood him to testify that he did not know the fact, but he was making certain surmises—

Mr. Marbury: The Boston area witnesses testified to that. They say they cannot compete with New York.

Exam. Boat: Those witnesses probably will be able to develop that. I think that best be done by those witnesses.

Mr. Marbury: I think this is impeachment to show that this witness has undertaken to say that New York has not got any attraction at all, that no traffic moves through New York because New York has worse rates and that nothing influences traffic except rates.

Now, I am just trying to show that that is obviously not a fact. And I would like to impeach this witness' testimony by taking an example with which he is familiar, with which we are all familiar, to show that traffic does move through [fol. 300] New York from the hinterland of not only Boston but I could say Baltimore and Norfolk. Cigarettes move right past Baltimore and Norfolk to New York. You know that is a fact, don't you, Mr. Laux, that cigarettes move past Baltimore and Philadelphia and Norfolk to New York, you know that is a fact, don't you?

Mr. Foley: Mr. Examiner, there is a question pending before this one and there are two objections.

Mr. Marbury: I withdraw it.

By Mr. Marbury:

Q. You know as a fact, do you not, that cigarettes move from North Carolina and Virginia right past the Ports of Baltimore, Norfolk, Philadelphia, to New York?

You know that is a fact, do you not?

A. Before I answer, I would like to know what that—

Q. I am asking you whether you know that is a fact.

A. Yes, I know it is a fact.

Q. Why?

A. Search me, maybe somebody is crazy.

Q. You have no idea?

A. No, I have no idea at all.

Q. Is it not because they have the steamship service that they need in New York and not elsewhere?

A. I would not know.

Q. You would not know?

[fol. 301] A. No.

Q. In other words, you have no idea as to what brings traffic to New York at all?

A. No; somebody is crazy.

Q. Somebody is just crazy?

A. Yes.

Mr. Marbury: No further questions.

By Mr. Hanifin:

Q. Mr. Laux—

A. May I ask you a question first? Who do you represent?

Q. Chesapeake & Ohio Railway.

A. O.K.

Q. Mr. Marbury has already inquired of you as to the cigarettes. I wrote down here the words as you spoke them, that rates are the only consideration with respect to the movement of traffic; or the influence—I did not get it all because I am not very good at shorthand. Now, would you try again to reconstruct if you can, sir, any possible reason why tobacco originating and manufactured in the Richmond-Petersburg and even in Southern territory from Reedsville, Durham, Raleigh and those points such as that, move past Newport News, Norfolk, Baltimore, Philadelphia and into New York and are exported through that port?

Mr. Moerman: Hold it. It has not been established to my satisfaction yet by anybody that anything like that happens. And until such time as it is established, this [fol. 302] witness cannot answer that question.

Mr. Marbury: The witness has—

Mr. Hanifin: Just a minute. Are you familiar with the record in this proceeding, Mr. Moerman?

Mr. Foley: That is not in the record.

Mr. Hanifin: I asked Mr. Moerman if he was basing his statement on something that is not in the record.

Mr. Moerman: I am familiar with the record in this case.

Mr. Hanifin: I refer you to the statement of A. J. Kneesy.

Mr. Moerman: That is not in the record. Do not refer me to it until it is put into the record.

Mr. Hanifin: If the Examiner please, this information was submitted to all parties so that cross-examination could be had on the basis of the entire record, the entire presentation. This material has been submitted in this record.

Mr. Moerman: Let us have it marked at least for identification so we know what it is.

Mr. Foley: The witness has been called for cross-examination and the material has not been admitted and it is not established.

Mr. Moerman: How about letting the witness answer these questions?

Mr. Hanifin: I am not certain what the objection is. [fol. 303] But if there is one, I would like to hear it restated.

Mr. Moerman: The objection is simply that the fact upon which the question is asked, Mr. Hanifin, has not been established on this record.

Mr. Hanifin: All right.

Mr. Examiner, I will ask Mr. Laux to assume this fact pending the introduction of this testimony into evidence.

Mr. Moerman: And I say we should not do that because we have a specific witness on this specific question and the question should be held until such time as a proper cross-examination is made of the precise witness, who is dealing with this point.

Mr. Hanifin: Will you recall Mr. Laux at that time after Mr. Kneesy has put in his testimony?

Mr. Moerman: He will be here, I give you my pledge.

Mr. Walker: We have a witness on the stand who said he knew this happened. Why can't he answer this now, if he knows?

Mr. Moerman: I have no objection to having the witness queries as to whether or not he knows the fact.

Mr. Hanifin: I understand in response to Mr. Marbury's questions that he said he did know it is a fact.

Mr. Moerman: Maybe I owe you an apology, sir.

Mr. Hanifin: Wasn't that your response to Mr. Marbury?

The Witness: He mentioned some tonnage about Boston moving through New York. Then Maryland and Baltimore. [fol. 304] Now you are bringing in Virginia. Next you are going to bring in Texas. I cannot tell you about it.

Q. From Texas to New York, I think that would be an even better point—

A. I just do not know. I just said somebody must have a screw loose. Mr. Kneesy must be an exporter, so ask him. I know Kneesy for 30 years.

By Mr. Hanifin:

Q. Mr. Laux, to get an orderly presentation of this thing, do you or do you not know, sir, as a fact that there is traffic moving from Virginia and Carolina origins, either or both, of cigarettes and manufactured tobacco, that is presently and has been for sometime exported through the Port of New York?

A. Do I know it is moving?

Q. Yes.

A. That is the question?

Q. Yes.

A. I saw some movements, yes and they were very small. In other words, you do not move it in cargo lots. You might move it in 10 cases or 5 cases—and 10 to 1 the cigarettes are for the use of the ship that does not even pay a tax.

Mr. Marbury: That is an irresponsible statement.

The Witness: That is right.

Mr. Hanifin: Suppose I would drop this line of questioning—

[fol. 305] A. I would—

Mr. Hanifin: —if I may, sir, until Mr. Kneesy has taken the stand and then I would like to recall Mr. Laux at that time.

Exam. Boat: Very well.

By Mr. Hanifin:

Q. Mr. Laux, you were, I believe, a little confused in your factual statements. Did you represent that there are only three carriers serving the Port of Hampton Roads?

A. I was talking about carriers operating to and from CFA. Now the Southern Railway, I think you fellows mentioned that they are not a competitor from Hampton Roads, the Southern Railway, or Seaboard Airlines, or the Norfolk and Southern, and Atlantic Coastline. So I was only referring to those three railroads, the C & O, N & W and Virginia.

Q. C & D, N & W, Virginian, Coastline, Seaboard and Southern, A & D, Norfolk, Southern, all publish import and export rates to and from Hampton Roads, do they not?

A. I do not know.

Q. You do not know that, sir?

A. I did not know all the others did. I knew the Atlantic Coastline—the C & O and N & W and Virginian did.

Q. How about the Pennsylvania Railroad, did you ever hear of them?

A. I did not look at the tariff.

[fol. 306] Q. You did not?

A. I would not be surprised if the Pennsylvania operates from Savannah, they operate from every other point.

Q. In so far as numbers are concerned, there are the same numbers of lines serving Hampton Roads as serve New York, are there not?

A. Yes, you got a good railroad system down there.

Q. And I might also add that they can and do participate in differential traffic?

A. If that is so, I will agree with you.

Q. All right, sir, just a few more questions. I am a little confused about one of your exhibits, Mr. Laux. Would you turn to sheet 36, sir, of the exhibit G-1.

A. That is a tariff exhibit, is it?

Q. Yes.

A. 36.

Q. Yes, sir. Do you have that, sir?

A. Wait a minute. I have not looked at this thing since last June. Yes, schedule of Rates and Tariff Rules, No. 41, is that it?

Q. Yes, sir. If you continue on reading it says naming rates and conditions from North Atlantic Ports of the United States in the Hampton Roads/Portland range to all ports of call in England, Scotland, Wales, northern Ireland, and the Republic of Ireland. Hereinafter called the United Kingdom or U.K.

[fol. 307] If you will turn to page 8, I take it that is a list of participating carriers in this tariff, right?

A. Right.

Q. Now, sir, can you tell me what, if any of those lines serve Hampton Roads?

A. I do not know. You had better ask the lines. I did not check on which of those lines serve the different ports or piers.

Q. That is perfectly all right, sir. It is plain then on the record that you do not hold these tariffs out as a representation of service by the lines participating in the tariffs to and from all ports for which the rates are allegedly published?

A. That is a tariff, right, just like a railroad tariff?

Q. Yes.

A. Now, if the participants in here do not choose to give you service, you ought to talk to the carriers, not to me.

Q. I do not have any complaint with the carriers—I just want to know from you, sir, if it is your representation or your testimony that the participating carriers in this or any other of the tariffs which you have submitted in this proceeding actually serve the ports listed, and if so, which ones?

A. I did not testify along that line at all, and if you read my testimony carefully, you will find I am correct. We put this exhibit in this case for one purpose only, to dispel any [fol. 308] arguments that the rates were different.

We showed these tariffs, and we went to—all provide for the same rates to the North Atlantic ports, and we paid no attention whatever as to the steamship lines participating in these tariffs, we did not even look at them.

Q. You have no further information as to whether all or any of those lines actually perform service from Hampton Roads or for that matter any of the other ports?

A. New York, I do not even know anything about New York, maybe they do not operate to and from New York.

Mr. Hanifin: That is all I have, sir.

Exam. Boat: I think we should suspend at this time. Is there any thought about the time at which you will start tomorrow? Is it convenient to start any earlier?

Is there any desire to start earlier?

Mr. Keenan: While I have it in mind, I could tell you that the passenger deficit investigation is next door. I was able to find out what New Haven's passenger deficit was if Mr. Bongartz wants to tell us about the Pennsylvania's.

Mr. Bongartz: You go first?

Mr. Keenan: Do you want me to go first?

Mr. Bongartz: I do not have the figure presently.

Mr. Keenan: I had better wait until tomorrow.

Exam. Boat: We will adjourn until 9:30.

(At 4:12 p.m. the hearing adjourned until 9:30 Feb. 19, 1958.)

[fol. 309]

BEFORE THE INTERSTATE COMMERCE COMMISSION

[Title omitted]

I & S Docket 6615

FSA Docket No. 32204

February 19, 1958

Met, pursuant to adjournment, at 9:30 a.m.

Before: Marion L. Boat, Examiner.

APPEARANCES:

As heretofore indicated.

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[fol. 311]

PROCEEDINGS

Exam. Boat: Come to order, please, gentlemen.

Mr. Foley: Mr. Examiner, a preliminary matter.

Exam. Boat: Yes.

Mr. Foley: We had originally called Mr. Childs for cross-examination. I have just told Mr. Langdon we will not want him, we will waive cross-examination of Mr. Childs.

Exam. Boat: Is there anyone else interested in the cross-examination of Mr. Childs?

Mr. Macleay: He was also called by counsel for GSA. I wonder if we could have an expression from him if he wants him, otherwise I will be happy to tell him he does not have to come.

Exam. Boat: Is Mr. Miller present?

(No response.)

Mr. Dennison is not here.

Well, off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

Mr. Foley: I have distributed this morning verified statements of the Associated Industries of Massachusetts, of the Department of Commerce of the Commonwealth, and of New England Council.

Witnesses will be available either late in the day or tomorrow for cross-examination.

Exam. Boat: Very well.

[fol. 312] I think we are ready to continue with the cross-examination of Mr. Laux now.

E. K. LAUX resumed the stand and testified further as follows:

Exam. Boat: I think we have finished cross.

Mr. Langdon: We have finished, sir.

Redirect examination.

By Mr. Moerman:

Q. Mr. Laux, in connection with this I believe Mr. Hanifin asked you regarding the statements—now I have before me something served on me called "Verified Statement of F.S. Baird."

Mr. Baird says he is a vice president in charge of traffic of Norfolk & Western Railway Company.

Yesterday Mr. Hanifin queried you with regard to the number of railroads at Hampton Roads, I believe, or at Norfolk.

A. Yes.

Q. I have a sentence in the verified statement of Mr. Baird which is very brief. It says, "I am testifying in this proceeding on behalf of the major"—mind you—"major railroads serving the Port of Hampton Roads, i.e. The Norfolk and Western, the Chesapeake & Ohio and the Virginian."

Do you disagree with that statement that these three railroads are the major railroads serving Hampton Roads?

[fol. 313] A. I do, yes, sir.

Q. What is that?

A. They are not the major railroads, there are others besides them that are pretty good-sized railroads. (Laughter)

I can amplify that by saying they are the major railroads to and from CFA, that is the way we want to say it.

Q. That is the answer I want. Thank you. (Laughter)

Mr. Moerman: I think I owe Mr. Laux an apology because the question should have indicated CFA.

By Mr. Moerman:

Q. Now, Mr. Laux, I have another statement furnished us which is the verified statement of Mr. W. C. Sawyer, who says—

Mr. Hanifin: If the Examiner please, is there a different rule for counsel for the New York Port Authority than counsel for the Chesapeake & Ohio? I recall yesterday objection was made to reference to testimony that had not been introduced in this proceeding.

Frankly, I was not terribly concerned by reference to Mr. Baird, but now I find Mr. Moerman intends to pursue the matter further.

I limited my cross questioning and requested Mr. Laux to return to the stand after those statements had been introduced, and I think what is fair for me is fair for him, too.

So I would object to any further cross-questioning at this time with respect to that.

[fol. 314] Mr. Moerman: Mr. Examiner, there is a distinction. I have here material on the other side which I am using on redirect examination.

Mr. Hanifin was using material on his side which he did not have before him, he was not reading from it, we did not have it before us; we did not know what it was. But this is material on the other side which I am using which is admission on their side which I am using to bring out on redirect examination as against the cross-examination by Mr. Hanifin.

Mr. Hanifin: If the Examiner please, there has been no cross-questioning so I hardly see how Mr. Moerman reaches redirect because I had not finished my cross examination on that point.

It was understood that Mr. Laux would return to the stand to be cross-questioned along the lines that we deferred yesterday afternoon.

Mr. Moerman: Let us talk about the specific point. Mr. Laux was queried with respect to the number of railroads at Hampton Roads, compared with the number of railroads at New York, and this is the point on which I want to inquire on redirect.

Exam. Boat: I think it is a fact that we can develop, or what should be developed probably here, if you can, to do it by the most direct method. It will get into this record somehow or other, and I suggest we go ahead while Mr. Laux is here.

[fol. 315] Mr. Moerman: I only have one or two questions.

Mr. Sawyer says of the railroads which serve Hampton Roads, only the N & W, the Virginian, the C & O, and last but not least, the Pennsylvania, are important in the movement of import and export traffic to and from differential territory.

By Mr. Moerman:

Q. Do you have any disagreement with that statement?

A. I agree with it fully.

Q. Let me read the statement again because I may have interpolated:

From page 3 of Mr. W. C. Sawyer's statement:

"Of the railroads which serve Hampton Roads, only the N & W, The Virginian, the C & O, and the Pennsylvania are important in the movement of import and export traffic to and from differential territory."

Now, just the one more question:

Do you disagree with that observation?

A. No, sir, I do not disagree with it.

Q. Just one more.

On the same page Mr. Sawyer says, "To illustrate this fact we made a check of traffic moving over our Lamberts' Point and Sewell's Point piers for the year 1956, and find that the Southern Railway handled only two cars during that period, and the A & D only 16 cars to and from differ-[fol. 316] ential territory."

"This, of course, is insignificant considering the fact that in the same year the Norfolk and Western handled a total of 20,873 cars of import and export traffic to and from differential territory points."

Now, Mr. Laux, do you have any quarrel with what I just read you?

A. No, sir.

Mr. Moerman: That is all.

Thank you very much.

Recross examination.

By Mr. Hanifin:

Q. Mr. Laux, will you enumerate the railroads you had in mind as being the ones serving New York that you included in your count of those that should participate in some kind of a "Fair Share of the Traffic"?

A. The New York Central, Erie Railroad, the Delaware, Lackawanna and Western, Lehigh Valley, New York, New Haven and Hartford, New York, Susquehanna and Western, the Baltimore and Ohio, the Pennsylvania—that is about it. There are eight railroads.

Q. How many cars, sir, did the New Haven handle to and from differential territory during the period studied?

A. I do not know.

I know they testified about the tonnage they handled—

Q. Do you recall something to the effect of 16 cars?

A. I am not sure.

[fol. 317] Of course I might make this observation: The New Haven is a New England Railroad, and I think their big interest is to and from Boston, although they do handle some cars to and from New York.

Mr. Keenan: I will stipulate the 16 cars, Mr. Hanifin.

By Mr. Hanifin:

Q. How about the Susquehanna, sir?

A. That is an important railroad.

Q. How many cars did they handle?

A. I do not know.

Q. You don't know, sir?

A. No, sir.

Q. You do not know how many cars they handled to and from the differential territory?

A. No, sir.

Q. Nevertheless you reached the conclusion it is an important railroad?

A. It is an important railroad, we see it operating every day.

Q. Important in the context we are talking about at the present time?

A. That is true.

Mr. Walker: Does the Susquehanna handle any export-import traffic?

A. Yes, sir.

Q. They have an embargo don't they?

[fol. 318] A. No, I do not know of any embargo.

By Mr. Walker:

Q. You do not know about that?

A. No.

Q. You said you were appearing here to help out the New York Railroads get some traffic. Are you also appearing in support to help out the Pennslyvania, the B & O on the New York traffic?

A. Well, they filed equalized rates.

I suppose we should stand by them.

Redirect examination.

By Mr. Moerman:

Q. Mr. Laux, did you for some reason omit the C.N.J. from your list?

A. Yes, I overlooked the CNJ; although they have not filed equalized rates, they still serve New York.

Mr. Moerman: Mr. Examiner, I have no further redirect.
Exam. Boat: That seems to be all, Mr. Laux.

OFFERS IN EVIDENCE

Mr. Moerman: I offer Mr. Laux's testimony and exhibits in evidence.
Exam. Boat: That will be received as exhibit No. 17.

(Exhibit No. 17, Witness E. K. Laux, in Support of Respondents.)

Exam. Boat: That completes your presentation, Mr. Moerman?
Mr. Moerman: I have seven verified statements. The witnesses were not called for cross-examination.
[fol. 319] On your list the first one following Mr. Laux is Mr. J. Patterson.
I have here the original verified statement of Mr. Patterson which has been served in accordance with the rules of procedure, and I offer this statement in evidence.
Exam. Boat: That may be admitted.
Mr. Moerman: Mr. Reporter, there are eight statements in all, not seven.
Exam. Boat: We will identify Mr. Patterson's statement as exhibit No. 18.

(Exhibit 18, Witness Patterson in Support of Respondents was marked for identification.)

Mr. Moerman: Mr. Examiner, I offer next the verified statement of witness Edmund A. Senghas, assistant general traffic manager of the National Biscuit Company.
Exam. Boat: That may be identified as Exhibit 19.

(Exhibit 19, Witness Senghas in Support of Respondents was marked for identification.)

Mr. Moerman: Mr. Examiner, I offer now in evidence the verified statement of Howard G. Seymour, President of the New York Foreign Freight Forwarders and Brokers Association, Inc.

Exam. Boat: That will be identified as exhibit 20.

(Exhibit 20, Witness Seymour in support of Respondents was marked for identification.)

[fol. 320] Mr. Moerman: Mr. Examiner, I offer now in evidence the verified statement of witness R. Hamlin, Assistant Traffic Manager of the Union Metal Manufacturing Company.

Exam. Boat: That is identified as exhibit 21.

(Exhibit No. 21, Witness Hamlin in support of Respondents was marked for identification.)

Mr. Moerman: Mr. Examiner, I offer into evidence at this time the verified statement of C. P. Kelsey, Export Manager of the Weatherhead Company.

Exam. Boat: Identified as exhibit 22.

(Exhibit No. 22, Witness Kelsey in support of Respondents was marked for identification.)

Mr. Moerman: Mr. Examiner, I offer for identification the verified statement of Colin D. Mawer, Jr., assistant secretary and Import-Export traffic manager of Mawer-Gulden-Annis.

Exam. Boat: That is identified as exhibit 23.

(Exhibit No. 23, Witness Mawer in support of Respondents was marked for identification.)

Mr. Moerman: Mr. Examiner, I offer in evidence the verified statement of Raymond C. Sell, Traffic Manager of the Coehring Company.

Exam. Boat: That may be identified as exhibit 24.

(Exhibit 24, Witness Sell, in support of Respondents was marked for identification.)

[fol. 321] Mr. Moerman: Mr. Examiner, I offer in evidence the verified statement of Witness Melvin A. York, Traffic Manager E. W. Bliss & Company.

Exam. Boat: That is identified as exhibit 25.

(Exhibit No. 25, Witness York, in support of Respondents was marked for identification.)

Mr. Moerman: That is all I have, Mr. Examiner.

Exam. Boat: Thank you.

Now, we are down to Mr. O'Halloran's statement. Who will offer that?

Mr. Foley: I believe that is my witness.

May I have the following identified, Mr. Examiner, first the statement entitled, "Verified Testimony of John F. O'Halloran."

Exam. Boat: Yes, that may be identified together with the supporting papers.

Mr. Foley: Which I described in it?

Exam. Boat: That is right.

That will be identified as exhibit 26.

(Exhibit 26, Witness O'Halloran in support of Respondents was marked for identification.)

Mr. Foley: May I have identified, also, Mr. Examiner, the verified testimony and accompanying exhibits of John [fol. 322] J. O'Halloran?

Exam. Boat: Yes, sir.

That may be identified as exhibit 27.

(Exhibit No. 27, Witness John J. O'Halloran, was marked for identification in support of Respondents.)

Mr. Foley: Mr. Examiner, I have next the verified statement of Benjamin J. Brooks, and accompanying exhibits.

Exam. Boat: That will be identified as exhibit 28.

(Exhibit No. 28, Witness Brooks in support of Respondents was marked for identification.)

Mr. Foley: I now would like to have marked for identification the verified statement, the verified testimony of William H. Day, with accompanying exhibits.

Exam. Boat: That will be identified as 29.

(Exhibit No. 29, Witness Day in support of Respondents was marked for identification.)

Mr. Langdon: Mr. Examiner, in connection with the statement of Mr. Day, this schedule here shows 30 minutes have been assigned for cross-examination. We have excused Mr. Day from cross-examination but in connection with his statement, we should like to offer for the record copies of a report of the Advisory Council to the Port of Boston Commission submitted to the Governor of Massachusetts under date of December 2, 1957. Also a supplementary report of the same council submitted to the [fol. 323] Governor of Massachusetts under date of December 31, 1957.

The reason I mention these two reports at this moment is that Mr. Day, as we understand it, was one of those who signed both reports.

Extra copies are due here momentarily, Mr. Examiner. I spoke to Mr. Foley about them, and as I understand it, he will accept their authenticity, though what further comment if any he has to make with regard to them I am not of course sure.

Mr. Foley: Mr. Examiner, I might say as far as authenticity goes, I have no knowledge as to whether Mr. Day participated in this report.

There is a printed signature under a line, but I do not know whether Mr. Day participated. You asked me the other day. I have no question but that this is a report of some committee, in some informal committee to the Governor, but you will see later when it is offered, Mr Examiner, it is purely conclusionary, there is no evidence of facts at all, and I have no knowledge that Mr. Day participated in it.

I know his name is printed there as one of the many signers, but whether he ever saw the report I have no knowledge.

Mr. Keenan: May I be heard, Mr. Examiner?

[fol. 324] I am William Keenan, representing the New Haven Railroad.

Inasmuch as we serve the Port of Boston, we have an obvious interest with regard to the introd tion of this sort of evidence.

I, certainly, am, myself, not in any position to stipulate or agree to the authenticity of any description of this document, whatever it is, to Mr. Day in the first place.

In the second place, I have not seen a copy of either of these things myself, obviously I guess, due to the fact Mr. Langdon has not been able to get some extra copies in the room yet.

I assume I will see them before we proceed further on this matter.

I wonder if, until I can get a copy and until a copy can be distributed; he can postpone the tender of this evidence? I think it is not possible to deal with it in any sort of an orderly fashion.

Mr. Langdon: Perhaps that is fair, and as soon as these extra copies arrive, they will be distributed. I did, however, want to mention the tender at the appropriate time of these reports.

Mr. Keenan: Well, I will advise—

Mr. Langdon: I am wondering if, at this time, we could not postpone the receipt of witness' Day's statement. [fol. 325] It has already been marked—as exhibit 29.

Mr. Keenan: I will oppose that, Mr. Examiner, if Mr. Foley will be so good as to allow me, because it is my understanding it is the time now to submit Mr. Day's statement.

There is no objection to it whatsoever, and there is no reason whatsoever to postpone its submission. I do not think the reception of this statement in evidence should be in any way jeopardized or suggested even to be contingent on the regular tender of some sort of a document that is virtually anonymous to the Commission outside of the ordinary scope of the rules governing this proceeding.

Mr. Foley: Mr. Examiner, cross-examination has been waived, so I see no objection to receiving this exhibit.

Mr. Langdon: If the authenticity of this report is going to be questioned, or there is any doubt about the report, they will have to—we will have to modify our position about waiving cross-examination on Mr. Day.

Mr. Foley: Mr. Examiner, it is too late for that. That has been waived.

Mr. Langdon: Well, I know, but we will have to get him down here, then perhaps as our own witness, because we want this report in evidence.

Mr. Keenan: That is perfectly all right.

Mr. Foley: When they present their case, they can call [fol. 326] any witness they choose.

Exam. Boat: I understand this testimony of Mr. Day constitutes Mr. Foley's case.

Mr. Foley: That is part of our case.

Examiner Boat: Whatever you are going to put in will be your case, understand, if we receive it. I think with that explanation, we can receive the exhibit No. 29, as Mr. Foley has identified it.

We will take up this other matter when we have the time.

Mr. Langdon: I think we will have to call witness Day as our own witness, then, and we ask if counsel for the Boston Port Authority will be good enough to oblige by having him here. If not, then, we will have to ask for a subpoena.

Mr. Foley: I will be glad to inform Mr. Day.

Mr. Keenan: Again, if Mr. Foley will allow me, I think that any tender of evidence subsequent to this hearing ought to be made in accordance with whatever rules are going to govern the subsequent portions of this proceeding, Mr. Examiner.

The fact Mr. Day is not my witness or a witness offered to the Commission by my client, the fact remains in the interest of the Boston Railroads, I think it would be appropriate to object to the arrangement for any further testimony outside the explicit scope of rules that have been very carefully worked out for the conduct of this very, [fol. 327] very complex affair in an effort to be just and fair to all the parties and all the interests which conflict here.

At the close of this hearing, if the southern tier interests want to make the suggestion that further evidence should be introduced in the record in their behalf, I think that would be the time to entertain the suggestion and deal with it on its merits.

I would object to it, at this time any way, until we can give it mature consideration, to the proposition or proposal that we arrange for subpoena or something like that of further witnesses for oral testimony on direct at this hearing that has not been provided for and anticipated by the arrangements thus far made.

Mr. Langdon: I have before me here three statements distributed by the Boston interests that were not filed in accordance with the rules set up for this proceeding which

I understand they propose to tender now which I have not had a chance to examine or read.

If the rule is to be applied, it should be applied, also of course against them. The point is, we are going to have to ask for a subpoena for Mr. Day if the other side will not voluntarily produce the witness.

Mr. Foley: May I proceed with my case, Mr. Examiner? There is nothing really before us at the moment.

Exam. Boat: The Special Rules of Procedure contemplate the receipt of evidence in addition to that which we [fol. 328] have received thus far.

While we can accomplish a great deal by receiving evidence in this manner and distributing this beforehand, I think it does contemplate the receipt of other evidence.

With that understanding, we will proceed until we complete this case.

Mr. Foley: If the Examiner please, might I now have marked for identification the verified testimony of Dr. George H. Ellis.

Exam. Boat: It will be identified as exhibit 30.

(Exhibit No. 30, Witness Ellis, in support of Respondents is marked for identification.)

Mr. Foley: Now, might I offer, Mr. Examiner, the verified testimony or ask that it be marked for identification, verified testimony of Dr. D. Phillip Locklin.

Exam. Boat: That may be identified as exhibit 31.

(Exhibit No. 31, Witness Locklin in support of Respondents is marked for identification.)

Mr. Foley: Now, Mr. Examiner, may I have these exhibits which I have asked to have marked for identification, received in evidence? They are numbered 26 through 31, both inclusive.

May they be received, Mr. Examiner.

[fol. 329] Exam. Boat: Yes, I think I have already identified those.

Mr. Foley: That is correct.

Exam. Boat: Exhibits 26 through 31, there being no objection, are received in evidence.

(Exhibits 26 through 31, inclusive in support of Respondents are received in evidence.)

Mr. Moerman: Mr. Examiner, the reporter says I did not offer my exhibits in evidence. I thought I had. If I haven't, I would certainly like to.

Exam. Boat: We identified them, of course.

If the record does not show that—

Mr. Moerman: They are numbers 15 through 25.

Exam. Boat: 15 through 25.

Mr. Moerman: That covers all of my case.

Exam. Boat: If the record does not already show it, it will show them as being received in evidence.

(Exhibits 15 through 25 in support of respondents are received in evidence.)

Mr. Moerman: Thank you, Mr. Examiner.

Mr. Foley: I wondered if this might be an appropriate time for me to present and have marked for identification also—this is not part of my case, but I am doing it—I am making this offer because I have been asked to by a representative of the Commonwealth.

[fol. 330] I would like to offer the verified statement of John T. Burke, Commissioner of the Commonwealth of Massachusetts Department of Commerce.

Mr. Foley: Mr. Rigney, who is Deputy Commissioner, is here and available for cross-examination.

Mr. Welsh: Has that been distributed?

Mr. Foley: It has been distributed to the opposition. It has not been distributed to our side.

Exam. Boat: We can identify that as exhibit 32.

(Exhibit No. 32, Witness Burke, in support of Respondents was marked for identification.)

Mr. Foley: May that be received in evidence?

Exam. Boat: Any objection?

Mr. Bongartz: I do not think we are in position to pass on this at the moment.

Exam. Boat: Sir?

Mr. Bongartz: I think the offer should be deferred.

Mr. Langdon: We have not seen these until just two minutes ago.

Exam. Boat: I am wondering whether the same applies to the others.

Mr. Foley: The others are not here as yet, your Honor. They will be available for cross-examination.

Exam. Boat: Why not defer this until after the noon recess, and that will give the other side a chance to look [fol. 331] over the exhibits.

Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

Exhibit No. 32 has been withdrawn from identification.

Mr. Keenan: In an abundance of caution, may I advise the Examiner and the parties that, regardless of whether the Baltimore, Philadelphia and the Hampton Roads interests object or do not object to the tender of evidence which Mr. Foley plans to make, I understand, after the noon recess, in behalf of the Boston railroads I certainly do not waive any objection I have to a tender of evidence such as has been suggested by Mr. Langdon.

Mr. Brandes: Mr. Examiner, I would like to have marked for identification the verified statement of Robert F. Wagner, Mayor of the City of New York.

Exam. Boat: That may be identified as exhibit 32.

(Previous Exhibit 32, Witness Burke was withdrawn.)

(Exhibit No. 32, Witness Wagner, in support of Respondents was marked for identification.)

Mr. Brandes: I would like now to offer the verified statement of Vincent A. G. O'Connor, Commissioner of Marine and Aviation of the City of New York for identification.

Exam. Boat: That will be identified as No. 33.

[fol. 332] (Exhibit No. 33 Witness O'Connor in Support of Respondents was marked for identification.)

Mr. Brandes: Mr. Examiner, I now offer these statements in evidence.

Exam. Boat: Cross-examination has been waived.

Mr. Brandes: Yes, sir.

Exam. Boat: There being no objection, they are received in evidence, 32 and 33, in support of respondents.

(Exhibits 32 and 33 were received in evidence.)

Mr. Shinn: Mr. Examiner, I tender for identification the original verified statement of Mr. J. L. Pease, witness for the Department of Agriculture.

J. L. Pease was sworn as a witness and testified as follows:

Exam. Boat: That may be identified as No. 34.

(Exhibit No. 34, Witness Pease, in support of Respondents was marked for identification.)

Direct examination.

By Mr. Shinn:

Q. What is your name, sir?
A. J. L. Pease.
Q. Mr. Pease, do you have a comment in clarification regarding the second full paragraph on page 6 of your verified statement?
[fol. 333] A. Yes, I have.
In the second full paragraph of page 6, line 5, I would like to delete the word "now."

Mr. Macleay: How will it read now?
The Witness: It will read "The department believes that equalization of the class and commodity rates on Export-Import cost which is an intercoastal traffic at all north Atlantic Ports, Hampton Roads, Virginia and North thereof, to and including St. Johns; New Brunswick, Canada, including Albany, New York, on the basis of the rates applicable to Baltimore, Maryland, and Norfolk, Virginia, will be in the interest of the Agricultural Community."
Mr. Shinn: You may inquire.

Cross examination.

By Mr. Macleay:

Q. By that do you mean, Mr. Pease, that you would support equalization on the basis of the higher level of rates now applicable to New York?
A. No, sir.

Q. You appear here, I believe, on behalf of Secretary Benson, is that correct?

A. Yes, sir, that is right.

Q. Does Secretary Benson oppose the proposed reductions for the export-import rates through Baltimore and Hampton Roads and Philadelphia?

[fol. 334] A. You mean the reduced rates which are here under suspension, also?

Q. Yes.

A. No, sir, we do not oppose it.

Q. Do you support them?

A. Yes, sir.

Mr. Macleay: That is all I have, Mr. Pease. Thank you very much.

Exam. Boat: Any redirect?

Mr. Moerman: Let's have the testimony read.

It is so short, there is some question about it.

Exam. Boat: Are you making that request?

Mr. Moerman: Yes, I make it seriously.

Exam. Boat: To have all of the testimony read?

Mr. Moerman: No, just the Macleay's questions and answers.

Mr. Macleay: I did not hear the request.

Mr. Moerman: Sir?

Mr. Macleay: I did not hear the request.

Mr. Moerman: I did not hear the question and answer clearly. I would like to have them repeated.

Exam. Boat: Will you read it, please, Mr. Reporter, Mr. Macleay's questions and the answers?

(Thereupon the reporter read the record as previously recorded.)

[fol. 335] Redirect examination.

By Mr. Shinn:

Q. Mr. Pease, will you clarify the position of the Department—

Mr. Macleay: Excuse me.

I cannot hear counsel; I wonder if he could give us the benefit of what he is saying.

By Mr. Shinn:

Q. Mr. Pease, would you make a somewhat more comprehensive statement with regard to the position of the Department regarding the equalization of rates contested here, perhaps as illustrated by your testimony on page 6 of your verified statement?

A. Yes, if the Commission finds in this—

Mr. Macleay: Just a moment, Mr. Examiner, is he asking the witness to repeat what he has already put forth on page 6 of this verified statement?

If so, I am going to object, as that is purely repetitious.

Exam. Boat: I don't understand it is an exact repetition.

Mr. Macleay: He did not ask him a question, Mr. Examiner. He is asking him to elaborate on his testimony, by reference to page 6 of the exhibit.

Mr. Shinn: There seems to be some confusion regarding his position.

Mr. Macleay: I don't think there is any confusion at all, [fol. 336] he stated it clear as a bell.

Mr. Moerman: Mr. Reilly will ask him, he is the one who became confused first.

Go ahead, Jack.

Redirect examination.

By Mr. Reilly:

Q. Mr. Pease, you understand that the Ports of New York, Boston, and the North Atlantic Ports filed tariffs which would equalize the export-import rates through all the ports on the Atlantic Coast, from Hampton Roads, north?

A. Yes.

Q. Do you then understand the roads serving Baltimore, Philadelphia, and Hampton Roads filed tariffs which would restore the differential?

A. Yes.

Q. Do you understand that the Commission suspended all of the rates?

A. Yes.

Q. Now, is it the position of the Department of Agriculture that they are supporting equalization in removing the differential, whatever level it may be, proposed by Philadelphia, Baltimore, and Hampton Roads?

A. As I started to say before, if the Commission finds in this proceeding that the reduced rates from Baltimore and Norfolk now under suspension are reasonable, that is the [fol. 337] level we want applied to New York and Boston.

Mr. Reilly: Thank you very much, sir.

Exam. Boat: Is there further redirect?

Mr. Shinn: No.

Recross examination.

By Mr. Hanifin:

Q. May I inquire, sir, does that mean you would be seeking a further reduction in New York's rates?

A. That is the way it would work out, yes, sir.

Q. In other words, that you would be supporting a rate level which is not now before the Commission in this proceeding, that is, a further reduction in New York's rates?

A. Yes.

Q. May I inquire one more thing, sir: Are you supporting the reduction or the equalization?

A. We are supporting equalization on whatever basis the Commission finds proper.

Q. But your statement is that you are looking for the lowest level of rates?

A. Yes, that is right.

Cross examination.

By Mr. Macleay:

Q. Mr. Pease, is it the position of the Secretary of Agriculture that the rates through a less distant port, a lower cost-port, should be maintained at a level high enough to provide a compensatory return to the carrier serving a more distant and higher cost port.

[fol. 338] Mr. Moerman: I object, Mr. Examiner. There has been no foundation laid for a question to this witness on the subject of cost.

He does not even know what the counsel is talking about.

Mr. Macleay: I think he does know what I am talking about.

Mr. Moerman: Then you will have to qualify him before he answers.

Mr. Macleay: It is a perfectly clear hypothetical question.

Mr. Moerman: I object on the ground the witness has not been qualified to answer the question.

Mr. Foley: I join in that. This witness is not an economist, Mr. Examiner.

Mr. Macleay: Mr. Examiner, I did not ask a question that takes any economist to answer. I asked what is the position of the Department of Agriculture, the Secretary of Agriculture, he is representing here today on that point.

The witness is perfectly qualified to say what the position of the department is and of the Secretary on that point. They sent him over here to talk about this matter.

Mr. Moerman: You show me his qualification on this record, and I will withdraw my objection.

Mr. Macleay: To state his understanding of the policy [fol. 339] of the Department of Agriculture?

Mr. Moerman: No, your statement of his qualification, that is all I am driving at.

Mr. Macleay: May I have the question read back, Mr. Examiner?

Exam. Boat: Read the question, please.

(The reporter read the question.)

By Mr. Macleay:

Q. Can you answer that question?

Mr. Shinn: Mr. Examiner, I would like to join in the objection to that question, as being without the scope of the man's direct defense, and as calling for conclusions.

Mr. Bongartz: Will you please speak up? I cannot hear you.

Mr. Shinn: I object to this question on the ground that it involves matters that are without the scope of his verified statement, and direct testimony in this proceeding.

Mr. Macleay: Well now, Mr. Examiner, as a matter of fact, on the first page of his statement, Mr. Pease states, the United States Department of Agriculture has a dual interest in this proceeding. One stems from the Acts of Congress cited above and involves the interest of the producer of agricultural commodities in equitable transporta- [fol. 340] tion rates on his products, and an increased export of his products in foreign commerce.

Certainly that lays the proper foundation for propounding to this witness the question which I asked him. All I want him to tell me is whether the Secretary of Agriculture and the Department of Agriculture take the position that the rates to a less distant lower-cost port should be held at a level high enough to provide a compensatory return for service through a more distant higher-cost port, and whether he feels that that is in accord with the policy of the Department of Agriculture stemming from the Acts of Congress which he refers to.

Mr. Shinn: Mr. Examiner, this question goes to the compensatory nature of these rates.

Mr. Macleay: Mr. Examiner, I have not asked this witness one word about the compensatory nature of these rates.

Exam. Boat: One moment; have you finished?

Mr. Foley: Might I say that this question, if it is purely what is the position of the Secretary, I think that is completely irrelevant, because this verified statement is the position of the secretary.

If he is asking his opinion, then he has not qualified the man, because this is an economic question.

Exam. Boat: I think that is all this is, a statement of [fol. 341] position of the Secretary.

I do not know that the witness is qualified to indicate—

Mr. Bongartz: Can't the witness, Mr. Examiner, be cross-examined as to the position of the Secretary?

He comes here representing the Secretary. Do you have to confine it to a statement that was prepared over at the Secretary's office?

Or wherever it was prepared; apparently from what Mr, Foley says, the witness is just the most incompetent, he is not qualified, and if that is the case, I move the statement be stricken.

Mr. Foley: The witness is a highly qualified rate man, but he is not an economist and he did not purport to be an economist.

Mr. Bongartz: He is coming here representing the Secretary of Agriculture.

If he takes a chance in representing the Secretary in producing a statement like this, he has to take a chance on cross-examination.

Mr. Reilly: Within the scope, Mr. Bongartz, covered by his verified statement, and not something without—

Mr. Macleay: He certainly got into policy in his verified statement. I submit, Mr. Examiner, we have every right, and we have an obligation, that this record may be [fol. 342] clear as to what the policy is, and the scope to which it goes.

Mr. Shinn: There were very able and well-informed witnesses from the Respondent railroads who testified here regarding the compensatory nature of these rates.

Mr. Macleay: Mr. Examiner, I have not asked a question having to do with the compensatory nature of the rates. I am asking the question on the Department of Agriculture and Secretary of Agriculture policy. Apparently counsel is most anxious that his witness not state the policy of the Secretary and of the Department. I am sure the witness can, if his counsel will let him.

Exam. Boat: Well, the witness may answer.

The Witness: What is the question now, please, Mr. Reporter?

(The question was read back.)

The Witness: Well, I do not know that I am qualified to answer a question on economics like that, but I would say this—

Mr. Foley: Mr. Examiner, if the witness does not know he is qualified, I certainly do not think he should answer. I object.

Exam. Boat: All right.

If he has no knowledge within that field, I think he has—
[fol. 343] Mr. Macleay: He has not said he has no knowledge. I think he is very modest by saying he does not know whether or not he is qualified.

Mr. Foley: He very frankly said he was guessing, Mr. Examiner.

Exam. Boat: I think it is largely a matter of—

Mr. Bongartz: Don't you think, Mr. Witness, you are qualified to say what you were about to say, with the preface of the word "but"?

The Witness: I was going to say "But," leaving aside the question of economics, of which I know nothing, it would be our position, I believe, that the rates to the Ports, regardless of the cost of handling to or at the Ports in an area such as is comprised here, should be on an equalized basis for the benefit of the producers of agricultural commodities and the Department of Agriculture's own operation.

By Mr. Macleay:

Q. You believe, Mr. Pease, that is, does the Secretary of Agriculture believe that it is to the benefit of the producer of agricultural commodities for export that he be required to pay for exportation through a port that is close to him, and that is less expensive to operate through, the same amount that is required to provide service through a more distant port at a higher cost level?

A. I am not so—

Mr. Moerman: Just a minute. I object on the ground
[fol. 344] of a hypothetical question.

Exam. Boat: That is a matter that can be argued later in the briefs.

Mr. Moerman: Yes, of course it is.

Mr. Macleay: Mr. Examiner, we are entitled to know what this witness means when he says that an interest of the Department of Agriculture is in equitable transportation rates on the products of the producer of agricultural commodities, and I asked him if he believes that it is an equitable rate if the producer is required to pay more than a reasonable rate, more than a fair rate, through one port in order to support service through a higher-cost, more distant port.

Mr. Foley: Object. That is argumentative.

Exam. Boat: I think that is a question of law. That is as to what a reasonable rate is.

Mr. Macleay: He stated what is an equitable rate. I am asking him further if that is his idea of an equitable rate.

Exam. Boat: I understand his position on that to be an equitable rate is the same rate as at the other port.

Mr. Macleay: He has not said that, Mr. Examiner.

Mr. Moerman: He testified along those lines.

Mr. Reilly: The question is argumentative, too. It could be rephrased to ask if the producer should pay a lesser rate through a more distant port. It is a form of question [fol. 345] that is argumentative in form.

Mr. Colgren: Not only argumentative, Mr. Examiner, if I may interpose an additional objection: I think there is absolutely no groundwork, no basis upon which this witness can answer that. It has not been established in the first instance that a closer port is necessarily the most economical port from all standpoints, nor has it been established that a more distant port is the higher cost-port from all considerations.

On that basis I think this whole line of questioning is without merit and should not be further pursued.

Exam. Boat: I indicated of course I thought it was a matter to be argued in briefs, that is the place for it.

Mr. Macleay: Mr. Examiner, I submit we are entitled to a direct answer from this witness but, if the witness does not want to give it—and of course his counsel and all the other counsel are very anxious he not give it, apparently he is not going to give it.

Mr. Moerman: Mr. Examiner, I want that statement stricken from the record as a statement prejudicial to the side of the Respondents. It is frivolous and should be stricken.

Mr. Welsh: If the Examiner please, I would like the record to indicate Brooklyn raised no objection at this time, therefore the statement is not correct.

[fol. 346] Mr. Macleay: I will withdraw the statement so far as Brooklyn is concerned, and "I take off my hat" to Brooklyn. (Laughter)

Mr. Colgren: Mr. Examiner, I think we have now seen the fallacious nature of this whole line of questioning. It is apparent.

I, myself, as a spokesman I think for a group to a certain extent, would be willing to sit here and listen all day to Mr. Pease, and on brief, and in the examiner's understanding, I think, it would certainly be established that his answers would be nothing more than opinion based on no facts.

If you please, I think we should continue with this proceeding.

Mr. Walker: I would like to ask another question along another line.

Exam. Boat: Very well, Mr. Walker.

Recross examination.

By Mr. Walker:

Q. The Department thinks it is beneficial to the farmers and the railroads to have good service, does it not, Mr. Pease?

A. Yes, sir.

Q. I assume, after all is said and done, the Department's position is that the railroads have rates that are reasonable, depending on the service that is performed for the farmer.

Mr. Shinn: Mr. Examiner, I object to that question.

[fol. 347] Examiner Boat: Just a moment, let him finish here.

Have you finished, Mr. Walker?

Mr. Walker: Yes, sir.

Exam. Boat: The objection is overruled.

By Mr. Walker:

Q. Do you hesitate to answer that question?

A. I was trying to think what you asked me, Mr. Walker; I am sorry.

Exam. Boat: Do you wish the question read?
The Witness: Yes, please.

(The pending question was read by the reporter.)

The Witness: That is right.
Exam. Boat: Is that a question, Mr. Walker?
Mr. Walker: Yes. I assumed that was the position. He stated yes.
Exam. Boat: Are there further questions?
Mr. Macleay: I was not quite through.
Mr. Walker: Excuse me.
Mr. Macleay: That is quite all right.

By Mr. Macleay:

Q. Mr. Pease, on your exhibit A attached to your verified statement, there was some question raised yesterday about the shipping point of the 24,000 pounds of butter indicated as having moved through New York during that period.

Could you tell us where that was shipped from?

A. It was shipped from points in CFA territory.

[fol. 348] Q. But it was not shipped from storage into New York?

A. That is right. I was about to say it might have been transited in CFA from some point out west of the Official territory.

Q. But it was shipped from points in the CFA territory?

A. Yes, sir.

Exam. Boat: You spoke of 24,000 pounds.
It was 24 million pounds.
The Witness: 24 million pounds.
Mr. Macleay: 24,000 pounds is what I meant, Mr. Examiner.
The Witness: That is right.
Exam. Boat: Are there any further questions?
Mr. Macleay: No.

Offers in Evidence

Mr. Shinn: Mr. Examiner, I tender verified statement No. 34 for identification into evidence.

Exam. Boat: You are tendering that for the record now? That exhibit marked 34 is received in evidence.

(Exhibit No. 34, Witness Pease in support of Respondents was received in evidence.)

The Witness: Am I excused?
Exam. Boat: Yes.

(Witness excused.)

Exam. Boat: Is counsel for the General Services Administration here?

(No response.)

[fol. 349] He does not seem to be present.
Mr. Welsh, I think you are next.
Mr. Welsh: If the Examiner please, at this time I submit for the record—
Mr. Macleay: Mr. Examiner, may I interrupt just a moment? What is the disposition of this General Services Administration statement?
Exam. Boat: I think he expects to be present. I saw him here yesterday, and no doubt he will be. He must have misjudged the time we would reach this. I suggest he be given an opportunity—
Mr. Walker: He may be across the hall.
Mr. Macleay: Are we going to leave a space here for this number?
Exam. Boat: Yes, I would do that.
Mr. Welsh: If the Examiner please, at this time I submit for the record the testimony of D. J. Speert, on behalf of the Brooklyn Chamber of Commerce.
Mr. Speert was sworn on Monday and the request for cross-examination was withdrawn.
Exam. Boat: Very well. You can identify that statement as exhibit 36.

(Exhibit 36, Witness Speert in Support of Respondents was marked for identification.)

[fol. 350] Exam. Boat: Do you tender it in evidence?
Mr. Welsh: I tender it in evidence, yes, sir.
Exam. Boat: There being no objection, that exhibit is received in evidence.

(Exhibit No. 36, witness Speert in support of Respondents was received in evidence.)

Mr. Macleay: May we take a break, Mr. Examiner?
Exam. Boat: Yes, let us take a ten-minute recess.

(A brief recess was taken.)

Exam. Boat: Come to order, please, gentlemen.

James K. Cowling was sworn and testified as follows:

Direct examination.

By Mr. Miller:

Q. Mr. Cowling, will you state your name and business address for the record?
A. My name is James K. Cowling, director of the Charter Routing Division, Transportation and Public Utilities Service, General Services Administration, 18th and F, Northwest, Washington, D.C.
Q. Mr. Cowling, have you prepared a revised statement for this proceeding?
A. Yes, sir.

Mr. Miller: Mr. Examiner, Mr. Cowling's statement which was originally filed under the due date was corrected and circulated to the parties by a letter under date of February [fol. 351] 12, 1958, copies have been placed over on the press table for anyone who might want another copy.
Could this statement be given an identification number?
Exam. Boat: Is this the statement that you wish to supplant the one you originally explained?
Mr. Miller: Yes, we would like to withdraw the original statement and substitute this which is on the same subject.
Exam. Boat: I see.
That may be identified as exhibit 35.

(Exhibit No. 35, Witness Cowling in support of Respondants, was marked for identification.)

By Mr. Miller:

Q. Mr. Cowling, is your revised statement which has been identified as exhibit 35 true and correct to the best of your knowledge, information and belief?

A. That is right.

Mr. Miller: The witness is available for cross-examination, Mr. Examiner.

Cross examination.

By Mr. Macleay:

Q. Mr. Cowling, on page 3 of your statement you give certain figures, and you stated the study on which those figures are based includes only those import movements for which GSA is in a position to designate the Port of Importation.

[fol. 352] Does GSA actually designate the Port of Importation in every case?

A. No, sir.

Q. In what proportion of the traffic do you designate the Port of Importation?

A. I believe it would run between 60 and 70 per cent.

Q. Who designates the other?

A. The supplier.

Q. Now, with reference to the table which you have there, will you tell us what type of traffic came through Baltimore —what type of commodity?

A. Chrome ore, and manganese ore and ferro-chrome, I believe are the principal commodities.

Q. All ores?

A. Yes.

Q. Do you know to what points those moved in so-called differential territory?

A. Yes.

Q. Tell us, please.

A. May I refer to notes?

Q. Yes, sir.

Exam. Boat: You are speaking only of the Baltimore tonnage now, Mr. Macleay?

Mr. Macleay: That is all, yes.

The Witness: Manganese ore to Large, Pennsylvania.

[fol. 353] By Mr. Macleay:

Q. Would you tell us roughly where Large is located?

A. It is in the vicinity of Pittsburgh, I believe.

Q. The Pittsburgh area?

A. Yes.

Q. Thank you.

A. Chrome ore to Marrietta, Pennsylvania.

Chrome ore to Alloy, West Virginia.

Chrome ore to Niagara Falls, New York.

Ferro-manganese to New Haven, Indiana.

Ferro-chrome to New Haven, Indiana, and chrome ore to Point Pleasant, West Virginia—strike that last. Chrome ore to Point Pleasant would be at Norfolk, so strike that last.

Q. Do you consider Marrietta, Pennsylvania in official territory?

A. I believe it is, sir.

Mr. Bongartz: Is it east of Harrisburg?

The Witness: No, I believe it is within the Pittsburgh area, too.

By Mr. Macleay:

Q. What type of traffic moved through the Port of New York?

A. Manilla hemp. Fiber, chrome ore, rubber, graphite and bauxite ore.

Q. And through Philadelphia?

[fol 354] A. Manila hemp fiber, chrome ore, nickel oxide and bauxite ore.

Q. Why was—where was the bauxite ore destined?

A. Danville, Illinois.

Q. Did you route that traffic?

A. Yes, sir.

Exam. Boat: Speaking only of the latter now, the bauxite.

The Witness: Yes.

By Mr. Macleay:

Q. What is your position or the position of General Services Administration as to opposing or favoring the proposed reduced rates at issue here to and from Baltimore, Philadelphia, and Hampton Roads?

A. Would you repeat that?

Mr. Macleay: Will you read the question back, please?

(The reporter read the question.)

The Witness: The GSA favors the Port equalization proposed.

By Mr. Macleay:

Q. You mean that you are opposing reduced rates to Baltimore?

A. No, sir.

Q. That was my question.

Do you favor the proposed reduced rates to Baltimore?

A. Well, the rates are already reduced under Philadelphia, yes. We are for that. We advocate that.

[fol. 355] Q. And do you favor the proposed reduced rates to Hampton Roads?

Mr. Miller: I am not sure the witness and counsel are together on this.

The Witness: I think we are.

By Mr. Macleay:

Q. Well, does the witness realize that there are at issue in this proceeding tariffs which published reduced rates to Baltimore, to Philadelphia and to Hampton Roads, as well as tariffs proposing reduced rates to New York and Boston?

A. I don't believe I am entirely familiar with that, no, sir.

Q. Well, assuming, then, if you will, that there are here proposed reduced rates to and from Baltimore, Hampton Roads, and Philadelphia, do you favor such reductions?

Mr. Moerman: Mr. Examiner, I object. The statement is out of context. It is hypothetical. We have the facts here. I think counsel can state to the witness what is the fact here that the New York carriers proposed reduced rates, that the carriers to the south proposed retaliatory reductions to maintain the differential, and that is the situation.

Mr. Macleay: I move we strike that word "retaliatory," Mr. Examiner.

Exam. Boat: I think we might strike that. The witness certainly should be apprized of the nature of the adjust- [fol. 356] ment that spoke of, Mr. Macleay.

Mr. Macleay: I believe, Mr. Examiner, that I made it clear to the witness.

Mr. Moerman: You have not made it clear to me.

Mr. Macleay: Well, that I would not like to try to undertake.

Mr. Moerman: I do not blame you.

By Mr. Macleay:

Q. For your information, Mr. Cowling, there are at issue in this proceeding in addition to reduced rates proposed to New York and Boston, proposed reduced rates to Hampton Roads, Philadelphia and Baltimore.

Now, do you have any position as to those reductions?

I understand that you favor the reductions to New York and Boston.

Mr. Moerman: Object to the question again because it fails to state the issue clearly, and to apprize the witness that the proposed reduced rates from Baltimore and Philadelphia and Hampton Roads are for the purpose of maintaining the preexisting differential relationship.

Mr. Macleay: That is correct.

Exam. Boat: In the event that the rates filed by the Northern Tier ports should become effective.

Mr. Macleay: That is correct.

Mr. Moerman: Yes, sir.

Exam. Boat: I think that is the important thing which [fol. 357] the witness was not informed of.

Mr. Macleay: That is correct.

The Witness: Well, the answer to that would be any reduction in rates would be beneficial to the taxpayer in that it would reduce the cost of transportation for his own or sponsored material.

By Mr. Macleay:

Q. That is correct.

That being so and you being, I assume, interested in the welfare of the taxpayer and the shipper, is it your position that the rates to and from a less distant and lower cost port should be maintained at a high level, high enough to provide a compensatory return to the carriers serving a more distant and higher-cost port?

Mr. Miller: Mr. Examiner, I would like to object here.

That there is nothing in Mr. Cowling's statement going to the question of what is or what is not a compensatory rate or the level of the rates at all.

There is nothing in Mr. Macleay's question which states the level of those rates, the reasonableness of them, the compensatory nature of them or anything else.

I think the question is completely hypothetical and beyond the scope of the direct examination and is improper.

Mr. Macleay: It is not beyond the scope of the direct, Mr. Examiner.

On page 2 the witness has the following to say:

[fol. 358] "In the interest of economy it is GSA's duty to seek the lowest reasonable basis of rates for transportation in the furtherance of its shipper or consumer interests."

Now, I asked him if, in view of that duty of GSA, he is here to advocate that the rates to a less distant lower-cost port be held at a level high enough to pay for service through a more distant higher-cost port.

Mr. Moerman: That is argumentative.

Mr. Macleay: Let me finish my question.

By Mr. Macleay:

Q. Do you consider that that is in the interest of seeking the lowest reasonable basis of rates for transportation?

Mr. Colgren: Mr. Examiner, we reviewed this with the prior witness, and I think that there is accord that it has not been established of record that the nearest port is necessarily the lesser-cost port from a transportation standpoint.

I think, for that reason, the question is entirely hypothetical and would add nothing to the record.

Mr. Macleay: It adds a great deal, Mr. Examiner, in determining just the position and the interest of this agency for which Mr. Cowling speaks. And I submit that in view of his direct testimony as to the duty of GSA to seek the [fol. 359] lowest reasonable basis of rates, that it is a perfectly proper question to test what he means by seeking the lowest reasonable basis of rates.

Mr. Colgren: I have no quarrel with that statement as such, but he is asking the witness to answer a question on an assumption which is not based on any fact.

Mr. Macleay: Well, now, Mr. Examiner, I submit that there is plenty of factual material which has been distributed in this proceeding, and with which counsel is familiar, which lays all the basis that is necessary for that question, but even in the absence of such material, I submit that it is purely a proper hypothetical question to examine into what the witness means by this statement.

Examiner Boat: That question is in the nature of one asked of Mr. Pease.

Mr. Macleay: But that was on a different sort of direct testimony, Mr. Examiner. We did not have a statement from Mr. Pease that he sought the lowest reasonable basis of rates. We do have from this witness.

Mr. Miller: Mr. Examiner, I would like to point out that Mr. Macleay is asking a hypothetical question which is not consistent with the carrier's own proposals. Are they taking the position that their proposed reduced rates for the Southern ports, that is, Baltimore, Philadelphia and so forth, [illegible] unreasonable and non-compensatory?

[fol. 3[illegible] Mr. Macleay: No. We take the position—or the carriers, [illegible]sume, take the position that they are reasonable and compensatory, while those proposed to the higher tier of ports are not.

Mr. Colgren: There, Mr. Examiner, is exactly what I am talking about.

He assumes so. Now that is purely an assumption unless it is established as a fact of record.

Now we have, as he indicates, quite a bit of testimony in this record which has not been reviewed through cross-examination.

Exam. Boat: I think it is idle, unless we establish—after all this record is made—some of these basic facts, what can be argued from those facts.

Therefore, the basis of my previous ruling was that it was a matter of argument on brief when we get to that stage.

Mr. Macleay: Mr. Examiner, I submit that we have a right to know what is the attitude of GSA toward that situation if it is established on this record, and I think that the witness is perfectly competent to talk about it. He goes on here in his testimony to say that the interest of GSA in maintaining costs of transportation at the lowest practicable level and I asked him if by that he means that it is in his interest, the interest of GSA, to hold the rates at a low-cost [fol. 361] port to a level high enough to pay for service through a high-cost port, a perfectly simple question.

It does not require anything except a perfectly simple answer.

Mr. Moerman: If he knows.

Mr. Colgren: Mr. Examiner, I do not have any objection to his answering the question if it is put as a hypothetical question.

Mr. Macleay: It is put as a hypothetical question.

Exam. Boat: With that understanding he may answer.

Mr. Miller: I object to the question and to the witness answering a hypothetical question when there is no—

Exam. Boat: It does not add anything to the sum total of the record here, I do not think.

Mr. Miller: I would like to point out this is one of those things of when are you going to stop beating your wife, yes, sir, and it is completely unjustified.

Mr. Macleay: It is complete.

Mr. Miller: On what factual basis?

Mr. Macleay: Do we have a ruling on that?

Exam. Boat: As I see it, the question is substantially the same as you were asking of witness Pease, in other words, there is not a great difference, it leads to the same thing and the ruling is the same.

Mr. Macleay: All right.

[fol. 362] By Mr. Macleay:

Q. Then, Mr. Witness, if you will refer, please, to page 2 of your revised testimony, and explain what you mean in costs of transportation at the lowest practicable level.

Will you please relate that statement to export-import rates and explain what you mean?

A. Well, we would like to obtain transportation of the taxpayer's material at the lowest practicable cost consistent with the service to be performed and delivery requirements.

Q. Do I take it, then, that you mean that you should obtain the benefits of all possible economies in transportation?

A. We try to do that, sir, yes, sir.

Mr. Macleay: That is all.
Mr. Walker: I have one question.
Exam. Boat: Mr. Walker.

Cross examination.

By Mr. Walker:

Q. On page 6, Mr. Cowling, you say that GSA favors the Port equalization proposals of the Respondent railroads for the reason that equalization would enable GSA to route traffic equitably as between the various North Atlantic ports on the basis of efficiency and service.

Is that the sole reason that you are asking for equalization? That you may equitably distribute this traffic between the various north Atlantic ports?

[fol. 363] A. That is one of our statutory responsibilities, as I understand it.

Q. Is that the reason you favor equalization?

A. Well, it might influence—where the rates through the several ports are equal, our selection of stockpile sites might be influenced.

Q. Might be influenced?

A. Might be influenced, yes.

Q. Under the present adjustments, you route more traffic from differential territory to New York than you do to Hampton Roads, do you not?

A. Well, in the reverse direction, yes.

Q. Is that correct?

A. I think that is a part of my statement.

Q. Do you think that is an equitable distribution of the traffic today?

A. No, sir, it is not today.

Mr. Walker: All right.

Thank you.

Mr. Scully: I just have one or two questions of Mr. Cowling.

Cross examination.

By Mr. Scully:

Q. Mr. Cowling, referring to page 3 of your statement, in the first paragraph where it says "This study includes only those import movements for which GSA is in a position [fol. 364] to designate the port of importation."

Would you tell me, sir, whether GSA is in a position to control the movement through Portland, Maine?

A. Not entirely, sir, because the inbound ocean carriers are sometimes reluctant to call at the smaller ports, because of the absence of tonnage that they might lift at such ports.

So, if there is no direct sailing to Portland, Maine, or it is not designated as a port of call, the berth liners particularly we might be precluded from using Portland.

Q. But if there was a direct sailing, you could control the ports, is that correct?

A. In some instances we could.

Q. Do you know whether or not GSA imported anything through Portland during this period?

A. I believe not, sir.

Exam. Boat: Are there any further questions?

Mr. Bongartz: I have a few questions.

Cross examination.

By Mr. Bongartz:

Q. Mr. Cowling, would your interest in equalization of rates extend to equalization at the present level of the rates to New York?

A. How do you mean that?

Q. You understand, do you not, that the rates to and from New York on export-import traffic between New York and [fol. 365] differential territory are presently higher than at the other ports.

My question to you is, does your interest in equalization extend or would it extend to equalization at the New York level of rates by increasing the rates to Philadelphia, Baltimore, and Hampton Roads?

Mr. Moerman: That is objectionable on the ground it is speculative. We have here precise sets of tariffs which the Commission has suspended.

I think the question ought to be stricken because it has no relevancy to the issue in this case.

Mr. Bongartz: I submit, Mr. Examiner, we have heard a lot about the interest of General Services in equalization. I think it is perfectly proper to find out just how far that interest extends.

Mr. Moerman: Mr. Examiner, if and when there was a set of tariffs or proposals to raise the rates to effect equalization, that might be proper.

We do not have that situation here. I do not think this witness should be queried on something that is not before us.

Mr. Miller: Yes, Mr. Examiner, I join in the objection, or I should make it myself as the principal counsel, for the witness.

He is not required or should not be required to answer [fol. 366] questions assuming a set of facts that are absolutely contrary to the issues of this case.

By Mr. Bongartz:

Q. Well, Mr. Cowling, do I understand that your interest in this proceeding is one of equalization of rates?

A. I think that is stated in our testimony of GSA.

Q. But at the same time you want equalization, you only want equalization downwards, is that right?

A. Well, again I think that is—

Q. You are interested only in the lowest basis of rates that you can get, isn't that the fact?

A. Yes, sir.

Mr. Bongartz: Thank you.

Mr. Keenan: Mr. Examiner, could I inquire of the witness?

Exam. Boat: Yes.

Cross examination.

By Mr. Keenan:

Q. Mr. Cowling, your direct testimony was that in 1955, GSA controlled import tonnage through the Atlantic ports to differential territory, amounting to virtually nothing through Boston and 294,000 odd tons through Baltimore and in 1956 339 tons through Boston and 195,thousand odd, 196,000 odd through Baltimore.

Could you tell me whether, in 1947, substantially the same sort of ratio obtained with regard to the Ports of Boston and Baltimore?

[fol. 367] A. I believe it does, yes, sir.

Mr. Keenan: Thank you, sir.

Mr. Welsh: I have just the one question, if I may.

By Mr. Welsh:

Q. Mr. Cowling, on page 6 of your verified statement, you make the assertion that the equalization of import and export rates between all North Atlantic ports would simplify the choice of the North Atlantic Port to the extent that there would be the same costs of movement through the port.

Then you go on to say, as I understand it, that this would enable you to select the most efficient port operation to meet your needs.

Is that the intent of your statement?

A. Yes, sir.

Q. Do you think that would improve the efficiency of your operation?

A. Yes, sir.

Mr. Welsh: Thank you.

Offers in Evidence

Exam. Boat: Do you offer the exhibit, Mr. Miller?

Mr. Miller: Yes, sir. I offer exhibit 35 in evidence.

Exam. Boat: That exhibit will be received in evidence.

(Exhibit 35 is received into evidence.)

[fol. 368] Examiner Boat: You are excused.

(Witness excused.)

Exam. Boat: At this point we already have received in evidence at a previous point in the record the statement of L. H. Dalzell and we will assign exhibit 37 to that statement and it will be received in evidence.

(Exhibit 37, Witness Dalzell in support of Respondents is received in evidence.)

Exam. Boat: The Commission has received a communication from Senator Saltonstall who wishes to state his position, as I understand it, in this case and we have been informed that he has been delayed. I do not know what time he is expected to arrive here.

Mr. Bongartz: Someone said he was in the room a moment ago.

Exam. Boat: Is Mr. Saltonstall present?

Mr. Foley: The Senator has decided he will reserve comment until oral argument.

Exam. Boat: I see.

Very well.

Mr. Curry is on the floor.

Mr. Curry: Mr. Examiner, I have a statement, a verified statement of Mr. Frank W. Dunham, Jr., General Manager of the Albany Port District Commission.

I understand that the request for cross examination was [fol. 369] withdrawn, and I would, therefore, like to offer the statement.

Exam. Boat: Excuse me. I appreciate that, Mr. Curry, but there are some others that we would like to take up before, which no cross examination was requested. If we can do that, it will not take long.

Mr. Curry: I misunderstood. I would be very glad to wait.

Exam. Boat: The statement of Mr. Springrose—is counsel present who spoke to me about Mr. Springrose's statement?

Mr. Colgren: Mr. Examiner, that was submitted directly as I understand it to the Commission by Mr. Springrose.

Mr. Grimes: I represent Cargill, Incorporated, and Cargo Carriers, Incorporated.

I present for identification a verified counterpart of a statement filed by Mr. B. A. Springrose, 7 June, 1957, with the Commission, on behalf of Cargill, Inc., and Cargo Carriers, Inc.

Exam. Boat: That may be identified as exhibit 38.

(Exhibit 38, witness Springrose in support of Respondents was marked for identification.)

Mr. Welsh: Was that distributed?

Mr. Grimes: It has not been distributed as far as I know.

Mr. Colgren: It has been.

[fol. 370] Mr. Grimes: I am sorry.

Mr. Welsh: Should the record show that?

Mr. Grimes: Yes, it should show that.

Mr Macleay: What number is that?

Exam. Boat: That is the verified statement?

Mr. Grimes: Yes.

Exam. Boat: No. 38 is the number we assign. No cross-examination is requested.

Mr. Grimes: No cross-examination is requested.

Exam. Boat: Do you tender the exhibit in evidence, Mr. Grimes?

Mr. Grimes: I offer the exhibit in evidence.

Exam. Boat: It is received as exhibit 38.

(Exhibit No. 38 is received into evidence.)

Exam. Boat: Is Mr. Chartrand present?

Mr. Chartrand: Mr. Examiner, I would like to have identified at this time the verified statement of J. S. Chartrand, manager of the transportation department of the Board of Trade of the City of Chicago.

Exam. Boat: It will be identified as exhibit 39.

(Exhibit 39, Witness Chartrand in support of Respondents is marked for identification.)

Mr. Chartrand: Also the verified statement of Mr. R. L. Beal, General traffic manager, Farmers Grain Dealers Association of Iowa.

[fol. 371] Exam. Boat: That will be identified as exhibit 40.

(Exhibit no. 40 witness Beal in support of Respondents is marked for identification.).

Mr. Chartrand: Also the verified statement of Mr. V. Conley, manager of the Transportation Department of Norris Grain Company.

Exam. Boat: That will be identified as Exhibit 41.

(Exhibit No. 41 witness Conley in support of respondents is marked for identification.)

Mr. Chartrand: Also the verified statement of Mr. W. P. Conrad, Jr., traffic manager, Rice Grain Corporation.

Exam. Boat: Identified as 42.

(Exhibit No. 42 witness Conrad in support of respondents is marked for identification.)

Mr. Chartrand: And last the verified statement of Mr. T. J. Crowe, vice president and traffic manager, Illinois Grain Corporation.

Exam. Boat: That is identified as exhibit 43.

(Exhibit 43, Witness Crowe, in support of respondents is marked for identification.)

Mr. Chartrand: I would like to offer in evidence exhibits 39 to 43, inclusive.

Exam. Boat: If there is no objection, exhibits 39 to 43 are received in evidence.

(Exhibits 39 to 43 are received in evidence.)

[fol. 372] Exam. Boat: Now, Mr. Curry, I think we have reached the point where you can continue.

I think your statement is on the record, except for the conclusion, perhaps, you were making.

Mr. Curry: I would like to pass up the verified statement of Mr. Frank W. Dunham, Jr., of the Albany Port District Commission.

I would like to offer that into evidence.

Exam. Boat: That may be identified as 44.

(Exhibit 44, Dunham, Jr., in support of respondents; was marked for identification.)

Exam. Boat: There being no objection, it is received in evidence.

(Exhibit 44 was received into evidence.)

Exam. Boat: I think there is a point where Mr. Scully's witness—is he here?

Mr. Scully: Yes.

Mr. Foley: Might I at this point say, Mr. Examiner, Mr. Hefron, of the New England Council, has a statement which has been distributed and which he would like to have marked for identification and offer at this time if it is appropriate.

Mr. Langdon: Is he here for cross questioning?

Mr. Foley: He is here for cross questioning.

Mr. Colgren: What was his name?

[fol. 373] Mr. Foley: Edward L. Hefron.

Exam. Boat: I do not seem to have a copy.

Mr. Kraemer: Mr. Examiner, this was passed up this morning.

Exam. Boat: I think I have a copy of that.

Has counsel for the Southern Tier ports seen this statement of Mr. Hefron?

Mr. Langdon: We want to ask him some questions.

Exam. Boat: Very well. Will you take the stand, please?

EDWARD L. HEFRON was sworn as a witness and testified as follows:

Mr. Foley: Mr. Hefron is sworn. Has his statement been marked?

Exam. Boat: I do not believe it has been marked yet, but we will mark it exhibit 45.

(Exhibit 45, Witness Hefron in support of Respondents is marked for identification.)

Direct examination.

By Mr. Foley:

Q. Mr. Hefron, will you state your name and address for the record?

A. My name is Edward L. Hefron, 7 Water Street, Boston, Massachusetts.

Q. Was the statement on behalf of New England Council which has been marked for identification exhibit 45, pre-[fol. 374] pared by you?

A. Yes, sir.

Q. Is it true and correct to the best of your knowledge and belief?

A. Yes, sir.

Mr. Foley: You may inquire.

Cross examination.

By Mr. Scully:

Q. Mr. Hefron, the New England Council includes representations from all sections of New England?

A. Yes, sir.

Q. And that would include industries in Maine and New Hampshire?

A. Yes, sir.

Q. What authority was given you to appear on behalf of the New England Council in this proceeding?

A. That comes within the scope of my job. I discussed the matter with our executive vice president who, as I understand it, consulted with the executive committee, and they approved the submission of the statement.

Q. Do you know whether they consulted with any of the industries in Maine?

A. I do not know that they particularly went to the Maine people, but to the best of my understanding there is Maine representation on the executive committee.

Q. I notice that there is no reference to the Port of Port- [fol. 375] land in your statement.

Do I understand from that that the New England Council is interested only in the Port of Boston?

A. I would not say that they are interested only in the Port of Boston, but for the purpose of this proceeding I would like to say their primary interest is the Port of Boston. I think that is the key to the situation.

Q. Do you know of any specific authority that they had to speak for people or industries of Maine in this matter?

A. By "they," you mean the New England Council?

Q. Yes.

A. Well as the statement says, it is composed of 3200 industries and individuals, professional men and so on, coming from all parts of New England which, of course, embraces Maine.

Q. Are there members of the Executive Council from Maine?

A. I do not doubt for a minute but what there are Maine men on the Executive Committee. I could not tell you their names or identify them but that would be in line with the policy of the organization. It would have all sections represented.

By Mr. Langdon:

Q. Mr. Hefron, who is the executive vice president of your council to whom you referred and from whom you obtained authority to appear in this proceeding? Is he Garner Caverly?

[fol. 376] A. Yes.

Q. Mr. Hefron are you familiar with a report of the Advisory council to the Port of Boston Commission submitted to the Governor of Massachusetts and signed by your superior officer, at least apparently signed by your superior officer Gardner Caverly?

A. Yes sir.

Q. Are you familiar with the report?

A. I know there is such a report. I had not read it personally because I had not been on the job long enough.

Q. You know there is such a report?

A. Oh yes.

Q. You have not read it?

A. No, sir.

By Mr. Bongartz:

Q. Just the further question for clarification, sir, how long have you been on this job?

A. Just about since November.

Q. November?

A. Yes.

Q. Don't you know these reports were made in December?

A. That may be so but I still have not seen them.

Q. You have not caught up with them yet?

A. Beg pardon?

Q. You have not caught up with them yet?

A. I have been pretty busy. That is one of the things I [fol.377] intend to do but have not done yet.

By Mr. Langdon:

Q. Do you know there was a supplementary report of the same advisory council to the Boston Port Commission dated December 1, 1957?

A. I have seen reference to it, yes, sir.

Q. You have not read that?

A. No, sir.

Q. What did you do before you came to work for the New England Council?

A. Well, I am sure—well, immediately preceding that I was in the Mid-east for about 8 years, engaged in the construction and operation of the Saudi-Government railroad.

Q. Prior to that?

A. I practiced law in Washington.

Q. So that your representation of the New England Council in this proceeding is based on an employment which began you say in November of last year?

A. About November, I guess it was, yes.

Q. And it includes, I gather, no prior New England transportation experience?

A. Oh, yes, I went to work for the Boston and Maine Railroad as a kid out of school.

Q. When was that?

A. That was about 1910.

Q. Then what did you do?

A. I came to Washington during the first world war.

[fol. 378] Q. In what capacity?

A. In the office of the Quartermaster General, transportation division.

Q. Were you in the army?

A. No, I was a civilian.

Q. After that what did you do?

A. I went back to Boston and was with the Boston Chamber of Commerce for about 12 years as assistant to Mr. William H. Day.

Q. Then what happened?

A. Then I went into the trucking business, unfortunately.

Q. Trucking business?

A. Yes, sir.

Q. Then after that?

A. I guess I practiced a little more law.

Q. When was that date when you went back to the practice of law, approximately?

A. I would say about 1938.

Q. 1938?

A. Yes, sir.

Mr. Langdon: Apparently this witness is not able to identify or vindicate this report. He knows, however, of the existence of the report together with its supplement.

I was wondering whether there was going to be any question with counsel on the other side as to the authenticity of this report with the understanding, of course, that [fol. 379] if it is being incorrectly copied or in any other way incorrectly reproduced, we will of course accept any changes that are necessary for the record.

The Witness: May I suggest I have not mentioned the report in my statement?

Mr. Foley: Mr. Examiner, I do not know whether anything is being offered or what you are doing at the moment except making a speech.

Mr. Langdon: No, I am just finding out how technical you want to be about this, that is all.

Mr. Foley: You have not offered anything, there is nothing for me to object to.

Mr Langdon: I am asking whether there is going to be a technical objection.

Mr. Foley: There is going to be an objection of substance.

The objection is that the report is completely irrelevant; incidentally, you brought it in as I understand it, in connection with Mr. Day originally. I can tell you that I have since—or Mr. Lowenstein, my associate, has since talked to Mr. Day, and Mr. Day did not participate in either report. He did not sign either report, and he did not see the report until after they were published.

Whether Mr. Caverly did or did not, I do not know, but I certainly am going to object to the report. It is violative [fol. 380] of all rules of evidence, and you have not identified anybody with it.

Mr. Keenan: If counsel desires the advice, and he appears to, Mr. Examiner, I can certainly advise in behalf of the parties I represent I should like the document to be authenticated.

Mr. Langdon: Well, then, Mr. Examiner, we are going to ask for some subpoenas. After the recess at lunch I will file a request for the subpoenas.

Mr. Keenan: When the request is filed, we will comment appropriately, Mr. Examiner.

Exam. Boat: I did not hear that.

Mr. Keenan: When the request is filed, we will file comment appropriately. It does not appear to be so at this time

Mr. Langdon: We will depend on you, I am sure.

Mr. Keenan: Can I inquire of counsel whether we will be notified when such request is filed, whether we will be served with copies.

Mr. Langdon: We will do it when you are in the room. It will be in the afternoon.

Mr. Keenan: O.K., fine.

Mr. Hanifin: May I inquire of the witness?

Exam. Boat: Yes.

Cross examination.

[fol. 381] **By Mr. Hanifin:**

Q. Mr. Hefron, I noticed in your testimony in one sentence, page 2, stating—"Its highly efficient and modern piers and other facilities lie idle, for the most part." Is that the characterization of the facilities at Boston?

A. Yes, sir.

Q. Is that your opinion, sir, the facilities at Boston?

A. Well, I do not think they are as modern as they might be, but I do consider that they are efficient. I have not heard any criticism of them.

Q. Do you include in that characterization the Castle Island Terminal at Boston?

A. The entire Port situation, yes, sir.

Mr. Langdon: No further questions.

Exam. Boat: Are there any further questions? That seems to be all.

Mr. Bongartz: Could you defer excusing the witness for a moment, please?

Exam. Boat: Surely.

Mr. Bongartz: No questions.

Exam. Boat: Very well, sir, you are excused.

(Witness excused.)

Exam. Boat: That exhibit 45 will be received into evidence.

(Exhibit 45, Witness Hefron was received in evidence.)

[fol. 382] Exam. Boat: Mr. Scully, do you wish to tender the next matter on the agenda?

Mr. Scully: Yes, sir.

Mr. Examiner, I would like to offer the verified statement of R. Clifford Merrow of the position of the Maine Central Railroad Company.

Exam. Boat: That is the original you have there?

Mr. Scully: Yes, sir.

Exam. Boat: With the verification attached?

Mr. Scully: Yes, sir.

I have a second statement of Mr. Merrow entitled "Verified Statement of R. Clifford Merror, Freight Traffic Manager, Maine Central Railroad Company."

Mr. Merrow is present and cross-examination has been waived by Mr. Foley and I understand that the New York Lines are not interested.

However, the attorney for the GSA requested Mr. Merrow's appearance.

Exam. Boat: Is Mr. Merrow present here?

Mr. Welsh: If the Examiner please, may I ask counsel—have these documents been distributed?

Mr. Scully: Yes, sir.

Mr. Welsh: I did not receive them.

Exam. Boat: I was going to say I did not receive a copy of the second statement of Mr. Merrow, for that one of [fol. 383] Mr. Langlois.

We will identify Mr. Merrow's statements, I think we can identify them as one exhibit, No. 46.

(Exhibit No. 46, Witness Merrow in support of Respondents was marked for identification.)

Mr. Bongartz: 46-A and 46-B.

Exam. Boat: We will call them 46.

Mr. Bongartz: We may want to refer to them on brief. That will mean two statements with the same number.

Exam. Boat: Perhaps that would be best, make it 46-A and 46-B.

(Exhibit No. 46-A and 46-B witness Merrow in support of respondents marked for identification.)

Exam. Boat: Do you have a further statement?

Mr. Scully: Mr. Merrow is here; if counsel for GSA wants to cross examine.

Exam Boat: He does not seem to be present.

Proceed.

Offer in Evidence

Mr. Scully: If not, I would like to offer into evidence the statement of Mr. Merrow.

Exam. Boat: That will be received as exhibit 46-A and 46-B.

(Exhibits 46-A and 46-B witness Merrow were received into evidence.)

[fol. 384] Mr. Hillsinger: I will cross examine in Mr. Miller's absence.

R. Clifford Merrow was sworn as a witness and testified as follows:

Exam. Boat: We are ready, Mr. Hillsinger.

Cross examination.

By Mr. Hillsinger:

Q. Mr. Merrow, on page five of your testimony, of your verified statement, rather, the second paragraph, you start a sentence, "However, the fact that the CFA traffic has declined is an indication that the import differential is not a factor of sufficient importance to"—

The next paragraph—no, going to page 8 of your statement, the second paragraph of the page, you say "The facts clearly show that in spite of the import differential, Portland has not been able to attract any import commodities other than china clay and woodpulp, which are used in local industry."

Could you clarify that for us?

A. I think on page 5, while the differential as stated there is not sufficient or of sufficient importance to maintain or increase, it means we are holding our own, possibly, but if we did not have the differential we certainly would lose it all.

Q. In your first statement I referred to, the first paragraph, that the import differential is not a factor, would you be incorrect, is that true?

[fol. 385] A. That is the way I am trying to explain it now where I have had that marked that way. It should not have been in just that way, because it is a factor.

Q. It is a factor, but not a sufficient one, eh?

A. That is right.

Q. On page 7 of your testimony, paragraph—the fourth paragraph from the top of the page, "Portland is at a geographical disadvantage in handling traffic to CFA Territory and needs the import differential if it is to compete successfully with other ports."

We should like to have you reconcile that, if you would, with your statement on page 9, the second sentence, the "import differential has not operated to give Portland any unreasonable advantages competing with other North Atlantic Ports."

A. We come right back to the same thing again, that we do not get too much import tonnage there now, but if we did not have the differential we probably would not get any.

Q. In other words, you have the differential, it is a good thing, and while it is not doing you any good now, you hope some day it might.

A. We hope so.

Q. But it is not doing any good right now?

A. Oh, yes, it is.

Q. You do not have any imports?

A. It is, yes, we handle woodpulp and china clay and a [fol. 386] good part of those imports are used by our own mills. If we did not have the differential to take part of that tonnage to CFA our own mills would be paying more money for their china clay and woodpulp because it would come through the other ports.

Portland helps in that way, to take care of our own mills.

Q. Right in the preceding sentence, though, you say Portland has not been able to attract any important commodities other than the china clay and woodpulp?

A. That is right, that is all we have.

Q. Is not that in conflict with what you just stated that you do have a benefit?

A. Pardon?

Q. Isn't that in conflict with what you just said that you do have a benefit, because here you say you have not been able to attract any import commodities?

A. Where are you reading now?

Q. Page 8.

A. Where it says, "Portland has not been able to attract any import commodities other than china clay and woodpulp."

Q. Yes, sir.

A. That is right.

Q. And at page 4 we just agreed that you said the differential was not a factor in woodpulp, so we should delete the woodpulp and it goes back to china clay, does it not?

[fol. 387] A. Well, it is a factor.

As I stated before, that should have been corrected.

It is a factor, and considerable—

Q. By "considerable", you mean woodpulp, not the CFA imports? Is woodpulp a CFA import?

A. Yes, a good portion of it is.

Q. A good portion?

A. Yes.

Q. What is your position now in regard to equalization of rates or removal of the differential for Boston. Would you object to it?

A. Our statement has been made that we want to maintain a status quo. We have the differential on the imports. We do not on the exports.

Q. How do you feel about Boston? Do you feel that the differentials should be removed from Boston or not?

A. Well, I would rather not say anything about Boston. I am not here to talk about Boston.

Q. Wouldn't the same reasons apply to Portland as they do to Boston, substantially?

A. Well, possibly.

Exam. Boat: Are there any further questions? You are excused, Mr. Merrow?

(Witness excused.)

Mr. Scully: Has Mr. Merrow's statement been offered [fol. 388] in evidence?

Exam. Boat: We have received it.

OFFER IN EVIDENCE

Mr. Scully: I would like to offer now into evidence the verified statement from A. Edward Langlois, Jr., on behalf of the Maine Port Authority in support of Maintaining the Import Differential at the Port of Maine.

Exam. Boat: It will be identified as exhibit 47.

(Exhibit 47, Witness Langlois in support of Respondents was identified.)

Exam. Boat: Do you offer it in evidence?

Mr. Scully: Yes, sir.

Exam. Boat: That will be received in evidence.

(Exhibit 47, Witness Langlois was received in evidence.)

Mr. Foley: Mr. Examiner, so there will be no confusion on the record, when testimony is offered, and the exhibits go in, the testimony will be received as one unit.

Exam. Boat: That is right.

That seems to conclude the respondents' side.

Mr. Bongartz: What about these statements, Mr. Foley issued this morning?

Exam. Boat: Oh, that is right.

You mentioned these, Mr. Foley. Are these people present now?

Mr. Foley: Mr. Burke, or somebody representing the [fol. 389] Department of Commerce will be here right after lunch, because that is when I understood he would be called. Does somebody want Mr. Burke or somebody from the Department of Commerce?

Exam. Boat: Any cross examination requested of this witness?

Mr. Langdon: Can we defer these until after lunch. These were distributed this morning and we have not had a chance to look at them.

Exam. Boat: I thought we would have that opportunity earlier this morning.

I did not think we would be so far along.

Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Langdon, would you like to proceed now?

Mr. Langdon: Yes, sir. I would ask what your pleasure is.

Mr. Mollman is our first witness and I call him now.

I should like, however, to have the understanding that Mr. Heywood can be tendered as a witness this afternoon because, unfortunately, he has to leave. We can start with Mr. Heywood now, or we can run him around Mr. Mollman if the cross examination is taking too long.

Exam. Boat: I think perhaps we should start with Mr. Mollman. We can let him stand aside if you will, and we [fol. 390] can reach Mr. Heywood after lunch.

Mr. Colgren: I am a little perturbed about that. Won't Mr. Heywood be here tomorrow?

Mr. Bongartz: No.

Mr. Colgren: Mr. Examiner, I was just handed two new exhibit which will, apparently be offered by witness Heywood today which are a restatement of previous exhibits but on an entirely different basis, out-of-pocket cost as against the fully distributed.

I have not had an opportunity to review them nor to confer with my cost people as to the—

Exam. Boat: Let's have a little quiet, please.

Mr. Colgren: I am pointing out to the Examiner that this morning I have been handed two additional exhibits by Mr. Heywood, which restates his costs now on an out-of-pocket basis, whereas prior testimony and back-up material supplied to the respondent railroads was on a fully-distributed basis.

I have had no opportunity to look at the proposed exhibits on the new basis, nor to confer with my cost people as to their effect and possible criticisms of it.

I had in mind asking that this cross-examination be deferred until tomorrow morning so that we could complete the whole thing. I think we will be prepared at that time to complete it. I can, of course, start with Mr. Heywood this afternoon, but it will be without the benefit of any [fol. 391] consideration of the two new exhibits.

Mr. Bongartz: Well, unfortunately, Mr. Heywood is interested in a tax case, and the adjourned hearing is going on tomorrow at New York.

It will require his presence the rest of the week. I have no objection, of course, to your deferring all or part of Mr. Heywood's cross examination to a later date.

Mr. Colgren: Well, I do not want to prolong the conduct of the proceeding.

Exam. Boat: Do you want this on the record?

Mr. Colgren: No, not necessarily.

Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

We will recess until 1:45 p.m.

(At 12:15 p.m. a recess was taken until 1:45 p.m.)

[fol. 392] AFTERNOON SESSION

1:45 p.m.

Exam. Boat: I think we can proceed.

Mr. Walker: Mr. Examiner I would like to bring up a question of procedure at this time. It seems we have a non-conformance with us here.

Exam. Boat: Do you want it on the record, Mr. Walker?

Mr. Walker: Yes, sir.

It was understood, at least the Examiner asked all parties in calling their witnesses for cross examination that they would indicate some evidence of the time of cross-examining.

The General Services Administration has requested the appearance of 23 witnesses and we have no idea whether it is going to take 10 minutes per witness or 30 minutes. It has reached the point now where it is creating some inconvenience, because I have two witnesses that are pretty busy and I would like to have some indication of when they will be reached and I can't with 23 witnesses, that has been requested to be cross examined by GSA. It does seem to me that we ought to have at least some indication of the time that he is going to cross-examine these witnesses.

Exam. Boat: Is Mr. Miller present?

He is not present.

Mr. Costello: He is over in this next hearing room.

Mr. Macleay: The other hearing is adjourned, Mr. [fol. 393] Examiner.

Mr. Walker: But for the convenience of everybody, it looks like to me we ought to have, if we can, some indication of the time he is going to consume in cross examination of these 23 witnesses, because it may be 2 hours, it may be two days, we do not know.

Exam. Boat: I suggest you contact him.

Mr. Walker: I cannot get anything out of him. I just make that for the record, hoping he will cooperate with us. Everybody else has cooperated with us.

Exam. Boat: Yes.

Mr. Macleay: I will make the same request as soon as Mr. Miller returns to the room, if he does.

Exam. Boat: Very well, if anybody can get hold of him.

Mr. Foley: I have a couple of preliminary matters.

I could put on now, if you would receive it, Mr. Rigney, Deputy Commissioner of the State Department of Commerce who has verified statement that has been circulated among the adverse parties and also a representative of the Associated Industries of Massachusetts, Mr. Collins.

He will testify in support of these statements that have been circulated, if that is agreeable. Is this the time? Is this appropriate?

Exam. Boat: Yes. I have these two that you handed me this morning. Is that Mr. Burch, and who [illegible] the other?

Mr. Foley: Neither, sir, Mr. Burke nor Mr. Hunt could [fol. 394] be here, but their testimony can be supported I am told by Deputy Commissioner Rigney for Mr. Burke and Mr. Bertram Collins for Mr. Hunt.

Both gentlemen are present and are ready to testify in support of this statement.

Exam. Boat: Mr. Colgren has not come in. I do not know whether it is essential that he be here or not.

Mr. Costello: He should be here soon.

Mr. Langdon: Are you submitting these statements through different witnesses than actually filed these statements?

Mr. Foley: That is correct. These men will adopt the testimony of the witness, and be subject to cross examination.

Mr. Langdon: Who are these substitutes?

Mr. Foley: In the case of Mr. Burke, who is the Commissioner, deputy commissioner Rigney, Raymond Rigney is here.

And in the case of Mr. Hunt, Bertram F. Collins, who is staff adviser to the Transportation Committee.

Mr. Langdon: Let me see. May I ask you off the record.

Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

Perhaps we can proceed in that way.

[fol. 395] Mr. Foley: May I have marked for identification, and then admitted, Statement on behalf of Associated Industries of Massachusetts in Support of Equalization of Export-Import Rates?

Exam. Boat: That will be identified as exhibit 48.

(Exhibit 48, Witness Hunt in support of Respondents marked for identification.)

Mr. Foley: And then may I have marked for identification, Statement of John T. Burke, Commissioner, Commonwealth of Massachusetts, Department of Commerce.

Exam. Boat: As exhibit 49.

(Exhibit 49, Witness Burke in support of Respondents marked for identification.)

Mr. Langdon: May I ask, sir, in connection with 48, whether or not the Associated Industries of Massachusetts —is that confined to industries in Massachusetts?

Mr. Foley: That is right.

It is confined to industries in Massachusetts.

Exam. Boat: Is there cross examination desired?

These witnesses will adopt these statements as their statements?

Mr. Foley: That is correct.

Exam. Boat: Very well.

With that understanding, then, the exhibits I understand are offered.

[fol. 396] Mr. Foley: They are offered. May they be received?

Exam. Boat: They are received in evidence as identified.

(Exhibits 48 and 49 are received in evidence.)

Exam. Boat: Mr. Colgren, I think we are ready for Mr. Heywood.

Mr. Colgren: Mr. Examiner, after a very hurried conference at lunchtime with my cost people, it has become very apparent that I may not complete the cross-examination of Mr. Heywood at this time.

Now that is premised on the belief that his exhibits 3 and 4 distributed today would be accepted in evidence, and we certainly have no quarrel with that.

As a matter of fact, we were surprised when, in the first instance, the purported cost study was instituted on a fully-distributed basis.

I think we will offer no objection to the receipt of these exhibits, but necessarily we must have time for their analysis, for the securing and the study of the underlying data and I have this to suggest: That we have an adjourned hearing for the purpose of cross examination of witness Heywood, which should not be any sooner than March 10 by reason not only of the time necessary for analysis, but by reason of other commitments of our cost department.

Mr. Macleay: Add another week to that, will you please?

[fol. 397] Mr. Colgren: Gladly.

Mr. Macleay: I have a hearing in Tampa starting on the 11th.

Mr. Colgren: Which would bring it, I presume, to March 17, to accommodate Mr. Macleay.

Exam. Boat: With that date in mind, I would have to confer with the Chief Examiner. I am assigned to a hearing in Duluth beginning on March 17 at the present writing, unless there have been further developments in that case. I do not know.

Mr. Colgren: Perhaps we could have our adjourned hearing out there.

Mr. Macleay: Couldn't we have it the week prior to the 10th?

Mr. Colgren: No, that would be insufficient time, and there are other commitments of our cost people which preclude that, as we need the time necessary to analyze the information.

The Examiner realizes, I am sure, to present costs on a fully-distributed basis is one thing, and to present another cost study on an out-of-pocket basis is not a simple matter, it is an entirely different cost study.

Exam. Boat: I understand your position.

Mr. Bongartz: I do not know whether Mr. Colgren has to argue this point. We have no objection to an adjourned [fol. 398] hearing for this purpose.

I might point out, if it is helpful, that Mr. Colgren's characterization of Mr. Heywood's first set of cost exhibits is not correct in that it did not purport to show fully-distributed costs.

I cannot see any point in arguing that now. I think Mr. Colgren possibly misunderstood that, maybe he had something else in his mind in connection with this request, but we are not opposing this request.

Exam. Boat: With that understanding, then, do you want to proceed with the cross-examination to the extent you are able to do so now?

Mr. Colgren: I would prefer not, as that was really the reason I mentioned that the studies are completely different.

The cross-examination that I have was prepared on the basis of the fully-distributed cost exhibits presented; and it might very well be that questions will take an entirely different turn.

Now, at this time, Mr. Examiner, I would like to request of Witness Heywood certain information that was necessary —in fact, I was going to ask most of this information of him, and it is necessary to a proper evaluation, and much more necessary that we have this for analysis on an out-of-pocket presentation than it was on a fully-distributed cost basis.

[fol. 399] Exam. Boat: Can you take up with him that particular or those particular matters, whether he can supply them?

Mr. Colgren: Yes.

The only problem would come if there was any hesitancy on his part to supply anything that we thought might be vital to our inquiry.

I am perfectly agreeable to submit a list of the further material to Mr. Heywood.

Exam. Boat: I suggest you do that, and narrow it down to whatever matter there is in dispute as to their willingness to furnish it.

Mr. Colgren: Yes.

Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

Mr. Bongartz: Mr. Heywood.

J. L. Heywood a witness was sworn and testified as follows.

Exam. Boat: We know it won't be as rigorous as you anticipated.

The Witness: I never anticipate anything.

Mr. Bongartz: Quite disappointing to him.

Direct examination.

By Mr. Bongartz:

Q. Mr. Heywood, I show you a statement of five pages to which is attached a verification page in this proceeding [fol. 400] entitled "Testimony of J. L. Heywood," and ask you if that is your testimony in this proceeding?

A. Yes, sir.

Q. You are the individual who took the affidavit I refer to?

A. Yes, sir.

Q. Now, referred to in that statement are two exhibits which were distributed with the statement, but since the original distribution you have had occasion to make revisions in those exhibits, right?

A. Yes, sir.

Q. And the revised exhibits were labeled J. L. H.-1 Revised, and J. L. H.-2 Revised?

A. Yes, sir.

Q. In addition to those exhibits, we caused to be distributed this morning two exhibits bearing identification J. L. H.-3 and J. L. H.-4?

A. Yes, sir.

Mr. Bongartz: Mr. Examiner, may Mr. Heywood's statement, together with J. L. H.-1 Revised, J. L. H.-2 Revised, J. L. H.-3 and J. L. H.-4 be marked for identification?

Exam. Boat: I identify that exhibit No. 50.

(Protestant's Exhibit No. 50 witness Heywood was marked for identification.)

Mr. Bongartz: May the record show I am handing the [fol. 401] originals to the Reporter.

Exam. Boat: Not received in evidence, however, at this point.

Mr. Bongartz: I understand that.

By Mr. Bongartz:

Q. Mr. Heywood, in your JLH-2 Revised, have you come across an error which should be corrected?

A. Yes, sir.

Q. And that is in what connection?

A. In connection with the differentials in the rates.

Q. The rates on what?

A. Well, the first one is rates on automobiles.

Q. You are looking at page 2?

A: Page 2, revised—page 2 of JLH-2 Revised.

Q. And that is in the category of automobiles, group No. 613?

A. Yes, sir.

Mr. Bongartz: Mr. Examiner, the witness has just explained there was an error originally in computing the revenue because of an inadvertence of the rate which would have the effect of changing the revenues shown and would, also, of course, require a recalculation of the ratio.

Mr. Heywood has those corrections in front of him and if it is agreeable to counsel, we can have him read those into the record and counsel can take them down now. Or, if they prefer, we would be glad to issue revised pages to the extent [fol. 402] necessary to cover these corrections.

Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

It would be better if a revised exhibit were furnished.

Mr. Bongartz: We will understake, then, to distribute to counsel, according to the service list, the pages that require correction, and we will do that at the earliest opportunity.

Exam. Boat: I wonder which counsel are interested in receiving the revised figures, are there many?

Mr. Bongartz: It would be well if we did not have to send it to all of the granges and other organizations.

Mr. Moerman: The reporter furnished a list of appearances here that could be used.

Mr. Bongartz: Could we use the appearances at the hearing?

Mr. Moerman: Yes.

Exam. Boat: That is agreeable.

Will you do that?

The Witness: Yes, sir.

Exam. Boat: You will be able to furnish that rather quickly, I presume?

Off the record.

(Discussion was off the record.)

[fol. 403] Exam. Boat: On the record.

The Witness: Let's say the early part of the first week in March, or the latter part of next week.

I do not know how we are tied up. We are tied up a lot on annual reports.

Exam. Boat: Very well.

Mr. Bongartz: We will try to get them out by the end of next week.

Exam. Boat: It is understood, Mr. Heywood will furnish revised sheets in substitution for the corrected pages.

Mr. Bongartz: Is Mr. Heywood excused for the moment?

Exam. Boat: We will excuse him subject to further recall.

(Witness excused subject to further recall.)

Mr. Macleay: Mr. Examiner?

Exam. Boat: Mr. Macleay.

Mr. Macleay: I understand Mr. Miller is back in the hearing room,—excuse me.

Mr. Langdon: Mr. Examiner, apparently Mr. Colgren represents this cost study that was distributed this morning on an out-of-pocket cost basis as a different approach to the question of costs, and I want to know whether or not the New York lines which he represents would now in the light of this new approach, as he recognizes it, join with us in undertaking to determine the New York Harbor costs [fol. 404] including their railroads as well as our own?

Mr. Colgren: Mr. Examiner, the answer, quite bluntly, is no.

Mr. Langdon: Thank you.

It is immaterial, apparently.

Mr. Macleay: Mr. Examiner, when Mr. Miller was out of the room Mr. Walker raised the question about the time for further cross examination in order that we might try to schedule the appearances of our witnesses.

As Mr. Walker said, Mr. Miller has called some twenty-odd witnesses, more than half of whom were not called by anyone else, but did not comply with the request that he indicate some time for his cross examination.

I would like to request that we be given some such indication at this time, if we may.

It is very difficult to schedule the appearance of witnesses under these conditions, not only are they all busy men with other commitments, but with the present state of the weather in the surrounding territory, it is becoming a little complicated.

Exam. Boat: Mr. Miller?

Mr. Miller: I will seek to try to estimate the time of cross examination. It would be a matter not of actuality. I never take very long on cross examination—15 minutes to a half hour would be the longest time required.

Exam. Boat: You would not require that much time of [fol. 405] each of these witnesses, would you, Mr. Miller?

Mr. Miller: Pardon.

Exam. Boat: You would not require that time for each of these witnesses, would you?

Mr. Miller: No, I would say probably fifteen minutes would be enough.

Exam. Boat: Will that be helpful, Mr. Walker?

Mr. Walker: It that is the best we can get, we will have to accept it.

What does that amount to—five hours?

Mr. Macleay: That is 22 witnesses at 15 minutes per witness.

Mr. Walker: That is five hours, that is one day.

Mr. Macleay: I wonder, Mr. Examiner, under these circumstances, if we would not perhaps get off the record to get some idea of what witnesses are readily available for this week so others can be released and told to come in on Monday.

Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

I guess we are ready to proceed with Mr. Mollman, sir.

Melvin L. Mollman was sworn and testified as follows:

Direct examination.

By Mr. Langdon:

Q. Mr. Mollman, you prepared a verified statement to-[fol. 406] gether with four exhibits identified respectively as MLM-1, MLM-2, MLM-3 and MLM-4, right?

A. That is correct.

Mr. Langdon: The witness is tendered for cross-examination.

I beg your pardon, before the tender is made, yesterday or possibly the day before, reference was made to an exhibit which had been prepared by Mr. Mollman, or rather, under his direction, which represented a consolidation of the traffic data for the two sides in this case, for the lines on both sides of this case, for the statistical year 1955-1956. I showed a copy of this exhibit to Mr. Colgren last night, and I think it is my understanding that he is agreeable to having the record contain this exhibit.

As I say, it is no more than a consolidation of figures already in the form of the traffic study submitted on the one hand by the New York Central and allied lines, and the Pennsylvania, B & O and allied lines on the other, for the Ports of New York, Philadelphia, Baltimore and Hampton Roads.

Mr. Foley: Is Boston in that?

Mr. Langdon: No.

That ought to be identified, sir, I think.

Exam. Boat: Separately as a part of Mr. Mollman's presentation?

[fol. 407] Mr. Langdon: I think it should be appropriately designated as MLM-5.

Exam. Boat: Very well.

That may be identified as such and will be treated as a part of Mr. Mollman's entire exhibit.

Mr. Langdon: As exhibit MLM-6, I offer a summary of Export Carloads, other than coal, coke and grain, unloaded at the North Atlantic Ports from the years 1939 to 1956.

These figures shown on this exhibit of three pages represent no more than computations based on certain basic data submitted by witness Crookshank.

We think that these computations, which, as I say, do no more than adopt his basic figures, or substantially his basic figures, are helpful and clarifying and should be in this record as MLM-6.

Mr. Moerman: May we have copies?

Mr. Langdon: Aren't they distributed?

Mr. Welsh: No, we have not seen them yet.

Might we have or may have a number for identification for Mr. Mollman's exhibit, together with these statements?

Exam. Boat: The exhibit will be 51. Mr. Mollman's exhibit will be 51.

(Protestant's Exhibit 51, witness Mollman, was marked for identification.)

(Protestant's Exhibits MLM-1 to 6 are marked for identification.)

[fol. 408] Exam. Boat: Perhaps we could proceed with the cross-examination, as it will take some little time, and give the parties opportunity to look over these supplemental exhibits.

Mr. Langdon: Yes, sir.

The Witness: As I say, they introduce nothing new in the way of basic figures. The only thing they do do is put together certain figures already in the record and certain computations based on figures in the record in MLM-6.

Mr. Foley: These only deal with export, I understand?

Mr. Langdon: No, import, too.

Mr. Foley: Then we have not got them.

The Witness: MLM-6 now only deals with export, Mr. Foley.

Mr. Costello: The other is at the bank.

Mr. Langdon: I might explain MLM-5 deals both with export and import. That is a consolidation of the traffic study.

MLM-6 of course, deals only with export, because that is the only movement covered by the AAR figures.

Exam. Bo at: We are ready to proceed, I think, Mr. Colgren.

Mr. Colgren: All right, sir.

Cross examination.

By Mr. Colgren:

Q. Mr. Mollman, just as a matter of clarification, on page 2 of your Verified Statement you indicate that the [fol. 409] October 20, 1955 action on the proposal of the New York Railroads calling for the establishment of port equalization included inter-coastal and coastwise traffic, is that correct?

A. That is my understanding of it, yes.

Q. On page 3 you also refer in the first full paragraph there to coastwise and inter-coastal rates.

It is not your understanding that coastwise or inter-coastal rates are involved in the present proceeding, is it?

A. I believe the tariffs as published, following the announcement of the New York lines and the lines serving the ports south of New York, are now limited to the import-export-traffic.

Q. Mr. Mollman, again on page 3 you sta as a joint opinion the Protestant railroads that if the equalization is accomplished, the import-export traffic through Baltimore and Philadelphia from the affected territory will literally dry up in a relatively short time.

Mr. Mollman, are the Baltimore railroads participating today in shipments of bananas through Baltimore?

A. Yes, we are.

Q. To a fairly large extent, isn't that true?

A. Baltimore has a large movement of bananas moving into differential territory and to the territory east of the differential territory lines.

Q. That is also true of New York, is it not?

[fol. 410] A. That is correct.

Q. Are they moving on comparable rates?

A. They are moving on differential rates. There are facilities available at Baltimore, and there are facilities available at New York for the movement of this traffic and as I understand the banana movement the relation of rates has nothing to do with that movement.

Wherever they had the supply available, that is the point from which they move that particular quality of banana.

Q. Then it is not your contention that the movement of bananas through Baltimore will dry up in the event of equalization?

A. I think there would be quite a diminution of the traffic from Baltimore if you removed the differentials because of the hinterland territory of New York which would cause more of their ships to move in there and, consequently, the greater the supply at New York, the greater the movement to the territory beyond.

Q. Mr. Mollman, are you contemplating additional facilities and improved facilities for the handling of bananas at Baltimore?

A. That is right.

Q. Isn't that true, also, of your ore facilities at Baltimore?

A. I know of—I have no information at the present time [fol. 411] that we are going to improve our ore facilities.

As far as banana facilities are concerned, yes, they are being improved. We expect to have new piers. One of the reasons that thing is being built there is because we have now to have a differential in order to get this traffic.

Q. Please turn to page 10 of your Verified Statement, if you will.

A. Yes, sir.

Q. What is the basis or what is your basis, rather, Mr. Mollman, for saying there in the first paragraph "The execution of the agreement"—and you refer to the 1877 agreement—"led to the appointment of this special committee" you refer to there?

A. Well, I reviewed the history, and that was my conclusion of that history as a result of the 1877 agreement there was an investigation of the agreement, or something to that effect by the New York State Assembly.

Q. Mr. Mollman, in connection with that committee you quote from the testimony of Mr. Blanchard, then vice president of the Erie Railroad.

Are you familiar with the entire quotation of which this is a part?

A. Well, there were about three volumes in connection with all of that history.

I think I read most of it.

Q. Are you familiar with the paragraph from which this [fol. 412] quotation is taken?

A. Yes.

Mr. Henry: Page 3175.

By Mr. Colgren:

Q. Now, Mr. Mollman, I do not know whether we have the same reference that you are looking at that was just handed to you by counsel.

The quotation I have and the source it is from is an entire paragraph which starts—the answer starts—"to make the rates to Philadelphia and Baltimore so much nearer to New York rates—"

Does that agree with the answer as you have it?

A. Let me find it here. To narrow down this difference and make the rates to Baltimore so much nearer to New York.

Q. Yes, that is it.

A. That is correct.

Q. I hate to burden the record with the—well, it is only about 7 or 8 lines.

Your quotation on page 10 is taken about from the middle of that answer, is it not?

A. It is taken down pretty well at the end of it, yes.

Q. May I ask that you read into the record the forepart of that answer?

A. I start with where he—

Q. No, please, I just want to put this statement in context.

[fol. 413] Mr. Henry: Let him put it all in, Mr. Colgren.

The Witness: I would like to put in what led to this, if I may.

"Question: And it would apply the same to all northwestern points coming through Chicago?

"Answer: Yes, sir, everything that passed through Chicago. Before arriving at differences after the southern trunklines had agreed to reconsider this whole question we sent our agent to Baltimore and Philadelphia to ascertain as near as possible the rate prevailing from those points by steam, the sail rates being so fluctuating that it was very difficult to establish a differential upon those but we gave the sail as far as possible." I hold in my hand a copy of the report made to us of the ocean rates of freight from Baltimore to Liverpool during the year 1876.

"The rates charged from Baltimore to Liverpool during the entire year of 1876 during this contest to which I have referred, the reports which, upon comparison with New York, appeared at that time to justify the allowance—justify the difference of 3 cents per 100 pounds."

"Do you say that was furnished to you gentlemen?

"Answer: That was one of them. We obtained that by sending our agent to Baltimore to procure it and the information contained in that paper was submitted before the [fol. 414] agreement upon the differences and it is upon that that your agreement was based."

It is upon that basis that the agreement was largely made. I believe that states the rates and how they changed and how they are now.

"Question: State upon what principle or basis those differences were adjusted and what has been the results upon the grain and other traffic of the cities affected by it."

That is where we start out.

Mr. Costello: Keep on reading there from that point.

The Witness: All right.

Exam. Boat: How much more do you have?

The Witness: About 35 or 40 or 50 lines.

Exam. Boat: Don't we have a way of getting this in?

Mr. Costello: He omitted the very part that makes the reference that we want.

Mr. Colgren: We are now just getting to the part that I wanted him to read into the record, Mr. Examiner.

Exam. Boat: Well, proceed.

The Witness: "To narrow down this difference and make the rates to Baltimore so much nearer to New York than ever had been made before was an extremely difficult thing to do; It involved Western Railroads.

[fol. 415] "It also involved communities. It involved all the combinations of those local railroad interests at these different places. And of course, covering a vast extent of country and a great many lines, changed the local differentials that had been made first at 10 cents and next cut down to a fixed differential of 2 or 3 cents and involved an amount of conference that is hardly appreciable unless one has gone through it. We took into account as the paper of the 5th of April states as the starting point the fact that the sum of the rail and the ocean rates between any given point in the west and the average point in Europe must be the same through the different ports. Then it was claimed on behalf of some of these companies that they should be permitted to make for their local communities differentials as large as those formerly existing or larger than the export differentials but the difficulty of doing that is apparent. If we had done that, of course there would have been no foreign business. It would all have been consigned to the local merchants, giving them the advantages, a $5 advantage of the local rates. Declining to accede to any suggestion of that character, we urged that the differences must apply upon all the traffic to these cities. Now I do not think that the New York merchant would have had the right to com-[fol. 416] plain or a citizen of New York upon a barrel of flour that comes here to be made into bread for his household if he paid 10 cents a barrel more for it than is paid by the citizens of Baltimore who did the same thing.

"For the reason that we carried that property from the local merchant's point, say 272 miles in the illustration used by Mr. Garrett for only 10 cents difference. We were not called upon by any merchantile principal or uses to carry that extra distance for nothing."

Exam. Boat: That is enough.

By Mr. Colgren:

Q. Mr. Mollman, isn't it apparent that in the remainder of your quote from Blanchard's testimony, Mr. Blanchard is talking about domestic rates?

A. I am not sure that Mr. Blanchard was just talking about domestic rates or import-export rates.

Q. Well—

A. The fact is that regardless of what we may have been talking about, that we had a domestic rate adjustment, that we established an import-export adjustment.

That when we established that import-export adjustment, of 3 cents it was not limited to that import-export traffic but was made applicable on all traffic—all kinds of traffic.

The only difference between the two types was that in some instances we made rates lower on the import-export freight than was applicable on domestic traffic.

[fol. 417] Q. Well, I think you have correctly stated the history, but I must come back to my question and ask if what you just read does not establish that Mr. Blanchard in this quotation in your testimony was not talking of domestic rates, rather than the export-import rate adjustments?

A. I think he was talking about all traffic.

That is my opinion.

Q. All right.

Mr. Mollman, on pages 32 and 33, particularly page 33, you make some conclusions as to the traffic involved in this adjustment, and also its relationship to what is projected in the future.

Is it your understanding, or rather, do you not understand from the revision to the tariffs publishing the equalized rates that the only rates adjusted were those which had to apply to Baltimore, Philadelphia, New York and Boston?

The Witness: Will you repeat that question, please?

(The question was read by the reporter.)

By Mr. Colgren:

Q. Maybe I can clarify that.

Will you agree, Mr. Mollman, that the formula followed in publishing the adjustment in terms provided that it only affected rates if they were published to the four ports of Baltimore, Philadelphia, New York and Boston?

Mr. Langdon: Do you understand the question, Mr. Mollman?

The Witness: I am not sure I do. I am still at sea as [fol. 418] to what you mean by publishing to the four ports.

By Mr. Colgren:

Q. Well, let me put it this way:

Will you accept my statement that the tariff note which provides the adjustment says, in so many words, that the rate adjustment must apply to Baltimore, Philadelphia, New York and Boston, in order for the adjustment to take effect?

A. It may be that in your announcement you said that the import or export rates had to be published from and to the four ports. It has been so long that I had forgotten just how that was.

Q. Well, I was asking—

A. But from a practical standpoint, the only rates that are under suspension in these proceedings, as I understand it, are the rates specifically published for application on import or export traffic, but we certainly can not disregard the fact that there are volumes of tonnage that move to and from the respective ports on domestic rates.

A number of those domestic rates reflect the port differentials in the sense they may not reflect the exact 3 cents at this time, but they do reflect the port differentials.

They move a goodly volume of import-export traffic.

I could only conclude that, if what you are seeking came to pass, whenever there is an import movement from the Port of Baltimore at the lower rate you would immediately establish an import or export rate from New York to meet it.

[fol. 419] Consequently, I say that all of the traffic that is imported or exported has to be considered.

Q. Mr. Mollman, on page 33 you state about halfway down in the first paragraph there that it is for this reason Protestant's traffic study is based on the fact of actual importation or exportation as far as that could be determined.

Am I to understand that your traffic study does not include all of the export-import traffic handled through Philadelphia, Baltimore and Hampton Roads?

A. To the best of my knowledge and belief it includes every pound of freight that moved through those ports.

I might say this, that we took considerable time and it took considerable effort in order to obtain every pound of traffic that moved through those ports so we could include it in this statement.

We had as many as 20 men working on this job at one time, from other railroads another 10, to accumulate this information and make it as accurate as possible.

What I am referring to there is the impossibility—at least we found that not possible—to determine all of the traffic that moves through the Port of New York. I have in mind traffic that is imported there and processed or moves out for the forwarders where the import rates are not applied; we have absolutely no source of getting that information.

We know that there are large volumes of traffic that move [fol. 420] into the Port of New York and is forwarded inland to differential territory on these forwarder rates, and it moves on the domestic rate, or if not, at least import rate is not applied, so we cannot check it, we cannot find it. It is impossible.

Then you have traffic that moves into New York to the warehouses, and it leaves the possession of the railroad and consequently the import rates are not applied on that traffic, but nevertheless it is traffic that moves into New York, it is traffic that moves out of there on the domestic rate, if you please, and that is the traffic that I could not find, and I do not think you could find it, either, on your study.

Q. Well, I do not think you should impute to us your same problems.

A. I do not mean that, but I think you have the problem. You have forwarders on your railroad, sir.

Q. Yes, sir, I know, Mr. Mollman, but that brings me to a very necessary question: How did you determine the traffic which you show in your traffic studies?

What was the basis or method followed in your traffic study?

A. In some instances we went to the agent's offices, the Pennsylvania—well, the Pennsylvania man will be on the stand and he can talk about his.

I went to New York and had one of my assistants go to New York for the purpose of obtaining the Central Railroad [fol. 421] of New Jersey study.

We laid out what we wanted, and we had their agent's clerks, paid them overtime to check out the record from the waybills in those offices.

We checked from the waybill records in our offices on the B & O and I know the Western Maryland did the same thing at Baltimore.

Those were actually checked from our records and from the waybills.

Q. When you say from our records and the waybills?

A. From the records, in the agent's office. Everyone, there is not a thing in here that has not been taken from the waybills, none of them.

Q. This is in fact, then, an actual waybill study?

A. Yes, sir.

Q. You did not use any other records in ascertaining the traffic?

A. The way we did some of that, the waybills had been put in to our division freight office at Baltimore, the waybills were there, they compiled the record. They compiled the record daily and then it was made into a monthly report.

That was taken right from the waybills, when it was made on that, and we compiled from that in those instances where it was not taken from the agent's office.

But in the final analysis, it was the waybill from which that record was made.

[fol. 422] Every export waybill goes into our office at Baltimore and is kept there.

Q. Aren't all of your export and import waybills so indicated?

A. Yes, sir, they are marked import and export. I think the accuracy of our waybills, if I may so add, will check pretty close with the PT figures—PT 6 reports.

Q. I am not doubting the accuracy of your study, Mr. Mollman. I was just trying to clarify some of the statements you made here.

A. That is perfectly all right.

Q. Mr. Mollman, on page 34 you talk of the possibility of pressures being applied if export and import rates are made different from domestic rates.

A. What page?

Q. Right at the top. You say anyone familiar with the railroad industry knows of the intense pressures which would thus be generated seeking reductions in the domestic rate. Right at the top of page 34.

A. All right.

Q. Doesn't the B & O railroad participate in so-called proportional rates in domestic traffic?

A. Yes, we participate in proportional rates to the Mississippi River.

Q. And that is common. Most of the railroads participate [fol. 423] in proportional rates, do they not?

A. That is right.

Q. In your mind, do export and import rates fall in the same category as proportional rates?

A. No.

Q. All right:

Is there competition necessarily at a port between domestic traffic consumed at the port and export and import traffic moving through the port?

A. I do not understand your question.

Will you repeat it?

Exam. Boat: Read the question.

(Question read.)

The Witness: I do not know that I can answer your question.

By Mr. Colgren:

Q. I think you must understand what I mean, or at least let us discuss it a minute.

There is a certain amount of traffic, is there not, domestic traffic, shipped to any port for consumption at the port, and similarly traffic originating at the Port for destination in other territory which has no relation to export and import traffic or foreign traffic moving through that port?

A. I will try and answer your question this way: I do not know that I understand it clearly, but I will put it this [fol. 424] way.

There was an export rate on a given commodity, I can't recall at the moment, in effect on an exceptions basis in to official territory.

As a result of that basis, shippers at Midland, Michigan, who are also shippers of the same commodities, had a request for a reduction in your domestic rates in order to meet that competitive situation.

Q. Where was the competition there?

A. The competition was in the foreign market that you had refused your rates, and because of the reduction in the import rate the domestic producer was no longer in position to compete, and as a result we established a reduced basis of rates on that domestic commodity in order to meet that competition.

Q. That is actually market competition, is it not?

A. Whether it is market competition or not, it shows the reduction in the rates places the domestic producer in the position where he has to meet that competition, and we have to help him meet it if we can, and make some money.

Q. I cannot quarrel with that.

Now, let us go back.

You have not really answered my question. There is, of course, a lot of traffic terminating and originating in all the port cities.

[fol. 425] A. That is true.

Q. Domestic traffic, is that right?

A. Yes.

Q. Is that traffic competitive with traffic moving through the port city for destination, or perhaps having originated abroad in foreign traffic?

A. If they are the same commodity, obviously they are in competition.

Q. Are they in competition at the port?

A. Yes, they are in competition at the port.

Q. You will have to explain that answer to me, Mr. Mollman, I do not understand that.

A. I do not know that I understand your question, either. We are talking about competition at the port.

Once you import any commodity into Baltimore or into New York or into Philadelphia it is in competition with anything that is produced in the United States.

Q. I was not referring to foreign traffic—

A. You asked me about import traffic, sir, maybe I misunderstood you, Mr. Colgren.

Q. That is right—moving through the port.

And I asked you whether that traffic was competitive with domestic traffic originating or terminating at the port.

A. Sure, it is competitive. Anything that is imported into the United States to be marketed in the United States is [fol. 426] competitive with anything that is produced in the United States.

Q. At the port city?

A. Anywhere.

Mr. Langdon: If it is the same commodity?

The Witness: If it is the same commodity, of course, absolutely.

Why do they bring it into the United States—they bring it in to sell. They bring it in to sell it in competition with what we produce, to a degree, if you are talking about the same commodity.

By Mr. Colgren:

Q. Mr. Mollman, I am talking about transportation actually.

A. You asked me about commodities.

Q. Certainly. I have to bring out my point.

A. O.K.

Q. Traffic moving through the Port of Baltimore for destination in a foreign country originating some places outside of Baltimore, you say is competitive from a transportation standpoint I am talking now, with traffic destined ~~to Baltimore~~ for consumption at Baltimore.

A. I did not say that.

Q. Well, I did not think you meant to.

A. I did not say that.

Q. All right.

[fol. 427] You did not mean to say that, is that right?

A. You asked me about traffic that was coming into the United States and traffic produced in the United States, if the two of them were competitive.

I said that they were.

Q. I asked you specifically at the port.

Well, at any rate, you do agree that they are not competitive at the port?

A. What is not competitive at the port?

Q. Oh, Mr. Mollman, we are going around and around and around on this.

A. Maybe I lost you or you lost me; I do not know which, but I cannot answer your question which you have just asked me.

Q. Since you have devoted several pages to this point, at least what I conceive to be your point, I want to get it straight for the Examiner's consideration.

If traffic originates—let's see if we can pin this down—suppose a given commodity originates in Illinois, and is destined to Paris and moves in foreign commerce through the Port of Baltimore.

The same commodity has some market in Baltimore, it is going to be consumed in Baltimore.

A. Right.

Q. From a transportation standpoint, is that commodity or are the services accorded that commodity competitive at [fol. 428] Baltimore?

A. You accord a different service on export traffic than you do for domestic traffic.

Q. Of course you do; of course.

A. Far more expensive services on the export traffic.

Q. Mr. Mollman, actually, you are the one that is getting us off the track.

A. No, I said anyone familiar with the railroad industry knows the intense pressure that is generated in seeking reductions in domestic rates for purely domestic movements.

What I had in mind saying what I had there at that time was that I was talking about the reduction in the import or the export-import rates—

Let me correct myself.

That those reductions in those rates will be used as a pressure to reduce the domestic rates. And I cited an instance of what I had in mind. That is exactly what I meant. If you have some different interpretation, I am sorry.

Q. No, I think I agreed with your interpretation, because you specifically took an example where there was actual competition.

A. That is right.

Q. —within the United States, for the same commodity.

A. Yes.

[fol. 429] Q. But you did not limit it, as I am doing, to the Port city through which this traffic moves en route to foreign destinations.

I fail to understand, and I am sure that you must eventually agree with me when we get to an understanding of what we are talking about—

A. Well, let's put it this way: Let me see if I can answer your question. I am trying to answer your question, I want to be as honest with you as I can.

That, in traffic there are commodities produced at the Port, that moves in export traffic. That that traffic is competitive with material that is produced inland, if you are in the export market.

Q. That is not my question. I am talking about the transportation—rail transportation, if you please, to and from the Port, confining it on the one hand to domestic traffic being consumed at the port by the people and industry at the port, and on the other hand export traffic on its way to a foreign destination.

Is there anything competitive about that, about those two different shipments?

A. The competition is between the ports, not between the cities—that is, as the consumer-producing point.

Q. I am not going into that.

All I want to know—and it is dictated by your statement [fol. 430] ending on page 34—is whether or not there is rail competition between a commodity terminating in a Port for consumption there and a commodity due for further transportation and ultimately destined to go abroad?

A. There is competition in the movement for any traffic.

Q. Oh, that is much too general.

A. There is, there is competition. We will take the movement from Cincinnati, if you please, to Baltimore. There is competition for that movement between all of the lines that operate between those points.

Q. I am talking about competition between commodities, which would have any bearing on the railroad rates at which it was transported.

Mr. Langdon: Do you mean commercial competition?

The Witness: I just do not understand your question.

Mr. Colgren: Yes, commercial competition, certainly, any competition that would dictate the necessity for the same rates on domestic traffic as export-import traffic.

Mr. Langdon: Didn't he just say there was commercial competition between domestic production of one commodity and importation of that same commodity in to this country?

Mr. Colgren: Mr. Langdon, I am having as much trouble getting through to you as I am Mr. Mollman.

Mr. Langdon: I do not think, until the question is [fol. 431] clarified that you are entitled to answer, or that we can give you an answer.

Mr. Colgren: Let's see. I tried to restate the question three different times, I think, at least.

By Mr. Colgren:

Q. Let us start with this proposition: That we are trying to get to the bottom of your statement ending on page 34 concerning the intense pressures that would be generated seeking reductions in domestic rates even for purely domestic movements, if export and import rates are adjusted one way or another.

Now, in seeking to get an understanding of that, I want you, Mr. Mollman, to consider with me a specific movement of a commodity originating in Illinois and destined for Paris moving through Baltimore.

Another shipment of that same commodity is purchased by a user in Baltimore.

Are those two rail shipments competitive?

A. No, they are two different movements.

Q. Sure they are.

Is there any reason why, if the proportion of the movement to the Port by rail, in consideration of its being a small part or a part of the total transportation, is made lower than the rate on the shipment terminating in and used in Baltimore, is there any reason why the domestic user has any cause for complaint?

[fol. 432] A. The Commission has found that there is ground for having different rates on import traffic and export traffic. I will have to accept the Commission's—if they have a difference between the import and export rates, and the domestic rates, I will have to concede that.

Exam. Boat: Let us take a 10 minute recess.

(A brief recess was taken.)

Exam. Boat: Come to order, please, gentlemen.
Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

By Mr. Colgren:

Q. Mr. Mollman, why did you leave your own ore out of your traffic study?

A. I was advised it was not in the case.

Q. Well, Mr. Mollman, it is true, is it not, there are a lot of commodities whose rates are not disturbed by this adjustment, but which are still shown in the traffic studies of the respective railroads?

A. My understanding, at least the way I look at this, is that all of the traffic that is imported or exported exclusive of coal, coke and iron ore is in this, and you would have to consider it.

Q. Why do you say that?

A. That is my opinion. I am not a lawyer, you are the ones that will have to say that.

[fol. 433] Mr. Langdon: Not only is iron ore not in this case, Mr. Examiner, but it is specifically involved in another case. So there are really two reasons for leaving it out.

The other traffic that is included here is traffic that is involved in the case either directly or indirectly.

By Mr. Colgren:

Q. Well, I am a little curious as to whose decision it was, or conclusion, that it was just not involved in the case, irrespective of the fact there is a current proceeding going on concerning iron ore.

Mr. Bongartz: I might likewise clarify that to this extent, Mr. Colgren.

There is no current proceeding pending with respect to iron ore as it concerns Boston, because the Commission has already ruled out the Boston rates in the case and the Federal Court upheld the Commission in that regard and in fact, no appeal was taken.

By Mr. Colgren:

Q. Well, then, Mr. Mollman, it was on advice of counsel you did not include the traffic statistics on iron ore in this proceeding?

A. That is right.

Q. Why did you leave out the tonnages with respect to coal, coke and products of coal?

A. I did not understand that they were in it, either, at least those tariffs were not in this. So, if I follow your thinking in the past, I am or was right in excluding it. It was [fol. 434] told to me that only the import-export rates as such were at issue in these particular tariffs.

Q. That is true, but we, nevertheless, for the information of the Commission, agreed to supply a traffic study which included all the traffic moving to and from the ports.

A. No, I did not understand that. I was here at that prehearing conference. Maybe somebody else has a different understanding.

I did not understand that. Anyway, I did not check any coal figures.

Q. I am just inquiring into any reason you may have had therefor.

A. Are you asking me a question?

Q. No.

Mr. Mollman, along that line I think we have no objection to your exhibit identified as MLM-5 but I just notice a peculiar situation here.

On page 1 of your import tonnages you show Commodity No. 309, Iron Ore, as moving 100 per cent in import movement through the Port of New York.

Of course the tonnage in connection therewith is 74 tons. Do you think that is a fair statement of the amount of imported tonnage via the Ports of New York, Philadelphia, Baltimore and Hampton Roads, with respect to iron ore?

A. That may be, that is a commodity index group 309. [fol. 435] That is ground iron ore, that is not the iron ore that moves in volume through the ports. That is a different type of movement.

Q. I see.

A. It is not the things you and I are talking about.

Q. Would the other iron ore carry the same commodity description, 309?

A. Yes, it is under 309.

Q. Mr. Mollman, on page 46, in that first incomplete paragraph there, you mention the allowance, or rather, you describe it as a discount of 50 cents per ton from the ocean rate if grain is loaded by means of a litering-floating elevator at New York.

A. That is right.

Q. Do you have any knowledge as to when that allowance was first published?

A. I heard about it about six or eight months ago. I can't tell exactly. It was during that period. I did not know you had such a thing until I happened to be up in New York at a meeting when I was told about it.

Q. You don't know that it was last spring, following the Suez crisis, then?

A. I do.

Q. Do you have any knowledge of its connection with serious congestion in the Port of Baltimore?

[fol. 436] A. No, sir.

Q. Is there—

A. I was told it was an advantage to the shippers if they could take one of those floating elevators that you have at New York and move it over alongside ship, it would save the expense of moving it around to an elevator, and that is the reason you get that 50 cents.

Q. I think that is probably right. But in addition to that, have you any knowledge of a serious congestion in the Port of Baltimore in respect to bulk grain movements last year?

A. I read about it in the paper, grain is not in my bailiwick.

Q. Have you any knowledge of the ship costs where detention in a port is involved?

A. I do not believe I am qualified to speak about ship costs.

Q. In discussing that 50-cent allowance, I note you indicate that the allowance amounts to 2½ cents per hundredweight.

If that were all that were involved, that would have the effect of eliminating the effect of the existing differential between Baltimore and New York, would it not?

A. I would say it would have some effect.

Q. Do you know what the charge for elevation is in Baltimore?

A. I would have to—that is a published tariff. The [fol. 437] tariff specifies what that is.

I think it is around 2 cents.

Q. Do you know what the charge in New York is for the elevation of parcel lots?

A. Not at the moment, no. It is published in the tariffs. They will speak for themselves on that. I could not say at the moment. It may be 2 and ½ cents, I do not know—or two and a quarter cents.

Q. Would you accept my statement it is two and three-quarter cents?

A. If you tell me that is what it is, I believe you.

Q. I think that is accurate. Thank you.

That has the effect of reducing that two and one-half cents materially, does it not?

A. I think we are getting into another realm here when we start talking about elevation.

I was in the grain game at one time, and I know that there is a lot of possibilities as to what you can do with grain, so when we get into the elevator and the moving of that grain through that elevator, I would not accept that that has too much to with this.

Q. All right, sir.

Mr. Mollman, on page 12 of your exhibit MLM-2—no, MLM-3.

A. Yes, sir.

Q. There you make certain projections, or rather, a [fol. 438] statement of tonnages and use as I think, a projection of figures derived from your previous pages 10 and 11.

A. That is correct.

Q. Mr. Mollman, I notice that you use, in getting your projection, an average weight per car of 27.85 tons.

A. Yes, sir.

Q. Which is the average tons of traffic moved and presented in your traffic studies?

A. Yes, that is 51,000 cars that moved through New York.

Q. Yes. If that tonnage average weight per car was materially less, your prognostication, of course, would be quite different, would it not?

A. Oh, that is right, if you had different average weights, you come up with a different number of tons. It is pure mathematics.

Q. Yes.

The reason I inquired, Mr. Mollman, the northern railroads made a complete study of all export and import traffic, but felt it unnecessary and not pertinent to the record to put other than affected traffic before the Commission, and it develops that the average weight would be nearer 19 tons than 27.8.

Mr. Langdon: Do you mean to say, Mr. Colgren, you have a traffic study through the Port of New York export-import traffic to and from other than affected territory?

[fol. 439] Mr. Colgren: Yes.

We never made a secret of that.

Mr. Langdon: It is not in this record, though.

Mr. Colgren: It is not pertinent to the record.

Mr. Langdon: Thank you.

Go ahead.

By Mr. Colgren:

Q. On the basis of the average weight of export-import traffic—actual average weight of 19 tons, you will agree that your prognostication here would be quite different?

A. If 19 tons was the correct figure, it would be reduced one-third.

Q. Yes, sir.

All right.

Mr. Langdon: May I ask, Mr. Colgren, at this point, if you would be good enough to produce that traffic study for the record?

Mr. Colgren: No, I do not think so, Mr. Langdon. We do not feel and never did feel that it was pertinent to the inquiry.

Mr. Marbury: Mr. Colgren has introduced plenty of evidence on the subject of showing other movements than the Central to CFA territory, why, then, would he not produce the traffic study relative to those other movements?

Mr. Bongartz: He stated it was his intention, the [fol. 440] intention of the railroads on the other side of the table, to extend equalization to other territories in the event they are successful here.

Mr. Colgren: I do not see anything inconsistent with what you gentlemen are saying. I still maintain that traffic to the unaffected territory is not involved in this inquiry.

Mr. Langdon: Does that go, then, to all of the traffic that you show in your army engineer exhibits and in your AAR traffic studies, and all of the other export-import tonnage showings that are not related to affected territory?

They all are irrelevant, then?

Mr. Colgren: Mr. Langdon, if you could break those figures down to affected as against the unaffected territory, I would agree with you 100 per cent.

Mr. Langdon: In other words, only that part of that tonnage included in those army engineering figures or department of commerce figures, or the PT figures of the AAR, that relate to affected territory, are relevant in this proceeding?

Mr. Colgren: No, I do not think that comes true. We took the best information that was available to show the respective movements of traffic through the ports, in order to substantiate our own traffic study which could be and was kept to the affected traffic.

[fol. 441] Mr. Langdon: It is very strange to me that the rail traffic that goes to and from non-affected territory, which apparently you have studied, the rail traffic that is export-import, is regarded by you as not relevant to this proceeding, and I am calling upon the other side to produce the study of traffic to and from New York to non-affected, if that is what they want to call it, territory. I think it is highly relevant. It is certainly more relevant that the Army engineers figures and the Department of Commerce figures which include truck traffic and may not have any transportation except—because of originating in the very port of New York.

Mr. Keenan: Mr. Examiner, whatever may be Mr. Langdon's view of the situation, the evidence for the Northern Tier Railroads has been submitted, filed and the witnesses have been cross examined.

We are now in the process of cross-examining for the Baltimore & Ohio Railroad. It is a rather extraordinary proposition to inquire concerning the evidence of the northern tier railroads at this time; on behalf of the Boston Railroads such request is objected to and when it is submitted in proper form at a proper time, if such a moment exists in this proceeding, we will answer it. I suggest we go on, if I may make one further remark, go on to the interrogation of the witness before the Examiner.

Mr. Langdon: Mr. Examiner, I would like to ask the [fol. 442] lines on the other side right now whether or not they are willing to produce this. If they say no, that will satisfy me and I will sit down.

Mr. Keenan: Certainly not, from the lines I represent.

Mr. Langdon: That satisfies me completely.

I take it you speak for all the lines?

Mr. Keenan: No, sir, I speak for the New Haven Railroad, and I think I am in position to speak for the Boston and Maine Railroad at this time.

Mr. Colgren: Mr. Examiner, this kind of puts me on the spot, because we do not have any real objection to producing the evidence.

The fact is that we are still of the opinion that we have certain rates in dispute before the Commission concerned with traffic in a well-defined territory, and that traffic, statistics concerning that traffic, was prepared and presented and discussed before the Commission.

Now, certainly to reproduce the rest of the figures and so on, that are impertinent in our view to the inquiry, seems to be quite a request.

I do not think we have an objection other than the fact that we feel it is unimportant, not pertinent, and so it would be an added expense and consumption of time which is uncalled for.

Mr. Foley: Mr. Examiner, I might add that the figures [fol. 443] as I understand it, would be only for certain of the lines in New York, and you would not have comparable figures for other places.

I think it would only tend to confuse the record. And I think that is what the Baltimore people are hoping for.

Mr. Colgren: That is precisely why we kept them from consideration in the first instance.

Exam. Boat: I don't think it would add anything into this record.

Let's proceed now.

Mr. Langdon: Do I understand, then, the request is declined, is that the disposition?

Mr. Colgren: The Examiner indicated he failed to see its significance here, and it bears me out to that extent. It is a burden I do not feel should be put to the carriers.

Mr. Langdon: That is all I need to have. I wanted it in the record, that is all.

By Mr. Colgren:

Q. Mr. Mollman, did you supply the movements which were used in witness Heywood's study—the traffic movements—to Mr. Heywood?

A. We gave him the information off of the traffic study, yes. Which was assembled in our office.

Q. Yes.

Did you exercise any choice in the matter?

[fol. 444] A. I am trying to remember just what we did about that. We took tonnage where there was heavy movements of tonnage to arrive at that, to take those to be representative.

Q. You mean by that numerous movements?

A. That is right, numerous movements to and from principal destinations, and so forth, of the traffic.

Q. May I ask how many movements you supplied for Mr. Heywood's consideration?

A. I do not have that work sheet here.

Mr. Langdon: I can answer that.

Mr. Heywood priced-out in his exhibits every single movement that was supplied as representative by the traffic people.

Mr. Colgren: That is what I am inquiring into, Mr. Langdon, there are some 54 shipments of comparatively few numbers of commodities. I am trying to ascertain who chose those?

Mr. Langdon: We will be glad to extend it. We will take all of the commodities if you will cooperate with us and help us price them.

Mr. Colgren: I don't know that I have that in mind.

Mr. Langdon: No, I do not think you do.

Mr. Colgren: I am not sure that the record is clear as to who supplied who with what information.

The Witness: You asked if we did and I answered yes.

[fol. 445] By Mr. Colgren:

Q. Yes, and now my inquiry was going a little further as to whether all of the shipments that you supplied Mr. Heywood were incorporated into his exhibits 1 and 2.

A. The answer is yes.

Q. Then it was actually you that exercised the choice?

A. It was done under my jurisdiction.

Q. I mean you chose which shipments were to be considered typical?

A. The Baltimore and Ohio employees selected those as representative.

Q. Yes.

I think Mr. Heywood indicated the traffic study was not complete at the time that the shipments—the data concerning the shipments were supplied to him.

Can you tell me when you did give him that information?

A. May I inquire of one of my assistants?

Q. Yes, sir.

Mr. Langdon: We must ask another witness.

Mr. Colgren: Yes, sir.

Mr. Langdon: Mr. Beggs who was working with Mr. Mollman on this.

Mr. Beggs: It was supplied in September, 1957.

Mr. Langdon: Is that just before the traffic study was completed?

The Witness: That is correct.

[fol. 446] Mr. Colgren: Mr. Examiner, I think Mr. Myskowski representing the New York Port authority has several questions.

Exam. Boat: Very well.

Cross examination.

By Mr. Myskowski:

Q. Mr. Mollman, I understand you supplied Mr. Heywood with the cars which you considered representative and which he used in the study, right?

A. It was done under my direction. I did not do it personally.

Q. In Mr. Heywood's study, I think on the export traffic he includes some, oh, fifty-odd cars.

And in that there are included two cars of 539 fertilizer, ammonium sulphate.

Would you turn to your exhibit MLM-2, at page 35, and tell me how many cars of fertilizer moved through New York via your three roads?

Mr. Langdon: Have you got Mr. Heywood's exhibit there you are talking about?

Mr. Myskowski: Yes, sir.

Don't you have it? It is my only copy.

Mr. Langdon: It is in my brief case someplace. I put it away. I thought we were through with Mr. Heywood.

The Witness: Then what is the number?

By Mr. Myskowski:

Q. 539. My question is, how many cars of fertilizer moved [fol. 447] from CFA territory through New York via your three roads?

A. That is on page 35?

Q. Yes, sir.

A. It shows none.

Q. So there were no cars at all during a whole year moved and you include two of them.

A. Wait a minute.

If you will look at page 28 you will find two cars that did move through New York.

Q. In other words, all of the cars of fertilizer during 1956 were included?

A. No, sir, two cars moved through New York.

Q. Would you do the same thing, sir, for item 323, on the import side, Clay, ball, or china? I think you can find that at page 98.

A. Will you repeat the number?

Q. Page 98.

A. I have page 98.

Q. 323. That is during the representative year there.

A. Yes.

There is none there.

Q. How many during the year 1956?

A. There is none there.

Q. Do you think it is a representative movement when you do not even move a car during a whole year and include [fol. 448] three cars of a non-existence commodity.

Mr. Moerman: In a cost study?

Mr. Langdon: Mr. Myskowski, we will be glad, and delighted, you to pick out from our cost study or traffic study or your traffic study any movements that you would like to have priced-out. These were selected from the point of view of a representative cross-section of import-export traffic, representative from the point of view of territory, representative from the point of view of loading, representative from the point of view of type of equipment.

Now, if in any way—

Mr. Foley: Mr. Examiner, this is quite a speech, but this is not relevant.

Mr. Langdon: Let me finish, Mr. Foley.

If there is going to be any attack on the ground that this cost study is applied against the unrepresentative movements, we will be delighted to apply the costs against any movements that you suggest as being more representative.

Mr. Myskowski: Sir, I am not representing any railroads, and we are ~~not~~ so far as I know, putting in any cost study.

Mr. Langdon: No, I know it.

Mr. Myskowski: I would like to examine the witness and ask him whether this testimony which he represents is so.

By Mr. Myskowski:

Q. Do you think that is representative, Mr. Mollman?

[fol. 449] A. I am sure there is a movement, maybe not to New York, but there is movement to other points that would be representative.

Mr. Foley: Representative of what?

By Mr. Myskowski:

Q. As I understand it, though, these were given for the purpose of showing the cost to move these commodities through New York and yet your exhibit shows that during the whole year no such commodities moved.

A. Well, there were some eight cars moved in 1955, so that there would be or were movements through the Port of New York.

Q. In 1955?

A. Regardless of what the year was, you have movements that change, you may have a movement this year and not have any the next so those are representative of movements through New York. Maybe they did not move in 1955, maybe they moved in 1956, and maybe more moved in 1957, or none may have moved that year.

But there was a movement through New York.

Q. As I understood your testimony earlier you said you picked out commodities that moved in large volumes and were representative.

A. That is large volume.

Q. You included three cars of a commodity which did not [fol. 450] —even move during the whole year.

A. That is a commodity that moves in volume through North Atlantic ports, not necessarily volume through New York. It is traffic that moves, it is traffic that you are after, if you please.

It is the traffic that you are after, and it is the earnings which will result from that traffic.

Q. Wouldn't that be fine if you were showing it was non-compensatory at the other ports, but you are trying to show this traffic is non-compensatory at New York—

A. Yes, believe me we were flabbergasted when we found out what the cost was to go through the Port of New York.

Our company is very much—

Mr. Foley: I object.

The Witness: Our company is very much concerned with how much it costs us to operate through the Port of New York.

Mr. Foley: Mr. Examiner, that is not responsive to anything.

He is not qualified to talk about costs.

The Witness: I will answer this way.

Mr. Foley: There is no question pending.

Mr. Keenan: May the witness be instructed not to speak until there is a question addressed to him?

Exam. Boat: Answer questions only.

[fol. 451] The Witness: Yes, sir.

By Mr. Myskowski:

Q. Mr. Mollman, how much coffee proportionately, approximately, moves through the port of New York?

A. How much what?

Q. The total imports coming through New York, how much would you say is coffee?

A. How much is coffee?

Q. How much.

A. I will give you that. About 48 per cent.

I am quoting from memory. Let me get this sheet.

What is the number of that?

Mr. Colgren: No. 75, page 2 of the import commodities.

Mr. Langdon: Here it is.

The Witness: Coffee, through New York, according to this statement which we took from our combined study, 133,265 tons which represented 98 per cent—98.62 per cent of the traffic moving through North Atlantic ports.

By Mr. Myskowski:

Q. There were 133,000 tons?

A. That is right.

Q. How many cars of coffee got into your so-called representative sample?

A. I would have to look at it to see. I do not know whether coffee is in there or not.

Q. Look at it. It is in there, the first one.

[fol. 452] I do not have an exhibit.

Mr. Keenan: Have you a copy of JLH-1 and 2?

The Witness: No.

Exam. Boat: Here it is.

Mr. Keenan: Thank you, Mr. Examiner. You may look at that.

Mr. Henry: The second to the last column.

The Witness: What is your question?

By Mr. Myskowski:

Q. How many cars of coffee got into your representative sample?

A. 528 cars totaling 16,493 tons.

Q. Yes, sir, but I mean in the list which you supplied to Mr. Heywood, how many cars of coffee were included in that fifty-some odd?

A. In what?

Q. How many cars of coffee were included in Mr. Heywood's representative group of cars?

A. 528 cars.

Q. I only see one, that is the top one, there.

A. That does not show the number of cars. That shows the average weight.

Q. That is exactly my point.

But you show three cars of clay, ball ~~or~~ china, when none of it moved in a whole year.

A. I said there was traffic moving through New York of clay ball or china.

[fol. 453] Q. None during the year of 1956, yet you show three cars of that and none of coffee?

A. That is all right. It is still representative of the movement that you are trying to get.

Q. How about rubber? Can you tell me if there is a substantial movement of rubber?

A. Yes, sir.

Q. Pretty large? What proportion, approximately?

A. What is the commodity number?

Q. 523.

A. I can't find the figures at the moment, sir. But I will say there is a substantial movement.

Q. Do you know how many cars of rubber got into your representative sample?

A. I have to find the commodity first.

Q. 523.

A. 367 cars, 12,850 tons of rubber, and 439 cars of latex, 17,646 tons.

Q. All right, sir.

And out of those, how many cars got into Mr. Heywood's group?

A. Just that many.

Q. In the study?

A. That is what I quoted, sir. I gave you what went into Mr. Heywood's study, 366—

[fol. 454] Q. I am referring to J. L.H.-1. There are fifty some odd cars listed. I was wondering how many of those cars were rubber.

Mr. Langdon: Mr. Myskowski, if I may straighten you out. These are not in Mr. Heywood's exhibits, cars, they are movements.

By Mr. Myskowski:

Q. All right, how many movements?

Mr. Langdon: Well, you have got fifty-some export movements, fifty or so import movements.

By Mr. Myskowski:

Q. Could you give me the answer, Mr. Mollman?
A. Well—

Mr. Langdon: I know, but you are asking the questions on the assumption that these movements that are shown in Mr. Heywood's exhibits represent individual car movements. They don't.
Mr. Myskowski: What do they represent?
Mr. Langdon: They represent typical movements.
In other words, representative movements. We took a movement of coffee.

By Mr. Myskowski:

Q. All right, how many representative movements got into Mr. Heywood's study of rubber?

Mr. Langdon: You can add them up as well as I can, fifty or fifty-five.
Mr. Foley: Can we have this from the witness?
The Witness: They are all listed. Those are the representative movements.
[fol. 455]

By Mr. Myskowski:

Q. On Mr. Heywood's list of 58 cars, how many are listed under group 523?
A. How many cars?

Q. Yes, sir.

A. How many cars were included in that study?

Q. No, in Mr. Heywood's study as being representative.

A. None.

Q. That is still not the right answer.

A. I can only give you the answer of what is there. There is no number of cars there. It shows the average weight of those movements.

Q. How many representative movements?

A. I would have to count up all the cars that were furnished him to tell you how many movements there were.

Q. I am talking about the exhibit of Mr. Heywood, JLH-1.

A. Yes.

Q. Which lists about fifty-some odd representative movements.

In those so-called representative movements are three called clay, ball or china, three such movements.

There are, so far as I can see, exactly one of rubber, 523, yet you tell me there is a tremendous amount of rubber going through, there is very little clay ball or china, none during 1956.

A. Let me answer you on rubber.

[fol. 456] Q. All right.

A. Probably the biggest consuming point—undoubtedly the biggest consuming point of rubber in the United States is Akron, Ohio. We picked that as being representative.

And you pick any better point than that, than the largest consuming point, can you?

Q. No.

A. All right. That is it.

Q. Mr. Mollman, how many tons, roughly, of import traffic do you show for the year 1956 through Baltimore?

A. Total traffic through the Port of Baltimore?

Q. Yes, sir.

A. You are speaking of import now.

Q. Page 81, I believe, isn't it?

Mr. Moerman: No, page 85.

The Witness: 1956.

By Mr. Myskowski:

Q. Yes, sir.

A. The total of all traffic for all points was—

Q. No, sir, just to differential territory.

A. 32,669 cars, 1,624,128 tons.

Q. All right.

Could you tell me how many of those are within the category 319, ores and concentrates? Page 78.

A. 1,015,463 tons.

Q. Could you tell me in your representative study—your [fol. 457] representative movements at Baltimore, how many tons, or how many movements of ore were included in your sample?

A. Well, to one point 2247 cars, 496 cars, 471, 1017, 732 and 1889. I would say that is a total of about 5,000 or 6,000 cars, with a total tonnage of in excess of 250,000 tons.

Q. Well, sir, I am talking about Mr. Heywood's listing. How many representative movements in group 319 were included in that group of 50-some odd cars?

A. None.

Q. So even though the ores constitute a majority of the tonnage moving through your port, you did not even include a single car in your representative listing.

A. That is correct.

Q. All right, sir. We did not include them because you do not have the facilities at New York to handle that type of traffic.

Q. I am talking about Baltimore now.

A. It is New York here that has been used in this particular instance.

Q. We are not contending the costs at Baltimore are non-compensatory.

Mr. Mollman, at the time you are computing or making this traffic study, as I understand it, you took all the waybills from the various railroads, is that correct?

A. Yes, that is correct.

[fol. 458] Q. Did you at that time make any attempt to find out what the average revenue was, say per car, or per ton-mile, or anything at all of that sort?

A. In this traffic study, we do not or did not take the revenues, we took the total tons that were moving through the ports, which is what we agreed would be furnished in this presentation.

As far as revenue is concerned, the revenue per car, they were shown in my exhibit 1, I believe it is, where we figured earnings per car-mile and per ton-mile, on representative movements.

Q. But you made no attempt to get any over-all average as such?

A. An average.

Q. Yes.

A. No, sir.

Q. In your exhibit MLM-2, on page 19 you show a total moving for export from differential territory of 3,303,000 tons for the representative year August 1, 1955 to July 31, 1956, is that correct, sir?

A. 3,303,448. That is correct, sir.

Q. I have 499, page 19.

A. The correct figures for page 19 are 67,749 cars, 3,303,448 tons.

Q. Thank you.

And on page 85, I think you show a total of import ton- [fol. 459] nage to CFA—

A. 33,056 cars, 1,644,844 tons.

Q. So that the total moving to and from CFA, via the Port of Baltimore would be the sum of those two, 4,948,000-some odd, right?

A. That would be it.

Q. And to and from New York, I believe your study—do you have that figure available, sir, what is the total moving to and from New York during the same period?

A. For all lines.

Q. To and from—

A. I do not know what the total is for all lines.

Q. I thought somewhere in your evidence, in your testimony—

A. Do you mean for just differential territory, as reported for your lines and ours.

Q. Yes, in the composite case.

Exam. Boat: That is on your MLM-5, is it not?

The Witness: I believe that is in MLM-5.

Exam. Boat: That does not show a total.

The Witness: You are speaking of export now?

By Mr. Myskowski:

Q. Export and import, sir, total through New York, your lines and the other lines.

A. Well, the total export from differential territory for all lines, New York was 2,393,045 tons.

Exam. Boat: Where do we find that, Mr. Mollman?

[fol. 460] Mr. Myskowski: Answer the question.

The Witness: I found that on page 12 of exhibit MLM-3.

By Mr. Myskowski:

Q. And the total imports, sir?

A. The total imports for New York, 645,792.

Q. So that roughly there were about six million tons moving to and from CFA territory via Baltimore and 3 million tons via New York, is that correct, sir?

A. If you do not exclude the bulk traffic, yes.

Mr. Myskowski: Yes, sir. Thank you. That is all.

Exam. Boat: Is there any further cross examination? Any redirect?

Redirect examination.

By Mr. Langdon:

Q. Mr. Mollman, in the selection of these traffic movements—I beg your pardon, I forgot you.

Cross examination.

By Mr. Miller:

Q. Mr. Mollman, turning to your page 22 of your statement, if you were to establish import-export rates based upon mileage, I suppose your differentials would have to be on the basis of that lower set of figures, is that right?

A. If you will observe the 283 hundred formula of rates, that would be the average.

Q. In other words, that would be the mileage basis if you did it on a mileage basis, right?

[fol. 461] A. Strictly miles, that is correct.

Q. So, as I understand it, your proposed differentials are not to be justified on a mileage basis, is that right?

A: We are not proposing any change in the differentials. All we are asking is the observance of the recognized differentials.

Q. Do I understand, then, that your only justification for your proposal is that it is the same as we have had for a good many years?

Mr. Langdon: What proposal?

The Witness: We have not proposed anything.

By Mr. Miller:

Q. Haven't you proposed some reduced rates to restore the differential?

A. To maintain the differential.

Q. Well, now, what justification is there for that maintenance, then?

A. Competitive necessity at the Port of Baltimore.

Q. I see.

Why did you pick three cents, for example?

A. That is the differential that has been in existence for some 75 or 80 years.

None of that differential, New York still has got the biggest share of the traffic.

Q. Is that your only or principal basis for the amount of the differential?

A. If we were to take into consideration all of the factors, [fol. 462] and I am stating my personal opinion here, we should have a wider differential than the three cents that exists today.

Q. The only reason you picked this three cents is the fact it had been effective 75 or 80 years?

A. We are willing to accept it and try to live under it—continue to live under it.

Q. Is that what might be called rate-making, what was good enough for grandpa is good enough for me?

A. I found grandpa to be a pretty good guy sometimes.

Q. It is not on mileage, it is not on cost, is that right?

A. I told you before—I did not tell you, but I said here before, we were astounded at the cost of operation in the Port of New York, and our management is taking one long look at those figures and how long we can exist under them.

Q. That three cents is not related to the cost you found, is it?

A. That is competitive. It is related to a number of things. I think if we go back to the history of it in the Cooley report it says so.

Q. That was 80 years ago, right?

A. He was a supreme court judge. I think this—he knew what he was talking about when he said it considered the principles.

Q. They were talking about costs 80 years ago, right?

A. They said cost was a factor. The service involved, [fol. 463] the competitive angle, and the rate structure as a whole.

Q. But you are basing this differential on the costs as they existed 80 years ago, right?

A. No, I said we are willing to live under that differential. We are willing to try to live under that differential. We are not advocating a change in it.

Q. But does that three cents bear any relationship to present-day differences in costs, as you say you found them?

A. If we relate it to costs, I would say that differential would have to go up to 8, 9 or 10 cents, at least.

Q. Are you of the opinion that these rates should be also based on difference in costs—this differential?

A. I think it is a very important factor. I will tell you this, when I am looking at a rate and I am asked to propose a rate, one of the first things I look at is how much does it cost to handle?

If I find we are not able to make a profit out of that, all of the other considerations are out.

Mr. Miller: Those are all the questions I have. Thank you.

Exam. Boat: Have you finished, Mr. Miller?

Mr. Miller: Yes.

Exam. Boat: Thank you.

Mr. Colgren: May I continue with my cross examination?

[fol. 464] Cross examination.

By Mr. Colgren:

Q. Mr. Mollman, as I recall it, I believe you indicated you participated in export-import rates through the Gulf?

Mr. Macleay: I cannot hear.

Mr. Colgren: I am sorry. I forget myself.

By Mr. Colgren:

Q. Mr. Mollman, as I understand it, in your previous testimony you said you participated in export-import rates through the gulfports.

A. We are parties to the export rates through the Gulf, from a portion of our territory, the same as the New York Central.

Q. I.F.A. Territory, as I understand it?

A. That is right. The Todd Knott award territory.

Q. Mr. Mollman, you also participate, I believe, in traffic, export and import traffic moving through the Canadian ports?

A. Yes, sir.

Q. Mr. Mollman, you just mentioned the Todd Knott basis. Can you tell me what that differential is as between the North Atlantic ports and the Gulf ports?

A. The basis, as I recall it, is so—it is on European traffic, the rates to New Orleans, from Chicago, if you please, with the 6 cents under the rate from New York, 3 cents under the rate from Baltimore, the rates to other territories it is 3 cents under the rate from New York or the Baltimore rate.

[fol. 465] Exam. Boat: That is on imports?

The Witness: That is on import business.

By Mr. Colgren:

Q. On what class is that, Mr. Mollman?

A. I am going by memory. I believe it is all classes.

Q. If you will accept my statement, that is on 6th class.

A. Is it on 6th?

All right, I will accept that.

I might say, while we are talking about the Todd Knott, that in this thing we have got to consider very seriously the fact that the rates in differential territory and the rates in southern territory are related under that Todd Knott thing, and what is done here can affect all the rates.

Q. Well, Mr. Mollman, do you have any recollection of what that Todd Knott differential is at first class?

A. No, I do not. I have to go back to memory on that.

Q. Could you refresh your recollection—without violating your counsel's feeling, by reciting the differentials for the first six classes and see if you agree with them?

They were, as you recall, based under New York.

A. That is right.

Q. Does this strike your memory as correct?

18 cents first class, 18 cents second class; 12 cents third class, 8 cents 4th class, 6 cents 5th and 6th classes?

A. Those sound correct to me.

Q. Yes, sir.

[fol. 466] Are you familiar with the fact that the differentially-published export and import rates through the Gulfports are the same from I believe it is Pensacola on the one hand to Brownsville, Texas on the other?

A. Yes. I believe they go all the way to Laredo, Texas. What you are proposing here is you would have the same rate for 2,000 miles or approximately that as we have for four hundred or five hundred miles.

Q. Are you also familiar with the fact that the distance from Chicago to Mobile is 837 miles, or if not familiar, will you accept my statement?

A. I think that is correct. I think New Orleans is 890 miles as against the 800—the 890 miles Chicago to New York.

Q. That is right.

Mr. Mollman: Will you accept my statement that Corpus Christi, Texas, is 1260 miles from Chicago?

A. I think that is approximately right.

Q. From Cincinnati, where the Todd Knott differential, or rather, a point from which you participate in export and import traffic through the gulfports, Charleston, South Carolina, is 704 miles?

A. That may be true. Nevertheless, we had no control over those rates. Those rates were set primarily by the Illinois Central and the GM & O in conjunction with this [fol. 467-469] Todd Knott we had to meet a competitive situation. We did not set those rates.

When we could participate in the business and make some money out of it, we participated in it. But when we can't make any money, that is another animal.

Q. Yes, sir.

Exam. Boat: Is it convenient to stop now?

Mr. Colgren: I was about to say that is all I have.

Exam. Boat: Very well.

Mr. Langdon: Sir, before you adjourn, I take it you would probably desire to defer until tomorrow this matter of the Boston Report, and our request for a subpoena which I am prepared now to talk about, but which I guess, in light of the adjournment, we can defer until tomorrow.

Exam. Boat: Very well.

I am prepared to issue the subpoena when you have the information.

Mr. Langdon: I have the information now, and I have all the data, but I think we can defer it until tomorrow. There will be argument about it, I am sure.

Exam. Boat: You say there will not be an argument about it?

Mr. Langdon: I say there will be an argument about it.

Exam. Boat: There will be an argument?

[fol. 470] Mr. Langdon: I suppose so.

Exam. Boat: We will be here tomorrow.

Mr. Langdon: That is what I mean.

Exam. Boat: We will adjourn until 9:30.

Mr. Langdon: Is Mr. Mollman excused, sir?

Mr. Welch: No.

Mr. Keenan: No.
Exam. Boat: All right.
We will adjourn now until 9:30 tomorrow morning.

(At 4:35 p.m. the hearing was adjourned until 9:30 o'clock a.m. February 20, 1958.)

[fol. 471]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I & S Docket No. 6615

FSA Docket No. 32204

[Title omitted]

Met, pursuant to adjournment, at 9:30 a.m.

Before: Marion L. Boat, Examiner.

APPEARANCES:

As heretofore indicated.

ADDITIONAL APPEARANCES:

John F. Toppeta, 112 State Street, Albany, New York, appearing for State of New York-Department of Commerce, in Support of Respondent.

David E. Pinsky, 703 City Hall Annex, Philadelphia, Pa., appearing for City of Philadelphia, in Support of Protestants.

[fol. 473]

Proceedings

Exam. Boat: Come to order, please, gentlemen.
Mr. Bongartz: Mr. Examiner, relative to the adjourned date—
Exam. Boat: Yes.
Mr. Bongartz: I will say, I called Mr. Heywood last night and he will be available on the 25th of March.
Exam. Boat: Very well, thank you.
Has the cross-examination been completed, or is there still some?

Mr. Keenan: Mr. Examiner, I had a couple of questions of Mr. Mollman, please.

Melvin L. Mollman a witness, having been previously sworn, resumed his testimony as follows:

Cross Examination (continued).

By Mr. Keenan:

Q. Mr. Mollman, can you refresh my recollection, please, or maybe tell me something I never did know how much grain during 1956 was exported through the Port of Baltimore?

A. 1956 is in the traffic study, sir.

Q. Do you happen to remember, approximately?

A. No. I will have to look at the exhibit.

Mr. Henry: Look at page 7. See if that is it.

The Witness: From differential territory through the [fol. 474] Baltimore-Port of Baltimore, 870,981 tons of wheat, 896,356 tons of corn, 39,537 tons of oats, 86,000 tons of barley and rye, 21,856 tons of soya beans.

By Mr. Keenan:

Q. Of the 800,000-odd tons of corn that you just mentioned, Mr. Mollman, is some of that, so far as you know, corn which is sold by the Commodity Credit Corporation to foreign buyers or foreign delivery?

A. I am not familiar with who sold it. I do not know who sold it. I would assume there was a good portion of that corn that the Government had a hand in selling.

Q. That would have been the Commodity Credit Corporation?

A. Yes, we had abnormal conditions for disposal of grain for a number of years since the war.

Q. The Government corn you referred to would have been Commodity Credit Corporation corn, right?

A. I would assume a good portion of that was theirs.

Q. By a "good portion," would you and I mean the same thing, something in excess of thirty or forty per cent?

A. I could not state the percentage. I would say there was a good proportion of that corn that was government corn.

I do not know who owned it and who sold it exactly. I can only go by my general impression of the situation.

Q. Your exhibit MLM-6, to exhibit I believe it is 50, page 3, refers to export carloads unloaded except coal and coke and other than grain.

[fol. 475] A. That is right.

It is a regular PT-6 report, you had two of them, one excluded grain and one had the grain. This is the one that excluded the grain.

Exam. Boat: I suggest the heading be changed to read "Except Coal, Coke and Grain," would that be correct?

The Witness: That would be correct.

By Mr. Keenan:

Q. Between 1939 and—withdraw that.

I. one were to refer to page 3 of your exhibit MLM-6, that we have just been talking about, Mr. Mollman.

A. Yes, sir.

Q. From 1939 until 1956 of Boston and Hampton Roads, which would appear to be the more vigorous competitor with Baltimore?

A. How do you mean the more vigorous competitor? They are all vigorous.

Q. Which is the more successful in obtaining traffic which otherwise Baltimore might handle?

Mr. Hanifin: If the Examiner please, I am going to object to that question because it assumes there is some common denominator that the traffic might go through Baltimore or might go through Boston or might go through Hampton Roads. There is no basis in the record for any assumption as that. If counsel is only inquiring as to actual statistics, that is one thing, but his question had a little bit [fol. 476] more than that which was implicit in it.

Mr. Keenan: I claim the question, Mr. Examiner. Its relevancy seems to me clear.

Exam. Boat: The objection is overruled.

By Mr. Keenan:

Q. Do you have the question in mind, Mr. Mollman, or would you like to have it read?

A. Yes, I have the question in mind.

Well, the figures as shown on page 3 of my exhibit MLM-6 shows that Boston, if we added the totals through all the 17 years, that it had less tonnage than Hampton Roads.

Q. Well, is it a fair conclusion from that fact that Hampton Roads has been appreciably more successful than has Boston in obtaining traffic which otherwise might have gone through the Port of Baltimore?

A. They got more tonnage.

Q. You would rather not answer the question I asked, Mr. Mollman?

A. I do not know what you mean by "successful," in getting this tonnage. They had this tonnage. I do not know the destinations of this, other than it went in a differential territory. I do not know the movements of that from that standpoint to analyze these from each year as to what is meant by success in getting tonnage.

Q. When you speak of destinations, do you and I both have in mind these are export carloads?

[fol. 477] A. To origins—I will correct that. To origins rather than destinations.

Mr. Keenan: I haven't got any further questions.

Exam. Boat: Does that complete the cross?

That seems to be all.

Mr. Langdon: I have one question on redirect.

Redirect examination.

By Mr. Langdon:

Q. Mr. Mollman, you were asked yesterday concerning the basis of selection of those traffic movements taken from your traffic study which were incorporated and priced-out in Mr. Heywood's cost exhibits.

Would you please state the basis of selection used in that respect?

A. Yes.

We selected commodities that moved in volume through the ports, not necessarily through all of the ports, but moved through the ports and that this is the traffic that is involved, this is the traffic that New York is apparently trying to get.

For example, on the ball clay, the china clay, there were 33,621 tons moved through the Port of Philadelphia. Some of the principal destinations—we then went to select destinations which would be representative, we felt would be representative in showing the costs, and destinations we found were New Castle, Pennsylvania, Barberton, Ohio and Robinson, Illinois.

[fol. 478] We found that 79 cars moved to New Castle, 61 moved to Barberton—61 cars to Barberton, 61 cars to Robinson, Illinois, and the weights were 3950 tons, 350 tons, and 3000 tons, 50 tons per car.

So that was one that was used, and we determined the costs on that, or they could use that in determining the costs of moving that like tonnage to any one of the ports.

We took wallboard. There were 2499 tons moved through Baltimore. That moved to Dayton, Cleveland, Massillon, and Chicago.

So we made similar comparisons there. We took iron and steel where 353,000 tons moved through Baltimore, 580,000 tons moved through New York. On the steel for export we used Steubenville, which is the origin of tinplate, one of our major producing points, 343 cars, steel sheets from Cleveland, steel plates from Chicago, steel plates from Detroit. We covered it or blanketed the territory and gave you a relative picture. We followed that all the way through. Take wheat flour, 40,000 tons moved through New York.

We used Indianapolis as an origin, where from our billing 117 cars originated. How much originated on the New York Central, since that is a New York Central point, I do not know.

But, that was a representative milling point of that tonnage, and that was the basis of all of these selections all [fol. 479] the way through.

Q. Mr. Mollman, in that respect, did you select commodities that were heavy-loading, medium-loading and light-loading?

A. We did. The range was all the way from 14 tons per car to 50 tons per car—or a little more than that. We had food products, some of this material moved in refrigerator cars, some moved in open-tops, some moved in box cars.

Q. You also selected commodities by the type of equipment employed.

A. That is correct.

Q. I gather from your prior answer that, from the point of view of points within the territory, that there again you regarded your selections as representative?

A. Yes, sir.

Mr. Langdon: That is all.

Exam. Boat: Is there any further redirect?

Mr. Langdon: No, sir.

Exam. Boat: Is there any recross?

Mr. Myskowski: Could we have a couple of questions?

Recross examination.

By Mr. Myskowski:

Q. Mr. Mollman, are you very familiar with the way Mr. Heywood developed his costs at all?

A. Oh, no, I know nothing about costs, except the result.

Q. I see. You say what you used was traffic which moved [fol. 480] through all three ports in your representative sample.

A. I said I took traffic that loaded in volume, some of it may have only moved through one port. Some of it may have moved through all three ports or just two ports. I take that traffic so they can price it out moving through any one of the ports if it moves through that port eventually.

Q. On the basis of your experience, would you be able to say that different traffic costs different amounts to move through a port?

A. I am not a cost man. I prefer that a cost man answer it. I am not in position to answer. I don't know how they arrived at those costs.

Q. Well, if it did, sir, and you took traffic which was moving to Philadelphia, and you took costs which were based on totally different traffic, and applied those costs to traffic which was moving through Philadelphia, the result wouldn't have much meaning, would it?

Mr. Langdon: I object to the question.

The Witness: That is still a cost question. I am not able to answer it, sir.

By Mr. Myskowski:

Q. You made no attempt, then, to try to make for any New York traffic which moved in volume through New York or Philadelphia traffic which moves in volume through Philadelphia and for Baltimore traffic which moves in volume through Baltimore. Costs would be based on those, [fol. 481] obviously.

Mr. Langdon: I said yesterday, Mr. Myskowski, if you have some representative movements you would like to price-out, we would be—

Mr. Foley: This is out of order. There is no objection pending. This is a speech, Mr. Examiner.

Mr. Langdon: Just a minute, if there is an attack upon the representative character of this cost study, in its representative character, we would like the other side to provide us with movements which we will price out, we will go further and ask their cooperation in pricing them out.

Mr. Moerman: This is a wholly improper attempt to prevent an attack upon the representations of this study which is now under way.

Now, Mr. Examiner, I ask that you permit this attack to continue its successful course.

Mr. Langdon: Mr. Examiner, I take it, it is the object of this proceeding to develop the facts. That is, I suppose, the objective. In the development of these cost factors we have no cooperation from the other side, we are doing absolutely the best we can with the material that is within hand, based on our figures, our traffic study. We served New York representatively, and we have done exactly the best we can. If the other side does not want to cooperate and supply us with further information on which to make [fol. 482] this, as they claim, more representative, then of course we are at an end.

Mr. Moerman: There is still no objection pending. It is a highly improper statement.

Mr. Foley: May that go out, Mr. Examiner? That is wrong.

Mr. Moerman: It must go out.

Exam. Boat: It is not testimony in the case.

Mr. Moerman: It is bologna.

Exam. Boat: Mr. Mollman here is submitted, as I understand it, as a witness offering a traffic study. He is not presented as a witness to support any of the costs.

Mr. Myskowski: Yes, sir. You see we are in this position, Mr. Examiner.

Mr. Mollman is the one who presented the so-called representative movement, but he is not the one who made the so-called cost study. When we get Mr. Heywood, he will say I know nothing about the movement, they were given to me by Mr. Mollman.

We have to tie those in. They are taking traffic which moves through Philadelphia and Baltimore and pricing it out on the basis of what they claim to be New York costs. They made no attempt to, if they are going to consolidate all of the traffic, I would think they would have consolidated all the costs and made it average that way. But it [fol. 483] seems ridiculous basing a certain amount of cost on traffic moving through New York and showing the traffic moving through Philadelphia would not be compensatory moving through New York.

Exam. Boat: That is not true of all the commodities, is it, Mr. Myskowski?

Mr. Myskowski: No, sir, but if you look at them, a large proportion are bulk commodities having a lower cost moving through the other ports, and do not move through New York, and we have to develop this through Mr. Mollman since he is the one who claims to have submitted the list of commodities to Mr. Heywood.

Mr. Langdon: Well, I suggest the questions be deferred until Mr. Heywood is on the stand. Between now and the next hearing there will be distributed in advance of the next hearing, application of this cost to practically every movement in the traffic study. There will be no opportunity to question its representative character.

Exam. Boat: Do you have any further questions of Mr. Mollman?

Mr. Colgren: I have one additional question, if you please.

By Mr. Colgren:

Q. Mr. Mollman, in answer to one of my questions yesterday you said one of your first considerations when asked to make rates was whether or not the rate would make [fol. 484] money for your railroad.

What is the yardstick that you used to determine whether or not the rate will be profitable as you described it?

A. We have a cost department in our railroad, and when I make a comparison of the rates that happen to be requested with other rates, which I may consider low, I will ask the cost department to tell me what the costs to handle that traffic are.

Q. What do they supply you, a ton-mile or—

A. They give me the cost figure. The cost to us is so much to handle from Baltimore to Chicago, the terminal costs at Baltimore, the terminal costs at the other end.

Q. Yes.

Do they supply that to you on an out-of-pocket basis?

A. An out-of-pocket—I usually ask for the out-of-pocket because, when you get down to the low rates there may be other things that influence the rate, and I see if we can equal that out-of-pocket cost on rates.

If you get below that, you are just out of luck, that is all.

Mr. Colgren: That is all. Thank you very much.

Mr. Welsh: No questions.

Exam. Boat: All right. I believe we have completed the examination.

Mr. Langdon: Mr. Examiner, I have an understanding [fol. 485] with Mr. Colgren that the next witness will be General Stratton. He is down the list, three from the bottom, on page 4.

Exam. Boat: We will excuse Mr. Mollman.

(Witness excused.)

Mr. Langdon: May I have Mr. Mollman's exhibits received in evidence, sir?

Exam. Boat: Yes, sir, they will be received as exhibit No. 51.

(Exhibit No. 51, Protestant, Witness Mollman, was received in evidence.)

Exam. Boat: Is that agreeable to the parties to have Mr. Stratton follow Mr. Mollman?

Mr. Foley: Mr. Examiner, I would like to have marked with Mr. Langdon's permission, for identification, a statement in behalf of New England Industrial Traffic League in Support of Equalization. The witness—this is a verified statement—this is a statement, the witness is here and could I call him and have him sworn?

I have distributed the statement among the parties.

Exam. Boat: Very well.

Mr. Foley: Mr. Williams.

I am sorry, it is a verified statement. So, unless someone wants him for cross-examination—that has been marked as 51?

Exam. Boat: That will be identified as No. 52.

[fol. 486] (Exhibit No. 52, Witness Williams in Support of Respondents was marked for identification.)

Mr. Langdon: He is here, isn't he?

Mr. Foley: He is here.

Exam. Boat: Is there any desire to cross examine Mr. Williams?

Mr. Langdon: Yes, I thought you were going to produce him.

STEPHEN B. WILLIAMS a witness was sworn and testified as follows:

Direct examination.

By Mr. Foley:

Q. Mr. Williams, will you please state your name and address for the record?

A. My name is Stephen B. Williams.

I am president of the ~~New~~ England Industrial Traffic League.

My business address is Jones-Lamson Machine Co., Vermont.

Q. Mr. Williams, is the statement which has been marked for identification exhibit No. 52, is that a statement which was prepared by you?

A. That is right.

Q. Are the matters therein contained true and correct to the best of your knowledge and belief?

A. Correct.

Mr. Foley: You may examine.

[fol. 487] Cross examination.

By Mr. Scully:

Q. Mr. Williams, does the New England Industrial Traffic League have members from the State of Maine?

A. Yes, we do. Several of our best members are from there.

Q. Are there any of the railroads members of your organization?

A. No.

The League represents industry, only. There are no carrier members.

Q. Have you had any specific requests from industries in Maine to participate in this proceeding?

A. No, the action that we have taken—that is, my appearing here and filing this statement, is a result of the fall meeting of the League held in September, 1957, at which we agreed to participate in the case.

Q. Now, at the end of your statement, you say that in this statement we have emphasized the Port of Boston, but that which we have said applies with equal force to all New England ports.

Do you know what the rate situation is at Portland as far as export and import rates go?

A. Yes, I understand that the Port of Portland has a somewhat unique situation, as I understand it, you have so-called differential rates on two commodities, china clay and woodpulp.

[fol. 488] Is that correct?

Q. You are the witness.

A. That is my understanding.

I will say this that at the fall meeting of the League at which we took this action, one of our very respected members, Mr. R. L. Travis, who is traffic manager of S. D. Warren Company, stated that he would probably have to take a position which was contrary to the League's position in this case because of the fact that his company is located in Maine and they are interested in the Port of Portland.

On the other hand, of course, the League represents all of New England and we have felt we should take a position on the majority of the ports in New England.

Any League member is entitled to take an independent action, he does not have to follow the League's action.

Q. In other words, although one member who represented an industry in Maine advised you that he was opposed to the elimination of the differential, you felt without specific authority from any other industries in Maine, that you would support the position of Boston, is that correct?

Mr. Foley: That is not what the witness said.

The Witness: That is what we say here. We say we will support the position of all the New England ports. We are supporting not just the Boston, but all the ports in [fol. 489] New England, Bridgeport, New Haven, Providence, New Bedford, wherever there is traffic moving.

By Mr. Scully:

Q. And are you speaking of Portland as well?

A. Well, as far as Portland is concerned, I think we should say that we feel that inasmuch as there are only two commodities involved, that we should not allow two commodities moving through Portland to influence the traffic, all the commodities that are moving through the other New England ports.

Q. And it is your understanding, then, that the import differential at Portland applies only to two commodities?

A. That is my understanding, yes, sir.

Q. Did you give any consideration to what effect it might have on the Port of Portland if the differential was eliminated?

A. Certainly the League has to take those things into consideration.

It was discussed at the meeting. As I say, as I pointed out before, Mr. Travis raised the question but our discussion was very friendly. Mr. Travis did not press the point.

The League would have to follow the majority vote of its members. We have over 200 members representing several hundred industries, in New England.

Q. Would it be a fair statement to say that your organization represented members all over New England, so you felt the Port of Boston was more important than the Port of Portland?

[fol. 490] A. I think, certainly, volumewise, the Port of Boston is a much larger operation than the other ports, but once again I have to say as far as the League is concerned, we are interested in representing the over-all interests of New England business, and their ports, whether it is Boston, Providence, Portland, or New Haven or Bridgeport, any of them.

As I said before, the League's action was taken by majority vote, in fact the vote—there were probably 60 or 70 men there at the meeting representing all of New England, and so far as I know there was only one dissenting vote.

Q. How many of the 60 or 70 men represented industries in Maine?

A. I cannot recall that. I would have to go back to the roster of attendance which we have, but I do not have it with me. There are usually several there from Maine, because we have some pretty active industries up there and they are active in the League.

Mr. Scully: I have no further questions.
Mr. Langdon: I have one question, sir.

Cross examination.

By Mr. Langdon:

Q. Mr. Williams, are you familiar with a report of the Advisory Council for the Port of Boston Commission submitted to the Governor of Massachusetts under date of December 2 and then as supplemented under date of De [fol. 491] cember 31?

A. I think I recall hearing something about a report, but I know nothing about it. I know nothing about the details of the report or what it contains.

Mr. Langdon: Mr. Examiner, that brings up again this question of this Advisory Council Report to the Port of Boston Commission that was referred to yesterday.

Mr. Foley: Mr. Examiner, I would suggest we proceed with this witness until cross examination is completed.

Mr. Langdon: I have no further question of the witness.

Mr. Marbury: I have a question.

Cross examination.

By Mr. Marbury:

Q. Mr. Williams, you are interested in this matter on behalf of industries as importers and exporters, is that right?

A. That is right.

Q. Do your industries—your industries are allocated, I take it, in the New England area?

A. That is right, the six New England states.

Q. They do import and they do export?

A. That is correct.

Q. Through what port do those industries ship their exports? Speaking generally?

A. Well, I think generally speaking those in Northern New England tend to favor the New England ports, and I [fol. 492] think those in Southern New England, particularly our Connecticut friends no doubt are pretty heavy users of the Port of New York.

Q. Isn't it true a number of the industries of Massachusetts also use the Port of New York?

A. I have no facts on which to base that.

I want to say, I can't make any intelligent comment on that. I can only say that any opinion I would express would be personal opinion only.

Q. Haven't you made a statement here New England Industries are on the haunts of dilemma, either they take advantage of the lower transportation expense at Boston, or put up with the inferior frequency in sailings and the usually longer time in ocean traffic, or they pay the higher rail costs involved in using a port other than Boston in return for ocean time advantage?

I ask if you are speaking of New England industries? Isn't that true of New England industries generally?

A. I think that is true. As I stated before, some of your northern shippers in the proximity to the northern ports, and because of inland transportation being cheaper, use the northern ports to the extent adequate sailings are available, but there is no question in my mind but what the greater volume of export is going through New York.

Q. Through New York?

A. Yes, sir.

[fol. 493] Q. New York has no differential advantage over Boston?

A. That is correct.

Q. Does any of your import or export business—any substantial amount of it—move through Baltimore, Philadelphia or Hampton Roads?

A. No, I would say very little of it would go south of New York.

Q. South of New York?

A. That is right.

Q. So the fact is with equality with New York—not equality, of course, but without any differential favoring New York and actually with a lower rail rate because of the nearer distance, still New York is drawing most of your export and import traffic.

Mr. Foley: Mr. Examiner, I object to the form of that question, that is purely argumentative. He has gotten the facts he wants. This is just the argument now. The conclusion follows from what has been testified here. It is just the argument.

Mr. Marbury: If it is conclusion, I will take that.

The Witness: I think our statement there points out the facts pretty conclusively. You merely restated some of them, and that is that we say here in the second paragraph, page 2, that—we point out that Boston is not obtain- [fol. 494] ing its fair share of export and import freight moving to and from interior points—that is, beyond New England. In other words, I think it is safe to say that Boston is depending pretty heavily on the other New England ports. They are depending pretty heavily on traffic originating or destined to points in New England. That is not sufficient to support the sailings that we need to attract more tonnage to the port.

By Mr. Marbury:

Q. What makes you think that Boston would attract any business from Central Freight Area, CFA Territory, as against the New York when it can't even hold its own business in its own back yard?

A. I can't speak for the Port of Boston on that point.

Mr. Marbury: That is all.

Cross examination.

By Mr. Hanifin:

Q. Mr. Williams?

A. Yes, sir.

Q. I gather the burden of your testimony is that traffic moving through Boston is not as great as it should be?

A. Well, yes, that is the position we take.

Q. And other New England ports for which you speak, apparently, except Portland—is that correct, sir?

A. Except Portland?

Well, I would say Portland has an advantage, as I understand it, only on two commodities. So on other traffic they [fol. 495] would be in the same position as Boston or any other port.

Q. I also understand, sir, in response to a question by Mr. Marbury, you stated you knew of no traffic moving from the New England area to what had been characterized by New York as Baltimore, Philadelphia, or Hampton Roads, is that correct, sir?

A. That is to the extent of my own knowledge. That applies principally to our company.

Q. Then the competitive traffic which New England is losing must be moving through New York; aren't you forced to that conclusion, sir?

Mr. Moerman: That is speculation, Mr. Examiner.

Mr. Hanifin: Permit the witness to answer the question.

Mr. Foley: Mr. Examiner, that is argumentative. When he says "must", it is obviously argumentative.

Mr. Moerman: He does not know, Mr. Examiner. Let's not have him speculate.

Mr. Hanifin: Is Mr. Moerman putting words in the witness' mouth. The witness did not say he does not know.

Mr. Moerman: I object on the grounds the witness does not know and the answer would be a speculation.

The Witness: I can speak with authority only for my own company.

[fol. 496] Mr. Hanifin: Then you do not know anything about the import and export business of the people for whom you speak, the National Industrial Traffic League, sir?

Are you saying that you are unqualified to speak for them with respect to import and export traffic?

The Witness: Let me get down to the facts and figures. I don't have any figures to support this at this particular time, but if you want an answer to the question of whether it must move through New York, I merely refer again to the premise that we take in this statement. As I see it you have two situations.

On the one hand you have the New England concerns who are exporting and importing traffic. They are tend-ing to send a majority of the freight to New York as against Boston, if you want to put it that way. Why? For the simple reason that the sailings from Boston—

By Mr. Hanifin:

Q. Excuse me. I am sorry.

A. Because the sailings from Boston, as we point out here, we are frank to say, we say, for example, in the third paragraph on page 2, "Our New England industries are thus on the horns of a dilemma. Either they take advantage of the lower transportation expense at Boston and put up with the inferior frequency of sailings and the usually longer time in ocean transit, or they pay the higher rail costs involved in using a port other than Boston in return [fol. 497] for ocean time advantage."

Now, that applies to my company, and I think it is a fair statement for New England as a whole.

Q. All right, sir.

Now, right at that point—

A. Yes, sir.

Q. Have you finished?

A. Yes.

Q. It was a long answer to a short question, sir.

A. Here is the rest of it. As I pointed out before, prior to that, we make the point that New England ports cannot develop enough tonnage from New England industry with the sailings you have now, they have to go beyond New England to develop more tonnage to develop sailings from Boston and the other ports. That is our position, it is very simple.

Q. But is it not true your statement is directed to the fact that the competition that Boston meets today in attracting traffic—Boston as a port, I mean—is with New York?

You speak of more frequent sailings, inferior sailings from Boston.

Now, isn't the comparison made by you as between Boston and New York?

A. Well,—

Q. Just yes or no, sir.

[fol. 498] A. No, I am not comparing just the Boston. I am citing that as an example, but I also say—

Q. Now, sir, what do you have in mind? Answer specifically the ports you had in mind when you talked about sailing superior to those that moved through Boston?

A. Well, I will add to New York, I would say also Baltimore and Philadelphia have better sailings, and I assume there is a certain amount of business from New England that goes there.

Q. That may be true, sir, but you have already told me, haven't you, that you know of no traffic which is moving to that territory?

A. Personally, no. But I am sure you can develop plenty of information on that score if it is needed. I would be very happy to do it.

Q. But you are at the present time unable to point to even so much as one shipment—

Mr. Foley: Mr. Examiner—

By Mr. Hanifin:

Q. —which has moved to the out-ports as opposed to—

A. I did not come here prepared with that sort of information, sir. I came here to present this statement which is our position.

Now, if further facts are required from New England industry, the League will be happy to cooperate in developing that information.

[fol. 499] I have not got it with me.

Q. Just one more question, sir.

A. Yes, sir.

Q. What study have you made of the frequency of sailings from Hampton Roads?

A. I haven't made any studies.

Q. From Baltimore?

A. Not personally, I have not made a study.

Q. From Philadelphia?

A. No, I have no study with me to present.

Q. Do you have any knowledge as to the frequency of sailings from New York?

A. As to the frequency from New York?

~~Q. Yes, sir.~~

A. Yes, because our concern happens to use New York in export unless we can get good sailings from New—from Boston.

Q. That is interesting. You export materials that you produce?

A. That is right.

Q. Do you use New York?

A. Oh, yes, and we use Boston.

Q. Where is your plant located, sir?

A. In Vermont.

Q. In Vermont?

A. Yes.

Q. How far is that from New York, sir?

[fol 500] A. About 230 miles.

Q. In going to New York, does it by-pass Boston, is Boston nearer to your plant?

A. Oh, yes.

Q. Does Boston—is Boston nearer to your plant?

A. Yes, sir.

Q. Are you familiar with the rail rates to Boston and to New York?

A. Yes.

Q. What is the rail rate on the product which you export?

Mr. Moerman: Just a minute, Mr. Witness. I want to object on the ground that all of the testimony which has been given by this witness for the past few minutes deals with movements between points in New England and North Atlantic ports. That issue is not in this case. I think that there is much too much material of that type already in the record.

This is a CFA case, and I object to any further examination along this line.

Mr. Bongartz: I move the witness' statement be stricken, because it is clear from his statement that he is depending in large part, if not in most part, on this local situation.

In view of counsel's statement I ask the statement be stricken.

Mr. Moerman: I take it his testimony is he needs traffic [fol. 501] from CFA to improve the New England port's position, is that right?

The Witness: That is the position we take, and that is fully set forth in the statement.

Mr. Marbury: The testimony also is he cannot get it because it will go to New York.

Mr. Foley: That is not the testimony, Mr. Examiner.

Mr. Moerman: He did not say that.

Mr. Marbury: He did, too.

Mr. Bongartz: I think we have a question on the record, Mr. Examiner.

Mr. Moerman: We have my objection.

Mr. Marbury: That is the same as my statement, they are worth about the same.

Mr. Moerman: Yours is worth nothing.

Exam. Boat: As to the rates, I do not know that it is the proper subject of cross-examination.

Mr. Hanifin: If the Examiner please, I would say that objection comes without very good grace from the counsel for the Port of New York Authority. I remember with distinct clarity that Mr. Laux'' testimony was the only factor that influenced the movement of import and export freight was rates. I think that is a subject of cross examination, due to the assertion along that line.

Mr. Moerman: I am also counsel for Metuchem Chamber.

[fol. 502] Mr. Bongartz: This dilemma he talks about talks about higher rail costs.

Exam. Boat: Let us not argue, Mr. Bongartz, I don't think we should argue.

Mr. Hanifin: May the question be answered, sir? Have you ruled on Mr. Moerman's objection?

Exam. Boat: Yes.

Mr. Hanifin: You have? What was the ruling?

Exam. Boat: I sustain the objection.

Mr. Hanifin: You sustain his objection that I cannot inquire—

Exam. Boat: As to rates on particular traffic. He did not testify as to any particular traffic.

Mr. Macleay: He testified as to rates, Mr. Examiner.

Exam. Boat: Where did he testify as to rates?

Mr. Macleay: This "horns of dilemma" he talks about on page 2, either they take advantage of lower transportation expense at Boston or they pay higher rail costs involving use of other ports. Certainly counsel has a right to inquire as to the detail of a broad general statement.

Mr. Foley: The witness did say the cost to him was more in the way of rates to ship from Vermont to New York than to Boston, but what he was trying to do was to avoid that by having a chance for Boston to be competitive with CFA territory.

[fol. 503] Mr. Hanifin: Does the reporter have that statement on the record, please?

Mr. Foley: That is in the statement.

Mr. Hanifin: I am going to rephrase my question, if the Examiner please, and deal with the rate situation generally and not specific rates because I understand that was the subject of the Examiner's ruling.

Mr. Hanifin: Now, Mr. Williams, are you familiar generally with the rate situation which obtains from your plant in Vermont to Boston and New York?

The Witness: Certainly.

By Mr. Hanifin:

Q. Do you pay a higher freight bill by moving your traffic to New York?

A. I—

Mr. Welsh: Mr. Examiner, I will object to that on the ground this is entirely beyond the scope of this investigation, and the rates from New England or the costs from New England to any port are not involved. This is a CFA matter.

Mr. Macleay: Do I understand counsel is moving to strike all of this witness' testimony?

Mr. Welsh: I beg your pardon?

Mr. Macleay: I wondered if that is what he was doing.

Mr. Welsh: Our testimony dealt with CFA only.

Mr. Macleay: I am asking if you are moving to strike [fol. 504] this witness' testimony?

Mr. Welsh: That is not what I am talking about.

Exam. Boat: I overrule the objection. The witness may say—

Mr. Hanifin: Mr. Examiner, I have no further questions.

Mr. Walker: I have one question, Mr. Examiner. I want to ask about the traffic in differential territory.

By Mr. Walker:

Q. Did you hear Mr. Mollman say yesterday or testify there is over 500,000 tons of iron and steel articles moving from CFA territory to New York?

A. I was not here yesterday.

Q. Do you get any iron and steel articles on differential to New York or Boston?

A. Can we?

Q. Do you?

Mr. Foley: If you know?

The Witness: I do not know.

By Mr. Walker:

Q. Do you have the same rates from CFA territory to Boston as you have to New York?

A. I assume the rates are equalized between Boston and New York, that is right.

Q. But you do not know how much traffic you get today as compared with New York?

A. I can't answer that question intelligently, no, sir. I do not know that.

[fol. 505] Exam. Boat: Are there further questions? You are excused.

Mr. Foley: May Mr. Williams' Exhibit be received as Exhibit 52?

Exam. Boat: The exhibit will be received as 52 in evidence.

(Exhibit No. 52 Witness Williams in Support of Respondents was received in evidence.)

Mr. Langdon: Mr. Examiner, if I may, I should like to return to the subject of this advisory council report, the report of the Boston Commission.

It comes to mind because of the testimony of Mr. Williams.

Under the laws of Massachusetts, Chapter 6, Section 53-A of the General Laws of Massachusetts there was apparently appointed or provided for an advisory council to investigate the activities of the Port of Boston. This Advisory Council apparently was to report or at least an agency of the Port of Boston Commission and its obligation apparently was to report to the Governor of the State.

Such a report apparently was made under date of December 2, and supplemented under date of December 31.

We have what we believe to be authentic copies—at least they were obtained directly—and I am asking now that [fol. 506] Mr. Foley who is, as I understand it, appearing in this proceeding as counsel for the Port of Boston Commission—and this is in the report of an advisory council to that same Port Commission—to cooperate with us in getting this report and its supplement authenticated.

This report is extremely meaningful and highly significant. There has been testimony here that the difficulties at the Port of Boston are attributable to the freight rate situation. This report, while mentioning the freight rate situation, refers as the primary difficulty at Boston to the labor situation there.

Let me read you as an example of the type of material that is available in this report, one paragraph from it.

Mr. Keenan: Mr. Examiner, before counsel does this, can we go into the question a little bit of how this thing is going to get before the Commission. I don't think it is necessary to go into what is in it yet. Whatever objections there are to it are not phrased at this stage of the game with regard to relevancy. What is counsel's proposal for getting this thing into evidence, that is all I think we need to know in this case at this stage.

Examiner Boat: What is your purpose, Mr. Langdon?

Mr. Langdon: I want it in the record, sir, a highly relevant statement against the interest, apparently an official document concerning the Port of Boston.

[fol. 507] Mr. Keenan: Mr. Examiner, I think—

Mr. Langdon: If I may interrupt the objector over here, I think it was he, yesterday, who said he was going to object on the ground that this was irrelevant, and I was proposing to read a portion and tender proof, a part of this report, to indicate its relevance.

Mr. Keenan: There is an objection before you get to relevancy, that is, the thing is not authenticated, and there is no accepted procedure for introducing documents such as this in evidence.

Mr. Langdon is far more expert in this than I am, I am sure he knows it. If we can proceed along those lines, I think we will have very little difficulty.

Mr. Langdon: Mr. Examiner, I know we can ask for a subpoena, and it is our purpose so to ask for a subpoena of the Chairman of this Commission—Advisory Council, rather.

I am asking, before we have to take that step, however, whether or not the counsel in this case, for the same port of Boston Commission, will not cooperate with us in getting these reports authenticated?

Mr. Keenan: Well, regardless of whether counsel for the Port of Boston will, I think the Examiner might be interested to know that the Boston Railroads will not consent to the authenticity or stipulate to the authenticity of this document until it is properly supported by a witness on the [fol. 508] stand, and that request is not unreasonable one single bit.

No such document should go in in our view until there is a man on the witness stand who can talk about it and explain it.

Mr. Langdon: Well, you see, Mr. Examiner, under those circumstances, then, I am forced, assuming there is no word to the contrary, from Mr. Foley—

Mr. Foley: Any word from me is immaterial at this stage. The Boston Railroad has taken a position on it. I see no reason why he should not prove this in normal course by calling somebody who knows. I just do not know anything about this document.

Exam. Boat: That is the only way we can get the facts in the record.

Mr. Langdon: All right, then, in those circumstances, sir, we should like to have issued, and I am proceeding under Rule 56 of the Rules of Practice, a subpoena returnable at the March 27th hearing.

Exam. Boat: 25th.

Mr. Langdon: March 25 hearing, for Mr. Ralph M. Binney, who is indicated here as chairman of this Advisory Council.

Now, Mr. Binney is an officer of the First National Bank of Boston and, according to the telephone book, his home [fol. 509] address is 304 Dover, R.D., Westwood, Boston.

In accordance with Rule 56 I can orally and do orally request a subpoena on this record in the form just given.

Exam. Boat: The initial is M. as the first letter in "M".

Mr. Langdon: Ralph M. Binney.

Mr. Keenan: Mr. Examiner, I conceive that the special rules applicable to this proceeding would at least give me standing to object to Mr. Langdon's request, in view of the standing and integrity and neighborhood of the witness whose testimony Mr. Langdon seeks to obtain, I waive whatever right I might have to object to the request under the special rules.

Mr. Langdon: What does that mean?

Mr. Keenan: I do not object to the issuance of the subpoena, Mr. Examiner.

Mr. Foley: Mr. Examiner, may I add I certainly do not object to the issuance of the subpoena.

Mr. Langdon: Will you produce him voluntarily?

Mr. Foley: I can't produce him.

Mr. Keenan: If I were authorized to represent him, I would be glad to accept service of the subpoena, but he will have his own attorney, I imagine, so I have no authority to speak for him at all.

Exam. Boat: Is it all right to have that prepared for [fol. 510] you at noontime?

Mr. Langdon: Thank you, sir.

I guess General Stratton is the next witness.

J. H. Stratton a witness, was sworn and testified as follows:

Mr. Langdon: I have here, sir, the original of General Stratton's verified statement with appendix.

Exam. Boat: I have a copy.

Mr. Langdon: I do not think you have the original, sir.

Direct examination.

By Mr. Langdon:

Q. General Stratton, have you been sworn?

A. Yes, sir.

Mr. Langdon: May we have a number, sir, for this exhibit?

Exam. Boat: Yes. His statement may be identified as Exhibit 53.

(Protestant's Exhibit 53 Witness Stratton, was marked for identification.)

Mr. Langdon: The witness, J. H. Stratton, whose verified statement has just been identified as No. 53 is tendered for cross questioning.

Mr. Moerman: Mr. Examiner, I would like to have a little talk with General Stratton. Before I do, I heard a March 25th date mentioned here. Would you enlighten me a little bit on it?

[fol. 511] Exam. Boat: We were discussing yesterday the matter of the adjourned hearing.

Mr. Moerman: Yes, sir.

Exam. Boat: Mr. Colgren expressed a necessity for such a hearing.

Exam. Boat: For the purpose of cross-examining Witness Heywood, I think, that is the primary reason.

Mr. Moerman: I have been here all morning, I just had not heard any discussion.

Exam. Boat: I had not announced it. I was going to announce the date at the adjournment of our hearing here, but presumably that date is satisfactory to the parties here, at least I heard no expression to the contrary.

Mr. Moerman: The 25th of March.
Exam. Boat: Of March.
Mr. Moerman: All right, sir. Thank you very much.

Cross examination.

By Mr. Moerman:

Q. General Stratton, I am counsel in this case for the Port of New York Authority, the Metuchen Chamber of Commerce, and 20 or 30 other parties interested in this proceeding, mostly grouped around the Port of New York.

In connection with your exhibit 53, you tell us a good deal about yourself, and I understand that you are a civil engineer by profession.

You would not happen to be an economist, also, would you?

[fol. 512] A. No, sir.

Q. You have 600 engineers and economists in your firm, and for economic advice you depend on your professional economists, is that right?

A. To a large extent. Of course a good part of the engineer function involves economics in relation to engineering—strictly in relation to engineering. Engineering of course may embrace transportation, too, in relation to evaluate a transportation facility.

Q. When you were at the military academy, or at the Polytechnic Institute, did you have any courses in economics?

A. No, sir.

Q. You tell us that you were once a supervising engineer of the Panama Canal, and that while there you were in charge of economic and engineering studies to determine the feasibility of expanded canal facilities.

You tell us also that you made some comprehensive engineering and economic studies of the Ports of Hampton Roads, Baltimore, Philadelphia, and New York.

Is the Port of New York under any disability as a port from the Seward side? Is it a good harbor?

A. Oh, yes, excellent.

Q. One of the best?

A. Yes, sir.

Q. Now, in connection with your exhibit 53, did you make [fol. 513] any study of Port facilities at the Ports involved in this case?

A. We have in the past in studies for the Delaware River Ports prior to my joining the firm in 1948.

Subsequent to the period that I joined the firm in Baltimore two separate studies, a study at Hampton Roads completed fairly recently, and in two instances we have been retained by railroads to make special studies with respect to the marine facilities and the traffic that might be expected to be handled over those facilities.

Q. As I read your exhibit, general, you give us a comprehensive showing of certain port services at New York, Philadelphia, Baltimore, and Hampton Roads.

Is my understanding correct that your exhibit does not include a survey of any physical facility like coal-handling facilities, ore-loading and unloading facilities, grain-handling facilities?

A. No, we were not asked to examine anything in the way of physical facilities at any of the ports.

Q. In connection with the assessment or survey of the port services at New York, Philadelphia and Hampton Roads, were you asked to come to any conclusion with respect to the influence of those services on the movement of traffic?

A. Well, no foreordained conclusion was given to us. I think the reports we had published earlier had indicated [fol. 514] in several instances that the services of the type enumerated in this exhibit were highly important to a port, and that New York over-shadowed in each case the separate ports that we studied.

Q. Did you study the physical facilities at the other ports in addition to the services such as are included in your exhibit 53?

A. At the time we made those port studies we did, yes.

Q. Did you come to any conclusion with respect to the influence of the physical facilities of the other ports for handling ores or grain?

A. That was not a comparative study. That was a study of each port within itself. In many cases we recommended improvements and betterments and expansions that might be needed over the course of time if they were to improve their position with respect to cargo movements.

Q. Did you recommend bulk ore handling terminal for the Port of New York, New York Harbor?

A. We have never studied that phase of the New York Harbor, no, sir.

Q. You do not know whether New York has any up-to-date modern bulk handling facilities?

A. In terms of ore handling.

Q. Yes, sir.

A. Only the limited ones I have seen, the limited grab-bucket operations I have seen on the Jersey side are the [fol. 515] only ones I know of.

Q. You would not rate them very highly, would you?

A. Not in comparison to some of the more modern ones at other ports, no, sir.

Q. How about Baltimore and Philadelphia as ore unloading facilities?

A. In both cases they have been built too subsequent to any period of visit I have made, so I have not seen them.

Q. You testify that the Port of New York has a differential. What do you mean by that?

A. A rate differential, that is, from the so-called differential territory rates being higher for New York than for these other three ports.

Q. General, what is differential territory?

A. Well, I can't define it. I am familiar with it in a map plot. I do not have such a map with me.

Q. Give me a general idea.

A. It is that area in which these several ports would compete for traffic, and the rates might, under certain circumstances be equal, but in the case of practice, as we understand it, there has been a differential established over a long period of years. That differential being in the favor of the ports south Herly to New York.

Q. Yes, but General, you testified that these services have some considerable influence on the movement of traffic to and from the territory. [fol. 516]

Give us, will you, just some rough idea of what the territory is.

Exam. Boat: The geographical extent?

Mr. Moerman: Yes, the geographical extent.

The Witness: It is the area south of the lakes, extending as far as Chicago, including the Cleveland area, Indiana, and Illinois, some of Tennessee and Kentucky, I believe.

By Mr. Moerman:

Q. That is right, that is roughly right.

A. And parts of Pennsylvania.

Q. Yes, sir, that is about it.

Now, General, do you have your statement before you?

A. Yes, sir.

Q. Turn to page III, so you can follow me more easily.

You say in the middle of the page "This statement has been prepared on behalf of the following railroads," and you name the B & O, the Canton, the C & O, the N & W, the Pennsylvania, Reading, Virginia, and Western Maryland.

Is it a fact that your firm was retained to make this study by these railroads?

A. Yes, we understand that that is so. I think our contract is actually tied to the Baltimore and Ohio as the agent for the other railroads.

If my recollection serves me correctly—I have not veri- [fol. 517] fied this on the contract—I am not sure, I believe one of my partners signed it.

In the discussions, there were several railroads represented, and when we accepted the assignment it was with the full understanding that we were serving 8 railroads, but naturally we could not deal with the 8 railroads separately, some one would have to be the liaison or agent with us, that is, some man would have to speak for all.

Q. Yes, generally—

A. In the narrow dealing with us.

Q. What I was getting at is, you have a statement here that it was prepared on behalf of.

I wanted to know if the railroads were your clients or whether maybe somebody like the Maryland Port Authority, Mr. Marbury's client, hired you?

A. Oh, no.

Q. I want to know who hired you?
A. No, absolutely, the railroads.

Mr. Moerman: Mr. Examiner, this is a point of personal privilege. I would like to go off the record a moment.
Exam. Boat: Very well.

(Discussion was off the record.)

Exam. Boat: On the record. You may proceed.

By Mr. Moerman:

Q. General Stratton, in connection with the preparation of this exhibit, did you familiarize yourself with the issues [fol. 518] in this case?
A. Only generally that it was a rate issue and that this was one aspect that was being developed by the railroads. I understood another aspect being developed was the relationship of sailings in the various ports. Beyond that we did not inquire.
Q. Were you in the hearing room yesterday?
A. No, sir.
Q. Do you know that the New York Railroad, respondents, have reduced their rates in an effort to eliminate the differential you talk about in your testimony?
A. No, sir.
Q. In your statement on page II, you state at each of the four ports, referring to New York, Philadelphia, Baltimore and Hampton Roads, that there is a good natural harbor, deep channels protected anchorages, available capacity for handling expanded cargo volumes.

Now, some effort has been made, generally, in this case to make a distinction between so-called general cargo and bulk cargo.

Are you aware of such a distinction?
A. Well, physically between the products I am. They are not the distinctions developed in this hearing because I have not been attending the hearing.
Q. Yes. Well you tell me whether you know if at New [fol. 519] York there is available capacity for handling expanded cargo volumes of imported ores like chrome, ferro-manganese and others?
A. Specially devised for that purpose?

Q. Yes, sir.

A. No, I cannot say.

Q. The facilities are pretty primitive, are they not?

A. There again it is a relative term. I would say with large volumes coming in frequently, my general observation is I would say they are not up to standards of others.

Q. Yes.

Particularly in comparison with Philadelphia, Baltimore, and Hampton Roads, isn't that right?

A. Yes.

Q. General, turn to the top of the next page, will you, please?

What was your mission, if you had one, in connection with the preparation of your exhibit?

A. Generally it was to make an evaluation of the services that are available in the various ports, the services being the agreed list as contained.

We took the—the inquiry was made of us, and our interest in pursuing this assignment, from the fact in several of our reports we had evaluated services, not to the extent to the fullness that this is done, and not quantitatively to [fol. 520] the same degree, that is, with our general knowledge of the Port of New York and immediate knowledge of Baltimore, for example, under study, it was quite apparent that Baltimore lacked services, or Hampton Roads, in the study there, comparable in numbers and kind to New York, and that this, among other things, operated to the disadvantage of the port.

And we suggested that this be kept in mind in pursuing the objectives the port was seeking in developing more cargo, and that they do everything they could do to encourage better port services, as well as more frequent ship sailings, and I think we advised in every case that they should endeavor to preserve the differential, which was to us about the only factor that is really competitive among the ports, as New York having the overwhelming advantage on these various services enumerated.

Q. How overwhelming is the advantage, General?

A. Well, statistically it is almost stunning. Practically in the case of the operation, I do not know that you can say quantitatively, if you can't isolate one service from another, they all seem to work together.

It would seem to us significant to the point, when you used the word "overwhelming," I meant the fact that in some cases they do not even have the services in these other ports.

[fol. 521] Q. How overwhelming is the advantage with respect to imported iron ore?

A. There again I said we could not isolate with respect to any single service or any particular commodity.

Q. How overwhelming is New York's advantage with respect to cargo moving to and from differential territory involved in this case?

A. Involving what?

Q. How overwhelming is New York's advantage over Baltimore, for example, with respect to the cargo involved in this case, the tonnages of cargo on export and import? Do you know?

A. I think we are stretching the word "overwhelming" as I used it. I used overwhelming in the sense of services, not overwhelming in the sense of its direct effect on the cargo. I did not intend to imply that. With respect to availability of services, the number of people you could turn to, the kind of aid you could get, I meant it that way, not in terms of its direct influence on the cargo.

Because I think I qualified by saying we found we could not quantitatively say with respect to any one service for any one commodity what its influence was.

Q. But you could say in total?

A. That the effect was very significant—the end effect was significant.

Q. What do you mean by significant?

[fol. 522] A. Well, coupled with other things, it made quite apparent that New York was operating or taking in a lot more cargo than these other people were at that time.

Q. How much more?

A. I can't recall the figures.

Q. Do you know how much more now?

A. No, sir, I do not.

Q. When you say that—

A. How much they generally, when we were writing this, we were writing about general cargo, we were thinking in terms of general cargo. I believe our reports are fairly clear on that point.

Q. What is general cargo?

A. Well, that is cargoes, other than bulk, that are handled in bulk, I think they might be subject to commodity rates.

Q. General, have you any idea about how much traffic through the four ports on which you made a survey between the differential territory here involved and the port, exporting and importing, moves by rail as against what moves by other forms of transportation?

A. Well, I had a good idea at one time. Anything I would hazard now would be trusting my memory.

Q. Just your recollection?

A. Yes, it would just be my recollection. That could be well off.

[fol. 523] Q. Your exact words on page IV of your statement, would you look at it please? Do you have it, General?

A. Yes.

Q. "The frequency and range of shipping services offered at New York and the supplementary services available at that port influenced the movement of cargo to such an extent that large volumes of cargo moving to or from differential territory were routed via the Port of New York."

Now, you used the word "were". Do you mean it in the sense of the past or do you mean it in the sense of the present?

A. Well, we are talking here in the first sentence, in the introduction to the sentence, our studies of the ports, we are talking about the past there. We have not brought those up to date. I think the most recent one was 1955. It was in 1955. The one before that was 1953, and the other one was 1948, I believe, or 1949.

We are tying this to the past, because we were not asked to make a study, a new determination of these volumes.

Q. The latest figures on which this study are based are as of what date?

A. The latest—wait a minute, this was not a study based on—the statement was based—

Q. I am talking about the statement.

A. Yes.

Q. You are talking about large volumes of traffic.

[fol. 524] A. Yes.

The statement was based on studies made in 1956 and 1955 was the most recent ones.

Q. Can you help me when you say "large volumes," by backing it up with any figure?

This is a situation where we have been struggling to get some precise information. Can you give me some?

A. Yes, sir. Again I must trust my memory.

Q. Please do.

A. If you will accept it for that. As I recall in our Hampton Roads studies we found by-passing Hampton Roads there was something over one million tons going to New York area that we felt some of it might be captured for Hampton Roads, not in its entirety, there were certain commodities, I think cigarettes for one, in which shippers told us they had special reasons for going to New York, with the existing sailings—some of the shipping destinations overseas, that they would probably always go to New York but—

Q. General, aren't you talking about differential rates here influencing the movement of large movements or large volumes of traffic from differential territory? That is what the case is about.

A. Well we are talking about what we said in the Port study sometime ago.

[fol. 525] Q. We are talking about what you have to back up your statement that the differential influences large movements of traffic via the Port of New York.

I just want to get into the detail a bit.

Mr. Marbury: What was that statement again, please?

Mr. Moerman: I said the General says at page four of his statement, if I did not misspeak—let me read, please—that the shipping services at New York influenced the movement of cargo to such an extent that large volumes of cargo moving to or from differential territory were routed via the Port of New York in spite of established rail differentials.

Mr. Macleay: That wasn't what you said, counsel.

Mr. Moerman: Did I misspeak—I am sorry?

By Mr. Moerman:

Q. Now, my question is, I am still trying, General, to get at large volumes. You made an impressive study here, and you say that the services available at New York influence the movement and you say in spite of the differential, and all I am trying to find out is what you mean by "large volumes."

Now, if counsel wishes, Mr. Examiner, to confine the exhibit to the study of services available, and to remove the thus far unsupported opinion of this witness, I can stop my cross-examination.

Mr. Langdon: This paragraph has to do with the conclusions reached as the result of the prior studies of this [fol. 526] firm of Hampton Roads, Baltimore and Philadelphia and as I understand it, in connection with those studies there were traffic movements studied that went right through the Ports of Baltimore, Hampton Roads, and Philadelphia, on their way to New York. Isn't that right, General?

The Witness: That is correct, yes.

Mr. Langdon: That is what you are referring to here?

The Witness: Yes.

Mr. Langdon: That traffic came from the west, did it not, in part at least?

The Witness: Yes, sir.

Mr. Moerman: Are we going to get the studies in this way, or am I going to have the studies in this case?

Mr. Langdon: I think we will be glad to—they were supplied to the firm, I think at the time by the railroads themselves on a sample basis, and off-hand, I see no objection why they should not be supplied for this record.

I think they are within the control of the railroads, are they not, General?

The Witness: They are in the control of the railroads, yes, sir.

Mr. Langdon: We may say, we made special studies for the firm indicating the traffic that was going right through Baltimore on its way to New York. We took sample waybills, and that is I think one of the bases upon which this conclusion is predicated.

[fol. 527] Mr. Moerman: Well, Mr. Examiner, my difficulty is they are not here.

Exam. Boat: That is right.

You are bringing up something I think that goes to the weight of this testimony, whether we are to give the weight in view of the lack of supporting evidence.

Mr. Moerman: Well, if I made my point clear, as I guess I have, I do not have to pursue the subject any further.

By Mr. Moerman:

Q. General, I take it that in connection with your testimony about the influence of services at the Port of New York on the movement of traffic, you nor anybody for your firm interviewed any shippers on this matter, is that right?

A. For this particular?

Q. Yes, sir, for the purposes of this study and for the purposes of the statement you make here?

A. I do not know, but that could be certainly verified.

Q. But you personally did not?

A. I personally did not, no.

Q. And, as I understand from Mr. Langdon it is based on some other studies, but you did not make any supplementary inquiry in connection with the influence of services.

A. Well—

Mr. Marbury: Mr. Examiner, if there is one thing that [fol. 528] is clear in the case, it is that large volumes of freight are moving to New York from Central Freight Area. The figures are in. What is this about?

Exam. Boat: Well, if that is in the case, the record will show it.

Mr. Marbury: Yes, the record does show it.

Mr. Welsh: Mr. Examiner, it is clearly indicated on this record, if it please you, sir, that the statement has been made that in their movement they move past Baltimore.

I doubt very much that the commodities that move past Baltimore originated in CEA territory.

Mr. Langdon: Well, we will be very glad, based on our present traffic study in this case to indicate the volume of traffic moving from differential territory right through Baltimore on its way to New York.

It is a very substantial amount.

Exam. Boat: I think we should recess for 10 minutes at this time.

(A brief recess was taken.)

Exam. Boat: The meeting is in order.

By Mr. Moerman:

Q. General Stratton, there was mention, I believe by Mr. Langdon of some railroad studies which he offered in this proceeding.

Do I understand that these studies were made available to you?

[fol. 529] A. Yes, sir.

The waybills were made available to us in these various port cities.

Q. Was it on the basis of those studies made available to you by the railroads named in your exhibit that you came to the conclusion that the services at New York influenced the movement of cargo from differential territory in spite of the established rate differential favoring Philadelphia, Baltimore, and Hampton Roads?

A. No, sir. The information made available on freight movements had to do with the traffic that was by-passing the ports; independently of the railroads we evaluated the services at each of these ports. The railroad tied in only with respect to the freight movements that went by these ports.

Q. You were not furnished, were you, the figures with respect to traffic moving by rail to and from differential territory, export-import traffic, through the various ports included in your exhibit?

Mr. Langdon: I don't think that question is clear.

Mr. Moerman: Let me restate it.

By Mr. Moerman:

Q. At the time you were furnished with various waybills, or waybill studies, were you furnished with a summary of the actual volumes of export-import traffic moving through the four North Atlantic ports, the subject of your [fol. 530] exhibit?

A. Of course we had knowledge of the traffic moving through these ports from the Corps of Engineers' statistics, largely, and then the available material, made available to us, was with relation to the line-haul of these railroads to the various ports on the sampling technique. It was not a solid section over say a year, or anything of that sort—but on a sampling basis.

As I recall we had access to the one per cent waybill study by the I.C.C. made some years ago. All this was involved in the form of the sampling technique.

Q. Do the engineer reports, General, breakdown traffic as between differential territory and other territory?

A. No, sir.

Q. How about the one per cent waybill study?

A. No, sir. Not that I recall.

Part of our study delved in where it originated where we could, and where it was going to.

Q. General, the evidence in this case shows that the export and import tonnage through Norfolk for the period August 1, 1955 to and including July 31, 1956, was 1,300,000 tons rounding-off.

If you will bear that figure in mind, I will give you another preliminary to a question, 1,300,000. It also shows that the export and import tonnage through the Port of [fol. 531] Baltimore for the same period was 4,900,000 rounding off. And for the same period, through Philadelphia, one million, rounding off, making approximately 5 times more through Baltimore than through either Norfolk or Philadelphia.

In view of those figures—

Mr. Langdon: May I ask what exhibit you are reading from?

Mr. Moerman: This is my own summary from figures given yesterday by Mr. Mollman. If you want the exhibit, I can give you the exact pages of the exhibit.

Mr. Walker: This is differential territory freight.

Mr. Moerman: Yes, sir, differential. These are in the record.

Mr. Langdon: May I look over your shoulder?

Mr. Moerman: Sure, the Baltimore tonnages shown on witness Mollman's MLM-2 at page 85 and pages 19 and 85, if you will add together the exports, Mr. Langdon, shown on page 19 of the witness Mollman's MLM-2 and the imports shown on page 85, you will find the Baltimore figure.

The New York total is Mr. Crookshank's exhibit.

Philadelphia totals are shown on page 55 of Mr. Mollman's same exhibit for exports and on page 113 of Mr. Mollman's exhibit for imports.

Mr. Bongartz: For clarification, Mr. Mollman, do I understand, referring to New York, that you are only using [fol. 532] the tonnages shown by Mr. Crookshank?

Mr. Moerman: Off the record a minute.

(Discussion was off the record.)

Exam. Boat: On the record.

By Mr. Moerman:

Q. Now, General, you have some recollection of the figures I have given you?

A. I think I remember the ones you just cited, yes.

Q. All right.

As between Baltimore, Philadelphia and Norfolk, taking for example Baltimore, Norfolk, 4,900,000 versus 1,300,000, can you tell me what influences the movement of traffic through Baltimore as compared with Norfolk?

A. I suppose it is in part the railroads and the territories they touch.

That is a question I think would take some study to give a lucid comprehensive reply, but it might have some bearing on it.

Q. Would your answer be the same with respect to the situation we find between Baltimore and Philadelphia, 4,900,000 vs. 1,000,000 for Philadelphia?

A. It certainly would be less so with respect to the railroads' service.

Q. Both the Pennsylvania and the B & O serve Baltimore and Philadelphia, don't they?

A. Yes, sir.

[fol. 533] Q. Could you state more precisely for me in the case of Baltimore and Philadelphia what, in your judgment, accounts for the difference in tonnage volumes, export and import to and from differential territory?

A. I think the question implies an expertness that I do not have to put a value—to give an answer that might be worthwhile on a question of that sort.

Q. I appreciate your candor, General.

As between Baltimore and New York, where the evidence of record shows 4,900,000 tons through Baltimore as against the 3,000,000 through New York, how would you explain—what influences or accounts for the 1,900,000 ton advantage Baltimore over New York for the one-year period? And this is a 55-56 period, General, which I take it is the period with which you have some familiarity.

A. No, the most recent period we had is 55 and that was Hampton Roads. And I think it was 1953. Baltimore, the most recent one at Baltimore.

We have not followed the trend since those periods named for the separate ports.

Q. In talking about influences on the movement of cargo, you mention that you had recommended the retention of the differential. Did I understand that that was in connection with Hampton Roads ports?

A. I think we made the same statement on the Baltimore [fol. 534] report, that that was a competitive advantage they had, and that they, the people at Baltimore, interested in promoting and developing the Port, wanted to preserve their position and to move ahead, that they would have to protect the differential, or they would lose that one competitive advantage, there being other natural advantages with New York such as ship sailings, and services.

Q. On the movement of import ores, it is your opinion that under equalized rates, there would be a substantial amount of ore traffic imported through the port of New York.

Mr. Bongartz: Just a moment, if you please.

Would you clarify what you mean by ores?

Mr. Moerman: The ores involved in this case.

Mr. Bongartz: In other words, you are excluding iron ore?

Mr. Moerman: I am excluding iron ore because it is in another case.

Mr. Bongartz: You are excluding it because it is not in this case?

Mr. Moerman: Yes, because the issue is somewhere else and because we do have—

Mr. Bongartz: I wanted it clear to the witness, when you use the term of that character, what it means.

Exam. Boat: Wasn't it brought out here, though, there was some ground iron ore which moved which I understand [fol. 535] is in this case?

Mr. Bongartz: The witness also explained, Mr. Examiner, that was not—

Exam. Boat: A relatively small volume.

Mr. Bongartz: Yes, it is not iron ore as we know it in the trade.

Mr. Langdon: It is in bags, actually.

Mr. Moerman: Let me test the witness' knowledge about the influence on the movement of traffic so long as that is his testimony with respect to iron ore.

Mr. Bongartz: I object to getting into iron ore. It was testified time and again in this proceeding, Mr. Examiner, that iron ore is not a part of it. Mr. Moerman this morning asked some questions. I let them go. If he is going to pursue this line of questioning, I will have to object to it.

Mr. Moerman: Mr. Examiner, I think I may test the witness' knowledge with respect to influences on the movement of traffic generally, so that in the final analysis I can test his testimony here. The witness comes here and testifies about influences on the movement of traffic, while iron ore, true, is not included in this case, I want to know if this witness who testifies here that he has made substantial port studies and is tendered as an expert, then knows something beyond the facts or movements in this case?

Mr. Langdon: Well, if Mr. Moerman wants to know [fol. 536] whether the differential at Baltimore and Philadelphia has an influence in the movement of bulk commodities, obviously there is no question, it does have an influence in the movement of bulk commodities.

General Stratton's study of the services that are available at the several ports had reference in particular to, as he described it earlier this morning, general cargo, which I take it excludes or would exclude ores.

Mr. Moerman: On the other hand, he is talking about factors which influence the movement of traffic. I think I can find out from the General, Mr. Examiner, if you will let me, what he knows about factors that influence the movement of traffic, because he says, in his testimony, that the services influenced the movement of large volumes of traffic through New York.

I want to find out what other influences there are in this picture.

Mr. Bongartz: The General has so testified, he has been referring as I understand his testimony, to general cargo.

Mr. Moerman: What is general cargo?

Exam. Boat: The objection is overruled.

Mr. Colgren: Mr. Examiner, before we get away from this subject, I want to point out for the record that the statement by the witness—rather counsel Bongartz, that iron ore and the bulk commodities are not involved in this [fol. 537] proceeding, and that the testimony with respect thereto is a statement of the position apparently of the protestant carriers.

Mr. Bongartz: It is unfortunate that you did not understand my statement because I was only referring to iron ore, Mr. Colgren.

Maybe you misunderstood that.

Mr. Colgren: Mr. Examiner, I just want to have the record straight that any effect of large shipments of iron ore and coal through the southern ports, which may reflect and have a bearing on the issues in this proceeding, must have the consideration of the Commission.

Mr. Bongartz: Mr. Colgren—those witnesses, Mr. Examiner, were the ones I was referring to particularly, when I said iron ore was not involved in this case.

Exam. Boat: We understand.

Will you answer Mr. Moerman's question now?

The Witness: I would like to have the question repeated?

Exam. Boat: Yes, will you read it please, Mr. Reporter?

(The reporter read back the pending question as above recorded.)

Mr. Bongartz: As I understand it, in the question of Mr. Moerman, he has excluded iron ore from the term "ore"?

Mr. Moerman: In the iron ore case, Mr. Bongartz, the rates as I understand it, were rates through North Atlantic Ports to the Youngstown district.

[fol. 538] I honestly do not know whether there are iron ore rates in the official territory which might be in issue in this case. Let's ask Mr. Colgren.

Mr. Colgren: My point is this: Mr. Moerman and Mr. Bongartz, that there are many commodities in the traffic studies in this proceeding which do not reflect rate adjustments which are under consideration here of the Commission.

Nevertheless, the movement of all that traffic must be taken into consideration in the Commission's deliberations.

Mr. Bongartz: The fact is, is it not, Mr. Colgren, that the tariffs under suspension in this proceeding do not relate to iron ore, isn't that correct?

Mr. Colgren: That is right, yes, sir.

As well as many other commodities.

Mr. Foley: Mr. Examiner, it seems to me it is a transportation circumstance that cannot be ignored, the movement of iron ore.

The rates are not involved, but it is a part of the movement picture.

Mr. Marbury: Mr. Examiner, the question is, what is the witness to understand by the question?

Exam. Boat: Can you clarify it?

Mr. Moerman: General, I want to ask you a few questions about things that influenced the movement of traffic.

You have testified, have you not, concerning services [fol. 539] at New York influenced the movement of traffic, is that correct?

A. Yes, sir.

Q. Now, if the Commission in this case should approve the rates proposed by the respondents, and the results should be that on import ores the rate from the Port of New York, the rate from the Port of Philadelphia, and the rate from the Port of Baltimore and from the Port of Norfolk is the same, the question I put to you is, do you think that equalization would have some influence on the movement of traffic via the Port of New York?

Mr. Bongartz: Before the witness answers that question, I want it clarified as to what you mean by ores in that question.

Mr. Moerman: I accepted your definition as excluding iron ores involved in I & S Docket No. 6074. Let me see if I can help you some, Mr. Bongartz.

Mr. Bongartz: I wish you would.

By Mr. Moerman:

Q. Mr. Witness, are you familiar with a proceeding before the Interstate Commerce Commission known as I & S docket 6074?

A. No, sir.

Q. Are you familiar at all with the movement of iron ores from abroad through North Atlantic Ports?

A. Somewhat, yes, sir.

Q. Do you have any idea about the volume in which it moves?

[fol. 540] A. I have some idea of the volume at the Fairless Works, yes, sir.

Q. You do not know anything about the movements to the interior?

A. To the interior?

Q. To Youngstown.

A. Specifically?

Q. Yes, Youngstown, Weirton, that district?

A. No, at this moment I do not have, no, sir.

Q. You are just not familiar with that controversy?

A. Not with that controversy, no, sir.

Q. I am trying in some way to get to you with a question where you will comfort Mr. Bongartz by assuring him you do not have in your mind import iron ores when you answer me, so exclude that from your mind, but let's talk about chrome, ferro-manganese ores, other than iron ore.

Tell me what you think the influence will be on the movement of traffic, considering that New York today has a differential, if the differential is removed and the Ports are equalized—ores moving to differential territory, imported?

A. I think the removal of the differentials generally would hurt the Ports of Norfolk, Baltimore and Philadelphia.

Now, I do not believe you can give a whole answer to these problems, because say, ore, for example, may require special [fol. 541] facilities for handling.

If New York were to put up rival facilities, or superior facilities with the rate advantage change, they might well capture that freight. Of course, that is pure conjecture.

There are many things that enter into the decisions of those movements, and many influences that might have bearing beyond what I can evaluate in a specific instance.

Q. I take it without equalization on ores from New York, you, for example, as a member of your engineering firm, would not recommend the construction of modern ore unloading facilities at New York, would you?

A. You would have to pay us a fee to answer a question like that, sir.

Q. Hasn't the Port Authority had the pleasure of retaining your firm in the past, Mr. Stratton?

A. I do not believe the Port Authority has ever retained our firm, no, sir.

Q. Now, General, we have a statement in the record, it is verified statement No. 8, and the witness is Mr. John Patterson who is export traffic manager of the Allis-Chalmers Manufacturing Company.

Do you know him, Mr. Stratton?

A. No, sir, I do not think I know him.

Q. Do you know Allis-Chalmers, in general what they do?

[fol. 542] A. Yes.

Q. A large firm is it?

A. Yes, indeed.

Q. What do they make?

A. The machinery I know is largely that used in power development systems.

Q. Mr. Patterson testified "approximately 80 per cent of the total tonnage exported by Allis-Chalmers Manufacturing Co. is moving through the Gulf and south Atlantic Ports because of the substantially lower rail rates applicable to those ports and the resultant savings in transportation, as in every other service we buy, we look for the most economical service."

Just one more sentence: "So far as exporting our product is concerned, we find ourselves compelled to use ports other than the Port of New York because of the higher rail rates to and from that port."

Now, here is one shipper who is not largely influenced by the services at New York, isn't that so?

Mr. Langdon: Well, I object to the question. I don't think the witness should be asked to characterize the testimony of another witness.

Mr. Moerman: All right, I think the objection is well taken. The question is withdrawn.

By Mr. Moerman:

Q. So far as the various influences are concerned, which [fol. 543] influenced the movement of traffic through ports, what have you to say with respect to the differential at New York so far as it handicaps the movement of traffic through New York, in view of the fact that for the year I gave you before, Baltimore had 4,900,000 tons as against the 3,000,000 tons from New York, to and from the territory involved in this case?

A. Well, I don't know what makes those figures up. They are not known to me, or the breakdown. I do not know that I would be prepared to ascribe any single reason as accounting for the differences in tonnage. As I understood your question, it was pointing to a single factor, that is, namely, differential as being the factor influencing that.

Q. Precisely, and by the same token, I take it, General, you will agree with me that the services at New York are not the only single factor which influenced the movement of traffic through New York?

A. Oh, yes, I agree with that fully. The services, the ship sailings, and a lot of things are factors.

Q. There are many factors or they are just one?

A. They are 12 that we enumerate in this book. There is the matter of ship services, and there are other secondary ones that have a benefit that we did not study in detail. I can name one for example, I do not know how important [fol. 544] it is. We discussed it, it was decided we would not enumerate it, and that was the matter of export packing, and what influence it might have. Everyone knows that we have an excellent system of export packing in the Port of New York.

Q. Well, then, taking the situation as between Baltimore and Philadelphia where the ratio is approximately 5 to 1, Baltimore over Philadelphia, where the rates are equalized. What are the influences there?

A. I think I would have to study that some to give you an answer that would be worthwhile.

Q. In connection with your study of influences on the movement of traffic, have you come to any conclusion, if you studied this matter, as to whether or not the services at New York as against the differential are trending in any direction?

Mr. Langdon: Do you think it would be fair to state that question with regard to the type of traffic you have in mind, making a distinction between bulk traffic on the one hand and general traffic on the other, and general cargo on the other?

Mr. Moerman: I think that would be grossly unfair, because we are talking about railroad traffic moving via the railroads. I did not know the railroads, at least the respondents on this side, are more interested in general than in bulk. I would assume that the bulk cargo is something they are more interested in than the general cargo, [fol. 545] the heavy-loading traffic, not 18,000 pound cars.

Mr. Langdon: I think it would be helpful and fair to this witness to characterize the type of traffic that you have in mind in these questions.

The figures that you have used represent a composite, as I understand it, of some bulk traffic and general traffic. I think considerations and answers may be somewhat different.

Mr. Moerman: Well, you take him on re-direct, Mr. Langdon, will you?

I do not think there is any unfairness implicit in my use of these figures. They are in the exhibits. The distinction between bulk and general is one you have been trying to drive since the beginning of the hearing. It is my own opinion it is unreal. So far as the railroads are concerned, I feel strongly it is not only unreal and illusory, it is just meaningless.

Mr. Langdon: Well, it is a distinction on your port authority, one your port authority continually makes and has made over the years.

Mr. Moerman: But we did say—pardon me.

Mr. Langdon: It is a very realistic distinction and one that is generally recognized as you know.

Mr. Moerman: Mr. Gilbert testified what you thought was bulk was not bulk to him, like scrap iron, and other things.

[fol. 546] Mr. Moerman: May we have the question, Mr. Reporter?

(The reporter read back the pending question.)

Mr. Moerman: Maybe I will simplify that if I can.

By Mr. Moerman:

Q. In talking about influences, General, are you able to say whether these influences are static or whether because of changing times one thing is more important as an influence than another?

A. Of these 12 services enumerated?

Q. No, sir, I am talking about services, the rate differentials, for example.

A. I would not expect they would be static, no. Up to the time we made any study, we had the trends and the influences up to that point and from then on of course we have not extended those studies. I think it was evident in those studies that there are ups and downs of various influences at different times. A strike in New York would throw cargo south and maybe people would continue moving south for a while. We saw those effects in the statistical study. Those are transitory, and I can't say with respect to long-range.

Q. General, with respect to long range, in the recent past, has there been substantial growth in the Port of Baltimore in import-export traffic, to your knowledge?

A. I have the impression, I have not checked the statistics, that there have been some increases in traffic at Baltimore.

Q. If it should appear in comparison with her sister [fol. 547] ports, the Port of New York was showing a relative decline in traffic—

Mr. Walker: Do you mean in volume of traffic or percentage?

Mr. Moerman: I am talking in volume, and in percentage, too.

Mr. Walker: If there were a decline shown in the traffic at New York, and again at other ports, would it not be a fair statement that the influence of services about which you speak is perhaps less potent and the differential more important?

The Witness: Well, your question is really asking me to put a quantitative evaluation on the services, and I think we have said in the statement that we did not feel we could, quantitatively we can. We appreciate they are all ports of influences, and they are transitory some of them.

For long-range, I think I would not be competent to answer that question without a great deal of study, and discussion with the people working and living with the subject of freight movements.

By Mr. Moerman:

Q. General, again, the respondents here have filed tariffs, the purpose of which is to eliminate the differential at New York. That is a fair statement, is it not?

A. Yes, sir.

Q. Now, your exhibit states that the services at New York influenced the movements of large volume of traffic. [fol. 548] In connection with this proposed reduction, if equalization should be obtained, coming back again to commodities like chrome, ferro-manganese, ores other than iron ores, what, in your opinion will be the result of equalization, will the services at New York that you know about, influence the movement of traffic via that Port?

Mr. Langdon: I think the answer to that question was given previously. I do not know any point in repeating it. I think the General gave an answer to that question previously. Do you want it again, Mr. Moerman?

Mr. Moerman: Yes, I want it again.

The Witness: Well, I think I said that the removal of the differential might pull it into New York, but there are several other factors such as the physical facilities which might have an influence.

I do not know, I could not evaluate them all that might affect it, but certainly the pull would be toward New York, I think. If New York were not competitive and provided no facilities, it might diminish that type of trade through the other ports.

Q. You testified the services at New York influenced a large volume of traffic through New York. Tell me with respect to the Port of Norfolk and its 1,300,000 tons, what influences the movement of that quantity of traffic through the Port of Norfolk?

[fol. 549] A. What now influences it?

Q. Yes, sir.

Mr. Marbury: I think the witness ought to be told what that is.

Mr. Hanifin: If the Examiner please, I think the witness should be advised at least as to what the major breakdown of the commodities is, involved in the movement.

By Mr. Moerman:

Q. Were you advised as to the nature of the breakdown of cargo moving to and from the Port of New York in connection with your study? Were you given a commodity breakdown?

A. In connection with this study?

Q. Yes, sir.

A. No, sir, we were not given a commodity breakdown.

Mr. Moerman: Why should we have one here?

The Witness: Well, the point is, of course, we were evaluating in this brief the services, making a statistical survey, and where the statistics were not readily available to make inquiry and to discuss with the people who were in the various fields of endeavor so that we would be able to present a comparison of these services in terms of the numbers and types, that is principal versus branch or agents and all that sort of thing.

Q. Yes, General.

A. We did not ask for, nor did we see the pertinency of [fol. 550] tonnages or movements in relation to this study. We understood that was being handled by others in the case.

Q. Yes. And you came to your conclusion about movement of cargo to New York without any examination into the type of cargo, right?

A. We are tying it to the first paragraph. We came to that conclusion several years ago, in several studies, and we tie that to those several studies several years ago.

Q. Now, if your studies should be brought up to date and indicate some other fact, would you be prepared to alter your conclusion? I take it you would.

A. Based on fact, of course, we deal with the facts, yes. We deal with the facts, yes, sir.

Q. You do not deal with sailings in your study, I note that you say that would be handled by some other witness.

A. Yes, sir.

Q. You do not know, General, whether or not there had been a decline in export and import traffic through the Port of New York from and to the Territory involved in this case, do you?

A. Only by reason of reading the newspapers.

Q. I see.

Mr. Bongartz: New York papers, General?

The Witness: Yes.

By Mr. Moerman:

Q. Coming back a moment, General, if we can, to the [fol. 551] question with respect to the relative—to the influences on the movement of traffic through Norfolk, some counsel wanted you to know about the type of traffic. I have no objection about your being informed but you did not have it with respect to New York.

Could you come to some conclusion on those influences on the figure I gave you, the 1,300,000, without knowing the consist of the traffic?

A. I would want to know, and I would want to study it over, yes, sir.

Q. But you did not want to know in the case of New York, and you did not study it over, is that right?

A. That is absolutely right, because we felt it was not pertinent to the undertaking that we embarked on—the preparation of this exhibit.

Q. Don't you care to know what the large volumes of traffic that you talk about are made up of?

A. When we determine the large volumes of traffic, that was made several years ago—it is clear in the first paragraph—with relation to specific studies, and they were made with great deliberation and care.

Q. They are not here. You do not have them with you?

A. No, they are of record in our published reports, and they can be furnished for the examiner if he cares to see them.

[fol. 552] Q. Let's go back to Norfolk and tell me about what influences a million tons of import-export cargoes through the Port of Norfolk.

Mr. Hanifin: Mr. Moerman, for clarification, when you use Norfolk there, are you using it in the sense of the Port of Norfolk or the entire Hampton Roads area?

Mr. Moerman: Can you help me and tell me what the figure is? I have Norfolk here.

Mr. Hanifin: I don't know. That is why I asked you.

Mr. Moerman: Let's have some help from the bleachers.

Mr. Myskowski: I believe it is Hampton Roads.

By Mr. Moerman:

Q. Hampton Roads?

A. Hampton Roads?

Q. Yes, sir.

A. I can't answer this without having a breakdown, with any great accuracy.

There is considerable tobacco shipments through the Hampton Roads Ports as you know. You see, I do not know how much is made up of that.

Q. I do not know, General.

A. I don't know whether the Navy and Army figures through that port are included.

Q. The tobacco is from differential territory, General.

A. It is from areas I think largely outside the differential territory.

[fol. 553] Q. Well, your answer is that you just do not know, without making a study, and a breakdown of the traffic?

A. That is correct, yes, sir. That is a correct statement.

Q. Let's move on to Philadelphia with one million tons; without making studies of the traffic and breaking it down, you could not assess what the influences are that generate that volume of export-import traffic through Philadelphia?

A. Not for my answer to have any value, no, sir.

Q. Yes.

Is your observation the same with respect to 4,900,000 tons through the Port of Baltimore?

A. The same.

Q. So that, while it is true that services will generate traffic, it must be true that other factors must generate traffic, too, like rail rates—favorable rail rates?

A. Yes, sir.

Q. You would not quarrel with that?

A. And promotion.

Q. Promotion, yes.

You did not inform yourself at all on sailings, you say?

A. We have in the past, oh, yes, but as to—

Q. For the purpose of this study?

A. For the purposes of any entry into this proceeding, no.

Q. General, coming back to your statement on page V, [fol. 554] you make the point that at New York, for example, freight forwarders have direct contact with the principal offices of almost every steamship line serving the Atlantic Coast and can thus more easily arrange shipments for their clients.

How does that work out as a practical matter? Would you answer that, if you can?

A. Well, I understand that the assignment of cargo, the acceptance and assignments of cargo are generally controlled by the principal offices of the steamships, and direct answers can be obtained from principal offices, whereas dealing through other ports, through branches or agents, that the answers can not be direct, but must be relayed. There is certain loss of time and other factors that must enter into decisions on acceptance and assignments of cargo. So, dealing with the principal offices, is a lot more flexible from everybody's viewpoint. From the viewpoint of the principal themselves, as well as the shipper, the freight forwarder, or whoever he may be,

Q. Well, what impact, in your mind, could this possibly have on the movement of traffic via the New York railroads who are the respondents in this case?

A. Well, freight forwarders being able to deal directly with principal offices could give effective answers in short periods to shippers that might influence the selection of the port, and by that token of course the rail.

[fol. 555] Mr. Langdon: It might be appropriate at this point if the record would contain reference to exhibit—Mr. Mollman's Exhibit MLM-4, reproduction of an article—

Mr. Moerman: Oh, now, Mr. Examiner, don't permit this type of interjection in the middle of my cross-examination. It is wholly improper.

Mr. Langdon: I am assuming again that the counsel is interested in having the facts developed. They are developed on this very point by the Port of New York Authority itself.

Exam. Boat: That is in the record.

Mr. Langdon: It is in the record.

Mr. Moerman: And it is proper for redirect.

By Mr. Moerman:

Q. General Stratton, have you talked with any forwarders in the Port of New York in connection with your compilation?

A. Me, personally?

Q. Yes, sir.

A. No, sir.

Q. Do you know whether there has been any increase or decrease in forwarding services?

A. No, sir.

Q. Do you know Howard G. Seymour who is president of the New York Foreign Freight Forwarders and Brokers Association, Incorporated?

[fol. 556] A. No, sir.

Q. In connection again with influences on the movement of traffic, you testified that the services at the Port of New York influenced the movement of traffic through the Port of New York. Do you know whether or not the freight rate differential which favors the ports of Philadelphia, Baltimore and Hampton Roads, handicaps the Port of New York to any extent?

A. Putting it another way, I think it gives a competitive advantage to the Southern Ports, therefore, I think the reverse would be true, it does handicap New York.

Q. I want to read you a little from the testimony of a witness in this case, to see if you agree or disagree with him, because he also is talking about factors which influence the movement of traffic through the North Atlantic Ports and the witness is Witness Seymour, and his verified statement is No. 20 and, as I stated this gentleman is the president of the New York Foreign Freight Forwarders and Brokers Association.

Just a couple of paragraphs: "In recent years more and more exporters and importers after becoming familiar with the rail rate situation have ceased using the Port of New York in favor of other ports which have lower inland rail freight rates. This trend has been particularly noticeable since World War II."

[fol. 557] Now, have you noticed that trend, or made any investigation of it?

A. Up to the time we made these studies on the other ports, we indicated trends up to those periods of time. I have not studied any trends since that time and I would have to go back to these basic reports to refer to those trends.

Q. Yes, sir.

A. There being four reports, each being quite comprehensive—

Q. To go on—"During the war the Government preempted the Port of New York for its traffic and virtually forced commercial traffic to use other ports."

General, is that a statement that is true according to your knowledge?

A. Well, I was in the European Theater in the war and an awful lot of stuff came out of New York and it came out of other ports, too, Boston and Norfolk.

Q. "Many exporters and importers who thus become familiar with, and accustomed to the lower rail rates applicable via New Orleans, for example, continued to use the lower-rated ports even when New York again became completely available. They could see no reason for paying a penalty in the form of differentially higher rates in order to use the Port of New York; because of the inland rail rate situation freight forwarders operating through the Port of New York have been faced with the choice of two alternatives."

[fol. 558] General, again you testified that you did not talk to any freight forwarders and do not know of any—

A. I, personally, did not, but the staff that worked on that talked to a great number of them.

Q. But you were not told about any possible dilemma faced by the freight forwarders?

A. No, sir.

Q. "Because of the inland rail rate situation freight forwarders operating through the Port of New York have been faced with the choice of two alternatives: They could either expand or transfer their operations to lower-rated ports, or they could lose the traffic."

"In the case of the company with which I am personally associated, we have opened a branch office at New Orleans and presently have 9 employees engaged in operation at that port. Many forwarders operating at New York who could not or would not transfer or expand their operations simply lost the traffic."

Now, General, in connection with your study of forwarders, do you know to what extent there are branch offices operating at other ports?

Mr. Langdon: It is in the study.

The Witness: I think it is in the study.

By Mr. Moerman:

Q. Well, just, then, tell me it is in the study and that will be enough for me.

[fol. 559] A. I am pretty sure it is in the study. We made a comprehensive study. Yes, it is contained in the study.

Q. Yes, General.

The question I was getting at, do you know or are you familiar with any trend in the direction of establishing—

A. No, sir.

Q. —establishing branch officers away from New York, or enlarging offices away from New York?

A. I cannot say I know of any trend.

Q. All right.

"There is no question in my mind but that the inland rail freight rates which favor ports south of New York have resulted in a tremendous diversion of traffic from forwarders operating at New York to other ports."

Would you have any knowledge on that subject?

A. I do not know what conclusion I am expect to draw from that.

Q. The witness testified that the inland rail freight rates, the differential, General?

A. Yes.

Q. Have resulted from a general diversion of traffic?

Mr. Macleay: He did not testify to that. He testified there was no question in his mind.

He did not testify to that effect at all, Mr. Moerman, if you will check.

[fol. 560] Mr. Langdon: The figures are in the record.

By Mr. Moerman:

Q. Let me read again:

"There is no question in my mind but that the inland rail freight rates which favor ports south of New York have resulted in a tremendous diversion of traffic from forwarders operating at New York to other ports."

All I am asking you is in connection with your testimony here which shows the services available at New York, whether you learned in the course of your study from the forwarders anything regarding diversion of traffic from forwarders operating at New York to other ports?

A. No, we made no inquiry of that kind. We were seeking to list facilities and kind of services they offered only, not with respect to influences on their own businesses separately and individually.

Q. If you were, general, to make a survey of the factors influencing the movement of traffic through the Port of Baltimore, for example, would it not be a fact that first on your list in the order of importance would be the differential?

A. Yes, yes, of course. As I said before, it does give a competitive advantage to the southern ports. I said that at the beginning of my testimony.

Q. When you said that there is traffic—on page 6 of your statement—which moves through New York for rea- [fol. 561] sons having no connection with some of the services described herein, what did you have in mind?

A. Well, in a rather broad way, probably dictated by our own movements. We move people in and out all the time because of the convenience of our office to the air facilities and one thing and another.

Generally people are processed through our office. We find it easy to arrange for the shipment of their cars and their personal effects and things of that sort. Those factors are influenced by the fact we are in New York as much as anything. I suppose that may pertain of course to other businesses having offices in relation to freight forwarders and other services, that naturally would use those they knew and could reach readily.

Q. General, I want to close my examination of you with a question I have asked before with respect to your testimony regarding the influence of services on the movement of cargo at New York.

Your testimony is that large volumes move to or from differential territory and that is found on page IV is it not, the result of your studies?

A. Earlier studies, prior to 1956.

Q. Earlier studies.

You are not prepared, of course, to give us any figures.
[fol. 562] A. Subsequent to the dates of those studies, no, up to and including those studies, yes.

We will file those reports if desired.

Q. You can't define the word "large" or the term "large volumes" any better than you have done—more precisely I might say?

A. I cannot here, but they are defined in these reports that I referred to.

Mr. Moerman: All right, Mr. Examiner, that is all I have.

Mr. Costello: I have a question or two of the General.

Cross examination.

By Mr. Costello:

Q. Did you say, General, I am not quite sure I heard you correctly, that your firm made a survey of the Port facilities at the Port of Baltimore?

A. Yes, sir.

Q. And did this report indicate that the railroads serving the Port of Baltimore owned and operated fairly extensive amounts of marine equipment, such as tugboats and lighters, et cetera?

A. Yes, sir.

Mr. Costello: No further questions. Thank you.

Mr. Brandes: I would like to ask a question. Do you know of any shippers shipping from differential territory to Philadelphia, found the banking facilities, for example, in
[fol. 563] Philadelphia, inadequate?

A. No, sir.

Q. How about shipments through Baltimore, would you say the Baltimore banking facilities are adequate or inadequate?

A. Will you trust my memory for an answer?

Q. I will take that.

A. Very active in the first Baltimore survey were some of the banking people.

I think they were on the special committee designed to push this study through in discussions with the bankers there. I definitely got the impression that lack of foreign correspondents was a handicap to them in their functioning as a bank.

Q. Do you know of any shipper who found that the services to Baltimore in the banking field were inadequate?

A. No, sir, I do not know of any shipper.

Q. Do you know of any shipper that used Norfolk that found the banking services in Norfolk inadequate for his needs?

A. No, sir.

Q. How about foreign freight forwarders?

Let's take Philadelphia; do you know of any shipper who uses Philadelphia that finds the services of the foreign freight agents inadequate in Philadelphia?

A. I think we could go through all 12 items for 4 ports, which would be 48, and the answer would be no on all of them.

[fol. 564] This question I believe is answered in this document saying that we did not isolate or attempt to isolate these quantitatively—with respect to specific cargoes, or specific shippers, that we viewed this as a whole, and that was true in our early reports and true now, that we have not.

Q. Would it be a fair summary of your testimony that the services with respect to which your report deals, are adequate in so far, generally adequate, in so far as the shippers require those services in the ports of Philadelphia, Baltimore and Norfolk?

A. I would say with respect to Hampton Roads in the most recent study, that we had many indications that they were not adequate, and they wished they had more.

I can't enumerate where these came from. Now that is our most recent survey.

Q. You said "more," General.

A. More complete services, more flexible services of all kinds.

Q. Do you mean that the banking—

A. I did not say banking. I said service, generally. I cannot document it.

Q. You can't enumerate the service?

A. No, sir. This study was made in 1955-56, and naturally we discuss these problems with hundreds of people. We have large volumes of correspondence. No doubt in the [fol. 565] record there are specific citations.

Q. You are taking an exception with respect to Norfolk. Do I gather that you agree that the services in Baltimore and Philadelphia—

A. Oh, no, no, no.

Q. —as presently existing, are adequate to serve the needs of the people that are shipping from differential territory through Philadelphia?

A. It was our conclusion they were not adequate to meet the present and future needs at all of these places we studied, and that they had better do everything they could to improve those services in the future.

Now as of today I do not know specifically whether they are meeting all needs or not. I know, as of the date of services, they were not.

Q. I have asked you if you know of any shipper using any of the three enumerated ports that found themselves embarrassed by the lack of banking facilities, or found themselves in difficulty by reason of that, and I understand you answered in the negative?

A. I said in the large sense we found these services all could stand improvement at the time of these surveys.

Q. I did not ask you whether they could stand improvement, I asked if they were adequate.

A. You asked if we talked to a specific shipper. I said no, [fol. 566] I did not.

It may be, if we look into our records, we may be able to show we talked to shippers, because we talked to many, many people. We had a great deal of correspondence. The freight forwarders, the warehouse people, the railroads, the truck lines, and others, gave us the names of customers of theirs, and we had a great deal of correspondence.

Now, I would assume that that question was probably contained in some of—a question of that nature was contained in some of them.

Q. Let's try to button it up with one more question, General, if we can.

A. Right.

Q. Do you know of any instance where a shipper was refrained from shipping through any of the three enumerated ports, do you know of your own knowledge, by reason of the inadequacies of banking facilities?

A. No.

Q. By reason of the inadequacies of foreign freight agents or forwarders?

A. No.

Mr. Brandes: That is all.

Exam. Boat: Any further cross?

Mr. Bongartz: Would this be a good time to adjourn?

Exam. Boat: I think we might. Do you wish to have the [fol. 567] General return after lunch?

Mr. Langdon: I have a few questions on redirect.

Exam. Boat: Maybe we could finish him up right now.

Mr. Langdon: We prefer to have lunch right now.

Exam. Boat: Well, I might bring up another matter.

Mr. Moore—off the record.

(Discussion was off the record.)

Exam. Boat: Very well.

On the record. We will recess now until 1:45 o'clock p.m.

Thereupon at 12:23 o'clock p.m. the hearing was recessed until 1:45 o'clock p.m.)

[fol. 568] **AFTERNOON SESSION**

(Pursuant to recess, hearing was resumed at 1:45 p.m.)

Exam. Boat: Come to order, please.

J. H. STRATTON a witness, previously sworn, resumed his testimony further as follows:

Mr. Langdon: I have only one question or possibly two on redirect.

Redirect examination.

By Mr. Langdon:

Q. General, during the course of your cross examination I think you referred to differential rates at Baltimore, Philadelphia and Hampton Roads being a competitive advantage.

Do you care to elaborate on that?

A. I think I said that was the only advantage, there being other advantages operating at these ports, also.

Q. Competitive advantages at other ports, such as New York, are competitive advantages other than freight rate advantages.

Mr. Moerman: Objection, Mr. Examiner. Redirect examination, I do not think may include leading questions.

Mr. Langdon: I will rephrase the question, then.

By Mr. Langdon:

Q. What are the competitive advantages at New York?

A. I had in mind in the previous testimony I referred to [fol. 569] the services enumerated in this large study.

Mr. Langdon: That is all.

Exam. Boat: Are there any further questions?

Mr. Walker: I have one.

Redirect examination.

By Mr. Walker:

Q. When Mr. Moerman asked you what, in your opinion, influenced the movement of something like one million tons, or a little over, to and from differential territory through Hampton Roads, and he also called your attention to the fact at the same time that over 2 million tons moved to and from differential territory through New York.

Under those conditions, New York today, under the differential rates, is getting more than twice as much as Hampton Roads from this territory.

What, in your opinion, would be the effect on a movement to Hampton Roads if the rates to Hampton Roads were increased or made the same as New York?

Mr. Foley: To that I object, Mr. Examiner. The witness has not been qualified for that.

By Mr. Walker:

Q. Let me ask this question: Based upon your studies and on your past experience, if you were a shipper located in differential territory, would you ship through Hampton Roads at the same rates as through New York?

Mr. Foley: To that I object, Mr. Examiner.

[fol. 570] Mr. Walker: I think he is perfectly capable of answering that question.

Mr. Foley: If he was a shipper—he certainly has no qualification.

Mr. Moerman: They did not call a single shipper.

Mr. Welsh: It depends on the commodities, if you please, sir. I can visualize there are a lot of commodities that would go through Hampton Roads, even at a difference in rates.

Mr. Walker: Mr. Examiner, this witness testified as to numerous advantages New York has over Hampton Roads, and Mr. Moerman brought out that under the present adjustment where Hampton Roads has a differential of 3 cents, that more than double the amount of traffic moves through New York under that adjustment as moves through Hampton Roads, and I am asking him, bearing in mind the advantages that New York has, whether, if he were a shipper, if he were advising a shipper, would he ship any traffic through Hampton Roads at equal rates.

Mr. Moerman: He told me he would charge a fee for that service.

Mr. Foley: Mr. Examiner, I object, the witness is obviously not qualified to answer.

Mr. Walker: I will ask for a ruling from the Examiner.

Exam. Boat: I think the question is objectionable because [fol. 571] there are all types of shippers, Mr. Walker. I do not know, can we have a question here that will be helpful.

Mr. Walker: I will take iron and steel.

By Mr. Walker:

Q. Iron and steel moving from differential territory, this record shows is probably 10 times as much moves through

New York as Hampton Roads, where New York has a 3 cent differential, bearing in mind that there are advantages in New York in service.

Would you think anything would move through Hampton Roads at equal rates?

Mr. Foley: Mr. Examiner, I object.

Mr. Walker: What is the ground for the objection?

Mr. Foley: He is not qualified to answer as a shipper. He is not a shipper.

Mr. Walker: I did not ask him to qualify as a shipper. He knows what the advantages are through New York, he testified, he has a whole book on the advantages.

I am asking him his opinion bearing in mind the advantages New York has over Hampton Roads, whether there would be any possibility of traffic moving through Hampton Roads at equal rates.

Mr. Welsh: The witness stated there are several factors some of which were imponderable.

Exam. Boat: That is correct. I think he could answer, but I do not know that it would be of much value.

[fol. 572] Mr. Walker: Let us see how he answers, and I will put the value on it in my brief.

Exam. Boat: All right.

The witness: With the removal of the differential, and the continuation of these advantages enumerated in services, I would expect, were I a shipper or were I advising a shipper that I would be tempted to load in and out through New York.

Recross examination.

By Mr. Brandes:

Q. Can you, Mr. Witness, explain the reason for the differences in shipments compared between Baltimore and Norfolk where there is no differential?

A. There again I think I would have to know the commodity and a number of other factors.

Q. You just testified did you not as to the comparison between Norfolk and New York. Is your knowledge of

Norfolk and New York greater than your knowledge of Norfolk and Boston?

Mr. Langdon: May I ask this question for my clarification as well as perhaps that of the witness?

Whom do you represent, sir?

Mr. Brandes: The City of New York.

The Witness: Of course there might be many factors that would influence that. It would take the general subject of more traffic. There might be better promotion on the part of the Baltimore people as against the Norfolk [fol. 573] people. It might be that the rail service at point of origin or point of destination favor the—

By Mr. Brandes:

Q. General, I am not asking you what it might be. Do you know.

You have testified, you have given your opinion with respect to the effect of the removal of the differential on traffic from Norfolk.

That, it seems to me, pre-supposes a knowledge of the conditions in the various ports. You previously testified that you could not tell why Baltimore received more, of your own knowledge—why Baltimore at similar rates received more traffic than Norfolk.

Now, do you know of a condition in the various ports?

A. You are asking for a generalized answer on some thing which is made of—made up of several types of cargo and tonnage, and were I to have that breakdown and study it, I think I could ascribe reasons, in specific form. But to do it in a general way, I would say all these thing collectively have influence—the rates on the one hand, in the one direction and the services in the other.

I think generally you will find, for example, if you will look through the book that we have presented, that Baltimore offers in relation to Norfolk or the Hampton Roads ports a better balance of services than found in the Hampton Roads ports.

[fol. 574] Redirect examination.

By Mr. Langdon:

Q. In answering that last question, General, did you know the equal rates from Hampton Roads equal that is to Baltimore, applied to only a very small part of differential territory?

A. Well, I might have known it at one time, but I do not think I had that fixed in my mind at this time.

Q. That might influence the movement of traffic through Baltimore and Hampton Roads, might it not?

Mr. Foley: I object. The witness said he did not know.

Mr. Langdon: The postulate for the question here was that equal rates applied to the entire territory to and from Hampton Roads and Baltimore, and you must know, Mr. Counsel, that the Baltimore rates apply to only a very small part of differential territory from Hampton Roads.

Mr. Foley: Baltimore or Hampton Roads.

Mr. Langdon: Hampton Roads.

Mr. Foley: I know the Hampton Roads rates apply to a very large part of it, 4-5ths of it.

Mr. Langdon: Four-fifths, my eye.

Mr. Moerman: Mr. Brandes, had you finished?

Mr. Brandes: I had concluded.

Exam. Boat: Are there any further questions? You are excused.

(Witness excused.)

[fol. 575] OFFER IN EVIDENCE

Exam. Boat: Do you offer the exhibit?

Mr. Langdon: Yes, I should like to offer Exhibit 53, sir.

Mr. Moerman: Mr. Examiner, I should like to object and ask to have stricken that portion of the exhibit on page IV, at the opening, the first paragraph, dealing with the influence of services at New York on so-called large volumes of cargo for the reason that after an extensive cross-examination the witness was not able to substantiate what he meant by "large volumes of cargo" and on the ground that for that reason the testimony is incompetent and ought not to be received in evidence on the ground that it goes to the weight of the evidence.

The point is, that the testimony has shown it to be incompetent, and therefore should not be made a part of the record in this litigation.

Mr. Langdon: I don't need to dignify that with a reply.

Exam. Boat: The objection will be noted, and it is overruled.

The exhibit will be received as No. 53.

(Protestant's Exhibit 53 Witness Stratton is received in evidence.)

Exam. Boat: I think we are at the point where we were digressing from the order that we have, is that right, Mr. Colgren?

[fol. 576] Mr. Bongartz: Mr. Clark is the next witness.

Exam. Boat: Yes, Mr. Clark was the gentleman you wished to have testify.

F. H. Clark a witness was sworn and testified as follows:

Direct examination.

By Mr. Bongartz:

Q. Mr. Clark, I show you a statement captioned with this proceeding entitled "Testimony of F. H. Clark", a statement consisting of 20 pages with an additional page for the verification, and ask you whether that is your statement?

A. It is.

Q. That is your verification attached to it?

A. Yes.

Q. You make reference in this statement to two exhibits?

A. I do.

Q. The exhibit entitled Illustrations of Some of the Services accorded by the Pennsylvania Railroad to export traffic originating in differential territory moving through the Port of New York?

A. Yes, sir.

Mr. Bongartz: May we have this statement and the other exhibit entitled "Port of Philadelphia Description of Pier Facilities"? May this statement which I am now handing the reporter be marked for identification?

[fol. 577] Exam. Boat: The statement and appended exhibits will be marked Exhibit 54.

(Protestant's Exhibit No. 54, Witness Clark, was marked for identification.)

By Mr. Bongartz:

Q. Mr. Clark, did you cause to be noted on this exhibit 54 some corrections?

A. I did.

Q. Will you please state for the record so other counsel may make the corrections in their copies what those corrections were?

A. Page 7, the first paragraph, the second line, 26 and ½ cents should be 26 cents.

Page 11, the period September 15 to October 1, 1956 should read September 25 to October 1, 1956.

Q. Yes, and on the map attached to the statement of facilities at Philadelphia, Pier 78 SVW, reading now the City of Philadelphia, B and O north side should be B and O South side and the B and O shipping company south side should read north side.

Mr. Welsh: That Pier 78, is that right?

Exam. Boat: Is that location in the—it is about the center of the left half of the map.

The Witness: Yes, sir. It is headed Pier 78 SVW.

Mr. Welsh: It should be what?

[fol. 578] The Witness: Just the reverse—just reverse the directions. The B & O should be on the south side and the B and O on the north side.

By Mr. Bongartz:

Q. Just one more question, Mr. Clark, before I tender you for cross-examination.

Mr. Clark, previously at this hearing witnesses for other railroads serving New York Harbor testified in answer to my questions regarding the amount of floating equipment which those railroads own and operate at New York Harbor.

Those railroads which have testified to that effect are the Lackawanna, New York Central, New Haven, as I recall it.

Will you undertake, if you have such information with you, to give the amount of marine equipment, by classes, of other railroads serving New York Harbor and in so doing, will you please state the source of that information?

A. Do you wish to exclude these three you mentioned?

Q. You might as well. There is no sense in repeating it.

A. The Baltimore and Ohio Railroad has—

Q. First, Mr. Clark, the source of your information?

A. That is a report by these railroads to the Association of American Railroads made twice a year. The information that I am giving is as of December 1, 1957.

Q. All right.

Now the B & O's first.

A. 7 tugs, 28 car floats, 6 steam diesel gas hoist lighters, [fol. 579] 74 covered barges, 25 scows total, 140.

Mr. Costello: Excuse me; do you by any chance have any extra copy of that, then I will not have to take down all these notations?

Mr. Bongartz: I only have my own copy. I would be glad to let you borrow it and copy it if you will give it back to me.

Mr. Costello: I thought you might happen to have an extra copy here.

That is all right, go right ahead. I am sorry.

By Mr. Bongartz:

Q. If you will take up the Central of New Jersey.

Mr. Welsh: May I, before he leaves that, ask the number of covered Scows he mentioned?

The Witness: Not covered just the scows.

Mr. Welsh: How about the lighters themselves, the covered barges, how many did you mention?

The Witness: Covered barges, 74.

Mr. Welsh: 74, thank you.

The Witness: Central of New Jersey, 3 tugs, 8 car floats, 5 steam diesel gas hoist lighters, 13 covered barges, 13 scows, total 42.

Erie Railroad, 11 tugs, 26 car floats, 13 lighters—when I say lighters, now, I will omit that caption "steam diesel [fol. 580] gas hoist"—covered barges 97, scows 51, total 98.

Long Island, 4 tugs, 8 car floats, total 12.

Lehigh Valley, 8 tugs, 22 car floats, 27 lighters, 8 grain barges, 78 covered barges, 28 scows, total 171.

Pennsylvania 28 tugs 70 car floats, 2 self-propelled lighters—

Mr. Costello: Excuse me, I am interested in this figure. Will you repeat that again?

The Witness: 28 tugs, 70 car floats, 2 self propelled lighters, 18 other lighters, 12 grain barges, 127 covered barges, 63 scows, total 320.

We have some contract terminals, do you want that?

By Mr. Bongartz:

Q. In addition to that there are some contract terminals?

A. That is right.

Q. Did you mention the Reading?

A. No, I did not.

Q. Altogether, Mr. Clark, what does this report you mentioned show with respect to the amount of marine equipment in New York Harbor operated by the railroads serving the harbor?

A. There is a considerable number of them.

Q. What is the total, do you have the total there?

A. The grand total altogether including the contract terminals are 1392 pieces.

Q. 1392 pieces of marine equipment in New York Harbor [fol. 581] all operated by the railroads?

A. Including the contract terminals.

Q. In contrast to this number of pieces of marine equipment in New York harbor, owned and operated by the railroads, how much such equipment is there in Philadelphia and Baltimore?

A. Philadelphia, 47, Baltimore 48.

Mr. Costello: Philadelphia 47.
The Witness: 47.
Mr. Costello: And Baltimore?
The Witness: 48.
Mr. Costello: Is that for all the railroads?
The Witness: That is right.
Mr. Bongartz: The witness is tendered for cross examination.

Cross examination.

By Mr. Welsh:

Q. To clarify the record if I might ask my question again. The so-called contract terminals, some of which are not contract terminals at the present time, are not the same as the trunkline railroads to which you referred before, are they?

A. Well, they are terminals that receive and handle freight by carfloats, and to d that have their own equipment.

Q. Do they all handle export and import freight?

A. Yes, my understanding is they do.

[fol. 582] Q. Do you know of your own knowledge whether there are any export and import rates effective to the Brooklyn Eastern District Terminal?

A. Not as to rates, I can't answer.

Cross examination.

By Mr. Costello:

Q. Mr. Clark, just to go back to that list again, I missed one figure. The total, for the B & O in New York Harbor?

A. 140.

Q. Mr. Clark, I note from your statement that on July 1, 1957, you became a retired employee of the Pennsylvania Railroad?

A. Yes, sir.

Q. Since that time here what has been your employment or occupation?

A. Consultant.

Q. To whom?

A. To anyone who wants to hire me. At the present time it happens to be the Pennsylvania Railroad.

Q. Mr. Clark, does the Pennsylvania Railroad have pier stations in New York Harbor?

A. Yes, sir.

Q. I would like you to just briefly—are they confined to the Island of Manhattan?

A. What do you mean when you say pier stations, you [fol. 583] include only those at which ships dock?

Q. Pier stations.

A. We have lighterage piers on the Jersey side.

Q. I refer to all of them. I see you have the map of New York Harbor there in front of you?

A. Yes.

Q. With respect to the—suppose first of all we take the pier stations of the Pennsylvania on the Island of Manhattan.

I wonder if you would just briefly describe what they are, and where they are located?

A. We have piers 27, 21 and 29.

Q. Just a minute, 27, 28 and 29.

That is on the North River?

A. That is on the North River on the east side, in other words, the Manhattan side. Those are the perishable terminals.

Q. That would be just a little below the notation on the map shown as Holland Tunnel, would it not?

A. That is right.

Q. I would just like to ask you a few questions about each one of these as you go along, piers 27 and 28, are those the perishable piers?

A. Yes, sir.

Q. How about 29?

A. I understand, the bulkhead of 29 is at Des Brosses Station.

Q. In connection with Piers 27 and 28, most of the traffic [fol. 584] or practically all of the traffic there is in connection with fruits and vegetables, is it not, which is domestic traffic?

A. Yes, that is right.

Q. So any of the marine equipment of the Pennsylvania Railroad that services piers 27 and 28 likewise would be engaged in handling domestic traffic?

A. Are you differentiating on domestic now between fruits and vegetables and other than fruits and vegetables?

Q. No, between domestic traffic on one hand and export-import traffic on the other?

A. This equipment would be used for whatever was necessary, for whatever was required, domestic or export.

Q. I mean in connection with the car float movements in connection with piers 27 and 28, the car floats and tugs going to and from piers 27 would be in domestic traffic?

A. That is right.

Q. What type of traffic is handled at Pier 29?

A. That is other than perishable traffic.

Q. I take it that domestic traffic is also handled at pier 29, Mr. Clark?

A. Some, and also import and export.

Q. All right.

Would you please continue to the next pier?

A. At 37th street, which is located under—to the right of the designation Lincoln Tunnel—actually pier 77.

[fol. 585] Q. What type of traffic is handled there? I mean what commodities, if you know, Mr. Clark?

A. Well, 37th Street is our team track delivery into Manhattan Island, and also piers are occupied by forwarders to whom the freight is delivered and received by way of car floats.

Exam. Boat: Speaking of freight forwarders now?

The Witness: That is right.

Exam. Boat: That is predominantly handling domestic traffic?

The Witness: There could be some export and import in there, but primarily it would be domestic.

Mr. Costello: In connection with your team track deliveries at 37th street, I take it those would be predominantly or practically all domestic shipments, would they not?

The Witness: That is correct.

By Mr. Costello:

Q. Please continue.

A. Piers 49 and 50, that is at West 12th Street.

Q. At West 12th Street and can you tell me what type of traffic is handled over those piers, through those piers?

A. There is import and export traffic handled through Pier 50, most of it import truck traffic.

Q. Some domestic traffic, too, Mr. Clark?

A. I think there is a little there.

Q. How about 49?

[fol. 586] A. 49 is an adjunct of 50, practically the same characteristics as 50.

Q. All right, your next?

A. That is all on that side of the Manhattan Island.

On the left side, on the Jersey side—I am speaking now only of the piers in connection with this case—for instance, we have a coal pier there.

Piers L and K are covered lighterage piers. They are somewhat south and left of Holland Tunnel designation.

Q. Mr. Clark, have you described these in your statement as Jersey piers?

A. I believe I have.

Q. I don't think it will be necessary then to go into that at this time.

Are there any further pier stations on the east side of Manhattan or in Brooklyn of the Pennsylvania Railroad?

A. No, there are not.

Q. So the ones you have given us on Manhattan are the sum-total of the pier stations in Manhattan, is that correct?

A. That is right.

Q. Beside those and the Jersey Pier stations, are there any other in New York Harbor?

A. Of course Jersey City includes Greenville. They also are described in my statement.

Q. Yes, sir.

[fol. 587] Q. Mr. Clark, could you give us a breakdown by cars, if you have it, by cars floated to these various piers, as to whether they are export-import cars, or domestic cars for a period of time such as the year 1956 or a month in the year 1956?

A. No, I do not have such a figure. It would have to be worked up.

Q. You just stated in giving this enumeration of marine equipment that the Pennsylvania has 70 car floats in New York Harbor, wouldn't it be a fair statement to say, Mr. Clark, that car floats are used chiefly in connection with domestic traffic, particularly regarding the servicing of your New York pier stations?

A. The greatest proportion of the time would be in domestic.

Q. Isn't it a situation, too, Mr. Clark, that your barges are used also in addition to being used in connection with export-import deliveries—are also used for local lighterage deliveries in New York Harbor in connection with shipments of such commodities as cement and steel?

A. Well, that is true but the proportion—in fact, speaking of other equipment besides car floats—

Excuse me, Mr. Clark, would you just mind answering my question?

Mr. Bongartz: He was trying to until you interrupted him.

Mr. Costello: No, he was going far afield there I am [fol. 588] afraid.

I did not want to get into some other phase of it.

Mr. Bongartz: You just did not want the answer.

Mr. Costello: Maybe it would be helpful if you just read the question back to the witness, Mr. Reporter.

Exam. Boat: Please read it.

(Question read.)

Mr. Bongartz: Are you talking about grain barges in that question, Mr. Costello?

Mr. Costello: I had particular reference to shipment of such commodities as cement and steel.

Mr. Bongartz: You used the term "barges," and I wondered what you had in mind.

The Witness: Could you let me finish my answer?

By Mr. Costello:

Q. Yes.

A. Barges are not used in any proportion as car floats are used for the domestic deliveries.

Q. I note, too, that the Pennsylvania has 28 tugs.

Isn't it a fact, Mr. Clark, that four of these tugs are used exclusively for the towing of coal barges from Perth Amboy which is domestic traffic?

A. No, that is not true.

Q. It is not true?

A. No, they use two tugs.

Q. Isn't it a fact that some time ago that you were using [fol. 589] four if we got the business.

How many years ago were you using four tugs?

A. I do not know, quite a few.

Q. You previously testified—strike that.

You did previously testify that car floats are used chiefly in connection with domestic traffic.

It would also stem from that answer, wouldn't it, Mr. Clark, tugs are used in connection with towing such car floats, which are likewise used in connection with domestic traffic?

A. Tugs are used in the towing of car floats, but that would not necessarily mean the tug time is anywhere near comparable to the car float time in domestic service, because naturally the tug leaves the car float and goes about its business.

Q. Yes, but nevertheless the tugs to these car floats which are used in domestic traffic,—

A. They do, but the proportion of time—

Q. Excuse me. I think you have answered my question, Mr. Clark.

And this also follows along the same line.

On page 3 of your statement and other pages, you refer to transfer bridges:

Isn't it a fact these transfer bridges or float bridges are used in connection with car float operations?

[fol. 590] A. That is their purpose.

Q. Mr. Clark, doesn't the Pennsylvania Railroad have a large interchange of domestic—

A. Beg pardon, I didn't hear that.

Q. Surely, I will repeat it again.

Mr. Clark, isn't it true the Pennsylvania Railroad has a large or an extensive interchange of domestic car-float traffic with railroads at your general Greenville yard piers?

A. There is considerable freight through Greenville, yes, sir.

Q. Including a large interchange with the New Haven Railroad which is all domestic traffic?

A. Which is accomplished by New Haven floats?

Q. Yes. But you have a large interchange there, do you not?

A. We have a large interchange, a lot of New England freight moves through Greenville—most of it.

Q. What other railroads do you interchange traffic therewith?

A. The Long Island Railroad, through Long Island car floats.

Q. Any others?

A. The contract terminals through their floats.

Q. And what others, enumerate the others?

A. There are no others.

Q. Would it also be correct, Mr. Clark, that a considerable portion of your westbound domestic car float traffic is [fol. 591] handled through the Harsimus Cove Yard at Jersey City?

A. Yes, that is from Manhattan Island, I presume.

Q. Yes.

And wouldn't it be correct to say that the 7 transfer bridges at Harsimus Cove Yard and the five transfer bridges at Greenville Yard are used in connection with the domestic car float traffic?

In other words, the float bridges?

A. They are used in domestic freight traffic. There would be some export-import traffic in there, too.

Q. In connection with your Greenville yard, Mr. Clark, are your facilities there used in part for the storage of steel and other articles used by local contractors in the Manhattan area?

A. They are.

Q. Mr. Clark, turning to page 5 of your statement, and the table that you show thereon, wouldn't it be a fair statement that if the ore and grain tonnages were added to those shown on page 5 that the total tonnage at Philadelphia and Baltimore would exceed those at New York?

A. I don't know about exceeding, they certainly would be greater at Philadelphia and Baltimore.

Q. You would not deny, though, they would be larger than the tonnages at New York, would you?

A. I don't—

[fol. 592] Mr. Bongartz: I think the witness has answered the question.

By Mr. Costello:

Q. Well, would you deny that, Mr. Clark?

A. I can't either say one way or the other, when I haven't seen the figures.

Q. Mr. Clark, you show down near the bottom of that table, if you will take a look at that, domestic amounted to, at New York, 161,603 tons, and this table covers the year ending August 31, 1956.

I wonder if you would please explain just what that figure includes?

A. You mean as to commodities and so on?

Q. Well, yes.

A. I am afraid I can't do it. I don't have the details here with me. I only have the total figure.

Q. Well—

A. It no doubt has lumber, and stuff of that type. Lumber is one of the commodities.

Q. Does it include your fresh fruit and vegetable traffic that goes to Piers 27 and 28?

A. Frankly I do not know, it probably does.

Exam. Boat: The caption indicates through the Port of New York.

The Witness: Sir?

[fol. 593] Exam. Boat: The caption indicates through the Port of New York.

By Mr. Costello:

Q. That would not by any chance have something to do with intercoastal traffic, would it?

A. Of course the primary purpose was to show traffic moving export-import, and we added the domestic, therefore there is the additional item.

I do not have any breakdown that shows that particular factor as to the commodities.

Q. Well, frankly, Mr. Clark, I am very much surprised at this figure because from a little investigation I made I understand that the Pennsylvania handles fruits and vegetables alone which are domestic over 200,000 tons a year.

That is why I can't understand that figure of 161 which you say includes everything.

A. Well, I can't make any better answer than I have given you at the present minute.

Q. I wonder, then, if you would mind checking into your working papers on that and let me know maybe by the time of the adjourned hearing just what that figure includes and the breakdown on it.

A. The next hearing?

Q. The next hearing, yes.

A. I will do that.

Q. Mr. Clark, I wonder if you would look at your exhibit [fol. 594] FHC-1 which has illustrations of some of these services accorded by the Pennsylvania Railroad?

Looking at these in the context of the movement from the Pennsylvania Yard to the destination, I wonder if you would go down that list and tell us approximately how far distant—what the approximate distance of these movements is.

For example, on tin plate, we have a movement from Harsimus Cove to Pier 60—North River.

A. Well, you can scale your port map, if you want us to take the time to do it.

Q. Yes, approximately.

A. Harsimus Cove to Pier 60?

Q. Yes, your exhibit shows the first movement is from Harsimus Cove on this tin plate to pier 60, North River?

A. Yes, it is something better than two miles.

Q. How about the next one, Ostoves, from Harsimus Cove to Pier 3 of Bush Terminal?

Mr. Bongartz: Is that the first one, Mr. Costello?

Mr. Costello: Well, it is trucking in lieu of lighterage.

Mr. Bongartz: I see, started at Pier 60?

Mr. Costello: That is right, I am interested in the Marine equipment movement.

The Witness: That is about 5 miles.

By Mr. Costello:

Q. And then the next one?

[fol. 595] A. That would be approximately the same.

Q. And the next one, from Harsimus Cove to Pier 61 that would be about 2 miles?

A. That is right.

Q. From Harsimus Cove to Pier 14, North River, that would probably be another 2 miles or less?

A. That is about right, it is about the same distance as at the 60th pier.

Q. In connection with this move of stoves from Harsimus Cove to Pier 3 in the Bush terminal, who performed that move?

Is that with your equipment?

A. Yes, all this would be our equipment.

Q. Mr. Clark, does the Pennsylvania Railroad handle any so-called wheel to keel traffic in connection with this export-import business, or domestic, to or from Port Newark?

A. That is a new term "wheel to keel".

Q. I just picked that up myself, too.

A. We handled—

Q. A direct transfer, in other words, Mr. Clark.

A. We handle traffic at Port Newark.

Q. In this type service, the direct transfer that I was talking about from the rail car to the ship?

A. To the ship.

Q. Have you any idea how much tonnage the Pennsylvania handled in that fashion to or from Port Newark last year, or in 1956?

[fol. 596] A. I have no idea of the figure, but I don't think it was very much.

Q. This is a situation where Port Newark is developing at the present time, isn't it?

A. It has been developing for a number of years.

Q. Yes, I take it probably your tonnage would increase as the years go on?

A. We want the tonnage to increase no matter where it goes.

Q. Mr. Clark, on page 9 to 10 you describe some of the switching operations performed by the Pennsylvania in connection with the handling of this export and import traffic involved in the four yards of the Pennsylvania.

Would you say that this operation that you have described, from an operating standpoint, is a simple operation or a complicated operation?

A. It is not simple.

Q. I would just like to clarify one point.

At the bottom of page 8 and the top of page 9, you talk about this Waverly Yard.

I sort of gained the impression from it that actually it is not too much involved in this export-import traffic except to the extent some of the trains just pass through it, but that there is not much operation in the yard itself, am I correct or incorrect?

[fol. 597] A. Waverly is involved 100 percent so far as Port Newark is concerned.

Q. About which you said there was very little traffic, is that correct?

A. At the present minute?

Q. Yes.

A. It is involved so far as export or import through Harsimus Cove or Greenville are concerned, in that for example export traffic that would route through Harsimus Cove yard, and is moving to Jersey City in a Greenville train, must be set off at Waverly to be moved from that yard, and vice versa if it is going to the Greenville yard.

Q. Mr. Clark, I do not think you were probably—

Mr. Bongartz: Pardon me, just a moment.

(Discussion was off the record.)

Exam. ~~Boat~~: On the record.

By Mr. Costello:

Q. I just wanted to ask you one further question, Mr. Clark, in connection with your last answer.

Why is such an operation necessary?

A. It is just a common-sense operation. These trains are coming from Enola Yard near Harrisburg. If the next train out is a Greenville train, and you can handle traffic that is routing through Harsimus Cove in that train it is just common-sense to put it in and set it off at Newark. The next train is a Harsimus Cove train and the export [fol. 598] traffic is going through Greenville under the same conditions you would do likewise. Or, if it is traffic coming from the Far West like St. Louis or Chicago, it happens to be in the through train coming all the way into New York, with traffic for, say, a routing through Harsimus Cove for export, but actually the train is a Greenville train, it is just common sense to leave it in that train and send it on to Waverly.

Q. All of these yards you mentioned are likewise included, of course in connection with the handling of domestic traffic into New York Harbor?

A. That is right.

Q. I do not think you were in the room the other day when some of the respondent railroad witnesses were discussing their own operations.

For example, the Lackawanna Railroad witness stated that in connection with his export-import operations, that the Lackawanna Trains are brought directly into their Hoboken Yard, where they are broken right up there and switched directly to the piers or to the car floats.

Now, I think you will probably agree with me that is quite a simple operation, is it not?

A. No, it is not.

Q. It is not?

Q. Any train that yards in a waterfront yard is not a simple operation to break up.

[fol. 599] Q. Well, let me put it this way—

A. And I think the Lackawanna illustrates that very well, by the fact it is backed up by the Palisades, you do not have enough room to do your work.

Q. When was the last time you were over in the Lackawanna yard?

A. A couple months ago.

Q. I was over there just about a couple of weeks ago, Mr. Clark, and to me it seemed to be a very simple operation. These cars come directly into our yard—

Mr. Bongartz: Are you testifying or are you asking the witness a question? You asked him a question, you are not satisfied with it, then you ask another.

The Witness: You have never got the responsibility of breaking up those trains, or you would not say that.

Mr. Costello: Our operating man told us it was a very simple operation.

Strike that.

By Mr. Costello:

Q. Our witness said it was a very simple operation, testifying here several days ago.

Mr. Bongartz: He did not say it was a simple operation.

Mr. Costello: He certainly did, Mr. Bongartz, I am sorry.

Mr. Bongartz: Let the record speak for itself. If you have questions to be directed to this witness, do so.

[fol. 600] Exam. Boat: Let's confine ourselves.

By Mr. Costello:

Q. Mr. Clark, wouldn't you say the Lackawanna operation is simpler than the Pennsylvania operation you described in your statement?

A. No, it is not.

Q. The Lackawanna operation only involves, does it not, a situation where the road haul cars are brought directly into the Hoboken Yard of the Lackawanna, are they not?

A. I wish I had the opportunity to answer a couple of questions.

Mr. Costello: Just a minute, that question is susceptible of a yes or no answer.

Mr. Bongartz: If you will keep quiet for a moment, and let him answer the question—

Mr. Costello: I am sorry, Mr. Bongartz, I am cross-examining Mr. Clark. I know the fact that Mr. Clark has been testifying in these cases ever since I was a little boy, he certainly knows how to handle himself on cross-examination—

Mr. Walker: You would not give him a chance to answer.

By Mr. Costello:

Q. Mr. Clark, I wonder whether we could get back again to the last question.

A. I am perfectly willing to discuss it with you; go ahead.

Q. No, I do not want a discussion, I want a yes or no answer, or a brief answer.

A. I have forgotten the question.

[fol. 601] Mr. Costello: So have I. I wonder if you would please read the question.

Exam. Boat: I think we would make more time here if we were more direct and forthright here.

(The question was read back.)

Mr. Costello: Mr. Examiner, I submit that question is susceptible of a very simple answer, without any discussion, a yes or no answer.

The Witness: You are asking me whether the Lackawanna brings their trains into Hoboken Yard.

By Mr. Costello:

Q. That is right.

A. That pre-supposes all trains.

Q. I am talking about—I am sorry, I will confine it to the trains, the type of traffic that is particularly involved in this proceeding, the export-import traffic.

A. I am in no position to contradict the Lackawanna Railroad operating officer. My understanding is the Secaucus Yard is also a breakup yard for the Lackawanna trains. He may bring in one or two trains, the same as we do on the Pennsylvania, but we set out the export-import traffic before we hit Harsimus Cove Yards.

Q. You do not know that as a fact, though, do you, that those cars are set off at Secaucus Yard?

A. You mean the export-import cars?

Q. Yes.

[fol. 602] A. No, I cannot say that as a fact. I do know they set cars off there.

Q. Yes. But you would not deny the fact that, if I made the statement that the Lackawanna Railroad-haul cars are brought directly into the Hoboken Yard?

A. I can't contradict it because—

Q. All right, if you can't contradict it, we will accept that as an answer, Mr. Clark.

You stated in your statement that the Pennsylvania has four yards that are involved in this traffic?

A. Yes, sir.

Q. And even including the Secaucus Yard of the Lackawanna, that would mean two yards for the Lackawanna, would it not?

A. That is right.

Q. Now with respect to the Erie Railroad, isn't it a fact that the Erie brings in their line-haul cars directly to Croxton Yard, where they are broken up and part of them switched to Weehawken and the remainder to their Jersey City Yards?

A. Croxton Yard is their main breakup yard.

Q. Yes. In connection with the Lehigh Valley Railroad, aren't their line haul trains brought directly into the Oak Island yard, where they are broken up and moved into the lighterage piers, their Claremont terminal in Jersey City?

A. That is right.

[fol. 603] Q. Mr. Clark, am I correct in stating that the Pennsylvania Railroad uses a private contractor to perform loading and unloading of foreign freight traffic at New York whereas many of the other railroads use railroad labor?

A. The Pennsylvania hires contract labor, but I would not say the others do—some of them do.

Q. Well, the Lackawanna does, does it not?

A. I understand they do.

Q. And the New York Central?

A. I can't say.

Q. And the Erie?

A. The Erie uses their own labor.

Q. And the C.N.J. and B & O?

A. Yes, the B & O does. I am not so sure about the Central of New Jersey.

Q. It is a fact the Lackawanna uses railroad labor?

A. Yes.

Q. So does the Erie and the B & O, isn't that correct?

A. That is right.

Q. You were not sure about the New York Central, is that correct?

A. Or the Central of Jersey.

Q. Or the Central of New Jersey.

Am I correct in stating that the Erie Railroad has a direct rail connection with the Hoboken shore Railroad?

[fol. 604] A. Yes, sir.

Q. And did your investigation indicate that the Erie handled a considerable portion of foreign traffic direct from wheel to keel via this connection?

A. I don't know what the Erie handles.

Mr. Bongartz: Maybe Mr. Frauson's statement will help you in that connection. Do you have it there?

The Witness: He does not state as to that.

By Mr. Costello:

Q. Mr. Clark, looking again at your exhibit that we previously looked at about the services performed by the Pennsylvania Railroad, looking at this, this third from the last column on the right about capacity of lighter tugs, isn't it a matter of fact that figure really is of not too much significance, except in context with some particular commodity? For example, you have shown movements of bottles, and you have shown there the capacity of the lighter was 400 tons. It would be a physical impossibility to load 400 tons of bottles on a lighter, would it not?

A. This is the situation as it is. You have to build a lighter capable of holding 400 tons, regardless of what you have to put on it.

Q. That is right.

Is it not a fact—

A. The investment is there.

Q. Isn't it a fact the cubic capacity is a more decisive [fol. 605] figure in determining how heavy a commodity can be loaded into a lighter?

A. No, I do not think so, in connection with floating equipment.

Q. Looking at the fourth column from the right, the total tons on the lighter. I have not added those up, but it looks like the average might be, I do not know, around fifty or sixty, possibly less.

Did you make any investigation as to what the average tons per lighter handled by other railroads in the harbor was, for example, the Lackawanna?

A. Not as to this particular case, but in previous cases we have done that. And the figure will be somewhat like the one we are giving here.

Q. I will ask you, then, if you have made that, would you agree with my statement that the Lackawanna handles an average of about 105 tons per lighter in their marine operations?

A. Well, if you have the figures that indicate that, certainly I am not going to contradict them.

Q. I am asking if you know it.

A. I do not know of any of my personal knowledge. I presume that is some late figure.

Q. That is right, it has been furnished to me.

A. It does not register in my mind of past years' experience as being that high.

[fol. 606] Q. Turning now to Philadelphia, Mr. Clark, I think you mention that Philadelphia is served by three railroads, the Pennsylvania, the B & O and the Reading?

A. Yes, sir.

Q. Isn't it a fact, too, the port area is also served by the Pennsylvania Seashore lines?

A. On the Camden side.

Q. Yes, and how about the Beltline Railroad, that also operates in the port, does it not?

A. That operates along the Delaware Avenue.

Q. Along Delaware Avenue?

A. Up into the Northeast part of the City—in other words, along the river.

Q. Turning to—

A. Are you through with the map?

Q. Yes, I think we are through with New York, Mr. Clark.

Turning to this second exhibit of yours ~~of EHC~~-2, on the first page there, where you describe the facilities of the Pennsylvania in Philadelphia, I wonder if you could tell us something about the personnel, about the railroad personnel that is used in connection with some of these facilities for example, under the heading "The Pennsylvania Railroad," in the second paragraph, in connection with the Girard point area you say this terminal includes an ore pier—let's stop right there.

[fol. 607] What kind of railroad personnel are used in operating that pier?

A. It is operated under contract.

Q. It is sort of a cost-plus contract?

A. I don't know what the terms of it are.

Q. So it is operated by the personnel of this contractor, is that correct?

A. That is right, yes.

Q. How about this grain pier at Girard point?

A. Likewise, the same way there. It says on the map, the Western Stevedoring Company.

Q. It is shown on the map?

A. Yes.

Q. Would that pertain to also the facilities at the Coal Pier, and the ore pier and Greenwich point?

A. That is right.

Q. And the ore-handling facility at Pier 122, south?

A. That is what I understood you meant by your question, the ore pier, Greenwich point, you said. The answer is yes, anyway.

Q. My previous question had to do with Greenwich point and the facilities that you outline in your third paragraph.

My last question related to the last paragraph on the first page.

A. That is right.

[fol. 608] Q. These grain elevators in Philadelphia, are they used for storage as well as for elevation?

A. Yes, sir.

Q. And do the railroad-line haul rates include unloading the cars into the elevators by the railroads?

A. When you get into rate matters, you had better let me out of it.

Q. Well, you are pretty knowledgeable about these affairs, Mr. Clark.

A. Then I will say I do not know.

Q. You don't know.

A. No.

Q. Well, do the railroads—we will leave out the rate angle of it then—do the railroads unload the cars of grain into the elevators?

A. Do you mean physically?

Q. Yes.

A. Well—

Q. Or is it done by the contractor?

A. It is done by the contractor.

Q. Now, these various piers that you have described in Philadelphia, I take it that the piers that have to be dredged at the railroad expense—

A. If they are railroad piers.

Q. Yes—at the railroad expense.

[fol. 609] A. Do you mean the railroad piers only?

Q. Yes, at the railroad piers?

A. Yes, sir.

Q. How often do these have to be dredged, if you know?

A. Well, at the present time I do not think there is much dredging on our railroad piers.

Q. That is because of your austerity program, right?

A. Well, the non-use of them, also.

Q. What particular pier did you have reference to?

A. For example, 11, 13 and 14, that is really our Walnut Street Freight Station, which has been discontinued.

Q. How about the other piers that are in use?

A. Pier 46 has been partially burned down.

Q. How about the piers that are in use, that are being used?

A. If there is any dredging required, it is done, but I can't answer as to whether there has been anything done later or not.

Q. Now, in connection with the handling of Pennsylvania trains containing blocks of export-import traffic into Philadelphia, Mr. Clark, do all of these trains pass through your yards at Harrisburg?

A. That would depend on where they are coming from, of course.

Q. Well, from differential territory?

[fol. 610] A. From differential territory?

From differential territory, to Philadelphia, yes, most of them would be through—not Harrisburg, through Enola.

Q. Through Enola Yard?

A. Which is across the river from Harrisburg.

Q. I see, all right.

After these trains containing export-import cars leave Enola Yard, I wonder if you would just briefly describe the passing of these yards, the passing of these cars along the Pennsylvania Railroad into Philadelphia?

A. I believe that is already described, is it not?

Q. I would just like to have it perhaps in a little more detail.

What is your first breakup yard?

A. These trains are destined to Greenwich Yard, which is at what you call here Greenwich Point, practically, you see the trackage on the map.

Q. Just a minute. I would like to get that map.

Where is that Greenwich Yard again?

A. See Greenwich point that you are speaking of a minute ago?

Q. Yes.

A. The yard tracks beyond?

Q. I tell you, I would like to just go back a little further, [fol. 611] if I may, Mr. Clark. I want to go just back a ways.

Before you get to that break-up yard at Greenwich point, as you call it, these trains would pass through your computation area known as the main line, would they not, where there is heavy commutation service?

A. They would pass from over the main line passenger route from Paoli.

Q. How many miles is that?

A. That is approximately 20 miles from the City of Philadelphia, and then they move over to a freight elevation line.

Q. I wonder if you would just pause there a moment? I think you probably would feel disappointed if I did not ask you something about this elevated trackage.

I wonder if you would tell in a little more detail what that elevated trackage is, how long it is, and just what sort of structure it is. I have never seen it myself.

A. These trains enter Philadelphia at Overbrook, then proceed to about, well, around 34th or 46th street, where they enter on the elevated line.

That elevated line has been constructed primarily for the handling of freight service to keep it out of the passenger routes and the surface operation.

Q. What kind of an area does this elevated trackage pass over, Mr. Clark?

A. This is over the streets of Philadelphia past our 30th [fol. 612] Street Station, for example.

Q. And about how long is this elevated trackage?

A. Well, a guess: It is around six or eight, or ten miles; I do not have it in mind exactly.

Q. How high is it from the surface of the streets?

A. That would vary according to what you are crossing.

Q. Well, approximately?

A. In fact, there are no known impediments.

Mr. Bongartz: He said it varied.

By Mr. Costello:

Q. What is the variation, then, from how many feet to how many feet?

A. I do not know what the elevation is. It is sufficient to clear any obstructions that have ever shown up.

Q. All right. We got into, I believe, mentioning of the Greenwich Yard. How about this Penrose Yard? Where is that located?

A. I will look at the map again.

You will find it is in trackage there underneath the designation "Pier 2, Girard Point."

Q. Oh, yes.

A. That and tracks to the right there.

Q. Are the Penrose Yards. They are involved in this export-import traffic, are they not?

A. Wherever, for example, if there is grain exported, to be set off at Penrose Yard, because the grain elevator is [fol. 613] located over there at Girard Point, it is set off at Penrose Yard, and moved over as you can see the trackage represented on the map, to the elevator supporting yards.

Q. Now, in addition to this Greenwich yard which you began to mention, there are certain other yards located in Philadelphia, are there not, other Pennsylvania yards?

A. Many other yards.

Q. Such as 52nd Street yard, Gray's Ferry Yard, and the Frankfort Junction Yard?

A. Those are some of the yards. We have about 50 yards, if you want to go that far.

Q. About 50 yards.

A. Including our auxiliary yards and all.

Q. Are those all located within the City limits of Philadelphia?

A. I would say yes.

Q. Mr. Clark, would you tell me what lighterage equipment the B & O railroad and the Reading Railroad have at Philadelphia, if you know?

A. Yes, I can.

The B & O have two tugs, 5 car floats, the Reading has 4 tugs, 19 car floats, 5 covered barges, 7 scows, a total of 35.

Q. Total of 35 for the Reading and 7 for the B & O?

A. Yes.

[fol. 614] Q. So, I take it from that that apparently the Reading does more lighterage at Philadelphia than perhaps the B & O and the Pennsylvania Railroad?

A. It sure does.

Q. Am I correct, Mr. Clark, that free lighterage is provided at Philadelphia by the railroads under certain circumstances?

A. It meets the 26-cent rate.

Q. The 26-cent rate?

A. Yes.

Q. That service is performed at the railroad's expense?

A. In-shore.

Q. In-shore?

A. Yes.

Q. Am I correct, Mr. Clark, that at Philadelphia the railroads assume the cost of loading and unloading export-import freight at the shore side with the exception of open-top equipment?

A. That is right.

Q. And at Philadelphia, do the railroads hold themselves out to make split deliveries on export shipments at the shipper's request?

A. Yes, sir.

Q. And two of these are free, and additional ones up to 5 are at a charge?

A. As I already stated in my prepared testimony, that is right.

[fol. 615] Q. Thank you, Mr. Clark. I probably missed it.

Now, with respect to free time at the Port of Baltimore, the railroads there provide 7 days' free time on export general cargo, and 5 days on import cargo, do they not?

A. They same.

Q. The same as at New York and Baltimore?

A. Yes.

Q. It is all competitive?

A. Yes.

Q. Now, in connection with dockage, Mr. Clark, as I understand the situation that there are no dockage charges that are assessed against the berthing of vessels at railroad-owned or operated piers in Philadelphia, is that correct?

A. That is my understanding.

Q. So that this service is performed or tendered, as it were, at the railroads' own expense?

A. Well, there is no charge.

Q. There is no charge for it, that is correct, and this contrasts, does it not, with the situation at the public or privately-owned piers in Philadelphia where charges are assessed?

A. I don't know.

Q. You don't know that?

A. No, sir.

Q. —important question?

[fol. 616] Exam. Boat: We will recess for 10 minutes at this time.

(A brief recess was taken.)

Exam. Boat: Come to order, please.

By Mr. Costello:

Q. Mr. Clark, to go back to that subject of split deliveries in Philadelphia just for a moment. I wonder if you would please just briefly describe how the railroads make split delivery shipments on export shipments in Philadelphia?

A. Well, if you will look at page 11 of my statement, you will find while the rule is there the application of it has not been applied. There were not any split deliveries in the test I made.

Q. Well, if you or the B & O or the Reading had split deliveries, I wonder if you could tell us—does it involve switching of your cars to and from the piers, is that it?

A. The cars would have to be switched, to some point where the lading could be segregated between the points of destination requested by the shipper. That necessarily means, of course two or more rehandlings according to his requests.

Q. Mr. Clark, I am going to read a statement to you from page 42 of a booklet that is published and gotten out by the Delaware River Port, Philadelphia, Delaware River Port Authority, and on page 42 it states as follows concerning dockage and wharfage:

"At public and privately-operated terminals in the port [fol. 617] area, dockage charges are assessed against vessels for the privilege of berthing or making fast to the port, pier or dock. These charges range from 3 cents to 4 cents per net registered ton per calendar day, or 24-hour period, or fraction thereof. Usually there is a minimum charge per calendar day or 24-hour period."

Now, does that sort of refresh your recollection? Would you agree that is a correct statement, Mr. Clark?

A. As I said before, I was not familiar with that, and I still say I am not. Whoever made that statement is the one to question.

That the question should be addressed to whoever made the statement is my opinion.

Q. You do not deny the correctness of that statement?

A. I have no reason to deny it or to accept it.

Q. Now, as I understand, in connection with wharfage charges, that there are no wharfage charges assessed by the railroads on cargoes moving by rail service at Philadelphia, is that correct?

A. I don't know of any.

Q. And do you know that such charges are assessed at other terminals, other than railroad terminals in Philadelphia? I have reference to wharfage charges.

A. I am in the same position as on the dockage.

Q. So, if I read that portion from this booklet, your [fol. 618] answer would be the same as the previous answer in connection with dockage?

A. Yes.

Mr. Price: May I interrupt and ask the date of that book you are reading from?

Mr. Costello: I notice that on page 2 it says it is copyrighted 1956 by Delaware River Port Authority.

Mr. Price: Thank you.

By Mr. Costello:

Q. Mr. Clark, you can put away your Philadelphia map, I think, we will go on to Baltimore.

Exam. Boat: Mr. Costello, will you be taking some time yet?

Mr. Costello: Yes, I would think so, Mr. Examiner, probably another half an hour or three-quarters of an hour.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

By Mr. Costello:

Q. Mr. Clark, my next series of questions will be addressed to the Port of Baltimore.

Would it be a fair statement to say that the facilities at the Port of Baltimore include piers, wharves, and docks in excess of 250?

A. I do not know what the figure would be.

Q. There is an extensive number there, of such facilities, are there not?

[fol. 619] A. That is right, they include private as well as railroad facilities.

Q. Yes, now the railroads serving the Port of Baltimore, are the Pennsylvania, the B & O, the Western Maryland, is that correct?

A. The Canton railroad.

Q. And then the Canton Railroad?

A. Yes.

Q. Do you think that this would be a fair statement to make, Mr. Clark?

A. Well—

Q. Practically all of the large marine terminals in Baltimore used for ocean shipping are either owned or operated by the three trunkline and one terminal railroad serving the port, is that a fair statement to make?

A. I think that is a fair statement.

Q. Mr. Clark, the next questions have to do with the description of facilities: I believe you described generally the facilities of the Pennsylvania.

Maybe before I finish with that, could you give us some idea of the value of these Pennsylvania facilities in the Port of Baltimore, an over-all figure? I notice you gave that for Philadelphia.

A. I do not have the figure, but I believe it has been submitted by some other witness.

[fol. 620] Mr. Macleay: Mr. Davis, I believe.

Mr. Costello: Pardon?

Mr. Macleay: I believe Mr. Davis has that.

Mr. Bongartz: Why don't you ask him?

Mr. Costello: Mr. Davis?

Mr. Macleay: Yes.

Mr. Costello: All right.

Mr. Macleay: He gives a rather complete description of the facilities at the Port of Baltimore, and I believe quite comprehensive figures as to costs.

Mr. Costello: All right.

By Mr. Costello:

Q. Mr. Clark, I wonder if you would just describe the facilities of the Baltimore—briefly, the facilities of the Baltimore and Ohio Railroad at Baltimore?

In that connection you might want to use this map, it is the only map that I have.

Mr. Bongartz: As I understand it—I do not like to interrupt Mr. Costello's cross-examination of this witness, but it is my understanding, Mr. Examiner, that this type of information was covered by another witness.

Wouldn't it be more orderly for Mr. Costello to get into this with another witness? Where did you get the map you are looking at?

Mr. Costello: Well, it says on it, Mr.—

Mr. Bongartz: I am not asking what it says on it; where [fol. 621] did you get it, who furnished it to you?

Mr. Costello: Someone on our side furnished it. It is compiled by the Industrial Bureau—

Mr. Bongartz: Isn't that witness Davis' map?

Mr. Costello: No, it is not. If you wish to give me a copy of Mr. Davis' map, maybe we could use that. This happens to be the only map I have.

Mr. Macleay: Mr. Costello, that is Mr. Davis' map. Mr. Davis has already been submitted; this was distributed by Mr. Davis, it is the same map.

Mr. Costello: Fine, all right. Good. Is there any objection to going on with this cross-examination, then, Mr. Examiner?

Mr. Bongartz: I think that it ought to be directed to the witness who put this kind of evidence in. Mr. Clark has put in some testimony about Baltimore to be sure with respect to the Pennsylvania Railroad. There was another witness who covered the type of information that Mr. Costello is now asking Mr. Clark about. Why not cross examine the witness in an orderly fashion?

Mr. Foley: Mr. Examiner, that is said because that witness has not been called for cross-examination.

Mr. Macleay: You have a perfect right to call him.

Mr. Foley: On pages 19 and 20, not merely with regard to the Pennsylvania, but with regard to facilities generally [fol. 622] in Baltimore, I see no reason why he should not be examined particularly when there is no one else at this stage we can cross-examine.

Mr. Macleay: If they wanted to cross-examine, Mr. Examiner, they should have asked for the witness who testified in some detail on that port.

Mr. Costello: I submit, Mr. Examiner, this is proper cross-examination.

Mr. Bongartz: This is cross-examination on another witness' testimony.

Exam. Boat: The objection is overruled.

Go ahead.

By Mr. Costello:

Q. Mr. Clark, with that map in front of you, or this map in front of you, I wonder if you would please briefly describe the facilities of the Baltimore and Ohio Railroad at Baltimore?

A. You do not have the key that goes with this, do you?

Q. Well—

Mr. Bongartz: Why don't you get Mr. Davis' testimony out so Mr. Clark can have the key?

Mr. Costello: I am cross-examining Mr. Clark right now.

Mr. Bongartz: In view of the fact, Mr. Examiner, that this witness is being cross-examined on some other witness' testimony, I think he should have the aid of the testi- [fol. 623] mony that he is being questioned about.

Mr. Costello: That isn't true. We have an operating witness here who has given operating testimony about all three ports. I certainly have the right to develop information.

Exam. Boat: Come to order, please.

The Witness: Are you ready?

Mr. Costello: Yes.

By Mr. Costello:

Q. Do you want to start at the Locust Point terminal of the Baltimore and Ohio, and briefly describe the facilities there, Mr. Clark?

A. The B & O has a number of piers at which ships dock, running from No. 3 to, I do not know, is this going to do much good, if I am referring to No. 3?

Q. Well, why do you not tell us the number of their piers?

Am I correct, Mr. Clark, that the B & O at its Locust and Curtis Bay Terminals has 7 covered general merchandise piers?

A. Well, they have that number of piers. I do not know as they personally designate them as merchandise piers. They had one that they designate as a lighterage pier, and the other one they speak of as piers, because ships dock at those particular places.

Q. Does the B & O in addition, Mr. Clark, have two open piers and two coal loading piers?

A. That is right.

[fol. 624] Q. And does it have also a grain elevator facility?

A. It has a grain elevator facility and an ore facility.

Q. This ore pier is a modern ore pier, is it not?

A. Yes, sir.

Q. Do you know, Mr. Clark, that the supporting yards of the Locust Point Terminal accommodate approximately 2700 cars?

A. Not quite that many, I think somewhere as between 2,000 and 2300 or 2400.

Q. And do the Curtis Bay Terminal yards accommodate approximately 4400 cars?

A. Well, I do not know the exact figure, but they are large yards.

Q. Would you be willing to take that number as a correct number? I got that from the Port of Baltimore, 1957 handbook?

A. Well, I do not like to accept advertising material as definite, but it is a large-capacity yard.

Q. Anyhow, it is a yard with a large capacity?

A. That is right.

Q. Are you familiar, Mr. Clark, with the fact that in connection with these various piers they have other facilities such as a gantry crane?

A. The piers are amply equipped, if that is what you mean, it has cranes, elevators, and so forth.

Q. Would you agree with me that the water department [fol. 625] alongside these piers is 35 feet?

A. Sufficient to dock ships.

Q. Now, in connection with the facilities of the Western Maryland, is it correct that at Port Covington the Western Maryland operates 4 covered General Merchandise piers?

A. I believe that to be correct.

Q. And does the Western Maryland likewise have one modern 6-berth ore pier?

A. They have an ore pier and a coal pier.

Q. And also five million-bushel capacity grain elevator, do they not?

A. They have a grain elevator, I do not know its capacity.

Q. Do you know that grain elevator has the largest grain facility on the eastern seaboard?

A. I never heard that.

Q. You are not in position to say whether that is or is not the fact?

A. That is right.

Q. And in connection this ore pier, Mr. Clark, do you know that that is one of the largest as well as one of the most versatile bulk unloading facilities on tidewater?

A. I know it is an excellent pier facility.

Q. And in connection with this Western Maryland facility, would I be correct in stating that the facilities have supporting yards for approximately 2,000 cars?

[fol. 626] A. Well, they have amply supporting yards, I like to put it that way.

Q. And also ground storage space for several hundred cars.

A. Yes, sir.

Q. Now, these grain facilities at Baltimore are very extensive, are they not—very large and extensive facilities?

A. They are.

Q. As a matter of fact, they are the largest grain elevators at any Seaboard port in the United States, are they not?

A. I can't answer that.

Q. Now, in connection with the Canton Railroad.

A. Yes.

Q. I believe that has one covered general merchandise pier, does it not?

A. Well, the Pennsylvania leases one of their piers, pier 11, and they have an additional one.

Q. In addition, it has an open pier, does it not?

A. Yes, sir.

Q. And a modern ore pier?

A. That is right.

Q. Six pier warehouses?

A. I don't know whether there are six or not. They have sufficient warehouses for the freight.

Q. Does the Canton Railroad have supporting yards for approximately 1200 cars?

[fol. 627] A. It has sufficient supporting yards. I don't know what the capacity is.

Q. And do they have, also, very extensive storage space for cars—I mean for ground storage?

A. I don't know about that on the Canton Railroad whether they have requirements for such ground storage. They have sufficient space for whatever business they are handling, I will put it that way.

Q. This Port of Baltimore handbook states they have ground storage space for 30,000 cars. I don't know whether that is a misprint or not.

A. How many?

Q. It says the terminal supporting yards have a capacity of 1200 yards, and there is ground storage space for 30,000 cars. I am afraid maybe that is a misprint.

In any event, they do have ground storage space, have they not?

A. They have space for ground storage.

Q. All right. Now, in connection with dockage, dockage charges, Mr. Clark, isn't it a fact that no dockage charges are assessed by the railroads at Baltimore for berthing vessels at railroad piers?

A. The same situation as established at Philadelphia.

Q. In other words, they do not make any charges?

A. Whatever my answers were on Philadelphia, the same [fol. 628] things are applicable to Baltimore.

Q. In other words, likewise, there are no wharfage charges?

A. I believe it is wharfage and dockage at other than railroad piers, I disclaim any knowledge.

Q. As far as railroad piers, no wharfage and no dockage charges are assessed?

A. That is right.

Q. The free time at Baltimore is the same as at Philadelphia and New York?

A. Yes, sir.

Q. Now, as I understand it, there are at Baltimore, no charges assessed by the railroads for loading or unloading export or import freight which pays the rail carrier a minimum rate?

A. At the in-shore end, with the exception of open-top cars.

Q. With the exception of open-top?

A. Yes.

Q. Now, do the railroads unload grain in to the elevators at no charge to the shippers?

A. We are getting into where the lin-haul rate stops, and so forth. I don't know anything about that.

Q. I did not ask, Mr. Clark, about line-haul.

A. That is implied in the question.

Q. Let me rephrase it this way: Do the railroads perform [fol. 629] the unloading of grain into elevators at Baltimore?

A. It is done by contract.

Q. On the subject of lighterage, that is performed in

Baltimore at no cost to the shipper when it is performed, is it not?

A. The actual water movement itself is so performed.

Q. Mr. Clark, in your statement you have indicated that at Baltimore 29.3 per cent of the Pennsylvania Railroad export-import traffic was given water service.

Does that approximately same percentage obtain, or is it greater for the other railroads, namely the B & O and the Western Maryland?

A. I do not know the actual facts. I would not want to say one way or the other.

Q. Mr. Clark, isn't this the situation at Baltimore, that all import banana shipments are handled by car float to railheads for inland movement?

A. Yes, sir.

Q. That is correct?

A. To the extent that they are handled there.

Q. Well, doesn't the B & O handle quite a substantial movement of import bananas?

A. They do. What I meant was to the extent they handle bananas, that was the way it was handled?

Q. Surely. Well, due to the fact that the railroad pier [fol. 630] locations in Baltimore are more or less separated substantially from each other, doesn't that result in— doesn't that require more lighterage or floating of traffic between these piers?

A. No. Your ships are docking at your piers, at your railroad piers and the lighterage is at a minimum.

Q. Well, but you said that 29 per cent of—almost 30 per cent of the Pennsylvania import-export traffic is lightered, or car-floated, didn't you?

A. I still maintain my previous answer is correct.

Q. Yes. In other words, if you have to take a shipment from—

A. At New York, it was over 80 per cent.

Q. Just a moment, Mr. Clark. We are talking about Baltimore right now. In other words, if you had a shipment that was going from, say the Canton Terminal of the Pennsylvania Railroad down to this Courtis Bay Terminal of the B & O, wouldn't that ordinarily be lightered or car-floated?

A. It would probably be a local point terminal, but it would be lightered, yes. But there would not be too much of it.

Q. All right. I think you answered the question.

Now, Mr. Clark, in the handling of export and import cars in trains by the Pennsylvania into Baltimore, I wonder if you would please briefly describe just how these export-import cars come in in the Pennsylvania trains and where [fol. 631] the hold yards and the break-up yards are, coming from differential territory?

A. They enter Baltimore at what is known as our Bayview Yard.

Q. Yes, where is that Bayview yard?

A. I am trying to locate it on this map here.

At the extreme—what are you going to do now?

Q. That is all right, you just proceed, Mr. Clark, I can follow you?

A. This is not in evidence, you know, as yet.

It is at the extreme right center of the railroad siding and industrial track map of the City of Baltimore outlined in red.

Q. And is that in the City of Baltimore?

A. That is in the City of Baltimore.

Customarily that would be the terminal of the train which originates at Enola Yard.

Q. That is again the yard that you previously referred to across the river from Harrisburg?

A. That is right.

Q. I wonder if I could just interrupt you there for just a moment, Mr. Clark.

Coming in to Baltimore, is it my understanding that these trains have to pass through a number of tunnels coming into Baltimore?

[fol. 632] A. Well, they don't have to pass through a number of tunnels, they pass through this—this particular train passes—wouldn't pass through any tunnel.

The tunnels are located at the passenger station, each side of the passenger station, whereas this yard is located quite a few miles to the east of the first tunnel.

In other words, the freight trains coming into Baltimore from Enola do not have any tunnel obstructions.

Q. If they came in from some other direction, would they have that?

A. They would have to come from the South, such as Potomac Yard here at Washington.

Q. I see.

A. That would be the ordinary procedure for the road train to stop there, the one reason being they are operated by electric power, and you do not have the trackage from Bayview to Canton Yard at the waterfront electrified.

However, if that train is hauled by a diesel locomotive, we sometimes run them directly into Canton yard.

Q. Excuse me, Mr. Clark.

About what is the capacity of this Bayview Yard?

A. Oh, it is a couple thousand of cars, I would say, roughly. I don't want to be pinned down to an exact figure on any of these, without referring to the record.

Q. Yes.

[fol. 633] A. That is a hump yard, and the export-import cars would be classified from the inbound train and moved by runner service from Bayview yard to Canton yard which is outlined on this same map along the Patapsco River.

There, of course, the cars would be again classified according—through the tracks supporting the piers and held pending orders for movement to the piers—for ships.

Q. Beside this Bayview yard you mentioned the Canton Yard and Canton Terminal, are there any other hold yards that would be involved in this traffic that are located in that area?

A. No, we have a yard known as Highland Town yard, intermediate between Bayview and Canton, but it would have to be a tremendous accumulation of export-import freight before that would be involved in this particular thing.

In other words, the usage of any trackage in Highlandtown yard for export-import would be unusual.

Q. About how many miles is it from Bayview Yard to Canton Yard?

A. About 3 to 4.

Q. What type of area would the trains pass? It is an industrial area or what other type?

A. Part of that operation is elevated and there are a few industries along the route.

Q. That is within the city limits of Baltimore, is that it?
[fol. 634] A. That is right. It is not intensively developed from an industrial standpoint as some other sections.

Q. Mr. Clark, I wonder whether you would also briefly describe for us the operation of the Baltimore and Ohio Railroad coming into Baltimore if you would?

A. Their road trains ordinarily break up at the Locust Point yard previously mentioned, and they are classified. Any of the export cars would be advanced to the track supporting the piers previously mentioned, and held pending orders for movement on to the piers.

Q. What would be the yard back of the Locust Point yard, the classification or perhaps additional holding yard back of that?

A. You mean back on the road?

Q. Yes.

A. I don't know where they would start that particular road train out of.

Q. Incidentally, when these trains of the Pennsylvania come in to Bayview yard and then they are switched down to the Canton Yard, they would be handled in that move by yard crews I take it?

A. Transfer crews.

Q. Transfer crews. Thank you.

In connection now, with the trains of the Western Maryland that contain export-import traffic, how would they [fol. 635] be handled into Baltimore?

A. They would be handled the same as the B & O except, of course, they would go into the Port Covington Yard on the waterfront and advanced to the pier yards in the same manner.

Q. Where are their hold yards located back of that area?

A. I am not familiar with the territory behind where their crews would start out of. Of course, in holding they would be held at the waterfront—you mean holding for disposal on the piers.

Q. Mr. Clark, where would be the nearest point of transfer of these cars of the Western Maryland with respect to a transfer, say—well, first to the B & O and then to the Pennsylvania Railroad?

A. You mean an interchange?

Q. Yes.

A. Interchange between the railroads?

Q. Yes.

A. We have an interchange with Western Maryland at Fulton Junction which is in the City of Baltimore. It is kind of hard to describe it without giving a reference to this map. It would be beyond the South portal of the B & P tunnel.

Q. And about where is this B & P tunnel?

A. Well, that leads to the passenger station. That is the tunnel that is south of the passenger station.

Q. How far is that?

[fol. 636] A. On this particular map it is near the center of the map.

Q. How far would that be from the Western Maryland Terminal, their waterfront terminal?

A. That is a considerable distance.

Q. Well, could you give us an approximation in the number of miles? You do not have to make it specific, but an approximation of the distance.

A. Well, I can give you a rough idea, that looks like close to four miles—roughly.

Q. Is that rail mileage?

A. That is just across the map here. Actually, it probably would be a little bit longer on account of the curves of the railroad.

Q. How about the nearest point of interchange of the Western Maryland with the B & O?

A. Of course they are adjacent to each other, so I presume they could interchange right immediately in the vicinity of their yards. I am not sure about that particular point.

Q. I thought you were looking for something.

A. No, I finish my answer.

Q. I am sorry, Mr. Clark. I saw you thumbing through that book, and I thought you were looking for something.

Mr. Bongartz: He is looking at the other evidence.

By Mr. Costello:

Q. Mr. Clark, I do have one further question, and that [fol. 637] is, in addition to the yards you have already described, what other yards of the Pennsylvania are there in Baltimore? You mentioned the Bayview.

A. Mount Vernon.

Q. Mount Vernon. About what is the capacity of the Mount Vernon yard?

A. That is our perishable terminal yard. That would probably run to two or three hundred cars.

Q. All right.

A. Gwynn's Run.

Q. About what is the capacity of that yard?

A. A couple of hundred.

Q. Any others?

A. Then you will have smaller auxiliary yards like Frederick Road where you have team track deliveries.

Q. Are there any larger yards just outside of the City of Baltimore?

A. No, Bayview and Canton Yards are the largest yards in Baltimore.

Q. Now, in connection with the B & O, what other yards of the B & O are there in Baltimore?

A. I do not know the auxiliary yards of these other railroads there.

When you get into the yard proposition, what one man would consider a yard another one might not.

[fol. 638] Q. Well, how about the Western Maryland, can you give us any further information on that, Mr. Clark?

A. No, I can not.

Q. So, in other words, they may have additional yards, but you do not wish to touch on that?

Mr. Bongartz: He did not say that, Mr. Examiner.

Mr. Costello: I am just asking if that is not the fact.

By Mr. Costello:

Q. They may have additional yards, but you are not sure of the fact?

A. I am not certain of their locations and therefore I would rather not identify them.

Q. Of course, I am willing to accept that statement.

Mr. Costello: No further cross-examination.

Exam. Boat: Any redirect?

Mr. Bongartz: Before redirect, Mr. Examiner—I only have a very few questions.

We have checked on a question that Mr. Costello asked Mr. Clark in connection with domestic traffic, and I would like to have the opportunity of Mr. Clark to have the result of that check.

Redirect examination.

By Mr. Bongartz:

Q. Mr. Clark, you were asked regarding the nature of the tonnage shown on page 5 of exhibit 54, domestic tonnage at New York.

Have you, in the meantime had that situation checked and [fol. 639] are you in position now to state what the situation is?

A. Yes, sir. That represents tonnage only delivered or received from private shippers or reserves. That does not include the fruits and vegetable tonnage or any station tonnage.

Q. You mentioned the number of yards in Philadelphia, I think you said something about 50 yards.

Would you please give us some idea of what those yards are for, just characterize them?

A. The majority of those yards are located back from the waterfront. Of course Philadelphia is noted as an industrial city, and in order to effect delivery in the various sections of that city, we make use of these auxiliary yards.

Q. Apparently having in mind the situation on the Lackawanna with respect to congestion as between freight and commuter traffic on account of the tunnel east of Hoboken, Mr. Costello asked you about the main line of the Pennsylvania outside of Philadelphia as to whether that was a commuter line.

?

Will you please state how many tracks are past the main line going west out of Philadelphia, and also whether there is any interference on that line between commuter trains and west or east-bound freight trains?

Mr. Costello: Mr. Examiner, I would like to just object to that first clause in Mr. Bongartz' statement there about Hoboken and the Lackawanna. There was nothing that had anything to do with my questioning of Mr. Clark.

[fol. 640] Mr. Bongartz: I could not see any other relevancy to it.

Mr. Costello: I do not have any objection to the rest of the question, but I think that part should be stricken.

Exam. Boat: He is not answering that part of the question.

Mr. Bongartz: No, he is not.

Mr. Costello: It was just argumentative on the part of counsel.

Mr. Bongartz: I was trying to give some relationship to it, Mr. Examiner.

Exam. Boat: You may answer.

The Witness: Four main tracks. The freight and passenger traffic do not interfere with each other because sufficient facilities are provided so that will not happen.

By Mr. Bongartz:

Q. Now, at Philadelphia, you were asked about the Reading's floating equipment, that is, the marine equipment.

You mentioned 19 car floats. Are you in a position to state what those floats are used primarily for?

A. They are primarily used for the transportation of Reading Company freight between Philadelphia and Camden, not the export-import freight.

Mr. Bongartz: That is all. Thank you.

Recross examination.

By Mr. Costello:

Q. Mr. Clark, in view of your statement concerning this [fol. 641] table on page 5, I wonder if you would please be good enough to furnish me with the tonnage, using pier station tonnage, domestic pier station tonnage, and the domestic fruits and vegetables tonnage, so that we will get the whole picture here on page 5?

Mr. Bongartz: At the moment, Mr. Costello, I see no reason why we can't give that to you. I don't know what work is involved in it, and I think we would have to take it under advisement.

Mr. Costello: Well, that is all right with me, Mr. Examiner. The only point is, if it is not—I just have one further question.

By Mr. Costello:

Q. Are there any other items that are omitted besides the pier station and fruits and vegetables?

A. None that I know of.

Q. None that you know of?

A. No.

Q. If this information is not furnished, I would think it would only be fair that this figure be physically stricken from the—

Mr. Bongartz: Do you mean the 161,000?

Mr. Costello: Yes, as it has no significance at all.

Mr. Bongartz: Let's take it out now. We will take it out. It will save us time, just take it out.

Mr. Costello: No, Mr. Bongartz, I prefer to have that [fol. 642] information furnished.

Mr. Bongartz: No, he has given us this statement. When we have asked for things, Mr. Examiner, we have gotten nowhere, I think that when something like this comes up and counsel indicates that if we do not do it, he wants something else, we will take the alternative and take it out. Let's get rid of it. Just cross that line out on page 5.

Mr. Welsh: Which line is that, Mr. Bongartz?

Mr. Bongartz: The line that says "Domestic amounted to"—just cross that out.

Mr. Costello: I would just like to make this comment, Mr. Examiner.

Of course the obvious purport of showing this very small amount was to show how small their domestic traffic was as opposed to export and import. Now, it appears that the domestic traffic is a very substantial amount, and now the Protestant railroads do not wish to furnish the figure apparently, they are taking this technical point of taking me up on my alternative suggestion.

I would still like to have the figures furnished to us.

Mr. Bongartz: You are just building up a house of cards there, it does not mean anything.

Mr. Costello: Why was it put in, Mr. Bongartz?

Mr. Bongartz: It is certainly not from the point of view that you would give it, and I would think we agreed to [fol. 643] take it out, so let it go at that, Mr. Examiner. Let's take it out.

Mr. Costello: In other words, as I get it, the Protestant railroads refuse to furnish that information, is that correct, Mr. Bongartz?

Mr. Bongartz: We have taken your alternative, we have taken it out.

Mr. Costello: You refuse to furnish that data?

Mr. Bongartz: Just a minute.

I started out by saying we would take under advisement and see what was involved in the way of work and expense, and then you came along with this suggestion that if we did not do it—I suppose that was in the nature of a threat—

Mr. Costello: It certainly was not a threat.

Mr. Bongartz: I have taken your suggestion to take it out, that is what I have done.

Mr. Costello: My comment stands on the record, too, Mr. Examiner.

Exam. Boat: Very well.

Offer in Evidence

Mr. Bongartz: Mr. Examiner, I would like to offer exhibit 54.

Exam. Boat: I do not think it is clear, or made clear on the record, what the figure represented; at least I think there is doubt about it.

Mr. Bongartz: I think it is clear—do you mean on page 5?

[fol. 644] Exam. Boat: It is stricken, is that right?

Mr. Bongartz: On page 5, the reference in that table where it says "Domestic amounted to—", and then there is a figure under New York and a figure under Baltimore, that is stricken.

Exam. Boat: Exhibit 54 as identified will be received in evidence.

(Protestant's Exhibit 54, witness Clark, was received in evidence.)

Exam. Boat: You are excused.

(Witness excused.)

Mr. Costello: I would like to make an offer of proof. If the amount of domestic traffic handled by the Pennsylvania Railroad, New York, as shown on page 5, if that showed the actual figure, it would be a number of times the amount of tonnage shown on that table which now shows 161,803 tons.

Exam. Boat: Very well.

Mr. Bongartz: I do not know whether that is an offer of proof, Mr. Examiner.

Mr. Price: Mr. Examiner, with your permission I would like to have identified verified statements of witness C. Nelson Bean and—

Exam. Boat: I think we have a man to take care of, this gentleman spoke up before.

Mr. Price: There is no cross-examination.

[fol. 645] Exam. Boat: I have others of that type, too.

Mr. Claytor: Mr. Kneesy.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1962

No. 97

THE BALTIMORE & OHIO RAILROAD COMPANY,
ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 98

MARYLAND PORT AUTHORITY, ET AL.,
APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 99

INTERSTATE COMMERCE COMMISSION,
APPELLANT,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF MASSACHUSETTS

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A. J. Kneesy was sworn as a witness and testified as follows:

Mr. Claytor: May the record show I hand to the reporter a signed verified statement of A. J. Kneesy, accompanied by two exhibits marked AJK-1 and AJK-2.

Direct examination.

By Mr. Claytor:

Q. Did you hear the cross-examination of Mr. Laux?

Exam. Boat: That will be identified as exhibit 55.

(Exhibit No. 55, Witness Kneesy, was marked for identification in support of Protestants.)

Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

By Mr. Claytor:

Q. I withdraw my question. I will ask you another. Are the cigarettes shown on your exhibit AJK-1 as being exported through the Port of New York consumed on board ship or are they exported to foreign destinations?
A. If any of them are consumed on board ship, the consignee is going to file claim against someone.
Q. Thank you.
A. Those are commercial shipments.

Mr. Claytor: The witness is tendered for cross examination.

[fol. 646] Cross examination.

By Mr. Foley:

Q. Mr. Kneesy, so far as export traffic is concerned?
A. Yes, sir.
Q. I understand all your shipments are from Petersburg, Virginia, or virtually all?

A. Virtually all.

Q. So then so far as export traffic is concerned, you have no direct interest in this proceeding?

A. Oh, very definitely.

Q. So far as export traffic?

A. Yes.

Q. Why?

A. Because the level of the freight charges we pay, on all of our tonnage, which is directly influenced by sound or unsound policies pursued by the railroads as a whole in their rate and competitive practices.

Q. Do you have competitors in differential territory or affected territory?

A. Well, there were 4 tobacco companies in Louisville.

Q. And they ship cigarettes out?

A. They all make cigarettes. Now to what degree each individual company produces cigarettes at Louisville for export, I cannot answer.

Q. Is your interest in this—in their not having a lower [fol. 647] rate at New York such as we propose in this proceeding?

A. My interest, as I said a few moments ago—

Q. Will you answer that question, please, sir? Is your interest what I mentioned?

A. Is what?

Mr. Foley: Will the reporter read it, please?

(The reporter read back the question.)

The Witness: In who not having a lower rate?

By Mr. Foley:

Q. Your competitors, who ship from CFA territory and could ship through New York?

A. I did not say they shipped from CFA. I did not know. There are four tobacco companies in Louisville.

Q. You did not know if they ship?

A. I do not know if they ship for export, because each company has manufacturing facilities in North Carolina and Virginia.

Q. Is it your answer it is not because of your competitors, that that does not play any part in your position?

A. I think in my statement, sir, I explained what my interest was in this case.

Q. I want to know—

A. I am going to stand on my statement.

Q. Would you mind answering the question? The question is, are you influenced in your testimony with respect to export traffic by the fact that you have competitors in [fol. 648] CFA territory, or in differential territory?

A. No, sir.

Q. O.K.

On page 5 of your testimony you refer to getting of import licenses.

Can you tell me what is the procedure in getting an import license?

This is your foreign customer, I take it?

A. Yes.

For example, up until about a year ago there was a period of roughly a year and a half when we did not export any cigarettes to Columbia, because our distributor in Columbia was unable to obtain a permit to import.

Now, I would say his inability to obtain these permits was because that particular company had an unfavorable dollar balance.

Q. Is it very common for your customers not to be able to get licenses?

A. Well, I am not in the sales—

Q. Yes or no, is it?

A. I want to give you the best answer I can.

Q. My question is very simple.

Mr. Claytor: Let him answer the question, Mr. Foley.

Mr. Foley: It can be answered yes or no, and it can only be properly answered yes or no.

[fol. 649] Mr. Claytor: I do not think so.

The Witness: I would not want to say yes or no to the question if I had quit beating my wife.

By Mr. Foley:

Q. That is not the question. It is a simple question.

A. That is a question you would have to direct to our sales department.

Q. You do not know the answer?

A. Except by hearsay.

Q. O.K. You have referred to quicker delivery, meaning that your would get a re-order more quickly on page 5 of your testimony.

A. Yes, sir, I said that was one of the factors.

Q. Isn't it a matter purely of planning, because you make quicker delivery people do not consume or dispose of cigarettes more rapidly, do they?

A. I just explained—

Q. Do they?

A. It is not the people who smoke the cigarettes.

Q. The customers dispose of them?

A. The distributor has to have the cigarettes to make them available to the consumer in the local market before he can sell them to the consumer.

Q. That is right, but that is purely a matter of timing and ordering, is it not?

[fol. 650] A. Also the question as to whether you get an import permit. I just told you—

Q. It all comes down to the import permit, is that right?

A. No, sometimes the question of getting dollars. It takes a lot of money to buy cigarettes, and a man does not want his money tied up any longer than necessary.

Q. You can't tell me how frequently you have an import license problem? Or your customer does?

A. No, that would be the sales department, or the customer himself. If he cannot get import permit, he would not give us an order.

Q. You do not know?

A. That is right.

Q. O.K.

Now, I understand that you take the position that low-rated traffic normally would not move against the differential, isn't that the position you have taken?

A. I do not think I said that. I think I said—

Mr. Hanifin: Mr. Kneesy, let him identify your testimony for you.

The Witness: Where do I say that?

By Mr. Foley:

Q. You were talking about taking leaf tobacco in at the differential ports because—

Mr. Hanifin: What page, sir?

Mr. Foley: Around page 7 or page 8.

[fol. 651] Mr. Hanifin: Page what?

Mr. Foley: It is around page 7 or 8—page 9. I am sorry.

By Mr. Foley:

Q. On such traffic, that is, leaf tobacco, the cost factor usually takes precedence over the service factor, that is because it is a low-rated commodity, is it not—low-value commodity?

A. No, sir, import leaf tobacco is not low-value, and I am not so sure that the rates are low. I answered your question at the end of the first paragraph on page 2, in the purchase of transportation requirements there are two considerations which control. Costs of transportation and service requirements.

Both of these factors are important, but on certain types of movements—I did not say commodities—services are a dominant factor while on other types of movements cost is controlling.

Q. And on leaf tobacco, you normally—normally cost is controlling, is that it?

A. Because service is not a factor.

Q. Righto.

Now, the cigarettes you ship to New York, are those high-rated commodities?

A. Yes, I think they are too highly rated.

Q. You pay about 65 cents a hundred pounds more to ship through New York than through Norfolk, do you not?

[fol. 652] A. I think I have said here the motor carrier rate was $1.02 to New York and 37 cents to Norfolk, or Hampton Roads, and since then, I believe as of March 15, the Norfolk rate was reduced to 32 cents, so that would make a difference today of 70 cents a hundred.

Q. So you pay really a 70-cent per 100 pound premium?

A. That is right.

Q. That is a pretty substantial premium, is it not?

A. It certainly is.

Q. You would not think cigarettes were typical of general cargo, would you?

A. I cannot answer.

Q. It is a pretty high value commodity, is it not?

A. I do not know what the conditions are with respect to other commodities.

Q. In other words, you don't—

A. I have been told—

Q. You are not claiming it is typical of other commodities?

A. I am not conceding that it is not, because I do not know.

Q. You are taking no position.

A. That is right.

Q. Righto. Now, you have talked about your preference in theory, as I understand it, for a railroad cost determining freight rates, am I correct in that?

A. No, let me put it this way, if I may. Cost, rather, [fol. 653] when it comes to competition, between various modes of transportation, various port areas, I think the motor transportation or that port area which can do the lower job should be allowed to do that for two reasons, so that everybody engaged in transportation and in port areas will have a continuing urge to do a better job, and the economy as a whole, always will receive the benefit of someone's ability to do a better job.

Q. Do you know, Mr. Kneesy, whether Baltimore is nearer most points in affected territory than Norfolk?

A. Are we talking about costs now?

Q. We are talking about distance at the moment.

A. I am not interested in distance.

Q. I am.

I am asking you whether you know that Baltimore is nearer most points in affected territory than Norfolk?

A. Well, if you will wait a minute. I had one of the boys make a check here of some mileages, but I do not know whether we took Baltimore or not. I mean, if I have it in the file, and I can say yes, all right; if I haven't got it, I will say I do not know.

Frankly, I do not think this was distance, I think it was class rates.

Q. Don't you know the answer to this without looking it up?

A. No, I do not. I am telling you the truth.

[fol. 654] Q. You do not know the relation between Hampton Roads and Baltimore and differential territory?

A. You said New York, I thought.

Q. No, I am sorry. I intended to and thought I did say Hampton Roads and Baltimore to affected territory.

A. Well, my curbstone opinion is that Baltimore is the lower.

Q. Do you think Baltimore ought to have a lower rate than Norfolk?

A. If Baltimore—

Q. Do you think Baltimore ought to have a lower rate?

A. Not because of distance alone, absolutely not. The Commission recognized that in 206, when they gave the Southern roads a lesser increase than they did the northern roads.

Q. Do you know there are a number of working routes, do you not, from Norfolk, to affected territory?

A. Yes.

Q. Some of those are longer than others?

A. Well, that is typical of anything.

Q. Some of them are significantly longer, are they not?

A. I would want to check the application of all the rates from all the ports to a particular point in Central Territory.

Q. I am talking now about Norfolk—

[fol. 655] A. I know—before I would be in a position to say that the routes, that some routes from Norfolk are more circuitous than they are from Baltimore.

Q. That is not the question.

My question was, are there not some routes from Norfolk to affected territory that are appreciably longer than other routes from Norfolk to affected territory?

A. Well, I would say there is some degree—

Q. Some degree of circuity?

A. That is right.

Q. Do you think on your theory, do you think that the longer route ought to have the higher rate, and the shorter route ought to have the lower rate?

A. I should say this: That I do not think the public—

Q. Do you—

A. I am answering your question: I do not think the public should be compelled to pay a rate to Norfolk, or to any other place for that matter, to make it possible for the circuitous route to handle the traffic on a remunerative basis.

In other words, if the circuitous route cannot participate on a remunerative basis in traffic which pays the short-haul routes a reasonable return for the service performed, then I say the circuitous route should "flag" out of the traffic.

Q. Let me ask you. Supposing all of the routes from [fol. 656] Norfolk to affected territory, that overall of the routes you have a compensatory rate.

Do you think you should have a lower rate over the shorter route and a higher rate over the longer route?

A. I didn't say that.

Q. You do or you do not think that?

A. I do not.

Q. You do not?

A. Even those routes—

Q. You have answered my question.

A. Based on costs.

Q. You shipped some 22 per cent of your cigarettes through Hampton Roads, I gather?

A. That is what the exhibit shows.

Q. Do you or your customers have any difficulty in financing those shipments?

A. Well now you are coming back to the import permit again.

Q. Do you or your customers have any difficulty in financing those shipments?

A. Well, let me put it this way: As far as I know, and think I am right, because my department gets copies of all letters of credit. All letters of credit sent upon our shipments happen to be cleared through a New York bank, but as to whether that is because the banks in Norfolk, [fol. 657] Baltimore and Philadelphia are not qualified to handle that business, I do not know.

Q. You do not know?

A. No, I do not, and I don't think the company cares so long as it gets its money.

Q. You do get your money?

A. That is what we sell cigarettes for, yes, sir.

Q. You get it just as readily, don't you on the shipments that go through Norfolk as well as the ones that go through New York?

A. As far as we are concerned.

Mr. Foley: No further questions.

Exam. Boat: Mr. Miller?

Cross examination.

By Mr. Miller:

Q. Turn to page 10 of your statement, will you?

A. Yes, sir.

Q. You say, since, however, service via New York is superior to service via other ports—in that statement, are you speaking of the import or export traffic?

A. Export.

Q. Not of the import?

A. Wait a minute. Whereabouts on that statement?

Q. The bottom of page 10.

Mr. Hanifin: The last paragraph.

[fol. 658] The Witness: Service on the whole, via New York, whether it is import or export, based on our experience, is superior.

By Mr. Miller:

Q. I know you go to considerable length in that about your export traffic?

A. That is right.

Q. On this part of page 10, are you speaking about export or import traffic?

A. There I would say both. Both import and export.

Q. All right.

How is service via New York superior, let's say, to Hampton Roads on your import traffic?

A. It all depends on what the import traffic is.

Q. You tell me.

A. All right.

Here about two years ago, we are bringing some material in for a new cigarette, and our need for that material was urgent and we even went to the extent of telling the people in England to ship that material either in the Queen Mary, Queen Elizabeth or the Steamship United States, despite the fact that on west-bound traffic from England, in those three boats a minimum rate applies and it is considerably higher than the tariff rates. We recently had three machines shipped to us from Hamburg, Germany, destined to Mexico. We brought them into New York because the boat was going to call at New York earlier than at Norfolk or any other port.

[fol. 659] Q. Now you are talking to me about shipments that would move via New York regardless of the port differentials, are you not?

A. No, I think what I said there that if rates via all ports were the same, and we were in the market for transportation, we would obviously buy the best we could obtain for a given price.

Q. Now, on your imports of tobacco, what would be the superior service of New York over Hampton Roads?

A. I said in my statement that on tobacco service was not a factor.

Q. How about tips?

A. You mean cigarette tipping material?

Q. Yes.

A. There it is not a factor. But if it did not cost us any more to move it via New York as against the New Orleans, our service would be quicker via New York and I think I said in the statement that that quite possibly would enable us to maintain a smaller inventory.

Q. Well now, let us compare service at Philadelphia. Is the service at Philadelphia, does it have the same superiority over Hampton Roads as New York does?

A. Are you talking import or export?

Q. Either one?

A. Well, as a matter of fact, we do not use the Port of [fol. 660] Philadelphia, so I cannot say much about it except that the average out-bound boat loads at Philadelphia and then goes to New York.

Q. How about Baltimore, does Baltimore have service advantages compared to—

A. We do not use Baltimore for the same reason that if we are going to use Baltimore on our outbound business, we might just as well use Hampton Roads.

Q. How about the New England Ports, like Boston? Do they have any superiorities over Hampton Roads?

A. None of our traffic moves that way.

Q. You do not know of any superiorities of Boston over Hampton Roads?

A. No.

Q. How about Albany?

A. We have no occasion to move anything through Albany.

Q. Does it have any superior advantages?

A. I do not know, because I have had no experience at the Port of Albany.

Q. Would it make any difference to you if Boston had port equalization with Baltimore?

A. Yes, for this one reason—and that is something the record—it will have to be developed by all interested railroads sitting here listening to this testimony; I could not help but be reminded of the inclinations on the part of [fol. 661] certain labor leaders to call upon the 5th section, because that seems to be the attitude of the northern lines, they did not want to get caught.

Mr. Hanifin: That is responsive.

Mr. Welsh: These lectures are interesting but could we have an answer to the question?

Exam. Boat: Are you about finished?

Mr. Miller: I have one or two more questions.

The Witness: Let me go further—

Mr. Keenan: Could the witness be instructed to answer responsively and confine his answers to the question?

Exam. Boat: I think he should.

Mr. Moerman: I rise in defense of Section 5 of the Interstate Commerce Act. You meant the 5th amendment?

The Witness: The 5th Amendment. I am sorry, yes. Then I will answer your question the only way I can answer it.

Mr. Keenan: Mr. Examiner, is there a question pending? I want to make sure.

Exam. Boat: I do not know whether he specifically answered the question. Lets go ahead and finish this up.

By Mr. Miller:

Q. Do you have any objection to Boston having port equalization with Baltimore or Hampton Roads? Why don't you start with yes or no?

A. I cannot answer it yes or no, you know I can't. [fol. 662] If the railroads serving the Port of Boston—

Mr. Foley: Mr. Examiner, I am going to object to this on the ground that whether he likes it or does not like it, does not matter one particle for the purposes of this case.

Exam. Boat: It does not make any difference.

Mr. Hanifin: Is he objecting to the question?

Mr. Foley: I was objecting to the answer.

Mr. Hanifin: He did not answer.

Mr. Claytor: He did not have a chance to answer the question.

Mr. Foley: I was objecting to his answering the question.

The Witness: Maybe he did not like it.

Exam. Boat: Let's go on, Mr. Miller. Anything else?

By Mr. Miller:

Q. Turning to page 14 of your statement, have you ever made a cost study of these railroad costs you are talking about at the top of the page?

A. How can I? I said, to me the principal question involved in I & S 6615 is whether, from the standpoint of railroad cost to perform the required services on import and export traffic rates to and from Baltimore and Hampton Roads should be or should not—I did not argue that Hampton Roads—

Q. Look, I can read, all I asked you is—

A. That is it. I am expecting the railroads to make their case.

Q. You can simply answer my question. Have you made [fol. 663] a study of railroad costs?

A. No, I read a lot about railroad costs put in.

Q. Have you made a study? You have not, is that right?

A. That is right.

Q. Do you know what costs are as between Baltimore and Hampton Roads and New York?

A. You asked this question.

Q. Do you know of your own personal knowledge?

A. I got a copy of an exhibit here that was prepared, but I don't think it has been accepted yet. Do you want me to refer to that?

Q. Did you make that study?

A. No, it was made by the N and W.

Q. You do not know whether it is true or not, do you?

A. No.

Q. That is all. Those are all the questions I have, Mr. Examiner. I have considerable objections to the exhibit when it is offered.

Mr. Moerman: I have one or two.

Mr. Foley: I have three.

Mr. Welsh: I have one.

Cross examination.

By Mr. Moerman:

Q. Mr. Kneesy, in connection with your emergency shipment on the Queen Mary, was it?

A. Yes.

[fol. 664] Q. What commodity?

A. Well, it was cigarette boxes for Du Maurier cigarettes.

Q. Du Maurier?

A. Yes.

Q. What other cigarettes does your company make?

A. Viceroys.

Mr. Hanifin: That is in his testimony, Mr. Moerman, if you read it.

The Witness: Viceroy, Raleigh, Cools; that is all right, I get a little advertising.

Mr. Hanifin: Good.

Mr. Moerman: That is what my purpose was.

By Mr. Moerman:

Q. Now we will hurry on. Have you shipped or received imported commodities on other vessels than the Queen Mary, like the UNITED STATES, the QUEEN ELIZABETH?

A. Upon occasion.

Q. Upon occasion?

A. That is right. Obviously if there is no rush need.

Q. Yes.

A. We are going to use the route which affords us the lowest amount of freight.

Q. The lowest transportation cost to you?

A. Where service is not the factor.

Q. As in leaf tobacco?

A. That is right.

[fol. 665] Q. Now, sir, let me ask you another question—

A. But not on cigarettes.

Q. Let me ask you this question: Did you pay a higher rate than normal on the QUEEN MARY because you used the QUEEN MARY or because it was an emergency shipment?

A. Westbound from England and this was true about a year ago when this happened, on the QUEEN MARY, the QUEEN ELIZABETH, and either the UNITED STATES or the CONSTITUTION—I cannot remember which one. Oh, the AMERICA, the minimum rate as I remember it was 230 shillings a ton, period. Regardless of what you shipped.

Q. Is it a fact that within your knowledge, the rates on these vessels like the QUEEN MARY are substantially higher than on the regular cargo boats, westbound?

A. I think you said westbound?

Q. Yes.

A. That is my understanding. But I further understand, that is not true eastbound.

Q. Yes, how much higher, double?

A. That would depend entirely on the commodity.

Q. On the commodity?

A. That is right, truthfully, I do not remember. I would say we paid somewhat in excess of 200 per cent of what we would have paid on that particular commodity had we used some other freight line, some other vessel.

[fol. 666] Q. Yes.

A. On some other commodity it might have been 300 per cent or 100 per cent, it would depend on the normal tariff rate.

Q. There is testimony in this case that in general the ocean rates on imported commodities are equalized so far as Hampton Roads, Baltimore, Philadelphia and New York are concerned.

That is not true, is it, with respect to these high-speed vessels like the QUEEN MARY, the QUEEN ELIZABETH, THE AMERICA, and THE CONSTITUTION, right?

A. How many boats did you mention?

Q. Well, the high-speed vessels.

A. There are three.

Q. All right.

A. But that is only westbound.

Q. Yes.

A. I suspect the reason for those higher rates is those boats are primarily passenger boats, mail boats, carry a lot of baggage and are not particularly interested in carrying freight.

Mr. Moerman: Thank you, Mr. Kneesy, indeed. That is all.

Exam. Boat: Can we progress this rapidly? Are we through?

Mr. Welsh: I have just one or two questions. I don't [fol. 667] think it will take any time.

Exam. Boat: We want to take care of some other matters here. I hope we can finish this up.

Cross examination.

By Mr. Welsh:

Q. Mr. Kneesy, with regard to this shipment, that moved on the QUEEN MARY?

A. Yes, sir.

Q. Do you mind telling us what the weight of that shipment was?

A. It was very small.

Q. Very small?

A. Very small.

Q. But you don't remember the weight of it?

A. No.

Q. Just it was a very small shipment?

A. Very small.

Q. One other thing. As I recall your testimony, you said you saw copies of the letters of credit that your company sold export material on?

A. Excuse me. My department gets copies of the.

Q. I see. Do you see those copies of them?

A. No, I spend most—

Q. You are not familiar with the terms your company sells those cigarettes on, are you?

A. What do you mean, in what respect?

[fol. 668] Q. How are they sold, FAS, CIF?

A. F.o.b. Port of embarkation.

Q. F.o.b. port of embarkation?

A. Yes, or FAS, U.S. port.

Q. FAS the name of the vessel, right?

A. No, FAS, U.S. port.

Q. FAS U.S. port?

A. Yes.

Q. Now, do you know whether or not the shipment moves beyond the Port on request billing of the purchaser of the goods, or do you control the routing beyond the port?

A. You don't want a yes or no to that now, do you?

Q. Well, if you have a regular policy, I will take yes.

A. I will have to elaborate.

Some people specify the vessel to which they want the cigarettes delivered. Upon occasion, on a Monday morning, we will get—that is, the export sales department will get from either the customer or our New York sales office, an order for X-number of cigarettes to be delivered say on Wednesday or Thursday to a specific pier in New York for a specific vessel.

Sometimes we are allowed, as a matter of fact, either my office or our freight forwarder in New York, are allowed to pick the vessel, but we jolly well better pick the vessel which will arrive there first. Now, for example, if I may [fol. 669] refer to this I have a letter here from the United Kingdom, traffic manager, British American Tobacco, in London. We have been informed by our friends in Kuwait that the vessels of the Concordia-Line consistently make Kuwait the last ~~port of~~ call in the Persian Gulf. For your guidance, I enclose an extract of some notes received, and he goes on asking us to use some other line to avoid that delay.

Now, I cite that as example of how important the service consideration is on export cigarettes.

Here last week we had received an order from the Columbia Distributor, and when there was some question of our ability to clear X quantity of those cigarettes in a GRACE line sailing from New York and I am pretty sure it was last Friday, he asked that we take the equivalent of one vanload and ship it to Miami so that it could be flown to Columbia. We did not do that because, when he found out that we were going to be able to get those cigarettes in —ready in time for the Grace boatline on Friday, that was satisfactory.

I cite that to demonstrate how important the service feature is on cigarettes.

Mr. Hanifin: For clarification, sir, where was the Grace Line boat?

The Witness: New York.

Mr. Welsh: I beg pardon, I did not hear what counsel [fol. 670] interjected.

Mr. Hanifin: I said, for clarification where was the Grace Line Boat, and he responded, New York.

By Mr. Welsh:

Q. May I ask you, do you know whether the controlled routings as recommended by your customer exceed the free routings which give you the right to select the routes yourself?

Now, if you do not know, you do not have to answer.

A. As far as the export sales department is concerned, the basic requirement is that we get our merchandise to destination as quickly as possible.

Now if you will look at my exhibit, you will note that we can and did clear some merchandise through Hampton Roads.

Mr. Foley: Mr. Examiner, I object to this. This is not responsive at all to the inquiry.

Mr. Welsh: No.

Mr. Foley: Which was, whether he does one or the other more frequently.

The Witness: Wherever the export sales department will allow us to clear something through Hampton Roads, we obviously will do it. That is where the best—

By Mr. Welsh:

Q. Can you tell me the relationship, the quantities? Do they permit you to do it more frequently than they do not?

A. They do not.

[fol. 671] Q. They do not?

A. No.

Q. Now, one more question: Are your letters of credit payable against the documents, and if so, what document?

A. On board bill of lading, insurance certificate, and invoice.

Q. Of course, if your terms, as I think you said, your most frequent terms were FAS port?

A. That is right.

Q. Of course you would not have to submit a bill of lading?

A. Yes, we do.

Q. You do it as a service?

A. Yes.

Mr. Welsh: That is all.
Exam. Boat: Anything else?
Mr. Claytor: No redirect.

OFFERS IN EVIDENCE

Exam. Boat: Do you tender the exhibit?

Mr. Foley: Mr. Examiner, I have a couple of objections.

Mr. Claytor: May I tender the exhibit first, sir?

I offer in evidence exhibit 55—

Exam. Boat: Is there objection?

Mr. Foley: Yes, on page 13, the second full paragraph in the first sentence of the next paragraph is nothing but argument. There is nothing at all there. And there are no facts at all. He has become a transportation economist instead of a shipper.

[fol. 672] On page 14 the first paragraph is all argument, and the first full paragraph on page 12 is argument, and nothing else, no facts.

Mr. Claytor: Mr. Examiner—

Mr. Miller: May I state my objections first to save time, you can answer them both at the same time.

Mr. Miller: I would like to object beginning at the last paragraph on page 13, all of page 14, and all of page 15, because they are just sheer argument.

I would like to object to the material beginning in the first full paragraph on page 3—

Mr. Hanifin: Page what, sir?

Mr. Miller: Page 3, and extending through to the end of the second paragraph on page 8, because that deals with export traffic which moves from Petersburg, by motor truck, and is not involved in this proceeding, and I would like to object to the exhibit No. 1 for the same reason.

Exam. Boat: The objections will be noted, and the exhibit is received in evidence.

(Exhibit No. 55, Witness Kneesy, in support of Protestants is received in evidence.)

Exam. Boat: Now we have a request we receive some of the statements at this time. I believe Mr. Price has one statement he wants to me.

The Witness is excused.

[fol. 673] (Witness excused.)

Mr. Price: I have a statement of Mr. Kraemer, and five exhibits, verified statement of C. Nelson Bean.

Exam. Boat: Yes.

Mr. Price: And two exhibits.

Exam. Boat: Very well.

Mr. Price: Could we have a number on those?

Exam. Boat: Mr. Bean's will be 56 and Mr. Kraemer's No. 57.

Mr. Price: There has been no request for cross examination on either of them and therefore, I offer them in evidence.

(Exhibit No. 56, Witness Bean, in Support of Protestants is marked for identification.)

(Exhibit No. 57, Witness Kraemer in support of Protestants in marked for identification.)

Exam. Boat: They will be received in evidence as exhibits 56 and 57.

(Exhibits 56 and 57 were received in evidence.)

Mr. Price: Thank you.

Exam. Boat: There are two more, now, let's get them in.

Mr. Meyer: I would like to offer in evidence the verified statement of Mr. J. Schmuck Jr., assistant freight traffic manager of the Virginian Railway Co.

[fol. 674] The statement has been circulated and cross-examination has not been requested.

Exam. Boat: That will be No. 58 for identification.

(Exhibit No. 58, Witness Schmuck, Jr., in support of Protestants is marked for identification.)

Mr. Pinsky: I am appearing on behalf of the City of Philadelphia. I would like to offer the verified statement of Mayor Richardson Dilworth, which has been circulated according to the rules with no request for cross-examination being made.

Exam. Boat: That will be identified as 59.

(Exhibit 59, witness Dilworth in support of Protestants is marked for identification.)

Exam. Boat: There being no objection, no request for cross-examination, those exhibits are received as 58 and 59.

(Exhibits 58 and 59 were received into evidence.)

Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: On the record. We will adjourn until 9:30 tomorrow morning.

(At 5 p.m. the hearing was recessed until February 21, 1958 at 9:30 a.m.)

Secretary's Certificate to transcript (omitted in printing).

[fol. 675]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I&S Docket No. 6615

FSA Docket No. 32204

[Title omitted]

Friday, February 21, 1958

Met, pursuant to adjournment, at 9:30 a.m.

Before: Marion L. Boat, Examiner.

APPEARANCES:

(As heretofore noted.)

[fol. 677]

PROCEEDINGS

Exam. Boat: Come to order please, gentlemen.

K. G. Crowl was sworn and testified as follows:

Direct examination.

By Mr. Bongartz:

Q. Mr. Crowl, I show you a statement captioned this proceeding, of 17 pages, with an additional verification page which is titled "Testimony of Kenneth G. Crowl," and ask you whether that is your testimony in this proceeding?

A. It is.

Q. You are the person who took the verification of this statement?

A. Yes, sir.

Q. And referred to in that statement is a series of exhibits?

A. Yes, sir.

Mr. Bongartz: May this statement, Mr. Examiner, and the exhibits referred to therein, all of which have been previously distributed, be marked for identification?

Exam. Boat: It will be identified as Exhibit 60.

(Protestant's Exhibit No. 60, Witness Crowl, was marked for identification.)

By Mr. Bongartz:

Q. Mr. Crowl, there are some corrections you wish to make at this time, both in your Exhibit 60 and in the exhibits referred to?

A. Yes, sir.

[fol. 678] In the testimony on page 5, the second full paragraph, as to the quote from Mr. Blanchard, I should like to read the quote because there are a couple of slight differences, and I am quoting. "We were not called on by any mercantile principal or usage to carry that extra difference for nothing. And there are no 272 miles of railroad that can be built for nothing, can be worked for nothing, that should be given to the public for nothing, any more than that the owner of the warehouse opposite this building should go to Baltimore, find out what the rent for a similar warehouse is, and fix his price upon the rent basis at Baltimore."

Q. That material is from Mr. Blanchard's report, is that right?

A. That is from Mr. Blanchard's testimony before the Special Committee on Railroads, appointed under Resolution of the Assembly of the State of New York to investigate alleged abuses in the management of railroads chartered by the State of New York, in hearings in 1879.

Q. What other corrections do you have to make?

A. I have distributed—I suppose that everyone has a copy of an erratum consisting of 3 pages.

Q. I don't believe the Examiner has one, Mr. Crowl.

(Copy handed to Examiner)

Exam. Boat: Thank you.

The Witness: This applies to my Exhibit Z-5, consisting of 42 pages, and in addition we have found a couple [fol. 679] more errors in that exhibit which, for the sake of accuracy, should be corrected.

The first correction is on page 4. Under Class 35, proposed cents per car-mile—

Mr. Colgren: Is this in the first table?

Exam. Boat: Will you locate that?

The Witness: That is on page 4 of my exhibit Z-5.

By Mr. Bongartz:

Q. The right-hand column, isn't it, Mr. Crowl?

A. There are two columns, under Class 35, on page 4. The second column is involved and the fifth column.

Exam. Boat: There are six columns under Class 35, are there not?

The Witness: Yes, sir.

Exam. Boat: Now, which column?

The Witness: The second column and fifth column are involved.

Exam. Boat: Yes.

The Witness: The first correction under Proposed Cents per Car-Mile, the sixth figure down shows 44 cents. That should be 43.

The eighth figure shows presently 44 cents. That should be 43.

Now, going to the fifth column, under Proposed Mills per Ton-Mile, in Class 35, the sixth figure shows 24.4, which [fol. 680] should be 23.9. The eighth figure shows 24.4, which should be 23.9.

By Mr. Bongartz:

Q. Wait a minute, Mr. Crowl.

The fifth figure should be changed, shouldn't it, too, the 20.2?

A. The 20.2 has been changed in the erratum on Sheet 1.

Q. Oh, has it?

A. From 20.2 to 25.1.

On the same page, page 4 of Z-5, under Class 13, in the first column, Present Cents per Car-Mile, the ninth figure reads 30 cents. It should read 28 cents.

In the fourth column under Class 13, Present Mills per Ton-Mile, the ninth figure now reads 10; it should read 9.3.

Still on page 4 of my Exhibit Z-5, under Class 27½, under Present Cents per Car-Mile, the average should be 37.8.

Q. Instead of 34.4?

A. As it was in the original, and a correction may be shown as 36.2, but the right calculation is 37.8.

Page 26 of the same exhibit—

Q. Is your erratum sheet, does that take care of the other correction, on the last line?

A. On page 4? Yes, sir.

Q. All right.

A. Page 26, Exhibit Z-5, under Class 20, under Proposed Mills per Ton-Mile, the eighth figure now reads 17.6 and should be 16.7.

[fol. 681] Exam. Boat: Proposed Mills Per Ton-Mile?

The Witness: Yes, sir, Proposed Mills Per Ton-Mile. The last is page 29.

Under Class 35, the sixth column, Docket 28300, Mills Per Ton-Mile, the sixth figure down, instead of 24.8 should be 30.2.

In my Exhibit Z-8, consisting of 11 pages, on the first page, from Chicago to Philadelphia, under Route C-6, the sixth route down, Chicago to Philadelphia—

Exam. Boat: I beg your pardon, which page, please?
The Witness: Page 1, sir.
Exam. Boat: I have the wrong exhibit.
The Witness: Z-8-B.
Exam. Boat: I had Z-8-A.
The Witness: It is the second one.
Exam. Boat: Oh. Thank you. Now, I am ready.
The Witness: Route CS-6, 792 miles should be 882 miles.
Mr. Macleay: How much?
The Witness: 882.

And the average Chicago to Philadelphia now showing 970 should show 977.

For the sake of the record, on page 2 this exhibit should show corrections already from Dubuque, Iowa to Philadelphia, Route CGW-4 should have 826 miles scratched out and 999 inserted.

[fol. 682] By Mr. Bongartz:

Q. I think those corrections were made before the exhibits were distributed, Mr. Crowl.
A. O. K., sir.
My Exhibit Y-1, page 12, 42 pages.
Under Class 50—

Mr Costello: What page?
The Witness: On page 12.

Under Class 50, Present Mills Per Ton-Mile, the fourth figure in that column, instead of 44.4 should be 34.5.

Mr. Welsh: May I ask your indulgence for just one minute, Mr. Examiner?

Will you tell me what page that was, I couldn't find it.
The Witness: Page 12.
Exam. Boat: Page 12, Class 50. Under Mills Per Ton-Mile.
Mr. Welsh: Class 50?
Exam. Boat: Class 50, under Mills Per Ton-Mile.
Mr. Welsh: Present or Proposed?

The Witness: Present.

Mr. Welsh: What was the correction?

The Witness: Instead of 44.4, which is the fourth figure down, it should be 34.5.

Page 16 of Exhibit Y-1, under Class 100, Present Cents Per Car-Mile, the third figure down now is 29.2; it should be 39.2.

[fol. 683] The last in this exhibit is page 18. Under Class 35, Cents Per Car-Mile, Docket 28300, third column, average at the bottom of that column is now 57.9. It should be 67.9.

The last corrections are my Exhibit X-0, consisting of 43 pages.

The first is on page 7. Under Route D-4, Proposed Import Mills Per Ton-Mile—

Exam. Boat: I don't seem to find that.

The Witness: It is under the heading of Indianapolis, on the right side of the sheet.

Exam. Boat: Yes, I see.

The Witness: And in the column "Proposed Import Mills Per Ton-Mile," across from the Route D-4, now shows 26.9. It should be 19.3.

On page 9, under Chicago, the Present Import Mills Per Ton-Mile, to the right of the page across from Route BM-2, from Boston, instead of 13.1 should be 14.3 mills.

The next is on page 16. Proposed Import Mills Per Ton-Mile under Chicago to the left of the page, across from Route P-1 from New York, now shows 20.7. It should be 20.1.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

The Witness: Page 27.

On the series to Cincinnati from Boston, in the line [fol. 684] Average Excluding Short Line, with the miles shown as 931, Present Import Cents Per Car-Mile now 42.2 should be 44.5.

Going to the right two columns, to present domestic cents per car-mile, now shown as 42.2, should be 44.5.

Going to the right two more columns, still under the average, excluding short-line, presently 15.1 should be 15.9.

Again going two columns to the right, 15.1 should be 15.9.

Taking right under there, right under the last average from Boston to Cincinnati, the first line from New York to Cincinnati, where the short-line miles are shown as 724, under the present import cents per car-mile, instead of 43.4 it should be 57.2, in the first column.

Then, go over two columns, to 43.4, which should be 57.2.

Going over two more columns on the present import mills per ton-mile, instead of 15.5, it should be 20.4.

Two columns again to the right, where it is 15.5, it should be 20.4.

The next one is on page 30.

On the right-hand side of the page, from Baltimore to Cincinnati, for Route P-1, miles 646, the present import cents per car mile shows 32.4. It should be 47.8.

Going to the right four more columns to the Present import mills per ton-mile, it shows 21.6. That should be 31.9.

Page 37. Again to the right of the page, from Philadelphia to Columbus, Ohio, Proposed import mills per ton [fol. 685] mile for Route R-3, which presently shows 27.3, should be 23.7.

And the last one is page 40. On the left-hand side of the page from New York to Chicago, the third column across from the Average—Excluding short-line miles 971, the second column beyond that to the right, Proposed import cents per car-mile now shows 43.9. That should be 41.4.

Going four columns to the right of that, Proposed import mills per ton-mile, instead of 17.6 should be 16.6.

Those are all the corrections I have, sir.

Mr. Bongartz: Those corrections, Mr. Examiner, have been made on the originals which I now hand to the reporter.

The witness is tendered for cross-examination.

Cross examination.

By Mr. Clark:

Q. Mr. Crowl, in the quotation you take from Mr. Blanchard's testimony, it is substantially the same as that Mr. Mollman considered in his testimony, is it not?

A. Yes, sir.

Q. Do you interpret that quotation as meaning that he is talking about domestic rates or import-export?

A. I read that quotation in the light that he was very much concerned about having rates established that were compensatory; and, secondly, that he is also concerned about a stable rate structure.

Q. But he wasn't referring to export-import rates, was he?

A. At what time?

[fol. 686] Q. In the instance you quoted.

A. I am sure he was.

Q. How do you square that with the sentence immediately preceding the sentence you quote?

A. I heard the testimony yesterday, and as I recollect he was talking about both kinds of traffic.

Q. Let me read that sentence immediately pre[illegible]ing to you.

As I understand it he said, in the sentence immediately preceding, "I do not think the New York merchant or citizen could complain of the rate upon flour that comes here to be made into bread for his household."

So far, does that sound like an export rate?

A. You didn't read all of his answer. Mr. Mollman read, I think, all of it yesterday into the record.

Q. Going that far, does that sound like an export rate?

A. That is half of it, that is right.

Q. I will get to the rest of it.

A. That is half of it.

Q. Do you agree he is not talking about an export rate there?

A. He is still talking about the same rate. As to that application, obviously, that is a domestic rate.

Q. Yes.

Then, he goes on: "If he paid 10 cents a barrel more for it than is paid by the citizen of Baltimore who did the same thing for the reason that we carried that property from the [fol. 687] local merchant's point, say 272 miles, in the illustration used by Mr. Garrett for only 10 cents difference, and flour is sold here for more than that much higher than in Baltimore for local retail use."

Do the words "for local retail use" indicate an export movement?

A. As to that section of his answer, it reads "to domestic," but he also talked about export rates in the same answer.

Q. You think that that is not clear that he is talking about domestic rates?

A. He is talking about a compensatory rate to New York that will apply to the traffic he was talking about in his complete answer.

Q. Did you mean to indicate in this quotation that Mr. Blanchard was advocating a differentially higher rate through the Port of New York than through the other seaboard ports?

A. He was advocating a compensatory rate on any traffic that moved to New York.

Q. Was he advocating a differentially higher rate?

A. He was actually justifying—

Q. You can answer my question.

A. (continuing) —a differentially higher rate that was then supposed to be in effect.

Q. How much of Mr. Blanchard's testimony did you read?

A. I heard what was read yesterday.

[fol. 688] Q. That wasn't the question.

When you took this quotation from Mr. Blanchard's testimony, I assume you read through a great part of it, did you not?

A. This appeared in Volume 3, Page 3175. I frankly did not read the whole investigation. But this, to me, regardless of the context, simply points out that he is pleading for compensatory rates for his railroad.

Q. Can you tell me approximately how long Mr. Blanchard's testimony was before the New York Legislative Committee?

A. No, sir, I can't.

Q. It was quite extensive, wasn't it?

A. It could have been.

Q. Wasn't it in fact several hundred pages?

A. I do not know.

Q. You have a copy of his testimony there, do you not?

A. I do not.

Q. You wouldn't dispute the fact that it was several hundred pages? In fact, he was on the stand for days before that Legislative body, was he not?

A. If you say so, I will accept it.

Q. I would like to read a question and answer, a little subsequent to the insertion or the quotation you took from his testimony.

This is the question asked Mr. Blanchard:

"Question: But suppose the rail rate from Liverpool to [fol. 689] Chicago, and from Chicago to Liverpool to be 2 cents a hundred less by reason of the increased harbor facilities of New York, what would then be the policy of your railway?"

Mr. Blanchard's answer was this:

"Answer: Equal rates via all the seaboard cities to foreign ports."

Isn't that about as clear a statement as you could expect from anyone as to what his position was on the level of the rates through the eastern seaboard ports?

A. In the light of what you read, taken with what I have, indicates to him that as long as the rate is compensatory, that is what he wants.

Q. You don't mean to indicate, then, in this quotation you took from Mr. Blanchard's testimony that he was advocating a differentially higher rate at New York than through the other seaboard ports?

Mr. Bongartz: I think the witness has already answered that, when he said Mr. Blanchard was before this committee defending a differential set-up.

By Mr. Clark:

Q. As a matter of fact, throughout Mr. Blanchard's testimony he repeatedly took the position that the rates should be equal—the export-import rates should be equal through all the seaboard ports; isn't that a fact?

A. I told you, sir, I didn't read the hundreds of pages that you say he gave testimony on.

[fol. 690] Q. And isn't it a fact you referred to Mr. Vanderbilt's testimony? Isn't it a fact he was an equally ardent advocate for equality of rates through the eastern seaboard ports?

A. He was certainly an advocate of compensatory rates to the New York Central.

Q. I didn't ask you that question.

Mr. Clark: Will you read the question?

(Question read.)

By Mr. Clark:

Q. How much of Mr. Vanderbilt's testimony did you read?

A. I have the question asked him: "And so there is a reciprocity on the part of the community with the railroads?"

The answer of which is on page 5 of my testimony, was: "I think the railroads have done their full share"—

Mr. Clark: Just a moment.

That is not responsive to my question, Mr. Examiner. Will you repeat the question?

(Question read.)

The Witness: I read the question and the answer, part of which I quoted.

By Mr. Clark:

Q. And that is all?

A. That is all of that, yes, sir.

Q. Isn't it a fact, Mr. Vanderbilt had extensive testimony before that committee?

A. If you say so, I will accept it.

[fol. 691] Q. How did it happen that you only read this paragraph or two?

A. Because—

Q. How do you explain that paragraph?

A. Sir?

Q. How did you find that paragraph if you didn't read any more than two paragraphs?

A. It just emerged.

(Laughter)

Mr. Clark: That is all on that subject.

By Mr. Clark:

Q. Will you turn to page 10 of your testimony? Beginning on page 10 and running through the next two or three pages there, you enumerate a number of examples which you say indicates the Port of New York's continuing power to attract import-export traffic at the existing differential relationships.

A. Yes, sir.

Q. Don't all of those examples you cite involve transit arrangements?

A. Some are transit arrangements, some are routing arrangements, some are storage.

Q. They all involve a transit?

A. They all involve a through rate between New York and differential territory.

Q. Some sort of a transit arrangement is involved in [fol. 692] practically every one of those cases, is that not right?

A. That is right, and operates in relation to the through rate.

Q. Don't Philadelphia and Baltimore and Norfolk also have transit arrangements concerning import and export traffic?

A. There are a few—

Q. Similar to these?

A. Nothing in relation to involving the transit privilege and other arrangements in New York Harbor.

Q. Have you made any study to compare the volumes?

A. I see the proposals going through to change established transit arrangements, rates and other things.

Q. You made no study?

A. (Continuing) —as to parceling out what is in the tariff, no, but as to the use made of the arrangements in the tariff, I do know that the arrangements in effect at New York are used to a great extent on a great variety of things.

Yes, we have them in the tariff for Philadelphia and Baltimore, but they are practically meaningless.

Q. You made no study to determine what the volumes were between the several ports, did you?

A. I have looked at—

Q. Will you answer my question?

A. Yes, I was going to answer you.

I have looked at thousands of import and export bills, [fol. 693] and I do not recollect any comparison whatsoever—if any tonnage—that Philadelphia and Baltimore had under the transit arrangement we had published for those ports.

Q. You made no surveys?

A. I didn't chop it down like you do when you play bridge.

Q. Will you turn to page 13 of your testimony?

On page 13 and subsequent pages there—

A. Yes, sir.

Q. (Continuing) —you refer to motor carrier class rates published on the domestic rail Docket 28300 level between North Atlantic ports and differential territory.

A. That is right.

Q. What traffic moves on those rates?

A. Whatever traffic is properly rated moving by truck under their class rate basis.

Q. Those rates would be higher than the railroads, wouldn't they?

A. Are you talking as to the time the comparison was made? They were identical to the rail rates. The rail 28300 rates.

Q. I mean the rail rates applying to specific commodities, export and import commodities.

A. They could be if the truck did not also have a commodity rate to match the rail commodity rate.

Q. Is it your testimony that traffic is moving on these motor carrier class rates on the 28300 level—import and [fol. 694] export traffic?

A. There are not any motor carrier import and export class rates between differential territory and the ports.

Q. That is true.

A. So any motor truck traffic offered which is not covered by any other basis for assessing charges other than the class rates, these would apply.

Q. I understand that.

But what traffic is moving?

A. I work for a railroad, not a trucking company, sir.

Q. Well, the inference from your testimony is there is traffic moving on those rates. I asked you what traffic that is.

A. I would not be privy to know what traffic is moving on those rates.

Q. For all you know, there is no traffic moving on those rates?

A. I know they are published and in effect.

Q. There are a lot of rates published on which no movement exists.

A. That is a matter of knowledge as to where they might apply on what.

Q. You made no study or survey to show what traffic did move under these motor carrier class rates?

Mr. Bongartz: The witness answered, previously, Mr. Examiner.

[fol. 695] By Mr. Clark:

Q. Mr. Crowl, how do the facilities for handling import and export traffic at Philadelphia compare with those facilities at Baltimore?

A. I made no study on facilities.

Q. Do you believe your facilities at Philadelphia are as good as those at Baltimore?

Mr. Bongartz: He just answered he made no study.

By Mr. Clark:

Q. I am asking his opinion.

Your railroad serves Baltimore as well as Philadelphia, doesn't it?

A. Yes, sir.

Mr. Bongartz: The witness on the stand yesterday, Mr. Examiner, was the man with knowledge of such conditions.

I think that question should have been developed through Mr. Clark.

By Mr. Clark:

Q. Are your facilities as modern and efficient?

A. I can't answer, sir We have a good railroad, but what makes it up, I have not studied this matter.

Q. Are your efforts to solicit import and export traffic to Philadelphia, to and from differential territory, as good as those at Baltimore?

A. Our efforts?

Q. Yes.

Mr. Bongartz: Could I have that question read, please?

Mr. Clark: I will rephrase the question.

[fol. 696] By Mr. Clark:

Q. Are the efforts to solicit such traffic through Philadelphia, equally as good as the efforts made on the part of Baltimore—

Mr. Bongartz: Whose efforts are you talking about?

Mr. Clark: The railroad efforts—the Pennsylvania Railroad.

The Witness: If I understand what your question is, you are asking whether our railroad solicits freight for any specific port as against any other port.

We cannot—

By Mr. Clark:

Q. I asked you if you tried as hard, or if your efforts were equally as good at Philadelphia as they are at Baltimore.

A. Our efforts, we hope, are equally good every place, but—

Q. That is an answer.

A. You must remember the shipper routes the freight and puts on his bill of lading where he wants it to go.

Q. But your salesmen attempt to persuade him to route Pennsylvania, don't they?

A. No, sir, our unrouted traffic is very, very light—minus zero, probably.

Q. Now, the rates on import and export traffic between Philadelphia and differential territory are generally one cent higher than the rates between Baltimore and differential territory, are they not?

[fol. 697] A. That is the normal differential.

Q. Haven't you found that this differentially-higher rate at Philadelphia handicaps Philadelphia in its efforts to attract import and export traffic to and from differential territory in competition with Baltimore?

A. That brings to mind our loss of business at Philadelphia to New York.

Q. I didn't ask you that.

(Laughter)

Mr. Clark: Mr. Examiner, that is not responsive to my question.

Exam. Boat: No, I think he confined the question to Baltimore.

The Witness: I can't identify them.

By Mr. Clark:

Q. You didn't know.

Is it your testimony that the one-cent differential does not handicap?

Mr. Bongartz: He didn't say that. He said he couldn't identify it.

By Mr. Clark:

Q. I don't understand that answer.

A. As I understand your question, it was, didn't the one-cent differential at Philadelphia over Baltimore drive business out of Philadelphia to Baltimore?

Q. No. My question was, did that one-cent differential handicap you in your efforts to attract tonnage, import and [fol. 698] export tonnage, from differential territory in competition with Baltimore?

A. We try to attract tonnage at every port we serve.

Q. Yes.

Mr. Foley: This is not responsive, Mr. Examiner.

Mr. Keenan: I move that answer be stricken, Mr. Examiner, and the witness be instructed to answer.

Exam. Boat: Yes.

Answer directly.

Mr. Macleay: We can't hear counsel over here. May we hear that last question? We didn't hear a word of it.

Mr. Foley: Why doesn't the reporter read it?

By Mr. Clark:

Q. Does the one-cent differential handicap you at Philadelphia in competition with Baltimore?

Mr. Bongartz: Let's get the question clarified.

"Handicap," you are referring, I assume, to the Pennsylvania Railroad. Is that what you are referring to, Mr. Clark?

Mr. Clark: I will take that.

Mr. Bongartz: Do you understand the question, Mr. Crowl?

The Witness: If I understand the question correctly, what he is saying is, does the normal differential operating at Philadelphia hamper our efforts to get business at Philadelphia in competition with Baltimore. Is that the sense of the question?

Mr. Bongartz: Is that your question, Mr. Clark?

[fol. 699] Mr. Clark: Will you read that answer?

Mr. Keenan: That is fine.

The Witness: We operate at both ports, and must, and accept traffic that is offered at each port.

Mr. Foley: This is still not responsive.

Mr. Bongartz: I submit, Mr. Examiner, in this line of questioning, the witness has brought out before that the shipper does the routing, that the Pennsylvania serves all these ports and takes what it gets from the shippers.

I think beyond that, Mr. Crowl can't give any further answer.

Exam. Boat: I think he can.

Mr. Moerman: Of course, he can. He doesn't want to.

Mr. Bongartz: I ask that be stricken. I don't know who said it.

Mr. Moerman: I said it.

Mr. Bongartz: I ask it be stricken.

Mr. Welsh: I concur.

Mr. Keenan: I concur in that.

Exam. Boat: Let's confine our statements here to questions and answers.

Mr. Clark: I didn't hear you, Mr. Examiner.

Exam. Boat: We will confine our statements to questions and answers.

Can you answer more directly, Mr. Witness?

The Witness: I will answer on the basis of my experience [fol. 700] in soliciting freight in differential territory to and from the ports.

That goes as far west as Milwaukee and as far east as Pittsburgh, and in soliciting freight the shipper told us what port he was coming into and what port he was shipping to, and he named the port, and he named New York more times than other ports.

Mr. Clark: New York wasn't even in this question, Mr. Examiner. We are talking about Philadelphia and Baltimore.

Mr. Foley: Mr. Examiner, he hasn't yet said he is handicapped at getting the freight at Pennsylvania.

Mr. Marbury: Mr. Examiner, the question is an unfair question. Handicapped assumes he is trying to get it at the one port at the expense of the other.

What the witness has been telling you is he does not. Therefore "handicap" is a trick question.

Mr. Bongartz: He testified, Mr. Examiner, the Pennsylvania tries to get business, and then he has testified in trying to get business it routes the business the shipper gives him according to the shipper's instructions.

By Mr. Clark:

Q. Mr. Crowl, the Pennsylvania has a large sales force, doesn't it?

A. Yes, sir.

Q. Doesn't it attempt to persuade shippers to route via the Pennsylvania?

[fol. 701] A. It persuades them to route via the Pennsylvania via any port they wish to move through at compensatory rates.

Q. Do you have any difficulty persuading them to route traffic from differential territory, import and export traffic, to Philadelphia, as compared to Baltimore?

Mr. Macleay: Mr. Examiner, the witness has made it perfectly clear he doesn't "try" to solicit for Philadelphia as against Baltimore.

Exam. Boat: His company is in business to attract traffic.

Mr. Macleay: That is right, but he serves all three of these ports, Mr. Examiner. And he has said so repeatedly.

Mr. Clark: I asked a question, and it seems to me he has not answered it yet. I tried four or five different ways to solicit the answer.

Mr. Bongartz: I submit he has answered.

Mr. Clark: What is the answer?

The Witness: We have something like 85 field sales offices, including Boston, New York, Philadelphia, Baltimore, and Norfolk.

We do not and cannot tell a shipper where he wants to ship his freight. He knows that. He knows what port he is using. What we do is try to solicit the freight for the Pennsylvania Railroad.

By Mr. Clark:

Q. Is that your answer, Mr. Crowl?

A. That is the fact.

[fol. 702] Q. That is your answer, then?

I still submit it isn't responsive.

Mr. Macleay: We still can't hear counsel.

Mr. Foley: He doesn't tell whether he is handicapped to Philadelphia, which he was asked.

The Witness: We are looking for freight to haul, total volume. We are not trying to say—

By Mr. Clark:

Q. Every railroad is looking for freight.

A. That is right.

Q. But that wasn't the question I asked you, Mr. Crowl.

A. I can't read people's minds as to why they might use New York or other ports.

Q. Well, let me cite some tonnage figures to you and see whether that might help.

Isn't it a fact that during the period August 1, 1955 to July 31, 1956, Baltimore handled 4,948,000 tons of export-import traffic from differential territory, and during the same period Philadelphia handled only 1,039,000 tons?

Those come from Mr. Mollman's exhibits.

That is a proportion of about 5 to 1 in favor of Baltimore.

Would that indicate to you that Philadelphia had difficulty in attracting export-import traffic from differential territory to Philadelphia, as compared to Baltimore?

Mr. Hanifin: Mr. Examiner, it seems to me that question is objectionable, because it is on the assumption that [fol. 703] the competition at Philadelphia is Baltimore. Until it is established that the basic competition at Philadelphia is with Baltimore, rather than New York, I think the question is entirely a hypothetical question and an unfair question.

Certainly the position of the Pocahontas Lines is that our basic competition is with New York. I don't think there is anything established in this record that the basic competition of the out-ports is within themselves, but rather it is with New York.

I think this question is being pursued on an assumption which is wholly unwarranted.

I object to the question.

Mr. Clark: Mr. Examiner, the question is perfectly fair.

By Mr. Clark:

Q. Are you in competition with Baltimore, Mr. Crowl?—Isn't Philadelphia in competition with Baltimore?

Mr. Bongartz: At one minute you are talking about the Pennsylvania Railroad, now you are talking about the City of Philadelphia, as I understand it, versus Baltimore. This witness is a Pennsylvania Railroad witness, and I suggest the questions put to him be confined to his capacity as such.

By Mr. Clark:

Q. Mr. Crowl, you are dealing with the figures that Mr. Mollman showed in his exhibit, are you not?

A. I know he put figures in.

[fol. 704] Q. How do you account for this difference in the total export-import traffic?

A. Those figures simply represent the tonnage the railroads haul to and from the named ports.

Mr. Brandes: I move to strike out the answer, Mr. Examiner, as not being responsive.

Exam. Boat: I think in a sense it is responsive.

Overruled.

Mr. Clark: Apparently, I can't get a responsive answer to that question, so I won't pursue it any further.

Mr. Bongartz: The Examiner ruled against you on it.

By Mr. Clark:

Q. You didn't take the position that the differentially higher rate handicapped Philadelphia as against Baltimore in the iron ore case, did you?

A. I know nothing about the iron ore case, sir.

Q. Isn't it a fact that that differential handicapped Philadelphia as to iron ore?

Mr. Bongartz: I think the witness just answered his knowledge regarding that case.

Mr. Keenan: Do we have an answer?

Mr. Clark: He said he didn't know anything about it.

Mr. Keenan: Did he?

By Mr. Clark:

Q. The Pennsylvania serves Baltimore and New York and Norfolk, as well as Philadelphia, doesn't it?

A. Yes, sir.

[fol. 705] Q. Where the Pennsylvania is able to influence the routing of traffic to or from differential territory, does the Pennsylvania favor Philadelphia over New York?

A. I think I have already said that the shipper routes his traffic. He knows where he wants it to go. He sends it there.

Exam. Boat: I think his question assumed that the shipper did not route this particular traffic.

Is that right, Mr. Clark?

Mr. Clark: Yes. There is certain traffic certainly that the railroads try to influence the routing of. They have their salesmen out trying to persuade the shippers to route over their particular railroad.

By Mr. Clark:

Q. Mr. Crowl, you are connected—what are you, Assistant Director of the Sales?

A. Freight Rates.

Q. But aren't you—

A. We have no solicitation jurisdiction over the salesmen, but I have been one.

Q. In the first paragraph of your testimony, you say, "I am Assistant Manager, Freight Rates, Freight Sales, and Service Department."

A. That is right.

The Freight Rates Department is a division of the Freight Sales and Services Department, the over-all what [fol. 706] used to be our Traffic Department.

Q. And you have salesmen working through the area, attempting to "sell" Pennsylvania routing, do you not?

A. Under my jurisdiction. We work with salesmen. I will say again that the shipper knows what port he wants to go from or to, and our job is when he has decided that to get him to use our railroad from or to what port he chooses.

Q. Do you mean to say that you do not try to persuade him to use the Port of Philadelphia, rather than the Port of New York on export-import traffic to and from differential territory?

A. He knows where he wants to go.

Q. That wasn't the question. Will you please answer the question?

Exam. Boat: Before he states what he wants to know, I think counsel asked you whether you try to persuade him.

The Witness: All right, I will give you a very specific case.

I'm thinking of a large manufacturing firm making machinery. They had a good press section, and as soon as they got an export order it would be in the paper "worth so much." So, I would go up and ask whether we had a chance to handle it and where it was going.

The answer would inevitably be, when we get more detail, we will give it to our export agent in New York; he will tell us where to ship it, and when he does, then we will see [fol. 707] where we stack up on the rail routing.

By Mr. Clark:

Q. Is it your testimony that your solicitors, your freight solicitors, make no effort to persuade the shippers to route traffic through Philadelphia as against the New York?

A. We serve the four ports, sir, and I will reiterate, our job is to get PRR routing on the bill of lading, and not the destination on the bill of lading. The shipper knows where he wants to go.

Q. You are not interested in what port it goes through; is that right?

A. We serve all four, and have regard for all four.

Q. I will repeat the question: You are not interested in which port, so long as the Pennsylvania moves it; is that right?

A. We are interested in all four ports, and we want to handle all the freight from the four ports we can, or to the four ports.

Q. Which port do you prefer that a shipment would move through?

A. I have no preference.

Q. You have no preference?

A. No, sir.

Q. You don't agree with a statement that is attributed to the Pennsylvania Chief Traffic Officer in one of the New York newspapers—

[fol. 708] Mr. Bongartz: We don't agree with the statement of the Chief Traffic Officer put in the New York paper by one Tobin, of New York.

By Mr. Clark:

Q. You don't agree with a statement attributed to the Pennsylvania Chief Traffic Officer in one of the New York newspapers recently that if he had his way he wouldn't route a ton of freight through New York?

Mr. Bongartz: Who attributed that statement, Mr. Clark?

Mr. Clark: It was the newspaper—I am only asking—

Mr. Bongartz: Who attributed that statement to the Pennsylvania Chief Traffic Officer? You read the newspaper. Now, tell us.

It was Mr. Tobin, wasn't it?

Mr. Moerman: This man is conducting cross-examination.

Mr. Bongartz: It is not fair cross-examination, Mr. Examiner. He would indicate or leave the impression on the record that this newspaper statement, referring to the Pennsylvania's Chief Traffic Officer, was some sort of an interview or something that the Chief Traffic Officer said to the newspaper.

Now, if Mr. Clark will be fair about this, he will say that that was a statement attributed to the Pennsylvania by a member of the New York Port Authority.

Mr. Clark: Well, I will accept that, then.

Mr. Bongartz: And the repetition of the statement does [fol. 709] not make it true.

Exam. Boat: With that qualification, the witness can answer the question.

The Witness: I understand the question. You used the word "attributed"?

By Mr. Clark:

Q. I asked if you agree with that statement that was attributed to him in the newspaper.

A. Will you repeat the statement?

Q. If he had his way, he wouldn't route a ton of freight through New York.

A. Well, the same would apply to him as would to anybody else, in that a railroad solicitor is not going to have the opportunity to route a ton of freight.

Mr. Clark: I won't pursue it any further.

Thank you, Mr. Crowl.

Mr. Keenan: I have a couple of questions, if I may, Mr. Examiner.

By Mr. Keenan:

Q. Mr. Crowl, you just said to counsel that you don't know anything about the ore case.

I don't mean to question you about the ore case, Mr. Crowl, I should like to ask you about some ore rates.

Before I do so, tell me, is it fair for me to go ahead on the assumption that you know something about ore rates?

Mr. Bongartz: Will you clarify what you mean by ore?

By Mr. Keenan:

Q. Any ore rates, Mr. Crowl, published by the Pennsyl- [fol. 710] vania Railroad.

A. I know nothing about rates handled by our coal department. I am in the merchandise side of the house.

Q. Mr. Crowl, will you tell me what the duties of Assistant Manager, Freight Rates, Freight Sales and Services Department of the Pennsylvania Railroad Company are?

You are one of those people, aren't you?

A. Yes, sir. What we are?

Q. What are the duties of that office, Mr. Crowl, with the Pennsylvania Railroad?

A. The duties?

Q. Yes.

A. In that particular capacity are basically to assist the Manager, Freight Rates. Two of us in turn are head of our merchandise rate room in Philadelphia.

Q. How many such assistants are there with the Pennsylvania Railroad, Mr. Crowl?

A. Myself—taking merchandise?

Q. I'm not asking you about merchandise, Mr. Crowl.

My question is: how many assistant manager, freight sales and services department, are there with the Pennsylvania Railroad? That is the title that you say you have on the first page of your verified statement.

A. One in Philadelphia. The other died recently. One in Pittsburgh. And two in Chicago.

[fol. 711] Q. Is it the duty of the one in Philadelphia—and do I assume correctly that you are the one in Philadelphia?

A. I hope so.

Mr. Moerman: Living.

By Mr. Keenan:

Q. Is it the duty of the one in Philadelphia to pay attention to the particular territory around Philadelphia, or is it the duty of the assistant manager in Philadelphia to pay attention to system-wide operations of the Pennsylvania Railroad?

A. Basically, our activity is largely confined on traffic originating and terminating along the seaboard, although we do go in both directions west and east from other territories. In other words, in a sense, it covers the railroad.

Q. I think that you began that answer by talking about "our duties," or something like that.

What was the "our," or the "we" to whom you referred just now?

A. I was talking of our organization as a whole, and myself, in such matters of that nature as come to my attention.

Q. Mr. Crowl, I didn't mean to inquire about your organization as a whole, whatever that might be.

I meant to inquire about the duties of a single person, an assistant manager of freight.

A. I endeavored to tell you what the individual single duties are.

[fol. 712] Q. Do I understand you correctly to tell me that those duties have something to do with the terminating and originating of freight on the eastern seaboard, among other things?

A. Originating and terminating rates which are applied to freight.

Q. How does one terminate or originate a rate? Do you mean cancel or publish it?

A. Maybe I wasn't clear.

What I meant to say was, rates from and to the seaboard.

Q. What about rates from or to the seaboard, Mr. Crowl? What do you have to do with them?

A. Well, we have to do with them when there is a question of a change, or somebody wants to know what they are.

Q. Question of a change, did you say?

A. A question of a change, or somebody wants to be advised as to the change of rates, they want to know what the rate is.

Q. In other words, do I understand correctly you give the public and prospective rail patrons and existing rail patrons information, first of all, concerning what the Pennsylvania's railroad transportation prices are; is that right?

A. We have a rate quotation section, that is right.

Q. Is this something you have something to do with, Mr. Crowl, or the assistant manager has something to do with, who is referred to on the first page of your verified statement?

A. Yes. I get requests for a rate.

[fol. 713] Q. You what, sir?

A. People call me and ask me for a rate on something.

Q. Do you exercise any supervisory functions over other people with the Pennsylvania Railroad who provide such information to the Pennsylvania's patrons?

A. Yes, sir.

Q. Now, with regard to changing rates.

You just told me you had something to do with changing some rates that were published by the Pennsylvania Railroad when rates are changed, is that right?

A. Yes, sir.

Q. Now, did you tell me that those rates are rates which govern charges collectible for the movement of traffic to or from points on the eastern seaboard of the United States?

A. That is right.

Exam. Boat: Have you identified that, to or from points on the eastern seaboard? Is that descriptive of what you have in mind, or do you have in mind the affected territory?

Mr. Keenan: That takes care of one end of the movement. I meant now to go into the other end, Mr. Examiner. Thank you, very much.

By Mr. Keenan:

Q. In line with the inquiry which the Examiner most appropriately suggested, do the rates you and I have been talking about just now, Mr. Crowl, involve the terminating or originating of traffic in differential territory in [fol. 714] the United States?

A. Among other territories.

Q. Among other territories?

A. Yes.

Q. I mean to ask you, Mr. Crowl, only about the rates that you as assistant manager are concerned with the changing of.

Is the scope of commodities with which those rates have something to do, limited in any way?

A. I think I—.

Q. Is the question unclear?

A. I think I understand it. I think it is clear.

As I understand it, you are talking about commodities generally.

I think I said before—

Q. No, Mr. Crowl, just to make sure we have a common understanding, I wasn't talking about commodities generally, specifically or any other way.

If you have doubt about what I was talking about, I will ask the reporter to read the question again.

Mr. Bongartz: Suppose you do that. I have some doubts.

(Question read.)

Mr. Bongartz: Do you understand that question, Mr. Crowl?

The Witness: I don't believe I do.

By Mr. Keenan:

Q. Then, I think I better ask it over, Mr. Crowl. It is very important you and I understand each other.
[fol. 715] You have to do with some rates, if I may use a little shorthand now, you just told me, Mr. Crowl, right?

A. Yes.

Q. And those rates govern the movement of traffic on the Pennsylvania Railroad in some respects, right?

A. Yes.

Q. Now, those rates that you have to do with—what I mean to ask you about them is: are they rates governing all commodities which may be handled by the Pennsylvania Railroad, or only some commodities which may be handled by the Pennsylvania Railroad?

A. Well, we don't change all our rates on everything every day.

Q. I realize that, Mr. Crowl. I'm referring to rates, not that you change every day, but that the assistant manager referred to in your statement, rates that the assistant manager has something to do with.

A. Well, if there is something to be done, then it is proper to do something with it.

Exam. Boat: He has in mind whether a change may be contemplated—a prospective change.

By Mr. Keenan:

Q. You have some rates within your jurisdiction, Mr. Crowl: rates on what, if you please?

A. Rates on merchandise traffic.

Q. That excludes what, Mr. Crowl?

A. Anthracite and bituminous coal, coke, a direct product
[fol. 716] of coal, and crude iron ore.

Q. Is there somebody with the Pennsylvania Railroad who has a position comparable to yours with regard to such anthracite coal and other products of mines that you may have included in your last answer?

A. Yes, sir.

Q. Who is that, please?

A. Well, that is the Assistant Manager of Coal Traffic Rates and Sales—I think it is.

Q. He, too, is alive to day, right?

A. I hope so.

Q. Where are his headquarters?

A. Well, there are, I think, four of them.

Q. What did you say?

A. There are four.

Q. I can't hear.

Mr. Bongartz: Four.

The Witness: There are four of them.

Exam. Boat: Four headquarters?

The Witness: There are four headquarters, and four assistant managers.

By Mr. Keenan:

Q. Is there anybody who is boss of those four?

A. Yes, sir.

Q. Who is that, please?

[fol. 717] A. He is the Manager, Coal Traffic Freight and Sales.

Q. Who is he, and where is he, please?

A. Well, now, that is the Manager. Then, we have a General Manager of that Department.

Q. I wish you would answer the first question first, then you can tell me—

Exam. Boat: Let's be more direct, Mr. Crowl. I think you know what counsel is trying to determine here.

Mr. Bongartz: Give him a name.

The Witness: Which one, sir?

By Mr. Keenan:

Q. The first one we are talking about, Mr. Crowl, I confess I can't tell you general managers from assistant general managers, but tell us who is in the picture, please.

A. Our Coal Department people.

Q. Who heads it up?

A. Mr. Stuart is the General Manager of Coal Traffic Rates ~~and~~ Sales. I think that is right.

Q. Where are his offices?

A. Philadelphia.

Q. Have you ever had occasion to discuss this case with him, this case we are involved in right now, in a chat over the luncheon table or over the telephone or something?

A. I would have no reason to.

Q. That is not what I have asked you.

[fol. 718] A. I have not.

Q. I want to make sure the witness understands what my question is, because someplace it appears that he isn't answering precisely.

Mr. Macleay: Why don't you listen to his answer, then?

By Mr. Keenan:

Q. Mr. Crowl, have you ever had occasion ever over the luncheon table or over the telephone to discuss this case with Mr. Stuart?

A. I have not.

Mr. Walker: Mr. Examiner, I have an objection here. I am buying part of this record and have to pay for it. All of these questions about who is general manager of the coal sales has nothing to do with this case, or where he is located.

Exam. Boat: Mr. Walker, I think we could cut down the record a great deal if we had direct answers. I think he is trying to get that direct answer.

By Mr. Keenan:

Q. Your answer was no, to my question, before the objection; right?

A. Yes, sir.

Q. And by the same token, if I understand you right, Mr. Crowl, Mr. Stuart has never had occasion to discuss with you in any casual way, over the telephone or over the luncheon table, the iron ore case, or iron ore rates; right? A. That is emphatically correct.

Q. Mr. Crowl, is there any kind of a rule around the [fol. 719] Pennsylvania Railroad that executives can't talk to each other about business at lunch?

Mr. Bongartz: I object. That is a frivolous question.

Mr. Keenan: I will withdraw it.

By Mr. Keenan:

Q. Now, are there any other rate departments with your road comparable to your merchandise rate department and Mr. Stuart's ore, or products of mines rate department, whatever it is?

Are rates on other commodities, certain other categories of commodities, handled separately?

A. No, we only have the two divisions.

Q. These are the two divisions?

A. Yes, sir.

Q. Do I understand correctly, Mr. Crowl, that you are responsible for your division you headed up?

A. I think I mentioned we have a manager of freight rates in our organization. I'm the assistant manager.

Q. Right.

Does Mr. Stuart report to that manager of freight rates?

A. Oh, no, sir.

Q. Now, it would follow, I guess, from what you told me, Mr. Crowl, that you don't know what, if any, relationship existed between iron ore rates to and from Baltimore and iron ore rates to and from Philadelphia between 1950 and 1952, right?

A. I do not.

[fol. 720] Q. If I were to ask you the same question all the way through to 1958, your answer would be the same; is that correct? A. Yes, sir.

Q. Mr. Crowl, will you permit me the observation that you are singularly devoted to the duties of your office?

A. Thank you.

Q. To the exclusion of all others.

Mr. Bongartz: We appreciate Mr. Keenan's commendation.

Exam. Boat: Confine your comments to questions, please.

Mr. Keenan: I'm sorry, Mr. Examiner. I will do so in the future.

By Mr. Keenan:

Q. Now, did you tell me that Mr. Stuart is concerned with crude ore—crude iron ore?

A. He should be. That is his job.

Exam. Boat: We will take a 10-minute recess.

(Short recess.)

Exam. Boat: Come to order, please, gentlemen.

By Mr. Keenan:

Q. Mr. Crowl, when you change rates, do you pay some attention to the volume of traffic which the Pennsylvania Railroad is moving under the rate before you make your decision whether it should be changed?

A. The basic requirement of any freight rate must be that it be compensatory.

Q. Mr. Crowl, I withdraw that.

Mr. Keenan: Mr. Examiner, may the witness be directed [fol. 721] to answer my question?

Exam. Boat: I think the question is a direct question, and can be answered directly.

Mr. Keenan: It calls for yes or no, Mr. Crowl, I think fairly clearly, or I don't know, perhaps.

The Witness: If I understand rightly.

Mr. Keenan: Just a minute, Mr. Crowl.

If there is any doubt about that, will the reporter read it?

(Question read)

The Witness: That is one of the factors.

By Mr. Keenan:

Q. The answer to my question then, is, yes, you do pay some attention to volume of traffic?

A. We do pay some attention.

Q. That is all I meant to ask, Mr. Crowl. We will get along if we confine the conversation to questions and answers.

That would mean, would it not, that you, in the exercise of your duties, as you described them, with the Pennsylvania Railroad, have to be aware of the volume of traffic that is moving under the rates now published by the Pennsylvania Railroad, perhaps not specifically but generally; right?

A. We pay attention to the volume of that commodity we are considering in relation to compensatory nature of the rate.

Mr. Keenan: Mr. Examiner, the witness was a little bit "on the mark," but it still was not responsive. May he be directed to give me a responsive answer? I want to find out [fol. 722] about his awareness of movements of volume of traffic moving. I wanted to find out about his competence, whether he knows about volume of traffic at all in the performance of his duties.

May he be directed to answer my last question responsively?

Exam. Boat: I think he made an attempt to answer it.

Let's have the question and answer read, please.

(Question and answer read)

Mr. Bongartz: I think that answers the question, Mr. Examiner.

Mr. Keenan: I didn't ask him to what he paid attention. I only asked him whether the performance of his duties requires him to be aware of traffic moved.

Exam. Boat: If he paid attention to it, I think he is aware of it.

By Mr. Keenan:

Q. All right, then, Mr. Crowl, do I understand you correctly from your answer, or may I infer from your answer that you are, or you try to make yourself aware of the volume of traffic moving on the Pennsylvania Railroad?

A. Total volume of traffic?

Q. No, volume of traffic that is related to specific rates which may come up before you for adjustment.

A. That is the way I understood it, and that is the sense in which I gave my answer.

Q. Fine.

Now, when you said that Mr. Stuart was concerned with [fol. 723] crude ore, crude iron ore, did you mean to tell me that he was concerned with ores and concentrates, NOS?

A. What commodity class is that, please?

Q. 319, Mr. Crowl.

A. I do not recollect that iron ore is 319.

Q. I am fairly sure it is not.

Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Keenan: Could I hear the last question? I confess I am not sure what it was I wanted to know.

(Question read).

Mr. Keenan: I withdraw the question. I don't mean to testify.

By Mr. Keenan:

Q. When you refer, Mr. Crowl, to Mr. Mollman's MLM-5, page 5 of the Import Section, does that refresh your recollection on the matter, or assist you in remembering whether that 319 category is iron ore?

A. My recollection, it is not.

Q. It is not.

If it is not crude iron ore, am I correct in understanding, Mr. Crowl, that rates on a commodity such as this would be within your jurisdiction with the railroad?

A. If the question should arise, it could be.

Q. If the question of changing them should arise, right?
[fol. 724] A. It could be, yes, sir.

Q. Now, Mr. Crowl, at page 5 of Witness Mollman's MLM-5, the Import Section reflects that during the 12-month test period or traffic study period, 1,283,888 tons of ores and concentrates, NOS, moved into the Port of Baltimore and out thereafter to differential territory.

To begin with, do you know of any reason to question the accuracy of that figure?

A. I assume it is correct.

Q. I would, too.

Now, do you know in any sort of the vaguest most general fashion even, what portion that tonnage was handled by the Pennsylvania Railroad?

A. No, sir, I do not.

Q. In the performance of your duties with the Pennsylvania Railroad for the past two or three years, have you ever had occasion to investigate how much ores and concentrates the Pennsylvania Railroad is handling out of Baltimore compared with that handled by its competitors in Baltimore?

A. I recall no specific instance when I have been into that question.

Q. It apparently, then, has been a matter of no interest to the management of the Pennsylvania Railroad what share of that traffic it has. Is that correct, so far as you know? Will you answer, Mr. Crowl?

[fol. 725] A. Oh, excuse me.

Mr. Keenan: Was there an objection? I didn't hear it.

Exam. Boat: His counsel objected.

Mr. Keenan: What grounds, Mr. Examiner?

Exam. Boat: He hasn't stated.

Mr. Bongartz: I think you are carrying this witness beyond his field, Mr. Keenan, and I object to your asking a question phrased as you have phrased it.

Mr. Keenan: Well, if this is beyond his field, I confess, Mr. Examiner, it is with some astonishment he is tendered by the Pennsylvania Railroad as a traffic witness in this case.

Mr. Bongartz: Aside from your astonishment, I object.

Mr. Keenan: My question was confined to this area of his knowledge. I asked him not to tell me unless he knew.

Exam. Boat: Can you answer the question?

Mr. Bongartz: The question is, do you know?

By Mr. Keenan:

Q. Do you have the question in mind?

A. I have had no occasions to specifically look at or try to determine that tonnage.

Mr. Keenan: That wasn't my question. I guess I will have to ask it be read.

(Question read.)

The Witness: My jurisdiction does not run to what share of any particular business we get in the normal solicitation effort.

[fol. 726] Mr. Keenan: That is not responsive, Mr. Examiner. His answering in this question doesn't in the slightest require his jurisdiction to have included investigation of shares of traffic.

Mr. Bongartz: He asked about the management of the railroad, Mr. Crowl.

The Witness: Well, the management certainly has an interest in the tonnage we handle.

Mr. Bongartz: Do you know whether management has considered this particular matter that Mr. Keenan is talking about?

The Witness: As to that, I do not.

Mr. Bongartz: Does that answer your question?

Mr. Keenan: It does, Mr. Bongartz. Thank you for your assistance.

Mr. Bongartz: You are welcome.

By Mr. Keenan:

Q. Mr. Crowl, are you in a position to testify generally concerning the degree to which the management of your railroad is concerned with the share or portion of the tonnage import-export differential territory tonnage that it gets into and out of Baltimore? I don't want to inquire of you concerning this if you don't know anything about it. Do you want the question read?

A. Please.

(Question read.)

Mr. Bongartz: Mr. Examiner, I submit the question is [fol. 727] not susceptible of answering. He asked him a question generally about the degree of this. How in heaven can anybody answer a question phrased in that way?

Exam. Boat: I think he can indicate generally.

Mr. Bongartz: Generally, the degree.

Mr. Keenan: I didn't ask him what degree, I just wanted to know whether he can tell us about this area of management.

Mr. Bongartz: I submit the question is improperly phrased.

Mr. Keenan: I claim it, Mr. Examiner.

Exam. Boat: Can you explain it?

Mr. Keenan: No, I said I claim the question. I can break it down if the Examiner wishes me to.

Exam. Boat: Are you asking whether they have any degree; is that the question?

Mr. Keenan: No, sir, I want to inquire concerning the witness' competence in order to short-cut a long line of interrogation that might be appropriate on some specific commodities that are moving through Baltimore.

I want to find out whether this witness is unable to tell us what, if any, concern his management has about its share of traffic through Baltimore.

He has told us that he imagines, fairly and I think honestly, he imagines his management is somewhat concerned about its share of traffic through Baltimore.

He has also told us at least with regard to one com- [fol. 728] modity classification he couldn't tell us what if anything his management is doing about it, or what if anything his management even thinks about it.

If this is true across the board, I won't badger him about this sort of thing.

Mr. Bongartz: I think the witness has already stated, Mr. Examiner, in the course of his cross-examination, that the Pennsylvania Railroad is concerned with getting more traffic. It is in the business of running a railroad and wants to get traffic.

Now, I don't know what purpose the inquiry of this witness as to what management has in its mind—

Mr. Keenan: Suppose I withdraw in light of what you said, Mr. Bongartz.

Mr. Bongartz: All right.

By Mr. Keenan:

Q. Is Mr. Bongartz right, that Pennsylvania management is concerned with getting traffic along its line from whatever source, as long as it can be handled profitably?

A. That is correct, as long as it can be handled profitably.

Q. I thought maybe I could be able to short-cut the usual qualification in that regard.

Now, if that is true, isn't it a fact that the Pennsylvania Railroad's management keeps track of the amount of tonnage that it is handling in areas where it is competitive with other railroads?

[fol. 729] A. Our sales offices keep statistics on those questions, yes, sir.

Q. And somebody reads those statistics, don't they?

A. Yes, they do.

Q. Aren't you one of the people who has to be concerned with reviewing those statistics every now and then—or parts of them?

A. Every now and then when we have need for them, we use them.

Q. Mr. Crowl, surely you haven't become a witness in this case, have you, without having reviewed statistics on import-export tonnage handled by the Pennsylvania Railroad to and from differential territory; is that right?

A. We made a study of that traffic.

Q. You have reviewed those statistics, haven't you?

A. Yes.

Q. Now, among other things, haven't you reviewed some statistics concerning how much tonnage in commodity category 319, or like categories, that the Pennsylvania Railroad handles through the Port of Baltimore that is involved in this case?

A. Well, I will answer you this way: Prior, you were talking generally; now, you're talking specifically, and under my supervision and direction we did make a study of the volume of that commodity through the Port of Baltimore for the period of movement studied.

Q. Wonderful.

[fol. 730] Now, do you know how much of it moved via the Pennsylvania Railroad through the Port of Baltimore?

A. I do not have those statistics with me. They are in the traffic study.

Q. What did you say? They are in the traffic study?

A. Yes.

Q. Well, what traffic study are you referring to?

A. Mr. Mollman's exhibit.

Q. Which one is that, can you refresh my recollection, Mr. Crowl?

A. MLM-2.

Q. Have you got a copy of that near you, Mr. Crowl, conveniently, or can your counsel furnish it?

A. No, sir, I don't have it.

Exam. Boat: I have one.

(Copy furnished to witness by Examiner.)

Mr. Keenan: Thank you, sir. If you will be so kind as to give it to the witness.

(Handed to the witness by the Examiner.)

By Mr. Keenan:

Q. Mr. Crowl, will you tell me where you and Mr. Mollman—I assume there is some collaboration there—put together this commodity 319 tonnage in this study in the exhibit to which you have reference right now—what is the number of that exhibit, please?

A. MLM-2.

[fol. 731] Q. Thank you, sir.

A. For the year 1955, for the Group 319, is on page 74.

Q. I didn't hear what you said just now. I am so sorry. For the year 1955?

A. For the year 1955, the total tonnage handled by the three railroads through Baltimore for Commodity Class 319 shows on page 74.

Mr. Bongartz: Is that the volume tonnage?

The Witness: That is the volume tonnage.

By Mr. Keenan:

Q. Now, that figure is 1,015,463 tons, right, Mr. Crowl?

A. Yes, sir.

Q. Now, on Mr. Mollman's MLM-5, page 5 of the Import Section that we have been discussing before, some 1,283,888 tons are reflected for Baltimore, Maryland.

Exam. Boat: That is for a different period.

By Mr. Keenan:

Q. Is that a different year?

I see, of course.

Well, then, the figure that I have been discussing is on page 82, is it not, down at the bottom, of Mr. Mollman's MLM-2?

A. Yes, sir.

Q. Is there any way on page 82, or elsewhere, in Mr. Mollman's MLM-2 to find out how much of this tonnage was handled by the Pennsylvania and how much by the Western Maryland, and how much by the B&O at Balti- [fol. 732] more?

A. The figures for the three roads are consolidated to make these total figures.

Q. I guess your answer to my question is no; is that right?

A. That is right.

Q. Is there any way to find out from any other evidence that you have put in this case how that 1,283,888 tons was divided among the railroads I have just mentioned at Baltimore?

A. I don't know of any.

Q. Yet, it is a fact that you have just testified, haven't you, that you are in possession of that breakdown?

A. Well—

Q. You know how much the Pennsylvania handled of that 1,283,000-odd tons, don't you, or you have records which contain that information?

A. There are records that will depict that.

Q. And they are your records. You have them, don't you, Mr. Crowl, or your office?

A. They are in the Baltimore offices.

Q. They are your records and you have access to them yourself if you want to, don't you?

A. That is correct.

Q. Now, Mr. Crowl, at any time in the course of your deliberations concerning the rates which are involved in this case, or in the course of the work you have done in [fol. 733] preparing evidence for this case, have you ever informed yourself or acquired information concerning what share of the traffic to differential territory—import-export traffic—moving through Baltimore, Maryland, the Pennsylvania Railroad has?

A. Are you talking of total import-export?

Q. At the moment, yes, sir.

A. I don't recollect we tried to make any comparison between the three lines in preparing this evidence.

Q. That is not responsive to the question.

Mr. Bongartz: I think it is.

By Mr. Keenan:

Q. What I want to know is whether you had informed yourself or acquired information yourself with regard to this?

A. We acquired information. We would necessarily have to, to make the study.

Q. I should certainly think so.

Do you recall any of that information right now, without asking you about it specifically? Is it completely erased from your memory, or would it be rewarding for me to find out what you can recall?

A. My memory to recall all the data necessary to make this study is not that large.

Q. You don't therefore, if I understand you correctly, Mr. Crowl, remember anything about what share the Pennsylvania Railroad has in the subject traffic through Baltimore [fol. 734] in any particular or general way whatsoever at the moment?

A. In which direction are you speaking?

Q. Mr. Crowl, I'm so hungry for information, I will take it in either direction on any commodity.

A. As to this movement study, I have not tried to memorize the Pennsylvania figures which have gone into it.

Q. Of course not, I understand.

But even though you haven't tried to memorize anything, I'm only trying to find out whether through some happy accident some of this information has remained in your memory. Your answer is no, right?

A. I have not tried to retain it all.

Q. The answer is not responsive. I didn't ask you whether you tried to remember, I am asking you what you do remember, Mr. Crowl.

Mr. Macleay: Mr. Examiner, I submit if he wants to ask a question, he should ask a question and not merely go on a "fishing expedition."

Exam. Boat: He asked if he remembers anything. I think that is what you said, any particular figures.

Mr. Keenan: That is right.

The Witness: I remember the study, but I have not attempted to fix any specific figure in my mind.

By Mr. Keenan:

Q. Mr. Crowl, will you please answer the question responsively? I don't want to know what you attempted [fol. 735] to do at one time; I want to know what is the state of your recollection as you sit on that chair in this room at this moment, sir. You are at liberty to give me the answer "I don't remember," but I would just like to know what the answer is.

A. I have tried to explain to you that we made a traffic study of our tonnage through the ports. We made the end result shown in Mr. Mollman's MLM-2.

As to what I remember for the month of September on commodity Class 231, 1956, I have no particular recollection.

Q. You have no what?

A. No particular recollection of what that was.

Q. I didn't inquire about that. Did you understand me to be talking about Commodity Class 231?

A. No, but I understood you to be asking about—

Q. Anything, Mr. Crowl.

A. —about anything, as to a mass of figures?

Q. Yes. And you recall nothing, if I understand you right, isn't that correct?

A. I have not tried to memorize.

Q. And you recall nothing; is my understanding correct?

A. That is not so.

Q. What do you recall, then, sir? Fine.

A. I recall all the work we did in conjunction with it.

Q. Mr. Crowl, excuse me—

[fol. 736] Mr. Keenan: Mr. Examiner, we are not playing games, this is grown-up business.

Exam. Boat: I think he can indicate as to what extent his knowledge goes at this time.

Mr. Keenan: I should like him to, if the Examiner please.

By Mr. Keenan:

Q. Will you answer the Examiner's question, Mr. Crowl?

Exam. Boat: What extent does your knowledge go as to the proportions of the traffic generally or at any specific commodity?

The Witness: As to the traffic he is talking about here, in MLM-2, our purpose in gathering the data was for the use to which it is put.

Now, as to my studying it as to the relationship of the Pennsylvania tonnage to the total tonnage we showed in the exhibit, I have not done that.

Mr. Bongartz: So you don't know what that is?

The Witness: I have not made any study of that.

Mr. Bongartz: You don't know?

The Witness: No, sir.

Mr. Keenan: Mr. Examiner, may I respectfully invite you to note the witness won't even be responsive to his own counsel. Mr. Bongartz asked him whether he knew, and Mr. Crowl won't tell him whether he knows.

Mr. Bongartz: He just said he didn't know.

[fol. 737] Mr. Keenan: Just a minute, if you please, sir.

I think either the Pennsylvania Railroad—and I say in all seriousness—should withdraw this witness and his testimony in this case, or he should be taken aside and instructed to answer responsively and respectfully to this Commission.

He has refused time and time again to tell any of us in this room what the state of his present knowledge is concerning the Pennsylvania's share of this traffic, and it is a highly relevant question in this case.

Mr. Bongartz: I think the witness has answered the question.

Exam. Boat: I don't think he has answered it to counsel's satisfaction.

Mr. Bongartz: As I understand his answer to the question as to whether he has any knowledge of the Pennsylvania's proportion of these total figures in this exhibit to which reference has been made, was that he does not.

Now, if I am wrong in that, Mr. Crowl can correct me.

Mr. Foley: That I did not understand.

By Mr. Keenan:

Q. Mr. Crowl, did you hear what Mr. Bongartz just said?

A. He is correct.

Q. He is correct?

A. Yes.

Mr. Keenan: May I hear Mr. Bongartz' remark, Mr. [fol. 738] Reporter, just to make sure whether we can lay this to rest?

(Statement read)

By Mr. Keenan:

Q. Mr. Crowl, would you take the export section of MLM-5, which I just gave you—no, I will ask you to take the import section.

Run your eye down page 3 of the import section, Mr. Crowl, and tell me whether you recall any commodity categories on that page concerning which rate change proposals have been processed by your office.

I'm of course talking only about differential territory, import-export traffic.

Mr. Moerman: What period are you talking about?

Mr. Keenan: The last two years or so.

By Mr. Keenan:

Q. Again, Mr. Crowl, I'm grateful for any information which you may happen to recall on the subject.

If you don't find anything on page 3, would you be so kind as to look on page 4?

Well, Mr. Crowl, I don't mean to suspend this hearing for an excessive length of time for the purpose of the review I asked for. Perhaps we can let it go, and we might have a chance to chat about it after lunch, but I won't press you on this.

A. Your question was specifically applied to import.

You must understand under the rate application tariffs if you lack an import commodity rate, you go to the import [fol. 739] class tariffs, and if there is a domestic commodity rate lower than the import class rate, the domestic applies.

So, to ask a specific application here to try to identify it specifically as to import, can be a rather difficult job.

Q. To be quite frank with you, Mr. Crowl, I asked the question merely to find out concerning which of these commodities you might have had occasion in the past in your professional capacity to review.

The only reason, if I may continue for just one minute, sir,—the only reason I asked this is to eventually ask you about what you know about the volume in which these commodities moved.

I wanted to find out if there were specific areas of your recollection could be refreshed in any way before we go out to lunch. If not, I will abandon the inquiry.

A. I think I explained to you previously, in making an adjustment, we do consider the volume, but we look at the volume at the time we consider the rate.

Q. I should think so, sir.

On pages 3 and 4 here, that I invited your attention to, are there any adjustments you have made that you can recall that provided the occasion for you to review them? If so, I want to know what you recall of that volume review.

A. Well, we go from one job to the other—

Mr. Bongartz: Look at those two pages and try to [fol. 740] answer Mr. Keenan's question; whether you recall such circumstance.

The Witness: I don't recall any offhand.

By Mr. Keenan:

Q. O. K., Mr. Crowl.

Now, we lack some specific facts, so the question I have in mind will tend to be a little hypothetical, but please bear with me.

If it were to be true, Mr. Crowl, that the preponderance, the great preponderance of the Pennsylvania Railroad's differential territory import-export traffic moved through the Port of Philadelphia rather than through the Port of Baltimore, or through the Port of New York, would it not then become the policy of the management of the Pennsylvania Railroad, to favor any regulatory or other advantages which the Port of Philadelphia could obtain at the expense even of the Ports of Baltimore and New York?

Mr. Bongartz: Did I hear the word "regulatory" in that long question?

Mr. Moerman: Yes, you did.

Exam. Boat: That word was used.

Mr. Keenan: Mr. Examiner, I can't hear you.

Exam. Boat: I say that word "regulatory" was used.

Mr. Keenan: Yes, it was.

Exam. Boat: Counsel had inquired whether it was or not.

Mr. Bongartz: Can we have the question read? It was pretty long.

[fol. 741] (Question read.)

Mr. Bongartz: Do you understand the question, Mr. Crowl?

By Mr. Keenan:

Q. On the advice of my associates, I withdraw the question.

Mr. Crowl, does grain come within your jurisdiction?

A. If we had any movements in our territory.

Q. I can't hear you, sir.

A. If we had any movements in our territory on which there was a request for an adjustment.

Q. Do you happen to have any knowledge whatsoever as to how Commodity Credit Corporation grain moves?

A. I have had no occasion to learn that.

Q. I guess your answer to me is no; is that right?

A. Well, it all depends on how you mean how it moves. It moves on a bill of lading, and it is tendered for a car and we move the car.

Q. All right, sir, that is a fair answer.

Do you happen to know how the grain is sold, Commodity Credit Corporation grain is sold?

A. I have no way of knowing that.

Q. Do you know whether it is sold f.o.b. origin—inland origin—or f.o.b. the port, or f.o.b. averseas destination?

A. I have never seen any sales contracts of that sort.

Q. I didn't ask you that, Mr. Crowl. I asked you whether you had any knowledge whether it was sold f.o.b. origin, [fol. 742] port, or destination.

A. I explained to you, sir, I do not, because I do not have the ability.

Q. Then you don't know whether or not, in 1954 and 1955, the f.o.b. port price of export Commodity Credit Corporation grain was equalized at New York, Philadelphia, Baltimore, and Hampton Roads?

A. I have no way of knowing that.

Q. And you don't know, therefore, whether that equalization was ever changed, do you?

Mr. Macleay: Mr. Examiner, I'm going to object to this constant badgering of a witness who says he doesn't know, so then the counsel rephrases the question, modifies it a bit, and throws it again.

We are wasting an awful lot of time and thousands of words of record.

Exam. Boat: I think his first answer that he has no knowledge answers the question.

Mr. Bongartz: If you don't know the whole, you don't know any of the parts making up the whole, I think that is clear.

By Mr. Keenan:

Q. Mr. Crowl, do you know, have you ever heard of a gentleman named Frederick R. Mann? Well, to shorten the matter up, have you any knowledge as to whether he is a director of the Philadelphia Chamber of Commerce?

A. He could be.

[fol. 743] Q. You don't know?

A. There is a Frederick Mann, it occurs to me he is in the City Government of Philadelphia.

Q. A city representative?

A. That sounds—

Mr. Bongartz: He runs some concerts out in Fairmont Park, as I recall it.

By Mr. Keenan:

Q. At any rate, he is a city representative?

A. It strikes a responsive chord.

Q. What is a city representative in Philadelphia, do you recall?

A. A city representative? I never met the gentleman. I do not know what his duties are. He is very active and in the papers, but that is it.

Mr. Keenan: I guess I haven't got any other questions.

By Mr. Keenan:

Q. Well, let me ask you this, Mr. Crowl, before I quit. Do you have any reason to believe that the state of Mr. Mollman's recollection concerning the distribution of traffic, import-export differential territory traffic, among the railroads serving Baltimore would be better than yours?

A. I can't answer that.

Mr. Keenan: I'm content to advise counsel at this time, Mr. Examiner, that after lunch I will make the request to recall Mr. Mollman to the stand for a little cross-exam- [fol. 744] ination on this topic.

Exam. Boat: Are there further questions?

Mr. Bongartz: Have you finished, Mr. Keenan?

Mr. Keenan: I have, thank you.

Mr. Bongartz: I would like to offer Mr. Crowl's Exhibit 60.

Mr. Clark: Before it is received, I have an objection to make.

On page 12 of the exhibit, the first and second full paragraphs on that page are clearly hearsay and objectionable.

Mr. Welsh: I join in that objection.

Mr. Miller: I did have a few questions, Mr. Examiner.

Mr. Bongartz: I'm sorry, I didn't realize Mr. Miller was here.

Exam. Boat: Very well, let's complete the cross-examination.

By Mr. Miller:

Q. Mr. Crowl, beginning on the bottom of page 2 and extending through page 3, are you talking about export-import rates, domestic rates, or both?

A. I'm talking about both, because the rates applied to both types of traffic.

Q. In other words, that percentage formula, applied on domestic as well as import-export rate adjustments, right?

A. Yes, sir.

Q. To what extent was that percentage formula basis [fol. 745] reflected in Docket 15879 class rates, to and from the differential territory?

A. What type of traffic are you speaking of?

Q. I'm speaking of the class rates.

A. Of the domestic class rates?

Q. Well, either, domestic or—particularly import-export?

A. Well, your 15879 to and from differential territory was based on a three-point adjustment, and those key rates generally resulted in the 15879 rates between the ports, or specifically Baltimore, considering the differentials, and the key points in CFA, to about 95 or 96 percent of the 15879 scale.

Q. Therefore, Docket 15879 scale did at least partially reflect this McGraham basis?

A: I didn't compare it.

Q. But at any rate, the Docket 15879 class rates, either domestic or export-import, between trunkline points in CFA territory were not on a mileage basis strictly, were they?

A. They are on a key point adjustment.

Q. Therefore when the Docket 28300 class rates become effective for domestic traffic, there was a change of the basis in the class rates, was there not? In other words, this differential basis was eliminated?

A. Oh, 28300 is higher than 15879. My Statement Y-1; showing a comparison of import class rates with the 28300 [fol. 746] rates from points in differential territory, the reports show that the 28300 differentials were greater than existing port differentials.

Q. Well, perhaps you misunderstood my question. Let's start again.

Under this key point basis which existed under Docket 15879 adjustments, the rates were based upon key point relationships rather than mileages, isn't that true?

A. That is right.

Q. And those Docket 15879 rates between trunkline and CFA were about 10 percent lower than the rates between points in the trunkline, were they not?

A. That may be your figure. I said they generally were 95 to 96 percent of the scale.

Q. In other words, you would say they are four or five percent lower, right?

A. Somewhere along there.

Q. Now, when Docket 28300 adjustment went into effect, that did result in rates between CFA and trunkline on a mileage basis, did it not?

A. Well, your basis was generally 10 percent higher than 15879, and the Commission prescribed the scale.

Q. But in addition to that increase of about 10 percent, is it not also true that this percentage adjustment in the domestic class rates on a key point basis between CFA and [fol. 747] trunkline was abolished?

A. Your 28300 established 40-mile blocks for origin and destination, and the Commission made a scale to operate between.

Q. Yes, but this percentage adjustment related to the McGraham formula is no longer reflected in the Docket 28300 rates as it was in the 15879 rates, right?

A. I think we've gotten away from the McGraham principle.

Exam. Boat: It has been supplanted by the 28300 rate?

The Witness: That is right.

By Mr. Miller:

Q. This key point adjustment reflected in the Docket 15879 rates is not reflected in the Docket 28300 rates?

A. Except they both have groups.

Q. They have mileage block groups for distance purposes?

A. That is right.

Q. But this key point basis has changed, has it not?

A. As to that, yes.

Q. Now, in your export-import rates, which basis are they on at the present time?

A. They are on the old 15879, the port differential.

Q. And that is a—

A. A lower basis.

Q. That is right.

Now, then, that is one of the reasons for the difference in the rates as shown on the exhibit to which you just referred?

[fol. 748] A. One of the differences?

Q. Yes.

A. Well, the fact is, the 28300 rates and the present rates between the points, and the 15879 export rates are exactly that.

Q. Now, then, that McGraham formula, or percentage adjustment between trunkline and CFA territory is still reflected in a good many of the commodity rates, both domestic and import-export, isn't that true?

A. That is correct.

Q. Do I understand correctly that the North Atlantic Port adjustments as between those ports and the differential territory are based upon the Baltimore domestic rate; is that correct?

A. That is right.

Q. And it is not a matter of basing the adjustment on the New York rate and then subtracting it for Baltimore?

A. There were some—I'm talking generally of the class rate adjustment—Baltimore is the key point in most of the territory. There was a little where New York was the key point, the little lower peninsula of Michigan, as I remember.

Q. How about the class rate adjustment?

Is it based upon the Baltimore domestic rate, or is it some other adjustment?

A. The 28300?

[fol. 749] Q. I'm not talking about commodity rates, if I said class rates, I misspoke myself.

How about the commodity rate adjustments; are they based on the Baltimore commodity rates?

A. The commodity rates should be based on New York, Philadelphia, and Baltimore.

Q. So they are not necessarily related to the Baltimore domestic rate?

A. The commodity rates?

Q. That is right.

A. On import-export?

Q. That is right.

A. You can make a comparison, but I don't know that it is done. But you take a key point and build up and down from whatever the key point is.

Q. I am trying to get the general principle.

As a general principle, the North Atlantic port, import-export rates, commodity rates, are not necessarily linked to the Baltimore domestic rate, are they?

A. Well, they could be, but generally they are based on one of the key points and your differentials are built up and down from that key point.

Q. Well, could you give us any illustration of that at all?

A. Well, if you have a proposal, if a shipper makes a proposal for export from Chicago to New York, because [fol. 750] that is where he wants to ship, so that in the handling through the rate committees and the association it would eventually end up, assuming it was approved, with a rate to Boston equalling the proposed rate to New York, the rate to Philadelphia 2 cents less than New York, and the rate to Baltimore 3 cents less than New York. New York becomes the key point.

Q. Well, are the commodity rates, then related to the rates to and from New York?

A. If New York is the key point, yes.

Q. Now, is New York generally the key point?

A. It differs. It is generally New York or Baltimore.

Q. Is it more likely to be New York than it is Baltimore?

A. That is difficult to say.

Q. Would you say it is 50-50 or approximately 50-50?

A. I never made a count.

Q. But it is just as likely to be New York as it is to be Baltimore, isn't it?

A. It all depends on what the shipper wants.

Q. So that the railroads in making import-export commodity rates have no set principle as to what specific port is the basing point for the making of rates, is that right?

A. That is a very general question. I think I already answered as to class rates, that Baltimore was—

Q. I'm talking about commodity rates.

A. Oh, well, if you wish to talk about commodity rates, [fol. 751] we've got the port differential adjustment which is applied.

Q. I'm not talking about the port differential, I'm talking about how the basic rate is constructed:

Is there any specific port that is chosen as the basic port for the making of commodity rates from which the differential is either added or subtracted?

A. Not on the general run of commodities.

Q. There is no particular port?

A. No, not invariably used.

Q. It may be any of them?

A. That is the practice.

Q. But it is usually either Baltimore or New York?

A. That is my recollection.

Q. You have no information as to which is the principal—which is the more likely to be used, Baltimore or New York?

A. I have never analyzed those proposals.

Q. Have the railroads made any analysis of the proportion of traffic that moves under these import-export commodity rates to or from differential territory as compared with traffic moving under the import-export class rates?

A. I don't know of any made on an over-all basis.

Q. Would you say that a relatively small proportion moves under the class rates?

A. I never made a study of that.

Q. You just don't know?

[fol. 752] A. I said I had not made a study, sir.

Q. I know, but do you know?

A. I would have to make a study before I would know.

Q. So you do not know?

A. I told you, sir—

Q. All you have to say is "I don't know."

A. Well, I don't know.

Q. O. K.

Now, then, do you know of anybody who does know?

A. I don't know of anyone.

Mr. Miller: Those are all I have.

Thank you, sir.

Exam. Boat: I presume you re-tender the exhibit?

Offer in Evidence

Mr. Bongartz: I re-tender Exhibit 60.

Mr. Clark: I object, Mr. Examiner, to the introduction or the receipt of the two full paragraphs on page 12 of Exhibit 60.

Mr. Bongartz: On what grounds?

Mr. Clark: On the grounds they constitute hearsay evidence and are inadmissible.

Mr. Bongartz: I would like to ask the witness a few questions in view of that objection.

Redirect examination.

By Mr. Bongartz:

Q. Mr. Crowl, is the Pennsylvania Railroad a member of the Freight Traffic Committee, Trunkline Territory Rail-[fol. 753] roads?

A. Yes, sir.

Q. At page 12, are you referring in both paragraphs to what occurred at public hearings before that committee?

A. Yes, sir.

Q. And was a record made of what happens at the hearings of that committee?

A. They are distributed to the membership.

Q. That is done in the ordinary course of business?

A. Yes, sir.

Q. That is the source of your information?

A. Yes, sir.

Q. For those two paragraphs?

A. Yes, sir.

Mr. Bongartz: I think that answers the objection, Mr. Examiner.

Mr. Clark: It might answer the first paragraph, Mr. Examiner—

Mr. Bongartz: I asked whether both paragraphs, Mr. Clark, were in the same category.

Mr. Clark: But, Mr. Examiner, the second paragraph concerns the opinions of a southern shipper. That shipper is not here to be questioned on the witness' opinions. I think that is still hearsay.

By Mr. Bongartz:

Q. Did I misunderstand you, then, Mr. Crowl; this sec- [fol. 754] ond paragraph did not relate to a public hearing before the Freight Traffic Committee, Trunkline Territory Railroads?

A. That situation was before the General Freight Traffic Committee of the Eastern Railroads, and arose through a southern shipper filing with the SFA for an adjustment which the SFA—

Q. All right.

That general committee you referred to, the Pennsylvania is likewise a member of that?

A. Yes, sir.

Q. And the minutes were made of what occurred at that meeting?

A. We were supplied with the proposal from the south.

Mr. Clark: Mr. Examiner, that is still hearsay. They are referring to the opinions or statement of a southern shipper and about his experience in exporting through the North Atlantic ports.

I still say that shipper is not here to be examined on it, and it is hearsay. It is objectionable on that ground.

Mr. Welsh: With regard to the first paragraph, if the Examiner please, it goes on to give the shipper's reasons for asking for these rates. He says, because it is confined, and so forth.

And it seems to me that that is hearsay. We don't know what is in back of that applicant's intentions. We haven't got enough of the record, and we certainly have a right to [fol. 755] examine him if it is going in.

Mr. Bongartz: Possibly you don't, Mr. Welsh, but certainly Mr. Clark does. His railroad is a member of the same committee as the Pennsylvania.

Mr. Clark: I have withdrawn my objection to the first paragraph, but not the second.

Exam. Boat: I think the second paragraph is subject to a valid objection, and I will rule that the exhibit will be received with the exception of that paragraph.

Mr. Keenan: Mr. Examiner, could my general objection very briefly held until its receipt at all on the ground that the state of the witness' knowledge has been revealed to be so overly selective that he is not competent to withstand cross-examination on this area of evidence for the Pennsylvania Railroad?

Exam. Boat: Your objection will be noted, Mr. Keenan. The exhibit is received.

(Protestant's Exhibit No. 60, Witness Crowl, was received in evidence.)

Exam. Boat: You are excused. Thank you, Mr. Crowl.

(Witness excused.)

Exam. Boat: I think we are ready for another witness.

Mr. Claytor: Mr. Examiner, may I offer in evidence at this time and for identification, the verified statement of F. S. Baird, Vice President in Charge of Traffic at the [fol. 756] Norfolk and Western Railway Company?

There has been no request for cross-examination of Mr. Baird.

Exam. Boat: His statement may be identified as No. 61—Exhibit No. 61.

(Protestant's Exhibit No. 61, Witness Baird, was marked for identification.)

Mr. Keenan: Mr. Examiner, at a time that appears to you appropriate, I should like to seek an opportunity to discuss this matter of traffic split at Baltimore and Philadelphia with Mr. Mollman.

Mr. Langdon: We will be delighted to produce him at any time you want.

Exam. Boat: We won't take time in the hearing to do that.

Mr. Keenan: I meant on the record, Mr. Examiner, to recall him for further cross.

OFFER IN EVIDENCE

Mr. Claytor: Mr. Examiner, I offer in evidence Exhibit No. 61.

Exam. Boat: There being no objection, that is received.

(Protestant's Exhibit No. 61, Witness Baird, was received in evidence.)

Mr. Claytor: May the record show I hand a copy of the exhibit to the reporter.

I call Mr. Keeley.

[fol. 757] C. F. **KEELEY**, was sworn and testified as follows:

Mr. Claytor: Mr. Examiner, may the verified statement of Mr. C. F. Keeley, Freight Traffic Manager of the Norfolk and Western Railroad, with accompanying exhibits, be identified?

Exam. Boat: That may be identified as No. 62.

(Protestant's Exhibit No. 62, Witness Keeley, was marked for identification.)

Mr. Claytor: I hand to the reporter a signed copy of Exhibit No. 62.

I have two preliminary questions of Mr. Keeley.

Direct examination.

By Mr. Claytor:

Q. Mr. Keeley, what floating equipment does the Norfolk and Western own?

A. None.

Q. Mr. Keeley, does the Norfolk and Western offer any free lighterage service at the Port of Norfolk?

A. No.

Q. Any lighterage service at the Port of Norfolk?

A. No.

Mr. Claytor: You may cross-examine.

Cross examination.

By Mr. Keenan:

Q. Mr. Keeley, at some time during our conversation I should like to talk to you about Witness Mollman's MLM-5, so I will furnish you a copy for your convenience.

[fol. 758] A. Talk to Mr. Mollman about his exhibit, not to me.

Q. Will you accept a copy, Mr. Keeley?

A. Yes.

Q. Thank you.

Mr. Keeley, at page 3 and page 4 at the bottom of page 3 of your statement, you refer to the fact that every week you see the reports of the Foreign Freight Department of the Norfolk and Western.

Have you any of those weekly reports with you, sir?

A. No.

Q. Do those reports reflect the volume of iron and steel articles which move from Pittsburgh?

A. Yes. It is relatively small, because we do not have differential rates between Hampton Roads and Pittsburgh. There is where we have the New York rates.

Q. You have the New York rates from Pittsburgh?

A. Yes.

Q. And are those New York rates commodity rates, Mr. Keeley?

A. Yes.

Q. They are, then, published specially for competitive purposes, right, sir?

A. Yes.

Q. Are you the officer of the Norfolk and Western who is responsible for making decisions concerning the publication of competitive rates?

[fol. 759] A. Yes. With the exception of coal and coke.

Q. Yes, but iron and steel is within your purview, sir?

A. That is right.

Q. Now, when did the Norfolk and Western publish this Pittsburgh rate on iron and steel on the New York basis?

A. I don't remember.

Q. Does your department keep track of the volume of iron and steel that moves from Pittsburgh? I believe you told me yes.

A. Well, I think what I said to you was that the Foreign Freight Department keeps a record of it, and that information is available to me.

Q. I see.

Now, does the Foreign Freight Department make an effort to determine the total volume of iron and steel moving from Pittsburgh? In other words, the volume which moves competitively with the Norfolk and Western, as well as the volume that is moved by the Norfolk and Western?

A. I think so.

Q. Please tell me on the basis of your review of that information what portion of that traffic moves through Hampton Roads, Baltimore, and Philadelphia.

A. I don't know the division. The sum total of my knowledge in that respect is that the movement through Hampton Roads is very, very small, indeed.

Q. Now, may I invite your attention, even though of [fol. 760] course you are not responsible for its utterance, to Mr. Mollman's Exhibit MLM-5, the export section, page 4.

Would you be so good as to turn the page so you can look at page 4 of that?

A. Yes.

Q. Down at the bottom, the fourth line from the bottom, Commodity No. 583, manufactured iron and steel is discussed.

Is that the commodity to which you referred?

A. Yes.

Q. At the bottom of page 3 of your statement?

A. Yes. And noted there as compared with New York, New York had 580,000-odd tons, and Hampton Roads had 5,416.

Mr. Hanifin: For clarification, the New York lines you referred to are what?

Mr. Keenan: Mr. Examiner, I should be very grateful if counsel will refrain from interruptions except for the purpose of objection.

Mr. Hanifin: It is not interruption. I think it is proper for clarification we should know what New York lines are involved.

The Witness: I don't know.

Mr. Keenan: Excuse me, Mr. Keeley, I think counsel should be instructed to refrain from such interruptions, as they are not proper.

Exam. Boat: Please let Mr. Keenan continue with his [fol. 761] cross examination.

The Witness: I don't believe I know, but my impression is that these figures here represent the movement through New York via the lines that also serve the Ports of Philadelphia, Baltimore, and Hampton Roads.

Exam. Boat: As well as those lines that do not serve them, any lines that do not serve those ports?

The Witness: I don't think so.

By Mr. Keenan:

Q. Now, some 352 or 353,000 tons of this iron and steel moved through Baltimore during the period in question, did they not, Mr. Keeley?

A. That is right.

Q. And that represented 37.2 percent of the total movement, whereas Hampton Roads had only .6 percent of the total movement?

A. That is right.

Q. That is in general accord with the information you have available to you, isn't it?

A. Yes, sir. Strictly in accordance with the answer I gave you a little bit ago, too.

Q. Now, is the rate from Pittsburgh on manufactured iron and steel to Baltimore higher or lower than the rate on this commodity from Pittsburgh to Hampton Roads?

A. Without any definite knowledge as to what the rate is, it is bound to be lower.

[fol. 762] Q. The rate to Baltimore is lower?

A. That is right.

Q. Now, Mr. Keeley, would the Norfolk & Western as a road serving Hampton Roads consent to an extension of that rate differential to all of CFA territory?

A. Does that contemplate the New York rates to and from Hampton Roads, on the one hand, and from and to all central territory, on the other? Is that the import of your question?

Q. Yes, sir, in part.

My question had in mind that there would be two rates we are discussing, rates between—rates to Hampton Roads and rates to Baltimore.

From Pittsburgh there is a differential at the present time you have advised me that is to the advantage of Baltimore, am I correct?

A. That is right.

Q. Would the Norfolk & Western consent to an extension of that differential relationship between Hampton Roads and Baltimore on manufactured iron and steel to the entirety of CFA territory if it is asked to do so?

Mr. Claytor: Mr. Keenan, that is the statement of the position of the Norfolk & Western Railroad, and I will be glad to tell you.

Mr. Keenan: Mr. Examiner, I respectfully request that the counsel not testify in this proceeding.

[fol. 763] Mr. Macleay: This is not testimony, Mr. Examiner.

Mr. Keenan: Just a minute. I think it is perfectly legitimate for counsel to object to my questions and state the grounds of the objection. I object to statements of counsel on the record unless they are in the nature of a stipulation. I am not seeking a stipulation.

Mr. Claytor: Mr. Examiner, I am entitled to state the position of the Norfolk & Western.

Exam. Boat: I don't think his question calls for a statement of position.

Mr. Keenan: No, it did not, sir.

Exam. Boat: Will you just read the first few phrases of the question, Mr. Reporter?

(Record read.)

Mr. Claytor: Mr. Examiner, it is definitely a statement of position. May I state why?

They are asking, in effect, whether we want our rates made against the Baltimore or made against New York. I will state for the record we are here seeking to put in rates and maintain rates which are three cents under New York, without any regard to the relationship to Baltimore.

Exam. Boat: Are you objecting to the question?

Mr. Keenan: I request counsel's remarks be stricken because they did not constitute an objection.

Exam. Boat: You did not state an objection.

[fol. 764] Mr. Claytor: I am entitled to state a position, and I would like the record to show that is our position.

Mr. Keenan: I move it be stricken.

Mr. Hanifin: If the Examiner please, we object to the question because it doesn't ask for a factual conclusion from this witness. This witness is tendered for factual examination, and Mr. Claytor was just simply stating what the position was as counsel, and the witness is not tendered for any statements of position.

Exam. Boat: He hasn't asked for any statement of position. It is a straightforward question here of the witness that I submit he can answer.

Mr. Keenan: May it be answered, sir?

Exam. Boat: Yes.

By Mr. Keenan:

Q. Mr. Keeley, do you have the question in mind?

A. Yes, sir. The answer is no.

Q. Will you give me your reasons why not, Mr. Keeley?

A. Well, the competitive situation and the historical relationship of the rates to and from—port relationship territory require that the ports of Hampton Roads be carried on the Baltimore basis.

Q. What is the competitive relationship to which you just referred, Mr. Keeley?

A. The superior services, including ship sailings and all [fol. 765] of the things that are in this record which make New York the No. 1 port of the nation.

Q. Mr. Keeley, I had inquired of you concerning whether the Norfolk & Western would consent to a rate differential which would place it at a disadvantage with Baltimore, and I understood you to tell me that the Norfolk & Western would not desire that; and then I asked you why.

Now, you have told me, sir—

A. I affirm that answer.

Q. You have told me, sir, the reason why has something to do with New York.

A. That is right.

Q. Will you explain to me why New York has any effect on the propriety of an equality or a differential, whichever it might be, between Hampton Roads and Baltimore?

A. I would say the reasons which indicate that Hampton Roads should have rates lower, differentially, than New York, applies with equal force to Baltimore.

Q. What are those reasons, as they apply to Baltimore, if you please, Mr. Keeley?

A. The same reasons as they apply to Hampton Roads. The scarcity of sailings.

Q. Let's see, did you mean to tell me just now there is a scarcity of sailings at Hampton Roads or Baltimore?

A. Both.

[fol. 766] Q. I see.

Are the sailings that serve Hampton Roads and Baltimore in your view to the extent you are paying attention to them in order to reach a decision on this question, the same?

A. I think they are substantially the same.

Q. Mr. Keeley, what would be the practical effect on the Norfolk & Western business if the type of differential we are talking about were extended to the entirety of CFA territory?

A. That is the rates on the New York basis? My opinion is that the Port of Hampton Roads would dry up.

Q. And that effect would ensue in a situation where Baltimore had a rate advantage over Hampton Roads, is that right, sir?

A. I am assuming that Baltimore and Hampton Roads would have a rate parity.

Mr. Claytor: I think there has been some misunderstanding of your question, and I think you should clarify it and begin again with Mr. Keeley.

Mr. Keenan: I shan't do that, unless you want to help me.

Exam. Boat: Is it convenient to stop at this moment?

Mr. Keenan: Yes.

Exam. Boat: We will recess until 2 o'clock.

(Whereupon, at 12:35 p.m., the hearing was recessed, to reconvene at 2:00 p.m., the same day.)

[fol. 767] AFTERNOON SESSION 2:00 p.m.

Exam. Boat: Come to order, please, gentlemen.

Whereupon, C. F. KEELEY resumed the stand, having been previously duly sworn, and was examined and testified further as follows:

Cross examination (resumed).

By Mr. Keenan:

Q. Mr. Keeley, we were talking about a differential which placed Hampton Roads on a rate basis over Baltimore with respect to import-export traffic.

Now, I should like you to tell me whether it would be in the interest of the Norfolk & Western to consent to an extension of that differential of Hampton Roads over Baltimore to C.F.A. Territory, if Hampton Roads could preserve a three-cent differential under New York at the same time?

A. Our competition is with New York. In order to exist, I figure the Port of Hampton Roads must have a differential under New York. What Baltimore needs, I will leave to them to say.

Q. No, sir, I had asked you, and I guess you and I understood each other, to assume the differential you desire under New York remained in existence. Have we that clearly between us, Mr. Keeley?

A. Yes, we are talking about rates to and from the territory west of the port relationship line, now?

Q. We are, Mr. Keeley.

[fol. 768] A. Not Pittsburgh?

Q. That is right. We are talking about the extension of the Pittsburgh situation to all of C.F.A. Territory, hence west of the Buffalo-Pittsburgh line.

A. Then my answer to you is that if that contemplates the application of the New York rates to Hampton Roads, the answer is no.

Q. It does not contemplate it. I am asking you to assume that you are able to preserve for the Hampton Road railroads a differential of three cents under New York, which is what exists today, isn't that right?

A. No.

Q. No?

A. It does not exist today in Pittsburgh.

Q. Yes, all right. I'm asking you to assume, however, whether or not it exists today to Pittsburgh, that in C.F.A. Territory west of the Buffalo-Pittsburgh line, west of the Sandusky line, too, you are able to preserve a three-cent differential under New York. I am asking you to assume that to begin with, Mr. Keeley.

However, I'm also asking you to assume that Hampton Roads would at the same time be differentially over Baltimore, as today it is with respect to iron and steel out of Pittsburgh. And finally, what I should like you to tell me is whether it would be in the interest of the Norfolk & [fol. 769] Western Railroad to consent to that type of a rate relationship between Hampton Roads, Baltimore, and New York, with respect to C.F.A. Territory?

A. Definitely I think the answer is no.

Mr. Walker: I don't understand the question.

Mr. Hanifin: He said differentially over Baltimore. I would like to have the question read. I think there is some confusion. I am trying to follow it.

Mr. Keenan: The question has been answered as I understand it. I am very glad to have it read.

Mr. Walker: Are you asking the witness if he would object to the rate from Pittsburgh and east being the same as Baltimore? I can't understand your question.

Mr. Hanifin: I can't either.

Mr. Walker: I'm not trying to ball you up.

Mr. Keenan: In the interest of an orderly presentation, I prefer to ask the witness the questions, and have the objections, if any.

Mr. Walker: He has asked the witness this question three or four times, and I don't think he and the witness are anywhere near together.

Mr. Keenan: I will be glad to go on to the next question if allowed to.

Mr. Hanifin: I want to be certain that question was answered properly on the record. May I have it read and [fol. 770] Mr. Keeley's answer, so it will be understood what the question and answer was?

Exam Boat: Let's give the reporter an opportunity to read it.

(Read.)

Mr. Keenan: I should like to go on to the next question, if the Examiner permits.

Mr. Walker: I don't think it means anything.

The Witness: I don't think so either.

Mr. Keenan: Just a minute, Mr. Keeley. May the witness be instructed not to volunteer statements. If the comments need supplementation, he has able counsel to comment on them.

Exam. Boat: You may proceed.

By Mr. Keenan:

Q. Mr. Keeley, with regard to page 7—

A. Of my statement?

Q. Yes, sir.

A. I'm ready, if you are.

Q. I am not yet, sir, I am trying to find your statement in my files. When you refer to grain, on page 7 of your statement, with respect to which a present differential has been effective in attracting tonnage, may I inquire whether you are referring to commodity categories 1, 3 and 9, with respect to wheat, corn, barley, and rye?

A. Yes, that is not on this statement, is it?

Q. You will find it on page 6 of the export section of [fol. 771] Mr. Mollman's MLM-5 around the middle of the page.

A. Oh, yes.

Q. Now, Mr. Keeley, how do you know that erasure of the grain differential to which you refer on page 7 of your verified statement would lose Hampton Roads traffic?

A. That is a result of my informed judgment on traffic affairs.

Q. Well, what would be—

A. Bear in mind, this business of making freight rates is not a scientific thing, it is more or less of an art. You just can't pin it down on all corners to save your life.

Q. What would be the transportation conditions or factors which would produce this loss of grain to Hampton Roads to which you have referred?

A. It would not be a transportation condition, it would be a freight rate condition.

Q. Now, at the present time, do you agree that Hampton Roads is handling approximately 36 percent of the grain moving across the Atlantic—North Atlantic Seaboard from differential territory?

A. I don't know where I'm going to get that information. It says here 36.8 percent of wheat, well; that is for the whole category, I suppose.

Q. No, that is just wheat, sir, I don't want to be misleading and I didn't mean to be. I guess I should confine [illegible] question to wheat.

[fol. 772] A. That is what this statement shows.

Q. Have you any reason to disagree with the figures on this statement?

A. Oh, no.

Q. Is it in accord with your observation of affairs at Hampton Roads?

A. Yes.

Q. Is it in accord with your knowledge of the present flow of wheat traffic that Philadelphia handles approximately 21.9 percent of it and Baltimore handles 36 percent of it?

A. I have no reason to question the accuracy of those figures.

Q. And, of course, whatever the figure is, this statement says it is around 5.3 percent, New York handles very little of it, doesn't it?

A. I understand there is no established grain elevator as such in New York Harbor, except one over there at the Gowanus Canal.

Q. Whatever may be the exact figure, New York has approximately 5.3 percent of the grain, right?

A. That is what it says.

Q. And you don't disagree with that?

A. That is right.

Q. And it is in accord with your general knowledge?

A. I have no reason to dispute it.

Q. It is in accord with your general knowledge, sir?

[fol. 773] A. Yes.

Q. In those circumstances, if the loss to Hampton Roads of grain traffic should occur, which you and I have been talking about, where would it go?

A. It might go to Albany.

Q. Where—

A. You asked me to guess with you now.

Q. Oh, I see. You can't—you have no information in your professional capacity which would permit you to intelligently to predict where such diverted grain would go except to guess at it, is that right, Mr. Keeley?

A. That is right, it is a very unpredictable thing, Mr. Keenan.

Q. At page 16 of your statement, about the middle of the page, you make reference to differential territory in connection with some 23 points. What is the eastern boundary of the territory to which you refer there, Mr. Keeley?

A. If you will look at my map exhibit, which is included in there, the port relationship line is depicted in a black line that begins at Sandusky, on Lake Erie, and it runs down through Newark and Mansfield to Marietta on the Ohio River.

Q. Mr. Keeley, you refer to a statement, your No. K-5, showing representative working routes and mileages, to points west of the boundary line which you have just described to me, don't you?

A. That is right.

[fol. 774] Q. In your statement K-2 and K-3, referred to at page 3 of your verified statement, your Exhibits K-2 and K-3 referred to at page 3 of your verified statement, you have set out some representative points east of the boundary line you have just described to me, haven't you?

A. That is right.

Q. And those are points between the Sandusky line, which is the eastern boundary of the Norfolk and Western's differential territory, and the Buffalo-Pittsburgh line which is the eastern boundary of the Baltimore roads and the Philadelphia roads and the New York roads' differential territory, right?

A. Yes.

Q. Have you a circuity study of railroad mileage between Hampton Roads and the points dealt with in your Exhibits K-2 and K-3 similar to the study you have made in your Exhibit K-5?

A. No.

Q. Have you any knowledge right now as to what circuity characterizes Hampton Roads railroads to the territory I'm talking about between these two differential boundary lines and on the other hand, New York railroads?

A. I am willing to concede in a broad general sort of a way, without any specific reference to figures, that the routes of the Hampton Roads lines to the territory east of the Sandusky-Marietta line are relatively longer than the routes of the New York lines.

[fol. 775] Q. Did you mean to say east of the Sandusky line?

A. Yes, if I said west, I was wrong.

Exam. Boat: You said east.

The Witness: I thought I said east.

By Mr. Keenan:

Q. Now, do I understand your position correctly, as reflected at the last page of your verified statement that because, and I quote you, "The purpose of Exhibits K-5 and K-6 is to show that in practically all instances routes of the Pocahontas Lines from Hampton Roads are closer to the absolute short-line distance than are the routes of the New York lines whose rates are under suspension in this proceeding."

Do I understand, Mr. Keeley, it is your position that because of this fact the rates from Hampton Roads to differential territory should be pegged at a level differentially under those from New York?

A. Yes, sir.

Q. Therefore, if I understand you correctly—and please correct me if I'm wrong—in your view, relative circuity and not relative service disabilities should be the primary factor in rate-making?

A. That is not my position.

Q. Circuity, however, remains a very important factor, right?

A. One important factor.

Q. Does the Norfolk & Western, when making its rates, [fol. 776] give appreciable weight to the factor of circuity?

A. Oh, yes.

Q. And whenever possible, does it attempt to make its rates in such a fashion as will reflect the advantages of the shortest route?

A. I will agree with you we undertake within reasonable limits to confine our routes to reasonably direct routes.

Q. Now, does the Norfolk & Western publish joint rates with the Baltimore Steam Packet Company?

A. Oh, yes.

Q. Are those rates applicable to what has been called very vaguely in this proceeding "General cargo", the type of commodity that is the subject of our inquiry here?

A. Please bear in mind that the Baltimore Steam Packet Company handles domestic business and not export and import. Therefore, the term general cargo is not strictly applicable.

What the Baltimore Steam Packet does in conjunction with us, and others, is to make rates from Baltimore to Central Territory differentially related to the all-rail basis. Do I make myself clear?

Q. Yes, you have made yourself very clear, Mr. Keeley.

Exam. Boat: You are speaking of rates from Baltimore through Norfolk to differential territory?

The Witness: Yes, sir. It has nothing to do with this case whatsoever.

[fol. 777] By Mr. Keenan:

Q. Now, did you mean to tell me, Mr. Keeley, that the joint rates which the Norfolk & Western publishes with the Baltimore Steam Packet Company are not applicable, and may not be applied to import-export traffic?

A. I didn't say that.

Q. I didn't think you did. They are equally applicable, if I understand you, to domestic traffic and import-export traffic, is that not correct?

A. Well, I think maybe the way to say it, without getting involved in it, is that if the domestic all-rail that are applicable on export-import traffic, then the domestic rail-water rates are also applicable.

Q. You said that pretty rapidly for me.

Mr. Keenan: Can I hear it?

Exam. Boat: Please read it.

(Read.)

By Mr. Keenan:

Q. While we were off the record you made a statement, please repeat it to me, Mr. Keeley.

A. My answer to your question is that if the domestic all-rail rates to and from Baltimore are applicable on export-import traffic, then also the domestic rail-water rates are applicable. I don't know whether they are or not.

Q. You don't know?

A. No.

Q. Well, I tell you, for the purpose of our conversation.

[fol. 778] Mr. Keeley, let's assume the domestic all-rail rates are applicable to export traffic.

A. I can't assume that for you.

Q. Why not?

A. Because recently a brand new set of domestic class rates have been prescribed, the Docket 28300 class rates. We have never been able to agree with the Gulf Lines and the South Atlantic Port Lines on the way to weave the Docket 28300 class rates into the import-export picture, so, therefore, to that extent the domestic rates in Docket 28300 class rates are not applicable on waterborne traffic.

Q. I see. Well, you recognize, or rather agree, there is, let us say, a possibility that these joint rates published by the Norfolk & Western and the Baltimore Steam Packet are applicable to export-import traffic, right?

A. It is possible.

Q. All right.

Now, let's proceed in this examination or conversation on the assumption that is a fact, recognizing we haven't got it confirmed in the record yet, Mr. Keeley.

Do you know what, if any, relationship there is between the rate level from Baltimore on the one hand to differential territory on the other, when the movement is directly out of Baltimore overland, by rail and when the movement is out of Baltimore via the Steam Packet Company to [fol. 779] Norfolk, is that right—to Norfolk?

A. Yes.

Q. And thence from Norfolk overland by rail?

A. I can't tell you the precise measure of the difference, but the rates are lower.

Q. Well, without meaning at all to suggest anything in the record, would it be consistently your recollection that the rates range from 8 to 2 cents under the Baltimore basis?

A. I can't speculate with you on that.

Q. Now, referring to your Exhibit K-1, would it be necessary to speculate very much, Mr. Keeley, in order to determine that the route from Baltimore to differential territory via the B&O and the route from Baltimore to differential territory via Baltimore Steam Packet and the Norfolk & Western are quite—that the latter is much longer than the former?

A. I will concede it is longer, and let's leave the adjective off.

Q. You think it might be just a little longer?

A. No, it will be longer.

Q. When the lading in question reaches Baltimore via the Steam Packet Company, must it be physically transferred from a vessel to a rail car before it may proceed on its journey to differential territory?

Mr. Claytor: Reaches what point, Baltimore?

Mr. Keenan: Maybe I made a mistake, but will the re- [fol. 780] porter read it?

(Read.)

The Witness: I think you meant Norfolk.

By Mr. Keenan:

Q. Did I mean Norfolk, I'm sorry, yes.

A. Yes. We have a pier at which that operation is performed.

Q. So if a lading which originates—if a consignment which originates at a foreign origin moves to differential territory via the Baltimore Steam Packet Company, it must undergo at the least, two intermediate lading transfers at Baltimore and at Norfolk.

A. That is right.

Q. Whereas if it moves directly from Baltimore to differential territory by the overland route, it undergoes only one such transfer?

A. And that is one of the reasons why the Baltimore Steam Packet Company claims they have to have a differential rate under all-rail.

Q. Which of the transportation operations that we have been discussing do you conceive to be the more expensive, the overland operation via the B&O out of Baltimore, or the joint water-rail operation through Norfolk?

Mr. Claytor: Just a minute. I don't believe this witness is qualified to discuss the matters of cost.

The Witness: That is right. I'm going to tell him that.

By Mr. Keenan:

Q. Finally, Mr. Keeley, with regard to this particular [fol. 781] topic, would you be content to have this Commission decide the rate question in the case before it, so far as Hampton Roads is concerned, on the same basis that Hampton Roads makes rates—that the Norfolk & Western makes rates from Baltimore to differential territory with respect to consignments which have had a prior move on the Baltimore Steam Packet Company?

A. You know, I don't know how to answer that question. It is too involved for my limited intelligence.

Q. Is it okay if we decide this case on the same basis that the Norfolk & Western has made rates with the Baltimore Steam Packet Company?

Mr. Hanifin: Mr. Examiner, I suggest that is an improper question, because we are not going to decide this case, the Commission is going to decide it, and I think the speculation is beyond the witness' competence.

By Mr. Keenan:

Q. What, Mr. Keeley, is the average—did I interrupt something?

What is the average distance, Mr. Keeley, between—no, I don't want an answer—between Norfolk and C.F.A.—what is the difference—withdraw the last question.

What is the difference between the average distance to and from C.F.A. Territory to Norfolk, and the same distance to Baltimore? Is it about 150 miles?

A. Oh, I don't know. I just can't speculate with you [fol. 782] about these things.

Mr. Keenan: I have no further questions.

Exam. Boat: Are there any further questions of the witness?

Mr. Miller: Yes, I have some questions.

Cross examination.

By Mr. Miller:

Q. Mr. Keeley, the principal commodity handled in and out of Hampton Roads ports is coal, isn't it?

A. Oh, yes.

Q. What is the principal competing north Atlantic port for that traffic?

A. I don't believe anybody else is in the running, so far as Hampton Roads is concerned.

Q. What would be the nearest one to it?

A. Anything I would say to you would be just an informed guess. It might be Baltimore.

Q. What is the next most important commodity for Hampton Roads ports?

Mr. Claytor: Do you mean tonnagewise?

By Mr. Miller:

Q. Yes, that would be all right.

A. Grain, I expect.

Q. What is the principal competing port for that?

A. All of the North Atlantic ports, and particularly the Gulf ports. You have no idea what low rates they have established on grain to the Texas and Southwestern Gulf ports.

Q. Now, restricting it to the North Atlantic ports, is it [fol. 783] pretty—is the competition pretty well distributed among them all?

A. Yes.

Q. How about Boston?

A. Boston, I don't think has any elevator.

Q. Boston is not a competitor for the grain?

A. I don't think so. Baltimore has a substantial grain elevator, Albany has, after you said that, Norfolk, Baltimore, and Albany, I think you told the whole story about the elevator facilities on the north Atlantic Coast.

Q. Philadelphia would not be an important competitor for that traffic?

A. I don't know. I don't think so.

Q. What is your next most important commodity after grain?

A. I don't know.

Q. Getting into the general cargo market?

A. That is right.

Q. What is the most important competitor from the standpoint of your general cargo?

A. The other Pocahontas roads?

Q. No, I mean as far as the ports are concerned.

A. The Port of New York.

Q. What is the most important port after that as far as the competitors are concerned?

A. The balance of the North Atlantic ports.

[fol. 784] Q. Is Boston a competitor with Hampton Roads?

A. That is right.

Q. Is it as much of a competitor as Baltimore and Philadelphia?

A. No.

Q. Which is more important competitor for general cargo, Baltimore or Philadelphia?

A. I don't know.

Mr. Claytor: I might say we will have a solicitation man who will be better able to answer this than a rate expert, sir.

By Mr. Miller:

Q. Now, do you need a differential under Baltimore to compete for this general cargo?

A. I just can't answer your question the way you ask it without trying to be impertinent, let me answer it in my own way: We need a differential under New York, and what the rate situation ought to be at Baltimore we leave to the Baltimore lines.

Q. Well, now, suppose that the rates were equalized as between Boston and Newport News, would you have a disadvantage from that situation on the general cargo?

A. I think you intended to say Norfolk, because the Norfolk & Western does not serve Newport News.

Q. Let's call it Norfolk, then.

A. Yes, I don't know how to answer that question. I haven't undertaken to evaluate the competition between Boston standing alone on the one hand and Norfolk on the other hand.

Q. Do you think that your port would be particularly [fol. 785] hurt if Boston had an equalization with your port?

A. I don't know about that.

Mr. Miller: That is all I have. Thank you.

Exam. Boat: Is there any redirect?

Redirect examination.

By Mr. Claytor:

Q. Mr. Keeley, do you know whether there is any substantial movement of traffic at Baltimore via the Baltimore Steam Packet Company and the Norfolk & Western to differential territory? Do you have any idea of the amount of freight involved?

A. No, there is a respectable movement of traffic via the rail-water route, from Baltimore, via Baltimore Steam Packet and Norfolk & Western, to this differential territory.

Q. You don't have any tonnage figures?

A. No.

Mr. Hanifin: Mr. Examiner, I have a question, to be asked by Mr. Claytor.

By Mr. Claytor:

Q. Mr. Keeley, have you just completed an investigation of the total exportation of cigarettes via the various North Atlantic ports for the year 1956?

A. I have.

Q. Would you give for the record—

Exam. Boat: What does this pertain to?

Mr. Claytor: This pertains to a matter of cigarettes which has been brought up several times at this hearing [fol. 786] on cross examination.

Exam. Boat: Was it brought up by this witness?

Mr. Claytor: It does not pertain to anything on the cross examination, I will admit, sir, but this is the proper time to put it in. There is only one question. I think it will save time if we can just do it now and get it over with. We want this material in the record, sir.

Mr. Moerman: Yes, but is it relevant?

Mr. Hanifin: If the Examiner please, he has permitted the Boston interests and other interests to submit additional testimony at this hearing. I see nothing improper about us offering additional testimony at this time. It happens to deal with a matter that relates to the cross examination of mine of Mr. Laux. I think we are entitled to display on the record information which is factually correct and pertinent to the inquiry.

Exam. Boat: I had in mind whether it related to this witness' cross examination.

Well, go ahead.

By Mr. Claytor:

Q. Would you give us the results of that investigation?

Mr. Moerman: I don't know what it is.

Mr. Foley: Is the witness reading from a paper here?

The Witness: Yes, I'm reading from a memorandum I made myself pursuant to a telephone conversation.

[fol. 787] Mr. Claytor: Mr. Keeley is going to show the total movement of cigarettes via New York, Philadelphia, Hampton Roads, during 1956.

Mr. Moerman: From what origin?

Mr. Claytor: From all origins.

Mr. Moerman: Including unaffected territory?

Mr. Claytor: From all origins.

Mr. Moerman: Well, I have no objection.

The Witness: This is in terms of the number of cigarettes. Through the port of New York for the year 1956, and they are all for the year 1956—10,656,616,000. Philadelphia, 151,665,000. Baltimore, 39,650,000. Hampton Roads, 1,299,454,000.

By Mr. Claytor:

Q. One other question. Can you give us a general idea of where the principal manufacturing centers for cigarettes are located?

A. In the Virginia-Carolina Territory, in close proximity to the port of Hampton Roads.

Mr. Claytor: That is all I have.

Recross examination.

By Mr. Moerman:

Q. Isn't it a fact, Mr. Keeley, the bulk of that traffic moves, wherever it moves overland, by truck?

A. Oh, yes, unfortunately.

Mr. Moerman: Thank you, sir.

[fol. 788] Redirect examination.

By Mr. Hanifin:

Q. Mr. Keeley, with respect to Mr. Moerman's inquiry, is the reason it moves by truck to the Port of New York—

Mr. Moerman: Don't lead him, please, whoever is doing it, on redirect, I presume. Ask him if he knows.

Exam. Boat: Ask him if he knows.

By Mr. Hanifin:

Q. Do you have any idea why it moves by truck?

A. I know positively why it moves by truck.

Q. Will you tell us?

A. It is a reason of expedition. It has to go by truck, in order to get there, and goes by Hampton Roads on the way.

Recross examination.

By Mr. Colgren:

Q. Mr. Keeley, are any of these cigarettes warehoused in the New York area?

A. No, not these export cigarettes. There is a tax question involved in that, you recognize that.

Q. Yes, sir. You say there is no warehousing of cigarettes in the New York port area?

A. That is my information.

Mr. Claytor: On export traffic.

The Witness: Export traffic, that is what we are talking about, Mr. Colgren.

Mr. Colgren: I wasn't confining it.

[fol. 789] Mr. Claytor: The witness did not understand your question, Mr. Colgren.

Mr. Colgren: I asked him if there was any warehousing of cigarettes in the New York port area?

The Witness: Domestic cigarettes, yes, export cigarettes, no.

Mr. Colgren: Thank you, sir.

Exam. Boat: Does that complete the cross examination now? Mr. Keeley's exhibit to be received is No. 62.

Mr. Claytor: I understand Exhibit 62 is received in evidence.

Exam. Boat: Correct.

(Protestants' Exhibit No. 62, Witness Keeley, was received in evidence.)

Exam. Boat: The witness is excused.

(Witness excused.)

Exam. Boat: Who is the next witness?

Mr. Walker: I think it is understood my witness may go on next, Mr. Examiner.

Mr. Examiner, I offered three other witnesses who have not been—

Exam. Boat: Who is that, Mr. Walker?

Mr. Walker: Mr. Miller is the one who is going to have to stand cross examination, but I had three other witnesses that filed statements that there has been no request for [fol. 790] cross examination. I thought in order to keep them together we would put those in, too, at this time, if there is no objection.

Miller is about the last one, the only one on the agenda, next to the last one.

Exam. Boat: We seem to be getting out of order here a good deal.

Mr. Walker: That is right.

Exam. Boat: I wish we could adhere to the order more closely. Which are the ones you are going to call?

Mr. Walker: Miller is the only one that has been asked for cross examination.

Exam. Boat: Very well.

Mr. Walker: May I put in the verified statements of three other witnesses who have not been called for cross examination, to keep them all together?

Exam. Boat: Well, that might be well to do that. Are those listed right there, too?

Mr. Walker: No, sir, they are not on this list, because they were not called for cross examination.

Exam. Boat: I have a different list than you do. Do you want to give those first?

Mr. Walker: Yes. I offer at this time the verified statement of David S. Gendell, Director of Planning, Virginia State Port Authority, Norfolk, Virginia.

[fol. 791] Exam. Boat: That will be identified as Exhibit No. 63.

(Exhibit No. 63, Witness Gendell, in support of Protestants, was marked for identification.)

Mr. Walker: I offer at this time the verified statement of A. Stuart Campbell, research economist, Virginia State Port Authority, together with Exhibits B-1, BD-1, B-2, B-3, B-4, and B-5.

Exam. Boat: The exhibit is identified as Exhibit 64.

(Exhibit No. 64, Witness Campbell, in support of Protestants, was marked for identification.)

Mr. Walker: I next offer the verified statement of F. P. Wakefield, Director of Bureau of Transportation, Virginia State Port Authority, Norfolk, with Exhibits W-1 through W-6, inclusive.

Exam. Boat: Those are identified as Exhibit No. 65.

(Exhibit No. 65, Witness Wakefield, in support of Protestants, was marked for identification.)

Mr. Walker: I call to the stand Mr. George E. Miller.

Whereupon, George E. Miller was sworn and testified as follows:

Direct examination:

By Mr. Walker:

Q. Will you please state your name, Mr. Miller?

A. George E. Miller.

Q. Are you the same George E. Miller that filed a veri- [fol. 792] fied statement in this proceeding?

A. Yes, sir.

Mr. Walker: Mr. Examiner, at this time I offer the statement of Mr. Miller.

Exam. Boat: It may be identified as Exhibit No. 66.

(Exhibit No. 66, Witness Miller, in support of Protestants, was marked for identification.)

Mr. Walker: Mr. Miller is offered for cross examination.

Mr. Moerman: Mr. Examiner, I may be able to obviate a somewhat lengthy cross examination of Mr. Miller if you will all turn to page 5 of this testimony.

Beginning at page 5, the question is asked: "Give examples where you have lost cargo that should or could have moved through Virginia ports because of the superior service being offered at the Port of New York."

From then on, for some 22 pages, to page 27, Mr. Miller gives us examples without identifying the companies, and with no more support for the testimony than that there are some records in his office.

To me, this is the same type of hearsay which earlier today you ordered stricken from Mr. Crowl's exhibit. Therefore, I now move that all of the material contained at page 5 through and including page 27 be stricken.

In further support of my motion, I say that in this case, as the record shows, we have submitted a number of state-

[fol. 793] ments of shippers, verified or under oath. It must be apparent that obtaining such statements from people like Allis-Chalmers, Inc., and others, required a considerable effort.

I think it would be unfair in the extreme in this case to permit material of this type, which is unquestionably hearsay, and where we have no opportunity to cross examine those who are the author of the material to be introduced in this record.

I, therefore, have before you the motion to strike this material.

Mr. Foley: Mr. Examiner, I should like to join in that motion of Mr. Moerman's on the same grounds.

Mr. Walker: I wish to answer that, Mr. Examiner.

Exam. Boat: Mr. Walker.

Mr. Walker: In the first place, I think it comes with poor grace for counsel to object to this kind of evidence. In the first place, Mr. Gilman testified that the freight differential took traffic away from New York based on statements of shippers in C.F.A. Territory.

Mr. Laux testified that when talking to shippers, they always refer to the differential of 3 cents against New York, why they don't get the traffic.

Mr. Baylis stated his study was gotten by asking shippers about why traffic was not moving through New York. That is a part of this proceeding, and if we should strike every- [fol. 794] thing in this record that is based on information received in due course of business, we wouldn't have but very little record left.

Now, coming to the competency of the evidence, I don't know whether you want this on the record or not.

Mr. Moerman: Yes, I would like to have it on the record.

Mr. Walker: I would like to hand to the Examiner so he could follow me a little better, a copy of the memorandum, and here is one for you, Mr. Moerman.

If there is one principle of evidence that has been established by the Supreme Court, the federal courts, the state courts, and this Commission, it is that information gained in the regular course of business is competent and not subject to the hearsay rule.

Exam. Boat: Well, have you indicated or shown in this statement of the witness that this material was so obtained—these statements were so procured?

Mr. Walker: Yes, sir, the first two or three pages of his statement shows that, Mr. Examiner.

Exam. Boat: All right.

Mr. Walker: Now I want to call attention to just one or two cases which I think is sufficient.

In Transcontinental Petroleum Company against Interocean Oil Company, 262 Federal 278, the case was almost written for this proceeding. There, it was held that the [fol. 795] testimony of a superintendent of the export department of a large corporation, not of a governmental body like we have here, was not rendered incompetent as hearsay because such knowledge was based on facts connected with the business even though it was gained largely from a third person.

Now, on the next sheet there you will see an excerpt from that opinion, and I might read it:

"Much of what officials of large enterprises know of their operations is necessarily learned"—in the course of business—"and from associates and employees through conferences, conversations, letters, reports, records, and the like. It is upon such information that the business is directed and carried on. Considered narrowly and technically, it might be regarded as proceeding in a considerable measure from hearsay, but absolute firsthand personal knowledge is not as a rule practicable and is not required as an invariable rule of evidence."

Exam. Boat: We can hardly say that about this matter here, can we, Mr. Walker?

Mr. Walker: This is all gained from the records in the files of the Virginia State Port Authority, every bit of it, and the prepared statement shows so, every bit of it.

And in the next case that is cited here, which is a Federal Court case, I won't read it, but there was a case in which a witness tabulated what was shown by the test of 605 holes [fol. 796] in the ground. The government objected to it on the ground that the individuals who bored the holes were not present. This information was gotten together by copying from the records what those tests showed, and the Court stated as I quote here.

Now getting down to the Commission, in Copley Cement Manufacturing Company against the Atlantic Coast Railroad Company—

Exam. Boat: What is the citation?

Mr. Walker: 300 ICC 13.

The Defendants moved to strike as hearsay evidence the statement of complainant's vice president and sales manager to the effect that competitive price of mortar cement shipped from Portsmouth, Virginia, at which a plant of the Lehigh is located, is determined by our salesmen securing prices from customers, going out and getting prices from customers, who have been quoted prices by Lehigh Cement Company.

The witness was clearly competent to testify, and his testimony sought to be stricken was evidently based on information obtained in the ordinary course of business.

Then there are just all sorts of cases like that.

Exam. Boat: Your motion in substance was an objection, Mr. Moerman. It isn't in the record as yet, so we wouldn't strike it as such.

Mr. Moerman: Oh.

Exam. Boat: The matter—

[fol. 797] Mr. Moerman: The reason I was bringing it up at this time, is that I wanted to obviate an extensive cross examination for some 22 pages which might take several hours, finding out the name of each company and where the information was obtained, and I thought that it is true that I probably should have waited normally until Mr. Walker had offered it. Perhaps he might do it.

Mr. Walker: Mr. Examiner, we do not feel that we are compelled—

Exam. Boat: We won't argue this any more. We don't need this all on the record.

Mr. Moerman: These are not facts connected with the business.

Mr. Walker: I want to say this before you rule.

Exam. Boat: Mr. Walker is apparently not willing to withdraw that.

Mr. Walker: No, sir.

Exam. Boat: So we will have to proceed, that is the only thing we can do.

Off the record.

(Discussion off the record.)

[fol. 798] Exam. Boat: On the record.

Mr. Moerman: I want to announce in view of the discussion on the record, and in view of the fact that I have examined Mr. Miller's testimony more closely, following the time when we made a request to have him here for cross-examination, at this time I want to announce I have no cross-examination for Mr. Miller.

Mr. Walker: Thank you, sir.

Exam. Boat: Anyone else?

Mr. Miller will cross examine Mr. Miller.

The Witness: This is going to be good, Miller v. Miller.

Cross examination.

By Mr. Miller:

Q. In your investigations of shippers' desires as to ports to be used, did you find that there were any preferences over Hampton Roads ports for any of the New England ports?

A. What do you mean by New England ports?

Q. Boston, for instance.

A. Boston, no, sir.

Q. Portland?

A. No, sir.

Q. Any of the Rhode Island ports?

A. No, sir.

Q. How about Albany?

A. No, sir.

[fol. 799] Q. Now, to get away from the northern ports, did you get similar preferences for Philadelphia?

A. Not that I recall.

Q. How about Baltimore?

A. Baltimore, yes.

Q. Would you say, then, that Baltimore is your principal competitor?

A. No, I wouldn't say that.
Q. After New York?
A. Possibly after New York, yes, sir.
Q. Does the Virginia State Ports Authority have any objection to equalization of rates as between the Hampton Roads ports and Boston?

Mr. Walker: I don't think that is a proper question to ask this witness. I therefore object to it.
Mr. Miller: That is one of the issues of the case.
Exam. Boat: I didn't hear the question.
Will you read it, Mr. Reporter?

(Question read.)

Mr. Walker: He didn't testify on direct anything about that. But if he wants to answer it, I will withdraw my objection.
Exam. Boat: Very well.
The Witness: We would like to have the differentials preserved under the Boston or the New York rates.

[fol. 800] By Mr. Miller:

Q. Now, is that answer, though, based principally upon your desire to have the port relationships remain as they are with respect to New York?
A. Well, if New York and Boston are on the same level, then we would like to preserve those differentials under both New York and Boston.

Mr. Miller: I have no further questions.
Mr. Walker: I offer—
Exam. Boat: That seems to be all on cross.
Mr. Walker: Any more cross?

(No response.)

Offers in Evidence

Mr. Walker: I offer the exhibit I had identified, Mr. Examiner, and ask it be received.
Mr. Moerman: At this time, Mr. Examiner, I move formally to strike the material beginning at page 5, with the first answer, through page 27, down to the point marked

"free time," on the ground that this is hearsay, that the material is taken allegedly from letters or files, that we don't have here the people who gave the information, and on the further ground as stated on this record that counsel declines to produce the identities of the shippers who gave this information.

I think it would indeed be a very serious matter if in proceedings before the Commission as important as they are, records could be made with this type of material where a hearing officer has the responsibility of deciding what the [fol. 801] facts are and recommending a conclusion of law, and even more serious, if the Commission itself on review must have this type of material before it for a decision of its case, and even more serious, if the courts in reviewing these decisions must have before it Commission decisions based on this type of uncorroborated material, where counsel had had no opportunity to cross-examine with respect to the accuracy of the facts given.

I concede that any officer of any company may come in and testify concerning facts gained by him in the pursuit of his business, but that he may not come in and testify concerning alleged facts given to him by somebody else about which the officer does not have his own personal knowledge, but alleged facts which were taken from some document which is not here.

Mr. Walker: It is just too bad counsel doesn't agree with the courts and the Commission on that subject, Mr. Examiner.

Exam. Boat: I take it, Mr. Moerman is objecting to the receipt of that evidence, some authorities have been cited in support of the propriety of such statements, and I think it is a matter that the Commission may well wish to consider. And I will overrule the objection and the exhibit will be received.

(Exhibit No. 66, Witness Miller, in support of Protestants, was received in evidence.)

Mr. Walker: I stated on the record we have these original reports here.

Exam. Boat: I received the exhibit, Mr. Walker.

[fol. 802] Mr. Walker: All right.

Exam. Boat: You are excused.

(Witness excused.)

Mr. Hanifin: If the Examiner please, it seems some of this discussion was off the record.

Exam. Boat: No, I think I had enough on the record.

Mr. Hanifin: All right.

Mr. Colgren: Mr. Examiner, I want the record clearly to show our understanding of the fact that the witness would not give answers as to the authors of these letters purportedly backing up his statement.

Exam. Boat: I understood that to be the case.

Mr. Colgren: Yes, sir. May the record show that the respondent railroads join in the motion offered by Counsel Moerman?

Mr. Walker: Can you read that back? I didn't understand it.

(Statement read.)

Mr. Walker: That statement of Mr. Colgren is not exactly right.

I offered to show the original records to counsel in this proceeding, which is the general practice, I understand, in cases of this sort, and he can look at the shipments all he wants to and read the original records, but I cannot make the original records a part of the proceeding because [fol. 803] it is confidential.

Mr. Foley: As I understand it, the statement is made we can look at the records but the Commission and the Examiner could not.

Mr. Walker: The Examiner can have them, I will give them to him. I won't give them to your shippers, though.

Exam. Boat: He wouldn't put them into this record.

Mr. Foley: That is right.

Exam. Boat: That is right.

Mr. Foley: We feel they ought to be in the record.

Mr. Keenan: It can't be the basis of the Commission decision.

Exam. Boat: Mr. Reporter, I didn't indicate on the record we should have received Exhibits 63 through 66, inclusive. They are so received.

(Exhibit No. 63, Witness Gendell; No. 64, Witness Campbell; 65, Witness Wakefield, and No. 66, Witness Miller, in support of Protestants, were received in evidence.)

Mr. Pratt: I call Mr. Leonard A. Drake.

LEONARD A. DRAKE was sworn and testified as follows:

Direct examination.

By Mr. Pratt:

Q. Will you state your name and connection?

A. Leonard A. Drake, Executive Director of the Eco- [fol. 804] nomics and Tax Assurance Council, Chamber of Commerce of Greater Philadelphia.

Q. Are you the Leonard A. Drake that attested a prepared statement of six pages, to which are attached Exhibits numbered PCC-1 through 7? Are you that Leonard A. Drake?

A. I am.

Mr. Pratt: Would you identify it, Mr. Examiner?

Exam. Boat: Yes. I will identify that as Exhibit No. 67.

(Exhibit No. 67, Witness Drake, in support of Protestants, was marked for identification.)

Mr. Pratt: Offered for cross-examination.

Cross examination.

By Mr. Miller:

Q. Mr. Drake, I don't find in your statement anywhere an indication of the position that the Chamber of Commerce of Greater Philadelphia is taking with respect to the issues in this case.

Is your Chamber in favor of the equalization, or what?

A. No. We are opposed to the equalization of rates.

Q. Is it your position that the present differential should be preserved?

A. That is correct.

Q. On page 5 of your statement, you have this sentence:

> "It is obvious that the differential rates have not influenced the movement of general cargo in favor of the Port of Philadelphia."

[fol. 805] Suppose that Philadelphia had the same basis of rates as Baltimore, do you suppose that might influence the movement of general cargo to the Port of Philadelphia?

A. Pardon me, I was looking for the statement here.

Q. At the end of the top paragraph.

A. The top paragraph?

Q. Yes.

A. It is obvious the differential rates have not influenced the movement of general cargo in favor of the Port of Philadelphia.

Q. That is right.

Suppose you had rate equalization with Baltimore; in other words, your rates were reduced perhaps 2 cents a hundred pounds under their present basis, that you had equality with Baltimore and Newport News to and from differential territory.

Don't you suppose that might influence the movement of general cargo in favor of the Port of Philadelphia?

Mr. Pratt: I am going to object to that question. This man is not qualified as a rate man at all; he is qualified as an economist. He has offered testimony as to fact. He has shown no qualification to have an opinion on this subject.

Exam. Boat: I don't have a copy of his statement, coming out of order ~~here~~.

Mr. Miller: It is on page 5, the last sentence of the paragraph ending at the top of the page. The man is talking about rates.

[fol. 806] Mr. Pratt: The man is talking about—

Exam. Boat: His testimony doesn't go into the matter of rates very much but—

Mr. Miller: It goes into differentials of rates, that is all I am talking about. I am not asking about a rate on a particular commodity.

Mr. Pratt: He has not mentioned rates except for the economic result in the past of what has existed.

Mr. Miller: That is all I am asking.

By Mr. Miller:

Q. Economically, what will happen?

A. I am testifying—

Mr. Pratt: Wait for a ruling.

Exam. Boat: I will overrule that. I think he can state an answer to that.

The Witness: I am testifying here relative to—

Exam. Boat: Are you answering the question?

The Witness: You are asking the question relative to my opinion as to the equalization of rates between Baltimore and Philadelphia?

By Mr. Miller:

Q. Yes.

A. I have no opinion on that subject.

Q. Do I understand by that that you have no opinion, then, as to what the effect of equalization of rates would have in the future in any respect?

A. Between Baltimore and Philadelphia?

[fol. 807] Q. Between Philadelphia and the other ports.

A. What I'm testifying to is that the differential rates now existing between New York, Boston, and Philadelphia, have not influenced the movement of general cargo in favor of the Port of Philadelphia.

Q. But you have no opinion whatsoever as to what will happen in the future if any of these rates are changed; is that right? Yes or no?

A. No.

Q. Now, dropping down to the next paragraph, and the sentence at the end of that paragraph, you say, "As I have shown, the total movement of general cargo through the Port of Philadelphia has declined both absolutely and in relation to the Port of New York."

Now, generally speaking, Philadelphia has, as far as the rates in issue here are concerned, some differential under the Port of New York; is that not so?

A. Yes.

Q. Well, now, if your movement of general cargo is declining, the differential is not doing you any good, is that right?

Mr. Pratt: The same objection. I don't think this man is qualified to answer.

Exam. Boat: Well, he is going into the question of differentials and the influence they have. I think he can answer it.

[fol. 808] The Witness: It is my opinion that free lighterage is a serious barrier to Philadelphia versus New York.

By Mr. Miller:

Q. It is not differentialities at all, it is free lighterage, is that right?

A. That is one factor. You asked me my opinion.

Q. Let's stick to the differentials, then.

A. All right. But there are other things that affect the traffic. You are trying to pin it down to one factor, just differentials. I assure you there are others that affect this traffic picture.

Q. Well, do you have any opinion as to whether the differential between Philadelphia and New York has had in the past any benefits to Philadelphia?

A. Yes, it has the benefit of partially offsetting the free lighterage which New York enjoys.

Q. But do I understand, then, that that differential is inadequate?

Mr. Pratt: The same objection, for the same reason.

Exam. Boat: Overruled.

The Witness: I don't know whether it is inadequate or not.

By Mr. Miller:

Q. You just said it partially offset.

A. That is right. I believe personally that it is a partial offset. Whether it is a complete offset, I have no way of saying.

Q. Turning now to page 3 of your testimony, you refer [fol. 809] to your Exhibit 1, which shows the growth in population of the Philadelphia area.

What relevance do those facts have to the issues in this case?

A. We have shown that Philadelphia has been growing at a rapid pace, which economically would warrant our staying at least even with New York, and I think actually gaining a bit on the New York area.

Our rate of population growth is a little faster than that of New York. So the accompanying testimony that actually New York has been gaining in recent years in port traffic in this general cargo-type port traffic, goes contrary to our economic expansion in the Greater Philadelphia area.

Q. This import-export traffic just goes through Philadelphia, doesn't it? It doesn't stop there?

A. A great deal of the import-export traffic is, we firmly believe, generated by Greater Philadelphia itself, which has a population of nearly 5 million within our 11-county metropolitan area.

Q. What traffic is generated?

A. Much of the general type of traffic, machinery, all sorts of produced and manufactured goods, and we are one of the major manufacturing centers of the United States.

Exam. Boat: You are speaking now of traffic that is produced in or consumed in the Philadelphia area?

[fol. 810] The Witness: That is correct.

By Mr. Miller:

Q. You understand, do you not, the traffic that is at issue in this case is traffic that is moving to and from the Central Western territories, don't you, generally?

A. I believe it also includes traffic which is in part generated by the Philadelphia area.

Q. Perhaps your counsel will tell you that is not so.

Mr. Pratt: I would. I have already told you many times this man is not qualified to talk about the rates.

Mr. Miller: We are not talking about rates, we are talking about the issues of the case. He seems to—I'm just trying to find out what the relevance of this exhibit is.

By Mr. Miller:

Q. Maybe he didn't know the issues of the case when he prepared it.

A. No, I appreciate that you are discussing the rates—

Q. Let me ask you this—

Mr. Pratt: Are you going to object to the relevance of the exhibit?

Mr. Miller: Sure.

By Mr. Miller:

Q. Let me ask you this: if you had known none of this traffic was generated that was at issue in this case in the Philadelphia area, would you have considered that Exhibit 1 of any relevance?

A. Yes. I think the very fact we are a port is of great relevance to our case. The port itself generates employ- [fol. 811] ment. It is part of the reason for Philadelphia being a center of five million people.

Q. I think I heard you say you thought Philadelphia had grown a little faster than New York, is that right?

A. That is right.

Q. So apparently you are not being hurt very much?

A. In that sense we would be, as we see it, if we lost the differential. That is our case.

Q. I thought just a few minutes ago you refused to tell me what would happen if you lost the differential.

A. I refused to give an opinion as to what degree of injury there would be; but our case is certainly we would be injured.

Mr. Miller: Those are all the questions I have, Mr. Examiner.

I am going to object to the portion of the statement—

Mr. Keenan: May I ask a couple of questions, if it is appropriate to do so now?

Exam. Boat: Yes.

By Mr. Keenan:

Q. Mr. Drake, do I recall—let me put it this way: was your counsel correct when he advised us that you were a competent economist?

A. Pardon?

Q. Was your counsel correct when he advised us you were a competent economist and not a rate man, as a witness here?

A. He is correct in saying I am not a rate man.

[fol. 812] Q. Are you an economist?

A. You have this exhibit, I believe, in front of you. It is so stated.

Q. Yes.

Has the information that you have acquired as an economist included any information of the manner in which grain is marketed from the United States to a foreign market?

A. Yes, sir.

Q. Is some grain sold by the Commodity Credit Corporation to foreign buyers?

A. I haven't that much information. I am not a specialist in the sale of grain.

Q. Do you know whether the Commodity Credit Corporation sells grain?

A. I am not familiar with the details of that operation.

Q. Maybe you meant to, but you didn't with great clarity answer my question.

It was merely, do you know whether the Commodity Credit Corporation sells grain?

A. No, I don't.

Q. You don't?

A. No.

Q. Do you know whether any grain that moves through Philadelphia is grain that is sold by the Commodity Credit Corporation?

[fol. 813] A. I had first answered your question, I don't know the details of the work of the Commodity Credit Corporation.

Q. Is perhaps this one of the reasons why you left grain out of your traffic exhibits, Mr. Drake?

A. No, it is because New York left it out of theirs.

Q. Do you know Frederick R. Mann?

A. Yes, I do.

Q. Is he associated with the Philadelphia Chamber of Commerce?

A. He is not.

Q. Is he a director of something called the Philadelphia Commerce?

A. He is Director of the Department of Commerce of the City of Philadelphia.

Q. Oh, I see.

As such, is he a municipal employee of the City of Philadelphia?

A. He is.

Q. Where are his offices, do you happen to remember?

A. City Hall, Philadelphia.

Mr. Keenan: I have no further questions—wait a minute.

Mr. Colgren: Just as a matter of clarification for the record, may it show grain was included in the traffic statistics of the respondent railroads?

Offer in Evidence

Exam. Boat: Do you offer the exhibit?

Mr. Pratt: Yes, I offer the Exhibit 67 in evidence.

[fol. 814] Mr. Miller: Mr. Examiner, I object to the receipt of the first three exhibits, and the statements about them on pages 3 and 4 of the testimony, on the ground they are not relevant to the proceeding.

Mr. Pratt: If the Examiner please, these three exhibits to which counsel objects certainly they show the economic position of the Port of Philadelphia, which is one of the things to be protected in this proceeding.

In the protest, we pointed to the economic effect that would result to the Port of Philadelphia, and the dependence on the port, and it is one of the bases for our protest in this proceeding.

Exam. Boat: The objection is overruled. The exhibit is received as No. 67.

(Exhibit No. 67, Witness Drake, in support of Protestants, was received in evidence.)

Exam. Boat: You are excused.

(Witness excused.)

Mr. Hanifin: We are prepared now to follow the order of presentation.

Exam. Boat: Very well.
Shall we recess for ten minutes?
Mr. Hanifin: All right.
Exam. Boat: Come back at 3:30.

(Short recess.)

[fol. 815] Exam. Boat: Come to order, please, gentlemen.

T. Jefferson, Jr. was sworn and testified as follows:

Mr. Keenan: Before we talk to Mr. Jefferson, I have a small item of business I would like to suggest for your consideration.

Exam. Boat: Very well.

Mr. Keenan: I have been advised Mr. Mann, who has been the subject of discussion by some witnesses, is a man who knows about the Commodity Credit grain situation which is of interest to me anyway in this case.

I shall not, unless counsel requests, detail my knowledge of it, because I think it would be improper to put facts in the record through counsel.

However, I should like to request a subpoena directed to him, that is Frederick R. Mann, Director of the Department of Commerce of the City of Philadelphia, with offices at City Hall, Philadelphia, returnable at the same time that Mr. Langdon has requested the subpoena of Mr. Binney to be returnable.

Exam. Boat: That is March 25?

Mr. Keenan: Yes, sir.

Mr. Langdon: Mr. Examiner, let's see if we can't handle this without a subpoena. I am quite sure after consulting with the Philadelphia people we can produce this witness [fol. 816] without a subpoena.

Mr. Keenan: I am more than glad to accept that assurance and withdraw the request.

Mr. Pratt: The attorney was down here yesterday.

Mr. Keenan: Wonderful. We will concur in the date of March 25, or a date reasonably satisfactory with Mr. Mann.

Exam. Boat: We will continue with Mr. Jefferson.

Direct examination.

By Mr. Hanifin:

Q. Mr. Jefferson, have you been sworn?
A. Yes, sir.
Q. Have you prepared for introduction in this proceeding, testimony and exhibits?
A. I have.

Mr. Hanifin: Let the record show that a copy of Mr. Jefferson's verified statement and accompanying exhibits have been handed to the reporter.

Mr. Examiner, may we have that marked for identification, please?

Exam. Boat: The verified statement and attached exhibits may be identified as Exhibit No. 68.

(Protestant's Exhibit No. 68, Witness Jefferson, was marked for identification.)

Mr. Hanifin: Mr. Jefferson is tendered for cross-examination.

[fol. 817] Cross examination.

By Mr. Keenan:

Q. Mr. Jefferson, at page 2 of your verified statement, you make the assertion that the fact that the Baltimore basis emanated as the standard for the rates from a portion of central territory is not significant insofar as Baltimore and Hampton Roads are concerned.

Do you mean to imply by this that Hampton Roads railroads, and more specifically the C&O, would be content to accept an ICC order requiring its differential territory rates to exceed the Baltimore basis, although at a level below New York?

A. I do not mean to imply that.
Q. And why would that be undesirable from the C&O's point of view?
A. Our main competition—well, I probably should preface my remark by saying to you this: we have a wonderful

railroad of over 5,000 miles, the major portion of which is in central territory. It is our desire to obtain all the business we can at our own port of Newport News, Virginia. We don't want any handicaps that are not justified.

Q. Is it a fact, then—

A. I probably should add to that, also: with respect to the New York situation—

Q. I don't think you should add anything right now with respect to the New York situation, Mr. Jefferson, because I had not inquired concerning it.

[fol. 818] You certainly may on redirect examination.

Is it a fact, then, Mr. Jefferson, that a rate differential at Hampton Roads over Baltimore, such as I have just described would, in your opinion, constitute an unjustified handicap of Hampton Roads?

A. I don't know of any reason why Baltimore should have a lower rate than we should have.

Mr. Keenan: May the question be read?

The Witness: I think that answers your question..

Mr. Keenan: I'm afraid it doesn't.

Exam. Boat: Will you read the question, please, Mr. Reporter?

(Question read.)

The Witness: I would say yes.

By Mr. Keenan:

Q. Is it a fact, then,—what was the witness' answer? Did he say he would say yes?

Mr. Foley: Yes.

By Mr. Keenan:

Q. Is it a fact, also, then, Mr. Jefferson, this type of rate differential would operate to prevent the Hampton Roads railroads from, to use your words, obtaining all the business you can?

A. Yes. You are asking me in effect if letting Baltimore have a lower rate than we would have would harm us? The answer is yes.

Q. When you said at page 2 of the statement I originally [fol. 819] quoted to you, did you mean to imply that the Baltimore basis emanated as a standard for the rates from a portion of central territory? Did you mean to imply that that fact is not significant insofar as Boston and Hampton Roads are concerned?

A. I think you should let me couple up that particular sentence with the remaining sentence there, which is certainly in accord with that sentence.

I should go on to say that we regard New York as the primary competition as compared with Baltimore.

Q. What I meant to inquire, Mr. Jefferson—

A. To get me—let me give you the proper answer.

Q. Excuse me, Mr. Jefferson, you just can't talk when a lawyer or examiner doesn't want you to talk on the stand.

A. The Examiner hasn't said a word.

Mr. Keenan: Mr. Examiner, may the witness be instructed not to volunteer information unless there is a question pending or unless there is a question asked? I object to what the witness is in the course of saying.

Exam. Boat: I think we ought to observe that procedure. Let's have the questions short and to the point, and have the answers responsive to the question.

Mr. Hanifin: It is also understood, Mr. Examiner, the witness should be permitted to finish his answer, too, isn't that so?

Exam. Boat: Yes.

[fol. 820] By Mr. Keenan:

Q. Mr. Jefferson, you point out at page 2 of your verified statement—and as you have just said—that the prime consideration has been the maintenance of rates which will permit Hampton Roads to compete with New York. And you say, it was competition with New York that engendered the need for the placement of the rates to and from Hampton Roads on the same differentials under New York that applied to Baltimore.

Am I correct in assuming that your Exhibit TJF, to which you referred at page 9 of your verified statement, is introduced, among other things, for the purpose of bearing this proposition out?

A. That was for the purpose of showing the types of traffic one port versus the other in a measure, the answer to your question is yes.

Q. You show, don't you, for each commodity category, you show in TJF, the degree to which New York has succeeded in attracting more traffic than Hampton Roads, right?

A. And the types of traffic, one versus what the other got.

Q. You show the converse situation when it applies, when Hampton Roads has succeeded in a given type of traffic in attracting more than has New York, right?

A. Yes, sir.

Q. For instance, Hampton Roads hasn't been able to compete with New York for bananas, according to this [fol. 821] Item No. 51, because Hampton Roads got none, right?

A. I assume you are reading it correctly.

Q. Well, I wish you would refer to it and confirm it.

A. Where is it?

Q. I am talking about your Exhibit TJF, Item 51.

A. Item 51?

Q. Yes, sir.

A. That is what it shows.

Q. Yes.

And New York got 3659 more tons of forest products, NOS, that is No. 499, than—and Hampton Roads, 492 tons, right?

A. New York got 7953; is that what you said?

Q. New York got—

A. I don't think that is what you said.

Q. New York got 3659 tons more than Hampton Roads, is that right?

A. That is correct, yes.

Q. And Hampton Roads got 4294 tons?

A. Yes.

Q. In the commodity categories where New York's tonnage exceeds Hampton Roads, the total by which New York beats Hampton Roads, if you will allow me to use that terminology, is 564,680 tons in a year, right—as shown on page 6 of your TJF?

A. That is what the exhibit shows, insofar as the com-

[fol. 822] modities are concerned which New York got the most.

Q. Whereas Hampton Roads, in the other commodity categories, exceeds New York only by 211,347 tons in a year, right?

A. That is correct.

Mr. Hanifin: For clarification, may I inquire if that is only import traffic tonnages you are referring to, Mr. Keenan?

Mr. Keenan: Certainly.

Mr. Hanifin: Thank you, sir.

Mr. Keenan: You are welcome.

By Mr. Keenan:

Q. Hence, your conclusion follows, do I understand correctly, as you say on page 2 of your verified statement, it is competition with New York which has engendered the need for the placement of Hampton Roads' rates on the same differentials under New York that apply at Baltimore, right?

A. Yes.

Q. Now, it is true, isn't it, I guess as you pointed out, that in some of these categories Hampton Roads has done better than New York. Your exhibit says that, and you are surely willing to admit it.

A. The exhibit speaks for itself.

Q. An example of this would be Commodity No. 319, wouldn't it?

A. I'm willing to let the exhibit speak for itself on what it shows, if that will save any time. The exhibit is supposed to contain figures which were taken from other exhibits that have been entered into the record. I don't know [fol. 823] why we should go over each one.

Q. Well, on this particular commodity, 319, ores and concentrates, NOS, New York—may we suspend for one minute, Mr. Examiner?

Oh, yes, thank you so much.

On this Commodity 319, ores and concentrates, NOS, is a conclusion fair from your exhibit that New York has not been competitive with Hampton Roads?

A. When you get to talking about individual commodities, Mr. Lawyer, where what port is used is in many cases dependent on what the destination is, what the facilities at the ports are, and so forth.

I don't understand New York is equipped—not as bad off as Boston—but I don't understand they are equipped with facilities to handle ore as we are at Newport News.

Q. Mr. Jefferson, on these ores that we have been talking about, No. 319, with which port in your opinion is New York having the most trouble in competing, Hampton Roads or Baltimore?

A. I don't understand they have trouble competing with any ports on this type of traffic to amount to anything. I may be wrong on that, but I think that is a correct statement.

Q. It has facilities to handle fertilizers, No. 539?

A. New York?

Q. Yes.

[fol. 824] A. I am not familiar with whether they have or not.

Q. Well, it appears they handle some from your exhibit.

A. They handled 3,145 tons in this period.

Q. Yes.

New York has not what you might call been overly competitive with Hampton Roads on this commodity, has it, because Hampton Roads has handled 800 more tons a year than New York, right?

A. That is what it says.

Q. Now, on this commodity, fertilizers, No. 539, with which port in your opinion has New York had the most trouble in competing, Hampton Roads or Baltimore?

A. I don't know what the Baltimore figures are. I haven't got them down here.

Q. Well, just to make sure the record is clear on the matter, please refer to—I should like to find out whether some information in Mr. Mollman's MLM-5 is contrary to any information you have.

A. It is not supposed to be contrary.

Mr. Keenan: May the witness be instructed not to volunteer information until a question has been asked, Mr. Examiner? I have not finished asking my question.

The Witness: Mr. Examiner, I merely wanted to indicate that if there was a controversy, it was in New York—

Mr. Keenan: Just one minute.

[fol. 825] If the Examiner wants you to speak, I am the most eager person in the room for you to speak. But until that happens, I think you must refrain.

Mr. Macleay: Mr. Examiner, may I suggest that if counsel wants to be technical, he be instructed not to address any remark to the witness except in the form of a question?

Mr. Hanifin: That is just what I had on my mind. I thought the observations he makes are just as improper.

Exam. Boat: We will have no further exchange here on unnecessary matter.

By Mr. Keenan:

Q. Mr. Jefferson, on page 4, on the second line of the import section of Mr. Mollman's MLM-5, I find a commodity referred to as No. 539, fertilizers, NOS.

Is that the same commodity to which your exhibit TJF, page 4, refers to when it describes a commodity with the same number and the same description?

A. I have forgotten what page you said. What page did you say it was on?

Q. I said page 4 of the import section of Mr. Mollman's MLM-5.

A. What is the number again, please?

Q. 539.

A. That is supposed to be the same one.

Q. Now,—

A. It shows the same figure.

Q. Yes.

[fol. 826] Is it in accord with your information, Mr. Jefferson, that Hampton Roads is handled about 31 percent of the tonnage in that category?

A. I wouldn't question what this exhibit shows.

Q. This exhibit also shows that Baltimore is handling 37.3 percent, and New York only 24.8 percent.

Assuming that this information is correct, and reliable, on the basis of it, as a traffic man, can you tell me with which port New York is having the most trouble in competing to get this particular traffic, Hampton Roads or Baltimore?

A. You can't look at any one commodity without knowing where it is going or the circumstances and tell whether we could compete at all for this tonnage that New York got, or whether New York could compete at all for the tonnage that we got.

Q. Well, do I misunderstand your position in this case, Mr. Jefferson?

Do you feel that the volume of traffic moving through a port has nothing to do with the issues now before the Commission to which you have addressed yourself in writing up your evidence?

A. I think it does. I think the total volume, yes, the individual volumes is what I am saying the answer is no.

Q. Your proposition is the volume of all the commodities put together is important, but when we get down to cases on a given commodity, we should ignore volume; is that right?

[fol. 827] A. No. I said I do not know the details with respect to this fertilizer.

Q. I am not asking you to tell me anything about the details with respect to the fertilizer, because I am asking you to assume the truth of the facts reflected by page 4 of the import section of MLM-5.

On the basis of those facts, is the conclusion fair, that New York is having the most trouble with Baltimore in competing for these fertilizers and not Hampton Roads, because Baltimore has 37.3 percent and Hampton Roads only 31 percent? This is a simple proposition, I don't see why we should argue about it.

A. I am willing to concede Baltimore got the most of this business for this period.

Q. But in your opinion this has nothing to do with the evaluating of the competitive relationships between these three ports we have been talking about, New York, Baltimore and Hampton Roads?

A. I don't say it has nothing to do with it. I think as a part of the total volume, it does have something to do with it.

Q. Now, for clarity in the record, will you confirm my conclusion, my review of the evidence, that the same type of situation obtains with regard to commodities 539, wood pulp, as reflected in your exhibit—

[fol. 828] A. 539 is fertilizer.

Q. Excuse me, 653; which is wood pulp, 693, which is glass, and 735, which is rope and cordage.

A. I'll let the exhibit speak for itself on that subject.

Q. Well, you and I have some difficulty interpreting what this exhibit means, Mr. Jefferson, and it is precisely because we are not evidently in complete agreement as to what conclusions should be drawn from it that I think it is worth while to have your advice in the record.

Mr. Hanifin: Mr. Examiner, I object to the question, because it is arguing with the witness.

Mr. Keenan: I withdraw it. I certainly didn't mean to argue. I only meant to explain why the question is being asked, and you are perfectly right, Mr. Hanifin. I shouldn't do it.

The witness isn't entitled to the explanation.

By Mr. Keenan:

Q. Even though Hampton Roads has outdone New York on these commodities to which I have just referred, its most difficult competition is Baltimore and Philadelphia, and not New York, right?

A. I think I can make a statement of our position that should satisfy you.

Q. I doubt this, but go ahead.

A. We have a large railroad, as I have just explained. Our railroad has an efficient export-import sales and ser-[fol. 829] vice department. To give you an example of how definitely we feel that New York City has substantial control over all of the tonnage, the majority of the tonnage, a vast majority of the tonnage that goes through North Atlantic ports, we have had the headquarters of that world commerce department of the Chesapeake and Ohio Railway located at New York ever since I can remember.

The many reasons—

Q. Just a minute, sir, please. You can continue if the Examiner will let you.

Mr. Keenan: Mr. Examiner, I think the witness will have to be requested not to continue with his volunteered statement because, first of all, I don't think it is relevant; and secondly, it hasn't been within the area I have been talking about at all, where their world commerce department is.

Exam. Boat: It looks like you will have to continue by asking questions.

Mr. Keenan: I think that is probably the wiser course.

By Mr. Keenan:

Q. Now, Mr. Jefferson, aren't there similar groups of tonnages in your TJF where Hampton Roads has been outdone by New York, where New York has got more tonnage than Hampton Roads?

A. Yes, sir.

Q. But where Hampton Roads' most difficult competition has not been New York, but either Baltimore or Philadel- [fol. 830] phia? Is there any doubt in your mind about that?

A. There are some tonnages that the majority go through one port, the others, the majority goes through the other.

Q. My question was, are there some tonnages where Hampton Roads' most difficult competition has been not with New York but either Baltimore or Philadelphia?

A. I don't question that.

Q. Now, just for the record, I should like you to tell me whether some of these commodities don't fall within that category. I am referring now, of course, to the commodity numbers and descriptions listed on your TJF, beginning on the first page.

No. 31, right?

Mr. Hanifin: E or F?

Mr. Keenan: I'm on the first page of TJF, No. 31.

By Mr. Keenan:

Q. You will find that reported on page 5, at line 3 of Mr. Mollman's exhibit.

A. You want me to look back at that? If you are reading from that, I will accept whatever it says.

Q. Well, what I'm asking you is whether the commodities I'm identifying to you are not the commodities you and I have not just now been discussing, with regard to which Hampton Roads' most difficult competition has not been New York but either Baltimore or Philadelphia?

Mr. Hanifin: Mr. Examiner, I object. It seems to me this [fol. 831] line of cross-questioning is predicated entirely upon the fact that there may be or may not be a larger amount of tonnage through any particular given port.

We will stipulate the fact that as stated in Mr. Mollman's exhibit, it is correct, that insofar as drawing inferences from it, I think that is something that is hardly relevant here at this time.

Mr. Keenan: The witness has advised me, Mr. Examiner, that he draws the conclusion from this exhibit that the prime consideration has been and is now the necessity for the maintenance of rates to and from Hampton Roads, which would permit some measure of competition with the Port of New York.

And this exhibit, he says, supports the proposition that Hampton Roads' primary necessity is differentials under New York, and it doesn't matter whether Hampton Roads has to deal with Baltimore or not.

Now, it just doesn't follow from the facts, in my opinion —of course, that opinion is far from evidence—this interrogation is merely to establish the facts that do bear on that, and to determine whether there is a discrepancy between the facts and the conclusion that Mr. Jefferson draws from it.

Mr. Hanifin: Mr. Examiner, I submit that is precisely a matter which should be handled on brief, rather than going through the detail of finding, in which instance which port had the major amount of traffic.

[fol. 832] It is all here laid out for us in a factual manner, and it seems to me to be an unnecessary burden on the record to simply—

Exam. Boat: If the only purpose is to point out those particular categories of traffic, Mr. Keenan, I think the evidence will disclose that without putting it on the record.

The statement itself will show where the preponderance of the traffic occurs.

Mr. Keenan: Mr. Examiner, I should like to accept your advice or ruling, whichever it is.

I wonder if I may be indulged just so we may have a convenient record for the purpose of reading it over and briefing it, just reading the 13 or 14 numbers that I note? I don't mean to suggest them as evidence at all—that I note that might fall within the category we have been discussing?

Exam Boat: Very well.

Mr. Keenan: Referring to TJF, I have reference to Commodity Nos. 31, see Mollman page 5, line 3; Commodity 51, see Mollman page 3, line 29. Commodity 61, see Mollman, page 4, line 15.

Commodity 235, see Mollman page 4, line 21.

Commodity 319, see Mollman page 5, line 1.

323, see Mollman page 5, line 5.

339, see Molman page 4, line 31.

411, see Mollman page 4, line 22.

[fol. 833] 499, see Mollman page 4, line 13.

527, see Mollman page 4, line 14.

533, see Mollman page 3, line 39.

539, see Mollman page 4, line 2.

545, see Mollman page 3, line 32.

Commodity 555, see Mollman page 4, line 25.

569, see Mollman page 4, line 24.

Commodity 573, see Mollman 4, line 2—Line 20.

Commodity 577, see Mollman page 4, line 8.

Commodity 581, see Mollman page 4, line 10.

Commodity 583, see Mollman page 3, line 37.

Commodity 587, see Mollman page 4, line 1.

Commodity 639—

Exam. Boat: We have about 15 already. I thought you said there were 13.

The Witness: He is still going strong.

Mr. Keenan: I underestimated, I am afraid, Mr. Examiner. I have by actual count 12 to go.

Mr. Gillan: Mr. Examiner, I haven't said anything in this hearing so far, but apparently this cross-play of counsel has gone just a little too far for the bounds of reason.

Mr. Walker earlier made a statement—

Exam. Boat: Do you have an objection?

Mr. Gillan: I have an objection.

Exam. Boat: To the question asked?

[fol. 834] Mr. Gillan: To the question and the procedure being employed now. I am buying this record also, and interested in keeping the wordage down within reasonable limits.

Exam. Boat: I think this identification will be helpful. We can spot these items easier.

Mr. Keenan: It has been hours' work to put these together, and somebody else that wants to do it, will appreciate the correlation.

Mr. Langdon: This is just a waste of time.

Mr. Hanifin: If the Examiner please, I would like to make one observation, since this thing is now beyond the stage of cross-examination with the introduction of evidence by counsel, I think as a matter of fact in all propriety this should be put in by his own witness, not by himself on this record.

I frankly object to the procedure employed, but completely apart from that, in this particular instance he apparently is relying on some tonnage figures and it is perfectly evident from Mr. Mollman's exhibit that there is no way to determine where that tonnage originated or where it terminated, because we have different differential lines in CFA.

And I frankly think that it is absolutely irrelevant and meaningless and incompetent until it could be identified for some purpose more precise than it is being used for now.

I frankly object to the introduction of this evidence by Mr. Keenan.

[fol. 835] Exam. Boat: I don't think we need to go further, Mr. Hanifin. If he wants to point out those that can be done on brief, the comparable showing in Mr. Mollman's exhibit.

Mr. Keenan: I have a short distance to go. Should I stop now or should I complete it?

Exam. Boat: I think so. You have indicated those of the nature you were talking about.

The Witness: I couldn't keep up with him, but I'm looking at Item 527, chemicals.

I know for a fact that a lot of the movement of chemicals has to go through New York because of ship sailings.

By Mr. Keenan:

Q. Would you be surprised to find out that—

Mr. Hanifin: I think it is irrelevant whether Mr. Jefferson would be surprised. I object. I think the question is improper.

Exam. Boat: He hasn't asked the question yet.

Mr. Hanifin: He said "Would you be surprised." I think that much is objectionable.

Exam. Boat: Can you restate the question?

Mr. Keenan: Yes, sir.

By Mr. Keenan:

Q. Would you be surprised—

Mr. Hanifin: I object. That is an improper question, as to whether Mr. Jefferson would be surprised about anything.

Mr. Keenan: Can I finish, please?

By Mr. Keenan:

Q. Would you be surprised, Mr. Jefferson, to find out [fol. 836] that 5.418 tons of No. 527, Chemicals, NOS, representing 78.4 percent of the total moved through Philadelphia during this period we have in mind?

Mr. Hanifin: If the Examiner please, I object to the question. I think it is irrelevant whether Mr. Jefferson is surprised about anything.

Exam. Boat: He can ask him whether he is aware of that fact.

The Witness: I see it on the exhibit here, and that doesn't change my statement at all that some has to go through New York because of ship sailings, ships that go into New York that do not go into some of the other ports.

By Mr. Keenan:

Q. Do you think more than 17 percent goes through New York?

A. Yes, I think normally, probably it does. That is based on what informed judgment I have on the subject of chemicals.

Q. Would you agree with me, then, Mr. Jefferson, that that would be an indication at least of one instance of error in the—

A. Not at all.

Q. May I finish the question, please, sir?

A. Go ahead.

Q. (Continuing) —an indication of error in the compilation of Exhibit MLM-5?

A. Not at all. This is for a specified period, this exhibit.

[fol. 837] Q. It would be an indication, then, that period was not properly representative with regard to this commodity, wouldn't it?

A. I don't know anything that differs any more than the import-export movements of any commodity.

Q. You mean, if I understand you correctly, sir, it is very difficult to get a representative period with regard to this, and you can't rely on one, is that right?

A. I don't think there is a representative period on import-export traffic.

Q. Do you think the commodity figures that Mr. Mollman has developed here have any value?

A. Yes. In the over-all.

Q. Well, with respect to these commodities that we have been discussing, Mr. Jefferson, do you think that the Port of Hampton Roads needs a rate parity with Baltimore and Philadelphia in order to compete with Baltimore and Philadelphia?

A. To the extent that they compete with those two, I would say yes, although I am not changing my statement that we regard New York as our main competitor as a port.

Q. Do you figure that you need a differential under Boston to differential territory in order to compete with Boston?

A. I hadn't given the Boston situation any study, and really didn't know until this week why Boston didn't get more than they do get.

Q. I don't think that is responsive to the question.

[fol. 838] I wanted to find out whether you thought you needed a differential under Boston in order to compete with Boston.

Mr. Keenan: May the witness confine himself to the question asked, Mr. Examiner?

The Witness: From what I now understand about the Boston situation, I don't regard it as a real competitor; 16 cars a year I don't regard as a real competitor of the wonderful Port of Newport News.

By Mr. Keenan:

Q. Now, you say at page 4 of your statement, Mr. Jefferson, down there at the bottom, experience has shown that export and import traffic will not move via Newport News where the rates are the same as those applying via New York.

You are referring to the territory between the Buffalo-Erie, and the Sandusky-Mansfield Line, is that right?

A. I am referring to the territory where, as compared with Newport News, I think you have far more than you are entitled to at Boston.

Q. I don't know who you mean by "you."

A. You represent the Boston interests, I understand. I say the same thing for New York, too.

Q. Sure.

Have you informed yourself, then—I certainly assume you have, but let me just confirm it—in order to make this statement, have you informed yourself as to the tonnage moving to and from this intermediate territory between the [fol. 839] Buffalo-Erie Line and the Sandusky-Mansfield Line?

A. It is my general information—

Q. Just a minute before you tell me what that information is, I want to know whether you have informed yourself.

A. Yes, sir.

Q. Tell me how you have informed yourself before you tell me what you know. How did you get this information?

A. I have been in the making of freight rates for many years, and I have tried to keep up in a general way with the movements. That background is the result of this statement here.

Q. Sure.

Now, has your information—before you tell me what it is, Mr. Jefferson, has your information included—and I certainly imagine it has—tonnage moving between the inland territory in question and New England, the Port of Boston, for instance?

You just told me that first the New England railroads get more than they deserve, so I assume you know what they are getting, right?

A. I say you have a rate adjustment you don't deserve as compared with Hampton Roads, insofar as this territory in between, Buffalo-Pittsburgh line, and the Sandusky-Mansfield, New York line.

Q. Do you know what the tonnage is that moves from that inland territory to any ports other than Hampton Roads?

[fol. 840] A. I do not. I do know it is a very productive territory.

Q. But you don't know what the tonnage is that moves to any port except Hampton Roads, from this territory or to it?

A. That is correct.

Q. Well, regardless, then—

A. Specifically, I mean, when I say that is correct.

Q. This is in spite of the fact that your close contact with the situation, as a railroad executive, as you have just told me about it, and your long experience in evaluating traffic figures, right?

A. All right, based on my long experience, I will say that I understand that this territory involves some of the most important tonnages that the ports to the north of us have.

Q. But you don't know in what volume it moves to what port, right?

A. That is correct—specifically.

Q. Of course, then, you don't know—well, when you answered my last question, you understood me to be including the ports of Baltimore and Philadelphia in my inquiry, didn't you?

A. Yes.

Q. You, at page 9 of your statement—pages 9 and 10, you list some military installations, Mr. Jefferson.

Would they be affected by an increase or a decrease of ocean traffic through Hampton Roads?

A. I was just talking about the importance of the Port [fol. 841] of Newport News and so forth insofar as the national defense is concerned.

Q. Sure. Your answer to my question is no, with that explanation, right? Do you have the question in mind?

A. I am not certain whether there is any transit arrangements that would result in a joint through rate, import applying or not. I don't know that there are.

Mr. Keenan: What did the witness say, please?

Exam. Boat: He didn't know if there was any transit arrangements at these installations which would apply on export and import traffic.

Mr. Keenan: Thank you, Mr. Examiner.

By Mr. Keenan:

Q. You don't know of any?

A. That is right.

Q. Will the rates under discussion in this case, Mr. Jefferson, affect these installations?

A. If the Port of Newport News should dry up it would, I think, affect the national defense. The port was used largely in world wars.

Q. Would the rates here under discussion affect these installations, Mr. Jefferson?

A. If the Port of Newport News dried up, I would say so.

Q. How?

A. I say Hampton Roads—I include Norfolk in this.

Q. How?

[fol. 842] A. Because some of these installations, I assume, are located where they are because of their ability to import or export through Hampton Roads.

Q. Why do you assume that?

A. Because they have been so largely used in the past.

Q. They have been what?

A. So largely used in the past.

Q. So largely used?

A. Yes.

Mr. Hanifin: Largely.

By Mr. Keenan:

Q. What have been so largely used? I'm sorry, sir, I'm just not understanding you.

A. The Port of Hampton Roads has been so largely used in the past in connection with these installations.

Q. Somewhere in your evidence, is there an estimate or an explanation of what the coal tonnage is through Hampton Roads?

A. No, sir. Not except as might be included in some overall tonnage.

Q. What is that annual tonnage, the most recent 12-month period you can think of, approximately, Mr. Jefferson?

A. I would rather not guess at it. Coal does not come—

Q. Surely you can tell me whether it is 15 million tons or 2 million tons or 5 million tons.

A. It has been very substantial.

Q. I would like you to tell me of what order it is. For [fol. 843] goodness sakes, isn't this tonnage important to your railroad?

A. I say it has been very substantial.

Q. Isn't this tonnage important to your railroad?

A. Very.

Q. Aren't you acutely aware of what the volume of that tonnage is, as a traffic man?

A. I am not going to guess at it. It is very substantial.

Q. That doesn't answer my question.

Mr. Hanifin: If the Examiner please, Mr. Jefferson is the freight traffic manager, as Mr. Crowl put it, on the merchandise side of the house. I don't know as he has any detailed knowledge of what the coal tonnages are, other than in a general way. I think he is hardly a proper witness for this type of questioning.

Exam. Boat: I think that he has testified as to traffic volumes here, if he knows.

Mr. Hanifin: Nothing about coal, if the Examiner please. It is not involved in the proceeding. I would have thought it to be irrelevant had we put it in.

Mr. Keenan: I will withdraw the last question if there is an objection pending, but I confess I am interested in your management there just a little bit, Mr. Jefferson.

Exam. Boat: Let's go to the next question.

By Mr. Keenan:

Q. Is counsel right, you don't have anything to do with the traffic management of coal traffic?

[fol. 844] A. That is correct.

Q. Is there somebody who is in charge of that with the Norfolk and Western?

Mr. Hanifin: C&O.

By Mr. Keenan:

Q. Excuse me. The C&O.

A. We have a coal traffic manager, if that answers you, yes, sir.

Q. What is his name?

A. R. J. Beatty.

Q. You have never had any occasion to learn from him what at any period you can think of—any annual period you can think of, what Hampton Roads' coal traffic was?

A. I am not going to guess at it. Substantial is as near as I am willing to approximate it.

Q. I didn't ask you whether you were going to guess at it. I asked whether you had any occasion to learn from Mr. Beatty, what the volume of your coal traffic has been for any 12-month period in the past.

A. I can say this, with one exception, coal has represented more than 50 percent of our revenue for the last several years. I can tell it to you in that sort of language.

Q. Thank you for that information, but it still doesn't answer my question.

My question was, have you never had any occasion to learn from Mr. Beatty what the volume of your coal traffic [fol. 845] has been during any 12-month period during the past?

Mr. Hanifin: For clarification: Mr. Keenan, are you talking about our lake tonnage, our domestic tonnage, our tide tonnage, or tonnage delivered to connections?

Are you talking about the C&O's tonnage, Hampton Roads' tonnage, or what are you talking about, sir?

Mr. Keenan: Mr. Examiner, I don't know whether there is an objection or not.

Mr. Hanifin: There is, until the question is clarified what Mr. Keenan wants.

Mr. Keenan: I think the question is perfectly clear, but I claim it.

Mr. Hanifin: I don't know what you mean by "claim" it.

Mr. Keenan: I won't withdraw it.

Mr. Hanifin: Can we have the question read to see if it is clear, if the Examiner please?

Exam. Boat: It is sometime back there.

(Question read.)

Mr. Hanifin: That is what I had in mind. He said the volume of our coal traffic. It is so ambiguous it is impossible to be answered.

By Mr. Keenan:

Q. Any volume of coal traffic handled by the C&O.

A. I gave it to you as far as the gross income for the last several years, with one exception, with the exception of one [fol. 846] year, it has amounted to more than 50 percent of our over-all gross revenue.

Mr. Hanifin: If the Examiner please, sir, if you believe this to be of relevance, I will furnish the coal tonnage of the C&O on some basis that doesn't disclose confidential business statistics.

Now, if you conclude that this matter is of some substance and concern to this record, all right, but I see no purpose in continuing to ask this witness.

Exam. Boat: I don't see how it can be of any value. You have coal tonnage moving to the lakes and all over.

Mr. Hanifin: We have it to the lakes, to the connections. Do you do it on the basis of the originated tonnage, terminated tonnage, or tide, what purpose is it for?

Mr. Keenan: I can explain this very rapidly and briefly. The witness said Hampton Roads is in dire jeopardy as he calls it of drying up, therefore these military installations, and assumedly the welfare of millions of people will be seriously harmed.

I want to merely find out how much coal tonnage there is moving through Hampton Roads to any—to figure out what would happen to Hampton Roads if it never got another pound of merchandise traffic. I will accept counsel's offer.

Mr. Hanifin: I am going to object to the question, because that assumes that on the basis of coal tonnage we would [fol. 847] continue to maintain some merchandise wharves and docks down there over which not a pound of coal moves and for which there would be absolutely no purpose. And it would seem to me to be, in the least, imprudent management to continue to maintain some wharves and docks down there simply because you were also moving coal through piers at the same port.

I object. I object to the question. I think it is absolutely irrelevant.

Mr. Keenan: We spent 20 minutes, almost, concerning just one fact, how much coal moves through.

I will take it in any form. I don't want any business information, I don't care where it comes from, I just want to know what the gross coal tonnage is that moves through Hampton Roads via the C&O or all of the roads, if they will give it to me. And it wouldn't be relevant unless there had been a suggestion made that Hampton Roads is going to dry up without differential territory tonnage.

Mr. Claytor: May I point out something, Mr. Examiner?

The evidence in this case, I believe some exhibits introduced by Witness Day, show the tonnages through Hampton Roads, and I believe in one exhibit it shows the coal tonnage.

This matter is already of record, and I don't see what we are arguing about here. If counsel had bothered to familiarize himself with it, he would not have had to go into this.

Mr. Keenan: That is not the case, I am advised, Mr. [fol. 848] Examiner. That evidence is Army Engineers, and is not specifically for the C&O.

Mr. Claytor: Do you want it for the C&O, is that the purpose of your question?

Mr. Keenan: I meant thereafter to seek it for the Norfolk and Western.

Mr. Claytor: The statistics which appear of record in this proceeding show the total coal moving through Hampton Roads, all railroads, C&O, the Virginian, and the Norfolk & Western, there are no others.

Mr. Hanifin: Did I observe you could not see the relevance of this information for the record? If that is so, I withdraw my offer to furnish it, because this record has been burdened already.

Exam. Boat: I don't see the relevance of all coal tonnage handled. I can see some relevance, perhaps, of coal tonnage through Hampton Roads, but if that figure is in the record as you say, I don't think it should be furnished.

Mr. Claytor: Yes, it is in the record.

Exam. Boat: Very well, we won't require this witness to furnish it.

By Mr. Keenan:

Q. It is clear from your testimony, Mr. Jefferson, in your opinion, any decision in this proceeding will not affect the movement of coal through Hampton Roads, will it?

[fol. 849] A. I don't think that a decision in this case will affect coal through Hampton Roads in any immediate future.

Q. And this coal contributes to the continued availability of Hampton Roads for defense purposes, doesn't it?

A. As long as it lasts.

Q. Pardon?

A. As long as the flow of export coal lasts.

Q. And it contributes to the economic health of your railroad, doesn't it?

A. As long as it lasts. It is a sporadic thing. Down through the years, it is a sporadic thing.

Q. Therefore, isn't it true, Mr. Jefferson, the rates in question, concerning commodities other than coal, are much more important to a railroad like the New Haven, that doesn't have this coal, than to the Norfolk & Western or the C&O, which does have it?

Mr. Hanifin: May I have the question read, please?

(Question read.)

The Witness: Substantially, I don't understand you have either.

Mr. Keenan: I think I will conclude the examination with that answer.

Exam. Boat: Very well.

Mr. Keenan: My examination.

Exam. Boat: Is there further cross?

[fol. 850] Mr. Hanifin: I have one question.

Redirect examination.

By Mr. Hanifin:

Q. Mr. Jefferson, are any of the facilities over which general cargo and merchandise traffic handled through the Port of Newport News, the same facilities as those through which coal is exported?

A. I understand that they are not.

Mr. Hanifin: That is all I have.

OFFER IN EVIDENCE

Exam. Boat: Do you offer the exhibit?

Mr. Hanifin: May I at this time, if the Examiner please, offer in evidence Exhibit No. 68?

Exam. Boat: It will be received.

(Protestant's Exhibit No. 68, Witness Jefferson, was received in evidence.)

Mr. Keenan: Mr. Examiner, I question briefly—

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

The witness is excused.

(Witness excused.)

Exam. Boat: The next witness.

George Roach was sworn and testified as follows:

Mr. Foley: Mr. Examiner, what time are you planning to close?
[fol. 851] Exam. Boat: In about 15 minutes.

Direct examination.

By Mr. Hanifin:

Q. Mr. Roach, have you prepared for introduction in evidence in this proceeding a statement of 33 pages and accompanying exhibits which are dated under the verification of February 18, 1958?
A. I have.

Mr. Hanifin: Let the record show at this time that a verified copy of this statement and exhibits—
Exam. Boat: It may be identified as Exhibit No. 69.

(Protestant's Exhibit No. 69, Witness Roach, was marked for identification.)

By Mr. Hanifin:

Q. Mr. Roach, since the preparation of this evidence, have you found errors in your Exhibit GR-13?
A. Yes, I have. I found a slight correction to be made in the tabulations, which is a clerical error, but it doesn't change very substantially the average gross tonnage per ship.
Q. Will you please read, sir, for the record, those corrections?
A. What we have to do on this is change each month the number of ships. Presently, it reads: January—

Exam. Boat: What page, please?
The Witness: I am sorry. GR-13.
Mr. Colgren: It is the last page.
The Witness: It is the last page of the exhibits.
[fol. 852] Exam. Boat: Of all of the exhibits?
The Witness: Yes, sir.
The month of January 1957, presently shows 102 ships.
Exam. Boat: Read the correct number.

The Witness: All right. It should be 101, 67, 144, 110, 144 and 123, which will change the total to 689 ships.

Now, against the total cars in the next column, the first one is correct. The second one should be changed to 869. The next is 1751. The next, 1282. The next, 1471, and the last one, 1733 cars.

The only other changes are in the gross tonnage in the last month, which would be June 1957. That gross tonnage should show 37,963.39, and that will change the total to 171830.94. And it changes the average gross tonnage per ship to 249.39 gross tons per ship.

By Mr. Hanifin:

Q. Mr. Roach, in your testimony you have used 250 tons; is that correct?

Mr. Welsh: Mr. Examiner, may I interrupt a minute? I didn't get the last figure.

Exam. Boat: Off the record.

(Discussion off the record.)

[fol. 853] Exam. Boat: On the record.

(Question read.)

The Witness: That is correct.

By Mr. Hanifin:

Q. Then there will be no necessity to change any tonnage figures used in your verified statement, because the corrected figure is substantially the figure as the one which was submitted in error?

A. That is right.

Cross examination.

By Mr. Miller:

Q. Would you turn, please, to your Exhibit GR-1, which is the chart of the pier facilities at Newport News?

A. Yes.

Q. Are those all of the C&O piers at Newport News?

A. Yes, with this exception, that on this engineer's drawing, if you will look at what is called Pier No. 9, we have since this drawing was made built a bulk handling pier.

Q. Isn't it true that the principal use of these piers is for unloading of bulk cargo?

A. The use of all these piers in Newport News?

Q. Yes.

A. No, sir, that is not true.

Q. Well, to what extent are these piers used for loading ships with general merchandise cargo?

A. We confine the loading of general cargo traffic to [fol. 854] Piers 4, 5, 6, and Pier 8.

Q. What piers are used for loading of coal?

A. For loading of coal, they will be piers 14, and 15, not shown in this diagram so far as I know. No, they are not. The coal piers are not shown on this diagram.

Exam. Boat: The title indicates merchandise pier facilities.

Mr. Miller: Yes.

By Mr. Miller:

Q. Now, what quantities of general merchandise are loaded at one single time at these piers?

A. At one single time?

Q. Yes. How much cargo is delivered to the ships at these piers?

A. Going to that average, it is 250 tons as an average, which depends on the vessel and the type of cargo involved, and so forth.

Q. How many vessels a year come into those piers for only 250 tons?

A. Well, for half a year there were 1200-some, weren't there? I would have to make a tabulation of that, I don't have it—oh, yes, 1216 for a year-period, from July, 1956, through June, 1957. There were 1216 ships.

Q. Those ships actually dock at those piers?

A. Not in all cases, no. It is an export delivery to a steamer at Newport News, or in a minor number of cases a lighter delivery alongside the steamer somewhere in the [fol. 855] Hampton Roads area, other than Newport News, presumably Norfolk.

Q. Your figures do not mean those ships all come and dock at those piers, do they?

A. Not all, but a very small percentage of them we lighter to at Norfolk.

Mr. Hanifin: If you please, Mr. Miller, I think Mr. Roach may have misunderstood your question, because I think he gave you 1216 ships from an exhibit which on GR-7 refers to carloads of general cargo exported at Newport News. I wanted the record to be clear.

By Mr. Miller:

Q. It did seem like a large number of ships to come for 250 tons of freight.

A. Granted. I haven't got it tabulated for a year, but I have it for half a year, 689. That is the exhibit I meant to grab. I grabbed the wrong one.

Q. 689 ships actually docked at those piers?

A. No, it would be the same situation as I explained now.

Q. How many do dock at those piers?

A. We lighter a very small percentage of our export and import traffic. It is way less than 10 percent, so far as I know.

Q. Do those ships that dock at those specific piers also dock at the Norfolk piers?

A. Frequently some do, yes. Not always. We have a lot of steamship service at Newport News that doesn't touch Norfolk.

Q. Isn't more often the case when they come in for only [fol. 856] 250 tons that they have also docked on the other side of the river?

A. That I am not sure of. Business is pretty lean these days.

Q. Mr. Roach, your testimony relates principally to competitive traffic with New York and also mentions some of the Canadian ports.

Do you find any competition with the other North Atlantic ports?

A. Yes.

Q. Boston?

A. Not so much Boston, I haven't noticed particularly, possibly because our line of movement doesn't lend itself to the tonnages moving via Boston.

Q. Portland?

A. Nor Portland, the same situation.

Q. Albany?

A. Albany, to my mind, is a grain port, we are not in the grain business at Newport News.

Q. How about Philadelphia?

A. Philadelphia, yes. There is some competition.

Q. Baltimore?

A. Baltimore is some competition.

Q. Well now, do you have any objection to equalization of rates as between Hampton Roads ports on the one hand and these ports north of New York City like Albany and [fol. 857] Boston and Portland and the like?

A. Albany and Boston and Portland?

Q. Yes.

A. I don't know. I'm unable to reach any conclusion with regard to those ports. My principal competition is New York.

Q. If Portland and Boston and Albany had the same export-import rates to and from differential territory as Hampton Roads, do you think that would have any competitive effect on C&O traffic?

A. It might. We don't fare so well when we are operating against equal freight rates with somebody else.

Q. You don't know?

A. I don't know. I would rather not make any comment.

Mr. Miller: That is all I have. Thank you.

Mr. Hanifin: Would anybody else like to go ahead? Is Mr. Keenan the only other one who wanted to cross examine? Has he gone?

Exam. Boat: Yes, I think so. It is almost a quarter of five. I think we will adjourn now until 9:30 a.m., Tuesday morning, February 25, 1958.

(Whereupon, at 4:45 p.m., the hearing adjourned to reconvene at 9:30 a.m., Tuesday, February 25, 1958.)

[fol. 858]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I & S Docket No. 6615

FSA Docket No. 32204

[Title omitted]

Met, pursuant to adjournment at 9:30 a.m.

Before: Marion L. Boat, Examiner.

APPEARANCES:

As heretofore indicated.

[fol. 860]

PROCEEDINGS

Exam. Boat: Come to order please, gentlemen.

GEORGE ROACH, a witness, previously sworn, resumed the witness stand.

Exam. Boat: We will excuse the witness temporarily.

(Witness temporarily excused.)

Mr. Langdon: Mr. Examiner, before Mr. Hamill's cross-examination begins, I should like the record to show we shall not require the subpoena requested from the Examiner for Mr. Ralph M. Binney. He is Chairman of the Advisory Council to the Port of Boston Commission and we wanted Mr. Binney to authenticate the reports of that Advisory Council.

Over the weekend we have made arrangements with a member of that Advisory Council to appear and to appear voluntarily, to authenticate these reports at the March 25th hearing, and for that reason we do not need the subpoena.

Exam. Boat: Thank you.

Mr. Keenan: Mr. Examiner, I would like to find out who that witness is, if counsel cares to disclose his identity.

Exam. Boat: Can you indicate, Mr. Langdon?

Mr. Langdon: Mr. Herbert S. Evans.

Mr. Miller: Mr. Examiner, I wonder if we could go off the record and indicate the order of witnesses.

Exam. Boat: Off the record.

(Discussion was off the record.)

[fol. 861] Exam. Boat: On the record.

W. S. Hamill was sworn as a witness and testified as follows:

Exam. Boat: Proceed.

Direct examination.

By Mr. Macleay:

Q. Will you state your name and business connection for the record, Mr. Hamill?

A. My name is W. S. Hamill.

I am director of the Business Research Department of the Baltimore Association of Commerce.

Q. Did you prepare, and were there distributed to the parties in this proceeding, two verified statements identified as WSH-A and WSH-B?

A. I did.

Q. Are they true and correct to the best of your knowledge, information and belief?

A. They are.

Mr. Macleay: May I ask, Mr. Examiner, these statements be marked for identification, I suggest with a single number and a sub-designation of A and B, together with the attached—

Exam. Boat: I think we had better give these two separate exhibit numbers. Don't like to use letters.

Mr. Macleay: I am merely following what we did in one earlier instance.

[fol. 862] Exam. Boat: I think we had better give them two separate numbers.

Mr. Macleay: Then I suggest, sir, WSH-A and Exhibit WSH-1 be given the same number?

Exam. Boat: That will be identified as exhibit 70.

(Exhibit 70, Witness Hamill in support of Protestants was marked for identification.)

Exam. Boat: The other WSH-B.

Mr. Macleay: WSH-B and exhibits WSH-2 and WSH-3 should be given the same number.

Exam. Boat: Those will be identified as exhibit 71.

(Exhibit 71, witness Hamill in support of Protestants was marked for identification.)

Mr. Macleay: The witness is tendered for cross-examination.

Cross examination.

By Mr. Moerman:

Q. Mr. Hamill?

A. Yes, sir.

Q. Will you turn, please, to your verified statement WSH-B and to page 26 of that statement.

Have you been in the hearing room during preceding sessions of this hearing?

A. Only last Friday, sir.

Q. Only last Friday?

A. Last Friday morning and a little bit in the afternoon.

[fol. 863] Q. There has been some discussion concerning the meaning of the term "general cargo."

Looking at your table, taken from the Corps of Engineers study, tell us what your understanding of the term "general cargo" is, so far as maritime trades or practices are concerned?

A. Well, it is my understanding general cargo is anything that is boxed or barreled or wrapped up or even in some instances in some kind of a package, or it might even be by the piece—certain things could be shipped by piece, without being in any particular carton or anything.

So we generally look at it in the term of package cargo.

We went down the line. I think I have something here that shows what we included in our breakdown.

Q. Well, now—

Exam. Boat: In that connection, may I ask here, the first item, general cargo, excluding raw sugar.

Now, is raw sugar considered general cargo?

The Witness: Well, the reason we cut that out of there, it could be, the fact that we used the Philadelphia breakdown, and they had a separate figure calculated for raw sugar, we followed their same general procedure by isolating that one commodity.

Exam. Boat: Doesn't it move in bulk, generally—raw sugar?

[fol. 864] The Witness: It could be moved in bulk, yes, sir.

Exam. Boat: I understand a good deal of it does.

Well, I do not know, perhaps you can clear this up. It is confusing to me.

The Witness: That was excluded out of there anyhow. Sugar would not be in our general setup of general cargo.

By Mr. Moerman:

Q. Let me ask you this question, Mr. Hamill:

Would you say that general cargo excludes, looking at page 26, raw sugar, crude oil, tanker cargo, miscellaneous bulk likewise, coal, grain, ores—I have already named raw sugar.

A. Yes, sir.

Q. And other miscellaneous bulk cargo?

A. The general cargo would exclude all of those, yes, sir. I would say so.

Q. You would say so.

Now, it has been shown in this case, in witness Mollman's exhibit MLM-5—that in excess of one million tons of ores and concentrates moved via the Port of Baltimore in a given year.

Would you know whether or not that tonnage moved exclusively in shiploads?

A. No, I would not, no, sir.

Q. If it moved in shiploads, I take it you would characterize the cargo as general cargo, is that right—

Mr. Macleay: Could I have that question read, please? [fol. 865] I seemed to have missed it.

Exam. Boat: Please read it, Mr. Reporter.

(The question was read back.)

Mr. Macleay: Is that what you meant?

Mr. Moerman: No, I made a mistake.

By Mr. Moerman:

Q. I take it you would characterize the cargo as bulk cargo?

A. If it moved in shiploads. If ores came in sometimes they could be put in general packages, or one thing and another, and that would qualify under the general definition of general cargo.

Q. Tell me, if you know, when ores moved in bulk cargo, as bottom cargo or otherwise, whether it is invariably true, they are packaged, boxed, or put in drums or barrels?

A. I am not familiar with the manner in which these were compiled from the U.S. Army Engineers reports, from a statistical standpoint. I did not go into any aspect of how the movement might go to and from Baltimore.

Q. I see; that brings me to my question whether, in connection with your exhibit WSH-1 the title of which indicates that you are showing service provided by vessels carrying general cargo for the period shown, such vessels carry not only general cargo by your definition, but also so-called bulk commodities in less than full cargo lots, would you know that?

[fol. 866] A. Well, we used the U. S. Maritime basis sheets for the determination of the material included in the green book there, this WSH-1. Their record would show whether it was a bulk cargo or ballast or army cargo, or general cargo. There was no attempt to correlate this table G with the material presented in WSH-1.

Q. But, isn't it a fact that is used by the maritime administration? A. Yes, sir.

Q. The term "general cargo" refers to the vessel and that there is no way in telling from the sheets what the lading of the particular vessel was or is or will be?

A. Well, it shows that, if it comes in with certain symbols, it has general cargo coming in or going out or between ports, because, if it goes in in ballast, or in bulk, it would carry a different symbol.

Q. But if it shows that it contains general cargo, does that mean that the entire lading is general cargo or that some of it is general cargo?

A. Conceivably some of it could be general cargo, but—I mean, it could be bulk cargo, but the preponderance on there, no doubt, would be general cargo, or they would not revert to it or refer to it as a general cargo vessel.

Q. Isn't it a fact that it is important in the maritime trades for practically all vessels except luxury liners, pas- [fol. 867] senger liners, to attempt to obtain bottom cargo of materials like grain and wheat and similar commodities?

A. As I said before, I am a statistician, and I am not familiar with the manner in which cargoes are solicited and handled.

Q. I see.

A. I have seen certain things, but I mean, I am not familiar with the general handling.

Q. Mr. Hamill, could you tell us, as a statistician, where you would put a commodity like scrap iron, whether in the general cargo or bulk cargo part?

A. I have seen scrap iron compressed into bundles or something like that, and that could be handled in such a way that it might fit into the definition of general cargo.

Q. Now, Mr. Hamill, referring again to your exhibit WSH-1, if I understand it correctly, you have eliminated so-called bulk cargo vessels and have limited the exhibit to so-called general cargo vessels, is that right?

A. Yes, sir.

Q. You have not attempted in this exhibit, I take it, to show all of the vessels which carry import and export traffic which is carried overland by any of the railroads—any or all of the railroads, parties to this case?

A. Well, these were taken exactly as appear in these records, and if it visited any one of the Ports of New York, Boston, Philadelphia, Baltimore, or Hampton Roads, it was [fol. 868] included, it was a general cargo vessel, either inbound or outbound.

Q. So that, as a matter of fact, you do not know whether or not these general cargo sailings in your exhibits reflect all of the import-export traffic carried by railroad respondents in this case?

A. Well, these are supposed to show every general cargo vessel calling at the Ports within that period, and it was assumed that the cargo available would be picked up on

Q. Mr. Hamill, I have testified at length concerning the importance of water-borne trade to your port, and the question I am asking you is, can you tell us to what extent the vessels shown in your exhibit, so-called general cargo vessels, carry the export and import tonnage shown of record in this case—half of it, 25 per cent of it, or all of it? And if you do not know, please tell us that.

Mr. Macleay: I believe the witness already testified there was no attempt to correlate tonnage figures with these sailing figures.

Exam. Boat: Can he answer?

The Witness: I do not know right off what proportion it would be. I have not given it any thought up to this moment.

By Mr. Moerman:

Q. Turn to page 27 of your statement, please.

A. Is that WSH-B-27?

Q. WSH-B, your testimony.

[fol. 869] A. That is right; yes, sir, page 27.

Q. Do you have it?

A. Yes.

Q. Fine. At the top of the page you have a sentence which reads "Since the handling of general cargo requires the use of more port services and operating personnel than bulk cargo, it produces a much greater revenue per ton than any other class of water-borne traffic."

Now, there you are talking, I take it, with respect to what general cargo does for your port, is that right?

A. That is right, or any port, where there is a lot of services, handling, stevedoring services, a lot of handwork, whereas bulk, you have the big buckets going down and unloading an ore ship, you would not need near as many people unloading a given quantity of ore as a given quantity of general cargo or miscellaneous package freight.

Q. You are not attempting to inquire as to how the railroads come out in handling bulk versus general cargo, are you?

A. No, sir, this is a community standpoint. This is from the over-all economic standpoint rather than any particular

Q. I see.

Exam. Boat: When you are speaking of greater revenue, you refer to gross revenues to the ship?

The Witness: No, it is gross revenues to the community, [fol. 870] to the port. Because, a lot of this is not paid by the ship.

Exam. Boat: Very well.

By Mr. Moerman:

Q. So that the burden of your testimony here is with respect to the effect upon the port?

A. That is right. I am trying to show here the Port of Baltimore is a very important economic asset to the community, and anything that would hurt the port would hurt the over-all economy of the community.

Q. Precisely.

Now, on the same page, 27, in the middle of the page, you state that with about 90 per cent of its water-borne tonnage consisting of bulk commodities, general cargo is considerably more important at Baltimore than at Ports having a better balanced relationship between general and bulk cargoes.

Now, what port, for example, in your opinion, has a better balance relationship between general and bulk cargoes?

A. Well, I would say, I have not made any particular study but I have seen a lot of these ports. In the first place, Baltimore has been known a lot of times as a bulk port and we have very high tonnages of bulk commodities coming into Baltimore.

Q. Like what?

A. I mean, like the Bethlehem Steel plant that has an ingot capacity of 8 million tons a year, and all of its ores are foreign ores, and we have gypsum rock down there [fol. 871] that is very important, we have a lot of petroleum come in in bulk, the sugar refineries bring in raw sugar, and we have quite a variety of industries there that use bulk commodities and Baltimore has an important industrial harbor and a lot of raw material bought domestic and foreign come into the community by water.

Q. And your interest in the general cargo is with respect to the prosperity and well-being of the port, is that correct?

A. That is right. The more general cargo you can get, the better off the port will be and the community.

Q. Now, in your exhibit WSH-1, showing the general cargo vessels, could you give us an estimate bearing in mind that 90 per cent of water-borne tonnage consists of bulk commodities, to what extent the general cargo vessels shown in your exhibit WSH-1 carry bulk commodities?

A. I could not tell how many of them might carry the bulk; general cargo vessels might carry some bulk. I have no way of determining that.

Q. Now, is it a fact that in your showing of general cargo vessels you have eliminated, without any exception, all so-called bulk vessels?

A. That is right.

Mr. Marbury: If they are carrying no general cargo.

The Witness: In other words, the only exception to that would be if it came in in bulk and went out in general, that [fol. 872] that vessel would be listed, or if it came in in general and went out in bulk, the itinerary would be shown. We are showing the complete itinerary for every one of those vessels. It either had to be general in and out, or general in, or general out.

Mr. Moerman: Mr. Reporter, would you read the answer?

(The answer was read back.)

Mr. Moerman: Mr. Examiner, may we have Mr. Marbury's statement stricken from the record?

Exam. Boat: Strictly speaking, it will not be regarded as evidence in the case.

Mr. Foley: It is coaching the witness.

Mr. Moerman: Admonish him to not coach the witness.

Mr. Marbury: I withdraw the statement.

By Mr. Moerman:

Q. Now, Mr. Hamill, with respect to the deletions of bulk vessels, was that done because the data which you examined at the offices of the Maritime Administration so characterized the vessel?

A. That is right.

Mr. Marbury: I do not understand what that question means. What does that mean?

Exam. Boat: I do not know whether it is necessary that you understand it, Mr. Marbury, the witness understood it, that is the Central thing.

Mr. Moerman: Mr. Examiner, the witness has submitted [fol. 873] an exhibit showing vessels carrying general cargo. I was inquiring with respect to his technique.

By Mr. Moerman:

Q. I take it, Mr. Witness, you had before you the records of the maritime administration, right?

A. We had these coded tabulations.

Q. Yes, sir.

A. Which were made from the official records of the Maritime Administration, and they were furnished to us.

Q. They show the name of vessel, the date of entry, the date of departure, and whether or not the vessel carried bulk or general cargo, or was in ballast?

A. Yes.

Q. That is so?

A. That is right.

Q. And it was on the basis of that information that you prepared the exhibits here before us today, is that correct?

A. That is right.

Q. So far as the lading of a particular vessel labeled "bulk", you do not know whether she carried iron ore, chrome, ferro-manganese, wheat, gypsum, or any other commodity, is that so?

A. That is right.

Q. So that it is a fair statement that your exhibit showing vessels carrying general cargo might not reflect all of the general cargo moving from and to the various ports [fol. 874] shown in your exhibit?

Mr. Macleay: Mr. Examiner, I am going to object to counsel asking this witness to characterize his statement as being either fair or unfair.

Mr. Moerman: That objection is well taken.

Mr. Macleay: Then I am going to ask it be read back to me again if I may.

Mr. Moerman: The question?

Mr. Macleay: Yes.

Mr. Moerman: I am willing to have it stricken.

By Mr. Moerman:

Q. Let me state it again: What I am trying to get at, Mr. Witness, is whether or not you know if the general cargo-carrying vessels listed in your exhibit account for all of the import and export trade which is the subject of this case, moving to and from differential territory by railroad. Do you know?

A. Well, no, I could not say that, but we took every vessel that appeared in these records and showed the complete domestic itinerary as far as the North Atlantic ports were concerned.

Now, if any bulk vessel happened to carry a small amount of package cargo, that would not be any preponderant item.

Q. Exactly. If it carried—if any bulk vessel carried any general cargo, that would not be reflected in your exhibit and conversely, Mr. Witness—

Mr. Macleay: Mr. Examiner, may I have that statement [fol. 875] of counsel's read back?

I do not know that I agree with his testimony.

Exam. Boat: Will you read it, please, Mr. Reporter?

(The reporter read the record.)

Mr. Moerman: May we start back with the statement of the witness?

My question was based on his statement. If I misunderstood him, I want to correct my question.

Exam. Boat: Let us read both the previous statement and the last question.

(The record was read.)

Mr. Macleay: I object, Mr. Examiner, to the characterization of the witness' testimony by counsel.

Mr. Moerman: Mr. Examiner, I do not know that I characterized it. The witness, as I recall, stated, if a bulk vessel carried some small lot of general cargo, it would not be reflected in the exhibit.

Mr. Macleay: Mr. Examiner, the witness did not testify to any such thing. We just had it read back. He said it would not be significant. He did not say it was not shown. He testified perfectly clearly before, every vessel characterized by maritime as a general cargo vessel, which I assume is every vessel, we must assume is every vessel that carried general cargo, is tabulated.

Mr. Moerman: Let me ask you, Mr. Witness: Do you [fol. 876] know whether every vessel characterized by the Maritime Administration as a bulk vessel carried exclusively bulk cargo to the extent of 100 per cent?

A. No, I do not know that.

Q. Do you know the definition underlying the Maritime Administration term "bulk cargo" when used in connection with these coded tabulations or tabular sheets to which you refer?

A. Specifically, no.

Q. You do not know whether the term "bulk cargo" as used by Maritime in connection with its coded tabular sheets refers to a vessel which carries predominantly bulk cargo and some general cargo?

A. That is what I said before. I did not know.

Q. You do not know?

A. No.

Q. All right.

Mr. Hamill, in making up your exhibit, I take it that you went through all of the information with respect to vessels, bulk and non-bulk, available to you, is that correct?

A. We had these tabulations on dry cargo.

Q. Sir?

A. We had the tabulations relating only to dry cargo. That is what these tabulations refer to, and we went through every one, for the particular period that the exhibit covers.

Q. Well, at page four of your WSH-B, I beg your pardon—page 3—

[fol. 877] Mr. Macleay: That is exhibit 71?

The Witness: Yes.

Mr. Moerman: 71 is a better way to refer to it.

By Mr. Moerman:

Q. Exhibit 71, you show, near the bottom of the page that the number of general cargo ships calling at New York for the period given was 2,720 and that the number of general cargo ships calling at Baltimore for the same period was 1,357.

Now, does that number with respect to Baltimore include any outbound grain cargoes—parcel lot or full-cargo lot?

A. We took only what the Maritime Commission records showed as a general cargo vessel in, or a general cargo vessel out. There was no distinction there as to what the particular vessels carried—the type of cargo.

Q. Mr. Hamill, you have been a Maritime statistician at Baltimore for how many years?

A. I am not a Maritime statistician. I am Director of the Research Department, and I have handled certain shipping statistics for quite awhile.

Q. How long?

A. I have been on my present job for 28 years. It does not all deal with maritime.

Q. Don't you know in connection with the 1357 general cargo ships calling at Baltimore in that period, there were [fol. 878] some 800 bulk vessels?

Mr. Macleay: May I have that question read?

(The question was read.)

Mr. Macleay: I don't know what counsel means by "in connection with".

Mr. Moerman: In addition to.

Mr. Macleay: Thank you, sir.

By Mr. Moerman:

Q. Do you know whether any of these so-called bulk cargo vessels which are not shown in your study carried any traffic involved in this proceeding?

A. Well, I do not know how many bulk vessels called at Baltimore. We made no study of that.

Well, this dealt with the general cargo itineraries and was supposed to exclude bulk cargo vessels and ballast and things of that kind.

Q. What did you do, just call for the general cargo vessel tabulation?

A. That is right.

Q. Where did you get it?

A. From these maritime records. Data furnished us by the U.S. Maritime Commission.

I have the general tabulations coded here, I did not get all of them.

Mr. Moerman: Mr. Examiner, I take it the question in regard to the exhibit is more properly addressed to counsel [fol. 879] than the witness.

Therefore, I should like to ask Mr. Macleay this question: Whether it is intended by this study to cover the traffic involved in this case, or merely as the exhibit appears to show on its face, to give the figures with respect to general cargo-carrying vessels?

Mr. Macleay: That is correct.

The latter is correct.

Mr. Moerman: Thank you.

And with respect to the designation "general-cargo carrying vessels," Mr. Hamill, your testimony is this is the Maritime Administration designation, and they are taken from their records, is that right?

The Witness: That is right. From these coded tabulations.

By Mr. Moerman:

Q. Mr. Hamill, I have made a little tabulation, and I take it you have included in the sailings to and from New York some of the so-called luxury liners, like the Queen Mary, and that their number is about 300.

Could you bear me out on that?

A. I did not count the number. We went right down and took each ship as it appeared in the record. We did not count the different types of ships or names of ships.

Q. Well, if you will take your exhibit WSH-1 and turn to page 5—do you have it, sir?

A. Yes, sir.

[fol. 880] Q. You will find the 10th vessel from the bottom is the Queen of Bermuda.

Now, do you know how many passengers the Queen of Bermuda carries?

A. I imagine quite a few. I have seen the boat. I have seen the vessel, it has been in Baltimore, already.

Q. ~~Nearly a thousand~~, isn't that right?

A. I do not know if it is a thousand, but it would be quite a few people.

Q. Do you know how much cargo-carrying capacity she has?

A. No, sir, I do not.

Q. Mr. Hamill, you have shown the Queen of Bermuda, have you not, on page 5 of that exhibit?

A. Yes, sir.

Q. Twice on page 14, three times on page 2[illegible], three times on page—

Mr. Macleay: Mr. Examiner, if counsel is asking the witness to check all these, he should go a little slower and give him time—give him an opportunity.

Mr. Moerman: All right.

Mr. Macleay: I submit that is something for counsel to do on brief, it is not necessary to do it here.

By Mr. Moerman:

Q. Let me do it this way to shorten it: You have shown the Queen of Bermuda 20 times in this exhibit, have you not?

[fol. 881] A. I don't know. I have not counted it. If it appears 20 times in the record, it appears 20 times.

Q. Are you familiar with the vessel called the NASSAU?

A. I am not familiar with that vessel; no, sir.

Q. You do not know she is strictly a cruise ship, a passenger ship?

A. No, sir, I am not familiar with that vessel.

Q. Will you take my word for it, you have shown this vessel 15 times in your exhibit WSH-1?

A. I do not know how many times it is in there.

Mr. Macleay: Does he, also, ask the witness to take his word for it she is strictly a cruise ship, as he expressed it?

Mr. Moerman: Yes, I am.

Mr. Macleay: We won't, as long as you have shown her carrying cargo, which she must have been to be in this tabulation.

Mr. Moerman: You are wrong. I do not think the tabulation is proof of anything. She may have been carrying 10 pounds of bananas. That is nothing for any railroad.

By Mr. Moerman:

Q. Now, as I tabulate it, with respect to a vessel like the Queen Mary, you have shown a dozen sailings, and the UNITED STATES a dozen sailings, and so on, to a total of approximately 300 for these so-called Super-Liners.

Now, let me ask you: Were these vessels shown in the [fol. 882] Maritime tabulation as general cargo vessels?

A. They must have been, or we would not have them in here.

Q. Or they would not be in this exhibit?

A. That is right.

Q. I see.

Now, bearing in mind that Baltimore is 90 per cent a bulk port, as you stated it, or 90 per cent of the traffic in and out of the port is bulk, and my figure of some 800 bulk ships which we will establish on this record at a later time, or else everything I say can be stricken—if you add that number of 600 to the Baltimore figures shown on page 3 of your testimony and you subtract these so-called general cargo luxury liners from New York, the sailings are pretty much the same at both ports.

Now, let me ask you, don't you think that putting in the general cargo vessels into—adding them to your list and taking away the luxury liners from New York actually reflects the so-called cargo sailings to and from both ports?

Mr. Macleay: May I have the question read, please, Mr. Examiner?

Exam. Boat: Please read it, Mr. Reporter.

(The question was read back.)

Mr. Macleay: Mr. Examiner, I do not know what the question means, maybe the witness does. I do not think counsel meant to state it that way.

[fol. 883] Mr. Moerman: I think I made a mistake in the question. I meant to indicate this, Mr. Witness.

By Mr. Moerman:

Q. Simply adding the bulk cargo vessels to the Baltimore total of sailings, adding together the general cargo sailings that you have with the bulk sailings, and then subtracting from New York the so-called luxury liners, and in that connection I asked you, wouldn't that be a better indication of vessels handling cargo on to and from the ports than you have shown?

A. I would say this: If I understand your question properly, if you added the bulk cargo on to the general cargo ships at Baltimore—

Q. That is it.

A. That would show our complete service, steamship service for any particular period, but I am not saying the 800. I do not know anything about that 800. But I am saying adding those together, but you should do the same thing for New York.

Q. By all means.

A. You ought to add the bulk ships to New York.

Q. Granted.

A: Then there is a question in my mind, I do not know how much the liner UNITED STATES or the QUEEN MARY carries in general cargo. Until I know more about that, I could say if we subtracted that, it would be more nearly comparable.

[fol. 884] Q. Precisely.

I take it from your statement, you have not for the purposes of this case examined the manifest of a liner like THE UNITED STATES, is that true?

A. No, I did not.

Q. And that you do not know; you can't help us with respect to the volume of cargo that might be carried by a liner like THE UNITED STATES?

A. No, sir, I could not.

Q. Were you here when Mr. Kneesy testified?

A. I was here Friday morning and until about 2:30 Friday afternoon.

Q. Did you hear the statement concerning the premium rate charged eastbound—I believe—no, westbound, on these high speed luxury liners—freight rates?

A. No, sir, I did not hear that.

Q. One second, please.

Mr. Hamill, turn, please, to your WSH-2.

Mr. Welsh: Exhibit 71?

Mr. Moerman: Exhibit 71.

Mr. Foley: B is 71.

By Mr. Moerman:

Q. Turn to page 5, please.

A. Yes, sir.

Q. I direct your attention, Mr. Hamill, to the last two columns showing Hampton Roads sailings for the 6-month period in your exhibit.

[fol. 885] Now the total of the ins and outs—is something over 1700, as I make it out, and if we convert that to a year, we have roughly 35 or 36 hundred sailings, is that approximately correct?

A. That is what it looks like, if the first half of the year was the same as the last half of the year.

Exam. Boat: Mr. Moerman, how do you arrive at the 1700 figure?

Mr. Moerman: I add up the four figures, Mr. Examiner, at the top of page 5, 95 plus 170 plus 143, plus 771.

Exam. Boat: Right.

By Mr. Moerman:

Q. Just then to get it clear, I arbitrarily multiplied by two, that may not be the fact.

These are the general cargo sailings shown by the data which you have before you, is that so?

A. They were extracted from the green book. This tabulation was based on the green book.

Mr. Macleay: But the green book, you mean by that WSH-1?

The Witness: WSH-1.

By Mr. Moerman:

Q. Don't you know that the 1956 Hampton Roads sailings in fact were 17,000 for the calendar year?

A. I do not know what the total sailings were. 17,000 would seem to be rather high. Baltimore had a total number of lease arrivals last year, 6,000-something, a little [fol. 886] over 6,000. I would not think Hampton Roads would have three times that many.

Q. Well, I want to apologize for Mr. Hanifin, but this is coming up on your side of the case and I must make this stipulation. That if this forthcoming material is not put into evidence in this case and it is coming on, I certainly would be agreeable to having the figure stricken.

A. I do not know. You asked me. I just gave you my opinion.

Mr. Walker: What are you doing, talking about coal ships?

Mr. Moerman: I am talking about the figures, Mr. Walker, with respect to Norfolk, which another witness will put in at a later time because of my previous objection I stymied myself from identifying the witness' testimony.

The Witness: These are ocean-going vessels?

By Mr. Moerman:

Q. Yes, sir.

A. In foreign trade. Ocean-going vessels in foreign trade.

Mr. Walker: You are not talking about general cargo ships?

Mr. Moerman: No, I am not.

Mr. Walker: That is what the exhibit talks about.

Mr. Moerman: That is right. There is no question about it.

By Mr. Moerman:

Q. Mr. Hamill, indulge me a moment here, I want to find a vessel.

[fol. 887] Would you turn to page 7—no, I beg your pardon. Will you find for me a vessel named THE ORE

CHIEF which entered Baltimore the third of July—I beg your pardon—3rd of August, and departed in ballast on the same day?

Mr. Macleay: What was the name of the vessel?

Mr. Moerman: THE ORE CHIEF.

By Mr. Moerman:

Q. Did you hear me say August, Mr. Hamill?

A. Yes, sir.

Q. Mr. Hamill, I owe you an apology, that is a bulk vessel which I had checked out myself and would not appear in your exhibit.

Mr. Hamill, we have at New York so-called industrial vessels, they bring in sugar for refining at New York.

Could you tell me whether or not such vessels would show up in your list of general cargo vessels?

A. If they came in in full cargoes, they probably would not.

Q. Probably would not?

A. Probably would not, although I have not checked that point.

Q. Also, Mr. Hamill, we have vessels coming in with news print in rolls, you know.

A. Yes, sir.

Q. Would you know whether or not such vessels would be included in the general cargo list?

[fol. 888] A. I would assume newsprint would be general cargo. As a matter of fact it is an item, it is in a roll.

Q. Now, there are a number of vessels which come in for military sea transportation service for the navy.

Could you tell me whether or not such vessels were included in your list of general cargo vessels?

A. Well, it is our idea to eliminate all army-navy materiel ships.

Q. How about lumber vessels, how would they be classed?

A. Well, lumber is one of those items that could not go by the piece. Timbers and all like that could be looked upon as general cargo. As I say, there is no precise definition of what general cargo is, and what it is not. You have this concept there. If you attempt to say what any particular shipment is, you have to take the characteristics into consideration. A lot of lumber is boxed and packaged.

Q. You just testified that you have eliminated the MSTS vessels, is that so—military vessels?

A. Military vessels—that is right.

Q. Would you turn, please, to page 27 of your green exhibit? Nine ships from the bottom is THE ANTINOUS. Our check shows that that vessel is a military sea transportation service vessel.

A. Well, now, that came in, the way we have it here, without any general cargo.

[fol. 889] Q. Sir?

A. The way it is tabulated here, THE ANTINOUS came in without any general cargo in New York on August 3rd, but it went out with general cargo on to Marseilles, France, on August 4.

So that would be the reason why we included it in there. Our idea is, if there is one voyage in and out, general cargo, or both in and out, general cargo, the vessel is included.

Q. But it was a military ship, you do not dispute that, do you?

A. I do not know whether it is a military ship or not. But, according to our records here, it brought no general cargo in to New York; but did go out with general cargo to Marseilles.

Q. To Marseilles:

A. That was the first foreign port of call. It might have gone to other foreign destinations beyond that.

Q. Turn to page 98, please.

Do you have it, sir?

A. Yes, sir.

Q. The 5th ship from the top, according to my information, is an MSTS vessel.

Mr. Macleay: Name it, please.

By Mr. Moerman:

Q. BURCO TRADER.

Don't your records show that?

A. Well, it does not show it here, but it shows it came [fol. 890] in without any general cargo, but it did go out with general cargo from both Philadelphia and New York, to La Pallice, France.

Q. Turn to page 90, please.

Look, please, at the Coe Victory. My information is that that is an MSTS vessel which came in in ballast and sailed in ballast.

Would you look at your underlying data, please.

A. Well, it looks like it came in without general cargo.

We did not specify here whether it was in ballast or bulk cargo. It just did not have general cargo on, but it did pick up some cargo at Philadelphia, general cargo.

Q. Why do you show it as a sailing from New York?

A. Well, we adopted this philosophy: That, if a ship carried general cargo into one of these five North Atlantic Ports, it was included as a general cargo vessel on that particular run, whether it is inbound or outbound, whatever the case may be.

Q. And whether or not it carried general cargo from New York?

A. Whether or not it loaded or discharged its general cargo at New York is not controlling. If it loaded or discharged general cargo at one or all of those ports, it was included.

Q. Turn to page 93, please.

The third ship from the top is the MACALESTER VICTORY. Now, that vessel did not load or discharge [fol. 891] general cargo at the Port of New York, and it was an MSTS vessel, is that right?

A. I do not know that it is MST or not.

Q. How about the other fact I asked you? Did she load or discharge at New York?

A. It had no loading or discharging at New York. We did not know the records over here, in the clear, were incomplete, and we put the question mark there, but we would not count that ship in any tabulation or in any summation.

Q. Turn to page 22, please.

A. 22?

Q. The Mankato Victory. No cargo in or out of New York and an MSTS ship, right?

A. I do not know whether it is MSTS or not, but it discharged general cargo at Hampton Roads.

Q. Discharged general cargo at Hampton Roads?

A. Yes, sir.

Q. Your point, I take it, is they were available for general cargo loading or a general cargo ship that called at New York, is that it?

A. Well, it would not be looked upon as being available —if you take the complicated itinerary like we had, we had to make certain distinctions. If it was on a general cargo run, it could have loaded or discharged at any of the ports visited. Why it did not, we did not know.

Mr. Macleay: I call counsel's attention just in the inter- [fol. 892] est of a complete understanding to the fact there are many more such instances of vessels calling but not loading or unloading at the other ports than there are at New York. If you take a look, you will see that is quite apparent.

By Mr. Moerman:

Q. Now, you have testified concerning the jeopardy to your general cargo on foreign trade on page 29 of your larger statement, through the loss of rate differentials, and you have submitted some substantial exhibits with respect to sailings from the various ports.

Are you familiar in the course of your work with the trend of sailings at Baltimore, so that you can tell us whether it is up or down or static?

A. Well, it is up in relation to recent years.

Q. Do you expect the improvement to continue?

A. It depends on business conditions.

Q. Is that equally right or true at other ports?

A. Presumably it would be.

Q. Could you tell us to what extent percentagewise there has been an improvement in sailings at the Port of Baltimore, compared with 1951 and 1956?

A. I do not recall what the 1951 figures were, but we had 6,000, 6,069 vessels arrive, 6,069 vessel arrivals in 1957. That is all types of vessels, even those that come in to be dry-docked.

That includes every ocean-going vessel arriving at Balti- [fol. 893] more it does not mean general cargo or commercial vessel.

There are some ships that come in to Baltimore for repairs, dry docking and go out, they come in in ballast and go out in ballast.

So the total number of ships is only a general index as to the over-all harbor activity.

Q. Does it sometimes occur the vessel calling at the Port in one year sails outbound for say two ports and in the following year extends its route so that it calls at a dozen ports, does that happen?

A. Well, I am not that familiar with the itineraries of specific vessels or lines of vessels to comment on that.

Q. I was trying to get, Mr. Hamill, some information with respect to whether there has been, not only a growth in vessel numbers and sailings, but also in extension of the ports of call by vessels which have already been coming to and from the Port of Baltimore?

A. I could not tell that from my information, because I get only total figures from the Maritime Exchange in Baltimore. They publish them each month.

There is nothing in those figures that would indicate the extent of the vessel itineraries with respect to other ports. Just the arrivals at Baltimore.

Q. Do you know whether you have pending before the [fol. 894] Maritime Administration, applications for inclusion of the Port of Baltimore in connection with various trade routes of subsidized lines?

A. I am not familiar with any application.

Q. Are you familiar with the practice of U.S. flag lines in calling at the North Atlantic range of ports?

A. As such, no, sir.

Q. Do you know what restrictions or regulations may be imposed upon them with respect to calling at one or more North Atlantic range ports?

A. No, sir.

Q. Could you tell me whether, in connection with your exhibits showing sailings, the vessels there shown, the so-called general cargo vessels, are predominantly U.S. flag vessels?

A. Well, we made no particular study as to what the flag was, although the Maritime Commission does have a key on there as to what flag the vessel sailed under. But we had so much decoding to do, we did not go into that, that would make an additional step for each one. Each port had to be decoded, each foreign port had to be decoded, and every vessel had to be studied from the standpoint of interpreting the code.

Q. Do you know whether vessels carrying cargo to and from the Port of Baltimore are predominantly U.S. flag?

A. I could not comment on that, no, sir. I could not say [fol. 895] what proportion it would be.

Q. Could you tell me whether there is any particular class or type of vessel which is basically the so-called cargo-carrying vessel—by type of ship?

A. You mean like the Liberty Ship?

Q. Victory, Liberty.

A. Victory ships, C-3's or whatever they are.

Q. Liberties, Victories, C-2's, 3's and 4's, that is so, isn't it?

A. They are general cargo vessels, yes, sir.

Q. Is there any shortage of vessel calls at the Port of Baltimore so far as you know?

A. Well, I am not in a position to know.

Q. You are just giving us the figures?

A. Well, I went through this and developed the figures, but they did not include any aspect as to deficiencies or surpluses of any particular service.

Q. Well, you testified that a decline in shipping not only would reduce port revenues and create unemployment in many port dependent and port-linked industries; but also would discourage further investments in new pier facilities and equipment?

A. That is right.

Q. Is it your testimony that the removal of the existing rate differential would bring about a decline in shipping? [fol. 896] A. We think it would destroy part of our competitive advantage, and therefore conceivably there would be a loss of tonnage. With a loss of tonnage, you would have loss of service and loss of jobs.

Q. Can you tell us to what extent the general cargo vessels shown in your exhibits here carried differential territory cargo in or out?

A. We could not show from the standpoint of these ships what they carried in or out as to origin or destination of the cargo.

Q. What do you base your opinion on, then, there is going to be a decline in shipping? Is it an opinion?

A. Do you mean decline in shipping by the loss of the differential?

Q. Yes, sir.

A. I think there would be. There is no way to prove the point, but I think there would be. We have had that advantage for all these years. We have been trying to build up our business in the face of superior service and all at New York, and if New York had a parity of rates I feel we would be at a serious disadvantage.

Q. Does New York have superior service in the matter of terminals for loading grain as compared with Baltimore?

A. Well, it does not have the same grain capacity, but I do not know to the extent the type of grain service up [fol. 897] there, why I could not comment whether we would be more favorably situated than we would or not.

We might be as far as whole cargoes are concerned, but you might be better situated with respect to partial grain cargoes.

I think that is the case from what I have seen up there.

Q. But you are better situated with respect to the shipload grain cargo?

A. That is right, which would be bulk cargo, a whole shipload.

Q. Do you know whether New York is better situated with respect to loading and unloading of things like chrome, ferro-manganese, bauxite ores, other than iron ore?

A. I would not be familiar with the facilities up there on that.

Q. So when you talk about superior facilities, I take it—

A. Over-all facilities. I mean I have been in New York many times and looked around and got all the berths, and you have a lot of services there, banking, warehousing, import and export housing and so forth, that it gives you the distinct impression that New York has some very fine things to appeal to the export and import of cargo.

It would appeal to me if I were exporting and importing cargo.

Q. Do you know how the railroads at Baltimore and the [fol. 898] railroads at New York make out with respect to export and import cargo in view of the differential?

A. Precisely on that point I could not say what proportion of the cargo the rails handled or what others handle. I mean, the business has never been isolated in general terms before.

Q. You have testified, have you not, concerning direct sailings from New York and Baltimore and other ports?

A. Based upon our study of the Maritime Commission records, yes, sir.

Q. Out-bound, where the vessel calls at Baltimore, stops off at New York and goes on, and Baltimore is the first port of loading, is there any advantage inherent in that fact?

A. Well, generally speaking, we look on the idea of superior quality of service, better quality of service, if you have the first arrival and the last departure, because that enables a man, like this morning, I came over on the B & O. I live mid-way between Mount Royal Station and Camden, there is 5 minutes savings in time to Camden, so I went down to Camden to pick up that 5 minutes.

That was a later departure time for me, and that is the same way for a shipper in the mid-west to get his cargo on board, if he had 3, 4, 5 or 10 more days to get it on there, it would be an advantage in a great many instances.

[fol. 899] Q. Well, is it not a fact that a great many vessels out-bound begin at Baltimore and top-off at New York and then go on?

A. Well, I know topping off at New York is a primary characteristic of the trade.

Q. Why don't your answer my question? Is it not a fact they begin at Baltimore, load initially, and then go on up the North Atlantic range?

A. I mean as a general practice, I could not say for the predominant number of vessels, I could not say the proportion that do that, some of them do, obviously.

Q. I cannot understand why you can't say. You testified concerning direct sailings and indirect sailings.

A. From my record I canot say how many of them right off came to Baltimore first and went and topped off at New York.

Q. A great deal is made in this case that New York is the last port of call.

Now, where Baltimore is the first port of call, is it not a fact that there is an inherent advantage in the sense that the vessel can load here both bottom cargoes, the heavy-loading type of cargo which is prime railroad traffic, is not that a fact?

A. They can get the bottom cargo on, but what we have been after is more of the top cargo, this general cargo, this [fol. 900] package freight we have been talking about.

Mr. Moerman: I would like to have the answer read, please:

Mr. Marbury: I object to the question on the ground it has two or three different assumptions in it.

Mr. Moerman: Let us hear the answer.

It is on the record.

Mr. Macleay: Let's hear the question, too.

Exam. Boat: Let's have the question, please, and the answer.

(The reporter read the record.)

By Mr. Moerman:

Q. You want the package freight, Mr. Hamill, to better balance—out your port because as you say it is a 90 per cent bulk port, is that right?

A. Not only that, we want to balance it out as it also produces more direct revenue support than the handling of a ton of iron ore, for example.

Q. Does it make any difference to you whether or not the package or merchandise traffic that you hope to get moves into your port and out of your port by rail or truck, or water carrier?

A. Well, looking from the port as a whole, I mean the people there are interested in the total volume of business, and each segment of transportation, we have a competitive transportation system, that has to play for the traffic. I [fol. 901] mean we do not attempt to guide any one avenue, whether a person goes by bus, rail, or air, or anything, any more than we do guide, we want the business for the port, it is up to the different transportation agencies to sell their services to suit the public, and the shipper as a rule determines how the merchandise moves.

Q. Referring back again to your direct and indirect sailings.

Where Baltimore is the first port for loading out-bound, bearing in mind your testimony a moment ago about banking, isn't it a fact that because Baltimore may be the first port—that the exporter can get his on-board bill of lading at Baltimore long before he can get it at New York, present it to the bank, and get his money?

A. Well, I am not familiar with the fiscal transactions there to comment on it.

Mr. Moerman: Mr. Examiner, that concludes my cross-examination.

Exam. Boat: Is there any further cross?

Mr. Welsh: No questions.

Exam. Boat: Mr. Miller, you may cross examine.

Cross examination.

By Mr. Miller:

Q. Mr. Hamill, as I understand it, your comparisons made in your testimony and exhibits are for the primary purpose of comparing Baltimore and New York, is that right?

[fol. 902] A. Well, this was a cooperative exhibit, that the people in Philadelphia worked on it, and people in Baltimore worked on it, the greater Philadelphia Chamber of Commerce, the Delaware River Port Authority, the Maryland Port Authority, and the Baltimore Association of Commerce cooperated in producing this particular exhibit, and we showed the comparable data, the corresponding data for Boston, New York, Philadelphia, Baltimore, and Hampton Roads.

Q. Now, would you say on the basis of that data that

Philadelphia has comparable advantages over Baltimore as compared with New York?

A. Well, we did not look at—personally I did not look at Philadelphia. I looked at the Baltimore figures and the comparisons and contrasts I drew up there were entirely for Baltimore, and I did not pay much attention to Baltimore, Philadelphia or Hampton Roads for my particular part of the picture.

Q. Well, do you have any conclusions as to whether or not rates as between or to and from Baltimore should be equalized with Philadelphia?

Mr. Macleay: Mr. Examiner, I am going to object. That is not an issue in this proceeding. It is not what we were able—we were not able to elicit similar answers from Mr. Miller's own witness, because it is not in issue.

I object.

[fol. 903] Mr. Miller: I do not remember that question at all.

Mr. Macleay: It was not that question, a somewhat similar question, Mr. Miller objected violently.

Exam. Boat: Read the question, please, Mr. Reporter.

(The reporter read the pending question.)

Exam. Boat: This witness has not gone into the question of rates, primarily, Mr. Miller, I do not believe.

His testimony is generally on the services.

He may answer.

The Witness: I had no opinion, I had not given it any study or thought, I have no opinion, therefore, to express on that.

By Mr. Miller:

Q. Now, in your study of the facilities or the services in and out of Boston—

Mr. Macleay: Mr. Examiner, did the witness testify he had made any study of facilities in and out of Boston?

Mr. Miller: He certainly did. He has them in his exhibits.

Mr. Macleay: Facilities?

Mr. Miller: Sailing facilities, and services.

Mr. Macleay: I just wanted to understand what we are talking about.

By Mr. Miller:

Q. Does Boston have the same advantages over Baltimore and Philadelphia in that area equal to the advantages of New York?

[fol. 904] A. I have not drawn any conclusions as far as Boston, Philadelphia, or Hampton Roads are concerned.

My analyses are all related to Baltimore, as far as they have the distinction of services shown in my exhibit.

Q. Why did you include Boston in your exhibits?

A. It showed the complete domestic itinerary.

That was the idea of our group study, to show the complete domestic itinerary of every general-cargo vessel showing the northern range ports and Hampton Roads, and Boston.

We thought it better to put it in than leave it out, it showed the whole itinerary.

Q. Why didn't you also include a study of ships in and out of Albany and Portland?

A. Well, I can't say why we did not do it, but the idea when our group study went in was to show these major ports. They were the major ports handling the greatest quantity.

Q. As I take it, then, your exhibits do not show any reasons why there should not be equalization except as between Baltimore and New York, is that a fair inference?

A. You could draw a lot of things from these exhibits. What we have drawn from ours shows that New York has a preponderance of excellent steamship service in relation to Baltimore.

Q. Do you know of any reason why from the standpoint of available services, rates between—the rates to and from the [fol. 905] New England ports and Albany should not be equalized with Baltimore?

A. I had not gone into the rate question. I am not in position to comment on these questions of rates. My aspects here are based on the steamship services, and the economic value to Baltimore, and I do know if we lose that, our particular advantage, we would suffer severe economic consequences.

Q. Well, would you suffer severe economic consequences if you—if Boston had the same rates as Baltimore, to and from differential territory?

Mr. Macleay: Mr. Examiner, if by that counsel means if Boston has a relationship with Baltimore without New York having it, again I submit that is not the question before the Commission, and I do not think it is proper for counsel to try and question this witness about something that we are not here to consider.

There has been no such proposal made by anyone in this case, not even by Boston.

Exam. Boat: Does your question contemplate that?

Mr. Miller: It is my understanding that the proposal is to, at least it is by the respondents, to equalize Boston rates with Baltimore, as well as New York.

Mr. Macleay: I do not think counsel understood you.

My objection is, if by that, he means by his question to [fol. 906] ask the witness if he would object to Boston being equalized with Baltimore, if New York were not equalized.

Mr. Miller: I did not say a word about New York.

Mr. Macleay: Well, if, on the other hand, he is asking the witness—

Mr. Miller: Mr. Examiner—

Mr. Macleay: May I finish my objection, please?

If, on the other hand, Mr. Examiner, he is asking the witness whether he objects to Boston and New York being equalized with Baltimore, I think the witness already made it very clear.

Mr. Miller: Mr. Examiner, I think Mr. Macleay's objections are not objections at all; they are in the nature of coaching the witness.

Mr. Macleay: I resent that, Mr. Examiner. This witness does not need coaching. I resent it on behalf of the witness.

Exam. Boat: No, the witness seems to be well versed in this particular field, and I do not know whether—

Mr. Macleay: I object to getting into things that are not in issue here, Mr. Examiner.

Mr. Foley: Mr. Examiner, that is clearly in issue; Boston is asking for the equalized rates with Baltimore, and regardless of what happens at New York or otherwise.

Mr. Keenan: I am glad to concur in Mr. Foley's advice to the Examiner.

[fol. 907] Exam. Boat: Is there any question now in view of that statement?

Mr. Foley: There is no contingent tariff in this case, Mr. Examiner, it is a tariff putting Boston on the Baltimore base.

Mr. Miller: Do you want to read the question to him?

The Witness: No, I am waiting for the Examiner.

Exam. Boat: Can you answer it now?

The Witness: I have made no study of the Boston situation as far as the rates are concerned. I had no way to reach a valid opinion in answer to your question. I mean, I can conceivably bring in the standpoint there, if Boston had a Baltimore rate, without New York having it, we would get in to certain abstract things, even though the tariff may ask for the ultimate Baltimore basis, without a reference to New York. The two of them have been going along on this set-up for a long while, Boston taking the New York rates—

Mr. Foley: Mr. Examiner, I object. This is not at all responsive.

Mr. Macleay: Are you objecting to the answer or the question?

Mr. Foley: I am asking that it be stricken.

Mr. Marbury: If you ask the witness, he does not know anything about it.

Mr. Foley: He says he does not know anything about it. [fol. 908] Then he goes on with a speech.

Exam. Boat: I did not think we are in a field here where this witness can help us out very much.

By Mr. Miller:

Q. I want to ask one more question, then I will be finished. Do not your exhibits show that Boston, which is the only New England Port that you show, suffers the same or even more service disadvantages in respect to New York than does Baltimore?

A. Other than analyzing, checking the data, and helping to edit the data and looking at it in there, that is all the attention I paid to Boston.

I had no general conclusion on Boston like I have on Baltimore, because I looked at the Baltimore figures specifically.

Q. Then you cannot answer my question?

A. No, sir.

Mr. Miller: That is all I have.

Thank you.

Exam. Boat: Redirect examination?

Mr. Macleay: No redirect.

Offers in Evidence

I offer exhibits 70 and 71 with their respective attachments.

Exam. Boat: Those exhibits as previously identified will be received in evidence.

[fol. 909] (Exhibits 70 and 71, Witness Hamill in support of Protestants were received in evidence.)

Mr. Macleay: Thank you very much, Mr. Hamill.

Exam. Boat: You are excused, Mr. Hamill.

(Witness excused.)

Exam. Boat: We will recess for 10 minutes, please.

(A short recess was taken.)

Exam. Boat: Come to order, please, gentlemen.

Mr. Macleay: Mr. Examiner, the next witness on the list is Mr. Joseph Stanton. Unfortunately, Mr. Stanton, who was here Friday but could not get on the stand at that time, was injured on Sunday and is laid up.

I would like to ask your indulgence and that of the counsel for the other side, that we may present him at the March 25th session.

Exam. Boat: Mr. Miller is not here. We will have to inquire when he returns.

Mr. Macleay: I cannot produce him now, sir, because he is laid up. He fell on Sunday and I understand that he is quite painfully injured and is not up and around. It will be some days before he is.

Exam. Boat: I suggest we go down to the next witness.

Mr. Macleay: The next in order—shall we take them in order, Mr. Examiner?

Exam. Boat: Yes.

[fol. 910] Mr. Macleay: The next in order has not even been called.

Exam. Boat: Mr. Davis.

Mr. Macleay: Mr. Davis' verified statement was transmitted to all parties. I ask that it be marked for identification and received in evidence.

Exam. Boat: It will be identified as exhibit No. 72, together with the appended exhibits.

Mr. Macleay: There are quite a group of exhibits appended to it, Mr. Examiner.

(Exhibit No. 72, Witness Davis, in Support of Protestants was marked for identification.)

Mr. Macleay: Is that received in evidence?

Exam. Boat: You have identified it. It will be received in evidence as exhibit 72.

(Exhibit No. 72, Witness Davis in Support of Protestants was received in evidence.)

Mr. Macleay: Similarly I offer the verified statements and exhibits of Frederick H. N. Heemann, Transportation Department, Maryland Port Authority. The Exhibit is Exhibit 3, which is designated "Corrected Exhibit" such corrected exhibit having been distributed to the parties sometime after the original distribution.

Exam Boat: Off the record.

(Discussion was off the record.)

[fol. 911] Exam. Boat: On the record.

That may be identified as No. 73.

(Exhibit No. 73, Witness Heemann in support of Protestants was marked for identification.)

Exam. Boat: If there is no objection, it is received in evidence.

(Exhibit No. 73, Witness Heemann in support of Protestants was received in evidence.)

Mr. Macleay: Mr. Examiner, I ask that the verified statement of Henry K. Hildebrand, together with the exhibit attached thereto, be marked for identification with the next number.

Exam. Boat: That will be identified as No. 74.

(Exhibit No. 74, Witness Hildebrand, in support of Protestants is marked for identification.)

Mr. Macleay: Mr. Hildebrand was originally called for cross examination by counsel for the Respondents, but they have advised me they do not desire to cross-examine him, so I ask his verified statement and the exhibit be received into evidence.

Exam. Boat: That will be received as No. 74.

(Exhibit No. 74, Witness Hildebrand, in support of Protestants was received in evidence.)

Mr. Macleay: I call Mr. Footner.

GEOFFREY M. FOOTNER a witness was sworn and testified [fol. 912] as follows:

Direct examination.

By Mr. Macleay:

Q. Will you please state your name and business connection for the record?

A. Geoffrey M. Footner, Partner of Footner & Company, Foreign Freight Forwarders, Baltimore, Maryland.

Mr. Macleay: I ask that Mr. Footner's verified statement be marked for identification with the next exhibit number.

Exam. Boat: It may be identified as No. 75.

(Exhibit No. 75, Witness Footner, in support of Protestants was marked for identification.)

Mr. Macleay: The witness is tendered for cross-examination.

Mr. Colgren: He was called apparently by Mr. Miller who has not yet returned from the recess, Mr. Examiner.

Mr. Moerman: Let me see if I can find Miller; give me a second.

Exam. Boat: All right.

Cross examination.

By Mr. Miller:

Q. Mr. Footner, your principal competition as I understand it as far as obtaining export and import shipments is with the Port of New York?

A. That is correct.

Q. To what extent do you have any similar competition with Hampton Roads ports?

[fol. 913] A. I have no precise figures. There are probably isolated examples of competition, but we do not notice it to any great extent.

Q. How about Philadelphia?

A. Well, I would say even less than Hampton Roads.

Q. Why is that?

A. I am not sure why it would be true, except that as far as our own business is concerned it is of a nature that we do not run into shipments that are running out of Philadelphia.

Q. How about Albany?

A. No.

Q. None at all.

A. Well, I can recall that as an isolated example, Albany was a factor as far as some grain shipments in the past, but I have no explicit information.

Q. How about Boston?

A. No.

Q. You have no competition at Boston?

A. None that I know of.

Q. How about Portland?

A. No.

Q. Would you say that Boston and Portland would have the same disadvantages with respect to New York as does Baltimore?

A. I am not too familiar with the advantages or disadvantages of Boston and Portland, that is, as far as the [fol. 914] differentials are concerned.

I am fairly familiar with the differentials and their effect on Baltimore as compared with New York.

As far as the other advantages in steamship service and supplementary services that New York has, since New York is dominant in the industry, I would assume that they have—New York has advantages over Portland and Boston.

Q. Would you say the same thing is true as to Philadelphia?

A. That New York has advantages over Philadelphia?

Q. The same approximate disadvantages as Baltimore has?

A. Wait a minute, disadvantages or advantages?

Q. Advantages, I am sorry.

A. New York has advantages over Philadelphia, yes.

Q. About in the same degree as Baltimore does?

Mr. Macleay: Just a moment, may I have the question read?

(The question was read back by the reporter.)

Mr. Macleay: Advantages over Philadelphia?

Mr. Miller: Has advantages over Philadelphia?

The Witness: New York has the same advantages over every port on the North Atlantic Seaboard.

Mr. Miller: Those are all the questions I have. Thank you, sir.

Mr. Macleay: Thank you very much, Mr. Footner.

OFFER IN EVIDENCE

I offer Mr. Footner's verified statement, exhibit 75, I [fol. 915] believe.

Exam. Boat: That will be received as exhibit 75.

(Exhibit No. 75, Witness Footner in support of Protestants was received into evidence.)

Exam. Boat: You are excused, Mr. Footner.
Mr. Macleay: Thank you very much.

(Witness excused.)

Mr. Macleay: Mr. Shapiro.

SAMUEL SHAPIRO was called as a witness and being sworn, testified as follows:

Direct examination.

By Mr. Macleay:

Q. Will you please state your name and business connection for the record, Mr. Shapiro?
A. My name is Samuel Shapiro, president of Samuel Shapiro and Company, Forwarders and Owners and Custom House Brokers in the Port of Baltimore.

Mr. Macleay: I ask that Mr. Shapiro's verified statement be marked for identification.
Exam. Boat: It may be identified as No. 76.

(Exhibit No. 76, witness Shapiro in support of Protestants was marked for identification.)

Mr. Macleay: The witness is tendered for cross-examination.
Mr. Miller: May I go ahead, Mr. Examiner?

[fol. 916] Cross examination.

By Mr. Miller:

Q. On page 2 of your statement, you make this—you have this sentence: "From my experience, the other North Atlantic Ports south of New York are in about the same situation as ourselves, and the Port of Baltimore, so far as concerns competition with New York."
Why did you restrict that statement to the Atlantic ports south of New York?
A. Well, of course, Baltimore has always been in a unique position, as I say, God gave us a spot practically at

the top of the Chesapeake Bay, and notwithstanding the fact we are closer to and from the entire interior as against New York, Philadelphia and Boston who are not—of course I think I said here, south of New York.

Q. I am speaking now of your competition with New York, not the fact of your geographical location.

What is your competition? Why did you restrict that statement with respect to New York competition to the Ports south of New York?

A. What sentence do you say that is?

Q. About the middle of the page No. 2.

A. Well, New York as we all know, has the superior services far exceeding anything that the Ports South of New York have, which is Philadelphia and also Hampton Roads.

[fol. 917] Q. Is there any superiority as between the ports south of New York in this competitive field—that is, does Philadelphia have any competitive advantages over Baltimore, or vice versa?

A. I think so, I think some of their piers today are more modern than the piers we have in Baltimore.

Q. You mean Philadelphia piers are more modern?

A. Yes, I think so.

Q. Than Baltimore piers?

A. Yes, sir. They have one or two piers. Particularly I think pier 98, south, if that is the correct number.

Q. Are these general cargo piers?

A. Yes, sir, general cargo piers.

Q. Is that the reason why Baltimore is planning to build more general cargo facilities?

A. Yes, sir, that is one of the reasons, obviously.

Q. How about Hampton Roads, does it have any superior competitive advantages?

A. Outside of the fact it is practically at the open sea. To be perfectly frank with you, while Hampton Roads is a competitor of Baltimore, we do not put as much stress on Hampton Roads as we do New York and our next competitor, Philadelphia.

Q. Now, what is the competitive situation with respect to ports north of New York? How about Boston?

A. Well, we haven't from the standpoint of our own busi- [fol. 918] ness, we have not paid too much attention to Boston.

I think it is pretty far north and we believe, that is our own philosophy has been that Boston is really not the proper port for CFA territory. It is just 2 or 3 hundred miles away from you might say, comparing it with the Port of Baltimore, just a distance of about 100 to perhaps 250 miles farther away than it would be from Baltimore —that is, to Baltimore.

Q. Does Boston have these superior services as accredited to New York?

A. I do not know. I have not made too much of a study of Boston facilities, pier facilities and so forth, I could not answer that question.

Q. How about Portland?

A. I don't know much about Portland.

Q. How about Albany?

A. Outside of the fact it is a man-made port, I do not know much about Albany.

Q. So these ports north of New York are not really competitive in your business, is that right? A. As far as our business is concerned, yes.

Mr. Miller: Those are all the questions I have, thank you, sir.

Mr. Macleay: I offer exhibit 76.

Mr. Moerman: Excuse me, we are not through yet.

[fol. 919] Mr. Macleay: I thought you told me you did not want him?

Mr. Moerman: I did not say that.

Mr. Macleay: Mr. Foley advised your side did not care to cross examine him.

We had word from Mr. Foley that your side had waived.

Mr. Foley: You had word from me I waived it.

Cross examination.

By Mr. Moerman:

Q. Mr. Shapiro, how long have you been in the forwarding business in this area?

A. About 42 years.

Q. You have an office here in Washington, have you not?

A. Yes, sir.

Q. I have had the pleasure of doing business with your firm.

In that connection, the type of merchandise which is imported and handled by you is generally high-value merchandise, is not?

A. Not necessarily. There might be some high-value merchandise, but I think the greatest majority of the shipments are medium or low-value merchandise.

Q. If we should go together to the customs house here in Washington in Georgetown, and look over the shipments which you are handling, we would find things like wines, would we not?

A. That is right.

[fol. 920] Q. And we would find imported ceramics?

A. Yes.

Q. From Italy?

A. I want to answer that question. You remember, Washington is not a seaport.

Q. Yes, I am coming to Baltimore in a moment; I just wanted to find out and inquire a little bit about your business.

I take it you handle a great deal in the way of imported merchandise for the local embassies, do you not?

A. From time to time; yes, sir.

Q. All right, so much for that.

Going down now to Baltimore, have you any clients in the grain business at Baltimore, or in the interior?

A. No, outside of perhaps handling some government grain from time to time.

Q But not as a regular part of your business?

A. That is right.

Q. Have you any clients who import or export ores like chrome, manganese, or others?

A. From time to time, yes, we have had some clients—importing ore, not exporting ore.

Q. Importing ore?

A. Yes.

Q. And the volume of such shipments is in what magnitude, in tons?

[fol. 921] A. Well, anywhere from 100 to perhaps 1000 or 2000 tons.

Q. Now, will you tell us, please, when the ore comes in, is it stowed loose in the hold of a vessel, is it in barrels, bags, drums, or boxes?

A. It is chiefly in bulk. Occasionally there may be certain classes of these ores that might be in barrels or in drums.

Q. Chiefly in bulk?

A. Chiefly in bulk, yes, sir.

Q. Is it stowed in the lower holds of the vessel?

A. I think so. I cannot qualify that. I mean, I can't give you a definite answer, but I assume so.

Q. You are not familiar with the technique?

A. Of the stowage of the particular cargo.

Q. Have you ever handled any locomotives in export service?

A. Not to my knowledge—oh, yes, I think about two or three years ago we handled several that moved to the West Indies Port. That was about it.

Q. How about heavy machinery? Does that form a large part of your business?

A. No, sir.

Q. How about automobiles?

A. Import at the present time, yes.

Q. Import?

A. Yes.

[fol. 922] Q. Are you able to tell us to what extent the commodities which you render service move by rail in or out as against the truck?

A. That is an awfully hard question to answer.

Q. Well, if you know, sir, I just want information about what you know.

?

A. It has been my experience, the heavier materials, these bulky materials come in and go out by rail.

Q. Of course they do.

A. And the lighter commodities, less truckloads, truckload lots, quantities, larger quantities, would come in in truckloads, or less-truckload or truckload lots. When I give you the percentages, really it is an awfully hard answer to give.

Q. Now, you testified with respect to the superior services at New York?

A. Yes.

Q. And in that connection you refer to this traffic you have just mentioned which refers to—which moves in and out in less truckload lots, is that not right?

A. That is right. Pardon me, may I with your permission, give you a little explanation of something that transpired during the two intervals, when the Port of New York was on strike, with your permission?

Q. I would love to have it.

[fol. 923] A. Back in 1951, and I believe it was in March, if I am not mistaken, of 1951, and in November, 1954, New York was strikebound.

Many of the ships, I think a greater percentage of the ships, if I am not mistaken, were sent to Baltimore. The Port of Baltimore happily took care of the cargoes coming in. Of course we had quite some problems on our hands.

Q. But you had adequate facilities to take care of the cargo?

A. No, it was almost the same as trying to push an elephant through the eye of a needle, to be perfectly honest with you, but the Port worked 24, perhaps if there is such a thing as 36 hours a day. The ships were unloaded, export cargoes came in to Baltimore, to go aboard these vessels.

The strike was finally settled. We expected the Port of Baltimore would enjoy at least a fair volume of this business because a goodly quantity moved to or from CFA territory.

Of course, a great percentage moved to New York. So the Port of Baltimore had an idea that we would at least enjoy some of this business when things became normal, but lo and behold, when things did become normal, we found that the business that we had received from New Clients through Baltimore was so infinitesimal that you practically could not recognize it.

Now, to my way of looking at it, the clients had taken [fol. 924] into account the fact that we did not have direct sailings, in other words, we just simply were the same port as we always were.

Of course, it is the old story, if you travel by airplane, you travel by air plane, but if, by chance, there is a snow storm, you use a train, and that was the situation.

Q. Yes.

Now, tell me a little more if you will, about these clients. Tell me in general what type of traffic was it that came to you that you hoped to retain?

A. Well, there were so many items of merchandise, to be truthful with you, we had never heard of. There were many food products, there were figs, there were canned tomatoes and manufactured items, and there were many, many commodities—

Q. Imports or exports?

A. Imports.

Q. The figs, of course, were imports?

A. There were commodities moving through the port we had never handled.

Q. How many figs did you get?

A. As I recall, I think they ran into tens of thousands of cases.

Q. Where did they move to?

A. Well, I do not recall, but they moved to the territories in the Middle West, some went to New [fol. 925] York, some went south; I do not remember exactly.

Q. Do you recall how much moved by truck outbound as against by rail?

A. I do not recall. I do not remember. I do know the railroads really enjoyed a tremendous volume of all that business.

Q. Are you able to tell us from your experience what proportion of your import business moved out-bound to the interior by rail, more than say 400 miles?

A. That is an awfully difficult question to answer. I would have to refer to my records to find it.

As I said before, bulky materials, irons and steels, would move by rail. Light items would move by truck—lighter items would move by truck—that is.

Q. Outbound you would have the same difficulty giving us the figures, what comes to you by rail from the interior as against what comes to you by truck?

A. Yes, sir.

Exam. Boat: Under those emergency conditions that you spoke of there, Mr. Shapiro?

The Witness: Yes, sir.

Exam. Boat: Would it not be true that the trucks probably had considerable business before this happened and they would not be available to the same extent as rail transportation might be available for handling those emergency [fol. 926] shipments?

The Witness: Yes, sir. We had quite a problem at the Port of Baltimore at the time because our facilities were such you could not get too many trucks on the pier at one time and by necessity a goodly quantity of the merchandise had to move by rail.

By Mr. Moerman:

Q. Do you have any offices at any other point other than Baltimore and Washington?

A. No, sir.

Q. How many employees in your firm?

A. I think we have thirty-some, I do not remember.

Q. About 30?

A. About 30?

Q. For how long have you had 30 employees?

A. I guess a couple of years.

Q. Do you have any solicitors on the road?

A. Not continuously. We make periodic trips, oh, three, four, or five times a year.

Q. Are you familiar at all—strike that.

In your forwarding business, do you handle any bulk cargoes of ore, grain, gypsum, commodities like that?

A. Our company?

Q. Yes, sir.

A. Well, as I said before, we handle some ores and from time to time some government grain, gypsum, I do not [fol. 927] remember. We might have.

Q. Sugar?

A. Oh, we may have from time to time. You see, we handle diversified items, anything that may come along, and it might have been 2, 3 or 4 years ago and I do not remember.

Q. But the large and regular volume of your business is merchandise?

A. Merchandise and also—when I say merchandise, of course that covers bulk items as well as general cargo—merchandise, yes.

Q. Well, I was trying to make a distinction here between merchandise or package freight on the one hand, and bulk freight on the other.

What do you understand by bulk?

A. Well, bulk is items such as coal, grain, ores, petroleum products that may be packed in drums and so on, items of that character. That is it, items of that character.

Q. In your statement that New York has superior services, did you intend to imply that New York has superior services with respect to the bulk commodities you have named?

A. No, but I will say this, that is based on information I received, of course, this goes back to 1947, now, and I am sure that the situation is principally the same, where I had seen that the port of New York, of all the cargo it had handled at any given period, that the general cargo, as it [fol. 928] is termed, constituted about 85 per cent of the over-all picture, and we take Baltimore on the other hand, it was just the reverse, it was between 12 and 15 per cent of general cargo, as against 85 to perhaps 90 per cent of bulk cargo. That gives you an example.

Q. Do you have any control over whether or not rail or truck is used in connection with exports moving from the interior?

A. Oh, sometimes we might. We can suggest to a shipper to send an item in by truck, if by chance there might be a time element entering into it.

Q. What do you do then?

A. We might recommend to them to send it in by truck, provided a truck can handle it.

Q. How about imports? Is the situation the same?

A. The same way, yes, sir.

Q. Does the freight rate figure in any way in your fee as a forwarder?

A. Oh, no.

Q. So, it is immaterial to you whether the freight moves by truck, rail, or some other method like air or water?

A. Exactly.

Mr. Moerman: No further questions.

Exam. Boat: That seems to be all.

OFFER IN EVIDENCE

Mr. Macleay: I renew my offer of Exhibit 76, Mr. Examiner.

[fol. 929] Exam. Boat: The exhibit previously identified will be received as exhibit 76.

(Exhibit 76, Witness Shapiro in support of Protestants was received in evidence.)

Mr. Macleay: I will call Mr. Connor.

WALTER V. CONNOR a witness was duly sworn and testified as follows:

Direct examination.

By Mr. Macleay:

Q. Will you please state your name and business connection for the record, Mr. Connor?

A. Walter V. Connor, proprietor of the Foreign Freight firm and custom house brokerage firm of John S. Connor.

Mr. Macleay: I ask Mr. Connor's verified statement, previously distributed, be marked for identification.

Exam. Boat: That will be identified as No. 77.

(Exhibit No. 77 Witness Connor in support of Protestants was marked for identification.)

Mr. Macleay: The witness is tendered for cross-examination.

Cross examination.

By Mr. Miller:

Q. Mr. Connor, near the bottom of page 2 you were asked this question:

> "Do you consider the differential to be of an advantage to Baltimore?"

And your answer is:

> "It is an advantage but only to a limited extent. [fol. 930] "We feel it takes very little business away from New York."

Do I understand you feel that there are other factors that are needed by Baltimore to take traffic away from New York?

A. There are a lot of factors that are enjoyed by New York, that we could use at Baltimore to fine advantage.

Q. Other than rate matters?

A. Rate is one of them that is important.

Q. As I understand it, you feel there are other competitive factors that ought to be introduced into Baltimore to attract traffic away from New York, is that right?

A. We would like to enjoy a lot of advantages New York has that we do not have.

Q. Could you enumerate some of those advantages you think Baltimore ought to have?

A. Well, to begin with, the foreign traders are almost confined to New York 100 per cent. The big business is done in New York and they like to have the freight moving through the Port where they are. In addition to that, the banking situation is very important, and the frequency of sailings and the wide scope of sailings is highly important, and the last port of call, which New York enjoys over the out-ports, is highly important.

Q. Now, do any of the other North Atlantic Ports enjoy those superiorities over Baltimore?

[fol. 931] A. I would not know.

Q. You don't know that any of them do?

A. I would not know. I am not too familiar with the foreign ports.

Q. In your business, do you feel the competition from those other ports?

A. Not very much.

Q. Does that go for Philadelphia as well as New York, or the other ports?

A. The foreign ports, North of New York, we do not have much competition, at least we do not feel them as far as our organization is concerned.

Q. How about Philadelphia?

A. Philadelphia is not too great a competitor. They are on certain commodities with their new facilities and so on, but they are not too big a factor.

Q. How about Hampton Roads?

A. Hampton Roads, we do not consider it as much of a disadvantage to us, other than on cargo that originates in that area which is natural to the port.

Q. Does the differential as between Baltimore and Philadelphia give Baltimore a competitive advantage over Philadelphia?

A. Slightly.

Q. Yes.

Mr. Miller: Those are all the questions I have. Thank you.

[fol. 932] Mr. Moerman: I have a question.

Cross examination.

By Mr. Moerman:

Q. Does your house specialize in any types of commodities, Mr. Connor?

A. No, we do not specialize. We will handle anything from the proverbial needles to a haystack.

Q. I did not hear the last part.

A. I said we would handle anything from the proverbial needle to the haystack—anything at all.

Q. How long have you been in business as the proprietor of John S. Connor?

A. Since 1940 I have been the proprietor.

Q. Prior to that time?

A. I was associated with them since 1917.

Q. What was the name of the predecessor?

A. The same firm, John S. Connor.

Q. Is that your father's firm?

A. My brother.

Q. Brother?

A. Yes.

Q. Could you give us an idea of the volume of freight in pounds or tons that your firm handled for the year 1957?

A. No, I would not be able to give it to you.

Q. Could you give us any general idea of its consist? Was it largely package freight?

[fol. 933] A. No. The minimum was package freight.

Q. And other items were what?

A. The other items would be well, say, ores—

Q. Stop right there and tell me what kind, please. What kind of ores?

A. All kinds of ores, various kinds.

Q. Name a few of them, will you?

A. Chrome, manganese, ferro-manganese, iron ore.

Q. That will suffice, unless you wish to name more. All of these ores are imported, are they not?

A. Yes, all ores are imported.

Q. With respect to chrome, does it move in in shiploads?

A. At times.

Q. The dead weight is what, 10,000 tons, 2500?

A. For a Liberty-type vessel, it will run around 9,000 tons, or less than that. The weight will put the ship down to their marks.

Q. And the origin of the chrome, if you know?

A. It is a lot of South African ore, Turkish ores.

Q. South African and Turkish?

A. Right.

Q. And you act as what, forwarder or customs house broker?

A. Naturally on anything imported, we act as the custom house broker, and carry it on to its ultimate destination.

Q. Yes. Now, in connection with chrome ores for the [fol. 934] year 1956, could you tell us approximately how much you handled in tons?

A. I would not have those figures available.

Q. Was it more than one cargo, Liberty cargo?

A. Oh, yes.

Q. It was?

A. Yes.

Q. More than a dozen?

A. I don't want to commit myself, because I would have to refer to my records, but we have ore accounts that continually are using the port of Baltimore on their ore importations.

Q. Is it a fact the bulk of the ore moved to Sparrows Point?

A. A lot of it moves in to Sparrows Point but there is a lot that does not move in to Sparrows Point.

Q. With respect to that which does not move into Sparrows Point, tell us where it moves, if you know.

A. It all moves out to particularly the Pittsburgh, and CFA territory out to the Cleveland, Cincinnati, Gary, all the points out in the Middle West.

Q. By what mode of transportation does it move?

A. Rail.

Q. And do you favor any particular railroad?

A. No.

Q. Do you control the routing?

A. In very few cases.

Q. And in cases where you do, do you favor any par- [fol. 935] ticular railroad?

A. No, we put a vessel where the berths are available. There is a heavy volume of ore at many times, if we can't get a berth at one railroad, we will get it where we can, rather than delay the vessel.

Q. Now with respect to manganese, are the facts substantially the same as with respect to ore?

A. Exactly.

Q. Some moves to Sparrows Point, some moves to Pittsburgh and CFA territory?

A. Right.

Q. And invariably by rail?

A. Right.

Q. And does the manganese come in in bulk?

A. Some. I would say in the majority of cases it comes in in bulk. In some isolated cases it will come in drums or barrels, if they want to preserve the identity of small lots, or a higher grade of ore, they do not want to contaminate it.

Q. Is it not a fact manganese when it comes in drums is discharged from the drums at the dock and then loaded into rail car?

A. Quite often.

Q. That is an invariable practice?

A. I would not say invariable, but quite often.

Q. Quite often?

[fol. 936] A. Right.

Q. The reason for that is what?

A. We do not delve into the reasons for these things done, we follow the instructions of the importer.

Q. It is loaded into an open-top car in bulk, is it not, from the drums?

A. No, the ores are put in different types of cars, container cars and one thing and another. It is varied. It all depends on the type of merchandise and what the wishes and needs of the importer are.

Q. Have you ever known of a truckload shipment of chrome or manganese?

A. Not to my knowledge.

Q. With respect to ferro-manganese, is that the commodity?

A. That is one of the commodities.

Q. Yes.

Are the facts with respect to ferro-manganese substantially those which you have given us with respect to chrome and manganese?

A. Generally, yes.

Q. Does ferro-manganese move in as large volume as chrome and manganese?

A. Yes.

Q. Is it a higher grade commodity?

A. I would say so.

[fol. 937] Q. Does it come in in bulk or in drums?

A. It will come in bulk and in containers, also.

Q. When it moves out, does it move out by rail?

A. Yes.

Q. Does it move in the containers in the large majority of cases, or is it taken out of the containers?

A. In our experience, I would say that it goes out in bulk, in the majority of cases.

Q. By rail?

A. By rail.

Q. Now, ores were one of the categories that you gave us that your firm handles.

Would you give me another?

A. Coal.

Q. Coal?

A. Yes.

Q. And the coal is outbound, of course?

A. That is right.

Q. Does it come to the port by rail, if you know?

A. It does.

Q. Invariably?

A. In 99.44 per cent.

Q. What else do you handle?

A. We handle, the articles are too numerous to mention but it is steel products, and manufactured goods of all types.

[fol. 938] Q. Are the steel products outbound or inbound?

A. Both.

Q. Both?

A. Yes.

Q. Export and import?

A. That is right.

Q. Are they for local consumption, local delivery, do you know?

A. The majority of it goes to the interior.

Q. To the interior?

A. Yes.

Q. Does a good part of it move to the CFA territory which you mentioned?

A. Quite a bit.

Q. Is it divided between trucks and railroads, or is there some other proportion?

A. Steel invariably goes by rail.

Q. By rail?

A. It is more expensive to ship by truck.

Exam. Boat: Off the record, please.

(Discussion off the record.)

Exam. Boat: On the record.

By Mr. Moerman:

Q. Is Mr. Shapiro a competitor of yours?

A. Yes.

Q. Well, aren't your businesses somewhat different in [fol. 939] that you seem to predominate in heavy-moving commodities?

A. Well, it just depends upon your clients and accounts that you have.

Exam. Boat: The point is you hold yourself out for anything you can get?

The Witness: Anything at all. We do not specialize.

By Mr. Moerman:

Q. And so does he.

Now, Mr. Connor, in connection with the situation where you act as a freight forwarder on export traffic, isn't it true that your clients get his money by the presentation of a clean on board bill of lading to the bank which finances the transaction, if it is a financed transaction?

A. I was going to say not necessarily. All export transactions are not financed.

Q. I said if it was a financed transaction?

A. If it was a financial transaction, he would get his money I suppose, when he presented it and took care of his letter of credit.

Q. Yes, do you perform the service for him of presenting the clean on-board bill of lading to the bank so that your client may be paid?

A. In some cases. We are prepared to perform that service at all times.

Q. Now, on export traffic where New York is the last port of call and Baltimore is the first port of call, isn't it per- [fol. 940] fectly obvious that if the export traffic is loaded on the vessel at Baltimore, the on-board bill of lading can be presented for payment sooner than is the case of traffic loaded at the last port of call in New York?

A. Presumably so.

Q. Is prompt payment of any importance to your clients?

A. If it is a finance shipment, I would say yes.

Q. Now, with respect to New York being the last port of call, is that true with respect to—with regard to a great many sailings, or is it just an isolated situation?

A. No, it is a great many. It enables the large manufacturer to keep his production on a much better basis by that much more time to get it to seaboard as compared to Baltimore.

Q. On the other hand, if he wanted his money quickly, and could make a shipment at Baltimore, he could get it by presenting it, the on-board bill of lading at Baltimore, could he not?

A. He could do that, but there are hazards in connection with that. When he ships to Baltimore, he runs the risk of not having as frequent sailings as he does at New York, and if he should miss a sailing, he might miss his letter of credit.

Q. What is the situation with respect to sailings from Baltimore in your experience? Has there been any improvement in recent years?

[fol. 941] A. There might have been improvement in number of sailings over the years, yes.

Exam. Boat: May I interrupt?

Mr. Moerman: Yes, sir.

Exam. Boat: You referred to missing his letter of credit. Do letters of credit have expiration dates?

The Witness: Definitely.

Exam. Boat: I see.

Then there is another term you referred to "financed" transactions. Will you explain briefly how that works?

The Witness: Finance means simply the same thing when it is covered by a letter of credit. In other words, the foreign buyer will establish a letter of credit in this country with one of the banks, and as soon as the exporter from this country will comply with the terms of that letter of credit, then the bank will turn over to him the money provided the documents come to him before the expiration of that letter of credit.

By Mr. Moerman:

Q. Do you have any clients who use the Port of New York in connection with the import of chrome, manganese, ferro-manganese, or other ores?

A. Not that I know of. I presume they do. But I would not know.

Q. You do not know?

[fol. 942] A. No.

Q. Export-import business is handled in connection with letters of credit, open account, is that correct?

A. That is right.

Q. What other ways?

A. By draft.

Q. By draft?

A. That is right.

Q. What proportion, if you have it at hand, of your business, is done on letters of credit, sight drafts, and open accounts?

A. I would not know. I have no way of knowing. We get instructions from the shipper, you can trust the shipment to our care, we give him the documents we do not know what the arrangements are in all cases. He would not necessarily have to tell us.

Q. Can you tell us whether or not in your experience, any of the ores you name have moved on letters of credit as against open account?

A. I would not know.

Q. Who are the consignees of the ores?

A. To the interior?

Q. Yes, sir.

A. Chiefly the steel mills, we will say like United States Steel, Republic, Jones and Laughlin, and numerous others.

[fol. 943] Q. Did you ever see a letter of credit with a steel company name on it?

A. They don't handle their financial transactions through us at all. They give us the import or export documents, and we pick it up from there and follow through on it.

Q. Why is the letter of credit used?

A. Well, a letter of credit is used, if you are an exporter from this country, you certainly are not going to send your merchandise over there on open account. You may be in a shirt business in Bangkok, and it is not good business in being in business with your merchandise over there with no money.

Q. We have ore, coal and steel products. Do you have any other large category of traffic handled by your firm?

A. Well, when you say "large," we do a fairly large business, I would say, as far as the port is concerned. I just say it is so numerous, the commodities, it is really hard to pinpoint, and we do not break them down on tonnages.

Q. What I was trying to get at is the traffic which moves by rail as against that which might move by rail or truck.

Now, going to your so-called package or general cargo freight business, that breaks down, does it not, in to possibly any kind of item?

A. Not any kind, no.

Q. Predominantly what?

A. Well, your truck freight is certain types of freight, [fol. 944] which I think everybody does know is conducive to truck, and the other is not, it has to go by rail.

Q. Yes.

Do you import foodstuffs or handle foodstuffs?

A. We do.

Q. Does it not move out-bound predominantly by truck?

A. I would not say so.

Q. You can't say?

A. No, sir.

Q. How many salesmen do you have on the road soliciting business for your company?

A. Salesmen as such we do not have. We have our own staff, and we make periodic visits throughout the year.

Mr. Moerman: No further questions.

OFFER IN EVIDENCE

Mr. Macleay: I offer exhibit 77, Mr. Examiner.

Exam. Boat: That exhibit will be received as exhibit No. 77 in evidence.

(Exhibit No. 77, Witness Connor in support of Protestants was received in evidence.)

Exam. Boat: You are excused Mr. Connor, thank you.

(Witness excused.)

Mr. Macleay: I call Mr. Mason.

(The witness was not present.)

Exam. Boat: Is Mr. Mason here? (No response.)
Mr. Macleay: I call Mr. Wittkamp.

[fol. 945] NORMAN R. WITTKAMP was sworn as a witness and testified as follows:

Direct examination.

By Mr. Macleay:

Q. Will you please state your name and business connection for the record?
A. Norman R. Wittkamp, president of Island Shipping Co. and Island Forwarding Co., Inc.

Mr. Macleay: I ask that Mr. Wittkamp's verified statement be marked for identification, Mr. Examiner.
Exam. Boat: That may be identified as exhibit 78.

(Exhibit No. 78, Witness Wittkamp in support of Protestants was marked for identification.)

Mr. Macleay: The witness is tendered for cross examination.

Cross examination.

By Mr. Miller:

Q. Mr. Wittkamp, does the Port of Philadelphia, for example, have the same superiority in so far as available services are concerned, as New York does over Baltimore?
A. I am not familiar with the Port of Philadelphia.
Q. Apparently you do not have competition as between Philadelphia and Baltimore ports?
A. As far as export carloading service.
Q. That is right.

A. I know of no export carloading service from Phila-[fol. 946] delphia to the Middle west.

Q. Would the same be true of Hampton Roads ports?

A. That is right.

Q. What about the ports north of New York?

A. I know nothing about them.

Q. How about Boston?

A. I know of no specialized carloading service from the Middle West for export to Boston.

Q. How about Portland?

A. Likewise.

Q. So that this competition in the carloading is only between Baltimore and New York?

A. On the East Coast, yes, sir—for export.

Q. Export only?

A. Yes, sir.

Q. And you are not concerned with import?

A. No, sir, there are carloading services available for export to Philadelphia, Hampton Roads, and the other ports you mentioned.

However, I do not know of any firms that operate exclusively for export in the same category that we do from the Middle West to Baltimore, but New York does.

Q. Do you feel any competition in your business from them?

A. From New York?

Q. No, from those that export at Philadelphia and Hamp-[fol. 947] ton Roads?

A. Oh, at times, yes.

Q. Is it rather minor?

A. I would say, yes.

Q. Does the differential rate as between Philadelphia and Baltimore have any effect on that?

A. Philadelphia, not being, as we said before, not being as competitive in our business, I would say it is negative.

Q. And the superior service out of New York is the principal factor, is it, in general, over Baltimore?

A. The superior service and other advantages that they have—storage, and things like that.

Q. And as I understand it, the differential to Baltimore is the only selling point you have for Baltimore over New York?

A. Yes, sir.

Q. You have no other selling point that you can give your customers?

A. Well, we consider the differential being that the freight rates to Baltimore include delivery to the ship on shipments in less than 5,000 pound category, whereas to New York there is no such thing as free delivery by carloading companies on shipments less than 5,000 pounds.

So we do offer the free delivery and that would add to the differential.

Q. Is that the only other advantage in addition to the [fol. 948] differential?

A. That we have over New York?

Q. Yes.

A. That is the only advantage I know of.

Q. Can you evaluate that advantage at Baltimore, that is, the advantage in addition to the differential, the loading advantage?

Is there any evaluation of that in cents?

A. I do not follow exactly what you mean, do you mean in rate situations or our service?

Q. In cost considerations, as far as your clients are concerned, or yourself is concerned?

A. We sell the Port of Baltimore on what we say is the economy of the port.

Q. Yes.

A. Where we can deliver the freight to the ship without additional cost to the shipper?

Q. Yes.

A. Or the consignee. And at New York, they do not have that advantage on these small shipments.

Q. I am trying to get an evaluation of this particular loading or delivery advantage of Baltimore over New York.

Can you evalnate that in cents per hundred pounds, or something like that?

A. Generally speaking on shipments of less than 5,000 pounds, the delivery charge at New York is between $4.00 [fol. 949] and $5.00 minimum, with an average of about 45 cents per hundred pounds.

Some carloading companies specify that in their tariff.

Q. Can you give us an approximation of the portion of your business that would involve these shipments of less than 5,000 pounds?

A. I would say 85 per cent, or 90 per cent.

Mr. Miller: Those are all the questions I have, thank you, sir.

Cross examination.

By Mr. Moerman:

Q. On this delivery charge at New York to shipside. Is that charge imposed, Mr. Wittkamp, by the railroads?

A. No, sir, the carloading companies, my competition, offer rates to the port, and on shipments less than 5,000 pounds are additional, the rates on these deliveries are to the port, and the delivery to the ship from the carloading warehouse is the additional charge on shipments of less than 5,000 pounds.

Q. You said the minimum was $4 to $5, speaking slowly, I am having trouble reading. Do you know what the minimum is, the minimum weight?

A. That would be, if the rate is 45 cents per hundred pounds, that would be about a thousand-pound minimum delivery. It would be in that range.

Q. Is your only office in Baltimore?

[fol. 950] A. Operating sales office, no, but destination office, yes, sir.

Q. Explain yourself a little bit. What do you mean by that?

A. Our carloading rights authorized us to handle export less-than carload shipments from the middle west, to Baltimore, only.

Q. You are restricted to Baltimore?

A. [illegible] sir.

Q. [illegible] going to inquire as to why you do not do business at other ports, but you have rights from this Commission, have you not?

A. Yes, sir.

Q. Are you free to join in any kind of a joint arrangement so that a New York forwarder could take your carload at any point and route it through New York, via New York?

A. No, sir.

Q. You can't do that?

A. No, sir.

Q. How long have you been in business?

A. Approximately 7 years.

Q. You began in 1951?

A. Yes, sir.

Q. With how many employees?

A. Three.

[fol. 951] Q. How many do you have now?

A. Exclusively on the inland shipping pay roll there are six.

Q. How many in your total business?

A. Oh, approximately 18.

Q. Do you have an operating office at Baltimore, and do you have other offices, where?

A. For Inland Shipping Company at Cincinnati, Ohio, Indianapolis, Indiana, Columbus, Ohio, Cleveland, Ohio, Toledo, Ohio, and Chicago.

Q. Have all these been established in the last 7 years?

A. Yes, sir.

Q. What is the function of the offices you have just named?

A. As a carloading company we assemble l-c-l shipments for export at those cities, and load cars direct to Baltimore.

Q. Do you act as a customs house broker?

A. No, sir.

Q. You are exclusively a carloading company?

A. Inland Shipping Co. is an export carloading service, yes, sir.

Q. Do you specialize in any particular type of freight, for example, for food chains or department stores or five and ten cent stores, for example?

A. Yes, sir, we have a service available for any l-c-l shipments that would come under that export rate.

[fol. 952] Q. Mr. Witness, I have been trying to find out what you have been doing in the past few years. Whether you have been specializing in handling carload shipments for any particular type of industries like hardware, canned soups, things like that?

A. Are you referring to Inland Shipping Co.?

Q. Yes.

A. Any business we handle is all in less-than-carload traffic. We would never have what you would say in the terminology of carload freight.

Q. Yes, but now I want to find out what kind of less-than-carload traffic?

A. We have had traffic that would be most attractive to us, and that would be the one that would give us the most financial return, which would be in machinery or such finished products as televisions and cameras.

Q. That is what I am getting at, machinery, televisions, cameras, what else?

A. Any category in the l-c-l business. Your first class freight is the most desirable freight you could handle for making money.

Q. Yes. Now, what is it that you handle, or have handled in the recent past?

A. I would say I told you what we solicited. I did not tell you what we got. We get a lot of steel, steel stampings, [fol. 953] something like that.

Q. You get steel?

A. Steel stampings.

Q. Steel stampings. What else, sir?

A. We handle construction equipment.

Q. Construction equipment like what, scaffolds?

A. Road-building equipment.

Q. Road-building equipment? What else?

A. Castings, iron and steel.

Q. Iron and steel castings?

A. Nuts and bolts?

Q. Nuts and bolts.

A. I could name practically have of the items in the consolidated classification that we have handled.

Q. Yes.

Are your activities confined exclusively to the receipt of freight by rail in consolidated carloads for transfer to ship or export so far as your outward bound movement is concerned?

A. Strictly export, that is right.

Q. In rail cars, is that the way you receive it?

A. At Baltimore?

Q. Yes.

A. Yes, sir.

Q. Do you get any by truck?

A. We are not operating via truck.

[fol. 954] Q. All right.

A. —at Baltimore.

Q. I see. Do you operate anywhere else by truck?

A. Well, a freight forwarder normally operates, his normal operation is to consolidate a motor vehicle into a consolidating point, so we bring the merchandise from off-line points into the receiving station at Indianapolis or Chicago, via motor truck, load it in our car at that point and send it to Baltimore.

Q. Do you forward to the interior, important traffic?

A. No, sir, export only.

Mr. Moerman: That is all.

Exam. Boat: No further questions?

Offers in Evidence

Mr. Macleay: I offer exhibit 78.

Exam. Boat: You are excused, Mr. Wittkamp, and exhibit 78 is received.

(Exhibit No. 78, Witness Wittkamp, in support of Protestants is received in evidence.)

(Witness excused.)

Mr. Macleay: Mr. Examiner, I ask that there be marked for identification verified statement of Mr. A. B. Summers, Traffic Manager of the Ever-Ready Company of Maryland.

Exam. Boat: It will be identified as 79.

[fol. 955] (Exhibit 79, Witness Summers was marked for identification in support of Protestants.)

Mr. Macleay: Mr. Summers was not called for cross-examination, so I offer exhibit 79.

Exam. Boat: That may be received in evidence as Identified.

(Exhibit 79, Witness Summers in support of Protestants was received in evidence.)

Mr. Macleay: I ask there be marked for identification the verified statement of Victor F. Stine, president of the Pangborn Corporation, Hagerstown, Maryland.
Exam. Boat: That will be identified as exhibit 80.

(Exhibit 80, Witness Stine, in support of Protestants was received in evidence.)

Mr. Macleay: I offer it in evidence.
Exam. Boat: It is received in evidence.
Mr. Macleay: I ask there be marked for identification the verified statement of J. V. Jamison, 3rd, president, Jamison Cold Storage Door Company, Hagerstown, Maryland.
Exam. Boat: It will be identified as exhibit 81.

(Exhibit 81, Witness Jamison in support of Protestants was marked for identification.)

Mr. Macleay: Mr. Jamison was not called for cross-examination so I offer exhibit 81 in evidence.
Exam. Boat: It will be received in evidence.

[fol. 956] (Exhibit No. 81 witness Jamison was received in evidence.)

Mr. Macleay: I ask there be marked for identification the verified statement of Mr. Robert M. Pilson, Traffic Manager, Anchor Cost Products, Inc., Baltimore, Md.
Exam. Boat: It will be identified as exhibit 82.

(Exhibit 82 Witness Pilson was marked for identification in support of Protestants.)

Mr. Macleay: Mr. Pilson was not called for cross examination so I offer exhibit 82.
Exam. Boat: Exhibit 82 is received in evidence.

(Exhibit 82 is received in evidence.)

Mr. Macleay: I ask there be marked for identification the verified statement of Mr. C. Gilbert Kappel, National Plastic Products Co. of Odenton, Md.

Exam. Boat: That will be marked as exhibit 83.

(Exhibit 83, Witness Kappel, in support of Protestants was marked for identification.)

Mr. Macleay: Mr. Kappel was originally asked to appear for cross-examination but counsel for the respondents and their supporters advise me they do not desire to cross-examine him, so I offer exhibit 83.

Exam. Boat: Received in evidence.

(Exhibit 83, Witness Kappel, in support of Protestants was marked for identification.)

[fol. 957] Mr. Macleay: I call Mr. Seidl.

E. Arch Seidl was called as a witness and being duly sworn, testified as follows:

Direct examination.

By Mr. Macleay:

Q. Will you please state your name and address for the record?

A. E. R. Seidl, 5401 Purlington Way, Baltimore, Md.

Mr. Macleay: I ask Mr. Seidl's verified statement previously distributed be marked for identification as exhibit No. 84.

Exam. Boat: It may be marked.

(Exhibit 84, Witness Seidl in support of Protestants was marked for identification.)

Cross examination.

By Mr. Miller:

Q. Mr. Seidl, do you recall approximately when the ship owners began quoting approximately the same rates as between—to or from all of the North Atlantic Ports?

A. The ship owners?

Q. Yes.

A. My recollection is that about 1920 or 1921, along in there. Right after World War I.

Q. A little after—you mean they started quoting the same rates to and from the North Atlantic Ports right [fol. 958] after World War I?

A. I did not get your question. Did you say when did they start it?

Q. Yes.

A. I do not know when they started it. I know when certain interests in New York tried to get an equalization of rates, and that was in 1920-21. I happened to be in one of the conferences up there where the effort was attempted.

Q. We are talking about shippers.

A. Shipper—ocean rates?

Q. Yes.

Did the equalization of the ship rates then come after that time?

A. It was in effect at that time. I recall clearly because it was in the meeting in the spring of 1920 or 1951, that one of the New York companies requested the conference to create a differential on the ocean at North Atlantic Ports. And we voted it down. When I say "we," I mean the conference.

Q. On page 3 you describe your time and efforts in soliciting traffic to and from the Port of Baltimore from 191[illegible] to 1932.

Do I understand from that that you discontinued soliciting traffic after 1932?

A. Well, we went out of business in 1932.

[fol. 959] Q. I see.

A. In that particular venture.

Q. Have you done any solicitations since then?

A. Well, from 1943 up to 1955, yes, because I was managing the office and I was interested in getting freight but I was not out on the road.

Q. 1943, to 1955, did I get that right?

A. Yes.

Q. Now then you mention Dichmann.

Q. Dichmann, Wright & Pugh, on page 5 of your statement. Would you tell me, from your description of their difficulties in operating out of Baltimore that the rail freight differential was not an adequate attraction to put them in business—to keep them in business?

A. No.

Q. How much did it have to do with it?

A. There is no statement in here to that effect.

Q. Did the rail freight differential have anything to do with them abandoning that enterprise?

A. Do you mean that particular venture which we started called the Fjell Line?

Q. Yes.

A. Put your question again.

Q. Did the difficulties—in competing with New York have [fol. 960] anything to do with the abandonment of that enterprise?

A. The difficulties with competing with New York?

Q. Yes.

A. Yes.

Q. The differential was not adequate to overcome that difficulty of competing with New York, is that right?

A. I do not know how much differential had to do with it, but we found out that the New York group had the control of the business, and we could not draw any away from their own commitments.

Q. Despite the fact you had the differential?

A. That is right.

Q. Now, do the ports north of New York have that same competitive advantage over Baltimore as New York has?

A. I do not follow your question.

Q. Does Boston have the same competitive advantages over Baltimore as New York have over Baltimore?

A. No.

Q. How about Portland?

A. No.

Q. Albany?

A. In some cases.

Q. Grain?

A. Grain.

Q. Is that mostly where the—how about the competitive [fol. 961] advantages between Philadelphia and Baltimore?

A. Well, now, with respect to what, the differential?

Q. No, as to the other competitive advantages—service advantages.

Does Philadelphia have any advantages over Baltimore?

A. No.

Q. How about Hampton Roads?

A. Well, on certain freights, yes.

Q. Mostly—

A. Tobacco, lumber and stuff like that, comes right from their own back yard.

Q. But it is differential territory, the CFA territory—

A. They get a fair share of it.

Q. To differential territory, does Hampton Roads have any competitive advantages over Baltimore?

A. None that I know of.

Mr. Miller: Those are all the questions I have. Thank you, sir.

Offer in Evidence

Mr. Macleay: I offer exhibit 84.

Exam. Boat: It is received in evidence.

(Exhibit No. 84, Witness Seidl in support of Protestants is received in evidence.)

Exam. Boat: The witness is excused.

(Witness excused.)

Exam. Boat: Mr. Macleay, I think you had a matter [fol. 962] which was to be discussed with Mr. Miller as to his agreeableness—

Mr. Macleay: I announced earlier, Mr. Examiner, Mr. Stanton who was here Friday is not able to get on the stand then and on Sunday was injured and is incapacitated and will not be able to be here this week. I suggest perhaps the best solution would be for us to agree that he appear at the March 25th hearing.

Mr. Miller: That is all right with me. I do not care.

Exam. Boat: Very well.

Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.
We will recess until 2 o'clock.

(At 12:32 p.m. the hearing was recessed until 2 p.m.)

[fol. 963] AFTERNOON SESSION.

2 p.m.

Exam. Boat: Come to order, please, genetlemen.
Mr. Macleay: Mr. Childe.

C. E. CHILDE a witness was sworn and testified as follows:

Direct examination.

By Mr. Macleay:

Q. Will you please state your name and address for the record, Mr. Childe?
A. C. E. Childe, address Cambridge, Maryland.

Mr. Macleay: May Mr. Childe's verified statement, together with the exhibits attached thereto, be marked for identification, Mr. Examiner?
Exam. Boat: That will be identified as Exhibit 85.

(Exhibit 85, witness Childe, in support of Protestants was marked for identification.)

By Mr. Macleay:

Q. Mr. Childe, were there some corrections made in your testimony and exhibits of which the parties were advised by a letter dated November 18, 1957?
A. There were some corrections, yes, sir.
Q. Will you indicate what those were, just so the record may be absolutely clear?
I believe the first is on page 8 of your statement.
A. On page 8, the 7th line over toward the right where it says "population tripled", it should read "Population increased 6-fold."

[fol. 964] Q. I believe the next is on page 20.

A. On the 14th line of page 20, on the righthand, where it says "Sandusky-Portsmouth Line", it should be "Sandusky-Marietta Line."

Q. Should a similar correction be made on Chart C-7?

A. Yes, sir.

Q. Are there similar corrections you wish to make in your exhibit, particularly exhibit X-19?

A. In reading this testimony over before coming to Washington this time I found another error. A few figures are wrong which, if it is appropriate, I would like to correct.

Q. I wish you would.

A. On Exhibit X-19—

Mr. Macleay: May we go off the record a moment, Mr. Examiner, before we proceed?

Exam. Boat: All right.

(Discussion was off the record.)

Exam. Boat: On the record.

By Mr. Macleay:

Q. Now, will you proceed, Mr. Childe, please, sir?

A. On Exhibit X-19 I found that the unit values as stated on the exhibit were those for exports, and they are correctly stated for exports, but these unit values were also used for imports whereas there was another set of unit values for imports stated on exhibit X-17, therefore, in [fol. 965] order to make the import unit figures correct, I would like to have in the two columns headed "Unit Value" a figure for exports, just put the word "Exp." above the figures on the exhibit as they are now, in both the "1923-1925 = 100" column and in the "1913 = 100" column. But then add to the right of each of those exports a column headed "Imp." for import.

Exam. Boat: To the right of the export figures?

The Witness: Yes, sir.

Exam. Boat: I understand.

The Witness: Those figures for imports are as follows for the 1923-1925=100.

1913, 70, 1921-25, 94, 1926-30, 90, 1931-35, 48; 1936-40, 56.
1941-1945, 77.
1946-50, 122.
1951-55, 161.

Those unit values, by the way, will be found also on exhibit X-17 under imports.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

The Witness: Starting out with 100 for 1913, the figures would be as follows:

For imports—134, 129, 69, 80, 110, 174, 230. That will change the 1913 basis for imports in the last two columns [fol. 966] at the right as follows:

Starting ~~first~~ with the New York and working down—

Exam. Boat: Beginning ~~with~~ 1921-25?

The Witness: Yes, sir.

The 1913 figures will not be changed.

Starting 1921-25, New York will be 1250.6. 1,525.5; 1,256.2; 1,512.8; 1,161.8; 1,523.4, 1,771.8.

Baltimore, starting 1921-25.

58.0; 84.6; 80.1, 99.5; 85.4, 129.5, 174.5.

Now, those changes in the 1913 basis would also change slightly the trendline on exhibit C-4.

I do not think it worthwhile to point out exactly where it would come on the chart because the figures themselves will give that information.

The change, however, in the trend, will be so small as to be insignificant.

The effect will be, however, to change the text at the bottom of page 14 of my statement, the last two lines, where it says, "Imports reached 1.9 billion."

Now that will be changed to 1. 8 billion.

And on the line below "Baltimore is advanced to only 174 million," instead of 232 million.

That is right.

Exam. Boat: That is 174?

I do not know for those of you who are correcting your [fol. 967] exhibits, I do not know if you indicated in that second column under "Unit Value, Imports," that he had a base of 100, the same as in the first column.

The Witness: Yes, sir, that is correct.

Exam. Boat: You should have read that.

The Witness: Those are all the corrections I have, Mr. Macleay.

By Mr. Macleay:

Q. One other matter, Mr. Childe.

In connection with the Maritime Administration tabulation of sailings which was described by Mr. Hamill in connection with his exhibit 1, did you have conversation with the Maritime Administration and other government officials with reference to that tabulation?

A. You mean with reference to what is general cargo and what is bulk?

Q. I mean that particularly, yes, sir.

A. I have discussed that with representatives of both the Maritime Administration and the Bureau of Customs.

Q. Are you in a position to tell us how they determined —what is the machinery of determining whether a vessel shall be shown in that tabulation as a general-cargo vessel or a bulk vessel or an MSTS vessel, or as having come in or gone out in ballast?

Mr. Moerman: Objection as hearsay.

Mr. Foley: No qualification of the witness has been [fol. 968] shown, Mr. Examiner. I object.

Mr. Macleay: Mr. Examiner, there was some question raised about it.

Here is a man—all right, let me qualify him.

By Mr. Macleay:

Q. Were you the person, Mr. Childe, who obtained from the Maritime Administration that tabulation upon which Mr. Hamill's exhibit was based?

Mr. Moerman: Objection—leading.

Mr. Macleay: Oh, let us not be silly, counsel.

Mr. Moerman: Mr. Examiner, may that be stricken from the record? The objection is perfectly proper.

Mr. Macleay: I think it ought to stay there.

Exam. Boat: The objection is overruled, Mr. Childe. You may answer.

The Witness: I obtained the data from the Maritime Administration from which Mr. Hamill's exhibit was prepared.

By Mr. Macleay:

Q. Did you, also participate in the conferences which had to do with the examination of that material and the setting up of the forms to be followed and the standards to be applied in the preparation of Mr. Hamill's exhibit?

A. Yes, sir.

Q. Now, during the course of all of this, did you come to learn how, or distinguish between bulk vessels and general cargo vessels, so far as that tabulation is concerned?

Mr. Foley: To that I object. How can he testify how. [fol. 969] Does it mean he was told by somebody?

Mr. Macleay: Mr. Examiner, I submit when one is conducting a study of that kind he must rely in large part upon what he is told.

Mr. Foley: I think we ought to know what he is told and who told him and what they know about it, Mr. Examiner?

By Mr. Macleay:

Q. Who did you discuss that particular question with within government circles having to do with the preparation of those figures?

A. I discussed it with a number of individuals in the Maritime Administration, among them Mr. William B. Harmon who is the Chief of the Statistical Branch that prepares those tabulations;

Mr. Heine, who is the head of the Bureau of Statistics and Economics down there.

Q. He is Mr. Harmon's superior?

A. No, they are co-equals, I believe. They are both heads of their respective divisions, and quite a number of others. I do not know that I can remember all of them, but about everybody around the place that had anything to do with those statistics, I guess. And I also talked with officials in the Bureau of Customs and in the Bureau of the Census, all of whom have something to do with compiling those figures.

Q. Do you know where the Maritime Administration obtains the basic data upon which or from which it compiles such figures?

[fol. 970] A. I know what I was told about it by these officials. I have not personally prepared any of the figures.

Q. Where did they tell you they obtained the figures?

Mr. Moerman: Mr. Examiner, may I interrupt to ask what is the purpose of the current examination?

Mr. Macleay: It is purely for the purpose of inquiring of an informed witness in order to elicit answers which you were unable to get from Mr. Hamill because he was not informed on the subject.

If you do not want the answers to the questions, I will drop the line of questioning right now and the witness is tendered for cross-examination.

Mr. Moerman: It suits me fine, let us go ahead.

Mr. Macleay: Let the record be perfectly clear we tried to furnish it in the best form possible.

Mr. Foley: Mr. Examiner, that is a highly improper remark. It obviously isn't the best possible information.

Mr. Macleay: Best obtainable on short notice.

Mr. Foley: He has plenty of time.

Mr. Macleay: I have withdrawn the line of questioning. The witness is tendered for cross-examination.

Mr. Miller: Shall I go ahead, Mr. Examiner?

Exam. Boat: Yes.

Cross examination.

By Mr. Miller:

Q. Let us start with your exhibit X-19 that you have [fol. 971] given some revisions for.

Would you tell me how you adjusted these export-import figures to reflect the 1913 dollar basis?

A. On the basis of the unit values stated at the left. These unit values are in turn obtained from the Department of Commerce statistical abstract as reproduced on exhibit X-17.

Q. Point out to me the column on the exhibit X-17 that corresponds to the column on X-19?

A. The upper lefthand corner, the first column is "Yearly Average."

The next column is "Quantity," and the next column is "Unit Value."

It is that last one, unit value, that is the same on X-17 and also on X-19.

Q. You have figures on X-17 and not on X-19, don't you?

A. Yes.

Q. Point out to me which columns you picked out for your unit value for X-19?

A. I just gave you the column. The column headed "Unit Value," on X-17, under "Exports" is the third column of figures you see from the left in the upper lefthand.

For "Imports" you find the same thing stated in the middle section, the right half, under the word "Imports." There you will find three columns under a sub-head "Total" and the middle of those 3 columns has at the top heading [fol. 972] "Unit Value." That is the one I used.

Q. Now, you have got a 5-year average in X-19 that does not appear on X-17. Where did that come from? Oh, yes, I see.

A. Yes, it does, if you look at the left side of X-17, do you see those figures?

Q. Yes.

All right, then, as I understand it, X-19 includes all exports and imports, including the bulk cargo as well as the general cargo, is that right?

A. Yes.

Q. Now then, as between Baltimore and New York, the consist of that traffic would be different, would it not?

A. Yes.

Q. It would be different over the years, would it not? That is, there would be a variance in the percentages of each particular commodity in that consist, is that right?

A. There is some change every year. They also follow general patterns which do not change very much from year to year.

Q. Well, there would be some ups and downs, depending upon the business conditions in a particular commodity, isn't that right?

A. Yes, the detail of all that is in some exhibits which I believe Mr. Seal has introduced, the army engineer figures.

Q. Well, now, did you, in preparation of exhibit X-19, [fol. 973] adjust those current dollar figures to a 1913 dollar-figure basis for each commodity separately?

A. No. The Department of Commerce does all that in working out these unit values.

Q. What do you mean by that?

A. They take the entire amount of exports and imports, commodity by commodity, and they attach to each of them a weight based upon the difference in values from year to year and they consolidate all that into a combined unit value which appears in my exhibit.

Q. Yes, but to apply that unit value to a particular port necessarily results in the assumption, does it not, that the particular port has the average consist of traffic of all ports, does it not?

A. It does to a certain degree.

Q. To a certain degree? It does completely, does it not?

A. Well, it does to a certain degree, to this extent: That there are variations from year to year, but they do not change the total pattern very much from year to year.

Q. When you use a United States average and apply the same figure to New York as you apply to Baltimore, you necessarily assume, do you not, that the same consist of traffic existed at Baltimore as existed at New York, right, for that particular year?

A. You necessarily assume what you are doing is apply- [fol. 974] ing a national average to a particular port business, which may throw it off a little and undoubtedly does, but I am trying to explain to you in applying those figures to the two ports—

Mr. Miller: Mr. Examiner, may I have an answer to my question, please?

Exam. Boat: He is trying to explain it.

Mr. Miller: I know, but he ought to answer it first.

Mr. Macleay: I submit, Mr. Examiner, he is answering it, if counsel will give him a chance.

Exam. Boat: I do not recall what he said when he started to reply there. Will you read the reply?

(The record was read by the reporter.)

Mr. Miller: That can be answered yes or no.

The Witness: I am lost now; if you will start over again, I will try to answer your question.

Mr. Miller: Will you read the question again?

(The question was reread by the reporter.)

The Witness: No.

By Mr. Miller:

Q. Why?

A. I do not have to make that assumption.

Q. Why don't you have to make that assumption?

A. It would not make any sense to me to make such an assumption. I think what you are trying to say is that the national average would not be exactly the same as the average of either New York or Baltimore, and I agree that is [fol. 975] true, but if you mean by that that these figures are improper for the sake of making comparisons of the two ports, I would not agree with you on that.

Q. Well, when you use this national average, you are assuming to blow up dollar figures. You assume, do you not, the same consist of traffic at every port in the United States, isn't that true?

A. No, sir. If you wish to have me explain what I was trying to tell you, I will be glad to do it.

Q. All right, go ahead.

A. If you will refer to my exhibits, starting with X-18 showing the value of exports and imports of merchandise to New York and Baltimore—

Exam. Boat: Those are aggregate values?

The Witness: Yes, sir, showing values annually of exports and imports at each of those ports.

I come out with a chart which is chart C-3 for exports and C-4 for imports.

Now the heavy black lines on charts C-3 and C-4 show the volume of traffic and the trends of the traffic from year to year in your current dollars from 1870 to 1955 or 6.

Now in addition to that, I thought it would be of some value to show what the trend would be in constant dollars so that you take out the inflation of the war and post-war years.

[fol. 976] In order to show those same trends in constant dollars I had to have a conversion figure to convert the later dollars into 1913 dollars.

By Mr. Miller:

Q. All you converted was the dollars and not the commodities, isn't that right?

A. The dollar values. Now the part—

Q. But you did not convert the commodities that way?

A. No, I am dealing with dollars here exclusively.

Q. Did they ship dollars?

Mr. Macleay: Oh, Mr. Examiner, I object to that sort of facetious question.

The Witness: You know of course that dollars are what are used to pay for exports and imports.

By Mr. Miller:

Q. Well now, wouldn't it have been more statistically sound to have taken coal for example, separately and changed the value of those coal shipments to reflect the differences in the changes of the value for coal alone?

A. Well, it is conceivable you can take each commodity and make a conversion separately and then finally come out with an average. If you did all that, you would not be substantially different from what is shown here. You would be wasting a lot of time on what amounts to an insignificant matter.

Exam. Boat: Isn't it so, Mr. Childe, you are merely trying to adjust that for the changes in the dollar value for the [fol. 977] aggregate value in both instances?

The Witness: That is correct, Mr. Examiner, and while it is true, as counsel seems to be bringing out here that the national average unit may not exactly represent the change in values at a particular port, it comes close enough so that the validity of the trend would not be affected by any slight differences in the consist of the traffic, one port versus another.

By Mr. Miller:

Q. Well, Mr. Childe, let us take your figures on page X-117.

You have there the exports broken down into three broad classes. One you have "Crude Materials." That would include the coal, would it not?

A. Yes.

Q. Well, now, coal in 1913 had a unit value of 47, did it not?

A. Yes.

Q. And 124 in 1951-55?

A. That is right.

Q. Which would be roughly 3 times, right?

A. Yes.

Q. Whereas your figures in total began with 65 and ended with 137, which is just a little over 2 times, right?

A. That is right.

Q. So that your differences in consist of traffic there [fol. 978] would have resulted, if you had computed your coal separately, in multiplying that by 3 times instead of 2 times, wouldn't it?

A. Well, if we took coal separately it would show a different trend than the total, yes.

Q. All right.

Now, let's turn—

A. Of course, you understand that crude materials include other things besides coal.

Q. I appreciate that. You do not have a figure for coal, do you?

A. No.

Q. I am using the best figure you have got.

Let us turn to your exhibit X-22, which shows your exports in total tonnages—all commodities.

Now in all commodities, your line A for Hampton Roads is far and beyond more than the exports of any other port, is not that right?

A. Yes.

Q. If you were to multiply—most of that is coal, is it not?

A. That is right.

Q. If you had multiplied that by 3 instead of 2, you would greatly have changed your figure in exhibit X-19, wouldn't you?

A. You don't multiply tons by unit figure to get dollars, you multiply dollars. If you take the value of coal, you [fol. 979] would ~~not find~~ Hampton Roads showed up very large. We do have value figures in the record.

Mr. Macleay: By that you mean the figures on your exhibit X-18?

The Witness: I do not show Hampton Roads.

Mr. Macleay: That is right, you only show New York and Baltimore.

The Witness: If I am correct, it was Mr. Seal's exhibit, the Army Engineer's figures show values as well as tons.

By Mr. Miller:

Q. Let's take Baltimore on Exhibit X-22.

In total tonnage they had in 1955 more export tonnage than New York, didn't they?

A. You refer to column "B" figures, or the column "A" figures.

Q. Column "A" figures?

A. Baltimore had more tonnage than New York, yes, sir.

Q. A large part of that was coal, in other words, more coal than New York had?

A. That is right.

Q. So, if you would multiply the Baltimore coal factor by 3, instead of 2 as you did, that would increase the dollar figure for the coal portion of your dollar figure in exhibit X-19, would it not?

A. If you used the value of coal you could multiply it and get a dollar figure, but you could not use tonnage. You [fol. 980] are referring to tonnage all the time.

Q. Where is the dollar figure for this tonnage?

A. I do not show it, but these other exhibits do show what the dollar value of coal is versus these other things.

Mr. Macleay: You show it in total, don't you, Mr. Childe?

The Witness: Yes. I am not dealing with separate commodities in this exhibit.

By Mr. Miller:

Q. But statistically it would be more sound for you to have inflated each of these commodities separately, right?

A. That would have been a refinement that would change the figures a little, but not much. I do not know whether you want to call that more sound or not. I think it would be a waste of time.

Q. On page 17 of your prepared testimony, about two-thirds of the way down the page you say, "Reference to the individual commodity and accompanying data in the work sheets discloses Baltimore's relatively high percentage to the areas named above were caused by large shipments of iron and steel products and fertilizers produced in Baltimore's local or adjacent territory, rather than by tonnage diverted by Baltimore from the differential territory away from New York."

Is that not a statement as to the consist of the traffic involved in your figures also applicable to exhibit X-19? [fol. 981] Isn't a large portion of the exports and imports there not a matter of differential territory, but shipments to and from local and adjacent territory?

A. Yes, that is correct.

Q. And the only figures that you show all through your exhibits and testimony relating to the differential territory is one set of exhibits that you obtained from one of the other witnesses in this case, is that right?

A. I do not think I know what you refer to.

Q. Well, give me just a second here and I will find the exhibit.

Your have one exhibit, do you not, that classifies traffic to and from the differential territory, isn't that right?

A. I have an exhibit in which I endeavored to put together the tonnage figures of the northern railroads, that is, the railroads proposing to make these equalizations, and the opposing railroads.

Q. Can you designate the number of that exhibit?

A. It is X-24.

Q. That is the only exhibit, the only data that you have in your exhibits and testimony relating particularly to movements to and from the differential territory, right?

A. No. I have some exhibits in which I endeavor to show the growth of manufacturing in the differential territory as distinguished from the so-called hinterland territory.

[fol. 982] Q. But that growth of manufacture is not related to the export-import solely, is it?

A. No.

Q. It would include the manufacture of commodities consumed locally, would it not?

A. The figures I used dealt with the total manufacturing in the various areas which I thought would be indicative also of their export-import potential.

Q. But the figures included amounts consumed locally?

A. It included all manufacturing.

Q. Including the amounts consumed locally?

A. Yes. It has nothing to do with consumption. It is everything manufactured.

Q. Now, in turning to page 3 of your testimony, you say there, "My testimony will deal with the changes in population, occupational patterns, and the growth of manufacturing in exports and imports during the period."

Now there have been changed in, as you show, all of these areas, has there not?

A. Yes.

Q. And the issues involved in this case, namely, the export-import differential would be only one of numerous economic influences affecting each of those changes, would they not?

A. That is correct.

Q. And it would be an infinitesimal factor economically, [fol. 983] would it not?

A. No, I do not think so.

Q. How can you tell?

A. Well, I have a general background of information that the differential has had a good deal to do with the movement of traffic through these various ports.

Now, if you refer to whether the differential has been a big factor in the development of manufacturing in the area, I would have no information to indicate that manufacture grew up because there was a differential, I would not want to make that contention. But the freight rate and the freight rate relationships still have a distinct influence on manufacturing and on traffic.

One cannot make a broad, generalization that the differentials had an infinitesimal effect, that would be going too far.

Q. Can you say it has a measurable effect?

A. Yes, it could be measured, but I do not have the data with which to put any precise measurement on it.

Q. You did not attempt to measure it, did you?

A. I measured it as best I could in trying to show what has been the development here, and I had hoped that that would throw some light on the movement of traffic.

Q. What has the freight differential got to do with occupational patterns?

[fol. 984] A. The differential indicates whether or not a freight rate will be so many dollars and cents from a certain point to another one, and I know of general knowledge that is one of the factors that enters into the location and growth of manufacturing, but just how much and in how many cases I would not have any way of guessing.

Q. The same would be true as to changes in population, is that your contention?

A. I know the changes in population are related to changes in industrial growth, so the whole thing is tied up together in a pattern. All I can do is try to show you the pattern.

Q. On page 13 and extending on to page 15 you are talking there, are you not, about the figures that you set forth in exhibit X-19?

A. I start to talk about exhibit X-19, on page 12.

Q. Yes.

A. And continue talking about exhibit X-19 and some charts, and so forth, all related to the same phase of my testimony up to the middle of, or down to the middle of page 15.

Q. And so the corrections and testimony that you have given about exhibit X-19 would have to be applied to those pages, would it not?

A. I changed all of the figures that require any change, I think.

Q. Let me check.

[fol. 985] A. I do not know of any I overlooked.

Q. I have your revised testimony, and I do not see any changes in the figures in the text.

Mr. Macleay: He read them into the record a moment ago, counsel, on page 14.

Mr. Miller: I am sorry.

Mr. Macleay: The last two lines.

By Mr. Miller:

Q. Wouldn't you have to make more changes than that through the testimony beginning on page 12?

A. I think not.

Exam. Boat: Mr. Childe, in that connection, you refer to the same 232 million in the first line on sheet 14 as you do in the last line, but you changed only the last line.

Mr. Macleay: Apparently that is correct. The first line on page 14, Mr. Childe, is that the same 232 million?

The Witness: I believe you are right, Mr. Examiner, thank you. I overlooked that one.

Exam. Boat: The one on the first line should be changed to 174 million also, is that correct?

The Witness: Let me read that to make sure, may I?

Exam. Boat: Yes, surely.

The Witness: The figure at the bottom of page 13 refers to exports and at the top of page 14 it refers to exports. I did not change any export figures, it was only the import figures that were changed.

[fol. 986] Exam. Boat: I see.

Then there should be no change in that first line?

The Witness: No change in the exports, no, sir.

It happens, Mr. Examiner, if you will look at X-19, Baltimore had 232 million exports and 232 million imports. I did not change the export, but I did change the imports.

Exam. Boat: It is a rather unusual coincidence?

The Witness: Yes, that is correct.

Cross examination.

By Mr. Moerman:

Q. Mr. Childe, why is the proposal of the New Haven, the Boston and Maine, the New York Central and other respondents in this case not in the public interest in your opinion?

A. I think it would give them such a preponderance of advantage over the ports below New York that the public interest would suffer rather than be benefited. It would be too lopsided an arrangement. That is one thing.

Above that, I think the public is interested in getting the lowest possible reasonable rates on exports and imports, and in my opinion if the rates were equalized, the equalized rate would have to be higher than if the rates were based on the transportation costs and conditions of each port separately, so that, if you keep a lower rate in effect to and from the ports where transportation costs would justify a lower rate, the public can take advantage of that lower [fol. 987] rate whenever there is an advantage in so doing.

If you equalize, that would mean that the equalization would have to be on a higher level than would be reasonable at the low-cost port, and at a lower level than would be reasonable at the high-cost port.

Q. You use the word "lopsided," I believe. Is it your statement that if the New Haven Railroad is permitted to equalize with the Hampton Roads carriers, that the New Haven would have a lopsided advantage over the Chesapeake and Ohio Railroad?

A. I would not want to pin it down to those two railroads.

What I mean to say is that the Port of New York would be so overwhelmingly superior to the other ports that the other ports would suffer. That is one phase of it. The other is that since the costs are so much higher through New York than the ports below New York, the public would have to pay a higher freight bill for using that port without being able to use the lower ports at a lower rate.

Q. Is there any cost data in your exhibits or testimony?

A. No.

Q. Now, with respect to the railroads I have mentioned, would you consider it—

Mr. Macleay: Just a moment, Mr. Examiner, I wonder if counsel will inform us whether they are the ones he most recently mentioned, or the ones he mentioned first, in which [fol. 988] he included the New York Central and the Erie?

Mr. Moerman: I will name the railroads.

With respect to the New York Central Railroad, which is a respondent in this case, Mr. Childe, and the Baltimore & Ohio, which is a protestant, is it your opinion that it would be not in conformity with the public interest for the Commission to authorize equalized rates to and from differential territory for the two railroads I have named?

A. Well, if the Commission authorized a reduction in the rate of the New York Central to the Port of New York and left it open to the Baltimore and Ohio Railroad to make a lower rate than that reduced rate, it might not work out to the public advantage, but I think it would be disadvantageous to the public to have the hands of the B & O tied so that it could not make the lower rate to Baltimore than whatever the New York Central put into New York.

By Mr. Moerman:

Q. When you state, as you do, at page 28 of your testimony, that in your opinion the maintenance of lower rates to and from differential territory through Baltimore, Philadelphia and Norfolk, than through New York, would be in conformity with the public interest, are you referring to the broad public interest or to the railroads or to the ports or to shippers or to what?

Who is the public interest in this particular case?

A. I am thinking in the broadest possible terms. I think [fol. 989] it is highly important to the economy of this country that exports and imports be made as economically and as easily as possible, and it is that broad interest I have primarily in mind.

Q. Is it in the public interest, in your opinion, Mr. Childe, as shown by your exhibit X-24, for 2,375,000 tons of agricultural products to move through Baltimore and 300,000 tons via New York?

A. I think it is under present conditions. It is much more economical to move the grain through Baltimore than it is through New York, therefore, the public gets the benefit of the more economical route by using Baltimore.

Q. Yes, I agree with you that it is in the public interest so far as the shippers are concerned, they do benefit, don't they, by the lower rates through Baltimore?

A. Not only the shipper, but the producer as well.

Q. The producer as well?

A. Yes, sir.

Q. And even the purchaser?

A. That is quite possible.

Q. Who obtains a lower freight rate.

Now, what is the public interest so far as the carriers at Baltimore are concerned, versus the carriers at New York and Boston on this heavy movement?

A. Do you mean what is the carrier's interest in routing [fol. 990] it one way versus the other?

Q. No, what is their interest so far as the public interest is concerned?

Don't you concede that so far as the broad public interest is concerned the railroads at New York and Boston are not getting very much out of this flow of traffic, are they?

A. Well, as to grain, of course they are not getting as much.

Q. Is it because of the differential, Mr. Childe?

A. I think there is a lot more than that to it.

You take New York, for example, does have the cheapest route for moving grain from the West to the Atlantic Seaboard.

Q. The cheapest rail rate?

A. Not the cheapest rail rate, I saw the cheapest routes.

Q. Oh, you mean costwise?

A. I am referring to the water route.

Q. Oh, the water route?

A. Yes.

Now, if it was only a matter of the lowest transportation cost, that water route would attract more grain through New York, in my opinion, by a great deal, than it does now, but there are other difficulties that New York has to overcome; as you well know, they do not have the elevator facilities, they have a very high-cost operation there in getting the grain on to the ocean vessels.

[fol. 991] Q. Isn't it your opinion that even if the rates on grain were equalized as the respondents here propose, the New York railroads would still have considerable handicaps to overcome to attract grain traffic for export?

A. Yes, until better facilities were provided, I do not think New York would get much grain.

Q. And isn't the same fact true with respect to the ores that you show on your exhibit X-24, that the New York Respondent Railroads would be in a similar position until more adequate facilities are established?

A. Facilities have a great deal to do with it, yes.

Q. On your exhibit X-24, when you say commodity-mines, excluding coal and iron ore, do I take it that there are no exports or imports of coal to and from official territory?

A. To and from official territory?

Q. Excuse me, CFA.

A. I don't know of any coal moving from CFA territory, unless you would call Southern West Virginia, or even northern West Virginia, CFA. Some coal moves from there through the Port of Norfolk, and a little through Baltimore.

Q. What did you exclude on iron ore?

A. I don't believe I understand you.

Q. You have an exclusion here, commodity-mines, iron ore. What was the exclusion, how much in tons?

A. What page are you looking at?

Q. X-24.

[fol. 992] Exam. Boat: From the products of mines you have excluded coal and iron ore?

The Witness: I was merely taking in X-24 the figures that were furnished by the railroads, and whatever they excluded necessarily I excluded.

By Mr. Moerman:

Q. All right, sir, I understand what you did.

I was interested in knowing what the exclusion amounted to if you had it. If you do not have it, that is all right.

A. I am merely copying the railroad figures here and consolidating them.

Q. Yes, sir.

Now, Mr. Childe, early in your statement, specifically on page 5, you make the point that the Port of New York is the largest port, the largest city, the largest center of manufacturing and trade, and I would like to ask you whether or not the New York respondent railroads are the largest carriers of export and import traffic which is the subject of the rates in this case, to and from CFA Territory?"

A. I have not made that computation but, of course the figures are in the record. I just do not have them in my mind, whether the so-called New York railroads are ahead of the others or not, but where would you put the Pennsylvania, would that be a New York carrier?

[fol. 993] Q. Not in this case, sir.

A. Would the B & O be one?

Q. Not in this case.

A. Of course they both carry freight to New York.

Q. Turn back to your X-24 for me, will you?

A. Yes.

Q. Now, Mr. Childe, you took these from witness Mollman's exhibit.

Please look at the total under "Export, Baltimore, total 3,303,499 tons; New York, 2,393,045 tons."

And then on the "Imports, Baltimore, 1,644,844 tons; New York, 645,792 tons."

Are you aware that these figures show the amount of export and import traffic to and from CFA territory on the one hand via New York, by the Respondents in this case, excluding the Pennsylvania and the Baltimore and Ohio?

A. I do not remember offhand whether the figures you are reading are merely those of the B. & O and Pennsylvania, or whether they are all of them, but the record shows.

If you will tell me what they are, I will be able to understand you.

Q. Yes, I believe I misstated the fact.

These figures, I am advised now, from New York, do include import and export traffic via all railroads serving New York.

[fol. 994] A. That was my recollection.

Q. Yes.

Exam. Boat: Are they taken from witness Mollman's Exhibit?

Mr. Macleay: Mollman and Crookshank, aren't they, you put the two together?

The Witness: Yes. I took all of the so-called northern railroads that furnished tonnages, I took all of the opposing [illegible] gures and consolidated them.

Mr. Moerman: Well, the total, Mr. Childe, of the exports and imports, via Baltimore, is in excess of 4,900,000 tons; are you looking at X-24?

A. Yes, sir.

Q. Adding the 3,300,000 and the 1,600,000—agreed?

A. That would be true.

Q. And the total via New York, adding the 2,300,000 and the 600,000, is about 3 million?

A. Yes, that of course includes the bulk commodities that some people think should be taken out in comparing the importance of the traffic moving through the several ports,

Q. What do you think?

A. Just on total tonnage, I think you have correctly stated the figures. In other words, I do not think a ton of coal or a ton of iron ore has an equal standing with a ton of machinery or other manufactured freight.

[fol. 995] Q. Did you ever know of any iron ore, chrome, manganese, or any kind of ore to move by truck from the Atlantic Coast inland to CFA territory?

A. I never heard of a truck movement of those bulk commodities.

Q. Did you ever hear of a truck movement of grain or coal for export?

A. You mean through the Ports of Baltimore and New York?

Q. Yes, sir.

A. It runs in my mind I have heard of some trucked grain, but it would be insignificant.

Q. Now, Mr. Childe, you have had a long and distinguished career in transportation. Is it your testimony bulk commodities are of no importance or of minimal importance to the railroads of this country?

A. No, I think they are all important. I don't mean a hyphenated word, but I mean all commodities are important.

Q. You referred to vast economic and other changes in the country at page 3, I believe, of your statement.

Isn't it a fact one of the vast changes referred to by you is the astonishing growth of imported ores via North Atlantic ports other than the ports of New York and Boston?

A. Yes, I think that is a remarkable change.

Q. And don't you think that the government program for supplying surplus agricultural commodities, principally grain abroad, has produced millions of tons of export cargo for railroads? [fol. 996]

A. That is one thing. Of course export grain always has been important to this country.

Q. And on your own figures, moving principally via the Port of Baltimore for export?

A. Well, no, New York was the first port for quite a number of years.

Q. That is true, historically.

A. It is only in recent years, relatively, that Baltimore has surpassed New York on grain.

Q. With a decline on the New York State barge Canal, correct?

A. Well, there have been a good many influences. I do not think that the New York barge canal has been the most important. It has been one of them.

Q. Well, isn't it a fact the differential has been the most important factor in influencing the movement of grain to the various North Atlantic ports?

A. It is a hard question to answer that in such sweeping terms.

You will recall, for example, on the ex-lake grain there was an equalization some years ago, but up to date, I do not think New York has gotten much out of the equalization.

Q. Precisely, so if there were equalization here which is [fol. 997] opposed by the protestants, it is your opinion, is it not, that New York would have a hard time to capture a part of the grain traffic moving through competing ports?

A. I think all that would be required would be the construction of modern facilities at New York and then on an equalized basis New York would have, in my opinion, a very decided advantage over Baltimore.

Q. Do you know enough about Maritime practices to answer this question: If a vessel begins at Baltimore and New York is the last port of call, can it, as a practical matter, load grain as bottom cargo or in parcel lots?

A. Well, I do not pretend to qualify as an expert on loading grain, but I do think there is a good deal of truth in your suggestion that it would be advantageous to load the grain before you put on the top cargo.

Q. Yes, sir.

Now, Mr. Childe, turning to another subject briefly.

At page 23 of your statement you discuss competition from Gulf Ports.

Would you look at that, please?

Mr. Welsh: What page is that?

Mr. Moerman: 23.

The Witness: 23 of the statement?

Mr. Moerman: Yes, sir, at the bottom of the page. You talk about increased foreign trade?

[fol. 998] A. Yes, sir, I see it.

By Mr. Moerman:

Q. Isn't it a fact that because of the differential the New York Central, the Erie, the Boston railroads are in a worse position in connection with Gulf competition than are the Baltimore and Hampton Roads carriers by virtue of the differentially higher rate to and from the Port of New York, to and from CFA territory?

A. If I understand your question correctly, it means that if the rate, say is 20 cents a hundred pounds from a point in CFA territory to New Orleans, and 22 cents to Baltimore, and 23½ cents to New York, is New York at a greater disadvantage than Baltimore? I think that is arithmetically correct, yes, sir.

Q. Yes. But isn't it true that a large body of rates obtains between the Gulf and CFA which is on the Baltimore basis? You are aware of that, are you not—other than the Todd Knott Formula?

A. I have in mind there is a certain amount of equalization of rates Baltimore versus the Gulf. Is that what you mean?

Q. Yes, in that situation New York and Boston railroads are up against it, are they not, with a 3-cent higher rate obtaining to and from those ports on export and import traffic?

A. They have a higher rate than Baltimore does.

Q. I see.

[fol. 999] Conversely, is it not true that Baltimore, by virtue of being on the gulf basis, or rather, Baltimore being on the gulf basis, with respect to certain commodities, is in a better position than the railroads serving the Ports of New York and Boston, to compete with the gulf?

A. So far as rates are concerned, to whatever extent the New York rate is higher than the Baltimore rate, you can consider that a disadvantage.

But there are so many other things that enter into the picture.

You know that New York seems to have no trouble at all in holding its commanding lead over all the other ports in the country.

Q. You are referring to the railroads at New York, or the Port of New York?

A. The port of New York.

Q. The port of New York?

A. Yes, sir.

Q. With respect to the St. Lawrence Seaway competition about which you talk in your testimony, the Baltimore and Ohio, the Norfolk Railroad, ever the Pennsylvania Railroad will be in a better position, will they not, and are now in a better position to compete for traffic from the interior as against the St. Lawrence than will the railroads at New York and Boston by virtue of the fact that [fol. 1000] the railroads at New York and Boston have a higher rate than do the railroads at Baltimore, Philadelphia and Norfolk, is that a fact?

A. To that extent, I agree, that Baltimore is better off than New York in competing against the potential St. Lawrence traffic.

Of course, when you come right down to the question of how is the grain going to move, you have to consider the St. Lawrence Water Route as against the New York Canal water route, and in that respect New York has the advantage over Baltimore.

Q. Yes. Now, do you know whether or not the present rates via the lakes are rail-water-routes or are they simply a factor to the port and then water routes beyond?

Are there any joint rates? I believe not, this is foreign commerce.

A. No, I think it is a matter of what-ever the charge is by lake vessel to Buffalo, or Oswego, or wherever it may be transferred, and by barge beyond.

Q. Are the rates, if you know, via the lake routes, via the St. Lawrence, lower than the all-rail routes on export and import traffic?

Mr. Macleay: I was lost on that, Mr. Examiner. I wonder if I could have that question restated or read?

Mr. Moerman: Yes, the witness talked about the effect [fol. 1001] of St. Lawrence competition on export and import traffic moving via the North Atlantic ports.

I simply want to ask him, knowing as we do the rail rate relationship on export and import traffic, at North Atlantic ports, what is the rate basis via the St. Lawrence?

A. Well, the St. Lawrence is an all-water route as we know.

Q. Yes, sir.

A. And the cost of moving wheat overseas via the St. Lawrence is a combination of the lake vessel charge to Montreal, Quebec, or somewhere along the river there, plus the ocean vessels' charge beyond.

Q. So that, as far as the shipper is concerned, he can ship wheat or grain abroad, most cheaply by a lake route, next most cheaply via Baltimore or Norfolk, next most cheaply via Philadelphia, and last of all via New York and Boston, is that correct?

A. No, sir.

I would place them in this order: The all-water lake-ocean rate is the cheapest from the lake ports.

The next cheapest is the all-water-lake-New York barge canal-Hudson River route.

The next would be Baltimore-Norfolk Rail route, and then would be Philadelphia above that. Then would be New York and Boston above that, as far as the rail is concerned.

[fol. 1002] As far as your ex-lake rail rates are concerned, you have a different situation, as you know.

There the rate from Buffalo or other eastern lake ports would be the same to New York as to Baltimore and Philadelphia.

Q. Do you know how many canal boats are operating on the New York State barge canal today?

A. Did you say are there any?

Q. Do you know how many?

A. I do not have the figures.

Q. You do not know there are any?

A. No, sir, I do not know.

Q. You do not know the carriers are no longer meeting the published rates of such canal carriers as there might be on the New York-State Barge Canal?

A. It would be news to me to hear the canal had gone out of business.

Mr. Moerman: Well, it is news. That is all, sir.

Wait a minute.

By Mr. Moerman:

Q. I beg your pardon, Mr. Childe, my associates remind me that you were the gentleman, I believe, who selected from the Maritime Commission some figures for Mr. Hamill's exhibit, is that correct?

A. I obtained the data from which Mr. Hamill's exhibits were prepared.

Q. Just one question. Why did you eliminate or not [fol. 1003] obtain the figures with respect to the bulk vessels?

A. We tried to get them, but we ran into some difficulties that delayed the thing to a point that we could not put them in at this hearing.

Mr. Moerman: Thank you very much. That is all.

Cross examination.

By Mr. Foley:

Q. Mr. Childe, if Boston rates to and from affected territory were equalized with Baltimore and Hampton Roads, would you feel the situation was lopsided?

A. Will you read that, please?

(The reporter read back the question.)

The Witness: You mean the rate from the West to Boston being lower than from the West to New York?

By Mr. Foley:

Q. Being on the Baltimore base. I am not asking you anything about the New York rate, the effect of that on the lopsidedness.

I am asking if Boston were equalized with Baltimore and Hampton Roads whether that would be a lopsided situation, using lopsided as you did when you first testified with regard to New York?

A. Do you mean merely from the differential territory, or from all the inland?

Q. From differential territory?

A. It would be lopsided in this respect.

Q. No, my question was in the respect that you used it, [fol. 1004] with respect to New York when you first answered Mr. Moerman's question?

A. I do not know as I clearly understand your question but if you mean, would that be a proper rate adjustment?

Q. No, I asked you if it would be lopsided.

I know, in answering with respect to New York, you said that if New York were equalized with Baltimore and Hampton Roads, you would consider the situation lopsided.

Now, I am asking you would you so consider it if Boston were equalized?

A. What I meant by that was I thought New York would get such a great preponderance of the business that the other ports would not have much chance.

Q. Do you say that with respect to Boston?

A. If your question is only Boston, and not New York, got the Baltimore rate, I do not think it would make much difference. I can't conceive of Boston getting a lower rate than New York from the West.

Mr. Foley: May I object to that? That is not pertinent. May that go out, Mr. Examiner?

Mr. Macleay: He asked the question, he should be permitted to answer, Mr. Examiner.

Mr. Foley: That is not the question.

The Witness: Mr. Examiner, this may be facetious, I [fol. 1005] do not know, but if the result of reducing—

Mr. Foley: Mr. Examiner, there is no question pending, I object to the witness volunteering.

Exam. Boat: I think Mr. Foley's question was answered.

Mr. Foley: I have no further questions.

Exam. Boat: Does that complete the cross?

Is there any redirect?

Mr. Macleay: No redirect, Mr. Examiner.

OFFER IN EVIDENCE

I offer exhibit 85 in evidence.

Exam. Boat: You are excused, Mr. Childe.

(Witness excused.)

Exam. Boat: The exhibit is received in evidence.

(Exhibit No. 85, Witness Childe in support of Protestants was received in evidence.)

Mr. Macleay: I call Mr. Seal.

Exam. Boat: I think we might take a 10 minute recess.

(A brief recess was taken.)

Exam. Boat: Come to order, please, gentlemen.

C. R. **Seal** a witness was duly sworn and testified as follows:

Direct examination.

By Mr. Macleay:

Q. Will you please state your name and business connection and address for the record.

A. Charles R. Seal, director, transportation department, Maryland Port Authority, 10 Light Street, Baltimore, Maryland.

[fol. 1006] Mr. Macleay: Mr. Examiner, I ask that Mr. Seal's verified statement previously distributed be marked for identification.

Exam. Boat: That will be identified as exhibit 86.

(Exhibit No. 86, Witness Seal in support of Protestants was marked for identification.)

By Mr. Macleay:

Q. Do you have a correction to make on exhibit 86?

A. On sheet 11 there is a typographical error in line 16. At the beginning of the line the citation 210, I.C.C. should be 219, I.C.

This stenciled copy does not run the same as the others.

Q. Let us locate it in the original.

Exam. Boat: That is correct on the copy I have.

Mr. Macleay: Yes, but apparently it does not run the same on the original.

By Mr. Macleay:

Q. I give you the original and ask you if you will locate it and make the correction there?

A. All right.

The typographical error is in line 8, on sheet 10 of the original.

Q. What is it now?

A. The correct citation should be 219 I.C.C. 151, instead of 210.

Mr. Macleay: The witness is tendered for cross examination.

[fol. 1007] Cross examination.

By Mr. Miller:

Q. Mr. Seal, these export-import rates are restricted, are they not, to traffic which moves either initially or subsequently by ocean-going vessels, some sort of a restriction like that?

A. Do you mean beyond the ports?

Q. Yes.

A. As far as I know, yes.

Q. Now, isn't it proper to characterize the rates like that as proportional rates, that is, the rail rates that are involved?

A. Oh, I have heard them so referred to, but they are—but the port is the origin or destination of the movement, subject to the Commission's jurisdiction, and in my judgment it must be passed upon and determined by the Commission independently of the ocean movement.

Q. But you would agree, would you not, that these export-import rates are a specie of proportional rate?

A. Well, they are a rate applicable to the land part of land and ocean movement.

Q. That sort of thing is very often called a proportional rate, isn't it?

A. Well, a proportional rate is a proportion of a through rate. Now, these may not be through rates in that sense but there is a through movement.

[fol. 1008] Q. Well, I notice you hesitate to call them proportional rates.

Do you have any reason for being hesitant about it?

A. No, no particular reason.

Q. Then do you agree they are a type of proportional rate?

A. Well, opinions might differ.

They could be regarded as such by some. I regard them as a rate unto themselves. I think of a proportional rate as a proportion of a through rate, both parts of which are subject to I.C.C. jurisdiction. That is my own thought.

Q. Don't you have proportional rates by rail for example up to the Canadian border without any regulation of the through rate past the border into Canada?

A. Well, I think they probably are published as through one-figure rates. The Commission's jurisdiction ends at the border.

Q. There are, also, in addition to through rates, proportional rates published to the border, are there not?

A. There may be some.

Q. The same would be true of rail-water or water-rail rates involving water carriers inland that are not subject to the Commission's jurisdiction for example the bulk carriers, would not that be true, too?

[fol. 1009] A. Do you mean a rail rate applicable to a movement going to a bulk water carrier?

Q. Yes.

A. That might be a straight domestic rate, or it might be a rate based upon the further water movement.

Q. If it was based on the further water movement, it would be termed a proportional rate, would it not?

A. It might be.

Q. Isn't it true that—or do you agree it is true that these justifications for these special promotional rates are based upon the fact that there is a further movement beyond the point at which the proportional rate is published?

Mr. Macleay: May I ask counsel what he means by "special proportional rate". I have not heard the witness refer to anything like that.

Mr. Miller: Special or proportional rate.

The Witness: Well, they are rates that are published to apply on traffic which has had or which is to have a movement by water and which may be different from the domestic rates between the port and an interior point.

By Mr. Miller:

Q. The original justification of these export-import rates that are involved in this proceeding was on the theory, was it not, that these were a factor in the through rate to and from points beyond the United States?

A. I do not know whether that was the theory or not.

[fol. 1010] Of course they were agreed upon and established to abate rate wars and to some extent, reflect the relative advantages of the ports, and create a competitive condition.

Q. These exports differ from the domestic rates, did they not?

A. Beg pardon?

Q. These export rates differed from the domestic rates, did they not?

A. Not in the beginning, not when they were made. They did not differ until after the Eastern Class Rate Adjustment became effective about I guess, 1930, prior thereto the export and domestic rates were the same. To the port cities they all reflected the differentials.

Q. There were no instances at all where the export-import rates differed from the other rates prior to 1930?

A. There may have been some instances in the case of special commodity rates. I was talking there, as I should have said, about the class rate adjustment. I can not say whether or to what extent there were variations from it as to commodity rates.

Q. But were there commodity rates, export and import, prior to the 1930's which differed from the domestic rates?

Mr. Macleay: Mr. Examiner, I think the witness just said he did not know.

The Witness: I had not analyzed the commodity rate [fol. 1011] adjustment as of that period.

By Mr. Miller:

Q. Is this export-import traffic carried preponderantly on commodity rates or class rates?

A. Well, in the early days it was carried in an equal quantity on class rates with exceptions, there were always some exceptions like grain.

Q. What do you mean by the early period?

A. I would say prior to 1930.

Q. Do you believe that prior to 1930 it was preponderantly carried on class rates?

A. Of the general cargo traffic, except such as iron and steel and grain, probably. I would not state that as a positive fact. That is my belief, you might say recollection.

Q. Did you see Mr. Cowling's statement for GSA which states there is only about 12 per cent of this GSA traffic in 1955 and 1956 to and from differential territory that was carried under the class rates?

A. I did, and I think that was because about 90 per cent of the traffic was ore.

Q. Do you think at the present time the higher percentage of the traffic than that is carried by the class rates?

A. I do not know.

I have not made a study of traffic moving at class rates versus commodity rates, and I can not give an accurate answer to a question of that kind.

[fol. 1012] Q. Would there be any justification for a difference in domestic rates as compared with export-import rates except upon the theory that the export-import rates were proportional rates?

A. Well, they were designed to establish certain rate relationships as between ports.

Q. And they differ, do they not, from the domestic rates?

A. Generally speaking.

Q. Is there any justification for that difference except they are proportional rates to and from foreign origins and destinations?

A. Well, I think the basic reason is because they apply on traffic to and from foreign origins, and as I said are designed to create or intended to provide competitive opportunities for the ports.

Q. Do I gather from your prepared statement there was equalization of the ocean rates as between the North Atlantic Ports as early as about World War I?

A. That was the Commission's statement.

Q. Well, independently of what the Commission said. Do you know that to be a fact or not?

A. No, of my personal knowledge, I do not.

Q. Do you know of any definite basis for determining just when ocean rates to and from the North Atlantic ports became equalized?

Is there any way of ascertaining when that happened?

[fol. 1013] A. I suppose there would be.

Of course, in the early days, ocean carriers were not adhered to. There wasn't any requirement that they be.

Q. And, as to the so-called bulk cargo, the rates are still open-market rates, are they?

A. I suppose so. I am not an expert in ocean rates particularly.

Q. It would only be to the extent that the carriers adhered to conference rates on the general cargo that we would find a fixed basis for the ocean rates, isn't that true?

A. I do not know, I suppose competition to some extent exists between ocean bulk carriers, that keep the rates pretty well in line.

Mr. Miller: Those are all the questions I have. Thank you.

Exam. Boat: Are there any further questions?

Is there further cross? (No response.)

Offer in Evidence

Mr. Macleay: I offer exhibit 86.

Exam. Boat: Exhibit 86 is received.

(Exhibit 86 witness Seal is received in evidence.)

Exam. Boat: You are excused.

(Witness excused.)

Exam. Boat: Proceed.

Mr. Macleay: Mr. Examiner, we have only one further witness other than Mr. Stanton who is laid up and not able to be here.

[fol. 1014] And that is Mr. Charles A. Masson. Mr. Masson is unable to be here today and we have learned he will be unable to be here tomorrow. I assume the hearing will conclude. I again would ask your indulgence and that of counsel that we present him on March 25. He has very important business engagements which makes it impossible for him to be here.

Exam. Boat: Is that agreeable?

Mr. Miller: Sure.

Exam. Boat: Very well.

GEORGE ROACH a witness previously sworn, resumed the stand and testified further as follows:

Mr. Hanifin: Mr. Roach has already been sworn.
Exam. Boat: Off the record, please.

~~(Discussion off the record.)~~

Exam. Boat: On the record.
We are ready.
Mr. Hanifin: Mr. Roach is ready for cross-examination.
Mr. Keenan: Is the witness available for cross now? Is he tendered for cross now?
Mr. Hanifin: Yes.

Cross examination.

By Mr. Keenan:

Q. Mr. Roach, is the conclusion from page 8 of your statement that Hampton Roads shippers desire their consignments to spend as little time as possible in transit so [fol. 1015] far as you have received information on the matter?

A. That is right.

Q. Therefore, is it a fact they want their consignments dispatched via the first sailing to leave the port after arrival at the Port of the consignment?

A. I do not get that question. I am sorry. Would you repeat it?

Q. Is it a fact, then, that the shippers we have been referring to want their consignments dispatched via the first sailing to leave the port after the arrival at the Port of the consignment in question?

A. No, they are not only anxious to get the cargo aboard the ship in the minimum amount of time, but they are also anxious for it to reach its ocean destination without any further on-carriage from Newport News up to other north Atlantic ports, if that is what you mean.

Q. Well, I do not know whether that is precisely what I mean.

Once a consignment reaches the port, is it your understanding that they want it loaded on a ship right away as soon as possible?

A. Yes.

Q. And it is your point, if I understand you right, that at the port of New York, in your opinion, such carrier patrons can be reasonably sure their consignment will find a sailing [fol. 1016] within a day or so of its arrival at the port?

A. That is right, sir.

Q. Now is this a pretty universal characteristic of the traffic the Port of New York attracts in your opinion?

A. Yes, that and the fact that steamers load there usually last, the last north Atlantic port in the trade.

Q. Then there would be really relatively few shippers, wouldn't there, to whom it would be important whether a consignment can be held at the Port of New York beyond the 7 days' free time to which you refer at page 28 of your verified statement?

A. No, I say the majority of them are very much interested in that situation.

Q. Well, Mr. Roach, when you conclude that New York's services are better than Hampton Roads' services, on which contention do you rely, the proposition that frequent sailings at New York permit early dispatch of arrived consignments, that is the one you make at page 8, or the proposition that consignments can be held stationary at New York beyond the 7 days' free time without charge, that is a contention you make at page 28?

A. Yes. All right, well, the free-time situation has a lot of facets to it. New York is chosen for a number of reasons. 1, that if your cargo does not clear on a ship for one reason or another, you may miss the sailing date out of New York, that you scheduled it for, you can use the steamship piers for storage.

[fol. 1017] Another, which is used very frequently, is for cargo assembly. You have a man that has fifteen to twenty-five carloads of freight. He is buying from various points in the country, and he will consign that traffic to New York and that carload assembly will take place on New York steamship piers without running into the free time problem such as he experiences at Newport News.

Q. Your answer, then, assumes Mr. Roach, does it not, that in significant number of instances, at the Port of New York, cargoes miss sailing dates for in excess of 7 days?

A. Not exactly so, no, but—

Q. Let me inquire. Does this free time that you talk about at New York result in any benefit to a patron until —does the storage service that you refer to at New York, result in any benefit to the patron beyond the 7 days' free-time—until the cargo has been there beyond the 7 days' free time allowed in the rail tariffs?

A. That is quite right, and I have also qualified in my testimony that every shipper does not take advantage of this free pier storage situation, that is a device on which they can rely if they need it. It is not obtainable at Newport News.

Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

[fol. 1018] By Mr. Keenan:

Q. Mr. Roach, when you gathered the data for your studies in your exhibits GR-2 and GR-3 to which you refer at page 9 of your verified statement, concerning sailings in June of 1957?

A. Page 9 of my statement, exhibit GR-2,

Q. And 3, Mr. Roach, yes.

A. Let me look at that.

Q. You tell me when you have reference to this material, please.

A. All right, I have those two before me.

Q. When you gathered this data and selected it, Mr. Roach, did you do so on the assumption that June is a representative month in the year for total sailings from Hampton Roads?

A. I think it is fairly representative.

Q. You did make this assumption, then, did you not?

A. Yes, I would say so.

Q. Are we in agreement, Mr. Roach, you and I, that a representative month would neither be the heaviest nor the lightest month in terms of frequencies of the thing to be represented?

A. That is a logical conclusion.

Q. Now, do sailings at Hampton Roads increase appreciably with the beginning of the tobacco export season?

A. I would not say sailings increase, but our export tobacco tonnage may increase appreciably. I do not think you will find—and I have not made a particular study of [fol. 1019] it, since there isn't too much tobacco from the affected area—I do not think you will find tobacco has caused too much of an increase in steamship service, that our tonnage of tobacco does increase at various times of the year.

Q. Well, Mr. Roach, I should like to invite to your attention some testimony for which you are not responsible, but which is placed in the record by a representatative of the Virginia Port Railroad, solely to find out whether you are in agreement or disagreement with him, so we will know where we stand on the record?

A. Yes.

Q. At page 12 of Mr. Sawyer's verified statement—let me see, is that in evidence?

A. I do not have it.

Exam. Boat: Not yet.

Mr. Keenan: It is proposed to be put in evidence, and I ask the Examiner for permission to examine it, as Mr. Sawyer will be on the stand later, instead of recalling Mr. Roach to the stand again, which is a time-consuming procedure.

Mr. Macleay: Isn't Mr. Moerman going to object?

Mr. Keenan: I have not consulted with Mr. Moerman on this.

By Mr. Keenan:

Q. On page 12 of Mr. Sawyer's testimony, he says, "I would like to point out Mr. Laux referred to, in his testimony, sailings during the fall months. This is not a representative period for Hampton Roads, as it is the peak [fol. 1020.] season for tobacco shipments, the season for which begins in August and extends through January, with the preponderance of the tonnage clearing in September, October and November."

That concludes my specific reference to his testimony, Mr. Roach.

A. Yes.

Q. Now, I would infer from this that Mr. Sawyer meant to suggest that tobacco tonnage had an effect on sailings. Perhaps he did not mean that and we will find out.

In your opinion, in the light of this testimony, does tobacco tonnage have any effect on sailings at Hampton Roads?

A. Oh, yes, it does.

Q. On the frequency of sailings?

A. On the maintenance of sailings.

Q. Well, I guess I will have to ask you to distinguish maintenance and frequency of sailings for me.

A. By maintenance we have to depend in Newport News now—we must depend on tobacco for one-half of our general cargo export traffic. It is a continuous string through Newport News. I think, if you talk to Mr. Sawyer you will find out—I think he has told me—he does not enjoy the same volume of tobacco at Norfolk that Newport News does. That may account for his theory in regard to the build-up of his ship situation on the Norfolk side.

Q. Well, then, would the inference be a correct one from [fol. 1021] this, Mr. Roach, that although so far as the Norfolk and Western is concerned, there is a tobacco season which begins in August and extends through January, the C & O is so fortunate as to experience a 12-month, year-round tobacco season with regard to shipments?

A. Well, I would say without a study as to exactly when our tobacco was offered for clearance, month by month, I would be unable to say, but tobacco is a continuing business. It is not generally from affected territory. For that reason, the study is not as complete as you would like it.

Q. I can understand that.

The fact remains, does it not, Mr. Roach, that this is a type of traffic which is quite important to your railroad, right?

A. Yes, sir, it is.

Q. It is one you personally have had occasion to follow closely during past months and years, isn't that right?

A. Yes.

Q. Surely, if there is a peak season with regard to tobacco exportation via the C & O, you are aware of it, are you not, Mr. Roach?

A. There would be a peak season at different times of the year, but I had not noticed it made such a violent change in our steamship situation.

Q. I see, sir.

[fol. 1022] Regardless of what kind of a change it makes, when does that season begin and end?

A. Well, for ship clearance, I would have to take what Bill Sawyer has said, if he has made that survey, but tobacco is harvested in the fall of the year and is put into storage warehouses and when it is ready for exportation it is offered to the ships.

Q. Well, of course, Mr. Sawyer refers not to the Port of Norfolk, but to the Port area of Hampton Roads, and says that with regard to Hampton Roads a more representative period in his view would be one beginning in August and ending in January, roughly, to paraphrase it.

Would you accept the conclusion he reached on the basis of his surveys?

A. I should not like to have to comment on his testimony or exhibits, because I think when you cross examine Mr. Sawyer you will find out he is talking about one area of the world.

Q. I see.

A. Whereas Chesapeake and Ohio at Newport News on their tobacco business has a general run of tobacco usually world-wide.

Q. Well, at any rate, Mr. Roach, if tobacco exportation were to have an effect on frequency of sailings, and if that season did begin in August and end in January, then June clearly would not be a representative month?

A. That is right.

[fol. 1023] Q. Well, now, does the fact that—in your opinion, does the fact that a port is serviced more frequently with sailings and another port is serviced more frequently than Hampton Roads, tend to give that port advantages over Hampton Roads?

A. Yes.

Q. Have you compared Hampton Roads' sailings with sailings to and from Baltimore and Philadelphia, as you have with New York at page 8 of your verified statement?

A. I had not except from my own general knowledge.

Q. Have you had occasion to review Mr. Hamill's exhibit that has been under discussion this afternoon and this morning?

A. I have read most all of them but exactly—I have not studied them carefully.

Q. Have you received the impression that Mr. Hamill's exhibit gives some rough approximation of comparative sailings at Hampton Roads, Baltimore and Philadelphia?

A. I understand it does.

Q. At page 7 of your verified statement, Mr. Roach, at the bottom of the page, when you say, while the loss of any traffic is a serious blow to Hampton Roads because of the small volume of general cargo presently handled, an equally serious consequence would be an accompanying loss of steamship service.

When you say this, do you mean to imply that a loss of tonnage at Hampton Roads would ultimately decrease—[fol. 1024] would ultimately result in a decrease in the number of sailings which service that port area?

A. I do.

Q. Is this true of differential territory import-export tonnage?

A. It would affect our entire situation. If we were cut out of general cargo business from the affected territory through Newport News, any business we would have left to offer would be tobacco, and the ships will not come in to Newport News for just tobacco.

Also, we cannot maintain our pier properties properly on a depressed level of rates such as tobacco brings.

Q. If I understand you correctly, and I should like you to confirm this—in your opinion has the acquisition and retention of differential territory tonnage served to increase the number of sailings which serve Hampton Roads?

A. Has the acquisition?

Q. And retention of differential territory tonnage served to increase the number of sailings which serve Hampton Roads?

A. I don't know that it has particularly increased. It depends on what period of time you have in mind.

Q. At any times, Mr. Roach?

A. There are more ships in the trade today, I presume there is an increase in steamship service in the last 10 years.

Q. Is it your opinion that the differential territory ton-[fol. 1025] nage which Hampton Roads has enjoyed is a contributing factor to such increase as there has been?

A. In the steamship business?

Q. In sailings servicing Hampton Roads?

A. I think so.

Q. Do I understand correctly that your conclusion is that if you should lose differential territory tonnage, you would lose sailings at Hampton Roads and hence, jeopardize your non-differential territory tobacco export tonnage, if I can use that terminology?

A. That is right.

Q. I think you refer to that at page 7 of your statement at the top.

Now, it follows, does it not, Mr. Roach, from what we have just been talking about that without this differential territory tonnage Hampton Roads actually would not have all the tobacco tonnage it has today in your opinion?

A. We are losing ground on tobacco constantly, we were the prime tobacco port at one time. We are constantly losing ground.

Q. Regardless of what you are doing, Mr. Roach, does it follow that, in your opinion, a decrease in your differential territory tonnage would, to some extent, jeopardize the amount of non-differential territory tobacco tonnage that you handle?

A. I do.

[fol. 1026] Q. And tobacco would bypass Hampton Roads in that event for Baltimore, Philadelphia or New York?

A. Oh, no.

Q. Or possibly go down to more southerly ports?

A. I think I brought that out, we would expect it to go further south.

Q. Is there any reason why the same factors as those we have just been discussing will not cause Boston to be deprived of sailings because of lack of differential territory tonnage, and hence, New England tonnage to bypass Boston for New York which is serviced by more frequent sailings?

A. Well, I will try and answer your question. It seems to me like you have several there, but bear with me and I will do the best I can.

When you compare Boston with the Port of Newport News, which is the only way I can answer or make any attempt to answer your question, I don't know what Boston's base tonnage might be. In order for us to exist as a port at Newport News, we have to start with a base or nucleus. We have that nucleus in tobacco, and we are holding on to it with much effort.

We attribute to that the general cargo business. I do not know the situation at Boston, I do not know what their tonnage picture is, I have no idea, so I could not give you a sensible answer. I think the counsel for General Services asked me the same question last night. I told him I could [fol. 1027] not give a conclusion.

Q. If it has already been discussed on the record, I will not elaborate or ask you to, Mr. Roach.

Will you refer to page 25 of your verified statement and its discussion of exhibit GR-8, which is a traffic study of traffic originated by the C & O in Ontario, as I recall?

A. Yes. I have it.

Q. How did the 14 cars move, reflected by exhibit GR-8 between Ontario and the Port of Newport News, via what route?

A. They moved C and O over our Pere Marquette Railroad.

Q. C & O, Period, is that right?

A. Yes, all the way.

Q. Have you any record, Mr. Roach, of the amount of tonnage of the number of cars which, during the same period moved from the same C & O origins to Baltimore and Philadelphia?

A. No, I do not believe I participated in any. I have not made such a tabulation, but I think I am very sure that I can make the statement there was no traffic from that Ontario origin to Baltimore-Philadelphia.

Q. Would you for a moment suggest that because the

C & O was able, during this period, in Ontario, to originate no traffic to Baltimore and Philadelphia, as you can recall it now, that other railroads serving the same Ontario origins were unable thus to originate traffic for Baltimore and Philadelphia?

[fol. 1028] A. I am sorry, I do not understand your question.

Q. It does not follow from the fact that the C & O could not get any traffic from this territory to Baltimore and Philadelphia, that the other railroads serving the territory could not get such traffic, does it?

A. I can't comment about what the success of other railroads might be.

Mr. Hanifin: I think, if Mr. Keenan would please identify the other origin railroads serving this Canadian Territory, you would help Mr. Roach out.

Because, I think he is assuming that there are only two lines serving this general territory, and that is the New York Central and the C & O. What other lines would you have in mind that would originate some traffic in the Canadian Territory that could move to any port?

I think the question should be clarified a little bit.

Mr. Keenan: Well, if the Examiner desires to give me permission to testify in this case, I do not know whether it would help very much but I would be glad to go ahead. Absent such state of affairs, I am not going to put information in the record, sir.

Mr. Hanifin: Your questions are based on assumptions, and we are entitled to a definition of the assumptions, that is all I am interested in.

[fol. 1029] Mr. Keenan: I think the answer to the question is self-evidence.

It would be time-consuming to belabor the matter any further, Mr. Examiner.

By Mr. Keenan:

Q. Have you any information, Mr. Roach, acquired in connection with your preparation of GR-8 as to what the total tonnage was moving from Ontario to the Port of New York, and the total tonnage moving from Ontario to the

Port of Newport News or any port in the Mapton (sic) Roads area, regardless of who carried it?

A. Via Chesapeake & Ohio only. I do know.

Q. Only by the C & O, right?

A. Yes.

Q. Is it your opinion that the C. & O's traffic pattern would be typical of the traffic pattern or traffic flow which would characterize all roads serving Ontario?

A. I would say this: Out of Ontario, as you probably know, your freight rates to all north Atlantic ports are the same, the only way an out-port such as Newport News, Norfolk, Baltimore or Philadelphia, can attract traffic out of there, is usually by being the last port of loading. I know mostly about Norfolk. The traffic we have been able to attract out of Canada has been to Australia, New Zealand, and Newport News has been very fortunate being the last loading port on the north Atlantic Coast.

[fol. 1030] That situation does not prevail for Baltimore and for Philadelphia.

Now they get Australia ships 'way in advance of New York, and three weeks sometimes in advance of Newport News, in fact.

Q. Mr. Roach, I guess I gather, but you had better confirm it for me, that your answer to my question is no, or do you remember what the question was?

A. I thought I had answered it.

If I have not answered it, let us repeat the question, please.

Q. Do I understand your answer in substance to be, no, or in the negative?

Mr. Hanifin: Let us have the question read.

Exam. Boat: Read the question.

(The reporter read the pending question as previously recorded.)

The Witness: I would say no: The Chesapeake & Ohio is an exception.

Mr. Hanifin: What is your answer?

The Witness: No, our situation is different.

By Mr. Keenan:

Q. Mr. Roach, so far as this origination of traffic in Ontario is concerned, between Ontario and Norfolk—

A. Newport News.

[fol. 1031] Q. Does your exhibit—off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

Proceed.

By Mr. Keenan:

Q. Does Mr. Jefferson's exhibit TJA—indicate accurately the route that would be followed by this traffic referred to in the first column of your exhibit GR-8 between Ontario and Hampton Roads?

A. I am sure it does.

Q. Would it be accurate and fair to characterize the initial part of such a movement as a backhaul?

A. It depends on where in Ontario the traffic originates.

Q. Let us take for example from—

A. Let us take Windsor as an example.

Q. Welland?

A. We do not get any traffic from Welland.

Q. How about St. Thomas?

A. The traffic did not originate at St. Thomas.

Q. Did this traffic originate at any point east of St. Thomas—any of this traffic?

A. No, it originated west, and within just a few miles of the United States border closing.

Q. Have you got your records on this with you?

A. Of the traffic itself?

[fol. 1032] Q. On this GR-8?

Have you got any underlying documents, Mr. Roach?

A. I think I do have.

It might take a few minutes to find them.

Q. Have you got them here in the hearing room—

A. —to find them.

Q. I won't ask you to get them right now.

Now, I want to know whether they are here, Mr. Roach.

A. I am quite sure I have them.

Mr. Hanifin: We can get them if you want them.

Mr. Keenan: At some time, Mr. Examiner, I assume, then, when we would not be interrupting the proceedings, I should like to take a look at the record.

Mr. Hanifin: If the Examiner please, with respect to looking at the underlying data, it can be viewed with certain restrictions.

Of course, we are not going to disclose any confidential information of the shippers to be spread on this record.

Further than that, with respect to any shipments which would originate in the United States, we would be precluded by the Interstate Commerce Act from doing that, but we would be glad to let Mr. Keenan take a look at it for whatever purpose he wants.

Mr. Keenan: Well, if counsel will let me look at it, I will postpone any further questions until after I have seen [fol. 1033] it.

Mr. Hanifin: Let us get it right now.

Mr. Keenan: We do not need to look at it right now.

Mr. Hanifin: Why not? What do you want?

Mr. Welsh: Let us finish it up.

Mr. Keenan: O.K.

Mr. Hanifin: We are not going to bring him back. We have the records right here, the bills and everything; what do you want?

Mr. Keenan: We have fourteen cars I would like to take a look at. That is not very tough to work out, five in May, and 9 in June.

Mr. Hanifin; Mr. Examiner, if you please, we are going to tender these bills, which are the underlying documents with respect to our movements, with the understanding no information as to consignors or consignees will be spread on this record.

It is for a very privileged use by counsel.

Mr. Welsh: Mr. Examiner—

Mr. Keenan: I do not want to mention the identity of a shipper or receiver, certainly not.

Mr. Welsh: Mr. Examiner, will destinations and points of origins be shown?

Mr. Keenan: Let us look them over briefly.

(Counsel view the documents.)

[fol. 1034] Mr. Keenan: Thank you very much.

Mr. Hanifin: All right.

By Mr. Keenan:

Q. Mr. Roach, at page 20, concerning your GR-8, you advise us that it provides a further check of the competitive position of Hampton Roads viz-a-viz New York on traffic which moves on equal rates?

A. Yes, sir.

Q. I withdraw the question, Mr. Roach.

A. All right.

Q. At page 7 you make reference to subsidized port operations, Mr. Roach.

Now, tell me what type of operations you have in mind?

A. Well, it has a completely different type of port operation than that which exists in Newport News.

Q. Please describe it.

A. The Chesapeake & Ohio Railroad Company pays for the pier properties and maintains the pier properties in Newport News, Virginia. Those I would term are private funds rather than public taxpayer money. I think a port which is maintained by taxpayer money is subsidized.

Q. Mr. Roach, you refer at page 7 to "South Atlantic ports."

A. Yes.

Q. And you say, at some of them or all of them, "I am not sure which, there are subsidized port operations."

Name one such port to me, please.

[fol. 1035] A. Well, I would say Savannah.

Q. What happens at Savannah that, in your view, causes the port operation to be a subsidized one?

A. Selfishly, it is a very attractive one in this respect: That at Savannah they give 17 days' pier free time.

Q. Are you sure—are you bearing in mind I am asking about what happens at Savannah that makes the operation a subsidized one?

A. I am sorry. I thought you meant what makes it attractive?

Q. No, I did not mean that, sir.

A. Some of the piers at Savannah are paid for out of the taxpayer's money, maintained on taxpayer's money, the same situation prevails at some other south Atlantic ports, such as Charleston.

Q. Yes.

Now, is it your understanding that such piers are paid for by collecting moneys out of general taxes?

A. Oh, I do not know how it is obtained but I know the railroads do not have to pay for the piers and build them the same way the Chesapeake and Ohio does.

Q. Is your idea of a subsidized port operation one where the railroads do not own their own piers and somebody else does?

A. No, what I mean to say by subsidized operation is one that is done with public funds versus Chesapeake & Ohio's [fol. 1036] private funds.

Q. Well, when you talk about public funds, do you mean that the maintenance of the pier is paid for from moneys raised by taxation?

A. I presume so.

Q. That is what public funds is, moneys raised by taxation, right, sir?

A. I would assume so.

Q. Is it your understanding that at the Port of New York the publicly-owned facilities are paid for and maintained by moneys raised by taxation?

A. I do believe so.

Q. And has your testimony been predicated on that assumption with regard to subsidized pier operations?

A. To an extent.

Q. To what limitation is the extent—to what extent?

A. It is influenced by newspaper articles appearing lately, the issue between the City of New York versus the State Port Authority of New York, and they come out and talk to each other in the press about the extent of subsidies and subsidization.

Q. I would assume from what you have told me right now that your testimony is predicated on the assumption that the Port of New York Authority which owns the pier facilities there is not a self-supporting institution from a [fol. 1037] revenue point of view?

A. Basically the New York railroads do not build the piers where the ships load.

Mr. Keenan: May the witness answer the question, Mr. Examiner, please?

Maybe there was an honest misunderstanding, I do not know.

The Witness: May I have the question?

Mr. Keenan: Will you read it, please?

(Thereupon, the reporter read the pending question as previously recorded.)

Mr. Bongartz: I would like to have that question clarified.

Mr. Keenan: So far as I can see, it is perfectly clear.

If it is not clear to Mr. Bongartz, I do not know what to do about it.

Is the witness in doubt about it? I think that is the only question.

Exam. Boat: Do you understand the question?

The Witness: Well, I have a general idea what he means, sir.

They have got to get their money from somewhere. If they do not get it from taxes, they must get it from bond issues and so forth.

By Mr. Keenan:

Q. Your testimony concerning the advantages of sub- [fol. 1038] sidized operations at ports competitive with Hampton Roads is predicated on the assumption, is it not, that port facilities are subsidized in New York in such fashion that the expense of acquiring them and maintaining them is defrayed by tax revenues?

Mr. Hanifin: Well, now, just before the question is answered: I want to know to what direct testimony or where Mr. Roach said the Port of New York was or was not subsidized? I will agree with you that it is, but I want to know where his testimony says it is.

Mr. Keenan: Well, then, perhaps.

Mr. Hanifin: I want the question answered, if the Examiner please.

Mr. Welsh: He testified New York was a subsidized port in answer to a question.

Mr. Keenan: I respectfully decline until the Examiner asks me to, to answer questions of counsel.

I do not think that is the way we try cases—

Mr. Hanifin: I will object to any questions with respect to New York questions, whether they are subsidized or not. I will stipulate that with counsel if he wants to, but I think it should be identified in his testimony what he is referring to.

Exam. Boat: I think the witness mentioned that fact, did he not?

[fol. 1039] Mr. Hanifin: Where?

Exam. Boat: Just a moment ago.

Mr. Keenan: Just a minute ago, of course.

Mr. Welsh: Just a moment ago.

The Witness: You were asking me about South Atlantic ports.

Mr. Hanifin: He mentioned it in a very general sort of way, I mean, as far as the details of the thing, I do not think Mr. Roach has testified as to where the public funds came from.

Mr. Welsh: If your Honor please, he indicated in just those words, that New York was a subsidized port.

Mr. Hanifin: He also said that he had been reading in the paper where there are several different authorities and conflicting opinions in New York as to whether they are subsidized or not, but I do not see any place in here where he holds himself out as an authority to the precise nature of how New York gets their funds.

Mr. Welsh: Mr. Examiner, I will concede that what he said was hearsay, there is no doubt of it, but he apparently adopted those as his own idea on the matter.

Exam. Boat: Can we get this straight here?

Maybe we ought to straighten it out.

Mr. Keenan: I will be glad to ask Mr. Roach another question.

[fol. 1040] I think that will make Mr. Hanifin feel better about the whole thing.

By Mr. Keenan:

Q. Do you contend that Hampton Roads is at a disadvantage, viz-a-vis New York, because New York port operations are subsidized?

A. I do.

Q. It is your understanding that they are subsidized, is that correct, sir?

A. That is my understanding.

Q. And your testimony is predicated on that assumption, is it not, sir?

A. My testimony does not say that. My testimony deals with subsidization of southern port operations. May I read it to you?

Exam. Boat: I think it is clear.

By Mr. Keenan:

Q. I am afraid your answer is a fair one, Mr. Roach.

Exam. Boat: I meant his original testimony refers to the southern ports.

The Witness: Yes, sir.

By Mr. Keenan:

Q. What I wanted to know was whether one of the factors —I withdraw that.

You have reached, I gather, from all of your testimony together, Mr. Roach, that Hampton Roads is at a competitive disadvantage with New York for various reasons?

[fol. 1041] A. For various reasons, yes.

Q. In reaching that conclusion, regardless of whether you disclosed it in your direct testimony as one of the factors which you took into consideration, and on which you rely, has been the assumption that the pier and terminal operations at the Port of New York are subsidized?

Mr. Hanifin: I am going to object to the question, if the Examiner please, because it states in the question, itself, that it is asking Mr. Roach about matters which are not contemplated by his direct testimony.

Exam. Boat: He wants to find out whether they were contemplated or not in making the statement.

The Witness: They were not contemplated.

Mr. Keenan: That is not quite what I asked, Mr. Examiner. I want to know whether the witness' general conclusion as reflected by his testimony, was supported in any way, even though he may not have disclosed that point.

Mr. Hanifin: Are you talking about the free time on piers, Mr. Keenan, or just what are you talking about in the way of subsidy?

I think you ought to identify it, because Mr. Roach has not testified about it. If you are going to cross-examine him on something that is not in his direct testimony, I think you ought to tell him specifically what you have in mind. I think it is an unfair question.

[fol. 1042] Mr. Welsh: Mr. Examiner, he very carefully indicated what he considers as a subsidized port. He selected Savannah. He gave some incidences from it. He took Charleston, he gave some incidences from that, and then he went up to New York. I think he was very clear on that.

Mr. Claytor: You took him up to New York.

Mr. Hanifin: You took him up there. I think he is entitled to be cross-examined on his direct testimony.

Mr. Welsh: I do not want to say counsel did not protect him in his direct testimony, the fact is, he went to New York, whether he did it on his own volition, or whether he did it in spite of or because of.

Mr. Keenan: Mr. Examiner, out of some weariness and a conviction that this issue is not going to be determinative in the case, I think I will abandon the line of interrogation. We have too much to do to spend more time on this.

Exam. Boat: Let's get on.

By Mr. Keenan:

Q. When, at a given port, Mr. Roach, there is a decline in average cargo loaded per vessel—I will withdraw that.

Have you any reason to believe that vessels are leaving the United States for foreign shores with less cargo per vessel today than they had in 1938?

Mr. Hanifin: From where, sir?

Mr. Keenan: May the witness answer the question?

[fol. 1043] Mr. Hanifin: No, then I am going to object to it, sir, because the question is too broad.

You do not give the witness a chance. He might be talking about Port Said, for that matter.

Exam. Boat: I agree, it is a broad question. Can he answer?

The Witness: It is pretty difficult to make a sensible answer without conducting a survey.

By Mr. Keenan:

Q. I am not hearing you, Mr. Roach, even with the microphone on.

A. I am sorry.

It would be difficult for me to give you a sensible answer without going into a study.

Q. Well, Mr. Roach, are vessels on the average, leaving the United States today from any point to any foreign point, larger or smaller than they were in 1938?

Mr. Hanifin: Mr. Examiner, I am going to object to the question, Mr. Roach has testified about what the average load per vessel at Newport News is.

Mr. Laux has put in testimony as to what it is at New York.

That question goes beyond the scope of Mr. Roach's direct examination, and more than that, I am certain beyond the scope of his knowledge because his study has only been as to what he put in this record, and I respectfully object [fol. 1044] to the question.

Mr. Keenan: It seems to me clearly within the scope of the direct. He is talking about average loadings at page 25, average loadings and discharges.

Mr. Hanifin: At Hampton Roads and New York, if you please, Mr. Keenan. I think, if the Examiner will examine page 25, you will find that to be the case.

Mr. Keenan: Well, I merely want to find out what the transportation conditions are that characterize the operations he is referring to.

I think that to obviate further haggling on the matter, let me withdraw the last question and ask this one:

By Mr. Keenan:

Q. Have you any reason to believe that vessels are leaving the ports of Hampton Roads and New York for foreign shores with less cargo per vessel today than they were in 1938?

A. I am sorry, without making a study I would not be able to tell.

Q. When, at a given port, there is a decline in average cargo loaded per vessel doesn't this indicate either that the vessels moving off-shore have a decreasing lading capacity, or that they are taking on ladings elsewhere?

A. Well, you are going into Mr. Laux' testimony now, are you not?

Q. Mr. Roach, I am not going to anybody's testimony but [fol. 1045] yours, and I am asking you a question if you will be so kind as to address yourself to it, I will be very grateful.

A. May I have the question repeated?

Q. When at a given point there is a decline in average cargo loaded per vessel, doesn't this indicate either that vessels moving off-shore have a decreasing loading capacity, or that they are taking on ladings elsewhere?

A. Or the business was not good in that direction.

Q. I cannot hear, sir.

A. It is very difficult to answer.

Mr. Hanifin: If the Examiner please, that is testimony of Mr. Laux, if Mr. Keenan wants to cross-examine Mr. Laux, that is perfectly all right. Mr. Roach did not testify about the decrease in average tons out of Newport News. He merely restated the figures put in by Mr. Laux.

If Mr. Keenan wants to cross-examine Mr. Laux on that, I think it surely is proper, but I see no basis for asking Mr. Roach about these figures inserted by Mr. Laux.

That was simply put in there so that—

Exam. Boat: It is in his testimony.

Mr. Hanifin: He is simply making an arithmetical comparison there. I do not think he purports to go beyond Mr. Laux' testimony. He does not say why.

Mr. Keenan: I would like to inquire into the significance of that comparison, if the Examiner please.

[fol. 1046] Mr. Hanifin: I think you should ask Mr. Laux about that. He is the one who put in the facts about New York.

Mr. Roach will talk to you about Hampton Roads as long as you want.

Mr. Keenan: I am talking about the comparison Mr. Roach made between Hampton Roads and New York, and he made the comparison at page 25 of his testimony, and I should like the witness' answer to the question, if the Examiner please.

The Witness: I do not feel I could give answers to figures presented by Mr. Laux.

By Mr. Keenan:

Q. I did not ask you to give me an answer with regard to figures presented by Mr. Laux.

I wanted an answer to the question I asked you, Mr. Roach, and if there is any doubt about what it was, I will be glad to have it read to you.

I do not want any ambiguity in the record as to whether you thought I was asking something I was not. Do you want to hear the question read again?

A. No, I do not have to hear it read again.

Mr. Hanifin: Yes, his counsel does.

Mr. Macleay: I would like to hear it read again, Mr. Examiner, it has been buried under a barrage of wordage.

Exam. Boat: We are wasting a lot of time here. Will you read it, please, Mr. Reporter?

(The question was read back.)

[fol. 1047] By Mr. Keenan:

Q. If you do not know the answer to that, you can certainly say so, Mr. Roach?

A. Yes.

Q. It does mean that?

A. Yes.

Q. Yes.

Now, as you say, at page 25 of your testimony, witness Laux has pointed out that cargo loaded or discharged per vessel at New York has declined from 1700 long tons in 1938 to 1350 long tons in 1955.

This indicates, does it not, that in that interim at least 20 per cent of the cargo that used to be loaded or discharged at New York per vessel is now discharged elsewhere?

A. Something has happened to it. It is not there. Without a further study, I could not give you a better answer.

Q. Without further study, Mr. Roach, you can't give me an affirmative or negative answer to the last question?

A. I told you yes, it must have been loaded somewhere else, or the registry of the ships were smaller or something else.

Q. The 20 per cent figure, the ratio is substantially accurate, is it not?

Mr. Hanifin: If the Examiner please, let me inquire if Mr. Keenan is assuming the same volume of tonnage is moving. I think Mr. Roach is assuming that in his answer.

Mr. Keenan: Mr. Roach is having certainly good care [fol. 1048] taken of him by counsel.

Mr. Hanifin: You are asking questions that are so broad, that I frankly do not think all the assumptions inherent in your questions are apparent to the witness. I think they are unfair questions. I have objected to the Examiner before, and I am going to object again, to questions such as that where he does not say whether the same amount of tonnage is moving, or whether a smaller amount of tonnage is moving, or what are the circumstances.

Mr. Keenan: May the witness answer my question, Mr. Examiner?

Mr. Hanifin: I am going to object.

Exam. Boat: The objection is overruled.

Let him answer.

Mr. Hanifin: If the Examiner please, if you will permit me, do I understand your ruling to mean that you are not going to ask Mr. Keenan to clarify his questions to the extent of informing the witness of whether he is or is not to assume that the same amount of tonnage is moving?

Exam. Boat: Well, it was reasonably plain to me. I do not know.

Mr. Hanifin: What was your conclusion, sir, so we can understand?

Exam. Boat: Let us have the question read.

(The question was read.)

[fol. 1049] Exam. Boat: That is of the 1700 to 1350?

Mr. Keenan: I do not think there can be much doubt about that.

By Mr. Keenan:

Q. Can there, Mr. Roach?

A. It is difficult to give an answer without knowing all the circumstances of the tonnage involved.

Q. I will let it go at that.

It is true you are assistant general manager of the World Commerce Department of the Chesapeake and Ohio Railway Company?

A. That is right.

Q. You say in your testimony at page 25 that you are attempting to arrive at figures comparable with those developed by witness Laux.

Now, in the light of what we have been discussing just now, Mr. Roach, with many interruptions, won't you agree with me that you can not arrive at a conclusion comparable to that Mr. Laux arrived at concerning erosion or on the other hand increase in trans-shipments at Hampton Roads, without a figure for 1938, at Hampton Roads, which you haven't got?

A. That is a logical conclusion. I was just pointing out the average carload loaded per ship today.

Q. In your opinion, does Port or Railroad Terminal capacity to handle import-export traffic at a given point have something to do with the volume handled, the volume [fol. 1050] of traffic that is tendered at that point for handling?

A. Yes.

Q. It is not only rate relationships, it is also capacity to handle traffic that has a bearing on the volume tendered, is that right?

A. If you want to increase your business, you have to have the capacity for it.

Q. You cannot handle any more at Hampton Roads than you have the capacity to handle, can you?

A. That is right.

Q. Is the number of pier facilities an indication of your capacity to handle traffic at Hampton Roads?

A. The number of pier facilities?

Q. Yes.

A. To an extent.

Q. Is the value of waterfront facilities an indication of your capacity to handle traffic at Hampton Roads?

A. Not necessarily.

Q. It has no bearing on the total, right?

A. It has some bearing.

Q. Some bearing?

A. Yes.

Exam. Boat: Do you mean all waterfront facilities?

Mr. Keenan: Yes, Mr. Examiner.

By Mr. Keenan:

Q. At page 25 and page 26 of your testimony, you note [fol. 1051] that New York owns 122 major pier facilities, and in the entire Hampton Roads area there are only 12 such facilities in normal use:

Is that some indication that perhaps New York has 10 times the capacity to handle traffic as Hampton Roads?

A. It indicates they are a finer port.

Q. Beg pardon?

A. It indicates they are a finer port.

Q. What indication, if any, does it give you concerning how much more traffic New York can handle than Hampton Roads?

A. Well, the piers are not lying idle in New York, I assume there are vessels here loading at them—in fact, I know there are.

Q. Well, the ratio of pier facilities in terms of their simple quantity is something like 1 to 10 between Hampton Roads and New York, is it not?

A. Yes.

Q. Now, there has been testimony introduced, or that is about to be introduced—again I am not sure which is the case—that of total differential territory traffic, New York handled 2.9 million tons and Hampton Roads handled 1.3 million tons. This I find, so that the record may be orderly, at page 3 of the verified statement of F. S. Baird, Vice President in Charge of Traffic of the Norfolk and Western. I don't know whether that is in evidence or not.

[fol. 1052] Mr. Claytor: It is.

By Mr. Keenan:

Q. Is the comparison accurate, Mr. Roach; that New York appears to be handling, according to Mr. Baird's figures, roughly twice as much differential territory traffic as Hampton Roads, and yet has in terms of the number of pier facilities, roughly 10 times as much as Hampton Roads?

Mr. Hanifin: Let Mr. Roach read the testimony if you are going to ask him to interpret Mr. Baird's testimony.

Please identify the pages for him, sir.

Mr. Keenan: It has been done, already.

Do you want me to tell you the page again?

The Witness: I would like you to tell me the page referred to, I just had this handed to me.

Mr. Hanifin: Mr. Examiner I think this is objectionable here to have the witness interpret the testimony of another witness in this case.

I seriously object to any continuation of cross-examination along this line.

Exam. Boat: Objection overruled.

Proceed.

By Mr. Keenan:

Q. Do you have the question in mind, Mr. Roach?

A. What page were you referring to?

Q. I am so sorry. I thought you knew it—that is on page o. 3.

[fol. 1053] A. Page 3?

Q. Yes.

A. May I read it?

Q. You bet.

Mr. Hanifin: Read it into the record so we will all ear it.

Exam. Boat: I do not know whether it is necessary to do hat. That will clutter up the record.

Mr. Hanifin: Read the next page, also, Mr. Roach.

(Witness read.)

The Witness: Now, may I have the question read, Mr. eporter?

(The question was read back.)

The Witness: Well, first of all, I should have to know efore I could answer on Mr. Baird's testimony, just how any piers in New York were used. For example, here when ou take out grain from this total figure, you come up with a pretty small general cargo business.

By Mr. Keenan:

Q. At any rate, if some piers are not being used at ew York, that means that there is idle capital equipment here usable for the purpose of import-export traffic, isn't hat true?

A. They could be used.

Q. It is true of Hampton Roads. If any piers at Hampton oads are not used they represent idle capital equipment [fol. 1054] for transportation purposes, right?

Exam. Boat: If they are suitable for that particular raffic.

Mr. Keenan: Well, if the Examiner please, if the piers re not being used, they are idle, is what I meant to inquire rom the witness. They do represent idle capital equipent in a transportation plant.

The Witness: I would have to know what New York piers they had in mind, how many were used, and the nature of the piers, and so forth, before I could answer on this testimony.

Mr. Keenan: All right.

By Mr. Keenan:

Q. At page 24, you refer to an exhibit GR-12.

Exam. Boat: Do you have considerably more?

Mr. Keenan: Sir?

Exam. Boat: Do you have a considerable number of questions yet, Mr. Keenan?

Mr. Keenan: Without interruption I could finish up in 7 minutes. In the circumstances I doubt very much I will finish up in twice that time.

Mr. Welsh: Mr. Examiner, there will be some other questions besides Mr. Keenan's.

Exam. Boat: Yes, I think we might as well recess or adjourn until tomorrow morning at 10:30.

[fol. 1055] Mr. Langdon: Mr. Examiner, before adjournment, at the end of the hearing on Friday at conclusion of the testimony of Mr. Crowl, I think there was a request that Mr. Mollman return to the stand for further cross-examination by Mr. Keenan.

Mr. Keenan: In fairness, that request should be withdrawn on the record.

I withdraw that request. I do not want to leave any—

Mr. Langdon: Let the record show the request has been withdrawn.

Mr. Keenan: You bet. I understand he would have been made available if I pressed my request.

Mr. Langdon: Yes.

Exam. Boat: Very well.

We will adjourn until 10:30 tomorrow morning.

(At 4:54 p.m. the hearing was adjourned until 10:30 o'clock a.m., February 26, 1958.)

[fol. 1056]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I & S Docket No. 6651

FSA Docket No. 32204

[Title omitted]

February 26, 1958

Met, pursuant to adjournment, at 10:30 a.m.

Before:

MARION L. BOAT, Examiner.

APPEARANCES:

As heretofore indicated.

[fol. 1058]

PROCEEDINGS

Exam. Boat: We are ready to continue with Mr. Roach now, I believe.

Is there further cross examination?

Mr. Keenan: Yes, sir.

GEORGE ROACH a witness previously sworn, resumed his testimony further as follows:

Cross examination (continued).

By Mr. Keenan:

Q. Mr. Roach, with regard to the traffic reflected by your exhibit GR-12, please tell me whether all of that tonnage originated in differential territory?

A. Yes, sir, that did originate in differential territory.

Q. On page 33 of your verified statement you refer to New York as being the largest tonnage port.

When you do this, do you make the reference in connection with all traffic, or is it confined to so-called general cargo traffic?

A. I am sure I meant to imply it is the largest tonnage port on general cargo.

Q. At page 32 of your verified statement you quote Mr. Daniel Lowe, Chairman of the New York Port Authority and you advise that the source of this quotation is a publication called "Ocean-borne Foreign Trade at the Port of New York 1956."

Have you a copy of that publication with you?

[fol. 1059] A. I believe I have.

Q. Will you look for it, please?

A. Yes. I have it here.

Q. Is that quotation taken from page 2 or 3? No, I guess it is not. It is taken from page 1, isn't it, Mr. Roach?

A. Yes, I believe that is the one.

Q. Now, on page 2 and page 3, does Mr. Lowe continue in this document to state his views concerning the Port of New York's share of the competitive market?

A. I presume this is his furtherance of his statement.

Q. Well, is there any doubt about it, when you take a look at page 5 is there any doubt about it that is a continuation of his statement, Mr. Roach?

A. I should think not. I haven't read it for some time. No, there is his signature on the end.

Q. There is no doubt about it, is there, sir?

In order that the record may be complete with regard to the views of Mr. Lowe, and you appear to have considered his views sufficiently significant that the Commission should be given the benefit of them.

Please tell the Examiner what Mr. Lowe said on page 2 of his report immediately following what you have quoted at page 32 of your verified statement?.

[fol. 1060] A. The Port of New York tonnage gains during the past year lagged behind the increases at competing ports. The port's share of the United States total ocean-borne foreign trade, general bulk cargoes, therefore declined in 1956 to 14 per cent compared to 16.6 per cent in 1955 and 19.1 per cent in 1954.

New York's declining share of United States total foreign trade tonnage was primarily attributable to the port's limited participation in the movement of bulk cargoes that has developed since World War II as well as increasing competition from other ports.

Shall I continue?

Q. Yes, sir, I would like you to continue with the balance of that section on the port's share of the competitive market?

A. In handling of general cargo, competing ports showed greater tonnage increases than New York. This has caused New York's share of United States general cargo to decline in 1956 to 25.9 per cent from 27.6 per cent in 1955, and 28.5 per cent in 1954 compared with the 1947 to 1953 average New York competitive share had declined 8.6 per centage points. This decline in the port's share is partially from the rapid economic expansion taking place in the south and southwestern parts of the country. It is, however, also, symptomatic of the increasing competition among ports, many of which are favored with differentially lower rates—lower rail rates on export-import cargoes than apply to [fol. 1061] the New York-New Jersey port.

Q. Mr. Roach, will you turn to page 18 of the same document from which you have been reading, the document publishe by the Port of New York—page 19.

Exam. Boat: Is that in evidence in the case?

Mr. Keenan: No, sir, it is not.

Mr. Examiner, the witness introduced excerpts from this report in his oral testimony.

Exam. Boat: And you are merely rounding-out?

Mr. Keenan: I merely would like the record to reflect the other portions of the same document that are relevant to the issues.

Exam. Boat: How lengthy is that in reading?

Mr. Keenan: Pardon?

Exam. Boat: How lengthy is the matter you refer to?

Mr. Keenan: One page, Mr. Examiner. I wanted to shorten this up, if counsel would consent to an agreement authorized by the Examiner, permitting us to file in the form of late-filed exhibits material from this document and the 1955 report to which Mr. Roach referred.

Mr. Hanifin: We will file the whole document. I do not want selected materials. I would not agree to that at all.

Mr. Keenan: I have no quarrel with that, but I do not represent the port of New York and I had a great deal of trouble getting the 1955 report. That evidently is in very [fol. 1062] short supply.

I cannot have it reprinted. I suppose I could have the whole thing mimeographed if Mr. Hanifin desires. All I wanted to do was to take one or two pages which would be a relatively small stencil problem to put them in.

Exam. Boat: Is that the only material you have now?

Mr. Keenan: I will go through my notes and advise the counsel and the Examiner of that right now.

It would shorten things up if we can avoid Mr. Roach's reading this stuff.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

By Mr. Keenan:

Q. Mr. Roach, in the middle of page 32, just before your quotation from Mr. Lowe, do you cite some tonnage figures for the year 1954, 1955 and 1956?

A. Yes, quoted from this.

Q. Are they taken from page 1 of this ocean-borne foreign trade report that we have been discussing and are they taken from a part of Mr. Lowe's statement? I invite your attention to the last three sets of figures there on the first page.

A. The first three.

Q. The first three sets, yes.

A. Yes, the first three.

Q. They are taken from Mr. Lowe's statement?

[fol. 1063] A. They look similar to me, they are identical.

Mr. Keenan: We can go back off the record again, Mr. Examiner.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Objection overruled.

By Mr. Keenan:

Q. Page 18, Mr. Roach, the same document we have been referring to, there is some material there concerning coastal competition, which I would like you to tell the Examiner about which comes from the same document, right?

Does it come from the same document?

A. This article referred to comes from the same document.

Q. Yes. It begins with—

Mr. Hanifin: For clarification, is the material prepared by Mr. Lowe?

Mr. Keenan: Mr. Examiner—

Exam. Boat: Let him go ahead, and then you will have your opportunity.

By Mr. Keenan:

Q. Mr. Roach, will you proceed to read the material on those two pages, 18 and 19?

A. The Port of New York is confronted with intensified competition during the year. Most of the Atlantic and Gulf ports were bidding for a greater share of foreign trade [fol. 1064] through enlarged port development and promotion programs. There are three coastal regions competing as gateways for the flow of overseas trade. They are North Atlantic, South Atlantic, and Gulf Coasts. For example, freight moving to and from the Middle West has a choice of routes. It can move down the Mississippi River by barge or travel by rail or motor truck to any number of Atlantic and Gulf ports.

The ultimate choice depends on availability of steamship sailings, adequate harbor facilities, inland carriers, specialized cargo handling facilities, banking services, and a host of other items.

The North Atlantic Coastal regions' share of total Atlantic and Gulf Coast general cargo in 1956 declined 4.1 per centage points compared to the previous year, while the Gulf Coast region posted a gain of 4 percentage points and the South Atlantic 0.1 per centage points. The shift in the competitive standing was due mainly to heavier exports of cotton, chemicals and machinery moving through the Gulf and South Atlantic Coast and to inbound movements of cement and semi-manufactures. It is interesting to note that in its immediate competitive region the Port of New York's share of north Atlantic general cargo export and import tonnage in 1956 increased to 59.1 per cent, a rise of 0.4 percentage points over the preceding year.

Q. Now, can you read those figures?

[fol. 1065] A. They have a column of figures headed "Distribution of General Cargo shares, North Atlantic, South Atlantic and Gulf Coasts."

Export: North Atlantic, 1956, 51.1 per cent; 1955, 57.4 per centage point change; 1956 over 1955, minus 6.3 per cent.

South Atlantic, 1956: 10.3 per cent; 1955, 10.5 per cent. Percentage point change, 1956 over 1955, minus .0.2 per cent.

Gulf, 1956, 38.6 per cent; 1955, 32.1 per cent; percentage point change, 1956 over 1955, plus 6.5 per cent.

Import, North Atlantic, 1956, 64.2 per cent; 1955, 66.2 per cent. Percentage point change, 1956 over 1955, minus 2 per cent.

Imports, South Atlantic, 1956, 11.5 per cent.

1955, 10.9 per cent. Percentage point change, 1956 over 1955, plus 0.6 per cent.

Gulf, 1956, 24.3 per cent. 1955, 22.9 per cent. Percentage point change, 1956 over 1955, plus 1.4 per cent.

Export and import, North Atlantic 1956—

Exam. Boat: I do not think it is necessary to read those. Those can be computed from the figures you have in there.

Mr. Keenan: All right. That is correct, Mr. Examiner. I will go ahead.

By Mr. Keenan:

Q. Would you just give the percentage point change as [fol. 1066] 3 figures for export-import together?

A. All right.

North Atlantic—this is export and import. North Atlantic, percentage point change 1956 over 1955, minus 4.1 per cent. South Atlantic percentage point change, 1956 over 1955, plus 0.1 per cent.

Gulf—

Exam. Boat: Just give the figure.

The Witness: Plus 4 per cent.

Exam. Boat: All right.

By Mr. Keenan:

Q. Again at page 19 of your verified statement, you quote from the annual report for 1955 of the Port of New York authority from page 6 of that document.

There is a paragraph, a rather short one immediately following the one from which you quoted.

Will you read that, please?

A. Paragraph which?

Q. Paragraph in the document from which you quote, immediately following the paragraph which you do quote. Will you read it, please?

A. Starting "The comparative tonnages"—

Q. No, the paragraph I have reference to starts with "The Port of New York's share"—do you have the document with you, the 1955 report?

A. No, I do not have the 1955, I have the 1956. That is [fol. 1067] the one I was reading from.

Q. Have you ever seen the 1955 report?

A. I believe that is the one I quoted from.

Q. Have you seen it?

A. Yes, I am sure I have seen it.

Q. Do you recognize it?

A. Yes.

Q. Would you look at page 6 there and see if there is not a paragraph following the one you quoted from at the bottom of the page?

Exam. Boat: How long is that?

Mr. Keenan: About as long as the one he has quoted.

The Witness: I quoted on iron and steel.

By Mr. Keenan:

Q. "The single most commodity"—are the words beginning there.

A. Oh, yes.

Mr. Hanifin: We would like to read it if the Examiner please.

Mr. Keenan: Just a minute, Mr. Examiner. I am asking the witness about a document he has identified, some material immediately following what he has got in there.

If counsel wants to object to the question, fine. You do not think the question is objectionable. If counsel wants to move to strike the witness' answer in the ordinary course of business, fine. I would like the witness to proceed to [fol. 1068] answer the question right now.

Exam. Boat: I think they may see the document.

Mr. Hanifin: How do we know whether it is relevant or not until we have seen what it contains?

Exam. Boat: They may have seen it before, but they should have it before them now.

(The document is viewed by counsel.)

The Witness: This is the paragraph following the one I quoted—

Mr. Hanifin: The one before.

The Witness: The one preceding it?

Mr. Keenan: Mr. Examiner, may Mr. Hanifin deal with his witness on redirect when I have finished with him?

Mr. Hanifin: I am trying to assist in getting the right sentence.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

By Mr. Keenan:

Q. The one following, Mr. Roach, if you please.

A. The one following.

Q. Right.

A. The Port of New York's share of United States general cargo imports was 28.6 per cent in 1955. This was a decline of 1.4 percentage points compared to 1954 and a decline from the 35.4 per cent share handled during the period 1947 to 1953.

[fol. 1069] The decline can be attributed in part to development and expansion of new industries in other sections of the country.

Q. At page 9 of the same document there are some figures on the iron and steel to which you referred in your quotation at page 19, or rather, there are some graphical representations.

A. Yes, sir.

Q. Will you describe those graphical representations, Mr. Roach?

Exam. Boat: May I see it, please?

The Witness: Yes.

Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: Back on the record.

You may continue.

By Mr. Keenan:

Q. There is, on page 9 there, a graphical representation concerning iron and steel, isn't there, in that document from which you quote, Mr. Roach?

A. Yes, sir.

Q. Will you describe it, please?

A. On iron and steel it shows in one column a graph indicating the volume in long tons by hundreds of thousands of long tons for the years 1953—

Exam. Boat: Just state the figure there.

The Witness: 53.

By Mr. Keenan:

Q. Approximately?

[fol. 1070] A. It does not have any figures. It is indicated by a graph, and it is 'way less than 200,000 tons. That is for volume.

And then over on the right it has a share of U.S. in per cent, which of course is a small graph indicating that it is way less than 20 per cent.

1954—

Exam. Boat: Volume?

The Witness: I am sorry, this is iron and steel scrap. I am reading the wrong one., I will go back to iron and steel products.

Exam. Boat: Isn't the first figure 9?

The Witness: The first figure would be about 9, yes.

Exam. Boat: Just state the year and the number following.

The Witness: The year, 1953, about 900,000 tons and the percentage would be about 45 per cent.

By Mr. Keenan:

Q. Percentage of what?

A. Percentage share of U.S.

Exam. Boat: Now 1954?

The Witness: 1954 would be about 800,000 tons in volume, and share of U.S. In per cent would be about 41 per cent.

In 1955 volume would be about 100,000 tons—

Exam. Boat: It is the biggest one. Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

[fol. 1071] The Witness: That would be about a million tons.

And the share of United States in per cent is about 35 per cent.

By Mr. Keenan:

Q. Of all the major general cargo exports dealt with on the page to which you have just been referring, is iron and steel products the largest for 1953 and 1954? In terms of volume in long tons?

A. It does not appear to be, no. It appears to be iron and steel scrap.

Q. For 1953 and 1954?

A. 1953 and 1954, only.

Q. Yes.

A. Well, yes, I would say so.

Q. And in 1955, do iron and steel products appear to be exceeded only by iron and steel scrap?

A. Yes.

Q. That is correct?

A. Yes, sir.

Q. What is the order of magnitude by which iron and steel products during 1953 and 1954 exceeded all other, about 3 or 4 times?

A. I would say so, yes, sir.

Q. All right.

At page 14 you refer to a traffic study reflected in your exhibit GR-6.

[fol. 1072] At page 15 you conclude from this traffic study that total cars exported through Hampton Roads during 1956 are 22,742.

Are these 22,742 cars all the cars that Hampton Roads lines originated in differential territory during the period in question?

A. That is my understanding, yes.

Q. What is the differential territory to which reference is had?

What is the eastern boundary of it in connection with this study?

A. It would be the Sandusky, Mansfield, Newark, Marietta line.

Q. Of this 22,742 cars, do you know how many were originated by the C & O?

A. Yes, I have that somewhere in my exhibit, just the one to Newport News.

I only have a tabulation of those to Newport News.

Q. Just those to Newport News?

A. Yes, I have a record of that somewhere.

Q. Have you any information as to what portion of these 22—I withdraw that last—

You have no information whatsoever as to what the total number originated by the C & O was, right?

A. Through Newport News?

[fol. 1073] Q. Through any port?

A. Through New York I have.

Q. Yes, but—

A. I do—I got it through Newport News as well.

Q. But you do not know during this period what the total originations of differential territory export traffic were by the C & O.

A. To what port, sir?

Q. Any port.

A. New York, Philadelphia, Baltimore?

Q. To all ports, Mr. Roach?

A. I have the tabulation showing the number of cars the Chesapeake & Ohio originated in the affected territory.

Q. During the period in question in this study?

A. During the period of question in this study, to New York, as well as Newport News.

Q. But not any other port except New York and Newport News?

A. Just the New York and Newport News.

Q. That supplies the answer to the next question I wanted to ask you, which was, do you have any information as to what portion of these cars went through Baltimore and Philadelphia. I guess your answer is no?

A. I am sorry. I have not tabulated that.

Q. How did you acquire the information for this study in exhibit GR-6? You sent some instructions out to the field?

[fol. 1074] A. No, we have a traffic system of preparing our tonnage reports that just peculiarly fit into the information I needed for this exhibit.

We have a system that the managers of our area offices covering the entire CFA territory, affected territory, prepare each month, a tonnage report, that indicates the number of cars, the name of the shipper, the commodity, full route, name of consignee, and the port destination. That is supplied to us once a month. In fact, I started the system myself when I reached Chicago in 1947, and it has been particularly helpful in this case.

Q. These records are then kept after they have thus been compiled—they are kept in your office or in the headquarters portion of the C & O's establishment that you supervise, is that right, Mr. Roach?

A. That is right.

Q. Then you could have easily laid your hands on it—you could get it readily; I assume, on the amount of this differential territory traffic originated by the C & O that moved through the Ports of Baltimore and Philadelphia?

A. Yes, I think we could make such a tabulation.

Q. In the circumstances, you are responsible yourself for selecting what material you took from the files in preparing this study which is submitted in GR-6, right?

A. Yes.

[fol. 1075] Q. Have you any similar information concerning imports—information similar to that set forth in GR-6?

A. No, I did not make any particular tabulation on imports. Do you want me to explain why?

Q. I think you are entitled to explain why. Will you tell me first of all whether the information concerning imports is as easy to come by as is evidently the information concerning exports?

A. I think it may be.

Q. You may go ahead if you desire and tell us why you did not.

A. The reason I did not do it is our import traffic is the bulk traffic—bulk ores. We do not do very much general cargo import traffic through Newport News. It is of no significance whatsoever. It would be very little general cargo import traffic to CFA territory.

Q. How did you acquire your information concerning the 1007 overhead cars referred to at pages 16 and 17 of your verified statement?

A. I would say they came from our tonnage reports furnished us by these area managers in differential territory.

Q. The same way as the other stuff did?

A. Yes, sir.

Q. Again, then, you have in your files information on the total number of cars handled by the C & O in overhead movement which originated in differential territory, do you not?

[fol. 1076] A. Yes.

Q. But this 1,007 is not that total figure, is it?

A. No.

This 1,007 specifically is that which I believe went to Newport News, if I am not mistaken—no, it went to New York, that 1007 cars.

Q. And nowhere in your testimony is that total overhead movement of cars originated in differential territory disclosed, is it?

A. To where, sir?

Q. Differential export traffic through any port?

A. None other than New York.

Q. Somewhere in the testimony of some witness there is a comparison—maybe it is yours—of real estate values at the Port, or waterfront property values at the Port of New York and Hampton Roads, I forget what the figures are, but there is a great discrepancy. Do you recall that?

A. Yes, I believe I submitted some testimony about the evaluation of the Newport News pier properties.

Q. And corresponding testimony to the general effect that the property at New York is worth a great deal more?

A. I believe so, yes.

Q. Would you agree with me, just in the interest of accuracy, that when comparing values of real estate it is important to bear in mind the alternative uses to which the [fol. 1077] real estate can be put?

If that question is not clear, I can specify a little better.

A. I should like you to clarify the question.

Q. For example, isn't it true real estate in Manhattan tends to be worth more than real estate in Norfolk because there are other very profitable uses to which land can be put in Manhattan beside the use for pier areas or transportation purposes?

A. First of all, I should like to confine my testimony to Newport News, rather than Norfolk, because that is our pier properties.

Q. Sure.

A. Secondly, I do not think that is an area in which I am qualified to answer.

Q. Then it would be correct, wouldn't it, you would not tell us the significance of comparisons of waterfront property values in the two ports until you had been thus qualified, right?

A. No, I wanted to find out, I wanted to indicate in my testimony the value of Newport News properties as against the chief competition I have.

Q. When an import consignment arrives at Hampton Roads, will the railroad hold it in storage until the ocean [fol. 1078] receiver orders it shipped out to the interior, and will the railroad provide this service without a loading and unloading charge?

A. Well, it would not necessarily be the ocean receiver, I mean the shipper or the consignee, whoever would order it to be shipped to the interior, you are talking about import traffic now?

Q. Yes.

A. We would hold it on our piers for the free time period, and then we would load it in to cars and ship it out on instructions to the consignees.

Q. Is there a firm named Hidden?

A. No, Hiden.

Q. Hiden?

A. Yes.

Q. What is the full name?

A. The full name is Hiden Storage Forwarding Company.

Q. Is that affiliated in any way with the C & O Railroad?

A. It is a private organization. It is on our property, outside our pier properties in Newport News. It is a private organization.

Q. You do not know of any stock connection or affiliation between this organization and the C & O?

A. No, sir, I do not.

Q. Does it lease its properties from the C & O?

A. I believe it does lease properties from the C & O.

[fol 1079] Q. Does Hiden act as a terminal agent for the C & O Railroad to perform any transportation or storage services that the C & O holds itself out to the public to render in the C & O's tariffs?

A. I would say not. Any traffic that goes into the Hiden facility storage, they perform their own service.

Q. And they collect their own charges and the C & O has nothing to do with it?

A. They collect their own storage charge, that is right, sir.

Q. Do they load rail car for rail patrons?

A. When the traffic moves out of their facility?

Q. Does Hiden do so?

A. Yes, they do.

Q. Is this a transportation service which Hiden performs for the C & O for the—

A. No, for the patron. I presume his cost of loading, if that is what you are trying to get at, is covered by his storage and handling charges which he pays to Hiden.

Q. Which he pays directly to Hiden?

A. The railway has nothing to do with it, it is merely a storage-in-transit situation.

Q. Yes.

When a shipper is financing a transaction for the purpose of consummating, and when he tenders his consignment to [fol. 1080] an ocean carrier at Hampton Roads and gets an on-board bill of lading, is there any doubt that he is paid as soon as he presents the on-board bill of lading at the bank?

A. I would say there is no doubt involved, but I should like to clear up that transaction.

There are very few ocean bills of lading signed in Newport News—very few.

It is only rare that the steamship will allow their branch offices in Hampton Roads to sign on-board ocean bills of lading.

Q. How do you know, Mr. Roach?

A. I have had this experience, sir.

Q. How do you know, sir?

A. By personal knowledge. I have tried to do this in so far as Newport News is concerned, I have tried to accomplish such a thing. The best we could accomplish is that the steamship agent at Newport News would wire his New York Office the returns of the cargo, indicating it was on-board free of exceptions or otherwise, and New York office would then sign the ocean bill of lading.

But very few instances I have been able to accomplish ocean bill of lading.

Exam. Boat: Does that complete the cross?

Mr. Brandes: I would like to examine the witness briefly, please.

[fol. 1081] Cross examination.

By Mr. Brandes:

Q. Mr. Roach, you testified yesterday with respect to the alleged subsidy which the railroads received in the Port of New York, did you not?

A. I did not mean to indicate that the railroads received it, although I do understand that there are some railroad piers going to be built in New York, but I am sure I did not mean to indicate that. What I meant to indicate was as far as I knew the steamship piers were being subsidized in the Port of New York.

Q. Steamship piers?

A. Steamship piers, I am sorry if I led you to believe otherwise.

Q. You said, as far as you know; are you acquainted with the basis upon which steamship piers are made available to steamship companies in the Port of New York, of your own knowledge?

A. No, sir, only by what I have read in the newspapers. I have a very pertinent article right here, I had it with me yesterday.

Q. Would it be fair to say you know nothing about the formula for assessing the rent on steamship piers in the Port of New York?

A. Not personal knowledge, no, except what I read in the papers.

[fol. 1082] Mr. Brandes: That is all.

Just a minute. I have another line of inquiry, if I may.

By Mr. Brandes:

Q. Mr. Roach, is it your basic position that the differential in favor of Norfolk is necessary in order to offset better service and more frequent sailings in the Port of New York?

A. The differential via Newport News and Norfolk?

Q. Yes, that is your position?

A. They definitely need it to offset the advantages of the Port of New York.

Q. That the railroads serving the ports in the North Atlantic tier compete with one another for traffic?

A. Yes.

Q. And you say that the sailings in the ports that the railroads serve affect their ability to compete, do you not?

A. Yes, they do.

Q. Now, assume for a moment that one port has in excess of 1,000 more sailings a year as compared with another port. That would be a substantial handicap to the port with the lesser sailings, would it not?

A. I would say so, yes.

Q. And if the amount of services in that port, with the greater number of sailings, was generally at least equal to the other services rendered in the Port with the lesser sailings, is it your position that a differential would be [fol. 1083] required in favor of the Port with the lesser sailings?

A. I am awfully sorry, that question is awfully involved. You lost me, I am sorry.

Q. Very well.

Mr. Brandes: Mr. Stenographer, will you read the question? See if you understand it; if you do not, I will try to rephrase it.

The Witness: I will try.

(The pending question was read back.)

The Witness: I am sorry, that question is not clear to me.

By Mr. Brandes:

Q. If it is not clear, let me rephrase it.

A. I am sorry; it is not clear, sir.

Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

By Mr. Brandes:

Q. Assume that there are equal services of another nature such as banking and foreign freight agents at two ports, but substantially different number of sailings.

Is it your position that a differential is required in connection with the port or the railroads serving the port with the fewer sailings?

A. I am sorry, I cannot get it clear in my mind what your [fol. 1084] question is.

Q. Very well, I will try to become specific.

Would you say the services available in Baltimore, aside from sailings, are equal or better generally speaking than the services available in Norfolk?

A. The steamship services?

Q. Other than steamship services.

A. Other than steamship services? You want me to tell you about whether they are equal to or better than Hampton Roads?

Q. Yes, sir.

A. I would say this, to an extent that they are slightly better than Hampton Roads, specifically they have certain sailings that I do not have.

Q. I have asked you to address yourself to the services other than sailings, Mr. Roach.

A. I have not found too many particular services at Baltimore in competition with my own port.

Q. Are there more banks of greater financial strength at Baltimore than there are in Newport News?

A. I assume so, sir, but I have not studied that for a definite reason.

Q. And Norfolk?

A. There should be more banks in Norfolk as well.

Q. Are there more banks in Baltimore than there are in [fol. 1085] Hampton Roads, and of greater financial strength?

A. I would say so.

Q. Would it be to the advantage of your railroad to have a differential in Newport News under Baltimore?

A. Be an advantage?

Q. Yes.

A. I suppose I would be crazy if I said no.

Q. Do you know the number of sailings that leave your port as compared to Baltimore?

A. We watch those fairly closely, sir, yes, and we also watch the sailings out of Baltimore.

Q. Do you know witness Hamill's exhibit discloses that on the basis that he prepared his exhibit there are approximately 1200 sailings more from Baltimore than there are from your port?

A. Well, I had not had time to study that at all. My own survey—

Q. Well, will you assume that that is mathematically correct?

A. 1200 seems like an awful lot, but I am willing to assume it if someone has—

Q. If that is the fact, will you tell me why your railroad does not believe—would it be your opinion under those circumstances your railroad is entitled to a differential under the railroads serving Baltimore?

A. I should not like to make any opinion on that. To my [fol. 1086] knowledge no such issue is in the case and I would not want to venture an opinion without a lot of study.

Mr. Keenan: Maybe it would be better in a different case.

Mr. Brandes: All right.

That is all that I have.

Exam. Boat: Any further cross?

Mr. Foley: Yes.

Cross examination.

By Mr. Foley:

Q. Do you know whether most of the coal exports are financed in New York?

A. No, sir, I do not know.

Q. You do not know?

A. I do not know, really. My department has nothing to do with export of coal.

Q. May that be the reason why the bills of lading are issued after clearance at the port?

A. I did not mean to say that. I was talking about berth steamship lines. I did not mean to deal with coal in any respect whatsoever.

Exam. Boat: Is there any further cross?

(No response.)

Exam. Boat: Any redirect?
Mr. Hanifin: I have one question.

[fol. 1087] Redirect examination.

By Mr. Hanifin:

Q. Mr. Roach, has it been reliably reported in a responsible New York Paper that certain interests in this proceeding have charged that certain subsidies or subsidizaions are taking place in connection with New York Pier facilities in the City of New York?

Mr. Welsh: Objection, Mr. Examiner.

Mr. Hanifin: You understand, if the Examiner please, Mr. Clark, who is on the side of these gentlemen who are going to object, he had a newspaper article which he was permitted to inquire about with the witness on our side.

What is sauce for the goose is sauce for the gander. I think if Mr. Clark is entitled to ask questions concerning what is reported in a newspaper of our witness, we are entitled to ask the same type of question.

That is all I am going to have to say about it.

Mr. Welsh: I do not know whether there was an exception made at the time, but I certainly make an exception against this type of hearsay testimony. We certainly have not gotten into the position in these cases where we are trying these cases in the public press, as far as I know.

Exam. Boat: I do not think it has any value. The objection is sustained. Is there anything further?

Mr. Hanifin: Did you sustain the objection?

Exam. Boat: Yes, it is newsprint in a newspaper.

[fol. 1088] Mr. Hanifin: If I might permit the observation, sir, Mr. Clark was permitted to cross-examine along the same line.

Mr. Brandes: One moment, Mr. Clark was permitted—

Exam. Boat: I have ruled.

Never mind.

Mr. Hanifin: No further redirect.

OFFER IN EVIDENCE

I would like to offer in evidence exhibit 69.

Exam. Boat: The exhibit as previously identified will be received in evidence.

(Exhibit No. 69 in Support of Protestants, Witness Roach was received in evidence.)

Exam. Boat: You are excused, Mr. Roach.

The Witness: Thank you.

(Witness excused.)

Exam. Boat: Call your next witness.

Mr. Hanifin: Mr. Sawyer.

W. C. SAWYER was sworn and testified as follows:

Direct examination.

By Mr. Claytor:

Q. You are W. C. Sawyer?

A. Yes, sir.

Mr. Claytor: May the verified statement of Mr. W. C. Sawyer with accompanying exhibits be identified?

[fol. 1089] Exam. Boat: That is Exhibit 87.

(Exhibit No. 87, Witness Sawyer, in support of Protestants is marked for identification.)

Mr. Claytor: May the record show I hand a signed copy of verified statement, Exhibit 87, to the reporter?

Mr. Examiner, I would like to ask Mr. Sawyer two questions concerning tonnage via the Baltimore Steam Packet Company that Mr. Keenan raised on cross examination of Mr. Kelly, just to clear this up.

By Mr. Sawyer:

Q. Can you give us any general idea of whether or not there is a substantial tonnage movement from Baltimore, via the Baltimore Steam Packet Company, to Norfolk, thence to Central Territory, of import and export traffic?

Mr. Keenan: Before you go ahead, Mr. Examiner, you plan to talk to Mr. Sawyer a little bit about the Baltimore Steam Packet Co. and I do not see why in the ordinary course of events I may not cross examine him.

Mr. Claytor: I will withdraw the question. I just wanted the record to be complete. We are here to help the commission, Mr. Keenan, not to fight each other.

The witness is tendered for cross-examination.

Exam. Boat: Proceed to the cross examination.

Cross examination.

By Mr. Keenan:

Q. At page 3 of your testimony, Mr. Sawyer, you advise [fol. 1090] us that the C & O serves Norfolk by means of a car float from its terminal at Newport News, Virginia. What is the mileage involved in that car float?

A. I do not know exactly.

Q. Approximately, Mr. Sawyer.

A. I would say around 8 miles.

Q. What is your job as foreign freight traffic manager, Mr. Sawyer?

A. My specific responsibility is the development of foreign commerce through the Port of Norfolk, for movement of course in connection with our rails.

Q. Were your duties the same as those you have just described, in 1953?

A. Yes, they were in 1953.

Q. Now, in 1954, you said, haven't you, that the management of the Norfolk and Western's foreign freight traffic was shifted from New York to Norfolk, right?

A. That is correct.

Q. Why was this move made?

A. Well, it was due to the fact that I was trying to control the situation at Norfolk by remote control from New York and I was just running myself to death moving myself back and forth between the two ports.

Q. Mr. Sawyer, please confirm whether it is a fact that the Norfolk and Western, before the second world war, de- [fol. 1091] pended very largely in securing freight from port cities and hinterland area on a feeder service of the Merchants and Miners' Transportation Company from Boston and Providence, the Eastern Steamship Lines from New York, the Philadelphia and Norfolk Steamship Company from Philadelphia, the Chesapeake Steamship Company, and the Baltimore Steam Packet Company from Baltimore?

A. You are now speaking of foreign commerce?

Q. I do not mean to confine my question to foreign commerce, Mr. Sawyer.

Mr. Claytor: Mr. Examiner, I will have to object to the question if it does not relate to some issue in this case.

Mr. Keenan: Well, it includes all commerce, and hence it certainly includes foreign commerce. I am merely trying to figure out at the moment—I withdraw that comment.

May the witness answer the question?

Mr. Claytor: If the objection is overruled.

Exam. Boat: Overruled.

He may answer.

The Witness: I had nothing to do with the solicitation of water and rail traffic, I never have. And so far as I am aware the amount of import and export traffic that moved in connection with those services was insignificant.

By Mr. Keenan:

Q. Regardless of what your functions were, Mr. Sawyer, what I asked you was whether it was a fact within your [fol. 1092] knowledge that the Norfolk and Western depended on these water carrier feeder services in order to obtain traffic?

A. Oh, the answer is definitely no, very much so, definitely no.

Q. They had no joint arrangement—the Norfolk and Western had no joint arrangements then with these water carriers for the movement?

A. Yes, they had joint arrangements, but that was not the sole basis of the traffic moving through Norfolk.

Q. Of course, I see the reason for the answer to the question.

However, they did secure traffic through these sources, right?

A. Oh, sure.

Q. Each one of the steamship companies I have talked about?

A. Right.

Q. That traffic could be both domestic traffic and import traffic?

A. That is right.

Q. And domestic traffic and export traffic, right?

A. That is right.

Q. Now, these steamship lines observed joint rates with your company to the west or CFA territory on a differential basis ~~under the standard all-rail rates,~~ isn't that right?

A. Yes.

[fol. 1093] Q. And by virtue of these rates the Norfolk and Western, with its connections, was able to handle import freight, among other things, on a lower level than the standard all-rail rates from Baltimore and even from Norfolk, Virginia, right?

A. I think that is correct, yes, sir.

Q. And of these steamship companies, the Baltimore Steam Packet Company is still in business, isn't it, in Baltimore?

A. Yes, sir.

Q. Tell me whether the standard differential on the Baltimore Steam Packet company routing from Baltimore via Norfolk to CFA, under the standard all-rail rate from Baltimore on first-class traffic is 8 cents a hundredweight?

A. I really could not tell you.

Q. If I go on through to 5th class, again your answer is, you do not know, right?

A. That is correct. I would have to accept your statement, sir.

Q. Pardon?

A. I would have to accept your figures.

Q. I would not ask you to do that. We cannot put evidence in the record because you believe me.

You have already told me you know there is a differential but you do not know exactly what it is.

A. No, sir. I am not familiar with it.

[fol. 1094] Q. Isn't it a fact this route via the Baltimore Steam Packet Co. offers your railroad daily hundreds of tons of freight imported through Baltimore consisting of such commodities as sugar, coffee, and tanning extracts?

A. I cannot identify those commodities specifically. I do know that coffee is one of them. I cannot tell you about sugar. Extract, I cannot tell you about that.

Q. Aren't there numerous heavy-loading commodities that move via this route?

A. They are not numerous, no, sir.

Q. Aren't they heavy-loading?

A. Not in every instance. There are some that is.

Q. They are predominantly heavy-loading, are they not, in order to be appropriate for movement via this route?

A. You are asking me something, sir, that I am not familiar with because that type of traffic does not come under my jurisdiction.

Q. It is quite clear, isn't it, that fourth section relief is necessary in order to maintain this differential route?

A. I would assume so, but I cannot say so.

Q. Mr. Sawyer, there is not any shadow of doubt in the world about it, is there?

A. I would assume—I am not a rate man.

Q. You are not a rate man?

A. No, sir.

[fol. 1095] That is right I am not a rate man.

Mr. Keenan: No further questions.

Exam. Boat: Mr. Moerman?

Mr. Moerman: Yes.

Cross examination.

By Mr. Moerman:

Q. Mr. Sawyer, attached to Exhibit 87, is a map of the Norfolk Harbor. Would you look at it a moment, please?

A. Yes.

Q. This map does not show Newport News. Would you indicate in what direction generally Newport News is?

A. It would be to the northwest, sir.

Q. Northwest?

A. Yes—in the upper lefthand corner.

Q. As indicated, you stated that the C & O serves Norfolk by means of a car float?

A. Yes, sir.

Q. From its terminal at Newport News?

A. Yes, sir.

Q. Would you spot for me on this map, please, the float bridge?

A. The float bridge, yes, sir.

If you will go directly to the top, sir, you come down—these first piers you see here, are the Virginia Railway Coal piers.

[fol. 1096] Then these are the Norfolk and Western Sewell Point Piers.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

You are looking at the large map?

The Witness: Yes, sir. Directly south of what we term our Sewell's point piers, which is the second red block there.

By Mr. Moerman:

Q. Yes, sir.

A. You see a small thing that looks like a star or asterisk.

Exam. Boat: Right on the shoreline.

The Witness: Yes, sir.

That is known as the Norfolk and Portsmouth Belt Line, C & O float bridge.

By Mr. Moerman:

Q. Does it have a red track running off it?

A. Yes, sir, it has a red track running off it.

Q. It has two small points, has it not?

A. Yes, sir.

Q. How many car floats does your company have?

A. We have no marine equipment whatsoever.

Q. And the C & O has all of the marine equipment?

A. They have marine equipment.

Q. Did you answer before that you did not know what the distance is between the two float bridges?

[fol. 1097] A. I said approximately to my best guess, about 8 miles across there.

Mr. Moerman: All right; sir.

Thank you. That is all I wanted to know.

Exam. Boat: Is there further cross?

Is there—redirect?

Redirect examination.

By Mr. Claytor:

Q. Mr. Sawyer, can you give us any ideas as to the extent, if any, which the C & O car-ferries or car-floats are used in handling import and export traffic?

A. Not to the Norfolk side of the river; not the car floats, sir.

Q. The car floats are not used?

A. They are not used because the Chesapeake & Ohio Railway will not absorb the wharfage and handling charges of the Norfolk Terminals.

Q. Do I understand you correctly, then, that the C & O car floats are used in domestic traffic, only local traffic to Norfolk?

A. Principally—almost exclusively.

Q. Mr. Keenan mentioned a number of coastwise water carriers.

Which of those carriers are still in business?

A. Only the Baltimore Steam Packet Company.

[fol. 1098] Q. Could you give us some idea of the number of vessels and type of vessels operated by the Baltimore Steam Packet Company?

A. Well, they are—I do not think now there are more than two or possibly three of them that are in shape to operate.

They are exceptionally old. They are passenger-cargo vessels, that is really what they are—they carry passengers in addition to cargo.

Q. Do you know how many operate in the service between Baltimore and Norfolk?

A. I think they have two now. They operate daily, except Saturdays and Sundays.

Q. Mr. Sawyer, can you give us any general indication of the volume of traffic which moves via the Baltimore Steam Packet Company, import and export traffic, that is, to Central Territory?

Mr. Keenan: Well now, just one minute. I did inquire from the witness in the course of cross-examination about the amount of traffic that was moving in certain types of commodities, and he said, gee, he could not tell me. I do object strongly, Mr. Examiner, to the witness telling me he does not know enough about it because he has not made a study of the matter right recently, and then when counsel asks him on the same topic, in the same way, the witness is prepared to tell counsel on redirect the story. [fol. 1099] I think either we ought to go back to cross and Mr. Sawyer ought to tell me what he knows on this, or he should not discuss it on redirect examination.

Mr. Claytor: Evidently Mr. Keenan is very keen on keeping facts out of the record.

Mr. Examiner, he asked about—

Mr. Keenan: Mr. Examiner—

Exam. Boat: Just a minute.

Mr. Claytor: He asked about certain specific commodities, and he gave an answer as to those commodities. I have asked about tonnage movements of all commodities via the Baltimore Steam Packet Company and Norfolk, to Central Territory, import and export traffic, that is, and I am entitled to ask that on redirect.

Exam. Boat: Objection overruled.

By Mr. Claytor:

Q. Can you answer that question, Mr. Sawyer?

A. Yes, sir.

There is no export movement whatsoever from Central Territory through Norfolk to Baltimore in connection with the Bay Line.

There is an insignificant amount of import-traffic to Baltimore. It runs very light. You want to know the commodities?

Q. Could you give us a general idea of the number of cars in an average month, if you have any such figure?

[fol. 1100] A. Yes, it will run—it seldom will exceed 45 cars and it will drop down to as much as 13, 10, 12 or 14 cars.

Q. Per month that is?

A. Per month, I beg your pardon—per month.

Exam. Boat: Are there further questions?

Mr. Claytor: No further questions.

Mr. Keenan: Can we have just 30 seconds?

(Counsel confer.)

Recross examination.

By Mr. Keenan:

Q. How recently have you—I withdraw that.

With regard to what period have you given your observations as to the monthly movement of cars via this differential route, Mr. Sawyer?

A. I had in mind June, 1957, there was 45 cars, in that month, and 20 of those were non-recurring movements.

Q. 45 cars via what railroad?

A. That was Bay line—Norfolk, Norfolk and Western to the West.

Q. Therefore what you just testified about, if I understand you correctly, is solely the traffic via this route that has moved via the Norfolk and Western?

A. Yes, sir.

Q. You don't know whether The Virginian, the Pennsylvania, or the C & O, or any other railroad that served Hampton Roads carried some more traffic via this route, right?

[fol. 1101] A. No. I would not have that information.

Q. You said these figures you just gave were for the month of June, as I recall them?

A. That was June, 1957, and in January, 1958, the total number of cars that we handled was 13.

Q. Is what?

A. 13.

Q. Have you had occasion, perhaps last night, or something like that, or in the last two or three days, to look these figures up, Mr. Sawyer?

A. Yes, I looked these figures up in Norfolk last week.

Q. Frankly you looked them up because in the course of previous examination this matter of the Baltimore Steam Packet Company came up, didn't you, sir?

A. I looked them up, yes.

Q. Yes.

You looked them up evidently for June and for January, right?

A. I selected those months myself.

Q. Yes. Did you happen to look them up for any other month?

A. No.

Q. How did you happen to skip from one to the other, how did you happen to skip June to January, because it is a 6-month interval?

A. Well, yes, it is a representative period, a summer [fol. 1102] month and a winter month.

Q. How long did it take you to look up the month of June?

A. About half an hour.

Q. About 10 minutes.

A. No, I think it was longer than that, it was about a half hour. I had to examine the bills.

Q. There are not very many to examine, are there?

A. You have to go through the domestic traffic, separate the domestic from the import traffic.

Q. Yes.

A. To take out the cars.

Q. Yes.

Have you got the underlying documents with you on which this traffic study which you have just referred to was based?

A. Yes.

Q. Now, did you confine your study to import traffic moving to differential territory?

A. No, I just took off all import cars that we handled.

Q. Yes, you took off only import cars, you did not take off domestic cars, did you, Mr. Sawyer?

A. No, sir.

Q. Do you have any recollection as to how many domestic cars there are, I am not asking you how many there are—you do not even remember that, do you?

A. Personally I have no recollection. I did not do this, [fol. 1103] I had one of the boys go over it.

Q. Certainly.

Your instructions were to confine themselves to import tonnage, were they not?

A. Yes.

Q. Did you instruct them to look at the import—the export tonnage, too?

A. Yes, sir.

Q. You have no idea how much export tonnage per year you have via this route, do you?

A. No, sir, I do not.

Q. I will withdraw that.

Mr. Keenan: That is all.

Further redirect examination.

By Mr. Claytor:

Q. Mr. Sawyer, do you know whether or not the C & O participates in these joint through rates with the Baltimore Steam Packet Co.?

Mr. Keenan: With who?

Mr. Claytor: With the Baltimore Steam Packet Company.

Mr. Keenan: I did not hear the first part, whether who participates?

Mr. Claytor: The C & O Railway Company.

Mr. Keenan: O.K.

By Mr. Claytor:

Q. Do you know, sir?

A. I really do not know.

[fol. 1104] Q. Do you know whether or not the Virginian participates?

A. The Virginian does not, I do know that.

Q. So there can be no traffic moving via the Virginian on Joint through rates with the Baltimore Steam Packet?

A. That is correct.

Q. How about the Pennsylvania Railroad?

A. No, because they are operating in the opposite direction. They operate north.

Q. Do you know of any line besides the Norfolk and Western which participates in these joint through rates?

A. Yes.

Q. What line?

A. The Seaboard and the Southern.

Q. The Seaboard Airline and the Southern Railway?

A. Yes.

Q. Are either the Seaboard Airline or the Southern Railway Company important factors in the transportation of import and export traffic to and from Norfolk?

A. They are not.

Mr. Claytor: That is all I have.

Mr. Colgren: I have one more question if the Examiner please.

Exam. Boat: Very well.

Further recross examination.

By Mr. Colgren:

Q. Mr. Sawyer, if it took 45 minutes to separate the [fol. 1105] June shipments that we are speaking of, does that indicate a substantial amount of domestic traffic moving over this route?

A. The domestic is the preponderance of that movement.

Mr. Colgren: Thank you very much.

That is all.

Mr. Hanifin: Mr. Examiner, I wonder if other counsel would be willing to let me make a statement on the record that the C & O has no routes in connection with the Baltimore Steam Packet, and accept it as a fact? If not, I would like to call Mr. Jefferson just to elicit that one single fact.

Mr. Keenan: Could we go off the record for a minute?

Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

OFFER IN EVIDENCE

Mr. Claytor: I offer in evidence Exhibit 87.

Exam. Boat: That exhibit as identified may be received in evidence.

(Exhibit No. 87, witness Sawyer in support of Protestants was received in evidence.)

Exam. Boat: You are excused, Mr. Sawyer.

(Witness excused.)

Mr. Hanifin. Would we be able to put Mr. Jefferson on the stand just for one question?

Exam. Boat: Yes. He has been previously sworn, we [fol. 1106] will recall him.

JEFFERSON, a witness previously sworn, was recalled and testified further as follows:

Direct examination.

By Mr. Hanifin:

Q. Mr. Jefferson, does the C & O Railway Company have any routes in connection with the Baltimore Steam Packet Co.?

A. Years ago we did and those routes have been under embargo for years, and I am not sure whether they have been canceled. There is no more such service, and for years the tariff has been under embargo.

Q. Who placed the embargo, sir?

A. The Baltimore Steam Packet ceased to operate through Newport News which caused the embargo.

Mr. Hanifin: That is all we have of the witness.

Cross examination.

By Mr. Keenan:

Q. The Baltimore Steam Packet Co. ceased to operate through Newport News, and does serve, then, Norfolk, right?

A. The only route in recent years has been through Norfolk and the N & W, not in connection with the Chesapeake & Ohio Railroad.

Q. And the C & O does not pick up any of this by car float?

A. That is correct.

[fol. 1107] Q. Or by lighter or anything like that?

A. They do not.

Q. And the routes still could be published in tariffs, but your proposition is it is not used, and that is all you know about it—right?

A. It was under embargo for years, and I am not certain whether or not it has been canceled, but there is no such existing operating route today.

Q. Then it is in tariffs, is it not?

A. I am not certain it is.

Q. You do not know that it is not?

A. I do not know that it is not.

Q. You are sure it was at one time?

A. I know it was at one time, but I know it has been in embargo for years, and I am not certain but what it was canceled.

Q. Incidentally, while Mr. Jefferson is here, is that information of 8 cars for the car float from Newport News to Norfolk correct?

A. The C & O mileage tariff says 14 miles.

Q. That is what I wondered about.

A. What the actual water miles are, I am not certain.

Mr. Keenan: That is all.

Exam. Boat: The witness is excused.

(Witness excused.)

[fol. 1108] Mr. Claytor: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.
Mr. Claytor: I am calling Mr. Petterson.

R. E. Petterson a witness, was sworn and testified as follows:

Mr. Claytor: Mr. Examiner, in accordance with my letter of November 20, 1957 to you, with copies to all parties of record, we subsequently mailed to all parties of record certain revised copies of the testimony and exhibits of Mr. R. E. Petterson. It is these revised testimony and exhibits which I wish to offer for identification at this time.
These may be identified by being stamped prominently "Revised."
Exam. Boat: On their face?
Mr. Claytor: On their face.
Exam. Boat: They may be identified as exhibit 88.

(Protestant Exhibit 88, Witness Petterson was marked for identification.)

Mr. Claytor: May the record show I hand a signed copy of exhibit 88 to the reporter.
The Witness is tendered for cross-examination.

Cross examination.

By Mr. Miller:

Q. Mr. Petterson, your first 11 sheets of your exhibit are based on computations made in accordance with the I.C.C. [fol. 1109] rail form "A".
A. Yes, sir.

Mr. Claytor: For clarification, sir, there are five exhibits. You refer to REP No. 1, I take it?
Mr. Miller: Yes.

By Mr. Miller:

Q. Now the computations you made for Norfolk and Western, Chesapeake and Ohio, and the Virginia Railroads, combined, were made by yourself, were they?
A. They were made under my supervision.

Q. You did not make them, no?

A. Well, I would not say that I did not do some work on them. I would say I did some work on them.

Q. Now the computations for the Eastern District, using the rail Form A, did you make those computations?

A. I obtained those computations from the cost section, from their work papers.

Excuse me. I might, for the record, show that the sheets that you were talking about, I think as far as the Pocahontas went through Sheet 6, and then sheet 7 through 11, I believe, is for the eastern district.

Q. So sheets 7 to 11 were simply copies from the I. C. C. prepared forms, right?

A. With the exception of the typed notations and computations shown on sheets 10 and 11.

Q. Who did the copying of sheets 7 to 10?

[fol. 1110] A. One of my assistants in the office.

Q. Did he, also, prepare this portion from sheets 2 to 6, inclusive?

A. He worked on it.

Q. Well now, were the actual computations on sheets 2 to 6 prepared by somebody in your organization?

A. Yes, sir.

Q. Full-time employee?

A. Yes, sir.

Q. Have you ever, in the course of your employment, made any of these form "A" cost studies yourself, personally?

A. Yes, sir.

Q. Now, let us turn to the computations for the eastern district, pages 7 to 11.

Now, it is true, is it not, that those figures apply only to the Class I. railroads?

A. In the Eastern District, that is true.

Q. In the Eastern District?

A. Yes.

Q. And those figures are average figures, are they not?

A. Yes, sir.

Q. There may be some railroads that have, if costed individually, would have higher figures and some would have lower figures, would they not?

A. Yes.

[fol. 1111] Q. And some carriers would have high terminal costs, higher than the average, and some would have lower, would they not?

A. That is possible.

Q. That would also be true with respect to the line-haul operations?

A. Oh, yes.

Q. Now, is it not true that there are a wide variety of reasons why these costs would differ as between the individual railroads?

A. Oh, yes, naturally.

Q. And the volume of the traffic on a particular railroad would have some effect on these costs, would it not?

A. That is right.

Q. In other words, a railroad having a high density of traffic would have lower unit costs than one with low-density, isn't that true?

A. That naturally follows.

Q. And they would also vary, would they not, with the consist of the traffic, on a particular railroad?

A. Well, I think the density of traffic is the biggest factor.

Q. I did not ask you that. I asked you if the consist of the traffic would have some effect. It would, would it not?

A. It might.

Q. And the railroads that were hauling a high proportion [fol. 1112] of bulk traffic like coal and ore and so forth, would tend to have lower unit costs than those that were hauling preponderantly merchandise traffic, isn't that right?

A. I would go back again to say it is the density of traffic that produces the lower cost.

Q. I did not ask you that question.

May I have the question read?

Exam. Boat: Read the question, Mr. Reporter.

(The question was read back.)

The Witness: I don't agree with that. I think the merchandise roads might have a greater volume of traffic than your bulk roads.

By Mr. Miller:

Q. Why do you say that?

A. Your over-all density of traffic might be heavier.

You might have more merchandise traffic per mile of road on one line than you do bulk traffic on another road.

Q. Let's assume for purposes of simplifying this matter that density of traffic is equal.

Wouldn't that cost for those roads having bulk traffic be lower than those having merchandise traffic?

A. Assuming the density per mile of road was the same?

Q. Yes.

A. Yes, that would follow.

Q. Now, what you have testified to is illustrated by the fact that the Pocahontas carriers have a lower unit cost [fol. 1113] than the Eastern District carriers?

A. Because of their higher density of traffic.

Q. And the difference possibly also in consist? That would be a contributing factor?

A. It might.

Q. Now then, these costs are not separated on the basis of the type of commodity that is transported, are they?

A. No, sir, they are separated on the type of car.

Q. And the type of commodity or the value of the commodity carried in that particular car is not related to the cost?

A. I do not know as I understand.

Q. As computed in this form "A"?

A. That is correct.

Q. And these costs are not computed on the basis of operations between particular points, are they?

A. No.

Mr. Claytor: What costs do you have reference to in that question, the whole exhibit, or the Eastern District?

Mr. Miller: Yes, from pages 2 to 11, inclusive.

By Mr. Miller:

Q. He has already answered the question.

He has answered it correctly.

Now, then, turning now to the remainder of the exhibit —and we will take for example page 12 where you have at the top of the page a computation between Hampton Roads and Chicago.

[fol. 1114] Those costs that you have computed there are not necessarily the actual costs of transporting any particular commodity between those specific points, are they?

I am speaking of actual costs.

A. Certainly they are not actual costs. They are relative costs. They have been adjusted, however, to reflect the class of car and the train tonnages in which this traffic moves.

Mr. Miller: Those are all the questions I have.
Thank you.
Exam. Boat: That completes the cross-examination?
Is there any redirect?
Mr. Claytor: No redirect.
Exam. Boat: Very well.
You are excused.

(Witness excused.)

Offer in Evidence

Mr. Claytor: I offer in evidence exhibit 88.

Exam. Boat: That exhibit previously identified is received in evidence.

(Protestant's Exhibit No. 88, Witness Petterson, was received in evidence.)

Mr. Hanifin: If the Examiner please, the next witness we would like to offer is Mr. W. M. Warren, who is filing his revised testimony and which has been circulated to all parties of record.

[fol. 1115] At this time, I will offer to the reporter the verified copy of his testimony and exhibits.

Mr. Warren was called for examination on cross by the General Services Administration.

W. M. Warren a witness was sworn and testified as follows:

Direct examination.

By Mr. Hanifin:

Q. Give us your name.
A. W. M. Warren.

Mr. Hanifin: Mr. Warren is now tendered for cross-examination.
Exam. Boat: Did you identify the exhibit?
I don't believe you did.
Mr. Hanifin: May it be marked for identification as Exhibit 89.
Exam. Boat: It may be so identified.

(Protestant's Exhibit No. 89, Witness Warren, was marked for identification.)

Cross examination.

By Mr. Miller:

Q. Mr. Warren, in making up your exhibits, you did not yourself or by any subordinate of yours actually use the I.C.C. form "A" for recomputation of the costs, did you?
A. No, I did not.
[fol. 1116] Q. What you did was simply take the computations made by the I.C.C. cost section and start where they left off, is that right?
A. That is correct.
Q. Now, the only exception to that, I believe, is some computations that were made with respect particularly to the Hampton Roads ports, is that correct?
A. That is correct.
Q. Now, with respect to those special computations on the Hampton Roads ports, were those apportionments merely directly assignable costs, or did you apportion any common costs?
A. Yes, we did apportion some of the common costs.
Q. On what basis did you do it? Was there any general basis?

A. Well, there are several bases, carried in the footnotes over on page 3 of that particular exhibit.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

By Mr. Miller:

Q. Would you point out on W-2 where there is shown the assignment of common costs?
A. Yes, the footnote 1, footnote 3, footnote 4, and footnote 5. As explained on page 3 of the W-2.
Q. Is that only on your revised exhibit?
A. Yes, it is.
Q. I thought I had your revised exhibit—excuse me just a [illegible].

[fol. 1117] Mr. Hanifin: Do you want me to give it to you?
Mr. Miller: It is in the statement, is that it?
The Witness: Yes.

By Mr. Miller:

Q. I am sorry, excuse me.
A. No, it is on page 3 of the exhibit W-2.

Mr. Hanifin: You do not have the revised one, that is the trouble.
Mr. Welsh: May we go off the record for a minute? There seems to be a little confusion.
Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

By Mr. Miller:

Q. Do you have any precedent for making these assignments of the common costs, or were they just the selected ones by chose as a method?
A. No, we have precedence for that in the prior major port case. I have reference to it, if you wish. And, also,

we followed the same plan that the Pennsylvania Railroad had at New York.

Q. Would you give me those references?

A. I.C.C. Docket No. 12681, reported 157 I.C.C. 663; that was the prior case.

Q. Did the I.C.C. use this method?

A. No, it was filed in that case.

Q. I see.

[fol. 1118] Now, in footnote 1, I would understand that the common costs have been assigned on the basis of a large number of direct assignments, is that right?

A. That is right.

Q. In footnote 3 there apparently was an assignment on the basis of ratio of traffic.

What sort of traffic figures did you use to obtain that ratio?

A. We had the system figures.

Q. I know, but were they tons, dollars, or what?

A. They were dollars.

Q. Revenue dollars?

A. No, expense dollars.

Q. Maybe I misunderstand the meaning of the term "traffic" here.

A. Well, that is shown back on page 1, line 22.

Q. Those are traffic expenses, not traffic volumes?

A. That is right.

Q. In other words, you apportioned traffic expenses on the basis of your apportionment of maintenance of way and structures, maintenance of equipment for the system, is that right?

A. That is right.

Q. What basis did you have for that?

A. That is roughly the same basis used in 12681 and also [fol. 1119] by the Pennsylvania Railroad.

Q. Is there any good reason for it?

A. Yes, I think so.

Q. What is it?

A. Of course traffic is a very small item of the total, but the only way we could apportion it was based on the system figures.

You can see over on page 1 that the total traffic was only $64,000 in column 15. It is an overhead item which should be apportioned on a ton basis.

Q. Then according to footnote No. 5, you did the same thing with general overhead, except that you added your traffic expenses to aid in your apportionment, is that right?

A. That is correct.

Q. Now in footnote 8, what do you mean by that word "Estimated"?

A. Well, we had precise figures for some of the items, and to make the total figure we added 10 percent for miscellaneous supplies, which we had no precise data for. So to the extent of the 10 per cent, it was estimated.

Q. In your footnote 13, you use the word "estimated," again.

Did you simply use the system figure, or did you change the system figure?

A. No.

[fol. 1120] We simply used 3.42. That applies to line 8, on page 1, it is a very small item. It is only some 56 dollars.

Q. Do you have any actual figure, or estimated figure, for the proportion of direct as compared with common costs in your computation here?

A. No, but it can be added up, I take it, the actual figures here.

Q. In other words, in your explanatory words the word "actual" designates the direct assignment and the other columns are—

A. Well, just about. There would be one or two items which would be estimated.

Q. Which of the items marked "Actual" contains some estimates?

A. Oh, no, none of the actual contains any estimates.

If you take footnote 2, for example, it does contain an estimate.

Q. You say in footnote 2 "Materials and Supplies Estimated on per cent of total for eastern region and central region for 1956."

In other words, 36.49 per cent

In the first place you have used that is in the apportionment of your office space and building expenses, I guess that is the only place you have used it?

A. That is correct.

[fol. 1121] Q. In other words, you apportioned station and office buildings—is that as between the ores and the other piers, on that basis, or just what have you done there?

A. First we had the actual labor, which was $44,955.

Q. Yes.

A. Then we had to calculate the "M and S" which was done, based on a percentage of 36.49.

Q. To the labor, you mean?

A. That is right. Then we had to divide it between 4, 5, 6 and 8, on the one hand, and pier 2 on the other hand, which was done very roughly based on percents reflected by the total investment.

Q. What was the general basis of division of these expenses between pier 2 and the other piers?

A. Generally speaking, it was actual.

Q. Well, it is actual where you have marked it actual, is that correct?

A. That is correct.

Q. Where you have not marked it actual, how is the division made?

A. The only division was at line 2 on page 1. All other figures are either direct, or estimated directly.

Q. Take this account 201, superintendents.

You scattered those expenses across the page. Tell us how those were apportioned between Pier 2, on the one [fol. 1122] hand, and piers 4, 5 and 6 and eight—two separate operations entirely.

Exam. Boat: Mr. Miller, off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

We will recess for five minutes.

(Short recess.)

Exam. Boat: Come to order, please, gentlemen.

You may continue.

By Mr. Miller:

Q. Suppose we try and clear this up by your explaining how you scattered your traffic expenses as between ores at pier 2 and the other piers?

A. I did not do that, frankly. I had the data for pier 2, the basic expense data, and I apportioned the traffic to Pier 2 based on those figures and the system ratio, separate and distinct from Piers 4, 5, 6 and 8.

Then piers 4, 5, 6 and 8 were done likewise, separately and distinctly from Pier 2.

There is no connection at all.

Q. What bases did you have, then, for making the apportionment to Pier 2?

A. What bases?

Q. What basis did you use then?

A. I do not have the exact ratios with me.

Q. All right.

But they were the system ratios as reflected by—

[fol. 1123] Q. System ratios of what?

A. It was—

Q. Of traffic?

A. That is right.

Q. Traffic?

A. Traffic. Ratio of traffic to maintenance of way, maintenance of equipment and transportation, for the system, for 1956, as explained footnote 3.

Q. Do you mean that—oh, you mean that you had traffic expense figures for ores separately from your other commodities, is that what you mean?

A. That is right, for piers 4, 5, 6 and 8.

Q. Were these figures direct figures then that you used for the apportionment?

A. Not direct figures, no, it was based on the system ratios for the same account, roughly four or five per cent, whatever it might have been.

Q. You mean the system keeps separate accounts for this traffic?

A. Oh, no. No, sir.

Q. How does it happen you had separate figures?

A. It is the total system ratios, applied to the particular accounts that you had direct figures for, based on pier 2, on the one hand, and piers 4, 5, 6 and 8 on the other hand—two separate calculations entirely.

[fol. 1124] Q. Yes, but what was in those figures that you used, separately? What was the content of the figures you used to apportion the traffic expense to Pier 2?

A. Well, take Pier 2, for example.

Q. All right.

As I understand it, you had a ratio that you used?

A. That is right.

Q. How was that ratio computed?

A. The ratio was computed by the system figures.

Q. System figures?

A. Yes.

Q. For what?

A. Total expense for the system, for the year 1956, as explained in the footnote 3.

Q. All right.

A. The ratio of traffic to maintenance of way, maintenance of equipment and transportation.

Q. Does your—

A. The form "A" accounts.

Q. Are they kept separately for ores?

A. No that is the system figures. Then when you get the ratios, you come back and apply it to the basic figures that you had for pier 2, on the one hand, and piers 4, 5 and 6 and 8 on the other hand.

Q. Now, in computing that ratio that you used, what was [fol. 1125] the number 8 or—what was the denominator?

A. Well, in footnote 3 you had traffic.

You divided that by maintenance of way, maintenance of equipment, and transportation.

The total of those accounts.

Q. Yes.

A. Divided into traffic expense.

Q. That is right.

A. Would figure—I do not remember the figure, roughly 4, 5, or 6 per cent. So then that 6 per cent of whatever the figure was—I say I do not have it with me—was applied to the basic figures for pier 2 on the one hand and piers 4, 5, 6 and 8 on the other.

Q. What do you mean by basic figures?

A. Basic figures?

Q. Yes, what do you mean by basic figures?

A. Figures other than the apportioned figures as shown on No. 2.

Exam. Boat: That is some actual figures you had?

The Witness: Yes.

Exam. Boat: All right.

By Mr. Miller:

Q. What were the figures to which this ratio was applied?

A. As I say, I do not have my work sheet with me but I [fol. 1126] can get it and give you the actual figures.

Q. I do not care for it in dollars.

A. All right.

Q. Can you describe what it contains?

A. Well, basically it included the figures in Pier 2, here, for example, that were shown as being actual figures, and also 1 and 2 other items which were in part estimated. They were estimated.

Q. Maybe I am beginning to understand.

It is beginning to dawn on me. Let us see if I am correct, now.

You took the actual expenses that you had for pier 2, and then applied 6 per cent to that to get the figures that you have here in line 22, is that it?

A. That is correct.

Q. Is that what you did?

A. Yes.

Q. How do you know that the traffic expenses for Pier 2 would be 6 per cent?

A. Frankly, I do not think it would be 6 per cent, but we were asked to put the data on the basis of full cost, and in order to do that we had to apportion that traffic on some basis and this is the only basis we could think of.

Also, the basis which is a part of 12681.

Q. Part of 12681?

[fol. 1127] A. Yes, sir.

Q. Now, Mr. Warren, let us return now to the basic data that you used from the Interstate Commerce Commission cost findings section.

A. All right.

Q. Now, those costs are average costs, are they not? They are for the entire district, are they, Mr. Warren?

A. For the entire district.

Q. And there would be some railroads that would have higher costs than the average and some would have lower costs than the average, is that right?

A. Yes.

Q. These costs might also differ as between different parts of the Eastern District, is that correct?

A. I presume so, yes.

Q. It also would vary—that is, the actual costs would differ from these average costs as between specific cities?

A. Yes, I suppose they would.

Q. In other words, a shipment from Chicago to one part of Eastern District might vary from a shipment from Chicago to another part of Eastern District for the same mileage?

A. It could be.

Q. As the actual costs?

A. Yes.

Q. In other words, these I.C.C. costs do not represent [fol. 1128] actual costs of movement of a particular commodity between particular points, do they?

A. That is probably correct.

Q. Now, on particular railroads, the costs might vary for quite a number of reasons, isn't that correct?

A. Up or down, yes.

Q. Density would be one of those reasons, density of traffic on a particular railroad?

A. Yes, sir.

Q. A high-density railroad would have lower unit costs than a railroad with lower density, right?

A. Lower unit costs?

Q. Yes.

A. Generally speaking, yes.

Q. For the same reasons these costs will vary from year to year because the density of traffic varies from year to year, isn't that right?

A. That is correct, it probably does, yes.

Q. And these costs will also vary as to the consist of the traffic on particular railroads.

A. Well, I would not go along with the consist except they reflect the volume.

Q. Let us take for example a situation particularly of the Pocahontas Roads which have the high volume of hopper car traffic.

[fol. 1129] A. All right.

Q. Let us say coal, particularly.

A. All right.

Q. Now, doesn't that consist of traffic tend to influence a lower-cost on those railroads as compared with railroads which do not have that type of traffic?

A. On some portions of the costs, yes, and on other portions, no.

Again of course it is due to the volume.

Q. Then you do not agree with the previous witness in his responses to my questions in regard to the consist of the traffic, is that correct?

A. I would go along with the volume, but not the consist.

Q. All right.

A. Maybe we used different words.

Q. Well, let us take, for example, some of these constructions of costs as you have shown, and I have just arbitrarily turned to page 6 of your exhibit W-1.

A. Yes, sir.

Q. These costs that you show between Newport News-Norfolk, and Charleston, West Virginia, are not purportedly the actual costs of moving any particular commodity between those particular points, are they?

A. They are the costs which result from the Commis-[fol. 1130] sion's cost scales.

Q. But you do not know whether or not those are actual costs, do you?

A. Well, I would not say they are precise costs.

Mr. Miller: All right.

Those are all the questions I have.

Thank you, sir.

Exam. Boat: Is there any redirect?

Mr. Hanifin: I had one or two questions on this exhibit, Mr. Warren.

Exam. Boat: Proceed.

Redirect examination.

By Mr. Hanifin:

Q. I had one or two questions on this exhibit, Mr. Warren. Do you consider the method of setting up the accounts in your WMW-2 to overstate the actual costs of the operations in connection with the Chesapeake and Ohio Terminals at Newport News?

A. I would say they do, yes.

Q. They do?

A. Yes, sir.

Q. Now, would you point out the accounts that you consider would be a continuing expense even though we performed no water-borne operations down there whatsoever, which are listed in your WMW-2?

A. All right. Now, I would say most of the apportioned [fol. 1131] accounts, namely 201, 301, 371, 351-359, 451-462, practically would be continued even if the operation at Newport News were discontinued.

Q. All right now.

How about your item No. 39, Proration of tug boat time?

A. The tugboat operation at Newport News is maintained principally for docking and undocking coal and as I recall the time for that particular service ran about better than 50 per cent.

Q. In other words, you would end up with this time which is being used to lighter traffic to the extent that any is lightered as simply non-productive time on the coal-ship movements, if it were not used in connection with lightering traffic?

A. That is correct.

Mr. Hanifin: That is all.

OFFERS IN EVIDENCE

Exam. Boat: Do you tender the exhibit?

Mr. Hanifin: I wish to tender in evidence Mr. Warren's Exhibit No. 89.

Exam. Boat: Exhibit 89 as previously identified is received in evidence.

(Protestant's Exhibit 89, Witness Warren, was received in evidence.)

[fol. 1132] Exam. Boat: The witness is excused.

(Witness excused.)

Exam. Boat: Now we have statements of witnesses Joseph D. Craven, F. J.—Ferry Curren and Julian Y. Bedox, as to which no cross-examination was requested and the originals were furnished to me.

Those will be identified as exhibits 90, 91—

Mr. Welsh: We have the names of each one as you number them, so we may have them on our record, sir.

Exam. Boat: All right.

Craven will be exhibit 90.

Mr. Welsh: All right.

Exam. Boat: Mr. Curren's exhibit is 91.

Mr. Welsh: 91.

Exam. Boat: And Mr. Bedox is No. 92.

(Exhibit No. 90, Witness Craven in support of Protestants was marked for identification.)

(Exhibit No. 91, Witness Curren in support of Protestants was marked for identification.)

(Exhibit No. 92, Witness Bedox in support of Protestants was marked for identification.)

[fol. 1133] Exam. Boat: I think Mr. Wagner has one he wishes to offer.

I have the originals here, Mr. Wagner, I believe, unless you have another original.

Mr. Wagner: I have the original.

Exam. Boat: O. K.

Mr. Wagner: Mr. Examiner, may I have identified the verified statement of Mr. George B. Shuler for Oscar Mayer & Company?

I am giving the reporter an original.

Exam. Boat: That may be identified as exhibit 93.

Mr. Wagner: All right.

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(Exhibit No. 93, Witness Shuler was marked for identification in support of Protestants.)

Mr. Wagner: May I move its admission into evidence at this time?

Exam. Boat: It is received into evidence.

(Exhibit No. 93, witness Shuler was received in evidence.)

Exam. Boat: Exhibits 90, 91 and 92 are received in evidence as this time.

[fol. 1134] (Exhibit No. 90, Witness Craven in support of Protestants was received in evidence.)

(Exhibit No. 91, Witness Curren, in support of Protestants was received in evidence.)

(Exhibit No. 92, Witness Bedox, in support of Protestants was received into evidence.)

Exam. Boat: There was also forwarded to me a statement of position by the State of New York Department of Commerce in lieu of an earlier statement I believe, and the advice I have is that copies of this were served on the parties. It will be filed in the docket, as are other such statements.

Mr. Langdon: Is that the statement, sir, without the verification?

Exam. Boat: That is right.

Mr. Langdon: Without the verification?

Exam. Boat: Yes, sir.

Just the statement of position, I understand.

Let us go off the record.

(Discussion was off the record.)

[fol. 1135] Exam. Boat: Back on the record.

Mr. Colgren: I would like, for the sake of the record, Mr. Examiner, to ask the Pennsylvania attorney, I understand Mr. Taylor, whether or not Mr. J. L. Heywood, assistant comptroller of the Pennsylvania Railroad, who submitted cost evidence in this proceeding, has received my letter dated February 20, 1958, seeking the underlying papers for the exhibits 3 and 4 which were distributed to the parties in this proceeding on February 19, and also asking certain information that had been expected to be developed on cross-examination on February 19.

In the interest of expedition that additional information was requested, and I would like to have some idea whether or not that information will be shortly forthcoming.

Exam. Boat: Can you indicate, Mr. Taylor?

Mr. Taylor: Mr. Heywood has received the letter through Mr. Bongartz, but has been unavailable for consultation since the letter was received.

Mr. Colgren: I see.

Mr. Taylor: We will answer it in due course just as soon as it can be considered.

Mr. Colgren: Of course, for our cross examination on March 2, it seems to me the essential data that we should have as soon as possible would be the underlying papers of [fol. 1136] exhibits 3 and 4, which it would seem would just require perhaps a duplication by someone.

Mr. Taylor: It would seem so to me, but I just do not know what is involved.

Exam. Boat: I think copies of that should be made available to Mr. Colgren and to the Commission as in the case of the first two exhibits.

Mr. Taylor: Yes.

Exam. Boat: Of Mr. Heywood's, as soon as possible, because the time is none too long now.

Mr. Colgren: I have one other question here in connection with those people now to be set over until March 25 for one reason or another.

Is witness J. L. Stanton in that group?

Exam. Boat: That is right.

I understand they are witnesses Stanton, Massen and Mora and Keitz and Mr. Heywood.

Mr. Langdon: Mr. Thomas, too, sir.

Exam. Boat: That is right.

And also Mr. Thomas.

Thank you for bringing that to my attention.

I believe that is all that we have to take care of at the March 25th hearing.

Off the record.

(Discussion was off the record.)

[fol. 1137] Exam. Boat: Back on the record.

The hearing will stand adjourned until March 25, 1958, at 9:30 a.m. at this place.

(At 12:50 p.m. the hearing was adjourned until 9:30 a.m., March 25, 1958.)

[fol. 1137a] Secretary's Certificate to transcript (omitted in printing).

[fol. 1138]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I & S Docket No. 6615

ISA Docket No. 32204

[Title omitted]

March 25, 1958

Met, pursuant to adjournment, at 9:30 a.m.

Before: Marion L. Boat, Examiner.

[fol. 1140] PROCEEDINGS

Exam. Boat: Come to order, please, gentlemen.
We will resume the hearing now.
Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Foley: Mr. Examiner, at the last hearing I was asked if I would agree that two reports, purporting to be by the Advisory Council of the Port of Boston Commission were authentic. Until the distribution at the hearing I had never seen either report and I was unfamiliar with them. I, therefore, was in no position to say whether they were or were not authentic. On my return I inquired and I find they are authentic.

I therefore stipulate to their authenticity.

Exam. Boat: I do not believe there was other objection on the record, Mr. Langdon.

Mr. Foley: I indicated if they are offered, I would like to object on the ground of relevancy and I would like to be heard on that ground if they are offered.

Mr. Langdon: I offer now, copies, Mr. Examiner, of a report of the Advisory Council to the Port of Boston Commission submitted to Governor Furcolo on December 2, 1957, and also a copy of a supplementary report of the same council to the same Commission submitted to the [fol. 1141] Governor under date of December 31, 1957, copies of these reports were distributed at the prior hearing. I have extra copies here. I think parties, though, have copies, and I now offer them in evidence, Mr. Examiner, and I also, if I may at this time, offer in evidence the certified copy of Chapter 608 of the General Laws of Massachusetts, for the year 1953 which provision of the Massachusetts statutes provides for that Boston Port Commission, as well as the advisory council to the Port of Boston Commission.

I have a certified copy of that statutory provision here which I tender for the record and I have copies to distribute to the parties.

I gave you one, sir, just a moment ago.

Mr. Foley: Mr. Examiner, may I be heard?

I have no question at all as to the staute.

As to the two reports I want to call to your attention that they are irrelevant.

Mr. Langdon: Could I have numbers on these, sir, so they will be identified?

Exam. Boat: We will identify the statute as counsel's Exhibit No. 94.

(Protestant's Exhibit 94, Counsel Langdon was marked for identification.)

[fol. 1142] Exam. Boat: I do not believe I have copies of the other one, Mr. Langdon.

Thank you.

Do you wish to offer them as one exhibit, or do you wish separate numbers?

Mr. Langdon: I think they ought to have separate numbers, sir, one dated December 2 and the other December 31.

Exam. Boat: The original one may be identified as counsel's exhibit 95.

(Protestant's Exhibit No. 95 Counsel Langdon was marked for identification.)

Exam. Boat: And the Supplementary report as counsel's exhibit 96.

(Protestant's Exhibit No. 96, Counsel Langdon was marked for identification.)

Exam. Boat: Mr. Foley.

Mr. Foley: Mr. Examiner, at the last hearing Mr. Langdon indicated, if I interpreted him correctly, that he considered these documents official documents and I think he is right on that point.

Therefore you see, I am not objecting on the ground of hearsay and no opportunity to cross examine. I am objecting on the ground of relevancy. As I understand from [fol. 1143] what Mr. Langdon told you the last time he is offering these to show it is not the differential that injures Boston, it is the labor situation at Boston.

I submit, whether there are two or three or four obstacles that Boston must overcome is completely irrelevant in this case.

This is not a case where injury must be shown by the Port. The Port is not a complainant here. This is case where the Boston carriers are trying to put this rate in, a competitive rate. It is perfectly clear from the record that they cannot compete with Baltimore against the differential.

It is perfectly clear that they need parity to be in a competitive position with Baltimore. Now whether there are some other obstacles or are not some other obstacles is completely irrelevant.

They are entitled to be competitive. All things cannot be cured in an instant and the mere fact that you take one at a time is no barrier. This is not a case where a showing of injury is required.

It is a showing of a necessity to be in a competitive position which must be shown and Boston cannot compete without a parity rate. Maybe or maybe not it has other problems but it cannot compete without a parity rate and I think this is completely a red herring intended to try to push our case a little in the background.

[fol. 1144] Now, I may add, Mr. Examiner and perhaps this is the appropriate time, so I can finish, I may add if you do decide you are going to take these two reports in then they are not complete without a third report which I will distribute—would you distribute it now—which I feel also is irrelevant, but if these two reports are admitted, the third report should come in.

I will give you the history of the third report, Mr. Examiner. When I returned to Boston I got in touch with the Chairman of the Advisory Council and he was actually shocked of the use which was being made of the first two reports.

His position was and he told me it was the position of the Advisory Council that the labor problem in Boston is a product of lack of volume and that with parity rates there is every anticipation that they will have volume and that therefore the labor problem will cure itself automatically.

This report has been given to the governor. It is just as official as the other two. It is an official document and I ask if you overrule me on the relevancy or decide you will take it in for what it is worth, the other two reports, that you take in this and Mr. Langdon can authenticate it if there is any question as to its authenticity.

The only way that 21 people on the Advisory Council is through an official report, Mr. Examiner, and in order that [fol. 1145] the other two reports may not be misconstrued, in order that the Governor or the public or anybody else be not under any misapprehension they have recorded themselves officially in a third report.

Exam. Boat: Mr. Langdon, what do you say to that?

Mr. Langdon: Mr. Examiner, I do not think we have any objection to having this report of this Advisory Council that was written after our request for their official reports of last December.

I do not think we have any objection to that. Apparently it constitutes a rebuttal or an attempt to rebut the findings in the prior report and written then after this last hearing.

Now, if, in order to complete Boston's case on this point they want this report, this third report, dated March 20, 1958 in evidence, I think that is agreeable to us.

But to say that this report of December 2 as supplemented December 30, is not relevant in this case is a very curious position to take.

Boston, despite its two or three hundred additional miles, over the years has had New York rates, and in this case, of course, they want Baltimore rates in order, as they say, to compete on a better basis.

But, apparently the real reason that New York rates at Boston have done them little if any good in the past is that they have a labor condition up there in Boston which is [fol. 1146] spelled out in this report and on page four of the report of December 2, 1957, it is said, and I quote "Under present labor conditions the simple undeniable fact is that we can not compete with other ports along the Atlantic Seaboard"—end of quote.

Then in their supplementary report, they spell out what that labor condition is and they take issue—this is the advisory council to the Board of Boston Commission—they take issue with the finding of the Commission itself, that no reliable labor cost data are available to prove or disprove the allegation that the per-man hour productivity at Boston is relatively low by comparison with competitive ports, other conditions being equal, and then they go ahead and cite chapter and verse with actual labor rates in effect at Boston as compared with other ports in this case, including Brooklyn, Philadelphia, Baltimore and Norfolk.

Certainly, Mr. Examiner, that is a very highly relevant report which indicates the principal reason, apparently, why Boston's traffic has been on a relatively low level and New York rates despite the two or three hundred additional miles have done them little if any good.

Mr. Foley: Mr. Examiner, may I just come in once more. The first two reports make it perfectly clear the

Advisory Council think parity rates are the most important thing that Boston can have. Therefore, right on the face of [fol. 1147] the document it is clear they never thought the labor situation would be a barrier with parity rates. But all of that is actually irrelevant. If there were a labor block there, if we were handicapped because of the labor there is no reason in the world why we should not have competitive rates.

If there are two things you have to take them one at a time. You cannot take them like that. So there is no bearing at all.

Mr. Bleakney: May I be heard?

Exam. Boat: Yes.

Mr. Bleakney: I would like to be heard. I speak for the Boston & Maine; in Mr. Keenan's absence I speak for the New Haven also today.

Rather than repeat what Mr. Foley said, I wish merely to concur in his argument and also to point out this is a railroad case, not a port case and the Boston and Maine and the New Haven and other Boston lines are trying by this case to at least have a fighting chance to compete for this traffic.

The fact that Boston may or may not have labor problems we feel is irrelevant to this proceeding and therefore we, too, contest the relevancy of these reports.

Mr. Langdon: May I simply add this, Mr. Examiner. The Boston people put in an enormous amount of evidence, the burden of which is the differential rates have produced [fol. 1148] a low level of export-import traffic through that port.

This report of the Advisory Council to the Port of Boston Commission would indicate that the differential rates had nothing whatever to do with that traffic level at Boston and have had nothing to do with it and there it is a completely different reason that has contributed to that traffic level at Boston.

Exam. Boat: Well, there is considerable evidence in this record dealing with matters other than the differential, and I will overrule the objection to the tender of the two exhibits which we identified and I wish and I understand that you would like to offer your exhibit then, Mr. Foley.

Mr. Foley: Yes, may it be marked for identification, the third report?

Exam. Boat: Yes, it will be marked counsel's exhibit No. 97.

(Respondent's Exhibit 97, Counsel Foley, is marked for identification.)

Exam. Boat: You offer that exhibit?

Mr. Foley: Yes.

May exhibit 96 be received in evidence?

Exam. Boat: Exhibit 94, 95, 96 and 97 will be received.

(Protestant's Exhibits 94, 95, and 96 are received in evidence.)

[fol. 1149] (Respondent's Exhibit 97 is received in evidence.)

Exam. Boat: Are you ready to proceed, Mr. Warnock?

Mr. Warnock: Yes, Mr. Examiner, I call Mr. Alvin K. Thomas.

ALVIN K. THOMAS a witness was sworn and testified as follows:

Mr. Warnock: Mr. Examiner, at the last hearing when Mr. Thomas was not able to be present and I believe that at that time Exhibit 8 was reserved.

Exam. Boat: Yes, I do not believe it was identified as an exhibit.

Mr. Warnock: I have here Mr. Thomas' original verified statement and ask it be marked for identification.

Exam. Boat: It may be marked for identification as verified exhibit No. 8.

(Respondent's Exhibit No. 8 witness Thomas was marked for identification.)

Direct examination.

By Mr. Warnock:

Q. Would you state your name and address for the record?

A. Alvin K. Thomas, 143 Liberty Street, New York City.

Q. Are you the same Alvin K. Thomas who made and distributed a verified statement dated January 16, 1958? [fol. 1150] A. I am.

Mr. Warnock: The witness is tendered for cross-examination.

Cross examination.

By Mr. Langdon:

Q. Mr. Thomas, there has previously been received in evidence as part of Exhibit 15, Witness Gilman, a map of New York Harbor entitled "Save Time, Save Money, Ship by the Port of New York."

Do you have a copy of that map before you, Mr. Thomas?

A. Yes.

Exam. Boat: I would like to see that, if I may. Do you have an extra copy?

Mr. Langdon: Yes.

By Mr. Langdon:

Q. Mr. Thomas, would you be good enough to point out on this map the location of your station at Jersey City which, according to your testimony, consists of five covered piers and four open piers.

A. We have two lighterage stations at Jersey City. The one to which you specifically refer is approximately one mile and a half south of the Jersey exit of the Holland Tunnel.

Q. Can you identify it in relation to this map as being opposite to some point in Manhattan or is it below that?

A. It is opposite Liberty Street at the Southerly end of Manhattan.

[fol. 1151] Q. Below the Harbor side warehouse of the Pennsylvania?

A. Yes, sir, about a half a mile or three quarters of a mile south.

Q. Between the Pennsylvania Railroad and the Central Railroad of New Jersey. Is that where it is—opposite the Battery Park of Manhattan?

A. Approximately yes.

Exam. Boat: Off the record, please.

(Discussion was off the record.)

By Mr. Langdon:

Q. I take it that is the lighterage station which includes, as stated in your written testimony, the five covered piers and the four open piers, is that correct?

A. That is right.

Q. Is an important part of your export-import tonnage handled through that facility?

A. Yes, sir.

Q. What proportion would you say, roughly, Mr. Thomas?

A. 70 to 75 per cent.

Q. And the actual operation then consists, does it not, of the transfer of export-import freight between cars and lighters at that facility?

A. Generally.

Q. Do you handle any car floats at that facility?

A. You are referring to foreign traffic?

Q. Yes.

[fol. 1152] A. Yes, occasionally.

Q. Is that an occasional operation, only?

A. That is right.

Q. For the most part the foreign commerce that is handled at that facility is handled in lighterage service?

A. Yes, sir.

Q. Now, where is your other lighterage station, Mr. Thomas?

A. At Clairmont Terminal, which is also in Jersey City at the foot of Linden Avenue, directly north and adjacent to the Greenville facility of the Pennsylvania.

Q. That is south, however, of the facility that you just described containing the five covered piers and the four open piers?

A. Yes, sir.

Q. And Clairmont Terminal is a lighterage station primarily, is it?

A. Yes.

Q. Clairmont, also, according to your testimony, has facilities for direct transfer of freight between cars and ships, is that not right?

A. Yes, sir.

Q. In addition, it has lighterage facilities for the transfer of freight between railroad car and lighter?

A. It is an auxiliary operation to what we refer as the [fol. 1153] gap operation that has the piers that I described and confined solely to the handling of open-top freight.

Q. Let me get that straight, Mr. Thomas. The only foreign commerce that you handled at Clairmont is freight that is unloaded from or loaded to open top equipment?

A. Exportwise, generally, yes.

We do have a direct import operation whereby traffic or cargo is loaded direct from ship to cars, also restricted to open top carload.

Q. So box car traffic in foreign commerce is not handled at Clairmont terminal?

A. There has not been any box car traffic handled at Clairmont Terminal, since World War II.

Q. In connection with your operations at Clairmont Terminal, do other railroads serving New York, New York, have lighterage freight to and from ships at that terminal?

A. No, sir.

Q. The ships that dock at Clairmont terminal are only available for Lehigh Valley loading or unloading, is that correct?

A. Yes, sir.

Q. And how much of your export import traffic is handled through Clairmont Terminal, roughly? Would that be the remaining 20 or 30 per cent?

A. No, sir.

[fol. 1154] Q. How much would it be?

A. Not more than four per cent.

Q. Not more than four per cent?

A. No, sir.

Q. Where is the balance of your foreign commerce handled? I think you said that the Jersey City lighterage station took about 70 per cent, and Clairmont absorbed about four per cent. Now that leaves roughly 25 per cent. Where is the balance of it handled?

A. I think possibly to clarify this a little more we seem to be lost in two operations at Clairmont terminal, one of which is a keel to car operation confined almost entirely to import traffic.

The other is a car to lighter operation that is restricted almost entirely to export traffic.

Keeping the two operations apart, and referring entirely to the export lighterage freight that is handled through Clairmont terminal, I would estimate that would be 12 per cent of our over-all export lighterage movement.

And at Clairmont then, and in regard to that 12 per cent is the operation comparable to the lighterage operation at your Jersey City lighterage station?

A. Not exactly, because we confine the lighterage operation at Clairmont solely to open car freight, whereas at the gap operation we have both open car and box car.

[fol. 1155] Q. But so far as the open top handling is concerned at Clairmont, is that comparable to the open top handling at Jersey City lighterage station?

A. No, sir.

Q. What is the difference?

A. Clairmont, in effect, wholly serves as an auxiliary operation to our gap operation.

Q. When you refer to your gap operation, what do you mean?

A. That facility that includes the covered and open piers that you originally referred to.

Q. That is the Jersey City lighterage station?

A. Yes, sir, keeping in mind that Clairmont is also in Jersey City.

Q. Now, you referred in your testimony to Clairmont terminal, Mr. Thomas, as being the best rail to keel facility in New York Harbor.

I think that was on page 2 of your statement.

What did you mean when you said, "The best rail-to-keel facility in New York Harbor" end quote, at page 2 of your statement?

A. I qualified it a bit by saying "probably," but we feel it has a flexibility that is not exceeded in the harbor and that at that facility we have a large warehouse that could fit into a foreign traffic operation.

Unfortunately for several years the potential has not [fol. 1156] been such that it has been utilized for that purpose.

Q. Have you compared the operations at Clairmont with the operations of any other railroad in the harbor, or perhaps your own operations at other points to justify your conclusion that it is the best railroad, rail-to-keel facility in New York Harbor?

A. I know of no rail facility in New York Harbor that offers the flexibility of Clairmont, in that we have berthing facilities for several ships and also the bulk head and warehouse available for storage.

Q. Then it is the flexibility that indicates this is the best rail to keel facility in New York harbor?

A. Predominantly, yes.

Q. Is the operation at that facility more economical than the operation at your Jersey City lighterage station?

A. Keeping in mind the two operations that prevail at Clairmont, do you have reference to the discharge of ships to cars?

Q. Yes.

A. Yes.

Q. How much more economical is it?

A. I am not a cost man. That is not within the functions of my job or my department. I could not answer that precisely.

Q. Have you had any studies made of that situation?

A. Not to my knowledge.

Q. Why, in your judgment, is it more economical?

[fol. 1157] A. I think that is elementary.

We do not require the use of marine equipment in that type of operation.

Q. And that is desirable in your opinion?

A. Beg pardon?

Q. That is desirable in your opinion—to avoid the use of the marine equipment?

A. Relatively, yes.

Q. On page 2, Mr. Thomas, you refer to your traffic study for 1946, 1951 and the broken year 1955-56?

A. Yes, sir.

Q. First let me ask you. You give there the Lehigh Valley totals for those three years in cars only. Do you have the tons that those cars carried in those years?

A. No, sir.

Q. How were these figures obtained? Were they obtained from the waybills?

A. Yes, by our auditing department.

Q. But you did not take off the tons, then, you just simply took off the cars, when you examined the waybills?

A. That is correct. Of course I personally did not examine them.

Q. What were your instructions to the auditor when you asked—say—your predecessor's instructions to your auditor, when this study was requested?

[fol. 1158] A. I could not answer that.

Mr. Warnock: Mr. Examiner, perhaps this matter can be clarified, if I may at this point ask the witness a couple of questions.

By Mr. Warnock:

Q. Was this study made at your request?

A. No.

Q. This was made—

A. At the request of my predecessor.

Q. Are you aware of the fact that our waybills for 1946 had been destroyed in a flood at the time this study was made and that these were made up from secondary sources?

A. Yes, now that you recall it, yes, at that point I was not directly involved with the details of the study.

I do remember now that that was the fact.

Q. Then you are not familiar with the fact of how these 1946 figures were prepared?

A. No, I am not. I do not know the reason they were pulled off by cars, rather than tonnage.

Mr. Warnock: Thank you.

By Mr. Langdon:

Q. Well, how about 1951, did the flood take the underlying papers for 1941? Do you have the tons for 1951?

A. No, sir.

Q. Again, so far as you know were waybills the source of that information?

[fol. 1159] A. That was my thought, keeping in mind that at the time these statistics were prepared, I was not directly involved.

I would think, however, that it was necessary to pull these records, the 1946 records, as to cars. Obviously, it follows, to have a comparison the records for the following years would necessarily have to be prepared in the same manner, to get the comparison.

Q. Well, have you the tons for 195—export and import traffic, handled by the Lehigh Valley? Do you have that information?

A. No, I do not.

Q. Do you have it personally here, is it available in your office or at some other office at the Lehigh Valley?

A. It is not available in my office.

Q. How did you get the car figures for the year 1955-56? In the same manner?

A. I would presume so.

At this point would it be proper for Mr. Warnock to explain how those—

Q. I do not want to embarrass you, sir, I realize you did not anticipate in this—that is, directly—but I was wondering, yes, what the Lehigh Valley tons were for these years.

Now, obviously, you must have had the tons for the broken year 1955-56.

[fol. 1160] Are you familiar with the tons handled by Lehigh during the broken years 1956-1955, export-import traffic?

A. As to tonnage?

Q. Yes.

A. No.

Q. You are not familiar with that, either?

A. No, sir.

Q. Well, are you familiar, Mr. Thomas, with other phases of this traffic study, namely, the scope of the territory included in the study?

A. Yes, sir.

Q. You are familiar with that?

A. Yes, sir.

Q. What was that study confined to, Mr. Thomas? Was it confined to traffic to and from differential territory?

A. Yes.

Q. Did you, also, make a study for those same years of traffic to and from territory other than differential territory?

A. No, sir.

Q. You made no study as to your export-import traffic through trunkline territory, as an example?

A. We did not, no.

Q. Did the other railroads, so far as you know?

A. That I would not know.

Q. When you defined differential territory, how do you [fol. 1161] draw that line in the east?

How did you draw the line at the eastern border of differential territory when you made this traffic study? Do you know that?

A. Generally west of Pittsburgh and Buffalo.

Q. Did you include any traffic originating at points east of Pittsburgh?

A. No, sir.

Q. You did not?

A. No, sir.

Q. Mr. Thomas, did you include any traffic originating in Western trunkline territory?

A. No.

Q. No grain traffic originating in Western Trunkline Territory?

A. No.

Q. Do you know, Mr. Thomas, whether there is traffic originating in Western Trunkline Territory that moves on differential rates? Do you know whether that is true or not?

A. Are you referring to differentials via the Southern ports, or Baltimore?

Q. No, I mean the north Atlantic ports?

A. I personally have no knowledge of such traffic, no.

Exam. Boat: On that point, would grain traffic that moves on proportional rates or re-shipping rates from Chicago be [fol. 1162] included in that?

Mr. Langdon: Well, it was in our study, but what we are trying to find out now is whether it was in the Eastern study, I mean the New York Central, Et Al study?

The Witness: So far as the Lehigh Valley was concerned, grain and ore was not a part of our analysis.

By Mr. Langdon:

Q. These figures you gave then as total export figures over on page 3 do not include any grain?

A. No, sir.

Q. Did you handle any grain?

A. In what particular years.

Q. Well, any of the years, 1946, 1951 or 1956 and 1955?

A. Yes, sir, we had handled some grain in 1955-56.

Q. In the prior years?

A. I have no record of grain handled in the prior years.

I might add that inasmuch as grain was not a part of our traffic study that I did not explore the records for 1956 and 1951.

Q. Mr. Thomas, turning now to another subject, does the Lehigh Valley feel the competition of the New York State Barge Canal in the movement of export-import traffic?

A. I would say yes, to some extent.

Q. What commodities do you compete for, which are moving in export import commerce, that can move over the Lehigh Valley on the one hand, or the Barge Canal, on the other?

[fol. 1163] A. I know of no tonnage—no material tonnage movements originating or terminating in the so-called affected territory.

Q. Do you know of any tonnage to points like Erie, Pennsylvania?

A. No.

Q. Cleveland, Ohio?

A. No, sir.

Q. Does the Lehigh Valley handle sulphur traffic—import sulphur traffic?

A. No, we do not.

Q. Did not the Lehigh Valley join with the other lines here a couple of months ago in trying to publish a competitive rate on import sulphur traffic from New York Harbor area to the Niagara frontier?

A. I am not conversant with it.

Q. Now, Mr. Thomas, on page 3, right after your statement of cars, imports and exports, you say and I quote "This study shows a downward trend in import and export traffic handled to and from differential territory by the Lehigh Valley in spite of the fact we participated in a relative portion of the over-all tonnage, over-all foreign tonnage moving through the port."

My question is what do you mean when you say "in spite of the fact we participated in a relative portion of the [fol. 1164] overall foreign tonnage moving to the port," what do you mean by that statement?

A. In our analysis, and taking into consideration the bearing competitive factors that we as a Buffalo-to-New York line are confronted with, we feel that that volume that does move through the Port we enjoy an equitable share of.

Q. What is that, or what was that share in 1946, as an example? Was it ten per cent, 15 per cent?

A. I do not know.

We did not break it down in that respect. There must be kept in mind that there are certain traffic movements, export traffic movements through the port that we are excluded from participation in, entirely. To exemplify that, automobile traffic coming from Bloomfield, New Jersey, Rahway, New Jersey, a lard operation that is confined to movement over one of the New York roads, and those are the factors that we necessarily must take into consideration in formulating any points or opinions whether we are handling an equitable share of the traffic available to our railroad.

Therefore, from our way of reviewing it, we must delete certain bulk or volume traffic movements that we can not participate in.

Q. Because of your disabilities as a railroad, do you mean?

A. No. Because of the fact that ratewise, we are excluded.

Q. So other New York lines are handling the business, is [fol. 1165] that what you mean?

A. In many cases, yes, in others no.

Q. Would you speak up a little? I am having a little trouble hearing you.

A. We have no export rates from Bloomfield, New Jersey and Rahway, New Jersey, and in the case of a vegetable oil operation at Boonton, New Jersey, on the Lackawanna.

Q. Those are transit points, are they, on some of this import traffic, is that what you had in mind?

A. Yes, export, I had in mind.

Q. So that can you not participate in this traffic because the transit point is located on some other line. Is that the burden of your testimony?

A. Yes, sir.

Q. Some other New York line?

A. Yes.

Q. In arriving at this equitable share that you think the Lehigh should have, what is an equitable share—having in mind these disabilities, what is an equitable share for the Lehigh Valley in export-import traffic through New York harbor?

A. 20 per cent of the over-all volume that is available or that is the potential for our railroad.

Q. Well, 20 per cent of the rail traffic to and from New York harbor you think is the Lehigh Valley's fair share?

A. We think so.

[fol. 1166] Exam. Boat: To and from differential territory.

By Mr. Langdon:

Q. To and from differential territory?

Q. Both export and import now, 20 per cent?

A. Yes.

Q. In your second sentence you say the decline can be directly attributed to the loss in percentage of total traffic handled through the port.

You are speaking again, I take it, of the Lehigh Valley decline?

What do you mean by that sentence, sir?

A. That the studies put on by the New York roads indicated a decline in the percentage of traffic movement via New York, while the percentage of volume through the Southern tier ports showed an increase.

Q. What you mean, then, by that sentence is that the Lehigh Valley, in its export-import business, kept pace with the trend of the traffic as a whole at New York, is that what you mean?

A. Once again, keeping in mind our competitive position that as a Buffalo line and not being a Chicago line, we feel that we have, yes.

Q. Now, Mr. Thomas, in seeking from New York the Baltimore rate, is your real objective on the Lehigh Valley to participate to a greater extent in the bulk traffic that [fol. 1167] is moving through Baltimore.

Is that your real objective?

A. We are vitally interested in both the bulk and general cargo type traffic.

Q. And are they equal objectives, or would you say that the bulk traffic is a primary objective?

A. I would say that inasmuch as any source of revenue is the over-all objective, we can say they were equal objectives.

Q. You would like to handle general traffic, I take it, as well as bulk traffic—is that right?

A. Yes.

Q. What is your definition of general traffic, Mr. Thomas—general cargo, I guess that is the more acceptable term?

A. That type of cargo, I would say generally that type of cargo loaded direct from shipside to car, or vice versa, in the export movement, as against the type that is delivered in small quantities to and from steamship facilities.

Q. One or two final questions: You said, in your testimony, Mr. Thomas, that while you were located as a representative of the Traffic Department of the Lehigh in Pittsburgh, you contacted a number of shippers in differential territory who were not using New York for their export-import traffic, is that right?

A. That is correct.

Q. And what did you find that the reason was why those [fol. 1168] shippers were not using New York?

A. It was invariably because of the differential in favor of Baltimore, principally.

Q. Was that the only competitive advantage that you understood, in your contacts with these shippers, that existed at Baltimore?

A. That was by far the predominant factor, yes.

Q. Was there any other?

A. I cannot recollect any other.

Q. Now, you say in the conclusion of your statement that under equalization—and I am referring now to the final page—the shippers will benefit in two ways:

First, better facilities and services will be made available.

Now, what plans does the Lehigh Valley have for better facilities that will be made available to the shippers, in the event of equalization?

A. Well, we have considerable space that we can erect or construct better facilities.

Having in mind bulk traffic, we have a facility at Clairmont terminal that adapts itself to handling ore.

Q. You already have that facility, you say?

A. We do not already have the facility presently, no. Here viewing it from another angle, we formerly handled export freight via our national docks facility and because of [fol. 1169] the national docks facility and because of the deterioration, we have abandoned national docks in handling any export traffic.

As a matter of fact we have torn up a considerable trackage at National Docks in order to alleviate the tax burden, because the volume did not warrant retaining it.

Q. That is not a better facility, is it? That would contemplate the use of an old facility, right?

A. In fact, despite that, it offers a very likely area to expand our facilities, if the volume warrants.

Q. What you mean really, when you say that shippers will benefit two ways, is first, better facilities, and services will be available—what you really mean is you have got space to expand in the event the business expands, is that what you really mean?

A. That is correct; yes, sir.

Q. Have you made any detailed plans or had any detailed plans made for the construction of iron ore—or ore unloading facilities at your Jersey waterfront?

A. At this present time, no.

Mr. Langdon: That is all.

Redirect examination.

By Mr. Warnock:

Q. I would like to ask one or two questions in defining the Eastern Line of differential territory, I believe you said it went west ~~of Buffalo and~~ Pittsburgh. Did you [fol. 1170] mean that?

A. Perhaps not Buffalo, exactly. We took generally that territory west of Erie in making our analysis or traffic study.

Q. Is Pittsburgh in the differential area?

A. Pittsburgh is within a differential area, yes.

Q. Referring to the 1955-1956 study, Mr. Thomas, do you, of your own knowledge know on what that study was based?

In other words, did it include all traffic to and from differential territory?

A. It did not include grain nor ore.

Q. Did you give instructions to exclude grain and ore for that study?

A. I personally did not.

Q. On whose authority were those instructions given, do you know?

A. I would presume Mr. Langdon's, my predecessor.

Q. As a matter of fact, do you personally know that grain and ore were excluded from that study?

A. That is correct, yes, sir.

Q. You do know that?

A. Yes.

Q. Now, with reference to—

A. If I may clarify that a bit, it is my impression that is because by far the bulk of our grain tonnage is ex-lake from [fol. 1171] Buffalo and our ore traffic is entirely to unaffected territory.

Q. Now, referring to the Clairmont terminal, at the present time, I believe you said there was unused capacity at that terminal?

A. That is right.

Q. Is that unused capacity very substantial?

A. I would say yes.

Q. You referred to National Docks?

A. Yes.

Q. Would you identify that on the map that was referred to earlier?

A. National Docks is midway between what we formerly referred to as the Gap operation at Jersey City and Clairmont Terminal.

Exam. Boat: Are you finished?

Mr. Warnock: That concludes my questions.

I think Mr. Colgren has some questions he would like to ask.

By Mr. Colgren:

Q. Mr. Thomas, I am a little perturbed by the state of the record on this 1955-56 traffic study. You are familiar, I think you indicated, that this was conducted under your predecessor's instructions, but are you familiar with the fact that that was a current waybill study taken during the time indicated?

A. No, I am not. That was my impression. I was not [fol. 1172] active in the case at that particular time and I just assumed that they were pulling those records from the waybills.

Q. Then you do not know, as a matter of fact, that any traffic was eliminated from that traffic study by the Lehigh Valley people?

Mr. Langdon: Is this cross-examination of their own witness?

Mr. Colgren: No, I would be glad to drop it if you want. I merely want to clarify the record.

Mr. Langdon: We would be glad to have you do it. I think maybe it would be wise to do it from a witness who knows the circumstances.

Mr. Colgren: You realize the circumstances under which Mr. Thomas appears.

Mr. Langdon: Yes, I realize Mr. Thomas is taking the place of a prior witness.

Mr. Colgren: Is there an objection to my prior question, or did I complete it?

Mr. Langdon: Your Honor, the auditor of freight revenues apparently made the study, according to this statement here, and I do not think Mr. Thomas knows, so I do not think there is any point in continuing the cross-examination through his own counsel. That is what I am objecting to.

[fol. 1173] Mr. Colgren: If that is your understanding, I will accept that. I do not think Mr. Thomas was sure, either, but unfortunately the record indicated that certain traffic was not considered in this current traffic study, 1955-1956. I wanted to straighten that matter out for the benefit of the Examiner and the Commission.

Mr. Langdon: I just do not think it is proper to cross-examine your own witness.

He just does not know the answer, and why not leave it at that and tackle it from some different way?

Mr. Foley: He is just trying to refresh his memory and that he is perfectly at liberty to do.

Mr. Langdon: It is not within his memory.

Mr. Colgren: I am perfectly content to let the record stay as it is now.

Exam. Boat: I am also not clear on the testimony he gave on what was general cargo and what was bulk cargo. He did not mention bulk, but his testimony on general cargo it seems to me was not consistent with what we had in the record heretofore.

Mr. Warnock, can you straighten that out somewhat?

I think Mr. Thomas stated his concept of general cargo was that cargo which could be handled directly from cars to ships or from ships to cars.

Now, ordinarily much of that is bulk cargo, as I understand it. Of course it could conceivably include some general [fol. 1174] cargo, also, but that it seems to me was not the test that was applied by some other witness who testified.

Redirect examination.

By Mr. Warnock:

Q. Mr. Thomas, when you indicated that general cargo included shipments that were transferred directly from car to vessel, you were referring just to the operation at the Clairmont terminal, were you not?

A. To our operation, yes.

Q. Would you want to amplify your concept of general cargo as handled through the Jersey City Terminal?

A. That general cargo would be that type of cargo handled to or from shipside in lighterage or float movement, or truck in lieu of lighterage.

Mr. Warnock: Are you satisfied, Mr. Examiner?

Exam. Boat: I think that clarified it somewhat.

Are there no further questions?

Mr. Warnock: May we have just a moment?

No further questions.

Exam. Boat: That will be all, Mr. Thomas. You will be excused.

(Witness excused.)

Offer in Evidence

Exam. Boat: Do you tender exhibit 8 in evidence?

Mr. Warnock: Yes.

Exam. Boat: Exhibit 8 will be received in evidence.

[fol. 1175] (Respondent's Exhibit 8, Witness Thomas is received in evidence.)

Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

Proceed.

H. A. Keitz was sworn and testified as follows:

Direct examination.

By Mr. Walker:

Q. Your name is H. A. Keitz?
A. Yes, sir.
Q. Are you the same Mr. Keitz who filed a verified statement in this proceeding dated October 11, 1957?
A. Yes.

Mr. Walker: I offer that, Mr. Examiner, to be marked.
Exam. Boat: That may be identified Protestant's Exhibit 98.

(Protestant's Exhibit 98 Witness Keitz is marked for identification.)

Mr. Walker: Mr. Keitz is tendered for cross-examination.

Cross examination.

By Mr. Miller:

Q. On page 1 of your statement you refer to the differ- [fol. 1176] ential on grain and flour?
A. Yes.
Q. Is that the principal commodity that you are interested in?
A. No, we have very little grain on the Newport News Side but they do on the Norfolk side and that is called Hampton Roads.

And on our flour, we do get some flour but not an abundance of it.
Q. So you are interested in other commodities, is that right?
A. Yes.
Q. Would they be general cargo commodities?
A. Yes.
Q. Do you find that these superior services that you mention in your statement exist also at ports other than New York?

A. Well, I would say Philadelphia perhaps has a few more sailings than we do, and perhaps Baltimore, but the predominance—

Mr. Bleakney: We can hardly hear the witness, Mr. Examiner.

The Witness: Will you repeat the question.

By Mr. Miller:

Q. Do you find the competing ports other than New York also have these superior advantages or services of [fol. 1177] any kind?

A. You mean steamship service?

Q. Anything you are referring to in your statement?

A. Well, I am referring to steamship service. They have a more abundant service out of Baltimore I would say than we do out of Hampton Roads, and perhaps out of Philadelphia, but a preponderance more in New York.

Q. Do you regard this larger number of sailings as the principal service advantage that New York has over Hampton Roads?

A. That is one of the big advantages, because traffic moving through Hampton Roads is loaded aboard ships and perhaps ten days later that same ship loads in New York and perhaps sails direct and many shippers do not want their freight on the high seas any longer than possible.

Now, you take a shipper who has a letter of credit, he is naturally interested in getting it on the ship as soon as possible so he can get his money. But you take the consignee on the other side, he is anxious to get his shipment as ~~quickly as he~~ can after he pays for it, so he can get his money back so we have that difficulty.

Q. That is where the ship calls at both ports?

A. That is right.

Q. Do you find that Boston has any of these superior advantages?

[fol. 1178] A. I do not know much about Boston.

Q. But do you notice any competitive effects?

A. Not particularly.

Q. How about Albany?

A. Well, Albany is more or less grain and that, of course, competes with us in a certain sense.

Q. Is it rather small, though, as far as service advantages are concerned?

A. Of course they are all chartered ships, you know. It is not a question of a shiploading part cargo, which they do occasionally, but not very often. The figures are put in and an entire cargo of grain is loaded on the Norfolk side and sails. They go up to Albany and load and sail. They do not stop at any other port.

Q. Do you feel that Hampton Roads can overcome this service advantage of New York by means of the differential?

A. No, I do not think we can.

Q. How—

A: We need some differential in order to compete with New York, for the reasons I just stated.

Q. If the differential can not overcome the advantage, what do you think is needed to overcome the service advantage of New York?

A. We need more sailings.

Q. More sailings?

[fol. 1179] A. If we can get them.

But we do not have the traffic to produce the sailings.

Now, you take, during the war, for instance, when business was very good, sailings dropped off at Hampton Roads and all came from New York and practically all the traffic from territory we serve goes to New York on that account and then when the war is over then we have got to start again to produce the traffic in order to get some realization. And I notice, too, that when business is real good, everybody seems to be happy but the minute it falls off, import and export, they pick on us from the North, and they pick on us from the South, and they have got us in a vise and they have got us on both ends.

Mr. Miller: Those all are my complete interrogation.

Mr. Walker: No questions.

Exam. Boat: You mentioned letters of credit. Could you explain that briefly? It has been mentioned before in the record.

The Witness: You take a consignee on the other side. He makes a purchase on this side and he establishes a letter of credit, presumably in a New York Bank, when the shipment is loaded aboard and his bill of lading is accomplished and signed by the steamship company, he presents that to the bank and he gets his money. There is another disadvantage we have, because while we have bank- [fol. 1180] ing facilities we do not have the banking facilities they have in New York and some of the forwarders in New York have power of attorney that they can sign the shipper's name to the draft, by authority of a letter to the bank and they can put the documents in the minute it is aboard and they have got their money and that is one of the reasons why the consignee on the other side, when he pays for that, he wants it as quick as he can get it and we have that disadvantage.

Exam. Boat: It is primarily a facility for enabling the shipper to get his funds as promptly as possible.

The Witness: Yes.

By Mr. Miller:

Q. In further explanation of that, the common term of that is C.I.F. shipping.

A. Yes, C.I.F.

Q. And is a preponderance of the trade on that basis?

A. No, it varies. You take some shipments are freight prepaid.

It just depends upon the bill of sale. Some is prepaid, some is collect. Some is delivered alongside and some is on board.

Mr. Miller: That is all.

By Mr. Moerman:

Q. The people for whom you speak are freight forwarders, are they not?

A. Yes.

Q. And you are interested in their situation, particularly?

[fol. 1181] A. That is right.

Q. The fact that the Port of New York is a very large consuming area, as mentioned by you in your statement, is relative to what?

A. Well, they have a lot of plants in the hinterland which produce traffic for the City of New York and when you begin producing traffic, you increase your sailings and that is a nucleus for other traffic to move to New York.

Down our way we do not have that traffic in the hinterland that we can draw on to increase our sailings. All our sailings have to come from the outside.

Q. But your statement is that New York is the greatest consuming section of our country. Local consumption at New York is a great attraction to that port. How does local consumption have anything to do with freight forwarding?

A. That is on imports?

Q. Yes.

A. A lot of imports brought in are consumed right in New York.

Q. Does any of that traffic move by rail?

A. Sure.

Q. Consumed locally in New York?

A. No, not if it is moved, if it is consumed locally. Naturally it cannot move by rail. I imagine a lot of it moves [fol. 1182] from the piers to the plants by truck, some on switch.

Q. Do you understand this case involves switch rates on rail movements on export and import traffic?

A. Yes.

Q. You fear that if the differentials are removed, or as you put it, disturbed, there would be a diversion of traffic from Virginia Ports, is that right?

A. I am confident of that.

Q. Would that be because the rates via New York would be reduced to the Baltimore and Virginia ports level?

A. I beg your pardon. I do not understand that question.

Q. What would bring about a diversion—what disturbance of the differential adjustment?

A. Just as I stated a few minutes ago. The shippers are interested in getting it on the ship as quickly as they can, to get their money.

In some instances, I venture to say they are willing to pay two cents and 3 cents a hundred, if it is a big volume, in order to get their money quicker than they would if they loaded it at Hampton Roads ten days prior to that, because the consignee wants his as well.

Q. Then you agree with me the reduction of the rate to and from New York, a removal of the differential would stimulate traffic for the New York lines, right?

A. I would think so.

[fol. 1183] Mr. Moerman: Just one second.

Redirect examination.

By Mr. Walker:

Q. To the disadvantage of Hampton Roads?

A. Naturally.

Mr. Moerman: That is all.

Exam. Boat: Are there any further questions?

Mr. Walker: None.

Exam. Boat: You may be excused.

OFFER IN EVIDENCE

The exhibit, do you want that received?

Mr. Walker: Yes.

Exam. Boat: Protestant's Exhibit 98 will be received in evidence.

(Protestant's Exhibit 98, Witness Keitz received in evidence.)

Mr. Marbury: I call Mr. Joseph L. Stanton.

JOSEPH L. STANTON a witness, was sworn and testified as follows:

Direct examination.

By Mr. Marbury:

Q. Would you state your full name and address for the record?

A. Joseph L. Stanton, Executive Director, Maryland Port Authority, Baltimore, Md.

Q. What is your occupation?

A. Executive Director of the Maryland Port Authority.

Q. Have you prepared and signed a verified statement [fol. 1184] which has been distributed in this case?

A. Yes.

Q. I hand you what purports to be the original of that statement, and ask you to identify it.

A. This is the statement.

Mr. Marbury: I ask that this be offered for identification at this time.

Exam. Boat: It may be marked for identification as Protestant's exhibit 99.

(Protestant's Exhibit 99 Witness Stanton was marked for identification.)

Mr. Welsh: Was that not already identified as exhibit 53?

Exam. Boat: Off the record.

(Discussion was off the record.)

By Mr. Marbury:

Q. Since you prepared that statement, have any events occurred which have a bearing upon the subjects with which you dealt in the original statement?

A. Yes. There are two events that I believe are relative to this motion.

One is the recent move by the American Export Lines, which had been providing what they call the Four Aces Service from Baltimore to Mediterranean ports. Recently American export decided to lay up one of their vessels, one [fol. 1185] of the Four Aces ships and the service at Baltimore was completely eliminated by these vessels and at New York it was continued on.

That, I believe, indicates that when service is to be curtailed, the steamship lines elect to drop Baltimore and do not elect to drop New York in a comparable fashion.

Another question I think is relevant is this question of top wharfage which is as you know the payment of a fee by motor trucks using railroad piers. Last October the top wharfage practice at Philadelphia was changed. There the steamship lines agreed to absorb the top wharfage. We have been negotiating with those same steamship lines requesting they do the same at Baltimore but we have been completely unsuccessful in having them absorb the top wharfage in Baltimore.

In fact, the representatives to whom I spoke insisted they would not consider it. They said they would curtail their sailings at Baltimore, which indicates they feel it requires some sort of additional support or subsidy.

Q. You are speaking of top wharfage. What about New York?

A. In New York these same steamship lines provide the top wharfage facilities on their own piers at considerable greater cost than these top wharfages would amount to.

Q. What is the amount of top wharfage you speak of which is involved?

[fol. 1186] A. Top wharfage is now rated about $1.40 a ton. It is a use charge charged by the railroads owning the piers against cargo that does not pay a line-haul rate.

Q. And you say the steamship lines have indicated that while they are willing to provide that at New York and Philadelphia, if they were called upon to provide that at Baltimore, they would curtail their service?

A. They have so indicated to us.

Mr. Marbury: All right. The witness is with you.

Cross examination.

By Mr. Miller:

Q. Mr. Stanton, first, discussing this top wharfage, do the motor carriers at Baltimore have to absorb that wharfage in expense, or do they pass it on to somebody?

A. Generally the practice on top wharfage is to pass it back to the shipper.

Q. Is there any amount per hundred pounds of that top wharfage?

A. The basis of the top wharfage is $1.40 a ton, minimum charge.

Q. Is it related, though, to a charge other than a minimum charge?

A. I do not quite understand you, Mr. Miller.

Q. Well, do I understand that $1.40 was a minimum charge?

A. A minimum charge per parcel or package or shipment.

Q. Is there anything in addition to the minimum charge? [fol. 1187] Is there just a flat $1.40 per shipment?

Exam. Boat: Per ton?
The Witness: Per ton?

By Mr. Miller:

Q. Per ton?

A. Yes, if it is more than one ton, it takes the two-ton rate or three-ton rate—

Q. But if it is less than a ton it takes the $1.40 in any case.

A. Right.

Q. So that top wharfage would really be more than the differential, would it not?

A. Substantially more.

Q. Why are the steamship companies willing to accept it, or to absorb it at Philadelphia?

A. I cannot give you the answer to that.

Q. Well, in New York it is not a matter of absorbing the top wharfage. It is simply that none is charged at all, right?

A. At New York it is my understanding the steamship lines provide piers for the receipt of their cargo, and they do not assess the shippers in that case; no.

Q. Now, on pages 4 and 5 of your statement, you referred to a number of advantages of the Port of New York. Do any of the other North Atlantic ports have those advantages, other than New York?

[fol. 1188] A. In my opinion, not to the same extent.

Q. Well, do any of them have it at all?

A. Have any advantages?

Q. Yes.

A. All the ports have certain advantages—not necessarily the ones here listed for New York.

Q. Does Hampton Roads have any advantages over Baltimore as a port?

A. Yes, I would say they do.

Q. Would you briefly describe what you think the advantages are?

A. I have not gone into this carefully; so I can only give you a few quick points.

Hampton Roads is 150 miles closer to the open ocean than is Baltimore. That results in considerable less steaming time for vessels. I would say that is a distinct advantage.

Q. How about service advantages in the way of port facilities—do they have any of those advantages?

A. What do you mean by that, Mr. Miller?

Q. Well, anything like what you have listed here.

Do you have any cargo-handling facilities or anything like that that provide an advantage over Baltimore?

A. The bulk-handling facilities are very good and they have some excellent general cargo facilities.

[fol. 1189] Q. How about Philadelphia?

Does it have any advantages over Baltimore?

A. One of the matters I just listed was this matter of top wharfage being absorbed by the steamship line. That is an advantage.

Q. Do they have any other advantages?

A. They are not as far from the open ocean as Baltimore. That means they have less steaming time. That is considerable advantage.

Q. Do they have any more sailings than Baltimore?

A. In the matter of sailings I do not believe I do know that. I would have to check that.

Q. How about banking facilities?

A. Banking facilities I would say are superior, but certainly not superior to New York.

Q. How about Boston? Does it have any advantages over Baltimore similar to those of New York?

A. Probably less steaming time to North European ports. That would be an advantage.

Q. How about their sailings?

A. Also, they are closer to the ocean. On their sailings, I have not examined the Boston sailings scheduled in some time. I could not answer that.

Q. Do you think it possible that Baltimore would have more sailings than Boston?

[fol. 1190] A. Yes, I think there might be other reasons, too.

Q. How about Albany? Do you have any competitive advantages there?

A. Do we have competitive advantages over Albany?

Q. Yes—or vice versa?

A. Albany is competitive on grain with Baltimore. That is the only commodity that I know that I would consider the two ports competitive.

Q. Are any of the New England ports that have any advantages over Baltimore?

A. Well, the advantages I have listed for Boston.

Q. Merely the fact they are nearer to the European ports?

A. Nearer to the ocean, and have a large consuming hinterland, adjacent to the Port of Boston, a larger population area than Baltimore. I am speaking of the metropolitan area.

Q. In your opinion does Baltimore need this differential to compete with Boston?

A. Mr. Miller, Baltimore is not competitive with Boston on many commodities. We do not consider Boston our major competition.

But I would say if the differential were eliminated Boston would certainly be competitive with Baltimore then on what cargoes we do have.

Q. On page 7 of your statement, you say "I may add the [fol. 1191] the failure of the Port of Baltimore to attract any appreciable volume of general cargo despite the differential is one of the principal reasons for the formation of the Maryland Port Authority. If such business is to come to Baltimore marine facilities for handling it are essential."

Now, I would understand one of the reasons for Baltimore not obtaining this traffic is lack of marine facilities.

A. The lack of general cargo has made it uneconomical for the construction of additional general cargo facilities, in the opinion of those who have been charged with it in the past.

Q. But the lack of the facilities has also discouraged the traffic. Is that what you mean?

A. Mr. Miller, it stands to reason you have to have facilities in order to handle the traffic. We have some facilities. But the general cargo facilities have not increased, because we have not had the business or indications that we would get the business.

Q. Is this one of those, which comes first, the hen or the egg? Is that it?

A. Well, I believe you would have to have the facilities, of course, before you could get the traffic. And as th points out, the port authority was set up and one of its primary objectives was the creation of those facilities.

Q. And then it is your idea if you create the facilities, [fol. 1192] that will attract the traffic, is that it?

A. We will be at a better position, along with the differential and what other advantages we have, to attract the traffic.

Mr. Miller: Those are all the questions I have.

Thank you.

Exam. Boat: Mr. Moerman.

By Mr. Moerman:

Q. Mr. Stanton, on the top wharfage, so I may understand, the top wharfage is a charge assessed by the owner of the terminal facility for the storage or holding of cargo on the terminal facility, whether it be a pier or a dock, is that correct?

A. Not necessarily for the holding, Mr. Moerman. Any cargo that passes over the pier, even in the free time limits, is assessed this charge.

Q. So it includes handling as well as possible storage?

A. No, it does not include handling. It is a charge against the freight, in this case, for the privilege of moving over the pier.

Q. Is the charge assessed in a unit, or is there an additional charge, if time is involved, for holding the freight or storage?

A. The matter of time or storage does not enter into the top wharfage practice at all.

[fol. 1193] Q. On export sheet steel, for example, or any other commodity about which you know, give me an example of the assessment of top wharfage?

A. Well, take sheet steel moving from Sparrows Point Plant of the Bethlehem Steel Company by motor truck, passing over Baltimore and Ohio pier at Locust Point. That would be a charge of $1.40 per ton for each ton of that shipment.

Q. Would the same charge be assessed with regard to the differential territory traffic involved in this case?

A. Yes.

Q. In and out, import and export both?

A. Both.

Q. Is it not a fact what you have just said must be modified to include only its rail traffic or truck traffic?

A. I am sorry, I do not get that, Mr. Moerman.

Q. Is it not a fact the top wharfage charge is not applied against one type of traffic, rail or truck?

A. That is not applied against it?

Q. That is right.

A. Well, it is applied against truck traffic.

Q. Yes, truck traffic, but it is applied against rail traffic?

A. Yes, Mr. Moerman—

Q. Don't you know that the top wharfage charge—

Mr. Marbury: I object to this. In the first place, he [fol. 1194] asked questions which were obscure and nobody could understand and then he yells at the witness, because the witness could not understand him.

Just calm yourself.

Exam. Boat: I think we are getting down to the nub of this thing.

Proceed, Mr. Moerman.

By Mr. Moerman:

Q. Does the top wharfage charge apply on rail traffic?

A. I defined top wharfage as a charge applied against traffic that did not pay a line-haul rate.

Q. All right. Let us take it from there. If traffic pays a line haul rate, and is rail traffic—traffic moving by rail road, from differential territory, import and export, I ask you, does it pay a top wharfage charge?

A. No.

Mr. Kraemer: I have a few questions.

By Mr. Kraemer:

Q. On this top wharfage at Philadelphia, you stated the steamship lines absorb top wharfage in Philadelphia?

A. At railroad piers, that is correct.

Q. Do you know why they absorb the top wharfage at railroad piers?

A. I do not know of my own knowledge, no, sir. Possibly competitive reasons.

[fol. 1195] Q. Do you know how long they have been absorbing this top wharfage at railroad piers?

A. The announcement that we have on it, I believe, was set for October 2 of last year.

Q. And what generated that? Do you know what generated that announcement?

A. I do not know the complete history of that, no.

Q. Do you—

Mr. Moerman: I had not finished. Did you assume I had?
Mr. Kraemer: I assumed you had.
Mr. Moerman: I am sorry. Please continue.
Mr. Kraemer: Do you want to go on?
Mr. Moerman: I will continue later. Go ahead.

By Mr. Kraemer:

Q. Prior to this October date, do you know what the situation was at the private terminals in Philadelphia?

A. At the private, where?

Q. Such as Philadelphia piers, incorporated?

A. No, I do not. Not in its specifics, I do not.

Q. Do you know whether they charged top wharfage or not?

A. It is my understanding they levied some charge.

Q. Do you know whether it was the same charge as the top wharfage applied to railroad piers?

A. I would not know.

[fol. 1196] Q. Against whom is top wharfage assessed?

A. At Baltimore it is assessed against the shipper of the goods.

Q. And at Philadelphia?

A. It is no longer in effect at Philadelphia, according to the understanding we have.

Q. No longer in effect where?

A. In the same sense of top wharfage being charged against the shipper, it no longer applies at Philadelphia. The announcement that we received indicated it was being absorbed by the steamship lines.

Q. At railroad piers?

A. At railroad piers.

Q. You have no knowledge of what is being done at the other piers at Philadelphia, other than railroad piers?

A. I understand there are charges made against the cargoes at the Philadelphia Piers and at other piers.

Q. Against the cargo?

A. No, that there are charges being made.

Q. Against whom?

A. I believe it is against the ship.

Q. What are those charges?

A. I cannot give you the detail of the character of the charges.

Q. Is it a dockage charge against the ship?

[fol. 1197] A. I believe there is a dockage charge there.

Q. And a tonnage charge on the cargo handled?

A. Yes, I believe there is.

Q. Do you know whether that is a charge that was placed in lieu of top wharfage—a charge against the cargo?

A. I do not know the history of the charge—of those charges, I should say.

Q. Assuming that to be true would the absorption of steamship lines docking at railroad piers be for competitive reasons to meet the competition of what is happened at non-railroad piers?

A. I am not quite sure that I understand you.

Q. Let us assume that where there had been top wharfage at Philadelphia Piers, Incorporated, a charge against the freight, and that had been dropped and now a charge is made against the steamship line, that would mean then the freight would have no charge such as top wharfage against it, is that right?

A. That is right.

Q. Let us assume, as you stated that the steamship line docking at a railroad pier, there is still a top wharfage charge being assessed against the cargo, is that correct?

A. Not to my understanding. It is now being paid by the shipper.

Q. Let us go step-wise on this. It is charged by the [fol. 1198] railroads against the cargo, is that correct?

A. At Baltimore?

Q. At Philadelphia, at railroad piers.

A. Well, it is based on the cargo.

Q. All right. And then it is absorbed, to your knowledge, by the steamship lines?

A. Yes, sir, that is our understanding.

Q. Does it not follow that absorption is to place those steamship lines on a competitive equality with the steamship lines docking at Philadelphia Piers Incorporated?

A. Whatever the reason for it is, Baltimore is placed at a disadvantage. What you are saying, may be so. I brought that out to demonstrate the same steamship lines are not absorbing it at Baltimore.

Q. Is it a fact there is no dockage charge at Baltimore?

A. Not quite. There is a dockage charge at certain piers at Baltimore.

Q. At railroad piers?

A. Not to my knowledge at railroad piers.

Q. Is it not a fact the dockage charge, the failure to put on a dockage charge is the reason why the railroads continue the top wharfage charge in Baltimore?

A. I would not say that.

Mr. Moerman: I am a little puzzled here. Is Mr. Kraemer [fol. 1199] cross-examining the witness?

Mr. Marbury: Very much so.

Mr. Moerman: This is a fight between Philadelphia and Baltimore.

Mr. Macleay: On a different case.

Mr. Kraemer: The problem is I am trying to clarify this top wharfage situation, which is quite mixed up at this point on the record. It is not factually stated in the proper light.

I am trying to bring that out, that—

By Mr. Kraemer:

Q. In other words, have, to your knowledge, attempts been made to remove the top wharfage charge and in lieu thereof to place a dockage charge in Baltimore?

A. Have attempts been made?

Q. Yes, to change the top wharfage and put a dockage charge on.

A. I am sure there have been proposals of that type made, but whether they would be attempts.

Q. Well, proposals, then.

A. I am sure it has been approached or discussed.

Q. Is it not a fact the absorption or non-absorption of top wharfage is an attempt by steamshiplines to meet competition in Philadelphia and not in Baltimore?

A. That may well be, but as I say, I do not know the full background.

[fol. 1200] Q. In other words, you do not know the complete story of top wharfage in Philadelphia?

A. I know there is a top wharfage charge being absorbed in Philadelphia and not absorbed at Baltimore.

Q. At railroad piers?

A. At railroad piers only.

Q. But in the other part of the port you do not know the situation?

A. I understand there are charges made at other piers—being made.

Q. Top wharfage charges.

A. I do not know if they are called top wharfage.

Q. But against whom?

A. The ship.

Q. But top wharfage is against the cargo?

A. It is being paid for by the ship.

Q. Who pays the top wharfage charges in Baltimore?

A. The shipper.

Q. Who is assessed the top wharfage charge at railroad piers in Philadelphia?

A. Who is assessed them?

Q. Yes.

A. I understand the steamship lines are now being assessed. If you mean, are they being billed?

Q. All right, let us call it billed—are they being billed [fol. 1201] for it?

A. It is my understanding that the steamship lines are being billed for top wharfage charges at the railroad piers in Philadelphia.

Q. In other words, when a steamship line receives a bill and pays a bill properly rendered to them, they are absorbing something?

Mr. Marbury: Mr. Examiner, it seems to me the purpose of this examination is not being furthered as far as this case is concerned. I do not understand what this is all about. The point about it is that Baltimore had requested, if I understand this witness to say—that Baltimore, the port authorities specifically requested the steamship lines to absorb the same, or to except, if you please, the same charge that was excepted in Philadelphia, and the steamship lines said in effect if you put that charge on us, we will take the service away from you. We are not willing to pay the same cost of operation in Baltimore as we are in other ports.

Exam. Boat: Are you going to straighten us out on that?

Mr. Foley: This is just a speech.

Mr. Marbury: No, sir—

Mr. Moerman: Calm yourself. Don't testify.

Mr. Marbury: I am not testifying. I am rehearsing what is already in the record to show this examination has no [fol. 1202] relevance in this case.

Mr. Kraemer: I think it has because his story does not go far enough back in the history of this thing to bring out the whole question and that is what I am trying to do. There is a lot more of the history than just asking for an absorption.

Exam. Boat: Have you finished now, Mr. Kraemer?

Mr. Kraemer: That is all.

Exam. Boat: I think we will return to Mr. Moerman.

By Mr. Moerman:

Q. With respect to the traffic moving under rates in this proceeding by railroad to and from Baltimore, is a top wharfage charge assessed?

A. No.

Q. What then is the significance of your testimony concerning top wharfage?

A. Mr. Moerman, the purpose of the comments on top wharfage was to demonstrate at Baltimore labor is under certain handicaps and while the steamship lines are willing to pay very high prices for wharfage at New York and pay the special wharfage at Philadelphia, they felt there is special advantage to having someone else pay the top wharfage charge at Baltimore and our conversations were urging them to accord them the same as at Philadelphia, at comparable piers, the same piers. They have indicated they would withdraw their service before they did that.

[fol. 1203] Q. If I understand it, you want the steamship to absorb top wharfage traffic by motor truck?

A. Basically that is it, yes, sir.

Q. You mentioned the American export lines curtailment. Is it not a fact every year for the past five years there has been an increase in sailings via the Port of Baltimore?

A. I believe that is so, yes.

Q. Is it not a fact, for example, that from Baltimore to a port like LaGuira, in Venezuela, sailings have risen some 300 per cent or more in the last five years?

A. I would have to check our sailing records, but if you state so, I will agree.

Q. Do you know of any other curtailments from Baltimore, in addition to one of the ace vessels of the American export Lines, that you just mentioned?

A. I do not recall any immediately, no, Mr. Moerman.

Q. The top wharfage charge assessed at Baltimore—are they assessed uniformly by all terminal and pier operators engaged in performing wharfage services? Does everybody do it?

A. I believe it is a general practice, yes.

Q. Do you have city-owned piers?

A. Yes.

Q. Are there privately-owned piers in Baltimore?

A. Yes, there are.

Q. What type of pier predominates—what type of pier [fol. 1204] ownership?

A. Railroad-owned piers predominate at Baltimore.

Q. Is it the railroads who assess the top wharfage charge against motor carrier export and import freight?

A. Railroad owners of the piers assess the charges, not only against motor carriers, but also against the others I mentioned, even rail freight that does not pay a line-haul rate.

Q. But to the extent that rail freight pays a line haul, like the rail freight involved in this case, there is no top wharfage charge?

A. That is correct.

Q. Have you asked the railroads at Baltimore to consider eliminating the motor carrier charge on motor freight and rail freight not paying the line haul rate?

A. No.

Q. But you have asked the steamship line to absorb the top wharfage?

A. Yes, we feel that is a fair charge for the use of the pier. We feel that it is unfair the way it is being paid.

Q. You testified at the Port of New York the steamship line lease piers and pay rental for those piers. That is so, is it not?

A. That is correct.

Q. We agree on that.

With respect to the use of piers at the Port of Baltimore, [fol. 1205] do you know of any steamship line that leases a pier in Baltimore?

A. No.

Q. What is the general practice?

A. The general practice is to accord the steamship lines freedom—free dockage and really absence of charges for their berthing, docking at Baltimore. That is another inducement offered to keep them coming into the Port.

Q. With respect to the desired absorption of the top wharfage, what effect would it have if the steamship lines did agree to absorb the top wharfage, so far as the rates are concerned, or the cost to the shipper?

A. The cost to the shipper would diminish by that amount and the effect would be to make Baltimore more competitive with its neighboring ports in connection with this motor-borne cargo.

Q. Motor-borne cargo?

A. Yes.

Q. Do you know the relative differences in rates—well, I think I withdraw that question.

You testified concerning construction or lack of it—of general cargo facilities at the Port of Baltimore.

Did you give a reason for it?

A. I believe I stated that the business of general cargo pier construction at Baltimore, or rather, the business in [fol. 1206] the general cargo field did not appear sufficient for private operators to construct general cargo facilities.

Q. The converse is true, is it not, with respect to bulk facilities?

A. Would you restate that?

Q. The opposite is true, is it not, with respect to bulk facilities, that is, you have such a tremendous boom in bulk facilities that business is adequate for the construction of facilities of that kind at an ever-increasing rate in the Port of Baltimore?

A. I would not quite describe it that way.

Q. Not that enthusiastically?

A. No, by no means.

Q. Is there any port on the north Atlantic range which has bulk facilities superior to the Port of Baltimore?

A. Oh, definitely.

Q. What port?

A. What facilities are you speaking of, or what commodity?

Q. Generally, all facilities for handling so-called bulk commodities?

A. If you are interested in coal, for instance, I think you will find the facilities at Hampton Roads are superior to the facilities at Baltimore for handling coal.

Q. All right. Ore?

A. I would say the new ore-unloading dock of the Penn- [fol. 1207] sylvania Railroad at Girard Point is probably the finest on the Coast.

Q. From the standpoint of capacity, how does Baltimore compare with Philadelphia?

A. I do not think Baltimore had any public piers any one of which would be comparable to the capacity of the Pennsylvania pier.

Q. Taking Baltimore as a whole, is Baltimore inferior to any other North Atlantic port in the handling of bulk commodities, taking all your bulk facilities as a whole?

A. I would say we have good bulk facilities generally.

Q. Don't you have the most superior—aren't you the best in the country?

A. Not if you take them individually, Mr. Moerman. If you are thinking of grain, possibly the elevator at Albany is the biggest and best.

Q. Let me shorten it. At page 9 of the handbook dated 1957, Port of Baltimore, appears the sentence, "No other Port in the United States offers facilities equal to those of Baltimore for handling bulk cargoes of all types."

Do you agree with that statement?

A. If you took all types, I would be inclined to agree with that statement, yes, sir.

Mr. Moerman: That is all, sir, thank you.

[fol. 1208] Redirect examination.

By Mr. Marbury:

Q. You have testified steamship lines have offered special inducements, have offered no dockage charge service, and the steamship lines have indicated they would curtail their service if required to pay this top wharfage.

In your opinion is there any relationship between that fact and the fact to which you have previously testified that Baltimore is further from the open ocean than its competitor ports?

A. Yes, I believe the refusal of the steamship lines is based on the fact it is an additional day's steaming to reach Baltimore from the open ocean and they feel they have to have the advantage of not paying that top wharfage to justify their cost.

Q. Now, with respect to Boston—I will not say equal but identical rates to Boston, you were asked the question by Mr. Miller as to what effect would be on the movement of bulk to Boston as compared with Baltimore, if the rates were identical.

Have you had any recent experience which would indicate to you what that effect would be?

A. During the past year when one of the large shippers agreed to absorb Baltimore's differential on one commodity we noticed a very sharp decline in our business and saw an almost comparable increase in the Boston business in that [fol. 1209] one commodity.

Q. What was that shipper?

A. The shipper was the Department of Agriculture and the commodity, of course, was the grain business—grain. With a differential being absorbed by the shipper in this case our business declined almost 350 per cent and the business at Boston went up probably 300 per cent.

Q. Which would indicate that with identical rates Boston would have something which would draw the grain away from Baltimore?

A. I would say that would apply not only to the grain, but to the other bulk commodities which are handled at Baltimore in volume at this time.

Q. Do you think the other fact that you testified to—that is to say, the nearness of Boston to North European ports—might have any relationship there?

A. I feel that it would; if the inland rates were the same, I feel that it would definitely tend to influence heavier movements out of Boston.

Mr. Marbury: That is all.

Recross examination.

By Mr. Foley:

Q. Is Boston at a disadvantage compared to Baltimore in distances shipping, to the west coast of South America?

A. I have not checked the distance recently but I believe [fol. 1210] it is.

Q. How about the Far East?

A. I believe this is a small different factor to the Far East favoring Baltimore.

By Mr. Brandes:

Q. You point out that the principal reasons for the formation of the Maryland Port Authority is to provide a program for general cargo pier building.

Will you tell us what that program is at this time?

A. I said it was one of the principal reasons.

Q. I will take that.

A. And the program at this time is in a formative stage. We have no conclusive projects under construction at the present time.

Q. Are there any plans?

A. There is a great deal of planning, yes.

Q. Are you willing to state what is being planned?

Mr. Marbury: I think I am going to object to that.

Mr. Brandes: I will withdraw that. I have nothing further.

Mr. Marbury: It seems to me it is not at the stage where publicity should be given to such indefinite plans.

Mr. Brandes: I am not pressing it.

Exam. Boat: Does that conclude your questions?

Mr. Brandes: I have no further questions.

Exam. Boat: Does that conclude the questions?

(No response.)

[fol. 1211] Do you offer the exhibit?

Offer in Evidence

Mr. Marbury: I would like to offer exhibit 99 in evidence.

Exam. Boat: Exhibit No. 99 will be received in evidence.

(Protestant's Exhibit 99 Witness Stanton received in evidence.)

Exam. Boat: You are excused.

(Witness excused.)

[fol. 1212] Exam. Boat: Mr. Macleay?

Mr. Macleay: I call Mr. Masson.

Charles A. Masson previously duly sworn, resumed his testimony as follows:

Direct examination.

By Mr. Macleay:

Q. Would you state your name and address?

A. Charles A. Masson. My office is 105 South Frederick Street, Baltimore 2, Maryland.

Q. What is your business, Mr. Masson?

A. I am senior partner in the firm of William H. Masson, custom house brokers, freight forwarders and steamship agents. I am also president of the Baltimore Custom House Brokers and Freight Forwarders Association.

Q. Did you prepare and verify a statement which was filed and distributed in this proceeding?

A. I did.

Mr. Macleay: I ask it be marked for identification with the next number.

Exam. Boat: That may be marked for identification as protestant's Exhibit No. 100.

(Protestant's Exhibit No. 100, Witness Masson, was marked for identification.)

Mr. Macleay: You may examine.

Cross examination.

By Mr. Miller:

Q. On the top page of your statement, you say that it, [fol 1213] meaning the differential, would have to be much greater than it is today to place Baltimore in the position of being reasonably competitive with New York. How much greater do you think the differential should be in order to place Baltimore in the position of being reasonably competitive with New York?

A. In my opinion—from my experience in both importing and exporting, and handling vessels, that we see from time to time the vessels come into the port of Baltimore to pick up the bottom freight.

When I say bottom freight, I do not mean grain, I don't mean ore. I mean heavy machinery, steel and other commodities, pipe, which makes good bottom stowage, and then the vessel proceeds to New York.

In my opinion, if the differential is taken off out of that area which we now have, those vessels will not come in and we will not get the top cargo that we are getting, which is not sufficient to warrant carrying on, even at the moment.

Q. If the differential is removed, why wouldn't they come in?

A. Because if we have comparison with other ports, an equalization of the rates, from the testimony I have heard here, not to repeat it all again, then your commodities will move through New York because of the great advantages it has.

It is certainly the financial side of the world on the east coast, and in dealing with Letters of Credit or Letters of Credit specific payment in New York, and in a great many [fol. 1214] cases it says shipped via New York, even though the differential is in favor of Baltimore.

You have your other facilities. You have your speed vessels, your passenger vessels that carry freight, and if this is done I am sure we are going to lose a great deal of business that we now have in trying to hold on to it.

Q. Is that statement made on the basis of what you have heard here?

A. No, that is from some forty years of experience, or 39 years experience in my business.

Q. Do you mean by that the vessels would not come in for this so-called bottom freight?

A. They come in presently for bottom freight, which is subject to the differential at the moment. We have in the past year some eight or nine vessels for whom we act as agents.

When that bottom freight is cancelled, the vessel does not come in, and the other cargo we have booked has to be booked on other vessels.

Q. You mean there is no differential, but these rates at issue here are equalized, this bottom freight will not be loaded at Baltimore?

A. I am of the opinion from certain areas it will not. It will go to New York.

Q. A lot of these steel and pipe commodities, where do they come from?

[fol. 1215] A. They come out of the Pittsburgh area.

Q. And you think they will go to New York instead of Baltimore?

A. I am pretty confident they will.

Q. And be bottom-loaded there?

A. Absolutely.

Q. If the differential is abolished?

A. In my opinion.

Q. You say here at the bottom of page one and top of page 2, while Baltimore railroad advantage is naturally of some advantage to the port, and is practically our only selling point, it would have to be much greater than it is today to place Baltimore in the position of being reasonably competitive with New York.

How much greater would it have to be?

A. I could not go into— I think it has to be greater than its present status. The actual difference in percentage, I am not in a position to state. It has to be greater, in my opinion. It would help tremendously if it were greater. If it were removed or reduced, it is going to affect us by that much in the handling of freight through the port of Baltimore.

Q. Well, now—

A. I would like to extend that. I was talking to a shipper on Saturday afternoon. We were loading a vessel at Baltimore and he is moving a considerable amount of freight from Michigan, and he told me positively the only reason [fol. 1216] this freight is moving through Baltimore is because of the saving in the differential.

Q. Did that shipper have any advantages—would he have had any advantages in moving it out of any other port?

A. I could not say whether he would have any advantages. In this particular case that was his statement to me, and I can only state what he told me. He said we are moving this here because of the differential.

Q. Suppose that shipper had considered moving it through New York, would he have had any service advantages or banking advantages?

A. I would say he would.

Q. At New York?

A. I would say he would have banking advantages at New York. But in this particular case the company that is shipping also has their properties and their manufacturing to be established in Brazil, and he could ship it through New York just as readily as he could through Baltimore, but he is saving that money by shipping it through Baltimore because of that differential.

Q. In other words, there was no banking involved?

A. No banking involved in this particular shipment.

Q. Would he have had any sailing advantages out of New York?

A. Oh, yes.

Q. This particular shipper?

A. Oh, yes. I think the records will indicate that New York tops any other port by quite a percentage to all points.

[fol. 1217] Q. Did this shipper need to expedite this shipment at all?

A. I could not say that, whether he needed to expedite it. Shipments are going to continue on. They are building a plant in Brazil to manufacture a product.

Q. But he can get adequate sailing service out of Baltimore?

A. He gets it at the moment. He says as long as you continue to have the sailing schedule you have, we will continue to use Baltimore because of the differential.

Q. So that the service was apparently satisfactory out of Baltimore?

A. This particular service, yes, to this port.

Q. I assume that this shipment did not move C.I.F., as you point out on page 3?

A. I don't know. I did not handle the documents on it. We were acting as agents for the vessel in this particular case.

Q. Was this substantially a full vessel movement?

A. No, it was a little over 300 tons of machinery.

Mr. Moerman: Of what, sir?

The Witness: Machinery.

Now, when you get into this—you brought attention to page 3, the second paragraph.

I go to Europe at least once a year, sometimes twice, and I go to South America at least once a year and try to sell the Port of Baltimore, and I am amazed when I go to Europe to see the number of people who ask me—it is very [fol. 1218] embarrassing, but they say, "How far is Baltimore from the Port of New York?" They set it up that way because they know that New York is the financial center of the United States, and they know they can get the maximum number of sailings and everything is on the basis of New York.

It is my contention to try to sell the point the differential is in your favor, but because the Letters of Credit in a great many instances specify solely New York, these people, the consignees abroad who issue the Letter of Credit, who are the final receivers of the merchandise, pay those additional expenses because they do not know.

The people in the United States could ship this if the Letters of Credit were issued otherwise. But they have their offices in the central part of the United States, and the export offices in New York, and it is a very simple matter to pass it from one office to the other at the expense of the consignee.

The differential is very important in that area, and if we cut out trying to build up, as Mr. Stanton said, the top freight to build piers and entice and have other people come in to ship top freight, which is the paying freight in the steamship business, we are going to have to have a certain amount of bottom cargo for stowage purposes, and you have got to have a certain amount of top freight for stowing the vessel properly, and that is where the money is—in the top freight.

Q. But do I understand you have difficulty selling Baltimore [fol. 1219] in these foreign places?

A. I don't have—

Q. Foreign places?

A. When I sit down and talk to them, I don't have the difficulty. In fact, in one visit to Europe last year I was able to switch 10,000 tons of material out of Baltimore, because of the differential.

Exam. Boat: When you say out of Baltimore, you meant through Baltimore?

The Witness: It came from inland and moved on through.

Exam. Boat: I see.

By Mr. Miller:

Q. Do you also find some resistance to moving this cargo on despite the differential?

A. No, I don't find any resistance. I think a certain amount of it is lack of education on the part of the people abroad. They don't understand the entire picture of the differential area and how it could be moved. I also think there is a big selling job being done by the steamship agents or the bankers themselves, trying to influence as much as they can people to move through New York.

Q. Baltimore has some differential under Philadelphia.

A. I suppose—I understand so.

Q. Does Philadelphia have service advantages that require that differential?

A. I could not answer that. I don't know.

[fol. 1220] Q. Do you meet any competition from the New England ports, particularly Boston?

A. No.

Q. How about Albany?

A. No.

Q. Do you—

A. Speaking now, personally, because we have no shipments either through Boston or through Albany.

Q. Do you need any differential to compete with Boston or Albany or the other New England ports?

A. I am not in a position to state that, frankly. I know we need a differential to protect our particular port, if we hope to survive.

Q. From differential territory, the Hampton Roads ports have the same differential that you have from Baltimore. Isn't that true?

A. Yes.

Q. Do you find the differential at the Hampton Roads ports takes traffic away from Baltimore?

A. I think that Hampton and Newport News are in the same position and maybe a little worse than we are, because they do not have enough sailings to take the cargo. I have a tremendous amount of freight from that area which is shipped through Baltimore because they do not have sufficient sailings at Newport News.

[fol. 1221] Q. But that is differential traffic.

A. I don't know whether it is or not.

Q. It does not come from this central states territory?

A. It is coming from a territory closer to Norfolk than Baltimore.

Q. How about this central states so-called differential territory, do you find that Hampton Roads is competitive in your operations with Baltimore?

A. I could not honestly answer that. I don't ship enough stuff out of there, or follow their work closely enough, to be honest—I could not honestly answer this question.

Q. Do you ship much out of Central States territory?

A. We receive a lot of freight from the central states and we ship a lot of stuff into the central states.

Q. But in those movements, is Hampton Roads competitive?

A. I really don't know.

Q. Apparently it isn't, if you don't know.

A. You see, I am a freight forwarder and a broker. I don't go into the actual cost analysis, except in specific cases where the people will tell me these things and I cannot speak generally for the industry, whether it does or does not, unless we have specific cases. In the cases I spoke of, they are of my personal knowledge, and I could speak with authority on that.

Mr. Miller: That is all I have, thank you.

[fol. 1222] By Mr. Moerman:

Q. Mr. Masson, I take it that seven of your members are not strictly local, is that right?

A. I beg your pardon?

Q. Seven of your members are not strictly Baltimore local forwarders?

A. No. They have New York houses with branch offices in Baltimore.

Q. And they are members of your Association?

A. Yes, sir.

Q. Would you know about the seven who are not members of your Association?

A. Would I know of the seven members who are not—

Q. You say there are 22 forwarders.

A. Yes.

Q. Having offices in Baltimore. Your association has 15?

A. Yes.

Q. Of whom seven, you tell me, are New York houses.

A. No, no. Of the 15, eight of these—seven out of the 15 are New York houses. And then there is an additional seven who are not members of our Association, and they are strictly local people. For instance, there is a clerk in a trucking company that lives outside of town. He writes to the Federal Maritime Board and overnight they make him a freight forwarder and he puts out his shingle and hopes to get business.

Q. Your statement indicates you are speaking for the [fol. 1223] Association. Would you tell me in what manner you obtained authority to speak for the Association?

A. I obtained it from a meeting of the members themselves, when this came up, and we were notified this hearing was to be held. We had a meeting of our Association and they asked me as President of the Association to appear representing the Association.

Q. When was the meeting held?

A. Last year.

Q. Do you remember the approximate date?

A. I would have to go and get the records from the office. Frankly, I don't have them with me.

Q. Was the membership represented in its entirety?

A. A quorum was present.

Q. Were any of the New York members absent?

A. Yes, there were some of the New York members, and some were present. I would have to check the records to determine it.

Q. Have all of the New York members been apprised of this statement?

A. I could not answer that question. They were told we were coming here and they gave me authority to act for them.

Q. Would you look at page 2 of your statement, with respect to differences of sailing time in favor of New York, ranging up to nineteen days, and tell me with respect to these vessels where they begin to load for the outbound voyage?

[fol. 1224] A. Well, sometimes they begin at Baltimore. Then they—

Q. That is true in most cases?

A. I would not say in most cases. I don't know in most cases. I know of those instances where they start at Baltimore. I can only speak of those cases where we act as agents ourselves.

Q. What takes this time getting to New York?

A. From Baltimore they may go down to Newport News. Back up to Philadelphia and New York. Sometimes they go to Boston and then back to New York.

Q. What do they do when they are going from here to yonder?

A. I think that is a question I could not answer. I mean, I don't follow the vessel and I have no way of knowing what he does. I know it takes that period of time.

Q. Is it not reasonable—

A. It may have been held up by weather for all I know. We have vessels held in port by weather. We have one case of two vessels which left Cuba at the same time. One got in three days later than the other. It was a faster boat, but he got in three days later because he ran into storms.

Q. He ran into storms in Chesapeake Bay?

A. We have conditions—if you are talking about bulk cargo, we have conditions where a bulk boat will lay by for seven or eight days, waiting to load grain or coal.

Q. Because there are so many grain or coal boats in there you can hardly get in?

[fol. 1225] A. Oh, no, not so many grain or coal. You have conditions that arise where you can not get the vessels in. We have even to wait for coal to arrive.

Q. The congestion is fearful, isn't it, Mr. Masson?

A. I don't quite follow your sarcasm.

Q. Why does a vessel wait six days to get into a dock?

A. Why does it wait?

Q. Yes.

A. The cargo may not be there. I am talking about bulk cargo. If you are talking about general cargo, that is something else. Now, which one are you talking about, sir?

Q. Bulk cargo.

A. Bulk cargo, it may be the cargo is not there. I have been agent for vessels where we have had to wait five or six days for coal, because the cargo was en route from the mine.

Q. How often has that happened in your experience?

A. It has happened at least three times on vessels we have been agents for, and—

Q. Over what period?

A. Over a period of a year. And I don't know how many others of the other boats that have arrived there have the same problem.

Q. Is it not a fact, sir, that the time consumed in getting to New York on a vessel which is ready for its outbound voyage is consumed in loading cargo at the particular ports, in general?

[fol. 1226] A. I am sorry. I couldn't hear a couple of words.

Q. Is it not a fact with the time consumed by a vessel, when it begins its outbound voyage is taken up in loading cargo at the particular ports?

A. Yes—that and weather, holidays, overtime payments. A lot of people do not want to pay overtime to work a vessel around the clock.

Q. Is it not a fact that weather is relatively a small factor in the time?

A. No, I would not say so. In the last two weeks, we have had a terrific time with delays because of weather.

Q. Does that happen in the summer season, you have delays?

A. Not particularly in the summer, but you can have rainy spells. I don't know whether you are familiar with the labor problems. You have got to order your gangs in advance and if you don't order them until eight o'clock in the morning, you have to order them for one o'clock in the afternoon. If it rains at one o'clock, you have to release them and pay for four hours' dead time. The owners are familiar with those costs and they have to figure out whether they are going to delay the boat for a day or take a chance on the weather.

Q. How much of the business of your firm in the past year, take 1957, is concerned with the traffic involved in this case, which is to and from so-called differential territory.

A. I would say that dollar-wise now, that is, our [fol. 1227] brokerage fees and our income, I would say that it is about 35 percent on export, and about 25 percent on import, and I am just talking about our vessels and the balance is on agency of vessels.

Q. On what?

A. Agency of vessels.

Q. Agency of vessels?

A. That does not mean anything dollar-wise, because on export cargo we make the same amount of fee for handling one or two cases as we do for handling maybe 400 tons. It is a documentation fee.

Mr. Marbury: If you excuse my interruption, I am not sure the witness understood the question or answered it. It was how much went to central territory.

The Witness: I did not understand that—went to central territory.

By Mr. Moerman:

Q. The rates involved in this case involve traffic to and from differential territories. Are you familiar with the boundaries of differential territory?

A. Yes.

Q. As Mr. Marbury indicated, the question was concerned with traffic to this territory.

A. Oh, I misunderstood the question. On the export side of the office, I would say it would be about 25 percent.

Q. Does that pretty well obtain over the years or has it obtained?

[fol. 1228] A. Yes. Fortunately, our business has been remaining steady for several years. On the import side, a great deal of that goes into the differential territory because the people who are importers, most of our clients, or a great many of them, have their offices in New York and bring the merchandise to Baltimore so as to take advantage of the lower rates.

Q. What is the percentage of your total income?

A. I would say on the import side it would run 35 or 40 percent.

Q. Taking your export business, the 25 or 35 percent, which moves in greater amount, truck traffic or rail traffic?

A. Export, I would say of that percentage about 80 percent or more would run by rail.

Q. And import?

A. On import, going inland, I would say that it would be somewhere between 60 and 80 percent moved by rail.

Q. Now, the reduction proposed from New York, designed to equalize with the Baltimore rates, would, in your opinion, result in the stimulation of the movement of export and import traffic via the port of New York? Is that not so?

A. If the differential is removed from Baltimore, in my opinion it would stimulate movement, additional movement through the port of New York.

Q. And you understand that is why the New York railroads have proposed this reduction?

[fol. 1229] A. That is right.

Q. To get some of the traffic?

A. That is my understanding.

Mr. Langdon: Certain New York railroads?

Mr. Moerman: Yes, I beg your pardon. Some of the New York railroads.

Mr. Macleay: It is not that they want some. They want it all.

Mr. Moerman: The only ones we recognize as legitimate are those who propose the reductions.

By Mr. Moerman:

Q. Now, with respect to Letters of Credit, sir, how much of your total volume only to and from the affected territory moves on Letters of Credit?

A. Tonnage-wise, I would say that—well, I could not honestly answer that question, because I know that we handle a lot of letters of credit and I do not examine each one for tonnage or value, except that we handle a lot of letters of credit.

On some they are large shipments and on some small—a couple of thousand dollars. But I could not honestly and fairly answer that question.

Q. I am sympathetic, because it is not an easy question to give an answer to. What other forms of financing export and import traffic are you familiar with that are part of your firm's work other than Letters of Credit?

A. Ninety percent of our business is as a forwarding agent and we do not do financing for the people whatever. [fol. 1230] You are out in Ohio. You want to ship a thousand tons somewhere. You tell us what your problem is. We arrange the boxing, prepare the invoices and if you request us; we will prepare the drafts and file them with the bank of your choice and you get your check.

Q. The William H. Masson firm has no offices other than its office in Baltimore, is that correct?

A. That is correct.

Q. Are you engaged in foreign freight forwarding and brokerage only—in other words, you do not hold any freight forwarder authority from this Commission, do you?

A. From the Federal Maritime Board, only.

Q. You are registered with them but you have no authority?

A. That is right.

Q. From the ICC?

A. We make no rates, but are authorized in the preparation of documents.

Q. Where does your firm rank among the 22 forwarders in Baltimore?

A. Where does it rank?

Q. In the 22.

A. I think in honesty, integrity and ability, we rank first.

Q. Would you care to tell me where you rank in volume of business?

A. Well, I don't know whether you know forwarders, but [fol. 1231] they are the most secretive people I know. They don't tell you their trade secrets. I have no way of knowing what to tell you. I can only tell you if you want to check on me, you can contact Dun and Bradstreet.

Q. Mr. Masson, we have had Schipper on and other forwarders in Baltimore who have been good enough to give us some idea of the consist of their business. Would it be a violation of your trade secrets to tell me generally what kind of commodities you handle?

A. Well, on imports, I dare say we handle at least 85 percent of the sugar that comes into the port of Baltimore. On coffee—coffee has fallen off tremendously and we handle practically all of the imported coffee that comes into the port of Baltimore.

Q. What percentage, if you care to tell me, is the sugar at the present time? Is it the predominant part?

A. No, indeed.

Exam. Boat: Raw sugar.

The Witness: No, refined sugar.

I don't mind baring trade secrets. We get the same fee for handling 75,000 bags of sugar as for five cases of wool that arrives on the same vessel, because the documentation at the Custom House for entering is almost identical.

On exports, it is a little different. Your fees are based on does it require a license, consular invoices to a foreign country, and are there serious penalties in that country you [fol. 1232] may become involved in. It all depends on what you are talking about, what the fees or what fees our income is based on that. On export, we handle a great deal of steel going out. We handle a great deal of machinery. We handle a great deal of glass bottles, all of which move by rail.

Q. Are you one of the bigger coffee importers in the port of Baltimore?

A. We are custom brokers for, I would say, the leading coffee importers in the United States. One time we had

50- or 60,000 bags a month. Now, if we get 5,000 bags a month we feel we are lucky.

Q. Does coffee move westbound into the differential territory? Your coffee, the coffee your handle?

A. We don't forward it. I could not answer.

Q. How about sugar?

A. We just handle it at the port and get the permits at the pier. We don't forward that.

Q. What do you move by rail for these importers you represent to the differential territory?

A. I would have to check my records to give you a clear picture. I could tell you better on exports.

Q. Would you do that?

A. Machinery, steel, glass bottles.

Mr. Moerman: All right.

Exam. Boat: Would it be convenient to stop now?

[fol. 1233] Mr. Moerman: Yes.

Mr. Marbury: Could we finish with this witness? He is anxious to get away.

Exam. Boat: Do you have much?

Mr. Moerman: One minute. Maybe nothing. I think you hit me just about the time I ran out.

By Mr. Moerman:

Q. With respect to Letters of Credit, does your firm physically handle them?

A. We will not handle a shipment in which a Letter of Credit is involved for someone else, unless we get a copy or the original Letter of Credit in order to follow that properly for the people. The Letters of Credit are not made in our name, except in unusual circumstances.

Q. Do you do the leg work on the Letter of Credit?

A. Absolutely—

Q. Going to the bank?

A. No, because the majority of these Letters of Credit are in New York and we lose four or five days before the people get the money because of the delays in the mail and usual delay.

Q. You mail them to New York?

A. Yes.

Q. As soon as you get the clear on-board bill of lading?

A. As soon as we get the what?

Q. The clean on-board bill of lading.

[fol. 1234] A. And other documents necessary, consular invoices and whatever documents are required.

Q. And you do not know whether your customer has a bank account in the very bank in New York on which the Letter of Credit is drawn, do you?

A. No, we do not.

Mr. Brandes: I have just two questions, Mr. Examiner.

Exam. Boat: Very well, proceed.

By Mr. Brandes:

Q. Mr. Masson, I direct your attention to the statement appearing at the bottom of page one and the top of page two of your deposition, which says that the differential would have to be much greater than it is today to place Baltimore in a position of being reasonably competitive with New York.

Now, it is clear we are talking about the rail differential on shipments export and import, to and from differential territory.

A. Yes.

Q. In your opinion, would an equal amount of tonnage from differential territory on export and import traffic via Baltimore put Baltimore reasonably competitive with New York, assuming that the tonnage by rail through Baltimore was the same as New York? Would that put it reasonably competitive?

A. Are you saying if the rates are the same—

Q. No, I am talking of traffic now. You used the [fol. 1235] expression, "placing Baltimore reasonably competitive with New York." I am asking you to assume that the amount of tonnage from differential territory via rail on export and import traffic was the same, without regard to rate for the moment—that the tonnage was the same via Baltimore as it was via New York.

Would that place Baltimore, in your opinion, reasonably competitive with New York?

A. If we had the same amount of tonnage at New York as we had at Baltimore, with the differential—

Q. Forget the rate. I am just talking about tonnage.

A. Well—

Q. Leave the differential on. Assume you had the same amount of tonnage.

A. If we had the same amount of tonnage, we would still be in the same position for the reason—

Q. Would you answer my question? I am using your language of placing Baltimore reasonably competitive with New York, and I would like to know what you mean by Baltimore being reasonably competitive with New York. Would you say if it received the same amount of rail traffic from differential territory from New York, it would be reasonably competitive? I think that is clear.

A. I will answer you this way. At the present time, there is a differential in favor of Baltimore but the majority of the freight moves through New York.

[fol. 1236] Q. By rail?

A. By rail.

Q. From differential territory.

A. In my opinion, yes.

Q. All right—now—

Mr. Brandes: All right. That is all.

Redirect examination.

By Mr. Marbury:

Q. I have just two questions. In the light of your experience, can you tell us whether or not the port of Baltimore's distance from the ocean would affect the movement of freight through that port, as compared with the port of New York, if the rates were identical from the central territory?

Mr. Moerman: The witness has not been qualified, Mr. Examiner. He cannot even begin to answer that question. I object to it.

Mr. Welsh: Mr. Examiner, he has said he already knows nothing about rates and charges.

Mr. Marbury: About what?

Mr. Welsh: Except a specific instance, I believe.
Mr. Welsh: About rates—
Mr. Marbury: He has been in the steamship business all his life, representing steamship agents forty years. Let me withdraw the question and try once more.

By Mr. Marbury:

Q. You testified in your opinion if New York had the Baltimore rates the bulk business would be drawn away from Baltimore to New York.

[fol. 1237] A. That is right.

Q. Now, why is that?

A. Because the vessels will not spend the additional money to come down here if they can control the freight and give the same rates and have their main offices in New York. That is where the business is going to go. It is normal.

Mr. Marbury: That is all.
Exam. Boat: Are there any further questions?

(No response.)

Exam. Boat: You may be excused, sir.

(Witness excused.)

OFFERS IN EVIDENCE

Exam. Boat: Do you offer the exhibit, Mr. Macleay?
Mr. Macleay: I offer Exhibit No. 100.
Exam. Boat: Protestant's Exhibit No. 100 is received.

(Protestant's Exhibit No. 100, Witness Masson, was received in evidence.)

Exam. Boat: We will recess until two o'clock.

(Whereupon, at 1:40 o'clock p.m., the hearing in the above-entitled matter was recessed, to reconvene at two o'clock p.m. on the same day.)

[fol. 1238] **Afternoon Session** 2:00 p.m.

Exam. Boat: Let us come to order now, gentlemen, please.

Mr. Langdon: Mr. Examiner, there has been some discussion what is general traffic and what is bulk traffic, and it occurred to me, and I just mentioned this to Mr. Colgren, that the definition of general traffic and bulk traffic as contained in the two reports of the Port Authority of New York might be helpful.

I have, and I should like to have received as a statement of counsel, as the next exhibit, the annual report, 1955, Ocean-Borne Foreign Freight of the Port of New York, and as the next exhibit, Ocean-Borne Foreign Trade, Port of New York, 1956, published by the Port of New York Authority.

I have extra copies of each of them, sir.

Mr. Moerman: May I hear Mr. Langdon's statement? Please, would you read it?

Exam. Boat: Would you read it?

(Statement read.)

Mr. Langdon: And I might add to that statement that the definition in question appears in the 1956 report at page 26 and in the 1955 report, at—well, it is page 2. It is not marked as such, but it is page 2.

Exam. Boat: Yes.

Mr. Moerman: With the observation these terms used in these reports with respect to water-borne cargo, I certainly have no objection to the receipt of these
[fol. 1239] reports.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record. They can be identified as Exhibits 101 and 102. The earlier can be Exhibit 101.

Mr. Langdon: For the 1955 record.

Exam. Boat: Yes.

Mr. Langdon: No. 102 is for the 1956 report.

Exam. Boat: That is right.

(Protestant's Exhibits Nos. 101 and 102, Counsel Langdon, were marked for identification.)

Exam. Boat: We identified the last two exhibits, and I understand there is no objection to their receipt for the purpose for which offered.

Mr. Colgren: No, sir.

Exam. Boat: They will be received in evidence as Exhibits Nos. 101 and 102.

(Protestant's Exhibits Nos. 101 and 102, Counsel Langdon, were received in evidence.)

Exam. Boat: Mr. Meyer, would you call your witness?

Mr. Meyer: I call Mr. Mora.

Michael M. Mora being previously duly sworn, testified as follows:

Direct examination.

By Mr. Meyer:

Q: Would you state your name and address?

[fol. 1240] A. Michael M. Mora, Norfolk, Virginia.

Q. What is your position?

A. I am General Manager of the Norfolk Port Authority.

Q. Have you prepared a verified statement with certain exhibits attached for filing in this proceeding?

A. Yes.

Q. Has it been filed?

A. Yes, it has.

Q. Has it been distributed among the parties to the proceeding?

A. Yes.

Q. Do you have any corrections or revisions that you wished to make in it?

A. Yes. I would like to delete one sentence on page 24, right in the middle of the page; the sentence is as follows: "Many of them are owned or controlled by the railroads that have provided extensive port facilities and have made large investments and special equipment to haul the coal." I would like to delete that sentence.

Exam. Boat: Very well, it will be done.

Mr. Meyer: May we have this statement, modified in that fashion, identified as Exhibit No. 103, I believe?

Exam. Boat: That will be identified as protestant's Exhibit No. 103.)

(Protestant's Exhibit No. 103, Witness Mora, was marked for identification.)

[fol. 1241] Mr. Miller: I will proceed.

Exam. Boat: I believe the railroads asked for cross examination of this witness also.

Mr. Colgren: Yes, Mr. Moerman will inquire.

Mr. Moerman: Mr. Miller, do you want to go ahead?

Mr. Miller: I don't care.

Exam. Boat: Well, you may go ahead, Mr. Miller.

Cross examination.

By Mr. Miller:

Q. On page 7 of your statement you say that, "We have found a large portion of the export business has been removed from competition by considerations other than rates and this business is valuable only to the Port of New York."

Suppose you would revise that sentence and instead of New York put in Hampton Roads; would the statement then be true?

A. I don't understand the question, sir.

Q. You see that statement I read, don't you?

A. Yes.

Q. Now, suppose that instead of—suppose you just take a pencil and scratch out "New York" and substitute "Hampton Roads," would the statement then be true?

A. In part, yes.

Q. And what do you mean by in part?

A. It would be true insofar as the coal traffic through Hampton Roads is concerned.

Q. How about the other bulk traffic?

[fol. 1242] A. I don't believe you could apply that to the rest of it.

Q. What would happen to the bulk traffic?

A. It would still be in the competitive position and probably in a not very favorable position.

Q. Do I understand, then, that this port differential works in different directions—that you cannot obtain traffic from New York because of it, but that you would lose the traffic if you lost the differential?

A. I did not say you could not obtain traffic from New York. I said that the statement would be only partially true. New York has many advantages over Norfolk. Norfork has only one very small advantage, and that is the rate differential.

Q. What do you mean in that sentence by "large portion"?

A. In a recent report which was made by the firm of Tippets, Abbott, McCarthy and Stratton—

Q. Let me ask you before you proceed, is that report here of record?

A. I don't believe so. I don't know that.

Q. Are you relying on that report for your statement?

A. No, I am just answering you the question and giving you what information I possess—it has been estimated the potential general cargo available to the Port of Norfolk was five million tons. We have never achieved one million tons.

Q. Then as I understand it, of the available general cargo, the port differential will only influence somewhat [fol. 1243] less than 20 percent of it. Is that right?

A. Well, it has in the past. I do not know what is going to happen in the future. I cannot project myself into it, but I do know that we have had tough sledding trying to solicit cargo, as against the great advantages other than rate, that the Port of Norfolk offers—the port and city of Norfolk offers to the shipper, both at home and abroad.

Q. Now, if the port differential were eliminated, would you lose all of that remaining less than a million—

A. I hope that we would not lose it all, but we would certainly lose some of it.

Q. How much do you think you would lose?

A. I have not the faintest idea. I would put up a tough scrap not to lose any but I don't know how much I would lose.

Q. But you don't know whether you would lose a little?

A. I am afraid it would be a lot. Compared to New York, it would be nothing if they lost 300,000 pounds but it would be a third of all our traffic.

Q. You don't have any basis for knowing whether it would be 300,000 tons.

A. Neither I nor anybody else alive does not know what would happen under those conditions.

Q. On page six, you mention a Norfolk port authority staff survey. Is that the survey you just mentioned, or is it some other survey?

[fol. 1244] A. It is a survey—no, it is another survey.

Q. What kind of a survey?

A. It is a survey made by our own organization.

Q. As I understand, that survey shows that you get five percent of a total of 100 percent—that is, the Hampton Roads ports, as a whole, get five percent of the total of 100 percent of the flow of manufactured exports. Is that right?

A. Yes, sir. But that is not true, as far as Norfolk is concerned. You are adding Norfolk and Newport News. I only speak for Norfolk.

Q. Yes. But I was adding the Hampton Roads ports.

A. I see.

Q. What is the origin of those exports?

A. Mainly the differential rate territory. Most of our southern traffic is in agricultural products and some of it in manufactured textiles—a very insignificant amount.

Practically all the manufacturing machinery, road building equipment, agricultural machinery and so forth comes from differential territory.

Q. Does all of that five percent traffic come to the Hampton Roads port on account of the differential?

A. I would imagine the differential would be a large factor.

Q. But you can't assess any measure to how large a factor it is?

A. I am bold enough to say that I or anybody else could not.

Q. Now, Baltimore has the same rate differential as Nor-[fol. 1245] folk and Newport News, does it not?

A. Yes, sir.

Q. How do you account for the fact if you have both the same differential Baltimore gets twice as much of this export traffic?

A. I think I could just about quote General Forrest and say they got there fustest with the mostest.

Q. Do you mean by that they have better facilities to invite the traffic?

A. They started energetically on the port development program and on the port cargo solicitation program long before there existed anybody in Hampton Roads who promoted its interests.

The Norfolk Port Authority was the first of its kind organized in Virginia, and we are only a little over seven years old. So we were latecomers and had the disadvantage of having others get in ahead of us, plus the fact we do not have as good ship sailings as Baltimore, to several parts of the world.

Q. I notice that New Orleans has almost as large an export traffic as Baltimore. Do they have a rate situation which pulls the traffic to them?

A. Yes.

Q. Philadelphia has only 3/10ths of one percent. Is that due to the fact that Baltimore and Norfolk have a rate differential that is a little better than the Philadelphia rate?

[fol. 1246] A. I really cannot explain why it is so low, except that Philadelphia is characterized by serving more of its own economic area than some of the others, the other North Atlantic port areas. In addition, I attribute it to New York's 67 per cent, rather than Norfolk's 2.6.

Q. Would you say that Baltimore was your most important competitor, as far as a port is concerned, other than New York?

A. To the north of us, yes.

Q. Well, is there any other port that is more important to you competitively than Baltimore?

A. Not for the purposes of this case.

We, of course, compete with the ports to the south of us—North Carolina, South Carolina and Georgia.

Q. That is for traffic from the Southern States?

A. From the Southern States, yes, sir.

Q. Do you have any competition from the New England ports, particularly Boston?

A. I have never come across anything of any significance. It seems that we are not competitive.

Q. How about Albany?

A. I do not know how much of a competition we might have from Albany.

I do not think we had in the past. Albany is a grain port.

Q. Yes.

A. We are only beginning to be a grain port. Our first major grain elevator operation is only a few years old and [fol. 1247] our last grain elevator was only built last year. So the effect of that grain movement at Albany cannot be evaluated yet.

Q. Doesn't a lot of that grain come from the South?

A. We get a considerable amount of local grain which would be non-competitive, but we are getting the bulk of it from the midwestern states.

Q. Would you not agree that from the standpoint of equalizing competition that perhaps some of these New England Ports, particularly Boston, would need as much of a rate advantage as Hampton Roads?

A. You are asking my personal opinion, sir?

Q. Yes.

A. I think that Boston should have the same differential against New York that we have.

Q. For the same reasons?

A. Maybe the reasons are not identical, but they are essentially similar.

Exam. Boat: You spoke a bit ago of having some competition with the Southern ports from Southern territory.

The Witness: Yes, sir.

Exam. Boat: Don't you have any competition from differential territory?

The Witness: Oh, yes, indeed. We have some competition in the differential territory, with the Carolina ports as far south as Savannah, but that is not nearly as large a [fol. 1248] volume of competition involved as the products of the textile mills, for instance, through Georgia, and particularly in the Carolinas.

We also have competition from Gulf Coast ports, particularly on differential territory. I was speaking of South Atlantic Ports before, the Gulf ports over there offer competition, also.

Exam. Boat: That is what I had in mind.

The Witness: The Gulf ports offer very serious competition.

By Mr. Miller:

Q. From your standpoint what is more important from the competitive standpeint, the level of inland rates to the ports or the port facilities that a port is able to offer?

A. I do not think you can compare them. Each one is important. It does you very little good if you are getting cargo due to your rates and did not have facilities to accommodate them. You would have to lose the cargo very soon.

Q. In the first part of your statement you go into the history of the differential adjustment and you state at the beginning of the adjustment lower inland rates were supposed to compensate for the higher ocean rates and then later, the ocean rates were equalized.

Suppose that the inland freight rates were equalized, would there be any possibility, in your opinion, that the ocean carriers might, following that, establish any differentials?

[fol. 1249] A. I really do not know. I have no idea what the carriers would do, but generally I find that those carriers are also shippers.

Q. And their rates will vary a great deal based upon competitive conditions, right?

A. That is right. But they will never pay anything they do not have to.

Q. If the ocean carriers found themselves faced with a possible loss of traffic out of ports other than New York, do you suppose they might revise rates to move traffic out of the ports other than the New York port?

A. Well, we have tried for a long time to get somewhere along these lines and we have drawn a blank.

Mr. Miller: That is all.

By Mr. Moerman:

Q. Mr. Mora, turn please to page 2[illegible] of your statement.

A. Yes, sir.

Q. The last sentence in capital letters reading "How greedy can they get?"

Do you include the New York Central Railroad in that sentence?

A. I intended to ask a question applying to all the New York interests participating in this hearing.

Q. You intended to include the New York Central Railroad in that sentence?

[fol. 1250] A. I think you know what I am driving at—I think I know what you are driving at.

I would not like to answer that question in that form.

Q. Does "They" include the New York Central Railroad, in that sentence reading, "How greedy can they get."?

A. I should say yes.

Q. Does it include the New Haven Railroad?

A. No.

Q. Why?

A. Because we are not in competition with them.

Q. Does it include the Erie Railroad?

A. I should think yes, in part.

Q. The Lackawanna?

A. I rather think not.

Q. Sir?

A. I think not.

Q. The Lehigh Valley?

A. I also think not.

Q. Look at that first sentence in the last paragraph on page 24, what railroads in the Port have prospered and grown over the many years the differential has been in effect?

A. I am not an expert on New York railroads but it seems to me over a period of three quarters of a century, all of them have grown from rather small beginnings into tremendous systems.

[fol. 1251] Q. In your opinion which ones today are the prosperous ones?

A. Today?

Q. Yes, sir.

A. My opinion would not be worth very much on the subject, except I read financial papers and apparently they are not doing so well.

Q. Is it your opinion, if the differential was removed as here proposed they would do better—these New York railroads?

A. You are asking for my opinion?

Q. Yes.

A. My opinion is that they are not doing very well ratewise now, because they probably are losing money on the rate at which they are carrying the traffic due to high cost, and they will lose some more if they drop the rate.

Q. If the rates are reduced, your opinion is they would not do better?

A. If they dropped the rate by 3 cents, they would just lose 3 cents more.

Q. Without regard to volume?

A. Well, if you lose 3 cents on a million tons and then you lose 3 cents on 2 million tons, you lose twice as much.

Q. What railroads operate from New York to Chicago—I beg your pardon, from New York to Chicago? —From Norfolk to Chicago.

[fol. 1252] A. None.

Q. What railroads operate from Norfolk into differential territory?

A. Part way or full way, the Virginia, and the Norfolk and Western.

Q. How about from Newport News?

A. C & O.

Q. Are you familiar with the connections of the Norfolk and Western and the Virginian into differential territory?

A. No, that is not my line.

Q. Have the railroads in the Norfolk area that you have named equally prospered and grown over the many years the differential has been in effect?

A. I believe they have.

Q. Mr. Mora, how long were you employed by the Colonial Trust Company of New York?

A. Just less than a year.

Q. And what were your duties as vice president?

A. Customer contact.

Q. Did you ever sit at a desk and open 100 or 200 letters of credit a day?

A. No, sir.

Q. Do you know whether or not on a letter of credit there is, in many instances, a line indicating the port via which the traffic is to move?

[fol. 1253] A. Most of the time you will have a designation, f.o.b. or via such and such a port. In some instances, you will have it at the discretion of the shipper, and in some instances, you will have it through any North Atlantic or Gulfport.

Q. On page 13 of your statement,—would you turn to it, please?

A. 13—yes, sir.

Q. Look at the bottom of the first paragraph.

In connection with letters of credit, have you, in the past fifteen years known of any case where a bank approving a letter of credit also insisted upon being secured by the cargo in question?

A. Letter of credit, no.

That usually happens if the shipment is on a draft.

Q. Tell me the last case you ever heard about where any type of an export-import shipment was secured by the cargo in question, whether by some type of chattel mortgage, or any other type of document—any single case in your whole experience?

A. I cannot tell you that. Over a period of years, you run across so many experiences, and when you try to point up one case, I just do not—I do not think that I can point out one particular case.

Q. Do you know of any other case in your entire business experience where, in connection with an export-import ship- [fol. 1254] ment, the cargo was sold to satisfy a loan made by a bank, or credit advanced by a bank?

A. I have heard of a number of them, but I cannot remember a single particular one at the moment.

Q. What bank in the United States is the most prominent with respect to letters of credit, and the financing of imports and exports?

A. Excuse me, I did not hear you.

Q. What bank in the United States is the leading bank with respect to letters of credit and financing of imports and exports?

I should ask you more fairly during your experience as vice president of the Colonial Trust Company of New York did you have occasion to learn what bank or banks are the leaders in this country in the business of authorizing or receiving letters of credit or extending credit for the foreign trade of the United States?

A. I know some of them. The first one of course is the Bank of America, California, the largest bank in the world.

Q. Your testimony is that bank ranks No. 1 in the matter of financing exports and imports?

A. I am not testifying to that effect because I have not received reports from the bank to that effect, but I presume that would be the case.

[fol. 1255] Q. One of the largest?

A. It would certainly be one of the largest. Then of course there is the Chase Manhattan Bank, the First City National Bank, the Irving Trust Company, Chemical Corn Exchange and the Guaranty Trust Company.

Q. Where did the Colonial Trust Company rank in that hierarchy?

A. 'way down at the bottom.

Q. Prior to your employment by the Colonial Trust Company, were you previously employed by any other bank in its foreign trade department?

A. No.

Q. Have you since been employed by any agency in its foreign trade department—a banking institution, I mean?

A. I have had a great deal of experience in various other forms of the financial business.

My career in the bank has been a very short one.

Q. Is your employment at present that which you testified in the statement before us? Are you still employed as indicated in the statement?

A. You mean?

Q. Presently.

A. As manager of the Norfolk Port Authority.

Q. Yes.

A. I am. I would not be here if I were not.

[fol. 1256] Q. Were you in the hearing room, Mr. Mora, when Mr. Hamill was on the stand testifying with respect to his exhibits purporting to show sailings from various North Atlantic reports to and from?

A. Who?

Q. Mr. Hamill.

A. I do not believe I was here.

Q. You were not here.

These figures on page 7 of your statement with respect to steamship service—you have it, sir, page 7?

A. Yes.

Q. Are the figures shown at the bottom of page 7 the result of an analysis as indicated on the next page of your journal of commerce newspaper issues?

A. No, the figures that are shown at the bottom of page 7 are the official statistical figures of the sailings as part of the New York Steamship Association and the Hampton Roads.

Q. I beg your pardon. I did not get the name of the first one.

A. New York Steamship Association.

Q. New York Steamship and—

A. And Hampton Roads Maritime Association. That is the equivalent of the steamship association.

Q. Yes. Mr. Mora, do these figures at the bottom of page [fol. 1257] 7 include all sailings to and from Norfolk and Newport News and all sailings to and from the Port of New York, without exception?

A. I do not know that.

Q. Sir?

A. I do not know that.

Q. You do not know that?

A. Those are the official statistical figures that I read and I have to believe them.

Q. Then you made no segregation between so-called bulk cargo vessels and other vessels, did you?

A. Not on this particular paragraph or page, although we deal with that every day.

I should say in a general way that about two-thirds of the steamship arrivals and departures in Hampton Roads are collieries.

Q. What is a colliery?

A. It is a ship that comes, loads with coal and takes the coal to destination.

Q. Turn, please, to page 8 of your statement.

I invite your attention to the small chart at the bottom of the page. Could you tell me whether or not the advertised sailings there shown include vessels which are bulk as well as other types of vessels?

A. No, sir.

[fol. 1258] Q. In general, what types of vessels, if you know, Mr. Mora, then advertise their sailings?

A. Usually your general dry cargo ships.

Of course I am not including passenger ships.

Q. Well, I was going to ask you that. Do passenger liners invariably advertise their sailings?

A. They certainly do but I am not citing them, because they are not in competition with us. We do not have any passenger vessels.

Q. Turn to page 12, please. My information is that banks that have this foreign trade departments and handle large volumes of letters of credit simply approve or disapprove those letters and they do not attempt to influence the shipper in connection with the designation of a port.

Is your information to the contrary?

A. I have heard of many cases where it has been to the contrary, although it is never done in an obvious or an open way. It is rather indirectly influencing.

Q. Explain—

A. Advice, if you will.

Q. Explain to help us out, how that comes about?

A. I think I have the whole explanation here in this chapter.

Q. On page 12 I call your attention to the material on the top of the page where you say the big foreign departments of the huge New York banks are able to attract and [fol. 1259] channel export financing and the designation of the port of shipment by the simple expedient by having the words "f.o.b." New York, appear on the letter of credit. Tell me how that comes about in any case within your knowledge.

A. In very many instances when a shipper or receiver consults the bank, he is not an expert on letters of credit or how to write them up.

He comes for advice and the banker advises him how to fill out the letter of credit and sometimes if they want to render an extra good service, they will actually fill out the letter of credit for him while he is in the bank and if he asks what about my shipping port, he says, well you might as well make it New York, unless there is some specific advantage why you should not.

It is not any direct influence but it is a very strong, contributing factor and it is quite obvious the greater availability of these facilities and the availability of the large financial resources enables these banks to handle any volume of it.

Q. Do you know of any specific cause where a bank advised a shipper to put in the words "f.o.b. New York" on a letter of credit?

A. (No response.)

Q. Do you know of a single case, a single instance?

A. (No response.)

[fol. 1260] Q. Is it not a fact that quite the contrary is true, that the banks have nothing to do and are not interested in and will not indicate what port the traffic should move through?

A. May I answer this question indirectly?

Q. Well, let us try it: Go ahead. See how indirect you can get.

A. I can get very indirect. I can go to New Orleans, where I have spent a good many years and worked there in this business and at one time I sent a letter to every foreign bank and to every foreign branch of every foreign bank in the world advising them that there are three good banks in New Orleans with foreign departments, that they are doing business mainly through New York and that we are calling their attention to the fact that such cargoes as might go to the Mid-Continent more advantageously through New Orleans than through any other ports can be financed, letters of credit can be opened and clearings can be made through these three banks and we urged them to consider it. I believe, if I remember correctly that I sent out over 3,000 letters. I got 102 replies in which they said "Thank you very much for the valuable information we placed on file—" and to the best of my knowledge not a single piece of business resulted from it.

Q. It is true, therefore, the banks at Norfolk and New Orleans do try to influence the designation on the letter of credit of the ports of Norfolk and New Orleans respectively?

[fol. 1261] A. That was not a bank deal. I was World Trade Director of International House at the time and was International House did that.

Q. The point I am driving at is whether New York banks which have branches all over the country have in any case to your knowledge, any single case, ever in any way, direct or indirect, attempted to get the shipper to put "Via port of New York" on a letter of credit?

A. I do not think I can cite you a case, but I am convinced influence is there, and a very strong one.

Q. Mr. Mora, would you turn to page 20, please.

A. Yes.

Q. So far as the matter of banks advising shippers with respect to ports of import and export, is it not true that advice from a bank is generally sought by a shipper who is a relatively small operator and all the large ones know all the ropes in the import-export business?

A. I reckon that is true. It has not always been the case.

Q. On page 20 you tell us from 1935 to 1955 New York increased its handling of bulk items about four times and Norfolk about 31 times and then you go on to give us the relative tonnages, 18 million tons for New York and 17 million tons for Norfolk.

Your authority is Norfolk Port Authority Exhibit No. 10. Could you tell me with respect to either block of tonnage to what extent these cargoes moved via rail to and from the [fol. 1262] differential territory involved in this case?

A. I have no means to answer that question, in so far as New York is concerned, but I daresay it is practically all rail movement in so far as Norfolk is concerned.

Q. All what, sir?

A. All rail.

Q. All rail?

A. Because that bulk is almost all-coal and coal almost always moves by rail.

Mr. Myer: It is not virtually all rail to differential territory.

The Witness: Not to differential territory. We are talking of bulk.

Mr. Myer: I think that is what Mr. Moerman asked.

By Mr. Moerman:

Q. State it again. I do not have it clearly.

A. Of the tonnage you cite, practically all is coal and practically—not practically—all coal moves by rail.

Q. I see. As Mr. Myer pointed out, there is some question whether it moves to or from differential territory.

A. Well, coal moves from Virginia and West Virginia.

Q. Is it not a fact that the 18-ton figure for New York may be largely petroleum, locally consumed?

A. I imagine a substantial part of it would be, yes, sir.

[fol. 1263] Q. Did I ask you whether or not, in your opinion, the equalization of export-import rates here sought by certain of the New York railroads would, in your opinion, stimulate traffic via those roads?

A. I imagine it would, yes.

Q. It is your opinion that it would?

A. And I am afraid that some of it would be at our expense.

Q. Turn to page 22, please.

A. 22?

Q. Yes.

A. I have it.

Q. Could you tell me how much cargo capacity, either in cubic or in tons or any other measure with which you are familiar the vessel, the UNITED STATES, is able to load?

A. It is not a cargo carrier.

Q. Is the same true of THE AMERICA?

A. Yes, sir.

Q. INDEPENDENCE?

A. Yes.

Q. And the other vessels you name?

A. The so-called ocean liners are not cargo-carriers but the mixed cargo and passenger ships are.

Q. Combination passenger and cargo ships?

A. Yes.

Q. On page 23, why is it that the local terminal operators, [fol. 1264] as you contend, can not collect adequate revenues for the use of their facilities?

A. Pardon?

Q. Why can not they collect adequate revenues at Norfolk for the use of terminal facilities?

A. Because the steamship lines will not pay. We have no dockage and no sheddage.

Q. When you say no dockage, do you mean no charges for those services?

A. The ships do not pay a plugged nickel for the use of multi-million-dollar piers.

Q. Owned by whom?

A. The railroads.

Q. Is it because the ships will not pay or the railroads will not charge—only if you know?

A. I think it is six of one and a half dozen of the other. We have tried to influence both sides of the equation, to establish charges and have been failing dismally in the attempt.

Q. Referring now to this proceeding you talk about on page 23 before the Federal Maritime Board, Docket 816, has that been initiated on your petition?

A. On the petition of the Virginia State Port Authority, our sister organization. We are in the case.

Q. Do you plan to participate actively in the case?

[fol. 1265] A. Oh, yes.

Mr. Moerman: That is all.

By Mr. Brandes:

Q. Mr. Mora, would you agree that Norfolk competes with Baltimore for traffic from the differential territory?

A. Yes, sir.

Q. Would you agree that Norfolk gets substantially less traffic from differential territory than Baltimore?

A. Yes.

Q. Could you tell me, and would you agree, that an important factor in the lesser traffic coming to Norfolk is the superior services which are available in Baltimore?

A. By "services," you mean, sir, just what?

Q. I mean the very things you mention in your deposition by services.

A. You must specify or I will specify, steamship service.

Q. I mean banking services, steamship services, freight-forwarder services, all of those items which you take into consideration which influence the flow of traffic?

A. I would say they are somewhat better in Baltimore than in Norfolk.

Q. You testified to Boston's need for a differential under New York. Would it follow on that basis Norfolk needs a differential under Baltimore, to overcome the superior services of Baltimore?

[fol. 1266] A. I did not speak and I am not entitled to speak for Baltimore. I am here on behalf of Norfolk and Norfolk only.

Q. I am asking you to speak for Norfolk. I am asking if Norfolk would need a differential under Baltimore by reason of the better services rendered in Baltimore?

A. I am against it.

I think what we are going to do and what we are doing and I hope we will succeed is improve our services and compete with Baltimore on an equal basis.

Q. Why did you unhesitatingly give us an opinion on Boston's need for a differential and hesitate to give an opinion for Norfolk differential?

A. We have got it.

Q. I mean the neighbor port. You compete with Baltimore, too.

A. Yes.

Q. And Baltimore has better services overall than Norfolk?

A. Yes, but not so much of a difference that we can not face that competition on the basis of better and improved performance.

Q. How much greater traffic comes from differential territory to Baltimore than comes to Norfolk, do you know?

A. I should imagine about 50 per cent more.

Q. If the figures were five million tons, rounded out, as compared with one million tons, would that surprise you? [fol. 1267] A. Very much.

Q. And if those figures are correct, would it be your opinion that Norfolk needs a differential under Baltimore?

A. No, it would be my opinion that a couple of other guys and I should be fired.

Mr. Moerman: You are out of a job.

Mr. Brandes: Nothing further.

Exam. Boat: Is there any further cross?

By Mr. Hanifin:

Q. In evaluating or making so many answers to the last questions that have been put to you, did you have in mind the difference in differential territory, geographically, for Baltimore and for Hampton Roads?

A. I am not quite clear on the meaning of that question.

Q. Is it not true that Baltimore has a larger differential territory than the differential territory which is accessible through Hampton Roads?

A. I believe so.

Q. Would that be a reason for a larger amount of tonnage moving through Baltimore than through Hampton Roads?

A. It would be one of the reasons. I would like to call your attention that Baltimore has certain central and south American steamship services that we lack, and that does have something to do with the case.

Mr. Hanifin: That is all.

Exam. Boat: Redirect?

[fol. 1268] OFFERS IN EVIDENCE

Mr. Myer: No redirect.
I offer Mr. Mora's statement in evidence as exhibit No. 103.
Exam. Boat: That may be received.

(Protestant's Exhibit 103 Witness Mora received in evidence.)

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.
We will recess at this time until 9:30 tomorrow morning.

(At 3:05 p.m. the hearing was adjourned to resume at 9:30 a.m., March 26, 1958.)

[fol. 1269]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I & S Docket No. 6615

FSA Docket No. 32204

[Title omitted]

Wednesday, March 26, 1958.

Met, pursuant to adjournment, at 9:30 o'clock a.m.

Before: Marion L. Boat, Examiner.

APPEARANCES:

(As heretofore noted.)

[fol. 1271]

PROCEEDINGS

Exam. Boat: Come to order, please, gentlemen.
Mr. Keenan: Mr. Examiner, you may recall that I had asked to examine Frederick Mann, from Philadelphia, and concerning that I received a letter from the Assistant City Solicitor of Philadelphia, dated March 21, 1958, in which he advises me that Mr. Mann did in fact send a telegram

to the Secretary of Agriculture, with respect to the pricing policy of the Commodity Credit Corporation.

Mr. Pinsky got in touch with the legal department of the B. & O. to find out whether they would agree to put this telegram in without making it necessary for Mr. Mann to come down from Philadelphia to authenticate it. They advised him it was all right. I checked with Mr. Bongartz. I understand he has no objection, and neither do the Norfolk interests.

Therefore I should like to tender both for identification and receipt in evidence a one-page document, a telegram dated December 6, 1957, addressed to Ezra Taft Benson, and signed Frederic R. Mann, Director of Commerce. I have distributed copies of it to everyone here, and if anybody wants some more, I have some more here.

That is the telegram Mr. Pinsky wrote me about, and I am myself personally satisfied that that is the document that Mr. Mann received.

Exam. Boat: Is that in accordance with your understanding?

[fol. 1272] Mr. Bongartz: Yes, sir.

Mr. Keenan: It was with the understanding that the document would be received in this fashion that I agreed with Mr. Pinsky that it would not be necessary for Mr. Mann to come down here to testify in accordance with the undertaking that counsel had made with me heretofore.

Exam. Boat: There seems to be no objection. It will be received as Respondent's Exhibit No. 104, Witness Mann.

(Respondent's Exhibit No. 104, Witness Mann, was identified and received in evidence.)

Exam. Boat: I think the next order is Mr. Heywood's cross-examination?

Mr. Bongartz: Mr. Heywood.

Exam. Boat: The witness has been sworn and we have identified his exhibit as No. 50, I believe.

Mr. Bongartz or Mr. Heywood, do you have an extra copy of your Heywood Exhibits No. 1 and 2—would you, by any chance, have an extra copy of it?

Mr. Bongartz: There are Exhibits No. 1 and 2, and No. 1 and 2, revised.

Exam. Boat: I would like the last.

Mr. Bongartz: Are you referring to just Nos. 1 and 2?

Exam. Boat: No, of the revised; the complete revised.

Mr. Bongartz: I want to get that clear again. You want Nos. 1 and 2, the original and revised, or just the revised?

[fol. 1273] Exam. Boat: The revised sheets replace the original sheets.

Mr. Bongartz: That is right. Here is No. 1, revised, and No. 2, revised. What about the correction sheets on No. 2?

Exam. Boat: Those were the second revised sheets you referred to?

Mr. Bongartz: Yes.

Exam. Boat: I would like that, also, please.

Mr. Bongartz: Before Mr. Heywood is cross-examined, I would like to make a reference in the record to a letter to Mr. Heywood by Mr. Colgren, under date of February 20, 1958, which was the subject of some discussion at the first hearing.

I think the record should show that subsequent to that time, I wrote to Mr. Colgren, with a copy to you, sir, and at that time furnished Mr. Colgren with a set of working papers underlying the out-of-pocket cost exhibits, which were, I think, Exhibits No. 3 and 4, attached to Mr. Heywood's Exhibit No. 50, and at that time advised Mr. Colgren that because of Mr. Heywood's occupation in another proceeding, that upon his return they could talk about the other matters contained in Mr. Colgren's letter, in which he requested certain information.

Subsequent to then, as I understand it, Mr. Colgren and his cost man went to Baltimore and examined the papers in possession of the Baltimore & Ohio Railroad, which were referred to at the end of Mr. Colgren's letter of February 20th, and also including material of the Jersey Central and Staten Island, and then Mr. Colgren's cost man, Mr. [fol. 1274] French, talked to Mr. Heywood.

Mr. Heywood gave him figures to the extent that he had them available, as requested in Mr. Colgren's letter, and then Mr. Heywood confirmed the information given over the telephone to Mr. French by a letter dated March 19th, a copy of which was sent to you, sir.

I just think that is a matter of background to have in the record.

Now, at the last hearing, Mr. Langdon stated that he would undertake to price out additional commodities for the purpose of our cost studies and that has been done, and two exhibits, with accompanying statement, have been distributed to all parties. The statement is entitled "Supplementary Statement by Witness J. L. Heywood", and referred to in that statement are two exhibits JLH-5, having to do with import traffic terminating in differential territory via the port of New York, and JLH-6, covering export traffic originating in differential territory via the port of New York.

What would be your pleasure with respect to the supplemental statement of Mr. Heywood which accompanied these two exhibits? This is not a verified statement. On the other hand, to follow the procedure that we have followed in this proceeding, possibly we could have Mr. Heywood identify this statement and have it marked likewise as his previous statement was marked.

[fol. 1275] Mr. Colgren: Or we could make it—

Exam. Boat: We could handle it as a supplement to the other one.

Mr. Colgren: Yes.

Mr. Bongartz: Do you want to make it Exhibit 50-A or something like that?

Mr. Colgren: That would be easier to keep track of.

Exam. Boat: Those are commodities shown in addition to the ones on Exhibits 3 and 4?

Mr. Bongartz: Yes, sir. You will recall there were two types of cost studies put in. The last studies, 3 and 4, had to do with out-of-pocket costs.

Exam. Boat: That is right. I think we might identify that as Exhibit No. 50-A, the statement and the tabular matter.

This tabular matter is also to be admitted?

Mr. Bongartz: Yes.

Exam. Boat: Altogether, it will be No. 50-A, protestant's Exhibit No. 50-A, witness Heywood.

(Protestant's Exhibit No. 50-A, Witness Heywood, was identified and received in evidence.)

J. L. **Heywood** having been previously duly sworn, resumed and testified as follows:

Direct examination.

By Mr. Bongartz:

Q. I show you the statement entitled Supplementary [fol. 1276] Statement by John L. Heywood, which has been marked as Exhibit 50-A, as your statement. You prepared it?

A. Yes.

Q. Is it true and correct to the best of your knowledge, information and belief?

A. Yes.

Q. Does that likewise apply to the two exhibits that you referred to?

A. That is right.

Mr. Bongartz: May the record show, Mr. Examiner, that there are present in the room officials of the Reading Railroad, Baltimore & Ohio Railroad, Western Maryland Railroad, and Canton Railroad, who participated in the preparation of these cost exhibits to the extent that their individual railroads were concerned.

I say this so that if we get to a point where a question might pertain to one of those particular railroads, which would not probably be within Mr. Heywood's personal knowledge, that these men are present and are prepared to answer such questions.

Exam. Boat: Thank you.

Mr. Bongartz: Also, possibly to clarify the situation and maybe save time, in the long run, it should be understood, and I think possibly it is, from what already has been said in the record, that the information regarding traffic [fol. 1277] movements which Mr. Heywood undertook to price out, cost-wise, were furnished to him by Mr. Mollman, who was a witness in this case and who is likewise here and prepared to answer any questions along those lines.

Mr. Colgren: Shall I proceed, Mr. Examiner?

Exam. Boat: I think we are ready to proceed.

Cross examination.

By Mr. Colgren:

Q. Mr. Heywood, in developing the port terminal costs at New York on the Pennsylvania Railroad, you developed the costs separately for yard costs, station costs, float bridge costs and marine costs. Is that right?

A. That is right.

Q. You charged the export and import traffic on a per-car basis from the yard costs, the car float portion of the station cost, the car float portion of the float bridge cost and the car float portion of the marine costs, is that right?

A. Insofar as car floats is concerned, yes.

Q. I don't think I understand your answer. I am just trying to get squared away on the procedure that you followed, Mr. Heywood.

You actually segregated and distributed on a per car basis the yard costs, the car float portion of the station cost, the car float portion of the float bridge cost and the car float portion of the marine cost. Is that right?

A. That is right.

[fol. 1278] Q. The balance of the costs, the lighterage freight portion of the station cost, the trucking, in lieu of the lighterage portion of the station costs, the trucking in lieu of the lighterage portion of the float bridge cost, and the lighterage portion of the marine cost and the trucking in lieu of the lighterage portion of the marine cost were treated on a per ton basis?

A. That is right.

Q. Then, in developing the costs you segregated the expenses into three general classes—first, box car, general cargo; next, box car, grain; and open-top equipment. That is right, is it not?

A. That is right.

Q. Now, then, the costs for box cars, grain, differed from the cost for box cars of general cargo in that the box car grain included grain elevator costs and excluded truck in lieu of lighterage and car float costs, and the switching and station costs are much less for grain than they are for the general cargo. Is that right?

A. I believe that is correct, yes.

Q. Now, the costs charged to the open-top equipment differed from the costs charged to box car general cargo in that the open top equipment was not charged with either trucking in lieu of lighterage or car floatage costs.

A. I don't know whether that was the whole cause of it. [fol. 1279] It is different in handling open-top freight than it is box car.

I may have some other element in there beyond what you state.

Q. What I stated was correct as far as it went?

A. That had something to do with it, yes.

Q. Also station cost charged to open-top equipment was generally less than that charged to the box car, general cargo?

A. That is right.

Q. In apportioning the box car general cargo on expenses, you weighted all of the costs chargeable on a car and a per ton basis and arrived at an uniform per car and per ton cost for all export and import traffic combined, is that right?

A. Are you still talking about terminal?

Q. No, this is the whole apportionment.

A. The whole total?

Q. Yes.

A. As far as line haul is concerned, that is true.

Q. No, this is port and terminal.

A. You are talking about box car traffic, as I understand you.

Q. No, all the traffic.

All I am driving at, Mr. Heywood, is for the sake of the record to establish that you apportioned your general cargo expenses and you charged them on a per car and a per ton basis and arrived at a uniform per car and per ton cost for all export and import traffic combined. Isn't that right?

[fol. 1280] A. Well, it is according to the equipment, as I recall it. According to the equipment, according to the commodity, how far certain expenses were allocated on a per car basis.

Q. Yes. Well, we are not—

A. Your statement is so general that it seems to include being a fact for every commodity. That I cannot subscribe to, exactly.

Q. Can you point to some exception where you made your application of the costs?

A. Well, take car lots, we had no tonnage in there.

Q. No,—and I think we are not talking about the same thing.

I am just trying to get established that you have apportioned the various terminal costs on a per ton and a per car basis, as we covered previously.

A. Taking the whole traffic of export-import?

Q. That is right.

A. Yes, I would say yes to that.

Q. And then you established a uniform per car and per ton basis?

A. That is right.

Q. And you applied that to the various commodity movements shown in your exhibits?

A. Where applicable.

Q. Well, can you show me some place where it is not?

A. I say any place where anything went over a car float [fol. 1281] did not get into the ton situation. You get into the ton when you get into the lighterage.

Q. Well, perhaps we ought to refer to your exhibit, and you indicate to me where the general application was different for some specific commodities. I don't quite follow you, Mr. Heywood.

A. Well—

Q. Would you mind referring to your—

A. I don't know that I can pick out a specific commodity, as to whether it was on a ton or mile.

On a line haul, yes, we have both ton and car. I agree on that.

Q. Yes, now, in your port costs, and that is what I have been referring to all along, you have applied, is it not true, for the various types of traffic—that is, as between open-top, grain and box car, general, certain uniform per ton and per car units of expense. Is that not true?

A. Yes, that is true, where we made the special study of the yards, and the marine service, and—et cetera, as you stated in the beginning.

Q. No, I am not getting through to you, Mr. Heywood.

I want to establish for the record that you have, in applying these costs in these exhibits to the specific commodity movements therein, under the heading of port costs, you have taken the unit per car and per ton costs developed [fol. 1282] in your underlying work papers, for the various categories, box car, general, open-top, and box-car, grain, and applied those unit figures, per ton and per car, to these particular shipments shown in your exhibits?

A. Yes, I have taken the factors I have developed there and applied them to various commodities, according to the situation as they existed.

Q. Well, I don't understand your last qualification. Wherein do these units differ by any particular situation?

A. As I stated, if it was moved across through the yard in a car, and right across the harbor to a pier, and unloaded from the car, we never got into a ton basis up to that point. The only time we got into a ton basis was when it was unloaded on the Jersey side into a lighter, because we have no way of distinguishing the identity of the car there. We lose the identity of the car as soon as it gets into a lighte-

Mr. Colgren: Excuse me for a minute for taking the time, Mr. Examiner.

Exam. Boat: That is all right.

Mr. Colgren: I don't know whether to pursue this or not. Actually, I don't believe I have an answer to what I have in mind. I am sorry that I am not expressing myself better.

By Mr. Colgren:

Q. But, Mr. Heywood, you have developed for various types of traffic, box car, general cargo, open-top cars, and box cars, grain, certain unit expenses broken down as to [fol. 1283] a per car cost and a per ton cost.

In applying those port costs developed in your studies to the various commodities shown in your exhibits, is it not true that you have applied those uniform units to each of the commodities, distinguishing only between box car general, open top equipment, or grain shipments?

A. You mean the unit price?

Exam. Boat: The unit cost.

The Witness: The unit cost.

Mr. Colgren: That is right.

The Witness: You said units. Yes, I said I had used them throughout the exhibit, those that were developed.

Exam. Boat: And as to the lighterage, in apportioning that cost, it is necessary to apportion it on a ton basis, as I understand you.

The Witness: Yes, that is clearly my statement.

Exam. Boat: Then do you carry it into the per car cost of the commodity which entails lighterage?

The Witness: Yes, you have got switching. You have got to use the car there.

Exam. Boat: I am thinking of the lighterage portion of the cost, now. Is that translated into a car basis, when you carry it into your total cost?

The Witness: No, it goes into the cost on a unit as he is speaking.

[fol. 1284] Exam. Boat: But you have a certain number of units in the cars?

The Witness: It loses its identity when I get it into the lighter. It becomes a ton.

Exam. Boat: I see. There is no further handling, in cars.

So it is not translated into terms of cost, on a car basis.

The Witness: Not again, not as far as allocating is concerned.

By Mr. Colgren:

Q. Along that line, Mr. Heywood, is it not true your per ton costs include some car float expense?

(No response.)

By Mr. Colgren:

Q. Maybe I can be more specific on that. I have reference actually to your tonnage costs developed—this is on page "D"(1) of your underlying data, where certain of your trucking in lieu of lighterage, freight in both car float and marine costs are shown on a per ton basis, when actually the shipments moved in car float service.

A. I don't know. I would have to look at that.

Mr. Langdon: Off the record?

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

The Witness: The sheet I have in front of me is supposed to be the original, and getting back to the point, on the box car the yard cost was on a car basis. Under station [fol. 1285] cost, the lighterage is on a ton basis. Car float under station is car basis, and truck in lieu of lighterage is on a ton basis.

The float bridge cost, the car float, is on a car basis, and the truck in lieu of lighterage is on a ton basis, and the marine cost, the lighterage is on a ton basis. Car float is on a car basis. Truck in lieu of lighterage is on a ton basis.

Now, box cars, grain, which you referred to, the yard cost is on a car basis, and the station cost, which is lighterage freight, is on a ton basis, and the marine costs, lighterage freight, is on a car basis.

I think that answers the question you were speaking of.

By Mr. Colgren:

Q. Well, actually, no it does not.

What I had reference to was the fact that certain of your— Yes. I asked specifically whether or not certain car float expenses were on a per ton basis.

In order to establish the answer to that, I think we have to have an understanding of what you have reference to as "trucking in lieu of lighterage" here, and how it applies.

Is it not true, Mr. Heywood, that you show in movements of cars of traffic from Harsimus Cove float bridge to Desbrosses Street and West Twelfth Street the figures developed in there as trucking in lieu of lighterage?

A. That is trucking from the pier to the shipside, from the pier to the ship.

Exam. Boat: From the Jersey side?

[fol. 1286] The Witness: No. We have taken it over to the pier on the car float. We have unloaded it, and we call that in lieu of lighterage, because if we had put it on the lighter, the lighter would have gone alongside the ship and there would not be the necessity of the trucking from our pier to the ship pier.

Exam. Boat: That last pier you referred to was on the Manhattan side?

The Witness: They are both on the Manhattan side, the 12th Street and the Desbrosses Strdet pier are on the Manhattan side, and we take it from there to the pier at which the ship is tied up.

Exam. Boat: Referring to the float bridge portion of that trucking in lieu of lighterage cost, you had a float bridge portion in there too, did you not?

The Witness: Under marine service, I had—

Exam. Boat: Car float and lighterage?

The Witness: I had yard cost, and station cost, and the marine cost, and that was grain I was referring to. Under the marine cost on general cargo, as referred to by Mr. Colgren, I had lighterage, car float, and car float was on a car basis.

The truck in lieu of lighterage is on a ton basis and the same is true of lighterage.

Exam. Boat: I think one of the difficult things for me to [fol. 1287] understand is the marine cost. What does it entail?

The Witness: That is taken from Harsimus Cove Pier to the pier, either on Desbrosses Street or Twelfth Street, or wherever we are taking it, over on the Manhattan side.

Exam. Boat: And that includes both lighterage and car float operations?

The Witness: No.

Exam. Boat: That is why—

The Witness: Do you understand—I should not ask that question. I guess that is wrong. I was going to ask you if you knew the difference between lighterage and car float.

Exam. Boat: Yes, sir.

The Witness: We will start from there. When we take it over on a car float, we unload those cars while on the float on to the pier. The truck comes in and loads the truck, the truck is loaded with that freight and taken to the ship pier. By ship, I mean the one to receive this freight. If we are going to do it by lighterage, we would unload the lighters on the Jersey side and take them directly to shipside.

Exam. Boat: Very well.

By Mr. Colgren:

Q. Now, Mr. Heywood, I believe the Examiner and I are both concerned about the same thing. You have shown, in connection with the movement of these cars from your Harsimus Cove, for instance, car floats, or float bridges, the movement of these cars on car floats to Desbrosses [fol. 1288] Street and 12th Street.

A. Let us get that straight. It is pronounced Desbrosses Street. You confuse me.

Q. Excuse me.

Now, we have the cars moving on the car floats from Harsimus Cove float bridges to Desbrosses Street and Twelfth Street stations and those costs are allocated under the heading trucking in lieu of lighterage on a per ton basis.

Why?

A. After the freight is unloaded from the cars and gets into trucks, it is no different than the Jersey side from putting it into a lighter, and the car loses its identity.

Q. Is that an explanation of why you have charged on a per ton basis this traffic which is car-floated from your Harsimus Cove to your Manhattan pier stations, instead of, as I would think would be consistent with your treatment of other car float expenses, which you have allocated on a car basis?

A. On—

Q. I am not sure whether I got a complete question.

A. Are we talking general cargo or are—what are we talking about?

Q. Yes, we are talking about general cargo trucking in lieu of lighterage.

A. That, I think, I said is where we take it from our pier on the Manhattan side to the ship pier. It has nothing to [fol. 1289] do with from Jersey over. We have already taken it over on the car float and we then, I think, the proper factor for allocating is the car, as far as car float is concerned, and when it begins to be unloaded generally on the platform and put into trucks to take up to the ship pier, we do it on a ton basis. That is the way we feel about it, and of course if that is not the way you feel about it, we are just not going to agree.

Q. We are in agreement. We think that is the proper way to do.

A. Well, that is the way we did it.

Q. No, you didn't?

A. Well, we didn't, according to you, but I say we did.

Q. Mr. Heywood, can you indicate to me in your underlying papers where your trucking costs appear for this service from Desbrosses Street and 12th Street to these steamship piers we were just discussing a minute ago?

A. I don't know whether I can pick that out right here and now, or not.

Q. Well—

A. Under the classification of accounts, I should have answered it right away, although it skipped my mind—that is a charge to revenue—trucking in lieu of lighterage.

Q. That is on the Manhattan side?

A. Yes, that is right.

Exam. Boat: By charge to revenue, you mean it is an [fol. 1290] offset to your revenue?

The Witness: It is taken out of revenue—that is correct.

Exam. Boat: So it is—

The Witness: We are not allowed to charge it to expenses, under the classification of accounts.

By Mr. Colgren:

Q. We kind of got off on a tangent here. I had—previous to this lighterage in lieu of trucking and car float and such, been talking about the development of your exhibits and I think we had established that you had applied uniform per car and per ton costs to the commodities movements shown in your various exhibits.

Now, in your exhibits No. 1 and 2, you followed that practice, and factored the costs up to reflect your July 1st, 1957, costs. Is that right?

A. That is not true of Exhibits No. 1 and 2.

Q. That is right.

A. That is not true of one and two.

Q. In your Exhibits No. 3 and 4, you factored these car costs up to reflect January 1, 1958 costs?

A. That is right.

And the same for five and six. We might as well clear that up right now.

Q. Yes.

Now, Mr. Heywood, let us turn to yard costs, which you charged on a per car basis to the export and import traffic. [fol. 1291] You state that the yard costs are developed for the "New York area"—and that is found on your work sheets. What do you mean by that phrase "New York area"?

A. Well, we have about, as I recall, four yards in the New York area.

Q. Will you name them?

A. Harsimus Cove, Greenville, Waverley and Meadows.

Exam. Boat: Are these yard operating expenses for those areas separate—kept separately in your books?

The Witness: No, sir.

Exam. Boat: Or are they part of a much wider area?

The Witness: They are part of the New York zone, or New York region, as it is now called.

Exam. Boat: What does that embrace?

The Witness: From New York down to Liddonfield, Pennsylvania, through Jersey, just slightly beyond the river there, beyond Morrisville, which is on the west side of the river, with Trenton on the east.

Mr. Bongartz: You are talking of the Delaware River?

The Witness: Yes. Littlefield is just a little beyond that.

Exam. Boat: They are the unit costs for that area, the costs recorded for that area?

The Witness: Not necessarily all together. We had the crew costs for the separate yard.

[fol. 1292] Exam. Boat: The group cost?

The Witness: The crew cost.

Exam. Boat: Crew cost?

The Witness: Yes. Things like that where we could take the particular engines and consumption there.

Exam. Boat: But those you could not allocate specifically—

The Witness: That might have covered the local situation of the set-up in the New York region.

By Mr. Colgren:

Q. Mr. Heywood, what yard facilities and yard operations were studied by you in the New York area?

A. The whole four yards were given consideration and study.

Q. The ones you just mentioned?

A. Yes.

Q. And named for me?

A. Yes, sir.

Q. You developed the switching minutes per car and the various elements charged to it on the basis of a one week period from September 25 to October 1, 1956. Is that right?

A. That is right.

Q. How did you develop the average minutes per car for each element of switching service—that is, classification transfer and so forth, as shown on your—

A. It was made by a specific time check, riding the locomotives in the yards.

Q. How did you determine each element chargeable to [fol. 1293] the import-export traffic?

A. It was whatever service the import-export cars got.

Q. Yes, but how did you determine that?

A. Well, we know from our operation what we have got to do to a car to get it down to the river. Where it was not going into an industry, it had a classification after it reached the break-up track. We had to get it down to the carfloat movement.

Q. That is right. Do you mean you studied each car as it went through these yards?

A. We knew whether it was an export car, or, come back the other way, an import, and then we know what service that car is given in the yard.

Q. You did this actually on a per car basis?

A. I didn't say that. I say we knew the number of cars and we knew what operation is required to get that car through the yard—an import car, of freight, that is, coming over, after it is loaded from the lighter or whatever it is, or export, brought to the yard to unload to the lighter.

Q. Did you make a foot-board study to determine the actual service accorded, export and import freight into your yards?

A. What do you mean by a foot-board study?

Q. A foot-board study to follow individual cars to determine the services accorded.

A. Yes. We had the cars and we knew what was being [fol. 1294] moved through the yard at the time we made the study. We know what is accorded a car going to pier 7, 8 and 9, and we know what is accorded a car going over to the Jersey side to industry in Jersey City.

Q. All I am trying to determine, Mr. Heywood, is how you know that.

A. Well, I guess I shouldn't say this, but ordinarily the man operating the yard, common sense tells him what is happening on a car going through the yard.

Q. Yes, but I am not that man and I have only your work papers and I would like to have some idea what services were accorded import and export cars in these various yards.

A. Well, we were over in the yard, made a study of the situation and knew how many import-export cars, and, as I said before, we know what service they get and that is what is applied to the cars.

Q. You keep saying, Mr. Heywood, you know what service is accorded, export and import cars. How do you know that?

A. I guess by—I had better not make that statement.

Through the knowledge of operating the yard and the various classes of traffic that go through the yard. I don't know how else to explain it.

Q. Well, this purports to be a specific cost study, Mr. Heywood. You have allocated down to minutes, if you please, of operation various services accorded export and [fol. 1295] import freight in these yards.

Now, in order for us to test the accuracy of those allocations, I think we are entitled to know how you arrived at the base for your allocations, and that is all I am trying to do.

A. The basis of allocation of what, for classification and so forth?

Q. Yes, sir.

A. I told you, we rode the locomotives and took the time.

Q. That is as far as your locomotives are concerned. Locomotive hours.

A. That is what we are trying to distribute here—the cost of the locomotive minutes.

Q. That is right. But now you have distributed it to export and import traffic.

A. And we know that gets a classification, or we know it moves from the classification section to the float bridge and how many minutes it takes to go from that to the float bridge. We know that, from our test by engine check.

Q. Actually these do not purport to be actual figures but are on the basis of estimates of time needed to accomplish these various services. That is right, Mr. Heywood?

A. No, I don't agree with you that they are estimates. No, I do not.

Q. Well, who furnished you the information to make these "not estimates"?

[fol. 1296] A. By riding the locomotives with men on the locomotives checking how much time was spent in taking the car out of the classification, or classifying, or taking it from here to there or wherever the movements went, the time.

On your basis, all studies made from this time to eternity would be estimates, even yours or anybody else's.

Q. How did you make the apportionment to the import and export traffic?

A. I think I said that three or four times before, and whether you are trying to get me to contradict myself or not on that, I don't know, but I will let the record stand.

Q. I am sorry. I don't believe you said it three or four times in answer to my questions.

A. Then maybe you'd better read the record.

Q. What I gather from your testimony so far, and if you are satisfied with your testimony perhaps we can let it stand: You have indicated you made a study of various switch movements in the yard, and that this was performed by riding the locomotives, a regular time study and so on, for the various elements indicated in your cost study, such as classification, transfer and so forth.

I have asked you how you determined how many of those locomotive hours and minutes and so on are chargeable to this export and import traffic.

From what you have told me, it would seem that you feel [fol. 1297] that you kept track of the export and import cars as they went through the yard for that entire week and kept track of the minutes by individual cars.

A. I didn't say that.

Q. No, I didn't think you meant to. But that is the impression you left with me and why I am trying to get straightened away.

Now, will you restate for me, please, how you allocated these various switching services to the export and import traffic?

A. I said that we knew what was required to move the different class of cars through the yard after the study was made, and those movements are the basis of the allocation of the minutes with costs of those particular movements we are interested in.

Mr. Keenan: Could I have that answer read, if the Examiner please?

Exam. Boat: Would you read it, please, Mr. Reporter?

(Answer read.)

By Mr. Colgren:

Q. Now, Mr. Heywood, if you are satisfied you did this with some accuracy, how does it come about although you show no refrigeration traffic handled in refrigerator cars handled by the Pennsylvania Railroad, you show an element of switching service for icing cars assigned to export and import traffic?

A. I would have to go back and look at the specific cars to see what they were, before I could actually give you an answer to that.

[fol. 1298] Q. Do you have some car records that you can refer to for that purpose?

A. We have car records for the week and we have the car records somewhere in here, I believe. In the work sheets I think we gave you, you will find a sheet that is hard to identify, but it says "Terminal Service, New York". It shows the various elements of box car, general, box car, grain, open car, and refrigeration. The first item there is 31404, at the top of the sheet.

Q. Yes.

A. If we are still talking about Pennsylvania Railroad, we had no refrigerator cars in New York, import, export.

Q. That is right, Mr. Heywood, and that is the cause of my question, because back to what is marked here as sheet "D-7"—

A. That doesn't mean a thing to me.

Q. All right. It is your yard costs in the New York area, for the study-week—do you have it?

A. I don't know whether I have— What is the first figure on the sheet?

Q. It is by cars, Jersey City-Greenville, in a total of 78 cars. That is for import.

A. No, wait a moment. That is not the sheet I have. What did you say that figure was?

Q. The left-hand column is headed loaded cars switched, at the top.

[fol. 1299] A. I have got it; "69"—is that the one?

Q. That is right.

A. All right.

Q. There, Mr. Heywood, you will see, under your various categories of expenses and the various services accorded in switching movement an item for icing cars that appears on that page five times, and then in a total, at the bottom.

A. That is our operation in the yard, but as I said, we have no import-export involved in the refrigeration, which I called attention to in the other sheet I have here.

Q. That is right, Mr. Heywood, but this purports to be the expenses, as I understand it, for loaded cars of export and import traffic.

A. It says import freight at the top—the sheet you mean?

Q. Yes, and then over on the right-hand side, there is another similar column for export freight.

A. At the moment—that is the total expenses allocated, but at the moment, I say—

If you want us to take it out of there and put it into your import cars, we would be very glad to do that and increase the cost.

Q. No, I am not particularly interested in doing anything other than to find why it is alleged to be a cost of import and export when you didn't handle it.

A. To my interpretation of the sheet we took the total [fol. 1300] cost from there in the yard, and spread it to whatever it was, and even though it is marked import and export, it means anything involved in the class of car we were working on, this is the element to use, this is the element, the unit cost here. We did not have, as I said before and proved to you directly on this other sheet, we had no refrigerator cars as far as the Pennsylvania Railroad was concerned in import and export freight.

Q. Yes, and that is my whole point. Here you have purported to make a cost study of specific cars of export and import freight and to these specific cars of export and import freight which do not include any refrigerator cars, you have assigned icing costs, and I am trying to reconcile, Mr. Heywood, if you please, how you arrived at the application of these various costs and services to export and import cars.

A. Well, I can go back and say we took the elements involved from a particular class of cars going through the yards, and that is what we used.

Q. I am to assume, then, that these are general costs at the yard which would apply to all cars going through the yard?

A. That is right, in that case, yes.

Q. Without distinguishing—

A. No, it is distinguished as to the class of service performed on the car. We don't say we give export-import any particular classification as against the classification of [fol. 1301] another car. A classification is a classification, as far as we are concerned.

Q. But how did you determine the minutes you applied to those cars?

A. Oh, my God, are we going back to that again?

Q. Yes, sir.

A. The minutes to what cars?

Q. To export and import cars.

A. The minutes we developed in the engine study for classification of cars.

Exam. Boat: Of all cars?

The Witness: Yes, certainly all cars. You don't distinguish when you are making a yard study as to the class of car in that respect. You only get the movements in the yard to get the minutes to apply to that service, and then that service, if applicable to the class of the car you are talking about, the service you are giving, then you apply that. I never heard of any study that got down into the minutiae of the class of car and a description of the traffic and so forth.

By Mr. Colgren:

Q. Mr. Heywood, what do you mean by industrial switching found on this same page here, as it applies to import and export traffic? Do you mean because the word import and export is over the top of the sheet?

Define for me, if you will, the industrial switching.

A. The industrial switching is the delivery of a car to an [fol. 1302] industry, particularly in the Jersey City area, as far as we are concerned, in this operation.

Now, we may have come through with a car for one of those industries which may have been export and import freight, as far as I know. Colgate Peet has a pretty good sized plant there and so forth.

I guess I shouldn't tell where the industries are.

Q. Mr. Heywood, in the totals which you show for these various services, the amount of expense assigned to industrial switching for this purported import and export freight is quite a large proportion of the total yard costs; your total switching costs, I mean, excuse me.

A. Well, naturally, delivering to an industry takes a lot more time than does a lot of other movements in a yard—within the yard. The industry is not right within the yard, by any means.

Q. Mr. Heywood, do you have a copy of your reply to my letter of February 20th?

A. Yes, sir, I have one.

Q. On the first page of that letter, under the designation, one, yard cars handled, you have a table of number of movements and locomotive minutes assigned to elements of service.

If you look down in that column to industrial switching and then across, you will find some 19,740 movements.

Exam. Boat: By the way, does that mean single car movements?

The Witness: That is right.

[fol. 1303] Exam. Boat: Single car movements?

The Witness: Yes.

By Mr. Colgren:

Q. Does that mean these would represent cars?

A. No, I said movements.

Q. Yes, that is right. Now, I am a little confused. I am sorry, Mr Examiner.

Exam. Boat: We don't know what this means. We are trying to find out.

Mr. Colgren: Well, I am in the same boat.

The Witness: You had better look out somebody doesn't scuttle it on you.

By Mr. Colgren:

Q. Well, this is not the number of cars—this is the number of movements.

In my letter, we had asked for the number of cars, Mr. Heywood. Is that information available?

A. No, it is not readily available. In fact, I don't know how to get that exactly with the study, because this was based on movements and this is the locomotive minutes, mixed up with the movements.

Q. Then there was no car by car record during your switching study. Is that right.

A. This was car by car in the sense the same car may have hit a certain spot the second time.

For instance, your perishable car might, before it is shipped across the river, be told to hold it for the market, [fol. 1304] the next day, or something.

And again, another car, or other cars on the car floats may have gone all the way over to the piers, before we were told to hold it for next day's market, and we had to take it back and bring it back to the hold track. We can't say that is just one car. It is the movements we made on that car.

Exam. Boat: Are we to understand this represents locomotive movements irrespective of the number of cars that were handled by the locomotives in such movements?

A. No, the number of movements technically referred to the car. Of course, the locomotive is involved, but I don't know how many cars may have been involved with the movement of the locomotive.

This is the divisor into the minutes.

Exam. Boat: Into the number of locomotive minutes. In other words, the classification, it took so many minutes, and involved so many locomotive movements?

The Witness: It involved locomotive movements, but the figures under movements are referring particularly to the cars themselves.

Exam. Boat: They reflect the time and cost consumed in handling the cars?

The Witness: The minutes do, yes, sir, over in the last column. In other words, for these 31,235 movements in classification, it took 274,595 minutes.

[fol. 1305] Exam. Boat: And you can't tell us whether that 1,235 represents number of cars moved or what it does represent. Is that right?

The Witness: I say that the movements is a more correct figure than cars, because of the fact I tried to give an explanation how that car hits the same spot maybe two or three times.

It is not the thought that we count the car—a car is a car in a yard, in and out, insofar as technically the operation is concerned, but many times it receives more than one of the same thing.

Exam. Boat: Does it represent the times that a car is moved, counting each car for each movement that that car entails?

The Witness: That is right.

Exam. Boat: We are getting somewhere, now.

By Mr. Colgren:

Q. I would still like to know, and if we can keep this in mind, Mr. Heywood, maybe we can still find some way of developing how you determined this was export and import freight.

A. How which was export and import?

Mr. Langdon: May I suggest a recess, sir?

Exam. Boat: Yes, I think we might take a ten-minute recess.

(Recess.)

Exam. Boat: Come to order, please.

[fol. 1306] By Mr. Colgren:

Q. Mr. Heywood, just prior to the recess, I was inquiring about the industrial switching which is included in your cost study, and I think we were referring, for simplification, actually, to your letter of March 19, 1958, where it is indicated that industrial switching accounts for some 18,740 movements, which, if I may observe, is a substantial portion of the total number of movements.

I am very interested in finding out what this industrial switching is.

A. Well, I thought I explained industrial switching before. It is not any different than I understand every railroad or industry switching was. When we switch a car out of an industry or into an industry, back into our yard for further rail movement, or the completion of a rail movement and then into the industry, it is getting a car either into or out of industry, and we have, as I said, many industries, particularly in the Jersey City area, in which Harsimus Cove is located.

Q. Yes. But what we have been developing here is costs allocated to export or import freight. Can you tell me what industries these are, and where they are located in the New York area that would be receiving export or import freight?

A. No, I don't know that, and anyway, inasmuch as I have taken the industry switching time out of this, I don't see where that has anything to do with import and export.

Q. Can you tell me how you took this out of the study?

[fol. 1307] A. Yes. I didn't apply any of the minutes to it—to import-export.

Q. I am afraid, Mr. Heywood, you will have to take me by the hand and lead me through the method by which this industrial switching is not included in these switching costs for export and import traffic.

According to the work sheets you furnished us, there is a substantial portion of switching costs assigned under the heading, "Industrial Switching."

Can you tell me where you took it out?

A. I didn't use it, after I got the minutes out that were industry.

Q. Will you show me where that or how that was accomplished?

Mr. Heywood, it has been drawn to my attention that, for instance, under your total operating expenses—we are still talking about the page that we were on before, where the first figure is 69 cars, loaded cars switched—

A. Yes.

Q. Now, in that group of expenses which has a sub-title, "Total Operating Expenses", there is in the column headed Total Foreign New York Area, there is an expense opposite industrial switching of $4.08 per car. Do you have that?

A. Yes, I have that.

Q. On the next sheet—one more step. That $4.08 is included in the sub-total there of $18.31 for the total operating [fol. 1308] expenses. Is that right?

A. Yes. It is part of the $18.31.

Q. Yes, sir. Now, on the next page, under a heading "Cost per loaded car," and in your first column of figures opposite "Total operating expenses", it shows the figure $18.31. Is that right?

A. That is right.

Q. Now, apparently, Mr. Heywood, under the heading "Box cars, and the further breakdown," general cargo, that $18.31 previously referred to is multiplied by the total loaded cars shown under general cargo of 2482, making a total operating expense for that type car, $45,445.42. Is that right?

A. That is right.

Q. Therefore, Mr. Heywood, the industrial switching is included in your total costs per loaded car in your yard cost study. Is that not right?

A. It is in the total cost of the yard operation, yes.

Q. Under the heading "box cars" and again the sub-heading, "general cargo", where you show 2482 cars involved, you have added up the various expenses, total operating expenses, six percent interest, and rental received, which, incidentally, is a credit, that last item, and arrived at the total of $59,816.20. Does that agree with—

A. Yes, I have $59,816.20.

Q. When that total is divided by the number of cars, [fol. 1309] 2,482, the results in a figure of $24.10, which is shown in the first column of figures entitled or headed, rather, "Total Foreign, New York Area." Is that right?

A. That is what it says.

Q. That $24.10 is used, is it not, in your further allocation of costs to export and import traffic in developing the unit costs which you ultimately apply against specific commodity movements?

A. I will have to trace that back, first, before I agree to that.

Q. Well, so far we have established that the industrial switching is still in the yard costs which you have applied to import and export freight. Is that right?

A. The cost of the total yard has industry in it, yes.

Exam. Boat: Total yard operation, you mean?

The Witness: Yes, the total yard operation.

By Mr. Colgren:

Q. Now, Mr. Heywood, if you will follow with me again, if you recall, we found a figure of $59,816.20 which was applied to box cars, general cargo.

A. That is right. We agreed with that figure.

Q. That is right. Now, if you will refer to your summary sheet of New York costs as used in final exhibits of terminal costs—I just read the heading to you—in the fifth column, the very first figure is $59,816.20, is it not?

A. Just a moment. I had that sheet, but turned it over [fol. 1310] again somewhere.

Q. This is a photostat copy. Do you want to use that?

A. Yes.

Q. You find the figure of $59,816.20 on your summary sheet which is headed "Summary"—"New York Costs As Used in Final Exhibits of Terminal Costs"?

A. Yes, sir.

Q. That figure is used in connection with the 2482 cars indicated in the third column of that sheet in developing your total cost per car, shown as $24.33 in the seventh column. Is that right?

A. You mean of this same sheet?

Q. Yes, sir.

A. The seventh column?

Q. Down in the total.

A. You have six columns. No wonder I didn't— You say the item is $24.33?

Q. Yes.

A. I beg your pardon. I was thinking of $24.10. Yes, $24.33—that is right.

Q. So, Mr. Heywood, it does appear now, does it not, that the industrial switching was included in the costs allocated to export and import freight?

A. You would indicate it, according to the way this is set here, but I think that is taken care of on another sheet, [fol. 1311] which I have been trying to find, and I am damned if I can find it yet.

Q. If I may observe it, Mr. Heywood, we did not—

A. You did not get it?

Q. That is right.

A. That is possible.

Thank you for the use of the sheet. I have the summary sheet now.

Q. Mr. Heywood, on what is your next summary sheet, headed "Terminal Studies"—

A. Is that one of the small sheets—

Q. Yes—where your total expenses are broken down, or rather summarized on a ton basis and car basis—

A. I have it.

Q. The item of $24.33 we were discussing shows opposite the Pennsylvania Railroad, under the heading box cars—general cargo—

A. Yes, sir, that shows up there.

Q. In the unit expense.

A. Yes.

Q. Which ultimately is brought down and factored up to be included in the $34.96 allocated on a car basis to that type of traffic—that is, moving in box cars—general cargo.

A. Summarized—that is the summary.

Q. Now, Mr. Heywood, would not the same thing apply to such icing expenses as developed on your cost study? [fol. 1312] A. Yes, the icing goes along with the same way the $4.08 was charged.

Q. Yes, and the $34.96 which we previously mentioned as the car basis of expenses for box cars, general cargo, is the amount used in your exhibits—well, in all of your exhibits.

It is either the amount used or the basis for the amount used in all of your exhibits. Is that right?

A. That is the basis, as I recall—$34.96.

Q. Yes, sir. Now, Mr. Heywood, referring to the summary sheet of car expense for yard costs, we just had it a minute ago in connection with that figure of $59,810.20.

A. Yes.

Q. On that work sheet you showed 2482 general box cars and 603 open cars, for a total of 3,135 import-export cars handled during the month of September, 1956. Is that right?

A. Yes, that is the cars—653 and 2482.

Q. On page— on the preceding work sheet you show a total of 304 cars of import-export traffic handled during the test week of September 25th through October 1, 1956. Is that right?

A. That is right—304.

Q. Now, Mr. Heywood, that 304 cars is less than ten percent of the total cars handled during September, 1956.

In developing yard costs chargeable to particular movements in a yard, do you not think it is necessary to develop such costs based on a representative number of car han- [fol. 1313] dlings during the test week?

A. Well, if you can determine what that test week is, it may be a very good idea. But you always make a yard study in the future, and therefore you could not make a yard study if you started to wait to get a supposedly representative week that you referred to. So I don't know how you would come up with that.

Q. Well, would it not be proper, you think, to make some sort of adjustment if the period in the future proves to be unrepresentative?

A. No, I would not know how to make the adjustment.

Q. Well, would you recognize or agree with me that a purported test week upon which your costs are based, which reflects less than ten percent of the cars handled during the particular month is not representative?

A. No, well, I can't say it is not representative—that it is or is not representative. I mean I could not deny you may not consider it not representative.

But it does show the number of cars in the period where we are trying to determine the number of minutes of switching these cars in the various classes of service rendered in that yard, and for all due respects and purposes, as far as I see it, as long as you get the minutes on those movements that comes pretty close to no doubt what it would be over the period of a year, no matter whether it was 304 or 604.

[fol. 1314] Q. Well, Mr. Heywood, that is I think correct, as far as specific operations are concerned, but does that hold true where you get to allocating expenses—fixed expenses?

A. Well, we only took the expenses for the week—we worked it down to a week, at least, to use the minutes which were taken in the study to get a rate per minute, or per car eventually from the minute basis.

Q. Well, let us talk about taxes.

Let us take real estate taxes, for instance. I want to refer you to the real estate taxes which apparently are divided on the basis of the 304 total cars, or computed on the basis of the 304 cars.

It is true, is it not, that the number of cars would certainly have effect upon the figures resultant?

A. You mean the rate per car?

Q. Yes.

A. Yes, there would be possibly an effect there.

Q. So that a larger number of cars switched would result in a lower figure for taxes. Is that right?

A. Yes, or a smaller would be larger—either way.

Q. Yes, and the same thing would apply, would it not, to six percent interest on the road and equipment?

A. The same effect would be as taxes.

Q. Yes—it would run throughout the whole series of computations based on the number of cars. Is that not right?

[fol. 1315] A. Well, are you speaking of pay-roll taxes now?

Q. Well, that appears to be more a direct expense but I think even there it would probably—.

A. You said all of them. I just wanted to know what you were referring to.

Q. I started out talking more to the fixed charges.

But it does have an effect, does it not, even on the specific units developed in your study?

A. Well, ordinarily you swing your yard crews according to your requirements, and the pay-roll tax is paid on their wages.

Q. Mr. Heywood, if you will refer back again, please, to the sheet of yard costs which—maybe your sheet is page four?

A. No, I have no pages.

Q. No pages at all?

A. No page.

Q. The heading of the left-hand column is "Total Switching Minutes".

The first figure is 1663.6.

A. 1663.6?

Q. Yes. I would like to know what is covered by the designation "transfer" which appears several times in each of your locations on that page.

A. I don't know whether I can give you the exact definition of that as the operating man would tell you or not.

Mr. Bongartz: Can't Mr. Heywood inquire into that and [fol. 1316] give the answer a little later, Mr. Colgren?

Mr. Colgren: We want to know certainly what is included in that.

Mr. Bongartz: I understand that. I was just suggesting it might save some time if you went on to another question and Mr. Heywood could develop that information in the meantime.

Mr. Colgren: Yes, that would be all right, Mr. Bongartz.

Mr. Bongartz: Will you go on to something else?

Mr. Colgren: Yes.

By Mr. Colgren:

Q. Mr. Heywood, I understand you will supply me with an answer to the meaning of the term "switching movement" referred to as "transfer"?

A. Yes, as between yards, or between a yard or an industry, or vice versa.

And the yard—from the yard to interchange tracks—tracks in a yard to a particular interchange.

Q. Would that include a movement to a float bridge?

A. Yes.

Exam. Boat: In other words, that is a transfer, also?

A. The transfer of a car, yes.

By Mr. Colgren:

Q. You have not charged any transfer service to export grain, Mr. Heywood. What is the reason for that?

A. Well, we only handle grain down at Greenville. That comes in—the car undoubtedly comes in direct to the so-called floating elevator we have there, and I don't see why [fol. 1317] we would have any more than the one movement to get it in there. It is way over on the side of the yard, as I recall it—in order to get it into the elevator.

Q. I understood you to tell me your study covered Meadows yard and I think there is testimony in the record itself by yourself or Witness Clark, that your cars for Greenville are broken out at Meadows Yard, and that would include a transfer, then, to get it over to Greenville. Is that right?

A. It would if what he says is correct, yes, sir.

Q. All right, thank you, Mr. Heywood.

Now, Mr. Heywood, on a work sheet entitled "Yard Switching Study", with a further title of "Covering Cars Destined to or Originating in Differential Territory, New York Area",—it is your sheet "D"—it is back a little bit.

A. Where you develop your minutes.

Q. The first figure on the left is 124—

A. I have it.

Q. On that page, Mr. Heywood, you show that the average minutes per, quote "Total" unquote, car for classification ranges from 6.6 minutes—that is opposite the figure "ten" which is the third from the top, to 10.3 minutes, which is the first figure in the second column.

A. The first figure in the second column?

Q. Yes.

A. It is in the same column as the 66.

[fol. 1318] Q. Yes. That is right. I just gave you a range there.

A. Yes.

Q. Can you explain how these average minutes per car were developed and at what yards?

A. Well, that particular one was at Harsimus Cove—the figures you quoted.

It says Harsimus Cove in the heading there where it says "69 Cars Moving Through Harsimus Cove." At least that is the sheet where I checked the 10-10 and the 6-6 with you.

Q. That is right. What would account for the spread there for apparently the same service? You go from 10.3 average minutes per car to 6.6 minutes, at the same location.

A. The same location. The same service. But evidently in each case with a different number of cars.

The answer to that, to make a direct answer, would, I think, be better covered by an operating man who was involved in the actual time check.

Mr. Bongartz: We can get that for you, Mr. Colgren.

By Mr. Colgren:

Q. You do not know, then, why there is that disparity?

A. I don't know the specific reason, and there is no sense trying to guess, when the man is here who can answer you.

Q. All right, sir. On that same page, Mr. Heywood, you show that for the 141 cars moving through Harsimus Cove —those are export cars, down about the middle of the page, [fol. 1319] Mr. Heywood, you will find 220 cars of export freight—

A. Of the 141?

Q. Yes.

A. I have it.

Q. You showed these 141 cars required 405 classifications.

A. That is right. That is what it shows.

Q. Can you explain that for me, please?

A. No, that would come back to the operating man again.

Q. That is almost three classifications per car, Mr. Heywood, I might point out.

A. Yes.

Mr. Bongartz: If I might interrupt you right there, Mr. Colgren, to the extent these questions you have involve operating matters, information which was furnished to Mr. Heywood, Mr. Clark will take the stand at the appropriate time, and undertake to answer these questions. I assume that you will check the ones in that category which you wish answered in that way.

Mr. Colgren: Thank you, Mr. Bongartz, you are making me do it the hard way.

Mr. Bongartz: I am sorry, but this is a complex subject.

By Mr. Colgren:

Q. Now, Mr. Heywood, I think in connection with our discussion of transfer you indicated that included switching to the float bridge. Is that right?

A. Yes. I said it would remove through the yard by the [fol. 1320] float bridge, it would be a transfer from the yard.

Q. I just wanted to establish that any switching to the float bridge is included in your yard costs. Is that right?

A. Oh, yes.

Q. Now, Mr. Heywood, I want to talk float bridge costs with you, and they were apparently on the next two sheets after the one we were referring to.

Now, Mr. Heywood, it is true, is it not, that the float bridge costs are developed on these two work sheets. Is that right?

A. Yes, sir.

Q. And you used the month of September for the purpose of developing the unit cost per car handled over the float bridges. Is that right?

A. Yes, I believe it was sent when this was—

Q. Yes, it is so headed.

A. Yes.

Q. On the first sheet of these float bridge costs, you show 26,710 cars handled over the Harsimus Cove bridges. Do these cars include both loads and empties?

A. You said 1600—

Q. Sixteen thousand—16,714— It is in the column called "Expense", it is the fifth item from the bottom.

A. I beg your pardon. I was in the wrong—yes, that includes all cars, empty and loaded.

[fol. 1321] Q. Can you break down for me as to which are loaded and which are empty?

A. Do you mean the number?

Q. Yes.

A. I think I—if I am not mistaken, I advised you in the letter that I did not have a breakdown of that.

Q. Can you give us a breakdown as between export and import freight, and domestic freight?

A. As to these 16,714?

Q. Yes.

A. No, sir.

Q. Can you give us the origin and destination of such cars among the piers in the port?

A. No.

Mr. Colgren: Now, we would like—Mr. Examiner, this is going to be a little unorthodox, I think—we would like very much to have the information.

Incidentally, this is the information requested in my letter of February 20, 1958, or rather some of the information requested in there, and apparently it is not readily available or was not thought to be.

Now, I have a reference to a document entitled—filed the —it is a vessel operating report which is filed with the Corps of Engineers, Department of the Army.

The New York Central filed such a statement, and I am [fol. 1322] wondering whether the Pennsylvania would give us, from that source,—the reference to the form number is Budget Bureau Form No. 49-R 269.7. and that is, as I indicated, a vessel operating report which is filed with the Corps of Engineers, Department of the Army, by—I am sure by all of the railroads.

It is my understanding that that indicates the number of car float movements and the number of cars by destinations within the harbor.

Mr. Bongartz: What period does it cover, Mr. Colgren?

Mr. Colgren: It is my understanding further that this is an annual report, but it seems to me, in order to make that annual report the one preparing it would necessarily have to have some daily, weekly, monthly record.

And we would like very much to have September 1956, as well as the annual summarization.

Mr. Bongartz: Pardon me, Mr. Colgren, do you have a sample of this report with you?

Mr. Colgren: No, unfortunately I don't.

Mr. Bongartz: What does it look like?

Mr. Colgren: I am sure it would be filed by probably the lighterage agent in the New York area. As I say, the source of my information is the New York Central files, a similar report, and I gather that all of the railroads do.

Mr. Bongartz: Is this under some sort of requirement, to your knowledge?

[fol. 1323] Mr. Colgren: Yes, I think so.

Mr. Bongartz: Or is it voluntarily?

Mr. Colgren: I did know the purpose at one time, but I have forgotten, unfortunately.

Mr. Bongartz: We will just have to take that under consideration, Mr. Examiner. None of the people here are acquainted with it.

Exam. Boat: You will endeavor to supply it if you can get it?

Mr. Bongartz: I will have to see what the situation is on it. I don't know whether we can supply it, or what it is.

Mr. Colgren: Quite frankly, Mr. Examiner, I am just suggesting this source of information, since we had requested it, and it apparently was not available in any other form.

And actually I stumbled across this quite by accident.

Mr. Bongartz: Did you go to the Army Engineers and ask for this?

Mr. Colgren: Yes, I did. But apparently these are not distributed or I would have gotten the Pennsylvania documents.

Mr. Welsh: The basic documents from which that report is made up are not available to the public, but the complete report is available from the Army Engineers through their statistical surveys which they publish once a year.

Mr. Bongartz: We will just have to find out what it is, and what Mr. Colgren knows. Is that all right?

[fol. 1324] Mr. Colgren: I would appreciate it if we can develop that information.

By Mr. Colgren:

Q. Mr. Heywood, referring to the next sheet, the second sheet where float bridge costs are developed, you show the cost chargeable to the Jersey City lighterage piers is charged to car float freight in accordance with your work sheet "D-3" and it is reduced to a cost per car basis.

Previously we have discussed the fact that the similar float bridge costs on cars destined to Desbrosses Street and Piers 49 and 50 were allocated on a cost per ton basis.

Could you tell me why you treated the Jersey City lighterage pier cars differently from the Desbrosses Street station and the piers 49 and 50?

A. Are you speaking about this float bridge cost, the first figure 889, as Desbrosses Street? Is that the one?

Q. That is totalled, actually in the third figure of columns to be 1,044 cars, over which the expenses are distributed, and I am asking you, Mr. Heywood, why you allocated the expenses for those 1,044 cars on a per-ton basis, and at the same time you show 114 cars going to Jersey City lighterage piers, which you allocated on a per car basis.

And this allocation, Mr. Heywood, incidentally, is done on your summary sheets:

A. You are speaking of this 271.79?

Q. That is shown on the summary sheet which I think [fol. 1325] you subsequently corrected. It is this sheet here, and here is the $271.79.

A. On this summary sheet, I guess I am either confused or misunderstood what you said. On this summary sheet, it is on a per car basis.

Q. That is right for the 114 cars going to Jersey City lighterage piers. Is that right?

A. I assume it is against the 114.

Q. Now, that summary sheet you have was subsequently corrected, I understand.

You will find there it refers to $2,489.

A. Two thousand—

Q. Yes—opposite trucking, in lieu of lighterage.

A. Oh, I beg your pardon. I have been looking for the other thing—$2,489.

Well, that $2,489—isn't that after the—that is after the 271 was taken out of there.

Q. No, the figures are treated separately, Mr. Heywood, but one amount, the $271.79, is allocated on a per car basis, whereas your $2,489 is allocated on a per ton basis.

A. Yes, I got the figure now. I follow it now.

Q. Yes—and I want to know why? Why the difference?

A. It may say car and ton there, but I am not satisfied from this original sheet that it came off that way. I would like to have a chance to check that, because I am not sat- [fol. 1326] isfied with this first sheet I have here.

Q. That is right.

A. But over here it has been copied in as—wait till I find that figure—it says "cars" there, and this still is cars here, for this, but over here it says "tons" and I am not sure that that "tons" is right.

Down to getting the $2.489, that was on a car basis, as I said my sheet shows. When it came over on this sheet and it was put on this "D-1", you refer to, it is still the $2.489 per car, to get it to that total figure. From then on, it was then distributed on a ton basis, because we finally got the tons that were in there, the reason why being that the B&O, in order to consolidate, had given the figures on a ton basis and could not tell the car so we had gone to a ton basis and we were the only one able to do it. But up to that point it was on a car basis.

By Mr. Colgren:

Q. Well, Mr. Heywood, I think we can accept your explanation, probably, but do you have any idea of the effect of placing those costs on a per ton basis, in your later application of these per ton costs in your statement against the various commodity movements?

A. No, I have not worked out the effect of it, but I feel in my own mind that inasmuch as we had the specific tons that were this the particular cars which we had originally distributed it on, we were fair in the distribution, although [fol. 1327] we went to tons to agree—not to agree, but to get in line, and be uniform, to put it together with the B&O, as a consolidating figure, or a weighted average, I might say, which we were developing.

Q. Well, Mr. Heywood, I am a little confused at this point. If this was done in order to reconcile or conform to the method used by the B&O, still why was the Jersey City lighterage pier left on a per car basis and not converted to tons?

A. You mean, why we did not convert that to tons?

Q. Yes.

A. I would have to go back and check where we used that figure to see if we finally went back to tons to get it into the summary.

Q. No, you didn't—

A. It doesn't look so by looking at the summary, I will admit.

Q. No,—that is right. That is the $271.99 figure there.

A. That is right.

Let me have a little time at lunch time and I will go back in there and come up with an answer to tell you why we didn't change it or why we should have changed it and didn't. I will let you know when I go back and look and see if we did it in the summary, whether in consolidating the various carriers at the points, whether we did finally get it into tons.

Q. All right. Still talking about that 114 cars going over to lighterage piers, on your summary you show 54 cars of [fol. 1328] car float freight handled during the month of September 10, 1956. What is the reason for the difference between those two figures—54 as against the 114?

A. That 54 figure was the one we had back further when we were talking about float bridges before. What sheet does the 54 appear on?

Q. On the summary sheet.

A. I thought it was. Are you speaking of the 54 cars down alongside car float station cost?

Q. That is right. Now, I am drawing your attention to the fact that on this other sheet that we were looking at, you show 114 cars moving to—

A. That is through the lighterage piers?

Q. Yes.

A. And the other place we are looking, as I recall this, is involved in the actual station cost against 54 cars.

Those cars that went across there may have gone direct to the ship pier and never hit our station, is the only answer I can give to you at the moment.

Q. It is true, Mr. Heywood, you only show 54 cars in connection with car float?

A. With car float, with station cost involved.

Q. Yes, but you don't show any other cars in connection with car float freight on that summary sheet.

(No response.)

[fol. 1329] Q. In other words, as far as we can determine, there were only 54 loaded cars that moved in car floats in your study.

A. On the other sheet it says 114, Jersey City lighterage piers.

Q. That is something I would like to be straightened out on.

A. As I say, the one is over the lighterage piers in Jersey City and the other part, as I see it, is delivery in New York.

I will have to see if I can find the answer to that, sir, too.

Q. Mr. Heywood, I would like to get squared away on this Harsimus Cove bridge portion of the study.

You show, in your summary there, in the sheet we have just been looking at, that the costs developed on the preceding page in connection with Harsimus Cove float bridges are distributed amongst the 1044 cars that go to Desbrosses Street and Piers 49 and 50 is 114 cars which apparently go to the Jersey City lighterage piers. Is that a proper interpretation of that?

A. That would indicate, as you say, 889 went to Desbrosses Street and on car floats.

Q. Yes.

A. And 155 to Piers 49 and 50. But the other cars involved there went to our lighterage piers for lighterage purposes.

Q. Yes. I just wanted to get straightened out. I just wanted to be sure I understood what you said.

Now, the question before you actually is the explanation [fol. 1330] for the 54 cars indicated on your summary sheets in connection with car float freight—

A. Having station cost—

Q. Yes—but you keep referring to the fact it is under station cost, but no car float freight is shown elsewhere.

A. Yes, I understand. And I said I wanted to check the 114 going in the lighterage piers against that same 54. I am not sure it is not part of that same 54, let me put it that way. Because of the fact it says this all went to Jersey City lighterage, I am not sure this is part of the same figure, is what I am getting at.

I am not too sure it is. I think the 54 were car float, as different cars from the 114. Whether I have got enough detail to tell that here, I don't know.

Exam. Boat: Is this a convenient place to stop, Mr. Colgren?

Mr. Colgren: Yes, I think so.

Exam. Boat: We will recess until two o'clock this afternoon.

(Whereupon, at 12:30 o'clock p.m., the hearing in the above-entitled matter was recessed, to reconvene at two o'clock p.m. on the same day.)

[fol. 1331] **Afternoon Session** 2 p.m.

Exam. Boat: Come to order, now please.

J. L. Heywood resumed the stand and testified further as follows:

Cross examination.

By Mr. Colgren:

Q. Mr. Heywood, I think, when we adjourned for lunch, we were discussing the 114 cars which apparently moved from Harsimus Cove Float Bridge to Jersey City lighterage piers and I was anxious to get a reconciliation of that figure of 114 cars with the 54 cars shown on your summary sheet as cars having moved via car float during September.

A. The 114 cars are the total, loaded and empty, and when you find the 54 on the summary sheet there loaded because that is what we finally come back to, the cost per loaded car. 54 is a part of the 114.

Q. Yes, now, Mr. Heywood, 114 is more than twice 54, is it not?

A. Yes, I would say it was about three—twice—over twice.

?

Q. Is this an indication of 100 per cent empty return movement? It is actually more than 100 per cent empty return, is it not?

A. It is more than 100 per cent but I do not say "returned empty," I do not know. Car floats must always be well balanced and possibly some cars are on the float when they go over there to bring some of the empties back—I do not know. That would take a pretty thorough investigation on that.

[fol. 1332] Q. On that same sheet and with reference to the 1044 cars which moved to Desbrosses Street and Piers 49 and 50, on Sheet D-3, your summary sheet, you show 554 cars against trucking in lieu of lighterage.

I think you will find 554 opposite marine costs on the summary sheets.

A. 554?

Q. Yes.

A. 554 trucking in lieu of lighterage.

Q. Yes—it is under Station Cost. Excuse me.

Again that one thousand forty-four cars is about twice the amount of 554 apparently shown under Load in your summary sheet. Does that again illustrate approximately 100 per cent empty return movement?

A. Yes, I assume the difference—I did not check that figure, but I assume the difference is empty.

Now, of course that is pretty near true on any floating of mostly freight across the river. Cars have to come back empty to get them off the float to get loaded ones on again.

Q. Is no freight, import and export freight originated at this Desbrosses Street Station or Piers 49 and 50?

A. Did you say import and export?

Q. Yes, by originated, I mean loaded in to cars at those stations. It would be import traffic actually?

A. Yes, I would say there would be some import.

[fol. 1333] Q. I am a little at a loss why we get the benefit in one instance of over 100 per cent empty return and in the other approximately 100 per cent empty return loaded against the import and export traffic costs.

A. Well, there might be several answers to that. I do not know if either one is correct but they might have come in and the imported stuff is ready to move, so we bring empty cars over to get them out of there.

And vice versa, we may be bringing cars in to Harsimus Cove, loaded and get them over to the pier loaded and bring them back on the boat empty to get them over to the piers.

I cannot see any difference in that movement than that involved in perishables or any different, any material difference.

Q. Of course, Mr. Heywood, on sheet D-18, which is in connection with your station costs—the third sheet of your station costs, Mr. Heywood?

A. The third sheet?

Q. Yes.

A. Is it Desbrosses Street or New York area, or what?

Q. Desbrosses Street.

A. Or New York area.

Q. It is New York area, Desbrosses Street Station.

A. I guess this is it. Is the first figure 771?

Q. That is right.

[fol. 1334] A. All right.

Q. There you indicate down towards the bottom in the second column of figures, a figure for the number of cars, 1248.

That is apparently the total number of loaded cars handled at the Desbrosses Street Station during September, 1956.

Now, on sheet 13, which is your floatage costs—the second page I believe of your floatage costs.

A. Which sheet?

Q. Second.

A. 103380.

Q. Right. In that same column, the second column of figures, you show units handled at Desbrosses Street Station, 3,253.

That apparently refers to cars floated on account of Desbrosses Street during the month of September.

Can you explain the reason for the difference?

A. Do you mean between that and the 1248?

Q. Yes, sir.

A. Offhand, I would say to me the 1248 involved—Desbrosses Street does not only handle—it handles forwarder business and some l-c-l, I believe. I just cannot see the tie-in of that 1248 yet.

Q. Mr. Heywood, the 1248, according to that first sheet I gave reference to, your station costs, that is our sheet D-18 includes—

A. 367 for carload and forwarder, 881.

[fol. 1335] Q. Yes.

A. That is right.

Q. Of course that makes it—I would still like to get an understanding of the 2,853 figure in connection with the floatage costs.

A. Well, on the station costs, that was actually cars, and some states.

And on this floatage cost, it appears we got "units handled."

Q. Well, what are those units, Mr. Heywood?

A. That is what I am trying on this to find out. I am a little mixed up here on that because I find down below we begin to call cars units again.

Q. That is right.

A. Down in the 855 and the 114.

I would say the units handled, 3,253 are the total.

Q. Well, Mr. Heywood.

A. Go ahead.

Q. Go ahead.

A. I was going to say the total cars handled at the pier. Whereas, when it comes to the station standpoint—that was the floating standpoint—from a station standpoint we are talking, I think, about those that—I was going to say "unloaded," but I am wrong about that.

The cars out of the 1248, I think I said they were the loaded cars at Desbrosses Street. They include both for-[fol. 1336] warder and import.

Exam. Boat: In other words, they are the outbound and inbound cars.

The Witness: They are both cars. The forwarder traffic is eastbound, coming in to New York and the other import naturally is west-bound.

That is from a station standpoint and they are the cars, actually loaded cars handled from a station standpoint.

When we come to the float station there did arrive and depart from there from a float standpoint 3,253 cars.

Many times those cars come over and are unloaded. But for the import traffic they are not suitable, in some cases, and therefore they have got to go back empty and possibly other empties have got to come in that will take care of the import.

The relationship, the difference, in one sense of the word, between the station and the floats, is that on the station they are all loaded cars, either loaded in or loaded out.

The other is both loaded and empty and could be, in some cases, the movement in of loaded cars that could not be taken care of at the time.

There is a possibility of that. And they are naturally taken back to the yards again, because we have to keep the floats away so in fact, the other floats can hit the pier and [fol. 1337] so forth.

You have only so much float space and that is that much float space.

Q. Just for clarification, Mr. Heywood, you indicated that the 1248 cars include forwarder traffic and import traffic.

You did not mean to confine that to import?

A. Yes, sir.

Q. And not export?

A. Yes, sir.

Q. There is no export traffic?

A. Not at Desbrosses Street. The export is handled at 12th Street—what is known as the 12th street pier.

Exam. Boat: Is that the general pattern of your operation?

The Witness: Yes, sir.

Exam. Boat: Is that true, you handle exports out of 12th Street?

The Witness: Yes, sir.

Exam. Boat: And imports are handled in to Desbrosses Street?

The Witness: Yes, sir.

There is forwarder handled elsewhere in Desbrosses Street, also.

Exam. Boat: I might ask you this question while you are waiting. You mentioned this movement over Harsimus Cove [fol. 1338] Float bridge?

The Witness: Yes.

Exam. Boat: And then to the Jersey City piers?

The Witness: No, I did not. Mr. Colgren called it that. I can clear that up, if you wish to have that 114 cars cleared up.

Exam. Boat: Just trace those movements.

The Witness: The 114 cars did not go lighterage, but it was in place of lighterage.

It is the rare occasion when we had the car, but put them on a float and took the float to shipside and it was taken out of the cars while still on the float at shipside. That is not ordinarily—

Exam. Boat: Or is that dock operation?

The Witness: No, it is not but it may be required when certain things have to be gotten across there to the ship quickly possibly. That is why it says Jersey/City lighter—really that is what it should have been, lighter, instead of going over on the floats.

Exam. Boat: But that was in fact handled through Jersey City lighterage?

The Witness: No.

Exam. Boat: Handled direct from Harsimus Cove to the ship?

[fol. 1339] The Witness: Yes.

You see, Jersey City lies right there at Harsimus Cove. In other words, we have the float bridges and we have the lighter piers, both right at Harsimus Cove.

By Mr. Colgren:

Q. What you just said, Mr. Heywood, was slightly different to my prior understanding of what was represented to us by you as to the cars that were floated in Harsimus Cove.

I took from the designation Jersey City lighterage that the cars were destined for the lighterage piers?

A. No, sir, that is not correct.

Q. I see. Now, I take it you are in some way assigning the expenses of Harsimus Cove float bridges to the Jersey City lighterage account—would that be it?

A. No, not necessarily.

Q. Allright.

A. We took them over by floats so we put all the costs involved in floating those cars involved on the floats.

Q. You also took the cars for Desbrosses street and West 12 street—or is that Piers 49 and 50?

A. That is 12th street.

Q. Yes—you also took those over on car floats, did you not?

A. Yes.

Q. And yet you called one and distributed one on a trucking in lieu of lighterage basis and on a per ton basis, where-[fol. 1340] as the others you distributed on a per-car basis.

A. You are speaking of the 114 against 1044, I assume now?

Q. Yes.

A. That is correct.

Q. I do not believe that I am quite sure why you found it necessary to translate that car float traffic into tonnage. I think you suggested it was in order to reconcile your figures with those of the B & O?

A. Well—

Q. But I am not sure that I understand why that was necessary.

A. It was necessary in recapping the costs of the various elements at New York. The B & O had theirs on a ton basis. They said they could not put it on a car basis, and we so happened to have the tons that were involved in the particular cars and we said, all right, we will convert ours to a ton, in order that we can put them together, in recapping for the average cost at New York on the 1044 cars.

Q. I still do not understand why it was only with reference to that 1044 cars.

If that was necessary with the 1044 why was it not necessary with the 114?

A. Because the B & O did not have any of that class of car.

Q. Well, they had car float, didn't they?

A. Oh, yes.

Q. Which they distributed on a car basis?

[fol. 1341] A. Yes, and we left it on a car basis, that part of it.

But these particular cars that they came up with, or freight, a movement of freight, I should say, was on a tonnage basis.

I might suggest, if it is not clear to you and if I am not explaining it clearly to you, the B & O witness who prepared this is here and possibly he could clear that up much easier for you. But they demanded we put it on a tonnage basis and of course for that reason we put it on a—

Q. The only difference is it shows here higher cost as you showed specific allocation to specify commodity movements?

A. It did?

Q. I think so.

A. You are not sure?

Q. Actually I am not sure of much of anything.

A. I think we would have had it on a tonnage basis. If that had been so—

Q. That is what it seems to us.

When you take a car and run it over a float bridge and put it on a car float and take it to a station and there for the first time it is opened and the freight handled, up until that point, certainly the expenses relating to that car should be on a per car basis?

A. I did not see it that way.

Q. I do not think you did. You stated the same thing this [fol. 1342] morning. Suddenly we find—I do not say suddenly—we have been curious about this all along—that certain of the car-float traffic has been distributed on a per-ton basis.

A. Only these few cars, though. Not all of them.

Q. Well, that is 1044 cars actually as against some 114 which were retained on a per-car basis.

Well, perhaps we can clear that up later on. I trust the record is clear as to what happened.

A. I certainly hope so, but there seems to be a lot of doubt in your mind and possibly partially in mine.

Q. I really have not had what I think is a satisfactory justification for the treatment since the B & O did have car-float traffic and maintains, or rather, made a distribution on a per-car basis, and you have car float traffic and you apportion some of it on a car basis and some of it, the major portion of it on a per ton basis.

Your explanation that it had to be that way to jibe with the B & O figures is a little hazy to me, yet.

A. The only amount of movement on the—that is, the amount of money on the P.R.R. basis is $3100. This was float bridge cost that we were distributing, not the floats or anything.

This was float bridge cost. That is what we are talking about at this particular point.

Q. If I may interject here, I think you will find that the marine costs also are allocated on a per-ton basis?

[fol. 1343] A. All marine cost is on a—wait a minute—not all of it, the car float end of it is on "car" and the lighterage is on "tons." The truckage is in lieu of lighterage, so that is tons, tons, again.

Q. The only difficulty with it is trucking in lieu of lighterage, that we are talking about right now, Mr. Heywood, is the fact it was not handled on a per-ton basis but on a car basis, on car floats, and that is precisely what I am talking about here, in trying to reconcile the fact that you have allocated these marine costs, float bridge costs, and even some of your station costs—

A. Yes, but station costs were—

Q. Excuse me, the station costs are all right.

A. Yes.

Q. But these marine costs and float bridge costs are still related to a ton basis; I still am rather lost in your explanation.

A. Do I understand you feel that lighterage cost and trucking in lieu of lighterage should be on a car basis?

Q. Yes, as long as trucking in lieu of lighterage is in fact what takes place?

A. Well, it takes place of lighterage, and lighterage, I think you have agreed, is on a ton basis, properly so.

Q. Now, Mr. Heywood, we were talking about cars that went through Harsimus Cove—float bridges—on to car [fol. 1344] float and were carried on to Desbrosses Street and Piers 49 and 50, in cars and they are unloaded?

A. That is right.

Q. And yet these expenses of the Harsimus Cove float bridges, the transit over the river, on a car float, have been allocated on a per-ton basis.

Naturally, if those cars had been unloaded on the Weehawken side, or the New Jersey side of the river, and actually trucked, in lieu of lighterage, we could not quarrel with your disposition of the costs on a per ton basis

I think that would be entirely proper. But I think that this is rather an unorthodox way of apportioning marine costs and float bridge costs on a per ton basis when, in fact, the car is still fully loaded.

A. I did not put any cars that went over the car float under marine on a ton basis.

Q. Yes, you have, Mr. Heywood?

A. Where?

Q. We went over that this morning.

A. Are you speaking of the 1044 again?

Q. Yes, that is right.

A. No, that is not car float. That is the float bridge. I tried to explain that a few moments ago.

Exam. Boat: I have a query here for you to please explain the movement of these particular cars, and that is the [fol. 1345] 1044. Will that clear it up for us if we get a statement here just how that movement took place?

Mr. Colgren: That is right. We are trying to reconcile, according to the costs themselves. They are handled through Harsimus Cove over a float bridge on to a car float and taken over to Desbrosses Street Station where the cars are opened and unloaded.

A. That is right.

Mr. Colgren: Is that correct?

The Witness: Yes.

Exam. Boat: Now, Desbrosses Street—that would be import traffic.

You handle only import at Desbrosses Street, you say?

The Witness: That is correct. Import and forwarder business.

Exam. Boat: That would be eastbound traffic?

The Witness: Forwarder business, put it that way. Import would be westbound.

Exam. Boat: That is what confuses me. I thought these were import cars that we were talking about, or are they forwarder cars?

The Witness: Which cars are we talking about?

Exam. Boat: The 1044.

The Witness: The 1044 are cars going from Harsimus [fol. 1346] Cove on the float bridge across the river.

Exam. Boat: To Desbrosses Street?

The Witness: That is correct.

By Mr. Colgren:

Q. And piers 49 and 50?

A. Yes.

Q. I understood you a little while ago, maybe this will clarify it and maybe not—but the forwarder traffic is export traffic, is that right?

A. That is—I would not say so.

Q. That was my understanding before.

A. I would have to check back on that to prove if it all was domestic, or whether some of it was as you say for export, or not. That I admit. This right here I do not know. And I do not know whether I can tell that or not, either.

Exam. Boat: I was wondering, Mr. Heywood, why import traffic would be moving in that direction?

The Witness: In what direction?

Exam. Boat: To Desbrosses Street.

The Witness: It is brought there from the ships on Manhattan Island for use to load into the cars going west.

Exam. Boat: But these 1044 cars I understand—these were not the cars that moved through Harsimus Cove float bridge?

A. Oh, yes, the 1044 did. They are going east.

Exam. Boat: But I cannot understand why import traffic is going east. Your import traffic is westbound, is it not?

[fol. 1347] A. Yes, that is right.

I did not say the 1044 were export. I did not say they were import. I said there were 1044 cars crossed the river. I have not said.

Mr. Colgren: Actually that is the basis upon which the costs are allocated.

By Mr. Colgren:

Q. In your summary sheet you show, I think, 544 cars—

A. Loaded, they are.

Q. Yes.

I am just trying along with the Examiner, to reconcile what is going on.

A. I am not trying to twist you up. I think you are twisting me up.

Q. I had a picture of how the stuff was moving, and the picture changes from time to time and it catches me off base.

Mr. Heywood, in your summary sheet, under Station Costs, we have opposite "Truckage" in lieu of lighterage freight, 554 cars.

I am trying to reconcile in my own mind—we have a work sheet here entitled "D-3" and apparently that was later corrected and the items allocated on a ton basis were restated on another sheet, so we have had to allocate things from another sheet, but there it indicated out of a [fol. 1348] total of 2482 cars, which we discussed this morning and on which the yard costs were allocated, 1874 of those cars are shown under lighterage freight under station costs, and 54 cars were shown for car float freight and 554 cars are shown in trucking in lieu of lighterage.

After the correction, I assume that the only one of those figures that still stands is the 54 cars opposite the car float freight, because the tonnage portion of that worksheet was restated, as I say, and there was no further reference to number of cars.

A. No reference to cars where?

Q. On the restated sheet.

A. What cars are you speaking of?

Q. What was that?

A. What cars are you speaking of?

Q. The 1874 and the 554.

A. I have that on a tonnage basis. Is that the corrected sheet you have or what?

Q. This is apparently the corrected sheet, one that is labeled "D-1".

A. I do not know anything about that D-1 stuff. I cannot comprehend those numbers.

Q. Can you see from there what this is? It is a restatement of cargo—

A. That is not the summary sheet I have. I think this is [fol. 1349] the sheet now. Wait a minute.

Yes, I have the sheet.

All right. Now, what was the figure? The number of cars?

Q. Well, actually on the corrected sheet there is no reference to cars, and we cannot any longer reconcile the tonnages with the cars, as we could on the previous sheet.

Would those tonnages on the previous—or rather, the number of cars shown on the previous sheet still stand?

A. Do you mean on the summary sheet, the cars 2482 and 554?

Q. That is right.

A. As far as I am concerned, I am still using those cars on the summary sheet.

Q. All right. We are here talking about those 554 cars.

Q. Now, Mr. Heywood, the only figure we can connect up with the 1044 cars shown in the Harsimus Cove float bridge costs is the 554 cars that we just discussed, shown opposite "trucking in lieu of lighterage freight" under "station costs," on your summary sheet?

A. Well, I think I said some time ago that these are loaded cars, on the summary, whereas the other figures on the 1044 are loaded and empty.

Q. All right. Now, our problem is why are they shown on a tonnage basis and opposite trucking in lieu of lighterage, when in fact, they moved in car float service?

A. I gave as an explanation before that trucking in lieu [fol. 1350] of lighterage, because otherwise if it was on a lighter it would have gone directly to the pier where the ship was tied up to receive the cargo.

Q. Well. Mr. Heywood, I do not think that we are talking about the same thing but I would be very happy if you could show me the accounts that are involved in that.

A. What do you mean?

Q. The cost distribution.

I think, formerly you testified to the fact that such trucking in lieu of lighterage which took place on the Manhattan Island portion of your facilities, from and to the steamship piers is an offset to revenues, a debit to your account No. 101?

A. That is right.

Q. But here we are actually talking about distribution of car float and float bridge costs rather than in fact trucking costs.

A. Well, we have the car float costs where it belongs.

Q. I do not think I am quarreling so much with your total costs, Mr. Heywood, so much as the fact your have dealt with them on a ton basis when we think it should be done on a car basis on the basis previously outlined that in fact it is actually car traffic, until it gets to the station.

I think we probably pursued that far enough but I am still—well, let me get this clear: It does not matter whether [fol. 1351] that traffic is actually eastbound or westbound —that is, import or export traffic—it still moves in cars from or to Desbrosses Street and Piers 49 and 50, from or to Harsimus Cove float bridges on car floats, and in cars?

A. Well, I have said—already said—that the eastbound traffic and the westbound from Desbrosses is moved by float, yes.

Q. Now, Mr. Heywood, I want to talk about station costs for a while.

They appear on our work sheets which are designated "15" through D-19.

They start with a summary sheet and are just labeled station costs and the background follows that.

Now, these station costs, Mr. Heywood, are developed on the month of September, 1956, and they are included in your port terminal costs, is that right?

A. Yes, sir.

Q. And on page—the first actual page of computations, our page D-16, you developed the cost for the Greenville piers separately between open cars, box cars and domestic freight and you show that the tons of domestic freight amount to 12,845 tons, which was almost double the import-export tonnage handled in box cars, is that right?

A. Where is this 12,000—did you say 12,000?

Q. Yes.

[fol. 1352] A. What is that—'way down at the bottom?

Q. Yes.

A. It must have skipped off my sheet.

Q. It is under the column headed "Domestic Freight," of course, under "expenses."

A. Under the "Expenses" columns.

Q. Yes.

A. All right. We have another one here. Wait a minute, that is tonnage, is it not?

Q. Yes, that is tonnage.

A. 12645?

Q. Yes.

A. I was looking for cars. I thought you said cars. That is what I was looking for. All right, I have got that.

Q. My comment is that was almost double the import-export tonnage handled in box cars, which is shown in the column immediately to the left.

A. Well, we did not say that was all import-export, did we, in box cars?

Q. I do not know of any other reason for your breakdown between domestic and the other two categories.

Can you explain why you have shown domestic freight at this pier, although there has been no lighterage or car floatage expense chargeable to this traffic on the preceding work sheets?

A. Are you speaking of this station cost at Greenville—[fol. 1353] why we haven't got that on our other work sheets?

I would swear I saw Greenville on the other sheet here, but maybe I am wrong. Let me see.

I have "Loading Costs" at Greenville 'way back on a sheet here. There is no number. I cannot tell you what sheet it is.

Q. Yes, there is floatage cost, but it does not reflect any domestic freight.

That is my question.

A. Where did we qualify what was at Greenville? Have you a sheet that qualifies it, at Greenville, that shows it as export and so on?

Q. It is all shown under "Lighterage."

A. Where?

Q. "Lighterage." Actually, Mr. Heywood, we did make an assumption, I think, in connection with your floatage costs.

I did not think we have a question.

A. Don't question. Good.

Q. Mr. Heywood, on the second sheet of your floatage costs determination—

A. Wait until I get this second sheet.

This second sheet is—

Q. 10233—

A. 233—

Q. That is right.

A. O.K.

[fol. 1354] Q. Under the column "Expense Column for Greenville Lighterage," and down towards the bottom, opposite "Total Units," you show 26,626 tons.

I think they are tons.

A. Yes, it is lighterage and it would be tons; yes, sir.

Q. Now, Mr. Heywood, apparently you have taken and distributed the total expenses of $133,031.79, at Greenville lighterage to that tonnage, so we have presumed that that was all foreign freight—that is, export-import freight?

A. It is all export-import, you say?

Q. Yes.

A. That is right.

Q. That is what we have assumed.

Is that a proper assumption?

A. Yes, sir.

Q. Now, back on your station costs again, Mr. Heywood, the first sheet following the summary sheet, our Number D-16—

A. Yes.

Q. 00 "Total of Open Cars and Box Cars" shown at the bottom of the sheet at Greenville piers equals this, 26,626 that we just discussed in connection with floatage costs at Greenville lighterage?

A. You say the open top—the open cars and the box cars.

Q. That is right, the figures for the open top are 19,672.6 and for the box cars 6,953.4 tons.

[fol. 1355] Now, my question was, Mr. Heywood, why this was not shown on domestic freight in connection with these previous cost determinations but it suddenly shows up in your station costs at Greenville piers here.

A. That domestic cost was taken out on other detail sheets, and they are not—I do not believe we brought those to Washington, because all we have here is what is applicable to the traffic we are interested in.

You had the opportunity, of course, to come to Philadelphia and look those over and you would have seen it, had you come down.

Q. We can be sure, then, there is no domestic freight—

A. That is right. No domestic when we get in here in the cost. Domestic is out.

Q. I was going to continue to say—in connection with floating costs.

A. That is right, Greenville piers.

Q. Then these are not actually the total floatage costs at these various stations?

A. No, it is not the grant total, no. That is on other sheets.

Q. It does not appear. We do not have these other sheets you refer to?

A. That is correct, you do not.

Q. That is the reason for having to question you in that fashion.

[fol. 1356] A. That is perfectly all right. I am perfectly glad to have your questions when you have one I can answer.

Q. Mr. Heywood, if they are already on other sheets, could we have the copies of those other sheets?

A. No, I think you can see them in Philadelphia; if you wish. I am not going to offer, and photograph a lot more of those sheets that have no relevancy here, in so far as we are giving you what is involved in this case here, and other than taking it. You can speak to counsel on that. If he says you get it, you get it. As far as I am concerned, no.

Q. Of course, Mr. Heywood, you must understand that we are only concerned here with making certain tests of your study?

A. That is right.

Q. And it is necessary that we have some of this additional information in order to make those tests. We do not want to quarrel with you.

A. I am not quarreling with you. You know better than that.

Q. Yes, I think I do.

Q. We would be perfectly willing, Mr. Heywood, to reproduce the sheets, I presume, if you would send us the originals, with the understanding you would get them back just as soon as possible.

A. If you have no objection, counsel, would you kindly consult with my counsel?

[fol. 1357] Q. All right.

Now, Mr. Heywood, on our sheet D-17, which I believe is still station costs, I believe it is the second computation for station costs, you show the development of costs at the Jersey City piers based on the month of September, 1956.

What particular piers were covered by this study?

A. Just a moment until I find that sheet. I thought I had it here, but I find I do not.

Q. It is the sheet immediately following the one we were just discussing.

A. Station costs—excuse me. I thought that was the summary sheet. I did not read it far enough. Our Jersey City piers I think are known as "K and L". And I think some lighterage—I would like to check on this again, I think some lighterage does go over "H" or certain freight is handled over "H".

Q. Those stations are "KLH"—the piers?

A. Or H.K.L., if you want to put them down the river. I thought of "H" later. I think some still goes off "H".

Mr. Colgren, would you kindly put "J" in there, also? I thought they had discontinued "J" but I am informed otherwise.

H.J.K. and L. We have four piers.

Q. To the total tons of 47,709 which is shown opposite, I suppose we might call it your footnote 1 down there—towards the bottom of the page.

[fol. 1358] A. Total tonnage.

Q. A total tonnage of 47,709, is that all the tonnage handled at these piers H. J. K and L, during the month of September?

A. Yes, it says through the station. Those are the tons—through the station.

Q. Over in the last column you show 2,170.8 tons of domestic freight handled at Jersey City piers. Does this cover all of the domestic freight handled at all of the Jersey City piers during the month of September, 1956?

A. Yes, sir.

Q. Was any of this domestic freight lightered?

A. Yes, certainly. If it went over—if it, by any chance, got over the H. J, K or L, it was bound to be lightered.

Q. Mr. Heywood, would it have been handled over any other piers than H, J. K or L?

A. You mean this particular 2,000 tons?

Q. Yes.

A. No, so long as it came through Harsimus Cove it would not and that is undoubtedly where it came through. It says Jersey City piers and that means it is connected through Harsimus Cove, as the yard.

Q. Are those four piers the only piers under this so-called designation "Jersey City Piers"?

A. Yes, sir.

Q. Mr. Heywood, again in connection with this Desbrosses [fol. 1359] Street Station, that is on your next sheet here—in connection with developing a station cost at Desbrosses Street chargeable to carload, and which is subsequently assigned to truckage in lieu of lighterage, you used 367 cars. You will find that—

A. That is right.

Q. You have got it?

A. That is part of the 1248 we discussed before.

Q. That is right.

Back on sheet "D-13" if you recall, I think we also discussed that you show 889 cars of export-import traffic that were floated, for account of Desbrosses Street station.

How do you account for this difference between the 367 and the 889?

A. Which sheet was this 889 on?

Q. That was on our sheet D-13. It is in your floatage costs, and I think it is the second—

A. The 889 is the figure we had where we were discussing the so-called 1044, I believe?

Q. No—

A. Pardon?

Q. No—

A. Yes.

Q. Actually it is a portion of the 3,253 that we previously discussed?

[fol. 1360] A. Yes, and the 889 is a part of the 1044.

Q. Yes, that is right.

A. Yes; now what is the question here?

Q. Well, we were discussing and wondering now, you show that being floated to Desbrosses street station and yet you assign station costs chargeable to carload on the basis of 367 cars and those, of course, were subsequently assigned on the basis of this truckage in lieu of lighterage, on a per-ton basis, but my immediate question, Mr. Heywood, is how do you reconcile this 367 and the 889?

A. That goes back to a question again—the 889 we are talking about.

Q. That is right.

A. The 889 cars were cars, as I recall it, moving east to Desbrosses Street, and the 367 cars are cars moving west with import.

Q. I am lost again, Mr. Heywood.

A. Very good. The 889 cars are part of the 1044 which were cars moving from Harsimus Cove to Desbrosses Street. The 367 cars you call my attention to are cars moving from Desbrosses Street, west, with import traffic.

Q. Well, that totals more than 1044, does it not?

A. Oh, I do not say it does not.

Q. I am lost right there.

A. The difference between the 1044 and 889 were the 155 [fol. 1361] which went to 12th street, pier 49 and pier 50, which was still eastbound.

Q. Am I to understand, Mr. Heywood, those floatage costs involving the 1044 cars are the total export and import traffic through Harsimus Cove?

A. 1044 now you are talking about?

Q. Yes.

A. No, the 1044 cars you are talking about are all eastbound cars.

Exam. Boat: That is the point of difficulty here. I got the impression they were all import or export business but they are just cars—that is all they are.

A. That is all they are. I have never said what they were. They are not import, we know, because they would not be moving east.

By Mr. Colgren:

Q. That was going to be my next—

A. And no export to Desbrosses Street—comes from Desbrosses Street, I should put it. Or to it, whichever way we are working on it.

Q. Mr. Heywood, right now east is west and west is east, as far as I am concerned.

A. That is right.

Exam. Boat: That is where I was a bit ago. I finally got it out of him that it is not confined to import and export movements. It is all cars, apparently, that they [fol. 1362] are handling in these particular movements.

The Witness: The 889 cars going east to Desbrosses Street are, I would say, forwarder cars.

By Mr. Colgren:

Q. Would they not necessarily be exporter traffic?

A. I would not say to that. As I said before, I was not sure whether this was some local or not. I say they are forwarder cars.

Q. If you are not sure—I mean, are you sure now?

A. I am sure now.

Q. Yes.

A. No, I said I was not. I would have to go back and check and see if I could determine and split the 889.

Q. What I cannot determine, Mr. Heywood, is how you determined whether these cars are eastbound or westbound?

A. How they are eastbound or westbound?

Q. Yes.

A. You are talking about the 1044?

Q. Yes.

A. Well, now, let us go back to that for a moment and see if we can get this 1044 straightened out. If I can find that sheet again.

We are talking about the cars that went over the float bridge, again?

Q. That is right.

[fol. 1363] A. And the 889 is going—is Desbrosses Street.

And here the 155, as it is stated, is Pier 49 and Pier 50.

The 114 that we spoke about—they were floated to shipside.

Now, as I have said before, I would have to go back further and I have not that paper here, evidently—I cannot seem to locate it—to tell me what the 889 actually is, whether all forwarder, or whether some of it is export forwarder, or whether there might be mixed in there some empty cars which I think there are, moving west.

And some of it could move east to go over to get loaded, too.

That I do not have right here in this file, in these papers here, to give me that detail.

I do not know whether we have got all those with us or not. We have got quite a few papers, but I would have to go back into them to find out.

I would be very glad to look into it and if I have them available here, give you the answer and if not, I will attempt to get them from the other papers at home.

Q. We think it is rather important, because you have assigned your Desbrosses Street Station, your float bridge costs, to traffic going to Desbrosses Street Station on the basis of these 889 cars?

[fol. 1364] A. That is right.

Q. And if they are not, in fact, export and import—

A. No—

Q. —cars, we would like to know about that. Of course, Mr. Heywood, in your floating cost computations, under Desbrosses Street you show units handled of 3,253. What are those units?

A. Well, I think I said before what they were. They are inclusive of both loaded and empty cars.

They are all cars taken over to Desbrosses Street: Loaded in and loaded out, empty in or empty out—it could be any one of four.

Q. Well, of course, that brings us back again to this question of the 367 cars.

Exam. Boat: We will take a ten-minute recess.

(Short recess.)

Exam. Boat: Come to order, please, gentlemen.

By Mr. Colgren:

Q. Mr. Heywood, with reference to these 367 cars, I believe a little earlier I asked you if you could reconcile the difference between the 367 cars and the 889 cars of export-import traffic floated for the account of Desbrosses Street Station?

A. I do know that the 367 are import cars going from Desbrosses Street over to Harsimus Cove.

The 889 cars, as I have said before, are inclusive of [fol. 1365] loaded and empty cars.

I do not know what freight was in them and they can be running in either direction.

Q. Now, Mr. Heywood, there would not be anything other than export or import freight or empty cars, which had had export or import freight, in that 889 cars, is that correct?

A. That is a correct statement, yes.

Q. Just to clarify my own mind on the thing it is your testimony the 367 cars are westbound loaded cars, right?

A. Import.

Q. Yes.

A. Yes.

Q. On our sheet "D-18" Station cost at Desbrosses Street —that is where we see this 367?

A. Yes, that is right.

Q. How did you ascertain the tonnage shown in connection with those 367 cars? It is 10,549 tons.

A. Ten—is that on that sheet or am I looking at the wrong sheet?

Q. Yes, it is just to the right and the line next below the 367.

A. I beg your pardon. 10,949 tons?

Q. Yes.

A. Why, on this particular stuff, knowing that this was import and one of the things we were interested in at the [fol. 1366] pier, we went back to the pier records and transcribed that information from the waybills.

Q. Mr. Heywood, you have distributed your carloaded expenses for Desbrosses Street on the basis of those 367 cars?

A. Yes.

Q. Then the 889 cars, shown as floated over to Desbrosses Street—the difference between 367 and 889, must have been either empty cars, or cars containing other freight, right?

A. Other than import. I think your first statement as to empty cars is more correct than anything else.

Q. Again we find here, Mr. Heywood, do we not, that it is over 100 per cent, if we assume they are empties?

A. That is all the empties handled—not only import, but involved around the forwarder business handled there, and there is some l-c-l business handled there, too.

Q. Of course you do not include your forwarder traffic in the allocation of costs. But is what you are saying that the marine costs which are allocated on the basis of the 889 cars is possibly inclusive of forwarder traffic?

A. That is what I said I did not know—the breakdown of the 889.

Q. Mr. Heywood, I think we are almost forced into the assumption that the difference between 367 and 889 cars, or 522 cars are empty cars, is that not right?

A. I said that was the correct assumption—that I would [fol. 1367] agree with you, when you said that before.

Q. Yes. You realize that is almost 150 per cent empty return?

A. And I tried to qualify that and say that was not only involved around import traffic.

Q. Then the floatage cost should not be assigned to import and export traffic, if they were not import and export cars. Is that not right?

A. I—not if they were not import and export, no.

They may have been empty, involved with the import problem.

Q. Is there any way we can reconcile that?

A. No, I do not know any—only the fact—reconcile what, about the empty appearing so much heavier than the load—

Q. Yes.

A. Well, the only way I can reconcile it is the fact these cars have moved over empty to load the import, and also that there may have been other empties involved leaving there, and that would be at least equal or double whatever the figure you say it is, of the loading—import only.

Q. Well, I guess we have pursued that far enough, Mr. Heywood. In your attempt to shorten this a little bit would your conclusion be the same with reference to the 155 cars shown floated from Harsimus Cove as against the 74 cars shown as the basis for distribution of expenses of [fol. 1368] trucking in lieu of lighterage for piers 49 and 50?

A. There are empty cars involved in the 155, yes.

Q. Well, that is actually the same thing that we have been discussing in connection with Desbrosses Street.

A. Where did you get the 74?

Q. That is on the next sheet, in the fourth column of figures, opposite cars, down towards the bottom of the page. The figure 74 is actually under that $487.51 which is encircled.

A. Yes, that is a correct statement of what is involved—the difference between is the empty.

Q. In connection with those 74 cars, you show the last figure, in that same column, 1225.3 tons in connection with those 74 cars.

A. Yes.

Q. This amounts to 16.6 tons per car.

Now, at Desbrosses Street I think you showed 28.7 tons per car, in connection with the 367 cars we previously discussed.

Can you account for the difference in tonnage between these piers or the cars using these different piers?

A. The only thing I can account for is the different type freight.

Q. What is it that is handled at piers 49 and 50?

A. Generally speaking export and general merchandise.

Q. Do you have any idea, Mr. Heywood, what would account [fol. 1369] for that difference you have indicated, that probably different commodities were being handled, but does your knowledge extend any further than that?

A. Well, the difference between import and export freight would have a great deal to do with it and that is a difference in the commodities.

Q. Well, I hardly know how to ask it, Mr. Heywood, but what differences would come to your mind that would create the difference in loadings?

A. In loadings?

Q. Yes. I mean the average loadings you have shown?

A. I would think my exhibits 1 and 2 and possibly 5 and 6 would show you the difference in loading in imports and exports and as to commodities which are handled.

Q. You mentioned there differences in method handled—

A. Method—I did not say method.

Q. I do not recall what you said but I was trying to—

A. I said a difference in the commodity would naturally have a tendency, export and import being different commodities, would have a tendency, what the load was, what the commodity is.

Q. Mr. Heywood, again we run into this proposition, in developing the total cost at West 12th Street—incidentally, is that synonymous with piers 49 and 50?

A. Yes.

[fol. 1370] Q. You place the total cost on 2,081 cars, whereas back on Sheet D-13 you indicate 4662 cars were floated to the account of West 12th Street?

A. Yes, the 2081 were the loaded cars.

Q. Yes—

A. And the other would be inclusive of empty and loaded.

Q. As I understand your answer here is similar to the answers you have given me before in relation to these discrepancies—

A. Discrepancies?

Q. —differences—excuse me.

A. That is better.

Q. Mr. Heywood, in developing the floatage costs on your work sheets which are headed in our set "D-12" through D-14, these costs were based on the month of September, 1956, right?

A. That is right.

Q. And referring to your work sheet Numbered D-12 you show the cost separately for Desbrosses Street, west 12th Street, Jersey City car float, Jersey City Lighterage, Greenville Lighterage, and for grain, right?

A. That is right.

Q. In connection with the Desbrosses Street and West 12th Street station expenses you segregated these expenses between export and import, and "other" on the basis of the relationship between the export-import cars to the total [fol. 1371] cars handled separately for these two facilities, is that right?

A. Yes, sir.

Q. And the Jersey City car float expense and the Jersey City lighterage and Greenville lighterage and the grain costs were not a portion of the entire expense as charged to export and import freight, is that right?

A. No, not—you mean on these—the station, are you speaking about now, or are you back at the floatage?

Q. No, these are floatage costs.

A. Yes.

Q. Why were the entire expenses for Jersey City lighterage, Jersey City car float and Greenville lighterage and grain assigned to import and export freight?

A. On these sheets that was all right because we had the rest taken out by that time.

Q. Can you show us—

A. No, I have not the sheets. I explained that before. They are on other sheets that we have not got with us.

Q. Actually, some of that information I asked for in my letter of February 20 was that sort of information, was it not, Mr. Heywood?

A. No, I do not think so.

You were asking for a number of units that were handled at different stations, as I recall it, after you had asked [fol. 1372] for the total minutes and hours in the switching study.

Then you went on asking the marine cost, or marine cars, and tons, and what not, by stations, as I remember.

Q. Yes, that is right, and we felt we needed the total expense and the expenses charged to other services for testing purposes.

A. Well, you did not—I do not recall your asking for expenses in that letter, I can be wrong, but I do not think you did.

Q. Well, yes—

A. I think it was units.

Q. You are probably correct.

A. Yes, units.

Q. Mr. Heywood, on our sheet D-14, and I think it is the next one to the one you are looking at, the floatage cost at Jersey City and Greenville pier stations are totaled and then allocated on the basis of the relative proportions of box cars and open-top cars.

You show 70 point 18 per cent for box cars, and 29.82 per cent for open-top cars, right?

A. I do not think I have got the sheet you are referring to. It does not seem to be next to the one I am looking at.

Q. You will find those percentages I just named under the bracket there.

A. Was that 70?

[fol. 1373] Q. Yes.

A. —.16 and 29.82?

Q. Yes.

Now, if we go to our work sheet D-17 which is entitled "New York Area Station Costs," the proportion of box-car freight at Jersey City lighterage station can be computed as 99.2 per cent?

A. Jersey City piers?

Q. Yes—no, Jersey City lighterage. I do not know whether there is a difference there.

A. It must be on another sheet. I have got Jersey City piers here.

Q. Mr. Heywood, I think I left you by saying that the proportion of box car freight at Jersey City lighterage station can be computed as 99.2 per cent.

That is done on the basis of the tons shown on the sheet that you have that I referred you to there.

A. Do you mean that 40729?

Q. That is right, plus 331.

A. This is—what point is it? The piers, the Jersey City Piers?

Q. That is right.

A. Or are you speaking of any particular place?

Q. No, the Jersey City Piers. You have the right sheet in front of you, I am sure.

[fol. 1374] A. All right. That is the open top and the—

Q. The box cars.

A. And the box cars.

You say that is 99 per cent of the total?

Q. Yes, sir.

A. 3,460, 47,709—it could not possibly be 99.

Q. The total of the box cars?

A. Oh, the box cars, taking the 2 counts, 331?

Q. Yes.

A. I will go along with that, yes, sir.

Q. Now, similarly, on the preceding sheet, at Greenville piers, the proportion of box car freight can be computed as 26.1 per cent. Does that look about right to you?

A. Well, let us see. What percentage did you say?

Q. 26—actually I have 26.1.

A. Yes, that is about right. It might be a little low. You are speaking of 19672 and the 6953?

Q. Right.

A. Yes.

Q. Now, then coming back to the floatage costs that we were discussing a moment ago and the apportionment on the percentages you show on our work sheet "D-14"—

A. Do you mean the 99 per cent?

Q. No, prior to that.

It is back about 3 pages, I think. That is it.

[fol. 1375] A. This is the floatage now we are talking about?

Q. Right, we are talking about the apportionment of expenses as between box cars and open cars, and if you recall, we already mentioned that the percentages you developed were 70.18 for box cars and 29.82 for open top cars.

Now, Mr. Heywood, that allocation was made after your two columns of expenses were combined. Is that not right for Jersey City and Greenville piers?

A. This is the total floatage cost at New York on foreign lighterage freight.

Q. Yes, the heading is such as to indicate they are for Jersey City and Greenville, right?

A. Yes.

Q. The computation has been made in applying these percentages against the percentages we developed just a minute ago, the 99 per cent and the 26 per cent, the percentage of box cars against open top, that if those percentages had been applied to the individual totals of lighterage expenses at Jersey City lighterage and Greenville pier stations, that by following that method it resulted in reducing the lighterage cost per box car ton by about 32 cents. Will you accept my computations in that respect?

A. I will accept your computations, yes.

Q. Well, will you go a little further with me and agree that those figures should be individually—those columns [fol. 1376] should have the individual application of the percentages made before being combined in the ultimate figure?

A. No, I do not think I can accept that, no.

Q. Well, I guess that is just a question of judgment of statistical approach, Mr. Heywood, and we can argue that later, I guess.

Mr. Heywood, is it not true that with respect to the cost for maintenance of floating equipment the B & O cost study uses a three year average to develop the cost for the month of September, 1956, whereas the Pennsylvania used the amount reported in the September, 1956 operating expenses?

A. I am not sure what they used. I would not say yes or no to that. If you want, I will be glad to tell you in the morning—definitely in the morning.

Q. Well, I think that would be satisfactory as far as the B & O is concerned.

You cannot tell me of your own knowledge as far as the Pennsylvania—

A. The Pennsylvania was 3 years—one year. I am not sure about the B & O. I cannot tell you how they went. We were all supposed to work similarly, I know. You say it is three years. I do not want to agree or disagree with it.

Q. Yes, I believe that is accurate for the B & O. I believe we have that information from Mr. Talbott. Now, as far as the Pennsylvania is concerned, I think we have reason [fol. 1377] to believe it was for the month of September, 1956 that you took the maintenance figure, rather than for the year 1956?

A. Well, let me check and I will give you the facts tomorrow morning.

Q. Yes, sir.

A. Correctly, as to just what we did, and what the B & O did.

Q. Yes. Now, if it develops that it was for the month of September, 1956, would you be good enough to furnish us the annual figure for the year 1946?

A. For the maintenance of the floating equipment?

Q. Cost of maintenance of floating equipment?

A. Yes, I will read the figure out of the annual report to you.

Q. Your annual report will not show the New York figure separately, will it?

A. Oh, you want only New York?

Q. Yes.

Actually, in your study, Mr. Heywood, you have broken it down by types of equipment—tugs, barges, lighters?

A. Yes, and is that the way you want it for the year?

Q. Yes. I would like to have that. Actually I would be satisfied with barges.

A. We'll see what we can do. We may have that available and I would be glad to give it to you if it is. I am not [fol. 1378] too sure how far we went to break that down for the month.

Q. Mr. Heywood, did you form any opinion as to the adequacy of the tonnage figures you were dealing with, from a representative standpoint?

A. No, I do not say that we did, we took the month of September, and proceeded.

Q. Well, that is true, as far as the Pennsylvania Railroad is concerned.

Perhaps I should pursue this with Mr. Talbott, but I was wondering if you might agree that the B & O tonnage for import and export traffic for the month of September is subnormal?

A. I would not know.

Q. Mr. Heywood, in your exhibits 3 and 4, and of course five and six, now, did you make any adjustment in the Form A line-haul and inland terminal costs shown in your exhibits to eliminate the costs for marine and harbor operations which have been included in your cost studies?

A. No.

Q. —for the port?

A. No.

Q. To the extent that marine and harbor operations costs find their way into those form A line haul and inland terminal costs, they are duplicated then, are they not?

A. Well, they may be considered in the general average, yes.

[fol. 1379] Q. I do not know whether that answer was responsive—whether it was an answer or not, Mr. Heywood.

A. I swear I cannot tell you whether it was or was not, for your sake. I can tell you it was for mine.

Q. Well, I think it is susceptible of a yes or no answer.

I am just asking you if there are elements of marine and harbor operation expenses included in Form A line haul and inland terminal costs, to the extent that they are in there, and also covered in your port cost study, they are duplicated, are they not?

A. Well, you can call it duplicated, if you want. I say that undoubtedly they are in the general average, yes.

Q. Well, yes, I guess your answer was responsive.

By general average you mean they are included in the Form A units—

A. Yes, the Form A—

Q. That go to make up the costs.

Now, Mr. Heywood, you have introduced exhibits of import and export traffic via the Port of New York showing fully distributed costs in your exhibits 1 and 2, is that not right?

A. That is correct.

Q. And out-of-pocket costs in exhibits that followed that —three, four, five and six?

A. Yes, sir.

[fol. 1380] Q. In the fully distributed costs, what rate of return did you use?

A. Six per cent.

Q. Was this before or after income tax?

A. No income tax.

Q. In the out-of-pocket costs what rate of return did you use?

A. Six per cent.

Q. Was this before or after income taxes?

A. After income taxes.

Exam. Boat: What is the basis of valuation upon which your computing that was done?

The Witness: Book.

Exam. Boat: Book cost?

The Witness: Yes, book.

Exam. Boat: That would be true as to the yard costs, also?

The Witness: Yes, any valuation we used, yes.

Exam. Boat: By book investment, do you mean net investment?

The Witness: Oh, yes.

By Mr. Colgren:

Q. Mr. Heywood, referring to your special studies of port costs which you developed for the PRR, B&O and Central of New Jersey were these studies substituted for the Form A terminal cost studies in your exhibits 1 through 6?

A. Yes, sir.

[fol. 1381] Q. And do the special port costs include an allowance for return on investment?

A. Yes.

Q. Was this amount before or after income taxes?

A. Before.

Q. In Form A what is the percent of return on road property which is considered out of pocket?

A. 50 per cent.

Q. What is the percent of return on equipment which is considered out of pocket?

A. 100 per cent.

Q. What per cent of return on road property did you compute as being out of pocket in your Port study which you substituted as the terminal factor in rail form A?

A. Six per cent on the total.

Q. I do not—let me read my question again. I mean, what is his per cent?

A. Six per cent.

Q. Mr. Heywood, I have reference to the same type of percentages which were in my previous two questions.

I will restate my question: What per cent of return on road property did you compute as being out-of-pocket in your Port study which you substituted as the terminal factor in rail form A?

A. Six per cent.

[fol. 1382] Q. Well, perhaps we can get at it this way, Mr. Heywood.

Is it not true that, when you restated your exhibits 1 and 2 as revised to an out-of-pocket basis, you did so by applying or taking an 80 per cent factor for all of the elements therein?

A. 80 per cent out of pocket, yes.

Q. And that includes the return on investment—I mean, including a return on investment?

A. Income on investment was included as a part of our cost, yes.

Q. So you took 80 per cent of the six per cent, right?

A. No, not that I recall. We took 80 per cent of the expenses and then added the 6 per cent return.

Q. Have you taken six per cent of 100 per cent of the road investment at the port in your—

A. No, wait a minute. That seems, where there is—there is some confusion there, I believe.

The last question if I understood correct, you asked me, you are talking about the Newport terminal special studies we made—right?

Q. That is right.

A. That is what I understood we were talking about. The answer to that is we took 6 per cent on the property and on the out-of-pocket, we took 80 per cent of that.

Q. Thank you.

[fol. 1383] Mr. Heywood, did you make a study to determine what the actual out-of-pocket percentages were for marine operations in New York Harbor?

A. No, I did not make any special study.

Exam. Boat: Is this a convenient time to stop, Mr. Colgren?

Mr. Colgren: Yes.

Mr. Bongartz: Off the record.

Exam. Boat: Off the record.

(Discussion was off the record.)

Exam. Boat: On the record.

We will recess now until 9:30 tomorrow morning.

(At 4:50 p.m. the hearing was recessed until 9:30 a.m., March 27, 1958.)

[fol. 1384]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I & S Docket No. 6615

ISA Docket No. 32204

[Title omitted]

Met, pursuant to adjournment, at 9:30 a.m.

Before: Marion L. Boat, Examiner.

APPEARANCES:

(As heretofore noted.)

[fol. 1386] PROCEEDINGS

Exam. Boat: The hearing is in order.

Thereupon J. L. Heywood resumed the witness stand and testified further as follows:

Cross examination (continued).

By Mr. Colgren:

Q. Mr. Heywood, in connection with your Exhibit 50-A, and your supplementary statement in connection with the exhibits attached to your exhibit 50-A, numbers 5 and 6, according to your explanation you used the test of one thousand tons or more as the basis of whether or not you would include the commodities shown in your cost statement; is that right?

A. That was the decided point, 1,000 tons and more.

Q. Mr. Heywood, in actual fact down towards the bottom paragraph of page 1 of your supplementary statement, you say "In addition to the New York out-of-pocket costs have been applied to ten commodity groups, where the 1000 ton minimum was handled at either Baltimore or Philadelphia."

A. Yes.

Q. Shouldn't that actually be 12 commodity groups?

A. Yes, sir.

Q. And in the next sentence it should be 52 commodity groups?

A. That is correct. There is 52 in the total number on [fol. 1387] the sheets.

Q. There were two commodity groups according to Mollman's exhibits which moved in 1,000 tons or more which were omitted from your study, namely group No. 69, fruits, which moved in a quantity of 1,280 tons, and commodity group No. 1519, oils, which moved in a quantity of 1,000, 439 tons through New York in both instances.

Is that right?

A. That is my understanding, yes.

Q. Also there were two commodity groups, No. 43, soybeans and No. 317, zinc ores and concentrates which did not move through New York at all, but were included in your study, is that right?

The commodity group 43 was included in your export statement and commodity group 317 was included in your income statement.

A. That was part of the extra commodities that were put in that were not through the Port of New York.

Q. Yes. Now, Mr. Heywood, there was indication yesterday in response to one of my questions concerning the cost for maintenance of floating equipment in which it was indicated that the Pennsylvania railroad cost, or rather, in computing the Pennsylvania railroad costs you had departed from the month of September expenses as reported and used some other period—I think you referred to a year. [fol. 1388] Would you supply whatever is necessary in the way of figures used and the method followed in calculating the amount used which is not disclosed in the underlying papers previously supplied to us?

A. Yes, we will have to work that up.

Q. Mr. Heywood, also, would you supply the figures and the calculations made in any other instance where the Pennsylvania railroad has departed from the 1956 figures as reported in formulating the port cost study on export-import traffic for the month of September, 1956?

A. Do you mean you want the month of September?

Q. No, I am asking you to supply the figures and the calculations made in any instance where the Pennsylvania Railroad has not used the month of September?

A. Oh—where they have not used the month of September.

Q. Yes.

Mr. Colgren: It should not take very long and be readily determinable from your work sheets where you have not used the month of September, 1956 figures as reported.

We have no way of determining that.

Mr. Bongartz: I understand your question. I said we would undertake to try and do it. I do not see how you can say how readily it would be available or what would be available.

We will have to see how it is.

[fol. 1389] Mr. Colgren: I think we could expect to get them fairly quickly.

Mr. Bongartz: We will do what we can for you in that regard.

Mr. Colgren: I would appreciate that.

By Mr. Colgren:

Q. Now, Mr. Heywood, throughout the cost study, in various places there appear various credits.

Is it your thought and opinion, if you please, that credits have a place in a cost study made to determine the costs of certain particular operations?

A. Yes, certainly. Certain credits where you can't take the expenses out. Therefore, it is an offsetting against expenses you cannot remove, where it is impossible to do it. I say yes, the credits are an adjusting factor, and properly so.

Q. Well, Mr. Heywood, would that extend to the point where the credit is a major item?

A. I do not know what you mean by a major item.

Q. I mean so large as to materially affect the purported resulting cost?

A. I still do not know what you mean. You have got to qualify it to give me more information for me to give you an answer on that.

Q. I have one particular instance in mind and that is the handling of grain which you show in Baltimore, where, [fol. 1390] instead of a cost for handling grain, you actually come up with a plus figure.

Do you think that plus figure is representative of the costs of handling grain at Baltimore?

A. Well, under the conditions down there and the fact that we put that exhibit in, yes, it is all right.

Q. In other words, your costs are negative for handling the grain in Baltimore, is that what you mean?

A. Evidently it is. It is a credit yes.

Q. Now, Mr. Heywood, Mr. Mollman's exhibit or traffic study shows at pages 32 and 36—this is Mr. Mollman's No. 2—

A. I do not know Mr. Mollman's exhibits, sir. It is bad enough to handle my own.

Q. I am just going to state a total here, which I think you will probably agree with. At any rate at pages 32 and 36 it shows a total of 2,318,644 tons of export and import traffic moving through New York via the protestant lines, during 1956.

Now, an average month from those figures would result in 193,220—

A. You understand Mr. Examiner these numbers Mr. Colgren has been calling out, D-1, D-2 and everything else, are not on anything you have or I have or anybody else but him. I do not know what you are going to do to find it.

Exam. Boat: I think it is unfortunate that the working sets were not numbered.

[fol. 1391] Mr. Colgren: It is our page D-2 and it is actually the summary sheet of terminal studies, where the three roads, B & O, CNJ and PRR cost figures are gathered together.

By Mr. Colgren:

Q. On page D-2, Mr. Heywood, of your study, you show you have distributed per ton costs on the basis of 143,843 tons.

Actually, that is a calculation, but it is readily made from the first column of figures on that page.

A. I must be looking at the wrong page again, I do not see it. O.K.

Q. Do you agree with that, Mr. Heywood?

A. Yes, I have got it now.

Q. And the figure I named is correct—143,843 tons.

A. Yes.

Q. Have you any idea at all what the cost per ton would be if your computations had been based upon 193,220 tons, rather than 143 tons, 143,843 tons you used?

A. No, I do not.

Q. You will agree that it would have a tendency to reduce the per-ton costs.

A. Not necessarily. I may be moving more cars with 192 and switching more.

Q. Yes. It would increase your divisor into the costs that might develop from the use of those?

A. Yes, it would increase the costs, just as much as the [fol. 1392] tons being increased, too.

Q. Well, there is some question about that, Mr. Heywood?

A. Well, not in my mind. It must be yours.

Q. Now, Mr. Heywood, you have developed basic costs for lighterage car float and truckage in lieu of lighterage, which have been applied on the basis of the tonnage accorded those figures, is that right?

A. Lighterage and in lieu of lighterage is tonnage, yes, sir.

Q. Yes, sir—I should have said units applicable instead of tonnage, I think.

Now, would you agree with me a change in the relative proportions of the services rendered at the port, such as lighterage, car float, trucking in lieu of lighterage, or a service known sometimes as wheel-to-keel service could have a considerable effect upon the total costs?

A. I am not in the phase of looking into a crystal ball and guessing. Here are our costs. There it stands. That is what I am standing on.

Q. All I am saying if you varied the percentage of that, of the various services which resulted in different unit costs which differ one to another, if you applied different percentages to those costs it would necessary vary.

A. I would have a different cost study, yes, sir.

Q. Yes, sir, that is all I wanted to establish.

Mr. Colgren: Mr. Heywood, I believe that concludes my [fol. 1393] cost examination, thank you.

The Witness: Thank you.

Mr. Colgren: Mr. Examiner, I have some questions which I think were referred to Mr. Talbott of the B & O.

Mr. Myskowski: Mr. Examiner, I will have a few questions of Mr. Heywood, but I thought you would want to get Mr. Talbott, in line with what Mr. Colgren is trying to develop and then we could get Mr. Heywood back on.

Mr. Colgren: I would like to conclude my portion of the cross-examination first.

Exam. Boat: I think that would perhaps be best.

(Witness excused.)

E. M. Talbott, a witness was sworn and testified as follows:

Mr. Langdon: Mr. Examiner, before Mr. Talbott is turned over for cross examination, I would like to ask a few preliminary questions.

Direct examination.

By Mr. Langdon:

Q. Mr. Talbott, did you undertake to have made a cost study of New York Harbor terminal operations for the account both of the B & O and the Jersey Central?

A. I did.

Q. Was that study made in close coordination with the Pennsylvania Railroad?

A. It was.

[fol. 1394] Q. For a comparable study?

A. Yes.

Q. Will you briefly just state the final results obtained under your study of the B & O and the Jersey Central for New York Harbor Terminal costs as submitted in this case. Now, these costs will apply only on the B & O-Jersey Central, as I understand it?

A. Yes.

Exam. Boat: These are comparable to the summaries shown in Mr. Heywood's exhibits?

The Witness: I think they are included in the working paper.

Exam. Boat: But they are for the B & O and Jersey Central, only?

The Witness: Yes.

Mr. Bongartz: They would be comparable to Mr. Heywood's work papers that he has been cross-examined on.

Exam. Boat: In other words, they are comparable basic data which entered into Heywood's summaries?

The Witness: Yes, sir.

Now, for box cars the cost on a per-ton basis is $8.95.

On a per-car basis it is $45.77.

Open top cars, cost on a per ton basis $7.79.

Cost on a per-car basis, $46.59 cents.

[fol. 1395] **By Mr. Langdon:**

Q. If I may interrupt at that point, when you say cost on a car basis, do you mean those elements of costs which are variable with cars?

A. Yes.

Q. When you refer to costs on a ton basis, you mean the additional costs which are variable on a ton-basis, is that correct?

A. Yes.

Q. So in order to get the total cost you have to add the two together?

A. In order to arrive at the total cost per car you would multiply the unit cost per ton and add to the result the car cost to get the total per-car cost.

Q. Did you give all those final results?

A. We have a few refrigerator cars that move on and the cost per ton was $72 and the cost per car, $46.15.

Exam. Boat: All right, go ahead.

By Mr. Langdon:

Q. One final question, Mr. Talbott:

Roughly how long were you and your associates engaged in the making of this cost study?

A. I suppose it extended over a period of around 3 or 4 months—3 to 4 months, I would say.

Mr. Langdon: That is all I have.

Cross-examination.

By Mr. Colgren:

Q. Mr. Talbott, in response to Mr. Langdon's questions [fol. 1396] you indicated your study was made on a comparable basis to the study made for the Pennsylvania Railroad at New York.

Do you have a service similar to the trucking in lieu of lighterage that was discussed on the record here yesterday between myself and Mr. Heywood?

A. We have trucking in lieu of lighterage.

Probably I should explain that. There may be some difficulty, or some difference on the B & O Railroad.

In other words, we handle lighterage traffic through our St. George facility, and also through the Consolidated Central Railroad joint terminal at Jersey City.

We have some trucking in lieu of lighterage from St. George and also from Jersey City.

Q. That actually moves in trucks?

A. Yes, and in addition to that trucking in lieu of lighterage, we also move cars on car floats to our pier stations in New York and truck from those stations into a lighterage at a steamship pier.

Q. Now, in applying your costs did you include in your trucking costs that portion of the movement by water from St. George to your Manhattan piers in cars?

A. I did.

Q. Now, Mr. Talbott, would you consider those costs for the floatage movement from St. George to Manhattan Pier, [fol. 1397] on a per-car or a per-ton basis?

A. That float movement in connection with these cars handled by the pier stations I included on a per-car basis.

Q. Yes, sir.

A. I think there may have been some misunderstanding about that yesterday but I did include mine on a per-car basis.

Q. Yes.

A. I doubt if that would make any difference to the actual results.

If we had the actual tons costs on those cars and reconverted it to a cost per ton. I do not think it would make any difference.

Q. We will see how that worked out. If placed on a ton basis in application to a particular car, you will agree that some variation between per-car costs and per-ton costs would affect the specific application to a specific car, would you not?

A. Oh, yes, there could be some difference. I doubt if it would be material.

Q. Well, I am satisfied that you appreciate that there would be a possibility of difference.

Now, Mr. Talbott, you were kind enough to furnish us with a map upon our inquiry down at Baltimore of your harbor facilities at New York. Do you have a copy of that map before you?

[fol. 1398] A. I do.

Mr. Colgren: Perhaps the Examiner would be interested in looking at this one.

I do not think I need it.

Exam. Boat: Thank you.

By Mr. Colgren:

Q. Mr. Talbott, referring to that map, could you describe the pier facilities—I do not want pier facilities, I want the relationships, if you will, for the record.

I have in mind, I think it is your car float bridges immediately to the north of your so-called lighterage yard.

A. Yes.

Exam. Boat: Is that designated "Float yard" on the map, Mr. Colgren?

Mr. Colgren: Yes.

By Mr. Colgren:

Q. Now, Mr. Talbott, that portion of your facilities immediately north of your so-called lighterage yard is your float bridge facility, is it not?

A. That section up there designated as "float yard" is north.

Q. I mean the pier facilities immediately north of your lighterage piers.

A. Yes, that is right.

Q. Could you give me an idea of the acreage involved in your pier facilities in that float yard?

[fol. 1399] A. I did not obtain acreage involved in that because, when you and Mr. French came down to see me, there was a question on the lighterage and I obtained additional data. The data I obtained at the time did not include the acreage and at the time you only questioned the lighterage yard.

Q. That is right.

A. Yes.

Q. Would you agree with me it is a lesser area than the lighterage yard?

A. Oh, yes, sir, it is a lesser area.

Q. The lighterage yard is in between your float bridge yard, or your float yard, and the so-called classification yard—is that right—which is immediately to the south of the lighterage yard?

A. Well, your classification yard extends more to the west of your float yard.

Q. And that, too, is in a lesser area than the so-called lighterage yard. Is that not correct?

A. Well—

Q. Just an approximation from the map that is in front of you?

A. It is probably a little less acreage. I do not have here the acreage for the classification yard.

Q. You did inform us the lighterage yard covers an area of 77 acres, right?

[fol. 1400] A. That is correct.

Q. Now, Mr. Talbott, there are 1297 cars indicated as passing through the month of September, 1956—loaded cars, that is.

A. That is correct.

Q. Against which the taxes on that 77 acres were applied, right?

A. That is correct.

Q. Now, Mr. Talbott, there were some 11,956 cars shown as worked in your classification yard, in the period of one week. Right?

A. Yes, sir.

Q. And there were 15,331 cars passed through your float bridge yard in the period of September, 1956, right?

A. That is correct.

Q. Mr. Talbott, do you feel it is proper to apply the total taxes for that 77 acres against the 1297 loaded export and import cars which moved through the lighterage area?

A. Well, I do, Mr. Colgren, because that is the area which is set aside as being required for the lighterage operation.

In comparing the large number of cars going to the float yard you have to admit you have an entirely different operation. We do not hold cars in the float yard. We do not classify them there. You usually send them down there [fol. 1401] in a cut just about ready to put on a float, and you can handle a lot more cars through a float yard in a smaller area than in a classification yard or a hold yard for a lighterage pier.

And furthermore, I think even at the present time with the low business we have over 200 carloads of freight on the ground in this storage yard, in this lighterage yard. There is a large area there for ground storage.

Q. Were your revenues from the ground storage credited in your study?

A. They were.

Q. Now, Mr. Talbott, what is the car capacity of the tracks in your lighterage yard?

A. I have not checked that, Mr. Colgren.

Q. Do you store any cars in the so-called lighterage yard?

A. Just the cars that connect with the lighterage operation.

Q. I see.

A. We classify them and immediately move them over to the lighterage yard. There they are held.

Q. Your figure of 1297 loaded cars, which we mentioned a little while ago as passing through the lighterage yard and against which these total taxes for the 77 acres are assessed, if you allow for one hundred per cent empty return, that would still come down to about 80 cars per day, is that right?

[fol. 1402] A. 25 days—I do not know how many days you figure in the month?

Q. That is figured on a 30 day basis. What we did is double the 1297 and divide by 30, that works out to about 80 cars a day, 85—something like that.

A. It is possible.

Q. Now, 77 acres, Mr. Talbott, is quite a tremendous area to hold available for 85 cars a day. Will you agree with that?

A. Well, it would seem to be larger than necessary, at the present time, I will admit. But they have investment in the property and everybody knows about the high taxes in New Jersey.

It is a question of what you are going to do with the property.

Q. Well, I cannot very well quarrel with your view of it and perhaps you are stuck with it. But, do you not believe for element of cost ascertainment which is placed against specific cars for a specific operation, that a fairer method of distribution of those taxes would be towards some portion of the yard which is actually dedicated to the use of the cars in question?

A. Well, I cannot agree because this place is all dedicated to the lighterage operation and that is it.

Q. Yes, but it is certainly not used for lighterage operation.

In other words, perhaps you have a dead horse there but [fol. 1403] should that all be imputed to an operation which does not require it.

Should it not more properly go in to a general overhead expense?

A. No, I do not agree with that logic, Mr. Colgren.

Q. Well, all right, sir.

Mr. Colgren: I believe that is all I have, Mr. Examiner, of Mr. Talbott. Thank you, Mr. Talbott.

Exam. Boat: I have a few questions here, Mr. Talbott.

You may have answered them already. One of them pertains to that same subject. I think you show this is costs for the lighterage yard on your work sheet No. 39, or are they numbered consecutively?

The Witness: I think I can find them.

Exam. Boat: The question is, interest, depreciation and taxes amount to 27 cents per car for classification and 24.61 for lighterage yard and an explanation of that is here desirable.

You have already testified to some extent on that, and I take it the interest and depreciation—

The Witness: The $18.99 you referred to includes both taxes and depreciation. Taxes were $17.81 per car.

I might say in connection with taxes, being that you raised the question, I have compared some assessments per acre with other railroad property of this lighterage area we are speaking of.

[fol. 1404] The New York Central's Weehawken yard is assessed at $2714 per acre.

The Central of New Jersey property is assessed at $3379 per acre.

The Pennsylvania Railroad, Greenville Yard property is assessed at $1598 per acre. Those comparisons alone would indicate the Central Railroad taxes per car would be higher than the other railroads, ordinarily.

Mr. Bongartz: What Central are you talking about?

The Witness: The New York Central.

They are probably different locates in Jersey City. Those assessments vary with the location but apparently Central railroad properties is in the highest assessed location, and that accounts probably for the high taxes per car.

By Mr. Colgren:

Q. Mr. Talbott, we are not quarreling with the fact of the taxes at all. It is merely the application that has been made of those tax items to this particular traffic we are concerned with.

A. Yes, I understand, Mr. Colgren.

Exam. Boat: Can you tell us how many cars passed through here, through the Jersey City lighterage yard in 1956.

The Witness: In the whole year?

Exam. Boat: Yes.

The Witness: I do not have those figures available.

[fol. 1405] Exam. Boat: Could you supply them?

The Witness: We could supply it.

Mr. Colgren: May we have a copy of that, please?

Exam. Boat: You can ascertain that?

The Witness: We can ascertain it.

Exam. Boat: Mr. Colgren would like a copy.

Mr. Colgren: Would you supply me with a copy?

The Witness: Yes, I think you should take it beyond 1956, because the traffic has fallen off since 1956 and we have a lower traffic picture today than we had in 1956.

Mr. Colgren: We would appreciate having it back as far as you care to go, Mr. Talbott.

Mr. Langdon: I cannot hear you, Mr. Colgren.

Mr. Colgren: I was remarking to Mr. Talbott that we would like to have the figures for the use of the lighterage yard by cars as far back as he cares to go.

He indicated that 1956 would probably be a period of lower traffic.

The Witness: I said lower since then, is what I said.

Mr. Colgren: Lower since then.

The Witness: Yes.

Exam. Boat: Page 38 showed 52,842 tons handled by lighters, via Jersey City and page 39 shows 34,946 tons through the lighterage yard. Can you explain that difference in tonnage?

[fol. 1406] A. You referred to page 38.

Exam. Boat: Pages 38 and 39.

The Witness: Well, that is the tonnage actually received on marine movement, on page 38.

I will have to run these tonnages back.

Well, the major difference is the cement is included on page 38, and that is handled in a different yard, not in the lighterage yard.

It is handled at—it is not handled through the lighterage facilities.

23,000 tons of cement is the different.

Exam. Boat: That you would say is the principal explanation.

The Witness: Yes. It is handled over the lighterage piers, but not handled through these lighterage yards.

Exam. Boat: Is there any other traffic of that nature that would be included in the difference?

The Witness: No, that is the major item.

Exam. Boat: Now, on pages 39 and 40 which is included in the switching cost per engine-minute of 47 cents at Jersey City and 65 cents at St. George-Staten Island.

The Witness: Where is the 47 cents—page 39?

Exam Boat: Yes, I believe it is on 39. The sheet I have before me does not indicate.

The Witness: You are comparing the 47 with the 65 cents.

[fol. 1407] Exam. Boat: Yes, and the question is what is included in the switching costs.

The Witness: The same elements are included. Apparently they have a higher cost at St. George.

Exam. Boat: Perhaps, if you cannot give it right now, you could do so later in the day.

The Witness: It is in the working papers.

I was trying to look and see the reason for the increase. But we can work it out in detail and give it to you.

Exam. Boat: Perhaps you can explain it a little more later.

Now, on sheet 31, are the office and freight handling expenses at Jersey City and St. George which are detailed on that sheet copied directly from the record of September, 1956, or are they apportioned, are the items a portion of the expenses that were allocated and if so, on what basis?

A. Well, the—we made a study of the operation in September, 1956 and we eliminated from the cost the cost of handling the cement which is handled on another pier anyway and no separation had been kept in the record, so for September we arrived at separate costs for handling the cement, which is all handled at another pier and we, also, based on an observation during the month, eliminated ten per cent from the clerical forces at Jersey City to cover [fol. 1408] this cement.

Now, it is a very simple commodity to handle through the lighterage pier, and we feel that we have made a proper allocation.

That is the only allocation that was made.

By Mr. Colgren:

Q. Could you describe for us how that cement is handled, Mr. Talbott, please?

A. It is mostly bulk cement, and while I have never seen them unload a car, I know the cost is much less than the other freight and I know that because it is a joint station, and the B & O and Central share the cost of the pier, the cost of the lighterage pier and the cement is of course all Central Railroad traffic. We had to eliminate that.

Q. Is that lighterage traffic?

A. Yes.

Q. And loaded in lighters. Then where does it go?

A. It goes in the Harbor somewhere, I think for export delivery. No, I think it is domestic delivery. No, I think it is export-import cement. It comes in bulk. It comes through a barge.

Mr. Colgren: Do you have any further questions?

Exam. Boat: Did you have anything in connection with that?

Mr. Colgren: I want to go back to those pages 38 and 39.

[fol. 1409] Exam. Boat: I have a few more here.

On page 39, Mr. Talbott, there are 2008 shipments described as lighterage, trucks and l-c-l.

The question is, were these all import-export traffic?

The Witness: These were all the transactions handled by the lighterage bureau, it is my understanding they do not have anything to do with any traffic except import and export but if they do, the whole picture is here of all the transactions in that bureau.

Exam. Boat: How many cars would you say those shipments moved in?

The Witness: Which shipments are they?

Exam. Boat: It means 2008 shipments. Do your sheets show that?

The Witness: It showed 3,938 shipments for the Central Railroad, is that right?

Exam. Boat: The only figure I have is 2008.

Mr. Colgren: What page is that, please, Mr. Examiner?

Exam. Boat: Page 28.

Shipments described as lighters, trucks and less than carload.

The Witness: Lighters, trucks 3926 for the Central and 4,627 for the B & O.

Exam. Boat: I do not have the sheet before me. The figure was given me as 2008 shipments but you cannot iden- [fol. 1410] tify that.

The Witness: The purpose of that exhibit was to break down the lighterage Bureau cost between the various transactions they handle in the month and they handled some transactions through the pier stations and some from the lighterage—the lighterage pier.

What we have done there is assign the costs to the various elements of service. But we have included all the transactions, without weighting because I understand an l-c-l transaction takes a little bit of time to do that.

Exam. Boat: I believe that is all I have.

By Mr. Colgren:

Q. Mr. Talbott, referring back to your pages 38 and 39, we cannot reconcile the figures with the statement you made there.

How, actually was that reconciliation to be made between the figures pointed out by the Examiner?

The Witness: Now, what was the question?

Q. Well, the Examiner queries you as to the difference between—

Exam. Boat: 27 cents and 24.61.
Mr. Colgren: No, this is page 38.
Exam. Boat: On the tonnage.
The figures were 52884 and 34,946.

By Mr. Colgren:

Q. Yes, the 52,884 appears opposite "Via Jersey City." [fol. 1411] A. Yes.

Q. And the 34,946 is on page 39.

A. What is your question?

Q. We have been attempting to make the reconciliation ourselves here and we cannot quite make it work out. Can you help us? You indicated, I think, that the difference would be accounted for by the bulk cement, but we do not see how that worked out.

A. I have used a total of 34,946 on this page 39.

Q. Yes.

A. That is made up of box cars, 23,538 tons.
Open top cars, 10,742 tons.
Refrigerator cars, 766 tons.
That makes the 34,946 tons shown on page 39.

Q. Yes, sir.

Now, what we were attempting to do is get some reconciliation of the figure 34,946 on page 39 and the figure 52,884 on page 38.

You have a footnote that apparently the 52,884 figure includes 23,705 tons of bulk cement the balance is some 29,179 tons, which does not gee up with the 34,946 figure on page 39.

A. That figure of 56,404, are the total tons which received a lighterage movement of all traffic receiving the lighterage movement.

[fol. 1412] That was used as a divisor, to arrive at the cost per ton for lightering traffic, which is shown on page 9.

Q. Yes, but I do not believe you have still reconciled for us the figures on pages 38 and 39, Mr. Talbott.

A. (No answer.)

Q. Mr. Talbott, I think we have discovered what happened on there.

Will you check me on this. Apparently the 23,705 is included in the figure 34,984, as indicated by your note?

A. Yes, that is correct.

Q. And it is also included, therefore, in the 52,884?

A. Yes.

I will look back at the basis for these figures and tell you in a minute. I will work it out.

The tonnages were developed for two different purposes, one, page 8, was to show the tonnages moving over the piers as a divisor into the pier operation cost.

Page 38 was developed to determine the total tons receiving a lighterage movement in the harbor.

I am sure we have a reconciliation in these papers here if you want me to take time to look for it.

Q. Well, I think we will be satisfied if you will furnish a reconciliation, there if you will?

A. Well, we will do that.

[fol. 1413] Exam. Boat: That will save time.

Mr. Colgren: Yes.

Now, Mr. Myskowski has further cross-examination of both witnesses Talbott and Heywood.

Mr. Bongartz: I did not hear you. Pardon me. Would you repeat what you said? I did not hear you.

Mr. Colgren: I said merely that Mr. Myskowski has further cross-examination of the witnesses Talbott and Heywood.

Cross examination.

By Mr. Myskowski:

Q. Were you in the room yesterday when Mr. Heywood said that trucking expenses should not be added to the totals when computing costs?

A. I do not think he said he should not. I think he said he did not.

Q. I thought he said it was an offset to account 101, is that correct? You disagree with him, then?

A. I do not see anything to disagree about. You have to do it one way or the other. To the extent he did not take into account expenses then he should reduce his revenue in exhibit 50 and widen his spread, that he is already showing on that.

Q. You did take into account in your figures on page 2 of your working papers?

A. Pardon?

Q. You show a trucking cost of 95 cents per ton, amounting to about 30,000 or 29,797?

[fol. 1414] A. That is correct.

Q. If that had been excluded as Mr. Heywood had done, your total cost would have been that much less?

A. Yes, but then I should have taken it off the revenue then and had the same answer, approximately.

Q. On page 38 you show the total for all of the cars which received lighterage service?

A. That is correct.

Q. I am not sure, but I thought the Examiner asked you about tons which were trucked in lieu of lighterage—is that right?

A. We talked about it.

Q. Could you tell me how many tons, in addition to these, received trucking in lieu of lighterage during the month of September?

A. Do you mean trucking from the lighterage pier all the way through, or trucking from the pier station now?

Q. Well, trucking in lieu of lighterage.

A. We had trucking from the pier stations in lieu of lighterage, of 239 tons of carload freight.

And we had 160 tons of forwarder traffic that came into the pier stations.

In addition to that, of course, we had traffic from the other stations. I will have to give you that.

Q. Is all of that export and import traffic?

A. That that I gave you was import and export traffic.

[fol. 1415] Q. And those are the tons which accounted for the total of $28,000?

A. No, they only accounted for the cost on the carload traffic going through the pier stations.

I am trying to find your tonnage on the others, the major item you are talking about, of $28,000.

I will have to look back in my work papers to get that. I can give you the tons for all the trucking in lieu of lighter. Let me check that.

You see, we have had broken down on the front page in types of cars, and my original reckoning here does not break it down.

Let me check that number of cars and I will give it to you. Do you want that in tons?

Q. Yes.

These tons would be in addition to these which were lightered, is that right, sir?

A. Yes, sir.

Q. Do you know, sir, that Mr. Heywood did not include in his totals any tonnage which was included—which was trucked in lieu of lighterage—or if he did, can you show me where he did?

A. Did not include in his tonnage any—

Mr. Langdon: Are you cross-examining Mr. Talbott on what Mr. Heywood did?

[fol. 1416] Mr. Myskowski: Maybe you can help us with these procedures. You see, I understand Mr. Heywood said he would be responsible for what these men submitted to him and he does not know particularly the details of their own study.

Mr. Langdon: That is right, but I understand you were asking Mr. Talbott what Mr. Heywood did.

Mr. Myskowski: Yes, because, if he did not supply them to Mr. Heywood, I would assume Mr. Heywood had no way of picking up those tons. I do not care who you put the blame on, but it seems to me that something is lacking.

Mr. Langdon: Restate your question now.

Mr. Myskowski: All right.

By Mr. Myskowski:

Q. You told me there were, in addition to these tons which were lightered, a certain amount of tonnage which was trucked in lieu of lighterage?

A. Yes.

Q. I asked you whether you knew if Mr. Heywood, in picking up your tonnage, included any tonnage which was trucked in lieu of lighterage?

A. Well, he picked up in so far as the Baltimore & Ohio was concerned the tonnage which was trucked in lieu of lighterage. We gave him those figures.

Q. Where are they shown on the work papers?

A. On the recap sheet.

Q. Is that this one you have as page 1?

[fol. 1417] A. Yes, the 30,313 tons is a total of all boxcar traffic for the month.

Q. As we tried to go through these work papers we were under the impression all of these could be tracked back to the tonnage which was lightered here. Were we wrong in that?

A. Well, you have two things. Even though the traffic was not lightered, we have all the expense in here, for all the various movements and we have the total tons affected, the export and import traffic for the month.

We brought the expenses all together to arrive at the total picture.

Q. Sir, there seems to be a difference of opinion about that, but let me ask you another question.

On page 37, you show carloads floated and you have a total of 8732 carloads which were floated during the month of September?

A. Yes.

Q. At the bottom you have a notation that 7 cars were floated in lieu of lighterage?

A. Yes.

Q. In addition to those seven cars were there any export carloads which were floated, export or import carloads which were floated?

A. The only export or import carloads floated during the week of the study were those 7 cars, and I have included [fol. 1418] them in my recap sheet under open top cars and the seven cars are on there.

Q. Sir, I want to go back to the question. You told me that your recap sheet, No. 1, your page 1, that the 30,313 cars include those which were trucked in lieu of lighterage.

Now, if you will turn to your page 8, you have import and export traffic handled on lighterage piers and there you add the box cars and the open cars and the tank cars which were lightered, and you come up with the total of 30,313, which I find on page 1.

Now, where are the ones which are trucks in lieu of lighterage?

A. The trunk in lieu of lighterage is still handled through the lighterage piers.

You take off a truck and put it in the box cars at the lighterage piers so the tonnage is in there.

Q. So what you meant to say was this tonnage which you show as being lightered included the tonnage which was also trucked. Is that right, sir?

Q. We have shown different tonnages for different purposes and the tonnages on page 1 are the total tons of import and export traffic handled, whether it received a lighter movement or were trucked to a lighter or floated. It is all in there.

Q. That is what I am trying to get at, Mr. Talbott. You [fol. 1419] show 30,313 cars on page 8—

A. Tons.

Q. I am sorry—tons, on page 8 which received lighterage service.

A. At the lighterage pier. That is export and import traffic handled on lighterage piers.

Q. Is what you are trying to say some of those 30,313 tons also were trucked later on?

A. Some of those 30,313 tons were trucked into the lighterage piers to be put on a car and some of it was floated in.

Q. Could you tell me, Mr. Talbott, the total of import-export tonnage which the B & O handled during the year 1956, or during the representative year used by Mr. Mollman?

A I do not have those figures.

Q. Mr. Mollman gave us a figure of 2 million 3 hundred thousand tons and you do not have which proportion of that was B & O and C & J?

A. No, I do not.

Q. Could you get those, sir, or is there anybody in the room who has them?

Mr. Langdon: They will have to be computed. We may be able to get that.

By Mr. Myskowski:

Q. Mr. Mollman gave us a total of 2,300,000 some odd tons handled by your three railroads during the representative year.

[fol. 1420] Mr. Clark, when he testified, told us on page 5 of his statement that approximately 1,081,000 tons was the Pennsylvania Railroad.

Mr. Clark excluded ore again which amounted to say 125,000 tons.

Would it be safe for me to assume that the balance was handled by the B & O and C & J?

A. I could not make that assumption.

Q. There are no other railroads in the study, are, there?

A. No, but I think they ought to come from the source that came from. I never attempted it.

Q. Mr. Clark used one source for this and another source for supplying figures to Mr. Mollman.

Mr. Langdon: We did not supply any figures to Mr. Mollman.

Mr. Myskowski: Wherever Mr. Clark got his figure on the Pennsylvania Railroad I assume it was the same source.

The Witness: Mr. Clark is a traffic man and Mr. Mollman is an operating man. I imagine the figures came from two different sources.

By Mr. Myskowski:

Q. You mean we cannot rely on any of these figures?

A. Yes, you can rely on them. I think they are correct.

Q. If my assumption was correct and the balance was B & O and C & J approximately one million tons, and you [fol. 1421] show for these two roads in the month of September a total of about 42,000 tons, then you would agree that that was a very subnormal month or else some tonnage was missing, would you not, sir?

A. I do not know where the figures came from, but I do know, you do not handle as much traffic in New York Harbor, the Central and B & O do not handle as much as the Pennsylvania Railroad.

Q. If my assumption was correct, would the conclusion that I stated be presumably correct—that if Mr. Clark's figures and Mr. Mollman's figures are correct and they are the only sources we have.

Mr. Langdon: We have undertaken to get the figures you want. Can't these questions be deferred to that time, rather than ask the witness to answer the question on the basis of an assumption which apparently no one accepts, except maybe you.

Mr. Myskowski: I thought we were trying to get through here today.

Mr. Langdon: No we are not.

Exam. Boat: Perhaps after Mr. Mollman supplies the figures here we can get a satisfactory answer.

Mr. Langdon: Yes, we will get the figures.

Exam. Boat: We will take a ten-minute recess at this time.

(A brief recess was taken.)

[fol. 1422] Exam. Boat: Come to order.

By Mr. Myskowski:

Q. Would you turn to page 9 of your working papers, Mr. Talbott?

On that page of your working papers, as I understood them, the land operation—joint, and the tug operation is a joint affair between the B & O and the C & J, is that right, sir?

A. That is correct.

Q. And the rest of the expenses there are separate for each of the two carriers, is that right, sir?

A. That is the expense incurred by each of the carriers, but the floating operation is a joint operation in order to reduce expenses.

In other words, we may haul B & O cars on a Central float or they may use ours. We use them indiscriminately.

Q. Then these figures do not mean much breaking down on the cost as far as the B & O and C & J are concerned?

A. No, they do not. We merely put the costs together and they were the sources of expense.

Q. No. 3, you have floating and maintenance, C & J, your float and lighters. Is that the actual maintenance expense for the C & J tugs and floats and lighters?

A. Yes.

Q. Then they are actual?

A. They are actual for the totals and line for two actual costs for B & O tugs but the operation is a straight joint [fol. 1423] operation and the 46,000 tons lightered on the bottom line is Central Railroad and B & O Freight.

Q. On page 38 you gave us a breakdown showing of that total 11647 was B & O and 44,757 was C & J, was that correct, sir?

A. The 33,757 is through the Jersey City lighterage pier, which is also a joint operation.

Q. Well, sir—

A. Both B & O and Central Railroad freight pass through the Jersey City lighterage station but only B & O passes through the St. George. But the marine operation for both stations is pooled, is that clear?

Q. Not very. The B & O moved in lighterage service 3,555 tons and the C & J moved 44,357, is that right, sir, during the month of September?

A. Yes.

Q. And on page 9, the first two expenses are those which are applied jointly against all operations of both—against the marine operations of both carriers, is that right, sir?

A. All the expenses are applied jointly. We have added the Central Railroad expense and added up B & O expense and divided by total tons lighter. We have not attempted to separate discounts between the B & O and the Central of New Jersey. We have put them in one operation.

Q. There is no way you can allocate the cost, one against the other?

[fol. 1424] A. It would be a difficult job.

Q. We made the assumption, your last column on the right, lighterage, where you showed for example item 3, floating equipment maintenance of $3,608 for the tugs of the C & J and 8,021 for floats and lighters of C & J, that that was the actual expense of the C & J's expenses handling this 44,347 tons. Were we wrong in that?

A. Yes, you were wrong in that.

Q. Is the equipment which the B & O has at New York interchangeable with the floating equipment which it has at Baltimore?

A. Well, we do not interchange it. We assign it.

Q. You keep it all at New York?

A. We assign it permanently to a location, yes.

Q. Mr. Clark, in his testimony at page 578 and 579 stated you have one hundred forty pieces of marine equipment at New York.

He stated that the C & J had a total of 42.

If I were to divide that 42 pieces of equipment for the C & J into the total tons handled which would be 44,000, they seem to be handling about 1,000 tons per month per piece of equipment?

A. Apparently the B & O equipment is not in there.

Q. The B & O equipment is 140 and if you divided that [fol. 1425] into what the B & O handles, you are handling less than 100 tons a month for each piece of equipment.

Now, sir, is there something about New York where you keep excess equipment, or that you keep them up there when they are not being used—laid up for repairs or something of that sort? Is the equipment about the same?

A. We do not keep excessive equipment anywhere. We scrap it about as fast as we do not need it. I do not know how you arrived at those figures.

Q. I did not arrive at any figures.

A. I am sure there is no surplus equipment at New York. Of course there might be today, with business off a bit right now. In fact I know we just built some new car floats on the Central of New Jersey. I know bad as they need money they would not have built them otherwise.

Q. You mentioned there were 23,505 tons of cement which moved over the lighter piers. Do you know, sir, whether that was import or export or was that domestic freight?

A. The bulk of it is domestic. There may be some import and export.

Q. In that 23,000?

A. If it was handled by the Central Railroad, it would all be in there because it was handled over another pier, separate and apart from these lighterage piers.

Q. As I understand it, this total of 56,404 is the sum of [fol. 1426] all of the tons which were lightered and from that I assume you were taking out the import and export tons.

Q. Do I understand you to say no, you do not know whether this cement was import or export, or domestic?

A. That 54,000 tons was used as a divisor into the total cost of lightering of all freight, all kinds of freight. The only assumption we are making there is that the cost of lightering the bulk cement is the same as the import and export traffic. It is all alike.

Q. Yes, sir—but I am worried about the tons. I will agree with you, sir, on the allocation of costs, but as I understand it, you were to supply to Mr. Heywood the tonnage which moved into import and export traffic?

A. Yes, we supplied them that figure and I read that into the record at the very beginning of my testimony.

Q. So you are saying now to the extent that there was any it was included that way but you do not know whether there was or was not any cement which was import or export, is that right, sir?

A. At this point I do not know whether there was this in the month of September but I do know we export some cement from time to time—a small quantity compared to domestic deliveries in the New York Harbor.

Q. How was this cement handled?

A. It is bulk cement. Personally I have never seen them [fol. 1427] unloaded.

I understand they are unloaded in an open scow of some kind.

Q. Was it in box cars or covered hoppers?

A. It is in covered hoppers.

Q. Is the cost of handling such a commodity lower than the cost of handling other commodities?

A. Very much lower.

Q. Do you think the cost of handling different commodities is different?

A. Naturally, that type of commodity, compared to the general run of commodities, would be different.

Q. Now, Mr. Talbott, your final conclusion is, I think on page 9, that the cost per ton of lightering freight at New York for the B & O and the C & J combined—and you do not have a breakdown for each road—is $3.67 per ton, is that right, sir?

A. That is correct.

Q. Do you have with you, sir, the other working papers which you made up for the terminal costs at Baltimore? Do you have those, sir?

A. I have some of them with me.

Q. I am looking for page 14, the typewritten page, and our page is I-15 for those.

A. At Baltimore?

Q. At Baltimore, yes.

[fol. 1428] A. You say page 14?

Q. Page 14 of your study, sir.

A. What does that deal with?

Q. That is lighterage, Baltimore Harbor, you have there, sir.

A. What is your question, sir? I do not have the statement.

Q. I do not have a question yet.

A. I do not have the statement if you let me have the question I may be able to answer it.

Q. I am referring to marine operation. At the top left it has Baltimore Harbor. It is typewritten page 14.

A. You apparently changed it—changed the order of these.

Lighterage, Baltimore Harbor.

Q. You have that, sir?

A. I think so.

Q. I asked you just a moment ago whether the cost for lightering a ton of freight at New York, the combined cost, B & O, C & J, was $3.67 a ton?

A. That is correct.

Q. Could you tell me from page 14 of your Baltimore study what the cost is for lightering a ton of freight at Baltimore?

A. It is $4.93 but only a small percentage of the traffic is lightered at Baltimore.

Q. I know that, but to the extent it is lightered it is more expensive to lighter freight at Baltimore than at New York?

[fol. 1429] A. That is correct, due principally to the smaller quantity.

Q. Well, B & O, I think from your studies, handled 7,000—well, 6700 tons in import-export traffic at New York and 3555 tons at Baltimore. Are those figures substantially correct?

A. You mean lightered?

Q. Yes.

A. 3500 tons were lightered at Baltimore, that is correct.

Mr. Myskowski: I have no further questions.

Exam. Boat: Do you have further questions of Mr. Heywood?

Mr. Myskowski: I have several of Mr. Heywood, yes.

Exam. Boat: Do you have any redirect?

Mr. Langdon: Mr. Examiner, we have been asked to supply and so has the Pennsylvania, a certain amount of information, in fact, quite a bit of information.

We think, in the interest of accuracy, and in the interest of developing the facts, that that information which we have been requested to supply should be supplied at a hearing at which the witness will be subject to cross-examination and so forth, and development of this information that has been requested.

We would suggest, sir, that the redirect of these two cross witnesses be deferred until that further hearing at which time they can come here and supply that information which has been requested and we will also have an opportunity [fol. 1430] during that interval, which I do not think probably should be more than 30 days, to assess the criticism that has been made.

We are anxious in this case, on this side of the case, to develop the facts and we think that a further hearing to supply this information that has been requested by the other side is in the interest of developing the facts.

This is a complicated subject and as I say, we think that that further hearing would be in the interest of developing the facts on this complicated subject.

Mr. Colgren: Well, now, Mr. Examiner, that procedure does not jibe entirely with what we have had in mind with the progress of this case.

We have assumed that as a result of certain information, and so on which we have developed, I think, on cross-examination, and will develop through some of the additional data that we have asked to be supplied, be ready to proceed with rebuttal testimony within a period of about six weeks or so, and that has been the basis upon which we conducted our cross-examination.

Now, what Mr. Langdon is suggesting here is actually putting the procedure in a different posture than we have contemplated up until now.

Exam. Boat: Do you want this all in the record?

Mr. Colgren: I think so, yes, sir.

[fol. 1431] You see, Mr. Examiner, we are in this position, and I think it will bear repeating right now: Our original position in this case has been that costs are not the determining element in the Commission's consideration of whether or not the railroads, which have proposed the competitive rates at New York, feel it should be the basis for the Commission's determination as to the propriety of those rates. We are willing to recognize, to a certain extent, that for one reason or another—the fact that it was put in the posture of an investigation and a suspicion proceeding, rather than an investigation, on the Commission's motion—that perhaps we have some burden of establishing that our proposed rates will cover at least an out-of-pocket basis, or at least will be established to be compensatory on the average, and that is the method that we have followed in preparing for this cross-examination, for instance.

We have not gone exhaustively into additional facets of this cost study which would be required if we thought that it had the importance that the opposition is placing on it.

Now, we are prepared, on the basis of what we have developed today and the further additional information we will get, to proceed, and I think establish to everybody's satisfaction within the Commission and otherwise that our rate proposal is sound from a standpoint of compensativity.

What I am trying to say, actually, is that we are being, [fol. 1432] if you will, asked to accede to a request which places undue emphasis on the question of the port costs. And that is contrary to our theory of this case.

Exam. Boat: Well, Mr. Colgren, if the additional data which you have requested here were supplied in advance of the further hearing, such as the protestant railroads have suggested, would that be of assistance to you, in your conclusion?

Mr. Colgren: I do not rely wholly on the point of the suggested further hearing on the part of the opposition railroads. We are prepared on the basis of the information we now have and will get in the short future, I hope, to proceed with our rebuttal, and naturally that will be an occasion for cross-examination of our witnesses at that time.

I am saying, actually here, that we are content with the record as it stands and will stand when we get the additional information to proceed to hold up our burden of proof in this proceeding and we do not see any necessity for a further presentation on the part of the opposition.

Mr. Langdon: If you would come in with a cost study that would relieve me—

Mr. Colgren: Exactly what I am saying, Mr. Langdon, you are actually suggesting that we would in effect join you in a cost study.

Mr. Langdon: We would love to have you. We think that [fol. 1433] would be most appropriate in determining whether you sustained your burden or not.

It is true up to now in the course of this hearing there has been a certain amount of confusion about a few points in our cost study. We are interested in resolving the confusion and in developing so far as we can, the facts through a representative cost study. We think the best way to achieve that objective is to have this further hearing and we are perfectly willing to supply as soon as completed, the additional data in response to these requests that have been made.

Mr. Colgren: In effect, really, Mr. Examiner, what Mr. Langdon is saying is that they want to restate, I believe, what they have presently offered before the Commission, is that right, Mr. Langdon?

Mr. Langdon: No, if there is any confusion, we want to resolve it and eliminate the confusion and it may obviate certain rebuttal on your part, I do not know.

But these things cannot be handled—these are complicated subjects and the cross-examination is difficult and we are anxious to see the Commission is supplied with the best facts available.

Mr. Colgren: I certainly join with you in that.

However, as I say, your theory of the case is contrary to our theory of the case, and that is actually where we [fol. 1434] are meeting head on here and in effect you are placing, we think, undue importance on this cost phase of it.

We are satisfied you have presented a cost study. We have through cross examination and will through rebuttal, establish that the cost study is lacking in certain respects. That is ordinary procedure. And what you are proposing, I think you will admit, is rather an unorthodox method here, and being so far against our position in this case, we do not feel it will accomplish anything in the end result.

Mr. Bongartz: Mr. Examiner, could I say a word?

I have been listening to this discussion and, as far as I can make out, Mr. Colgren's sole objection to the procedure suggested by Mr. Langdon is that somehow or other if you have one more hearing in addition to what rebuttal hearing he has on the subject of cost, that is going to prejudice his part of the case because he does not like costs and an additional hearing on costs, even to him, will put undue emphasis on the subject.

All we are suggesting and it is not unusual procedure, where you have during cross examination numbers of requests for additional material, that we have another hearing prior to Mr. Colgren's rebuttal presentation which would be subsequent to that, at which time this additional information can be produced and can be explained to the extent necessary, instead of having the information just given to [fol. 1435] Mr. Colgren and his people coming over with some rebuttal evidence which might have to be explained away in some way, shape or fashion.

I think here we are in a proceeding that has taken some time but we will make haste, as I see it, much better by this additional hearing than through the procedure Mr. Colgren has in mind, and as I say again, I can not see any objection that he has really made to Mr. Langdon's proposal except this idea that it puts too much emphasis on it.

I do not think that is a proper objection at all.

Mr. Colgren: Well, it is not really that at all, Mr. Bongartz.

Mr. Bongartz: That is what you are saying. I only heard what you said.

Mr. Colgren: No, that is your interpretation of what I said. Actually, my point is this: You propose a further hearing for what purpose other than to introduce or hand over to us certain information that we have requested.

Do you expect at that further hearing we will then be prepared to cross-examine on some thing on that basic information we have requested?

What will there be to cross-examine on? We want some factual material from you. That is all.

Mr. Bongartz: Mr. Langdon said you would be given the opportunity then to cross-examine to the extent you wish [fol. 1436] on the presentation of that additional factual material and then at the same time we would undertake to conclude the redirect of these witnesses and that would be that, and you would go on with your rebuttal then or later, if you see fit.

Mr. Colgren: I do not understand, Mr. Bongartz, there will be anything to cross examine on.

Mr. Bongartz: You are the judge of that, but our position is we think with all of this type of information that you have asked for that it should be put in through our own witnesses with proper explanation at that time.

Mr. Colgren: I have no objection.

Mr. Bongartz: I should think you would not want to object to that.

Mr. Colgren: I do not have any objection but I do not think it serves any purpose. The information we have requested is certainly factual data only, and if you care to supply any explanatory material along with the material when you do give it to us, and a copy of it to the Examiner and the Commission, certainly there is no objection to that. I would anticipate that you would supply it to the Commission at the same time you did us anyway, for their information.

Now; what in the world could we cross-examine on?

Mr. Bongartz: Mr. Colgren, what in the world could you [fol. 1437] cross examine when you told us in the first place it would be only one half hour. We have been here a day and a half. When you ask what we would cross examine on, I do not know. You are the best judge of that.

Mr. Colgren: I think you are giving me a lot of words, Mr. Bongartz, without any appreciation of what I asked you. As I said, we want only some additional factual information.

Certainly we do not intend to quarrel with any facts that you give us.

Mr. Bongartz: Maybe there is a misunderstanding along these lines. As I understand Mr. Langdon's proposal, this further hearing would not only be of course to put in the further information, but at that time we would undertake to have our redirect examination of these two witnesses who have just been requested, and we think that in that way we can save quite a bit of time.

Exam. Boat: Well—

Mr. Colgren: If I may be heard just one moment on this. I gathered from some of the remarks you made, that you anticipated perhaps reworking or presenting a new cost study.

Mr. Bongartz: That is not what—

Mr. Colgren: Is there any thought in mind of doing that?

Mr. Bongartz: I have no such thought in mind.

[fol. 1438] Mr. Langdon: We may in our redirect examination of these witnesses want to assess the effect of the adoption of some of these suggestions that have been made.

Whether that is a new cost study or not, I doubt. But there has been some confusion and some suggestions of different methods in certain respects and it may be during the course of the redirect, after we have had an opportunity to assess these suggestions that we will want to mention them, that is not exactly a new cost study, but it may be an assessment of the value, if any, of the suggestions that have been made, in an effort to arrive at the facts.

Mr. Colgren: Well—

Exam. Boat: Could you supply the figures and perhaps introduce the redirect evidence in verified statement form? Can you do that—such evidence as you would have.

That would afford Mr. Colgren an opportunity to look it over before—

Mr. Langdon: We would be glad to supply him with copies in advance of any additional evidence of that kind.

Exam. Boat: You indicated that these figures should be supplements with some explanation or statement of the witness.

Mr. Langdon: Yes, we are in a handicap here, because while you see all these papers around here, there are still a lot of figures in Baltimore and Philadelphia and we simply are not in a position to do an intelligent job on redirect [fol. 1439] at this point, and what we want this further hearing for, in addition to supplying the further information which has been requested by Mr. Talbott and his associates, is to conduct a meaningful redirect that takes into account possibly certain criticism that had been made of our approach.

Exam. Boat: Well, are you in a position to do that at the present state of Mr. Colgren's cross-examination? I do not know that he is going to have much further cross-examination when he gets the information he has requested.

Mr. Colgren: I did not anticipate any further cross examination but under the proposal suggested, we will necessarily have to prepare further cross-examination.

Exam. Boat: You may wish to cross-examine further?

Mr. Colgren: Certainly, sir, if there is a revaluation in the light of what has been said yesterday and today.

Mr. Bongartz: If there will be—

Mr. Colgren: From my standpoint there will be so it will be a fact.

Really I think our opponents here are asking for bits of the apple again, and I am not particularly concerned about that, except from the standpoint of time.

Mr. Moerman: Mr. Colgren, are you willing to waive cross-examination if you receive the additional information you asked for?

[fol. 1440] Mr. Colgren: Yes.

Mr. Moerman: Mr. Langdon was at some pains to point out Mr. Talbott spent many months gathering this information and I think it is as careful a job as he could have done in those many months.

I think we ought not to have another hearing. I think there ought to be an end to this. I think the additional information ought to be submitted and I think we ought to go on to rebuttal in this case.

Exam. Boat: Well, that was the purpose I had in mind—to try to avoid any further hearing except for the purpose of rebuttal.

If you are privileged to submit a statement, any additional statement you wish, in support of the data that has been requested, or in explanation of them, would that meet your—

Mr. Colgren: Mr. Examiner, it would depend entirely on what we were faced with. If we merely get the additional information we requested, with any explanation of its content or makeup, why, certainly I did not contemplate any additional cross-examination.

If we get a re-worked cost study, that would, of course, be a horse of a different color.

Exam. Boat: Of course I understand the purpose is not to present a re-worked cost study.

[fol. 1441] Mr. Langdon: I think not, at this time, sir. As I said before there has been a certain amount of confusion with regard to elements in our cost study and we want an opportunity to reassess the situation in certain particulars, and we will be very glad to reduce it to the form of a verified or verified statements.

Exam. Boat: Supplementing the additional data which has been requested?

Mr. Langdon: Yes, sir.

Mr. Bongartz: Along the same lines there was a suggestion you made about our redirect being incorporated into a statement. Did I hear you correctly on that?

Exam. Boat: Well—

Mr. Bongartz: There are some parts of our redirect which can not of necessity be covered at the moment because it requires looking at papers which are not here in this city.

We have got to go back to some other records that we have in Philadelphia and Baltimore, and we just cannot cover it. That is all, there are some things that cannot be covered right now.

Mr. Colgren: Mr. Examiner, we have no objection I believe to a further hearing in a week or a week and a half, two weeks at the most, certainly, for them to evaluate the cross-examination and prepare their redirect on the date which is presently before us.

[fol. 1442] But what I am strenuously objecting to is a reworking of their affirmative evidence and circulation of that, which will require us to go through the same procedure we have just completed, after several difficult weeks, months, actually.

This thing can go on forever and ever.

As I say, we are perfectly agreeable if they want to postpone the redirect in the light of the cross-examination for a week or so, we can accede to that request.

Mr. Bongartz: All right. It seems to me we are in business then. It seems to me we are pretty close to agreement.

Mr. Colgren: All right.

That does not concede a reworking. Can we confine it to the record as made now?

Mr. Langdon: Plus this information—this further information you have requested and redirect examination to obviate, if we can, or remove the confusion that has we think been introduced into the record—necessarily so, perhaps, but nevertheless there is confusion.

Exam. Boat: Off the record now.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Colgren: I have discussed with co-counsel, and my people and we are prepared now to waive the request for any of the information that we have asked, except for the [fol. 1443] 1956 figures, and to offer to give a reasonable period which we think is a week for the preparation of the opposition's redirect examination.

I think, beyond that, we can agree on no other procedure.

In the interest of time, Mr. Examiner, you now understand that this could become an interminable merry-go-round of additional data, additional data and additional time in each instance necessary for its evaluation on cross examination.

So I am willing to accede by waiving request for all information that we now have before these people except for the 1956 annual figures.

Mr. Bongartz: Which annual figures are you talking about?

Mr. Colgren: I think the record will disclose those. I am not sure that I have those all in mind now.

Mr. Langdon: That is a very important thing. We had better get it straight now. We will not have this record probably in time to help us dig it out.

Mr. Colgren: I will attempt to state for the record the information we feel is necessary to make adequate checks.

We would like to have the total number of cars used in the one-week yard study, September 25 to October 1, 1956.

Mr. Bongartz: Say that again, please?

Mr. Colgren: The total number of cars used in the one-week period September 25 to October 1, 1956.
[fol. 1444] Certainly you must have that information readily available.

Exam. Boat: Is that the total cars, export, import?

Mr. Colgren: All cars?

Exam. Boat: All cars studied?

Mr. Colgren: Yes.

Mr. Bongartz: All cars used. All cars used to produce the study results?

Exam. Boat: Yes.

Mr. Colgren: That is right.

We would like the 1956 figures for the cars moving through the Harsimus Cove float bridge, divided into export-import, and all other.

And, if you recall, Mr. Examiner, we asked for certain car float information which could be gotten either directly from or in the records making up the budget bureau report No. 47, I think it was—4269.7—a report furnished to the Department of the Army, Corps of Engineers.

And the only monthly figure we want out of that annual report is the month of September, 1956.

Exam. Boat: And that is the only figure we want.

Mr. Colgren: No, we want the annual figures, also.

Exam. Boat: You want the annual figures and the figures for the month of September.

Mr. Colgren: That is right.

[fol. 1445] Mr. Bongartz: When you say "figure," do you mean what you say there, Mr. Colgren—you say "figure." What figure? As I recall it, when you referred to that report there were a number of figures you wanted. If there is a figure for September and a figure for the year, would you tell me what figure it is for each of those periods?

Mr. Colgren: We would like to have the information that is on the report.

Mr. Bongartz: You mean, if there is such a report you want the whole report?

Mr. Colgren: Well, it need not be the report, itself. If you want to abstract the information from it and give it to us.

Mr. Bongartz: What information? If you want a figure, what is that term?

Exam. Boat: I think I used that term.

Mr. Colgren: Actually, the record covered the movements of each car float, the contents and the points between which it moved. It is submitted on an annual basis, as I understand it, and we have asked for the information on that report and the same information for the month of September.

Is that clear, Mr. Bongartz?

Mr. Bongartz: The movements of each car float and the contents. Is that it?

Mr. Colgren: I think it is just number of cars. It is a vessel operation report.

[fol. 1446] Mr. Bongartz: I assume, if we find such a report, and determine to furnish it to you, that you will also give us your report and the reports of the other New York harbor lines.

Mr. Colgren: I think that is rather an unusual request—

Mr. Bongartz: I can not understand that statement, Mr. Examiner.

Mr. Colgren: Well, when the laughter calms down—

Mr. Bongartz: That is good for one is good for the other.

Mr. Colgren: When the laughter calms down and we get back to some sobriety, I would point out we want that information to check a particular cost study presented to these people and I can not conceive why they would want the similar information from the remaining railroads.

And there is one additional figure which we would like to have you give us, again for test purposes only, and that is the annual tonnage of export and import traffic for 1956, via the B & O and C & J.

The Witness: That is for the year 1956, New York, I suppose.

Mr. Colgren: That is right, New York.

Exam. Boat: Do you wish that separately for the two railroads?

Mr. Colgren: Not necessarily—well, it would perhaps facilitate it. I have forgotten what the comparison is we wanted to make with it.

[fol. 1447] Yes, I think it should be stated separately for the C & J and the B & O.

I might point out to the Examiner some of these requests I had made were incorporated in my letter of February 20, 1958, to Mr. Heywood.

Exam. Boat: Well, it is understood that that information will be furnished, if possible.

Mr. Langdon: So far as it is available, sir.

Mr. Bongartz: So far as it is available. I have some question with regard to this so-called budget bureau report. The people at this hearing are not familiar with such a report. They have to find out whether there is such a report.

I still have a question in my mind. I do not know the information shown there, and its relevancy to this case. Obviously from what Mr. Colgren has said in describing the report, the report accumulates all of the data given and gets it into one document.

I do not know whether there is a part of a fishing expedition on the part of these other New York harbor lines to find out what business we have up there.

Exam. Boat: I understood the data are supplied by the individual railroads which go to make up this report, is that your understanding?

Mr. Colgren: No, sir. I am just asking for it.

Mr. Bongartz: And we asked for him to give us the same [fol. 1448] or similar information for his own road.

Exam. Boat: Then, off the record—

Mr. Colgren: I might say there is no disclosure on this report as I understand it of content of cars or anything else. It is merely a statement of the number of cars moving between specific points to the Harbor of New York.

If that is considered to be confidential—

Mr. Bongartz: It seemed to be a mystery document. I asked you before if you had a copy of it and you said you did not.

Mr. Colgren: No, I did not. As a matter of fact, it is a mystery document I stumbled across somewhat by accident. But we furnish it to the Corps of Engineers, certainly, and each railroad in New York Harbor does similarly.

And if you recall, I suggested it was probably filed by what might be called your lighterage agent.

Mr. Bongartz: I have notes on it, Mr. Colgren. I will have to check on it.

Exam. Boat: Then it is contemplated that such of this material as can be produced will be available at a hearing a week or so hence.

Is that the thought?

Mr. Colgren: I would appreciate it very much.

Exam. Boat: Off the record.

(Discussion was off the record.)

[fol. 1449] Mr. Bongartz: May we go on the record a moment?

You were talking a moment ago, Mr. Examiner, about the date for—

Exam. Boat: Presenting this additional evidence here which has been requested.

Mr. Bongartz: Of course, the other part of the thing was the redirect.

Exam. Boat: The redirect—that is right.

Mr. Bongartz: —of the witnesses.

I was just talking to our people and the time you suggested around the 8th, is a date and time when they are engaged in other hearings. We would suggest the beginning of the following week.

Exam. Boat: That is impossible.

Mr. Welsh: That is impossible, both the Examiner and I have conflicting engagements.

Exam. Boat: I will be in Duluth this week.

Mr. Bongartz: The week after that.

Mr. Colgren: May we move it up a little bit, if we are running that way. Can we make it the 4th of April, which is a Friday, but it would in fact give our opposition a week, approximately?

Mr. Welsh: That is Good Friday, Mr. Examiner.

Mr. Colgren: The only objection I have heard against the 4th of April is that it is Good Friday. But that is not [fol. 1450] a railroad holiday, Mr. Examiner, so I see no objection to starting on it.

Exam. Boat: I see no need for starting on a Friday, unless we can't avoid it.

Mr. Colgren: I would be willing to start on the first, but that is not giving these people the time they asked for. I was trying to give them a week.

Mr. Welsh: I have a hearing in New York on the first.

Exam. Boat: Do you think we can wind it up in two days?

Mr. Bongartz: Mr. Heywood said he cannot be here the 11th. How about the 9th and 10th?

Mr. Colgren: The 9th is bad for me.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Langdon: Mr. Talbott is excused, is he?

Mr. Myskowski: Yes.

Exam. Boat: Are you finished with Mr. Talbott now?

Mr. Colgren: Yes.

Exam. Boat: And you will not want him at a later hearing, either?

Mr. Colgren: No.

Exam. Boat: You may be excused, Mr. Talbott.

(Witness excused.)

[fol. 1451] Examiner Boat: We will recess now until 1:45 this afternoon.

(At 12:15 p.m. the hearing was recessed until 1:45 o'clock p.m.)

[fol. 1452] AFTERNOON SESSION

1:45 p.m.

J. L. HEYWOOD was recalled and testified further as follows:

Further cross examination.

Exam. Boat: Come to order, gentlemen. Proceed, Mr. Myskowski?

By Mr. Myskowski:

Q. In your statement, you state at page 2 "Supervised and participated in the preparation of the exhibits which I desire to submit at this time."

Did you supervise or participate in the preparation of the underlying working paper by the railroads?

A. Only our own railroads, sir.

Q. When they gave you the finished products you just took the result of the finished products and did not check them for accuracy or anything?

A. No, they were supposed to be in the same form we agreed to and we took them and representatives of the other railroads came in with my people and we sat down and put them together.

Q. If one on the first page showed you some cost for something, you did not bother to look further on to see if there were any other costs that were not included on the first page, for example?

A. No, I did not do any checking. That was up to the [fol. 1453] other railroads.

Q. Did you get up any procedures to be followed, the allocations or anything of that sort, whether they should take in computing the expenses the actual expenses for the month or the average for several years or anything of that sort?

A. No. We discussed it to the extent we would base our study of the switching in September, as near September as possible, and that, naturally we agreed—I think we all agreed that the maintenance should be at least three years, and things like that.

That we would work that way.

Q. Now, Mr. Heywood, based upon your experience to what extent do you say that the cost for handling the same commodity would differ as between railroads and different stations on the same railroads?

Would it be ten per cent or 50 or 100?

A. I have no idea, sir.

Q. You have no idea?

A. The only difference I can look at is possibly the commodity, how it is to be delivered, and what is necessary to do to handle it, as compared with the class, possibly, of car that it is, and that sort of thing.

Q. Would different commodities require difference in service, would they require different service for handling? [fol. 1454] A. Some of them would no doubt. I say, somewhat. But not for handling through the yard. A car is a car but when you get into moving it from the car into lighter that certainly—if some things are in a small package, rather than a larger, there is a lot of difference in handling that situation.

Q. You have a summary sheet that looks like "Revised Terminal Studies," and I want to get a short summary of what you did here in my mind. What you did was take the actual traffic moving through the Port of New York for the month of September and you broke those costs down by box cars, general cargo, open cars, box cars, grain and reefer cars, is that right?

A. That is the class of or on which this traffic moved from the traffic study which had been made.

Q. That was your breakdown, those—

A. Yes.

Q. You did the same thing for Philadelphia and Baltimore?

A. We are talking about the Pennsylvania Railroad, now are we, or are you talking about all the railroads?

Q. Your summary sheet here I think is for all of them. You took the results of their study.

A. Yes.

Q. And to the extent they are accurate—you are certainly not vouching for them—

A. I do not know whether you were talking about the [fol. 1455] summary of all the railroads, or the Penn.

Q. You took what they were supposed to have done?

A. ~~That~~ is right.

Q. And put them together?

A. That is right.

Q. To the extent that you have in your conclusions for Baltimore and New York for box cars it costs $21 per car —this is for Baltimore, plus $3.26 per ton, times the average load, is that right, sir?

A. Are you speaking of the average terminal now?

Q. Yes.

A. That is from Form A, average terminal, yes.

I do not know what sheet you have there.

Q. It is not the form A.

A. Let me see this.

Q. I guess that is your special study.

Is that right, sir, $21?

A. $21.14.

Q. Plus—

A. Plus 26 cents per ton.

Q. For New York for box cars it was $34.96 per car.

A. Yes.

Q. Plus $9.13 per car?

A. Yes, sir.

Q. You use the same Form A cars for the inland origin [fol. 1456] or destination, did you not, sir?

A. We used the Form A, the result of the Form A application for inland terminals.

Q. So there was no difference for that cost in Baltimore or New York?

A. That was average for the whole eastern district.

Q. The line haul costs as you developed them were strictly Form A, were they not, sir?

A. Yes, sir.

Q. And New York is about what—100 miles farther than Baltimore?

I think you show it in one of your studies here—113 miles, something like that, from say, Chicago?

A. From Chicago? Let me see.

Q. You have 880 miles on your exhibit.

A. 890 miles.

Q. For New York.

And about, from Chicago—

A. Chicago, 880 miles from Chicago to New York.

Q. 880 miles.

And from Chicago to Baltimore is about 767 miles.

I refer you to page 7 of your exhibit JCH-1.

A. Chicago to what?

Q. Baltimore.

A. You said page 7?

[fol. 1457] Q. Page 7, there in the middle of the page, they have Chicago.

A. Wait a minute. I am too far down. I was looking at 6. I was back into Chicago to New York again.

Q. I see. I am sorry.

A. Yes. 767 miles. Is that what you said?

Q. Yes, sir.

Now, could you roughly give me—what would be the difference in cost in the line haul costs, form A line-haul costs, for the additional one hundred miles? Would it be something like one dollar a ton—something of that sort?

A. Well, the difference is—

Q. Let us look at those two.

A. Roughly in total, the difference is—I am sorry. I am on the wrong one here.

Q. Let us take woodpulp or some other commodity you can readily grasp. That one says the line-haul cost—no, I guess it is "manufactured iron and steel," the one above, to Chicago are 371.03.

That is page 3.

A. Which one are you on?

Q. Page 3, JHL-1.

A. This is Chicago to New York.

Q. Yes.

A. What was that again?

[fol. 1458] Q. From Chicago to New York the line-haul costs are $371.03?

A. I am sorry. Which commodity are you working on now?

Q. Manufactured iron and steel.

A. I have it.

Q. $371. If you turn to page 7, it is 323.

A. Page 7, now.

Q. Yes.

A. Iron and steel—Chicago—323.

Q. Yes, sir.

A. In a box car?

Q. Yes.

A. All right.

Q. So the difference between those two would be about $48 for 40 tons or a little over a dollar a ton, would you say?

A. That is what these figures show, yes.

Q. So that your inland origin to destination costs are the same and your form A line haul costs would be about $1 higher to New York than to Baltimore and you show, in this summary sheet, that for box cars it is $9-and something a ton as against $3.26 a ton at Baltimore.

Exam. Boat: That is the summary sheet—

By Mr. Myskowski:

Q. That is a fully-distributed cost basis—the $9 are fully distributed?

A. Yes.

[fol. 1459] Q. I am looking at the summary sheet?

A. JL-1 revised and this is from that, as I understand it, is fully distributed cost.

Q. If you knock it down out of pocket, just roughly 20 per cent, that would knock it down roughly something like a quarter from New York?

A. Just a minute. I am not making these computations, and I am not going to say yes to hardly anything on that, because I want to know what I am saying yes to.

Q. All I want to know, how much more per ton does it cost to carry traffic through New York than through Baltimore? I was trying to get it from—no difference in the inland origin to destination, according to your port studies. For box cars you have 931 against 336, for fully distributed and figured something like 7.25 as against 250 for out of pocket.

Say $5 roughly. Would that be a fair assumption?

A. Well, I do not think I can say that that is just that easy.

Q. Well, what would you say it is?

A. I do not know what it is. I have not got it here.

Q. Isn't that what your cost study purports to show?

A. It shows 931 but that does not say it has gone to $5, the difference.

Q. In taking out of pocket cost did you take roughly 80 per cent?

[fol. 1460] A. I took it on certain expense accounts. Not on certain other things.

Q. On these terminal costs what per cent did you take?

A. 80 per cent.

Q. If you take 80 per cent of 913, I would say it was roughly 7¼ or a half.

A. I would go along with that.

Q. If you take 80 per cent of $3.26, it might be something like 2½ or 275.

A. All right.

Q. So, roughly the cost would be $5.?

A. On these two figures you have quoted, yes, the difference is $5.

Q. The difference would be $5.

A. Yes.

Q. If you throw in a dollar five for the line haul additional costs you would say on box cars roughly six dollars would be the difference in total cost between New York and Baltimore, is that right, sir?

A. What is this six dollars now?

Q. Six dollars would be the difference on out-of-pocket cost on box cars, New York as against Baltimore?

A. You mean for one mile?

Q. No, I mean per ton.

A. Well, the way you are asking—well, that is one mile.

[fol. 1461] Q. Well, let us go back.

A. One ton, if you want to call it.

Q. That is what I am trying to get.

A. But that does not mean the whole distance from Chicago to New York.

Q. I am saying just the difference?

A. The difference in what.

Q. The difference between the cost at Baltimore and the cost between New York, per ton?

A. Terminal, I agree with you, but I do not agree with you when you say it is one dollar line haul.

Q. Didn't we just figure it out?

A. It is one dollar per—

Q. Ton.

A. Per tonmile or carmile.

Q. I thought we had it per ton, that Chicago was 800 miles and we had—880 miles from New York and we had a figure of 371 dollars. Chicago to Baltimore was 767 miles and we had a difference of—well, the figure there was $323, so that we had a difference of $48 for the total line haul costs on a car which had 40 tons. So would not you say that the line-haul cost differs per ton, New York as against Baltimore, that the difference was $1 and 25 cents, something like that?

A. Per ton?

[fol. 1462] Q. Yes.

A. All right, per ton, yes.

Q. If we did the same thing for open car, we show at New York $8.61, sir, as against one dollar a ton at Baltimore.

If you knock down to be, say, something under $7 for New York and just under a dollar per Baltimore, that is per ton, is it not, sir—an out-of-pocket basis?

A. Wait a minute.

Q. Yes.

A. The Baltimore was one dollar.

Q. Yes, sir.

A. And New York is $8.61, so that is $7.60.

Q. Take 20 per cent.

A. You are talking of out-of-pocket.

Q. Yes.

A. I will go along with that.

Q. There is six dollars difference there—

Exam. Boat: Mr. Myskowski, a little slower here, I think our reporter is having a little difficulty.

By Mr. Myskowski:

Q. Then your summary shows for open cars the out-of-pocket terminal costs at New York would be approximately $6 a ton higher than for Baltimore, and if we were to add to that another dollar for line haul you would say as to open cars the out-of-pocket cost at New York would be $7 or so, higher than at Baltimore.

[fol. 1463] I am just trying to get some rough approximations.

A. All right.

They are rough.

If your mathematics are correct, I will agree with what you say the figure is.

Q. All right, sir.

So that over-all the New York costs on out-of-pocket basis are six or seven dollars a ton higher, according to your studies than the Baltimore costs, right?

A. Yes, sir.

Q. That is right?

A. Yes.

Q. Now, at the time you made your JLH-1 and JLH-2, I think you computed costs for all three ports, Baltimore, Philadelphia and New York, right?

A. Do you mean the special terminal costs?

Q. Yes.

No, JLH-1 and 2 show costs for all three ports, do they not?

A. Yes.

Q. At the time you made that study, did you come to the conclusion the traffic moving through Baltimore was compensatory—did it meet, in your opinion, out-of-pocket costs?

A. I did not make out-of-pocket for Baltimore.

Q. Did it meet fully distributed costs?

[fol. 1464] A. In most every case, I think it did.

My exhibit speaks for itself.

Q. I am just trying to get a broad conclusion, sir. I do not want to go into all these details now.

Would you say, except for a couple of commodities which may be below fully-distributed costs, the over-all at Baltimore meets the fully distributed costs, the over-all at that point? That is, the revenue?

A. That is what I say, in most every case it did.

There are some exceptions.

Q. If the traffic actually moving through New York—not some theoretical traffic—if the actual traffic moving through New York brings revenues more than six or seven dollars a ton higher than the traffic moving through Baltimore, would you not concede that the traffic moving through New York was compensatory?

A. No, sir.

Q. Why not?

A. My exhibit says it is not, and that is where I stand.

Q. Why not, sir?

A. I said I was only agreeable to your mathematics. I am not agreeing with your theory.

Q. As I understand it here, you have taken the average cost of moving traffic through New York and the average cost of moving traffic through Baltimore, is that right?

[fol. 1465] A. Yes, that is what my exhibit shows.

Q. And you have compared that, not with the average revenues through New York or the average revenues through Baltimore, but with revenues from specific commodities, is that right, sir?

A. That is correct.

Q. If you have, and I would like to give you a copy of Mr. Mollman's exhibit MLM-3 on the first six pages of Mr. Mollman's exhibit MLM-3, pages 1 to 6—this is the one I am looking for, the one which shows the complete breakdown of import and export traffic through New York and through Baltimore, at pages 1 to 6, Mr. Mollman lists all of the commodities.

Now, sir, if we take the commodities which actually move through New York and look at your exhibits, JLH-5 and 6, and apply the revenues which would result from the computations there shown and if we actually took the traffic moving through Baltimore and did the same thing and if your costs are six or seven dollars higher at New York than at Baltimore, but the revenues are more than six or seven dollars higher, would you not concede that the traffic at New York is compensatory?

A. No, sir.

Q. Why not?

A. I will stand with the exhibit that I put in.

Q. All right, sir, would you look at your JLH-5?

A. My "5"?

[fol. 1466] Q. Yes, sir.

A. Yes, sir.

Q. On page 2 thereof you show the revenues, and these as I understand them are the Baltimore revenues, on ores and concentrates, n.o.s. and there you show revenues of $5 and 71 cents a ton to $6.40 a ton, is that right, sir?

A. Yes, sir.

Q. Right before that you show zinc ores and concentrates with revenues $5.06 a ton, right?

A. Yes, sir.

Q. Mr. Mollman's exhibit shows out of a sum total of 1,644,844 tons of import traffic moving through Baltimore, a total of 1,283,888 tons was group 319 ores and concentrates NOS.

And another 66,058 tons was zinc ores and concentrates. Roughly that is over 80 per cent of the total.

Even if the other commodities were much more remunerative, the average revenues on import traffic through Baltimore would not be much more than six or eight dollars a ton. That is pretty obvious, is it not?

A. I do not know what it would be.

Q. Are the rates wrong, sir?

A. I did not say they were.

Q. Are you now quarreling with Mr. Mollman's figures?

A. I am not quarreling with anyone's figures. I have only these figures here and I do not know whether the six [fol. 1467] dollars is the average or high or low or what it is.

Q. We are trying to draw a few conclusions, because the figures are just a hodgepodge, you see, if you do not attempt to draw an analysis of them.

A. That is your conclusion, whether they are a hodgepodge or not.

Q. I see. Let us look at the traffic moving through New York.

A. Yes.

Q. Mr. Mollman's imports 645,792 tons. The greatest single commodity is, according to Mr. Mollman's study, group 523, rubber, crude, natural and synthetic, 164,953 tons.

Now, sir, on your exhibit JLH-5 at page 4, could you tell me what the revenues are from rubber?

A. Page 5.

Q. Page 4—it is your exhibit JLH-5 but page 4, I think.

A. Are you speaking of rubber, crude?

Q. Yes, 88 cents to $1.11 per hundred pounds.

A. That is right.

Q. That would be $17.60 to $22.22 a ton, is that right?

A. That is about right.

Q. That is a good bit more than seven or eight dollars a ton, isn't it?

A. Yes.

Q. Let us look at the next largest one—coffee, group [fol. 1468] No. 75, coffee—

Exam. Boat: Which page—

Mr. Myskowski: Page 1 of MLM-3, sir.

That shows 133,265 tons of coffee moving through New York during the representative year.

At page 1 of your exhibit JLH-5, could you tell me the revenues, sir?

The Witness: The rates, do you mean?

By Mr. Myskowski:

Q. The rates, yes.

A. Well, they run from 64 cents to 90 cents.

Q. That is $12.80 to $18 per ton. Again that is substantially more than $8 a ton?

A. Yes, it is more.

Q. Take the third one. That is group 51, bananas, that is on page 1 of MLM-3.

A. I would like to call your attention while we are looking at coffee, I go back to my statement again and in the last column I show the ratio of even the out-of-pocket costs to revenue is $103.80 as high as $118.1.

Q. How about rubber? Let us see? What page is that on—rubber—four, I guess.

Q. Yes, rubber.

A. Rubber runs from 80.1 to 87.1.

Q. Let us take the third largest, group 51, bananas—53,946 tons.

[fol. 1469] At page 1 of your JLH-5, you show revenues of $1.29 to $1.60 per hundred pounds.

A. That is right.

Q. Or $25.80 to $32.00 per ton, is that right, sir, approximately?

A. That is your multiplication, I will accept your multiplication.

Q. Again that is substantially above six or eight dollars a ton?

A. The figure you quoted is greater than $6.

Q. Those three commodities are a majority of the total moving through New York, Mr. Heyward, and the ores and concentrates amount to 80 per cent of the imports moving through Baltimore, so what your study has done, sir, is taken the cost of moving rubber, coffee, bananas through New York and applied those costs to all sorts of revenues, even though those revenues, or rather, even though the commodities do not move in any substantial volume to New York, is that right, sir?

A. Which commodities, now?

Q. Well—

A. The ones you mentioned?

Q. Well, let us look at—

A. Personally it does not make any difference to me whether they move through New York or not in one sense. This exhibit is to portray the Baltimore rates and if this [fol. 1470] traffic did move through New York, this is what happens. That is what this exhibit shows.

Q. All right, sir, let us let it go at that.

Do you mean to tell us that, if—let us look at 319—ores and concentrates. Baltimore had on that one million, 1,283,888 tons.

New York had 26,369 tons.

Now, sir, in your JLH-5, you show that the cost of moving such ore through New York would be 781 a car. Now you do not mean that seriously, do you?

A. That is what I said, yes, what do you think I am doing, sitting here under oath lying about the figures.

Q. What you have done is applied an average which is clearly inappropriate.

A. I do not think you can get any closer cost than that average or no average as you call it.

Q. How does this manganese chrome move through Baltimore?

A. Mostly in bags or car tons.

Q. At Baltimore?

A. At Baltimore.

Q. I am talking about Baltimore.

A. That is bulk.

Q. Does it move in fairly substantial volume?

A. I do not know, sir. I do not know what the traffic study shows. You know from that as much as I know about it.

[fol. 1471] Q. I hope you know a little more, because I do not know too much about it.

A. The traffic man is the man that can tell you more about that.

Q. Do you think this chrome ore, manganese ore moved in a fashion similar to iron ore?

A. Out of Baltimore.

Q. Out of Baltimore. All right, sir.

A. If that is where you are speaking.

Q. All right.

Do you recall your testimony and evidence in I & S 6074?

A. Sixty what?

Q. The iron-ore case.

If I am correct in my memory, you at that time made a special study at New York and said it would cost about $3.25 to move iron ore through New York and the Commission found it was 'way too high and knocked it down to $2.60 or something like that.

Now you are trying to tell us according to this exhibit, it was about $16 a ton.

A. You may not agree and I may not agree with the Commission.

You say I agree.

Q. Let us assume it is $3.25 a ton. That is still much less than the revenues here.

[fol. 1472] A. If it was.

Q. Is it not true cost is not something which just comes out of the air? They are made of specific commodities and if we moved a million three hundred thousand tons of ore through New York our costs would be what they are in Baltimore and if they moved our rubber and coffee, their costs would be what they are in New York? Isn't that obvious?

A. No, not to me.

Q. Is it your impression all commodities have the same cost, so far as you know?

A. No, I did not say that exactly. There is a difference in handling and loading and that is one of the big items in New York, the loading or unloading.

Q. Yes. We have rubber which costs six or seven dollars or more a ton but takes eight or ten more in revenue.

A. I did not say it costs more.

Q. I used your figures.

A. You can use figures and do a lot of things with them. So can I. But it does not agree with your five or six dollars.

Q. This is ample demonstration of that.

A. That is what you think.

Q. Would not you concede that it costs different amounts to handle different commodities?

A. I have already said that.

Q. So, if the commodities at New York cost more but [fol. 1473] also brought in much more revenues, they would be more compensatory than those at Baltimore, isn't that obvious? Whatever the figures happened to be, isn't that true?

A. In your language, yes.

Q. Again, didn't you make a specific study here, Mr. Heywood?

A. What do you mean by "specific study?"

Q. You studied the commodities actually moving?

A. The traffic people studied the commodities moving—that is right.

Q. Did you look to any extent at all on the work papers of the Canton Railroad, sir?

A. No. Each railroad will speak for itself.

Q. In your summary of the costs at Baltimore—you do not have these figures up in the corner, this one is entitled "I & S No. 6615; Terminal Studies, Baltimore Maryland." This is your paper, is it not?

A. This is part of our papers—yes. We made these summaries.

Q. The second one down says "Canton, 13,268 tons, unit expense 51.47." Where did you get that unit expense?

A. That is what they gave us.

Q. Is this the paper that you copied from, this work paper?

A. Yes.

Q. You must have looked at them to get that $1.47?

A. I did not mean look at them in that sense. When you [fol. 1474] said "look at them," I thought you meant "did you analyze them"?

Q. You made it clear you did not.

Can you give us these for a moment?

A. Surely.

Q. You notice there you have a great variety of cost for different commodities, do you not, sir, sugars—I do not know what it is there. You will see there is sugar cost, that the sugar costs them $5.67 a ton and varies down to cork, costing 96 cents a ton, is that right?

A. Yes, that is the figures.

Q. But the over-all average cost per ton that you picked up is $1.47, is that right, sir?

A. That is right.

Q. If you notice, sir, under "sugar" or a few other places, they say truck revenues.

A. Yes.

Q. I assume what they did is offset revenues which they got from trucks against the costs of the rail traffic, is that right, sir?

A. I do not know what they did.

Q. Well, I do not, either.

Would you look at page 4—page F-4. Could you tell me any reason why you did not pick up those costs?

A. (No response.)

Q. They show, sir, about $1.80 of additional costs at [fol. 1475] Canton were allocable to platform tonnage, and you used the figure on the first page, $1.47, you just did not bother to go past the first page?

A. That is right, we used $1.47.

Q. Can we assume your analysis of the others is just as sketchy?

Mr. Bongartz: Of other what?

The Witness: Other what?

Mr. Myskowski: Of the other exhibits which went to make up your final total.

Mr. Bongartz: Other exhibits?

Mr. Myskowski: Work papers.

The Witness: I think I made the statement on the record and I will make it again, we took the summary of their results to put it together to get a weighted average and each carrier will have to answer to its own figures.

By Mr. Myskowski:

Q. All right, sir, you are not in a position to answer. Is the man who supplied these papers to you for the Canton here today?

Mr. Langdon: I inquired yesterday whether the witnesses for the Canton and Western Maryland were to be required and he answered in the negative.

Mr. Myskowski: I did not give that answer.

Mr. Langdon: I inquired of Mr. Colgren. Yes, he is here.

Mr. Myskowski: All right. Let's get to him later, if [fol. 1476] you are not willing to vouch for these figures.

Mr. Bongartz: Just a moment. I ask that that statement be stricken, Mr. Examiner.

At the beginning of this hearing I explained quite clearly on the record if counsel had questions regarding the figures submitted by other railroads, that the witness from other railroads were here for cross-examination. I think the remark of counsel was ill taken when he says that Mr. Heywood is not ready or willing to vouch for these figures.

I ask that the statement be stricken.

Exam. Boat: I think Mr. Heywood said he was relying on these figures. At least that is what his exhibit purports to do. I think that much can be said for them.

Mr. Myskowski: All right, sir.

By Mr. Myskowski:

Q. Do you have the work papers which show your marine costs at Baltimore for the Pennsylvania Railroad, I think it is the next to the last sheet on your Baltimore series.

It is headed "Port Differential Study, Baltimore Area, Baltimore Marine Costs."

A. Yes, I have it.

Q. All right, sir. Would you tell me from that page what the cost per ton is to lighter box car traffic at Baltimore by the Pennsylvania Railroad?

A. You say box car traffic?

[fol. 1477] Q. Yes, sir, that is what the heading says—box car, lighter.

It was box car traffic, though, that I was interested in.

A. If you want to know how much the cost per ton is—

Q. Yes, sir.

A. Forty-three cents.

Q. Does that seem reasonable to you?

A. That is the figure at Baltimore that we computed.

Q. How do you compute that figure?

A. By going down there and picking off the expenses and the tons that were handled, at Baltimore, in box cars.

Q. That figure at the top—operating floating equipment, 16,436.06. What is that, sir?

A. $16,436.06, that is exactly what it says—the cost of operating the floating equipment.

Q. Is that pay roll something like that?

A. It is pay roll and maintenance of the equipment, so forth.

Q. Could you tell me why there is no pay roll tax next to it?

A. That is possibly included in with the rest of the expenses in the total there.

Q. Now, sir, I do not know whether you want to confer with your colleague there, but is it not true that the lighterage at Baltimore for the Pennsylvania is not performed by the Pennsylvania, but performed by a separate company—is that right, sir?

A. Are you speaking only of lighterage?

[fol. 1478] Q. I am speaking of whatever is covered by these expenses.

A. Well, lighterage, yes, you are correct on that.

Q. So that would not be pay roll. That would be probably payments you made to the company?

A. That is right which would be inclusive, as I say, of pay roll, in that figure.

Q. At the bottom you say on that page "All floating equipment provided by American Transportation Company." "P.R.R. does not prove any equipment."

That should be Atlantic Transport Company, should it not, sir?

A. Atlantic Transport—you mean you are questioning the word "American"?

Q. You say American Transportation Company and its name is actually, as I understand it Atlantic Transport Company?

A. Well, I will accept your revision on it.

Q. Would you accept my statement that they get more than $2 a ton from you for just lightering this stuff?

A. I would not accept anything from you on that.

Q. Could you check, sir, with your colleague or whoever would have the correct figures?

A. I would say we would have to go back to Balitmore to do that.

Mr. Bongartz: You are not admitting these figures are incorrect, are you?

[fol. 1479] A. I did not say that.

I am saying, I do not agree with his figure of $2.00.

Mr. Myskowski: We informally—I had better not testify.

By Mr. Myskowski:

Q. You say "All equipment provided by American Transportation Company," which it turns out is the Atlantic Transport Company.

Were you in the room when Mr. Clark testified, Mr. Heywood?

A. When?

Q. Whatever day it was.

A. I guess not. If I do not know the day—I guess not.

Q. Mr. Clark stated "The most striking difference among the ports, New York, Philadelphia and Baltimore, indicative of both higher cost and greater operation at New York is the marine equipment which must be supplied, operated and maintained to meet the transportation needs of that port, in contrast to the ports of Philadelphia and Baltimore."

End of quote.

Mr. Clark listed as being owned by the Pennsylvania at New York some 322 pieces of equipment and, at Philadelphia, only five pieces of equipment.

Now, that impressed me very much, Mr. Heywood; is the reason why the Pennsylvania does not need equipment at Baltimore is because somebody else furnishes it?

A. In this, according to this note, that is true.

[fol. 1480] Q. All right, sir.

A. It still means we do not need the equipment, ourselves.

Q. It is not needed for the port.

A. I did not say it was not needed for the port.

Q. Mr. Clark's words were, quote "to meet the transportation needs of that port", close quote.

A. You had better speak to Mr. Clark and see if he means what he says.

Q. All right, sir.

At page 5 of Mr. Clark's statement he commented about how much more traffic has to be lightered at New York than at Baltimore and he listed a total of just about 147,000 tons for the year ending August 31, 1956, which had to be lightered at Baltimore.

When I divide that by 12, I got something like 12,000 tons a month. Would you say that is close, sir—147 divided by 12?

A. Yes, that is about it.

Q. And yet you list in September, 43,738 cars being lightered at a total cost of only $16,000—well, a total cost of about $18,700.

I am sorry. That is tons being lightered at a cost of about $18,700.

Would you say that there was some discrepancy between those two figures?

[fol. 1481] A. You mean between the average you computed and the figures here?

Q. If my average is wrong, I would like to have you check it.

A. I did not say your average mathematically was wrong.

Q. All right, sir.

Mr. Clark stated "From the above statement it will be seen that 61.1 per cent of the Pennsylvania Railroad export-import traffic at New York was waterborne while at Philadelphia only 1.3 per cent and at Baltimore 29.3 per cent of the Pennsylvania export-import traffic was given water service."

From the first page of the Pennsylvania Terminal studies at Baltimore, could you tell me how many cars of general cargo were handled by the Pennsylvania, during the month of September?

A. How many box cars?

Q. How many tons of box cars—how many tons of box-car traffic? It is on the first page, I believe, sir.

A. Tons of box car traffic.

Q. Yes, sir.

A. General cargo?

Q. Yes.

A. 34,722.

Q. Try the Pennsylvania, that is the B & O.

A. I beg your pardon. 34,738.

[fol. 1482] Q. At page 9 you show how many of those box cars are being lightered, sir.

A. Page 9.

Q. Yes.

A. All right.

Q. Or what would be the next-to the last page, the one we were just discussing previously—the one with the notation.

A. Perhaps I am looking at a different sheet than you are.

Q. Well—

A. I do not have cars.

Q. Tons.

Exam. Boat: The last figure you gave was tons.

Mr. Myskowski: Yes, 43,738 tons.

The Witness: 43,738. That is right.

By Mr. Myskowski:

Q. Are we to conclude from this that every single ton of general cargo traffic moving at Baltimore in box cars received lighterage service?

A. Yes, in my study that is what it says.

Q. I think you had better check, Mr. Heywood?

A. All right, let me check.

Q. I think you had better.

A. I understand some of the 43 was not lightered.

Q. Did you have any idea how much?

A. No, sir, I do not.

Q. That "43" was used at the divisor in computing the [fol. 1483] marine cost and in computing the station cost, is that correct?

A. That is correct.

Q. To the extent it was not lightered, your cost would go up, is not that right, sir?

A. Whatever tons we take out of there would push it up, yes, sir.

Q. You have no way of finding out at the moment how many—

A. No, sir, and I understand that figure is not available.

Q. What did you do, just take the total tons?

A. These are the total tons handled by box cars at Baltimore.

Q. So you just used that figure and divided the total station expenses?

A. No, we did not "just." We used it on the theory that we were considering all of the tons was getting lightered even though there was a small part that was not and therefore it did cut down, as you say, already the cost per ton of lighter or station or whatever it is.

Q. Mr. Heywood, is it just a small part; Mr. Clark indicates that the volume which moves by rail is 553,000, compared with about 147,000, which moves by lighter.

A. Well, I do not know—I said small. Maybe I had better not say small. A part of the 43 was not lightered.

Q. If the important portion was the same as Mr. Clark's, it would be very substantial, a substantial part, would it not?

A. Yes, if the—

[fol. 1484] Q. And the cost you show at Baltimore would be several times higher, would it not, sir?

A. Yes, sir.

Q. Now, Mr. Heywood, I hate to keep switching around like this, but these notes are just in that shape. Would you take your studies at New York. I think they are the ones like this that you made up—the working papers for the figures on the Pennsylvania only at New York.

On the sheet which says "Station Costs," it is about the fifteenth sheet "Summary, New York Area, September, 1956," do you have that, sir? It is only half filled.

A. Station costs New York area.

Q. Station costs, summary, New York Area, do you have that, sir?

The figures at the top left 25,513.24.

A. $25,513.24.

Q. All right, sir.

There you have summarized the station costs for box car traffic which move by truck in lieu of lighterage.

That is the third group there.

And for Jersey City piers, you have a total station cost of $12,467.03, is that correct, sir?

A. Jersey City Piers?

Q. Yes, sir.

A. That is not on that same sheet, is it?

[fol. 1485] Q. It is the last column over to the right, sir.

A. I beg your pardon. I was looking at the titles.

Q. It is the fifth column on the last column.

A. $12,467.03.

Q. All right, sir. Two pages further on I believe you show that there were 3,160.8 tons which were trucked in lieu of lighterage over the Jersey City piers. That is near the bottom.

A. 12,000—

Q. The tonnage is 3,160.8.

A. I have the Jersey City.

Q. Trucks in lieu of lighterage, 3,160.8.

A. Yes.

Q. If you divide that 3,160.8 into 12,467, I get $3.95. It would be something less than $4 a ton, is that right, sir?

A. It would be about four dollars a ton.

Q. The next one is the Desbrosses Street Station. The total cost shown is $62,804.52. That is on that summary sheet, sir.

A. I have that.

Q. And on the sheet dealing with station costs, Desbrosses Street Station, you show that there was a total of carload traffic, total tons of carload traffic, 10,549—do you see that, sir?

A. Yes, sir.

Q. If you divide that 10,549 tons into 62,804, I have 595—it would be something less than six dollars a ton. [fol. 1486] Would that be right, sir?

A. Roughly, I would accept your figures.

Q. So it would be about 50 per cent more from one pier to the next pier: 395 as against 5.95.

A. No, the Jersey City piers are somewhat different than over on the Manhattan side.

Q. Let us take the next one, West 12th Street. There you show a total of $15,966.42 and on the sheet which shows the station costs for West 12th Street you show a total, at the bottom of 1225 tons which were trucked in lieu of lighterage, is that right, sir?

The last figure in the column.

A. Yes, 1225.

Q. If you divide that 1225 into $15,966.42. I got over $13 a ton for the station costs. Would that be right, sir?

A. That is what the figures show.

Q. Can you give me any explanation as to why one station has costs of less than $4 a ton and another station has costs of over $13 a ton?

A. Yes. Different classes of traffic than the other one, in the first place.

Q. Then you do admit that different classes can result in tremendous differences in cost?

A. I admitted sometime ago, that different kinds of traffic cause different costs. I did not admit it was tremendous, [fol. 1487] or colossal or something but I did admit—

Q. Three times as much as that is pretty big.

A. Three times as much as what is pretty big?

Q. Four dollars as compared to $13.

A. Yes, it is $8 difference.

Q. Nine.

A. Another thing that entered into it is not only the class of traffic but the volume of traffic.

Q. Well, Mr. Heywood, I think you are probably right.

A. Probably, what do you mean?

Q. I will agree wholeheartedly with you. If the railroads serving New York were able to reduce their rate and attract more traffic, don't you agree their costs would go down?

A. Out of pocket? Is it out of pocket you are speaking of?

Q. Either way.

A. No, out of pocket, it goes up, the more units.

Q. Well, that is assuming, Mr. Heywood, that you are now operating on an out-of-pocket loss. Right?

A. Assume we are now operating on an out-of-pocket loss, yes. Let us assume it.

A. Let us say that is your assumption?

A. From me?

Q. We are satisfied you were not, but we thought that is what you are assuming.

A. I? No, I am not. I am not assuming anything.

[fol. 1488] Mr. Bongartz: May I object to the form of these questions? Counsel said, let's assume something.

The witness says, let's assume it. Then counsel says, "It is your assumption." That is certainly not proper cross-examination, I object to it.

Exam. Boat: I think he asked the witness to assume that, and the witness said he would for the purpose of the question. That is my understanding of it.

By Mr. Myskowski:

Q. Did you bring with you your 1956 Form A Annual Report which you filed with the Commission?

A. No.

Q. Did Mr. Coglen ask you for that yesterday?

A. No, not that I recall.

Q. Mr. Heywood, have you any idea what the investment of the Pennsylvania Railroad is in floating equipment—the total investment?

A. No, I really do not at all have that figure in mind.

Q. Have you any idea what repairs on barges, maintenance of barges should run? Would that be in your experience 10, 20 or 25 per cent of the investment or the cost of the barges?

A. I do not know.

Q. You have no idea?

A. No idea, none whatever.

Q. Mr. Heywood, the costs to the Pennsylvania Railroad in handling grain at Baltimore are shown, I believe, in the [fol. 1489] last of the figures you have covering your Baltimore study?

A. Yes, I have the sheet.

Q. What is the cost per ton before credits?

A. $2.38.

Q. Do you mean $1.38?

A. Excuse me. I am sorry. $1.38.

Q. Can you tell me what are the costs per ton at New York, before credits?

A. Do you mean for grain?

Q. Yes—the last page of your other study?

A. 17 cents.

Q. So the costs at New York are 17 cents and the costs at Baltimore are $1.38 a ton, but you have against the cost at Baltimore a credit of $1.47 a ton, is that right, sir?

A. Yes, sir.

Q. What about the credits at New York?

A. There were not any credits here.

Q. If these rates are equalized, as we hope, and there is a sufficient volume going through New York to justify the construction of a grain elevator there, have you any reason to assume it would be less profitable than at Baltimore?

A. Gentlemen, I have not that crystal ball and even if I had, I could not tell you.

Q. At any rate if you did not have the credits at Baltimore, the cost of handling grain at Baltimore would be [fol. 1490] several times the handling cost at New York?

A. Well, I do not know. Certainly, in a second I cannot set up an imaginary operation and tell you what it would be.

And, anyway, it is not that way, and I doubt if it is going to be that way, so we will stay with the figures we have.

Mr. Myskowski: Mr. Examiner, could we have a recess for ten minutes now? We are trying to get an annual report. After that, it is the last series of questions.

Exam. Boat: All right.

Let us recess now and try to be back in ten minutes.

(A short recess was taken.)

Exam. Boat: Let us proceed.

By Mr. Myskowski:

Q. Will you take the 1956 annual report of the Pennsylvania Railroad, which was filed with the Commission and turn to page 202, sir?

A. Yes, sir.

Q. Line 45, the last column, column "L", shows the investment in floating equipment.

A. That is right.

Q. Would you give me that figure, sir?

A. $18,042,983.

Q. Would you turn to schedule 320 at page 306?

A. Yes.

Q. Look at line 83, which says "Floating Equipment Repairs," and will you give me that figure?

[fol. 1491] A. $2,981,625.

Q. All right, sir. The floating equipment repairs is then sometimes 16 and 20 per cent of the investment in such floating equipment, is that right?

A. Yes, somewhere in that neighborhood.

Q. Would you turn to your sheet headed "Floatage Costs, New York, September, 1956."

A. Which is this—the rough papers?

Q. Yes, the cost studies, yes, sir.

Mr. Bongartz: The work papers.

Mr. Myskowski: Yes, the work papers.

The Witness: Yes.

By Mr. Myskowski:

Q. Would you please look at the figures which you show for Account No. 323, Floating Equipment Repairs, Barges?

A. 323.

Q. Yes, sir. There are four figures there in that column, or across that line.

A. I must have the wrong sheet.

Q. Yes.

A. Yes, tugs, floats, barges and grain.

Q. If you add those up, it comes to something like $88,000, sir, roughly—is that right, sir, those four figures.

A. Just a moment. Which four figures do you mean now?

[fol. 1492] Q. The $50,905—

A. Are we only working on barges?

Q. Yes.

A. Let's see. How much did you say?

Q. $50,000—

A. What was your total?

Q. $88,000.

A. Pretty close to 88, yes, sir.

Q. If we multiply that by 12, we get something like $1,055,000 per year for barge repairs. Woud that be right, assuming my arithmetic is right?

A. 12 times this.

Q. 12 times 88?

A. Yes.

Q. If you take on the next sheet—I am sorry, sir, it is on the same sheet.

If you will take the figures on depreciation which are shown as $2,061.22, $1,693.52 and add those together we have $3,754.74.

That is for depreciation for barges for the month of September, is that right, sir?

A. That is right.

Q. Your annual report, I believe, if you still have it there, shows that your annual rate of depreciation is 2.74. That is on page 206—

[fol. 1493] A. Yes, 2.74.

Q. I divided that 2.74 into the depreciation of $3,254.77 and came out with a total investment in barges of something like $1,037,000. Does that seem fairly close to you, sir?

A. I will accept the figure you got from that.

Q. Then for barges, you would have on an annual basis over a million and fifty-six thousand of repairs compared to a total investment of $1,370,000 or about 75 or 80 per cent of your total investment accounting for barge repairs, compared to the 16 or 20 per cent which you show on a yearly basis for all floating equipment, is that right, sir?

A. That is your analysis of it. I will have to go by what you say there—what you come up with.

Q. That would not shock you if you had 80 per cent of your total investment in the form of repairs in one year?

A. Well, I am not from an operating department, so I do not know whether it would shock me or not.

Mr. Myskowski: That is all we have of Mr. Heywood, sir.

(Witness excused.)

Mr. Myskowski: Could we have available the gentleman who submitted the Canton work papers?

Exam. Boat: Is he present?

Mr. Bongartz: He is here, sir.

[fol. 1494] Mr. Bongartz: Mr. Heywood is excused, is he?

Exam. Boat: Yes. You had finished with him, and I take it he can be excused.

(Witness excused.)

John B. Bourne being previously duly sworn, testified as follows:

By Mr. Myskowski:

Q. Did you prepare the work papers which were given to Mr. Heywood to use in the preparation of the exhibits in this case?

A. Not in their entirety, sir, but I put them together, and did most of the work.

Direct examination.

By Mr. Langdon:

Q. Mr. Bourne, do you mind giving your name and position for the record?

A. John B. Bourne, Secretary and Assistant Treasurer, Canton Railroad Company.

Exam. Bost: It is spelled B-o-u-r-n-e?

The Witness: Yes, sir.

By Mr. Langdon:

Q. Canton is one of the railroads at Baltimore which participated in the preparation of the special terminal cost study in connection with this case?

A. Yes, sir.

Q. And the results, so far as you know, were consolidated with the results in the exhibits named in this case—the cost exhibit filed in this case for Baltimore?

[fol. 1495] A. Yes, sir.

Cross examination.

By Mr. Myskowski:

Q. Mr. Bourne, would you please turn to the first page of your working papers?

In the last column at the bottom you have a figure of $1.47, which I assume is per ton, shown as the platform costs for the Canton Railroad for September, 1956. Is that right, sir?

A. That is right.

Q. Mr. Heywood's study indicates that $1.47 was the total cost per ton for the Canton for handling the traffic involved. Is that right, sir?

A. That is right.

Q. Mr. Heywood's study indicates that $1.47 was the total cost per ton for the Canton for handling the traffic involved. Is that right, sir?

A. It is the average cost, sir.

Q. Would you turn to page four of those work papers, sir?

The heading is "Canton Railroad Company, Docket No. 6615. Cost Allocatable to Platform Tonnage."

Am I wrong in assuming that those costs are in addition to this $1.47?

A. You are wrong, sir.

Q. What are those costs?

A. These are—this page four that we referred to summarizes by source; that is, account, or general allocation, the total allocated platform cost for Canton Railroad for September, 1956, as derived from the cost schedules farther back in the exhibits.

Exam. Boat: Further back in the working papers?
[fol. 1496] The Witness: Yes, sir.

In order to allocate these platform costs to specific tonnages, it is necessary for me to refer to another schedule.

By Mr. Myskowski:

Q. All right, sir.

A. My page 3?

Q. Yes, sir.

A. Column 13. This show the sum of Columns 12 and 13, which columns are the same expenses summarized as having been allocated to specific commodities for the purpose of determining box versus open top freight statistics.

Q. All right, sir. I want to track this $1.82 into this $1.47.

A. All right, sir.

Q. Would you continue?

A. I would have to volunteer, then. There are amounts, as I said, on my Schedule 3, the restatement of these total platform costs that have been allocated on the basis of weighted tonnages, and since our pier warehouses are multistorage warehouses, we have a significant tonnage in storage and the initial application of cost to the individual ton had to take into consideration this storage function.

That was accomplished on page 3. The totals as set out in Columns 12 and 13 of page 3 by commodity were brought forward to my page 2, and to cite an example, my page 3, line 2, sugar, for platform cost allocated to so-called through [fol. 1497] tonnage; that is, the tonnage opposed to tonnage originating from storage, is split between rail and truck, on an average ton basis in the sugar column on my page 2, on lines 17 and 14.

Q. Sir, I am sorry. I cannot follow that. Maybe you could help me this way. If you go to page one and—let us take sugar, $5.57 as your net ton cost. And next to that, you have a figure, net cost of $20,848.68. Is that right, sir?

A. Yes, sir.

Q. Can you find that $20,848.68 anywhere else here?

A. No, sir.

Mr. Myskowski: I am sorry, I am lost. I guess we cannot ask any more than that about that, sir.

Mr. Langdon: What is your problem?

Mr. Myskowski: I am trying to figure out. On page one, he seems to have what are direct platform costs, and on page four he seems to have allocated platform cost. I assume the two are separate and should be added together, but he tells me somehow the $1.47 plus $1.82 has not got to the $1.47.

I have not been able to track it down, and I am getting nowhere very fast.

Mr. Langdon: In the light of the comment of counsel, do you want to undertake briefly another explanation?

The Witness: Yes, sir, I will try, if you will begin with my page one, sir.

Mr. Myskowski: All right, sir.

[fol. 1498] The Witness: In the instance of the commodity "sugar", working from left to right, we have columns 2 and 3 composed of a specific platform operation, checking from ship and high piling.

It is the railroad's responsibility to check the accounts coming on its platforms and it is also the railroad's responsibility to pile the commodity to a more practical height than the stevedore is willing to do.

And 41 cents, in this particular instance, is our 1956 average for that specific operation.

By Mr. Myskowski:

Q. Where can I find that, sir?

A. You cannot find that specific item in here for the reason that in September 1956 there was no sugar discharged at Canton Railroad's piers.

Q. There was no sugar discharged?

A. No, sir.

Q. And yet you have costs for it.

A. Absolutely. These costs are job costs. Developed to reflect the average cost, the platform cost of a ton across our piers.

Exam. Boat: They are composite costs, in other words—is that it?

The Witness: Well, sir—

Exam. Boat: By job cost, do you mean it is a composite cost?

[fol. 1499] A. It is a composite reflecting those accounts we have to perform in connection with a ton across our pier—a net ton.

Exam. Boat: And that, of course, reflects all types of traffic that are handled in that way?

The Witness: Yes, sir, in the absence, sir, if I might explain, of any significant quantity of warehouse tonnage, and with a perfect balance between tonnage received and shipped; those two being interdependent, you would not have this peculiar situation, but in that this commodity, sugar, is a significant one for us, and there was none received during that month, that the cost of that operation had to be included in order to come up with a ton cost on that commodity.

The total costs allocated—

By Mr. Myskowski:

Q. Sir, where do you get—

A. Go on, sir.

Q. Where do you get the tons, if there was none discharged?

A. The tons were those shipped.

Q. This 41, this is an import commodity?

A. This is an import commodity.

Q. This 41 cents is something you developed over the whole year and this is your average for the operation?

A. Yes.

Q. You made no study for this case. How much it cost you to handle this commodity or any other? You are using your average for the year per job—is that what you call it?

[fol. 1500] A. This sugar came in over the months prior to September, 1956, and it seemed most realistic to use the annual average.

Q. And the same thing is true about all these other figures in here?

A. No, sir. This is the only situation.

Q. Let us take the next one—$1.09. Where could I find something that looks like that for sugar, loading, delivery into trucks.

A. Yes, sir, that column is a little misleading. It should just say loading and delivery. That is to truck or car. My page 2, in the sugar column, develops, from lines five through ten, the average cost in this instance, excluding the checking in and high piling of a ton of sugar across our piers—the direct labor.

Because, you see, we had tons shipped out and we had the costs thereof, specific costs, plus the occupancy based on our allocation formula of assessing total platform costs other than direct labor on the basis of the area occupied.

By Mr. Myskowski:

Q. I see a figure of $1.09. That is comprised of adding up the three figures there and coming up with a total of $4,096.11. Is that right, sir?

A. Yes, and the divisor the rail rons ship.

Q. That first figure, $2640.70, that footnote says is direct labor and foreman loading and unloading. Is that right, sir?

A. That is direct labor.

[fol. 1501] Q. And you add to that the pay roll taxes and vacations?

A. Vacations and holidays.

Q. Occupancy, is that warehousing?

A. That is again going necessarily to the statement on page four, in the reference I made, also, to page 3, is the total platform expense other than direct labor, pay roll taxes and holiday.

Q. You call that occupancy?

A. Yes, sir. If I might volunteer the information, we have the unique situation at Canton of having four general piers adjacent to one another, one switching a relatively limited number of significant commodities—excuse me. I wanted to say this.

I wanted to mention again the fact that we do have storage and it required us in order to assess the costs equitably against each net ton across the tiers to take into account the fact we had tons resting in storage. We had a source of revenue for those periods, so we tried to cost those tons as well as those that went through, the tons in storage.

The net effect we can develop here with the commodity "sugar," if you like, on page 1:

Q. On page 1 you list a lot of credits. Is that the rents you get from truckers for using the warehouses and piers and things of that sort?

[fol. 1502] A. We do not rent any space to truckers. But there are labor charges for delivery to truck and our top wharfage revenue, which is the privilege charge.

Q. And you offset those against the cost of the rail shipments, is that right, sir?

A. Yes, sir. We thought it would be only to over-state costs to do otherwise.

Q. On your page 3, in your fifth column, you indicate that you had 2,122 net tons which were lightered, is that right, sir?

A. I might explain that, sir, by saying that was a commodity lightered to a vessel at our pier for which we get side wharfage and to which, realistically, we would have to assess an element of occupancy.

Q. You did not do any lightering—the Canton Railroad?

A. No, sir.

Q. Does anybody do any for you?

A. No, sir.

Q. So where you have tons lightered, that actually is tons which were lightered to you, not tons which you handled in some sort of lighterage service?

A. That is right, sir, the steamship agency would arrange for that.

Q. Is there any place where we could check or get the source for these figures on page 4?

[fol. 1503] A. Yes, sir. Pages 16 through 25 are basic schedules of the initial cost allocation. They show the costs selected for this study, that is other than the direct costs, maintenance costs, he had to use the 1956 annual average, or in some instances the five years ended December 31, 1956 average, in order to have a representative cost, together with an allocation reference column, and then the basic allocation to switching versus platform cost.

Q. Most of these, sir, I understand, are on an average basis, rather than—

A. No, most of these are on a separate, I think you will find.

Q. But some of them are on an average basis.

A. In the instance of maintenance.

Q. Maintenance?

A. Yes, sir.

Exam. Boat: Do you have any further questions?

Mr. Myskowski: No further questions, sir.

Exam. Boat: That seems to be all, Mr. Bourne, thank you. You are excused.

(Witness excused.)

Is there any further cross examination of this or any witness now?

Mr. Colgren: No.

Exam. Boat: That seems to conclude it.

Off the record.

[fol. 1504] (Discussion off the record.)

Exam. Boat: On the record.

Mr. Colgren: I think I misspoke when I said I was through. We had some questions left for witness Clark, which I attempted to refer to Mr. Heywood, and which were referred to Mr. Clark, and I overlooked that fact. We do have a few further questions.

F. H. Clark previously sworn, testified as follows:

Exam. Boat: Your counsel is Mr. Taylor?

The Witness: Yes, sir.

Cross-examination.

By Mr. Colgren:

Q. Mr. Clark, I would like to refer to the figures in connection with the yard switching study which were furnished to Mr. Heywood for inclusion in the cost study.

This is at the New York area. Mr. Heywood gave me the names of four yards, I believe, which he indicated were covered in this study.

Harsimus Cove, Waverly Yard, Meadows Yard, and Greenville.. Is that right, sir?

A. Those are the four major yards. The entire area embraced within those four are descriptive of the distances covered. There are other small auxiliary yards also involved.

Q. Do they have separate names or designations or can [fol. 1505] you describe them to me?

A. Well, there is classification. If I recall your question, your question lead up to this matter why we show the average of 10.6 minutes per car, and so on. That comes about from the fact when we studied this area we studied the entire area embraced within the descriptive limits of Greenville, Waverly, Meadows and Harsimus Cove for the entire traffic to ascertain the average minutes per car for the various elements of service, and then having ascertained that we took the import and export cars from and to differential territory in the same study week and traced their movements throughout this entire area that was studied, both loaded and empty movement.

And then we applied the average minutes per car for the various elements of service accorded those particular import and export cars.

As a result of this situation—if you look at your classification there, in the first column, you will find a six point six average minutes per car. That is the average minutes for classification at Greenville. We had to reach out into Greenville yard to obtain some of the empty cars that were used for the import shipments. Therefore there was a classification at Greenville for the empty car, a classification at Harsimus Cove which is the 10.3 figure, before the car could be placed for loading.

[fol. 1506] After it was loaded, it came out and was dispatched and it would have another 10.3 as a loaded car and depending on how it was handled into the road train, it might or might not get a further classification.

For example, if the car was moved west in a train that originated at Greenville it would have to be picked up at Waverly yard. That would mean that the loaded car would be moved from Harsimus Cove to Waverly Yard, Newark, in which case you would get a 10.2 average minutes per car.

There it would be picked up by the road train.

Q. How did you actually trace these export and import cars through the yards?

A. Traced them through the records.

Q. By car numbers?

A. By car numbers.

Q. Why was it we were not able to get the number of cars when we requested that information, if you had the car numbers available?

A. You did get the number of cars, as I understand it. I understand you were furnished another statement by Mr. Heywood to show the number of cars and the number of minutes for the entire study.

Q. No we did not get the number of cars. We got the car movements which were meaningless to us.

A. I beg to differ with you a little bit. The distinguishing [fol. 1507] between movements and cars is more academic than real. What you have there in the so-called movement is the addition of the cars in these four or more yards, that receive classifications.

Q. Can you tell me the number of cars that are included in the movement shown for classification, the figure was supplied us of 31,235.

A. That is the grand total for all yards.

I would have to work out that. I can give it to you in this form. I can give you the number of cars in each of those major yards that are represented in this statement that you referred to originally.

In other words, to this one yard for the export-import cars.

Q. That would be very helpful.

A. Harsimus Cove, 5,557.

Q. Waverly?

A. 4,799.

Greenville—

Q. Not too fast, if you please.

A. 9,896.

Meadows, 6,329.

That totals 29,281.

Q. You made mention of other yards. They are included [fol. 1508] in the four you named, is that right?

A. No, there would be additional cars, then, in other words, the difference between the 31,235 which you got on another statement from Mr. Heywood and this 29,281 would represent cars that were classified at small points like Port Newark, Kearney, Harrison, New Jersey.

And there you would not get in to this particular export-import study.

Q. Do you have the minutes in connection with each of those totals?

A. I have. In the same order, Harsimus Cove, 56,961.

Waverly, 76,340.

Greenville, 65,173.

Meadows, 57,266.

I have not totaled that. 255,740 is the total.

Exam. Boat: Mr. Clark, are these cars now that you speak of in this connection cars moving in import and export?

A. No, these cars are the total cars used to determine—as a part of the total used to determine the average minutes per car and having done that, we applied it to the export-import cars which are shown on the sheet Mr. Heywood furnished.

Exam. Boat: But the figures you read related to all sorts of cars?

The Witness: All traffic, yes.

[fol. 1509] By Mr. Colgren:

Q. Can you supply me the same information in connection with industrial switching?

A. Not now I cannot, no. I would have to get that out. It would have to be worked up from my working sheets.

Q. How as it decided, or who decided the amount of service that was accorded the export and import cars—the elements?

A. I checked through my men. That would be not a case of deciding but actually checking the movements and services that were given.

Just as I am sitting here now. An import car arrives in New York today, and it is going to get certain services, six months from now I can go back and check the movements of that car. Nobody is making the decision what it shall get, other than the supervisory men in charge at the time.

Q. Can you account, Mr. Clark, for the amount of industrial switching that is indicated in this information we were supplied?

A. It is the pier switching and the switching to and from float bridges and occasionally there would be a car into Harbor-side warehouse.

Q. What is included in this term "transfer service"?

A. Those are the movements between yards, between yards and industries and, if the distance and time warrants, it would be from a point in the yard to a scale track.

[fol. 1510] If it was a car to be iced and distance and time were such to warrant, it would be for segregation and transfer of that car to the ice tracks and the return movements.

Q. Mr. Clark, do you have incidentally, Mr. Heywood's sheet 9 in front of you?

A. No, sir, I have one of his papers.

Q. He indicates various numbers of cars of export-import traffic, in connection with each one of these areas which you have given to me, for instance, 69 cars moving through Harsimus Cove.

Are those just the loaded cars or does that include the empty return movement?

A. To the extent that he used these average units against those 69k it will include the empty as well, that is provided he used it on a total-car basis.

I can not answer for them as to what he did.

Q. Does the export-import traffic in the New York area involve much local switching, Mr. Clark?

A. It involves as represented by this statement.

Q. There is no such designation, Mr. Clark, and I am asking if it is included in here in some other way.

A. I do not understand your remarks, sir. This statement itself shows on the face of it that it relates, for example, to 79 cars of import freight from differential territory.

[fol. 1511] Mr. Taylor: What was your question, Mr. Colgren?

Mr. Colgren: Whether there was any local switching involved in this.

The Witness: All the switching given import and export cars to and from differential territory is represented on that sheet.

By Mr. Colgren:

Q. Is there any switching of local cars?

A. What do you mean by local switching?

Q. Well, the area you have described for these yards I think you will agree with me is a highly industrialized section. Is that not true?

A. Oh, I do not know, there is much industry in the New York area. It does not compare with Philadelphia. There are some industries there.

Q. All right. I will accept that. There are some industries there.

Q. You have given me total cars, 31,235, now out of those 31,235 cars which are not the export-import cars, as you have indicated—

A. They are in it. They are all cars, including the export-import.

Q. That is right. Within those 31,235 cars is there any local switching?

A. Certainly.

Q. Included in it?

[fol. 1512] A. No, not in this statement. This statement relates to the export-import cars but the average units per car have been derived by taking all cars within the switching—

Mr. Taylor: Mr. Clark, when you refer to this statement, you are referring to a statement which was supplied Mr. Colgren?

The Witness: My opening remarks said so. I do not know whether there has been an identifying mark put on it or not. If so, I am not aware of it.

By Mr. Colgren:

Q. I think we have to get squared away again here, whether or not the figure you gave us adds up to the 31,235 which is the figure shown on Mr. Heywood's reply to me dated March 18, 1958 and appears opposite the designation.

A. I explained to you the difference. I said the difference lay in classification at such point as point Newark, Kearney, Harrison, New Jersey, which were not involved in the export-import cars of the switching week, and therefore they are excluded from the twenty-nine-thousand odd cars that I gave you as being embraced within this particular export-import statement.

Q. Am I to gather from your answer that these are actual cars?

A. Certainly.

Q. There were five thousand, 557 cars moved through [fol. 1513] Harsimus Cove—

A. I beg your pardon. That is not correct. That is wrong. A car could be at Waverly, and also the same car could be at the Cove. So in these statements I have given you, that same car, if that so happened, would be in both of those figures.

Q. Then these are not cars?

A. No.

Q. These are car movements.

A. They are not cars, but they are counted in as many yards as they were actually handled and classified.

Q. You stated you made a car-by-car study in connection with the export and import cars. Can you supply the number of cars of export and import traffic?

A. They are shown on the sheet which you have there. They add up on the import, 87 and 394 export.

No, not on that sheet, on the—

Q. O.K. All right. Can we have a total of all cars?

A. I do not see how it can be given to you as individual cars because of the mode of operation in that area. Cars going to Harsimus Cove or to Greenville have to pass through Waverly Yard, sometimes bypassing the yard, sometimes being cut off there.

Q. But you indicated you made a study yard by yard?

A. We did, and I have just given you the classification [fol. 1514] yard by yard, and the cars and minutes that entered into it.

Q. Yes, and also car by car, yard by yard and car by car.

A. All right, you have it there.

Q. Now, can we have—

A. Now what you are asking me to do is to fan that all down so that I will get car number 1 at Waverly and I will also get car No. 1 at the Cove and that is the way you have got it there.

It would be impossible to do what you are striving to do, to get down into the actual cars.

Q. Did you cycle the cars?

A. Pardon?

Q. Did you cycle the cars which are involved in this switching study?

A. What do you mean by cycle?

Q. Take them from the time they were loaded or received until they were dispatched or made empty?

A. You mean when we made the original switching study?

Q. Yes, sir.

A. You followed your crew and measured everything they did.

Q. Did you follow the car?

A. Certainly you did, in your individual studies.

Q. Then don't you have a count of cars?

A. You would have to go back to your original cards and [fol. 1515] count your cars.

Q. All right.

A. Then you would still have the same situation, that you would come back to this total, because, for example, the road train would come in to Waverly Yard and set off a car that was eventually destined to Harsimus Cove.

Q. Well—

A. Let me finish. You would get a classification to Waverly Yard. You would get a transfer movement to Harsimus Cove and at Harsimus.

If I am counting cars, I am going to count that car at Waverly and then again at Harsimus Cove and eventually I would be back to the same total figure there.

Q. Would you give us a sample at any one of these points of the underlying data which comprised the switching study?

A. I would want to understand exactly what you mean by sample. Do you mean the actual switching cards, or do you want a planning card or what?

Q. Do you have anything that compares with the forms either 1, 2 or 3, in the form "F" switching study?

A. My card is the form "F" switching study. In fact, I made them in that form before they ever appeared in the form "F" study.

Q. Then you should apparently be able to give us a car count, if you have that information.

[fol. 1516] A. I have given you that car count already in the various cards.

Q. These are, as I understand it, movements.

A. They are cars, too.

Each individual yard there handled each of those cars that I gave you by yards. The same car that was handled at Waverly might also be handled at the Cove, but it gets an independent switching service at each of those places and it is a car for each of those yards.

Let us take it this way for example. Suppose this study applied only to the City of Newark. Then you would only have what is shown there at Waverly yard and no question of duplication of car count.

Q. Yes, but I would still want to know the number of cars.

A. That would be the number of cars that you got for Waverly.

Q. Do you have any of your work papers with you?

A. No.

Q. It still appears these figures you have given us that purported to be cars are actually car movements. I do not know what in the world we can ask you to do than we have in order to secure the number of cars that are involved here.

Mr. Taylor: Mr. Examiner, Mr. Clark has explained what the words mean and told them everything he has available and I think we are just wasting time arguing over what the words mean. The witness has said what the words mean to him.

[fol. 1517] Mr. Colgren: I am not quibbling about words. We can not get the information we are asking for.

The Witness: You are getting the information but you do not understand it. You are getting the information.

By Mr. Colgren:

Q. The information is too tied up in the Form given to us to get what we want.

A. You do not understand it. That is where the trouble is.

Q. That may well be. But other people will be able to understand it and—

A. They are welcome. They can see the sheets:

Q. I asked you if you would supply us any for any one of these four breakdowns which you have given us the basic information which was developed.

A. I want to understand it. Do you want the grand total information, for instance, the Waverly yard, how that was obtained or just one sample?

Q. Will you give us one engine trick, a typical period or something, whatever you might term it?

A. Do you want one of these cards that was filled out by the crew or the blank form. Do you want that?

Q. By the crew.

A. I will have to photostat it.

Mr. Taylor: Get this straight. You are going to supply one of those cards filled out by the engine crew?

The Witness: I will photostat it and send them a copy [fol. 1518] of one of the cards.

By Mr. Colgren:

Q. And we want all of the necessary information that goes with it, in order to follow this thing through?

A. You will have all the information on that card that would show how the various elements of service were ascertained.

Q. Do you have, or did you utilize in making your switching study, a card which follows a car all the way through its various movements?

A. You mean, for example, that we take a statement and show car No. 1 and show all the elements—

Q. Yes.

A. No, no, sir.

Wait a minute. So far as these import and export cars are concerned, they are all listed and every element of service given them is shown on the similar sheet, but these 29,000 cars are not listed.

Q. Then may we have one card at least for an export or import, or perhaps one of each—an export card and an import card?

A. In other words, you want the switching card used by the crew and one of these summary sheets for an export and import car.

Q. Yes, which describes the movements of this car.

[fol. 1519] A. Yes, and there will be more than one car listed on that summary sheet.

Q. Well, I think you understand what we need and want and I am sure you will make every effort to supply everything that is necessary to satisfy our problem here.

A. Thank you.

Mr. Colgren: Now, I suppose the Commission might be interested in a copy of that. I do not know, Mr. Examiner.

Exam. Boat: Well, I hardly think so.

Mr. Colgren: Perhaps not.

Mr. Taylor: We will send the Examiner a copy of everything we send to the other side.

Exam. Boat: I appreciate it.

Mr. Taylor: Whether interested or not, I suppose.

Mr. Myskowski: I did not ask for Mr. Taylor but I wondered if I could ask a couple of questions with respect to the tonnages.

Mr. Taylor: With respect to what?

Mr. Myskowski: Tonnages.

Mr. Taylor: On the cross-examination of Mr. Clark on his direct statement.

Mr. Myskowski: Yes, sir.

Mr. Taylor: Unfortunately I do not have it with me.

The Witness: I don't, either.

Mr. Taylor: Mr. Clark does not have it, either.

[fol. 1520] Mr. Myskowski: We have an extra copy.

Mr. Langdon: Is this cross-examination on his prior statement on which he was—

Mr. Myskowski: Yes, sir.

By Mr. Myskowski:

Q. On page 5 you show during the year ending August 31, 1956, there were 147,000 cars lightered, is that right, sir—I mean tons lightered?

A. Tons.

Q. Yes.

A. Where is this now?

Q. Your figure at the top, the last two columns, the top figure.

A. What was the figure you quoted?

Q. At Baltimore?

A. You did not say Baltimore.

Q. I am sorry—at Baltimore there were a total of 147,000 tons lightered. Is that right, sir?

A. You have added the export and import together.

Q. Yes, just that 126,000.

And you show at the bottom, sir, there were about 554,000 tons handled by rail.

A. If they add to that figure, shown here on the statement—

Q. If Mr. Heywood's exhibit shows that in the month of September, there were 43,000 tons lightered, would you have some doubt as to the accuracy of that figure?

[fol. 1521] Mr. Taylor: I object to the form of that question. I think—

By Mr. Myskowski:

Q. If Mr. Heywood's Exhibit does show that tonnage, could you give me any explanation between the two?

A. I can not explain Mr. Heywood's testimony.

Q. The figures you have in the first two columns showing New York—you have export, 779,197 and import, 304,225, which adds up to 1,083,000 tons. Now, sir, other than ore and grain, that is the total import-export tonnage handled by the Pennsylvania Railroad at New York, is that right, sir?

A. According to our lighterage records, yes, sir.

Q. Are your lighterage records the same source that was used by the Pennsylvania in supplying—

A. Let me add to that statement this represents waterborne.

For example, if we had a car of export rail to Port Newark, it is not in here.

Q. What is this "handled by rail" at the bottom here? Would that not cover that movement?

A. As far as New York is concerned, there is only 61 tons shown there as imported. It only includes the waterborne traffic to Port Newark. It does not include any that might have been railed to Port Newark. I do not know whether there was any actual tonnage railed to Port Newark, export-import but if there were, it is not in this statement. [fol. 1522]

Q. Then this statement does not show what the total export-import tonnage might have been, is that right?

A. It shows all export-import tonnage was handled by water.

Q. And you do not have any idea whether there was any substantial volume handled by rail during that period?

A. Port Newark, so far as the Pennsy is concerned, we do not have much export-import going there.

Q. It would be fairly small, then?

A. I do recall one movement of 40-some cars a couple of years ago. That is all.

Q. Roughly, the total handled by the Pennsy would not vary too much from the figures shown here?

A. With the exclusion of grain and ore shown there.

Q. Is your source the same source that was used in supplying the figure to Mr. Mollman, do you know?

Mr. Taylor: I object to the question on the ground Mr. Clark is not qualified to answer that.

Mr. Myskowski: If you want to keep it a secret—all right, sir.

By Mr. Myskowski:

Q. On page 3 you show that there was a total of five pieces of floating equipment owned and operated by the Pennsy at Baltimore, is that right, sir?

A. Owned by the Pennsylvania at Baltimore?

Q. You do not mean that is all the equipment necessary [fol. 1523] to handle the Pennsylvania traffic in lighterage service?

A. I am showing just what it stated, the lighterage service at Baltimore.

Q. The previous sentence at the top of the page "Maintained to Meet the Transportation Need of that Port," is completely unconnected with what follows later on?

A. We are showing here what the equipment at various ports is. At Baltimore the tug and lighter operations are performed by the Atlantic Transport Co. under contract.

Q. Yes, I know, sir, but you say the most striking difference among the ports of New York, Philadelphia and Baltimore indicative of both higher cost and greater operation at New York is the marine equipment that must be supplied, operated and maintained to meet the transportation needs of that port in contrast to the ports of Philadelphia and Baltimore?

A. Yes, sir.

Q. If somebody else is supplying them, is it not being supplied to meet the needs of the port?

A. Well, sir, you should join with that statement the tabulation at page 5 where it is shown that only 28 per cent is waterborne at Baltimore—29 per cent.

Q. Mr. Heywood showed 100 per cent of your box-car traffic was lightered, sir.

A. I am not testifying for Mr. Heywood.

[fol. 1524] Mr. Taylor: Mr. Clark has already testified on that point.

By Mr. Myskowski:

Q. Do you happen to know how much you pay the Atlantic Transport Co. for this lightered help, this lighterage service?

A. I do not know what the rate is today.

Q. What was the rate the last time you saw it?

A. About 15 years ago.

Q. What was it then?

A. Around 50 or 75 cents a ton then.

Q. So you do not think it would be 43 cents today, do you?

A. I do not know.

Mr. Myskowski: That is all.

Exam. Boat: That seems to be all.

(Witness excused.)

Exam. Boat: The hearing will stand adjourned until April 10 at 9:30 a.m. at this place.

(At 4:20 p.m. the hearing was adjourned until 9:30 o'clock a.m., April 10, 1958.)

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1962

No. 97

THE BALTIMORE & OHIO RAILROAD COMPANY,
ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 98

MARYLAND PORT AUTHORITY, ET AL.,
APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 99

INTERSTATE COMMERCE COMMISSION,
APPELLANT,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF MASSACHUSETTS

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[fol. 1525]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I & S Docket No. 6615

ISA Docket No. 32204

[Title omitted]

Thursday, April 10, 1958.

Met, pursuant to adjournment, at 9:30 o'clock a.m.

Before: Marion L. Boat, Examiner.

APPEARANCES:

(As heretofore noted.)

ADDITIONAL APPEARANCES:

John Henry Lewin, 1409 Mercantile Trust Building, Baltimore, Maryland, appearing for Canton Railroad Company, respondents.

William P. Quinn, 414 Reading Terminal, Philadelphia 7, Pennsylvania, appearing for Reading Company, respondents.

[fol. 1527]

PROCEEDINGS

Exam. Boat: I think we are ready to proceed.

Mr. Foley: I have one preliminary matter. I asked Mr. Bongartz' permission to make this statement. I would like to make it if I have your permission.

I have been asked by the Greater Boston Chamber of Commerce to state this. Mr. Day, who was our traffic witness, and for years Traffic Manager of the Chamber, was called for cross-examination, which was subsequently waived.

When called, he intended to state his appearance and his statement was on behalf of the Greater Boston Chamber of

Commerce, as well as on behalf of the Port of Boston Commission. He did not have that opportunity.

Greater Boston Chamber of Commerce did not therefore have a witness, but would like to adopt as a statement what Mr. Day said.

Exam. Boat: Very well.

Mr. Bongartz: Mr. Examiner, I believe that Mr. Heywood is to be questioned on redirect.

Exam. Boat: I think that was the unfinished business we had to take care of.

Mr. Langdon: Also Mr. Talbott.

Mr. Bongartz: Mr. Talbott, as well.

Exam. Boat: Yes. Would you take the stand, Mr. Heywood, please?

[fol. 1528] Mr. Langdon: We will put Mr. Talbott on first, if that is all right.

Apparently Mr. Heywood's extra copies are on the train that left Philadelphia at 9:55, and are not here yet.

Exam. Boat: Is that agreeable, Mr. Colgren?

Mr. Colgren: Yes.

Mr. Langdon: Mr. Examiner, are you ready to go?

Exam. Boat: I think so.

Mr. Langdon: Mr. Talbott is called, of course, for redirect examination and has prepared in that connection a statement consisting of 23 pages, copies of which are being distributed to counsel on the other side as well as to the reporter, and I would like Mr. Talbott to read this statement.

E. M. Talbott previously duly sworn, resumed the stand and testified as follows:

Redirect testimony.

Mr. Talbott: During the course of my cross-examination, particularly with reference to record pages 1405-1413, 1422-1428, it seemed to me that the methods I used in making The Baltimore & Ohio Railroad-Central Railroad of New Jersey terminal study at New York were not clearly understood and that the representativeness of the periods and/or cost factors developed there were being questioned.

Therefore I will undertake a brief discussion of the [fol. 1529] methods used in making the study, including data which in my opinion shows the periods used and the allocations made to be thoroughly representative.

Yard Switching Study

Special studies were made to develop the yard engine switching minutes applicable to import-export traffic at both Jersey City and at St. George, Staten Island. Each of these studies was arranged well in advance of the study period through conferences with the operating department of the railroad involved.

The study period was from 12:01 a.m., Monday, September 24, until 11:59 p.m., Sunday, September 30, 1956. Competent employees were assigned on a full-time basis to supervise the special yard studies from the time they started until all the data was tabulated.

The study at Jersey City was set up to determine the average minutes per car for yard classification, lighterage pier switching and float bridge switching. Detailed instructions were issued to those designated to supervise the study to assure accuracy.

A special report was designed, one of which was used to record for each yard crew the time spent on each assignment during the entire tour of duty. The starting time and finishing time for each assignment was shown as well as a full description of the work performed. These forms were prepared by yard masters, located in the yard offices from [fol. 1530] which offices the switching orders were issued to the individual yard foremen (conductors). The forms were then carefully checked promptly by the special employes assigned to supervise the studies. The data reported were also checked against the switching orders or switching lists and the switching minutes were consolidated for the various elements of switching for the study week.

The switching study was designed to develop average minutes, separately; for three classes of switching involved in the handling of import and export traffic, i.e., classification; switching service between the classification yard and spotting at the lighterage piers; and similar switching services relating to the float operation. The data so developed is as follows:

Type of Switching	Total Yard Engine Minutes	Divisor	Average Number Yard Engine Minutes Per Car
Classification	48,644	11956 loads & empties classified in the classification yard	4.07 Load or Empty 5.17 Load
Lighterage Pier	6,154	313 loaded cars import & export freight moved via lighterage piers	19.66 Load
Float Bridge	33,380	3824 loaded cars handled via float bridges	8.73 Load

The average minutes per car for classification switching was developed by dividing total yard engine minutes [fol. 1531] involved in yard classification during the study period by the total cars switched in the classification yard, which included import/export traffic.

A special ratio of loaded to empty cars for this traffic was determined because the empty ratio for the total traffic was higher and was not representative of import/export traffic. This ratio was used in adjusting the average minutes for all cars of 4.07 minutes to 5.17 minutes for loaded cars. The yard engine minutes and the number of loaded cars used in developing the lighterage pier switching minutes does not include the domestic cement movement mentioned in my cross-examination since this cement moves over a separate facility which was excluded from our study.

The computation of average yard engine minutes per car for float bridge switching takes into account the number of cars handled over the float bridges in interchange service with the New Haven, Bush Terminal, Brooklyn East Dock, Jay Street and New York Dock railroads and the time to switch them.

Mr. Welsh: May I ask at this time what is meant by Brooklyn East Dock?

The Witness: I am trying to mention those Brooklyn terminals.

Mr. Welsh: You mean by that, Brooklyn Eastern District Terminal?

The Witness: That is probably what I meant.—

[fol. 1532] Mr. Welsh: Might that be corrected?

The Witness: Yes.

No marine service by B&O-CNJ joint pool was required for this latter traffic since such service is supplied entirely by the other interchanging railroads.

The switching study at St. George was prepared under the same principles. The data developed is as follows:

Type of Switching	Total Yard Engine Minutes	Divisor	Average Number Yard Engine Minutes Per Car
Classification	1415	731 loaded and empty cars classified in the classification yard	1.94 Load or Empty 2.90 Load
Lighterage Piers	882	82 loaded cars import and export freight moved via Lighterage piers	10.76 Load
Float Bridge	752	40 loaded cars handled via Float bridges	18.80 Load

The following yard performance data for various periods indicates that the period of the study is representative from the standpoint of volume of cars handled in the respective yards.

[fol. 1533]

Yard Engine Hours

Year	CNJ — System	SIRT — System
1953 — per month	29,063	1103
1954 — per month	27,405	1071
1955 — per month	28,321	1030
Average per month, 1953 to 1955, inc.	28,263	1068
1956 — Jan. to Sept., incl., average per month	29,480	1006
September, 1956	27,903	898

Cars Classified

Jersey City

	Total Cars	Engine Hours
1956 — per month	52,229	10,281
1957 — per month	50,120	9,659
Month of Sept., 1956	50,483	9,267
Sept. 24 to 30, 1956	11,956	2,290

Unit costs per yard engine hour for the Jersey City and St. George switching operations were computed and applied to the yard engine minutes previously described to obtain the cost of performing the switching service required for import/export traffic.

From these costs a composite switching cost for the B.&O. & C.N.J. was computed, weighted by the number of tons handled at each operation. (Page 10 of working papers.)

[fol. 1534] The Examiner asked me at pages 1406-1407 of the record for the breakdown of the 47 cent cost per engine minute at Jersey City and the 65 cent cost at St. George. That information follows:

Item	CNJ Jersey City	B&O St. George	Basis
Yard track maint.	$ 1.46	$ 4.65	Av. Mo. cost for 3 years divided by the average yard engine hours for 9 months — Jan. to Sept. 1956 (System figure as reported to ICC in Form A annual reports).

Item	CNJ Jersey City	B&O St. George	Basis
Yard loco. repairs	$ 2.18	$ 2.03	Average monthly costs for year 1955.
Interest on investment	$ 1.25	$ 1.61	Depreciated value of locomotive used.
Taxes	.17	—	Average per month for 1955.
Depreciation	$ 1.46	$ 3.26	Actual for September, 1956.
Crew wages, fuel, supplies, etc. (Accts. 377 to 389)	$21.39	$27.69	Actual costs at JC and St. George for Sept. 1956 for crew wages. Other expenses based on the average cost per engine hour for 12 mos. ending September, 1956.
Cost per engine hour	$27.91	$39.24	
Cost per engine min.	.47	.65	

[fol. 1535] **Lighterage Piers**

The costs of operating the lighterage piers at Jersey City and St. George are summarized on page 6 of my working papers. These data are based on September, 1956, operations and expenses except for the pier maintenance costs. The pier maintenance shown is the average monthly cost for a three-year period. That period for the C.N.J. is 1953 to 1955, inclusive; and for the B.&O., 1952 to 1954, inclusive.

I might say that the reason those periods are different for the years 1952 to 1954, the B&O maintained a record of the cost of maintaining all structures. As an economy measure, that was discontinued after 1954.

The composite average unit cost for the expenses indicated were developed summarized as follows:

Maintenance	$ .38
Taxes	.34
Depreciation	.07
Return	.11
Steam lighter expense	.16
Trucking in lieu of lighters	.95
Handling at steamship piers	.90
	$2.91
Storage collected (credit)	.11
	$2.80

[fol. 1536] Exam. Boat: Are those amounts per ton?

The Witness: Yes, sir.

Exam. Boat: Thank you.

The Witness: These unit costs were used in the development of the costs shown in my summary working paper, sheet 2.

I was asked at pages 1414-1415 of the record for the number of tons trucked in lieu of lighterage. That factor was included in my costs on the basis of the bills paid to the trucking companies for services actually rendered during September 1956, which for Jersey City and St. George totalled $39,569.

The trucking costs were divided by the number of tons handled by the lighterage pier stations to obtain the cost of $0.95 per ton as shown herein. The actual number of tons trucked to and from Jersey City and St. George during September amounted to 7,064 tons or an average cost of $5.60 per ton so handled.

The total tons used in the calculation of the lighterage pier costs, 41,465 tons, represents the lading of the cars actually loaded or unloaded during the month over the lighterage pier as developed from the records at the lighterage piers. This figure does not include the domestic cement movement previously mentioned for which the costs also have been excluded.

I was asked at pages 1405 and 1410-1411 of the record to reconcile the 56,404 tons of lighterage freight shown on [fol. 1537] page 38 of my working papers with the 34,946 tons shown on page 8 of the working papers. That reconciliation follows:

	Tons
Total import and export traffic handled during September, 1956:	
Via Jersey City	34,946
Via St. George	6,775
Total	41,721
Less: Via trucks and docks	8,873
Total lightered—via lighterage station	32,848
Total lightered—via pier stations	692
Total domestic cement	23,963
Total from storage	499
Total lightered	58,002
Less: Handled by Spencer Steam lighter	1,598
Total lightered by B&O-CNJ	56,404

The following summary of tons handled at the lighterage piers of the C.N.J. and B.&O. at Jersey City and Staten Island for the year 1956 by months is indicative of the representativeness of the study period used to develop lighterage pier unit costs:

[fol. 1538]

Total Tonnage Handled at Lighterage Piers
Jersey City and St. George
Year 1956

Month	Tons	
January	79,611	
February	69,158	
March	69,825	
April	79,390	
May	82,624	
June	79,971	
July	61,673	
August	61,194	
September	67,945	
October	81,213	
November	64,974	
December	77,047	
Average		72,886
Percent September to average		93.2%

The tons shown for September 1956 in this listing differ in amount from the tons lightered just referred to because the tons here represent tons actually handled. That is, at times for operating reasons it is necessary to handle some tonnage more than once. In the preceding tabulation each such handling on the pier is counted. In the cost study, however, the tons moving over the pier were counted but [fol. 1539] once, which in effect spreads the cost of any extra handlings which might have been necessary in September, 1956, over all tons going over the pier. It was impractical to compute the costs in any other way and this, in my opinion, constitutes a perfectly sound basis. A month to month tabulation of net tons going over the lighterage pier, as distinguished from tons handled, is not available.

Marine Costs

The floating operation, involving both the CNJ with its terminal at Jersey City and the B&O with St. George as its terminal is handled by a pooling of CNJ and B&O floating equipment. The pooled tugs, floats and lighters are interchangeably used for the operations of either company. CNJ and B&O equipment is initially assigned to the pool on the basis of anticipated requirements of each company. Any excess or deficit in the units of equipment furnished to the pool by either company in any one month is adjusted in the following month.

Both CNJ and B&O import and export traffic is transferred from cars to lighters or vice versa at the jointly operated CNJ lighterage piers at Jersey City. A substantial portion of the B&O import tonnage is handled through the B&O lighterage pier at St. George, Staten Island, N.Y.

A special study separating the tug time (hours) between towing car floats and towing lighters was made under my supervision, and covered the period September 24, 1956, to [fol. 1540] September 30, 1956. Special attention was given to the preparation of the tug logs during the week of the study which resulted in the following allocation:

	Hours	Percent
Towing car floats	711	63.88
Towing lighters	402	36.12
Total	1113	100.00

These percents were used in my cost study in dividing tug and other common marine expense between car float and lighter expense. The relation of cars floated to cars lightered for the study week compares favorably with similar data for the whole month of September 1956, and for the entire year 1956 as shown below:

	Cars Floated		Cars Lightered		Total	
	Number	Percent	Number	Percent	No.	Percent
Week—Sept. 24-Sept. 30, 1956	2,136	83.27	429	16.73	2,565	100.00
Month—Sept. '56	8,732	84.55	1,596	15.45	10,328	100.00
Year—1956	102,779	83.59	20,176	16.41	122,955	100.00

The various items of marine expense are summarized on page 9 of the work papers. As I stated, tug boat expense and other expenses common to both floats and lighters was divided between floating and lighterage on basis of the percents determined in the one week study. The other items were taken from the records representing costs for month of September, 1956. The floating equipment maintenance [fol. 1541] was based on the monthly average for the three years 1954-56, inclusive.

The total marine expense incurred during September 1956 of $350,142 was allocated $143,184 to floating and $206,958 to lighterage. A total of 8732 loaded cars were handled on car floats to and from Jersey City and St. George during the month, resulting in an average cost of $16.40 for each loaded car floated. A total of 56,404 tons were transported in lighters to and from Jersey City and St. George during the month, resulting in an average cost of $3.67 per ton lightered.

The unit cost of $16.40 per loaded car floated was used in the development of the cost incident to handling the import and export freight via the pier stations in New York, as recapped on page four of the work papers.

The unit cost of $3.67 per ton for lighterage freight was used on page 2 summary.

Data relating to the CNJ-B&O marine operations, by months for year 1956 follow:

	Traffic receiving a marine movement — Cars	Tug Hours
January	10,298	4,744
February	9,761	4,445
March	10,299	4,876
April	10,526	4,640
May	10,574	4,822
June	9,958	4,692
July	9,108	4,297
August	10,460	4,883
September	10,157	4,541
October	11,528	4,932
November	9,953	4,565
December	10,333	4,673
Average per month	10,246	4,676

[fol. 1542] There seems to be some misunderstanding as to the nature of the C.N.J.-B.&O. pooled arrangement for marine operation (Record page 1422-1426). As stated previously, the equipment—tugs, lighters, and car floats—are used interchangeable for the traffic of both roads. B.&O. equipment may be handling C.N.J. traffic one trip and B.&O. traffic the next, or the freight may be a combination of both road's traffic. The same is true of the C.N.J. equipment. Data are not maintained to permit an accurate separation of marine costs as between the B&O and CNJ. My costs are the composite for both companies.

One line of questioning at pages 1424-1425 of the record seemed to indicate that counsel thought the B.&O. had excess marine equipment at New York. The fact is the pooled marine operation had difficulty in handling the traffic with the equipment available during a part of 1957 and new equipment is on order. It is necessary to keep sufficient equipment on hand and ready to handle peak periods which may occur within each week or each month. In addition, two days' free time is permitted on lighterage equipment which reduces its effective utilization and makes the overall operation more expensive.

New York Pier Station Costs

It was necessary to compute an additional category of cost on import/export traffic because some of it moves in car floats from Jersey City to New York pier stations and then is moved either by lighter or truck to the steamship pier.

[fol. 1543] The unit cost per ton for this pier station operation of $9.01 for general carload traffic, and $10.35 for carload forwarder traffic was based on a special study made for the period August 13, 1956, to August 19, 1956. This study provided a breakdown of the station costs between the various types of traffic handled over each pier including general carload traffic, carload forwarder traffic and less-than-carload traffic. Platform labor costs were separated on the basis of an actual time study and other costs were allocated from basic records and accounts (see pages 4 and 13 of working papers). These unit costs were applied to the import/export traffic which moved in this manner during the month of September, 1956.

I might say those costs of $9.01 and $10.35, as shown in the working papers include the labor cost plus all other costs at these pier stations, so it could be assigned maintenance, light, heat and rent.

During the year 1956, a total of 36,325 cars of 358,232 tons of traffic was handled through pier stations, or an average of 3,027 cars and 29,770 tons per month. During August 1956, 3011 cars or 31,134 tons were so handled. During the week of the study, August 13, 1956 to August 19, 1956, 729 cars and 6,527 tons were handled.

Reference was made in my cross-examination at pages 1407-1408 and 1425-1426 to bulk cement which receives a [fol. 1544] lighter movement through the CNJ-B&O lighterage piers at New York. This cement is domestic traffic moving in covered hopper cars and is discharged into lighters at a separate pier facility. None of the costs applicable to this traffic is in any way included in the costs I have assigned to import/export traffic, although these cars were included in the divisor used to compute average switching minutes in the switching study and to divide the marine expense between lighters and floats. When I said in my testimony that the handling of cement was more economical than other lighterage traffic generally, I was referring to the unloading only, which cost is no way included in my study. This cement, as I have stated, moves in covered hopper cars and is unloaded into special lighters by means of a chute arrangement. The cement which is costed in Mr. Heywood's Exhibit 50A (JLH 6) is an export movement which moves in bags in box cars.

I was asked at pages 1415-1418 of the record whether Mr. Heywood had included in the composite study the costs for B&O and CNJ traffic trucked in lieu of lighterage. That cost is included in the unit costs shown on page 1 of my working papers and these costs were incorporated intact in Mr. Heywood's composite study for the three roads.

At pages 1428-1429 of the record counsel, in questioning me, compared tonnage lightered at Baltimore of 3,555 tons with a figure of 6,700 tons of B&O tonnage supposedly [fol. 1545] lightered at New York. The 6,700 tons is only that B&O lightered tonnage which moves via the B&O, St. George, Staten Island. The marine movement is performed by the pooled CNJ-B&O marine equipment. This tonnage is not by any means the total B&O tonnage at New York, let alone the total handled by the joint marine operation.

An attempt was made during my cross-examination to compare the cost per ton for lightering freight at Baltimore with similar figure for New York (Record page 1428). There is no comparison between the operations at the two ports.

The B&O operation at Baltimore is handled by one tug working 8 hours per day, 5 days each week. For two to three days per week, when the banana boats are not unloading, the tug boat is active only about half of the day. Due to the small number of lighters to be towed, it would be a rare occurrence at Baltimore when more than one lighter is towed at a time. Whereas in New York multi-tows of lighters—often four or five at a time—is the rule.

During September of 1956, only 5.4% of the import and export traffic of the Baltimore & Ohio and Western Maryland at Baltimore received a marine movement, whereas at New York 100% of the import and export traffic received either a marine movement or a truck handling in lieu of lighterage.

The entire marine movement, as between the railroad and steamship companies in Baltimore Harbor, could physically be eliminated and all transfers handled by existing rail [fol. 1546] connections. Consideration is now being given to putting such practice into effect which would eliminate entirely the marine expense at Baltimore.

I was asked some questions at pages 1398-1404 of the record as to the size and capacity of the Jersey City lighterage yard relative to its use. The capacity of the lighterage yard is approximately 1200 cars, or a working capacity of about 800 cars. The limits of the yard are governed by peak periods which at times average between 150 and 200 cars per day. In addition to the cars, received and dispatched daily, sufficient space is required to handle storage, some of which traffic is unloaded on the ground and some of which is held in the cars for storage. During September, 1956, the highest number of cars at one time in the yard under storage was 179.

When it is considered that import-export traffic is entitled to seven days' free time, exclusive of Saturdays, Sundays and holidays, the lighterage yard is not too large. In September, 1956, the car detention in the lighterage yard averaged 5.24 days. During World War II, because the yard was congested, all exports were handled under a permit system so as to avoid, as far as possible, total embargoes, which, however, became necessary from time to time.

I might add to this that we had a situation report prepared for the month of September—the month of March, rather, 1958.

These figures were not available for March, 1956. This [fol. 1547] record shows at the present time that there is in ground storage in this particular yard 839 cars, mostly steel, I understand, and there are 26 box cars in storage on the piers.

On the rails, there were 216 cars—that is, on the 31st, and those figures for the 31st are a fair average for the whole month. In other words, the storage—the cars in the yard ranged from a low of 153 during the month, in one day, to a high of 258.

By Mr. Colgren:

Q. Right there, Mr. Talbott, if you please; is that all export or import traffic in those cars?

A. Yes, it is all traffic to be handled through the lighterage piers. It might not all be export/import. It is all going through the lighterage piers and over the lighterage platform in the marine service.

Q. Mr. Talbott, that yard is immediately adjacent to a coal-dumping facility, is it not?

A. It is.

Q. Are the excess coal cars awaiting dumping ever put in that yard?

A. They are not. The yard is only used for traffic which requires a marine movement over the lighterage piers—a lighterage pier movement.

Mr. Colgren: I think we will pick this up a little later on, Mr. Examiner, if you please. I just wanted to get that question there.

[fol. 1548] Exam. Boat: All right.

Mr. Langdon: Are you through?

The Witness: Yes.

By Mr. Langdon:

Q. We were requested to supply for the record the number of tons of import/export freight handled by the B&O and the Central Railroad of New Jersey for the year, 1956. Do you have those figures?

A. I do. They are, for the year 1956, for the B.&O. Railroad, 318,145 tons.

Exam. Boat: That is export and import?

The Witness: Yes, sir.

By Mr. Colgren:

Q. What is the figure?

A. 318,145. For the Central of New Jersey, 581,333 tons, for a total of 899,478.

By Mr. Langdon:

Q. What is the source of these figures?

A. Witness Mollman's traffic study.

Q. What import/export tonnages were covered by your cost study, Mr. Talbott?

A. We took into account the actual tons of import/export traffic which we actually received at the lighterage pier for unloading or actually loaded at the lighterage pier during the month of September, and those tons amounted to 43,500 tons.

Those tons also included the floating and trucking in lieu of lighterage.

Q. Were there other export/import tonnages handled [fol. 1549] through New York in September, 1956, which were not used or included in your cost study?

A. Yes. There was a movement of export scrap iron and import ores at Central Railroad of New Jersey, Pier No. 7, Jersey City.

Q. Why did you not include the cost of export scrap iron and import ores moving over the Jersey Central pier in your study?

A. Well, the export scrap iron and ores moving over Pier 7 are handled direct between ships and cars. These are the only commodities handled in this manner on this pier.

Q. Was it short haul traffic?

A. The ore was all short haul traffic moving to Carteret, Palmerton, Pennsylvania, and west side New Jersey.

The scrap similarly moved from nearby points in New Jersey, not to differential territory.

By Mr. Langdon:

Q. Then why, Mr. Talbott, where Mr. Heywood's exhibits —wherein his exhibits have you New York terminal costs, including cost of harbor marine services, assessed against the cost of import ores, in his Exhibit No. 50-A?

A. My investigation indicated that the import ore—some import ore is handled via lighters. My understanding further is that if there is as much as 2,000 tons to be unloaded of ore, the ship will be transferred to this Central New Jersey pier for handling.

Occasionally there may be a shipment transferred there [fol. 1550] with 1500 tons to be handled.

There is other traffic handled, smaller traffic that is handled under the tariff.

These smaller tonnages, of course—the marine service has to be provided for them, and it is my understanding that the New York carriers lighterage tariff provides free lighter service on commodities such as ore when received in lots of 50 tons or more.

The tariff referred to is Rule A-25, Item 3621, note A of Boin's Tariff, ICC-A, 1108.

Mr. Langdon: I wonder if at this point we could have an understanding the parties are free to refer as if in the record to the lighterage tariff applicable at New York?

Mr. Colgren: Yes.

Mr. Langdon: Is there any objection to that?

Mr. Colgren: No. But can we include all the ports?

Mr. Langdon: I see no objection.

Mr. Colgren: New York, Philadelphia, and Baltimore, and I am not excluding Newport News and Norfolk.

Mr. Langdon: And Boston.

Mr. Colgren: Yes.

Mr. Langdon: If there is any.

By Mr. Langdon:

Q. Now, Mr. Talbott, there was some suggestion during the course of the cross-examination at the last hearing for duplication in our total costs, by virtue of the marine costs [fol. 1551] at New York, which were included in our special terminal costs, also being included in the Form A average costs.

Have you any testimony on that?

A. At the previous hearing, it was acknowledged by Witness Heywood that Form A average costs for the eastern district, which in our exhibits were tacked to the line haul cost; that is, tacked to the special terminal cost as separately compiled for New York, Philadelphia and Baltimore, contained a pro rata share of special cost, and to that extent there was some duplication.

Now, at our request Dr. Ford Edward, who was retained in this litigation by the Maryland Port Authority, undertook to eliminate from Form A costs all elements which represent marine expenses, and he has advised me this can be accomplished by deducting $1.13 from the Form A out-of-pocket terminal expense per car (box cars) as included in our studies, and $1.23 per car for the comparable terminal costs for other types of cars.

Mr. Myskowski: Could you give those figures again?

The Witness: $1.13 for the box cars, and $1.25 for other types of cars.

Also, $.0034605 per car mile—that is dollars, from the Form A out-of-pocket haul expense (box cars), and for other types of equipment as follows:

[fol. 1552] $.0043883 per car mile for refrigerators.

The work sheets separately for these figures are presently being duplicated and will be given to the Examiner and counsel for the other side tomorrow.

The average minutes per loaded cars under form A for eastern district are 27 minutes for box cars and 30 minutes for other types of cars.

By Mr. Langdon:

Q. Mr. Talbott, will you give the scrap iron tonnages and also the ore tonnages that were handled over that Jersey Central facility?

A. For the month of September, 1956, the scrap iron tonnages handled over Pier 7 at Jersey City is 14,288 tons.

The ores imported handled during September, 1956, amounted to 13,743 tons.

Mr. Langdon: I think that is all, sir.

I think Mr. Talbott's voice is about to go. Could you let him have about five or ten minutes? Do you mind?

Exam. Boat: We might recess for a short time, if that is satisfactory, or—

Mr. Colgren: I have in mind, Mr. Examiner, there is quite a bit of new data being submitted to us here, and I would like to suggest this procedure. That if Mr. Talbott is through with his redirect, we could hear Mr. Heywood and then perhaps if I may have a reasonable time, a couple of hours or more, depending upon what Mr. Heywood has to [fol. 1553] say, to look over this new data, for purposes of cross-examination.

Mr. Langdon: That is all right.

Exam. Boat: That will be satisfactory to me. Would you want that after you—

Mr. Bongartz: I didn't get part of it—

Exam. Boat: Would you want, Mr. Colgren, after you finished with Mr. Heywood—

Mr. Colgren: I thought it would be well to proceed with our [illegible]ect and take our recross all in one lump, after we have had a reasonable period to digest what has been presented to us.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: We will let Mr. Talbott stand aside, then, and Mr. Heywood can take the stand.

(Witness excused.)

J. L. Heywood being previously duly sworn, resumed and testified as follows:

Redirect testimony.

By Mr. Bongartz:

Q. Mr. Heywood, before proceeding with your redirect, did you have two errata statements to take care of changes which should be made in your Exhibits JLH-5 and JLH-6? A. Yes, sir.

Mr. Bongartz: I think these statements, sir, are self-[fol. 1554] explanatory. They make reference to the pages and the group numbers shown on Mr. Heywood's exhibits, which I have mentioned, and involve the few changes which are shown in the statement, and unless some further explanation is required, I would suggest that these statements speak for themselves and we will proceed.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

These errata sheets to the tabular matter which we identified as Exhibit No. 50-A may be identified as Exhibit No. 50-B.

(Protestant's Exhibit No. 50 B, Witness Heywood, was marked for identification.)

Mr. Colgren: I wonder if we can number these pages so we can have three pages for Exhibit No. 50-B?

Mr. Bongartz: The single sheet would be page one.

Exam. Boat: Yes, and the others in order, two and three, striking the page two on the second group. That would now be page three.

Mr. Bongartz: May these be received in evidence at this time?

Exam. Boat: I don't think I have received Exhibit No. 50-A yet.

Mr. Bongartz: I thought we had. The record is a little [fol. 1555] confusing in that respect. I think it shows it is received, but if you want to do it—

Exam. Boat: Out of an abundance of caution, I think we will do it later.

Mr. Bongartz: All right.

By Mr. Bongartz:

Q. Mr. Heywood, there have been some questions directed to the methods you have used in applying your cost study to the data supplied to you by Mr. Clark as a result of the switching study which he conducted in the four New York yards of the Pennsylvania Railroad. For clarification, will you please again explain the data which you received and the methods which you used in applying that data to your cost study?

A. Mr. Clark conducted a switching study which he has described in this record. Basically, what he did was to study the handling of all cars moving through the four yards which are located in the New York area during the period of the study. He developed the average locomotive minutes per car, for loads and empties, by elements of service.

With specific reference to the import/export cars moving through these four yards, Mr. Clark determined the actual elements of service required in the movement of the import/export cars and the total number of times that these cars received each element of service. As a result of his study of these cars, he was able to supply to me the total elements [fol. 1556] of service accorded these cars and the average locomotive minutes per car for each element of service.

My working sheets disclose these average minutes per car handled in each of the yards and/or locations and hence, more than one average time appears for some of the elements. I then took the average minutes developed for each element of service and multiplied that by the number of elements of that particular service accorded import/export cars in the yards in which that particular average had been developed. The total of these multiplications produced total locomotive minutes for each element of service accorded import/export cars in the study week.

A study of the yard costs was made for the same period, which was then reduced to a cost per locomotive minute. This included all costs including real estate taxes and other costs sometimes referred to as fixed costs.

The total minutes by class of service required to move import/export cars, both the loaded and empty, through the New York terminal were then multiplied by the cost per locomotive minute to produce total costs by class of service applicable to import/export cars during the study week. The total cost by class of service applicable to these cars was then divided by the number of loaded import/export cars included within the study. This produced the cost per loaded car of $24.10 shown in my work papers.

[fol. 1557] Q. Mr. Heywood, one of the elements of service which has been referred to in your work papers is "industrial switching". Will you please explain what specific types of service were included within this category in the figures supplied to you by Mr. Clark?

A. As I indicated to Mr. Colgren under cross-examination, this broad category in Mr. Clark's study includes switching to industries in the area under study. It also includes, however, switching to docks, wharves, piers, float-bridges, trestles, elevators and the stock yards. The total minutes consumed in performing all of the service designated "industrial switching" were used in developing my unit cost per locomotive minute which I have just explained.

But when developing the minutes of industrial switching chargeable against import/export cars, I have used only those portions of the total industrial switching category which represent service actually accorded the import/export cars during the study week.

The time appearing in my work sheets under the heading "industrial switching" did not include any time spent in switching domestic freight to industries or other types of industrial switching not actually performed on import/export traffic.

Q. Will you please explain the method used by you in producing the costs which are referred to in your working [fol. 1558] sheets as "float-bridge" costs?

A. First, we studied the cost of maintenance and operation of the float-bridges at Harsimus Cove, which are the only float-bridges handling import/export traffic, to produce a cost for the month of September, 1956. This cost included such items as real estate taxes as well as other elements of costs. I divided this float-bridge cost by the total cars over the bridges to produce a cost per car.

This cost per car was then multiplied by the total cars (loaded and empty) over the float-bridge destined for trucking in lieu of lighterage to or from Desbrosses Street Station, which was 889 cars, to and from West Twelfth Street Station (Piers 49 and 50) which was 155 cars, and cars floated to or from steamship piers, which total 114 cars. The sum of the costs arrived at gave me the total float-bridge costs for import/export cars moving over the float-bridge.

The float-bridge cost applicable to trucking in lieu of lighterage to and from Desbrosses Street and West Twelfth Street Stations was then combined, the total being $2,293.04 (excluding 6% return on investment). This total float-bridge expense for trucking in lieu of lighterage traffic was then carried to the summary sheet.

Due to what now appears to have been a misunderstanding by the Baltimore & Ohio Railroad of what figures they had available, in order to make a composite showing we [fol. 1559] found it necessary to state this cost on a tonnage basis. To accomplish this, the actual tonnage of the loaded cars was abstracted from the station records to determine the tonnage used as a divisor.

The float-bridge cost applicable to carfloat traffic to and from steamship piers in the amount of $250.39 (excluding 6% return on investment) was then carried to the summary sheet on a car basis. This cost represents the total cost over the float-bridges for 54 cars which was the loaded portion of the 114 cars heretofore mentioned.

Q. Will you please explain the method used by you in producing the costs which are referred to in your work sheets as "Marine Costs"?

A. First, we studied our marine operation in New York Harbor for a seven-day period beginning September 10, 1956 and terminating September 17, 1956. This study consisted of analysis of the tug logs and the carfloat and lighter logs to produce the productive service minutes of marine equipment by type of equipment; i.e., tugs, carfloats, lighters, etc. This analysis also produced the time consumed for any particular movement and disclosed the points between which such movements were made.

With respect first to traffic moving on carfloats, a further analysis was made to determine the time spent in traffic moving from and to particular stations, i.e., Desbrosses Street, West 12th Street and steamship piers.

[fol. 1560] The tug time allocated to each of these types of traffic was then stated as a percent of total tug time during the study week. Analysis of the carfloat logs developed comparable information for carfloats. The expenses were developed by classes of equipment and were then allocated to the import/export traffic on the basis of the above stated percents. Where tug or carfloat hours were not the proper basis for allocation of expenses such as in the case of boatmaster's force under Account 408, other bases such as dispatchments of carfloats were used.

The allocation of costs as stated above produced total expense applicable to traffic moving between Harsimus Cove float-bridges and the stations enumerated on the other hand. This total cost for the month of September was then divided by the total cars, Desbrosses Street—3,253; West 12th Street—4,662—to produce a cost per car handled. This cost per car handled was then multiplied by the total cars (loaded and empty) for Desbrosses Street—889; and for West 12th Street—155—to produce the total marine cost applicable to the trucking in lieu of lighterage traffic.

With respect to the carfloat traffic between Harsimus Cove float-bridge and the steamship piers (114 cars), the total cost was wholly applicable to this type of traffic. At this point I would like to state that the marine costs applicable to trucking in lieu of lighterage was carried for- [fol. 1561] ward to the summary sheet in the same manner as float-bridge costs applicable to trucking in lieu of lighterage and for purposes of combining the study with the other railroads was again converted to tonnage basis.

With respect to import/export lighterage traffic, the analysis of tug time produced minutes applicable to import/export lighterage of freight between Jersey City piers and Greenville piers and steamships and/or steamship piers. Lighter time consumed in the movement of import/export traffic between these points was determined from an analysis of lighter logs. These minutes were then stated as a percent of the total tug and total lighter minutes separately during the study week. Costs for the month of September, 1956 were then allocated on the basis of these percents where applicable. Other bases such as dispatchments of lighters was used in the allocation of costs such as boatmaster's force.

The total costs "for Jersey City Lighterage" and "Greenville Lighterage" were then combined to produce a total cost for the lighterage of foreign freight in the month of September, 1956. During the study week an analysis was made from the lighterage agents' records which produced the freight tonnage lightered during the study week. From this analysis, we were able to determine the tonnage and the type of rail equipment as distinguished between open cars and box cars, in which the tonnage moved while on the railroad. The marine lighterage costs were then ap- [fol. 1562] portioned to the two classes of freight, i.e., box car and open car. These costs were then carried to the summary sheet and stated on a tonnage basis.

Traffic which moved in other types of marine equipment such as grain barges was priced out in much the same manner as I have described for lighters.

Q. Have you now computed the difference which would be made in your unit costs if you had stated the float-bridge costs and marine costs applicable to trucking in lieu of lighterage on the basis of cars rather than tons?

A. Yes.

Q. What is the result of that computation?

A. The result of that computation is that it would have the net effect of increasing my cost on a car basis from $35.43 to $41.01, or a net increase of $5.58 per car. It would have the effect of decreasing the cost on a tonnage basis from $9.45 per ton to $9.23 per ton. A net decrease of $.22 per ton.

These costs stated at the January 1, 1958 cost level when applied to the cars in my study have the overall effect of increasing the per car cost for cars with an average load of 6.25 tons to and including cars with an average load of 24 tons. It has the effect of decreasing my costs on cars with an average load of 26 tons to and including cars with an average load of 56 tons. The increased cost ranges from 4.5% on a car with an average load of 6.25 [fol. 1563] tons and diminishes to an increase of .1% on cars with an average load of 24 tons. The decrease amounts to .1% on cars with an average load of 26 tons and progresses to an increase of 1.2% on cars with an average load of 56 tons.

Q. Mr. Heywood, you have available your work papers underlying these figures you just testified to?

A. Yes, sir.

Mr. Bongartz: We will be glad to furnish those, Mr. Examiner, to you and to Mr. Colgren at the recess.

Exam. Boat: Very well.

By Mr. Bongartz:

Q. In spreading your costs in the yards there has been mention made that certain icing costs were included. Will you state what the net effect of including these costs was?

A. The icing amounts to $.10 per car.

Q. Mr. Heywood, would you explain how you arrived at the maintenance cost for marine equipment in your study?

A. First, we took the total marine maintenance costs at New York by classes of equipment for the year ending September 30, 1956, which aggregated $2,882,238, including payroll taxes, and applied one-twelfth of that figure to arrive at a maintenance cost for the month of September, 1956.

Q. Have you compared the total number of cars included in the yard study week with the average week in the same area for the year ending September 30, 1956?

[fol. 1564] A. Yes. Our records show for the year ending September 30, 1956, 1,474,086 cars dispatched, which is an average per week of 28,347 or 3.2 percent less than the 29,281 shown by the study.

Q. Now, Mr. Heywood, one more question. Have you compared the total traffic which received lighterage service at New York during your study work for the average week, 1956, for the same traffic?

A. Yes. The total traffic for our study week was 20,276. The average week in 1956 as determined from lighterage agents records was 18,340. Hence the tons used in our study to produce unit costs were 10.6 percent above the average week.

Mr. Colgren: May I inquire whether investigation has been established whether we can be supplied the Bureau of Budget report form that was requested of the Pennsylvania Railroad?

Mr. Bongartz: Yes. Our investigation shows that we do make a report to the Army Engineers of the type mentioned by Mr. Colgren.

The report, however, is made on a yearly basis, without in the meantime segregating the months. We are engaged at the moment in separating out from our papers for the month of September.

In addition, Mr. Colgren asked for information regarding lighterage as well as car floats. His original request pertained only to car floats, you will recall, and since the [fol. 1565] last hearing he wrote a letter asking that we also include lighterage information.

That information, as I understand it, is not given on the type of form that Mr. Colgren has referred to, and we are trying to locate just how it was given. At the moment, I would say that we would be prepared to furnish that information to Mr. Colgren, together with any necessary explanation, next week.

Mr. Colgren: Well—

Mr. Bongartz: I might add for the record, and this was mentioned before—I would assume in giving this information to Mr. Colgren, if we later find it advisable to make a similar request of him for the roads that he represents that he would be willing to supply such information to us on account of those roads.

Mr. Colgren: I see no objection to that. As I pointed out previously, I do not see the necessity—

Mr. Bongartz: Maybe there will be no necessity, Mr. Colgren. I just wanted to include that in my statement.

Mr. Colgren: Yes, certainly. If there is a need or purpose for the information, we will gladly supply it.

Now, as to the lighterage report that I asked for, I subsequently to the last hearing discovered that the same report which reports the movements of car floats within the New York Harbor to the Corps of Army Engineers is made [fol. 1566] out for the lighterage movements and covers the movements of barges as against car floats.

And I did, by letter, ask Mr. Bongartz and Mr. Langdon if they would supply that additional report.

It is a separate report, but made on the same form.

Mr. Bongartz: If I may interrupt you there, Mr. Colgren. That is one of the difficulties we have run into. We do not, as far as lighterage is concerned, make these reports on that same form.

Mr. Colgren: I am only going by our own experience.

Mr. Bongartz: I know you are going by your own experience, but I did want to make it clear in our case, as you will see when you get this information, that it is not on the same form.

Mr. Colgren: Mr. Examiner, I would like to indicate that I now have copies of the reports made by the New York Central, on this Budget Bureau form, and I would be glad to show these to the other counsel, in order that they understand what the reports are, and that there is no confusion as to what reports I am referring to.

I have one here that covers the movements of barges in the New York Harbor area, another for grain boats, another for—that is, that purports to cover steel lighters, on which we on the New York Central had nothing to report.

But apparently those are the classifications for reporting.

[fol. 1567] That is in addition to the report covering car floats, which is the first report that I had asked for.

Yes, as indicated on the record previously, these are the Budget Bureau No. 40-R 268.6 Form.

Mr. Bongartz: Federal Government Budget Bureau.

Mr. Colgren: That is right.

Mr. Bongartz: We would be glad to have any assistance that Mr. Colgren wants to offer us in this regard.

Mr. Colgren: Down in the left-hand corner of these forms, there is additional designation RBH Form 1—1 Dec. '54—Department of the Army, Corps of Engineers.

Now, as I indicated, Mr. Examiner, these are apparently harbor movement reports supplied to the—

Mr. Bongartz: Could the record show, Mr. Examiner, that under date of April 7th, there was transmitted to Mr. Colgren, with copies to you, certain sample material in connection with Mr. Clark's switching study?

Exam. Boat: That may be shown in the record.

Do you think you might want the time you had in mind?

Mr. Colgren: Yes. In order that Mr. Heywood might be excused this afternoon. Right now we do not anticipate too much of him, but I wonder if we can have until two thirty?

Exam. Boat: Would that give you time enough?

Mr. Colgren: I think so, for Mr. Heywood.

Mr. Langdon: What do you mean? You want Mr. Tal- [fol. 1568] bott back tomorrow?

Mr. Colgren: It may develop we have only one or two questions of Mr. Heywood and then we could proceed with Mr. Talbott. But I don't know how long that would be.

Exam. Boat: Is that satisfactory?

Very well, we will recess until two thirty o'clock this afternoon.

Mr. Bongartz: Mr. Examiner, could the record show I have handed to Mr. Colgren and to you the work sheets I referred to in the course of Mr. Heywood's redirect?

Exam. Boat: That will be done.

(Whereupon, at 10:55 o'clock a.m., the hearing in the above-entitled matter was recessed until two-thirty o'clock p.m. on the same day.)

[fol. 1569] **Afternoon Session** 2:30 p.m.

Exam. Boat: Come to order, please, gentlemen. We will resume now.

J. L. Heywood being previously duly sworn, resumed and testified as follows:

Recross examination.

Mr. Colgren: Are we ready, Mr. Examiner?
Exam. Boat: Yes.

By Mr. Colgren:

Q. Mr. Heywood, on your redirect examination, you indicated that in connection with industrial switching you used only the locomotive minutes of industrial switching which are chargeable against import/export cars.

I think you stated it that you used only those portions of the total industrial switching category which represents service actually accorded the import/export cars during the study week.

Can you tell me the elements which are ascribed to export/import traffic—the switching elements?

A. Switching to the float bridge, to the piers, on the Jersey side, to the aprons of the piers to load the lighters.

Q. Is that the local list, Mr. Heywood?

A. No, you can go further, if possible, to the grain elevators, to the stock yards, the trestles, coal trestles, according to what is happening—if it is import or export traffic that is being hauled there, and called industry shipping.

[fol. 1570] Q. Now, Mr. Heywood, I think next you spoke about your float-bridge costs. First you discussed the Harsimus Cove float-bridges and you indicated, I believe, that those were the only float-bridges handling import-export traffic.

The total, stated on your work sheets, of cargo moving over those float-bridges at Harsimus Cove is indicated as 16,714 for the month of September.

A. Yes, sir. That is right.

Q. Against those 16,714,715 cars for the month of September, you charged allocated costs for the month of September for your Harsimus Cove bridges. Is that correct?

A. We allocated the costs of the total cars, yes.

Q. And that is for the month of September?

A. That is right.

Q. I wonder if it would be—rather, let me put it this way.

At no place do we find the total costs for the year 1956 in these figures.

A. No, we work on the month of September in our entire cost set-up, in the sense our maintenance of course covered a period of a year, broken down to a month.

Q. I believe that we have previously asked you to supply the total maintenance costs for the year 1956.

Mr. Bongartz: That was maintenance of floating equipment, was it not, Mr. Colgren? That is what Mr. Heywood gave us this morning in his redirect testimony, if you will [fol. 1571] look at page seven.

By Mr. Colgren:

Q. Well, what I would like to have for a matter of check, Mr. Heywood, would be the annual figure for anything that is allocated from an annual basis.

A. Well, that is true of the maintenance of the floating equipment. But on the float-bridges it is my recollection that we worked on the month of September.

Q. Do you have any figures with you which would indicate the yearly figure from which you allocated this monthly breakdown or maintenance?

A. For the float-bridges?

Q. Yes.

A. No, I do not.

Q. Could I arrive at that figure by multiplying the figures given here by twelve?

A. No, I would not say that was the actual figure. That would be a fair estimate.

Q. Mr. Heywood, I am quite sure I asked for the number of cars for 1956 going over the Harsimus Cove float bridges. I just wanted to reaffirm that on the record. I thought we—

A. I thought we gave you those in the letter to—we gave you under date of March 19th the number of cars over the float bridges at Harsimus Cove to be 16,679.

Q. Is that for the year, Mr. Heywood?

A. No, that was for the switching study period.

[fol. 1572] Q. I am speaking now of your Harsimus Cove bridge costs.

You show for the month of September, 1956, a total number of cars over the bridges as 16,714.

If my memory serves me correctly, I had requested of you, either by letter, or on the previous hearing, the total for the number of cars for the entire year, 1956.

Mr. Bongartz: Have you got that letter in front of you, Mr. Colgren, under date of March 19th—it is a letter to Mr. French.

Mr. Colgren: No.

The Witness: We gave you a figure, in the answer to it for the year; 211,837.

By Mr. Colgren:

Q. How many of those, Mr. Heywood, are export/import cars?

A. I don't know. We told you at the last hearing, Mr. Colgren, we could not give you that information. It just is not available. It has already been covered before in the cross-examination. This is redirect, if I understand it.

Q. I am not quite clear, Mr. Heywood, whether or not it would be possible for you to supply me the figures for the year 1956 for the operating expenses and the maintenance expenses of Harsimus Cove bridges.

A. On the Harsimus Cove bridges, while we called September, we did not use one year's figures on that maintenance, as I recall. We used three years' maintenance.

[fol. 1573] Q. No, I mean the entire operating expenses and the entire maintenance expenses of the bridges.

A. No, I don't think the total operating expenses—it would require some work to get that, considerable work to get it.

Q. Would it be possible to supply the maintenance expenses for the year 1956?

A. I can give you the maintenance we use to develop down to what we call the month of September.

In other words, we took three years and took one/36th of it.

Q. Could we have the three yearly figures that you used?

A. I guess we can develop those.

Q. Now, Mr. Heywood, you make reference in your redirect to cars floated to or from steamship piers, and indicate a total of 114 cars. We had previously discussed that in our former cross-examination, and it was rather confusing by reason of the fact that those cars were shown in your work sheets under Jersey City lighterage piers. Would it be more proper to change that heading in your work sheets to reflect actually what those movements are? For instance, instead of Jersey City lighterage piers—

A. It would not help me any because I know the fact is these cars happened to be floated, while it technically was lighterage freight.

Q. That is the same number of cars that we are referring to?

[fol. 1574] A. 114.

Q. Yes. Found in your work sheets under Jersey City lighterage piers.

A. That is right.

Q. And in your explanation you refer to them as cars fl[illegible]ed to or from steamship piers?

A. That is right.

Q. Mr. Heywood, on your redirect examination you indicated the method followed in developing your costs for lighterage freight.

In your work sheet, which is headed "Floatage Costs", that is apparently the traffic or the expenses shown in your last two columns headed Jersey City Lighterage and Greenville Lighterage?

A. That is right.

Q. Now, Mr. Heywood, I note that the expenses for the first three columns relating to Desbrosses Street Station, West 12th Street Station and Jersey City are car float—are apportioned on the basis of cars. Is that right?

A. That is right.

Q. When we come to these last two columns of Jersey City and Greenville lighterage, we find that the costs developed for those facilities are apportioned on the basis of time units. Is that correct?

A. Which particular sheet are you looking at now?

Q. It is the first sheet of your floatage costs.

[fol. 1575] A. Are you speaking about the sheet you said had Jersey City and Greenville lighterage?

Q. Yes, sir.

A. The first sheet?

Q. Yes, sir.

A. That simply shows me the expenses here.

Q. Yes. Now—

A. Which item are you referring to?

Q. In connection with Jersey City and Greenville lighterage—

A. Yes—

Q. You show expenses in connection with those facilities, and in your explanation today you indicated that those expenses had been arrived at by allocated total expenses on the basis of time units, lighterage minutes—

A. Where is that, in my testimony—time units?

Q. It is on page five.

A. Where?

Q. In your second full paragraph there, Mr. Heywood.

A. In respect to car float tonnage?

Q. Lighterage. The second full paragraph.

A. The last paragraph?

Exam. Boat: Yes.

The Witness: I have not found where it says time units yet.

By Mr. Colgren:

Q. Your testimony reads like this, Mr. Heywood.

[fol. 1576] That with respect to import/export lighterage traffic, the analysis of tug time produced minutes applicable to import/export lighterage of freight between Jersey City piers and Greenville piers and steamships and/or steamship piers. Then it goes on to say, "Lighter time consumed in the movement of import/export traffic between these points was determined from an analysis of lighter location."

These minutes were then stated as a percent of the total tug and total lighter minutes separately during the study week.

Now, those percentages that were developed apparently are the basis for your allocation of the expenses shown in the columns under Jersey City lighterage and Greenville lighterage. Is that correct?

A. That is correct.

Q. And those represent not the total expenses for those facilities but just those expenses allocated to export/import freight. Is that right?

A. That is correct. Based on the percents.

Q. Is it possible that we could be supplied these percents that you used?

A. Yes. I guess we have got the total percents that we used. We must have, or we could not have made the statement.

Q. Mr. Heywood, in connection with your floating costs, have you made any credit for boat demurrage at steamship piers?

[fol. 1577] A. No.

Q. Now, Mr. Heywood, back on page seven of your redirect testimony, in the last statement there you indicate that during the year ending September 30, 1956, 1,474,086 cars were dispatched.

Would you tell me, please, what is the meaning of the term dispatched?

A. To us, it means the car is dispatched through the yard.

Q. That is all cars leaving—

A. All cars that entered—got into the yard.

Q. That would include all types of cars, such as those loaded at industries, those received from connections, inbound and outbound cars on the Pennsylvania passing through the yards—in fact, as you have stated, it is apparently all cars that get into the yard, either loaded or empty. Is that right?

A. That is right.

Q. It is true; is it not, Mr. Heywood, that the amount of time involved in switching of an industry car, for instance, from an industry to a road train—ultimately to a road train, including its classification and so on—would be far less than for instance an inter-train transfer of a through movement?

A. Which would be less?

Q. Switching from an industry, a loaded car.

A. No, I would not say so.

Q. Well, I mis-spoke myself. I said lesser. I think I [fol. 1578] meant greater.

A. Greater?

Q. Yes.

A. I will assume it could be greater.

Q. Well, yes—there are a lot of movements, are there not, Mr. Heywood, that are accomplished in less time than are other movements?

Well, they are in fact dissimilar services. In other words, each service does not get the same amount of time.

A. No, there would not be any sense in making a switching study if they all got the same.

Q. That is right. Would it not be proper, then, to measure the relative amount of switching services performed?

Excuse me, I want to restate that.

Wouldn't a proper way to measure the relative amount of switching services performed for various types of traffic be to provide a breakdown of such services so that you could compare like with like?

A. What do you mean by that?

Q. I am speaking now of—I just don't—

A. When you say like with like, I don't understand the question.

Q. I am referring to your ultimate assignment of these various services to export/import traffic, as against domestic traffic, but making the point, I hope, that in order to compare these various services accorded those classifications [fol. 1579] of traffic—export/import versus domestic, would be to compare the types of service which are accorded those types of traffic.

A. Well, I don't think I need to compare them. I want to find out what it costs to switch import/export cars through the yard and when I take care of all the minutes and all the time of the crews in the switching operation, I think I have covered the situation very ably and I get back to the figures on switching import/export, which I think I am interested in.

Q. You have compared an average pier week of 28,347 with the number of cars you say shown in your study as 29,281.

Incidentally, let me break in now and can you show me where that 29,281 appears in your study?

A. I think that is covered by—the total I speak of here is covered by the detailed study of the yard, and covered by Mr. Clark.

Mr. Bongartz: I believe that figure, Mr. Colgren, was covered in Mr. Clark's cross-examination by you.

Q. Perhaps I should ask Mr. Clark the questions in connection with this, but could you tell me, Mr. Heywood, was there any comparison between the 28,347 cars and the 29,281 of the study, as to the relative portion of the respective switching elements which designate services accorded these various cars?

A. I don't know how anybody could do that, because the study is made for a week and you take the actual number of cars handled from that week and when you say the [fol. 1580] average for the year was 28, on an average, I don't know how you would tie those cars into it. That is just an average.

I am only trying to convey here the facts the cars used in the study were at least greater than the cars on the average for the year, so that if it were below, then you would criticize us for that.

It is over, so now what is your question?

Q. Well, is it possible, then, Mr. Heywood, to analyze the figure 1474,086 cars dispatched as between overhead cars, cars delivered to indust~~ries or~~ cars delivered to float bridges and so on?

A. It might be, with a considerable amount of work, but I still think it would only be when the final answer came up, be considered an estimated distribution, that I figure.

Any study of what happens in a yard to me has got to be made currently, as you are going forward.

Q. Now, Mr. Heywood, you indicated that the total tonnage for your study week of traffic receiving lighterage service at New York was 20,276—that is tons.

A. Yes. No, wait a minute. I don't know whether I misunderstood your question or not. Did you say for the week?

Q. I don't know whether I asked you the question. I just wanted to refresh your memory that you had testified this morning that the total tonnage receiving lighterage service at New York was 20,276 tons.

[fol. 1581] A. That was for the study week.

Q. That is right. Does that tonnage include domestic freight?

A. Yes, it includes everything. That is the total, we say.

Q. Mr. Heywood, can I inquire from you concerning this data that was supplied to me by Mr. Clark at my request?

It is a sample sheet indicating the elements of service accorded cars of freight of export/import freight from differential territory at the port of New York at Jersey City.

Are you the person I may inquire of concerning this sheet, or should I direct my questions to Mr. Clark?

A. Possibly you could. It would depend upon how far you want to go on it.

Q. Actually I want to ask for an explanation. I really do not have a question, other than to say I do not understand a typical movement here on this sheet, and I think a good one to indicate or to trace through for me, if you would, would be the Erie car No. 14578.

Mr. Bongartz: I think the very nature of the question, Mr. Colgren, indicates that you should ask it of Mr. Clark, if you are interested in it.

Mr. Colgren: Well, I thought so too, and if he would be good enough to do that for me, I would be very appreciative.

Mr. Bongartz: Do you mean you want Mr. Clark to tell you right this minute from where he sits?

Mr. Colgren: Actually, I want only that one explanation.

[fol. 1582] Mr. Bongartz: Did you get the question, Mr. Clark?

Mr. Clark: Erie, 14578, shown as arriving in the port area ten p.m. on September 25, 1956, in Train P.G. ten and was unloaded on October 4th.

That car was set off at Waverly Yard. Therefore it is classified at Waverly and was moved to Meadows, in accordance with my explanation how we handle export cars going through Harsimus Cove.

They are held at Meadows, unless we have an order to move them straight to ship.

It was then classified at Meadows and moved to Harsimus Cove, when it was ordered in and transferred to Cove.

Mr. Colgren: Could you indicate to me, please, the corresponding minutes?

Mr. Clark: They should be in the same order as the notations. For instance, Waverly would be 15.2 per loaded car and 10.2 for total car. The same order method and the accord. Transfer Waverly to Meadows, Meadows 2.1 and 1.8, and from Meadows to Harsimus Cove 2.8 and 1.8.

Then, arriving at the Cove, the car was classified again and placed at Pier "H". After the car was unloaded, it was removed from Pier "H" empty, and moved from Harsimus Cove to Meadows. That meant the classification at Harsimus Cove, which is shown in columns 19 and 20 and also classification from Meadows to the road train, where we dropped the car.

[fol. 1583] Mr. Colgren: Now, these are actual minutes for these particular cars, or rather than this particular car—

The Witness: Those are the minutes for the study of all cars, regardless of whether they were import export, domestic or whatever they might be.

In other words, in making your study I used all—I got the average minutes per car, using all cars.

Exam. Boat: You referred to two sheets there. Is the first loaded cars—time for loaded cars?

Mr. Clark: That is right. Two averages are shown on the sheet.

Exam. Boat: And the second is empty?

Mr. Clark: Empty and loaded.

Exam. Boat: I see.

Mr. Colgren: Which average is used in your study?

Mr. Clark: Mr. Heywood used the total.

Mr. Colgren: Was that true in all cases?

The Witness: Yes, sir.

Mr. Colgren: Thank you very much, Mr. Clark.

Mr. Clark: Thank you, sir.

Mr. Colgren: Mr. Examiner, that completes my cross-examination but Mr. Myskowski has a question or two of Mr. Heywood.

Exam. Boat: Very well.

By Mr. Myskowski:

Q. At page seven of your redirect examination, you discussed the marine maintenance costs at New York. [fol. 1584] You there gave a figure of $2,282,238 as being the total marine maintenance costs for the year ending September 30, 1956. You say those are the costs at New York. Is that at New York or is that the cost for your maintenance for the whole Pennsylvania system?

A. That is at New York, Hoboken shop.

Q. Could you give me the figure for the whole system?

A. No, sir.

Q. At the last hearing, Mr. Heywood, we read into the record at page 1491 a figure of $2,981,625, which we got from your annual report in 1956.

A. Yes.

Q. As being the total marine maintenance costs for the whole system.

Now, are we to assume from that that all of your equipment at Baltimore and Philadelphia and Norfolk and any other place you may have it—you may have it up in the lakes, if you have any there—amounted to only the difference between those two figures.

Mr. Bongartz: Just a minute. You are talking in the first place about the 1956 annual report, weren't you?

Mr. Myskowski: Yes.

Mr. Bongartz: And you are asking Mr. Heywood to compare that figure with another figure which was based on a different period.

[fol. 1585] Mr. Myskowski: I gather the last three months were different.

A. I gather that is possible.

By Mr. Myskowski:

Q. All right. Would that vary very much?

A. I don't know.

Q. Do you have with you the total investment in barges?

A. Just barges alone? No. I don't think—No, I know I haven't got that investment.

Q. At the last hearing, Mr. Heywood, we took the figure which you gave us; for depreciation of barges and took your annual depreciation rate of 2.74 percent and came up with a total investment in barges of approximately $1,373,000.

A. Wait a minute. "We"—who do you mean, "we"?

Q. I thought we were checking it as we went along. It is in the record.

A. Well, you did, not "we".

Q. All right, sir.

At page 1492 of the record, Mr. Heywood, it is indicated that "if your figure of $88,000 which you show as the maintenance cost for barges is multiplied by twelve, it comes out to something like $1,055,000 per year for barge repairs."

At that time we pointed out that would amount to about 80 percent of your total investment in barges. Mr. Heywood, do you know of any equipment on a railroad where the repairs run 80 percent of the investment?

[fol. 1586] Mr. Bongartz: Just a minute—I object to this line of examination, Mr. Examiner.

Mr. Myskowski, as far as I can make out, is just continuing or attempting to continue the cross-examination that he was conducting at the last hearing. We had this hearing for the subject of redirect.

Under the Commission's practice, counsel is permitted the privilege of recross examination certainly. However, that privilege should not extend back to his original cross-examination and try to elaborate on that. I fail to see any connection.

Mr. Myskowski: I am trying to get the breakdown, Mr. Examiner, of this 2,282,000.

Mr. Bongartz: Why don't you ask him the question you have in mind when you were asking him various things.

Mr. Myskowski: In the interest of saving time, I was referring to the previous computations made.

Mr. Bongartz: They were computations made by counsel, Mr. Examiner. I don't know whether that saves any time at all when you refer to them.

Exam. Boat: Objection overruled.

By Mr. Myskowski:

Q. Mr. Heywood, is it possible that such a high figure for repairs could be accounted for by perhaps taking the chassis of a barge and rebuilding a whole new barge on it, and charging it off to repairs?

[fol. 1587] Mr. Bongartz: You are familiar with what counsel is referring to as the chassis of a barge?

The Witness: No, I don't know what the chassis of a barge is.

By Mr. Myskowski:

Q. Or the framework?

A. I don't even know what it is of an automobile.

Q. Well, the sailors say it is the hull.

(No response.)

Can you give me any logical explanation, Mr. Heywood, why the repairs would run 80 percent of the investment?

A. No, I can't. The only thing I would say is we were putting them in condition to use, that whether it was 80 or 90 percent of what it's—

Mr. Bongartz: You are not relating them to any percentage, are you?

The Witness: No, sir.

By Mr. Myskowski:

Q. Do you have the total domestic tonnage which was used in apportioning this barge repair cost?

A. No, I don't have the total tonnage.

Q. Could you tell me how you took this $2,282,000 and got it down to something like $88,000 for barge repairs?

A. I got that down based on time applicable to the particular export/import service.

Q. How did you find out what was applicable?

A. Going through the tug logs and the logs of the lighters [fol. 1588] and barges and floats, et cetera—the time spent on each class of service rendered.

Q. Are not these barges used for both domestic and import/export?

A. Yes, sure.

Q. Then you somewhere must have the figures on what the tonnage was on import/export compared to domestic?

A. I didn't need the tonnage. I said I did it on the log time of the equipment spent by the equipment in the service.

Q. Mr. Heywood, do you know if you are still operating car floats between Cape Charles and Little Ferry, Virginia?

A. It is Little Creek.

Q. Little Creek?

A. Yes.

Q. Are you still operating car floats between those two points?

A. As far as I know, we are. I don't know how else we would get them across there.

Q. Have you any idea how much equipment is involved?

A. No, I do not.

Q. Do you know how far it is between those points?

A. No, I would only be guessing. It is quite a number of miles. I don't know.

Q. At the last hearing, Mr. Heywood, I questioned in in regard to the figure of 43 cents which you showed as being [fol. 1589] the cost of lightering traffic at Baltimore. You admitted that figure was incorrect. Since that time, have you looked at the contract between your company and the Atlantic Transport Company to find out what is the correct figure?

A. No, sir.

Q. Mr. Heywood, you were here this morning, when Mr. Talbott stated that the B.&O. and the C.N.J. handled a substantial volume of scrap iron and ores in direct transfer?

A. No, sir, I was not here.

Q. All right, sir, the record will show that.

Let us assume that Mr. Talbott did that. Does your total for New York include those tons?

A. Mr. Talbott will have to answer that, as I stated in my original testimony.

Q. Mr.—

A. Well—

Q. Go ahead.

A. I accepted the figures given to me by the various carriers. Jointly, the railroads put them together to summarize.

Mr. Myskowski: Mr. Examiner, the last time I questioned Mr. Talbott about Mr. Heywood's figures, Mr. Langdon strenuously objected.

Now, questioning Mr. Heywood and from whom do I get it? He says he doesn't know. Whom do I get it from?

Mr. Bongartz: On this particular testimony this morning, [fol. 1590] Mr. Talbott said he had not included this item Mr. Myskowski is talking about.

Mr. Myskowski: Will you accept Mr. Bongartz' statement?

Mr. Bongartz: I don't know that there is any reason why the witness has to accept my statement on it. I am just stating the record is already clear in that respect and I don't see why this witness could be examined on what Mr. Talbott said.

Mr. Myskowski: The record is far from clear.

By Mr. Myskowski:

Q. Could you turn to your page, sir, which says terminal studies, New York, N.Y., ton basis?

A. How far down is this in the pile you have there?

Q. The first sheet—one of these.

A. Terminal Studies, New York?

Q. Yes, sir. There you show box cars, general cargo, and for the B.&O., C.N.J., you show 31,404 tons. Is that correct, sir?

A. That is right.

Q. And a little further down, you show open cars, B.&O., C.N.J., 10,931 tons. Is that correct?

A. That is correct.

Q. Now, are there any other tons of the B.&O. and the

C.N.J., other than those 666 tons of reefer traffic in your New York total?

A. This is what is in my New York total. Right what it says there.

[fol. 1591] Q. Then there are no other tons? I don't see any on that page, do you?

A. No.

Q. So that if there were any tons which were transferred direct from car to ship, they are not included in this total. Is that right, sir?

A. I don't know. If it is B.&O. you are talking about, I don't know.

Mr. Langdon: We told you this morning, Mr. Myskowski, it did not include the tonnage that was transferred direct from ship to car.

That is already established and we told you why.

Mr. Myskowski: Fine, Mr. Langdon. You are being very helpful. I wanted to establish that fact.

Mr. Langdon: You don't have to establish the fact. I have already conceded the fact. It was a concession.

Mr. Myskowski: Thank you.

By Mr. Myskowski:

Q. Mr. Heywood, in your Baltimore study did you include the cars which carried tonnage which was directly transferred from rail to ship?

A. What railroad?

Q. B.&O., P.R.R.—any of them?

A. I don't know anything about the others, or any of them, as you call it.

Q. All right, sir. How about the Pennsylvania?

[fol. 1592] A. No—wait a minute. Car float, you say, direct to ship?

Q. That is right.

A. If we had any down there, we used them.

Q. No, tonnage which moved direct?

A. That is what I said, car float direct to ship.

Q. Wheel to keel, as they call it, I understand.

Mr. Bongartz: I think the counsel and witness are talking about two different things.

By Mr. Myskowski:

Q. Did the Pennsylvania at Baltimore handle any tonnage directly from rail to ship?

A. I would have to check back and find out whether we did or not. I think we did. I would say yes. I will say yes, from the point of time. Yes, we handled it.

Q. Do your studies indicate it is cheaper to handle traffic in that manner, where you have no lighterage and presumably no station costs?

A. I never made a comparison of it.

Q. Such traffic at least would not carry the lighterage expenses and the station expenses which lightered traffic does carry. Is that correct, sir.

A. Read that question, please.

(Question read.)

A. It would not carry the same expenses, but it would carry the car float expense of it.

Q. This is not car float, Mr. Heywood, you understand. [fol. 1593] It is traffic which moves direct from rail to the ship.

A. Well, we would have a station.

Q. Would you have lighterage?

A. No, not if it goes right from the apron of the pier or even the interior of the pier to the ship. Unloaded from the car and taken to the ship, no.

Q. Based upon your experience, can you tell me which is cheaper?

A. No, I cannot.

Q. If the station costs were the same but there was no lighterage in connection with the wheel to keel traffic, presumably that would be cheaper to handle. Is that not right, sir?

Mr. Bongartz: Mr. Examiner—

The Witness: I said I didn't know.

By Mr. Myskowski:

Q. Mr. Heywood, the costs of handling such traffic was included in your Baltimore study, though, where such traffic was handled?

A. Yes. Wherever we handled it over the pier direct to the ship, yes.

Q. I want to ask one more question on this sheet which you have in front of you—the terminal studies. You show for the B.&O. and the C.N.J. 31,404 box cars of general cargo—that is, tons moving in box cars of general cargo, and 10,931 tons in open cars. Is it your understanding that this is the traffic which moved or the tons handled? As I [fol. 1594] understand it, in some traffic it is double handling. Is this the traffic as such which moved, or is this the total amount of tons handled?

A. This is the traffic that is moved.

Mr. Myskowski: I have no other questions, Mr. Examiner.

Exam. Boat: That seems to be all, Mr. Heywood.

The Witness: Yes, sir.

(Witness excused.)

OFFERS IN EVIDENCE

Mr. Bongartz: Mr. Examiner, I would like to offer in evidence all of the exhibits presented through Mr. Heywood. I am saying that to be doubly sure. I was under the impression at least one had already been received. But Exhibits No. 50 and No. 50-A and 50-B are offered.

Exam. Boat: I think you are correct as to 50-A. The reporter has shown them as received, but I think we should indicate that all of those exhibits—that is, No. 50, 50-A and 50-B are now received.

(Protestant's Exhibits No. 50, 50-A and 50-B, Witness Heywood, were received in evidence.)

Mr. Bongartz: There is some question in my mind whether Mr. Clark's exhibits were received. Mr. Clark was examined at the last hearing. We have no redirect of him, so that concludes his testimony.

Exam. Boat: We had assigned No. 54 to Mr. Clark's statement, I believe, and I don't have the—

[fol. 1595] Mr. Bongartz: Off the record?

Exam. Boat: Yes.

(Discussion off the record.)

Exam. Boat: On the record.

Let the record show if Mr. Clark's Exhibit No. 54 was not previously received, it is now received in evidence.

Mr. Bongartz: Thank you very much, sir.

(Protestant's Exhibit No. 54, Witness Clark, was received in evidence.)

Mr. Colgren: In the interest of getting Mr. Heywood released this afternoon, I devoted only the time available to us to reviewing his redirect examination, and have had no chance or have taken no time to review Mr. Talbott's redirect testimony.

I would like very much the opportunity of this evening to do so. I understand he will be available tomorrow.

If I may ask for an early adjournment this evening to pick up tomorrow, I think we can complete our recross in a comparatively short time in the morning.

Mr. Langdon: That is satisfactory to us, Mr. Examiner. I should like the record to show I am giving Mr. Colgren now the copy of the working papers which underlie the last adjustment I think referred to in Mr. Talbott's testimony this morning, and I also have a copy of those same working sheets for you, sir, and the cost section.

[fol. 1596] Exam. Boat: Thank you.

Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

We will recess, then, until ten o'clock a.m. tomorrow.

(Whereupon, at 3:50 o'clock p.m., the hearing in the above-entitled matter was adjourned until ten o'clock a.m. on Friday, April 11, 1958.)

[fol. 1597]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I & S Docket No. 6615

F.S.A. Docket No. 32204

[Title omitted]

Met, pursuant to adjournment, at 10:00 o'clock a.m.

Before: Marion L. Boat, Examiner.

APPEARANCES:

(As heretofore noted.)

[fol. 1599]

PROCEEDINGS

Exam. Boat: Come to order, please, gentlemen. Are you ready to proceed?
Mr. Langdon: Do you want Mr. Talbott, sir?
Exam. Boat: Yes.

E. M. TALBOTT being previously duly sworn, resumed and further testified as follows:

Recross examination.

By Mr. Colgren:

Q. Mr. Talbott, are Jersey City and St. George stations, Staten Island, the only stations at which switching by the B.&O. and C.N.J. are involved in the New York area?

A. Jersey City is the only station on the Central Railroad which is involved in the water-borne traffic.

On Staten Island we do our classifying in Arlington Yard, which is located about six miles from St. George.

Q. Your switching study was designed to develop only the average yard engine minutes per car for yard classification, lighterage, pier switching and float bridge switching. Is that right?

A. Well, the studies were really designed to produce data from which the minutes could be compiled for any type of switching.

In other words, the form filled out to cover the tour of duty for each yard engine showed every item of work which was done during the day and the minutes required in each [fol. 1600] type of switching, but in our compilations we only compiled the time record for classification, lighterage and float-bridge operation.

Q. You actually covered in your study, then, all of the elements of switching, the type?

A. We covered all the elements of switching and it checked out with the tour of duty for every yard engine working during the day.

Q. The statement in your redirect testimony is not quite clear. On page three, you say these forms were prepared by yard masters. Did they actually complete the forms?

A. Yes.

Q. And fill them out?

A. We had them fill them out. The yard masters located in the yard, from which offices switching orders were issued, yes, sir.

My experience in making these yard switching studies is that conductors do not fill them out properly and it is too expensive to assign yard men to ride the engines to fill them out properly, but our orders for yard switching are all issued from some location in the yard, and we had the yard master with assistance fill out these forms for each assignment they gave a yard crew. They reported in when they finished the previous assignment and got the next assignment.

Q. You actually did not have engine riders, then, following [fol. 1601] the engine movements?

A. No, we did not. We think our method was more accurate as a method for doing it in our yards.

Q. On page 4 of your redirect testimony, Mr. Talbott, in that box at the upper portion of the page there, opposite lighterage pier, you show 313 loaded cars of export/import freight moved via the lighterage piers.

Did those 313 cars include the cement which you later discussed?

A. They did not. Neither did the time.

Q. Why were they not included in that switching study?

A. There is a separate supporting yard for the cement pier and the time required to move the cars from the classification yard to the cement pier was shown in the study, but it was not recapitulated, and we did not use it.

Q. If I recall your previous testimony, I think you determined finally that was domestic traffic?

A. It was domestic traffic, yes.

Q. I would like a little fuller explanation, if I may, and I tender you a map here put out by the Corps of Engineers.

A. Yes, sir.

Mr. Colgren: Mr. Examiner, you might be interested in following this.

Exam. Boat: Thank you.

By Mr. Colgren:

Q. Would you indicate for me just where this cement [fol. 1602] is handled? Perhaps we can do it by reference to—

A. Do you have my map? You had a copy of it. I am more acquainted with that map than this one.

Q. No, I don't have it with me, unfortunately.

A. May I have an operating man number these piers, who is well acquainted—number on here.

Mr. Langdon: Off the record, Mr. Examiner?

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Langdon: What does this map purport to represent, Mr. Colgren, the Jersey Central railheads at Jersey City?

Mr. Colgren: Yes, the Central Railroad of New Jersey, water facilities—pier facilities.

And it is a map made by the Corps of Engineers of the Department of the Army. And this is merely a reproduction of that map. As indicated, it serves quite a few purposes, indicating the handling facilities for all those items shown in the lower left-hand column, shown by the legend there.

The Witness: I gave you a map on which I had marked all these different yards, Mr. Colgren, in crayon, and I would prefer marking this against that map, or against my map, which I did not bring with me.

Mr. Langdon: Is that the map you gave them when Mr. Colgren and Mr. French were in Baltimore?

[fol. 1603] The Witness: Yes, we referred to in the last hearing. We passed it to the Examiner to look at.

Mr. Langdon: Would it be possible to address your questions to that map, Mr. Colgren?

Mr. Colgren: No, I do not have that map with me, unfortunately, Mr. Langdon. And that map only, as I recall, marked out the lighterage yard—the one that you gave to me only marked out the extent of the 77 acres of the lighterage yard. I believe the map you had yourself, Mr. Talbott, went into more detail than you gave me.

The Witness: There are certain tracks set aside just behind the cement pier for the cement pier operation.

By Mr. Colgren:

Q. Excuse me. Which is the cement pier?

A. Pier 10.

Exam. Boat: Are you going to introduce this in evidence?

The Witness: There is a small number 10 at the end of the pier.

By Mr. Colgren:

Q. Could you perhaps locate that by reference to one of these large circled numbers so we can locate it?

A. Three hundred—number 300.

Exam. Boat: I see.

Mr. Langdon: May I ask for purposes of clarification, did the Army put this legend on here?

The Witness: Yes, sir. This is an exact reproduction of the photostat.

[fol. 1604] Mr. Welsh: Off the record, it may help you to know—this is off the record, if the Examiner please.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Langdon: Mr. Colgren, this map, we have been informed, that you have tendered to the witness, is not an up-to-date map, in that it shows facilities which since the drawing of this map have been abandoned.

I am wondering if we cannot use for the purposes of your questioning the map which already is in the record and which shows the separate pier numbers for the Jersey Central, a map put in by a witness for your side, namely Witness Gilman, I believe. Would that be possible?

Mr. Colgren: Yes, I think so. I thought this other would be more helpful.

The map you referred to is, I think, Exhibit "D" of the Witness Gilman?

Mr. Langdon: It is a safe-time, save-money map, you know.

By Mr. Colgren:

Q. Mr. Talbott, referring to the map previously introduced in the record—

Exam. Boat: That is part of Exhibit No. 15.

Mr. Colgren: Yes, sir. Thank you. Can we now identify the pier referred to for the cement shipments in your testimony?

The Witness: Pier 10.

[fol. 1605] By Mr. Colgren:

Q. It is the Pier 10 of the Central of New Jersey, and B.&O. lighterage piers. Is that right?

A. That is correct.

Q. That is, particular facilities devoted to bulk cement, is that right?

A. That is correct.

Q. Do you handle certain other shipments of cement in containers?

A. If it is imported in containers, it is handled through the lighterage piers.

Q. I am not confining it to import or to export traffic. Do you handle domestic or foreign cement in, I believe they are called, air-activated containers?

A. I do not recall any cement handled from this month of the study. If we did, it was handled through the lighterage piers. But I made a list of all the traffic handled for September, 1956.

Q. These air-activated containers are quite large and bulky and require a crane to handle them to and from the open cars in which they are shipped?

A. Well, any other cement handled; if it is handled, would be handled through the regular lighterage pier and probably over the open pier, but it would not be handled over the cement pier.

Q. Is that open pier you refer to one of these back in the [fol. 1606] slip, immediately north of your lighterage yard?

A. No, the open piers are eleven and fourteen—pardon me a minute, I have an operating man here. He might tell me that number off the record. What is that number, Tom?

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: Back on the record.

The Witness: Mr. Colgren, I am sorry I had to ask that question. Eleven and 13 are open, and 14 is closed.

By Mr. Colgren:

Q. Do you have crane facilities—strike that last question. Did I understand that one of those lighterage piers is not in operation?

A. No. 12, at the present time.

Q. Why is that, Mr. Talbott?

A. I don't really know why at this time it is not in operation, unless we don't need it.

Q. Was this pier being used in September of 1956?

A. I would have to look back in my work papers to check that, and that is on that map I furnished.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: Back on the record.

Mr. Langdon: Do you want to supply that answer later?

The Witness: Yes, I would— We include in the cost [fol. 1607] study all the piers being used in September, 1956—the taxes, and valuations and everything else with respect to them.

Now, I just don't have all those papers with me at this point. I don't have that breakdown of taxes or the investment figures with me, by individual piers.

We would be glad to supply that answer, exactly what we put in that, if that is satisfactory.

By Mr. Colgren:

Q. Yes, I think that would be all right, Mr. Talbott, but if it develops that pier was being operated in September and is not now being operated, it would reflect a measure of economy in your present operations not reflected in your cost study. Is that right?

A. That would be so. Of course, it could be related to the present traffic. We may have to hold it to take care of other peak periods. I would have to go into that and give you the whole story on it.

Q. My understanding is there is a supporting yard loading to Pier 10 which has been described to us as included within your lighterage yard.

Now, what is that back-up yard for Pier 10—was that included in your valuation for the purposes of your cost study?

A. It was not.

Q. I wonder if there is any way we could establish the limits of that portion of the lighterage yard which you [fol. 1608] attach to Pier 10 cement facilities?

A. It would go all the way back to where the yard starts to fan out from the running tracks. As I recall, on that map we had it all marked on there in crayon, and the valuation department, the tax department set up their valuation and taxes for each supporting yard.

Mr. Welsh: That map is not an exhibit, is it, Mr. Langdon?

Mr. Langdon: No, it is in the working papers. A copy was given to the New York Central people when they came to Baltimore. Unfortunately, we did not have one here.

Mr. Colgren: Yes. I want to state for the record that the copy of the map that was given to Mr. French and myself only delineated this 77 acres that were used as a tax and valuation base and comprised the so-called lighterage yard of the Central of New Jersey.

It did not have the details that a similar map retained by Mr. Talbott had.

Mr. Langdon: We can get that map.

The Witness: We can furnish it as an exhibit and get it.

Mr. Langdon: Would you like to have it in exhibit form, filed as a late-filed exhibit?

Mr. Colgren: Yes. That would be very helpful.

Mr. Langdon: All right, make a note of that, Mr. Talbott.

The Witness: All right.

Mr. Colgren: Just to facilitate this part of the examina- [fol. 1609] tion, I wonder if a notation could be made on the map when it is supplied as to the locations where the cement is handled, the bulk cement that we have described or been talking about, and also the location where any other bulk cement in these air-activated containers would be handled, as well as any other cement shipments which may come in any form, other than the two mentioned.

Is that agreeable, Mr. Langdon?

Mr. Langdon: Yes.

(The document described to be furnished as a late-filed exhibit, by protestant.)

By Mr. Colgren:

Q. Mr. Talbott, if you will turn to page five of your redirect testimony, just for clarification, you list there certain railroads that you have interchange service with—and you do not include the Long Island. Should that be included?

A. No. Any interchange with the Long Island passes through the Jersey Central.

As I understand it, we do not have a direct interchange with the Long Island. If we do, any interchange we have would pass through here. There is also the West Shore of the New York Central, and I did not list it. Any interchange we make would pass through this float bridge.

Q. All right, sir.

Mr. Talbott, now on page six of your redirect testimony, [fol. 1610] if you please, can you tell me why it was necessary to resort to system figures for yard engine hours in order to establish the representativeness of the September figures?

A. I used the system hours because certain expenses, unit costs, were developed from the system costs. In other words, yard track maintenance, particularly, for a three-year average on that.

Q. As I understand your table on the bottom of page six, it is presented for the purpose of establishing that the yard engine hours developed in your September, 1956 study of 27,903 for Central of New Jersey and 1898 hours for the B.&O., St. George portion of the switching study, were representative of average operation.

Now, was it not possible to use the yard engine hours for the same locations for these periods indicated?

A. Well, this tabulation goes to representatives of the yard maintenance costs and the locomotive repairs, which were on an annual or a three-year basis.

We did not have the data by months for the St. George operation.

Now, over on the next page, I have shown the cars classified, the engine hours in the Jersey City yard, for the last two years, in September. So I think that goes to the representativeness of the operation in Jersey City.

Q. Yes—and on page seven in that next table, that refers [fol. 1611] only to cars classified. That is the only element of switching service.

A. Well, it is cars dispatched or cars classified. It is a one-car count for every car going through the yard. Yes, that is correct. It is only connected with the total yard operation—the total yard operation in Jersey City.

Q. The heading indicates it is restricted to classification.

A. Well, it is car dispatched or—every car in the yard has to be handled, has to be classified.

Q. Yes. But that is the only element of switching covered by that table at the top of page seven, is that right?

A. Yes. That is right. Total car dispatchment for the yard.

Mr. Langdon: Do you want to change that heading to make it total cars dispatched?

A. It could be changed to total cars dispatched or total cars classified. It is a one-car count for every car passing through the yard.

By Mr. Colgren:

Q. Yes. But the engine hours in the last column there refers only to one element of classification.

A. No, that is the total engine hours in the yard. That should be the total of all switching operation.

Mr. Langdon: I suggest a clear title be put in there so there won't be any question about it.

The Witness: We just indicated on the record those engine hours should be total engine hours operated in the [fol. 1612] Jersey City yard.

By Mr. Colgren:

Q. Referring back to the previous table on page six, is it your point, Mr. Talbott, because your entire system average for the Central of New Jersey and the Staten Island Rapid Transit System figures for yard engine hours for the periods indicated, that they would establish an average for an individual yard?

A. Well, as I said before, the purpose of these was to establish the repetitiveness of such items as are based on a three-year average or one-year average.

Yard maintenance track cost was a three-year average in these studies and the locomotive maintenance was on a one-year average.

So insofar as those elements of cost are concerned, I think these figures indicate representativeness.

Now, when it gets to the operation of the yard, I admit we did not have data for the St. George yard itself over a period of time, but we did have some data for the Jersey City yard—the total operation of the Jersey City yard, which I have shown at the top of page seven.

By Mr. Colgren:

Q. From your explanation, I gather there is no particular significance of the table on page six to what occurred —actually occurred at the Jersey City Yard, during September, 1956?

A. I thing it has significance to those elements of costs [fol. 1613] which are based on a one-year average or three-year average and part of the costs are based on a one-year average and a three-year average.

Q. Yes, I had only reference to the engine hours as compared to your switching study, those developed in your switching study.

A. Perhaps the engine hours might not have a positive representativeness, but I think they have a relational representativeness.

Q. All right, sir.

On page nine, if you please, Mr. Talbott, you refer towards the top of your page there to developing the pier maintenance costs for Jersey City and Staten Island—and I notice you used a period for the Central of New Jersey, from 1953 to 1955, inclusive, and for the B.&O. Staten Island a period of 1952 and 1954, inclusive.

Will you tell us, please, why you used different periods?

A. I think I stated yesterday we used for the B.&O. 1952 and 1954, because up to that time we maintained the records showing the cost of maintaining individual structures on the B.&O. Railroad, and that record was discontinued in 1954, due to economy reasons, and I thought it was better to use the actual figures as long as we had them, rather than base them on some kind of an estimate or approximation as was necessary for the Central Railroad.

Their costs are on a very firm basis and we could probably [fol. 1614] have estimated 1955 on some kind of a basis, but I still think it was better to use for the B.&O. the figures based on actual cost.

Q. The Central of New Jersey did not maintain similar records, is that right?

A. That is correct.

Q. On the next page, page 10, Mr. Talbott, you refer to the actual number of tons trucked to and from Jersey

City and St. George, during September of 1956, as 7,064 tons.

On the next page, in your table, opposite the description "via trucks and docks", you show a figure of 8,873 in a column headed "Tons".

Is that the same tonnage that is referred to on the previous page?

A. That 7,000 tons is included in the 8,873, but they are additional tons.

Q. Yes. What are those additional tons?

A. In addition to the 7,064 tons, there were 399 tons trucked from the pier stations on Manhattan, and there was 1,410 tons of traffic which came off the docks and was floated during September.

Q. I did not get that last statement.

A. 1,410 tons which came off of the docks and were floated in September.

Q. Do you mean—

[fol. 1615] A. Which had been previously unloaded.

Q. You mean lightered, then?

A. Lightered.

Q. Mr. Talbott, I don't understand that. Those 399 tons that you just referred to that are trucked from your lighterage piers at Manhattan—

A. No, not the lighterage piers—the pier stations. That is the traffic which appears on my summary sheet No. 1, which moved to the pier station via float and was trucked from the pier station to the steamship pier.

Q. Yes—but is that not already included in the 7,064 tons?

A. No, it isn't. If you read it, I think, it says the actual number of tons trucked from Jersey City to St. George amounted to 7,064 tons.

Q. I see.

A. The 399 tons were trucked from the Manhattan pier station.

Q. Would you, if you please, Mr. Talbott, refer to your summary sheet, and help us find the respective tonnages?

A. Of course the tonnage—they do not show on statement one. I will have to give you reference to another page.

They are included in these tonnages. In other words, these 399 tons are included in the carload of traffic which was floated to the pier stations—not lightered but floated, and are part of the forwarder traffic which was floated to the pier stations, and then from the pier stations it received a truck handling.

[fol. 1616] Q. Yes—

A. So it is on top of the 7,000 tons which was trucked to and from St. George and Jersey City.

Q. Now, if you can show us where they appear in your supporting work papers.

A. If you turn to working page four in the upper section of the page, sir, there is the New York car loads. That 239 tons was the carload traffic which went into the Manhattan pier stations. That whole 239 tons was trucked.

Now, in the next group of figures, 160 tons of the carload forwarders traffic was trucked, making 399 tons.

Q. Now, Mr. Talbott, can you show me where the 1410 tons that you had reference to will appear in your work papers?

A. Well, that would be included in the total tons. I think I have explained a couple of times that we arrived at the tonnage shown on page one by listing—making a complete record of all the carloads of traffic imported and exported during the month.

What I mean by imported is cars placed at the lighterage pier for unloading, beginning the first of the month to the end of the month and all cars which were completely loaded, import traffic, from the first to the end of the month, and we did that so as to eliminate duplicate handling over the lighterage pier. We simply thought by cutting it off clean from the first to the thirty-first, we would eliminate [fol. 1617] second-hand handling on the pier, and that was the tonnage we used for import and export traffic supporting the data on page one.

Naturally, there are lap-overs.

This table is the traffic actually lightered during the month which got rehandling, and this might be a little different from the tonnage shown on page one of our exhibit because it is possible the lighterage traffic was on the last day of the month and we moved it the first day or vice versa.

So, in other words, we had 1410 tons of traffic which had been loaded on the dock and lightered maybe the previous month. Or vice versa. This 1410 tons had been handled on the dock and lightered during the previous month, and we subtracted it out of here, in order to arrive at the actual tons lightered during the month of September. And that is the purpose of the adjustment below.

The 14721 item is trying to ascertain the actual tons lightered in September.

Q. I think you said 14 thousand. You meant 41 thousand?

A. Yes. Pardon me, 41,000.

Q. On page 11 again, that table appears on the bottom of the page, opposite September appears the figure 67,945 tons. Does that include the cement tonnage?

A. Yes, it did. At the time this was made, we could not separate those figures. So we thought that the total figure would have some degree of representativeness, or would [fol. 1618] prove representativeness.

Q. Is that movement of cement during September a typical movement? I mean, is that—or let me put the question this way.

Do the other figures for the other months in that table include similar quantities of cement?

A. It is my recollection that they did, because since we prepared this statement we acquired some figures which indicate that the cement is fairly average—the September figure was a good average.

Q. Is it possible from that source of information for you to give us the number of tons of cement handled for the months shown in that table?

A. For 1956, the cement averaged 22,179 tons a month. The September figure was 23,705, which is pretty close.

Q. That first figure was what, please?

A. 22,179 tons.

Q. Mr. Talbott, if that is a fairly regular movement and constant throughout the year, as you have indicated, would you mind telling us why you left the costs of handling cement out of your study?

A. Well, it is a special commodity handled over a pier, and the costs could be readily ascertained for that commodity, and I think it would have distorted the cost of the general commodities moving through the port of New York, [fol. 1619] to average that in with the others.

Mr. Langdon: I believe you testified that was domestic traffic, did you not?

The Witness: It is all domestic traffic.

By Mr. Colgren:

Q. Were you able to segregate any similar commodities from your Baltimore cost study?

A. Not to general commodities.

Of course, we eliminated from the Baltimore study all bulk commodities such as were moving over the Curtis Bay ore pier.

Q. You do not mean by that statement to imply that no bulk commodities were included in your cost study at Baltimore at all, do you?

A. Only those that might have been handled over the general cargo piers.

Q. Yes.

A. I don't think any were handled, no.

Q. Now, Mr. Talbott, on page 14, on the second table on that page, under the column "Cars lightered", and opposite the month September, 1956, you indicate 1596 cars receiving lighterage.

Does that total include the cement traffic?

A. Yes, it does.

Q. Mr. Talbott, on the summary sheet of your cost study, I total up your cars indicated as moving by your lighterage [fol. 1620] piers as 1564. That consists of the 1130 under the box cars, 407 under open top, and 27 reefers.

That leaves a disparity between those two figures there of 32 cars?

I understand that the cars shown on the summary sheet of your cost study did not include the cement cars.

A. That is correct.

Q. You have indicated there were some 23,000 tons of cement that moved during the month of September.

According to our calculations that 23,000 tons of cement moved in 32 cars. Do you think that is a physical possibility?

A. No, I do not. I mean, of course, I do. That is not the case.

This study was made from a time study of the tug boat logs. And there again there could be some lap-over, of course. There is no question about that.

Let me look in the papers now. Let me check into that. I will have to look at the results of my study on this and see what caused that difference, Mr. Colgren.

Q. Yes, we are having quite a bit—

A. We can explain it. We can reconcile that. It came from different sources; this came from one tabulation, and, as I said before, the cars on page one came through a compilation of the cars received and billed through the lighterage stations for the month. They did not come from the [fol. 1621] same sources, but I think there should be closer agreement than that, and I would rather give you the answer if you are satisfied for me to do it that way.

Mr. Langdon: Can we include that in the—I think there are one or two other questions we have undertaken to supply, and we will include this as an additional one. Is that all right, Mr. Colgren? In other words, where are the 32 cars? That is really the answer, is it not, or the question, rather?

Mr. Colgren: Yes. I would appreciate it very much. As is evident, we are having quite a bit of trouble reconciling some of these figures and we would appreciate some assistance.

The Witness: We will gladly supply—we will tell you what that difference is. I am anxious to know myself what causes that difference. As I said before, the figures came from two different sources entirely, but they should be in agreement and there should be an answer for it if they are not.

By Mr. Colgren:

Q. Now, Mr. Talbott, again we are having trouble reconciling certain figures here. On page 15 of your statement on redirect, you indicate a total of 56,404 tons transported in lighters to and from Jersey City, during the month.

A. Where was that—page 15?

Q. Page 15.

Exam. Boat: On the center of the page—below the center.

By Mr. Colgren:

Q. The last sentence in your first full paragraph.

[fol. 1622] A. That should be "and St. George." I thought I had inserted that.

Mr. Bongartz: Yes, you did.

Exam. Boat: You did insert that.

The Witness: I did insert that when I put the statement in yesterday.

By Mr. Colgren:

Q. Yes. I want you to refer to that number 56,404 tons and tell me if you please how that reconciles with the 41,721 tons of import/export freight moving via Jersey City and St. George, and the 23,963 tons of cement.

Mr. Langdon: Would you not care to look at page 11, Mr. Colgren, the table at the top? Isn't that the reconciliation?

Mr. Colgren: No, that is what I have reference to—the figures still do not work out.

The Witness: The figure of 63,000—

Mr. Colgren: That is right, but on page 15 you say that a total of 56,404 tons were transported in lighters. And on the table on page 11 you indicate that actually the figure is 41,721 plus the 23,963 tons of cement, were the only tons actually receiving lighter service.

The Witness: The 41 thousand did not receive lighter service. I have taken out of there the traffic which arrived via trucks.

I had to make all those adjustment listings in order to reconcile the 41,721 figures with the 56,404 figure.

[fol. 1623] By Mr. Colgren:

Q. Again, Mr. Talbott, if you will refer to the summary sheet of your cost study, there we come up with the 41,721 tons.

A. That is correct.

Q. That moved over your lighterage piers?

A. That is correct.

Q. That is the figure you use in your costs ascertainment, and yet you tell us here on page 15 that a total of 56,404 tons were transported and lightered.

A. You had the cement of 23,000—23 added to 41 would make 64,000. Then we took out of that the traffic which was trucked in lieu of lighter, and also the traffic which was lightered in the previous month and placed on the dock, and was not lightered in September. These were the actual tons lightered during the month of September and we had it make these lap-over adjustments in order to arrive at that.

You know, on the next to the last line we have, "Handled by Spencer Team Lighter". And that expense is not in the total cost which was divided by 56,404 to arrive at an average cost per ton. It is shown in the cost statement as a separate item. So I think the costs are all properly stated.

Mr. Colgren: Mr. Talbott, Mr. Myskowski has some questions. He will make that phase of it up in his questions.

By Mr. Colgren:

Q. Now, I would like to ask in connection with page 17 of your statement you are discussing there marine equip-[fol. 1624] ment and lighterage equipment.

Tell me, Mr. Talbott, is there any boat demurrage included in your cost study?

A. We didn't include it, Mr. Colgren. We overlooked that point.

But I have since acquired a figure for September, 1956. The boat demurrage at New York was $594.

Q. $594?

A. Yes.

Q. Does your information also include the fact that boat demurrage amounts to $75.70 a day? That is the charge for boat demurrage?

A. I simply called our offices at New York last night and asked them to go through the bills and tell me how much boat demurrage was for September, 1956. I think they have given me the figure.

Q. Yes, I am not quarreling with the $594 amount. I just wondered whether your information included what the boat demurrage charge is.

A. It did not include that, Mr. Colgren.

Q. Mr. Talbott, I overlooked a question in connection with the table on page 16 of your statement. For the figure opposite September of traffic received in the column "Traffic Receiving A Marine Movement", as stated in cars, you show 10,157, whereas on page 14 in the table we are discuss- [fol. 1625] ing previously you show for the month of September a total of 10,328.

A. That is accounted for by the fact I explained before, that we got some of these figures from a second record and did not attempt to reconcile those figures.

I would like to try to reconcile that also when I give you the explanation on the cars on page 14, because they relate to each other.

Mr. Langdon: You are talking about the difference between 10,157 and 10,328?

Mr. Colgren: That is right.

The Witness: Yes.

Exam. Boat: Let us recess for ten minutes.

(Recess.)

Exam. Boat: Let us proceed.

By Mr. Colgren:

Q. Mr. Talbott, if you will refer to page 18 of your redirect statement, in your first paragraph you refer to the fact that some of the import/export traffic moves in car floats from Jersey City to New York pier stations, and then is moved either by lighter or truck to the steamship piers.

Are there really any instances where you transfer freight from your New York pier stations to the steamship piers by lighter?

A. Yes, sir.

Q. If I understand you correctly, then this is a lighter [fol. 1626] movement between points on Manhattan Island?

A. That is correct.

Q. Three hundred and ninety-nine tons so moved, Mr. Colgren.

Mr. Colgren: Thank you.

Mr. Langdon: During the study period?

The Witness: During the study period.

By Mr. Colgren:

Q. Is that the 399 tons that you mentioned to me previously this morning?

A. Yes, sir. That was for September, 1956.

Q. You indicated that was included in the 8,873 within the category "via trucks and docks" on your table on page 11?

A. That is correct.

Q. Yes.

A. No, pardon me now, I believe I gave you the wrong figure there, on the 399. The 399 was trucked and the marine movement between the pier stations and the steamship piers in New York was 692 tons.

Q. 692?

A. Yes, sir. And that appears on my page 11, if you will notice it "Total Lightered Via Pier Stations, 692."

Q. Yes. Thank you.

In your next paragraph, you discuss pier station operation.

A. Yes.

Q. Could you indicate for me the period involved in the development of those costs?

[fol. 1627] A. Do you mean actual pier station numbers, I suppose?

Q. Yes, please.

A. That was Piers 20, 21, 22 and 23 was one operation.

Q. Could you tell me which that is, and the tonnage involved for those piers?

A. I am just trying to find the tonnage for the piers, Mr. Colgren. That is the part you are talking about.

I don't seem to have that actual breakdown for piers here with me. I don't have that breakdown for piers.

Mr. Langdon: Can we supply that information later, Mr. Colgren?

Mr. Colgren: Yes.

Mr. Langdon: Do you mind restating exactly what you want us to provide, Mr. Colgren?

Mr. Colgren: Yes. Mention is made in Mr. Talbott's statement of three types or three breakdowns, rather—general carload traffic, carload forwarder traffic, and LCL traffic, and those are the categories that we would like to have the tonnages for, in relation to the piers through which they are handled.

Mr. Langdon: These are New York pier stations, I take it.

Mr. Colgren: Yes.

Mr. Langdon: You want them in relation to the piers over which type are handled, rather than on the consolidated tonnage of all the piers, as I have shown on page 19? For what period are you interested?

[fol. 1628] Mr. Colgren: The study period.

Mr. Langdon: The study period?

Mr. Colgren: Yes. The data must have been developed in the study.

By Mr. Colgren:

Q. Is the Manhattan 26th Street station included in your study?

A. You mean the 23d Street, the 26th Street Station.

Q. Yes, sir.

A. None of that traffic moved through that station.

Q. Mr. Talbott, does the B.&O. or the Staten Island Rapid Transit serve the so-called free zone on Staten Island?

A. It is in the railroad owned by the Staten Island, and if they have any railroad connections they serve it.

Q. Was there any foreign traffic moving through that facility, or that situs during the month of September?

A. I made no attempt to single that out, Mr. Colgren. If it moved, it is all in the total.

Q. That free zone on Staten Island—well, I don't want to testify here. Could you tell us the location with reference to St. George?

A. I don't know exactly where it is, Mr. Colgren. I know it is over there.

Q. And it is served by the B.&O.?

A. If the rail connection is served by the B.&O., and I am sure that it is.

[fol. 1629] Q. On page 23 of your statement, you indicate that car detention in your lighterage yard averaged 5.24 days.

This traffic that is destined to lightered—is it the practice of the B.&O. or Central of New Jersey to hold that traffic in the cars?

A. Well, I think like any railroad, it depends upon how badly you need the cars. If you can save operating expenses by leaving it in the cars, you will probably do it. But if you need the equipment you will probably unload it on the piers. I don't think there would be any set rule for it.

Q. The traffic actually has to be unloaded from the cars in order to be put into the lighters, as we understand, so that this car detention of 5.24 days in the lighterage yard is actually a result of an operating practice of the CNJ, or B.&O.—is that right?

A. To some extent. I don't think you—you may have to have a much larger lighterage facility. If you attempted to unload every car every night, I think you would have to have much larger docks to take care of it all. I think it would have to be worked out to get the best operation, the most economical operation.

Mr. Colgren: All right, sir. I think that concludes my cross-examination, Mr. Examiner.

Now Mr. Myskowski has a few questions to ask of Mr. Talbott.

By Mr. Myskowski:

Q. Mr. Talbott, I believe yesterday in answer to Mr. [fol. 1630] Langdon's question you gave a figure of 318,145 tons of import/export traffic handled by Baltimore & Ohio Railroad during either the year 1956 or the year ending August 30, 1956. Is that correct, sir?

A. I think it was for the year 1956.

Q. All right.

A. For the year 1956.

Q. During the month of September, 1956, how many tons of import/export traffic moved via the Baltimore & Ohio Railroad?

A. During the year?

Q. I am sorry. During the month of September, 1956, at the port of New York.

A. Are you trying to separate the Baltimore & Ohio from the Central Railroad? Is that what you have in mind?

Q. No. You gave me the figure of 318,000 tons moving during 1956 by the B.&O. at New York.

A. That is right.

Q. And for example, on page 38 of your cost study, you indicate that there was a total of 11,647 tons moved by the B.&O. which were handled via lighters.

A. What page is that?

Q. Page 38, sir.

A. This is the traffic handled by lighters during the month. What is your question now?

Q: I am trying to find out how much traffic handled by [fol. 1631] the Baltimore & Ohio moved in import/export during the month of September, 1956, through the port of New York.

You indicate here that there were 11,647 tons.

As I understand it, not all of that was import/export freight.

A. That is correct.

Q. What part was?

Mr. Langdon: Do you have that figure, Mr. Talbott?

The Witness: We based our figure on a cost study to get the average cost and my cost figures here do include the domestic traffic, naturally.

I don't know if I have—I don't think I can get that out of these papers here.

By Mr. Myskowski:

Q. Would it be safe to assume it would be something less than 11,000, during the month of September?

A. Well, I am sure—I don't know whether the Baltimore & Ohio handled much domestic. We handled some, probably, yes.

Q. Something less than 11,000 would be—

A. Yes.

Q. —the amount of import/export freight?

A. We probably handled some domestic traffic, sure.

Q. I am asking you, Mr. Talbott, is it safe to assume the amount of import/export freight handled by the Baltimore & Ohio Railroad, through the port of New York, in [fol. 1632] the month of September, 1956, was something less than 11,000 tons?

Mr. Langdon: If I may just for purposes of clarification here, Mr. Myskowski—your figures were made, were they not, Mr. Talbott, for the pooled B.&O.-Jersey Central operation?

The Witness: That is correct.

Mr. Langdon: As I understand this question, it concerns only the traffic of the B.&O. Is that correct?

Mr. Myskowski: That is correct.

Mr. Langdon: Did you have any figures for the B.&O. here?

The Witness: I do not have the figures here.

By Mr. Myskowski:

Q. On page 37, it says B.&O., the tonnage moving through Jersey City-St. George—

A. You are asking me to separate the domestic out of that.

Q. I will even take your statement the domestic was not very much.

A. I don't know how much it was, but go ahead.

Q. But the figure would not be above 11,647. Is that right?

A. That is correct.

Q. If I divide 318,145 by twelve, I get a figure of 26,500, and if you moved only 11,000 during the month of September, would you say that was a representative month?

Mr. Langdon: I think this calls for maybe a statement of counsel at this point.

We undertook to provide and show, despite the fact that it was not our burden to do so, the cost of handling New [fol. 1633] York export/import freight movement in what is the normal manner of providing that movement.

We did not include in any of our costs showing any or such direct transfer freight as there may be in export/import movement.

Now, that was done because the lighterage movement is the normal method of handling, as we understand it, at New York, the normal method of handling import/export traffic.

Now, it is true that we did apply these lighterage costs against certain traffic which, at other ports, such as Baltimore and Philadelphia, would be handled in bulk service, with an expensive transfer service and transfer facility.

Now, we did not provide any costs at New York for any similar operation of that kind because it is our understanding that new facilities, if New York is able to divert this traffic from Baltimore, would be required at New York.

We have no information on the costs of handling bulk traffic at New York if and when these special facilities are provided.

Moreover, in order to determine that, you have to know where these special facilities are located. Perhaps Brooklyn would like a piece of this bulk traffic, in which case water service would be necessary. Perhaps all of it would not be concentrated over in New Jersey.

In any event, we believe that that is part of the burden of proof to be assumed by these railroads that want to [fol. 1634] reduce their rates in order to get this bulk traffic from Baltimore.

They are perfectly free to come in and show what their prospective costs are. We do not undertake to do more than show the cost of the traffic that is moving by the predominant service at New York.

Mr. Colgren: Of course, Mr. Examiner, it must be understood that what has been developed here are unit costs and they have been applied to traffic in a purported cost application in Mr. Heywood's exhibits 5 and 6, to, I think, his Exhibit 50, or rather his—I guess that is clear.

In the development of those unit costs, it is very apparent that it is necessary to include all types of traffic which moved through the port of New York.

Now, we find here that there has been, arbitrarily in our view, some—there are some 28,031 tons of scrap iron and import ores which have been arbitrarily left out of the study of the costs at New York.

Now, we understand from Mr. Langdon that that was on the basis that that is not the ordinary method of handling traffic at the port of New York.

In my capacity as a representative of the New York Central, I can now state for the record, I think, in order to clear that up, that a very substantial portion of New York Central traffic is handled direct from ship to car, at the port of New York.

Now, in arbitrarily dismissing large segments of tonnage [fol. 1635] which are handled direct from ship to car, I think that we can reasonably assume that the costs purporting to show the costs of handling all traffic through New York are lacking. They are seriously in doubt, and we intend to make that criticism, as I am doing now, and attempt to prove that that is a fact.

Mr. Langdon: Are you going to provide us with cost material on this type of traffic?

Mr. Colgren: Mr. Langdon, no.

Mr. Langdon: All right.

Mr. Colgren: I have insisted from the beginning of this proceeding that costs are not the determining factor in the disposition of this case. It has been your attempt to establish that we can not handle traffic profitably through the Port of New York and therefore our rates, our proposed rates, are subject to the Commission's appraisal of them as being unreasonable for that reason.

Now, we maintain, of course, and have from the beginning—

Mr. Macleay: Mr. Examiner, is it necessary to argue the case at this time?

Mr. Welsh: No one is arguing the case. It was Mr. Langdon who was doing it.

Mr. Langdon: I simply pointed out why we excluded certain traffic from our cost studies. I didn't want the impression in the record we are undertaking to do more than to cost out the freight which receives a lighterage [fol. 1636] service in New York. That is what we undertook to do. The burden is on the other side, if there is other traffic handled at New York, to show us the costs of that.

Mr. Colgren: Well, I think I should be permitted to make my point that I started out—the fact that we have not, from the beginning, considered costs determinative, and that we do not feel that a burden has been put on us, presumably, by nature of the case being cast in the form of an investigation and suspension proceeding, which requires by that fact the presentation of a cost study.

We intend to establish the reasonableness and propriety of our rates in other methods, and approved methods.

But I want to point out for the Examiner and the consideration of the Commission that these costs which have been applied by Mr. Heywood on all traffics according to Mr. Langdon, in a very representative statement, do not represent the costs of handling all traffic through New York.

Mr. Langdon: Mr. Examiner, Mr. Heywood's exhibits, it is true, his costs were applied for the most part to the traffic handled in lighterage service. I think there were two or three exceptions. There was one bulk commodity which under the revenue indicated the reduced rate would not be compensatory even if only the line haul costs were taken into account, irrespective of the terminal costs. There was another, chrome or and manganese, to which we assigned lighterage cost mainly as bait. We were hoping [fol. 1637] the other side would come through and show us what their plans were from the point of view of actual costs in the future. Also, we understand a certain amount of this chrome and manganese in small amounts is handled in New York in lighterage service.

Mr. Myskowski: Mr. Examiner, can I say just one thing? I think it is obvious that if you handle package freight and you handle bulk freight at Baltimore and New York, the cost of handling the package freight will be higher than the cost of handling the bulk freight.

At New York there is a tremendously large proportion of package freight. At Baltimore, it is bulk. When we get through, I think we will show that the New York rates, based on their studies, are compensatory and that the revenues at New York more than compensate for any purported—

Mr. Macleay: Mr. Examiner, I am going to object to this record containing material of that sort from counsel at this time, and I move to strike.

Exam. Boat: I don't think it is necessary to—

Mr. Macleay: I might add that it is necessary to prove this case and not talk about it.

Exam. Boat: I do not think it is necessary to argue any further at this time. There are obviously great differences shown in the record with respect to bulk traffic, and other heavy loading traffic and this traffic that is lightered, and [fol. 1638] that is indicated on Mr. Talbott's statement, just looking at that at page 19. It shows the average tons per car is less than ten tons per car, which is substantially less than that shown in some of Mr. Heywood's exhibits, for this whole body of traffic that we are concerned with here.

A. May I say that ten ton per car was the pier station traffic, and that is not representative of all lighterage traffic, Mr. Examiner.

Lighterage traffic going through the lighterage station loads higher than ten tons.

Exam. Boat: Yes. I understand that. But those costs are carried into the aggregate costs, I understand. Those pier station costs are carried to the aggregate costs, are they not?

The Witness: Yes, sir.

Mr. Myskowski: Could we go back to the pending question, Mr. Examiner?

Examiner Boat: Read the question.

(Question read.)

Mr. Myskowski: Is there still objection to the question:

Mr. Moerman: There never has been objection. Just a speech.

The Witness: This was all the traffic that was handled by the Baltimore & Ohio in September. I can tell you that.

By Mr. Myskowski:

Q. This was what, sir? I am sorry, I did not hear your [fol. 1639] answer.

A. Yes. This was the total traffic handled through the lighterage station in September.

Q. Would you say that was a representative month?

A. I think it is a representative month. I don't know that—

Q. What I have in mind is this. On page nine, you show marine expense.

A. Yes.

Q. You show such things as—

A. I don't think that includes all traffic in New York. My study does not include all traffic in New York.

Q. It does not include all B.&O. traffic at New York, sir?

A. No, it does not.

Q. What is missing now?

A. Well, there is a little bit of car float traffic to be added to that.

Q. I asked you specifically in the record about the car float traffic and you said there were only seven—

A. That is correct.

Q. Is that what you are referring to?

A. That is correct. It is—

Q. What else?

A. I would have to look in that traffic department figure to see just what it covered. I don't know what the traffic department—that was made up by the traffic department [fol. 1640] from bills and so on, that 318,000.

Q. On page nine, you show marine expenses, Mr. Talbott, and for example, in floating equipment, maintenance, you show B.&O. floats and lighters, $54,361. If you had handled twice or a little more than twice as much tonnage, then instead of having a cost of something like five dollars it would only two and a half. Isn't that right?

A. You would not handle it with the same equipment. No, that would not hold, absolutely not.

Q. You would not handle it in the same equipment?

A. You would have more tug tows. More equipment and more everything to handle it.

Q. Isn't this the maintenance for your local fleet you have in here?

A. Yes. But you are assuming if you doubled your business you could handle it with this same fleet—and that is not a proper assumption.

Q. You are not doubling your business? The business on the average is 26,000 tons. I am saying if you had an average month and you used it with your total fleet.

A. Well—

Mr. Langdon: Is that question comprehensible to you, Mr. Talbott?

Exam. Boat: No, it is not.

The Witness: I don't understand exactly what you are [fol. 1641] driving at.

By Mr. Myskowski:

Q. I am saying this, sir. If during the month of September you had 26,500 tons of import/export freight, which is your average month for the year, if the figure you gave us for the year is correct, then you would have 26,000 to divide into your total for equipment maintenance and you would come out with a figure less than half of what you would come out with now. Isn't that right, sir?

A. Yes. But your question is not proper, because I think I thoroughly explained all of this equipment is pooled and the B.&O. and Central Railroad Equipment is all pooled, and it is a pooled operation and you have to consider the operation jointly in order to arrive at a question and answer you are suggesting.

Q. I am sorry. I thought you told us this figure is your average for a three year period.

A. It is.

Q. I am trying to match that up against your average traffic.

A. The only objection I am making is your trying to average up the B.&O. cost of maintenance against the B.&O. traffic, whereas the B.&O. equipment is used to handle Central Railroad traffic as well as B.&O. traffic. It is all pooled together.

Q. I understand that. I had difficulty with it the last time. But I am trying to point out that if you had had the additional amount of tonnages to bring you up to the average month, the divisor would have been greater and [fol. 1642] the unit costs would have been less.

If it was confined to the B.&O. it would be less than half; but if it were combined with the C.N.J. it would knock down a substantial portion.

A. Naturally, if you divide a fixed amount by a greater number, you are going to get a smaller answer, if that is what you are trying to say.

Q. Yes.

Mr. Langdon: Didn't you use as a divisor a figure which contained domestic traffic as well?

A. Yes.

Mr. Langdon: You did not use the figure on—

The Witness: The figure referred to the amount noted of 56,404. That included the total tonnage which was lightered through our lighterage stations for the month.

Mr. Langdon: Domestic, as well?

The Witness: Yes.

By Mr. Myskowski:

Q. I don't know whether is it quite proper to have counsel advise the witness what his answer should be?

Mr. Langdon: Maybe not, but I was trying to get it clear and get it right.

Mr. Macleay: I am interested in having the record clear, whether cross-examining counsel is or not. I am beginning to doubt it from the manner of his questions.

Exam. Boat: Let the cross-examination continue here.

[fol. 1643] **By Mr. Myskowski:**

Q. As I understand it, you do not include in the total tonnage the 28,000 tons consisting of 14,288 tons of scrap iron and 13,743 tons of ores. Is that correct, sir?

A. I made no cost study for that.

Q. Do you know that was included in Mr. Moerman's traffic study?

A. Yes, it was.

Q. It is involved in this case, sir?

A. Well, as I understand it, all our traffic moved to nearby points and not to differential territory, so I don't know whether it is involved. I would not think it is involved in the case.

Q. You are sufficiently familiar with these work papers to know no attempt was made to segregate CFA traffic from anything else? You know that you included domestic traffic?

A. Yes.

Q. You are trying to get total costs?

A. I do know what was in the traffic study. I have a general idea.

Q. What kind of ores were these?

A. Chrome and others, I am not sure what others.

Q. You are sure none of these moved to CFA?

A. Yes. For the month of September, none moved to CFA.

Q. Did you make similar omissions to your Baltimore study? Did you go through and find out what moved to CFA there?

[fol. 1644] A. We made no omissions in the Baltimore study because we did not include in the Baltimore study the bulk commodities which move over the piers specially adapted for that purpose.

Q. What you were trying to develop at New York was a cost per ton for moving non-bulk or package freight. Is that it?

A. We were trying to develop in New York a cost for moving the traffic. That is, the majority of the traffic and the majority of the tonnage which moves in New York Harbor, and that would be the general commodity.

Q. If you had a total of something like 42,000 tons of import/export freight which you included, why would you not want to include a substantial item such as 28,000 additional? Isn't that moving through New York?

Exam. Boat: What is your question, why would ~~you not~~ want to include 28,000 additional?

A. You mean you are referring back again to the calculation you made of the 313,000?

By Mr. Myskowski:

Q. No, I am referring to the scrap ores which you excluded. That is traffic moving through New York, is it not, sir?

A. Yes. But as I said before, my cost study was designed to show the cost of transporting the general run of traffic in New York, the same thing as Baltimore.

Q. Don't you think 28,000 out of a proportion of 78,000 is something that would help to show what the general run [fol. 1645] of traffic is.

A. We have a lot more than that at Baltimore and I left all of that out—a way over 28,000 tons.

Q. You said awhile ago you left it out because it would distort the cost figures. Why would it distort them?

A. I think it would present an abnormal picture because the majority of traffic in New York moves via harbor movement.

Q. If you want to get an average of what it costs, you have got to include the minority with the majority, do you not?

A. I don't think I would want to use an average figure of that type, with all the heavy commodities mixed in with it. Not at Baltimore or New York.

Q. You mean what you are trying to do is get a figure which would conform to the package freight or the freight which was individually handled at New York? Is that what you are striving for?

A. I think I stated it clearly. I developed a cost to apply to the general movement of traffic in New York harbor, the way the majority of the commodities move and the way chrome ore also can move under the traffic, which is a harbor marine movement attached to the rail movement.

Q. Then you would say such a cost should be compared only with the revenues from traffic which moves in such a manner and certainly would not be appropriate to compare with the revenue from traffic such as ores, or scrap iron, [fol. 1646] as Mr. Heywood has done. That would not be proper, would it.

A. I think that some of the traffic moves via lighter and I think it is all right to do it that way.

Q. But you left out 28,000 out of 78,000.

Mr. Langdon: We would be glad to have you come in, as we said before, to show what the costs are. We have told you we left it out. I think there ought to be an end to the examination on this point. We left it out. We told you the reasons why it was left out. Whether the leaving out was right or not, it is a matter for argument. We think it is proper.

By Mr. Myskowski:

Q. Would you admit, Mr. Talbott, the average costs at New York would be substantially lower if in your computation you had included the scrap iron and ores which actually moved through New York?

A. I have not made any study on the scrap iron and the ores, and am not going to comment on it.

Q. What did you have in mind when you say they might distort the costs?

A. At the time I thought they might have lowered it somewhat, but I don't know what the costs are for the ores or the scrap iron.

Q. The cement moved over the lighterage piers. Is that right?

A. A special pier for that purpose.

Q. In computing your costs for the lighterage piers, did you include the 23,000 tons of cement in your divisor?

[fol. 1647] A. I think I have pointed out a half dozen times that I omitted the costs and also omitted the tons in arriving at the average cost for operating the lighterage facilities.

Q. Would that not also have resulted in lower costs?

A. It most probably would have.

Q. Mr. Talbott, at page 13 you state, in the second full sentence, "CNJ and B.&O. equipment is initially assigned to the pool on the basis of anticipated requirements of each company. Any excess or deficit in the units of equipment furnished to the pool by either company in any one month is adjusted in the following month."

Do I understand this to mean that if the B.&O. handles twice as much tonnage, it throws into the pool twice as much equipment, of if they each handle the same amount?

What do you mean by those two sentences?

A. I have not gone into the method I used for equalizing that equipment, but they do adjust it monthly.

Q. What do you mean by the amount that is contributed?

A. The amount contributed to the pool by each company. I do not know what the norm is for that. I am not interested in finding out the norm. I am interested in developing the contributions are equalized for both companies.

Q. I was interested because I had thought it contradictory. You have no idea how, but it was based on the requirements of each company. Can I believe this statement is so?

[fol: 1648] A. Yes.

Q. If the CNJ handled twice as much tonnage as the B.&O. in a year, were they required to contribute twice as much equipment?

A. I just stated what the norm was for dividing up that equipment, I do not have with me, the details of it. But there is some method used for assigning the equipment.

Q. Is it in accordance with the requirements?

A. The anticipated requirements, but I do not know what the norm is for judging those requirements.

Q. Can we assume this? In the year you used, 1956, if the CNJ had almost twice as much tonnage as the B.&O. they would be asked to contribute twice as much equipment as the B.&O.?

A. You are speaking only about twice as much tonnage at the lighterage piers. There are also pier stations to be reckoned with and the tugs, of course some of both, so it is a little more complicated than just a simple tonnage proposition.

Q. Well, sir, if the record shows that the B.&O. had three times as much marine equipment as the C.N.J. and was handling half as much tonnage as the C.N.J., could I conclude from that the C.ofN.J. was either more efficient or that the B.&O. had excess equipment?

A. No, you can't because the whole operation is performed by the Central Railroad of New Jersey. They operate the pool.

Q. With what equipment?

[fol. 1649] A. With the B.&O.-Central Railroad of New Jersey equipment all in there together.

Q. In the proportion of the traffic, you say?

A. They have a basis for doing it. You have to take into account the floating cars. The B.&O. has a lot more cars handled on floats than the Central Railroad does. That requires tug time. It may not require tugs and barges. But it requires tug time so you can not just base it on the tons lightered. The whole picture has to be considered.

Q. Mr. Colgren asked you in connection with the tonnage which you show on your summary sheet—we still have a great deal of difficulty, at least I do on that, Mr. Talbott. You show something like 41 or 42,000 tons of freight moving through your lighterage piers, and in addition you had 23,000 and some odd tons of cement which are not included in that.

You deduct from the 41 or 42,000 some 8,000—well, it's 7,000 or 8,000 tons which were trucked. My question is this:

Did the tons which were trucked also move over the lighterage piers?

A. They did not. Only those—no, none of it did move over the lighterage piers.

Q. How was it handled?

A. It was trucked from Manhattan. The trucks operated over on the ferries, I suppose, or came through the tunnels to Jersey City and parked at the lighterage piers, and the [fol. 1650] traffic was unloaded from the trucks to go to the trucks or the lighterage piers, and thence to the cars. There is no lighterage moved involved. It is trucked in lieu of lighters.

Q. They use the piers?
A. They use the piers, yes.

Exam. Boat: You said none of it moved over lighterage piers. I think that was the statement.

A. It moved over the lighterage piers, but it did not get a lighterage movement.

Exam. Boat: I see.

By Mr. Myskowski:

Q. At the top of page 22, Mr. Talbott, you have a long sentence there which states in part, "Whereas at New York 100 percent of the import/export traffic received either a marine movement or a truck handling in lieu of lighterage."
A. I was requested to revise that this morning and forgot about it. That should be changed from 100 percent to the major portion.

Mr. Welsh: What page is that?
Mr. Myskowski: Page 22.
The Witness: Page 22 of the written statement.
Mr. Langdon: That assumes, of course, that New York means the port of New York.
Mr. Langdon: And not New York City.
Mr. Myskowski: I think that is all, Mr. Examiner.
[fol. 1651] Exam. Boat: Very well.
Does that conclude the cross-examination? Is there any redirect?
Mr. Langdon: No, sir.
Exam. Boat: You are excused, sir.

(Witness excused.)

Exam. Boat: Is there anything further now to take care of at this time, except the indication of the adjourned—
Mr. Colgren: I think you were going to make a matter of record the days set for rebuttal hearing.
Exam. Boat: That is right.
The filing of the rebuttal testimony by the New York lines will be set for May 22—on or before that date.
And the date of the rebuttal hearing will be June 16th, at 9:30 a.m. here, and this hearing will stand adjourned until that date.

(Whereupon, at 12:35 p.m. o'clock, the hearing in the above-entitled matter was adjourned until 9:30 o'clock a.m. on Monday, June 16, 1958.)

[fol. 1651a] Secretary's Certificate to transcript (omitted in printing).

[fol. 1652]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I&S Docket No: 6615

FSA Docket No: 32204

[Title omitted]

Monday, June 16, 1958

Met, pursuant to notice, at 9:30 a.m.

Before: Marion L. Boat, Examiner.

APPEARANCES:

(As heretofore noted.)

[fol. 1654]

PROCEEDINGS

Exam. Boat: Let us proceed, gentlemen.
Mr. Warnock: We will call Mr. Thomas, Mr. Examiner.
Exam. Boat: You have been previously sworn?
Mr. Thomas: That is correct.

ALVIN K. THOMAS having been previously sworn, testified as follows:

Direct examination.

By Mr. Warnock:

Q. Mr. Thomas, will you state your full name and address?
A. Alvin K. Thomas, 143 Liberty Street, New York, N.Y.

Q. You have been previously sworn in this proceeding?

A. That is correct.

Q. You are the Alvin K. Thomas who submitted a verified statement initially, and submitted a further rebuttal verified statement in this case?

A. That is correct.

Mr. Warnock: The witness is available for cross-examination.

Mr. Langdon: Has this statement been given a number?

Exam. Boat: His previous statement was Exhibit No. 8, and this supplemental statement may be identified as Exhibit No. 105.

(Verified Statement No. 105, Witness Thomas, marked for identification.)

Cross examination.

[fol. 1655] By Mr. Langdon:

Q. Mr. Thomas, at the last hearing, you undertook to inform yourself as to the scope of the traffic study which the Lehigh Valley contributed, is that correct?

A. That is correct.

Q. And you tell us now, in this supplemental statement, that grain moving over the Lehigh Valley Railroad was in fact included in those traffic studies?

A. That is right.

Q. Mr. Thomas, was the grain that your included in your traffic study confined to grain that originated in differential territory?

A. Yes.

Q. It did not, in other words, include any grain originating in Western Trunk Line Territory and moving to differential territory on either combination or proportional rates?

A. No, sir.

Q: Did you make a study of this Western Trunk Line grain which the Lehigh Valley loaded during these three years?

A. Yes, sir.

Q. Yes, sir?

A. Yes, sir.

Q. What did that grain amount to—what did that tonnage amount to?

A. In the period 1955-1956, that grain totalled 324 cars from affected territory, and 1440 cars from unaffected territory.

[fol. 1656] Q. Now, I don't know that I understand the distinction.

Describe, now, the origin of the 324 cars, generally—I mean the origin territory.

A. I am speaking solely of wheat, now. I can give you the same thing on barley and rye.

Those figures are comprised predominantly of 119 cars from Indiana points, and 134 cars from Illinois points. That would be all rail grain.

Q. Would that grain have originated in Illinois or Indiana, or transited there?

A. I would say, without going back into it, that that could possibly be transited there, but, for our records, it shows as origin territory. In other words, we differentiate that grain from ex-lake grain handled by my railroad from Buffalo.

Q. Now, were those 324 cars included in your traffic study?

A. That is correct.

Q. You mentioned an additional movement of 1440 cars. What was the origin territory of that grain?

A. That was 1440 cars, and that is ex-lake grain that comes to the Lehigh Valley Railroad at Buffalo.

Q. Well now, where is the grain, Mr. Thomas, that originated in Western Trunk Line Territory, west of the Mississippi River?

A. That would be in the 1440 cars—ex-lake.

Q. Didn't you have any all-rail grain that originated in Western Trunk Line Territory?

[fol. 1657] A. No.

Q. Are you sure?

A. Reports made by our auditing department did not indicate any grain originating in that territory, other than the ex-lake, which we handled from Buffalo.

Q. Did you ask them to give you the grain originating in that territory?

A. This study prepared by the auditing department took Western Trunk Line Territory into consideration. Insofar as grain is concerned, the grain which the Lehigh Valley handled, that originated in Western Trunk Line Territory, comes to us in ex-lake movement and inasmuch as Buffalo is geographically not considered a part of affected territory, it does not reflect into the figures from affected territory origins.

Q. Did you ask your auditing department to supply you with grain handled by the Lehigh Valley, that originated in Western Trunk Line Territory, Mr. Thomas, aside from that which comes to you ex-lake?

A. The study was made on that basis.

Q. And you had none?

A. We had none, no.

Mr. Langdon: That is all I have.

Exam. Boat: Any further questions on cross-examination?

Offers in Evidence

Mr. Warnock: I offer the statement numbered 105 in evidence.

Exam. Boat: That statement will be received in evidence.

[fol. 1658] (Respondents' Exhibit No. 105, Witness Thomas, received in evidence.)

Mr. Moerman: At this time I wish to offer the original verified statement of Frank Sauter, and ask that it be identified, Mr. Examiner.

Exam. Boat: The statement of Frank Sauter may be identified as No. 106.

(Respondents' Exhibit No. 106, Counsel Moerman, marked for identification.)

Mr. Moerman: Mr. Examiner, I have been advised that the witness Sauter was to be present for cross-examination, and that Mr. Langdon subsequently talked with Mr. Myskowski of my office and waived cross-examination, so that, if no other parties have any cross-examination, I would like to offer this statement No. 106 in evidence.

Exam. Boat: Is any further cross of Mr. Sauter requested?

(No response.)

Exam. Boat: There seems to be none, and the exhibit is received as Exhibit No. 106.

Mr. Moerman: Thank you.

(Respondents' Exhibit No. 106, Counsel Moerman, received in evidence.)

Exam. Boat: Let us proceed, gentlemen.

Mr. Moerman: Mr. Examiner, at this time I should like to offer for identification the verified statement by Edward [fol. 1659] K. Laux in this proceeding. He has previously been sworn and has previously testified, and I have handed the original copy to the reporter.

Exam. Boat: This statement will be identified as Exhibit No. 107, Witness Laux.

(Respondents' Exhibit No. 107, Witness Laux, marked for identification.)

Mr. Moerman: Witness Laux is tendered for cross-examination.

Edward K. Laux having been previously sworn, testified as follows:

Cross examination.

By Mr. Macleay:

Q. Mr. Laux, as I understand it, your exhibit A-1, which is appended to the document marked for identification as Exhibit 107—

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

By Mr. Macleay:

Q. Your exhibit A-1, which is appended to the document marked for identification as Exhibit 107 is in the nature of a recapitulation of the listings which you have made in A-2 and A-4, is it not?

A. Well, I don't know whether I would call it a recapitulation or not. It's a sort of analysis we attempted to make of the Hamill exhibit.

Q. I am directing my attention, now, solely to Exhibit [fol. 1660] A-1. Do you have it before you?

A. Yes, sir.

Q. Where you say "1281 sailings which included both New York and Baltimore," that figure, is taken from the Hamill exhibit?

A. Yes, sir.

Q. Then your figure of "1484 sailings from New York—Not from Baltimore," is that taken from the Hamill exhibit?

A. Yes, sir.

Q. Then your figure of "171 sailings from Baltimore—Not from New York" is that taken from the Hamill exhibit?

Exam. Boat: Can you identify, at this point, WSH-1?

Mr. Macleay: Mr. Examiner, may we be off the record?

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record. That was either 70 or 71.

By Mr. Macleay:

Q. This figure that you show, of 791, is that taken from your Exhibit A-2?

A. Yes.

Q. Then, your figure of 278, indicating "Passenger and Cruise Vessels," and the figure of 121, "Combination Passenger and Cargo Vessels," is that taken from your Exhibit A-4?

A. That was taken from the Hamill exhibit.

Q. They were taken from the ~~Hamill~~ exhibit?

A. That is correct.

Q. Can you tell me where, in Hamill's exhibit, you found [fol. 1661] those figures?

A. Well, if you will look at my exhibit A-4—

Q. That's what I asked you.

Did you get these figures that you put on your Exhibit A-1 from the computations you made in Exhibit A-4?

A. No, A-4 is made up from Hamill's exhibit, and so was A-1.

In other words—

Q. Mr. Laux, please don't fence with me. I merely want to identify, from your testimony and from your exhibits, where you got the figures that are on A-1.

The only figures that you have on A-1 are figures drawn from your A-2 or from your A-4, is that not correct?

A. A-4 was prepared after we made A-1.

Q. After you made A-1.

A. Yes.

Q. Well then, do you have the figures from which you prepared A-1?

A. You mean the 278 and 121?

Q. Yes.

A. No; we took those from Hamill's exhibit. We came up with them as a result of a study of the Hamill exhibits.

Q. Then you tabulated the results of that study in your A-4, is that correct?

A. That's right.

Q. Well, all the figures that are shown in your A-1 can be [fol. 1662] found either in the Hamill exhibits, or from your A-2 or A-4?

A. I think that is a good statement.

Q. Now, referring please to your A-2, you indicate as your source, the United States Department of Commerce.

Can you tell me what agency of the Department of Commerce provided you with these figures?

A. I should know, but I don't have that with me.

Q. Did you obtain the figures?

A. They were obtained by my office, by our office.

Q. Did you make any comparisons of the figures shown here, or the information shown here, with the Hamill exhibits—I am speaking of you, Mr. Laux.

A. Did I personally?

Q. Yes, sir.

A. Well, I can't say that I went over it ship by ship, or page by page, but I made a study of it, and some determination of what we were going to show, and what we found.

Q. Are you familiar with the material that was furnished, as you say, to your office, by the Department of Commerce?

A. Only in a general way.

Q. Do you have that material presently in the hearing room?

A. No, not on this study, but—

Q. Is the person who made the study present in the hearing room?

A. No, he is not here—yes, he is, the party that headed up the study is here, Mr. Gilbert.

[fol. 1663] Q. Mr. Gilbert made the study?

A. Well, he headed up the study.

Q. Are you familiar with the procedure that was employed?

A. In a general way, yes.

Q. Let's start over again: What agency of the Department of Commerce provided the basic data which you employed?

Mr. Moerman: The witness stated that he does not know.

Mr. Macleay: Then I move, Mr. Examiner, that this exhibit be rejected, unless and until either this witness who actually worked on it, can give us the information that is necessary, before we can properly analyze and evaluate it.

Mr. Moerman: Mr. Examiner, the exhibit very specifically states that the source is the United States Department of Commerce. Following Mr. Macleay's logic, we have got to get the individual from the Department of Commerce who prepared this study.

Now, Mr. Laux has half a dozen people working under him, and they prepared this study. It is an unreasonable suggestion.

Mr. Macleay: Mr. Examiner, I certainly think that we are entitled to inquire of the person who put this together: Mr. Laux did not do it. Mr. Laux doesn't even know where they obtained the underlying data. I did not request, at this point, that the person from an unidentified agency of the Department of Commerce be provided for examination, although it very well may be that during the course of cross examination, it will prove to be necessary.

[fol. 1664] I might state, for the record, that certain data which we have obtained from an agency of the Department of Commerce is not in accord with these figures, that agency being the Maritime Administration. Now, if some other agency of the Department of Commerce provided other figures, as I say, it may very well be necessary for us to call some of these Government people who put these figures together, to determine why there are discrepancies.

Mr. Moerman: Mr. Macleay, if you will pardon me for a moment, I am informed that the Bureau of the Census and Statistics is the prime source of the figures shown on Exhibit A-2. Mr. Gilbert so informs me, and if you want to get more details from him, he is in the hearing room, and I will be delighted to have you do so.

Mr. Macleay: I suggest, then, Mr. Examiner, that the present witness, Mr. Laux, step aside and that Mr. Gilbert be sworn and that this be made his exhibit and he be subjected to cross-examination thereon.

Mr. Moerman: Mr. Examiner, this exhibit was prepared under the direction of Mr. Laux. If there is some information which counsel wants which is not immediately in the mind of Mr. Laux, we have the underlying dope here. We will be glad to supply it, but I don't think that the witness need step aside. He is sponsoring this exhibit; he is responsible for it; he is in charge of the group which prepared it.

[fol. 1665] Mr. Macleay: May I request, then, Mr. Examiner, that I be provided with the underlying "dope," as counsel has termed it. I would like very much to examine it. As a matter of fact, I have just asked the witness if it were available.

Mr. Moerman: One second, please.

This is IBM data, in New York, and it will be sent for today, and be present in the hearing room in the morning.

Mr. Macleay: Then I ask that the examination of Witness Laux be suspended until I have had an opportunity to examine that material.

Mr. Moerman: Mr. Macleay, let us not be unreasonable. You are not going to sit here in the hearing room and look over IBM cards. I have no objection to his taking them away and looking them over at some other time.

Mr. Macleay: I have already asked this witness if he could tell me the procedures that were involved in the production of his exhibits, and he has not been able to do so. Now, certainly, I must look at this underlying data: I must have an opportunity to determine what procedures were employed, before this exhibit can be demonstrated as meaning anything.

Mr. Moerman: You did not ask for the underlying data. You have had this thing for nearly a month.

Mr. Macleay: I thought we would have a witness who could tell me what it was.

Mr. Moerman: Even if the witness could tell you, and [fol. 1666] handed you a flock of cards, what would you do with them?

Mr. Macleay: I would ask him a few questions about them.

Mr. Moerman: Have you ever seen an IBM card? Its got holes in it—can you read holes?

Mr. Macleay: May we come to order, Mr. Examiner.

Exam. Boat: I think we ought to proceed with this witness. He is offered as the witness who is responsible for the exhibit, and I think we should proceed here, with the understanding that any underlying data that would be of any use would be furnished.

By Mr. Macleay:

Q. What information was requested from the Department of Commerce, Mr. Laux?

A. A run-down of all the dry cargo ships that cleared or entered the Port of Baltimore, during the period July to December of 1955.

Q. What do you mean by a "run-down."

A. A complete record of every ship that entered or departed.

Q. Do you have the letter which you directed to the Department of Commerce—your counsel advises me that it was the Bureau of the Census that you obtained this material from,—do you have a copy of that letter, so that we could be advised, and the Commission could be advised, just what it was that you requested?

A. No, we don't have any letter.

Q. Do you have a letter from the Department of Com- [fol. 1667] merce transmitting that material, in which they advise you specifically, what they are providing you?

A. I will have to leave that to Mr. Moerman.

Mr. Moerman: The requested letter of transmittal, the cards, all will be flown down today.

By Mr. Macleay:

Q. Was this a specific request to the Bureau of the Census for this particular study, or was this drawn from material which you obtained in the regular course of business from the Bureau of the Census?

A. This was a specific request. We paid four or five hundred dollars for it.

Q. When you obtained this material from the Bureau of the Census, what did you do with it?

A. We analyzed and studied it, and deleted certain of the ships that came in in ballast and went out in ballast.

Q. You say that you studied and analyzed it?

A. Yes.

Q. What was the first step in that study, Mr. Laux?

A. To determine which vessels arrived with liquids, which were excluded, and the vessels which came to Baltimore to go to a shipyard or for some other errand.

At any rate, those vessels that did not discharge or load, we deleted those vessels from the study.

Q. I see. Then what did you do?

A. Then we tabulated them, like you see them in Exhibit A-2.

[fol. 1668] Q. Did you not make a comparison of this with Witness Hamill's exhibit?

A. No—why should I? These vessels were not shown in Witness Hamill's exhibit.

Q. How do you know that these vessels are not shown on Witness Hamill's exhibit, if you did not make a comparison?

A. Witness Hamill said he excluded all bulk carriers.

Q. Do you limit your exhibit A-2 to the bulk carriers?

A. No; A-2 has in it some vessels that carry general cargo, which could also carry bulk.

As I remember, I think we did compare this listing of vessels with the Hamill exhibit.

Q. Did you make that comparison, Mr. Laux?

A. Me personally?

Q. Yes.

A. No, sir; my staff did some of the work on it.

Q. May I inquire if the person who made that comparison is available for cross examination?

A. No, sir.

Q. Mr. Laux, referring to page 2 of your Exhibit A-2, you will note that the second and third vessels indicated are named the African Grove. There is indicated an entrance date, at Baltimore, of the fourteenth of July, with general cargo, and a clearance date of the twentieth of July, with general cargo, and another entrance on the [fol. 1669] twenty-fifth of July, general cargo, and a clearance date of the twenty-fifth, general cargo.

Would you consider that to be two separate voyages?

A. As far as my statement goes, that it; that's two separate voyages.

Q. What examination did you make to determine whether or not that was two separate voyages?

A. Well, I did not make any specific examination. I just took the figures as shown in the statement.

Q. Have you any idea what service the African Grove is in?

A. What service?

Q. Yes.

A. No, I don't know.

Q. You don't know that she operates in the african trade?

A. I don't know where she operates; all I know is that she carries cargo to and from Baltimore.

Q. Mr. Laux, I refer you to a copy of Witness Hamill's

Exhibit WSH-1, particularly page 6 thereof, and ask you to see if you find the vessel African Grove there listed?

A. It's on the listing.

Q. Will you look under the column headed "Baltimore" and see if it is there indicated as having called at Baltimore on July 14th and having departed on July 20th?

A. That is correct.

Q. Will you look further and advise me whether it is further indicated that as a part of the same voyage, she called again at Baltimore on July 25 departing the same date?

[fol. 1670] A. That is what is shown.

Q. Do you know whether the other vessels indicated in your Exhibit A-2, whether any of them are also listed in Hamill's exhibit to which we have referred?

A. As far as I know, they are not.

Q. Have you looked Mr. Laux?

A. I am looking at it now.

Q. The African Grove is certainly listed there?

Mr. Moerman: He may have overlooked or duplicated one or two, and to the extent that there are duplications and to the extent that a vessel was omitted from Mr. Hamill's study or was not omitted, we are quite willing to make the correction cheerfully.

Mr. Macleay: I might state, Mr. Examiner, that it has been impossible, in the time afforded us, to make a detailed check, and I frankly don't know how many vessels indicated in Witness Laux's exhibit marked for identification as A-2 may be also indicated in Witness Hamill's exhibit.

Mr. Moerman: I wish you had contacted me, Mr. Macleay, I would have been glad to give you all the information. You come here for cross examination, and you say you have not had time, that you are not prepared. I would have been willing to cooperate with you to every extent, to see that you were prepared.

Mr. Macleay: Even to the extent of having one of your people make a check to determine the accuracy of your exhibit?

[fol. 1671] Mr. Moerman: The check is to be made by your cross-examination. We have done the best we can.

Mr. Macleay: I intend to make it.

Mr. Moerman: You should make it now; this is the time for cross-examination.

Mr. Macleay: I intend to, counsel.

Mr. Moerman: Go ahead.

Mr. Macleay: Thank you.

By Mr. Macleay:

Q. Mr. Laux, did you, or whoever prepared Exhibit A-2, if you know—

Mr. Moerman: Just a moment.

Mr. Examiner, I don't like the questions to be put like that. It seems to me that the witness has stated that the exhibit has been prepared under his direction. I don't like this slurring of the witness, and I request that counsel be admonished.

Mr. Macleay: Mr. Examiner—

Exam. Boat: We know that the preparation of such an exhibit requires some extent, and he has called on others to assist him in its preparation, and he is the person responsible for it.

Mr. Macleay: I submit, Mr. Examiner, that that is not exactly the situation. This witness doesn't even know the procedures that were employed, and doesn't know what comparisons were made. I submit we should have a witness [fol. 1672] who is competent to direct his testimony to this exhibit, but if this is the only witness we have, it's the best we have, and we will try to make out with it.

Mr. Moerman: That is true of most of the witnesses that appear before the Commission. They get the results, get before the Examiner, and they testify, surrounded by lots of assistants.

Exam. Boat: Let's proceed, now.

Mr. Macleay: I might state, Mr. Examiner, that in our check we have found not only errors by Mr. Laux's staff, but errors by our own staff.

I would prefer to make the corrections by something in the nature of a late-filed exhibit. I understand that counsel for the other side has been resisting anything in the way of further hearings.

Mr. Moerman: Not to a late-filed exhibit. I shall be glad to have such an exhibit made. It seems to me normal, in an exhibit of this size, you are going to have some errors, and I am not resisting that, and I would like to see them corrected, but I don't think you should come here and announce for a further hearing on this exhibit.

Mr. Colgren: I have no objections to corrections to exhibits which may be submitted within a reasonable time.

Mr. Macleay: We could save a tremendous amount of time, Mr. Examiner, if we could agree upon the form of a [fol. 1673] late-filed exhibit which would correct these errors that have been made by Mr. Laux and his staff and also correct the errors which they have found in Witness Hamill's exhibit.

I wonder if we might have a moment to discuss that with counsel, to see if we can arrange an agreement as to the form of such an exhibit.

We might be able to reduce this cross-examination considerably.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Macleay: I think it will be desirable for us to continue this sampling, as that will eliminate the necessity for our taking each one.

Exam. Boat: Very well.

Mr. Colgren: May I ask a question for clarification.

Is it your purpose, Mr. Macleay, for you to compare Mr. Laux's exhibit with that of Mr. Hamill, and any duplications that occur in Mr. Laux's exhibit, that are not on Mr. Hamill's exhibit, you want to draw the attention of the Commission to those?

Mr. Macleay: Mr. Laux has already theoretically done so.

Mr. Colgren: Yes.

Mr. Macleay: And Mr. Laux has himself just pointed out that the first general cargo vessel listed in his exhibit, the African Grove, which is listed twice, actually made one [fol. 1674] sailing, one voyage that involved both of those calls at Baltimore, and is listed in Witness Hamill's exhibit at page 6—

Mr. Colgren: My point is, you are quarreling only with those ships listed in Mr. Laux's exhibit A-2, which are also shown in Hamill's exhibit, Mr. Laux having indicated that those were omitted from the Hamill exhibit, is that right?

Mr. Macleay: I won't say I am quarreling only with that—I am not quarreling with anything. I disagree, of course, with that, and there are some other things in here with which I am not in complete agreement, and which I intend to question him on.

By Mr. Macleay:

Q. When you found a vessel, the complete itinerary of which had been omitted from the Hamill exhibit—and I hope you will agree with me that such omission would be through inadvertence—did you make any effort to determine whether or not that vessel had also called at New York?

A. No, I did not. As far as the vessels I show here, the statement only shows movements to and from Baltimore, and I made no effort whatever to determine whether or not these vessels called at New York, or any other port.

Q. Yes, Mr. Laux, in your exhibit A-1, you add every such sailing indicated in your A-2 to the Baltimore sailings?

A. I did that because Mr. Hamill said, in his testimony, that he omitted bulk-carrying vessels to and from Baltimore and other ports, but didn't do it from New York.

[fol. 1675] Q. But you also added 96 general cargo entrances, and 129 general cargo clearances, didn't you?

A. Where did I add that?

Q. Excuse me, I mean clearances. You did not add entrances on your A-1, but only clearances.

A. That is right.

Q. Included in that 791 sailings which you added to the Baltimore totals, are 129 with general cargo, as indicated in your A-2, is that not correct?

A. That is correct. We evidently found that those vessels were omitted, despite the fact that they were listed by the Bureau of the Census as carrying general cargo.

Q. That's right.

Did you make any effort to determine whether or not those vessels also called at New York, on the voyages that were omitted from the Hamill exhibit.

A. No, I could not see the occasion for doing it, because Mr. Hamill's exhibit was directed to one thing, to show that New York had so many more sailings, so that Baltimore had a lot less sailings.

Q. So you added some more to Baltimore, but even if those same vessels that you added to Baltimore also called at New York, you did not think it proper to add them to New York, for the purpose of comparison?

A. I would not know whether they were to be added to [fol. 1676] whether they weren't.

Q. Did you make any inquiry to determine that?

A. No—why should I? I am talking about Hamill's exhibit, that is all I am talking about. If he knows something else about it, let him state his views.

Q. If you were going to correct the Hamill exhibit as to Baltimore, for comparison purposes wouldn't it be necessary to make similar corrections for New York?

A. I am not undertaking to correct the exhibit. I don't think much of the exhibit to begin with. All I am doing is showing—

Mr. Macleay: May I ask that the witness be admonished to confine his remarks to answers to questions.

Exam. Boat: He is stating what he is doing.

Mr. Macleay: I am not interested in what he thinks, Mr. Examiner, and I don't think that is a proper part of this record.

Exam. Boat: It won't be considered a part of the record.

By Mr. Macleay:

Q. In any event, you did not add any additional sailings for the port of New York, even though the vessels may have called at New York, is that correct?

A. I took the figures that Mr. Hamill shows in his exhibit. I did not go beyond that, insofar as New York goes.

I simply accepted what he shows sailings were, arrivals and departures for New York, and those are the figures we have put in exhibit A-1.

Q. Now, may I please have an answer to my question. I [fol. 1677] will repeat it for you.

Where the vessels which you have added to the Baltimore sailings also, on the same voyage, called at New York, you have not added it to the New York sailings?

A. I did not.

Q. That's correct, is it not?

A. No, it is not correct.

Q. You did add them to New York?

A. No, the way you phrase the question, I cannot answer you.

If you want me to answer and tell you that we did not examine the New York sailings and arrivals as shown in Mr. Hamill's exhibit, I will say yes—

By Mr. Macleay:

Q. That is not my question.

A. These are the vessels. I don't know whether they went to New York or not, and did not attempt to find out. All we did was look at these sailings and arrivals at Baltimore, of those ships that Mr. Hamill omitted, and stopped right there.

Mr. Macleay: May I ask counsel if he be willing that this late-filed exhibit that we are discussing include also a statement of the vessels omitted from the Hamill exhibit, that called at New York?

Mr. Moerman: The witness has already answered. He stopped at Baltimore.

Mr. Macleay: I know what the witness answered, but if I may just have an answer from counsel, that is all.

Mr. Moerman: My answer is that if in this late-filed [fol. 1678] exhibit you wish to show certain vessels arriving and departing from New York, I have no objection.

The Witness: We're not going to show that, are we?

Mr. Moerman: Mr. Macleay has undertaken that burden. We shall have that burden with respect to Baltimore.

By Mr. Macleay:

Q. Did you ask the Department of Commerce to give you any figures on bulk vessels, in bulk and in ballast, entering and clearing the port of New York?

A. No, sir.

Q. Are you familiar with the Calmar Line?

A. To a certain extent. I know they carry lumber.

Q. Is it an intercoastal line?

A. Yes.

Q. Are you familiar with the vessels operated by that line?

A. Not too much; I understand that the same vessels are used to carry different kinds of ores, and the same vessels generally carry general cargo westbound.

Q. They are in the coastwise service?

A. Well, they may go beyond that, for all I know.

It's a big company, and it's owned by a steel company.

Q. It's owned by Bethlehem Steel Company?

A. That's correct; I believe so.

Q. Referring to page 3 of your Exhibit A-2, you list a vessel called the Alamar. Do you know whether that is a vessel of the Calmar Line?

A. I do not, sir.

[fol. 1679] Q. You list, also, the Penmar. Do you know whether that is a Calmar Line vessel?

A. Did you say on page 3?

Q. On page 4, I beg your pardon. The page is marked twice. In the center of the page it is marked page 3, and then under "Exhibit" it is marked page 4 of 21.

A. You are referring to page 4 of 21?

Q. Page 4 of 21, which is also indicated in the center of the top of the page as being page 3.

A. Your question refers to the Penmar?

Q. The Penmar and the Alamar, the Yorkmar.

A. What is that you want to know about them.

Q. I want to know whether you are aware of the fact that those are Calmar Line vessels, engaged in intercoastal trade?

A. I don't know whether they are Calmar vessels, but I might make this observation. Many times these intercoastal lines charter ships to foreign operators.

Q. Do you know whether the intercoastal lines occasionally stop at Cristobal to fuel?

A. I would not know, sir.

Q. You made no inquiry in that direction?

A. No, there was no occasion for me to do so.

Q. In your many years of connection with the shipping business, and with port operations at New York, you are not familiar with the operations of intercoastal lines?

[fol. 1680] Q. Can you explain why no entering date at Baltimore is shown for those vessels?

A. Yes, sir. That's because the Bureau of the Census did not have it on their cards. There are a few others, you will notice, where we show "none." There are several vessels where we show "none."

Q. I wondered if you had any explanation why there should be such a block of them, with no entrance date shown?

A. No, you will have to ask the Census Bureau. We don't know.

Mr. Macleay: I think that is a very good idea, and with the counsel's concurrence, I would like to arrange to have someone from Census who is familiar with these figures, available to explain them to us.

Mr. Moerman: I heartily concur.

Mr. Macleay: I wonder if I could ask Counsel to determine who, in Census, provided these figures to his client, to see if we could have somebody come over and explain them to us?

Mr. Moerman: A Dr. Ely, in the Bureau of the Census, Shipping Statistics.

Mr. Macleay: In view of the fact that you have been in contact with him in connection with these figures, would you undertake to ask him to cover over to explain them to us?

Mr. Moerman: I will try to get him to come over, and will let you know this afternoon what he says.

Mr. Macleay: Thank you.

[fol. 1681] Mr. Macleay: Mr. Examiner, in view of the at least tentative agreement regarding the late-filed exhibit, it may be possible for me to curtail my cross-examination considerably. I wonder if we might have a short recess and let me look through my notes, to see how much of it I can eliminate. I think that we can then proceed a great deal faster.

Exam. Boat: We will recess for five minutes.

(Brief recess taken.)

Exam. Boat: Come to order, please.

By Mr. Macleay:

Q. Referring to your Exhibit A-3, Mr. Laux, did you make any investigation to determine when if ever any of the vessels listed there advertised, when on berth, for the transportation of general cargo?

A. No.

Q. Do you know of any instance in which any of the vessels listed there actually transported general cargo when not advertised on berth, and when not so listed in Maritime's records?

A. Specifically, as to the named vessels, I would have to say no, but—

Q. Thank you, sir.

Now, on your Exhibit A-4, I am little puzzled. On the cover sheet, in full caps, you indicate "These vessels are not operated to or from Baltimore."

Yet, on page 4, several vessels are indicated with asterisks and a reference to the note at the bottom of the [fol. 1682] page which says that these vessels are listed in Hamill exhibit as having called also at Baltimore.

Do you mean to indicate that in your opinion, they did not call at Baltimore?

A. Well, there was some doubt in our mind as to whether or not they did.

Q. Did you make any effort to check the records of the Department of Commerce, or ask the Department of Commerce to check the records and advise you whether or not those vessels had called at Baltimore?

A. No, sir.

Q. Are you familiar with the Grace Line vessels?

A. Yes, in a general way.

Q. Are you familiar with those of their vessels which are equipped to carry 52 passengers?

A. In a general way.

Q. Do you know what type of vessels those are?

A. You mean, what class?

Q. Yes. Are they C-1, C-2, C-3, or do you know?

A. No, I would not venture to guess. I think they are C-2's.

Q. Do you know that they are freight vessels, and built as freight vessels, which have merely had additional passenger quarters added to them, over and above the 12 passenger quarters usually available on a freight vessel?

A. You mean whether they have been remodeled?

[fol. 1683] Q. Do you know that they are fundamentally freight vessels?

A. No, I do not.

Q. When you tabulated in your Exhibit A-4, and eliminated in your Exhibit A-1, eliminated, from the New York sailings, the combination passenger-cargo vessels, did you make any similar deduction from the Baltimore sailings, of those which are indicated as having called at Baltimore?

A. I have not.

Q. Where did you obtain your information regarding the number of passengers which these vessels shown on your Exhibit A-4 are capable of transporting?

A. Some of it is from advertising material, and some from the steamship lines direct.

Q. Did you at the same time make any investigation or any inquiry of steamship lines, as to the cargo capacities of those vessels, either in dead-weight tons or bale cubic capacity?

A. Yes, we did, with some of them—not all of them.

Q. Can you tell me the bale cubic capacity of the Grace Line vessels indicated as having accommodations for only 52 passengers, the Santa Maria, Santa Cecilia, Santa Clara, Santa Luisa, Santa Monica and so forth?

A. Yes. The bale cubic capacity of those ships would range from, roughly, 300,000 to perhaps slightly over 500,000 cubic feet.

Q. Can you translate that into cubic tons?

[fol. 1684] A. That's a good-sized shipment. I just don't know how to translate that at the moment. I would have to do some calculating, but our main position is, as I testified, these vessels do not have sufficient time to take completed loads.

Mr. Macleay: Mr. Examiner, will you please ask the witness to confine his answers to my questions.

His own counsel is perfectly competent to take him on redirect and bringing out anything further that they want to bring out. I just don't think that the record should be confused by getting into other matters at this point.

The Witness: All I am trying to do, Mr. Examiner is clarify what we have shown.

Mr. Macleay: I think what you have attempted to show is very clear, Mr. Witness.

The Witness: Very well.

By Mr. Macleay:

Q. You gave us the bale cubic for those vessels, did you not?

A. That's correct.

Q. Can you give us the dead-weight tonnage, what they can carry in dead-weight tons?

A. No, I do not have those figures.

Q. Do you know, generally, what it is?

A. No; it may be ten thousand tons, roughly speaking.

Q. That's a fairly good-sized freight vessel?

A. Yes, it is a good-sized freight vessel.

[fol. 1685] Q. Now, referring again to your Exhibit A-4, and the Argentine State Flag vessels indicated as having a passenger capacity of 116, the Rio Jachal, Rio Tunuyan, and the Rio de la Plata, can you tell me what is the dead-weight carrying capacity, and the bale cubic capacity of those vessels?

A. The Rio de la Plata, the bale capacity is 241,298.

Q. That's cubic feet?

A. Cubic feet.

Q. Would that translate to cubic tons at 40 cubic feet to the ton—is that the usual commercial figure?

A. Well, that is the basis on which steamship lines assess their rates, but I am pretty sure that 40 cubic feet would not weigh 2240 pounds.

Q. It would depend on what it was, wouldn't it?

A. That is right. What was the other ship?

Q. The others in the same class.

Do you know whether the Rio Jachal and the Rio Tunuyan, both also listed in your exhibit A-4 as having a capacity of 116 passengers, are sister ships of the Rio de la Plata?

A. No, I did not know that, and I am not sure about the dead-weight cargo capacity of those ships. It is more than likely less than 10,000 tons.

Q. Well, would you say that it somewheres in the order of seven to 10,000 tons—in that area?

A. I would say around 7,000 and not 10,000.

[fol. 1686] Q. Do you know the cubic capacity of the Media?

A. Where is that shown here?

Exam. Boat: Two thirds of the way down, page 4 of that exhibit.

The Witness: I have it. I don't carry these capacities in my head.

By Mr. Macleay:

Q. May I see the list that you are referring to?

A. Well, it is made up a little differently.

Q. You have those figures on all of them?

A. No, not on all of them.

Mr. Macleay: Mr. Examiner, may we be off the record a moment?

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

The Witness: According to the information that I have, the Media, has a bale cubic capacity of 368,908 cubic feet.

By Mr. Macleay:

Q. Mr. Laux, apparently you have with you a tabulation showing the bale cubic capacity of most, if not all, of the vessels indicated on your exhibit A-4.

In order to save time, I will ask you to read them all into the record.

A. Exhibit A-4, page 2, under "One Sailing." Arosa Sun, 357,271 bale cubic capacity, cubic feet.

Exam. Boat: These will all be in cubic feet?

[fol. 1687] The Witness: All in cubic feet; they are in bale cubic feet, which of course, is a measurement up to the battens of the ship. If these vessels carry grain, the capacity would be greater.

The next one is the Ascania, 400,000; Castel Felice, 28,592; Israel, 274,073; Ivernia, 251,470; John Van Oldenbarnevelt, 305,860; the Saxonia, 272,670; the Zuiderkruis, 493,453.

The Jerusalem, 179,950. The Groote Beer, 24,295. The Caronia, 27,415. The Saturnia, 69,799.

The Roma, 98,000; the Vulcania, 75,377; the Westerdam, 468,841.

The Berlin, 210,172; Britannic, 582,040; Conte Biancamano, 69,535; Flandre, 121,573; the Italia, 170,180; New York, 158,000; Queen Frederica, 70,090; Stavangerfjord, 201,045; The Stockholm, 241,000.

The Andrea Doria, 114,180; Constitution, 166,366; Cristoforo Colombo, 102,209; Ile de France, 301,588; Kungsholm, 123,000; Niuw Amsterdam, 91,272; Olympia, 499,000; the Ryndam, 124,027.

The America, 258,000; Maasdam, 125,200; the Mauretania, 375,689; Oslofjord, 106,275.

The Independence, 166,636; the Liberte, 91,280.

The Queen Elizabeth, 212,105.

The Ocean Monarch, 69,740; Queen Mary, 152,600; the United States, 148,000.

[fol. 1688] The Nassau, we have two figures on the Nassau. Lloyd's Registry shows 423,750, and it also shows 101,171, for the Cosmopolitan Shipping Company, and I am not too sure what that means. They may have changed the vessel, by modifying the interior.

According to Lloyd's records, it shows two figures.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

The Witness: Queen of Bermuda, 80,370; the Mohamid Ali El Kebir, 389,337; Rio Jachal, 240,298.

The Columbia, 161,378; Rio Tunuyan, 240,298; Santa Maria, 156,979; Santa Cecilia, 264,787.

The Covadonga, 350,721; Guadalupe, 51,386; Rio De La Plata, 241,298; Santa Clara, 525,599; Santa Luisa, 339,787; Santa Monica, 525,599; Santa Sofia, 525,599.

The Argentina, 587,000; Noordam, 461,373; Santa Barbara, 339,787; Santa Isabel, 364,787; Santa Margarita, 339,787.

The Media, 316,908; Parthia 360,070; Ancon, 365,292; Cristobal, 220,151.

The Santa Paula, 251,392; Santa Rosa, 251,393.

Mr. Macleay: Thank you.

By Mr. Macleay:

Q. In your Exhibit A-5, where did you get Dead Weight Tons and Measurement Tons figures shown on the first page?

[fol. 1689] A. A combination of two places, U. S. Customs in New York, and from the steamship people.

Q. You mean you called the steamship people and asked them how much tonnage they had on a vessel on a certain sailing?

A. On that sailing, yes, sir.

Q. Those are the sailings which carried the freight which you have listed in the following pages?

A. Supposedly, yes.

Q. You said you got it primarily through inquiry to the shipping companies?

A. And the U. S. Customs.

Q. Why couldn't you get it all from the U. S. Customs?

A. Well, I tell you, we could have gotten it all there, but we would have had to bring down adding machines and a few other things. It is very complicated, the way it shows in their manifests, and our boys took off quite a bit of it, and then we checked with the steamship lines and the figures came out accurately, so we saved the trouble by going direct to the steamship lines. At first we sort of assumed that the steamship lines would be unwilling to give us that information, but they finally agreed to give it to us.

Q. Well now, I ask you if those are alternative methods of measuring it—in other words, one is the dead weight tons, and the other is the measurement tons. Are those supposed to conform, or does that show the amount of [fol. 1690] freight that was measured in dead weight tons, and then the amount of freight, on the same voyage, that was in measurement tons?

A. The deadweight tons and the measurement tons are two different items of freight.

Q. It's the latter, then, in other words, the dead weight tons means a certain amount of freight which was measured in deadweight tons, on that voyage, and the measurement tons means that on that same voyage there was other freight that was measured in measurement tons?

A. That is correct.

Q. So, in order to properly evaluate the freight on each of those voyages, you must put together the dead weight tons and the measurement tons?

A. That is correct.

Q. So that for example, on the Media, on the voyage indicated under date of 2/23/58, carried the consist which you have listed on pages six, seven and eight of that exhibit; she carried 3692 tons of freight which was rated for rate charges on dead weight tons, and she carried 5,487 measurement tons of freight in addition?

A. That is correct.

The measurement tons are rated on the basis of 40 cubic feet to a ton.

Q. To a gross ton—to a ton of 2240 pounds?

A. Yes, but for instance on this 5,487 measurement tons, [fol. 1691] if we convert that into dead weight on the basis of 2240, you would probably have a hundred or more cubic feet to the ton. In other words, it's the bulky commodities.

Q. That's right, it's the type of freight on which the steamship line assessed on a cubic basis rather than on a weight tonnage basis?

A. That's correct.

Q. Now, where did you obtain the basic figures for your Exhibit A-6, Mr. Laux?

A. Through another study which we requested be made by the Bureau of the Census, and we have the data here in the room, if you want to look at it.

Q. I would like to.

I would like to see how that was made up. Can you give us column headings on these? Here's one with column headings on it.

Just so that we may understand this, Mr. Laux, I have before me a tabulation which is headed "Alphabetical Listing of Vessels Engaged in Foreign Trade Cleared or Granted Permit to Proceed at the Ports of New York (10-01) and Baltimore, (13-03) January-December, 1956."

Is that the document that you have used?

A. Yes.

Q. In what form did this document reach you? Did it have these pencilled and pen-and-ink notations on it when [fol. 1692] transmitted to you by the Bureau of Customs?

A. No.

Q. In other words, the Bureau of Customs merely gave you a listing of all vessels?

A. So I understand.

Q. Vessels which cleared the ports of New York and Baltimore during that two-month period?

A. Yes.

Q. Then you made the exclusions?

A. Yes. Our force went over it, and we came up with this Exhibit, and we show here what we omitted.

Q. I understand what you show, at least I hope to by the time we get through this exhibit.

Now, you state in the notes to Exhibit A-6 that you eliminated all passenger ships which cleared New York. Did you also eliminate combination passenger and freight ships?

A. Oh yes.

When you talk about combination passenger freight ships, we have in mind those carrying more than 12 passengers.

Q. In other words, you eliminated any vessel which carries more than 12 passengers?

A. That is right.

Q. Did you similarly eliminate such vessels clearing Baltimore?

A. I could not say; I don't know. Maybe Mr. Gilbert might know.

[fol. 1693] Mr. Gilbert: The answer is "No."

The Witness: We did not.

By Mr. Macleay:

Q. Now, referring again to this rather formidable underlying data which has been placed before me, I note an indication in green pencil, which says: "Under one thousand tons."

Does that mean that the vessel sailings that are checked with green are those of less than 1,000 tons carrying capacity?

A. I believe so.

Q. And the figure of 248 appears a[illegible]in green. Does that mean that there were 248 such sailings indicated?

A. I could not say, offhand. I would have to ask Mr. Gilbert, again.

He says "Yes."

Q. How many of those were sailings from New York, as compared to sailings from Baltimore?

A. I would not know, offhand.

Q. Would Mr. Gilbert know that?

Mr. Gilbert: There are two parts to that study, one of which covers the port of New York and the other covering the port of Baltimore.

Mr. Macleay: I see. This one carries, in green ink, the notation, "New York Section." Does that mean that this has to do with the port of New York, only?

Mr. Gilbert: Yes, sir. Then there is a part which refers [fol. 1694] to Baltimore.

By Mr. Macleay:

Q. Mr. Laux, I note, also, on this material that is marked "New York Section," a notation in red pencil, "1,000-1,500 tons."

Does that mean that the red pencil checks at each of these indicated movements, where it appears, the vessels involved was between 1,000 and 1,500 tons?

A. I will have to call on Mr. Gilbert.

Mr. Macleay: My question is, are the sailings indicated in red those of vessels between 1,000 and 1,500 tons?

Mr. Gilbert: Yes, that is right.

Mr. Macleay: While those indicated in green are of less than 1,000 tons carrying capacity?

Mr. Gilbert: That is right.

By Mr. Macleay:

Q. And during the period January to December 1956, you eliminated from the New York tabulation 248 sailings of vessels of less than 1,000 tons carrying capacity, and 595 vessels of 1,000 to 1,500 tons carrying capacity, is that correct?

Mr. Gilbert: Yes. All the fishing vessels, as a group, are excluded.

Mr. Macleay: Will you indicate to me which of these vessels are fishing vessels?

Mr. Gilbert: I would say that they would be in excess of 80 percent.

[fols. 1695-1742] Mr. Macleay: Did you check them?

Mr. Gilbert: To the extent of 80 percent, yes, sir.

Mr. Macleay: Can you indicate to me, on this exhibit—Mr. Examiner, I wonder if we might have Mr. Laux step down temporarily, and let Mr. Gilbert take the stand? He seems to be the one that knows about the exhibits.

Exam. Boat: Mr. Gilbert has been sworn.

Mr. Macleay: I though perhaps he should move up here a little closer, where we can better examine on these matters.

Exam. Boat: Off the record.

(Discussion off the record.)

[fol. 1743] Exam. Boat: Proceed.

Mr. Macleay: May the record show, Mr. Examiner, that Dr. Gilbert has been asked to come up here and answer some questions.

Exam. Boat: He has been sworn previously.

Mr. Macleay: I would like to ask a question, though, Mr. Examiner.

Exam. Boat: Yes.

Mr. Macleay: Did you participate personally in the preparation of this data the results of which are shown on Exhibit A-6 of Mr. Laux?

Mr. Gilbert: I did.

Mr. Macleay: Were you in charge of the preparation of that material?

Mr. Gilbert: I was in charge of it.

Mr. Macleay: Now, referring to these documents which have been handed us here as the underlying data, I notice that what appears to be the New York section is in two parts.

Is that correct?

Mr. Gilbert: Yes.

Mr. Macleay: In other words, both of these sections are New York?

Mr. Gilbert: Yes.

Mr. Macleay: And for the period January to December 1956?

Mr. Gilbert: Yes.

[fol. 1744] Mr. Macleay: And one section is marked "Baltimore, 1956."

Mr. Gilbert: This is '57.

I would like to explain. When we had people working on it, we had two men pulling off the data, so there were these basic runs, which are IBM runs. We had them torn up so that two men could work on the same thing. One would start at the back and one work towards the center.

I would not want to answer the question definitely unless I could match the code numbers up to find out.

Mr. Macleay: Would you please match the code numbers and tell me.

Mr. Gilbert: This belongs here. This is one deck. This is not two decks.

Mr. Macleay: In other words, although physically in two pieces, it is one deck and it is the deck for the Port of New York January to December 1956, is that right?

Mr. Gilbert: That is right.

Mr. Macleay: Now, in these colored pencil notations, one of these sub-decks, you might say, indicates ships under

1,000 tons, 112. The other one says ships under 1,000 tons, 248.

Mr. Gilbert: That is correct.

Mr. Macleay: Must those two figures be added together n order to determine the total number of ships under 1,000 tons clearing the Port of New York during that period?

Mr. Gilbert: Yes.

[fol. 1745] Mr. Macleay: Similarly, in red, there is indicated on one deck ships over 1,000, under 1500. I assume hat means tons?

Mr. Gilbert: Oh, yes.

Mr. Macleay: Carrying capacity?

Mr. Gilbert: That's right.

Mr. Macleay: And on one deck it says 137, on the other t says 595. I assume those figures must be added together n order to determine the number of vessels of between 1,000 and 1500 tons carrying capacity which were eliminated rom the sailings from the Port of New York?

Mr. Gilbert: That is correct. The same computations vere done for Baltimore, of course.

Mr. Macleay: That's right. We'll get into that.

Mr. Gilbert: Good.

Mr. Macleay: Now, will you please look at the deck, as ou term it, which has written thereon "Baltimore Section, 1956" and tell me how many vessels in each of those categories were eliminated from the Baltimore sailings?

Mr. Gilbert: I cannot from this deck. We had two people vorking on it, and the notations, or the coding which we ised, are quite specific in the case of New York. It was not here. I can give you the figures. We will have to go back and pull them.

Mr. Macleay: In other words, there is no way we can ook at this underlying data and determine—

[fol. 1746] Mr. Gilbert: Counsel, you can see we had developed the practice as we went through. You can see we have the exact notation for this.

Mr. Macleay: You say "for this." The record doesn't how what it is you are talking about.

Mr. Gilbert: This is the '51 deck for the Port of New York. And the uniformity which is applied in the heading, ou won't be able to find it on the actual deck.

Mr. Macleay: Well, there is a notation on this deck entitled Baltimore Section, 1956, written in ordinary lead pencil, which says, "Red equals under 1,000 net tons and blue equals between 1,000 and 1500 net tons."

Is that correct?

Mr. Gilbert: Yes, sir.

Mr. Macleay: Now, how many such checks are there in either red or blue on this document?

Mr. Gilbert: We would actually have to count it. The man who had done that had done it on a scrap of paper. The man who had worked on the other had written it on the top. The same methodology was used for both. You see, the coding is there.

Mr. Macleay: Now, as I glance through it, I don't find very many marked in red or blue. It doesn't look as though it would be too onerous a task. I wonder if I could impose upon you, Dr. Gilbert, to make such a count for me during [fol. 1747] the luncheon recess.

Mr. Gilbert: All right.

Mr. Macleay: Those in red and those in blue.

Mr. Gilbert: I would take your count also.

Mr. Macleay: Well, all right. We will make the count. Now, what is the significance of the green checks as shown on this Baltimore section?

Mr. Gilbert: This is the problem I was explaining before. If you will notice—I am trying to explain something in a logical manner, and, obviously, in the evolution of it it was not particular logical. This, too, the green checks will be here, under the 1500 tons you found, Counsel.

Mr. Macleay: Well, that is a green check on another deck.

Mr. Gilbert: This is for '51. It is the same procedure used.

Mr. Macleay: That is for the New York section.

Mr. Gilbert: I am afraid you are reading greater import into the coloring. This was to help us as we developed—we had two men who were basically not skilled in this field and we tried to help them along as they went through it. We had the problem of working and teaching them the thing.

Mr. Macleay: Are you trying to say that where you have indicated on this Baltimore section for 1956 that red equals under 1,000 net tons and blue equals between 1,000 and 1500 net tons, that that is not correct, the green also indi- [fol. 1748] cates something in that field?

Mr. Gilbert: It depends which deck you are looking at. Here is a deck—

Mr. Macleay: Well, I am looking at the deck from which I just read that indication.

Mr. Gilbert: I would have to check each of the decks to verify what that man had used there. I have the notes back in the office, if I want to take the time to look for it. As I indicated, there were two men working.

Mr. Macleay: Yes. But isn't your note that you have written on this deck an accurate description of what was done with this particular deck on which it is written?

Mr. Gilbert: The note on the top is my notation. I had unskilled men. And if you will notice the checks in some cases happened to be green, so that you can see the problem of educating the man while he is doing it is a very difficult thing to do.

Mr. Macleay: Now, I notice also the first check on the deck is green, but immediately alongside it is a check that is blue.

Mr. Gilbert: You notice that—

Mr. Macleay: And your blue says that it is between 1,000 and 1500 net tons? Is that correct?

Mr. Gilbert: I think you will also notice that there is a different pencil mark with somebody else's manipulation. [fol. 1749] Mr. Macleay: That is right. So it looks to me that someone had come through and made a check of it.

Mr. Gilbert: It is my check.

Mr. Macleay: Then when we get on down the line, we find some which are checked close to the figures in green and others checked farther back in red and blue, and one of those checked in green is also checked in blue.

Is that correct?

Exam. Boat: Well, now, off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Macleay: It has been agreed in the off-the-record discussion that I will try to arrange with counsel for some expedited method of obtaining the figures showing the exclusions in the Port of Baltimore from this underlying data, there being no such totalling thereof on the Baltimore section as appears on the New York section.

Mr. Gilbert: If this was an exhibit, we would have done it for you.

Mr. Macleay: It is the underlying basis for an exhibit.

Mr. Gilbert: All right.

Cross examination (continued).

By Mr. Macleay:

Q. Mr. Laux, may I inquire whether I should direct inquiries with reference to Exhibit A-7 to you or to Dr. Gilbert?

[fol. 1750] A. I think I am the witness on A-7.

Q. Did you make any comparison of the first in and last out sailings so far as the North Atlantic ports are concerned as respects the sailings which you checked in order to develop this material?

A. No, we have not. This material was—

Exam. Boat: Just what do you mean by "first in and last out"?

Mr. Macleay: Whether the vessel went first to Baltimore or first to New York, sailed last from Baltimore, or last from New York, or last from Philadelphia, Hampton Roads, whatever it may be.

Exam. Boat: The first port in and the last port out?

Mr. Macleay: Yes.

By Mr. Macleay:

Q. Can you advise us, Mr. Laux, what percentage of the sailings from the Port of New York are direct to foreign ports?

A. No, I can't.

Q. As compared with those which are indirect, in other words, have another stop at a domestic port before sailing foreign?

A. No, sir.

Q. Are you familiar with a publication entitled, "Via Port of New York," published by the Port of New York Authority?

A. Yes, sir.

Q. Is that the same Port of New York Authority by [fol. 1751] which you are employed?

A. The same one that pays my check.

Q. Referring to a copy of the June 1958 issue of that publication, the inside cover, I find the following statement.

Mr. Moerman: Mr. Macleay, I should like to interrupt here. I don't see that that is leading into a cross-examination of the direct testimony. There is a great deal of material I would like to get in, too.

That document is rather recent, isn't it, Mr. Macleay?

Mr. Macleay: Oh, it is very recent. It is June 1958. It was right hot off the press.

Mr. Moerman: Believe me, there are two years of information which we would like to get into this record having a bearing on this case, and I should like to get the case submitted for a decision. But if we are going to go on interminably with recent data, I guess it is going to prejudice us.

For that reason, Mr. Examiner, because first, the data with respect to direct sailings is not, I submit, a proper cross-examination of this witness so far as his testimony is concerned, and second, because the data is outside the scope of the material in this record, I object to the question, which really hasn't been put.

I apologize, Don, but I knew what was coming.

Mr. Macleay: Well, rather than take up a lot more time in discussion of it, and I know how much time discussions [fol. 1752] with Mr. Moerman can take, I will drop the question.

By Mr. Macleay:

Q. Returning for a moment to your Exhibit A-6, Mr. Laux, did you make the determination of which vessels should be eliminated from the coded tabulations provided you by the Department of Commerce?

A. In a general way, yes.

Q. Now, what do you mean in a general way?

A. Well, we discussed what would be considered important.

Q. Who is "we", Mr. Laux?

A. We'l, Mr. Gilbert and myself, Mr. Moerman, Mr. Myskowski. It cost us a lot of money to get this together. And we decided that the small vessels are not of importance when it comes to foreign trade.

Q. Did you make any inquiry to determine what vessels are eliminated from the usual Maritime Administration tabulations of vessel sailings in foreign commerce?

A. Oh, I have a recollection that they eliminate or refer to 1500 tons in all.

Q. Did you know that they eliminate only vessels of less than 1,000 tons carrying capacity?

A. Well, that is no indication that the—

Q. I am just asking you if you don't know that.

A. It is ridiculous to talk. We are talking here about ocean-going vessels and vessels that will get general cargo.

Q. Just a moment, Mr. Laux, please. I don't want to [fol. 1753] argue the merits or demerits of what you have done. I am merely trying to get the facts in the record.

Don't you know that the Maritime Administration eliminates vessels of less than 1,000 gross ton?

A. No.

Q. Do you know whether vessels of less than 1,000 gross tons were eliminated from the figures provided you by the Department of Commerce upon which you and your staff predicated your Exhibit A-2?

A. Page 2 of my Exhibit A-2 shows, under paragraph 3, "Small ships of less—

Q. No, Mr. Laux, you are looking at your A-6, I believe.

A. I mean A-6.

Q. I just posed a question about A-2, and I will ask the reporter please to read it back, Mr. Examiner, if you will permit me.

Exam. Boat: Will you read the question, please.

(Question read.)

Mr. Macleay: The question was, "Do you know that," and so forth.

Mr. Moerman: Mr. Examiner, on the grounds of clarification, I would like to point out that Mr. Macleay's question to the witness was with respect to the practice of the Maritime Administration, while the figures to which he directs the witness's attention, shown on A-2, are Department [fol. 1754] of Commerce Census Bureau figures.

Mr. Macleay: I don't like to correct Counsel, but he is speaking of the question previous to that, which was directed to Maritime Administration practice, and the witness stated he didn't know. I then posed him another question, did he know that vessels of 1,000 gross tons were eliminated from the basic data on which he predicated his Exhibit A-2, an entirely different question, based upon his answer that he did not know what was the custom of Maritime.

Mr. Moerman: Yes. Now, this data, of course, is not Maritime data.

Mr. Macleay: I am quite aware of that. The record is perfectly clear on it.

Mr. Moerman: It wasn't clear to me.

The Witness: It is not clear to me, either.

Mr. Moerman: Try again, Mr. Macleay.

By Mr. Macleay:

Q. Is the question clear to you now?

A. No, sir.

Q. Do you know what exclusions were made from your Exhibit A-2 so far as size of vessels is concerned?

A. I don't know, sir.

Q. Can you point to any vessel in Exhibit A-2 which has less than 1,000 tons carrying capacity?

A. Frankly, I don't believe there is any of those small vessels in my Exhibit A-2 because we were looking for large ships.

[fol. 1755] Q. Now, do you know—well, now, you say you were looking for larger ships. I thought you said you had the Department of Commerce prepare this, the basic material.

A. Of course, that's true.

Q. Did you have the Department of Commerce make any exclusions from that material?

A. No. You'll have to ask Mr. Gilbert.

Mr. Gilbert: The universe that we have is all the vessels that moved into Baltimore and into New York are in the runs that are the basis of A-2. In other words, there was no adjustment. Basic data—if I may, Mr. Examiner—the basic data that the Maritime gets starts with the Bureau of Census. What you have is at every port vessels arrive and clear, whether they be 50 tons, or not. Now, they take the data and send that on to the Bureau of Census, Department of Commerce, and they run the tabulations. There are no judgment values. Then the Corps of Engineers, which is at issue in this case, their data, as well as the Maritime, take this basic data and proceed to set up their own criteria in terms of their own individual needs.

What you have here are all the vessels that have touched foreign ports.

Mr. Macleay: Now, you say "what we have here" and you are pointing your finger on census figures.

Mr. Gilbert: That's right.

[fol. 1756] Mr. Macleay: Which were used for development of A-6?

Mr. Gilbert: That's right.

Mr. Macleay: I will ask, is the same thing true of the material used to develop Exhibit A-2?

Mr. Gilbert: The answer is "Yes."

Mr. Macleay: In other words, Exhibit A-2 includes the vessels of less than 1,000 gross tons?

Mr. Gilbert: It includes all vessels, that is correct.

Mr. Macleay: Will you please take Exhibit A-2 and indicate to me which vessels thereon are of less than 1,000 gross tons?

Mr. Gilbert: The one that he is referring to is the one that—

Mr. Macleay: What do you mean the one I am referring to? I am referring to Exhibit A-2.

Mr. Gilbert: A-2, that is correct. A-2 is a study for six months, and, if the Examiner recalls that particular data, those runs we said were in New York. The ones comparing '51 to 1956 are sitting on your desk, Mr. Examiner. I cannot answer the question.

Mr. Macleay: I don't know which of these witnesses I should direct this question to, Mr. Examiner, but I proffer a copy of Lloyd's Register for 1956 and '57, which contains these matters as a very ready reference, and ask him to point to me one vessel on Exhibit A-2 which is of less than 1,000 tons carrying capacity.

[fol. 1757] Mr. Gilbert: Mr. Examiner, the basic data that he had asked for we said was in New York. When we bring the basic data down which has been requested and has been promised by counsel, he will find that, on the basic runs that are set up like this, the information will be printed on there and we can answer it. There is no need for this sort of procedure when the answer is quite simple and has been promised.

Mr. Macleay: Mr. Examiner, I submit that if I am not to have an answer until tomorrow, that we should suspend with this witness until tomorrow, or these witnesses, rather.

Mr. Moerman: What is the objection, Mr. Macleay, to waiting until the data which you asked for and which I promised arrives?

Mr. Macleay: I haven't the slightest objection. I am merely suggesting that we suspend with these witnesses until it arrives.

Mr. Moerman: Well, couldn't you go on to something else?

Mr. Macleay: No, I cannot go on to something else.

Mr. Moerman: Well, there are more exhibits. Did you just want to stop? I mean, can't you cover some of the other points?

Might I ask, is this the sole question that you have to ask of Witness Laux?

Mr. Macleay: I haven't the slightest idea, because I have no way of knowing what questions that may lead me into, [fol. 1758] Counsel.

Mr. Moerman: Might I ask this: Is this the sole subject which you wish to cover, the question of 1,000-ton vessels?

Mr. Macleay: No, not 1,000-ton vessels particularly, but this general subject of size of vessels.

Mr. Moerman: Well, all right, if that is the only subject you have left for cross examination—

Mr. Macleay: Just a moment, Counsel. I didn't say it was the only one. It is the principal important one other than matters which we have agreed to work on off the record and see if we can't figure a way of doing it.

Mr. Moerman: All right, sir. Just in the interest of saving time, I will be willing to suspend. I would prefer to go on if there are other subjects, but if this is the principal subject and what else remains is what we have to try to work out together, certainly there is no objection to suspending.

Mr. Macleay: Well, then, Mr. Examiner, may it be understood that I will suspend my cross examination of Mr. Laux until he and Dr. Gilbert have had an opportunity to obtain the balance of their underlying data and have had an opportunity to review this underlying data which does not have totals shown on it, and then we will proceed from there?

Exam. Boat: That seems to be the desire.

Mr. Macleay: I think it would be a time-saving device, because I am going to waste time covering these points [fol. 1759] without the material here.

Mr. Hanifin: I have some questions of Mr. Laux, if I may.

Cross examination (continued).

By Mr. Hanifin:

Q. Mr. Laux, I would like to direct your attention to Sheet 4 of your rebuttal verified statement. On that sheet you use some terms which I would like to ask you to define. The first one is "dockage." Would you please define "dockage" insofar as you used it?

A. Yes. Dockage is the charge ordinarily imposed by a terminal operator for a vessel to tie against a pier or a wharf.

Q. Now, is there any charge for dockage in New York?

A. At some of the piers there is a charge, but most piers are leased to steamship lines on a yearly basis. For example, at the Port Authority wharves in the Port of New York we have dockage charges.

Q. You say "we" have dockage charges?

A. The Port of New York Authority has dockage charges.

Q. Now, are they at piers which are leased to steamship lines?

A. No. The piers that are leased to steamship lines, you would not have a docking charge. You only have a docking charge where it is a public pier and the vessel comes in and uses that pier.

Q. Now, how about the situation at Philadelphia? Is [fol. 1760] there any dockage charges at Philadelphia?

A. There may be some. I think at Philadelphia Piers, Inc., that is a terminal operator, I am sure he charges dockage?

Q. How about Baltimore?

A. Well, Baltimore, generally speaking, the piers are controlled or owned by the railroads and the railroads give those piers to the steamship lines to use at no charge..

Q. You say the railroads make no charge for a ship coming alongside to receive freight at their piers at Baltimore. What is the situation in New York? Do the railroads make any charge for a ship coming alongside their piers to receive freight?

A. Well, at New York the railroads don't have any piers that are comparable to regular cargo piers. They have a few piers that they use for loading certain types of ores, scrap, but they are not important, they are not like the piers that you have in Hampton Roads or in Baltimore.

Q. Well, do I understand your testimony that there is no general merchandise traffic moves over railroad piers in New York?

A. That is putting it correct. In other words, the piers of the railroads on the Jersey side of the river, you can't very well get trucks in and out of those piers.

Q. Then all the traffic you are referring to, then, of import and export variety moves over the steamship piers [fol. 1761] and has to either be lightered or trucked? Is that correct?

A. That is correct, in New York.

Q. Now, on Sheet 4, you referred to a 30 cents per ton on cargo, which is about the average cost for the use of the wharf.

Is that a cost for this term "wharfage" you have previously used?

A. That is correct.

Q. Now, what do you mean by "wharfage"?

A. Well, wharfage means the use of a deck of a pier for holding the freight for delivery, that is, freight that is discharged from a vessel, or holding the freight that is to be loaded to a vessel. And in the 30 cents is the cost which would involve, perhaps, checkers and—

Q. The cost of operating the pier?

A. Well, not entirely. It is more or less the clerical work and watching staffs. In other words, it is the clerical work and protection to the cargo before it is put aboard ship or taken off the ship.

Q. How did you arrive at a figure of 30 cents per ton?

A. Well, we got to that figure through studies we have made being in the business of constructing and renting and leasing piers in New York.

Q. Studies that the Port of New York Authority made?

A. Yes, sir.

[fol. 1762] Q. Were these studies made of your own piers?

A. Our piers and some of the piers operated by other steamship people.

Q. Now, you referred to storage. What do you have in mind there? That seems to me pretty much what you referred to as wharfage.

A. No. Storage is a different item again. Storage applies or is imposed after the free time expires. For instance, in this 30-cent cost would be whatever expense may be involved in allowing the freight to remain on the pier five days free before exportation.

Q. Now, just a second, if I may interrupt you.

What piers are we talking about now?

A. These piers that are offered to the steamship lines without cost by railroads.

Mr. Hanifin: Read the answer, please.

(Answer read.)

By Mr. Hanifin:

Q. I am sorry, sir. That doesn't clear up the situation for me.

Are you talking about leased piers of the steamship line, or are you talking about railroad piers?

A. Railroad piers.

Q. I thought you just told me a minute ago that the railroad piers were of no significant use in New York.

A. In New York, yes. Well, here I am referring to the [fol. 1763] piers and wharves in Baltimore and Hampton Roads.

Q. Well, you indicate, sir, that there is some cost at New York for affording storage.

A. That's right.

Q. Now, let's take first the situation on the railroad piers. Do not the railroads on the piers in New York have storage charges published in their tariff?

A. Well, now, wait a minute. What kind of piers are we talking about, Mr. Hanifin?

Q. We are talking about the railroad piers. That is what you said you were talking about.

A. I am talking about railroad piers at other ports, not New York.

Q. Well, Mr. Laux, will you answer my question: With respect to storage in New York on railroad piers, is that not covered by a railroad tariff publication?

A. Well, I am sorry I can't give you an answer that I am sure would be correct, because the railroads do have storage charges on export shipments that they hold at their terminal; but at those terminals the steamship line doesn't dock. You see now, if we are talking about the railroads that have piers and let the steamship lines use them and where they berth a ship or dock a ship, that is a different problem.

Q. Now, Mr. Laux, with respect to these storage charges, are not the same tariffs applicable to the railroad piers at [fol. 1764] Hampton Roads as are applicable to the railroad piers at New York with respect to storage charges?

A. Yes, somewhat similar. They are not exactly the same.

Q. So when you say that there is free storage at Hampton Roads, you are inaccurate in that statement, are you not?

A. Did I say free storage? I say dockage, wharfage, storage and clerking.

Q. Yes.

A. Well, yes, you do get free storage because you allow the steamship line on import freight five days to have the freight removed.

Q. All right, sir. Now, what is allowed at New York?

A. At New York, the steamship line brings in the freight at its own pier.

Q. And after it gets on the railroad pier, how much free time is allowed?

A. There is no question of free time that would come into that picture because the railroad picks up the freight by lighter at the steamship pier. So there would be no occasion to give it any free time.

Q. You mean that free time is not published in the Port of New York on the railroad piers?

A. It is, but, like I said before, those piers are not used and they are not of any importance in the import-export business. They only have a very limited number of piers, [fol. 1765] maybe about two or three.

Q. Mr. Laux, are you trying to tell the Commission that there is no such thing as storage charges in New York? I think we are quibbling, frankly, but I would like to get this thing straight.

A. I'll get it straight for you if you will let me.

On import freight, the freight is discharged to a pier that is leased and controlled by the steamship line. That steamship line allows anywhere from five to six days for the consignee to remove the freight from the steamship pier. Now, the railroads do not receive import freight direct from the steamer at their piers. Therefore you don't have the question of free time allowances on import freight by rail.

Q. You mean if the cargo is brought from the steamship pier over to the railroad pier it is subsequently moved out by rail, there is no question of free time storage on import traffic?

A. That's right.

Now, on the export traffic, the situation is this. The railroad brings the freight down to the New York terminal on the Jersey side of the river or the New York side and allows the consignee or exporter seven days free time. Within that seven days free time the exporter orders the railroad to make delivery by lighter to the steamship pier.

Q. All right, sir. Now, what happens at Hampton Roads [fol. 1766] on the same thing?

At Hampton Roads, the railroad, Norfolk and Western, for example, will take the car to Newport News, they provide in their tariffs that they allow five days free time for freight imported that is landed on the piers.

Q. You were just talking about export. Let's keep on the same subject.

A. Export they provide seven days.

Q. It is precisely the same situation that obtains in New York, isn't it?

A. No, it isn't, because at Hampton Roads you are offering the pier to the steamship line.

Q. We are doing what?

A. Offering the pier to the steamship line.

Q. Mr. Laux, we are talking now about export traffic, and free time at the railroad pier. You just testified, I believe, that the railroads accord at New York seven days free time under their tariffs, and I am asking you if you don't know that exactly the same practice obtains in Hampton Roads?

A. It is not the same, because at New York we do not have a railroad owned and controlled pier, whereas at Norfolk and Hampton Roads we do. In other words, the freight is assembled there for account of the steamship line.

Q. It is assembled where?

A. At the railroad pier.

[fol. 1767] Q. Isn't it assembled at the railroad pier at New York for the account of the steamship line?

A. No. It is assembled in New York for the account of the exporter under the railroad's orders to make delivery.

Q. Now, Mr. Laux, with reference to storage, do the railroads receive any remuneration for affording any storage at New York beyond the seven days free time?

A. Yes. They have provisos under which charges are assessed for periods of ten days, I think.

Q. Of what, of ten days?

A. Of ten days, yes.

Q. And, with respect to Hampton Roads, isn't it the same situation?

A. I don't know whether it is exactly the same, pretty close to it.

Q. You testified about Hampton Roads.

A. Well, I haven't checked the tariff to see what the rates were. Now, the rates may vary somewhat because Hampton Roads is adjacent to Southern Territory.

Q. Now, let me ask you with respect to clerking, what free clerking services is afforded at Hampton Roads?

A. Well, for example, a vessel at Hampton Roads would discharge wood pulp. The railroad will allow 15 days within which that pulp is removed. Now, if part of the pulp moves out by truck, the railroad does the clerking [fol. 1768] and checking and acts as custodian for the steamship line.

Q. On what facility is that situation occurring today.

A. Pier N.

Q. Pier N. Is that a Norfolk and Western pier?

A. I think so.

Q. Do you know any other commodity other than wood pulp where free clerking services are afforded?

A. Sure. Newsprint.

Q. Newsprint?

A. Yes.

Q. Where did you get your information with respect to this, Mr. Laux?

A. Why, I got it from some of the importers.

Q. Well, would you mind identifying them?

A. Well, I don't remember the firms offhand, but that's part of our business.

Q. How long ago did you get them?

A. Oh, not very long ago, maybe six months or eight months.

Q. You remember the information but you can't remember their names?

A. We picked up a lot of information when the railroads came through with Ex Parte 212 to impose some extra charges and hike some other charges.

Q. Now, Mr. Laux, let's go back over again this business of free dockage. As I understand, you are referring [fol. 1769] there to the steamship coming into the railroad pier, there is no charge made by the railroad for the steamship taking on or discharging cargo? Is that right?

A. That is right.

Q. With respect to storage, I believe you agreed with me that there is seven days free time on export storage at Hampton Roads and beyond that there is a charge made?

A. That is export.

Q. On export.

On import, it is five days, correct?

A. Well, no. On import you have 15 days on wood pulp.

Q. On what other commodity besides wood pulp do you have 15 days?

A. I don't know. There may not be others, but I remember wood pulp.

Q. As a general proposition, it is five days, isn't it?

A. Five days for what, import?

Q. On other commodities.

A. Yes, other commodities.

Q. On other commodities it is five days, and beyond the five days there is this charge made for storage?

A. That is correct.

Q. Now, as far as clerking is concerned, the only instance you can cite to me is the situation on the Norfolk and Western pier and in connection with wood pulp? Is that right?

[fol. 1770] A. Oh, no. You have the clerking on other commodities as well, at Newport News as well as Norfolk.

Q. Well, just tell me what those commodities are.

A. I just named some of them. Sugar, coffee, newsprint, wood pulp.

Q. When did you get this information?

A. Tobacco.

Q. When did you get this information, Mr. Laux?

A. Off and on over a period of months and years.

Q. And you believe it to be accurate?

A. Absolutely.

Q. That free clerking is afforded to steamship lines on piers?

A. Yes. In other words, your checker checks the freight to the truck, or the consignee's truck.

Q. We check the freight to the consignee's truck?

A. Yes. In other words, you give the steamship line a receipt for the total cargo dropped into a pier and then you clerk it out to the consignees.

Q. All right, sir. Now, what happens at a railroad pier in New York that is different from that situation at Hampton Roads?

A. Well, a railroad pier doesn't have the steamship freight on it.

Q. Do you mean that they don't make a receipt to the receiver or shipper of cargo moving over their piers for [fol. 1771] either exportation or importation to leased steamship line piers?

A. I again have to go back to the difference between New York and Hampton Roads, because on export freight, like I said before, the railroad delivers it to the steamship line, and on import freight, it is delivered by the steamship line to the railroad. Now, they don't handle this commodity by truck or otherwise like they do down at Hampton Roads where they get a receipt from the truckman or the consignee.

Q. In other words, your entire statement or testimony with respect to this is predicated on what you concede to be the difference between practices at New York and Hampton Roads in that at New York the traffic either moves to or from a railroad pier and thence to some further destination in New York Harbor, where it is either imported or exported?

A. Well, steamship lines receive and deliver the cargo.

Q. Where the steamship line receives and delivers the cargo, and at Hampton Roads, the situation is that the ships come directly to the railroad piers?

A. That is right.

Q. But insofar as you know, the wharfage and the storage charges which are published in the carrier's tariff with respect to the North Atlantic ports, the charges are the same, are they not, for services and free time at the railroad piers?

A. There are charges assessed, but I couldn't admit—

Q. Do you know any difference in the charges, Mr. Laux? [fol. 1772] A. Yes, I think there is some difference.

Q. Well, you name them for me, please.

A. I don't have the tariff in front of me, but the tariff could tell you in a minute.

Mr. Hanifin: I understand Mr. Laux is coming back tomorrow for some cross examination.

Could you get a tariff, Mr. Moerman, and undertake to look through it and advise the record as to the differences in the storage charges and free time at Hampton Roads and New York?

Mr. Moerman: Can you do it by tomorrow, Mr. Laux?

The Witness: I don't think so. They have to ship the tariff down here.

You see, the difference may be for the reason that the Hampton Roads railroads have two sets of rules, one applying on freight to and from Southern Territory and another applying on freight to and from Official Territory.

By Mr. Hanifin:

Q. Are you talking about freight to or from Southern Territory here?

A. I am talking about everything. Now, that is why I say, am willing to admit that they are the same if it makes you happier.

Q. All right. It makes me a little happier.

Now, Mr. Laux, since we are over that hurdle, you indicate that the steamship lines, if I may read your testimony, you say even with equalized railroad rates the Port [fol. 1773] of New York will have substantial handicaps in competing with Baltimore and Hampton Roads. You say, "As I stated in my direct testimony, the steamship lines obtain free dockage, wharfage, storage and clerking at these two ports," and then you go on and say that the steamship lines would save as much as $300 per day which is the average cost of a pier.

Now, in arriving at that $300 a day, did you include storage?

A. No.

Q. You did not.

What did you have in mind in arriving at that $300 a day, what services or facilities?

A. To allow the steamship line to tie up to the pier.

Q. In other words, you are just simply talking about the cost of doing business in New York, aren't you?

A. Well, I am talking about the cost to the steamship line to do business anywhere in the world.

Q. Well, we are talking about New York.

A. The only places where they don't pay it is Hampton Roads and Baltimore.

Q. Well, let's go back to New York rather than the world.

This $300 a day, is that your estimate of the daily cost of maintaining the average pier in New York for a steamship line?

A. No. It is not for maintaining the pier. It is a charge [fol. 1774] that we consider as a reasonable estimate, and I think it shapes up pretty well with the charges made for imports where the terminal operator imposes a dockage charge, like at New Orleans.

Q. It is not, of course, though, incurred for performing any one of these services that you have enumerated here, such as dockage, storage, wharfing, or clerking. It is simply a cost of their lease prorated over a year, prorated by days over a year?

A. No. It is on the basis of so much per gross ton. In other words, if the ship is a very large ship, the gross tonnage would be great and the charge would be assessed on the basis of so many pennies per gross ton of ship.

Q. But your statement says that the steamship lines would save as much as $300 per day. You set forth your statement in terms of cost per day, not tonnage.

A. Oh, I am talking about the tonnage of a ship or vessel, not the cargo. I am talking about like the Queen Mary, for instance, may be 70,000 tons, and it takes up a whole pier. That ship would pay a whole lot more than $300 a day.

Q. Well, now, does the Queen Mary handle freight?

A. Well, very little, not much. But still you see the idea of the use of a pier is based on the size of the ship.

Q. Well, then, do ships such as the Queen Mary, that don't handle freight, or you believe don't handle freight, [fol. 1775] make a contribution to the cost of other ships which move traffic over the piers?

A. No, they don't, not at all. The Queen Mary has its own leased pier. All I am trying to show you or tell you is that when you assess or impose a charge for dockage, the terminal operator measures this charge by the size of the ship, not the cargo carrying capacity.

Q. Well, in arriving at this $300, sir, what was the basic figure you used?

A. I think it was three cents per gross ton.

Q. Three cents for what?

A. Per gross ton.

Q. Now, how did you arrive at that three cents a gross ton?

A. Through experience.

Q. Any studies?

A. Oh, we have had studies made, yes. And—

Q. Any recent studies?

A. No, not recently.

Q. When was the study last made, then, that you have reference to?

A. Oh, I don't know. I couldn't say.

Q. Ten years ago?

A. No, not that long, more recent than that.

Q. Five?

A. I really don't know. Maybe perhaps within the last [fol. 1776] two or three years. We might have some later studies. You see, I didn't make them.

Q. You didn't make them?

A. No.

Q. Well, now, let me ask you another question, Mr. Laux. With respect to this three cents a ton, doesn't that simply represent an allocation per ton of the cost of doing business to a steamship line who leases a pier from the Port of New York Authority?

A. No, not entirely.

Q. Not entirely?

A. No. It is predicated on what other port people at the terminal assess for dockage.

Q. Well, any leased or privately owned pier by a steamship line?

A. Well, there might be some competitive elements in there, too.

Q. Well, now, Mr. Laux, you were indicating, as I said a minute ago, that because of this cost, this $300 which you allege might occur in New York, the equalized rates at the port of New York would have a substantial handicap in competing with Baltimore and Hampton Roads.

Is that, any of that cost of $300 a day or three cents a ton assessed against the freight of the shipment?

A. No, sir.

[fol. 1777] Q. Well, then, how can the three cents a ton or $300 a day affect in any way the competitive position of traffic moving to the Port of New York as opposed to Hampton Roads?

A. Well, we have to depend on the attitude of the steamship line. Naturally every steamship line wants to save money and reduce its cost, and if you have an attractive cargo coming out of Central Territory, the steamship line can offer two advantages to using Baltimore and Hampton Roads.

Q. What is that?

A. One is differential and the other is that the cost to the steamship line would be cheaper. Right today we have—

Q. Do you mean the less traffic the steamship line handles through New York the less its cost will be, Mr. Laux? Is that what you are saying?

A. No. All Iam saying is that the steamship line will endeavor to get as much traffic as it possibly can through those ports where its expenses are the lowest for the steamship line.

Q. Well, now, Mr. Laux, is not this cost of doing business in New York for the steamship lines essentially fixed or measured largely by the cost of the pier which it leases?

A. Not entirely.

Q. Well, what other costs are there besides that?

A. Well, taxes.

Q. Taxes?

[fol. 1778] A. And maintenance.

Q. Do you mean that the lessees of your Port of New York Authority piers pay taxes on the pier properties up there?

A. Well, they don't pay on pier properties, but there are other taxes.

Q. What other taxes?

A. Sales taxes.

Q. Sales taxes?

A. Yes.

Q. Do they pay sales taxes at other places?

A. Well, this is to the City of New York.

Q. To the City of New York.

But with respect to the cost of doing business in New York, insofar as your leased properties are concerned, that is, the cost to the steamship line of leasing the pier, would it not be an economic fact that the more traffic moves through the Port of New York the less the cost per ton or per day would be to the steamship line?

A. Well, I don't know that the steamship lines estimate or calculate their costs along those lines. The steamship lines, they have a pier that they use for their own operations and that pier costs them "X" dollars a year, and, of course, it is designed and managed to receive the vast quantity of freight that is handled to and from New York and adjacent areas.

Q. Mr. Laux, you referred a minute ago to some sales taxes.

[fol. 1779] What, in particular, do you have in mind? Describe the transactions that a steamship line would have to pay a sales tax on in New York.

A. Oh, in buying equipment for use on the dock, rope, fuel oil, lubricating greases.

Q. Fuel oil for the vessel?

A. No. Fuel oil probably for heating the dock.

Q. For heating the dock?

A. Yes. We've got plenty of taxes in New York.

Q. Let's go through these taxes and see what you have in mind.

Fuel oil for heating docks. How many docks are heated up there?

A. Pretty nearly every one of them.

Q. I suppose you have fuel oil for heating office space at the piers, too, is that right?

A. Yes.

Q. Now, would they pay a sales tax on any of the fuel which their ships would use?

A. I don't know whether they still do, or not. I think the bunker fuel is now taken on by these ships at places other than New York. There may be some exception to that, however.

Q. Well, Mr. Laux, do you know if fuel is taken on at the Port of New York if they pay any tax?

A. They don't pay any?

[fol. 1780] Q. Do you know?

A. They did pay a tax on it, the steamship lines.

Q. How long ago was that?

A. 1932.

Q. Are you basing what you are testifying here on on what happened in 1932 when you were in the Eastern Steamship Lines?

A. No, except that it went up.

Q. You know for a fact that the steamship lines pay a tax on fuel which they take on at the Port of New York to the City of New York?

A. They pay a sales tax, I think so. I am not sure about it.

Exam. Boat: We will recess at this time for luncheon until two o'clock.

(Whereupon, at 12:30 o'clock p.m., a recess was taken until 2:00 p.m. of the same day.)

[fol. 1781] AFTERNOON SESSION

2:00 p.m.

Exam. Boat: Come to order.

EDWARD R. LAUX resumed his testimony as follows:

Cross examination (continued).

By Mr. Hanifin:

Q. Mr. Laux, does the United States Lines handle a large volume of general cargo traffic in and out of New York?

A. I would say they do handle a large volume. Of course, they don't handle as much as they would like to handle on each ship, particularly the line of vessels.

Q. Now, do they have leased piers up there?

A. Yes, sir.

Q. Approximately what is the rental they pay per year for leasing of the pier or piers in New York?

A. Well, it is pretty expensive. I'd say anywheres from a hundred thousand maybe to two hundred and some-odd thousand. That is just a rough guess. It all depends on the pier, the location, and so on.

Q. It is a pretty expensive proposition for them?

A. Oh, you bet it is.

Q. Do other steamship lines have a similar situation in New York as United Lines?

A. Yes, sir. Well, of course, the rental, you know that is their home, that is where they do their business, see. [fol. 1782] And I presume it is warranted because, naturally, the pier facilities is quite an instrument in determining what their costs are to operate steamships from New York.

Q. Well, it has been your testimony, hasn't it, sir, that steamship rates are equalized at Hampton Roads and New York by the steamship lines?

A. Yes, sir.

Q. Now, if the steamship line rates are equalized, then whatever cost a steamship line incurs in handling traffic at any port is not passed along to the owner of that freight or the freight itself?

A. No more so than it is in railroad business.

Q. Well, now, wouldn't you agree with me that if a steamship line incurs heavy costs at a particular port that the logical handling would be for that carrier to want to handle its traffic through the port where it has the static cost or fixed cost, in order to reduce the unit cost of handling the traffic?

A. No, I cannot agree with you, because my experience with steamship men is a steamship line will go anywhere where it can get cargo.

Q. But between ports where he has no cost at one port and a fixed cost at another port, isn't it logical where he would want to handle it where he already has to pay the cost of doing business in order to offset the cost of doing business?

[fols. 1783-1784] A. No. There is many factors involved in the steamship business. It is a critical business. When I mentioned that we are at a disadvantage with respect to these concessions at these other ports, that they have given steamship lines, I had in mind certain types of cargo. For instance, steel and open cars or open top car equipment, they do a loading in Baltimore with a 16-man gang. In New York they use a 21.

Q. We are not talking about that. My examination—

A. That is all part of the cost.

Q. Well, I can appreciate the fact that you did deal with that particular aspect in testimony, but I am talking about fixed costs that the steamship lines have in New York, and you believe it would be in their interest to do business at a port where they have no cost rather than a port where they have high fixed costs?

A. Well, that isn't the problem with every one of them. Now, don't misunderstand me. A good many endeavor to use a port where he can make more money than New York. For instance, now we have got some lines that only operate to and from New York, and they don't prefer to go down to these other ports to pick up freight.

Q. What percentage of the lines, would you say, would prefer to operate from New York?

A. A very small percentage because, you see, most American flag lines operate on subsidies and they have to make [fol. 1785] all ports of call. They are mostly foreign flag carriers. Of course, you port people in railroads have done a wonderful job of pricing those to go to your ports. As shown in one of those exhibits there, the steamship lines are making these other ports of call, whereas they didn't about 20 years ago.

Q. But you will agree with me, won't you, sir, that your statement in your testimony that the $300 a day cost, which is the average cost for the use of a pier, is not a cost which is passed along to the consumer or would affect—not consumer, but, rather, the shipper or receiver and would not affect the competitive position of the traffic?

A. It wouldn't affect the shipper.

Q. It would not affect the shipper. That is all I have in mind.

A. No. It would not affect the shipper, but, like I said, my testimony, the steamship lines, they do some agent work, too, and they have agents out in Pittsburgh and Chicago that arrange these deals to move traffic via the lower rate ports, and they sell the idea as a saving.

Q. But that is of no benefit to the steamship line?

A. No. That is, from the rate standpoint.

Q. No benefit to the steamship line because they still have their cost of doing business at New York?

A. To maintain and operate at New York, yes.

Q. That's right.

Is it your view, sir, that the steamship lines have any [fol. 1786] influence in the routing of traffic?

A. Yes, sir.

Q. Do you think it is significant?

A. Yes.

Mr. Hanifin: I believe I have no further questions.

Mr. Walker: Let me ask one question, please, sir:

Cross examination (continued).

By Mr. Walker:

Q. Is it your position that a reduction in the rate to New York will get more traffic for New York?

A. No, I don't believe we will get more traffic. I think whatever additional traffic we will get will perhaps be new traffic. I think I testified along that line before. And of course I was thinking in terms of railroad, that is what I had in mind.

Q. Well, do you think that Hampton Roads caused any erosion of your traffic to New York?

A. Yes, it has.

Q. Differential territory?

A. Yes, sir.

Q. Do you have anything to base that on?

A. Well, we have some figures that were given to us by shippers, and I don't mind telling you you are doing a very good job down there in Norfolk in pulling freight away from New York.

Q. Why are you saying we are doing a good job when [fol. 1787] New York still gets more than double the traffic?

A. Yeah, but not this kind of traffic. This is very nice, attractive railroad traffic.

Q. What traffic are you talking about?

A. Oh, we are talking about canned milk and these relief commodities that are going all over the world.

Q. Don't you know that New York is getting twice as much tonnage from differential territory than Hampton Roads?

A. Not railroad tonnage.

Q. Yes, railroad tonnage.

A. Not according to the exhibits.

Q. Your own exhibit shows it.

A. Well, I don't know of it.

Q. Have you looked at the exhibits?

A. Well, according to the exhibits that we looked at, it doesn't show that we had twice as much railroad tonnage.

Q. From differential territory?

A. Yes.

Q. Have you looked at Mr. Keats' last exhibit?

A. No, I haven't. I am just going by the figures put in for 1955 and '56.

Q. That is what I am talking about.

Do you mean to tell me that you are not aware of the fact that during your test period that twice as much traffic moved to and from New York to and from differential territory [fol. 1788] as through Hampton Roads?

A. Through Hampton Roads, I'm sorry. I was thinking of Baltimore. There are so many figures here I am all mixed up.

Q. Were you thinking of Baltimore when you said that it had been taking tonnage away from New York?

A. No. I was thinking of Hampton Roads when I said that.

Q. Have you got anything to base that upon, that Hampton Roads has been taking traffic away from New York to and from differential territory?

A. Yes. The data we picked up from shippers transporting.

Q. Don't you know that traffic to and from Hampton Roads has fallen off in the last ten years more than New York?

A. No, I don't know that, and I don't think I have occasion to worry about it.

Exam. Boat: Any further cross except Mr. Macleay?

Mr. Walker: May I ask just one other question.

By Mr. Walker:

Q. Mr. Laux, you are not aware of the fact that during the test period that 12.2 per cent export and import traffic moved to and from differential territory, moved through Hampton Roads, and 27.7 per cent moved through New York?

A. I didn't look at those figures. I am not aware of it.

Exam. Boat: Mr. Moerman, do you want to reserve your redirect and get that all at one time?

Mr. Moerman: Yes, Mr. Examiner, I should like to [fol. 1789] reserve the redirect until after Mr. Laux has been finally cross-examined, and at this time I should like to announce that, at the suggestion of Mr. Macleay, I have obtained a clearance from the Bureau of Census for their Mr. Jordan, who is here in the hearing room, to give whatever aid and assistance he might be able to give to Mr. Macleay in understanding the underlying data and techniques pursued in connection with the figures we have gotten from the Census Bureau.

It is our understanding from Mr. Jordan that they get their figures from the customs house and thereafter, whatever is done, whatever results is purely mechanical, but if Mr. Macleay wants something more, Mr. Jordan is here.

Mr. Macleay: May I suggest, Mr. Examiner, that I think it would be more appropriate if Mr. Jordan were made available after we have had available the underlying data which Mr. Moerman has advised me is being brought down from New York, and which I believe will be available late this afternoon, didn't you say?

Mr. Moerman: We had hoped it would be here by four o'clock. It is on the airplane. But I should like to suggest that, inasmuch as I have gone to the trouble of getting Mr. Jordan here and getting clearance for him, that Mr. Macleay make his own arrangements with Mr. Jordan.

Mr. Jordan, will you rise, please.

This is Mr. Jordan and this is Mr. Macleay. You gentle- [fol. 1790] men got to it.

Mr. Macleay: Would it be convenient for you to be here tomorrow, Mr. Jordan?

Mr. Jordan: Yes, it would.

Mr. Macleay: I would appreciate it very much. I would like to look at these papers before we talk about them, and if you could arrange to be here in the morning I would appreciate it very much.

Mr. Jordan: Any particular time?

Mr. Macleay: If you could be here when the hearing starts at 9:30 we could discuss the situation and arrange a more definite time if it is necessary. But I think if you could be here in the morning we might have a short off-the-record discussion of some of these things and you could explain to me what the situation is.

Mr. Jordan: That is quite all right.

Mr. Macleay: Thank you very much.

Exam. Boat: Well, I take it, then, we can excuse Mr. Laux for the moment.

Will you step aside, Mr. Laux.

(Witness excused.)

Mr. Colgren: Mr. Examiner, as a matter of convenience, I think we would like to depart from the order that we had originally contemplated, and I would like to call Mr. R. L. Keefe.

[fol. 1791] R. L. KEEFE was sworn and testified as follows:

Direct examination.

By Mr. Colgren:

Q. Mr. Keefe, will you state your full name and address for the record, please?

A. My name is R. L. Keefe. My home address is 9 Franklin Avenue, Yonkers, New York.

Q. Are you the R. L. Keefe that prepared the verified statement and accompanying exhibits, RLK-1 through 7, the original of which I have just handed the reporter?

A. I am.

Mr. Colgren: Mr. Examiner, may we have—

Exam. Boat: That statement may be identified as Exhibit 108.

(Respondents' Exhibit No. 108, Witness Keefe, was marked for identification.)

Mr. Colgren: The witness is tendered for cross examination—excuse me.

Mr. Examiner, there were four errata sheets distributed this morning to all parties. There is one for each of the first four exhibits, and if I may make an explanation, they are caused primarily by the fact that we inadvertently used gross tons with a net ton rate and have, in these errata sheets, made that correction.

Now, that has necessitated certain changes in the testi- [fol. 1792] mony of Mr. Keefe. On page 3 thereof, the figures in the second full paragraph have been revised to accord with the figures to be found on the errata sheets opposite Revenue Per Ton.

The first figure in the second full paragraph, presently reading "$8.67" should be changed to read "$8.12."

In the next line below that, the figure "$19.24" should be changed to read "$19.20."

Three lines below that, the figure "$9.40" should be changed to read "$9.38."

In the next line, the figure "$18.01" should be changed to read "$18.00."

In the table at the bottom of that page, under the heading Rate Per Ton, under the heading Baltimore, the figure "$8.67" should be changed to "$8.12", and the figure "$9.40" should be changed to read "$9.38."

The revenue per ton mile opposite Import under Baltimore should be changed to read "1.21¢", the "1.40¢" remains unchanged.

Under the heading New York, the figures under Rate Per Ton, the figure $19.24 should be changed to read "$19.20", the figure "$18.01" should be changed to read "$18.00", and the Revenue Per Ton Mile figure opposite Import should be changed to read "2.47¢".

Exam. Boat: With that explanation, Mr. Colgren, these errata sheets will be made a part of Exhibit 108.

[fol. 1793] Mr. Colgren: Yes, sir. Thank you.

The witness is now tendered for cross examination.

Cross examination.

By Mr. Langdon:

Q. Mr. Keefe, in order that we may understand what you have done on the first four exhibits, let me see if I describe it correctly.

You have taken, for both Baltimore and New York, the revenues as appearing in Mr. Heywood's cost exhibits as assigned to specific commodity movements, and you have then blown that revenue showing up by the total number of tons for the particular commodities, as shown in a combination of Mr. Mollman's Exhibit and Mr. Crookshank's exhibit for both New York and Baltimore.

Is that correct?

A. That is right.

Q. Now, in doing that job, Mr. Keefe, you had an opportunity, of course, to study at first hand the commodity movements included in the Heywood exhibits, and I ask you whether or not you have any question as to their representative character as showing export-import commodities passing through the—well, I will confine my question to New York.

A. Well, for the purpose of this exhibit, we undertook to accept the statement of Witness Heywood that the figures shown in his exhibits were actually representative for the traffic that was moving.

[fol. 1794] Q. Well, is it your judgment that they were in fact representative or are in fact representative?

A. They are insofar as the Port of New York is concerned, yes, sir.

Q. Now, as to any individual commodity in the Heywood exhibit, do you have any question as to the representative character of either the origin or destination selected and used in that exhibit?

A. No, sir.

Q. Did you, Mr. Keefe, also check the revenue showings in the Heywood exhibit for the individual commodity movements?

A. By "revenue movements" do you mean the rate per ton?

Q. Yes. The showing under the column "Revenues."

A. We checked the rates, that is, the rates have been checked, and we found, according to our calculations, a number of errors in the rates.

Q. Have you corrected those errors in your exhibits?

A. Yes, sir.

Q. So that we can take your exhibits as indicating your view of the correct revenue showings for the movements included in the Heywood exhibit? Is that correct?

A. Yes, sir.

Q. Did you check the average loading as shown in the Heywood exhibits and used by you in your exhibit—in your four exhibits attached to your statement?

[fol. 1795] A. I don't understand what you mean by having to load them.

Q. Well, in the Heywood exhibits there were shown for each commodity movement the loading per car, and I was asking you whether or not you had any question as to the loading that was used in the Heywood exhibits, or any individual commodity movement.

A. Well, there is nothing in Exhibits 1 to 4 that has anything to do with the average load per car, if that answers your question.

Q. But, in your review of the Heywood exhibit, did you examine the average loadings shown in that exhibit?

A. Only in a perfunctory way.

Q. Did you, in your perfunctory examination, have any question as to any of the loadings therein shown?

A. I would say not in all cases that the average loadings shown in Witness Heywood's exhibits agreed with the figures that we had.

Q. Would you kindly state those instances where your average loadings would be different than those shown in the Heywood exhibit?

A. Well, I made no record, Mr. Langdon, of any of the checks that we made. I don't have the figures. It is just a question as to whether or not Witness Heywood had used the proper loadings, and, in a perfunctory way, we examined them. The average loadings that he showed for his [fol. 1796] account, his representative movements against what we knew to be our average loadings, and we came up with some discrepancies.

Q. Were they of minor character?

A. In most cases, yes.

Q. Now, turn if you would, please, sir, to the compilation at the bottom of page 3, which is the one we have just corrected.

So far as the Rates Per Ton shown in those tables are concerned, they come, do they not, from your first four exhibits that we have just talked about?

A. Yes.

Q. In this showing here, taking Export as an example, where your rate per ton in New York is $18.00 and our rate per ton, as you call it, at Baltimore is $9.38, would you conclude from that that the traffic that you handle at New York is more desirable export traffic than traffic that we handle at Baltimore?

A. No, I would not say that.

Q. Would it be less desirable traffic?

A. I haven't made any comparison as to the desirableness of the traffic from the standpoint of a comparison of revenue per ton Baltimore versus New York.

Q. So the traffic which yields $18.00 per ton which you have at New York is not, in your mind, more desirable traffic than Baltimore's traffic which yields $9.38 per ton?

A. Not necessarily, no.

[fol. 1797] Q. Well, wouldn't it be necessarily so, Mr. Keefe?

A. Well, it depends upon a number of factors.

Q. Including?

A. Well, I would say the principal one would be the average load.

Q. And have you applied to the traffic at Baltimore and Philadelphia the average load for the traffic for which you show the average rates?

A. No, sir.

Q. You haven't performed that operation?

A. We have at New York, but not at Philadelphia or Baltimore.

Q. Well, give me the figures at New York, then.

A. They are in my Exhibit 7.

Q. Where you show for export traffic an average loading at New York of 23 tons, and for import traffic, an average loading of 22 tons?

A. That's right.

Q. What would that give you, then, in the way of average car revenues at New York applying to your average revenue per ton and average loading?

A. Well, the corresponding car revenue on export business accruing during the period of the actual traffic study on export business was $371.96. The corresponding figure on import traffic, $380.77.

Q. Have you the data by which you can make a com-[fol. 1798] parable compilation for Baltimore?

A. I would say no. The figures in Exhibit 7 show the actual traffic movement broken down as to origin and destination states, as the case may be, and we did not have that information available insofar as the Port of Baltimore was concerned.

Q. Mr. Keefe, from a traffic man's standpoint, when comparing two particular movements, is it more desirable to have higher car earnings, or is it more desirable to have higher per ton earnings than some other traffic with which you are making a comparison?

A. Everything else being equal, naturally the higher the car revenue, why, the better off we would be.

Q. Now, would you please turn to your Exhibit 7, RLK-7. Mr. Keefe, why did you exclude transit traffic on this showing, as indicated in your heading?

A. Because the revenue figures were not ascertainable from the waybills of traffic that had been subject to transfer.

Q. Transit traffic is included in your traffic study, however?

A. Yes, sir.

Q. Why, Mr. Keefe—strike that.

Am I to understand that when you show, as you do here, traffic from the states of New York, Pennsylvania, West Virginia, Ohio, Indiana, Michigan, and Illinois, that you have covered the basic points in differential territory?

[fol. 1799] A. That is correct, in the territory involved in this proceeding.

Q. Is that the territory from which your traffic study is made and submitted by Mr. Crookshank?

A. Yes, sir.

Q. You have no traffic in that study from Wisconsin?

A. We have traffic included in the State of Illinois, which includes the west bank Mississippi River points and the points in southeastern Wisconsin that are now carried in the Hinch 490 class rate tariff.

Q. But that traffic didn't originate in Illinois?

A. Well, it is included in the Illinois figures.

Q. Well, what state includes, then, or do you include any traffic from Missouri?

A. If it is the west bank. St. Louis is included, for example, and the west bank Mississippi points along the CFA-IFA-Western Trunk Line border.

Q. In what state is the St. Louis traffic included?

A. St. Louis traffic is included in Illinois.

Q. Well, did you include in your traffic study any traffic originating in Kentucky?

A. We considered Kentucky as being in unaffected territory as a whole. There are one or two points, Louisville, for example, should have been included in this traffic study, but it was not.

[fol. 1800] Q. Louisville is not included in the traffic study?

A. No, sir.

Q. How about Ashland, Kentucky?

A. No.

Q. Well, now, let's go back to Missouri. You included St. Louis.

Did you include Hannibal?

A. If it is a Mississippi River Point, yes.

Q. Did you include Westalton?

A. Yes.

Q. How about Louisiana?

A. Yes.

Q. Now, let's go to Iowa.

Did you include any traffic in Iowa?

A. Mississippi River points.

Q. What would they be?

A. All of the points located, roughly speaking, on and south of the line of Wisconsin and Illinois down to and including Cairo, Illinois, on the west bank.

Q. What state would they be shown in here?

A. They would be shown in Missouri and Iowa.

Q. Where is Iowa on this Exhibit 7?

A. It is included—

Q. And Missouri?

A. Both Missouri and Iowa points on the river, on the [fol. 1801] west bank of the river, are included in Illinois figures.

Q. So this traffic which you show here from Illinois partly originated in Illinois, partly in Iowa, partly in Wisconsin, and partly in Missouri? Is that correct?

A. That's right.

Q. Do you have the details on that on your work sheets, on that part of the traffic, Mr. Keefe?

A. No. I think the answer to your question as to what we included and what we did not include would be the points that are shown as base points and points that take that basic in the 28300 1009 tariff.

Q. What I meant was do you have the number of cars or a work sheet showing the number of cars that originated in these states of Wisconsin, Iowa, Kentucky—well, Kentucky you wrote out—Missouri and Wisconsin?

A. No, sir.

Q. Is that the only traffic that you included in your study, the traffic that originated at the river points such as Dubuque or Davenport or Burlington, points like that? Is that the only traffic from Iowa that you included in your traffic study?

A. Just the west bank points, right.

Q. You didn't include any traffic from Western Trunk Line territory that was moving on through rates from Western Trunk Line territory?

[fol. 1802] A. No, sir.

Q. And that would include grain?

A. Yes, sir.

Q. And you didn't include any traffic from Western Trunk Line territory that would be moving through these river points on combination or proportional rates?

A. No. Let me say this, that in connection with transit traffic where there was more than one origin point involved, part of your grain, for example, might have originated in Ohio and part in Indiana or Illinois.

Q. I am sorry, sir. I am having trouble hearing you.

A. Part of your transit traffic, grain, for example, might have originated some in Ohio, some in Indiana, some in Illinois, and some west to the Mississippi River. In placing that type of traffic in our traffic study, we took the largest volume of tonnage in that particular car. If the largest volume of traffic originated in Ohio, Ohio was the origin point of the entire car, and vice versa, if it was any other state, represented tonnage from that particular state.

Q. But you didn't include, as I gather your testimony, all the traffic that moves on these differential rates? Is that right?

A. To and from the territory that we call "affected", yes, sir.

Q. But if it moved on differential rates from Western [fol. 1803] Trunk Line territory, you didn't include it?

A. If in that particular car, the highest volume of traffic was from the Western Trunk Line point, that was excluded.

Q. You realize that in the traffic study of the other lines opposing you that such traffic is included, do you not?

A. I understand that they have included it, yes, sir.

Q. Now, going back to your Exhibit 7 here, on your Column 4, under "Tons", what difference would the inclusion of transit tonnage make in that total figure, under Export, of 1,213,251? How much difference would it make if you had included the transit traffic?

A. I haven't the slightest idea.

Q. In the footnote in that same exhibit, where you undertake to spell out the method used by you in increasing these rates, or, rather, revenues, first am I to understand that, under Column 6, the Revenue As Assessed, that that is the revenue that was assessed under the New York rates? Is that correct?

A. Yes, sir.

Q. Now, in increasing that, as apparently you do in order to produce the revenue shown under Column 12, that is entitled "Revenue Under Present Rates Including Ex Parte 206A," you say that the increase is equivalent to 18 per cent?

A. About that, yes, sir.

Q. Does that take into account the hold downs?

A. No, sir.

[fol. 1804] Q. There are very important hold downs in that traffic, are there not?

A. There could be, yes, sir.

Q. Now, going over to the bottom of page 4 of your statement, 108, and the top of page 5, you give us there, Mr. Keefe, the average load for traffic handled by the lines favoring equalization from territory other than the differential territory? Is that correct?

A. Yes, sir.

Q. So that, as I think was made clear at the time Mr. Crookshank perhaps was on the stand, maybe it was Mr. Baylis, you did make a study of the traffic moving through

New York rail originating or destined to so-called non-affected territory? Is that correct?

A. We made a study that included all import and export traffic through the Port of New York, Albany, Boston, and Portland.

Mr. Langdon: I am going to ask Counsel again if he will be willing to supply the details of this traffic study showing traffic to and from territories other than differential territory moving through New York by rail.

Mr. Colgren: Well, again, in refusing to supply that information, I do so on the basis that I do not see its pertinency to this proceeding, which is an investigation and suspension proceeding concerning specific rates published and suspended by this Commission.

[fol. 1805] Mr. Langdon: Well, Mr. Examiner, we just heard that part of the traffic moving under these differential rates to and from Western Trunk Line territory is not included in the traffic study. Now, that traffic is going to be affected by the decision in this case. What we want is a complete traffic study in the same way that the Baltimore lines and Philadelphia and Norfolk and Hampton Roads lines supplied for this record. In other words, this traffic of the lines favoring equalization shows only a part of the traffic that is going to be affected by these—moving under these rates. And we would like to see what the balance of the traffic is, among other things.

Mr. Colgren: Mr. Examiner, there is a misconception here. That traffic is included in our traffic statistics. It develops that certain revenue statistics could not be readily developed by reason of transits. Nevertheless, the tonnages involved are in our traffic study.

Mr. Langdon: Your witness just said they were not.

Mr. Colgren: Well, I beg your pardon. He did not say that.

I want to make this further point, if you please. There has been some query as to traffic from Missouri, Iowa, and Wisconsin, if you please. Those points from which the traffic were included in our traffic study are those points which are covered in the tariffs and are border points, if [fol. 1806] you please, of the affected territory, and are included in the differential rate adjustment.

Mr. Langdon: That is just exactly my point. That is, other traffic moving on these rates will be, points west of these break points that Mr. Colgren referred to, included in our traffic study that will be affected by this decision because it is moving under these rates, these differential rates.

Mr. Colgren: Now there is a misconception. We have included in our traffic study all of the traffic moving under the proposed adjustment. Now, I do not understand Mr. Langdon's statement that their traffic study includes other traffic moving on these adjusted rates. I don't believe that that is true.

I think you have been misinformed, Mr. Langdon.

Mr. Langdon: Well, you see, it would be very quickly clarified if we could get this underlying data that I referred to. I am informed, and Mr. Colgren, in turn, is informed that our traffic study does include traffic moving from points in Western Trunk Line territory, not the border points, but moving on rates that would be affected by this decision, and consequently it is a very important part of the traffic to be taken into account.

Now, New York apparently excludes such traffic. We include it. Therefore, the comparison of Baltimore versus [fol. 1807] Philadelphia versus New York and Hampton Roads, until we get the complete traffic showing, is misleading.

Mr. Keenan: Mr. Examiner, could I inquire, when Mr. Langdon talks about rates that will be affected by this decision, does he refer to rates the suspension of which is under adjudication in this proceeding right here in 6615?

Mr. Langdon: Rates that are made in either combination or proportional rates, or otherwise would be affected by this decision.

Mr. Keenan: Well, my question is, is Counsel referring to rates the effectiveness has been suspended, and that suspension is under investigation in this proceeding?

Mr. Colgren: I take it if those rates are changed it is going to change the other rates and use them in combination. Very elementary.

Mr. Examiner, I would like to have my witness, Mr. Keefe, straighten us out on this proposition. I am sure that he can give us in detail the tariffs and, as a matter of fact, they are in an exhibit in this proceeding. I think Mr. Crookshank's Exhibit 2 lists all of the tariffs involved in this proceeding. Now, if Mr. Keefe could please tell us the application of those tariffs, I think we will be straight on the record.

The Witness: Any tariffs that were affected by this proposed adjustment involved only traffic to or from Official territory, known as the differential territory, west of Buf-[fol. 1808] falo, including Pittsburgh, to and including the Mississippi River, southern Wisconsin, and also the west bank points on the Mississippi River. It does not include any adjustment in the rates to and from any point beyond the Mississippi River.

By Mr. Langdon:

Q. And if that traffic originating or destined to points west of the Mississippi River moves under rates which would be changed as a result of this decision, you have not included it?

A. No, sir.

Mr. Keenan: Mr. Examiner, what did Counsel by "that traffic"? I am sorry, but it just wasn't clear to me, that question.

Mr. Langdon: Traffic, as I say, moving to and from points west of the border points that Mr. Keefe regarded as the terminal points for his traffic study. Western Trunk Line territory. In other words, traffic moving today under rates that are affected by this differential adjustment.

Mr. Colgren: If I might point out, Mr. Examiner, those would, by definition, have to be combination rates, and they would not show up in our traffic study for that very reason.

Exam. Boat: Take first meat traffic. I understand that was under combinations on the Mississippi River. Now, what is the situation as to that?

The Witness: If the waybill showed that the origin point [fol. 1809] of meat traffic or grain traffic, or any other traffic, was subject to transit, showed the origin point in Western Trunk Line territory, it was not included in the traffic study.

Mr. Colgren: Mr. Keefe, you didn't mean it was not included in the traffic study? It was not included in the exhibits as from the affected territory, is that right?

The Witness: I am talking only about the traffic exhibits, the exhibits that are on file.

Exam. Boat: That is RLK-3, for example, on export business?

The Witness: Yes.

Exam. Boat: You show there 79 tons of fresh meats—no, I beg your pardon. That is the import exhibit.

Mr. Colgren: Mr. Keefe, are you familiar with Mr. Crookshank's testimony in this case wherein he said that, during the course of cross examination, that it was his purpose, assuming equalization resulted from this decision, to extend the benefits of equalization to other origins and destinations beyond differential territory?

The Witness: I recall him making that statement, yes, sir.

Mr. Langdon: That is all.

Mr. Bongartz: I have a few questions, Mr. Examiner.

Cross examination (continued).

By Mr. Bongartz:

Q. Mr. Keefe, you state that you are familiar with the traffic aspects of this case.

A. I think so.

[fol. 1810] Q. And that includes, I would assume, a familiarity with the tariffs under suspension?

A. I would say yes.

Q. Do those tariffs under suspension include rates on iron ore and coal?

A. Yes, sir.

Q. Iron ore and coal rates aren't in this case, are they?

A. No, sir.

Q. When you were with the New York Central as manager of its Rate Bureau, wasn't your statement your work consisted largely with the preparation and analysis of rate proposals? Is that correct?

A. That is correct.

Q. And, in that kind of work, did your analysis include inquiry into the remunerative character of proposed rates?

A. Only in isolated cases, Mr. Bongartz, and particularly on, might I say, point to point movements where there was some question.

Q. You mean where a rate was proposed from one point to another, you considered then whether the rate proposed would be remunerative?

A. Not necessarily from one point to another, but on particular commodities. It all depended upon circumstances.

Q. What kind of rates which were proposed during your experience with the New York Central did you have occa- [fol. 1811] sion to consider the question of whether or not they were remunerative?

A. Usually on low-grade commodities, short-haul business, principally.

Q. Were those the only rates in which the Central proposed reductions?

A. No, sir.

Q. But you limited your consideration on whether or not the proposed rates were compensatory to these low-grade commodities?

A. Well, Mr. Bongartz, I have sort of a pattern that is drawn for you in connection with rates and rate adjustments.

Q. Who draws it?

A. Well, I think the Commission has had a large part in drawing the pattern of rates, 28300, 15879, numerous specific commodity rates. That largely, in the way that I have determined whether or not a rate was remunerative, was the yardstick by which it was measured.

Q. Your experience, as I understand it, in considering the compensatory character of a rate, was in connection with low-grade commodities? Is that right?

A. Generally speaking, that was the only time that we considered it worthwhile to look into whether or not a rate was compensatory, or not. If a rate, in our judgment, was very low, well then, we did. In those cases we undertook to examine the compensatory nature of the work from [fol. 1812] the standpoint of the actual operation of the trains, the loadings, and all other features connected with that particular movement.

Q. You did. And did you also get in touch with your cost accounting people at the Central in those regards?

A. No, sir.

Q. You didn't bother with them?

A. No, sir.

Q. At page 3 of your prepared statement, where you list some revenues via Baltimore and via New York, were these revenues via Baltimore on the traffic that you hoped to get through New York?

A. No, sir.

Q. They are not?

A. That results of traffic is actually moving today.

Q. Through Baltimore?

A. Through Baltimore.

Q. Isn't one of the purposes of this case to get that traffic through New York?

A. The purpose of this case is to, the Ports of New York, Albany, Boston, and Portland, including Canadian points, the purpose of this case is to place those points on a competitive basis for through traffic.

Q. Well, it is to get traffic, isn't it?

A. No, not necessarily.

Q. Oh, isn't it?

[fol. 1813] A. We would like to be able to be in a position to compete with it on an equal revenue of rates.

Q. You are not approaching this case from an academic point of view, are you? Aren't you trying to get something?

A. Yes, sir.

Q. Well, isn't what you are trying to get traffic?

A. That is the only way we think we can get it.

Q. All right.

Well, now, these revenues that you show through Baltimore are on traffic that you want to get through New York? Isn't that right?

A. Not necessarily through Baltimore. There is other ports involved.

Q. Well, possibly so, but the particular revenue that you show here for ports other than New York is limited to Baltimore, isn't it?

A. Well, the reason it is limited that way is because the opposition apparently concluded that Baltimore was the key point, and that is the point we used.

Mr. Walker: Would you mind reading that answer?

Mr. Hanifin: Let me hear that answer, please.

(Answer read.)

By Mr. Bongartz:

Q. You had better clarify what you mean by "opposition."

Well, will you agree with me to this extent, Mr. Keefe, [fol. 1814] that this traffic that you refer to at Page 3 of your Exhibit 108, which presently moves through Baltimore, is traffic which the New York lines in this proceeding are trying to get?

Mr. Colgren: Mr. Examiner, I think I should object about this point. It is not for the witness to say what the purpose of the proceeding is. He is a rate man, well qualified, and has given us the benefit of his rate experience, and so on.

I think a lawyer should probably take over after the submission of this factual data.

Mr. Bongartz: It may be better if the lawyers took over then rather than now.

Can I have an answer to my question?

Mr. Colgren: Was that a question or an argument?

Mr. Bongartz: It was a question.

Do you remember it?

The Witness: No.

By Mr. Bongartz:

Q. My question, Mr. Keefe, was, with reference to the traffic at page 3 of your Exhibit 108, presently moving through Baltimore, which you say produced an average revenue of $8.12 on import traffic and $9.38, both per ton, on export, and I am asking you whether that is the traffic that your clients, or the railroads for whom you appear, are trying to get through equalization of rates?

Mr. Keenan: Mr. Examiner, may I take the liberty of objecting to that question, specifically on several grounds. [fol. 1815] First of all, I don't see how it is within the reasonable scope of the witness's direct. In the second place, the witness's competence to answer it hasn't been established. And, in the third place, I fail to see how it is relevant or material in this proceeding and of any assistance to the Commission in deciding it. It is a matter of argument, exactly as Mr. Colgren has said.

Mr. Bongartz: Apparently the question disturbs Counsel, Mr. Examiner, so I will rephrase it this way.

Exam. Boat: I think it has been stated very generally. This covers it as a composite figure, as I understand it.

What particular traffic does it relate to?

Mr. Bongartz: Let's approach it this way.

By Mr. Bongartz:

Q. What would happen to the revenue at New York if the kind of traffic which moves through Baltimore which you refer to at page 3 were to go through New York?

A. I don't know as I understand what you are trying to get at.

Q. Aside from what I am trying to get at, do you understand the question?

A. No, sir.

Q. The traffic that now moves through Baltimore would go through New York, would that have an effect on the revenue which you show through New York?

A. The total revenue?

Q. This per ton revenue that you show.

[fol. 1816] A. It might.

Q. Well, don't you know that it would?

Exam. Boat: It depends on what kind of traffic.

The Witness: It would depend upon the class of traffic.

By Mr. Bongartz:

Q. Mr. Keefe, you have gone over the traffic exhibits in this case, and you have come up with a revenue per ton for the traffic moving through Baltimore. In order to do that, you had to have some conception of what is moving through Baltimore.

Is that correct?

A. Yes, sir.

Q. Now, I am asking you whether, if that traffic moved through New York, your New York revenue per ton would be influenced by the fact of that additional traffic?

Mr. Keenan: Objection, Mr. Examiner. It is repetitive. The witness has already given his opinion on the subject.

Mr. Bongartz: Oh, he hasn't.

Mr. Keenan: He has. He said it would depend on what the traffic was.

Mr. Bongartz: It is not a proper objection anyway.

Mr. Keenan: It is the fourth time the question has been asked. I think it is a proper objection.

Exam. Boat: What are you assuming, Mr. Bongartz?

Mr. Bongartz: I am assuming only what the witness assumes.

Exam. Boat: That all of this traffic—

[fol. 1817] Mr. Bongartz: No. The witness, if you please, as far as I can read his statement, has said that they can determine what the revenue per ton is on traffic moving through Baltimore. He likewise purports to show what the revenue per ton is on traffic moving through New York. And from his familiarity with the exhibits from which he purportedly obtained these figures, I am asking him what would happen to the revenue per ton at New York if New York obtained this traffic which moves through Baltimore.

Mr. Keenan: Mr. Examiner, if I can respectfully submit, the question is almost—well, it seems to me almost silly, although Mr. Bongartz has never asked such a silly question. So that worries me to call it that. But these figures are developed, as I understand it, from RLK-1 through 4. The arithmetic by which they are developed is perfectly simple. One required no intimate acquaintance with the consist of traffic that was moving at all, if I understood

Mr. Keefe's testimony correctly. All you had to do was tabulate and compute and you could come up with these answers. Now, to hypothesize that certain of this traffic or all of it in some way would be transferred to New York is a hypothesis the witness hasn't been shown to be qualified to make. He hasn't testified on direct concerning it. I doubt if there is anybody in the room right now, outside, perhaps, the Angel Gabriel, who could give an answer to that question [fol. 1818] without exhaustive study.

Mr. Bongartz: That is very interesting, but—

Mr. Keenan: I object to the question, therefore, as one that will not adduce reliable information.

Mr. Colgren: Well, Mr. Examiner, if the witness understands the question, I don't have any objection to his answering.

Mr. Bongartz: Well, the witness's Counsel, I guess, has cleared up the objection.

Now will the witness answer the question?

The Witness: The question, as I understand, is whether or not, if the New York lines are able to secure additional traffic away from the Port of Baltimore, would it have a tendency to increase the revenue per ton at New York.

By Mr. Bongartz:

Q. Now, that may be a better way of putting it. Now, you answer it that way.

A. Well, I would again say that of course the real answer to that question would depend upon what type of traffic was taken away from the Port of Baltimore in favor of the Port of New York.

Q. Assuming all of it was. This traffic moving through Baltimore that you price out at $8.12 a ton in revenue, import, and $9.38 per ton, export, all of that traffic were to move through New York, wouldn't that have the effect of decreasing materially the revenue per ton that you show for New York?

Mr. Keenan: Mr. Examiner, I object again. There is [fol. 1819] nothing in evidence that warrants the assumption.

Mr. Colgren: Mr. Examiner, I think that the answer is so patent from these exhibits that I fail to see—

Mr. Bongartz: Why don't you give me an answer, then?

Mr. Colgren: Tell him yes, would you?

The Witness: It would have that tendency, yes, sir.

Mr. Bongartz: Thank you.

By Mr. Bongartz:

Q. Mr. Keefe, on page 6 of your statement, you refer to average revenue per car for all cars originated in the United States. You say that was $272.51.

Were all those cars terminated as well as originated?

A. No, sir, not necessarily.

Q. They were not.

Now, I have a little trouble reading this sentence appearing at the bottom of page six and the top of page 7, where you say, "It will be noted that the revenue per car from the traffic study exceeds the United States average by over $100," and then you go on to say this, "for this reason, it is evident that the higher earnings of the import-export traffic indicate a greater degree of compensatory effect from these revenues than is found generally."

Now, can you tell me in simple language what you meant by that sentence? Are you trying to say that because, according to your calculations, revenue from the export-import traffic moving through New York was a hundred [fol. 1820] dollars a car more than the average revenue throughout the United States, that that proves that the rates which your clients are seeking would be compensatory? Is that your testimony?

A. It has that tendency, yes, sir.

Q. What do you mean? Your testimony has that tendency?

A. No. The figures have it.

Q. Can't you come out and say whether what I said is what you have in mind? What do you have in mind?

A. The answer is "Yes."

Q In other words, you are coming right out and saying that these rates, in your judgment, are compensatory because they are a hundred dollars higher per car than the average for the country? Is that right?

A. That is one of the reasons.

Q. Well, now, is that the reason?

Mr. Colgren: The witness has already answered that it is one of the reasons.

By Mr. Bongartz:

Q. All right. Then give me the other reasons, please. They are not in this statement here.

A. Well, I think the other reasons are to be found in my Exhibit No. 7.

Q. Would you point them out to me?

A. Well, they are in the totals, in the one group on import traffic, and in the other group on export traffic.

Q. Where are they? What reasons are you pointing to? [fol. 1821] A. The revenue per car and the revenue per ton and the revenue per car mile and the revenue per ton mile.

Q. That is all you are talking about here in your prepared statement, isn't it?

A. That is part of it, yes.

Q. Well, what else is there?

A. I don't understand the question.

Q. What other element, in your judgment, pertaining to whether or not the rates that your clients seek would be compensatory, what other element than these car earnings do you have in mind?

A. Well, Mr. Bongartz, basically what we are dealing with here is a somewhat slight change in what you might call the general rate structure. You have in a large measure here rates that have been in effect for a good many years, some of which have been fixed by the Commission themselves, others which apparently have their approval. What we are attempting to do here is to reduce the rates through New York, Boston, and Portland approximately three cents a hundred pounds, 60 cents a ton, somewhere in the neighborhood of twelve or fifteen dollars a car. Now, if there is anything wrong with the compensatory nature of the rates as a whole, then there is something wrong with the rates to and from New York. If the rates as a whole are satisfactory, it is my judgment that a reduction of 60 cents a ton in those rates to meet our competition is some-[fol. 1822] thing which the carriers do every day or to a much greater extent when they are meeting other forms of competition.

Q. Now, you start on the assumption that the present rates are all right? Is that what you have in mind?

A. We are not quarreling with the present rates to and from Baltimore.

Q. What about the rates to and from New York?

A. We think they are three cents a hundred pounds too high.

Q. Don't you think the present rates are all right?

A. The rate structure itself is all right, yes, sir.

Q. Now, when you talk in your testimony, looking at page 7, this difference of over a hundred dollars in average revenue in favor of export-import traffic may be presumed to be quite adequate, whose presumption is that, yours?

A. Yes, sir.

Q. And the only comparison, the only similarity, as I understand your statement, between this export-import traffic and that of the country as a whole is your statement that they both have a line-haul and two terminal services? Is that right?

A. One has a greater line-haul than the other.

Q. Which has the greater line-haul?

A. Import-export.

Q. Has quite a bit greater, hasn't it?

[fol. 1823] A. Yes, sir.

Q. Where your own testimony is 770 miles against 428 miles for the country?

A. That's right. What we are attempting to show there is the $100 difference in the average revenue per car is sufficient—

Q. To take care of that additional 300 miles line-haul? Is that right?

A. Yes, sir.

Q. What about the terminal part of it? Do you think that terminal services at New York are comparable to terminal services all over the country?

A. There is some difference in terminal services performed at almost any port.

Q. Yes, sir. But don't you think that the terminal services provided in New York are particularly burdensome?

A. I don't know.

Q. You don't know?

A. No, sir.

Q. But you didn't give that any consideration in reaching these conclusions that you have reached here in your statement?

Mr. Colgren: Mr. Examiner, how could the witness, if he just now said he didn't know?

Mr. Bongartz: Well, he can answer that question.

Mr. Colgren: How can he give something some consideration he doesn't know? That is pretty patent, isn't it?

[fol. 1824] Mr. Bongartz: Let him say it.

Mr. Colgren: Go ahead. Ask your question.

By Mr. Bongartz:

Q. Can you tell me now? Can you give me the patent answer, the answer is you didn't?

A. You will have to repeat the question.

Q. In reaching the conclusions that you reached here, you gave no consideration to the terminal services involved on this traffic? Isn't that correct?

A. A short answer would be "No."

Q. All right. I'll take it.

And, even though you tried to make in part the export-import traffic comparable to the country as a whole, in that it has, as you put it, two terminal operations as against terminal operations on other traffic, the very figure you use for other traffic did not in every instance include two terminal operations, did it?

A. Well, I would say that it did.

Q. But you based it on this tons originated, did you not?

A. Yes, sir.

Q. So that it could not, in every instance, have included two terminal services?

A. I don't see why not.

Mr. Macleay: Mr. Examiner, I wonder if the witness could speak just a little louder?

By Mr. Bongartz:

Q. I am not quite sure whether you answered this question, [fol. 1825] or not, but when you were with the New York Central and you were asked regarding the proposed rates, was your yardstick a comparison of the revenue on such proposed rates with the revenue of rates nationwide? Was that your way of sitting down and telling your management whether or not proposed rates were remunerative, proper for the New York Central to establish? Was that your yardstick?

A. No, sir.

Mr. Bongartz: That is all I have.

Exam. Boat: Any further cross?

That seems to be all the cross examination.

Mr. Langdon: Before Mr. Keefe leaves the stand, I wonder if we can have clearly on the record the disposition of this request of ours for additional traffic data, namely, the data that concerns traffic to and from non-affected territory moving by other lines favoring equalization to New York.

Is it my understanding that that data will not be furnished at our request?

Mr. Colgrep: Well, Mr. Langdon, let me read the heading to Mr. Mollman's Exhibit 51, his Chart No. 3 in connection therewith. It is a statement showing by commodity groups and in tons comparison of the total export and import traffic originating or terminating in differential territory and handled via rail during the period August 1, 1955, through July 31, 1956, through the points of Baltimore and New York.

[fol. 1826] Now, we are given to understand that traffic other than originating or terminating in differential territory involved in these figures. Frankly, I don't know whether this is an attempt to confuse the record, or what. We have come before the Commission, we have given a complete statement of the traffic moving under the rates under attack in the I&S proceeding under suspension therein. Data relating to movements of traffic under other rates, it seems to me, is entirely impertinent to this investigation. It would take not only a great expenditure of time, but also of money and manpower, neither of which we have available.

I think with that preface, I would sufficiently indicate why we must adhere to our original position, that we will not willingly furnish this additional data.

Mr. Langdon: Well, that answers my inquiry, if they are not willing to furnish it. I should like to draw attention, however, to Mr. Mollman's Exhibit No. 2, which sets forth specifically the traffic from differential territory, from Western Trunk Line Territory, from port area, from Trunk Line and New England territory, from other territories, with totals. The testimony was that from differential territory and included in the differential territory figures were grain, as an example, moving from points in Western Trunk Line territory on rates, proportional rates, or combination rates, whatever the case might be that would be affected [fol. 1827] by this decision. Now, if they are not going to supply it, that ends my request.

Mr. Colgren: Now, Mr. Examiner, I think it is clear to the Examiner and certainly will be to the Commission that, so far as I know, there has been no use made of all this additional data that was gratuitously offered by the opposition which now is being made the basis, I think, for an unusual and entirely unreasonable request for us to supply data which in no sense is concerned with this proceeding.

Mr. Langdon: Well, now, the use to be made of it, of course, awaits the argument.

I should like to ask, then, if this data to assemble it requires so much time and effort, what are the data underlying this recomputed average loading that Mr. Keefe has included in his testimony and which is designed to correct Mr. Mollman's estimate of the average loading of your traffic from points other than affected territory. That is the underlying data we want. It must be already compiled, because you have got the average loading and it is so set forth in the statement.

Mr. Colgren: Mr. Langdon, again I tell you that we made a complete traffic study of all export-import traffic moving through the Port of New York, Albany, Boston, and Portland.

Mr. Langdon: Exactly what I want.

Mr. Colgren: Exactly what I refuse to furnish without being ordered to do so.

Mr. Foley: Mr. Examiner, in an earlier stage in this [fol. 1828] proceeding Mr. Langdon asked for evidence about the traffic movement from non-affected territory. It was then objected to on the grounds that that was irrelevant, and you so ruled. You said you concluded it was irrelevant. And that is just what you are being asked to press now.

Exam. Boat: I think we went over this.

Mr. Colgren: Mr. Examiner, just as a matter of interest, may I point out that, with all this purported bearing of the chest, and so on, of the opposition, they have not given us a complete traffic study. They have excluded certain tremendous movements of iron ore, coal, certain other commodities.

Mr. Langdon: What commodities other than those not involved in this case are not included in our traffic study, Mr. Colgren?

Mr. Colgren: You say not involved in this case.

Mr. Langdon: Is iron ore involved in this case?

Mr. Colgren: They are export-import movements, are they not?

Mr. Bongartz: We had a separate proceeding, Mr. Examiner, on iron ore.

Mr. Colgren: Nevertheless we are talking about a traffic study.

Mr. Langdon: I am limiting my request for traffic that is moving in this case, the traffic that is involved in this case, and also the traffic, the commodities that are involved [fol. 1829] in this case moving to and from non-affected territory in exactly the same way as we laid it out in our traffic study.

Mr. Colgren: Mr. Examiner, they want their cake and they want to eat it, too. They want to leave out certain choice commodities, and it is all right if we leave out those commodities, which we don't handle, anyway.

Well, I think I have stated my position sufficiently.

Exam. Boat: Well, it is conceivable, of course, that traffic originating in most of this territory, differential territory, might, under certain circumstances, move on combination rates. That is always to be expected, that some will move under combination rates. I don't know that we can compel the respondents to show or anticipate all that type of traffic that might move on such rates.

Mr. Langdon: Well, Mr. Examiner, of course it isn't limited only to combination rates. There are through rates from Western Trunk Line territory that are made on this differential basis. And we have shown it in our traffic study, and all I am asking is if the other side doesn't care to furnish it, all right, but I am asking only that they duplicate what we have done in showing the entire traffic that would be affected by this case.

Mr. Colgren: Mr. Examiner, again I can't understand that statement, because there is no traffic moving from beyond the Mississippi River which is in this case.

[fol. 1830] Mr. Bongartz: Well, at this part of the record I would like to refer the Examiner to page 104 and 105 of the record, Witness Crookshank, and I think that discloses the intention of the respondents in this proceeding.

Mr. Colgren: Nevertheless we have here an I&S proceeding, we have certain rates under suspension. We have nothing but speculation to resort to go to beyond that. Now, for this request, to go to the expense of compilation of figures which have been repeatedly requested of us at this late stage of the proceeding, I think is unthinkable.

Exam. Boat: Did we finish with the cross?

Is there further redirect?

Mr. Colgren: I have a couple of questions.

Exam. Boat: Let's recess for about ten minutes.

(Short recess.)

Exam. Boat: Come to order.

Redirect examination.

By Mr. Colgren:

Q. Mr. Keefe—

Mr. Langdon: May I interrupt again?

Mr. Colgren: I want to make that correction.

By Mr. Colgren:

Q. Did you have some corrections to make to your title to Exhibits 5 and 6?

A. Yes. The titles on Exhibits 5 and 6, we erroneously left off origination and destination carriers of Boston and Maine and the Grant Trunk Railway. Boston and Maine [fol. 1831] in connection with traffic to and from Boston and Portland, and the Grand Trunk in connection with traffic to and from Portland, Maine.

Mr. Langdon: Mr. Examiner, in view of the fact that we are not being supplied with the details with which to check the computations, or, rather, the final results on the bottom of page 4 and the top of page 5 of Witness Keefe's testimony, Exhibit 108, I move that that paragraph starting in the middle of page 4 with the words, "Without understanding," and ending on page 5 with the words "for grain" be stricken, on the ground, as I say, that we have not been supplied with the details to support those computations.

Mr. Colgren: Mr. Examiner, may I point out that this is the first time that we have been asked for the underlaying data of this sort. All of the traffic studies heretofore have been accepted on the basis of the sworn testimony of those putting them in. This is merely a part of the same traffic study.

Mr. Langdon: Well, wait a minute. Off the record. I don't want to burden the record with this, but there is some confusion here. Either I am wrong or you are wrong, Mr. Colgren. But Mr. Mollman estimated the loading on your tonnage to and from other than affected territory, and I understand came up with this figure that Mr. Keefe now undertakes to correct. What we want, and what I understood we had been denied, was the underlying, were [fol. 1832] the underlying data which supported this average loading for traffic other than going—other than involved to and from affected territory. Now, that is what we are after, and, so far as I understand it, you refuse to supply us with that data.

Mr. Colgren: Mr. Examiner, I draw your attention to the last sentence in the incomplete paragraph at the top of page 5, which says that the correct figures on this traffic for the railroads mentioned, as developed in the traffic study for the period August 1, 1955 through July 31, 1956, are one million, and so on, tons for all commodities, and 303-odd thousand tons for grain.

Now, that, I submit, is from the same traffic study the figures for which have been entered in this proceeding without request for the underlaying data, which, of course, are the waybills, and have been apparently accepted, at least we accepted the statement of the opposition. They haven't up until now queried the authenticity of our traffic study, and, on the basis of those remarks, I wish you would make your ruling.

Mr. Macleay: May I inquire, Mr. Examiner, where those figures are to be found in the earlier exhibits?

Mr. Colgren: I had reference to the traffic statistic studies that have previously been presented in these proceedings.

Mr. Macleay: Could you give me a citation to them, [fol. 1833] Counsel?

Mr. Colgren: Mr. Crookshank's Exhibits 1 to 13. I have forgotten the exact number.

I think there is a misunderstanding between Mr. Macleay and myself. These statistics were from the same traffic study from which the figures in Mr. Crookshank's exhibits were introduced.

Mr. Macleay: But these are not figures taken from Mr. Crookshank's exhibits, are they?

Mr. Colgren: No. I didn't say that.

Mr. Macleay: Well, I submit we are entitled to see the material from which these figures are developed, otherwise this testimony is clearly objectionable.

Mr. Colgren: Mr. Examiner, I will be glad to supply the Commission or these parties with some 12,000 waybills if they would like to have them.

Mr. Macleay: Now, Mr. Examiner, I submit that that is an absolutely improper suggestion. These figures have been worked up. There is no question whatever that they have been worked up or they wouldn't be here. They are in this record in fragmentary form. Some exhibits have individual showings or individual railroads from unaffected territory. Taken pieced together, it is obvious that the figures have been developed, they have been worked. It is not necessary for anybody to search the waybills. They [fol. 1834] are there. And it is from those figures that this witness obviously obtained this information, and I submit that unless that tabulation is made available to the parties to this case, this testimony is clearly objectionable and must be stricken.

Mr. Colgren: Mr. Examiner, this is the tabulation. If they want the waybills, they are welcome to them.

Exam. Boat: Well, there is a great deal of evidence in this record that rests on underlying data and various figures. We can't have every figure in this record. The Counsel's motion will be taken under advisement. The testimony will stand.

Mr. Bongartz: May I ask the witness whether he subscribes to the statement of Counsel that the waybill information was put directly on the statement?

Mr. Colgren: I don't believe I said that, Mr. Bongartz.

Mr. Bongartz: That was my impression of what you said. I got the impression from what you said, Mr. Colgren, that there was no intermediate step between the waybill showing and Exhibit 108.

Mr. Colgren: Well, Mr. Bongartz, you are asking for underlying data. Now, the underlying data for these movements, unless you want to accept our tabulations, are the waybills.

Mr. Bongartz: The underlying data that I understand Mr. Langdon has requested is the data underlying Exhibit No. 108, this gentleman's work sheets.

[fol. 1835] Do you have work sheets, Mr. Keefe?

Mr. Foley: Is this a slight debate on the side, Mr. Examiner, between counsel?

There is nothing before you at the moment. You ruled.

Exam. Boat: We have been over this ground a number of times before. I think Mr. Colgren stated his position, and we needn't go into it any further.

If there are no further questions, you are excused.

Mr. Colgren: I have one question on redirect.

By Mr. Colgren:

Q. Mr. Keefe, what led to a conclusion that—to your agreement with Mr. Langdon's question that the origins and destinations shown in the Heywood exhibits and reproduced in your Exhibits 1 through 4 are typical or representative?

Mr. Langdon: Wait a minute. I don't know whether I understand that question. What led to testimony? What do you mean by that?

Mr. Colgren: Let me rephrase the question.

By Mr. Colgren:

Q. Mr. Keefe, I understood you to agree with a question from Counsel Langdon that the origins and destinations of the Heywood exhibits and reproduced in your exhibits, RLK-1 through 4, were for the purposes of that exhibit reasonably typical.

What led to your conclusion that they were so-called representative?

[fol. 1836] A. The conclusion that we reached that the figures shown on Exhibits 1 to 4 were fairly representative was a comparison with the figures resulting from the preparation of my Exhibit 7. You will notice by comparing the car revenue found in Exhibits RLK-3 and 4 compared with RLK-7, there is a close approximation of the revenue per car, and, for that reason, we felt that if we followed the same procedure in connection with Exhibits 1 to 4, we would come up with the answer that the movements shown by Witness Heywood were fairly represented.

Mr. Colgren: That is all I have.

Exam. Boat: Do you tender the exhibits?

Mr. Colgren: Yes, sir. May Exhibit 108 ~~and its~~ accompanying exhibits, RLK-1 through RLK-7, ~~be~~ received in evidence.

Exam. Boat: They are received.

(Respondents' Exhibit No. 108, Witness Keefe, was received in evidence.)

Exam. Boat: You are excused.

(Witness excused.)

Mr. Keenan: Mr. Cole.

Mr. Langdon: Wait a minute. Off the record.

You undertook to have an agreement with me to have him here Wednesday, then you came up a little while ago and asked to have Mr. Cole here on Tuesday. Now today is Monday. Are you trying to put him on?

Mr. Keenan: I couldn't care less when he goes on. I [fol. 1837] understood it was a matter of convenience to everybody, including you, that he go on now.

Mr. Langdon: No. I am going to insist, in accordance with what was the last agreement, namely, tomorrow.

Mr. Keenan: You can pick any time during this hearing, any hour you want him here. I thought you wanted him now.

Mr. Langdon: Mr. Examiner, I make these arrangements, and then, without consultation of any kind, there is an ex parte change, and we have been trying to accommodate ourselves to the other side, who made a request about another Boston witness.

Exam. Boat: Let's have this off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Moerman: Mr. Examiner, earlier in the day, at Mr. Macleay's request, I promised that we would have available by approximately four o'clock the so-called underlying data on some of the figures and exhibits put in by Mr. Laux. At four o'clock our man came in from New York. He is here. He does have the material and the letters to and from the Census Bureau, and if Mr. Macleay wants to have Mr.

Laux back, we now have the data. Mr. Laux could resume the stand.

Mr. Macleay: Mr. Examiner, I would like an opportunity to take a look at this material before Mr. Laux comes back on. It might be able to speed things up a little bit if we did [fol. 1838] it that way. I understood we would have this material available this evening and Mr. Laux would be available tomorrow. However, of course, Counsel may return his witness at this time if he wants to and we will start wading through it on the record.

Mr. Moerman: Well, he is not my witness. I tendered him for cross-examination, and he is your witness, and you put him off the stand temporarily until you got this material. It is here. Now, you make up your mind whether you want him.

Mr. Macleay: I would prefer to adhere to our original agreement, Mr. Examiner, which was that we would have an opportunity to take a look at this material with Dr. Gilbert giving us, perhaps, a little advice about it, and then we will put the witness back on the stand and the matter in evidence.

Mr. Moerman: Mr. Macleay, I am sorry, I don't remember anything else but that you wanted the material. It is here in the hearing room. We are waiting to go on with this case. Now, do you want Mr. Laux now, or don't you?

Mr. Macleay: I just said I do not. I would much prefer to have him tomorrow, when I have had an opportunity to examine this material. That was the understanding that I had thought we had reached.

Exam. Boat: Well, that was my understanding, too, that he would proceed with his cross examination after he had had an opportunity to look at this material. I didn't know [fol. 1839] how much time he expected to take for that purpose.

Mr. Macleay: I don't know either, Mr. Examiner. I haven't been privileged to view it yet.

Mr. Moerman: Would you bring your material forward, Mr. Gilbert?

Mr. Examiner, Mr. Gilbert had a small rebuttal statement which I have here, and I think without involving Mr. Gilbert in these matters which are joint between Mr. Laux and himself, I could call Mr. Gilbert now and put in this rebuttal testimony as soon as I get hold of him.

Jerome Gilbert was recalled and testified as follows:

Direct examination.

Mr. Moerman: Mr. Examiner, the witness has been previously sworn. I now have before me and ask that it be marked for identification, a verified statement of Jerome Gilbert marked "Rebuttal Testimony."

Exam. Boat: It may be identified as Exhibit 109.

(Respondents' Exhibit No. 109, Witness Gilbert, was marked for identification.)

Mr. Moerman: The witness is tendered for cross-examination.

Mr. Langdon: There is only one question, aside from a possible use of Mr. Gilbert tomorrow in helping to explain the situation with Mr. Laux.

Cross examination.

[fol. 1840] By Mr. Langdon:

Q. On your exhibit, Mr. Gilbert, page 3, you refer, in Line 3, to an average estimated weight of 27.85 tons per car included in Mr. Mollman's Exhibit MLM-3.

Do you find that?

A. Yes, I have.

Q. Have you, since preparing your statement, read Mr. Keefe's testimony on this same subject?

A. No, I have not.

Q. The two testimonies, then, two statements have not been coordinated?

A. No. My testimony was as of June—just a year ago, June, 1957, when I put it together, and there were questions at that time how it was derived, and the exhibit that you now have before you explains it.

Q. Well, my question is, have you read Mr. Keefe's statement, Exhibit 108, as it refers to this same subject on pages 4 and 5?

A. I have read Mr. Keefe's in a rather cursory manner, but it was—I answered the question. The testimony that is here is updating the questions that you had, Mr. Langdon, as to how it came and it did not relate to Mr. Keefe's testimony, but related to what I had put in the record.

Q. And you are still taking the same position, then, after reading Mr. Keefe's testimony? Is that correct?

A. If I were to see Mr. Keefe's testimony and there would [fol. 1841] be any differences, I would only be glad to permit any corrections.

Mr. Langdon: That is all.

OFFER IN EVIDENCE

Mr. Moerman: No redirect.

I offer Exhibit 109, Mr. Examiner.

Exam. Boat: That exhibit will be received.

(Respondents' Exhibit No. 109, Witness Gilbert, was received in evidence.)

Exam. Boat: You are excused in connection with this one. I understand that you will be back.

The Witness: Yes, I will be back.

(Witness excused.)

Exam. Boat: Is there another witness we can handle now?

Mr. Langdon: Well, Mr. Colgren and I agree, with your concurrence, Mr. Examiner, that, since Mr. French is going to be the next witness and he is not going to be short, that we go over until tomorrow.

Is that satisfactory?

Exam. Boat: Yes, that is agreeable with me if there is nothing else that we can handle.

Mr. Langdon: You see, we have only then Mr. French and Mr. Cole and what remains of Mr. Laux, plus Mr. Gilbert.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: We will adjourn until 9:30 tomorrow.

(Whereupon, at 4:15 p.m., the hearing was adjourned until 9:30 a.m., Tuesday, June 17, 1958.)

[fol. 1842]

Before the Interstate Commerce Commission

I. & S. Docket No. 6615

Fourth Section Application No. 32204

[Title omitted]

Tuesday, June 17, 1958.

Met, pursuant to adjournment, at 9:30 a.m.

Before: M. L. Boat, Examiner.

Appearances:

(As heretofore noted.)

Additional Appearance:

Ann C. Gardner, 18th & F Streets, N. W., Washington, D. C., appearing for General Services Administration, Respondent.

[fol. 1844] **Proceedings**

Exam. Boat: Come to order, please.

Kenneth Cole was sworn and testified as follows:

Direct examination.

By Mr. Keenan:

Q. Mr. Cole, did you execute a verified statement dated May 21, 1958, bearing the docket number I. and S. No. 6615, and filed in this proceeding?

A. I did.

Q. Have you read the statement?

A. I have.

Q. And do you know the contents of it?

A. Yes.

Q. And are the contents of it true?

A. Yes, sir.

Mr. Keenan: May it be marked for identification, Mr. Examiner, please?

Exam. Boat: Yes, sir. We can identify that as Exhibit 110.

(Respondents' Exhibit No. 110, Witness Cole, was marked for identification.)

Cross examination.

By Mr. Shannon:

Q. Mr. Cole, before getting into the specific details of your study, I wonder if we might develop in a rather general way how you went about preparing this study. [fol. 1845] As I understand it, you have undertaken a survey for the New Haven at the Port of Boston for the terminal costs on export and import traffic.

Is that correct?

A. That's right.

Q. Did you have anything to guide you in this study? What procedure, in general, did you follow?

A. In general, I went to Boston, looked over the operation and determined costs on a direct basis as far as I could. I tried to reflect the actual condition.

Q. Now, when you got around to calculating these costs, did you rely upon anyone else's testimony in this case, work sheets, and so on, as far as procedure goes?

Mr. Keenan: May Counsel explain what he refers to by "these costs", just as a means of clarity.

Mr. Shannon: What I am trying to get from the witness is simply a statement that he calculated his costs in reliance upon Witness Heywood's work papers, as far as procedure.

By Mr. Shannon:

Q. Was that it?

A. I would say my general approach was the same as

Witness Heywood. That is, the study of the actual operation.

Q. I see.

Now, following his procedure in general, and you derived a cost per car for export-import traffic at Boston? [fol. 1846] A. That's right.

Q. And then you also derived a supplemental per ton figure which you then used in connection with the actual movement to get the cost per car?

A. The cost is divided in two parts, the part that varies with the car and the part that varies with the contents of the car.

Q. I see.

And then, on page 3 of your testimony, you set forth in two columns these two types of figures, the average cost per car, and then the average cost per ton of the various types of cars?

A. Yes, sir.

Q. And you come up with a cost per car, per box car, at the Port of Boston with a net load of 27.7 tons of $127.46.

Is that correct?

A. That is correct. That is on page 4.

Q. And then, using the cost studies of Witness Heywood and Witness Mollman and Witness Petterson, you also obtained similar figures for those other ports?

A. Yes. From that detail I determined what I understood to be the cost per car and cost per ton. I took the cost per ton times 27.7 tons and added it to the cost per car to arrive at figures shown on page 4.

Q. Now, Mr. Cole, would you turn to your Appendices A [fol. 1847] and B in your testimony.

Would you indicate in a general way how you set these up? Take, for example, Appendix A.

A. Well, Appendix A, the basic commodities and the number of cars and the revenue and the cost, except for the cost for the Port of Boston, are taken from Witness Heywood's papers JLH-1 and 2, and to the costs shown there, I added the cost for the Port of Boston based on the type of car and the weight of the contents, using my unit cost. That is to obtain Column 6. Then the out-of-pocket cost, I think I explained that in my testimony.

Q. Well, then, as I understand it, for the inland terminal cost and for the line-haul cost, you simply took Witness Heywood's figures in his exhibits and you added to that your Boston port terminal study figures?

A. That's right. As I explained, there was that gap in Heywood's Exhibits JLH-1 and 2. There was no cost for the Port of Boston. This figured them and put them in and made the exhibit complete, in my opinion.

Exam. Boat: You show the total cost, then, in Column 5?

The Witness: The total cost in Column 5 and out-of-pocket cost in Column 7.

Exam. Boat: What period did this cover?

The Witness: The costs represent the year 1957.

Exam. Boat: And the cars that you have shown there [fol. 1848] moved during?

The Witness: The cars and the revenue were taken from Witness Heywood's Exhibit marked JLH-1 and 2.

Exam. Boat: I see. Thank you.

By Mr. Shannon:

Q. Mr. Cole, what revenue do you use here? Is this revenue based on the present rates at the Port of Boston?

A. I took it just as it appeared in JLH-1 and 2. I wanted to complete the comparison that was started, but it was incomplete until I put in some cost figures for the Port of Boston.

Q. But your revenue figures, now, that is based on—

A. It was taken and lifted right out of JLH-1 and 2.

Q. And they are rates to the Port of Boston? Is that correct?

A. I am not a rate man. I accepted them as they appeared and made no change in them at all.

Q. Well, isn't it true that he used the rates that were and still are in effect at the Port of Boston?

Mr. Keenan: Mr. Examiner, the witness has indicated he is not a rate man and he is not tendered as an expert on what Mr. Heywood did or what rates there are. The ex-

hibits speak for themselves, and I just simply suggest that we live with his statement that he took it from Mr. Heywood's exhibit, for what it is worth. We know what is in Mr. Heywood's exhibit. I am not sure that the witness does.
[fol. 1849] Mr. Shannon: Well, the witness has put in an appendix here which is supposed to be a compilation. Surely he knows what the underlying figures that went into it are, and I don't see why he can't state clearly what this revenue figure is.

Mr. Keenan: He stated what they are. He says that the underlying revenue figures came from JLH-1 and 2, and then, if you want to inquire from him further where those figures came from before they got on JLH-1 and 2, he says he doesn't know, and he doesn't purport to be competent on that.

By Mr. Shannon:

Q. Then you don't know whether this revenue is based on rates presently in effect at Boston?

A. I read Witness Heywood's statement. My recollection was that he described them as rates to and from Boston, but, frankly, my knowledge of rates is very limited.

Q. Well, let's assume that that is correct.

As you know, the New Haven is trying to reduce its rates to and from differential territory to the Port of Boston and down to the Baltimore basis.

Now, if that is accomplished in this proceeding, isn't it true, Mr. Cole, that a large number of these movements, your margin between revenue and total cost, where you have such a margin, would decline substantially?

Mr. Keenan: Mr. Examiner, to what in the witness's direct examination is this line of inquiry referring?

I don't recall a word in Mr. Cole's direct testimony—the [fol. 1850] question is rhetorically directed to the Examiner, of course, but I would like this clarification from Counsel—I don't recall anything that Mr. Cole said on direct that purported to assert what rates have been published or what revenues will be yielded. All he undertook to do was to say that there was a revenue situation which

Mr. Heywood's exhibits purported to demonstrate, and assuming for a moment the accuracy of that—

Exam. Boat: Well, I think that is substantially correct.

Mr. Shannon: Let me ask Mr. Cole this.

By Mr. Shannon:

Q. Is it not true, Mr. Cole, that even under these present Boston rates which you show here, a large number of these movements are non-compensatory on out-of-pocket as well as a full cost basis?

Mr. Keenan: Objection until Counsel explains what he means by the word "large." I have no objection to pointing out specific instances or toting up numbers. General characterizations like that are not useful in the record, I don't believe.

By Mr. Shannon:

Q. Mr. Cole, are there any movements in here which are non-compensatory on an out-of-pocket basis?

Mr. Keenan: I didn't hear the question. I am sorry.

Mr. Shannon: Would you repeat it, please?

(Question read.)

The Witness: Well, in the case of 499, one car shows a ratio of 124.78. In the case of—

[fol. 1851] Mr. Keenan: For clarification, may the record note that the witness is referring to Appendix A?

The Witness: This is Appendix A that I am looking at.

Then, on the same sheet, the third from the last line, Group No. 735, that shows 105.99, commodity 763 shows 103.14.

By Mr. Shannon:

Q. How about Appendix B? You have some on that, then.

Exam. Boat: We needn't go into that. The exhibit speaks for itself.

The Witness: On Exhibit B—

Mr. Keenan: Mr. Cole, you are relieved from the necessity of answering any further.

By Mr. Shannon:

Q. Now, if we will reduce that revenue to the Baltimore basis, you would then have some more non-compensatory movements, wouldn't you, Mr. Cole?

Mr. Keenan: Objection. There is nothing, so far as I know, in evidence to indicate that revenue is not already at the Baltimore basis, in the first place, and, in the second place, the witness has not been tendered as competent with regard to what would happen to revenues if rates were changed.

Mr. Shannon: Well, the witness has already stated that he understood that this was on the Boston basis. The record will show that.

Mr. Keenan: Well, I didn't hear that question and answer.

Exam. Boat: Well, we needn't go into that, either, because those computations can be made from this exhibit.

[fol. 1852] Mr. Keenan: Yes. If I heard that question, I would have objected to it, because the witness doesn't purport to be competent on it.

By Mr. Shannon:

Q. Mr. Cole, does your railroad serve the Port of New York as well as the Port of Boston?

A. Yes.

Q. And you have prepared a cost study showing the terminal costs of the New Haven at the Port of Boston?

A. That is correct.

Q. Have you prepared such a study for the Port of New York?

A. I have not.

Q. In view of the fact that your railroad serves both ports and the fact that you have prepared such a study for the Port of Boston, may we surmise that the New Haven considers the costs at the Port of New York as a responsibility of someone else?

A. I never heard that discussed. I wasn't asked to make any study for New York. The only study I was asked to make was Boston.

Q. And you don't know why there is no cost study here in the record from the New Haven for New York?

A. No, I don't know why. I do not know that our share of the tonnage in New York is minor, relatively minor compared with the total movement.

Exam. Boat: That is, you are speaking of the move- [fol. 1853] ment to and from differential territory?

The Witness: Yes, sir.

By Mr. Shannon:

Q. Then the New Haven, of course, is primarily concerned with the Port of Boston, that is, where their largest volume of traffic moves?

A. I am not in a position to say just what our position is on it.

Q. Now, Mr. Cole, where in your work papers do you summarize these expense items that go into the Boston terminal cost?

A. The first summary sheet is—you are referring to my work papers—the first summary sheet is marked A-1. That summarizes the cost per car and the cost per ton for tank, other open top, and other traffic.

Q. Now, in considering these work papers, I think we can, for the purpose of cross examination, eliminate, for the moment, any consideration of your traffic other than box cars, since that is the one you used in your testimony for the basis of comparison of these various other ports, and, as I understand it, you have taken, well, you have here yard expenses of $21.69 a car on this box car traffic. Is that correct?

A. That is correct.

Mr. Keenan: Excuse me. What page is Counsel referring to?

Mr. Shannon: This is A-1 of the work sheets.

By Mr. Shannon:

Q. And your next item is facilities for general yard [fol. 1854] operation; and what is your figure for that?

A. $1.46.

Q. Well, you have got various other items here. Let's consider this yard expenses first.

Do you break that down further, Mr. Cole, in your work sheets?

A. There is supporting detail for that, yes, sir.

Q. And on what page is that?

A. Well, the first supporting sheet is A-2.

Q. Now, you have here various items under this yard expense, maintenance of way and structures, for example.

What do you include in that?

A. There are other work sheets beginning with A-7 that support the items in maintenance of way expenses. It shows by primary accounts the direct accounts, the principal direct accounts, 202 to 221. There are other semi-direct and also overhead accounts spelled out pretty well in the next three or four work sheets.

Q. Mr. Cole, let's consider this item Station Expenses that you have on your summary sheet, A-1.

I think you break that down on page 4 of your work sheet? Is that correct?

A. That is right.

Exam. Boat: Is that A-4?

Mr. Shannon: A-4, yes, sir.

[fol. 1855] By Mr. Shannon:

Q. I notice here you have an item of expense here, Station Employees.

What do these employees do, in general, Mr. Cole?

A. Well, the largest item is the loading and unloading of the traffic in and out of the cars, and supervisory forces, also the clerical work in connection with waybills.

Q. Loading and unloading of the cars.

Now, where are you speaking of as far as that is concerned, Mr. Cole? Do you mean on the piers?

A. This is confined to the export-import traffic, the handling that the railroad is responsible for.

Q. Well, now, what handling is that? Does that go up onto the pier, these employees?

A. The operation, as I understand it, as I saw it on the export freight, we unload it out of the car and place it on the floor. On the import, we take it off the floor and into the car.

Q. Well, now, Mr. Cole, where in the Station Expenses do you have maintenance and depreciation on pier facilities—strike that.

Mr. Cole, what kind of pier cost does the New Haven have at Boston?

A. Just what do you mean by "pier cost"? Do you mean loading and unloading of freight?

Q. No. I mean, in addition to that, what do you have in the way of pier cost? What do you have in the way of—

[fol. 1856] A. The principal item is a wharfage charge, 15 cents per ton.

Q. Well, how about maintenance and depreciation on pier facilities, and insurance, and taxes, return on investment, dredging, and all that sort of thing associated with the operation of piers? Haven't you got something for that?

A. No, we have no expense that I know of on that.

Q. You don't have any expense of that kind?

A. No, sir.

Q. Does the New Haven have any piers at all at the Port of Boston?

A. No, sir. That is, we don't own or maintain any.

Q. You don't own or maintain any piers at the Port of Boston.

Who does own them? Who does maintain them?

A. Well, the facilities that we use is the Army Base. That is operated by the Tidewater Terminal Company. And then there is the Commonwealth Pier. That is the State of Massachusetts operation. They have an agency that operates it. And the Castle Island facilities, I believe that is operated by a steamship company. In all cases, our expense is 15 cents per ton loaded ~~and unloaded~~.

Q. 15 cents a ton.

Do you mean that that is the only expense that you have at Boston other than this loading and unloading that you speak of?

A. As far as the use of the piers is concerned and the [fol. 1857] maintenance of the pier facilities, the 15 cents per ton covers it.

Q. Now, what about this 15 cents a ton? What is that figure, Mr. Cole?

A. That is the figure that has been agreed upon between the railroad and the operators of these facilities. That is the amount that we pay.

Q. Do you pay a flat 15 cents a ton regardless of the traffic, is that right, the type of traffic?

A. I think the Army part of it may be possibly nothing, but it is never any more than 15 cents a ton.

Q. Never any more.

The rate doesn't vary with the volume of traffic?

A. No, sir.

Q. And you have a contract, then, I take it, with these various people, under which you pay 15 cents a ton and no more?

A. Yes. This is an agreement that spells that out.

Q. Would you by any chance have a copy of that agreement here with you?

A. No, I haven't.

Q. You said, Mr. Cole, that you weren't sure whether or not anything is paid to the—at the Army Base Pier on this traffic.

A. I possibly was not clear on that. It is paid at all three facilities. There is a very limited class of traffic that the Army Base has free use, the U. S. Army has free [fol. 1858] use of the facilities. Any loading or unloading of cars for the Army, my understanding is that 15 cents would not be involved. But all the tonnage that I show in here in my cost I have used 15 cents per ton. In other words, I didn't reduce it down for U. S. Army tonnage.

Q. Well, now, Mr. Cole, I take it you are aware that at the Port of Hampton Roads as well as at some of the other ports involved in this case, the railroads have very heavy expenses for maintenance, depreciation, and all the other charges associated with pier operation.

You are aware of that?

Mr. Keenan: Mr. Examiner, again may I inquire of Counsel what that particular question has to do with the witness's direct?

The witness has not been tendered as being the slightest familiar wit[illegible]perations other than at Boston.

Mr. Sha[illegible]: Well, he purports to compare terminal costs here [illegible]rious ports, and it certainly is relevant to know his k[illegible]edge on the subject at the other ports, how they are o[illegible]ed, and how those costs are obtained.

Mr. Keen[illegible] Mr. Examiner, Counsel is only partly right. The witness has purported to compare not what the costs are at Boston and other ports, but what he has found the cost to be at Boston with what the Southern tier witnesses have said the costs are at the other ports. He is, there- [fol. 1859] fore, for the purposes of his testimony, has assumed that the Southern tier witnesses have told the truth and been accurate. He claims, at least as I read his direct, no direct knowledge whatsoever of what operations are conducted at Southern tier ports.

By Mr. Shannon:

Q. Mr. Cole, even if your railroad doesn't have to pay these heavy pier costs, isn't it true that these costs must be borne by someone even if it is the benevolent taxpayer, the Commonwealth of Massachusetts.

Mr. Keenan: I object, Mr. Examiner, on the basis that question is irrelevant. It could be misleading to the issues of this case.

Mr. Shannon: What is misleading or irrelevant about it? I think it is a highly important question in this case.

By Mr. Shannon:

Q. Isn't that an economic cost, Mr. Cole?

Mr. Keenan: Mr. Cole, excuse me. I have an objection pending to the line of inquiry concerning who pays what pier costs as long as the railroad involved, which is the carrier now under investigation by this Commission, so long as the railroad involved does not incur that expense. The witness says the railroad incurs no such expense.

Exam. Boat: Objection sustained.

By Mr. Shannon:

Q. Mr. Cole, do you or do you not know that the port terminal cost for the Port of Hampton Roads includes heavy expenditures for pier maintenance and depreciation?

[fol. 1860] Mr. Keenan: Mr. Examiner, I object again on the double that this is demonstrably beyond the witness's competence in the first place, and, in the second place, because it is way outside the scope of his direct.

Exam. Boat: I understand he only took the costs that were shown on Witness Petterson, was it?

Mr. Keenan: That is correct. Witness Warren, I think.

The Witness: Witness Petterson and Witness Warren, that is right, sir.

By Mr. Shannon:

Q. Mr. Cole, would you turn to page A-50 of your work sheets.

Now, on this page, as I take it, you set forth the cost per car, box car traffic, with average loading of 27.17 tons based on the cost exhibits of Witnesses Warren, Petterson, and Heywood.

Is that correct?

A. Warren, Petterson, Heywood, and Cole.

Q. Yes, sir. And Cole.

Now, would you read for me there the total cost per car that you have taken for the Port of Philadelphia?

A. I might explain that total. The total cost per car at Philadelphia for the 27.7 tons is $126.99.

Q. And that is the same figure that you then have used on page 4 of your testimony, is that right, where you have this tabulation?

[fol. 1861] A. Yes, sir.

Q. Now, would you also give me the figure there for the Port of Baltimore?

A. $111.44.

Q. That is the same figure that you use over here on page 4 of your testimony, too, isn't it?

A. Yes, sir.

Q. Now, in this tabulation on page 4, you don't have a terminal cost figure for the Port of New York, but in your work sheets you do have that figure, and I wonder if you would read that, please.

Mr. Keenan: Just a minute, Mr. Cole.

Again I should like Counsel to explain what in the witness's direct testimony has anything whatsoever to do with this line of cross examination. The witness has undertaken in no way whatsoever to discuss New York costs, has not undertaken in any way to be competent concerning them. We have made full disclosure of work papers, which include many, many computations which the witness has made which have not gone into his direct testimony because, in the opinion of the attorneys on the case, they weren't relevant to what he was tendered for. I object to Counsel's going off on a kind of a spree outside the scope of the witness's direct, Mr. Examiner.

Exam. Boat: Well, let's be brief, Mr. Keenan, here.

Mr. Keenan: I am sorry, sir.

[fol. 1862] Mr. Shann .. Mr. Examiner, there is simply one figure in here. He has taken these from Witness Heywood's exhibit. He has a figure for Baltimore, one for Philadelphia, and one for New York, and, just to complete the picture, I see no reason in the world why the New York figure cannot be stated so that it will fit in with this comparison on page 4.

Exam. Boat: Do I understand that you are asking him about the 292.85 figure in the work sheet?

Mr. Shannon: Yes, sir. That is the figure.

Exam. Boat: And you want to get the supporting data for that?

Mr. Shannon: No, no. I just simply wanted the witness to read that figure for us so that we would have that along with the others.

Exam. Boat: Well, I think it is in his work papers. I don't see any objection to having it if he wants it on the record.

Mr. Shannon: Thank you, sir.

Mr. Keenan: If who wants it, Mr. Examiner?

Neither the witness nor do I want it on the record.

Exam. Boat: Well, it is in the work papers here, and I don't see—

Mr. Keenan: But not in his direct testimony, sir. His work papers are not tendered in evidence, they are tendered for clarification, so counsel can follow the evidence.

[fol. 1863] Mr. Shannon: Well, he lists this figure along with the one for Baltimore and Philadelphia, and he states the Baltimore and Philadelphia figure in his tabulation here, and to get the complete picture, I don't see why we can't have the other one, too. The Examiner has so ruled.

Exam. Boat: It is merely a restatement of someone else's figure, isn't it?

Mr. Shannon: That is correct.

Mr. Keenan: If Counsel wants to take the witness as his own, then have the witness testify on behalf of the Southern tier concerning New York costs, I have no objection, but this is cross examination and it is outside the scope of direct, Mr. Examiner. I do object vigorously to this sort of—the inclusion of this sort of evidence.

Mr. Shannon: It is not outside the scope of direct at all. I think we are perfectly entitled to get it in.

Exam. Boat: Well, I assumed that he had used this 292.85 figure in his direct in some way or another.

Mr. Keenan: No, sir, he has not.

Exam. Boat: What is the purpose of showing it in his work papers, then?

Mr. Keenan: I don't know why. The witness's work papers, Mr. Examiner, include the witness's computations made for a number of purposes, but the sole scope of the witness's testimony, I respectfully submit, is right there [fol. 1864] in Exhibit 110.

Mr. Shannon: Well, these figures that are used on page 4 come from this A-50 in his work sheets, and he has there this figure for the Port of New York, and since he has—

Exam. Boat: Well, I don't understand that he has carried that figure into his testimony.

Mr. Shannon: No, sir. That does not appear in this tabulation. That is exactly what I want him to do, to state that figure.

Exam. Boat: Well, I think the objection is sustained.

By Mr. Shannon:

Q. Now, Mr. Cole, with the aid of Mr. Heywood's inland terminal cost and line-haul cost, and using your own Port of Boston terminal cost, you have shown the revenues and costs for various movements to and from the Port of Boston:

Did you give any thought to preparing exhibits which would compare the total cost of transporting various commodities to and from differential territory to the Port of Boston, on the one hand, and total cost of transportation for such commodities to the Port of Hampton Roads, on the other, that is, a comparison of costs all the way from differential territory to Boston as compared with the same commodity movements all the way to Hampton Roads?

A. I did not attempt anything like that.

Mr. Shannon: Mr. Examiner, that concludes my cross [fol. 1865] examination of Witness Cole, but I would like to make this statement.

Exam. Boat: I don't think you need the statement. If you have any more questions, you can ask them.

Mr. Shannon: I want to request permission, in view of the fact that his testimony is not in the nature of rebuttal at all, but a new element in this case, an element involving costs which the respondent railroads have heretofore refrained from putting in at all, I want to request permission to file an exhibit which would show the total costs of various movements from differential territory to the Port of Boston.

Exam. Boat: Well, that will be another matter. We will take that up when we get to it.

Mr. Shannon: All right, sir.

Exam. Boat: Any further cross?

Mr. Keenan: Mr. Examiner, Counsel—

Mr. Langdon: Wait a minute. I have some questions.

Mr. Keenan: Oh, I am so sorry, Mr. Langdon.

Well, perhaps even if I may be permitted before Mr. Langdon inquires, I might be able to shorten something up.

Mr. Shannon asked the witness, Mr. Examiner, whether the revenues which the witness was testifying about in

Appendices A and B of Exhibit 110 were on the Boston or on the Baltimore basis. I don't know what the witness said in answer to the question, or whether the witness [fol. 1866] knew. I have since ascertained that they are on the Boston basis, and I should be glad, in the interest of truth and accuracy, to stipulate with Counsel that that is the case.

Mr. Shannon: Fine. Thank you.

Mr. Keenan: Will Counsel agree with me, Mr. Examiner, that the way to determine what the revenues are on the Baltimore basis, so far as Boston movements is concerned, is to look at JLH-5 and 6?

Mr. Shannon: Well, I simply agree with you that he has used Boston figures.

Mr. Keenan: And you won't agree to the other?

Mr. Shannon: No comment.

Mr. Langdon: I have only a few questions.

Cross examination (Continued).

By Mr. Langdon:

Q. Mr. Cole, turn to your Appendix B, please.

That, along with Appendix A, includes your special terminal cost study, of course.

That is correct, is it not, the total showing of costs there?

A. The terminal study costs are incorporated in Columns 5 and 7, along with the costs that were found in JLH-1 and 2.

Q. Now, limiting your answer to your special terminal cost study, what rate of return on investment did you include in Column 5?

[fol. 1867] A. I used six per cent.

Q. Now, turning to Column 7, and limiting your answer to your special terminal cost study, how did you make the transition from total cost to out-of-pocket cost?

A. I took 80 per cent of operating expenses, rents and taxes, and on the return on investment I used 50 per cent road and a hundred per cent on equipment.

Q. One other question: You said that at New York the

New Haven was a minor factor in the handling of export-import traffic, during the course of your cross examination.

A. Relatively. Our share of the tonnage, that percentage is low.

Q. Are you a major factor at Boston in the handling of the same traffic there at that point?

A. I have never seen total figures for Boston. I don't know what our percentage is.

Q. Would you regard the Boston and Maine as a larger carrier at Boston in the handling of export-import traffic.

Mr. Keenan: Mr. Examiner, again will Counsel tell me what, on direct examination, this has anything to do with? The witness has not been tendered as competent concerning the Boston and Maine's traffic volume.

Exam. Boat: I think that question is a fair question, if he has any knowledge.

The Witness: I haven't seen any tonnage figures, export-[fol. 1868] import tonnage figures for the Boston and Maine.

By Mr. Langdon:

Q. You have no general knowledge of their standing vis a vis the New Haven in the handling of this general type of traffic, roughly?

A. No. I have never had occasion to see any of their figures.

Q. How about the Boston and Albany?

A. I wouldn't know on them, either.

Q. They handle export-import traffic at Boston?

A. Yes, I think they do. I am not familiar with their facilities or the quantity they handle.

Mr. Colgren: I have a question, if you please.

Redirect examination.

By Mr. Colgren:

Q. Mr. Cole, with reference to your most recent answers here concerning Appendix B to Exhibit 110; in the computation of your out-of-pocket cost, Column 7, you indicated, I believe, that you used 80 per cent of the various accounts that went in to make up your total costs, Column 5? Is that right?

A. I used 80 per cent of operating, and for my terminal study I used 80 per cent of operating expenses, rents and taxes, and I used, as I said before, 50 per cent return in the case of the road and 100 per cent in the case of equipment. On the other costs, the Heywood costs, I used the straight 80 per cent. That is, the line haul cost and the [fol. 1869] inland terminal cost.

Q. Yes. The 80 per cent is the standard short method of converting fully distributed costs to out-of-pocket costs?

A. It is a commonly used method.

Q. Are you familiar with Witness French's testimony in this proceeding?

A. I have read it.

Q. Do you disagree with his use of specific per cents in ascertaining out-of-pocket costs in connection with a special port study from accounts used in the original Heywood study?

A. I see nothing wrong with doing it account by account.

Q. One other question, Mr. Cole: Has the New Haven ever received six per cent return on its investment in recent years?

A. Not in a good many years.

Mr. Colgren: Thank you very much.

Exam. Boat: Redirect?

Mr. Keenan: One question.

Redirect examination (Continued).

By Mr. Keenan:

Q. Mr. Cole, lest there be any misunderstanding about it, please tell me, with regard to the costs of the southern tier railroads what you did? Did you attempt to produce, yourself, the terminal costs of the southern tier railroads, or did you simply make these of costs which had been produced for those railroads by their own cost men?

A. I simply analyzed their costs and lifted out what I [fol. 1870] understood to be what they showed as the port terminal cost, accepted it as shown.

Q. Did you make any attempt to determine whether the work that those southern tier cost witnesses had done was accurate, or not?

A. I made no such attempt.

Q. Have you any opinion as to whether their work is accurate, or not, or as to whether their costs are accurate, or not?

A. No, I have no—I just accepted them.

Q. You have what?

A. I just accepted them for the purpose of this case, what they contend to be their costs.

Q. And have you any opinion as to the accuracy of their costs?

A. I would say, on the basis they are put up, they are reasonable. I have no reason—I am not quarreling with them.

Mr. Keenan: No further questions.

Exam. Boat: That seems to be all, and thank you, Mr. Cole. You are excused.

(Witness excused.)

OFFERS IN EVIDENCE

Mr. Keenan: May I tender for receipt in evidence Exhibit 110, Mr. Examiner?

Exam. Boat: Exhibit 110 is received.

(Respondents' Exhibit No. 110, Witness Cole, was re- [fol. 1871] ceived in evidence.)

Mr. Keenan: Mr. Examiner, Mr. Shannon asked for a stipulation on a late-filed exhibit. I will be glad to transact that business now, if the Examiner cares, while we have it fresh in mind.

Exam. Boat: Perhaps it should be done.

Mr. Keenan: We can do it very briefly.

Do you want to file a late-filed exhibit, Mr. Shannon?

Mr. Colgren: Isn't that part, sir, as you mentioned, part of this general subject for further hearing?

Exam. Boat: I think we might discuss that also.

Mr. Keenan: Is the request being withdrawn? If there is such a request, I would like to stipulate that he might file a late-filed exhibit, Mr. Examiner, so long as we know what it is going to be.

Exam. Boat: Well, it is a matter similar to other matters that we are going to consider here, and I think the proper time to discuss it is at that time.

~~The next witness?~~

Mr. Myskowski: Mr. Examiner, I believe Mr. Macleay and Mr. Moerman and the representative of the Census Bureau are conferring in another room with respect to the underlying figures, ~~I don't think it would serve much pur~~pose to put Mr. Laux back on the stand. I could go over and see if they are ready for further cross examination.

[fol. 1872] Exam. Boat: Off the record, please.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Scully: I offer for identification the verified statement on behalf of the Associated Industries of Maine, to be marked for identification.

Exam. Boat: It may be identified as Exhibit 111.

(Respondents' Exhibit No. 111, Witness Havey, was marked for identification.)

Mr. Scully: And I also offer for identification a statement in behalf of the Maine State Chamber of Commerce.

Exam. Boat: That may be identified as Exhibit 112.

(Respondents' Exhibit No. 112, Witness Emerson, was marked for identification.)

Exam. Boat: There will be no objection? There has been no request for cross examination?

Mr. Scully: I know of no request.

Mr. Keenan: Can I get Mr. Bleakney from across the hall?

I don't know whether he would have an objection to this. He has an interest in it. It will just take me one minute.

Exam. Boat: Very well.

Mr. Keenan: Mr. Examiner, thank you.

Exam. Boat: No one wishes to cross examine as to these statements. Under the circumstances, they are received in evidence.

[fol. 1873] (Respondents' Exhibit No. 111, Witness Havey, and No. 112, Witness Emerson, were received in evidence.)

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Edward K. Laux was recalled and testified as follows:

Cross examination (Continued).

By Mr. Macleay:

Q. Mr. Laux, referring to your Exhibit A-2, can you tell me how many of the vessels indicated thereon as having transported general cargo are vessels of less than 1,000 gross tons?

A. No, sir. I do not have that information.

Q. Is that information available in your underlying data?

A. I am not certain whether it is, or not. I assume—

Mr. Moerman: I am informed that it is, Mr. Macleay.

Mr. Macleay: Are you also informed as to the number of such vessels?

Mr. Moerman: Mr. Gilbert estimates 25, Mr. Macleay.

Mr. Gilbert: That is on the high side.

Mr. Macleay: Thank you.

Mr. Moerman: That information, Mr. Macleay, I am informed, is in the underlying data which you have before you.

Mr. Macleay: Thank you.

[fol. 1874] By Mr. Macleay:

Q. Mr. Laux, I hand you a copy of Witness Hamill's WSH-1, and refer you to page 6 thereof, and at the same time refer you to page 4 of 21, as it is designated, or page 3 as it is shown in the center of the page, of your Exhibit A-2.

In both instances, the vessel Tallyrand, your Exhibit A-2 indicates that Tallyrand clearing Baltimore on July 1 with general cargo.

I ask you if page 6 of Witness Hamill's Exhibit WSH-1 does not also indicate the Tallyrand as having cleared Baltimore on July 1?

A. Where did you say it was shown in my Exhibit A-2?

Exam. Boat: Yes. I am having difficulty finding it.

Mr. Macleay: It is the Page No. 3 in the middle of the page. Up above it is called Page 4 of 21. It is the third from the last vessel shown on that page.

The Witness: What is the page on the upper right-hand corner?

Mr. Macleay: Page 4 of 21 at the top. In the center of the page, it is called page 3.

The Witness: Yes. My exhibit shows clearance date July 1, and so does Mr. Hamill's exhibit, the same date.

Mr. Moerman: We have checked it here, Mr. Macleay. It should not have been included. It was included by error. That will be clearly conceded.

[fol. 1875] Mr. Macleay: Mr. Examiner, that is a type of error which we have found in some instances in our examination of Mr. Laux' Exhibit A-2. Another type of error which we have found is—just a moment, let me find a good example of it.

The Witness: I might observe right here that the ship is spelled T-a-l-l-e-y-r-a-n-d on Mr. Hamill's exhibit, and on my exhibit it is spelled T-a-l-l-y-r-a-n-d. It is quite possible that the clerk who made the check or compilation of this study thought it was two different ships.

Mr. Macleay: That is quite possible.

I will state for the record, Mr. Examiner, that we have also found that, in some instances, vessels which are indicated on Mr. Laux' as having called at Baltimore in general cargo service did so call at Baltimore, and through similar clerical errors of one sort or another, were omitted from the Hamill exhibit, or were misrecorded.

By Mr. Macleay:

Q. As an example, Mr. Laux, will you please turn to page 17 of Witness Hamill's exhibit.

You show in your Exhibit A-2, on page 5, the Alcoa Roamer as having entered Baltimore and cleared Baltimore on August 16th.

You will note on page 17 of Witness Hamill's exhibit that the Alcoa Roamer is listed.

Do you find that, about the middle of the page?

A. I see the Alcoa Roamer.

[fol. 1876] Q. Now, you will note that she is listed as having called at Boston on July 17th, and New York on July 22, at Baltimore on July 19th. You will note that she is also recorded as having called at Boston on August 13, New York August 18, and at Philadelphia on August 16th.

We find that the notation of the call at Philadelphia is in error and that that should have been recorded as a call at Baltimore.

A. In other words, we are correct.

Q. You are correct.

Now, Mr. Laux, referring to the movement which you show for a vessel named Spigeborg on August 19, which I find on another page marked in the center "3" of your Exhibit A-2, and marked Page 7 of 21 in the upper corner.

Exam. Boat: I think we had better use the latter numbers to identify it, please.

Mr. Macleay: All right. Page 7.

By Mr. Macleay:

Q. Do you see the Spigeborg?

A. I do.

Q. You have her recorded as having entered Baltimore and cleared Baltimore on August 19, entering in ballast and clearing in general cargo.

Is that correct?

A. That is correct.

Q. Referring to your underlying data, I note that she is [fol. 1877] listed in the Census report as having cleared on that date with a No. 3 designation as cargo.

That is the general cargo designation, is it not, or a general cargo designation?

A. I couldn't say. I am not familiar with these numbers.

Mr. Macleay: May I ask if the man who is familiar with them can advise us at this point if that is correct?

Mr. Gilbert: Yes.

By Mr. Macleay:

Q. Now, referring to page 8 of your exhibit, the vessel named Green Harbour, you indicate that as clearing Baltimore on the 16th of August with general cargo, do you not?

A. Yes, sir.

Q. Referring to your underlying data, the Census list, I call your attention to the notation of the Green Harbour as having cleared Baltimore on that date. Her cargo designation is No. 5.

Mr. Macleay: Do you know what is No. 5 in the cargo designation?

Mr. Gilbert: No. 5?

Mr. Macleay: May I ask the man who does?

Mr. Gilbert: Do you want me to agree with you, do you mean?

Mr. Macleay: I am merely asking what it is.

Mr. Gilbert: That is bulk cargo.

[fol. 1878] By Mr. Macleay:

Q. Would that indicate to you, Mr. Laux, that there is an error in the tabulation of your exhibit, or the recording in your exhibit when you show that vessel as having gone out in general cargo?

A. It is an error, not a serious one when we checked 1400 ships.

Q. I am not saying it is serious, and I am not accusing you of anything venal, Mr. Laux.

A. I am glad you are not.

Exam. Boat: Well now, all of this, how important, how significant are these instances that you point out? Are they going to invalidate all of this sort of showing, or what?

Mr. Macleay: Mr. Examiner, I don't know that—

Exam. Boat: I just asked the question because of the time we seem to be consuming.

Mr. Macleay: I agree with the Examiner completely, and I think this is an appropriate time for us to reach final agreement, if we can, on what we tentatively agreed to yesterday, which is that this whole subject should be handled by a late-filed exhibit which we are prepared to try to work up initially and submit to Mr. Moerman in the hope that we can reach an accord on these matters; point out the errors which Mr. Laux' exhibit indicates were made in Mr. Hamill's exhibit, point out the errors which are to be found in Mr. Laux' exhibit, and where there is an unreconcilable difference, merely so state.

[fol. 1879] If that is satisfactory with counsel, and if we may agree that we will follow that procedure, I can suspend with this particular line of cross examination.

Mr. Moerman: Mr. Macleay I believe misspoke himself. He mentioned Mr. Laux twice. Did you not intend to say, point out errors in Mr. Hamill's exhibit?

Mr. Macleay: I meant to say Mr. Hamill. If I said "Laux" twice, would you please correct the record?

Mr. Moerman: With that understanding, Mr. Examiner, of course we are in accord, with your permission, that that may be done. As I understand it, we will get together on an exhibit which will endeavor to correct such errors as may be found in the two sets of exhibits and file them as a late-filed exhibit.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Macleay: Also, I wonder if counsel will agree that this exhibit may indicate such other material from the underlying data on both sides, so far as that goes, as may be of particular interest so far as Baltimore carryings are concerned. I have in mind particularly the matter of vessels of less than 1,000 tons carrying capacity, as indicated on your underlying data.

[fol. 1880] Mr. Moerman: Agreed.

By Mr. Macleay:

Q. Mr. Laux, referring to your Exhibit A-6, you state that you excluded from that count vessels of less than 1500 tons carrying capacity.

Is that correct?

A. That is correct.

Q. Can you tell me how many such exclusions there were so far as New York is concerned, and can you break it into exclusions of vessels of less than a thousand tons and vessels of between 1,000 and 1500?

A. No, I cannot.

Mr. Moerman: I am informed, Mr. Macleay, that that can be computed also from the basic data which we have furnished you.

By Mr. Macleay:

Q. I find, Mr. Laux, a notation on the basic data having to do with New York for 1956, a notation of, "Vessels under 1,000 tons, 248," and, "Vessels between 1,000 and 1500 tons, 595."

Can you advise me whether that is the respective number of vessels excluded in each category from your count for the purposes of Exhibit A-6?

A. I would have to depend on Mr. Gilbert.

Mr. Macleay: I wonder if Mr. Gilbert can advise me.

Mr. Gilbert: Yes, that is correct.

By Mr. Macleay:

Q. Now, during the same year, 1956, at Baltimore, our count which we made when we found that there was no [fol. 1881] similar tabulation indicated at the head of the document, was that 40 vessels of less than 1,000 tons had been excluded and 383 vessels of between 1,000 and 1500 tons had been excluded.

Can you advise me whether those figures are correct?

Mr. Gilbert: Our count is not far apart. For your 40 we have 38. For your 383, we have 389.

Mr. Macleay: Off the record!

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

By Mr. Macleay:

Q. Now, you also state, Mr. Laux, that you excluded from the count passenger vessels.

Is that true?

A. That is correct.

Q. Do you mean to include there what are commonly known as combination vessels, in other words, vessels carrying some passengers and also carrying considerable quantities of freight?

A. When we refer to passenger ships, we are referring to those vessels that carry more than 12 passengers.

Q. Can you tell me how many such vessels were excluded from the count at New York during the year 1956?

A. No, sir.

Q. Will you agree that there was excluded the America, with 16 sailings?

[fol. 1882] A. If the America had 16 sailings, that was excluded.

Q. Do you know whether or not the America had 16 sailings?

A. In '56?

Q. Yes, sir.

A. No, sir.

Q. Did you make these computations, Mr. Laux?

A. Do you mean in this exhibit?

Q. Yes.

A. Well, they were prepared under my direction. I didn't make them. I didn't even examine the work sheets. I requested that we have data to show that Baltimore ship sailings have been augmented since 1951. That is the whole purpose.

Q. So you directed the exclusion of all passenger vessels? Is that correct?

A. Yes, sir. We excluded those because they do not carry much freight and—.

Q. Just answer my question, please, Mr. Witness, Let's don't get into an argument.

Mr. Moorman: Well, are you not interested in the reason for the exclusion, which, I take it, will not be argument?

Mr. Macleay: I am quite certain he stated his reason and his feelings about passenger vessels yesterday. It is also stated in his direct. I don't have to agree with him. I don't think it has to be restated at this point.

By Mr. Macleay:

Q. Among the vessels excluded, I assume, were the Grace [fol. 1883] Line vessels which carry about 52 passengers?

A. If they sailed in '56, they were excluded.

Q. All right.

Now, in particular, I will refer you to your underlying data for New York.

I ask you to look at the underlying data from which you took the New York clearances for 1956, and ask if you excluded a vessel named the Santa Clara?

A. We did.

Q. A vessel of 5891 tons? Is that correct?

A. I don't know what the "5891" means. I have no definition of the numbers.

Q. Well, now, I refer you to the underlying data from which you computed the Baltimore sailings during the same period, and ask you if you will examine that and tell me whether or not you excluded the Santa Clara.

A. It was not excluded.

Q. In other words, you left that vessel in on her sailings at Baltimore, although you excluded that vessel from her sailings at New York? Is that correct?

A. Apparently.

Q. I ask you if that is also true as to the sailings of a vessel named the Santa Monica?

A. I wouldn't know, sir. Like I said before—

Q. Will you examine your underlying data and advise [fol. 1884] me, please?

A. I don't know where the underlying data is.

Q. Right here.

A. I know nothing about those numbers, and I am not going to look at them. If Mr. Gilbert wants to do it, it is all right.

Q. Did you instruct Mr. Gilbert to leave in the passenger vessels serving Baltimore, although excluding them at New York?

Mr. Gilbert: Please—

Mr. Macleay: Just a moment. I have a question pending.

Mr. Moerman: He thought you were addressing it to him.

The Witness: As a matter of fact, I wasn't aware that there was much passenger service from Baltimore, and, frankly, didn't give that a thought. I knew we had plenty of passenger service from New York, and, therefore, I requested New York passenger service be excluded.

By Mr. Macleay:

Q. What were your instructions on the matter, Mr. Laux?

A. What?

Q. Did you give you any specific instructions on the matter?

A. No, sir.

Q. That was not a part of the preparation over which you took direct direction?

A. Well, it may be an innocent misunderstanding on the part that did the abstracting.

[fol. 1885] Mr. Moerman: Mr. Macleay, just a minute. Are we talking about A-6 or A-4?

The Witness: A-6.

Mr. Moerman: Now, is the line of your questioning in connection with A-6 that the Santa Clara was omitted from the computations with respect to New York, and included in the Baltimore computations?

The Witness: That's right.

Mr. Macleay: Yes, sir. That is the exact tenor of my examination.

By Mr. Macleay:

Q. I refer you again to your underlying data for New York for that period and ask you if there is scratched out and excluded therefrom the sailings of a vessel named the Santa Monica?

A. Yes.

Q. And can you tell me how many sailings the Santa Monica made from New York?

A. No, sir.

Q: Will you agree with me that she made 17 sailings from New York during that year which you eliminated, or would you prefer to take a moment to count them?

A. I wouldn't prefer to do anything.

Q. Then I ask you to count them, please, sir, from your underlying data and tell me how many sailings she made to New York during the period.

[fol. 1886] Mr. Moerman: Don't make him work, Mr. Macleay. Ask him if there were 17.

Mr. Macleay: I did ask him that and he refused to answer, Counsel.

Mr. Moerman: Then it will just have to stand that way. You can't twist his arm.

Mr. Macleay: I can ask him to refer to his underlying data and tell me.

Mr. Moerman: He can be a little bit obstinate about it, too.

Mr. Laux, would you look at the data, please?

Mr. Macleay: I have to handle it rather delicately because I find it comes apart, these perforated sheets.

The Witness: Seventeen, correct.

By Mr. Macleay:

Q. Now I refer you to your underlying data covering the same period on sailings from Baltimore and ask you if the Santa Monica appears there.

A. It does.

Q. And will you tell me how many sailings she made from Baltimore during that period?

A. There appears to be ten.

Q. So you left in ten Baltimore sailings of the Santa Monica while you excluded 17 New York sailings? Is that correct?

A. Apparently.

Q. Now, will you refer back to your New York sailings, [fol. 1887] and a vessel named the Santa Sofia, she was scratched out and was eliminated from your New York computation, was she not?

A. Yes, sir.

Q. And how many sailings did she make from New York? Will you agree with me that she made 17 during that period?

A. Yes, sir.

Q. Now, referring to your similar underlying data for the Port of Baltimore during that period, I ask you if that vessel is shown as having sailed from Baltimore?

A. It is shown.

Q. And how many sailings did she make from Baltimore?

A. Eight.

Q. So you left in the eight Baltimore sailings of the Santa Sofia while eliminating the 17 New York sailings? Is that correct?

A. That is correct.

Mr. Macleay: May I inquire of Counsel if he will agree that I may read into the record our count of sailings of passenger vessels eliminated from the New York computation, in order to save the time of having Mr. Laux count them off for the record?

Mr. Moerman: How many are there?

Mr. Macleay: A couple of pages of them.

Mr. Moerman: Why don't you put them in an exhibit to follow along with the material?

Mr. Macleay: Is it agreed that we can file that as a [fol. 1888] late-filed exhibit, Mr. Examiner?

Exam. Boat: That will be all right.

(The document described to be furnished by protestants.)

Mr. Macleay: May we include the tonnage?

Mr. Moerman: That is all right.

By Mr. Macleay:

Q. Now, Mr. Laux, as I understand it, you also eliminated from these computations in your Exhibit A-6 those instances where vessels had made two calls at the port as a part of the same itinerary.

Is that correct?

A. That is correct.

Q. What criteria did you use to determine that fact? In other words, what juxtaposition of dates of sailings, or something of the sort, was set up as your rule of thumb?

A. Well, we find a vessel come in and discharge cargo—

Q. I understand that, Mr. Laux. I think the record is clear on it. All that I am asking is, for example, if the vessel shows up at the same port within a week, I would assume that you would eliminate one of those sailings from your count.

A. Not exactly. It depends on whether—

Q. How did you determine as to what was to be eliminated and what was to be left in?

A. As I said before, when a ship comes in and discharges cargo and then sailed without cargo, that sailing is eliminated. [fol. 1889] Later on she may come back and load cargo. But then the sailing is credited, but not the inbound, because she didn't unload.

Q. Well, it is true, isn't it, Mr. Laux, that vessels do sometimes make two runs, sometimes three calls at a port as a part of one itinerary, and I believe you will recall that Witness Hamill testified that, in his count of his sailings, he also had eliminated such double calls, did he not?

A. Yes, that's right.

Q. And you have eliminated them also from your count, haven't you?

A. Yes, that's right.

Q. All I was trying to get at was what proximity of date did you use. However, can you give me any idea of how many such double calls there were eliminated at the Port of New York?

A. No, sir.

Q. Can you give me any indication of how many such double calls there were eliminated at the Port of Baltimore?

A. No, sir.

Q. Will you refer to your underlying data?

Exam. Boat: Would this be a good place to stop, Mr. Macleay?

Mr. Macleay: Fine, sir.

Exam. Boat: We will take a ten-minute recess.

(Short recess.)

Exam. Boat: Come to order.

[fol. 1890] By Mr. Macleay:

Q. Mr. Laux, I omitted asking you to count the number of sailings of the Santa Clara from Baltimore during 1956. I show you your underlying data and ask if you will agree with me that she made eight sailings during that period?

A. I do.

Q. Now, on this matter of exclusion of double sailings, as an example, I point to the underlying data covering the New York sailings, the vessel African Glen. She sailed New York 7-10 and again sailed New York 7-31, so you have eliminated the sailing on 7-10.

It wouldn't have mattered which one you eliminated. You just eliminated duplication, is that correct?

A. That is correct.

Q. So those are obviously on the same itinerary, are they not?

A. I would imagine so.

Q. Now, referring to your similar underlying data for Baltimore during that period, the vessel African Glen, she is indicated as having sailed from Baltimore on 7-21 and having again sailed from Baltimore on 7-27.

Wouldn't you say that that is similarly obviously a part of the same itinerary?

A. It could very well be.

Q. Yet you have not eliminated either one of those Baltimore sailings have you?

[fol. 1891] A. No, sir.

Q. Did you eliminate any duplicate sailings from Baltimore?

A. I couldn't say, sir. I would have to ask Mr. Gilbert.

Q. Will you look at your underlying data and tell me whether or not you eliminated any duplicate sailings from Baltimore?

A. Apparently not.

Mr. Macleay: May we go off the record a moment, Mr. Examiner?

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Macleay: I believe I can state our agreement for the record, which is that our late-filed exhibit that we agreed to some time ago covering the passenger sailings from New York during 1956 will show the similar information from the underlying data for 1951, and that we may have access to the data for the purpose of preparing also a tabulation which will be presented as a late-filed exhibit of the duplicate sailings at Baltimore during 1956 and 1951.

Mr. Moerman: All right.

Mr. Macleay: Also, if Counsel will permit, we will agree —I would like to, as long as we are going back to 1951, I would like to put in similar information regarding the passenger vessel sailings from Baltimore which I assume were not excluded, inasmuch as they were not excluded [fol. 1892] from the 1956 tabulations.

Mr. Gilbert: Do you have that basic data, Mr. Counsel, in our runs?

Mr. Macleay: I was just asking if Counsel will agree that I can put that in the record as part of a late-filed exhibit.

Mr. Moerman: Agreed.

Mr. Macleay: If I may have just a moment now to look at my notes, I think we are practically done.

By Mr. Macleay:

Q. In your study of Witness Hamill's Exhibit WSH-1, Mr. Laux, did you note that there were not included therein vessels of less than 1,000 tons carrying capacity?

A. I don't recall. I might have noticed at the time, but right now I don't recall.

Q. Your exclusion, however, for purposes of your exhibit A-6, was of vessels of less than 1500 tons? Is that correct?

A. That is correct.

Q. Although you included vessels of less than a thousand tons for purposes of your Exhibit A-2? Is that correct?

A. I think Exhibit A-2 includes all vessels.

Is that right, Mr. Gilbert, Exhibit A-2 includes all size vessels?

Mr. Gilbert: What it was, in A-2 we were comparing Hamill's exhibit, so we developed a complete universe.

Mr. Jordan, was it 23 tons and over?

26 tons and over. In other words, we made no judgment [fol. 1893] at all. We took out the largest basket to compare against Hamill. That is what we had done for A-2 so we would have a basis for comparison. When we had done the larger study of '51 versus '56, at this time we were interested in a trend and we were interested in those ships that were carrying cargo which are involved in this case, and we had chose 1500 tons and so stipulated.

Mr. Macleay: Mr. Examiner, I move that that be stricken from the record. That is not responsive to the question. We are reaching a point of argument when this witness starts talking about cargo involved in this case.

Exam. Boat: Well, I think—

Mr. Moerman: Mr. Examiner, it is just a statement of what was done and why it was done.

Mr. Macleay: If you will confine it to a statement of what was done, of course, I have no objection, but when he starts trying to argue the case, I think that is going a little too far. All I asked him was a simple explanation whether they were in or out.

Exam. Boat: I think his statement was explanatory of what was done.

Mr. Moerman: A-2 again, and A-6, small ships of less than 1500 net registered tons were eliminated from both Baltimore and New York.

By Mr. Macleay:

Q. But again, for purposes of your A-2, you included [fol. 1894] vessels of less than a thousand gross tons? That is correct, is it not, Mr. Moerman?

Mr. Moerman: That is correct.

Mr. Macleay: I will address this question to Mr. Gilbert. Did you make any check, or did you check his testimony or check anything to determine whether Witness Hamill's exhibit included any vessels of less than a thousand gross tons?

Mr. Gilbert: We made a spot check, and I could see none less than a thousand.

Mr. Macleay: None less than a thousand in Witness Hamill's, but you did include them in your tabulation?

Mr. Gilbert: We were looking for a complete universe.

By Mr. Macleay:

Q. Now, Mr. Laux, you made this statement in your Note 3 to your Exhibit A-6, that while vessels of less than 1500 net tons represent over 10 per cent of the clearances, they represent less than 1½ per cent of the cargo carrying capacity.

Do you have the material from which you prepared that statement?

A. No, sir, I do not.

Q. Did you make that computation?

A. No, sir.

Q. Do you know whether that statement is intended to apply to the situation at both New York and Baltimore, or only at New York?

[fol. 1895] A. I do not know whether it covers both, or not.

Mr. Macleay: I wonder if Mr. Gilbert could answer that question.

Mr. Gilbert: It includes both.

Mr. Macleay: Can you give me the figures from which you made the computation that vessels of that size represent over 10 per cent of the clearances from Baltimore?

Mr. Gilbert: I don't have the basic papers with me. If you wish, I will get them.

Mr. Macleay: What sort of figures did you use?

Mr. Gilbert: You have all the documentation in front of you, Counsel.

Mr. Moerman: Mr. Examiner, Mr. Gilbert wants to make a correction in his statement.

Mr. Macleay: I thought he would.

Mr. Gilbert: The ten per cent of the shipments to the 1½ represent for New York and Baltimore the total activity of both of them.

Mr. Macleay: Oh, you lumped them together?

Mr. Gilbert: That is right, yes.

Mr. Macleay: Can you state what the per cent is for the Port of New York?

Mr. Gilbert: We made some computations earlier.

Mr. Macleay: Can you state that at this time?

Mr. Gilbert: For New York it was 843, for Baltimore it [fol. 1896] was 427. As a matter of fact, I am looking here now, 427 and 4,000, it runs approximately 10 per cent.

Exam. Boat: That is the number of vessels?

Mr. Gilbert: Yes.

Mr. Macleay: Well, that is 427 related to a total of 4451? Is that correct?

You might come here and look at this data and you might agree with me.

Mr. Gilbert: I am very suspicious of doing computations on my feet.

Well, let's say it is 4,000.

Mr. Macleay: No. Let's say it is 4451. That is what the figure shows on your document here, isn't it?

Mr. Gilbert: Mr. Examiner, yesterday we were arguing about green marks and I refused to answer. I have gone through and I have verified what those green marks were, which he wanted to know. Each of those green marks referred in three cases to three specific different things.

Mr. Macleay: We are not talking about green marks.

Mr. Gilbert: You are referring to notations. If you want, I will go through the whole thing.

Mr. Macleay: I am not referring to a notation. I am referring to a total which is printed at the bottom of the listing of sailings from Baltimore during 1956 and the printed figure at the bottom, which is, apparently, a total, is 4451.

[fol. 1897] Mr. Gilbert: If you will put this in the record and say it is apparently a total, then we will verify it.

Mr. Macleay: I have just put it on the record.

Mr. Gilbert: I have no objection to that statement.

Mr. Macleay: Now, referring to Exhibit No. A-6, your Baltimore total is there shown as 4025, is it not?

Mr. Gilbert: Go ahead.

Mr. Macleay: Is that correct?

Mr. Gilbert: Go ahead.

Mr. Macleay: Is that correct?

Mr. Gilbert: Yes.

Mr. Macleay: What was the total number of your exclusions from Baltimore?

Mr. Gilbert: I would have to go back to my basic documents.

Mr. Macleay: You just gave us the figure, I thought, a moment ago.

Mr. Gilbert: If you have it, let's work it out.

Mr. Macleay: I don't have it.

Mr. Gilbert: You will recall your figure was different from mine, Counsel. We are arguing about different things. Make it 4,000, make it 4400, it won't change the trends.

Mr. Macleay: I am not arguing the matter. All I want is just a direct answer to the direct question. Now, was the total sailings indicated on your underlying data for Baltimore 4451?

[fol. 1898] Mr. Gilbert: Apparently it is so. I would like to verify it.

Mr. Macleay: And we would relate to that your figure of 427 as being the so-called small vessel clearances? Is that correct, in order to obtain a percentage?

Mr. Gilbert: Yes.

Mr. Macleay: And for New York we would relate to a total shown on your underlying data of 7,964, your figure of 843 for small vessels? Is that correct?

Mr. Gilbert: These are your relations, these aren't mine.

Mr. Macleay: Well, isn't that how you arrived at the percentage figure?

Mr. Gilbert: If you want, I will go through and review the entire procedure. I do not have the work papers. This is the same technical argument that we had yesterday. Any questions you have, we supplied all the data you want, you can verify anything you want.

Mr. Macleay: I am only asking you to tell me if that would be the proper procedure in order to determine a percentage relationship of the small vessels to the total sailings.

Mr. Gilbert: It might be one, but I would like to check my work papers.

Mr. Macleay: Can you tell me another way?

Mr. Gilbert: There is only one, and that is the way we worked in the exhibit.

[fol. 1899] Mr. Macleay: There is no method shown in the exhibit.

Mr. Gilbert: And that is why I want to get my basic work papers.

Mr. Moerman: All right, Mr. Macleay, for the present purposes and for the purpose of expediting the hearing, I will accept, on behalf of my clients, the method outlined by you.

Mr. Macleay: Thank you, sir.

Now can you tell me the basic figures which you used to arrive at this carrying capacity percentage?

Mr. Gilbert: Those are the figures which are obtained from the basic papers that you have before you. They are listed by the Department of Commerce and you will find the proper heading for them in all of them.

Mr. Macleay: Was this 1½ per cent obtained also by a lumping of the total carrying capacities indicated for Baltimore and New York, or was it done individually for either or both ports?

Mr. Gilbert: Basically a combination process of vessel activity.

Mr. Macleay: I see.

And were there included in the computations, when figuring the total carrying capacity at Baltimore, the double sailings which were not eliminated from your computation which we discussed a few moments ago?

Mr. Gilbert: If there were no double sailings omitted, [fol. 1900] they would still be there.

Mr. Macleay: Pardon me?

Mr. Gilbert: If there were no double sailings eliminated, they would still be in there.

Mr. Macleay: In other words, if it is not indicated on your underlying data that that sailing was scratched out, that tonnage would have been included?

Mr. Gilbert: This is not tonnage. This is the net register.

Mr. Macleay: That's right. That is what I am talking about, tonnage.

Mr. Gilbert: This isn't cargo.

Mr. Macleay: I know. It is tonnage, it is carrying capacity. Isn't that right?

Mr. Gilbert: Right.

Mr. Macleay: Lifting capacity, I believe they call it sometimes.

Mr. Gilbert: No.

Mr. Macleay: It was figured on the basis of the vessel net registered tonnage.

Mr. Gilbert: We would be happy to explain why we chose that base also, if you wish.

Mr. Macleay: I imagine you chose it because it was readily available.

Mr. Gilbert: No. Because, one, this is an area in which there is no precision. Let me explain what we are talking [fol. 1901] about. You have a vessel which is moving in trade and it has a net registered tons. Now, the question comes, what is the capacity of cargo that those ships will carry?

Now, there are real problems in documenting. We know, and I think you know, at the Port of Baltimore, for example, if we had taken some of your ships—if you want, this will be off the record—some of your ships, when you carry ore, are heavy density. You take the Bonny Hills, which is one that has moved out, and you take the Omar, the registered tonnage is 10,000 tons, which are indicated there, which is all we used, are actually carrying 40,000 tons of ore. This is a problem of what actually goes into a ship, which is qualitative more than the actual number count. What is the actual capacity in terms of the cargo moving beyond any port?

Now, if you tie together pieces, if you recall, Mr. Laux has already pointed out that in New York the number of vessels has increased, the actual tonnage per vessel has actually declined. What I am speaking now, when you take this net registered ton and couple it with the actual tonnage moving from a port, this is; I feel, more realistic, and we took the most conservative possible.

Mr. Macleay: Now may I address a question to Counsel?

Mr. Gilbert: Yes.

Mr. Macleay: Apparently it is going to be desirable for us to make this computation. The witnesses have in- [fol. 1902] cluded in their computation for Baltimore double sailings, duplicate sailings. I think that those should be eliminated. I think that we should have an opportunity to demonstrate what are the results by such elimination.

Mr. Moerman: No objection.

Mr. Macleay: If I may include that in my late-filed exhibit.

Exam. Boat: If it is agreeable.

Mr. Moerman: Of course, for both years.

Mr. Macleay: Both years and both ports.

Mr. Moerman: Yes.

By Mr. Macleay:

Q. Did you check, yourself, Mr. Laux, the vessels that were eliminated as being less than 1500 gross tons?

A. I have not.

Q. Do you know how many of them were, or are, as you stated, fishing vessels?

A. No, I do not.

Q. Do you know if any of them are fishing vessels?

A. No, I do not.

Mr. Moerman: Mr. Gilbert made the statement, Mr. Macleay.

Mr. Macleay: So did Mr. Laux in his direct testimony.

Mr. Gilbert: We had run a spot check under a thousand tons for New York.

Mr. Macleay: I am speaking now of vessels between [fol. 1903] 1,000 and 1500 gross tons.

Mr. Gilbert: I can answer with the same accuracy.

Mr. Macleay: Can either of the witnesses indicate any vessel shown in the underlying data for 1956 or for 1951 at either New York or Baltimore that is a fishing vessel?

Mr. Moerman: The answer is "No."

The Witness: Although I might say this, that I have seen these vessels arrive at Iceland and Greenland.

Mr. Gilbert: What you do have there in the thousand to fifteen hundred tons are tramp ships which generally are moving lumber and other such commodities.

Mr. Macleay: Now you are making a statement that is going to keep us here for a while, Mr. Gilbert.

Will you please point out here the ones that are in the tramp trade, as distinguished from any other trade?

Mr. Gilbert: There is no point. We are not here to take up the Examiner's time.

Mr. Moerman: That statement may be stricken.

Mr. Gilbert: I take it back.

Exam. Boat: Does that complete your examination?

Mr. Macleay: I will take one last look at my notes, if you please.

Thank you, Mr. Laux and Mr. Gilbert.

Redirect examination.

By Mr. Moerman:

Q. Mr. Laux, look at your Exhibit A-6, will you?

[fol. 1904] A. I have it.

Q. The Baltimore figure, '51 through '56, or '56 over '51, shows, according to your exhibit, increase in cargo vessel clearances at Baltimore of some 32.1 per cent. You give as your sources the U. S. Department of Commerce, Bureau of Census.

Have you, since the preparation of this exhibit, obtained from a Baltimore source information bearing on the accuracy of the 32.1 per cent figure?

A. Yes. We receive regularly the Port of Baltimore Bulletin, which I have before me now, dated May 1958.

Mr. Macleay: Objection, Mr. Examiner. I think that Counsel's objection yesterday when I attempted to put in later material from a bulletin of the Port of New York was sufficiently well taken that I withdrew the request, and I make the same objection now that he made then, that the figures we are talking about here are all of a past period and that this sort of information is not germane.

Mr. Moerman: I will agree that if anything that Mr. Laux reads doesn't deal with the figure I am talking about, it can go out.

Mr. Macleay: Now, you are talking about the increase 1956 over '51?

Mr. Moerman: And I want to put into the record an [fol. 1905] admission by you that such an increase, or approximately such a figure has occurred.

Mr. Macleay: During those years?

Mr. Moerman: Well, it will bridge a year.

Mr. Macleay: Objection.

Mr. Moerman: It will be from '52 on.

Mr. Macleay: Objection. The same objection that he made yesterday. It does not relate to the same figures.

Mr. Moerman: Now, Mr. Examiner, the purpose of the cross examination was to impeach that figure. I will say, I will offer to show—let me have that—I'll make an offer of proof and then you can see whether it is objectionable.

Mr. Macleay: All right. Then I, too, will make an offer of proof for the material that I wanted to put in yesterday.

Mr. Moerman: His material is not germane to the direct.

"A study made by the Maryland Port Authority of traffic out of Baltimore during the six years, '52 through '57, shows an overall increase of 31 per cent in the number of ship arrivals at the Port, from 4640 in '52 to 6,089 in '57."

Now, I am quite willing—

Mr. Macleay: So am I. I withdraw my objection, Mr. Examiner.

Mr. Moerman: Then if no objection, it is taken that the statement is not made as an offer of proof but is on the record?

[fol. 1906] Mr. Macleay: I have withdrawn my objection.

Mr. Moerman: All right.

Exam. Boat: May it be considered in evidence?

Mr. Macleay: It may be considered in evidence.

Thank you, sir.

Mr. Moerman: I have no further redirect.

OFFER IN EVIDENCE

Exam. Boat: I don't think we have received Mr. Laux' statement.

Mr. Moerman: I offer the statement and the accompanying exhibits.

Exam. Boat: The statement may be received in evidence as Exhibit 107.

(Respondents' Exhibit No. 107, Witness Laux, was received in evidence.)

Exam. Boat: I believe that concludes the examination, Mr. Laux. You are excused.

(Witness excused.)

Mr. Colgren: It would appear that Mr. French is the next witness we offer.

Exam. Boat: All right.

WESLEY F. FRENCH was sworn and testified as follows:

Direct examination.

By Mr. Colgren:

Q. Mr. French, will you state your name and address for the record, please?

[fol. 1907] A. My name is Wesley F. French, and I am Manager of Rate Cost Studies and Statistics of the New York Central System, at 466 Lexington Avenue, New York, New York.

Q. You have prepared a verified statement with accompanying exhibits, labeled WFF-1 and WFF-2, for this proceeding?

A. I have.

Q. Mr. French, do you have certain corrections to be made to your verified statement?

A. Yes, sir. I would like to make a correction in the verified statement on page 14 beginning under Paragraph 3 or Item 3, the second sentence, which begins, "Protestant lines' exhibit No. 51 (Exhibit MLM-2, pages 32 and 101)". The "101" should be "96".

Continuing with that sentence, in the line immediately below, there is stated a figure of 2,885,470 tons, which should be revised to read "2,318,644 tons."

Then if you will kindly turn to page 17, toward the bottom, the eighth line from the bottom ends with the word "total." After that word I should like to insert "import/export", so the line will read, "total import/export tonnage," beginning with the next line.

Also, on page 18, for clarification, I would like to add to the sentence ending on line 8, which ends with the words, "during the traffic study year," the words, "from differential territory."

[fol. 1908] Then if you will be so kind as to turn to page 19, at the top, on the sixth line down, before the figure of 66,393 tons, I should like to insert the words, "From differential territory," and so that it reads, "From differential territory 66,393 tons."

Toward the bottom of page 19, the seventh line from the bottom is stated, "an overall net credit of 43 cents." That should be revised to read "14" cents.

Page 20, the tenth line from the bottom presently reads, "B&O's export-import traffic at New York." Delete the words "export-import" and substitute the word "total."

In the following line, beginning, "September, 1956, was $58,612," delete the "$58,612" and substitute "$65,240."

The last correction is on page 23, on the fourth line from the bottom, on the right-hand side on that line it reads, "the revenues are $9.11 per ton." This should be corrected to read "$9.3" per ton.

Mr. Colgren: The witness is tendered for cross examination.

Cross examination.

By Mr. Langdon:

Q. Mr. French, you say that you are Manager of Rate Cost Studies and Statistics of the New York Central System.

Is that a separate department or section over which you preside?

A. It is a section.

[fol. 1909] Mr. Colgren: Excuse me, if you please. I am afraid I forgot to get this exhibit identified.

Exam. Boat: It wasn't identified.

Mr. Colgren: I am sorry, Mr. Langdon.

Exam. Boat: It may be identified as Exhibit 113.

(Respondents' Exhibit No. 113, Witness French, was marked for identification.)

Mr. Langdon: I assume we are following the practice—off the record?

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

By Mr. Langdon:

Q. I will ask the same question, Mr. French: Referring to your Exhibit 113, you say in the first line, page 1, that you are manager of Rate Cost Studies and Statistics of the New York Central System.

I understand, from your answer, that that constitutes a section?

A. I think that would most nearly describe it rather than a department. It is a division of the accounting department.

Q. And you are the head of it?

A. That is correct.

Q. How many cost people do you have in that section, Mr. French?

A. Approximately ten cost people.

Q. And they are supported, I assume, by a number of [fol. 1910] clerical personnel?

A. That is correct.

Q. How many would they number, approximately?

A. About six or seven.

Q. And what is the function of this section over which you preside?

A. Well, this section has for its primary function to provide cost and cost controls for management, also to provide cost exhibits for various proceedings in which the company has an interest, to prepare the annual reports to the Interstate Commerce Commission and other regulatory bodies, and to the shareowners, to perform certain other duties that are assigned to it by the Comptroller or the Vice-President of Finance for management purposes.

Q. Does the traffic department refer to your section, for analysis, rates which they may have under consideration, analysis, that is, from the point of view of their compensatory character?

A. They will often refer rates which are in dispute or which we are attempting to establish for competitive reasons, or something of that kind, to us for application of our cost-finding procedures.

Q. And you then will advise them whether or not the rate which they have under consideration is compensatory, or not?

A. In the terms of those procedures, yes.

[fol. 1911] Q. Does the operating department of your company refer questions involving transportation costs to your section?

A. Not frequently. We have had a few referred to us, and not recently.

Q. During the course of the cross examination of Mr. Baylis, at the February 17th hearing, page 58, he indicated, I think, that your Operating Vice-President, Mr. John F. Nash, was conducting a series of studies of operating costs, including, if I read Mr. Baylis's testimony, a study of costs of the New York Central incurred at its terminal operations in New York.

Are you familiar with any such studies?

A. No, sir.

Q. You are not participating, assuming those studies are going on, as set forth in Mr. Baylis's testimony, you are not participating in those studies at all?

A. No, sir.

Q. Do you have any knowledge of them at all?

A. Only that there is a study which has been, I think, under way for some months with respect to the towing operations in the harbor. Just what it comprises or what the basis of it is, or the format of it, I don't know. I have never seen the study.

Q. Who is conducting that study, Mr. French, for your company?

A. Well, I don't know. I would think it would have been assigned to the General Manager of the New York District, and he, no doubt, would delegate it to, possibly to the Gen- [fol. 1912] eral Superintendent in charge of the terminal area. I would think that would be the procedure, but I don't know.

Q. When you say that you understand a study of towing costs is underway, what do you mean by the use of the word "towing"?

A. Well, that is a word that the operating department used to describe it when I heard it mentioned at a meeting one day. I don't know exactly what it comprehended. It merely referred to it as towing.

Q. You have no idea what was in mind then when they referred to a study of towing costs?

A. Well, I understand it was something to do possibly with the interchanging of marine equipment, that is to say, different railroads providing marine equipment for a pool operation, trying to work out some plan that would adequately cover that pool type of operation.

Q. Are you referring, Mr. French, to a study of New York Harbor marine operations conducted jointly, I think, by all of the railroads of New York during the year 1955?

Mr. Colgren: I think the witness has indicated that his information comes merely by a passing remark at a meeting.

Mr. Langdon: Well, I ask him, then, whether or not he is familiar with such a study of New York Harbor marine operations.

The Witness: No, sir.

By Mr. Langdon:

Q. In which your company participated?

A. No, sir. I had nothing to do with that study, and I [fol. 1913] have never seen the study. I did not know what period it covered, who made it, or what the intention was, other than this impression that I got from such conversation as I happened to overhear at this meeting some time ago.

Q. And you are unable to determine whether or not the Central has submitted costs for those marine operations to be considered by the other railroads in connection with the proposed plan to pool those operations at New York?

A. I have no knowledge what has been done with that study. As I say, I am merely aware of its existence, and it is called a towing study. I know no more about it than that.

Q. There are, then, other people apparently in the operating department of the New York Central who participate in cost studies and undertake to estimate costs for particular services.

Is that correct?

A. Oh, I imagine that is true.

Q. Mr. French, when did you receive the working papers for the cost studies, the original cost studies submitted by the Baltimore, Philadelphia, and Hampton Roads lines in this case? Was it last October, the end of October?

A. I don't recall exactly the date, nor do I know whether I have the letter of transmittal with me, but that might be a fair statement. It was in the late fall or middle fall.

Q. About eight months ago that would be, then, wouldn't it?

A. Yes.

[fol. 1914] Q. Since your receipt of those working papers, Mr. French, how much time have you devoted to their analysis and study?

Mr. Colgren: Mr. Examiner, may I inquire as to the purpose of this line of testimony? It certainly has nothing to do with the direct testimony and the exhibits in connection therewith.

Mr. Keenan: I share Mr. Colgren's curiosity, sir.

Mr. Langdon: I don't think I need, sir, to reveal the purpose of the question.

Mr. Keenan: Well, then I object to the question. In other words, I object to it on the basis of relevancy.

Mr. Langdon: It is perfectly relevant, Mr. Examiner, to know the approximate amount of time that was spent by the other side in reviewing the underlying papers that we submitted to support our cost showing.

Mr. Colgren: I think that is purely an academic matter of interest that you may have. I don't see its pertinency to the direct testimony of the witness. It is certainly beyond the scope of it.

Exam. Boat: If it is to determine his knowledge about it, I think that might be developed in some other way.

By Mr. Langdon:

Q. How many people in your section have been working on these underlying papers that we supplied last fall?

Mr. Colgren: Mr. Examiner, we have had a cost committee for the respondent railroads. These questions are not clear. The answers will not be clear. I don't see any purpose to them.

[fol. 1915] Mr. Langdon: We haven't heard the answers. I think it is relevant to know—

Exam. Boat: Well, I don't understand how this is very relevant to the matter we have before us. The witness has filed a statement here.

Mr. Langdon: I think, sir, that later on the relevancy of these questions will be connected up, and I am perfectly willing to have the answers now given subject to later connecting up.

Mr. Keenan: Well, can we have some clue as to how they are going to be connected up, Mr. Examiner? There is just no sign that there is any connection so far.

Mr. Colgren: It is certainly not relevant to this witness's testimony.

Exam. Boat: I think we ought to confine it to matters that are strictly within the scope of his direct.

Mr. Colgren: I don't quarrel with supplying this information if it can be shown to be something beyond pure curiosity, but I think we have an interest in proceeding with the case at this point, and certainly a witness who has before us a definite statement of fact, it should be inquired into.

Mr. Langdon: Mr. Examiner, these people have undertaken to restate, in part, our showing of costs, have had our underlying papers since late last October. I am curious, if you want to call it that, and I do think it would be relevant in the record to know how much time has actually [fol. 1916] gone into the production of this restatement of theirs.

Exam. Boat: Could that not be apparent from what has been presented by him here?

Mr. Langdon: Well, I don't think so, sir.

Exam. Boat: That is the matter we have before us right now.

Mr. Colgren: Mr. Examiner, perhaps Mr. French and his associates that worked on this data are geniuses and accomplished it in two or three hours, or perhaps they are lazy, indifferent workers that—and it took them six months to prepare it. It cannot have one iota of effect on what we have before us for cross examination.

Mr. Bongartz: It would be up to Mr. Langdon, Mr. Colgren to develop the ingenious qualities of Mr. French on redirect.

Exam. Boat: We have a statement here which has been presented in evidence. It is authentic, and it apparently speaks for itself. I think if you cross-examine on that, but I don't know that we have to go into all details, every moment of time that was required to prepare it for—

Mr. Langdon: Am I overruled on it.

Exam. Boat: I sustain the objection.

By Mr. Langdon:

Q. Well, let me ask you this, Mr. French: Have you had a committee at work in connection with this restatement that is submitted as Exhibit 113?

A. Yes, sir. There was a cost committee in connection with it.

[fol. 1917] Q. Who composed that committee, Mr. French?

A. Representatives of the New Haven and Erie, the Lackawanna, the Port Authority.

Q. The Port Authority was in on this, was it?

A. That's right. The Lehigh Valley was a member but never attended. And the Central, the New York Central.

Q. With the exception of the Lehigh Valley, did each of those roads supply a cost man or men to the work of this committee?

A. We had several meetings and the attendance was reasonably regular, and we reviewed our procedures. But as to the actual work, the clerical work in carrying out the study, we undertook to do the entire job ourselves.

Q. Now, I take it it was not the responsibility of this committee, however, to deal with the Boston cost study as submitted by the New Haven?

A. We had nothing whatsoever to do with that. We didn't even know it was being made until it was in the advance stage.

Q. The New York Central is a Boston line, is it not?

A. I assume you could classify it so, yes.

Q. Was the New York Central asked to join in this Boston port cost study?

A. Not to my knowledge. I wasn't asked.

Q. Now, Mr. French, have you ever made a cost study of any kind bearing upon the marine operations at New York?

A. We made studies with respect to the ferry operations. [fol. 1918] That was on the passenger side, of course.

Q. Well, on the freight side, you made no such study?

A. No, sir.

Q. Was this experience since October in restating the Heywood exhibits your first experience with the costs of handling freight at New York Harbor?

A. Well, it was my first experience with the costs of handling freight at New York Harbor for the Baltimore and Ohio, the CNJ and Pennsylvania.

Q. Well, that is your first experience so far as the New York Central is concerned, is it not?

A. Well, we have never made a study of that type.

Q. Have you made a study of any type? Have you made a cost study?

A. I haven't made a cost study for New York Harbor, no.

Q. So that actually, then, this study that you made of Mr. Heywood's underlying work sheets was the first experience that you have had with the element of costs at New York Harbor for the handling of freight? Is that correct?

A. I didn't make any study of New York Harbor. I merely took Mr. Heywood's study and made adjustments and restated it. There is no study here for the New York Central or any of the other New York Harbor lines other than those covered by Mr. Heywood.

Q. Well, let me rephrase my question, then: Was the [fol. 1919] work which you have done in connection with Mr. Heywood's underlying papers your first exposure, then, to New York Harbor costs on the freight side?

A. Well, I just said, Mr. Langdon, that we have never made a study on the scale that Mr. Heywood has attempted here.

Q. That wasn't my question.

A. We have made studies of certain of our pier operations, and things of that kind. They were an entirely different proposition and weren't related to import-export freight. They were made for management purposes, as to whether the piers would be continued in operation, or not. Things of that nature.

Q. But, so far as the movement of marine equipment in New York is concerned, the handling of freight by marine equipment, this, I take it, is your first exposure to costs, allegedly costs, if you want to call it, fine, for operations in New York Harbor? Is that correct?

A. That is correct.

Q. Now, Mr. French, has there recently, or was there recently referred to you by the traffic department for advice a proposal of the New York Central to increase the minimum rate for which lighterage freight would be handled free at New York Harbor?

A. I wasn't in on that particular proposal. They didn't ask me for that.

Q. Was your section involved in that proposal?

[fol. 1920] Mr. Colgren: Mr. Examiner, I must object again. Once again beyond the scope of the direct testimony.

Exam. Boat: You seem to be getting pretty far afield.

Mr. Langdon: Mr. Examiner, I respectfully, sir, say that we are entitled, I think, to inquire as to what studies, if any, have been made by the New York Central in the same area where they undertake to restate our costs, as testing their methods and the factors they employ in those restatements. Now, our information is, and this is the line of my inquiry, that the New York Central recently proposed to increase its minimum rate at New York for handling free lighterage, and, in sponsoring that proposal, said that any lesser rate would be non-compensatory, and I want to inquire as to what, if anything, done in this section lies back of that proposal as we understand it.

Exam. Boat: Well, I still think whatever there is to that proposal apparently has a very remote bearing on this. I can't see what bearing it has on this.

Mr. Bongartz: I refer your Honor to the witness's Exhibit 113, in which he purports to make comment about the harbor operation study by our witnesses as not being representative of harbor operations of the other New York lines with respect to lighterage, car floatage, and so forth. Now, certainly the witness can't undertake to make a statement of this character and then seek some sort of a shield [fol. 1921] when his testimony is probed.

Exam. Boat: He could be interrogated as to that particular program, what the basis for that is.

Mr. Colgren: Certainly, Mr. Examiner. I have no quarrel with that.

Mr. Bongartz: If you please, one has to inquire as to his competence to make some of these statements. That is certainly pertinent.

Mr. Colgren: All right. Let's confine ourselves to inquiry into those things.

Mr. Bongartz: Mr. Langdon is seeking to ascertain the witness's competence.

Mr. Colgren: He hasn't asked Mr. French one question concerning anything which has to do with his direct testimony, and Mr. French has been on the stand 25 minutes.

Mr. Langdon: Just be patient, Mr. Colgren. We are coming to direct testimony. I am entitled, however, to lay a background for the examination, and I am entitled to inquire into the expertness of this witness and the work that he has done in relation to exactly the same subject, if any. Now, that is an obvious line of questioning for an expert witness.

Mr. Keenan: I don't think Counsel is entitled to advise other counsel to be patient. I suggest the remarks be referred to the Examiner.

Mr. Langdon: I wonder if this would be a good time to [fol. 1922] adjourn for lunch, sir?

Exam. Boat: We will recess for lunch until 1:45.

(Whereupon, at 12:27 p.m., a recess was taken until 1:45 p.m. of the same day.)

[fol. 1923] AFTERNOON SESSION 1:45 p.m.

Exam. Boat: Come to order, please, gentlemen.

WESLEY F. FRENCH resumed his testimony as follows:

Cross examination (Continued).

Mr. Langdon: Mr. Examiner, if it is satisfactory to you, I would like to defer the matter that we talked about at the conclusion, just before the recess, until a later juncture of this examination of this witness.

Exam. Boat: All right.

By Mr. Langdon:

Q. Mr. French, will you refer, please, to your Adjustments No. 1 and 2 described at pages 3 and 4 of your Exhibit 113.

Are we to understand that, in making these adjustments, you followed and adopted the work sheets which were submitted in connection with this subject by the Philadelphia-Baltimore-Hampton Roads lines at the conclusion of the last hearing?

A. You are speaking of the work sheets that were prepared, I believe, by Dr. Edwards?

Q. Yes.

A. That is correct.

Q. You made no change beyond adopting the adjustments therein indicated? Is that right?

A. That is correct, sir.

Q. Now, on your Adjustment No. 3, which is at the top [fol. 1924] of page 4, I understand that you eliminated the carload platform expense as included in the inland terminal costs.

A. That is correct.

Q. Did you at the same time, Mr. French, make any adjustment for the revenue credits that arise in connection with the performance of that work at these inland terminals?

A. Well, in our own instance we have very little or none of that work at inland terminals. Practically all of the carload platform handling of the cars is at ports. I made no such adjustment.

Q. You handle forwarder traffic, do you not, at your inland stations?

A. That is correct.

Q. And do you load and unload freight for forwarders at a certain amount per ton under your tariff at these inland stations?

A. Yes, sir.

Q. And that work would be included as an expense, would it not, in this account which you eliminated?

A. What I was attempting to do here was to set up inland terminal costs which would be most nearly applicable as could be to the traffic, import-export traffic moving to or from differential territory. And for that reason I made this adjustment. I considered all the platform pertaining to that traffic as platform expense as occurring before.

[fol. 1925] Q. Well, don't those inland terminal expenses which you used reflect the revenue adjustment which comes about because of the assessment of an unloading or loading charge by the railroad in handling freight forwarder freight at these inland stations?

A. That is correct.

Q. And the elimination of that revenue credit would be proper, would it not, if the expense of performing the service is eliminated?

A. That would result in a larger elimination of expense, yes.

Q. Say that again, Mr. French.

A. That would result in a larger debit for expense of carload handling at the port. If I understand your question correctly, you want me to discard the revenue credit from the carload platform handling. Is that it?

Q. As an offset—

A. Or do you want me to offset this expense?

Q. As an offset to the expense of providing this service at inland points, which expense, as I understand, you have eliminated in your Adjustment No. 3.

A. That is correct.

Q. That would be a proper adjustment, then, to eliminate that revenue credit, would it not?

A. Probably it would be, yes. But I didn't do it.

Q. Well, is there any doubt in your mind as to the pro- [fol. 1926] priety of eliminating that revenue credit?

A. Well, it would depend, of course, whether the entire revenue credit was at the inland points, but if we could identify it as being all at the inland points, I would say yes.

Q. Well, you don't assess that charge, do you, under your present tariff for performing the same service at New York?

A. I would have to look into that. I don't know.

Q. Now, Mr. French, turning to your Adjustment No. 4, you say that you have substituted for the overall out-of-pocket per cent of 80 per cent used in the Heywood studies the actual out-of-pocket percentages for the port costs, and you say that you have done this, "to better reflect that portion of port expenses which are variable with the volume of port traffic handled."

First let me ask you: Are these per cents that you have substituted for the individual account expenses actual out-of-pocket per cents?

A. Well, perhaps the word "actual" might have connotations beyond the reality of the matter of any out-of-pocket percentages. I don't suppose with a subject which enters a query area quite as much as out-of-pocket cost, you could use a word so strong and define it as actual. However, what I intended to say is that I was trying to use those out-of-pocket percentages which would be most appropriate to port costs, taking into consideration the kind of costs one finds at a port.

[fol. 1927] Q. Now, you say so far as operating expenses are concerned, that the use of those individual per cents variable, or variable per cents, rather, produce an aggregate variability of 58 per cent.

Is that correct?

A. That is correct.

Q. Now, will you please, Mr. French, identify the principal accounts and the per cents of variability that you have employed in arriving at this 58 per cent?

A. In the work sheets, Mr. Langdon, that we submitted in connection with this exhibit, on pages 32 and 33, is a tabulation of each of the accounts, or the parts of the accounts that are comprehended in Mr. Heywood's study for Pennsylvania, and indicate the amount of the per cents, out-of-pocket per cents which we applied to each of those accounts.

Would you like me to read them?

Q. No. I don't know that it is necessary, if it can be understood, but—

Mr. Langdon: Off the record?

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

This apparently is a set of Mr. Heywood's work sheets which are tendered as the next exhibit. It will be marked Exhibit No. 114, Mr. Heywood's working papers.

[fol. 1928] (Protestants' Exhibit No. 114, Witness Heywood, was marked for identification.)

Mr. Colgren: Mr. Examiner, they include other than Mr. Heywood's.

Mr. Langdon: Well, it should be understood that this Exhibit 114 includes the work sheets underlying all of the individual terminal studies as submitted and relied upon by the railroads serving Philadelphia, Baltimore, and Hampton Roads.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

We will assign Exhibit No. 115 to Witness French's working papers.

(Respondents' Exhibit No. 115, Witness French, was marked for identification.)

Mr. Colgren: Mr. Examiner, we have reserved 114?

Exam. Boat: Yes. 114 will be reserved.

By Mr. Langdon:

Q. Now, Mr. French, referring to page 33 of Exhibit 115, namely, your working papers, I notice as included among the accounts for which you have these individual variable per cents, Account 408, 50 per cent.

What is Account 408?

A. Operating floating equipment.

Q. Would that be an important account in this list of [fol. 1929] accounts for which you have set forth the individual per cents of variability?

A. It is an account to which charges arise almost exclusively at ports.

Q. Well, it is an important account from the point of view of dollars and cents, is it not, in this list of accounts which you have on your Sheets 32 and 33 of your exhibit?

A. That is correct.

Q. Is it the single most important account?

A. Well, I haven't made a determination of that. It would be one of the more important ones. I don't know whether it is the chief most important one, or not.

Q. Well, now, Mr. French, what is your source and justification for the use of 50 per cent as the per cent of variability for Account 408?

A. Well, the source is Senate Document 63, Appendix E, and that sets forth the out-of-pocket expense ratios for various primary accounts, account by account, that have been set forth by the Cost Section of the Commission.

Q. I show you a copy of Appendix E as included in Senate Document No. 63, and ask you if you would be good enough to identify this Appendix E as the Appendix E from which you took this per cent?

A. That is correct.

Q. What footnote appears opposite the 50 per cent figure [fol. 1930] as it is indicated in Appendix E opposite Account 408?

A. It is a figure 5, I believe. It is very small type.

Q. Would you read Footnote 5?

A. "Percentage based on Cost Section estimate."

Q. What was that cost section estimate that underlay their 50 per cent of variability?

A. I don't know, sir.

Q. You don't know what that estimate was?

A. No, sir. I accepted the figure.

Q. Without inquiry?

A. That's right.

Q. Do you have any knowledge at all as to what the cost section did in the way of studies to produce this 50 per cent for Account 408?

A. Well, not specifically, no.

Q. Will you turn now to page—off the record?

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

By Mr. Langdon:

Q. May I invite your attention, Mr. French, to that part of Table 39 appearing on page 53 of Senate Document 63 which is set forth in the second column, at the top of the second column of that page.

Do you follow me?

A. Yes.

[fol. 1931] Q. Do you find Account 408 in that table?

A. Yes, sir.

Q. And what were the per cents variable with gross ton miles as set forth in that table under each of the columns there, 2, 3, 4, 5, and 6?

A. For Account 408?

Q. For Account 408.

A. Column 2, United ~~States is~~ 91 per cent, Eastern District, 80 per cent, Southern District 23, Western District 12, and the per cent used, 50.

Q. Do you understand that this table; or, rather, this per cent variable in relation to gross ton miles was computed by the Commission's Cost Section after or before they arrived at the 50 per cent used in the case?

A. I don't know whether they did it before or afterward. I would suppose it could have been either time. I don't know.

Q. Are you familiar with this tabulation on page 53 to which your attention has just been invited? Are you familiar with this part of Senate Document 63 which we have just been talking about?

A. I read it over at one time. I haven't read it over recently.

Q. Why didn't you use the 80 per cent factor that is apparently applicable for the Eastern District for this Account 408?

A. Well, that is a percentage variable with gross ton miles, for example. Gross ton miles would have no direct [fol. 1932] relationship with a marine operation because they don't cover a marine operation.

Q. How about 50 per cent?

A. 50 per cent is the percentage which the Cost Section appears to have used if we are to rely upon Appendix E, and I accepted that.

Q. But you testified, I think, before that you did not know what lay back of the Commission's determination, the Cost Section's determination of 50 per cent?

A. No, I don't, no doubt studies.

Q. I beg your pardon?

A. No doubt studies of some kind, perhaps engineering studies, operating studies, statistical studies. It could be any of them, or a combination of them.

Q. What would you use, Mr. French, if you were undertaking today to determine the per cent variable for Account 408? What factors would you take into account?

A. I'd take into account just the—do you mean the percentages, or the elements I would consider?

Q. The elements that you would consider in order to determine the variability of that account.

A. Well, you would have to consider all of the items which might be measurable with fluctuation of traffic. You would have to test the account, you would have to break it apart. It is a big account and covers many things. And you [fol. 1933] would have to take it apart and you would have to measure the different elements with the traffic changes, if that proved to be a basis that had any relationship to the variability, or not. You would have to test it out statistically, no doubt.

Q. Have you done so?

A. No, sir.

Q. Now, you keep on the New York Central, don't you, the tons handled in floating service at New York?

A. Yes. We have the tons handled.

Q. And you keep them by days and weeks and months and years?

A. The record is built up from a daily basis and eventually consolidated into a year's figure.

Q. You have also, I suppose, records of your expenses incurred in the operation of this floating service at New York?

A. Certainly.

Q. Have you undertaken in any way to relate the two over a period of time?

A. No, sir.

Q. So that you don't know, do you, what the variability of this expense, as included in Account 408, is with your traffic, or, rather, has been with your traffic.

A. No. I have used the 50 per cent as being applicable to Account 408.

Q. I notice included in your work sheets, page 32, Account 323, and a per cent variable of 10 per cent. [fol. 1934] Is that an important account from the dollars and cents point of view in relation to the other accounts shown on your pages 32 and 33, Mr. French?

A. That is an important account, that is correct.

Q. Would that be equally important to Account 408, or would it be less or more important than Account 408 we just talked about?

A. Well, I can't answer that offhand because I haven't measured it in those terms, but it is an important account.

Q. Now, what is the source of your use of 10 per cent as the per cent variable to that account?

A. Once again, Senate Document No. 63, Appendix E.

Q. Will you please turn to Appendix E and point out to me where you find that account?

A. That is in Appendix E in the table which deals with the maintenance of equipment and equipment rentals. It is the last page of Appendix E.

Exam. Boat: Are those the items that are covered in this account you were just enumerating there?

The Witness: I was trying to identify the location of it in the document, Mr. Examiner. There is no page number in my copy.

Exam. Boat: I see.

By Mr. Langdon:

Q. You are correct. It is the table on the last page of Appendix E.

[fol. 1935] A. That is correct. The first table on the last page of Appendix E.

Q. Now, that Account 323 carries a footnote, does it not, Mr. French?

A. That is the Cost Section's estimate again.

Q. Well, now, let's just read it and see.

What footnote does that account carry against the 10 per cent figure?

A. 5, I make it. It is so small.

Mr. Bongartz: It is 6.

The Witness: Is it 6?

6 says, "See Report of American Railway Engineering Association Committee, A.R.E.A. Manual, 1929, page 1408."

By Mr. Langdon:

Q. Did you see A.R.E.A. Manual, 1929, page 1408?

A. No, sir.

Q. You wouldn't know, then, how this account is treated in that manual, would you?

A. No, sir. I didn't see the manual.

Q. Mr. French, do you keep track in New York of your expenses as incurred in repairing of floating equipment as covered in this Account 323?

A. Yes, sir.

Q. Is that kept in monthly periods, or weekly periods, or how is that account kept.

[fol. 1936] A. Do you mean in the accounting department, or at the source?

At the source it is my job.

Q. Well, in the accounting department, then.

A. In the accounting department, it would be cast up once a month.

Q. Once a month?

A. Yes.

Q. There again, did you compare that expense as incurred by the New York Central over any period of time with the ups and downs of the traffic which was moving in that service in New York?

A. No, I didn't do it that way. I did test the account, however, test the particular ratio. I did it in this fashion. I had a discussion with our Superintendent of Marine Construction, pointed out to him that 10 per cent factor for variability and asked him if, in his opinion, that would appear to be a plausible factor. He reviewed his record and his knowledge of the situation, and he agreed with it. He made the statement that most of the repairs to marine equipment is not due so much to the volume of traffic as to the action of the elements, the age of the equipment, and perhaps damage which is part of the hazards of harbor operation.

Q. In other words, these costs are incurred whether the traffic moves or not?

A. In his opinion, they would be incurred as long as you [fol. 1937] had the equipment, you would incur these costs, or a great preponderance of them. Marine equipment generally is maintained on I guess what we could call a minimum basis, at least in respect to barges and lighters, things of that kind.

Q. Did you test that conclusion of your superintendent against any actual performance figures on the New York Central?

A. I accepted it. I had no readily available performance figures, and I made no test. I accepted his conclusions. He would be the man who would know most about that, who does the work.

Q. Are you willing to supply us—first, excuse me—do I understand that this superintendent of yours, in giving you the opinion that he did, relied on certain records that he keeps?

A. I would suppose he must have, either by examining those records directly at the time or recalling them in his mind, but, in any case, he has in his possession the records of the repairs that he makes to equipment, and he can tell you whether it is done due to damage, let us say, to the equipment, or whether it is a regular repair which has to be made every so often. And, because of his close supervision of his work and actually being on the job, he knows, I think, better than I do, surely, how much of that repair might be attributable to the amount of traffic that the unit in question had handled.

Mr. Langdon: I suppose I should ask this question of Mr. Colgren.

[fol. 1938] Are you willing to supply for the record, Mr. Colgren, the data apparently in the hands of your superintendent that underlies the conclusion that Mr. French has adopted and is relying on, in turn?

Mr. Colgren: Well, I think we would have to define it far more clearly than has been done heretofore.

Mr. Langdon: Well, I am asking you to define it. I am asking you to produce the studies which, or records which support the use by your witness of a 10 per cent factor of variability for Account 323.

Mr. Colgren: Well, I think, Mr. Langdon, your request is a little extraordinary because the witness has indicated that this was, in large sense, a question of judgment. I think, as well as such repair records, and so on, as the marine superintendent may have had at hand. I really would be at a loss as to how to satisfy your request.

Mr. Langdon: Well, am I to understand, then, that there are no records of expenses incurred in this account which, when related to the ups and downs of traffic handled in this service at New York would support a ten per cent factor of variability?

Mr. Colgren: I think you are referring to what would have to be a study, and I am informed that there was no study made.

Mr. Langdon: No study made.

Mr. Colgren: In that fashion.

By Mr. Langdon:

Q. Such a study could be made, couldn't it, Mr. French? [fol. 1939] A. Oh, almost any kind of study could be made.

Q. Isn't that the way that you actually measure variability, to match the ups and downs of the expenses with the ups and downs of the traffic?

A. That is a way of doing it.

Q. Is there any other way?

A. Yes, I think there is. I think there is a way we used here, to rely on the judgment of an experienced man who handles that. He knows why he is repairing that equipment, he knows how the traffic is moving, he knows what the use is. He doesn't necessarily need to make a study unless we want something very specific indeed, because none of these ratios are completely black and white. They are the best fair estimates possibly that could be made at the time. We must look at them as estimates. Even your 80 per cent is an estimate.

Q. Now, go on to Account 241.

Is Account 241 included at Page 32 of your work sheets an important account in this list of accounts, Mr. French?

A. Yes, it is.

Q. Now, you used there a per cent of variability of 10 per cent.

Where did that come from?

A. That is again Appendix E of Senate Resolution No. 63.

Q. Well, will you return to Appendix E and find that [fol. 1940] account and identify it in the table that appears at Appendix E?

A. In that table it says Account 241, Wharves and Docks, 10 per cent out-of-pocket per cent, and there is a source footnote, if I read this correctly, as 1, which says, "See

Report of American Railway Association Committee A.R.E.A. Manual, 1929, Page 1406."

Q. Did you refer to A.R.E.A. Manual, 1929, page 1406?

A. No, sir.

Q. You obviously, then, did not know that that manual, in turn, referred to another A.R.E.A. proceeding as support for this 10 per cent factor?

A. I accepted it. The Cost Section had used it, and it was good enough for this purpose that I had in mind here. I was willing to accept it.

Q. Would it still be your opinion that it was an acceptable per cent variable if you knew that it was estimated before the First World War?

A. I don't think that pier construction, to my knowledge, which is very limited on pier construction, but we are still using wooden piles and things of that kind, and that is where a great deal of maintenance occurs, wooden superstructure, and I would say applies. Surely it applied to the report under consideration here.

Q. Now, Account 227. That also came from Appendix E, is that correct?

[fol. 1941] A. That is correct, sir.

Q. And what would be the footnote against that per cent variable as it appears in Appendix E?

A. That is Footnote 3.

Q. What does Footnote 3 say?

A. "Compute the aggregate out-of-pocket expenses for yard switching tracks, way switching tracks, and running tracks, respectively, by taking the following percentages of each account," and here is a table of them.

Q. Now, I think you read the wrong footnote.

A. Did I read the wrong one? Yes, I did read the wrong one, didn't I?

Down below that is 3: "Based on study by Engineering Section, Commission's Bureau of Evaluation."

Q. Do you know what that study by the Engineering Section of the Commission's Bureau of Evaluation consisted of?

A. No, I didn't examine it. I accepted the percentage.

Q. Would your answer be the same, Mr. French, for all the other accounts that appear in, or, rather, that are listed in pages 32 and 33 of your Exhibit 115?

A. That is correct.

Q. As of when, Mr. French, were these out-of-pocket per cents determined by the Commission's Cost Section?

A. My understanding is that they were determined in 1939, and I think they have since been updated or related [fol. 1942] to later traffic factors, but basically they are based on 1939.

Q. Are any of these accounts that you have used here, or per cents variable, have they been restudied or restated by the Commission?

A. Individually?

Q. Individually or in any other way.

A. I don't know of any individual restatement that the Commission may have made. Of course, since that time, we have had the overall 80 per cent which comprehended all of them.

Q. Now, was your traffic level at New York in 1956—and I am talking now of traffic that would be handled in marine service at New York—greater or less than it was in 1939, the year that you say these per cents variable were arrived at?

A. I don't know. I didn't make any determination as to that.

Q. If the traffic had increased, would it have affected those per cents variable, assuming they were correct at the time they were made?

A. If they were correct at the time when made and are still applicable, then the traffic increased, I don't suppose it would, no.

Q. You don't understand that the relationship between a variable expense and a constant expense would change as the traffic changes?

A. Well, if you have an expense which, let us say, is 50 per cent variable, and if you can establish that that is a [fol. 1943] true factor to use, and you increase or decrease your traffic, it will affect 50 per cent of your account.

Q. Now, let's assume that your traffic doubles and the variable expense before it doubles is 50 per cent. What, after the traffic doubles, would be the relationship between your variable and your constant expense?

A. Well, if you have very large increases in traffic such as that, the chances are you are going to have some changes in your plant or you are going to have some changes in ways of handling the plant. It might change certain of these relationships, but then again you might have an entirely different picture as to the charges going to particular accounts, accounts which formerly might have been important would become less important, not get so many charges because of the changed plant operation. It is a very fluid thing.

Q. Well, isn't it true, though, just looking at the mathematics of it, that if you have 50 per cent of your expenses variable, 50 per cent as constant, and you have a doubling of your traffic, that the relationship then is a matter of mathematics, all other things being equal, becomes 66⅔ per cent variable and 33⅓ per cent constant? Doesn't that follow as a matter of mathematics?

A. Not as I understand variable costs, no.

Q. You don't think that follows, then?

A. No, because what you are talking about here is not a [fol. 1944] short term change in traffic, you are dealing with a long term proposition.

Q. Well, make it long term, then.

A. If it were for a long term, it might have some effect like that, certainly.

Q. Isn't it a simple matter of mathematics, Mr. French, that you have doubled that part of your expense which is variable with the traffic?

A. Which you assume to be variable.

Q. Which is 50 per cent. But you have not changed that part of your expense, also 50 per cent, which remains constant.

A. Why wouldn't you change the constant?

Q. Well, then, is it constant, a constant expense if you change it?

A. Well, over the long term, I suppose no expense is a constant expense.

Q. So that what we are interested in here is a long term variability? Is that correct?

A. That's right.

Exam. Boat: We will recess about ten minutes.

(Short recess.)

Exam. Boat: Come to order.

By Mr. Langdon:

Q. Mr. French, is it your understanding that in 1939, when the Cost Section estimated these per cents variable, the percentages of variability by individual accounts, that [fol. 1945] when weighted they added up to an overall percentage of 80 per cent variability for operating expenses, rents and taxes?

A. No, that is not my understanding. I made that test myself on the New York Central and found that it approximates 80 per cent with us, but I don't know that the Commission obtained their 80 per cent that way. In fact, I am sure they didn't.

Q. What did those individual account per cents add up to from the Cost Section's own finding at the time of Docket 28300?

A. My recollection is that it fell somewhere between 80 and 90 per cent, but I am not sure.

Q. Would it be a surprise to you that, as I read Senate Document 63, they added up to 72 per cent?

A. That is before they made any adjustments.

Q. And that was the per cent variable for the operating expenses as a whole that the Cost Section used in 28300?

A. That was before they made any adjustment for later traffic levels. Yes, I think that would be about right.

Q. In other words, these per cents which you have been using are those per cents that antedate the later adjustments made by the Cost Section to which you referred?

A. Yes, that's right. In the overall, obtaining the overall percentage, 80 per cent, whatever it might have been.

Q. Now, to pass for a moment to a different subject—I beg your pardon, there are a few more questions on this same subject.

[fol. 1946] Now, at pages 4 and 5 of your Exhibit 113, you state on at least two different occasions that this water service in New York and the handling of that freight in the harbor at that point is, and I am quoting your testimony on page 5, "highly specialized operations."

And on page 4, you characterize it as a, and I am quoting, "specialized operation and specialized property."

Do you find those two references?

A. I have the one on 5. Yes, I see the one on 4.

Q. Now, what do you mean by "specialized operation"?

A. What I mean to say here is that when you are dealing with this port as opposed to contemplating the whole operation of the railroad, where we are generally talking in terms of land transportation strictly, we are dealing with facilities and equipment which are either related to or move over water and which, of their nature, therefore, are specialized and peculiar to that extent. We don't find such facilities generally elsewhere on the railroad property. There may be some minor exceptions, but by and large, we find that sort of thing at the ports.

Q. Well now, would you regard it as fair, therefore, to charge the traffic that uses these specialized facilities with the constant expenses of those specialized facilities?

A. The constant expenses?

Well, when you come to deal with anything more than [fol. 1947] out-of-pocket expenses, you move into an area which is largely determined for you by considerations such as competition, traffic arrangements, and a host of other things. Obviously some place you must recover those constant expenses. We know that. But whether you can obtain them all at the port and at the particular facility that occurs, that would be the millennium if you could do that on railroad property generally. We are not always so fortunate.

Q. It would be the proper way from a cost point of view, would it not, in determining the costs of New York Harbor?

A. I don't think so for the purposes we have in mind here where we are dealing with the question of whether there is any compensation involved from the operation of our harbor.

Q. Well, aside from the ability of the traffic to bear the constant expenses, is it not correct from a cost point of view to charge the constant expenses arising in connection with a specialized operation to that operation?

A. It would be correct, but it is not always practical. In fact, we have many rates which have to be made to reflect less than our full cost. That isn't necessarily peculiar to a port operation or any other one particular phase of railroading.

Q. Well, can you name another specialized operation? Would the operation of a coal and ore unloading facility be a specialized operation?

A. Yes. We don't always recover our costs there, either.

[fol. 1948] Q. It is proper, though, is it not, Mr. French, to charge the operation of that special facility with the entire cost of operating the facility, in other words, charge the entire cost of that facility against the traffic that uses it?

A. That can be done, of course, but—

Q. Isn't it the proper thing to do?

A. I don't know what you mean by "proper", Mr. Langdon. Statistically speaking, as I say, if you could take the full cost of any particular piece of property that some part of your traffic use and say that that traffic must bear this full cost, yes, that is most desirable. We can't do that in all cases. We have to be realistic. And some place along the line some other traffic will have to, in effect, pick up the tab for whatever deficiency there is.

Q. But that would still be a deficiency in the full cost of the specialized operation, would it not, and in any effort on your part or anybody's part to determine the full cost of the specialized operation, those constant expenses would have to be included, would they not?

A. They would have to be included. I think, though, you would have to treat them—we do have to treat them in many cases as an overhead property instead of generally over the operation.

Q. Well, is that true, Mr. French, with the constant expenses that arise in connection with a specialized operation? [fol. 1949] Don't you charge the traffic that uses the facilities with the constant expenses arising in connection with the specialized operation?

A. Well, the theory, in theory you may attempt to do it. In practice, of course, you know we don't, none of us do. As a matter of principle it is desirable.

Q. And correct?

A. And that has nothing to do, of course, with the compensatory effect of the rates that you may institute. In fact, it makes the rates particularly compensatory, inasmuch as they will cover the full cost.

Q. Well, now, have you read, in that connection and in relation to that subject, the advice, if you call it that, contained in Senate Document 63 wherein they discuss the proper pricing of specialized operations from the point of view of the inclusion or non-inclusion of constant expenses?

A. No, sir.

Q. You have not read it?

A. No, sir.

Exam. Boat: Whose advice is this, Mr. Langdon, may I ask?

Mr. Langdon: It is contained in the letter from the Chairman of the Interstate Commerce Commission transmitted in response to Senate Resolution No. 119, certain information on rail freight service costs in the various rate territories of the United States. This is the document [fol. 1950] that Mr. French is relying upon, as I understand it, for his per cents of variability which he has substituted for the variable per cents used in our cost studies.

Exam. Boat: I understand, sir.

By Mr. Langdon:

Q. Now, Mr. French, would you be good enough to pass over to your Adjustment No. 8.

As I understand it, Mr. French, you would substitute for the six per cent return included in Mr. Heywood's exhibit a four per cent return.

Is that correct?

A. That is right.

Q. I assume, of course, that the other roads for which you speak have concurred in that adjustment, namely, the Erie and the Lackawanna and the Lehigh and the others?

A. They have at least tacitly concurred in it. They are aware of this adjustment, and I have heard no complaints.

Q. Has the New York Central, in recent years, been concurring in cost studies made for its own account as well as other eastern lines which had included the six per cent return?

A. We have asked for six per cent return many times. In fact, in this reference that I gave you here, I & S Docket 6679, we asked for six per cent there. We were not allowed it.

Q. Have you changed your view as to what a proper rate of return is?

A. I haven't changed my view at all as to what a proper [fol. 1951] rate of return is. I think it varies with what you are talking about to begin with. But, in any case, we were allowed four per cent in the switching charges at Detroit, Michigan, case, and I don't see any reason why we should claim six per cent here, or should anyone else necessarily. We were allowed four. Why should other railroads get six?

Q. Have you, in other words, changed your policy with respect to what you regard as a proper rate of return?

A. No, sir. This has nothing to do with what we regard as a proper rate of return. As a matter of fact, my personal opinion is that you can't very well say, well, it should be six per cent, or four per cent, or ten per cent. It all varies with the particular service you are talking about. Some service is so hazardous, if you will, like passengers, that probably you could justify much higher than six per cent return.

Q. Is the operation at New York in the hazardous class?

A. I wouldn't say so.

Q. You would not?

A. No. Not in that sense.

Q. Well, do I understand, then, that you do not necessarily say that a six per cent return is an improper return to include in a cost study?

A. It is an unrealistic return, not an improper one. I think it is unrealistic in view of the general findings with respect to a return allowed by the Commission in the east.

[fol. 1952] ern railroads. At least that has been our experience. The Commission says that a return of four per cent more nearly approaches the return in Official Territory.

Q. Is this the first time that the New York Central and the lines allied with you have affirmatively sponsored a rate of return less than six per cent in any cost study that you have ever subscribed to?

Mr. Colgren: Mr. Examiner, I don't think that the witness has indicated that he is espousing this for any specific purpose other than to indicate a restatement of costs.

By Mr. Langdon:

Q. Well, if you are not espousing, then, a four per cent return, you are at least using the four per cent return, and I'll ask this question: Is this the first time in the history of the New York Central in recent years that you have sponsored a cost restatement including a four per cent return on investment?

Mr. Keenan: A cost restatement, what, a four per cent return?

Mr. Langdon: A four per cent investment.

Mr. Keenan: Including, did you say?

Mr. Langdon: Well, I guess the question ought to be read, then.

Mr. Keenan: I didn't hear it, sir. I am sorry.

Exam. Boat: Read the question.

(Question read.)

[fol. 1953] Mr. Langdon: Which contains a four per cent return on investment. Maybe that is a little clearer.

The Witness: We have had cost studies in which we have claimed six per cent. We have had cost studies in which we claimed no return at all. We just merely make ourselves whole.

By Mr. Langdon:

Q. Do you make yourself whole when you don't include any return on your investment?

A. Well, technically, I expect you don't, because you are entitled to a profit, and that is your profit, and your money for the use of capital, and so on and so forth, which you would be foregoing. To that extent, you wouldn't be whole without any kind of a return. But we have been in cases, we'll probably have to be in them again, where there is no question of return, we will be very glad to cover our cost excluding return.

Q. In other words, you trade an old dollar for a new? Is that right?

A. That's about all you can hope to do in some of them.

Q. What, Mr. French, is your definition of a compensatory rate?

A. Well, I don't have any hard and fast definition that I have ever dreamed up, but it would certainly be a rate, which in the light of the property involved and the hazard surrounding the operation, would permit you to cover your costs of capital and have some reasonable compensation for your effort. I know that is very indefinite, but I don't think a person can be much more definite. It is kind of foolish to say, well, it should be six per cent, or four per [fol. 1954] cent, or ten per cent, or two per cent. It all depends, as I say, what you are talking about.

Q. Well, when the traffic department refers to your section an inquiry as to whether or not a proposed rate that they have in mind is compensatory or not, what standard do you apply in making reply to the traffic department?

A. We give them generally, state the cost two ways, with or without a return. They can decide where they want to go.

Q. You don't, then, include a rate of return even on equipment in that part of the variable cost information that you give them in response to their request?

A. Well, as I say, we give them first a cost, a variable cost stripped of any element of return. And then we give them a six per cent return. They move between those two points.

Q. You give them a six per cent return?

A. Yes. We always give them a six per cent return.

Q. Is that after income taxes?

A. Yes.

Q. And is this four per cent that you have substituted in your cost restatements, is that after income taxes?

A. That is before, I believe.

Q. Before income taxes.

Are income taxes allowed at all in your cost restatements?

A. Not in the port.

[fol. 1955] Q. Not in the port.

On what theory were they excluded?

A. I don't know. They weren't in Mr. Heywood's figures. At least, we couldn't find them. We believe they are not.

Q. Do you regard income taxes, of course, as a proper element of expense?

A. I have made no effort to distribute any income taxes. I took the studies as I found them and adjusted them from there.

Q. Now, Mr. French, in the light of this work which you have done since October in studying harbor costs at New York, is it your opinion that the handling of export-import traffic at that port is more expensive than the handling of domestic traffic at New York?

A. Mr. Langdon, I made no study of the Port of New York. I have no opinion.

Q. You have no opinion?

A. No, sir.

Q. Have you any opinion as to the relative costs of handling freight by lighter as opposed to handling freight by car float in the New York Harbor?

A. I have made no study.

Q. Well, do you have any opinion as to which is the more expensive?

A. Well, I would imagine lighter might be a little more expensive inasmuch as you have to handle the freight out [fol. 1956] of the car onto the lighter, and so on. I haven't made a study, though. I might be mistaken.

Q. Have you any knowledge as to the—of any switching service that would have to be provided on export-import traffic?

A. Well, there is only one I have any knowledge of of my own, and it is in connection with lining up cars at the port for an incoming ship; let us say, that contains some particular lading, and you have to accumulate certain types of cars. That is not generally, at least with the New York Central, it is not a big problem for us at New York.

Q. You read the verified statement of Mr. Walter—excuse me—strike that.

Is Mr. Walter H. Harris the lightering superintendent of the Marine Department of the New York Central Railroad? Do you know him?

A. Yes, sir.

Q. Have you read the verified statement which he submitted a few weeks ago in Ex Parte 212 bearing on this very subject?

A. No, sir, I have not.

Q. Mr. French, at page 11 of your statement, paragraph 4 reads as follows: "The protestants' harbor operations as studied are not representative of the harbor operations of the other New York lines with respect to lighterage, car floatage, trucking-in-lieu-of-lighterage and ship to car."

Now, what do you base that conclusion on?

[fol. 1957] A. Well, that conclusion is based on two things. First of all, it is based on relative volumes of traffic, let us say in tons. And then it is based on the kinds of traffic, because there are certain kinds and types of traffic which exist in the harbor which I could not find represented in the protestants' studies. Also, there are varying amounts of lighterage versus car floatage versus, let us say, ship-to-shore transfer, which, incidentally, the protestants' study apparently did not go into at all. So that I concluded that they were not particularly representative of the general picture of the harbor operation.

Now, another angle comes in there, and that is the relative levels of traffic. Maybe the protestants happened to have a particularly low level of traffic for September, for example, in their study compared to that experienced by other roads in the harbor. I don't know. But—

Q. Just a minute. You said you didn't know whether that was true?

A. Well, I say I can only conclude these things from the evidence. As I say, I haven't made any study, I just merely assembled some figures, then on the basis of these figures you can see that they have varying percentages of lighterage and car floatage and trucking in lieu of lighterage and wheel to keel operation compared to the other line.

Q. Well, now, dealing first with the relative volumes of [fol. 1958] traffic bearing on this question of whether or not the protestants' harbor operations are representative of your operations, I am not too clear as to what you mean by that. If you will confine your answer to that point of distinction, as I understand it, you would make.

A. All right, Mr. Langdon.

Would you be kind enough to turn to my work sheet, page 34?

Q. All right. I have that before me.

A. That particular one you will notice, taking the New York Central, the Erie, the New Haven, and the Lackawanna combined, and let's take the month of September, because in 1956 that was the study month primarily relied on by protestants. Lighterage amounted to 70.4 per cent of our tonnage handled in the harbor. On the other hand, the protestant roads' lighterage amounted to 87.6 per cent. Car floatage for the New York Central, respondent roads, and so on, amounted to 5.9, and the protestants', 2.2. Now, trucking in lieu of lighterage was pretty close together there, 10.7 for the respondents and 10.2 for the protestants.

Exam. Boat: The latter figures you are stating in each instance are composite, are they, of some others that appear on here?

The Witness: That is correct, sir, yes. The New York Central, Erie, New Haven, and Lackawanna are the first [fol. 1959] set of figures, and the Pennsylvania, Baltimore and Ohio, and Jersey Central are the second group.

Exam. Boat: Oh, I see. They are stated here below.

The Witness: That is correct.

Then finally we have the wheel-to-keel, as we call it here, or ship-to-shore, possibly in a simpler term, and we had about 13 per cent of that tonnage. All of that, incidentally, occurred on the New York Central. And the Pennsylvania, B&O and Jersey Central didn't report any of their wheel-to-keel traffic if they had any during the month.

So that you see, we do have a different composition, relative composition of tonnages in the export and import traffic during September 1956.

By Mr. Langdon:

Q. Well, now, incidentally, where is the Lehigh shown here?

A. The Lehigh is not shown.

Q. They failed to report?

A. That's right. They were requested, but they did not report.

Q. Well, now, concerning yourself now with this question of, or, rather, with that part of the freight which was handled in lighterage service, do you have any reason to believe that the costs for the lighterage service as performed by the Pennsylvania, B&O, and Jersey Central, are unrepresentative so far as the New York Central, Erie, New Haven, DL&W performed lighterage service?

[fol. 1960] A. Only to this extent, that, taken together, the Pennsylvania, Baltimore and Ohio, and Jersey Central are, let's say, a third or probably a little less than a third of the railroad harbor operations at New York, and whether that is a big enough sample in view of the fact that we also have the consideration of different types of traffic consist, which would affect lighterage, I personally would feel that it isn't particularly conclusive. At the other ports, as I recall it, we had practically a hundred per cent railroad representation in the studies and here we only have a minority representation, which necessarily had to be so, no doubt.

Q. Well, it is true that we may handle at New York less tonnage than your group of railroads, but what I am interested in knowing is whether or not, in your opinion, our costs which pertain to a third, let us say, of the whole New York tonnage in lighterage service are representative of or not of your costs for that same service?

A. When you say costs, Mr. Langdon, do you mean your costs as found by Mr. Heywood and Mr. Mollman in their studies?

Q. Well, is there any reason to believe that what is a correct cost for lighterage in the case of the three roads that are protesting would be an unrepresentative cost for the four roads that are included here, the New York Central, Erie, New Haven, DL&W, so far as they perform lighterage service?

A. Well, obviously, I made certain criticisms, if you [fol. 1961] want to call them that, of the protestants' study at New York which I was unable to evaluate or was unable to restate. To the extent that they would affect the overall showing of the costs of the protestant lines, I would feel, at least to that extent; and that is an undefinable extent because I didn't know how to restate their figures, as I mentioned in my verified statement, to that extent at least I think that the application of their costs to the other railroads might compare.

Q. You found what you think would be an overstatement in our costs for lighterage service. Now, I am asking you to assume that the correct costs of lighterage service for the three protesting railroads has been determined, and my question is, then, would such costs then be representative of the lighterage costs for the New York Central, Erie, New Haven, and DL&W?

A. If we had found a correct cost for the protestant roads. Well, within broad limits it might be representative. The consist of traffic is going to enter this picture rather severely, and the location of the terminal facilities is going to have an effect on your lighterage. The age of equipment is going to have an effect on your lighterage. There are so many variables as among railroads even after you had found a very firm cost for the protestants.

Q. Well, now, let's take this question of consist of traffic. In your lighterage service do you handle any different types of traffic, relatively speaking, than the protesting [fol. 1962] railroads?

A. I think the protesting railroads, some of them, at least, have rather large quantities of perishable traffic, and I know the Erie does, but the New York Central doesn't have as much.

Q. Handled in lighterage service?

A. I think there is some lighterage.

Q. That is car floatage, isn't it?

A. Car floatage? Well, they use these refrigerator lighters. Maybe that is all domestic.

No, it couldn't be.

What is that? Does somebody know?

Mr. Keenan: Pardon me, Mr. Langdon.

May I be excused until tomorrow morning?

Exam. Boat: Yes.

The Witness: At any rate, there is a lot of refrigerator and heater lighterage service that they operate which we do not have as large a quantity of. I presume it must be perishables.

By Mr. Langdon:

Q. You think, then, that since the protesting railroads handle in lighterage service, as distinguished from car floatage, more perishable traffic, that their costs for lighterage service would tend to overstate your costs for lighterage service?

A. I didn't say they handle more. I don't know whether they handle more or less. I made no comparison or analysis of the traffic item by item. I am just pointing out [fol. 1963] that as a possible area of difference.

Q. You don't know whether it is an area of difference, or not?

A. No, but it is a possible area of difference, I think.

Q. In other words, these differences that you have referred to here, are they only possible areas of difference between the lighterage costs for the protesting railroads and the respondent railroads?

A. Well, until you make a cost finding, everything is just a possibility that you are trying to explore, yes.

Q. You have, of your own knowledge, no reason to believe, have you, that in the operation of the lighterage—strike that.

Is there any difference that you know of in the operation of the lighterage service by protesting railroads which would make their costs any different than the lighterage operations of the respondent railroads?

A. Yes, there is one thing I know of. I think the Pennsylvania, I believe, has a very large fleet of equipment in the harbor, and some of that equipment is rather old. Now, I don't know what effect that will have on maintenance. It may make for higher maintenance, it may make for perfectly normal maintenance. You have to study it. I would think it would be high maintenance, maybe not. On the other hand, on the New York Central, in contrast, we have recently invested in a large fleet of modern steel barges and lighters which require a small amount of maintenance. Now, that might be one of those areas of dif- [fol. 1964] ference. You have to test these things, you just can't make general assumptions like that, Mr. Langdon, in my opinion.

Q. Well, I am not making any assumptions. I am asking you for your opinion, Mr. French, as to the representative or unrepresentative character of these lighterage costs of the protesting railroads. You said they are not representative and I am inquiring as to the basis of your conclusion.

A. The basis of it is, first of all, because of the method by which these costs were assigned, let us say, to lighterage in some instances on the basis of tonnage, or however they were put there. And we see these variations in tonnage among the different railroads and among the groups of railroads in the harbor. That, in itself, would affect the lighterage cost. But you asked me to assume a situation where we had found good hard and fast lighterage costs for the protestant lines, and then you asked me my opinion as to whether those, such costs as that might be applicable to the other roads, the respondent roads in the harbor.

I don't know, Mr. Langdon, whether they would, or not. I can see possibilities that might upset the apple cart there. But maybe they would turn out to be satisfactory. It is a moot question.

Q. What have you done to establish or disestablish that representative character of our cost showing? Have you submitted in any way, in any form or shape in this restate- [fol. 1965] ment of yours any evidence of the New York Central, or any of the respondent carriers which you represent, have you given us any figures at all bearing on this cost problem at New York Harbor?

Mr. Colgren: Mr. Examiner, I must object to that question. It is not for the witness to say as to the effect of his testimony. He certainly should be queried on his testimony and not the effect thereof. That is for the Commission and the parties to consider.

By Mr. Langdon:

Q. Well now, Mr. French, go over to the columns under Car Floats there in your same work sheet.

Would your answers be the same with regard to the representative or non-representative character of the car floatage costs of the protesting railroads as they were in regard to those same questions when asked in connection with the lighterage service?

A. Yes.

Q. Now move over to trucking in lieu of lighterage.

Would your answers be the same?

A. Well, there, as I pointed out, we are in a fairly narrow area as far as this will indicate. On the face of this, we might expect to find similar costs. We probably ought to apply a few further tests because of the nature of trucking in lieu of lighterage. It is a rather peculiar type of operation and is generally subject to local arrangements of one kind or another, which would have to be explored. But, on the face of this, just on the basis of the [fol. 1966] tonnage, I would expect, other things being equal, to find a close approximation in that area.

Q. That represented during the year 1956 15 per cent of your tonnage, is that right, your export-import traffic in New York, talking of the New York Central now?

A. The New York Central, yes, sir. The trucking in lieu of lighterage, that is correct.

Q. Now, moving on to this wheel-to-keel tonnage which you show there on your work sheets.

Can you give us, Mr. French, the principal commodities included in that showing?

A. Well, the principal commodity there is bauxite.

Q. That is a bulk commodity?

A. Yes, sir. It is an ore.

Q. And that moves through a special facility that you have over on the north shore? Isn't that right?

A. That is handled at a pier which is devoted to the handling of ore, the bauxite ore particularly. Some other ores are handled there.

Q. Is the destination for that bauxite the Niagara Frontier, principally, or don't you know?

A. I think it is. I am not authoritative on that point, but I believe it is.

Q. Now, would that comprise the major portion of this wheel-to-keel tonnage?

[fol. 1967] A. That would be the major portion of it.

Q. Now, what other tonnages would be included there, what other commodities, rather, would be included there?

A. There are some, I believe, some chrome ore that moves very occasionally, and some manganese ore, and there are some other miscellaneous ores, but they are occasional movements. The principal one is the bauxite.

Q. You don't have any general traffic, general cargo that is handled wheel-to-keel, do you?

A. Not at that pier, no.

Q. Or at any other pier in New York?

A. Well, the only other one we have, of course, and that is a special operation, that is the banana terminal, as we call it, for the United Fruit at Weehawken. That is a wheel-to-keel operation. But that isn't operated by us, that is operated by the United Fruit.

Q. Now, Mr. French, how did you obtain this breakdown of your export and import traffic at New York for the year '56 and for September 1956, broken down in the way that you have here? Was that a special study that was undertaken by each railroad?

A. Yes. The three railroads, other than the New York Central, shown there furnished their figures to me from their records, and the New York Central figures, of course, are obtained from our records.

Q. All of this traffic that you show there for the New [fol. 1968] York Central wheel-to-keel is import traffic? Is that not so?

A. That is correct, sir.

Q. You have no export traffic handled there?

A. No, sir.

Q. Now, bearing on the representative character of these, as possibly bearing on the representative character of these costs as offered and included in this record on behalf of the protesting railroads, I come back to the request that I made at the conclusion of the hearing this morning regarding what purports to be, or we understand to be a study of harbor costs by the New York Central, which study resulted in a proposal that the minimum rate on export-import traffic be accorded free lighterage, be increased from 27 to 32 cents, and I ask Counsel if he will be willing to supply that study which, as I gather, Mr. French said it was made in his section, not by him.

A. No, sir.

Mr. Colgren: I don't understand that that is true, Mr. Langdon.

By Mr. Langdon:

Q. Did I misunderstand you, Mr. French?

A. I am afraid so, Mr. Langdon. We had nothing to do with that particular study. We had to do some phases of Ex Parte 212, but not that phase of it.

Q. Well, this is not Ex Parte 212.

A. Oh, I am sorry. I thought you were talking about that.

Q. No. I thought I was talking about a proposal that I thought I described this morning that has been made, as [fol. 1969] we understand it, by the New York Central Freight Traffic Committee in New York, suggesting that the free lighterage in New York be limited to shipments which pay the New York Central or connections a minimum of 32 cents per hundred pounds, on the ground that anything that pays less, we have the information, is not compensatory. And I had understood that your section, not you, was in on that proposition.

A. No, sir.

Q. You know nothing about it?

A. Nothing whatsoever.

Mr. Langdon: Will Counsel be willing to determine whether or not such a proposal has, in fact, been made, and whether or not it is supported by a study by the New York Central?

Mr. Colgren: Mr. Examiner, I am again faced with this proposition of Mr. Langdon trying to run my case for me. I have no intention, of course, of departing from our proposed line of testimony and so on. I personally know nothing of this study or whatever it might be, proposal that Mr. Langdon just referred to. My witness, Mr. French, shows no knowledge of such a study. It seems to me then it is not up to me to offer to supply something I know nothing of or even be required to do so.

I have been placed in the unfortunate position of having to deny a sometimes almost outrageous request by the opposition, and I am afraid that—

[fol. 1970] Exam. Boat: You are perfectly free to refuse to produce it.

Mr. Colgren: Well, I have had to do that throughout this whole proceeding, Mr. Examiner, and I just want the record to indicate that I feel that some of them have been most unfair, with an attempt, I think, possibly to put our conduct of this proceeding on the footing of reluctant participants before the Commission, which is certainly not our position or intention.

This is just another one of those instances where I feel that we have been faced with a most improper request. I, of course, refuse to comply with it. But I just wanted the record to indicate how I feel on the situation.

Exam. Boat: All right.

Mr. Langdon: I take it, then, Mr. Colgren, and you don't have to rise to decline this request, but I take it your answer would be the same if I asked you for a copy of the New York Harbor marine consolidation study that your road participated in and was completed in 1955?

Mr. Colgren: Yes, that is right, Mr. Langdon, my answer would be the same.

By Mr. Langdon:

Q. Skip over, Mr. French, please, to page 16 of your statement.

You refer, in the middle of paragraph 5, to a visit which you made to the Jersey Central yard at Jersey City.

Do you see that reference?

[fol. 1971] A. Yes, sir.

Q. When was that visit made, Mr. French?

A. That visit was made on Good Friday last.

Q. Did anyone accompany you while you were on that inspection trip?

A. Yes, sir. Mr. Jerry Gilbert.

Q. Mr. who?

A. Jerome Gilbert.

Q. Was the Jersey Central advised of your visit?

A. No, I don't think so.

Q. You just went on the property yourself?

A. No, we didn't touch the property.

Q. You didn't see the properties?

A. Yes, we saw them very well.

Q. How did you see them?

A. From a helicopter.

Mr. Bongartz: The Port Authority helicopter?

The Witness: Yes.

By Mr. Langdon:

Q. The Port Authority helicopter?

A. Yes.

Q. And that constitutes the basis for your testimony with regard to this yard?

A. Yes. We circled that yard several times and hovered over it and got a pretty good look at it and a number of pictures of it.

[fol. 1972] Q. You took a number of pictures of it?

A. Yes.

Q. Do you have those pictures with you?

A. No, sir.

Q. At Page 17, you refer, in paragraph 8, to our exhibits which you say "show a disproportionate number of sample shipments when measured against actual traffic movements," and you cite as an example of that Commodity No. 3.

Did you undertake in any way, Mr. French, to apply the revenue-cost ratios either in your restatement on Mr. Heywood's original exhibit against the entire traffic as laid out, or at least 96 per cent of the traffic as laid out in Mr. Keefe's exhibits previously received in this record?

Mr. Colgren: I don't believe I understand that question, Mr. Langdon.

Could we have it restated, please?

By Mr. Langdon:

Q. Well, did you undertake, in the first place, in your accompanying exhibits, that is, the exhibits that accompany Exhibit 113, you set forth certain revenue-cost ratios in the final column, which reflect your ratios after the statements that you have made and Mr. Heywood's cost figures.

Is that not correct?

A. Yes. I did attempt that.

You are talking about the total, sir?

[fol. 1973] Maybe I am a little bit confused.

Q. I am talking about the ratios in Column 13 of your Exhibits WFF-1 and WFF-2.

A. Yes, those are restated. Those are a result of the restated costs.

Q. And in a comparable column in Witness Heywood's exhibits you will find those same ratios?

A. That is correct.

Q. As he computed them?

A. As he computed them.

Q. Now, my question is: Did you apply those ratios, either of them, as determined by Mr. Heywood in the first instance and as restated by you, against the entire traffic as it is shown in the consolidated traffic study of Witness Keefe?

A. Did we do that? No, we didn't do that.

Q. Now, on page 18 you list commodities there.

Would it be your opinion that in any statement of the commodities going into a representative cross-section at the Port of New York that these commodities be eliminated?

A. Well, I would think, insofar as it would apply to the protestant roads, for example, Item 311, Aluminum Ore and concentrates, they had an item of one car. It is not too important, but just there to point out the difference, that they had one car there, whereas in the traffic exhibits we had no movements to any territory in that particular class. [fol. 1974] And then, as to the other one in the import group, we had no movements to differential territory even though they were represented in Mr. Heywood's exhibit as to import traffic.

Similarly with the group of commodities under export traffic.

Q. I gather that it is your testimony, then, in a representative cross-section this should be left out?

A. I would think certainly Item 311 and Item 43 would be left out of a New York study, I would think, and as long as we are dealing with differential territory movements, I would think the others could likewise have been left out of Mr. Heywood's. But I think you could study them as a general port study proposition.

Q. Now, at page 20, you refer to the maintenance costs, repair costs for floating equipment of the B&O.

In a cost study of this kind, what is your opinion as to the best way to state floating equipment maintenance costs?

A. Do you mean how long a period of years do you use?

Q. Yes.

A. Well, I would think that you would have to, first of all, find out what your maintenance cycle normally is and then try to relate the number of years that you use to the maintenance cycle. However, you would also have to keep in mind any unusual charges that might occur in one year that might not be appropriate to succeeding years, or vice versa.

[fol. 1975] Q. Now, over on page 23—no, I beg your pardon—yes, page 23, the final paragraph on that page refers to a difference in revenues at New York per ton of $9.30 as computed in Witness Keefe's exhibits.

Do you know, Mr. French, what the differences are in the car revenues for export-import traffic as handled at New York and Baltimore?

A. No. I only worked it out per ton.

Q. Well, now, turning the page, you refer to a difference in cost under the original Heywood exhibits of $7.81 per ton, and you say that those exhibits showing a higher cost at New York are only $7.81 per ton. Now, do you regard that difference as a modest difference?

A. In view of the type of traffic and the rates under which it moves, yes.

Q. What does that difference amount to per car under the average loading at New York? Do you know?

A. I would have to work it out.

Q. Can you work it out, please?

A. I'll see if I have it here somewhere.

Do you want me to work it out now?

Q. Well, can you approximate it?

A. I can have my assistant here work it out, if you want.

Q. Yes, I would like to have it worked out.

You have computed here an average cost per ton at New [fol. 1976] York and Baltimore to arrive at an average difference of $7.81 per ton. That is, you have done that on the basis of Mr. Heywood's figures. I am asking you what that difference per ton is when translated into terms of carload.

A. Could we work that out and submit it, sir, as soon as we can get it?

Mr. Colgren: Well, the answer, I presume, is "No" from the witness, that he doesn't know what it is.

Mr. Langdon: That is satisfactory if that is the answer.

The Witness: I can develop it if you desire to have it presented.

Mr. Langdon: All right. Suppose you develop it and supply it later.

The Witness: Sure.

Mr. Colgren: Are we sure that we have the necessary data to do that?

The Witness: Well, if we don't have it here, we will have it in New York.

Mr. Colgren: I mean, average weight per car, and so on.

The Witness: Yes. We can work out an average weight per car.

Mr. Langdon: Mr. Bongartz is next. I am through, sir.

Cross examination (Continued).

By Mr. Bongartz:

Q. Mr. French, as I understand your testimony, you have held your present position for the last year and a [fol. 1977] half.

Is that right?

A. Since 1956, I think it was.

Q. September 15th, 1956?

A. Yes, that is correct.

Q. And prior to that time you were Assistant to the Comptroller for seven years?

A. Yes.

Q. And what were your duties in that position?

A. Really for the most part the same as my duties are now except that, during much of that period, of course, the department was under the jurisdiction of an Assistant Comptroller.

Q. Who was that?

A. That was Mr. J. D. Hagerty.

Q. In other words, for the last eight and a half years your work with the New York Central has been in cost accounting?

A. A great deal of my effort has been in that field, yes.

Q. How far back for the last eight and a half years out of the 28 years could we say you have been engaged in cost work?

A. Well, I have been in that particular office in either statistical work or cost work since about 1936.

Q. At least since 1936 your activities in the Comptroller's office have been devoted to cost accounting?

A. Or statistical, operating statistics, traffic statistics.

Q. Mr. French, does Exhibit 115, does it include all the [fol. 1978] work papers underlying your testimony and the exhibits which accompanied it?

A. All but a very few minor miscellaneous papers that we didn't think would be of particular assistance.

Q. Minor and miscellaneous?

A. Well, we gathered information from various sources and placed it on those documents. It would be largely repetitious.

Q. You mean that before sending out your work papers you made a selection of what you were going to send out?

A. Not exactly that, no.

Q. Doesn't it amount to that?

A. No, it doesn't, sir. Those work papers are the actual work papers that we have and develop as far as they go. The only addition that we made to it at the time we sent it out was to key it out so that it would be helpful in following the procedure. Now, obviously, underlying certain of the information which we used there are letters or documents of a miscellaneous nature which we referred to.

Q. Could you have prepared the exhibits which accompanied your Exhibit 113 and 113 itself on the basis of Exhibit 115 only?

A. I don't see why not. The only other way, if you wanted to consider the work paper, would be Mr. Heywood's Exhibits JLH 5 and 6, which are, in effect, the start of it.

Q. I understand that, but taking into consideration Mr. Heywood's exhibits and the work papers that he furnished [fol. 1979] to you which underlay those exhibits, those papers, together with Exhibit 115, is all that was necessary to prepare the exhibits that you presented here? Is that right?

A. I would think so. Now, if that is not true, we would be glad to supply whatever is missing, because we hoped to give you the complete story.

Q. But, as I understand what you have said, whether you want to call it minor, or whether you want to call it miscellaneous, there are working papers that you did not furnish us?

Mr. Colgren: Well, Mr. Examiner, I can't understand the attitude of Mr. Bongartz in his line of questioning.

Mr. Bongartz: I don't care whether Counsel can understand my attitude, or not. I am cross-examining this witness. Now, if he has an objection I wish he would state it and give his grounds for it.

Mr. Colgren: All right. I object to the continuation of this line of questioning. If Counsel has a request to make of us for additional data, we will be glad to supply it.

Mr. Bongartz: Mr. Examiner, we are given a statement, a prepared statement, and some exhibits. According to the practice which we attempt to follow in these proceedings, we were supposed to get the witness's underlying work papers, by which, as I understand, is meant the source material that he used to put into these exhibits. Now, I want to know whether this Exhibit 115 included it. As I [fol. 1980] understand it, from what the witness says, he told me he chose not to include some statements in 115.

Mr. Colgren: Mr. Examiner, I want to object to the restatement of the witness's answer by Counsel Bongartz.

Mr. Bongartz: Well, the record will speak for itself as far as the witness's answer is concerned, Mr. Colgren.

Mr. Colgren: That is right.

Mr. Bongartz, do you have a request for additional data?

Mr. Bongartz: I am not making any request from you. I am asking this witness some questions and I would like to be able to continue.

Now, we have a question on the record. Could you read it, Mr. Reporter?

(Question read.)

The Witness: Yes. One of them, for example, is Mr. Heywood's letter. Perhaps you got a copy of that.

By Mr. Bongartz:

Q. Yes, we have a copy of that.

Anything else you have in mind?

A. Can I see those papers there and see what they amount to?

They are all miscellaneous. I can't recall them offhand.

(Papers handed to the witness.)

These are the tonnage figures, Mr. Bongartz, for the Erie.

Q. These are the only other papers you have reference to?

A. There are some with our own figures on it.

Q. You have no objection to giving them to us?

[fol. 1981] A. Well, these are the only copies we have.

Q. But you have no objection to giving them to us. We have the Erie here, and New Haven. Now, how about the Central?

A. This is our calculation of our import-export tonnage, and this is the underlying records at the lighterage agent's office, and so on.

Q. That may be very interesting. We ought to have that, too.

Exam. Boat: Anything that might be interesting, of course.

The Witness: I might say that we were not able to get that kind of detail from Pennsylvania when we asked for it.

Mr. Bongartz: Do you want, John, for me to look at this?

The Witness: You were very anxious to get duplicate figures.

Mr. Colgren: These are our only papers. We will produce them for you.

Mr. Bongartz: I mean, do you want me to take them now and give them back to you?

Mr. Colgren: How long do you want to have them?

Mr. Bongartz: Maybe overnight, and you can have them reproduced later.

Mr. Colgren: Do you remember what you gave him, Wes?

The Witness: No, I don't. I think we ought to make a list of what is in there. One might be lost somewhere.

Exam. Boat: Well, can we get on now with the rest of this examination, please?

By Mr. Bongartz:

Q. Mr. French, you also state that you are appearing [fol. 1982] on behalf of Respondent railroads who serve the ports of New York, Boston, and Portland, Maine.

Are you representing the Maine Central Railroad? Do you make that statement?

A. Well, that is a general statement with respect to the interests of those roads in our side of this proceeding. I am representing them to the extent that I am representing, in particular, the New York people and, indirectly, their interests.

Q. Do I understand from what you have just said that you have been authorized, in presenting this testimony, to speak for the Maine Central?

A. No, not directly.

Q. Do you subscribe to the testimony put in by Witness Cole of the New Haven?

A. I have only read that in a cursory fashion.

Q. He is one of your associates, isn't he?

A. He is. I have no objection to his testimony whatsoever.

Q. Now, will you show me in my copy of Exhibit 115 where you made this adjustment with respect to inland terminal costs, carload platform expense? Would you point that out to me?

A. Will you refer, please, to page 4.

Q. Page 4 of your Exhibit 113, you talk about shore facilities down at the bottom of that page, the third line from the bottom.

[fol. 1983] Could you tell me what you mean by that?

A. This is on page 4?

Q. Yes. The third line from the bottom. Shore facilities.

A. Well, what I mean by that is the piers and yards and other auxiliary facilities on land.

Q. Then, to go on in that statement, you say that the addition of even large amounts of traffic would have a very moderate effect on the cost.

Now, what cost are you talking about? Is it in relation to these shore facilities that you have just defined for me?

A. Yes, primarily, that is, yes.

Q. In other words, the investment in the shore facilities themselves? Is that what you are talking about?

A. The investment in it and the maintenance of that investment, and so on and so forth.

Q. And this statement is in no way to be regarded as covering costs performed on land, such as unloading and loading, anything of that kind?

A. Only to a moderate degree. In the case of box car traffic, for example, where we are using fork lift trucks, and that kind of thing, I don't think it would apply very particularly. In the case of handling open top equipment and unloading that with cranes, the chances are there wouldn't be as great a degree of variability there. It would vary some, of course, but it would be a more fixed proposition.

[fol. 1984] Q. Generally what you had in mind there was this investment in maintenance and shore facilities?

A. The maintenance, primarily.

Q. To the extent that additional traffic requires additional handling, there is additional cost connected with it? Is that right?

A. Yes, obviously.

Q. Who was the superintendent you talked to about variability of repair costs? What was his name?

A. His name?

Q. Yes.

A. Korker, K-o-r-k-e-r.

Q. Say that again.

A. Korker, K-o-r-k-e-r.

Q. And his title?

A. I am not sure now that I will recall it correctly, but I think it goes Superintendent of Marine Construction Repair. Now, I may be off on that to some extent. That will find him.

Q. And where is he located?

A. At the marine repair shop at Weehawken.

Q. The marine repair shop at Weehawken?

A. Yes. He is in charge of that shop.

Q. Is that the only shop that is used for the repair of New York Central floating equipment?

A. It is the only one we have. It doesn't do any under-[fol. 1985] water repairs.

Q. It only does above water?

A. Above water, that's right. Underwater, we have to go to Todd or Union Drydock, or somebody of that sort. We have no drydock. I mean outside the hull underwater. You can go below the water line within the hull, naturally.

Q. Do you know a Mr. A. F. Coon?

A. Yes.

Q. C-o-o-n?

A. C-o-o-n, that is correct, sir.

Q. Who is he?

A. He is now retired. He was—let's see, what was his title—research engineer, I think his title was.

Q. Did you have occasion to work with him?

A. I never worked with him on any project. I supplied him information on request from time to time.

Q. Do you know that he made a study in 1955 about the cost to the New York Central in the New York area?

A. That was the West Side New York study, covered the land operation and the piers on the west side of the river?

Q. I am afraid that you know more about it than I do. I am not a New York Central man. But I understand that Mr. Coon made a study in that year which developed against gross freight revenue of a million dollars, he had a cost of—

Mr. Colgren: Mr. Examiner, may I put a halt to this be- [fol. 1986] fore it gets too far in the record?

Mr. Bongartz: I am trying to get the witness refreshed.

Mr. Colgren: Can we do it by the data in the document?

Mr. Bongartz: I don't have it. Mr. French acknowledges some kind of study was made. I am just trying to find out what it is about.

Mr. Colgren: Ask the witness if he knows.

Mr. Bongartz: I have, and he started to ask me about it. In response to his question I was telling what I know about it. Now you object.

I am trying to get together with the witness, Mr. Examiner.

Mr. Colgren: May I ask what you are reading from, Mr. Bongartz?

Mr. Bongartz: At the moment I am reading from page 58 of the record, marked Cross Examination of Witness Baylis, and I mentioned to Witness Baylis that it was reported in the New York Journal of Commerce, January 28, 1958, an article to the effect that the New York Central is making a study of its costs in the New York area, and then we got on this subject of Mr. Coon, and Mr. Baylis said that the Coon study was made on all types of traffic handled in the highly concentrated area of Manhattan. Now I want to know what this witness knows about the Coon study.

Mr. Colgren: The witness may answer, I think.

The Witness: All I know about the Coon study is it was [fol. 1987] directed primarily against finding the cost of our freight line at Manhattan Island and any contribution that line was making to our system revenues.

By Mr. Bongartz:

Q. What was the result of the study, Mr. French?

A. I don't know that it was ever finally decided.

Q. You never had a conclusion?

A. It really never did, because it was challenged within the company by a number of people, and I don't think there was ever any final conclusion reached.

Q. Now, what about this Nash study that you say you are not participating in? That is going on, is it?

A. That I can't answer you, Mr. Bongartz. My knowledge of that is completely sketchy. I merely know of its existence. Whether it actually is continuing or is all over with and a dead duck, I don't know.

Q. Well, in '56, I understand your testimony, your position was created. Is that right?

A. Well, the title was changed.

Q. And haven't there been any efforts as to coordination between the different departments of your railroad with respect to the subject of cost finding?

A. Well, all I can say in answer to that is that we were not asked to participate in these studies in any way, at least not in this particular study. Now, whether that constitutes no effort—

[fol. 1988] Q. Possibly not. But where you undertake as a cost finding man to examine and analyze Mr. Heywood's cost exhibits having to do with the cost of marine operations and terminal operations in the New York Harbor, wouldn't it occur to you that there were some other studies made within the walls of the New York Central that might give you some ideas?

A. Well, no.

Mr. Colgren: Mr. Examiner, I must object to that question. In fact, I don't understand what Counsel Bongartz is looking for.

Mr. Bongartz: I don't know that I have to disclose to Mr. Colgren what I am looking for. This is not direct examination, Mr. Examiner, it is cross examination. Now, I think that my line of inquiry is perfectly proper.

Mr. Colgren: Well, if Mr. Bongartz is trying to indicate to me as the counsel of this witness that I chose the wrong witness, I think that is slightly irregular.

Mr. Bongartz: I am not suggesting that, Mr. Colgren.

By Mr. Bongartz:

Q. And is your answer the same, Mr. French, when I ask you whether it would not have been appropriate, in preparing your testimony, for you to have reviewed the study that was made by the New York Central and other New York Harbor railroads in 1955 having to do with the question of possible coordination and consolidation of marine facilities?

[fol. 1989] Mr. Colgren: Mr. Witness, before you answer that question, will the Examiner entertain an objection?

The objection goes to the fact that the witness has already indicated he has never participated in those studies, and, furthermore, I think that it questions his conduct of the preparation of his testimony.

Mr. Bongartz: I think it certainly does, Mr. Examiner. I can't agree more. Here we have a cost witness of the New York Central Railroad. He is undertaking, if you please, as I understand it, to try to tear apart some cost evidence that was put in by Mr. Heywood. Now we have a situation where there was available to him in his own organization various studies that were made over in that area. It makes no difference whether he participated in those studies or not. My inquiry of him is as to how far he went to familiarize himself with this subject of costs at New York Harbor before he undertook this destructive testimony in his Exhibit 113.

Mr. Colgren: Mr. Examiner, I was interrupted. I realize I speak too slowly sometimes. But I am very glad that Mr. Bongartz recognizes, at least, that Mr. French's testimony is destructive of—

Mr. Bongartz: Purportedly destructive.

Mr. Colgren: You didn't say that. Destructive of Mr. Heywood's exhibits, and, as a matter of fact, that is entirely the sole subject of the Witness French testimony [fol. 1990] here, the Witness Heywood cost study and a restatement thereof and various critical analyses made of the subject. I fail to see the pertinency of the question by Mr. Bongartz.

Mr. Bongartz: This Exhibit 113 goes to all sorts of things. First he undertakes a certain bases to make changes in Mr. Heywood's figures, and then, if you please, he embarks on unlimited horizons, where, if he could have gotten into those everything would have been just destroyed completely. He has gotten into subjects which I am inquiring into here. Yet when I inquire into what this witness's background is, what he has undertaken to familiarize himself with before making statements which I am going to question later on, I hear objections.

Mr. Colgren: Mr. Examiner, if there is a question before the witness, I think I will withdraw my objection.

Mr. Bongartz: I didn't hear that.

Mr. Colgren: I withdrew my objection.

Mr. Bongartz: Do you remember the question?

The Witness: No. I would like to hear it again, please.

(Question read.)

The Witness: Well, I don't think it would have been appropriate to do that because the matter at hand here is criticism or an analysis of the protestant lines' cost exhibit at New York, and to go off into ramifications of other studies would merely have muddied the water so that [fol. 1991] we would have had a prolonged effort on our hands. I don't think it would be germane to this particular matter.

By Mr. Bongartz:

Q. One of the criticisms which I understand you attempt to make of Mr. Heywood's study is that it doesn't cover enough traffic.

Isn't that right?

A. That is one of my criticisms, yes.

Q. And the amount of traffic that it doesn't cover is what, about 70 per cent it does not cover?

A. Do you mean of the New York Harbor?

Q. Yes.

A. Well, we have some figures here that indicate it possibly is that, yes.

Q. And it is my understanding that you don't think that 30 per cent, let's put it this way, that 30 per cent of the traffic in New York Harbor, which traffic includes that of the Pennsylvania Railroad, Baltimore and Ohio, and Central Railroad Company of New Jersey, is representative of the entire operation of the harbor?

A. Well, you see, the difficulty with that is that the Pennsylvania-Jersey Central-B&O traffic, for example, has nothing on this ship-to-shore operation, which we know exists in the harbor.

Q. Is that the only reason you have—.

A. It has a disproportionate amount of lighterage as [fol. 1992] opposed to the other roads for which we had traffic figures in the terms of tonnage. There are those various questions about it.

Q. What else?

A. Well, car floatage is an area of difference. And, as I pointed out before, trucking in lieu of lighterage, on the basis of tonnage, didn't look particularly—

Q. You have more car floatage.

A. Well, it doesn't matter whether you are high or low, it is just that you are not in line. And then you have different types of traffic, commodities, that are handled by one road and are not handled by another road particularly, except occasional movements, and so on and so forth. So that to take a group of three roads, you can't necessarily compute it, but you have, in my opinion at least, a cross section of the whole harbor operation.

Q. When you are considering whether or not the traffic of the three roads and the method in which that traffic was handled was representative, wouldn't it have been of some assistance to you to find out what the other railroads do there in New York Harbor?

A. I did. I found out from the standpoint of the volume of their tonnage what they were doing with respect to lighterage and car floatage and that sort of thing.

Q. All that you did there, Mr. French, was just obtain a division trafficwise of how it was handled, that's all you [fol. 1993] obtained.

A. That's right.

Q. You didn't go into the operations of those roads over there, did you?

A. No, sir, I did not. And I didn't intend to do so.

Q. If you looked at the 1955 coordination study, maybe you could have enlightened yourself.

A. Maybe I could have, but, at the same time, that wasn't the subject matter we were dealing with. We were restating Mr. Heywood.

Q. Yes. But you talk about these operations of these three railroads, the Pennsylvania, the Central of Jersey, and the B&O as being unrepresentative of operations in the New York Harbor, and all I can get from questioning you is that, because the distribution of the traffic might be a little bit different percentagewise, that brings about your conclusion.

A. And commoditywise.

Q. Now, what has happened to those statements that you were going to let me have and I was going to give you a receipt for?

(Papers handed to Mr. Bongartz.)

Are the New York Central's figures included in here?

A. Yes, you will find them.

Q. When did you get them?

A. Oh, during the winter some time.

Q. Did you have them before—

[fol. 1994] A. This one came in on March 11. That's the New Haven. The Erie didn't date theirs, but it would be about the same time. And the New York Central's would be about the same time, although it is not dated, either, I guess.

Q. Back in the winter?

A. March 11th.

Q. What was the source of the New York Central's figures you used? Where did you get them?

A. They came from the records in the office of the lighterage agent. Incidentally, the same records which are used to support this annual vessel operation report that we had some discussion about at the previous hearing.

Q. Does the traffic department have access to those records?

A. Well, I am sure they have when the company has access to them. They are not generally published. You have to ask for them.

Q. Well, would you get the information regarding this wheel-to-keel traffic out of the lighterage agent?

A. It is in here. You have it right there, Mr. Bongartz.

Q. You got it from him, did you?

A. Oh, sure.

Q. Did you hear Mr. Baylis's testimony?

A. No, sir.

Q. Do you know that Mr. Baylis, when I asked him for a breakdown, said he couldn't give it to me?

[fol. 1995] A. Well, he probably believed he couldn't, because it is something you have to go clear back to the lighterage agent to get. He may not have been aware of such a breakdown. You remember how it came as such a surprise to all of us about this breakdown of this vessel operation report. We hadn't heard of it, we weren't very familiar with it. We finally discovered we were all making the thing.

Q. On the 17th of February I asked him for that and he couldn't give it to me.

A Well, you have got it now in any case.

Exam. Boat: Shall we desist?

We will adjourn until 9:30 tomorrow.

(Whereupon, at 4:45 p.m., the hearing was adjourned until 9:30 a.m., Wednesday, June 18, 1958.)

[fol. 1996]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I. & S. Docket No. 6615

Fourth Section

Application No. 32204

Met, pursuant to adjournment, at 9:30 a.m.

Before:

Marion L. Boat, Examiner.

APPEARANCES:

(As heretofore noted.)

[fol. 1998]

PROCEEDINGS

Exam. Boat: Come to order, please, gentlemen.

I understand that Mr. Price has a witness that he would like to get rid of this morning, and it is agreeable, I understand, to counsel.

Mr. Foley: I call Mr. Pisterino to the stand.

LEO PISTERINO was sworn and testified as follows:

Direct examination.

Mr. Foley: Mr. Examiner, I have here a verified statement of Leo Pisterino which I would like to have marked for identification.

Exam. Boat: Yes. That will be No. 117.

(Intervenor's Exhibit No. 117, Witness Pisterino, was marked for identification.)

By Mr. Foley:

Q. Mr. Pisterino, would you please state your name?

A. Leo Pisterino.

Q. And your address?

A. 40 Central Street, Boston.

Q. And I hand you an exhibit which has been marked for identification No. 117. It states on the face of it it is your verified testimony.

Is that your testimony, Mr. Pisterino?

A. It is.

[fol. 1999] Q. Is it true and correct to the best of your knowledge and belief?

A. It is.

Mr. Foley: You may cross-examine.

Cross examination.

By Mr. Price:

Q. Mr. Pisterino, you indicate, although your company is located in Boston, you solicit business throughout the country.

Could you indicate the approximate size of your company?

A. Twenty people.

Q. Well, perhaps in terms of annual volume, or something like that?

A. About $120,000.

Q. And where are your accounts generally located?

A. Primarily in New England and New York.

Q. Do you know to and from what areas the rates involved in this proceeding are published?

A. It refers to the C.F.A. territory.

Q. Now, do you do any business with firms located in C.F.A. territory?

A. Not enough to matter.

Q. A very small amount?

A. A very small amount.

Q. Now, you state that you handle more of your tonnage through ports other than Boston than through Boston.

[fol. 2000] Would you state what other ports you use?

A. Primarily the Gulf ports.

Q. Gulf?

A. Gulf.

Q. And where does that traffic originate?

A. In the lower Gulf area.

Q. In other words, the States of Alabama, Louisiana?

A. Yes. Arkansas.

Q. Arkansas.

I believe you stated a while ago that your principal accounts were located in New York and New England?

A. That's right.

Q. But you do have some accounts in the lower Gulf?

A. Primarily, those are accounts that is merchandise purchased from New England that is shipped out of that area.

Q. Does your company ever use the Port of New York?

A. Yes, sir.

Q. To a substantial degree?

A. No, I wouldn't call it decisive. We use it frequently, but not decisive.

Q. How would you compare your use of New York with the use of Boston?

A. Oh, maybe five per cent of Boston.

Q. What other North Atlantic ports do you use, if any?

A. We don't use any as a regular thing, only when we are [fol. 2001] called upon to do so.

Q. So then, of your New York and Pennsylvania traffic, am I correct in understanding that about 95 per cent goes through Boston and five per cent through New York?

A. My New York traffic, I don't quite follow your question.

Q. Well, as I understand, all of your traffic except that originating in the lower Gulf, originates in either New England or New York. Is that correct?

A. Yes, sir.

Q. Now, taking that latter traffic as a whole, what percentage would go through New York and what percentage through Boston?

A. I would say 95 through Boston, five per cent New York.

Q. Does your company prefer to use Boston?

A. Yes, sir.

Q. Why is that?

A. To give us better control.

Q. Do you have branch offices in New York?

A. No. We did have for some time.

Q. When you do use the Port of New York, therefore, it is necessary to pay some other forwarder?

A. We do it two ways. If it is a relatively simple shipment, we will do it directly, mail our papers to the steamship line, they will file the bill of lading and export declaration for us, or if it is complicated, we will work through one of the brokers in New York.

[fol. 2002] Q. But otherwise it is necessary for you to, in effect, split your commission with a New York broker?

A. We pay him for his services.

Q. Yes.

Now, can you point to any business that your company has lost as a result of the lack of parity in rates?

A. No, sir.

Q. As a matter of fact, as I understand it, all of your traffic except the lower Gulf traffic originates in non-differential territory. Isn't that a fact?

A. I would say that is a fair appraisal.

Q. So, that being the case, your company would not be affected one way or another by the outcome of this proceeding?

A. Well, I think that it definitely affects the future of our company.

Q. In what way?

A. If we can't expand our business into C.F.A. territory, then we have no place to go in Boston.

Q. In other words, you hope, as a result of this proceeding, to be able to expand your activities into C.F.A. territory?

A. We expect to.

Q. Now, what traffic did you have in mind that you might be able to obtain if parity rates were established?

A. No special. All of it, or as much as we can attract.

Q. But you have no particular traffic in mind that today [fol. 2003] might be moving through Philadelphia or Baltimore or Norfolk that otherwise would move through Boston on parity rates? You have no particular traffic in mind?

A. No, sir.

Q. You state, I believe, at page 4 of your statement, "The influx of more, and more diversified cargoes, which is bound to result from rate parity from and to Differential Territory, will substantially alleviate this present handicap of the port of Boston."

Will you indicate, if you know, what North Atlantic port handles most of the traffic in the import-export trade at the present time?

A. I would say New York.

Q. Now, if parity in rates were a primary factor in the selection of a port, why, in your opinion, has Boston not had greater success in competing with New York than it has?

A. Well, actually our level of our steamship service is not available and we need the extra tonnage in order to induce the steamers to come into Boston.

Q. In other words, you think that frequency and quantity of steamer sailings is an important factor which influences the selection of the port by a shipper?

A. Definitely.

Q. You also state, I believe, at page 4 of your statement and at the top of page 5 that the quality of the service and cost rather than size count the most, referring to the for- [fol. 2004] warder operation.

Isn't it a fact that the large forwarders with large resources are able to give a lower competitive price on a particular piece of business than a smaller company?

A. That is not so.

Q. It is not so.

Isn't it a fact that a large forwarder has the means of offering more diversified services than a small company?

A. Not in my own experience, by no means.

Q. Isn't it a fact that a large company can offer more specialized service because of the possibility of having, say, one man in their organization who specializes in a certain phase of activity?

A. It is possible, but practically it is not a factor.

Q. Do you have any branch offices at all, Mr. Pisterino?

A. No, sir.

Q. Does your company specialize on any particular type of traffic?

A. No. General commodities.

Q. Now, you state at page 6 that you do not think that the head offices of most steamship companies are in New York means that New York gets space preference.

Are you generally familiar with the operation of steamship lines?

A. Yes, I am.

[fol. 2005] Do you have any idea how much it costs to operate a freighter per day?

A. (Shakes head affirmatively.)

Q. How much for a C-2, for example?

A. A C-2?

Mr. Foley: That I object to without clarification. What kind of a freighter?

Mr. Price: C-2, I said.

The Witness: $2200.00.

By Mr. Price:

Q. In view of that rather substantial cost, in your opinion, would it not be good business for a steamship company to concentrate as much as possible on one or a few ports rather than spread around over many?

A. Well, I think if they did that they would find themselves out of cargo at some particular part of the year. They have to go up and down the range in order to keep those boats going.

Q. Assuming that they can obtain full cargoes at one or perhaps two ports, do you agree it is good business to concentrate those?

A. Are you talking about tramp service?

Q. I am talking about any freight service.

A. Well, it might be the most economical method, but I do not think it would be good business.

Q. And why is that?

[fol. 2006] A. Because I think that a given port will reach a point where they don't have sufficient volume and if they sail to other ports they'll be out of business.

Q. Well, that is your conception of what should be done. What, as a matter of fact, is done in that regard?

A. Well, I think that the vessels do range up and down, as a matter of fact. They make New York, Baltimore, Boston, Philadelphia.

Q. You haven't seen the exhibits in this case which show the percentage of the steamer sailings which call only at New York, for example, have you?

A. No.

Q. Are you saying that the steamship operators are making a mistake in not calling at Boston more than they do?

A. No. There isn't sufficient cargo to bring them in there. That is why we would like to get this parity.

Mr. Price: Thank you, sir.

Mr. Walker: May I ask one question, Mr. Examiner?

Cross examination (Continued).

By Mr. Walker:

Q. Do you handle any business by truck?

A. Do you mean are we in the trucking business?

Q. I meant has any of your traffic moved into Boston by truck?

A. Oh, yes, yes.

Q. What percentage?

A. I would say our own.

[fol. 2007] Q. Any of the traffic that you handle?

A. Yes, our own.

Q. That is what I am talking about.

A. I would say that a very substantial portion.

Q. Half of it?

A. Percentagewise, I couldn't say exactly.

Q. More than half?

A. I would think so.

Q. Are your truck rates to Boston lower than to New York?

A. From certain points.

Q. Points where it moves?

A. Yes.

Mr. Walker: That is all.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.
Mr. Foley: No further questions.
Exam. Boat: You are excused.

(Witness excused.)

OFFERS IN EVIDENCE

Mr. Foley: Mr. Examiner, may I offer Mr. Pisterino's testimony now?

Exam. Boat: That will be received as Exhibit 117.

(Intervenors' Exhibit No. 117, Witness Pisterino, was received in evidence.)

Mr. Foley: Perhaps this would be an appropriate time, [fol. 2008] Mr. Examiner, for me also to offer the verified statement of William J. Hartney, Vice-President of The National Shawmut Bank of Boston. Cross examination was waived of Mr. Hartney.

Exam. Boat: Let that be identified first as Exhibit 118.

(Intervenors' Exhibit No. 118, Witness Hartney, was marked for identification.)

Mr. Foley: Now we offer Exhibit No. 118, Mr. Examiner.

Exam. Boat: Yes. If there is no request for cross-examination of Mr. Hartney, the exhibit is received.

(Intervenors' Exhibit No. 118, Witness Hartney, was received in evidence.)

Mr. Colgren: Mr. French, will you resume the stand, please.

WESLEY F. FRENCH was recalled and resumed his testimony as follows:

Cross examination (Continued).

By Mr. Bongartz:

Q. Mr. French, in your statement, Exhibit 113, in connection with repairs of floating equipment, you state that you have considered that additional traffic which uses such existing equipment would occasion very little additional expense.

What did you have in mind when you used the words "additional traffic"?

A. Well, I had this in mind. I gave some examples there I thought.

Q. Do you mean over here on the next page?

[fol. 2009] A. No, no.

Q. I was looking at page 5. I was referring to the material in the top paragraph, "In connection with the repairs to the equipment, I have considered that additional traffic which uses such existing equipment would occasion very little additional expense."

A. Well, I think that is explained on page 6.

Q. That is what you had in mind?

A. That is what I had in mind.

Q. But I still would like to have some conception of what you meant by "additional traffic."

Just how much did you have in mind?

A. Let us take, as an example, suppose we have a car float and we have five cars in it. Now, we ~~put seven~~ or eight or ten cars on it, the variation of repairs to that car float are not going to be very appreciable due to the additional cars that you place on the float. Again, let us take a lighter. Let's assume that the lighter has a hundred tons on it, we are going to double that to 200 tons. Again we are not going to get a considerable increase in the repairs, repairs due to the addition of the additional 100 tons would be relatively modest.

Q. That assumes the situation that you describe, just putting additional cars on a car float and additional tons on a lighter, is that right?

[fol. 2010] A. In other words, it is a more effective utilization of your equipment, which is a desirable goal.

Q. This Mr. Korker that you talked with, superintendent of marine construction repairs at Weehawken, am I right in assuming that the duties of his position are the repairs of New York Central equipment?

A. Floating equipment, yes.

Q. Floating. That is all he does?

A. That is his sole job.

Q. He supervises, if you please, your shipyard facilities?

A. That is correct.

Q. He has nothing to do with the operation of lighters and car floats and tugs?

A. No. I wouldn't say he hasn't anything to do with the operation. He does keep charge of the fueling of the boats, in addition to his repair.

Q. He has nothing to do with their operation?

A. No. He hasn't dispatched them.

Q. And he is not concerned with traffic matters?

A. No, no. He is a repair superintendent of floating equipment.

Q. In connection with this study that you made, did you talk to anybody else besides Mr. Korker?

A. Well, Mr. Bongartz, we didn't make any study. All I did when I saw the percentage of 10 per cent, which is [fol. 2011] 28300 percentage, and also is a percentage used for that item in certain other studies of out-of-pocket percentages, I asked Mr. Korker's opinion as to whether he thought that kind of a figure for out-of-pocket ratio for repair of floating equipment was a reasonable ratio. His opinion was that it was reasonable.

Q. Did you ask anybody else the same question?

A. No, sir. He is the most qualified man we have in that particular phase of the business.

Q. Aside from that statement, it is clear that Mr. Korker is the only one you talked to?

A. That is correct.

Q. And aside from the matter of repairs to equipment, did you talk to anybody else in the New York Central Railroad before preparing this testimony outside of your department, outside of the legal department?

A. With respect to the out-of-pocket ratios?

Q. With respect to your testimony, the statement that has been marked Exhibit 113.

A. I don't recall that we did. Of course, I did discuss some phases of it with Mr. Keefe.

I would say that that is all to the best of my recollection.

Q. Does the New York Central have a lighterage agent?

A. Let me modify one thing further. We did visit Weehawken and inspect facilities there, familiarize ourselves with the type of operation of the piers and the other harbor [fol. 2012] operations there, in the company of Mr. Harris, our lighterage agent at Weehawken, but we did not discuss the testimony as such, nor any of our exhibits.

Q. Is that Walter H. Harris?

A. That's right.

Q. Getting back to Mr. Korker, as I understand what you said yesterday, age and elements are the factors that have to do with repairs.

Is that right, they are the primary factor?

A. Mr. Korker mentioned those as being particularly important, yes.

Q. Damage?

A. Damage, yes.

Q. Damage comes from use, doesn't it?

A. Damage can come from use, it can come from merely the movement, let us say, of a barge or a lighter, regardless of the amount of traffic on it, or it can come from the exposure to damage due to the number of tons of traffic or cars placed on the car float.

Q. In other words, damage can occur through the volume of the lading?

A. To some extent it can. Primarily it does not, to my understanding.

Q. And the other respect which damage occurs is through the operation of the piece of equipment?

[fol. 2013] A. Yes, or the action of, well, say they have ice in the river, or something like that, or storm conditions of some kind sometimes will result in damage.

Q. Well, the more use to which that equipment is put, the more it is exposed to the hazards of marine operation in New York Harbor? Is that correct?

A. That is true.

Q. And that is where damage occurs?

A. Primarily.

Q. Are you familiar with your admiralty claims?

A. No, sir.

Q. Now, let's talk about the goal of effective utilization of equipment.

Whose goal is that? Is that your goal?

A. No. I think it is a goal of any operating man to use his equipment as effectively as he can and put the most tons on a unit or the most cars on a float.

Q. Are you familiar with the requirements of export-import traffic in the Port of New York?

A. That is a broad statement. Just what do you mean?

Q. Well, you at least have been in attendance at this hearing, Mr. French, haven't you?

A. To some extent.

Q. And haven't you heard something about the requirements placed on the railroads by virtue of this import-[fol. 2014] export traffic at the Port of New York?

Mr. Colgren: I think you still should clarify that, Mr. Bongartz.

Mr. Bongartz: Let's see if the witness understands it.

The Witness: I don't understand what you mean by the requirements. There are all sorts of requirements. What do you have reference to?

By Mr. Bongartz:

Q. Well, let me ask you this. In connection with the preparation of this testimony, did you undertake to familiarize yourself with the operation involved at New York in the handling of export-import traffic by the New York Central Railroad?

A. Not in detail, no. I wasn't making a study of the New York Central Railroad.

Q. You weren't making a study of the New York Central Railroad, Mr. French, but you undertook in this statement of yours, Exhibit 113, to talk about variability, what additional tons would do. It would seem to me that when you are making statements like that, you might have familiarized yourself with the requirements of this particular traffic which we have under consideration here.

And you didn't do that?

A. I don't know what you mean by "requirements" so I can't say whether I did it or didn't do it.

What do you mean by "requirements"?

[fol. 2015] Q. You will agree with me that most of the export-import traffic at New York, regardless of the railroad, is lighter?

A. A great part of it, yes.

Q. The majority of it?

A. The majority of it.

Q: The majority of it is lighter?

A. Yes.

Q. In fact, the statement that you produced yesterday, your working papers showed that, as far as your group of railroads is concerned, Respondent railroads, your railroad was the only one that had any so-called ship-to-keel—I mean wheel-to-keel traffic?

A. Of that group, yes.

Q. Do you know what demands are placed on the operation of lighters in New York Harbor on account of export-import traffic?

Mr. Colgren: Mr. Examiner, I think that needs clarification, too.

Exam. Boat: Yes. These are all sort of vague.

Mr. Bongartz: Well, Mr. Examiner, let me say this.

Exam. Boat: Well, I think we ought to get questions in here, Mr. Bongartz.

Mr. Bongartz: I am getting questions in, if I may say so.

Exam. Boat: You have been making several statements here and I haven't interrupted.

Mr. Bongartz: I thought that possibly the general ques- [fol. 2016] tions, I might spark a glimmer of light in the witness' mind, but apparently I haven't.

By Mr. Bongartz:

Q. Mr. French, are you familiar with the permit system in New York?

A. No, sir.

Q. With respect to the delivery of export-import traffic?

A. No, sir.

Q. The delivery of I guess it is export traffic.

Are you familiar with the requirements of vessels in New York for particular traffic at the particular time so that they may load certain parts of the vessel?

A. Do you mean do I know do they do that?

Q. Yes.

A. Yes, I know they do that.

Q. Do you know about the permits in connection with that?

A. I don't know about the permits. I know there are such things. I don't know anything about their details.

Q. Do you know that at the present time lighters are loaded to much less than capacity?

A. Yes, sir.

Q. But, nevertheless, lighters, because of that, are not retired, are they?

A. That is correct. Apparently so.

Q. Well then, would you say that your management is not achieving the goal of efficiency that you mentioned a [fol. 2017] little while ago?

A. We are trying to achieve it. We are doing our best to police the loads put on those lighters and the utilization of them. We have a daily report on them.

Q. Is your management resisting this permit system?

A. I don't know as it is resisting the permit system, because I don't know enough about the permit system to say, but we are trying to get heavier loads on our lighters wherever we can.

Q. Do you know whether the average load of lighters over the years has changed appreciably with the ups and downs of traffic? Have you made any inquiry into that?

A. I would say that today, compared with two or three years ago, we are achieving on the average a little better loading of lighters than we had before.

Q. Could you give me a figure on that?

A. No, I can't. I don't have that information with me.

Q. Do you know what the average lighter capacity is in New York?

A. I don't recall. It is in our annual report.

Q. Do you know what the average loading of a lighter is at the present time in New York?

A. I didn't bring those figures with me. I have them all, but I don't have them here.

Q. Are you familiar with the practice of split deliveries in connection with export-import traffic?

[fol. 2018] A. I know that they make such deliveries, yes.

Q. And I assume that you would know that this lighterage traffic in New York requires the servicing of vessels at scattered points throughout the harbor within a rather large lighterage limit?

A. That is correct.

Q. Would I be correct in saying that your marine facilities, docks, cranes, tugs, lighters, are primarily used in the handling of export-import traffic?

A. I would imagine that would be the preponderant use, yes. Of course, we do have a great deal of car float traffic, too. I guess that would be preponderant.

Q. Wouldn't all these things that we have been just discussing, Mr. French, have a considerable bearing on this matter of variability?

A. It could have.

Q. Wouldn't you say that it would have?

A. Variability with respect to the repair of marine equipment?

Q. No. I am talking about variability generally.

A. Oh. You mean variability of traffic and variability as to whether it is lighterage or car float?

Q. Costs.

A. Total costs, sure.

Q. Now, as I understand it, what you did in making this restatement was to go right down the line and use these [fol. 2019] various tonnage figures which were referred to yesterday, which came out of this Senate Document No. 63? Is that right?

A. That is correct.

Q. Do you know the date of that document?

A. It is on there. 1943, June 8th.

Q. 1943?

A. Yes, sir.

Q. Do you know whether the Commission's Cost Finding Section has used these percentages in this document, Senate Document No. 63, since that time?

A. These percentages were used at the time the rail line Form A studies were made on the basis of individual percentages. And since the time when the overall 80 per cent was determined, why, the use of the individual percentages has been abandoned as a matter of facilitating the—

Q. How far back does that go, Mr. French?

A. Well, I don't recall the date exactly. It is some few years, probably the early 1950's, at least, maybe before that.

Q. Are you familiar with the so-called Small Shipments case, I think it is Docket 29555?

A. I have heard of it. I am not familiar with it.

Q. Do you know that the Commission's Cost Section changed its use of percentages in that proceeding?

A. Oh, it may have. I don't know.

Q. On this page 34 of your work sheets, Mr. French, on [fol. 2020] the wheel-to-keel, to get this clear in my mind, this tonnage that you show wheel-to-keel is only New York Central, is that right?

A. That is right.

Q. Is all import?

A. That was import. Maybe we should have it read "keel-to-wheel."

Q. And that concerns only bauxite, chrome, manganese, and bananas? Is that right?

A. Bananas I believe were not included in that. I may be mistaken. I would have to review those papers.

Q. Well, the papers you loaned me show quite a lot of bananas.

A. Yes. I wondered if they are included there. I am not sure.

Yes, it included bananas.

Q. Anything else?

A. Well, the ores you have mentioned.

Q. Yes, that I mentioned.

A. Yes.

Q. That was all at Weehawken?

A. Yes, sir.

Q. That is the only wheel-to-keel traffic, import-export traffic that the New York Central handled in this period?

A. That is right.

Q. You didn't have any wheel-to-keel movement?

[fol. 2021] A. We hadn't at Newark?

Q. Did you?

A. No. None was reported.

Q. As a matter of fact, you lightered over to Port Newark, didn't you?

A. There is some lighterage, yes.

Q. At page 8 you talk about trucking in lieu of lighterage, some adjustments that you made in Mr. Heywood's exhibits in that regard.

Are you aware of the fact that Mr. Heywood's cost showing omitted the cost of the trucking element, trucking in lieu of lighterage? Did that come to your attention when you were preparing this restatement?

A. It did with respect to the Pennsylvania. I believe the Baltimore and Ohio included their trucking cost.

Q. But you made no attempt, in this brief statement, to take care of that inadvertent omission?

A. Well, I wasn't really in a position to do it very well inasmuch as Pennsylvania made that adjustment.

Q. Well, your interest, then, didn't go to that kind of correction?

A. Well, I took Mr. Heywood's exhibit as it stood. I didn't know for what reason he omitted it.

Q. Well, it should be in, shouldn't it?

A. I would think it should, yes.

[fol. 2022] Q. At the same page, in your Item 6 you talk about adjustment of the Pennsylvania Railroad port costs for box and open top cars at Jersey City and Greenville, and there you say that in computing the marine costs associated with the movement of box cars and open top cars to or from Jersey City and Greenville, the Pennsylvania combined costs for both facilities, and then you say that you made a restatement whereby you separated the facilities.

A. It's two ways of doing it, Mr. Heywood's way and mine.

Q. Now, in doing that, you just used the figures that Mr. Heywood had in his exhibits?

A. Yes, sir. In his work sheets.

Q. Did you, in doing that, undertake to concern yourself with the respective percentages of use at Jersey City and Greenville as between export and import and other types of traffic?

A. No. We followed exactly the same method as Mr. Heywood had followed.

Q. You took his figures?

A. Used his figures. The only thing was we computed

Greenville separately and then computed Jersey City. Other than that, there was no change.

Q. I see.

Now, I show you a statement titled "Pennsylvania Railroad Service Minutes & Related Percents By Classes of Marine Equipment for Total Traffic and Foreign Lighter-[fol. 2023] age Traffic New York, N.Y.," which makes a separation as between barges and lighters with respect to the service minutes of marine equipment. That is, the use of it. And I ask you whether you have ever seen that?

A. I don't recall this.

Q. That was never brought to your attention?

A. I don't recall it. I wouldn't say it was never brought to my attention, but I have no recollection of it.

Mr. Bongartz: May the record show, Mr. Examiner, that under date of April 28th, 1958, I addressed a letter to Mr. Colgren, and this letter was in response to Mr. Colgren's letter of April 22nd, 1958, in which he asked for certain information. In this letter, or with this letter I inclosed a statement that I just showed to Mr. French. I called attention to the fact that this statement shows that a clerical error resulted in an understatement of our costs with respect to the item of service minutes and related percents.

Specifically, the statement shows that we used a percent of 5.67 at Jersey City, which should have been 21.64.

I would like to offer this in evidence. I don't have copies, but I will supply the parties with copies. Mr. Colgren has a copy and you have, sir, but I will undertake to supply copies to all counsel.

Exam. Boat: Off the record.

(Discussion off the record.)

[fol. 2024] Exam. Boat: On the record.

The statement to which Mr. Bongartz refers may be identified as Exhibit 119.

Mr. Colgren: What was the date of this letter, please?

Mr. Bongartz: April 28th. That looks like the statement right there you have in your file, Mr. Colgren.

Mr. Colgren: Yes, that's right.

(Protestants' Exhibit No. 119, Counsel Bongartz, was marked for identification.)

By Mr. Bongartz:

Q. Mr. French, if you had had this statement available to you when you were making this restatement of Mr. Heywood's cost exhibits and you had used the information shown in that statement, it would have resulted in increasing the cost, would it not, on this traffic that we have under consideration?

A. It possibly would. It looks on the face of it as though it might. It is hard to evaluate it sitting here.

Q. It is at least a higher percentage, isn't it?

A. That is right.

Q. When you apply a higher percentage you get a higher cost?

A. Other things being equal, yes.

Q. All right.

Will you turn to page 10 of Exhibit 113.

At the bottom of that page you say that even your restatement of costs is substantially overstated.

[fol. 2025] Do you see what I am referring to there?

A. That's right.

Q. What do you mean by that?

A. Well, I mean by that that there are still many other adjustments, some of which I have later enumerated, and others that might have been found if you had gotten into a further study, which would operate, I think, to reduce the costs as shown in Witness Heywood's exhibits.

Q. It is one thing to talk about reducing costs and it is another thing to talk about reducing them substantially.

A. All right, substantially.

Q. That is your word?

A. Yes.

Q. Do you have that ten cents on icing in mind when you use that word?

A. No, not that particularly.

Q. That is one of the items that you referred to later on in support of this.

A. Well, that is one of the items. There are actually ten items that I mentioned there, and that particular one on icing is one of the less important ones.

Q. You didn't undertake to translate that ten cents into this restatement?

A. No, no, I did not.

Q. It was sort of a loss, wasn't it?

[fol. 2026] A. It wouldn't have amounted to very much. Mr. Heywood, I think, furnished some estimate on the stand as to the possible effect of that.

Q. Now, as I read your statement, you say that these other things that you are referring to later on here with respect to which you made no changes in your restatement, that you didn't have the necessary information and you couldn't determine what the effect of such adjustments would be.

Isn't that right?

A. That is right.

Q. So we have to read that whole paragraph in the light of those statements that I just referred to, don't we?

A. We have to read that paragraph in the light of possible areas in which there would be substantial reductions in costs if we had the information.

Q. But you don't know, do you, Mr. French?

A. No, because we don't have the information. But we can--

Q. All right. That's fine. That answers my question.

A. But we could reasonably suspect there would be.

Q. Mr. French, over at page 12, the third line from the bottom of the page, do you see that figure of 3,135 loaded import-export cars?

A. Yes, sir.

Q. Where did you get that?

A. That is from Mr. Heywood's work sheet, as we call it, [fol. 2027] D-8. I don't know whether that would identify it in your record, or not, at the moment.

Q. I think we are getting into that later on.

A. Yes.

Q. Why do you think that the Pennsylvania has traffic moving through Port Newark?

A. Because of its location. Because it serves Port Newark.

Q. It does?

A. It is my understanding it does.

Q. That is your understanding.

If I understand your testimony, direct transfer from railroad to vessel is less costly than a marine movement.

A. Yes, sir.

Q. There is no question about that in your mind?

A. No, sir, not under ordinary conditions, in any case.

Q. You don't share the answers that Mr. Baylis gave me in his testimony?

A. I wasn't present when Mr. Baylis gave you answers.

Q. I am willing to take yours, but I could never figure out his.

Mr. French, why didn't you make a study of the costs of handling export-import traffic by the New York Central Railroad at New York?

A. Why didn't I make it?

Q. Yes.

[fol. 2028] A. For the simple reason that I had no occasion to make such a study, in my opinion. All that was necessary in the premises here was to take the existing study which had been made by the protestant carriers and modify it as we thought it should be modified to correct certain differences and errors that we found, which we attempted to do.

Q. Well, were you the one—

A. We have one study in this proceeding for the New York area.

Q. Were you the one who determined what you should do in this proceeding in connection with costs?

A. I didn't do it solely or acting in a vacuum, or anything like that. I had a cost committee acting with me that acted in an advisory capacity and assisted me in that respect.

Q. That wasn't really my question, Mr. French.

What I had in mind is who determined that you should go no further than to just make a restatement of Mr. Heywood's costs?

A. I felt that a restatement of Mr. Heywood's costs would be quite adequate for our purposes and interest in this proceeding.

Q. Were you the one who made the determination?

A. I wouldn't say any one of us made the determination. We discussed the matter pro and con and came to an agreement, an agreement I was in favor of.

Q. Weren't you asked to participate in this proceeding by some other department?

[fol. 2029] A. Well, we are always asked to participate in a proceeding by our Law Department, yes.

Q. Yes. And isn't that true here?

A. Certainly.

Q. Did you tell the Law Department that you should not get into the matter of New York Central's costs?

A. No. We didn't say that at all. We merely discussed whether or not we should make a cost study of our own, or whether we could effectively present our case by the use of the existing cost study of the protestant lines, modified as we thought it should be.

Q. You thought that you could most effectively present your case by merely attempting to restate the cost studies of the protestant lines?

A. My opinion was that it would be sufficient for this case, yes. I so advised our counsel and other members of the committee.

Q. In other words, you are the one who controlled that?

A. I didn't control that. I was merely one voice. There were many others.

Q. Well, isn't there some leadership there? Somebody must decide something. Now, you say you made that, gave that advice to somebody who adopted it, or just because you gave the advice, that set the pattern?

Mr. Colgren: Mr. Examiner, I don't know what this line of questioning is leading to. It is very apparent what it [fol. 2030] led to. The witness has filed his testimony. I think that to show who arrived at what method of determining the case is quite beside the cross examination that is presently before the Commission.

By Mr. Bongartz:

Q. Mr. French, as I understand your testimony, you don't regard the amount of the export-import traffic handled by the Pennsylvania, the Baltimore and Ohio, and the

Central of New Jersey, as representative of the picture, export-import picture at New York.

Isn't that correct?

A. Well, when you say "amount" let me qualify it to say the relative amounts of the various kinds of handling such traffic receives, and certain types of commodities. Insofar as total tonnage is concerned, perhaps it might be representative.

Q. You stated, if I can just put my hands on it—

A. When you break it down among lighterage, car floatage, and so on, wheel-to-keel, I believe it isn't representative.

Q. It isn't representative?

A. No.

Q. On page 11, you try to make a distinction between our harbor operations. You say they are not representative of the harbor operations of the other New York lines. Then over on page 15 you say, "This means," referring to our cost study, "that two-third of the traffic is handled by the other railroads and has not been properly costed."

[fol. 2031] Mr. Colgren: Mr. Examiner, I must object to that.

Mr. Bongartz: I don't have a question yet.

Mr. Colgren: I must object to you continuing to question unless you read all of paragraph 4 on page 11.

Mr. Bongartz: All right. I'll read all of paragraph 4.

Mr. Colgren: Thank you.

By Mr. Bongartz:

Q. Paragraph 4 on page 11 says this: "Protestants' harbor operations as studied are not representative of the harbor operations of the other New York lines with respect to lighterage, car floatage, trucking-in-lieu-of-lighterage and ship to car."

And then, over on page 15, it says, referring to our study, Mr. French says, and I quote, "This means that two-thirds of the traffic is handled by the other railroads," meaning his group of railroads, "and has not been properly costed."

Now, I have read that correctly, haven't I, Mr. French? That is what you said?

A. Yes, that's right.

Q. Now, in view of that opinion on your part, as contained in your testimony, why didn't you properly cost out the costs for the group of railroads that you represent?

A. Well, we decided not to make a cost study of our own.

Q. That is your answer?

A. Certainly. We didn't make a cost study. We took the existing cost study—

[fol. 2032] Q. I'll take that answer.

A. —and modified it.

Mr. Bongartz: That is all I have, Mr. Examiner.

Exam. Boat: Any further cross?

(No response.)

Exam. Boat: Redirect?

Mr. Colgren: I wonder if I may have a few minutes before redirect, Mr. Examiner.

Exam. Boat: It is a little early for a recess, but I guess we might recess.

Mr. Colgren: We were requested to make some computations, and I think they have been made.

Mr. Bongartz: May I say this at this point? May I request that these additional work sheets that Mr. Colgren furnished to me yesterday be reproduced and distributed and made a part of Exhibit 115?

May the record show that I am returning the work sheets to him.

Mr. Colgren: Thank you, Mr. Bongartz.

Exam. Boat: That may be done.

Mr. Colgren: We will undertake to do that, Mr. Examiner.

Do you feel, Mr. Bongartz, that it is necessary for this to be distributed to all parties?

Mr. Bongartz: Well, I shouldn't speak for others. I would like to have a copy myself, and I am sure Mr. Lang-
[fol. 2033] don would like to have one.

Mr. Langdon: Let's have them filed with the work sheets. They are part of the work sheets.

Mr. Bongartz: The same ones that you distributed the work sheets to.

Exam. Boat: We will take a ten-minute recess.

(Short recess.)

Exam. Boat: Come to order, please.

Redirect examination.

By Mr. Colgren:

Q. Mr. French, yesterday you were requested by Mr. Langdon, I believe, to supply some comparative figures by cars comparable to the per ton comparisons made on page 23 and 24 of your verified statement.

Have you made those computations?

A. Yes, sir, we have.

Q. Will you read them into the record, please?

A. To compare with the $9.30 per ton in revenues being higher at New York than at Baltimore, on a per car basis the figure is $271.70.

To compare with the $7.81 per ton of cost higher at New York than at Baltimore, the figure on a per car basis is $226.27.

Mr. Bongartz: Would you mind repeating that?

The Witness: $226.27.

The bases for each of these figures are the same as the [fol. 2034] bases for the $9.30 and the $7.81.

Mr. Langdon: May I, for clarification, Mr. Colgren, ask a couple of questions on that?

Mr. Colgren: Surely.

Mr. Langdon: You assumed the same average loading at both New York and Baltimore for the per car figure of $270 that you gave?

The Witness: The average loading that I was able to compute at New York and at Baltimore are slightly different. They are close together, but slightly different.

Mr. Langdon: Will you give us the average loadings?

The Witness: The average loading at New York is 29.6 tons and at Baltimore 30 tons.

Mr. Langdon: From where did you obtain those figures?

The Witness: Those are calculated from Exhibits JLH-1 and JLH-2, revised.

Mr. Langdon: And this per ton difference of $7.81 appearing in the first line of page 24 becomes a difference per car in expense of $226?

The Witness: $226.27, yes.

Mr. Myskowski: Mr. Colgren, could I ask a question for clarification?

Mr. Colgren: Yes.

Mr. Myskowski: The $7.81 figure, as I understand, is the fully distributed cost of Mr. Heywood's study before [fol. 2035] any adjustments?

The Witness: That is correct.

Mr. Myskowski: And your out-of-pocket runs, what was it, 58 per cent, or something like that?

The Witness: As I calculate the port cost, yes.

Mr. Myskowski: So this figure might be something like half what it is if you computed it on the basis of the out-of-pocket after adjustments?

The Witness: No, not necessarily as low as that. It would be less than it is, but I would have to compute it. It would be the overall ratio including the linehaul and inland terminal costs.

Mr. Myskowski: The only thing here is you are making a computation of what it would be assuming Mr. Heywood's totally distributed costs were correct?

The Witness: That is correct.

Mr. Myskowski: Thank you.

Mr. Colgren: No further direct, Mr. Examiner.

Exam. Boat: That seems to be all.

You are excused, Mr. French.

(Witness excused.)

OFFERS IN EVIDENCE

Exam. Boat: Do you wish to offer the exhibits?

Mr. Colgren: Yes, sir. May Exhibit 113 and the appended exhibits, WFF-1 and 2, be received in evidence?

Mr. Bongartz: Mr. Examiner, I wish to object to that [fol. 2036] portion of Exhibit 113 which appears at the bottom of page 23, in which the witness states, "Any reasonable doubt as to the compensatory nature of the proposed New York rates as a whole should be dispelled by the figures shown in Witness Keefe's Exhibits No. 1-4."

Now, that is certainly highly improper and objectionable. Here this witness, apparently as an after thought, when he gets to the end of his purported restatement of costs, tries to lift himself by his own bootstraps by referring to an associate witness.

I object to that and ask that it be stricken.

Exam. Boat: Well, the objection will be noted and the exhibit received.

(Respondents' Exhibit No. 113, Witness French, was received in evidence.)

Mr. Colgren: Mr. Examiner, there was left pending yesterday the introduction as an exhibit, I think the number reserved for the exhibit was No. 114.

Exam. Boat: 114 for Witness Heywood's papers.

Mr. Colgren: That's right. And I have a little tabulation which will describe the various work papers for the record, I think, so that we may have some record of what they include.

Exam. Boat: Very well.

Mr. Colgren: They are broken up into 15 parts. I believe they may be adequately described by reference to [fol. 2037] the letter paging that has been made.

Exam. Boat: That is the paging which you designated that you stated yesterday?

Mr. Colgren: That is right. They may be described as follows for the record:

Page A-1 is a summary of all roads at Baltimore.

Pages A-2 through A-11 are the Pennsylvania Railroad's underlying work sheets for the computation of costs at Baltimore.

Pages B-1 and 2 are a summary for all the railroads at Philadelphia.

Pages B-3 through B-10 are the Pennsylvania Railroad's underlying papers relating to Philadelphia.

Pages C-1 through C-22 are the underlying papers for the rail line Form A 4-54, Eastern District, 1955 computations made by Witness Heywood.

Page D-1 is the Pennsylvania Railroad New York revisions to Sheets D-2 and 3.

Sheet D-2 is a summary for the roads participating in the New York studies, namely, the B&O, SIRT, the CNJ, and the Pennsylvania Railroad.

Sheets D-3 through D-20 are the Pennsylvania Railroad underlying papers for the New York area.

E-1 through E-17 are the underlying papers for the Reading Railroad at Philadelphia.

[fol. 2038] F-A through F-33 are the Canton Railroad Company's underlying work sheets at Baltimore.

G-1 through G-12 are the B&O work papers for Philadelphia.

H-1 and H-2 are the terminal cost summaries for Baltimore, Philadelphia and New York.

I-1 through I-28 are the B&O work sheets for Baltimore.

J-1 through J-10 are the Western Maryland papers for Baltimore.

K-1 through K-44 are the work sheets for the B&O, SIRT, and CNJ at New York.

Now, that completes the description of Exhibit 114. I have a set of those exhibits for the reporter.

There is one other matter I think perhaps we should take up.

Exam. Boat: Perhaps I should indicate that we receive these.

Do you wish to offer those as Exhibit 114?

Mr. Colgren: 114.

Exam. Boat: That will be received.

(Protestants' Exhibit No. 114, Witness Heywood, was received in evidence.)

Mr. Colgren: I am not sure whether the underlying data for Mr. French was assigned an exhibit number.

Exam. Boat: Yes. I assigned No. 115.

Mr. Colgren: Mr. Examiner, I am not sure that the other [fol. 2039] underlying cost papers were received in evidence, although I am reminded they were marked yesterday. In excess of caution, may I ask that they be received in evidence.

Exam. Boat: The work papers which were identified as those of Witness French, Exhibit 115, consisting of 34 sheets numbered in series, and an additional seven sheets also a part of that exhibit.

Mr. Bongartz: Then, if you please, it will be the additional sheets that Mr. Colgren is going to have reproduced. Well, have you included those?

Exam. Boat: No. I haven't mentioned those.

Mr. Bongartz: I thought they would be made a part of 115. Those were the additional working sheets.

Exam. Boat: I think that they probably should be.

Mr. Bongartz: But when they are received, can they be made a part of this exhibit?

Exam. Boat: That's right. They can be made a part of this exhibit.

Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

The working papers of Witness French may be received as Exhibit No. 115.

(Respondents' Exhibit No. 115, Witness French, was received in evidence.)

[fol. 2040] Exam. Boat: Now we have Mr. Cole's.

Mr. Keenan: May I tender for identification, Mr. Examiner, a 54-page document, the first page of which reads, "New York, New Haven and Hartford Railroad Company Summary of Terminal Costs of Export-Import Freight, Boston, May, 1957."

I think we stated that we had reserved a number.

Exam. Boat: It will be identified as 116.

(Respondents' Exhibit No. 116, Witness Cole, was marked for identification.)

Exam. Boat: Do you tender it in evidence?

Mr. Keenan: Mr. Examiner, Exhibit 116 is a set of the work papers used by Witness Cole and underlying his Exhibit 110 in this proceeding. I tender it for receipt in evidence.

Exam. Boat: That will be received as Exhibit 116.

(Respondents' Exhibit No. 116, Witness Cole, was received in evidence.)

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Colgren: If we may at this point entertain a suggestion of a stipulation as to the annual reports of the railroads.

Mr. Langdon, Mr. Bongartz, and other counsel, will there be a willingness to stipulate the last five years of annual reports of railroads serving ports concerned in Docket I&S 6615?

[fol. 2041] Mr. Bongartz: If you are directing your question to Mr. Langdon and me, I think you should extend it to other counsel.

Mr. Colgren: I did.

Mr. Hanifin: If the Examiner please, if no one is going to speak up on this subject, I am going to object unless I know what particular purpose Mr. Colgren has in mind with respect to that.

Mr. Colgren: Well, actually the purpose I think would be to demonstrate the relative positions, financial and so on, of various parties in this proceeding. Perhaps we could stipulate to a profit and loss or balance sheet items that go in to form annual reports.

Mr. Hanifin: If that is his only explanation, then of course I would object. I see no relevance to it.

Mr. Moerman: What period did you ask for, Mr. Colgren?

Mr. Colgren: I asked for the past five years, but I am willing to entertain any period of time.

Mr. Moerman: While this is being considered, Mr. Examiner, I should like counsel on the other side to take under consideration my request that the annual reports, so far as the balance sheets and income statements of all carriers in this proceeding a available for a period 1946 through and including 1956, on the ground that there has been a substantial amount of testimony in this case on the other side about the relative prosperity of the Port of New York, expressions like "how greedy can you get," [fol. 2042] and I think it relevant to this case to show, in a case where a broad rate structure is involved, the essential condition of the carriers who are the respondents here and who are the protestants.

Mr. Hanifin: If the Examiner please, Mr. Moerman's comments are very interesting, but he didn't demonstrate what relative contribution the import or export traffic might have made to whatever prosperity or unprosperity a particular carrier may have, and it has absolutely no relevance to this proceeding.

Mr. Moerman: Well, it has a bearing, Mr. Hanifin, I submit, on the question of the competitive need of the proponent carriers here for the rates under suspension.

Exam. Boat: Well, objection has been made to the stipulation. I don't know how we can require it.

Mr. Colgren: Yes. Well, initially in the proceeding I had asked, as a matter of fact, in the prehearing conference, I had asked concerning certain records, public records of the AAR, and so on. At that point Mr. Burgess had indicated that he had no objection. He said, "We have no objection to use of official statistics that I know of." And Examiner Boat indicated, "All right."

I wanted to clarify as to how far that indication by Mr. Burgess, who was at that time speaking for the railroads to the south, indicated agreement to the use of public records.

Mr. Walker: Mr. Examiner, it seems to me, in a proceeding [fol. 2043] of this kind which involves rates to and from New York and the other ports and the respondents at New York have refused upon a half a dozen occasions to give us any information whatever as to the cost that is involved in the handling of the traffic here, that is, the general financial information that he wants in these annual reports has no pertinency whatever to this proceeding. Now, if they want to know what the costs are and whether they are making money, they should come in here and give us the cost at New York.

Mr. Colgren: I take it there is no agreement to the stipulation.

Exam. Boat: No agreement.

Mr. Hanifin: Mr. Examiner, may I suggest that if the side seeking equalization wants to put in information of this kind, they can simply do it by exhibit form and we can deal with the issue of relevancy and materiality after they submit it in exhibit form. They have had more than a year to prepare this. I am certain it is not a new thought. If they had any inclination to put it in, they could have very well done it by exhibit form and we could have dealt with the issue on an objection before the Examiner. Now they bring the matter up and want the availability of annual reports for an extensive period of time without us having any opportunity whatsoever to know what use they are going to make of it.

Mr. Moerman: Well, I will explain the use. I simply [fol. 2044] want to put in my brief a summary of the balance sheets and income statements of all the carriers concerned and show their relative prosperity. Now, when I mentioned the subject long ago to Mr. Colgren, he said, "Well, don't worry about that. It has been agreed to." And then the other night we got to looking into the prehearing conference and he pointed out to me that while Mr. Burgess had very generously suggested he had no objection to official statistics, that, nevertheless, what Mr. Burgess said was not in the nature of a stipulation. Whereupon we decided that when this hearing had concluded we would raise the question for clarification.

Mr. Foley: Mr. Examiner, I wonder if we can get a compromise here. Even if we can't have the Hampton Roads stipulation, maybe Philadelphia and Baltimore would be willing to have their figures in. I haven't heard any objection.

Exam. Boat: Well, that is a possibility.

Mr. Hanifin: Mr. Examiner, as I understand it, a further hearing is going to be requested in this proceeding. It seems to me that that would be an appropriate time for the lines seeking equalization to tender—

Mr. Colgren: Of course, Mr. Examiner, the request for further hearing is going to be resisted as strongly as possible.

Mr. Hanifin: Could we reach that issue first before we make any final decision with respect to a stipulation, because at that time we might know a little bit more about [fol. 2045] whether there would be an opportunity for the lines seeking equalization to submit this information.

Mr. Moerman: Mr. Examiner, this is extraordinary. The material is in the official records, no more than the balance sheets and income statements. I find it extraordinary that Mr. Burgess didn't have any objection that there is an objection on files openly available.

Exam. Boat: There seems to be a very clear indication by Mr. Burgess that such matters could be considered or might be considered.

Mr. Langdon: Would you, Mr. Colgren, be willing to limit the stipulation to the rate of return for the individual railroads on their net investment as reported from time to time to the Commission, not only the annual reports, but I think also in the AAR figures, namely, that one statistical net result for the years' operations for these individual railroads?

That is it, isn't it? I mean, that is the net result for the year.

Mr. Colgren: Well, apparently, Mr. Langdon, the figure you suggest would not be relative to the anticipated showing, since it would include such items as passenger deficit problems.

Mr. Langdon: We will show that separately. In other words, we will show two things, or agree to the showing of two things, the railway operating income as applied to your net investment, and show separately your passenger deficit.

[fol. 2046] Mr. Colgren: Well, of course, your net investment would include depreciation, depreciated properties.

Mr. Langdon: Well, gross investment, then, if you want to apply it that way.

Mr. Colgren: That apparently would not answer the purpose that Mr. Moerman has indicated he had in mind in his argument and brief.

Exam. Boat: May I inquire what publication would contain the data you mentioned?

Mr. Langdon: Well, of course, it is computable, sir, from the annual reports.

Exam. Boat: It would be submitted as an exhibit?

Mr. Langdon: It could be filed as an exhibit. It is computable from the annual reports, And I think it is also computable in an estimated form from certain reports that are filed on behalf of the railroads by the AAR.

Mr. Myskowski: Mr. Examiner, I understood the original objection was on the question of relevancy. If they are willing to concede that the rate of return is relevant, I don't see any objection to putting it all in. They can put in passenger deficits or any facts that they think would help their position. But I think once the question of relevancy has been resolved, I think it all should go in and use it for whatever purpose they want, and we can use it for whatever purpose we want.

[fol. 2047] Mr. Bongartz: No, we can't agree to that.

Mr. Hanifin: He must be specific, tell us what he wants and what he wants to use it for.

Mr. Moerman: Let me state it once more. Balance sheets, income statements, for all protestant carriers, 1946 through 1956.

Mr. Macleay: Which request are we considering, Mr. Examiner, Mr. Colgren's or Mr. Moerman's?

Mr. Moerman: Well, this is my request. And the purpose is to show the relative financial strength of the carriers involved in this case separately and as groups.

Mr. Langdon: Well, we think, sir, that the income statements are all right for these individual railroads, including '57, however.

I take it you would agree to that.

Mr. Moerman: No objection.

Mr. Langdon: The balance sheets, though, we think are irrelevant.

Mr. Moerman: Well, I think the balance sheets are highly relevant because they really show the condition of the carriers at the time. If we go through, say, 1956 or '57, they will tend to show, more than any income statement, the true financial condition of the carriers here involved. If we didn't have here a broad rate structure, it might be argued that this material is irrelevant. However, the Com- [fol. 2048] mission has a heavy duty in this case, it has a heavy duty in connection with the administration of the Interstate Commerce Act. It is charged with the responsibility by Congress for promoting a healthy and sound transportation system, including a transportation system by railroads. Here we have many railroads, large groups of railroads, who are seeking adjustments in their rate structure to include our competitive position. I think one of the most pertinent questions involved in this case, Mr. Examiner, is the need of the proponent railroads, the respondents, for an additional revenue, the need to be permitted to compete. That is a factor so highly relevant in this case that I do not understand the objection except that the railroads on the other side fear that the inclusion of such information in this record will possibly and most probably operate to their detriment.

Mr. Bongartz: It is a misinterpretation.

Exam. Boat: Well, there seems to be no inclination to agree to more than the income statements, Mr. Moerman.

Mr. Langdon: We don't, Mr. Examiner, object to these additional balance sheets on the ground of competency. Our objection goes to relevancy. Now, it seems to me that, had this evidence been relevant in the minds of the other side, that they would have included that, perhaps a showing on that point in their case and we could have agreed here that perhaps, if they regarded that showing as relevant, [fol. 2049] to keep it up to date when this case is argued. But there has been no such showing. We are, in summary, prepared to agree that income statements may be filed as a part of the stipulation. We do not think, however, the balance sheets are relevant in this rate case. But we do not object, and I don't want to be misconstrued, on the ground of competency.

Mr. Myskowski: Mr. Examiner, I want to make two observations. First, I think the understanding was that such things would be admissible. Secondly, my recollection is that Witness Flanagan, for the New Haven, put in an exhibit showing the comparison of the New Haven's income with those of the B&O and others. Now, I am sorry that my recollection—

Mr. Macleay: He did it the right way, Counsel.

Mr. Myskowski: Sure. But the matter has been raised, has it not?

Mr. Macleay: No. I don't think anybody made any objection on the grounds of relevancy.

Mr. Myskowski: Isn't it in the record?

I believe the matter has already been raised, sir.

Mr. Foley: Mr. Examiner, I wonder if this compromise is possible. Will they stipulate that this may be referred to, but to reserve their right to object on the ground of relevancy as to the balance sheets.

Mr. Keenan: Concede competence but don't concede relevancy, let the Commission decide that.

[fol. 2050] Mr. Langdon: Can't we, sir, discuss this question of the further hearing? Depending upon the result of this request of ours, this may largely resolve this question that now is pending.

Exam. Boat: Well, I think it might.

Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Langdon: As we have advised you, Mr. Examiner, both orally and in writing, with copy to the other side, the interest for which I speak desires to file further evidence in this case, evidence of the nature of rebuttal evidence.

Now, our justification for that is that the interests for which I speak move forward and produce certain cost estimates in these cases. The work sheets—

Exam. Boat: I don't think we need have all this on the record, Mr. Langdon. If it is pertaining to a further hearing, I don't think we need it on the record.

Mr. Langdon: Well, just as you say, sir.

Exam. Boat: Let's suspend the record here. Let's strike that.

(Discussion off the record.)

Exam. Boat: On the record.

The record will show that after presentation of the request for further hearing, an opportunity for counsel to [fol. 2051] discuss this, the Commission has concluded to permit further hearing for the purposes indicated by the protestant railroads and supporting interests, such hearing to be held on September 16th, 1958, at 9:30 at Washington, D. C., and evidence expected to be introduced at that hearing should be furnished to interested parties by August 15th.

Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Evidence related to costs as introduced by the respondents.

Mr. Langdon: Well, we want an opportunity, sir, to show that our cost figures are representative, contrary to the duplications in Mr. French's testimony. We also want to show that instead of being too high our out-of-pocket ratio as applied to the New York Terminal costs in fact is too low. We also want an opportunity to reconcile the traffic studies with the traffic actually included in the cost presentations or the cost exhibits submitted by us. We want, fourthly, an opportunity to show that some of these alleged mistakes in Mr. French's testimony are not in fact mistakes. And, fifthly, we want to include in our restatements of the true costs those adjustments of Mr. French which we find acceptable.

In the case of Boston, frankly, sir, our view of the underlying papers has not proceeded to the point where we are able to say. It is possible, I suppose, that we should have [fol. 2052] no evidence as to Boston. On the other hand, I am just not prepared to say. It will be in the nature of answering testimony confined in the case of Boston to the cost study that was submitted on behalf of Witness Cole. We don't care to introduce any further evidence as to Boston on other subjects. In other words, it will be confined to Mr. Cole's exhibit.

Mr. Keenan: I understand, from what Mr. Langdon said, that it will be confined to Mr. Cole's testimony concerning Boston costs. Is that right?

Mr. Langdon: That is right, yes.

Mr. Keenan: That is perfectly satisfactory, confined to replying to Mr. Cole's testimony concerning costs at Boston.

Mr. Bongartz: Whatever his testimony said, it was in connection with costs. Now what are you trying to do?

Mr. Keenan: I am trying to find out what reason. If there is something else that is going to come in here with regard to Boston, we are entitled at least to notice of it, sir.

Mr. Bongartz: Mr. Langdon explained that it was only Mr. Cole's testimony that he would undertake to bring any testimony in on.

Mr. Keenan: What one person may construe his testimony to be can differ from what another person will construe it to be. I think we are entitled to a limitation of this hearing on Boston to Boston costs, if the Examiner please.

[fol. 2053] Mr. Langdon: We are perfectly willing, as set forth on the Cole exhibit, we are perfectly willing to limit it.

Exam. Boat: As I understand, Mr. Cole's exhibit relates to costs. Is that all it relates to?

Mr. Keenan: To Boston costs, if the Examiner please.

Mr. Langdon: What do you mean when you limit it to Boston costs? What are you talking about?

Mr. Keenan: I mean not San Francisco costs, Baltimore costs; Boston costs, in other words.

Mr. Langdon: That is what Mr. Cole dealt with, isn't it?

Mr. Keenan: No, he did not. I thought we had gone through this before clearly with the Examiner, and Mr. Cole dealt with nothing except Boston costs and what other southern witnesses had said about non-Boston costs. In other words, he attempted in no way to restate southern tier costs to revise witnesses' statements. The only analysis he purported to make was the Boston costs. And, for that reason, I would like some reasonable assurance tha the hearing coming up with regard to Mr. Cole's testimony is limited to a reply to his testimony concerning Boston costs. I think it is a legitimate request, Mr. Examiner.

Mr. Langdon: Well, I think that is the limitation. We certainly don't propose to restate Baltimore costs or Philadelphia costs or Hampton Roads costs.

Mr. Keenan: I am satisfied with that statement.

[fol. 2054] Mr. Moerman: Is it understood that the work papers will come forward in usual fashion with these, with this additional material?

Exam. Boat: That was mentioned just a moment ago, Mr. Moerman.

Mr. Moerman: I am sorry.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: Let the record show that Mr. Bongartz tenders in evidence the statement previously identified as Exhibit 119, and it is received in evidence as such.

(Protestants' Exhibit No. 119, Counsel Bongartz, was received in evidence.)

Mr. Keenan: Mr. Examiner.

Exam. Boat: Yes, sir.

Mr. Keenan: With regard to the subject of our previous stipulation talk that we had, I would propose an agreement of the parties that we will stipulate to competence, the authenticity, in other words, of the balance sheets and income statements as reported in annual reports to the Commission of the roads parties to this proceeding for the years 1946 through 1957, with the understanding that such agreement concerning competence in no way concedes the relevancy of such data to this proceeding.

Mr. Foley: I think we need a little more than competence, [fol. 2055] though. We want it in the record.

Mr. Keenan: Well, if we stipulate to competence, then I would go and say that the Commission take notice of it for the purpose of deciding its relevancy.

Mr. Langdon: Let us have a little conclave here.

Exam. Boat: Very well. Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Langdon: We have no objection, then, to the stipulation provided it is confined to the income accounts.

Exam. Boat: That is a stipulation of the income accounts?

Mr. Langdon: And balance sheets, both.

Exam. Boat: And balance sheets.

Mr. Langdon: So limited, we have no objection also to include '57.

Mr. Keenan: I said '46 through '57.

Mr. Langdon: Very well.

Exam. Boat: The record will so show.

Mr. Keenan: If I understand the result of that correctly, Mr. Examiner, that would mean that, on August 15th, we can file an exhibit which would constitute a tabulation of—

Mr. Moerman: No.

Mr. Hanifin: Yes, because, of course, that raises the issue of cross examination. I thought along the lines that Mr. Keenan did, that it would be submitted on August 15th.

[fol. 2056] **Mr. Moerman:** Now, Mr. Hanifin, Mr. Langdon said he stipulated we could refer to the matter. Let's leave it there and not put us to the necessity of going into these annual reports and drawing them up for the Commission's file.

Mr. Hanifin: I would like to see the form it is drawn up in.

Mr. Moerman: We are not going to draw it up at all. We are simply going to refer to these annual reports. I think it is unconscionable to put us to the expense of introducing, reproducing what is in the report.

Mr. Langdon: Will you also be good enough, Mr. Moerman, to include passenger losses, just a net figure as to passenger losses?

Mr. Moerman: Yes.

Mr. Bongartz: Break down the annual reports.

Mr. Moerman: You are including that in the stipulation.

Mr. Bongartz: That portion of the annual report that makes a breakdown as between passenger and freight.

Mr. Moerman: Why, of course, yes, sir.

Mr. Hanifin: Can we be off the record a second?

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: Well, that seems to conclude the matters that we can deal with now, and this hearing stands adjourned until September 16th, 1958, at 9:30 a.m., here at Washington.

[fol. 2057] (Whereupon, at 12:40 p.m., the hearing was adjourned until 9:30 a.m., Tuesday, September 16, 1958, at Washington, D. C.)

[fol. 2058]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I & S Docket No. 6615

FSA Docket No. 32204

[Title omitted]

Tuesday, September 16, 1958.

Met, pursuant to notice at 9:30 o'clock a. m.

Before: Marion L. Boat, Examiner.

APPEARANCES:

As heretofore noted.

[fol. 2059] PROCEEDINGS

Exam. Boat: We will come to order, now, gentlemen. We are ready to proceed.

This, as you probably all know, is an adjourned hearing from June and we will proceed now to the cross-examination, I guess, of the witnesses.

Mr. Bongartz: It is my understanding that the first witness is not desired by the other side and may be excused. Is that correct?

Mr. Colgren: That is right.

Exam. Boat: Just a moment.

Mr. Macleay: Mr. Examiner, before we proceed with the cross-examination of the witness, I wonder if I might at this point—

Exam. Boat: Please, could we dispose of this other matter here?

Mr. Macleay: Certainly.

Exam. Boat: I have the original of Witness Petterson's statement which will be Exhibit No. 120.

Mr. Bongartz: It should be offered, I think, as Exhibit 120.

Exam. Boat: No one desires to cross-examine the Witness Petterson. The exhibit is received in evidence.

(Exhibit No. 120, Witness Petterson, received in evidence.)

[fol. 2060] Mr. Macleay: Mr. Examiner, at the last session of this hearing in June, it was agreed that there should be prepared and presented in the nature of late-filed exhibits, certain tabulations and comparisons drawn from the underlying data of Witness Laux' Exhibit 107, Exhibit A-6, and also his Exhibit A-2 of Exhibit 107, and Exhibit WSH-1 and summaries therefrom Witness Hamill Exhibit 70. Those have been prepared. They have been examined by counsel for the New York Port Authority and I understand that they have no objection. They are purely factual material drawn from that basic data as agreed.

I wonder if we could have them marked as exhibit numbers and received in evidence at this time, sir.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Do you have copies of it there?

Mr. Macleay: Yes, sir. I might state also, sir, that we are prepared to mail them to all parties of record, all people on the service list. I have only a limited number for distribution at this time.

Exam. Boat: I think we should assign that Counsel's Exhibit. There will be no supporting witness?

Mr. Macleay: No, sir.

Exam. Boat: One is headed: "Analyses of Census Bureau Tabulations Upon Which Was Based Exhibit A-6 of [fol. 2061] Witness Laux Exhibit 107," and that will be Exhibit 121, and the other entitled "Corrections to Exhibit A-2 of Witness Laux Exhibit No. 107," etcetera, as described on the title page, will be Exhibit No. 122.

(Exhibits Nos. 121 and 122, Counsel Macleay, received in evidence.)

Mr. Macleay: We will mark our copies with the exhibit numbers and distribute them to the service list. Anyone who wants copies at this time may have them.

Exam. Boat: There being no objection, these will be received as exhibits in evidence, Exhibits No. 121 and No. 122.

Mr. Moerman: No objection, Mr. Examiner.

Exam. Boat: I had already received them in evidence. Are you ready to proceed now with the other matters?

Mr. Bongartz: Mr. Clark.

F. H. Clark resumed the stand and testified further as follows:

Direct examination (continued).

Exam. Boat: Do you have the original of Mr. Clark's testimony?

By Mr. Bongartz:

Q. Mr. Clark, I show you a statement in this proceeding bearing a verification and ask you whether this is your statement?

A. It is.

Mr. Bongartz: May this be marked?

[fol. 2062] Exam. Boat: It will be marked as Exhibit 123.

(Protestant's Exhibit 123, Witness Clark, marked for identification.)

By Mr. Bongartz:

Q. Mr. Clark, is there a correction that you wish to make in this statement?

A. Yes, sir. Page 3, there is a typographical error, page 3, in the first full paragraph, the fifth line down appears "1697." That should be "1637."

Q. Is that the only correction?

A. Yes, sir.

Mr. Bongartz: Mr. Clark is tendered for cross-examination.

Cross examination.

By Mr. Colgren:

Q. Mr. Clark, we never did quite understand on your vessel operation report statistics that you furnished us what precisely was meant by the various terms, "Cars returned" and "cars held." Can you give us a little more understanding of those terms?

A. "Cars returned" are explained in my Exhibit 123 at pages 2 and 3 as cars that are carried back and forth between the Jersey shore and the Piers 49 and 50 for various reasons; sometimes the cars are partly unloaded, sometimes they are empties, sometimes they have not been touched. They are carried back and forth until they are either completely unloaded or are reloaded, and when they were [fol. 2063] placed on the floats and when they were removed from the floats, they are not properly includable in any unit cost figure.

Q. Mr. Clark,—

A. And as to your other term, I did not find that on the vessel operation report.

Mr. Bongartz: Here it is.

The Witness: Where?

That has the same meaning as cars returned.

By Mr. Colgren:

Q. In that vessel operation report you have figures designated as cars loaded and cars empty and then in sort of ambiguous terms, "cars returned", or "cars held", which has been indicated as the same meaning. Are those cars held or cars returned included in either the cars loaded or cars empty?

A. When they were first put on the float and when they were removed from the float, they were included.

Q. Your testimony is, then, Mr. Clark, that there are a certain number of cars which just are never removed from the float until some final action is determined?

A. My testimony is not that they are never removed. For example, a float may have ten cars when first loaded, we will assume, and at the afternoon, late in the afternoon, about eight of them have been unloaded and reworked, loaded; two have not been touched. The eight cars are entitled to their road haul movement in the proper train. [fol. 2064] Therefore the float is pulled from the pier to make the connection at Harsimus Cove.

Q. These are empty cars?

A. They are loaded cars, under this example. They haven't been touched.

Q. Excuse me. I think the record is a little confused. I assumed you were going to talk of ten loaded cars in the first instance.

A. I will start over again.

Q. All right.

A. The 10 has 10 loaded cars leaving Harsimus Cove for Piers 49 and 50. During the day the warehouse force is able to work only 8 of those cars and reload them for western destinations, we will assume. In order that those 8 reloaded cars will make the proper connection at Harsimus Cove that train must be pulled regardless of the fact that there are still two loaded cars that have not been touched. So when the float is unloaded at the Cove the eight cars are removed and the two cars are allowed to remain on the car float and are taken back to the Piers 49 and 50. Those are "return cars."

Q. Yes, sir. It is your testimony, then, that these two cars would always be in such a position on the car float that they need not be disturbed at Harsimus Cove?

A. In practical operation that is not so. If those particular two cars happen to be in the middle of the car float, [fol. 2065] they naturally would have to be pulled on and replaced on the car float.

Q. Yes, sir. Now, is any record kept of these cars while they are floating around back and forth across the river?

A. There is no record kept of empty cars.

Q. Mr. Clark, do you mean that for several days you just don't know where an empty car is if it happens to be on a float?

A. The agency—I will make that a little broader—the agency at 49 and 50 do not keep any record of empty cars when the float is loaded entirely with empty cars. They do keep a record of it if their float has loads and empties thereon.

Q. I don't believe I quite understood that, Mr. Clark. Would you mind repeating that?

A. In the practical operation, it is sometimes necessary to load a float entirely with empty cars because you have an unbalanced movement, westbound; therefore, at times there are solid floats of empty cars. The agency at 49 and 50 does not keep any record of those empty cars until they are loaded. But, on the other hand, you have floats going over sometimes with loads and empties. In that case, he will keep a record of the entire number of cars on the float.

Q. Yes, sir. Is any record at all kept of an entire car float loaded with empty cars?

A. When you say "any record"; what do you mean?

[fol. 2066] Q. I am just curious to know whether you keep track of these cars.

A. The car record office keeps track of cars. They know those particular cars are located in the Jersey City area, Harsimus Cove. That record is kept in Philadelphia.

Q. That Philadelphia record is the only record you have of these empty cars that go back and forth across the rivers?

A. I don't want to answer that broad question that way. There may be records that I don't have, knowledge of that may be kept by the local men. Different supervisory officers have different ways of running their yards.

Q. We are not talking about different supervisors at different yards. We are talking about particular cars on particular car floats.

A. All right. Then my answer covers your question.

Q. If you want it to stand that way. Your answer, as I understand it, is that there is a record down in Philadelphia by your car agent?

A. And there are maybe other records that I may have no knowledge of because of the fact that supervisory officers may run their yards and marine equipment in different ways. I have known of conductors, for example—

Q. Your answer is you know of no record with respect to these cars between Harsimus Cove and 49 and 50?

A. Now you have another broad question that would [fol. 2067] cover everything I have said, with the qualifications that I have made.

Q. Let us tighten it down as much as you want.

A. Do you want an answer to your question?

Q. Yes, sir.

A. With the qualifications that I have made, yes.

Q. Will you repeat those for me, please?

A. The record will repeat.

Q. Will you repeat them, please?

Mr. Bongartz: I see no necessity of that. I suggest that counsel direct a question to the witness.

Mr. Colgren: I accept that, Mr. Bongartz.

By Mr. Colgren:

Q. My question is: Did you know of any records kept of the empty cars which are floated back and forth according to your testimony between Harsimus Cove and Piers 49 and 50?

A. On a solid car float of empties or of mixed loads?

Q. I don't care, Mr. Clark, I want to know if there are records kept of the empty cars which, according to your testimony, float back and forth between Piers 49 and 50 and Harsimus Cove.

A. My answer has been, and I will repeat it, that there is a record naturally in our car record office of all cars on the Pennsylvania system. In so far as the agency records are available at Piers 49 and 50, they do not keep a record of solid empty car floats but they do keep a record of mixed car floats.

[fol. 2068] Q. That completes your answer, does it?

A. It does.

Q. Thank you, sir.

Mr. Clark, in answer to, I think, almost my first question, you indicated that it is seldom that the cars which are labeled as cars returned or cars held, variously in your vessel operation report, are in such position on the car float so that they may be left on the car float without being switched on and off when the car float is worked, so to speak.

A. I didn't use the word "seldom." I said if the cars were in such a position that the outbound could not be removed, then naturally the return cars had to be temporarily removed from the float.

Q. All right. In those instances where the cars are so positioned that they must be removed from the float, there is a certain amount of work done on those cars, is that not right?

A. Yes, they have to be switched off and back on again.

Q. Yes. And I gather that there are no records made of those cars from your prior testimony, so there wouldn't be any station work involved.

A. That is simply a switching operation. The car is counted when it is put on and what is taken on permanently.

Q. Quite frankly, I find that a little difficult to understand, Mr. Clark. Is my understanding of your testimony [fol. 2069] correct that there would be no records made as these cars are switched off and on on the float?

A. Only in the sense that I have mentioned in regard to the agency records.

Q. All right, sir.

Now, this work that is performed in loading and unloading car floats, you feel, has no part in your cost of car float operation, is that correct?

A. I am not dealing with costs.

Q. Well now, what is the purpose of determining the count of 4,662 cars?

A. To answer Mr. French's comments.

Q. Did you answer me?

A. I think I did.

Q. That 4,662 cars was not a figure used in the cost study prepared, I think, under Mr. Heywood's direction in this proceeding?

A. Sure, it was used.

Q. Do you know what purpose of developing the number of cars represented by that figure was?

A. No, sir.

Q. You don't?

A. No, in the general application. I know you must obtain the unit cost by its use. All I am showing here is that Mr. French is in error in saying that—I will put it this [fol. 2070] way: that with the correction of the error in the vessel operation report there is no significance to his comment.

Q. I think his comment merely related to the discrepancy between the figures. Was there any way that Mr. French could have determined that these corrections could have been made until you prepared this exhibit?

A. I don't know what Mr. French was thinking about or how he made the study. I have a hard enough time taking care of myself.

Q. You don't know, then, what the purpose of the development of the figure, 4662, had?

A. It entered into the cost, I know that much. But as to its carrying through the formula, I do not know.

Q. On page 3 here, Mr. Clark, you indicate in the last line of your second full paragraph, you say that "474 'return' cars must be subtracted from the 5136, leaving 4662, which was the number of cars included in the cost study."

Mr. Clark, the purpose of the cost study is to apportion the various expenses of operation over the services which create those expenses, is it not?

A. I haven't introduced anything in regards to the cost study. I don't think that is a question properly applicable to me.

Q. I was just wondering, Mr. Clark, how you justify the subtraction of the 474 cars. Could you explain that for me?

A. Well, Mr. French has introduced the matter of cost in page 12 of his Exhibit 113 and in answering that I said [fol. 2071] what would ordinarily be just common knowledge that if he had an understanding of the 474 so-called return cars, he would have not used the vessel operation report total in obtaining a unit cost.

Q. May I ask you again your justification for the subtraction of the 474 cars from the total of 5136?

Mr. Bongartz: I submit, Mr. Examiner, the answer is contained in the witness' testimony.

Does he want the witness to repeat his direct testimony here as contained in his Exhibit 123? He explains there why he has done it. Does Mr. Colgren think he is going to get a different answer if he asked the question?

Exam. Boat: Are you referring to his statement that they must be subtracted?

Mr. Bongartz: The witness has gone at length into explaining why he subtracted these return cars in his direct testimony. Now counsel asks him why he did it.

Exam. Boat: There still seems to be some question in counsel's mind why he had done so. As I understand, he is trying to clarify that.

Mr. Colgren: Perhaps I ought to clarify, if Mr. Bongartz feels it is necessary, why I have some doubts about this.

By Mr. Colgren:

Q. Mr. Clark, on page 2, at the bottom thereof, you say, "The 474 does not represent 474 shipments nor 474 cars. [fol. 2072] Since the cars included within the 474 'returned' have been properly included in the cars counted for the cost study it would be improper to include them a second or third time as Mr. French appears to suggest."

Now, is it your point that regardless of the number of times of service of transporting these cars back and forth across the Hudson River between Harsimus Cove and Piers 49 and 50 that they should bear but one car count?

A. Absolutely, yes.

Q. Then the service required, in your mind, is rendered at no cost?

A. The service rendered will be obtained by dividing by the proper number of cars. It is exactly the same thing as we face in the yard operation where a car may be handled five times and another car once. It still remains a car. A car that may be handled five times can't be counted five times. It is still one car. But its handling may be that many more times than the car that is handled once.

Q. Each time a car is handled it costs—

A. That one particular car will cost more than that one car, of course.

Q. What is the difference, in your mind, between the two examples here?

A. There is no difference, in my way of understanding it. In the first instance, in the yard operation you still divide [fol. 2073] by two cars not by one plus five. These 474 so-called returns represent that handling. You can only count by the number of cars and they have already been counted when they were put on the float and when they were removed from the float.

Q. Now, Mr. Clark, I think that you have contradicted yourself within the last two statements. Shall we go over this again in order to get the record straight?

In determining costs of yard operation, you indicated to me that each time a yard service is accorded a car there is an element of cost involved in that handling.

A. Right.

Q. Is that right?

A. Correct.

Q. Now you want to differentiate in the matter of transporting these empty cars back and forth across the Hudson River. Would you mind stating again for me why the service accorded these cars in going back and forth across the river?

A. I won't have to use the same language, will I?

Q. I hope you won't because the record, I think, is quite confusing.

A. All I have been doing is repeating my answers here since we started.

The 474 so-called return cars are not necessarily 474 cars in the sense of the report.

[fol. 2074] They had been counted when they were placed on the float. They were counted when they were removed from the float.

Q. Excuse me. You mean finally removed to go into road haul?

A. Road haul or disposition of the car, in other words, or of the float.

Q. Yes, sir. It is not the switching operation you are talking about?

A. It is the count, on the float, off the float.

Q. I see.

A. In the interim they may have gone back and forward once or twice or three times or four times. I don't know. Nobody seems to know.

Q. Yes, sir.

A. Therefore, these 474 are simply a statistical figure. They don't represent 474 cars, different cars, but having been counted when they were put on the float and when they were removed from the float, they have no place in determining a unit cost for that marine operation.

Q. And yet, Mr. Clark, after that statement, you say that each time an individual car in the yard operation is given a service, you count that service in connection with developing the costs.

A. You don't count the car five or six times.

Q. I didn't say that. I said you count that service.

A. I want to make sure you get the understanding of it correctly.

[fol. 2075] Q. Yes, I think I do now. I have an understanding of what you said; or, rather, I know what you said. I still don't understand how you differentiate between the fact that you count the number of services afforded cars in a yard switching study and yet when you perform services for these cars going back and forth across the river you refuse to count those services.

A. There is no discrepancy between the two examples at all. They are the same. You are not increasing your divisor in your switching service and you are not increasing your divisor on your marine service.

Q. Well, I can't quite agree with you when you say you are not increasing your divisor in your switching service. I think, Mr. Clark,—

A. Supposing you had two cars, let's take it simple-like,—

Q. Let me ask you this question. Did you or did you not, in response to our request for the number of cars handled in the switching study that I understand you were responsible for, you gave us information as to the number of cars handled?

A. No, I gave you as to the number of cars that were involved in the switching study. Of those cars there may have been one that was handled once, there may have been ten that was handled ten times, maybe one that was handled five times, but the number of cars wasn't increased.

Q. Mr. Clark, I have just been informed that you did not [fol. 2076] give us the number of cars but you gave us a figure which represented the number of car handlings.

A. I think you had better go back to the record, then, because I said it was the number of cars.

Q. I am sure that the record is straight on that. I am just trying to pursue what, to me, is a distinction you are drawing between the method of allocating costs between cars that are floated across the river and cars that are being switched on a switching operation.

I think we have pursued that far enough, Mr. Clark.

Mr. Clark, in response to our request for the number of cars handled under date of March 19, 1953, we received in purported compliance with that request a letter from Mr. Heywood in which he indicated that the yard cars handled amounted to 238,418 during September, 1956.

Now, mind you, that was in answer to a request for "the number of cars." The information as given to us described the answer as "yard cars handled."

The figure for the year 1956 was 3,016,400.

Is it your testimony that those were the number of cars handled?

A. I know nothing about that letter. I can't answer your question in relation to that letter.

Q. All right, sir.

Mr. Clark, just to have the record straight, at page 6 of [fol. 2077] your verified statement, you have a table and it is my understanding that the number of cars shown there, the average number of cars per car float includes empties. Is that right?

A. Yes.

Q. All right, sir. And again at page 8, your table there, your column headed "Lighters" would be more properly described as lighter trips, isn't that right?

A. Yes. In other words, the same lighter could have been loaded several times.

Q. Yes, sir. Now—

Exam. Boat: Now, the last column would be average tons per lighter trip?

The Witness: Yes, sir.

Exam. Boat: Thank you.

By Mr. Colgren:

Q. Mr. Clark, at the bottom of that page 8, the last sentence there, and you are discussing the figures in the table there, you say, "They also show that if the tonnage increases, so do the number of lighters, with resulting increase in lighter maintenance cost."

Is the import of that sentence that your lighter ownership increases in direct proportion to the amount of traffic you handle?

A. Not ownership. You already have the lighters. The trend of the whole idea is in support of the previous statement that due to the fact that it is almost impossible to in- [fol. 2078] crease your average tonnage per lighter, this is some increase it doesn't amount to anything, you have to put additional lighters in use rather than to increase the load on the lighters then in use.

Exam. Boat: So we have a greater number of lighter trips.

The Witness: Yes, sir.

By Mr. Colgren:

Q. On page 6, Mr. Clark, if you please, in the last paragraph of that page, you come to the conclusion there that an increase in business necessitating car float service, that your car floats increase proportionately, I think. Is that the import of that paragraph?

A. I don't like the word "proportionately." It would increase.

Q. That is not taking into consideration, is it, the fact that these empties that you indicate in the early part of that page which are put on car floats sometimes to balance them out, sometimes to provide an adequate supply of empties at the other end of the run, it is leaving out of consideration the fact that some of those empties could be replaced with loaded cars, isn't it?

A. Then you would have to have more empty car floats, I mean car floats loaded with empty cars.

Mr. Colgren: Mr. Examiner, Mr. Myskowski has some questions with relation to permits. I don't mean to restrict him in his cross-examination, but may he take over now?

[fol. 2079] Exam. Boat: Surely.

By Mr. Myskowski:

Q. Mr. Clark, on page 7 of your statement you say over the years one of the reasons why the railroads could not increase their efficiency has been the ship permit system, is that right, sir? At the bottom of page 7.

A. The ship permit system enters into it.

Q. Is it true, Mr. Clark, that the permit requirement was not enforced until May of last year?

A. I can't answer that.

Q. Were you a witness in Ex Parte 212?

A. In a way. I was in the hospital at the time but my testimony was accepted.

Q. Then you were not in the room when Mr. Miller of AAR so testified?

A. No, sir.

Q. If the ship permit system had not been enforced until May of last year, could it have been one of the factors in preventing your increased efficiency?

A. I would like to be assured myself that that is a fact. I don't know whether I can answer your question.

Q. Well, you stated that that was one of the reasons. What made you state so? Did you have the impression that it was enforced?

A. The permit system has been in effect for years.

Q. It has been in tariffs and your impression is it was in [fol. 2080] force?

A. As far as I know it has been.

Q. You made no study of it?

A. I haven't gone back and looked over individual records, if that is what you mean; no.

Q. Just what is your job on the Pennsylvania, Mr. Clark?

A. Well, I have been retired on the Pennsylvania as per my qualifications entered in the original statement.

Q. At the time you were employed, did you deal with the ship permit systems?

A. I was assigned and worked on investigations of all character.

Q. Of what?

A. I have worked on investigations of all character, including the marine equipment.

Q. Did you in any way come in contact with the ship permit system?

A. Not in the way that you ask as to whether I have actually checked particular ship movements, no.

Q. Then you don't really know whether this was one of the factors or not, do you?

A. It certainly is required by the tariff and required by the normal operation that we can't move any cars until we are allowed to.

Q. Do you really know how this thing operates?

[fol. 2081] A. Yes. Even if we do move them to the pier without an actual permit system they have to be tied up until the ship itself will accept them. That is done strictly for railroad convenience.

Q. Do you move them without a permit?

A. They have been moved, yes. But they are not subject to demurrage and it is done strictly for railroad convenience.

Q. Then the requirement was never enforced, was it? You say if they were moved without a permit then you didn't really enforce the requirement, did you?

A. I said they were moved for the railroad's convenience. Whenever they were in a position to do it, it was done. Nevertheless, it does not alter the fact that the permit system gives the ship the right to lay those particular consignments aside and pay no demurrage on the marine equipment while it is so held.

Q. How much notice does the shipper have to give to the railroad in connection with this permit? When does the shipper have to notify the railroad as to a particular movement to a ship?

A. I will have to refer to the tariff to give any detailed answer to questions of that nature.

In actual practice, a telephone call will bring it.

Q. Doesn't the tariff require that the notification be given to the railroad 48 hours before the date?

[fol. 2082] A. It does, but in practical operation, certainly the railroad will not refuse a telephone request.

Q. Will you repeat that?

A. Would not refuse a telephone request.

Q. Within less than 48 hours?

A. Within less than 48 hours. They will try to comply with it. It is just good business practice.

Q. Isn't it true that this ship permit system was put in at the request or insistence of the railroads for their operating convenience, not vice versa?

A. I can't answer that.

Q. Well, if you get 48 hours notice, say, today, that you are supposed to move a lighter, one tomorrow and another movement on Thursday, wouldn't it be to your benefit to be able to move those two together? Isn't that the purpose of the 48 hours notice?

A. It is to give the railroad a chance to do it in the most efficient manner of the railroad, of course.

Q. That is right. The object is to improve efficiency, and you say because of that you can't improve.

A. The permit system limits us as well as working to the advantage in the way you mentioned. You can have a condition where you are tight on equipment also.

Q. Isn't it true that it was put in just to eliminate the sort of thing that you mentioned earlier, that the railroad [fol. 2083] will bring the ladder up to a ship and the ship won't accept it? Now, you do not do that. If you get notice 48 hours in advance, you can be assured that the ship will accept it, isn't that the purpose of it?

A. It doesn't always accept it. There is often demurrage collected.

Q. Do you mean to tell me if a ship says it will accept a movement on Wednesday and you move it on a Wednesday, it won't accept it?

A. It may mean the railroad is going to deliver it on a Wednesday. It doesn't mean they will unload it on a Wednesday.

Q. But they will accept it?

A. Yes.

Q. So the purpose is to improve efficiency?

A. It is to give the railroad an opportunity to make efficient use of its equipment.

Q. Exactly right, sir. Now, on page 8, where you talk about lighter trips, your whole table there merely indicates that your average loading runs 50-some-odd tons, and, as you get more traffic, it will make more trips, isn't that right?

A. In order to make the more trips you have got to put in more lighters.

Q. What do you mean, you have to put in more lighters?

A. Because the increase in business will naturally be at more points to be served and at different periods of time, so [fol. 2084] additional lighters will be used.

Q. You mean you have an excess capacity, a lot of lighters which you take out ot service all the time?

A. Additional lighter trips. In other words, you have to make more use of what you have available and if you have any in storage, or out of service, you will have to bring them back in service.

Q. This in no way indicates the amount of equipment the Pennsylvania had, does it?

A. No.

Q. Or needs?

A. No.

Q. Is it true that in '53 you had more equipment than you did, for example, in '51?

A. Well, I can't carry in mind the number of units of equipment under the various years.

Q. What is the basis for your statement that if the tonnage increases so do the number of lighter trips?

I think you agree now that word "trips" should be inserted in the last line?

A. That's right.

Q. If the tonnage increases the number of lighter trips increases and there is a resulting increase in lighter maintenance cost.

Are you qualified to say that there is an increase in lighter [fol. 2085] maintenance cost?

A. I know that in my own automobile, if I use it more I put greater repairs on it than I do if I don't use it. I think that is a general—

Q. You think that theory will hold true here?

A. It will hold true anywheres.

Q. Does your automobile rub against the garage door like the boat rubs against the dock? Do you really think there is any similarity?

A. It sometimes will run into the garage door.

Q. Do you really think there is any similarity? Do these barges have motors?

A. The general principle, yes. The principle is applicable to any equipment.

Q. Mr. Clark, if, as was testified in 212, the permit system is only now being enforced, don't you think that it will enable you to increase this average ton per lighter if you have 48 hours' notice in advance of where the traffic is going to be taken to?

A. I do not.

Q. Can you tell me why not, sir? If you had a movement going—today is Tuesday—if you had a movement going Wednesday, another Thursday to the same ship, you wouldn't put them in the same lighter or you wouldn't take them in the same tow?

[fol. 2086] A. It all depends upon the circumstances. You can't answer a general question of that nature as against a practical operation. The ship that is due on Thursday, the lading that is due Thursday might be in cars that haven't arrived yet.

Q. Do you think there is more tonnage coming in and you still would not be able to increase your load per lighter?

A. Not perceptably.

Q. If you now load, say, an average of two cars per lighter, and there is more tonnage, and you have three cars going on a ship, do you mean to tell me that would not increase the loading; is that your statement?

A. On the statement that you make three cars naturally would make more than two if they are the same type of lading, but that isn't the typical operation. The third car may not even be in the yard yet.

Q. Doesn't your operation in New York cover all types of lading?

A. Outside of bulk.

Q. And if there is an increase it would have been in one of those types?

A. Yes, but that certainly covers a category that is pretty wide.

Mr. Myskowski: That is all I have.

Exam. Boat: Any further questions?

Redirect?

[fol. 2087] Mr. Bongartz: Could we have a short recess?

Exam. Boat: Yes, we will take a 5-minute recess.

I might add if there are any here who have not filed appearances, the reporter would like the appearances because there has been a change in reporting companies, so if you will fill out a blank, please.

(A recess was taken for five minutes.)

Exam. Boat: We will resume now.

Offers in Evidence

Mr. Bongartz: No questions on redirect, Mr. Examiner. I would like to offer in evidence Exhibit 123.

Exam. Boat: That exhibit will be received as No. 123.

(Exhibit No. 123, Witness Clark, received in evidence.)

(Witness excused.)

Mr. Langdon: Before calling the next witness, who is Witness Talbott, I should like the record to show that there was distributed at the same time his testimony was distributed with a letter dated August 14 an errata sheet concerning Witness Mollman, Exhibit 51, MLM-2; in other words, there are corrections in the traffic study. These errata sheets were distributed with my letter of August 14, and I think they should be in the record, however, unless there is any objection.

Exam. Boat: I do not believe I received copies, Mr. Langdon.

Mr. Langdon: They are supposed to be included along with Mr. Talbott's testimony.

[fol. 2088] Exam. Boat: You are right. I have them here now.

That is a statement of four pages. Perhaps we had better identify that as an exhibit.

Mr. Langdon: Maybe this ought to be 51-A.

Exam. Boat: I think we had better identify it as Exhibit 124.

Mr. Langdon: I will call Witness Talbott.

Exam. Boat: That exhibit will be received.

(Exhibit No. 124, Witness Talbott, received in evidence.)

E. M. Talbott resumed the stand and testified further as follows:

Direct examination (continued).

By Mr. Langdon:

Q. You have been previously sworn, Mr. Talbott?

A. I have.

Q. Have you prepared under supervision and jurisdiction, Mr. Talbott, certain testimony in this proceeding to be offered at this hearing, including a mimeographed statement of 36 pages, together with appended exhibit, EMT-1 to EMT-12, both inclusive?

A. I have.

Q. Are they true and correct, to the best of your knowledge and belief?

A. They are.

[fol. 2089] Mr. Langdon: I offer this in evidence, Mr. Examiner, at this time.

Exam. Boat: It may be identified as Exhibit 125.

(Exhibit No. 125, Witness Talbott, marked for identification.)

Mr. Langdon: And then the appended exhibits will carry their own designation?

Exam. Boat: Yes, sir, as has been made on the face of those exhibits.

By Mr. Langdon:

Q. Mr. Talbott, do you have anything to say before you are turned over for cross examination with relation to your evidence?

A. No, I do not.

Mr. Langdon: The witness is yours.

Cross examination.

By Mr. Colgren:

Q. Mr. Talbott, do your Exhibits EMT-1 and EMT-2 include the increases granted in Ex Parte 212?

A. They do not.

Exam. Boat: They do not?

The Witness: They do not. Neither do they include the expenses which have been incurred at increased cost since we made this study, wage increases as of May 1. We are going to have some more in November.

By Mr. Colgren:

Q. That is of this year?

A. Yes.

[fol. 2090] Q. But they do include costs factored up as of January 1, 1958, is that not right?

A. That is correct.

Exam. Boat: Mr. Langdon, may I ask, do the corrections that were made in Mollman's exhibit where required, are they reflected in any computations that Mr. Talbott has made, or do they enter into it?

Mr. Langdon: No, I think not, sir. The only place would be toward the end where we made application of these costs to the traffic as a whole, but I think in that respect we will use Witness Keith's figures, and we did not use our traffic study except in so far as he used our traffic study.

Exam. Boat: Yes. Thank you.

By Mr. Colgren:

Q. Mr. Talbott, your Exhibits EMT-1 and 2 do not include the 6 cent increase authorized in Ex Parte 212 with respect to water-borne traffic, do they?

A. They do not.

Q. Mr. Talbott, on page 4 in connection with the subject, Witness French's adjustment No. 3, you have reference there to forwarder traffic. Was that included in your cost study?

A. There was a small tonnage of forwarder traffic included in my study of the export traffic arriving in New York.

Q. Was the forwarder traffic included in Witness Heywood's development of costs for the Pennsylvania?

A. I am not certain. We have a Pennsylvania man here [fol. 2091] who can answer that.

Exam. Boat: Will you speak a little louder, please?

The Witness: We have a Pennsylvania man here who can answer that.

By Mr. Colgren:

Q. At page 5, Mr. Talbott, in the last paragraph on that page, you refer to the fact that the percents of variability used by Witness French from Appendix E of Senate Document 63, were used in 1939 by the Interstate Commerce Commission's Cost Section, and, as far as you have been able to determine, have not been used since. What per cent variables are used by the Interstate Commerce Commission's Cost Section, to your knowledge?

A. They have arrived at a per cent of 80, representing the variables, so-called, out-of-pocket expenses, which are used in all the cost studies.

Q. That is in application to total accounts, is that right?

A. That was arrived at after considering every account and that was the over-all figure, although I think that the Cost Section's statement shows that the percent was closer to 90 but they used 80 per cent.

Q. Do I understand you to mean, Mr. Talbott, that the Cost Section would apply a per cent variable of 80 to each and every account that they might be concerned in studying for the out-of-pocket portion thereof?

A. Well, the Commission uses an over-all per cent of 80. [fol. 2092] I do not recall any case where the cost section applied per cent to individual accounts. They have developed that 80 per cent as the over-all per cent for all accounts.

Q. In the determination of Form A cost studies, there are no per cent variables applied to the accounts of the railroads being studied, is that right?

A. You mean there are none applicable to an individual railroad. Is that what you mean? I don't understand your question.

Q. I am trying to rephrase for my own benefit what I understood you to say: that the Commission has arrived at an 80 per cent over-all percentage as being a fair estimate of the out-of-pocket over-all average of the railroads accounts. Is that right?

A. That is correct.

Q. Now, in determining the results of a Form A cost study as developed by the Interstate Commerce Commission, in the application of that Form A formula are individual percents applied to the respective accounts in any particular study?

A. I don't recall that they are.

Q. All right, sir.

Mr. Talbott, refer, please, to page 7 of your statement. As you noted a few minutes ago, and I believe this is what you had reference to, you referred to a 6-year study by the ICC Cost Section during the period '35 through '41, show- [fol. 2093] ing degree of variability for Account 408 of 91 per cent for the United States and in the East 80 per cent.

Now, Mr. Talbott, that relationship is based on gross ton miles, is it not?

A. Yes.

Q. Would you care to express any view, Mr. Talbott, as to the propriety or accuracy to be expected of applying a gross ton mile measurement to Account 408, which is the account covering operating expenses for floating equipment?

A. As I said before, the 80 per cent was an over-all per cent. Now, when you are talking about individual accounts as you have attempted to do in your recent cost study, there may be some differences in so far as individual accounts are concerned. But we are here dealing with all the expenses involved in handling this traffic. I do not see anything wrong in using the 80 per cent as long as we are dealing with the total expenses of handling this traffic.

Q. Mr. Talbott, I think you have not confined yourself to my question which presently is only relating to the propriety of expressing a per cent degree of variability for Account 408 in terms of gross ton miles.

Maybe I can clarify what I am driving at.

Do you know of any figures available for harbor operations which are in gross ton miles?

A. No, I do not.

[fol. 2094] Q. I think further down that page we get to what you were answering me before, Mr. Talbott. You mentioned this in the first full paragraph about midway thereof you discuss the fact that the Cost Section has employed an over-all per cent of variability for all operating expenses, rents and taxes, and for some years at least this percentage has been 80.

Now, Mr. Talbott, you correctly refer to an over-all per cent of variability for all operating expenses, rents, and taxes.

Now, in the cost study which you people have made for the New York Harbor area, are all of the accounts of the railroad represented?

A. Do you mean the cost study at New York or the whole cost study involving this traffic?

Q. The cost study of the Harbor operations.

A. No, but those particular cost studies are all blended in the total cost of transporting the traffic so in the end we have all the expenses of railroads involved in handling this traffic.

Q. In effect, Mr. Talbott, in making a special study of the New York Harbor port area, you substituted a special study for a portion of the standard Form A line terminal study, isn't that right?

A. That is correct.

Q. Now, my question was that in your substitution for [fol. 2095] one terminal which, in effect, is what you did in the cost study, you did not include all of the accounts of the railroad, or railroads rather.

A. I assume you mean that all the accounts of the railroad are not involved in the cost entering into that cost study in New York.

Q. That is right, yes.

A. No, all the railroads are not involved in that cost study.

Q. Yes, but you did apply an over-all 80 per cent variability in the original study?

A. We did in the original study but we, of course, adopted 100 per cent in the revised study.

Q. Yes, in Exhibit EMT-1 and 2.

A. That is correct.

Q. Yes.

A. I might also say right there that we happen to know in 1956 we had no surplus equipment at New York. Our equipment was in constant use throughout the entire year. We had engaged outside lighters to extend over 1500 during that year and most every month of the year, and we had no surplus equipment in New York. So, consequently, then, or in view of that, we have a perfect right to include 100 per cent of that cost as out-of-pocket because all of the equipment was used for the traffic that was available that year.

Q. Mr. Talbott, is what you have just said the study that [fol. 2096] you referred to on page 8?

A. You mean the table part way down the page?

Q. No, you refer, I think it is the sixth line down—

Exam. Boat: He referred to further studies.

The Witness: We have further analyzed, and I have personally, the operation at New York, and we have a right to include this expense purely from the solely related theory, but aside from that we have a right to consider the 100 per cent out-of-pocket because, as I said before, we had no surplus equipment in New York during 1956.

By Mr. Colgren:

Q. Yes. Now my question is: Is your ascertainment of that fact the further study that you referred to on page 8?

A. Yes. Also I might add to that the further study of the whole cost is related to solely related cost.

Q. On page 9, Mr. Talbott, on line 6, you refer to, again, "recent" studies. Are these recent studies contained in the various exhibits to your statement?

A. Yes, they are.

Q. Is there nothing further?

A. There is nothing further.

Q. Yes. Mr. Talbott, just for clarification, in a little

table on page 8, under Return on Investment, 100 per cent of all equipment, and so forth, Mr. French used 100 per cent for that category of expense, didn't he?
[fol. 2097] A. Yes, in his line haul, interior terminal costs.

Mr. Langdon: We agree that he did.
Mr. Colgren: Yes, all right.

By Mr. Colgren:

Q. Mr. Talbott, on page 9 in the first full paragraph, your last sentence there indicates that the second reason for application of solely related expenses are incurred principally because of the requirements of export-import traffic at New York. Do the B and O and CNJ have any domestic traffic given marine movement in the New York Harbor area?

A. Well, we do have a small percentage of traffic, domestic, given to marine movement.

Q. What is your concept of a small percentage, Mr. Talbott?

Mr. Langdon: Just for the sake of clarification, you are referring by "marine" to line load service and carload service.

I think the witness is confused.

I think, so the record may be clear, you might want to clarify your question now.

Mr. Colgren: I was referring to all types of operation, carfloat as well as lighterage.

The Witness: I was thinking of the lighterage movement. We do have a substantial carfloat movement, though.

By Mr. Colgren:

Q. Domestic, that is.

A. Domestic.

Q. Yes.

[fols. 2098-2099] A. But that is involved only to a very minor extent in our import and export costs in New York.

Q. Well, I was here referring to the total marine expenses. I think, Mr. Talbott, I had asked what your concept of a small percentage of traffic was. This is pursuing your remark that there was a small percentage of domestic traffic involved in the New York Harbor marine activity.

Mr. Langdon: He qualified that answer, Mr. Colgren, when he understood that your question included freight handled in New York, domestic traffic.

By Mr. Colgren:

Q. Do I understand it is no longer "a small percentage" as he previously testified?

Mr. Langdon: Go ahead.

The Witness: He does not have the tonnage of the traffic moving in the carfloats. I don't have the percentage.

Now, the time study we made indicated that I believe there was 36 per cent of the tug time involved in towing floats, the major portion of which is domestic traffic and 60-some per cent was involved in towing of lighters.

By Mr. Colgren:

Q. Now, Mr. Talbott, let's just discuss lighterage traffic for a moment. What percentage of your total lighterage traffic, including domestic as well as waterborne; that is, export-import, intercoastal and coastwise traffic, is domestic?

A. About 17 per cent would be general traffic.

[fol. 2100] Q. That is over-all traffic?

A. General traffic passing through the lighterage piers.

Q. I don't understand what you mean by "general traffic." I wonder if you can supply for me the percentage of your total traffic given lighterage service including domestic, export-import, coastwise and intercoastal.

A. I don't know that I have those figures with me. We can furnish that for you.

Q. I would like very much to have that figure.

Mr. Colgren: May we have that understanding, Mr. Langdon?

Mr. Langdon: It is computable from the record right now.

The Witness: I think it is. We can compute it.
The bulk cement is a factor in that.

By Mr. Colgren:

Q. That is right, Mr. Talbott, CNJ does have a pretty large amount of bulk cement transported by lighter, does it not?

A. By lighter.

Mr. Colgren: If that figure is computable from the exhibits, I won't insist on it, but, frankly, we can't quite reconcile all the tonnage figures that have been made available to us.

Mr. Langdon: What are you missing now? Where is your difficulty with reconciliation?

That is what we undertook to do in EMT-8 and 9, and 11 also, that concerns the Pennsylvania.

[fol. 2101] Mr. Colgren: Yes, Mr. Langdon, we propose to go into the questions that we have with reference to those particular exhibits later on.

Right now, of course, I am anxious, if at all possible, to have the percentage of domestic versus total lighter traffic.

Mr. Langdon: We can furnish it.

Mr. Colgren: Mr. Myskowski advised that he feels he can come to that percentage, so perhaps we can drop the matter.

By Mr. Colgren:

Q. Mr. Talbott, if you will please refer to page 11 of your testimony, in the first full paragraph again you refer to certain tests conducted by the B and O and CNJ. Does your answer still stand that these tests are reflected in the exhibits accompanying the testimony?

Maybe I should ask: Do you have any tests that aren't represented by your exhibits?

A. The results of these tests are reflected in my exhibits.

Q. Yes. Mr. Talbott, still on page 11 of your testimony under the general heading of "The marine expenses are solely related expenses," in the very first sentence under that heading you say:

"Aside from the high degree of variability of the marine expenses,"—

what variability are you referring to there?

A. My exhibits indicate that there is not much change in [fol. 2102] the tons per lighter during all these years, so that would seem to indicate that as traffic goes up you require more lighters and there is a variability in the expense related to business.

Q. Yes, of course. Now, your Exhibit refers to "traffic consists" and so on. Are there any related to those considerations of traffic in your exhibit?

That got rather complicated.

There are no expenses related to the traffic statistics in the exhibit you just referred to, are there?

A. No. No, I have not related those traffic statistics to expenses.

Q. Yes.

A. But, naturally, the expenses increase from year to year. They are there.

Q. Now, Mr. Talbott, in that same paragraph on page 11, you indicate that "irrespective of the variability of these expenses" that you are talking about "they are chargeable 100 per cent to the export-import traffic at New York on a pro rata basis."

Now, Mr. Talbott, is it your understanding that you can distribute solely related costs on a pro rata basis?

A. What we are saying there, in other words, is that the marine expenses are related to the water-borne movement. We have adjusted the expenses on a unit cost basis to eliminate that portion of the marine expense which applies [fol. 2103] to the domestic traffic.

Q. When you say "solely related marine expenses," is it your concept that anything that has anything to do with water operation in the harbor area is solely related to those marine expenses?

A. Any marine expense in the harbor area is directly related to the traffic that requires it.

Q. Yes. Now, as you indicated a little previously, we have domestic traffic, we have export-import traffic, we have coastwise and intercoastal traffic, all requiring certain marine expenses in the New York Harbor area.

Are those expenses solely related to export-import traffic?

A. As I said before, they are solely related to the traffic that requires it and we have made proper allowance in our cost for that portion of the marine expense which was applicable to the domestic traffic. So I think the way we have treated it is the proper way to treat it.

Q. You understand by your position that you can pro rate solely related expenses?

A. I think it is proper to pro rate solely related expenses when you can confine them to the traffic that requires those particular expenses.

Q. If you can do that, Mr. Talbott, why do you have to pro rate it?

A. Well, we use the word "pro rate" there but we arrived [fol. 2104] at the part to be assigned to the domestic traffic and the import and export traffic on a unit cost basis, which I think is a logical way to do it from a cost standpoint.

Q. I don't understand that this use of the word "prorata" in your testimony refers to the determination as among units, a unit cost.

A. That is what it refers to.

Q. I am afraid that sentence does not make much sense to me if we use "prorata" in that sense.

A. Well, we arrive at a cost per ton for all of the traffic lightered, for example.

Q. That's right.

A. And then we assign to the import and export traffic the cost based on multiplying the number of tons by the cost per ton. So in the end that becomes a proration. It wasn't done exactly that way but that is what it becomes finally.

Q. Yes, Mr. Talbott, but initially you have arrived at your costs on a solely related theory, is that right, before you make this pro rata basis?

A. That is correct.

Q. Maybe we can approach it from this standpoint: You indicate that you have prorated marine expenses between import-export and domestic traffic. Is that right?

A. Ultimately we arrive at that result. It wasn't done in that way.

[fol. 2105] The way I explained before, it was done.

Q. Mr. Talbott, if you had no domestic traffic, would you save the exact number of dollars you have assigned to domestic traffic?

A. I think you would save more because I think it costs less to handle domestic traffic, in my judgment.

Q. Mr. Talbott, please refer to page 12 and your reference there to your Exhibit EMT-3, which are excerpts or extracts from Senate Document 63.

It is true, is it not, Mr. Talbott, that the first two pages of written matter of that exhibit refer to past periods of rapid changes in development of railroad facilities?

A. They refer to the past periods but I think we are in rapid development in changes of railroad operations.

Q. Well, I am confining my question to the data in your exhibit.

A. Yes.

Q. Incidentally, this does not go beyond 1939 or 1940, does it?

A. Senate Document 63 does not, but, of course, the same theory is picked up in statement 4-54 in arriving at the variable expenses and they include some later years than that.

Q. Yes. It is true, is it not, that the first two pages of written testimony refer to past periods of rapid change in development of the railroad facilities?

A. They refer to past periods.

[fol. 2106] Q. In those past periods there was a tremendous development of railroad techniques, was there not, Mr. Talbott? For instance, didn't they start laying rails on ties instead of on the ground, and a few things like that?

A. I don't recall the time when they laid ties on the ground, as you say, or rails on the ground.

Q. Rails on the ground.

A. You are getting back before my time.

Q. We won't press it too much. But the extracts from the writers, and so on, disclose that they are talking of periods back in the early 1870's and so on, with reference to major changes that are taking place and the rapid changes, and the concept of locomotives, and so on.

A. I will agree that they are talking about previous years, 1890 and probably 1941, and that is as far as I can remember.

Q. Shall we look at page 1 and just pick out a couple of dates like in the middle of the first column, 1887, I see in brackets. That strikes my eye.

A. That is correct.

Q. On the next page in the first bold page "1874" strikes my eye. And so on. Isn't that right?

A. Those years are in there but just what use are made of those years in the final result, I am not convinced that anything in 1874 and '90 reflect themselves in the final results of this exhibit.

[fol. 2107] Q. All right, sir. On the third page of printed matter under a subtitle reading, "Reason for Part of Costs Remaining Constant with Traffic Change."

A. Pardon me. What page is that?

Q. It is the third printed page.

A. They have numbers over in the left hand corner.

Q. It is page 48.

A. O.K. What was the question, Mr. Colgren?

Q. I haven't asked one yet. But I would like to refer to that portion of the study under "Reason for Part of Costs Remaining Constant with Traffic Change." Now, Mr. Talbott, it says, that the failure of costs to rise as rapidly as the traffic volume is attributable to two factors; first, the use of the carriers' unutilized capacity, and secondly, the increasing efficiency of the larger plant as compared to the smaller plant as the facilities are expanded."

Mr. Talbott, has there been much change in the New York Harbor area of facilities since World War II?

A. You mean the whole New York Harbor?

Q. Yes. Maybe that is too broad. Let's stick with the B and O and the CNJ. Has there been any marked change in the facilities since World War II used by those two railroads?

A. I know one lighterage pier that was used during World War II is not now being used.

Q. Is it still in existence?

[fol. 2108] A. No.

Q. It has been destroyed, has it?

A. Some; and some property in connection with the lighterage yard has reverted to the city, Jersey City, on account of non-payment of taxes.

Q. Have you any idea of the proportionate size of these properties that are no longer in existence or in use by the B. and O. and CNJ?

A. I do not.

Q. Do you think it is possible, under the present facilities, that the B and O and CNJ could render service comparable to what they did in World War II, given the necessary traffic?

A. I don't know to what extent they could. Of course, during World War II, there were lots of embargoes against New Jersey—Jersey City—so it takes in a broad operating problem there.

Q. But will you agree with me that there is a tremendous amount of tonnage handled through the Port of New York, and I would presume a fair proportion was handled by the B and O and CNJ during those war years.

A. That is correct, there was.

Q. Incidentally, hasn't the B and O recently expanded some of its facilities or added new facilities in the New York Harbor area?

A. You may be referring to a pier station.

Q. That was one thing I had in mind.

[fol. 2109] A. 160. That is not involved in this import-export traffic.

Q. No, I am speaking generally now, cost theories, Mr. Talbott.

Mr. Talbott, are the present facilities of the B and O and CNJ fully utilized? Could you handle additional traffic if it were tendered to you?

A. In 1956, when this study was made on which the costs were based, the facilities were utilized probably not to the maximum extent every day in the year, but there were lots of peak days throughout the year when they were pretty well utilized.

Q. Are we speaking of facilities or equipment? I am talking more to facilities, yards, piers, wharves, and so on.

A. I think we developed that the storage facilities in the yard were not fully used in 1956 and we made an adjustment on the credit by allowing more credit for storage in that yard which developed later on.

Q. Yes. Well, that is not precisely what I had in mind, Mr. Talbott.

On page 1546 of the record, you previously testified that the capacity of the Central of New Jersey lighterage yard at Jersey City was 1200 cars or a working capacity of about 800 cars.

Then on the next page, 1547, you indicate that the cars in the yard ranged from a low of 153 in one day to a high of 258 during the study month of March, 1958.

Let us just tie that information in with this statement [fol. 2110] that we were discussing on page 48 of your Exhibit EMT-3.

Your previous testimony indicated that there was not complete utilization of that particular facility.

The matter I have quoted on page 48 of your Exhibit EMT-3 gives the reason for the failure of costs to rise as rapidly as the traffic volume was attributed to the use of carriers unutilized capacity.

Later on, in fact in the next sentence, it says this, Mr. Talbott: "The orthodox explanation of the existence of constant costs is based on the first of these, namely, unutilized capacity."

Do you have any quarrel with that concept of economics?

A. I think in so far as it applies to the cost study in New York we have made an adjustment for the September 1956 volume of traffic so that it would represent an average year, made adjustment in the cost.

We have to admit there are certain days of the year and certain parts of the year where there may be unutilized capacity in the yard. You certainly can't build a railroad facility to cover the average conditions. They have got to be there to cover the peak conditions which occur throughout the year.

Now, that is exactly where the solely related theory comes into play. This lighterage pier is there for the purpose of serving water-borne traffic.

Q. Yes, Mr. Talbott.

[fol. 2111] A. If there was no water-borne traffic there would be no lighterage pier.

Q. All right, Mr. Talbott, but it is also a reason why costs don't rise as rapidly as traffic volume, isn't it?

A. Over a long term basis, those things tend to wash themselves out.

Q. Well, all right. Now, on that same page 48 of your Exhibit 3, in the second column in the first full paragraph, about the middle of that paragraph, Mr. Talbott, there is a statement reading, and I quote:

"This is occasioned in part by the lag that may exist between the time the change in the volume of traffic occurs and the period when management can effect an adjustment of the expenses; and in part by the fact that any given size of staff can handle changes in traffic volume within a limited range, and as long as that range is not exceeded the expenses remain unaffected."

That is speaking of the fact that certain items of expense are irregular in the effect of volume.

Do you have any quarrel with what I read as a matter of practical truth?

A. I agree that there are certain fixed properties which you cannot tear down half of it when traffic falls off and rebuild it when traffic picks up again. But, as I said before, [fol. 2112] there the solely related feature has a prominent part in determining these costs.

Q. Now, Mr. Talbott, will you refer to page 50 of your Exhibit 3. Will you refer to that portion on that page which was apparently enclosed in a bracket prior to its reproduction. Do you find what I have reference to, Mr. Talbott?

Exam. Boat: Did I hear an answer to that question?

Mr. Colgren: He nodded.

The Witness: What was the question?

By Mr. Colgren:

Q. I didn't ask a question. My last question was whether or not you had found the reference.

A. I was asleep, I guess.

Q. Now, Mr. Talbott, the bracketed statement is that:

"Where the traffic under study constitutes substantially the total traffic a carrier handles on a portion of its system, the out-of-pocket costs constitute practically 100 percent of the cost of operating and maintaining the lines affected."

That is followed by a sentence reading:

"Branch lines serving coal mines are an illustration of this situation."

And a further sentence:

"Where a carrier's entire system of traffic is under study the carrier's total costs constitute the out-of-pocket cost of handling the traffic."

Would you compare the traffic receiving marine services [fol. 2113] in the New York Harbor area with coal on a branch line extending out to a coal mine?

A. In a sense it is comparable. I mean in this way: There are certain facilities and costs at New York which are required by the waterborne traffic, just like the branch line may be required for the coal traffic.

Q. All waterborne traffic, is that right?

A. All waterborne traffic and where you have a branch maybe required for all coal traffic, so both cases can properly be considered as solely related to the total.

Q. To all waterborne traffic?

A. That is correct as we have said, but we have eliminated from those total costs involved in performing the water movement in New York the portion applicable to the domestic traffic.

Q. Incidentally, Mr. Talbott, while this occurs to me, are you satisfied that the title of your Exhibits EMT-1 and 2 accurately describe the costs that you have developed therein? As you say, Mr. Talbott, the exhibit is entitled: "Revenues, Out of Pocket Costs and Ratios of Representative Movements of Import Traffic Terminating in Differential Territory" for your Exhibit 1, and a similar heading for "Export Traffic" on your Exhibit 2.

Have you any thought that that should be corrected to more clearly reflect what the costs are represented in that [fol. 2114] exhibit?

A. No, I don't. I think that if you have a cost which is solely related to a particular commodity, you have a right to consider that in the same category as out-of-pocket costs, and I have no objection to that.

Q. Do you feel, then, that under your statistical or accounting approach to this thing that the solely related costs are the same as out-of-pocket costs?

A. I think for the purposes of this exhibit they are, yes.

Q. All right. Mr. Talbott, in effect, you are saying when we tie this back with your 100 per cent application of costs to this waterborne traffic as indicated on page 8 of your testimony those portions that you are applying to the extent of 100 per cent you are in effect saying that they are fully distributed costs too, as well as out of pocket and solely related, are you not?

A. I don't think so.

Q. How do you distinguish between these?

A. The fully distributed cost, I think, is generally understood to take in that 20 per cent of the total cost. It does not appear to vary with traffic increases.

Q. Yes. That is assuming that the 80 per cent average developed and sponsored by the Interstate Commerce Commission is accurate or good enough for general use, is that right?

A. That is correct. But I haven't seen anything in the [fol. 2115] way of a study which even approaches determination of an out of pocket per cent except this study produced by the Commission. So we have nothing else to work on but that.

Q. I did not want to get off on that tangent, Mr. Talbott. I was just wondering how you differentiate, if at all, between your application of these costs and whether or not they are not now the same as fully distributed and what you choose to call solely related and out of pocket. You have indicated that you thought that your title on your

Exhibits 1 and 2 was correctly described as out of pocket costs which would make your solely related basis and your out of pocket costs basis synonymous. And now when we refer back to your disposition of the operating expenses, rents and taxes, you have applied 100 per cent to the marine portion of those expenses on this solely related basis. So that in effect is fully distributed cost, is it not?

Mr. Langdon: If I may interrupt here for the sake of clarity. I apologize for doing so, but when you use the words "fully distributed," Mr. Colgren, do you mean that we are taking 100 per cent of the operating expenses for this particular operation or do you mean that in addition to taking 100 per cent of the operating expenses for this particular marine operation we also have assigned a pro rata part of the deficit services which are properly included in the Commission's definition of fully distributed costs? [fol. 2116] What do you mean? I think you have to define your terms.

Mr. Colgren: Well, I think, Mr. Langdon, it is the province of the witness to define the terms.

Mr. Langdon: It is your obligation to ask clear questions, I think. And I think for the sake of the record it would be helpful if you would define your terms when you use them.

By Mr. Colgren:

Q. Mr. Talbott, will you refer to page 51 of your Exhibit 3. There again I refer you to the second column, the material that is bracketed.

The first sentence I draw your attention to is in the second paragraph which reads: "The same principle is widely applied in abandonment proceedings."

Now, Mr. Talbott, I don't think it is necessary to go back there referring to this same proposition of out of pocket costs considerations. There we have an indication that these various theoretical ascertainments of cost are management tools, isn't that right?

I have in mind—Let me say this, Mr. Talbott, I am merely trying to explore with you this solely related cost concept that you have advanced here.

If management were faced with the desirability of ascertaining the total cost of doing business in the New York Harbor, for instance, say, B and O management, when you developed the total cost of doing business in the New York Harbor area and presented that to management's considera- [fol. 2117] tion, what would you have? I mean how would you describe that total cost? Would that be an out of pocket basis or solely related basis, fully distributed?

A. That whole question would depend upon the use that would be made of it, what they wanted it for. You know there are a lot of ways to approach cost studies.

Q. You are saying, then, that depending on what they wanted to use the study for, you would develop the costs in different ways, is that right?

A. What I mean is, you would take in certain elements probably.

That is a pretty broad question.

Q. Well, it is a broad subject.

A. When you are talking of operating in New York Harbor, we would have to go very far. We know what that is probably.

Q. You say "probably." Do you?

Now, suppose, for instance, management wanted these costs to determine whether or not to actively solicit traffic for termination in the New York Harbor area. What kind of costs would you develop for their ~~consideration~~ consideration?

A. I think we would develop costs pretty close to what were developed here.

Q. In other words, what you have described here as solely related costs?

A. We would have to in regard to some of the traffic because we know that their marine operation is very tight. [fol. 2118] In fact, since this study was made in 1956, we had added several lighters and several floats to the fleet and even through 1957 we were still hiring lighters from other railroads in New York Harbor. All that has to be taken into account. It would be a broad study.

Q. What you are saying is, then, that in connection with the costs necessary to be recouped by additional traffic if management elected to solicit additional traffic for the New York Harbor area, would be based on consideration of the amount of marine equipment you have available, the maximum utilization of the plant?

A. If we were soliciting a block of traffic to disturb the operation, we would definitely have to take that into consideration.

Q. Yes; by the same token, you would take into consideration the fact that your plant was not fully utilized, wouldn't you?

A. Not fully utilized every day in the year.

Q. I mean if that were the case you would so consider it, wouldn't you?

A. Yes, if it was not fully utilized every day in the year, not just an average condition.

Q. Now, Mr. Talbott, would it make any difference in your method of ascertaining costs whether or not the proposed traffic which may be available and which your management is debating whether to actively solicit or not, [fol. 2119] whether that was competitive traffic or not?

A. Well, you are talking about a traffic matter. I assume we always solicit traffic if we can get it, if we can handle it.

Q. I am talking cost ascertainment. I am not talking traffic matters. Now, you, as a cost man, are called upon, I am sure, to advise your management with respect to certain matters along the lines that we are discussing here.

Now, assume if you will that there is a certain amount of traffic which is deemed to be available if your company would like to actively solicit it. Under those circumstances, would you approach the cost ascertainment problem by taking into consideration the fact that this would be competitive traffic as against captive traffic?

A. Well, there is no question in so far as the water movement is concerned.

Q. Yes. That would be an element of consideration, wouldn't it, in your ascertainment of costs?

A. What I meant to say was, we could definitely use the cost developed in this cost study for additional costs in so far as waterborne operation is concerned, the marine operation.

Q. Yes.

A. We would have additional costs.

Q. Suppose your management wanted to have informa- [fol. 2120] tion as to whether or not they should abandon the operations in the New York Harbor, would you develop the same cost study for their consideration as you did in the solicitation of additional traffic, competitive traffic?

A. Are you talking about all waterborne movement, all waterborne traffic, pier station traffic, domestic station?

Q. Broad subject.

A. You are making a question complicated by including in a lot of traffic which has no relation to the issues in this case.

Q. Oh, yes, it does, Mr. Talbott. I want to know whether you distinguish between the methods that you ascertain costs as to the purpose for which the costs are being ascertained. In other words, Mr. Talbott, I am not trying to confuse you. I don't want to get confused, either. Let's put it this way: Is it not true that the ascertainment of costs for consideration of management is influenced by the purposes for which management wants those costs ascertained?

A. Probably there would be something to that, depending on what they have in mind doing.

Q. Precisely so.

A. It is a broad question and it would take an extremely broad answer.

Q. Let's take it down then again to this proposition that in one event management wants some assistance in deciding whether or not to abandon the services in the New York Harbor area.

[fol. 2121] A. In the whole operation?

Q. Yes. Then on the other hand, they would like to have some information as to whether or not they should actively solicit some additional competitive traffic.

A. Now you are getting two different questions.

Q. Terminating in the New York Harbor area. Of course, there are two different things. That is my whole point.

Mr. Langdon: He did not say there were two different things. He said they were two different questions. Let's ask them one at a time or at least ask them in a way so that the witness understands what is in your mind.

By Mr. Colgren:

Q. Do you understand what I mean, Mr. Talbott?

A. I would rather you repeat the first question.

Q. Well, it is all one question actually. I am asking you if your management wanted costs ascertained for the purpose of determining whether or not they should abandon all services in the New York Harbor area, would you provide them the same cost ascertainment as you would if they were to ask you for a cost ascertainment upon which they could determine whether or not to solicit actively some available competitive traffic?

A. I think there would have to be a lot of considerations taken into account, abandonment of piers and selling of boats and you wouldn't have the same situation.

Q. I think you are right. I agree with you.

[fol. 2122] A. You have to figure on retiring your boats, selling them for scrap, and selling your facilities if you intended to get out of business. That certainly wouldn't be the kind of study you would be making if you were soliciting traffic.

Q. Thank you, Mr. Talbott.

Mr. Talbott, will you please refer to page 60 of your Exhibit 3?

Mr. Talbott, in the summary on that page, we find this statement that

> "Based on the data reviewed above the conclusion is reached that on the average the out-of-pocket operating expenses, rents, and taxes for all class I carriers constitute between 70 and 80 percent of the total of these expenses."

Then it describes the variations between the Southern and Western and Eastern districts, and ends with the observation that:

> "On the other hand the out-of-pocket portion of the expenses on lines of light traffic density or on branch lines will be lower than the figures indicated."

Have you any quarrel with that summation on the part of the Commission?

A. Where is that?

Q. That is in the summary to Appendix B, from Senate Document 63.

[fol. 2123] A. I have no study indicating that is so. That is just a statement there. I don't know what facts they have to support that.

Q. Will you turn to page 75, please? In the first column of that page, the first sentence in the second paragraph heads, and I quote:

> "The freight out-of-pocket operating expenses, rents, and taxes developed for all class I railroads in this proceeding are based on 72 percent of the total of these expenses. This percentage was computed by applying to each account the applicable percentage shown in appendix E hereto."

I continue to read:

> "No change has been made in these figures by reason of the further research reviewed in chapters XI and XII as they are within the range referred to in the preceding paragraph."

And that range, incidentally, is from 70 to 75 per cent.

Mr. Talbott, this Senate Document 63 was the basis, was it not, for the development of the Form A cost formula as we now know it?

A. I believe it was.

Q. Do you know the genesis of the 80 per cent out of pocket factor that the Commission has adopted and approved for application generally to cost studies?

[fol. 2124] A. When you speak of the genesis, I suppose you mean the development of the 80 per cent which appears in this statement 4-54?

Q. Yes.

A. Well, I have read it a lot of times and am generally familiar with it.

Q. Do you know where that 80 per cent came from?

A. The conclusions in this Statement 4-54 will tell you. It is mentioned in here. Based on these studies included in 4-54. The study of the various operating expense accounts and their relation to traffic conditions. And they summed these all up and have arrived at a per cent of variable which is reported on page 85 of this Statement 4-54.

Q. I am not sure that I understand your last statement there. You say that those various per cents are added up?

A. Not added.

Q. Is that what you said?

A. They are brought together by territories and the Commission's conclusion appears on page 85 of this Statement 4-54.

Q. Now, the various tables that you referred to in 4-54, are they the genesis of the 80 per cent or are they checks that were made against the propriety of the 80 per cent?

A. I don't know which came first, but I do know the data contained in 4-54 is subsequent to the data supported by Senate Document 63.

[fol. 2125] Q. Yes.

A. They used it in later years to develop the factors. I would assume that what appears in Statement 4-54 has more value today in that respect.

Q. And the Commission still—when did the Commission start using the 80 per cent factor, if you know?

A. I think it was a small shipments case, if I remember correctly, when it was first used. I have forgotten.

Q. That would be about when?

A. 1945 or '46, if I remember correctly.

Q. Prior to the development of that 80 per cent factor, how did the Commission and the carriers go about determining out-of-pocket expenses?

A. Frankly, Mr. Colgren, I don't think too much use was made of it previous to 1956. I have been associated with commerce cases and I don't recall too much use being made of it before 1956.

Q. The 80 per cent factor?

A. Any factor.

Q. People did make ascertainments of out of pocket costs, did they not, prior to '45?

A. I suppose they did.

Q. But you don't know how they did that?

A. I do not.

Q. Mr. Talbott, with respect to the application of so-called [fol. 2126] rail form A, are you familiar with a method followed in order to ascertain out-of-pocket costs?

A. In a general way. I have applied it from time to time but not real recently.

Q. Is it within your knowledge that if you applied a straight Form A method of determining out-of-pocket costs you applied the individual per cents found in Appendix E to Senate Document No. 63?

A. You mean that is the way it is done today by the Commission?

Q. It is not done that way by the Commission today. They use over-all per cents. We couldn't quarrel with that.

I am saying if you were to work it out without that approximate figure.

A. Mr. Colgren, somebody may use those obsolete per cents but in the first place, many of them, to put in plain language, were grabbed out of the air. I have worked some years and months to find out where they came from. There was no academic basis for them in the first place, a lot of them, simply judgment factors.

Now the Commission has presented something here on which they have made a scientific study to produce something.

I certainly would think this would have more weight than those obsolete per cents.

Q. Mr. Talbott, what made those per cents obsolete?

A. Cost accounting has been progressing over a period of years.

Q. Yes, sir.

[fol. 2127] A. And I think there has been a lot of time put on the development of cost data and methods of determining them.

Q. Yes, sir.

A. And I think that one thing that made them obsolete is the fact that we had no academic or real basis for them in the first place. I personally hesitated to use them in many instances because I tried to find out where they came from and couldn't find anything to support most of them.

Q. Are you familiar with all the footnotes in connection with tables in Appendix E?

A. Yes, I have read them.

Q. You don't think that those are authentic sources of the per cents?

A. A lot of them were not based on factual conditions, they were judgment factors.

Q. Mr. Talbott, in connection with what we have been discussing, on page 75, you apparently don't consider the 72 per cent as any, what shall I say, justification or verification of the 80 per cent approved and adopted by the Commission as a sort of rule-of-thumb out-of-pocket cost factor?

A. I prefer accepting the data developed in the statement 4-54 as the basis.

Q. You don't attach any significance to this statement at all, then, apparently?

A. No, it is about 18 years old now, and getting pretty [fol. 2128] fuzzy.

Q. Mr. Talbott, incidentally a sound theory does not become obsolete, does it, with the passage of time?

A. A sound theory could become obsolete when you have better factors on which to base your theory than they had when they arrived at this theory.

Q. All right, sir. Now—

Exam. Boat: Mr. Colgren, is that a convenient stopping place?

Mr. Colgren: Yes, I think so.

Exam. Boat: We will recess until 1:45.

(At 12:30 p.m., a recess was taken until 1:45 p.m., of the same day.)

[fol. 2129] AFTERNOON SESSION 1:00 p.m.

Exam. Boat: We are ready to resume?
Mr. Colgren: Yes, sir.

E. M. TALBOTT resumed the witness stand.

Cross examination.

By Mr. Colgren:

Q. Mr. Talbott, when we left off I think I was just going to refer to page 78 of your Exhibit No. 3. Mr. Talbott, on that page there is the footnote No. 95 which is a reproduction of Dr. Dan Phillip Locklin's summation of the economic factors involved in the determination of a demand schedule under which the maximum contribution may be had from so-called "preferential rates."

Can you read that, Mr. Talbott?

A. You mean the whole footnote 95?

Q. Yes. I do not want you to read it out loud. I want to ask you your opinion of the economic theory expressed there and whether or not you agree with it.

Particularly, Mr. Talbott, I have reference to the last two sentences, and I quote:

"If the distinction between constant and variable expenses has been fully grasped, it will be apparent that preferential rates relieve rather than increase the burden on other traffic if two conditions are fulfilled. Those are [fol. 2130] that the rate must more than cover the direct cost; and that the traffic will not move at higher rates. When those conditions are fulfilled, preferential rates are of benefit to all concerned."

In the light of the rest of that footnote, do you have any quarrel with those three sentences I read?

A. Well I can't, Mr. Colgren, because my purpose was to develop cost, and this deals with rate making.

Q. Yes, but here, Mr. Talbott, we are talking about several different concepts of cost. That is the distinction and the application of out-of-pocket versus solely related, and then of course there is the third, fully distributed or total costs which enter the picture.

Now here it would seem that Dr. Locklin is indicating that where rates will be fixed that will move traffic which might not otherwise move, that an out-of-pocket theory will be of benefit in maximizing the net. I think that is a proper phrase to use in this connection.

Would you agree with that?

A. Well there again I think you have got to get back to the sentence to which that note refers and that reads:

> "The determination of that schedule of rates which will provide the maximum contribution toward the constant cost may be illustrated by the demand schedule shown in chart 22."

[fol. 2131] This note refers to that sentence. That sentence deals specifically with fixing rates.

Of course it is assumed that there will be no contribution unless you earn your out-of-pocket costs. So I think that is a matter of rate making.

Q. Well certainly it is. Of course it is. But the point in maximizing the return to the railroad is the important point, is it not?

A. Yes.

Q. In other words, will you agree with me that rates may be set which will move a certain amount of traffic, that at a lower rate proportionately more traffic may move, not necessarily proportionately, but some more traffic may move.

Conversely, at a higher rate you may forestall the movement entirely. Isn't that right?

A. Yes.

Q. Now here isn't it true that Dr. Locklin is pointing out that to gain the highest benefit to the railroad, and that is the most contribution toward constant costs, we have the necessity of placing the rates at some level over out-of-pocket costs, of course, but at that level which will produce the maximum revenue. I think that is a fair paraphrase of Dr. Locklin's statement here.

Would you agree with that?

A. It is assumed that the rates that you are talking about [fol. 2132] yield a profit, will yield a return, a return over out-of-pocket costs.

Q. Yes, that was part of my premise. Of course, they have to produce at least out-of-pocket costs, but the problem is in maximizing the net return to the railroad.

A. Well, I think logical to maximizing that return. But as I said before I am not a rate man and as I said before, this goes back to the heart of making rates. I put cost in this case.

Q. Dr. Locklin refers specifically to so-called "preferential rates." Now in that connection, Mr. Talbott, isn't it true that the term "preferential rates" connotes a specific treatment of the particular type of traffic that you are studying? In other words, a preferential rate would be in the nature of a commodity, a export-import rate.

Now Dr. Locklin is here talking particularly about the so-called "preferential rates." Do you quarrel with his philosophy in connection with that?

A. I think I made my position clear. I think that is a matter of rates, fixing rates.

Q. That is right, sure.

A. And simply put in a cost study. Fixing rates goes beyond me.

Q. Well, all right, let us see if we can tie it up here. You had put in a cost study in connection with what are [fol. 2133] in fact preferential rates inasmuch as import-export rates are on a different basis than domestic rates, is that right?

A. Yes.

Q. Now in your cost study you have chosen to assign what you call solely related costs, which in this instance approach fully distributed, but are at any rate over the out-of-pocket cost basis, isn't that right?

A. Well the costs I have put in are over the eighty percent basis.

Q. Yes. But actually, now referring back again to your exhibits 1 and 2 where you have entitled those as being out-of-pocket costs in connection with the import-export traffic covered therein, you have in fact made a combination of out-of-pocket costs on the basis of Form A, standard Form A standards?

A. I want to withdraw the answer to my former question because I consider this solely related in that case to be out-of-pocket costs. I should have said so before.

Q. Yes. Let me pursue that a minute. You have, have you not, adopted Witness Heywood's computation for the out-of-pocket costs for the line haul and inland terminal portion of the costs of the traffic represented in those exhibits?

A. Heywood's and French's together.

Q. Mr. Heywood's study was based on eighty percent of the so-called fully distributed, right?

[fol. 2134] A. Right.

Q. Now in addition to that you have developed solely related costs in connection with the port services afforded that traffic in the New York Harbor area, is that right?

A. Yes.

Q. So in effect you have in your Exhibits 1 and 2 a combination of Form A out-of-pocket costs and solely related costs insofar as the New York port area is concerned, right?

Mr. Langdon: Part of the New York area is concerned.

Mr. Colgren: I will accept that.

By Mr. Colgren:

Q. You mean you have discounted the domestic portion?

Mr. Langdon: No, we do not mean that.

The Witness: The solely related applies to the factors set forth in one hundred percent, factors set forth on page 8.

By Mr. Colgren:

Q. Yes. Do you recall now, referring to those factors on page 8, wherein you differ from Witness French's allocation of costs? For instance, if my memory is correct, Mr. French used one hundred percent of all equipment including marine and so on. That is in your return on investment proposition, is that right?

A. That is correct.

Q. And fifty percent of the fixed property which you used, is that right?

A. That is correct.

[fol. 2135] Q. Wherein do your figures differ then? I didn't read all the breakdown.

A. I think it was in agreement if I remember correctly. I would have to look at the papers.

Mr. Langdon: Do you understand the question?

The Witness: Whether I differ on the port costs.

Mr. Langdon: Mr. French did not put in any port costs. Isn't that your contention?

Mr. Bongartz: Can we clarify the percentages Mr. French used as opposed to the percentages Mr. Talbott used?

Mr. Colgren: As shown on page 8.

Mr. Bongartz: It is pretty obvious.

The Witness: What we have used is on page 8.

Mr. Langdon: Do you understand that?

Mr. Colgren: I am about to rephrase actually what I am trying to get at. I was only trying to establish here for purposes of going along the differences between your treatment of the expenses as shown on page 8 and the treatment that Mr. French testified in his opinion were proper.

By Mr. Colgren:

Q. Now isn't it true that under operating expenses, rents and taxes and the subheading "marine" you show one hundred percent applicable under your solely related cost theory, and Mr. French in using the Appendix E individual percents variable, arrived at an average fifty-eight percent. Does that strike your recollection as about right?

[fol. 2136] A. It was a lower percent. I do not recall what it was.

Q. And Mr. French used the eighty percent as you did for the items in your heading "all other—including New Jersey yards and Manhattan stations—".

I have been corrected, Mr. Talbott. That all other was included with the marine and together the sum total amounted to fifty-eight percent whereas you broke it down and used a different percent, one hundred percent to marine and eighty percent to all other, is that right?

A. I think the record will speak for itself. I think that is correct.

Q. I lost track of what I was aiming at. Excuse me, Mr. Talbott.

Now referring back to page 78 and the note 95 there on the second sentence in the quote from Dr. Locklin's book Economics of Transportation, read as follows:

"Prime or variable costs, on the other hand, fix the lower limit, below which the rate must not fall."

Now that is what I indicated before when we were discussing this that we must start with the assumption that the rate must cover at least the out-of-pocket costs. I am sure that is what Dr. Locklin's means by his "prime or variable expenses."

[fol. 2137] Mr. Bongartz: You will not dispute that proposition, Mr. Colgren?

Mr. Colgren: We do not.

Mr. Langdon: Mr. Colgren, if it would speed the thing I am perfectly prepared to accept this statement of Professor Locklin as on our study. The question is what is the direct cost and over what period of time do you compute variability. This theory of rate making is certainly sound. We do not contest that.

Mr. Colgren: All right. I think we are square on that. I do not think we could contest it. I am merely pointing out these matters which I consider of importance for the consideration of the Commission and the Examiner as they relate to the solely related cost theory.

By Mr. Colgren:

Q. Mr. Talbott, if you will refer in your Exhibit 3 to page 1404, are you in accord with the limitations placed on the use of a suggested formula as shown in the second paragraph on that page in the last line of the first incomplete paragraph? Are you clear what I am referring to? Perhaps I had better read it to you, Mr. Talbott.

"The same consideration should be made in applying the unit costs for fixed charges which, within certain limits, will increase as the volume of business decreases and decrease as the volume of business increases."

Then the other reference I gave to you was toward the [fol. 2138] top of the page and it reads as follows:

"This method is adapted to problems not involving increases or decreases in traffic; however, should the problem involve a change in the volume of business it will be necessary to equate the indirect expense units inversely to such variation in the traffic to be handled."

A. What is the question?

Q. I merely asked if you were in accord with the limitations that are placed on the application of the various formulae suggested in this chapter?

A. I am in accord with the theory of determining the out-of-pocket expenses plus the solely related expenses when they relate to a facility required for the transportation of the traffic being studied.

Q. I do not believe that was entirely responsive to my question. In fact, I do not think it was responsive at all.

A. If it is consistent with this paragraph, I am in favor of it. Of course, you are taking something out of context. I think I will have to read again the whole paper or the whole article to see what we are driving at because this particular paper dealt with out-of-pocket expenses. I do not think it referred to solely related expenses at all, if I remember correctly.

If you go over to page 1418 it says under "Direct and [fol. 2139] Maintenance Expenses" the cost per ton handled is different in Table 3-A and should be applied only where traffic requiring such facilities is involved. That is under the subtitle of "Coal and Ore Wharves."

Under "Grain Elevators" it says:

"The cost per ton handled is given in Table 3-C and should be applied only where traffic requiring the use of such facilities is involved."

Q. That is pretty much in accord.

A. I think the general trend through there is that if he had the specific facility for handling the specific traffic that specific expense should be taken into account.

Q. A little while ago you suggested that perhaps we ought to look at the whole chapter or the purpose of the chapter. Let us for instance consider on page 1403 what is said there and see what we can discover as the real reason this chapter is included in the AREA reports.

Would you agree with me that this is an exposition of a method by which various tables of ready reference or however you want to describe it may be developed, through which management may readily and quickly determine the propriety of such proposed moves?

A. It might be considered a quick method for determining certain facts. It is all based on certain conditions and not specific traffic.

[fol. 2140] Q. I think you are right. It could almost necessarily have to be so, would it not, under the very format of the suggested procedure in this chapter? Isn't that right, Mr. Talbott?

A. Yes.

Q. In other words, it is the procedure that has been discussed and apparently the subject of a paper by various members of the association designed to help railroading management in their daily problems. Right?

So they developed various tables and quick formulae which will lead to the disposition of some problems as they may arise. In other words, let us refer to Table 3-A.

Did you mention 3-C. We will refer to page 1414. Now, here, Mr. Talbott, we find a table entitled "Average Cost per Ton Handled through Special Facilities" and it refers to coal and ore wharves, grain elevators, floating equipment.

Under each of those headings there are two columns indicating a cost for operation and a cost for maintenance.

Now in the very lefthand column there headed "Divisions" there are designations first, second, third, fourth, fifth. That I think you might agree with me refers to the divisions of the railroad.

Are you with me so far, Mr. Talbott?

A. I do not know what that division refers to. It might mean divisions of the expense compilations or something.

[fol. 2141] Q. No.

A. Does it say in there what it refers to?

Q. Yes, I am certain my statement was correct that it refers to divisions of the or a railroad because these are merely sample tables, as you agree. Is that right?

A. Yes.

Q. Now here we have the Engineering Association of the railroads suggesting a formulation of various of these tables for the purpose of aiding management in determining what it would cost on the average to haul certain traffic. Is that right?

A. That was intended in the beginning. I do not know why it was ever issued, to be frank with you. I think it appeared in a publication by the AAR as a result of an engineering committee who made a study of the thing years ago.

Q. That is more or less an annual publication, is it not?

A. I don't think so. Yes, it is a report of the engineering section of the AAR, I believe. I do not think this particular compilation has been revised since it was first published.

Q. Actually I am not going to be concerned with the various percents. In fact, there are no percents here. These are specific dollar amounts in Table C. All I want you to agree with me is I want you to follow me through this proposition and see if you are in accord with our ultimate conclusion that we will be led to I think.

[fol. 2142] It is perfectly logical, isn't it, Mr. Talbott, for an engineering group of a statistical group, or however you want to designate it, to attempt to ascertain what the average cost at a given amount of traffic is involved in handling traffic through a certain facility. I mean it is understandable, is it not, that management must have some rules of thumb, some procedures by which to operate?

For instance, Mr. Talbott, let us just consider eighty percent of out-of-pocket costs which certainly you are familiar with in its application to proposed rate, competitive rate propositions. Doesn't your Traffic Department refer you to problems which would entail the determination of an out-of-pocket basis on which they can base the competitive rate?

A. You mean out-of-pocket costs?

Q. Yes.

A. Yes.

Q. Don't you think this is somewhat the same sort of proposition except that it is carried out in fairly fine detail and going into to not so much rate propositions but a method of advising management of their expenses of operation under various divisions of their railroad, one as against another, or through various specific facilities like coal, wharves, grain elevators, and so forth?

A. I think the report was made in good faith, but I think [fol. 2143] we have learned a lot since that time. As I said before and I happen to know a lot of figures were not based on academic studies. A lot of them were just based on judgment factors.

Q. Mr. Talbott, I am not referring to specific amounts here. I would not doubt but what these figures in these tables were just plucked out of the air. They are just illustrative numbers. I do not think they mean anything or refer to anything in particular.

It is the method that we are discussing here, really.

A. These cost figures in this Table 3-C, they may have a basis for them.

Q. They may have had but we would have to know what facilities they are talking about. They would, of cour vary with every railroad, would they not?

A. That is right.

Q. And differing locations on the same railroad?

A. That is right.

Q. And different divisions on the same railroad and so on. Isn't that right?

A. That is correct.

Q. Now my point in going through this, Mr. Talbott, was merely to see if we are in agreement that this method or formula or method of calculating the cost of moving freight traffic isn't in final analysis a sort of rule of thumb proposition for the guidance of management rather than [fol. 2144] an actual cost technique.

A. I mean this part of the appendix he was referring to.

Q. Yes.

A. I think it would require a lot of refinement to get a figure that would be of much value to management today. Of course all cost finding follows a general trend like this.

Q. I am in perfect agreement with what you said and I think that you mean as far as determining actual costs are concerned these would have to be refined far more than they are.

A. Oh, yes.

Q. I think that is right.

A. But making that statement I do not agree with percents included in here. I will withdraw that. Yet that just refers to the costs.

Q. Now, Mr. Talbott, will you refer back to your testimony again and refer to page 23, the last sentence preceding the last paragraph on that page starting with "In other words." You refer to the relatively small part of New York's export-import traffic which is loaded or unloaded directly between car and ship.

Can you tell me, Mr. Talbott, the percentage of Central New Jersey traffic which was loaded or unloaded directly between car and ship.

A. I have the figures in my working papers. I can calculate that.

[fol. 2145] Q. Can you give me an approximation?

A. You want the Central Railroad traffic, is that right?

Q. Yes, sir.

A. And your question related to the ore?

Q. No, I didn't restrict it at all. The percentage of those commodities which are loaded and unloaded directly between car and ship with reference to total tonnage.

A. At the time the study was made as shown on my Exhibit EMT-8 there is a total monthly average of 28,031 tons of scrap iron and import ore handled through the Central Railroad.

Q. That is the percentage of the total?

A. Central Railroad traffic amounted to 673,000 tons. That is around forty percent.

Q. You mean 67,000. I think you said 670.

A. 673,403 total tons for the year. Wait, that is 673,403 tons was the total for the year.

Q. The ship to car traffic was what percent of that?

A. About forty percent.

Q. On page 27 in discussing Witness French's unadjusted overstatement No. 7, down at the bottom of the page, you make three points. These points were why you did not include in your cost study this traffic.

The first reason is that it was a small proportion of the entire traffic. You have just indicated to me that it was forty percent. Do you consider that a small proportion?

[fol. 2146] Mr. Langdon: The percent for one railroad. How about the other railroads?

The Witness: The entire picture.

Mr. Colgren: Right now I do not know who is answering me, Mr. Examiner.

The Witness: I was going to give you the same answer. We were talking about the entire traffic in the New York Harbor.

By Mr. Colgren:

Q. Could you have some figures as to what the percent would be and the total traffic in the harbor that is transshipped from vessel to car?

A. I do not have it available.

Q. What did you base your conclusion on then?

A. Even though there are very limited facilities in the New York Harbor for handling that type of traffic.

Mr. Langdon: We have not an exhibit on that very point, Mr. Colgren. Let us get it nailed down right now.

Mr. Colgren: Mr. Examiner, I do not know who is the witness at this point.

By Mr. Colgren:

Q. Mr. Talbott, do you consider that the Central New Jersey has adequate facilities for transfer of ship-to-car traffic?

A. Yes.

Q. Is it the only railroad in the harbor?

A. I understand that the Lehigh Valley has some facilities for that purpose. [fol. 2147]

Q. And the New York Central?

A. And the New York Central has facilities for that purpose.

Q. Have you found the statistics we were looking for?

A. I had it before me at one time when this was written. This statement shows that New York Central Railroad had 36,000 tons in the month of September 1956. New Haven did not have any. Erie apparently did not have any. Central Railroad had the amount shown on page 8 of my exhibit, 27,000 tons.

Q. In the neighborhood of 60,000 tons?

Exam. Boat: Which exhibit was that that you last referred to?

The Witness: EMT-8.

Exam. Boat: EMT-8?

The Witness: Yes.

Mr. Welsh: May I at this point ask a question. This last figure, 27,000 tons, was that the Central Railroad of New Jersey, did you say?

The Witness: Yes.

Mr. Welsh: Thank you.

Mr. Laux: May I see that when Mr. Talbott gets through with it?

By Mr. Colgren:

Q. Do you have any figures there for the Pennsylvania Railroad?

A. No.

[fol. 2148] Mr. Langdon: They are in there.

The Witness: Are they?

Mr. Langdon: Of course they are, EMT-11 for the Pennsylvania Railroad.

Mr. Colgren: Mr. Langdon, EMT-11 does not refer to ship-to-car traffic.

The Witness: No.

Mr. Langdon: I will find that figure for you. We will find it for you.

The Witness: I had the figure when we wrote that testimony, but I do not know where it is right now.

Mr. Laux: Mr. Examiner, when Mr. Talbott is through with that may I take a look at it?

By Mr. Colgren:

Q. Mr. Talbott, let us revert to my prior question then and suggest to you that 60,000 tons of traffic which you indicated was handled between the New York Central and CNJ, I believe, two of the roads that you had the figures for, is not an insubstantial amount of traffic.

A. It impressed me as being a small amount at the time this data was being written.

Q. Of course, I think we agree that it was forty percent of the Central New Jersey traffic.

A. I am speaking about the whole New York Harbor when this was written. No B&O traffic handled that weigh.

Q. That does not include Port Newark, does it?

[fol. 2149] A. Which does not include it, the figures I gave you?

Q. Yes.

Exam. Boat: The answer is no?

The Witness: No.

Exam. Boat: Speak out.

Mr. Bongartz: Mr. Examiner, it seems to me, that if this is something Mr. Colgren wants precise answers on the opportunity should be given to correlate the various figures in the record and come up with it. There is not much point referring to a forty percent figure of Central New Jersey as being of any particular consequence when we are dealing with all the railroads.

Mr. Langdon: I think I may add, Mr. Examiner, that in Mr. French's working papers there was information on this point in regard to the other railroads. With the exception of New York Central I think they represent zero on the proportion of traffic handled direct from ship to car. The Erie and Lackawanna are railroads covered by that statement. We will be perfectly willing and glad to, and thought we had supplied the figures for the New Jersey Central and the Pennsylvania and the B&O on that.

Mr. Colgren: I think we are satisfied as the situation stands, Mr. Examiner.

Mr. Langdon: I do not know that we are. We want to get it straight.

[fol. 2150] Mr. Colgren: Mr. Myskowski has a few questions of Mr. Talbott now, Mr. Examiner.

Exam. Boat: Very well.

Cross examination.

By Mr. Myskowski:

Q. Mr. Talbott, is it your understanding that this proceeding involves rates, import and export traffic from CFA territory?

A. I think that is my understanding. As I tried to make plain before, I am a cost man and I put on the cost of moving traffic. I am not so much concerned with the making of the rate. It is somebody else's job.

Q. Mr. Talbott, at the time you previously testified on page 1540 of the record, you put in figures to show that of the total cars receiving a marine movement by the B&O and CNJ in the Port of New York, 16.41 percent of the cars were lightered and 83.59 percent of the cars received a floating movement. Do you recall those figures, sir? Would you like to refresh your recollection?

A. I do not recall the figures, but it sounds about right.

Q. So the total cars, only 16 percent of the traffic was lightered, is that right, sir?

Mr. Langdon: He is talking about all New York traffic. In other words, domestic and import.

The Witness: That is right.

By Mr. Myskowski:

Q. Would you turn to your work papers, Schedule E, [fol. 2151] Part B and C?

A. You mean the old work papers?

Q. The old or the new. The ones which show your marine expenses per ton.

Exam. Boat: What was that reference?

Mr. Myskowski: In the new working papers it is page 9, Schedule E, Part B and C.

Exam. Boat: Thank you. I have it.

By Mr. Myskowski:

Q. You there indicate, Mr. Talbott, that there was a total of 56,404 tons which received a lighter movement; is that right, sir?

A. That is correct.

Q. And of those 56,000, 23,705 were domestic cement?

A. That is correct.

Q. And in addition to that, Mr. Talbott, you indicate on Exhibit EMT-8 there were an additional 7,000 tons of domestic traffic other than domestic cement which received a lightered movement. Is that right, sir?

A. EMT-8?

Q. That is right, sir.

A. No, that is 7,000 tons receiving a domestic movement included in the 56,404 tons.

Q. I am sorry. Does not that 43,000 tons figure that you show on EMT-8 have cement excluded from that already? I think it is, sir, in a previous reconciliation that you showed.

[fol. 2152] A. I do not think it did. That is the tons floated in truck in lieu of lighter. That is 43,000 tons. That was the total.

Mr. Henry: Mr. Talbott, do you understand the question?

The Witness: He wanted to know if the 43,000 tons excluded the truck.

By Mr. Myskowski:

Q. I assume from that 43,000 tons you subtracted 7,152 tons which were lighted domestic freight which was lightered in addition to this 23,000 tons of cement.

A. The 23,000 tons is not in the 43,000.

Q. So that this is additional domestic tonnage, is it not, sir?

A. But that domestic tonnage is in the 31,000 which makes up the 56,000 shown on that.

Q. We are getting to it. So that you can subtract the

7,000 and the 23,000, making a total of 30,000 tons at least of this 56,000 which was domestic, is that right?

A. But the 7,000 tons is not in this 31,000 because it did not receive a marine movement.

Q. I beg your pardon, sir. I was under the impression that 7,152 did include the tons which received a lighterage movement.

A. The 7,000 tons did not receive a lighterage movement.

Q. How did those move?

A. Truck.

[fol. 2153] Q. I will have to go back. I was under the impression that all of the tons which were picked up were export-import. Am I wrong in that?

A. That is correct.

Q. What is correct? That they were export-import?

A. Yes.

Q. How can you tell me this 7,000 tonnage was tonnage that was trucked?

A. None of the import-export traffic was trucked in addition to receiving a marine movement. It received only one or the other.

Q. That is right. But of the total 7,000 which received trucking in lieu of lighterage, all of that was import-export traffic, is that it, sir?

A. That is correct.

Q. So this 7,000 tons of domestic traffic received a marine movement, is that right, sir?

A. The 7,000 tons domestic traffic received a marine movement, yes.

Q. That is added to the 23,000 tons, making a total of at least 30,000 out of the 56,000 tons which was domestic traffic. Is that correct, sir?

A. That is correct.

Q. So that more than half of the tonnage which was lightered was domestic?

[fol. 2154] A. That is correct.

Q. So that of the 16 percent which received a lighterage movement, at most 7 or 8 percent of the traffic which was lightered was export-import freight, is that right, sir?

A. From a tonnage basis, yes.

Q. And Witness Mollman's exhibit indicates that of a total of about 2,318,644 tons some 922,968 were import-export tonnage. I divided those and came up with a figure of about forty-two percent. That forty-two percent is tonnage going to and from CFA territory.

Then you get a total of something like three percent of import-export traffic to and from CFA territory which got a lighterage movement. Is that right, sir?

A. Eight times.

Q. Forty percent of eight would be about 3.2 percent, I would say. And you are here saying, Mr. Talbott, that the main expenses in New York are solely related to that three percent and the other ninety percent is incidental, is that right, sir?

A. I do not think your calculations are right.

Q. Would you like to check them. That is in the record. There is no point in disputing it. I can give you the exact tonnages if you would like them.

Mr. Langdon: Will you supply them? Supply the figures in that respect for your railroads.

Mr. Myskowski: We have gone into this so many times, [fol. 2155] let us stick with the witness.

Mr. Langdon: I just wanted to know if you wanted to develop the facts.

Mr. Myskowski: Page 32 and 96 of Mollman's Exhibit MLM-2.

Mr. Langdon: Are you contending that the bulk of the lighterage service at New York is concerned with the handling of domestic traffic?

Mr. Myskowski: And as far as the B&O and CNJ are concerned, that is what his figures indicate, Mr. Langdon.

By Mr. Myskowski:

Q. If those figures are correct, Mr. Talbott, then a little over three percent of the import-export tonnage to and from CFA territory covered by these rates receives a lighterage movement.

Would you like to go back over these figures, Mr. Talbott? They are your figures.

A. No, I do not think they are my figures. I do not think the figures are correct. I think there is something wrong with them. They are not my figures.

Q. This is your testimony on page 1540.

A. I mean so far as you get the three percent. There is something wrong with that calculation somewhere.

Mr. Langdon: Are you standing on that proposition?

Mr. Myskowski: I am asking Mr. Talbott.

Mr. Langdon: You know that is not a fact.

[fol. 2156] Mr. Myskowski: Those are his figures.

Mr. Langdon: It is a trick computation with a misleading conclusion, and you know it.

Mr. Henry: Let us get at the facts. Why don't you supply for your railroad the information?

Mr. Myskowski: Let us find out where the trick is. These are your figures. You said the total traffic receiving the marine movement, only sixteen percent received a lighterage movement.

The Witness: What is that? The traffic receiving marine—

By Mr. Myskowski:

Q. It is right there in front of you. That is your testimony, Mr. Talbott. You wanted to show in showing the tug hours that you took a representative movement.

A. But the tonnage representing the sixteen percent is not anywhere else in my calculation.

Q. I know about that.

A. I mean the tonnage represented by the cars floated is nowhere in my calculations.

Q. Yes, I noticed that, Mr. Talbott.

A. I had no significance in this study.

Q. I was trying to figure out why you allocated or why you say that of the tug expenses the majority is attributable to this import-export traffic which is lightered.

[fol. 2157] A. I think that you were present at the hearing when we explained that, based on a cost study over sixty percent of the time involved—

Q. Was what?

A. —is in connection with the lighterage traffic.

Q. That is not true. If you look at that page it is exactly the opposite.

A. That is true based on the time study and the records show it.

Q. Mr. Talbott, your figures do not show it. If you look either there or on your original work papers, it is the reverse. Page 32 of your work papers.

A. If you refer to page 14 of this document I do not know how it has been numbered yet, it described the cost study that was made in which we allocated sixty-three percent of the time.

Q. To—

A. To car floats.

Q. That is right, sir.

A. And thirty-six percent to lighters.

Q. That was based on cars and you know you get a lot more.

A. That was based on hours of time, based on hours involved in hauling the traffic.

Q. I will agree with that, sir.

A. Not on cars.

[fol. 2158] Q. And you will agree that you get a lot more tons on the car float than you do a lighter.

A. Yes, but we didn't allocate any of this floating cost into this traffic, into this cost of handling this traffic because I think there were only six cars hauled on floats.

Q. That was of your export-import freight. That is exactly what I am trying to bring out, Mr. Talbott, that your marine operations are primarily for the benefit of your domestic traffic.

A. Our marine operations were established for handling import-export traffic, and if there was export-import traffic to be handled, there would be no marine operation in the City of New York as far as the B&O Railroad is concerned.

Q. How would you get it across the river?

A. By truck. There would be no marine operations because there would be no import-export traffic.

Mr. Langdon: You mean lighterage.

The Witness: Well, the lighterage operation, yes.

By Mr. Myskowski:

Q. How about stuff like steel and traffic that you cannot handle by truck?

A. We would not be interested in it.

Q. Are you taking issue with your own figures, Mr. Talbott?

A. I am not taking issue with my own figures, but I am taking issue with some kind of manipulation which results in three percent of the traffic moving import-export.

[fol. 2159] Q. If sixteen percent of the total cars are import-export, half of those, or more than half are domestic as shown by your working papers and fourteen percent of that total—sixteen percent which received the lighterage movement—

Mr. Macleay: Would you repeat it slowly.

Mr. Myskowski: Let us do it very, very slowly.

Your exhibit indicates that of the total cars receiving a marine movement, sixteen percent received a lighterage movement and the other eighty-three plus percent received a float movement. Is that right?

The Witness: That is right.

By Mr. Myskowski:

Q. If you will notice that figure of one hundred some-odd thousand is used again in your exhibit, I believe it is EMT-6. Mr. Talbott previously gave a sum total of 102,779 cars as having been floated during the year 1956.

Mr. Macleay: That is cars floated.

The Witness: That has no relation to import-export traffic.

Mr. Myskowski: I am trying to get the proportion receiving a lighter movement of the total receiving marine movement at New York. Your figures indicate three percent.

The Witness: Of course, that figure has no value then. What you are adding in are all these pier station cars and everything else.

[fol. 2160] Mr. Macleay: The car float business.

The Witness: The car float business.

Mr. Macleay: No wonder it didn't make sense.

The Witness: No wonder it didn't make sense. That is about the most nonsensical calculation I have heard today. I have heard a lot of them.

By Mr. Myskowski:

Q. There are marine costs at New York such as tug expenses, is that right, Mr. Talbott?

A. Repeat that again.

Q. Is it your contention that such things as tug operations expenses are solely related to this traffic?

A. I do not think I have said it just that way.

Q. How did you say it?

A. I have said the tug operation is solely related to the water in New York Harbor and we have allocated to the lighterage expense a portion of the tug expense based on the cost on this time study first, and then based on the cost of handling a ton of freight in a lighter. I just completed saying about the only reason for the lighter operation in New York is the import-export traffic because we would not want to be in that business if there was not any import-export traffic.

Q. Is it your position that if you lost this three percent of the traffic which is export-import to and from CFA, which is lighted, that you would forego the other ninety- [fol. 2161] seven percent and do away with the marine operations?

Mr. Langdon: The witness did not say that.

By Mr. Myskowski:

Q. What did you say?

A. The three percent figure has no value. Our portion of the traffic which is lightered I am sure is more than three percent of our total lightered traffic.

Q. That is not what I said. The total marine movement.

A. I do not know what that float of traffic has to do with my calculations.

Mr. Langdon: Would this be a good time for a brief recess?

Exam. Boat: Yes.

(Brief recess.)

[fol. 2162] Exam. Boat: Let's come to order, please.

By Mr. Myskowski:

Q. Mr. Talbott, the rates involved in this proceeding are not, so far as you know, restricted to any particular type of movement; is that right? The rates apply whether it is trucked, lightered, floated, or transferred by direct transfer; is that right?

A. They apply whether it is lightered or in lieu of lighter or floated in lieu of lighter. It would be the same rate under tariff restrictions.

Q. And if it were the same rate, it would still apply?

A. I am not acquainted with the rates on that. I am not a rate man and I don't know of any restrictions.

Q. You discussed these movements somewhere in your testimony, page 25, these four types of movement. Do you know of anything that would make you believe that tariff from CFA could not be handled directly between the car and the ship?

A. No, I don't know of any reason why it couldn't be.

Q. In your Exhibit EMT-3, the first column near the bottom, it says, "Out of pocket costs should be computed for all traffic to which rates apply." It goes on to say:

> "In determining the out of pocket costs of handling a given volume of traffic, the study should embrace or take into consideration all of the traffic to which such rates will apply."

As I understand from the previous questioning, your study [fol. 2163] does not take into consideration any traffic that was directly transferred, is that right?

A. My cost study does not include the traffic which was transferred to the Central Railroads from ship to car and I made that very plain in my testimony.

Q. Mr. Talbott, your Exhibit EMT-8—you indicate that there was a total of 899,478 tons of import-export traffic handled by the B and O and the CNJ during the year 1956; is that correct?

A. I think that is correct. I have not found my exhibit yet.

Q. Is that correct, 899,478?

A. That is right.

Q. If you divide that by 12, I get 75,000 tons a month; is that right?

A. That is about right, if you divide it by 12.

Q. Lower down on that page, you indicate that the total lightered, floated and trucked in lieu of lighterage, after you exclude the domestic traffic comes out to 35,849 tons; is that correct?

A. That is correct.

Q. Is this 35,849 tons the total amount of import-export traffic embraced or included in your study?

A. Yes.

Q. So that is something less than half of the total which moved during a representative month or during that month [fol. 2164] if it were representative; is that correct?

A. That is correct.

Q. And you have taken the figures as you have developed them, based on this minority of the traffic or less than half of the traffic which moves by lighter or by truck or in lieu of lighter in the few tons which were floated and you have applied such costs against representative movements to and from CFA territory; is that correct, in your Exhibits 1 and 2?

A. Yes.

Q. If, as seems to be the story, the majority of the traffic moves directly by transfer from car to ship or vice versa and some of the traffic in your exhibits so moved, then your comparison is meaningless, isn't it?

A. No, I am not sure mine is but I am just wondering whether yours is.

Q. Which way?

A. We have an average of 67,000 tons of movement through the port in New York rather than 75,000. The figure shows on my Exhibit EMT-8.

Q. That is after you excluded some traffic?

A. We included some cargo.

Q. Why did you include it up above? I took your total traffic and then after you excluded everything you came out with 35,000 tons.

[fol. 2165] A. I put in the cost study based on the way it is my understanding the majority of the traffic moves in New York Harbor. The majority of the import-export traffic requires a marine movement or trucked into a lighter or floated into a lighter, so it will probably continue to receive that type of handling.

Q. Your figures here indicate only 35,000 tons got a trucking in lieu of lighterage and of that amount really got trucking, did it not?

A. I was speaking of the majority of the traffic in New York Harbor and not necessarily the Central Railroad.

All the Baltimore and Ohio traffic was this lighter movement and a large portion of the Central Railroad traffic and I understand all the Pennsylvania Railroad traffic, practically all of it, if not all of it.

Q. How would you reconcile this 35,000 with your 75?

A. It reconciles itself on this exhibit. It does not need any further reconciliation.

Q. Am I to assume that the other 40 tons was moved through New York or Earle and Carteret or was it by direct transfers?

A. 37,000 tons were by direct transfer.

Q. Let's take your Exhibit EMT-1. On the first page there, let's take the third one. You have bananas. I understand there is a very, very substantial movement of bananas to CFA territory through the Port of New York. Is that right? Do you?

[fol. 2166] A. I don't know.

Q. Mr. Mollman's traffic study, MLM-2, indicates that out of a total of 645,792 tons, which moved to CFA territory through New York, 53,946 tons was bananas or about 8 per cent was bananas. You know that those are handled almost solely by direct transit by the New York Central, or do you know that?

A. I think we have priced them accordingly.

Q. According to what?

A. Assuming they were direct transfer. Yes.

Q. Where do you have costs for direct transfer, Mr. Talbott? Would it be in any of your work papers?

A. It appears on the summary of the provided work papers. I think you have a copy of them. The costs were developed on Pennsylvania Railroad. We did not have any of that type of traffic and the costs appear on this summary sheet, which I think you have.

Q. Am I to assume, then, that the cost for bananas was about $7-something per ton for direct transfer?

A. That is what it costs the Pennsylvania Railroad to do the job.

Q. On what page is that?

A. Page 1 of my composite costs by types of cars. You will notice that that is just a per car cost, and there is no per ton cost.

I understand that on the Pennsylvania Railroad that they [fol. 2167] transfer the bananas to cars on the float.

Q. In computing your average, don't you think there should have been included costs of such a method of transfer when it comprises such a broad proportion of the total moving?

A. We did not have any experience in that particular field. We did not handle any bananas that way and neither did the Pennsylvania Railroad.

Q. But where you included ores and scrap iron, you excluded that?

A. Yes, there is no mistake about that.

Q. Can you tell me if you wanted to determine whether or not this traffic is compensatory why you did not take the total revenues and total costs or average revenues and average costs instead of going through all of these mathematical gymnastics and excluding this or that and dividing that up by this.

If you want to show something is compensatory, you take the revenues and costs and compare the two.

Here you had all sorts of traffic moving in all sorts of movement and you included some and you excluded others.

Mr. Langdon: He included all involving the water service except the four which were excluded and those were excluded because we didn't have the movements.

Mr. Myskowski: Those comprise the majority of your movements. 75,000 is the average tons the way I figure it and you only have 35,000 in your cost studies.

[fol. 2168] Maybe Mr. Langdon wants to change it.

Mr. Langdon: If you will refer to page 29 of Mr. Talbott's statement, you will find the two export commodities and the two import commodities that were excluded in Mr. Talbott's study on the ground that we did not have the traffic data and I am speaking now of all commodities which received the water service at New York and which were handled in a volume greater than 1,000 tons during the year of the traffic study.

Mr. Myskowski: That is exactly my point. You confined your study to the traffic which received the water movement, Mr. Talbott's figures indicate that the majority did not receive the water movement.

Mr. Langdon: We are trying to price out and you know this as well as I do, we are trying to give an indication of the cost of handling this traffic by the Respondent carriers. According to your own shoping, at least three of your carriers handle all of this export-import traffic at New York in the very way we have undertaken to price out here.

Mr. Myskowski: Are you testifying now?

Mr. Langdon: No. I am simply trying to point out how unfair the question was that you asked and how confusing and misleading it was.

By Mr. Myskowski:

Q. Is your study here deemed typical of the volume of the other three roads?

A. To the best of my knowledge, it is typical of the water [fol. 2169] movement to handle it in the New York Harbor.

Q. Have you made any studies to substantiate that?

A. No, but investigations made indicate all railroads handle them in practically the same manner.

Q. Same consist?

A. I don't know if it is the same consist, but I would assume it is the same.

Q. In answer to a question by Mr. Colgren, you indicated your revenues shown in your Exhibits EMT-1 and 2 do not include the increases granted in 212 either so far as line haul rates are concerned or the 6 cents additional charge; is that correct?

A. That is correct.

Q. Would you agree if you had included them that there would be an increase of maybe six or seven per cent in the revenues you show?

A. I wouldn't agree to any amount. Naturally, there might be some increase if you increased the revenue.

Q. An increase of 6 cents a hundred pounds on the terminal?

A. I don't know whether that is going to be applied universally. I haven't the slightest idea at this point.

Q. Do you mean you do not know on what traffic it would apply?

A. Maybe counsel can explain that. I don't know for a fact whether it is going to be universal.

Mr. Langdon: Serious consideration is being given to [fol. 2170] the withdrawal of the 6 cent charge by our company and other companies involved for competitive reasons and there may be an announcement on it tomorrow.

Mr. Myskowski: Have they gone into effect?

Mr. Langdon: I think the tariff became effective Monday morning.

By Mr. Myskowski:

Q. Mr. Talbott, on pages 8 and 9 of your statement, you say you have included in your costs 100 per cent of the marine operating expenses, first, because of the high degree of variability with the traffic of the marine accounts, and, second, because such expenses are incurred principally because of the requirements of export-import traffic at New York.

A. Yes.

Q. Do you still maintain that, for example, tug operating expenses are incurred principally because of the requirements of export-import traffic?

A. I have explained the way we have arrived at that. We have charged against the lighterage operation a portion of the expense for operating lighters based on a time study.

Naturally, if we had no lighter traffic, it would reduce our tug expense approximately 36 per cent, the per cent which is assigned to lighterage operations.

During the year 1956, we had a severe shortage, not necessarily a shortage, but we were up against it with the [fol. 2171] marine equipment. We had a tight operation the entire year. We had five diesel tugs in operation and two standby steam tugs. On many occasions we had to use the two standby steam tugs particularly when the diesel tugs were out of commission. Any operation that requires 100 per cent use certainly must be considered as being solely related, so I have taken 36 per cent of the cost of operating the tug boats, the cost of operating all the lighters, maintaining the lighters and operating them, and I have assumed 100 per cent of that solely related to expenses, and I think that is proper cost accounting.

Q. Do you still believe these marine expenses are incurred principally because of the export-import traffic?

A. The portion that we charge against the lighterage operation is principally because of the import-export traffic and the part of the tugboat time that we charge against floats may not be, but just bear in mind the floating cost is a cheaper operation. We can schedule our floats but you are pulling lighters any old time of the day or night and you could have a uniform operation if you had nothing but floats to handle.

Q. You used the figure 36 per cent. That is for all lighter traffic, is it not, and your domestic is a majority, according to your figures, is it not?

A. It is a majority in tonnage but my costs are understated because I have included the tons of domestic cement [fol. 2172] in arriving at my cost per ton. I included it because we had no way of separating it on an actual basis, but those lighters haul about 340 tons of cement in the lighter whereas the other traffic averages considerably less than that. It averages around 80 or 90 tons to a lighter, so by including the domestic traffic tonnage in my divisor to get the average cost per ton, I have definitely understated the cost of import-export traffic.

Q. Of the half which was import-export, only 40 per cent or so really went from CFA, so that the marine expenses which you allocated would be considerably less than 36 per cent. It would be maybe 8 per cent Is that not right?

A. No, it would not be 8 per cent.

Q. Here we are involved only with the rates in CFA territory.

A. I don't know what percentage of traffic goes to CFA.

Q. It is in the record. It is 42.

A. Well, that is something else. That particular traffic is only getting its share of the marine expense.

Q. When you allocated these expenses on the basis of this tug study, did you also distribute such expenses as land operations on the basis of this 36-64 per cent?

A. No. We had specific facilities assigned to the float operations and we assigned them to the cost of operating the floats, and those facilities were used in connection with lighter operations. We went into the cost of handling [fol. 2173] lighterage freight. Those were assigned on an actual basis.

Q. Do you have your original working papers with you, such as page 9?

The first item there is land operations, joint. To me, as I read that, it seemed to me that you allocated that total on the basis of this tug study of yours. Am I incorrect in that?

A. We would have to trace back and see what was in that particular one.

Q. Page 32 is where you have your tug study. That is the reference given.

A. That land operation means a shore operation and not necessarily land or real estate. That means a shore operation.

Q. What would be included in that?

A. The marine management, the crew, dispatcher, tug dispatchers, timekeeper, electricity for the office, telephone service, officers, police protection.

Q. Do you think it is proper to allocate all of those expenses on the basis of the tug study rather than on the basis of tons or cars?

A. That was not distributed on the basis of the time study.

Q. That is what it seems to indicate here.

Where can I find something to the contrary?

A. Yes, that appears to have been distributed on the basis of the time study.

[fol. 2174] Q. Don't you think it would have been more proper to distribute on the basis of tons or cars rather than on the basis of tug hours when you know that the tug would be able to carry many more tons in a car float than they would in a lighter?

A. No, I don't. This land operation has to do with the use of tug boats principally, moving the lighters and the floats.

Q. I was talking things by electricity, timekeepers and all these other things you mentioned.

A. I think they relate to tug hours all right. I don't see anything wrong with that.

Q. In connection with your trucking costs, Mr. Talbott, can you tell me why you used such a confused method? Is it true that your trucking operations are performed by contract at a certain amount per ton?

A. Let's get the question cleared up. Where is it confused or complicated?

Q. I don't know how you arrived at it. You changed it from the previous study and divided 41,000 into the total previously and this time you divided 34,000 into it.

I am wondering why you just didn't take the contract price and say, "This is how much we paid per ton for trucking," instead of going through all these computations.

A. I thought this was a more simpler way of doing it.

Q. Do I understand that you came up with a figure of $5.60 a ton for your trucking costs?

[fol. 2175] I think you so testified previously.

A. Do you know where that appears in the record?

Q. I think you have my transcript there, Mr. Talbott, and it is in that portion there.

Can you tell me how much your trucking costs were per ton? It is at page 1536 of the record.

You say, "The actual number of tons trucked to and from Jersey City and St. George during December amounted to 7,064 tons or an average cost of $5.60 per ton so handled."

Do you happen to know what your actual cost was based on the contract you had with the trucking firm in 1956?

A. That is it. Those are the bills we paid for that month's trucking.

Q. That is true but the way you computed it was to take the total paid and somewhere else you seem to have arrived at the tons. I think your total paid is shown on page 26 of your original work papers. Is that right, Mr. Talbott?

A. Yes, but that is the cost shown on that page.

Q. Again I had trouble reconciling the tonnage. You show on your Exhibit EMT-10 that there was a total of 7,064 tons trucked in lieu of lighterage; is that correct, during September?

A. Yes.

Q. On your Exhibit EMT-7, you show that the Baltimore and Ohio had 6,821 of those tons; is that correct?

A. Where do I show that?

[fol. 2176] Q. Your EMT-7.

A. That is correct.

Q. That leaves 243 tons for the CNJ; is that correct, sir?

A. Let's get this straightened out now. EMT-7 deals with the B and O traffic only.

Q. The other is the total for both, is it not?

A. The total for both?

Q. That is right. That leaves 243 for the CNJ; is that right?

A. How do you get the 243?

Q. Subtract the 6821 from the 7064 for both.

A. That is correct.

Q. For that 243 tons, you show on page 26 that the Jersey Central paid $2713.40. According to that they would be paying about $11 a ton for the trucking?

A. That is not so.

Q. I did not think it was. I could not reconcile it; anyway, Mr. Talbott, there is no question unless you want to explain it.

A. We intend to explain it because there is just a difference in figures here. These supplemental statements did not affect these figures. These supplemental costs were taken from the supporting data. I would like to explain that difference, and I think we can do it very easily.

Q. The increase in cost is shown for the Pennsylvania Railroad in your studies due in large amount to your inclu- [fol. 2177] sion of the trucking costs; is that correct?

A. No, I would not say that because the traffic either gets trucked or lightered.

Q. I meant from the previous exhibits as you had filed it or the Pennsylvania had filed it, you have added in the trucking costs?

A. No, we have really decreased our costs because, in the original exhibit, we had made a duplication there. We had a charge in there for both lighterage and trucking traffic so we have eliminated some of that cost and put a credit as appears on my working papers. We took out 88 cents because of that.

Q. I am talking about Pennsylvania.

A. I beg your pardon. I am thinking of the B and O.

Q. In the Pennsylvania, this time you included trucking costs.

A. Their adjustment, as I explained in my testimony—

Q. At page 13, I think you say:

"I have also included the trucking cost portion of the trucking in lieu of lighterage costs for the Pennsylvania which were inadvertently left out of Exhibit 50-A and not included by Witness French."

Could you tell me what you mean by "inadvertently"?

A. I just forgot to put them in, I suppose, just overlooked it.

Q. Did you know that at page 1289 and 1290, the Examiner asked Mr. Heywood why he did not have the trucking [fol. 2178] costs in, and he explained that it was improper to put them in, that under classification of accounts they had to be subtracted from revenues.

A. I don't know that that is in there. He probably changed his mind, anyway.

Q. He is not here.

A. Well, he changed it.

Mr. Taylor: It appears that the charge is against revenue.

By Mr. Myskowski:

Q. Where do you deduct it from the revenue?

A. We put it in the same place.

Q. I think it is clear that the Examiner asked why it was not included in costs, which you have now done.

A. We put it in cost. The revenue could have been reduced but you get the same answer.

Q. Not if you deduct the trucking costs from the revenue from all your tons. You are adding it to the few tons here that are included in your study. If you subtracted from the revenue on all the tons you would have gotten a lot different situation.

A. Then you would have had to use a smaller divisor for your lighterage traffic. We got either one or the other.

Q. We will get to those later on. I don't understand those, either.

I was trying to point out if you took 75,000 tons of [fol. 2179] revenue and subtracted the trucking costs from them, you get a lower unit cost than if you added the unit cost to 35,000 tons of traffic.

A. That might be true but it should be added to cost irrespective of how it is charged in the Commission's accounts.

Q. Under the Commission's classification of accounts, you agree that it is charged to revenues?

A. Yes, I will agree to that.

Q. In computing your marine costs, as I understand it, what you did was to take the total amount of 56,404 tons, which was the total lightered and divided that into your total marine expenses to get a figure of $3.67 a ton; is that correct?

A. That is correct.

Q. Do you have a figure which would tell me how many of those tons were export and import traffic?

A. I suppose I can, but, of course, they had valued this calculation because we simply arrive at the total tons to get the cost per ton.

Q. Once you arrived at that cost per ton, would it not have been simple to find out how much import-export traffic there was and multiply that by the $3.67?

A. That is what we did.

Q. Let me look at your EMT-9. You show there a total of 31,749 tons which were lightered in the B and O-CNJ pooled operation and on the previous exhibit you show a total of [fol. 2180] 7,152 tons of domestic traffic which I think you agreed had also been lightered. Can I subtract that 7,152 from the 31,749 to find out how many import-export tons were actually lightered?

A. Yes, that would give you the calculation.

Q. In computing your unit cost for the export-import costs, as I understand it you took the total amount shown in your figures for the trucking costs and you divided that by the total import-export tonnage of 34,569; is that correct? That is Schedule 6 Part K, I believe.

A. What was your question?

Q. Did you divide the total shown for trucking in lieu of lighterage of 39,569 by the total tons of import-export traffic 34,569 to get your unit cost of 114; is that right, sir?

A. We arrived at a cost of originally of $37,241 for handling at the steamship piers by contractors.

Q. I am talking about the one above it, trucking in lieu of lighterage.

A. That expense is the sum of the figures in the previous two major columns there.

Q. In order to get that $1.14 which you show in the last column you divided that by your total tons, 34,568; is that correct, sir?

A. Divided by the total tons.

[fol. 2181] Q. And you did the same thing to determine the steam lighter expense right above it?

A. Yes.

Q. Did you do the same thing when you were coming to your marine expenses? Did you multiply your marine expenses of $3.76 per ton by this 34,569 or did you use some other divisor?

A. On the marine expense; we used $3.67 against 27,387 tons in box car traffic which appears on page 2, which included domestic traffic. We also multiplied 6692 tons to arrive at the cost for the other type traffic.

Q. There you took all of the import-export traffic, Mr. Talbott, and multiplied it out by your various expenses which you had thrown into the kitty and divided by your total tonnage?

A. We multiplied the tons of import-export traffic by the average rate per ton.

Q. What I am trying to get at is this: In arriving at the marine expense per ton, how did you knock that $3.67 figure down to what you show as $2.79 on your schedule?

A. Of the marine operation?

Q. Yes.

A. We knocked that down to recognize the fact that the traffic did not receive both a marine movement and a trucking in lieu of lighterage movement, so we reduced that cost on the marine movement to reflect that condition.

Q. It seemed to me you used the divisor of 41,000 when [fol. 2182] there was only 34,569 tons of import-export traffic moved in any way which was thrown into the kitty. Why did you do that?

A. 41,000 was the total tons of traffic receiving a lighter movement, handled over the platform in the month of September, import and export traffic.

Q. Did that include the trucking?

A. That included everything, trucking and everything, yes, sir.

Q. Why are you throwing trucking tons into this computation? That is what I don't understand. Once you got the figure of $3.67, why didn't you multiply it by the 24,000 tons of import-export traffic that received this movement?

A. We did attempt to do that and I think I did do that on page 2 of my work papers.

Q. Where is that shown, Mr. Talbott?

A. The marine operation is figured at page 12 on that exhibit. Then we carried that over, all the results, to what they call "rewritten page 2."

Q. You there indicate, Mr. Talbott, on page 12, that you use a divisor, 41,721, and multiply the units by 31749 but that that is not import-export.

A. 24,000 was the total traffic receiving the movement.

Q. Which traffic?

A. All traffic receiving the marine movement.

Q. Your Exhibit does not show that; your exhibit shows —EMT-9 shows 31,749.

[fol. 2183] A. That is correct, 31,000 of marine movement through the lighterage pier; 23,000 also received through the movement.

Q. That was the cement.

A. That was the cement.

Q. Of the 31,000, it shows that 7,362 was domestic.

A. That is right.

Q. So there was 24,000 tons of import-export traffic receiving a marine movement over the lighterage pier?

A. That is correct.

Q. Once you determined that that was the amount of tonnage, why didn't you just multiply by $3.76 instead of dividing by 41,000 and multiplying by 32,000 again?

A. We were trying to arrive at the total average cost for handling all of the traffic, all this import-export traffic, and we had to recognize the fact that certain of it received either a marine movement or a truck movement in lieu of lighterage, so we have made this adjustment to account for that fact.

In doing so, we have subtracted 86 cents from our original cost figures to recognize that fact.

Q. But you used a different divisor for your trucking costs than you did for your marine costs. You used 34,000 for the trucking cost and 41,000 for the marine.

A. Not necessarily a divisor. We have attempted to break down this traffic for the month of September by types of cars and we have assigned to each type of car [fol. 2183a] the expenses, the different types of expenses, such as maintenance, which is the same for all classes of traffic, and operations railroads, and various elements of cost, and then we arrive at a cost for each type of car.

As I said before, in my original cost study, I had given all the traffic a lighterage cost and lost sight of the fact that the traffic that was trucked was not lightered, so we have taken that into consideration in these figures.

Q. My question is: Why didn't you use the same divisor for trucking as you used for marine? You presumably wanted to get the unit cost for—

A. I don't think that that is so simple to answer because when we were trying to get our trucking costs per ton, we naturally divided by the number of tons trucked and we related that to the total tons of import-export traffic.

In getting the marine costs, we had another element. We had the element of domestic traffic which received the movement. So we had to use those funds in the divisor to get a lower cost for that element.

Q. Could you look at your schedule 6, part K, page 23, there? In computing your charge for handling at the steamship piers, you have excluded certain domestic tonnage; is that right?

A. That is correct.

Q. That was 16078 tons at 79 cents.

A. That is right.

[fol. 2184] Q. And 1887 tons at $1.10?

A. That is right.

Q. When you computed the individual cost of handling the tonnage at the steamship piers at page 23 of your original working papers, you show a unit cost of $1.23 per ton. Why did you exclude the domestic tonnage at a lower rate?

A. This is what we actually paid for the domestic tonnage. We picked out those bills. We made a study of those bills.

Q. You show a cost of $1.23 for all tonnage, domestic and foreign, I presume, on page 27, but when it comes to excluding the domestic tonnage, you use a lower figure.

A. All I can say is that the original figure was the amount that we paid for stevedore charges applicable to separate operations in the accounts. In arriving at this figure to be deducted we recapped the bills and card numbers and so on, and arrived at this cost which is the actual cost we paid for the domestic traffic.

Q. Was this traffic which was handled at the steamship piers all traffic which received the marine movement but some which received lighterage or trucking, or what?

A. None of the domestic gets the trucking movement. It all receives the lighter movement.

Q. I think you said that the import-export traffic which received the marine movement amounted to 24,000-some odd tons, is that right, over these piers, 31,000 minus the 7,000? [fol. 2185] Let's keep it rough figures.

A. Yes.

Q. On page 27, you indicate there were a total of 30,254 tons which received handling, and yet you only excluded about 3500-some-odd tons.

A. Where is that?

Q. Page 27 of your original working papers.

A. Of this revised paper?

Q. I don't think it is in your revised paper.

A. What is your question now?

Q. On page 27, you indicated that there was a total of 30,254 tons which received handling at the steamship piers and you excluded around 3500-and-some-odd as being domestic. That still leaves more tons than there was moved over import-export in a marine movement; is that right?

A. That checks pretty closely, doesn't it?

I think you realize there are lap-overs in this marine movement. Our figures are based, as I explained in the record before, on the traffic arriving at the lighterage pier or loaded to depart from the lighterage pier during the month of September. There can be some lap-overs in those figures. Traffic can be lightered in the last day of August and handled over the pier in the first day of September, and the same thing can apply to these September bills.

Q. It looked to me like the traffic which received han- [fol. 2186] dling at the steamship piers was about the same as the traffic which moved via a marine movement and there was over 7,000 tons of that in the total of 31,000. Yet when you came to excluding costs, you only excluded about 3500 tons, and I could not see what happened to the other 3500 tons.

A. I have included the amount that we actually collected in connection with the domestic.

Q. There might be some simple answer to my questions. Now, Mr. Talbott, would you please turn to your Exhibit EMT-5,—at the time you previously testified, Mr. Talbott, you stated, and I want to quote, in comparing the marine operation at Baltimore with that of New York, you say: "Whereas in New York multi-tows of lighters often four or five at a time is the rule."

If you were correct in saying that multi-tows of lighters are the rule and you often have five at a time, can you tell me how the average comes out to 1.5?

A. Multi-tows are frequent.

Q. You say they are frequent and four or five are often.

A. Perhaps I could modify that statement to say they are about one-third multi-tows and two-thirds single tows, based on the later information we have.

Q. This last column that shows the average lighterage per tow—what is the purpose of that? I don't understand the significance of it.

[fol. 2187] A. The purpose of that is to show, even though the business may fluctuate, the number of lighters per tugboat tow remain constant.

Q. Unless you put in the number of trips back and forth, this figure is meaningless, isn't it?

A. This is a job done by the tugboat at one time. In other words, he either tows one lighter or two or three or four or five up to seven.

Q. But with increases of tonnage, isn't it likely the tug is going to make more trips even though it is convenient for him to handle only one or two lighters? This does not mean fluctuation. It means they evidently find it convenient to carry one or two lighters per tow.

A. I wouldn't say convenient. The job is to be done and if there are seven lighters to be towed and a tugboat can handle seven instead of two, it is a more efficient operation, but we apparently don't appear to perceive any more opportunity to tow a greater number of lighters per tugboat tow by increases in business over this 9-year or 10-year period.

Q. Does this figure mean anything unless you also give us the number of trips?

A. We had to develop that from the number of tows.

Q. Your first column, number of tows,—

A. If a tugboat goes from Point A to Point B with 5, we call it 5; if he goes from A to B with 4, that is 4, and we [fol. 2188] tabulate it that way.

Q. That in no way indicates your costs, does it?

A. It is indicative of the fact that these marine costs are 100 per cent variable.

Q. This just shows that a tug takes on an average 2.5 lighters. It does not show how many trips it makes or anything else.

A. It is an index to cost.

Q. Is it your contention that the costs per ton remain the same and that the absolute costs go up and down with the changes in volume? Is that what you are trying to say here?

A. I am saying this is an important factor in the development of costs and it indicates that even though traffic volume goes up and down, the production measured in terms of lighters handled per tow does not change.

Q. Instead of giving us this figure, couldn't you have given us your actual costs?

A. Do you mean over the ten year period?

Q. To give us some dollars to indicate that there is something to what you are saying.

A. I think there is a lot to what I am saying. You apparently don't get the point.

Q. I don't.

Is it your contention that the marine expense per ton will remain fairly constant and that the absolute dollars [fol. 2189] will go up and down depending on the volume? Isn't that what you mean by one hundred per cent variable?

A. To some degree this indicates from the standpoint of the cost of operating tugboats—

Q. Where do you find that?

A. I say this indicates to anyone who analyzes these figures, in my judgment, that the tugboat expense in connection with towing lighters is related directly to volume. In other words, a tugboat movement handles on an average of one and a half lighters per tow, and with the way traffic fluctuates in all these ten years, that has not changed.

Q. That is true, but how about your costs? Have they changed? Are the costs variable?

A. I have not developed the costs for ten years. This portion of the cost would develop—

Q. To be what?

A. —directly related to—

Q. You say the cost per ton would be the same and would go up or down with volume?

A. With volume.

Q. Would you look at page 32 of your statement? Don't you there show the cost per ton? You are there showing, am I correct, maintenance expense for tugs, maintenance expense for lighters per ton; is that right?

A. That is right.

[fol. 2190] Q. Does that last column to you look like it is constant? Let's look at it. Your Exhibit 6 shows us the tons lightered. In 1950, you had 64,000 tons lightered, and your cost per ton—I think that should be a dollar. You have ten cents. That figure should be a dollar, should it not, on the table on page 32? You show a composite cost. You say "total costs per ton." The last column on page 32.

Exam. Boat: That is the addition of 3.27 and .3773.

The Witness: Yes.

By Mr. Myskowski:

Q. The next year your tonnage went up and your cost per ton went down, and it seems to indicate that your overall costs remain constant.

A. I think maintenance expenses are hard to judge on a one-year basis. That is the reason I put the ten years experience in here. We don't maintain equipment, you might say, on a uniform basis. I don't think any railroads do.

We put ten years in here to show that based on a 10-year period, the 10-year average costs are pretty close to what I used in the cost study.

Q. I would like to go into that, too, but look at the fluctuations: You say they are variable but every year where your tons go up the costs go down and vice versa. If you want to take wide examples, the only figures you showed here on your work papers, in developing your barge costs you took an average for 1953, 1954, and 1955. That is a [fol. 2191] short term but those are the only figures you put in absolute, and you show that 1953, when you had 806,000 tons, your barge maintenance costs were 337,000. Next year when you had a drop of over 100,000 tons, your barge maintenance costs were 500-some-odd thousand. Next year it remained constant, and your costs dropped down to 347.

How can you say there is any 100 per cent variability? There does not seem to be any connection at all.

A. There is.

I think, as I said before, any cost accountant realizes that maintenance costs have to be taken maybe over a period of three or four years to arrive at a figure that is representative, because no railroads, I don't think, maintain equipment on a uniform basis, and the purpose of this 10-year average was to show the 3-year average cost we used in the study was approximately the 10-year average.

Q. I will ask you a question about that in a minute.

Don't you see the last column there indicates that the cost per ton, based on what you say is the 1956 cost level, varies from a low in 1956 of 60 cents to a high in 1958 of $1.14. If you look at the tonnage you will see your tonnages were much lower in the recent years and higher in the other years.

A. That is reduced to a per ton cost basis.

Q. Let's go into this average, too. You show that the [fol. 2192] figure used by you in your study is 88.7 cents; is that right?

A. That is right.

Q. That is the average of what?

A. Average cost for maintaining—

Q. Based on what years? For 1956, your actual costs were, according to this, 60 cents, and yet in your cost study you use a figure of 88.

A. 1956 was not one of the years we used. I think I said in 1956 the low cost is due to the purchasing of some new diesel tugs in 1955 and 1956 and we have not spent much money on them but we assume the maintenance cost is going to be pretty close to this when we maintain it. We are building up a crew of maintenance all the time on these tugboats.

Q. In computing your depreciation and return on investment, did you go back and get your investment for 1953, 1954, and 1955?

A. No.

Q. You get the benefit for the high investment but then you get the benefit for your high maintenance.

A. No.

Q. According to you they fluctuate, you get new equipment—maintenance costs go down.

A. I think maintenance costs should be on a long-term basis and the longer the better if the figures are variable. I think, what we have done, the cost study is reasonable.

[fol. 2193] Q. At pages 8 and 9, you refer to studies of variability. Are these studies—the one you are talking about—the ones you have set forth in your exhibits?

A. Yes, they are in my exhibits. We just talked about one of them.

Q. I think earlier in your statement you referred to Mr. Harris' testimony in Ex Parte 212. In Mr. Harris' statement, didn't he make it clear that New York Central was unique because they had lines on both sides of the river so you don't have to do all of this car floating that you do on your car traffic?

A. I have read his testimony. If it is in there, it is in there. I don't recall that point.

Q. You seem to latch on to his testimony in proving your point when he made it clear that New York Central is unique in that respect.

A. I thought he said they did a lot of marine movement, the same as all the other railroads.

Mr. Macleay: The record can speak for itself. Is it necessary for the counsel to argue with the witness on that point? It is an interesting enough discussion, of course, but I am just wondering if it is not duplicating it in the record.

Mr. Foley: There is no 212 record here.

Mr. Langdon: Yes, there is, too.

By Mr. Myskowski:

Q. In your Exhibit EMT-4, page 1 of Mr. Harris' testi- [fol. 2194] mony, the second paragraph—

A. Let me find it, now. I am all mixed up.

Q. Mr. Harris states:

"The New York Central is the only railroad with direct rail freight entrance to Manhattan. All of the other railroads must float freight cars across the Hudson River."

A. He also says:

"The lighterage system is preferred by steamship operators because of the ability to load and discharge cargo simultaneously on the off-shore side of the vessel as well as on the land side."

Q. And he goes on for several more pages.

To get back to these two sentences, he makes it clear that his situation is different than yours, does he not?

A. No, he does not say there is a lot of difference.

Q. He says all of the other railroads must float freight cars across the river, and I think we developed how many of those freight cars you float across.

I think in answer to a question by Mr. Colgren, you indicated in your opinion the domestic traffic was more compensatory than the export-import. Am I correct in that?

A. I don't think that we can use that term "more compensatory." I think I said that due to the fact that the domestic cement barges are loaded with 349 tons on an aver- [fol. 2195] age and the other traffic figures around—and the import traffic figures around 70 or 80 tons, naturally then I use a divisor including those domestic tons of cement, domestic tons, I arrive at a lower average cost for lighterage traffic than I would obtain if I could separate those costs.

I would get a higher cost for the import-export traffic.

Q. Did you take part in the studies in Ex Parte 212 which indicated that this domestic traffic was very unprofitable?

A. I didn't take a direct part in that study but I have in my exhibit Mr. Perlman's speech where he said it was not compensatory.

Q. That is the domestic traffic he is talking about?

A. All of it, lighterage traffic. He says the freight services is provided by the Central within the City of New York included the only direct service of rail as well as the lighterage service which enhances New York Harbor.

Incidentally, as you know, both of these operate at substantial losses.

Mr. Colgren: May I interpose an objection to reading that? It has not been received yet.

By Mr. Myskowski:

Q. Along those lines, the B and O magazine for June 1958, indicates that the B and O has doubled the number of its piers on Manhattan Island devoted to the exclusive service of car floats. Do you agree with that?

A. That is right, with the exclusive use of car floats, [fol. 2196] which means a car forwarder traffic and some l.c.l. traffic.

Q. That is pretty important traffic.

A. We consider it to be fairly important.

Q. Is this the traffic you are willing to forego?

A. We are willing to forego the lighterage traffic but not the float traffic.

Q. How about these tugs that you allocated to the lighterage traffic which are related?

A. We could reduce our fleet to the extent of that fleet and would not need all those tugs in New York Harbor.

Q. In that magazine, and I want to quote you:

"New York is important to us not only for the handling of domestic freight but for the vast cargoes of import and export materials passing through the world's largest port."

If it is so non-compensatory, why is it so important for you to keep it? That is dated June, 1958.

A. I didn't write that.

Mr. Myskowski: That is all I have, Mr. Examiner. Mr. Colgren would like to ask one more question.

By Mr. Colgren:

Q. Mr. Talbott, you are a member of the Eastern Railroads Cost Committee, are you not, in connection with the pending Trans-Continental Division case?

A. I am.

Q. Did you just concur in a statement circulated to the [fol. 2197] parties to that proceeding in which you took exception to the point made by the Trans-Continental Lines that solely related costs were synonymous with out of pocket costs?

A. My objection runs to my interpretation of how they applied those costs.

I understood that they applied the total Branch cost to the Trans-Continental traffic without taking into consideration the other traffic moving on the Branch.

Mr. Colgren: That is all I have, Mr. Examiner.

Exam. Boat: Is there any redirect?

Mr. Langdon: Yes, there will be. But could we adjourn overnight?

Exam. Boat: We will recess until 9:30 tomorrow morning.

(At 4:40 o'clock p.m., September 16, 1958, hearing adjourned to 9:30 o'clock a.m., September 17, 1958.)

[fol. 2198]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I & S Docket No. 6615

FSA Docket No. 32204

[Title omitted]

Wednesday, September 17, 1958

Met, pursuant to recess at 9:30 a.m.

BEFORE:

MARION L. BOAT, Examiner.

APPEARANCES:

(Same as heretofore noted.)

[fol. 2200]

PROCEEDINGS

Exam. Boat: We will resume now.

E. M. Talbott resumed the stand and testified further as follows:

Redirect examination.

By Mr. Langdon:

Q. Mr. Talbott, you referred on page 23 of your statement to the fact that a relatively small part of New York's export-import traffic is loaded directly from car to ship or unloaded directly from ship to car. On what did you base your statement?

A. In the working papers supporting Mr. French's Exhibit No. 113, the following relations appear. New York Central Railroad direct loading, 36,153 tons.

New York Central Waterborne, including trucking, 83,891 tons.

D. L. and W. Waterborne, including trucking, 75,020 tons.

Erie Railroad, waterborne, including trucking, 70,021 tons.

New Haven, waterborne, including trucking, 12,800 tons.

Q. Let me ask you in relation to those three lines you just mentioned how much was loaded directly.

A. 36,000.

Q. No, I mean the three lines you just mentioned.

A. The D. L. and W. and Erie and New Haven, there was no tonnage loaded directly.

Exam. Boat: No, sir. The figures relating to the total [fol. 2201] tonnage to the port.

The Witness: Waterborne, including trucking.

Exam. Boat: Waterborne, including domestic and export and import?

Mr. Langdon: For the month of September.

Mr. Henry: No domestic. The Examiner asked if this was domestic.

The Witness: This is not domestic. Mr. French's Exhibit 113 was only import and export.

Exam. Boat: I see.

The Witness: That is the working papers supporting Mr. French's Exhibit No. 113.

Mr. Welsh: Mr. Examiner, I am a little confused right at that point. I believe that if I understood the witness correctly he said that these figures included coast-wise and intercoastal as well as export and import.

Mr. Langdon: We are taking these figures directly from Mr. French's working sheets, Mr. Welsh, wherein he analyzed at New York for four railroads, the New York Central, the Lackawanna, the Erie and the New Haven, the proportion of export-import traffic that was handled:

A. Directly between car and ship and

B. In water service, including trucking in lieu of lighterage.

Mr. Welsh: Thank you.

[fol. 2202] The Witness: To this we added the PRR, B&O and CNJ. The PRR direct loading, 6,040 tons. Waterborne, including trucking, 110,614 tons.

B&O, CNJ, 35,704 tons. Waterborne, including trucking, 39,252 tons.

This results in totals of direct loading of 77,897 tons. Waterborne, including trucking, 391,608 tons.

Now directly loaded traffic constitutes sixteen percent of the total tons at New York and constitutes the factual basis for my statement. These relationships are based on September 1956.

In other words, 83.4 percent of the traffic is waterborne or trucked in lieu of lighter.

Incidentally, the CNJ direct proportion of loading is higher in September 1956 when the study was made than it is today because of the scrap traffic which is now being handled at another railroad pier.

If the scrap iron is eliminated from the CNJ tons there is indicated that twenty-eight percent of the B&O, CNJ traffic is loaded directly from ship to car.

By Mr. Langdon:

Q. You include your figures now for the B&O, CNJ and Pennsylvania Railroad, Port Newark and the other outlying ports, Earle and Carteret?

A. Yes.

Q. Mr. Talbott, it has been suggested that the export-

[fol. 2203] import traffic to and from differential territory is too small a proportion of New York's traffic as a whole to support an assignment of marine expenses at that point solely related. What is your basis for assigning one hundred percent of the marine expenses to this traffic?

A. Our cost study concerned waterborne export-import traffic. As I just testified, this constitutes the major portion or the preponderance, you might say, of this traffic.

Secondly, it must be realized that this waterborne export-import traffic is handled for the most part in lighterage service as distinguished from the car float service.

In the case of B&O, CNJ, it is true that 46.3 percent of the lighterage freight is domestic, New York traffic, which includes this unique domestic cement movement.

But in the case of the PRR, a portion of the lighter freight which is domestic traffic—it is only fifteen percent; eighty-five percent being export-import traffic.

The only other information on this subject is contained in the testimony of Witness Harris, which I quoted on page 10 of my testimony.

Now, in my judgment, the rendering of lighterage service at New York, which is much more expensive than the car float service and the facilities which are required in rendering this service, including the lighterage piers on the New Jersey side are directly related to the export-import traffic.

[fol. 2204] In other words, import-export traffic would dry up in New York Harbor, so would the lighterage service, unless less expensive ways would be found to handle this domestic traffic now being handled in lighterage service. In other words, the lighters are used because of the demand and requirements of export-import traffic. There is no other reason for this inefficient, costly operation in New York Harbor.

That being so, its costs are properly assignable to the export-import traffic.

Actually, in view of this situation, we might be justified in taking the entire cost of the lighterage service and allocating it to export-import traffic, despite the fact that it is used in some of the domestic traffic. But we have not gone as far as this in apportioning to import-export traffic only the portion of the lighterage service which is actually used in connection with that traffic.

Q. Mr. Talbott, I think you referred during the course of your testimony yesterday to different costs in abandonment cases and the costs that would be applicable in competitive rate cases. What did you mean by this?

A. I would say there is only one true cost for transportation service on a railroad. The transportation cost determined for one purpose will be identical with the cost determined for any other purpose.

[fol. 2205] In the case of an abandonment in all probability some consideration would have to be given to disposition of plant and equipment. For a competitive rate case the basis we have used is proper because with any other cost basis we would only be cheating ourselves as to the profit from the traffic being costed.

In other words, we might be losing money when we were thinking we were making money.

Q. Mr. Talbott, page 60 of your EMT-3—Mr. Colgren referred to the last sentence on that page. Rather, he emphasized the last sentence on that page, reading as follows:

"On the other hand, the out-of-pocket portion of the expenses on lines of light traffic density or on branch lines will be lower than the figures indicated."

Do you care to comment on that sentence?

A. On branch lines where there is light density the certain elements of expense, particularly those related to plants would be affected by unit costs. This was not so in connection with our lighterage operation in New York Harbor during the year 1956 when our cost study was made.

Insofar as the B&O, CNJ operation was concerned, the marine operation was a limiting factor as to the amount of traffic we could handle at New York. The marine equipment was used to capacity throughout most of the year.

[fol. 2206] Assuming for the sake of argument that there was some surplus or excess plant in the lighterage facilities themselves, the marine equipment was the bottleneck.

Our records indicate that we were compelled to hire lighters during most of the years. The 1956 costs represent capacity operation.

During the year 1956 the B&O and CNJ were compelled to hire throughout the year 1501 charter lighters. These are charter boat days, 1501 during the year. We chartered boats in every month except August.

Q. Do you have anything to add, Mr. Talbott?

A. No.

Mr. Langdon: That is all.

Recross examination.

By Mr. Colgren:

Q. Mr. Talbott, did the figures that you read concerning the export-import tonnage through the Port of New York for the various railroads include any tonnages to Port Newark?

A. Yes.

Q. They did?

Mr. Langdon: So far as our records are concerned.

The Witness: So far as our records are concerned, and I assume the others did.

By Mr. Colgren:

Q. And the Pennsylvania Railroad?

A. Yes.

[fol. 2207] Q. Are those figures a matter of record in this proceeding up until this time?

A. The B&O, CNJ figures are a matter of record. I think the Pennsylvania's are too. Yes, they are a matter of record.

Q. Mr. Talbott, can you direct my attention to where the Pennsylvania Railroad figures for the direct transfer of export-import traffic at Port Newark are to be found?

A. On my EMT-11 we have the figures for the year.

Q. Is that broken down as between direct transfer and lightered freight?

Mr. Langdon: We have the Pennsylvania Railroad witness on this.

Mr. Bongartz: Do you want it on the record, John?

Mr. Colgren: Yes, I certainly want it on the record.

Mr. Bongartz: Mr. Hartzell will give you the figures.

Mr. Colgren: I would very much like to have the figures if we have them if that is agreeable with the Examiner.

Mr. Bongartz: The figure is shown in Mr. Talbott's EMT-11.

The Witness: It is shown for the year you divided by twelve.

Mr. Colgren: Does that indicate the direct tonnage handled in direct transfer?

Mr. Hartzell: It is all between ship and car at Port Newark.

[fol. 2208] Mr. Colgren: This is all then direct transfer?

Mr. Hartzell: That is right.

Mr. Colgren: Thank you.

Recross examination.

By Mr. Myskowski:

Q. Could you find that 6,000 figure? I see in the EMT-11 you give us 10,000, Port Newark. Mr. Hartzell said it is all directly transferred ship to car. What is the part that is directly transferred?

A. This is the figure for the year. You will find 10,000 at Port Newark and you will find 62,118 tons for Bayonne, Earle, New Jersey, and so forth.

We divided that by twelve and arrived at 6,000.

Q. You did not take any actual figures but just divided.

A. We did not have the actual figures.

Mr. Henry: Mr. Talbott, these are the actual figures for the year.

The Witness: These are the actual figures for the year.

By Mr. Myskowski:

Q. You gave us the figures for export-import traffic, 39,152 for the B&O, CNJ, which was lightered and trucked. Could you tell me where that is in your work papers or cost studies? I got it as 39,000.

A. 39,252.

Q. That is what I thought it was.

Mr. Langdon: Are you through, Mr. Colgren.

Mr. Colgren: No, sir. This is along the same line. I only [fol. 2209] had one more question.

By Mr. Myskowski:

Q. Is it true, Mr. Talbott, that your allocation of the import-export costs are based on 4,569 tons, and if you actually had 39,000, then you obviously distributed your costs among too few tons, isn't that true?

A. No.

Mr. Henry: Let us identify the 39 figure first, please.

Mr. Myskowski: Let us wait and see if he can find it.

Mr. Henry: Let us go off the record.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record now.

The Witness: Yes. We arrived at this figure for the B&O based on my exhibit EMT-8. We had no actual figures for the traffic moving through Port Newark, Earle, and Carteret for the month of September. So we divided the 92,070 tons shown on my EMT-8 by twelve and arrived at a figure of 7,673 for the month of September. To this we added the actual scrap and ore tonnage appearing at the bottom of that table.

Mr. Langdon: For the month of September?

The Witness: For the month of September. We arrived at a figure of 35,704 for the direct loading traffic.

Then in view of the fact that we had got a major portion of that data by dividing the year's figure by twelve, we simply divided the 889,748 shown at the top of my statement [fol. 2210] by twelve and arrived at a figure representing total average traffic for the B&O, CNJ.

By Mr. Myskowski:

Q. Then these are not actual figures for September 1956, are they?

A. I think they are the best we could get. We did that because part of it was that basis. We thought we would try to be uniform.

Q. The figure you show on the EMT-8 is 35,849. Do you mean to tell me that that figure is no good?

A. I told you how I got this figure which I think is good enough for the purpose of arriving at that by percent. It was gotten on a little different basis but it is approximately the same figure.

Q. Is there something wrong with this? 35,849 is the actual tons which you moved by lighter, car float and truck in September; is that not right, Mr. Talbott, on your EMT-8?

A. No, that is the actual tons we moved via the lighter stations plus the traffic which moved via the New York pier stations plus the traffic floated to steamships.

In other words, the 34,569—we have added additional items of traffic to make up the—

Q. That is the actual figure for the month of September?

A. The actual movement through the lighterage piers.

Q. Or if you wanted to throw in the others it would be 35,849.

A. That is right.

[fol. 2211]. Q. You didn't want to use any of those figures. You wanted to use the average this time; is that right?

A. We did use the average for the purpose of this calculation.

Mr. Henry: Mr. Talbott, did you have the actual figure for September for total traffic for B&O, CNJ, for September?

The Witness: We had it for—no, we did not have the Port Newark and the Earle and the Carteret.

Mr. Henry: You had it for the year but not for September?

The Witness: We had it for the year but not for September.

Mr. Henry: How about the total traffic for B&O, CNJ?

The Witness: We had it by the year.

Mr. Henry: So the best you could do would be to divide by twelve in order to satisfy what Mr. Myskowski asked for yesterday.

The Witness: That is what we attempted to do.

Mr. Henry: There wasn't any desire about it at all, was there? That was the best you could do.

The Witness: I think in the overall picture it was the best I could do.

By Mr. Myskowski:

Q. Was this in something that I asked for yesterday?

A. We thought you referred to it yesterday.

Q. To what?

A. About the relation of domestic traffic to the traffic [fol. 2212] lighted by the B&O and Central Railroad. You referred to it in cross-examination yesterday.

Q. Now you are really going to confuse me because I thought these figures you were giving had nothing to do with domestic. These figures you gave me I thought were a comparison, were a direct transfer.

A. Pardon me, direct transfer to total export-import traffic. What we were attempting to arrive at was the sixteen percent indicating that the direct transfer traffic was sixteen percent of the total.

Q. For these other railroads are these actual tonnages? Are they the average for the year, or what?

A. They are the tons reported in French's supporting papers, Mr. French's Exhibit 113, and I thought they were the tons for the month.

Mr. Langdon: Of course, Mr. Myskowski, we can take Mr. French's figures for the year and divide them by twelve and we will get a higher relation of waterborne traffic to directly loaded traffic if we do it that way.

Mr. Myskowski: I really have no quarrel with these figures, Mr. Langdon. My problem is this: You do not have the figures for the month of September. Where you have the actual tonnage handled by lighter I do not know why you have to go up and make up an average.

Mr. Langdon: We are trying to arrive at a relationship, [fol. 2213] namely, a relationship on directly loaded traffic and traffic that is not directly loaded. The relative relationship is the sixteen percent. I think we ought to be able to get together as to whether or not that is a proper relationship or not. That is the way we compute it, based on the way you figured your railroads and we figured it for ours.

Is that a proper relationship or isn't it?

Mr. Myskowski: I do not know.

Mr. Langdon: After all, I supposed the purpose here is to get at the facts and we are interested in developing the proper relationship, and we figure sixteen plus percent.

By Mr. Myskowski:

Q. Mr. Talbott, did you also compute the relationship of the total amount of import-export traffic which was trucked in view of lighterage?

Mr. Langdon: That is computable, I think, from these figures, but we did not do it.

The Witness: It is computable.

By Mr. Myskowski:

Q. Is it less or more than moving by direct transfer?

A. It is computable, but I have not computed it.

Q. How about the tonnage which was floated. Have you made a relationship as to that?

A. This sixteen percent represents the waterborne, including the trucking.

Q. Yes, I know, but there were four methods as you [fol. 2214] very well described in your testimony of moving this freight by lighter, by car float, by trucking in lieu of lighterage, and by direct transfer.

Now I am trying to find out whether you can give me some idea as to the proportion which moves by trucking in lieu of lighterage and the proportion which moves by car float.

A. I can't here. We could develop the figures for you and give them to you.

Q. Can we assume from your exhibits—you show by your two records in your Exhibit EMT-10 that there were 90,261 tons trucked in lieu of lighterage.

Mr. Langdon: We will be glad to compute that, Mr. Myskowski, and file a late filed exhibit on that. We understand that you have got it for your four railroads and we will add it for our two, breaking it down.

In other words, this 84 plus, that part that is handled by lighterage service and that which is trucked in lieu of lighterage and that part which is trucked. I think it is in the record, and we could probably compute it.

Mr. Myskowski: I wonder if it was more or less than the sixteen percent.

Mr. Henry: He has not computed it.

The Witness: I have not computed it. I do not know.

By Mr. Myskowski:

Q. For the B&O am I correct that you had 90,000 tons trucked for the B&O, CNJ?

[fol. 2215] A. Yes, that is correct.

Q. That is certainly less than the amount which you moved by direct transfer, the B&O, CNJ, is that right, sir?

A. Yes.

Q. And as to the amount which was floated, as I recall, there were only seven cars with a total of 189 tons; is that correct?

A. Yes.

Q. Now you have included in averaging up your costs the trucking in lieu of lighterage, the floating and the marine. Would it have been so very much more difficult to compute the costs for the direct transfer operation and include the whole melon?

A. I think I have said about three or four times yesterday that the purpose of my study was to develop costs related to the manner in which the problems of import-export traffic was handled in the New York Harbor, the lighterage movement. That is exactly what I have done.

Q. But you also have included two or three others which are less. Is it because the lighterage costs are fairly much the same as your marine costs?

A. I had no intention in developing a cost on that ship-to-shore method because, as I said before, the major part of the traffic moves via lighter in New York Harbor and, based on my judgment, it will still continue to move, the major part, the general traffic.

[fol. 2216] Q. That is only via your railroad. Now you are adding in all the other railroads. Is it your impression that Mr. Mollman's exhibits showing 50 some-odd tons going CFA, that that exhibit is not correct?

A. I haven't said.

Mr. Langdon: You might expect these other lines to cooperate on those cost exhibits.

Mr. Myskowski: That is something you and Mr. Colgren have thrashed out many times before. I am not in a position to answer that.

Mr. Langdon: I think you are not in a position to ask this witness.

Mr. Myskowski: If you have any objection—

Mr. Langdon: Technically, perhaps, you are right. This is a three-ring circus. Here we are trying to develop in the very best manner that we can the actual cost based on our operations of service at New York.

Mr. Colgren: Except, Mr. Langdon, those services that are moving, by golly, in direct transfer, the cheapest type of service.

Mr. Langdon: Where are your costs on that?

Mr. Colgren: I have sat here, Mr. Langdon, and listened to your preaching about looking for the facts of the service of New York and you have left out of consideration entirely a tremendous portion of the traffic handled by the [fol. 2217] CNJ and B&O. This sanctimonious attitude of yours about the truth of the matter in New York is—

Exam. Boat: Let us not argue now. I think we would like to have that on briefs. We would enjoy reading all of that.

Mr. Langdon: We got some testimony from Mr. Perlman.

By Mr. Myskowski:

Q. Mr. Talbott, yesterday we computed, unless you found something wrong with the figures last night, that the total import-export traffic to and from CFA territory lightered by the B&O, CNJ at New York Harbor comprised something over three percent of the total tonnage moving through the harbor which received a marine movement.

Mr. Henry: Now listen, Mr. Myskowski, you computed. We did not compute. We do not understand how you tried to do it. We did not agree with your computations. You computed the three percent. Are you a witness now?

By Mr. Myskowski:

Q. Mr. Talbott answered yes to my questions at the time.

Mr. Henry: Mr. Talbott did not answer yes.
Mr. Myskowski: Shall we go through it again?
Mr. Henry: I will find out if we agreed with your three percent now.
Mr. Talbott, did you agree to Mr. Myskowski's computation of three percent yesterday?
The Witness: I did not.

[fol. 2218] By Mr. Myskowski:

Q. Mr. Talbott, can you tell me where that computation was incorrect?

Mr. Henry: Mr. Talbott, do you ~~even~~ recall any parts of that computation?
The Witness: I do not recall it. I gave no thought to it over night, and I don't think I will ever understand it if you explain it, Mr. Myskowski. I do not think it is understandable. I think you could put it in through a witness if you care to and let us see what you are talking about.

By Mr. Myskowski:

Q. Shall we go through your testimony and your work papers and come up with the figure again?
A. I think you will be wasting my time and yours too. You can do it if you want to.
Q. I am perfectly willing to be shown where I am wrong if those computations are wrong.
At page 1540 of the record, Mr. Talbott, you indicated that of the total cars moving through New York Harbor 83.559 percent of the cars were floated: 16.41 percent of the

cars were lightered. Were you wrong when you gave us those figures?

A. No sir; those figures are correct.

Q. 16.41 percent of the cars receiving a marine movement by your railroads in New York Harbor were lightered, is that correct, Mr. Talbott?

A. That is correct.

Mr. Henry: By what railroads?

[fol. 2219] Mr. Myskowski: B&O, CNJ.

By Mr. Myskowski:

Q. Your work papers, Mr. Talbott, in which you developed the marine costs, page nine of your second set of work papers indicates that there were a total of 56,404 tons lightered. Is that correct, Mr. Talbott?

A. That is correct.

Q. That sheet indicates that there were 23,705 tons of cement which was domestic cement. Is that correct, Mr. Talbott?

A. That is right.

Q. Your exhibit EMT-8 indicates that in addition there were some 7,152 tons of domestic traffic which received a lighterage movement in addition to this 23,705 tons. Is that correct, Mr. Talbott?

A. How many tons is that?

Q. Which figure?

A. The last figure you quoted.

Q. Your Exhibit 8, EMT-8, says 7,152.

A. Yes.

Q. Now if I add 7,152 to 23,705 I get something over 30,000. Is that correct, Mr. Talbott?

A. Yes.

Q. If I subtract 30,000 from 56,000 I have only 26,000 left, which indicates that of the 56,000 receiving a lighterage movement, more than half were domestic. Is there something wrong with my computation?

[fol. 2220] A. No; that is correct.

Q. If I take even the full half of the sixteen percent then there were a total of only eight percent of all import-export traffic moving through the Port of New York by your railroad which received a lighterage movement.

Mr. Macleay: Eight percent of what?

The Witness: Eight percent of what?

Mr. Myskowski: Half of sixteen is eight.

Mr. Macleay: Did you say eight percent of export-import traffic? That is what I believe you said.

Mr. Myskowski: If I said it wrong, I am grateful to you.

By Mr. Myskowski:

Q. Of the total tons receiving a marine movement by your two railroads through New York Harbor only eight percent at best was export-import traffic receiving a lighterage movement. Is that correct?

A. I don't know.

Mr. Macleay: You are talking about a lighterage movement or a car float movement? Will you straighten me out, sir?

Mr. Myskowski: I will be glad to, Mr. Macleay.

Mr. Talbott testified that of the total cars receiving a marine movement—

Mr. Macleay: You are including all the car float business, the domestic car float business?

Mr. Myskowski: Originally. I am trying to break it [fol. 2221] down for you. Originally that is correct. Sixteen percent of all cars receiving one type of marine movement or another were lightered. Of the total lightered, more than half were domestic.

If I divide the sixteen in half or by two, I get eight percent of the total receiving a marine movement were import-export cars that were lightered. Is there something wrong with that computation?

Mr. Macleay: I just wanted to understand that you are combining the car float business with the lighterage business.

The Witness: One of your fallacies up to this point is that your lighterage data in your exhiibt is all based on tons, whereas, the float traffic is based on cars, and car float traffic has an extremely lighter loading.

By Mr. Myskowski:

Q. Is there anything in that record that would justify the statement.

A. Nothing. When you compare rabbits with elephants, why, of course, you are getting an erroneous figure. You just cannot compare these figures and arrive at any sensible conclusion.

Q. All right. Let us see how that operates. Mr. Talbott, originally we were using cars, is that right?

Mr. Henry: Were?

The Witness: We did not use cars.

By Mr. Myskowski:

Q. In the original breakdown between cars floated and [fol. 2222] cars lightered, you used cars, isn't that right?

A. Well, the cars were in the record and we had to use the floated cars in order to determine the cost of that portion of the traffic which was floated, handled to Manhattan on a car float. But, if I remember correctly—of course, we had to use the cars in connection with the yard expenses—but we haven't used the cars floated anywhere in connection with the cost of handling the lighterage traffic because the lighterage traffic is based on tons in all our cost calculations.

Q. Let us assume, Mr. Talbott, if we take that breakdown, 1596 cars having been lightered in September and 20,176 having been lightered for the year, for September your proportion incidentally was less than sixteen percent. Your proportion here is shown as 15.45 percent. Are you saying that there were more or less cars proportionately of domestic than import-export in that 15.96 or what? You have the tonnage. That is why I used the tonnage. You have the tonnage in your work papers.

A. I will say you are bunching statistics which arrive at percents which, in my judgment, are meaningless.

Q. They are the only ones we have in order to get at these figures.

A. We do not think you need to develop costs in this traffic, so we didn't put them in the record.

[fol. 2223] Q. As you know, Mr. Talbott, this three percent figure is used only to show that when you start telling us that these costs are predominantly to be allocated to this three percent that we do not think that is a very logical statement.

A. Why the cost of the lighterage service almost in its entirety is due to import-export traffic, the major portion of it. Of course, your tug expense, a large part of that, I haven't said the floating expense.

The cost of handling floats is chargeable to the import-export traffic only to a very minor extent.

Q. Am I correct in my assumption that you have taken the tug expenses and allocated some to lighterage traffic and you have taken some under the theory that this is solely related to the lighterage? Is that what you have done?

A. In setting up the expense we have allocated a portion of the tug costs to lighterage service.

Q. And that portion you have included in its entirety, one hundred percent?

Mr. Henry: It is one hundred percent of thirty-six percent.

The Witness: One hundred percent of thirty-six percent.

By Mr. Myskowski:

Q. And you have included one hundred percent because you say that this tug expense is solely related to this import-export traffic involved or covered by the rates here under investigation; is that right?

[fol. 2224] A. That is correct.

Q. And the way we have computed the traffic comes out to three percent. Let us be generous and say four percent.

A. It doesn't mean anything what it comes out to because the apportionment of tub time to lighters and floats was on a time study basis. What the mathematical computations there are just do not mean anything to me.

Q. You made some statements, Mr. Talbott. You said if this import-export traffic dried up you would do away with your lighterage operation entirely. Do you seriously mean that?

A. We feel that we would be justified in doing away with the lighterage operation. The only thing we could justify in the New York Harbor was for the domestic traffic.

Q. You can have these tugs hauling these car floats back and forth?

A. That is something else. We would decrease our number of tugs based on the requirements of the floats, and you would have a different picture entirely. You know your float operation is almost uniform. You can almost schedule a major part of your float operation where you can't your lighter operation.

Q. Would you really seriously consider foregoing your cement traffic?

A. That is a unique movement in New York Harbor, and even that could be handled probably on a basis which would [fol. 2225] result in a very minimum cost, but there might be some other way to handle that by rail. There is no question in my mind but one thing, if we didn't have this lighterage service in New York Harbor today we would have no domestic traffic handled by the lighters, in my judgment. They would have found some other way in the meantime to handle this traffic.

Q. How about hauling big machines and equipment of that kind which you have to handle? You can't get those on a truck.

A. On floats.

Q. Car floats? You can't get them on a car float, Mr. Talbott.

A. These heavy machines at the present time—you have the Spencer steam operation which handles heavy materials, not air equipment.

Q. You said in 1956, Mr. Talbott, you chartered, if I had the figures right, something like 1501 pieces of equipment. What were they?

A. Lighters.

Q. Chartered lighters. Now if you actually lost this CFA export-import traffic which is something like three or four percent, isn't it likely that you would just stop chartering and continue just the same way you are? What would you change?

Mr. Henry: Do you understand that question, Mr. Talbott?

The Witness: I do not. I am just trying to figure out what he means.

[fol. 2226] By Mr. Myskowski:

Q. You mean you are not going to do away with tugs when you need them for your car floats; you need them for your domestic cement. You say you don't have enough lighters now.

Mr. Langdon: He never said that. We are confining our point to the lighterage service, what the lighterage service means, the actual use of lighters.

By Mr. Myskowski:

Q. In view of Mr. Langdon's statement, would you abandon the use of lighters for cement?

A. I do not know what the policy would be but I am reasonably certain we would try to minimize all future lightering in the New York Harbor. They might even do that. They might even find some way to handle that by rail.

Q. Your cement tonnage runs pretty high, does it not, Mr. Talbott?

A. Yes, sir.

Q. 23,000 tons a month, 266,000 tons for the year.

A. But you must admit that any traffic handled by lighter is an expensive transportation method, inefficient in transportation, inefficient and expensive.

Q. You think if you lost this CFA traffic you might forego the 266,000 tons?

Mr. Henry: We are not talking about CFA traffic. It is all import-export traffic in New York.

Mr. Myskowski: Now we are getting to the point. I [fol. 2227] thought you used all import-export because you didn't have a breakdown on CFA traffic.

Mr. Henry: You cannot cost CFA separately from the cost of other traffic.

Mr. Myskowski: That is what I just said, that Mr. Talbott in his basic computations used all import-export traffic because you couldn't cost out CFA traffic.

By Mr. Myskowski:

Q. Is that right?

A. In order to arrive at the unit cost which receive the same type over the same facilities, we had to use all the traffic.

Q. But we are here concerned when the rates to and from CFA are compensatory. You are not in your exhibits using any other outside of CFA territory, are you?

A. My cost study, as I said before, covered all traffic.

Q. Your exhibits 1 and 2 in which you make your comparison are CFA points.

Mr. Henry: Certainly. That is a rate question.

Mr. Myskowski: We have a rate question here. Whether those rates are compensatory.

Mr. Henry: They are all rates of import-export in New York. I am sorry. I apologize. You are right.

Mr. Myskowski: All right.

Mr. Colgren has one more question, Mr. Examiner.

[fol. 2228] Further Cross-Examination

By Mr. Colgren:

Q. Mr. Talbott, as a result of our discussions this morning, is it the position of the B&O, CNJ and PRR, that they are recommending the abandonment of export-import traffic through New York?

A. I wouldn't think so, not mine.

Q. Would that be your recommendation to your management on the basis of your cost study?

Mr. Langdon: The position of our company is that the export-import traffic in New York be put on a compensatory basis.

Mr. Colgren: In that connection, Mr. Langdon, is the B&O contemplating giving up the six cent additional charge recently authorized by the Commission for waterborne traffic?

Mr. Langdon: That is under contemplation, but not at New York, only the ports that we serve directly.

Mr. Colgren: Does the B&O serve the port directly?

Mr. Langdon: We have to divide that, you know, with

Mr. Colgren: I do not believe I understand that answer. Mr. Langdon, did you mean to say that the B&O does not serve the Port of New York directly?

Mr. Langdon: We publish rates, as I understand it, in connection with the Reading, New Jersey Central to New York. We do have terminal facilities, of course, in New York.

[fol. 2229] Mr. Colgren: So the B&O does serve New York directly?

Mr. Langdon: We do not control the rates in New York, I will put it that way.

By Mr. Colgren:

Q. Mr. Talbott, what is your title with the B&O Railroad?

A. Assistant Comptroller.

Q. Are you called upon to make recommendations to management as a result of studies?

A. I wouldn't say it exactly that way. Of course, I make studies and in conferences recommendations come out lots of times. I do not think I am called upon to make a recommendation regarding a rate or traffic.

Q. Mr. Talbott, on the basis of the cost study that you prepared for this proceeding would you recommend the expansion or an increase of solicitation of foreign traffic through the Port of New York?

A. If we probably get this six cent additional charge in New York we would be on firm ground in New York.

Mr. Colgren: That is all I have, Mr. Examiner.

Exam. Boat: That seems to conclude it.

Mr. Moerman: It is my understanding, Mr. Examiner, that in this proceeding the Baltimore and Ohio Railroad has proposed countering reductions to those of the New York Central, Erie and other lines. I assume that is correct, is it not? I will address my question to Mr. Langdon.

[fol. 2230] Mr. Langdon: There are under suspension in this proceeding tariffs which preserve the present differential under the tariffs proposed by what we call major spondents.

r. Moerman: Is the Reading a respondent here? And if not, how is it, Mr. Langdon, that in view of your statement that you do not control the rates to New York you are here nevertheless proposing a reduction to meet the reductions you say of the lines like the New York Central and the Erie?

Mr. Langdon: I do not get the purport of your question. I am sorry. I did not understand your question.

Mr. Moerman: You serve New York you say in connection with the Central Railroad of New Jersey, is that correct?

Mr. Langdon: And the Reading.

Mr. Moerman: And the Reading. You say you do not control the rates to New York, neither the Central Railroad of New Jersey nor the Reading here, and yet you have tariffs before this Commission proposing reduced rates. I ask you how is it that while in one breath you state that you do not control the rates to New York and in the next breath you concede that you have reduced rates here?

Mr. Langdon: In the first place, I am not sure that in our tariffs which were filed preserving the differential at the time the reductions were first proposed by the New York Central and associated lines that we included New York, but if we did, the Reading is the respondent in this [fol. 2231] case. They reach New York Harbor themselves.

Mr. Moerman: I would like to know for the sake of the record whether or not the Baltimore and Ohio Railroad and the Baltimore railroads generally have in issue here reduced rates from the Port of New York.

Exam. Boat: To and from the Port.

Mr. Moerman: Sir?

Exam. Boat: To and from the Port.

Mr. Moerman: Yes, to and from the Port.

Mr. Langdon: I understand that we did file for New York at that time; the Jersey Central and Reading concurred. Of course, the Pennsylvania is also involved in this picture, you understand.

Mr. Moerman: Mr. Laux informed me that the CNJ did not concur.

Mr. Mollman: They are not a part of this proceeding.

Mr. Moerman: We will look in the tariffs.

Mr. Mollman: They speak for themselves.

Exam. Boat: That seems to conclude the examination of Mr. Talbott. You are excused. Thank you very much.

(Witness excused.)

OFFERS IN EVIDENCE

Exam. Boat: Do you offer the exhibit?

Mr. Langdon: Yes.

Exam. Boat: Very well. Exhibit No. 125 is received.

Mr. Colgren: Mr. Examiner, I have an objection to one [fol. 2232] of the attachments to Exhibit 125. Mr. Examiner, I refer to the attachment described as Exhibit EMT-12 of the Witness Talbott attached to Exhibit 125 which is, as indicated in his testimony, a press release which he indicates was circulated among the railroads.

Mr. Examiner, this strictly is impertinent to the inquiry at hand. It has no relationship whatever to the rates under suspension in this proceeding nor for that matter does it even refer to export-import traffic. It makes broad general statements concerning the total operations in the New York area, both land and water.

As you know, New York Central serves Manhattan Island directly through its west side operations, too. It also serves New York through the West Shore branch through Weehawken.

As the Examiner probably knows there has been much discussion these past several years concerning taxation as respects the New York Central, not only in the City of New York but throughout the whole state of New York.

This press release encompasses all of those propositions. I fail to see its pertinency to this examination into the propriety of certain export and import rates from and to Central Freight Association territory.

I, therefore, respectfully request that the Exhibit EMT-12 not be accepted in testimony.

[fol. 2233] Mr. Langdon: We will be glad, of course, Mr. Examiner, to limit this exhibit to the part that is so obviously relevant that further discussion seems unnecessary, namely, this part:

"The freight services provided by the Central to industry within the City of New York include the only direct service by rail as well as a lighterage service which enhances New York Harbor."

I am reading this from page 2, incidentally.

"Incidentally, as you know, both of these operate at substantial losses."

In other words, the direct service by the rail and the lighterage service.

"In 1957 the loss on our freight service to Manhattan Island was $10,350,000."

Obviously, the cost in this case of service at New York in connection with this export-import traffic is of paramount importance. We have tried throughout this proceeding to determine whether or not the New York Central has made any studies of this service in the past and have suggested that we would be glad to join with them in a proceeding before the Commission or otherwise in developing that cost.

They have given us to believe that no such cost studies have been made.

During the course of this proceeding their president [fol. 2234] announces publicly that this freight service at New York involves a loss of over $10 million a year, including the lighterage service. Now that testimony has to be connected up with Mr. Harris' testimony which is also in this record included as an appendix to Witness Tallott's statement, which indicates that of the freight service at New York the import-export traffic and the service rendered in connection with the export-import traffic is the more expensive.

That of this $10,350,000 loss at New York referred to for the freight service by Mr. Perlman and Mr. Harris—they said that the most expensive part of it is this very service that we are talking about here. Obviously, the statement is relevant as an admission against interest.

I take it that the authenticity of this is not questioned so only relevancy is involved.

Mr. Colgren: Mr. Examiner, referring now to the excerpt which Mr. Langdon is now willing to confine the proposed Exhibit 12 to, it very clearly states that:

"The freight service is provided by the Central to industry within the City of New York."

In other words, he is referring to not export-import traffic, which is the subject of this discussion, but he is talking about services to industry within the City of New York.

Mr. Macleay: He also says, "as well as a lighterage [fol. 2235] service which enhances New York Harbor."

Mr. Colgren: Mr. Macleay, I am sure you understand many industries are served by lighter in domestic operations.

Mr. Macleay: Mr. Harris testified somewhat to the contrary and his testimony has been received in this record.

Mr. Colgren: If I may continue my objection or answer Mr. Langdon, the Examiner is probably familiar with the fact that New York Central recently sought to increase its charges in connection with the delivery by lighter of domestic lumber within the New York Harbor area.

These questions of total revenues as against total costs in the New York Harbor area it seems to me are apart and foreign to the investigation herein where we are dealing with the basic question of whether or not the New York Harbor lines should be permitted to compete for a certain restricted traffic; namely, that in the Central Freight Association territory and destined to foreign destinations through the various North Atlantic ports.

It stands to reason, Mr. Examiner, that there are countless areas on all of the railroads that can be deemed to affect their total revenues and so on. We recognize that situation exists in the City of New York. Nevertheless, we do not feel that this proposed exhibit adds one iota to the probative material which should be before the Commission in determining the basic issue which I have just recited.

[fol. 2236] Exam. Boat: Mr. Langdon concedes that much of it is perhaps not relevant and I think only the paragraph which he directed particular attention to at most should be received in evidence. So the statement will be stricken except for the first full paragraph on page 2.

Exhibit 125 is received.

(Exhibit 125 was received in evidence.)

Mr. Colgren: Mr. Examiner, I was notified some time ago that I should make an urgent telephone call. I wonder if we could have a short recess before we continue the proceeding.

Exam. Boat: We will recess for ten minutes.

(Brief Recess.)

[fol. 2237] Exam. Boat: Let's come to order now, please, gentlemen.

Mr. Bongartz: Mr. Examiner, from time to time in these hearings reference has been made as to correspondence between the railroads on the opposing side, with particular reference to correspondence between Mr. Colgren and myself in connection with this case, in which certain information was requested and certain information was furnished. Reference has been made to those things, but the things themselves are not in the record.

We have had reproduced copies of this correspondence and statements to which the correspondence refers, and it would seem appropriate at this time to have this marked for identification and received in evidence. I don't know what your pleasure is on this. I can identify briefly what each of these things is.

Exam. Boat: Perhaps we better assign different exhibit numbers to them.

Mr. Bongartz: It might be more appropriate, I think, if you had one exhibit number for all. It would make it cumbersome unless you had an exhibit number with, maybe, letters.

Exam. Boat: I think we better identify those as separate exhibits.

Mr. Bongartz: In that case maybe we better pass out what copies we have so we can mark them. We would like one to each principal interest. The reporter has copies of these.

These letters all show copies to you. Now, if you desire [fol. 2238] another set, I have a set here.

Exam. Boat: I don't think I will require them.

Mr. Bongartz: We have plenty of copies of the letters, but there are some statements here which we do not have sufficient copies for everybody in this room.

Off the record.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record now.

Mr. Bongartz: First is a letter dated February 20, 1958 from Mr. Colgren addressed to Mr. J. L. Heywood.

Exam. Boat: That may be identified as Exhibit No. 126.

(Exhibit No. 126 was marked for identification.)

Mr. Bongartz: Letter dated February 26, from myself to Mr. Colgren.

Exam. Boat: The letter will be identified as Exhibit 127.

(Exhibit No. 127 was marked for identification.)

Mr. Bongartz: Letter dated February 28, 1958, from myself to Mr. Colgren.

Exam. Boat: It may be identified as Exhibit No. 128.

(Exhibit No. 128 was marked for identification.)

Mr. Bongartz: Letter dated March 19, 1958, from Mr. [fol. 2239] Heywood to Mr. French.

Exam. Boat It may be identified as Exhibit 129.

(Exhibit No. 129 was marked for identification.)

Mr. Bongartz: Letter dated April 7, 1958, from myself to Mr. Colgren.

Exam. Boat: It may be identified as Exhibit 130.

(Exhibit No. 130 was marked for identification.)

Mr. Bongartz: Now, that letter, Exhibit 130 for identification, makes reference to some sample cards and two sample sheets. Can those cards and sheets be considered as a part of that exhibit?

Exam. Boat: I didn't receive copies of those? I am just inquiring whether I received copies. I guess I did receive copies. These are the cards and sheets to which you refer?

Mr. Bongartz: Yes, they are referred to in this letter of April 7th.

Exam. Boat: They can be considered as a part of that exhibit, yes.

Mr. Bongartz: Of Exhibit 130.

Exam. Boat: Is that the one headed 31-C, is that right?

Mr. Bongartz: Yes, and 35-C, and then there is a longer two-page sheet, which has a mark "E-1J" in the upper right hand corner.

[fol. 2240] Exam. Boat: Right.

Mr. Bongartz: And to that is attached a statement marked "D-3" in the upper right hand corner.

Exam. Boat: Yes, D-3. I have all those. That will be Exhibit 130. We have identified that.

Mr. Bongartz: Next is a letter dated April 22, 1958, from Mr. Colgren to Mr. Langdon and myself.

Exam. Boat: April 22nd, you said?

Mr. Bongartz: That is right.

Exam. Boat: That may be marked Exhibit No. 131 for identification.

(Exhibit No. 131 was marked for identification.)

Mr. Bongartz: Next is a letter dated April 28, 1958, from myself to Mr. Colgren. In connection with that letter two statements were attached relating to Items 3 and 4 in the letter. Item 4 has already been received in evidence as Exhibit 119. I have a statement which was referred to in paragraph 3 of the letter. Unfortunately, we do not have reproductions of that at the moment, and if it is agreeable I would like to have that reproduced and filed later as a late filed exhibit.

Exam. Boat: As a part of Exhibit 132.

Mr. Bongartz: This hasn't been marked yet, but I would assume it would be marked as Exhibit 132.

[fol. 2241] Exam. Boat: You are right, 132.

(Exhibit No. 132 was marked for identification.)

Mr. Bongartz: And the statement to which I just referred, which is a statement headed "Pennsylvania Railroad Maintenance Expenses—Harsimus Cove Float Bridges

Separated as to Contract and Railroad Expenses, Years 1954, 1955 and 1956."

Exam. Boat: That statement, when filed, will complete Exhibit 132.

Mr. Bongartz: When it is filed it will complete 132, yes.

Next is a letter dated May 1, 1958, from myself to Mr. Colgren, transmitting copies of Budget Bureau reports, and to this letter are attached copies of such reports.

Exam. Boat: Those are headed "Vessel Operation Report"?

Mr. Bongartz: Yes, sir. One report is for the year 1956, and the other is for September 1956.

Exam. Boat: I have those. That will be identified as Exhibit 133.

(Exhibit No. 133 was marked for identification.)

Mr. Bongartz: I offer these exhibits in evidence.

Exam. Boat: There being no objection, Exhibits 126 to 133, inclusive, are received in evidence.

(Exhibits 126 to 133, inclusive, were received in evidence.)

[fol. 2242] Mr. Langdon: Mr. Examiner, in connection with Exhibit 131, I should like to offer now a memorandum which contains the B&O's response to the questions so far as they pertain to the B&O-Jersey Central, as requested in Mr. Colgren's letter of April 22nd. Copies are now being distributed. Unfortunately we don't have the letter of transmittal; but it was the nearest letter of transmittal dated May 1st from me to Mr. Colgren, and I do have copies of the substantive part, namely, the answers that Mr. Talbott provided. That I think should be given the next number.

Exam. Boat: That will be identified as Exhibit 134.

(Exhibit No. 134 was marked for identification.)

Mr. Colgren: Mr. Examiner, before you rule on the acceptance of this into the record, may I ask that it be deferred until a little later until I have a chance to look through it.

Exam. Boat: Very well.

Mr. Bongartz: Mr. Examiner, in connection with Exhibit 132, I can offer this copy to the reporter for the official file.

Exam. Boat: I see.

Mr. Bongartz: Mr. Hartzell has the pencilled sheet from which this was photographed, and it might be better to get this right in the official file now.

Exam. Boat: It will make the record copy complete now. This is to be attached to Exhibit 132.

[fol. 2243-44] Mr. Langdon, I notice this exhibit which we identified as Exhibit 134 makes reference to a map appended, or is that merely a quotation which I am looking at on sheet 2?

Mr. Langdon: I think that is the map. That is a very large map, of which we had only one copy, one of which you have. Mr. Colgren has one.

Exam. Boat: Perhaps I should make my copy available for the record if there are a limited number. I think I recall that.

Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Colgren: I would like to call Mr. Harris to the stand, please.

Walter H. Harris was sworn and testified as follows:

Direct examination.

By Mr. Colgren:

Q. Mr. Harris, will you please state your name and position for the record?

A. Walter H. Harris, Lighterage Superintendent of the New York Central Railroad at Weehawken, New Jersey.

Q. Will you please explain your duties and responsibilities in that capacity?

A. I have responsibility for the marine operations of the New York Central in New York Harbor, including their [fol. 2245] ferries, tugs, lighters, floats, and also the pier stations where freight is transferred from car to boat and boat to car.

Q. How long have you held your present position, Mr. Harris?

A. This is the fifth year.

Q. What was your prior experience?

A. Prior to that I was Assistant Superintendent on the land side between Weehawken and Albany for four or five years, and prior to that I was Train Master in various divisions, and I have been on the railroad for twenty years.

Q. Mr. Harris, have the marine facilities of the New York Central Railroad changed during the period of your employment as Lighterage Superintendent?

A. Not to any appreciable extent. Just before I took over this job, we lost one pier through fire, but we erected in lieu thereof the banana pier, so-called, where bananas are loaded direct from ship to car.

Q. Incidentally, that banana pier facility in effect serves all the railroads in the New York Harbor area, is that right?

A. That is so.

Mr. Langdon: Would you mind clarifying that, Mr. Colgren?

By Mr. Colgren:

Q. Perhaps, could you give some history of the financing of that pier, Mr. Harris?

A. Well, the pier is financed by the New York Central Railroad and leased by the United Fruit Company, and as I understand one of the conditions under which the lease was [fol. 2246] made was that we would provide equal service to all of the railroads in New York Harbor, as well as our own, and as such we have very rigid schedules of delivery to connections of bananas loaded at this pier, so that the other railroad is able to compete as well as we are for that traffic, as I understand.

Mr. Colgren: Is that satisfactory, Mr. Langdon?

Mr. Langdon: There will be a few questions, but that is all right.

By Mr. Colgren:

Q. Has the New York terminal area served by New York Central by lighters and car floats changed in your experience?

A. Not to any extent. The major change, as I see it, has been the development and expansion of Port Newark.

Q. Is the terminal area in the New York Harbor the same for all railroads serving that destination?

A. Yes.

Q. In your experience as Lighterage Superintendent have there been fluctuations in traffic on the New York Central?

A. Oh, yes.

Q. Do the service requirements in the New York Harbor change with fluctuations in traffic?

A. Well, if you mean that we have less places to serve, no. The same piers and customers have to be served whether in a low period or high period of business.

Q. Now, in your capacity as Lighterage Superintendent [fol. 2247] what actions are possible, or rather, what courses of action are available to you in periods of declining traffic?

A. Well, naturally like in any operation, you attempt to retrench just as much as you can in the reduction of tug power and barge power, barge equipment, and manpower.

Q By retrenchment of tug power, do you mean the sale of tugs?

A. Oh, no. No, no.

Q. Would you explain that, please?

A. Well, all our tugs, all our lighters are manned either by a tugboat crew or by a barge captain, lighter captain, and the money we save when we lay up tugboats or barges is in the personnel that we lay off on furlough.

Q. In your opinion is your ability to store or otherwise make inactive your equipment commensurate with decreases in traffic?

A. No. The best I can describe it, a good part of it is in the terms of railroadmen like the local freight train that serves in the district between two given points. It is likewise true with your marine service. You serve these piers in New York, and it may happen that you go to the farther-most points with little traffic, just as well as you would go to those points with heavy traffic. That is the trouble with periods of low business in New York. You have no tonnage to compensate you for the service that you render.

Q. You mean you must continue service requirements regardless of tonnage, is that a fair restatement?

[fol. 2248] A. Yes. If you are going to serve the customer, you have got to have enough power and equipment to do it.

Q. Now, Mr. Harris, can you give us any idea of your ability to control your expenses in a period of declining traffic?

A. Well, how to control our expenses in periods of declining traffic, I have answered that to some extent, that we try to cut back our manpower as far as we can and still provide the service, but we have equipment, fixed facilities, such as wharves, docks, float bridges and so forth that have to be maintained as well as the marine equipment sooner or later. It is all subject to wear and tear whether used or not. It is in the water and subject to the weather, to the tides and winds that occur, and the bumping against docks and so forth, so you have an expense whether you tie them up or not.

Q. Mr. Harris, what is your experience when you have an increase in volume of tonnage with respect to utilization of equipment?

A. I have explained in the last few questions what we do in declining business and also said that we can't make any reductions and still provide service to the extent that business drops. So therefore it follows and our experience shows that we pick up and can take care of a lot of business before we have got to increase our power or crews. What I mean by that is sometimes we refer to this service in New York as the milk route, and if a customer takes three bottles you make one trip. If he takes one, you make the same trip. Well, that is why in periods of declining business you can't [fol. 2249] cut down the service commensurate and why you don't increase it commensurate with the increase. If I have described it, I don't know.

Q. In other words, you have a certain amount of slack that is permissible to take up?

A. Yes.

Q. Mr. Harris, was there much difference between the fixed facilities that now operate for the New York Central operated by the New York Central presently as were operated during World War 2?

A. Practically the same thing, except as I explained, the loss of Pier 3 by fire in 1948.

Q. Now, Mr. Harris, the New York Central, or rather, does the New York Central handle some of its domestic traffic in marine movement?

A. Yes.

Q. Would you indicate what type of traffic that is?

A. Well, the major amount of domestic traffic we handle in New York by lighter in tonnage is cement from the Hudson Valley, from Hudson, New York, and Allison, New York. It goes to local receivers along the harbor area, up in the creeks, and on the East River and North River and the Coney Island District.

Q. How is that bulk cement handled?

A. Well, we have two ways of handling bulk cement. One is by a plant at 60th Street in New York, where it is blown [fol. 2250] by air into a barge, and then pumped out by electric pumps provided on the barge. But the greater amount of bulk cement handled on the New York Central is handled in so-called air activated containers. Those are containers that handle about eleven tons of cement apiece and from five to six containers on a gondola, and from five to six cars are loaded on a scow and delivered to the customer's dock, where he applies air and blows it out.

Q. In the transfer of these air activated containers, is that from the car to the lighter?

A. Yes. They are lifted by cranes from the car directly onto the deck of the scow.

Q. What would be the tonnage, the average tonnage, if you can give me that figure, of a lighter of cement for local delivery?

A. Well, the capacity is about 350 tons, and we load, as I say, six cars. We get pretty close to the capacity.

Q. Is that true of the bulk cement?

A. Oh, yes. The bulk cement is also loaded to capacity; that is, 350 tons.

Q. Now, that thansfer—well, I guess it is inherent on the record, but the transfer from gondola cars is direct to the covered barges in that bulk movement you described, is that right?

A. That is right.

Q. Does the New York Central handle other bulk commodities in its marine service?

[fol. 2251] A. Well, we have a two million bushel elevator where grain is delivered direct to a vessel that is kept and has been dredged since 1956 to ocean deapths or depths sufficient for ocean-going ships. Then we have two other piers that we keep dredged for the receipt of ore and sulphur, and then, of course, the banana traffic.

Q. Do you have any idea, Mr. Harris, of the average tonnage that might be developed during a period of heavy traffic volume as against a light traffic volume period? What I have in mind is, well, I am thinking of World War 2, for instance. Have you any familiarity with that?

A. Oh, yes. In other words, with the kind of a job I have it is one requiring familiarity with costs and production and naturally tonnage.

Mr. Macleay: I wonder if the witness could speak up.

The Witness: All right. I am very sorry. I say we are handling about a million tons a year now in lighterage service. Looking back in the records in my office, why, the war years it was two and a half million. So it was about two and a half times as great as it is now.

By Mr. Colgren:

Q. There has been no change in the shore facilities of any major extent. You did mention Pier 3 being burned.

A. Yes.

Q. But aside from that is there any major change in the [fol. 2252] shore facilities during World War 2 as compared to today?

A. No. We have gone from a three trick operation to two, and in other places one, but not in fixed facilities.

Q. Mr. Harris, do you have any idea as to the utilization of equipment in a heavy volume period? Again, I have in mind World War 2 as against our present period of traffic volume.

A. Of course, in my office all of these records are available, and I have occasion and the duty of comparing, and presently our, take our tonnage per barge, it is running about sixty tons. It did this year. In two or three of the months this year, as a matter of fact, it was sixty-one for the year 1957. In 1943 and 1944 we were getting 110 tons per barge.

Q. Now, Mr. Harris, is the New York Central operation directly comparable with the other railroads that serve the New York area?

A. Is what, John?

Q. Let me put it this way: Is the New York Central operation in New York Harbor the same as or unique from the other railroads that serve the barbor?

A. Well, all of the railroads except the New York Central in serving Manhattan Island serve it by car float. We only have one remaining station in New York where we transport freight on car float to the station for delivery. That is a very small operation at Barkley Street in Lower New York, but our freight for Manhattan Island comes down on [fol. 2253] rail from Spuyten Duyvil from the railroad we have on the west side of Manhattan going down Canal Street, and deliveries are taken on that railroad to public facilities provided at 60th Street, 33rd Street, and the meat switches at 14th Street and St. Johns Park Station at Canal Street.

Q. Yes. Now, that land operation is distinguished from the other railroads who have to serve by car float, is that right?

A. Yes.

Q. Mr. Harris, is the New York Central constantly surveying its New York operations with a view to economize or for efficiency of operations?

A. Oh, yes.

Mr. Langdon: Did you say presently?

Mr. Colgren: No, constantly.

By Mr. Colgren:

Q. In that respect some of the operations are under modification, is that not right?

A. Under modification. There is consideration being given to modification. What do you mean? I don't understand.

Q. Well, what I have in mind, when a service or facility proves or is—let me phrase it this way: The New York Central is constantly looking for an improvement in its efficiency of operation within the New York Harbor, is it not?

A. Oh, that is so. As an example, I think, of what you are asking, is the closing of Pier 35 in the East River. That was one of our pier stations that was served by car [fol. 2254] float, and we found other means of handling that traffic. It had grown to a low ebb of business and rentals and maintenance of the facility caused us to close it.

Q. Yes.

A. We are considering others in New York.

A. Yes.

Mr. Colgren: I believe that is all I have, Mr. Examiner.

Mr. Langdon: I am wondering, Mr. Examiner, since Mr. Colgren has a second witness if we couldn't go ahead at this time and hear the second witness and then have the cross examination this afternoon to give us an opportunity to review this during the lunch period.

Exam. Boat: It is agreeable with me.

Do you have the other witness available, John?

Mr. Colgren: Yes, I do, but I think it would take more than a half hour that now remains before twelve-thirty, and may I make the suggestion that rather than put him on and interrupt our continuity of our examination whether we could recess for luncheon now and pick up perhaps at one o'clock or one-thirty.

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

We will ask Mr. Harris to step aside then for the moment and then we will resume with Mr. French. You were sworn before.

[fol. 2255] **Wesley F. French** having been previously sworn, testified as follows:

Direct examination.

By Mr. Colgren:

Q. State your name, please.

A. Wesley F. French. I am Manager, Rate Cost Studies and Statistics, New York Central System, New York.

Q. Mr. French, what is your opinion of the use of gross ton miles as a proper divisor to ascertain the variability of the expense of harbor operations?

A. I recall, Mr. Colgren, that during my previous cross examination I had a question of that sort directed to me, and I observed at that time that the statistics of gross ton miles was not derived directly from the operations of harbor service. It is rather obtained from, generally, from the wheel reports of freight trains or passenger trains or some related statistics. It has to do with the line haul operation of trains between terminals, and it does not include the marine movements of a harbor or trucking in lieu of lighterage movements in the harbor area and so on. Nor by the same token does it include yard operations that might be performed by yard switching locomotives and so on, and therefore I question very much that we could invariably expect to find a correlation of particular importance between the movement of expenses, let us say, to be associated with the harbor and the output of gross ton miles.

Q. Well, would that be giving any consideration to heavy investment factor in harbor facilities?

[fol. 2256] A. No, sir.

Q. Would it give any consideration or have any bearing on the necessity for a fixed plant?

A. No, sir. You are speaking of gross ton miles?

Q. That is right.

A. Yes.

Q. Would it take into consideration any factor of the necessity of serving the entire harbor area regardless of volume of traffic?

A. No, it does not reflect the movement of traffic through the harbor.

Q. Well, under these circumstances, Mr. French, would it be presumed that the cost of individual harbor operations or that the investment in harbor facilities could be expected to vary with gross ton miles?

A. No. I just observed that I didn't think that it could be expected to vary with gross ton miles.

Q. Mr. French, in your opinion is the eighty percent out of pocket factor used and developed by the Interstate Commerce Commission Cost Section in the development of rail cost studies consistent with the application of the differing percents found in Appendix E of Senate Document 63?

A. Yes, I think it is.

Q. What is the basis of your conclusion in that respect?

A. Well, again you may recall, I was cross examined, [fol. 2257] I believe, on that subject previously, and I observed at that time that the New York Central had made an application of Appendix E percentages to their own freight operating expenses and rents and taxes, and that in so doing they had come up with a figure of approximately 78 percent, which I felt at least in the case of the New York Central supported the overall eighty percent. Now, that 78 percent in effect was the overall weighted average which resulted from the application of these individual percentages to the 1956 freight expenses of the Central.

Q. Have you since then made a further check along those lines?

A. Yes, I have. I made exactly the same type of check, or it was done under my direction, in connection with the 1956 operating expenses of the Baltimore and Ohio and the Central Railroad of New Jersey and the Pennsylvania.

Q. What was the result of that further check?

A. The Baltimore and Ohio came out with a weighted percentage overall of 79.5. The Pennsylvania was 78.5. They were very close to the New York Central in that respect. The Jersey Central was the low one. That was 74.3, if I recall the figure.

Mr. Langdon: Are we going to have the computations?

The Witness: Yes, I have them right here if you would like to have them, Mr. Langdon. You can look them over at lunch-time. Perhaps you would like to do that.

By Mr. Colgren:

Q. What is the significance of these figures to you, Mr. French?

[fol. 2258] A. Well, I think they all tend to confirm the use for overall purposes. When you are dealing with a whole body of operating expenses, freight operating expenses of the railroad, that to use eighty percent is a completely reasonable thing to do, but it also illustrates, I think, rather clearly that in arriving at that eighty percent or in supporting that eighty percent you had to take into consideration the various different percentages which have to be weighted into this overall picture.

Q. In other words, an eighty percent factor cannot be applied to each and every individual account?

A. That is correct, yes.

Q. Mr. French, what is your understanding of the development and adopting by the Interstate Commerce Commission of this average eighty percent factor for out of pocket determinations?

A. I understand it came about very much in this way: At the time that the rail line cost form A, a formula known as Form A, was first in the process of development it was worked out on the basis of the whole amount of freight expenses. In other words, what we would call fully distributed costs was the end product of that formula, and then if it was desired to find the out of pocket portion of those fully distributed costs it was necessary to rework the entire formula, because you went to the various operating expenses for the individual railroads or groups of railroads or territories, or whatever you were interested in that you had originally entered in the first go-around with Form A, and you applied these individual percentages [fol. 2259] and you brought that whole body of expense, account by account, down to the out of pocket or variable portions, and then you entered those in the formula and processed them through. That meant doing the job in effect twice.

Well, obviously, as you know, Form A is a lengthy procedure, and it was desirable to find a more ready method of coming to the same end results, which the Commission devised. Apparently they had noticed that the application of these overall percentages centered somewhere between 70 or 80 or 90 percent, somewhere in that range, and they made further studies. Some of those studies are described rather well, I think, in their statement 4-54, to confirm or disprove, if you will, the application of these various percentages, and they observe there that their studies serve to confirm that, as I recall their language, the results seemed to center about—I think they used that word—center about the eighty percent. So they announced through the medium of their statement 4-54 that for rate cost study purposes in the freight field at least the overall eighty percent would be appropriate.

I think it is inherent, though, in what they did, and in the language of their statement in respect to the eighty percent that what they are dealing with there is the overall body of the operating expenses and not some select group of accounts.

Q. In other words, the eighty percent is not properly applicable to individual accounts?

[fol. 2260] A. That is correct.

Q. Or any small group of individual accounts?

A. That is right.

Q. As against the total accounts for which it was developed?

A. That is correct, sir.

Q. Mr. French, in your opinion, can solely related costs ever be used as a determinative factor in a rate controversy involving competitive traffic?

A. I certainly most earnestly believe that the industry would be very ill advised to support any position of that kind.

Q. Why is that?

A. Well, in the first place, a concept of that kind means that we will freeze into the minimum level below which competitive rates cannot be justified an element of constant costs which will remain there as long as, technically as long as any of that traffic continues to move and will not vary with the fluctuations of traffic. It overlooks the concept that out of pocket costs, as we have ordinarily used it, in competitive situations is variable cost; that part of the cost which will vary in one direction or the other as the traffic flow varies. I think this is particularly important for the railroad industry because one of our major areas of cost is in the constant side.

We are a big property. We are a high geared industry, if you will. Most all of us are. And we are in a very competitive field where we must compete with people who can [fol. 2261] operate on much smaller margins of profit than we and still maintain themselves. That is because of the great constant cost element that we have. So if we must price our rates so as not only to protect ourselves against the cost of handling additional traffic, but as well cover some kind of a pro rata share, however you would like to figure it, of this constant area of cost, which is so big, we are going to be at a tremendous disadvantage, I believe, not only as competing among ourselves in setting rates, but particularly as meeting competition from other modes of transportation.

Q. Mr. French, along that line would the application of this solely related cost theory permit the application of a general rate scale within a territory applying to all points within a territory?

A. Well, I should think it would be very difficult to do such a thing. If I get the import of your question, Mr. Colgren, I think what you have in mind is that whatever carrier, whatever railroad could demonstrate that between any two given points in the territory that it had the lowest solely related cost, that carrier would be able to quote the lowest rate and thereby attract all the business, so that in effect you would have, if you predicated your rate on a strictly cost basis, you would have different rates for every two points you could conceive of, and in each case the low cost carrier would be the only one that would be permitted to justify his rate. The others' costs would be too high. It would narrow the area in which management [fol. 2262] could operate to meet competition. That is my fear in this theory.

Q. According to that theory, Mr. French, isn't it true that each point of origin or each point of destination would reflect different costs?

A. Yes, I think we have an excellent illustration in the costs we have heard advanced here at this particular session of the hearing. We can see how at New York you would have one level of costs if you use that port, and it would naturally follow that at other ports you would have another level of costs, quite independent as to the effect of those costs caused by increments of traffic. I think the whole burden of cost evidence in this proceeding goes to illustrate that rather clearly as far as the port studies are concerned.

Q. Yes. If this solely related cost theory were followed to its ultimate, what is your opinion of its effect on the railroad operations?

A. Well, I think that there would no longer be any distinction between the costs that we would produce to justify competitive rates and the costs which we would look at if we were considering avoidable costs or costs in connection with abandonment or something of that kind. The effect on a railroad, I firmly believe, would be little short of a calamity. In the areas of competitive traffic about all we could expect to hold and claim a full share of on these solely related costs would only be traffic which if there is any more, which is captive to the rails, or perhaps [fol. 2263] some traffic that because of certain reasons could afford to pay that kind of a tariff. There don't seem to be too many of them any more.

Q. What is your thought in connection with the ultimate result as to the physical plant itself of a railroad?

A. I think that concept would put a premium on each railroad management doing everything it could to provide the cheapest possible plant, the cheapest possible service, and a minimum of service in order to keep it as cheap as they could, because the man that did his job the cheapest apparently would be the only man allowed to compete.

Q. Well, then the emphasis would be on cost rather than service?

A. The emphasis very definitely would go to cost. Service would be a secondary consideration because you just couldn't quote a freight rate apparently, if you carry this through to its ultimate conclusion, unless you could justify the lowest solely related cost.

Q. And for the big railroads of the East, for example, with their large terminal operations and so on, that would be a very serious question?

A. Yes.

Q. Now, Mr. French, there was some reference in the record by Mr. Bongartz concerning information supplied in a letter dated April 28th. I believe it has subsequently been introduced in the record today as Exhibit 132.

[fol. 2264] Mr. Bongartz: Are you referring to Exhibit 119 that Mr. French did not have the benefit of seeing prior to the last hearing?

Mr. Colgren: Yes, that is it, except I don't agree with your statement that Mr. French had not had the benefit of seeing, as we hope to develop now.

Mr. Bongartz: I think his ignorance is on the record.

By Mr. Colgren:

Q. Referring to Exhibit 119, Mr. French, did you have the basic information necessary to apply the corrections that were supplied? If you recall, there was a revision in certain percents, or rather, a revision of one particular percentage drawn to our attention in that letter.

A. When I first got that statement, which later became this Exhibit 119, we looked it over and decided that we could not apply it to the material that we had at hand; that is, not apply it in any intelligent fashion.

Q. Why is that, Mr. French?

A. For the reason that this particular exhibit consisted of restating the percentage of tug hours ascribed to the Jersey City lighterage operation from about five and a fraction percentage to around twenty-one percent. We didn't quarrel with that a bit except that we did not have the basic expenses, nor did we necessarily know which of the basic expenses, if we had had them, would be affected by this change in the tug hours.

[fol. 2265] Now, to illustrate that, since getting Mr. Talbott's exhibit and the supporting papers, Exhibit 125, I believe, of Mr. Talbott's, and the supporting papers thereto, it was included in that a recomputation with respect to this Jersey City lighterage that the Pennsylvania had evidently prepared and supplied. So I was just curious to see had we tried to apply this percentage where we would have come out.

I worked only the maintenance of way expenses, using the accounts that I discovered had been changed due to this change in the tug hours, which I wouldn't otherwise have known which ones they were, perhaps, and found that I had overstated the adjustment more than twice by attempting to just merely apply this thing as best I could without the basic figures.

Q. Yes. And this was after you had the information?

A. This was after I had it. I went back over it to see whether I had been in error there in not attempting the adjustment. I found I was still unable to make it in the same way as the Pennsylvania had finally produced it.

Mr. Bongartz: Just for clarification may I ask a question. Are you testifying that in looking at these work sheets that accompanied Exhibit 125 that you found that the Pennsylvania made this recalculation correctly?

The Witness: I am not questioning whether they made it correctly or not. I really don't know. I presume they have, but had I made it I wouldn't have gotten anything [fol. 2266] near the same result.

Mr. Bongartz: Regardless of what you did or did not do, you are not taking any issue with what the Pennsylvania did in this recalculation?

The Witness: Not at all.

By Mr. Colgren:

Q. Along that line, Mr. French, do you have any way of testing the accuracy of what the Pennsylvania did in this respect?

A. No. As a matter of fact, what I just said illustrates it. I can't very well test it inasmuch as when I attempted to rework the figures I didn't get close enough to them to constitute a test.

Mr. Colgren: Mr. Examiner, that is all I have on direct examination.

Exam. Boat: We can recess until two o'clock.

(At 12:25 p.m., the hearing recessed until 2:00 p.m. of the same day.)

[fol. 2267] AFTERNOON SESSION

2:00 p.m.

Exam. Boat: Come to order, gentlemen.

Mr. Colgren: Mr. Examiner, to complete the record at this point, I draw attention to the fact that around July 9, 1958, I addressed a letter to yourself, Examiner Marion L. Boat, with copies to Mr. Bongartz and Mr. Langdon, enclosing reproductions of certain rough notations, which underlay page 34 of Exhibit 115 of witness French. They were requested at page 2032 of the record. I suggest at this time that these be made an appendix or a part of Exhibit 115 of witness French.

Exam. Boat: Very well, that may be done. There will be a supplement to Exhibit 115.

(Supplement to Exhibit 115, Witness French, marked for identification.)

Exam. Boat: If I haven't already indicated, I intended to show Exhibit 134 received in evidence.

(Exhibit No. 134 was received in evidence.)

Exam. Boat: I believe, Mr. Colgren had concluded his direct examination. Are we ready for the cross examination of Mr. Harris now? Is that the witness?

Mr. Colgren: We have had two witnesses finish their direct. What is your pleasure?

Mr. Langdon: The Examiner asked if I was ready for [fol. 2268] Mr. Harris, and I am.

Walter H. Harris resumed the stand and testified as follows:

Cross examination.

By Mr. Langdon:

Q. Mr. Harris, I think you referred to the New York Central rail line on Manhattan Island and said that distinguished the New York Central from the other New York Harbor lines; is that right?

A. Yes, sir.

Q. Well, now, in what way is that line of yours on Manhattan Island used in connection with the handling of export-import traffic?

A. It is used to an extent, we use both sides of the river for lighterage freight, about eighty percent on the Jersey side and about twenty percent on the Manhattan side.

Q. This export-import traffic that uses your line at Manhattan is put on lighters where; at 60th Street?

A. Right.

Q. Manhattan?

A. Right.

Q. You don't have any direct rail deliveries to any piers on Manhattan?

A. That is right.

Q. In other words, there isn't a pound of freight, is there, handled directly from ship to car on any New York [fol. 2269] Central pier or any other pier on Manhattan Island?

A. That is right.

Q. And you said that eighty percent of your lighterage freight originates on the New Jersey side?

A. That is so.

Q. And twenty percent on the Manhattan side?

A. About that. Those are rough percentages.

Mr. Colgren: That was export-import.

By Mr. Langdon:

Q. Export-import traffic.

A. Export-import, yes. I might say that when I drew the comparison in the first place on Johnny's question there, Mr. Colgren's question, I was explaining that all our traffic, including principally the Manhattan delivery freight, that is, for the Island of Manhattan domestic freight, we brought it in by rail, whereas the rest of the railroads in the harbor had to float it across the Hudson River to the steamship piers or float bridges provided on Manhattan Island.

Q. And your testimony, in other words, is limited to the handling of domestic freight. The comparison was drawn in connection with handling of domestic freight?

A. That is what the comparison was drawn on, yes.

Q. Mr. Harris, I think you also referred to special barges that were used in connection with the handling of domestic cement traffic at New York. Did I hear you correctly? Are they special barges?

[fol. 2270] A. No, not special barges. The container into which the cement is loaded at the mill is a special type of container and the container itself is lifted from the car onto an ordinary deck scow and taken to the customer.

Q. You don't have then, as I understand it from your testimony, any specially equipped equipment from the point of view of the marine movement of this cement traffic?

A. We have a few boats. I think I told you that we had a plant at 60th Street in New York where cement was blown into the cars, into the barges rather, similar to the CNJ operations, Lehigh Valley.

Q. You have a few of those. They are special.

A. They are confined to the cement traffic, yes.

Q. Do you call them special barges or what?

A. We just call them cement barges. We make some changes on an ordinary barge, and, of course, provide a room or locker into which the Fuller-Kingan pump is stored, and put a panel in so that electricity can be employed in operating the pump.

Q. And they are used exclusively in the cement business?

A. Those few, yes. We have three.

Q. You referred, I think, also to the ups and downs and mostly downs in your traffic at New York, your export-import traffic, and the extent to which you were operating at less than capacity at the present time. Now, Mr. Harris, in an operation of this kind, namely the movement of [fol. 2271] import-export traffic into New York, how would you measure your capacity? If I may explain the question perhaps a little more. Is capacity in any railroad operation measured by the bottleneck, if you want to call it that, in that operation?

A. Well, I should say yes.

Q. In other words, in the handling of traffic at New York, export-import traffic, if you had a four track railroad or any size railroad from Buffalo to New York, and a lighterage pier as big as the State of Texas, but you didn't have enough lighters or tugs to handle the business, why your capacity would be measured, would it not, by the capacity of the tugs and barges, is that correct?

A. Naturally in any operation where there are tugs and barges or locomotives and cars, you can't handle more than the available equipment if there is no other means of obtaining it other than ownership.

Q. Wherever that shortage or deficiency may occur in the actual flow of the traffic, is that right?

A. I didn't understand you.

Q. Wherever that shortage or deficiency may occur in connection with the flow of the traffic, that marks the point where you measure the capacity, is that not so?

A. Yes. The only thing, I wish we had reached some of those situations in recent years. We wouldn't be here. But I would say this, that there are so many factors beside just equipment, utilization of equipment as well as the equipment itself. [fol. 2272] I said this morning my figures, which are for recent months, showed about a sixty ton average load in an average barge, whereas their capacity was about 350. I haven't any figures, but I know from my own information that we are towing many single boats to steamship piers, far distant points, that is, Bush Terminal and Staten Island, and wherever it may be, whereas if we had the business we can tow two or three or five or six. Those things have to be exhausted before you arrive at the point where you can say we can't handle freight.

Q. In a case, Mr. Harris, where you are comparing the operations of two railroads, all the other things being equal, if one is operating at seventy percent capacity and the other is operating at one hundred percent of capacity, why, again, on the assumption that all other things are equal, the unit costs of the railroad operating at capacity would be less; is that right?

A. It would seem so, yes.

Q. I mean, that follows naturally as an operating proposition, doesn't it?

A. Unit cost. Now, wait a minute, you said unit cost of a railroad operating 100 percent would be less than unit cost of a railroad only operating at 70 percent; is that what I heard?

Q. Yes, and other things being equal.

A. Yes, I would say it would be so, yes.

Q. It follows as a matter of course.

A. Usually the more business you have the lesser your costs.

[fol. 2273] Q. Now, you mentioned, Mr. Harris, this banana pier of yours. You appreciate, of course, that the other railroads of New York, some of them handle bananas in carload service directly without going through your facility?

A. Oh, so do we.

Q. And you do, too?

A. Oh, yes.

Q. In other words, this facility of yours is only used for part of your banana traffic?

A. It is used for the United Fruit, the major banana outfit. You have a few independent outfits, like the Standard Fruit and Vegetable and Dixon Banana Company. Dixon brings it in on the Grace Line and Standard over Pier 613 on the East River.

Q. How do you handle those bananas?

A. We load the empties to the car floats, take them to the steamship pier, where the bananas are loaded from ship to car by the employees of the steamship company or their agent, whoever it may be. It is not a railroad obligation to load to the car.

Q. And then you move that?

A. We move it by car float to Weehawken, put it through the float bridges and on rail.

Mr. Langdon: That is all.

By Mr. Bongartz:

Q. I have a couple of questions, Mr. Harris. Mr. Harris, you mentioned your experience during World War 2. Did [fol. 2274] the New York Central have occasion during that war period to charter marine equipment?

A. Yes.

Q. You chartered scows?

A. That is right.

Q. And barges?

A. That is right.

Q. Did you charter anything else?

A. No, barges and scows.

Q. That situation as it applied during the war could hardly be considered the normal peacetime situation, could it?

A. Oh, granted the volume of freight and the type of freight we received made it possible to put a good load on a barge. The trouble today is that the class of freight and the volume of freight is—well, we call it straw hats. That is what we are getting to move to the steamship piers. Of course, we provide the service to the pier and don't get the corresponding—

Q. You provide the service now in these peacetime years which the trade demands, isn't that correct?

A. That is right.

Q. And that is a different kind of demand than you had during the war?

A. There may have been differences, Mr. Bongartz, but the obligation existed during the war as well as it does in peacetime to make delivery to ships before they sail.

[fol. 2275] Q. Well, of course, the basic thing is delivery of cargo to ship, we understand that, but all of these demands which dictate less than capacity floating and lighters which you have now did not exist during the war, is that not correct?

A. I grant you that there is a great change between wartime business and peacetime business.

Q. Right. Now, you mentioned as a matter of wear and tear on marine equipment when it is laid up?

A. That is right.

Q. What kind of service does the New York Central perform on this laid up marine equipment. Let's take a scow? What do you do with the scow when you lay it up?

A. Don't do anything but tie it up.

Q. Just tie it up?

A. Yes, sir.

Q. And leave it there until you want to use it again?

A. That is right.

Q. Where does the maintenance come in on that?

A. The maintenance is figured on a long term basis.

Q. Long term basis, which includes, of course, use of it?

A. Use and whatever wear and tear or the deterioration of that vessel in the water.

Q. Well, the wear and tear on a piece of marine equipment like a scow is really in its operation, isn't it, Mr. Harris, loading of it and the propelling of it around the harbor?

[fol. 2276] A. That is true. In other words, there is more likelihood of damage to a barge or scow if it is being used than if it is tied up, but we also have instances—we had grain boats of wooden construction, and we had to get rid of them because the demand for grain boats was so spasmodic that the wooden boat up out of the water, when you came to use it, the seams were open and you couldn't use it. So there was more damage occurring in the wooden grain boat under those circumstances than under use.

Q. Which time are you referring to?

Mr. Colgren: He asked you what time you were referring to, Mr. Harris?

The Witness: Within the last eight years.

By Mr. Bongartz:

Q. I assume that you have a general knowledge of how many scows and lighters and barges you have laid up in the last year or so?

A. You mean tied up and not used?

Q. Yes.

A. Yes, I have.

Q. You make periodic reports, don't you, of this to the Association of American Railroads regarding the laying up of certain types of marine equipment?

A. No, sir.

Q. You don't?

A. We make reports to them on the ownership of vessels, [fol. 2277] but not the in or out of service use.

Q. Well, I show you a statement entitled "Association of American Railroads Car Service Division, Marine Equipment Owned and Used by New York Harbor Roads as of June 1, 1956." There is a column there for the New York Central, and I will ask you to look at it and tell me whether this is a correct statement.

A. All right.

Q. It is divided as between tugs, car floats and various types of marine equipment. Will you look that over, Mr. Harris?

A. That is Paul Miller's report. No use of me saying he doesn't have it, and we must furnish it.

Q. Will you in each instance read from that report for each class of marine equipment the number of units owned by the New York Central and the number of those units laid up as of that date?

A. Yes. The New York Central, tugs owned, eighteen; in shops, six; laid up, service, one; laid up, unfit for repairs, nothing, service, eleven.

Q. When something is laid up unfit for repairs that is practically the end of it, isn't it?

A. Well, I don't know what that would be. I don't know. Unfit for repairs would look to be as a scrap boat.

Q. All right. Let's go down to the next category.

A. All right, sir, which one? Car floats, we own 37. We had four in the shop, and we had thirty-three in service.

[fol. 2278] Q. All right, the next one.

A. Self-propelled lighters, we own none. Gas hoist lighters, we own fourteen, and there is a note here which says three are steam and eleven gas, fourteen in service.

Grain barges, chartered six, chartered last report 12-1-55, one, covered barges 143. That included 27 reefer barges, 12 in the shop, 12 waiting repair, laid up, serviceable, fourteen, and laid up, unfit for repairs, twelve, in service, 100, charted, none.

Scows owned, 74; in the shop, 5; two laid up awaiting repair, 67 in service, and that is it.

Q. All right, now I will get you to look at this statement from the same source, which gives similar information for December 1st of 1956.

Mr. Colgren: What was the date on that?

The Witness: June 1, 1956.

December 1, 1956. 18 tugs owned, 5 in the shop, 1 laid up serviceable, 12 in service.

Car floats, 37 owned, 3 in the shop, 1 laid up, serviceable, 33 in service.

Hoist lighters owned, 14, fourteen in service.

Grain barges, 5, chartered, and on the last report there were six. That is of 6-1-56.

Covered barges, 130, 6 in the shop, 5 laid up awaiting repair, 2 laid up serviceable, 5 laid up unfit for repairs, [fol. 2279] 112 in service, one chartered.

Scows 74 owned, 1 in the shop, 1 laid up awaiting repair, 72 in service.

Now, the only thing—a man has to defend himself just a little bit—in this report, while I am not disputing it, and I perhaps should have known that this report was being made, it is made from my office to the AAR apparently, but I had no recollection of it.

Q. I am not intending any criticism of you, Mr. Harris. Your organization would obviously take care of such things. Thank you very much.

Mr. Colgren: No further questions on redirect, Mr. Examiner.

Exam. Boat: You are excused, Mr. Harris.

The Witness: Thank you.

Wesley F. French resumed the stand and testified as follows:

Cross examination.

By Mr. Langdon:

Q. Just a few questions, Mr. French. You criticized as inapplicable, I think, the use of gross ton miles as a factor to measure the variability of Account 408, which is marine operations; is that correct?

A. I didn't say that it was completely inapplicable. I said that it probably wouldn't bear any direct relationship to the movement of the expenses that are quoted in Account 408.

Q. What factor or factors would you prefer to gross ton [fol. 2280] miles in measuring the variability of that particular account?

A. I think you probably would have to analyze that account into its many parts because it is an account which covers a number of different tyeps of expense. There is the—

Exam. Boat: What is the title of the account?

The Witness: Operating Floating Equipment Account 408. It is an account which will embrace, of course, the cost of fuel and supplies on the marine equipment of various kinds. It will embrace the cost of the wages of the crews and also certain employees that are actually not on the boats themselves, such as tug dispatchers, for example, and office employees. There are certain overhead charges of superintendency and other items of that sort which to some extent are allocable to that account. It covers a multitude of items which are related to the marine operation, and I think that probably what would need to be done—this is just an opinion, but I haven't done such a thing, but what I think would need to be done would be to analyze this account very thoroughly and then to go through a study to try to find what, if you could find just what items of marine traffic, however they might be expressed, tug boat hours, tonnage handled, lighters towed, or whatever it might be. It would just have to be a trial and error process, I suppose, until you finally would find that certain areas would presumably show some relationship to the movement of these statistics. I don't know as you could just tie to one traffic factor and say that that [fol. 2281] would show a positive relationship with an account that covers so broad a field as 408.

Q. Can you give me a factor that would be better than gross ton miles even though perhaps not perfect?

A. Well, as I say, I think it would have to be analyzed and studies of the type I have endeavored to mention would have to be made, and then you would know what factor—I don't know what factor or factors. Maybe one factor could be found. I don't know that.

Q. You are not in the position here, though, to suggest any better factor than gross ton miles?

A. Well, I think it is obvious that it would be unwise to use gross ton miles, which are made in the road haul land operation, if you will, of freight trains, and say that that would bear direct relationship to the movement of expenses in marine operations in the harbor. It would bear some relationship probably because the two are an interrelated thing.

Q. I will ask you again: You don't have any factor that you can suggest that would bear a better relationship?

A. No. I wouldn't attempt to guess it because it could be so many things. There are many statistics that arise from harbor operations.

Q. Now, Mr. French, in your testimony this morning you left with me at least the impression that the reason the Cost Section abandoned the method of measuring variability by individual accounts was that when [fol. 2282] they got all through they added up to about eighty percent. Is my impression of your testimony correct?

A. I didn't say they abandoned the method necessarily. I said they merely found an alternative method which in the final analysis would produce on the overall about the same answer, in their opinion, and confirmed by various tests which they made.

Q. And is it your testimony then that—strike that.

Mr. French, are you familiar with the studies which the

Cost Section made over a period of years and during times when traffic was fluctuating of the relationship of these individual accounts to totals of the higher expense during this period of ups and downs in traffic?

A. Well, I am familiar, I think, to the degree that most of us that have not been personally engaged in these studies are. We have read of them in numerous publications and so on, that the Commission has issued, which are rather exhaustive, I think, on the point.

Q. What was the result of those tests that the Commission's Cost Section undertook? What was the general result?

A. Numerous of them have stated in the various tables and publications beginning back with Senate Document 63, where they reported on the first test that they made and on tests that others had made and commented on them and [fol. 2283] so on, and we have it as late as Statement 454, where they have made these later tests to which I referred this morning. They were dealing mostly on a territorial basis at that time, if my recollection is correct.

Q. Did they find that during this period of fluctuating traffic that these individual accounts reflected different proportions of total expenses, or did they find that these individual accounts represented and continued to occupy roughly the same proportion of total expenses no matter whether the traffic went up or went down?

A. Oh, I am sure they found that there were certain areas in which the accounts varied very directly with the traffic. We know that.

Q. Is it your testimony then that in accordance with the studies of the Cost Section, the percent or the individual accounts, where the percentage of variability was low, represented a lesser proportion of total expenses when the traffic went up and conversely represented a greater proportion of the total expenses when the traffic went down?

A. No, not necessarily, that wouldn't follow.

Q. Wouldn't that necessarily follow if there were differences, great differences, in the variability of individual accounts; wouldn't that necessarily follow?

A. No, you would have the overall operation there to consider, the size of the plant and so on might vary as [fol. 2284] between these two periods which are talked about.

Q. You take the position, don't you, that your marine expenses are only ten percent variable with traffic. I mean, your maintenance expense for marine equipment?

A. That is the percentage which is in the Appendix E scale of variable ratios, yes, and I used that percentage.

Q. Now, have you studied what proportion marine maintenance expense is of total marine expenses over the years on the New York Central as traffic has gone up and down?

A. No.

Q. Well, wouldn't it follow that if you are right in thinking that marine maintenance expense is only ten percent variable that when traffic has gone up marine maintenance expense would be a lesser proportion of the entire expense than otherwise?

A. Well, it might be.

Q. Wouldn't it necessarily follow?

A. It would depend to what extent this increment of traffic would affect the other accounts. I would expect that in most instances it would follow, but I don't think it would be invariably so. That is a very conclusive term.

Q. Wouldn't it have to be so if your theory is right; namely, that marine maintenance expenses are ten percent variable; wouldn't it have to follow?

A. No, I don't agree that it would have to be so. It [fol. 2285] probably would work that way in the vast majority of cases, and you would expect to have that result, but there could be extreme circumstances that might alter it.

Q. You haven't made any such test of your individual, or, rather, to your percents of variability by individual accounts?

A. No.

Q. You haven't made any such tests in the case of the New York Central at all?

A. That is correct. The only test I made was in the sense of the test I described to you before consulting with your engineers and maintenance people.

Q. Now, you referred to solely related expenses, and if I gather your testimony correctly you regard solely related expenses as equivalent to constant expenses, is that correct?

A. No, not equal to constant expense. Solely related expense I believe comprises both variable expense and constant expense.

Q. What is your definition of a constant cost?

A. Well, a constant cost, in the sense I was talking of it, is a cost which will remain fixed or relatively fixed, or at least does not fluctuate with increments of traffic. Traffic can move upward or downward without affecting that particular portion of cost.

Q. Do you regard solely related expense as equivalent to a constant expense in that connection?

A. It has an element of constant expense in it, in my [fol. 2286] opinion, yes.

Q. Well, now, is it your contention then—strike that.

Take these three cement barges that according to Mr. Harris, as I understood his testimony, are useable only in cement traffic, and in effect, I assume, are assigned to that traffic. Now, let's assume that you were asked to price out and determine the cost of moving the cement traffic where this particular equipment was used. Now, in determining that part of the cost represented by the operation of this special equipment, would you take 100 percent of that cost or would you take something less than one hundred percent of the cost? I am speaking now with relation to the three barges.

A. All right. Now, if you want to know the cost of moving more or less traffic in those three barges, assuming you are going to have the three barges anyway and you want to establish the minimum level of cost that you can live with, you will use the variable cost if you can determine it for the maintentnce and operation of those three barges. Now, if you want to find out the overall cost of the barges, including that element which will be independent of the movement of traffic, whether it goes up or down, and which you will pro rate, I suppose, over some assumed level of traffic, you can do that, but that would not be what you would do to establish the lower limits of your cost. That would merely be an average cost for operating these barges and would presuppose a certain fixed level of use or traffic [fol. 2287] to be handled when you determined what you were going to do with them.

Q. Let's assume a capacity operation, and you are requested now to provide information on the cost of this particular cement traffic. Now, am I to understand that you would supply your management with any less than one hundred percent of the cost of operating and maintaining this special equipment?

A. Well, if I have a capacity operation on my existing three barges the only answer that I can see, if we are going to still do more business.

Q. No, I am asking you to determine the cost of the operation as it exists today under the condition that I have assumed.

A. It would still apply. You would still have your so-called minimum level of cost, your variable level that would be variable with the amount of use. In this case your use happens to be one hundred percent. Tomorrow maybe it is ninety, and the next day ninety-five and so on, the cost will be varied as the amount changes.

Q. In other words, you have got a cost on Monday and a different cost on Tuesday and a different cost on Wednesday?

A. If you figure it this way or this year, next year or the year after, whatever time period you want to consider.

Q. Well, let me get you clear now. You would inform your management that the cost of this particular cement operation involving the use of this equipment, and it is [fol. 2288] being used to capacity, and I mean capacity, Mr. French, in the normal way that you mean it and other operating people and other cost people, that you would inform your management and give them a cost that was less than one hundred percent of the cost of this equipment; is that correct?

A. I would give them a cost broken in two parts. Now, what they would be interested in, I presume, from the import of your question is in finding the overall cost per ton or per tug hour or how you want to express it, or barge hour of owning and operating these barges. That would be an overall fully distributed cost.

Q. One hundred percent cost.

A. The whole one hundred percent.

Now, we could break that cost down into its two chief component parts: That part which the management would have to live with regardless of how much traffic utilization he got out of those barges, and that part of the cost which management would find would vary as traffic varied. They might, for example, want to have a cost figure of some kind for forecasting purposes, let us say, and it would be some forecast as to the traffic those barges were going to handle. They want to forecast their expenses in connection with it.

Q. If this operation were at capacity you would tell your management then under those circumstances, I gather, that so far as capacity cost is concerned one hundred percent is [fol. 2289] the correct one?

A. Capacity cost?

Q. Or cost at capacity.

A. You are talking now of an absolute capacity?

Q. Absolute capacity, yes.

A. Well, if you had an absolute capacity you would still have your two elements of cost which would add up to the total. You would have your variable cost, and you would have your constant cost. The mere fact that you had one hundred percent capacity would not overcome those two elements of cost. They would be there, and they would be observed as soon as the traffic became less than capacity. You would see the effect on the variable portion. The constant portion would be there anyway regardless of your traffic.

Q. Now, would you have, Mr. French, with this constant cost, would you have a constant cost that you couldn't assign that would arise from the operation and maintenance of these three special pieces of equipment?

A. You couldn't assign?

Q. You could assign that constant cost, couldn't you?

A. Oh, I can assign, yes. I can assign cost to anything, surely. You can assign costs wherever there is some kind of a rationalization or some purpose to assign them.

Q. Exactly. Now, when you can assign a cost you make it a direct cost, don't you?

[fol. 2290] A. Oh, no, sir, not in my book you don't. A direct cost is a cost you don't have to assign. It assigns itself.

Q. Well, in what respect then is this what you call constant cost arising in connection with the operation of these three barges? Why doesn't that assign itself?

A. It does assign itself to the barges.

Q. Exactly.

A. Not to the traffic. The barges handle it.

Q. Well, the barges are used in the service.

A. I can't assign that or allocate the cost to the traffic if I so desire to do it, but that cost is not incurred because of the traffic the barge is handled. It is incurred because the barges exist.

Q. The minute you can assign a cost that isn't a constant cost, isn't that correct?

A. Would you mind repeating that?

Q. The minute you can assign a cost that is not a constant cost.

A. You can assign a constant cost, and it remains a constant cost.

Q. Wait a minute. Answer my question, please. The minute you can assign an element of cost it is not a constant cost, isn't that true?

A. No, I don't think it is.

Just assigning a cost, assigning a cost merely means this: [fol. 2291] You are saying you have this element of cost that is a constant and you are trying to find a home for it, so to speak, and you relate it, let's say, to the tons the barge handles or to the amount of hours that the barge captain is paid for, or something like that, some basis of relationship, but it doesn't mean that thing in itself is not a constant cost.

Q. You are trying to find a home for it. All right. Now, what home would you find for less than one hundred percent of the cost of operating this special equipment? What home would you find for it? Where would you assign that cost? How would you get rid of it?

A. Well, here is what I would do to get rid of it, to find the cost of handling traffic. I would consider only two expenses that were affected by traffic and not by the cost of ownership or any of these other extraneous considerations that do not vary with increments of tonnage or less tonnage as the case may be, changes in the tonnage. That would bring me down to my so-called floor, my base cost. Now, naturally if I were going to attempt to set a rate I would like to see the rate as much above that floor as I could, obviously, but in some cases I know I am going to have to stay quite close to that floor because of competitive situations, but I have to find that part of my cost as a base from which to work because if I take the whole thing at a start I am assigning to the movement of traffic, if you will, costs that don't directly vary with traffic or have [fol. 2292] a direct relationship.

Q. Well, let's assume in the example that we have been talking about that the rate that is involved covers all expenses, all the out of pocket expenses, but it falls short of covering the full cost of owning and operating these three barges by, let's say, ten percent. Now, would you in those circumstances regard that as a compensatory rate?

A. I am afraid you lost me there a litle bit. Could I hear that question read back, please?

Q. I will be glad to restate it.

A. Would you repeat it? All right.

Q. Let's assume in a particular circumstance involving this special equipment that the rate covers the out-of-pocket expense, but falls short of covering the full cost of this assigned equipment by ten percent, the assigned equipment being the three barges. Now, would you regard that as a compensatory rate?

A. It covers the variable cost but falls short of the total cost, is that correct?

Q. Yes.

A. If that is the case I would consider that a compensatory rate.

Q. Even though it falls short of covering the directly assignable full cost for the three pieces of equipment, the three barges?

[fol. 2293] A. It is compensatory insofar as the movement of that traffic is concerned.

Mr. Langdon: That is all.

Mr. Bongartz: No questions.

Redirect examination.

By Mr. Colgren:

Q. I have a question on redirect, Mr. Examiner.

Mr. French, is it your understanding that the percents variable in Appendix E of Senate Document 63 are averages which reflect the long term view?

A. Yes, it is.

Q. In other words, those percents do not reflect any static condition?

A. That is correct.

Q. As of a particular time?

A. That is correct.

Mr. Colgren: That is all I have, Mr. Examiner.

Exam. Boat: Well, you may be excused, Mr. French. It looks like we have reached the end.

Offers in Evidence

Mr. Langdon: I think we forgot to offer the work sheets that underlie Mr. Talbott's Exhibit 125, which were distributed some thirty days or so ago through Mr. Colgren, and with your permission, I would like to have an exhibit number on them, and they ought to be in the record in the same way that the other work sheets are in the record.

Exam. Boat: I know that he referred to that earlier set [fol. 2294] of work sheets during his testimony.

Mr. Langdon: The earlier set is in the record. This is the revised set that accompanied Exhibit 125 and is distributed on August 16th.

Exam. Boat: I assume it is part of that exhibit. That is this matter here that you have reference to.

Mr. Langdon: Yes, sir. There wasn't an exhibit number assigned to that.

Exam. Boat: You want a separate exhibit number on that?

Mr. Langdon: Yes.

Exam. Boat: Very well, we will assign Exhibit No. 135 to the work sheets.

(Exhibit No. 135 was marked for identification.)

Mr. Langdon: I offer it.

Exam. Boat: That will be received in evidence as Talbott's Exhibit 135.

(Exhibit No. 135 was received in evidence.)

Exam. Boat: Off the record now.

(Discussion off the record.)

Exam. Boat: On the record.

Mr. Bongartz: Mr. Examiner, I would like to offer in evidence and have marked and filed as late-filed exhibits, because they will have to be reproduced, the statements to [fol. 2295] which I referred in the cross examination of the witness Harris, regarding marine equipment at New York Harbor. This statement includes all of the railroads in the New York Harbor as well as the New York Central. I understand from Mr. Colgren that he has no objections to these statements being received in evidence. The first one is June 1, 1956, and the other one is December 1, 1956. So far as I am concerned I would refer only to Sheet 135, as far as the June 1, 1956, report is concerned, and sheet 136 with respect to the December 1, 1956 report.

Exam. Boat: Do you wish to submit copies for the record now?

Mr. Bongartz: I think I had better retain them, sir. I only have the one copy. Could I have them reproduced and file them as late filed exhibits?

Exam. Boat: I think it could be taken care of that way.

Mr. Bongartz: Would you give them a number now?

Exam. Boat: You can furnish them in about ten days?

Mr. Bongartz: Or less. I think we can file it sooner.

Exam. Boat: I don't think we should give it a number now, Mr. Bongartz.

Mr. Bongartz: Give it a number later.

Exam. Boat: As far as I know, there won't be any other late-filed exhibits.

Mr. Bongartz: I will have them either photographed or [fol. 2296] try to get additional copies.

Exam. Boat: I think in that instance we could assign a number to it, although that isn't our practice ordinarily.

Mr. Bongartz: Whatever you desire.

Exam. Boat: It will save advising the parties and everybody will know.

Mr. Bongartz: We will just have it on the record.

Exam. Boat: You will have it numbered so everybody will have the exhibit with the numbers on them?

Mr. Bongartz: Yes, I will number the copies.

Exam. Boat: That will be filed within ten days as Exhibit No. 136, the statement of equipment of New York Marine Equipment of New York Harbor Lines?

Mr. Bongartz: That is right, owned and used.

(Exhibit No. 136, to be furnished, was marked and received in evidence.)

Exam. Boat: Off the record.

(Discussion off the record.)

Exam. Boat: On the record.

The parties desire a full report in this proceeding, I assume, and briefs will be due December 15, 1958.

Mr. Colgren: Do you want to limit the number of pages in the brief, sir?

Exam. Boat: As long as I get good pages, I don't care.

Mr. Foley: Would it be possible, Mr. Examiner, for [fol. 2297] either us to agree or you to order that if the Cost Section reports to you in writing its views on costs that we be notified and given an opportunity to see the report of the Cost Section? In other words, we faced this sort of problem in the iron ore case: The Cost Section made a report, it was not a part of the record, and yet the Examiner acted on it and the Commission acted on it and was wrong, and the Commission had to call it back and revise it. I think the Administrative Procedure Act, as a matter of fact, calls for an opportunity to know whatever the Examiner acts upon, and I do think it is only fair to us, not that they supply us with copies, but that we be notified and given an opportunity to see what they have reported. I can't understand any consideration against that. In fairness it seems that we are entitled to know what advice is given to you in private.

Exam. Boat: Well, I think that my view on that would be that certainly I should apprise you in the report of the extent to which I have considered costs and what I have considered in that connection.

Mr. Foley: I think we are entitled to know it before we have the predetermination of an Examiner's report. As a matter of fact, in other administrative proceedings, such as the CAB it is universal for the cost people to put in their evidence as a part of the case and you have a chance to meet it then. I mean, the Board's staff put in their evi- [fol. 2298] dence. Here it is a little more informal, but I still think that both under the Administrative Procedure Act, and I think as a matter of general fairness in administrative proceedings we are entitled to know what they tell you before you have made a determination.

Exam. Boat: Well, I will take that request under advisement, Mr. Foley.

Mr. Foley: I might say, Mr. Examiner, that we have requested counsel south of New York to stipulate or to ask you to join us in this request and they have not. I wouldn't be at all surprised if they might want to use it later in connection with appeal, and it makes it very important that we know what I have asked you to allow us to know.

Exam. Boat: We will, as I said, take that matter under advisement.

If there is nothing further, the hearing is closed.

Thank you for your cooperation.

(At 3:10 p.m., the hearing was closed.)

[fol. 2298a] Secretary's Certificate to transcript (omitted in printing).

[fol. 2299]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I. & S. Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

F.S.A. No. 32204

IMPORT AND EXPORT RATES FROM AND TO NORTH ATLANTIC PORTS

Transcript of Hearing—Tuesday, May 24, 1960

The above-entitled matters came on for oral argument before the Commission at 10 o'clock a. m.

Present: Chairman Winchell, and Commissioners Freas, Tuggle, Hutchinson, Murphy, Walrath, McPherson, Goff, Webb, and Herring.

APPEARANCES:

John H. Colgren, 466 Lexington Avenue, New York 17, N. Y., appearing for Respondent Railroads.

S. H. Moerman, 743 Investment Building, Washington, D. C., appearing for State of New York, City of New York, Port of New York Authority, et al., in support of Respondents.

Robert G. Bleakney, Jr., Boston and Maine Railroad, 150 Causeway Street, Boston, Mass., appearing for the Boston and Maine Railroad, New Haven Railroad, and New York Central Railroad, Respondents.

[fol. 2300] Henry E. Foley, 10 Post Office Square, Boston, Mass., appearing for Massachusetts Port Authority, Intervenor.

Scott W. Scully, 232 St. John Street, Portland, Me., appearing for Maine Central Railroad Company, Respondent as to export rates, Protestant as to import rates.

Jervis Langdon, Jr., 301 B. & O. Building, Baltimore, Md., appearing for Protestant Railroads.

John W. Hanifin, 1500 ~~First~~ National Bank Building, Richmond, Va., appearing for Hampton Roads Carriers, Respondents and Protestants.

Warren Price, Jr., 1039 Investment Building, Washington, D. C., appearing for Delaware River Port Authority, Protestant.

David Berger, City Solicitor, Philadelphia, Pa., appearing for the City of Philadelphia, Intervenor.

Charles R. Seal, 254 Granby Street, Norfolk, Va., appearing for Virginia State Ports Authority and Norfolk Port Authority, Protestants.

William L. Marbury, 900 First National Bank Building, Baltimore, Md., appearing for Maryland Port Authority, Baltimore Association of Commerce.

Earl L. Saunders, Department of Agriculture, Washington 25, D. C., appearing for Secretary of Agriculture.

Malcolm D. Miller, G.S.A. Building, Washington 25, D. C., appearing for Executive Agencies of United States Government, except Department of Defense.

[fol. 2301]

PROCEEDINGS

The Clerk: The Commission is now assembled for the purpose of hearing oral argument in I&S 6615, Equalization of Rates at North Atlantic Ports, and Fourth Section Application No. 32204, Import and Export Rates from and to North Atlantic Ports.

Please lend your attention.

Chairman Winchell: Mr. Colgren, Mr. Bleakney, Mr. Moerman, and Mr. Foley, have you agreed on the division of your time?

Mr. Colgren: Yes, sir, we have, and we have notified the time clerk. I propose to take 50 minutes myself, divided between original presentation and rebuttal. Mr. Moerman will come next. That is a slight change in the order. Using 25 minutes. Mr. Bleakney proposes to use 35 minutes, and Mr. Foley 25 minutes.

Chairman Winchell: You may proceed.

ARGUMENT OF JOHN H. COLGREN

Mr. Colgren: If it please the Commission, my name is John H. Colgren. I am an attorney for the New York Central Railroad, and in this proceeding representing all of the Respondent rail lines who are seeking to equalize rates on export-import traffic to and from so-called Affected Territory, which is roughly what we know as C.F.A. territory.

The issues in this proceeding are simply what I just [fol. 2302] stated, that we propose to establish an equal rate scale with our rival railroads which serve the southern tier of the North Atlantic ports. Those ports are Philadelphia, Baltimore, and Hampton Roads area.

The present disparity in rates which exists is quite minor from a money standpoint. It amounts to three cents difference on 100 pounds, New York over Baltimore. Baltimore is the rate-setting port.

The reason that this long-standing differential was sought to be removed is the plain fact that the northern railroads found that they were not getting traffic. It is a pure question of competition.

To establish that, the studies that were entered into disclosed that the roads serving the northern tier ports were handling such a negligible portion that it defies almost understanding.

Our studies developed that the railroads serving the Port of New York, which is the major port in the North Atlantic range, were seeking to equalize for the reason that out of the traffic which moved through the North Atlantic ports, these Respondent carriers were getting something like 25 per cent.

You will hear later on quite a bit of talk, I think, from our opposition that after sundry and illogical deductions of various types of traffic, that New York gets somewhere in [fol. 2303] the neighborhood of 62½ per cent of the traffic.

But, gentlemen, that is not the point. The precise figure for you to keep in mind is the fact that we get 25 per cent of the total traffic to and from this Affected Territory.

Now, in order to clarify and exemplify as well as possible the competitive situation, I have had caused to be prepared three maps. Duplicates are before each of you gentlemen.

The first one, if I may point out here, shows the Respondent carriers and the means by which they reach the Affected Territory. The Affected Territory is in the wash pink color.

You will note the coverage which is made of the Affected Territory by the Respondent carriers. Map 1, bear in mind, is only the Respondent carriers. It clearly shows the situation of the New England carriers and how they make their connections to and from the Affected Territory in handling this export-import traffic.

On the large map I would like you to note the paucity of service accorded the Affected Territory. While there is ample coverage, as I will demonstrate by turning to Map No. 2, Map No. 2 is, the broad lines, major routes of the competitive carriers who presently have a rate advantage to the ports which they serve.

You will note in the affected shaded territory the tremendous coverage of that territory and the competition [fol. 2304] which they give to the Respondent carriers serving northern tier ports.

The third map is a combination of the two, and is merely to point out, as clearly as possible, the intense competition and the competitive forces which we must face. The red lines are those of Respondent carriers, the yellow lines the Protestants.

Gentlemen, this is the competitive area. Now, in the competitive area I think there is nothing more clear in the world than that the Respondent carriers are faced with terrific competition. Bear in mind now, gentlemen, we are talking about foreign traffic to and from this shaded territory. It is not traffic to domestic destinations, it is not traffic from domestic origins. It is traffic which is competitive in markets over here, over here, and over here (indicating), foreign markets, without stopping for anything other than transshipment at the ports through which traffic moves.

I think I did not mention that Appendix F of the Examiner's report clearly shows the disposition of this traffic among the various railroads. Bear in mind, gentlemen, again that it is only by making various illogical and actually unwarranted deductions from the total traffic handled by the various carriers that you get to any such figure as 62½ per cent of the traffic moving through New York. [fol. 2305] The amount of traffic that we are talking about that moves through New York is 25 per cent of the traffic which moves in export-import traffic through the North Atlantic ports.

Now, in making this proposal, the carriers who proposed the equalization realized that they had a burden of proof before this Commission. They realized that they had to establish that the rates were compensatory, that the rates were necessary to meet competition, that they are no lower than necessary to meet competition, and furthermore, that sound managerial discretion prompted this move in order to benefit the various rail lines.

Now, in the first aspect of that, as I previously mentioned at the outset, this is a minimal reduction, amounting to three cents per 100 pounds, on a general area of traffic. That amounts to $12 per car, 60 cents per ton, however you want to break it down. It is a minimum reduction.

These rates were attacked as being non-compensatory on the basis of the reduction. Well, in establishing in our original realization of the burden of proving the compensativeness, we originally presented in our testimony the fact that on First Class traffic, this proposed reduction would still return 7.4 cents per ton-mile on First Class traffic from Chicago to Boston. A comparable figure on traffic from Chicago to New York is 8.09 cents per ton-mile. And we showed the Column 13 traffic would return .95 cents per [fol. 2306] ton mile from Chicago to Boston. From Chicago to New York, Column 13 traffic would return 1.03 cents per ton mile. These are on a class rate basis.

Nevertheless, the opposition attacked the compensativeness of these rates, and they did it in three successive and unavailing attempts. They first came up with a cost study on a fully distributed basis. They realized immediately that that was an improper basis and, by the time of hearing, had put it on a so-called out-of-pocket basis.

Now, this cost study was, of course, reviewed by the Respondent carriers, and it developed that, with the most patent correction of errors in that cost study, the cost study showed ample revenue return to the Respondent carriers.

Now, that was just with the most patent of the errors. There were some ten additional very important areas of error or misapplication of the cost principles which we could not evaluate.

But only with that partial adjustment, the out-of-pocket cost ratio was reduced to 81 per cent.

Now, again I say, gentlemen, this is a very simple proposition in its broad aspect. You can talk about various problems that inhere into this type of adjustment, but bear in mind that we are talking about export-import traffic, through traffic. There is no competition within the United States on this other than via the railroads which are [fol. 2307] attempting to compete for the traffic from and to the Affected Territory.

Further studies by the Respondent carriers developed the fact that, traffic studies for the years 1946 as against the traffic studies commenced in '55 and finished in '56—they were covering a span there of a ten-year comparison—showed that the Respondent carriers serving New York had a decline in this traffic of over 20 per cent. Now, that is why we are here now attempting to equalize our opportunity to compete. Our traffic in that ten-year period decreased over 20 per cent. That was the necessity to meet competition.

Chairman Winchell: Was that 20 per cent decrease in your share of the total traffic, or was it a 20 per cent decrease in the amount of traffic that you had had prior to that?

Mr. Colgren: That 20 per cent decrease was in the traffic of the New York Central, Delaware Lackawanna, Lehigh

Valley, and Erie Railroads, who compared the export-import traffic transported in 1946 with the traffic transported in 1955.

Chairman Winchell: On those same roads?

Mr. Colgren: That is right.

Chairman Winchell: You are not comparing with the total export-import traffic—

Mr. Colgren: No, sir.

Chairman Winchell: —from that area?

That is a direct comparison of those railroads, over 20 [fol. 2308] per cent decline.

Now comes the question of whether the rates are lower than necessary to meet competition. But, gentlemen, how in the world can you say that equality is anything other than a fair basis of competition?

We are not asking for any favors. We are asking for a fair break.

Now, speaking of that 20 per cent reduction in traffic. Now, all of you gentlemen know that volume movements are vital to the railroads in order for them to control their costs, in order for them to attain the efficiencies of which they are capable. This draining away of very compensatory traffic is alarming to the Respondent carriers. We have both aspects. We are not only losing lucrative traffic, but we are losing the volume which permits us to control costs.

By the very nature of export-import traffic, certain port facilities are required to perform the interchange between ships and the rails. These facilities are of a fixed cost nature. They are not something that in times of bad traffic movement you can close up shop or cut them off. They are on our books. They are, as a matter of fact, required to be kept open and functioning regardless of the amount of traffic that goes through them.

But, gentlemen, you can realize that the investment in [fol. 2309] these facilities must have sufficient utilization in order that the costs attendant on their amortization, costs attendant on their use may be covered.

We submit, gentlemen, that we have given this Commission all of the elements of proof which justify the proposed equalization of rates. The record is complete as to their compensativeness. The record is complete that these rates are required to meet competition. The record establishes that they are no lower than necessary to meet competition. And certainly we will gain the benefits which we hope for by their establishment.

Commr. Freas: Are you undertaking to justify these proposed reductions on any ground other than that of the need, in your opinion, to remove the differential as between the southern ports and New York?

Mr. Colgren: I don't believe I quite understand you, Mr. Freas.

Commr. Freas: Well, you say it is necessary for you to reduce your rates from the northern group of ports in order to be on the same basis as the southern ports.

Mr. Colgren: That is right.

Commr. Freas: My question is: Is that the sole grounds upon which you rely in justification of your rates, or do you have other reasons in addition to that?

Mr. Colgren: Well, frankly, that is our main competition, [fol. 2310] the railroads serving the southern tier of North Atlantic ports. We serve a common territory and transport traffic which is going to a common destination.

Commr. Freas: Well, you are not relying now on competition with the St. Lawrence Seaway, or anything of that nature, are you?

Mr. Colgren: I was coming to that.

In addition to that, this Commission must realize that the railroads serving the northern tier ports on this export-import traffic have the highest scale of rates in this whole nation on foreign traffic. We are on a pinnacle of high rates.

To the south of us are the railroads serving Philadelphia, Baltimore, and Hampton Roads on a lower rate basis. South of that, on the South Atlantic Coast, is still another lower basis. And, incidentally, that South Atlantic tier of ports from Hampton Roads down to Florida are all equalized. The Gulf ports are on a much lower basis, and that basis which I think is still being applied I think generally speaking would be on a ten cents per 100 pounds lower basis than Baltimore rates.

Commr. Freas: What I am trying to find out is whether, in the event, contrary to your contention, the Commission should find that the differential should continue in effect, you would then want the rates to be left on the present [fol. 2311] level, or to have the reductions made from both groups. In other words, whether there were other reasons, other than the differential that would, nevertheless, require the reduction of the rates.

Mr. Colgren: No, sir, not to my knowledge, and I am quite sure that there is not.

This case was predicated on the basis of meeting the competition on this specific traffic, and solely for that reason. I know of no other basis than to put us into a more competitive situation.

Now, you mentioned the St. Lawrence Seaway. I mentioned our competition to the south.

Looking here (indicating), Mr. Freas, the southern lines which reach this territory go directly south to New Orleans at rates ten cents below the Baltimore rates. And our rates at New York and Boston and the other northern tier ports are three cents above the Baltimore rates.

The St. Lawrence Seaway is paralleling our routes on the north. There (indicating) is our St. Lawrence Seaway competition. And that, if you will excuse the expression, subsidized competition is going to eat into our traffic.

But here we sit on this pinnacle of high rates.

We have been forced, gentlemen, much against our will, to join in rates over railroads serving the southern tier ports in order to get a small proportion of the haul that we [fol. 2312] would not otherwise participate in at all.

If there are no more questions at this time, I believe I would like to reserve the rest of my time for rebuttal.

Thank you.

Chairman Winchell: Mr. Moerman.

ARGUMENT OF SAMUEL H. MOERMAN

Mr. Moerman: Mr. Chairman and members of the Commission, my name is S. H. Moerman, and I am speaking this morning on behalf of the State and City of New York, the Port of New York Authority, the Brooklyn Chamber of

Commerce, Incorporated, and the other 25 or so intervenors in support of the Respondent railroads shown on page 1 of the argument notes which I have had passed to you.

Your Honors, more than ten years ago I trudged into this hearing room on the heels of the late Wilbur LaRoe, Jr., who stood before you and pleaded that you permit, or, rather, require—it was a complaint case—that you require the railroads serving New York Harbor to equalize their rates on export grain with the rates applying through Baltimore.

Now, incidentally, while on much traffic the differential is three cents per 100 pounds, on grain it is only one and one-half cents per 100 pounds, on flour two cents per 100 pounds.

Now, in your 1941 decision, you said to Mr. LaRoe, "We are very sorry, but we cannot grant your complaint. Your [fol. 2313] complaint will be dismissed."

And your reason was that you would not force the railroads to equalize rates against their will, you would not compel them to do so. Even though we thought we had made a case in the best interest of the railroads, and time has shown that the case we made was in the best interest of the railroads.

And so it gives me great pleasure to be back here 20 years later and to ask you to grant the plea this time of the New York lines who have come in and have proposed rates and sought the equalization which is very necessary to their economic health and well-being.

Now, not only are they here in connection with this broad rate structure on import and export rates from and to official territory, but after World War II these archaic, sleepy, backward railroads of ours, New York and north in this New England territory and the New York territory, these railroads who are the weakest part of our whole railroad system in the United States have finally shown signs of coming out of their Rip Van Winkle slumber. And the first sign was a proposal to equalize rates on ex-lake grain from Buffalo going through New York in competition with the same rates through Baltimore.

It was a fact that prior to about seven or eight years ago grain moved off the lakes for export, came down by rail past New York's back door and into Baltimore for export [fol. 2314] at rates lower than the same grains would have moved into New York. In other words, the rates through New York were higher.

Finally these railroads, bless their souls, came in and they fought, and the result was, finally, after a bitter battle here, a battle in the courts, back to the Commission, equalization. And all during that case these able men to my left, representing these powerful respondents to the south, argued and cried and pleaded and warned you that if equalization were to ensue they would suffer serious damage.

In the 25 or 30 years that the Port of New York, after World War I, did not have port equalization on grain, and in those years when we began to ship great quantities of grain abroad, we lost our grain facilities. And when we got equalization, it didn't mean a thing. And today it still doesn't mean a thing. You haven't had these people from Baltimore and from Pennsylvania and the other railroads to the south of New York come back to you and say you were wrong in approving equalization for our New York lines. And the fact is the record in this case shows that we have very little grain, and the reason we have very little grain is that you don't handle grain as a railroad if you don't provide fine facilities, and you don't provide fine facilities such as at Baltimore and other ports if you don't have rates that will move the grain.

[fol. 2315] You must have an equality of opportunity, you must have a chance to compete for the business, and people in business will not voluntarily assume a rate penalty for the sake of moving traffic via some lines or favoring some port.

Commr. Freas: Did I misunderstand you?

You are talking now about equality of rates on grain, but in the opening of your statement I thought you said the differential on grain was a cent and a half.

Mr. Moerman: It is presently from C.F.A. The only correction we have had, your Honors, is from Buffalo. We haven't got any correction from here. We lost this part of the case.

Commr. Freas: I see.

Mr. Moerman: From C. F. A.

That is one of the big issues in this case today. Grain is important. We are not getting it at New York.

Now, the second thing that our railroads, all the time showing a little more life, coming back to life, did, was in 1953 they filed a proposal asking for equalization, seeking equalization on import iron ore rates, three cents a hundred pounds reduction, to meet the Baltimore basis.

Now, in the 200 years we have been a nation we have been prodigal, we have gouged out our iron ore ranges in the Mesabi and near by, and now, in the post-war period there has been a revolution in this country, we have had to turn [fol. 2316] aboard for raw materials for metal ores. And they are coming into this country in the tens of millions of tons. And New York isn't getting any because iron ore will not move from the Port of New York into the big consuming steel mills of C.F.A. territory against a differential of 60 cents a ton. It won't move against a differential of a nickel a ton.

In a recent case Philadelphia was only able to get imported iron ore, your Honors, by achieving equalization. And in that same case, which began in 1953, your Honors finally concluded that, yes, the New York railroads should be entitled to share in this mountain of iron ore coming into this country, and we won our equalization, and our friends from Baltimore took us into a Baltimore three-judge court which, with enthusiasm, struck down your order, nullified it.

So we lost our equalization in the court, but we went to the Supreme Court, and the Supreme Court took a different view, it sent the case back here.

Do you know where the case is today? It is right in this Commission with an Examiner's report. And I think within 90 days, your Honors, I am going to be right back here talking with you about iron ore and seeking to achieve once more the equalization this Commission once voted.

Now, Job sat by the side of the road with sackcloth and [fol. 2317] ashes on his head and lamented, "How long, O Lord, how long?"

Now, how long do these lines, the weakest in the country, have to fight in order to achieve equality, to be able to handle some iron ore, to be able to handle some grain?

Now, how did we get to this situation, how did it all come about?

In the middle of the 19th century, as the railroads pushed their lines to the West, disputes arose with respect to export grain rates. There were rate wars. There was chaos and confusion. It so happens that the distance by ocean from New York to Liverpool is somewhat shorter than from Baltimore and Philadelphia to Liverpool.

Turn, please, if you will, to page 2 of my argument notes, and you will see there a map of the ocean distances.

And it also so happened that the owners and operators of ocean vessels assessed lower rates to New York and higher rates to Baltimore and Philadelphia for service.

And so, after the Civil War, after much discussion and conferences, many conferences, and rate wars, troublous times, the railroads at the three ports, Baltimore, Philadelphia, and New York, got together.

And if you will look at page 3 of my argument notes, in 1877, your Honors, they came to an agreement that in order to effect an equalization of the aggregate through rail-ocean rates, the New York lines would take a penalty [fol. 2318] differential. And it so happens the penalty is three cents on general cargo, one and a half cents on flour, and two cents on grain.

And that is the genesis of the case, this historic case, a landmark case, which brings me here before you today.

Way back then the railroads got together, and it is because of another event, a change in circumstances, such as this agreement that we are considering, contemplating that I am here before you.

Now, in 1935, beginning with the end of the World War and up to 1935, a substantial change took place in the economics of this situation. Ocean rates generally became equalized to and from all North Atlantic ports. No longer was there a difference. And so with an equalization of the ocean rates, you have a loss of that aggregate through equalization of rail-ocean costs, which had always been the purpose and the intent of this import-export rate structure.

Now, this situation in the North Atlantic is an anomalous one. There is not another one like it in the country.

Would your Honors be good enough to turn to page 4 of our argument exhibits.

There you will see on the Pacific Coast the Pacific Coast range of ports from San Diego to Vancouver, British Columbia, 1440 miles in extent, and a red line running roughly through Denver, and east of that line is the competitive territory.

[fol. 2319] And, your Honor, every shipper of export commodities can ship from east of that red line through any port, using any railroad, at equalized rates. And he can import through any port via any railroad, using equalized rates. And every railroad and every port has an equal opportunity on the West Coast.

And so it is on the Gulf. From Corpus Christie to Panama City. And so it is in the South Atlantic, from Jacksonville to Morehead City.

But so it is not in the North Atlantic, your Honors, because, in a sense, the railroads at the ports south of New York have breached and failed to honor the agreement of 1877 and insist and put their best efforts into maintaining a penalty differential against the railroads New York and north. And that is why they are here.

And this is one of the reasons they are weak, bled white by a shift of industry, bled white by trucks and busses and passenger services, and commuter services, and, above all, weakened by a differential which was never meant to be except to effect equalization.

They stand here before you today and they say, "Can we not have what everybody else has in this country, an equality of opportunity?"

And how can you deny them? How can the Pocahontas lines and the powerful lines of the South come here and say, [fol. 2320] "Deny them the equality of opportunity which they seek. Keep them on this pinnacle. Treat them differently from every other set of railroads in the country."

To me this is inconceivable. This case ought not to be here. These rates should not have been protested.

In every range of ports, your Honors, there are differences. Let us take the Gulf for example.

Does the Port of Panama City of Pensacola rank with New Orleans?

Neither does.

Suppose Panama City came in here and filed a complaint and said, "We are not doing so good. How about a three-cent differential under New Orleans for our railroads?"

You would give them a respectful hearing and you would dismiss their complaint. Because what they are entitled to is equality of opportunity, and that is what they have got.

Now, it is up to them to promote their port, to go out and sell their port, to get as much transportation as they can, to invest in port facilities, to do all the things which rugged, independent, busy, effective people do.

Now, this is the converse of that case. Why should the ports, New York and north, and their railroads—the railroads, not the ports, be afflicted with a three-cent penalty? What justification is there for it?

Now, on page 5 of my argument notes I show you the [fol. 2321] total export and import figures to illustrate the fact that, in the more than 80 years in which there has been a mission to the southern ports, in which they have had the advantage of the existing differential, they have come of age. True, these are general figures, but they do illustrate that the mission has been successful and they have gotten religion, they are prime and substantial ports.

But also I should like to say that New York and its hinterland are undoubtedly the largest producing and consuming area in the country. And so, of the 38 million tons there shown, it is reasonable to infer that a great portion of it never moves in or out of the port by a railroad, and is not available to railroads for movement.

But what are the specific figures in this case? How much import and export traffic do the New York railroads have as compared with Baltimore?

I think that you will be surprised if not shocked.

The figures of record show that for the year 55-56, the Baltimore lines handled to and from the Affected Territory five million tons of traffic, and th New York lines handled three million tons of traffic. And to the traffic of the Baltimore lines must be added iron ore and coal, which are not involved in this case, millions of tons. And so that it can be said conservatively that the Baltimore lines had two and three times as much import and export traffic as do the [fol. 2322] New York lines.

And as to the effect of the differential, what three cents, what one and one-half cents, what two cents can do to a system of railroads, turn to page 6, please, of my argument notes, and there you will see dry cargo tonnages. And the reason these are significant is that, in a big metropolis like New York, we have millions of tons of petroleum moving in for local consumption, which does not move by rail. Petroleum has been taken out of these figures.

And you will see that back in 1935, by which time the ocean rate had become equalized and the necessity for the differential had disappeared, Baltimore handled three million tons of dry cargo traffic. And by 1955, with the differential working for them and against the weak northern tier lines, they had risen to 23 million tons and New York had, by running real hard, barely kept its position.

Now, all we ask for these railroads serving our port is an equal opportunity to share in the growth and the posterity of this country, particularly at a time when they are going backward.

What weaker lines do you have in this country than in this area?

Can the New Haven compare with the Norfolk Virginian, the Erie, the Lackawanna, the Lehigh Valley?

All weak lines and getting weaker.

[fol. 2323] Page 7, your Honors, shows, in a graph form, the history of the movement of dry cargo tonnage.

Now, it will be argued that New York is getting a very large proportion of the so-called general cargo, which is package freight.

This is something else that has happened to our railroads in our area, your Honors. They have become carriers of packages, carriers of commuters, carriers of railway express, carriers of packages. They are not acting like railroads. Railroads carry tonnage, they carry coal, they carry grain, and they carry iron ore, and they carry other ores. Their future does not lie in the carriage of commuters and packages. And if you have any concern, and I am sure you have, for the future of the railroads in this portion of the country, you will give them that which is the birthright of every citizen of this country, an equal opportunity. And if you don't, as carriers of packages and commuters, they are going to constantly fail and go down. And those who own their stock and their bonds, and those who own their credit are entitled to as much consideration as those who invest in the Norfolk and Western, the C&O, and the B&O.

The future of these railroads hinges on your decision in this case, your decision to give them that equality of opportunity which will permit them once more to look to the future and to operate as railroads. And this is no small [fol. 2324] matter, because the iron ore case will take another three or four or five years. This case will never be decided until after you have spoken and the Supreme Court has spoken. And it will take a decade to equip these railroads with the necessary facilities they need to handle the traffic they need to keep them economically healthy.

So, your Honors, in conclusion, this is not a rate case. This is a case in which the fate of these northern tier railroads is bound up, and their future lies in the resolution of this case and granting to them equality of opportunity to compete for import and export traffic.

Thank you very much.

Chairman Winchell: Mr. Bleakney.

Argument of Robert G. Bleakney, Jr.

Mr. Bleakney: May it please the Commission. My name is Robert Bleakney. I am general attorney of the Boston and Maine Railroad.

I appear before you today on behalf of New England Railroad Respondents, namely, the Boston and Maine, the New Haven, and the New York Central Railroads.

I will direct my remarks primarily to the proposed rates to and from the Port of Boston, Massachusetts.

As to those rates, the issue which you will decide is basically this: Shall the Boston railroads be permitted to compete once again for import and export traffic to and [fol. 2325] from the Affected Territory that Mr. Colgren outlined on the maps which he showed to you.

There was a time when this was so. For example; back in 1912 this Commission found, in the Chamber of Commerce of New York case, cited way back in 24 I.C.C., that at that time of all imports for differential territory through the North Atlantic ports, railroads serving Boston handled something like 16 per cent of the commodity rated traffic. But today, not even the most optimistic observer could say, in any honest sense, that Boston railroads are participating in this traffic to any degree at all.

Let us look at the record.

As Mr. Colgren has noted, the Examiner outlined the participation of the railroads serving the various ports in this important block of traffic in Appendix F to his proposed report.

We have prepared two charts, one of which appears before you, and the other will appear shortly, outlining a comparison of Boston carriers' participation in that traffic as compared with that of the railroads serving the three more southerly ports.

Looking at the first small chart, you will note that the black chimneys relate to the three southern ports. The first chart shows the participation in export Affected Territory traffic. The three southern tier ports during that one study [fol. 2326] year handled over five million tons of export compared with slightly over 360,000 tons through Boston.

That showing is pitiful enough, I might comment, insofar as the Boston lines are concerned, but look what happens when grain is excluded. Boston's participation vanishes to 3,256 tons compared with over 1,300,000 tons at the more southerly ports.

Now let us look at the import picture.

As bad as the export picture was, I suggest that this picture is even worse. The Affected Territory import traffic of the Boston railroads is entirely other than bulk ores, and when I say "other than bulk ores" I should have noted that import iron ore is excluded because the Examiner excluded it in his proposed report, and it is not in this case.

Southern tier ports handled over two million tons of imports of all types compared with that 17,700 tons through Boston, and excluding the bulk ores, over 570,000 tons compared with that same 17,000 tons through Boston.

I think this showing of Boston's participation is eloquent enough in itself to show that really we are not participating, we are not competitive.

By our proposal in this case, Boston railroads seek to at least have a fighting chance. Obviously, under present circumstances, we have no fighting chance whatsoever. [fol. 2327] How has this situation come about? What has happened that Boston railroads and the Port of Boston now find themselves as spectators rather than participants in the movement of this traffic?

How can this be when this differential, as Mr. Moerman has stated, was established to permit free competition through the southern ports, was established to equalize the through rail-ocean cost?

The answer, insofar as Boston is concerned, is the same as that given by Mr. Moerman with regard to New York. The ocean cost advantage that Boston lines once had vanished long ago.

The Examiner found that, starting in the 1920's, the ocean rate advantage at the northern pier ports started to go away, and it had completely gone, had been completely eliminated by 1935.

So for many years now the Boston railroads have been suffering under a railroad rate handicap, the justification for which has long since passed. You have seen the result on these charts.

Now, the Examiner found all of this to be true. He made findings as to the purpose of the differential adjustment. He found that these ocean costs had been equalized. He made these findings on the virtual lack of participation by Boston lines. Yet he nevertheless recommended to this [fol. 2328] Commission that Boston railroads be not permitted to have their rates placed on a competitive basis. He did this for but one reason.

He found that the proposed reduced rates at Boston were presented—and I use his words—or that they did present "only the broad issues concerning equalization of the northern tier ports as a group"—I repeat—"as a group with Baltimore."

He then expressed the view that the Commission, and again I quote, "may not treat the tariff concurrences of

Respondents joining with the Boston railroads as broader than necessary to accomplish equalization of northern tier ports as a group."

Having found that the New York rates had not been shown to be reasonable, a finding with which we do not agree, by the way, the Examiner then felt himself compelled to find that the differential eliminating rates at all of the northern tier ports, including Boston, were unlawful. He felt that if he could not recommend a grant of equalization to New York, everyone was out.

The Examiner was wrong.

There is nothing in this record which gives any support to his conclusion that our rates were conditionally presented or presented interdependently with those of New York. Quite the contrary, the record shows that these rates were presented to be considered on their merits, and we feel we [fol. 2329] are entitled to that consideration.

It may be interesting to note with regard to his comment about Respondents joining with the Boston port lines, that those Respondents, in our general exceptions on behalf of all Respondents, have taken exception to that. It is quite clear that their concurrences were not conditional. The Boston rates should be considered on their merits. Boston lines should not have to prove not only the reasonableness of their own adjustment with the reasonableness of the New York adjustment. That has been quite capably done by the New York railroads. Our burden of proof should go only to the extent of our own rates.

The Examiner's conclusion in this regard is to be compared with the Commission's action in the import iron case, of which we have heard some comments from the previous speaker.

In that case you will recall that the Commission concluded the proposed Boston rates equalized at Baltimore had not been shown to be lawful. However, the Commission did not feel on that account to refuse to deny equalization to New York. It felt, and we feel properly so, that the New York rate there was also entitled to be considered on its merits. We ask only that our rates be given that same consideration in this important proceeding.

If the Examiner had considered the Boston rates on their [fol. 2330] merits, if he had looked at the evidence in support of those rates, he could only have concluded that they should be permitted to become effective. He would certainly have found such rates to be competitively required.

We have looked at the traffic picture at Boston, and I think no one could seriously contend that Boston railroads are now competitive.

This is not a case of declining traffic volume, which would be bad enough in itself. This is a case of traffic volume that vanished long ago. We want to at least be able to try to get back in this competitive picture. We are an outsider right now.

There is testimony in the record of numerous shipper witnesses, of the traffic officers of these Respondents, of transportation experts like Professor Locklin, like Witness Day of the Massachusetts Port Authority, all of which attest to the fact that the present differential stands in the way of Boston lines attracting any substantial share of this traffic.

This differential must be eliminated if we are to compete once again.

Now, some protestants have argued that even if Boston's rate handicap is eliminated, as long as Boston remains on a parity with New York it has little chance of attracting any traffic. I will touch upon this a little more later in my [fol. 2331] argument, as will the representative of the Massachusetts Port Authority following me, but I think it is sufficient to say at this time that the Commission long ago found such a basis an improper one upon which to refuse an otherwise lawful adjustment.

We are entitled to have that chance.

In the Maritime Association of the Boston Chamber of Commerce Case, back in 95 I.C.C., the Commission commented that merely because it might question whether the reduction or the adjustment would be beneficial, respondent should, nevertheless, have the chance to try that out in the crucible of experience.

Not only is this adjustment competitively required, but it is certainly no lower than necessary to meet competition.

In this regard, no southern tier respondent, no southern tier supporting interest, has argued that if Boston is permitted parity that any serious diversion of traffic from their lines would result. No one is worried, as far as the southern tier lines are concerned, with parity in Boston, so far as competitive effect goes.

The only voice that might be construed as complaining about the possible effect of parity at Boston comes from Portland, Maine, in the body of the Maine Central Railroad and the Maine Port Authority.

Now, the interest of those parties is rather unique. On [fol. 2332] export traffic from Affected Territory, Portland is on the same basis as Boston and as New York. On import traffic, Portland is on the Baltimore basis via Canadian routes, and handles some traffic in that direction through Canada by Canadian lines.

Portland doesn't want to compete with Boston. Portland wants to be shielded from competition. And the same applies, of course, to the Maine Central.

Now, the Boston and Maine Railroad, whom I represent, also the Port of Portland as well as Boston. We have experience in handling import traffic to Affected Territory through both of these two ports. There is one commodity handled at both places in some volume, woodpulp.

The Boston and Maine, during the study year in this case, moved nearly five times as much woodpulp to Affected Territory through Portland as it did through Boston, even though it handled 13 times as much woodpulp in total at Boston.

There is only one logical answer to this otherwise illogical situation. The differential exists at Boston, but there are equalized rates via working routes through Canada at Portland. And even the working routes of the Boston and Maine that connect with Canadian lines through Portland are less attractive from a service point of view than those of the Maine Central.

If the Examiner had looked at the evidence, he would not [fol. 2333] only have found the Boston rates to be competitively required, but he would also have found them to be compensatory.

Mr. Colgren has pointed out that Respondent lines pre-
ented evidence showing ton-mile earnings under the pro-
osed rates which, we submit, indicate that they are well
ithin the zone of reasonableness. He has pointed out this
a broad adjustment involving almost every commodity
hat either is handled or might be handled by the railroads.
le has pointed out that the reduction, in general, involves
ut three cents per hundred pounds and is of minimal
evenue effect.

This is a broad rate adjustment, gentlemen. Certainly
ost evidence is out of place in a case of this sort because
o meaningful cost evidence can be prepared. Certainly
e cannot go down and work—

Commr. Murphy: Excuse me. Would you repeat that?

Mr. Bleakney: This is a broad adjustment and cost evi-
ence is of limited meaning because no meaningful cost
vidence in such a case can be prepared, Mr. Commissioner.

For this reason, we are talking of future traffic— we are
ot talking about traffic that is moving through Boston and
or the traffic New York seeks.

Commr. Murphy: What is the difference?

Mr. Bleakney: The difference is important because if
raffic is attracted, volume increases, costs are affected,
nd any cost study based on average costs, which has been
fol. 2334] the attempt of southern tier respondents in this
ase, certainly cannot relate to specific commodities. They
an, however, be of some value in giving an over-all indica-
on of the over-all adjustment.

Our objection is primarily to any attempt to try to say
his is what the cost would be of handling a specific car of
specific commodity.

We took that average cost evidence presented by oppos-
ng lines, took it at face value, even though Mr. French
f the New York Central pointed out serious overstate-
ents, we took that cost evidence and added to it average
oston terminal costs which were not included. On that
asis it was shown that even on the overstated basis, Boston
roposed rates were between 75 and 82 per cent—pardon
e—the out-of-pocket costs under the Boston proposed
ates would be only 75 to 82 per cent of the proposed rev-
nues.

There has been an attempt to take out of context from that exhibit figures related to specific items of grain traffic. This is the attempt that I was referring to, Commissioners, an attempt just as meaningless as taking a sentence out of a book out of context. This exhibit was intended to show the over-all effect even on that inflated basis. By taking these items of grain traffic, naturally relatively low-rated traffic, respondents argue that Boston carriers will be not able to handle bulk commodities at a compensatory level. [fol. 2335] We submit that this is not so, and that this attempt is unjustified and unwarranted, and is a misuse of the cost evidence presented to this Commission, which was presented for only that limited purpose.

These are average costs that were presented, again I state, not costs related to any specific movement of traffic, to any specific commodity.

These rates would reduce even the lowest rated commodity that could be found, as I recall, crude bauxite ore, by only one mil per ton-mile.

There is one other line of attack with regard to costs taken by southern respondents. That has reference again to Boston's failure to convince this Commission that its proposed import iron ore rate would be compensatory.

There was a case involving a specific commodity with specific cost study evidence. We are unable to find in the record of this proceeding, or in the tariffs filed, any rate approaching the low depressed iron ore rate involved in that proceeding.

We submit that that argument is completely without relevance.

The Commission is reminded that the first case in which railroads themselves sought to equalize rates through the several ports involved a bulk commodity, the same commodity [fol. 2336] that southern respondents now argue could not be moved at a compensatory level through Boston. In that case it was grain, ex-lake grain. Following the proceedings to which Mr. Moerman referred, that rate was found to be compensatory and not otherwise unlawful, and is now in effect.

There are some other arguments advanced by those opposed to equalization at Boston. First it is argued that if

Boston is granted equalization but New York is not, there would be widespread fourth section violations on routes from Boston to and from Affected Territory through New York.

Please don't be confused by this argument. We have found but one route between Boston and Affected Territory where that might be the case. That route involves the Lehigh Valley and a movement across New York Harbor to the New Haven, and is a very minor route as far as moving traffic between Boston and Affected Territory is concerned.

It would be a simple matter for this Commission to condition its grant of equalization, which we trust it will see fit to do, upon the filing and granting of an appropriate fourth section application with regard to that particular route.

Certainly it seems illogical to argue that Boston lines who publish their equalizing rates at the same time with New York lines, who sympathize with the cause of the New York lines, should have filed a fourth section relief ap- [fol. 2337] plication on some assumption that one would be granted and not the other. But, in any event, it is a minor matter and perhaps should not be overstated.

There is another argument which again relates to the possibilities that Boston respondents might achieve equality while New York respondents do not.

This argument says that that would change the relationship between the rates to New York and the rates to Boston, and it is alleged that that relationship is not in issue in this proceeding.

Well, we submit, your Honors, that the rates at all of these ports are under suspension, the rates at all of these ports are in issue in this proceeding. If Boston needs equalization with Baltimore, and if New York does not, both have been measured against the same standard, their need to compete with the Baltimore railroads.

Certainly the Commission will have thereby come to some conclusion about the relative needs of the lines at the two ports from the competitive point of view, and, therefore, as to the relationship between them.

Those who advance this argument ignore the fact that North Atlantic railroads compete for this traffic not only among themselves, but with the South Atlantic ports and the Gulf ports. No one argues that because any change in the differential might affect that relationship, or alleges [fol. 2338] that that relationship is not now before you, that the Commission should not consider any change in the historic differential adjustment.

There is no serious contention advanced, gentlemen, by any of the parties that the proposed Boston rates would violate Section 3(1) of the Act. In fact, rather than violating that section, this proposal will serve to accomplish its purpose as Congress, in its history of amending that section, revealed, the purpose of encouraging and promoting the freedom of movement of export traffic through the several ports of the country.

You have seen that there is no movement of this traffic through Boston.

This differential will give us a chance.

In conclusion, the Commission should find that the proposed rates are entitled to consideration on their merits insofar as the Boston lines are concerned.

It should find that they are no lower than competitively required and are within the zone of reasonableness.

It should find that they do not violate Section 3 but are consistent with its purpose.

We submit that there is no reason for preventing the Boston railroads from making effective this lawful adjustment. We are not seeking a rate advantage such as that which is enjoyed by protestants ever since ocean rates were [fol. 2339] equalized. We seek only permission to eliminate this long-standing rate handicap. We want to have a fighting chance once more, and we pray that this Commission will give it to us.

Thank you.

Chairman Winchell: We will take a fifteen-minute recess.

(Short recess.)

Chairman Winchell: Mr. Foley.

ARGUMENT OF HENRY E. FOLEY

Mr. Foley: If the Commission please:

The record is clear that the total cost of the through ocean-rail movement of export and import traffic determines the routing by shippers of virtually all bulk traffic. And, absent offsetting service advantages, cost determines the routing of virtually all other traffic.

Professor Locklin, at one time Principal Transportation Economist of this Commission, now with the University of Illinois, was a witness in this case, and he put the point this way: ". . . bulk traffic and low unit value traffic will not move against a rate differential. High unit value commodities sometimes move over other than the lowest cost routes, but only when there is a distinct service advantage."

And the origin of the differential adjustment attests the truth of this. The differentials were originally established, as you have been told and as the Examiner found, to equalize the through ocean-rail cost to shippers regardless [fol. 2340] of the North Alantic port through which the shipment was to be made, the rail differentials favorable to the southern tier ports being intended to offset what was then the ocean differentials favorable to the northern tier ports.

Thus, through ocean-rail cost equalization was designed to enable effective competition.

And the history of traffic movement through the Port of Boston also shows this. When equal through rates prevailed at North Atlantic ports, Boston significantly participated in Affected Territory traffic. Thus, when ocean-rail cost parity existed, this Commission was able to find in 1911 that Boston's share of commodity rated traffic moving to Affected Territory was 16 per cent. And in a later case, the Maritime Association case, this Commission said, with respect to Boston export movement from Affected Territory: "Boston has largely relied for bulk cargo, upon the grain and flour which it has been able to draw from the West."

Thereafter, ocean rates to the North Atlantic Ports became equalized. As the rail rate disparity continued, however, the cost of shipping became greater through Boston than through Baltimore and the other southern tier ports and, as a result, virtually no export-import Affected Territory traffic moves through Boston or via the Boston railroads.

Now, I have here a series of charts drawn from Appendix F to the Examiner's report showing the tremendous [fol. 2341] imbalance of movement through Boston as compared with Baltimore.

In the first one, as you will note, taking the total traffic, that 4.4 per cent of the North Atlantic Affected Territory tonnage goes through Boston, 4.4 per cent as against 40.4 per cent through Baltimore on exports. And on imports, almost one half of one per cent goes through Boston and 58.8 per cent through Baltimore.

Now, if you will look at the next one, total imports, you will see that Boston's share is infinitesimal, Baltimore's share is more than 90 times Boston's. This isn't like it was when there was through cost equalization.

Total exports, again Baltimore's share is more than nine times Boston's.

Look at bulk ore imports, if you will. Boston got nothing there, and Baltimore got 1,350,000 tons. So we weren't in the running.

Grain exports, the last of this series, Baltimore's share was 6.5 times Boston's. And it was during this period, as the record shows, from which the Appendix F figures came, that there was an absorption by the Federal Government of the differential, and, therefore, we got some grain through here. This reflects a chance to be competitive, but Baltimore is still six and five times our share.

So, gentlemen, these things dramatically, it seems to me, portray the Boston carriers' need for the Baltimore rate. [fol. 2342] About 60 per cent of Affected Territory export-import traffic is bulk, 60 per cent, about, and this traffic is increasing percentagewise, as the Examiner found.

Now, without parity rates, Boston has no chance of attracting this essential bulk traffic. Baltimore, with its rate advantage, has a stranglehold on it. Even New York, even New York can get little of it. This is why Boston has no real quarrel with New York or New York with Boston. Our quarrel is necessarily with Baltimore. Baltimore, with its rate advantage, has a virtual monopoly on Affected Territory bulk traffic so much needed by Boston. Boston, of course, without parity, has no chance at general cargo because this traffic is not only subject to a cost disadvantage compared to Baltimore, but Boston has no service advantage over Baltimore to compensate. Without parity rates, Baltimore will inevitably continue its dominance, and Boston will simply not be in the running.

Boston is even losing to New York general cargo which originates in New England because Boston cannot attract the necessary quantity and diversity of sailings. It does not have the available bulk cargo which ships require.

Now, this doesn't make New York our real competitor. What we need is Affected Territory bulk traffic. It is not available in New England. In order to hold our New England traffic. And Baltimore alone, not New York, dominates this bulk cargo.

[fol. 2343] For years since ocean rate equalization Boston has hoped for parity rates with Baltimore. It has been restrained in its efforts to get these by the fact that until now, as Mr. Moerman has pointed out, the carriers have not been ready to take up the competitive struggle and publish the Baltimore basis of rates, and by the rule the carriers cannot be compelled to be competitive. Now, however, the Boston carriers want to be competitive. They need this traffic for their subsistence. For the first time since equalization of ocean rates the Boston carriers seek rates which will give them a fair chance to compete. This is their first chance since through cost equalization was broken, this is their first chance of breaking through the Baltimore stranglehold on the traffic the Boston carriers need. And we look to this Commission to give us this chance for survival.

Mr. Bleakney has shown you that the Boston rates are compensatory, we deal with it in our brief, and I shall not duplicate him on this.

With the need of the Boston carriers as clear as it is, what then are the reasons urged for denying them an opportunity to compete?

First: The Examiner did not feel it necessary to consider the competitive need of the Boston carriers because he thought that this need was not intended to be met under [fol. 2344] proposed rates unless the New York carriers were to have parity. He ruled that the Boston and New York rates as published had to stand or fall together, and hence that, if the New York rates could not stand, the Boston rates must fall with them. In this he was plainly wrong.

Added to this specious argument is the equally specious related one that to allow Boston alone to have parity with Baltimore would be to allow the Boston-New York relationship to be disturbed and that such an issue was not tried in this proceeding.

This argument is not advanced by the New York carriers, but only by the southern tier interests, who have no basis for complaint as to the relationship between Boston and New York. The New York carriers know that Boston rates on the Baltimore basis cannot hurt New York, for New York cannot without parity have any opportunity to compete for bulk traffic and without parity can only compete for such general cargo as is not cost sensitive, that is, it will pay for service advantages.

The fact, however, is that neither in form nor in intent are the tariffs linked together. Mr. Bleakney pointed that out to you, and Mr. Colgren indicated it in his Exceptions on behalf of all the Respondents.

Actually, the case was tried and briefed on the premise that the Boston and New York rates were independent of [fol. 2345] one another. Counsel for the New Haven stated positively at the hearing that the Boston rates stood by themselves regardless of the Commission's disposition of the New York rates. When the Examiner asked at the hearing, after that statement, "Is there any question now in view of that statement?" no one expressed the slightest dissent.

If the New York rates are needed to enable the New York carriers to compete effectively for Affected Territory traffic, they should be permitted to go into effect. We are inclined to believe that they need them. If they are not needed, they should be disapproved. But even if it were a fact that New York might not need the Baltimore rates to be competitive, and, again, as I say, I don't believe that, or that it might be overcompetitive on the Baltimore basis, the Boston carriers ought not to be prevented from having parity rates with Baltimore when such rates are clearly needed by the Boston carriers if they are to have any chance of competing with the Baltimore carriers for either bulk cargo or for cost sensitive general cargo. So far as New York is concerned, if it doesn't need parity to compete with Baltimore, it certainly doesn't need parity to compete with Boston.

The protestants next say that the parity rates of the Boston carriers should be condemned because Boston, even if it has parity rates with Baltimore, will not be an effective [fol. 2346] competitor against New York for general cargo and that, insofar as bulk cargo is concerned, the proposed rates are shown by an alleged cost study of the Boston carriers to be non-compensatory.

Now, both of these contentions are unsound.

Any claim that the Boston carriers would not move traffic were their rates on the Baltimore base is actually irrelevant. This Commission said of a similar contention many years ago, in the old Maritime Association case, and I quote: "Boston is fairly entitled to equal opportunity. . . . Conceivably it may not avail itself of this opportunity, but we are certainly not justified in forecasting a failure in this respect and still less are we justified in using such a forecast as a reason for withholding what we would otherwise accord."

Actually, there is no reason why Boston, with parity rates, would not be an effective competitor of the Baltimore carriers. Boston has adequate services and facilities to handle large volumes of movement. During the ten-year period from 1946 to 1955, 44 million tons of imports alone moved through the port, and in 1956, a total of 6.4 million tons moved through Boston. Moreover, Boston participated to the extent of over 20 per cent in the movement of Government export grain from Affected Territory in 1957 when the Department of Agriculture was absorbing the differential.

The claim that the Boston carriers' cost data indicate [fol. 2347] that parity rates on bulk cargo would be non-compensatory is without substance, as Mr. Bleakney pointed out. There was not such a showing. The data referred to by protestants supplemented the Baltimore carriers' Heywood study, though without correction of that study, so far as average Boston port terminal costs are concerned. The figures were offered to show, and they can only show, and your cost section will tell you this is plainly correct, that if the Heywood study were accepted as reliable, then, overall, the proposed Boston rates are clearly compensatory, and by a large margin. The study was not intended to, and cannot, show the costs of any type of traffic, since it deals only with average costs of all types of traffic.

The remaining contentions of the protestants must have been made with tongue in cheek. These are the contentions to the effect that the Boston carriers may not lawfully publish parity rates with Baltimore since distances between Boston and Affected Territory are, speaking generally, greater to Boston than to Baltimore, and, too, that if the Boston carriers should be allowed the Baltimore basis of rates, and New York should not, there would be widespread —imagine that—widespread Fourth Section violations.

Dealing first with the claim of distance disregard, it should be remembered that this is a case where the Boston carriers are themselves voluntarily seeking to disregard [fol. 2348] distance so as to have a competitive opportunity, and properly so, for, as the United States Supreme Court said in the Texas & Pacific Railroad Company case: "The theory of the Act is, that the carriers in initiating rates may adjust them to competitive conditions and such action does not amount to undue discrimination."

Actually, distance disregard is necessarily inherent in virtually all competitive adjustments; otherwise the carrier with the shorter route would in every case have a monopoly, unless there was congestion, but in virtually every case.

The protestants well know this. They, themselves, as appears in the few charts that I have now, they show that the protestants participate in export and import rates to and from Affected Territory which involve far greater distance disregard than is here proposed by the Boston carriers.

Now, this one shows you a 100 mile difference between Boston and Baltimore from Milwaukee, and yet there are equal or lower rates at the South Atlantic and Gulf ports, and you see here Corpus Christi, 1341 miles, you see a 500 mile disregard in that and a 300 mile disregard in the Jacksonville.

This same thing is told by the story of Chicago, comparing Corpus Christi and Jacksonville with Boston. The same story is told with regard to Indianapolis.

These are samplings from the area we are here dealing with. And the same thing is true as to Cincinnati.

[fol. 2349] So it is just nonsense for them to come in here and tell you, "Oh, look at this tremendous disregard." Why, they are participating in far greater disregards, and no one ever thought it was improper where it is competitively necessary.

Now, the outrageous claim, and I mean this literally, of widespread Fourth Section violations should Boston be permitted the Baltimore basis, while New York was not, is fallaciously buttressed by irrelevant language from the old Lighterage case, where rates of the Baltimore and Ohio and Pennsylvania, not here in issue, were involved. The fact of the matter is that only a Lehigh Valley routing, which you can see down here in red, only a Lehigh Valley routing available to and from Boston would involve any Fourth Section problem were Boston's rates lower than New York's. This one routing involves movement via the Lehigh Valley to Jersey City, then across the harbor, and then via the New Haven to Boston either directly or via the Boston and Maine at Worcester. Now, this is actually but one Lehigh Valley routing, and the routing need not be used. If the Lehigh Valley would turn over its traffic to the Lehigh and Hudson River at Easton, Pennsylvania, for delivery to the New Haven at Maybrook, an obviously shorter movement, no Fourth Section problem at all would be involved.

The one routing which here poses any question is, of course, no barrier to granting the full relief sought by the [fol. 2350] Boston carriers, subject to the making by the

Lehigh Valley and the granting by this Commission of a Fourth Section application to retain its long haul via Jersey City.

And this (indicating) shows virtually the same thing, and the final one shows the New York Central, plainly involving nothing resembling Fourth Section.

There is here presented to you, gentlemen, a case where the Boston carriers have published rates which are admittedly required if they are to have an opportunity to restore their old competitive position with the Baltimore carriers for Affected Territory traffic.

This is the first time the Boston carriers have voluntarily sought, in an over-all rate proceeding, to meet their Baltimore competition. They did on the grain case and, of course got equalized rates. This is the first chance the Port of Boston has had of sharing in the movement of the vast reservoir of Affected Territory traffic. The port of Boston needs this traffic not only for its own sake but also to improve steamship services at Boston and thus to hold its own hinterland general cargo tonnage.

If Boston is here defeated in its effort to be competitive, this is the end, gentlemen, of a great port.

* * * * * * *

[fol. 2427]

REBUTTAL ARGUMENT OF ROBERT G. BLEAKNEY

Mr. Bleakney: I might say somewhat facetiously, at least, no one accused the Boston lines with having gorged themselves with traffic at any time. In fact, there seems to be some sympathy at least voiced by those opposed to the Boston equalized rates, and our opponents seem to have expressed pain, you might say, in feeling that even though they are sympathetic to Boston they feel the Commission [fol. 2428] nevertheless can't grant Boston competitive equality.

I suppose you can take this position especially when Boston doesn't participate in this traffic any longer.

It is argued, however, that even though there might be some sympathy for Boston, even though the Boston railroads may no longer be participating in this traffic, Boston is all of a sudden too far from affected territory to even be considered one of the North Atlantic ports any more. This wasn't true back in 1877 when this adjustment was first entered into. Back then when Boston had an ocean rate advantage our more southerly competitors were quite delighted to have rail rate disadvantages imposed so they might compete with the Boston railroads. But now they want to throw us out in the cold, the cold that my friend from Portland and the Maine Central talked about, and let us competely wither away.

We submit that Boston is still one of the North Atlantic ports, and still entitled to compete for this traffic.

Commr. Walrath: Mr. Langdon answered my question that apparently your southern friends brought out the cost of operation.

Mr. Bleakney: That was based upon an alleged showing in our own exhibit insofar as grain is concerned. Let us be clear on this. There [illegible] no cost study on grain, as such, in this case. No one conducted any analysis whatsoever of the costs to Boston railroads of handling grain from af- [fol. 2429] fected territory or anywhere else to and from Boston, but essentially to Boston since this is export. The so-called study and the testimony of Witness Cole was based on the testimony initially of our opponents' witness Heywood. In his exhibits he took certain allegedly representative commodities moving through the North Atlantic ports, and merely assigned to them, based upon their weights and other factors involved in Form A, eastern district average costs. He then compared costs on that basis with the revenues on the proposed level.

Witness Cole didn't at any time, certainly during my presence in this hearing, unless my recollection is terribly in error, adopt the Heywood study as determining the cost on any particular commodity. He merely completed it on the basis that even if you take that study at face value it shows that on an overall basis, rather than on a commodity by commodity basis, that the Boston rates are compensatory.

The Commission will note that Witness Cole's exhibit shows that even by using Heywood's figures, uncorrected, the out-of-pocket costs of handling this traffic to and from

Boston ranged somewhere between 75 percent and 82 percent of the revenues. That is the sole purpose and intent and meaning to be derived from that exhibit, and to take these grain figures out of context is not only unfair but misleading, we submit, may it please the Commission.

Now, it is said again that Boston railroads aren't entitled [fol. 2430] to parity should the Commission decide to deny parity to the New York lines because Boston is farther than New York from the affected territory, and it just wouldn't be right for a port farther from the affected territory to be at lower rates than one nearer. That argument ignores some charts and some arguments presented to you by Mr. Foley earlier today. You will recall from Indianapolis, Chicago, Cincinnati, and Milwaukee some of the very opponents of Boston's parity proposal here published rates on import-export freight to Houston and Corpus Christi, rates on a level lower than those to Boston and in some cases even lower than those to Baltimore where the distances are considerably in excess not only of Baltimore's distances but of Boston's distances.

In a relationship proceeding, in a competitive rate proceeding which this is, the determining factor is, what rate level is necessary for free competition? We weren't looking for any allocation of freight as has been suggested. We just want the chance to compete, and no one has said we are competing now.

We submit that the Boston rate should be permitted. In passing, I would like to make one comment with regard to Portland. I think the argument on behalf of the Maine Central clearly indicates that the Maine Central doesn't want competition. That is the last thing they want. They want to be protected from that competition that we seek.

May it please the Commission, we pray that the Boston [fol. 2431] rates be granted.

REBUTTAL ARGUMENT OF JOHN H. COLGREN

Mr. Colgren: Mr. Commissioners, I have no doubt that you are thoroughly confused at this point as to what is the issue in this proceeding. I admit that I found some question in my own mind, listening to the protestant railroads and their supporting port interests.

Gentlemen, it will be my purpose here to try to get the situation back on the track as to what is at issue. Let us look again at this map which was prepared to demonstrate to you what the competitive territory is, who serves it, and what the competitive influences are.

Gentlemen, the red lines here show the coverage and access to the affected territory of the respondent railroads who want to equalize the rates on traffic from this territory through the ports to a common foreign destination. Look at how this area is laced and interlaced by competitive lines who offer transportation to the shippers in this territory at 3 cents a hundred pounds less than do the respondents through not only Philadelphia, Baltimore, and Hampton Roads, but two of the most powerful of our opponents even serve New York.

You heard this afternoon some talk about percentage of traffic handled at New York by the respondent railroads. Reference was made to Appendix F. Let us look at Appendix F for a moment, if you please. The Examiner quite [fol. 2432] clearly set out the participation in the traffic at New York. You will note that in both tables, of export and import traffic, he broke down the traffic studies as between respondent and the protestant railroads.

Out of this somewhere around—I think I said 25 percent this morning—27 percent of the traffic which the New York railroads participate in, the protesting railroads, mind you, transported about 30 percent of that traffic to and from New York.

We are asking for an ability to compete on equal terms on traffic which is decidedly competitive, which requires an equality of rates.

Again, I want to revert to an earlier figure I gave you, and that was the amount of traffic that the respondent railroads had lost in the 10-year period. Now, when I say "lost," I am not saying lost in the same sense that my friend Hanifin said "lost" during his presentation to you. I am talking to you about a decrease in traffic. A decrease in tonnage.

Over 20 percent of this export-import traffic was lost. Our traffic decreased. Our trains hauled less cars. Our facilities were less utilized. Our lighters, and so on, if you please, were lighter loaded. My friend Hanifin, on the other hand, wasn't talking about loss of traffic, he was talking about traffic which in a competitive situation moved through another port, then Hampton Roads.

[fol. 2433] Commr. Murphy: He was talking about short haul, was he not?

Mr. Colgren: No, I don't believe he was talking about short haul.

Mr. Commissioner, let me point something out to you: In 1949 this Commission approved the acquisition by the C. & O. of the Pere Marquette Railroad, which is everything above Toledo, on the C. & O. Railroad. It shows better, I think, on map No. 2. There is more mileage via the C. & O. —via the Pere Marquette that the C. & O. acquired only as late as 1949, as there is in the rest of their service in the affected territory.

They spoke of the traffic from lower Ontario. Gentlemen, the Pere Marquette for years and years and years naturally and historically wanted their long haul and their natural route was through Buffalo, either New York, Philadelphia, or Baltimore, through the Buffalo gateway. And just as naturally, via Canadian lines through Montreal. To come in and try to persuade the Commission that by reason of New York's advantages—and I will talk about those in a minute—the traffic in Montreal should move westward to Detroit, directly south some several hundred miles, and finally turn east and go to Newport News, is just ridiculous from a routing standpoint.

I am not decrying that the distances are meaningful in a broad general adjustment like this, and in areas of this [fol. 2434] sort, but I am telling you that the stories are coming to you about traffic origins with traffic being turned over to other ports has another side to it.

Let us talk about the exhibits Mr. Langdon was referring to. If you took the same Exhibit C that he referred to and started at the tail end of that exhibit, gentlemen, and started reading, not the commodities, but read the column entitled "Tons," with respect to the types of traffic, you will see where the traffic is moving. And who in the world cares whether we handle 5,000 different kinds of traffic, if it is one pound of handling as against one type of traffic, one specie of traffic, one commodity at millions of tons?

This is a real competitive situation.

Mr. Langdon held forth at great length concerning the tremendous sums of money being expended in the New York harbor area by the City of New York and by the New York Port Authority. Gentlemen, they are lovely people, and they are spending a lot of money. But that hasn't added one darned cent to the coffers of the New York Central, the Erie, the Lehigh Valley, or the Lackawanna. It can't. We are talking about something else here. We are talking about traffic coming to and from Central Freight Association Territory.

The facilities the Authority is building at New York are in no sense related to that railroad traffic.

Chairman Winchell: Mr. Colgren, you stated in your [fol. 2435] opening argument that the rates to and from New York were compensatory. I understand Mr. Langdon and others dispute that. Under this proceeding you have the burden of proof. I am not sure that I am clear as to the extent to which that should be sustained.

Mr. Colgren: I intend to spend quite a bit of time on that and I might just as well get into it right now.

You see, Mr. Langdon made these assertions, as did the other opponents, but he never cited you any factual data. Now, I will cite you some facts with respect to the compensativeness of these rates.

Our opposition, as Mr. Langdon said, made certain cost studies. Now, they made the studies at New York without intending to impugn any bad faith, particularly—it should be remembered that they were out to prove that the costs at New York were higher than at any place else. And, gentlemen, they went about it in a form that did. But they failed to take into account certain things. They never matched up revenues with the traffic they were talking about. This cost study which purportedly showed how the respondent railroads miserably failed to show the compensatoriness of their rates is worked down to an average cost per ton and an average cost per car in the New York area, and that average cost per ton, or average cost per car, was applied against individual commodities regardless of how it moved, when it moved, under what conditions it moved.

[fol. 2436] Gentlemen, the same cost was applied to feathers and lead, and out of this came a cry that the rates were not compensatory.

Now, at that stage the respondent carriers took their very statistics and applied the actual revenues per car on the movements to and from representative points chosen by the opposition, and came up with this interesting result: The revenue per ton on import traffic through Baltimore returned $8.12. On export traffic the revenue return was $9.38 per ton.

Now, Mr. Langdon just a few minutes ago said there was a difference of $6 or $7 per ton in cost New York over Baltimore. These are the revenues on actual rates, on the actual movements in the traffic involved in this proceeding.

At New York: Import traffic, $19.20 per ton; export traffic, $18 a ton. The difference in each event—that is both export and import—of well over the $6 or $7 in cost at the two ports.

Now, mind you, there was an endeavor on our part to show the Baltimore interests. You say your costs are so much, and your rates are compensatory. You say our costs are so much, but here are our revenues. Our revenues well cover our costs, on your basis. And we certainly didn't agree with their basis, as I will demonstrate to you now.

You see, in their ambition to show the non-compensative-[fol. 2437] ness of rates at New York, the opposition first came out with a cost basis on fully distributed costs. That never even got to hearing, actually. Prior to the hearing, at which cross-examination was to be made, they substitute an out-of-pocket basis by merely taking 80 percent of those purported fully distributed costs, without adjustment; without adjustment we took those figures and showed that the ratio of the out-of-pocket costs to revenues was under 100 percent. In other words, they were compensatory right there.

Well, when we got to analyzing the costs, themselves, and what was the make-up of those costs, we found as I said this morning, some eight or nine pages of errors. I mean, things that we could pick out and evaluate.

On the basis of making those corrections that we could evaluate and put a money value on, the ratio of out-of-pocket costs to revenues came down to 8.9 percent—

Commr. Freas: You are criticizing the cost showing made by the opposition?

Mr. Colgren: That is right.

Commr. Freas: Under this suspension proceeding you have the burden of affirmatively showing that these rates are compensatory. What does the record show in that regard?

Mr. Colgren: The record shows affirmative testimony to the effect that this traffic in our traffic study, for the year 1955-56—the total year traffic, the return to the respondent railroads on the basis of revenue as assessed—there is taken [fol. 2438] right from the traffic study, the waybills, $17.14 per ton. Revenue per ton-mile, 2.29 cents. Revenue per car-mile, 51 cents.

Now, Mr. Freas, by any standard of the Commission those are compensatory rates. By any standard.

Commr. Freas: It depends entirely on what the costs are. We have heard a lot of extraordinary costs in this particular area, now.

Mr. Colgren: Well, I hate to sound as though I knew anything particularly more than anybody else about it, but in my opinion, Mr. Freas, harbor traffic is no more expensive than switching at any large industrial city.

Commr. Freas: That may be, but my question is whether or not the record shows it.

Mr. Colgren: No, it doesn't show it.

You will be interested, I think, in reading the request that Mr. Langdon mentioned, a petition to this Commission seeking us to or requiring us to make a cost study. On the basis of these returns we didn't feel it was necessary to go into a cost showing.

Commr. Murphy: Does Mr. Perlman agree with you?

Mr. Colgren: I am coming to that, too.

Now, I left out an important additional factor in connection with these additional returns I was reading to you. That is for an average haul of 747 miles. More than double [fol. 2439] the average haul at which rates like this are deemed not only compensatory, but well above out-of-pocket cost bases. And on a tonnage per car of only 22 tons. All these factors indicate that this traffic is indeed revenue producing traffic.

I might say that this showing was prior to the 6 cents per ton charge that was authorized by this Commission in the 212 proceeding, on waterborne traffic. With the addition of that additional revenue these figures would indeed be—

Chairman Winchell: Is that charge still in effect?

Mr. Colgren: Yes. Six cents a hundred pounds on waterborne traffic. It was authorized in Ex Parte 212, and has been in effect since that time.

As a matter of fact, I would like to make an observation. Mr. Freas, this I think may help to answer the question you have in mind.

One of the people who worked on the cost study at New York which was made for the railroads by railroads which serve New York, the Pennsylvania and the B. & O., and they given figures by the Central of New Jersey.

Now, in cross-examining one of the people who worked on those figures, at record page 2229, he said, and I am not quoting him but he said that this six-cent charge, if authorized—and this was prior to 212, when it was in the mill—if authorized by the Commission would put the railroads at New York in a sound position insofar as this traffic is concerned.

[fol. 2440] Now, at this point where we had taken the cost studies—you seem to be puzzled, Mr. Freas, on whether or not there was a cost study made at New York. There was this cost study made by the opposition, and, as I demonstrated, it carried in it certain overstatements of cost which we sought to correct as well as we could. And on the basis of those corrections, and so on, we demonstrated that the revenues would be well above out-of-pocket costs.

Now, after we reached this point in the record where we had taken the opposition's cost study and their testimony with respect to this type traffic, and so on, when it was established that the so-called Heywood exhibits didn't accomplish what they were prepared to do, the protestant railroads requested additional time—in fact, an additional hearing because the record at this point had come to a conclusion, but they were granted additional hearing on the promise, mind you, that they would come up with definite and supportable data that would establish their claim as to the non-compensativeness of the New York import-export rates.

You might be interested in the record citation on what they would come up with in this additional hearing, six months later. It is page 2051.

At the resumed hearings protestant railroads came up with a very strange and unusual cost study. Mr. Langdon said something about it today, and told you why he thought [fol. 2441] they had the right to apply this solely related cost theory in connection with this traffic.

Gentlemen, the whole thing was completely refuted in Witness French's Exhibit 113, and I commend your attention to that in the event you are still dissatisfied with the revenue and cost showing that I have just described.

Well, this strange application of solely related costs was entirely unsupportable, and everyone said it was so demonstrated at pages 2088 to 2228 of the record. Rather extensive cross-examination, but I had a reluctant witness.

Thus, gentlemen, I can state unequivocally that we have established to anyone's satisfaction that these rates were compensatory, and we took exception to the Examiner not making a finding to that effect.

Now, I can't leave this subject without reference to the appendices that my friend John Hanifin spoke about. At page 66 of his reply where he starts talking about the appendices that he attached thereto, he started variously characterizing those appendices as "not contravened," "unrebutted," "Unchallenged," "unassailed," "not questioned by the rail lines favoring equalization," and he later describes his appendices as "telling evidence."

Gentlemen, the basis of those appendices were the Heywood exhibits that I just demonstrated to you were torn to ribbons by the respondent carriers.

[fol. 2442] Incidentally, the Chesapeake & Ohio, and the Norfolk & Western, would appear to be espousing a cause here, a theory which would require not only different rates on competitive export and import traffic to and from each port, but they would mean different rates for each railroad transporting such commodities to the same port. I am sure you will agree with me that such a principle would throw aside all theories of competitive rate making and contravene both Congressional and public policy. It certainly has no support in any I.C.C. determinations to date.

Oh, yes, the $10,350,000. I objected when that newspaper article was sought to be introduced in evidence, and I objected on the basis it was completely unrelated to anything under discussion or under consideration in this proceeding, in I. & S. 6615. As a matter of fact, I didn't even know the basis for the figure, and I am sure I would have had it had anything to do with port costs. I subsequently, of course, did inquire into the genesis of this $10,350,000 and discovered that one of our men—not a cost man, but a man who made periodic studies—and they are going on constantly on the New York Central in all phases of our operations—had made a study of the west side operations on Manhattan. Gentlemen, more than a majority—in fact, almost exclusively, this export-import traffic is handled through Weehawken, which is across the river. There is very little lighterage or car floatage conducted from the Manhattan [fol. 2443] side of the river. Export-import traffic just isn't handled there, and that is the subject of this proceeding.

Of course, I may as well tell you what happened about the $10,350,000. We have since then abandoned Pier 34; we have since then ceased operations at Barkelly Street Station, and we are in the process of closing down our St. Johns Street operation, all of which were very expensive operations, and traffic handled through those facilities no longer justified their existence. That is the $10,350,000.

I hardly know what to say, frankly, about this whole line of argument that you have heard since noontime. It certainly never ever got around to talking about traffic which originated or was destined to the C.F.A. territory from foreign origins or destinations. It talked about ports, and, gee, we on the New York Central, on the Erie, on the Lehigh Valley, on the Lackawanna, on the Boston & Maine, and the New Haven, and the Delaware & Hudson Railroad, want an opportunity to compete for traffic that is draining away from us. We are losing it. The facts all justify that. The record is replete with not only our own comparative studies, 1946 versus '55-56, establishing over 20 percent decline in this subject traffic, but that is corroborative of testimony taken from the Army Engineers statistics which showed a diminution in the total traffic moving through New York port.

[fol. 2444] These figures compliment one another. They are cumulative. They prove something. They are not to be ignored, and, gentlemen, they were ignored in the Examiner's report.

Mr. Langdon frankly admitted that New York was slipping. Part of that slipping is our traffic, and we want to have a chance to get it back. We want a chance to get some more if we can. We have got to have increased volume. We have to stop the decline; we have got to try to develop more traffic.

One other thing. The statistics may not—I myself may not have been talking quite plainly about it. I want to draw attention of the Commission to the fact that Appendix F figures show a little footnote excluding—footnote 1, "Other than iron ore and concentrates." Now, that means, gentlemen, we are not talking about—this isn't iron ore excluded in the center column. That is another commodity. The New York Central handles thousands of tons of other ores. Why should that be excluded from this appendix? We handle sulphur, we handle bauxite, nickel, manganese, chrome ores, at Weehawken. Direct ship to car transfer. That shouldn't be excluded from there. There was nothing in this record that indicates we weren't concerned about ores. Certainly iron ore itself was a subject of another proceeding, but I don't see how you gentlemen can ignore the fact that over two million tons of iron ore moved through Philadelphia and Baltimore to points in this affected territory, in only about seven points in that [fol. 2445] territory. That is found in your iron ore proceeding. I would be willing to guess—probably it is just as well to guess; maybe I shouldn't say it, but there was a heck of a lot more in that C.F.A. territory than that two million tons. We would be interested in transporting that.

Mr. Freas, in connection with the cost study that was made this was the type of thing that we found wrong, and why we alleged it was an overstated cost statement. Protestants studied a subnormal week for some of their data. The Pennsylvania Railroad import-export cars switched during the study week were calculated to be about 58 percent less than the average week in 1956; 58 percent. This is a legitimate criticism, I think, of a cost study.

Protestants used 145,760 tons in September, 1956, whereas the average month in 1956 was about 190,000 cars. That is 145 versus 190.

The B. & O. statistics developed they had about 26,500 tons per month, according to 1956, but the study only covered 11,647 tons in September, 1956. Those were the legitimate criticisms we made of the gross overstatements of the costs of New York. That is just part of the justification for the feeling I have within myself that harbor operations are not necessarily any more expensive than the average costs of switching in a highly industrialized, large city.

I think, gentlemen, I have covered the high points in what [fol. 2446] is in essence a simple proposition, but with many complicated factors. I don't deny that there are these complications in this proceeding. Nevertheless, I think that it sums up to this end: We proposed rates on competitive traffic in order to meet competition which was established by the fact that we were losing traffic to other ports via the railroads that served them, from and to the same territory. We recognized our burden of establishing their competitiveness, and did so in the first instance by a prima facie showing of the returns which would be by any valid comparison accepted as compensatory rates.

I think we bore our other burden of establishing competitive necessity, and the fact that they were not lower than necessary to meet competition.

I thank you, gentlemen, for your attention, and I am sure you will see things my way.

Chairman Winchell: That concludes the oral argument. The Commission will take the matter under consideration.

(Whereupon, at 4:45 p.m., the oral argument was closed.)

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1962

No. 97

THE BALTIMORE & OHIO RAILROAD COMPANY,
ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 98

MARYLAND PORT AUTHORITY, ET AL.,
APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 99

INTERSTATE COMMERCE COMMISSION,
APPELLANT,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF MASSACHUSETTS

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[fol. 2447] Secretary's Certificate (omitted in printing).

[fol. 2448] I.C.C. Exhibit No. 1

This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

I&S DOCKET NO. 6615

VERIFIED STATEMENT OF ARTHUR E. BAYLIS

My name is ARTHUR E. BAYLIS. I am Vice President, Freight Sales and Service of The New York Central Railroad Company, with headquarters at 466 Lexington Avenue, New York 17, New York. I have served in the Freight Sales and Service Department of the New York Central for more than 20 years and, as head of this Department now, I am responsible for planning, administering and supervising policies and work that will increase the gross and net freight revenues of that Company.

I have been asked by the railroads[1] who joined in the subject proposed adjustment, designed to equalize the rates [fol. 2449] of the North Atlantic ports with Baltimore, to present to the Commission the background and developments which led to the joint decision to make such equalization. Thus, I am speaking not only for the New York Central, but the other port railroads which participated in the proposed equalization.

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[1] Boston and Maine Railroad; The Delaware and Hudson Railroad Corporation; The Delaware, Lackawanna and Western Railroad Company; Erie Railroad Company; Grand Trunk Railway System (Lines in the United States, east of the west bank of the Detroit and St. Clair Rivers); Lehigh Valley Railroad Company; The New York Central Railroad Company; The New York, New Haven and Hartford Railroad Company; New York, Ontario and Western Railway Company (Presently being operated by receivers, with sale of its properties scheduled for June 25, 1957.); New York, Susquehanna and Western Railroad Company.

The Maine Central Railroad Company takes a position on import traffic which it will express individually. Both the Grand Trunk—East and the Maine Central presently participate in import routes from Portland, Maine, on the Baltimore basis via Canadian routes, and both roads have joined in the proposed Baltimore rates on export traffic.

Prior to the present effort of the railroads serving the ports New York, Boston, and north thereof to establish the Baltimore import and export rates from and to ports New York and north thereof including Canadian ports, I had been concerned over the fact that the New York Central Railroad's share of foreign traffic was declining steadily. Reports from our traffic representatives in various localities confirmed this decline in traffic. Meetings and traffic analyses with officials of the Port of New York, Boston and ports north thereof, including Canadian ports, strengthened my belief that affirmative action to eliminate this rate differential was required. A study of statistics on water-borne commerce of the United States prepared by the United States Army Corps of Engineers[1] further bore out my conclusion that the northern tier of ports were steadily losing their relative positions with respect to the total volume of import and export tonnage handled at North Atlantic ports. The necessity for a more competitive pric- [fol. 2450] ing policy on foreign traffic was apparent.

During 1956 agreement was reached by certain railroads serving these northern tier ports that tariffs should be published placing the import and export rates from and to those ports on an equal basis with those of competing railroads serving Baltimore. Such rates were published effective July 10, 1956, but a concurrent reduction in rates by the lines serving Baltimore, Philadelphia, and Hampton Roads by an equal amount re-established the differentials which had previously applied and which the railroads serving the northern tier sought to abolish. The Commission promptly suspended both proposed adjustments. At or about this time, a comparative study was made of all import and export traffic carried by the New York Central for the years 1946, 1951, and 1956, for the purpose of determining the actual decline of this traffic. Similar studies were instituted by other lines serving the northern tier of ports. These studies, to be introduced by other witnesses to follow, generally reveal that rail traffic from and to the subject ports has indeed diminished through the years. I believe that the differential rate structure is a key contributing factor to this decline. It is the consensus of the traffic officials of these port lines that the traffic over their lines will continue to diminish as long as these differentials are maintained.

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[1] "Waterborne Commerce of the United States, Part 1—Waterways and Harbors Atlantic Coast." Compiled under the supervision of the Division Engineer, North Atlantic Division, Corps of Engineers, U. S. Army, New York, N. Y.

[fol. 2451] By tariffs filed to become effective July 10, 1956, the carriers named in footnote (1) on page 1 together with certain terminal lines serving the ports of New York and north thereof including Canadian ports sought to provide for the application of the Baltimore, Maryland, rates on class and commodity rated import and export traffic.

The publication was limited to the interior railroads joining therein and only in connection with import and export rates published as such from and to the ports of Baltimore, New York, Philadelphia and Boston to and from Central Territory in the area formerly known as percentage territory 60% and west.

These tariffs were suspended in I&S Docket 6615, along with similar tariffs filed on behalf of certain railroads serving the ports of New York and south thereof, seeking to maintain the existing port relationships on import, export traffic.

The purpose of the proposed adjustment insofar as the lines serving the ports of New York and north thereof are concerned is to provide for equal application of through transportation charges between foreign countries and interior United States points via all ports Hampton Roads and north.

The heretofore recognized differences in rail rates on import and export traffic via North Atlantic ports, commonly known as port differentials, disturbed somewhat by the various horizontal increases in rates, are as follows:

[fol. 2452]

IMPORT TRAFFIC

	Differentials in ¢ per 100 lbs.						
Port	1	2	3	4	5	6	Classes
Canadian Ports (Same as Baltimore)							
Portland, Maine (Baltimore rates via Canadian routes, New York rates via standard routes)							
Boston, Mass. (Same as New York, N. Y.)							
Albany, N. Y. (Philadelphia rates, domestic rates as maximum)							
Philadelphia under New York	6	6	2	2	2	2	
Baltimore under New York	8	8	3	3	3	3	
Hampton Roads (Same as (1) Baltimore, Md.)							

(1) To territory west of Sandusky, Mansfield, Zanesville, Marietta line.

EXPORT TRAFFIC

	Differentials in ¢ per 100 lbs.						
Port	1	2	3	4	5	6	Classes
Canadian Ports Halifax, St. John, etc. (Same as New York) Montreal (Same as Philadelphia)							
Portland Boston (Same as New York)							
Albany (Same as Philadelphia, domestic rates as maximum)							

Port	Differentials in ¢ per 100 lbs.						
	1	2	3	4	5	6	Classes
Philadelphia under New York	2	2	2	2	2	2	
Grain ½¢ over Baltimore							
Flour 1¢ over Baltimore							
New York over Baltimore							
Grain 1½¢							
Flour 2¢							
Baltimore under New York	3	3	3	3	3	3	
Hampton Roads (Same as (2) Baltimore)							

(2) From territory west of Sandusky, Mansfield, Zanesville, Marietta line.

[fol. 2453] On commodity rates the same differentials are observed as on class rates.

While the above is basically the method used in arriving at port differentials, on class rated traffic, as the result of Docket 15879 mileage rates, the New York, Philadelphia, and Baltimore rates are arrived at by adding or deducting the specified differentials at either of these three ports to avoid import and export rates exceeding the domestic rates. This results in most cases in Baltimore rates setting the basis and Philadelphia and New York rates being the amount of the differentials over the Baltimore basis.

The present differentials have been in effect for many years and, although they have been attacked before the Interstate Commerce Commission on many occasions by port interests, the differentials have continued to prevail over the years. This, however, is the first occasion that the railroads against which the differentials apply have actively contested their existence before the Interstate Commerce Commission and, through the exercise of their basic right to meet competition, sought to remove these differentials. From their very first establishment, these differentials were looked upon as a temporary device for the purpose of equalizing the through rates between foreign ports and differential territory in the United States west of Buffalo, New York, in order to provide a competitive over-all combination vessel-rail basis for the traffic between the various railroads, vessel lines, and the ports which they respectively serve. An Advisory Commission was formed [fol. 2454] in January 1882 at the request of the important terminal lines serving the North Atlantic ports to investigate and to report upon "the differences in rates that should exist, both eastwardly and westwardly, upon all classes of freights between the several terminal Atlantic ports . . ." This advisory commission decided that the then existing differentials should not be disturbed but, in the conclusion of their report, stated:

> "But we do not assume that the rates which are just today will be just indefinitely. They have become established by the force of circumstances and they ought to give way if future circumstances shall be such as to render it right and proper. They constitute a temporary arrangement only; equitable as we think, for the present, but which may become inequitable before the lapse of any considerable time. Whenever they shall be found to operate unfairly and to give a force or unnatural direction to trade and whenever it shall appear that they tend to deprive any of the seaports affected by them of the proportion of business that would naturally come to it under the operation of normal competition, the want of equity in the rates will appear and it will be right to *modify or perhaps abolish them.*" (Italics supplied.)

I have caused to be reproduced and offer as Exhibit No. .... (AEB 1), the complete report of this Advisory Committee as prepared in 1882. The illustrious members of the committee were Allen G. Thurman, a member of the Ohio Supreme Court, a United States Senator, a candidate for Democratic presidential nomination in the years 1876, 1880, and 1884, and a vice-presidential candidate in 1888; Thomas M. Cooley, Professor of Law at the University of Michigan, a distinguished author, a Chief Justice of the Michigan Supreme Court, and the first Chairman of the Interstate Commerce Commission; and Elihu B. Washburne, a member of Congress, Secretary of State [fol. 2455] in President Grant's administration, and minister plenipotentiary. Their comprehensive and outstanding report is interesting in that the same considerations, then so thoughtfully and carefully reviewed, should govern the disposition of or be at issue in this present proceeding. Of course, it is the position of those for whom I speak that certain of the governing considerations have changed, as was anticipated in the portion of the Advisory Committee Report quoted above.

The railroads serving the northern tier of ports are seeking to exercise their basic right to compete on equal terms with competing railroads. It has always been my understanding that except for two fundamental prohibitions the railroads subject to the Interstate Commerce Act are as they were at common law, free to make whatever rates would, in their opinion, increase their business, meet the necessities of commerce, and in general further their interests in the same manner as those engaged in any other trade or business. The fundamental prohibitions referred to are that the railroad rates should not be unjust or unreasonable and that they should not unjustly discriminate so as to give undue preference or disadvantage to traffic handled under similar circumstances. To my knowledge, there is nothing in the Interstate Commerce Act or in other statutes affecting railroads or their management which has changed this basic concept of the right to establish rates deemed necessary for the furtherance of commerce or to meet competition. From its inception, the Interstate Commerce Commission has recognized and up- [fol. 2456] held this right of the carriers to establish rates otherwise lawful which will permit them to compete in the best interest of their successful operations.

At the time of the establishment of the differentials, there existed differences in the ocean rates between the foreign ports and the competing ports of Baltimore, Philadelphia, New York, Boston, and the other North Atlantic ports. The effect of the differentials as then established was to compensate for these differing ocean rates and tended to result at that time in equal total charges through the different ports to and from the ultimate points of destination or origin. On such a basis, the differentials resulted in a competitive situation as between the railroads serving the different ports. The major change in circumstances, which has resulted during the ensuing years, has been the equalization of ocean rates to and from the different ports brought about through the organization of steamship conferences and the exercise of control over shipping by the U. S. Federal Maritime Board. Since that situation altered, it will be seen by referring to the various exhibits which will be presented by other witnesses in this proceeding that the ports against which the rail differentials operate (New York, Boston and north) have lessened in relative importance and the ports to which the differentials are favorable (Philadelphia, Baltimore, and Hampton Roads) have improved their position disproportionately to the total amount of foreign trade entering and leaving through the North Atlantic ports. This unusual gain for these favored ports penalizes the ports for which I speak. Our inability [fol. 2457] to obtain equal rates will discriminate against our ports and deny our right to compete.

Thus, to the extent that the railroads serving the northern tier of ports have lost traffic to the railroads serving the ports favored by the differentials, they have been damaged by the existence of these outmoded differentials. Behind management's determination to exercise its prerogative to publish rates on a competitive basis with other railroads serving differential territory is not only the immediate benefit to the railroads of equalized opportunity for available traffic, but also the greater public interest in permitting the port areas which they serve to participate in foreign commerce moving through the ports of the United States on a basis more nearly competitive with other port areas. The New York Central serves three of the so-called North Atlantic ports directly by its own lines, namely New York, Albany, and Boston. It is to the benefit of the New York Central as well as in the national interest that these port areas be competitive with and open to the free flow of commerce, as are the ports presently favored by reason of differential rates or lower rate bases.

In distinction to the above heterogeneous application of export and import rates to the ports which make up the so-called North Atlantic range are the rate adjustments to the South Atlantic and Gulf port groups, the rates to and from the South Atlantic ports Morehead City, North Carolina, to Jacksonville, Florida, being grouped without exception, all on the same basis and without differentials. [fol. 2458] Similarly, the Gulf ports from Pensacola, Florida, to the Mexican border are grouped without exception on both import and export traffic. Here again no differentials exist. In fact, only in the North Atlantic range do these outmoded differentials continue to be observed.

The territory from which the equalized export and import rates apply to and from the South Atlantic and Gulf ports respectively is that part of Central Territory lying on and west of the line of the Monon Railroad from Michigan City, Indiana, to Indianapolis, Indiana, and the line of the NYC (C) RR from Indianapolis to Cincinnati, Ohio, and extending into Western Trunk Line Territory.

The same principle, the right to compete, which permitted the establishment of these equalized rates to and from the South Atlantic and Gulf port groups would appear to have application as well to and from the North Atlantic port group. The problem of diminishing traffic having arisen, these railroads serving the northern tier of ports naturally question the necessity or propriety of the continuation of the varied relationships between the ports which they serve and which are not found in any other port group adjustment. Particularly is the question applicable and pertinent now since the original justification for these varied relationships, as previously shown, has long since disappeared.

The position and contention of the railroads serving the northern tier ports is that they have properly exercised their legal right to establish competitive rates. The pro- [fol. 2459] posed rates are without question compensatory, reasonable, and non-discriminatory, as well as being justified under existing circumstances.

The imminent completion of the St. Lawrence Seaway is an additional factor which influenced the decision to equalize the North Atlantic ports at this particular time. The threat of diversion of the traffic potential in the affected territory to the Seaway makes it all the more imperative that the railroads serving the northern tier of the North Atlantic ports at least be on a basis of equality with the railroads serving the southern tier of North Atlantic ports in competition for that available traffic. It has been estimated that the St. Lawrence route may be a challenge to approximately one-half of the current grain export volume through the Atlantic Coast ports. This and other threatened diversions will require the best efforts of all of the railroads serving the North Atlantic ports to take measures which will permit their staying competitive for the remaining available traffic and the generation of new traffic to replace that diversion. If the railroads in this North Atlantic group are not permitted to be competitive between themselves, the problems involved in maintaining a competitive position against the Seaway becomes all the more of a dilemma.

We have known for years of the depleting reserves of iron ore in the upper Michigan and Minnesota ranges. A substantial portion of the New York Central total tonnage has been the ore traffic from the lake ports to the Youngs- [fol. 2460] town and Pittsburgh steel-producing areas. Through the past several years, the trend towards use of ore from foreign sources has grown. The New York Central has attempted to anticipate the necessity for replacing the present movement of Michigan and Minnesota ore with ore imported through the North Atlantic ports by placing its rates from the ports it serves on a competitive basis with the railroads serving the other North Atlantic ports. This current proceeding is further in line with this policy but, of course, embraces all commodities subject to import and export rates.

The railroads serving Philadelphia, Baltimore and the Hampton Roads ports have, through the years, handled tremendous tonnages of export and tidewater coal. In the last several years, through various negotiations, the coal-carrying railroads to these ports have increased their tonnage tremendously, and their future outlook for continued large volumes of this traffic is good. It is, therefore, a solid backbone of revenue-producing traffic to the railroads serving these ports. Because of the geographic location of the coal, it is doubtful if very little or any would be available to the ports of New York and Boston. As a matter of fact, no adjustment in the rates on coal is involved in this proceeding. The situation of the railroads serving the ports of Philadelphia, Baltimore, and Hampton Roads is thus not the same as the railroads serving the ports north thereof. These southern ports, as evidenced by this discussion of coal, have profited from the more advantageous natural geographic location than have their [fol. 2461] more northern neighbors to the extent that we presently have a condition contrary to the concept of the protection of weak or handicapped ports that prevailed when the differentials were established so many years ago.

It was on the basis of all the above considerations that the decision to equalize the rail rates to and from the North Atlantic ports on foreign traffic was made. They are considerations to which the Commission must give earnest attention in the disposition of this proceeding.

Particularly since World War II considerable progress has been made in technological advances to improve the economic situation through the development of modern processes to more accurately measure and control the operational costs of industry and agriculture. In fact, every field is far advanced in its ability to ascertain and recognize the factors which go into its total cost of operation. Under these circumstances, and as industry keeps closer watch over its transportation costs, it is not peculiar that the railroads serving the ports with a favorable rate differential should gain a disproportionate share of traffic to and from those ports. The ability of cost accounting methods to pinpoint excess or additional costs in any area has made the 3-cent differential assume proportions it did not have before, and it has become painfully clear that a 3-cent differential can assume large proportions to any alert shipper.

The Commission properly exercised its power of suspension as against the proposed rates of the lines serving [fol. 2462] Philadelphia, Baltimore, and Hampton Roads. The proposed rates of the carriers serving New York and north are the proper expression of those roads' right to compete, and the rates proposed, as will be demonstrated, are not unreasonably low so as to require the intervention of the Commission on that score. The concurrent proposal of the competing lines was, however, a capricious and unjustifiable act of the type leading to a useless and unnecessary rate war. The Commission should lift its deterring hand from the proposed rates of the railroads seeking equalization and permit the lawful exercise of their right to meet their competition.

[fol. 2463]

VERIFICATION

County of New York)
) ss.
State of New York)

Arthur E. Baylis, being duly sworn, deposes and says that he is Vice President, Freight Sales and Service, of The New York Central Railroad Company and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

/s/ Arthur E. Baylis
Arthur E. Baylis

Subscribed in my presence and sworn to
before me by the affiant above named
this 17th day of June 1957

/s/ Frederick B. Overbaugh, Jr.
Frederick B. Overbaugh, Jr.
Notary Public, State of New York
Qualified in Westchester County
No. 60-2988550
Certificate filed in New York County
Commission Expires March 30, 1959

[fol. 2464]

Exhibit No. (AEB 1)
Witness: Baylis

REPORT OF MESSRS. THURMAN, WASHBURNE & COOLEY, CONSTITUTING AN ADVISORY COMMISSION ON DIFFERENTIAL RATES BY RAILROADS BETWEEN THE WEST AND THE SEABOARD

REPORT UPON DIFFERENTIAL RATES.

PRELIMINARY.

In January, 1882, the undersigned were notified that they had been selected by the New York Central and Hudson River Railroad Company, W. H. Vanderbilt, President; the New York, Lake Erie and Western Railroad Company, H. J. Jewett, President; the Pennsylvania Railroad Company, G. B. Roberts, President, and the Baltimore and Ohio Railroad Company, John W. Garrett, President, to act as an Advisory Commission upon "the differences in rates that should exist, both Eastwardly and Westwardly, upon all classes of freights between the several terminal Atlantic ports," and to report upon the same.

Accepting the appointment, the undersigned met and organized as a Commission, at the City of New York, on February 13, 1882, by designating Mr. Thurman to act as Chairman and selecting Mr. Thomas C. Moore, of Indianapolis, as Secretary. On conferring with Mr. Albert Fink, who on that occasion represented the several railroads named, we were informed that it was not the purpose or desire of the railroad managers to take part in the proposed inquiry after setting it on foot; but that they proposed to leave it exclusively in our hands, in the expectation, however, that other parties interested in the problems of railroad transportation would make before us a full showing of the facts supposed to have a bearing upon the question, and that we would then express our opinion, uninfluenced by the wishes or interests of the railroad companies. The managers informed us, however, that they held themselves ready to furnish any such information as might be peculiarly within their knowledge, at any time when we might call for it.

Having this understanding of our commission, and desirous of acting intelligently and with full information, we caused circulars to be sent to all the commercial organizations of the cities of New York, Philadelphia, Baltimore and Boston, and to such like organizations in the interior as it was thought would be inclined to respond, inviting them to appear before the Commission and present their views; and whenever a desire to be heard was expressed by any one of them, time and place were designated for the purpose.

From the Produce Exchange, the Board of Trade and Transportation and the Chamber of Commerce of the City of New York, and from the corresponding organizations of the cities of Philadelphia and Baltimore, letters ex- [fol. 2465] pressive of a desire to be heard were received, and public meetings were accordingly held in those cities, at which the question referred to us was very fully considered and discussed. For the purposes of such discussion, we found that in every instance careful and thoughtful preparation had been made, and the arguments, either in full or in substance, were put in print for our subsequent review. Statistics were also collected for us, so far as was thought important. Under the guidance of the commercial bodies, we also visited and inspected the railroad terminal facilities, under circumstances most favorable to a full understanding of the manner in which they concerned the general subject.

The leading commercial organizations of St. Louis, Louisville and Toledo also appeared before us at public sittings held in those cities respectively, and presented their views in print, supplementing them with oral arguments and explanations.

We were also favored at Philadelphia with discussions by representatives of the Board of Trade of Newark, New Jersey, and at St. Louis with the views of the Board of Trade of Indianapolis, presented by one of its members. The Chamber of Commerce of Cincinnati communicated its views to us in formal resolutions; without deeming it necessary to request public sittings in that city, and single individuals, not representing any formal organizations, have also in some cases been heard. We have also sought and obtained information independently wherever we have found it available, and have made use of the published reports of the railroad companies for that purpose. Our endeavor has been to view the subject from the standpoints of the various interests concerned, and to reach a conclusion that overlooked the just claims of no interest and no locality.

THE QUESTION.

The subject referred to us is that commonly spoken of under the designation of Differential Rates. In the reference, however, and in the paper which follows, the term is made use of in a somewhat restricted sense, being applied not to the differences in rates generally, or as between the several classes of freight as they are arranged in the tariffs of freight charges, but to the differences in rates which are made by the railroad companies as between the several Atlantic seaport cities, and the interior points where the freights are taken up or delivered. It appears that the four railroad companies mentioned, and which, with the Grand Trunk of Canada, are commonly called the Trunk Line roads, have generally been accustomed to make higher charges for the transportation of freights between New York and Boston, as eastern *termini*, [fol. 2466] and the leading towns of the interior, than between Philadelphia and Baltimore and the like towns; and that at the present time they seem to agree in the policy and propriety of making these differences. An idea of the extent of the differences is indicated by the statement that, taking the charges for the transportation of eastward bound freights from Chicago to New York as the standard, the charges to Boston are made the same, and those to Philadelphia two cents, and to Baltimore three cents per hundred pounds less. On westward bound freights the differences are not uniform, but are made higher in the case of those classes of property which are rated highest in the freight tariffs. As between the seaboard cities and St. Louis, Cincinnati, Toledo and other Western towns, the rates are proportioned to the Chicago rate according to mileage. This is the existing rule or practice.

Whether it is right or proper to make any such discrimination in the charges for the transportation of property between the Atlantic cities and the cities of the interior, and if so, to what extent, is the question that we understand was referred to us, and nothing more. We, therefore, limit our discussion to that question, and pass by many subjects of interest in railroad transportation that were more or less touched upon in the public discussions which took place in our hearing, but which can interest us only as private citizens. Whatever opinions we or any of us may have respecting controverted questions in railroad policy and railroad management, which do not fall within the scope of our present inquiry, it would not become us to intrude them into this discussion.

THE PARTIES CONCERNED.

Although the invitation to us came from the Trunk Line railroad companies, we have not understood that this was because the subject was one over which they had rightfully any exclusive authority. It is, indeed, a subject with which they, first of all, are called upon to deal, for they and their affiliated roads enforce the charges which come under consideration, and establish the differentials if any are established at all. But the railroads constitute a single class only of the many whose interests may be affected, and it may appear, perhaps, that they are not the class most largely concerned. In all the discussions before us it has been assumed that the people of Boston, New York, Philadelphia and Baltimore, and especially all those who are engaged in the exchange of commodities with the interior and with foreign countries, are largely interested, and that their prosperity is to some extent involved in the relative adjustment of rates. The railroads of the interior, which act as feeders to the Trunk Lines, and divide with them the charges on freights moved between the interior and the seaboard, are also interested to the extent that [fol. 2467] the differentials affect their proportion of the charges. We have found also that the people of the interior consider their interests to some extent involved in the question; and they certainly are concerned in having such tariffs of charges upon the roads over which their traffic is conducted as will give them the advantages of any and all the Atlantic markets, without subjecting their dealings with any one of them to unfair conditions or burdens. It is therefore evident that the question is one of very general interest; and it may almost be said that the question of relative equality of rates, as between Chicago and the Atlantic ports, when those between the other Western towns and the same ports are measured by them, is one of national rather than of local concern.

THE SITUATION.

Three distinct views of the differential rates were taken and urged before us, which may be shortly stated as follows: The New York view, that the differences made in the rates in favor of Baltimore and Philadelphia were wholly wrong and should be abrogated; the Baltimore view, that the differentials were right in principle, but if anything too small; the Philadelphia view, that the differentials should continue, but that they ought not to discriminate as between Philadelphia and Baltimore. In the interior we encountered much difference in opinion, but no views distinctly peculiar.

The discussion was open at New York, where it seemed to be assumed that the parties chiefly concerned were the three cities of New York, Philadelphia and Baltimore, and that the differentials operated to build up the business of the two last to the prejudice of that of New York. On this assumption it was then said they were unjust, and that it was the duty of the New York railroads to force their abrogation. It was also assumed that two of the Trunk Line railroads were peculiarly New York roads, whose managers ought to be expected to labor especially in the New York interests, and to enter into the rivalries of that city, so far, at least, as might be necessary to protect the commerce of New York against injury through the more favorable rates which might be offered by the Philadelphia and Baltimore roads to the people of those cities respectively. At Philadelphia a somewhat similar view was taken of the obligation of the Pennsylvania Railroad to protect Philadelphia interests, and at Baltimore a corresponding protection appeared to be looked for at the hands of the Baltimore & Ohio Railroad. Thus the several Trunk Line railroads were spoken of as New York, Philadelphia and Baltimore roads respectively; and claims of a local nature were made upon them as being such roads.

[fol. 2468] Nothing, however, in our investigation of the subject has struck us more forcibly than the fact that the growth of railroad business has been such as to take from the several Trunk Line roads nearly all of purely local character which they formerly possessed. The time appears to have gone by when the interests of any one of them can be concentrated upon and bound up indissolubly with the interests of any one city, so as to constitute it either the dependent or the champion of that city as against the rest of the Union, or even as against any other commercial centre of the Union. The arms of every one of these roads reach out in every direction to embrace and gather in the business of the country, and to distribute impartially according to need and demand. States and cities have called particular railroads into being, but they cannot circumscribe their operations, or make exclusive appropriation of their benefits. Once constructed, they belong to a public which pays little regard in business matters to State lines, and business reasons, which have general influence and force, control their operations, in spite of local sympathies or desires. It is true that two of the Trunk Line railroads—the New York Central & Hudson River, and the New York, Lake Erie & Western—hereinafter spoken of as the Central and the Erie respectively—find the largest share of what is called their through business directed to or originating at the City of New York, and it may be that their managers desire to bring to that city all the business they can control. In common parlance, there is certainly nothing misleading in speaking of these two as New York roads; for the major part of their interests center in New York, and whatever benefits or injures the business of New York, must, to some extent, benefit or injure them also. But these roads do not refuse freight to Baltimore, Philadelphia or Boston; on the contrary, they enter into competition for them, and through the assistance of affiliated roads, endeavor to make it for the interest of the people of those cities to avail themselves of their facilities in the transportation of goods and supplies. They thus make themselves part of a system of competitive roads, which offers to the business community of every Atlantic seaport a choice of traffic routes and traffic agencies, and they solicit business on the necessary understanding that they shall respect the just rights and claims of all localities, and not sacrifice to New York the interests which are confided to them elsewhere.

It is also not misleading to speak of the Baltimore & Ohio Railroad as a Baltimore road, for its interests, in the main, centre in the City of Baltimore; its bonds and stocks are supposed to be mainly held or controlled there, and its traffic is mainly between that city and the interior. But this road, no more than the New York roads, consents [fol. 2469] to stand apart from the railroad system of the country, as a road limiting its business to a single Atlantic terminus, and declining general competition. On the contrary, it solicits business at the seaports to the north of Baltimore; and that its efforts in that direction have a fair measure of success is evidenced by the fact that in the year 1880 it carried of the westward bound freight moved by the Trunk Line roads from New York more than eight per cent., from Philadelphia more than nine per cent., and from Boston about five per cent., and these proportions are fairly representative of the general run of its traffic. These facts are sufficient to show that neither the New York roads nor the Baltimore road are so exclusively linked to the business interests of those cities respectively as to be either unable or unwilling to share in or contribute to the prosperity of rival cities. And it is now publicly said and seems to be understood that the Baltimore & Ohio is seeking to obtain an independent line into New York, that it may make its competition at that point still more active and efficient.

It certainly cannot be claimed, with much appearance of plausibility, that the Pennsylvania Railroad is the road of any particular city. The company which owns it is indeed a Pennsylvania corporation, its officers are in the City of Philadelphia, its stocks and bonds are largely held there, and perhaps not largely held elsewhere in this country, and it is not improbable that the feelings and sympathies of those who manage its concerns would incline them to desire specially the growth and prosperity of Philadelphia above other places. But the road has its eastern terminus, not at Philadelphia, but on the harbor of New York, where it has made large and costly preparations to compete with the Central and the Erie for New York business. That it does compete with those roads successfully is shown by the enormous amount of freight which it moves from and carries into that city, and by the fact that the merchants of New York have come to look upon it, with entire justice, as one of the most important channels of communication with the West. In the year 1880 this road took out of New York twenty-six per cent. of the westbound freight carried by the Trunk roads, and delivered to it nearly twenty per cent. of the eastbound. While thus successfully bidding for the custom and favor of New York, it is plain that the Pennsylvania Railroad cannot antagonize the interests of New York unfairly, and must refrain from any attempt to subordinate them to the rival interests which it also endeavors to serve. It is a necessary condition of its competition for the trade of New York, that it shall make its services beneficial, and that it shall offer facilities which are not surpassed by those offered by other roads. But the Pennsylvania also, through its association with the Northern Central, [fol. 2470] competes with marked success for the trade of Baltimore, and took away from that city in the year 1880 twenty-three per cent. of the westbound freight carried by the American Trunk Line roads. Its share in the eastbound freight was still more considerable, being forty per cent. What is said of its relations to New York business may therefore with equal truth be said of its relations to the business of Baltimore; it must hold itself above the rivalries of locality, and assume the attitude of an impartial carrier, desirous of the favor and custom of the whole country, and willing and anxious to serve all localities on such terms as are relatively equal and substantially just.

It is not likely that this reaching out of all the Trunk Line roads to compete with each other in the several Atlantic cities was contemplated when the roads were originally constructed; but as the several lines have pushed their connections in the West in competition, it has been found desirable for each to offer to its patrons the advantages of as many markets as possible, and to carry for them, without breaking bulk, whatever they have had for carriage in an eastward or westward direction. Competition has thus made roads national which were once local, and it is vain to expect that so important a subject as that of differential rates will be settled on the local preferences or prejudices of those who may have authority in railroad circles. It must, therefore, be settled either arbitrarily, by the fiat or agreement of the transportation companies, or it must be determined by some underlying principle. We agree with what was said in the New York discussions and elsewhere, that any arbitrary adjustments in disregard of such principles as would naturally influence prices of transportation when untrammeled, would not, could not, and ought not to be upheld. There should be—and as we think there must be—some principle by which to determine such a question, or perhaps two or more principles acting upon and qualifying each other.

It has been assumed in the discussions we have listened to, that business would be invited to a city by low rates upon its railroad lines, and that the prosperity of the city would bear some relation to these rates. How far this assumption is likely to be well founded, we, of course, have no more means of judging than has the general public. But the fact that each of the Trunk Line roads has its relations to all the cities, and each city receives benefits from all the roads, is sufficient to suggest some question, whether low relative rates and large relative business will necessarily go together. Though it is true, as we think and have said, all the roads which compete for the business of a place must treat its interests fairly, and not subordinate them to the interests of rival places; yet it must be expected that they will at all times have primarily [fol. 2471] in view their own interests, and that their zeal to procure business will bear some proportion to the anticipated profits. If New York business is most remunerative, it will be sought most eagerly; if not, the railroad managers will direct attention to that which is. Reducing the New York rates relatively to those of Philadelphia and Baltimore, seems, therefore, to invite the roads to favor particularly the business of the two cities last named. Establishing differential rates in favor of Philadelphia and Baltimore holds out inducements to the railroads to favor the New York trade. The Pennsylvania Company may be expected to desire to carry freights past Philadelphia to New York if it can be paid for the additional haul, but to prefer to leave them in Philadelphia, if for the considerable distance from there to New York it will be paid nothing for the transportation. Thus what each city asks, appears to have some tendency to enlist the selfish interests of the railroad companies against it. We mention this among other circumstances affecting the question, without deeming it necessary to remark upon it further.

THE PRINCIPLES THAT SHOULD CONTROL.

It seemed to be taken for granted, in the arguments presented to us, that the existing differentials had not been determined on any principle, but that they were the result of a compromise between the railroad companies, whereby they had purchased peace between themselves. Three different principles, however, were suggested by different parties, as those which should control, and these found advocates in different localities, according as, it was thought, those localities would be favored by their operation respectively. These three principles may be designated respectively: the distance principle, the cost principle and the competitive principle. It is, however, proper to say that those who advocated the first and the second of these principles, generally agreed that the third should not be discarded; but that it had its legitimate place, and must have its legitimate influence also. Brief notice will be taken of these three principles respectively.

THE DISTANCE PRINCIPLE.

It was contended by the commercial representatives of Philadelphia and Baltimore, that freight charges on like classes of freight between the interior and the seaboard cities ought to be proportioned to distance. We understood them to mean by this, that the shortest line from Chicago to each of the Atlantic cities should be taken as the standard for measuring the freight charges between Chicago and that city, and that the charges for all the cities should [fol. 2472] then be determined by the mileage. By referring to the accompanying note, it will be seen that if the mileage standard were adopted, the freight charges between New York and Chicago would be about ten per cent. greater than those between Philadelphia and Chicago, and about thirteen per cent. more than those between Baltimore and Chicago. Those between New York and Cincinnati would be about twenty-eight per cent. more than between Philadelphia and Cincinnati, and about thirty-eight per cent. more than between Baltimore and Cincinnati.* According

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* DISTANCES VIA THE SHORTEST RAIL ROUTES TO

	Boston.	New York.	Phila.	Baltimore.
Chicago	1,009	900	823	802
Burlington, Ia.	1,216	1,106	1,030	995
Cincinnati	927	743	667	576
Columbus, O.	807	623	547	512
Cleveland	671	580	504	483
Detroit	724	673	682	661
Indianapolis	951	810	735	700
Kansas City	1,487	1,324	1,248	1,192
Louisville	1,161	870	794	706
Memphis	1,438	1,247	1,171	1,083
Milwaukee	998	947	908	887
Omaha	1,503	1,393	1,317	1,294
St. Louis	1,212	1,050	973	917
St. Paul	1,418	1,308	1,232	1,211
St. Joseph	1,478	1,356	1,280	1,223
Toledo	784	693	617	596

Taking Boston as the standard, New York averages twelve per cent. nearer to these towns, Philadelphia eighteen and Baltimore twenty-two per cent. nearer.

Between New York and Chicago the line of the Pennsylvania Railroad is forty-seven miles shorter than that by the Erie and its to the average rates on grain and provisions this year, the differentials have only been about six and two-thirds per cent. in favor of Philadelphia, and ten per cent. in favor of Baltimore; and the distance principle would, therefore, on an average, increase them greatly. It was urged that it was by this principle that the several roads, constituting a competing line, are accustomed to apportion their joint charges, and that these very Trunk Lines adopt it in dividing the charges upon through freights with the roads from which they receive the freight, or to which they deliver it. The New York representatives, on the other hand, contended that the distance principle could not with any justice control, for the reason that distance does not measure either the cost or the value of the service; so that if adopted as the standard of charges, it would be an arbitrary standard, and the element of equity in the rates would be disregarded.

If there were between each of the Atlantic cities and the interior towns only a single line of railroad communication, [fol. 2473] some of the difficulties in the way of the application of the distance principle, which are now obvious, would be wanting. But, as has been said already, every one of those cities has several lines, and would be content with no less. The supposed distance principle ignores this fact: selecting the shortest line to each city, to the disregard of the rest, and estimating the charges in proportion to its length. It might thus happen that the charges on freights from Chicago to the several seaboard cities, with all their roads taken into the account, would bear no proportion whatever to the distance; and it is certain that as between the roads serving the same city, the supposed principle could not be applied at all, for they, irrespective of distance, must conform to the lowest rates. The distance apportioned would, therefore, not be an apportionment of principle, but only of expediency; and whether expedient or not, must depend somewhat on other considerations, which present themselves in the practical administration of railroad affairs.

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connections, fifty miles shorter than that by the New York Central and its connections, and one hundred and fourteen miles shorter than that by the Baltimore & Ohio and its connections.

It cannot be said, however, that distance is a circumstance without value in the determination of railroad tariffs; it is, on the other hand, one of much importance. Nearness to the producers and consumers of the articles which it handles is a great advantage to any city; and so far as the rivals of New York are possessed of this advantage, they are justified in expecting that it will be recognized. But the value of this advantage is a question that must be determined with many other things taken into the account, and can only be fully solved in the tests of competition. The general fact now is that distance does not determine railroad charges, and that where competition is most active it influences them the least. The distance principle does not, therefore, stand the test of competition, and so far as we can perceive, there is no possibility of establishing it except by subordinating competition altogether to it. But to do this would require an exercise of arbitrary authority which we do not understand those who advocate the distance principle to advise or desire. We must conclude, therefore, that distance cannot supply for us the controlling principle, and that its proper influence upon transportation charges cannot be determined either arbitrarily or as a matter of antecedent computation or estimate.

THE COST PRINCIPLE.

New York parties who rejected the distance principle were inclined to favor the grading of rates by the cost of service; and if this were done, they claimed that the differentials would disappear altogether. Cost of service is here employed as synonymous with the phrase cost of moving freight, which is most commonly used. The latter phrase, however, is used in two very different senses, which [fol. 2471] it may be important to distinguish in order to avoid misconception. Railroad companies use the phrase for their own purposes when making reports to their stockholders or for the public under the requirements of State laws. In such reports cost of moving freight will be understood to be the actual outlay by the railroad company in moving its freight over a completed and equipped road. This outlay will embrace the cost of fuel, the compensation to the regular freight agents, to freight solicitors, if any, to the servants employed to handle the freight and govern and move the trains. It must also embrace the necessary expense of keeping good the freight equipment, and it should include a fair proportion of all such expenses of the company as are incurred for the freight and passenger traffic in common, such as repairs of track, taxes, official salaries, legal expenses, office expenses, general advertising, etc. To all these must be added the cost of insurance against losses to freight and freight equipment by casualties of all descriptions, or of making good such losses. If all these items are added together and the sum total is divided by the number of tons of freight moved one mile upon the road, we have as the result the average cost of transporting a ton of freight for one mile of distance.

The report which gives these items will also give others that, as between the railroad company and its patrons, must be understood as constituting a part of the cost of service. If the company owes debts, the interest paid upon these should be included; if it has made dividends to its stockholders, the amount should be included also. Indeed, it is generally conceded that the cost of service should rightfully and equitably be made to include a fair return in interest or dividends on the cost of the railroad investment; though as to what return is fair and reasonable, differences in opinion are held and expressed. But for our present purposes it is sufficient to leave any such differences out of view, and to speak in general terms of the cost principle as that which would measure the railroad charges by the cost of service, and which would make the cost of service embrace the actual outlay of the railroad company as above explained, and a fair return in interest or dividends on the cost of the road and its equipment.

To show that the cost principle would be to the advantage of New York, it became necessary to show that the cost of transporting freight between New York and Chicago was or ought to be less than the cost between Philadelphia and Chicago, or Baltimore and Chicago, or at least that it was not greater. But upon this point, unfortunately, the information that was produced before us did not appear to be very precise or very accurate. The expressions of opinion were indeed clear and strong, but they were generally supported by argument and inference rather than [fol. 2475] by evidence. Our attention was not directed to official reports or figures, where or by which the actual cost was set forth, but rather to the topographical features of the country between New York and the head of Lake Michigan, which it was said offered admirable facilities for the construction of railroads, which would be economical in original outlay, and economical also in their operation. No such economical road, it was said, had been or could be constructed further to the south, and the unfavorable gradients and curvatures on the Pennsylvania and the Baltimore & Ohio roads more than deprive them of all the advantages which they possess in shorter distance. It was also urged that another important circumstance should be taken into the account when the cost is being estimated. By far the larger portion of all the freight carried by the Trunk Lines is eastward bound. When cost is considered the probability of return freights must be taken into the account, since to whatever extent the cars which convey freight to the seaboard must be returned without loading, the cost of the return must be reckoned as part of the cost of transporting the eastbound freight. And it was confidently asserted than the probability of obtaining remunerative return freights was much greater at New York than elsewhere on the Atlantic coast.

To make out the case of more favorable lines and gradients between Chicago and New York, the route is required, after it leaves the shore of Lake Erie, to follow substantially the course of the Erie Canal to the Hudson, and thence down that river. By that route a road has been constructed with few unfavorable grades and curves, and this road no doubt is or can be operated with much greater economy than would be possible if its line were through a mountainous region. But if we take this as the route for freight transportation between New York and the interior, and compare it with the routes to Philadelphia and Baltimore over the roads which carry most freights to those cities respectively, we commit the mistake of directing our attention exclusively to the one road which possesses this favorable line, and ignoring altogether the fact that New York has other roads which it is desirable for its interest should live and prosper, and that over each of them the active and energetic merchants and manufacturers of that city are seeking the business of the interior and inviting its custom. Every one of those roads brings to New York a large amount of trade which would not be obtained without its facilities; and it seems certain that New York cannot afford to ignore any one road, any more when it is settling its grievances with rivals than when estimating advantages over them. If, therefore, it be demonstrated that the New York Central and its connecting roads can transport western products from the interior to [fol. 2476] New York as cheaply as the more southern roads can move them to Baltimore or Philadelphia, it may not follow that the interests of New York would be subserved by the adoption of the cost principle and the bringing of the charges on freight transportation to and from New York to the test of what the Central could afford. Prudence would require that at least the probable consequences should be considered; and if among these consequences should be the possibility of some other line to New York being found unable to endure the test of the cost principle, this of itself ought to raise some doubt whether the city of New York could be interested in establishing it. Now, the very claim that is made in behalf of the New York Central route, as one of remarkable economy, assumes that the Pennsylvania route is less economical; and the assertion that the Central can carry from Chicago to New York as cheaply as the Pennsylvania can carry from Chicago to Philadelphia, contains within it—since the less is contained in the greater—that the Central can carry from Chicago to New York cheaper than the Pennsylvania, which only reaches New York by carrying past Philadelphia, can possibly do. The application of the cost principle, if made under such circumstances, must force the Pennsylvania to this alternative: that it must carry at rates which will not give to the company a fair return in profits, or it must give up competition for New York business; and the Erie, whose line is also assumed to be less favorable than that of the Central, might be compelled to face the same alternative. It probably would not be contended that either the Grand Trunk or the Baltimore & Ohio, whose lines to New York, through connecting roads, are so much longer than those of the Pennsylvania, could compete at all for New York business under a strict application of the cost principle. The natural tendency of its application would, therefore, be in the direction of throwing upon one of the existing lines to New York the bulk of the New York business, to the destruction of the others, and to the final destruction of competition. It is not to be assumed that this is what New York desires. Every great city finds it conducive to its prosperity to secure as many of these avenues of trade and travel as possible; and it is certainly not more important to gain a new line than to preserve one already in existence, and already equipped with all those powers of usefulness which a new project can only promise at some time in the future. If, therefore, the cost principle were to be adopted for regulating the charges as between the competing cities, it would seem that New York ought to bring into the calculation not one road only, and that the one most economical in construction and operation, but all the roads which contribute to its prosperity, and which it desires to retain.

[fols. 2477-78] At Philadelphia and Baltimore it is asserted with great confidence that over no one of the New York roads can freights be conveyed as cheaply, from Chicago to New York, as they can be over the Pennsylvania and the Baltimore & Ohio roads to Philadelphia and Baltimore respectively. For this confidence certain facts are stated which are supposed to be sufficient to produce the result, and official reports are cited as evidence that the result has followed. The favorable lines of the New York Central, and its affiliated roads, are admitted; but it is contended that all the advantage of these is more than neutralized by greater distance and the greater cost of fuel to the New York roads over those to the south of them. The Pennsylvania and the Baltimore & Ohio roads find the coal, which represents their motive power, in beds at various points on their lines, and can take it up for use at little more than the cost of handling; while the New York roads, on the other hand, and especially the Central, must transport the coal for a long distance at a cost two or three times as great. This cost constitutes a very considerable part of the total expense of moving freight, and it cannot be overlooked or treated as of little moment.

The official figures to which attention was called to show the greater cost on the New York lines are to be found in the reports of the New York Central, the Erie and the Pennsylvania, made by the directors to the stockholders, to show the operation of the roads for the years 1880 and 1881. In those reports estimates are made of the cost to the companies respectively of moving one ton of freight for one mile of distance, omitting from the calculation the items of interest and profits. The reports, as will be seen on referring to the note in the margin, make a very unfavorable showing for New York;[*] and if the figures told the whole story, and if we could be assured that they were made by each company on the same basis, they would go very far toward justifying the other cities in the claims they make. But, unfortunately, these reports are, for our purpose, of little value. They cover too much in some respects, and too little in others, to give us the information we need. 1. The Trunk Line companies report the cost over their own roads only, and do not include the cost over the feeder roads; but what we need to know is the cost of transportation over the whole line from western points to the seaboard. 2. The companies in their reports do not discriminate between the cost of transporting local [fol. 2479] freight and through freight, but endeavor only to give the average cost of moving both. But here the reports embrace too much for our purposes, for on this inquiry we are interested only in the cost of moving

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[*] Cost of moving freight per ton for one mile of distance:

On the New York Central,	1880,	5.41	mills.	1881,	5.62	mills.
On the Erie,	"	5.34	"	"	5.29	"
On the Pennsylvania,	"	4.74	"	"	4.37	"

No corresponding figures are given in the reports of the Baltimore & Ohio R. R. Co.

through freight. If the freights over all the roads were similar in kind, and if the proportion of through freight to way freight were nearly the same on all, the report of average cost might be accepted as indicating the proportionate cost to each road of its through freights. But we must take notice of the fact, which is matter of common knowledge, that the character of local freight is exceedingly diverse on the different roads, and that the cost of handling is far from being uniform. If one company, for example, handles coal in large quantities as way freight, loading a train completely at one station, and moving it to another for complete unloading, the cost of such business would furnish very unsafe and unreliable means of comparison with that of the local freight of miscellaneous articles, which another road might pick up in small quantities at many way stations, and deliver at as many more. But these railroad companies, unfortunately, have as yet agreed upon no uniform method of keeping accounts, whereby they may determine, by the same standards, the actual outlay of the roads in moving their freights. It would seem that there ought to be no differences in this particular; but the official reports sometimes disclose on examination that the diversities are very considerable, and are not infrequently met with in the accounts of the same company. One company, for example, when it is able to make such betterments as station houses, warehouses and side tracks from its current receipts without increasing its indebtedness, may charge the cost to operating expenses, while another under similar circumstances would charge them to construction account, and still another would include them in operating expenses for the time being, and at the end of several years perhaps transfer them to construction account for the purposes of a new issue of stock. Evidences of these different methods of procedure appeared in reports of different companies, which were made use of for their information or for the purposes of illustration before us. It is no doubt undesirable that there should be this diversity in practice; but while it exists it is necessary to take notice of it. If concert of action among railroad managers could bring about a uniform system of accounts, so that the official reports based upon them, which are made periodically for the information of shareholders, might give valuable and reliable information and means of accurate comparison to the public as well, the change in methods would be likely to prevent many misconceptions and misconstructions of corporate action which now arise in the [fol. 2480] public mind, and which lead to both public and corporate annoyances.

For all the reasons assigned, we are without reliable information by which to apply the cost principle in the regulation of charges of transportation between the Atlantic cities and the interior, and we cannot say that the application would be to the advantage of New York. *Prima facie* the case seems to be against New York, especially when the Pennsylvania Railroad, which constitutes one of its most important lines, is taken into the account. It is very manifest that that railroad can leave freights at Philadelphia more cheaply than it can transport them the additional eighty-seven miles to New York, and probably it can deliver them for still less at Baltimore, since the unfavorable grades of the road, to which much importance was attached in the New York arguments, are all passed before Harrisburg is reached, and from that point the line made use of by the Pennsylvania to reach Baltimore, is shorter than the line to Philadelphia.

The favorable influence which the concentration of foreign commerce at New York ought to have upon railroad rates between that city and the interior, may perhaps be something, for freight tariffs ought to be, and will be, arranged with regard to the probability of compensating freights in both directions. When a railroad company can have freights in one direction only, and must return its cars empty, it must necessarily make the freights pay for the cost of the return. In the eastern and western transportation we have an illustration of this state of things. It is matter of familiar knowledge, that much the largest proportion of freight is eastward bound, and that large numbers of unloaded cars are constantly being sent west over all the roads. If the course of trade were such, that any one of the Atlantic cities sent out by rail as much freight as it received, its advantage over the others would be obviously very great. Railroad companies could afford to make much better rates upon all freights bound to the city from which they were certain of compensating return loads. It is proper, therefore, that railroad companies should take into consideration the condition of things in this regard, and every participant in foreign commerce has a right to expect that this will be done. We have therefore directed our own attention to the differences in the freights received and those sent out by the four leading Atlantic seaboard cities over the four American Trunk Lines, and have given in a marginal note the aggregates for the year 1880, which will be sufficient for the purposes of approximate comparison.* The table shows that the proportion [fol. 2481] of freight sent out from New York over these roads, when compared with that which is received from them, is considerably greater than the proportion at either Baltimore or Philadelphia, but it is nevertheless only as one to four and a quarter, and it is manifest that not only must a large proportion of all the cars which go loaded to New York return without loads, but that a much more considerable number must so return from New York than from either of the other cities.

While, therefore, New York has an advantage over its rivals, in the larger proportion of westbound to eastbound freight, the advantage, if estimated by the bulk, is not very great. And it must be borne in mind that these four cities do not by any means furnish to the roads all their westbound freight, but that they take large quantities from other towns along their line. It may be that New York westbound freights average highest in the freight tariffs,

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* Freight Tonnage by the four American Trunk Line roads for the year 1880:

	Received.	Sent.
New York	4,266,830	1,022,612
Boston	913,887	309,232
Philadelphia	1,553,381	299,474
Baltimore	1,559,251	241,600

As the business with the Grand Trunk of Canada is not covered by this statement it will be readily understood that the statement is not so favorable to Boston as it should be, as its business with the Grand Trunk is very large.

but even then the relative advantage of New York will probably be less considerable than some of its advocates have supposed. And on a careful examination of all the arguments advanced at New York, we are not satisfied that a strict application of the cost principle, if it should be found susceptible of application, would be likely to benefit the trade of that city in its rivalry with the other Atlantic cities.

But if the exact cost of transporting freight by rail were attainable, could it be made the standard whereby to measure the charges as between competing cities? We do not consider now what might be just and right as between a railroad company and its patrons if the case of any railroad company could be taken up and considered by itself apart from all others, but of what is practicable in view of existing facts. If the cost principle could be applied, we do not see how the railroad companies of the country could justly complain of it. If they could all receive for the transportation service the cost of the service, as above explained, they would benefit their average condition very greatly by accepting it, for they are not now receiving on an average anything near the average legal interest of the country on the cost of their investments.[*] Many of the companies—perhaps the majority of them—[fol. 2482] in order to realize cost would be compelled to increase their charges very considerably, while others, including perhaps some of these Trunk Lines, might be called upon for a reduction. The general result would be, not a diminution of charges, but an increase; and it is hardly probable that the country at large would be satisfied with the change, though it might affect particular localities favorably. Moreover, we are to consider that the question of the application of the cost standard to railroad charges arises for discussion and settlement after cities have been built, routes established, canals made and railroads constructed; and that the solution of the question may affect all these beneficially or otherwise to an extent that is beyond present calculation. We have not an unsettled country before us to plan and make laws for, whose people when they select their homes and places of business can calculate the result of existing rules and regulations upon the towns they build, or the industries they establish; but the towns already exist, and have been created at immense cost in view of advantages which were supposed to make them attractive and desirable as locations for trade and commerce; and their existing importance as the homes of great numbers of people, and as the centres of vast manufactures and immense exchanges, gives them claims upon the country and upon those who have in any degree the material interests of the country in charge, and gives them powers of defence also when assailed in the rivalry of business which are not to be overlooked or lightly regarded.

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[*] In Poor's Manual the aggregate cost of the railroads of this country and their equipment to 1881 is given at $4,653,609,297. The railroad companies paid in 1880 in dividends, $77,115,410; and for interest on bonded debt, $107,866,328. To 1882 the cost was $5,577,996,931. There was paid in 1881 in dividends, $93,344,200, and for interest $128,587,302. It will be seen that the dividends and interest together are about four per cent. on the cost of the roads and equipment; the dividends being much the smaller part. No doubt there is much "watered" stock, and a large allowance may be made therefor, without affecting the accuracy of the statement in the text.

These several towns, it is true, came into existence under circumstances which may be different from those which now surround them: and in view of advantages, which in many cases have been rendered comparatively unimportant by subsequent improvements and inventions—as canal and river navigation in many parts of the country has been rendered unimportant by the invention of the locomotive and the iron road—but the towns themselves, their people and their business, remain as great and sturdy facts, which neither the country can overlook, nor the government of the country, nor any of its public agencies. The continued existence of these towns is to be assumed, and their welfare is to be calculated for when laws are made, or regulations having the effect of laws are established. It would be as inadmissible and as unjust deliberately to plan and arrange for the gradual destruction of a great city through the slow but certain annihilation of its business, as it would be to bring destruction upon it by fire or pestilence; and we are [fol. 2483] not to contemplate with complacency an offence of that nature against organized society. While it is not the province of government to build up cities for its people, it is its plain duty to permit the cities the people built to live; and it should so shape its own action as to allow every town, as far as possible and reasonable, to avail itself of all its natural and acquired advantages in adding to the prosperity, happiness and comfort of the local community. This seems too plain and indisputable a proposition to be contested by any official authority or public agency.

In a certain sense railroad companies are public agencies, and in some degree they exercise powers which are *quasi* governmental. They make regulations for their business to which the general public are expected to conform; and these regulations are, in some respects, as important as the police laws established by the State itself. Among these are the regulations respecting charges for railroad service. According as these are heavy or light upon the traffic of a particular locality, its trade is likely to decline or prosper, and so dependent is commerce upon railroads that the growth of a town is likely to bear some proportion to the extent of its railroad facilities, and the liberality with which it is treated by railroad managers.

We should consider then what might be the effect of a strict application of the cost principle as between the competing Atlantic cities, say, for illustration, the cities of Baltimore and New York. Baltimore is now a large and prosperous city; it is the chief business centre of a territory larger than any one of the States, and millions of people find their business favored, and their prosperity and comforts enhanced by its existence. One of the most costly roads of the country, with extensive connections and feeders, has been created with almost exclusive regard to Baltimore business; and the road will prosper if the city prospers, and lose its importance if the city decays. A great number of private individuals and public and private corporations are interested in the stock and indebtedness of this railroad company, and would be subjected to embarrassment or suffering if it were to be forced into bankruptcy. For all these reasons the welfare of Baltimore is a matter of national importance, and it is so connected with the trade of the interior that its existence modifies beneficially all the markets. But its relations to the foreign trade are also such as to render it important to the whole civilized world.

But New York has some most decided advantages over Baltimore, of which its people have availed themselves with great ability and energy. The growth of that city has not been checked by the marvelous prosperity of other towns, and its relative superiority in both foreign and domestic [fol. 2484] commerce has been substantially maintained. Though Baltimore is much nearer the grain fields of the West, New York still draws to itself much the larger share of the harvests, and it has done this in spite of the fact that, with temporary and unimportant exceptions, the differential rates have at all times been largely against that city. Suppose now that under an application of the cost principle the differentials could be abrogated; what would be the effect upon Baltimore? Would it deprive that city of the share in the trade of the country, which its location, its great expenditures and the skill and enterprise of its people have hitherto secured for it? Would it check the growth of the city, sap its prosperity, and bring ruin upon those everywhere whose business arrangements and investments have been made with a view exclusively or mainly to the trade of that city? And if so, would the result be one that the country could contemplate with satisfaction as the just result of the proper application of a sound principle, and that those having influence in railroad affairs could justly and properly plan for, labor for and shape their tariffs to accomplish?

On the other hand, suppose the strict application of the cost principle should be found to require that the differentials against New York should be doubled; would it be admissible to double them irrespective of all consequences to the trade and prosperity of that city? That these consequences might prove disastrous if the principle could be upheld and enforced, seems certain, for it would give advantages to the town most favorably located for cheap commercial intercourse for which the others could have no compensation. But this very fact—if there were no other impediment—would render the application of the principle impossible. A great city possesses great powers of self-protection, and it must exercise them to the fullest extent when the need comes. Great railroad corporations cannot, in their rivalry with each other, accept principles of action which must necessarily impoverish them. If the Baltimore & Ohio Railroad would lose its business under the application of the cost principle as between it and the roads north of it, it must accept less returns upon its business, and it must continue the struggle even though no more than operating expenses be realized, rather than submit to destruction without an effort at self-preservation. This or something like it must be the inevitable result; for neither cities nor transportation companies can or will accept a principle which it can be seen in advance must build up some on the ruin of the others.

But when it comes to applying the cost principle to the several lines which serve the same city, it is at once perceived that the difficulties are insurmountable. The ap- [fol. 2485] plication must of course be made on estimates of probable results, and the estimates will have in view a percentage of profits which it is expected or hoped will be realized. But with four or more lines of very different length competing for the same business, it is evident that cost must have, when applied to their business, very different meanings. If the shortest and cheapest line makes its charges on a calculation of say ten per cent. profit, the longest and most expensive must conform to the charges, even though they be such as will insure no profit at all. One company may then carry at a cost which includes ten per cent. profit, another at a cost which includes say two per cent. profit, while a third barely pays its operating expenses and repairs, but still obtains the cost of moving the freight. Competition obliges the companies to take what they can get, and to satisfy the demands upon them from it; but when the cost standard is so uncertain and elastic that it may include profits when they can be earned, and must exclude them when they cannot be, it is evident that it cannot be a standard of general or just application. It is impossible that anything can be a governing principle, which, in the nature of things, cannot have the same meaning to the several parties who are to be affected by its application.

That the cost to the roads themselves of moving their freights, irrespective of profits to shareholders, has much to do in determining the charges, is we think, unquestionable. It certainly must have influence so long as competition between lines exists, for the most economical line may fix rates on a consideration of what its favorable circumstances will enable it to endure, and all others must accept them whether they prove satisfactory or otherwise. One cheap line may thus give to a town the benefits of cheap transportation, not as an application of the cost principle, but because its favorable circumstances enable it to do so consistent with its own interests.

The idea was not put forward in any of the arguments that the application of the cost principle could be made universal, and that every railroad company should apply it in its own business as between the different kinds and classes of freight. The difficulty in doing this as a mere matter of accounting would be very serious; but there would be other difficulties which would be more important to the general public. The chief of these would be this that very many articles would not bear transportation for the very considerable distances for which they are now carried, if the charges upon them were graded strictly by the cost. If their bulk or weight is large in proportion to their value, they must be carried cheaply or they cannot be carried at all; and freights are therefore classified in the tariffs so that the lighter, but more valuable, articles [fol. 2486] are made to bear a burden out of proportion to the cost of carriage, in order that the roads which carry them may be enabled at the same time to serve the public in the exchange of articles and products whose value will not admit of like charges. Some discriminations of this sort are essential to enable railroads to answer the expectations and meet the needs of the public. It must often happen, also, that where two or more roads are competing for a particular business, one of them must carry what it gets of it without profit, and must find its profit elsewhere. If the competition under such circumstances leads to the road carrying one kind of traffic at a loss, which is made up by an increase of burdens on the remainder, a wrong is done of which complaint may justly be made; but there is no inherent wrong to any one in a road conveying without profit, but also without loss, a business which it must accept on those terms or decline altogether.

THE PRINCIPLE OF COMPETITION.

If neither distance nor cost gives us the governing principle, we must next see whether we are to find it in competition. In nearly every other kind of business the competition of those engaged in it is the great regulator of charges, and the operation of natural and familiar laws of trade prevents extortion and brings about substantial uniformity. Will competition do this in the business of transporting property by rail? If so, is not the competitive principle the true principle? And will not the competitive principle make cost and distance elements in the determination of rates, and allow to each its just value, according to the circumstances?

We should be glad to feel able to give to these questions an unhesitating answer in the affirmative. We have found, however, in the course of our investigations, that a species of competition has prevailed from time to time which has brought satisfaction to few persons, if any, and which has resulted in inequalities and disorders greatly detrimental to trade. Such competition exists when the railroad companies, or those who are permitted to solicit business and to make contracts on their behalf, set out with the determination to withdraw freights from their rivals, and secure them for themselves, at all hazards, and regardless of gain or loss; and when acting upon this determination they throw to the winds all settled rates, and in the desperate strife for business offer any inducement in their power which will secure it. The country not long since had experience of such a season, and everywhere we listened to complaints of the injury which legitimate business suffered from it. It was said by parties interested in transporta- [fol. 2487] tion that the inauguration of such a strife put an end for the time to all possibility of calculating from day to day what would be the cost of carriage, and what could be safely paid or wisely accepted for grain, provisions, or other articles, destined to another market by rail. The control of railroad rates, and, to a large extent, of all railroad business, then passed out of the hands of the legitimate and regular corporate managers into the hands of solicitors for fast freight lines and other agents, who made from day to day, and from hour to hour, such terms with those having business as would secure it, but generally made secret terms—that the bargain with one man might not prevent their driving a better bargain with another, as they might find opportunity. Under such circumstances persons were favored and localities were favored, when the object to be immediately accomplished seemed to require it—regardless of the just maxims of legitimate business, and of the rules of the common law, which enjoin upon common carriers that they shall deal with all customers upon principles of equity and relative fairness. Legitimate business, it was said, necessarily passes into an unsettled and speculative state while this condition of things exists; safe and close calculations are impossible; transportation becomes cheap, but neither producer nor consumer is certain to reap the profit, for the middleman cannot calculate upon steadiness in low rates, and as he takes the risk of their being raised upon him, so he is in the best position to appropriate the benefit while they continue. Meantime, railroad profits disappear, and dividends cease to be paid, to the great distress of thousands who rely upon them for their living; and every interest, in any degree dependent on railroad prosperity, must participate in the depression and disaster which accompanies the ownership of railroad shares.

The mere statement of these results is sufficient to show that this is not what in other business is known and designated as competition. Competition is the life of trade, but this is its destruction; competition brings health and vigor, and secures equality and fairness, but this paralyzes strength, and makes contracts a matter of secrecy and double dealing. In competition, the sound dealer, operating upon his own capital and upon well established credit, has the best chance of success; but in the sort of competition we have mentioned, it is found that the bankrupt corporation has the advantage, for its managers, having nothing to lose, may offer rates which solvent roads cannot meet without being dragged into bankruptcy with them. Railroad managers do not concede that this state of things is properly designated competition, but they speak of it as an unnatural condition of railroad hostility; as unreasoning railroad warfare; as competitive strife, [fol. 2488] rather than competition. It is a state of things that, like a war between nations, from its very destructiveness, cannot be a normal condition but must speedily terminate in peace or in disaster. It has usually been terminated by some common understanding between railroad managers upon a tariff of rates.

But this common understanding, it is urged, in some quarters, eliminates competition from the sphere of railroad business, and we escape the evils of competitive strife by embracing those of monopoly. This is denied by railroad managers, who insist that understandings respecting the reasonable management of their business are not only entirely consistent with competition, but that they are the only means whereby the excessive competition at some points can be prevented from operating oppressively at others. It is no doubt true that competition tends to produce some great inequalities, and that care ought to be taken to prevent this. It should never be forgotten that the transportation of property and persons by railroad is not exclusively a private business, but is carried on under franchises granted by the State, which confer upon the owners functions of a semi-public nature, and charge them with certain public duties. The railroad manager, operating under such a franchise, must harmonize the interest of his road with the public duty, and he cannot make self-interest the exclusive guide, as a merchant may, or a farmer. One of the chief of these public duties is to make only reasonable charges, and to regulate and apportion these among the customers of the road, on principles of equity and relative equality. But the operation of competition is perpetually in conflict with this duty; it is felt unequally along railroad lines; it will be active at points where several lines can compete; it will be moderate at others where there is little to excite it, while at still others there can be no competition, because there is but a single road. But the capital of a railroad company is planted on a certain line; it must be made available to its owners there or nowhere; it cannot be removed when found unprofitable, as a merchant may remove his stock of goods; and the tendency of excessive competition is to cast upon the business of non-competing points a cost for transportation which puts them to great relative disadvantage, and in extreme cases may prove ruinous. The local traffic is likely to experience this result most severely, and the more completely any particular line occupies a territory, the more is the local traffic exposed to peril. The New York Central Railroad with no connections west of Buffalo, would be a mere local road, and must find remunerative returns upon all its immense investments from the local business; as a great through line, it is enabled to cast upon through traffic a part of the burden which local traffic must [fol. 2489] otherwise bear; but if under the stress of unreasonable and excessive strife for through freights that class of freights is carried at a loss, this loss must either fall upon the corporate shareholders, or it must be cast by the corporation upon the shippers of local freights. It must be assumed that railroad boards will always seek to so arrange their tariffs of rates as to secure a satisfactory net profit; and if a part of the business pays too little, the remainder may be made to pay too much. This is not a beneficial result of competition, or one consistent with the obligations of the railroad companies to the public. No one disputes or doubts that for the general public the business of transportation by rail is in the most desirable state when it is so conducted that the charges for moving property are distributed with relative equality over all the business, so that a moderate profit may be reaped from all, and the support of the road, and profits to its owners, not be exacted wholly or mainly from one portion of the business to the exemption of the remainder. But it is only when it is in that state that railroad companies are complying with their common law obligations as carriers. If they are sacrificing the interests of one class of shippers in the reckless strife to obtain the business of another, it is plain that they cannot be dealing impartially or making charges which are relatively just. And certainly no city can be interested in having the trade which is nearest to it, and which is the trade of the people constituting its best and largest customers, sacrificed to the trade with the people at a distance, who deal with it much less.

It is a fact of which the railroad companies are entitled to the full benefit, that the charges for railroad service have steadily declined, even when the railroads have been so conducted as to avoid competitive strife. Mr. Poor, in his summary of railroad operations for the year 1881, prepared for his Manual, gives some striking figures on the subject of rates, and shows that within a quarter of a century the average charges for the transportation of property on three of the great railroad lines of the country have been reduced more than seventy per cent., and that the reduction has continued to go on until the present day.* Some of

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* "The internal commerce of the country, in all its vast magnitude, is a direct creation of our railroads, through the reduction they have effected in the cost of transportation. A good example of their method, and of its results, is afforded by the operations of the New York Central & Hudson River Railroad. In 1855, immediately after its consolidation, this road moved 670,073 tons of freight at a charge of $3,758,320, and at a cost of $1,539,912, the net being $2,215,408. The tons moved one mile equalled 114,827,793; the charge was 3.270 cents; the cost, 1.341 cents; the net, 1.929 cents per ton per mile.

"In 1881 the same road moved 11,591,379 tons of freight at a charge of $20,736,750, and at a cost of $14,913,213; the net being $5,823,537. The number of tons moved one mile equalled 2,646,814,098; the charge was .780 cents; the cost, .562 cents; the net, .218 cents per ton per mile.

"At the rate of 1855, the charge for moving a ton of wheat from Chicago to New York, a distance of 960 miles, was $31.39; in 1881, $7.51. The actual charge for the latter year for this kind of freight did not probably exceed $4 the ton—the charge for freight in bulk on the long haul being much below the general average. It is certain that each year the railroad charged the freight traffic over it all it would bear. It had to meet a most vigorous competition from every quarter. It had to meet the exigency of the farmers of the extreme West, so that the wheat grower, first on the Mississippi River and then the Missouri, nearly 2,000 miles in the interior, could send, at remunerative rates, his the reasons for the reduction are traceable to competition [fol. 2490] and some not. The growth of railroad business has kept pace with the reduction of the charges upon transportation, and the two have acted and reacted upon each other as cause and effect. When the merchandise or products of one section of the country, for which there was a demand in another, would not bear transportation at existing rates, the railroads have been compelled to reduce the rates as a necessary condition to obtaining the property for carriage; and the reductions which are made in some cases from necessity are made in others from policy, because it is found that they stimulate industry, build up manufactures, and bring profits to the railroad companies

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produce to market, foreign as well as domestic. Charges for transportation had to be, as they always must be, in inverse ratio to distance, or a limit would soon be reached beyond which freight, from excessive cost, could not be moved. It is with railroads as with all other kinds of business, the charges and prices must be so graduated as to allow a profit on both sides, and they will always be so graduated. Charges have been reduced to rates that were believed to be impossible a few years ago. In 1872 it cost the New York Central 1.129 cents to move a ton of freight one mile. In 1881 it received only .783 cents for a similar service, or .346 cents less than the cost ten years before. Such is the history of railroad transportation, and such the methods by which the enormous tonnage, and with it the internal commerce of the country, now so colossal in its proportions, has been created. In its reduction of charges the Central Railroad only represents the entire system of the country. The New York, Lake Erie & Western Railroad, in 1855, moved 842,055 tons of freight at a charge of 2.424 cents, and at a cost of 1.155 cents per ton per mile. In 1881 it moved 11,086,823 tons at a charge of .805 cents and at a cost of .529 cents per ton per mile. Had it charged as much per mile in 1881 as it did in 1855, its receipts from freight would have been $47,101,811, in place of $5,473,313, the amount actually received. The Pennsylvania Railroad moved, in 1855, 365,006 tons of freight at a charge of 2.746 cents, and at a cost of 1.662 cents per ton per mile. In 1881 it moved 18,229,365 tons at a charge of .799 cents, and at a cost of .437 cents per ton per mile. Had it charged the same rates in 1881 as it did in 1855, its receipts for the past year would have been $73,195,832, in place of $10,801,089, the amount actually received. The charge in 1881 was .87 cents less than the cost of movement in 1872. The result of reduced charges is seen in the enormous increase of freight and of income—quantity making up for reduced rate of profits."

in the great increase of business which is thereby prepared for them. In all these cases the common interest of railroad companies requires that they should yield to any public demand for the reduction of rates so long and so rapidly as they find they can do so with justice to their shareholders; and they have generally found that the net results were such as from a selfish standpoint would fully justify the reductions. Common understandings between railroad companies in many such cases might tend to [fol. 2491] equalize and steady the rates, but would be grossly impolitic and unreasonable if they were directed to the maintenance of such freight charges as would operate as a check upon transportation, and thereby reduce their own net revenues.

But there are influences bearing upon the charges for the transportation of property which are beyond the reach of the railroad companies altogether, and which no combination among them can control. The transportation of the products and merchandise which the different sections of the country exchange with each other is only in part in railroad hands, and the carriers by rail are at all times subjected to a competition which is not only active and vigilant, but is possessed of some most important advantages. It will readily be inferred that we allude here to the carriers by water. For the whole distance from Chicago to New York the owners of boats on lake and canal are bidding against the railroads for freights. Much of the time they are offering rates which the railroads cannot meet without loss, and during the season of water carriage they would take away from the railroads nearly all the heavy freights, if it were not that the more rapid transit by rail has some advantages of which shippers find it for their interest in many cases to avail themselves. But even with these advantages the railroads find themselves compelled to make their charges approximate the charges of carriage by water, or the great bulk of heavy freight will inevitably take the water route. Thus the competition by water operates in reduction of railroad tariffs, and no understanding among railroad managers can prevent it. When the Erie Canal is closed for the winter the railroad companies are enabled to advance their charges; but even in the winter they feel the competition of the water route; for excessive charges will not be paid, but grain, flour, provisions and other heavy articles, instead of going forward by rail at what seems to shippers extortionate rates, will be placed in store until the water route is again open. Nor is the competition with the water route felt exclusively by the roads to New York; for unless the seaports to the south afford better markets for western products than is found at New York, which they seldom or never do, the roads leading to them will be cut off from carrying these products if their charges are made to exceed the charges to New York. The favorable influence of the water route upon rates is therefore felt all the way to the Ohio and the Potomac, and the maximum of rates is fixed for all the roads by the roads to New York, with which the water route comes most directly and immediately into competition.

Under the competitive principle, a maximum of rates is thus established, and the railroad companies cannot prevent [fol. 2492] it, whatever may be their desire. But distance, cost and many other circumstances may then come in to force still lower rates on the lines to the cities south of New York. If it is found that the roads leading to Baltimore will not obtain a reasonable share in the business without offering better rates than are given to New York, such rates will certainly be offered. They will submit to the rates which give the business to other cities only until the trial proves the prejudicial operation. And when they reduce their charges it will be optional to the New York roads to follow the Baltimore lead, and they may no doubt be relied upon to do so if their interests appear to require it.

But another most important factor in regulating freight charges is the export trade.

The prices of the leading American products, in the carriage of which the railroads compete most actively, are fixed in European markets. These products should net to the producer in the American market the foreign price, less reasonable charges for transportation and handling; and he is interested in having the trade open to the competition of as many buyers, and the transportation to that of as many carriers as possible. Of the Atlantic cities which compete for this trade Baltimore and Philadelphia are nearest to the producer, but New York and Boston are nearest to the foreign market. Much is shipped to each of these cities for home consumption, but the major part of all that they receive is destined to a foreign market. Some of it passes from Western towns on through bills of lading to foreign ports, but the most of it is consigned to the merchants of the Atlantic cities, and is reshipped by them. Except at Boston, it has been found impracticable to distinguish between that intended for home consumption and that for foreign shipment; and, therefore, no discrimination in freight charges is attempted, but all is charged as if destined to a foreign market. But when so treated, the Atlantic cities become merely so many points on so many through routes between the interior of the country and the European ports, and the charges on shipments must regard the whole lines and not parts of them merely. On these several through lines, competing for the same business between the same interior American towns and the foreign ports, the whole charges, if the routes are equally favorable, must be substantially the same, or the one giving the best rates would obtain the business. The question of ocean rates must, therefore, have an important bearing on the inland rates; for if the ocean rates are greater from Baltimore to foreign ports than from New York to the same ports, the inland rates to Baltimore must necessarily be lower, or Baltimore will be excluded from the trade. Turning our attention, then, to the ocean freights, we find [fol. 2493] that during the year 1881, from Baltimore to Liverpool by steam and sail, they averaged nearly three cents per hundred pounds greater than from New York, and from Philadelphia nearly two cents greater. This is not conclusive of what they might be in another year, but it is indicative of a general condition of things. Besides this advantage in the ocean freights the New York route has a further advantage in the somewhat greater expedition. If, therefore, the railroads to Baltimore and Philadelphia were to charge for the inland carriage the same that is charged to New York, they must do so with the certain result of losing their present participation in the export trade. They must, therefore, of necessity, make their average inland rates at least as much lower than the inland rates to New York as will offset the differences in the ocean freights. This follows under the sway of competition from the same necessity which forces upon two merchants trading side by side in the same articles a concurrence in the same prices. Attempts by agreement or otherwise to counteract this law of competition would be of little avail, and of no avail whatever for any great length of time. All the leading articles of eastern bound freight would be affected by this principle, and this would be so large a proportion of the whole as to govern the charges on all.

The differentials then appear to us to find their reason in competitive forces. A brief reference to their history will show that compact has not succeeded in controlling them. In 1869 there was an agreed difference in favor of Baltimore in the rates for the transportation of grain, of ten cents per hundred pounds. But the effort to sustain this difference led to a war of rates, as a result of which it was reduced one-half. This lesser difference was maintained until 1876, when an agreement was entered into by the Trunk Line roads which based the rates on relative distances. But at the end of a month and a half the New York roads withdrew from this agreement, being satisfied that its operation was prejudicial to their interests. Then followed another war of rates, ending after a long struggle in the differentials now existing. The war of rates of 1880 was entered into to get rid of them, but it proved ineffectual, as before stated. They appear, therefore, to abide the tests of competition, and they have come, as prices generally do, under the exigencies of trade.

But it is, of course, possible that differentials may be just at one time and unjust at another; and it is insisted on behalf of New York that, whatever may have been the case heretofore, the existing differentials are no longer just to that city, and are no longer such as would result from a competition not hampered and restrained by railroad combinations. For evidence of the injustice, we are [fol. 2494] referred to statistics which show that the growth of Baltimore and Philadelphia trade, especially in grain and provisions, has in late years gained rapidly on that of

New York. This, it is said, is proof that the differentials operate against New York interests, and the New York roads ought to abolish them by reducing their own rates until they conform to the rates on the lines leading to Baltimore and Philadelphia. This, it is insisted, is what fair competition requires.

It might, perhaps, be a sufficient answer to this demand, that the attempts heretofore made to force equality of charges, though long persisted in, with no small loss to the participants, proved unavailing. But passing that fact without further remark, we direct our attention to the evidences that New York has suffered from the differentials. These we have not found of much weight. It is certainly true that Baltimore and Philadelphia have now a larger share in the grain and provision traffic than they had fifteen years ago; but it remains to connect the fact with the existence of the differentials. For a long time New York nearly monopolized that trade; but the reasons were obvious in its better channels of communication with the interior, and its greater preparations to accommodate it. When Baltimore and Philadelphia had extended their railroad systems, so as to compete for the trade, and had provided elevators and other conveniences, they immediately took a share in the business; not because of the differentials, but because they were then prepared for it. But no evidences were produced before us that the Philadelphia and Baltimore business, to which the differentials are applicable, is now increasing more rapidly in proportion than that of New York, or that the growth of New York business is to any extent checked by them. On the contrary, there is abundant evidence that New York is fully maintaining its present lead, and that its trade is enjoying a growth so healthy and vigorous, that its commercial classes can well afford to regard, without envy or regret, the prosperity of other places, and may well concede to them, without repining, all the advantages which have come to them as a result of competitive efforts. The accompanying note will show the relative proportion of the total receipts of grain and flour at the four Atlantic ports which was received at each, and it will appear from the figures, that New York, during the last eighteen months, has gained on the others.[*] How far ephemeral causes have contributed to this gain [fol. 2495] we cannot know, but it is manifest that the evidence that New York suffers from the differentials does not yet appear.

As the interior is interested in the subject of differential rates, and as the sharpest competition in freights is encountered there, so that its commercial classes are in favorable position to judge of the forces affecting them, it has seemed to us no weak evidence of the justice and necessity of the differentials that the preponderating sentiment in the interior was strong and decided that the differentials were just. There was, indeed, some dissent, but this was the prevailing view.

In our discussion thus far, we have had but little to say of the case of Boston, or of the westward bound freights. As to the latter, some of the considerations above mentioned would not apply, but the differences are not sufficient, as we think, to relieve New York westward bound freights from the differentials. We were not invited by the commercial organizations of Boston to visit that city, and we refrained for that reason from doing so. We have reason to suppose that the seeming want of interest in Boston in the subject referred to us was due to the fact, that no one seemed disposed to make any controversy in respect to the rates to that city. Boston claims the same rates with New York on the export trade, and the other cities do not appear inclined to contest the claim. This makes the charges less on foreign bound freights than upon those delivered in Boston and other New England towns for home consumption; and to that extent works an apparent injustice. If the low charges on foreign bound goods have the effect to increase the charges on freights for home consumption, it is

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	1878.	1879.	1880.	1881.	6 mo. 1882.
[*] New York	56.	52.6	53.5	56.5	62.9
Boston	10.	10.6	11.7	14.3	16.8
Philadelphia	16.7	15.3	15.6	11.7	11.6
Baltimore	17.3	21.5	19.2	17.5	8.7
	100.	100.	100.	100.	100.

an injustice in fact; but if not, and the Boston roads consent to carry at the low rates as a necessary condition to participation in the foreign trade, the other cities cannot well contest their right to do so. As the ocean freights from Boston correspond very closely to those from New York, the principle already stated is applicable; and we have no occasion to consider the case of Boston separately.

CONCLUSION.

It only remains for us to state that no evidence has been offered before us that the existing differentials are unjust, or that they operate to the prejudice of either of the Atlantic seaport cities. Differential rates have come into existence under the operation of competitive forces; they bear some relation to relative distance and relative cost of service; they recognize as we think the relative advantages of the several seaports; and they are subordinate to the great principle which compels the carriers of property competing between the same points and offering equal facilities to their customers, to make the same rates. We therefore cannot advise their being disturbed.

[fol. 2496] But we do not assume that the rates which are just to-day will be just indefinitely. They have become established by the force of circumstances, and they ought to give way if future circumstances shall be such as to render it right and proper. They constitute a temporary arrangement only; equitable, as we think, for the present, but which may become inequitable before the lapse of any considerable time. Whenever they shall be found to operate unfairly, and to give a force or unnatural direction to trade, and whenever it shall appear that they tend to deprive any one of the seaports affected by them of the proportion of business that would naturally come to it under the operation of normal competition, the want of equity in the rates will appear, and it will be right to modify, or, perhaps, abolish them.

Railroad problems assume such different phases from year to year, and almost from day to day, that those who have authority in railroad matters may justly be expected and required to give their earnest attention and best efforts to making their franchises accomplish the great ends of equal, fair, prompt and beneficial accommodation which was intended in their grant. And those ends they should have in view in determining upon the continued existence of differential rates. Their observation of the general course of traffic from day to day and from month to month ought to enable them to determine whether the differentials are too large or too small; whether they are influencing trade unfairly and unnaturally; and whether they operate as an improper restraint upon competition; and when the improper effect is discovered, they ought to correct the wrong without hesitation or delay. To enable them to judge fairly and with full understanding, accurate statistics of their business should be kept by each of them, and submitted to the others or kept in some common office; and these statistics ought to be periodically given to the public also. Publicity is a great corrector of imaginary evils, and may be an important preventive of evils, both imaginary and real.

We do not assume or believe that there exists in railroad official circles any legitimate authority to determine the question of rates arbitrarily. Large powers of self-government have, undoubtedly, been left by the law in railroad managers, but all their authority is qualified by duty to the public; and it cannot be too often or too pointedly asserted that the obligation on their part to serve the public with relative fairness is of perpetual force. In their future dealings with the important question which has been the occasion for our coming together, the great Trunk Lines should be particularly careful to give no occasion for just complaint, that they subject any one of the seaboard cities to the operation of arbitrary or unfair regulations or [fol. 2497] charges, or that they fail to observe towards any one of them, or towards the people trading or desiring to trade with them, the mandate of the common law—to deal justly and distribute fairly the benefits and burdens which are incident to their occupation.

Allen G. Thurman,
E. B. Washburne,
Thomas M. Cooley.

New York, July 20, 1882.

[fol. 2498]

I.C.C. EXHIBIT NO. 2

This statment is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation as a witness.

I&S DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF ARTHUR J. CROOKSHANK

My name is Arthur J. Crookshank. I am Director of Rates, Freight Sales and Service Department, of The New York Central Railroad Company, with headquarters at 466 Lexington Avenue, New York 17, N. Y. I have been with the New York Central Railroad and its affiliated lines for over 37 years. I have served in various capacities in the Freight Sales and Service Department and attained my present position when it was created, January 1, 1956. My functions in recent years have had to do with the establishment of rates, and I am familiar with the rates and the policies pertaining thereto of the New York Central System.

The matter of providing for the Baltimore basis of rates on import and export traffic at North Atlantic ports New York and north by the interested rail lines was first presented for consideration by the Eastern Traffic Executive Committee in June 1955.

[fol. 2499] Following subsequent consideration, the Eastern Traffic Executives by a majority vote concluded not to approve equalization.

Notice of intention to proceed with equalization was served upon Chairman E. V. Hill under the rail lines' established procedure under date of April 4, 1956, by the Boston and Maine Railroad; The Delaware and Hudson Railroad Corporation; The Delaware, Lackawanna and Western Railroad Company, Erie Railroad Company; Grand Trunk Railway System—Lines East; Lehigh Valley Railroad Company; The New York Central Railroad Company; The New York, New Haven, and Hartford Railroad Company; New York, Ontario and Western Railway Company (Louis D. Freeman, Trustee); and the New York, Susquehanna and Western Railroad Company.

Tariffs providing for equalization were published to become effective July 10, 1956, via routes in connection with rail lines joining in the announced publication.

Simultaneous publication was made by certain lines operating at ports New York and south via routes in connection with rail lines joining in maintaining the differentials.

It is important to note that the majority of rail lines not serving the affected ports refrained from joining either group of rail lines while certain other lines, in order to remain competitive, joined in both equalization and the maintenance of the existing differentials, and all of the affected tariffs were suspended in I&S Docket 6615.

[fol. 2501] In this initial step providing equalization, publication was made in connection with rail lines joining therein in those tariffs which provided specifically for import and export rates from and to the ports of Boston, New York, Philadelphia and Baltimore on the heretofore recognized port differential basis to and from C.F.A. including I.F.A. territories in the so-called 60% area and west. A complete list of all the North Atlantic port stations involved in this adjustment is in my Exhibit No. —— (AJC 3). Eventually, equalization is intended to cover all territory to and from which the differentials have been maintained on import-export traffic.

Rail traffic statistics showing the volume of import and export traffic, except to the limited extent outlined later, are not available showing rail participation in the total volume of tonnage on import and export traffic handled to and from the ports affected in this proceeding.

A series of exhibits have been prepared from statistics titled Waterborne Commerce of the United States, issued by the Department of the Army, Corps of Engineers, as follows:

Exhibit No. —— (AJC 4).

The total volume of *import tonnage* handled at North Atlantic ports showing separately petroleum products and iron ore for 5-year intervals 1923 to 1943 and annually thereafter.

[fol. 2502] Exhibit No. —— (AJC 5).

A graph comparing the percentage of combined volume handled at New York, Albany, Boston and Portland as shown in Exhibit No. —— (AJC 4) to the percentage of the total volume handled at North Atlantic ports.

Exhibit No. —— (AJC 6).

The total volume of *export tonnage* handled at North Atlantic ports showing separately coal and grain for 5-year intervals 1923 to 1943 and annually thereafter.

Exhibit No. —— (AJC 7).

A graph comparing the percentage of combined volume handled at New York, Albany, Boston and Portland as shown in Exhibit No. —— (AJC 6) to the percentage of the total volume handled at North Atlantic ports.

Exhibit No. —— (AJC 8).

The total volume of *import tonnage* handled at North Atlantic ports compared with total volume handled at all U. S. coastal ports for 5-year intervals 1923 to 1943 and annually thereafter.

Exhibit No. —— (AJC 9).

A graph comparing the percentage volume handled at North Atlantic ports as shown in Exhibit No. —— (AJC 8) to the percentage of total volume handled at all U. S. coastal ports.

Exhibit No. —— (AJC 10).

The total volume of *export tonnage* handled at North Atlantic ports compared with total volume handled at [fol. 2503] all U. S. coastal ports for 5-year intervals 1923 to 1943 and annually thereafter.

Exhibit No. —— (AJC 11).

A graph comparing the percentage volume handled at North Atlantic ports as shown in Exhibit No. —— (AJC 10) to the percentage of total volume handled at all U. S. coastal ports.

I should explain that the Army Engineer figures, which are the basis of several of the exhibits I shall now discuss, were used because they are the only available figures showing import and export tonnages at the ports over the years. Rail figures are not available for a period long enough to establish the trends which will become apparent from a study of the exhibits I now describe. As will be seen, the trend of import and export traffic through the ports New York and north has been downward, and the movement of this traffic from and to the ports Philadelphia and south has shown substantial increase. Rail figures as far back as available tend to substantiate these trends for the ports New York and north. Where reference is made to Hampton Roads it should be understood as covering the ports Newport News and Norfolk, Va.

I shall first discuss my Exhibit No. —— (AJC 4). First, it shows the total volume of import tonnage beginning in 1923 and extending through 1955 separately for the ports of Portland, Boston, Albany, New York, Philadelphia, Baltimore, and Hampton Roads with the combined tonnages of the first four ports named compared with the combined [fol. 2504] tonnages of the last three ports and, in the final column, the combined tonnages of all seven ports with the percentage relationship of tons handled at these ports with the total tonnage.

It will be noted that in all instances the traffic handled at these ports has increased substantially since 1923.

Secondly, it shows the tonnages on petroleum products separately for the reason that rail lines participate in little, if any, of that tonnage, beyond the ports.

The next group of statistics are the separately stated figures on iron ore and concentrates, shown for the purpose of indicating that practically all of this traffic is imported through the ports of Philadelphia and Baltimore.

An additional reason for showing the import iron ore and concentrates statistics separately is the fact that they differ from the petroleum products, which have little or no rail haul beyond the ports, in that some of the imported iron ore and concentrates are known to move by rail to the affected territory. The Philadelphia tonnage does not include iron ore and concentrates which were received at the Fairless Steel Plant located in Fairless, Pennsylvania, because that point is not subject to the Philadelphia rate basis. The Baltimore figures, however, include import iron ore delivered to the steel facility located at Sparrows Point, Md., which is subject to the Baltimore rate basis.

A further reason for showing the import iron ore separately is the fact that movement of this commodity through the ports north of Philadelphia is practically nil and it portrays a constant, ever-increasing volume of a single heavy-loading commodity upon which the railroads serving the ports of Philadelphia and Baltimore can rely for a rail haul.

[fol. 2505] On page 3 of this exhibit are shown the total imports through the respective ports and the group comparisons as heretofore pointed out, excluding petroleum and iron ore. It can be readily seen that Portland and Boston have diminished in total tonnage through the years 1923 through 1955. Albany, although the total tonnage is small, has increased substantially throughout this period. New York and Philadelphia have, during this period, shown a nominal increase in total tonnage. On the other hand, Baltimore and Hampton Roads have shown outstanding increases. The total tonnage for the four northernmost ports was approximately the same in 1955 as it was in 1923, whereas the total tonnage for the three ports to the south of New York has more than doubled.

My next exhibit, identified as No. —— (AJC 5), is a graph which portrays the percentage relationship of the total traffic through the so-called four ports New York and north as related to the percentage of imports through the so-called three ports Philadelphia and south. This graph shows that the volume of total import tonnage of all commodities handled at the ports of New York, Albany, Boston, and Portland has declined from 61% in 1923 steadily downward to 46% in 1955; excluding petroleum products from 62% in 1923 to 31% in 1955; and excluding petroleum and iron ore from 72% in 1923 to 55% in 1955.

[fol. 2506] My next exhibit, identified as No. —— (AJC 6), shows statistics of the total volume of export tonnage handled at the primary North Atlantic ports in net tons for the period 1923 to 1943 in five-year intervals, and from 1943 through 1955 for each year. It also shows separately the net tons of coal and the net tons of grain exported at these ports for the same years.

It was deemed advisable, due to the preponderance of coal that is exported at the Hampton Roads ports, with Baltimore and Philadelphia following in importance and in that order in the exportation of coal, to state the tonnages for this commodity separately. Similarly with grain, where the preponderance is exported at Baltimore with Philadelphia occupying the next position of importance in quantities exported.

The final tabulation shows the total net tonnage of commodities other than coal and grain which were exported at the same North Atlantic ports.

It may be observed from the statistics in the final table, which excludes from consideration the heavy loading bulk commodities coal and grain which move in preponderance through Hampton Roads, Baltimore and Philadelphia, that Portland, Boston and Albany have, tonnage-wise, about held their own through the years; New York has lost ton- [fol. 2507] nage steadily with the spectacular growth in tonnage being registered by Baltimore and Hampton Roads. Philadelphia, while losing slightly in percentage position, has retained a fairly stable tonnage.

An important observation should be made in connection with the second table in Exhibit No. —— (AJC 6) which shows the total net tons of coal exported through the North Atlantic ports. This tonnage can be considered tied to the rail lines that serve the ports through which it moves in large quantity by reason of proximity of the fields of origin to the respective ports, and also for the reason that it is a heavy loading bulk commodity moving usually in train load lots and therefore not subject to the competition of other modes of transport. It can be characterized as a cash commodity to the railroads serving Hampton Roads, Baltimore and Philadelphia.

Exhibit No. —— (AJC 7) is a graph upon which were plotted the percentages of the total volume of export tonnage through the North Atlantic ports shown in Exhibit No. —— (AJC 6) which moved from the four ports Portland, Boston, Albany, and New York for the respective years. This graph shows that the volume of total export tonnage of all commodities handled through these four ports has declined from 52% in 1923 to 19% in 1955 and excluding coal and grain from 74% in 1923 to 62% in 1955.

[fol. 2508] My next exhibit, identified as No. —— (AJC 8), shows the total import tonnage handled at the North Atlantic ports Portland, Boston, Albany, New York, Philadelphia, Baltimore and Hampton Roads, and compares such tonnages with (1) the total import traffic handled at all the seven named ports, and (2) the total import tonnage handled at all United States coastal ports.

The purpose of this exhibit is to compare the tonnage imported through North Atlantic ports with the total tonnage imported through all United States coastal ports. It also compares the four ports with the three ports, and it will be observed that the greatest increase in tonnage is through the ports of Philadelphia, Baltimore, and Hampton Roads.

My next exhibit, identified as No. —— (AJC 9) relates the import tonnages shown in my Exhibit No. —— (AJC 8), handled through North Atlantic ports in percentages of the total tonnage handled through all United States coastal ports for the period 1923 through 1955.

It shows that the total volume of tonnage handled through the seven North Atlantic ports has increased from 61% of the total handled through all United States coastal ports in 1923 to 71% in 1955. For the four ports of Portland, Boston, Albany, and New York, the percentage amount has decreased from 37% in 1923 to 32% in 1955, and for the three ports of Philadelphia, Baltimore, and [fol. 2509] Hampton Roads, the percentage increased from 24% in 1923 to 39% in 1955.

My next exhibit, identified as No. —— (AJC 10), shows the total export tonnage handled at the North Atlantic ports Portland, Boston, Albany, New York, Philadelphia, Baltimore, and Hampton Roads and compares such tonnages with (1) the total export traffic handled at all the seven named ports and (2) the total export tonnage handled at all United States coastal ports.

The purpose of this exhibit is to compare the tonnage exported through North Atlantic ports with the total tonnage exported through all United States coastal ports. It also compares the four ports with the three ports, and it will be observed that the tonnage handled through the four ports of Portland, Boston, Albany, and New York decreased 1955 under 1923 approximately one million tons, whereas the total for the three ports of Philadelphia, Baltimore, and Hampton Roads increased from 10 million tons in 1923 to 43 million tons in 1955; that the total for the seven North Atlantic ports increased from 22 million in 1923 to 54 million in 1955; and the total tonnage through all United States coastal ports increased from 45 million tons in 1923 to 95 million tons in 1955.

My next exhibit, identified as No. —— (AJC 11), relates the export tonnages shown in my Exhibit No. —— (AJC 10) handled through North Atlantic ports in percentages of the total tonnage handled through all United States [fol. 2510] coastal ports for the period 1923 through 1955.

It shows that the total volume of tonnage handled through the seven North Atlantic ports has increased from 48% in 1923 to 56% in 1955. For the four ports of Portland, Boston, Albany, and New York, the percentage amount has decreased from 25% in 1923 to 11% in 1955, and for the three ports of Philadelphia, Baltimore, and Hampton Roads, the percentage has increased from 23% in 1923 to 45% in 1955.

My Exhibit No. —— (AJC 12) covers a compilation of through rail-ocean distances between principal world ports and I.C.C. Docket 28300 base points in the states of Ohio, Indiana, Lower Michigan, Illinois, and Southern Wisconsin, and also base points in the states of Iowa and Missouri on or in proximity of the Mississippi River. The rail distances reflect the averages from all of the I.C.C. Docket 28300 base points to and from the ports named. The ocean distances were taken from U. S. Navy Hydrographic Office —H. O. No. 117—1943, which are stated nautical miles. They have been converted to statute miles by multiplying the nautical miles by a conversion figure of 1.151.

It will be observed there is very little difference in the average distances to and from the foreign points named regardless of the port through which the mileage is applied. This matter, however, has little real significance by reason of the fact that, in many instances, a steamship line sailing from a North Atlantic port touches at one or more of the [fol. 2511] remaining ports before final sailing for the foreign destination or destinations.

This completes my presentation of general statistics derived from other than rail sources. The data thus far presented is intended to serve as an over-all background of the total tonnage moving in foreign commerce through the affected ports for the purpose of making such comparisons as might be considered proper and pertinent when related to the total volume of foreign commerce moving in rail service to and from the affected territory from and to the ports involved when made available in this proceeding. It should be obvious that without complete data as to the rail tonnage through the several ports affected that it would be impossible at this time to properly evaluate the relationship of the volume of traffic moving in rail service, one port compared with another.

There remains one other source of rail statistics on export traffic, which is PT Report No. 6-A, issued by the Association of American Railroads. This report is compiled from statistics furnished the A.A.R. by the individual railroads serving the ports. It covers all carload export traffic other than coal and coke with a separation as to general traffic and grain. These reports are available as far back as 1939, and pertinent extracts from these reports are reproduced in my Exhibit No. —— (AJC 15).

[fol. 2512] Certain observations can be made concerning these statistics. The combined volume through the four ports Portland, Boston, Albany and New York of export carloads on other than grain is 338,847 cars for the year 1946. The comparable combined volume for the three ports Philadelphia, Baltimore and Hampton Roads is 127,223 cars, making a total of 466,070 cars through these seven ports. Similar combinations for the year 1951 result in total cars through the four ports of 227,861, and through the three ports 92,754, or a total of 320,615 cars through the seven ports. Similarly, for the year 1956 the combined cars of export unloads at the four ports total 196,450, and at the three ports a total of 101,776 for a total of 298,226 cars at the seven ports. From these combined figures it can be computed that in 1946 the four ports New York and north accounted for 72.7 percent of the total export cars unloaded at the seven North Atlantic ports. In 1951 the four ports accounted for 71.1 percent, and in 1956, 65.9 percent of the total cars through the seven ports.

[fol. 2513] Making similar computations for the separately stated cars of grain unloaded at these North Atlantic ports in export movement, the four ports in 1946 handled 16,312 as against 55,152 handled through the three ports, and a total of 71,464 cars through the seven ports. In 1951 the four ports accounted for 26,211 cars and the three ports 70,002, for a combined total of 96,213 cars through the seven ports. In 1956 the four ports accounted for 38,594 cars, and the three ports 94,275 cars for a total of 132,869 cars through the seven ports. It can be computed from these combined figures that in 1946 the four ports Portland, Boston, Albany and New York accounted for 22.8 percent; in 1951, 27.2 percent; and in 1955, 23.2 percent of the carloads of grain exported through the seven North Atlantic ports.

Combining these figures of general traffic (except coal and coke), and the grain figures, in the same manner as above, the four ports Portland, Boston, Albany and New York in 1946 accounted for 355,159 cars of export traffic. The three ports Philadelphia, Baltimore, and Hampton Roads accounted for a total of 182,375 cars, and the combined total for the seven ports was 537,534 cars. In 1951 a similar combination gives a total of 254,072 cars of export traffic through the four ports, 162,756 through the three ports, and a total of 416,828 cars through the [fol. 2514] seven ports. In 1956 the corresponding figure for the four ports is 235,044, for the three ports 196,051, and a total for the seven ports of 431,095. From these basic combined figures it can be determined that in 1946 the four ports handled a total of 66.1 percent of the export cars unloaded at the seven ports. In 1951 the four ports accounted for 61 percent of the total through the seven ports, and in 1956 the four ports accounted for 54.5 percent of the export carload business.

The observation to be made from the above computations is that while total grain shipments through the four ports increased in a proportion larger than shipments of grain increased through the three ports of Philadelphia, Baltimore, and Hampton Roads, the grain shipments were not in such proportion to total shipments through these ports as to alter the downward trend of total traffic through the four northern ports as established by the several exhibits heretofore discussed.

If the coal tonnage shown in the second table on my Exhibit No. —— (AJC 6) were included in the PT Reports

No. 6-A, it would change materially the percentages of total cars handled through the three southerly ports Philadelphia, Baltimore, and Hampton Roads in relation to the total cars handled through the seven North Atlantic ports.

[fol. 2515] My next two exhibits, identified as Nos. —— (AJC 13 and 14), are still general in nature, being the combined results of traffic studies made by the Delaware, Lackawanna and Western Railroad; the Erie Railroad; the Lehigh Valley Railroad; the New York Central Railroad; the New York, New Haven and Hartford Railroad; the Boston and Maine Railroad; and the Grand Trunk Railway System of import and export traffic handled by these railroads to and from the affected territory and moving through the ports New York and north thereof for the period August 1955 through July 1956.

These exhibits are introduced to show the commodities currently moving in foreign commerce to and from the affected territory.

It should be borne in mind that the statistics presented in these two exhibits are not the complete figures covering import and export traffic moving by rail through the ports shown in that they cover only the traffic of the railroads named in connection with each port.

I shall now discuss the results of the traffic study conducted under my direction dealing with the ports of Albany, Boston, and New York in that order.

ALBANY, NEW YORK

During the period August 1, 1955, through July 1956 the New York Central handled 143 tons of edible flour and 400 tons of wood pulp, for a total volume of 543 tons of import traffic to the affected territory. The tonnages [fol. 2516] reported for the port of Albany are for the account of the New York Central Railroad only.

On export traffic, the New York Central handled through the port of Albany for the period August 1, 1955, through July 1956 a total of 141,145 tons from the affected territory, of which 140,990 tons constituted grain. The remaining tonnage of grain which moved through the port of Albany during this period via rail was handled by the

Delaware and Hudson Railroad. By reference to my Exhibit No. —— (AJC 15) it is readily apparent that while Albany has improved its position generally in relation to the volume of grain handled through the ports of Portland, Boston and New York, the opposite is true with respect to the volume of grain handled through the ports of Philadelphia, Baltimore, and Hampton Roads.

It should be apparent from the small volume of import and export tonnage handled by the New York Central for the 1955-1956 period that the relief granted by the Interstate Commerce Commission in Docket 26860, according the port of Albany the Philadelphia basis of rates, was insufficient to overcome the obvious disadvantage of Albany, New York, as an inland port and that rate equality with the lowest North Atlantic port is essential if the port of Albany is to develop in the future.

[fol. 2517] To and from the important traffic-producing areas in the northern part of Central territory, the rates applicable on import and export traffic moving on class or exceptions rates are the domestic rates.

BOSTON, MASS.

Import tonnage handled by the New York Central through the port of Boston for the period August 1, 1955 through July 1956 to affected territory amounted to 151 cars or 2,999 tons, and to unaffected territory 1,131 cars or 30,057 tons.

The tonnage moving to affected territory consisted of miscellaneous commodities. To the unaffected territory 328 cars or 6,703 tons consisted of agricultural products, n.o.s.; 162 cars or 7,595 tons of manufactured iron and steel articles, and 154 cars or 2,432 tons of scrap paper and rags, the balance consisting of miscellaneous commodities.

In 1951 the New York Central handled through the port of Boston 239 cars or 4,841 tons to affected territory, and 1,389 cars or 33,910 tons to unaffected territory.

The tonnage moving to affected territory consisted of miscellaneous commodities. Out of the total of 1,389 cars or 33,910 tons to unaffected territory, 852 cars or 18,575 tons consisted of agricultural products, n.o.s. Export ton-

[fol. 2518] nage handled by the New York Central through the port of Boston from the period August 1, 1955 through July 1956, from affected territory, amounted to 3,293 cars or 180,809 tons and from unaffected territory 1,389 cars or 67,477 tons.

Of the total volume of export tonnage handled from the affected territory, 3254 cars or 179,639 tons consisted of grain. Of the total volume of export tonnage handled from unaffected territory, 935 cars or 51,396 tons consisted of grain.

Excluding grain, the small volume of remaining traffic from affected territory of 39 cars, or 1,170 tons, consisted of miscellaneous commodities. Of the remaining volume after excluding grain from unaffected territory, amounting to 454 cars or 16,081 tons, 200 cars or 9,433 tons consisted of scrap iron and steel.

We have not been able to make a segregation as between the affected and unaffected territories of the export traffic handled by the New York Central for the year 1951. Our total volume of export traffic for that year amounted to 2,863 cars, or 145,160 tons.

[fol. 2519] Of the total volume of export tonnage handled, 2,498 cars or 134,979 tons consisted of grain. Of the remaining volume after excluding grain the New York Central handled 157 cars or 1,956 tons of machinery, 84 cars or 3,555 tons of abrasives, the balance consisting of miscellaneous commodities.

Our study with respect to both import and export traffic handled by the New York Central through the port of Boston has developed that as to the tonnage moving to and from the affected territory that this port is not and has not been a material factor in the import or export trade.

Referring to my Exhibit No. —— (AJC 15), an analysis of the grain movement through the port of Boston indicates that this port has never been utilized to the extent that its facilities will accommodate. Its small participation in the amount of grain handled in comparison with the volume of grain being handled through the other North Atlantic ports, in particular its relationship to the ports having a rate advantage, demonstrates forcibly the effect of this differential and the need for its elimination.

[fol. 2520] NEW YORK, N. Y.

The results of the traffic study for the years 1946, 1951, and the period August 1, 1955, through July 1956, disclosed total movements to the affected territory on import traffic for the years 1946 of 148,073 tons; for 1951, 229,373 tons; and for the 1955-56 period, 149,002 tons.

The increase in 1951 over 1946 amounted to 81,300 tons or 55 percent. There was a decrease from 1951 in the traffic handled in the 1955-56 period of 80,371 tons, or 35 percent. The increase 1955-56 over 1946 was 929 tons, an increase of less than 1 percent.

A comparison of the total volume of import tonnage shown in the last page of my Exhibit No. —— (AJC 4), excluding petroleum and iron ore, for the corresponding periods show an increase of 3,491,982 tons or 56 percent, 1951 over 1946, compared with an increase of 55 percent in New York Central tonnage for the same period.

The year 1955 under 1951 shows a decrease of 282,459 tons or 3 percent as compared with a New York Central decrease for the 1955-56 period under 1951 of 80,371 tons or 35 percent.

[fol. 2521] The year 1955 over 1946 shows an increase of 3,209,523 tons or 51 percent as compared with a New York Central increase for the period 1955-56 over 1946 of 929 tons or less than 1 percent.

By reference to my Exhibit No. —— (AJC 5), which is a graph of the percentage relationship of the import tonnages handled by the four ports Portland, Boston, Albany, and New York, as compared with the three ports Philadelphia, Baltimore and Hampton Roads, the downward trend of the four ports is readily discernible.

Today the railroads serving the northeastern segment of the North Atlantic ports from affected territory are subject to whipsaw competition in that they are serving ports between the lower rated North Atlantic ports Philadelphia and south and the water competition of the vessel lines which presently serve the Great Lakes ports which can provide lower rates for the through transportation of foreign traffic to the ultimate destinations. The existing all water competition through the Great Lakes ports will increase with the competition of the St. Lawrence Seaway, as testified to by Mr. Baylis. It is imperative that the railroads serving the North Atlantic ports New York and north improve their competitive position to the best of their ability with respect to the rates which they should control to the ports which they serve.

[fol. 2522] Similar to the showing with respect to its import traffic the New York Central traffic studies of export traffic for the years 1946, 1951, and the period August 1, 1955 through July 1956, follow the downward trend portrayed in my exhibits identified as No. —— (AJC 7) and No. —— (AJC 11), which are respectively graphic presentations of the percentage relationship of export tonnage handled at the ports Portland, Boston, Albany, and New York to the total export tonnage handled through the North Atlantic ports and all United States coastal ports respectively. Specifically, the New York Central 1946 study disclosed a total movement from the affected territory of 775,644 tons, which does not include grain, the figures for which were unavailable; the 1951 study a total movement from the affected territory of 502,791 tons, representing but 65 percent of the traffic handled in 1946; and for the period in 1955-1956, a total movement from the affected territory of 515,403 tons, which is 66 percent of the traffic handled in 1946.

The same observations expressed in connection with the import traffic studies of the New York Central apply in connection with these export statistics.

[fol. 2523] In my investigation as to the reasonableness and the compensatory level of the rates herein involved, I have used Chicago, Illinois, as a representative point in the differential territory and have used the ports of Boston and New York as representative of the situation at the seaboard. A study of the Docket 15879 export class rates applicable on commodities subject to the straight percentage increases under the various Ex Parte proceedings up to and including the interim increase under Ex Parte 206, and by using Docket 28300 short-line miles, the ton mile earnings from Chicago to Boston range from 7.40 cents per ton mile on first-class to 0.95 cents per ton mile under Column 13.

This represents a reduction from the present revenue per ton mile of 7.48 cents first-class and 1.05 cents under Column 13. The earnings under the corresponding class rates from Chicago to New York under the proposed reduction range from 8.09 cents per ton mile at first-class to 1.03 cents under Column 13. This represents a reduction from the present revenue per ton mile of 8.18 cents at first-class and 1.15 cents under Column 13.

It should be pointed out that these class rates as presently published do not reflect the usual port relationships of 3 cents in each class because of the fact that port relationships have not been restored after distortions caused by several of the more recent Ex Parte increases and the [fol. 2524] differentials actually range from 3 cents to 5 cents under the various class rates.

The lowest commodity rates which we have been able to develop on import traffic are those applicable on crude bauxite ore published in Item 1540-F, Supplement 228 to Agent Swenson's Tariff 26-F, I.C.C. 591 and Item 588-B, Supplement 49 to Agent Boin's Tariff T/C-43-H, I.C.C. A-1017. The rates involved are published specifically to seven destinations and have blanket application extending from Brilliant, Ohio, to St. Louis, Missouri.

The present rate, including the Ex Parte 206 interim increase, of $7.50 per gross ton converted to a net ton basis is equal to $6.70 per net ton. The present rate on a net ton basis from Boston and New York to the closest point involved, i.e. Brilliant, Ohio, for short-line distances of 706 miles from Boston and 479 miles from New York produces ton mile earnings of 9.49 mills from Boston and 13.99 mills from New York. The proposed rate on a net ton basis of $6.00 per ton, which is the Baltimore rate, produces ton mile earnings of 8.50 mills from Boston and 12.53 mills from New York.

[fol. 2525] The present rate on a net ton basis from Boston and New York to the most distant point involved, i.e. St. Louis, Missouri, for short-line distances of 1,174 miles and 1,040 miles respectively produces ton mile earnings of 5.71 mills from Boston and 6.44 mills from New York. The proposed rate produces ton mile earnings of 5.11 mills from Boston and 5.77 mills from New York.

This commodity moves in multiple car lots, and the rates reflect an unusual situation in that they are on the level necessary to meet barge line competition from the Gulf ports.

The lowest export rates we have been able to find are the proportional rates applicable on grain from Chicago. The present rate, including Ex Parte 206 increase to New York and Boston of 33 cents per hundred pounds, is $6.60 per net ton to Boston and New York. The tariff authority [fol. 2526] for this is Agent Hinsch's Tariff No. 245-A, I.C.C. No. 4403. This rate produces ton mile revenue of 6.78 mills from Chicago to Boston for a distance of 973 miles and 7.42 mills per ton mile from Chicago to New York for a distance of 890 miles. The proposed rate of 31½ cents per hundred pounds or $6.30 per net ton to Boston and New York will produce ton mile revenue of 6.47 mills and 7.08 mills, respectively. As previously stated, because of the horizontal increases which have been made under the several Ex Parte cases in connection with commodities where the port relationships have not been restored, there exists today an actual differential in excess, in numerous instances, of the recognized differential ranging up to a maximum of 5 cents per hundred pounds. However, from the standpoint of comparing what the earnings per ton mile would be under present rates with relationships restored, reductions which would occur under the proposed adjustment would be 60 cents per ton and, in the case of traffic between Chicago, on the one hand, and Boston and New York on the other hand, would be in the neighborhood of slightly in excess of one-half mill per ton per mile. Stated differently, there would be no material [fol. 2527] difference in the earnings per ton per mile to and from New York and Boston than now exists in the earnings per ton per mile on traffic to and from Hampton Roads ports.

I have used the export class rates in the above comparison because the standard differential New York over Baltimore is 3 cents on each class. Admittedly, on the import class rates, the first two classes have a standard differential of 8 cents, but I believe I have established my point that all the rates under our proposal are compensatory.

From the foregoing discussion and explanation of my exhibits, the conclusion is inescapable that insofar as differential rates exist on import and export traffic from and to the North Atlantic ports New York and north thereof, which are in excess of rates on similar traffic to and from the North Atlantic ports south of New York, there is a definite deterrent to shipper use of the northern ports and the railroads which serve them. The existence of this unfavorable rate situation is threatening the future participation of the railroads serving these ports in the transportation of import and export traffic from and to the affected territory. There is an imperative need for the railroads serving the ports of Portland, Boston, Albany, and New York to halt the downward trend in their foreign traffic and to attain their proper position which can only be [fol. 2528] accomplished by a complete equalization of import-export rates from and to all North Atlantic ports.

VERIFICATION

County of New York)
) ss.
State of New York)

Arthur J. Crookshank, being duly sworn, deposes and says that he is Director of Rates, Freight Sales and Service Department, of The New York Central Railroad Company and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Arthur J. Crookshank

Subscribed in my presence and sworn to
before me by the affiant above named
this 21st day of June 1957

Frederick B. Overbaugh, Jr.
Notary Public, State of New York
Qualified in Westchester County
No. 60-2988550
Certificate filed in New York County
Commission Expires March 30, 1959

[fol. 2561]

I.C.C. Exhibit No. 3

This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before The

INTERSTATE COMMERCE COMMISSION

I. & S. Docket No. 6615

Equalization of Rates at North Atlantic Ports

VERIFIED STATEMENT OF E. C. HALLBERG, ASSISTANT VICE PRESIDENT-TRAFFIC, ERIE RAILROAD COMPANY.

[fol. 2562]

Before The

INTERSTATE COMMERCE COMMISSION

I. & S. Docket No. 6615

Equalization of Rates at North Atlantic Ports

VERIFIED STATEMENT OF E. C. HALLBERG, ASSISTANT VICE PRESIDENT–TRAFFIC, ERIE RAILROAD COMPANY.

My name is E. C. Hallberg. I am Assistant Vice President in the Traffic Department of Erie Railroad Company. My offices are at 50 Church Street, New York, N. Y. I have been connected with the Erie for 47 years, all of this service in the Traffic Department of the Railroad.

The Erie owns and operates a line of railroad generally between New York and Chicago, and operates in the States of New York, New Jersey, Pennsylvania, Ohio, Indiana and Illinois. Branch lines are operated to Cincinnati and Cleveland, Ohio, Buffalo and Rochester, New York, and Brockway, Scranton and Newberry, Pa., as well as many other less populous points. Chicago, Illinois, Huntington, Indiana, and Lima, Ohio are important gateways of the Erie to the West, while important gateways to New England are at Binghamton, N. Y., via the Delaware and Hudson and at Maybrook, N. Y., via the New Haven Railroad.

[fol. 2563] The Erie reaches directly only the Port of New York with its own rails, and naturally is vitally interested in the development of that port and the relationship of rates on import and export traffic between that port and the ports of Baltimore and Philadelphia. I want to emphasize the fact that the Erie is confined to the Port of New York for its import and export tonnage, while our strongest competitors, like the Baltimore and Ohio, the Pennsylvania and the New York Central, have more than one port through which such traffic can be handled.

The traffic study made by the Erie covered export and import traffic via the Port of New York for the years 1946, 1951 and the 12-month period beginning with August 1, 1955 to and including July 31, 1956. The Erie study was prepared generally in the same way as the traffic studies of the other New York and Boston respondents. For the 12-month period in 1955-1956 the study developed not only actual cars but actual tonnage as well. For the years 1946 and 1951 the study developed only actual carloads. A summary of the Erie study is set forth in Exhibit H-1, attached hereto, which was prepared at my direction.

The Exhibit shows that the Erie's import traffic to differential territory declined from 3,969 cars in 1946 to 3,164 cars in 1955-56, a decline of approximately 20 percent. This decline occurred generally throughout all commodity groups and particularly in the movement of Agricultural Products NOS, Crude Rubber, Tanning Material, Vehicles, other than motor, and Autos, freight.

[fol. 2564] The Exhibit shows that in 1946, 18,807 cars were exported through New York via the Erie from affected territory and in 1955-56 this movement had increased to only 19,660 cars, an increase of only 5 percent. Our study shows that there was a decline in export tonnage in every commodity group in 1955-56 over 1946 except in the general Manufacture and Miscellaneous commodity group, 501 to 799. In this group the commodities primarily responsible for the increase were Soy Bean Oil and Automobiles and Automobile Parts.

The total export and import volume from and to differential territory via the Erie in 1946 amounted to 22,776 cars. In 1951 the total had increased to 28,732 cars, and in 1955-56 the total had declined to 22,824 cars. In other words, the Erie's total handling through the Port of New York in 1955-56 had increased only 48 cars over 1946, or two-tenths of one percent. In contrast to the microscopic increase in the Erie export and import cars, 1955-56 over 1946, the total import and export tonnage through all

North Atlantic Ports amounted to 68,735,173 tons in 1946 and increased to 155,515,189 tons in 1955, an increase of 126 percent. Obviously, the Erie's export-import traffic did not keep pace with the volume of traffic handled through these ports.

From 1946 to date production has increased tremendously throughout the country, but the volume of export and import traffic through the North Atlantic Ports has increased even more. Despite the fact that the Erie serves a highly productive area of the country, its import tonnage has actually declined by 20 percent during this period, and [fol. 2565] its export tonnage has shown a meager increase of approximately 5 percent. Based on my experience as a traffic man, it is my opinion that a major factor which has handicapped the Erie in increasing its tonnage through the Port of New York, the only port the Erie serves directly, has been the differentially higher rate level applicable on a substantial amount of its export and import traffic.

The competitive position of the Erie and other lines which serve the ports of New York and Boston is critical. The removal of the present differential and the placing of the North Atlantic Ports on a parity, similar to the parity existing generally at the South Atlantic and Gulf Ports, and the parity existing at West Coast Ports would give the Erie and the other New York and Boston lines a more equitable opportunity rate-wise to compete with Baltimore and Philadelphia, as well as the South Atlantic and Gulf Ports, for export and import traffic. In my opinion, without the rate reduction proposed, the downward trend as indicated in the figures of the last ten years for the New York and Boston lines will continue and the competitive position of the New York and Boston lines, instead of improving, will deteriorate further.

[fol. 2566]

AFFIDAVIT

STATE OF NEW YORK)
) *ss.*
COUNTY OF NEW YORK)

E. C. Hallberg, being duly sworn, deposes and says that he is Assistant Vice President of Erie Railroad Company, and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

/s/ E. C. HALLBERG

Subscribed and sworn to before
me this 21st day of June, 1957.

/s/ GEORGE ANDREWS
Notary Public

My Commission Expires March 30, 1958.

SEAL

[fol. 2567]

I. & S. Docket No. 6615
Exhibit H-1
Witness: E. C. Hallberg

IMPORT AND EXPORT TRAFFIC HANDLED THROUGH THE PORT OF NEW YORK BY ERIE RAILROAD COMPANY TO AND FROM DIFFERENTIAL TERRITORY.

1946		1951		1955-1956*		
Cars	Index	Cars	Index	Cars	Index	Tons
			IMPORT TRAFFIC			
3,969	100	5,916	149	3,164	80.	76,489
			EXPORT TRAFFIC			
18,807	100	22,816	121	19,660	105	466,290
			TOTAL IMPORT AND EXPORT TRAFFIC			
22,776	100	28,732	126	22,824	100.2	542,779

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* 1955-1956 covered a 12-month period from August 1, 1955 to and including July 31, 1956.

[fol. 2568]

I.C.C. Exhibit No. 4

BEFORE THE INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION DOCKET NO. 6615.

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS.

FOURTH SECTION APPLICATION NO. 32204.

IMPORT AND EXPORT RATES FROM AND TO NORTH ATLANTIC PORTS.

VERIFIED STATEMENT OF CARLTON F. HEARD
GENERAL TRAFFIC MANAGER
BOSTON AND MAINE RAILROAD

June 12, 1957

150 Causeway Street
Boston 14, Mass.

Due Date: June 21, 1957

> [fol. 2569] This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

My name is Carlton F. Heard. I am General Traffic Manager of the Boston and Maine Railroad with offices at 150 Causeway Street, Boston, Mass. I have been employed by the Boston and Maine since 1923. I have been in its Traffic Department since 1924 and an official of the Traffic Department since 1928. I have successively held the titles of Assistant General Freight Agent, General Freight-

Agent, Assistant to Vice President, Assistant General Traffic Manager, Freight Traffic Manager and General Traffic Manager. I am familiar with the issues involved in this proceeding.

The Boston and Maine Railroad serves the ports of Boston, Mass. and Portland, Me. Boston is also served by the New York Central Railroad (Boston and Albany District) and by the New York, New Haven and Hartford Railroad. Portland is also served by the Grand Trunk Railway (a subsidiary of the Canadian National Railways) and by the Maine Central Railroad.

Rates on import and export traffic from and to the Port of Boston to and from the territory involved in this proceeding have been made differentially over the rates from Baltimore, Maryland. The recognized differential on import traffic is eight (8) cents per 100 pounds on traffic [fol. 2570] rated 85% of first class or higher, and three (3) cents per 100 pounds on traffic rated lower than 85% of first class. On export traffic it is three (3) cents on all traffic. There is an important exception in the case of export grain where the differential is one and one-half (1½) cents over Baltimore and ex-lake grain which is not involved in this proceeding. Import rates are maintained from Boston to part of the affected territory via the so-called Canadian differential routes working north of Lake Champlain. The established differential on sixth class traffic, and most commodity rated traffic via these routes, is one (1) cent lower than via standard routes. These Canadian differentials apply westbound only.

From Portland import rates are maintained to a large part of the affected territory on the Baltimore basis. These import rates on the Baltimore basis apply only via the Canadian routes, that is, routes working north of Lake Champlain. Since the main lines of the Grand Trunk and the Maine Central to the west work north of Lake Champlain, import rates on the Baltimore basis apply from Portland into this territory via the best service routes of these two railroads. The differential rates from Portland on the Baltimore basis apply also via the Boston and Maine-Wells River, Vt.-CP and connections; via Boston and Maine-White River Junction, Vt.-Central Vermont Railway and connections, and via Boston and Maine-Bellows Falls, [fol. 2571] Vt.-Rutland Railroad and connections. Via these routes the Boston and Maine is at a disadvantage servicewise as compared with the Grand Trunk and the Maine Central as it operates no through trains from Portland to any of these junctions.

Import rates are not generally published from Portland, Me. to the destination area involved in this proceeding via the standard routes, i.e. routes via the Hudson River Crossings or through New York Harbor. There are specific import rates from Portland via standard routes on clay, and these are on the Boston basis. On export traffic, rates from the territory involved in this proceeding to Portland are made generally on the Boston basis and are therefore differentially higher than the rates to Baltimore.

The various general freight rate increases since the end of World War II have had the effect of changing the existing differentials in some instances, due to disposition of fractions, and the previous relationships have not been restored in all cases.

The import and export rates from and to Boston, Mass. and Portland, Me., which were suspended and are an issue in this proceeding, sought to place the rates from and to these ports on an absolute parity with the rates from and to the Port of Baltimore to and from the territory involved.

Under my jurisdiction ten exhibits have been prepared and marked for identification BM1 to BM10 and are at- [fol. 2572] tached herewith.

Exhibit —— (BM1) is a summary of the number of cars of import traffic hauled by the Boston and Maine from Boston and Portland for the calendar year 1951 and for the twelve months ending July 31, 1956. It indicates very little difference in the volume handled through the Port of Boston to either the affected or non-affected territories during the two twelve months' periods. Since woodpulp is the principal commodity imported through the Port of Boston and moving over the Boston and Maine, amounting in fact to almost one-half of the total number of cars, the number of cars of woodpulp have been shown separately. In the case of Portland, there has been some diminution in the number of cars since 1951, but there has been a large increase in the number of cars hauled by the Boston and Maine from Portland to points in the affected territory. In the case of Portland, the figures for woodpulp and clay have been shown separately since they are the two principal commodities imported through Portland, and in fact the only two imported commodities which moved out of Portland via the B&M during the period ending July 31, 1956. Column 10 of this exhibit indicates that during the twelve months ending July 31, 1956, 4.1% of the total number of cars imported through Boston moved to affected territory, whereas 38.9% of the cars imported through Portland moved to affected territory. In the case of woodpulp only 1.1% of the total number of cars from Boston [fol. 2573] moved to this territory, whereas 64.2% of the cars of woodplup from Portland moved to this territory.

Exhibit —— (BM2) is a statement of rates on import woodplup from North Atlantic ports to representative consuming points in Central Territory, and the short line miles. This exhibit shows why the movement of import woodpulp into this territory from Boston was small and why the movement from Portland was more than four times as great in spite of the fact that the total number of cars of woodpulp handled through Boston was more than twelve times as great as through Portland, whereas the rates on this commodity from Boston via standard line routes are three (3) cents higher than the rates from Baltimore, and by differential routes are two (2) cents higher than the rates from Baltimore, the rates from Portland via differential routes are the same as the rates from Baltimore and lower than the rates from Boston, notwithstanding the fact that even the short line mileages from Portland are not only very much greater than the short line miles from Baltimore but are also substantially greater than the short line miles from Boston. It should also be noted that the rates from St. John, N.B. and Halifax, N. S. are also the same as the rates from Baltimore, notwithstanding the enormous difference in even the short line mileages.

Notwithstanding the fact that servicewise the Boston and Maine is at a disadvantage, as compared with the Grand Trunk and the Maine Central, in securing the haul [fol. 2574] on woodpulp from Portland to Central Territory, it was able to secure the haul on 129 cars of this pulp because of the rate parity with Baltimore and that no such volume of woodpulp moved from Boston from which point the freight service into this territory is better than the service from Portland via the B&M differential routes but where the rate parity with Baltimore did not exist. Since woodpulp in substantial volume moves regularly into Boston for consumption in New England, it is available for shipment into the Middle West when distressed conditions make it necessary to move it.

Exhibit —— (BM3) shows information in connection with rates on import china clay from the North Atlantic ports to representative destinations in Central Territory similar to that shown for woodpulp in Exhibit —— (BM2). China clay as well as woodpulp is imported in considerable quantities through the Port of Portland, and although the movement was not large, 35 cars of import clay moved via the Boston and Maine into territory involved in this adjustment during the twelve months ending July 31, 1956, or 15.9% of the total cars of import clay handled by the Boston and Maine from Portland as shown in Exhibit —— (BM1). There is no import china clay handled through the Port of Boston as special facilities are required to handle it and such facilities do not exist at Boston. Facilities for handling this clay are maintained at Portland. Woodpulp does not require any special facilities other than [fol. 2575] a covered pier.

Exhibit —— (BM4) shows the import sixth class rates from the North Atlantic ports to ten representative points in Central Territory, together with the short line miles. This exhibit again indicates that mileage has not been controlling in determining the measure of the rates as the rates from Portland, Me., St. John, N.B. and Halifax, N.S. are the same as the rates from Baltimore for short line distances exceeding those from Baltimore by as much as 1000 miles, and the short line distances from Boston by as much as 675 miles.

Exhibit —— (BM5) shows a comparison of miles via a few actually published routes from Portland, Me., St. John, N.B., Halifax, N.S. and Baltimore, Md. to points in Central

Territory served by the Baltimore & Ohio Railroad and the Pennsylvania Railroad. This exhibit indicates that the Baltimore & Ohio and the Pennsylvania, both of which serve the Port of Baltimore, actually participate in rates on import woodpulp from Portland, St. John and Halifax, which are the same as the rates from Baltimore, in spite of the fact that the distances are in some cases more than three times their local published mileages from Baltimore.

Exhibit —— (BM6) is a detailed statement of import traffic handled in road haul service by the Boston and Maine from Boston, Mass. to all destinations during the period August 1, 1955 to July 31, 1956. Summary of the number of cars in this exhibit is shown in Exhibit —— [fol. 2576] (BM1). In Exhibit —— (BM6) the import traffic is broken down primarily by commodities and secondarily by the territories to which these commodities moved. The movement to territory affected by this adjustment has been separated from that to territory not affected by this adjustment and that to the non-affected territory has been further broken down by that moving to points in New England, to points in Canada and to all other non-affected territory. Separately listed are all commodities where the movement during this twelve months' period amounted to 25 cars or more. Commodities which accounted for less than 25 cars during this period have been grouped together under the heading "All Other", the latter group of miscellaneous commodities accounting for only 3.2% of the total tonnage. It will be noted that the preponderance of this import traffic through Boston moves to New England territory and that the total movement to territory affected by this adjustment amounted to only 6193 tons, which is only 3.4% of the total import tonnage handled by the Boston and Maine in line haul service from Boston during this twelve months' period.

Exhibit —— (BM7) shows the detail of the import traffic line hauled by the Boston and Maine from Portland, Me. during the twelve months' period August 1, 1955 to July 31, 1956, the summary of which is also shown in Exhibit —— (BM1). This clearly indicates the effect which rate parity [fol. 2577] with Baltimore has on the movement of import traffic, as from Portland, out of a total of 18,776 tons, 6,624 tons, or 35.3%, moved to territory affected by this adjustment.

Exhibit —— (BM8) is a summary of the cars of all export carload freight handled by the Boston and Maine in line haul service to Boston and Portland which left point of origin during the calendar year 1951 and during the twelve months' period ending July 31, 1956. This has been broken down to show export grain and export scrap iron separately as these commodities have been, in recent years, the principal commodities exported. Grain is a specialized commodity requiring extensive facilities at the port of exportation and the facts in connection with the Boston and Maine's handling of export grain will be discussed by another witness. The principal significance of this exhibit is that except for grain only 18 cars of freight were hauled by the Boston and Maine from affected territory for exportation through the Port of Boston during the twelve months' period ending July 31, 1956, and no cars whatever were hauled from this territory to Portland by the Boston and Maine during this period.

Exhibit —— (BM9) shows the detail of the export traffic handled in line haul service by the Boston and Maine to Boston, Mass. which left original point of shipment during the period August 1, 1955 to July 31, 1956. This exhibit has been drawn up similar to the form of Exhibit —— [fol. 2578] (BM6) which covers import traffic. In this case it will be noted that the commodities accounting for less than 25 cars totalled only 1.1% of the total tonnage.

Exhibit —— (BM10) shows the detail of the export traffic line hauled by the Boston and Maine to Portland, Me. which left point of origin during the twelve months' period ending July 31, 1956, summary of which is shown in Exhibit —— (BM8). This is drawn up in the same manner as Exhibit —— (BM9) which covers the Port of Boston and again indicates that there was no traffic other than grain from the affected territory during this period.

In summary, Exhibits —— (BM1 to BM10 inclusive) demonstrate the following:

1. That the volume of traffic imported through the Port of Boston, destined territory affected by this ad-

justment, is small and that such movement as there is consists of commodities which have been imported through the Port of Boston primarily for distribution to other areas.

2. That the movement of import traffic handled by the Boston and Maine from Portland, Me. to points in the affected territory is a relatively high proportion of the total movement.

[fol. 2579] 3. That although a large amount of woodpulp is imported through the Port of Boston, relatively little of it moves to affected territory, whereas a much larger volume imported through the Port of Portland moves to the affected territory due to the fact that Portland, by enjoying the Baltimore basis of rates, has a rate advantage as compared with Boston.

4. That the movement of export traffic from the affected territory to either Boston or Portland, outside of export grain, is negligible.

5. That mileage has not been a determining factor in equalizing import rates from the North Atlantic ports into affected territory, as indicated by the existence of the same rates from Portland, Me., St. John, N.B. and Halifax, N.S. as from Baltimore, Maryland.

6. That the railroads directly serving the ports of Baltimore and Philadelphia themselves participate in import rates from Portland, St. John and Halifax to points in the affected territory which are on the Baltimore basis, but do not participate in rates on the Baltimore basis from Boston, Mass., although the mileage from Boston is substantially less than from Portland, St. John and Halifax.

[fol. 2580]

VERIFICATION

Commonwealth of Massachusetts)
) ss.
County of Suffolk)

Carlton F. Heard, being duly sworn, deposes an
that he is General Traffic Manager, Boston and Main
road; that he has had over 30 years experience d
with freight tariffs and freight rates; that he ha
the foregoing statement and that the facts stated t
are true and correct to the best of his knowledge, inf
tion and belief.

Carlton F. Heard

Subscribed in my presence and sworn to before
the Affiant above-named, this 18th day of June 1957.

Neal J. Holland, Notary P

My Commission expires Feb. 4,

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dealing
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herein
forma-

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me by

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961

[fol. 2602]

I.C.C. EXHIBIT NO. 7

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney not later than ten days prior to the hearing at which such evidence otherwise would be offered, affiant desires that statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

I&S DOCKET 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of Edward C. Ennis

My name is Edward C. Ennis, Foreign Freight Traffic Manager of The Delaware, Lackawanna and Western Railroad Company, which I shall hereafter refer to as the Lackawanna. My offices are at Pier 13, North River, New York 6, New York. I have been employed by the Lackawanna for the past 32 years. After 14 years in the Operating Department of the Lackawanna, I transferred to the Traffic Department in 1938. After 5 years of military service I returned to the Lackawanna in early 1946 and served successively as General Agent at Albany, N. Y., Division Freight Agent at Scranton, Pa., New England Agent at Boston, Mass., and General Freight Agent at Buffalo, N. Y. In February, 1955 I was appointed Foreign Freight Traffic Manager at New York City, which is my present position. [fol. 2603] I am responsible for the sales and servicing of foreign traffic, both import and export, and have supervision over our 26 traffic sales agencies located throughout the United States with respect to this specific traffic. As part of my duties I visit our traffic sales agencies periodically where I have occasion to talk with shippers of export and import freight. The headquarters of the foreign freight department of the Lackawanna is in New York City where we maintain sales and service contact with shippers' export departments, freight forwarders, importers and brokers, as well as steamship lines.

The Lackawanna Railroad operates in the States of New Jersey, New York and Pennsylvania. Its main line extends from Hoboken, N. J., at New York Harbor, to Buffalo, N. Y., with branch lines extending from Binghamton to Utica and from Binghamton through Syracuse to Oswego, all in New York, and from Scranton, Pa., to Northumberland, Pa. The Lackawanna connects at Buffalo, N. Y., with rail carriers operating in Central Territory, thus forming part of joint routes over which through rates are maintained.

Import and export traffic is an important part of the total traffic handled by the Lackawanna. This is shown by the fact that in the year 1956 we handled a total of 41,961 carloads, both export and import traffic, through New York Harbor. The revenue obtained from this traffic represents [fol. 2604] approximately 12% of our total freight revenues. The Lackawanna maintains extensive port facilities, including eight piers at our New York lighterage station at the Hoboken terminal, four of which are covered piers and four are open piers. In addition we use two New York City piers on Manhattan, Nos. 13 and 41, on the North River, in handling import-export freight. Our export yard has a capacity of approximately 1,000 cars. The Lackawanna has 177 pieces of marine equipment employed in its lighterage service, approximately 85% of which is used in connection with foreign traffic. There is no question that the Lackawanna is in a position to handle a greater volume of foreign traffic than it is at present.

Our export-import business is made up chiefly of general cargo traffic with the exception of a small proportion of import oil and export grain.

Exhibit No. ——, attached hereto, which I have had prepared, is a summary of a traffic study of the import and export traffic handled by the Lackawanna through the

Port of New York in the years 1947, 1951 and the twelve month period, August 1, 1955 to July 31, 1956, to and from the affected territory which is involved in this proceeding. [fol. 2605] Although most of the other New York railroads used the year 1946 for their traffic studies and exhibits, the Lackawanna did not have records available for that year and instead used the next available year, 1947. Our Exhibit shows the number of cars and the number of tons, both import and export, for these three years. It will be noted that our total import and export carloads for 1955-1956 were 2.9% under 1951, and 6.6% under 1947, while our total carloads for 1951 were 3.8% under 1947. Tonnagewise, our total import and export shipments in 1955-1956 showed a decline of 7.9% as compared with 1947.

The overall total of export and import shipments, 1955-1956 as compared with 1947, has decreased in spite of the fact that there has been an exceptional movement during the last two years in the exportation of soybean oil to Spain and Greece under the U. S. Government's Foreign Aid Program. In 1955 the Lackawanna handled 1,101 cars of export soybean oil and in 1956 it handled 5,230 cars.

It has been my experience in endeavoring to obtain a larger share of the available competitive foreign traffic for my company through the Port of New York that the [fol. 2606] existing rate differentials at Baltimore and Philadelphia have been and are a decisive factor in the shippers' use of these ports and have placed the Lackawanna at a competitive disadvantage. I base this upon my personal contacts with numerous foreign freight shippers who use all the North Atlantic ports, as well as upon contacts made by our salesmen who report to me. This conclusion is supported by the figures in our own Exhibit which show a decline in our total foreign traffic.

I know from my contacts with shippers that some who must use the Port of New York on split delivery cars send solid cars to the outports of Philadelphia and Baltimore to take advantage of the lower rates.

Based upon my experience as Foreign Freight Traffic Manager, removal of these rate differentials favoring Baltimore and Philadelphia is essential if the Lackawanna is to compete on an equal basis for this foreign freight traffic, which is so vital to the Lackawanna from the standpoint of revenues.

/s/ Edward C. Ennis

[fol. 2607]

State of New York)
: ss.
County of New York)

Edward C. Ennis, being duly sworn, deposes and says that he is Foreign Freight Traffic Manager of The Delaware, Lackawanna and Western Railroad Company, and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

/s/ Edward C. Ennis
Edward C. Ennis

Subscribed and sworn to
before me this 18th day
of June, 1957.

/s/ William J. Patterson
William J. Patterson
Notary Public, State of New York
No. 03-3035400
Qualified in County of Bronx
Certificate Filed in New York
County Clerk's Office
Commission Expires March 30, 1959

[fol. 2608]

I&S 6615
Witness: E. C. Ennis
Exhibit No. ——

IMPORT AND EXPORT TRAFFIC HANDLED THROUGH THE PORT OF NEW YORK TO AND FROM AFFECTED TERRITORY

1947		1951		1955-1956	
CARS	TONS	CARS	TONS	CARS	TONS
IMPORT					
2,501	72,912	6,382	163,646	3,669	91,492
EXPORT					
15,047	407,868	10,499	273,795	12,706	351,108
TOTAL IMPORT AND EXPORT					
17,548	480,780	16,881	437,441	16,375	442,600

[fol. 2609]

I.C.C. Exhibit No. 8

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney not later than ten days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the
INTERSTATE COMMERCE COMMISSION

I&S DOCKET 6615
EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of Alvin K. Thomas

My name is Alvin K. Thomas. I am Foreign Freight Traffic Manager of Lehigh Valley Railroad Company and have held such position since November 1, 1957. Prior to that time I was Export & Import Agent with headquarters at New York which position I held from January 1, 1945 until my appointment to Foreign Freight Traffic Manager and have been in the Traffic Department of Lehigh Valley Railroad Company for a total of 35 years. I entered the Lehigh Valley as a stenographer-clerk at Pittsburgh, Pennsylvania in 1922. As Commercial Agent from 1924 to 1944, I traversed an important industrial area in the differential territory in Western Pennsylvania, Eastern Ohio and Northwestern West Virginia. This experience has given me an intimate knowledge of the traffic available to the Port of New York, both import and export, and the com- [fol. 2610] petitive factors involved in relation to the Ports of Baltimore, Hampton Roads and Philadelphia.

The foreign freight department of the Lehigh Valley maintains sales and service contact with shippers' export departments, freight forwarders, importers and brokers, as well as steamship lines.

Foreign traffic is a vital part of the over-all traffic handled by the Lehigh Valley Railroad. In 1951 our export and import business was approximately 12.3% of our total freight traffic. The port facilities maintained by the Lehigh Valley include five covered piers and four open piers at our Jersey City lighterage station; also Claremont Terminal which is probably the best rail-to-keel facility in New York Harbor and has available berths for several ships. During World War 2, Claremont was occupied exclusively by the Army and can be considered a vital national asset in times of emergency. The Lehigh Valley has the physical facilities to adequately handle a greater volume of foreign traffic than we have had for several years.

At the request of my predecessor, a study was made by our Auditor of Freight Revenues of the tonnage carried by the Lehigh Valley Railroad exported and imported through the Port of New York from and to territory where differential rates over the Ports of Philadelphia, Baltimore and the Hampton Roads ports are in effect. The study covered both imports and exports for the years 1946 and 1951 [fol. 2611] and the period of one year commencing August 1, 1955 and ending July 31, 1956. The results of the study are set forth in the following tabulation:

IMPORTS

Year	*Cars*
1946	5,042
1951	5,348
1955-56	2,939

EXPORTS

Year	*Cars*
1946	13,630
1951	14,621
1955-56	10,555

This study shows a downward trend in export and import traffic handled to and from differential territory by the Lehigh Valley Railroad in spite of the fact we participated in a relative portion of the over-all foreign tonnage moving through the Port. The decline can be directly attributed to the loss in the percentage of total traffic handled through the Port. Statistics clearly indicate since 1948 the percentage of all export and import traffic through the Port of New York has deteriorated while increases are reflected in the percentages of Baltimore, Norfolk and Philadelphia.

I believe that this downward trend results from the differential enjoyed by the ports south of New York under the rates through New York.

Over the past ten years, as an integral part of my duties as Export & Import Agent, I regularly visited our traffic [fol. 2612] sales agencies throughout the midwest, including those located in the differential territory. Accompanied by our agency personnel, I contacted many shippers in this area who as a matter of general policy did not ship through the Port of New York. Inquiry revealed time and again the predominant reason was due to more favorable rates via Baltimore, Hampton Roads or Philadelphia. The contacts my department has had with the shipping interests in New York emphatically corroborate this. It has also been my observation that many shippers utilize the Port of New York on their split delivery cars, ostensibly because this Port can adequately provide the service on this type of traffic, while they use Baltimore and Philadelphia on solid cars to take advantage of lower rates.

Shippers are becoming more and more cost-conscious. A matter of 3¢ per 100 pounds is in many cases sufficient to divert the shipment from the Port of New York to a port where the lower rate is obtainable. Moreover, the advantage that once accrued to the Port of New York by reason of more frequent sailings is rapidly disappearing. Sailings from the Port of Baltimore are now becoming comparable in frequency to sailings from the Port of New York. In fact, many vessels touch the three ports of Baltimore, Philadelphia and New York in a single trip. All this adds up to a substantial advantage under existing differential rates in favor of Philadelphia, Baltimore and Hampton Roads.

Equalization will permit all North Atlantic ports to compete on a fair and equal basis for import and export [fols. 2613-2617] traffic. The competition will encourage the ports to improve facilities and services so as to attract business. I think shippers will benefit in two ways: first, better facilities and services will be made available, and second, shippers will then be able to choose any port in the North Atlantic group on a truly competitive basis.

Alvin K. Thomas

State of New York)
: ss.:
County of New York)

Alvin K. Thomas, being duly sworn, deposes and says that he is Foreign Freight Traffic Manager of Lehigh Valley Railroad Company, and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Alvin K. Thomas

Subscribed and sworn to
before me this 16th day
of January, 1958.

George C. Hamm
Notary Public, State of New York
No. 30-6749300
Qualified in Nassau County
Certificate filed in New York County
Commission Expires March 30, 1958

[fol. 2618]

I.C.C. Exhibit No. 9

BEFORE THE
INTERSTATE COMMERCE COMMISSION

I. & S. Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT
of
GEORGE W. FLANIGAN
ASSISTANT FREIGHT TRAFFIC MANAGER
THE NEW YORK, NEW HAVEN AND
HARTFORD RAILROAD COMPANY

Due: June 21, 1957
Dated: June 19, 1957

54 Meadow Street
New Haven 6, Connecticut

[fol. 2619]

VERIFIED STATEMENT
of
GEORGE W. FLANIGAN
ASSISTANT FREIGHT TRAFFIC MANAGER THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

My name is George W. Flanigan. I am Assistant Freight Traffic Manager of The New York, New Haven and Hartford Railroad Company with headquarters at 54 Meadow Street, New Haven, Connecticut. I have been employed in the Freight Traffic Department of The New York, New Haven and Hartford Railroad Company (hereinafter referred to as the New Haven) since 1931, becoming Assistant General Freight Agent in 1941, General Freight Agent in 1947, and Assistant Freight Traffic Manager in 1954. In the course of my duties I initiate freight proposals and through our field forces am in contact with shippers and receivers of freight both on our line and throughout the country.

The New Haven serves two potentially great ports of America—New York and Boston. In periods of national emergency the Ports of Boston and New York and the facilities of the New Haven serving those ports have been, and in the future will be, exceedingly important to the [fol. 2620] country's welfare. For example, the Port of Boston trans-shipped 455,374 tons for export in 1940 at the beginning of World War II, and by 1943 this trans-shipment had more than doubled to 916,103 tons.

At New York, except for the Brooklyn Piers served by the Brooklyn Eastern District Terminal, Bush Terminal Railway, The New York Dock Railway, and the Jay Street Terminal, the service performed by the New Haven on import and export traffic is generally to or from our Harlem River rail station by lighter to either shipside or dock within the New York Harbor Lighterage limits, including Newark Bay. This lighterage service is also performed to and from ships located at the above-mentioned Brooklyn Terminals when pick-up or delivery is made at shipside.

Included in this service is the loading or the unloading of the car at Harlem River from or to the lighter and the loading or unloading of the lighter at the piers, or attaching or detaching from or to tackle at shipside. In addition to the above, on export traffic, there are cases where the New Haven transports cars of freight on floats in lieu of lighterage service. That operation is performed to and from our float bridges at Oak Point, where the cars are put on carfloats, then floated to shipside, and the cars are then unloaded or the freight is attached to ships tackle. On import traffic, this operation is reversed. Insofar as the shipper is concerned, traffic is picked up and delivered at shipside. At Boston, the New Haven provides direct service to and from Commonwealth Pier #5, Boston Army [fol. 2621] Base, and Castle Island. The New Haven performs either the loading or unloading of cars at the piers, except on freight in bulk, and freight which can be loaded direct from vessel to car or from car to vessel.

In general, the service accorded by the New Haven at Boston and New York in connection with both import and export traffic is similar to that accorded like traffic at other ports involved in this proceeding.

Substantially all import traffic from Boston to Central Territory has moved at rail rates in excess of those from Philadelphia and Baltimore for many years. Originally, ocean rates to and from Boston were lower than to and from other North Atlantic ports, therefore a higher rail rate to and from Boston resulted in an overall transportation cost to the user equal to movements via other ports.

Since the ocean rates were equalized along the Atlantic Seaboard, the Port of Boston has been at a great disadvantage in seeking import and export traffic and its traffic through the Port has tended to become almost exclusively traffic from or to the port area and surrounding New England territory. This is illustrated on import traffic, excluding Iron Ore and Petroleum Products, by the fact that in 1923 the Port of Boston handled 13 per cent of the total import tonnage through the North Atlantic ports but in 1955 secured but 7 per cent, a drop percentagewise of 46 per cent, whereas Baltimore increased from 8 per cent to 22 per cent, a gain of 175 per cent. On export traffic, [fol. 2622] Boston handled 2 per cent in 1923 and 3 per cent in 1955, a gain of 50 per cent, whereas Baltimore in 1923 secured 6 per cent, and in 1955, 17 per cent, a gain of 180 per cent.

The traffic testimony of the New Haven will not include the so-called transit traffic, as this traffic is insignificant; for example, for the period August 1955, to and including July 1956, traffic exported through the Port of New York from unaffected territory not transited was 2,780 cars, while there were only 5 cars of transit traffic. From the affected area there were but 4 cars of non-transit traffic and 22 cars of transit traffic. However, the transit traffic was feed.

While the transit traffic in the affected territory is much greater than the non-transit, the amount of either is so small as to be insignificant.

Exhibit No. 1 is a statement showing the number of cars, import and export, through the Port of Boston and Port of New York, by commodities, to the affected and unaffected territories for the period August 1, 1955 through July 31, 1956, handled by the New Haven.

In regard to Boston, from non-affected territory the total of non-transit export traffic for the same period as indicated above was 1,791 cars, while the transit traffic was 76 cars. In regard to the affected territory, the non-transit was 23 cars, while the transit was 45 cars. The transit traffic through this port consisted of 3 cars of machinery, [fol. 2623] 37 cars of vehicle parts, 3 cars of paper pulp, 1 car of washing compound, and 1 car of Manufactures and Miscellaneous.

All of the following testimony in regard to commodities, etc., is based on the test period of August 1, 1955 through July 1956 inclusive.

Through the Port of New York, the New Haven handled 4121 cars of import traffic to unaffected territory and 16 cars to the affected territory. Out of a total of 4121 cars to unaffected territory, 2531 consisted of:

Coffee	329
Agricultural Products	765
Wool	399
Copper	657
Lead	381
Total	2531

These products, in general, are consumed within New England.

To the affected territory, in this period, of the total of 16 cars, 6 consisted of stone, and 10 consisted of copper, ingot, or pigs. It is not difficult to understand why we received these 10 cars of copper pig to the affected territory, even though the rate was higher than from other ports. It was due to the fact that 657 cars were imported for consumption in New England.

In regard to imports at Boston, there was a total of 2084 cars, of which 1745 consisted of the following:
[fol. 2624]

Cotton & Cotton Linters	145
Agricultural Products	1054
Wool	118
Crude Rubber	155
Fertilizer	85
Tanning Material	52
Food Products	136
Total	1745

Of these, 320 cars went to the affected territory, 211 consisting of the following:

Cotton & Cotton Linters	55
Wool	19
Crude Rubber	111
Fertilizer	17
Tanning Materials	2
Food Products	7
Total	211

It is clear that the main consumption of the articles indicated above is in unaffected territory, primarily adjacent to the Port of Boston. In all probability this was the reason that the traffic to the affected territory moved through the Port of Boston in spite of the higher rate.

Export traffic through the Port of New York from unaffected territory amounted to 2785 cars, and only 4 cars were from affected territory. Of the total of 2785 cars from unaffected territory, 2016 consisted of the following:

[fol. 2625]

Potatoes	166
Meats	118
Copper Articles	40
Machinery	376
Newsprint Paper	762
Other Papers	425
Stoves	51
Furniture	78
Total	2,016

All of these products originate in New England.

The four cars from the affected area consisted of two cars of machinery and two cars of abrasives.

On export traffic through the Port of Boston, there were 1,867 cars from unaffected territory and 68 cars from affected territory. Of the 1,867 cars from unaffected territory, 1,669 cars consisted of the following:

Machinery	66
Newsprint Paper	126
Furniture	18
Scrap Iron	1,459
Total	1,669

The 68 cars from affected territory consisted of 24 cars of Manufactures and Miscellaneous, 37 cars of vehicle parts, 7 cars of soap, paper and machinery.

The above clearly indicates that both import and export traffic moving through the Ports of Boston and New York via the New Haven has been limited for the most part to the type of commodity consumed or produced within the [fol. 2626] immediate vicinity of these ports. For the period of August 1955 through July 1956, the New Haven handled 227,484 forwarded cars, including local; and 486,793 received cars, while the total import cars from New York and Boston were 6,541, and the total export cars through Boston and New York were 4,746 cars.

It is my opinion that a major reason why we do not receive more traffic to or from the affected area through the ports of New York and Boston via the New Haven Railroad is the higher rates in effect at those ports, as compared with Baltimore and Philadelphia. It must be understood, of course, that since the New Haven line does not extend west of New York City, the routes and area served in the so-called affected territory via the New Haven from the Port of New York is necessarily somewhat limited.

Exhibit No. 2, consisting of two pages, shows the tons of revenue freight, freight revenue account 101, and net income, for the years 1934 through 1956, for account of the New Haven, Baltimore and Ohio Railroad, Pennsylvania Railroad, and the Western Maryland Railway.

The statement also shows the ratio of tons of revenue freight and freight revenue, using 1934 as equal to 100. It will be noted that the New Haven's revenue ratio of tons for 1956 was 132, as compared to 193 for the Baltimore and Ohio, 171 for the Pennsylvania Railroad, and 217 for the Western Maryland Railway. In regard to freight revenue, the index for the New Haven for 1956 was 233 while for the Baltimore and Ohio it was 358, for the Pennsylvania [fol. 2627] Railroad, 305, and for the Western Maryland, 367. Attention is also directed to the fact that the net income for the New Haven in 1956 was $261,000, as compared to $30,000,000 for the B&O, $41,000,000 for the PRR, and $8,000,000 for the Western Maryland.

Of course, I do not wish to give the impression that the difference in this ratio of tonnage and freight revenue is altogether due to import or export freight, but, in my opinion, if the rates to and from Boston and New York had been on a parity with the rates to or from Baltimore, our showing would have been better than an index of 132 on tons, or 233 on revenue, and thereby would have resulted in a better net than $261,000.

VERIFICATION

State of Connecticut)
) ss.:
County of New Haven)

George W. Flanigan, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

George W. Flanigan

Subscribed in my presence and sworn to before me by the affiant above named this 19th day of June, 1957.

J. F. Davies
Notary Public

My Commission expires April 1, 1962.

[Notarial Seal]

[fol. 2636]

I.C.C. EXHIBIT No. 10

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

I. &. S. Docket 6615

VERIFIED STATEMENT OF E. E. ALLSTATTER, TRAFFIC MANAGER OF THE SORG PAPER COMPANY OF MIDDLETOWN, OHIO.

My name is E. E. Allstatter, and I have been affiliated with the Sorg Paper Company of Middletown, Ohio for the past 22 years, presently occupying the position of Traffic Manager. My duties require direct and personal supervision of the transportation of our inbound and outbound products, including export and import traffic.

I am familiar with the issues involved in Investigation and Suspension Docket 6615 and on behalf of the Sorg Paper Company submit this Verified Statement in support of the proposed Equalization of Export and Import rates through North Atlantic Ports.

The Sorg Paper Company, with plant and offices at 900 Manchester Avenue, Middletown, Ohio, are producers of a wide variety of paper products such as printing paper, wrapping paper, paper dishes, tissue paper, flame-proof paper, etc.

[fol. 2637] Our interest in the instant proceedings stems from the fact that we have both Export and Import tonnages from and to our plant location at Middletown, Ohio.

Import tonnage consists primarily of Woodpulp from Scandanavian Countries—the amount of which will vary dependent upon market conditions, however it usually follows a steady pattern of from 10,000 to 15,000 tons per annum.

This tonnage is all purchased F.O.B. Baltimore, Md., because of the existing differential existing in connection with import rates from that port as compared with Philadelphia, New York and Boston. In actual practice the tonnage moves via Baltimore, Md. or Portland, Me., via the latter port over differential routes through Canada. Both of these ports have precisely the same Import rates on Woodpulp to Middletown, Ohio.

Export tonnage of the Sorg Paper Company consists of Wrapping Paper, Woodpulp Board and Printing Paper. Because of existing freight rates favoring these ports, this traffic moves via West Palm Beach, Fla., New Orleans, La. and Norfolk, Va.

The export business is variable but will average from 1,500 to 2,000 tons per year.

Since the steamship rates to the North Atlantic Ports are now uniform, the maintenance of port differentials on both Import and Export traffic defeats the prime purpose of these differentials when originally established, i.e., equalization of rail-water and water-rail transportation costs on traffic exported to and imported from foreign countries [fol. 2638] via these particular ports.

Speaking with respect to import traffic, it is most difficult to comprehend the reasonableness of an adjustment on Woodpulp which permits application of the same rate from Portland, Me. when via differential routes as currently in effect from Baltimore, Md., i.e., 67 cents per 100 pounds, including ExParte 206 (See Note), whereas from the ports of Boston, Mass. and New York, N.Y., which are geographically located between Portland, Me. on the one hand, and Baltimore, Md. on the other, a higher rate of 71 cents per 100 pounds, including ExParte 206, applies. (See Note).

The Sorg Paper Company favors the proposed equalization adjustment in that it will permit flexible use of these North Atlantic Ports both with respect to import shipments of Woodpulp and also export shipments of products, the latter to the extent North Atlantic Ports are normally used. This flexibility is most desirable from the standpoint of plant operations at Middletown and as to servicing our customers in foreign countries.

NOTE:

Import rates on Woodpulp from New York, N.Y. and Baltimore, Md., published in T.L. Tariff 79-C, ICC A-942. From Boston, Mass. in N.E.T.R. Tariff 20-C, ICC 362, and from Portland, Me. via differential routes in Canadian Freight Tariff 27-A, ICC 100.

Respectfully submitted,

(signed) E. E. Allstatter

[fol. 2639]

VERIFICATION

City of Middletown)
)
County of Butler) ss.
)
State of Ohio)

E. E. Allstatter, being duly sworn, deposes and says that he is Traffic Manager of the Sorg Paper Company and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

(signed) E. E. Allstatter

Subscribed in my presence and
sworn to before me by the affiant
above named this 18th day of
June 1957.

(signed) Ruth Maupin
Notary Public

My Commission expires on the 5th day of August 1957.

[fol. 2640]

I.C.C. EXHIBIT No. 11

This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF FREDERICK W. FENNETT, ASSISTANT VICE-PRESIDENT AND GENERAL TRAFFIC MANAGER, SHARON STEEL CORPORATION, SHARON, PA.

[fol. 2641]

Before The
INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

Verified Statement of Frederick W. Bennett, Assistant Vice-President and General Traffic Manager, Sharon Steel Corporation, Sharon, Pa.

My name is Frederick W. Bennett, I am Assistant Vice-President and General Traffic Manager of Sharon Steel Corporation with offices at Sharon, Pa. I am responsible for all traffic and transportation matters concerning this company.

The Sharon Steel Corporation has plants in Farrell, Pa., Lowellville, Warren, Niles, Ohio and Dearborn, Michigan, where we produce semi-finished steel and finished cold roll and stainless steel strip. We placed a new blooming and slab mill in operation in February 1957 which enables us to produce wide semi-finished slabs and billets making it possible to increase our export business.

At the present time approximately 95 percent of our export traffic is routed through the port of Baltimore due to the freight differential as compared with the ports of Philadelphia, New York and Boston. If the rates to all of these Ports were equal it would give us access to a greater [fol. 2642] number of sailings than we now have through the one port.

We are in favor of equal rates to the ports mentioned above, and if the ports are placed on an equal basis, we could handle a substantial amount of our export traffic through the ports of New York, Boston and Philadelphia, as well as through the port of Baltimore.

Respectfully submitted,

Frederick W. Bennett /s/

Frederick W. Bennett
Assistant Vice-President and
General Traffic Manager,
Sharon Steel Corporation

[fol. 2643]

AFFIDAVIT

State of Penna.)
) ss:
County of Mercer)

Frederick W. Bennett, being duly sworn, deposes and says that he is Assistant Vice-President, for Sharon Steel Corporation with offices at Sharon, Pennsylvania, that he has prepared the foregoing statement and that it is true to the best of his knowledge, information and belief.

Frederick W. Bennett /s/

Subscribed and sworn to before me
this 6th day of June, 1957.

Harry M. Sample /s/
Notary Public
Sharon, Mercer County, Pa.
My Commission Expires January 9, 1959

SEAL

[fol. 2644]

I.C.C. Exhibit No. 12

This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of William F. Conlin,
Traffic Manager, Shenango Furnace Company,
Sharpsville, Pennsylvania

[fol. 2645]

Before The
INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

VERIFIED STATEMENT OF WILLIAM F. CONLIN, TRAFFIC MANAGER, SHENANGO FURNACE COMPANY, SHARPSVILLE, PENNSYLVANIA

My name is William F. Conlin. I am Traffic Manager of the Shenango Furnace Company at Sharpsville, Pennsylvania. The Shenango Furnace Company has been in operation over fifty years and has plants at Neville Island, Pennsylvania, in the Pittsburgh District, and at Sharpsville, Pennsylvania. The Company is engaged in the production of pig iron and ingot molds. The plant at Neville Island produces ingot molds only, while the plant at Sharpsville produces both pig iron and ingot molds.

During the past year our export handling of pig iron has been substantial, and we expect to continue to handle a substantial amount of export pig iron to the foreign markets. [fol. 2646] Approximately one-fifth of our export traffic has moved via rail-barge through the port of New Orleans. The balance, or approximately four-fifths, of our export traffic moved exclusively through the port of Baltimore. The reason for using Baltimore rather than other North Atlantic ports is because the rate on export pig iron for rail movement from Sharpsville, Pennsylvania, to Baltimore is lower than the rate from Sharpsville to other North Atlantic ports. For example, the rate to Baltimore is $9.07 per gross ton; to Philadelphia the rate is $9.30; and to New York and Boston the rate is $9.76.

We would like to see the rates equalized to all the North Atlantic ports. As a practical matter, the export movement at the present time through the North Atlantic area is limited to the Port of Baltimore because of the lower rate to that port. If the rates were equalized, my opinion is that all the North Atlantic ports would be used in the handling of our export traffic.

Respectfully submitted,

William F. Conlin /s/

William F. Conlin
Traffic Manager
Shenango Furnace Company

[fol. 2647]

AFFIDAVIT

State of Pennsylvania)
) ss:
County of Mercer)

William F. Conlin, being duly sworn, deposes and says that he is Traffic Manager for the Shenango Furnace Company, with offices at Sharpsville, Pennsylvania, that he has prepared the foregoing statement and that it is true to the best of his knowledge, information and belief.

William F. Conlin /s/

Subscribed and sworn to before me
this 13 day of June, 1957.

William L. Weldon /s/
Justice of the Peace
My Commission Expires Jan. 4, 1960

SEAL

[fol. 2648]

I.C.C. EXHIBIT No. 13

This Statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

I. & S. Docket 6615

VERIFIED STATEMENT OF R. B. O'DONNELL, TRAFFIC MANAGER OF THE ARMCO INTERNATIONAL CORPORATION OF MIDDLETOWN, OHIO. IN SUPPORT OF THE PROPOSED EQUALIZATION OF EXPORT AND IMPORT RATES THROUGH NORTH ATLANTIC PORTS.

My name is R. B. O'Donnell and I am presently employed by the Armco International Corporation, a wholly owned subsidiary of Armco Steel Corporation with headquarters at 703 Curtis Street, Middletown, Ohio. I have been affiliated with The Armco International Corporation for approximately twenty years and have held various positions in the Traffic and Sales Departments and presently occupy the position of Traffic Manager. I am thoroughly familiar with the issues involved in I. & S. Docket 6615.

The Armco International Corporation is the export organization of Armco Steel Corporation with Sales Offices and Fabricating Plants located in various foreign countries.

Armco Steel Corporation, the parent Company, are producers of wide varieties of steel plates, sheets, tubing, etc. [fol. 2649] with plants located at Butler, Pennsylvania;

Middletown, Ohio; Ashland, Kentucky; Kansas City, Missouri; Zanesville, Ohio; Piqua, Ohio; Baltimore, Maryland; Hamilton, Ohio; Houston, Texas and Sand Springs, Oklahoma.

The Armco Drainage & Metal Products, Inc., subsidiary of the Armco Steel Corporation, has numerous plants located throughout the United States and Canada.

Export shipments of steel sheets, plates, etc. are made from all of the ten plants listed above with the exception of Hamilton, Ohio and Sand Springs, Oklahoma. The following plants located at Ashland, Kentucky; Butler, Pennsylvania; Middletown, Ohio; Zanesville, Ohio and Piqua, Ohio are located within the so-called effected territory in I. & S. Docket 6615 proceeding.

Because of its geographic location export shipments are made from Kansas City, Missouri via the Gulf ports of Mobile, Alabama; New Orleans, Louisiana and Houston, Texas. As a matter of fact, all of the Gulf ports are available to us because these ports now have, and for many years have had, equalized rail rates in export traffic.

From the plants located at Ashland, Kentucky; Butler, Pennsylvania; Middletown, Ohio; Zanesville, Ohio and Piqua, Ohio, Armco Steel Corporation exports in excess of 100,000 tons of steel plates, sheets, etc. per year. On a major part of this tonnage the selection of the port of exportation is vested with The Armco International Corporation and a substantial portion of this traffic is routed via the Ports of Baltimore and Hampton Roads because of [fol. 2650] the existing three cent differential favoring these particular ports. Certain of the tonnage exported and the selection of the port of exportation is subject to direct bookings of the foreign purchasers, and here again it has been our experience the ports of Baltimore and Hampton Roads are used extensively.

Being familiar with the general circumstances and conditions under which the port differentials were originally established and having knowledge of the changed conditions existing today with respect to uniformity of water rates beyond the North Atlantic Ports, it is the position of The Armco International Corporation that the equalization of export and import rates as contemplated in this proceeding i.e., establishing the Baltimore rates to North Atlantic Ports, New York, New York and North thereof, is a realistic and eminently justified revision if these ports are to become competitive for our traffic. Furthermore, it will permit a desirable flexibility of operation which will enable us to better serve our customers.

The Armco International Corporation for whom I speak favors the proposed adjustment.

Respectfully submitted,

/s/ R. B. O'Donnell
Traffic Manager

[fol. 2651]

VERIFICATION

State of Ohio)
) ss:
County of Butler)

Richard B. O'Donnell, being duly sworn, deposes and says that the foregoing statement is true, except as to matters and things, if any, stated as opinion or on information and belief, and that as to those matters and things, he believes them to be true.

/s/ R. B. O'Donnell

Subscribed in my presence, and sworn to before me by the affiant above named, this 17th day of June 1957.

/s/ O. E. Morris
O. E. Morris, Notary Public, Butler Co., Ohio
My Commission Expires Dec. 4, 1959

SEAL

[fol. 2652]

I.C.C. Exhibit No. 14

BEFORE THE INTERSTATE COMMERCE COMMISSION

I. & S. DOCKET 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of Union Carbide Corporation in Support of Railroads Proposing Equalized Rates

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Dated at New York, N. Y.
June 20, 1957

Prepared by:

F. C. Tighe, Traffic Manager
Union Carbide Corporation
30 East 42nd Street
New York 17, N. Y.

Note: This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 2653]

BEFORE THE INTERSTATE COMMERCE COMMISSION

I. & S. DOCKET 6615

Verified Statement of F. C. Tighe, Traffic Manager, Union Carbide Corporation, in support of railroads proposing equalized rates.

The Union Carbide Corporation by this verified statement records itself in favor of equality of import and export rates at New York, Philadelphia, and Baltimore on traffic destined to or originating at interior points in central midwest territory. Union Carbide, particularly on its inbound import movements of chrome ores, manganese ores and other ores used in its metallurgical operations, is, by reason of the present rate differentials discriminating against New York, being denied the flexibility of using New York as a port of entry for these ores. The large volume movements of these import ores make it desirable from the standpoint of the public interest, as well as Union Carbide's interest, to have equality of rates at New York, Philadelphia and Baltimore, which would enable a free choice of ports with attendant benefits of equable distribution of tonnage, balanced distribution of railroad equipment, and more favorable scheduling from port to plant to avoid bunching, demurrage, and delays in unloading.

Specifically, Union Carbide Corporation during the calendar year 1956, moved a total of 378,438 gross tons of import chrome and manganese ores via New York, Philadelphia, and Baltimore to its metallurgical plants at Ashtabula, (Ceico) Ohio, Alloy, W. Va. and Marietta, Ohio, all of which are located in the differential rate territory involved in I. & S. 6615.

[fol. 2654] Following is a summary of the distribution of this tonnage:

CHROME AND MANGANESE ORES
(Gross Tons of 2,240 Pounds)
YEAR 1956

To:	New York	Philadelphia	Baltimore
Ashtabula (Ceico), Ohio	2,926	—	136,291
Alloy, W. Va.	—	—	56,235
Marietta, Ohio	—	6,348	176,638
TOTALS	2,926	6,348	369,164

It will be seen that of the total tonnage moved to these plants, less than 1% moved via the port of New York and less than 2% moved via the port of Philadelphia.

During 1956 the differential spread in the rates on chrome and manganese ores to Ashtabula, Alloy and Marietta was 60 cents per gross ton—New York over Baltimore, and 20 cents per gross ton—Philadelphia over Baltimore. This differential, by reason of changes under Ex Parte 206, has been increased to 64 cents per gross ton—New York over Baltimore, and 21 cents per gross ton—Philadelphia over Baltimore.

These basic ores arrive in ship-load quantities from origin sources in Africa, India, South America, Cuba, Mexico, the Philippines and Turkey. The ships will come to whatever port is designated by us. Frequently while shipments are en route, it is not known to what inland plant they will ultimately be sent. Accordingly, and in order to avoid penalty in the inland rate, the ships are ordered to the lowest-rated port, i.e. Baltimore, Md.

[fol. 2655] At an equality of inland rates from all three ports, it would be possible to allocate ships freely, according to the port's ability to accommodate them. If such were the case, it would simplify the pattern of distribution and enable a more equitable allocation of cars required at ship's side for movement inland. Congestion at the ports could thus be avoided, as well as bunching at the destination plants.

It is our opinion that the basis for differential rates at Baltimore and Philadelphia has long since disappeared. These ports have matured into first-class areas, with excellent ship-handling facilities, and with world-wide service. There is no real reason for the preservation of rate differentials having their roots in the days of long ago when ship-owners were loathe to service "outports" and when such ships as did serve Baltimore and Philadelphia had to offer incentive rates in order to influence tonnage to those ports.

There is no reason why the port of New York should not be permitted to establish import and export inland rates equal to those applicable from and to Baltimore.

A series of general freight rate increases in inland railroad rates since 1946 has substantially raised the level of import and export rates, and the remedy to the situation does not lie in a further increase in the Baltimore-Philadelphia rates to the New York basis. Rather, the situation is keyed upon the removal of the rate penalty which has plagued the port of New York since the earlier days when Baltimore was an outport.

While it is true that the short-line rail distances between Baltimore and many of the inland points in central territory are lower than those from Philadelphia and New York, nevertheless this difference is not substantial enough to warrant preferential treatment for Baltimore or prejudicial treatment to New York. At other ports throughout the United States such mileage differences are disregarded in favor of port equalization. All ports are thereby given [fol. 2656] an opportunity to participate in the available tonnages. There is no reason for the adoption of different principles at New York, Philadelphia and Baltimore; and the Commission should allow the New York Railroads to meet at equal rates the competition of Baltimore and Philadelphia. It is unjust and unreasonable to do otherwise. Union Carbide Corporation urges that the Commission decide the issues in I. & S. Docket 6615 in favor of the respondent railroads serving the port of New York.

Respectfully submitted,

Union Carbide Corporation
30 East 42nd Street
New York 17, N. Y.

By: /s/ F. C. TIGHE
F. C. Tighe
Traffic Manager

Dated at New York, N. Y.

June 20, 1957

[fol. 2657]

AFFIDAVIT

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

F. C. TIGHE, being duly sworn, deposes and says: that he has prepared the foregoing statement, and that same is true and correct as he verily believes.

/s/ F. C. TIGHE
F. C. Tighe

Subscribed and sworn to before me this
20th day of June, 1957

SEAL

/s/ RAYMOND W. HARDY

Dated at New York, New York
June 20, 1957

[fol. 2658]

I.C.C. Exhibit No. 15

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

TESTIMONY OF ROGER H. GILMAN, DIRECTOR OF PORT DEVELOPMENT, THE PORT OF NEW YORK AUTHORITY

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (S. H. Moerman, Investment Bldg., Washington 5, D.C.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 2659]

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

TESTIMONY OF ROGER H. GILMAN, DIRECTOR OF PORT DEVELOPMENT, THE PORT OF NEW YORK AUTHORITY

Q. Will you please give your name, your position, and a brief statement of your transportation experience?

A. My name is Roger H. Gilman. I am employed by The Port of New York Authority at its headquarters, 111 Eighth Avenue, New York 11, N. Y., in the capacity of Director of the Port Development Department. I am an engineering graduate of Harvard University.

My experience in transportation and traffic matters has been obtained primarily during my employment with the Port Authority in the work and studies made in connection with its port protection, promotion, planning and development activities covering the improved flow of traffic in, out and through the New York-New Jersey Port District. I have been in the employ of the Port Authority twenty years. I have served in my present capacity about three and a half years and prior to that time was assistant to my predecessor for eight years.

[fol. 2660]

I. DESCRIPTION OF THE PORT OF NEW YORK AUTHORITY

Q. What is The Port of New York Authority?

A. The Port of New York Authority is "a body corporate and politic" created in 1921 by compact between the States of New York and New Jersey, with the approval of the Congress of the United States. The two States established the Port Authority as their joint agency for the purpose of unifying, promoting and developing the New York-New Jersey Port District.

Under the 1921 Port Compact, the Port Authority may intervene in any proceeding affecting the commerce of the port. It is also empowered to "petition any interstate commerce commission . . . or any other Federal, municipal, state or local authority, administrative, judicial or legislative . . . for the adoption and execution of any physical improvement, change in method, rate of transportation, system of handling freight, warehousing, docking, lightering or transfer of freight which in the opinion of the port authority may be designed to improve or better the handling of commerce in and through said district or improve terminal and transportation facilities therein."

Q. What led to the creation of The Port of New York Authority?

A. The idea of a port agency which would represent both the States of New York and New Jersey and would develop the port as a unit was suggested by the Interstate Commerce Commission in its decision in the *New York Harbor Case*, 47 I.C.C. 643, at page 733, where the Commission said:

> "It is necessary that the great terminals at the port of New York be made practically one, and that the separate interests of the individual carriers, so long an insuperable obstacle to any constructive plan of terminal development, be subordinated to the public interest."

[fol. 2661] In a matter of months following the ICC decision, the Legislatures of the two States appropriated funds for a study by a Commission appointed for that purpose which was known as the "New York-New Jersey Port and Harbor Development Commission." That Commission's studies were completed and the results published in a report in 1920. This in turn led to the establishment in the following year of The Port of New York Authority under statutes passed in the Legislatures and approved by the Governors of the two States.

II. DESCRIPTION OF THE NEW YORK-NEW JERSEY PORT DISTRICT

Q. Do you have a map showing the New York-New Jersey Metropolitan Area?

A. Yes. Exhibit No. —— (A) is a map which embraces the Port of New York District. This is a railroad terminal map which the Port Authority has prepared and distributed, showing how the different railroads reach the Port District. The heavy black dotted line near the four edges of the map shows the limits of the Port District as defined by metes and bounds in the statutes by the States of New York and New Jersey when they established The Port of New York Authority. This map portrays the bi-state area including the more than 200 municipalities which make up the New York-New Jersey Port District. The area embraced in this district measures about 1500 square miles within a radius of about 25 miles of the Statue of Liberty. The total population of this area amounts to almost 13 million people.

A. SUB-PORTS IN NEW YORK HARBOR

Q. Will you describe briefly some of the features of the port area?

A. I would like to invite attention to the fact that my Exhibit —— (A) shows that many individual municipalities located on the waterfronts of the Hudson River, East River, Harlem River, Hackensack River, Passaic River, Lower New York Bay, Upper New York Bay and the so-[fol. 2662] called New York and New Jersey Channels are actually sub-ports within the New York-New Jersey Harbor. They represent communities both in New York and New Jersey, since they lie on both sides of the harbor waters. As a consequence, whenever reference is made to the port of New York, it should be borne in mind that this harbor is truly "a port of many ports."

For example, my exhibit shows such leading New Jersey waterfront municipalities as Edgewater, Weehawken, Hoboken, and Jersey City, located along the western bank of the Hudson River. Also in New Jersey and located on Newark Bay are such important waterfront cities as Newark, Kearny, Elizabeth and Bayonne. Still in New Jersey and located along the Arthur Kill, which is the narrow body of water separating Staten Island in New York State from the New Jersey mainland, are such important communities as Linden, Carteret, and Woodbridge. Along the Raritan River on the New Jersey side of the harbor are Perth Amboy, Raritan, Sayreville and South Amboy. It should be noted that all of these municipalities are located on the westerly side of the harbor and are served directly by the tracks of the New York harbor railroads.

As the map exhibit further shows, the New York portion of the port of New York covers a large area. It is made up of the five boroughs of New York City—Manhattan, Queens, Brooklyn, the Bronx and Richmond (usually referred to as "Staten Island"). Other municipalities with waterfront contiguous to the Hudson River are: Yonkers, Hastings-on-Hudson, Dobbs Ferry, Irvington and Tarrytown. Still within the Port District and located on the north shore of Long Island Sound are the Westchester County communities of Larchmont, Mamaroneck and Rye.

Q. Do you have an exhibit showing the population and land area of the New York-New Jersey Port District?

A. Yes. Exhibit No. —— (B) shows the population and [fol. 2663] land area relationship of the Port of New York District to the States of New York and New Jersey as well as to the United States for the years 1930, 1940 and 1950. This has been supplemented to show the estimated population for the year 1955.

The District includes most of the nine counties in the northeastern part of New Jersey as well as nine counties in southerly New York State. The exhibit shows an alphabetical index of the various civil divisions, the county and state in which they are located, together with more specific detail as to land area, population and form of government.

B. RAILROAD AND STEAMSHIP FACILITIES AT NEW YORK HARBOR

Q. Will you please describe the railroad facilities at the port of New York?

A. These are shown in Exhibit No. —— (A). The areas in red show railroad terminals in various parts of the Port District. All of the railroads reach all parts of the harbor by lighterage. The harbor waters thus constitute what the Interstate Commerce Commission has referred to as "an elastic water belt line." This has the advantage of giving every railroad direct access to every ocean vessel in every part of the harbor.

The lighterage limits for this water belt line are indicated by the red letter "L" on the map and are in accordance with the description published by the New York Railroads in Agent Boin's Tariff 116-G ICC A-1108. You will notice that one of these limits is immediately north of the George Washington Bridge on the New Jersey side and south of the Bridge on the New York side of the Hudson River. A further limit is the Jerome Avenue bridge on the Harlem River and the Harlem River side of Randall and Ward Islands. Another is located along the easterly side of Staten Island at the Narrows. On the Queens and Brooklyn shore, the lighterage limits start at Pot Avenue, Astoria and extend southward to 69th Street Brooklyn which is in the vicinity of the Narrows. The lighterage limits also extend south to Perth Amboy on the New Jersey side of [fol. 2664] the Arthur Kill, to the northwest corner of Staten Island on Newark Bay and to the Belleville Turnpike on the Passaic and Hackensack Rivers. This includes all of Newark Bay.

Q. How extensive is the waterfront and how many piers and harbor vessels are there in the port of New York?

A. The navigable waterfront consists of 650 miles. There are 200 piers, of which 130 are shedded. These piers are capable of berthing over 400 ships at one time. There are over 4,000 shallow draft harbor vessels including tugboats, carfloats, lighters, barges and scows. In addition, there are 100 heavy lift derricks with individual lifting capacities up to 250 tons.

Q. Do you have an exhibit showing the railroad and steamship terminals at the port?

A. Yes. Exhibit No. —— (D) is a map portraying the principal steamship and railroad terminals located within the area. The reverse side of this map exhibit shows an enlargement of various sections of the waterfront area, with the key showing an index to principal pier facilities. For example, at the righthand side, in the middle of this map, it will be noted that there are light-colored numbers within black circles. Please note Newark No. 1 and then go to the left of the exhibit where you will see Panel No. 1, which is an enlargement of the Port Newark Marine Terminal and shows the streets and avenues leading to the waterfront facilities. As another example, look at Weehawken, identified by a light-colored 4 outlined by a black circle, and see Panel 4 of the exhibit, which is an enlargement of the Weehawken waterfront. Panel 4 identifies the piers by numbers and shows the rail trackage and railroads serving some of the piers, and also the streets and avenues adjacent to the piers.

[fol. 2665] Q. Do the railroads which have published equalized rates serve these various waterfront facilities?

A. Yes, they do. Most of the railroads reach the municipalities on the New Jersey side of the harbor with their own rails or by lighter. For example, Edgewater is served by the rails of the New York, Susquehanna and Western, and the New York Central (West Shore). Weehawken is served by the New York Central, the Erie and, until recently, by the New York, Ontario and Western. Hoboken is served by the Delaware, Lackawanna and Western, the Erie, the New York Central and the Hoboken Shore Railroad. Jersey City is served by the New York Central, Erie, Lehigh Valley and Delaware, Lackawanna and Western Railroads. Port Newark is served by the Lehigh Valley. The New York Central reaches Manhattan Island in New York City with its own rails along the west side of the Island where it maintains freight facilities and stations and also has its rails reaching down the center of the Island which are used for passenger and related business to and from the Grand Central Terminal at 42nd Street. The New Haven reaches the Bronx with its own rails and has passenger service all the way to Grand Central Terminal at 42nd Street in Manhattan. These waterfront municipalities are all served by lighter or carfloat, thus making available direct connections between all the railroads and the steamship lines.

I might add for clarification that the Pennsylvania Railroad, which is here opposing the equalization of the rates, is also an important rail factor, serving Jersey City and Port Newark. Likewise, the Baltimore and Ohio Railroad, which is another carrier opposed to the equalization of rates, is an important railroad with direct rail connections to and from the Borough of Richmond in New York City. This railroad also reaches Jersey City. Port Newark and Jersey City are also served by the Jersey Central Lines who are not a party to this proceeding.

[fol. 2666]

C. INTEGRATED NATURE OF THE NEW YORK-NEW JERSEY PORT DISTRICT

Q. What can you say as to the integrated nature of the Port District?

A. It is not only a legal unit under the terms of the 1921 Port Treaty but, as the Commission stated in its 1917 decision, it is to a very great extent also a geographical, social and economic unit.

The State boundary which runs down the middle of the Hudson River has no economic significance. It is merely a political boundary. Both sides of the harbor are part of the same port. Some ocean steamship lines dock on one side of the port and some on the other. From time to time, various steamship lines transfer their operations from the New York to the New Jersey side of the harbor or vice versa. Because of the economic unity of the area, such shifts can be accomplished by the steamship lines on the basis of the best location for their own operations.

Hundreds of thousands of workers in New York have their homes in New Jersey and commute daily. Many thousands more—and this is increasingly true—live in New York and commute daily to New Jersey for their work. The different parts of the Port District are linked together not only by the harbor waters but by ferries, tugboats, barges, bridges and tunnels. The easy and convenient interchange between the two sides of the harbor is facilitated by a $3 billion integrated 600-mile arterial highway network including bridges and tunnels over and under waterways such as the Hudson and East Rivers, and the Arthur Kill and Kill Van Kull between Staten Island and the New Jersey mainland.

Q. Are there other ports which are also divided by harbor waters?

A. Yes. Among the ports which are similarly split by a river, canal or other natural waters are Boston, Philadelphia, Baltimore, Hampton Roads, Mobile, New Orleans, Houston, Galveston, Los Angeles, San Francisco, Portland, Ore. and Seattle, Wash.

[fol. 2667]

III. IMPORTANCE OF THE PORT OF NEW YORK TO THE COMMUNITY AND TO THE NATION

Q. Has the Port Authority made studies as to the importance of trade and commerce to the port of New York?

A. Yes. About three years ago, the Trade Economist in the Port Development Department of the Port Authority undertook an extensive research project to determine the importance of the New York-New Jersey port in providing jobs and income. The results of that study were given wide distribution in a May 1956 report entitled, "The Port and the Community," which is my Exhibit No. ——, (C).

This brochure discloses for the first time the far-reaching effects of direct port employment on other people in the Port District and the community as a whole. It shows that port jobs provide livelihood for at least 430,000 people; that the handling of waterborne commerce produces support for one out of four people who live in the Port District and more than a fourth of the total wages earned in the Port District.

Q. What has been the importance of the port of New York from the standpoint of the nation as a whole?

A. For over 125 years, and particularly in times of war, the port of New York has been the most important port in the United States. In a publication known as "Mill Supplies," issued in June 1945 (title page of which is reproduced as Exhibit No. —— (C.G.) and the entire text of which will be available at time of hearing), General Brehon Somervell, who commanded the Army Service Forces during World War II, reported on the tremendous distributing job which was accomplished during the war in supplying the overseas forces. He stated in that report:

> "Now, some of that story can be told. Here, the 'Atlantic Coast Port' that figured in so many news dispatches is revealed as the New York Port of Embarkation—from which sailed half of our armies overseas and a third of their supplies. More than 60,000 people—half military, half civilian—have been engaged in this tremendous job."

[fol. 2668] The Port of Embarkation is but a small part of the New York-New Jersey harbor. Wartime activities encompassed the entire New York-New Jersey port area. Whole convoys of merchant ships loaded cargo on piers throughout the Port District, assembled within the protection of the harbor and sailed for overseas destinations under immediate protective escort of the U. S. Navy. No other port on the east coast of the United States had such comprehensive facilities for large convoys.

Q. Are you familiar with the expenditures that have been made on Federal channel projects in New York Harbor?

A. Yes. We have determined that as of June 30, 1956, the Federal expenditures that have been made on Federal channels in this harbor since 1905 are as follows:

For construction, maintenance and operation of channels in which foreign commerce is handled	$175,618,116
Expenditures for construction, maintenance and operation of channels in which domestic and local commerce is primarily handled	$20,686,867
Total expenditures for navigation projects in New York Harbor	$196,304,983

Q. Will you discuss the entrance channel depths at the port of New York and their significance?

A. By authorization of the Congress in 1937, the main shipping entrance from the Atlantic Ocean into the New York-New Jersey harbor has an authorized depth of 45 feet. This is designed to provide direct access to the harbor for all ships afloat, including passenger superliners, tankers, bulk cargo ships as well as the largest warships.

A second direct access to the entire harbor is also available by means of the New York and New Jersey channels extending from the Lower Bay to the Upper Bay through the waterway separating Staten Island from the New Jersey mainland. The authorized depth of this channel is [fol. 2669] 35 feet. However, at the direction of the Public Works Committee of the United States House of Representatives, the District Engineer of the U. S. Army Corps of Engineers held a hearing in March 1957 to determine the adequacy of the authorized channel dimensions particularly in the light of future commerce requirements.

A third direct water access to the harbor is available from Long Island Sound through the East River which has a channel depth of 35 feet. Thus, with the authorization of the Congress, the New York-New Jersey port has three major channels providing water access to the entire harbor. Their value to this nation in time of peace and war is incalculable.

IV. DECLINE IN FOREIGN TRADE TONNAGE AT THE PORT OF NEW YORK

Q. Does the Port Authority keep in close touch with the past and current volumes of oceanborne foreign trade at the port of New York as compared with that at competing ports?

A. Yes. Within the Port Development Department, of which I am the Director, we have a trade research and analysis staff which compiles and analyzes this data on the basis of material obtained from the U. S. Army Corps of Engineers and the Bureau of the Census.

Q. Do you have an Exhibit showing total oceanborne exports and imports for the United States as a whole and for the port of New York?

A. Yes. I have had prepared my Exhibit No. —— (D.G.) which shows that New York's share of the total tonnage has dropped from 28.6 percent in 1923 to 14.0 percent in 1956.

The extent of New York's decline is clearly evident when it is realized that for the first time since the port of New York assumed its leading role in the early part of the last century, New York is now in third place among all United States ports in the volume of total oceanborne foreign commerce. In 1956 New York trailed the Virginia ports and Philadelphia.

[fol. 2670] Q. To what do you attribute this decline in New York's share of the tonnage?

A. We have given consideration to all the possibilities and we are driven to the conclusion that New York's rail rate handicap is the primary reason why our import-export tonnage is steadily declining, while the import-export tonnage of competing ports is steadily increasing. There can be no doubt but that New York has facilities for handling export-import traffic at least equal to, and in some cases superior to, facilities at competing ports. In the last analysis, if it costs more money to ship via the port of New York than via competing ports, the traffic will tend to move through the lower-rated ports. We find that this is continuing at an accelerated pace and we therefore wholeheartedly support the railroads here who are trying to bring about some degree of equalization between New York and the ports with which it competes.

V. EXPENDITURES FOR PORT PROMOTION AND DEVELOPMENT AT NEW YORK AND COMPETING PORTS

Q. Does the Port Authority have a program for promoting and developing the movement of commerce through the port of New York?

A. Yes. Some years ago, the Port Authority established and is today operating five special trade development offices for the purpose of assisting shippers by providing up-to-date information and other services in the routing of their commerce through the port of New York. These offices are located in Chicago, Cleveland, Washington, D. C., Rio de Janeiro in Brazil, and on lower Broadway in the heart of the foreign trade and shipping center of downtown Manhattan. Our trade development personnel contact many thousands of shippers each year in their respective territories.

Q. Are other ports undertaking similar port promotion activities?

A. Yes. Particularly during the past 10 years, every major port along the Atlantic and Gulf coasts has undertaken extensive trade development programs, some of which are more comprehensive than others. Exhibit No. [fol. 2671] —— (O) lists the annual expenditures by various ports in their port promotion activities.

I want to emphasize that many of the ports which have the differentially lower rail rates are stressing this advantage in the promotional material which they are distributing to shippers. Exhibit No. —— (N-1) shows typical advertising and promotional literature publicizing the rate advantage enjoyed by competing ports and highlighting the rate disadvantage under which the port of New York labors.

Q. Could New York's decline in tonnage be attributed to greater expenditures for promotion and development by competing ports, rather than to the rail rate differentials favoring those ports?

A. No. Exhibit No. —— (C-1), consisting of four pages entitled "Development of Port Facilities at North American Seaports," includes all known funds spent or committed by the port of New York and competing ports in the 10-year postwar period from January 1, 1946, to December 31, 1955. The port development expenditures are broken down into two categories: general cargo facilities, which include all piers, wharves and sheds used primarily for the handling of general cargo; and special facilities, which include terminals for handling any cargo in bulk, grain elevators, waterfront warehouses and other ancillary facilities. Each category is further divided into new construction and modernization and rehabilitation. New construction is defined as entirely new work or complete rebuilding which creates new ship berths; modernization and rehabilitation cover such items as additions and improvements to existing facilities, and any restorative work which does not result in the addition of new ship berths.

It will be noted from the exhibit that the competitive ports to the south of us are also spending substantial sums [fol. 2672] on port development. For example, Philadelphia shows $33,810,000; Baltimore, $32,595,000; New Orleans, $27,990,000; Newport News, Va., $24,015,000; Houston, Tex., $15,220,000; Savannah, Ga., $10,100,000. These expenditures cover both general cargo facilities and specialized facilities.

The New York-New Jersey port has spent $114,630,000. This is almost as much as all the other North Atlantic ports combined and much more than all the Southern ports combined. Thus, our tonnage decline, which is still continuing, cannot have been caused by lack of expenditures for port promotion and development at New York.

VI. POSITION OF THE PORT OF NEW YORK AUTHORITY

Q. What is the position of The Port of New York Authority in this proceeding?

A. The Port of New York Authority is supporting the railroads serving New York which have published reductions in their rail rates on import and export traffic to and from the affected territory. The decline in foreign tonnage moving through New York during recent years (which will be shown by witness Jerome Gilbert), makes it clear that these rail rate reductions are necessary in order to enable the New York carriers to compete on more nearly equal terms with the competing railroads serving ports to the South. Since the ocean rates to and from all Atlantic and Gulf ports are now generally equalized (as will be explained by witness E. K. Laux whose testimony follows mine), there can be no justification for continuing the rail rate-differential handicap against New York.

The reduced rates proposed by the New York carriers are the same as the rates presently applicable on almost all traffic through the ports of Baltimore and Hampton Roads and the same as the rates applicable on some traffic through the South Atlantic and Gulf ports. Although the South Atlantic and Gulf ports will still continue to have a very substantial advantage in rates on a very large [fol. 2673] segment of their import and export traffic, the reduced rates published by the New York railroads will at least reduce the handicap of the New York carriers to some extent and improve their opportunity to compete.'

The Port Authority opposes the reductions in the rail rates published by carriers serving other ports to the extent they would result in rates lower than those proposed through New York. Since the ocean rates have been equalized to all the ports, there is no longer any competitive necessity or justification for any one port to have a rail rate advantage over any other port.

The State of New York, The City of New York and The Port of New York Authority have worked closely together on this matter by supporting the New York railroads in their efforts to adjust their import-export rates to enable them to compete with the railroads serving ports to the south of New York.

I have been authorized to state that the organizations whose names appear in Appendix A hereto join in this statement of position. All of these organizations either are parties to these proceedings or have filed petitions for leave to intervene.

[fol. 2674] **VERIFICATION**

City of New York
State of New York ss.
County of New York

Roger H. Gilman, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: Roger H. Gilman

Subscribed in my presence and
sworn before me by the affiant
above named on this
11th day of June, 1957

Mildred C. Porth
Notary Public
My Commission expires 1959

Seal

[fol. 2675]

APPENDIX "A"

Belleville Manufacturers' Association

Bergen County Chamber of Commerce

Bloomfield Chamber of Commerce

Bronx Board of Trade, The

Chamber of Commerce, Garfield, New Jersey

Chamber of Commerce, Irvington, New Jersey

Chamber of Commerce of Eastern Union County

Chamber of Commerce of Northern Hudson County

Chamber of Commerce of the City of Newark

Chamber of Commerce of the State of New York

City of New York

Clifton Chamber of Commerce

Cold Storage Warehousemen's Association of the Port of New York

Commerce and Industry Association of New York, Inc.

Edgewater Chamber of Commerce

Hoboken Chamber of Commerce

Ironbound Manufacturers' Association, Inc.

Maritime Association of the Port of New York, The

Metuchen Chamber of Commerce, The

New Jersey Industrial Traffic League, Inc.

New York Board of Trade
New York Shipping Association, Inc., The
Queensboro Chamber of Commerce
Shippers' Conference of Greater New York
West New York Board of Trade
West Side Association of Commerce in the City of New York

[fol. 2676]

(See opposite) ☞

Exhibit No. (C)
I&S Docket 6615
Witness Roger H. Gilman

(See opposite) ☞

The Port and the Community

A report on the economic importance
of the New York-New Jersey Port
to the people of the Port District
prepared by
THE PORT OF NEW YORK AUTHORITY

Every ship that enters or leaves the New York-New Jersey Port means dollars and jobs for the people of the Port District.

Foreword

This report on THE PORT AND THE COMMUNITY presents facts on the importance of the New York-New Jersey Port in providing jobs and income. It has been prepared by The Port of New York Authority, within its responsibilities for port development and promotion. How the residents of the Port District and the port are related is the subject of THE PORT AND THE COMMUNITY.

For many years, the Port Authority has pointed out that one person out of every ten employed in the Port District earns his livelihood in a job directly connected with the Port. As a result of new research and analysis, we have determined for the first time the far-reaching effects of this direct port employment on other people in the Port District and the community as a whole. The conclusions of the report indicate that the Port's handling of many millions of tons of waterborne commerce in an average year produces:

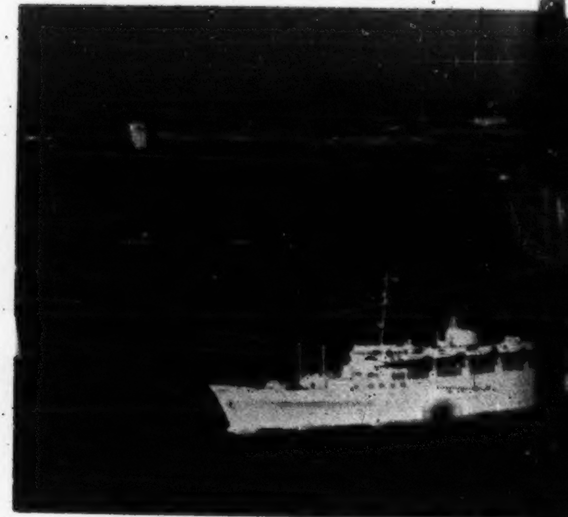
- Port jobs that provide livelihood for at least 430,000 people.
- Support for one out of every four people who live in the Port District.
- More than a fourth of the total wages earned in the Port District.

The report that follows gives a detailed story telling how these important conclusions were reached.

May 1956

Donald V. Lowe, *Chairman*
The Port of New York Authority

The Port



From its earliest days, the wealth of our Port and its surrounding community has come from ships of the sea and the activities generated by the cargoes they carry to and from the Port. The Port itself might be called nature's supreme effort to provide man with magnificent avenues for the free flow of commerce. It is a great junction of ocean, rivers, bays and harbors reaching deeply into the surrounding 1,500 square miles of upland within the neighbor States of New York and New Jersey.

On these uplands, roughly within a radius of 25 miles from the Statue of Liberty, there are today over 200 municipalities, including the world's greatest city as well as small communities. The Port waters have been bridged and tunnels have been bored beneath them. The people of the Port District have devoted continuing energy to improve the natural advantages of the Port as a transportation crossroads for goods entering and leaving the United States. The waters and lands of this Port are joined in a unified economic community known as the New York-New Jersey Port District.

THE PORT OF NEW YORK — busiest port in the world — one ship arrival or departure every 20 minutes around the clock.

In the early days, salt winds blew over the uncluttered lands, and man's greatest concentration of activity was at the water's edge. As the Port prospered, however, these activities spread inland and great buildings soared skyward.

Yet the Port retains its vital impact on the welfare of the 13 million people who live in the metropolitan area of the two States today. Just how important the harbor is to us is measured in terms of the jobs and income the Port provides. This report, based on a study of waterfront employment and activities for an average post-war year (1953) examines the Port as an *employer* or job-maker first. Then it goes beyond jobs and income directly connected with the Port to see how the Port also provides economic support for about 3,120,000 people or *one out of every four* of the 13,000,000 who live in the Port District.

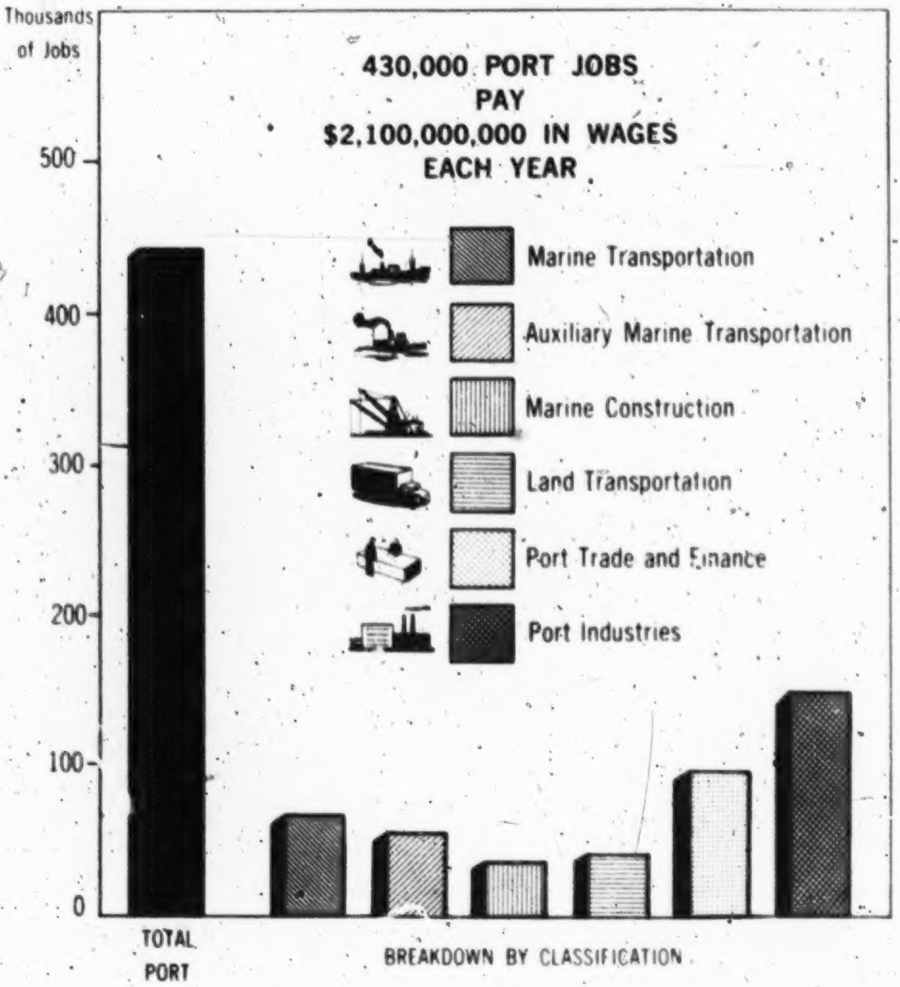
The Port as an Employer

To begin, let us look at Port jobs held by people who live in the New York-New Jersey Port District. There are at least 430,000 of these jobs in an average year. They provide wages of $2.1 billion a year as a result of the movement of 140 million tons of commerce into, out of and through the Port each year. They may be classified into six basic divisions:

- Marine Transportation
- Auxiliary Marine Transportation
- Marine Construction
- Land Transportation
- Port Trade and Finance
- Port Industries

All of these jobs provide income that finds its way back into Port District markets. They are jobs that would not exist in the New York-New Jersey Metropolitan Area if it were not for the harbor.

The number and kinds of jobs within the separate divisions of employment, and the income they produce, are to be considered next. It must be noted that the employment reported is limited to jobs existing only because of the commerce developed by the harbor. Although the value of the Port in our local economy is enhanced by other businesses and activities related in substantial degree to the Port and its many transportation services, these are not considered here. Such Port activities as the Port District's three major airports where *24,500 people* work and earn *$135 million a year*, and, in turn are reflected back into the general economy, are therefore not included in the following pages.

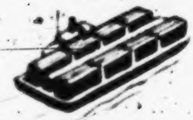


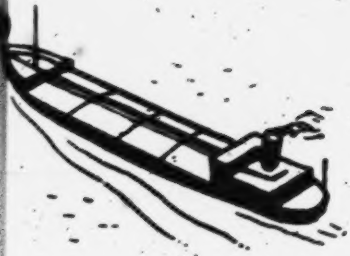
Marine Transportation

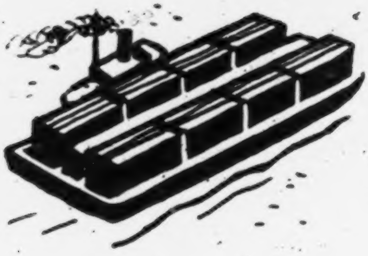
66,400 Jobs

The marine transportation industry provides 66,400 jobs with a total payroll of $428,900,000 a year for people living in the New York-New Jersey Port District.

On board ship and ashore 52,100 people work for the shipping lines that carry 44 per cent of the total value of United States oceanborne foreign commerce. Another 6,700 people in the Port District work in the coastwise and intercoastal trade, which involves the movement of cargoes by ship between our Port and other ports in the United States.

		Annual Average Employment	Total Annual Payroll
	Ocean Transportation	52,100	$337,432,600
	Coastwise and Intercoastal	6,700	49,251,900
	**Rivers and Canals**	2,000	11,599,800
	Local Water Transport	5,600	30,644,600
		66,400	$428,928,900





Cargo movements along the New York State Barge Canal give work to over 2,000 people in the Port Area. They are a part of the operation of the canal tugs and barges that provide low-cost access to upper New York State and the Great Lakes.

Within the harbor proper, 5,600 Port workers pilot ocean vessels to and from their berths and operate the 2,500 lighters, carfloats and tugs that enable goods to be moved promptly and efficiently.

Industrial Occupation

OCEAN TRANSPORTATION — employees engaged in ocean transportation — ashore and afloat — of freight and passengers between the United States and foreign countries, not counting foreign sailors.

COASTWISE AND INTERCOASTAL — employees engaged in transporting freight and passengers between one U.S. port and another, including territories of the U.S.

RIVERS AND CANALS — employees engaged in transporting freight and passengers on inland waterways.

LOCAL WATER TRANSPORT — employees operating lighterage, tugboats, pilotage and ferryboats in local waters.

Auxiliary Marine Transportation

65,200 Jobs

The work of receiving ships and their cargoes and preparing them for departure from Port provides 65,200 jobs, with an annual payroll of $255,300,000.

The never-ending tasks of moving goods and passengers to and from shipside, policing and operating the docks, conducting marine salvage and surveying, require the labor of 35,600 people.

While cargo is being transferred, the provision of supplies — bunker oil, food, stores and the like — required by the vessel on its voyage calls for the

		Annual Average Employment	Total Annual Payroll
	Marine Terminals	35,600	$130,257,900
	Services Auxiliary to Water Transport Performed by Government	8,000	34,990,100
	Customs Brokers and Freight Forwarders	7,100	26,358,500
	Maritime Supplies	14,500	63,673,200
		65,200	$255,279,700

work of 14,500 people. Another 7,100 persons, working for Customs brokers and freight forwarders, perform essential tasks in bringing ocean cargoes to their receivers.

Many of the auxiliary services necessary to operate a Port are performed by government agencies. Customs, immigration and harbor administration and maintenance are carried on by 8,000 government employees residing in the Port District.

Industrial Occupation

Marine Terminals — employees performing services to water transport companies such as stevedoring, cargo checking, surveying, protection, marine salvage, dock operation and waterfront terminals.

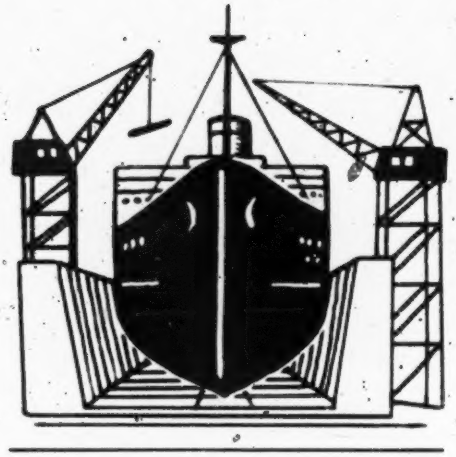
Services Auxiliary to Water Transport Performed by Government — services performed by civilian employees of government including customs, immigration, harbor maintenance, quarantine, protection and administration. Also includes foreign consulates.

Customs Brokers and Freight Forwarders — employees engaged in forwarding goods from shipper to receivers, including packing, crating, and preparing goods for shipment.

Maritime Supplies — employees working for firms supplying equipment and supplies to vessels.

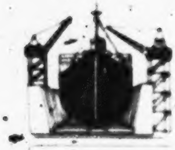
Marine Construction

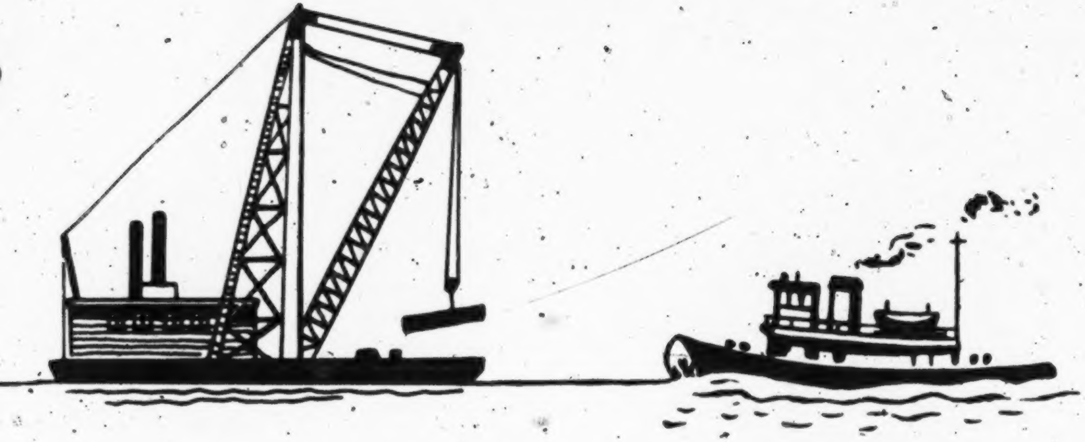
34,100 Jobs



An average of one ship every twenty minutes, around the clock, enters or leaves the New York-New Jersey Port.

Continuous marine construction is required for the effective maintenance of these thousands of ships and their berths. These activities give jobs to 34,100 Port District workers, drawing $160,100,000 in wages a year.

		Annual Average Employment	Total Annual Payroll
	**Shipbuilding and Repairs**	31,800	$147,016,200
	Marine Construction	2,300	13,087,100
		34,100	$160,103,300



The bulk of this activity is concentrated in shipbuilding and ship repairs, and it ranges from the building of great ships, to the minor but essential repairs performed while ships are in port loading and unloading cargo. A smaller work force of 2,300 persons just as essential to the effective functioning of the Port, is required to handle the physical maintenance of existing harbor terminals and facilities, to build new ones, and to attend to daily harbor chores such as pile driving and dredging.

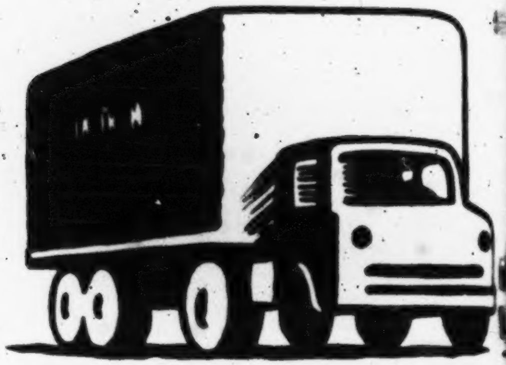
Industrial Occupation

SHIPBUILDING AND REPAIRS — employees engaged in building and repairing all types of ships and barges.

MARINE CONSTRUCTION — employees working on marine construction such as dredging, pile driving, harbor and waterway maintenance.

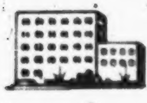
Land Transportation

40,400 Jobs



The New York-New Jersey Port District is a transportation "hub" with spokes reaching out to the entire world. Within the United States, the roads and rails that extend outward from the Port to the north, west and south, are highly important spokes of this "wheel." And within the Port District, 40,400 people, earning $172,700,000 a year, owe their livelihood to the fact that great volumes of ocean cargoes must be transported to the Port from every part of this country. Similarly, such cargo frequently has completed only one phase of its journey when it reaches the Port from foreign shores.

Since our Port is a general cargo Port, specializing in the handling of

		Annual Average Employment	Total Annual Payroll
	Trucking	19,400	$ 80,773,300
	Railroading	18,000	80,260,200
	**Warehousing**	3,000	11,675,900
		40,400	$172,709,400

packaged goods which are particularly adapted to truck transport, 19,400 trucking employees depend on waterborne cargo for their jobs.

There are twelve major railroads in the Port's great land transportation network. Rail movements owing their existence to waterborne cargoes provide 18,000 jobs within the Port District.

The Port also provides every type of storage facility for almost every kind of commodity. These facilities are operated by 3,000 employees who handle the goods temporarily stored in their journey through the District.

Industrial Occupation

TRUCKING — employees engaged in operating trucks for hire or privately handling freight originating or destined for water movement within the Port District, and over-the-road truckers living in the Port District.

RAILROADING — employees of railroads living in the Port District, who are directly engaged in handling waterborne commerce.

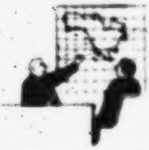
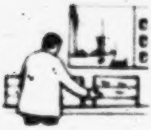
WAREHOUSING — employees engaged in storing goods in bond, goods at foreign trade zones, and storage of a general line of goods moved by water.

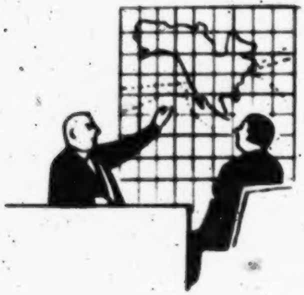
Port Trade and Finance

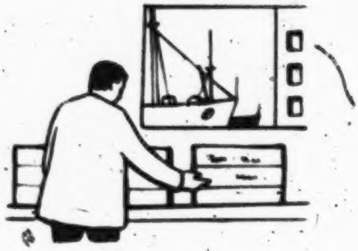
96,000 Jobs

Within the Port District is to be found the world's greatest concentration of experts and agencies whose business is to serve the shipper and the traveler. These services provide 96,000 jobs paying $462,800,000 in wages each year.

Regardless of what is manufactured or grown in any part of the world, the chances are that it is traded by the import-export firms of the Port District which employ 71,100 trained people.

		Annual Average Employment	Total Annual Payroll
	Foreign Banking	14,200	$ 61,657,800
	Marine Insurance and Admiralty Law	3,700	17,136,600
	**Arrangement of Transportation**	7,000	36,651,300
	**Exporting and Importing**	71,100	347,375,800
		96,000	$462,821,500





The many jobs required to arrange the financial details of buying and selling foreign commerce and insuring the safe passage of cargoes are handled by 17,900 people: 14,200 in banking operations and 3,700 in marine insurance.

The shipping and travel agencies — including the services supplied by trade associations — require 7,000 people.

Industrial Occupation

Foreign Banking — employees engaged in foreign financial transactions such as foreign departments of banks, branches of foreign banks and currency exchanges

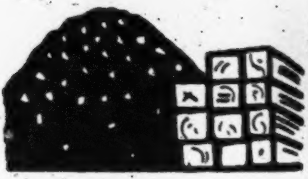
Marine Insurance and Admiralty Law — employees engaged in handling marine cargo and hull insurance for underwriters and brokers. Also those individuals working in the admiralty law field

Arrangement of Transportation — employees engaged in arranging water transportation between shippers and transportation companies and travel between passengers and transportation companies, including employees of foreign trade associations.

Exporting and Importing — employees working for firms solely engaged in importing and exporting and those employees working in foreign departments of manufacturing firms.

Port Industries

127,600 Jobs



The largest single category of Port-dependent employment is provided by so-called Port industries. These jobs may not come to mind immediately as Port jobs since they are not of a marine or transportation nature. The 127,600 people in the Port District who hold them, however, receive $657,700,000 in wages a year because their employers depend on the harbor for transportation of their materials and products.

These employers are termed "tidewater industries," since they are located at or near water's edge. The estimate of Port-dependent employment connected with them, the 127,600 jobs, is believed conservative, since it excludes:

- employment in tidewater industries which rely upon the Port for their raw materials and access to markets, but which could readily switch to other means of transport if the harbor were not available to them, and
- employment in thousands of Port District industries which are dependent upon Port facilities to a varying degree, but which are not situated near tidewater.

The tidewater industries, listed by product or process, provide the following jobs:

Occupation	Annual Average Employment	Total Wages
Bulk Materials Handling (lumber, coal, etc.)	40,400	$213,642,600
Chemical Products Manufacture	34,000	165,402,900
Petroleum Refining	18,300	112,607,200
Paint and Oil Manufacture	12,200	56,062,300
Food Processing (sugar, coffee, etc.)	11,000	58,598,500
Ore Processing (copper, lead, etc.)	7,300	33,266,000
Fibre Processing (jute, cordage, etc.)	3,000	11,343,500
Building Materials Manufacture (cement, bricks, etc.)	1,400	6,775,000
	127,600	$657,698,000

The Port as a Provider: 430,000 Port Distric

Thus, at least 430,000 Port District residents earn $2,100,000,000 each year from jobs that would not exist if it were not for the Port.

But so far in this report only the Port's economic effects on certain people as *individuals* have been considered. The next question therefore must be: "What broad economic effects has the Port on an even greater number of people in the Port District: those who are supported by the 430,000 Port wage earners in either a family or a related job sense?"

Tools of statistical analysis used by the Federal Government to measure the total national economy have been applied to the income of the 430,000 Port workers. According to these measures, every dollar of income earned by these workers generates or creates two dollars of additional income within the area. Thus $2,100,000,000 in Port job wages each year become $6,300,000,000 in Port generated income. This is more than one-fourth of the estimated total of $23,000,000,000 in wage income earned each year by all people in all jobs in the Port District.

esidents earn $2.100.000.000

Another way of putting it is to say that each of the 430,000 jobs creates an economic condition equivalent to two additional jobs—or a total of 1,300,000 jobs. On the basis of 2.4 dependents per job (the worker plus average family dependents of 1.4 persons), a total of 3,120,000 Port District residents of a total population of about 13,000,000 are found to be dependent for their livelihood upon the Port's waterborne commerce.

Through these statistical methods, we may state that the Port provides:

- **The economic basis of existence for** *one out of every four* **persons who live in the Port District, or** *about 3,120,000.*
- **More than** *25 per cent* **of total wages earned in the Port District.**

The Port as a Provider: $6,300,000,000

Now how is the $6,300,000,000 in annual Port generated income spent? The Port worker spends his wages to supply his family with food, shelter, clothing and other needs and pleasures. The great bulk of these expenditures sooner or later become the personal income of another Port District resident. This process of earning and spending—income building—is constantly generating additional income for all the people of the area. The importance of Port income to the area's economy can be readily appreciated by examining how these dollars become income for other people. A graphic presentation is given in the table on the opposite page.

As a final consideration in evaluating the Port as a provider, the Port's impact is considered on a local geographic basis. The New York-New Jersey Port, in its wealth-producing activities, resembles many other natural resources that flourish through the enterprise of man, but there is one important difference: the Port generates more employment and income in its immediate area than most other natural resources.

To illustrate, the harnessing of water power in the western sections of the United States has created hydroelectric facilities that are impressive monuments to man's engineering skill and his ability to expand his economy. The investment in these projects may exceed the investment in the Port District's waterfront facilities. And yet, the number of people who receive employment in the immediate vicinity of these power plants is small compared to Port employment. In other words, the direct income producing benefits of the Port are primarily local, while the benefits of power generation, for example, are literally carried over transmission lines to distant areas.

n annual Port generated income

Sectors of Port Economy Benefiting from Port Income

Money Expenditure for Consumption	Distribution of Port Income	Percentage of Total*
Food	$2,079,000,000	33.0
Housing	1,266,300,000	20.1
House Furnishing and Equipment	434,700,000	6.9
Clothing	768,600,000	12.2
Auto Transportation	264,600,000	4.2
Other Transportation	163,800,000	2.6
Personal Care	132,300,000	2.1
Medical Care	371,700,000	5.9
Reading, Recreation and Education	415,800,000	6.6
Beverages	308,700,000	4.9
Miscellaneous	94,500,000	1.5
Total Expenditure	$6,300,000,000	100.0

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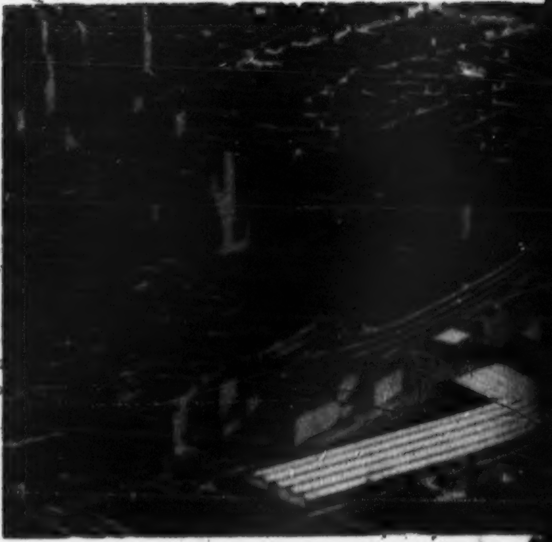
* *Source: U. S. Bureau of Labor Statistics, Consumer Expenditure Survey.*



The Port's Challenge

The facts and conclusions contained in this report are presented by The Port of New York Authority to underscore the measurable vitality of the economy of the Port. The information used on jobs and income covers the calendar year 1953, since this represents the latest year that can be considered typical of Port activities and one on which data is now available. To preserve such activities we must constantly strive to assure four basic requirements of Port prosperity.

The Four Basic Requirement

1 Modernization and improvement of waterfront facilities.

2 Restoration of equality in transportation rate structures, many of which now favor competing ports over the New York-New Jersey Port.

Brooklyn waterfront as it will appear upon completion of the Port Authority's $85,000,000 seven-year development program.

Many state and local governmental agencies and many private interests are at work on these matters today. Among them, The Port of New York Authority is responsible under the 1921 Compact between the States of New York and New Jersey, for a regional program of Port development, promotion and protection. The penalty for failure by the agencies and interests involved is the loss of cargo by the Port. And the loss of cargo means less jobs and less wages in the Port District.

f Port Prosperity

3 Promotion of the advantages for shipping Via the Port of New York.

4 Establishment of stable and lawful leadership of waterfront labor.

A Note About This Report

The information in this report is derived from employment statistics compiled in administering the Unemployment Insurance Laws by the State of New York's Department of Labor and the State of New Jersey's Department of Labor and Industry.

Working with these official sources, the Port Authority's Trade Research and Analysis Staff was able to construct statistics for the Port District with a degree of accuracy that could not be achieved by any other means.

To supplement the basic Unemployment Insurance data, other sources have been drawn upon. These were: U. S. Maritime Administration; U. S. Department of Defense; U. S. Department of Commerce; Railroad Retirement Board; Interstate Commerce Commission; New York City Planning Commission; U. S. Department of Justice; U. S. Treasury Department; Waterfront Commission of New York Harbor; U. S. Department of Labor; and New York Federal Reserve Bank. In addition to these official sources of information, data was gathered from various industry groups whose activities are concerned with waterborne commerce.

The Port of New York Authority wishes to express its appreciation to the numerous public officials and private business representatives, without whose generous assistance and cooperation this report could not have been completed.

This report prepared by:

THE PORT OF NEW YORK AUTHORITY

111 Eighth Avenue, New York 11, N. Y.

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Port Development Department

ROGER H. GILMAN, *Director*

HAYDEN B. JOHNSON, *Deputy Director*

CLIFFORD B. O'HARA, *Chief*
Port Commerce Division

DAVID L. GLICKMAN
Economist

JEROME GILBERT
Trade Economist

The Port of New York Authority is the self-supporting corporate agency of the States of New Jersey and New York. Operating without burden to the taxpayer, it was created in 1921 by treaty between the two States to deal with the planning and development of terminal and transportation facilities, and to promote and protect the commerce of the Port District.

Port Authority Commissioners, six from each State, are appointed by the Governors of New Jersey and New York. They serve without pay for terms of six years.

Charged by statute with the protection of port commerce, the Port Authority appears before such regulatory bodies as the Interstate Commerce Commission, the Civil Aeronautics Board and the Federal Maritime Board in the interest of the welfare of the unified Port Area. It maintains five regional Trade Development Offices in the interest of promoting the movement of commerce through the Port of New York

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COMMISSIONERS

NEW JERSEY

Donald V. Lowe, *Chairman*
Horace K. Corbin
Jess Harrison Davis
Dow H. Drukker, Jr.
James C. Kellogg, III
Thorn Lord

NEW YORK

Howard S. Cullman, *Honorary Chairman*
Eugene F. Moran, *Vice Chairman*
S. Sloan Colt
Charles S. Hamilton, Jr.
Chas. H. Sells
N. Baxter Jackson

Austin J. Tobin
Executive Director

PORT AUTHORITY FACILITIES

Tunnels and Bridges

Holland Tunnel
Lincoln Tunnel
George Washington Bridge
Bayonne Bridge
Goethals Bridge
Outerbridge Crossing

Airports

New York International Airport
La Guardia Airport
Newark Airport
Teterboro Airport

Marine and Inland Terminals

Port Newark
Port Authority Grain Terminal
Union Railroad Freight Terminal
New York Union Motor Truck Terminal
Newark Union Motor Truck Terminal
Port Authority Bus Terminal
Hoboken-Port Authority Piers
Brooklyn-Port Authority Piers

Trade Development Offices

New York
Chicago
Cleveland
Washington
Rio de Janeiro

May 1956

[fol. 2691]

(See opposite) ☞

[fol. 2695] New York Harbor Terminals Map

I.C.C. Exhibit No. 16

Before the
INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

TESTIMONY OF JEROME GILBERT, TRADE ECONOMIST, THE PORT OF NEW YORK AUTHORITY

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (S. H. Moerman, Investment Building, Washington 5, D.C.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 2697]

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

TESTIMONY BY JEROME GILBERT, TRADE ECONOMIST, PORT OF NEW YORK AUTHORITY

Q. Will you give your name, occupation, and past experience?

A. My name is Jerome Gilbert. I am employed by The Port of New York Authority in the Port Development Department, Port Commerce Division, as the Trade Economist.

During the past three years I have been employed as a specialist in the flow of goods moving in foreign trade. Prior to coming to the Port Authority I was employed by the Federal Trade Commission and the United States Department of Commerce, analyzing and reporting on the production and transportation of goods between the United States and foreign countries.

Previous to this, for three years I was employed on the faculties of Rhode Island University and Wittenberg College, teaching courses in statistics, transportation, economic analysis, and economic growth patterns.

I have completed all courses toward my Ph. D. in Eco- [fol. 2698] nomics at Columbia University. I have a M.A. and B.A. in Economics from New York University.

Q. Have you made an analysis and study of the waterborne commerce through the Port of New York and competing ports for a period of years?

A. Yes, I have conducted an exhaustive analysis of the flow of trade to and from the United States as a whole, through the Port of New York, and through other leading ports and major coastal regions. The analysis is based upon official data published by the United States Department of Commerce, Bureau of the Census.

Q. Have you prepared a series of exhibits which you will employ to illustrate the results of your study?

A. Yes.

Q. Do you have an exhibit showing the Port of New York's share in the total United States foreign commerce compared with that of Boston, Philadelphia, Baltimore, and Hampton Roads?

A. Yes, Exhibit No. JG-1 —— is a single-page graph entitled "New York and Four Competitive Ports, Total Export & Import Tonnage Trend Lines." This graph illustrates that from the year 1923 to the year 1956 the Ports of New York and Boston have been handling an ever-diminishing share of total United States foreign tonnage. During the same interval the competing ports of Philadelphia, Baltimore, and Hampton Roads have shown very marked growth.

[fol. 2699] This exhibit shows the percentage share of the total United States foreign commerce in the lefthand column, and the line along the bottom of the graph shows the years from 1923 to 1956. The exhibit shows that over this 34-year period the Port of New York's share of ocean-borne foreign trade has declined steadily.

Q. Have you prepared an exhibit which shows New York's share of United States foreign trade and supplies the underlying figures?

A. Yes. This is portrayed by Exhibit No. JG-2 ——. which shows the actual tonnage moving through New York and a trend line constructed on the basis of the actual tonnage figures as related to the United States totals.

Q. Will you please explain how you arrived at the trend lines used in these exhibits?

A. The trend lines are based on the accepted statistical technique known as "least squares." This is a technique which permits one to describe fluctuating percentages as a statistical average.

Q. Using Exhibit JG-2 ——, will you please explain the characteristics of the decline in New York's share of the total import-export tonnage?

A. This exhibit shows that between 1923 and 1956, New York's share of United States oceanborne foreign trade declined from 28.6 per cent to 14.0 per cent—a decline of over 50 per cent. The greatest part of the decline occurred in the period following World War II. New York's competitive share of United States oceanborne foreign trade [fol. 2700], has deteriorated during the past decade, with only one minor exception—that being during the Korean War.

The decline in New York's competitive picture has occurred during the period of record volumes of foreign trade. As a result, the Port of New York's participation in the new trade that has developed in the post-World War II period has been less than 10 per cent, while competing ports have received the remaining 90 per cent. Because of the Port of New York's increasing inability to compete in new foreign trade, the trend line from 1946 to 1956, which is more steep than the years previous, is a true picture of what is occurring at the present time.

Q. Do you have a similar exhibit dealing with the Port of Boston?

A. Yes. Exhibit No. JG-3 —— shows Boston's share of total United States trade.

The exhibit shows that the Port of Boston, like the Port of New York, has also sustained a decline in its share of total United States oceanborne foreign trade. It should be noted that except for the years 1950-1951—the Korean War —the Port of Boston has not been competitive with other United States ports. To give a precise measure of this decline, the Port of Boston in 1923 handled 4.7 per cent of United States foreign trade and in 1956 its percentage had fallen to 2.5 per cent. Since the Korean War, the trend has been continually downward.

[fol. 2701] Q. Do you have a similar exhibit dealing with the Port of Philadelphia?

A. Yes. Exhibit No. JG-4 —— deals with Philadelphia's share and shows that in 1923, the Port of Philadelphia handled 10.0 per cent of United States oceanborne foreign trade and that in 1956 this percentage had risen to 24.7 per cent, or an increase of 150 per cent. The significance of Philadelphia's growth in its share of United States oceanborne trade is that its growth started at the end of World War II and has continued, with only a few minor interruptions, to the present time.

Q. Have you prepared a similar exhibit dealing with the Port of Baltimore?

A. Yes. Exhibit No. JG-5 —— shows that Baltimore's share has increased from 8.4 per cent in 1923 to 10.4 per cent in 1956, an increase of 20 per cent.

Q. Do you have a similar exhibit dealing with the Hampton Roads ports?

A. Yes. Exhibit No. JG-6 —— shows that the share of the Hampton Roads ports has risen from 4.3 per cent in 1923 to 17.1 per cent in 1956—an increase of almost 300 per cent. The growth of the Hampton Roads ports' participation in the United States foreign trade followed the same general pattern of Philadelphia and Baltimore—a sharp upsurge following World War II, which has continued to the present. To illustrate, Hampton Roads' share [fol. 2702] of United States oceanborne foreign trade exports in 1953 was 21.2 per cent, in 1954 it was 24.3 per cent, in 1955 it was 33.2 per cent, and in 1956 it was 35 per cent.

Q. Have you prepared an exhibit showing all United States waterborne exports for the years 1923 through 1956?

A. Yes. My Exhibit No. JG-7 —— shows all waterborne exports from the United States with a breakdown by major groupings.

Q. Do you have an exhibit showing waterborne exports through the New York Customs District during the same period?

A. Yes. Exhibit No. JG-8 —— shows the waterborne exports through New York by the same groupings. This exhibit shows that New York's share of the total United States export tonnage decreased from 27.1 per cent in 1923 to 7.7 per cent in 1956. So far as general cargo exports are concerned the exhibit shows that New York's share declined from 36.3 per cent in 1923 to 23.7 per cent in 1956.

Q. Do you have a similar exhibit showing the total United States waterborne imports for the period 1923-1956?

A. Yes. Exhibit No. JG-9 —— shows total waterborne imports into the United States during this period, broken down by major groupings.

Q. Have you prepared an exhibit showing New York's share of the total United States waterborne imports?

A. Yes. Exhibit No. JG-10 —— shows the proportion [fol. 2703] of the total United States import tonnage moving through the Port of New York during the same period. New York's share dropped from 30.2 per cent in 1923 to 18.8 per cent in 1956. It should be noted that of the total of 27,528,000 long tons moving through New York over 19,000,000 was comprised of tanker cargo tonnage which seldom if ever moves by rail. Were the tanker cargo to be eliminated, New York's share of the total United States import tonnage would be substantially smaller.

Q. To what do you attribute this drastic decline in New York's share of the total United States import and export tonnage?

A. This is accounted for by several factors. New York has been unable to share to any substantial degree with other North Atlantic ports in the exportation of coal and grain. It has also been virtually shut out with respect to the importation of ores which are now moving through Philadelphia and Baltimore. Except for tanker cargo imports which do not ordinarily move by rail, virtually the only tonnage still moving through New York is general cargo. As to this traffic, New York has been steadily losing ground to the South Atlantic and Gulf ports. As shown by my Exhibits Nos. JG-8 —— and 10 —— New York's share of general cargo exports and imports has steadily and drastically declined, and this trend is still continuing. [fol. 2704] Exhibit No. JG-11 —— compares general cargo exports and imports through New York with those through South Atlantic and Gulf ports in 1955 and 1956. While New York's export tonnage was about the same in 1956 as in 1955, tonnage through the South Atlantic ports increased by 6 per cent and tonnage through the Gulf ports increased by over 30 per cent. On general cargo imports, New York's tonnage increased by less than 2 per cent while the tonnage through the South Atlantic and Gulf ports increased by 13.0 and 28.4 per cent respectively.

Q. Have you made a study of the proportion of ex-lake grain moving through the Port of New York in comparison with that moving through other North Atlantic ports?

A. Yes. My Exhibit No. JG-12 —— shows the volume and percentage of ex-lake grain transshipped at the North Atlantic ports for the years 1950 through 1956. This exhibit shows that in the years 1954, 1955, and 1956 the Port of New York received 10.5 per cent, 31.0 per cent, and 29.0 per cent of the total ex-lake grain in comparison with 38.7 per cent of the total which it received in the two decades 1930-1949.

On the other hand, the Port of Baltimore, for example, handled 45.9 per cent, 31.2 per cent, and 33.4 per cent of [fol. 2705] the total received at the North Atlantic ports in the years 1954, 1955, and 1956, in comparison with the 29.8 per cent which it received during the 1930-1949 period. It is my understanding that the rates on ex-lake grain through all North Atlantic ports were equalized in 1952. This exhibit indicates that under equal rates New York did not secure a monopoly on this traffic and in fact, its proportion declined from that which it received prior to equalization of the rates.

Q. Do you have any statistics comparing the volume of freight presently being handled by the railroads serving New York to and from the territory involved in this proceeding with the volume which they handled in some past period?

A. Yes. Exhibit No. JG-13 —— shows that in the year ending July 31, 1956, four railroads serving the Port of New York handled 2,123,937 tons of freight to and from the affected territory in comparison with 2,515,786 tons which they handled during the calendar year 1951. This represents a decline of 15.6 per cent in the total export and import traffic handled by these four carriers between New York and the affected territory. The four railroads responsible for this tonnage are the New York Central, the Erie, the Delaware, Lackawanna & Western, and the Lehigh, [fol. 2706] Valley. Our figures indicate that these four carriers handled approximately 63 per cent of the tonnage handled by all railroads through the Port of New York.

[fol. 2707]

VERIFICATION

City of New York
State of New York ss.
County of New York

Jerome Gilbert, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: Jerome Gilbert

Subscribed in my presence and
sworn before me by the affiant
above named on this
11th day of June, 1957

Mildred C. Porth
Notary Public
My Commission expires 1959

Seal

Mildred C. Porth
Notary Public, State of New York
No. 30-3137750
Qualified in Nassau County
Commission expires March 30, 1959

[fol. 2710] Secretary's Certificate (omitted in printing).

[fol. 2711]

I.C.C. Exhibit No. 17

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (S. H. Moerman, Investment Building, Washington 5, D.C.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Verified Statement of Edward K. Laux
Traffic Manager
The Port of New York Authority

[fol. 2712]

Before The

INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Testimony of Edward K. Laux

Q. Will you give your name, occupation, and past transportation experience?

A. My name is Edward K. Laux. I am employed by The Port of New York Authority in the capacity of Traffic Manager and my transportation experience consists of 46 years with about 32 of these years having been spent with coastwise steamship lines, serving in such capacities as general freight agent, freight traffic manager, and general traffic manager. During World War II, when the coastwise lines ceased operations because the vessels had been requisitioned or purchased by the government, I was employed as the Traffic Manager for the Army Engineers War Department Contractors engaged in building air fields, and served for a short period as Marine Superintendent for the government's Amazon Valley rubber development project in Brazil, South America. I have been in my present position a little more than 13 years.

[fol. 2713] Q. Are you familiar with the issues here involved?

A. Yes. As I understand it, the principal issue involves the right of a majority of the New York railroads to reduce their freight rates on export and import traffic and improve their opportunity to compete. The proposed reductions would remove the so-called differential of 3¢ per 100 lbs. on export freight other than grain and flour, and the differential of 1½¢ per 100 lbs. upon grain and 2¢ per 100 lbs. on flour for export. On import freight the reduced rates would wipe out the differential of 3¢ per 100 lbs. applicable to classes other than first and second class and the differential of 8¢ per 100 lbs. on first and second class. In the background of this case is the problem of a rate war because the attempt of the railroads serving Philadelphia and Baltimore to retaliate by cutting under the New York rates is unquestionably the beginning of a rate war.

Q. Is there a real danger of a rate war?

A. The rate war has already started. When you have retaliatory tariffs filed you have a rate war. The New York railroads are fighting for equalization. The railroads south of New York are fighting for a differential advantage. Unless one group or the other yields, a destructive rate war is inevitable.

Q. What is New York's relationship in rates to and from the other ports in the export-import differential structure?

A. New York always takes the highest rates, even when compared with ports more disadvantageously located. It is not easy to explain the differential adjustment because [fol. 2714] there is now no logic or consistency to it. We have quite a degree of equalization already because Hampton Roads is equalized with Baltimore, and Boston is equalized with New York. But New York is at a disadvantage as to some rates from the Canadian ports and the South Atlantic and Gulf ports. The Canadian ports are usually equalized with Philadelphia or with some other U. S. port, as I will show later. The ports in the South Atlantic range are generally equalized, as are also the Gulf ports, in disregard of distance. In addition, New York suffers the disadvantage of much higher rates than those to and from the Gulf, and this in spite of the fact that the distance between Chicago and New Orleans is almost identical with the distance between Chicago and New York. My study of the differential rate structure over a long period of years convinces me that the North Atlantic range is the only part of the United States where differentials are recognized as between ports in the same range.

Q. How long has the Port of New York labored under a rail-rate handicap on export and import traffic?

A. It is important to understand at the outset that New York's handicap is comparatively recent and that it resulted from a progressive equalization of the ocean rates from World War I through 1935. For many years New York was equalized with Baltimore with respect to through rates by rail and ocean on heavy-moving commodities. Even prior to those early days ocean rates from and to all North Atlantic ports in many trade routes were on an equality. Now I cannot emphasize too strongly that for more than half a century or until about 1935, equalization [fol. 2715] of through ocean-rail rates via the ports was the general rule and no port had any advantage over any other port. I will show later in my testimony that prior to 1935 the ocean rates were higher to the ports south of New York than to New York itself, and the rail differentials were originally established for the very purpose of accomplishing equalization of the through rates by rail and ocean. The several ports south of New York have had an accidental advantage for many years and still have because when the ocean rates were equalized the rail rates were not changed, giving those ports an advantage as to through transportation for the first time in history.

[fol. 2716] **OCEAN RATES AND SERVICES**

Q. Have you made a study and analysis of the ocean rates to and from the North Atlantic range of ports?

A. Yes. We have examined the tariffs of the various steamship conferences that are on file with the Federal Maritime Board in Washington, D. C., and we have prepared Exhibits —— (G-1) consisting of 180 pages, —— (G-2) 104 pages, —— (G-3) 95 pages, and —— (G-4) 84 pages. These exhibits are excerpts from the ocean tariffs and indicate that with rare exceptions the ocean rates to and from all North Atlantic ports, served by the steamship line participants in the tariffs, are on the same level. These tariffs are published for account of the steamship lines participating in conference agreements on file with the Federal Maritime Board.

Q. Do you have in your possession copies of the tariffs from which the excerpts shown in these exhibits were made?

A. Yes. We have copies of the complete tariffs and they are available for examination. The tariffs are so voluminous we thought that in this proceeding the excerpts would suffice to show that equal rates are observed today by the steamship lines.

Q. What do the tariff excerpts show with respect to the westbound rates to the North Atlantic range of ports?

A. These excerpts show that the westbound rates of the ocean carriers are on an equality, except in isolated instances.

Q. Do you have any other data in exhibit form dealing with westbound ocean rates?

[fol. 2717.] A. My exhibit No. —— (H-2), consisting of 7 pages, is made up of reproductions of letters which we have received from the secretaries of the steamship freight conferences or associations. These letters indicate that these steamship lines follow the practice of observing equalized rates.

Q. You referred to instances where the ocean rates are not equalized to and from all North Atlantic ports. Are there situations where the ocean rates are higher to the Port of New York than to the ports south of New York?

A. Yes. We have such a situation, but as far as I can determine it involves only wood pulp originating in Sweden and Finland. The steamship lines in those trades are assessing rates on the basis of what we call a penalty arbitrary by maintaining rates to New York at $1.00 per ton higher than to the ports south of New York. To Port Newark, which is located within the New York District, these same lines publish rates that are 50¢ per ton higher than rates to ports south of New York.

Q. You characterize these higher charges as penalty charges. Will you explain that?

A. Yes. It is our opinion that these steamship lines impose a higher charge on the wood pulp to the Port of New York and Port Newark for the purpose of keeping this freight from moving to our ports in preference to the ports south of New York for the reason that the steamship lines do not receive at the Port of New York or Port Newark free dockage or free wharfage. Further, when freight is landed at the Port of New York and Port Newark, the steamship line must assume the custodianship of the [fol. 2718] freight until it is delivered to the ultimate con-

signee. At the ports south of New York the rail carriers maintain terminals thereat which they either own or control and at which they offer the steamship lines free dockage and free wharfage. The railroads there also assume custodianship of the wood pulp despite the fact that some of the wood pulp might not be moved to the interior over the rail carriers furnishing the terminal facility. These steamship lines find it more economical, therefore, to move the wood pulp into the ports south of New York, where the railroads at their expense allow the wood pulp to remain at railroad terminals for a period of 15 free days within which delivery may be accomplished or orders received for the movement of the freight out of the ports over the rail carriers.

Q. What is the rate situation of these Scandinavian steamship lines with respect to commodities other than wood pulp?

A. The rates are on an equality to and from all North Atlantic ports served by these steamship lines.

Q. Does equality of ocean rates at North Atlantic ports imply that the ocean carriers incur the same port costs at New York as they do at ports to the south?

A. No. Equal ocean rates are maintained by the steamship lines in spite of the fact that their port costs at New York Harbor are higher than at ports to the south like Philadelphia, Baltimore and Hampton Roads. This is so because at these latter ports to the south of New York, at pier facilities controlled by railroads serving those ports, the steamship lines obtain free dockage, wharfage, storage, and clerking. The steamship lines must pay for all such [fol. 2719] facilities and services furnished at the Port of New York. The practice of the railroads in granting such valuable facilities and services free of charge to the steamship lines virtually compels the steamships to solicit and book their heavy bottom cargoes via those ports whenever possible.

The furnishing of the free port services described above by the railroads largely negatives any benefit the Port of New York might expect to derive from equalized ocean rates.

As an example of the economic pressure on the steamship lines to by-pass New York, with respect to heavy bottom cargo, let me point out that the steamship lines could save as much as $300 per day, which is an average cost for berthing a ship at pier. Further, they can save as much as 30 cents per ton on cargo which is about the average cost for the use of the wharf. In addition, there are other savings with respect to assuming custodianship, clerkship, watchmen, and supervisors.

These concessions with respect to port services and facilities have been of such deep concern to bona fide terminal operators that the Federal Maritime Board has instituted a proceeding under Docket No. 816, entitled *Investigation of General Practices Charges, Services, Definitions and Agreements of Terminal Operators at Atlantic and Gulf Ports,* which is a comprehensive investigation into port and terminal practices at all Atlantic and Gulf ports.

Q. You have testified that at the present time ocean rates are generally equalized to and from North Atlantic ports. Have you made a further investigation to determine to what extent ocean rates are not equalized among North Atlantic ports?

[fol. 2720] A. Yes, I have. I have found that because of the heavy bulk cargoes available outbound from ports to the south of New York, principally coal and grain, bulk vessels inbound to the Port of New York tend to assess a differential rate to New York over ports to the south of New York. These vessels inbound to New York with bulk commodities carry such things as bauxite, rutile, chrome and manganese ores. The reason why the bulk carriers incline toward the assessment of differentials to New York over the ports to the south is that there is not available at the Port of New York any export bulk cargo with the exception of some grain. If you will look at the ports to the south of New York, particularly those in the North Atlantic range, you will find stupendous volumes of export bulk cargoes such as coal in millions of tons and grain in millions of bushels. This is the reason why quotations to New York have a penalty differential on the rate: to force the traffic to the southerly ports where an outbound bulk cargo is generally readily available.

We do not get iron ore at the Port of New York but this ore does move in volumes of millions of tons through Philadelphia and Baltimore. The reason for this is simply that the importers positively refuse to designate New York Harbor as a port of discharge for inbound iron ore because of the differential rate disadvantage under which we labor in competition with the ports to the south. This matter has been the subject of an extensive litigation before the Interstate Commerce Commission in Docket No. I. & S. 6074 The Commission approved equalized rates from New York on iron ore but our sister port to the south, Baltimore, [fol. 2721] has gone to court and has been successful in the Maryland District Court in enjoining the order of the Commission. That case is docketed as Civil No. 9237. The precise status of the court case at this time is that we are perfecting our appeal to the Supreme Court of the United States.

Q. Have you made an investigation to determine the relative marine insurance costs with respect to import and export cargo through the various North Atlantic ports?

A. I have.

Q. What is the result of your investigation?

A. My investigation discloses that marine insurance costs in connection with export and import cargo through all North Atlantic ports is on the same insurance rate basis. In other words, it costs an exporter or importer no more to insure his cargo if it moves via New York than if it moves via any other North Atlantic port.

Q. Have you made a further examination with respect to marine insurance costs on export and import traffic via South Atlantic and Gulf ports?

A. Yes, I have. The marine insurance costs are the same via North Atlantic, South Atlantic and Gulf ports.

Q. Have you made an investigation into the advertised sailings from North Atlantic ports to certain foreign destinations?

A. I have.

Q. What source did you use for advertised sailings?

[fol. 2722] A. I used "THE FORWARDER", which is a trade paper published regularly each week and recognized as a standard reference for ship sailings.

Q. Have you prepared an exhibit in connection with this investigation?

A. Yes. My Exhibit —— (K-1), consisting of six pages, is an excerpt from the October 29, 1956, issue of "THE FORWARDER". The excerpted material on the exhibit shows, for example, that with respect to United States Lines, that company had scheduled the S. S. AMERICAN HUNTER to sail from Philadelphia on October 22, Baltimore the 25th, Hampton Roads the 27th, and from New York November 1, and Boston the 2nd. Previous issues of "THE FORWARDER" have contained these same advertised sailings prior to the time when the vessel would sail from the first port, in this case the October 22 sailing from Philadelphia. The advertisements are continued until the vessel completes loading and sails abroad from the last port of call in the United States.

It should be noted that of the 28 vessels listed on Page 1 of my Exhibit —— (K-1) out-bound from U. S. North Atlantic ports for Amsterdam, Holland, only 4 did not schedule calls at North Atlantic ports other than New York. Stated differently, shippers of export traffic do not have to use the Port of New York when, as indicated by this exhibit, there are more than enough sailings from ports like Hampton Roads and Baltimore, which enjoy rail rates lower than those to New York. Certainly if I were an industrial traffic manager, and I have been an industrial traffic manager, I would not be doing an efficient job for my [fol. 2723] company, in my judgment, if I were to use a higher cost transportation service when a lower cost transportation service was available. Going through my Exhibit —— (K-1), it will be observed that to leading world ports like Antwerp, Belgium; Bremen, Germany; Buenos Aires, Argentina; Durban, S. Africa; Genoa, Italy; Havana, Cuba; Havre, France; Kobe, Japan; Lisbon, Portugal; Liverpool, England; Manila, P.I.; Rio de Janeiro, Brazil; Singapore; Stockholm, Sweden and others, the out-bound vessels offer numerous sailings from all North Atlantic ports. I am quite aware that this has not always been the fact, but following World War II there has been a very great increase in services from ports with whom we compete and concurrent with this increase in sailings from these ports has come our decline in traffic.

Q. Have you made an investigation with respect to the number of arrivals and departures at the Port of New York in relation to the amount of cargo handled by these vessels?

A. I have.

Q. What was the source material you used in your investigation?

A. We used the *Journal of Commerce* in connection with arrivals and departures for the years 1938 and 1955.

Q. What are the figures for those years?

A. Our survey shows that the total annual general cargo vessel arrivals and departures were as follows:

[fol. 2724]

1938	4,600 arrivals 4,600 departures
1955	6,000 arrivals 6,000 departures

In connection with the foregoing figures, our analysis shows that in 1938 there were only 6,400 ship movements where general cargo was actually loaded or discharged compared with a total of 9,200 ship movements. This is explained by the fact that the difference between 9,200 and 6,400 ship movements represented vessel movements where no general cargo was actually loaded or discharged. Not all vessels coming into the Port of New York for discharge of cargo take on any cargo on their way out of the port. Similarly, not all vessels loading cargo at the port have discharged cargo prior to such loading.

With respect to the year 1955, as shown above, there were 12,000 arrivals and departures but only about 8,000 of these ship movements where general cargo was actually loaded or discharged in New York Harbor. The 4,000 ship movements where no cargo was actually loaded or discharged represent ship movements where the vessel either did not discharge cargo at New York Harbor but only arrived to load cargo; or discharged at New York but did not load cargo on departure.

Q. How many more ship movements where general cargo was actually loaded or discharged in New York Harbor did you have in 1955 over 1938?

A. Bearing in mind that we had 8,000 such ship movements in 1955 and 6,400 such ship movements in 1938, there were 1,600 more ship movements in 1955 than in 1938.

[fol. 2725] Q. Have you made a study of the average amount of cargo loaded or discharged per vessel for the years 1938 and 1955?

A. Yes I have.

Q. What source material did you use for this study?

A. The U. S. Army Corps of Engineers Commerce Statistics for New York Harbor.

Q. What was the total volume of the general cargo for the years 1938 and 1955 loaded and discharged at the Port of New York?

A. For 1938, the figure was 10,900,000 long tons. For 1955, the figure was 10,700,000 long tons. I should add for clarification in connection with the two figures I have just given that they exclude such commodities as lumber, sugar and scrap.

Q. Using the figures you have just given, have you determined the average amount of cargo loaded or discharged per vessel, 1938 compared with 1955?

A. Yes, the average amount of cargo loaded or discharged per vessel was 1,700 long tons in 1938 and 1,350 long tons in 1955.

Q. To what do you attribute the decline in average amount of cargo loaded from 1,700 long tons in 1938 to 1,350 long tons in 1955?

A. In my opinion, this decrease in average tonnage per vessel in the face of increased vessel traffic can be ascribed to the increased utilization of other ports such as Baltimore, Philadelphia and Norfolk.

[fol. 2726] Q. You have just referred to the decline in average loading of cargo at New York and you have attributed it to increased utilization of other ports such as Norfolk, Baltimore and Philadelphia. Have you made an investigation to illustrate the increased availability of sailings at such other ports?

A. Yes in order to illustrate the increased use of other ports, we have dug back in the records to 1910 and have prepared my Exhibit —— (K) which is a comparison of vessel arrivals and departures, comparing New York and Baltimore for the years 1910, 1920 and 1952 through 1956. Reference to the exhibit will show that the sample port used, Baltimore, has had an enormous growth in sailings from 847 arrivals and 843 departures in 1910 to 5,735 arrivals and 5,757 departures in 1956. A highly significant factor in connection with this exhibit is the fact that in the years prior to World War II there was a very substantial coastwise fleet, the figures for which are included in the 1920 figure. In other words, if we eliminated from the 1920 figure the coastwise sailings, that figure would be substantially lower.

It is a well-known fact that practically all of the coastwise sailings by such prominent pre-World War II lines as Eastern Steamship Lines, Inc., Merchants & Miners Transportation Co., Ocean Steamship Co. of Savannah, Clyde Mallory Lines, Inc., Southern Pacific Steamship, Chesapeake Steamship Co., ~~Baltimore Steam Packet~~ and others have been discontinued. Nevertheless, the Port of Baltimore, as the exhibit shows, has increased its arrivals and departures to over 10,000 per year. Here, again, we [fol. 2727] have positive illustration of what has been happening so far as the availability of steamship services at ports to the south of New York is concerned.

[fol. 2728] Rail Rates and Routes

Q. Have you made a study of the history of the port differential rail rate structure?

A. Yes.

Q. Will you proceed to summarize that history.

A. I should begin by calling attention to my Exhibit —— (D-2) which is a sketch map portraying in the shaded area the territory with respect to which the rates to and from New York are on a higher level than the rates to and from ports south of New York. This territory is roughly described as located west of the Buffalo-Erie-Pittsburgh line, north of the Ohio River and south of the Great Lakes, which also takes in the states located in Western Trunk Line territory.

The original purpose of the port differential rate structure, as indicated by my Exhibit —— (D-4) was to equalize the through ocean-and-rail and rail-and-ocean rates via the several ports. The exact language of the famous Agreement which brought the differentials into being is reproduced as Exhibit —— (D-4).

At the time the Agreement of 1877 was made and for about half a century thereafter the ocean rates to and from Philadelphia and Baltimore were higher than the New York and Boston ocean rates. The Agreement brought about a substantial equalization of the through rates by ocean and rail and by rail and ocean to and from foreign countries. By the year 1935 substantially all types of ocean rates were equalized as between the several ports but the rail differentials which were predicated on varying [fol. 2729] ocean rates continued in effect. Thus, in 1935, for the first time, ports to the south of New York obtained an advantage in both export and import rates in the exact amount of the rail differential—an advantage which they were never intended to have and which is inconsistent with the sound principle under which distance is ignored in constructing export and import rates to and from all other ports.

A fuller statement of the history of the differential adjustment may be found in my Exhibit —— (H) which is an excerpt from a report prepared by the War Department in cooperation with the United States Shipping Board in 1922. The Commission itself appended a history of the differentials as Appendix B to its report in *Maritime Asso., Boston Chamber of Commerce* v. *A.A.R.R.Co.*, 95 I.C.C. 539, 583, decided February 3, 1935.

Q. Is the export-import rail rate situation at ports immediately to the south of New York the only one that affects or handicaps the Port of New York?

A. No. Rates are in effect by rail to and from Hampton Roads ports (including Norfolk and Newport News) and to and from most of this central territory on the same level as to and from Baltimore. The rates to and from the Hampton Roads ports do not apply from the easterly area of this central territory, but they do apply to and from the greater part of that territory.

Rates lower than those to and from Baltimore are in effect to and from the South Atlantic ports, located as far north as Moorehead City, N.C., and including Wilmington, N.C., Charleston, S.C., Savannah, Ga., Jacksonville, [fol. 2730] Fla., and to and from the ports along the Gulf, including Mobile, Ala., New Orleans, La., Houston and Galveston, Texas, and numerous other ports in the States of Texas, Louisiana, and Florida.

Q. What originally led to the lower export-import rail rates to and from these southern and Gulf Ports?

A. At the turn of the century there were import rates through the southern ports on a basis lower than through North Atlantic ports. There ensued a series of rate wars between the Gulf and the North Atlantic ports, resulting in the so-called Todd-Knott award and arbitration proceeding. The Todd-Knott award, so far as I can find, was the first time that there was any special treatment of import rates through the southern ports in their competition with North Atlantic ports. The result of the arbitration proceeding referred to was that, in order to end a serious rate war, the Gulf ports obtained a preferential import rate structure substantially lower than the rates from New York. The differentials observed as a result of the Todd-Knott arbitration amounted to 6¢ to 18¢ per cwt. under the New York rates, the rates applying on foreign traffic from Europe, Africa and Asia.

The relationship between the Gulf and North Atlantic ports resulting from the establishment of import rates on the basis of the Todd-Knott award continued until June 25, 1918, when the Director General of Railroads cancelled all import rates from North Atlantic ports and allowed the corresponding rates from the Gulf to remain in effect in modified form. This relationship was further disturbed in 1920 by the general increases authorized in Ex Parte 74, [fol. 2731] *Increased Rates 1920,* 58 I.C.C. 220. As a result, the rates from North Atlantic ports were increased 40 percent, whereas the rates from the southern ports were increased only 33⅓ percent. This produced differentials more favorable to the Gulf lines than those fixed in the Todd-Knott award. Changes from time to time in rates from one port without corresponding changes in the rates from others have also affected the differentials (169 I.C.C. p. 20).

Prior to the latter part of the year 1919, with few exceptions, among which were rates on traffic to Cuba, there were no joint through export rates from the interior territory to the Gulf and South Atlantic ports. Effective March 1, 1916, proportional class rates were established from certain Ohio River crossings to New Orleans and Mobile, Ala. to apply on traffic originating in central territory, for export, except to Cuba, Europe, Asia, Africa, Australia, New Zealand, and the Philippine Islands. The object of those rates was to bring about an equalization of rates from points of origin in the interior territory to New Orleans with the joint through rates from the same points to New York. On February 1, 1917, the southern lines established proportional commodity rates from the Ohio River crossings to Gulf ports to apply on traffic originating in central territory for export, except to the territories described. (169 I.C.C. p. 18)

It should be observed, at this point, that in general, the whole southern rate structure was for many years much higher than the eastern structure. For example, under Docket 13494 *Southern Class Rate Investigation,* 100 I.C.C. [fol. 2732] 513; 109 I.C.C. 300; 113 I.C.C. 200; 128 I.C.C. 567, the rate levels to and from the Southern Territory were much higher, governed by the southern classification than were the rate levels governed by the official classification which were observed by the rail carriers operating within official territory and to and from the Port of Baltimore, which was the key point. These latter official territory rates were predicated to some extent on the rates prescribed in Docket 15879, *Eastern Class Rate Investigation,* 164 I.C.C. 314; 171 I.C.C. 156; 203 I.C.C. 357.

Despite the fact that the whole southern rate structure, in general, was for many years higher than the eastern structure, for more than fifty years the southern carriers, in their efforts to compete with the eastern carriers, have from time to time succeeded in putting into effect export and import rates to and from southern ports on a lower basis than those applicable from and to the North Atlantic ports.

As a result of the major rate structure adjustments flowing from the *Southern Class Rate Investigation* and the

Eastern Class Rate Investigation, the southern and eastern carriers conferred regarding a revision of their import-export rate structures and the export-import relationships. These conferences and negotiations resulted in a voluntary agreement as to the relationships to be observed on export-import rates as among the North Atlantic, South Atlantic, and Gulf ports. Thereupon the southern carriers filed with the Commission various Fourth Section applications which were dealt with by the Commission in its decision in *Export* [fol. 2733] *and Import Rates,* 169 I.C.C. 13, decided December 2, 1930. However, the southern carriers were not satisfied with the limitations imposed by the Commission in connection with the Fourth Section applications involved in the cited case and proceeded, on their own initiative, to file tariffs providing for import and export rates, which would obviate the necessity for Fourth Section relief. These tariffs were the subject of protests and requests for suspension by eastern carriers and eastern commercial interests. They were suspended for investigation. The decision of the Commission is entitled *Export and Import Rates To and From Southern Ports,* 205 I.C.C. 511, decided December 3, 1934.

Following this decision, the southern carriers published rates on export and import freight between that part of central territory lying west of the line of the Monon Railroad, and the South Atlantic and Gulf ports. With respect to export freight, the southern carriers published rates observing the Chicago-Baltimore rate, for example, on traffic to all countries of the world except those located in Europe, Africa, and the east coast of South America. With respect to export traffic to Europe, Africa, and the east coast of South America, the southern carriers published rates constructed on the Todd-Knott formula, and the rates generally are supposed to reflect differentials ranging from 6¢ to 18¢ per cwt. under the New York rates.

As to import freight, the southern lines published and now observe in a general way the Baltimore rates on traffic originating in foreign countries all over the world, other [fol. 2734] than Europe and Africa. The rates from countries in Europe and Africa were made by observing the so-called Todd-Knott formula to which I have previously referred.

Bearing in mind that the Todd-Knott award resulted in export and import rates through Gulf ports differentially under the Port of New York, I should like to now observe that in recent years, because of the fact that the differentials reflected in the New York rates have become inflated as a result of numerous increases resulting from *Ex Parte* proceedings, the southern carriers have been constructing their export and import rates on the basis of differentials ranging from 3¢ to 15¢ per cwt. under the Baltimore rates. Stating the matter differently, these southern carriers have stripped the Todd-Knott differential observed in constructing the rates to the extent of the customary differentials, Baltimore under New York or New York over Baltimore, using Baltimore as a base or key point instead of New York.

Q. Have you made a study of the background of the import and export rate structures applicable to and from South Atlantic and Gulf ports, which you have just described so that you can summarize the justification urged by the southern carriers for the publication of these rates?

A. The southern export-import rates, like all export-import rates are supposed to be, are designed for the purpose of permitting the railroads serving the southern ports to compete freely for export and import traffic. In the early days, when these export and import rates to and from [fol. 2735] southern ports were in the making, it was a fact that the ocean rates to and from the southern ports were on a much higher level to and from all parts of the world than the contemporaneous ocean rates to and from the Port of New York. This was due primarily to the obvious fact that sailing time between the Gulf ports and Europe, for example, was much longer than sailing time between New York and Europe. Therefore, the southern rail carriers felt that they had to find a way to offset the higher ocean expense to and from the southern ports in order to be competitive with New York. They were unable, at the time, to effect any reduction in the ocean rates, so far as I can tell, and they decided that only by shrinking the rail rate could they effect some type of competitive equality between rail and ocean routes via New York and the rail and ocean routes via the southern ports.

In that connection I have prepared my Exhibit —— (D-3) which is a copy of the decision of the United States Shipping Board in Docket No. 26, *The Port Differential Investigation,* 1 U.S.M.C. 61 decided January 20, 1925.

To substantiate my testimony that the ocean rates were higher from southern ports than from the Port of New York, I should like to quote a small portion of the decision just cited which will be found at page 65 of the report in that case, and which appears at pages 7 and 8 of my Exhibit —— (D-3):

> "The record exhibits that for rate-making purposes the ports on the Atlantic and Gulf coasts of the United States have been placed into three distinct groups: namely, the North Atlantic group, which embraces all ports from Portland, Me., to Norfolk, Va., inclusive; the South Atlantic group, which embraces all Atlantic [fol. 2736] ports south of Norfolk, and the Gulf group, which includes all United States ports on the Gulf of Mexico. Prior to the war [World War I] there was no such definite groupings of ports for the purpose of establishing fixed rate relationships. It is of record that on certain traffic moving from the Gulf to Hamburg at that time, the rate was 10 cents per hundred pounds in excess of the corresponding rate from New York; that on traffic moving from Boston to Europe the rate was sometimes lower than the corresponding rate from New York; and that with regard to Philadelphia and Baltimore, as compared with New York and Boston, the relationship between the rates varied. In other words, it was not a matter of agreement between carriers as to what the rate relationship between ports should be, but was the exercise by individual carriers of their right to fix rates which to them seemed justified by the conditions. Following the cessation of the war, and some time prior to April, 1920, there was evolved a system of port grouping and differentials. In April, 1920, the grouping of ports was as above indicated and the rates to the foreign ports

in question were applied on the differential principle, the amount of the differential in favor of the North Atlantic ports and against the Gulf ports generally being 15 cents per 100 pounds, or 5 cents per cubic foot, and against the South Atlantic ports 7½ cents per 100 pounds, or 2½ cents per cubic foot.

"On April 22 and 23, 1920, the members of the North Atlantic, South Atlantic, and Gulf steamship conferences in joint meeting adopted the aforementioned grouping plan and also the differentials then existing. The details of this conference situation will not be gone into at this point, and reference is made thereto only for historical purposes. Generally speaking, the amounts of the differentials have remained the same up to the present time. Just what influenced the fixation or adoption of these differentials is not reflected by the record. There is some testimony, however, to the effect that when the differentials were agreed upon among the conferences the intent was to fix percentage differentials: for example, 15 per cent instead of 15 cents. Evidence is of record that in 1920, at the time the differentials were agreed upon among the conferences, the general level of rates from the North Atlantic ports to the foreign ports involved in this proceeding was $1 per 100 pounds, whereas now it is about half that amount, such change of, of course, markedly affecting the relationship between the differentials and the rates. It is therefore manifest that the high percentage relationship which the differentials to-day bear to the rates is a matter of more concern to the shipper than was the relationship which obtained in 1920."

Q. From your studies of the export and import rates to and from southern ports were you able to determine to [fol. 2737] what extent these rates were based on transportation conditions such as distance and cost?

A. These rates were made solely for the purpose of enabling the southern carriers to compete for waterborne commerce on basis of the total rail and ocean cost via the port of New York.

Q. In your study of export and import rates to and from southern ports have you found any change in the conditions which obtained in past years so far as the conditions affecting competition are concerned?

A. Yes, I have. In *Export and Import Rates to and from Southern Ports,* 205 I.C.C. 511, pp. 529-30, the Commission summarized the position of the southern lines with respect to the alleged "serious disadvantages of the southern ports" in meeting the competition of North Atlantic ports. The disadvantages urged were summarized in detail and I will refer to each one of the 18 alleged disadvantages and indicate with respect to each alleged disadvantage the very substantial change in conditions which has taken place since the decision in that case:

> "1. The distances between southern ports and the principal foreign ports are greater than the distances between the North Atlantic ports and the same foreign ports, and in consequence the voyage time is longer."

Comment: While it is true that some distances from the southern ports are greater than from the North Atlantic, it is also true that there are many important foreign ports to which the distances from Charleston, Savannah, and New Orleans are much shorter than from New York. This is shown by my Exhibit —— (D-5).

> [fol. 2738] "2. Steamship sailings from the southern ports are generally irregular and less frequent than from North Atlantic ports."

Comment: This is no longer true and I hardly need refer to the numerous port promotion publications of the South Atlantic and Gulf ports which indicate that they are now the beneficiaries of regular and frequent steamship service. In this connection I refer to Witness Gilman's Exhibit —— (N-1) which is material of the nature to which I have referred to indicate regular and frequent sailings from the southern ports.

> "3. The vessels employed in the southern ports trade are generally smaller than, and otherwise inferior to, those employed in the North Atlantic trade."

Comment: This is not now true because practically all of the vessels in the various trades serving the northern and southern ports back at the time of the decision in the *Export and Import Rate Case* are now out of service and vessels which serve all of these ports are the larger war-built World War II vessels. In addition, the Merchant Marine Act of 1936 extended both construction and operating-differential subsidies to the United States Merchant Marine and the southern ports can no longer contend that there is any marked difference whatsoever in the cargo-type vessels employed in the southern ports trade as against the North Atlantic trade.

> "4. The ocean rates from and to the southern ports are sometimes higher than from and to North Atlantic ports."

Comment: I know of no case in which this is true today. In fact, the ocean rates from the southern ports are now generally on an equality with those from North Atlantic [fol. 2739] Ports and in some cases lower. In this connection I call attention to my Exhibits —— (G-1), —— (G-2), —— (G-3), and —— (G-4).

> "5. The banking facilities at the southern ports are inferior to those at New York and other North Atlantic ports."

Comment: There is no doubt that banking facilities at South Atlantic and Gulf ports have developed substantially since the southern lines record in the *Export and Import Rate Case*..

> "6. Marine insurance rates are generally higher from the southern ports."

Comment: As I testified I have made an investigation of this matter and I find that Marine insurance rates are the same from southern ports and North Atlantic ports.

> "7. Relatively few export and import brokers are located in the southern ports."

Comment: There is no shortage of export and import brokers in the southern ports.

> "8. There is only limited opportunity for effective savings by the consolidation of ocean shipments at the southern ports."

Comment: This refers to consolidation of inbound ocean cargo for rail shipment. The limited opportunity referred to deals with an alleged scarcity of vessel arrivals and consequent inadequate cargo to make up fully loaded railroad cars. The growth of the South Atlantic and Gulf ports in the past 20 years has been such that at the present time there can be no doubt but that vessel arrivals are sufficiently great to enable any of the South Atlantic ports easily to consolidate inbound cargo into fully-loaded railroad cars. Furthermore, there can be found in each and every one of the South Atlantic and Gulf ports qualified [fol. 2740] freight forwarders whose very business it is to consolidate inbound ocean shipments for forwarding in carloads. In fact, the number of these forwarders and their impact on the movement of freight in the United States became so important by 1940 that in 1942 Congress was moved to enact Part 4 of the Interstate Commerce Act to regulate the activities of freight forwarders.

> "9. The difference between the domestic and export rates to the southern ports does not permit the consolidation of export and domestic shipments in carload lots, whereas in the case of New York the export and domestic rates are generally on an equality and such consolidation is possible."

Comment: This is not true today. In fact, the situation has developed to the marked disadvantage of the Port of New York. At the time of the *Export and Import Rate case* it was a fact that export shipments moving to New York could be consolidated with domestic shipments because the rates were the same. This opportunity is not now available at the Port of New York because the export and domestic rates are on different levels. However, at the southern ports rules have been provided as exceptions, under which carloads may be consolidated so as to include both export and domestic freight. See Agent H. M. Engdahl's I.C.C. 136, Item 100.

> "10. The established trend of cargo movement is between the North Atlantic and foreign ports and the tendency is for shippers to prefer routes they have been accustomed to use."

Comment: The fact that this proceeding has been instituted, and the fact that this presentation is being made is attributable simply to the further fact that the estab- [fol. 2741] lished trend of cargo movement has been away from the Port of New York, the highest rated port in the North Atlantic and Gulf range, and toward ports to the south of New York, including the South Atlantic and Gulf ports.

> "11. The wider range of foreign ports served by regular steamship lines operating to and from the North Atlantic ports compared with those served by regular lines operating to and from the southern ports."

Comment: In this connection permit me to refer again to Witness Gilman's Exhibit —— (N-1) which indicates that there is no lack of width to the range of foreign ports served by regular steamship lines operating from the southern ports.

> "12. The greater facilities in the North Atlantic ports for supervision and inspection of cargo."

Comment: Again let me refer to Witness Gilman's Exhibit —— (N-1) which indicates that there is no lack of superb facilities at the southern ports for supervision and inspection of cargo.

> "13. The location at New York of the headquarters of the majority of the principal steamship lines."

Comment: While it is true that many steamship lines have their headquarters in New York, this matter is of no significance in connection with the availability of service.

All of the principal steamship lines have well staffed agencies at all of the principal ports.

> "14. Thus affording a meeting place where shippers may regularly and conveniently negotiate for adjustments of rates."

Comment: There has been a substantial change in the practice of negotiating for adjustments of rates in that rate adjustments have become fairly well stabilized and ocean [fol. 2742] carriers have in general grouped themselves into conferences which file their conference agreements with the Federal Maritime Board as required by Section 15 of the Shipping Act of 1916. Furthermore, these steamship lines file their outbound tariffs with the Maritime Board. As has been observed, many large rate adjustments are equalized from large groups of ports and the matter of negotiating for adjustments of rates is of less moment today than it was 20 years ago when there was little uniformity in ocean rate making and relatively few conferences.

> "15. The extensive local consumption at New York of commodities that are also exported, which makes it a large concentration point for storage of such commodities, readily available for export on short notice."

Comment: This allegation is no longer valid, even if it was valid when made, which we doubt. It is certainly not valid today because the domestic rates to New York are substantially higher than the export rates and a shipper would be ill-advised to pay the domestic freight rates on traffic that might later move for export. Additionally, the exporter would lose under this arrangement the complete service to shipside which is ordinarily included in the export rates and would be subjected to the additional expense of transferring from warehouse to shipside.

> "16. The differential rates under the all-rail rates available between New York and interior points via lake-and-rail routes, and the New York barge canal."

Comment: There is a quick and short answer to this allegation. Since World War II all of the rail-and-lake and barge services to and from the Midcontinent area have been suspended and the rates applying in connection therewith have been cancelled.

> [fol. 2743] "17. The favorable location of New York with respect to the Dominion of Canada, from which commodities may move through and be manufactured in the United States and exported through New York without the payment of import duties to the United States."

Comment: The facts with respect to this allegation have ~~been investigated~~ and the allegation cannot be verified. My investigation convinces me that there is no substance to this allegation.

> "18. The densely populated and highly industrialized territory immediately adjacent to New York, which affords a market for a large volume of import traffic and produces great quantities of high-class export freight."

Comment: The fact that the New York area is densely populated and highly industrialized and affords the market for a large volume of import traffic cannot be denied. Furthermore, it is true that the area immediately adjacent to New York does produce substantial quantities of high-class export freight. However, this has nothing to do with the issue in this case which deals with the gradually deteriorating position of New York as a gateway for export and import traffic from and to the central territory here involved. It should be observed, moreover, that there is nothing in this export and import freight for the New York railroads who are respondents here. What the New York rail respondents are concerned with in this case is the movement of traffic via their lines.

Q. You have testified that a structure of import and export rates to and from southern ports was established following the decision of the Commission in *Export and Import Rates to and From Southern Ports*, 205 I.C.C. 511, [fol. 2744] and you have just concluded testimony with respect to some 18 allegations of disadvantage alleged in that case by the southern interests. Have you made a study of the export and import rates presently applicable to and from southern ports?

A. Yes, I have.

Q. Are these rates substantially those which were published following the decision of the Commission in the *Export and Import rate case* to which you have just referred?

A. Yes, they are, with adjustments brought about by the various general increase rate proceedings.

Q. Will you now describe the rate statements you have prepared dealing with export and import rates to and from southern ports and other ports?

A. I have prepared my Exhibit No. —— (L-1) which is a statement showing typical export and import rates Classes 1, 3, 40, and 6, between representative points in the Central West, on the one hand, and the Port of New York and other North Atlantic, Canadian, South Atlantic and Gulf ports on the other hand. The rates shown in this exhibit are all in cents per 100 pounds and are subject to the increases in *Ex Parte 206*. A study of the exhibit indicates that the rates applicable to and from southern ports on export and import traffic are in every instance substantially below those applicable to and from New York Harbor to and from the same interior origins. The rates to and from southern ports shown in this exhibit, together with the decline in traffic to and from New York which will be shown on the record in this proceeding, indicates to [fol. 2745] me the urgent necessity for a revised structure of import and export railroad rates to and from New York, to the end that the competitive positions of the railroads serving New York be improved and a halt brought to the deterioration that is taking place in the movement of export and import traffic through the Port of New York.

Q. Will you give several examples from your Exhibit —— (L-1) illustrating the disadvantage under which New York labors?

A. I show below several typical instances of New York's rate disadvantage, bearing in mind that I have previously testified with respect to the alleged advantages of New York which no longer exist. In other words, competing ports, in general, do not now suffer from the disadvantages alleged to exist in years gone by and have overcome any disadvantages by growth and development, while New York still labors under the handicap of higher freight rates.

Turning now to specific examples from my exhibit, I should first like to explain the general makeup of this exhibit which is of critical importance in this case because it highlights so clearly our rate handicaps.

The exhibit consists of 10 pages, eight of which show the rate tables. The rates are those in effect during March of 1957 and this observation is necessary for the reason that these rates would be subject to the increases under Ex Parte 206 and some of the rates have been revised to and from the Gulf ports restoring in a measure the relationship of those rates, particularly in the "B" column, with rates to and from Baltimore.

[fol. 2746] We show rates between eight typical central territory points on the one hand, and eleven North Atlantic and Canadian ports on the other hand, besides nine South Atlantic and Gulf ports. The table of rates covers exports and also imports. We have shown the rates for Classes 1, 3, 40 and 6. There are many additional columns of rates but for examples of our disadvantage we think that the four columns of rates suffice.

This exhibit also shows what is termed the 28300 class rate mileages between the central territory points and the ports as shown in the exhibit. It will be noted from page 2 of the exhibit that the class 40 rate from Chicago to New York on exports is 139 cents as compared with the same rate to Baltimore of 136 cents. The exhibit also shows that the class 40 rates to all of the South Atlantic and Gulf ports from Chicago under Column B is 131 cents. The Column B rates apply on exports to foreign countries located in Europe, Africa and the East Coast of South America. The Column A rate shown with respect to the South Atlantic and Gulf ports is 136 cents and the Column A rates apply to all foreign countries other than those to which the Column B rates apply.

Turning to the matter of the 28300 mileages shown in my exhibit, it should be noted that the mileage is 890 to the Port of New York the same as to the Port of New Orleans. These rates were not constructed on the basis of distance but primarily on the basis of the carriers meeting competition. For example, page 2 of my exhibit shows that the 28300 mileages from Chicago to Houston are 1035, to Corpus Christi 1257, and to the Canadian ports such [fol. 2747] as Halifax, Nova Scotia 1590 miles; to St. Johns, New Brunswick 1422, and to Norfolk, Va. 914 miles. An examination of the exhibit pages gives similar examples covering rates between other central territory points and these same ranges of ports. Therefore, I do not believe it is necessary for me to make any further explanations.

As I said before, the statement also includes rates covering import traffic and I would like to give an outline of examples as to these rates by referring to page 6 of my exhibit which shows the same class rates on import freight from all of the ranges of ports to Indianapolis, Indiana. Class 40 applicable from New York is shown as 125 cents and from the South Atlantic and Gulf ranges of ports under the B column the class 40 rate is 119 cents. The B column of rates applies on traffic from foreign countries located in Europe and Africa. The rate under the A column is 122 cents and this rate would apply from all foreign countries other than those located in Europe and Africa. Here again, it will be noted that the exhibit shows the so-called 28300 class rate distances. With respect to Indianapolis, the distance from New York is 799 miles, from Baltimore 650 miles, from Norfolk 766 miles, from Savannah, Ga. 809 miles; from Jacksonville 887 miles; from New Orleans 811 miles, from Houston-Galveston 964 miles, from Corpus Christi, 1186 miles. Here again it is very plain to see that in the construction of the rates distances have been ignored.

Q. In connection with import and export rates to and [fol. 2748] from the territory here involved, have you made a study to determine whether or not the interior territory is grouped for rate making purposes?

A. Yes, I have made such a study and there is extensive grouping.

Q. Have you prepared an exhibit to indicate the size and extent of these groups and how they work in connection with the application of import and export rates?

A. I have prepared my Exhibits Nos. —— (P-1) and —— (P-2).

Q. Before proceeding to explain the two map exhibits just referred to, have your studies indicated whether or not the interior rate groupings are the same in connection with imports and exports via North Atlantic ports, South Atlantic ports and Gulf ports?

A. I have investigated this subject also and the groupings are not the same.

Q. Do your map exhibits cover this point?

A. They do.

Q. Will you proceed to deal with the matter of interior groupings, using your map exhiibts —— (P-1) and —— (P-2)?

A. Taking up first my Exhibit —— (P-1), it will be observed that the exhibit shows named groupings. For example, we will spot Chicago on the exhibit and it will be noted that Chicago is shown within a black colored line. This area within this black colored line is the origin area from which the Chicago export rates apply to the North [fol. 2749] Atlantic and Canadian range of ports. All of the named groupings shown in the exhibits are the groupings observed by the carriers serving the North Atlantic ports and are as to the area the same as the groupings prescribed by the Interstate Commerce Commission in the *Eastern Class Rate Investigation*, Docket 15879. The map shows a legend in the bottom of the right hand corner which explains the colored areas in the exhibit. For example, the yellow coloring is the area from which the southern carriers observe the Chicago rate to the South Atlantic and Gulf ranges of ports. It will be noted that this yellow area encompasses approximately 12 of the groups, many of which have different rates to the North Atlantic range of ports. However, to the South Atlantic and Gulf range of ports the Chicago rate applies. This difference in the rates to North Atlantic ports is pretty nearly in every case on the high side for New York because of the fact that the rates as constructed under the *Eastern Class Rate Investi-*

gation, Docket No. 15879, were prescribed as key rates which ~~took into~~ consideration distances to the East. Hence, it may be observed that from points within the Quincy group included in the yellow area the rates to the North Atlantic would be substantially higher than the Chicago rate as observed by the southern carriers to the Gulf ports.

The same situation will apply with regard to the blue colored area from which the Indianapolis-Baltimore export rate applies to southern ports. Here again it will be noted that this blue colored area encompasses quite a number of the groupings as observed to the Port of New York and [fol. 2750] North Atlantic range of ports. The green area shown in the exhibit is the area from which the Cedar Rapids-Baltimore export rates apply to southern ports. This area generally lies west of the Mississippi River and the rates in issue do not include that part of the United States. However, we have included the Cedar Rapids group to indicate that the favoring of southern ports in the grouping of the origin territory is general and is not alone confined to the competitive territory involved in this case.

This same exhibit shows red lines made up for the purpose of portraying the areas observed by the southern carriers in setting up their group numbering of the involved territory. It will be noted that within this red circumscribed area there are shown outline numbers some of which show a subletter. Returning once more to the yellow area, it will be noted that it is subdivided into a number of sub-areas beginning with the number 7 and proceeding with sub-areas 7a, 7b, 7c, etc. The designations on the sub-areas such as 7c are the identifying group numbers as provided for in the tariffs as issued for account of the railroads serving the South Atlantic and Gulf ports. From this area to Southern ports the Chicago-Baltimore basis of export rates is made applicable by the southern carriers. However, the Chicago-Baltimore basis is not applicable with respect to export traffic to the foreign countries located in Europe, Africa and the East Coast of South America. On export traffic to Europe, Africa and the East Coast of South America the so-called Todd-Knott basis of differentials to which I have previously referred in my testimony, is applicable. These rates can be found in my rate Exhibit —— (L-1) under Column B.

[fol. 2751] Referring now to Exhibit —— (P-2), this portrays the story as to the designation of territory in the Central West with regard to the freight rates applicable from the ports on import traffic.

Here, again, it will be seen that the yellow area is subdivided into 13 sub-areas numbered 5, 7, 7a through 7j, and 8.

Generally, on import traffic the Baltimore-Chicago basis would be applicable to this substantial area. The important exception relates to traffic from all countries in Europe and Africa from which the Todd-Knott differential basis applies.

Q. Will you give a brief example of specific rates applicable to and from named points to illustrate the effect of the very large groups on all export and import traffic through southern ports compared with the very small groups involved in connection with traffic through North Atlantic ports?

A. Referring to my Exhibit —— (L-1), let me begin by using Chicago, Ill., as an origin for export. The rate from Chicago to New Orleans is 336 cents and the mileage is 906; to New York the rate is 340 cents, and the mileage is 890. We go in a southwesterly direction from Chicago to Peoria, Ill., and we find that the rate to Gulf ports is the same as the rate from Chicago because, as will be observed from my Exhibit —— (P-1), Peoria is in the large yellow group taking the Chicago rate on export traffic to southern ports. However, the situation is different when we consider the rate from Peoria to New York. In that case, we find that the Peoria-New York rate is 359 cents or 23 cents over the Peoria-Gulf ports rate, the Peoria-Gulf ports rates being the same from Chicago, Peoria and all other points in the very large yellow group shown on my Exhibit —— (P-1).

[fol. 2752] Again illustrating the effect of the large yellow group shown on Exhibit —— (P-1), I call attention to the fact that a very important point like St. Louis, Mo. is included in the group we are considering and takes the Chicago rate basis to Gulf ports. Again, however, we find that the rate from St. Louis to New York Harbor is 369 cents or 33 cents over the rate from St. Louis to Gulf ports.

It will thus be seen that all of the points in the large yellow group on my Exhibit —— (P-1) enjoy the same rate to Gulf ports, but that the only group for purposes of rate-making to New York Harbor with respect to Chicago, for example, is the small area confined by a solid black line around Chicago on my Exhibit —— (P-1). In other words, the group for southbound application is *about ten times greater* than is the Chicago group for application in connection with the rates to New York. It is a fact, also, that the rates from practically all of the subgroups in the yellow area to New York are higher than the rates from Chicago to New York. It follows, therefore, that in addition to the competitive disadvantage that New York suffers because (a) the export rates to New York are differentially above those to Baltimore and (b) the export rates to New York are differentially higher than those to South Atlantic and Gulf ports by either

1) the Baltimore differential, or

2) The Todd-Knott basis

it suffers also from the added disadvantage that the export rates from interior competitive territory are the subject [fol. 2753] of the most extraordinary and unnatural grouping into enormous groups over many hundreds of miles. At the same time the rates to the East are grouped into areas which conform to grouping specifications indicated by the Commission in formal proceedings to be fair and reasonable and adopted by it for rate-making purposes.

Q. The examples you have given related to export traffic. Will you give us examples of the effect of the extraordinarily large grouping on import traffic?

A. In essence, the effect on New York is the same because of the very large group available on import traffic from Gulf ports to the interior territory. Here, again, the import rates are uniform from the Gulf ports to the very large Chicago group shown in yellow on my Exhibit —— (P-2). However, as I have testified just previously, there is available on import traffic from the Port of New York to Chicago the same rate to only a small area around Chicago which is approximately 10 per cent or less of the entire yellow area. Therefore, shipments moving from New York to those portions in the yellow area not in the Chicago group must bear substantially higher freight charges than the same shipments from Gulf ports to any part of the yellow area.

Taking a few specific examples, the Class 40 import rate from the Gulf ports to the entire yellow area is 131 cents on traffic from foreign countries located in Europe and Africa, and 136 cents on foreign traffic from all other parts of the world. These rates compare with the Class 40 rate on all foreign traffic from all parts of the world through the Port of New York of 139 cents, or a higher [fol. 2754] rate through New York in the amount of 8 cents and 3 cents respectively.

The disadvantage referred to with respect to Chicago under which New York labors becomes even greater as we move out of the Chicago area. Taking Peoria, Ill., for example, the rates from the Gulf ports are the same as previously referred to as applicable to Chicago, whereas the rate from New York to Peoria covering freight from all parts of the world is 145 cents, reflecting disadvantages to New York of 14 cents and 9 cents, respectively.

Taking one final example to illustrate New York's disadvantage, let us consider St. Louis. The rates from the Gulf ports to St. Louis are the same as those previously referred to as applying to Chicago. However, the rate from New York on traffic from all parts of the world is 149 cents, reflecting a difference of 18 cents and 13 cents, respectively.

Thus, it will be seen that it is not only a matter of differential rates which handicaps New York, but also a matter of extraordinary and unnaturally large groups with respect to rates applicable to and from the Gulf ports, which adds to the handicaps under which New York labors.

Referring again to my Exhibits —— (P-1) and —— (P-2), the testimony I have just given could be repeated with respect to all the named groups shown on the two exhibits in color. However, in order to avoid unduly burdening the record, we have prepared no additional rate exhibits on this point and will conclude this subject with the observation just made.

Q. Do the lines serving New York and other North Atlantic ports join with carriers serving Gulf ports in [fol. 2755] making export and import rates?

A. Prior to about 1947 the eastern lines apparently could not see their way clear to joining with the southern lines in participating in rates reflecting levels lower than those applying to and from the Port of New York. However, the first break in this situation came, as above stated, about 1947 when the New York Central put into effect rates to certain of the Gulf ports on an equality with the rates applying in connection with other carriers. As of today, rates are in effect to and from points in the colored area which are served by the New York Central, Pennsylvania, Baltimore and Ohio, and New York, Chicago and St. Louis Railroads, applying to and from South Atlantic and Gulf ports.

Q. Have you prepared an exhibit to portray the situation you have just been describing in which the so-called eastern railroads join in routes to the South Atlantic and Gulf ports, over which the rates are generally lower than those applying to and from New York?

A. I have. It is Exhibit —— (NN).

Q. Using the Exhibit —— (NN), will you please explain what is there shown?

A. If you will refer to my Exhibit —— (NN), you will see that the exhibit has a legend in the upper left-hand corner and the legend designates routes which may be said are typical of numerous other routes applying in connection with the New York Central, Pennsylvania, Baltimore and Ohio and New York, Chicago and St. Louis railroads from the stations of these railroads in the in- [fol. 2756] volved territory (portrayed in color on my Exhibits —— (P-1) and —— (P-2)) to and from ports located in the South Atlantic and the Gulf range of the ports. It will be noted from my exhibit that we show in purple one typical route into Texas ports via the New York Central, G. M. & O., St. L. & S. W., and C.R.I. & P. Another route is shown in red via the B & O and L & N. Still another route is shown in blue coloring via the P.R.R., C.N.O. & T.P., N.C. & St.L, and Southern Railway. A fourth route is shown in green via the N.Y.C. & St.L. and I.C. By this exhibit we show these four routes mainly for the purpose of illustrating the numerous routes which are in effect to and from the ports in the South Atlantic and Gulf ranges. I might further explain that while a route is shown into the Texas ports via the New York Central, these Texas ports are also served by the carriers that are shown in the routing to the other southern ports. In other words, the routes I have shown are merely typical of a host of other routes which do involve the same origin lines.

Q. Have you made an investigation to determine the circumstances which led to the eastern railroads joining in routes to the South Atlantic and Gulf ports at rates lower than would be applicable on export and import traffic via our direct routes to New York?

A. Yes. This matter has been a sore spot with us for a long time. One would suppose that the railroads serving our port would not join in routes which would have the effect of taking the traffic away from our port and further [fol. 2757] handicapping us in our competition for export and import traffic. The explanation for this situation is simply that the eastern lines found themselves in a position where traffic was moved from stations on their lines via competing railroads to and from southern ports. They were losing the traffic anyway, and in an effort to obtain at least some small revenue out of these movements, the eastern lines were actually compelled to join with the southern carriers in routes to and from southern ports.

When you consider that we had, prior to 1947, been suffering under the rate handicaps which I have already described and under the handicaps of the large rate groups which I have also just described, you can understand our shock and dismay at being confronted with still another situation in which the very carriers who serve our port are called upon to join in routes which drain traffic away from New York. We feel that New York's handicaps have reached the breaking point and the time when something should be done about it is long past due. We feel that the carriers serving the eastern ports should have filed the tariffs here under consideration at least ten years ago. However, now that they have concluded to move forward in an effort to recapture some of the traffic naturally tributary to their lines, we are losing no time in giving them all the support we can.

Q. Taking the B & O and the P.R.R., you have stated that those lines join with southern carriers in routes and rates on export and import traffic to and from southern ports. Have you made an investigation to determine whether or not these particular lines join in equalized rates to and from South Atlantic and Gulf ports?

[fol. 2758] A. Yes. The rates in which the B & O and the P.R.R. join with southern railroads to and from South Atlantic and Gulf ports are on an equalized basis. In other words, the B & O and the P.R.R. join with southern carriers in export and import rates which are equalized with respect to all South Atlantic and Gulf ports throughout the entire range from Morehead City, N.C., down the Atlantic Coast and along the Gulf to Corpus Christi.

Q. Do these same carriers, the B & O and the P.R.R., publish equalized rates to the North Atlantic range of ports?

A. No, as I indicated at the outset of my testimony, New York is on a differential basis higher than Baltimore, Philadelphia and Norfolk. The B & O and the P.R.R., for reasons above explained, join with southern carriers in rates to and from South Atlantic and Gulf Ports which are not only lower than to and from New York, Philadelphia, Baltimore and Norfolk, but are also equalized to all South Atlantic and Gulf ports. Yet, these same railroads, the B & O and the Pennsylvania, have steadfastly refused to accord equalization to New York with other North Atlantic ports.

Q. Do the New York Central and the Erie Railroads join in rates and routes from and to the affected territory in connection with traffic moving through ports to the south of New York, particularly Philadelphia, Baltimore and Hampton Roads?

A. Yes, they do.

Q. Is this situation relatively recent-like the rates and routes in which these same carriers join involving traffic via South Atlantic and Gulf ports?

[fol. 2759] A. No. The rates and routes to and from the ports south of New York have included our New York railroads as long as I can remember. In other words, while New York has been handicapped by the differential, the railroads which reach New York directly with their own lines, in order to participate in the business moving to the lower rated North Atlantic ports, have been compelled to join in rates and routes to and from those ports, short-hauling themselves. This action has been taken by the New York lines with respect to points both local and competitive. I will deal later more specifically with points on the lines of the New York railroads not served by the Pennsylvania and Baltimore and Ohio railroads.

In connection with the joint rates and routes just described, it should be noted that the New York Central and Erie, for example, join in export-import rates to both Baltimore and Norfolk, which rates are equalized to and from both ports. Nevertheless, equalization has not been available for the Port of New York.

Q. Referring to your Exhibits —— (P-1) and —— (P-2), will you please explain the significance of the named groups encircled with a heavy black line to the right of the colored group area?

A. These non-colored groups which are all named lie to the east of the colored groups. They are all east of the line of the Monon Railroad, reference to which may be found in the decision of the Commission in the *Export and Import Rate Case*, 205 I.C.C. 511, to which I have previously referred. I have had these groups east of the [fol. 2760] line of the Monon portrayed on my Exhibits —— (P-1) and —— (P-2) to indicate that generally export rates are in effect from this territory to South Atlantic and Gulf ports on an equality. In other words, the rates from these groups east of the Monon Railroad to southern ports are equalized, as is the case with respect to rates from the colored groups to southern ports. Under such circumstances, the railroads operating from these groups to North Atlantic ports show no indication of being opposed to the principle of equalization in fixing rates to the southern and Gulf ports, whereas the differential handicap is insisted upon with regard to the rates to New York.

Q. Is there a large number of points in the affected territory which are served only by the respondent New York lines and friendly connections and which are not local to the B & O and the P.R.R., protesting carriers in this case?

A. Yes.

Q. Have you prepared an exhibit which lists these points in the affected territory local to the lines of the New York lines and their friendly connections?

A. Yes. This list of points is shown in my Exhibit —— (I) consisting of 29 pages and containing some 1415 points.

Q. Are all the points in Exhibit —— (I) embraced in the issues in this proceeding?

A. Yes. These points are among those which would take the proposed reduced rates.

[fol. 2761] Q. Have you examined the protests of the railroads and commercial and port interests at the ports south of New York to determine whether they have asked for suspension and investigation of proposed reduced rates from and to the points in your Exhibit —— (I) local to the lines of the respondent New York railroads and their friendly connections?

A. I have.

Q. Do the railroads and port and commercial interests at the ports south of New York object to the proposed reductions from the points in your Exhibit —— (I).?

A. They do.

Q. Do the railroads serving the ports south of New York have any control whatsoever over the rates from and to points listed in your Exhibit —— (I)?

A. They do not.

Q. Have the New York respondents in the past uniformly joined with railroads serving ports south of New York in rates from and to the points shown on Exhibit —— (I) differentially lower than the rates applying to and from New York?

A. Yes, they have, thereby short-hauling their own lines and according lower rates from and to points local to their lines via ports like Philadelphia, Baltimore and Norfolk, than via their own Port of New York.

Q. Can you explain why the New York respondents have up to now permitted and enforced differentially higher rates from and to points local to their own lines to New York?

A. Strange as it may seem, for as long as I can remember [fol. 2762] the railroads serving the Port of New York have maintained higher rates to and from the Port with respect to points local to their lines and have joined in lower rates from and to the same points to ports south of New York because they have respected the old 1877 Agreement reproduced and referred to previously in my testimony.

Following the general equalization of the ocean rates by 1935, and continuously since, we have been insisting that the lines serving our Port remove the differential handicap under which New York labors. We had been unsuccessful in our pleas to the various railroads serving New York until, finally, the New York lines and their friendly connections published the rates which are the subject of this proceeding. Let me emphasize that this was accomplished through independent action because no mutual agreement could be reached on the matter at the committee meetings of the eastern lines. In other words, the New York lines, respondents in this case, through various committees and groups of committees, have tried from time to time to effect the reduction but have been unable to obtain a favorable vote by committee action.

Q. Do the Pennsylvania and the B & O in any way actually control rate-making policies to and from the affected territory?

A. While a great many points shown on my Exhibit —— (I), are not on the lines of the Pennsylvania and the B & O, nevertheless, those railroads in my experience attempted to control the entire rate structure by threatening a general rate war every time a reduction, such as here proposed by the New York lines, has been suggested. [fol. 2763] As indicated by their retaliatory tariffs, they have carried out their threat.

Q. Have you made a study of railroad mileages between the Central territory area involved in this case and the North Atlantic ports?

A. Yes, we have made such a study and we put a lot of effort into it in order to make it comprehensive and exhaustive.

Q. What does the study purport to show?

A. It shows routes between the Central territory area involved in this case and the North Atlantic ports.

Q. Have you prepared an exhibit based upon the material in your study?

A. Yes.

Q. Please proceed to explain the exhibit.

A. The exhibit that I have prepared is Exhibit —— (J), consisting of 58 pages. It covers 114 named rate groups which are in reality key points in the Central territory out of a total of 128 named rate groups or key points.

Referring to page 1 of the exhibit, for example, it will be noticed that Aurora, Ill., and Bloomington, Ill., are shown on that page. These two named municipalities are at the left-hand side of the exhibit and are actually the names of rate groups or key points located in Central territory. The point which I wish to emphasize is that while Exhibit —— (J) shows at the extreme left the names of municipalities, these are, in fact, the names of rate groups or key points. A graphic representation of what I have just stated can be seen on my Exhibit —— (P-1) and —— (P-2) where the rate groups bearing the names [fol. 2764] of municipalities are encircled with a heavy black line.

Please notice also under the names of the rate groups a sub-listing of municipalities, two for every rate group or key point. These two sub-listed points are stations or municipalities from and to which we have checked out of the tariffs examples of actually-published tariff routings. These routings are typical of the many published and available routes which apply to and from points within the boundaries of the rate group.

In checking out the routes and mileages from typical stations within the boundaries of the rate groups shown on my Exhibit —— (J), to the North Atlantic ports shown on the exhibit, i.e., Norfolk, Baltimore, and New York, we have first selected points which would reflect the longest haul from the farthest distant station in the interior rate group to the farthest distant station in the port area. I should like to further explain that when we refer to a port area, we have in mind the recognized geographical terminal area to and from which railroads provide the same rate. Hence, in measuring distances to a port area we have found that to certain stations in the port terminal area the distances are shorter and to others longer.

Taking the Aurora group, the mileage from Elgin, Ill., to the Naval Operating Base in the Norfolk, Va., port area, is the longest route we could find between any station in the Aurora group and any station in the Norfolk port area. As another example, the mileage involved in a route from Elgin, Ill., in the Aurora group to the Sparrows Point station in the Baltimore port area is the longest route we could find involving the Aurora group and the Baltimore port area.

[fol. 2765] Referring again to Elgin, Ill., shown on Page 1 of Exhibit —— (J) under the Aurora group, the routes shown in the exhibit to Norfolk, Va. (Naval Operating Base), indicate that the distance is 1472.76 miles; to Baltimore, Md. (Sparrows Point), 1305.43 miles; and to New York (60th Street), 1230.11 miles. Please note that the distance to the New York point (60th Street) is shorter than the distance either to the Norfolk or Baltimore station indicated. In other words, it should be noted that the longest route to Norfolk is 242.65 miles *greater* than the longest route to New York.

Next, we have undertaken to show on the exhibit the shortest routes that we could find between the interior rate group and the North Atlantic port area. For example, again taking the Aurora rate group on page 1 of Exhibit —— (J) you will find Essex, Ill., as the station nearest the North Atlantic port areas. For example, the distance from Essex to Norfolk (Lamberts Point), is the shortest haul that we could find between any station in the Aurora group and any station in the Norfolk port area. The distance from Essex to Norfolk (Lamberts Point) is 1076.7 miles; to Baltimore (Port Covington), 944.5 miles; and to New York (Belleville, N. J.), 966.6 miles. Here it should be noted that the shortest route to Baltimore, for example, is only 22.1 miles less than the shortest route to New York.

My Exhibit —— (J) shows also, in connection with each of the Central territory rate groups or key points and the North Atlantic ports named in the exhibit, the so-called rate-making distances. By "rate-making distance," or "short-line distance," I refer to the definition of the Commission in the *Eastern Class Rate Investigation*, 164 I.C.C. [fol. 2766] 314, decided May 13, 1930 (Docket No. 15879), where, at page 394, the Commission found that:

> . . . in computing distances for the application of the distance scales prescribed in this proceeding the shortest routes should be used over which carload traffic can be moved without transfer of lading.

Referring again to the first rate group shown on page 1 of my Exhibit —— (J)—Aurora, Ill.—it will be noted that one column of mileages for rate making reflects those mileages used in constructing rates under the *Eastern Class Rate case*, Docket 15879 formulae. The other column shows the mileages in Docket 28300, *Class Rate Investigation, 1939*, 262 I.C.C. 447 (decided May 15, 1945). The important point which I wish to make in connection with the mileages shown is that, as is clear on the face of the exhibit, in most cases the actual tariff routes *over which the traffic moves*, even to Baltimore, are much longer than the rate-making miles shown in the exhibit.

Bearing in mind the explanation just made with respect to mileages shown on my Exhibit —— (J), I would now like to proceed to point out a few additional comparisons of distances to the low-rated ports of Norfolk and Baltimore as compared with New York, the highest rated port. I will confine these additional comparisons to such obviously important traffic groups as the Chicago group, on page 4 of my Exhibit —— (J), and the Marion, Ohio, group, on page 44 of this exhibit.

With respect to the Chicago group shown on page 4, it will be seen that from Joliet, Ill., the longest tariff routes we could find to Norfolk, Baltimore and New York are [fol. 2767] 1459.73 miles, 1308.8 miles and 1195.7 miles, respectively. As among these three mileages it will be observed that the mileage to New York is the shortest, being 264.66 miles under Norfolk and 213.73 miles under Baltimore.

The shortest tariff routes from the Chicago group that we could check out to Norfolk, Baltimore and New York are from Crown Point, Ind., 920.0, 809.0 and 943.5 miles, respectively. Here, the route to New York is only 23.5 miles longer than the distance via the shortest route, to Norfolk, 920 miles—bearing in mind that Norfolk is on the Baltimore rate basis and New York takes a higher rate than the equalized rates applying to Baltimore and Norfolk. Further, please note that Norfolk's distance via the short-tariff route is 111 miles greater than the distance to Baltimore via the short-tariff route, in spite of which Norfolk enjoys the low Baltimore basis of rates. Even with respect to the short-tariff routes from Crown Point, Ind., to Norfolk, Baltimore and New York where, it will be noted, the respective distances are 920.0, 809.0 and 943.5 miles, please observe that the short-tariff distance from Crown Point to Baltimore is 42 miles longer than the short-line or rate-making distance of 767 miles from the Chicago group shown in the exhibit. In other words, even with respect to Baltimore which has so long argued in numerous cases before the Commission that it is entitled to the benefits of its geographical position, we find that the short-tariff routes over which the traffic moves are indeed longer than the so-called rate-making or short-line routes employed by these parties in their rate exhibits. [fol. 2767A] All of the foregoing illustrates the fact that the New York handicap is a penalty because it can have no other rational basis.

Turning now to other illustration dealing with the Marion, Ohio group, shown on page 44 of my Exhibit J, it will be observed that the longest distances from Marion, Ohio, to Norfolk, Baltimore and New York are 1049.33, 796, and 921.1 miles, respectively. Here, it will be observed, that the distance to New York via the longest route is 128.23 miles under the distance to Norfolk and 125.1 miles over Baltimore, in spite of which New York is handicapped by a differential rate over both Norfolk and Baltimore which are equalized.

The short-tariff routes from Ontario, Ohio, in the Marion group to Norfolk, Baltimore and New York are 735.1, 494.1, and 681.6 miles, respectively. As to this interior origin point, it should be noted that the short-tariff distance to New York is 53.5 miles less than the short-tariff distance to Norfolk and despite this fact the rates to New York are higher than to Norfolk, the latter having the benefit of the Baltimore basis. The distance to Baltimore is 187.5 miles less than to New York and it should be further noted that the Baltimore distance of 494.1 miles as shown in my exhibit is also 27.9 miles less than the rate making distance of 522 miles. This is accounted for by the fact that the rate making distances are generally calculated to and from the key point or station named in the rate group, which generally appears to be located at the westerly border of the rate group, while Ontario, Ohio [fol. 2768] is located in the most easterly area of the rate group. The fact that New York's distance is 187.5 miles longer than the Baltimore distance reflects a situation no different than the one I have previously referred to with respect to Aurora where the distance to Norfolk is as much as 242.65 miles greater than the distance to New York.

Q. You have shown on your Exhibit —— (J) what you state to be the longest and the shortest routes from interior groups to various North Atlantic ports. Have you determined that these are, in fact, the longest and the shortest routes?

A. In our studies preliminary to the preparation of Exhibit J we checked out literally thousands of routes and I cannot say positively that in each and every instance we have the longest and the shortest route. What I can say with absolute confidence is that there may be a few routes which are longer or shorter but, on the whole, the long and short routes we have employed are truly representative.

Q. In your studies in connection with Exhibit —— (J) could you determine whether, as a general rule, there are a limited number of routes from the interior groups and the points within those groups shown in Exhibit —— (J)?

A. My studies reveal that there are innumerable routes available from virtually all of the origin points and there is nothing like a limited number of routes from any origin point.

Q. Can you tell us why so many routes from the origin points are available in the published tariffs?

A. The large number of routes grew up out of a natural desire on the part of all of the railroads in the origin territory to compete for and participate in the export-[fol. 2769] import traffic. It should be obvious that any railroad desiring to participate in the movement and compete for the traffic would have to become a party to a route published in a tariff. As I have observed, all of the railroads in the area naturally desire to compete for and participate in the movement and have seen to it that they are named as parties in the various routes shown in the tariffs.

Q. In your opinion, what value should be given by the Commission in adjudicating this case to the short-line mileages shown on the various exhibits in this case?

A. While it is a fact that in the *Eastern Class Rate Investigation*, Docket 15879, to which I have previously referred, and in a great number of other cases the Commission has adopted the short-line mileage as a yardstick for making rate scales, nevertheless I believe that in this case, where there is such a bewildering and literally endless number of routes, and where the mileages range both under and over those to and from the Port of New York, that there is no justification for any argument that New York should be continually handicapped by a rate penalty because of the short-line or rate-making mileage principle or formula.

Q. You have referred to rate equalization on export-import traffic through South Atlantic and Gulf ports and the partial equalization at North Atlantic ports, notably via Norfolk and Baltimore. Have you made any other studies to determine whether there exists any other port equalization structures on import and export traffic?

A. Yes, I have, and in that connection I have prepared my Exhibit —— (X-1).

[fol. 2770] Q. Will you describe briefly the rate structure which is the subject of your Exhibit —— (X-1)?

A. My Exhibit —— (X-1) deals with export and import rates through Pacific Coast ports.

Q. Will you proceed to explain what the exhibit purports to show?

A. This exhibit shows that to and from the interior of the United States, located east of the solid red line in the exhibit, freight rates are on an equality. For example, the rates to and from Chicago, on the one hand, and all of the Pacific Coastal ports, on the other hand, are the same. The same could be said about other municipalities east of this solid red line such as St. Louis, Indianapolis, Detroit, Michigan, Cleveland, Ohio, Columbus, Cincinnati, etc. It should be noted from the exhibit that the coastal area to which the equalized rates apply, covers a range of approximately 1440 miles from Vancouver, B. C. to San Diego, Cal. We also would like to point out through this exhibit that from and to this competitive central territory equalized rates apply to and from the range of ports located within the Gulf, an area of 700 miles from Corpus Christi, Tex., to Panama City, Fla. Furthermore, we are showing through this exhibit that equalization also applies from this competitive central territory to the range of ports located along the South Atlantic consisting of 445 miles from Jacksonville, Florida, to Morehead City, N. C. We further show that to and from the ports along the North Atlantic, Norfolk, Virginia, to Philadelphia, equalized rates under New York apply at Norfolk and Baltimore [fol. 2771] and lower rates apply at Philadelphia than at New York. The range of ports involved between Norfolk and Philadelphia covers a distance of 257 miles.

The exhibit also depicts the range of ports from New York to Portland, Maine, which covers a distance of 375 miles. We think it is significant to note that with equalized rates to and from this competitive territory in the West, on the one hand, and equalization of rates that apply to these vast ranges of ports along the Pacific Coast, the Gulf and the South Atlantic, on the other hand, that it is rather unusual to find unequal rates to this short range of ports extending from New York to Portland, Maine, consisting of 375 miles. As has been shown earlier in my testimony, there was in the early days before the turn of the century, and for some years thereafter, a purported justification for the anomaly of unequal rates among this narrow range of ports.

Now, however, the historical justification, i.e., unequal ocean rates, has long since disappeared and the time is long past due when the inequality among rail rates to and from North Atlantic ports should have been abolished.

Q. You have testified concerning competition faced by the New York lines for export and import traffic from railroads serving North Atlantic ports to the south of New York, South Atlantic ports and Gulf ports. Is there any other competition?

A. Yes. The New York lines, for the last 10 years, have been faced with growing and now very intensive competition by ocean carriers operating direct services between foreign countries and into the Great Lakes ports such as [fol. 2772] Duluth, Milwaukee, Chicago, Detroit, Toledo, Cleveland, etc.

Q. Are those ports located in the central territory involved in this proceeding?

A. Yes, they are.

Q. Have the New York lines made an effort over the past 10 years to meet the competition of the ocean carriers via the all-water routes using the St. Lawrence Waterway and the Great Lakes?

A. Yes, they have.

Q. Has there been any opposition to the effort of the New York lines to meet the ocean carrier competition referred to?

A. Yes. The difficulty has arisen when the New York lines have endeavored to adjust their rates to meet the competition of these ocean carriers. The railroads serving the ports to the south of New York, principally Baltimore, have insisted that whatever action is taken by the New York lines should not result in a change in the differential rate structure.

In other words, when our New York railroads tried to adjust their rates to compete with the ocean carriers, the Baltimore railroads, for example, insisted that they should have rates differentially under New York. Obviously, if the Baltimore railroads are able to succeed in maintaining a differential under New York on ocean carrier-competitive traffic, the result would be merely to shift the traffic from the ocean carriers employing the Great Lakes routes to the Port of Baltimore.

For the foregoing reasons, the New York railroads have been unable, as a practical matter, effectively to meet the competition of the ocean carriers using the Great Lakes routes.

[fol. 2773] Q. Have you made an investigation to determine the tonnages on the Great Lakes since 1947?

A. Yes. I have prepared Exhibit —— (Y-1) which shows that the total import and export tonnage moving via the Great Lakes has increased steadily from approximately 60,000 tons in 1947 to more than 475,000 tons in 1955.

Q. If the rate reductions published by the New York railroads are found just and reasonable, what is your opinion with respect to the ability of the railroads in the North Atlantic range to compete with the ocean carriers using the Lake routes?

A. A uniform level of rates to and from the North Atlantic ports would enable the railroads to work out in a practical way a suitable rate structure to meet the competition of the Lake routes in cooperation with the ocean carriers serving the North Atlantic range of ports.

[fol. 2774]

VERIFICATION

City of New York
State of New York ss.
County of New York

Edward K. Laux, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: /s/ Edward K. Laux

Subscribed in my presence and sworn before me
by the affiant above named on this
17th day of June, 1957.

/s/ Mildred C. Porth
Notary Public
My Commission expires 1959.

Seal

EXHIBIT NO.

I&S DOCKET 6615
WITNESS:
Page 1 of 7
EDWARD K. LAUX

June 4, 1956
File D2-T-736

Mr. M. Bourgeois, Secretary
Continental North Atlantic Westbound Freight Conf.
79, de Bomstratt
Antwerp, Belgium

Dear Sir:

We shall appreciate it if you would advise whether or not it is a fact that the westbound ocean rates maintained by the member lines of your Conference are equalized to all United States ports composing the North Atlantic range, i.e., Norfolk, Va. to Portland, Maine.

If there are exceptions to the existing equalized rates we would appreciate it if you would indicate the particular specific commodities where open rates apply.

Very truly yours,

Edward K. Laux

DWB:ma

[fol. 2776]

Page 2 of 7

(Letterhead of Marseilles North Atlantic U. S. A. Freight Conference)

MARSEILLES June 8th 1956

THE PORT OF NEW-YORK AUTHORITY
111, Eighth Avenue at 15th Street
NEW-YORK 11
(U.S.A.)

Dear Sirs,

In reply to your letter of June 4th (File D.2—T.736), I beg to confirm you that our rates from Marseilles are the same to the North Atlantic Range from Hampton Roads to Portland, Maine.

In our tariff we have practically no open rate.

Very truly yours,

(Signature illegible)

[fol. 2777]

Page 3 of 7

(Letterhead of Spain-Portugal North Atlantic Range Conference)

SECRETARY

R. Garcia Vitros.

Balmes 181.

Barcelona June 7, 1956.

Mr. Edward K. Laux,
The Port of New York Authority,
Traffic Manager, Port Commerce Division,
New York, N.Y.

Dear Sir,

I beg to acknowledge receipt of your letter of 4th instant (Ref File D2-T-736).

With reference thereto I have to inform you that our Conference maintains "open" at present the rates on all commodities to all the North Atlantic ports of the United States North of Cape Hatteras.

Very truly yours,

/s/ R. Garcia Vitros
Secretary

[fol. 2778]

Page 4 of 7

(Letterhead of Wilh. Wilhelmsen)

Oslo, 7th June 1956.

Our Ref: OS/GOi

The Port of New York Authority,
Port Development Department,
111 Eighth Avenue—at 15th Street,
NEW YORK 11, N.Y.

Dear Sirs,

NORWAY/NORTH ATLANTIC CONFERENCE

In reply to your letter of 4th June we may confirm that the westbound rates in subject Conference are equalized to all U.S. ports in the Portland, Me./Norfolk, Va. range.

Yours very truly,

per pro. WILH. WILHELMSEN

/s/ Marttrand

c.c. Norwegian America Line,
Oslo.

[fol. 2779]

Page 5 of 7

(Letterhead of Continental North Atlantic Westbound Freight Conference)

ANTWERP, 26 June 1956.

To

THE PORT OF NEW YORK AUTHORITY,
111 Eighth Avenue—at 15th Street,
NEW YORK 11, N.Y.
U. S. A.

Attention: Mr. Edward K. LAUX
Traffic Manager.

Dear Sirs,

Reference is made to your letter dated June 4. 1956, File D2-T-736 and this Conference's reply of June 8.

The present is to advise that the rates and conditions of this Conference are identical for shipments from f.o.b. Antwerp, Rotterdam, Amsterdam, Bremen and Hamburg to New York, Boston, Philadelphia, Baltimore, Norfolk and/or Newport News, for cargo discharged at the Carrier's regular berths. The rates for cargo to other ports within the Hampton Roads/Portland (Maine) range, which as a rule are not regularly served by the Members, are subject to special agreement between the Conference Lines.

Kindly note that the Conference tariff is showing an "open rate" for crude naphtalene in bags or casks, for shipment on deck, with a minimum of $19.00 per 1000 kilos.

Very truly yours,

/s/ M. Bourglois

(Mrs.) M. Bourgeois, Secretary.

[fol. 2780]

Page 6 of 7

(Letterhead of North Atlantic Westbound Freight Association)

15th June 1956.

(Ref: US/10).

The Port of New York Authority,
NEW YORK.

Dear Sirs,

FREIGHT RATES TO THE U.S.A.

In response to your letter of 4th June (File D2-T-736), we confirm that the freight rates of the Tariff of this Association are applicable to all United States ports in the North Atlantic range and that there are no exceptions to this rule.

Yours faithfully,

McDiarmid & Co.
Secretaries.

[fol. 2781]

Page 7 of 7

(Letterhead of French North-Atlantic Westbound Freight Conference)

June 27th 1956.

VIA AIR MAIL.

Mr. Edward K. LAUX.
Traffic Manager.
THE PORT OF NEW YORK AUTHORITY.
111 Eighth Avenue at 15th Street.
NEW YORK 11, N.Y.

Dear Sir,

Your Ref.: File D2-T-736.

Replying to your letter of the 4th inst., under the above reference, it is my privilege to advise that the French North Atlantic Westbound Freight Conference Tariff rates are equalized to all ports of the Atlantic Coast of the United States within the Hampton Roads/Portland (Me) Range, both inclusive, without exceptions, and that there are no "open" rates in the Tariff.

I beg to remain

Yours very truly,

/s/ M. Lambert

M. Lambert.
Secretary.

[fol. 2787A]

Exhibit No. (D-4) ——
I&S 6615
Witness: Edward K. Laux
Page 1 of 2

MEMORANDUM OF AGREEMENT, made this 5th day of April, A. D. 1877, between the New York Central and Hudson River Railroad Company, the Erie Railway Company, by H. J. Jewett, Receiver, the Pennsylvania Railroad Company, and the Baltimore & Ohio Railroad Company, witnesseth:

To avoid all future misunderstandings in respect to the geographical advantages or disadvantages of the Cities of Baltimore, Philadelphia and New York, as affected by rail-and-ocean transportation, and with the view of effecting an equalization of the aggregate cost of rail and ocean transportation between all competitive points in the West, Northwest and Southwest, and all domestic or foreign ports reached through the above cities, it is agreed:

FIRST:—That in lieu of the percentage differences heretofore agreed upon, there shall be fixed differences upon the rates on all Eastbound traffic from all competitive points beyond the western termini of the Trunk Lines, whether on freight shipped for local consumption or shipped locally and afterwards exported or shipped for direct export. These differences shall be as follows:

Three (3) cents less per hundred to Baltimore, and two (2) cents less per hundred to Philadelphia than the agreed rates established from time to time to New York, and all such traffic shall be billed at the rates thus fixed, and no export or other drawback shall be paid thereon. It being further agreed, that the cost to the shipper of delivering grain at each port from the terminus of each of the roads to the vessel in which it is exported, as well as the number of days free storage allowed thereon, shall be the same.

SECOND:—That the rates to Boston shall at no time be less than those to New York on domestic or foreign freights.

THIRD:—Should rail and ocean steam through bills of lading be issued, neither of the parties hereto will accept as its proportion less than its current local rates to its seaboard termini; but no joint rail and ocean sail bills of lading shall be given or recognized by the parties hereto.

FOURTH:—That on all Westbound traffic passing over the roads of the parties hereto from competitive points at or east of their respective Eastern termini to all competitive points West, Northwest or Southwest of their Western termini, the differences in rates from Baltimore and Philadelphia below New York shall, on third class, fourth class, and special, be the same as the differences fixed on Eastbound business and on first and second classes, eight (8) cents less per 100 from Baltimore, and six (6) cents less per 100 from Philadelphia than the agreed rates from New York. And that after existing contracts governing foreign business can be terminated, neither of the parties hereto will accept as its proportion of the through ocean, steam and rail rate less than the established local rates.

FIFTH:—All agreements inconsistent herewith are hereby annulled.

Page 2 of 2

[fol. 2787B] IN WITNESS WHEREOF, the parties hereto have affixed their signatures the day and year aforesaid, to this agreement, which is intended to be permanent; but if either party desires modification, three months' notice must be given of such desire. Said modification to be made by mutual agreement.

(Signed)

N. Y. Central & Hudson R. R. Co.,
by Wm. H. Vanderbilt, V.P.

The Erie Railway Company,
by H. J. Jewett, Receiver.

The Pennsylvania Railroad Co.,
by Thomas A. Scott, Pres't.

The Baltimore & Ohio R. R. Co.,
by John W. Garrett, Pres't.

True copy of original.
W. H. Ijams, Sec'y.

[fol. 2820] Secretary's Certificate (omitted in printing).

[fol. 2821]

I.C.C. Exhibit No. 18

Verified Statement No. ——
Affiant: John Patterson

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (S. H. Moerman, Investment Bldg., Washington 5, D. C.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of John Patterson
Export Traffic Manager
Allis-Chalmers Mfg. Co.

[fol. 2822]

Before the
Interstate Commerce Commission

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of John Patterson
Export Traffic Manager
Allis-Chalmers Manufacturing Company

My name is John Patterson. I am Export Traffic Manager of the Allis-Chalmers Manufacturing Company of Milwaukee, Wisconsin. My business address is 50 Church Street, New York 7, New York.

The Allis-Chalmers Manufacturing Company is engaged in the business of manufacturing and distributing tractors, road making machinery, agricultural implements and heavy machinery such as cement mills, generating and power equipment, power transformers, electrical machinery, mining machinery, ore and stone crushing machinery etc. and parts thereof. Its manufacturing plants are located at:

Boston, Mass.
Norwood, Ohio
Pittsburgh, Pa.
Terre Haute, Ind.
West Allis, Wis.
Gadsden, Ala.
Harvey, Ill.
Springfield, Ill.
Cedar Rapids, Iowa
La Porte, Indiana
Independence, Mo.
La Crosse, Wis.
Oxnard, Calif.

[fol. 2823] The Allis-Chalmers Manufacturing Company exports approximately 15% to 20% of its total production to foreign countries all over the world. This tonnage amounts to over 35,000 net tons per year.

Approximately 80% of the total tonnage exported by the Allis-Chalmers Manufacturing Company is moving through the Gulf and South Atlantic Ports because of the substantially lower rail rates applicable to those ports and the resultant savings. In transportation, as in every other service we buy, we look for the most economical service. So far as exporting our products is concerned, we find ourselves compelled to use ports other than the Port of New York because of the higher rail rates to and from that port. In this connection, I refer you to Appendix A, Appendix B and Appendix C attached which illustrates rates applying on tractors, engines and power units, road making machinery, agricultural machinery, agricultural implements and logging machinery from our various plants to the Port of New York, Port of Baltimore, and the Port of New Orleans, as well as other ports.

In recent years we have been forced to divert traffic formerly moving through the Port of New York to other ports because of the lower rail freight rates applicable via these other ports. As an illustration, up until seven or eight years ago, the preponderance of our export products moving to Venezuela were shipped through the Port of New York. Since that time, however, because of the substantial savings in the inland freight as a result of the lower rates applying via New Orleans, we have been forced to divert approximately 95% of our Venezuelan export tonnage to that port.

[fol. 2824] The Port of New York has been used only where necessary to meet steamer connections, deadlines on letters of credit, or similar emergency situations. Where New York has been used, our company has been forced to pay a premium in the form of higher rail rates.

The Allis-Chalmers Manufacturing Company is supporting the action of the railroads serving the Port of New York in reducing their rail rates to the level generally applicable on all traffic through Baltimore and on some traffic through Gulf and South Atlantic Ports. If the rail rates to New York are reduced as proposed, our company will ship some tonnage, though by no means all of our

traffic, through the Port of New York, as well as thr
other ports having equalized rates.

Respectfully submitted

s/s (John Patterson) Export Traffic
Allis-Chalmers Manufacturing Com

Date: June 10, 1957

[fol. 2825]

VERIFICATION

City of New York
State of New York ss.
County of New York

John Patterson, being duly sworn, deposes and says
the foregoing statement is true and correct to the be
his information, knowledge and belief.

Signed: John Patter

Subscribed in my presence and sworn before me
by the affiant above named on this
10th day of June 1957.

s/s Malcolm B. Luckett
Notary Public
My Commission expires 1958

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I.C.C. EXHIBIT No. 19

Verified Statement No. ——

Affiant: Edmund A. Senghas

ent is verified. Unless written request for cross
i is received by affiant or his attorney (S. H.
nvestment Bldg., Washington 5, D.C.) not later
s prior to the hearing at which such evidence
ould be offered, affiant desires that the state-
sidered for incorporation in the record without
appearance as a witness.

I&S Docket 6615

TION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of **Edmund A. Senghas**
Assistant General Traffic Manager
National Biscuit Company

[fol. 2830]

Before the

Interstate Commerce Commission

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of Edmund A. Senghas

My name is Edmund A. Senghas. My business address is 425 Park Avenue, New York 22, New York. I am Assistant General Traffic Manager of the National Biscuit Company.

The National Biscuit Company makes and distributes, primarily, Bakery Goods and Cereals.

Our bakeries are located at

Atlanta
Battle Creek
Cambridge
Chicago
Dayton
Denver
Holland
Houston
New York
Niagara Falls
Oakland
Philadelphia
Pittsburgh
Portland
St. Louis
York

Also flour from our mills at Carthage, Mo., Cheney, Wash. and Toledo, Ohio. Although the company's production is mostly for domestic consumption, we do export a substantial tonnage, particularly flour from our Toledo mill to our plant in Venezuela.

[fol. 2831] When space is available, the flour moves from Toledo to Venezuela via an all-water route via the Great Lakes and the St. Lawrence at a cost substantially less than that resulting from a rail movement to a North Atlantic port and ocean steamer beyond. When ship space is not available at Toledo, the flour is shipped by rail to Baltimore and ocean vessel to Venezuela. In 1955, about a million pounds moved via the all-water route from Toledo and somewhat more than that moved via Baltimore. In 1956, the tonnage which moved by rail via Baltimore was slightly less than that moving over the all-water route to Venezuela.

We must, of course, use the transportation method which results in the lowest cost. For that reason, we use the Port of Baltimore when space via the all-water route is unavailable. The rail rate on flour to Baltimore is 2 cents per 100 pounds lower than to New York and other ports taking the New York rate. On a loading of 80,000 pounds, this amounts to a saving of $16.00 per car.

When this movement to Venezuela first started four or five years ago, there was a disadvantage in using Baltimore because there was only one line to Venezuela serving that port. Now, however, we have available five lines from Baltimore to Venezuela and there is little difference between frequency of sailings from Baltimore ~~to~~ and New York.

The National Biscuit Company supports the railroads serving New York who are proposing to equalize the rail rates to that port with the rates to Baltimore. Although we would still continue to use the all-water route because of [fol. 2832] its lower cost when it is available, if the rail rates were equalized we would ship some tonnage through New York instead of using Baltimore exclusively when ship space is unavailable at Toledo.

Respectfully submitted,

s/s EDMUND A. SENGHAS

Assistant General Traffic Manager
National Biscuit Company

Date: June 14, 1957

[fol. 2833] **VERIFICATION**

City of New York
State of New York ss.
County of New York

Edmund A. Senghas, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: s/s Edmund A. Senghas

Subscribed in my presence and sworn before me
by the affiant above named on this
14th day of June, 1957

s/s May Costello
Notary Public
My Commission expires 1958

Seal

[fol. 2834]

I.C.C. Exhibit No. 20

Verified Statement No. ——
Affiant: Howard G. Seymour

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (S. H. Moerman, Investment Bldg., Washington 5, D. C.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Verified Statement of Howard G. Seymour,
President

New York Foreign Freight Forwarders and
Brokers Assn., Inc.

[fol. 2835]

Before the
Interstate Commerce Commission

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified statement of Howard G. Seymour
President
New York Foreign Freight Forwarders and Brokers Assn., Inc.

My name is Howard G. Seymour. I am President of the New York Foreign Freight Forwarders and Brokers Association, Inc., 18 Pearl Street, New York, N.Y. I am also President of Mohegan International Corporation, 17 State Street, New York 4, N.Y. I have been authorized by the New York Foreign Freight Forwarders and Brokers Association to submit this verified statement.

All of the members of the Association operate at the Port of New York and an increasing number also have additional offices and facilities at other ports, particularly New Orleans and Baltimore.

A freight forwarder, of course, has a duty to the exporters or importers by whom he is employed to keep them fully informed of the cheapest method of transporting their products. To central territory the inland rail rates are somewhat lower via Baltimore and substantially lower via New Orleans than via New York.

[fol. 2836] In recent years more and more exporters and importers, after becoming familiar with the rail rate situation, have ceased using the Port of New York in favor of other ports which have lower inland rail freight rates.

This trend has been particularly noticeable since World War II. During the war, the government pre-empted the Port of New York for its traffic and virtually forced commercial traffic to use other ports. Many exporters and importers who thus became familiar with and accustomed to the lower rail rates applicable via New Orleans, for example, continued to use the lower rated ports even when New York again became completely available. They could see no reason for paying a penalty in the form of differentially higher rates in order to use the Port of New York.

Because of the inland rail rate situation, freight forwarders operating through the Port of New York have been faced with the choice of two alternatives. They could either expand or transfer their operations to lower-rated ports, or they could lose the traffic. In the case of the company with which I am personally associated, we have opened a branch office at New Orleans and presently have nine employees engaged in the operation at that port. Many forwarders operating at New York who could not or would not transfer or expand their operations simply lost the traffic.

There is no question in my mind but that the inland rail freight rates which favor ports to the south of New York have resulted in a tremendous diversion of traffic from forwarders operating at New York to other ports. The New York Foreign Freight Forwarders and Brokers Association, Inc. is supporting the proposal of the railroads serving New York to reduce their rates in order to improve their opportunity to compete with railroads serving other [fol. 2837] North Atlantic Ports and with railroads serving the South Atlantic and Gulf Ports. The Association believes that the Proposed reduced rail export-import rates would stem the diversion of freight handled by foreign freight forwarders at New York and would enable railroads and forwarders operating at the Port of New York to compete on more equal terms with their competitors to the south.

Respectfully submitted

s/s Howard G. Seymour, President

New York Foreign Freight Forwarders
and Brokers Assn., Inc.

Date: June 20, 1957

[fol. 2838] VERIFICATION

City of New York
State of New York ss.
County of New York

Howard G. Seymour, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: Howard G. Seymour

Subscribed in my presence and sworn before me
by the affiant above named on this
20th day of June, 1957.

s/s Albert J. Buckley
Notary Public
My Commission expires 1959

Seal

[fol. 2839]

I.C.C. Exhibit No. 21

Verified Statement No. ——
Affiant: Mr. R. Hamlin

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (S. H. Moerman, Investment Bldg., Washington 5, D. C.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified statement of R. Hamlin
Assistant Traffic Manager
Union Metal Manufacturing Company

[fol. 2840]

Before the
Interstate Commerce Commission

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of R. Hamlin

My name is R. Hamlin. I am Assistant Traffic Manager of Union Metal Manufacturing Company, Canton, Ohio. My business address is 1432 Maple Avenue N.E., Canton 5, Ohio. The Union Metal Manufacturing Company is engaged in the business of manufacturing and distributing street lamp posts, foundation steel piling, sign standards, sign posts, derrick booms, material handling equipment, antenna poles, floodlighting poles and power transmission poles, etc. Its facilities are located at Canton, Ohio. Union Metal Company exports approximately 10% of its total production to foreign countries all over the world. In recent years we have had several large orders from South American countries and the Philippines. My company's total export tonnage is estimated to be about 5,000 tons per year.

Approximately 90% of our exports move through the Port of Baltimore. The Port of New York is utilized on less than 10% of our export tonnage. The governing factor [fol. 2841] in the selection of the Port of Baltimore as the port of exportation is the rail differential. The Port of New York is used only when our customers specifically instruct us to ship via that port. Otherwise we make no exportations via New York because of the higher export freight rates applying via that port.

The Union Metal Manufacturing Company supports the proposals of the railroads serving Boston and New York to equalize their rates with those applying via the other North Atlantic Ports. If the rail rates via all the North Atlantic Ports are equalized we could and would utilize several, if not all, of such ports for the exportation of our traffic.

Respectfully submitted,

s/s R. Hamlin

Assistant Traffic Manager
Union Metal Manufacturing Company

Date: June 17, 1957

[fol. 2842] VERIFICATION

City of Canton
State of Ohio ss.
County of Stark

R. Hamlin, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: R. Hamlin

Subscribed in my presence and sworn before me
by the affiant above named on this
17th day of June, 1957

s/s P. S. Brumbaugh
Notary Public
My Commission expires 1959

Seal

[fol. 2843]

I.C.C. Exhibit No. 22

Verified Statement No. ——

Affiant: C. P. Kelsey

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (S. H. Moerman, Investment Bldg., Washington 5, D. C.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of C. P. Kelsey

Export Manager—Weatherhead Company

[fol. 2844]

Before the

Interstate Commerce Commission

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of C. P. Kelsey

My name is C. P. Kelsey. I am Export Manager of the Weatherhead Company. My business address is 300 East 131st Street, Cleveland 8, Ohio. The Weatherhead Company is engaged in the business of manufacturing cylinders and equipment for liquefied petroleum gas. Its facilities are located at Cleveland, Ohio. The Weatherhead Company exports substantial quantities of iron or steel cylinders, which cylinders are used as containers for liquefied petroleum gas. Our annual export shipments of these cylinders amount to approximately 4½ million pounds. Approximately 80% of these exports are moving via the Port of Baltimore because of the lower export freight rates applying via that Port. Less than 1% of these exports move via the Port of New York. The remainder go through the Port of New Orleans since the cylinders are to be filled with low cost gas available at New Orleans.

[fol. 2845] The Port of New York could and would be utilized by our company for exports of empty cylinders if the rail rates to that port were no higher than those to the competitive ports. We see no point in paying to use New York when we can get the same satisfactory service via the other ports.

The Weatherhead Company is supporting the action of the New York railroads in reducing their export freight rates from Cleveland and midwestern territory to New York to the same level as the rates applicable via Baltimore. If these reductions are allowed to be made effective, the Weatherhead Company would undoubtedly utilize the Port of New York as well as the other ports in the North Atlantic range.

Respectfully submitted,

s/s C. P. Kelsey

Export Manager
The Weatherhead Company

Dated: June 17, 1957

[fol. 2846]

VERIFICATION

City of Cleveland
State of Ohio ss.
County of Cuyahoga

C. P. Kelsey, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: C. P. Kelsey

Subscribed in my presence and sworn before me
by the affiant above named on this
17th day of June, 1957

s/s Dorothy M. Hanks
Notary Public
My Commission expires 1957

Seal

[fol. 2847]

I.C.C. EXHIBIT No. 23

Verified Statement No. —
Affiant: Colin D. Mawer, Jr.

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (S. H. Moerman, Investment Bldg., Washington 5, D. C.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of Colin D. Mawer, Jr.
Asst. Secy. and Import-Export Traffic Mgr.
Mawer-Gulden-Annis, Inc.

[fol. 2848]

Before the

Interstate Commerce Commission

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of Colin D. Mawer, Jr.

My name is Colin D. Mawer, Jr. I am Assistant Secretary and Import-Export Traffic Manager of Mawer-Gulden-Annis, Inc., Brooklyn, New York. My business address is 87—34th Street, Brooklyn, New York. Mawer-Gulden-Annis, Inc. is engaged in the business of importing Olives, Olive Oil, Cherries and Capers. Its facilities are located at Brooklyn, Chicago and Boston.

Mawer-Gulden-Annis, Inc. imports substantial quantities of Olives which move to midwestern destinations by rail from the port of importation. In 1956 the great bulk of our import business destined for the middle west moved through the Port of New Orleans and via the Great Lakes. A portion of this could have been moved through New York and would have moved through New York were it not for the higher rail rates via the port. As a specific example of our importations, my company has scheduled an importation of about 100 tons monthly of Spanish Olives through the Port of New Orleans destined for Chicago. The selection of the Port of New Orleans was based upon the sub- [fol. 2849] stantial savings resulting from the lower import rates applicable via that port. We do not use the Port of New York because it is not sound business sense to pay higher rail import freight rates via New York when lower rates are available via the Gulf Ports.

We are supporting the attempt of the railroads serving New York to reduce their rates to midwestern territory so as to make the Port of New York competitive with other ports in the North Atlantic range and reduce their disadvantage in competing with Gulf and South Atlantic Ports. If the proposed reductions are allowed to go into effect, we would probably be able to use the Port of New York in some cases where the rates applying via New York are the same or virtually the same as those applying via other ports.

Respectfully submitted,

s/s Colin D. Mawer, Jr.
Assistant Secretary &
Import-Export Traffic Manager
Mawer-Gulden-Annis, Inc.

Date: June 20, 1957

[fol. 2850]

VERIFICATION

City of New York
State of New York ss.
County of Kings

Colin D. Mawer, Jr., being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: C. D. Mawer, Jr.

Subscribed in my presence and sworn before me
by the affiant above named on this
20th day of June, 1957.

/s/ Elmer A. Finck
Notary Public
My Commission expires 1958

Seal

[fol. 2851]

I.C.C. Exhibit No. 24

Verified Statement No. ——

Affiant: Raymond C. Sell

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (S. H. Moerman, Investment Bldg., Washington 5, D. C.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of Raymond C. Sell
Traffic Manager—Koehring Company

[fol. 2852]

Before the
Interstate Commerce Commission

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of Raymond C. Sell

My name is Raymond C. Sell. I am Traffic Manager of Koehring Company. My business address is 3026 W. Concordia, Milwaukee, Wisconsin. The Koehring Company is engaged in the business of manufacturing. Its facilities are located at Milwaukee, Chattanooga, Brantford, Springfield, Ohio, Champaign, Illinois, Mt. Gilead, Ohio and Newton, Iowa.

The Koehring Company exports substantial quantities of heavy construction machinery to various foreign countries. Approximately 10% of our total production moves in foreign commerce. This amounts to about 2,200 tons per year. A large amount of this tonnage is being exported via the Port of New Orleans. A relatively small portion of these exports move via the Port of New York. The governing factor in the selection of the Port of New Orleans for a majority of our exports is the substantially lower rail rate which applies via that port.

[fol. 2853] In the case of our transportation costs, as with all other expenses, we are compelled to use that method which is the cheapest. We find ourselves compelled to use ports other than New York because of the higher rates which apply to that port. We could not justify paying a penalty in the form of higher rail rates in order to use New York when the same service is available via several other ports at a lower freight rate.

The Koehring Company advocates equality of the export rail rates between the various ports which would afford our firm a greater flexibility in the choice of ports. We, therefore, support the action of the railroads serving the Port of New York and the Port of Boston in equalizing their rates with those via other North Atlantic Ports and also reducing their rate disadvantage in comparison with the South Atlantic and Gulf ports.

Respectfully submitted,

s/s Raymond C. Sell

Traffic Manager—Koehring Company

Dated: May 27, 1957

[fol. 2854]

VERIFICATION

City of Milwaukee
State of Wisconsin ss.
County of Milwaukee

Raymond C. Sell, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: Raymond C. Sell

Subscribed in my presence and sworn before me
by the affiant above named on this
27th day of May, 1957

s/s Isabelle B. Guetzlaff
Notary Public
My Commission expires 1959

Seal

I.C.C. Exhibit No. 25

Verified Statement No. ——

Affiant: Melvin A. York

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (S. H. Moerman, Investment Bldg., Washington 5, D. C.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of Melvin A. York

Traffic Manager—E. W. Bliss & Company

[fol. 2856]

Before the
Interstate Commerce Commission

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of Melvin A. York

My name is Melvin A. York. I am Traffic Manager of E. W. Bliss & Company. My business address is 250 Franklin Street, Salem, Ohio. E. W. Bliss & Company is engaged in the business of manufacture of rolling mill machinery, metal forming presses, and allied machinery parts. Its plants are located at Salem, Canton, Toledo, and Cleveland, Ohio; Hastings, Michigan; Midland and Pittsburgh, Pa., and San Jose, California. E. W. Bliss & Company exports approximately 20 million pounds of rolling mill machinery, presses, and allied products annually. This amounts to about 17% of our total production. At the present time about 75% of our exports are moving through the Port of New York. This is required by the conditions of the letters of credit of our customers, and we are complying with these conditions only under protest. To the extent that we can, we are availing ourselves of the lower freight rates applicable via the ports other than New York.

[fol. 2857] At the present time we are negotiating with our foreign customers to have the letters of credit issued to apply via the lower rated ports so that we may enjoy the lower freight rates and the resultant savings.

By being forced to use the Port of New York we are paying a penalty of at least 3 cents per hundred pounds. We cannot afford to absorb this rate penalty indefinitely. Unless the rate differential against New York is removed we will be forced to find some way of diverting our traffic from New York to the lower rated port.

We believe that the penalty in the form of differentially higher rates which are now being charged via the Port of New York is unjust, unreasonable, and discriminatory. We are supporting the proposal of the railroads serving the Port of New York by which they are endeavoring to equalize the rail rates via New York with those applicable on all traffic via other North Atlantic Ports. If the rail rates through all the North Atlantic Ports are equalized as proposed, our company will continue to use the other ports which it is now using, as well as New York.

Respectfully submitted,

s/s Melvin A. York

Traffic Manager—E. W. Bliss & Company

Date—June 13, 1957

[fol. 2858]

VERIFICATION

City of Salem
State of Ohio ss.
County of Columbiana

Melvin A. York, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: Melvin A. York

Subscribed in my presence and sworn before me
by the affiant above named on this
13th day of June, 1957

s/s Ira L. Piersol
Notary Public
My Commission expires 1960

Seal

The tariffs affected by the proposed revisions are as shown in Exhibits ________ (AJC 1 and 2).

The rail lines participating in the proposed adjustments are as follows:

Participating in Equalization

AC&Y
(1) AA
(1) B&LE
B&M
(1) BEDT
(1) Bush T
(1) CN-E
CP-E
(1) C Vt
(1) C&EI
(1) C&IM
CJct
CR&I
CSS&SB
D&H
DL&W
(1) DT&I
Erie
(1) GT-E
(1) GTW
IHB
(1) Jay SC

LEF&C
L&HR
L&NE
LV
(1) LI
(1) MeC
(1) Monon
(1) Montour
(1) NJI&I
NYC
NYC&StL
(1) NYD
NYNH&H
NYO&W
NYS&W
P&LE
(1) PC&Y
Rut
(1) TP&W
(1) Wab
(1) Y&S

Participating in Maintaining Differentials

(1) AA
B&O
(1) B&LE
BCRR
(1) BEDT
(1) Bush T
(1) CN-E
C&O
CW
(1) C Vt
(1) C&EI
(1) C&IM
(1) DT&I
EJ&E
(1) GT-E (Stations in State of New York only)
(1) GTW
Ill T
(1) Jay SC
(1) LI
MRY
(1) MeC
M&StL

(1) Monon
Mongh
(1) Montour
(1) NJI&I
NY&LB
(1) NYD
N&W
PRR
PRSL
P&PU
P&WV
P&S
(1) PC&Y
R Co
RF&P
SIRT
(1) TP&W
Vgn
(1) Wab
WA
WM
Win
(1) Y&S

(1) These roads concurred in both equalization and maintenance of the differentials.

2500

Exhibit No.________ (AJC 1)

Witness:________________

TARIFFS AND SUPPLEMENTS PROVIDING FOR EQUALIZATION OF EXPORT AND IMPORT RATES TO AND FROM ALL NORTH ATLANTIC PORTS NEW YORK, N.Y. AND NORTH WITH RATES APPLICABLE AT BALTIMORE, MD. WHICH WERE SUSPENDED BY THE INTERSTATE COMMERCE COMMISSION IN I.& S. DOCKET NO. 6615

ISSUED BY	SUPP. NO.	TARIFF NO.	I.C.C. NO.	DESCRIPTION	FROM	TO
C. W. Boin, Agent	14	79-C	A-942	Import Class Rates	Trunk Line	Central
C. W. Boin, Agent	12	163	A-961	Import Iron and Steel Articles	Trunk Line and New England	Central
C. W. Boin, Agent	20	80-D	A-966	Export - Import Class Rates	Between North Atlantic Ports and Md., N.Y., Ohio, Pa., Va. and W. Va.	
C. W. Boin, Agent	35	T/C-43-H	A-1017	Import General Commodity	Trunk Line	Central and Canada
H. R. Hinsch, Agent	259	469-A	3422	Export Iron and Steel Articles	Central	Trunk Line, New England and Canada
H. R. Hinsch, Agent	114	498-J	3472	Export Automobiles and Parts	Central	Trunk Line, New England and Canada
H. R. Hinsch, Agent	254	490-B	3642	Export Class Rates	Central	Trunk Line, New England and Canada
H. R. Hinsch, Agent	89	349-I	4350	Export Billets, Pig Iron and Other Articles	Central	Trunk Line, New England and Canada
H. R. Hinsch, Agent	76	245-H	4403	Export Grain and Grain Products	Central	Trunk Line, New England and Canada
H. R. Hinsch, Agent	176	218-O	4542	Export General Commodity	Central	Trunk Line, New England and Canada
O. E. Swenson, Agent	154	20-C	362	Import Class Rates	New England	Central
O. E. Swenson, Agent	198	26-F	591	Import General Commodity	New England	Central
O. E. Swenson, Agent	71	3-G	604	Import General Commodity	New England	Central and Missouri River Points
O. E. Swenson, Agent	12	163	635	Import Iron and Steel Articles	Trunk Line and New England	Central
O. E. Swenson, Agent	20	80-D	640	Export-Import Class Rates	Between North Atlantic Ports and Md., N.Y., Ohio, Pa., Va. and W. Va.	
Delaware & Hudson	10	14-A	283	Import Miscellaneous Commodity	Albany, N. Y.	N.Y., Pa.
Erie	18	510-M	A-7849	Export General Commodity	N.Y., Pa.	Trunk Line and New England
New York Central	72	3011-B	1238	Export Various Commodities	N.Y., Pa. and W.Va. (60% Territory)	Trunk Line, New England and Canada
New York Central	36	3015-B	1603	Export-Import Various Commodities	Between North Atlantic Ports and Trunk Line, New England and Canada.	
New York Central	-	208-B	1719	Import Bananas	New York Harbor	Official Territory and Canada
Pittsburgh & Lake Erie	2	903-C	3564	Export Iron and Steel and Other Articles	Pa., Ohio	Trunk Line, New England and Canada
Pittsburgh & Lake Erie	5 and 6	3001-B	3565	Export Various Commodities	Pa., Ohio	Trunk Line, New England and Canada

Source: Order of the Interstate Commerce Commission in I.& S. Docket No. 6615 dated July 6, 1956.

Exhibit No.________________(AJC 2)

Witness:________________

TARIFFS AND SUPPLEMENTS PRESERVING EXISTING DIFFERENTIALS ON EXPORT AND IMPORT TRAFFIC TO AND FROM ALL NORTH ATLANTIC PORTS NEW YORK, N.Y. AND SOUTH WHICH WERE SUSPENDED BY THE INTERSTATE COMMERCE COMMISSION IN I.& S. DOCKET NO. 6615

ISSUED BY	SUPP. NO.	TARIFF NO.	I.C.C. NO.	DESCRIPTION	FROM	TO
C. W. Boin, Agent	15	79-C	A-942	Import Class Rates	Trunk Line	Central
C. W. Boin, Agent	13	163	A-961	Import Iron and Steel Articles	Trunk Line and New England	Central
C. W. Boin, Agent	21	80-D	A-966	Export - Import Class Rates	Between North Atlantic Ports and Md., N.Y., Ohio, Pa., Va. and W. Va.	
C. W. Boin, Agent	36	T/C-43-H	A-1017	Import General Commodity	Trunk Line	Central and Canada
H. R. Hinsch, Agent	260	469-A	3422	Export Iron and Steel Articles	Central	Trunk Line, New England and Canada
H. R. Hinsch, Agent	115	498-J	3472	Export Automobiles and Parts	Central	Trunk Line, New England and Canada
H. R. Hinsch, Agent	255	490-B	3642	Export Class Rates	Central	Trunk Line, New England and Canada
H. R. Hinsch, Agent	90	349-I	4350	Export Billets, Pig Iron and Other Articles	Central	Trunk Line, New England and Canada
H. R. Hinsch, Agent	77	245-H	4403	Export Grain and Grain Products	Central	Trunk Line, New England and Canada
H. R. Hinsch, Agent	177	218-O	4542	Export General Commodity	Central	Trunk Line, New England and Canada
R. B. LeGrande, Agent	22	5-B	256	Import General Commodity	Hampton Roads Ports	Central and Canada
O. E. Swenson, Agent	13	163	635	Import Iron and Steel Articles	Trunk Line and New England	Central
O. E. Swenson, Agent	21	80-D	640	Export - Import Class Rates	Between North Atlantic Ports and Md., N.Y., Ohio, Pa., Va. and W.Va.	
Baltimore & Ohio	27	143-B	23847	Import Bananas	Baltimore, Md., New York, N.Y., Philadelphia, Pa.	Central and Trunk Line
Baltimore & Ohio	53	49-E	24092	Export Petroleum or Petroleum Products	Pa., W. Va.	Trunk Line
Baltimore & Ohio	41	11-E	24097	Import General Commodity (Clay)	Baltimore, Md., Philadelphia,Pa., Wilmington, Del.	N.J., N.Y. and Pa.
Baltimore & Ohio	17	368-A	24105	Import Pig Iron	Trunk Line	Pa.
Baltimore & Ohio	43	10-E	24237	Import Clay, Zinc Ore and Concentrates	Baltimore, Md.	Md., Pa., W.Va.
Baltimore & Ohio	45	10-E	24237	Import Clay, Zinc Ore and Concentrates	Baltimore, Md.	Md., Pa., W. Va.
Baltimore & Ohio	8	45-G	24246	Export Manufactured Iron and Steel,Billets,Pig Iron & Rails	Md., N.Y., Pa., W.Va.	Trunk Line
Baltimore & Ohio	63	15-E	24248	Export - Import General Commodity (Ammonia and Clay)	Between Trunk Line and Md., Pa., W. Va.	
Baltimore & Ohio	11	422-A	24250	Import Ferro Manganese	Baltimore, Md., Philadelphia, Pa.	Pa.
Baltimore & Ohio	10	59-C	24255	Export Grain and Grain Products	Md., Pa., and W. Va.	Baltimore, Md., Philadelphia ,Pa., Wilmington,Del.
Baltimore & Ohio	31	392-B	24271	Export Manufactured Iron and Steel, Billets and Pig Iron	Ohio, Pa., W. Va.	Canada
Baltimore & Ohio	25	12-G	24289	Export General Commodity	Ohio, Pa., W. Va.	Trunk Line and New England
Bessemer & Lake Erie	29	-	1276	Export Billets, Pig Iron and Other Articles	Ohio, Pa.	Trunk Line and New England
Bessemer & Lake Erie	7	-	1284	Export Iron and Steel Rails and Cross Ties	Pa.	Trunk Line and New England
Bessemer & Lake Erie	3	-	1285	Export Grain and Grain Products	Ohio, Pa.	Trunk Line and New England
Bessemer & Lake Erie	15	-	1291	Export Billets, Pig Iron and Other Articles	Pa.	Canada
Bessemer & Lake Erie	3	505	1330	Export General Commodity	Ohio, Pa.	Trunk Line, New England and Canada.

Source: Order of the Interstate Commerce Commission in I.&S. Docket No. 6615 dated July 6, 1956.

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Exhibit No. (AJC 2)
Witness:

TARIFFS AND SUPPLEMENTS PRESERVING EXISTING DIFFERENTIALS ON EXPORT AND IMPORT TRAFFIC TO AND FROM ALL NORTH ATLANTIC PORTS NEW YORK, N.Y. AND SOUTH WHICH WERE SUSPENDED BY THE INTERSTATE COMMERCE COMMISSION IN I.&S. DOCKET NO. 6615

ISSUED BY	SUPP. NO.	TARIFF NO.	I.C.C. NO.	DESCRIPTION	FROM	TO
Chesapeake & Ohio	11	251-J	13032	Export Iron and Steel Rails and Cross Ties	W. Va.	Newport News, Va., Norfolk, Va.
Chesapeake & Ohio	127	230-F	13099	Export Billets and Other Articles	Ohio, Ky., W. Va.	Newport News, Va., Norfolk, Va.
Chesapeake & Ohio	81	2039-F	13153	Export Class and Commodity	Ky., Ohio, W. Va.	Newport News, Va., Norfolk, Va.
Chesapeake & Ohio	19	2410-B	13383	Export Grain and Grain Products	Ind., Ky., Ohio, Va., W. Va.	Newport News, Va., Norfolk, Va.
Pennsylvania	22	1001-I	2990	Import Clay	Trunk Line	Trunk Line
Pennsylvania	21	1608-F	3035	Import Bananas	Trunk Line	Central and Trunk Line
Pennsylvania	16	2129	3105	Import Pig Iron and Spiegel Eisen	Trunk Line	Ohio, Pa., W. Va.
Pennsylvania	8	2135-A	3200	Import Ferro Manganese	Trunk Line	N.Y., Ohio, Pa., W.Va.
Pennsylvania	14	2112-C	3363	Import General Commodity (Zinc Ore and Concentrates)	Trunk Line	Pa.
Pennsylvania	14	1895-F	3439	Export Manufactured Iron and Steel,Billets and Pig Iron	Central and Trunk Line	Trunk Line and New England
Pennsylvania	2	1996-E	3462	Export Manufactured Iron and Steel,Billets and Pig Iron	Central and Trunk Line	Canada.
Pennsylvania	1	522-K	3467	Export Grain and Grain Products	N.Y., Ohio, Pa., W. Va.	Trunk Line and New England
Pennsylvania	1	2055-H	3476	Export General Commodity	N.Y., Ohio, Pa., W. Va.	Trunk Line and New England
Pittsburg & Shawmut	2	2512	829	Export Grain and Grain Products	Pa.	Trunk Line
Pittsburgh & West Virginia	19 and 20	-	535	Export General Commodity	Ohio, Pa.	Trunk Line.
Reading	9	57-D	2295	Import Bananas	Philadelphia, Pa.	Trunk Line, New England and Canada.
Reading	93	106-A	2297	Import Zinc Ore and Concentrates	Philadelphia, Pa.	Pa., W. Va.
Reading	16	119-A	2324	Import Pig Iron	Trunk Line	Ohio, Pa., W. Va.
Reading	10	113-B	2330	Import Scrap Iron or Steel	Trunk Line	N.Y., Ohio, Pa., W. Va.
Reading	9	120-A	2333	Import Ferro Manganese	Trunk Line	N.Y., Ohio, Pa., W. Va.
Reading	34	41-A	2346	Import Clay	Philadelphia, Pa.	Md., N.Y., Pa.
Reading	5	124	2349	Import Spiegel-Eisen	Trunk Line	Pa., Ohio.
Western Maryland	15	6	9044	Import Ferro Manganese	Baltimore, Md.	Pa.
Western Maryland	26	78	9067	Import Clay, Pig Iron and Zinc Ore and Concentrates	Baltimore, Md.	Md., Pa., W. Va.

Source: Order of the Interstate Commerce Commission in I.& S. Docket No. 6615 dated July 6, 1956.

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EXHIBIT NO. (AJC3)

WITNESS:

LIST OF STATIONS THROUGH WHICH IMPORT AND EXPORT RATES APPLY

STATION	RAILROAD
U.S. NORTH ATLANTIC PORTS:	
Albany . . . . N.Y.	(D&H (NYC(B) (NYC(WS)
American Dock Terminal . . N.Y.	SIRT- B&O
B&O Lighterage (JerseyCity) N.J.	B&O
Baltimore . . . . Md.	
Boston St. Ferry Slip	PRR
Canton	PRR
Clinton St.	PRR
Colgate Creek.	B&O
Curtis Bay	B&O
Fell Street.	B&O
Fidelity	WMd.
Jackson's Wharf.	PRR
Locust Point	B&O
Port Covington	WMd.
President Station.	PRR
York Street	WMd.
Bayonne. . . . . N.J.	(CofNJ (LV (PRR
Bay Ridge. . . . . N.Y.	LI
Bayway . . . . N.J.	(CofNJ (SIRT
Blissville . . . . N.Y.	LI
Blissville Docks . . . . . . N.Y.	LI
Boston . . . . Mass.	(B&M (NYC(B) (NYNH&H
Boston . . . . Mass.	
Hoosac Wharves	B&M
Mystic Wharf	
Brills . . . . N.J.	CofNJ
Brooklyn . . . . N.Y.	
Bush Docks-48th St.(BayRidge)	BushT
28th Street (Bay Ridge). . .	
36th Street (Bay Ridge). . .	
53rd Street (Bay Ridge). . .	
63rd Street (Bay Ridge). . .	
Lackawanna So.B'klyn.Terminal	DL&W
Jay Street Terminal	JaySC
Atlantic Terminal	NYD
Baltic Terminal	
Fulton Terminal	
Camden (Kaighn's Point) . . N.J.	PRSL
Camden. . . . . N.J.	PRR
Carteret. . . . . N.J.	CofNJ
Chester . . . . Pa.	(PRR (Reading
Claremont Terminal. . . . N.J.	LV
Clifton . . . . N.Y.	SIRT- B&O
Communipaw (JerseyCity) N.J.	CofNJ
Davisville. . . . . R.I.	NYNH&H
Delaware River Pier . . . Del.	Reading
East Boston . . . . Mass.	NYC(B)
East Providence . . . . . R.I.	NYNH&H
Eddystone . . . . Pa.	(B&O (PRR (Reading
Edgewater . . . . N.J.	(NYC(WS) (NYS&W
Edgewater Docks (New York Harbor Lighterage Points) NJ.	NYS&W
Fall River. . . . . Mass.	NYNH&H
Fox Point . . . . R.I.	NYNH&H
Grand Street(JerseyCity). N.J.	LV
Greenville Piers. . . . . N.J.	PRR
Harbor Jct. Wharf . . . . R.I.	NYNH&H
Hoboken . . . . N.J.	(DL&W (HM (NYC(WS)
Hog Island. . . . . Pa.	(PRR (Reading
Jersey Avenue(JerseyCity) N.J.	CofNJ
Jersey City . . . . N.J.	(CofNJ (DL&W (Erie (LV (NYC(WS) (PRR
Jersey City Piers . . . . N.J.	PRR
Jersey City Terminal. . . N.J.	LV
Lambert Point . . . . . . Va.	N&W
Long Island City. . . . . N.Y.	LI
Long Island City Pidgeon St. Terminal. . N.Y.	BEDT
Marcus Hook . . . . Pa.	(PRR (Reading
National Docks(JerseyCity) NJ.	(CofNJ (LV (PRR
Newark. . . . . N.J.	(CofNJ (LV (PRR

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STATION	RAILROAD
New Bedford . . . . Mass.	NYNH&H
New Haven . . . . Conn.	NYNH&H
New London. . . . . Conn.	NYNH&H CVt.
NewPort News. . . . . Va.	C&O(CD)
New York. . . . . N.Y.	
American Dock Terminal. . .	B&O
Pier 22, N.R.	
West Houston St.Station (Pier 39) N.R..	
Pouch Terminal.	
St.George Terminal.	
West 26th St. Station . . .	
Pier 23, N.R. (CL).	CofNJ
Pier 39, N.R. (LCL)	
Bronx Terminal (3rd Ave. & Harlem River, Bronx Side)	
Harlem Transfer Co's Terminal 135th St. & Harlem River.	DL&W
Duane St. Hudson River. . .	Erie
Greenwich St.	
Hubert St.	
28th St. Station HudsonRiver	
Pier 7, E. R.	
Harlem Station (149th Street and Exterior St.)	
Watt St. Station	
W. 27th St. Freight Yards .	LV
Pier 44, E. R.	
West 72nd St. Float Bridges	NYC(E)
Barclay St. Station	NYC(E), NYC(WS)
36th St. Station N.R. . .	NYC(WS)
Pier 35, E.R.	NYC(E), NYC(WS)
St. John's Park.	NYC(E)
33rd Street	
60th Street	
36th Street, N.R.	NYO&W
Pier 14, N.R.	NYNH&H
Pier 37, E.R.	
Pier 35, E.R.	NYO&W
Barclay St. Station	
New York (continued)	
Desbrosses St. Station	PRR
Pier 21, E. R.	
West 12th St.Station, N.R. .	
Pennsylvania RR (Produce Terminal) (Piers 27,28 and 29, N.R.)	
37th St. Station, N.R. . . .	
125th St. Station.	
New York Harbor Points Within Free Lighterage Limits. . . N.Y. (For List of Points Within Free Lighterage Limits of New York Harbor See Agent Boin's Tariff No.116F, I.C.C. No. 4-978).	B&O CofNJ DL&W Erie LV NYC(E) NYC(WS) NJ&NY NYO&W NYS&W PRR
New York Lighterage Points . .	NYNH&H
New York Lighterage Station. . NJ	DL&W
Norfolk . . . . Va.	BSP Co C&O(CD N&W NS PRR SAL SOU Vgn.Ry
North Plymouth. . . . . Mass.	NYNH&H
Penniman . . . . Va.	C&O(CD)
Perth Amboy . . . . N.J.	CofNJ LV PRR
Philadelphia. . . . . Pa.	
Federal St.	PRR
Girard Point.	
Pier 62, South.	B&O
Pier 78, South.	
Port Richmond....	Reading
Tacony	PRR
Washington Ave. Wharf . . .	
Willow and Noble Sts. . . .	Reading
Pinners Point . . . . Va.	ACL SOU.

STATION	RAILROAD	STATION	RAILROAD
Portland. . . . . .Me.	B&M GT-E MeC	CANADIAN PORTS:	
Port Newark . . . . .N.J.	CofNJ LV PRR	Bridge . . . . Que.	CNE
Port Norfolk. . . . . . . .Va.	N&W PRR VgnRy.	Halifax. . . . . N.S.	CNE DA
Portsmouth. . . . . .Va.	ACL BSPCo. N&W PRR SAL SOU. VgnRy.	Levis. . . . . Que.	CNE
Providence. . . . . .R.I.	NYNH&H	Montreal . . . . Que.	CNE NYC(E) CP-E CSSL
Rensselaer. . . . . .N.Y.	NYC(E)	Quebec . . . . Que.	CNE CSSL CP-E QC
Richmond. . . . . .Va.	ACL C&O(CD) RF&P SAL SOU.	Saint John . . . . N.B.	CNE CP-E
St. George Lighterage.SI-NY	B&O	Sillery Coves. . . . . . Que.	CNE
South Amboy . . . . .N.J.	NY&LB PRR	Sorel. . . . . Que.	CNE CSSL
South Providence. . . . . .R.I.	NYNH&H	Trois Riveres. . . . . . Que.	CSSL CNE CP-E
Sparrows Point. . . . . . . Md.	B&O PRR WMd.	West Saint John. . . . . N.B.	CP-E
Stapleton . . . . SI-NY	SIRT-B&O		
Tompkinsville . . . . . . N.Y.	SIRT-B&O		
Trenton . . . . N.J.	PRR		
Weehawken . . . . N.J.	Erie NYC(WS) NYO&W		
West Norfolk. . . . . . . Va.	SOU.		
Wilmington. . . . . Del.	B&O PRR Reading		
Wilson Avenue Yard (Newark). . . . . . . .N.J.	PRR		

SOURCE: Tariffs and supplements shown in Exhibits Nos. (AJC 1 and 2)

Exhibit No. ____________

Witness: ____________

TOTAL VOLUME OF IMPORT TONNAGE HANDLED AT NORTH ATLANTIC PORTS

Year	Portland		Boston		Albany		New York		Philadelphia		Baltimore		Hampton Roads		Total 4 Ports		Total 3 Ports		Grand Total
	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons
	TOTAL TONNAGE																		
1923	461,273	2	3,031,479	13			10,855,747	46	5,393,309	23	3,189,614	14	493,494	2	14,348,499	61	9,076,417	39	23,424,916
1928	601,347	2	2,964,876	9	4,079	-	17,865,043	54	6,759,327	20	4,558,161	14	620,852	2	21,435,345	64	11,938,340	36	33,373,685
1933	344,695	2	1,822,960	9	429,134	2	11,333,103	53	4,298,675	20	2,504,919	12	512,061	2	13,929,892	66	7,315,655	34	21,245,547
1938	223,108	1	1,798,064	8	203,758	1	11,963,421	50	3,879,817	16	4,821,509	20	826,739	3	14,188,351	60	9,528,065	40	23,716,416
1943	1,442,333	7	357,035	2			15,119,544	69	2,167,084	10	2,076,261	10	628,799	3	16,918,912	78	4,872,144	22	21,791,056
1944	2,543,215	9	524,266	2	37,138	-	15,203,964	54	6,476,029	23	2,434,022	[illegible]	1,122,825	4	18,308,583	65	10,032,876	35	28,341,459
1945	2,704,322	8	1,742,911	5	3,365	-	14,484,592	44	8,369,986	26	3,360,285	10	2,149,545	7	18,935,190	58	13,879,816	42	32,815,006
1946	2,903,333	8	2,819,722	8	53,715	-	13,675,973	38	8,809,537	25	5,942,545	17	1,515,865	4	19,452,743	54	16,267,947	46	35,720,690
1947	2,727,194	6	3,252,695	7	72,297	-	16,210,961	37	10,578,589	24	8,683,096	20	2,098,900	5	22,263,147	51	21,360,585	49	43,623,732
1948	3,285,092	6	2,833,989	6	64,305	-	19,678,027	38	12,852,600	25	10,325,399	20	2,144,251	4	25,861,413	51	25,322,250	49	51,183,663
1949	3,966,029	7	3,448,810	6	135,185	-	20,319,606	35	16,530,919	29	11,296,502	20	1,811,772	3	27,869,630	48	29,639,193	52	57,508,823
1950	4,609,932	6	5,299,222	7	221,847	-	25,481,429	35	23,475,841	32	12,144,240	17	1,836,517	3	35,612,430	49	37,456,598	51	73,069,028
1951	7,061,132	9	5,100,926	7	185,596	-	25,157,156	33	22,114,930	29	14,497,995	19	2,922,009	4	37,504,810	49	39,534,934	51	77,039,744
1952	7,827,013	10	4,849,735	6	228,118	-	27,798,540	34	22,052,584	27	14,842,879	18	3,012,086	4	40,703,406	50	39,907,549	50	80,610,955
1953	8,364,061	10	4,756,747	5	345,536	-	28,837,891	33	25,127,225	29	16,537,107	19	2,873,462	3	42,304,235	49	44,537,794	51	86,842,029
1954	8,473,931	10	4,486,060	5	319,740	-	28,370,760	33	27,599,106	32	14,951,276	17	2,662,434	3	41,650,491	48	45,212,816	52	86,863,307
1955	10,728,079	11	5,135,873	5	329,771	-	30,273,674	30	33,608,728	33	17,415,577	17	4,427,390	4	46,467,397	46	55,451,696	54	101,919,093 ✓
1956	~~12,041,993~~		~~5,482,506~~		~~270,094~~		~~31,683,792~~		~~37,387,404~~		~~20,365,717~~		~~5,029,049~~		~~49,413,665~~		~~63,721,970~~		~~[illegible]~~
	① PETROLEUM PRODUCTS																		
1923	117,762	2	1,054,431	19			2,057,792	38	1,528,747	28	633,796	12	80,325	1	3,229,988	59	2,242,868	41	5,472,856
1928	28,224	-	877,650	7			6,615,633	55	3,479,598	29	1,079,687	9	34,752	-	7,521,507	62	4,594,037	38	12,115,544
1933	25,256	1	156,211	2			4,464,015	65	1,622,771	24	537,000	8	28,665	-	4,645,482	68	2,188,436	32	6,833,918
1938			341,433	4			4,598,315	61	1,611,850	21	852,884	11	158,097	2	4,939,748	65	2,622,831	35	7,562,579
1943	1,295,211	12	99,116	1			7,699,481	72	1,010,383	9	272,618	2	377,911	4	9,093,808	85	1,660,912	15	10,754,720
1944	2,444,209	15	49,178	1			8,152,890	50	4,225,368	26	467,151	3	843,194	5	10,646,277	66	5,535,713	34	16,181,990
1945	2,352,735	12	1,063,990	6			7,543,872	39	6,322,156	33	1,029,478	5	1,066,059	5	10,960,597	57	8,417,693	43	19,378,290
1946	2,773,015	13	1,782,355	9			7,431,149	35	6,558,785	31	2,012,882	9	654,647	3	11,986,519	57	9,226,314	43	21,212,833
1947	2,640,544	11	1,851,324	7			9,159,985	37	7,519,667	30	2,248,407	9	1,520,532	6	13,651,853	55	11,288,606	45	24,940,459
1948	3,189,032	11	1,347,111	5			11,291,627	39	9,212,637	32	2,471,385	9	1,301,917	4	15,827,770	55	12,985,939	45	28,813,709
1949	3,870,688	11	2,154,076	6			12,445,520	36	12,485,136	36	2,741,436	8	849,611	3	18,470,284	53	16,076,183	47	34,546,467
1950	4,490,157	10	3,433,267	8	24,616	-	15,430,690	34	18,556,554	41	2,734,456	6	563,310	1	23,378,730	52	21,854,320	48	45,233,050
1951	6,960,558	15	3,310,509	7	58,862	-	15,432,152	32	17,500,942	37	2,883,646	6	1,564,722	3	25,762,081	54	21,949,310	46	47,711,391
1952	7,822,260	15	3,393,699	7	73,524	-	18,414,577	35	18,288,384	35	2,716,697	5	1,751,801	3	29,704,060	57	22,756,882	43	52,460,942
1953	8,258,017	15	3,058,785	6	88,939	-	18,701,652	34	20,547,298	38	2,717,094	5	1,244,315	2	30,107,393	55	24,508,707	45	54,616,100
1954	8,346,042	15	3,074,523	5	85,556	-	19,744,733	34	22,309,065	39	2,519,014	5	1,287,361	2	31,250,854	54	26,115,440	46	57,366,294
1955	10,611,153	16	3,457,191	6	70,776	-	20,831,297	32	24,985,312	39	2,689,420	4	2,197,124	3	34,970,417	54	29,871,856	46	64,842,273
1956	11,424,~~669~~		~~3,730,558~~		-		~~21,120,504~~		~~25,[illegible]~~		~~2,271,072~~		~~2,559,204~~		~~[illegible]~~		~~[illegible]~~		~~[illegible]~~

Exhibit No. 1697.
Witness:

TOTAL VOLUME OF IMPORT TONNAGE HANDLED AT NORTH ATLANTIC PORTS

Year	Portland		Boston		Albany		New York		Philadelphia		Baltimore		Hampton Roads		Total 4 Ports		Total 3 Ports		Grand Total
	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons
IMPORT IRON ORE AND CONCENTRATES																			
1923	-		-		-		6,534	-	1,218,718	48	1,290,661	50	42,883	2	6,534	-	2,552,262	100	2,558,796
1928	-		132,224	5	-		429,171	17	331,166	13	1,636,676	65	-		561,395	22	1,967,842	78	2,529,237
1933	-		3,132	-	-		30,064	4	60,083	7	780,454	89	-		33,196	4	840,537	96	873,733
1938	-		4,472	6	-		76,496	86	7,518	8	-		-		80,968	92	7,518	8	88,486
1943	-		-		-		58,766	51	42,030	36	15,375	13	-		58,766	51	57,405	49	116,171
1944	-		-		-		53,855	43	40,638	32	31,937	25	-		53,855	43	72,575	57	126,430
1945	-		-		-		95,394	20	64,140	13	314,885	64	14,184	3	95,394	20	393,209	80	488,603
1946	1,119	-	8,976	-	-		12,314	1	32,362	2	1,690,715	96	11,264	1	22,409	1	1,734,341	99	1,756,750
1947	-		73,715	2	-		654	-	52,786	1	3,420,273	97	-		74,369	2	3,473,059	98	3,547,428
1948	2,700	-	87,792	2	-		5,794	-	562,538	11	4,563,652	87	10,080	-	96,286	2	5,136,270	98	5,232,556
1949	-		82,248	1	-		334	-	778,369	14	5,005,740	85	9,953	-	82,582	1	5,794,062	99	5,876,644
1950	-		26,072	-	-		575	-	922,318	15	5,407,509	85	35	-	26,647	-	6,329,862	100	6,356,509
1951	-		145,071	2	-		512	-	967,050	11	7,113,979	86	75,487	1	145,583	2	8,156,516	98	8,302,099
1952	-		65,299	1	-		443	-	773,416	10	7,029,936	88	66,355	1	65,742	1	7,869,707	99	7,935,449
1953	-		56,267	1	-		12	-	1,174,507	13	7,762,776	84	209,670	2	56,279	1	9,146,953	99	9,203,232
1954	263	-	66,752	1	-		176	-	2,480,808	24	7,815,031	75	2,491	-	67,191	1	10,298,330	99	10,365,521
1955	-		258,256	2	-		344	-	5,657,739	34	10,356,008	61	517,063	3	258,600	2	16,530,810	98	16,789,410
~~1956~~	-		~~193,879~~		-		~~559~~		~~6,[illegible]~~		~~12,2[illegible],625~~		~~768,605~~		~~194,208~~		~~19,[illegible],236~~		~~20,177,444~~
BALANCE EXCLUDING PETROLEUM PRODUCTS																			
1923	343,508	2	1,977,048	11			8,797,955	49	3,864,562	22	2,555,818	14	413,169	2	11,118,511	62	6,833,549	38	17,952,060
1928	573,123	2	2,087,226	10	4,079	-	11,249,410	53	3,279,729	16	3,478,474	16	586,100	3	13,913,838	65	7,344,303	35	21,258,141
1933	319,439	2	1,666,749	11	429,134	3	6,869,088	48	2,675,904	19	1,967,919	14	483,396	3	9,284,410	64	5,127,219	36	14,411,629
1938	223,108	1	1,456,631	9	203,758	1	7,365,106	46	2,267,967	14	3,968,625	25	668,642	4	9,248,603	57	6,905,234	43	16,153,837
1943	147,122	1	257,919	3			7,420,063	67	1,156,701	10	1,803,643	17	250,888	2	7,825,104	71	3,211,232	29	11,036,336
1944	99,006	1	475,088	4	37,138	-	7,051,074	58	2,250,661	19	1,966,871	16	279,631	2	7,662,306	63	4,497,163	37	12,159,469
1945	351,587	2	678,921	5	3,365	-	6,940,720	52	2,047,830	15	2,330,807	18	1,083,486	8	7,974,593	59	5,462,123	41	13,436,716
1946	130,318	1	1,037,367	7	53,715	-	6,244,824	43	2,250,752	16	3,929,663	27	861,218	6	7,466,224	51	7,041,633	49	14,507,857
1947	86,650	-	1,401,371	9	72,297	-	7,050,976	38	3,058,922	16	6,434,689	35	578,368	3	8,611,294	46	10,071,979	54	18,683,273
1948	96,060	-	1,486,878	7	64,305	-	8,386,400	37	3,639,963	16	7,854,014	35	842,334	4	10,033,643	45	12,336,311	55	22,369,954
1949	95,341	-	1,294,734	6	135,185	1	7,874,086	34	4,045,783	18	8,555,066	37	962,161	4	9,399,346	41	13,563,010	59	22,962,356
1950	119,775	-	1,865,955	7	197,231	1	10,050,739	36	4,919,287	18	9,409,784	34	1,273,207	4	12,233,700	44	15,602,278	56	27,835,978
1951	100,574	-	1,790,417	6	126,734	1	9,725,004	33	4,613,988	16	11,614,349	39	1,357,287	5	11,742,729	40	17,585,624	60	29,328,353
1952	4,753	-	1,456,036	5	154,594	1	9,383,963	33	3,764,200	13	12,126,182	43	1,260,285	5	10,999,346	39	17,150,667	61	28,150,013
1953	106,044	-	1,697,692	5	256,597	1	10,136,239	32	4,579,927	14	13,820,013	43	1,629,147	5	12,196,842	38	20,029,087	62	32,225,929
1954	127,889	-	1,411,537	5	234,184	1	8,626,027	29	5,290,041	18	12,432,262	42	1,375,073	5	10,399,637	35	19,097,376	65	29,497,013
1955	116,926	-	1,678,682	5	258,995	1	9,442,377	25	8,623,416	23	14,726,159	40	2,230,266	6	11,496,980	31	25,579,840	69	37,076,820
~~1956~~	~~716,426~~		~~1,744,118~~		~~210,274~~		~~9,363,234~~		~~12,113,804~~		~~17,[illegible],645~~		~~2,469,805~~		~~11,634,144~~		~~31,673,[illegible]~~		~~43,307,598~~

Exhibit No. ____________________

Witness: ____________________

TOTAL VOLUME OF IMPORT TONNAGE HANDLED AT NORTH ATLANTIC PORTS

Year	Portland		Boston		Albany		New York		Philadelphia		Baltimore		Hampton Roads		Total 4 Ports		Total 3 Ports		Grand Total
	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons
	TOTAL IMPORTS EXCLUDING PETROLEUM AND IRON ORE																		
1923	343,508	2	1,977,048	13	-	-	8,791,421	57	2,645,844	17	1,265,157	8	370,286	3	11,111,977	72	4,281,287	28	15,393,264
1928	573,123	3	1,955,002	10	4,079	-	10,820,239	58	2,948,563	16	1,841,798	10	586,100	3	13,352,443	71	5,376,461	29	18,728,904
1933	319,439	2	1,663,617	12	429,134	3	6,839,024	51	2,615,821	19	1,187,465	9	483,396	4	9,251,214	68	4,286,682	32	13,537,896
1938	223,108	1	1,452,159	9	203,758	1	7,288,610	46	2,260,449	14	3,968,625	25	668,642	4	9,167,635	57	6,897,716	43	16,065,351
1943	147,122	1	257,919	2	-		7,361,297	68	1,114,671	10	1,788,268	17	250,888	2	7,766,338	71	3,153,827	29	10,920,165
1944	99,006	1	475,088	4	37,138	-	6,997,219	58	2,210,023	19	1,934,934	16	279,631	2	7,608,451	63	4,424,588	37	12,033,039
1945	351,587	3	678,921	5	3,365	-	6,845,326	53	1,983,690	15	2,015,922	16	1,069,302	8	7,879,199	61	5,068,914	39	12,948,113
1946	129,199	1	1,028,391	8	53,715	-	6,232,510	49	2,218,390	18	2,238,948	18	849,954	6	7,443,815	58	5,307,292	42	12,751,107
1947	86,650	-	1,327,656	9	72,297	-	7,050,322	47	3,006,136	20	3,014,416	20	578,368	4	8,536,925	56	6,598,920	44	15,135,845
1948	93,360	1	1,399,086	8	64,305	-	8,380,606	49	3,077,425	18	3,290,362	19	832,254	5	9,937,357	58	7,200,041	42	17,137,398
1949	95,341	1	1,212,486	7	135,185	1	7,873,752	46	3,267,414	19	3,549,326	20	952,208	6	9,316,764	55	7,768,948	45	17.085,712
1950	119,775	-	1,839,883	9	197,231	1	10,050,164	47	3,996,969	18	4,002,275	19	1,273,172	6	12,207,053	57	9,272,416	43	21,479,469
1951	100,574	-	1,645,346	8	126,734	1	9,724,492	46	3,646,938	17	4,500,370	22	1,281,800	6	11,597,146	55	9,429,108	45	21,026,254
1952	4,753	-	1,390,737	7	154,594	1	9,383,520	46	2,990,784	15	5,096,246	25	1,193,930	6	10,933,604	54	9,280,960	46	20,214,564
1953	106,044	1	1,641,425	7	256,597	1	10,136,227	44	3,405,420	15	6,057,237	26	1,419,477	6	12,140,563	53	10,882,134	47	23,022,697
1954	127,626	1	1,344,785	7	234.184	1	8,625,851	45	2,809,233	15	4,617,231	24	1,372,582	7	10,332,446	54	8,799,046	46	19,131,492
1955	116,926	1	1,420,426	7	258,995	1	9,442,033	46	2,965,677	15	4,370,151	22	1,713,203	8	11,238,380	55	9,049,030	45	20,287,410
~~1955~~	~~[illegible]~~		~~[illegible]~~		~~[illegible]~~		~~[illegible]~~		~~[illegible]~~		~~[illegible]~~		~~[illegible]~~		~~[illegible]~~		~~[illegible]~~		~~[illegible]~~

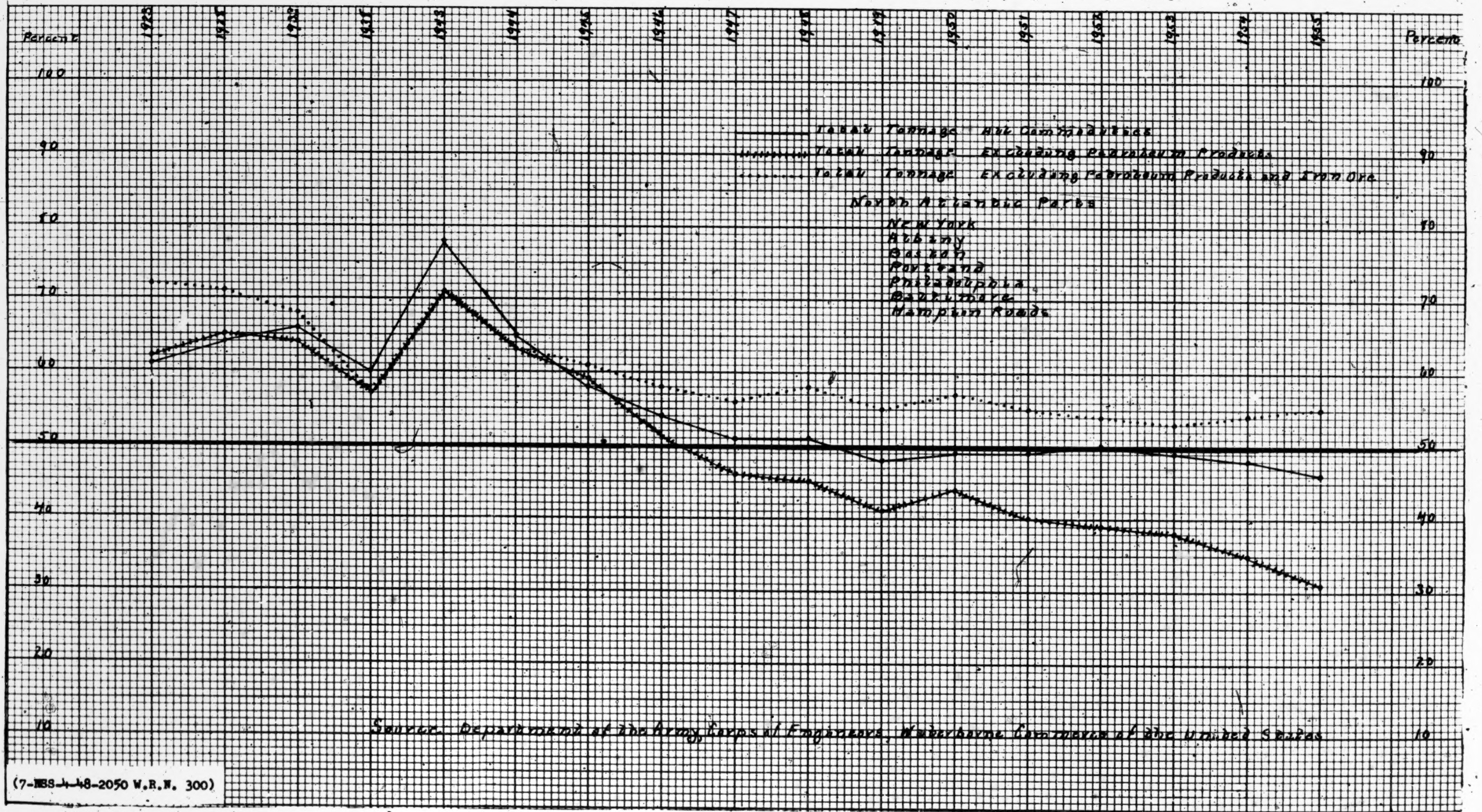
① - Covers the following commodities, viz.:
Motor fuel and gasoline, including blending agents or antiknock compounds of petroleum origin
Motor fuel and gasoline, except SCi
Gas oil and Distillate fuel oil
Petroleum, crude
Kerosene
Residual fuel oil (including bunker coal)
Petroleum asphalt
Lubricating oils and greases, except SCi
Lubricating oils and greases
Petroleum products, n.e.c.
Natural gasoline.

Source: Department of the Army, Corps of Engineers, Waterborne Commerce of the United States.

PERCENTAGE OF IMPORT TONNAGE HANDLED AT NEW YORK, ALBANY, BOSTON, AND PORTLAND OF TOTAL IMPORT TONNAGE HANDLED AT NORTH ATLANTIC PORTS

EXHIBIT NO.________________

WITNESS________________



Source: Department of the Army, Corps of Engineers, Waterborne Commerce of the United States

(7-NBS-4-48-2050 W.R.N. 300)

AJC 6

Exhibit No._______________

Witness:_______________

TOTAL VOLUME OF EXPORT TONNAGE HANDLED AT NORTH ATLANTIC PORTS

Year	Portland		Boston		Albany		New York		Philadelphia		Baltimore		Hampton Roads		Total 4 Ports		Total 3 Ports		Grand Total
	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons
									TOTAL TONNAGE										
										23		29	6,035,328	18		30	23,863,080	70	34,014,483
1923	626,892	3	481,961	2			10,174,880	47	3,998,074	19	2,887,486	13	3,373,669	16	11,283,733	52	10,259,229	48	21,542,962
1928	125,826	1	403,486	2			12,799,277	62	2,863,141	14	1,691,649	8	2,674,339	13	13,328 589	65	7,229,129	35	20,557,718
1933	44,794	1	166,090	2	95,690	1	4,655,104	61	1,445,927	18	463,821	6	811,858	11	4,961,678	65	2,721,606	35	7,683,284
1938	80,333	-	321,445	3	574,530	5	6,663,303	55	1,213,250	10	1,310,537	11	1,992,564	16	7,639,811	63	4,516,351	37	12,155,962
1943	699,753	2	916,103	3			20,406,813	62	6,175,216	19	2,126,481	6	2,522,509	8	22,022,669	67	10,824,206	33	32,846,875
1944	465,648	1	411,469	1			21,164,818	54	10,934,882	28	2,457,448	7	3,554,700	9	22,041,935	56	16,947,030	44	38,988,965
1945	587,730	2	565,121	1	730,439	2	17,178,203	44	10,272,530	26	5,665,434	15	4,021,304	10	19,061,493	49	19,959,268	51	39,020,761
1946	241,917	1	428,950	1	321,515	1	9,159,021	28	7,948,614	~~24~~	9,879,138	~~30~~	~~5,035,328~~	~~15~~	10,151,403	~~31~~	~~22,863,080~~	~~69~~	~~33,014,483~~
1947	153,407	-	538,625	1	434,811	1	15,533,406	25	8,884,522	14	15,928,394	25	21,145,987	34	16,660,249	27	45,958,903	73	62,619,152
1948	74,362	-	319,772	-	549,811	2	10,259,918	29	3,893,567	11	6,269,976	18	14,360,954	40	11,203,863	31	24,524,497	69	35,728,360
1949	102,339	-	433,419	1	885,705	3	9,258,512	30	3,447,181	11	5,996,071	19	11,020,955	36	10,679,975	34	20,464,207	66	31,144,182
1950	105,573	1	238,534	1	387,592	3	7,001,064	47	1,558,519	10	2,914,695	20	2,636,688	18	7,732,763	52	7,109,902	48	14,842,665
1951	182,260	-	382,029	1	1,020,400	2	9,803,387	18	5,627,271	10	7,960,222	15	29,504,688	54	11,388,076	21	43,092,181	79	54,480,257
1952	168,141	-	366,189	1	647,956	2	8,099,418	19	3,549,750	8	6,572,836	15	23,205,391	55	9,251,704	22	33,327,977	78	42,579,681
1953	146,879	-	234,147	1	638,768	2	6,720,527	24	1,688,869	6	4,837,359	17	13,489,205	49	7,740,321	28	20,015,433	72	27,755,754
1954	141,162	1	338,195	1	617,741	2	7,077,334	23	2,545,561	8	4,124,811	14	15,460,382	51	8,174,432	27	22,130,754	73	30,305,186
1955	159,620	-	565,995	1	938,976	2	8,623,893	16	3,527,955	6	8,318,198	16	31,461,459	59	10,288,484	19	43,307,612	81	53,596,096
~~1956~~	~~205,555~~		~~1,102,703~~		~~[illegible]~~		~~[illegible]~~		~~[illegible]~~		~~[illegible]~~		~~[illegible]~~		~~[illegible]~~		~~[illegible]~~		~~[illegible]~~
									COAL, VIZ.: ANTHRACITE, BITUMINOUS										
										15		13	2,101,379	82			2,569,891		2,572,523
1923							775	-	356,102	8	1,429,245	32	2,673,491	60	775	-	4,458,838	100	4,459,613
1928							68,044	3	162,192	7	194,734	8	1,927,163	82	68,044	3	2,284,089	97	2,352,133
1933							25,202	6	7	-	14,252	3	405,699	91	25,202	6	419,958	94	445,160
1938							38,379	3	44,022	3			1,284,980	94	38,379	3	1,329,002	97	1,367,381
1943							20,413	1	318,775	22	82,303	6	1,042,613	71	20,413	1	1,443,691	99	1,464,104
1944	3,326	-					14,110	1	358,904	18	210,061	10	1,409,615	71	17,436	1	1,978,580	99	1,996,016
1945							3,495	-	1,760,760	28	2,273,459	36	2,271,412	36	3,495	-	6,305,631	100	6,309,126
1946							305,641	2	4,166,937	26	6,488,604	41	4,827,523	31	305,641	2	15,483,064	98	15,788,705
1947			35	-			2,151,982	6	5,330,173	13	11,358,385	29	20,089,209	52	2,152,017	6	36,777,767	94	38,929,784
1948							251,792	1	1,896,071	10	3,450,270	18	13,656,329	71	251,792	1	19,002,670	99	19,254,462
1949							8,634	-	1,321,242	10	1,331,805	11	10,057,534	79	8,634	-	12,710,581	100	12,719,215
1950			30	-			2,602	-	130,884	~~8~~	337,628	~~22~~	~~1,101,379~~	~~78~~	2,632	-	~~1,569,891~~	100	~~1,572,523~~
1951							4,342	-	2,826,968	8	3,934,080	11	28,791,733	81	4,342	-	25,552,781	100	35,557,123
1952			25	-			858	-	1,279,479	5	3,000,714	11	22,435,093	84	883	-	26,715,286	100	26,716,169
1953							1,221	-	145,642	1	1,557,512	11	12,398,013	88	1,221	-	14,101,167	100	14,102,388
1954							17	-	413,666	3	640,149	4	14,251,865	93	17	-	15,305,680	100	15,305,697
1955							11,546	-	908,581	3	3,677,763	11	29,429,682	86	11,546	-	34,016,026	100	34,027,572
~~1956~~	-		-		-		~~2~~		~~[illegible]~~		~~[illegible]~~		~~[illegible]~~		←		~~[illegible]~~		~~[illegible]~~

2538

[fol. 2539]

Exlibit No.____________________

Witness: ____________________

GRAIN, VIZ.: CORN, BARLEY, RYE, WHEAT, OATS

Year	Portland		Boston		Albany		New York		Philadelphia		Baltimore		Hampton Roads		Total 4 Ports		Total 3 Ports		Grand Total
	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons
1923	550,182	13	248,610	6			942,992	23	1,543,242	37	759,312	18	138,429	3	1,741,784	42	2,440,983	58	4,182,767
1928	91,689	2	159,708	4			2,661,819	66	503,667	12	518,651	13	114,532	3	2,913,216	72	1,136,850	28	4,050,066
1933	32,582	4	37,856	4	94,875	12	617,951	76	16,641	2	9,146	1	6,161	1	783,264	96	31,948	4	815,212
1938					482,604	45	527,404	49	61,769	6		-	28	-	1,010,008	94	61,797	6	1,071,805
1943	558,477	24	322,767	14			476,742	20	637,550	27	362,658	15			1,357,986	58	1,000,208	42	2,358,194
1944	322,749	22	62,500	4			352,118	25	324,635	23	374,183	26			737,367	51	698,818	49	1,436,185
1945	493,874	9	245,550	4	688,200	12	858,709	16	1,389,477	25	1,856,923	34	4,480	-	2,286,333	41	3,250,880	59	5,537,213
1946	120,505	4	236,015	6	288,627	8	307,117	8	1,249,921	33	1,518,667	41	10,685	-	952,264	26	2,779,273	74	3,731,537
1947	54,757	2	138,789	5	402,896	13	286,768	9	730,759	24	1,375,922	44	91,910	3	883,210	29	2,198,591	71	3,081,801
1948	29,319	1	171,279	6	543,202	19	325,154	11	561,797	20	1,181,880	41	67,939	2	1,068,954	37	1,811,616	63	2,880,570
1949	20,496	1	179,193	5	421,531	14	316,962	10	740,815	24	1,400,732	45	29,124	1	938,182	30	2,170,671	70	3,108,853
1950	89,269	4	102,357	4	343,411	14	348,498	14	376,579	16	1,125,210	46	43,447	2	883,535	36	1,545,236	64	2,428,771
1951	180,259	3	211,993	4	956,117	15	820,449	13	1,100,134	18	2,826,968	45	144,605	2	2,168,818	35	4,071,707	65	6,240,525
1952	55,571	1	190,110	5	633,952	15	306,287	7	742,011	17	2,106,956	50	226,860	5	1,185,920	28	3,075,827	72	4,261,747
1953	43,072	1	115,876	3	574,295	16	237,403	7	313,096	9	1,888,700	53	404,141	11	970,646	27	2,605,937	73	3,576,583
1954	63,677	2	58,366	1	527,437	14	376,759	10	614,837	17	1,701,093	45	413,529	11	1,026,239	27	2,729,459	73	3,755,698
1955	63,370	1	130,877	2	844,827	16	410,843	8	712,767	13	2,291,701	42	970,780	18	1,449,917	27	3,975,248	73	5,425,165
~~[illegible]~~	~~59,617~~		~~960,716~~		~~483,754~~		~~725,160~~		~~1,102,448~~		~~[illegible]~~		~~[illegible]~~		~~2,357,256~~		~~4,871,989~~		~~7,231,245~~

BALANCE EXCLUDING COAL AND GRAIN

Year	Portland		Boston		Albany		New York		Philadelphia		Baltimore		Hampton Roads		Total 4 Ports		Total 3 Ports		Grand Total
	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%	Tons
1923	76,710	-	233,351	2			9,231,113	72	2,098,730	16	698,929	6	561,749	4	9,541,174	74	3,359,408	26	12,900,582
1928	34,137	-	243,778	2			10,069,414	71	2,197,282	16	978,264	7	632,644	4	10,347,329	73	3,808,190	27	14,155,519
1933	12,212	-	128,234	2	815	-	4,011,951	63	1,429,279	22	440,423	7	399,998	6	4,153,212	65	2,269,700	35	6,422,912
1938	80,333	1	321,445	3	91,926	1	6,097,520	63	1,107,459	11	1,310,537	14	707,556	7	6,591,224	68	3,125,552	32	9,716,776
1943	141,276	-	593,336	2			19,909,658	69	5,218,891	18	1,681,520	6	1,479,896	5	20,644,270	71	8,380,307	29	29,024,577
1944	139,573	-	348,969	1			20,798,590	59	10,251,343	29	1,873,204	5	2,145,085	6	21,287,132	60	14,269,632	40	35,556,764
1945	93,856	-	319,571	2	42,239	-	16,315,999	60	7,122,293	26	1,535,052	6	1,745,412	6	16,771,665	62	10,402,757	38	27,174,422
1946	121,512	1	192,935	1	32,888	-	8,546,263	~~63~~ 59	2,531,756	~~19~~ 18	1,871,867	~~14~~ 13	~~197,120~~ 1,197,120	~~1~~ 8	8,893,598	~~66~~ 61	~~4,600,743~~ 5,600,743	~~34~~ 39	~~13,494,341~~ 14,494,341
1947	98,650	-	399,801	2	31,915	-	13,094,656	64	2,823,590	14	3,194,087	15	964,868	5	13,625,022	66	6,982,545	34	20,607,567
1948	45,043	-	148,493	1	6,609	-	9,682,972	72	1,435,699	10	1,637,826	12	636,686	5	9,883,117	73	3,710,211	27	13,593,328
1949	81,843	1	254,226	2	① 464,173	3	8,932,916	58	1,385,124	9	3,263,534	21	934,297	6	9,733,158	64	5,582,955	36	15,316,113
1950	16,304	-	136,147	2	44,181	-	6,649,964	~~61~~ 68	1,051,056	10	1,451,857	~~13~~ 15	~~1,491,862~~ 491,862	~~14~~ 5	6,846,596	~~63~~ 70	~~3,994,775~~ 2,994,775	~~37~~ 30	~~10,841,371~~ 9,841,371
1951	2,001	-	170,036	1	64,283	1	8,978,596	71	1,700,169	13	1,199,174	9	568,350	5	9,214,916	73	3,467,693	27	12,682,609
1952	112,570	1	146,054	2	14,004	-	7,792,273	67	1,528,260	13	1,465,166	12	543,438	5	8,064,901	70	3,536,864	30	11,601,765
1953	103,807	1	118,271	1	64,473	1	6,481,903	64	1,230,131	12	1,391,147	14	687,051	7	6,768,454	67	3,308,329	33	10,076,783
1954	77,485	1	279,829	2	90,304	1	6,700,558	60	1,517,058	13	1,783,569	16	794,988	7	7,148,176	64	4,095,615	36	11,243,791
1955	96,250	1	435,118	3	94,149	-	8,201,504	58	1,906,607	13	2,348,734	17	1,060,997	8	8,827,021	62	5,316,338	38	14,143,359
~~[illegible]~~	~~119,032~~		~~[illegible]~~		~~[illegible]~~		~~8,434,926~~		~~1,524,430~~		~~2,202,588~~		~~974,886~~		~~9,441,683~~		~~[illegible]~~		~~[illegible]~~

① Includes 462,570 tons Army-Navy controlled cargo.

Source: Department of the Army, Corps of Engineers, Waterborne Commerce of the United States.

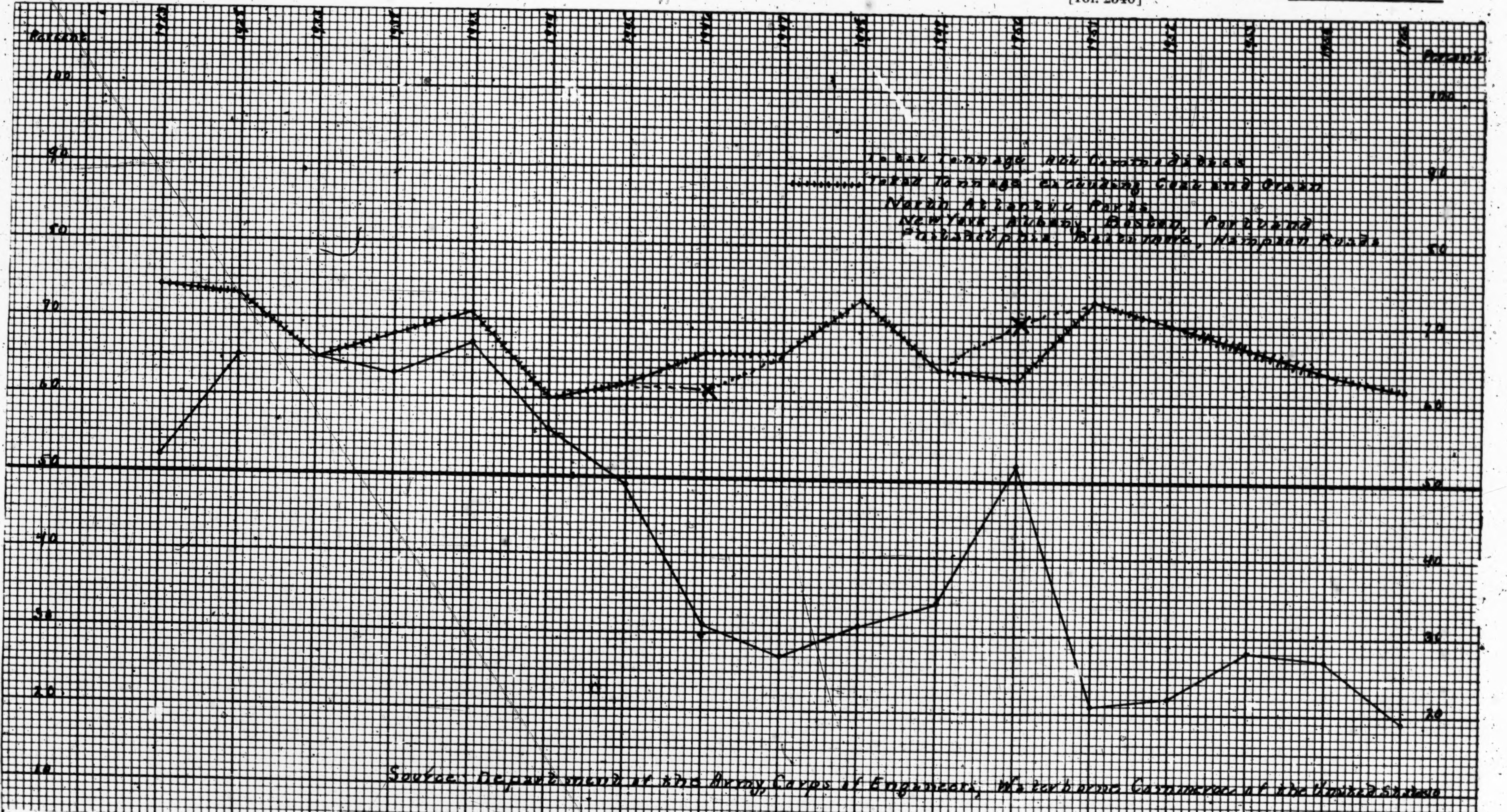
2539

AJC 7

EXHIBIT NO.________________

WITNESS________________

PERCENTAGE OF EXPORT TONNAGE HANDLED FROM NEW YORK, ALBANY, BOSTON, AND PORTLAND OF TOTAL TONNAGE EXPORTED FROM INVOLVED NORTH ATLANTIC PORTS



Source: Department of the Army, Corps of Engineers, Waterborne Commerce of the United States

(7-WBS-4-48-2050 W.R.N. 300)

AJC 8

Exhibit No.
Witness

TOTAL IMPORT TONNAGE HANDLED AT NORTH ATLANTIC PORTS COMPARED WITH TOTAL VIA U.S. COASTAL PORTS

YEAR	Portland			Boston			Albany			New York			Philadelphia			Baltimore			Hampton Roads			Total 4 Ports			Total 3 Ports			Total 7 Ports		Balance		Total U.S. Coastal Ports
	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of U.S.	Tons	% of U.S.	Tons
1923	461,273	2	1	3,031,479	13	8				10,855,747	46	28	5,393,309	23	14	3,189,614	14	8	493,494	2	1	14,348,499	61	37	9,076,417	39	24	23,424,916	61	15,257,176	39	38,682,092
1928	601,347	2	1	2,964,876	9	7	4,079	-	-	17,865,043	54	38	6,759,327	20	14	4,558,161	14	10	620,852	2	1	21,435,345	64	46	11,938,340	36	25	33,373,685	71	13,316,508	29	46,690,193
1933	344,695	2	1	1,822,960	9	7	429,134	2	1	11,333,103	53	41	4,298,675	20	16	2,504,919	12	9	512,061	2	2	13,929,892	66	50	7,315,655	34	27	21,245,547	77	6,424,916	23	27,670,463
1938	223,108	1	1	1,798,064	8	5	203,758	1	1	11,963,421	50	35	3,879,817	16	11	4,821,509	20	14	826,739	3	2	14,188,351	60	42	9,528,065	40	28	23,716,416	70	10,169,368	30	33,885,784
1943	1,442,333	7	4	357,035	2	1				15,119,544	69	46	2,167,084	10	7	2,076,261	10	6	628,799	3	2	16,918,912	78	51	4,872,144	22	15	21,791,056	66	11,285,786	34	33,076,842
1944	2,543,215	9	6	524,266	2	1	37,138	-	-	15,203,964	54	39	6,476,029	23	16	2,434,022	9	6	1,122,825	4	3	18,308,583	65	46	10,032,876	35	26	28,341,459	72	11,099,947	28	39,441,406
1945	2,704,322	8	6	1,742,911	5	4	3,365	-	-	14,484,592	44	33	8,369,986	26	19	3,360,285	10	8	2,149,545	7	5	18,935,190	58	43	13,879,816	42	31	32,815,006	74	11,710,818	26	44,525,824
1946	2,903,333	8	6	2,819,722	8	6	53,716	-	-	13,675,973	38	29	8,809,537	25	18	5,342,545	17	12	1,515,865	4	3	19,452,744	54	41	16,267,947	46	33	35,720,691	74	12,227,164	26	47,947,855
1947	2,727,194	6	5	3,252,695	7	6	72,297	-	-	16,210,961	37	28	10,578,589	24	18	6,683,096	20	15	2,098,900	5	4	22,263,147	51	39	21,360,585	49	37	43,623,732	76	13,742,160	24	57,365,892
1948	3,285,092	6	5	2,833,989	6	4	64,305	-	-	19,678,027	38	29	12,852,600	25	19	10,325,399	20	15	2,144,251	4	3	25,861,413	51	38	25,322,250	49	37	51,183,663	75	16,894,041	25	68,077,704
1949	3,966,029	7	5	3,448,810	6	5	135,185	-	-	20,319,606	35	26	16,530,919	29	21	11,296,502	20	15	1,811,772	3	2	27,869,630	48	36	29,639,193	52	39	57,508,823	75	19,644,443	25	77,153,266
1950	4,609,932	6	5	5,299,222	7	11	221,847	-	-	25,481,429	35	26	23,475,841	32	24	12,144,240	17	13	1,836,517	3	2	35,612,430	49	37	37,456,598	51	39	73,069,028	76	23,230,260	24	96,299,288
1951	7,061,132	9	7	5,100,926	7	5	185,596	-	-	25,157,156	33	25	22,114,930	29	22	14,497,995	19	14	2,922,009	4	3	37,504,810	49	37	39,534,934	51	39	77,039,744	76	24,773,025	24	101,812,769
1952	7,827,013	10	7	4,849,735	6	4	228,118	-	-	27,798,540	34	26	22,052,584	27	20	14,842,879	18	14	3,012,086	4	3	40,703,406	50	37	39,907,549	50	37	80,610,955	74	28,063,346	26	108,674,301
1953	8,364,061	10	7	4,756,747	5	4	345,536	-	-	28,837,891	33	24	25,127,225	29	21	16,537,107	19	14	2,873,462	3	2	42,304,235	49	35	44,537,794	51	37	86,842,029	72	33,752,81[illegible]	28	120,594,892
1954	8,473,931	10	7	4,486,060	5	4	319,740	-	-	28,370,760	33	23	27,599,106	32	22	14,951,276	17	12	2,662,434	3	2	41,650,491	48	34	45,212,816	52	36	86,863,307	70	36,639,911	30	123,503,218
1955	10,728,079	11	7	5,135,873	5	4	329,771	-	-	30,273,674	30	21	33,608,728	33	24	17,415,577	17	12	4,427,390	4	3	46,467,397	46	32	55,451,696	54	39	101,919,093	71	42,357,119	29	144,276,212
1956	[illegible]			[illegible]			[illegible]			[illegible]			[illegible]			[illegible]			[illegible]			[illegible]			62,731,910			[illegible]				

Source Department of the Army, Corps of Engineers, Waterborne Commerce of the United States

2541

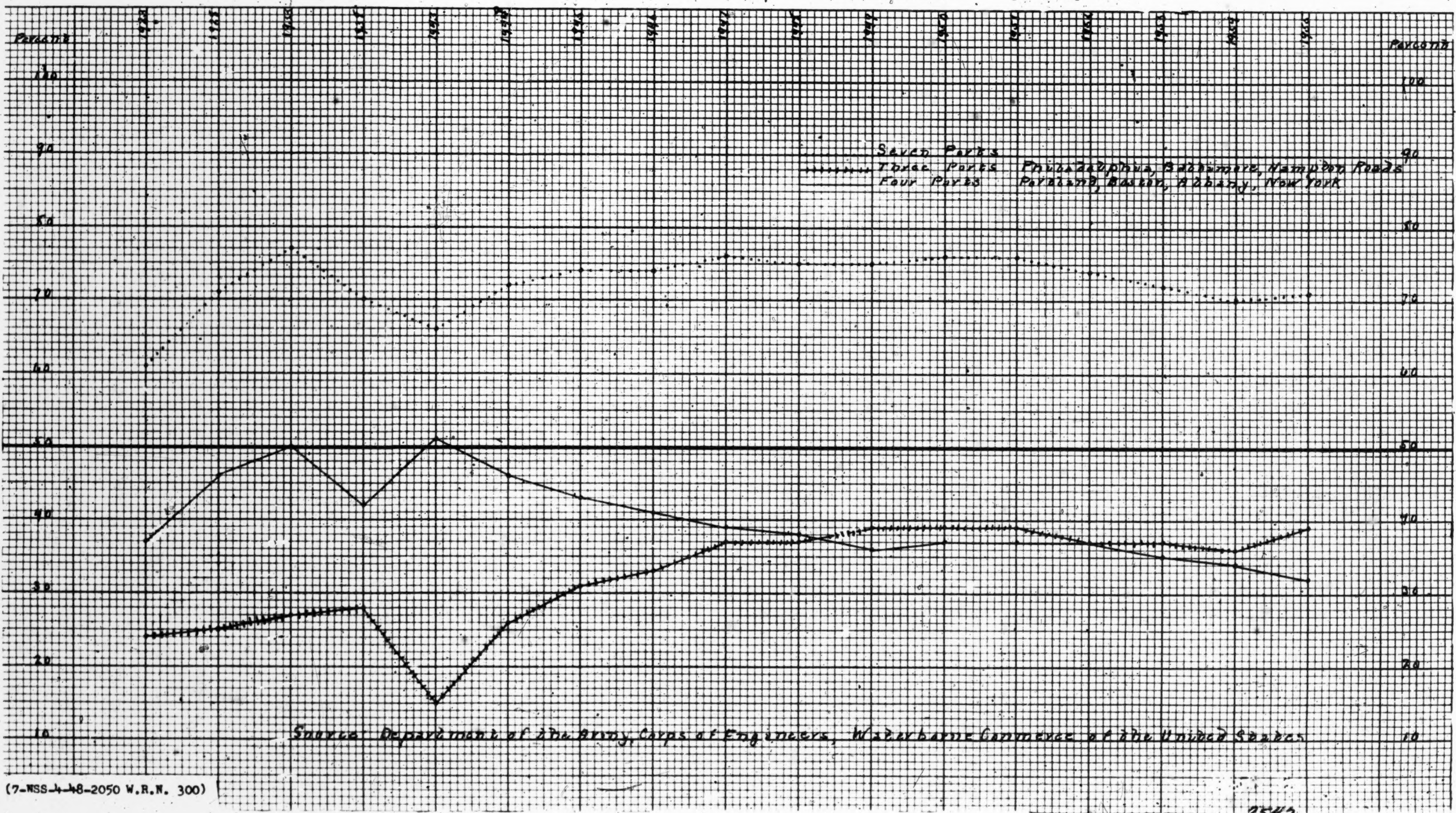
AJC 9

EXHIBIT NO.__________

WITNESS__________

1704
[fol. 2542]

IMPORT TONNAGE HANDLED AT NORTH ATLANTIC PORTS EXPRESSED IN PERCENTAGES OF TOTAL IMPORT TONNAGE HANDLED AT ALL UNITED STATES COASTAL PORTS



Source: Department of the Army, Corps of Engineers, Waterborne Commerce of the United States

(7-NSS-4-48-2050 W.R.N. 300)

2542

AJC10

Exhibit No. ____

Witness ____

TOTAL EXPORT TONNAGE FROM NORTH ATLANTIC PORTS COMPARED WITH TOTAL VIA U.S. COASTAL PORTS

YEAR	Portland			Boston			Albany			New York			Philadelphia			Baltimore			Hampton Roads			Total 4 Ports			Total 3 Ports			Total 7 Ports		Balance		Total U.S. Coastal Ports
	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of N.A.	% of U.S.	Tons	% of U.S.	Tons	% of U.S.	Tons
1923	626,892	3	1	481,961	2	1	-	-	-	10,174,880	47	23	3,998,074	19	9	2,887,486	13	6	3,373,669	16	8	11,283,733	52	25	10,259,229	48	23	21,542,962	48	22,973,451	52	44,516,413
1928	125,826	1	-	403,486	2	1	-	-	-	12,799,277	62	23	2,863,141	14	5	1,691,649	8	3	2,674,339	13	5	13,328,589	65	24	7,229,129	35	13	20,557,718	37	35,593,492	63	56,151,210
1933	44,794	1	-	166,090	2	1	95,690	1	-	4,655,104	61	15	1,445,927	19	5	463,821	6	1	811,858	10	3	4,961,678	65	16	2,721,606	35	9	7,683,284	25	23,514,130	75	31,197,414
1938	80,333	-	-	321,445	3	1	574,530	5	1	6,663,303	55	12	1,213,250	10	2	1,310,537	11	2	1,992,564	16	4	7,639,611	63	14	4,516,351	37	8	12,155,962	22	43,319,754	78	55,475,716
1943	699,753	2	1	916,103	3	2	-	-	-	20,406,813	62	32	6,175,216	19	10	2,126,481	6	3	2,522,509	8	4	22,022,669	67	35	10,824,206	33	17	32,846,875	52	30,238,948	48	63,085,823
1944	465,648	2	1	411,469	1	-	-	-	-	21,164,818	54	26	10,934,882	28	13	2,457,448	6	3	3,554,700	9	4	22,041,935	57	27	16,947,030	43	20	38,988,965	47	43,623,861	53	82,612,826
1945	587,730	2	1	565,121	1	-	730,439	2	1	12,178,203	44	17	10,272,530	26	10	5,665,434	15	6	4,021,304	10	4	19,061,493	49	19	19,959,268	51	20	39,020,761	39	61,312,347	61	100,333,108
1946	241,917	1	-	428,950	1	1	321,515	1	-	9,159,021	28	12	7,948,614	23	10	9,879,138	29	13	6,035,328	18	8	10,151,403	30	13	23,863,080	70	31	34,014,483	44	42,574,321	56	76,588,804
1947	153,407	-	-	538,625	1	1	434,811	1	-	15,533,406	25	15	8,884,522	14	9	15,928,394	25	15	21,145,987	34	21	16,660,249	27	16	45,958,903	73	45	62,619,152	61	39,376,356	39	101,995,508
1948	74,362	-	-	319,772	1	-	549,811	1	1	10,259,918	29	16	3,893,567	11	6	6,269,976	18	10	14,360,954	40	22	11,203,863	31	17	24,524,497	69	38	35,728,360	55	29,675,440	45	65,403,800
1949	102,339	-	-	433,419	1	1	885,705	3	1	9,258,512	30	14	3,447,181	11	5	5,996,071	19	9	11,020,955	36	17	10,679,975	34	16	20,464,207	66	31	31,144,182	47	34,595,593	53	65,739,775
1950	105,573	1	-	238,534	1	1	387,592	3	1	7,001,064	47	16	1,558,519	10	3	2,914,695	20	7	2,636,688	18	6	7,732,763	52	18	7,109,902	48	16	14,842,665	34	28,797,435	66	43,640,100
1951	182,260	-	-	382,029	1	-	1,020,400	2	1	9,803,387	18	11	5,627,271	10	6	7,960,222	15	8	29,504,688	54	30	11,388,076	21	12	43,092,181	79	44	54,480,257	56	43,122,680	44	97,602,937
1952	168,141	-	-	336,189	1	-	647,956	2	1	8,099,418	19	10	3,549,750	8	4	6,572,836	15	8	23,205,391	55	27	9,251,704	22	11	33,327,977	78	39	42,579,681	50	42,492,632	50	85,072,313
1953	146,879	1	-	234,147	1	-	638,768	2	1	6,720,527	24	11	1,688,869	6	3	4,837,359	17	7	13,489,205	49	21	7,740,321	28	12	20,015,433	72	31	27,755,754	44	36,024,534	56	63,780,288
1954	141,162	-	-	338,195	2	-	617,741	2	1	7,077,334	23	11	2,545,561	8	4	4,124,811	14	6	15,460,382	51	24	8,174,432	27	12	22,130,754	73	34	30,305,186	46	34,938,811	54	65,243,997
1955	159,620	-	-	565,995	1	1	938,976	2	1	8,623,893	16	9	3,527,955	6	3	8,318,198	16	9	31,461,459	59	33	10,288,484	19	11	43,307,612	81	45	53,596,096	56	41,808,165	44	95,404,261

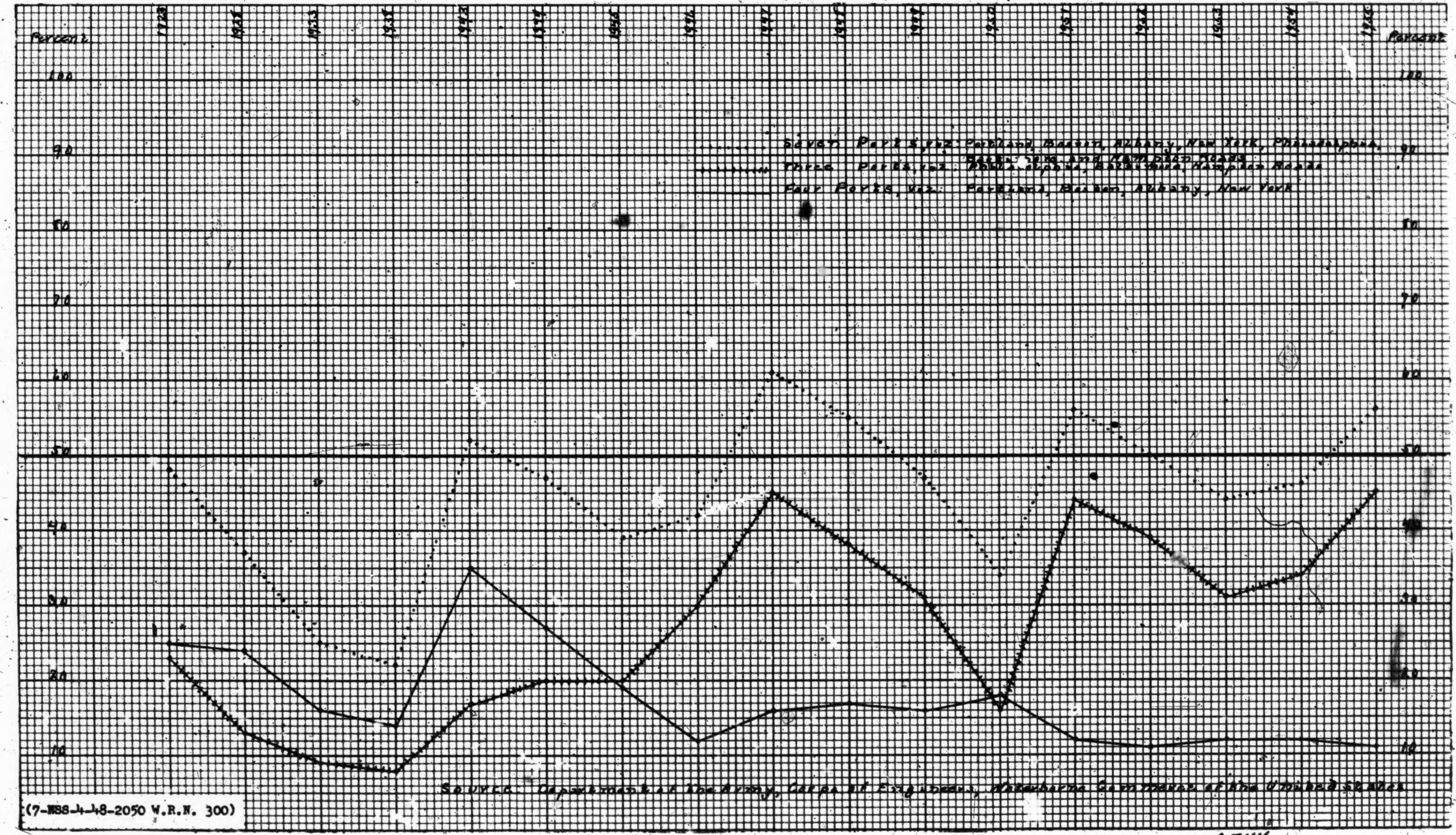
2543

Source: Department of the Army, Corps of Engineers, Waterborne Commerce of the United States.

(7-NSS-4-48-2050 W.R.N. 200)

EXHIBIT NO.________________
WITNESS________________

EXPORT TRAFFIC MOVING FROM THE NORTH ATLANTIC PORTS EXPRESSED IN PERCENTAGES OF TOTAL EXPORT TRAFFIC MOVING FROM ALL UNITED STATES COASTAL PORTS.



Source: Department of the Army, Corps of Engineers, Waterborne Commerce of the United States

(7-NS8-4-48-2050 W.R.N. 300)

AJC 12

Exhibit No. ____________

Witness: ____________

AVERAGE THROUGH DISTANCES BETWEEN CENTRAL AND ILLINOIS FREIGHT ASSOCIATION TERRITORIES AND PRINCIPAL WORLD PORTS VIA NORTH ATLANTIC PORTS

(See Note Below)

Foreign Ports	Boston (932 Miles)		New York (826 Miles)		Philadelphia (771 Miles)		Baltimore (721 Miles)		Norfolk (869 Miles)	
	Statute Miles	Thru Miles	Statute Miles	Thru Miles	Statute Miles	Thru Miles	Statute Miles	Thru Miles	Statute Miles	Thru Miles
EUROPEAN PORTS										
Antwerp. . . . . .Belgium	3,675	4,607	3,880	4,706	4,046	4,817	4,209	4,930	3,860	4,729
Barcelona. . . . . .Spain	4,067	4,999	4,273	5,099	4,437	5,208	4,597	5,318	4,456	5,325
Bremen . . . . .Germany	3,954	4,886	4,157	4,983	4,324	5,095	4,488	5,209	4,346	5,215
Copenhagen . . . . . . .Denmark	4,029	4,961	4,225	5,051	4,401	5,172	4,564	5,285	4,424	5,293
Gdansk . . . . Poland	4,464	5,396	4,660	5,486	4,836	5,607	4,999	5,720	4,860	5,729
Genoa. . . . . .Italy	4,460	5,392	4,665	5,491	4,830	5,601	4,990	5,711	4,853	5,722
Glasgow. . . . . Scotland	3,305	4,237	3,501	4,327	3,677	4,448	3,840	4,561	3,700	4,569
Gothenburg . . . . Sweden	3,904	4,836	4,203	5,029	4,277	5,048	4,439	5,160	4,300	5,169
Hamburg. . . . . .Germany	3,977	4,909	[illegible],174	5,000	4,350	5,121	4,512	5,233	4,373	5,242
Helsinki . . . . .Finland	4,647	5,579	[illegible],843	5,669	5,020	5,791	5,182	5,903	5,043	5,912
Izmir. . . . . Turkey	5,389	6,321	5,594	6,420	5,758	6,529	5,918	6,639	5,777	6,646
Le Havre . . . . France	3,461	4,393	3,666	4,492	3,832	4,603	3,995	4,716	3,854	4,723
Leningrad. . . . . Russia	4,824	5,756	5,021	5,847	5,196	5,967	5,359	6,080	5,220	6,089
Lisbon . . . . Portugal	3,215	4,147	3,412	4,238	3,588	4,359	3,750	4,471	3,611	4,480
Liverpool. . . . . . . .England	3,378	4,310	3,575	4,401	3,751	4,522	3,913	4,634	3,774	4,643
London . . . . .England	3,634	4,566	3,839	4,665	4,004	4,775	4,168	4,889	4,026	4,895
Oslo . . . . Norway	3,941	4,873	4,138	4,964	4,314	5,085	4,476	5,197	4,337	5,206
Piraeus. . . . . Greece	5,203	6,135	5,407	6,233	5,572	6,343	5,732	6,453	5,591	6,460
Rotterdam. . . . . .Netherlands	3,681	4,613	3,886	4,712	4,052	4,823	4,215	4,936	4,073	4,942
Stockholm. . . . . Sweden	4,508	5,440	4,705	5,531	4,881	5,652	5,044	5,765	4,904	5,773
Average.	4,086	5,018	4,291	5,117	4,457	5,228	4,619	5,341	4,469	5,338
SOUTH AMERICAN PORTS										
Belem Para . . . . Brazil	3,418	4,350	3,424	4,250	3,395	4,166	3,399	4,120	3,260	4,129
Buenas Aires . . . . .Argentine	6,724	7,656	6,758	7,584	6,812	7,583	6,843	7,564	6,703	7,572
Callao . . . . Peru	4,086	5,018	3,877	4,703	3,843	4,614	3,791	4,512	3,651	4,520
Cartagua . . . . Columbia	2,343	3,275	2,133	2,959	2,101	2,872	2,049	2,770	1,908	2,777
Guayaquil. . . . . . . .Equador	3,481	4,413	3,271	4,097	3,238	4,009	3,186	3,907	3,046	3,915
La Guaira. . . . . . .Venezuela	2,250	3,182	2,127	2,953	2,116	2,887	2,087	2,808	1,942	2,811
Rio de Janeiro . . . . . Brazil	5,453	6,385	5,481	6,307	5,544	6,315	5,575	6,296	5,436	6,305
Valpariso. . . . . .Chile	5,543	6,475	5,334	6,160	5,300	6,071	5,249	5,970	5,106	5,977
Average.	4,162	5,094	4,051	4,877	4,044	4,815	4,022	4,743	3,882	4,751
AFRICAN PORTS										
Alexandria . . . . .Egypt	5,549	6,481	5,754	6,580	5,918	6,689	6,078	6,799	5,937	6,806
Cape Town. . . . . . .So.Africa	7,720	8,652	7,811	8,637	7,897	8,668	7,956	8,677	7,815	8,684
Monbasa. . . . . . Kenya Colony	9,138	10,070	9,342	10,168	9,507	10,278	9,598	10,319	9,526	10,395
Average.	7,469	8,401	7,636	8,462	7,774	8,545	7,877	8,598	7,759	8,628
ASIAN PORTS-AUSTRALIAN PORTS										
Aden . . . . Saudi Arabia	7,289	8,221	7,494	8,320	7,659	8,430	7,819	8,540	7,677	8,546
Hong Kong. . . . . .China	13,116	14,048	12,906	13,732	12,873	13,644	12,821	13,542	12,681	13,550
Karachi. . . . . Pakistan	8,975	9,907	9,180	10,006	9,345	10,116	9,505	10,226	9,363	10,232
Kobe . . . . .Japan	11,699	12,631	11,489	12,315	11,456	12,227	11,404	12,125	11,264	12,133
Manila . . . . P.I.	13,291	14,223	13,081	13,907	13,048	13,819	12,996	13,717	12,856	13,725
Melbourne. . . . . . .Australia	11,653	12,585	11,443	12,269	11,410	12,181	11,358	12,079	11,218	12,087
Singapore. . . . . Malaya	11,454	12,386	11,658	12,484	11,823	12,594	11,983	12,704	11,841	12,710
Sidney . . . . .Australia	11,365	12,297	11,155	11,981	11,122	11,893	11,070	11,791	10,930	11,799
Wellington . . . . N.Z.	10,019	10,951	9,810	10,636	9,777	10,548	9,725	10,446	9,584	10,453
Average.	10,985	11,917	10,913	11,739	10,946	11,717	10,965	11,686	10,824	11,693
Grand Average.	5,907	6,839	5,984	6,810	6,083	6,854	6,172	6,893	6,028	6,897

SOURCE: Rail mileages, Agent Hinsch's Tariff No. E-1009, I.C.C. No. 4487.

Ocean Mileages, U.S. Navy Hydrographic Office - H.O. No. 117-1943.

NOTE: I.C.C. Docket 28300 mileages from base points in the States of Ohio, Indiana, Lower Michigan, Illinois and Southern Wisconsin also base points in the States of Iowa and Missouri on and in the proximity to Mississippi River.

(7-NSS-4-48-2050-WRN-300)

EXHIBIT NO. (AJC)
WITNESS
Page 1 of 6 Pages

NET TONS OF IMPORT TRAFFIC HANDLED BY DELAWARE, LACKAWANNA & WESTERN RAILROAD, ERIE RAILROAD, LEHIGH VALLEY RAILROAD, NEW YORK CENTRAL SYSTEM, NEW YORK, NEW HAVEN AND HARTFORD RAILROAD DURING PERIOD AUGUST, 1955 TO JULY, 1956 INCLUSIVE VIA PORT OF NEW YORK

NO.	COMMODITY GROUP	TO AFFECTED TERRITORY							
		N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
5	Sorghum Grain.							33	33
9	Barley & Rye								
11	Rice								
15	Flour, wheat.		27				92		119
17	Meal, corn.								
19	Flour, edible, N.O.S . . .	66	73		40		432	632	1,243
23	Mill Products, N.O.S. . .				21		31		52
29	Tobacco, Unmanufactured .					4			4
33	Cotton in bales.								
35	Cotton Linter, Noil, etc .				269		464	432	1,165
45	Soybean oil cake, meal .								
47	Veg. nut oil cake, N.P.S. .								
49	Apples, fresh, unfrozen. .								
51	Bananas, fresh	992	9,669	3,134	17,719	52	18,626	69	50,261
55	Cantaloupes-Melons . . .								
57	Grapes, fresh.						11		11
61	Oranges & grapefruit . .							18	18
63	Peaches, fresh, unfrozen .								
65	Pears, fresh, unfrozen . .	13				25	29	137	204
69	Fruit fresh, N.O.S., unfrozen	16			391		640	233	1,280
71	Fruit, dried, etc., N.O.S .				1,022		21	1,316	2,359
73	Fruit, etc. fresh, frozen .							21	21
75	Coffee	404		758	18,094	62	5,991	37,934	63,243
81	Lettuce.				29				29
83	Onions, dry						92		92
85	Potatoes, not sweet . . .								
89	Veg. fresh, N.O.S. unfrozen		18			72	117	21	228
91	Beans & Peas, dried. . .					184	499	82	765
93	Vegetables, dried, etc., N.O.S.						79		79
97	Peanuts.							178	178
107	Seeds, N.O.S.	179			594	73	76	768	1,690
199	Agricultural Prods, N.O.S	23	65		295	54	773	5,896	7,106
201	Horses, mules, asses, etc .								
211	Swine, single-deck. . . .								
215	Meats, fresh, N.O.S. . . .	18					20	41	79
217	Meats, cooked, cured, etc .	333		64	750	48	1,777	4,951	7,923
219	Packing [illegible]ouse products, edib[illegible]	42	18					390	450
231	Cheese						12	78	90
235	Wool-Mohair in grease. .	8					31	23	62
237	Wool-Mohair, N.O.S. . . .						25	117	142
239	Hides, Skins, Pelts, N.O.S.	33			443		169	675	1,320
241	Leather, N.O.S						177		177
243	Sea Food, N.O.S				25		16	18	59
245	Fish & Sea Animal Oil. .			55	73		79	30	237
299	Animals & Products, N.O.S		37		577	177	2,935	604	4,330
307	Coke		25				75		100
309	Iron Ore							74	74
311	Aluminum Ore and Concent	273			4,411			8,899	13,583
319	Ores & Concentrates, N.O.S.	9,394	167		2,426	255	275	1,690	14,207
323	Clay & Bentonite				51	23	105	46	225
325	Sand, Industrial.								
327	Gravel & Sand, N.O.S. . .								
329	Stone-Rock, Broken, etc. .	37	36		106	30	143	93	445
333	Stone, Rough, N.O.S . . .	33					51	517	601
335	Stone, Finished, N.O.S . .							59	59
339	Asphalt.							30	30

NO.	COMMODITY GROUP	TO AFFECTED TERRITORY							
		N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
343	Phosphate Rock								
345	Sulphur.						62		62
399	Products of Mines,N.O.S.	87	31		693	868	201	1,366	3,246
403	Posts-Pole-Piling,Wood								
409	Pulpwood								
411	Lumber Shingles & Lath .								
415	Veneer & Built-Up Wood .	60			414	381	2,627	340	3,822
417	Rosin & Turpentine . . .				18				18
499	Products of Forest,N.O.S	380			451	375	659	3,374	5,239
503	Fuel-RD.Pet.Resid.Oils .								
505	Lubricating Oil-Grease .				13				13
507	Petroleum Prod.Refined, N.O.S.				18				18
511	Cottonseed Oil				24			22	46
517	Vegetable-Nut Oils,N.O.S		190	1,145	2,251	1,998	61	661	6,306
519	Oils, N.O.S.	19			745		356	319	1,439
521	Oil Foots Sediment, etc.							26	26
523	Rubber,Crude-Nat.-Synth.	1,241	154		37,128	19,942	23,132	2,334	83,931
525	Rubber Goods, N.O.S. . .	38			187				225
527	Chemicals, N.O.S	20	44		201	78	208	412	963
531	Acids, N.O.S				21			323	344
533	Sodium-Soda Products . .				170		177	21	368
535	Alcohol, N.O.S						62	19	81
539	Fertilizers,N.O.S. . . .	271	183	43	919	149	151	178	1,894
541	Insecticide-Fungic.N.O.S							20	20
543	Tar Pitch & Creosote . .							113	113
545	Tanning Material,N.O.S .	1,377	675		185		21	1,156	3,414
547	Paint & Paint Materials.		28		369			130	527
549	Plastics				20				20
553	Drugs Toilet-Prep.,etc .				27	32		292	351
555	Aluminum Bar-Pig-Slab. .				107			42	149
557	Aluminum, N.O.S.						30	141	171
559	Copper Ingot-Matte-Pig .	100	193		13,473	27	927	1,316	16,036
561	Copper,Brass,Bronze, N.O.S.		190		500		243	1,025	1,958
563	Lead-Zinc Bar,Pig,etc. .		2,326		4,536	790	1,549	271	9,472
565	Lead & Zinc, N.O.S . . .						194	24	218
569	Alloys For Steel Manuf. .		1,321		56	101	203		1,681
571	Metal & Alloys,N.O.S . .	97	2,548	1,231	4,916	3,564	1,296	4,391	18,043
573	Iron,Pig						32		32
575	Iron-Steel Billet,etc. .		28						28
577	Iron-Steel Bar Rod Slab.	20							20
579	Iron-Steel, N.O.S. . . .				18		32		50
581	Iron-Steel Nails,Wire. .	51			82		740	46	919
583	Manufactured Iron & Steel.	645	150	36	1,603	222	1,111	2,249	6,016
585	Cast-Iron Pipe,Fittings.								
587	Iron-Steel Pipe,N.O.S.								
589	Tanks, N.O.S								
591	Agric.Implements,N.O.S .						31		31
593	Agric.Implement Parts, N.O.S.								
595	Machinery-Machines,N.O.S	18	21		837	583	257	1,260	2,976
597	Machinery Parts.	12			107		98	202	419
607	RR Equipment Parts . . .							40	40
609	RR Track material-Iron .								
611	Vehicles,not motor . . .				89		77	189	355
613	Automobiles,passenger. .								
615	Automobiles,freight. . .				171				171
617	Vehicles,Motor,N.O.S . .				9	62		65	136
621	Autos & Auto-Trucks, K.D						5		5
623	Vehicle parts, N.O.S . .		25				94	407	526
625	Aircraft & parts							5	5
627	Tires & tubes,rubber . .				6		61		67

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NO.	COMMODITY GROUP	TO AFFECTED TERRITORY							
		N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
629	Guns small-arms,parts. .								
631	Ammunition,Explosives. .								
633	Cement Nat-Portland. . .		25		206				231
635	Cement, N.O.S.								
639	Brick,N.O.S. & Building Tile						25		25
641	Lime, N.O.S.								
649	Sewer pipe not metal . .								
653	Woodpulp		75		46		52	36	209
655	Scrap paper & Rags . . .				96		206	744	1,046
657	Newsprint paper.				792	237	599	2,864	4,492
659	Printing paper, N.O.S. .				36		140		176
661	Wrapping paper				26		43		69
663	Paper Bags								
665	Paper,paper-Items N.O.S.	59						19	78
667	Printed Matter N.O.S . .							12	12
669	Paper-pulp-fibreboard. .								
671	Wallboard.	121	18		21	134	129		423
673	Bldg.-Paper roof-material								
677	Bldg.woodwork-millwork .				12				12
679	Bldg.Material,N.O.S. . .			68	94				162
681	Bldg.-Houses,Fab-Port. .				12			20	32
685	Elec.equip.-Parts,N.O.S.	70			21		108	34	233
687	Furnaces Heaters, etc .								
689	Bathroom fixtures,etc. .								
691	Hardware,N.O.S				44			229	273
693	Glass.	58			60		98	56	272
695	Glassware, N.O.S				15			13	28
697	Glass bottles, N.O.S . .				18		20		38
701	China & Earthenware. . .				21	257	12	31	321
703	Woodenware					15		16	31
705	Household Utensils,N.O.S				12				12
711	Stoves,ranges or parts .								
713	Floor coverings.	21			23		10		54
715	Furniture, N.O.S							32	32
719	Tools & parts,N.O.S. . .				63				63
721	Abrasives,not crude. . .							94	94
723	Bagging,burlap,etc.N.O.S	32			378	194	1,958	709	3,271
725	Bags,burlap,etc.,N.O.S .								
727	Cotton Cloth etc.,N.O.S.				296			42	338
729	Cotton factory products.				99		45	66	210
731	Synthetic fibre & yarn .								
733	Cloth & Fabrics,N.O.S. .								
735	Rope,cordage,etc.,N.O.S.	75	67		280	123	216	340	1,101
737	Boots,shoes,etc.,N.O.S .								
739	Luggage & Handbags,N.O.S		9						9
741	Athletic equip.,N.O.S. .							44	44
743	Games & Toys				21		53	67	141
745	Liquors,Alcoholic,N.O.S.				136		198	267	601
747	Wine				29			42	71
749	Liquors, Malt.		15				15	313	343
751	Beverages,N.O.S.				28	40		43	111
755	Syrup-Molasses refined .						255	235	490
757	Molasses,residual. . . .								
759	Sugar.	1,142	803	101	1,029	30	1,269		4,374
761	Candy & Confectionery. .							106	106
763	Food Prod.N.O.S.unfrozen	876	200	23	2,768	288	2,628	10,681	17,464
765	Food Prod.N.O.S. frozen.								
767	Starch	24			172			76	272
769	Soap,washing compound. .								
771	Matches.							56	56
773	Feed,animal-poultry. . .				19	96	90	860	1,065
779	Containers, Metal. . . .				41				41
785	Containers,N.O.S	29			59			381	469

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NO.	COMMODITY GROUP	TO AFFECTED TERRITORY							
		N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
787	Containers, empty. . . .						25	24	49
789	Scrap iron & steel . . .	22							22
791	Iron-Steel, Borings, etc .								
795	Waste, Remelting, N.O.S. .	10			93	34		83	220
797	Waste Materials, N.O.S. .	267	20		473	40	23	676	1,499
799	Manufactures, Mis., N.O.S.	24	84		1;889	146	434	2,186	4,763
950	Forwarder Traffic CL . .						20	28	48
960	GRAND TOTAL	19,130	19,558	6,658	127,128	31,865	77,231	110,409	391,979

NET TONS OF IMPORT TRAFFIC HANDLED BY NEW YORK CENTRAL SYSTEM
DURING PERIOD AUGUST, 1955 TO JULY 1956, INCLUSIVE
VIA PORT OF ALBANY, N.Y.

NO.	COMMODITY GROUP	TO AFFECTED TERRITORY							
		N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
19	Flour, Edible, N.O.S . . .						63	80	143
653	Woodpulp				275		125		400
763	Food Prod.N.O.S.Unfrozen								
789	Scrap Iron & Steel . . .								
960	GRAND TOTAL				275		188	80	543

NET TONS OF IMPORT TRAFFIC HANDLED BY BOSTON & MAINE RAILROAD, NEW YORK CENTRAL SYSTEM AND
NEW YORK, NEW HAVEN & HARTFORD RAILROAD, DURING PERIOD AUGUST, 1955 TO JULY, 1956 INCLUSIVE
VIA PORT OF BOSTON, MASS.

NO.	COMMODITY GROUP	TO AFFECTED TERRITORY							
		N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
11	Rice				28				28
19	Flour, Edible, N.O.S . . .								
23	Mill Products, N.O.S. . .								
33	Cotton in bales.		5		143	20		65	233
35	Cotton Linter Noil, etc.	119	17		110	83	329	1,008	1,666
69	Fruit, Fresh, N.O.S. unfrozen								
71	Fruit Dried, etc., N.O.S.								
75	Coffee	87	271		167			102	627
77	Cabbage.	15							15
87	Tomatoes								
91	Beans & Peas, Dried . . .								
199	Agricultural Prod.N.O.S.	113	319				156	600	1,188
215	Meats, Fresh, N.O.S. . . .								
217	Meats, Cooked, Cured, etc .							62	62
231	Cheese								
235	Wool-Mohair in grease. .	85			357				442
237	Wool & Mohair, N.O.S. . .	5			45		29	7	86
239	Hides, Skins, Pelts, N.O.S.						149	87	236
241	Leather, N.O.S.							57	57
243	Sea Food, N.O.S								
245	Fish & Sea Animal Oil. .								
299	Animals & Products, N.O.S				28		134		162
305	Bituminous Coal.								
309	Iron Ore				38				38
319	Ores & Concentrates. N.O.S.								

NO.	COMMODITY GROUP	TO AFFECTED TERRITORY N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
329	Stone-Rock,broken,etc.								
333	Stone,rough,N.O.S.				72	574	68	23	737
335	Stone,Finished,N.O.S				8		12	18	38
339	Asphalt.								
399	Products of Mines,N.O.S.				30				30
411	Lumber,shingles & Lath								
415	Veneer & Built-up wood								
499	Products of Forest,N.O.S	123	97	21		256	15	172	684
503	Fuel-Rd.Pet.Resid.Oils								
505	Lubricating Oil-grease								
523	Rubber Crude-Nat-Synth	942			2,345	128	696	977	5,088
527	Chemicals, N.O.S				66		88		154
531	Acids, N.O.S	29							29
533	Sodium-Soda-Products								
539	Fertilizers,N.O.S.	357			62		39	20	478
545	Tanning Material,N.O.S		280						280
549	Plastics								
553	Drugs Toilet-Preps.,Etc.								
561	Copper-Brass-Bronze, N.O.S.								
563	Lead-Zinc,Bar-Pig,Etc.								
571	Metals & Alloys,N.O.S.				55				55
577	Iron-Steel,Bar Rd.-Slab.								
581	Iron-Steel,Nails,Wire.						46	89	135
583	Manufxctured Iron & Steel.						311	336	647
587	Iron-Steel Pipe,N.O.S.								
589	Tanks, N.O.S								
591	Agricultural Implements, N.O.S.							20	20
595	Machinery-Machines,N.O.S				6	45		32	83
597	Machinery Parts.								
601	Office Machines,N.O.S.							13	13
607	RR Equipment Parts								
611	Vehicles,Not motor				4			9	13
617	Vehicles,Motor,N.O.S								
619	Military,Vehicles,N.O.S.							27	27
623	Vehicle Parts,N.O.S.					244			244
635	Cement, N.O.S.								
647	Plaster,Stucco & Wall.								
653	Woodpulp	58			966			101	1,125
655	Scrap Paper & Rags				393			17	410
657	Newsprint paper.								
661	Wrapping paper							41	41
663	Paper Bags								
665	Paper,Paper-Items N.O.S.								
667	Printed Matter, N.O.S.							24	24
669	Paper-Pulp-Fibreboard.							115	115
671	Wallboard.								
677	B"ldg.Woodwork-Millwork.								
691	Hardware, N.O.S.							367	367
693	Glass.						20	37	57
695	Glassware, N.O.S							30	30
697	Glass Bottles,etc.N.O.S.	19							19
701	China & Earthenware.		7						7
705	Household Utensils,N.O.S							7	7
713	Floor Covering								
715	Furniture,N.O.S.							5	5
723	Bagging Burlap etc.N.O.S				507		253		760
727	Cotton Cloth,etc.,N.O.S.								
729	Cotton Factory Products.						5	117	122
733	Cloth & Fabrics,N.O.S.								
735	Rope,Cordage,etc.N.O.S.								
743	Games & Toys								
745	Liquors Alcoholic,N.O.S.								

NO.	COMMODITY GROUP	TO AFFECTED TERRITORY							
		N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
749	Liquors, Malt.						15		15
751	Beverages, N.O.S								
753	Ice (Frozen Water) . . .								
759	Sugar.		51		51		44		146
761	Candy & Confectionery. .								
763	Food Prod.N.O.S.Unfrozen		31				62	82	175
767	Starch								
773	Feed,Animal-Poultry. . .								
779	Containers, Metal. . . .								
785	Containers, N.O.S. . . .								
789	Scrap Iron & Steel . . .								
791	Iron-Steel Borings,etc .								
795	Waste,Remelting,N.O.S. .								
797	Waste Materials,N.O.S. .				23		67	230	320
799	Manufactures-Misc.N.O.S.	20			55		122	138	335
950	Forwarder Traffic Carload.						17	47	64
960	GRAND TOTAL.	1,972	1,078	21	5,559	1,350	2,677	5,082	17,739

NET TONS OF IMPORT TRAFFIC HANDLED BY BOSTON & MAINE RAILROAD AND GRAND TRUNK RAILWAY SYSTEM
DURING PERIOD AUGUST, 1955 TO JULY, 1956, INCLUSIVE,
VIA PORT OF PORTLAND, MAINE

NO.	COMMODITY GROUP	TO AFFECTED TERRITORY							
		N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
323	Clay & Bentonite.. . . .			66			1,742		1,808
653	Woodpulp			186	9,307	255	642	184	10,574
960	GRAND TOTAL.			252	9,307	255	2,384	184	12,382

EXHIBIT NO. ______ (AJC 14)
WITNESS ______
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NET TONS OF EXPORT TRAFFIC HANDLED BY DELAWARE, LACKAWANNA & WESTERN RAILROAD, ERIE RAILROAD, LEHIGH VALLEY RAILROAD, NEW YORK CENTRAL SYSTEM, NEW YORK, NEW HAVEN AND HARTFORD RAILROAD DURING PERIOD AUGUST, 1955 TO JULY, 1956 INCLUSIVE VIA PORT OF NEW YORK

		FROM AFFECTED TERRITORY							
NO.	COMMODITY GROUP	N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
1	Wheat	1,563	313		14,480	19,964	23,904	23,916	84,140
3	Corn	100			11,266	16,056	6,661	31.649	65,732
5	Sorghum Grain					152	31		183
7	Oats	160				1,883	716	686	3,445
9	Barley & Rye				26			86	112
11	Rice								
13	Grain, N.O.S				32	309		172	513
15	Flour, Wheat		506		17,776	4,287	1,995	7,670	32,234
17	Meal, Corn				737			699	1,436
19	Flour, Edible, N.O.S	12,473			3,729	882	654	1,871	19,609
21	Cereal Food, Prep., N.O.S	18			309	95	918		1,340
23	Mill Products, N.O.S	50			1,233	208	139	1,405	3,035
25	Hay				46	21	28		95
27	Straw							12	12
29	Tobacco, Unmanufactured							161	161
33	Cotton in bales								
35	Cotton Linter Noil, etc				17				17
43	Soybeans								
45	Soybean Oil Cake, Meal				3,513	3,805	257	4,175	11,750
47	Veg. Nut Oil Cake N.O.S				38		15	36	89
49	Apples, Fresh, Unfrozen	40							40
53	Berries, Fresh, Unfrozen						17		17
57	Grapes, Fresh								
59	Lemon-Citrus Fruit, N.O.S								
61	Oranges & Grapefruit				41				41
65	Pears, Fresh, Unfrozen								
67	Watermelons							20	20
69	Fruit, Fresh, N.O.S. un-Frozen						47		47
71	Fruit Dryed etc. N.O.S								
73	Fruit etc. Fresh Frozen							23	23
75	Coffee				59	43			102
77	Cabbage							30	30
79	Celery						517		517
81	Lettuce								
83	Onions, Dry								
85	Potatoes, Not Sweet							18	18
89	Veg. Fresh N.O.S. Unfrozen	22						20	42
91	Beans & Peas Dried	18			40	45	50		153
93	Vegetables Dry etc. N.O.S.								
95	Vegetables, Fresh Frozen								
103	Malt, N.O.S.	2,384	134		34	34	123	1,793	4,502
105	Flaxseed		24		39				63
107	Seeds, N.O.S				18			47	65
199	Agricultural Prod. N.O.S.					340		767	1,107
203	Cattle, Calves One-Deck								
207	Sheep, Goats One-Deck	52							52
211	Swine, Single-Deck							22	22
213	Swine, Double-Deck								
215	Meats, Fresh, N.O.S.	18			173	514	68	5,088	5,861
217	Meats, Cooked, Cured, etc				1,250	571	206	7,108	9,135
219	Packing Hse. Prod. Edible	290	355		7,675	6,669	1,535	35,778	52,302
221	Margarine, N.O.S.							34	34
225	Poultry Dressed Frozen							87	87
227	Eggs							16	16
229	Butter				40	123	16	1,915	2,094
231	Cheese	60	17		1,166	75	69	1,447	2,834
233	Dairy Products, N.O.S.					85		42	127
235	Wool-Mohair in Grease								
237	Wool & Mohair, N.O.S.						47	35	82
239	Hides, Skins, Pelts, N.O.S.		140		686	159	1,756	3,244	5,985
241	Leather, N.O.S.							6	6
243	Sea Food, N.O.S								
245	Fish & Sea Animal Oil						24		24
299	Animals & Products, N.O.S	30	202		4,459	1,469	673	3,889	10,722
307	Coke					113	34		147
311	Aluminum Ore & Concentrates							22	22

NEW YORK - Continued

NO.	COMMODITY GROUP	FROM AFFECTED TERRITORY							
		N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
317	Zinc Ore Concentrates. .								
319	Ores and Concentrates, N.O.S.	25		57			106		188
321	Barytes.								
323	Clay and Bentonite . . .				65		39		104
325	Sand, Industrial. . . . ,				48	65		162	275
327	Gravel and Sand, N.O.S.				33			33	66
329	Stone-Rock, Broken, etc. .				12				12
333	Stone, Rough, N.O.S. . . .								
335	Stone, Finished, N.O.S . .								
339	Asphalt.			41				20	61
341	Salt	1,959					73	219	2,251
343	Phosphate Rock	29							29
345	Sulphur.						48		48
399	Products of Mines, N.O.S.		31		31		210	36	308
401	Logs, Butts and Bolts . .						1,717		1,717
403	Post-Pole-Piling Wood. .				7				7
409	Pulpwood				50				50
411	Lumber Shingles and Lath	208	244			57	17	101	627
413	Box, Cooperage Matter. .				52	22		56	130
415	Veneer and Built-up Wood								
499	Products of Forest, N.O.S.	51				24	38		113
503	Fuel-Rd. Pet. Residual Oils		42						42
505	Lubricating Oil - Grease	3,215	16,519	239	254	60	1,283	943	22,513

NO.	COMMODITY GROUP	FROM AFFECTED TERRITORY N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
507	Petr. Prod. Refined N.O.S.	5,436	5,231	113	261	32		544	11,617
509	Gases, Not-Petrol, N.O.S				81		195	94	370
511	Cottonseed Oil	31						22	53
513	Linseed Oil					27		32	59
515	Soybean Oil	30			21,989	25,154	31	63,670	110,874
517	Vegetable-Nut Oils N.O.S				984	1,449		863	3,296
519	Oils, N.O.S.						19	260	279
521	Oil Foots Sediment Etc				37	25	59	27	148
523	Rubber-Crude-Nat-Synth	95			1,613	15	1,275	80	3,078
525	Rubber Goods, N.O.S	104	5		725	82			916
527	Chemicals, N.O.S	1,094	219	1,380	3,437	143	6,829	3,787	16,889
531	Acids, N.O.S.	95	108			28	1,428	116	1,775
533	Sodium-Soda-Products	395	27	854	1,642	104	12,631	594	16,247
535	Alcohol, N.O.S.			25			268		293
537	Blacks, N.O.S								-
539	Fertilizers, N.O.S.			1,417	80			16	1,513
541	Insecticides-Fungic. N.O.S.				63	45	2,813	669	3,590
543	Tar, Pitch, Creosote		204		39			24	267
545	Tanning Material N.O.S	104	276						380
547	Paint & Paint Material	17	226	795	711	25	135	6,930	8,839
549	Plastics		20	33	812		1,469	55	2,389
551	Cellulose Articles N.O.S	10						29	39
553	Drugs Toilet-Preps. Etc			139	92	71	1,674	721	2,697
555	Aluminum-Bar-Pig, Slab.				76		104	328	508
557	Aluminum, N.O.S					30	25		55
559	Copper Ingot-Matt-Pig.								-
561	Copper-Brass, Bronze, N.O.S.		1,361		163	184	162	24	1,894
563	Lead-Zinc, Bar-Pig, Etc.							37	37
565	Lead & Zinc, N.O.S.				20			217	237
567	Magnesium Metal, Alloy.							16	16
569	Alloys for Steel Manuf	38		513	209		26		786
571	Metals & Alloys N.O.S.			48				74	122
573	Iron, Pig	61			26				87
575	Iron-Steel Billet, Etc.		1,758		7,195				8,953
577	Iron-Steel, Rod-Bar-Slab.		996		231				1,227
579	Iron-Steel, N.O.S		74						74
581	Iron-Steel, Nails, Wire.	25	4,279		2,004	931	1,181	793	9,213
583	Manufact. Iron & Steel	6,178	178,241	1,227	140,776	23,312	3,876	7,851	361,461
585	Cast-Iron Pipe, Fittings.		75		151	40	32	121	419
587	Iron-Steel Pipe N.O.S.	50	5,731		19,749	293	249	2,163	28,235
589	Tanks, N.O.S.	168	145		1,093	136		105	1,647
591	Agric. Implements, N.O.S	12			467	2,026	1,196	7,595	11,296
593	Agric. Imp. Parts, N.O.S				41	118	69	342	570
595	Machinery-Machines, N.O.S	1,956	9,071		36,292	8,891	12,132	52,337	120,679
597	Machinery Parts	319	3,077		6,226	1,357	2,019	6,076	19,074
601	Office Machines, N.O.S.						461	123	584
603	RR Equip. on own wheels.		33		31			881	945
605	RR Equip. SU no wheels		939		250			80	1,269
607	RR Equipment Parts		10,434		489	174	118	2,678	13,893
609	RR Track Material-Iron		2,465		389	104		20	2,978
611	Vehicles, not motor	11	130		1,651	111	220	1,385	3,508
613	Automobiles, Passenger	6		6	1,132	3,102	45,107	1,157	50,510
615	Automobiles, Freight		432		752	1,797	4,049	396	7,426
617	Vehicles, Motor, N.O.S	128	124		5,863	1,973	3,363	41,142	52,593
619	Military Vehicles, N.O.S.				525			268	793
621	Autos & Auto-Truck K.D		93		29,119	6,455	65,573	1,415	102,655
623	Vehicle Parts, N.O.S.	177	796		23,334	4,282	38,421	12,185	79,195
625	Aircraft & Parts		24		64		24	18	130
627	Tires & Tubes, Rubber	231	28	29	22,306	103	619	164	23,480
629	Guns Small-Arms, Parts.		102		118			68	288
631	Ammunition, Explosives.	67			1,061	52	53	968	2,201
633	Cement, Natural-Portland.				136	258	18	61	473
635	Cement, N.O.S	290			213	286		120	909
639	Brick, N.O.S. & Bldg. Tile.				692	25	47		764

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NO.	COMMODITY GROUP	FROM AFFECTED TERRITORY							
		N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
641	Refractories	1,153	90		369			30	1,642
643	Artificial Stone,N.O.S .				28				28
645	Lime, N.O.S.		105		341				446
647	Plaster,Stucco & Wall. .				163				163
649	Sewer Pipe,not metal . .				25			15	40
651	Broken Brick,Glass,etc .								
653	Woodpulp				17				17
655	Scrap Paper & Rags . . .	49			692	92	3,168	2,145	6,146
657	Newsprint Paper.		127		58		52		237
659	Printing Paper,N.O.S . .		837		2,185	46	2,166	68	5,302
661	Wrapping Paper				373		120	34	527
663	Paper Bags				104				104
665	Paper,Paper-Items,N.O.S.	66			150	77	103	352	748
667	Printed Matter, N.O.S. .				971				971
669	Paper-Pulp-Fibreboard. .	341	35		987	168	84		1,615
671	Wallboard.	94					26		120
673	Bldg.-Paper Roof-Mater .	19	51		207	33	21	65	396
675	Insulating Matter.,N.O.S	5			695	322	8	423	1,453
679	Bldg.-Materials,N.O.S. .	15	23		92		93	36	259
681	Bldgs.-Houses,Fab.-Port.				514	22	28	40	604
683	Asbestos Articles,N.O.S.				15	5		15	35
685	Elect.Equip.-Parts,N.O.S	1,031	1,718		3,833	709	647	1,279	9,217
687	Furnaces,Heaters & etc .	12			236	512	54	198	1,012
689	Bathroom Fixtures,Etc. .				10	116	114	397	637
691	Hardware,N.O.S		25		67	18	76	22	208
693	Glass.		21		1,269	814	8		2,112
695	Glassware,N.O.S.	47	499	19	7,927	344	1,655	93	10,584
697	Glass Bottles,etc.,N.O.S	1,083	4,084	334	864	1,008	167	1,727	9,267
701	China & Earthenware. . .				30	35	30	138	233
703	Woodenware					19			19
705	Household Utensils,N.O.S		221	229		20		47	517
707	Refrigerators & Parts. .		112		9,861	2,556	2,334	1,155	16,018
709	Laundry Equipment. . . .	55			1,437	40	11	194	1,737
711	Stoves,Ranges & Parts. .	118	12		2,176	141	181	654	3,282
713	Floor Covering				133		6		139
715	Furniture, N.O.S	210	80		453	265	385	1,512	2,905
717	Furniture Parts.				53		16	13	82
719	Tools & Parts,N O.S. . .				201	65	6	124	396
721	Abrasives,Not Crude. . .	168			57	209	165		599
723	Burlap Bagging etc.N.O.S					32			32
725	Bags,Burlap Etc.,N.O.S .					18			18
727	Cotton Cloth,etc.,N.O.S.				60	10	11		81
729	Cotton Factory,Products.	705			8			16	729
731	Synthetic Fibre & Yarn .								
733	Cloth & Fabrics N.O.S. .				30				30
735	Rope,Cordage,etc.,N.O.S.							34	34
737	Boots,Shoes,etc.,N.O.S .							58	58
739	Luggage & Handbags,N.O.S							69	69
741	Athletic Equip.Etc.N.O.S				12	45		23	80
743	Games & Toys							10	10
745	Liquors,Alcoholic,N.O.S.				15	23		537	575
747	Wine					18			18
749	Liquors,Malt				735	25	30	6,354	7,144
751	Beverages,N.O.S.							162	162
755	Syrup-Molasses Refined. .				27	184		92	303
757	Molasses Residual. . . .				12	261		138	411
759	Sugar.					165		201	366
761	Candy & Confectionery. .	44			46	372		108	570
763	Food Prod.,N.O.S. Unfrozen	4,462	3,189		10,072	940	5,225	4,937	28,825
765	Food Prod.,N.O.S.Frozen.							25	25
767	Starch					1,100	38	526	1,664
769	Soap,Washing Compound. .					67	1,252	126	1,445
771	Matches.				12				12
773	Feed, Animal-Poultry . .	842	107		4,644	2,118	3,612	9,565	20,888

[fol. 2555]

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NO.	COMMODITY GROUP	FROM AFFECTED TERRITORY							
		N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
777	Cigarettes		7						7
779	Containers, Metal. . . .	74	540		394	266		154	1,428
781	Containers, Wooden . . .					86		36	122
783	Containers,Fibreboard. .				2,110		335	35	2,480
785	Containers, N.O.S. . . .		23		521	128	238	288	1,198
787	Containers, Empty. . . .							66	66
789	Scrap Iron & Steel . . .	2,112	25		2,018	103	322		4,580
791	Iron-Steel Borings,etc .	198			34	45	28		305
793	Furnace Slag							32	32
795	Waste-Remelting,N.O.S. .		75		192	154	139	1,119	1,679
797	Waste Materials,N.O.S. .	43			519	59	267	208	1,096
799	Manufacturers-Misc.N.O.S	1,720	213	34	7,845	1,137	1,057	1,846	13,852
950	Forwarder Traffic, C.L .				7,755	540	5,025	13,243	26,563
960	GRAND TOTAL.	54,559	257,470	7,532	478,498	156,902	281,304	406,084	1,642,349

NET TONS OF EXPORT TRAFFIC HANDLED BY NEW YORK CENTRAL SYSTEM
DURING PERIOD AUGUST, 1955 TO JULY 1956, INCLUSIVE
VIA PORT OF ALBANY, N.Y.

NO.	COMMODITY GROUP	FROM AFFECTED TERRITORY							
		N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
1	Wheat.		45		10,757	20,478	9,048	18,522	58,850
3	Corn	109			8,742	24,808	2,538	33,607	69,804
7	Oats				427	589	265	5,074	6,355
9	Barley & Rye				50			5,941	5,991
45	Soybean Oil Cake, Meal .				50			30	80
47	Veg. Nut Oil Cake. . . .								
61	Oranges and Grapefruit .								
203	Cattle, Calves One-Deck.							12	12
215	Meats, Fresh, N.O.S. . .							7	7
229	Butter								
657	Newsprint Paper.								
763	Food Prod.N.O.S.Unfrozen							23	23
773	Feed,Animal-Poultry. . .								
950	Fowarder Traffic, C.L .				23				23
960	GRAND TOTAL.	109	45		20,049	45,875	11,851	63,216	141,145

NET TONS OF EXPORT TRAFFIC HANDLED BY BOSTON & MAINE RAILROAD, NEW YORK CENTRAL SYSTEM AND
NEW YORK, NEW HAVEN & HARTFORD RAILROAD, DURING PERIOD AUGUST, 1955 TO JULY, 1956 INCLUSIVE
VIA PORT OF BOSTON, MASS.

NO.	COMMODITY GROUP	FROM AFFECTED TERRITORY							
		N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
1	Wheat.		2,808		53,568	62,053	44,786	118,753	281,968
3	Corn				8,552	23,355	4,014	40,587	76,508
9	Barley & Rye								
13	Grain, N.O.S..					40			40
15	Flour,Wheat.					50			50
19	Flour,Edible,N.O.S . . .				20				20
21	Cereal Food Prep.N.O.S .								
35	Cotton Linter Noil,etc .								
45	Soybean Oil Cake,Meal. .					35			35
59	Lemon-Citrus Fruit,N.O.S								

NO.	COMMODITY GROUP	FROM AFFECTED TERRITORY N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
61	Oranges & Grapefruit . .								
75	Coffee								
85	Potatoes,Not Sweet . . .								
87	Tomatoes								
107	Seeds,N.O.S.								
199	Agricultural Prod.N.O.S.								
215	Meats,Fresh,N.O.S. . . .					7			7
217	Meats,Cooked,Cured etc .								
219	Packing Hse.Prod.Edib. .							126	126
229	Butter							18	18
239	Hides,Skins,Pelts,N.O.S.								
299	Animals & Products,N.O.S				15				15
323	Clay & Bentonite								
335	Stone,Finished,N.O.S. . .								
399	Products of Mines,N.O.S.								
411	Lumber Shingles & Lath .								
499	Products of Forest . . .								
507	Petr.Prod.Refined,N.O.S.								
519	Oils,N.O.S							19	19
527	Chemicals,N.O.S.								
529	Sulphuric Acid								
539	Fertilizers,N.O.S. . . .								
551	Cellulose Articles,N.O.S								
553	Drugs,Toilet-Preps.etc .								
567	Magnesium Metal,Alloy. .								
583	Manufactured Iron & Steel.			204	340				544
585	Cast-Iron Pipe,Fitting .		45						45
589	Tanks,N.O.S.								
595	Machinery-Machines,N.O.S					51	37		88
597	Machinery Parts.								
601	Office Machines,N.O.S. .								
619	Military Vehicles,N.O.S.				243		122	37	402
623	Vehicle Parts,N.O.S. . .				796	550	35	21	1,402
625	Aircraft & Parts								
627	Tires & Tubes,Rubber . .						18		18
641	Refractories								
653	Woodpulp								
655	Scrap Paper & Rags . . .								
657	Newsprint Paper.								
659	Printing Paper,N.O.S . .								
661	Wrapping Paper								
663	Paper Bags								
665	Paper,Paper-Items N.O.S.								
667	Printed Matter.,N.O.S. .								
669	Paper-Pulp-Fibreboard. .						7	17	24
681	Bldgs.-Houses,Fab Port .								
685	Elec.Equip. Parts,N.O.S.								
687	Furnaces,Heaters Etc .								
703	Woodenware								
705	Household Utensils,N.O.S								
707	Refrigerators & Parts. .								
709	Laundry Equipment. . . .				11				11
715	Furniture, N.O.S								
721	Abrasives,Not crude. . .								
733	Cloth & Fabrics, N.O.S .								
745	Liquors,Alcoholic,N.O.S.								
747	Wine								
761	Candy & Confectionery. .					20			20
763	Food Prod.N.O.S.Unfrozen		35						35
769	Soap, Washing Compound .							19	19
773	Feed, Animal-Poultry . .				48				48
779	Containers, Metal. . . .								

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BOSTON, MASS. - Continued

NO.	COMMODITY GROUP	FROM AFFECTED TERRITORY N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
783	Containers, Fibreboard .								
787	Containers, Empty. . . .								
789	Scrap Iron & Steel . . .								
795	Waste-Remelting,N.O.S. .								
797	Waste Materials,N.O.S. .								
799	Manufacturers-Misc.N.O.S				40		32	238	310
960	GRAND TOTAL.		2,888	204	63,633	86,161	49,051	159,835	361,772

NET TONS OF EXPORT TRAFFIC HANDLED BY BOSTON & MAINE RAILROAD AND GRAND TRUNK RAILWAY SYSTEM
DURING PERIOD AUGUST, 1955 TO JULY, 1956, INCLUSIVE,
VIA PORT OF PORTLAND, MAINE

NO.	COMMODITY GROUP	FROM AFFECTED TERRITORY N.Y.	PENNA.	W.VA.	OHIO	IND.	MICH.	ILL.	TOTAL TONS
1	Wheat.				5,486	18,806		11,113	35,405
3	Corn				695	4,534	112	16,127	21,468
7	Oats				496	551	2,006	2,784	5,837
13	Grain,N.O.S.				454	5,028			5,482
15	Flour, Wheat								
19	Flour,Edible,N.O.S . . .								
657	Newsprint Paper.								
789	Scrap Iron & Steel . . .								
960	GRAND TOTAL.				7,131	28,919	2,118	30,024	68,192

2558

EXHIBIT NO.__________

WITNESS______________

EXPORT CARLOADS UNLOADED, EXCEPT COAL AND COKE

OTHER THAN GRAIN

YEAR	PORTLAND		BOSTON		ALBANY		NEW YORK		PHILADELPHIA		BALTIMORE		HAMPTON ROADS		TOTAL NORTH ATLANTIC PORTS		TOTAL SOUTH ATLANTIC AND GULF PORTS		TOTAL NO. ATLANTIC SO. ATLANTIC AND GULF PORTS	
	CARS	% OF 1939	CARS	% OF 1939	CARS	% OF 1945	CARS	% OF 1939	CARS	% OF 1939	CARS	% OF 1939	CARS	% OF 1939	CARS	% OF 1939	CARS	% OF 1939	CARS	% OF 1939
1939	1,994	-	7,679	-	-	-	127,020	-	16,447	-	23,322	-	24,949	-	203,432	-	171,410	-	374,842	-
1940	2,984	150	9,000	117	-	-	227,378	179	27,729	169	54,854	235	26,127	105	350,305	172	177,563	104	527,868	141
1941	3,392	170	11,922	155	-	-	293,343	231	35,124	214	42,351	182	21,814	87	414,433	492	162,785	95	577,218	154
1942	7,116	356	24,107	314	-	-	345,727	272	54,840	333	44,042	189	302	1	488,352	240	166,802	97	655,154	175
1943	4,914	246	53,137	692	-	-	430,368	339	88,661	539	63,893	274	865	3	672,425	331	199,501	116	871,926	233
1944	4,347	218	76,357	994	-	-	550,340	433	125,196	761	105,299	452	122,757	492	1,035,642	509	229,079	134	1,264,721	337
1945	2,990	150	58,751	765	-	-	437,659	345	80,767	491	77,948	334	103,639	416	787,092	387	274,616	160	1,061,708	283
1946	3,194	160	3,613	47	-	-	332,040	261	33,848	206	42,351	182	51,024	205	470,288	231	223,045	130	693,333	185
1947	3,349	168	4,052	53	-	-	343,040	270	41,377	252	57,802	248	41,722	167	497,855	245	315,477	184	813,332	217
1948	2,480	124	2,355	31	-	-	255,366	201	20,892	127	45,177	194	28,666	115	362,796	178	279,150	163	641,946	171
1949	521	26	1,994	26	-	-	221,007	174	17,835	108	39,776	171	22,914	92	305,375	150	201,086	117	506,461	135
1950	144	7	1,965	26	-	-	167,214	132	11,113	68	28,448	122	20,616	83	241,240	119	181,337	106	422,577	113
1951	-	-	3,306	43	-	-	224,555	177	18,585	113	32,463	139	41,706	167	329,356	162	227,513	133	556,869	149
1952	6	.3	2,411	31	-	-	214,338	169	18,208	111	30,117	129	41,944	168	324,510	160	206,136	120	530,646	142
1953	25	1	1,971	26	-	-	180,052	142	15,230	93	27,708	119	37,672	151	279,047	137	206,756	121	485,803	130
1954	750	38	6,088	79	-	-	166,172	131	22,082	134	31,956	137	36,563	147	268,906	132	215,299	126	484,205	129
1955	1,137	57	9,758	127	-	-	174,592	137	29,949	182	41,273	177	40,433	162	300,866	148	248,153	145	549,019	146
1956	1,234	62	10,673	139	-	-	184,543	145	23,857	145	40,380	173	37,539	150	303,149	149	289,087	169	592,236	158

EXHIBIT NO. ______________ (

WITNESS ______________

EXPORT CARLOADS UNLOADED, EXCEPT COAL AND COKE

GRAIN

YEARS 1945 thru 1956.

YEAR	PORTLAND		BOSTON		ALBANY		NEW YORK		PHILADELPHIA		BALTIMORE		HAMPTON ROADS		TOTAL NORTH ATLANTIC PORTS		TOTAL SOUTH ATLANTIC AND GULF PORTS		TOTAL N. ATL. SO. ATLANTIC AND GULF PORTS	
	CARS	% OF 1939	CARS	% OF 1939	CARS	% OF 1945	CARS	% OF 1939	CARS	% OF 1939	CARS	% OF 1939	CARS	% OF 1939	CARS	% OF 1939	CARS	% OF 1939	CARS	% OF 1939
1939	342	-	2,218	-	-	-	15,242	-	3,938	-	10,630	-	1,904	-	34,274	-	20,401	-	54,675	-
1940	1,575	460	2,701	122	-	-	5,855	38	5,930	151	10,170	96	829	44	27,060	79	4,570	22	31,630	58
1941	4,725	1381	4,191	189	-	-	14,385	94	5,724	145	14,340	135	1,115	59	44,486	130	1,520	7	46,006	84
1942	4,372	1278	1,600	72	-	-	9,693	64	2,057	52	9,707	91	-	-	27,429	80	1,024	5	28,453	52
1943	10,424	3047	5,261	237	-	-	15,621	102	9,139	232	11,215	106	-	-	51,660	151	1,451	7	53,111	97
1944	6,490	1897	2,002	90	-	-	7,703	51	7,341	186	12,833	121	-	-	36,369	106	2,611	13	38,980	71
1945	8,960	2619	6,462	291	2,270	-	21,419	141	26,423	671	43,339	408	2,284	120	111,157	324	56,221	276	167,388	306
1946	1,872	547	3,814	172	1,999	88	8,627	57	23,536	598	29,430	277	2,186	115	71,464	209	71,924	353	143,388	262
1947	412	120	5,222	235	9,009	397	13,155	86	27,376	695	39,103	368	2,776	146	97,055	283	116,234	570	213,289	390
1948	684	200	4,277	192	10,979	484	7,018	46	17,753	451	31,365	295	3,178	167	65,456	191	120,761	592	186,217	341
1949	1,393	407	4,869	220	5,877	259	19,540	128	25,114	638	51,730	487	3,990	210	112,513	328	125,250	614	237,763	435
1950	2,005	586	2,239	101	3,543	156	8,090	53	7,362	187	21,355	201	2,205	116	46,799	137	97,159	476	143,958	*263
1951	3,465	1013	4,567	206	7,208	317	10,971	72	20,685	525	46,137	434	3,180	167	96,213	281	144,034	706	240,247	439
1952	3,092	904	4,352	196	8,380	369	4,211	28	14,841	377	39,596	372	5,163	271	79,635	232	126,721	621	206,356	377
1953	2,584	755	2,381	107	8,168	360	13,095	86	12,317	313	41,962	395	11,416	600	91,923	268	65,743	322	157,666	244
1954	1,975	577	1,207	54	4,578	202	7,221	47	13,975	355	37,187	350	14,608	767	80,751	236	41,761	205	122,512	224
1955	1,378	402	2,457	111	9,738	429	11,310	74	14,998	381	45,459	428	21,952	1153	107,292	313	88,716	435	196,008	358
1956	1,639	479	10,607	478	13,709	604	12,639	83	23,423	595	51,817	487	19,035	1000	132,869	388	107,471	527	240,340	440

SOURCE: EXPORT REPORT 6., CAR SERVICE DIVISION, ASSOCIATION OF AMERICAN RAILROADS.

2560

[fol. 2581]

I&S 661
Witness: C. F. Hear
Exhibit______________(BM
Page 1 of 2

SUMMARY OF CARS OF ALL IMPORT CARLOAD TRAFFIC HANDLED BY THE BOSTON AND MAINE RAILROAD IN LINE HAUL SERVICE FROM BOSTON, MASS. AND PORTLAND, ME. DURING THE CALENDAR YEAR 1951 AND DURING THE PERIOD AUGUST 1, 1955 THROUGH JULY 31, 1956

1	2	3	4	5	6	7	8	9	10
		1951				1955 - 1956			
ORIGIN	COMMODITY	TO NON AFFECTED TERRITORY	TO AFFECTED TERRITORY	TOTAL	PERCENT TO AFFECTED TERRITORY	TO NON AFFECTED TERRITORY	TO AFFECTED TERRITORY	TOTAL	PERCENT TO AFFECTED TERRITORY
Boston, Mass.	Woodpulp	2609	34	2643	1.3	2561	28	2589	1.1
	All Other	2692	154	2846	5.4	2714	198	2912	6.8
	Total	5301	188	5489	3.4	5275	226	5501	4.1
Portland, Me.	Woodpulp	63	36	99	36.4	72	129	201	64.2
	Clay	177	1	178	0.6	186	35	221	15.9
	All Other	290	1	291	0.3	None	None	None	0.0
	Total	530	38	568	7.2	258	164	422	38.9

Explanation of Columns 3 to 10

Column 3 - Number of cars during calendar year 1951 to points not involved in this proceeding.
4 - Number of cars during calendar year 1951 to points involved in this proceeding where rates equalizing those from other ports have been suspended in I&S 6615.
5 - Total of Columns 3 and 4.
6 - Percent of cars to points involved in this proceeding to total export movement during calendar year 1951.
7 - Number of cars during period August 1, 1955 through July 31, 1956 to points not involved in this proceeding.
8 - Number of cars during period August 1, 1955 through July 31, 1956 to points involved in this proceeding where rates equalizing those from other ports have been suspended in I&S 6615.

2581

I&S 6615
Witness: C. F. Heard
Exhibit______(BM1)
Page 2 of 2

Explanation of Columns 3 to 10 Continued

9 - Total of Columns 7 and 8.
10 - Percent of cars to points involved in this proceeding to total export movement during the period August 1, 1955 through July 31, 1956.

2582

I&S 6615
Witness: C. F. Heard
Exhibit______(BM2)

RATES ON IMPORT WOODPULP, FROM NORTH ATLANTIC PORTS TO REPRESENTATIVE POINTS IN AFFECTED TERRITORY
(RATES ARE IN CENTS PER 100 POUNDS AND ARE SUBJECT TO EX PARTE 206)

FROM	Norfolk, Va.		Baltimore, Md.		Philadelphia, Pa.		New York, N.Y.		Boston, Mass.		Portland, Me.		St. John, N.B.		Halifax, N.S.	
TO	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate
Indiana																
Hartford City	743	64	614	64	680	65	756	67	879	S67 D66	951	S76 D64	1245	64	1542	64
Michigan																
Monroe	763	56	571	56	618	57	666	59	741	S59 D58	813	S71 D56	1073	56	1370	56
Pt.Huron	811	56	596	56	598	57	592	59	663	S59 D58	735	S71 D56	984	56	1278	56
Vicksburg	870	66	683	66	730	67	774	69	845	S70 D68	917	S75 D66	1166	66	1460	66
Ohio																
Chagrin Falls	636	64	444	52	490	53	562	55	652	56	724	S66 D52	1062	52	1340	52
Chillicothe	588	54	464	54	548	55	638	57	838	57	910	S75 D54	1248	54	1516	54
Columbus	632	54	479	54	545	55	621	57	790	57	862	S75 D54	1200	54	1478	54
Hamilton	656	63	560	63	644	64	724	66	891	S66 D65	963	S81 D63	1287	63	1579	63
Middletown	665	63	541	63	614	64	690	66	836	S66 D65	908	S81 D63	1232	63	1524	63

S - Via Standard Routes
D - Via Differential Routes

Authorities:
Agent Swenson's Tariff No. 20-C, ICC 362.
Agent Boin's Tariff No. 79-C, ICC A-942.
Agent Watson's Tariff No. 27-A, ICC No. 100.

Miles shown are Docket 28300 distances except from St. John, N.B. and Halifax, N.S., which are made by adding Docket 28300 miles from Vanceboro, Me., Detroit, Mich. or Port Huron, Mich., to short line miles in Canada to produce lowest total distances.

2583

I&S 6615
Witness: C.F. Heard
Exhibit________(BM3)

RATES ON IMPORT BALL OR CHINA CLAY IN CLOSED CARS FROM NORTH ATLANTIC PORTS TO REPRESENTATIVE POINTS IN AFFECTED TERRITORY.
(RATES ARE IN CENTS PER 100 POUNDS AND ARE SUBJECT TO EX PARTE 206)

FROM	Norfolk, Va.		Baltimore, Md		Philadelphia, Pa		New York, N.Y.		Boston, Mass.		Portland, Me.		St. John, N.B.		Halifax, N.S.	
TO	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate
Illinois																
Robinson	886	65	786	65	859	66	935	68	1069	S68 D67	1141	S68 D65	1427	65	1714	65
Indiana																
Evansville	846	66	787	66	871	67	951	70	1102	S70 D68	1174	S70 D66	1463	66	1760	66
Kokomo	778	58	649	58	715	59	840	63	915	S63 D61	987	S63 D58	1265	58	1562	58
Michigan																
Kalamazoo	870	58	683	58	730	59	774	63	845	S63 D61	917	S63 D58	1166	58	1460	58
Muskegon	945	58	753	58	800	59	803	63	874	S63 D61	946	S63 D58	1196	58	1490	58
Ohio																
Chillicothe	588	51	464	51	548	52	638	55	838	S55 D54	910	S55 D51	1248	51	1516	51
Dayton	665	52	541	52	614	54	690	56	836	S56 D55	908	S56 D52	1232	52	1524	52
Hamilton	656	54	560	54	644	55	724	57	891	S57 D56	963	S57 D54	1287	54	1579	54
Wisconsin																
Sheboygan	1052	61	884	61	914	63	908	65	979	S65 D64	1051	S65 D61	1300	61	1594	61

S- Via Standard Routes
D- Via Differential Routes

Authorities:
Agent Swenson's Tariff No. 26-F, ICC 591.
Agent Watson's Tariff No. 47-A, ICC 188.
Agent Boin's Tariff No. T/C 43-H, ICC A-1017.

Miles shown are Docket 28300 distances except from St. John, N.B. and Halifax, N.S. which are made by adding Docket 28300 miles from Vanceboro, Me., Detroit, Mich., or Port Huron, Mich. to short line miles in Canada to produce lowest total distance.

2584

I&S 6615
Witness: C. F. Heard
Exhibit_____(BM4)

IMPORT 6TH CLASS RATES FROM NORTH ATLANTIC PORTS TO REPRESENTATIVE POINTS IN AFFECTED TERRITORY

(RATES ARE IN CENTS PER 100 POUNDS AND ARE SUBJECT TO EX PARTE 206)

FROM	Norfolk, Va.		Baltimore Md.		Philadelphia, Pa.		New York, N.Y.		Boston, Mass.		Portland, Me.		St. John, N.B.		Halifax, N.S.	
TO	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate
Ohio																
Cincinnati	656	76	560	76	644	78	724	81	891	S81 D80	963	S101 D 76	1287	76	1579	76
Cleveland	636	81	444	68	490	70	562	72	652	72	724	S 88 D 68	1062	68	1340	68
Columbus	632	70	479	70	545	71	621	73	790	73	862	S 91 D 70	1200	70	1478	70
Toledo	740	76	548	76	595	78	668	81	759	S81 D80	831	S 92 D 75	1090	75	1387	75
Michigan																
Detroit	796	76	604	76	637	78	631	81	706	S81 D80	778	S 92 D 75	1033	75	1330	75
Indiana																
Indianapolis	766	86	650	86	723	87	799	89	934	S89 D88	1006	S104 D 86	1300	86	1597	86
Illinois																
Cairo	955	104	907	104	991	105	1071	107	1210	S107 D106	1282	S122 D104	1570	104	1867	104
Chicago	914	92	767	92	814	94	890	96	973	S 96 D 95	1045	S105 D 92	1299	92	1593	92
Missouri																
St. Louis	990	101	891	101	964	103	1040	105	1174	S105 D104	1246	S119 D101	1506	101	1803	101
Kentucky																
Louisville	727	88	670	88	754	89	834	91	1001	S 91 D 90	1073	S106 D 88	1387	88	1684	88

S- Via Standard Routes
D- Via Differential Routes

Authorities:

Agent Swenson's Tariff 20C, ICC 362
Agent Boin's Tariff 79C, ICC A942
Agent Watson's Tariff 27A, ICC 100
Agent Boin's Tariff 68A, ICC A-755
Agent Boin's Tariff 125A, ICC A-721
Agent Boin's Tariff 71-A, ICC A-744.

Miles shown are Docket 28300 distances except from St. John, N.B. and Halifax, N.S. which are made by adding Docket 28300 miles from Vanceboro, Me., Detroit, Mich., or Port Huron, Mich. to short line miles in Canada to produce lowest total distance.

I&S 8015
Witness: C.F. Heard
Exhibit_____(BM5)

EXAMPLES OF ROUTES AND DISTANCES VIA WHICH RATES APPLY ON IMPORT WOODPULP SHOWN IN EXHIBIT_____(BM2)FROM PORTLAND, ME.,ST. JOHN,N.B., HALIFAX, N.S. AND BALTIMORE, MD.

FROM	PORTLAND, ME.			ST. JOHN,N.B.		HALIFAX,N.S.		BALTIMORE,MD	
ROUTE NOS.	1	2	3	4	5	6	7	8	9
TO	MILES	MILES	MILES	MILES	MILES	MILES	MILES	MILES	MILES
Chillicothe,Ohio	1112	--	1130	1311	--	1608	--	461	--
Columbus, Ohio	1103	1025	1121	1302	1224	1599	1521	493	524
Hamilton, Ohio	1070	1156	1088	1269	1355	1566	1652	571	655
Middletown, Ohio	1078	1129	1096	1277	1328	1574	1625	583	628
Vicksburg, Mich.	--	1163	--	--	1362	--	1512	--	734

Miles shown are actual route miles published in:
B&O I.C.C. 22392; CN C.T.C. E 4034; CP I.C.C. E 2509; DTSL I.C.C. 1345; MEC I.C.C. 4567; PRR I.C.C. 2950.

Route Nos.
1 - MEC-St. Johnsbury-CP-Detroit-DTSL-Toledo-B&O.
2 - MEC-St. Johnsbury-CP-Detroit-PRR.
3 - CN-Detroit-DTSL-TOLEDO-B&O.
4 - CP-Detroit-DTSL-Toledo-B&O.
5 - CP-Detroit-PRR.
6 - CN-Detroit-DTSL-Toledo-B&O.
7 - CN-Detroit or Grand Rapids, Mich.-PRR.
8 - B&O direct.
9 - PRR direct.

I&S 6615
Witness: C.F. Heard
Exhibit ____ (BM6)
Page 1 of 5

SUMMARY OF ALL IMPORT CARLOAD TRAFFIC MOVING IN LINE HAUL SERVICE VIA THE BOSTON AND MAINE RAILROAD WHICH LEFT BOSTON, MASS. DURING THE PERIOD AUGUST 1, 1955 THROUGH JULY 31, 1956

See Page 5 For Explanation of Columns

1	2	3	4	5	6	7	8	9	10	11
		TO NON AFFECTED TERRITORY			TO AFFECTED TERRITORY		TO ALL TERRITORY		PERCENT OF TOTAL	
COMMODITY	COMMODITY CODE	AREA	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS
Flour Edible, NOS	19	NE	172	5599						
		CAN	0	0						
		OTHER	1	33						
		TOTAL	173	5632	0	0	173	5632	3.1	3.1
Cotton & Linters	33-35	NE	9	166						
		CAN	16	290						
		OTHER	14	229						
		TOTAL	39	685	23	527	62	1212	1.1	0.7
Agricultural Products	199	NE	21	451						
		CAN	211	4050						
		OTHER	22	377						
		TOTAL	254	4878	26	676	280	5554	5.1	3.0
Wool	235-237	NE	82	1765						
		CAN	4	34						
		OTHER	26	372						
		TOTAL	112	2171	11	123	123	2294	2.2	1.3
Animals & Products	299	NE	430	12289						
		CAN	2	28						
		OTHER	4	79						
		TOTAL	436	12396	5	134	441	12530	8.0	6.9
Stone	333-335	NE	40	1603						
		CAN	0	0						
		OTHER	2	15						
		TOTAL	42	1618	2	58	44	1676	0.8	0.9

I&S 6615
Witness: C.F. Heard
Exhibit______(BM6)
Page 2 of 5

1	2	3	4	5	6	7	8	9	10	11
		TO NON AFFECTED TERRITORY			TO AFFECTED TERRITORY		TO ALL TERRITORY		PERCENT OF TOTAL	
COMMODITY	COMMODITY CODE	AREA	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS
Products of Mines	399	NE	69	2161						
		CAN	2	70						
		OTHER	0	0						
		TOTAL	71	2231	0	0	71	2231	1.3	1.2
Forest Products	411-15-99	NE	89	2176						
		CAN	20	523						
		OTHER	47	1261						
		TOTAL	156	3960	25	640	181	4600	3.3	2.5
Crude Rubber	523	NE	582	18855						
		CAN	0	0						
		OTHER	3	168						
		TOTAL	585	19023	24	787	609	19810	11.1	10.8
Fertilizer, NOS	539	NE	15	322						
		CAN	0	0						
		OTHER	9	171						
		TOTAL	24	493	4	45	28	538	0.5	0.3
Tanning Materials, NOS	545	NE	23	656						
		CAN	0	0						
		OTHER	28	985						
		TOTAL	51	1641	3	87	54	1728	1.0	0.9
Iron & Steel Articles	581-583	NE	83	3314						
		CAN	0	0						
		OTHER	8	262						
		TOTAL	91	3576	20	688	111	4264	2.0	2.3

I&S 6615
Witness: C.F. Heard
Exhibit______(BM6)
Page 3 of 5

1	2	3	4	5	6	7	8	9	10	11
		TO NON AFFECTED TERRITORY			TO AFFECTED TERRITORY		TO ALL TERRITORY		PERCENT OF TOTAL	
COMMODITY	COMMODITY CODE	AREA	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS
Woodpulp	653	NE	2448	96971						
		CAN	1	30						
		OTHER	112	4010						
		TOTAL	2561	101011	28	1107	2589	102118	47.1	55.9
Newsprint Paper	657	NE	19	531						
		CAN	0	0						
		OTHER	7	205						
		TOTAL	26	736	0	0	26	736	0.5	0.4
Wrapping Paper	661	NE	25	718						
		CAN	0	0						
		OTHER	1	22						
		TOTAL	26	740	2	41	28	781	0.5	0.4
Food Products, NOS	763	NE	101	2939						
		CAN	45	1097						
		OTHER	0	0						
		TOTAL	146	4036	0	0	146	4036	2.7	2.2
Starch	767	NE	37	1202						
		CAN	0	0						
		OTHER	0	0						
		TOTAL	37	1202	0	0	37	1202	.7	.7
Waste Materials, NOS	797	NE	232	5736						
		CAN	0	0						
		OTHER	6	124						
		TOTAL	238	5860	4	101	242	5961	4.4	3.3

2589

I&S 6615
Witness: C.F. Heard
Exhibit________(BM6)
Page 4 of 5

1	2	3	4	5	6	7	8	9	10	11
		TO NON AFFECTED TERRITORY			TO AFFECTED TERRITORY		TO ALL TERRITORY		PERCENT OF TOTAL	
COMMODITY	COMMODITY CODE	AREA	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS
All Others		NE	151	3706						
		CAN	26	462						
		OTHER	30	429						
		TOTAL	207	4597	49	1179	256	5776	4.6	3.2
TOTAL		NE	4628	161160						
		CAN	327	6584						
		OTHER	320	8742						
		TOTAL	5275	176486	226	6193	5501	182679	100.0	100.0

I&S 6615
Witness: C. F. Hear
Exhibit (BM 6)
Page 5 of 5

EXPLANATION OF COLUMNS

Column

1 - Commodity separations are based on Freight Commodity Statistics Classification 1954 Edition published by Association of American Railroads. Commodities totaling less than 25 cars have been grouped in "All Other".

2 - Freight Commodity Statistics Classification Code Number.

3)
4) - Non Affected Territory is territory not involved in this proceeding
5)
NE-New England
CAN-Canada
OTHER-All other Non Affected Territory

6)
) - Affected Territory is territory involved in this proceeding to or from which rates equalizing rates from or to other ports have been suspended in I&S 6615.
7)

8 - Total of Columns 4 and 6.

9 - Total of Columns 5 and 7.

10) - Percentage of totals of each separate commodity to the total of all traffic.
11)

2591

I&S 6615
Witness: C. F. Heard
Exhibit______(BM7)
Page 1 of 2

SUMMARY OF ALL IMPORT CARLOAD TRAFFIC MOVING IN LINE HAUL SERVICE VIA THE BOSTON AND MAINE RAILROAD WHICH LEFT PORTLAND, ME. DURING THE PERIOD AUGUST 1, 1955 THROUGH JULY 31, 1956

See Page 2 For Explanation of Columns

1	2	3	4	5	6	7	8	9	10	11
		TO NON AFFECTED TERRITORY			TO AFFECTED TERRITORY		TO ALL TERRITORY		PERCENT OF TOTAL	
COMMODITY	COMMODITY CODE	AREA	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS
Clay	323	NE	156	8134						
		CAN	0	0						
		OTHER	30	1399						
		TOTAL	186	9533	35	1808	221	11341	52.4	60.4
Woodpulp	653	NE	55	1936						
		CAN	0	0						
		OTHER	17	673						
		TOTAL	72	2609	129	4816	201	7425	47.6	39.6
TOTAL		NE	211	10070						
		CAN	0	0						
		OTHER	47	2072						
		TOTAL	258	12142	164	6624	422	18766	100.0	100.0

2592

2592

I&S 6615
Witness: C. F. Heard
Exhibit ______ (BM 1)
Page 2 of 2

EXPLANATION OF COLUMNS

Column	
1	Commodity separations are based on Freight Commodity Statistics Classification 1954 Edition published by Association of American Railroads. Commodities totaling less than 25 cars have been grouped in "All Other".
2	Freight Commodity Statistics Classification Code Number.
3) 4) 5)	Non Affected Territory is territory not involved in this proceeding NE-New England CAN-Canada OTHER-All other Non Affected Territory
6) 7)	Affected Territory is territory involved in this proceeding to or from which rates equalizing rates from or to other ports have been suspended in I&S 6615.
8	Total of Columns 4 and 6.
9	Total of Columns 5 and 7.
10) 11)	Percentage of totals of each separate commodity to the total of all traffic.

2593

I&S 6615
Witness: C. F. Heard
Exhibit________(BM8)
Page 1 of 2

SUMMARY OF CARS OF ALL EXPORT TRAFFIC HANDLED BY THE BOSTON AND MAINE RAILROAD IN LINE HAUL SERVICE TO BOSTON, MASS. AND PORTLAND, ME. WHICH LEFT POINT OF ORIGIN DURING THE CALENDAR YEAR 1951 AND DURING THE PERIOD AUGUST 1, 1955 THROUGH JULY 31, 1956

1 DESTINATION	2 COMMODITY	3 FROM NON AFFECTED TERRITORY	4 (1951) FROM AFFECTED TERRITORY	5 TOTAL	6 PERCENT FROM AFFECTED TERRITORY	7 (1955-56) FROM NON AFFECTED TERRITORY	8 FROM AFFECTED TERRITORY	9 TOTAL	10 PERCENT FROM AFFECTED TERRITORY
Boston, Mass.	Grain	463	801	1264	63.4	637	3235	3872	83.5
	Scrap Iron	1	None	1	0.0	1670	None	1670	0.0
	All Other	1176	46	1222	3.8	1087	18	1105	1.6
	Total	1640	847	2487	34.0	3394	3253	6647	48.9
Portland, Me.	Grain	None	None	None	None	None	91	91	100.0
	Scrap Iron	None	None	None	None	131	None	131	0.0
	All Other	None	None	None	None	38	None	38	0.0
	Total	None	None	None	None	169	91	260	35.0

Explanation of Columns 3 to 10:

Column 3 - Number of cars during calendar year 1951 from points not involved in this proceeding.

4 - Number of cars during calendar year 1951 from points involved in this proceeding where rates equalizing those to other ports have been suspended in I&S 6615.

5 - Total of Columns 3 and 4.

6 - Percent of cars from points involved in this proceeding to total export movement during calendar year 1951.

7 - Number of cars during period August 1, 1955 through July 31, 1956 from points not involved in this proceeding.

I&S 6615
Witness: C. F. Heard
Exhibit______(B.8)
Page 2 of 2

Explanation of Columns 3 to 10 (Continued)

Column 8 – Number of cars during period August 1, 1955 through July 31, 1956 from points involved in this proceeding, where rates equalizing those to other ports have been suspended in I&S 6615.

9 – Total of Columns 7 and 8.

10 – Percent of cars from points involved in this proceeding to total export movement during the period August 1, 1955 through July 31, 1956.

2595

[fol. 2596]

I&S 0015

Witness: C. F. Heard
Exhibit______(BM9)
Page 1 of 4

SUMMARY OF ALL EXPORT CARLOAD TRAFFIC MOVING IN LINE HAUL SERVICE VIA THE BOSTON AND MAINE RAILROAD TO BOSTON, MASS. WHICH LEFT ORIGIN DURING THE PERIOD AUGUST 1, 1955 THROUGH JULY 31, 1956

See Page 4 For Explanation of Columns

1	2	3	4	5	6	7	8	9	10	11
			FROM NON AFFECTED TERRITORY		FROM AFFECTED TERRITORY		FROM ALL TERRITORY		PERCENT OF TOTAL	
COMMODITY	COMMODITY CODE	AREA	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS
Wheat	1	NE	1	62						
		CAN	4	217						
		OTHER	602	33727						
		TOTAL	607	34006	2720	150862	3327	184868	50.0	60.3
Corn	3	NE	0	0						
		CAN	0	0						
		OTHER	34	1849						
		TOTAL	34	1849	515	27975	549	29824	8.2	9.7
Fruits	59-61	NE	0	0						
		CAN	0	0						
		OTHER	30	663						
		TOTAL	30	663	0	0	30	663	.5	.2
Cellulose Articles	551	NE	25	300						
		CAN	0	0						
		OTHER	0	0						
		TOTAL	25	300	0	0	25	300	.4	.1
Machinery & Parts	595-597	NE	113	2570						
		CAN	0	0						
		OTHER	8	117						
		TOTAL	121	2687	2	37	123	2724	1.9	.9

2596

I&S 6615
Witness: C. F. Heard
Exhibit______(BM9)
Page 2 of 4

1	2	3	4	5	6	7	8	9	10	11
		FROM NON AFFECTED TERRITORY			FROM AFFECTED TERRITORY		FROM ALL TERRITORY		PERCENT OF TOTAL	
COMMODITY	COMMODITY CODE	AREA	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS
Woodpulp	653	NE	93	3678						
		CAN	1	32						
		OTHER	0	0						
		TOTAL	94	3710	0	0	94	3710	1.4	1.2
Newsprint Paper	657	NE	310	8447						
		CAN	0	0						
		OTHER	1	14						
		TOTAL	311	8461	0	0	311	8461	4.7	2.8
Printing & Wrapping Paper	659-661	NE	124	3642						
		CAN	0	0						
		OTHER	0	0						
		TOTAL	124	3642	0	0	124	3642	1.9	1.2
Paper & Paper Articles	665	NE	32	578						
		CAN	0	0						
		OTHER	1	25						
		TOTAL	33	603	0	0	33	603	.5	.2
Pulpboard	669	NE	86	2998						
		CAN	0	0						
		OTHER	3	54						
		TOTAL	89	3052	0	0	89	3052	1.3	1.0
Food Products, NOS	763	NE	121	3514						
		CAN	0	0						
		OTHER	17	575						
		TOTAL	138	4089	0	0	138	4089	2.1	1.3

I&S 6615
Witness: C. F. Heard
Exhibit_______(BM9)
Page 3 of 4

1	2	3	4	5	6	7	8	9	10	11
		FROM NON AFFECTED TERRITORY			FROM AFFECTED TERRITORY		FROM ALL TERRITORY		PERCENT OF TOTAL	
COMMODITY	COMMODITY CODE	AREA	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS
Scrap Iron	789	NE	1670	61244						
		CAN	0	0						
		OTHER	0	0						
		TOTAL	1670	61244	0	0	1670	61244	25.1	20.0
All Other		NE	88	2479						
		CAN	5	117						
		OTHER	25	533						
		TOTAL	118	3129	16	378	134	3507	2.0	1.1
TOTAL		NE	2663	89512						
		CAN	10	366						
		OTHER	721	37557						
		TOTAL	3394	127435	3253	179252	6647	306687	100.0	100.0

2598

I&S 6615

Witness: C. F. Hea

Exhibit ______ (BM 9)

Page 4 of 4

EXPLANATION OF COLUMNS

Column	
1 -	Commodity separations are based on Freight Commodity Statistics Classification 1954 Edition published by Association of American Railroads. Commodities totaling less than 25 cars have been grouped in "All Other".
2 -	Freight Commodity Statistics Classification Code Number.
3) 4) - 5)	Non Affected Territory is territory not involved in this proceeding NE-New England CAN-Canada OTHER-All other Non Affected Territory
6)) - 7)	Affected Territory is territory involved in this proceeding to or from which rates equalizing rates from or to other ports have been suspended in I&S 6615.
8 -	Total of Columns 4 and 6.
9 -	Total of Columns 5 and 7.
10) - 11)	Percentage of totals of each separate commodity to the total of all traffic.

99

[illegible] 0015

Witness: C. F. Heard
Exhibit______(BM10)
Page 1 of 2

SUMMARY OF ALL EXPORT CARLOAD TRAFFIC MOVING IN LINE HAUL SERVICE VIA THE BOSTON AND MAINE RAILROAD TO PORTLAND, ME. WHICH LEFT ORIGIN DURING THE PERIOD AUGUST 1, 1955 THROUGH JULY 31, 1956

See Page 2 For Explanation of Columns

1	2	3	4	5	6	7	8	9	10	11
			FROM NON AFFECTED TERRITORY		FROM AFFECTED TERRITORY		FROM ALL TERRITORY		PERCENT OF TOTAL	
COMMODITY	COMMODITY CODE	AREA	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS
Grain, NOS	13	NE								
		CAN								
		OTHER								
		TOTAL	0	0	91	5482	91	5482	35.0	44.4
Flour	15-19	NE	3	117						
		CAN	14	576						
		OTHER	14	597						
		TOTAL	31	1290	0	0	31	1290	11.9	10.5
Newsprint Paper	657	NE	6	177						
		CAN	1	30						
		OTHER	0	0						
		TOTAL	7	207	0	0	7	207	2.7	1.7
Scrap Iron	789	NE	131	5358						
		CAN	0	0						
		OTHER	0	0						
		TOTAL	131	5358	0	0	131	5358	50.4	43.4
TOTAL		NE	140	5652						
		CAN	15	606						
		OTHER	14	597						
		TOTAL	169	6855	91	5482	260	12337	100.0	100.0

I&S 6615
Witness: C. F. Heard
Exhibit ______(BM 10)
Page 2 of 2

EXPLANATION OF COLUMNS

Column		
1	-	Commodity separations are based on Freight Commodity Statistics Classification 1954 Edition published by Association of American Railroads. Commodities totaling less than 25 cars have been grouped in "All Other".
2	-	Freight Commodity Statistics Classification Code Number.
3) 4) 5)	-	Non Affected Territory is territory not involved in this proceeding NE-New England CAN-Canada OTHER-All other Non Affected Territory
6) 7)	-	Affected Territory is territory involved in this proceeding to or from which rates equalizing rates from or to other ports have been suspended in I&S 6615.
8	-	Total of Columns 4 and 6.
9	-	Total of Columns 5 and 7.
10) 11)	-	Percentage of totals of each separate commodity to the total of all traffic.

2401

Exhibit No. 1
Docket No. I&S 6615
Witness: G. W. Flanigan

Sheet 1

PORT OF NEW YORK - IMPORT

Commodity	Affected Territory No. of Cars	Unaffected Territory No. of Cars
Flour, Edible, N.O.S.	--	13
Tobacco, Unmanufactured	--	8
Cotton in Bales	--	4
Cotton Linter Noil Etc.	--	22
Fruit Fresh N.O.S. Unfrozen	--	2
Coffee	--	329
Beans and Peas Dried	--	3
Seeds, N.O.S.	--	4
Agricultural Products, N.O.S.	--	765
Meats Cooked Cured Etc.	--	5
Cheese	--	1
Wool Mohair in Grease	--	399
Wool and Mohair, N.O.S.	--	24
Hides Skins Pelts N.O.S.	--	12
Fish and Sea Animal Oil	--	1
Animals and Products, N.O.S.	--	52
Ores and Concentrates, N.O.S.	--	19
Stone, Rough, N.O.S.	5	20
Stone, Finished, N.O.S.	1	3
Phosphate Rock	--	4
Sulphur	--	10
Products of Mines, N.O.S.	--	26
Posts - Pole - Piling Wood	--	2
Lumber Shingles and Lath	--	1
Veneer and Built Up Wood	--	7
Products of Forest, N.O.S.	--	45
Lubricating Oil - Grease	--	2
Rubber Crude Natural Synthetic	--	185
Chemicals, N.O.S.	--	10
Acids, N.O.S.	--	1
Fertilizers, N.O.S.	--	3
Tanning Material, N.O.S.	--	15
Paint and Paint Material	--	1
Plastics	--	7
Cellulose Articles, N.O.S.	--	1
Drugs Toilet-Preps.Etc.	--	1
Copper Ingot-Matte-Pig	10	643
Copper-Brass-Bronze N.O.S.	--	14
Lead-Zinc-Bar-Pig-Etc.	--	370

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Lumber Shingles and Lath	--	1
Veneer and Built Up Wood	--	7
Products of Forest, N.O.S.	--	45
Lubricating Oil - Grease	--	2
Rubber Crude Natural Synthetic	--	185
Chemicals, N.O.S.	--	10
Acids, N.O.S.	--	1
Fertilizers, N.O.S.	--	3
Tanning Material, N.O.S.	--	15
Paint and Paint Material	--	1
Plastics	--	7
Cellulose Articles, N.O.S.	--	1
Drugs Toilet-Preps.Etc.	--	1
Copper Ingot-Matte-Pig	10	643
Copper-Brass-Bronze N.O.S.	--	14
Lead-Zinc-Bar-Pig-Etc.	--	370
Lead and Zinc, N.O.S.	--	11
Iron-Steel Bar, Slab	--	32
Iron-Steel Nails Wire	--	3
Manufactured Iron and Steel	--	169
Cast Iron Pipe, Fitting	--	5
Iron-Steel Pipe, N.O.S.	--	22
Tanks, N.O.S.	--	4
Machinery-Machines, N.O.S.	--	23
Machinery Parts	--	4
Office Machines, N.O.S.	--	1
Automobiles, Freight	--	11
Vehicles, Motor, N.O.S.	--	16
Autos and Auto-Trucks KD	--	1
Aircraft and Parts	--	1
Brick N.O.S. and Bldg.Tile	--	1
Wood Pulp	--	4
Scrap Paper and Rags	--	46
Newsprint Paper	--	26
Paper Bags	--	1
Paper, Paper - Items, N.O.S.	--	1

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Commodity	Affected Territory No. of Cars	Unaffected Territory No. of Cars
Paper - Pulp - Pulpboard	--	12
Wallboard	--	5
Bldg.Woodwork - Millwork	--	4
Electric Equip.Parts, N.O.S.	--	22
Hardware, N.O.S.	--	9
Glass Bottles Etc.,N.O.S.	--	1
China and Earthenware	--	18
Woodenware	--	8
Household Utensils, N.O.S.	--	1
Floor Covering	--	9
Furniture, N.O.S.	--	3
Abrasives, Not Crude	--	13
Bagging Burlap Etc., N.O.S.	--	4
Cotton Cloth Etc., N.O.S.	--	9
Cotton Factory Products	--	9
Synthetic Fibre and Yarn	--	23
Cloth and Fabrics, N.O.S.	--	1
Rope, Cordage, Etc., N.O.S.	--	17
Boots, Shoes, Etc., N.O.S.	--	2
Luggage and Handbags, N.O.S.	--	3
Games and Toys	--	28
Liquors, Alcoholic, N.O.S.	--	5
Syrup Molasses Refined	--	3
Sugar	--	89
Candy and Confectionery	--	2
Food Products N.O.S. Unfrozen	--	77
Feed, Animal - Poultry	--	6
Containers, N.O.S.	--	3
Scrap Iron and Steel	--	26
Waste - Remelting, N.O.S.	--	23
Waste Materials, N.O.S.	--	158
Manufactures-Misc., N.O.S.	--	111
Total	16	4,121

PORT OF NEW YORK - EXPORT

Commodity	Affected Territory No. of Cars	Unaffected Territory No. of Cars
Wheat	--	2
Grain, N.O.S.	--	6
Flour, Wheat	--	55
Flour, Edible, N.O.S.	--	2
Cereal Food Prep., N.O.S.	--	7
Hay	--	3
Cotton in Bales	--	1
Cotton Linters, Noil, Etc.	--	3
Veg. Nut Oil Cake, N.O.S.	--	25
Apples Fresh Unfrozen	--	1
Potatoes, Not Sweet	--	166
Veg. Fresh N.O.S. Unfrozen	--	1
Meats, Fresh, N.O.S.	--	39
Meats, Cooked Cured, Etc.	--	79
Packing House Prod. Edib.	--	14
Cheese	--	5
Hides Skins Pelts, N.O.S.	--	3
Sea Food, N.O.S.	--	2
Animals and Products, N.O.S.	--	1
Stone, Rough, N.O.S.	--	3
Stone, Finished, N.O.S.	--	1
Products of Mines, N.O.S.	--	4
Logs, Butts and Bolts	--	1
Lumber Shingles and Lath	--	1
Box, Cooperage Materials	--	1
Products of Forest, N.O.S.	--	26
Rubber, Crude, Natural, Synthetic	--	11
Rubber Goods, N.O.S.	--	3
Chemicals, N.O.S.	--	2
Acids, N.O.S.	--	1
Insecticide-Fungic, N.O.S.	--	3
Plastics	--	3
Aluminum, Bar - Pig - Slab	--	3
Aluminum, N.O.S.	--	1
Copper - Brass - Bronze, N.O.S.	--	40
Iron - Steel Billet, Etc.	--	13
Iron - Steel Bar-RD-Slab	--	14
Iron - Steel Nails Wire	--	20
Manufactured Iron and Steel	--	89
Cast Iron Pipe, Fitting	--	1
Iron - Steel Pipe, N.O.S.	--	10
Tanks, N.O.S.	--	4
Agricultural Implements, N.O.S.	--	16
Agric. Imp. Parts, N.O.S.	--	4
Machinery - Machines, N.O.S.	1	376
Machinery Parts	--	20

Commodity	Affected Territory No. of Cars	Unaffected Territory No. of Cars
Wheat	--	2
Grain, N.O.S.	--	6
Flour, Wheat	--	55
Flour, Edible, N.O.S.	--	2
Cereal Food Prep., N.O.S.	--	7
Chemicals, N.O.S.	--	3 2
Acids, N.O.S.	--	1
Insecticide-Fungic, N.O.S.	--	3
Plastics	--	3
Aluminum, Bar - Pig - Slab	--	3
Aluminum, N.O.S.	--	1
Copper - Brass - Bronze, N.O.S.	--	40
Iron - Steel Billet, Etc.	--	13
Iron - Steel Bar-RD-Slab	--	14
Iron - Steel Nails Wire	--	20
Manufactured Iron and Steel	--	89
Cast Iron Pipe, Fitting	--	1
Iron - Steel Pipe, N.O.S.	--	10
Tanks, N.O.S.	--	4
Agricultural Implements, N.O.S.	--	16
Agric. Imp. Parts, N.O.S.	--	4
Machinery - Machines, N.O.S.	1	376
Machinery Parts	--	20
R.R. Equipment Parts	--	2
R.R. Track Material - Iron	--	2
Vehicles, Not Motor	--	1
Automobiles, Passenger	--	1
Automobiles, Freight	--	1
Vehicles, Motor, N.O.S.	--	2
Autos and Auto-Trucks KD	--	2
Vehicle Parts, N.O.S.	--	5
Aircraft and Parts	--	2
Tires and Tubes, Rubber	--	7
Guns Small - Arms, Parts	--	2
Ammunition, Explosives	--	15
Cement, N.O.S.	--	2
Brick N.O.S. and Bldg. Tile	--	1
Refractories	--	15
Woodpulp	--	3
Scrap Paper and Bags	--	42
Newsprint Paper	--	762
Printing Paper, N.O.S.	--	182

Commodity	Affected Territory No. of Cars	Unaffected Territory No. of Cars
Wrapping Paper	--	13
Paper Bags	--	5
Paper, Paper Items, N.O.S.	--	197
Paper, Pulp, Fibreboard	--	30
Bldg. Paper Roof Material	--	3
Bldg. Materials, N.O.S.	--	2
Bldgs. - Houses Fab. - Port.	--	4
Elect. Equip. Parts, N.O.S.	--	18
Bathroom Fixtures, Etc.	--	1
Hardware, N.O.S.	--	5
Glassware, N.O.S.	--	10
Glass Bottles, Etc., N.O.S.	--	5
Household Utensils, N.O.S.	--	1
Stoves, Ranges and Parts	--	51
Floor Covering	--	8
Furniture, N.O.S.	--	78
Abrasives, Not Crude	2	--
Bagging, Burlap, Etc., N.O.S.	--	3
Bags, Burlap, Etc., N.O.S.	--	4
Cloth and Frbrics, N.O.S.	--	1
Rope, Cordage, Etc., N.O.S.	--	3
Liquors, Alcoholic, N.O.S.	--	7
Food Products, N.O.S. Unfrozen	--	33
Soap, Washing Compound	--	2
Feed, Animal - Poultry	1	9
Containers, Metal	--	15
Containers, Fibreboard	--	10
Containers, N.O.S.	--	31
Containers, Empty	--	1
Scrap Iron and Steel	--	1
Furnace Slag	--	1
Waste - Remelting, N.O.S.	--	2
Waste Materials, N.O.S.	--	21
Manufactures - Misc., N.O.S.	--	76
Food Products, N.O.S. Unfrozen	--	3
Feed, Animal - Poultry	22	2
Total	26	2,785

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PORT OF BOSTON - IMPORT

Commodity	Affected Territory No. of Cars	Unaffected Territory No. of Cars
Flour, Edible, N.O.S.	--	24
Cottin Bales	11	23
Cotton Linter Noil, Etc.	44	125
Fruit Dried, Etc.	--	1
Coffee	16	4
Cabbage	1	--
Tomatoes	--	3
Agricultural Prods., N.O.S.	22	1,054
Meats, Fresh, N.O.S.	--	2
Meats Cooked Cured, Etc.	3	5
Cheese	--	2
Wool, Mohair in Grease	16	85
Wool and Mohair, N.O.S.	3	33
Hides Pelts Skins, N.O.S.	3	2
Sea Foods, N.O.S.	--	1
Animals and Products, N.O.S.	--	19
Ores and Concentrate, N.O.S.	--	6
Stone, Rock, Broken, Etc.	--	1
Stone, Rough, N.O.S.	8	24
Stone, Finished, N.O.S.	1	7
Products of Mines, N.O.S.	1	2
Veneer and Built Up Wood	--	3
Products of Forest	--	16
Rubber - Crude, Natural, Synthetic	111	155
Chemicals, N.O.S.	--	5
Acids, N.O.S.	1	2
Fertilizers, N.O.S.	17	85
Tanning Material, N.O.S.	2	52
Lead, Zinc, Bar, Pig, Etc.	--	2
Metals and Alloys, N.O.S.	1	--
Iron, Steel, Nails, Wire	1	7
Manufactured Iron and Steel	--	42
Agricultural Implements, N.O.S.	2	--
Machinery - Machines, N.O.S.	1	5
Military Vehicles, N.O.S.	1	--
Vehicle Parts, N.O.S.	6	--
Woodpulp	--	2
Scrap Paper and Rags	7	27
Newsprint Paper	--	1
Paper, Paper Items, N.O.S.	--	3
Printed Matter, N.O.S.	2	--
Hardware, N.O.S.	--	3
Glass	--	1
Glass Bottles, Etc.	1	--
China and Earthenware		

Rubber - Crude, Natural, Synthetic	111	155
Chemicals, N.O.S.	--	5
Acids, N.O.S.	1	2
Fertilizers, N.O.S.	17	85
Tanning Material, N.O.S.	2	52
Lead, Zinc, Bar, Pig, Etc.	--	2
Metals and Alloys, N.O.S.	1	--
Iron, Steel, Nails, Wire	1	7
Manufactured Iron and Steel	--	42
Agricultural Implements, N.O.S.	2	--
Machinery - Machines, N.O.S.	1	5
Military Vehicles, N.O.S.	1	--
Vehicle Parts, N.O.S.	6	--
Woodpulp	--	2
Scrap Paper and Rags	7	27
Newsprint Paper	--	1
Paper, Paper Items, N.O.S.	--	3
Printed Matter, N.O.S.	2	--
Hardware, N.O.S.	--	3
Glass	--	1
Glass Bottles, Etc.	1	--
China and Earthenware	--	1
Floor Covering	--	3
Furniture, N.O.S.	--	1
Bagging, Burlap, Etc., N.O.S.	7	8
Cotton Factory Product	6	1
Games and Toys	--	27
Liquors, Alcoholic, N.O.S.	--	5
Sugar	1	8
Food Products, N.O.S. Unfrozen	7	136
Starch	--	2
Containers, N.O.S.	--	2
Scrap Iron and Steel	--	2
Iron, Steel Borings, Etc.	--	1
Waste, Remelting, Etc.	--	1
Waste Materials, N.O.S.	8	30
Manufactures - Misc., N.O.S.	9	22
Total	320	2,084

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PORT OF BOSTON - EXPORT

Commodity	Affected Territory No. of Cars	Unaffected Territory No. of Cars
Cereal Food Pres. N.O.S.	--	26
Cotton Linter Noil, Etc.	--	1
Coffee	--	1
Tomatoes	--	38
Clay and Bentonite	--	1
Products of Mines, N.O.S.	--	11
Cellulose Articles, N.O.S.	--	9
Drugs, Toilet Preps., Etc.	--	5
Machinery - Machines, N.O.S.	--	66
Machinery Parts	--	2
Office Machines, N.O.S.	--	1
Vehicle Parts, N.O.S.	--	1
Aircraft and Parts	--	2
Refractories	--	1
Newsprint Paper	--	126
Printing Paper, N.O.S.	--	3
Wrapping Paper	--	1
Paper, Paper Items, N.O.S.	--	1
Paper, Pulp - Fibreboard	--	1
Furniture, N.O.S.	--	18
Abrasives, Not Crude	--	7
Cloth and Fabrics, N.O.S.	--	1
Liquors, Alcoholic, N.O.S.	--	1
Wine	--	5
Food Products, N.O.S. Unfrozen	--	1
Scrap Iron and Steel	--	1,458
Waste - Remelting, N.O.S.	--	2
Manufactures - Misc., N.O.S.	23	4
Machinery - Machines, N.O.S.	3	50
Office Machines, N.O.S.	--	1
Vehicle Parts, N.O.S.	37	16
Paper - Pulp - Fibreboard	3	--
Household Utensils, N.O.S.	--	1
Food Products, N.O.S. Unfrozen	--	2
Soap, Washing Compound	1	--
Manufactures - Misc., N.O.S.	1	6
Total	68	1,867

Exhibit No. 2 - Sheet 1
Docket No. I&S 6615
Witness: G. W. Flanigan

THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY - STATISTICS[1]

Year	Tons of Revenue Freight	Index	Freight Revenue Acct. 101	Index	Net Income
1934	17,982,089	100%	$39,400,842	100%	$ 5,532,114*
1935	18,054,889	100	40,834,001	104	3,560,469*
1936	19,857,705	110	44,880,649	114	3,580,044*
1937	20,202,176	112	45,150,055	115	7,713,451*
1938	16,544,761	92	38,809,938	99	11,623,193*
1939	19,937,241	111	47,525,678	121	2,914,114*
1940	21,336,909	119	50,512,702	128	2,003,175*
1941	27,516,111	153	67,409,034	171	6,012,373
1942	35,958,234	200	88,609,804	225	19,912,114
1943	38,469,042	214	94,195,623	239	22,901,437
1944	36,894,779	205	92,738,207	235	14,071,121
1945	32,659,875	182	82,985,889	211	3,596,689**
1946	29,627,041	165	76,811,081	195	6,365,788*
1947	28,493,383	158	84,575,535	215	2,190,260
1948	28,030,530	156	98,090,981	249	5,799,596
1949	21,978,664	122	80,859,864	205	2,774,888
1950	24,235,083	135	88,739,189	225	7,467,299
1951	24,777,339	138	91,990,299	233	4,930,718
1952	23,611,077	131	93,529,505	237	7,044,599
1953	23,422,319	130	94,897,369	241	6,060,348
1954	20,886,239	116	82,522,372	209	9,090,635
1955	22,723,284	126	89,368,254	227	4,246,534
1956	23,809,821	132	91,715,435	233	261,704

BALTIMORE AND OHIO RAILROAD COMPANY - STATISTICS[2]

Year	Tons of Revenue Freight	Index	Freight Revenue Acct. 101	Index	Net Income
1934	64,360,506	100%	$116,298,463	100%	$ 3,825,752*
1935	65,945,938	102	122,787,627	106	3,180,909*
1936	81,367,075	126	147,816,918	127	4,538,975
1937	85,099,147	132	147,212,330	127	720,695*
1938	61,141,393	95	115,426,378	99	13,124,530*
1939	74,571,712	116	140,455,928	121	1,622,207*
1940	86,048,712	134	158,106,838	136	5,549,497
1941	105,512,827	164	201,782,937	174	21,091,883
1942	125,950,503	196	264,566,740	227	16,997,765
1943	140,236,021	218	299,636,856	258	11,357,783
1944	147,314,981	229	315,418,567	271	12,857,504
1945	137,455,955	214	293,496,099	252	8,660,319
1946	119,501,385	186	251,997,489	217	2,648,708
1947	132,037,894	205	313,964,755	270	5,612,798
1948	127,237,127	198	353,289,853	304	12,575,781
1949	103,788,996	161	313,560,900	270	4,244,671
1950	115,766,122	180	353,483,483	304	8,818,634
1951	127,674,977	198	395,645,719	340	11,420,692
1952	116,576,567	181	388,279,872	334	15,488,065
1953	119,140,313	185	407,948,045	351	15,406,032
1954	97,550,531	152	330,851,896	284	14,528,789
1955	115,289,980	179	383,955,428	330	23,918,782
1956	124,444,028	193	416,477,973	358	30,038,261

* Deficit.

** Distorted because of amortization of defense facilities.

[1] Source: Facts and Figures - New Haven Railroad - Annual Reports.

[2] Source: Statistics of Railways in the United States (1934-1953)
Transport Statistics in the United States (1954-1955)
Annual Reports (1956)

Exhibit No. 2 - Sheet 2

	THE PENNSYLVANIA RAILROAD COMPANY - STATISTICS[1]					WESTERN MARYLAND RAILWAY COMPANY - STATISTICS[2]				
Year	Tons of Revenue Freight	Index	Freight Revenue Acct. 101	Index	Net Income	Tons of Revenue Freight	Index	Freight Revenue Acct. 101	Index	Net Income
1934	123,345,009	100%	$251,229,985	100%	$18,815,693	13,892,808	100%	$13,408,910	100%	$ 995,256
1935	129,941,499	105	272,047,435	108	23,849,798	14,406,323	104	14,270,367	106	1,002,657
1936	163,108,774	132	333,350,239	133	38,742,092	15,772,869	114	15,794,012	118	1,710,113
1937	172,172,912	140	341,507,648	136	27,278,638	17,371,993	125	17,069,348	127	1,803,137
1938	119,465,445	97	259,257,751	103	11,046,100	12,779,954	92	13,072,166	97	455,461
1939	148,794,877	121	320,960,493	128	32,032,525	15,402,678	111	15,940,384	119	1,562,101
1940	173,966,199	141	363,510,306	145	46,238,250	17,935,404	129	18,403,567	137	2,100,734
1941	219,629,231	178	477,008,587	190	52,383,958	22,495,787	162	21,934,444	164	2,554,354
1942	255,747,101	207	608,598,902	242	101,468,793	32,664,513	235	29,432,952	220	4,162,230
1943	267,030,568	216	658,767,266	262	85,418,484	35,254,082	254	33,326,080	249	4,509,440
1944	275,205,439	223	674,395,308	268	64,720,431	34,810,754	251	35,305,154	263	4,120,860
1945	255,603,144	207	603,561,529	240	49,008,238	32,948,163	237	32,653,480	244	4,239,834
1946	234,208,637	190	551,296,168	219	8,530,317*	29,158,237	210	30,401,349	227	2,029,196
1947	255,824,853	207	665,657,125	265	7,285,125	32,992,195	237	40,151,972	299	5,431,157
1948	245,078,206	199	752,967,854	300	34,429,934	30,851,928	222	43,181,422	322	6,104,077
1949	184,203,112	149	619,091,079	246	12,474,627	23,949,361	172	37,043,992	276	4,044,777
1950	206,772,302	168	685,832,860	273	38,420,677	27,186,759	196	40,064,594	299	5,368,368
1951	224,708,547	182	783,634,611	312	26,697,717	28,989,350	209	45,377,072	338	5,537,026
1952	201,947,562	164	767,358,561	305	36,981,364	26,841,379	193	44,898,615	335	5,750,070
1953	205,885,177	167	787,464,550	313	37,036,215	26,468,611	191	47,916,081	357	7,674,025
1954	169,179,204	137	628,135,316	250	18,552,235	22,197,348	160	38,842,441	290	7,225,463
1955	201,147,430	163	718,492,327	286	41,183,533	26,265,187	189	44,623,430	333	8,224,636
1956	211,200,387	171	766,907,836	305	41,545,435	30,168,178	217	49,180,663	367	8,241,408

* Deficit

[1] and [2] Source: Statistics of Railways in the United States (1934-1953)
Transport Statistics in the United States (1954-1955)
Annual Reports (1956)

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Exhibit No. DG
I & S Docket No 6615
Witness: Roger Gilman

TOTAL OCEANBORNE EXPORTS & IMPORTS

(Thousands of Long Tons)

Year	United States	New York	N.Y./U.S.
1923	79 124	22 639	28.6%
1924	80 346	23 112	28.8
1925	79 931	23 736	29.7
1926	98 231	24 027	24.5
1927	83 187	24 850	29.9
1928	85 399	26 110	30.6
1929	92 238	27 178	29.5
1930	81 066	23 181	28.6
1931	64 904	18 700	28.8
1932	51 719	14 804	28.6
1933	49 950	13 661	27.3
1934	55 741	15 361	27.6
1935	60 282	15 947	26.5
1936	64 869	17 895	27.6
1937	81 722	21 163	25.9
1938	74 597	17 332	23.2
1939	77 878	19 901	25.6
1940	77 954	22 185	28.5
1941	85 040	31 843	37.4
1942	64 369	18 306	28.4
1943	63 553	26 831	42.2
1944	79 950	32 506	40.7
1945	87 687	23 388	32.4
1946	108 490	25 696	23.7
1947	142 346	28 797	20.2
1948	127 586	29 147	22.8
1949	127 706	27 440	21.5
1950	125 153	29 639	23.7
1951	178 259	32 509	18.2
1952	173 211	32 934	19.0
1953	165 059	32 815	19.9
1954	167 631	32 022	19.1
1955	214 809	35 633	16.6
1956	259 807	36 246	14.0

Source: U.S. Department of Commerce,
Bureau of the Census

Exhibit No. C-1
I&S Docket 6615
Witness ROGER H. GILMAN
Page 1 of 4

TABLE I

DEVELOPMENT OF PORT FACILITIES AT NORTH AMERICAN SEAPORTS

Includes all known funds spent or committed from January 1, 1946 to December 31, 1955.
(figures in thousands of dollars)

PORT	TOTAL FUNDS FOR PORT DEVELOPMENT	GENERAL CARGO FACILITIES			SPECIALIZED FACILITIES			NUMBER OF NEW GENERAL CARGO BERTHS	
		Total	New	Modernization Rehabilitation	Total	New	Modernization Rehabilitation	Shedded	Open
NORTH ATLANTIC									
NEW YORK	114,630	91,965	54,295	37,670	22,665	19,195	3,470	32	1
Albany	1,135	40	-	40	1,095	1,085	10	-	-
Alexandria	60	-	-	-	60	60	-	-	-
Baltimore	32,595	6,780	3,000	3,780	25.815	17,945	7,870	2	-
Boston	35,275	29,265	14,625	14,640	6,010	5,635	375	10	-
New Haven	3,000	-	-	-	3,000	3,000	-	-	-
New London	600	350	-	350	250	250	-	-	-
Newport News	24,015	1,450	1,370	80	22,565	20,085	2,480	2	-
Norfolk	11,730	6,500	6,500	-	5,230	2,800	2,430	4	-
Paulsboro	250	-	-	-	250	250	-	-	-
Philadelphia	33,810	6,180	4,500	1,680	27,630	19,890	7,740	4	-
Portland	1,520	670	-	670	850	600	250	-	-
Providence	3,500	1,500	1,250	250	2,000	2,000	-	1	-
Wilmington	2,600	2,300	2,300	-	300	300	-	1	-
Yorktown	1,750	-	-	-	1,750	1,750	-	-	-
TOTAL, NORTH ATLANTIC	266,475	147,000	87,840	59,160	119,470	94,845	24,625	56	1
SOUTH ATLANTIC									
Canaveral	300	225	225	-	75	75	-	-	1
Charleston	3,310	1,000	-	1,000	2,310	310	2,000	-	-
Jacksonville	1,500	1,000	250	750	500	500	-	2	2
Miami	1,100	1,100	-	1,100	-	-	-	-	-
Morehead City	3,495	2,510	2,100	410	985	575	410	1	1
Palm Beach	830	830	650	180	-	-	-	1	2
Port Everglades	1,975	1,750	1,650	100	225	225	-	-	5
Savannah	10,100	6,950	6,450	500	3,150	2,650	500	3	3
Wilmington	4,765	3,120	2,970	150	1,645	1,495	150	2	1
TOTAL, SOUTH ATLANTIC	27,375	18,485	14,295	4,190	8,890	5,830	3,060	9	15

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PORT	TOTAL FUNDS FOR PORT DEVELOPMENT	GENERAL CARGO FACILITIES			SPECIALIZED FACILITIES			NUMBER OF NEW GENERAL CARGO BERTHS	
		Total	New	Modernization Rehabilitation	Total	New	Modernization Rehabilitation	Shedded	Open
GULF COAST									
Baton Rouge	12,500	8,500	8,500	-	4,000	4,000	-	2	-
Beaumont	3,960	3,635	3,435	200	325	100	225	2	2
Brownsville	6,080	5,160	4,840	320	920	920	-	5	3
Corpus Christi	7,870	-	-	-	7,870	7,565	305	-	-
Freeport	2,600	2,600	2,600	-	-	-	-	1	-
Galveston	12,000	6,175	1,300	4,875	5,825	980	4,845	2	-
Gulfport	1,000	1,000	1,000	-	-	-	-	1	1
Houston	15,220	9,870	8,695	1,175	5,350	5,350	-	2	7
Lake Charles	5,000	4,500	4,500	-	500	500	-	-	-
Mobile	11,170	4,160	4,000	160	7,010	6,780	230	3	-
New Orleans	27,990	16,165	14,540	1,625	11,825	9,770	2,055	13	1
Panama City	750	-	-	-	750	750	-	-	-
Pascagoula	1,500	1,000	1,000	-	500	500	-	1	1
Tampa	4,850	1,250	1,000	250	3,600	1,250	2,350	2	1
Texas City	1,500	-	-	-	1,500	1,500	-	-	-
TOTAL, GULF COAST	113,990	64,015	55,410	8,605	49,975	39,960	10,010	34	15
PACIFIC COAST									
Antioch	1,000	-	-	-	1,000	1,000	-	-	-
Anacortes	500	-	-	-	500	500	-	-	-
Astoria	20	20	-	20	-	-	-	-	-
Bellingham	3,250	250	-	250	3,000	3,000	-	-	-
Coos Bay	680	-	-	-	680	550	130	-	-
Everett	500	450	450	-	50	50	-	-	2
Grays Harbor	65	-	-	-	65	65	-	-	-
Humboldt Bay	200	-	-	-	200	200	-	-	-
Long Beach	32,910	24,585	22,585	2,000	8,325	6,950	1,375	22	1
Longview	2,250	475	-	475	1,775	1,400	375	-	-
Los Angeles	24,310	19,110	17,265	1,845	5,200	5,200	-	9	-
Oakland	1,095	525	425	100	570	500	70	1	-
Olympia	630	330	180	150	300	300	-	1	-
Portland	12,080	9,075	7,210	1,865	3,005	3,005	-	5	1
Redwood City	705	205	-	205	500	500	-	-	-
Richmond	4,370	-	-	-	4,370	4,370	-	-	-

PORT	TOTAL FUNDS FOR PORT DEVELOPMENT	GENERAL CARGO FACILITIES			SPECIALIZED FACILITIES			NUMBER OF NEW GENERAL CARGO BERTHS	
		Total	New	Modernization Rehabilitation	Total	New	Modernization Rehabilitation	Shedded	Open
San Diego	11,185	10,800	10,440	360	385	385	-	6	4
San Francisco	11,680	9,320	4,480	4,840	2,360	2,360	-	3	-
Seattle	8,090	2,795	-	2,795	5,295	4,605	690	-	-
Stockton	5,955	1,305	1,255	50	4,650	4,650	-	1	-
Tacoma	2,110	400	-	400	1,710	1,285	425	-	-
TOTAL, PACIFIC COAST	123,595	79,645	64,295	15,355	43,940	40,875	3,065	48	8
TOTAL, U.S. COASTAL PORTS	531,430	309,145	221,835	87,310	222,275	181,515	40,760	147	39
GREAT LAKES									
Chicago	30,350	5,490	5,490	-	24,860	24,860	-	5	-
Cleveland	1,550	1,550	1,550	-	-	-	-	1	2
Conneaut	500	-	-	-	500	-	500	-	-
Detroit	5,775	800	500	300	4,975	4,975	-	1	1
Duluth-Superior	5,915	-	-	-	5,915	5,915	-	-	-
Lorain	10,000	-	-	-	10,000	10,000	-	-	-
Luddington	1,550	-	-	-	1,550	1,550	-	-	-
Manitowac	2,050	-	-	-	2,050	2,000	50	-	-
Milwaukee	1,750	500	-	500	1,250	645	605	-	-
Port Dolomite	3,000	-	-	-	3,000	3,000	-	-	-
Taconite Harbor	10,000	-	-	-	10,000	10,000	-	-	-
Toledo	25,400	2,500	2,500	-	22,900	22,700	200	2	-
TOTAL, GREAT LAKES	97,840	10,840	10,040	800	87,000	85,645	1,355	9	3
TOTAL, U.S. CONTINENTAL PORTS	629,270	319,985	231,880	88,110	309,275	267,160	42,115	156	42
ALASKA & HAWAII									
Seward	4,400	4,400	4,400	-	-	-	-	2	-
Honolulu	7,125	4,485	3,030	1,455	2,640	2,400	240	3	-
Hilo	4,470	1,675	1,220	455	2,800	2,800	-	2	-
Kahului	515	515	350	165	-	-	-	1	-
Nawiliwili	765	540	-	540	225	225	-	-	-
Port Allen	10	10	-	10	-	-	-	-	-
TOTAL, ALASKA & HAWAII	17,285	11,625	9,000	2,625	5,665	5,425	240	8	0

PORT	TOTAL FUNDS FOR PORT DEVELOPMENT	GENERAL CARGO FACILITIES			SPECIALIZED FACILITIES			NUMBER OF NEW GENERAL CARGO BERTHS	
		Total	New	Modernization Rehabilitation	Total	New	Modernization Rehabilitation	Shedded	Open
CANADA									
Churchill	3,000	-	-	-	3,000	-	3,000	-	-
Halifax	8,000	4,100	1,600	2,500	3,900	1,000	2,900	-	2
Hamilton	9,125	7,125	4,900	2,225	2,000	2,000	-	-	-
Kingston	500	-	-	-	500	500	-	-	-
Kitimat Harbor	6,500	-	-	-	6,500	6,500	-	-	-
Montreal	22,770	20,350	7,000	13,350	2,420	2,420	-	-	6
New Westminster	1,400	1,400	1,280	120	-	-	-	2	1
Quebec	5,300	4,235	-	4,235	1,065	1,065	-	-	-
Saint John	9,300	7,100	2,100	5,000	2,200	-	2,200	2	-
Seven Islands	10,000	-	-	-	10,000	10,000	-	-	-
Three Rivers	500	500	-	500	-	-	-	-	-
Toronto	2,960	2,960	2,960	-	-	-	-	2	10
Vancouver	5,700	3,700	-	3,700	2,000	2,000	-	-	-
TOTAL, CANADA	85,055	51,470	19,840	31,630	33,585	25,485	8,100	6	19
TOTAL, NORTH AMERICA including Alaska & Hawaii, but not Mexico	731,610	383,080	260,715	122,365	348,525	298,065	50,455	170	61

TOTALS DO NOT ALWAYS AGREE BECAUSE FIGURES HAVE BEEN ROUNDED OFF TO THE NEAREST FIVE THOUSAND DOLLARS.

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Boston's Share of United States Oceanborne Exports & Imports

1923 - 1956
(Thousands of Long Tons)

Year	Export	Import	Total Ex & IM	Boston/U.S. Total Ex & IM
1923	487	3 211	3 698	4.7
1924	404	2 714	3 118	3.9
1925	325	2 172	2 497	3.1
1926	324	2 633	2 957	3.0
1927	258	2 934	3 192	3.8
1928	350	2 746	3 096	3.6
1929	307	3 091	3 398	3.7
1930	277	3 115	3 392	4.2
1931	209	2 691	2 900	4.5
1932	194	2 152	2 346	4.5
1933	147	1 627	1 774	3.6
1934	220	1 517	1 737	3.1
1935	280	1 852	2 132	3.5
1936	291	1 915	2 206	3.4
1937	423	2 096	2 519	3.1
1938	289	1 345	1 634	2.2
1939	381	1 595	1 976	2.5
1940	553	1 604	2 157	2.8
1941	585	2 646	3 231	3.8
1942	616	766	1 382	2.1
1943	386	764	1 150	1.8
1944	263	730	993	1.2
1945	343	1 656	1 999	2.3
1946	395	2 438	2 833	2.6
1947	481	2 965	3 446	2.4
1948	297	2 639	2 936	2.3
1949	388	3 287	3 675	2.9
1950	214	4 953	5 167	4.1
1951	341	4 800	5 141	2.9
1952	300	4 692	4 992	2.9
1953	205	4 933	5 138	3.1
1954	282	4 717	4 999	3.0
1955	491	5 185	5 676	2.6
1956	952	5 467	6 419	2.5

Source: United States Department of Commerce,
Bureau of the Census

Exhibit No. JG-9-
I & S No. 6615
Witness: J. Gilbert

UNITED STATES WATERBORNE IMPORTS
1923 - 1956
(Thousands of Long Tons)

Year	Total Waterborne Imports	Great Lakes Canada	Total Oceanborne Imports	Other Minerals	Ores	Tanker Cargo	Oceanborne General Cargo Imports
1923	43 296	4 912	38 384	1 648	3 599	15 333	17 804
1924	40 922	4 349	36 573	1 855	3 085	14 657	15 976
1925	43 060	5 830	37 230	2 073	3 485	12 783	13 889
1926	43 693	5 172	38 521	2 103	3 934	12 601	19 884
1927	42 025	5 818	36 208	1 866	3 959	11 443	18 940
1928	46 475	7 109	39 365	2 303	3 576	14 407	19 079
1929	50 985	5 609	45 376	2 200	4 700	16 667	21 809
1930	47 562	6 613	40 931	1 735	3 984	15 907	19 305
1931	35 864	3 509	32 556	1 370	2 659	12 770	15 557
1932	28 710	2 696	26 014	492	1 133	11 353	13 036
1933	26 567	2 700	23 868	574	1 433	7 684	14 175
1934	29 814	3 748	26 066	752	2 327	8 457	14 530
1935	33 966	4 076	29 890	943	2 554	9 035	17 358
1936	38 396	4 779	33 617	1 261	3 888	9 686	18 781
1937	42 063	3 667	38 396	1 632	4 744	10 375	21 644
1938	32 818	3 205	29 613	1 403	3 766	8 989	15 455
1939	37 431	4 444	32 987	1 909	4 227	10 062	15 790
1940	40 979	3 764	37 215	2 025	5 358	13 557	16 275
1941	52 897	4 128	48 769	1 831	6 229	15 612	25 097
1942	27 198	3 941	23 258	1 213	4 054	6 297	11 693
1943	33 630	5 354	28 276	950	4 349	10 412	12 564
1944	39 944	5 360	34 584	1 009	3 122	16 090	14 363
1945	40 964	2 247	38 718	1 316	3 811	19 002	14 588
1946	47 489	3 248	44 241	1 957	5 166	23 491	13 627
1947	55 179	3 938	51 240	2 644	8 033	26 239	14 323
1948	64 551	3 767	60 784	3 401	10 965	30 083	16 334
1949	73 207	4 263	58 944	3 182	11 877	37 218	16 667
1950	91 055	4 960	86 095	3 813	12 444	48 452	21 386
1951	97 096	6 100	90 996	4 164	14 861	51 260	20 710
1952	102 912	6 336	97 151	3 870	15 345	57 447	19 489
1953	114 269	6 301	107 969	4 454	20 285	62 008	21 222
1954	115 166	4 503	110 663	4 394	23 665	63 202	19 402
1955	136 222	6 003	130 219	4 529	29 136	74 251	22 303
1956	153 581	6 805	146 776	4 770	37 716	81 540	22 750

**Source: United States Department of Commerce,
Bureau of the Census**

J-708

.83
154 | 129.00
1232
580
~~462~~

154
.75
770
1078
115.50

46 55
44.2 130.2
64.2 84.6
108.4 214.8

50.1

1955 - 130.2
1946 44.2
86.0
20.4
106.4

1955 - 84.6
1946 - 64.2 Long tons
20.4 M long tons

Exhibit No. JG-10-
I & S No. 6615
Witness: J. Gilbert

WATERBORNE IMPORTS OF NEW YORK CUSTOMS DISTRICT
1923 - 1956
(Thousands of Long Tons)

Year	TOTAL Long Tons	TOTAL % of U. S. Oceanborne	Other Minerals	Ores	Tanker Cargo	GENERAL CARGO IMPORTS Long Tons	GENERAL CARGO IMPORTS % U. S. General Cargo
1923	11 589	30.2	509	618	2 448	8 014	45.0
1924	11 059	30.2	564	957	2 285	7 253	42.7
1925	11 964	32.1	643	721	2 798	7 801	41.3
1926	13 110	34.0	720	586	3 636	8 168	41.1
1927	13 405	37.0	683	612	3 992	8 116	42.9
1928	15 252	38.7	823	628	5 995	7 807	40.9
1929	17 240	38.0	682	873	6 824	8 861	40.6
1930	15 319	37.4	463	713	7 017	7 125	36.9
1931	12 708	39.3	369	574	5 780	5 985	38.5
1932	10 679	41.1	165	152	5 557	4 805	36.9
1933	9 652	40.4	162	130	3 974	5 386	38.0
1934	10 209	39.2	167	390	4 143	5 509	37.9
1935	10 809	36.2	222	393	3 247	6 946	40.0
1936	12 475	37.1	351	485	4 002	7 636	40.7
1937	13 885	36.2	436	549	4 570	8 329	38.5
1938	10 914	36.9	331	262	3 945	6 375	41.2
1939	12 444	37.7	569	330	4 569	6 977	41.6
1940	12 466	33.5	587	468	4 662	6 749	41.5
1941	19 472	39.9	574	389	4 950	13 559	54.0
1942	8 352	35.9	275	679	3 087	4 311	36.9
1943	12 135	42.9	205	640	7 302	3 987	31.7
1944	12 731	36.8	285	454	7 636	4 357	30.3
1945	12 058	31.1	320	447	6 652	4 640	31.8
1946	13 740	31.1	645	376	7 516	5 203	38.2
1947	14 540	28.4	750	366	8 374	5 050	35.3
1948	17 797	29.3	965	621	9 979	6 233	38.2
1949	18 343	26.6	791	641	11 143	5 768	34.6
1950	23 042	26.8	1 031	531	13 879	7 601	35.5
1951	22 809	25.1	988	659	14 024	7 139	34.5
1952	25 127	25.9	894	710	16 578	6 945	35.6
1953	26 217	24.3	904	966	17 043	7 304	34.4
1954	25 432	23.0	916	827	17 868	5 820	30.0
1955	27 265	20.9	1 103	834	18 957	6 372	28.6
1956	27 528	18.8	1 108	827	19 099	6 495	28.5

Source: United States Department of Commerce, Bureau of the Census

2706

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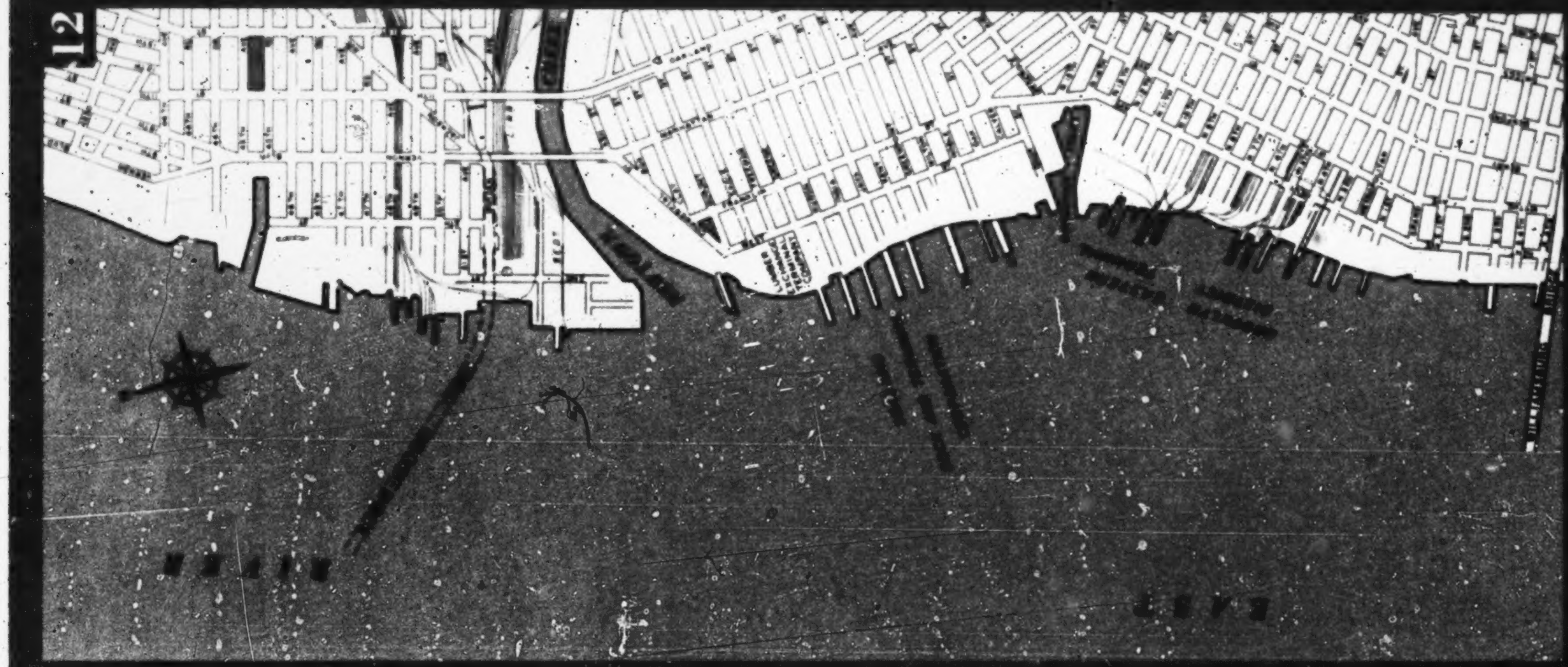

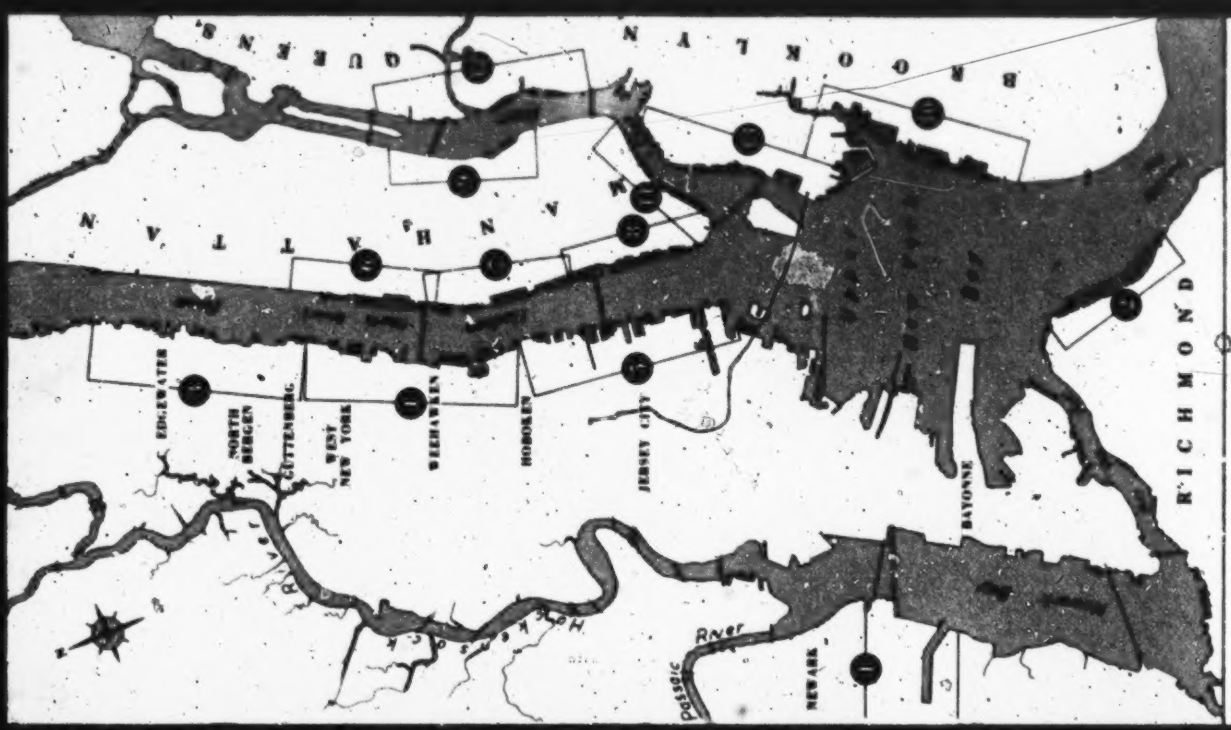
QUEENS
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MANHATTAN
EDGEWATER
NORTH BERGEN
GUTTENBERG
WEST NEW YORK
WEEHAWKEN
HOBOKEN
JERSEY CITY
BAYONNE
RICHMOND
NEWARK
Passaic River

INDEX TO PRINCIPAL PIER FACILITIES

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4. New Jersey—Hudson River—West New York, Weehawken, Hoboken
5. New Jersey—Hudson River—Hoboken, Jersey City
6. Manhattan—Hudson River—N.Y.C. R.R. Pier 1 to Pier 77
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8. Manhattan—Hudson River—Pier 42 to Battery Park
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10. Brooklyn—Erie Basin to Brooklyn Army Terminal
11. Manhattan—East River—Pier 44 to Battery Park
12. Brooklyn—Newtown Creek to Williamsburg Bridge
13. Brooklyn—Manhattan Bridge to Erie Basin

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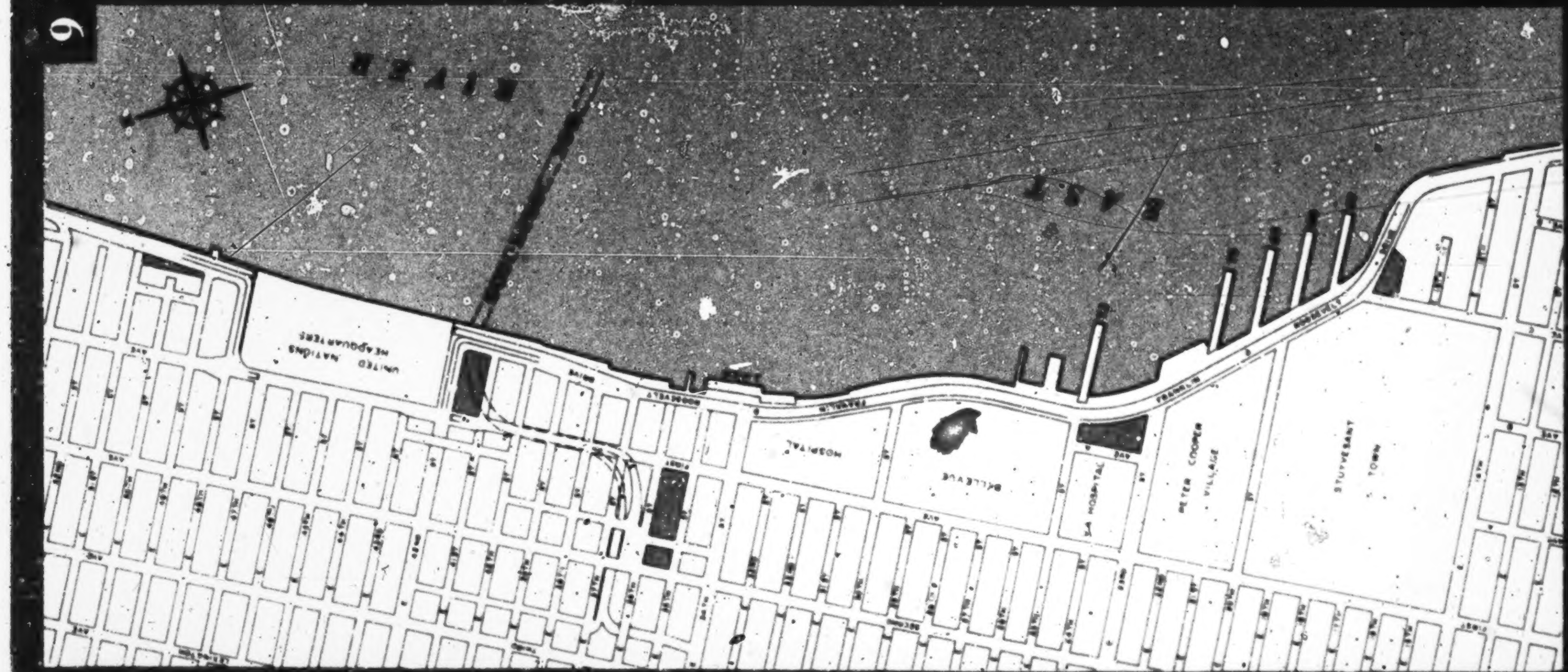
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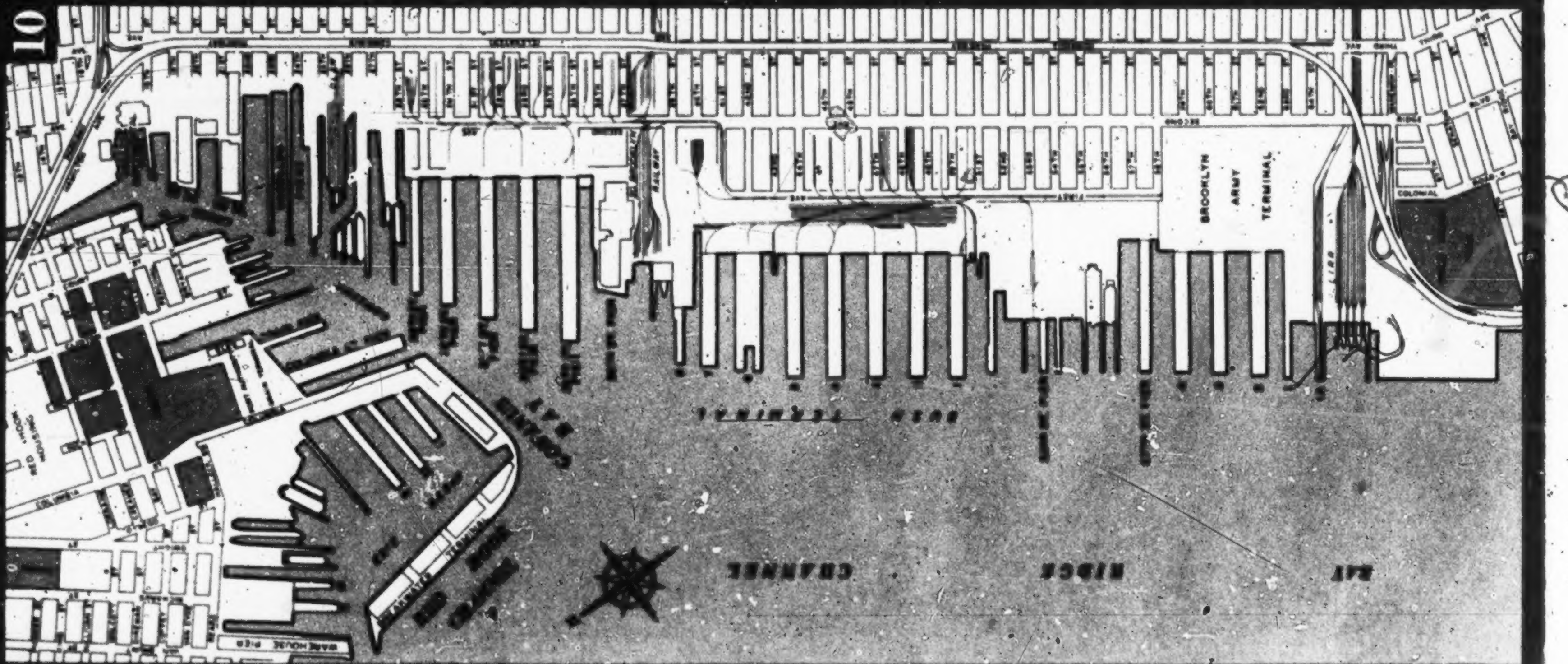
UNITED NATIONS HEADQUARTERS
BELLEVUE
PETER COOPER VILLAGE
STUYVESANT TOWN

10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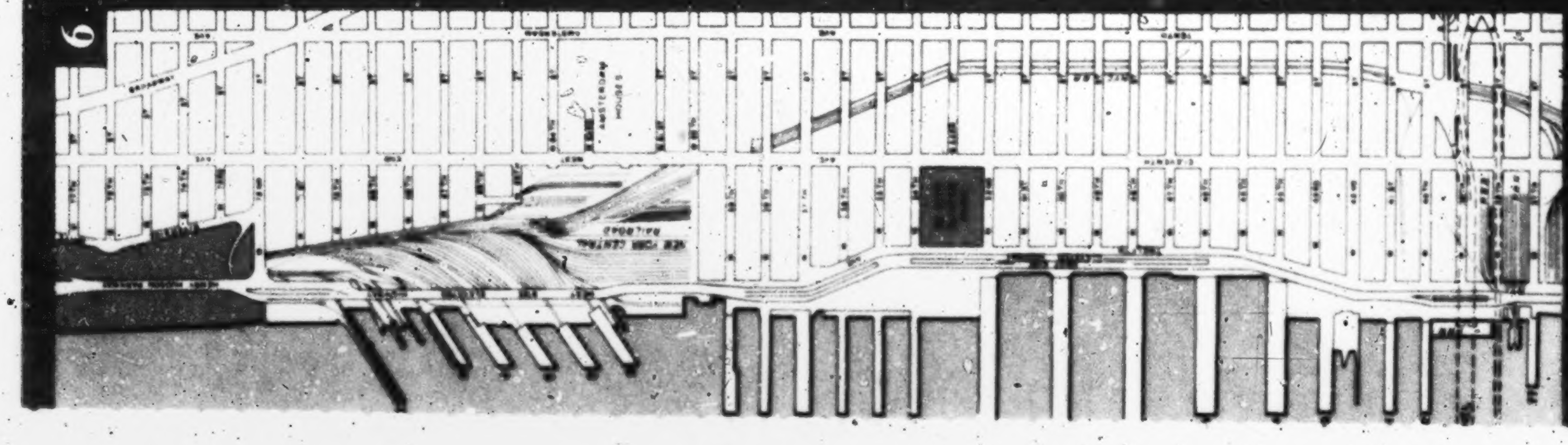
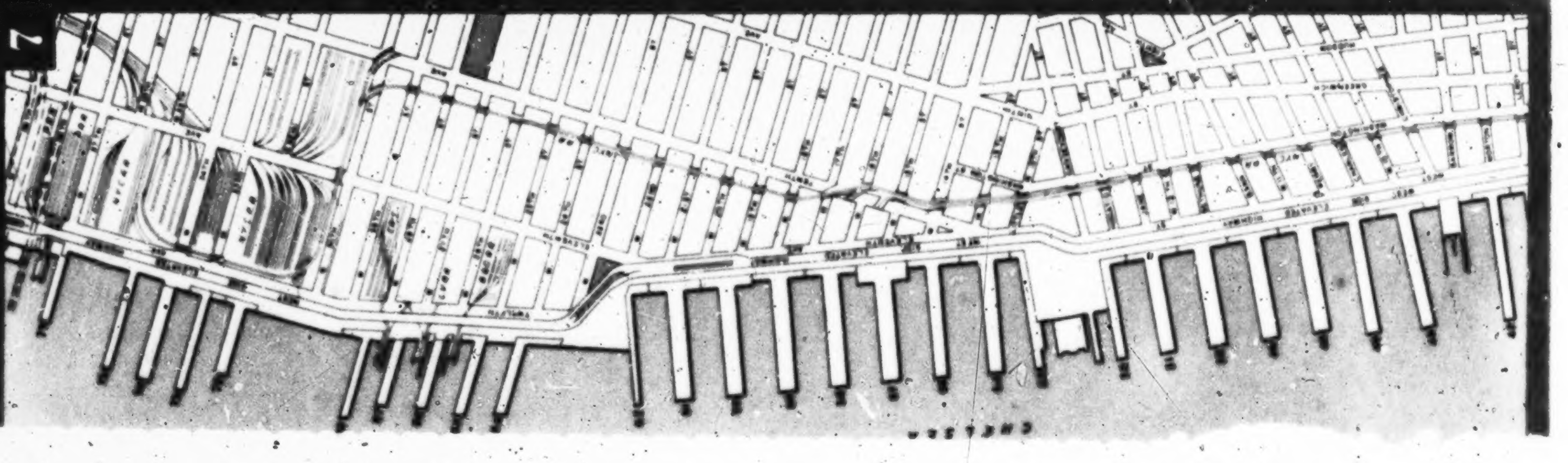
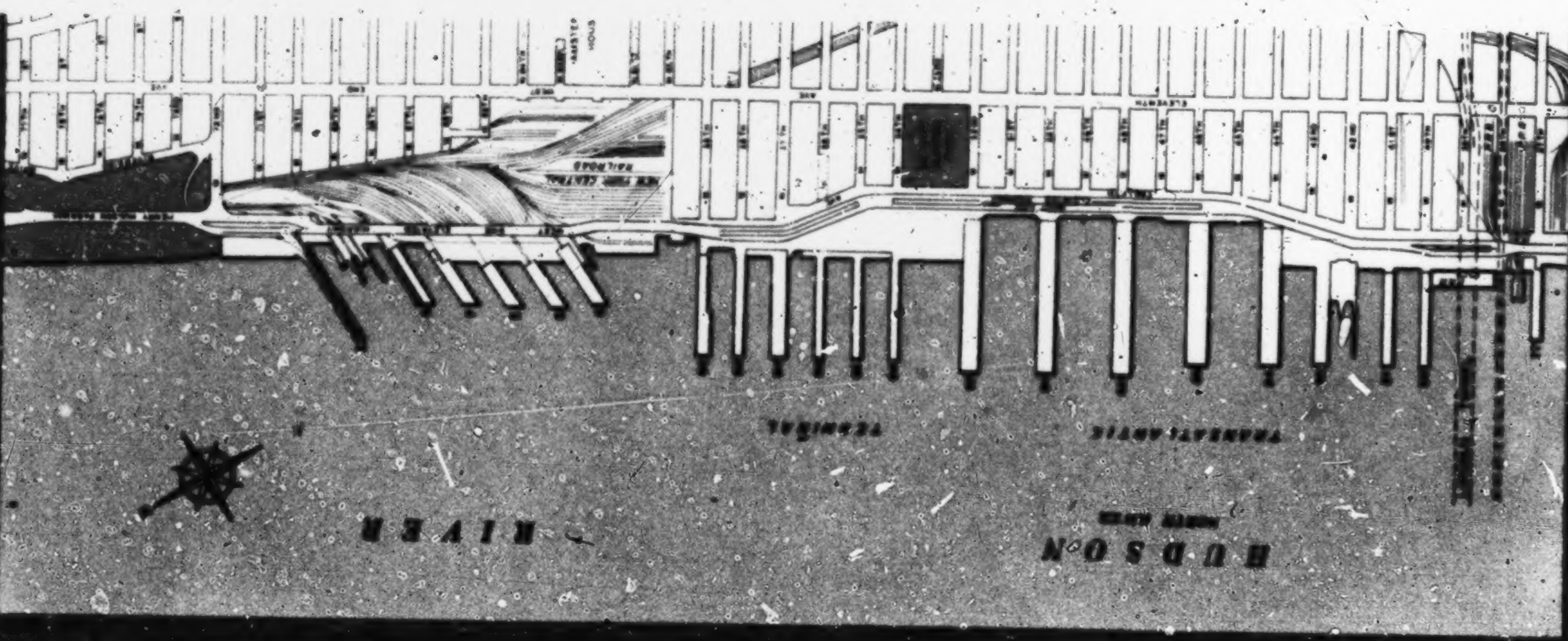
BUSH TERMINAL
BAY RIDGE CHANNEL

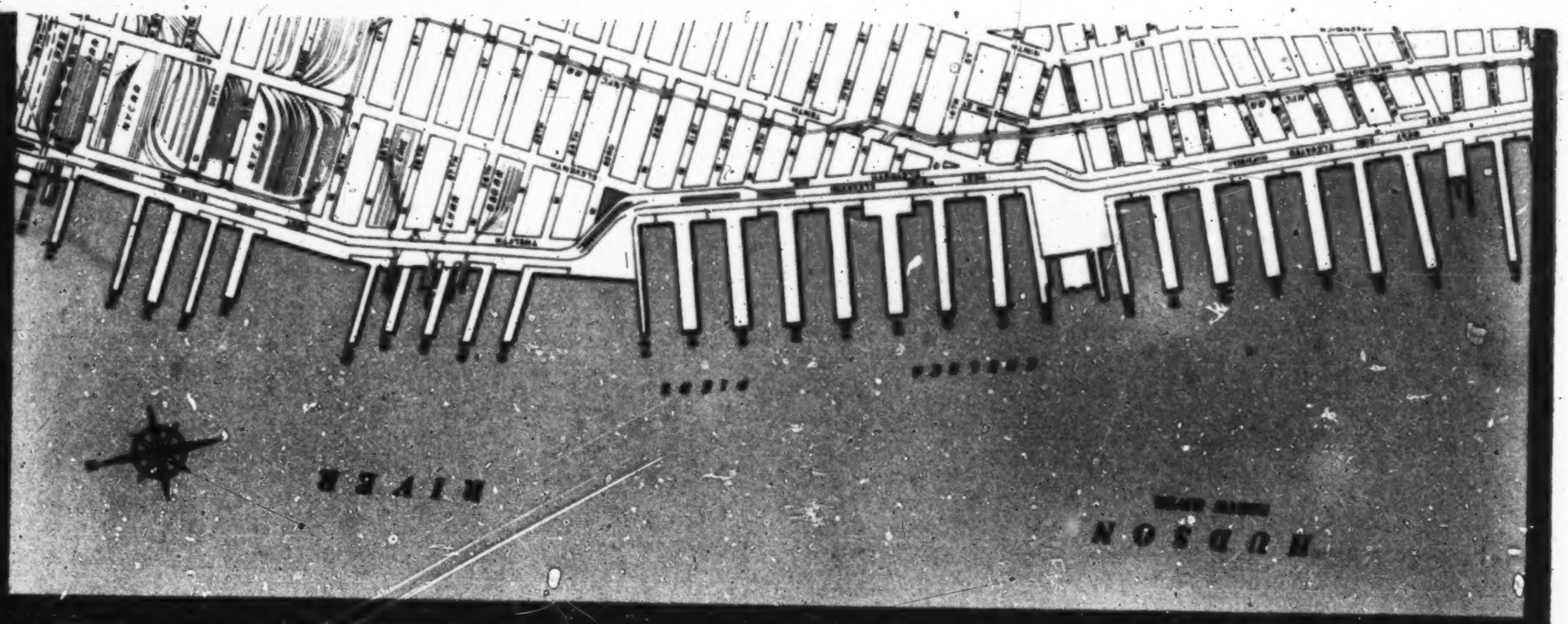
6


NEW YORK CENTRAL RAILROAD

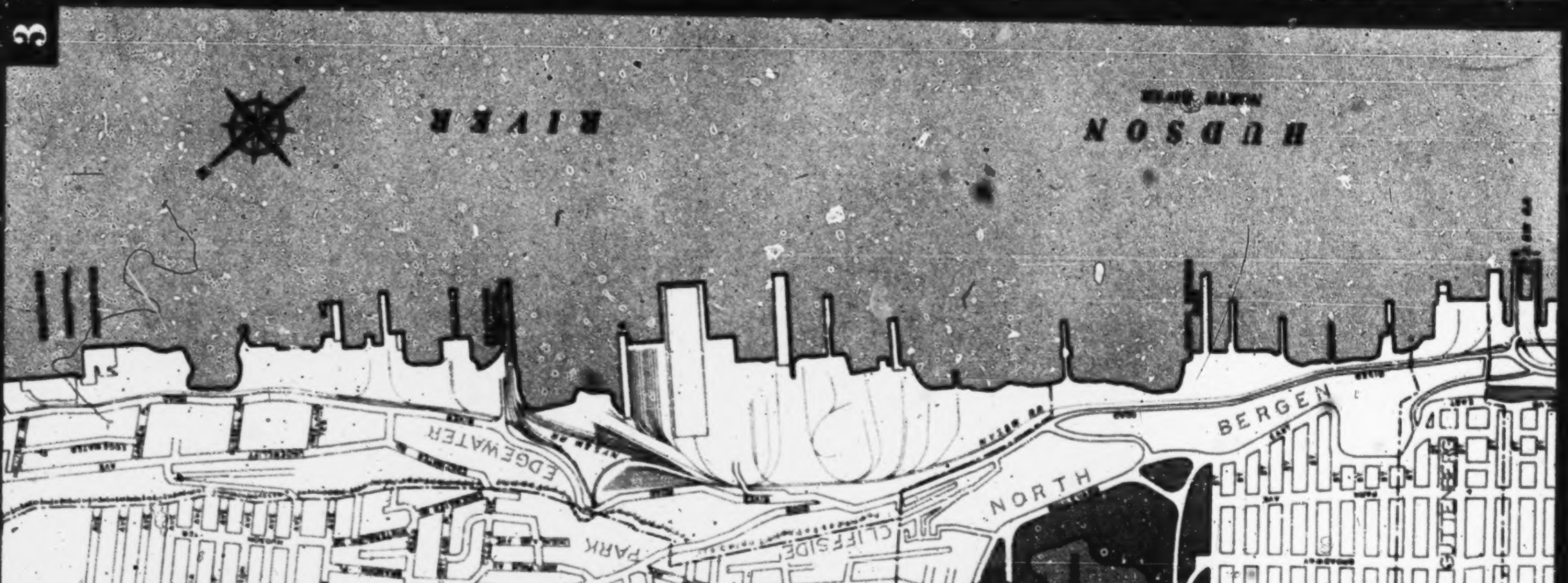
7



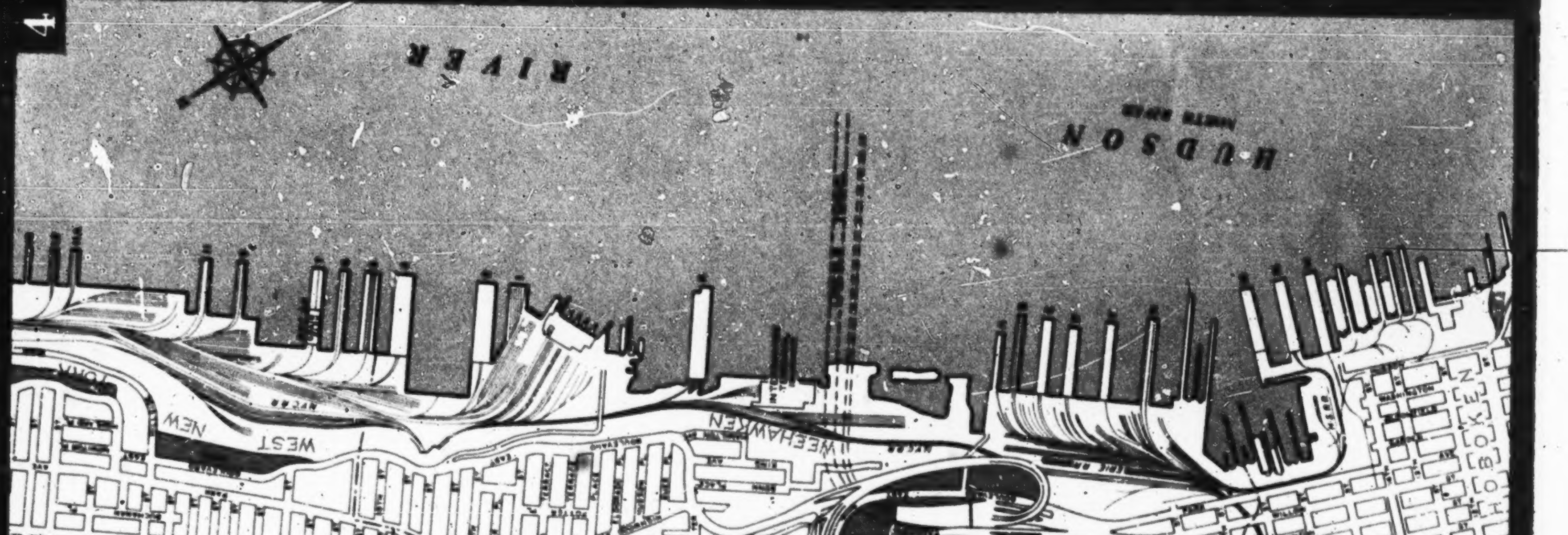

NEW YORK CENTRAL RAILROAD
HUDSON
NORTH RIVER
RIVER


HUDSON
NORTH RIVER
RIVER

3


HUDSON
NORTH RIVER
RIVER
EDGEWATER
CLIFFSIDE PARK
NORTH BERGEN

4


HUDSON
NORTH RIVER
RIVER
WEST NEW YORK
WEEHAWKEN
HOBOKEN

NEW YORK HARBOR TERMINALS MAP

THE PORT OF NEW YORK AUTHORITY
111 Eighth Avenue : New York 11, N.Y.

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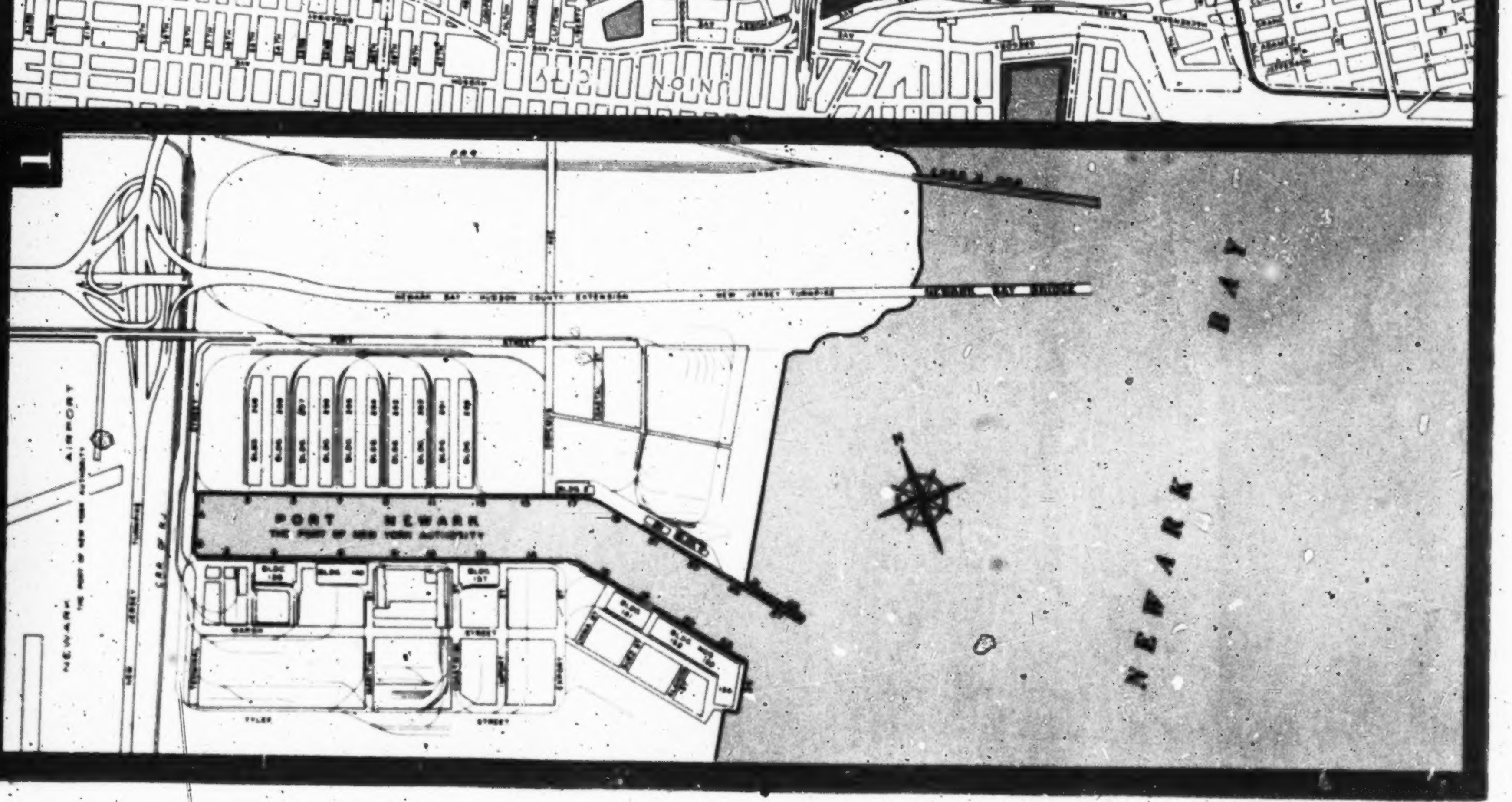
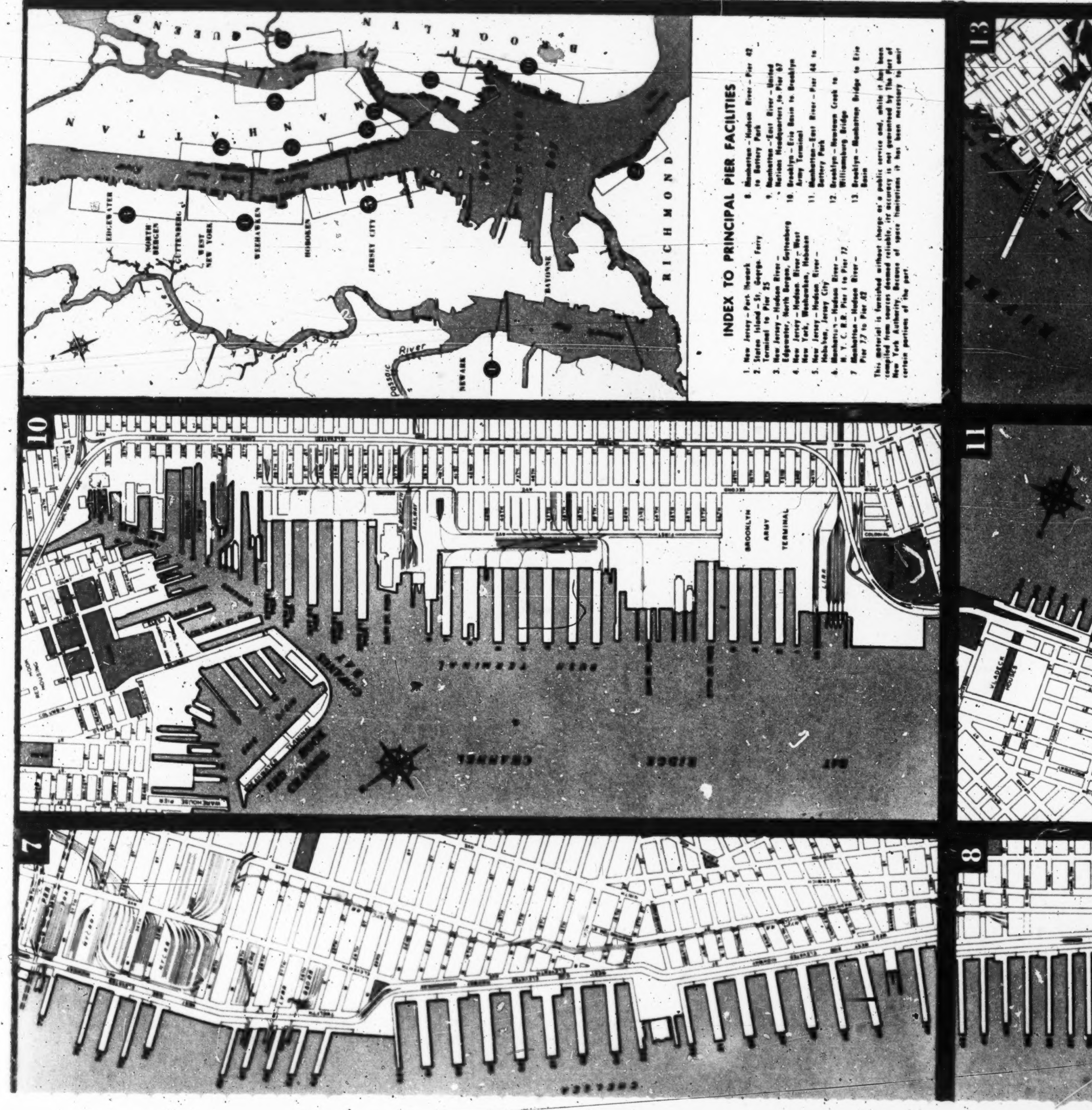

PORT NEWARK
THE PORT OF NEW YORK AUTHORITY
NEWARK AIRPORT
NEWARK BAY



QUEENS
BROOKLYN
MANHATTAN
RICHMOND
EDGEWATER
NORTH BERGEN
GUTTENBERG
WEST NEW YORK
WEEHAWKEN
HOBOKEN
JERSEY CITY
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1. New Jersey – Port Newark
2. Staten Island – St. George Ferry Terminal to Pier 25
3. New Jersey – Hudson River – Edgewater, North Bergen, Guttenberg
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6. Manhattan – Hudson River – N. Y. C. R.R. Pier 1 to Pier 72
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8. Manhattan – Hudson River – Pier 42 to Battery Park
9. Manhattan – East River – United Nations Headquarters to Pier 67
10. Brooklyn – Erie Basin to Brooklyn Army Terminal
11. Manhattan – East River – Pier 44 to Battery Park
12. Brooklyn – Newtown Creek to Williamsburg Bridge
13. Brooklyn – Manhattan Bridge to Erie Basin

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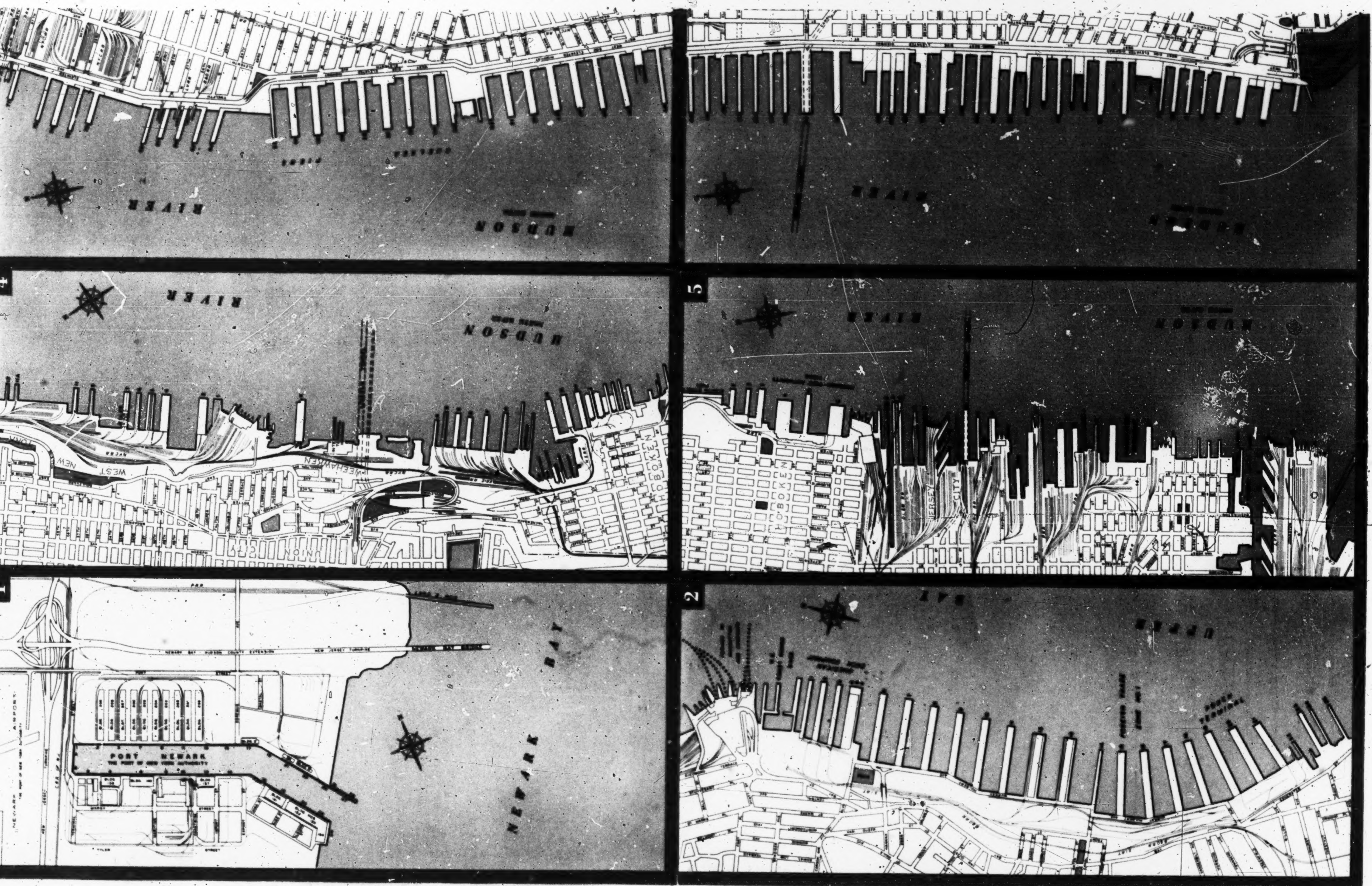

HUDSON RIVER
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HUDSON RIVER
WEST NEW YORK
WEEHAWKEN
HOBOKEN
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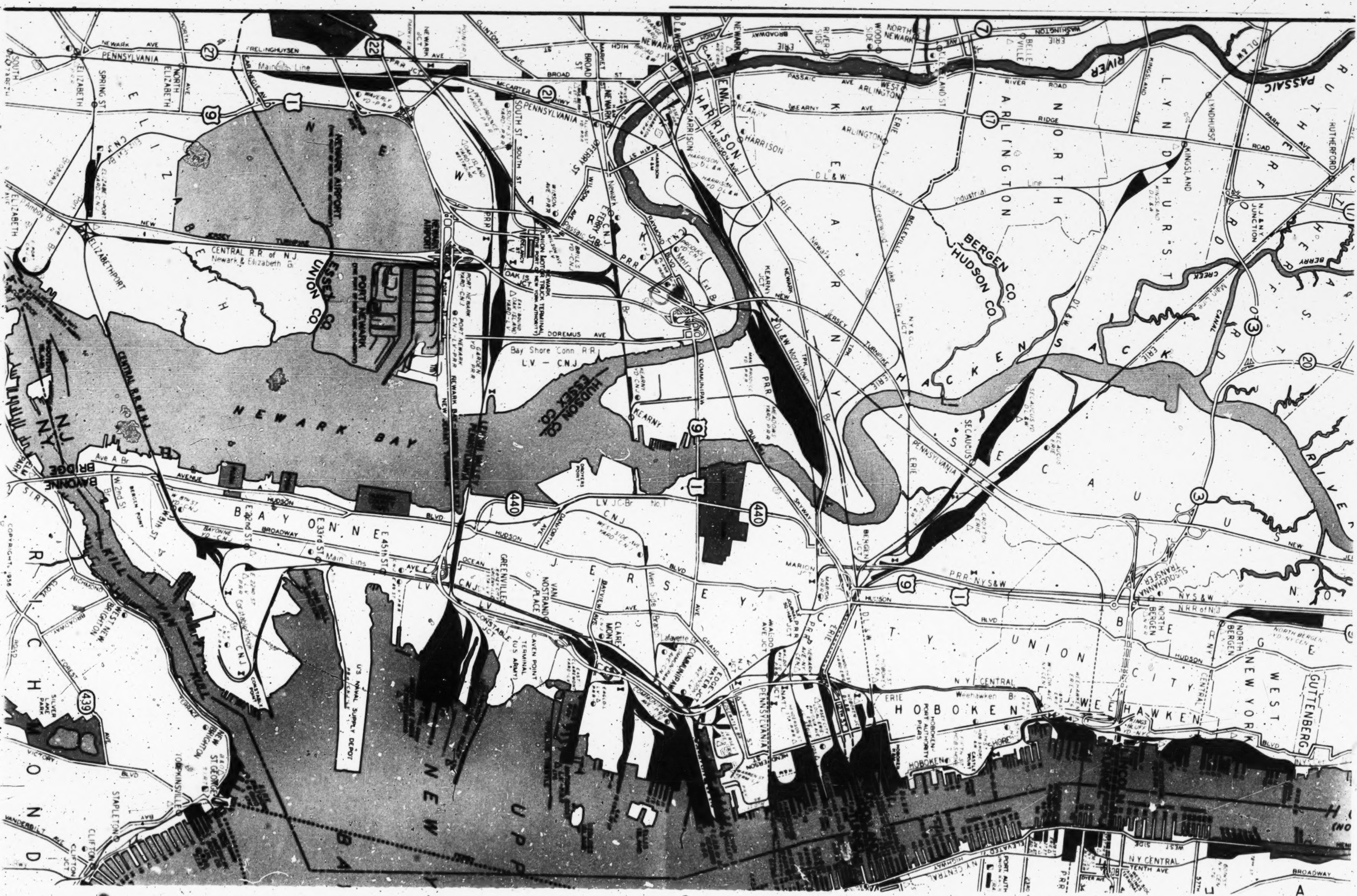
HUDSON RIVER
HOBOKEN
JERSEY CITY
1
PORT NEWARK
NEWARK BAY
2
UPPER BAY


NEWARK
NEWARK AIRPORT
PORT NEWARK
NEWARK BAY
ELIZABETH
BAYONNE
BAYONNE BRIDGE
JERSEY CITY
HARRISON
KEARNY
ARLINGTON
NORTH ARLINGTON
LYNDHURST
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SECAUCUS
HACKENSACK RIVER
PASSAIC RIVER
UNION CITY
HOBOKEN
WEEHAWKEN
WEST NEW YORK
GUTTENBERG
NORTH BERGEN
UPPER NEW YORK BAY
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ST GEORGE
TOMPKINSVILLE
STAPLETON
U.S. NAVAL SUPPLY DEPOT
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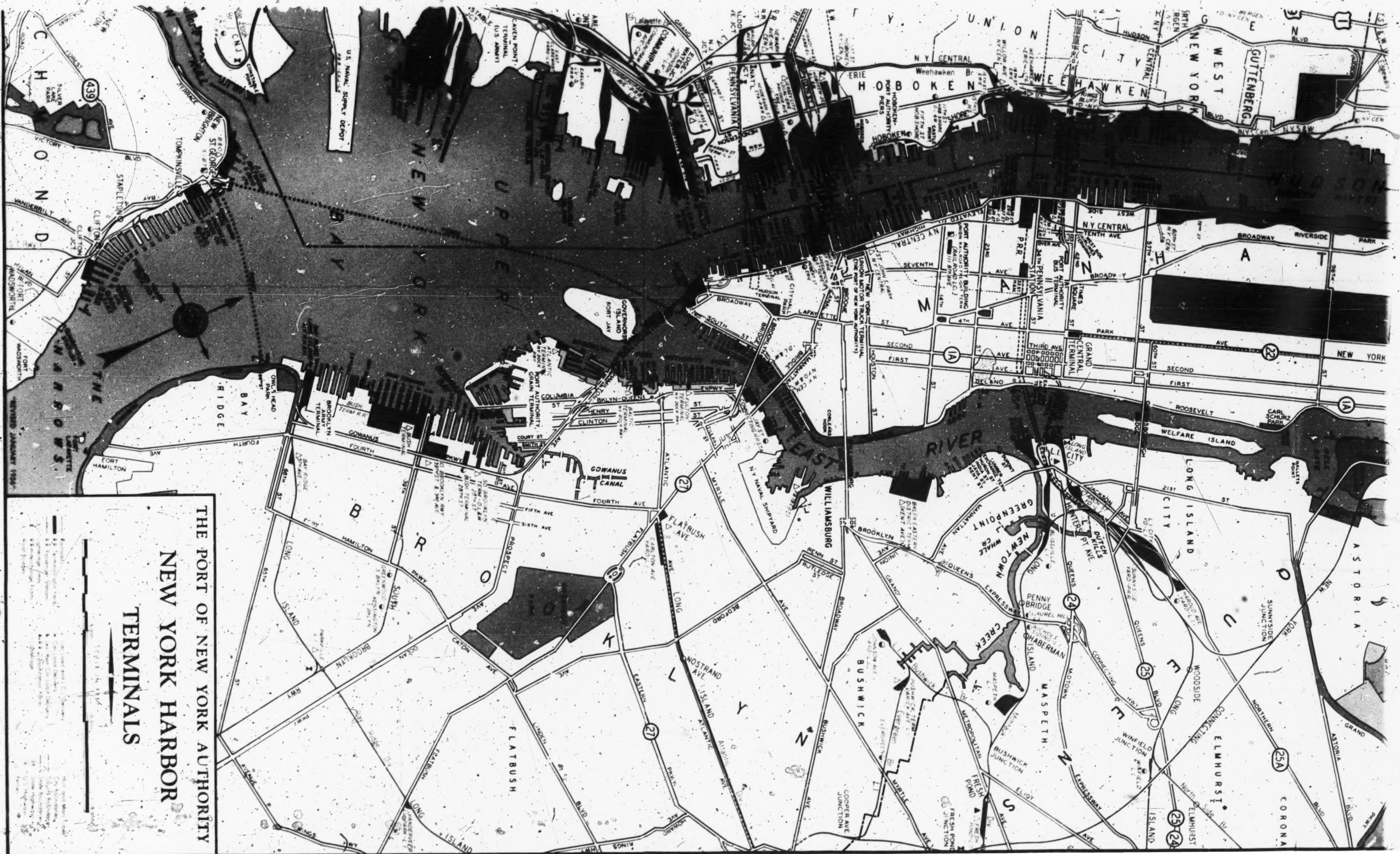
THE PORT OF NEW YORK AUTHORITY
NEW YORK HARBOR
TERMINALS
UPPER NEW YORK BAY
THE NARROWS
HUDSON RIVER
EAST RIVER
MANHATTAN
BROOKLYN
QUEENS
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WILLIAMSBURG
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ASTORIA
BAY RIDGE
FORT HAMILTON
FLATBUSH
BUSHWICK
MASPETH
ELMHURST
WOODSIDE
CORONA
ST GEORGE
STAPLETON
CLIFTON
TOMPKINSVILLE
U.S. NAVAL SUPPLY DEPOT

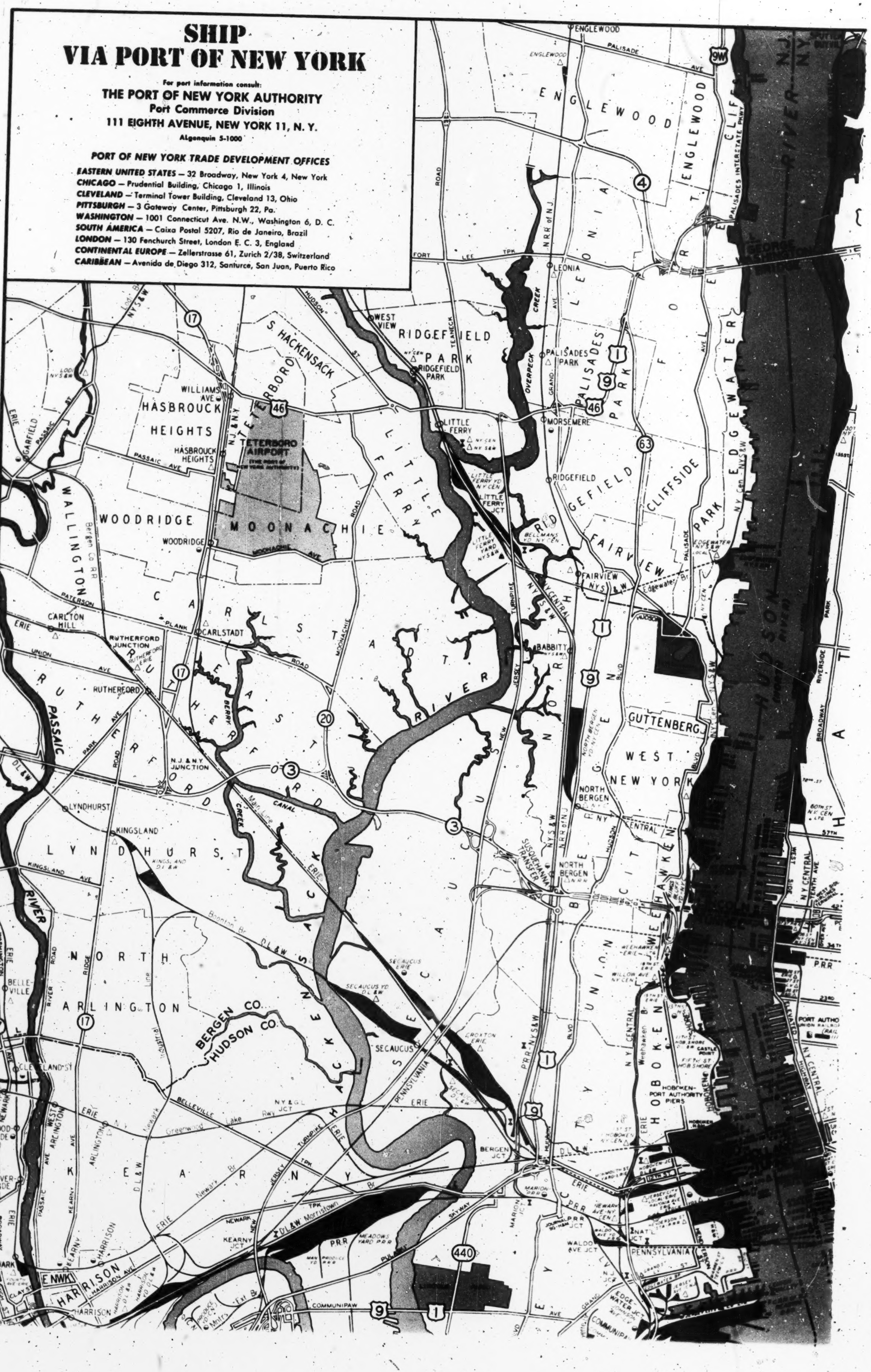
SHIP
VIA PORT OF NEW YORK

For port information consult:

THE PORT OF NEW YORK AUTHORITY
Port Commerce Division
111 EIGHTH AVENUE, NEW YORK 11, N. Y.
ALgonquin 5-1000

PORT OF NEW YORK TRADE DEVELOPMENT OFFICES

EASTERN UNITED STATES — 32 Broadway, New York 4, New York
CHICAGO — Prudential Building, Chicago 1, Illinois
CLEVELAND — Terminal Tower Building, Cleveland 13, Ohio
PITTSBURGH — 3 Gateway Center, Pittsburgh 22, Pa.
WASHINGTON — 1001 Connecticut Ave. N.W., Washington 6, D. C.
SOUTH AMERICA — Caixa Postal 5207, Rio de Janeiro, Brazil
LONDON — 130 Fenchurch Street, London E. C. 3, England
CONTINENTAL EUROPE — Zellerstrasse 61, Zurich 2/38, Switzerland
CARIBBEAN — Avenida de Diego 312, Santurce, San Juan, Puerto Rico


ENGLEWOOD
LEONIA
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S. HACKENSACK
TETERBORO
HASBROUCK HEIGHTS
TETERBORO AIRPORT (THE PORT OF NEW YORK AUTHORITY)
MOONACHIE
WOODRIDGE
WALLINGTON
LITTLE FERRY
PALISADES PARK
RIDGEFIELD
CLIFFSIDE PARK
FAIRVIEW
EDGEWATER
FORT LEE
CARLSTADT
EAST RUTHERFORD
RUTHERFORD
LYNDHURST
NORTH ARLINGTON
KEARNY
HARRISON
SECAUCUS
NORTH BERGEN
GUTTENBERG
WEST NEW YORK
UNION CITY
WEEHAWKEN
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PASSAIC RIVER
OVERPECK CREEK
BERRY CREEK
BERGEN CO.
HUDSON CO.
HUDSON (NORTH) RIVER
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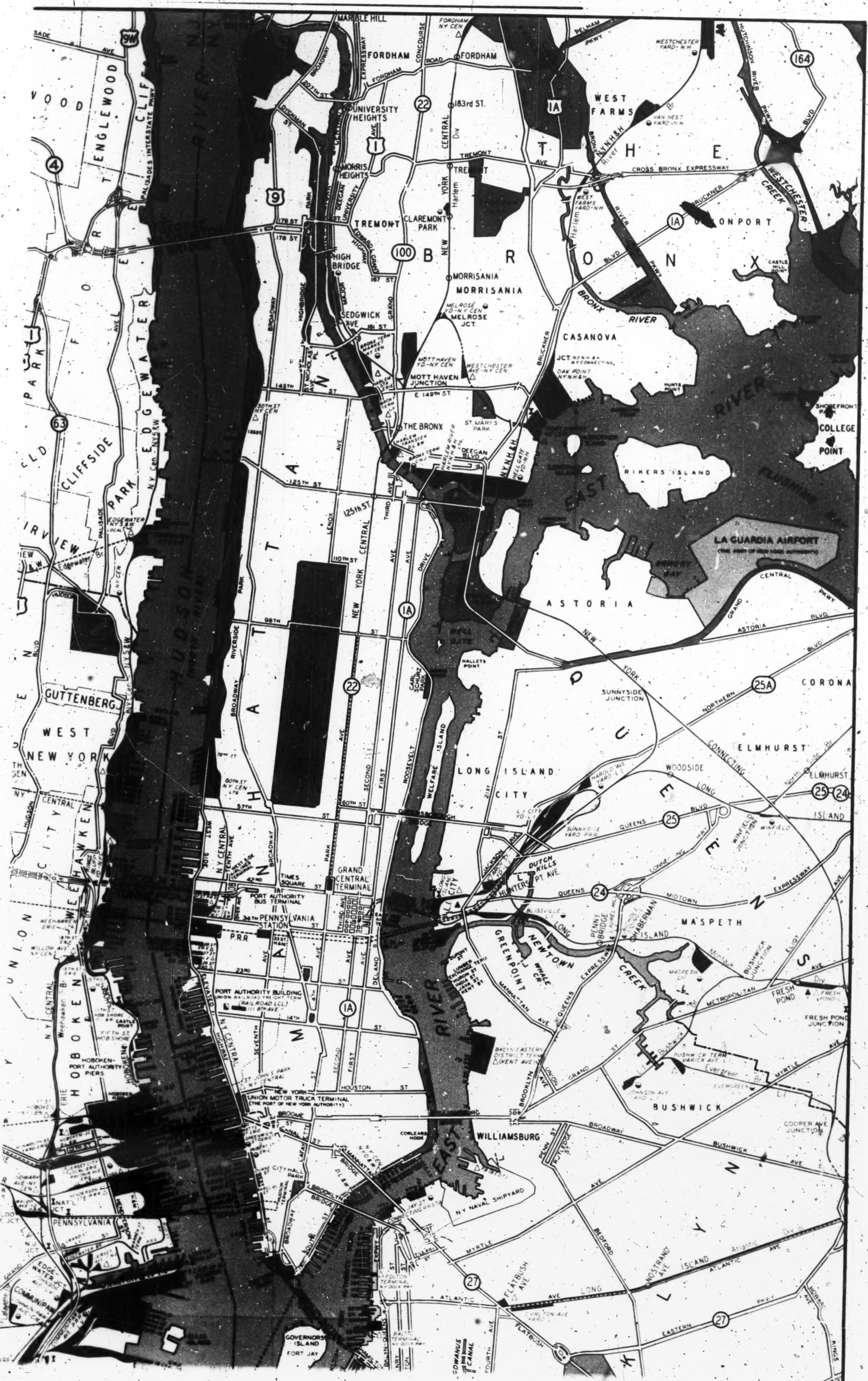
MANHATTAN
THE BRONX
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HUDSON (NORTH) RIVER
EAST RIVER
HARLEM RIVER
BRONX RIVER
WESTCHESTER CREEK
NEWTOWN CREEK
MARBLE HILL
FORDHAM
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FORT JAY
GOWANUS CANAL
FLATBUSH AVE
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PENNSYLVANIA STATION
TIMES SQUARE
PORT AUTHORITY BUS TERMINAL
PORT AUTHORITY BUILDING
UNION MOTOR TRUCK TERMINAL (THE PORT OF NEW YORK AUTHORITY)
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BROADWAY
RIVERSIDE
LENOX
NEW YORK CENTRAL
CROSS BRONX EXPRESSWAY
GRAND CONCOURSE
CLIFFSIDE
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ADVERTISED SAILINGS FROM NORTH ATLANTIC PORTS TO SELECTED FOREIGN DESTINATIONS

SOURCE: "THE FORWARDER" VOLUMN LV NUMBER 25 OCTOBER 29, 1956

AMSTERDAM, HOLLAND

	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
GATEWAY CITY, Am.	10/29	—	—	—	—	4 FPM	Waterman S.S. Corp.
HAVFALK, Nr.	10/30	—	10/25	10/22	10/23	3 FPM	Boyd, Weir & Sewell
BLYDENDYK, Du.	10/31	—	—	10/24	10/27	2 F	Holland-America Line
RYNDAM, Du.	11/1	—	—	—	—	2 FPR	Holland-America Line
AMER. HUNTER, Am.	11/1	11/2	10/22	10/25	10/27	2 FPM	U. S. Lines
BIRKENSTEIN, Ger.	11/2	—	10/29	10/22	10/24	3 FPRD	U. S. Navigation
BLACK EAGLE, Nr.	11/2	—	10/31	10/26	10/29	3 FPR	Black Diamond Line
SLOTERDYK, Da.	11/7	10/26	10/30	11/2	11/5	3 F	Holland-America Line
AMER. GUIDE, Am.	11/8	—	10/31	11/2	11/4	2 FPM	U. S. Lines
BLACK TERN, Nr.	11/9	11/3	11/7	—	—	3 FPR	Black Diamond Line
ERLANGEN, Ger.	11/9	—	11/5	10/30	11/1	3 FPDR	U. S. Navigation
HAVMANN, Nr.	11/10	—	11/2	10/29	10/31	3 FP	Boyd, Weir & Sewell
BLOMMERSDYK, Du.	11/14	—	—	11/7	11/10	3 FM	Holland-America Line
AMER. ANGLER, Am.	11/15	11/16	11/5	11/8	11/10	2 FPM	U. S. Lines
BLACK HERON, Nr.	11/16	—	11/14	11/9	11/10	3 FPR	Black Diamond Line
WERRASTEIN, Ger.	11/16	—	11/12	11/5	11/7	3 FPD	U. S. Navigation
WESTERDAM, Du.	11/17	—	—	—	—	2 FPR	Holland-America Line
MAASDAM, Du.	11/20	—	—	—	—	2 FPR	Holland-America Line
HAVHOK, Nr.	11/21	—	11/13	11/8	11/10	3 FPM	Boyd, Weir & Sewell
SOMMELSDYK, Du.	11/21	11/9	11/13	11/16	11/19	3 F	Holland-America Line
AMER. TRAVELER, Am.	11/22	—	11/12	11/15	11/17	2 FPM	U. S. Lines
BLACK OSPREY, Nr.	11/23	11/17	11/21	—	—	3 FPR	Black Diamond Line
BISCHOFSTEIN, Ger.	11/23	—	11/19	11/12	11/14	3 FPDR	U. S. Navigation
SOESTDYK, Du.	11/28	11/16	11/20	11/23	11/26	3 F	Holland-America Line
AMER. ARCHER, Am.	11/29	11/30	11/19	11/22	11/24	2 FPM	U. S. Lines
BLACK CONDOR, Nr.	11/30	—	11/28	11/23	11/26	3 FPR	Black Diamond Line
HAVORN, Nr.	11/30	—	11/23	11/19	11/21	3 FPM	Boyd, Weir & Sewell
GOETTINGEN, Ger.	11/30	—	11/26	11/19	11/21	3 FPDR	U. S. Navigation

ANTWERP, BELGIUM

	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
GATEWAY CITY, Am.	10/29	—	—	—	—	5 FPM	Waterman S.S. Corp.
HAVFALK, Nr.	10/30	—	10/25	10/22	10/23	1 FPM	Boyd, Weir & Sewell
WOLVERINE STATE, Am.	11/1	—	—	—	—	1 FPM	States Mar.-Isth. Agency
AMER. HUNTER, Am.	11/1	11/2	10/22	10/25	10/27	1 FPM	U. S. Lines
BLACK EAGLE, Nr.	11/2	—	10/31	10/26	10/29	1 FPR	Black Diamond Line
RONDA, Nr.	11/2	—	10/26	10/24	11/5	1 FP	Cosmopolitan Line
BIRKENSTEIN, Ger.	11/2	—	10/29	10/22	10/24	1 FPRD	U. S. Navigation
SLOTERDYK, Da.	11/7	10/26	10/30	11/2	11/5	1 F	Holland-America Line
AMER. GUIDE, Am.	11/8	—	10/31	11/2	11/4	1 FPM	U. S. Lines
ERLANGEN, Ger.	11/9	—	11/5	10/30	11/1	1 FPDR	U. S. Navigation
MARENGO, Br.	11/9	—	—	11/20	—	5 FPR	Ellerman-Wilson Line
BLACK TERN, Nr.	11/9	11/3	11/7	—	—	1 FPR	Black Diamond Line
TERVAETE, Bel.	11/10	—	11/4	11/3	11/6	1 FPR	Belgian Line
HAVMANN, Nr.	11/10	—	11/2	10/29	10/31	1 FP	Boyd, Weir & Sewell
BLOMMERSDYK, Du.	11/14	—	—	11/7	11/10	1 FM	Holland-America Line
AMER. ANGLER, Am.	11/15	11/16	11/5	11/8	11/10	1 FPM	U. S. Lines
WERRASTEIN, Ger.	11/16	—	11/12	11/5	11/7	1 FPD	U. S. Navigation
BLACK HERON, Nr.	11/16	—	11/14	11/9	11/10	1 FPR	Black Diamond Line
KYOTOKU MARU, Jp.	11/16	—	—	—	—	1 FP	Mitsui Line
HORDA, Nr.	11/16	—	11/9	11/7	11/5	1 FP	Cosmopolitan Line
SOMMELSDYK, Du.	11/21	11/9	11/13	11/16	11/19	1 F	Holland-America Line
HAVHOK, Nr.	11/21	—	11/13	11/8	11/10	1 FPM	Boyd, Weir & Sewell
AMER. TRAVELER, Am.	11/22	—	11/12	11/15	11/17	1 FPM	U. S. Lines
BLACK OSPREY, Nr.	11/23	11/17	11/21	—	—	1 FPR	Black Diamond Line
BISCHOFSTEIN, Ger.	11/23	—	11/19	11/12	11/14	1 FPDR	U. S. Navigation
HAKONESAN MARU, Jp.	11/23	—	—	—	—	1 FP	Mitsui Line
STEENSTRAETE, Bel.	11/26	—	11/19	11/17	11/20	1 FPR	Belgian Line
SOESTDYK, Du.	11/28	11/16	11/20	11/23	11/26	1 F	Holland-America Line
AMER. ARCHER, Am.	11/29	11/30	11/19	11/22	11/24	1 FPM	U. S. Lines
BLACK CONDOR, Nr.	11/30	—	11/28	11/23	11/26	1 FPR	Black Diamond Line
HAVORN, Nr.	11/30	—	11/23	11/19	11/21	1 FPM	Boyd, Weir & Sewell
HEINA, Nr.	11/30	—	11/23	11/21	11/19	1 FP	Cosmopolitan Line
GOETTINGEN, Ger.	11/30	—	11/26	11/19	11/21	1 FPDR	U. S. Navigation

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BREMEN, GERMANY

	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
GATEWAY CITY, Am.	10/29	—	—	—	—	1 FPM	Waterman S.S. Corp.
HAVFALK, Nr.	10/30	—	10/25	10/22	10/23	4 FPM	Boyd, Weir & Sewell
AMER. TRAVELER, Am.	10/31	10/20	10/23	10/26	10/27	2 FM	U. S. Lines
FLYING FOAM, Am.	10/31	—	—	—	—	1 FPM	Isbrandtsen Co.
BLACK EAGLE, Nr.	11/2	—	10/31	10/26	10/29	5 FPR	Black Diamond Line
BIRKENSTEIN, Ger.	11/2	—	10/29	10/22	10/24	5 FPRD	U. S. Navigation
SLOTERDYK, Da.	11/7	10/26	10/30	11/2	11/5	5 F	Holland-America Line
AMER. CLIPPER, Am.	11/7	—	10/29	11/1	11/3	2 FM	U. S. Lines
ERLANGEN, Ger.	11/9	—	11/5	10/30	11/1	5 FPDR	U. S. Navigation
BLACK TERN, Nr.	11/9	11/3	11/7	—	—	5 FPR	Black Diamond Line
HAVMANN, Nr.	11/10	—	11/2	10/29	10/31	4 FP	Boyd, Weir & Sewell
AMER. SHIPPER, Am.	11/14	11/3	11/6	11/8	11/10	2 FM	U. S. Lines
BLOMMERSDYK, Du.	11/14	—	—	11/7	11/10	4 FM	Holland-America Line
BLACK HERON, Nr.	11/16	—	11/14	11/9	11/10	5 FPR	Black Diamond Line
WERRASTEIN, Ger.	11/16	—	11/12	11/5	11/7	5 FPD	U. S. Navigation
FLYING ARROW, Am.	11/17	—	—	—	—	1 FPM	Isbrandtsen Co.
HAVHOK, Nr.	11/21	—	11/13	11/8	11/10	4 FPM	Boyd, Weir & Sewell
SOMMELSDYK, Du.	11/21	11/9	11/13	11/16	11/19	5 F	Holland-America Line
AMER. FORWARDER, Am.	11/21	—	11/12	11/15	11/17	2 FPM	U. S. Lines
BLACK OSPREY, Nr.	11/23	11/17	11/21	—	—	5 FPR	Black Diamond Line
BISCHOFSTEIN, Ger.	11/23	—	11/19	11/12	11/14	5 FPDR	U. S. Navigation
A STEAMER, Am.	11/28	—	—	—	—	2 FPM	U. S. Navigation
BLACK CONDOR, Nr.	11/30	—	11/28	11/23	11/26	5 FPR	Black Diamond Line
HAVORN, Nr.	11/30	—	11/23	11/19	11/21	4 FPM	Boyd, Weir & Sewell
GOETTINGEN, Ger.	11/30	—	11/26	11/19	11/21	5 FPDR	U. S. Navigation

BUENAVENTURA, COLOMBIA

	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
MAJORKA, Nr.	—	10/29	—	—	—	FT	Grancolombiana
CD. DE MANIZALES, Col.	11/2	—	10/23	10/24	—	1 FR	Grancolombiana
SANTA CECILIA, Am.	11/2	—	—	—	—	1 FPMR	Grace Line
CALI, Sw.	11/2	—	—	—	—	4 FP	Coloemar Line
GERDA DAN, Da.	11/8	—	10/30	10/29	—	2 F	West Coast Line
CD. DE MEDELLIN, Col.	11/9	—	10/30	10/31	—	1 FR	Grancolombiana
A STEAMER	11/9	—	—	—	—	4 FP	Coloemar Line
SANTA ELISA, Am.	11/9	—	—	—	—	1 FPMR	Grace Line
LEBU, Chil.	11/9	—	11/5	11/3	—	1 FP	Chilean Line
SANTA RITA, Am.	11/14	—	11/8	11/1	—	1 FM	Grace Line
CD. DE IBAGUE, Col.	11/16	—	11/6	11/7	—	1 FR	Grancolombiana
COLOMBIA, Col.	11/16	—	—	—	—	4 FP	Coloemar Line
SANTA MARGARITA, Am.	11/21	—	—	—	—	1 FPMR	Grace Line
HEDDA DAN, Da.	11/23	—	11/15	11/14	—	2 F	West Coast Line
SANTA BARBARA, Am.	11/23	—	—	—	—	1 FPMR	Grace Line
CD. DE QUITO, Ecuad.	11/23	—	11/13	11/14	—	1 F	Grancolombiana
BOLIVAR, Sw.	11/23	—	—	—	—	4 FP	Coloemar Line
SANTA INES, Am.	11/28	—	11/23	11/17	—	1 FM	Grace Line
COPIAPO, Chil.	11/30	—	11/26	11/24	—	1 FP	Chilean Line
PAULA DAN, Da.	12/6	—	11/29	11/28	—	2 F	West Coast Line

BUENOS AIRES, ARGENTINA

	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
SAGOLAND, Sw.	—	10/30	—	—	10/28	3 F	Thor Eckert
BAHIA, Nr.	10/31	—	10/26	10/27	—	4 F	Southern Cross Line
SANTOS, Nr.	10/31	—	10/29	10/27	10/26	4 F	Stockard S.S. Corp.
RIO ARAZA, Arg.	10/31	—	—	—	—	1 F	Boyd, Weir & Sewell
AKKRUMDYK, Du.	10/31	10/23	10/25	10/26	10/27	4 FPMR	Holland-America Line
ARGENTINA, Am.	10/31	—	—	—	—	5 FPMR	Moore-McCormack
RIO TERCERO, Arg.	11/5	—	—	—	—	1 F	Boyd, Weir & Sewell
MORMACREED, Am.	11/2	—	—	—	11/3	4 FM	Moore-McCormack
FREYA TORM, Da.	11/2	—	10/30	10/29	10/31	4 FD	Torm Lines
MORMACISLE, Am.	11/2	—	10/29	10/26	11/3	4 FPMR	Moore-McCormack
RIO TERCERO, Arg.	11/9	—	—	—	—	1 F	Boyd, Weir & Sewell
MORMACOWL, Am.	11/9	—	10/30	10/29	—	4 FM	Moore-McCormack
WILHELMINA, Sw.	11/14	11/4	11/8	11/9	—	6 F	Norton Line

DURBAN, SOUTH AFRICA

	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
VERGELEGEN, So. Af.	10/31	—	—	—	—	4 F	States Mar.-Isth. Agency
AFRICAN ENDEAVOR, Am.	10/31	—	10/25	10/24	10/17	4 FPMR	Farrell Lines
ROBIN SHERWOOD, Am.	11/5	10/20	11/1	10/30	—	4 FPMR	Robin Line
AFRICAN SUN, Am.	11/10	—	11/6	11/5	11/3	4 FPMR	Farrell Lines
SO. AF. MERCHANT, So. Af.	11/15	—	—	11/1	—	4 F	States Mar.-Isth. Agency
ROBIN GOODFELLOW, Am.	11/15	10/26	11/10	11/8	10/30	4 FPMR	Robin Line
AFRICAN PILOT, Am.	11/20	—	11/16	11/15	11/14	4 FPMR	Farrell Lines
ROBIN LOCKSLEY, Am.	11/24	11/7	11/19	11/17	—	4 FPMR	Robin Line
NORDPOL, Nr.	11/30	—	—	11/22	—	4 F	States Mar.-Isth. Agency
AFRICAN LIGHTNING, Am.	11/30	—	11/26	11/25	11/24	4 FPMR	Farrell Lines
ROBIN GRAY, Am.	12/5	11/2	11/30	11/28	—	4 FPMR	Robin Line

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GENOA, ITALY

	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
LIBREVILLE, Nr.	10/31	—	—	—	—	2 FPR	Barber Line
CONCORDIA STAR, Nr.	10/31	—	10/25	10/24	10/23	2 FPRD	Concordia Line
SRBIJA, Yugos.	10/31	—	—	—	—	3 FPM	Crossocean Shipg. Co.
EXFORD, Am.	11/1	10/20	10/27	10/25	10/23	1 FMR	American Export Line
GIACOMO C., It.	11/2	—	—	—	—	1 FP	J. H. Winchester & Co.
EXCALIBUR, Am.	11/2	—	—	10/29	10/25	3 FMR	American Export Line
ROMA, It.	11/2	—	—	—	—	1 FPR	Lauro Lines
SRBIJA, Yugos.	11/7	—	10/29	10/22	11/1	3 FPM	Crossocean Shipg. Co.
CONSTITUTION, Am.	11/7	—	—	—	—	2 FPMR	American Export Line
EXTAVIA, Am.	11/7	—	10/24	10/30	10/26	4 FM	American Export Line
ST. TROPEZ, Fr.	11/15	10/29	11/7	11/19	—	4 FP	Jas. W. Elwell
CONCORDIA FONN, Nr.	11/15	—	11/9	11/8	11/7	1 FPR	Concordia Line
CRISTOFORO COLOMBO, It.	11/15	—	—	—	—	4 FPM	Italian Line
EXPORTER, Am.	11/15	11/2	11/8	11/7	11/5	1 FMR	American Export Line
SLOVENIJA, Yugos.	11/16	—	11/7	11/2	—	3 FPMD	Crossocean Shpg. Co.
EXCAMBION, Am.	11/16	—	—	11/12	11/8	3 FMR	American Export Line
CLEOPATRA, Eg.	11/16	—	—	—	—	(?) FP	Stockard S.S. Corp.
INDEPENDENCE, Am.	11/19	—	—	—	—	2 FPMR	American Export Line
CONCORDIA SKY, Nr.	11/21	—	11/16	11/15	11/14	2 FPRD	Concordia Line
EXCELLOR, Am.	11/21	11/8	11/17	11/15	11/13	4 FM	American Export Line
CONTE BIANCAMANO, It.	11/23	—	—	—	—	4 FPM	Italian Line
POLYSTAR, Nr.	11/24	—	11/15	11/16	—	5 FP	Jas. W. Elwell
EXCHESTER, Am.	11/29	11/16	11/22	11/21	11/19	1 FMR	American Export Line
CONSTITUTION, Am.	11/29	—	—	—	—	2 FPMR	American Export Line
EXOCHORDA, Am.	11/30	—	—	11/26	11/23	3 FMR	American Export Line
ROMA, It.	11/30	—	—	—	—	1 FPR	Lauro Lines
LEOVILLE, Nr.	11/30	—	11/21	11/22	11/23	2 FPR	Barber Line

HAVANA, CUBA

	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
KARL CHRISTIAN, Ger.	—	—	11/1	11/2	—	1 F	No. At. & Gulf S.S. Co.
SIBONEY, Nr.	11/2	—	—	—	—	1 FPMR	Ward Line
BAHIA DE NIPE, Cuban	11/2	—	—	—	—	1 FP	Vacuba Line
RIO ESCONDIDO, Nic.	—	—	—	11/2	—	1 FPMR	Ward Line
ELSIE NIELSEN, Da.	11/2	—	—	11/4	—	1 F	United Fruit Co.
MAROSA, Nr.	11/2	—	—	—	—	1 F	No. At. & Gulf S.S. Co.
COVADONGA, Sp.	11/3	—	—	—	—	1 FP	Garcia & Diaz
LIMON, Am.	11/3	—	—	—	—	1 FR	United Fruit Co.
FALKENTAL, Ger.	—	11/8	—	—	—	1 F	Grancolombiana
HADRIAN, Nr.	—	—	11/8	11/9	—	1 F	No. At. & Gulf S.S. Co.
BAHIA DE MARIEL, Cuban	11/9	—	—	—	—	1 FP	Vacuba Line
OTTA, Nr.	11/9	—	—	—	—	1 F	No. At. & Gulf S.S. Co.
ZEUS, Ger.	11/9	—	—	—	—	1 FPMR	Ward Line
CANDIDA, Nr.	11/9	—	—	11/11	—	1 FM	United Fruit Co.
TELA, Pan.	—	—	—	11/9	—	1 FPMR	Ward Line
ESPARTA, Am.	11/10	—	—	—	—	1 FR	United Fruit Co.
WOLFGANG RUSS, Ger.	—	11/15	—	—	—	1 F	Grancolombiana
PROCYON, Nr.	—	—	11/15	11/16	—	1 F	No. At. & Gulf S.S. Co.
BAHIA DE MATANZAS, Cuban	11/16	—	—	—	—	1 FP	Vacuba Line
SIBONEY, Nr.	11/16	—	—	—	—	1 FPMR	Ward Line
A STEAMER	—	—	—	11/16	—	1 FPMR	Ward Line
REGINA, Ger.	11/16	—	—	—	—	1 F	No. At. & Gulf S.S. Co.
COPAN, Hon.	11/16	—	—	11/18	—	1 FM	United Fruit Co.
PARISMINA, Am.	11/17	—	—	—	—	1 FMR	United Fruit Co.
KARL CHRISTIAN, Ger.	—	—	11/22	11/23	—	1 F	No. At. & Gulf S.S. Co.
BAHIA DE NUEVITAS, Cuban	11/23	—	—	—	—	1 FP	Vacuba Line
ATLANTICO, Lib.	11/23	—	—	11/18	—	1 FPMR	Ward Line
ZEUS, Ger.	11/23	—	—	—	—	1 FPMR	Ward Line
MAROSA, Nr.	11/23	—	—	—	—	1 F	No. At. & Gulf S.S. Co.
KIRSTEN TORM, Da.	11/23	—	—	11/25	—	1 FM	United Fruit Co.
A STEAMER, Am.	—	—	—	11/23	—	1 FPMR	Ward Line
WERNER VINNEN, Ger.	11/24	—	—	—	—	1 F	Grancolombiana
FRA BERLANGA, Am.	11/24	—	—	—	—	1 FMR	United Fruit Co.
HADRIAN, Nr.	—	—	11/29	11/30	—	1 F	No. At. & Gulf S.S. Co.
BAHIA DE NIPE, Cuban	11/30	—	—	—	—	1 FP	Vacuba Line
SIBONEY, Nr.	11/30	—	—	—	—	1 FPMR	Ward Line
OTTA, Nr.	11/30	—	—	—	—	1 F	No. At. & Gulf S.S. Co.
A STEAMER	—	—	—	11/30	—	1 FPMR	Ward Line

HAVRE, FRANCE

	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
FLANDRE, Fr.	10/30	—	—	—	—	1 FP	French Line
RONDA, Nr.	11/2	—	10/26	10/24	11/5	2 FP	Cosmopolitan Line
AMER. PLANTER, Am.	11/2	10/22	10/24	10/26	10/28	2 FM	U. S. Lines
ILE DE FRANCE, Fr.	11/2	—	—	—	—	1 FP	French Line
AMER. PRODUCER, Am.	11/2	—	10/23	10/25	10/27	2 FM	U. S. Lines
PONT LEVEQUE, Fr.	11/6	—	10/29	10/31	11/2	1 F	French Line
AMER. FARMER, Am.	11/9	10/29	10/31	11/2	11/4	1 FM	U. S. Lines
UNITED STATES, Am.	11/13	—	—	—	—	1 FPM	U. S. Lines
NORDA, Nr.	11/16	—	11/9	11/7	11/5	2 FP	Cosmopolitan Line
AMER. FLYER, Am.	11/16	—	11/6	11/8	11/10	1 FM	U. S. Lines
AMER. BANKER, Am.	11/16	11/5	11/7	11/9	11/11	2 FM	U. S. Lines
PIONEER WAVE, Am.	11/23	11/12	11/14	11/16	11/18	1 FM	U. S. Lines
AMER. LEADER, Am.	11/23	—	11/14	11/16	11/18	2 FM	U. S. Lines
A STEAMER, Am.	11/28	—	—	—	—	4 FPM	U. S. Navigation
UNITED STATES, Am.	11/29	—	—	—	—	1 FPM	U. S. Lines
HEINA, Nr.	11/30	—	11/23	11/21	11/19	2 FP	Cosmopolitan Line
AMERICA, Am.	12/1	—	—	—	—	2 FPM	U. S. Lines

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KOBE, JAPAN

	N. Y.	Bost.	Phila.	Balt.	H. Rds	Symbols	Line
JOSEPH FEUER, Am.	—	—	10/29	—	—	2 FPM	Mitsui Line
LISTHOLT, Nr.	10/29	—	—	—	—	2 FP	Stockard S.S. Corp.
SEIKAI MARU, Jp.	10/29	—	—	10/31	—	2 FP	O. S. K. Line
PIONEER MUSE, Am.	10/30	10/26	10/23	—	10/22	6 FPM	American Pioneer Line
TUDOR, Nr.	10/30	—	10/25	10/19	10/22	3 FP	Barber Line
AWOBASAN MARU, Jp.	11/1	—	11/3	—	11/5	2 FP	Mitsui Line
FLYING CLOUD, Am.	11/3	—	10/30	10/29	—	8 FPM	Isbrandtsen Co.
KUINKAWA MARU, Jp.	11/6	—	11/3	11/4	—	3 FP	"K" Line
TREIN MAERSK, Da.	11/6	—	—	—	—	2 FP	Moller S.S. Co.
CITY OF OTTAWA, Br.	11/8	—	11/2	11/5	11/9	4 FP	Norton, Lilly & Co.
PRES. MONROE, Am.	11/10	—	—	11/4	11/6	2 FPMR	Amer. Pres. Line
TENEI MARU, Jp.	11/13	11/5	11/7	11/8	11/10	2 FP	N.Y.K. Line
FLYING TRADER, Am.	11/14	—	11/8	11/6	11/4	8 FPM	Isbrandtsen Co.
KUNIKAWA MARU, Jp.	11/14	—	11/10	11/11	—	3 FP	"K" Line
PANAMA MARU, Jp.	11/15	—	11/5	11/7	11/13	3 FP	O. S. K. Line
JAVANESE PRINCE, Br.	11/15	11/6	—	11/17	11/19	2 FP	Furness Prince
PIONEER MART, Am.	11/15	—	11/8	11/5	11/7	6 FPM	American Pioneer Line
BATAAN, Sw.	11/17	—	11/13	11/11	11/18	7 FPMR	Funch Edye
MUKUHARU MARU, Jp.	11/20	—	11/9	—	—	3 FP	Shinnihon Line
CORNELIUS MAERSK, Da.	11/20	—	11/16	11/15	—	2 FP	Moller S.S. Co.
IVARAN, Nr.	11/21	—	11/8	11/13	11/14	2 FPD	Stockard S.S. Corp.
KORAI MARU, Jp.	11/21	—	11/19	11/17	11/15	2 FRD	Daido Line
PRES. HAYES, Am.	11/24	11/15	—	11/18	11/20	2 FPMR	Amer. Pres. Line
FLYING ENTERPRISE, Am.	11/24	—	11/20	11/19	11/17	8 FPM	Isbrandtsen Co
YAMAHARU MARU, Jp.	11/28	—	11/29	11/30	12/4	3 FP	Yamashita Line
CINGALESE PRINCE, Br.	11/28	11/12	11/23	11/24	—	4 FP	Furness Prince
WAKO MARU, Jp.	11/29	—	11/23	11/25	—	3 FP	O. S. K. Line
ASTORIA MARU, Jp.	11/29	—	11/30	—	—	2 FPM	States Mar.-Isth. Agency
PIONEER MILL, Am.	11/30	11/24	11/22	11/19	11/21	6 FPM	American Pioneer Line
TAMON MARU, Jp.	11/30	11/24	11/26	11/27	11/28	2 FP	N.Y.K. Line
SHOSEI MARU, Jp.	11/30	—	11/28	—	—	2 FP	States Mar.-Isth. Agency

LA GUAIRA, VENEZUELA

	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
S.S. ALCOA PURITAN, Am.	10/31	—	—	10/26	10/24	1 FM	Alcoa S.S. Co.
M.S. DORIS, Du.	11/1	—	10/29	—	—	3 FPMR	Royal Netherlands Line
M.V. NORLINDO, Nr.	11/2	—	—	10/30	—	1 F	No. At. & Gulf S.S. Co.
S.S. SANTA MONICA, Am.	11/2	—	—	10/29	—	3 FPMR	Grace Line
M.V. CD. DE VALENCIA, Venz.	11/2	—	—	10/29	—	1 F	Venezuelan Line
S.S. SANTA ROSA, Am.	11/2	—	—	—	—	1 FPMR	Grace Line
S.S. WILLMAR, Nr.	11/7	—	—	11/2	—	1 FM	Alcoa S.S. Co.
M.S. AEGIS, Du.	11/9	—	—	11/5	—	3 FPMR	Royal Netherlands Line
M.V. NORLANTIC, Nr.	11/9	—	11/5	—	—	1 F	No. At. & Gulf S.S. Co.
S.S. SANTA SOFIA, Am.	11/9	—	11/5	—	—	3 FPMR	Grace Line
M.V. CD DE CUMANA, Venz	11/9	—	—	—	—	1 F	Venezuelan Line
S.S. SANTA PAULA, Am.	11/9	—	—	—	—	1 FPMR	Grace Line
S.S. ALCOA PILGRIM, Am.	11/14	—	—	11/9	11/7	1 FM	Alcoa S.S. Co.
M.S. NORINDA, Sw.	11/15	—	11/13	—	—	3 FPMR	Royal Netherlands Line
S.S. SANTA ROSA, Am.	11/16	—	—	—	—	2 FPMR	Grace Line
M.V. RIO DALE, Nr.	11/16	—	—	11/13	—	1 F	No. At. & Gulf S.S. Co.
S.S. SANTA CLARA, Am.	11/16	—	—	11/12	—	3 FPMR	Grace Line
S.S. SANTA ANA, Am.	11/16	—	—	11/17	—	1 FM	Grace Line
M.V. CD. DE BARQUISIMETO, Vv.	11/16	—	—	11/12	—	1 F	Venezuelan Line
S.S. ALCOA POINTER, Am.	11/21	—	—	11/16	—	1 FM	Alcoa S.S. Co.
S.S. SANTA PAULA, Am.	11/23	—	—	—	—	2 FPMR	Grace Line
S.S. TRITON, Du.	11/23	—	—	11/19	—	3 FPMR	Royal Netherlands Line
M.V. CD DE VALENCIA, Venz.	11/23	—	11/19	—	—	1 F	Venezuelan Line
S.S. SANTA MONICA, Am.	11/23	—	11/19	—	—	3 FPMR	Grace Line
M.V. NORINDIES, Nr.	11/23	—	11/20	—	—	1 F	No. At. & Gulf S.S. Co.
S.S. SANTA TERESA, Am.	11/23	—	11/24	—	—	1 FM	Grace Line
M.S. AGAMEMNON, Du.	11/29	—	11/26	—	—	1 FPMR	Royal Netherlands Line
S.S. SANTA SOFIA, Am.	11/30	—	—	11/26	—	3 FPMR	Grace Line
M.V. NORVANA, Nr.	11/30	—	—	11/27	—	1 F	No. At. & Gulf S.S. Co.
S.S. SANTA ROSA, Am.	11/30	—	—	—	—	3 FPMR	Grace Line
S.S. SANTA CATALINA, Am.	11/30	—	—	12/1	—	1 FM	Grace Line

LISBON, PORTUGAL

	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
VULCANIA, It.	10/29	—	—	—	—	1 FPM	Italian Line
PUERTO SOMOZA, Nic.	11/5	—	—	—	11/3	1 FP	Mamenic Line
EXTAVIA, Am.	11/7	—	10/24	10/30	10/26	1 FM	American Export Line
HORTA, Port.	11/9	—	—	—	—	1 FP	East Coast Overseas Corp.
RAGUNDA, Sw.	11/10	10/30	—	11/7	11/5	1 FPR	Thor Eckert
ST. TROPEZ, Fr.	11/15	10/29	11/7	11/19	—	1 FP	Jas. W. Elwell
SATURNIA, It.	11/19	—	—	—	—	1 FPM	Italian Line
EXCELLOR, Am.	11/21	11/8	11/17	11/15	11/13	1 FM	American Export Line
POLYSTAR, Nr.	11/24	—	11/15	11/16	—	1 FP	Jas. W. Elwell

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LIVERPOOL, ENGLAND

	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
FANAD HEAD, Br.	—	—	—	10/30	10/31	2 FP	Ellerman-Wilson Line
AMER. PACKER, Am.	11/1	—	10/22	10/26	10/28	1 FPM	U. S. Lines
WOLVERINE STATE, Am	11/1	—	—	—	—	4 FPM	States Mar.-Isth. Agency
BRITANNIC, Br.	11/1	—	—	—	—	1 FPR	Cunard Line
MANCHESTER PORT, Br	—	—	11/2	10/29	10/31	1 F	Furness Withy
AMER. BUILDER, Am.	11/8	11/10	10/30	11/2	11/4	1 FPM	U. S. Lines
MEDIA, Br.	11/9	—	—	—	—	1 FPR	Cunard Line
SOUTHPORT, Am.	—	—	—	—	11/11	2 FPM	U. S. Lines
AMER. CHIEF, Am.	11/15	—	11/6	11/9	11/11	1 FPM	U. S. Lines
NOVA SCOTIA, Br.	—	11/16	—	—	—	1 FPR	Furness Withy
MANCHESTER TRADER, Br	—	—	11/16	11/21	11/23	1 F	Furness Withy
AMER. M'FACTURER, Am.	11/22	—	11/13	11/16	11/18	1 FPM	U. S. Lines

MANILA, PHILIPPINE ISLANDS

	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
LISTNOLT, Nr.	10/29	—	—	—	—	5 FP	Stockard S.S. Corp.
TUDOR, Nr.	10/30	—	10/25	10/19	10/22	1 FP	Barber Line
PIONEER MUSE, Am.	10/30	10/26	10/23	—	10/22	2 FPM	American Pioneer Line
TOMOE, Fr.	11/5	—	—	—	—	1 FP	Int'l. Freighting Corp.
AMES VICTORY, Am.	11/7	—	10/30	10/28	11/9	1 FM	States Mar.-Isth. Agency
PRES. ARTHUR, Am.	11/8	11/5	—	11/2	11/10	1 FPM	Amer. Pres. Line
CITY OF OTTAWA, Br.	11/8	—	11/2	11/5	11/9	1 FP	Norton, Lilly & Co.
DONA ALICIA, Phil.	11/9	—	11/5	11/2	11/12	1 FPRD	Stockard S.S. Corp.
FERNDALE, Nr.	11/10	—	11/5	11/2	11/1	1 FP	Barber Line
SALLY MAERSK, Da.	11/15	11/9	11/7	11/5	11/17	1 FP	Moller S.S. Co.
PIONEER MART, Am.	11/15	—	11/8	11/5	11/7	1 FPM	American Pioneer Line
JAVANESE PRINCE, Br.	11/15	11/6	—	11/17	11/19	4 FP	Furness Prince
BATAAN, Sw.	11/17	—	11/13	11/11	11/18	1 FPMR	Funch Edye
BRONXVILLE, Nr.	11/20	—	11/15	11/13	11/21	1 FP	Barber Line
KORAI MARU, Jp.	11/21	—	11/19	11/17	11/15	7 FRD	Daido Line
STEEL KING, Am.	11/21	—	11/17	11/16	11/23	1 FMR	States Mar.-Isth. Agency
IVARAN, Nr.	11/21	—	11/8	11/13	11/14	5 FPD	Stockard S.S. Corp.
PRES. HAYES, Am.	11/24	11/15	—	11/18	11/20	6 FPMR	Amer. Pres. Line
PRES. HARDING, Am.	11/24	11/21	—	11/28	11/26	1 FPM	Amer. Pres. Line
JEPPESEN MAERSK, Da.	11/27	11/21	11/19	11/16	11/29	1 FP	Moller S.S. Co.
CINGALESE PRINCE, Br.	11/28	11/12	11/23	11/24	—	1 FP	Furness Prince
PIONEER MILL, Am.	11/30	11/24	11/22	11/19	11/21	2 FPM	American Pioneer Line
TOREADOR, Nr.	11/30	—	11/27	11/23	11/20	1 FP	Barber Line

RIO DE JANEIRO, BRAZIL

	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
SAGOLAND, Sw.	—	10/30	—	—	10/28	1 F	Thor Eckert
BAHIA, Nr.	10/31	—	10/26	10/27	—	1 F	Southern Cross Line
SANTOS, Nr.	10/31	—	10/29	10/27	10/26	1 F	Stockard S.S. Corp.
AKKRUMDYK, Du.	10/31	10/23	10/25	10/26	10/27	1 FPMR	Holland-America Line
ARGENTINA, Am.	10/31	—	—	—	—	2 FPMR	Moore-McCormack
LOIDE EQUADOR, Brz.	10/31	—	—	10/29	—	3 F	Lloyd Brasileiro
FREYA TORM, Da.	11/2	—	10/30	10/29	10/31	1 FD	Torm Lines
MORMACREED, Am.	11/2	—	—	—	11/3	1 FM	Moore-McCormack
MORMACISLE, Am.	11/2	—	10/29	10/26	11/3	1 FPMR	Moore-McCormack
LOIDE PERU, Brz.	11/7	—	11/2	11/1	—	2 F	Lloyd Brasileiro
MORMACOWL, Am.	11/9	—	10/30	10/29	—	1 FM	Moore-McCormack
WILHELMINA, Sw.	11/14	11/4	11/8	11/9	—	2 F	Norton Line
RIO DE LA PLATA, Arg.	11/15	—	—	—	—	1 FPMR	Boyd, Weir & Sewell
BUENOS AIRES, Nr.	11/15	—	11/9	11/7	11/5	1 F	Stockard S.S. Corp.
APPINGDEYK, Du.	11/16	11/7	11/9	11/10	11/12	1 FPMR	Holland-America Line
MORMACPENN, Am.	11/16	10/30	—	—	—	1 FPMR	Moore-McCormack
NYLAND, Sw.	11/21	11/13	11/15	11/16	11/17	1 F	Thor Eckert
LOIDE BRASIL, Brz.	11/21	—	11/17	11/16	—	3 F	Lloyd Brasileiro
MORMACSTAR, Am.	11/23	10/31	11/14	11/13	11/3	1 FPMR	Moore-McCormack
BRAZIL, Am.	11/23	—	—	—	—	2 FPMR	Moore-McCormack
GERD TORM, Da.	11/26	11/15	11/19	11/22	11/24	1 F	Torm Lines
FORTUNA, Sw.	11/28	11/14	11/19	11/20	—	2 F	Norton Line
RIO JACHAL, Arg.	11/29	—	—	—	—	1 FPMR	Boyd, Weir & Sewell
MORMACWREN, Am.	11/30	11/15	11/19	11/21	11/20	1 FM	Moore-McCormack
ITAJAI, Sw.	12/5	11/28	11/30	12/1	12/2	1 F	Thor Eckert
MORMACSWAN, Am.	12/7	11/15	11/17	11/29	11/13	1 FPMR	Moore-McCormack
BOW HILL, Nr.	12/14	—	—	12/10	—	1 F	Int'l. Freighting Corp.

SINGAPORE, STRAITS SETTLEMENTS

	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
AARDYK, Du	10/30	—	10/22	—	10/20	4 FPM	Funch Edye
FLYING CLOUD, Am.	11/3	—	10/30	10/29	—	5 FPM	Isbrandtsen Co.
TREIN MAERSK, Da.	11/6	—	—	—	—	8 FP	Moller S.S. Co.
AMES VICTORY, Am.	11/7	—	10/30	10/28	11/9	6 FM	States Mar.-Isth. Agency
PRES. ARTHUR, Am.	11/8	11/5	—	11/2	11/10	4 FPM	Amer. Pres. Line
CITY OF OTTAWA, Br.	11/8	—	11/2	11/5	11/9	6 FP	Norton, Lilly & Co.
PRES. MONROE, Am.	11/10	—	—	11/4	11/6	4 FPMR	Amer. Pres. Line
KOTA GEDE, Du.	11/12	—	—	—	11/2	7 FPM	Funch Edye
FLYING TRADER, Am.	11/14	—	11/8	11/6	11/4	5 FPM	Isbrandtsen Co.
JAVANESE PRINCE, Br.	11/15	11/6	—	11/17	11/19	8 FP	Furness Prince
BRONXVILLE, Nr.	11/20	—	11/15	11/13	11/21	3 FP	Barber Line
CORNELIUS MAERSK, Da.	11/20	—	11/16	11/15	—	7 FP	Moller S.S. Co.
STEEL KING, Am.	11/21	—	11/17	11/16	11/23	6 FMR	States Mar.-Isth. Agency
PRES. HARDING, Am.	11/24	11/21	—	11/18	11/26	6 FPM	Amer. Pres. Line
POLYPHEMUS, Du.	11/24	—	11/16	—	11/15	7 FM	Funch Edye
PRES. HAYES, Am.	11/24	11/15	—	11/18	11/20	7 FPMR	Amer. Pres. Line
FLYING ENTERPRISE, Am.	11/24	—	11/20	11/19	11/17	5 FPM	Isbrandtsen Co.
CINGALESE PRINCE, Br.	11/28	11/12	11/23	11/24	—	9 FP	Furness Prince

STOCKHOLM, SWEDEN

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	N. Y.	Bost.	Phila.	Balt.	H. Rds.	Symbols	Line
DANAHOLM, Sw.	11/2	10/16	10/30	10/29	10/27	4 FR	Furness Withy
MORMACTIDE, Am.	11/9	—	11/5	11/4	11/3	4 FPMR	Moore-McCormack
KUNGSHOLM, Sw.	11/9	—	—	—	—	4 FPR	Furness Withy
KRISTINA THORDEN, Sw.	11/9	—	11/2	11/2	11/5	4 FP	Thorden Lines
INDIANA, Sw.	11/9	10/23	11/6	11/5	11/3	4 FD	Furness Withy
MORMACMOON, Am.	11/16	—	11/12	11/8	11/10	4 FPM	Moore-McCormack
HJORDIS THORDEN, Sw.	11/23	—	11/15	11/16	11/19	4 FPRD	Thorden Lines
NEBRASKA, Sw.	11/23	11/6	11/20	11/19	11/17	4 F	Furness Withy
MORMACFIR, Am.	11/23	—	11/19	11/15	11/17	4 FPM	Moore-McCormack
DAKOTA, Sw.	11/30	11/13	11/27	11/26	11/24	4 F	Furness Withy
MORMACRIO, Am.	11/30	—	11/26	11/21	11/24	4 FPMR	Moore-McCormack
SELMA THORDEN, Sw.	11/30	—	11/21	11/23	11/26	4 FPR	Thorden Lines

ABBREVIATIONS

Am.	American	Hon.	Honduran
Arg.	Argentine	It.	Italian
Balt.	Baltimore	Jp.	Japanese
Bel.	Belgian	Lib.	Liberian
Bost.	Boston	Nr.	Norwegian
Br.	British	N.Y.	New York
Brz.	Brazilian	Pan.	Panamanian
Chil.	Chilean	Phil.	Philippine
Col.	Colombian	Phila.	Philadelphia
Da.	Danish	Port.	Portuguese
Du.	Dutch	So. Af.	South African
Ecuad.	Ecuadoran	Sp.	Spanish
Eg.	Egyptian	Sw.	Swedish
Fr.	French	U.S.	United States
Ger.	German	Venz.	Venezuelan
H. Rds.	Hampton Roads	Vz.	Venezuelan
Yugos.	Yugoslavian		

SYMBOLS

Number under symbol column indicates order of port of call for vessel involved.

D	Deep Tanks	P	Passengers
F	Freight	R	Refrigeration
M	Mail		

Exhibit No.
I&S Docket 6615
Witness EDWARD K. LAUX
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EXCERPT FROM

WAR DEPARTMENT
CORPS OF ENGINEERS, U. S. ARMY
AND
UNITED STATES SHIPPING BOARD

PORT SERIES No. 2

THE PORT OF BOSTON MASSACHUSETTS

Prepared by the
BOARD OF ENGINEERS FOR RIVERS AND HARBORS
WAR DEPARTMENT
In cooperation with the
BUREAU OF RESEARCH
UNITED STATES SHIPPING BOARD

WASHINGTON
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[fol. 2788]

THE FREIGHT-RATE SITUATION.

While the physical facilities provided at the port determine its capacity for the accommodation of business, the utilization of these facilities is dependent upon other factors influencing the routing of traffic. Among these factors are the rail and ocean rates to and from the port. To afford a clear understanding of the influence of freight rates on the business of Boston a brief statement of the rate situation will be given.

The terminals of the Baltimore & Ohio railroad were originally constructed at Baltimore, those of the Pennsylvania Railroad at Philadelphia, and those of the New York Central, Lackawanna, and Erie Railroads at New York. The New York Central and its connections opened the first through route from New York to Chicago in 1852 and through rates were first published in 1857. The lines of the Pennsylvania System were extended to Chicago in 1858; those of the Erie several years later, and the Baltimore & Ohio reached Chicago for the first time in 1874. The competition of these lines for traffic with the west resulted in a serious rate war. At that time, as at present, grain was the commodity most sought. In 1877 a written agreement was signed by the New York Central, Erie, Pennsylvania, and the Baltimore & Ohio, the object of which was stated in the preamble as follows:

> To avoid all future misunderstandings in respect to the geographical advantages or disadvantages of the cities of Baltimore, Philadelphia, and New York as affected by rail and ocean transportation and with a view to effecting an equalization of the aggregate cost of rail and ocean transportation between all competitive points in the West and Southwest and all domestic or foreign ports reached through the above cities.

This agreement provided that export rates to Boston should be no higher than those to New York, that the rates to Philadelphia should be 2 cents per hundred pounds lower than those to New York, and that the rates to Baltimore should be 3 cents lower than the rates to New York. As stated in the preamble, the object of these differentials was to equalize differences in the cost of transportation through the several ports concerned from competitive territory. The territory from which these differentials apply is bounded on the east by a line from Buffalo to Pittsburgh, on the south by the Ohio River, on the west by the Mississippi River, and on the north by the Great Lakes and a line running from Chicago nearly due west to Dubuque, Iowa. While Norfolk and Newport News were not specifically in-

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cluded in the agreement the rail lines to these ports have adopted the Baltimore rates from Chicago. Portland, Me., has the same export rates as Boston and New York, but these rates do not apply over the principal American trunk lines. Rates on grain and iron and steel were eventually assigned differentials of 1 cent to Philadelphia and 1½ cent to Baltimore under the New York rate. The agreement of April 5, 1877, provided that the terminal charges for storing and loading grain should be the same at all the ports and this charge was then fixed at 1¼ cents per bushel.

In the report of the Interstate Commerce Commission in the matter of differential rates to New York, Philadelphia, and Baltimore, decided April 30, 1898, it was stated that "The agreement of April 5, 1877, by which these differentials were originally fixed, recognized as their justification the fact that the ocean freights to European markets were less from New York than from Baltimore and Philadelphia and that the inland rates to New York ought to be correspondingly higher in order to equalize the other rates. The advisory commission of 1882 found this same condition of things and made that, in some measure at least, a reason for recommending that the differentials be not disturbed.". The following table from the report of the commission shows the differences at that time in the freight rates on wheat from New York, Boston, Philadelphia, and Baltimore to Liverpool:

Investigation by the Interstate Commerce Commission in 1897 showed that berth rates were lower at Boston than at New York by an average of perhaps 1 cent per 100 pounds, and that they were higher at Philadelphia and Baltimore than at New York by 1½ to 2 cents per hundred pounds. Under the conditions prevailing at the time of the several investigations of the Interstate Commerce Commission, it appears that the combination of the rail and ocean rates considered in connection with other conditions made the cost of shipment through north Atlantic ports approximately the same. Hence there were no rate conditions so unduly preferential to any one port as to give it a distinct advantage in trade at the expense of any or all competing ports.

The opinion repeatedly expressed by the Interstate Commerce Commission to the effect that all of the competing Atlantic ports should be kept open for the transaction of export business upon such terms that each may fairly compete for it has been generally regarded as sound. The maintenance of competitive conditions is not only desirable in fairness to the ports themselves, but it is essential in order to secure an even flow of traffic and prevent the congestion at certain ports which is chiefly responsible for the failure of our transportation system to meet the demands brought upon it during periods of business activity. Moreover, the ability of the port to serve the local territory which is properly tributary to it may be impaired if it be deprived of through business.

In determining the effect of rates upon port development, we must view transportation in its broader aspects. It is not sufficient to compare rail rates alone, nor water rates alone, nor is it even sufficient to compare the combination of rail and water rates. We must consider every factor affecting the movement of traffic between origin and final destination. We must consider the character of the traffic and determine whether it is correctly balanced to afford proper loading and remunerative operating conditions for the vessels which may be expected to utilize the port. We have a duty to perform in bringing about conditions which will enable our great railroad systems to operate profitably, and an equal duty to establish conditions which will encourage the upbuilding of the American merchant marine. We have also the duty imposed by Congress to develop water transportation and to investigate the causes of congestion of commerce at ports and the remedies applicable thereto, and to investigate any other matter that may tend to promote and encourage the use by vessels of ports adequate to care for the freight which would naturally pass through such ports.

Rail rates and charges for switching, wharfage, handling, storage, and the conditions applicable thereto, all have a bearing upon the larger questions which demand consideration in the interests of the people as a whole. The tasks of perfecting our land transportation facilities and developing our merchant marine must be regarded as inseparable. When we have so adjusted traffic conditions as to induce a more correctly balanced movement of freight to and from our important ports, we shall have established at the same time the basis of successful shipping and successful port development. To

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permit it to remain necessary for business to seek congested routes and outlets is to place an unwarranted handicap upon our trade and to limit the efficiency of both cars and vessels as units of transport. Cars used for storage purposes and vessels held in port because of nonarrival of cargo are not performing their proper functions. The assessment of demurrage charges in no way compensates the public for the loss sustained on the business itself nor for the resulting lack of needed transportation facilities.

It is not believed to be the duty of the Government, however, to place a port with obsolete facilities on the same basis as a port having modern and economical facilities. The Government should not place a premium upon inefficiency by so adjusting rates as to offset needlessly high port expenses.

The export rates from the West to Boston have been the same as the rates to New York. It has been contended that New York has important advantages that compensate for the differentials of 2 and 3 cents in favor of Philadelphia and Baltimore respectively. The free lighterage service alone affords substantial advantages to a shipper by permitting him to change the local destination at will, and since the domestic and export rates are usually the same it matters little whether he ships on through or open bill of lading. This lighterage service was formerly estimated to cost the railroads 3 cents per hundred pounds, and as pointed out in the report of the Interstate Commerce Commission on the New York Harbor case, the rail carriers deduct the lighterage charge before prorating, while the Pennsylvania Railroad also deducts a similar amount on traffic to other points in the New York rate group on which the lighterage service is not rendered. Most of the carriers serving the port of New York permit shippers to bill freight intended for delivery in New York or Brooklyn to "New York Lighterage," without more specific designation of the place of delivery, the understanding being that cars thus billed will be hauled by the carriers to their holding yard at or near the port, to be forwarded later to some point in the harbor upon receipt of definite instructions from the shipper or consignee. If these instructions are received before the car reaches the holding point, no charge in addition to the transportation rate is made for forwarding it to any point within lighterage limits. If the instructions are not received before the car reaches the holding point, an additional charge of $3 is imposed, equal to about 9 cents a ton or 4½ mills per hundred pounds.

In addition to the free lighterage system and equal domestic and export rates New York has other pronounced advantages. It is the terminus of several trunk lines from the West; it has to all ports of the world frequent vessel service built up as a result of both natural and artificial advantages; it has large banking institutions for financing foreign trade, and numerous forwarding agents for handling the business. The markets accessible from New York include practically the entire world. Hence we find that much cotton originating in the South goes to New York by rail and coastwise vessels and is distributed from this port to its many foreign and domestic destinations. Large quantities of flour are shipped from Tacoma, Seattle, and Portland by way of the Panama Canal to New York, and thence to the varied world markets which can not be reached so surely and conveniently from the Pacific.

With all these important advantages New York has easily maintained her position as the first port of the Nation, notwithstanding the rail differentials in favor of her southerly competitors. Boston, however, without the advantages of New York but with similar export and import rates and higher domestic rates, is under serious disadvantages.

Export class rates from Chicago (all rail)

[Rates in cents per 100 pounds.]

To—	In effect Aug. 25, 1920.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	110½	97	73	50½	43	35½	−2	2	2	2	2	2
Boston	112½	99	75	52½	45	37½	......	......	......	......	......	......
New York	112½	99	75	52½	45	37½	......	......	......	......	......	......
Philadelphia	110½	97	73	50½	43	35½	−2	2	2	2	2	2
Baltimore	109½	96	72	49½	42	34½	−3	3	3	3	3	3
Newport News	109½	96	72	49½	42	34½	−3	3	3	3	3	3
Savannah, Charleston and Brunswick[1]	112½	99	75	52½	45	37½	......	......	......	......	......	......
New Orleans[1]	112½	99	75	52½	45	37½	......	......	......	......	......	......
To—	In effect Dec. 1, 1921.						Differentials against Boston.					
	Classes.						Classes.					
	1.	2	3	4	5	6	1	2	3	4	5	6
Montreal	155½	136½	103	71½	61	50½	−2	2	2	2	2	2
Boston	157½	138½	105	73½	63	52½	......	......	......	......	......	......
New York	157½	138½	105	73½	63	52½	......	......	......	......	......	......
Philadelphia	155½	136½	103	71½	61	50½	−2	2	2	2	2	2
Baltimore	154½	135½	102	70½	60	49½	−3	3	3	3	3	3
Newport News	154½	135½	102	70½	60	49½	−3	3	3	3	3	3
Savannah, Charleston, and Brunswick[1]	150	132	100	70	60	50	−7½	6½	5	3½	3	2½
New Orleans[1]	150	132	100	70	60	50	−7½	6½	5	3½	3	2½

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[1] Official Classification.

Export class rates from Cincinnati (all rail)

[Rates in cents per 100 pounds.]

To—	In effect Aug. 25, 1920.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	96	84	63½	43½	37	30½	−2	2	2	2	2	2
Boston	98	86	65½	45½	39	32½	......	......	......	......	......	......
New York	98	86	65½	45½	39	32½	......	......	......	......	......	......
Philadelphia	96	84	63½	43½	37	30½	−2	2	2	2	2	2
Baltimore	95	83	62½	42½	36	29½	−3	3	3	3	3	3
Newport News	95	83	62½	42½	36	29½	−3	3	3	3	3	3
Savannah, Charleston, and Brunswick	95	83	62½	42½	36	29½	−3	3	3	3	3	3
New Orleans	102½	90½	68½	48	41	34	+4½	4½	3	2½	2	1½

To—	In effect Dec. 1, 1921.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	135	118½	89½	62	53	43½	−2	2	2	2	2	2
Boston	137	120½	91½	64	55	45½	......	......	......	......	......	......
New York	137	120½	91½	64	55	45½	......	......	......	......	......	......
Philadelphia	135	118½	89½	62	53	43½	−2	2	2	2	2	2
Baltimore	134	117½	88½	61	52	42½	−3	3	3	3	3	3
Newport News	134	117½	88½	61	52	42½	−3	3	3	3	3	3
Savannah, Charleston, and Brunswick	119	104	78	53	49	37	−18	16½	13½	11	6	8½
New Orleans	128	113	85½	60	51½	42½	−9	7½	6	4	3½	3

Export class rates from Cleveland (all rail).

[Rates in cents per 100 pounds.]

To—	In effect Aug. 25, 1920.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	86	75	56½	39	33	27½	+6	4½	3	1½	1	1
Boston	80	70½	53½	37½	32	26½	......	......	......	......	......	......
New York	80	70½	53½	37½	32	26½	......	......	......	......	......	......
Philadelphia	78	68½	51½	35½	30	24½	−2	2	2	2	2	2
Baltimore	77	67½	50½	34½	29	23½	−3	3	3	3	3	3
Newport News	80	70½	53½	37½	31½	26	......	......	......	......	½	½
Savannah, Charleston, and Brunswick	80	70½	53½	37½	32	26½	......	......	......	......	......	......
New Orleans	80	70½	53½	37½	32	26½	......	......	......	......	......	......

To—	In effect Dec. 1, 1921.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	121	106	80	55½	47	39	+9	7½	5½	2½	2½	1½
Boston	112	98½	74½	52	44½	37½	......	......	......	......	......	......
New York	112	98½	74½	52	44½	37½	......	......	......	......	......	......
Philadelphia	110	96½	72½	50	42½	35½	−2	2	2	2	2	2
Baltimore	109	95½	71½	49	41½	34½	−3	3	3	3	3	3
Newport News	112	98½	74½	52	44½	37½	......	......	......	......	......	......
Savannah, Charleston, and Brunswick	106½	94	71½	50	42½	35½	−5½	4½	3	2	2	2
New Orleans	106½	94	71½	50	42½	35½	−5½	4½	3	2	2	2

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Export class rates from Pittsburgh (all rail).

[Rates in cents per 100 pounds.]

To—	In effect Aug. 25, 1920.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	86	75	56½	39	33	27½	+18½	15½	11½	7½	6	5
Boston	67½	59½	45	31½	27	22½	......	......	......	......	......	......
New York	67½	59½	45	31½	27	22½	......	......	......	......	......	......
Philadelphia	61½	53½	43	29½	25	20½	−6	6	2	2	2	2
Baltimore	59½	51½	42	28½	24	19½	−8	8	3	3	3	3
Newport News	83½	73	55	37½	31	26	+16	13½	10	6	4½	3½
Savannah and Charleston[1]	119	100	94	87½	72½	57½	+51½	40½	49	56	45½	35
New Orleans[1]	145	119	99	76½	61½	54	+77½	59½	54	45	34½	31½

To—	In effect Dec. 1, 1921.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	121	106	80	55½	47	39½	+26½	22½	17	11½	9	8
Boston	94½	83½	63	44	38	31½	......	......	......	......	......	......
New York	94½	83½	63	44	38	31½	......	......	......	......	......	......
Philadelphia	86	75	60	41½	35	28½	− 8½	8½	3	2½	3	3
Baltimore	83½	72	59	40	33½	27½	−11	11½	4	4	4½	4
Newport News	117	102	77	52½	44	36½	+22½	18½	14	8½	6	5
Savannah and Charleston[1]	158½	133½	125½	116½	96½	76½	+64	50	62½	72½	58½	45
New Orleans	193½	158½	132	102	82	72	+99	75	69	58	44	40½

[1] Southern Classification.

Export class rates from St. Louis (all rail).

[Rates in cents per 100 pounds.]

To—	In effect Aug. 25, 1920.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	129½	114	86	59½	50½	42	− 2	2	2	2	2	2
Boston	131½	116	88	61½	52½	44	......	......	......	......	......	......
New York	131½	116	88	61½	52½	44	......	......	......	......	......	......
Philadelphia	129½	114	86	59½	50½	42	− 2	2	2	2	2	2
Baltimore	128½	113	85	58½	49½	41	− 3	3	3	3	3	3
Newport News	128½	113	85	58½	49½	41	− 3	3	3	3	3	3
Savannah, Charleston, and Brunswick	128½	113	85	58½	49½	41	− 3	3	3	3	3	3
New Orleans	102½	90½	68½	48	41	34	−29	25½	19½	13½	11½	10

To—	In effect Dec. 1, 1921.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	182½	160	121	84	71½	59½	− 2	2	2	2	2	2
Boston	184½	162	123	86	73½	61½	......	......	......	......	......	......
New York	184½	162	123	86	73½	61½	......	......	......	......	......	......
Philadelphia	182½	160	121	84	71½	59½	−2	2	2	2	2	2
Baltimore	181½	159	120	83	70½	58½	−3	3	3	3	3	3
Newport News	181½	159	120	83	70½	58½	−3	3	3	3	3	3
Savannah, Charleston, and Brunswick	171½	150½	113½	78	66	54½	−13	11½	9½	8	12½	3

The above rate tables show that on export business from Chicago, Boston is at a disadvantage as compared with Montreal, Philadelphia, Baltimore, Norfolk and Newport News, Charleston, Savannah, Brunswick, and Gulf ports, and that the advantage of south Atlantic and Gulf ports, amounting to 7½ cents on first-class freight, is due to the unequal horizontal increases which became effective August 26, 1920. On export traffic from Cleveland, Boston takes a rate on first-class goods 5½ cents higher than New Orleans. The distance from Cleveland to Boston is 682 miles, as compared with a distance of 1,092 miles from Cleveland to New Orleans.

On traffic from Pittsburgh, the rates to Boston are lower than to south Atlantic and Gulf ports, but the differentials are so greatly in favor of Philadelphia and Baltimore as to eliminate Boston from any substantial share in export business of the Pittsburgh district.

It may be accepted that vessels will go to any port where profitable cargo may be obtained. While the combination of the rail and ocean rates determines to an important degree the selection of the outlet in the case of shipments via the regular lines, this is not true to the same extent in the case of tramps. Such vessels are not bound by rate agreements and they frequent the ports having the lowest rail rates to and from the interior, because heavy cargo in sufficient quantity to provide full loads is more apt to seek those ports. Recent charters for carrying grain to the United Kingdom and Europe range from 18 cents to 24 cents. There is apparently little difference in the rates from Montreal and Baltimore, having in mind the exchange rate, and a difference of only 2 or 3 cents between the Baltimore and Gulf rates. Boston obtains little or none of this business. The rail differentials against Boston, therefore, constitute disadvantages in trade which no adjustment of berth rates can entirely overcome.

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On import business the disadvantages of Boston are even greater than on export business, as will be seen from the following:

Import class rates to Chicago, Ill. (all rail).

[Rates in cents per 100 pounds.]

From—	In effect Aug. 25, 1920.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	104½	91	72	49½	42	34½	−8	8	3	3	3	3
Boston	112½	99	75	52½	45	37½	......	......	......	......	......	......
New York	112½	99	75	52½	45	37½	......	......	......	......	......	......
Philadelphia	106½	93	73	50½	43	35½	−6	6	2	2	2	2
Baltimore	104½	91	72	49½	42	34½	−8	8	3	3	3	3
Newport News	98½	87	69	46½	40	32½	−14	12	6	6	5	5
Savannah	104½	91	72	49½	42	34½	−8	8	3	3	3	3
New Orleans	94½	81	63	44½	39	31½	−18	18	12	8	6	6

From—	In effect Dec. 1, 1921.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	146½	127½	101	69½	59	48½	−11	11	4	4	4	4
Boston	157½	138½	105	73½	63	52½	......	......	......	......	......	......
New York	157½	138½	105	73½	63	52½	......	......	......	......	......	......
Philadelphia	151½	132½	103	71½	61	50½	−6	6	2	2	2	2
Baltimore	149½	130½	102	70½	60	49½	−8	8	3	3	3	3
Newport News	138	122	96½	65	56	45½	−19½	16½	8½	8½	7	7
Savannah	138½	121½	96	66	56	46	−19	17	9	7½	7	6½
New Orleans	126	108	84	59½	52	42	−31½	30½	21	14	11	10½

Import class rates to Cincinnati, Ohio (all rail).

[Rates in cents per 100 pounds.]

From—	In effect Aug. 25, 1920.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	90	78	62½	42½	36	29½	−8	8	3	3	3	3
Boston	98	86	65½	45½	39	32½	......	......	......	......	......	......
New York	98	86	65½	45½	39	32½	......	......	......	......	......	......
Philadelphia	92	80	63½	43½	37	30½	−6	6	2	2	2	2
Baltimore	90	78	62½	42½	36	29½	−8	8	3	3	3	3
Newport News	84	74	59½	39½	34	27½	−14	12	6	6	5	5
Savannah	90	78	62½	42½	36	29½	−8	8	3	3	3	3
New Orleans	80	68	53½	37½	33	26½	−18	18	12	8	6	6

From—	In effect Dec. 1, 1921.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	126	109	87½	59½	50½	41½	−11	11½	4	4	4	4
Boston	137	120½	91½	63½	54½	45½	......	......	......	......	......	......
New York	137	120½	91½	63½	54½	45½	......	......	......	......	......	......
Philadelphia	131	114½	89½	61½	52½	43½	− 6	6	2	2	2	2
Baltimore	129	112½	88½	60½	51½	42½	− 8	8	3	3	3	3
Newport News	117½	103½	83½	55½	47½	38½	−19½	17	8	8	7	7
Savannah	112½	97½	78	53	45	37	−24½	23	13½	10½	9½	8½
New Orleans	100	85	67	47	41½	33	−37	35½	24½	16½	13	12½

Import class rates to Cleveland, Ohio (all rail).

[Rates in cents per 100 pounds.]

From—	In effect Aug. 25, 1920.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	72	62½	50½	34½	29	23½	−8	8	3	3	3	3
Boston	80	70½	53½	37½	32	26½	......	......	......	......	......	......
New York	80	70½	53½	37½	32	26½	......	......	......	......	......	......
Philadelphia	74	64½	51½	35½	30	24½	−6	6	2	2	2	2
Baltimore	72	62½	50½	34½	29	23½	−8	8	3	3	3	3
Newport News	83½	73	55	37½	31½	26	+3½	2½	1½	......	−½	−½
Savannah[1]	......	......	......	......	......	......	......	......	......	......	......	......
New Orleans	137½	112½	94	72½	59	51½	+57½	42	40½	35	27	25

From—	In effect Dec. 1, 1921.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	101	87½	70½	48½	40½	33	−11	11	4½	4	4½	4
Boston	112	98½	75	52½	45	37	......	......	......	......	......	......
New York	112	98½	75	52½	45	37	......	......	......	......	......	......
Philadelphia	106	92½	73	50½	43	35	−6	6	2	2	2	2
Baltimore	104	90½	72	49½	42	34	−8	8	3	3	3	3
Newport News	117	102	77	52½	44	36½	+5	3½	2	......	−1	−½
Savannah[1]	......	......	......	......	......	......	......	......	......	......	......	......
New Orleans	246½	210	173	149	119	99	+134½	111½	98	96½	74	62

[1] No through rate published.

Import class rates to Pittsburgh, Pa. (all rail).

[Rates in cents per 100 pounds.]

From—	In effect Aug. 25, 1920.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	104½	91	72	49½	42	34½	+32	27½	24	15	12½	10
Boston	72½	63½	48	34½	29½	24½	......	......	......	......	......	......
New York	67½	59½	45	31½	27	22½	−5	4	3	3	2½	2
Philadelphia	61½	53½	43	29½	25	20½	−11	10	5	5	4½	4
Baltimore	59½	51½	42	28½	24	19½	−13	12	6	6	5½	5
Newport News	83½	73	55	37½	31½	26	+11	9½	7	3	2	1½
Savannah[1]	119	100	94	87½	72½	57½	+46½	36½	46	53	43	33
New Orleans	137½	112½	94	72½	59	51½	+65	49	46	38	29½	27

From—	In effect Dec. 1, 1921.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	146½	127½	101	69½	59	48½	+45	38½	34	21	17½	14
Boston	101½	89	67	48½	41½	34½	......	......	......	......	......	......
New York	94½	83½	63	44	38	31½	−7	5½	4	4½	3½	3
Philadelphia	86	75	60	41½	35	28½	−15½	14	7	7	6½	6
Baltimore	83½	72	59	40	33½	27½	−18	17	8	8½	8	7
Newport News	117	102	77	52½	44	36½	+15½	13	10	4	2½	2
Savannah[1]	158½	133½	125½	116½	96½	76½	+57	44½	58½	68	55	42
New Orleans	246½	210	173	149	119	99	+145	121	106	100½	77½	64½

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[1] Governed by Southern Classification.

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Import class rates to St. Louis, Mo (all rail).

[Rates in cents per 100 pounds.]

From—	In effect Aug. 25, 1920.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	123½	108	85	58½	49½	41	−8	8	3	3	3	3
Boston	131½	116	88	61½	52½	44	......	......	......	......	......	......
New York	131½	116	88	61½	52½	44	......	......	......	......	......	......
Philadelphia	125½	110	86	59½	50½	42	−6	6	2	2	2	2
Baltimore	123½	108	85	58½	49½	41	−8	8	3	3	3	3
Newport News	117½	104	82	55½	47½	39	−14	12	6	6	5	5
Savannah	123½	108	85	58½	49½	41	−8	8	3	3	3	3
New Orleans	113½	98	76	53½	46½	38	−18	18	12	8	6	6

From—	In effect Dec. 1, 1921.						Differentials against Boston.					
	Classes.						Classes.					
	1	2	3	4	5	6	1	2	3	4	5	6
Montreal	173	151	119	82	69½	57½	−11	11½	4	4	4	4
Boston	184	162½	123	86	73½	61½	......	......	......	......	......	......
New York	184	162½	123	86	73½	61½	......	......	......	......	......	......
Philadelphia	178	156½	121	84	71½	59½	−6	6	2	2	2	2
Baltimore	176	154½	120	83	70½	58½	−8	8	3	3	3	3
Newport News	164½	145½	115	77½	66½	54½	−19½	17	8	8½	7	7
Savannah	163½	144	113½	78	66	54½	−20½	18½	9½	8	7½	7
New Orleans	151½	130½	101½	71½	62	50½	−32½	32	21½	14½	11½	11

The above tables show the existence of differentials against Boston on imports to Chicago of sufficient importance to seriously affect business through the port. That this is the case is borne out by the statistics accompanying this report, and by an examination made of the forwarding books of the Boston & Maine Railroad at Rotterdam Junction, N. Y. This examination showed that during the last few years the movements for western delivery in carloads have been confined principally to burlaps, sugar, cotton and vegetable oils. The agent at Rotterdam Junction estimates that about 90 per cent of the westbound cars are empty, as compared with a normal of 60 to 65 per cent 10 years ago.

On imports to Chicago, Boston is at a disadvantage as compared with all the Atlantic and Gulf ports included in the table except New York. On first and second class freight Montreal has an advantage of 11 cents, with 4 cents on classes 3 to 6. Philadelphia and Baltimore have rates 6 and 8 cents lower on classes 1 and 2, and 2 and 3 cents lower, respectively, on classes 3 and 6. Newport News has differentials under the Boston rates ranging from 19½ cents on class 1 to 7 cents on class 6; while New Orleans has differentials under the Boston rates ranging from 31½ cents to 10½ cents. With the lower rates at Montreal on one hand and the lower rates at all ports south of New York on the other hand, Boston is able to attract only such

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import traffic for western delivery as is incidental to the shipping services operating in connection with her large importations of raw material for consumption in New England.

In connection with Boston's import trade, attention is invited to the following table of rates in effect in 1912, which shows that Boston formerly had all rail import rates similar to those at Baltimore, and that Boston rates both all rail, and lake and rail, were lower than the New York rates:

RATES IN 1912.

Westbound all-rail class rates to Chicago, Ill., from Atlantic ports.

[Rates in cents per 100 pounds.]

From—	Classes.					
	1	2	3	4	5	6
Boston:						
Domestic	75	65	50	35	30	25
Import	67	57	47	32	27	22
New York, domestic and import	75	65	50	35	30	25
Philadelphia:						
Domestic	69	59	48	33	28	23
Import	67	57	47	32	27	22
Baltimore, domestic and import	67	57	47	32	27	22

Westbound lake and rail class rates to Chicago, Ill., from Atlantic ports.

[Rates in cents per 100 pounds.]

From—	Classes.					
	1	2	3	4	5	6
Boston:						
Domestic	62	54	41	30	25	21
Import	57	50	38	27	23	20
New York, domestic and import	62	54	41	30	25	21
Philadelphia, domestic and import	56	48	39	28	23	19
Baltimore, domestic and import	54	46	38	27	22	18

In order to take advantage of the export rate, goods must be shipped on export bill of lading naming the steamer on which space has been reserved.

The current tariff of the Central Freight Association covering rates to Atlantic ports, contains the following relative to the application of export rates on shipments way-billed and bills of lading issued at the export rates named therein:

> If shipments are not entitled to the export rate on account of split deliveries, or if accepted for local consumption, rates applying on domestic traffic will be assessed against the property.
>
> Eastbound freight not consigned in shipping order or bill of lading for export, which is ordered for exportation after arrival of shipment at Baltimore, Md., Newport News, Va., Norfolk, Va., New York, N. Y., Philadelphia, Pa., Pinners Point, Va., Boston, Mass., East Boston, Mass., Portland, Me., are subject to the rates, rules and regulations applicable on domestic traffic.

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Of the ports named, Boston, East Boston, and Portland are the only ones to suffer materially by the application of the rule.

Boston has the New York rate only on foreign business, and shipments to Boston on domestic bills of lading take a rate from Chicago 7 cents higher than New York on first-class freight; 6 cents on second class, 5 cents on third class, 4 cents on fourth class, 3 cents on fifth class, and 2 cents on sixth class. On wheat and flour the domestic rates at Boston are 6½ cents and 6 cents, respectively, above the export (reshipping) rates.

The following table shows the relation of domestic class rates to import and export class rates at important Atlantic ports.

Comparison of domestic and import rates, first class, from Atlantic ports to Pittsburgh, Cleveland, Cincinnati, Chicago, and St. Louis.

[Rates in cents per 100 pounds.]

From—	Pitts-burgh.	Cleve-land.	Cincin-nati.	Chicago.	St. Louis.
Portland, Me.:					
Import	101½	112	137	157½	184
Domestic	101½	112	137	157½	184
Boston, Mass.:					
Import	01½	112	137	157½	184
Domestic	01½	112	137	157½	184
New York, N. Y.:					
Import	94½	112	137	157½	184
Domestic	94½	112	137	157½	184
Philadelphia, Pa.:					
Import	86	106	131	151½	178
Domestic	86	106	131	151½	178
Baltimore, Md.:					
Import	83½	104	129	149½	176
Domestic	83½	104	129	149½	176
Norfolk, Va.:					
Import	117	117	117½	138	164½
Domestic	117	117	117½	138	164½

Comparison of domestic and export rates, first class, to Atlantic ports, from Pittsburgh, Cleveland, Cincinnati, Chicago, and St. Louis.

[Rates in cents per 100 pounds.]

To—	From—				
	Pitts-burgh.	Cleve-land.	Cincin-nati.	Chicago.	St. Louis.
Portland, Me.:					
Export [1]	94½	112	137	157½	184
Domestic	101½	119	144	164½	191
Boston, Mass.:					
Export	94½	112	137	157½	184
Domestic	101½	119	144	164½	191
New York, N. Y.:					
Export	94½	112	137	157½	184
Domestic	94½	112	137	157½	184
Philadelphia, Pa.:					
Export	86	110	135	155½	182
Domestic	86	110	135	155½	182
Baltimore, Md.:					
Export	83½	109	134	154½	181
Domestic	83½	109	134	154½	181
Norfolk, Va.:					
Export	117	112	134	154½	181
Domestic	117	118	134	154½	181

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[1] Export rates to Portland, Me., do not apply via the Baltimore & Ohio R. R., Buffalo, Rochester & Pittsburgh R. R., Central Railroad of New Jersey, Delaware & Hudson R. R., Delaware, Lackawanna & Western R. R., Erie R. R. (lines east), Lehigh Valley R. R., Maine Central R. R., New York Central R. R. (east), New York, Ontario & Western R. R., Pennsylvania R. R., Philadelphia & Reading R. R., Western Maryland R. R., and West Shore R. R. Export rates to Portland via these lines are the same as those applying on domestic traffic.

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It will be seen that under existing rates, Boston would scarcely be selected as a point of accumulation for goods to be held in storage at seaboard, either in public warehouses or in warehouses of the manufacturer, and intended either for domestic or foreign destination. Boston has a large amount of public and private storage space, which might be used for storage of the flour which is needed at this port, in addition to grain, in order to furnish heavy cargo. Rates on flour and grain are as follows:

Domestic and export carload reshipping rates on grain from points named to Atlantic ports, in effect Dec. 1, 1921.

[In cents per 100 pounds.]

To—	From—				
	Chicago.	St. Louis.	Cairo.	Minneapolis.	Kansas City.
Halifax, Nova Scotia	56½	61½	63½	71½	77
Export	23½	27½	28½	38½	43
St. John, New Brunswick	55½	60½	62½	70½	76
Export	22½	26½	27½	37½	42
Quebec, Quebec	44	49	51	59	64½
Export	22½	26½	27½	37½	42
Montreal, Quebec	36½	41½	42½	51½	57
Export	21½	25½	26½	36½	41
Portland, Me	32	37	38	47	52½
Export [1]	22½	26½	27½	37½	42
Boston, Mass	32	37	38	47	52½
Export	22½	26½	27½	37½	42
New York, N. Y	30	35	36	45	50½
Export	22½	26½	27½	37½	42
Philadelphia, Pa	28	33	34	43	48½
Export	21½	25½	26½	36½	41
Baltimore, Md	27	32	33	42	47½
Export	21	25	26	36	40½

Domestic and export carload reshipping rates on flour from points named to Atlantic ports, in effect Dec. 1, 1921.

[In cents per 100 pounds.]

To—	From—				
	Chicago.	St. Louis.	Cairo.	Minneapolis.	Kansas City.
Halifax, Nova Scotia	57½	62½	64½	72½	78
Export	24½	28½	30	39½	44
St. John, New Brunswick	56	61	63	71	76½
Export	23½	27½	29	38½	43
Quebec, Quebec	45	50	52	60	65½
Export	23½	27½	29	38½	43
Montreal, Quebec	37	42	43½	52	57½
Export	22½	26½	28	37½	42
Portland, Me	32½	37½	38½	47½	53
Export [1]	23½	27½	29	38½	43
Boston, Mass	32½	37½	38½	47½	53
Export	23½	27½	29	38½	43
New York, N. Y	30½	35½	36½	45½	51
Export	23½	27½	29	38½	43
Philadelphia, Pa	28½	33½	34½	43½	49
Export	22½	26½	28	37½	42
Baltimore, Md	27½	32½	33½	42½	48
Export	21½	25½	27	36½	41

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[1] Export rates to Portland, Me., do not apply via Baltimore & Ohio R. R., Buffalo, Rochester & Pittsburgh R. R., Central Railroad of New Jersey, Delaware & Hudson R. R., Delaware, Lackawanna & Western R. R., Erie R. R. (lines east), Lehigh Valley R. R., Maine Central R. R., New York Central R. R. (east) New York, Ontario & Western R. R., Pennsylvania R. R., Philadelphia & Reading Ry., Western Maryland R. R., nor West Shore R. R. Export rates to Portland via these lines are the same as those applying on domestic traffic.

All-rail rates on grain for export.

[In cents per 100 pounds.]

IN EFFECT IN 1915.

From—	To—		Differentials.
	Boston.	New Orleans.	
Chicago, Ill.	13	13½	—½
St. Louis, Mo.	16	10½	5½
Omaha, Nebr.	25	19½	5½
Kansas City, Mo.	25	18½	6½

IN EFFECT DEC. 1, 1921.

From—	Boston.	New Orleans.	Differentials.
Chicago, Ill.	22½	29	—6½
St. Louis, Mo.	26½	18	8½
Omaha, Nebr.	42	33½	8½
Kansas City, Mo.	42	32½	9½

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The accompanying table prepared by the Shipping Board shows the combined rail and ocean rates to the United Kingdom through the principal Atlantic and Gulf ports, on April 23, 1920. Another table is presented showing rates on a few commodities to the United Kingdom, August 25, 1921.

Comparative statement of rail and ocean rates from inland points and Atlantic and Gulf ports of the United States to the United Kingdom, Apr. 23, 1920.

To United Kingdom via	RAIL AND WATER RATES.												Differentials.											
	0	1	2	3	4	5	6	7	8	9	10	11												
	Boston.	New York.	Philadelphia.	Baltimore.	Norfolk.	Wilmington.	Charleston.	Savannah.	Jacksonville.	Mobile.	New Orleans.	Galveston.	0	1	2	3	4	5	6	7	8	9	10	11
From Chicago on—																								
Agricultural implements (C. L.)	145	145	143	142	142	152½	152½	152½	152½	160	160	209	0	0	−2	−3	−3	+ 7½	+ 7½	+ 7½	+ 7½	+15	+15	+ 64
Agricultural implements (L. C. L.)	184	184	182½	181½	181½	191½	191½	191½	191½	209	209	260	0	0	−1½	−2½	−2½	+ 7½	+ 7½	+ 7½	+ 7½	+25	+25	+ 76
Clothing (C. L.)	212½	212½	210½	209½	209½	220	220	220	220	252½	252½	324	0	0	−2	−3	−3	+ 7½	+ 7½	+ 7½	+ 7½	+40	+40	+111½
Clothing (L. C. L.)	212½	212½	210½	209½	209½	220	220	220	220	252½	252½	324	0	0	−2	−3	−3	+ 7½	+ 7½	+ 7½	+ 7½	+40	+40	+111½
Grain (C. L.)	69½	69½	68½	68	68	85	85	85	85	89	89	110½	0	0	−1	−1½	−1½	+15½	+15½	+15½	+15½	+19½	+19½	+ 41
Grain (L. C. L.)	85	85	83	82	82	92½	92½	92½	92½	92½	92½	192½	0	0	−2	−3	−3	+ 7½	+ 7½	+ 7½	+ 7½	+ 7½	+ 7½	+107½
Meat (C. L.)	145	145	143	142	142	152½	152½	152½	152½	157	157	157	0	0	−2	−3	−3	+ 7½	+ 7½	+ 7½	+ 7½	+12	+12	+ 12
Meat (L. C. L.)	160	160	158½	157½	157½	167½	167½	167½	167½	170	170	247½	0	0	−1½	−2½	−2½	+ 7½	+ 7½	+ 7½	+ 7½	+10	+10	+ 87½
Shoes (C. L.)	212½	212½	210½	209½	209½	220	220	220	220	252½	252½	324	0	0	−2	−3	−3	+ 7½	+ 7½	+ 7½	+ 7½	+40	+40	+111½
Shoes (L. C. L.)	212½	212½	210½	209½	209½	220	220	220	220	252½	252½	324	0	0	−2	−3	−3	+ 7½	+ 7½	+ 7½	+ 7½	+40	+40	+111½
From St. Louis on—																								
Agricultural implements (C. L.)	152½	152½	150½	149½	149½	151½	150	150	150	159	159	197½	0	0	−2	−3	−3	− 1	− 2½	− 2½	− 2½	+ 6½	+ 6½	+ 45
Agricultural implements (L. C. L.)	198½	198½	197	196	196	201½	203½	203½	203½	196½	196½	245	0	0	−1½	−2½	−2½	+ 3	+ 5	+ 5	+ 5	− 2	− 2	+ 46½
Clothing (C. L.)	231½	231½	229½	228½	228½	236	236	236	236	227½	227½	299	0	0	−2	−3	−3	+ 4½	+ 4½	+ 4½	+ 4½	− 4	− 4	+ 67½
Clothing (L. C. L.)	231½	231½	229½	228½	228½	236	236	236	236	227½	227½	299	0	0	−2	−3	−3	+ 4½	+ 4½	+ 4½	+ 4½	− 4	− 4	+ 67½
Grain (C. L.)	72	72	71	70½	70½	77	77	77	77	84	84	98	0	0	−1	−1½	−1½	+ 5	+ 5	+ 5	+ 5	+12	+12	+ 26
Grain (L. C. L.)	92½	92½	90½	89½	89½	72½	72½	72½	72½	85	85	180	0	0	−2	−3	−3	−20	−20	−20	−20	− 7½	− 7½	+ 87½
Meat (C. L.)	161½	151½	159½	158½	158½	156½	156½	156½	156½	156½	156½	156½	0	0	−2	−3	−3	− 5	− 5	− 5	− 5	− 5	− 5	− 5
Meat (L. C. L.)	170½	170½	169	168	168	156½	164½	164½	164½	162½	162½	235	0	0	−1½	−2½	−2½	−14	− 6	− 6	− 6	− 8	− 8	+ 64½
Shoes (C. L.)	231½	231½	229½	228½	228½	236	236	236	236	227½	227½	299	0	0	−2	−3	−3	+ 4½	+ 4½	+ 4½	+ 4½	− 4	− 4	+ 67½
Shoes (L. C. L.)	231½	231½	229½	228½	228½	236	236	236	236	227½	227½	299	0	0	−2	−3	−3	+ 4½	+ 4½	+ 4½	+ 4½	− 4	− 4	+ 67½

The accompanying table prepared by the Shipping Board shows the combined rail and ocean rates to the United Kingdom through the principal Atlantic and Gulf ports, on April 23, 1920. Another table is presented showing rates on a few commodities to the United Kingdom, August 25, 1921.

parative statement of combined rail and ocean rates on selected commodities from interior points to United Kingdom via North Atlantic and Gulf ports, Aug. 25, 1921.

[In cents per 100 pounds.]

From—	Commodity.	Rate to United Kingdom via —							Differentials.					
		Boston. 0	New York. 1	Philadelphia. 2	Baltimore. 3	Mobile. 4	New Orleans. 5	Galveston. 6	1	2	3	4	5	6
go, Ill.	Agricultural implements	128	128	126	125	140	140	140	0	−2	−3	+12	+12	+12
	Boots and shoes	242½	242½	240½	239½	250	250	250	0	−2	−3	+7½	+7½	+7½
	Cotton piece goods	202½	202½	200½	199½	196½	196½	196½	0	−2	−3	−6	−6	−6
	Flour, in bags	58	58	56	55	59	61	89½	0	−2	−3	+1	+3	+31½
	Grain	51	51	50	49½	54	54	82½	0	−1	−1½	+3	+3	+31½
	Machinery and parts	138	138	136	135	150	150	150	0	−2	−3	+12	+12	+12
	Packing house products	138	138	136	135	146	146	146	0	−2	−3	+8	+8	+8
	Paper, newsprint	127½	127½	125½	124½	140	140	140	0	−2	−3	+12½	+12½	+12½
ouis, Mo.	Agricultural implements	138½	138½	136½	135½	132	132	132	0	−2	−3	−6½	−6½	−6½
	Boots and shoes	269	269	267	266	236½	236½	236½	0	−2	−3	−32½	−32½	−32½
	Cotton piece goods	223	223	221	220	183½	183½	183½	0	−2	−3	−39½	−39½	−39½
	Flour, in bags	62	62	60	59	51½	53½	53½	0	−2	−3	−10½	−8½	−8½
	Grain	55	55	54	53½	46½	46½	46½	0	−1	−1½	−8½	−8½	−8½
	Machinery	148½	148½	146½	145½	142	142	142	0	−2	−3	−6½	−6½	−6½
	Packing house products	148½	148½	146½	145½	145½	145½	145½	0	−2	−3	−3	−3	−3
	Paper, newsprint	136½	136½	134½	133½	132	132	132	0	−2	−3	−4½	−4½	−4½
as City, Mo.	Agricultural implements	179½	179½	177½	176½	150	150	150	0	−2	−3	−29½	−29½	−29½
	Boots and shoes	370½	370½	368½	367½	292	292	292	0	−2	−3	−78½	−78½	−78½
	Cotton piece goods	282½	282½	280½	279½	200	200	200	0	−2	−3	−82½	−82½	−82½
	Flour, in bags	77½	77½	75½	74½	66	68	68	0	−2	−3	−11½	−9½	−9½
	Grain	70½	70½	69½	69	61	61	61	0	−1	−1½	−9½	−9½	−9½
	Machinery and parts	189½	189½	187½	186½	160	160	160	0	−2	−3	−29½	−29½	−29½
	Packing house products	178	178	176	175	156½	156½	156½	0	−2	−3	−21½	−21½	−21½
	Paper, newsprint	161½	161½	159½	158½	143½	143½	143½	0	−2	−3	−18	−18	−18

2806

The tables show that on most commodities the rates from south Atlantic and Gulf ports to the United Kingdom are 7½ cents and 15 cents, respectively, higher than rates from the north Atlantic range. The first table, dated April 23, 1920, shows particularly the rate disadvantages of Boston as compared with Philadelphia, Baltimore, and Norfolk, caused by the adoption of equal ocean rates from all north Atlantic ports; while the second table shows the changes in favor of Gulf ports caused by the recent unequal horizontal increases in rail rates.

It will be seen that Boston has been placed in a most unfavorable position as regards rates from Chicago and the west to the United Kingdom and Europe. In the absence of compensating advantages, the difference is sufficient to control the movement of traffic. Boston has important advantages such as her proximity to Europe, her direct entrance from the sea, and the absence of heavy dock charges, all of which serve to lessen the actual cost of operating vessels to this port, but these advantages are partially or fully offset by the higher cost of bunker coal, the complicated switching charges, the lack of coordinated terminals, and other adverse conditions. The conditions favorable to the ocean movement at Boston are not reflected in the rates, and apparently have no appreciable influence upon traffic.

2807

Exhibit No. (D-5)__________
I&S 6615
Witness: Edward K. Laux
Page 1 of 2

COMPARISON OF DISTANCES IN NAUTICAL MILES BETWEEN VARIOUS WORLD PORTS ON THE ONE HAND AND NORTH ATLANTIC, SOUTH ATLANTIC AND GULF PORTS ON THE OTHER

BETWEEN AND	Norfolk	Baltimore	Philadelphia	New York	Boston	Portland	Halifax	Montreal	St. John	Quebec	Charleston	Savannah	Jacksonville	Pensacola	New Orleans	Galveston	Corpus Christi
Aden, Saudi Arabia	6,670	6,793	6,654	6,511	6,333	6,310	5,985	6,496	6,241	6,357	6,928	7,003	7,075	7,775	7,868	8,042	8,147
Alexandria, Egypt	5,158	5,281	5,142	4,999	4,821	4,798	4,473	4,984	4,729	4,845	5,416	5,491	5,563	6,[illegible]63	6,356	6,530	6,635
Antwerp, Belgium	3,354	3,657	3,515	3,371	3,193	3,201	2,754	3,130	3,132	2,991	3,807	3,904	3,974	4,739	4,832	5,006	5,111
Barcelona, Spain	3,871	3,994	3,855	3,712	3,534	3,511	3,186	3,697	3,442	3,558	4,129	4,204	4,276	4,976	5,069	5,243	5,348
Belem Para, Brazil	2,832	2,953	2,950	2,975	2,970	-	2,904	3,680	2,998	3,541	2,786	3,256	2,773	3,084	3,177	3,351	3,435
Bremen, Germany	3,776	3,899	3,757	3,612	3,435	3,443	3,416	3,372	3,374	3,233	4,049	4,146	4,216	4,981	5,074	5,248	5,353
Buenas Aires, Argentine	5,824	5,945	5,918	5,871	5,842	5,873	5,731	6,455	5,853	6,316	5,822	5,854	5,808	6,144	6,237	6,411	6,487
Callao, Peru	3,172	3,294	3,339	3,368	3,550	3,591	3,688	4,554	3,711	4,415	2,957	2,956	2,909	2,762	2,794	2,886	2,969
Capetown, Union of South Africa	6,790	6,912	6,861	6,786	6,707	6,709	6,492	7,118	6,667	6,979	6,830	6,864	6,854	7,197	7,290	7,464	7,540
Cartagua, Columbia	1,658	1,780	1,825	1,853	2,036	-	-	-	-	-	1,443	1,442	1,395	1,422	1,468	1,583	1,655
Copenhagen, Denmark	3,844	3,965	3,824	3,671	3,500	3,457	2,968	3,471	-	3,332	4,106	4,194	4,277	5,043	5,136	5,310	5,415
Dakar, Senegal	3,408	-	3,441	3,335	3,221	3,200	2,956	3,566	-	3,427	3,557	-	3,650	4,199	4,292	4,466	4,571
Gdansk, Poland	4,222	4,343	4,202	4,049	3,878	3,835	3,346	3,849	-	3,710	4,424	4,521	4,591	5,356	5,449	5,623	5,728
Genoa, Italy	4,216	4,335	4,196	4,053	3,875	3,852	3,527	4,038	-	3,899	4,470	4,545	4,617	5,317	5,410	5,584	5,689
Glasgow, Scotland	3,215	3,336	3,195	3,042	2,871	-	2,377	2,880	-	2,741	3,581	3,692	3,645	4,469	4,562	4,736	4,841
Gothenburg, Sweden	3,736	3,857	3,716	3,653	3,392	3,349	2,860	3,363	-	3,224	4,251	4,348	4,418	5,183	5,276	5,450	5,555
Guayaquil, Equador	2,646	2,768	2,813	2,842	3,024	3,065	3,162	4,028	3,185	3,889	2,431	2,430	2,383	2,236	2,268	2,360	2,44
Hamburg, Germany	3,799	3,920	3,779	3,626	3,455	3,412	2,923	3,426	-	3,287	4,075	4,172	4,242	5,007	5,100	5,274	5,37
Helsinki, Finland	4,381	4,502	4,361	4,208	4,037	3,994	3,505	4,008	-	3,869	4,710	4,807	4,877	5,642	5,735	5,909	6,014
Hong Kong, China	11,017	11,139	11,184	11,213	11,395	11,436	11,533	12,399	11,556	12,260	10,802	10,801	10,754	10,607	10,639	10,731	10,814

Sheet 2 of 2 Sheets

BETWEEN AND	Norfolk	Baltimore	Philadelphia	New York	Boston	Portland	Halifax	Montreal	St. John	Quebec	Charleston	Savannah	Jacksonville	Pensacola	New Orleans	Galveston	Corpus Christi
Izmir, Turkey	5,019	5,142	5,003	4,860	4,682	4,659	4,334	4,945	4,590	4,706	5,277	5,352	5,424	6,124	6,217	6,391	6,496
Karachi, Pakistan	8,135	8,258	8,119	7,976	7,798	7,775	7,450	7,961	7,706	7,822	8,384	8,459	8,531	9,231	9,324	9,498	9,603
Kobe, Japan	9,786	9,908	9,953	9,982	10,164	10,205	10,302	11,168	10,325	11,029	9,571	9,570	9,523	9,376	9,408	9,500	9,583
LaGuaira, Venezuela	1,687	1,813	1,838	1,848	1,955	-	2,060	2,941	2,086	2,802	1,549	1,575	1,854	-	1,819	1,938	2,006
Le Havre, France	3,348	3,471	3,329	3,185	3,007	-	2,568	2,944	-	2,805	3,621	3,718	3,788	4,553	4,646	4,820	4,925
Leningrad, Russia	4,535	4,656	4,515	4,362	4,191	4,148	3,659	4,162	-	4,023	4,864	4,961	5,031	5,796	5,889	6,063	6,168
Lisbon, Portugal	3,137	3,258	3,117	2,964	2,793	2,767	2,437	2,940	-	2,801	3,390	3,470	3,541	4,254	4,347	4,521	4,626
Liverpool, England	3,279	3,400	3,259	3,106	2,935	-	2,441	2,944	-	2,805	3,534	3,630	3,702	4,441	4,534	4,708	4,813
London, England	3,498	3,621	3,479	3,335	3,157	-	2,718	3,094	-	2,955	3,771	3,868	3,938	4,703	4,796	4,970	5,075
Manila, P. I.	11,169	11,291	11,336	11,365	11,547	11,588	11,685	12,551	11,708	12,412	10,954	10,953	10,906	10,759	10,791	10,883	10,966
Melbourne, Australia	9,746	9,868	9,913	9,942	10,124	10,165	10,262	11,128	10,285	10,989	9,531	9,530	9,483	9,336	9,368	9,460	9,543
Mombasa, Kenya Colony	8,276	8,399	8,260	8,117	7,939	7,916	7,591	8,102	7,847	7,963	8,534	8,609	8,681	9,381	9,474	9,648	9,753
Oslo, Norway	3,768	3,889	3,748	3,595	3,424	3,381	2,892	3,395	-	3,256	4,030	4,118	4,201	4,967	5,060	5,234	5,339
Piraeus, Greece	4,857	4,980	4,841	4,698	4,520	4,497	4,172	4,683	4,428	4,544	5,115	5,190	5,262	5,962	6,055	6,229	6,334
Rio de Janeiro, Brazil	4,723	4,844	4,817	4,762	4,738	4,772	4,630	5,354	4,752	5,215	4,696	4,726	4,707	5,043	5,136	5,310	5,386
Rotterdam, Netherlands	3,539	3,662	3,520	3,376	3,198	-	2,759	3,135	-	2,996	3,812	3,909	3,979	4,744	4,837	5,011	5,116
Singapore, Malaya	10,288	10,411	10,272	10,129	9,951	9,928	9,603	10,114	9,859	9,975	10,546	10,621	10,693	11,393	11,486	11,660	11,765
Stockholm, Sweden	4,261	4,382	4,241	4,088	3,917	3,874	3,385	3,888	-	3,749	4,523	4,611	4,694	5,460	5,553	5,727	5,832
Sydney, Australia	9,496	9,618	9,663	9,692	9,874	9,915	10,012	10,87[illegible]	10,035	10,739	9,281	9,280	9,233	9,086	9,118	9,210	9,293
Valparaiso, Chile	4,438	4,560	4,605	4,634	4,816	4,857	4,954	5,820	4,977	5,681	4,223	4,222	4,175	4,028	4,060	4,152	4,235
Wellington, New Zealand	8,327	8,449	8,494	8,523	8,705	8,746	8,843	9,709	8,866	9,570	8,112	8,111	8,064	7,917	7,949	8,041	8,124

Authority:

Table of Distances Between Ports, U. S. Navy Hydrographic Office - H.O. No. 117 - 1943

Conversion:

1 Nautical Mile = 6080.20 Feet

1 Statute Mile = 5280 Feet

EXHIBIT No. L-1 ________

I& S DOCKET 6615

WITNESS EDWARD K. LAUX

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[fol. 2810]

STATEMENT SHOWING TYPICAL EXPORT AND IMPORT RATES, CLASSES 1, 3, 40 AND 6, BETWEEN REPRESENTATIVE POINTS IN THE CENTRAL WEST ON THE ONE HAND AND THE PORTS OF NEW YORK, BALTIMORE AND OTHER NORTH ATLANTIC, CANADIAN, SOUTH ATLANTIC AND GULF PORTS ON THE OTHER HAND

(all rates are in cents per 100 pounds and include the Ex Parte 196 increase)

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<table>
<tr><th rowspan="3">Between</th><th rowspan="3">and</th><th rowspan="3">SHORT LINE MILEAGE</th><th colspan="8">EXPORT</th><th colspan="8">IMPORT</th></tr>
<tr><th colspan="8">CLASSES</th><th colspan="8">CLASSES</th></tr>
<tr><th colspan="2">1</th><th colspan="2">3</th><th colspan="2">40</th><th colspan="2">6</th><th colspan="2">1</th><th colspan="2">3</th><th colspan="2">40</th><th colspan="2">6</th></tr>
<tr><td rowspan="22">Chicago, Illinois</td><td>Halifax, N.S.</td><td>1590</td><td colspan="2">340</td><td colspan="2">241</td><td colspan="2">139</td><td colspan="2">96</td><td colspan="2">336</td><td colspan="2">236</td><td colspan="2">136</td><td colspan="2">92</td></tr>
<tr><td>Montreal, Que.</td><td>820</td><td colspan="2">338</td><td colspan="2">237</td><td colspan="2">137</td><td colspan="2">94</td><td colspan="2">336</td><td colspan="2">236</td><td colspan="2">136</td><td colspan="2">92</td></tr>
<tr><td>Quebec, Que.</td><td>987</td><td colspan="2">340</td><td colspan="2">241</td><td colspan="2">139</td><td colspan="2">96</td><td colspan="2">336</td><td colspan="2">236</td><td colspan="2">136</td><td colspan="2">92</td></tr>
<tr><td>St. John, N.B.</td><td>1422</td><td colspan="2">340</td><td colspan="2">241</td><td colspan="2">139</td><td colspan="2">96</td><td colspan="2">336</td><td colspan="2">236</td><td colspan="2">136</td><td colspan="2">92</td></tr>
<tr><td>Portland, Me.</td><td>1045</td><td colspan="2">340</td><td colspan="2">241</td><td colspan="2">139</td><td colspan="2">96</td><td colspan="2">336</td><td colspan="2">236</td><td colspan="2">136</td><td colspan="2">92</td></tr>
<tr><td>Boston, Mass.</td><td>973</td><td colspan="2">340</td><td colspan="2">241</td><td colspan="2">139</td><td colspan="2">96</td><td colspan="2">347</td><td colspan="2">241</td><td colspan="2">139</td><td colspan="2">96</td></tr>
<tr><td>New York, N.Y.</td><td>890</td><td colspan="2">340</td><td colspan="2">241</td><td colspan="2">139</td><td colspan="2">96</td><td colspan="2">347</td><td colspan="2">241</td><td colspan="2">139</td><td colspan="2">96</td></tr>
<tr><td>Philadelphia, Pa.</td><td>814</td><td colspan="2">338</td><td colspan="2">237</td><td colspan="2">137</td><td colspan="2">94</td><td colspan="2">339</td><td colspan="2">237</td><td colspan="2">137</td><td colspan="2">94</td></tr>
<tr><td>Wilmington, Del.</td><td>814</td><td colspan="2">338</td><td colspan="2">237</td><td colspan="2">137</td><td colspan="2">94</td><td colspan="2">339</td><td colspan="2">237</td><td colspan="2">137</td><td colspan="2">94</td></tr>
<tr><td>Baltimore, Md.</td><td>767</td><td colspan="2">336</td><td colspan="2">236</td><td colspan="2">136</td><td colspan="2">92</td><td colspan="2">336</td><td colspan="2">236</td><td colspan="2">136</td><td colspan="2">92</td></tr>
<tr><td>Norfolk, Va.</td><td>914</td><td colspan="2">336</td><td colspan="2">236</td><td colspan="2">136</td><td colspan="2">92</td><td colspan="2">336</td><td colspan="2">236</td><td colspan="2">136</td><td colspan="2">92</td></tr>
<tr><td></td><td></td><td>A</td><td>B</td><td>A</td><td>B</td><td>A</td><td>B</td><td>A</td><td>B</td><td>A</td><td>B</td><td>A</td><td>B</td><td>A</td><td>B</td><td>A</td><td>B</td></tr>
<tr><td>Morehead City, N.C.</td><td>991</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>Charleston, S.C.</td><td>980</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>Savannah, Ga.</td><td>989</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>Jacksonville, Fla.</td><td>1055</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>Pensacola, Fla.</td><td>886</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>Mobile, Ala.</td><td>837</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>New Orleans, La.</td><td>890
~~[illegible]~~</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>Houston-Galveston, Tex.</td><td>1035</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>Corpus Christi, Tex.</td><td>1257</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
</table>

Between	and	SHORT LINE MILEAGE	EXPORT								IMPORT							
			CLASSES								CLASSES							
			1		3		40		6		1		3		40		6	
Cincinnati, Ohio	Halifax, N.S.	1587	283		201		114		81		279		197		111		76	
	Montreal, Que.	817	281		198		112		78		279		197		111		76	
	Quebec, Que.	984	283		201		114		81		279		197		111		76	
	St. John, N.B.	1419	283		201		114		81		279		197		111		76	
	Portland, Me.	963	283		201		114		81		279		197		111		76	
	Boston, Mass.	891	283		201		114		81		289		201		114		81	
	New York, N.Y.	724	283		201		114		81		289		201		114		81	
	Philadelphia, Pa.	644	281		198		112		78		282		198		112		78	
	Wilmington, Del.	644	281		198		112		78		282		198		112		78	
	Baltimore, Md.	560	279		197		111		76		279		197		111		76	
	Norfolk, Va.	656	279		197		111		76		279		197		111		76	
			A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
	Morehead City, N.C.	730	279	261	197	187	111	107	76	73	279	267	197	187	111	107	76	73
	Charleston, S.C.	704	279	261	197	187	111	107	76	73	279	267	197	187	111	107	76	73
	Savannah, Ga.	714	279	261	197	187	111	107	76	73	279	267	197	187	111	107	76	73
	Jacksonville, Fla.	801	279	261	197	187	111	107	76	73	279	267	197	187	111	107	76	73
	Pensacola, Fla.	731	279	261	197	187	111	107	76	73	279	267	197	187	111	107	76	73
	Mobile, Ala.	737	279	261	197	187	111	107	76	73	279	267	197	187	111	107	76	73
	New Orleans, La.	834	279	261	197	187	111	107	76	73	279	267	197	187	111	107	76	73
	Houston-Galveston, Tex.	1035	279	261	197	187	111	107	76	73	279	267	197	187	111	107	76	73
	Corpus Christi, Tex.	1257	279	261	197	187	111	107	76	73	279	267	197	187	111	107	76	73

[fol. 2812]

2812

Between	and	SHORT LINE MILEAGE	EXPORT CLASSES 1	EXPORT CLASSES 3	EXPORT CLASSES 40	EXPORT CLASSES 6	IMPORT CLASSES 1	IMPORT CLASSES 3	IMPORT CLASSES 40	IMPORT CLASSES 6
Dayton, Ohio	Halifax, N.S.	1533	276	195	113	80	271	192	110	75
	Montreal, Que.	763	273	193	111	76	271	192	110	75
	Quebec, Que.	930	276	195	113	80	271	192	110	75
	St. John, N.B.	1365	276	195	113	80	271	192	110	75
	Portland, Me.	908	276	195	113	80	271	192	110	75
	Boston, Mass.	836	276	195	113	80	282	195	113	80
	New York, N.Y.	690	276	195	113	80	282	195	113	80
	Philadelphia, Pa.	614	273	193	111	76	275	193	111	76
	Wilmington, Del.	614	273	193	111	76	275	193	111	76
	Baltimore, Md.	541	271	192	110	75	271	192	110	75
	Norfolk, Va.	665	271	192	110	75	271	192	110	75
	Morehead City, N.C.	742	343	243	140	98	378	265	152	104
	Charleston, S.C.	759	343	243	140	98	359	252	144	99
	Savannah, Ga.	769	343	243	140	98	366	257	146	101
	Jacksonville, Fla.	856	343	243	140	98	390	273	156	107
	Pensacola, Fla.	786	343	243	140	98	372	261	148	103
	Mobile, Ala.	792	343	243	140	98	372	261	148	103
	New Orleans, La.	889	343	243	140	98	396	278	159	108
	Houston-Galveston, Tex.	1074	439	307	176	121	439	307	176	121
	Corpus Christi, Tex.	1296	494	347	197	136	494	347	197	136

1930
[fol. 2813]

2813

Between	and	SHORT LINE MILEAGE	EXPORT				IMPORT			
			CLASSES				CLASSES			
			1	3	40	6	1	3	40	6
Detroit, Michigan	Halifax, N.S.	1334	293	205	119	81	278	201	111	75
	Montreal, Que.	564	290	202	116	78	278	201	111	75
	Quebec, Que.	731	293	205	119	81	278	201	111	75
	St. John, N.B.	1166	293	205	119	81	278	201	111	75
	Portland, Me.	778	293	205	119	81	278	201	111	75
	Boston, Mass.	706	293	205	119	81	295	205	119	81
	New York, N.Y.	631	293	205	119	81	295	205	119	81
	Philadelphia, Pa.	637	290	202	116	78	287	202	116	78
	Wilmington, Del.	637	290	202	116	78	287	202	116	78
	Baltimore, Md.	604	289	201	114	76	285	201	114	76
	Norfolk, Va.	796	289	201	114	76	285	201	114	76
	Morehead City, N.C.	890	378	267	155	107	414	290	165	114
	Charleston, S.C.	937	378	267	155	107	408	286	163	112
	Savannah, Ga.	947	378	267	155	107	408	286	163	112
	Jacksonville, Fla.	1055	378	267	155	107	439	307	176	121
	Pensacola, Fla.	985	378	267	155	107	421	295	169	116
	Mobile, Ala.	991	378	267	155	107	421	295	169	116
	New Orleans, La.	1071	378	267	155	107	439	307	176	121
	Houston-Galveston, Tex.	1219	476	333	190	130	476	333	190	130
	Corpus Christi, Tex.	1441	530	372	212	146	530	372	212	146

[fol. 2814]

2814

Between	and	SHORT LINE MILEAGE	EXPORT								IMPORT							
			CLASSES								CLASSES							
			1		3		40		6		1		3		40		6	
Indianapolis, Indiana	Halifax, N.S.	1601	311		219		125		89		307		216		122		86	
	Montreal, Que.	831	308		217		123		87		307		216		122		86	
	Quebec, Que.	998	311		219		125		89		307		216		122		86	
	St. John, N.B.	1433	311		219		125		89		307		216		122		86	
	Portland, Me.	1006	311		219		125		89		307		216		122		86	
	Boston, Mass.	934	311		219		125		89		317		219		125		89	
	New York, N.Y.	799	311		219		125		89		317		219		125		89	
	Philadelphia, Pa.	723	308		217		123		87		310		217		123		87	
	Wilmington, Del.	723	308		217		123		87		310		217		123		87	
	Baltimore, Md.	650	307		216		122		86		307		216		122		86	
	Norfolk, Va.	766	307		216		122		86		307		216		122		86	
			A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
	Morehead City, N.C.	840	307	289	216	205	122	119	86	82	307	295	216	205	122	119	86	82
	Charleston, S.C.	799	307	289	216	205	122	119	86	82	307	295	216	205	122	119	86	82
	Savannah, Ga.	809	307	289	216	205	122	119	86	82	307	295	216	205	122	119	86	82
	Jacksonville, Fla.	887	307	289	216	205	122	119	86	82	307	295	216	205	122	119	86	82
	Pensacola, Fla.	753	307	289	216	205	122	119	86	82	307	295	216	205	122	119	86	82
	Mobile, Ala.	758	307	289	216	205	122	119	86	82	307	295	216	205	122	119	86	82
	New Orleans, La.	811	307	289	216	205	122	119	86	82	307	295	216	205	122	119	86	82
	Houston-Galveston, Tex.	964	307	289	216	205	122	119	86	82	307	295	216	205	122	119	86	82
	Corpus Christi, Tex.	1186	307	289	216	205	122	119	86	82	307	295	216	205	122	119	86	82

2815

<table>
<tr><th rowspan="3">Between</th><th rowspan="3">and</th><th rowspan="3">SHORT LINE MILEAGE</th><th colspan="8">EXPORT</th><th colspan="8">IMPORT</th></tr>
<tr><th colspan="8">CLASSES</th><th colspan="8">CLASSES</th></tr>
<tr><th colspan="2">1</th><th colspan="2">3</th><th colspan="2">40</th><th colspan="2">6</th><th colspan="2">1</th><th colspan="2">3</th><th colspan="2">40</th><th colspan="2">6</th></tr>
<tr><td rowspan="21">Peoria, Illinois</td><td>Halifax, N.S.</td><td>1711</td><td colspan="2">359</td><td colspan="2">253</td><td colspan="2">145</td><td colspan="2">101</td><td colspan="2">356</td><td colspan="2">250</td><td colspan="2">141</td><td colspan="2">98</td></tr>
<tr><td>Montreal, Que.</td><td>941</td><td colspan="2">357</td><td colspan="2">251</td><td colspan="2">143</td><td colspan="2">99</td><td colspan="2">356</td><td colspan="2">250</td><td colspan="2">141</td><td colspan="2">98</td></tr>
<tr><td>Quebec, Que.</td><td>1108</td><td colspan="2">359</td><td colspan="2">253</td><td colspan="2">145</td><td colspan="2">101</td><td colspan="2">356</td><td colspan="2">250</td><td colspan="2">141</td><td colspan="2">98</td></tr>
<tr><td>St. John, N.B.</td><td>1543</td><td colspan="2">359</td><td colspan="2">253</td><td colspan="2">145</td><td colspan="2">101</td><td colspan="2">356</td><td colspan="2">250</td><td colspan="2">141</td><td colspan="2">98</td></tr>
<tr><td>Portland, Me.</td><td>1155</td><td colspan="2">359</td><td colspan="2">253</td><td colspan="2">145</td><td colspan="2">101</td><td colspan="2">356</td><td colspan="2">250</td><td colspan="2">141</td><td colspan="2">98</td></tr>
<tr><td>Boston, Mass.</td><td>1083</td><td colspan="2">359</td><td colspan="2">253</td><td colspan="2">145</td><td colspan="2">101</td><td colspan="2">366</td><td colspan="2">253</td><td colspan="2">145</td><td colspan="2">101</td></tr>
<tr><td>New York, N.Y.</td><td>988</td><td colspan="2">359</td><td colspan="2">253</td><td colspan="2">145</td><td colspan="2">101</td><td colspan="2">366</td><td colspan="2">253</td><td colspan="2">145</td><td colspan="2">101</td></tr>
<tr><td>Philadelphia, Pa.</td><td>912</td><td colspan="2">357</td><td colspan="2">251</td><td colspan="2">143</td><td colspan="2">99</td><td colspan="2">358</td><td colspan="2">251</td><td colspan="2">143</td><td colspan="2">99</td></tr>
<tr><td>Wilmington, Del.</td><td>912</td><td colspan="2">357</td><td colspan="2">251</td><td colspan="2">143</td><td colspan="2">99</td><td colspan="2">358</td><td colspan="2">251</td><td colspan="2">143</td><td colspan="2">99</td></tr>
<tr><td>Baltimore, Md.</td><td>849</td><td colspan="2">356</td><td colspan="2">250</td><td colspan="2">141</td><td colspan="2">98</td><td colspan="2">356</td><td colspan="2">250</td><td colspan="2">141</td><td colspan="2">98</td></tr>
<tr><td>Norfolk, Va.</td><td>968</td><td colspan="2">356</td><td colspan="2">250</td><td colspan="2">141</td><td colspan="2">98</td><td colspan="2">356</td><td colspan="2">250</td><td colspan="2">141</td><td colspan="2">98</td></tr>
<tr><td></td><td></td><td>A</td><td>B</td><td>A</td><td>B</td><td>A</td><td>B</td><td>A</td><td>B</td><td>A</td><td>B</td><td>A</td><td>B</td><td>A</td><td>B</td><td>A</td><td>B</td></tr>
<tr><td>Morehead City, N.C.</td><td>1042</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>Charleston, S.C.</td><td>997</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>Savannah, Ga.</td><td>954</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>Jacksonville, Fla.</td><td>1020</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>Pensacola, Fla.</td><td>816</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>Mobile, Ala.</td><td>767</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>New Orleans, La.</td><td>820</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>Houston-Galveston, Tex.</td><td>925</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
<tr><td>Corpus Christi, Tex.</td><td>1147</td><td>336</td><td>318</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td><td>336</td><td>324</td><td>236</td><td>226</td><td>136</td><td>131</td><td>92</td><td>89</td></tr>
</table>

[fol. 2816]

2816

Between	and	SHORT LINE MILEAGE	EXPORT								IMPORT							
			CLASSES								CLASSES							
			1		3		40		6		1		3		40		6	
St. Louis, Missouri	Halifax, N.S.	1807	369		261		149		105		366		258		146		102	
	Montreal, Que.	1037	367		259		147		103		366		258		146		102	
	Quebec, Que.	1204	369		261		149		105		366		258		146		102	
	St. John, N.B.	1639	369		261		149		105		366		258		146		102	
	Portland, Me.	1246	369		261		149		105		366		258		146		102	
	Boston, Mass.	1174	369		261		149		105		375		261		149		105	
	New York, N.Y.	1040	369		261		149		105		375		261		149		105	
	Philadelphia, Pa.	964	367		259		147		103		368		259		147		103	
	Wilmington, Del.	964	367		259		147		103		368		259		147		103	
	Baltimore, Md.	891	366		258		146		101		366		258		146		101	
	Norfolk, Va.	990	366		258		146		101		366		258		146		101	
			A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
	Morehead City, N.C.	1063	307	289	216	205	122	119	86	82	336	324	236	226	136	131	92	89
	Charleston, S.C.	909	307	289	216	205	122	119	86	82	336	324	236	226	136	131	92	89
	Savannah, Ga.	866	307	289	216	205	122	119	86	82	336	324	236	226	136	131	92	89
	Jacksonville, Fla.	905	307	289	216	205	122	119	86	82	336	324	236	226	136	131	92	89
	Pensacola, Fla.	690	307	289	216	205	122	119	86	82	336	324	236	226	136	131	92	89
	Mobile, Ala.	641	307	289	216	205	122	119	86	82	336	324	236	226	136	131	92	89
	New Orleans, La.	685	307	289	216	205	122	119	86	82	336	324	236	226	136	131	92	89
	Houston-Galveston, Tex.	774	307	289	216	205	122	119	86	82	336	324	236	226	136	131	92	89
	Corpus Christi, Tex.	996	307	289	216	205	122	119	86	82	336	324	236	226	136	131	92	89

2817

Between	and	SHORT LINE MILEAGE	EXPORT CLASSES 1	EXPORT CLASSES 3	EXPORT CLASSES 40	EXPORT CLASSES 6	IMPORT CLASSES 1	IMPORT CLASSES 3	IMPORT CLASSES 40	IMPORT CLASSES 6
Youngstown, Ohio	Halifax, N.S.	1378	229	161	92	66	226	157	89	63
	Montreal, Que.	609	227	159	90	64	226	157	89	63
	Quebec, Que.	776	229	161	92	66	226	157	89	63
	St. John, N.B.	1210	229	161	92	66	226	157	89	63
	Portland, Me.	718	229	161	92	66	226	157	89	63
	Boston, Mass.	646	229	161	92	66	235	161	92	66
	New York, N.Y.	500	229	161	92	66	235	161	92	66
	Philadelphia, Pa.	424	227	159	90	64	228	159	90	64
	Wilmington, Del.	424	227	159	90	64	228	159	90	64
	Baltimore, Md.	378	226	157	89	63	226	157	89	63
	Norfolk, Va.	570	271	192	110	75	271	192	110	75
	Morehead City, N.C.	685	391	277	160	111	359	252	144	99
	Charleston, S.C.	856	391	277	160	111	390	273	156	107
	Savannah, Ga.	926	391	277	160	111	408	286	163	112
	Jacksonville, Fla.	1063	391	277	160	111	439	307	176	121
	Pensacola, Fla.	1023	391	277	160	111	427	299	171	117
	Mobile, Ala.	1029	391	277	160	111	427	299	171	117
	New Orleans, La.	1126	391	277	160	111	457	320	183	125
	Houston-Galveston, Tex.	1301	500	350	200	138	500	350	200	138
	Corpus Christi, Tex.	1523	525	367	210	144	525	367	210	144

[fol. 2818]

2818

TARIFF AUTHORITIES

H. R. Hinsch	490-B,	ICC 3642
C. W. Boin	79-C,	ICC A-942
H. M. Engdahl	1016-K,	ICC 136
H. M. Engdahl	1021-G,	ICC 126
C. W. Boin	E/S 1008,	ICC A-946
F. C. Kratzmeir	SW/E 1005,	ICC 3998
H. R. Hinsch	548-D,	ICC 4058
R. K. Watson	27-A,	ICC 100

SHORT LINE MILEAGES: Trunk Line Association

2819

EXPORT R.R. FREIGHT RATES

TRACTORS - BOXED OR UNBOXED

				Minimum Carload		
			L.C.L.	20,000	30,000	40,000
Milwaukee to:	New York..........		3.22	1.53	1.18	.90
	New Orleans.......		3.13	1.46	1.11	.85
Springfield to:	New York..........		3.28	1.55	1.18	.90
	Baltimore.........		....	1.51	1.13	.87
	Boston............		....	1.55	1.18	.90
	Newport News......		....	1.51	1.13	.87
	Norfolk...........		....	1.51	1.13	.87
	Philadelphia......		....	1.53	1.14	.88
	*New Orleans.......	A	2.99	1.43	1.11	.85
		B	2.81	1.38	1.08	.82
	Milwaukee		1.92	.56	....	....
					36,000	
	°West Coast Ports..		....	....	1.88	....
					30,000	
Cedar Rapids to:	New York..........		2.92	1.71	1.51	1.09
	Baltimore.........		2.89	....	1.48	1.06
	Boston............		2.92	....	1.51	1.09
	Newport News......		2.89	....	1.48	1.06
	Norfolk...........		2.89	....	1.48	1.06
	Philadelphia......		2.90	....	1.49	1.08
	*New Orleans.......	A	2.89	1.60	1.48	1.06
		B	2.76	1.54	1.44	1.03
	Milwaukee.........		....	.71	....	....
					36,000	
	°West Coast Ports..		....	....	1.82	....
				24,000	30,000	
Gadsden to:	New York..........		3.94	1.30	....	1.22
				20,000		
	New Orleans.......	A	2.49	1.17	.81	.64
		B	2.49	1.12	.77	.64
Eau Claire to:	New York..........		3.49	1.64	1.63	1.33
	New Orleans.......	A	4.08	1.86	1.57	1.29
		B	3.88	1.83	1.54	1.26

ENGINES AND POWER UNITS - BOXED

				24,000		
Milwaukee to:	New York..........		3.22	1.53	....	....
	New Orleans.......	A	3.13	1.46	....	....
		B	2.93	1.43	....	....
Harvey to:	New York..........		3.09	1.49	1.18	.90
	New Orleans.......	A	2.99	1.43	1.11	.85
		B	2.80	1.38	1.08	.80

*Also applies to all other Gulf and South Atlantic ports, viz: Baton Rouge, Galveston, Gulfport, Mobile, Houston, Pensacola, Savannah, Jacksonville, Charleston and Wilmington.

°Includes Los Angeles, San Diego, San Francisco or Seattle ports.

A - Destination being the Canal Zone, Cuba, Insular Possessions of the United States and all destinations not located in the United States, Canada, Newfoundland, Europe, Africa and the East Coast of South America.

B - Destination being Europe, Africa and the East Coast of South America and/or the North Coasts of Columbia, Venezuela and the Guianas.

2826

EXPORT R.R. FREIGHT RATES

ROAD MACHINERY - BOXED OR UNBOXED

				Minimum Carload		
			L.C.L.	24,000	30,000	40,000
Springfield to:	New York..........		3.28	1.55	1.17	.90
	Baltimore.........		....	1.51	1.13	.87
	Boston............		....	1.55	1.17	.90
	Newport News......		....	1.51	1.13	.87
	Norfolk...........		....	1.51	1.13	.87
	Philadelphia......		....	1.53	1.14	.88
	*New Orleans......	A	2.99	1.43	1.11	.85
		B	2.80	1.38	1.08	.82
					36,000	
	o West Coast Ports..		....	....	1.88	....
					30,000	
Cedar Rapids to:	New York..........		2.92	1.71	1.51	1.09
	Baltimore.........		2.89	....	1.48	1.06
	Boston............		2.92	....	1.51	1.09
	Newport News......		2.89	....	1.48	1.06
	Norfolk...........		2.89	....	1.48	1.06
	Philadelphia......		2.90	....	1.49	1.08
	*New Orleans......	A	2.89	1.60	1.48	1.06
		B	2.76	1.54	1.44	1.03
	Milwaukee.........		....	.71	....	....
					36,000	
	o West Coast Ports..		....	....	1.82	....
					30,000	
Deerfield to:	New York..........		3.28	1.53	1.18	.90
	New Orleans.......	A	3.14	1.46	1.11	.85
		B	2.91	1.44	1.08	.80
Matoon to:	New York..........		2.61	1.49	....	....
	New Orleans.......	A	3.55	1.42	1.11	.85
		B	2.44	1.38	1.08	.80
Lubbock to:	New York..........		5.82	3.09	....	....
	New Orleans		3.43	1.83	....	....
				20,000		
Springfield to:	Milwaukee.........		1.92	.87	....	.76
Deerfield to:	Milwaukee.........		1.10	.49	....	....

*Also applies to all other Gulf and South Atlantic ports, viz: Baton Rouge, Galveston, Gulfport, Mobile, Houston, Pensacola, Savannah, Jacksonville, Charleston and Wilmington.

o Includes Los Angeles, San Diego, San Francisco or Seattle ports.

A - Destination being the Canal Zone, Cuba, Insular Possessions of the United States and all destinations not located in the United States, Canada, Newfoundland, Europe, Africa and the East Coast of South America.

B - Destination being Europe, Africa and the East Coast of South America and/or the North Coasts of Columbia, Venezuela and the Guianas.

EXPORT R.R. FREIGHT RATES

AGRICULTURAL MACHINERY - BOXED

			L.C.L.	Minimum Carload 20,000	30,000	40,000
La Porte to:	New York..........		3.51	1.46	1.13	.87
	New Orleans.......		3.79	1.53	1.21	.93
Independence to:	New York..........		5.06	2.11	1.80	....
	New Orleans.......	A	4.12	....	1.11	1.06
		B	3.93	....	1.11	1.03
Peru, Indiana to:	New York..........		2.58	....	....	....
	New Orleans.......		2.34	....	....	....

AGRICULTURAL IMPLEMENTS - BOXED

				24,000		
La Crosse to:	New York..........		3.22	1.88	1.60	1.30
	New Orleans.......	A	3.16	1.80	1.54	1.27
		B	3.03	1.77	1.51	1.23
Athens to:	New York..........		2.90	1.19	....	.97
	New Orleans.......	A	2.72	....	.86	.64
		B	....	....	.79	.64
Gadsden to:	New York..........		3.14	1.30	....	1.22
	New Orleans.......	A	2.87	....	.80	.64
		B	1.96	....	.77	.64
					34,000	44,000
Oxnard to:	New York..........		9.38	5.43	4.54	4.00
	oNew Orleans.......		6.34	4.08	3.38	3.08

LOGGING MCHY. - BOXED OR UNBOXED

					30,000	40,000
Renton to:	New York..........		9.05	....	5.43	4.56
	New Orleans.......		7.05	....	4.21	3.56

A - Destination being the Canal Zone, Cuba, Insular Possessions of the United States and all destinations not located in the United States, Canada, Newfoundland, Europe, Africa and the East Coast of South America.

B - Destination being Europe, Africa and the East Coast of South America, and/or the North Coasts of Columbia, Venezuela and the Guianas.

o Destination being any Port in South or Central America and the Caribbean Islands.

[fol. 2828]

2828

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1962

No. 97

THE BALTIMORE & OHIO RAILROAD COMPANY,
ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 98

MARYLAND PORT AUTHORITY, ET AL.,
APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 99

INTERSTATE COMMERCE COMMISSION,
APPELLANT,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF MASSACHUSETTS

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RECORD PRESS, PRINTERS, NEW YORK, N. Y., NOVEMBER, 1962

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[fol. 2859]

I.C.C. EXHIBIT No. 26

ICC DOCKET I & S 6615
WITNESS O'HALLORAN
EXHIBIT ——

This statement is verified. Unless written request for cross examination is received by the affiant or his attorney, Henry E. Foley, 10 Post Office Square, Boston 9, Mass. not later than ten days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

I & S DOCKET NO. 6615

VERIFIED TESTIMONY OF JOHN F. O'HALLORAN ON BEHALF OF THE PORT OF BOSTON COMMISSION

[fol. 2860] Verified Testimony of John F. O'Halloran on Behalf of the Port of Boston Commission.

Q. Will you state your name, position and business address?

A. John F. O'Halloran, Executive Vice President, Wiggin Terminals, Inc., 50 Terminal Street (Charlestown) Boston, Massachusetts.

Q. Will you describe your experience in the shipping business and in the field of port management?

A. In 1922, I started as a messenger with the International Mercantile Marine Line, becoming before I left, a chief clerk. In 1933, I became superintendent at John G. Hall Company, steamship agents. In 1937, I became superintendent of the Marine Terminal operations of the Boston Tidewater Terminal Company, and subsequently, General Superintendent and then General Manager. During my period of office at Boston Tidewater I was also general manager of Merchants Warehouse Company of Boston and Lincoln Tidewater Terminals, Inc., of Easthampton, Massachusetts, and Portland, Maine, both affiliated with Boston Tidewater. From March 1942 through 1945, Boston Tidewater Terminal Company was retained by the United States Government as a consultant company to the Boston Port of Embarkation. During that period, as Chief Administrative and Operations Officer, I organized the cargo control section of the Port and, until relieved for other assignment by a commissioned officer, acted as a Chief Administrative and Operations Officer. In 1946, I became [fol. 2861] Vice President and General Manager of Terminal Operators, Inc., which operated the Castle Island terminal and eleven warehouses in the New England area for the account of the Federal Government. For a period of two years commencing February 1955, I was Director of the Port of Boston Commission. In my present position as Executive Vice President of Wiggin Terminals, Inc., I am the chief administrative and operating officer.

I have been chief operating officer of almost every major terminal facility at the Port of Boston including Castle Island, the Army Base, Wiggin Terminals and Commonwealth Pier. As Director of the Port of Boston I was concerned with problems of development and management of the port as a whole.

I am currently first Vice President of the Foreign Commerce Club of Boston, a member of the Urban Redevelopment Committee of the Greater Boston Chamber of Commerce, and Treasurer of the North Atlantic Ports Association. I have also been a labor relations consultant.

Q. Have your past experience and present responsibilities made you familiar with problems of port management and port development, in particular with reference to the development of port facilities at Boston?

A. Yes. As Director of the Port of Boston Commission from February 15, 1955 to February 15, 1957, I was its chief [fol. 2862] administrative officer and, therefore, directly responsible for every aspect of the operation of Port Commission facilities and their development. In my present position, Executive Vice-President of Wiggin Terminals, Inc., I am responsible for the conduct of all operations of a large privately-owned terminal facility at the Port of Boston.

Q. Are you familiar with the physical and geographical characteristics of the Port of Boston?

A. Yes.

Q. How is Boston located with reference to areas of the world with which the United States carries on foreign trade?

A. Exhibit No. —— (221) which was prepared under my direction during my term at the Port of Boston Commission, shows the ocean mileages from the North Atlantic ports to important overseas ports and junction points. An example of a junction point is the Panama Canal. The distances vary from each of the North Atlantic Ports to the Panama Canal; but the distance from the Panama Canal to any single point west of the canal is, of course, constant regardless of which North Atlantic port is the point of origin or destination. A visual impression of the trade areas and ports which lie beyond the junction points chosen for the Exhibit may be gained by examination of Exhibit No. —— (222), Exhibit No. —— (223), Exhibit No. —— (224), Exhibit No. —— (225), and Exhibit No. —— (226) which were also prepared under my direction [fol. 2863] during my term as Director of the Port of Boston Commission. You will note that Boston enjoys the following advantages over the other major North Atlantic ports:

To Bishop Rock, the ocean gateway to English Channel and Northern European ports, 174 miles under New York, 309 under Philadelphia, 447 miles under Baltimore and 324 under Norfolk. To Gibraltar, the ocean gateway to Mediterranean and Middle East ports served via the Suez Canal, 172 miles under New York, 312 miles under Philadelphia, 458 miles under Baltimore and 327 miles under Norfolk. To the Cape of Good Hope, South Africa; 79 miles under New York, 152 miles under Philadelphia, 202 miles under Baltimore and 80 miles under Norfolk. To Buenos Aires, Argentina, 29 miles under New York, 76 miles under Philadelphia, 103 miles under Baltimore. Boston is the nearest major North Atlantic port to all ports in Europe and Africa, and is also closer to the East Coast of South America, south of approximately seven degrees south latitude than any of such ports. Boston is not the nearest port to the Panama Canal or to foreign ports reached via Panama, being 378 miles farther than Norfolk, Va., 256 miles farther than Baltimore and 211 miles farther than Philadelphia. It should also be noted that ports in and around the Indian Ocean lie at approximately equal dis-[fol. 2864] tances from Boston and other North Atlantic ports, depending on whether the Atlantic-Mediterranean route is taken, or the Panama Canal-Pacific route is taken, the former route from Boston being about equal to the latter route from Baltimore.

To indicate the economic significance of Boston's location, I refer you to Exhibit No. —— (233), Exhibit No. —— (234) and Exhibit No. —— (235) which I had the Port of Boston Commission prepare for me from U. S. Department of Commerce Bureau of Census reports SA352 and SA752 for 1954 which show whether the physical volume of imports and exports routed through the major North Atlantic ports to and from countries with which the United States trades originate and terminate closer to Boston or Baltimore, the major ports at either end of the North Atlantic Range. It can be seen from Exhibit No. —— (235) that approximately 38.2 per cent of the physical volume of such exports and imports originates or terminates closer to Boston than to Baltimore and that 61.8 per cent originates or terminates closer to Baltimore than to Boston. Thus Baltimore has somewhat of a locational advantage with respect to the places at which foreign trade passing through the main North Atlantic ports originates and terminates. It should be noted that if tanker cargo is excluded from these calculations, the situation is reversed. 60 per cent of such traffic originates or terminates closer to Boston, and about 40 per cent originates or terminates closer to Baltimore.

[fol. 2865] Q. Other witnesses will go into detail on the subject of the effect, if any, of a distance advantage upon shippers and vessel operators. Could you, however, indicate briefly what is in your opinion the significance to a port of such a geographical location?

A. Yes, in the case of direct sailings—of which Boston has very few, Baltimore has more, and New York has a large number—a locational advantage results in water transportation cost savings to vessel operators, varying directly with the distance saving. Where, however, vessels go from port to port in search of cargo, the possibility of vessel operators affecting savings by the use of the shortest routes is largely eliminated. In such cases, as long as a port is not situated at a very much greater distance from foreign areas than the other ports in its range, it will be competitive with all of such ports. To put this more concretely, if a vessel travelling between France and the United States must go to Boston, New York and Baltimore to find cargo, then even though Philadelphia is farther from French ports than is New York or Boston, in view of the necessity of its going to Baltimore anyway, the ship will not be deterred from also calling at Philadelphia. In the case of Boston, I think it is clear that while Boston has no locational advantage with respect to Baltimore and Philadelphia, it is competitively situated.

[fol. 2866] Q. Will you please describe the physical characteristics of Boston Harbor?

A. I have had the Port of Boston Commission prepare a map of the inner harbor, showing the channels and berthing areas. This is Exhibit No. —— (310). You will note that the main channel is wide, and that there is extensive berthing space at Boston.

Q. Will you please describe the accessibility of Boston Harbor to the open sea?

A. I have had Exhibit No. —— (313) prepared, comparing the width, depth, length, and the average time to complete the passage of the main channels leading into the North Atlantic ports involved in this proceeding. It can be seen from this exhibit that the main channel at Boston is wide enough to accommodate the largest vessels. You will also note that the distance from the seabuoy to the port area is only 13 miles in the case of Boston, while the next shortest such distance is 21 miles at Norfolk, and the distances at the other North Atlantic ports run all the way up to 150 miles at Baltimore. Of course the time it takes to complete the passage at each port reflects the varying lengths of the channel at each port, running from a minimum of one and a quarter hours at Boston all the way up to fourteen hours at Baltimore.

Q. You have mentioned the seabuoy. What is that?

[fol. 2867] A. The seabuoy is at or near the lightship and marks the ocean end of the main channel. The open sea begins at the seabuoy. Exhibit No. —— (312), prepared under my direction by the Port of Boston Commission, shows the location of the lightships at each of the major North Atlantic ports.

Q. What is the significance to a port of the port channel characteristics you have just described?

A. They all relate to the ease with which ships may get into and out of a port, and to the amount of time it takes to do so. While a port which is easy to get into and out of will have no particular advantage over ports comparably favored, a port which is relatively difficult to get into and out of will be avoided by carriers.

Q. Is Boston competitive with the other North Atlantic ports with respect to such ease of entry and departure?

A. Yes.

Q. Will you describe the pier and other unloading facilities at Boston?

A. I will be glad to. Let me first call your attention to Exhibit No. —— (321) which is a booklet prepared by the Port of Boston Commission to acquaint shippers, steamship lines, and others with the facilities available at the Port of Boston. I think this pamphlet, which was prepared under my supervision, gives a good general picture of the Port and its facilities. In addition, Exhibit No. —— (322) [fol. 2868] is a summary of pier facilities at the North Atlantic ports. I think the fact that Boston is competitive with those ports with respect to pier facilities is made amply clear by that Exhibit. I think the two most favorable aspects of the pier facilities situation in Boston are, on the one hand, the great number of these facilities and their cargo-handling capacity; and on the other hand, the high degree of modernization of these facilities due to the building program since World War II. All the major facilities have rail tracks on the wharf aprons to facilitate direct interchange of cargo between rail car and vessel.

Q. Will you please amplify what you have said about pier facilities at Boston?

A. Yes. Since World War II, the Commonwealth of Massachusetts and the Federal Government have together spent a total of over $34,000,000 to construct and modernize marine terminal facilities at Boston. The program of expansion and modernization began with the construction of Hoosac Terminal No. 1 in 1951, at a cost of about $5,000,000 to replace three piers of early twentieth century construction. A description of this facility and the other pier facilities at Boston can be found in Exhibit —— (321) to which I have already referred. Mystic Terminal No. 1 was built next to replace two piers, at a cost of over $5,000,000 and operations at this pier began in 1952. Both Hoosac Terminal No. 1 and Mystic Terminal No. 1 are [fol. 2869] served by the Boston and Maine Railroad, and they both have railroad tracks on the wharf aprons as well as depressed center tracks the length of the pier. Both these piers are leased to the Mystic Terminal Company, a wholly-owned subsidiary of the Boston and Maine Railroad; both piers are in Charlestown.

In 1954 East Boston Terminal No. 1 on the main ship channel in East Boston, was put into operation. This pier was constructed at a cost of more than $9,000,000, replacing two wooden piers antedating 1900, and is perhaps the most modern pier facility in the United States. It has railroad tracks on both aprons, and a depressed center track as well, and is served by the New York Central Railroad.

At East Boston there are also two older wooden piers which have been maintained in relatively good operating condition. These piers are owned by the Port of Boston Commission and are leased to the New York Central Railroad.

On the south side of Boston Harbor there are three huge marine terminals. The innermost pier is Commonwealth Pier No. 5, a five-berth, double deck, reinforced concrete structure operated by the Port of Boston Commission. Although this structure was built in 1913, it is in excellent condition and is acknowledged to be one of the finest combination passenger and general cargo terminals in the world due, in great part, to large-scale expenditures for [fol. 2870] modernization. It has railroad tracks running 1,200 feet along each apron, and depressed tracks running the length of the pier in the center section, and it is served by the New York New Haven & Hartford Railroad.

Moving in an easterly direction, the next important pier after Commonwealth Pier No. 5 is the Boston Army Base, which was constructed by the Federal Government during World War I to help accommodate the enormous volume of marine traffic of all kinds which flowed through Boston as part of the war effort. The Army Base is the largest marine terminal in Boston Harbor and has over a mile of berthing space. It is owned by the Federal Government and it is currently being modernized by the Commonwealth of Massachusetts and the Federal Government, at a cost of $11,000,000. At the end of the period of modernization this facility will be leased by the Port of Boston Commission for a maximum period of seventy-five years, and will be operated as a public marine terminal by the Boston Tidewater Terminal Company on a lease arrangement until October 4, 1957, at which time the Port of Boston Commission will operate it. The Federal Government, in the interests of national defense, has secured a right of re-entry with respect to the Army Base in the event of a national emergency; and has required the lessee, the Commonwealth of Massachusetts, to maintain it in good working condition.

[fol. 2871] The Boston Army Base has a wide apron its full length and is served by the New York New Haven & Hartford Railroad, which has tracks the full length of the apron. There are three transit sheds, nine vessel berths and three warehouses incorporated within this facility, and there are tracks on both sides of the transit sheds and the warehouse buildings.

Southeast of the Army Base is the Castle Island terminal with 4,160 linear feet of berthing space on the South Boston Reserved Channel. This terminal was constructed by the Federal Government during World War II and has 4,000,000 square feet of open cargo storage area with two transit sheds, four vessel berths and three open berths and a forty-foot wharf apron. Although this terminal is relatively new, it is being modernized by the Commonwealth of Massachusetts to ensure speedy and efficient flow of traffic. It is expected that rehabilitation and modernization will cost about $3.5 million dollars, $1.2 million of which has been expended to date.

The Castle Island Terminal was owned by the Federal Government until 1954, when it was acquired by the Commonwealth of Massachusetts subject to right of repossession by the Navy and in the event of a national emergency. The Army, in 1947 had indicated that it had no further interest in this terminal, but the Navy wanted to insure its availability in an emergency, and refused to allow it to [fol. 2872] be sold without suitable protection of the Navy's national defense interest. The final disposition of the property included not only a right in the Navy to repossess the property in a national emergency, but also involved an exchange of land whereby the Federal Government acquired title to some land on which Navy facilities are situated, and Massachusetts acquired title to several acres of land on which the Castle Island Terminal is partly situated.

Castle Island is operated by the Luckenbach Steamship Co., Terminals Division on a lease from the Port of Boston Commission. It is served by the New York New Haven & Hartford Railroad and has two tracks the full length of the wharf apron, two tracks on the shore side of the transit sheds and a large railroad car holding area.

Q. Will you describe some of the principal privately-owned pier facilities at Boston?

A. Wiggin Terminals, Inc. operates a facility on the Mystic River in Charlestown used primarily for woodpulp. It is served by the Boston and Maine Railroad. This terminal is operated as a public marine terminal facility.

Q. What do you mean by "public"?

A. Facilities may be confined in their employment to the transportation operations of their owners, in which case they are referred to as "private" facilities; or they may be open for the business of handling the traffic of the [fol. 2873] general public, in which case they are called "public" facilities. You can see that in this sense a facility may be "public" or "private" regardless of whether it is privately or publicly owned.

Q. Thank you. Will you continue your description of the privately-owned terminal facilities at Boston?

A. Yes. I have already mentioned that the Mystic Terminal Company operates Hoosac and Mystic Terminals, which are served by the Boston and Maine Railroad. That company also operates Piers 48, 49 and 50, adjacent to Mystic Pier No. 1 on the Mystic River. These are old piers, antedating 1900, and it is expected that they will be replaced in due course by a modern three-berth structure similar to Mystic Pier No. 1. They are used at present principally for handling import woodpulp.

West of Mystic Piers 48, 49 and 50 we come to the coal and open bulk dock of the Mystic Terminal Company. The Boston and Maine Railroad and the facility lessee are presently rehabilitating this site as a dry bulk cargo unloading facility. Diagonally across the river from the Mystic Coal Dock, in Everett, are the coal and ore docks of the Mystic Iron Works, a division of Eastern Gas and Fuel Associates. This company has recently announced plans for modernization of the ore dock facility. There are also coal unloading facilities belonging to the New England Coke Company in this area. Esso Standard Oil has a refin- [fol. 2874] ery in Everett with major unloading and storage facilities. Petroleum storage facilities of other companies are situated along the Chelsea River.

Q. You have described privately-owned general cargo, coal, ore and petroleum facilities at Boston. Does Boston have important facilities for the handling of grain?

A. Yes. The Port of Boston has two 1,000,000 bushel grain elevators. One is the Hoosac Elevator in Charlestown which adjoins the Hoosac Pier and is served by the Boston and Maine Railroad. The Port of Boston Commission has spent about $900,000 on necessary modernization and rehabilitation of this facility. The other grain elevator is the Grand Junction Elevator in East Boston adjoining Piers 3 and 4. This elevator is served by the Boston and Albany Railroad. During 1951, the Port of Boston Commission spent approximately $450,000 to modernize the Grand Junction Elevator in order to speed up the flow of grain from elevator to vessel. Both this Elevator and the Hoosac Elevator have free flow operating rates of 30,000 bushels per hour.

Q. Can you tell us the degree to which the publicly-owned facilities you have mentioned are utilized?

A. Publicly-owned terminal facilities at the port are utilized at no more than 50% of capacity.

Q. And privately-owned public terminal facilities?

[fol. 2875] A. The same.

Q. What are the consequences of this degree of underutilization?

A. In the first place, the operators' overhead cost per unit of cargo handled is very high, making profitable operation almost impossible, and resulting in economic waste. Secondly, it is easy to expand service through Boston in the event of an increase in the volume of traffic through the port as was demonstrated during the war period. About twice the present volume of traffic could be handled at Boston with no added investment in facilities, and with a substantial reduction in the per ton cost.

Q. Suppose the volume of traffic at Boston were to expand to a level in excess of twice the present volume. In that event is there space available for the construction of additional terminal facilities?

A. Yes. You can see from Exhibit No. —— (311) which was prepared by the Port of Boston Commission at my direction, that there are approximately 358 acres of suitable waterfront property which is available for just such development. The Port of Boston Commission has thus far demonstrated its determination to expend any funds necessary for the proper development of the Port, and I know it plans to continue doing so.

Q. What charges are assessed to the vessels calling at the North Atlantic ports, including Boston?

[fol. 2876] A. Pilotage, towboat assistance, line-handling, dockage, with some exceptions, and stevedore charges for the use of services of one kind or another which for all practical purposes no cargo vessel may do without, and which by the terms of carriage are charges usually borne by the vessel operators.

Q. Can you indicate, by way of comparison, the levels of such charges at the various North Atlantic ports?

A. Yes. I call your attention to Exhibit No. —— (330), Exhibit No. —— (331), Exhibit No. —— (332) and Exhibit No. —— (333). I have had these exhibits prepared in order to provide a basis for comparing these charges at the ports involved in this proceeding. I think a few concrete comparisons of charges at these ports on typical vessels would serve to show how the ports stand in respect to one another in this matter. First, pilotage charges for a vessel displacing 10,000 tons and drawing 20 feet of water would be, at Boston, $120.00; at New York $110.00; at Philadelphia, $135.00; at Baltimore $150.00; and at Hampton Roads, $120.00. Secondly, with respect to towboat charges, the charge for the period of minimum service would be, at Boston $54.00; at New York, $57,50; at Philadelphia, $85.00; at Baltimore, $130.00; at Norfolk, $322.08; and at Newport News, $268.40. Thirdly, the charge for handling the lines during mooring of a vessel displacing 10,000 tons, and requiring four men during regular working hours, would be, at Boston, $24.20; at New York, $40.00; at Philadelphia [fol. 2877] $20.00; at Baltimore $14.00; and at Hampton Roads, $10.00. On the same basis the charges for unmooring would be, at Boston, $22.20; at New York, $40.00; at Philadelphia, $20.00; at Baltimore, $10.50; and at Hampton Roads, $10.00.

Dockage charges are a more complicated story. For instance, Boston dockage is based upon the amount of cargo discharged and loaded; at New York it is based on gross registered tonnage of the vessel, and at Philadelphia, it is based on net registered tonnage of the vessel. I refer you to Exhibit No. —— (333) for the actual rate charged.

Q. Can you indicate the level of stevedore charges at the North Atlantic ports?

A. No. These charges are not a matter of public knowledge since they are negotiated between individual operators and stevedore firms. However, since wages constitute well over half of total stevedore charges, and since wage rates of longshoremen at all North Atlantic ports are uniform, stevedore rates probably fall within a fairly narrow range at all North Atlantic ports.

Q. What are the charges which, under various circumstances, may be assessed against cargo for the use of terminal facilities at the North Atlantic ports?

A. There are two such charges: wharfage and wharf storage.

Q. Will you explain these charges?

[fol. 2878] A. Wharfage is a charge for the use of the pier by cargo during loading or unloading. Wharf storage, on the other hand, is a charge for the use of the pier for temporary storage of cargo after the end of a period of free time.

Q. What is free time and why is it allowed?

A. Free time is a period during which cargo may remain upon the pier free of wharf storage charge. It commences for import cargo at 7:00 AM the day after the vessel finishes discharging, and for export cargo at 7:00 AM the day after the inland carrier places the cargo upon the pier. It is allowed because it is practically impossible for cargo to move in either direction without standing for some time on the pier. For instance, in the case of imports a minimum amount of time on the pier is necessary for clearance through customs; while in the case of exports, it is necessary for cargo to accumulate on the pier for a short time in order to build up sufficient cargo for the vessel. Generally, at all the North Atlantic ports, free time on import cargo is five days, and on export cargo, seven days.

Q. What is the purpose of wharf storage charges?

A. The purpose of wharf storage charges is to discourage cargo from remaining on the pier beyond the necessary minimum amount of time so that transfer of freight between vessel and inland carrier may be carried on expeditiously. Such charges vary according to the type of inland [fol. 2879] carrier involved, as well as according to whether the cargo is import or export cargo. In any case, however, they are negligible in amount.

Q. What do the data you have just presented on charges against vessels and against cargo indicate about Boston's competitive position with respect to the other North Atlantic ports?

A. These data show that Boston is competitive with the other North Atlantic ports, but has no over-all advantage. While Boston may have an advantage in respect to some charges, any such advantage is cancelled out by advantages of other ports in respect to other charges.

Q. Does Boston have the commercial facilities which are necessary to the carrying on of foreign trade?

A. Yes.

Q. What kind of such facilities are to be found at Boston?

A. The commercial and business firms engaged in the various aspects of foreign trade include steamship lines, insurance companies, banks with foreign departments, freight forwarders, custom brokers, ships' chandlers, inspection firms, and stevedore firms.

Q. Describe the steamship services available at Boston.

A. I refer you to Exhibit No. —— (341) which is made up from the June 7, 1957 edition of the Port of Boston Commission monthly Sailing List, and a portion of the June 14, 1957 edition of the Boston Marine Guide. It shows that Boston is served by 104 steamship companies, of which the 89 listed in Exhibit No. —— (341) are in the dry-cargo trade. The other 15 lines are in the bulk trade. Most of these lines have ships calling at Boston regularly, [fol. 2880] and ships of these lines travel to all the important trade areas of the world, as well as to some areas of lesser importance. Other witnesses will establish that the number of ships calling at Boston is sufficient to accommodate the present volume of traffic and that additional ships would appear in response to any increase in traffic at Boston which might occur as a result of this proceeding. This exhibit also shows typical inbound and outbound sailings to and from Boston.

Q. Please describe the banking, forwarding, and customs brokerage facilities at Boston.

A. In Exhibit No. —— (342) I have compiled a listing of companies engaged in the foreign trade, banking, freight forwarding and customs brokerage businesses at the ports of Boston, Philadelphia and Baltimore. Examination of this Exhibit shows that Boston has a number of firms engaged in these fields which compare favorably with the numbers of such firms at the other ports. The firms engaged in foreign trade activities at Boston are experienced, reliable and resourceful. In my opinion they are able to handle a far greater volume of foreign trade than they now handle without any undue strain. Furthermore, in the event of an increase in traffic at Boston, I would expect a speedy expansion of such facilities.

Q. Would you describe the ships' chandlers, inspection firms and stevedoring firms at Boston?

[fol. 2881] A. There are adequate chandlers, inspection firms, and stevedoring firms in the Boston area. I believe they are fully adequate to fill present needs, and that these firms may be readily expanded in the event the volume of traffic increases at Boston.

Q. Is there any agency which supervises the development and operation of the Port of Boston?

A. Yes. The Port of Boston Commission.

Q. Will you describe the responsibilities and activities of the Port of Boston Commission?

A. The Port of Boston Commission is the successor to the Port of Boston Authority which was established in 1945 by the Massachusetts Legislature and was directed to plan and undertake the physical and economic development of the Port. The Port of Boston Authority was succeeded in 1953 by the Port of Boston Commission which employs engineers, traffic experts, statisticians and others in the carrying out of its duties. The Port of Boston Commission may invoke the eminent domain power of the state when appropriate. The Commission also has a qualified public relations staff, and an active staff engaged in the solicitation of freight for movement through Boston.

Q. Do the employees on the solicitation staff deal directly with shippers?

[fol. 2882] A. Yes.

Q. When you were Director of the Port Commission did those employees inform you of responses they had received to their efforts to solicit freight from shippers and consignees in differential territory?

A. Yes. I was regularly informed of the efforts of our solicitors, and the progress being made.

Q. Have the shippers in differential territory shown any reluctance to ship via Boston when interviewed by the Commission's solicitors?

A. Yes.

Q. What is the chief reason given?

A. The existence of the port differential. Differential territory shippers have stressed that they are most of all concerned with obtaining the lowest laid-down cost of delivery, and as long as the differential exists they are reluctant to ship through Boston.

Q. In your opinion, has this reluctance been a significant factor in the under-utilization of the facilities at Boston, which under-utilization you have already described?

A. Yes.

Q. Have you had any personal solicitation experience which would support your opinion?

A. Yes. In my capacity as Director of the Port of Boston Commission I have personally undertaken to solicit [fol. 2883] cargo for movement through Boston. In the course of these duties I have at various times called upon Federal agencies such as the General Services Administration, the Department of Agriculture and the Department of Defense, all of which undertake the shipment of cargo abroad. These shippers have expressed to me a decided unwillingness to use Boston as long as the port differential is in force. However, I was also frequently told that if the differential were eliminated, Boston could begin to be seriously considered as a port through which to route export and import freight originating in and destined for differential territory.

Q. Have you had any experience in the management of port facilities in connection with the national defense?

A. Yes. My duties as Chief Operational Officer of the Boston Tidewater Terminals Company included, during the war period, almost three years as a Chief Administrative and Operations Officer within the Boston Port of Embarkation. In that position, it was necessary for me to discharge the responsibility of getting the best possible utilization out of the Port for the war effort.

Q. Did Boston play a significant part in the movement of goods for the war effort during World War II?

A. Yes. Exhibit No. —— (362), the data for which was obtained from the Statistical Review, World War II, Army Service Forces War Department, shows that 9,864,000 measurement tons of military cargo moved via the Boston [fol. 2884] Port of Embarkation during World War II, which is an average of about 2.8 million tons per year. This put the Boston Port of Embarkation third on the Atlantic Coast in regard to the amount of military traffic shipped out of Atlantic ports. New York was also a port of embarkation, but Philadelphia and Baltimore were subports of embarkation. Mostly military cargo moved through Boston. Exhibit —— (362) does not reflect civilian cargo movements.

Q. Was Boston utilized to capacity during this period?

A. Yes.

Q. Why was Boston used for military cargo more than several other Atlantic ports?

A. There were two principal reasons. First, Boston facilities were adequate to do the job. Secondly, routing to Europe through Boston increased the degree of utilization of vessels because of the shorter ocean distances and the fast turn-around time at Boston relative to the other Atlantic ports. With cargo capacity a critical bottleneck, maximizing such utilization was of extreme importance.

Q. Was the Port of Boston in complete readiness for the job of moving cargo at the beginning of hostilities in December 1941?

A. The facilities were largely in readiness, although expansion was necessary. But an experienced supervisory and labor force was not available. Our first big hurdle was training which was expensive and time consuming.

[fol. 2884A] Q. What is required to insure that a port will be in readiness at the beginning of hostilities?

A. In order to prevent loss of the experienced supervisory and labor force to other industries, continuous operation of a port at a high volume is necessary.

In my opinion, in any future war, the Port of Boston will be essential to the national defense, just as it was in World War II, and therefore in order to insure its readiness, continuous operation at a reasonably high volume of traffic is an essential.

[fol. 2885]

VERIFICATION

John F. O'Halloran, being first duly sworn, on oath deposes and says: That he is the person who made the foregoing statement and accompanying exhibits; that he has read the same and that the statements therein contained are true and correct to the best of his knowledge, information and belief.

/s/ John F. O'Halloran

John F. O'Halloran

Subscribed in my presence, and sworn to before me, by the affiant above named, this 20th day of June.

/s/ Helen Ann Smith

Helen Ann Smith
Notary Public, Commonwealth of
Massachusetts
My Commission expires June 4, 1959

(Notarial Seal)

PILOTAGE CHARGES AT THE NORTH ATLANTIC PORTS OF

Boston, Mass.

New York, N. Y.

Philadelphia, Pa.

Baltimore, Md.

Hampton Roads, Va.

(Norfolk and Newport News)

2886

330

I.C.C. DOCKET I.&S. 6615

WITNESS____________________

EXHIBIT NO.____________________

BOSTON

Net Tonnage	Rate per foot of draft
Under 501 tons	$4.00
501 to 1,000 tons inclusive	4.50
1,001 to 1,500 tons inclusive	5.00
1,501 to 2,000 tons inclusive	5.50
Over 2,000 tons	6.00

Source: Boston Pilots Association.

NEW YORK

Vessels entering harbor by way of the lower entrance channel are served by 2 pilot boats, one stationed near Ambrose Lightship, the other near the former location of Scotland Lightship. Vessels entering the harbor by way of Long Island Sound and Hell Gate are boarded by pilots at Executive Rocks or Sands Point.

Sandy Hook Pilotage: Pilotage rates from Sandy Hook to any point in the port, and from any point in the port to Sandy Hook are as follows:-

Draft (feet)	Inward or Outward Pilotage	Draft (feet)	Inward or Outward Pilotage
6	$ 33.00	18	$ 99.00
6.5	35.75	18.5	101.75
7	38.50	19	104.50
7.5	41.25	19.5	107.25
8	44.00	20	110.00
8.5	46.75	20.5	112.75
9	49.50	21	115.50
9.5	52.25	21.5	118.25
10	55.00	22	121.00
10.5	57.75	22.5	123.75
11	60.50	23	126.50
11.5	63.25	23.5	129.25
12	66.00	24	132.00
12.5	68.75	24.5	134.75
13	71.50	25	137.50
13.5	74.25	25.5	140.25
14	77.00	26	143.00
14.5	79.75	26.5	145.75
15	82.50	27	148.50
15.5	85.25	27.5	151.25
16	88.00	28	154.00
16.5	90.75	28.5	156.75
17	93.50	29	159.50
17.5	96.25	29.5	162.25

NEW YORK (Continued

Draft (feet)	Inward or Outward Pilotage	Draft (feet)	Inward or Outward Pilotage
30	$165.00	36	$198.00
30.5	167.75	36.5	200.75
31	170.50	37	203.50
31.5	173.25	37.5	206.25
32	176.00	38	209.00
32.5	178.75	38.5	211.75
33	181.50	39	214.50
33.5	184.25	39.5	217.25
34	187.00	40	220.00
34.5	189.75		
35	192.50		
35.5	195.25		

Hell Gate Pilotage: Pilotage into or from the port by way of Hell Gate is charged at the rate of $4.00 per foot of draft.

Source: "Port of New York" Port Series No. 5, Corps of Engineers,
U. S. Army, Revised 1953.

PHILADELPHIA

The rates of pilotage for conducting a vessel from the Capes of Delaware to the City of Philadelphia or other place on the River Delaware, and from the City of Philadelphia or other place on the River Delaware, to the Capes of the Delaware, in either case shall be for every 1/2 foot of water which a vessel shall draw under, up to and including 12 feet, the sum of $2.50 per 1/2 foot and for every vessel drawing over 12 feet, the sum of $3.37½ per half foot of water, minimum draft charge of 8 feet.

Source: "Handbook of the Delaware River Port" - Delaware River Port Authority (1956).

2890

BALTIMORE

The following pilotage charges are assessed by the Association of Maryland Pilots for each vessel movement to or from the Port of Baltimore whether the vessel moves via the Virginia Capes or the Chesapeake and Delaware Canal:

Vessels with a draft of 13 feet and over	$7.50 per foot
Vessels with a draft of 10 feet and less than 13 feet	6.00 per foot
Vessels with a draft of less than 10 feet	5.50 per foot

Source: Port of Baltimore" - Port Series No. 10, Corps of Engineers, U. S. Army, Revised (1955).

HAMPTON ROADS

Net Registered Tons	Rate per foot of draft	
	Cargo Rate	Bunker Rate
Under 501 tons	$3.60	$2.82
501 to 1,000 tons inclusive	4.20	3.18
1,001 to 1,500 tons inclusive	4.80	3.60
1,501 to 2,000 tons inclusive	5.40	4.02
Over 2,000 tons	6.00	4.44

Source: "Ports of Greater Hampton Roads Annual 1956" - Hampton Roads Maritime Association.

I.C.C. DOCKET I.&S. 6615
WITNESS ______________
EXHIBIT NO. ______________

TOW BOAT CHARGES AT NORTH ATLANTIC PORTS OF

Boston, Mass.

New York, N. Y.

Philadelphia, Pa.

Baltimore, Md.

Hampton Roads, Va.
(Norfolk and Newport News)

2893

BOSTON

RATES SHOWN ARE PER TUG FOR SERVICE INDICATED

Assisting vessels to dock or undock		Base Rate 8 A.M.-4 P.M.	7AM-8AM 4PM-5PM	6AM-7AM 5PM-6PM	5AM-6AM 6PM-7PM	4AM-5AM 7PM8PM	3AM-4AM 8PM-9PM	2AM-3AM 9PM-10PM	1AM-2AM 10PM-11PM	12Mn-1AM 11PM-12MN
Group # 1	A	$54	$ 70	$ 86	$102	$118	$134	$150	$166	$182
	B	81	97	113	129	145	161	177	193	209
Group # 2	A	59	75	91	107	123	139	155	171	187
	B	88	104	120	136	152	168	184	200	216
Group # 3	A	73	89	105	121	137	153	169	185	201
	B	110	126	142	158	174	190	206	222	238
Group # 4	A	98	114	130	146	162	178	194	210	226
	B	147	163	179	195	211	227	243	259	275
Group # 5	A	111	135	151	167	183	199	215	231	247
	B	166	190	206	222	238	254	270	286	302
Group # 6	A	148	180	196	212	228	244	260	276	292
	B	222	254	270	286	302	318	334	350	366
Group # 7	A	172	204	220	236	252	268	284	300	316
	B	258	290	306	322	338	354	370	386	402
Group # 8	A	233	281	297	313	329	345	361	377	393
	B	350	398	414	430	446	462	478	494	510

A Weekday Rates

B Sunday & Holiday Rates

When vessels are docking in Boston Upper Harbor, (Groups 1-5 inclusive) tugs meet them in the stream-off Castle Island, Army Base, Commonwealth Pier, South Boston, or East Boston Flats. If tugs are required to meet vessels at Quarantine anchorage (President Roads) or accompany vessels after undocking to President Roads, the charge from President Roads to Stream or vice versa, in addition to the docking or undocking rate, per tug-assisting $36; towing $75. To or from off Fins Ledge-assisting $72; towing $150. Saturdays, Sundays and Holidays 50% additional to those charges.

BOSTON (Continued)

Pier Locations:

Group # 1	All piers, below bridges, in Boston Upper Harbor, including Hoosac, Mystic Piers, Navy Yard, Charlestown; Metropolitan Coal, Chelsea; National Dock, General Ship & Engine, Tidewater Coal Dock, Boston Marine Works, National Dock, Bethlehem Shipbuilding, Boston & Albany, Navy Fuel Pier, Bird Island Dolphins, East Boston; New Haven Piers, Commonwealth Pier, White Fuel, Edison's L Street, Army Base, Castle Island, Navy Yard, South Boston.
Group # 2	Esso Standard Oil, Mystic Iron Works, Everett Coke Works, Everett; Revere Sugar Refinery, Wiggin Terminal, Pier 51 Mystic, New England Coal & Coke, U.S. Gypsum Plant, Boston and Maine Mystic, Snider Fuel, Palmer & Parker's, Glendale Coal, Eastern Salt, Charlestown.
Group # 3	American Sugar Refinery, South Boston; Jenney's, Chelsea; Socony-Mobil Oil, State Fuel, East Boston.
Group # 4	American Oil, Chelsea. Group 5 rate applies for undocking if necessary to use turning basin off Hartol.
Group # 5	Tidewater Oil, Hartol, Union Oil, Revere; Monsanto Chemical, Everett; Gulf Oil, Chelsea River.
Group # 6	Socony-Mobil Oil, Proctor & Gamble, Quincy; American Agricultural Chemical, North Weymouth; Edison Light, Weymouth; Lynn Gas & Electric, Lampers, Reed & Costolo, Lynn.
Group # 7	Sprague, Breed; Stevens & Newhall, Lynn; Deepwater Oil, Quincy; Cities Service, Braintree.
Group # 8	Salem Terminal, Salem; Gulf Refining, Beverly.

Source: Schedule of charges as published by Boston Towboat Co.

NEW YORK

The minimum per tug rates given in the following tabulation are for services performed between 8:00 a.m. and 4:00 p.m., Monday through Friday.

	Base Period Hours	Minimum Per Tug
East River Brooklyn Shore:		
69th St. Brooklyn - Gowanus Canal	1	$ 66.00
Erie Basin, Brooklyn-Brooklyn Navy Yard	1	57.50
Above Brooklyn Navy Yard-Dupont St., Brooklyn	1	73.00
Newtown Creek-Jackson & Greenpoint Ave., Bridges	1	96.00
Newtown Creek-Greenpoint and Meeker Ave., Bridges	1½	115.50
Newtown-Creek-above Meeker Avenue Bridge	1½	125.50
Long Island City (Queensborough Bridge)	1	92.50
Potts Cove, Steinway & Casino Beach	2	193.00
East River, New York Shore:		
Battery-Jackson St., East River	1	57.50
Jackson St.-Queensborough Bridge	1	92.50
Hunts Pt., Port Morris & Hell Gate	2	193.00
Whitestone	2	209.50
City Island	2	226.00
North River - New York Shore:		
Battery - Pier 62 North River	1	57.50
Pier 64, North River to Pier 99 North River	1	73.00
125th Street to 135th Street	1	114.50
Yonkers	2	193.00
Tarrytown	3½	303.00

NEW YORK (Continued

Upper Bay - North River-New Jersey Shore:	Base Period Hours	Minimum Per Tug
Claremont, Black Tom, Greenville and Tankport	1	$ 96.00
Caven Point	1	92.50
Jersey City (CRR of NJ)-10th St., Hoboken	1	57.50
10th St. Hoboken-Weehawken	1	73.00
Guttenberg	1	96.00
Edgewater	1	114.50
George Washington Bridge	1½	154.50
Staten Island-Sandy Hook:		
Staten Island Docks, New York Bay (including Bay Bridge & Staten Island anchorage)	1	92.50
Gravesend Bay	1½	147.00
Sandy Hook & So. West Split	2½	226.00
Leonardo, N. J.	2½	244.50
Kill Van Kull & Arthur Kill:		
Constable Hook, Bayonne (including Navy Depot & Liberty Anchorages)	1	92.50
Mariners Harbor - Port Johnson & points opposite	1	109.00
Bergen Point and Port Ivory	1	135.50
Elizabethport to So. Amboy (including Sayerville)	1	132.00
Newark Bay-Passaic & Hackensack Rivers:		
Port Newark	1½	165.00
Newark	2	193.00
Kearny	2	193.00
Kearny-Seaboard	2	208.00

NEW YORK (Continued)

The charges for services in off-hours Monday through Friday range from about 130% of the minimum per tug rate for service during the hours 7:00-8:00 a.m. and 4:00-5:00 p.m., to between 1½ and 3 times the minimum per tug rate, depending on zone, for service performed between 10:00 p.m. and 2:00 a.m.

Charges for Saturdays, Sundays and holiday service range from 25-35% over the rates effective between Monday and Friday.

When service is commenced in one rate period and finished in another, the effective rate is the higher of the two.

For service in excess of the base period, the charge is $37.50 per hour per tug during the regular work week and $56.50 per hour per tug on Saturdays, Sundays and holidays.

Source: "The Port of New York" Port Series No. 5, Corps of Engineers, U. S. Army, Revised 1953.

2898

PHILADELPHIA

Schedule of rates for tug power assistance to vessels docking and undocking in the Delaware River and Tributaries in clear water and clear berths.

	Each Tug
Between Delair Bridge & Windy Point	$ 85.00
League Island	113.00
Ft. Miffin & Hog Island	134.00
Paulsboro, outside Delaware River Front	134.00
Thompson Point	134.00
Paulsboro in Mantan Creek	155.00
Chester, Eddystone, Marcus Hook or Claymont Del.	148.00
Deepwater Point, N. J.	240.00
Wilmington, Delaware	240.00
Girard Point	140.00
Harkness Point	155.00
Point Breeze	162.00
Gibson's Point	176.00
Harrison's Wharf, Gray's Ferry	197.00
Bridesburg	140.00
Tacony	155.00
Cornwell Heights	193.00
Burlington and Roebling	212.00
Florence, N. J.	225.00
Trenton, N. J. and Morrisville, Pa.	240.00
Reedy Point to Chesapeake City or vice versa	500.00
Delaware City, Delaware	330.00

For all services on Saturdays each tug shall be paid 50% additional to all rates and charges in this schedule.

For all services on Sundays or holidays each tug shall be paid 100% additional to all the rates and charges in this schedule applying to the particular services.

For all tug services in this schedule before 8 a.m., and after 4 p.m. there will be an additional charge of $22.00 per hour overtime for each tug including running time to and from tug station in addition to the regular rates. Overtime charges are to accumulate from 4 p.m. until tug returns to station. If tug remains out after midnight, the overtime charge to be accumulated from 4 p.m. to 8 a.m.

Source: Schedule of charges as published by the Curtis Bay Towing Co. of Pa. 2899

BALTIMORE

Gross Tonnage	Per Tug 1	Per Tug 2	Per Tug 3	Per Tug 4	Per Tug 5	Per Tug 6	Per Tug 7
Up to 2050	$ 34.	$ 43.	$ 53.	$ 41.	$ 56.	$ 68.	$ 87.
2051-3050	40.	49.	59.	48.	63.	75.	94.
3051-3550	48.	56.	68.	54.	72.	88.	109.
3551-4050	54.	63.	75.	62.	82.	100.	121.
4051-4550	62.	69.	82.	68.	93.	112.	133.
4551-5050	68.	76.	88.	75.	103.	125.	146.
5051-5550	75.	83.	95.	82.	112.	138.	157.
5551-6050	82.	90.	102.	88.	122.	150.	170.
6051-6550	88.	96.	109.	95.	133.	161.	181.
6551-7050	95.	103.	115.	102.	144.	174.	195.
7051-7550	102.	110.	122.	109.	152.	185.	204.
7551-8000	109.	118.	130.	115.	162.	200.	218.
8001-8500	115.	123.	136.	122.	172.	213.	233.
8501-9000	122.	131.	143.	130.	184.	225.	245.
9001-9500	130.	137.	149.	136.	194.	239.	258.
9501-10,000	136.	144.	157.	143.	204.	250.	270.

2990

00 P 5

BALTIMORE (Continued)

1. Docking or undocking at Fairfield, Lower Canton, Port Covington, inside Lazaretto and shifting inside Lazaretto.

2. Docking, undocking or shifting at Curtis Bay; or shifting at Port Covington.

3. Docking or undocking at Sparrows Point.

4. Inside Lazaretto to Fairfield or Lower Canton, or vice versa; or shifting at Sea Wall No. 3 Anchorage or Canton, Ohio.

5. Quarantine to Curtis Bay, Port Covington Harbor or vice versa; or from Sea Wall No. 3 to Curtis Bay or Port Covington.

6. Between any two of the three points Port Covington, Curtis Bay and inside Lazaretto.

7. Sparrows Point to Quarantine, Baltimore, Curtis Bay, Port Covington or vice versa; Ore Pier and High Pier, Sparrows Pt. to Marine Dept., Sparrows Pt, or vice versa.

2901

OVERTIME RATE: $16.00 net per hour per tug.

Weekdays: (Monday to Friday inclusive).

When services require tugs to be operated before 7:00 A.M. and after 4:00 P.M. on weekdays, the tugs shall be paid a further charge of $16. net per hour per tug in addition to the appropriate regular rates.

For services after 4:00 P.M., overtime to count from 4:00 P.M. until tug or tugs have returned to tie-up station.

For services after midnight, time to count from time tugs are ordered into service until 7:00 A.M.

Saturdays, Sundays and Holidays:

Minimum of four hours, calculated in four hour periods: 7:00 A.M. to 11:00 A.M.

11:00 A.M. to 3:00 P.M. to be prorated over any other vessels the tugs may serve during that period.

For services after 3:00 P.M., time to count from 3:00 P.M. until tug or tugs return to tie-up station, with a minimum of four hours.

Source: "The Port of Baltimore" Port Series No. 10, Corps of Engineers, U. S. Army, Revised 1955.

2902

HAMPTON ROADS

Docking and Undocking (Charges apply days, nights, Sundays and Holidays).

NORFOLK

General Cargo Piers

Docking, undocking with steam, each operation 6¢ per net registered ton.
Without steam 7½¢ per net registered ton.

Minimum tonnage 3,500.

NEWPORT NEWS

General Cargo Piers

Docking and undocking one or both services, with power 5¢ net registered ton.
Docking and undocking one or both services, without power 7½¢ per net registered ton.

Minimum charge $67.00

2903

Source: "Ports of Greater Hampton Roads Annual 1956"
Hampton Roads Maritime Assoc.

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I.C.C. DOCKET I.&S. 6615
WITNESS ______________
EXHIBIT NO. ______________

CHARGES FOR HANDLING LINES AT NORTH ATLANTIC PORTS OF

Boston, Mass.

New York, N. Y.

Philadelphia, Pa.

Baltimore, Md.

Hampton Roads, Va.

2984

BOSTON

Mooring (except oil docks)	Per Operation	
Number of Men	Straight Time	Over Time
3	19.68	25.04
4	24.20	31.30
5	28.67	37.56
6	33.20	43.88
7	37.67	50.14
8	42.20	56.44
9	46.73	62.76
10	51.25	68.98
Unmooring (except oil docks)		
2	13.15	16.72
3	17.68	23.04
4	22.20	29.30
5	26.67	35.56
6	31.20	41.87

These rates do not apply at Weymouth, Quincy or Lynn.

Waiting time (over 1½ hours).

Straight time $2.55 per man per hour.

Over Time $3.53 per man per hour.

Source: Schedule of charges as published by Boston Line & Service Co. Inc.

2905

NEW YORK

Service furnished by stevedore at cost plus 10%.
Average charge $40.00, party of four including waiting time.

Source: Port Series No. 5, Corps of Engineers, U.S. Army, Revised 1953.

PHILADELPHIA

Mooring and unmooring between:

6:00 A.M. and 6:00 P.M.	$10.00
6:00 P.M. and 6:00 A.M.	$15.00

All vessels over 10,000 tons require four men to moor. When four men are ordered to moor or unmoor the charge will be double prevailing rate at that time.

Detention: - $2.50 per hour per man.

Source: Rates quoted in letter from Walls Ship Service,
333 N. Front St., Philadelphia, Pa., dated 10/8/56.

BALTIMORE

Straight Time

Making fast, per vessel	$14.00
Letting go, per vessel	$10.50

Overtime: For services performed before 8:00 A.M. and after 5:00 P.M. Monday through Friday, and for all service on Saturdays, Sundays and Holidays, there is an overtime differential charge of $3.35 per hour or fraction for each man employed, subject to a four hour minimum, such charges to be pro-rated if more than one vessel is served during the minimum period.

Source: Port Series No. 10, Corps of Engineers, U. S. Army, 1955.

HAMPTON ROADS

All steamships	$10.00

Source: "Ports of Greater Hampton Roads Annual - 1956" - Hampton Roads Maritime Assoc.

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I.C.C. DOCKET I.&S. 6615
WITNESS ____________
EXHIBIT ____________

DOCKAGE CHARGES AT NORTH ATLANTIC PORTS

BOSTON	12½¢ per ton of freight discharged from or loaded to vessels	
	Minimum charge per day	$50.00
NEW YORK	None at leased piers.	
	Port of New York Authority Piers:	
	Hoboken	3¢ per gross reg. ton per day
	Brooklyn	3¢ per gross reg. ton per day
	Columbia St.	3¢ per gross reg. ton per day
	Port Newark	2½¢ per gross reg. ton per day
PHILADELPHIA	None at railroad piers -	
	Philadelphia Piers Inc:	4¢ per net reg. ton of vessel per day
	Minimum charge per day	$100.00
BALTIMORE	None	
HAMPTON ROADS	None	

Source: Port of Boston Commission - PBC # 10
Port of New York Authority Tariff No. 1 D
Port of New York Authority Tariff No. 2 A
Port of New York Authority Tariff No. 5
Port of New York Authority Tariff No. 6
Philadelphia Piers Schedule No. 11

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ICC DOCKET I & S 6615
WITNESS____________
EXHIBIT____________

LIST OF CUSTOM HOUSE BROKERS AND FOREIGN FREIGHT FORWARDERS AT SELECTED NORTH ATLANTIC, SOUTH ATLANTIC AND GULF PORTS, VIZ:

Boston, Mass.
Philadelphia, Pa.
Baltimore, Md.
Hampton Roads, Va. viz:
   Norfolk, Va.
   Newport-News, Va.
New Orleans, La.
Charleston, S. C.
Savannah, Ga.
Jacksonville, Fla.
Mobile, Ala.
Galveston, Tex.
Houston, Tex.

Source: Custom House Guide - 1956

LIST OF BANKS WITH FOREIGN DEPARTMENTS AT SELECTED NORTH ATLANTIC, SOUTH ATLANTIC AND GULF PORTS, VIZ:

Portland, Me.
Boston, Mass.
New Bedford, Mass.
Fall River, Mass.
Providence, R.I.
New Haven, Conn.
Bridgeport, Conn.
New York, N.Y.
Wilmington, Del.
Philadelphia, Pa.
Baltimore, Md.
Washington, D. C.
Norfolk, Va.
Newport News, Va.
Charleston, S. C.
Savannah, Ga.
Jacksonville, Fla.
Miami, Fla.
Tampa, Fla.
Pensacola, Fla.
Mobile, Ala.
New Orleans. La.

Source: First National Bank of Boston

BOSTON

Custom House Brokers

American Express Co.
Andrews & Co. of Mass., D. C.
Conkey & Co., John A.
Davies, Turner & Co.
Dolliff & Co.
Dorf International, Inc.
Downing & Co., T. D.
Garvey Co., H. M.
Hamson, Raymond, H.
Hartnett, C. A.
Lambert & Co., H. P.
Lombard's Sons, A. C.
Pistorino & Co., Inc.
Powell Co., C. H.
Proctor Co., W. N.
Railway Express Agency Inc.
Rice & Co., Corp
Saratoga Forwarding Co.
Stockwell Co., E. Sidney
Stone & Downer Co.
Walker Services & Co.
Wilcon Co., F. B.

Foreign Freight Forwarders

American Express Co.
Andrews & Co. of Mass., D. C.
Conkey & Co., John A.
Davies, Turner & Co.
Dinsmoor, Clyde M.
Dolliff & Co.
Dorf International, Inc.
Downing Co., T. D.
Erskine Freight Forwarding Co.
Garvey Co., H. M.
Hamson, Raymond H.
Hartnett, C. A.
Jay-Jay Forwarding Service
Judson Sheldon Division
National Carloading Corp.
Lambert Co. Inc., H. P.
Lombard's Sons, A. C.
Pacific and Atlantic Shippers Assn.
Patterson Wylde & Co.
Pistorino & Co., Inc.
Powell Co., C. H.
Proctor Co., W. N.
Rice & Co., Corp.
Saratoga Forwarding Co.
Springmeier Shipping Co.
Stockwell Co., E. Sidney
Stone & Downer Co.
Wilcon Co., F. B.

PHILADELPHIA

Custom House Brokers

Air Express International Agency Inc.
Allen Forwarding Co.
Davies Turner & Co.
Dorf International Inc.
Faunce, John H., Inc.

Friedman, Morris
Hampton J. W. Jr. of Philadelphia, Pa.
International Expediters, Inc.
Keer, Maurer Co., Inc.
Kurz Co., Charles
Maurer Co., Albert F.
Philadelphia Transatlantic Line
Radbill & Co., Wm.
Rodgers & Co. Inc., John
Simon & Co., Carson M.
Steer, John A. Co., Inc.
Surface Freight Corp.
Vandergrift & Co. Inc., F. B.

Foreign Freight Forwarders

Allen Forwarding Co.
Behring Shipping Co.
Bernacki Inc., Peter A.
Davies Turner & Co.
Dorf International Inc.
Faunce, John H. Inc.
Friedman, Morris
Hampton, J. W. Jr. of Philadelphia, Pa.
Hemisphere Shipping and Service Co.
International Expediters, Inc.
Judson-Sheldon Division of
National Carloading Corp.
Keer, Maurer Co.
Kurz, Chas. Co.
Kurz, Gertrude S.
Marks and Coyle, Inc.
Maurer Co., Albert F.
Overseas Transports Co., Inc.
Pacific and Atlantic Shippers Assn.
Radbill & Co., Wm.
Rogers, John C., Inc.
Simon & Co., Carson M.
Sobelman & Co., Inc.
Springmeier Shipping Co.
Steer, John A. Co.
Surface Freight Corp.
Thomson & Earle, Inc.
Universal Transcontinental Corp.
Vandergrift & Co., Inc., F. B.

BALTIMORE

Custom House Brokers

American Express Co.
Andrews & Co. of Maryland, Inc., DC
Baltimore and Ohio RR Co.
Behring Shipping Co.
Connor, John J.
Cottman Co., The
Dorf International, Inc.
Dyson Shipping Co., Inc.
Hobelman & Co. Inc., R. G.
Masson, William H.
Railway Express Agency
Rosenthal, H. Edward
Rukert Terminals, Corp.
Shallus Co., The, F. H.
Shapiro & Co. Inc., Samuel

Foreign Freight Forwarders

Andrews & Co. of Maryland, Inc., D. C.
Avalon Forwarding Co.
Behring Shipping Co.
Connor, John S.
Cottman Co., The
Davis, Davis & Sons
Dorf International, Inc.
Dyson Shipping Co., The
Footner & Co.
Hobelman & Co. Inc., R. G.
Inland Forwarding, Inc.
International Expediters, Inc.
Judson-Sheldon Division of
National Carloading Corp.
Kennedy-White & Co., Inc.
J. P. Link
Masson, William H.
Pacific & Atlantic Shippers Assn.
Rosenthal, H. E.
Rukert Terminals, Corp.
Shallus Co. The, F. H.
Shapiro & Co. Inc., Samuel
Springmeier Shipping Co. Inc.
Thomas & Earle, Inc.
Universal Transcontinental Corp.
Wedemann & Godknecht, Inc.

HAMPTON ROADS

Custom House Brokers

Norfolk

Cavalier Shipping Co. Inc.
Gaskell Co. Inc., Fred P.
Graham, Wm. F., Jr.
Hipage Co. Inc., The
Norton & Ellis, Inc.
Parker Shipping Co., W.S.
Rogers Inc., H. B.
Smith & Co., W. O.
Stone, W. M., Co.
Virginia Forwarding Corp.

Newport News

Hoffman & Co., Allan R.
Schade, Wilfred & Co.
(H.A. Keitz, Prop.)

Foreign Freight Forwarders

Norfolk

Cavalier Shipping Co. Inc.
Cavanaugh, W. D. Associates
Gaskell Co. Inc., Fred P.
Hipage Co. Inc., The
Norton & Ellis, Inc.
Parker Shipping Co., W. S.
Rogers Inc., H. B.
Smith & Co., W. O.
Stone, W. M. Co.
Virginia Forwarding Co.

Newport News

Hoffman & Co., Allan R.
Schade, Wilfred & Co.
(H.A. Keitz, Prop.)

NEW ORLEANS

Custom House Brokers

Air Express International
American Express Company
Andrews & Co. of La., Inc., D. C.
Baxter Co.
Behring Shipping Co.
Cazales, E. J.
Dorf International, Inc.
De Pouey, M. M.
Gray, W. A.
Hampton Jr. & Co. Inc., J. W.
Intra-Mar Shipping Corp.
Ittman Brothers
Jackson & Sons, Inc., S.
Kraemer & Co., F. L.
Lambert Co., Inc., H. P.
Maher-App & Co.
Mattoon & Co., Inc.
Philbin, Emmet F.
Railway Express Agency
Rueffe Inc., Geo. Wm.
West, Milton George
Westfeldt Brothers
Zanes W. R. & Co.

Foreign Freight Forwarders

Air Express International Corp.
Alexander & Co., V.
Allen & Co., J. W.
Alonso Shipping Co.
Alvarado, Fernando
American Express Co.
American Oceanic Forwarding Co.
American Shipping Co.
Andrew Co. of La., Inc., D. C.
Baxter Co.
Behring Shipping Co.
Brand Dispatching Co.
Byrens & Lowrey
Cia Transmares
Continental Fast Freight Co.
Cosmos Shipping Co.
Cottam H. T. & Co.
Dent, Inc.
Dixie Forwarding Co. of La., Inc.
Dorf International Inc.
De Pouey, M. M.
Dupre C. L. & Son
Dupuy Storage & Forwarding Corp.
Dyson Shipping Co.

NEW ORLEANS

Foreign Freight Forwarders (cont.)

Exporters Forwarding Co.
Farrell Shipping Co., Inc.
Fast Mar Shipping Co.
Forwarding Co., Inc., The
Fritz & Co., Arthur J.
Garenne Grain Co.
Galiotto, Theodore N.
Gaskell Co., Inc., Fred P.
Gaynor P. A. & Co.
Glennon Drayage & Warehouse Co.
Gogarty Inc., H. A.
Gendrand Brothers, Inc.
Green, J. Ashton
Gulf Shipping Co.
Hampton Jr. & Co., J.W.
Haras Co.
Hatry, L.N.
Hawaiian Freight Forwarders, Ltd.
Hegewisch, A. E., Inc.
Heidl's
Hiern, L.H.
Hub Enterprises
Impex Service Co.
International Express
Interstate Forwarding Co., Inc.
Intra-Mar Shipping Corp.
Jackson S. & Son, Inc.
Judson Sheldon Division
Kerston Shipping Agency
Gulf Forwarding Co.

Kraemer & Co., F. L.
Lambert Co., Inc., H. P.
Leininger Co., Inc., George M.
Loeliger, Edmond
Lusk Shipping Co., Inc.
M & J Forwarding Agency
Maher-App & Co.
McCandless & Co.
Michels, J. R., Jr.
Mississippi Valley Forwarding Co.
Mohegan International Co. of La.
Morasco, B.
Nolan Bros. Shipping Co.
Osborn & Co., W. H.
Ovalle Co., M. J.
Pan American Shipping Co.
Penson & Co.
Peres Forwarding Co.
Planet Shipping Co.
Plant Shipping Co.
Porto Rican Express Co.
Priester, E. H.
Railway Express Agency
Raymond Shipping Co.
Rea, James L.
Renshaw H. S., Inc.
Reynoir Shipping Co.
Richeson & Sons Inc., W. L.
Rousseau, John E & Associates
Reuffe, Inc., George, Wm.
Marine Forwarding & Shipping
Mattoon & Co.

NEW ORLEANS

Foreign Freight Forwarders (cont.)

Seven Seas Mercantile Transport Co.
Southern Traffic Association
T. R. Spedden
Stass, J. S.
Surface Freight Corp.
Swetting & Co.
Transoceanic Shipping Co.
Trans-marine Co.
Trans World Foreign Freight Forwarders
Trans World Shipping Corp.
Tujague Inc., Gerard, F.
Universal Transcontinental Corp.
Valle Forwarding Co.
Westfeldt Brothers
Wichterich, Al G. & Co.
Williams, J. G. R.
World-Wide Forwarders Co.
Zanes, W.R. & Co.

CHARLESTON, S. C.

Custom House Brokers

Charleston Overseas Forwarding Inc.
Comar Inc., R. B.
Richards, Inc., Frederick

Foreign Freight Forwarders

Charleston Overseas Forwarding, Inc.
Comar Inc., R. B.
Richards, Inc., Frederick
South Altantic Forwarding Co.
Southern Shipping Co., Inc.

SAVANNAH, GA.

Custom House Brokers

Craig Jr., Joseph
Frazier Jr., Wm. F.
James, John S.
Powers, D. J.
Tarver, James W.
Yarber, William A.

Foreign Freight Forwarders

Anderson Shipping Co.
Cavanaugh Associates
Craig Jr., Joseph
James, John S.
Smith & Kelly Co.
Stevens Shipping Co.
Tarver Shipping Co.

JACKSONVILLE, FLA.

Custom House Brokers

Linley, E. A.
McGiffin Inc., G.
Moller, Herbert B.
Sullivan, Henry E. Jr.

Foreign Freight Forwarders

Caldwell Shipping Co., Inc.
Kaufmann Shipping Co.
McGiffin & Co., Inc.
Moller, Herbert B.
Southern Shipping Co., Inc.
Strachan Shipping Co.

MOBILE, ALA.

Custom House Brokers

Burden, A. C.
Cunningham, N. D.
Godwin, John L.
Lee, James T.
Lee Rufus B.
Murray & Co., Richard
Page & Jones, Inc.

Foreign Freight Forwarders

Boule, Paul A.
Cunningham & Co., N. D.
Godwin Shipping Co., Inc.
Markley Export Corp.
Murray & Co., Richard
Provence & Co., T. A.
Southern Traffic Assn.

GALVESTON, TEX.

Custom House Brokers

J. D. Winchester
Zanes & Company
Railway Express Agency

Foreign Freight Forwarders

Collins & Gissel
Herbelin, F. J. Jr.
Michels, J.R. Jr.
Schurig & Co. H. E.
Shaw, Thomas F.
Stone Forwarding Co.
Winchester, J. D.
Zanes & Co., W. R.
Ziegler Inc., H. L.

HOUSTON TEX.

Custom House Brokers

Air Express International Corp.
Allert, Robert R.
Behring Shipping Co.
Canion, Leslie B.
Dorf International Co., Inc.
Patrick & Graves
Railway Express Agency
Smith & Co., R. W.
Surface Freight Corp.
Zanes & Co., W. R.

Foreign Freight Forwarders

Air Express International Corp.
Behring Shipping Co.
Dixie Forwarding Co., Inc.
Dorf International Inc.
Export Expediters of Houston
J. P. Harle Forwarding Co.
F. J. Herbelin
Houston Freight Forwarding Co., Inc.
Judson Sheldon Division of
National Carloading Corp.
Lee Shipping Co.
Lightning Express Service
Michels, J. R. Jr.
Patrick & Graves
Railway Express Agency
Schurig & Co., H. E., Inc.
Smith & Co., R. W.
South Ports Forwarding Co.
Stone Forwarding Co., Inc.
Surface Freight Corp.
Thibodaux & Co., C. J.
Universal-Transcontinental Corp.
Zane & Co., W. R.
Ziegler, H. L., Inc.

LIST OF BANKS WITH FOREIGN DEPARTMENTS AT SELECTED NORTH ATLANTIC, SOUTH ATLANTIC AND GULF PORTS

Portland, Maine
- Canal National Bank of Portland
- First Portland National Bank

Boston Massachusetts
- Brown Brothers, Harriman & Co.
- The First National Bank of Boston
- The National Shawmut Bank of Boston
- The Merchants National Bank of Boston
- New England Trust Co.
- Pilgrim Trust Co.
- Rockland-Atlas National Bank of Boston
- Second Bank-State Street Trust Company
- United States Trust Company

New Bedford, Massachusetts
- The First Safe Deposit National Bank of New Bedford
- Merchants National Bank of New Bedford

Fall River, Massachusetts
- B.M.C. Durfee Trust Company
- Fall River National Bank
- Fall River Trust Company

Providence, Rhode Island
- Industrial National Bank
- Rhode Island Hospital Trust Co.

New Haven, Connecticut
- The First National Bank and Trust Co. of New Haven
- The Second National Bank of New Haven

Bridgeport, Connecticut
- The Bridgeport - City Trust Co.
- The Connecticut National Bank

New York, New York
- American Express Company
- American Trust Company
- Bank of America (International)
- Bank of New York
- Bankers Trust Company
- Belgian American Banking Corporation
- Brown Brothers, Harriman & Co.
- The Chase-Manhattan Bank
- Chemical Corn Exchange Bank
- Colonial Trust Company
- Empire Trust Company
- The First National City Bank of New York
- French-American Banking Corporation
- Grace National Bank
- Guaranty Trust Co. of New York
- The Hanover Bank
- Irving Trust Co.
- Manufacturers Trust Company
- Marine Midland Trust Company of New York
- The Merchants Bank of New York
- J. P. Morgan & Co., Incorporated
- The New York Trust Company
- J. Henry Schroder Banking Corporation
- Sterling National Bank and Trust Company

FOREIGN TRADE BANKS - EAST & GULF COAST PORTS (CONT.)

Wilmington, Delaware
- Equitable Security Trust Co.
- Wilmington Trust Co.

Philadelphia, Pennsylvania
- Brown Brothers, Harriman & Company
- Central - Penn. National Bank of Philadelphia
- First Pennsylvania Banking and Trust Company
- Girard Trust Corn Exchange Bank
- Liberty Real Estate Bank and Trust Company
- The Philadelphia National Bank
- Tradesmens-Land Title Bank and Trust Company

Baltimore, Maryland
- First National Bank of Baltimore
- The Equitable Trust Co.
- Fidelity-Baltimore National Bank & Trust Co.
- Maryland Trust Co.
- Mercantile Safe Deposit & Trust Co.
- Union Trust Company of Maryland

Washington, District of Columbia
- American Security and Trust Company
- Riggs National Bank of Washington, D. C.

Norfolk, Virginia
- The Bank of Virginia
- National Bank of Commerce
- Seaboard Citizens National Bank

Newport News, Virginia
- First National Bank

Charleston, South Carolina
- The Citizens and Southern National Bank of South Carolina
- The South Carolina National Bank

Savannah, Georgia
- The Citizens and Southern National Bank

Jacksonville, Florida
- The Atlantic National Bank of Jacksonville
- The Barnett National Bank of Jacksonville
- Florida National Bank of Jacksonville

Miami, Florida
- The First National Bank of Miami
- Florida National Bank and Trust Company at Mia
- Pan American Bank of Miami

Tampa, Florida
- Exchange National Bank of Tampa
- First National Bank of Tampa
- Marine Bank & Trust Co.

Pensacola, Florida
- The Florida National Bank of Pensacola

Mobile, Alabama
- American National Bank & Trust Company
- First National Bank of Mobile
- Merchants National Bank of Mobile

New Orleans, Louisiana
- Hibernia National Bank in New Orleans
- The National Bank of Commerce in New Orleans
- Whitney National Bank of New Orleans

[fol. 2920]

I.C.C. EXHIBIT NO. 27

ICC DOCKET I & S 6615
WITNESS Halloran
EXHIBIT NO. ——

This statement is verified. Unless written request for cross examination is received by the affiant or his attorney, Henry E. Foley, 10 Post Office Square, Boston, 9, Mass., not later than ten days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

I & S DOCKET NO. 6615

VERIFIED TESTIMONY OF JOHN J. HALLORAN ON BEHALF OF THE PORT OF BOSTON COMMISSION

Statement of John J. Halloran

Q. Will you state your name, position and business address.

A. John J. Halloran, Manager of the Maritime Association, Greater Boston Chamber of Commerce, 80 Federal Street, Boston, Massachusetts.

Q. Will you describe your experience in the field of shipping and transportation?

A. I began in the shipping business as a clerk with the United States Steamboat Inspection Service in 1907. When I left in 1918 I had become chief clerk. In 1918 I became manager at Sprague Steamship Company and was Vice President and General Manager of that company when I left in 1953. During the period I was at Sprague, the company was engaged in furnishing both scheduled and unscheduled vessel service. During my tenure at Sprague, I was appointed a Commissioner of the Port of Boston Authority and was Chairman of that organization during 1953. In 1953 I left both Sprague and the Port of Boston Authority and started in my present position as Manager of the Maritime Association of the Greater Boston Chamber of Commerce. I have also been chairman of the Collier Owners Association, a trade association made up of companies operating colliers and other bulk cargo vessels, and a director of two other trade associations, the National Federation of American Shipping and the American Merchant Marine Institute.

Q. Has your experience in the shipping field made you familiar with ocean freight movements through the Port of Boston and the other North Atlantic ports; with ocean rate-making practices in connection with such freight; [fol. 2922] and with the port facilities at Boston and their development?

A. Yes. My responsibilities at the Sprague Steamship Company included supervision of the scheduling of liners and routing of non-scheduled ships calling at all the North Atlantic ports. I am familiar with all aspects of the shipping business, including rate-making and traffic flows, and have continued to maintain my familiarity with such matters. In my present position I am engaged in the promotion of the Port of Boston, and I am, as a result of these activities and of my former experience as well, familiar with the facilities at the Port of Boston, and with their development.

Q. Are you familiar with the types of ocean transportation available to shippers shipping via the North Atlantic ports, including Boston, with respect to the various kinds of freight moving through those ports?

A. Yes.

Q. Will you describe the various types of ocean shipping?

A. The ships engaged in foreign commerce in general, and also those plying routes to and from United States North Atlantic ports, run the gamut of specialization all the way from those ships able to carry a wide variety of types of cargo to those which are especially designed or equipped to carry only one type of cargo. Among the more specialized types of vessels are tankers, which are designed to carry bulk liquid cargo; refrigerator ships equipped to carry refrigerated cargo; and ore-and-coal carrying vessels. General cargo vessels, on the other hand, are equipped to carry all kinds of dry, non-bulk cargo, as [fol. 2923] well as some dry bulk cargo, such as grain. Many general cargo and specialized vessels are, of course, equipped to carry more than one kind of freight. For instance, general cargo vessels may be outfitted with refrigerator space, and may have tanks for the carriage of a certain amount of liquid in bulk. Very often such general cargo vessels are outfitted so that the specialized space is adaptable for use in carrying general cargo as well. Similarly, many highly specialized vessels are equipped to carry a certain amount of general cargo, usually on deck. Thus, there is a certain amount of flexibility as to what kind of cargo vessels of the various types may carry.

Q. What types of service are available for the shipment of ocean cargo?

A. There are three principal types of vessel service in foreign trade. These are "liner" service, "tramp" service, and the service of shipper-owned vessels.

Q. Would you kindly describe these types of ocean service?

A. Yes. "Liners" are vessels operated by steamship lines on schedules, at regular intervals, between designated ports. "Tramps", on the other hand, are vessels which do not operate on schedules, and which sail wherever the immediate demands of traffic dictate.

Tramp vessels are the contract carriers of the water shipping business. They are usually smaller and slower than liners. They may take on a full load from a single shipper, or take partial loads from several shippers. When a single shipper or a group of shippers acting together hires all the space on a vessel, the vessel is then said to be chartered. Charters may be of either of two types, time [fol. 2924] charters, and voyage charters. In a time charter the charterer hires the vessel fully manned, equipped, and supplied, except for fuel, for a specified period during which the vessel is entirely at his disposal. Time charters are not of importance in most foreign trade. A voyage charter is a hiring for a single trip. Occasionally a voyage or time charterer finds he has space available on a ship which is ready to sail, and he will accept small shipments in order to complete the cargo. Such shipments, though moving by tramp, are not said to be moving on charter.

A third kind of service, though one which is also not of importance in most foreign trade, is that performed by shipper-owned vessels, which are vessels owned by firms in whose business the cost of transportation, or the requirement of ready availability of vessels, are significant enough to make it profitable for them to enter the steamship business. These vessels carry freight for their owner's account, and for hire as well.

Q. Are there any significant differences with respect to the types of cargo typically carried by vessels operating in each kind of service?

A. Yes. For instance, generally cargo, especially where delivery time is an important item, is most often carried by liner since the shipper is able to rely on the published schedule of the line in making his delivery commitments and plans. Where the time of delivery is not crucial, a shipper may occasionally send general cargo by tramp.

On the other hand, when liner space is short, all shippers will use tramps.

Q. What kind of cargo would that be?

A. Usually bulk cargo, such as coal, grain, sulphur, fer- [fol. 2925] tilizers, ores and bulk liquids, including petroleum products.

Q. Thank you. Will you please continue your description of the kinds of freight generally carried by vessels in the various kinds of service.

A. Yes. Shipper-owned vessels are usually employed in carrying bulk and specialized cargo, such as oil, coal, ores and refrigerator cargo, although some refrigerator cargo is carried by liners because many liners are appropriately equipped.

Q. Do individual vessels necessarily remain in one kind of service? That is, does a vessel operating as a tramp always operate as a tramp?

A. No. There is a certain amount of interchangeability of vessels as between liner and tramp services, and to some extent, between tramp and shipper-owned service. For instance, in periods of shortage of shipping space, shipping lines will often charter vessels from tramp operators to bolster their general cargo carrying capacity for short periods of time. By the same token, tramps may, in such periods, carry general cargo, either on top of bulk cargo, or occasionally as a full load, in cases where neither speed nor a definite delivery date is important to the shipper. Lastly, when shipper-owned vessels are not in demand by their owners, they are sometimes chartered to tramp or liner operators.

Q. You have already stated you are familiar with rate-making on ocean cargo. Could you tell us whether the methods of making ocean rates are the same for all kinds of ocean service?

A. No. The method of making ocean rates varies accord- [fol. 2926] ing to the kind of service involved; that is, according to whether the cargo is to move by liner or by tramp. There is no ocean rate-making with respect to shipper-owned vessels, of course, insofar as such vessels are not let out for charter.

Q. Please describe the method employed to make rates on cargo moving by liner.

A. Liner rates are almost exclusively set by shipping "conferences". A conference is an association of independent shipping lines operating between the same geographical areas. They are usually formed for the purpose of stabilizing ocean rates by agreeing on what the rates will be. Thus, conferences resemble railroad rate committees. The rates on commodities which are subject to a substantial amount of tramp competition are often excepted from conference agreements, in which case the commodity is said to move on "open rates". However, by far the greater part of all freight carried by conference liners moves on fixed rates.

Q. Are such rates a matter of public knowledge?

A. Conferences in United States trades file with the Federal Maritime Board all agreements, and rates made pursuant to agreement. As a consequence, rates become widely known to the industry.

Q. Do the conferences quote uniform rates to and from all the North Atlantic ports?

A. Yes. Uniform rates are quoted to and from all the ports on the North Atlantic Range. There is also parity within the South Atlantic range and also within the Gulf range.

[fol. 2927] Q. Do the individual lines which are members of the conferences adhere to these rates faithfully?

A. I have been in the shipping business many years, and I have never observed any deviation from conference rates by conference members. Conference members are free to charge open rates which are not equal as among ports, but in my experience open rates are usually set on a parity basis.

Q. Have ocean rates set by conferences always been uniform to and from all the North Atlantic ports?

A. No. Prior to about 1916, liner rates to and from the North Atlantic ports were set largely on a distance basis. In fact, it was because of the water rate advantage which thereby resulted for Boston and New York as against Philadelphia, Baltimore and Hampton Roads, that the Agreement of 1877 between the Erie, New York Central, Pennsylvania, and Baltimore and Ohio Railroads was entered into, establishing rail differentials in order to equalize the through export-import rates to differential territory.

Following a period of Federal Government control of shipping in World War I, the conference lines instituted equal rates to and from the North Atlantic ports. Open rates have also been quoted generally on a parity basis since that time.

Q. Will you describe how non-conference liner rates are set?

A. Generally, non-conference lines charge conference rates, or slightly lower. They are not able to charge much lower rates than conference lines charge because the competing conferences will lower their rates in response to [fol. 2928] lower non-conference rates.

Q. Do non-conference lines charge uniform rates to and from the North Atlantic ports?

A. Yes. The practice of quoting uniform rates to and from all the North Atlantic ports has been adhered to by non-conference lines since about 1920. Non-conference lines also charge equal rates within the South Atlantic range and within the Gulf range. Non-conference outbound rates are filed with the Federal Maritime Board.

Q. What proportion of liner cargo moves by non-conference liner?

A. A very small part of all liner cargo moves by non-conference liners.

Q. Will you describe the method of making rates on cargo moving by tramp?

A. Tramp operators are not associated in conferences and do not make rates collectively. It is usual for tramp operators to charge substantially below conference rates since tramps are generally slower than liners, and the shipper does not have the benefit of scheduled delivery. Of course, in periods of shortage of shipping space, tramp rates may exceed liner rates.

Q. Are tramp rates quoted on a uniform basis with respect to all the North Atlantic ports?

A. Yes. With respect to voyage charters, the operator puts the ship up for charter on a coastal range basis, quoting a rate which is the same for a voyage to or from any of the ports on the North Atlantic range. There are two [fol. 2929] exceptions to this general proposition. In the first place, small lots accepted by the charterer in order to make up a full load may move on any rate the charterer can obtain, and such rates cannot be called parity rates, strictly speaking. However, the movement of such lots by tramp is very rare. Secondly, when a tramp is discharged in a port at the expiration of a voyage charter, and is able to pick up a full outbound load in the same port, there is the possibility that the operator may save the expense of going elsewhere to load for the outbound trip, and in order to do so, he will occasionally offer the ship at something below the going rate in order to secure the cargo. This practice *could*, of course, occur at any of the North Atlantic ports since it can occur at any port where the cargo becomes available at just the right time.

Q. Does it, in fact, occur at Boston?

A. Rarely, if at all.

Q. Why?

A. Because there is a very small amount of export traffic at Boston.

Q. Does the practice you have just described occur at the other North Atlantic ports involved in this proceeding?

A. Yes.

Q. You have told us about voyage-charter rates. How do time charter rates fit into this picture of uniformity of rates as among ports?

A. Time charter rates are, of course, quoted with regard to time only. The idea of uniformity of rates as among ports is not, therefore, applicable to time charter rates.

[fol. 2930] Q. Have voyage charter rates always been uniform to and from United States North Atlantic ports?

A. No. Prior to some time in the late twenties or early thirties tramp operators quoted voyage rates which were not uniform among the North Atlantic ports, but which varied with distance. Tramp rate equalization to and from North Atlantic ports was complete by 1935 at the latest. Such equalization exists within the South Atlantic range, and within the Gulf range as well.

Q. What has been the history of rail rates in relation to the changes you have described with respect to water rate equalization?

A. From at least 1877 to about 1916 was a period during which ocean rates varied according to distance; the rail differential was also in effect, and had the result of offsetting any water rate advantage accruing to Boston and New York resulting from the fact that the principal areas with which the United States then carried on trade were closer to Boston and New York. The effect was to put all the North Atlantic ports on a roughly equal basis with respect to combined rail-ocean rates, so that the shipper had a choice of ports largely unaffected by rates. On the other hand, since 1935 at the latest, ocean rates have been equalized, but the rail differential has remained in effect. Thus, today, all liner, and voyage-charter import and export cargo, with the minor exceptions I have mentioned, moving to and from differential territory, regardless of the foreign points of origin or destination, bears a combined rail-ocean rate which is different as among the North Atlantic [fol. 2931] ports by exactly the amount of the rail differential.

Q. You have so far described for us the kinds of ocean shipping service which are available, rate-making practices in the various kinds of service, and the history of those practices, especially as related to this proceeding. Now can you tell us something about the availability of ships at Boston and the other North Atlantic ports?

A. Yes. Mr. Day and I have caused to be compiled in exhibit form liner type vessel outbound schedules from the New York Journal of Commerce covering the North Atlantic ports during representative weeks in the spring and fall of 1956. This information is set out in Exhibits 210 through 215.

You will note that Exhibits —— (210), —— (211) and —— (212) are schedules for a sample period in the spring of 1956; and —— (213), —— (214), and —— (215) are schedules for a sample period in the fall of 1956. For the periods covered in both spring and fall you will find in Exhibits —— (210) and —— (213), actual schedules of all the liners calling at North Atlantic ports. Exhibits —— (211) and —— (214) show, in slightly summarized form, for the same vessels, the order in which each one stopped at the North Atlantic ports. Exhibits —— (212) and —— (215) present the over-all pattern of liner calls at each of the North Atlantic ports.

These exhibits are analyzed by my co-sponsor, Mr. Day in his testimony. They show, basically, that the number of direct sailings from Boston is small, and that Boston has by far the highest percentage of first calls, and the lowest percentage of last calls of any of the major North Atlantic ports. As witness Day points out, these circumstances [fol. 2932] are unfavorable to Boston.

Q. Will you explain what determines the frequency and quality of sailings at a port?

A. The frequency and quality of sailings at a port depend almost entirely on the availability of cargo. Water carriers are in business to carry freight, and will make vessels available wherever they think freight may be secured.

Q. Can vessel operators react quickly to availability of cargo at new locations?

A. Yes. Re-scheduling and re-routing of vessels to take advantage of cargo availability are relatively simple to accomplish, since there is no investment in a roadbed to consider, as there is in the case of railroads, when determining whether or not to abandon one route in favor of another. The vessel operator need only consider whether, in the light of the alternative uses of a vessel which are open to him, the new cargo represents a profitable haul. If so, he will send the vessel to pick it up. The ease with which a particular vessel may be shifted is, of course, limited to some extent by the degree of specialization of the vessel involved with respect to the kinds of cargo it is able to haul. For instance, refrigerator space cannot be employed in moving ore or bulk liquids. Notwithstanding such limitations, however, the degree of ocean carrier routing flexibility, considering the world-wide pool of vessels as a whole, is very high, and vessels are, in fact, easily rerouted to take advantage of the availability of cargo.

[fol. 2933] Q. Can you give an example of such behavior?

A. Yes. Recently the Raytheon Manufacturing Co., a company in the Greater Boston area, had a load of television picture tubes for shipment to Australia. Space was reserved on a liner. The vessel appeared on time, but the shipment was not ready. The line was anxious to secure the cargo and sent the vessel back to Boston on completion of its other scheduled North Atlantic port calls.

Q. Would this be true of vessel operators in all kinds of service?

A. Liners commonly call at more than one port in a range in order to insure that vessels sail fully loaded. Liner operators will certainly want to take advantage of the availability of any freight, and will alter their schedules to do so, if necessary. In my own shipping experience I have always found this to be the case.

What I have said in regard to liners is even more obviously true of tramps operating on voyage charter. Tramp operators are the traditionally footloose seekers after cargo and in their case re-routing in response to availability of freight is automatic since tramps on voyage charter are sent where the shipper decides. Thus, with respect to both liners and tramps on voyage charter, the availability of freight is the only factor which determines whether shipping service will be available at a port.

Both liner operators and tramp operators offering vessels for voyage charter might like to take advantage of the lower costs of direct sailing, but they must orient themselves to the availability of freight. Thus the possibility of [fol. 2934] achieving savings through direct sailing is only open to such operators when freight is available.

What I have said in respect to liners and tramps operating on voyage charter is also true in regard to tramps on time charter and to shipper-owned vessels; except that there is, with respect to such vessels, an additional consideration in the possibility of achieving cost savings through a higher degree of vessel utilization obtained by travelling the shortest possible routes. This possibility arises since such shippers will be interested in minimizing ocean operating costs and as shippers, they have control over the routing of the freight. But such a possibility is of limited significance in the over-all picture of ocean shipping because it is only possible in direct sailing situations where return cargo is available; and it is only possible with respect to cargo moving by time charter or on shipper-owned vessels, which cargo is an unimportant part of total foreign trade.

Q. Do your remarks on availability of shipping apply at all the North Atlantic ports, including Boston?

A. Yes. Given an adequate volume of traffic at any port, including Boston, good and frequent sailings will be available.

Q. Would Boston have any locational advantage over other North Atlantic ports with respect to the limited amount of cargo moving on direct sailings by time charter and shipper-owned vessels?

A. No. All the ports on the North Atlantic range would be competitive in this regard were it not for the rail differential favoring Baltimore and Philadelphia. This is because the volume of export and import cargo routed via the North Atlantic ports originates and terminates at ocean distances about as favorable to Boston and New York on [fol. 2935] the one hand, as to Baltimore and Philadelphia on the other hand.

Q. You have testified that the reason for the present shipping situation at Boston is the low volume of traffic at Boston. Could you tell us what determines the volume in which freight moves through a port?

A. Yes. The three most important factors in the mind of the shipper which go to determine through which port he will route export or import traffic are the total cost of hauling goods, the total time in transit involved in routing via competing ports and the service available at each port. The total cost of hauling goods involves principally the ocean freight rate and the rail freight rate. The possibility of damage due to excessive handling in a congested port, and the possibility of incurring wharf storage charges due to the cargo waiting an excessive amount of time in a port as a result either of congestion or lack of sailings are cost items of lesser importance.

The total time in transit is composed of the ocean voyage time, the rail voyage time, and any waiting in port as a result of congestion or lack of sailings.

The services which are important are primarily freight forwarding, banking, insurance brokerage services, and availability of sailings, which latter, of course, relates directly to time in transit.

Q. How do you weigh the relative importance of these factors?

A. In my opinion the cost of hauling goods—meaning, principally, rail and ocean freight rates—is the most im- [fol. 2936] portant factor, especially in regard to low grade freight. Shippers of most cargo are primarily interested in minimizing the laid-down cost of delivering goods.

Q. How important are services at a port?

A. Services are important. But, except for the availability of sailings, in regard to which Boston is presently somewhat less favored than some other North Atlantic ports because of lack of access to Differential Territory freight, all the North Atlantic ports are adequately furnished with services and are therefore competitive. As I have already stated, Boston will also become competitive with respect to shipping services when the volume of traffic through Boston increases.

Q. How important is time in transit?

A. The importance of time in transit varies with the kind of freight which is involved. The shipper of high grade freight may be relatively unconcerned with freight rates because they constitute a small part of his delivered price. Such a shipper will frequently be very much concerned with time in transit. If the quickest service is obtained through using a high cost route, often he will not, merely on account of the rate, route his freight via a lower cost route.

The shipper of low grade freight, however, is faced with the fact that the cost of the haul constitutes a major part of his delivered price, so that in order for him to be competitive he must ship via the lowest cost route. For such a [fol. 2937] shipper, minimizing time in transit must ordinarily take second place to obtaining the lowest cost haul. Furthermore, most shippers of low grade commodities would not be very much concerned with time in transit, even in the absence of a transportation cost consideration, since such commodities usually move in fungible and continuous lots. Examples would be ores, grain, coal, and other bulk cargo. Other witnesses will testify that it is very important for Boston to get an increased volume of such bulk cargo in order to be able to offer the balanced loads which will attract shipping. Such cargo will not normally move against a differential. But it is my opinion that, in view of the great importance of the cost of hauling goods to shippers of low grade freight, given rail parity, Boston will secure a significant amount of additional low grade traffic. Of course, with more sailings, Boston will also be able to attract more high grade traffic as well.

Q. Would additional import traffic into Boston cause unloading difficulties as a result of the practical impossibility of insuring that such cargo would always be top cargo?

A. No. It is usually possible to stow cargo so that such difficulties are eliminated. For instance, if bottom cargo must be discharged at the first port of call, excessive handling can be eliminated by having half a hatch leading to the lower hold stowed with cargo for that port. Then, when the hatch cargo is discharged it becomes simple to discharge the bottom cargo as well. The people in charge of such matters have developed many clever devices to solve the problems which necessarily arise in this regard. It is [fol. 2938] even possible to hold handling to a minimum in cases where the shipper is given an opportunity to designate his discharging port after the vessel has sailed.

Q. Bearing in mind that availability of shipping at a port is determined principally by availability of cargo, what is the over-all significance of the fact that traffic movements through a port are to some extent determined by the shipping services to be found there?

A. Although one determinant of the routing of freight—though not the most important one—is availability of ships, as I have already stated, there is a much stronger relationship in the other direction. More freight will certainly bring more ships. It is only a question of initiating a cumulative process.

The elimination of the differential will result in more import and export traffic being routed through Boston. Vessel operators will quickly rise to the opportunity and insure that no shipper will route via another port for lack of ships at Boston. There is no question but that lack of freight at Boston is the disease with respect to which Boston's shipping situation is largely a symptom.

Q. Have you any evidence that ships calling at Boston handle very little differential territory freight?

A. Yes. I have caused to be put together in Exhibit —— (361) the results of a survey by the Port of Boston Commission of the domestic origination and destination of traffic handled by several steamship lines calling at Boston. I [fol. 2939] think this survey shows inland traffic flows which are typical for freight moving through Boston. I think it is clear from the sampling shown in this Exhibit that most of the traffic hauled by those lines originates and terminates in or around New England or the Middle Atlantic states. You can see there is almost no differential territory traffic carried by these lines.

VERIFICATION

John J. Halloran, being first duly sworn, on oath deposes and says; that he is the person who made the foregoing statement and accompanying exhibits; that he has read the same and that the statements therein contained are true and correct to the best of his knowledge, information and belief.

/s/ John J. Halloran
John J. Halloran

Subscribed in my presence, and sworn to before me, by the affiant above named, this 20th day of June 1957.

/s/ Helen Ann Smith
Helen Ann Smith
Notary Public, Commonwealth of Massachusetts
My Commission expires June 4, 1959.

(Notarial Seal)

[fol. 2940]

I.C.C. EXHIBIT No. 28

ICC DOCKET I & S 661
WITNESS BROOKS

I & S Docket No. 6615

TESTIMONY OF BENJAMIN J. BROOKS ON BEHALF OF THE PORT OF BOSTON COMMISSION

[fol. 2941]

Direct Testimony of Benjamin J. Brooks
Traffic and Transportation Specialist
Washington, D. C.

Q. Kindly state your name, business, and position?

A. Benjamin J. Brooks, Washington Loan and Trust Company Building, Washington, D. C. I am a traffic and transportation specialist, and an attorney specializing in transportation matters.

Q. Please describe your experience in the transportation field?

A. I have been engaged in traffic and transportation work in Washington since 1922. For a period of about eight months during 1936 and 1937 I worked as a report writer for the Fourth Section Board of the Interstate Commerce Commission. During World War II, I was an officer in the Transportation Corps of the Army where I was particularly concerned with freight rates, terminal and other accessory charges. Prior to World War I, I was employed by the St. Louis-San Francisco Railway at St. Louis. Most of my eleven years with that company were spent in the freight traffic department where I was engaged in the making of rates and the compiling of tariffs, and for some time I was in charge of the compilation of all tariffs for that railroad.

Q. Have you appeared in proceedings before the Interstate Commerce Commission?

A. Yes. I have appeared in many such proceedings, including the New England Port Differential Case, Docket Number 13548, decided in 1925.

[fol. 2942] Q. Has your experience in the transportation field made you familiar with the principles and practices of railroad rate-making and the routing of rail cargo?

A. Yes. My experience in such matters goes back over forty years, and I have specialized in transportation matters, especially with respect to rate-making and traffic, ever since.

Q. Mr. Brooks, can you tell us whether export and import rates are, or are not, usually made on a distance basis?

A. Most export and import rates are definitely not made on a distance basis. I have put together several exhibits to show this point. The first of these is Exhibit No. —— (710), which I have put together on the basis of Docket 28300 mileages. This Exhibit deals with distances between points in differential territory and South Atlantic ports and Gulf ports, Baltimore and Boston. You will note that the first column shows points in differential territory, the second column lists South Atlantic and Gulf ports, the third column shows distances between the same differential territory points and Baltimore. The fourth column shows mileage disregard as among Baltimore, and South Atlantic and Gulf port distances to each differential territory point. As Mr. Day's Exhibit No. —— (170) shows, all such ports and Baltimore are on a parity basis with respect to points in differential territory. The fifth and sixth columns show the mileages between each point in differential territory and Baltimore and Boston, and the seventh column shows the mileage differences to differential territory points. Baltimore, of course, enjoys a differential under Boston to and from differential territory. The eighth column shows the excess of mileage disregard as between South Atlantic and Gulf ports, on the one hand, and Baltimore, on the other, over the mileage differences as between Baltimore and Boston.

[fol. 2943]

The point which should be appreciated here is that although Baltimore and South Atlantic and Gulf ports are on a parity basis with respect to certain export and import traffic from and to differential territory, the mileage disregard there involved greatly exceeds in many case the mileage differences as between Boston and Baltimor to and from points in differential territory. But Baltimore gets a differential under Boston. As an example you can see that the mileage disregard as between Baltimore and Houston is 475 miles on movements to Cincinnati. Baltimore and Houston are on a parity basis with respect to Cincinnati. On the other hand, although Boston is only 331 miles further from Cincinnati than is Baltimore, Baltimore has a differential under Boston. Thus Boston is 144 miles closer to Cincinnati than is Houston. Also Boston is 144 miles nearer to the Baltimore distanc to Cincinnati than is Houston.

Q. Can you give us other examples in which mileage is disregarded in rate-making?

A. Yes. I have put together in a form similar to that of Exhibit No. —— (710), Exhibit No. —— (711) which compares mileage disregard on routes between the South Atlantic and Gulf ports, on the one hand, and differential territory on the other, with the mileage difference from Boston and Baltimore to points in differential territory. [fol. 2944] I also refer you to Exhibit No. —— (712) which shows mileages, and import commodity rates which are on a parity basis between southeastern interior points, on the one hand, and South Atlantic and Gulf ports, on the other. You will note for example, that there is parity on salt cake moving to Brunswick, Ga., from both Savannah, Ga., and Jacksonville, Fla., and that the mileage disregard is 16 miles, which is 21% of the length of the haul from Savannah. Moving on down the columns, you can see that tapioca flour moves on parity rates as between Miami, Fla., and Greenville, S.C., on the one hand, and Panama City, Fla., and Greenville, S.C., on the other hand. The mileage disregard in that case is 235 miles, or 48% of the length of the haul from Panama City, Fla.

Another Exhibit which I have set up along the same lines is Exhibit No. —— (713) showing cases in which import rates on commodities moving between southwestern interior points and Gulf ports are on a parity basis, and which also shows the mileage disregard there involved. For example, oranges moving between Panama City, Fla., and Carthage, Mo., on the one hand, and Houston, Tex., and Carthage, Mo., on the other hand, move on equal rates, and the mileage disregard is 274 miles, which is 45% of the length of the haul between Houston and Carthage.

I have prepared Exhibit No. —— (714) which shows parity export and import commodity rates between Texas and Louisiana ports, on the one hand, and Texas and Louisiana interior points, on the other hand, together with the mileage disregard there involved. It should be noted that the ICC had ordered equalization on movements in- [fol. 2945] cluding up to 25% mileage disregard in *Galveston Com. Asso.* v. *Galveston, H & S.A. Ry.*, I.C.C. Docket No. 12798.

I further refer you to Exhibit No. —— (715) which I have prepared, which shows equal domestic, export and import commodity rates from North Dakota, Texas and New Mexico points to and from Los Angeles, Calif., and Seattle, Wash., together with the mileage disregard involved.

Lastly, I refer you to Exhibit No. —— (716), which I have had prepared to show mileages to and from Canadian points and Canadian and United States North Atlantic ports, together with domestic, import and export class rates. I think you can easily pick out the cases of equal rates and unequal distances. For instance, on page 1 of this Exhibit you will note that with respect to the hauls between Brockville, Ontario and Halifax, on the one hand, and Brockville and Philadelphia, on the other hand, there is import rate parity, while the respective distances are 925 miles and 561 miles.

It is clear from the above Exhibits that mileage disregard with respect to rates to and from ports is customary.

Q. Can you tell us any other situations in which mileage is disregarded in rate-making?

A. Yes. I have prepared Exhibit No. —— (721) which shows specific tariff distances between Baltimore and differential territory points via Pennsylvania Railroad and New York Central routes, on the one hand; and between Boston and such points via Boston and Maine and New York Central routes, on the other hand; also between Norfolk, Va., on the N & W, and such points; together with [fol. 2946] the maximum circuity as determined under a maximum circuity rule which I will go into in detail later. It can be seen that from *Baltimore* the New York Central would be able, under the maximum circuity rule, to receive substantial hauls to and from such points at the Baltimore rate, while out of Boston it is now obliged to charge the higher differential rate on hauls which are in most cases substantially shorter than the maximum circuity allowable from Baltimore. For instance, from Baltimore to Cleveland, Ohio, the total distance via the route listed in the Exhibit is 531 miles, of which the Pennsylvania accounts for 436 miles, and the New York Central for only 95 miles. The maximum circuity permissible at the Baltimore rate is 760 miles, but out of Boston, traffic on the New York Central haul of 653 miles to Cleveland must move at the higher Boston rate. I have figured the New York Central system distance as 15 miles longer than the Boston and Maine distance, since in order for the New York Central to get the entire haul it is only necessary to increase the B & M - NYC distance by 15 miles. This is the point, of course. The New York Central would like to get its long haul. Via Baltimore it would get only a 95 mile haul, but via Boston it would get a 668 mile haul, which is within the 760 mile limitation under the maximum circuity rule. If the New York Central had a 668 mile route, or any distance up to 760 miles, to Cleveland, then from Baltimore it could get the entire haul at the Baltimore rate; but it cannot get a haul of 668 miles out of Boston except at the differential rate.

[fol. 2947] Q. How common are situations in which the route actually travelled is longer than the short-line route?

A. Such situations are very common. In Exhibit No. —— (722) I have assembled all the routes between Boston and Cleveland for traffic originating on the Boston and Maine Railroad at Boston. You can see that, in the first place, there are a large number of such routes. Secondly, and of even more significance, the longest route is just short of 400 miles longer than the short tariff route. Also, the longest route is about 22 miles short of the maximum circuity.

Q. Can you give us some idea of typical maximum allowable circuities under the maximum circuity rule?

A. Yes. I have prepared Exhibit No. —— (723) which is a table of maximum allowable circuities for Docket 28300 distances from 300 to 1500 miles. The table shows the maximum distances over which traffic may be handled at the same rates as those applicable over the short routes.

Q. Mr. Brooks, you have thus far dealt principally with rate-making on traffic moving through ports. Could you tell us about equalization of rates as it occurs on traffic not moving through ports?

A. Yes. Just as ports are gateways for ocean and inland portions of hauls in foreign trade, the river crossings of the Mississippi and Ohio Rivers constitute gateways as to traffic moving across those rivers. As to such crossings, the aggregate-of-intermediates rule has the effect of equalizing rates on hauls through these gateways. Let me quote the text of the Aggregate of Intermediates Rule, which is found in item 145-A of supplement 40 to Agent H.R. [fol. 2948] Hinsch's tariff I.C.C. 4488, Docket 28300 class rate tariff which applies between points in Western trunk-line territory *and* points in central territory:

> "AGGREGATE OF SEPARATELY ESTABLISHED (joint, local and/or proportional) RATES. If the aggregate of separately established (joint, local and/or proportional) rates applicable on interstate traffic contained in this tariff lawfully on file with the Interstate Commerce Commission applicable via any route over which the through rate published in this tariff, or as same may be amended, apply, produces a lower charge on a shipment than the rates published in this tariff, or as same may be amended, such aggregate of rates will apply via all routes over which the rates shown in this tariff, or as same may be amended, are applicable, and the through rates published in this tariff, or as same may be amended, has no application as to that shipment."

The effect of this rule is to allow all traffic on movements routed across the Mississippi River at gateways between

Cairo, Ill., and Dubuque, Ia., to take the lowest combination rate applicable between the points of origin and destination, regardless of which of such crossings is in fac used in constructing the rate.

A similar rule is in effect in connection with rates applicable on traffic moving between points north of the Ohi River *and* points South of that River. See item 85-D of supplement 425 to I.F.A. tariff, Agent Raasch's I.C.C. 485

Q. Have you prepared an exhibit which shows for all rate base points in differential territory the Baltimore maximum circuity and how it compares with the Docket 28300 distances from Boston to such points?

A. Yes. This is Exhibit No. —— (724) which I have prepared.

[fol. 2949] I further direct your attention to Exhibit No. —— (725) which I have prepared, and which shows wha the added mileage would be if the Boston carriers were able to take advantage of their long hauls. I think you can see that the short tariff mileages between Boston and differential territory points use up very little circuity over the short haul mileages.

Q. What is the effect on the railroads serving Boston of the conditions you have described?

A. Take the New York Central, for instance. It gets a lot less long haul traffic than it would if it were not hampered by the differential; since it is forced to share the haul with other railroads. To illustrate this point, I have put together Exhibit No. —— (730) and Exhibit No. —— (731) which show the junction points at which the New York Central normally turns over eastbound traffic to other carriers, and the junction points at which the New York Central normally receives westbound traffic from the connecting carriers. These points are different because the New York Central gets the short haul in both directions. I think you can see that the New York Central does not have the advantage of its long hauls.

MAXIMUM MILEAGE DISREGARD (BASED ON DOCKET 28300 MILEAGES) ON PORT EQUALIZATION BETWEEN BALTIMORE, MD. and SOUTH ATLANTIC AND GULF PORTS (See note) COMPARED WITH DIFFERENCES IN DISTANCES BOSTON, MASS. OVER BALTIMORE, MD., WHERE PORT DIFFERENTIALS ARE IN EFFECT.

I.C.C. DOCKET I & S. 6615
WITNESS BROOKS
EXHIBIT
SHEET 1 of 2 Sheets

	Port Equalization			Port Differentials			Port Equalization Mileage Disregard Excess over Boston Mileage Difference over Baltimore (See Note)
Inland Point	Port	Miles	Mileage Disregard	Port	Miles	Mileage Difference	Miles
Cincinnati, O.	Baltimore, Md.	560	-	Baltimore	560	-	
	(G) Houston, Tex.	1035	475	Boston	891	331	144
	Corpus Christi, Tex.	1257	697				366
Indianapolis, Ind.	Baltimore, Md.	650	-	Baltimore	650	-	
	(G) Houston, Tex.	964	314	Boston	934	284	30
	Corpus Christi, Tex.	1186	536				252
Chicago, Ill.	Baltimore, Md.	767	-	Baltimore	767	-	
	Jacksonville, Fla.	1055	288	Boston	973	206	82
	Corpus Christi, Tex.	1257	490				284
Milwaukee, Wis.	Baltimore, Md.	831	-	Baltimore	831	-	
	Jacksonville, Fla.	1139	308	Boston	953	122	186
	Corpus Christi, Tex.	1341	510				388
Rockford, Ill.	Baltimore, Md.	851	-	Baltimore	851	-	
	Jacksonville, Fla.	1117	266	Boston	1050	199	67
	Corpus Christi, Tex.	1271	420				221
Davenport, Ia.	Baltimore, Md.	919	(M) 62	Baltimore	919	-	
	Wilmington, N.C.	1128	(M) 271	Boston	1128	209	62
	Corpus Christi, Tex.	1189	(M) 332				123
	Mobile, Ala.	857	-				

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I.C.C. DOCKET I.& S. 6615
WITNESS BROOKS
EXHIBIT
SHEET 2 of 2 Sheets

Port Equalization
Mileage Disregard
Excess over Boston Mileage
Differences over Baltimore
(See Note)

	Port Equalization			Port Differentials			
Inland Point	Port	Miles	Mileage Disregard	Port	Miles	Mileage Difference	Miles
Janesville, Wis.	Baltimore, Md.	858	-	Baltimore	858	-	
	Jacksonville, Fla.	1144	286	Boston	1023	165	121
	Corpus Christi, Tex.	1303	445				280
Sheboygan, Wis.	Baltimore, Md.	884	-	Baltimore	884	-	
	Jacksonville, Fla.	1191	307	Boston	979	95	212
	Corpus Christi, Tex.	1394	510				415
Fond du Lac, Wis.	Baltimore, Md.	894	-	Baltimore	894	-	
	Jacksonville, Fla.	1201	307	Boston	1016	122	185
	Corpus Christi, Tex.	1390	496				374
Madison, Wis.	Baltimore, Md.	897	-	Baltimore	897	-	
	Jacksonville, Fla.	1182	285	Boston	1032	135	150
	Corpus Christi, Tex.	1331	434				299
Green Bay, Wis.	Baltimore, Md.	909	-	Baltimore	909	-	
	Jacksonville, Fla.	1251	342	Boston	991	82	260
	Corpus Christi, Tex.	1452	543				461
Appleton, Wis.	Baltimore, Md.	914	-	Baltimore	914	-	
	Jacksonville, Fla.	1237	323	Boston	196	82	241
	Corpus Christi, Tex.	1424	510				428
Dubuque, Ia.	Baltimore, Md.	939	(M) 10	Baltimore	939	-	
	Jacksonville, Fla.	1174	(M) 245	Boston	1133	194	51
	Corpus Christi, Tex.	1264	(M) 335				141
	Mobile, Ala.	929	-				
Dodgeville, Wis.	Baltimore, Md.	941	-			-	
	Jacksonville, Fla.	1192	251	Baltimore	941		113
	Corpus Christi, Tex.	1335	394	Boston	1079	138	256

(G) Also Galveston, Tex.
(M) Based on Mobile as the short-haul port.

NOTE: Corpus Christi, Tex. is the long-haul port. The major long-haul port is also used.

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ICC DOCKET I.&S. 6615
WITNESS BROOKS
EXHIBIT ______
Sheet 1 of 2 Sheets

MAXIMUM MILEAGE DISREGARD (BASED ON DOCKET 28300 MILEAGES) ON PORT EQUALIZATION BETWEEN SOUTH ATLANTIC AND GULF PORTS COMPARED WITH DIFFERENCES IN DISTANCES BOSTON, MASS. OVER BALTIMORE, MD., WHERE PORT DIFFERENTIALS ARE IN EFFECT.

	PORT EQUALIZATION			PORT DIFFERENTIALS			PORT EQUALIZATION MILEAGE DISREGARD
Inland Point	Port	Miles	Mileage Disregard	Port	Miles	Mileage Difference	Excess over Boston Mileage Differences over Baltimore (See Note) Miles
Centralia, Ill.	Mobile, Ala.	604	-	Baltimore	841		
	Wilmington, N.C.	933	329	Boston	1126	285	44
	Corpus Christi, Tex.	1005	401				116
Evansville, Ind.	Pensacola, Fla.	612	-	Baltimore	787	-	
	Wilmington, N.C.	845	233	Boston	1102	315	
	Corpus Christi, Tex	1051	439				124
St. Louis, Mo.	Mobile, Ala.	641	-	Baltimore	891	-	
	Wilmington, N.C.	990	349	Boston	1174	283	66
	Corpus Christi, Tex	996	355				72
Louisville, Ky.	Pensacola, Fla.	643	-	Baltimore	670	-	
	(G) Houston, Tex.	930	287	Boston	1001	331	
	Corpus Christi, Tex.	1152	509				178
Litchfield, Ill.	Mobile, Ala.	661	-	Baltimore	857	—	
	Wilmington, N.C.	990	329	Boston	1129	272	57
	Corpus Christi, Tex	1044	383				111
Mattoon, Ill.	Mobile, Ala.	664	-	Baltimore	778	-	
	Wilmington, N.C.	939	275	Boston	1060	282	
	Corpus Christi, Tex.	1085	421				139
Springfield, Ill	Mobile, Ala	706	-	Baltimore	841	-	
	Wilmington, N.C.	1010	304	Boston	1106	265	39
	Corpus Christi, Tex	1087	381				116
Danville, Ill.	Mobile, Ala.	731		Baltimore	735	-	
	Jacksonville, Fla.	923	202	Boston	994	259	
	Corpus Christi, Tex.	1150	419				160
Crawfordville, Ind.	Mobile, Ala	750		Baltimore	694	-	
	(G) Houston, Tex.	956	206	Boston	963	269	
(Ctd. on next Sheet)	Corpus Christi, Tex.	1178	428				159

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ICC DOCKET I.&S. 6615
WITNESS BROOKS
EXHIBIT
Sheet 2 of 2 Sheets

Inland Point	PORT EQUALIZATION			PORT DIFFERENTIALS			PORT EQUALIZATION MILEAGE DISREGARD
	Port	Miles	Mileage Disregard	Port	Miles	Mileage Difference	Excess over Boston Mileage Differences over Baltimore (See Note) Miles
Mexico, Mo.	Mobile, Ala	754	-	Baltimore	977	-	80
	Willmington, N.C.	1099	345	Boston	1242	265	
Quincy, Ill.	Mobile, Ala.	758		Baltimore	942	-	
	Wilmington, N.C.	1111	353	Boston	1207	265	88
Peoria, Ill.	Mobile, Ala.	767	-	Baltimore	849	-	
	Wilmington, N.C.	1038	271	Boston	1083	234	37
	Corpus Christi, Tex.	1147	380				146
LaFayette, Ind.	Mobile, Ala.	777	-	Baltimore	699	-	
	Jacksonville, Fla.	952	175	Boston	948	249	
	Corpus Christi, Tex.	1197	420				171
Streator, Ill.	Mobile, Ala.	789	-	Baltimore	819	-	
	Jacksonville, Fla.	1035	246	Boston	1037	218	28
	Corpus Christi, Tex.	1189	400				182
Burlington, Ia.	Mobile, Ala.	826	-	Baltimore	942	-	
	Wilmington, N.C.	1130	304	Boston	1168	226	78
Michigan City, Ind.	Mobile, Ala.	868	-	Baltimore	722	-	
	Jacksonville, Fla.	1059	171	Boston	921	199	
	Corpus Christi, Tex.	1275	407				208

(G) - Also Galveston, Tex.

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I.C.C. DOCKET I. & S. 6615
WITNESS BROOKS
EXHIBIT
SHEET 1 of [illegible] SHEETS

IMPORT RATES SHOWING EQUALIZATION AT SOUTH ATLANTIC PORTS ON TRAFFIC TO SOUTHEASTERN DESTINATIONS

(Rates in cents per 100 pounds except as noted)

INLAND POINT AND COMMODITY	From	Richmond, Va.	Norfolk, Va.	Charleston S.C.	Savannah, Ga.	Brunswick, Ga.	Jacksonville, Fla.	Miami, Fla.	Tampa, Fla.	Panama City, Fla.	Mobile, Ala.	Gulfport, Miss.	New Orleans, La.
Brunswick, Ga. Salt Cake					22		22						
Gastonia, N.C. Tapioca Flour								84		84			
Atlanta, Ga. Rods, Iron or Steel					750 G.T.						750 G.T.		
Charlotte, N.C. Tapioca Flour										84			84
Kingsport, Tenn. Manganese Ore		442 G.T.				442 G.T.							
Spartanburg, S.C. Tapioca Flour								84		84			
Canton, N.C. Tapioca Flour			46	46									
Greenville, S.C. Tapioca Flour								84		84			

(Continued on Sheet 2)

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Sheet 2 of 3 Sheets

Inland Point and Commodity	From	Richmond, Va.	Norfolk, Va.	Charleston S.C.	Savannah Ga.	Brunswick, Ga.	Jacksonville, Fla.	Miami, Fla.	Tampa, Fla.	Panama City, Fla.	Mobile, Ala.	Gulfport, Miss.	New Orleans, La.
(Continued)													
Knoxville, Tenn.													
Beams, Iron or Steel				61									61
Tate, Ga.													
Stone Blocks or Slabs					37							37	
Savannah, Ga.													
Jute Fibre									81				81

Tariff Authority - Agent Spaninger's ICC 1369

I.C.C. DOCKET I & S 6615
WITNESS BROOKS
EXHIBIT ________
SHEET 3 of 3 Sheets

MILEAGE DISREGARD

Inland Point	Port	Miles	Mileage Disregard Miles	Mileage Disregard Per Cent
Brunswick, Ga.	Savannah, Ga.	78		
" "	Jacksonville, Fla.	94	16	21
Gastonia, N.C.	Panama City, Fla.	567		
" "	Miami, Fla.	733	166	29
Atlanta, Ga.	Savannah, Ga.	265		
" "	Mobile, Ala.	350	85	32
Charlotte, N.C.	Panama City, Fla.	566		
" "	New Orleans, La.	751	185	33
Kingsport, Tenn.	Richmond, Va.	367		
" "	Brunswick, Ga.	493	126	34
Spartanburg, S.C.	Panama City, Fla.	514		
" "	Miami, Fla.	717	203	39
Canton, N.C.	Charleston, S.C.	292		
" "	Norfolk, Va.	416	124	43
Greenville, S.C.	Panama City, Fla.	492		
" "	Miami, Fla.	727	235	48
Knoxville, Tenn.	Charleston, S.C.	402		
" "	New Orleans, La.	608	206	51
*Tate, Ga.	Savannah, Ga.	308		
" "	Gulfport, Miss.	466	158	51
Savannah, Ga.	Tampa, Fla.	327		
" "	New Orleans, La.	655	328	100

Authority - Docket 28300 Distances

*Mileage shown is to base point - Canton, Ga.

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ICC DOCKET I. & S 6615
WITNESS BROOKS
EXHIBIT
Sheet 1 of 2 Sheets

REPRESENTATIVE IMPORT RATES SHOWING EQUALIZATION FROM GULF PORTS TO REPRESENTATIVE DESTINATIONS IN IOWA, MISSOURI, NEBRASKA, OKLAHOMA AND SOUTH DAKOTA (See Note)

(Rates in cents per 100 pounds, except as noted)

Inland Point and Commodity	From Panama City, Fla.	Mobile Ala.	Houston Tex.	Corpus Christi Tex.
Des Moines, Ia.				
Fibre, cocoanut husk			128	128
Sioux Falls, S. D.				
Lumber, pine	92		92	
Omaha, Neb.				
Bagging, burlap	108		108	
Herculaneum, Mo.				
Lead ore		689 G.T.		689 G.T.
Kansas City, Mo.				
Aluminum Billets	149		149	
Davenport, Ia.				
Iron or Steel Billets		1280 G.T.		1280 G.T.
Carthage, Mo.				
Oranges	170		170	
Oklahoma City, Okla.				
Canned Goods	98		98	

TARIFF AUTHORITY - Spaninger's ICC 1369 (Rates do not include Ex parte 206 increase)

Note: These rates are representative of a general system of port equalization that is observed on traffic from Gulf ports to the general area represented by the destinations shown on the exhibit.

ICC DOCKET I. & S 6615
WITNESS BROOKS
EXHIBIT
Sheet 2 2 Sheets

Inland Point	Port	Miles	Mileage Disregard Miles	%
Des Moines, Ia.	Houston, Tex.	936		
"	Corpus Christi, Tex.	1099	163	17
Sioux Falls, S. D.	Houston, Tex.	1093		
"	Panama City, Fla.	1332	239	22
Omaha, Neb.	Houston, Tex.	910		
"	Panama City, Fla.	1186	276	30
(1) Herculaneum, Mo.	Mobile, Ala.	622		
"	Corpus Christi, Tex.	967	345	36
Kansas City, Mo.	Houston, Tex.	727		
"	Panama City, Fla.	1005	278	38
Davenport, Ia.	Mobile, Ala.	857		
"	Corpus Christi, Tex.	1189	332	39
Carthage, Mo.	Houston, Tex.	609		
"	Panama City, Fla.	883	274	45
Oklahoma City, Okla.	Houston, Tex.	465		
"	Panama City, Fla.	1018	553	119

(1) Miles shown are to base point - Crystal City.

I.C.C. DOCKET I. & S. 6615
WITNESS BROOKS
EXHIBIT ________________
Sheet 1 of 3 Sheets

EXPORT AND IMPORT RATES SHOWING EQUALIZATION ON LA. AND TEXAS GULF PORT TRAFFIC

(Rates in cents per 100 pounds)

Inland Point and Commodity	New Orleans, La.	Lake Charles, La.	Beaumont, Tex.	Houston, Tex.	Corpus Christi, Tex.
Sweetwater, Tex. Plaster (Export)		*35		*35	
Monahans, Tex. Salt Cake (Export)	*49			*49	
Plaquemine, La. Canned Goods (Import)	*30	*30			
Austin, Tex. Canned Goods (Import)			*69	*69	
Athens, Tex. Fire Brick (Export)	*30	*30			
Waco, Tex. Glass Containers (Export)	*64				*64
Dallas, Tex. Portable Houses (Export)	*51			*51	
Donaldsonville, La. Canned Goods (Import)	*30	*30			

(Continued on Sheet 2)

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I.C.C. DOCKET I. & S. 6615
WITNESS BROOKS
EXHIBIT __________
Sheet 2 of 3 Sheets

Inland Point and Commodity	New Orleans, La.	Lake Charles, La.	Beaumont, Tex.	Houston, Tex.	Corpus Christi, Tex.
(Continued)					
Thibodaux, La. Canned Goods (Import)	*30	*30			
Lufkin, Tex. Box Shooks (Export)				+37	+37

[fol. 2960]

* Subject to X196 and X206

+ Subject to X175, X196 and X206

Tariff Authority:
J. F. Brown's ICC 796, 857 and 835

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I.C.C. DOCKET I. & S. 6615
WITNESS BROOKS
EXHIBIT ____________
Sheet 3 or 3 Sheets

MILEAGE DISREGARD

Inland Point	Port	Miles	Mileage Disregard	
			Miles	Per cent
Sweetwater, Tex.	Houston, Tex.	409		
"	Lake Charles, La.	550	141	34
Monahans, Tex.	Houston, Tex.	570		
"	New Orleans, La.	888	318	56
Plaquemine, La.	New Orleans, La.	91		
"	Lake Charles, La.	140	49	56
Austin, Tex.	Houston, Tex.	165		
"	Beaumont, Tex.	258	93	56
Athens, Tex.	Lake Charles, La.	270		
"	New Orleans, La.	447	177	66
Waco, Tex.	Corpus Christi, Tex.	313		
"	New Orleans, La.	524	211	67
Dallas, Tex.	Houston, Tex.	261		
"	New Orleans, La.	513	252	97
Donaldsonville, La.	New Orleans, La.	65		
"	Lake Charles, La.	161	96	148
Thibodaux, La.	New Orleans, La.	64		
"	Lake Charles, La.	169	105	164
Lufkin, Tex.	Corpus Christi, Tex.	119		
"	Houston, Tex.	341	222	186

Authority - Docket 28300 distances.

ICC DOCKET I. & S 6615
WITNESS BROOKS
EXHIBIT
Sheet 1 of 5 Sheets

DOMESTIC, EXPORT AND IMPORT RATES SHOWING EQUALIZATION ON TRANSCONTINENTAL TRAFFIC AT PACIFIC COAST PORTS (See Note)

(Rates in cents per 100 pounds, except as noted)

Inland Point and Commodity	Los Angeles, Cal.	Seattle, Wash.
Wichita Falls, Tex.		
Domestic:		
Eastbound		
Glue, animal, dry	210	210
Cellulose Wadding	302	302
Tissues, facial cleansing	229	229
Borax	212	212
Ingots, brass	140	140
Cellulose Film	314	314
Compounds, flavoring	166	166
Westbound		
Toys	293	293
Piling, iron or steel	159	159
Hides, green	247	247
Partitions, wood	559	559
Pine Tar Oil	159	159
Galveston, Tex. Houston, Tex. Waco, Tex. Dallas, Tex. Ft. Worth, Tex. Austin, Tex. Brownsville, Tex. Corpus Christi, Tex. San Antonio, Tex. Laredo, Tex.		
Ft. Buford, N. D.		
Domestic:		
Eastbound		
Cellulose Wadding	302	302
Tissues, facial cleansing	229	229
Borax	153	153
Ingots, brass	140	140
Cellulose Film	314	314
Compounds, flavoring	166	166

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(Continued on Sheet 2.)

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ICC DOCKET I. & S 6615
WITNESS BROOKS
EXHIBIT
Sheet 2 of 5 Sheets

Inland Point and Commodity	Los Angeles, Cal.	Seattle, Wash.
Ft. Buford, N. D. -(Continued)		
Domestic: -(Continued)		
Westbound		
Toys	293	293
Piling, iron or steel	159	159
Hides, green	247	247
Partitions, wood	559	559
Pine Tar Oil	159	159
Tyler, Tex.		
Export:		
Alcohol, denatured	147	147
Agricultural Implements	143	143
*Airplanes	770	770
Aluminum Bar or Rod	197	197
Ammunition, small arm	154	154
Beverages	119	119
Blacks, carbon	141	141
Cake or Meal, Soybean	86	86
Canned Foodstuffs	111	111
Wichita Falls, Tex.		
Galveston, Tex.		
Houston, Tex.		
Williston, N. D.		
Ft. Buford, N. D.		
Waco, Tex.		
Dallas, Tex.		
Ft. Worth, Tex.		
Amarillo, Tex.		
Austin, Tex.		
Brownsville, Tex.		
Abilene, Tex.		
Corpus Christi, Tex.		
Lubbock, Tex.		
San Antonio, Tex.		
San Angelo, Tex.		
Laredo, Tex.		
Odessa, Tex.		
Albuquerque, N. M.		
El Paso, Tex.		
Rincon, N. M.		

(Continued on Sheet 3.)

ICC DOCKET I. & S. 6615
WITNESS BROOKS
EXHIBIT
Sheet 3 of 5 Sheets

Inland Point and Commodity	Los Angeles, Cal.	Seattle, Wash.
Wichita Falls, Tex. - (Continued)		
Import:		
Baskets, willow	500	500
Blinds or Shades, Bamboo	299	299
Canned Foodstuffs	249	249
Carpets or Rugs	417	417
Cocoanut, dessicated	163	163
Pineapple, fresh, frozen	157	157
Woodenware	472	472
Bamboo	376	376
Casein	152	152
Fireworks	417	417
Lacquered Ware	314	314
Wool, in the grease	197	197
Wool, scoured	275	275

Tariff Authorities - Agent Prueter's ICC 1586 (Domestic),
1590 (Export) and 1569 (Import).

ICC DOCKET I. & S. 6615
WITNESS BROOKS
EXHIBIT
Sheet 4 of 5 Sheets

Inland Point	Port	Miles	Mileage Disregard	
			Miles	Per cent
Tyler, Tex.	Los Angeles, Cal.	1565		
"	Seattle, Wash.	2351	786	50
Wichita Falls, Tex.	Los Angeles, Cal.	1393		
"	Seattle, Wash.	2097	704	51
Galveston, Tex.	Los Angeles, Cal.	1629		
"	Seattle, Wash.	2483	854	52
Houston, Tex.	Los Angeles, Cal.	1629		
"	Seattle, Wash.	2483	854	52
Dallas, Tex.	Los Angeles, Cal.	1441		
"	Seattle, Wash.	2257	816	57
Williston, N. D.	Seattle, Wash.	1142		
"	Los Angeles, Cal.	1772	630	55
Ft. Buford, N. D.	Seattle, Wash.	1121		
"	Los Angeles, Cal.	1751	630	56
Waco, Tex.	Los Angeles, Cal.	1466		
"	Seattle, Wash.	2299	833	57
Ft. Worth, Tex.	Los Angeles, Cal.	1441		
"	Seattle, Wash.	2257	816	57
Amarillo, Tex.	Los Angeles, Cal.	1192		
"	Seattle, Wash.	1888	696	58
Austin, Tex.	Los Angeles, Cal.	1503		
"	Seattle, Wash.	2418	918	61
Brownsville, Tex.	Los Angeles, Cal.	1706		
"	Seattle, Wash.	2761	1055	62
Abilene, Tex.	Los Angeles, Cal.	1267		
"	Seattle, Wash.	2171	904	71
Corpus Christi, Tex.	Los Angeles, Cal.	1569		
"	Seattle, Wash.	2625	1056	67
Lubbock, Tex.	Los Angeles, Cal.	1205		
"	Seattle, Wash.	2009	804	67
San Antonio, Tex.	Los Angeles, Cal.	1423		
"	Seattle, Wash.	2496	1076	76

(Continued on Sheet 5)

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WITNESS BROOKS
EXHIBIT
Sheet 5 of 5 Sheets

Inland Point	Port	Miles	Mileage Disregard Miles	Mileage Disregard Per cent
(Continued)-				
San Angelo, Tex.	Los Angeles, Cal	1262		
"	Seattle, Wash.	2228	966	77
Laredo, Tex.	Los Angeles, Cal.	1486		
"	Seattle, Wash.	2649	1163	78
Odessa, Tex.	Los Angeles, Cal.	1101		
"	Seattle, Wash.	2240	1139	103
Albuquerque, N. M.	Los Angeles, Cal.	883		
"	Seattle, Wash.	1912	1029	117
El Paso, Tex.	Los Angeles, Cal.	813		
"	Seattle, Wash.	2007	1194	147
Rincon, N. M.	Los Angeles, Cal.	779		
"	Seattle, Wash.	1972	1193	153

Authority - Dockets 28300 and 30416 distances and individual lines distance tables covering the intervening distance segments where needed.

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I.C.C. DOCKET I. & S. 6615
WITNESS BROOKS
EXHBIT ____________

STATEMENT OF MILEAGES: DOMESTIC, IMPORT AND EXPORT ALL RAIL CLASS RATES APPLYING BETWEEN POINTS IN CANADA EAST OF AND INCLUDING ARMSTRONG AND FORTWILLIAM, ONT. AND THE CANADIAN AND UNITED STATES ATLANTIC PORTS OF MONTREAL, QUEBEC, HALIFAX, N. S., ST. JOHN, N. B., PORTLAND, ME., BOSTON, MASS., NEW YORK, N Y., PHILADELPHIA, PA., BALTIMORE, MD. AND NEWPORT NEWS, VA., IN EFFECT DECEMBER 1, 1956

All rates shown herein are in cents per hundred pounds and are subject to the Ex Parte 206 increase.

Tariff Authority, see last page.

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Page 1.

1	2	3	4						5						6					
Base Point	Port	Miles	Domestic						Import						Export					
			Classes						Classes						Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Armstrong, Ont.	Montreal	995	--	--	--	--	--	--	485	411	338	243	170	133	485	411	338	243	170	133
	Halifax	1608	--	--	--	--	--	--	487	413	340	245	172	135	487	413	340	245	172	135
	St. John	1434	--	--	--	--	--	--	487	413	340	245	172	135	487	413	340	245	172	135
	Portland	1219	549	467	386	275	192	150	487	413	340	245	172	135	487	413	340	245	172	135
	Boston	1252	531	451	372	266	186	146	487	413	340	245	172	135	487	413	340	245	172	135
	New York	1310	517	442	364	259	182	141	487	413	340	245	172	135	487	413	340	245	172	135
	Philadelphia	1327	517	442	364	259	182	141	487	413	340	245	172	135	487	413	340	245	172	135
	Baltimore	1325	513	436	361	257	179	140	487	413	340	245	172	135	487	413	340	245	172	135
	Newport News	1540	555	473	389	279	194	152	487	413	340	245	172	135	487	413	340	245	172	135
Brockville, Ont.	Montreal	140	--	--	--	--	--	--	255	216	176	127	88	68	253	213	176	127	88	68
	Halifax	925	--	--	--	--	--	--	257	218	178	129	90	70	255	215	178	129	90	70
	St. John	627	--	--	--	--	--	--	257	218	178	129	90	70	255	215	178	129	90	70
	Portland	381	262	223	184	131	105	80	257	218	178	129	90	70	255	215	178	129	90	70
	Boston	414	267	227	186	133	106	81	257	218	178	129	90	70	255	215	178	129	90	70
	New York	472	262	223	184	131	105	80	257	218	178	129	90	70	255	215	178	129	90	70
	Philadelphia	561	292	241	197	141	114	86	257	218	178	129	90	70	255	215	178	129	90	70
	Baltimore	662	307	262	216	156	122	92	257	218	178	129	90	70	255	215	178	129	90	70
	Newport News	814	363	307	253	181	145	110	--	--	--	--	--	--	--	--	--	--	--	--
Chatham, Ont.	Montreal	515	--	--	--	--	--	--	290	246	201	145	101	78	288	243	201	145	101	78
	Halifax	1308	--	--	--	--	--	--	292	248	203	147	103	80	290	245	203	147	103	80
	St. John	984	--	--	--	--	--	--	292	248	203	147	103	80	290	245	203	147	103	80
	Portland	731	366	312	258	184	146	110	292	248	203	147	103	80	290	245	203	147	103	80
	Boston	659	349	296	244	174	139	105	292	248	203	147	103	80	290	245	203	147	103	80
	New York	584	316	268	223	159	128	96	292	248	203	147	103	80	290	245	203	147	103	80
	Philadelphia	590	324	278	227	163	131	98	292	248	203	147	103	80	290	245	203	147	103	80
	Baltimore	588	324	278	227	163	131	98	292	248	203	147	103	80	290	245	203	147	103	80
	Newport News	803	373	316	262	188	148	111	292	248	203	147	103	80	290	245	203	147	103	80

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1	2	3	4						5						6					
			Domestic						Import						Export					
			Classes						Classes						Classes					
Base Point	Port	Miles	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Chicoutimi, Que.	Montreal	308	--	--	--	--	--	--	261	221	180	130	91	70	259	218	180	130	91	70
	Halifax	891	--	--	--	--	--	--	263	223	182	132	93	72	261	220	182	132	93	72
	St. John	723	--	--	--	--	--	--	263	223	182	132	93	72	261	220	182	132	93	72
	Portland	552	307	262	216	156	122	92	263	223	182	132	93	72	261	220	182	132	93	72
	Boston	640	324	278	227	162	131	98	263	223	182	132	93	72	261	220	182	132	93	72
	New York	698	358	303	251	179	145	106	263	223	182	132	93	72	261	220	182	132	93	72
	Philadelphia	787	406	345	284	202	162	122	263	223	182	132	93	72	261	220	182	132	93	72
	Baltimore	888	437	372	306	218	174	131	263	223	182	132	93	72	261	220	182	132	93	72
	Newport News	1040	484	412	338	243	193	146	--	--	--	--	---	---	--	--	--	--	--	--
Cochrane, Ont.	Montreal	610	--	--	--	--	--	--	293	249	203	146	102	79	291	245	203	146	102	79
	Halifax	1217	--	--	--	--	--	--	295	251	205	148	104	81	293	247	205	148	104	81
	St. John	1049	--	--	--	--	--	--	295	251	205	148	104	81	293	247	205	148	104	81
	Portland	910	403	342	284	202	162	122	295	251	205	148	104	81	293	247	205	148	104	81
	Boston	943	411	349	289	205	163	122	295	251	205	148	104	81	293	247	205	148	104	81
	New York	1001	417	354	293	210	165	123	295	251	205	148	104	81	293	247	205	148	104	81
	Philadelphia	1090	429	365	302	216	173	129	295	251	205	148	104	81	293	247	205	148	104	81
	Baltimore	1191	437	372	306	218	174	131	295	251	205	148	104	81	293	247	205	148	104	81
	Newport News	1343	477	403	333	237	190	141	295	251	205	148	104	81	293	247	205	148	104	81
Fort Erie, Ont.	Montreal	428	--	--	--	--	--	--	272	231	189	136	95	73	270	228	189	136	95	73
	Halifax	1232	--	--	--	--	--	--	274	233	191	138	97	75	272	230	191	138	97	75
	St. John	893	--	--	--	--	--	--	274	233	191	138	97	75	272	230	191	138	97	75
	Portland	552	316	268	223	159	128	96	274	233	191	138	97	75	272	230	191	138	97	75
	Boston	480	293	250	205	146	119	88	274	233	191	138	97	75	272	230	191	138	97	75
	New York	405	262	223	184	131	105	80	274	233	191	138	97	75	272	230	191	138	97	75
	Philadelphia	411	267	227	186	133	106	81	274	233	191	138	97	75	272	230	191	138	97	75
	Baltimore	409	267	227	186	133	106	81	274	233	191	138	97	75	272	230	191	138	97	75
	Newport News	624	332	281	232	165	133	101	274	233	191	138	97	75	272	230	191	138	97	75

1	2	3	4						5						6					
			Domestic						Import						Export					
Base Point	Port	Miles	Classes						Classes						Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Fort William, Ont.	Montreal	994	--	--	--	--	--	--	485	411	338	243	170	133	485	411	338	243	170	133
	Halifax	1823	--	--	--	--	--	--	487	413	340	245	172	135	487	413	340	245	172	135
	St. John	1462	--	--	--	--	--	--	487	413	340	245	172	135	487	413	340	245	172	135
	Portland	1263	549	467	386	275	192	150	487	413	340	245	172	135	487	413	340	245	172	135
	Boston	1316	531	451	372	266	186	146	487	413	340	245	172	135	487	413	340	245	172	135
	New York	1316	517	442	364	259	182	141	487	413	340	245	172	135	487	413	340	245	172	135
	Philadelphia	1322	517	442	364	259	182	141	487	413	340	245	172	135	487	413	340	245	172	135
	Baltimore	1320	513	436	361	257	179	140	487	413	340	245	172	135	487	413	340	245	172	135
	Newport News	1535	555	473	389	279	194	152	487	413	340	245	172	135	487	413	340	245	172	135
Galt, Ont.	Montreal	397	--	--	--	--	--	--	278	236	193	139	97	75	276	233	193	139	97	75
	Halifax	1198	--	--	--	--	--	--	280	238	195	141	99	77	278	235	195	141	99	77
	St. John	863	--	--	--	--	--	--	280	238	195	141	99	77	278	235	195	141	99	77
	Portland	647	338	289	237	171	136	104	280	238	195	141	99	77	278	235	195	141	99	77
	Boston	574	316	268	223	159	128	96	280	238	195	141	99	77	278	235	195	141	99	77
	New York	499	285	243	201	145	114	86	280	238	195	141	99	77	278	235	195	141	99	77
	Philadelphia	505	293	250	205	146	119	88	280	238	195	141	99	77	278	235	195	141	99	77
	Baltimore	503	293	250	205	146	119	88	280	238	195	141	99	77	278	235	195	141	99	77
	Newport News	718	358	303	251	179	145	106	280	238	195	141	99	77	278	235	195	141	99	77
Goderich, Ont.	Montreal	475	--	--	--	--	--	--	284	241	197	142	99	77	282	238	197	142	99	77
	Halifax	1267	--	--	--	--	--	--	286	243	199	144	101	79	284	240	199	144	101	79
	St. John	940	--	--	--	--	--	--	286	243	199	144	101	79	284	240	199	144	101	79
	Portland	722	363	307	253	181	145	110	286	243	199	144	101	79	284	240	199	144	101	79
	Boston	650	342	290	241	173	138	104	286	243	199	144	101	79	284	240	199	144	101	79
	New York	575	312	267	218	157	123	94	286	243	199	144	101	79	284	240	199	144	101	79
	Philadelphia	581	316	268	223	159	128	96	286	243	199	144	101	79	284	240	199	144	101	79
	Baltimore	579	316	268	223	159	128	96	286	243	199	144	101	79	284	240	199	144	101	79
	Newport News	794	370	320	263	190	149	114	286	243	199	144	101	79	284	240	199	144	101	79

1	2	3	4						5						6					
			Domestic						Import						Export					
			Classes						Classes						Classes					
Base Point	Port	Miles	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Hamilton, Ont.	Montreal	384	--	--	--	--	--	--	272	231	189	136	95	73	270	228	189	136	95	73
	Halifax	1172	--	--	--	--	--	--	274	233	191	138	97	75	272	230	191	138	97	75
	St. John	849	--	--	--	--	--	--	274	233	191	138	97	75	272	230	191	138	97	75
	Portland	617	332	281	232	165	133	101	274	233	191	138	97	75	272	230	191	138	97	75
	Boston	545	312	267	218	157	123	94	274	233	191	138	97	75	272	230	191	138	97	75
	New York	470	281	241	197	141	114	86	274	233	191	138	97	75	272	230	191	138	97	75
	Philadelphia	476	285	243	201	145	114	86	274	233	191	138	97	75	272	230	191	138	97	75
	Baltimore	474	285	243	201	145	114	86	274	233	191	138	97	75	272	230	191	138	97	75
	Newport News	689	349	296	244	174	139	105	274	233	191	138	97	75	272	230	191	138	97	75
Hearst, Ont.	Montreal	753	--	--	--	--	--	--	376	317	263	188	131	102	376	317	263	188	131	102
	Halifax	1346	--	--	--	--	--	--	378	319	265	190	133	104	378	319	265	190	133	104
	St. John	1178	--	--	--	--	--	--	378	319	265	190	133	104	378	319	265	190	133	104
	Portland	1040	429	365	302	216	173	129	378	319	265	190	133	104	378	319	265	190	133	104
	Boston	1073	437	372	306	218	174	131	--	--	--	--	--	--	378	319	265	190	133	104
	New York	1131	449	383	314	226	179	136	--	--	--	--	--	--	378	319	265	190	133	104
	Philadelphia	1220	455	389	319	228	184	138	--	--	--	--	--	--	378	319	265	190	133	104
	Baltimore	1321	463	392	323	232	186	139	--	--	--	--	--	--	378	319	265	190	133	104
	Newport News	1473	501	428	350	251	201	149	--	--	--	--	--	--	378	319	265	190	133	104
London, Ont.	Montreal	455	--	--	--	--	--	--	284	241	197	142	99	77	282	238	197	142	99	77
	Halifax	1245	--	--	--	--	--	--	286	243	199	144	101	79	284	240	199	144	101	79
	St. John	920	--	--	--	--	--	--	286	243	199	144	101	79	284	240	199	144	101	79
	Portland	678	358	303	251	179	145	106	286	243	199	144	101	79	284	240	199	144	101	79
	Boston	606	332	281	232	165	133	101	286	243	199	144	101	79	284	240	199	144	101	79
	New York	531	296	253	209	148	119	89	286	243	199	144	101	79	284	240	199	144	101	79
	Philadelphia	537	307	262	216	156	122	92	286	243	199	144	101	79	284	240	199	144	101	79
	Baltimore	535	307	262	216	156	122	92	286	243	199	144	101	79	284	240	199	144	101	79
	Newport News	750	366	312	258	184	146	110	286	243	199	144	101	79	284	240	199	144	101	79

1	2	3	4						5						6					
			Domestic						Import						Export					
			Classes						Classes						Classes					
Base Point	Port	Miles	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Megantic, Que.	Montreal	181	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
	Halifax	585	---	---	---	---	---	---	224	191	156	112	79	62	223	188	156	112	79	62
	St. John	306	---	---	---	---	---	---	224	191	156	112	79	62	223	188	156	112	79	62
	Portland	258	245	210	173	123	98	75	224	191	156	112	79	62	223	188	156	112	79	62
	Boston	388	262	223	184	131	105	80	224	191	156	112	79	62	223	188	156	112	79	62
	New York	539	307	262	216	156	122	92	224	191	156	112	79	62	223	188	156	112	79	62
	Philadelphia	634	338	289	237	171	136	104	224	191	156	112	79	62	223	188	156	112	79	62
	Baltimore	735	366	312	258	184	146	110	224	191	156	112	79	62	223	188	156	112	79	62
	Newport News	887	417	354	293	210	165	123	---	---	---	---	--	--	---	---	---	---	--	--
Midland, Ont.	Montreal	374	---	---	---	---	---	---	284	241	197	142	99	77	282	238	197	142	99	77
	Halifax	1185	---	---	---	---	---	---	286	243	199	144	101	79	284	240	199	144	101	79
	St. John	839	---	---	---	---	---	---	286	243	199	144	101	79	284	240	199	144	101	79
	Portland	638	338	289	237	171	136	104	286	243	199	144	101	79	284	240	199	144	101	79
	Boston	679	349	296	244	174	139	105	286	243	199	144	101	79	284	240	199	144	101	79
	New York	604	316	268	223	159	128	96	286	243	199	144	101	79	284	240	199	144	101	79
	Philadelphia	610	324	278	227	163	131	98	286	243	199	144	101	79	284	240	199	144	101	79
	Baltimore	608	324	278	227	163	131	98	286	243	199	144	101	79	284	240	199	144	101	79
	Newport News	823	384	326	268	192	153	116	286	243	199	144	101	79	284	240	199	144	101	79
Montreal, P. Q.	Montreal	---	---	---	---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---
	Halifax	802	---	---	---	---	---	---	242	206	168	121	85	66	240	203	168	121	85	66
	St. John	488	---	---	---	---	---	---	242	206	168	121	85	66	240	203	168	121	85	66
	Portland	289	232	197	162	116	92	70	242	206	168	121	85	66	240	203	168	121	85	66
	Boston	324	243	205	171	122	96	71	242	206	168	121	85	66	240	203	168	121	85	66
	New York	382	267	227	186	133	106	81	242	206	168	121	85	66	240	203	168	121	85	66
	Philadelphia	471	293	250	205	146	119	88	242	206	168	121	85	66	240	203	168	121	85	66
	Baltimore	572	324	278	227	163	131	98	242	206	168	121	85	66	240	203	168	121	85	66
	Newport News	724	373	316	262	188	148	111	---	---	---	---	--	--	---	---	---	---	--	--

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1	2	3	4						5						6					
			Domestic						Import						Export					
			Classes						Classes						Classes					
Base Point	Port	Miles	1	2	4	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
North Bay, Ont.	Montreal	354	---	---	---	---	---	---	275	234	191	137	96	74	273	230	191	137	96	74
	Halifax	1132	---	---	---	---	---	---	277	236	193	139	98	76	275	232	193	139	98	76
	St. John	832	---	---	---	---	---	---	277	236	193	139	98	76	275	232	193	139	98	76
	Portland	595	332	281	232	165	133	101	277	236	193	139	98	76	275	232	193	139	98	76
	Boston	628	338	289	237	171	136	104	277	236	193	139	98	76	275	232	193	139	98	76
	New York	686	349	296	244	174	139	105	277	236	193	139	98	76	275	232	193	139	98	76
	Philadelphia	726	366	312	258	184	146	110	277	236	193	139	98	76	275	232	193	139	98	76
	Baltimore	724	366	312	258	184	146	110	277	236	193	139	98	76	275	232	193	139	98	76
	Newport News	939	417	354	293	210	165	123	277	236	193	139	98	76	275	232	193	139	98	76
Oshawa, Ont.	Montreal	308	---	---	---	---	---	---	269	229	187	134	94	73	268	225	187	134	94	73
	Halifax	1103	---	---	---	---	---	---	271	231	189	136	96	75	270	227	189	136	96	75
	St. John	774	---	---	---	---	---	---	271	231	189	136	96	75	270	227	189	136	96	75
	Portland	551	312	267	218	157	123	94	271	231	189	136	96	75	270	227	189	136	96	75
	Boston	593	324	278	227	162	131	98	271	231	189	136	96	75	270	227	189	136	96	75
	New York	541	296	253	209	148	119	89	271	231	189	136	96	75	270	227	189	136	96	75
	Philadelphia	547	307	262	216	156	122	92	271	231	189	136	96	75	270	227	189	136	96	75
	Baltimore	545	307	262	216	156	122	92	271	231	189	136	96	75	270	227	189	136	96	75
	Newport News	760	322	312	258	184	146	110	---	---	---	---	---	--	---	---	---	---	--	--
Ottawa, Ont.	Montreal	120	---	---	---	---	---	---	252	214	174	125	87	68	250	210	174	125	87	68
	Halifax	909	---	---	---	---	---	---	254	216	176	127	89	70	252	212	176	127	89	70
	St. John	588	---	---	---	---	---	---	254	216	176	127	89	70	252	212	176	127	89	70
	Portland	372	254	216	179	129	104	76	254	216	176	127	89	70	252	212	176	127	89	70
	Boston	405	267	227	186	133	106	81	254	216	176	127	89	70	252	212	176	127	89	70
	New York	463	271	232	192	138	110	83	254	216	176	127	89	70	252	212	176	127	89	70
	Philadelphia	552	293	250	205	146	119	88	254	216	176	127	89	70	252	212	176	127	89	70
	Baltimore	653	316	268	223	159	128	96	254	216	176	127	89	70	252	212	176	127	89	70
	Newport News	805	373	316	262	188	148	111	---	---	---	---	--	--	---	---	---	---	--	--

1	2	3	4						5						6					
			Domestic						Import						Export					
			Classes						Classes						Classes					
ase Point	Port	Miles	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
wen Sound, Ont.	Montreal	469	---	---	---	---	---	---	284	241	197	142	99	77	282	238	197	142	99	77
	Halifax	1296	---	---	---	---	---	---	286	243	199	144	101	79	284	240	199	144	101	79
	St. John	934	---	---	---	---	---	---	286	243	199	144	101	79	284	240	199	144	101	79
	Portland	735	366	312	258	184	146	110	286	243	199	144	101	79	284	240	199	144	101	79
	Boston	699	358	303	251	179	145	106	286	243	199	144	101	79	284	240	199	144	101	79
	New York	624	324	278	227	162	131	98	286	243	199	144	101	79	284	240	199	144	101	79
	Philadelphia	630	332	281	232	165	133	101	286	243	199	144	101	79	284	240	199	144	101	79
	Baltimore	628	332	281	232	165	133	101	286	243	199	144	101	79	284	240	199	144	101	79
	Newport News	843	390	332	271	197	157	119	286	243	199	144	101	79	284	240	199	144	101	79
rry Sound, Ont.	Montreal	390	---	---	---	---	---	---	287	244	199	143	100	77	285	240	199	143	100	77
	Halifax	1169	---	---	---	---	---	---	289	246	201	145	102	79	287	242	201	145	102	79
	St. John	881	---	---	---	---	---	---	289	246	201	145	102	79	287	242	201	145	102	79
	Portland	631	338	289	237	171	136	104	289	246	201	145	102	79	287	242	201	145	102	79
	Boston	726	349	296	244	174	139	105	289	246	201	145	102	79	287	242	201	145	102	79
	New York	651	332	281	232	165	133	101	289	246	201	145	102	79	287	242	201	145	102	79
	Philadelphia	657	338	289	237	171	136	104	289	246	201	145	102	79	287	242	201	145	102	79
	Baltimore	655	338	289	237	171	136	104	289	246	201	145	102	79	287	242	201	145	102	79
	Newport News	870	398	338	278	198	159	121	---	---	---	---	---	--	287	242	201	145	102	79
mbroke, Ont.	Montreal	215	---	---	---	---	---	---	261	221	180	130	91	70	259	218	180	130	91	70
	Halifax	999	---	---	---	---	---	---	263	223	182	132	93	72	261	220	182	132	93	72
	St. John	692	---	---	---	---	---	---	263	223	182	132	93	72	261	220	182	132	93	72
	Portland	459	281	241	197	141	114	86	263	223	182	132	93	72	261	220	182	132	93	72
	Boston	492	293	250	205	146	119	88	263	223	182	132	93	72	261	220	182	132	93	72
	New York	550	296	253	209	148	119	89	263	223	182	132	93	72	261	220	182	132	93	72
	Philadelphia	639	316	268	223	159	128	96	263	223	182	132	93	72	261	220	182	132	93	72
	Baltimore	740	316	268	223	159	128	96	263	223	182	132	93	72	261	220	182	132	93	72
	Newport News	892	390	332	271	197	157	119	---	---	---	---	--	--	---	---	---	---	--	--

1	2	3	4						5						6					
			Domestic						Import						Export					
Base Point	Port	Miles	Classes						Classes						Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Quebec, Que.	Montreal	173	---	---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---
	Halifax	664	---	---	---	---	---	---	242	206	168	121	85	66	240	203	168	121	85	66
	St. John	496	---	---	---	---	---	---	242	206	168	121	85	66	240	203	168	121	85	66
	Portland	325	243	205	171	122	96	71	242	206	168	121	85	66	240	203	168	121	85	66
	Boston	483	262	223	184	131	105	80	242	206	168	121	85	66	240	203	168	121	85	66
	New York	541	312	267	218	157	[illegible]	94	242	206	168	121	85	66	240	203	168	121	85	66
	Philadelphia	630	338	289	237	171	136	104	242	206	168	121	85	66	240	203	168	121	85	66
	Baltimore	731	366	312	258	184	146	110	242	206	168	121	85	66	240	203	168	121	85	66
	Newport News	883	417	354	293	210	165	123	---	---	---	---	--	--	---	---	---	---	--	--
Sarnia, Ont.	Montreal	518	---	---	---	---	---	---	293	249	203	146	102	79	291	245	203	146	102	79
	Halifax	1303	---	---	---	---	---	---	295	251	205	148	104	81	293	247	205	148	104	81
	St. John	1107	---	---	---	---	---	---	295	251	205	148	104	81	293	247	205	148	104	81
	Portland	737	366	312	258	184	146	110	295	251	205	148	104	81	293	247	205	148	104	81
	Boston	665	349	296	244	174	139	105	295	251	205	148	104	81	293	247	205	148	104	81
	New York	590	316	268	223	159	128	96	295	251	205	148	104	81	293	247	205	148	104	81
	Philadelphia	596	324	278	227	163	131	98	295	251	205	148	104	81	293	247	205	148	104	81
	Baltimore	594	324	278	227	163	131	98	295	251	205	148	104	81	293	247	205	148	104	81
	Newport News	809	384	326	268	192	153	116	295	251	205	148	104	81	293	247	205	148	104	81
Sault Ste. Marie, O.	Montreal	622	---	---	---	---	---	---	376	317	263	188	131	102	376	317	263	188	131	102
	Halifax	1368	---	---	---	---	---	---	378	319	265	190	133	104	378	319	265	190	133	104
	St. John	1090	---	---	---	---	---	---	378	319	265	190	133	104	378	319	265	190	133	104
	Portland	877	417	354	293	210	165	123	378	319	265	190	133	104	378	319	265	190	133	104
	Boston	944	424	359	296	211	171	128	378	319	265	190	133	104	378	319	265	190	133	104
	New York	949	417	354	293	210	165	123	378	319	265	190	133	104	378	319	265	190	133	104
	Philadelphia	955	424	359	295	211	156	122	378	319	265	190	133	104	378	319	265	190	133	104
	Baltimore	953	424	359	296	211	156	122	378	319	265	190	133	104	378	319	265	190	133	104
	Newport News	1168	466	398	326	233	163	129	378	319	265	190	133	104	378	319	265	190	133	104

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1	2	3	4						5						6					
			Domestic						Import						Export					
Base Point	Port	Miles	Classes						Classes						Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Sherbrooke, Que.	Montreal	112	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
	Halifax	760	---	---	---	---	---	---	233	198	162	117	82	64	231	195	162	117	82	64
	St. John	375	---	---	---	---	---	---	233	198	162	117	82	64	231	195	162	117	82	64
	Portland	196	198	169	139	101	80	58	233	198	162	117	82	64	231	195	162	117	82	64
	Boston	319	219	188	156	111	88	66	233	198	162	117	82	64	231	195	162	117	82	64
	New York	471	285	243	201	145	114	86	233	198	162	117	82	64	231	195	162	117	82	64
	Philadelphia	560	312	267	218	157	123	94	233	198	162	117	82	64	231	195	162	117	82	64
	Baltimore	661	342	290	241	173	138	104	233	198	162	117	86	64	231	195	162	117	82	64
	Newport News	813	390	332	271	197	157	119	---	---	---	---	--	--	---	---	---	---	--	--
Sudbury, Ont.	Montreal	443	---	---	---	---	---	---	281	239	195	140	98	76	279	235	195	140	98	76
	Halifax	1235	---	---	---	---	---	---	283	241	197	142	100	78	281	237	197	142	100	78
	St. John	911	---	---	---	---	---	---	283	241	197	142	100	78	281	237	197	142	100	78
	Portland	698	358	303	251	179	145	106	283	241	197	142	100	78	281	237	197	142	100	78
	Boston	764	366	312	258	184	146	110	283	241	197	142	100	78	281	237	197	142	100	78
	New York	770	366	312	258	184	146	110	283	241	197	142	100	78	281	237	197	142	100	78
	Philadelphia	776	373	316	262	188	148	111	283	241	197	142	100	78	281	237	197	142	100	78
	Baltimore	774	373	316	262	188	148	111	283	241	197	142	100	78	281	237	197	142	100	78
	Newport News	989	424	359	296	211	171	128	283	241	197	142	100	78	281	237	197	142	100	78
Toronto, Ont.	Montreal	344	---	---	---	---	---	---	272	231	189	136	95	73	270	228	189	136	95	73
	Halifax	1133	---	---	---	---	---	---	274	233	191	138	97	75	272	230	191	138	97	75
	St. John	809	---	---	---	---	---	---	274	233	191	138	97	75	272	230	191	138	97	75
	Portland	590	324	278	227	163	131	98	274	233	191	138	97	75	272	230	191	138	97	75
	Boston	578	316	268	223	159	128	96	274	233	191	138	97	75	272	230	191	138	97	75
	New York	503	285	243	201	145	114	86	274	233	191	138	97	75	272	230	191	138	97	75
	Philadelphia	509	293	250	205	146	119	88	274	233	191	138	97	75	272	230	191	138	97	75
	Baltimore	507	293	250	205	146	119	88	274	233	191	138	97	75	272	230	191	138	97	75
	Newport News	722	358	303	251	179	145	106	274	233	191	138	97	75	272	230	191	138	97	75

1	2	3	4						5						6					
			Domestic						Import						Export					
			Classes						Classes						Classes					
Base Point	Port	Miles	1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Trenton, Ont.	Montreal	236	---	---	---	---	---	---	261	221	180	130	91	70	259	218	180	130	91	70
	Halifax	1033	---	---	---	---	---	---	263	223	182	132	93	72	261	220	182	132	93	72
	St. John	702	---	---	---	---	---	---	263	223	182	132	93	72	261	220	182	132	93	72
	Portland	490	293	250	205	146	119	88	263	223	182	132	93	72	261	220	182	132	93	72
	Boston	523	307	262	216	156	122	92	263	223	182	132	93	72	261	220	182	132	93	72
	New York	581	296	253	209	148	119	89	263	223	182	132	93	72	261	220	182	132	93	72
	Philadelphia	612	316	268	223	159	128	96	263	223	182	132	93	72	261	220	182	132	93	72
	Baltimore	610	316	268	223	159	128	96	263	223	182	132	93	72	261	220	182	132	93	72
	Newport News	825	384	326	268	192	153	116	---	---	---	---	--	--	---	---	---	---	--	--
Walkerton, Ont.	Montreal	468	---	---	---	---	---	---	284	241	197	142	99	77	282	238	197	142	99	77
	Halifax	1252	---	---	---	---	---	---	286	243	199	144	101	79	284	240	199	144	101	79
	St. John	933	---	---	---	---	---	---	286	243	199	144	101	79	284	240	199	144	101	79
	Portland	776	358	303	251	179	145	106	286	243	199	144	101	79	284	240	199	144	101	79
	Boston	660	342	290	241	173	138	104	286	243	199	144	101	79	284	240	199	144	101	79
	New York	585	312	267	218	157	123	94	286	243	199	144	101	79	284	240	199	144	101	79
	Philadelphia	591	316	268	223	159	128	96	286	243	199	144	101	79	284	240	199	144	101	79
	Baltimore	589	316	268	223	159	128	96	286	243	199	144	101	79	284	240	199	144	101	79
	Newport News	804	376	320	263	190	149	114	286	243	199	144	101	79	284	240	199	144	101	79
Welland, Ont.	Montreal	422	---	---	---	---	---	---	272	231	189	136	95	73	270	228	189	136	95	73
	Halifax	1213	---	---	---	---	---	---	274	233	191	138	97	75	272	230	191	138	97	75
	St. John	887	---	---	---	---	---	---	274	233	191	138	97	75	272	230	191	138	97	75
	Portland	571	324	278	227	162	131	98	274	233	191	138	97	75	272	230	191	138	97	75
	Boston	499	296	253	209	148	119	89	274	233	191	138	97	75	272	230	191	138	97	75
	New York	424	267	227	186	133	106	81	274	233	191	138	97	75	272	230	191	138	97	75
	Philadelphia	430	271	232	192	138	110	83	274	233	191	138	97	75	272	230	191	138	97	75
	Baltimore	428	271	232	192	138	110	83	274	233	191	138	97	75	272	230	191	138	97	75
	Newport News	643	338	289	237	171	136	104	274	233	191	138	97	75	272	230	191	138	97	75

1	2	3	4						5						6					
			Domestic						Import						Export					
Base Point	Port	Miles	Classes						Classes						Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Windsor, Ont.	Montreal	567	---	---	---	---	---	---	293	249	203	146	102	79	291	245	203	146	102	79
	Halifax	1354	---	---	---	---	---	---	295	251	205	148	104	81	293	247	205	148	104	81
	St. John	1032	---	---	---	---	---	---	295	251	205	148	104	81	293	247	205	148	104	81
	Portland	777	384	326	268	192	153	116	295	251	205	148	104	81	293	247	205	148	104	81
	Boston	705	363	307	253	181	145	110	295	251	205	148	104	81	293	247	205	148	104	81
	New York	630	332	281	232	165	133	101	295	251	205	148	104	81	293	247	205	148	104	81
	Philadelphia	636	338	289	237	171	136	104	295	251	205	148	104	81	293	247	205	148	104	81
	Baltimore	634	338	289	237	171	136	104	295	251	205	148	104	81	293	247	205	148	104	81
	Newport News	849	363	307	253	181	145	110	295	251	205	148	104	81	293	247	205	148	104	81
Wingham, Ont.	Montreal	467	---	---	---	---	---	---	284	241	197	142	99	77	282	238	197	142	99	77
	Halifax	1263	---	---	---	---	---	---	286	243	199	144	101	79	284	240	199	144	101	79
	St. John	932	---	---	---	---	---	---	286	243	199	144	101	79	284	240	199	144	101	79
	Portland	619	363	307	253	181	145	110	286	243	199	144	101	79	284	240	199	144	101	79
	Boston	647	342	290	241	173	138	104	286	243	199	144	101	79	284	240	199	144	101	79
	New York	572	312	267	218	157	123	94	286	243	199	144	101	79	284	240	199	144	101	79
	Philadelphia	578	316	268	223	159	128	96	286	243	199	144	101	79	284	240	199	144	101	79
	Baltimore	576	316	268	223	159	128	96	286	243	199	144	101	79	284	240	199	144	101	79
	Newport News	791	376	320	263	190	149	114	286	243	199	144	101	79	284	240	199	144	101	79

ALL RATES SUBJECT TO X-206

TARIFF AUTHORITY:
C. W. Boin Tariff T 126A
" " ICC A 721
O. E. Swenson ICC 750
" " ICC 384
H. R. Hinsch ICC 4488

C.N.Ry. CTC No E 4011
" " 4030
C.P. Ry. CTC No E 5039
" " 5040

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ICC DOCKET I.& S. 6615
WITNESS BROOKS
EXHIBIT ____
Sheet 1 of 4 Sheets

SHORT TARIFF ROUTE DISTANCES FROM BALTIMORE, MD. (P.R.R.),
BOSTON, MASS. (B & MRR) AND NORFOLK, VA. (N & W)
TO N.Y.C. DESTINATIONS IN DIFFERENTIAL TERRITORY,
ALSO BALTIMORE MAXIMUM CIRCUITY DISTANCES TO DESTINATIONS

OHIO	Baltimore, Md. Total	PRR	NYC	Junction	Boston, Mass. Total NYC	Norfolk Va. (N&W) to NYC	Baltimore Maximum Circuity
Alliance	614	436	W178	Erie, Pa.	W736	836	680
Ashtabula	477	436	W41	Erie, Pa	W599	813	740
Athens	579	505	W74	Heath, Ohio	W865	625	720
Bellefontaine	588	534	W54	Columbus, Ohio	C794	715	900
Berea	543	436	W107	Erie, Pa.	W665	789	760
Bowling Green	623	602	W21	Toledo, Ohio	W780	772	925
Bucyrus	707	436	W271	Erie, Pa.	W829	757	850
Cincinnati	658	534	C125	Columbus, Ohio	C896	788	925
Cleveland	531	436	W95	Erie, Pa.	W653	801	760
Columbus	669	436	W233	Erie, Pa.	C791	-	800
Conneaut	465	436	W29	Erie, Pa.	W585	868	740
Dayton	604	534	C70	Columbus, Ohio	C842	717	925
Delaware	558	534	C24	Columbus, Ohio	C767	687	850
Elyria	557	436	W121	Erie, Pa.	W678	802	760
Euclid	520	436	W184	Erie, Pa.	W641	813	760
Findlay	597	579	W18	Dunkirk, Ohio	W804	749	925
Fostoria	577	543	W34	Bucyrus, Ohio	W195	791	900
Fremont	614	436	W78	Erie, Pa.	C842	717	925

(Continued on Sheet 2)

Sheet

OHIO	Baltimore, Md.				Boston, Mass. Total NYC	Norfolk Va. (N&W) to NYC	Baltimore Maximum Circuity
	Total	PRR	NYC	Junction			
Lorain	563	436	W127	Erie, Pa.	W685	809	800
Marion	557	531	C26	Crestline, Ohio	C933	743	900
Middleton	604	534	C70	Columbus, Ohio	C863	696	950
Painesville	503	436	W67	Erie, Pa.	W624	830	760
Sandusky	591	436	W155	Erie, Pa.	W713	825	850
Sidney	619	531	C88	Crestline, Ohio	C817	763	925
Springfield	579	534	C45	Columbus, Ohio	C817	827	900
Tiffin	622	436	C186	Erie, Pa.	C742	805	850
Toledo	638	436	W202	Erie, Pa.	W759	793	925
Troy	605	534	C71	Erie, Pa.	C842	758	925
Van Wert	735	436	C299	Erie, Pa.	C828	804	975
Youngstown	535	436	W99	Erie, Pa.	W657	876	660
Zanesville	528	509	W19	Cookesville, Pa.	W845	717	740
INDIANA							
Anderson	687	638	C49	Union City, Ind.	C900	801	1025
Columbus	737	651	C86	Cincinnati, Ohio	C984	768	1075
Connersville	720	651	C69	Cincinnati, Ohio	C930	848	1025
Crawfordsville	766	722	C44	Indianapolis, Ind.	C981	833	1150
East Chicago	849	789	W60	Kentland, Ind.	W976	948	1275
Elkhart	671	436	W335	Erie, Pa.	W892	910	1125
Evansville	889	794	C95	Worthington, Ind.	C1143	955	1325
Ft. Wayne	742	436	W306	Erie, Pa.	W864	881	1050
Cary	789	780	M19	Liverpool, Ind.	M965	984	1250
Goshen	726	701	C25	Warsaw, Ind.	W882	899	1125
Hammond	798	780	M18	Liverpool, Ind.	M975	1093	1250
Indianapolis	720	534	C186	Columbus, Ohio	C937	790	1075
Jeffersonville	790	692	C98	Rushville, Ind.	C1037	903	1125
Lafayette	787	722	C65	Indianapolis, Ind.	C1001	854	1150
LaPorte	813	436	W377	Erie, Pa.	W934	951	1175

(Continued on Sheet 3)

Sheet 3 of 4 Sheets

	Baltimore, Md.				Boston, Mass.	Norfolk	
INDIANA (Cont.)	Total	PRR	NYC	Junction	Total NYC	Va. (N&W) To NYC	Baltimore Maximum Circuity
Marion	735	534	C201	Columbus, Ohio	C933	833	1050
Michigan City	881	602	C279	Toledo, Ohio	M939	1061	1225
Mishawaka	782	436	W346	Erie, Pa.	W899	821	1150
Muncie	669	638	C31	Union City, Ind.	C882	819	1000
New Castle	675	534	C141	Columbus, Ohio	C905	797	1025
Shelbyville	734	651	C83	Cincinnati, Ohio	C964	763	1075
South Bend	786	436	W350	Erie, Pa.	W908	925	1150
Terre Haute	791	534	C257	Columbus, Ohio	C1008	1004	1225
Vincennes	898	722	C176	Indianapolis, Ind.	C1112	965	1250
Wabash	712	692	C20	Marion, Ind.	C940	853	1075
Washington	854	794	C40	Worthington, Ind.	C1089	941	1225
KENTUCKY							
Louisville	918	436	C482	Erie, Pa.	C1039	931	1125
ILLINOIS							
Alton	168	722	C246	Indianapolis, Ind.	C1182	1055	1450
Bloomington	888	722	C166	Indianapolis, Ind.	C1103	956	1350
Cairo	1037	722	C315	Indianapolis, Ind.	C1251	1104	1475
Champaign	841	723	C119	Indianapolis, Ind.	C1055	906	1275
Chicago	811	780	M38	Liverpool, Ind.	W993	976	1275
Chicago Heights	799	780	M19	Liverpool, Ind.	M981	1099	1250
Danville	808	722	C81	Indianapolis, Ind.	C1022	878	1225
East St. Louis	971	722	C249	Indianapolis, Ind.	C1185	1036	1450
Harrisburg	967	722	C7245	Indianapolis, Ind.	C1181	1034	1375
Joliet	822	780	M42	Liverpool, Ind.	M1004	1122	1275
Kankakee	815	741	W74	Hamlet, Ind.	W1004	929	1275
Mattoon	860	722	C129	Indianapolis, Ind.	C1066	918	1275
Pekin	933	722	C211	Indianapolis, Ind.	C1139	992	1425

(Cont. on Sheet 4)

Sheet 4 of 4 Sheets

ILLINOIS (Cont.)	Baltimore, Md. Total	PRR	NYC	Junction	Boston, Mass. Total NYC	Norfolk Va. (M&W) To NYC	Baltimore Maximum Circuity
Peoria	934	722	C212	Indianapolis, Ind.	C1148	1001	1375
Streater	866	741	W125	Indianapolis, Ind.	W1060	992	1350
Urbana	839	722	C117	Indianapolis, Ind.	C1055	906	1275
Wood River	966	722	C244	Indianapolis, Ind.	C1180	1033	1450
MISSOURI	975	722	C253	Indianapolis, Ind.	C1189	1037	1450
MICHIGAN							
Adrian	670	436	W234	Erie, Pa.	W792	811	960
Albion	742	416	M326	Black Rock, N.Y.	M806	924	1050
Ann Arbor	684	416	M268	Black Rock, N.Y.	M747	865	975
Battle Creek	767	416	M351	Black Rock, N.Y.	M830	948	1075
Bay City	756	416	M340	Black Rock, N.Y.	M819	942	1150
Benton Harbor	780	701	C79	Warsaw, Ind.	C930	1056	1175
Dearborn	656	416	M240	Black Rock, Ind.	M720	838	1025
Detroit	650	416	M234	Black Rock, Ind.	M713	837	1025
Grand Rapids	817	416	M401	Black Rock, Ind.	M880	997	1175
Inkster	660	416	M244	Black Rock, Ind.	M724	841	1025
Jackson	709	436	W273	Erie, Pa.	M786	849	1025
Kalamazoo	790	416	M374	Black Rock, N.Y.	M854	930	1150
Lansing	759	416	M343	Black Rock, N.Y.	M822	940	1075
Midland	775	416	M359	Black Rock, N.Y.	M839	962	1175
Monroe	626	602	M24	Toledo, Ohio	M746	802	950
Niles	756	702	C54	Warsaw, Indiana	M902	941	1150
Owosso	791	602	M189	Toledo, Ohio	M849	1020	1075
St. Joseph	785	701	C84	Warsaw, Ind.	M938	1020	1125
Saginaw	757	416	M341	Black Rock, N.Y.	M817	967	1150
Willow Run	672	416	M257	Black Rock, N.Y.	M737	855	1050
Wyandotte	650	602	M48	Toledo, Ohio	M722	826	975
Ypsilanti	676	416	M260	Black Rock, N.Y.	M740	854	1050

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I.C.C. DOCKET I. & S. 6615
WITNESS BROOKS
EXHIBIT________________

FIRST CLASS RATE SHOWN IN APPENDIX 18 TO THE REPORT IN DOCKET 28300, CLASS RATE INVESTIGATION, 1939, 281 ICC 213, 328, AND MAXIMUM CIRCUITY RESULTING FROM USE OF I.C.C. FORMULA IN GRANTING FOURTH SECTION RELIEF. (See Note)

Miles	First Class Rate	133-1/3%	Maximum Circuity Miles	Miles	First Class Rate	133-1/3%	Maximum Circuity Miles
300	179	239	540	850	315	420	1375
320	185	247	580	875	320	427	1425
340	190	253	600	900	325	433	1450
360	196	261	640	925	330	440	1475
380	201	268	660	950	335	447	1525
400	206	275	680	975	340	453	1550
420	211	281	720	1000	345	460	1575
440	216	288	740	1025	350	467	1625
460	221	295	760	1050	355	473	1650
480	226	301	800	1075	360	480	1675
500	231	308	825	1100	365	487	1725
520	236	315	850	1125	370	493	1750
540	241	321	900	1150	375	500	1775
560	245	327	925	1175	380	507	1825
580	250	333	950	1200	385	513	1850
600	255	340	975	1225	390	520	1875
620	260	347	1025	1250	395	527	1925
640	265	353	1050	1275	400	533	1950
660	270	360	1075	1300	405	540	1975
680	275	367	1125	1325	410	547	2025
700	280	373	1150	1350	415	553	2050
720	285	380	1175	1375	420	560	2075
740	290	387	1225	1400	425	567	2125
760	295	393	1250	1425	430	573	2150
780	300	400	1275	1450	435	580	2175
800	305	407	1325	1475	440	587	2250
825	310	413	1350	1500	445	593	2250

Note - I.C.C. formula in granting fourth section relief. See 34th Supplemental Fourth Section order No. 18025, dated July 26, 1956 in Commodity Rates between Points East of the Rocky Mountains. This formula reads as follows: The relief authorized herein shall not apply to rates over circuitous routes which exceed in length the distance shown in appendix 18 to the report in Class Rate Investigation, 1939, 281 I.C.C. 213, 328, for a first-class rate which is 133-1/3 percent (or the next higher equivalent) of the first-class rate shown in said appendix for the distance between such points determined on the basis and in the manner prescribed or approved in the aforecited proceeding.

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WITNESS BROOKS
EXHIBIT
Sheet 1 of 8 Sheets

DOCKET 28300 DISTANCES (MILES) TO RATE BASE POINTS IN DIFFERENTIAL TERRITORY FROM BOSTON, MASS. COMPARED WITH BALTIMORE, MD. AND WITH MAXIMUM CIRCUITY DISTANCES FROM BALTIMORE UNDER FOURTH SECTION FORMULA (SEE NOTE)

OHIO	Boston	Baltimore	Boston over Baltimore	Baltimore Maximum Circuity	Max. Circu. over Boston
Akron	683	429	254	740	57
Alliance	673	396	277	680	7
Ashtabula	598	429	169	740	142
Bellefontaine	792	532	260	900	108
Blanchester	866	521	345	900	34
Bristolville	632	403	229	720	88
Canton	691	413	278	720	29
Celina	826	581	245	975	149
Chillicothe	838	464	374	800	-38
Cincinnati	891	560	331	925	34
Circleville	818	469	349	800	-18
Cleveland	652	444	208	760	108
Columbus	790	479	311	800	10
Coshocton	745	429	316	740	-5
Dayton	836	541	295	925	89
Delaware	766	503	263	850	84
Killbuck	737	457	280	760	23
Latty	810	592	218	975	165
Leetonia	670	376	294	660	-10
Lima	795	566	229	950	155
McComb	769	551	218	925	156
Mansfield	731	485	246	825	94
Marblehead	719	511	208	850	131
Marion	753	522	231	900	147
Mechanicstown	700	406	294	720	20
Middlefield	648	419	229	720	72
Mt. Vernon	767	477	290	800	33
Newark	781	463	318	800	19
Painesville	624	442	182	760	136
Piqua	825	552	273	925	100
Sandusky	712	504	208	850	138
Sardinia	906	549	357	925	19
Spencer	695	463	232	800	105
Springfield	815	524	291	900	85
Tiffin	740	519	221	850	110

(Continued on next sheet)

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ICC DOCKET I.&S. 6615
WITNESS BROOKS
EXHIBIT
Sheet 2 of 8 Sheets

OHIO (Contd.)	Boston	Baltimore	Boston over Baltimore	Baltimore Maximum Circuity	Max. Circu. over Boston
Toledo	759	548	211	925	166
Washington C.H.	829	496	333	825	-4
W. Unity	797	597	200	975	178
Youngs	903	512	391	850	-53
Youngstown	646	378	268	660	14
Zanesville	775	438	337	740	-35
Central Eastern and Southeastern OHIO					
Athens	794	403	391	720	-74
Dundas	821	430	391	740	-81
Flushing	755	400	355	680	-75
Gallipolis	843	452	391	760	-83
Jewett	727	377	350	660	-67
Lancaster	818	448	370	760	-58
Lore City	768	402	366	720	-48
Marietta	771	380	391	660	-111
Steubenville	706	356	350	640	-66
Summitville	720	382	338	680	-40
Uhrichsville	726	399	327	680	-46

Note - I.C.C. formula in granting fourth section relief. See 34th Supplemental Fourth Section order No. 18025, dated July 26, 1956 in Commodity Rates between Points East of the Rocky Mountains. This formula reads as follows: The relief authorized herein shall not apply to rates over circuitous routes which exceed in length the distance shown in appendix 18 to the report in Class Rate Investigation, 1939, 281 I.C.C. 213, 328, for a first-class rate which is 133-1/3 percent (or the next higher equivalent) of the first-class rate shown in said appendix for the distance between such points determined on the basis and in the manner prescribed or approved in the aforecited proceeding.

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INDIANA	Boston	Baltimore	Boston over Baltimore	Baltimore Maximum Circuity	Max. Circu. over Boston
Bloomington	988	699	289	1150	162
Bluffton	854	625	229	1050	196
Cannelton	1099	777	222	1275	176
Cato	1090	775	315	1275	185
Columbus	952	642	304	1075	123
Covington	994	735	259	1225	231
Crawfordsville	963	694	269	1150	187
Evansville	1102	787	315	1325	223
Ferdinand	1062	740	322	1225	163
Ft. Wayne	839	621	218	1050	211
Greencastle	972	689	283	1150	178
Greensburg	929	623	306	1050	121
Hibbard	906	688	218	1150	244
Huntingburg	1062	740	322	1225	163
Indianapolis	934	650	284	1075	141
Knightstown	906	616	290	1000	94
Kouts	939	725	214	1225	286
LaFayette	948	699	249	1150	202
Lawrenceburg	913	582	331	975	62
Logansport	911	677	234	1125	214
Madison	978	656	322	1075	97
Marion	884	637	247	1050	166
Michigan City	921	722	199	1225	304
Millersburg	860	657	203	1075	215
Mitchell	1008	686	322	1150	142
Monon	942	708	234	1175	233
Muncie	879	614	265	1000	121
N. Manchester	874	657	217	1075	201
N. Vernon	954	632	322	1050	96
Oakland City	1074	759	315	1250	176
Richmond	871	582	289	975	104
South Bend	888	690	198	1150	262
Steubenville	825	628	197	1050	225
Sullivan	1031	746	285	1250	219
Temple	1042	711	331	1175	133
Terre Haute	1005	722	283	1225	220
Tipton	915	649	266	1075	160
Union City	850	583	267	975	125
Washington	1044	729	315	1225	181
KENTUCKY					
Louisville	1001	670	331	1725	124

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ILLINOIS	Boston	Baltimore	Boston over Baltimore	Baltimore Maximum Circuity	Max. Circu. over Boston
Aurora	1009	800	209	1325	316
Barry	1207	942	265	1525	318
Barstow	1127	918	209	1475	348
Bloomington	1056	815	241	1350	294
Cairo	1210	907	303	1475	265
Carmi	1107	804	303	1350	243
Carthage	1194	959	235	1550	356
Centralia	1126	841	285	1375	249
Champaign	1027	768	259	1275	248
Chicago	973	767	206	1275	302
Danville	994	735	259	1225	231
Decatur	1068	803	265	1350	282
DeKalb	1031	825	206	1350	319
Dixon	1070	864	206	1425	355
E. Burlington	1168	942	226	1525	357
E. Clinton	1111	903	208	1475	364
E. Dubuque	1133	939	194	1525	392
E. Ft. Madison	1194	959	235	1550	356
E. Louisiana	1191	927	264	1525	334
East St.Louis	1174	891	283	1450	276
Edgewood	1098	805	293	1350	252
Eldorado	1133	830	203	1375	242
Forman	1179	877	302	1450	271
Freeport	1067	878	189	1450	383
Galena	1133	939	194	1525	392
Galesburg	1125	901	224	1475	350
Galva	1105	896	209	1450	345
Gibson City	1025	780	245	1275	250
Gladstone	1168	942	226	1525	357
Harvard	1030	830	200	1375	345
Jacksonville	1139	874	265	1425	286
Jerseyville	1172	908	264	1475	303
Jonesboro	1214	914	300	1475	261
Kankakee	986	768	218	1275	289
Keithsburg	1168	942	226	1525	357
LaSalle	1044	835	209	1375	331
Lincoln	1086	830	256	1375	289
Litchfield	1129	857	292	1425	296
Marion	1175	872	323	1425	250
Mattoon	1060	778	282	1275	215

(Continued on next sheet)

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ILLINOIS (Ctd.)	Boston	Baltimore	Boston over Baltimore	Baltimore Maximum Circuity	Max. Circu. over Boston
Metropolis	1193	890	303	1450	257
Morris	1007	797	210	1325	318
Morrison	1111	903	208	1475	364
Mt. Vernon	1139	836	303	1375	236
Murphysboro	1187	889	298	1450	263
Nebo	1191	927	264	1525	334
Newton	1069	786	283	1325	256
Olney	1083	780	303	1275	192
Pana	1093	817	276	1350	257
Paris	1024	741	283	1250	226
Peoria	1083	849	234	1375	292
Quincy	1207	942	265	1525	318
Rockford	1050	851	199	1425	375
Rock Island	1127	918	209	1475	348
Rosiclare	1206	902	304	1475	261
Sheldon	974	740	234	1225	251
Simpson	1193	890	303	1450	257
Smithboro	1119	836	283	1375	256
So. Beloit	1023	858	165	1425	402
Sparta	1169	884	285	1450	281
Springfield	1106	841	265	1375	269
Streator	1037	819	218	1350	313
Tamms	1210	907	303	1475	265
Thebes	1214	914	300	1475	261
Toluca	1058	836	222	1375	317
Vermont	1141	905	236	1475	334
Waterloo	1194	911	283	1475	281
Waukegan	1002	803	199	1350	348
Wood River	1174	891	283	1450	276
MISSOURI					
Hannibal	1207	942	265	1525	318
St. Louis	1174	891	283	1450	276
W. Alton	1174	891	283	1450	276
W. Quincy	1207	942	265	1525	318

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IOWA	Boston	Baltimore	Boston over Baltimore	Baltimore Maximum Circuity	Max. Circu. over Boston
Burlington	1168	942	226	1525	357
Clinton	1111	903	208	1475	364
Davenport	1128	919	209	1475	347
Dubuque	1133	939	194	1525	392
Ft. Madison	1194	959	235	1550	356
Keokuk	1194	959	235	1550	356
Muscatine	1154	945	209	1525	371
W. Keithsburg	1168	942	226	1525	357
MICHIGAN					
Adrian	765	580	185	950	185
Akron	754	687	67	1150	296
Alba	882	815	67	1350	468
Alma	792	693	99	1150	358
Alpena	861	793	68	1325	464
Ann Arbor	743	593	150	975	232
Ashley	778	676	102	1125	347
Bad Axe	733	666	67	1125	392
Battle Creek	822	660	162	1075	253
Bellaire	906	839	67	1375	469
Benton Harbor	906	718	188	1175	269
Boyne City	899	832	67	1375	1476
Cadillac	852	775	77	1275	423
Charlotte	797	654	143	1075	278
Cheboygan	923	856	67	1425	502
Clare	804	727	77	1225	421
Clifford	713	646	67	1075	362
Detroit	706	604	102	1000	294
Durand	746	622	124	1050	304
Falmouth	876	799	77	1325	449
Flint	729	650	79	1075	846
Frankfort	917	840	77	1375	458
Grand Jct.	874	712	162	1175	301
Grand Rapids	838	713	125	1175	337
Grayling	849	782	67	1325	476
Greenville	819	711	108	1175	356
Harrisville	829	761	68	1275	446
Hart	913	792	121	1325	412
Holland	864	731	133	1225	361
Holly	741	633	108	1050	309

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MICHIGAN (Ctd.)	Boston	Baltimore	Boston over Baltimore	Baltimore Maximum Circuity	Max. Circu. over Boston
Howard City	834	731	103	1225	391
Howell	761	621	140	1050	289
Ionia	803	692	111	1150	347
Jackson	782	619	163	1000	218
Jonesville	801	618	183	1000	199
Kalamazoo	845	683	162	1150	305
Lansing	778	654	124	1075	297
Lapeer	709	641	68	1075	366
LaRocque	890	822	68	1350	460
Lowell	818	704	114	1175	357
Ludington	891	809	82	1350	459
Mackinaw City	929	872	57	1425	496
Manistee	901	819	82	1350	449
Manistique	1017	940	77	1525	508
Menominee	997	920	77	1475	478
Milan	743	579	164	1950	207
Monroe	741	571	170	950	209
Mt. Clemens	699	626	73	1050	351
Muskegon	874	753	121	1250	376
Niles	884	694	190	1150	266
Owosso	757	655	102	1075	318
Oxford	716	643	73	1075	359
Petoskey	908	841	67	1375	467
Pigeon	748	682	66	1150	402
Pinconning	776	708	68	1175	399
Pontiac	721	630	91	1050	329
Port Huron	663	596	67	975	312
Reed City	843	761	82	1275	432
Rochester	711	633	78	1050	339
St. Ignace	948	881	67	1450	502
Saginaw	753	683	70	1150	397
E. Sandusky	709	642	67	1075	366
So. Lyon	742	613	129	1000	258
Sturgis	843	660	183	1075	232
Tawas City	797	822	68	1225	428
Thompsonville	895	818	77	1350	455
Traverse City	899	822	77	1350	45
Vassar	734	667	67	1125	391
W. Branch	809	742	67	1250	441
White Cloud	876	760	116	1250	374
Wilmot	723	656	67	1075	352
Wolverine	895	828	67	1375	480

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WISCONSIN	Boston	Baltimore	Boston over Baltimore	Baltimore Maximum Circuity	Max. Circu. over Boston
Appleton	996	914	82	1475	479
Brooklyn	1032	897	135	1450	418
Clyman Jct.	998	876	122	1450	452
Dodgeville	1079	941	138	1525	446
Elkhorn	1001	852	149	1425	424
Fond du Lac	1016	894	122	1450	434
Granville	953	831	122	1375	422
Green Bay	991	909	82	1475	484
Janesville	1023	858	165	1425	402
Jefferson Jct.	998	876	122	1450	452
Kewaunee	956	874	82	1425	469
Madison	1032	897	135	1450	418
Manitowac	953	871	82	1425	472
Marinette	997	920	77	1475	478
Milwaukee	953	831	122	1375	422
Monroe	1054	893	161	1450	396
Sheboygan	979	884	95	1450	471
Stiles Jct.	1019	937	82	1525	506
Sturgeon Bay	1004	922	82	1475	471
Watertown	998	875	123	1425	427
Waukesha	953	831	122	1375	422
W. Bend	986	864	122	1425	439
Whitelaw	953	871	82	1425	472

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DISTANCES FROM BOSTON, MASS. (B. & M. RR. EXCEPT AS NOTED) TO POINTS IN DIFFERENTIAL TERRITORY.

		SHORT TARIFF			SHORT I. & S. IMPORT TARIFF			
	Docket 28300 Miles	Delivering R.R.	Miles	Over 28300	Delivering R.R.	Miles	Over 28300	Over Short Tariff
OHIO								
Akron	683	PRR	684	1	AC&Y	701	18	17
Alliance	673	NYC(W)	703	30	Same as	Short	Tariff	
Ashland	726	Erie	786	60	Erie	B804	78	18
Ashtabula	598	NYC	599	1	Same as	Short	Tariff	
Athens	794	B&O	829	35	NYC(W)	865	71	36
Barberton	690	PRR	691	1	AC&Y	701	11	10
Bellefontaine	792	NYC(C)	794	2	Same as	Short	Tariff	
Berea	664	NYC(W)	665	1		do.		
Bowling Green	779	NYC(W)	780	1		do.		
Bucyrus	741	PRR	784.5	43.5	NYC(W)	784.8	43.8	0.3
Cambridge	755	PRR	785	30	None			
Canton	691	B&O	711	20	NKP	713	22	2
Chillicothe	838	N&W	841	3	Same as	short	Tariff	
Cincinnati	891	NYC(C)	897	6		do.		
Cleveland	652	NYC(W)	653	1		do.		
Columbus	790	NYC(C)	791	1		do.		
Conneaut	585	NYC(W)	585	-		do.		
Coshocton	745	NKP	767	22		do.		
Cuyahoga Falls	678	PRR	679	1	None			
Dayton	836	ERIE	839	3	Same as	Short	Tariff	
Defiance	800	Wabash	810	10		do.		
Delaware	766	NYC(C)	767	1		do.		
Elyria	678	NYC(W)	678	-		do.		
Euclid	641	NYC(W)	641	-		do.		
Findlay	763	NKP	766	3		do.		
Fostoria	749	NKP	751	2	Same as	Short	Tariff	
Fremont	732	NKP	734	2		do.		
Girard	651	PRR	654	3	Erie	B687	36	33
Hamilton	871	B&O	903	32	Erie	B947	76	44
Kent	673	NKP	685	12	Same as	Short	Tariff	

[2992.101]

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EXHIBIT ____________
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	Docket 28300 Miles	SHORT TARIFF Delivering R.R.	Miles	Over 28300	SHORT I. & S. IMPORT TARIFF Delivering R.R.	Miles	Over 28300	Over Short Tariff
OHIO - Continued								
Lima	795	NKP	797	2	Same as Short Tariff			
Lorain	679	NKP	681	2		do.		
Mansfield	731	B&O	731	4	Erie			
Marion	753	NYC(C)	755	2	Same as Short Tariff			
Massillon	700	B&O	719	19	NKP	734	34	15
Middletown	857	NYC(C)	863	6	Same as Short Tariff			
Mt. Vernon	767	PRR	770	3	None			
Newark	781	B&O	792	11	None			
New Philadelphia	717	PRR	744	27	None			
Niles	648	PRR	649	.1	Erie	B691	43	42
Painesville	624	NYC(W)	624	1	Same as Short Tariff			
Parma	663	B&O	665	3	None			
Piqua	825	B&O	840	15	None			
Portsmouth	881	N&W	890	9	Same as Short Tariff			
Rocky River	661	NKP	663	2		do.		
Salem	677	PRR	750	73	None			
Sandusky	712	NYC(W)	713	1	Same as Short Tariff			
Sidney	815	NYC(C)	817	2		do.		
Springfield	815	NYC(C)	817	2	Same as Short Tariff			
Struthers	651	P&RE	662	11		do.		
Tiffin	740	B&O	742	2	NYC(C)	745	5	3
Toledo	759	NYC(W)	759.	-	Same as Short Tariff			
Troy	834	NYC(C)	842	8		do.		
Van Wert	823	NYC(C)	827	4		do.		
Washington C.H.	899	B&O	830	1	DT&I	853	24	23
Wooster	717	PRR	719	2	None			
Xenia	835	PRR	870	35	None			
Youngstown	646	NYC(W)	657	11	Same as Short Tariff			
Zanesville	775	NKP	797	22		do.		

B - NYC (B) is originating carrier.

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	SHORT TARIFF				SHORT I. & S. IMPORT TARIFF			
	Docket 28300 Miles	Delivering R.R.	Miles	Over 28300	Delivering R.R.	Miles	Over 28300	Over Short Tariff
INDIANA								
Anderson	897	NYC(C)	900	3	Same as Short Tariff			
Bedford	1005	Milw.	1034	29	Monon	1045	40	11
Bloomington	988	I.C.	992	4	Monon	1019	31	27
Columbus	952	NYC(C)	984	32	Same as Short Tariff			
Connersville	899	NKP	930	31		do.		
Crawfordsville	963	PRR	969	6	NYC(C)	981	18	12
East Chicago	956	Wabash	963	7	Same as Short Tariff			
Elkhart	873	NYC(W)	892	19		do.		
Elwood	904	NKP	907	2		do.		
Evansville	1102	C&EI	1118	16		do.		
Ft. Wayne	839	NKP	842	8		do.		
Frankfurt	937	NKP	943	6		do.		
Gary	947	Wabash	954	7		do.		
Goshen	872	NYC(W)	882	10		do.		
Hammond	958	Wabash	964	7		do.		
Hobart	944	EJ&E	951	7	NKP	959	15	8
Huntington	863	Wabash	865	2	Same as Short Tariff			
Indianapolis	934	NYC(C)	937	3		do.		
Jeffersonville	1004	B&O	1021	17	NYC(C)	1037	33	16
Kokomo	912	NKP	923	11	Same as Short Tariff			
Lafayette	948	Wabash	951	3		do.		
LaPorte	915	NYC(W)	934	19		do.		
Logansport	911	Wabash	914	3		do.		
Marion	884	NKP	895	11		do.		
Michigan City	921	NYC(W)	939	18		do.		
Mishawaka	884	GTW	899	15		do.		
Muncie	879	NKP	882	3		do.		
New Albany	1004	B&O	1022	18	Monon	1117	113	95
New Castle	898	NKP	905	7	Same as Short Tariff			
Peru	895	NKP	898	3		do.		
Richmond	871	PRR	886	15	None			
Shelbyville	929	NYC(C)	964	35		do.		
South Bend	888	GTW	903	15	Same as Short Tariff			
Terre Haute	1005	NYC(C)	1008	3		do.		
Valparaiso	933	GTW	948	15		do.		
Vincennes	1052	PRR	1055	3	C&EI	1066	14	11
Wabash	881	Wabash	884	3	Same as Short Tariff			
Washington	1004	B&O	1065	21	NYC(C)	1089	45	24

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WITNESS BROOKS
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	SHORT TARIFF				SHORT I. & S. IMPORT TARIFF			
	Docket 28300 Miles	Delivering R.R.	Miles	Over 28300	Delivering R.R.	Miles	Over 28300	Over Short Tariff
KENTUCKY								
Louisville	1001	L&N	1006	5	NYC(C)	1039	38	33
ILLINOIS								
Alton	1168	NYC(C)	1182	14	Same as Short Tariff			
Autora	1008	EJ&E	1019	11	None			
Belleville	1177	Sou	1199	22	None			
Bloomington	1056	NKP	1083	27	Same as Short Tariff			
Cairo	1210	NYC(C)	1251	41		do.		
Canton	1112	TP&W	1132	20	TP&W	1155	43	23
Carbondale	1182	I.C.	1199	17	None			
Centralia	1126	I.C.	1143	17	None			
Champaign	1027	Wabash	1034	7	Same as Short Tariff			
Chicago	973	Wabash	985	12		do.		
Chicago Heights	964	EJ&E	972	8	NYC(M)	981	17	9
Collinsville	1159	PRR	1164	5	None			
Danville	994	Wabash	997	3	Same as Short Tariff			
Decatur	1008	Wabash	1071	63		do.		
DeKalb	1022	C&NW	1043	21	None			
Dixon	1071	EJ&E	1082	11	None			
Downers Grove	991	CB&Q	1006	15	None			
East Moline	1121	CRI&P	1131	10	None			
East St. Louis	1174	PRR	1175	1	Wabash	1181	7	6
Elgin	1010	Milw.	1021	11	None			
Elmhurst	989	C&NW	1000	11	None			
Evanston	984	C&NW	996	12	None			
Evansville	1102	C&EI	1118	16	Same as Short Tariff			
Freeport	1067	I.C.	1099	32	None			
Galesburg	1125	AT&SF	1136	11	None			
Harrisburg	1140	NYC(C)	1181	41	Same as Short Tariff			
Highland Park	996	C&NW	1008	12	None			
Jacksonville	1139	Wabash	1143	4	Same as Short Tariff			
Joliet	986	EJ&E	996	10	NYC(M)	1004	18	
Kankakee	986	NYC(W)	990	4	Same as Short Tariff			
Kewanee	1101	CB&Q	1117	16	None			
LaSalle	1044	CRI&P	1054	10	None			
Lincoln	1086	I.C.	1104	18	None			
Macomb	1154	CB&Q	1187	33	None			
Marion	1175	I.C.	1218	43	C&EI	1310	135	92

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WITNESS BROOKS
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	Docket 28300 Miles	SHORT TARIFF Delivering R.R.			SHORT I. & S. IMPORT TARIFF Delivering R.R.			
			Miles	Over 28300		Miles	Over 28300	Over Short Tariff
ILLINOIS (Continued)								
Mattoon	1060	NYC(C)	1065	5	Same as Short Tariff			
Moline	1125	CRI&P	1135		None			
Monmouth	1142	M&StL	1161		None			
Mt. Vernon	1139	Sou	1180		C&EI	1196	57	
Ottawa	1030	CRI&P	1040	10	None			
Pekin	1091	AT&SF	1112	21	C&IM	1133	42	21
Peoria	1083	TP&W	1098	15	NKP	1124	41	26
Quincy	1207	Wabash	1227	20	Same as Short Tariff			
Rockford	1050	I.C.	1072		None			
Rock Island	1127	CRI&P	1137	10	None			
Skokie	985	C&NW	997	12	None			
Springfield	1106	Wabash	1109		Same as Short Tariff			
Sterling	1082	C&NW	1094		None			
Streator	1037	NYC(W)	1044	7	Same as Short Tariff			
Urbana	1025	Wabash	1032	7		do.		
Waukegan	1002	C&NW	1008	6	None			
West Frankfort	1169	I.C.	1182	13	C&EI	1257	88	75
Wheaton	998	C&NW	1010	12	None			
Wilmette	987	C&NW	999	12	None			
Winnetka	990	C&NW	1001	11	None			
Wood River	1170	NYC(C)	1180	10	Same as Short Tariff			
MISSOURI								
St. Louis	1174	PRR	1179	5	Wabash	1184	10	5
IOWA								
Burlington	1168	CB&Q	1190	22	None			
Clinton	1111	C&NW	1122	11	None			
Davenport	1128	CRI&P	1138	10	None			
Dubuque	1145	CGW	1157	12	None			
Ft. Madison	1181	AT&SF	1191	10	None			
Keokuk	1194	TP&W	1216	22	TP&W	1236	42	20
Muscatine	1155	CRI&P	1166	11	None			

(Continued on next sheet)

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I.C.C. DOCKET I. & S. 6615
WITNESS BROOKS
EXHIBIT
Sheet 6 of 7 Sheets

	SHORT TARIFF				SHORT I. & S. IMPORT TARIFF			
	Docket 28300 Miles	Delivering R.R.	Miles	Over 28300	Delivering R.R.	Miles	Over 28300	Over Short Tariff
MICHIGAN (Lower)								
Adrian	765	Wabash	771	6	Same as Short Tariff			
Albion	802	NYC(M)	806	4	do			
Alpena	880	D&M	926	46	None			
Ann Arbor	743	NYC(M)	747	4	Same as Short Tariff			
Battle Creek	822	GTW	827	5	do.			
Bay City	757	GTW	803	46	do.			
Boston Harbor	915	NYC(C)	930	15	do.			
Birmingham	724	GTW	731	7	do.			
Cadillac	852	GTW	882	30	do.			
Dearborn	716	NYC(M)	720	4	do.			
Detroit	706	Wabash	712	6	do.			
East Detroit	709	GTW	715	6	do.			
East Lansing	773	GTW	779	6	do.			
Flint	727	GTW	733	6	do.			
Grand Rapids	838	GTW	841	3	do.			
Holland	865	C&O(PMD)	906	41	None			
Inkster	719	NYC(M)	724	5	Same as Short Tariff			
Jackson	782	NYC(M)	786	4	do.			
Kalamazoo	845	NYC(M)	854	9	do.			
Lansing	778	GTW	782	4	do.			
Midland	773	C&O(PMD)	828	55	NYC(M)	839	66	11
Monroe	741	NYC(M)	746	5	Same as Short Tariff			
Mount Clemens	699	GTW	705	6	do.			
Mt. Pleasant	808	AA	818	10	do.			
Muskegon	874	GTW	877	3	do.			
Muskegon Hts.	874	GTW	877	3	do.			
Niles	893	NYC(M)	902	9	do.			
Owosso	757	GTW	762	5	do.			
Pontiac	721	GTW	726	5	do.			
Port Huron	663	GTW	670	7	do.			
Royal Oak	719	GTW	726	7	do.			
St. Joseph	917	C&O(PMD)	932	15	NYC(C)	942	25	10
Saginaw	753	GTW	790	37	Same as Short Tariff			
Traverse City	899	C&O(PMD)	990	91	None			
Willow Run	733	NYC(M)	737	4	Same as Short Tariff			
Wyandotte	718	NYC(M)	722	4	do.			
Ypsilanti	735	NYC(M)	740	5	do.			

I.C.C DOCKET I. & S. [illegible]
WITNESS BROWN
EXHIBIT
Sheet 7 of 7 Sheets

	Docket 28300 Miles	SHORT TARIFF Delivering R.R.	SHORT TARIFF Miles	SHORT TARIFF Over 28300	SHORT I. & S. IMPORT TARIFF Delivering R.R.	SHORT I. & S. IMPORT TARIFF Miles	SHORT I. & S. IMPORT TARIFF Over 28300	SHORT I. & S. IMPORT TARIFF Over Short Tariff
Wisconsin								
Appleton	996	C&NW	1049	53	None			
Beaver Dam	1023	Milw.	1109	86	None			
Beloit	1044	C&NW	1076	32	None			
Cudahy	967	C&NW	1052	85	None			
Fond du Lac	1022	Soo	1032	10	None			
Green Bay	991	GB&W	1043	52	None			
Jamesville	1030	C&NW	1076	46	None			
Kenosha	993	C&NW	1036	43	None			
Madison	1041	C&NW	1114	73	None			
Manitowoc	953	C&O(PMD)	1007	54	AA	1025	72	18
Marinette	999	AA	1027	28	Same as Short Tariff			
Menasha	996	Soo.	1049	53	None			
Milwaukee	960	GTW	966	6	Same as Short Tariff			
Neenah	993	Soo.	1051	58	None			
Oshkosh	1010	Soo.	1050	40	None			
Racine	983	C&NW	1046	63	None			
Sheboygan	979	C&NW	1031	52	None			
So. Milwaukee	970	C&NW	1055	85	None			
Two Rivers	962	C&NW	1016	54	None			
Watertown	1005	Milw.	1090	85	None			
Waukesha	979	Soo.	1014	35	None			
Wauwatosa	965	Milw.	1050	85	None			
West Allis	965	C&NW	1053	88	None			
Michigan (Upper)								
Menominee	998	AA	1026	28	Same as Short Tariff			

Note: This exhibit covers all cities and towns of 10,000 population and over in differential territory except a very few points in central eastern and southeastern Ohio.

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[fol. 2998]

[fol. 2999]

I.C.C. EXHIBIT No. 29

I.C.C. DOCKET I&S 6615
WITNESS DAY
EXHIBIT ——

This statement is verified. Unless written request for cross examination is received by the affiant or his attorney, Henry E. Foley, 10 Post Office Square, Boston 9, Mass. not later than ten days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

I & S DOCKET NO. 6615

VERIFIED TESTIMONY OF WILLIAM H. DAY ON BEHALF OF THE PORT OF BOSTON COMMISSION

[fol. 3000]

Verified Testimony of William H. Day on behalf of Port of Boston Commission

Q. Will you please state your name and business address.

A. My name is William H. Day. My business address is 80 Federal Street, Boston, Massachusetts.

Q. What is your position at the present time.

A. I am Manager of the Transportation Department of the Greater Boston Chamber of Commerce.

Q. Mr. Day, will you describe briefly your experience in the transportation field.

A. My experience in the transportation field covers a period of approximately 54 years. During that time, it has been my privilege to work for or with all mediums of transport, rail, water, highway and air, in a wide variety of capacities including the formulation of carrier rates, rules, practices and services, to serve as the transportation representative of individual industries and organizations representative of them, and of such commercial bodies as boards of trade and chambers of commerce. Since 1924, I have been employed by the Greater Boston Chamber of Commerce as Manager of its Transportation Department, a position that brings me in intimate day to day contact with the transportation problems of municipalities and areas, the Port of Boston and buyers and sellers of all mediums of transport. Over the years, I have been active [fol. 3001] in many regional and national organizations, representative either of buyers of transportation or both buyers and sellers thereof. As illustrative, I have just started my 17th consecutive year as General Chairman of the New England Shippers Advisory Board. I am a Past President of the New England Industrial Traffic League and served for 22 years as Chairman of its Executive Committee; I am a past president of the National Industrial Traffic League and a past chairman of its Executive Committee on which I have served for some 30 years. I am a past vice-president of the National Association of Shippers Advisory Boards and have served on its Board of Directors for 18 years. For some years, I have served on the Board of Directors of the Transportation Association of America and as Chairman of the Board's Policy Committee. Also, I have served for several years as a member of the Advisory Council to the Port of Boston Commission. My connections with those organizations, particularly those of national scope, have enabled me to become intimately acquainted with many fellow workers in the transportation field throughout the country, including many engaging in foreign trade either as exporters or importers. Contacts thus formed have enabled me to obtain a clear understanding of the considerations that normally influence the routing of foreign commerce via particular ports.

Q. Mr. Day, can you state to what extent exports originating in, and imports destined to, points in Differential Territory pass through the Port of Boston?

A. Yes, I know that practically no Differential Territory exports, except grain, move through the Port of Boston and only an insignificant proportion of Boston's imports [fol. 3002] move to that Territory.

Realizing that only the railroads were able to supply conclusive data showing where such of Boston's general cargo export and import traffic as they handled came from and went to, but that such records with respect to individual shipments could not properly be made available to me, I asked the three rail carriers serving Boston to individually supply me with such data as would show the number of cars of import and export freight which they handled, exclusive of grain, to and from the Port of Boston during a typical period, so broken down as to disclose the number of cars originating or terminating (a) east of Buffalo and Pittsburgh (b) Buffalo, Pittsburgh and West and (c) in Canada. I have analyzed these data and set forth the results of my analysis in Exhibits No. —— (110) and —— (111).

Q. Please explain your exhibit No. —— (110) first, which deals with imports.

A. This exhibit is a single sheet entitled "Destination Territory of General Cargo Moved by Rail Carriers from the Port of Boston During the Year Beginning August 1, 1955 and Ending July 31, 1956". This exhibit deals with general cargo only, and the general cargo total used is that developed in Exhibit No. —— (113), which I will explain in detail later on. The first column shows the individual railroads involved; the second column shows the number of cars handled by each railroad, as well as the total number of cars handled, the third column shows the number of cars [fol. 3003] moved by each rail carrier to points east of Buffalo and Pittsburgh, as well as the percentage of the whole that same represents; the fourth column shows like information concerning the movement to Buffalo, Pittsburgh and points west thereof; and the fifth column shows like information and percentages concerning the movement to points in Canada. It will be observed that out of a total of 10,140 cars moved by the rail carriers serving the Port of Boston, 8602 or 84.8% went to destinations east of Buffalo and Pittsburgh and, I might add, largely to points east of the Hudson River, whereas 859 or 8.4% went to destinations in Canada, and only 680 or 6.7% went either to Buffalo, Pittsburgh or points west thereof.

Q. Please explain your companion Exhibit No. —— (111) which deals with exports.

A. It consists of a single sheet entitled "Origin Territory of General Cargo (Exclusive of Grain) Moved by Rail Carriers to the Port of Boston for Export Between August 1, 1955 and July 31, 1956". The first column of figures in Exhibit No. —— (111) shows the total number of cars handled by each railroad; the second column of figures shows the number of cars originating at points east of Buffalo and Pittsburgh and the percentage of the whole that same represents; the third column of figures shows the number of cars from Buffalo, Pittsburgh and points west thereof and the percentage of the whole that same represents; and column four shows the number of cars from points in Canada and the percentage of the whole [fol. 3004] that same represents. It will be observed that out of a total of 6713 cars only 93 or 1.3% originated in Buffalo, Pittsburgh or points west thereof.

Incidentally, in these studies, Buffalo traffic has been included with Differential Territory traffic, but I want to point out that Buffalo itself is not in differential territory. As a matter of fact, Boston and Baltimore export-import rates from and to Buffalo are on a parity. Therefore, to whatever extent exhibits numbered —— (110) and —— (111) include cars originating or terminating in Buffalo, they overstate Boston's Differential Territory traffic. Frankly, I do not know how many Buffalo cars there were, but in view of the insignificance of the total movement of Differential Territory traffic through the Port of Boston, it does not appear to matter.

Q. What, in your opinion, accounts for this virtual exclusion of Boston from participation in Differential Territory traffic?

A. The higher rail rates from and to Boston. In my opinion, it is impossible for Boston to compete successfully for any substantial volume of commerce from and to Differential Territory unless and until it can quote rates equal to those in force from and to Baltimore.

Q. Do you wish to comment further on the small amount of Differential Territory commerce which you say moved through Boston?

A. Yes, I do. I think that what these figures really mean in terms of traffic realities, is that virtually no shipper ever chooses to ship to and from Differential Territory via the Port of Boston and pay the differentially higher [fol. 3005] freight rates, unless unusual circumstances happen to make it advantageous to do so in spite of the usually controlling rate disadvantages.

Q. What kind of unusual circumstances do you have in mind?

A. There come to mind instances where exporters have routed export traffic via Boston which could have moved more economically via other ports, for the accommodation of ship operators, or, even more rarely, for the purpose of acquiring an ocean bill of lading at the first scheduled port of call; also, situations where importers with national ramifications decide to divert portions of shipments consigned to their New England plants elsewhere to meet some emergency, or where brokers charter a ship, or a portion thereof, and subsequently find that the space contracted for would accommodate more of the commodity than they had New England orders for, and in an effort to fully utilize ship space they must pay for, they may decide to include a small amount of traffic for Differential Territory. Under such rare conditions, the higher rail rates in effect from and to Boston become secondary considerations.

Q. Could you give us an example of the type of situation which you have described?

A. Yes, I can. In fact, the example which I will cite not only illustrates the point that Differential Territory shipments through Boston typically represent small surplusages from large local shipments, but also shows, I think, how rail rates generally control the choice of port for Differential Territory shipments. I refer to the dis- [fol. 3006] tribution of wood pulp imports between Boston and Portland, as shown in the waybill study of the Boston and Maine Railroad for the period August 1, 1955 to July 31, 1956, which is of record herein as Boston and Maine RR Exhibit —— (BM1), Exhibit —— (BM6) and Exhibit —— (BM7). In the period in question, 5743 tons of wood pulp are shown to have been imported and shipped via the Boston and Maine from Portland and of that total 3922 tons, or 60% of the total, went to Differential Territory. Portland's import rates to Differential Territory points are on the Baltimore level. Boston, on the other hand, which is shown to have imported and shipped via the Boston and Maine alone as much as 97,000 tons of wood pulp, or about 17 times as much as Portland, shipped only 300 tons to Differential Territory, or less than ½ of 1% of Boston's total and less than 10% of Portland's shipments of wood pulp to Differential Territory. It is obvious, I submit, that shippers who had a normal free choice for routing the wood pulp shipments to Differential Territory, selected the port with the Baltimore rate basis, namely Portland, and that only most unusual circumstances of one kind or another accounted for such movements through Boston as did occur; and this even though Boston is a large wood pulp importing port. My experience, over the years, with exporters and importers has convinced me that this wood pulp situation typifies the general competitive pattern, and shippers reaction to it, as it exists today between Boston and differentially lower-rated ports.

[fol. 3007] Q. Did all of the 680 cars, which you show in Exhibit No. —— (110) as having moved through Boston to Differential Territory, actually move under standard line rates, to which the port differentials apply?

A. No, many of them did not. As a matter of fact, 270 of the 680 cars moved from Boston via the so-called rail differential routes. Of course the Port of Boston enjoys parity with Baltimore via these routes on three rate classes and the rates on other classes are closer to Baltimore rates than are the normal standard line rates. Undoubtedly, the more favorable rates via the differential routes prompted their usage in the case of many of these 270 cars. This fact further illustrates, in my opinion, the importance that shippers attach to the comparative rates which they are required to pay, and also that with parity rates, Boston could and would obtain a significant portion of the available traffic.

Q. Mr. Day, have you ~~had any~~ personal experiences with trying to convince those engaging in foreign trade to utilize the Port of Boston for traffic moving from and to Differential Territory?

A. Yes, over the years I have periodically called upon various traffic representatives of exporters and importers located in Differential Territory in the hope of selling them the idea that they should route some of their foreign commerce via Boston. In practically every instance, however, they have taken the position that while they would like to be helpful to me as an old friend, they could not afford to route such traffic via Boston on account of the [fol. 3008] higher rail rates they would be required to pay.

Q. Mr. Day, would you please describe the difference between so-called "Bulk Cargo" and "General Cargo".

A. "Bulk Cargo" is a term generally applied to commodities which move in substantial volume but are of low unit value, and which, therefore, from an economic standpoint, do not normally justify water movements in less than shipload quantity. Coal, grain, scrap iron and wood pulp are illustrative. Usually, such shipload traffic is handled by so-called tramp steamships, although there are instances where some types of bulk cargo, such as grain, are shipped in part-cargo lots in liner-type ships.

Q. Thank you. In this connection, would you tell us the special significance of port differentials as they apply to bulk cargo.

A. Commodities that move in bulk, as such a large proportion of Boston's import traffic does, generally have a low unit value, a high density and move in such volume as to justify low commodity rates. In fact, transportation charges often represent such an important part of the delivered cost of bulk cargo as to restrict the areas to which it can profitably move. In other words, such traffic tends to be much more sensitive to rate differences, including port differentials, than miscellaneous general cargo.

Q. You have stated that a large proportion of Boston's import traffic is bulk traffic. Have you an exhibit which substantiates this statement?

A. Yes, that is my Exhibit No. —— (113), to which I have previously referred when I discussed Exhibit No. —— (110). As indicated by the heading, this Exhibit No. —— [fol. 3009] (113) is a statement of Boston's Imports beginning with the calendar year 1946 and continuing through 1955, a period of 10 years. It shows, in the first column, total imports as measured by net tons, and in columns two to six inclusive, segregates shipload lots of petroleum, sugar, gypsum, lumber and logs, iron ore and concentrates, all of which moved to nearby destinations, largely in the Boston switching district as defined by the Interstate Commerce Commission. Subtraction of these tonnages from total imports gives the balances appearing in column seven, which may rightfully be termed miscellaneous general cargo, which moves to or from the various piers either by rail or truck. I direct attention to the fact that with two or three temporary exceptions there has been little change, with the passage of years, in the annual volume of import miscellaneous general cargo passing through the Port of Boston. This exhibit confirms a joint statement of the Corps of Engineers, U. S. Army and the U. S. Maritime Commission in their revised edition of Port Series No. 3 covering the Port of Boston, to the effect that in foreign trade "It is primarily an importing port of bulk cargoes". As the exhibit shows, bulk cargo imports amounted to approximately 44 million net tons, or

82% of all Boston's imports in the period covered. Yet because of the sensitivity of bulk movements to rate differentials, this bulk traffic is almost entirely to local destinations, largely in the Boston switching district.

Q. Have you prepared a similar exhibit dealing with exports?

A. Yes; my Exhibit No. —— (114), to which I have also once before made reference.

[fol. 3010] Q. Please explain it.

A. This exhibit is a single sheet entitled "Boston's Export Tonnage (In Net Tons) 1946 to 1955 Inclusive". The first column of figures covers total exports; the second column covers the export grain movement and the third column covers miscellaneous general cargo. It will be observed that the only change during recent years that is deserving of comment, was during the calendar year 1955 when total exports amounted to 565,995 tons which represented an increase of 227,800 tons over the preceding year. This increase is traceable to an abnormal movement of scrap iron, largely to European countries, which amounted to 285,530 net tons and originated in the Boston switching district. Excepting grain, Boston has generally no significant bulk exports.

Q. To what extent does Boston participate in grain exports?

A. Historically, Boston used to be a substantial participant in grain movements. In proof thereof, I direct attention to my Exhibit No. —— (115) which consists of two pages and is entitled "Movement of Export Grain in Bushels via Port of Boston, Years 1907-1956". It will be observed that from 1907 to 1919 the annual movement through the Port of Boston ranged from a low of 9,303,159 bushels in 1910 to a high of 33,247,757 bushels in 1916. Throughout this 13 year period, the average annual movement approximated 17,858,000 bushels. In contrast, beginning in 1920 and continuing through 1955 the annual export movement of grain through Boston ranged from 0 in 1935 and 1937 to a high of 13,535,078 in 1922. The annual average throughout this period approximated 5,203,000 bushels. It will be observed that in 1956 there was a sizable [fol. 3011] increase in the grain movement through the

Port of Boston. In fact, this movement of 19,546,645 bushels was the largest annual movement since 1917.

Q. Mr. Day, what, in your opinion, accounted for the decided drop in the movement of export grain through Boston subsequent to the year 1920?

A. Prior to the early twenties, Boston enjoyed lower ocean rates to U. K. and European ports than applied from Philadelphia, Baltimore or Hampton Roads and this water rate advantage of Boston tended to offset the lower export rail rates applicable to grain moving from points in Differential Territory through the more southerly ports. In other words, during this period the through-transportation charges on grain from interior points in Differential Territory to U. K. and European ports permitted competition for such traffic on the part of all U. S. North Atlantic Ports. Following the early twenties, Boston's loss of the water rate advantage formerly enjoyed developed to be a handicap of such magnitude as to make it difficult for exporters using this port to profitably participate in such overseas traffic.

Q. How do you account for the very sizable increase in the grain movement through the Port of Boston in the year 1956?

A. This unexpected but encouraging development is traceable in part to the fact that the government grain involved was offered for sale abroad under terms and conditions that made it possible for the Port of Boston to compete for such traffic without a cost disadvantage, and in part to the heavy volume of grain exports in that year [fol. 3012] which required the use of all available elevator capacity by grain shippers. The Boston elevators were available for lease to these shippers. In my opinion, this record of accomplishment in the calendar year 1956 is an indication that when Boston's grain exporters have no artificial handicap to overcome, they can successfully compete for a share of the export grain traffic; otherwise Boston gets only the all-rail grain surplus which others can't handle.

Q. What do you have in mind when referring to Boston's artificial handicap?

A. I have in mind the rail port differential.

Q. Where did this 1956 grain movement come from?

A. I have prepared a single sheet, Exhibit No. —— (116), which is entitled "Export Grain Movement to the Port of Boston via Rail Lines During the Calendar Year 1956". The first column of figures in this exhibit shows a total movement of 12,982,711 bushels of grain from Differential Territory or beyond via the all-rail routes. This total is so broken down as to segregate movements via the Boston and Maine and New York Central Railroads. The second column of figures shows in like manner the all-rail movement from Buffalo. This grain, I should here explain, originated either in Differential Territory or beyond, but moved via rail routes to Buffalo, where it was temporarily stored in elevators and subsequently reshipped to Boston, where again it passed into elevators for ultimate reshipment overseas. The third column of figures shows the ex-lake movement from Buffalo which could have, and presumably did, at least in part, come from points in Differential Territory or beyond. The fourth column of [fol. 3013] figures shows the total movement via the several routes dealt with. Incidentally, the difference between the totals in the last two exhibits is attributable to the fact that the 20,986,509 bushels represents what the railroads moved into Boston's waterfront elevators, while 19,546,645 bushels represents what moved out of elevators overseas during the calendar year 1956.

Q. Is Boston confronted with any differential rate handicap on the Buffalo ex-lake grain to which you have referred?

A. No.

Q. Was it, at one time?

A. Yes.

Q. What led to this change?

A. Formal proceedings before the I.C.C. in Docket No. I&S 5641, and subsequently in the Federal Courts.

Q. Did this litigation result in application of the same basis of ex-lake grain rates to all U. S. North Atlantic ports?

A. That is correct.

Q. Have you caused an exhibit to be prepared which is entitled "Export Tonnages of Grain via Major North Atlantic Ports for Calendar Years 1924-1955 in Net Tons of 2000 lbs."?

A. I have. It is Exhibit No. —— (117).

Q. Please explain it.

A. This exhibit is in three pages. It shows on the first page, in net tons, the size of the annual movement of grain via each port throughout the 32 year period dealt with. It will be observed that there were years when at some [fol. 3014] ports the movement of grain disappeared entirely or dropped to an extremely low level. Also, that considering the period covered as a whole, some ports practically stood still, some suffered serious losses and others experienced tremendous gains. Page 2 of this exhibit shows the size of the average annual grain movement via each port during the period 1924-1955 inclusive, measured by net tons, and the percentage of the aggregate of total average tonnage moved via each port. The next set of figures deals in like fashion with the period 1924-1945 or up to the close of World War II, and the third set of figures deals likewise with the period 1946-1955 or since the close of World War II. It will be observed that during the period 1924-1945, 64% of the export grain movement was through the ports of Portland, Boston and New York and 36% through Philadelphia, Baltimore and Hampton Roads, whereas between 1946 and 1955 the movement via Portland, Boston and New York dropped to 26.2% of the whole and the movement via Philadelphia, Baltimore and Hampton Roads increased to 73.8% of the whole. On the third page of this exhibit, the information which appears on the first page is shown in graph form.

I have previously shown that Boston's great loss of grain traffic occurred soon after World War I, with the equalization of liner rates. As this Exhibit —— (117) shows, New York was able to hold on to its leading position as a grain exporting port until World War II. This may have been due to the fact that, until then, most grain moved in parcel lots on liner-type vessels and New York's advanta- [fol. 3015] geous position on the sailing schedules of liners may have offered service advantages which compensated for the higher rate. Nowadays, most grain moves in bulk, and I have already referred to the super-sensitivity of bulk shipments to rate differentials. In any event, as Exhibit —— (117) shows, Baltimore now far out-distances all the higher-rated ports in the volume of grain exports. Since the early twenties, Boston's rail export rate handicap and the sensitivity of cargo lots of grain to higher transportation charges, have, generally speaking, restricted Boston's participation in the exportation of grain from Differential Territory and beyond to instances where the congestion at the other U. S. North Atlantic ports, to which lower rail export grain rates apply, plus the urge to meet shipping commitments, temporarily required the use of Boston's facilities.

Q. Mr. Day, your testimony on export grain has, so far, dealt largely with the actual movement of this commodity and conditions relevant thereto. Do you wish to place in the record any factual information concerning rail grain export rates?

A. Yes, I do. I have caused Exhibit No. —— (118) to be prepared, which shows the export rates on grain and grain products, and other commodities taking grain rates, as published in Agent H. F. Hinsch's Tariff 245-H, I.C.C. 4403. This exhibit is entitled "Statement of Eastbound Export Rates on Grain and Grain Products and Other Commodities, as Named, From Stations in CFA Territory to the North Atlantic Ports of Baltimore and Boston". The [fol. 3016] exhibit shows the rates to Baltimore, which are on the *Ex Parte* 196 level, and comparative rates to Boston which, it will be observed, are uniformly 1½¢ per 100 pounds over the rates to Baltimore.

Q. Mr. Day, you have stated that so long as the Port of Boston has a rate differential over the Port of Baltimore it cannot, in your opinion, achieve significant participation in Differential Territory traffic. Are there any other effects which the port differentials have on the Port of Boston that you wish to discuss?

A. Yes, the inability of Boston to compete effectively for Differential Territory export and import traffic, is only the direct effect of Boston's port differential handicap. There are other collateral effects of the port differential which, in my opinion, hurt not only Boston, but also the carriers serving it and the entire New England area.

Q. What are these collateral effects?

A. Boston's inability significantly to participate in Differential Territory export and import traffic has a snowballing effect, so to speak, which causes the loss of traffic from and to territories other than Differential Territory. Ships need balanced cargoes and since there are few, if any, ports whose immediate hinterland produces and consumes all the types of cargo which make a balanced load—and Boston's hinterland certainly does not—, ports that can draw cargoes from areas other than their immediate hinterland can offer better balanced cargoes than ports that cannot. Naturally there is a tendency on the part of steamship operators to gravitate to those ports where [fol. 3017] balanced traffic exists in sizable volume. On the other hand, a port which is not so favored experiences difficulty in maintaining the quality and quantity of steamship services necessary to enable exporters located in their immediate hinterlands to satisfactorily meet the demands of foreign customers. Such shippers quickly get out of the habit of trying to ship through a port whose sailings are too infrequent to offer them the choice of departures and arrivals which they desire. Boston is in this position.

Q. Are you saying, Mr. Day, that the lack of Differential Territory traffic, to which you have previously testified has in turn caused other traffic through Boston to dry up?

A. Yes, let me be more specific. As another witness, Dr. Ellis of the Federal Reserve Bank of Boston will explain in greater detail, New England's economy is based largely on manufacturing. In general, we import raw materials and export relatively light-weight finished products. We need bulk cargoes and bottom cargoes which we do not produce in any quantity, we need heavy machinery, cars, trucks, and the like, to attract ships to Boston. Such cargo is needed to balance the relatively light-weight, small-lot shipments which our manufacturers produce.

To illustrate, my Exhibit No. —— (120), entitled "Massachusetts Industries and Their Products—1954", shows that although Massachusetts is the home of some 10,000 industries whose products have an annual value of approximately 10 billion dollars, the commodities most commonly exported, namely, paper, leather goods, textiles, chemicals, cutlery, electrical appliances, machinery, scientific equip- [fol. 3018] ment, shoes and plastic materials are relatively light, weight-wise, and generally speaking, move in small lots. In other words, this traffic is generally of a type commonly referred to as "Top Cargo". What I have said about Massachusetts applies also to other sections of New England which are a part of the hinterland of the Port of Boston. Those engaged in ocean commerce, coast-wise, inter-coastal or foreign, generally refer to those sections of the country located beyond the coastal areas as hinterlands. My experience leads me to believe that a port's success, measured by traffic usage, is materially affected by the fertility of these hinterlands as producers and consumers of waterborne commerce. Immediately adjacent to each port will always be found an area or hinterland to and from which that port enjoys more advantageous rail class rates than apply to and from any competing port. As the fringes of such areas are reached, situations arise where the applicable rail class rates are such as to permit competition by two ports for the available traffic. Still farther back from the coastal areas are hinterlands which frequently are sizable producers of export traffic as well as sizable consumers of import traffic. Naturally, the competition between various ports for such traffic is most acute. Generally speaking, such situations have resulted in the establishment of competitive import and export rail rates between such areas and a variety of ports. An outstanding exception to this treatment is foreign commerce moving between points in Differential Territory and U. S. North Atlantic ports. As an indication that [fol. 3019] under such conditions as I have cited distance differences are commonly disregarded, I have an exhibit in map form, Exhibit No. —— (176) entitled "Hinterland Territories, North Atlantic Ports, 1957". In the upper right of this exhibit under the subhead "Territories" will be found identification markings of the areas where a single port possesses a local rate advantage measured by first class rates. Attached to this map is a single sheet indicating what the prevailing first class rates are to each such port and the tariff authority therefor. Returning to the map itself, identification markings will be observed for areas where rate parity now exists to two or more ports but not all ports, where rate parity exists to all U. S. North Atlantic ports; Baltimore and north, and where parity exists to and from all U. S. North Atlantic ports. Before leaving this exhibit, I call attention to the size and some characteristics of Boston's immediate hinterland. It is not only a relatively small area, compared to the size of other such hinterlands, but it is also a region famous for its heavy concentration of diversified manufacturing industries and equally famous in transportation circles for its relative lack of heavy basic industries. The entire area is practically void of basic raw materials. There was a time when New England was the center of the textile industry. Today, the textile's place has been taken by electronics and plastics, which produce products of low density and relatively high value. The resulting needs of the Port of Boston were well summarized in a joint statement of the Board of Army Engineers and U. S. Shipping Board [fol. 3020] published in their 1922 edition of "The Port of Boston, Massachusetts, Port Series No. 2", which reads as follows: "Exports originating in New England are confined chiefly to high class measurement goods, such goods have a wide distribution in foreign trade and must seek a port having a multitude of shipping services. The shipping services, on the other hand, must seek ports furnishing well-balanced cargoes and particularly heavy cargo in abundance for deadweight and making up full loads". This situation is as true today as it was then. In other words, Boston must look beyond the confines of New England for the types of cargo which its immediate hinterland does not produce or consume. We are in a vicious circle. The lack of balanced cargoes discourage ships from coming to Boston; the reduced sailings discourage shippers in our immediate hinterland from shipping through Boston; and the resulting reduced tonnages available at the Port of Boston causes further reductions in the number of ship calls.

Q. From what you have said, I gather that Boston's hinterland does not produce, in any quantity, commodities considered good bottom cargo or bulk cargo.

A. That is right. I previously indicated that bulk and bottom cargoes are super-sensitive to rate differentials and that, on account of Boston's rail rate handicap, its participation in Differential Territory foreign commerce is largely restricted to that of an overflow port or to instances where unusual circumstances prompt special treatment. Now, I am adding two additional, related facts—first, that Boston's [fol. 3021] hinterland produces no bulk, except scrap iron, and little bottom cargo for export, and second, that diversified cargoes, including all the different varieties of cargo, are an essential ingredient of any healthy port economy. It is obvious, I think that these two additional facts greatly enhance the importance to Boston of such bottom cargo as it must look to the west for, and of the port differentials which prevent such traffic from coming through Boston except under such unusual circumstances as I have previously described.

Q. You have stated that lack of balanced cargoes tends to go hand in hand with relatively unattractive steamship shipping services. Do you believe that the steamship services available at Boston reflect its difficulty in procuring balanced cargoes in any sizable volume?

A. Very definitely. I would like to draw attention to Exhibits No. —— (212) and —— (215), which I co-sponsor with Mr. Halloran. These exhibits contain computations based on Exhibits No. —— (210), —— (211), —— (213) and —— (214), respectively, also introduced by Mr. Halloran and me, which depict the quality and quantity of steamship service available at Boston for miscellaneous general cargo destined to foreign countries. The foundations for these exhibits is scheduled sailings of the various steamship lines as published in the New York Journal of Commerce under dates of, respectively, May 3 and October 3, 1956. Obviously, scheduled sailings, as published in this newspaper, or in any other, are subject to charge, but generally speaking, those engaged in foreign trade view [fol. 3022] this publication as a reliable barometer and we believe the periods covered are representative. Exhibit No. —— (212) shows 473 scheduled calls at New York, 220 at Philadelphia, 242 at Baltimore, 175 at Hampton Roads, but only 65 at Boston. It also indicates that the nature and extent of the steamship services available at U. S. North Atlantic Ports south of Boston enables these ports to offer more frequent and qualitatively better general cargo services to and from a larger variety of foreign ports of call, than Boston. Although Boston was a scheduled port of call for 65 of the ships dealt with, it will be observed that in 47 instances it held the schedule position which is generally the least desirable one,—that of being the first scheduled port of call to pick up overseas cargo. The elapsed time between scheduled calls at Boston and scheduled calls at other U. S. North Atlantic ports, before moving overseas, ranged up to 29 days. The showing of Exhibit No. —— (215), which is based on the October schedule, is very similar; and I believe these two sample schedules to be typical.

Q. Is the infrequency of direct sailings from Boston in liner type ships caused by the lack of traffic of such types and quantity as tends to attract steamship services?

A. I would say that the lack of attractive steamship sailings is both cause and effect of Boston's limited participation in the volume of export-import traffic moving through the North Atlantic ports. I have no doubt that we would get all the sailings—and all the good sailings—which we [fol. 3023] could reasonably use, if we had a sufficient volume of traffic to warrant it, and further, that better sailing schedules would, in and of themselves, stimulate the movement of traffic through the Port of Boston.

Q. Mr. Day, you have testified that no significant amount of Differential Territory traffic moves through the Port of Boston and that this lack of Central Territory traffic in turn depresses the volume of other-than-Differential Territory export and import traffic at Boston. Therefore, I would like you to address yourself next to the subject of total export and import movements through the North Atlantic ports. To start, would you tell us what the relative importance of the North Atlantic ports is in the nation's export and import commerce?

A. I have caused several pertinent exhibits to be prepared. The first one, No. —— (130), is entitled "United States Waterborne Imports and Exports, 1924-1955, in Net Tons of 2000 pounds"; the second, No. —— (131), is entitled "Foreign Waterborne Commerce, United States

North Atlantic Ports, 1955, in Net Tons of 2000 pounds", and the third one, No. —— (132), is a chart entitled "Distribution of U. S. Waterborne Foreign Trade Between U. S. Coastal Districts and Foreign Trade Regions, 1954-1955".

Exhibit No. —— (130) shows annual nation-wide import and export totals for the years 1924 through 1955. This information was obtained from U. S. Army Engineers publications. It shows the steady, almost five-fold growth of imports during that period, and the more irregular but also large increase in exports. The table demonstrates clearly that in the current decade our foreign commerce [fol. 3024] has reached its peak to date. The most recent year, included in Exhibit No. —— (131), 1955, is, of course, the year with the heaviest foreign commerce. In my next exhibit, No. —— (131), I show the extent to which the North Atlantic range of ports has shared in this great traffic movement. It is clear that they have taken the lion's share, over 160 million tons out of a total of 270 million. The extraordinary importance, in our foreign commerce, of the six major North Atlantic ports, Portland, Boston, New York, Philadelphia, Baltimore and Hampton Roads, is demonstrated by the fact that these ports accounted for about 157 million tons, or 65% of the total U. S. foreign commerce.

Finally, Exhibit No. —— (132), demonstrates that the Atlantic ports share in the full diversity of American commerce. They are substantial participants in trade with all foreign countries and insofar as overseas traffic is concerned, they are pre-eminent in all cases, except, as might be expected, that somewhat more Far Eastern trade moves through the Pacific than the Atlantic ports. Incidentally, this chart is in long tons, while Exhibits No. —— (130) and —— (131) show short tons. That situation accounts for the fact that the totals do not check-out. I should also point out that all Atlantic ports are included in the first bar graph. However, once again, the North Atlantic ports clearly account for the major portion of this trade. The 143.5 million long tons shown for 1955 convert to 172.2 million net tons, and we know from Exhibit No. (131) that the North Atlantic ports handle over 162 million thereof.

[fol. 3025] Q. Have you certain exhibits which deal with the extent of the participation of the individual major ports in this great flow of commerce through the North Atlantic ports as a whole, about which you have testified?

A. Yes, I have. I have a series of exhibits which detail the tonnage flow through each major North Atlantic port, as well as exhibits which break down these tonnages by commodities and by foreign country of origin and destination.

Q. All right. Let us take the first series of exhibits, that dealing with tonnages, and will you please describe these exhibits?

A. My Exhibits No. —— (140) and —— (144A) show the total annual import and export tonnages through each of the six major North Atlantic ports since 1924 based on U. S. Army Engineers reports. In addition, these exhibits segregate petroleum out of imports, and coal and coke out of exports and show the respective totals minus these segregated commodities. Both petroleum and coal and coke are, of course, commodities which move in great bulk through these ports, but do not move in significant quantities between any of these ports and Differential Territory points. Further, generally speaking, there is little, if any, competition between the major ports for these commodities.

My Exhibits Nos. —— (141), —— (142), —— (142A), —— (144), —— (145) and —— (145A), present in graph form various elements of the information contained in Exhibits No. —— (140) and —— (144A). Exhibit No. —— (141) depicts the total annual imports of each port for [fol. 3026] each of the 31 years. Exhibit No. —— (142) shows the same information except that each year's tonnage represents the total for that port after the deduction of petroleum tonnages. Exhibit No. —— (142A) is also based on the annual balances left after the elimination of petroleum tonnages, but expresses these balances as a percentage of the five-port total for each year. Exhibit No. —— (144) shows total exports in absolute amounts and No. —— (145) is based on the balances of the exports left after deduction of coal and coke tonnages. Exhibit No.

—— (145A) corresponds to Exhibit No. ——, (142A) in that it expresses annual export volumes of each port as a percentage of total exports of all five ports for each year.

Q. I would like you to demonstrate, on the basis of these exhibits, the extent to which Boston's import and export trade has suffered in comparison to that of the other, differentially lower-rated ports. Please take imports first.

A. The first column of my Exhibit No. —— (140), and my Exhibit No. —— (141) as a whole, deal with total import tonnages. A look at the latter exhibit will clearly disclose the large increase in the volume of import traffic through a majority of the ports involved and in the aggregate through all ports. This exhibit shows with painful clarity that Boston has not shared proportionately in this growth. The extent to which Boston has been left behind is brought out even better in my Exhibit No. —— (142), after deductions of the petroleum tonnages, which, of course, have gone up everywhere because of the vastly [fol. 3027] increased consumption of petroleum products in the coastal areas as well as in the hinterlands adjacent to the various ports. However, it is clear that except for this obvious increase in petroleum imports, Boston has stood still in this period of vast growth by other ports. Baltimore and Philadelphia, which in 1924 started out only a little higher than Boston, by 1955 show up, respectively, with about nine and six times as much import traffic as Boston. The vast shift in relative positions in import commerce, which has taken place between Boston, Philadelphia and Baltimore in these 30 years, is pointed out perhaps even more dramatically in my Exhibit No. —— (142A), which plots each of these three ports' annual import tonnage as a percentage of the five-port aggregate tonnage. Boston is shown to have declined from its 10% participation to less than ½ of this, 4.5%. In the same period, however, Philadelphia and Baltimore have taken ever increasing shares of total imports, rising from an approximately equal base in 1924 of 16.8% and 16.3% respectively, to approximately 26% and 39% of total imports in 1955. Baltimore surpassed New York's share beginning in the period 1949-50 and has handled a greater percentage of the total than New York ever since. Philadelphia appears now to have caught up with New York and to have passed it by.

Q. Now will you please turn to the subject of exports and to your Exhibits —— (144A) —— (144), —— (145) and —— (145A), which you have stated deal with export tonnages for each port.

A. Boston's participation in export trade is truly insignificant, as Exhibit No. —— (144A) shows, in spite of [fol. 3028] Boston's being the principal city of one of the country's great manufacturing areas.

Exhibit —— (144), depicting thirty-one years of export tonnages in graph form, shows a straight line for Boston running very close to rock bottom. It is a line which seems impervious—except during the extreme of major war—to the influences which cause ups and downs to traffic through other ports and vast fluctuations in the country's total exports. This insensitive, unbending line shows better than any words of mine could, that Boston is effectively insulated from the mainstream of America's export trade. The bulk of American exports passes Boston by; as Exhibits —— (144A) and —— (144) show, Boston in 1955 obtained only about 6% of Baltimore's and 16% of Philadelphia's export tonnage, and its own tonnage was about the same in 1955 as it had been 31 years earlier, although national export tonnage had roughly doubled in that period, as a glance at the figures in my Exhibit 130 will demonstrate.

Exhibit No. —— (145) shows that the relationship between the ports is not substantially changed after the elimination of coal and coke exports from all figures, except that it shows that the tremendous Hampton Roads exports consist of coal and coke to a very large extent.

[fol. 3029] Q. You have mentioned that you have an Exhibit —— (145A) which compares Boston, Philadelphia and Baltimore exports on the basis of the percentage which such port's tonnage represents of the total five-port tonnage in each of the 32 years covered by that exhibit. Can you discern any trends from this exhibit similar to those which No. —— (142A) demonstrated?

A. Yes, I can. The trend of the two low-rated ports, Baltimore and Hampton Roads has been distinctly upward while the higher-rated ports have declined in relative importance. Boston's line is also on the downgrade, and its participation in exports is insignificant in any event. New York shows a sharply declining trend.

Q. Kindly go on now to your exhibits which give a commodity break-down of this port traffic.

A. All right. The Exhibits to which you refer are Nos. —— (150) and —— (151).

Q. Please explain these exhibits.

A. My exhibit No. —— (150) entitled "Total Waterborne Imports by Commodity Groupings, Calendar Years 1953-1954-1955, in Net Tons of 2000 lbs." consists of 6 pages. Although this exhibit appears self-explanatory, I would like to call attention to the totals on the last page which clearly indicate how small the movement of import traffic through the Port of Boston really is.

The companion Exhibit No. —— (151) is entitled "Total Waterborne Exports by Commodity Groupings, Calendar [fol. 3030] Years 1953-1954-1955, in Net Tons of 2000 lbs." also consists of 6 pages. It will be observed that Boston's tonnage represents such a small proportion of the whole that it is hardly worthy of mention. While Boston experienced an upward trend in the Calendar years 1954 and 1955, it is obvious from the Exhibit that Item 602, Page 4 largely accounts for it, which item discloses an unusual movement of iron and steel scrap in both years. As already mentioned, this traffic originated within Boston's switching district.

I believe these two exhibits further illustrate the results, traffic-wise—of the tremendous handicap that prevailing port differentials impose on Boston.

Q. In your opinion, is the increase in the movement of foreign commerce through ports situated south of New York, which these exhibits show, traceable to any substantial extent to the lower rail rates applicable between those ports and Differential Territory?

A. I certainly believe that to be a fact.

Q. Upon what grounds do you base that conclusion?

A. My contact with those engaged in foreign commerce plus testimony of record in formal proceedings before regulatory authorities.

Q. Have you any particular proceedings in mind?

A. Yes. About two years ago, the American President Lines, a substantial American Flag steamship company, formerly known as the Dollar Line, which operates a round-the-world steamship service westward, going out across the Pacific and returning home across the Atlantic, peti-[fol. 3031] tioned the Federal Maritime Board in a proceeding officially known as Docket S-51, to so amend its operating differential subsidy as to permit it to attempt to recapture some of the business it had lost to foreign flag lines serving Philadelphia, Baltimore and Hampton Roads. Evidence offered in that proceeding indicated that under this steamship line's operating agreement with the Federal Maritime Board its ports of call on the Atlantic Seaboard were restricted to Boston and New York and that the existing rate differential handicap at these ports played an important part in the steamship company's loss of traffic to foreign flag lines calling at the lower rated ports. It was alleged that these differentials were instrumental in diverting machinery, rubber goods, automobiles, caustic soda, aluminum foil, aluminum sheets, agricultural implements, tires and tubes, glassware, plate glass, stoves, canned milk, cigarettes, iron and steel, raw cotton, cotton waste, crude rubber, vermouth and wines, from the American President Lines to competitors calling at the lower rates ports. Also that the interior U. S. origins and destinations of the commodities mentioned were in Differential Territory. As the result of this proceeding, the American President Lines' differential subsidy was so amended as to permit that line to compete for this traffic by regularly calling at the Ports of Philadelphia, Baltimore and Hampton Roads.

[fol. 3032] Q. Next, I would like you to direct your attention to the subject of the comparative distances over alternative port routes from and to Differential Territory, and the applicable freight rates. Will you first, please, address yourself to the matter of distances to and through Boston as compared with other ports.

A. Yes. May I refer you to some exhibits on the matter of comparative mileages through the North Atlantic ports from and to Differential Territory. The first of these, which I have prepared, is Exhibit No. —— (160), entitled "Docket 28300 Distances Between 290 Key Points in C.F.A. Territory and U. S. North Atlantic Ports". The mileages used are an outgrowth of the Commission's investigation under Docket No. 28300 and are published in the rail carrier tariffs listed on the last page. It will be observed that Boston's rail distances are shorter than those from and to Portland, and are also shorter, generally, than from and to Hampton Roads insofar as distances from points in Michigan and Wisconsin are concerned. However, Boston's distances slightly exceed those to and from the other major North Atlantic ports dealt with. I also refer you to witness O'Halloran's exhibit No. —— (221) entitled "Table of Ocean Mileages from U. S. and Canadian North Atlantic Ports to Representative Trans-Oceanic Points". Contrary to the preceding exhibit, all distances here are in nautical miles and apply via the routes indicated on the last page. Although my previous exhibit showed that in many instances Boston had a slight rail mileage handicap compared with Philadelphia and Baltimore, to and from points in Differential Territory, this [fol. 3033] exhibit demonstrates that Boston has a substantial water distance advantage which, generally speaking, is in excess of its rail distance disadvantage. As illustrative of this point, I direct attention to Bergen, Norway, near the top of page 1. Here the nautical miles from Boston are 3242, which is equal to 3730 statute miles; from New York the nautical miles are 3416, the equivalent of 3929 statute miles; from Philadelphia, the nautical miles are 3559 or 4093 statute miles; from Baltimore, the nautical miles are 3697, the equivalent of 4252 statute miles, and from Hampton Roads, the nautical miles are 3576, or 4113 statute miles. This comparison, which favors Boston, is typical of the situation generally, in so far as movements to points in the British Isles, Europe, Africa, points reached through the Suez Canal or around the Cape of Good Hope, and most of the East Coast of South America are concerned. A portion of page two of this exhibit discloses that to points in Central America, the Caribbean and on the northeastern coast of South America, as well as to all destinations reached through the Panama Canal, Boston has a water distance disadvantage.

Q. Do you have any maps which show the geographic relationships which account for these water distance differences between the North Atlantic ports?

A. Yes. To picture this water distance situation more clearly, we have five supplemental exhibits in map form, Nos. —— (222) through —— (226). I would like to leave any technical questions concerning the routings and construction of mileages in these exhibits to the co-sponsor, [fol. 3034] our witness, Mr. O'Halloran, but a glance at them at this point in my testimony may help to clarify the geographic reasons for Boston's ocean distance advantage from and to so many major overseas ports.

Q. I take it that, since Exhibit No. —— (160) is in statute miles and Exhibit No. —— (221) is in nautical miles, one can't just add the distances in the two exhibits to obtain through distances?

A. No. However, my next exhibit, No. —— (161), entitled "Aggregate Rail-Ocean Mileages Between Typical Central Territory Points in the U. S. and Typical Trans-Oceanic Ports", shows, in each instance, the through rail-ocean distances, in land or statute miles. These distances were arrived at by converting all nautical miles, formerly used for water distances, to statute miles and adding the result to the rail distances. A comparison of the through statute miles from points in Differential Territory to the foreign ports dealt with, discloses clearly that via Boston there is a substantial overall distance advantage to and from all ports in the British Isles, Europe, Africa and points reached through the Suez Canal and around the Cape of Good Hope, with a lesser advantage in favor of Boston to most points on the East Coast of South America.

Q. Is a through-distance advantage, such as you have described, of significance to you as a traffic man?

A. The through-distance advantage of Boston means two things to me as a traffic man; first, that Boston should logically be a substantial participant in foreign commerce from and to Differential Territory, and, second, that it [fol. 3035] would get a fair share of that traffic if its rail rate disadvantage were removed.

Q. Let me revert to the subject of rail distances. Are the rail distances from Differential Territory to Boston longer than to all other North Atlantic ports?

A. Certainly not. I have already alluded to the fact that distances between Portland, Me. and Differential Territory points are invariably greater than Boston distances from and to the same points. Similarly, you will recall, distances between Differential Territory points and Norfolk are, in many cases, greater than between Boston and the same Differential Territory points. Finally, the distances from and to all the Canadian ports north of Portland are even greater than Portland distances, and therefore much greater than Boston distances.

Q. Do you have any exhibits which support this statement?

A. Yes. These facts appear clearly from review of my Exhibit No. —— (160), which I have previously referred to, as well as from Exhibit No. —— (162), which is a statement of class rates and distances between 105 Base Points in differential territory and North Atlantic ports. The first column of figures in this latter exhibit also shows the published short-line distance between each base point and each port dealt with.

Q. This Exhibit No. —— (162) shows rates in addition to mileages. Are the rates applicable to these points, which have greater rail distances from and to Differential Territory than Boston, higher or lower than Boston rates?

[fol. 3036] A. No Atlantic port, whether farther or nearer than Boston to Differential Territory, has higher import or export rates than Boston, and most have substantially lower rates than Boston from and to Differential Territory. Moreover, the mileage differences from and to Differential Territory between ports enjoying equal rates, on a level lower than Boston's, are tremendous. In fact, they are much greater, in many cases, then the mileage difference between Boston and Baltimore, from and Differential Territory.

Q. While I do not want to belabor this general subject of disregard of mileage differences in rate making, for it will also be dealt with by Mr. Brooks, our rate witness, I would like you to give us some specific examples of these situations, on the basis of your knowledge.

A. Well, the second set of figures in Exhibit No. ——. (162), under the subheading "Import", shows the prevailing class rates applicable to import traffic. It will be observed that these rates reflect rate parity on the part of the ports of Halifax, St. John, Quebec, Montreal and Portland, on Differential Territory traffic, irrespective of distance differences among these ports which range up to 753 miles. These import class rates are generally on the same basis as that applicable from Baltimore, although in some instances rail mileages from these ports exceed the equivalent Baltimore distances by more than 900 miles. Only the import class rates to Detroit, Michigan, are an exception to the general parity rule which I have just discussed.

[fol. 3037] Please observe that, while Boston's import class rates are on a much higher level, its short-line rail distance to the Differential Territory base points dealt with, is shorter in most instances than from these ports which enjoy lower import class rates. As illustrative, to Ann Arbor, Michigan, which appears on Page 1, the rail distance from Halifax is 1345 miles, from St. John 1068 miles, from Quebec 761 miles, from Montreal 594 miles, from Portland 815 miles, from Baltimore 593 miles and from Norfolk 785 miles; yet, in every instance, the published first, second, third, fourth, fifth and sixth class import rates are identical. On the other hand, while the distance from Boston to Ann Arbor is but 743 miles, which represents an advantage of 602 miles compared with Halifax, 325 miles compared with St. John, 18 miles compared with Quebec, 72 miles compared with Portland and 42 miles compared with Norfolk, Boston's import class rates range from 10¢ first class to 3¢ sixth class above those applicable from these more distant ports. To state it simply, the distance to Ann Arbor from Halifax is 752 miles greater than from Baltimore, while the Boston distance is only 150 miles above Baltimore's, yet Halifax enjoys the same import rates as Baltimore and Boston has a differential above Baltimore.

The next set of figures in Exhibit No. —— (162) under the subheading "Export" indicates that the published export class rates reflect uniformity as to Halifax, St. John, Quebec, Portland, Boston and New York, irrespective of distance advantages or disadvantages which range up to 751 miles. The export class rates applicable to Montreal [fol. 3038] and Philadelphia reflect parity and are on a lower basis irrespective of substantial distance differences. A still lower basis of export class rates applies to Baltimore, and in most instances differences which run as high as 200 miles.

It will be observed that, throughout this exhibit, the import class rates from the Port of Boston are shown via Canadian differential routes wherever such rates exist, as well as via standard lines. These Canadian differential rates are arrived at by deducting the following fixed differentials from the standard line rates in effect from Boston: 5¢ first class, 4¢ second class, 3¢ third and fourth class, 2¢ fifth class and 1¢ sixth class. Usage of these all-rail differential routes through Canada to the sections of the U. S. where they apply, results in a scale of class rates bearing the following relationship to Baltimore's standard line import class rates: 3¢ over Baltimore class one, 4¢ over Baltimore class two, parity with Baltimore in class three and class four, 1¢ over Baltimore in class five and 2¢ over Baltimore in class six. This compares with the standard line differential, Boston over Baltimore, of 8¢ for first and second class, and 3¢ for all other classes.

In examining the import rates in this exhibit, one finds instances where the rates from the Canadian ports of Halifax, St. John, Quebec, Montreal and Portland are even somewhat lower than from Baltimore. As illustrative, Page 1 of the exhibit shows that the first class rate from Canadian ports to Alpena, Michigan is $3.45 as compared with $3.52 from Baltimore. I direct attention to this because of [fol. 3038a] my previous statement that the rates from all of these ports were on the Baltimore basis. The reason for this discrepancy is that port relationships have been distorted by the several *Ex Parte* percentage increases. While the rates from the U. S. ports have been so corrected as to restore the North Atlantic port differential relationship, at least at the Ex Parte 168 level, effective February 1, 1952, the rates from Canadian ports as published in Agent Watson's Tariff I.C.C. 100 are still subject to all effective post-World War II *Ex Parte* percentage increases.

Q. From what you have said, it appears that parity rates among ports are common. Is that correct?

A. That is an understatement. I would say that the existing situation among the major U. S. North Atlantic ports, which has so far prevented Boston from having parity of rail rates with its close competitors in the same range of ports, is almost unique. Parity on import and export rates exists between Gulf and South Atlantic ports on the one hand, and points in Differential Territory and Western Trunkline Territory on the other hand; between all Pacific Coast ports, on the one hand, and roughly all points east of Denver, Colo. on the other hand; between all U. S. North Atlantic ports—Hampton Roads, Va. to *Portland, Me.—on the one hand, and the area around* Buffalo, N. Y., on the other hand; between those same U. S. [fol. 3039] North Atlantic ports, plus the Canadian Atlantic ports of St. John, Halifax and Quebec, on the one hand, and that part of eastern Canada roughly bordered by Toronto, Ont. on the east, the Great Lakes on the south and Windsor, Sarnia and West Fort William on the west, on the other hand; between all U. S. North Atlantic ports, except Hampton Roads, and the Canadian ports previously mentioned, on the one hand, and all interior points in Canada roughly east of Toronto and west of a line drawn north and south through Megantic, Que. (at the Maine State line), on the other hand; also from the Atlantic ports of Baltimore, Hampton Roads, Portland, St. John, Halifax and Montreal to substantially all points in Differential Territory on import traffic as well as to the ports of Baltimore and Hampton Roads on export traffic from substantially all of Differential Territory.

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* Parity Import Rates not published from Portland, Me. to Buffalo area.

Q. I believe you have a map which illustrates the confines of these port parity territories.

A. The limits of these parity territories are defined on a map of the U. S. and Southern Canada, which is entitled "Map Illustrating Extent of U. S. and Canadian Interior Territories Enjoying Parity of Import and Export Railroad Rates via Atlantic, Gulf and Pacific Coast Ports". This map exhibit is No. —— (163). It is evident, in looking over the map, that once one goes beyond the natural hinterland territory of the coastal ports, parity of rates between the interior and the several ports in a range becomes a regular thing. Parity of export and import rates from and to the mid-western area with which we are here concerned prevails generally via Pacific Coast ports, via [fol. 3040] Gulf ports and via South Atlantic ports. The differential structure here at issue is the one important exception to the general port parity rule.

Q. Before leaving your Exhibit No. —— (163), I direct attention to that portion of your testimony indicating that parity of export and import rates exists between the various North Atlantic ports and that section of Canada bordered by Toronto on the east, the Great Lakes on the South and Windsor, Sarnia and West Fort William on the west. Is not Windsor, Ont. situated on the east bank of the Detroit River and directly opposite Detroit, Mich., which is situated on the west bank of the same river?

A. That is correct.

Q. How is freight traffic interchanged between these two cities?

A. By tunnel and car ferry.

Q. You have indicated that parity of import and export rates exists between Windsor and all North Atlantic ports. Does the same situation prevail to and from Detroit?

A. It does not.

Q. What rates apply to and from Detroit?

A. Page 10 of my Exhibit No. —— (162) discloses that uniform import class rates apply to Detroit from Halifax, St. John, Quebec, Montreal and Portland, Me., which are 17¢ per 100 lbs., first class, lower than the corresponding rates from Boston; that the first class rates from Baltimore and Norfolk are 10¢ below Boston; and that the first class rate from Philadelphia is 8¢ below Boston. As to the export rates, this exhibit shows uniform first class rates apply to Halifax, St. John, Quebec, Portland, Boston and New [fol. 3041] York, that the rates to Montreal and Philadelphia are 3¢ lower, first class, than to Boston and that the first class rates to Baltimore and Norfolk are 4¢ lower than to Boston. Yet Detroit traffic from and to the North Atlantic ports may, and some of it does, move across the river and through the parity territory which I have previously described.

Q. Will you state whether or not a like situation prevails between Sarnia on the lower east bank of Lake Huron and Port Huron on the lowest west bank of Lake Huron?

A. Yes, it does.

Q. Mr. Day, you have dealt with the export and import class rates in effect between Differential Territory points and various North Atlantic ports; what have you to say as to commodity rates?

A. I have two exhibits dealing with this situation. Exhibit No. —— (165) is a statement of eastbound commodity rates (other than grain) applicable to export traffic moving from stations in Differential Territory to the ports of Boston and Baltimore, and Exhibit No. —— (166) is a statement of westbound commodity rates applicable to import traffic moving from the North Atlantic ports of Boston and Baltimore to stations in Differential Territory. Except as otherwise indicated, rates shown in these exhibits are on the *Ex Parte* 196 level.

Q. Do the rates shown in these exhibits as applicable to and from Boston actually move any traffic?

A. I have already testified that the movement of export [fol. 3042] and import traffic through Boston to and from Differential Territory is insignificant except for export grain, and consequently there would be little, if any, movement under these commodity rates. In other words, they are of the paper variety. Export and import commodity rates, generally speaking, are first advocated by a particular railroad on a particular commodity to a particular port, if and when the carrier sees an opportunity to participate in what it considers desirable traffic. It is customary, under such circumstances, for the standard lines serving other ports so to amend the proposal as to insure that the ports they serve will have rates on the same commodity on the prevailing port relationship basis. In other words, if the rate of $1.00 is proposed to and from Baltimore, the proposal would normally have been amended to include a $1.03 rate to or from Boston. However, I know from experience that, by reason of the differential handicap, such higher commodity rates normally do not move traffic, and consequently rates so arrived at are generally of the paper variety insofar as Boston is concerned.

Q. You have referred to many examples of port parity. One, involving Differential Territory traffic, pertained to parity among the Gulf and South Atlantic ports. What is the extent of the mileage disregard involved in that parity situation?

A. I refer you to my Exhibit No. —— (170) which is a statement of class rates and distances between key points in Differential Territory and Wilmington, N. C., Charleston, S. C., Savannnah, Ga., Jacksonville, Fla., Mobile, Ala., [fol. 3043] New Orleans, La. and Houston, Tex. This exhibit shows rail distances as well as the import and export class rates. At the outset, I direct attention to the notes on Page 7 which indicate that frequently, in the case of these rates, a different rate level applies depending on whether or not the shipment is ultimately destined to points in Europe, Africa, or on the East Coast of South America, in the case of exports, or originates in Europe or Africa, in the case of imports. Whatever the rate level, however, it is clear from this exhibit that parity prevails in all instances among the various South Atlantic ports listed, and also among the Gulf ports listed, and that in most cases parity also prevails between the two ranges of ports, Gulf and South Atlantic. This widespread parity involves very substantial mileage disregard. For example, the distance between Cincinnati and Houston is shown to be 1035 miles, while that between Cincinnati and Charleston, S.C. is only 704 miles. Here we have parity rates in spite of a distance difference of 331 miles. In the case of

Effingham, Ill., the same rates prevail to and from Wilmington, N.C. as prevail to and from Mobile, Ala., even though Wilmington is 300 miles farther from Effingham than Mobile. From and to Litchfield, Ill., the same comparison shows disregard of a 329 mile distance difference with parity rates. Similar showings could be made with respect to many other points in Territory B.

Q. You have mentioned Territory B. Will you define what that territory includes?

[fol. 3044] A. Yes. Territory B is that section of Central Freight Association Territory which is situated west of the line running from Cincinnati through Indianapolis to Chicago, which line appears in the map Exhibit No. —— (163) to which I have previously made reference.

Q. Mr. Day, you have just told us about the internal mileage disregard inherent in the parity rate structure which applies to import and export rates applicable from and to Gulf and South Atlantic ports, on Territory D traffic. Is that rate structure related in any way to the Differential Territory rates to and from the North Atlantic ports, and if so, how do rail distances and rail-water through distances by way of the Gulf and South Atlantic ports compare with the distances to and through North Atlantic ports?

A. They are related. I would like to deal with the matter of rail distances first. My Exhibit No. —— (171) is entitled "I.C.C. Docket 28300 Short Line Mileages Baltimore, Md., Boston, Mass. and typical South Atlantic and Gulf of Mexico Ports to Points in Territory B". It covers distances from and to 125 key points in Differential Territory, and it deals exclusively with rail mileages. Study of this exhibit discloses that with very few exceptions, all the rail distances are greater than to Baltimore, and in many instances, greater than to Boston. My count shows that in 45 instances the rail distance to Boston is less than to Wilmington, in 36 instances less than to Charleston, in 12 instances less than to Savannah, in 49 instances less than to Jacksonville, in 11 instances less than to Mobile, in 15 instances less than to New Orleans and in 35 instances less than to Houston. These distance differences in favor [fol. 3045] of Boston range from a few miles all the way up to 464 miles.

Exhibit No. —— (172) entitled "Table of Ocean Mileages from South Atlantic and Gulf Ports to Representative Trans-Oceanic Points", shows the nautical miles between the ports dealt with, and the authority therefor as well as the routes via which they apply.

Finally, Exhibit No. —— (173), entitled "Aggregate Rail-Ocean Mileages Between Typical Interior Points in the U. S. and Typical Trans-Oceanic Ports via Typical South Atlantic and Gulf Ports, shows the aggregate rail-ocean distances in statute miles. These distances were arrived at by converting the port-to-port nautical miles, dealt with in the preceding exhibit, to statute miles and adding the result to the rail miles between the various South Atlantic and Gulf ports and the interior key points dealt with. A comparison of the aggregate rail-water statute miles so arrived at, with those I have already shown applicable via North Atlantic ports to points in the British Isles, Europe, Africa and the East Coast of South America, show startling through distance differences. As illustrative of this point, the aggregate statute miles from Milwaukee, Wis. via Boston to Bergen, Norway are 4682, as compared with 5410 via Wilmington, 5476 via Charleston, 5568 via Savannah, 5724 via Jacksonville, 6488 via Mobile and 6995 via Houston. These aggregate mileages disclose a minimum distance advantage of 728 miles via Boston as compared with Wilmington, and a maximum through distance advantage of 2313 miles via Boston as compared with Houston.

[fol. 3046] Q. Now, how are these rail distance advantages in favor of Boston, as well as these through-distance advantages, reflected in the rate structure?

A. Boston has a substantial rate disadvantage in spite of its distance advantages.

Q. Could you illustrate this rate disadvantage of Boston by an example?

A. Yes. Taking Chicago, Ill., as an illustration and using my Exhibits Nos. —— (162) and —— (170) for rate information, it will be found that the import class rates from

Boston to Chicago range from $3.47 first class to 96¢ sixth class, whereas the import rates applicable from the South Atlantic and Gulf ports, in the case of traffic not originating in Europe or Africa, range from $3.36 first class to 92¢ sixth class. These latter rates are on a parity with those applicable to import traffic moving from the North Atlantic ports of Halifax, St. John, Quebec, Montreal, Portland, Baltimore and Norfolk to Chicago. On Import traffic from European and African origins, the rail rates from South Atlantic and Gulf ports to Chicago are even lower, ranging from $3.24 first class to 89¢ sixth class. A similar picture presents itself in the case of exports. Boston's export rates from Chicago are unsurpassed as to amount by any port even remotely in a competitive location. They range from $3.40 first class to 96¢ sixth class. Philadelphia and Montreal rates are on a level generally 2¢ per cwt. below the Boston rates. Baltimore and Norfolk export rates average 2¢ per cwt. under Philadelphia and Montreal and 4¢ [fol. 3047] per cwt. under Boston. The rail export rates applicable from Chicago to South Atlantic and Gulf ports range from $3.36 first class to 92¢ sixth class, the Baltimore base, when the export traffic is destined to points other than in Europe, Africa or on the East Coast of South America, and they range from $3.18 first class to 89¢ sixth class when the traffic is destined to points either in Europe, Africa or on the East Coast of South America. This means that a Chicago shipper using a South Atlantic or Gulf Port instead of Boston for a shipment to Europe is able to effect a saving in his rail transportation charges ranging from 22¢ a cwt. first class to 7¢ a cwt. sixth class. Yet, the rail distances between Chicago and 7 of the 9 Gulf and South Atlantic ports, which enjoy so much lower rates than Boston, are greater than the rail distance between Chicago and Boston, and Boston's rail-water through distances, to Europe for example, are vastly more favorable than through the other ports.

Q. Are short-line distances an important factor to a traffic man in routing his shipments?

A. Generally speaking, no. From the traffic man's point of view, short-line distances don't mean very much. We are concerned with distances only in so far as they affect time in transit. In fact, we know that goods commonly move over routes substantially longer than those on which the Docket No. 28300 mileages are based. Moreover, freight train travel times vary very greatly. In the case of some shipments, the time element is important. In such cases, we know that we cannot rely on short-line distance com- [fol. 3048] parisons to disclose the quickest routing. Time in transit and short-line distance are often not directly related. Thus, from traffic manager's viewpoint, the length of the actual routing and the speed of the service available tend to be more important than the short-line distances.

Q. Is efficiency of a port of any importance to traffic men in choosing a routing?

A. Cost is usually the predominant criterion. Given equal cost, however, efficiency takes on great importance.

Q. What factors are generally used by traffic men in the measurement of a port's efficiency?

A. Speed of handling, ease of handling and care of handling.

Q. Is Boston considered an efficient port from a traffic man's point of view?

A. Generally speaking, I believe it to be so considered by traffic men familiar with the port. Further, the heavy use of Boston in war time, in my opinion confirms the fact that Boston is an efficient port which traffic men like to use, absent a rate disadvantage.

Q. You have indicated that in many instances the through distances between points in differential territory and points in foreign countries are much shorter via Boston than via ports south of Boston. Does this distance advantage influence the speed of traffic from points of origin to points of destination?

A. Not necessarily. Where speed is an essential element, [fol. 3049] the interest of the average traffic man centers around the overall performance of all media of transport employed; and if, as in the case of Boston, a lack of bottom cargo forces many of the ships serving the port to call elsewhere to complete their loads before clearing for overseas ports, then obviously Boston's distance advantage ceases to be an asset.

Q. Will you state whether or not, in your opinion, this difficulty would be overcome if Boston's rail rates were on a parity with Baltimore's?

A. I feel confident that with the rate parity here sought, Boston could attract sufficient cargo to improve the quality and quantity of prevailing steamship services at Boston.

Q. Assuming that your prediction is correct, what, in your opinion, would be the effect of such a development on other North Atlantic ports?

A. I think such parity rates would result in a more equitable distribution of traffic among the major North Atlantic ports. It would enable Boston to be competitive with Baltimore, but equal rates would give neither port an unfair advantage over the other. Baltimore and Philadelphia are well established in the trade channels with Differential Territory and now enjoy a more favorable position than Boston on the sailing schedules. This gives these ports a decided head start over Boston, and even with competitive rates it will, in my opinion, take top-notch salesmanship on the part of Boston interests to break into this market. In view [fol. 3050] of these circumstances, as well as the strength of Baltimore's and Philadelphia's immediate hinterlands as traffic generators, and the constant expansion of our country's foreign commerce, I cannot visualize any circumstances under which parity rates could seriously undermine the standing of Philadelphia or Baltimore as important trans-shipment points of foreign trade.

VERIFICATION

William H. Day, being first duly sworn, on oath deposes and says: that he is the person who made the foregoing statement and accompanying exhibits; that he has read the same and that the statements therein contained are true and correct to the best of his knowledge, information and belief.

/s/ William H. Day

William H. Day

Subscribed in my presence, and sworn to before me, by the affiant above named, this 20th day of June 1957.

/s/ Helen Ann Smith

Helen Ann Smith
Notary Public, Commonwealth of Massachusetts
My Commission Expires June 4, 1959.

(Notarial Seal)

ICC DOCKET I&S 6615

WITNESS DAY

EXHIBIT __________

DESTINATION TERRITORY OF GENERAL CARGO MOVED BY RAIL CARRIERS FROM THE PORT OF BOSTON DURING THE YEAR BEGINNING AUGUST 1, 1955 AND ENDING JULY 31, 1956

Rail Carrier	Number of Cars Handled	To Points East of Buffalo and Pittsburgh	To Buffalo, Pittsburgh and Points West thereof in C.F.A. and W.T.L. Territories	To Points in Canada
Boston and Maine	6153	5602 or 91%	238 or 3.9%	313 or 5.1%
New Haven	2375	1606 or 67%	286 or 12%	483 or 20%
New York Central	1612	1394 or 86.4%	156 or 9.6%	63 or 3.9%
TOTAL	10140	8602 or 84.8%	680 or 6.7%	859 or 8.4%

3057

AUTHORITY - Local Records
Boston & Maine, New Haven
and New York Central Railroads

ICC DOCKET I&S 6615

WITNESS DAY

EXHIBIT ________

ORIGIN TERRITORY OF GENERAL CARGO (EXCLUSIVE OF GRAIN) MOVED BY RAIL CARRIERS TO THE PORT OF BOSTON FOR EXPORT BETWEEN AUGUST 1, 1955 AND JULY 31, 1956

Rail Carriers	Number of Cars Moved	From Points East of Buffalo and Pittsburgh	From Buffalo, Pittsburgh and Points West Thereof	From Points in Canada
Boston and Maine	3712	3690 or 99.4%	9 or .3%	10 or .3%
New Haven	1754	1727 or 98.4%	8 or .45%	19 or 1.08%
New York Central	1247	1099 or 88.1%	76 or .6%	72 or 5.7%
TOTAL	6713	6516 or 97%	93 or 1.3%	101 or 1.5%

3052

AUTHORITY - Local Records
Boston & Maine, New Haven
and New York Central Railroads

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ICC DOCKET I&S 6615
WITNESS DAY
EXHIBIT ______

STATEMENT OF BOSTON'S IMPORTS 1946 TO AND INCLUDING 1955, IN NET TONS, SO BROKEN DOWN AS TO SEGREGATE SHIPLOAD LOTS FROM MISCELLANEOUS GENERAL CARGO

ar	Total Imports	Petroleum	Sugar	Gypsum	Lumber and Logs	Iron Ore and Concentrates	Misc. General Cargo
46	2,819,722	1,782,286	304,535	117,540	19,431	8,976	586,954
47	3,252,695	1,851,324	462,093	125,305	7,041	73,715	733,217
48	2,833,989	1,347,111	500,685	137,743	14,067	87,792	746,591
49	3,448,810	2,174,076	394,080	Reported under Non-Metallic Minerals	59,276	82,248	739,130
50	5,299,222	3,433,267	398,028	212,845	139,944	26,072	1,089,066
51	5,100,926	3,310,509	404,419	215,091	35,510	145,071	999,326
52	4,849,735	3,393,699	410,530	189,974	25,575	65,299	764,658
53	4,756,747	3,068,785	430,076	205,336	84,184	56,267	912,099
4	4,486,060	3,074,523	367,614	216,342	72,609	66,752	688,220
5	5,135,873	3,457,191	377,289	250,749	55,212	258,256	737,176

3053

HORITY - Office Records
Port of Boston Commission

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I.C.C. Docket I&S 6615
WITNESS ___________
EXHIBIT NO. ________

Docket 28,300 Distances Between 290 Key Points in C.F.A. Territory and U.S. North Atlantic Ports.

Tariff Authorities: See page 10.

[fol. 3055]

		NORFOLK VA.	BALTIMORE MD.	PHILADELPHIA PA.	NEW YORK N.Y.	BOSTON MASS.	PORTLAND ME.
1.	Adrian, Mich.	772	580	627	690	765	837
2.	Akron, Mich.	894	687	689	683	754	826
3.	Akron, Ohio	621	429	475	550	683	755
4.	Alba, Mich.	1013	815	817	811	882	954
5.	Alliance, Ohio	588	396	443	519	673	745
6.	Alma, Mich.	885	693	726	720	792	864
7.	Alpena, Mich.	991	793	795	789	861	933
8.	Ann Arbor, Mich.	785	593	640	668	743	815
9.	Appleton, Wisc.	1097	914	931	925	996	1068
10.	Ashley, Mich.	868	676	713	707	778	840
11.	Ashtabula, Ohio	628	429	450	513	598	670
12.	Athens, Ohio	559	403	487	567	794	895
13.	Aurora, Ill.	941	800	847	934	1009	1081
14.	Bad Axe, Mich.	881	666	668	662	733	805
15.	Barry, Ill.	1057	942	1015	1091	1207	1279
16.	Barstow, Ill.	1051	918	965	1041	1127	1199
17.	Battle Creek, Mich.	852	660	707	751	822	894
18.	Bellaire, Mich.	1037	839	841	835	906	978
19.	Bellefontaine, Ohio	684	532	598	674	792	864
20.	Bens Run, W. Va.	554	363	447	527	754	831
21.	Benton Harbor, Mich.	891	718	765	833	906	978
22.	Blanchester, Ohio	642	521	605	685	866	938
23.	Bloomington, Ill.	931	815	881	957	1056	1128
24.	Bloomington, Ind.	799	699	772	848	988	1060
25.	Bluffton, Ind.	768	625	677	753	854	926

3055

		NORFOLK VA.	BALTIMORE MD.	PHILADELPHIA PA.	NEW YORK N.Y.	BOSTON MASS.	PORTLAND ME.
26.	Boyne City, Mich.	1030	832	834	828	899	971
27.	Bristolville, Ohio	595	403	449	525	632	704
28.	Brooklyn, Wisc.	1044	897	944	960	1032	1104
29.	Burlington, Iowa	1061	942	998	1074	1168	1214
30.	Cadillac, Mich.	967	775	787	781	852	924
31.	Cairo, Ill.	955	907	991	1071	1210	1282
32.	Cannelton, Ind.	837	777	861	941	1099	1171
33.	Canton, Ohio	605	413	460	536	691	763
34.	Carmi, Ill.	880	804	888	968	1107	1179
35.	Carthage, Ill.	1075	959	1023	1099	1194	1266
36.	Cato, Ind.	840	775	859	939	1090	1162
37.	Celina, Ohio	728	581	647	723	826	898
38.	Centralia, Ill.	934	841	916	992	1126	1198
39.	Champaign, Ill.	883	768	837	913	1027	1099
40.	Charlotte, Mich.	846	654	701	725	797	869
41.	Cheboygan, Mich.	1053	856	858	852	923	995
42.	Chicago Ill.	914	767	814	890	973	1045
43.	Chillicothe, Ohio	588	464	548	638	838	910
44.	Clyman Jct., Wisc.	1041	876	923	926	998	1070
45.	Cincinnati, Ohio	656	560	644	724	891	963
46.	Circleville, Ohio	608	469	553	633	818	890
47.	Clare, Mich.	919	727	738	732	804	876
48.	Cleveland, Ohio	696	444	490	562	652	724
49.	Clifford, Mich.	861	646	648	642	713	785
50.	Clinton, Iowa	1039	903	950	1028	1111	1183
51.	Columbus, Ind.	745	648	732	812	952	1024
52.	Corry, Pa.	604	388	403	455	563	635
53.	Columbus, Ohio	632	479	545	621	790	862
54.	Coshocton, Ohio	621	429	476	552	745	817
55.	Crawfordsville, Ind.	810	694	766	842	963	1035

		NORFOLK VA.	BALTIMORE MD.	PHILADELPHIA PA.	NEW YORK N.Y.	BOSTON MASS.	PORTLAND ME.
56.	Davenport, Ia.	1051	919	965	1041	1128	1199
57.	Dayton, Ohio	665	541	614	690	836	908
58.	Danville, Ill.	851	735	803	879	994	1066
59.	Decatur, Ill.	918	803	876	952	1068	1140
60.	De Kalb, Ill.	966	825	872	948	1031	1103
61.	Delaware, Ohio	656	503	569	645	766	836
62.	Detroit, Mich.	796	604	637	631	706	778
63.	Dixon, Ill.	1005	864	911	987	1070	1142
64.	Dodgeville, Wisc.	1025	941	988	1007	1079	1151
65.	Dubuque, Iowa	1084	939	986	1061	1133	1305
66.	Dundas, Ohio	554	430	514	594	821	921
67.	Dunkirk, N. Y.	614	399	407	437	512	584
68.	Durand, Mich.	836	622	680	674	746	818
69.	E. Burlington, Ill.	1061	942	998	1074	1168	1241
70.	E. Clinton, Ill.	1039	903	950	1028	1111	1183
71.	E. Dubuque, Ill.	1084	939	986	1061	1133	1305
72.	E. Ft. Madison, Ill.	1075	959	1023	1099	1194	1266
73.	E. Louisiana, Ill.	1042	927	1000	1076	1191	1263
74.	E. St. Louis, Ill.	990	891	964	1040	1174	1246
75.	Edgewood, Ill.	920	805	878	954	1098	1160
76.	Eldorado, Ill.	906	830	914	994	1133	1205
77.	Elkhorn, Wisc.	999	852	899	929	1001	1073
78.	Erie, Pa.	642	426	441	493	558	630
79.	Evansville, Ind.	846	787	871	951	1102	1174
80.	Fairmount, Pa.	553	361	383	449	653	725
81.	Falmouth, Mich.	991	799	810	804	876	948
82.	Ferdinand, Ind.	800	740	824	904	1062	1134
83.	Flint, Mich.	842	650	663	657	729	801
84.	Flushing, Ohio	591	400	452	528	755	828
85.	Fond du Lac, Wisc.	1062	894	941	944	1016	1088

		NORFOLK VA.	BALTIMORE MD.	PHILADELPHIA PA.	NEW YORK N.Y.	BOSTON MASS.	PORTLAND ME.
86.	Forman, Ill.	915	877	961	1041	1179	1251
87.	Fort Madison, Iowa	1075	959	1023	1099	1194	1266
88.	Fort Wayne, Ind.	778	621	668	744	839	911
89.	Foxburg, Pa.	567	364	384	447	639	711
90.	Frankfort, Mich.	1032	840	851	845	917	989
91.	Freeport, Ill.	1022	878	925	996	1067	1139
92.	Galena, Ill.	1084	939	986	1061	1133	1205
93.	Galesburg, Ill.	1020	801	954	1030	1125	1197
94.	Gallipolis, Ohio	518	452	536	616	843	944
95.	Galva, Ill.	1016	896	943	1019	1105	1177
96.	Gibson City, Ill.	909	780	846	922	1025	1097
97.	Gladstone, Ill.	1061	942	998	1074	1168	1240
98.	Grand Jct. Mich.	899	712	759	803	874	946
99.	Grand Rapids, Mich.	905	713	760	767	838	910
100.	Granville, Wis.	999	831	878	881	953	1025
101.	Grayling, Mich.	980	782	784	778	849	921
102.	Green Bay, Wis.	1101	909	926	920	991	1063
103.	Greencastle, Ind.	805	689	762	838	972	1044
104.	Greensburg, Ind.	719	623	707	787	929	1001
105.	Greenville, Mich.	903	711	753	747	819	891
106.	Harrisville, Mich.	959	761	763	757	829	901
107.	Hart, Mich.	984	792	839	842	913	985
108.	Harvard, Ill.	977	830	877	953	1030	1102
109.	Hibbard, Ind.	837	688	735	811	906	978
110.	Holland, Mich.	918	731	778	792	864	936
111.	Holly, Mich.	825	633	675	669	741	813
112.	Howard City, Mich.	923	731	769	763	834	906
113.	Howell, Mich.	813	621	668	686	761	833
114.	Huntingburg, Ind.	800	740	824	904	1062	1134
115.	Indianapolis, Ind.	766	650	723	799	934	1006

		NORFOLK VA.	BALTIMORE MD.	PHILADELPHIA PA.	NEW YORK N Y.	BOSTON MASS.	PORTLAND ME.
116.	Ionia, Mich.	884	692	737	731	803	875
117.	Jackson, Mich.	811	619	666	707	782	854
118.	Jacksonville, Ill.	990	874	947	1024	1139	1211
119.	Jamestown, Pa.	595	395	416	479	613	685
120.	Jamestown, N. Y.	601	386	394	432	543	615
121.	Janesville, Wisc.	1005	858	905	953	1023	1095
122.	Jefferson Jct., Wisc.	1041	876	923	926	998	1070
123.	Jerseyville, Ill.	1023	908	981	1057	1172	1244
124.	Jewett, Ohio	569	377	424	500	727	801
125.	Jonesboro, Ill.	990	914	998	1078	1214	1286
126.	Jonesville, Mich.	810	618	665	726	801	873
127.	Kalamazoo, Mich.	870	683	730	774	845	917
128.	Kankakee, Ill.	899	768	815	891	986	1058
129.	Keithsburg, Ill.	1061	942	998	1074	1168	1241
130.	Kenova, W. Va.	511	486	578	659	886	987
131.	Keokuk, Iowa	1075	959	1023	1099	1194	1266
132.	Kewaunee, Wisc.	1066	874	891	866	956	1028
133.	Killbuck, Ohio	649	457	504	580	737	809
134.	Knightstown, Ind.	741	616	690	766	906	978
135.	Kouts, Ind.	863	725	772	848	939	1011
136.	La Fayette, Ind.	828	699	765	841	948	1020
137.	Lancaster, Ohio	601	448	532	612	818	890
138.	Lansing, Mich.	846	654	701	707	778	850
139.	Lapeer, Mich.	852	641	643	637	709	781
140.	La Rocque, Mich.	1020	822	824	818	890	962
141.	La Salle, Ill.	968	835	882	958	1044	1116
142.	Latty, Ohio	761	592	639	715	810	882
143.	Lawrenceburg, Ind.	679	582	666	746	913	985
144.	Leetonia, Ohio	568	376	423	499	670	742
145.	Lima, Ohio	719	566	618	694	795	867

		NORFOLK VA.	BALTIMORE MD.	PHILADELPHIA PA.	NEW YORK N.Y.	BOSTON MASS.	PORTLAND ME.
146.	Lincoln, Ill	946	830	898	974	1086	1158
147.	Litchfield, Ill.	973	857	930	1006	1129	1201
148.	Linesville, Pa.	608	407	428	491	600	672
149.	Liverpool, W Va.	572	418	502	582	809	910
150.	Logansport, Ind.	806	677	740	816	911	983
151.	Lore City, Ohio	594	402	465	541	768	840
152.	Louisiana, Mo.	1042	927	1000	1076	1191	1263
153.	Louisville, Ky.	727	670	754	834	1001	1073
154.	Lowell, Mich.	896	704	751	747	818	890
155.	Ludington, Mich.	1001	809	826	820	891	963
156.	Mc Comb, Ohio	729	551	598	674	769	841
157.	Mackinaw City, Mich.	1070	872	874	868	929	1011
158.	Madison, Ind.	753	656	719	795	978	1050
159.	Madison, Wisc.	1044	897	944	960	1032	1104
160.	Manitowac, Wisc.	1063	871	888	882	953	1025
161.	Manistee, Mich.	1011	819	835	879	901	973
162.	Manistique, Mich.	1132	940	951	945	1017	1089
163.	Mansfield, Ohio	677	485	532	608	731	803
164.	Marblehead, Ohio	703	511	557	628	719	791
165.	Marietta, Ohio	572	380	464	544	673	745
166.	Marinette, Wisc.	1112	920	931	925	997	1069
167.	Marion, Ill.	945	872	956	1036	1175	1247
168.	Marion, Ind.	766	637	702	778	884	956
169.	Marion, Ohio	677	522	569	645	753	825
170.	Mattoon, Ill.	894	778	852	928	1060	1132
171.	Maysville, Ky.	602	554	638	718	945	1022
172.	Meadville, Pa.	616	401	421	485	605	677
173.	Mechanicstown, Ohio	587	406	453	529	700	772
174.	Menominee, Mich.	1112	920	931	925	997	1069
175.	Metropolis, Ill.	907	890	974	1054	1193	1265

		NORFOLK VA.	BALTIMORE MD.	PHILADELPHIA PA.	NEW YORK N.Y.	BOSTON MASS.	PORTLAND ME.
176.	Michigan City, Ind.	879	722	769	845	921	993
177.	Middlefield, Ohio	610	419	465	541	648	720
178.	Milan, Mich.	771	579	626	668	743	815
179.	Millersburg, Ind.	830	657	704	780	860	932
180.	Milwaukee, Wisc.	999	831	878	881	953	1025
181.	Mitchell, Ind.	783	686	770	850	1008	1080
182.	Monon, Ind.	815	708	772	848	942	1014
183.	Monroe, Mich.	763	571	618	666	741	813
184.	Monroe, Wisc.	1040	893	940	982	1054	1126
185.	Morris, Ill.	941	797	844	920	1007	1079
186.	Morrison, Ill.	1039	903	950	1028	1111	1183
187.	Mt. Clemens, Mich.	818	626	634	628	699	771
188.	Mt. Vernon, Ill.	912	836	920	1000	1139	1211
189.	Mt. Vernon, Ohio	655	477	524	600	767	839
190.	Muncie, Ind.	743	614	680	756	879	951
191.	Murphysboro, Ill.	962	889	977	1053	1187	1259
192.	Muscatine, Iowa	1078	945	997	1068	1154	1226
193.	Muskegan, Mich.	945	753	800	803	874	946
194.	Natrium, W. Va.	546	355	439	519	746	825
195.	Nebo, Ill.	1042	927	1000	1076	1191	1263
196.	Newark, Ohio	630	463	512	588	781	853
197.	Newton, Ill.	886	786	859	935	1069	1141
198.	Niles, Mich.	868	694	741	809	884	956
199.	N. Manchester, Ind.	799	657	704	783	874	946
200.	N. Vernon, Ind.	729	632	716	796	954	1026
201.	Oakland City, Ind.	824	759	843	923	1074	1146
202.	Oil City, Pa.	583	365	385	449	607	679
203.	Olney, Ill.	877	780	864	944	1083	1155
204.	Owosso, Mich.	874	655	792	686	757	829
205.	Oxford, Mich.	835	643	651	645	716	788

		NORFOLK VA.	BALTIMORE MD.	PHILADELPHIA PA.	NEW YORK N.Y.	BOSTON MASS.	PORTLAND ME.
206.	Paducah, Ky.	894	904	988	1068	1207	1279
207.	Painesville, Ohio	634	442	475	538	624	696
208.	Pana, Ill.	933	817	890	966	1093	1165
209.	Paris, Ill.	857	741	814	890	1024	1096
210.	Parkersburg, W. Va.	558	366	450	530	757	858
211.	Peoria, Ill.	968	849	912	988	1083	1155
212.	Petoskey, Mich.	1039	841	843	837	908	980
213.	Pigeon, Mich.	835	682	684	678	748	820
214.	Pinconning, Mich.	906	708	710	704	776	848
215.	Piqua, Ohio	690	552	618	692	825	897
216.	Pittsburgh, Pa.	505	313	360	436	663	737
217.	Pt. Pleasant, W. Va.	512	445	529	609	836	937
218.	Pontiac, Mich.	822	630	655	649	721	793
219.	Port Huron, Mich.	811	596	598	592	663	735
220	Queens Jct. Pa.	547	355	377	443	653	725
221.	Quincy, Ill.	1057	942	1015	1091	1207	1279
222.	Reed City, Mich.	953	761	779	771	843	915
223.	Richmond, Ind.	707	582	655	731	871	943
224.	Rochester, Mich.	825	633	645	639	711	783
225.	Rockford, Ill.	997	851	898	974	1050	1122
226.	Rock Island, Ill.	1051	918	965	1041	1127	1199
227.	Rosiclare, Ill.	978	902	986	1066	1206	1277
228.	St. Ignace, Mich.	1079	881	883	877	948	1020
229.	St. Louis, Mo.	990	891	964	1040	1174	1240
230.	Saginaw, Mich.	875	683	688	682	753	825
231.	Saltsburg, Pa.	494	301	321	397	624	698
232.	Sandusky, Mich.	857	642	644	638	709	781
233.	Sandusky, Ohio	696	504	550	621	712	784
234.	Sardinia, Ohio	608	549	633	713	906	978
235.	Sheboygan, Wisc.	1052	884	914	908	979	1051

		NORFOLK VA.	BALTIMORE MD.	PHILADELPHIA PA.	NEW YORK N.Y.	BOSTON MASS.	PORTLAND ME.
236.	Sheldon, Ill.	869	740	803	879	974	1046
237.	Simpson, Ill.	898	890	974	1054	1193	1265
238.	Smithboro, Ill.	951	836	909	985	1119	1191
239.	So. Beloit, Ill.	1005	858	905	953	1023	1095
240.	So. Bend, Ind.	861	690	737	813	888	960
241.	So. Lyon, Mich.	805	613	660	667	742	814
242.	Sparta, Ill.	961	884	959	1035	1169	1241
243.	Spencer, Ohio	635	469	510	586	695	767
244.	Springfield, Ill.	957	841	915	991	1106	1178
245.	Springfield, Ohio	656	524	589	665	815	887
246.	Steubenville, Ind.	779	628	675	749	825	897
247.	Stiles Jct. Wisc.	1129	937	954	948	1019	1091
248.	Stoneboro, Pa.	589	373	394	457	632	704
249.	Streator, Ill.	950	819	866	943	1037	1109
250.	Sturgeon Bay, Wisc.	1114	922	939	933	1004	1076
251.	Sturgis, Mich.	833	660	707	768	843	915
252.	Sullivan, Ind.	842	746	821	897	1031	1103
253.	Summitville, Ohio	574	382	429	505	720	792
254.	Tamms, Ill.	955	907	991	1071	1210	1282
255.	Tawas City, Mich.	927	822	731	725	797	869
256.	Temple, Ind.	762	711	793	875	1042	1114
257.	Terre Haute, Ind.	858	722	795	871	1005	1077
258.	Thebes, Ill.	970	914	998	1078	1214	1286
259.	Thompsonville, Mich.	1010	818	830	824	895	967
260.	Tiffin, Ohio	711	519	556	642	740	812
261.	Tipton, Ind.	778	649	715	840	915	987
262.	Toledo, Ohio	740	548	595	668	759	831
263.	Toluca, Ill.	965	836	887	963	1058	1130
264.	Traverse City, Mich.	1014	822	834	828	899	971
265.	Uhrichsville, Ohio	591	399	446	522	726	798

		NORFOLK VA.	BALTIMORE MD.	PHILADELPHIA PA.	NEW YORK N.Y.	BOSTON MASS.	PORTLAND ME.
266.	Union City, Ind.-Ohio	772	583	649	725	850	922
267.	Vassar, Mich.	874	667	669	663	734	806
268.	Vermont, Ill.	1021	905	970	1046	1141	1213
269.	Warren, Pa.	576	[illegible]	375	417	562	634
270.	Washington, Ind.	826	729	828	893	1044	1116
271.	Washington CH, Ohio	620	496	580	660	829	901
272.	Waterloo, Ill.	992	911	984	1060	1194	1266
273.	Watertown, Wisc.	1041	875	923	926	998	1070
274.	Waukegan, Ill.	950	803	850	926	1002	1074
275.	Waukesha, Wisc.	999	831	878	881	953	1025
276.	W. Alton, Mo.	990	891	964	1040	1174	1246
277.	W. Bend, Wisc.	1032	864	911	914	986	1058
278.	W. Branch, Mich.	940	742	744	738	809	881
279.	W. Keithsburg, Iowa	1061	942	998	1074	1168	1241
280.	W. Quincy, Mo.	1057	942	1015	1091	1207	1279
281.	W. Unity, Ohio	787	597	644	722	797	869
282.	Wheeling, W.Va.	548	356	403	479	706	780
283.	White Cloud, Mich.	952	760	807	805	876	948
284.	Whitelaw, Wisc.	1063	871	888	882	953	1025
285.	Wilmot, Mich.	871	656	658	652	723	795
286.	Wolverine, Mich.	1026	828	830	824	895	967
287.	Wood River, Ill.	990	891	964	1040	1174	1246
288.	Youngs, Ohio	571	512	596	676	903	981
289.	Youngstown, Ohio	570	378	424	500	646	718
290.	Zanesville, Ohio	606	438	501	576	775	847
	TOTAL MILEAGE	246,573	202,923	217,358	232,553	265,040	286,338
	AVERAGE MILEAGE	850	700	750	802	914	987

Tariff Authority: Agent H.R. Hinsch Tariff No. E-1009, ICC 4487
Agent H.R. Hinsch Tariff No. E-1010, ICC 4488

3064

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SUPREME COURT

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I.C.C. Docket I & S 6615
Witness Day
Exhibit ________

STATEMENT OF SHORT LINE MILEAGES; DOMESTIC, IMPORT AND EXPORT ALL RAIL CLASS RATES BETWEEN THE 105 BASE POINTS IN C.F.A. TERRITORY RESULTING FROM I.C.C. DOCKET 15879 AND THE CANADIAN AND UNITED STATES PORTS OF HALIFAX, N.S., ST. JOHN, N.B., QUEBEC, QUE., MONTREAL, QUE., PORTLAND, ME., BOSTON, MASS., NEW YORK, N.Y., PHILADELPHIA, PA., BALTIMORE, MD., NORFOLK, VA. AND ALBANY, N. Y.

In Effect December 1, 1956

ALL RATES SHOWN HEREIN ARE IN CENTS PER HUNDRED POUNDS AND ARE SUBJECT TO THE EX PARTE 206 INCREASE.

SHORT LINE MILEAGE, DOCKET 28300 - U. S. PORTS
DOCKET 15879 - CANADIAN PORTS

TARIFF AUTHORITY:-	AGENT C. W. BOIN	I.C.C.	A-766
	" " " "	"	A-942
	" " " "	"	A-721
	" " " "	"	A-966
	" " " "	"	A-744
	" " " "	"	A-755
	AGENT H. R. HINSCH	"	3642
	" " " "	"	3814
	" " " "	"	4487
	" " " "	"	4488
	AGENT R. K. WATSON	"	100
	AGENT O. E. SWENSON	"	362

3065

Base Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	5	Export Classes 1	2	3	4	5	6
Akron, Ohio	Halifax, N. S.	1343	534	454	375	268	214	162	244	209	171	122	86	68	247	212	174	125	89	72
	St. John, N.B.	1067	455	389	319	228	184	138	244	209	171	122	86	68	247	212	174	125	89	72
	Quebec, Que.	757	373	316	262	188	148	111	244	209	171	122	86	68	247	212	174	125	89	72
	Montreal, Que.	590	324	278	227	163	131	98	244	209	171	122	86	68	245	210	172	123	87	70
	Portland, Me.	755	359	306	252	180	125	99	244	209	171	122	86	68	247	212	174	125	89	72
	Boston, Mass.	683	341	290	239	171	120	94	253	218	174	125	89	72	247	212	174	125	89	72
	New York, N. Y.	550	299	253	210	149	105	82	253	218	174	125	89	72	247	212	174	125	89	72
	Philadelphia, Pa.	475	276	234	193	138	96	75	246	211	172	123	87	70	245	210	172	123	87	70
	Baltimore, Md.	429	263	225	184	131	92	72	244	209	171	122	86	68	244	209	171	122	86	[illegible]
	Norfolk, Va.	621	323	275	227	162	113	89	271	232	192	138	96	75	271	232	192	138	96	75
	Albany, N. Y.	499	282	239	197	141	99	78	246	211	172	123	87	70	245	210	172	123	87	70
Alpena, Michigan	Halifax, N.S.	1477	576	488	403	289	232	173	345	290	246	174	121	94	363	307	253	181	128	[illegible]
	St. John, N. B.	1200	488	414	342	244	197	146	345	290	245	174	121	94	363	307	253	181	128	[illegible]
	Quebec, Que.	892	417	354	293	210	165	123	345	290	245	174	121	94	363	307	253	181	128	[illegible]
	Montreal, Que.	725	366	312	258	184	146	110	345	290	245	174	121	94	359	305	251	179	125	[illegible]
	Portland, Me.	933	408	348	286	205	143	112	345	290	245	174	121	94	363	307	253	181	128	[illegible]
	Boston, Mass.(S)	861	390	332	273	195	137	107	363	307	253	181	128	101	363	307	253	181	128	[illegible]
	Boston, Mass.(D)		384	326	269	192	135	106	356	302	250	178	125	100	--	--	--	--	--	--
	New York, N. Y.	789	372	316	261	187	130	103	363	307	253	181	128	101	363	307	253	181	128	[illegible]
	Philadelphia, Pa.	795	372	316	261	187	130	103	355	300	251	179	125	99	359	305	251	179	125	[illegible]
	Baltimore, Md.	793	372	316	261	187	130	103	352	298	250	178	124	98	358	303	250	178	124	[illegible]
	Norfolk, Va.	991	421	357	295	211	147	116	352	298	250	178	124	98	358	303	250	178	124	[illegible]
	Albany, N. Y.	677	335	285	235	169	117	92	332	281	232	165	116	92	332	281	232	165	116	[illegible]
Ann Arbor, Michigan	Halifax, N. S.	1345	542	463	379	271	218	163	290	245	202	146	104	80	294	249	206	149	107	[illegible]
	St. John, N.B.	1068	463	392	323	232	186	139	290	245	202	146	104	80	294	249	206	149	107	[illegible]
	Quebec, Que.	761	376	320	263	190	149	114	290	245	202	146	104	80	294	249	206	149	107	[illegible]
	Montreal, Que.	594	324	278	227	163	131	98	290	245	202	146	104	80	292	246	204	147	105	[illegible]
	Portland, Me.	815	378	322	265	189	133	104	290	245	202	146	104	80	294	249	206	149	107	[illegible]
	Boston, Mass. (S)	743	359	306	252	180	125	99	300	254	206	149	107	83	294	249	206	149	107	[illegible]
	Boston, Mass. (D)		354	301	249	177	123	98	294	250	202	146	105	82	--	--	--	--	--	[illegible]
	New York, N. Y.	668	335	285	235	169	117	92	300	254	206	149	107	83	294	249	206	149	107	[illegible]
	Philadelphia, Pa.	640	323	275	227	162	113	89	293	247	204	147	105	81	292	246	204	147	105	[illegible]
	Baltimore, Md.	593	311	265	218	156	108	86	290	245	202	146	104	80	290	245	202	146	104	[illegible]
	Norfolk, Va.	785	372	316	261	187	130	103	290	245	202	146	104	80	290	245	202	146	104	[illegible]
	Albany, N. Y.	559	299	253	210	149	105	82	284	243	198	141	101	80	284	243	198	141	101	[illegible]

Base Point

Ashtabula, C

Aurora, Ill

Big Rapids,

2.

Base Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5	6
Ashtabula, Ohio	Halifax, N.S.	1257	507	431	356	254	202	153	241	202	169	121	83	66	246	211	173	124	88	71
	St. John, N.B.	981	429	365	285	216	173	129	241	202	169	121	83	66	246	211	173	124	88	71
	Quebec, Que.	671	349	296	244	174	139	105	241	202	169	121	83	66	246	211	173	124	88	71
	Montreal, Que.	504	296	253	209	148	119	89	241	202	169	121	83	66	244	209	171	122	86	68
	Portland, Me.	670	335	285	235	169	117	92	241	202	169	121	83	66	246	211	173	124	88	71
	Boston, Mass.	598	311	265	218	156	108	86	251	216	173	124	88	71	246	211	173	124	88	71
	New York, N. Y.	513	287	245	201	144	101	80	251	216	173	124	88	71	246	211	173	124	88	71
	Philadelphia, Pa.	450	269	229	189	136	94	74	244	209	171	122	86	68	244	209	171	122	86	68
	Baltimore, Md.	429	263	225	184	131	92	72	242	206	170	121	84	67	243	208	170	121	84	67
	Norfolk, Va.	628	323	275	227	162	113	89	295	251	209	148	104	81	295	251	209	148	104	81
	Albany, N. Y.	414	258	218	180	129	90	71	237	202	165	121	83	66	237	202	165	121	83	66
Aurora, Illinois	Halifax, N.S.	1604	606	514	425	303	243	181	345	293	243	173	121	94	349	296	246	177	124	98
	St. John, N.B.	1327	528	449	367	263	211	159	345	293	243	173	121	94	349	296	246	177	124	98
	Quebec, Que.	1019	449	383	314	226	179	136	345	293	243	173	121	94	349	296	246	177	124	98
	Montreal, Que.	852	403	342	284	202	162	122	345	293	243	173	121	94	347	294	244	174	122	95
	Portland, Me.	1081	445	378	312	223	156	122	345	293	243	173	121	94	349	296	246	177	124	98
	Boston, Mass. (S)	1009	427	364	299	213	149	117	355	302	246	177	124	98	349	296	246	177	124	98
	Boston, Mass. (D)		421	358	295	210	147	116	349	298	243	173	122	96	-	-	-	-	-	-
	New York, N.Y.	934	408	348	286	205	143	112	355	302	246	177	124	98	349	296	246	177	124	98
	Philadelphia, Pa.	847	384	326	269	193	135	106	348	295	244	174	122	95	347	294	244	174	122	95
	Baltimore, Md.	809	372	316	261	187	130	103	345	293	243	173	121	94	345	293	243	173	121	94
	Norfolk, Va.	941	408	348	286	205	143	112	345	293	243	173	121	94	345	293	243	173	121	94
	Albany, N.Y.	825	378	322	265	189	133	104	340	290	237	171	121	94	340	290	237	171	121	94
Big Rapids, Michigan	Halifax, N.S.	1442	568	484	400	285	227	171	326	276	236	165	114	88	341	293	242	173	121	94
	St. John, N.B.	1165	481	411	338	243	192	145	326	276	236	165	114	88	341	293	242	173	121	94
	Quebec, Que.	857	411	349	289	205	163	122	326	276	236	165	114	88	341	293	242	173	121	94
	Montreal, Que.	690	324	278	227	163	131	98	326	276	233	165	114	88	339	290	239	171	119	91
	Portland, Me.	915	403	342	282	201	141	111	326	276	236	165	114	88	341	293	242	173	121	94
	Boston, Mass. (S)	843	384	326	269	193	135	106	345	293	242	173	121	94	341	293	242	173	121	94
	Boston, Mass. (D)		378	322	266	189	131	105	339	287	237	170	119	92	-	-	-	-	-	-
	New York, N.Y.	771	366	311	257	183	128	101	345	293	242	173	121	94	341	293	242	173	121	94
	Philadelphia, Pa.	779	366	311	257	183	128	101	338	285	239	171	119	91	339	290	239	171	119	91
	Baltimore, Md.	761	366	311	257	183	128	101	335	283	237	170	117	90	338	289	237	170	117	90
	Norfolk, Va.	963	414	352	290	208	145	114	335	283	237	170	117	90	338	289	237	170	117	90
	Albany, N.Y.	659	330	281	230	164	116	90	314	267	219	157	110	88	314	267	219	157	110	88

3.

Base Point	Port	Short Line Miles	Domestic						Import						Export					
			Classes						Classes						Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Bloomington, Illinois	Halifax, N.S.	1661	620	528	437	312	250	188	345	293	243	173	121	94	349	296	246	177	124	98
	St. John, N.B.	1384	542	463	379	271	218	163	345	293	243	173	121	94	349	296	246	177	124	96
	Quebec, Que.	1077	463	392	323	232	186	139	345	293	243	173	121	94	349	296	246	177	124	98
	Montreal, Que.	910	417	354	293	210	165	123	345	293	243	173	121	94	347	294	244	174	122	95
	Portland, Me.	1128	457	389	320	229	160	125	345	293	243	173	121	94	349	296	246	177	124	98
	Boston, Mass. (S)	1056	439	373	307	219	154	121	355	302	246	177	124	98	349	296	246	177	124	96
	Boston, Mass. (D)		432	368	303	216	152	120	349	298	243	173	122	96	-	-	-	-	-	-
	New York, N.Y.	957	414	352	290	208	145	114	355	302	246	177	124	98	349	296	246	177	124	98
	Philadelphia, Pa.	881	396	336	278	198	139	108	348	295	244	174	122	95	347	294	244	174	122	95
	Baltimore, Md.	815	378	322	265	189	133	104	345	293	243	173	121	94	345	293	243	173	121	94
	Norfolk, Va.	931	408	348	286	205	143	112	345	293	243	173	121	94	345	293	243	173	121	94
	Albany, N.Y.	872	390	332	273	195	137	107	348	295	244	174	122	95	347	294	244	174	122	95
Bloomington, Indiana	Halifax, N.S.	1631	620	528	437	312	250	188	319	270	223	159	111	88	323	275	227	162	114	91
	St. John, N.B.	1354	542	463	379	271	218	163	319	270	223	159	111	88	323	275	227	162	114	91
	Quebec, Que.	1047	463	392	323	232	186	139	319	270	223	159	111	88	323	275	227	162	114	91
	Montreal, Que.	880	417	354	293	210	165	123	319	270	223	159	111	88	320	271	225	160	112	89
	Portland,, Me.	1060	439	373	307	219	154	121	319	270	223	159	111	88	323	275	227	162	114	91
	Boston, Mass. (S)	988	421	357	295	211	147	116	330	281	227	162	114	91	323	275	227	162	114	91
	Boston, Mass. (D)		414	352	292	208	145	114	323	276	223	159	112	90	-	-	-	-	-	-
	New York, N.Y.	848	384	326	269	193	135	106	330	281	227	162	114	91	323	275	227	162	114	91
	Philadelphia, Pa.	772	366	311	257	183	128	101	322	273	225	160	112	89	320	271	225	160	112	89
	Baltimore, Md.	699	341	290	239	171	120	94	319	270	223	159	111	88	319	270	223	159	111	88
	Norfolk, Va.	799	372	316	261	187	130	103	319	270	223	159	111	88	319	270	223	159	111	88
	Albany, N.Y.	804	378	322	265	189	133	104	322	273	225	160	112	89	320	271	225	160	112	89
Burlington, Iowa	Halifax, N.S.	1772	655	558	458	326	262	197	379	323	267	190	133	105	383	326	270	194	137	10
	St. John, N.B.	1495	568	484	400	285	227	171	379	323	267	190	133	105	383	326	270	194	137	10
	Quebec, Que.	1187	471	401	331	236	188	141	379	323	267	190	133	105	383	326	270	194	137	10
	Montreal, Que.	1020	445	376	312	223	179	133	379	323	267	190	133	105	381	324	268	192	135	10
	Portland, Me.	1214	476	405	333	237	167	130	379	323	267	190	133	105	383	326	270	194	137	10
	Boston, Mass. (S)	1168	463	393	324	232	162	128	389	333	270	194	137	108	383	326	270	194	137	10
	Boston, Mass. (D)		457	389	320	228	160	127	383	328	267	190	135	107	-	-	-	-	-	-
	New York, N.Y.	1074	439	373	307	219	154	121	389	333	270	194	137	108	383	326	270	194	137	10
	Philadelphia, Pa.	998	421	357	295	211	147	116	382	325	268	192	135	106	381	324	268	192	135	10
	Baltimore, Md.	942	408	348	286	205	143	112	379	323	267	190	133	105	379	323	267	190	133	10
	Norfolk, Va.	1061	439	373	307	219	154	121	379	323	267	190	133	105	379	323	267	190	133	10
	Albany, N.Y.	985	421	357	295	211	147	116	382	325	268	192	135	106	381	324	268	192	135	10

Base Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5	6
Cadillac, Michigan	Halifax, N.S.	1445	568	484	400	285	227	171	333	281	241	171	116	89	350	298	245	176	122	96
	St. John, N.B.	1168	481	411	338	243	192	145	333	281	241	171	116	89	350	298	245	176	122	96
	Quebec, Que.	860	411	349	289	205	163	122	333	281	241	171	116	89	350	298	245	176	122	96
	Montreal, Que.	693	363	307	253	181	145	110	333	281	241	171	116	89	348	295	243	173	120	94
	Portland, Me.	924	403	342	282	201	141	111	333	281	241	171	116	89	350	298	245	176	122	96
	Boston, Mass. (S)	852	390	332	273	195	137	107	350	298	245	176	122	96	350	298	245	176	122	96
	Boston, Mass. (D)		384	326	269	192	135	106	343	293	242	172	120	95	-	-	-	-	-	-
	New York, N.Y.	781	372	316	261	187	130	103	350	298	245	176	122	96	350	298	245	176	122	96
	Philadelphia, Pa.	787	372	316	261	187	130	103	342	290	243	173	120	94	348	295	243	173	120	94
	Baltimore, Md.	775	366	311	257	183	128	101	340	287	242	172	119	92	347	294	242	172	119	92
	Norfolk, Va.	967	414	352	290	208	145	114	340	287	242	172	119	92	347	294	242	172	119	92
	Albany, N.Y.	668	335	285	235	169	117	92	319	270	223	159	111	88	319	270	223	159	111	88
Cairo, Illinois	Halifax, N.S.	1849	673	575	471	338	270	202	375	319	262	188	131	104	379	323	266	192	136	107
	St. John, N.B.	1572	594	506	417	298	237	179	375	319	262	188	131	104	379	323	266	192	136	107
	Quebec, Que.	1265	517	438	363	260	209	156	375	319	262	188	131	104	379	323	266	192	136	107
	Montreal, Que.	1098	463	392	323	232	186	139	375	319	262	188	131	104	376	320	263	189	133	105
	Portland, Me.	1282	494	420	347	247	173	136	375	319	262	188	131	104	379	323	266	192	136	107
	Boston, Mass. (S)	1210	476	405	333	237	167	130	385	330	266	192	136	107	379	323	266	192	136	107
	Boston, Mass. (D)		470	400	330	234	164	129	379	324	262	188	133	106	-	-	-	-	-	-
	New York, N.Y.	1071	439	373	307	219	154	121	385	330	266	192	136	107	379	323	266	192	136	107
	Philadelphia, Pa.	991	421	357	295	211	147	116	378	322	263	189	133	105	376	320	263	189	133	105
	Baltimore, Md.	907	403	342	282	201	141	111	375	319	262	188	131	104	375	319	262	188	131	104
	Norfolk, Va.	955	414	352	290	208	145	114	375	319	262	188	131	104	375	319	262	188	131	104
	Albany, N.Y.	1026	432	368	303	217	152	120	378	322	263	189	133	105	376	320	263	189	133	105
Cambridge, Ohio	Halifax, N.S.	1424	553	471	389	278	223	165	237	202	165	121	83	66	242	206	170	124	87	70
	St. John, N.B.	1148	477	403	333	237	190	141	237	202	165	121	83	66	242	206	170	124	87	70
	Quebec, Que.	838	398	338	278	198	159	121	237	202	165	121	83	66	242	206	170	124	87	70
	Montreal, Que.	671	349	296	244	174	139	105	237	202	165	121	83	66	239	204	167	122	84	67
	Portland, Me.	840	384	326	269	193	135	106	237	202	165	121	83	66	242	206	170	124	87	70
	Boston, Mass.	768	366	311	257	183	128	101	247	212	170	124	87	70	242	206	170	124	87	70
	New York, N.Y.	541	299	253	210	149	105	82	247	212	170	124	87	70	242	206	170	124	87	70
	Philadelphia, Pa.	465	276	234	193	138	96	75	241	205	167	122	84	67	239	204	167	122	84	67
	Baltimore, Md.	402	258	218	180	129	90	71	237	202	165	121	83	66	237	202	165	121	83	66
	Norfolk, Va.	594	311	265	218	156	108	86	271	232	192	138	96	75	271	232	192	138	96	75
	Albany, N.Y.	578	305	260	213	153	107	84	241	205	167	122	84	67	239	204	167	122	84	67

Base Point	Port	Short Line Miles	Domestic Classes						Import Classes						Export Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Canton, Ohio	Halifax, N.S.	1353	534	454	375	268	214	162	237	202	165	121	83	66	242	206	170	124	87	70
	St. John, N.B.	1077	455	389	319	228	184	138	237	202	165	121	83	66	242	206	170	124	87	7
	Quebec, Que.	767	376	320	263	190	149	114	237	202	165	121	83	66	242	206	170	124	87	7
	Montreal, Que.	600	332	281	232	165	133	101	237	202	165	121	83	66	239	204	167	122	84	6
	Portland, Me.	763	366	311	257	183	128	101	237	202	165	121	83	66	242	206	170	124	87	7
	Boston, Mass.	691	341	290	239	171	120	94	247	212	170	124	87	70	242	206	170	124	87	7
	New York, N.Y.	536	294	250	206	147	103	81	247	212	170	124	87	70	242	206	170	124	87	7
	Philadelphia, Pa.	460	269	229	189	136	94	74	241	205	167	122	84	67	239	204	167	122	84	6
	Baltimore, Md.	413	258	218	180	129	90	71	237	202	165	121	83	66	237	202	165	121	83	6
	Norfolk, Va.	605	317	269	222	159	111	88	271	232	192	138	96	75	271	232	192	138	96	75
	Albany, N.Y.	511	287	245	201	144	101	80	241	205	167	122	84	67	239	204	167	122	84	6
Centralia, Illinois	Halifax, N.S.	1748	647	550	454	324	260	193	356	303	250	179	123	98	359	307	253	183	127	10
	St. John, N.B.	1471	560	477	392	281	226	169	356	303	250	179	123	98	359	307	253	183	127	10
	Quebec, Que.	1164	488	414	342	244	197	146	356	303	250	179	123	98	359	307	253	183	127	10
	Montreal, Que.	997	437	372	306	218	174	131	356	303	250	179	123	98	357	305	251	180	124	9
	Portland, Me.	1198	470	399	330	235	164	129	356	303	250	179	123	98	359	307	253	183	127	10
	Boston, Mass. (S)	1126	457	389	320	229	160	125	366	314	253	183	127	101	359	307	253	183	127	10
	Boston, Mass. (D)		452	384	317	226	157	124	359	308	250	179	124	100	-	-	-	-	-	-
	New York, N.Y.	992	421	357	295	211	147	116	366	314	253	183	127	101	359	307	253	183	127	10
	Philadelphia, Pa.	916	403	342	282	201	141	111	358	306	251	180	124	99	357	305	251	180	124	9
	Baltimore, Md.	841	384	326	269	193	135	106	356	303	250	179	123	98	356	303	250	179	123	9
	Norfolk, Va.	934	408	348	286	205	143	112	356	303	250	179	123	98	356	303	250	179	123	9
	Albany, N.Y.	942	408	348	286	205	143	112	358	306	251	180	124	99	357	305	251	180	124	9
Champaign, Illinois	Halifax, N.S.	1632	616	523	429	307	245	186	336	285	236	169	119	92	340	289	241	172	122	96
	St. John, N.B.	1355	534	454	375	268	214	162	336	285	236	169	119	92	340	289	241	172	122	96
	Quebec, Que.	1048	455	389	319	228	184	138	336	285	236	169	119	92	340	289	241	172	122	9
	Montreal, Que.	881	411	349	289	205	163	122	336	285	236	169	119	92	338	286	237	170	120	94
	Portland, Me.	1099	445	378	312	223	156	122	336	285	236	169	119	92	340	289	241	172	122	96
	Boston, Mass. (S)	1027	432	368	303	217	152	120	347	295	241	172	122	96	340	289	241	172	122	96
	Boston, Mass. (D)		427	364	300	213	148	119	340	290	236	169	120	95	-	-	-	-	-	-
	New York, N.Y.	913	403	342	282	201	141	111	347	295	241	172	122	96	340	289	241	172	122	96
	Philadelphia, Pa.	837	384	326	269	193	135	106	339	287	237	170	120	94	338	286	237	170	120	94
	Baltimore, Md.	768	366	311	257	183	128	101	336	285	236	169	119	92	336	285	236	169	119	92
	Norfolk, Va.	883	396	336	278	193	139	108	336	285	236	169	119	92	336	285	236	169	119	92
	Albany, N.Y.	843	384	326	269	193	135	106	339	287	237	170	120	94	338	286	237	170	120	94

Base Point	Port	Short Line Miles	Domestic						Import						Export					
			Classes						Classes						Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Cheboygan, Michigan	Halifax, N.S.	1465	588	501	412	295	236	176	363	306	260	184	128	98	379	323	267	190	133	105
	St. John, N.B.	1188	501	428	350	251	201	149	363	306	260	184	128	98	379	323	267	190	133	105
	Quebec, Que.	867	429	365	302	216	173	129	363	306	260	184	128	98	379	323	267	190	133	105
	Montreal, Que.	720	376	320	263	190	149	114	363	306	260	184	128	98	376	320	265	188	130	103
	Portland, Me.	995	421	357	295	211	147	116	363	306	260	184	128	98	379	323	267	190	133	105
	Boston, Mass. (S)	923	403	342	282	201	141	111	379	323	267	190	133	105	379	323	267	190	133	105
	Boston, Mass. (D)		396	338	278	197	139	110	373	313	263	187	130	104	-	-	-	-	-	-
	New York, N.Y.	852	390	332	273	195	137	107	379	323	267	190	133	105	379	323	267	190	133	105
	Philadelphia, Pa.	858	390	332	273	195	137	107	372	316	265	188	130	103	376	320	265	188	130	103
	Baltimore, Md.	856	390	332	273	195	137	107	369	314	263	187	129	101	375	319	263	187	129	101
	Norfolk, Va.	1053	439	373	307	219	154	121	369	314	263	187	129	101	375	319	263	187	129	101
	Albany, N.Y.	739	354	301	247	177	124	98	349	296	244	174	122	96	349	296	244	174	122	96
Chester, Illinois	Halifax, N.S.	1816	660	563	463	332	263	198	373	316	262	188	131	104	376	319	266	192	136	107
	St. John, N.B.	1539	580	494	406	290	232	174	373	316	262	188	131	104	376	319	266	192	136	107
	Quebec, Que.	1232	501	428	350	251	201	149	373	318	262	188	131	104	376	319	266	192	136	107
	Montreal, Que.	1065	455	389	319	228	184	138	373	316	262	188	131	104	374	317	263	189	133	105
	Portland, Me.	1241	481	409	338	242	169	133	373	316	262	188	131	104	376	319	266	192	136	107
	Boston, Mass. (S)	1169	463	393	324	232	162	128	383	325	266	192	136	107	376	319	266	192	136	107
	Boston, Mass. (D)		457	389	320	228	160	127	376	320	262	188	133	106	-	-	-	-	-	-
	New York, N.Y.	1036	432	368	303	217	152	120	383	325	266	192	136	107	376	319	266	192	136	107
	Philadelphia, Pa.	959	414	352	290	208	145	114	375	318	263	189	133	105	374	317	263	189	133	105
	Baltimore, Md.	884	396	336	278	198	139	108	373	316	262	188	131	104	373	316	262	188	131	104
	Norfolk, Va.	961	414	352	290	208	145	114	373	316	262	188	131	104	373	316	262	188	131	104
	Albany, N.Y.	985	421	357	295	211	147	116	375	318	263	189	133	105	374	317	263	189	133	105
Chicago, Illinois	Halifax, N.S.	1567	602	512	420	302	241	181	336	285	236	169	119	92	340	289	241	172	122	96
	St. John, N.B.	1290	517	438	363	260	209	156	336	285	236	169	119	92	340	289	241	172	122	96
	Quebec, Que.	982	445	378	312	223	179	133	336	285	236	169	119	92	340	289	241	172	122	96
	Montreal, Que.	815	398	338	278	198	159	121	336	285	236	169	119	92	338	286	237	170	120	94
	Portland, Me.	1045	432	368	303	217	152	120	336	285	236	169	119	92	340	289	241	172	122	96
	Boston, Mass. (S)	973	414	352	290	208	145	114	347	295	241	172	122	96	340	289	241	172	122	96
	Boston, Mass. (D)		408	348	286	204	143	113	340	290	236	169	120	95	-	-	-	-	-	-
	New York, N.Y.	890	396	336	278	198	139	108	347	295	241	172	122	96	340	289	241	172	122	96
	Philadelphia, Pa.	814	378	322	265	189	133	104	339	287	237	170	120	94	338	286	237	170	120	94
	Baltimore, Md.	767	366	311	257	183	128	101	336	285	236	169	119	92	336	285	236	169	119	92
	Norfolk, Va.	914	405	342	282	201	141	111	336	285	236	169	119	92	336	285	236	169	119	92
	Albany, N.Y.	789	372	316	261	187	130	105	333	284	233	169	119	92	333	284	233	169	119	92

Base Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5	6
Chillicothe, Ohio	Halifax, N.S.	1499	568	484	400	285	227	171	250	211	174	123	88	68	253	214	178	127	91	72
	St. John, N.B.	1223	488	414	342	244	197	146	250	211	174	123	88	68	253	214	178	127	91	72
	Quebec, Que.	913	424	359	296	211	171	128	250	211	174	123	88	68	253	214	178	127	91	72
	Montreal, Que.	746	373	316	262	188	148	111	250	211	174	123	88	68	251	212	176	124	89	70
	Portland, Me.	910	403	342	282	201	141	111	250	211	174	123	86	68	253	214	178	127	91	72
	Boston, Mass. (S)	838	384	326	269	193	135	106	260	220	178	127	91	72	253	214	178	127	91	72
	Boston, Mass. (D)		378	322	266	189	131	105	-	-	-	-	-	-	-	-	-	-	-	-
	New York, N.Y.	638	323	275	227	162	113	89	260	220	178	127	91	72	253	214	178	127	91	72
	Philadelphia, Pa.	548	299	253	210	149	105	82	252	213	176	124	89	70	251	212	176	124	89	70
	Baltimore, Md.	464	276	234	193	138	96	75	250	211	174	123	88	68	250	211	174	123	88	68
	Norfolk, Va.	588	311	265	218	156	108	86	250	211	174	123	88	68	250	211	174	123	88	68
	Albany, N.Y.	658	330	281	230	164	116	90	252	213	176	124	89	70	251	212	176	124	89	70
Cincinnati, Ohio	Halifax, N.S.	1552	588	501	412	295	236	176	279	237	197	139	98	76	283	242	201	143	101	81
	St. John, N.B.	1276	507	431	356	254	202	153	279	237	197	139	98	76	283	242	201	143	101	81
	Quebec, Que.	966	429	365	302	216	173	129	279	237	197	139	98	76	283	242	201	143	101	81
	Montreal, Que.	799	390	332	271	197	157	119	279	237	197	139	98	76	281	239	198	140	99	78
	Portland, Me.	963	414	352	290	208	145	114	279	237	197	139	96	76	283	242	201	143	101	81
	Boston, Mass. (S)	891	396	336	278	198	139	108	289	247	201	143	101	81	283	242	201	143	101	81
	Boston, Mass. (D)		390	332	275	195	137	107	283	243	197	139	99	80	-	-	-	-	-	-
	New York, N.Y.	742	359	306	252	180	125	99	289	247	201	143	101	81	283	242	201	143	101	81
	Philadelphia, Pa.	644	330	281	230	164	116	90	282	241	198	140	99	78	281	239	198	140	99	78
	Baltimore, Md.	560	299	253	210	149	105	82	279	237	197	139	98	76	279	237	197	139	98	76
	Norfolk, Va.	656	330	281	230	164	116	90	279	237	197	139	98	76	279	237	197	139	98	76
	Albany, N.Y.	707	348	295	244	174	122	95	282	241	198	140	99	78	281	239	198	140	99	78
Clare, Michigan	Halifax, N.S.	1397	553	471	389	278	223	165	319	268	228	162	111	86	336	285	236	169	119	92
	St. John, N.B.	1120	471	401	331	236	188	141	319	268	228	162	111	86	336	285	236	169	119	92
	Quebec, Que.	812	398	338	278	198	159	121	319	268	228	162	111	86	336	285	236	169	119	92
	Montreal, Que.	645	349	296	244	174	139	105	319	268	228	162	111	86	334	283	234	165	116	90
	Portland, Me.	876	396	336	278	198	139	108	319	268	228	162	111	86	336	285	236	169	119	92
	Boston, Mass. (S)	804	378	322	263	189	133	104	336	285	236	169	119	92	336	285	236	169	119	92
	Boston, Mass. (D)		372	317	261	186	130	103	331	281	233	164	116	91	-	-	-	-	-	-
	New York, N.Y.	732	354	301	247	177	124	98	336	285	236	169	119	92	336	285	236	169	119	92
	Philadelphia, Pa.	738	354	301	247	177	124	98	330	278	234	165	116	90	334	283	234	165	116	90
	Baltimore, Md.	727	354	301	247	177	124	98	326	276	233	164	114	89	333	282	233	164	114	89
	Norfolk, Va.	919	403	342	282	201	141	111	326	276	233	164	114	89	333	282	233	164	114	89
	Albany, N.Y.	620	317	269	222	159	111	88	306	260	214	153	106	86	306	260	214	153	106	86

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Base Point	Port	Short Line Miles	Domestic						Import						Export					
			Classes						Classes						Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Cleveland, Ohio	Halifax, N.S.	1312	523	445	366	262	210	157	244	209	171	122	86	68	247	212	174	125	89	72
	St. John, N.B.	1036	449	383	314	226	179	136	244	209	171	122	86	68	247	212	174	125	89	72
	Quebec, Que.	726	366	312	258	184	146	110	244	209	171	122	86	68	247	212	174	125	89	72
	Montreal, Que.	559	316	268	223	159	128	[illegible]	244	209	171	122	86	68	245	210	172	123	87	70
	Portland, Me.	724	354	301	247	177	124	98	244	209	171	122	86	68	247	212	174	125	89	72
	Boston, Mass.	652	330	281	230	164	116	90	253	218	174	125	89	72	247	212	174	125	89	72
	New York, N.Y.	562	305	260	213	153	107	84	253	218	174	125	89	72	247	212	174	125	89	72
	Philadelphia, Pa.	490	282	239	197	141	99	78	246	211	172	123	87	70	245	210	172	123	87	70
	Baltimore, Md.	444	269	229	189	136	94	74	244	209	171	122	86	68	244	209	171	122	86	68
	Norfolk, Va.	636	323	275	227	162	113	89	295	251	209	148	104	81	295	251	209	148	104	81
	Albany, N.Y.	468	276	234	193	138	96	75	246	211	172	123	87	70	245	210	172	123	87	70
Clifford, Michigan	Halifax, N.S.	1307	534	454	375	268	214	162	290	244	210	148	101	80	307	262	216	156	106	86
	St. John, N.B.	1030	449	383	314	226	179	136	290	244	210	148	101	80	307	262	216	156	106	86
	Quebec, Que.	722	373	316	262	188	148	111	290	244	210	148	101	80	307	262	216	156	106	86
	Montreal, Que.	555	316	268	223	159	128	96	290	244	210	148	101	80	305	260	213	154	104	83
	Portland, Me.	785	372	316	261	187	130	103	290	244	210	148	101	80	307	262	216	156	106	86
	Boston, Mass. (S)	713	348	295	244	174	122	95	307	262	216	156	106	86	307	262	216	156	106	86
	Boston, Mass. (D)		341	290	241	171	120	94	301	258	212	153	104	84	-	-	-	-	-	-
	New York, N.Y.	642	330	281	230	164	116	90	307	262	216	156	106	86	307	262	216	156	106	86
	Philadelphia, Pa.	648	330	281	230	164	116	90	300	254	213	154	104	83	305	260	213	154	104	83
	Baltimore, Md.	646	330	281	230	164	116	90	298	252	212	153	103	82	303	259	212	153	103	82
	Norfolk, Va.	861	390	332	273	195	137	107	298	252	212	153	103	82	303	259	212	153	103	82
	Albany, N.Y.	529	294	250	206	147	103	81	279	237	197	139	98	76	279	237	197	139	98	76
Clinton, Iowa	Halifax, N.S.	1711	633	538	442	316	253	190	373	316	262	188	131	104	376	319	266	192	136	107
	St. John, N.B.	1434	553	471	389	278	223	165	373	316	262	188	131	104	376	319	266	192	136	107
	Quebec, Que.	1126	477	403	333	237	190	141	373	316	262	188	131	104	376	319	266	192	136	107
	Montreal, Que.	959	429	365	302	216	173	129	373	316	262	188	131	104	374	317	263	189	133	105
	Portland, Me.	1183	470	399	330	235	164	129	373	315	262	188	131	104	376	319	266	192	136	107
	Boston, Mass. (S)	1111	452	384	316	226	159	124	383	325	266	192	136	107	376	319	266	192	136	107
	Boston, Mass. (D)		445	379	312	222	156	123	376	320	262	188	133	106	-	-	-	-	-	-
	New York, N.Y.	1028	432	368	303	217	152	120	383	325	266	192	136	107	376	319	266	192	136	107
	Philadelphia, Pa.	950	408	348	286	205	143	112	375	318	263	189	133	105	374	317	263	189	133	105
	Baltimore, Md.	903	403	342	282	201	141	111	373	316	262	188	131	104	373	316	262	188	131	104
	Norfolk, Va.	1039	432	368	303	217	152	120	373	316	262	188	131	104	373	316	262	188	131	104
	Albany, N.Y.	927	408	348	286	205	143	112	378	320	266	190	133	105	374	317	263	189	133	105

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Base Point	Port	Short Line Miles	Domestic						Import						Export					9,
			Classes						Classes						Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Columbus, Ohio	Halifax, N.S.	1450	560	477	392	281	226	169	254	216	179	129	89	70	259	219	183	133	92	73
	St. John, N.B.	1174	481	411	338	243	192	145	254	216	179	129	89	70	259	219	183	133	92	73
	Quebec, Que.	864	403	342	284	202	162	122	254	216	179	129	89	70	259	219	183	133	92	73
	Montreal, Que.	697	363	307	253	181	145	110	254	216	179	129	89	70	257	217	180	130	90	71
	Portland, Me.	862	390	332	273	195	137	107	254	216	179	129	89	70	259	219	183	133	92	73
	Boston, Mass. (S)	790	372	316	261	187	130	103	265	226	183	133	92	73	259	219	183	133	92	73
	Boston, Mass. (D)		366	311	258	183	128	101	-	-	-	-	-	-	-	-	-	-	-	-
	New York, N.Y.	621	323	275	227	162	113	89	265	226	183	133	92	73	259	219	183	133	92	73
	Philadelphia, Pa.	545	299	253	210	149	105	82	258	218	180	130	90	71	257	217	180	130	90	71
	Baltimore, Md.	479	276	234	193	138	96	75	254	216	179	129	89	70	254	216	179	129	89	70
	Norfolk, Va.	632	323	275	227	162	113	89	254	216	179	129	89	70	254	216	179	129	89	70
	Albany, N.Y.	606	317	269	222	159	111	88	258	218	180	130	90	71	257	217	180	130	90	71
Danville, Illinois	Halifax, N.S.	1599	594	506	417	298	237	179	331	279	232	165	116	92	334	283	235	170	120	96
	St. John, N.B.	1322	528	449	367	263	211	159	331	279	232	165	116	92	334	283	235	170	120	96
	Quebec, Que.	1015	449	383	314	226	179	136	331	279	232	165	116	92	334	283	235	170	120	96
	Montreal, Que.	848	403	342	284	202	162	122	331	279	232	165	116	92	332	281	233	167	117	94
	Portland, Me.	1066	439	373	307	219	154	121	331	279	232	165	116	92	334	283	235	170	120	96
	Boston, Mass. (S)	994	421	357	295	211	147	116	340	289	235	170	120	96	334	283	235	170	120	96
	Boston, Mass. (D)		414	352	292	208	145	114	334	284	232	165	117	95	-	-	-	-	-	-
	New York, N.Y.	879	396	336	278	198	139	108	340	289	235	170	120	96	334	283	235	170	120	96
	Philadelphia, Pa.	803	378	322	265	189	133	101	333	282	233	167	117	94	332	281	233	167	117	94
	Baltimore, Md.	735	354	301	247	177	124	98	331	279	232	165	116	92	331	279	232	165	116	92
	Norfolk, Va.	851	390	332	273	195	137	107	331	279	232	165	116	92	331	279	232	165	116	92
	Albany, N.Y.	810	378	322	265	189	133	104	333	282	233	167	117	94	332	281	233	167	117	94
Dayton, Ohio	Halifax, N.S.	1498	576	488	403	289	232	173	271	232	192	138	96	75	276	235	195	141	100	80
	St. John, N.B.	1222	497	424	349	250	198	148	271	232	192	138	96	75	276	235	195	141	100	80
	Quebec, Que.	912	417	354	293	210	165	123	271	232	192	138	96	75	276	235	195	141	100	80
	Montreal, Que.	745	373	316	262	188	148	111	271	232	192	138	96	75	273	233	193	139	98	76
	Portland, Me.	908	403	342	282	201	141	111	271	232	192	138	96	75	276	235	195	141	100	80
	Boston, Mass. (S)	836	384	326	269	193	135	106	282	242	195	141	100	80	276	235	195	141	100	80
	Boston, Mass. (D)		378	322	266	189	131	105	-	-	-	-	-	-	-	-	-	-	-	-
	New York, N.Y.	690	341	290	239	171	120	94	282	242	195	141	100	80	276	235	195	141	100	80
	Philadelphia, Pa.	614	317	269	222	159	111	88	275	234	193	139	98	76	273	233	193	139	98	76
	Baltimore, Md.	541	299	253	210	149	105	82	271	232	192	138	96	75	271	232	192	138	96	75
	Norfolk, Va.	665	335	285	235	169	117	92	271	232	192	138	96	75	271	232	192	139	96	75
	Albany, N.Y.	652	330	281	230	164	116	90	275	234	193	139	98	76	273	233	193	139	98	76

Base Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5	6
Decatur, Illinois	Halifax, N.S.	1673	620	528	437	312	250	188	345	293	243	173	121	94	349	296	246	177	124	98
	St. John, N.B.	1396	542	463	379	271	218	163	345	293	243	173	121	94	349	296	246	177	124	98
	Quebec, Que.	1089	463	392	323	232	186	139	345	293	243	173	121	94	349	296	246	177	124	98
	Montreal, Que.	922	417	354	293	210	165	123	345	293	243	173	121	94	347	294	244	174	122	95
	Portland, Me.	1140	457	389	320	229	160	125	345	293	243	173	121	94	349	296	246	177	124	98
	Boston, Mass. (S)	1068	439	373	307	219	154	121	355	302	246	177	124	98	349	296	246	177	124	98
	Boston, Mass. (D)		432	368	303	216	152	120	349	298	243	173	122	96	-	-	-	-	-	-
	New York, N.Y.	952	414	352	290	208	145	114	365	302	246	177	124	98	349	296	246	177	124	98
	Philadelphia, Pa.	876	396	336	278	198	139	108	348	295	244	174	122	95	347	294	244	174	122	95
	Baltimore, Md.	803	378	322	265	189	133	104	345	293	243	173	121	94	345	293	243	173	121	94
	Norfolk, Va.	918	403	342	282	201	141	111	345	293	243	173	121	94	345	293	243	173	121	94
	Albany, N.Y.	884	396	336	278	198	139	108	348	295	244	174	122	95	347	294	244	174	122	95
Defiance, Ohio	Halifax, N.S.	1427	553	471	389	278	223	165	289	244	201	145	101	80	293	247	205	148	105	83
	St. John, N.B.	1150	477	403	333	237	190	141	289	244	201	145	101	80	293	247	205	148	105	83
	Quebec, Que.	843	398	338	278	198	159	121	289	244	201	145	101	80	293	247	205	148	105	83
	Montreal, Que.	676	366	312	258	184	146	110	289	244	201	145	101	80	290	245	202	146	103	81
	Portland, Me.	882	396	336	278	198	139	108	289	244	201	145	101	80	293	247	205	148	105	83
	Boston, Mass. (S)	810	378	322	265	189	133	104	299	253	205	148	105	83	293	247	205	148	105	83
	Boston, Mass. (D)		372	317	261	186	130	103	293	249	201	145	103	82	-	-	-	-	-	-
	New York, N.Y.	715	348	295	244	174	122	95	299	253	205	148	105	83	293	247	205	148	105	83
	Philadelphia, Pa.	639	323	275	227	162	113	89	292	246	202	146	103	81	290	245	202	146	103	81
	Baltimore, Md.	592	311	265	218	156	108	86	289	244	201	145	101	80	289	244	201	145	101	80
	Norfolk, Va.	761	366	311	257	183	128	101	289	244	201	145	101	80	289	244	201	145	101	80
	Albany, N.Y.	626	323	275	227	162	113	89	290	245	202	146	103	81	290	245	202	146	104	81
Detroit, Michigan	Halifax, N.S.	1308	534	454	375	268	214	162	278	233	201	141	96	75	293	247	205	148	104	81
	St. John, N.B.	1031	449	383	314	226	179	136	278	233	201	141	96	75	293	247	205	148	104	81
	Quebec, Que.	724	373	316	262	188	148	111	278	233	201	141	96	75	293	247	205	148	104	81
	Montreal, Que.	557	312	267	218	157	123	94	278	233	201	141	96	75	290	245	202	146	101	78
	Portland, Me.	778	366	311	257	183	128	101	278	233	201	141	96	75	293	247	205	148	104	81
	Boston, Mass. (S)	706	348	295	244	174	122	95	295	251	205	148	104	81	293	247	205	148	104	81
	Boston, Mass. (D)		341	290	241	171	120	94	289	246	201	145	101	80	-	-	-	-	-	-
	New York, N.Y.	631	323	275	227	162	113	89	295	251	205	148	104	81	293	247	205	148	104	81
	Philadelphia, Pa.	637	323	275	227	162	113	89	287	244	202	146	101	78	290	245	202	146	101	78
	Baltimore, Md.	604	317	269	222	159	111	88	285	242	201	145	100	76	289	244	201	145	100	76
	Norfolk, Va.	796	372	316	261	187	130	103	285	242	201	145	100	76	289	244	201	145	100	76
	Albany, N.Y.	522	294	250	206	147	103	81	271	232	192	138	96	75	271	232	192	138	96	75

Base Point	Port	Short Line Miles	Domestic						Import						Export					
			Classes						Classes						Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Dubuque, Iowa	Halifax, N.S.	1733	641	546	449	320	258	192	379	323	267	190	133	105	383	326	270	194	137	108
	St. John, N.B.	1456	560	477	392	281	226	169	379	323	267	190	133	105	383	326	270	194	137	108
	Quebec, Que.	1148	481	411	338	243	192	145	379	323	267	190	133	105	383	326	270	194	137	108
	Montreal, Que.	981	437	372	306	218	174	131	379	323	267	190	133	105	381	324	268	192	135	106
	Portland, Me.	1305	500	425	350	250	176	138	379	323	267	190	133	105	383	326	270	194	137	108
	Boston, Mass. (S)	1133	457	389	320	229	160	125	389	333	270	194	137	108	383	326	270	194	137	108
	Boston, Mass. (D)		452	384	317	226	157	124	383	328	267	190	135	107	-	-	-	-	-	-
	New York, N.Y.	1061	439	373	307	219	154	121	389	333	270	194	137	108	383	326	270	194	137	108
	Philadelphia, Pa.	986	421	357	295	211	147	116	382	325	268	192	135	106	381	324	268	192	135	106
	Baltimore, Md.	939	408	348	286	205	143	112	379	323	267	190	133	105	379	323	267	190	133	105
	Norfolk, Va.	1084	445	378	312	223	156	122	379	323	267	190	133	105	379	323	267	190	133	105
	Albany, N.Y.	949	408	348	286	205	143	112	382	325	268	192	135	105	381	324	268	192	135	105
Eldorado, Illinois	Halifax, N.S.	1771	647	550	454	324	260	193	356	303	250	179	123	98	359	307	253	183	127	101
	St. John, N.B.	1494	568	484	400	285	227	171	356	303	250	179	123	98	359	307	253	183	127	101
	Quebec, Que.	1187	488	414	342	244	197	146	356	303	250	179	123	98	359	307	253	103	127	101
	Montreal, Que.	1020	445	376	312	223	179	133	356	303	250	179	123	98	357	305	251	180	124	99
	Portland, Me.	1205	476	405	333	237	167	130	356	303	250	179	123	98	359	307	253	183	127	101
	Boston, Mass. (S)	1133	457	389	320	229	160	125	366	314	253	183	127	101	359	307	253	183	127	101
	Boston, Mass. (D)		452	384	317	226	157	124	359	308	250	179	124	100						
	New York, N.Y.	994	421	357	295	211	147	116	366	314	253	183	127	101	359	307	253	183	127	101
	Philadelphia, Pa.	914	403	342	282	201	141	111	358	306	251	180	124	99	357	305	251	180	124	99
	Baltimore, Md.	830	384	326	269	193	135	106	356	303	250	179	123	98	356	303	250	179	123	98
	Norfolk, Va.	906	403	342	282	201	141	111	356	303	250	179	123	98	356	303	250	179	123	98
	Albany, N.Y.	949	408	348	286	205	143	112	358	306	251	180	124	98	357	305	251	180	124	99
Evansville, Indiana	Halifax, N.S.	1742	641	546	449	320	258	192	345	293	243	173	121	94	349	296	246	177	124	98
	St. John, N.B.	1465	560	477	392	281	226	169	345	293	243	173	121	94	349	296	246	177	124	98
	Quebec, Que.	1158	481	411	338	243	192	145	345	293	243	173	121	94	349	296	246	177	124	98
	Montreal, Que.	991	437	372	306	218	174	131	345	293	243	173	121	94	347	294	244	174	122	95
	Portland, Me.	1174	463	393	324	232	162	128	345	293	243	173	121	94	349	296	246	177	124	98
	Boston, Mass. (S)	1102	452	384	316	226	159	124	355	302	246	177	124	98	349	296	246	177	124	98
	Boston, Mass. (D)		445	379	312	222	156	123	349	298	243	173	122	96	-	-	-	-	-	-
	New York, N.Y.	951	414	352	290	203	145	114	355	302	246	177	124	98	349	296	246	177	124	98
	Philadelphia, Pa.	871	390	332	273	195	137	107	348	295	244	174	122	95	347	294	244	174	122	95
	Baltimore, Md.	787	372	316	261	187	130	103	345	293	243	173	121	94	345	293	243	173	121	94
	Norfolk, Va.	846	384	326	269	193	135	106	345	293	243	173	121	94	345	293	243	173	121	94
	Albany, N.Y,	918	403	342	282	201	141	111	348	295	244	174	122	95	347	294	244	174	122	95

[fol. 3077]

Base Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5	6
Flint, Michigan	Halifax, N.S.	1320	528	449	367	263	211	159	293	245	210	148	104	80	308	262	216	155	108	86
	St. John, N.B.	1043	449	383	314	226	179	136	293	245	210	148	104	80	308	262	216	155	108	86
	Quebec, Que.	735	376	320	263	190	149	114	293	245	210	148	104	80	308	262	216	155	108	86
	Montreal, Que.	568	324	278	227	163	131	98	293	245	210	148	104	80	306	260	213	153	106	83
	Portland, Me.	801	378	322	265	189	133	104	293	245	210	148	104	80	308	262	216	155	108	86
	Boston, Mass. (S)	729	354	301	247	177	124	98	310	263	216	155	108	86	308	262	216	155	108	86
	Boston, Mass. (D)		348	296	244	173	122	96	303	259	212	152	106	84	-	-	-	-	-	-
	New York, N.Y.	657	330	281	230	164	116	90	310	263	216	155	108	86	308	262	216	155	108	86
	Philadelphia, Pa.	663	335	285	235	169	117	92	302	257	213	153	106	83	306	260	213	153	106	83
	Baltimore, Md.	650	330	281	230	164	116	90	300	253	212	152	105	82	305	259	212	152	105	82
	Norfolk, Va.	842	384	326	269	193	135	106	300	253	212	152	105	82	305	259	212	152	105	82
	Albany, N.Y	545	299	253	210	149	105	82	279	237	197	139	98	76	279	237	197	139	98	76
Flora, Illinois	Halifax, N.S.	1732	641	546	449	320	258	192	345	293	243	173	121	94	349	296	246	177	124	98
	St. John, N.B.	1455	560	477	392	281	226	169	345	293	243	173	121	94	349	296	246	177	124	98
	Quebec, Que.	1148	481	411	338	243	192	145	345	293	243	173	121	94	349	296	246	177	124	98
	Montreal, Que.	981	437	372	306	218	174	131	345	293	243	173	121	94	347	294	244	174	122	95
	Portland, Me.	1160	463	393	324	232	162	128	345	293	243	173	121	94	349	296	246	177	124	98
	Boston, Mass. (S)	1098	445	378	312	223	156	122	355	302	246	177	124	98	349	296	246	177	124	98
	Boston, Mass. (D)		439	373	308	219	154	121	349	298	243	173	122	96	-	-	-	-	-	-
	New York, N.Y.	954	414	352	290	208	145	114	355	302	246	177	124	98	349	296	246	177	124	98
	Philadelphia, Pa.	878	396	336	278	198	139	108	348	295	244	174	122	95	347	294	244	174	122	95
	Baltimore, Md.	805	378	322	265	189	133	104	345	293	243	173	121	94	345	293	243	173	121	94
	Norfolk, Va.	920	403	342	282	201	141	111	345	293	243	173	121	94	345	293	243	173	121	94
	Albany, N.Y.	904	403	342	282	201	141	111	348	295	244	174	122	95	347	294	244	174	122	95
Forrest, Illinois	Halifax, N.S.	1623	616	523	429	307	245	186	340	290	237	171	121	94	343	294	242	174	124	98
	St. John, N.B.	1346	534	454	375	268	214	162	340	290	237	171	121	94	343	294	242	174	124	98
	Quebec, Que.	1039	455	389	319	228	184	138	340	290	237	171	121	94	343	294	242	174	124	98
	Montreal, Que.	872	411	349	289	205	163	122	340	290	237	171	121	94	341	292	239	172	122	95
	Portland, Me.	1109	452	384	316	226	159	124	340	290	237	171	121	94	343	294	242	174	124	98
	Boston, Mass. (S)	1037	432	368	303	217	152	120	350	300	242	174	124	98	343	294	242	174	124	98
	Boston, Mass. (D)		427	364	300	213	148	119	343	295	237	171	122	96	-	-	-	-	-	-
	New York, N.Y.	943	408	348	286	205	143	112	350	300	242	174	124	98	343	294	242	174	124	98
	Philadelphia, Pa.	866	390	332	273	195	137	107	342	293	239	172	122	95	341	292	239	172	122	95
	Baltimore, Md.	819	378	322	265	189	133	104	340	290	237	171	121	94	340	290	237	171	121	94
	Norfolk, Va.	950	408	348	286	205	143	112	340	290	237	171	121	94	340	290	237	171	121	94
	Albany, N.Y.	853	390	332	273	195	137	107	342	293	239	172	122	95	341	292	239	172	122	95

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Base Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5	6
Fort Wayne, Indiana	Halifax, N.S.	1455	568	484	400	285	227	171	295	251	209	148	104	81	299	254	212	153	107	84
	St. John, N.B.	1178	488	414	342	244	197	146	295	251	209	148	104	81	299	254	212	153	107	84
	Quebec, Que.	871	411	349	289	205	163	122	295	251	209	148	104	81	299	254	212	153	107	84
	Montreal, Que.	704	363	307	253	181	145	110	295	251	209	148	104	81	296	252	210	149	105	82
	Portland, Me.	911	403	342	282	201	141	111	295	251	209	148	104	81	299	254	212	153	107	84
	Boston, Mass. (S)	839	384	326	269	193	135	106	305	261	212	153	107	84	299	254	212	153	107	84
	Boston, Mass. (D)		378	322	266	189	131	105	299	257	209	148	105	83	-	-	-	-	-	-
	New York, N.Y.	744	359	306	252	180	125	99	305	261	212	153	107	84	299	254	212	153	107	84
	Philadelphia, Pa.	668	335	285	235	169	117	92	298	253	210	149	105	82	296	252	210	149	105	82
	Baltimore, Md.	621	323	275	227	162	113	89	295	251	209	148	104	81	295	251	209	148	104	81
	Norfolk, Va.	778	366	311	257	183	128	101	295	251	209	148	104	81	295	251	209	148	104	81
	Albany, N.Y.	655	330	281	230	164	116	90	298	253	210	149	105	82	296	252	210	149	105	82
Fostoria, Ohio	Halifax, N.S.	1400	550	466	384	276	219	165	271	232	192	138	96	75	276	235	195	141	100	80
	St. John, N.B.	1123	471	401	331	236	188	141	271	232	192	138	96	75	276	235	195	141	100	80
	Quebec, Que.	816	390	332	271	197	157	119	271	232	192	138	96	75	276	235	195	141	100	80
	Montreal, Que.	649	342	290	241	173	138	104	271	232	192	138	96	75	273	233	193	139	98	76
	Portland, Me.	812	378	322	265	189	133	104	271	232	192	138	96	75	276	235	195	141	100	80
	Boston, Mass. (S)	740	354	301	247	177	124	98	282	242	195	141	100	80	276	235	195	141	100	80
	Boston, Mass. (D)		348	296	244	173	122	96	-	-	-	-	-	-	-	-	-	-	-	-
	New York, N.Y.	642	330	281	230	164	116	90	282	242	195	141	100	80	276	235	195	141	100	80
	Philadelphia, Pa.	556	299	253	210	149	105	82	275	234	193	139	98	76	273	233	193	139	98	76
	Baltimore, Md.	519	287	245	201	144	101	80	271	232	192	138	96	75	271	232	192	138	96	75
	Norfolk, Va.	711	348	295	244	171	122	95	271	232	192	138	96	75	271	232	192	138	96	75
	Albany, N.Y.	556	299	253	210	149	105	82	271	232	192	138	96	75	271	232	192	138	96	75
Freeport, Illinois	Halifax, N.S.	1664	628	534	441	314	251	188	365	310	254	184	128	101	368	314	259	188	131	105
	St. John, N.B.	1387	542	463	379	271	218	163	365	310	254	184	128	101	368	314	259	188	131	105
	Quebec, Que.	1079	471	401	331	236	188	141	365	310	254	184	128	101	368	314	259	188	131	105
	Montreal, Que.	912	417	354	293	210	165	123	365	310	254	184	128	101	366	311	257	186	129	103
	Portland, Me.	1139	457	389	320	229	160	125	365	310	254	184	128	101	368	314	259	188	131	105
	Boston, Mass. (S)	1067	439	373	307	219	154	121	374	319	259	188	131	105	368	314	259	188	131	105
	Boston, Mass. (D)		432	368	303	216	152	120	368	315	254	184	129	104	-	-	-	-	-	-
	New York, N.Y.	996	421	357	295	211	147	116	374	319	259	188	131	105	368	314	259	188	131	105
	Philadelphia, Pa.	925	403	342	282	201	141	111	367	312	257	186	129	103	366	311	257	186	129	103
	Baltimore, Md.	878	396	336	278	198	139	108	365	310	254	184	128	101	365	310	254	184	128	101
	Norfolk, Va.	1022	427	364	299	213	149	117	365	310	254	184	128	101	365	310	254	184	128	101
	Albany, N.Y.	883	396	336	278	198	139	108	363	307	253	181	128	101	363	307	253	181	128	101

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Base Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export 14. Classes 1	2	3	4	5	6
Galesburg, Illinois	Halifax, N.S.	1729	641	546	449	320	258	192	373	316	262	188	131	104	376	319	266	192	136	107
	St. John, N.B.	1452	553	471	389	278	223	165	373	316	262	188	131	104	376	319	266	192	136	107
	Quebec, Que.	1144	401	411	338	243	192	145	373	316	262	188	131	104	376	319	266	192	136	107
	Montreal, Que.	977	437	372	306	218	174	131	373	316	262	188	131	104	376	319	266	192	136	107
	Portland, Me.	1197	470	399	330	235	164	129	373	316	262	188	131	104	374	317	263	189	133	105
	Boston, Mass. (S)	1125	452	384	316	226	159	124	383	325	266	192	136	107	376	319	266	192	136	107
	Boston, Mass. (D)		445	379	312	222	156	123	376	320	262	188	133	106	376	319	266	192	136	107
	New York, N.Y.	1030	432	368	303	217	152	120	383	325	266	192	136	107	-	-	-	-	-	-
	Philadelphia, Pa.	954	414	352	290	208	145	114	375	318	263	189	133	105	376	319	266	192	136	107
	Baltimore, Md.	901	403	342	282	201	141	111	373	316	262	188	131	104	374	317	263	189	133	108
	Norfolk, Va.	1020	427	364	299	213	149	117	373	316	262	188	131	104	373	316	262	188	131	104
	Albany, N.Y.	941	408	348	286	205	143	112	375	318	263	189	133	105	373	316	262	188	131	104
															374	317	263	189	133	105
Gallipolis, Ohio	Halifax, N.S.	1535	580	494	406	290	232	174	250	211	174	123	88	68	253	214	178	127	91	72
	St. John, N.B.	1259	488	414	342	244	197	146	250	211	174	123	88	68	253	214	178	127	91	72
	Quebec, Que.	949	429	365	302	216	173	129	250	211	174	123	88	68	253	214	178	127	91	72
	Montreal, Que.	762	384	326	268	192	153	116	250	211	174	123	88	68	251	212	176	124	89	70
	Portland, Me.	944	432	368	303	217	152	120	250	211	174	123	88	68	253	214	178	127	91	72
	Boston, Mass. (S)	843	384	326	269	193	135	106	260	220	178	127	91	72	253	214	178	127	91	72
	Boston, Mass. (D)		378	322	266	189	131	105	-	-	-	-	-	-	-	-	-	-	-	-
	New York, N.Y.	616	317	269	222	159	111	88	260	220	178	127	91	72	253	214	178	127	91	72
	Philadelphia, Pa.	536	294	250	206	147	103	81	252	213	176	124	89	70	251	212	176	124	89	70
	Baltimore, Md.	452	269	229	189	136	94	74	250	211	174	123	88	68	250	211	174	123	88	68
	Norfolk, Va.	518	287	245	201	144	101	80	250	211	174	123	88	68	250	211	174	123	88	68
	Albany, N.Y.	688	341	290	239	171	120	94	252	213	176	124	89	70	251	212	176	124	89	70
Geneseo, Illinois	Halifax, N.S.	1708	633	538	442	316	253	190	365	310	254	184	128	101	368	314	259	188	131	105
	St. John, N.B.	1431	553	471	389	278	223	165	365	310	254	184	128	101	368	314	259	188	131	105
	Quebec, Que.	1123	477	403	333	237	190	141	365	310	254	184	128	101	368	314	259	188	131	105
	Montreal, Que.	956	429	365	302	216	173	129	365	310	254	184	128	101	366	311	257	186	129	103
	Portland, Me.	1199	470	399	330	235	164	129	365	310	254	184	128	101	368	314	259	188	131	105
	Boston, Mass. (S)	1127	457	389	320	229	160	125	374	319	259	188	131	105	368	314	259	188	131	105
	Boston, Mass. (D)		452	384	317	226	157	124	368	315	254	184	129	104	-	-	-	-	-	-
	New York, N.Y.	1041	432	368	303	217	152	120	374	319	259	188	131	105	368	314	259	188	131	105
	Philadelphia, Pa.	965	414	352	290	208	145	114	367	312	257	186	129	103	366	311	257	186	129	103
	Baltimore, Md.	918	403	342	282	201	141	111	365	310	254	184	128	101	365	310	254	184	128	101
	Norfolk, Va.	1051	439	373	307	219	154	121	365	310	254	184	128	101	365	310	254	184	128	101
	Albany, N.Y.	943	408	348	286	205	143	112	367	312	257	186	129	101	366	311	257	186	129	101

se Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5	6
and Rapids, Michigan	Halifax, N.S.	1430	560	477	392	281	226	169	319	268	226	162	111	86	324	276	229	165	114	91
	St. John, N.B.	1153	481	411	338	243	192	145	319	268	226	162	111	86	324	276	229	165	114	91
	Quebec, Que.	845	403	342	284	202	162	122	319	268	226	162	111	86	324	276	229	165	114	91
	Montreal, Que.	678	358	303	251	179	145	106	319	268	226	162	111	86	322	273	227	163	112	89
	Portland, Me.	910	403	342	282	201	141	111	319	268	226	162	111	86	324	276	229	165	114	91
	Boston, Mass. (S)	838	384	326	269	193	135	106	331	282	229	165	114	91	324	276	229	165	114	91
	Boston, Mass. (D)		378	322	266	189	131	105	324	277	226	162	112	90	-	-	-	-	-	-
	New York, N.Y.	767	366	311	257	183	128	101	331	282	229	165	114	91	324	276	229	165	114	91
	Philadelphia, Pa.	760	359	306	252	180	125	99	323	275	227	163	112	89	322	273	227	163	112	89
	Baltimore, Md.	713	348	295	244	174	122	95	320	271	226	162	111	88	320	271	226	162	111	88
	Norfolk, Va.	905	403	342	282	201	141	111	320	271	226	162	111	88	320	271	226	162	111	88
	Albany, N.Y.	654	330	281	230	164	116	90	302	254	211	149	105	83	302	254	211	149	105	83
eensburg, Indiana	Halifax, N.S.	1584	602	512	420	302	241	181	302	254	211	149	105	83	306	259	214	154	108	87
	St. John, N.B.	1307	523	445	366	262	210	157	302	254	211	149	105	83	306	259	214	154	108	87
	Quebec, Que.	1000	445	376	312	223	179	133	302	254	211	149	105	83	306	259	214	154	108	87
	Montreal, Que.	833	398	338	278	198	159	121	302	254	211	149	105	83	303	257	212	152	106	84
	Portland, Me.	1001	427	364	299	213	149	117	302	254	211	149	105	83	306	259	214	154	108	87
	Boston, Mass. (S)	929	408	348	286	205	143	112	312	265	214	154	108	87	306	259	214	154	108	87
	Boston, Mass. (D)		403	342	283	201	140	111	306	260	211	149	106	86	-	-	-	-	-	-
	New York, N.Y.	787	372	316	261	187	130	103	312	265	214	154	108	87	306	259	214	154	108	87
	Philadelphia, Pa.	707	348	295	244	174	122	95	305	258	212	152	106	84	303	257	212	152	106	84
	Baltimore, Md.	623	323	275	227	162	113	89	302	254	211	149	105	83	302	254	211	149	105	83
	Norfolk, Va.	719	348	295	244	174	122	95	302	254	211	149	105	83	302	254	211	149	105	83
	Albany, N.Y.	745	359	306	252	180	125	99	305	258	212	152	106	84	303	257	212	152	106	84
nderson, Kentucky	Halifax, N.S.	1754	No						350	298	245	176	122	96	354	301	249	179	125	100
	St. John, N.B.	1477			Thru				350	298	245	176	122	96	354	301	249	179	125	100
	Quebec, Que.	1170							350	298	245	176	122	96	354	301	249	179	125	100
	Montreal, Que.	1003					Rates		350	298	245	176	122	96	351	299	246	177	123	98
	Portland, Me.	1186	470	399	330	235	164	129	350	298	245	176	122	96	354	301	249	179	125	100
	Boston, Mass. (S)	1114	452	384	316	226	159	124	359	307	249	179	125	100	354	301	249	179	125	100
	Boston, Mass. (D)		-	-	-	-	-	-	354	302	245	176	123	99	-	-	-	-	-	-
	New York, N.Y.	963	414	352	290	208	145	114	359	307	249	179	125	100	354	301	249	179	125	100
	Philadelphia, Pa.	883	396	336	278	198	139	108	352	300	246	177	123	98	351	299	246	177	123	98
	Baltimore, Md.	799	372	316	261	187	130	103	350	298	245	176	122	96	350	298	245	176	122	96
	Norfolk, Va.	838	384	326	269	193	135	106	350	298	245	176	122	96	350	298	245	176	122	96
	Albany, N.Y.	930	408	348	286	205	143	112	352	300	246	177	123	98	351	299	246	177	123	98

3080

15.

5	6
114	91
114	91
114	91
112	89
114	91
114	91
-	-
114	91
112	89
111	88
111	88
105	83
108	87
108	87
108	87
106	84
108	87
108	87
-	-
108	87
106	84
105	83
105	83
106	84
125	100
125	100
125	100
123	98
125	100
125	100
-	-
125	100
123	98
122	96
122	96
123	98

16.

Base Point	Port	Short Line Miles	Domestic Classes						Import Classes						Export Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Huntingburg, Indiana	Halifax, N.S.	1718	633	538	442	316	253	190	332	281	232	165	116	92	335	284	235	170	120	96
	St. John, N.B.	1441	553	471	389	278	223	165	332	281	232	165	116	92	335	284	235	170	120	96
	Quebec, Que.	1134	477	403	333	237	190	141	332	281	232	165	116	92	335	284	235	170	120	96
	Montreal, Que.	967	429	365	302	216	173	129	332	281	232	165	116	92	333	282	233	167	117	94
	Portland, Me.	1134	457	389	320	229	160	125	332	281	232	165	116	92	335	284	235	170	120	96
	Boston, Mass. (S)	1062	439	373	307	219	154	121	341	290	235	170	120	96	335	284	235	170	120	96
	Boston, Mass. (D)		432	368	303	216	152	120	335	285	232	165	117	95	-	-	-	-	-	-
	New York, N.Y.	904	403	342	282	201	141	111	341	290	235	170	120	96	335	284	235	170	120	96
	Philadelphia, Pa.	824	378	322	265	189	133	104	334	283	233	167	117	94	333	282	233	167	117	94
	Baltimore, Md.	740	354	301	247	177	124	98	332	281	232	165	116	92	332	281	232	165	116	92
	Norfolk, Va.	800	372	316	261	187	130	103	332	281	232	165	116	92	332	281	232	165	116	92
	Albany, N.Y.	878	396	336	278	198	139	108	334	283	233	167	117	94	333	282	233	167	117	94
Indianapolis, Indiana	Halifax, N.S.	1575	602	512	420	302	241	181	307	262	216	156	106	86	311	266	219	160	110	89
	St. John, N.B.	1298	523	445	366	262	210	157	307	262	216	156	106	86	311	266	219	160	110	89
	Quebec, Que.	991	445	376	312	223	179	133	307	262	216	156	106	86	311	266	219	160	110	89
	Montreal, Que.	824	398	338	278	198	159	121	307	262	216	156	106	86	308	263	217	157	107	87
	Portland, Me.	1006	427	364	299	213	149	117	307	262	216	156	106	86	311	266	219	160	110	89
	Boston, Mass. (S)	934	408	348	286	205	143	112	317	271	219	160	110	89	311	266	219	160	110	89
	Boston, Mass. (D)		403	342	283	201	140	111	311	267	216	156	107	88	-	-	-	-	-	-
	New York, N.Y.	799	372	316	261	187	130	103	317	271	219	160	110	89	311	266	219	160	110	89
	Philadelphia, Pa.	723	354	301	247	177	124	98	310	265	217	157	107	87	308	263	217	157	107	87
	Baltimore, Md.	650	330	281	230	164	116	90	307	262	216	156	106	86	307	262	216	156	106	86
	Norfolk, Va.	766	366	311	257	183	128	101	307	262	216	156	106	86	307	262	216	156	106	86
	Albany, N.Y.	750	359	306	252	180	125	99	310	265	217	157	107	87	308	263	217	157	107	87
Jackson, Michigan	Halifax, N.S.	1382	550	466	384	276	219	165	295	251	209	148	104	81	299	254	212	153	107	84
	St. John, N.B.	1105	471	401	331	236	188	141	295	251	209	148	104	81	299	254	212	153	107	84
	Quebec, Que.	797	390	332	271	197	157	119	295	251	209	148	104	81	299	254	212	153	107	84
	Montreal, Que.	630	338	289	237	171	136	104	295	251	209	148	104	81	296	252	210	149	105	82
	Portland, Me.	854	390	332	273	195	137	107	295	251	209	148	104	81	299	254	212	153	107	84
	Boston, Mass. (S)	782	372	316	261	187	130	103	305	261	212	153	107	84	299	254	212	153	107	84
	Boston, Mass. (D)		366	311	258	183	128	101	299	257	209	148	106	83	-	-	-	-	-	-
	New York, N.Y.	707	348	295	244	174	122	95	305	261	212	153	107	84	299	254	212	153	107	84
	Philadelphia, Pa.	666	335	285	235	169	117	92	298	253	210	149	105	82	296	252	210	149	105	82
	Baltimore, Md.	619	317	269	222	159	111	88	295	251	209	148	104	81	295	251	209	148	104	81
	Norfolk, Va.	811	378	322	265	189	133	104	306	261	212	153	107	84	295	251	209	148	104	81
	Albany, N.Y.	598	311	265	218	156	108	86	290	245	202	146	104	81	290	245	202	146	104	81

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Base Point	Port	Short Line Miles	Domestic Classes						Import Classes						Export Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Kalamazoo, Michigan	Halifax, N.S.	1437	568	484	400	286	227	171	312	267	218	157	110	86	316	270	222	161	113	89
	St. John, N.B.	1160	481	411	338	243	192	145	312	267	218	157	110	86	316	270	222	161	113	89
	Quebec, Que.	852	411	349	289	205	163	122	312	267	218	157	110	86	316	270	222	161	113	89
	Montreal, Que.	686	363	307	253	181	145	110	312	267	218	157	110	86	314	268	219	159	111	87
	Portland, Me.	917	403	342	282	201	141	111	312	267	218	157	110	86	316	270	222	161	113	89
	Boston, Mass. (S)	845	384	326	269	193	135	106	322	277	222	161	113	89	316	270	222	161	113	89
	Boston, Mass. (D)		378	322	266	189	131	106	316	271	218	157	111	88	-	-	-	-	-	-
	New York, N.Y.	774	366	311	257	183	128	101	322	277	222	161	113	89	316	270	222	161	113	89
	Philadelphia, Pa.	730	354	301	247	177	124	98	315	269	219	159	111	87	314	268	219	159	111	87
	Baltimore, Md.	683	341	290	239	171	120	94	312	267	218	157	110	86	312	267	218	157	110	86
	Norfolk, Va.	870	390	332	273	195	137	107	312	267	218	157	110	86	312	267	218	157	110	86
	Albany, N.Y.	661	335	285	235	169	117	92	302	254	211	149	105	83	302	254	211	149	105	83
La Fayette, Indiana	Halifax, N.S.	1553	594	506	417	298	237	179	319	270	223	159	111	88	323	275	227	162	114	91
	St. John, N.B.	1276	517	438	363	260	209	156	319	270	223	159	111	88	323	275	227	162	114	91
	Quebec, Que.	969	437	372	306	218	174	131	319	270	223	159	111	88	323	275	227	162	114	91
	Montreal, Que.	802	390	332	271	197	157	119	319	270	223	159	111	88	320	271	225	160	112	89
	Portland, Me.	1020	427	364	299	213	149	117	319	270	223	159	111	88	323	275	227	162	114	91
	Boston, Mass. (S)	948	408	348	286	205	143	112	330	281	227	162	114	91	323	275	227	162	114	91
	Boston, Mass. (D)		403	342	283	201	140	111	323	276	223	159	112	90	-	-	-	-	-	-
	New York, N.Y.	841	384	326	269	193	135	106	330	281	227	162	114	91	323	275	227	162	114	91
	Philadelphia, Pa.	765	366	311	257	183	128	101	322	273	225	160	112	89	320	271	225	160	112	89
	Baltimore, Md.	699	341	290	239	171	120	94	319	270	223	159	111	88	319	270	223	159	111	88
	Norfolk, Va.	828	384	326	269	193	135	106	319	270	223	159	111	88	319	270	223	159	111	88
	Albany, N.Y.	764	366	311	257	183	128	101	322	273	226	160	112	89	320	271	225	160	112	89
Lansing, Michigan	Halifax, N.S.	1370	550	466	384	276	219	165	302	253	211	153	105	81	307	261	214	156	110	87
	St. John, N.B.	1093	463	392	323	232	186	139	302	253	211	153	105	81	307	261	214	156	110	87
	Quebec, Que.	785	390	332	271	197	157	119	302	253	211	153	105	81	307	261	214	156	110	87
	Montreal, Que.	618	338	289	237	171	136	104	302	253	211	153	105	81	305	259	212	154	107	84
	Portland, Me.	850	384	326	269	193	135	106	302	253	211	153	105	81	307	261	214	156	110	87
	Boston, Mass. (S)	778	366	311	257	183	128	101	314	267	214	156	110	87	307	261	214	156	110	87
	Boston, Mass. (D)		359	306	252	179	125	100	307	262	211	153	107	86	-	-	-	-	-	-
	New York, N.Y.	707	348	295	244	174	122	95	314	267	214	156	110	87	307	261	214	156	110	87
	Philadelphia, Pa.	701	348	295	244	174	122	95	306	260	212	154	107	84	305	259	212	154	107	84
	Baltimore, Md.	654	330	281	230	164	116	90	303	258	211	153	106	83	303	258	211	153	106	83
	Norfolk, Va.	846	384	326	269	193	135	106	303	258	211	153	106	83	303	258	211	153	106	83
	Albany, N.Y.	594	311	265	218	156	108	86	290	245	202	146	104	81	290	245	202	146	104	81

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ase Point	Port	Short Line Miles	Domestic						Import						Export					
			Classes						Classes						Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
exington, Kentucky	Halifax, N.S.	1633	No						310	263	216	156	110	86	314	267	219	160	113	89
	St. John, N.B.	1357							310	263	216	156	110	86	314	267	219	160	113	89
	Quebec, Que.	1047			Thru				310	263	216	156	110	86	314	267	219	160	113	89
	Montreal, Que.	880						Rates	310	263	216	156	110	86	311	265	217	157	111	87
	Portland, Me.	1045	432	368	303	217	152	120	310	263	216	156	110	86	314	267	219	160	113	89
	Boston, Mass.	973	414	352	290	208	145	114	319	273	219	160	113	89	314	267	219	160	113	89
	New York, N.Y.	790	372	316	261	187	130	103	319	273	219	160	113	89	314	267	219	160	113	89
	Philadelphia, Pa.	710	348	295	244	174	122	95	312	266	217	157	111	87	311	265	217	157	111	87
	Baltimore, Md.	618	317	269	222	159	111	88	310	263	216	156	110	86	310	263	216	156	110	86
	Norfolk, Va.	843	330	281	230	164	116	90	31[illegible]	263	216	156	110	86	310	263	216	156	110	86
	Albany, N.Y.	8[illegible]2	390	332	273	195	137	107	312	266	217	157	111	87	311	265	217	157	111	87
ima, Chic	Halifax, N.S.	1436	560	477	392	281	226	169	271	232	192	138	96	75	276	235	195	141	100	80
	St. John, N.B,	1159	481	411	338	243	192	145	271	232	192	138	96	75	276	235	195	141	100	80
	Quebec, Que.	852	403	342	284	202	162	122	271	232	192	138	96	75	276	235	195	141	100	80
	Montreal, Que.	685	358	303	251	179	145	106	271	232	192	138	96	75	273	233	193	139	98	76
	Portland, Me.	867	390	332	273	195	137	107	271	232	192	138	96	75	276	235	195	141	100	80
	Boston, Mass. (S)	795	372	316	261	187	130	103	282	242	195	141	100	80	276	235	195	141	100	80
	Boston, Mass. (D)		366	311	258	183	128	101	-	-	-	-	-	-	-	-	-	-	-	-
	New York, N.Y.	694	341	290	239	171	120	94	282	242	195	141	100	80	276	235	195	141	100	80
	Philadelphia, Pa.	618	317	269	222	159	111	88	275	234	193	139	98	76	273	233	193	139	98	76
	Baltimore, Md.	566	305	260	213	153	107	84	271	232	192	138	96	75	271	232	192	138	96	75
	Norfolk, Va.	719	348	295	244	174	122	95	271	232	192	138	96	75	271	232	192	138	96	75
	Albany, N.Y.	611	317	269	222	159	111	88	275	234	193	139	98	76	273	233	193	139	98	76
itchfield, Illinois	Halifax, N.S.	1734	641	546	449	320	258	192	359	306	253	181	128	98	364	310	258	186	131	101
	St. John, N.B.	1457	560	477	392	281	226	169	359	306	253	181	128	98	364	310	258	186	131	101
	Quebec, Que.	1150	481	411	338	243	192	145	359	306	253	181	128	98	364	310	258	186	131	101
	Montreal, Que.	983	437	372	306	218	174	131	359	306	253	181	128	98	360	307	254	183	129	99
	Portland, Me.	1201	476	405	333	237	167	130	359	306	253	181	128	98	364	310	258	186	131	101
	Boston, Mass. (S)	1129	457	389	320	229	160	125	369	316	258	186	131	101	364	310	258	186	131	101
	Boston, Mass. (D)		452	384	317	226	157	124	364	311	253	181	129	100	-	-	-	-	-	-
	New York, N.Y.	1006	427	364	299	213	149	117	369	316	258	186	131	101	364	310	258	186	131	101
	Philadelphia, Pa.	930	408	348	286	205	143	112	363	308	254	183	129	99	360	307	254	183	129	99
	Baltimore, Md.	857	390	332	273	195	137	107	359	306	253	181	128	98	359	306	253	181	128	98
	Norfolk, Va.	973	414	352	290	208	145	114	359	306	253	181	128	98	359	306	253	181	128	98
	Albany, N.Y.	945	408	348	286	205	143	112	363	308	254	183	129	99	360	307	254	183	129	99

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Base Point	Port	Short Line Miles	Domestic Classes						Import Classes						Export Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Logan, Ohio	Halifax, N.S.	1499	553	471	389	278	223	165	243	205	171	122	86	68	246	209	174	125	89	72
	St. John, N.B.	1223	477	403	333	237	190	141	243	205	171	122	86	68	246	209	174	125	89	72
	Quebec, Que.	913	424	359	296	211	171	128	243	205	171	122	86	68	246	209	174	125	89	72
	Montreal, Que.	746	373	316	262	188	148	111	243	205	171	122	86	68	244	206	172	123	87	70
	Portland, Me.	895	396	336	278	198	139	108	243	205	171	122	86	68	246	209	174	125	89	72
	Boston, Mass. (S)	794	372	316	261	187	130	103	252	214	174	125	89	72	246	209	174	125	89	72
	Boston, Mass. (D)		356	311	258	183	128	101	-	-	-	-	-	-	-	-	-	-	-	-
	New York, N.Y.	567	305	260	213	153	107	84	252	214	174	125	89	72	246	209	174	125	89	72
	Philadelphia, Pa.	487	282	239	197	141	99	78	245	208	172	123	87	70	244	206	172	123	87	70
	Baltimore, Md.	403	258	218	180	129	90	71	243	205	171	122	86	68	243	205	171	122	86	68
	Norfolk, Va.	559	299	253	210	149	105	82	254	216	179	129	89	70	243	205	171	122	86	68
	Albany, N.Y.	639	323	275	227	162	113	89	245	208	172	123	87	70	244	206	172	123	87	70
Logansport, Indiana	Halifax, N.S.	1516	588	501	412	295	236	176	310	263	216	156	110	86	314	267	219	160	113	89
	St. John, N.B.	1239	507	431	356	254	202	153	310	263	216	156	110	86	314	267	219	160	113	89
	Quebec, Que.	932	429	365	302	216	173	129	310	263	216	156	110	86	314	267	219	160	113	89
	Montreal, Que.	765	376	320	263	190	149	114	310	263	216	156	110	86	311	265	217	157	111	87
	Portland, Me.	983	421	357	295	211	147	116	310	263	216	156	110	86	314	267	219	160	113	89
	Boston, Mass. (S)	911	403	342	282	201	141	111	319	273	219	160	113	89	314	267	219	160	113	89
	Boston, Mass. (D)		396	338	278	197	139	110	314	268	216	156	111	88	-	-	-	-	-	-
	New York, N.Y.	816	378	322	265	189	133	104	319	273	219	160	113	89	314	267	219	160	113	89
	Philadelphia, Pa.	740	354	301	247	177	124	98	312	266	217	157	111	87	311	265	217	157	111	87
	Baltimore, Md.	677	335	285	235	169	117	92	310	263	216	156	110	86	310	263	216	156	110	86
	Norfolk, Va.	806	378	322	265	189	133	104	310	263	216	156	110	86	310	263	216	156	110	86
	Albany, N.Y.	727	354	301	247	177	124	98	312	266	217	157	111	87	311	265	217	157	111	87
Louisville, Kentucky	Halifax, N.S.	1662	620	528	437	312	250	188	316	268	223	159	111	88	319	271	227	162	114	91
	St. John, N.B.	1386	542	463	379	271	218	163	316	268	223	159	111	88	319	271	227	162	114	91
	Quebec, Que.	1076	463	392	323	232	186	139	316	268	223	159	111	88	319	271	227	162	114	91
	Montreal, Que.	909	417	354	293	210	165	123	316	268	223	159	111	88	317	269	225	160	112	89
	Portland, Me.	1073	439	373	307	219	154	121	316	268	223	159	111	88	319	271	227	162	114	91
	Boston, Mass. (S)	1001	427	364	299	213	149	117	325	278	227	162	114	91	319	271	227	162	114	91
	Boston, Mass. (D)		421	358	295	210	147	116	319	273	223	159	112	90	-	-	-	-	-	-
	New York, N.Y.	834	384	326	269	193	135	106	325	278	227	162	114	91	319	271	227	162	114	91
	Philadelphia, Pa.	754	359	306	252	180	125	99	318	270	225	160	112	89	317	269	225	160	112	89
	Baltimore, Md.	670	335	285	235	169	117	92	316	268	223	159	111	88	316	268	223	159	111	88
	Norfolk, Va.	727	354	301	247	177	124	98	316	268	223	159	111	88	316	268	223	159	111	88
	Albany, N.Y.	817	378	322	265	189	133	104	318	270	225	160	112	89	317	269	225	160	112	89

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se Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5	6
dington, Michigan	Halifax, N.S.	1484	580	494	406	292	232	174	342	289	245	174	121	92	357	306	249	179	127	98
	St. John, N.B.	1207	497	424	349	250	198	148	342	289	245	174	121	92	357	306	249	179	127	98
	Quebec, Que.	899	429	365	302	216	173	129	342	289	245	174	121	92	357	306	249	179	127	98
	Montreal, Que.	732	373	316	262	188	148	111	342	289	245	174	121	92	355	303	246	177	124	95
	Portland, Me.	963	414	352	290	208	145	114	342	289	245	174	121	92	357	306	249	179	127	98
	Boston, Mass. (S)	891	396	336	278	198	139	108	359	306	249	179	127	98	357	306	249	179	127	98
	Boston, Mass. (D)		390	332	275	195	137	107	354	301	245	176	124	96	-	-	-	-	-	-
	New York, N.Y.	820	378	322	265	189	133	104	359	306	249	179	127	98	357	306	249	179	127	98
	Philadelphia, Pa.	826	384	326	269	193	135	106	352	299	246	177	124	95	355	303	246	177	124	95
	Baltimore, Md.	809	378	322	265	189	133	104	350	296	245	176	123	94	354	302	245	176	123	94
	Norfolk, Va.	1001	427	364	299	213	149	117	350	296	245	176	123	94	354	302	245	176	123	94
	Albany, N.Y.	711	348	295	244	174	122	95	331	279	232	165	116	92	331	279	232	165	116	92
nistique, Michigan	Halifax, N.S.	1476	616	523	429	307	245	186	379	320	270	192	133	104	398	338	278	198	139	110
	St. John, N.B.	1199	528	449	367	263	211	159	379	320	270	192	133	104	398	338	278	198	139	110
	Quebec, Que.	878	455	389	319	228	184	138	379	320	270	192	133	104	398	338	278	198	139	110
	Montreal, Que.	731	403	342	284	202	162	122	379	320	270	192	133	104	395	335	276	196	137	107
	Portland, Me.	1089	445	378	312	223	156	122	379	320	270	192	133	104	398	338	278	198	139	110
	Boston, Mass. (S)	1017	427	364	299	213	149	117	398	338	278	198	139	110	398	338	278	198	139	110
	Boston, Mass. (D)		421	358	295	210	147	116	391	333	275	195	137	108	-	-	-	-	-	-
	New York, N.Y.	945	408	348	286	205	143	112	398	338	278	198	139	110	398	338	278	198	139	110
	Philadelphia, Pa.	951	414	352	290	208	145	114	390	331	276	196	137	107	395	335	276	196	137	107
	Baltimore, Md.	940	408	348	286	205	143	112	388	328	275	195	136	106	393	334	275	195	136	106
	Norfolk, Va.	1132	457	389	320	229	160	125	388	328	275	195	136	106	393	334	275	195	136	106
	Albany, N.Y.	833	384	326	269	193	135	106	365	310	254	184	128	101	365	310	254	184	128	101
sfield, Ohio	Halifax, N.S.	1390	550	466	384	276	219	165	258	218	181	129	89	70	261	222	186	133	92	73
	St. John, N.B.	1114	471	401	331	236	188	141	258	218	181	129	89	70	261	222	186	133	92	73
	Quebec, Que.	804	390	332	271	197	157	119	258	218	181	129	89	70	261	222	186	133	92	73
	Montreal, Que.	637	342	290	241	173	138	104	258	218	181	129	89	70	259	219	183	130	90	71
	Portland, Me.	803	378	322	265	189	133	104	258	218	181	129	89	70	261	222	186	133	92	73
	Boston, Mass.	731	354	301	247	177	124	98	267	228	186	133	92	73	261	222	186	133	92	73
	New York, N.Y.	608	317	269	222	159	111	88	267	228	186	133	92	73	261	222	186	133	92	73
	Philadelphia, Pa.	532	294	250	206	147	103	81	260	220	183	130	90	71	259	219	183	130	90	71
	Baltimore, Md.	485	282	239	197	141	99	78	258	218	181	129	89	70	258	218	181	129	89	70
	Norfolk, Va.	677	335	285	235	169	117	92	271	232	192	138	96	75	271	232	192	138	96	75
	Albany, N.Y.	547	299	253	210	149	105	82	260	220	183	130	90	71	259	219	183	130	90	71

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Base Point	Port	Short Line Miles	Domestic Classes						Import Classes						Export Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Marinette, Wisconsin	Halifax, N.S.	1592	606	514	425	303	243	181	348	293	250	176	121	94	365	310	254	184	128	101
	St. John, N.B.	1315	523	445	366	262	210	157	348	293	250	176	121	94	365	310	254	184	128	101
	Quebec, Que.	1007	449	383	314	226	179	136	348	293	250	176	121	94	365	310	254	184	128	101
	Montreal, Que.	840	403	342	284	202	162	122	348	293	250	176	121	94	363	307	252	181	125	99
	Portland, Me.	1069	439	373	307	219	154	121	348	293	250	176	121	94	365	310	254	184	128	101
	Boston, Mass. (S)	997	421	357	295	211	147	116	365	310	254	184	128	101	365	310	254	184	128	101
	Boston, Mass. (D)		414	352	292	208	145	114	358	305	251	180	125	100	-	-	-	-	-	-
	New York, N.Y.	925	403	342	282	201	141	111	365	310	254	184	128	101	365	310	254	184	128	101
	Philadelphia, Pa.	931	408	348	286	205	145	112	357	302	252	181	125	99	363	307	252	181	125	99
	Baltimore, Md.	920	403	342	282	201	141	111	355	300	251	180	124	98	360	306	251	180	124	98
	Norfolk, Va.	1112	452	384	316	226	159	124	355	300	251	180	124	98	360	306	251	180	124	98
	Albany, N.Y.	813	378	322	265	189	133	104	333	284	233	169	119	92	333	284	233	169	119	92
Marion, Illinois	Halifax, N.S.	1805	660	563	463	332	263	198	363	307	253	181	128	101	366	311	258	186	131	105
	St. John, N.B.	1528	580	494	406	290	232	174	363	307	253	181	128	101	366	311	258	186	131	105
	Quebec, Que.	1221	501	428	350	251	201	149	363	307	253	181	128	101	366	311	258	186	131	105
	Montreal, Que.	1054	455	389	319	228	184	138	363	307	253	181	128	101	364	308	254	183	129	103
	Portland, Me.	1247	481	409	338	242	169	133	363	307	253	181	128	101	366	311	258	186	131	105
	Boston, Mass. (S)	1175	463	393	324	232	162	128	372	317	258	186	131	105	366	311	258	186	131	105
	Boston, Mass. (D)		457	389	320	228	160	127	366	312	253	181	129	104	-	-	-	-	-	-
	New York, N.Y.	1036	432	368	303	217	152	120	372	317	258	186	131	105	366	311	258	186	131	105
	Philadelphia, Pa.	956	414	352	290	208	145	114	365	310	254	183	129	103	364	308	254	183	129	103
	Baltimore, Md.	872	390	332	273	195	137	107	363	307	253	181	128	101	363	307	253	181	128	101
	Norfolk, Va.	945	408	348	286	205	143	112	363	307	253	181	128	101	363	307	253	181	128	101
	Albany, N.Y.	991	421	357	295	211	147	116	365	310	254	183	129	103	364	308	254	183	129	103
Marion, Ohio	Halifax, N.S.	1414	553	471	389	278	223	165	263	226	186	133	92	71	267	229	189	137	96	74
	St. John, N.B.	1138	477	403	333	237	190	141	263	226	186	133	92	71	267	229	189	137	96	74
	Quebec, Que.	828	398	338	278	198	159	121	263	226	186	133	92	71	267	229	189	137	96	74
	Montreal, Que.	661	349	296	244	174	139	105	263	226	186	133	92	71	265	227	187	135	94	72
	Portland, Me.	825	378	322	265	189	133	104	263	226	186	133	92	71	267	229	189	137	96	74
	Boston, Mass. (S)	753	359	306	252	180	125	99	273	235	189	137	96	74	267	229	189	137	96	74
	Boston, Mass. (D)		354	301	249	177	123	98	-	-	-	-	-	-	-	-	-	-	-	-
	New York, N.Y.	645	330	281	230	164	116	90	273	235	189	137	96	74	267	229	189	137	96	74
	Philadelphia, Pa.	569	305	260	213	153	107	84	266	228	187	135	94	72	265	227	187	135	94	72
	Baltimore, Md.	522	294	250	206	147	103	81	263	226	186	133	92	71	263	226	186	133	92	71
	Norfolk, Va.	677	335	285	235	169	117	92	263	226	186	133	92	71	263	226	186	133	92	71
	Albany, N.Y.	569	305	260	213	153	107	84	266	228	187	135	94	72	265	227	187	135	94	72

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6	se Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5	6
101	n, Illinois	Halifax, N.S.	1068	620	528	437	312	250	188	340	290	237	171	121	94	343	294	242	174	124	98
101		St. John, N.B.	1391	542	463	379	271	218	163	340	290	237	171	121	94	343	294	242	174	124	98
101		Quebec, Que.	1084	471	401	331	236	188	141	340	290	237	171	121	94	343	294	242	174	124	98
99		Montreal, Que.	917	417	354	293	210	165	123	340	290	237	171	121	94	341	292	239	172	122	95
101		Portland, Me.	1132	457	389	320	229	160	125	340	290	237	171	121	94	343	294	242	174	124	98
101		Boston, Mass. (S)	1060	439	373	307	219	154	121	350	300	242	174	124	98	343	294	242	174	124	98
-		Boston, Mass. (D)		432	368	303	216	152	120	343	295	237	171	122	96	-	-	-	-	-	-
101		New York, N.Y.	928	408	348	286	205	143	112	350	300	242	174	124	98	343	294	242	174	124	98
99		Philadelphia, Pa.	852	390	332	273	195	137	107	342	293	239	172	122	95	341	292	239	172	122	95
98		Baltimore, Md.	778	366	311	257	183	128	101	340	290	237	171	121	94	340	290	237	171	121	94
98		Norfolk, Va.	894	393	336	278	198	139	108	340	290	237	171	121	94	340	290	237	171	121	94
92		Albany, N.Y.	876	396	336	278	198	139	108	342	293	239	172	122	95	341	292	239	172	122	95
105	land City, Ohio	Halifax, N.S.	1521	580	494	406	290	232	174	270	228	190	136	94	75	275	232	194	139	98	80
105		St. John, N.B.	1245	501	428	350	251	201	149	270	228	190	136	94	75	275	232	194	139	98	80
105		Quebec, Que.	935	429	365	302	216	173	129	270	228	190	136	94	75	275	232	194	139	98	80
103		Montreal, Que.	768	376	320	263	190	149	114	270	228	190	136	94	75	271	229	192	137	95	76
105		Portland, Me.	938	408	348	286	205	143	112	270	228	190	136	94	75	275	232	194	139	98	80
105		Boston, Mass. (S)	866	390	332	273	195	137	107	281	237	194	139	98	80	275	232	194	139	98	80
-		Boston, Mass. (D)		384	326	269	192	135	106	-	-	-	-	-	-	-	-	-	-	-	-
105		New York, N.Y.	685	341	290	239	171	120	94	281	237	194	139	98	80	275	232	194	139	98	80
103		Philadelphia, Pa.	605	317	269	222	159	111	88	273	230	192	137	95	76	271	229	192	137	95	76
101		Baltimore, Md.	521	294	250	206	147	103	81	270	228	190	136	94	75	270	238	190	136	94	75
101		Norfolk, Va.	642	330	281	230	164	116	90	270	228	190	136	94	75	270	238	190	136	94	75
103		Albany, N.Y.	682	341	290	239	171	120	94	273	230	192	137	95	76	271	229	192	137	95	76
74	waukee, Wisconsin	Halifax, N.S.	1544	594	506	417	298	237	179	348	293	245	176	121	94	354	301	249	179	125	100
74		St. John, N.B.	1267	507	431	356	254	202	153	348	293	245	176	121	94	354	301	249	179	125	100
74		Quebec, Que.	959	437	372	306	218	174	131	348	293	245	176	121	94	354	301	249	179	125	100
72		Montreal, Que.	792	390	332	271	197	157	119	348	293	245	176	121	94	351	299	246	177	123	98
74		Portland, Me.	1025	432	368	303	217	152	120	348	293	245	176	121	94	354	301	249	179	125	100
74		Boston, Mass. (S)	953	414	352	290	208	145	114	359	307	249	179	125	100	354	301	249	179	125	100
-		Boston, Mass. (D)		408	348	286	204	143	113	354	302	245	176	123	99	-	-	-	-	-	-
74		New York, N.Y.	881	396	336	278	198	139	108	359	307	249	179	125	100	354	301	249	179	125	100
72		Philadelphia, Pa.	878	396	336	278	198	139	108	352	300	246	177	123	98	351	299	246	177	123	98
71		Baltimore, Md.	831	384	326	269	193	135	106	350	298	245	176	122	96	350	298	245	176	122	96
71		Norfolk, Va.	999	421	357	295	211	147	116	350	298	245	176	122	96	350	298	245	176	122	96
72		Albany, N.Y.	769	366	311	257	183	128	101	333	284	233	169	119	92	333	284	233	169	119	92

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Base Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5	6
Mt. Carmel, Illinois	Halifax, N.S.	1714	620	528	437	312	250	188	340	290	237	171	121	94	343	294	242	174	124	98
	St. John, N.B.	1437	542	463	379	271	218	163	340	290	237	171	121	94	343	294	242	174	124	98
	Quebec, Que.	1130	463	392	323	232	186	139	340	290	237	171	121	94	343	294	242	174	124	98
	Montreal, Que.	963	417	354	293	210	165	123	340	290	237	171	121	94	341	292	239	172	122	95
	Portland, Me.	1155	463	393	324	232	162	128	340	290	237	171	121	94	343	294	242	174	124	98
	Boston, Mass. (S)	1083	445	378	312	223	156	122	350	300	242	174	124	98	343	294	242	174	124	95
	Boston, Mass. (D)		439	373	308	219	154	121	343	295	237	171	122	96	-	-	-	-	-	-
	New York, N.Y.	944	408	348	286	205	143	112	350	300	242	174	124	98	343	294	242	174	124	98
	Philadelphia, Pa.	864	390	332	273	195	137	107	342	293	239	172	122	95	341	292	239	172	122	95
	Baltimore, Md.	780	366	311	257	183	128	101	340	290	237	171	121	94	340	290	237	171	121	94
	Norfolk, Va.	877	396	336	278	198	139	108	340	290	237	171	121	94	340	290	237	171	121	94
	Albany, N.Y.	899	396	336	278	198	139	108	342	293	239	172	122	95	341	292	239	172	122	95
Muncie, Indiana	Halifax, N.S.	1521	588	501	412	295	236	176	295	251	209	148	104	81	299	254	212	153	107	84
	St. John, N.B.	1244	507	431	356	254	202	153	295	251	209	148	104	81	299	254	212	153	107	84
	Quebec, Que.	937	429	365	302	216	173	129	295	251	209	148	104	81	299	254	212	153	107	84
	Montreal, Que.	770	376	320	263	190	149	114	295	251	209	148	104	81	296	252	210	149	105	82
	Portland, Me.	951	414	352	290	208	145	114	295	251	209	148	104	81	299	254	212	153	107	84
	Boston, Mass. (S)	879	396	336	278	198	139	108	305	261	212	153	107	84	299	254	212	153	107	84
	Boston, Mass. (D)		390	332	275	195	137	107	299	257	209	148	105	83	-	-	-	-	-	-
	New York, N.Y.	756	359	306	252	180	125	99	305	261	212	153	107	84	299	254	212	153	107	84
	Philadelphia, Pa.	680	335	285	235	169	117	92	298	253	210	149	105	82	296	252	210	149	105	82
	Baltimore, Md.	614	317	269	222	159	111	88	295	251	209	148	104	81	295	251	209	148	104	81
	Norfolk, Va.	743	359	306	252	180	125	99	295	251	209	148	104	81	295	251	209	148	104	81
	Albany, N.Y.	695	341	290	239	171	120	94	298	253	210	149	105	82	296	252	210	149	105	82
Muskegon, Michigan	Halifax, N.S.	1466	576	488	403	289	232	173	324	276	227	163	114	88	328	282	230	167	119	92
	St. John, N.B.	1189	488	414	342	244	197	146	324	276	227	163	114	88	328	282	230	167	119	92
	Quebec, Que.	881	417	354	293	210	165	123	324	276	227	163	114	88	328	282	230	167	119	92
	Montreal, Que.	714	366	312	258	184	146	110	324	276	227	163	114	88	325	279	228	164	116	90
	Portland, Me.	946	408	348	286	205	143	112	324	276	227	163	114	88	328	282	230	167	119	92
	Boston, Mass. (S)	874	390	332	273	195	137	107	334	287	230	167	119	92	328	282	230	167	119	92
	Boston, Mass. (D)		384	326	269	192	135	106	328	283	227	163	116	91	-	-	-	-	-	-
	New York, N.Y.	803	378	322	265	189	133	104	334	287	230	167	119	92	328	282	230	167	119	92
	Philadelphia, Pa.	800	377	316	261	187	130	103	326	281	228	164	116	90	325	279	228	164	116	90
	Baltimore, Md.	753	359	306	252	180	125	99	324	278	227	163	114	89	324	278	227	163	114	89
	Norfolk, Va.	945	408	348	286	205	143	112	324	278	227	163	114	89	324	278	227	163	114	89
	Albany, N.Y.	690	341	290	239	171	120	94	314	267	219	157	110	88	314	267	219	157	110	88

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Base Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5
Newark, Ohio	Halifax, N.S.	1443	553	471	389	278	223	165	245	210	173	123	88	68	249	213	177	127	91
	St. John, N.B.	1167	477	403	333	237	190	141	245	210	173	123	88	68	249	213	177	127	91
	Quebec, Que.	857	390	338	278	198	159	121	245	210	173	123	88	68	249	213	177	127	91
	Montreal, Que.	690	349	296	244	174	139	105	245	210	173	123	88	68	246	211	174	124	89
	Portland, Me.	853	390	332	273	195	137	107	245	210	173	123	88	68	249	213	177	127	91
	Boston, Mass.	781	372	316	261	187	130	103	254	219	177	127	91	72	249	213	177	127	91
	New York, N.Y	588	311	265	218	156	108	86	254	219	177	127	91	72	249	213	177	127	91
	Philadelphia, Pa.	512	287	245	201	144	101	80	247	212	174	124	89	70	246	211	174	124	89
	Baltimore, Md.	463	276	234	193	138	96	75	245	210	173	123	88	68	245	210	173	123	88
	Norfolk, Va.	630	323	275	227	162	113	89	254	216	179	129	89	70	254	216	179	129	89
	Albany, N.Y.	597	311	265	218	156	108	86	247	212	174	124	89	70	246	211	174	124	89
North Vernon, Indiana	Halifax, N.S.	1609	606	514	425	303	243	181	302	254	211	149	105	83	306	259	214	154	108
	St. John, N.B.	1332	528	449	367	263	211	159	302	254	211	149	105	83	306	259	214	154	108
	Quebec, Que.	1025	449	383	314	226	179	136	302	254	211	149	105	83	306	259	214	154	108
	Montreal, Que.	858	403	342	284	202	162	122	302	254	211	149	105	83	303	257	212	152	106
	Portland, Me.	1026	432	368	303	217	152	120	302	254	211	149	105	83	306	259	214	154	108
	Boston, Mass. (S)	954	414	352	290	208	145	114	312	265	214	154	108	87	306	259	214	154	108
	Boston, Mass. (D)		408	348	286	204	143	113	306	260	211	149	106	86	-	-	-	-	-
	New York, N.Y.	796	372	316	261	187	130	103	312	265	214	154	108	87	306	259	214	154	108
	Philadelphia, Pa.	716	348	295	244	174	122	95	305	258	212	152	106	84	303	257	212	152	106
	Baltimore, Md.	632	323	275	227	162	113	89	302	254	211	149	105	82	302	254	211	149	105
	Norfolk, Va.	729	354	301	247	177	124	98	302	254	211	149	105	82	302	254	211	149	105
	Albany, N.Y.	770	366	311	257	183	128	101	305	258	212	152	106	84	303	257	212	152	106
Pana, Illinois	Halifax, N.S.	1701	633	538	442	316	253	190	350	298	245	176	122	96	354	301	249	179	125
	St. John, N.B.	1424	553	471	389	278	223	165	350	298	245	176	122	96	354	301	249	179	125
	Quebec, Que.	1117	477	403	333	237	190	141	350	298	245	176	122	96	354	301	249	179	125
	Montreal, Que.	950	429	365	302	216	173	129	350	298	245	176	122	96	351	299	246	177	123
	Portland, Me.	1165	463	393	324	232	162	128	350	298	245	176	122	96	354	301	249	179	125
	Boston, Mass. (S)	1093	445	378	312	223	156	122	359	307	249	179	125	100	354	301	249	179	125
	Boston, Mass. (D)		439	373	308	219	154	121	354	302	245	176	123	99	-	-	-	-	-
	New York, N.Y.	966	414	352	290	208	145	114	359	307	249	179	125	100	354	301	249	179	125
	Philadelphia, Pa.	890	396	336	278	198	139	108	352	300	246	177	123	98	351	299	246	177	123
	Baltimore, Md.	817	378	322	265	189	133	104	350	298	245	176	122	96	350	298	245	176	122
	Norfolk, Va.	933	408	348	286	205	143	112	350	298	245	176	122	96	350	298	245	176	122
	Albany, N.Y.	909	403	342	282	201	141	111	352	300	246	177	123	98	351	299	246	177	123

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Base Point	Port	Short Line Miles	Domestic						Import						Export					
			Classes						Classes						Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Parkersburg, West Virginia	Halifax, N.S.	1497	568	484	400	285	227	171	568	484	400	285	227	171	568	484	400	285	227	171
	St. John, N.B.	1221	488	414	342	244	197	146	488	414	342	244	197	146	488	414	342	244	197	146
	Quebec, Que.	911	411	349	289	205	163	122	411	349	289	205	163	122	411	349	289	205	163	122
	Montreal, Que.	744	366	312	258	184	146	110	366	312	258	184	146	110	366	312	258	184	146	110
	Portland, Me.	858	390	332	273	195	137	107	340	290	237	171	121	94	340	290	237	171	121	94
	Boston, Mass.	757	359	306	252	180	125	99	229	197	160	114	81	66	229	197	160	114	81	66
	New York, N.Y.	530	294	250	206	147	103	81	229	197	160	114	81	66	229	197	160	114	81	66
	Philadelphia, Pa.	450	269	229	189	136	94	74	222	190	157	112	78	64	222	190	157	112	78	64
	Baltimore, Md.	366	245	209	172	123	86	67	219	188	156	111	76	63	219	188	156	111	76	63
	Norfolk, Va.	558	299	255	210	149	105	82	265	226	183	133	92	73	265	226	183	133	92	73
	Albany, N.Y.	624	323	275	227	162	113	89	222	190	157	112	78	64	222	190	157	112	78	64
Peoria, Illinois	Halifax, N.S.	1688	628	534	441	314	251	188	356	303	250	179	123	98	359	307	253	183	127	101
	St. John, N.B.	1411	550	466	384	276	219	165	356	303	250	179	123	98	359	307	253	183	127	101
	Quebec, Que.	1104	471	401	331	236	188	141	356	303	250	179	123	98	359	307	253	183	127	101
	Montreal, Que.	937	424	359	296	211	171	128	356	303	250	179	123	98	357	305	251	180	124	99
	Portland, Me.	1155	463	393	324	232	162	128	356	303	250	179	123	98	359	307	253	183	127	101
	Boston, Mass. (S)	1083	445	378	312	223	158	122	366	314	253	183	127	101	359	307	253	183	127	101
	Boston, Mass. (D)		439	373	308	219	154	121	359	308	250	179	124	100	-	-	-	-	-	-
	New York, N.Y.	988	421	357	295	211	147	116	360	314	253	183	127	101	359	307	253	183	127	101
	Philadelphia, Pa.	912	403	342	282	201	141	111	358	306	251	180	124	99	357	305	251	180	124	99
	Baltimore, Md.	849	384	326	269	193	135	106	356	303	250	179	123	98	356	303	250	179	123	98
	Norfolk, Va.	968	414	352	290	208	145	114	356	303	250	179	123	98	356	303	250	179	123	98
	Albany, N.Y.	899	396	336	278	198	139	108	358	306	251	180	124	98	357	305	251	180	124	98
Painesville, Ohio	Halifax, N.S.	1283	517	438	363	260	209	156	244	209	171	122	86	68	247	212	174	125	89	72
	St. John, N.B.	1007	445	376	312	223	179	133	244	209	171	122	86	68	247	212	174	125	89	72
	Quebec, Que.	697	363	307	253	181	145	110	244	209	171	122	86	68	247	212	174	125	89	72
	Montreal, Que.	530	307	262	216	156	122	92	244	209	171	122	86	68	245	210	172	123	87	70
	Portland, Me.	696	341	290	239	171	120	94	244	209	171	122	86	68	247	212	174	125	89	72
	Boston, Mass.	624	323	275	227	162	113	89	253	218	174	125	89	72	247	212	174	125	89	72
	New York, N.Y.	538	294	250	206	147	103	81	253	218	174	125	89	72	247	212	174	125	89	72
	Philadelphia, Pa.	475	276	234	193	138	96	75	246	211	172	123	87	70	245	210	172	123	87	70
	Baltimore, Md.	442	269	229	189	136	94	74	244	209	171	122	86	68	244	209	171	122	86	68
	Norfolk, Va.	634	323	275	227	162	113	89	295	251	209	148	104	81	295	251	209	148	104	81
	Albany, N.Y.	440	263	225	184	131	92	72	244	209	171	122	86	68	244	209	171	122	86	68

26.

Base Point	Port	Short Line Miles	Domestic Classes						Import Classes						Export Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Petoskey, Michigan	Halifax, N.S.	1484	580	494	406	290	232	174	350	296	251	179	122	94	367	314	258	186	129	101
	St. John, N.B.	1207	497	424	349	250	198	148	350	296	251	179	122	94	367	314	258	186	129	101
	Quebec, Que.	885	424	359	296	211	171	128	350	296	251	179	122	94	367	314	258	186	129	101
	Montreal, Que.	739	376	320	263	190	149	114	350	296	251	179	122	94	365	311	254	183	127	99
	Portland, Me.	980	421	357	295	211	147	116	350	296	251	179	122	94	367	314	258	186	129	101
	Boston, Mass. (S)	908	403	342	282	201	141	111	367	314	258	186	129	101	367	314	258	186	129	101
	Boston, Mass. (D)		396	338	278	197	139	110	360	308	253	181	127	100	-	-	-	-	-	-
	New York, N.Y.	837	384	326	269	193	135	106	367	314	258	186	129	101	367	314	258	186	129	101
	Philadelphia, Pa.	843	384	326	269	193	135	106	359	306	254	183	127	99	365	311	254	183	127	99
	Baltimore, Md.	841	384	326	269	193	135	106	357	303	253	181	125	98	364	310	253	181	125	98
	Norfolk, Va.	1039	432	368	303	217	152	120	357	303	253	181	125	98	364	310	253	181	125	98
	Albany, N.Y.	724	354	301	247	177	124	98	338	289	237	171	119	94	338	289	237	171	119	94
Piqua, Ohio	Halifax, N.S.	1479	576	488	403	289	232	173	271	232	192	138	96	75	276	235	195	141	100	80
	St. John, N.B.	1202	497	424	349	250	198	148	271	232	192	138	96	75	276	235	195	141	100	80
	Quebec, Que.	895	417	354	293	210	165	123	271	232	192	138	96	75	276	235	195	141	100	80
	Montreal, Que.	728	373	316	262	188	148	111	271	232	192	138	96	75	273	233	193	139	98	76
	Portland, Me.	897	396	336	278	198	139	108	271	232	192	138	96	75	276	235	195	141	100	80
	Boston, Mass. (S)	825	378	322	265	189	133	104	282	242	195	141	100	80	276	235	195	141	100	80
	Boston, Mass. (D)		372	317	261	185	130	103	-	-	-	-	-	-	-	-	-	-	-	-
	New York, N.Y.	692	341	290	239	171	120	94	282	242	195	141	100	80	276	235	195	141	100	80
	Philadelphia, Pa.	618	317	269	222	159	111	88	275	234	193	139	98	76	273	233	193	139	98	76
	Baltimore, Md.	552	299	253	210	149	105	82	271	232	192	138	96	75	271	232	192	138	96	75
	Norfolk, Va.	690	341	290	239	171	120	94	271	232	192	138	96	75	271	232	192	138	96	75
	Albany, N.Y.	641	330	281	230	164	116	90	275	234	193	139	98	76	273	233	193	139	98	76
Plymouth, Indiana	Halifax, N.S.	1514	580	494	406	290	232	174	310	263	216	156	110	86	314	267	219	160	113	89
	St. John, N.B.	1237	501	428	350	251	201	149	310	263	216	156	110	86	314	267	219	160	113	89
	Quebec, Que.	929	424	359	296	211	171	128	310	263	216	156	110	86	314	267	219	160	113	89
	Montreal, Que.	762	373	316	262	188	148	111	310	263	216	156	110	86	311	265	217	157	111	87
	Portland, Me.	978	421	357	295	211	147	116	310	263	216	156	110	86	314	267	219	160	113	89
	Boston, Mass.(S)	906	403	342	282	201	141	111	319	273	219	160	113	89	314	267	219	160	113	89
	Boston, Mass. (D)		396	338	278	197	139	110	314	268	216	156	111	88	-	-	-	-	-	-
	New York, N.Y.	811	378	322	265	189	133	104	319	273	219	160	113	89	314	267	219	160	113	89
	Philadelphia, Pa.	735	354	301	247	177	124	98	312	266	217	157	111	87	311	265	217	157	111	87
	Baltimore, Md.	688	341	290	239	171	120	94	310	263	216	156	110	86	310	263	216	156	110	86
	Norfolk, Va.	837	384	326	269	193	135	106	310	263	216	156	110	86	310	263	216	156	110	86
	Albany, N.Y.	722	354	301	247	177	124	98	312	266	217	157	111	87	311	265	217	157	111	87

se Point	Port	Short Line Miles	Domestic						Import						Export					
			Classes						Classes						Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
ntiac, Michigan	Halifax, N.S.	1313	534	454	375	268	214	162	293	245	205	146	104	80	296	253	209	149	107	84
	St. John, N.B.	1036	449	[illegible]	314	226	179	136	293	245	205	146	104	80	296	253	209	149	107	84
	Quebec, Que.	728	373	316	262	188	148	111	293	245	205	146	104	80	296	253	209	149	107	84
	Montreal, Que.	561	316	268	223	159	128	96	293	245	205	146	104	80	294	251	206	147	105	82
	Portland, Me.	793	372	316	261	189	130	103	293	245	205	146	104	80	296	253	209	149	107	84
	Boston, Mass. (S)	721	354	301	247	177	124	98	302	260	209	149	107	84	296	253	209	149	107	84
	Boston, Mass. (D)		348	296	244	173	122	96	296	254	205	146	105	83	-	-	-	-	-	-
	New York, N.Y.	649	330	281	230	164	116	90	302	260	209	149	107	84	296	253	209	149	107	84
	Philadelphia, Pa.	655	330	281	230	164	116	90	295	252	206	147	105	82	294	251	206	147	105	8
	Baltimore, Md.	630	323	275	227	162	113	89	293	250	205	146	104	81	293	250	205	146	104	8
	Norfolk, Va.	822	378	322	265	189	133	104	293	250	205	146	104	81	293	250	205	146	104	8
	Albany, N.Y.	537	294	250	206	147	103	81	279	237	197	139	98	76	279	237	197	139	98	76
rt Huron, Michigan	Halifax, N.S.	1257	523	445	366	262	210	157	278	233	201	141	96	75	293	247	205	148	104	8
	St. John, N.B.	980	445	376	312	223	179	133	278	233	201	141	96	75	293	247	205	148	104	8
	Quebec, Que.	672	366	312	258	184	146	110	278	233	201	141	96	75	293	247	205	148	104	8
	Montreal, Que.	505	296	253	209	148	119	89	278	233	201	141	96	75	290	245	202	146	101	7
	Portland, Me.	735	354	301	247	177	124	98	278	233	201	141	96	75	293	247	205	148	104	8
	Boston, Mass. (S)	663	335	285	235	169	117	92	295	251	205	148	104	81	293	247	205	148	104	8
	Boston, Mass. (D)		330	281	232	164	114	91	289	246	201	145	101	80	-	-	-	-	-	-
	New York, N.Y.	592	311	265	218	156	108	86	295	251	205	148	104	81	293	247	205	148	104	81
	Philadelphia, Pa.	598	311	265	218	156	108	86	287	244	204	146	101	78	290	245	202	146	101	7
	Baltimore, Md.	596	311	265	218	156	108	86	285	242	201	145	100	76	289	244	201	145	100	7
	Norfolk, Va.	811	378	322	265	189	133	104	285	242	201	145	100	76	289	244	201	145	100	7
	Albany, N.Y.	479	276	234	193	138	96	75	271	232	192	138	96	75	271	232	192	138	96	75
tsmouth, Ohio	Halifax, N.S.	1548	594	506	417	298	237	179	258	218	181	129	89	70	261	222	186	133	92	73
	St. John, N.B.	1272	517	438	363	260	209	156	258	218	181	129	89	70	261	222	186	133	92	73
	Quebec, Que.	962	437	372	306	218	174	131	258	218	181	129	89	70	261	222	186	133	92	73
	Montreal, Que.	795	398	338	278	198	159	121	258	218	181	129	89	70	259	219	183	130	90	71
	Portland, Me.	987	421	357	295	211	147	116	258	218	181	129	89	70	261	222	186	133	92	73
	Boston, Mass. (S)	886	396	336	278	198	139	108	267	228	186	133	92	73	261	222	186	133	92	73
	Boston, Mass. (D)		390	332	275	195	137	107	-	-	-	-	-	-	-	-	-	-	-	-
	New York, N.Y.	659	330	281	230	164	116	90	267	228	186	133	92	73	261	222	186	133	92	73
	Philadelphia, Pa.	578	305	260	213	153	107	84	260	220	183	130	90	71	259	219	183	130	90	71
	Baltimore, Md.	486	282	239	197	141	99	78	258	218	181	129	89	70	258	218	181	129	89	70
	Norfolk, Va.	511	287	245	201	144	101	80	258	218	181	129	89	70	258	218	181	129	89	70
	Albany, N.Y.	736	354	301	247	177	124	98	260	220	183	130	90	71	259	219	183	130	90	71

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Base Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5	6
Quincy, Illinois	Halifax, N.S.	1819	668	567	466	333	267	201	379	323	267	190	133	105	383	326	270	194	137	108
	St. John, N.B.	1542	580	494	406	290	232	174	379	323	267	190	133	105	383	326	270	194	137	108
	Quebec, Que.	1235	507	431	356	254	202	153	379	323	267	190	133	105	383	326	270	194	137	108
	Montreal, Que.	1068	455	389	319	228	184	138	379	323	267	190	133	105	381	324	266	192	135	106
	Portland, Me.	1279	494	420	347	247	173	136	379	323	267	190	133	105	383	326	270	194	137	108
	Boston, Mass. (S)	1207	476	405	333	237	167	130	389	333	270	194	137	108	383	326	270	194	137	108
	Boston, Mass. (D)		470	400	330	234	164	129	383	328	267	190	135	107	-	-	-	-	-	-
	New York, N.Y.	1091	445	378	312	223	156	122	389	333	270	194	137	108	383	326	270	194	137	108
	Philadelphia, Pa.	1015	427	364	299	213	149	117	382	325	268	192	135	106	381	324	268	192	135	106
	Baltimore, Md.	942	408	348	286	205	143	112	379	323	267	190	133	105	379	323	267	190	133	105
	Norfolk, Va.	1057	439	373	307	219	154	121	379	323	267	190	133	105	379	323	267	190	133	105
	Albany, N.Y.	1023	427	364	299	213	149	117	382	325	268	192	135	106	381	324	268	192	135	106
Richmond, Indiana	Halifax, N.S.	1526	580	494	406	290	232	174	285	243	201	145	101	80	289	246	205	148	106	83
	St. John, N.B.	1249	501	428	350	251	201	149	285	243	201	145	101	80	289	246	205	148	105	83
	Quebec, Que.	942	424	359	296	211	171	128	285	243	201	145	101	80	289	246	205	148	105	83
	Montreal, Que.	775	376	320	263	190	149	114	285	243	201	145	101	80	286	244	202	146	103	81
	Portland, Me.	943	408	348	286	205	143	112	285	243	201	145	101	80	289	246	205	148	105	83
	Boston, Mass. (S)	871	390	332	273	195	137	107	295	252	205	148	105	83	289	246	205	148	105	83
	Boston, Mass. (D)		384	326	269	192	135	106	289	247	201	145	103	82	-	-	-	-	-	-
	New York, N.Y.	731	354	301	247	177	124	98	295	252	205	143	105	83	289	246	205	148	105	83
	Philadelphia, Pa.	655	330	281	230	164	116	90	287	245	202	146	103	81	286	244	202	146	103	81
	Baltimore, Md.	582	311	265	218	156	108	86	285	243	201	145	101	80	285	243	201	145	101	80
	Norfolk, Va.	707	348	295	244	174	122	95	285	243	201	145	101	80	285	243	201	145	101	80
	Albany, N.Y.	687	341	290	239	171	120	94	287	245	202	146	103	81	286	244	202	146	103	81
Rockford, Illinois	Halifax, N.S.	1647	620	528	437	312	250	188	356	303	250	179	123	98	359	307	253	183	127	101
	St. John, N.B.	1370	534	454	375	268	214	162	356	303	250	179	123	98	359	307	253	183	127	101
	Quebec, Que.	1062	463	392	323	232	186	139	356	303	250	179	123	98	359	307	253	183	127	101
	Montreal, Que.	895	417	354	293	210	165	123	356	303	250	179	123	98	357	305	251	180	124	99
	Portland, Me.	1122	452	384	316	226	159	124	356	303	250	179	123	98	359	307	253	183	127	101
	Boston, Mass. (S)	1050	432	368	303	217	152	120	366	314	253	183	127	101	359	307	253	183	127	101
	Boston, Mass. (D)		427	364	300	213	148	119	359	308	250	179	124	100	-	-	-	-	-	-
	New York, N.Y.	974	414	352	290	208	145	114	366	314	253	183	127	101	359	307	253	183	127	101
	Philadelphia, Pa.	898	396	336	278	198	139	108	358	306	251	180	124	99	357	305	251	180	124	99
	Baltimore, Md.	851	390	332	273	195	137	107	356	303	250	179	123	98	356	303	250	179	123	98
	Norfolk, Va.	997	421	357	295	211	147	116	356	303	250	179	101	98	356	303	250	179	123	98
	Albany, N.Y.	866	390	332	273	195	137	107	354	302	245	176	123	98	354	302	245	176	123	98

se Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5
odhouse, Illinois	Halifax, N.S.	1759	647	550	454	324	260	193	366	312	258	184	129	101	369	316	261	188	133
	St. John, N.B.	1482	568	484	400	285	227	171	366	312	258	184	129	101	369	316	261	188	133
	Quebec, Que.	1175	448	414	342	244	197	146	366	312	258	184	129	101	369	316	261	188	133
	Montreal, Que.	1008	445	376	312	223	179	133	366	312	258	184	129	101	367	314	259	186	130
	Portland, Me.	1244	481	409	338	242	169	133	366	312	258	184	129	101	369	316	261	188	133
	Boston, Mass. (S)	1172	463	393	324	232	162	128	375	322	261	188	133	105	369	316	261	188	133
	Boston, Mass. (D)		457	389	320	228	160	127	369	317	258	184	130	104	-	-	-	-	-
	New York, N.Y.	1067	439	373	307	219	154	121	375	322	261	188	133	105	369	316	261	188	133
	Philadelphia, Pa.	981	421	357	295	211	147	116	368	315	259	186	130	103	367	314	259	186	130
	Baltimore, Md.	908	403	342	282	201	141	111	366	312	258	184	129	101	366	312	258	184	129
	Norfolk, Va.	1023	427	364	299	213	149	117	366	312	258	184	129	101	366	312	258	184	129
	Albany, N.Y.	988	421	357	295	211	147	116	368	315	259	186	130	103	367	314	259	186	130
ginaw, Michigan	Halifax, N.S.	1347	542	463	379	271	218	153	296	250	214	149	104	81	314	267	219	157	110
	St. John, N.B.	1070	455	389	319	228	184	138	296	250	214	149	104	81	314	267	219	157	110
	Quebec, Que.	762	384	326	268	192	153	116	296	250	214	149	104	81	314	267	219	157	110
	Montreal, Que.	595	332	281	232	165	133	101	296	250	214	149	104	81	311	265	217	155	107
	Portland, Me.	825	378	322	265	189	133	104	296	250	214	149	104	81	314	267	219	157	110
	Boston, Mass. (S)	753	359	306	252	180	125	99	314	267	219	157	110	88	314	267	219	157	110
	Boston, Mass. (D)		354	301	249	177	123	98	307	262	216	154	107	87	-	-	-	-	-
	New York, N.Y.	682	341	290	239	171	120	94	314	267	219	157	110	88	314	267	219	157	110
	Philadelphia, Pa.	688	341	290	239	171	120	94	306	260	217	155	107	86	311	265	217	155	107
	Baltimore, Md.	683	341	290	259	171	120	94	303	258	215	154	106	84	310	263	216	154	106
	Norfolk, Va.	875	390	332	273	195	137	107	303	258	216	154	108	84	310	263	216	154	106
	Albany, N.Y.	569	305	260	213	153	107	84	285	243	201	145	101	80	285	243	201	145	101
Louis, Missouri	Halifax, N.S.	1786	655	558	458	326	262	197	366	312	258	184	129	101	369	316	261	188	133
	St. John, N.B.	1509	576	488	403	289	232	173	366	312	258	184	129	101	369	316	261	188	133
	Quebec, Que.	1202	497	424	349	250	198	148	366	312	258	184	129	101	369	316	261	188	133
	Montreal, Que.	1035	449	383	314	226	179	136	366	312	258	184	129	101	367	314	259	186	130
	Portland, Me.	1246	481	409	338	242	169	133	366	312	258	184	129	101	369	316	261	188	133
	Boston, Mass. (S)	1174	463	393	324	232	162	128	375	322	261	188	133	105	369	316	261	188	133
	Boston, Mass. (D)		457	389	320	228	160	127	369	317	258	184	130	104	-	-	-	-	-
	New York, N.Y.	1040	432	368	303	217	152	120	375	322	261	188	133	105	369	316	261	188	133
	Philadelphia, Pa.	964	414	352	290	208	145	114	368	315	259	186	130	103	367	314	259	186	130
	Baltimore, Md.	891	396	336	278	198	139	108	366	312	258	184	129	101	366	312	258	184	129
	Norfolk, Va.	990	421	357	295	211	147	116	366	312	258	184	129	101	366	312	258	184	129
	Albany, N.Y.	990	421	357	295	211	147	116	368	315	259	186	130	103	367	314	259	186	130

Base Point
Sandusky,
Sardinia,
Sheboygan,

Base Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5
Sandusky, Ohio	Halifax, N.S.	1371	550	466	384	276	219	165	258	218	181	129	89	70	261	222	186	133	92
	St. John, N.B.	1095	471	401	331	236	188	141	258	218	181	129	89	70	261	222	186	133	92
	Quebec, Que.	785	390	332	271	197	157	119	258	218	181	129	89	70	261	222	186	133	92
	Montreal, Que.	618	342	290	241	173	138	104	258	218	181	129	89	70	259	219	183	130	90
	Portland, Me.	784	372	316	261	187	130	103	258	218	181	129	89	70	261	222	186	133	92
	Boston, Mass. (S)	712	348	295	244	174	122	95	267	228	186	133	92	73	261	222	186	133	92
	Boston, Mass. (D)		341	290	241	171	120	94	-	-	-	-	-	-	-	-	-	-	-
	New York, N.Y.	621	323	275	227	162	113	89	267	228	186	133	92	73	261	222	186	133	92
	Philadelphia, Pa.	550	299	253	210	149	106	82	260	220	183	130	90	71	259	219	183	130	90
	Baltimore, Md.	504	287	245	201	144	101	80	258	218	181	129	89	70	258	218	181	129	89
	Norfolk, Va.	696	341	290	239	171	120	94	285	242	201	145	100	76	289	244	201	145	100
	Albany, N.Y.	528	294	250	206	147	103	81	260	220	183	130	90	71	259	219	183	130	90
Sardinia, Ohio	Halifax, N.S.	1566	580	494	406	290	232	174	279	237	197	139	98	76	283	242	201	143	101
	St. John, N.B.	1290	501	428	350	251	201	149	279	237	197	139	98	76	283	242	201	143	101
	Quebec, Que.	980	445	376	312	223	179	133	279	237	197	139	98	76	283	242	201	143	101
	Montreal, Que.	813	390	332	271	197	157	119	279	237	197	139	98	76	281	239	198	140	99
	Portland, Me.	978	421	357	295	211	147	116	279	237	197	139	98	76	283	242	201	143	101
	Boston, Mass. (S)	906	403	342	282	201	141	111	289	247	201	143	101	81	283	242	201	143	101
	Boston, Mass. (D)		396	338	278	197	139	110	283	243	197	139	99	80	-	-	-	-	-
	New York, N.Y.	713	348	295	244	174	122	95	289	247	201	143	101	81	283	242	201	143	101
	Philadelphia, Pa.	633	323	275	227	162	113	89	282	241	198	140	99	78	281	239	198	140	99
	Baltimore, Md.	549	299	253	210	149	105	82	279	237	197	139	98	76	279	237	197	139	98
	Norfolk, Va.	608	317	269	222	159	111	88	279	237	197	139	98	76	279	237	197	139	98
	Albany, N.Y.	727	354	301	247	177	124	98	282	241	198	140	99	78	281	239	198	140	99
Sheboygan, Wisconsin	Halifax, N.S.	1571	602	512	420	302	241	181	348	293	250	176	121	94	365	310	254	184	128
	St. John, N.B.	1294	517	438	363	260	209	156	348	293	250	176	121	94	365	310	254	184	128
	Quebec, Que.	986	445	376	312	223	179	133	348	293	250	176	121	94	365	310	254	184	128
	Montreal, Que.	819	398	338	278	198	159	121	348	293	250	176	121	94	363	307	252	181	125
	Portland, Me.	1051	439	373	307	219	154	121	348	293	250	176	121	94	365	310	254	184	128
	Boston, Mass. (S)	979	421	357	295	211	147	116	365	310	254	184	128	101	365	310	254	184	128
	Boston, Mass. (D)		414	352	292	208	145	114	358	305	251	180	125	100	-	-	-	-	-
	New York, N.Y.	908	403	342	282	201	141	111	365	310	254	184	128	101	365	310	254	184	128
	Philadelphia, Pa.	914	403	342	282	201	141	111	357	302	252	181	125	99	363	307	252	181	125
	Baltimore, Md.	884	396	336	278	198	139	108	355	300	251	180	124	98	360	306	251	180	124
	Norfolk, Va.	1052	439	373	307	219	154	121	355	300	251	180	124	98	360	306	251	180	124
	Albany, N.Y.	795	372	316	261	187	130	103	333	284	233	169	119	92	333	284	233	169	119

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use Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5	6
uth Bend, Indiana	Halifax, N.S.	1491	576	408	403	289	232	173	310	263	216	156	110	96	314	267	219	160	113	
	St. John, N.B.	1214	497	424	349	250	198	148	310	263	216	156	110	86	314	267	219	160	113	
	Quebec, Que.	906	417	354	293	210	165	123	310	263	216	156	110	86	314	267	219	160	113	
	Montreal, Que.	739	373	316	262	188	148	111	310	263	216	156	110	86	311	265	217	157	111	
	Portland, Me.	960	414	352	290	203	145	114	310	263	216	156	110	86	314	267	219	160	113	
	Boston, Mass. (S)	888	396	336	278	193	139	108	319	273	219	160	113	89	314	267	219	160	113	
	Boston, Mass. (D)		390	332	275	195	137	107	314	268	216	156	111	88	-	-	-	-	-	-
	New York, N.Y.	813	373	323	265	189	133	104	319	273	219	160	113	89	314	267	219	160	113	
	Philadelphia, Pa.	737	354	301	247	177	134	98	312	266	217	157	111	87	311	265	217	157	111	
	Baltimore, Md.	690	341	290	239	171	120	94	310	263	216	156	110	86	310	263	216	156	110	
	Norfolk, Va.	861	390	332	273	195	137	107	310	263	216	156	110	86	310	263	216	156	110	
	Albany, N.Y.	704	348	295	244	174	122	95	312	266	217	157	110	87	311	265	217	157	110	
ringfield, Illinois	Halifax, N.S.	1712	633	538	442	316	253	190	356	303	250	179	123	98	359	307	253	183	127	
	St. John, N.B.	1435	553	471	389	278	223	165	356	303	250	179	123	98	359	307	253	183	127	
	Quebec, Que.	1128	477	403	333	237	190	141	356	303	250	179	123	98	359	307	253	183	127	
	Montreal, Que.	961	429	365	302	216	173	129	356	303	250	179	123	98	357	305	251	180	124	
	Portland, Me.	1178	470	393	330	235	164	129	356	303	250	179	123	98	359	307	253	183	127	
	Boston, Mass. (S)	1106	452	384	316	226	159	124	366	314	255	183	127	101	359	307	253	183	127	
	Boston, Mass. (D)		445	379	312	222	156	123	359	308	250	179	124	100	-	-	-	-	-	-
	New York, N.Y.	991	421	357	295	211	147	116	366	314	255	183	127	101	359	307	253	183	127	
	Philadelphia, Pa.	915	405	342	282	201	141	111	358	305	251	180	124	99	357	305	251	180	124	
	Baltimore, Md.	841	384	326	263	193	135	106	356	302	250	179	123	98	356	303	250	179	123	
	Norfolk, Va.	957	414	352	290	208	145	114	356	303	250	179	123	98	356	303	250	179	123	
	Albany, N.Y.	922	403	342	282	201	141	111	358	306	251	180	124	99	357	305	251	180	124	
ringfield, Ohio	Halifax, N.S.	1476	568	484	400	285	227	171	267	227	186	133	94	75	270	230	189	137	98	
	St. John, N.B.	1200	488	414	342	244	197	146	267	227	186	133	94	75	270	230	189	137	98	
	Quebec, Que.	890	411	349	289	205	163	122	267	227	186	133	94	75	270	230	189	137	98	
	Montreal, Que.	723	366	312	258	184	146	110	267	227	186	133	94	75	268	228	187	135	95	
	Portland, Me.	887	396	336	278	198	139	108	267	227	186	133	94	75	270	230	189	137	98	
	Boston, Mass. (S)	815	378	322	265	189	133	104	277	236	189	137	98	80	270	230	189	137	98	
	Boston, Mass. (D)		372	317	261	186	130	103	-	-	-	-	-	-	-	-	-	-	-	-
	New York, N.Y.	666	335	285	235	169	117	92	277	236	189	137	98	80	270	230	189	137	98	
	Philadelphia, Pa.	589	311	265	218	156	108	86	269	229	187	135	95	76	268	228	187	135	95	
	Baltimore, Md.	524	294	250	206	147	103	81	267	227	186	133	94	75	267	227	186	133	94	
	Norfolk, Va.	656	330	281	230	164	116	90	267	227	186	133	94	75	267	227	186	133	94	
	Albany, N.Y.	631	323	275	227	162	113	89	269	229	187	135	95	76	268	228	187	135	95	

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4	5
160	113
160	113
160	113
157	111
160	113
160	113
-	-
160	113
57	111
50	110
56	110
57	110
33	127
33	127
33	127
30	124
33	127
33	127
-	-
33	127
30	124
79	123
79	123
30	124
57	98
57	98
57	98
55	95
57	98
57	98
-	-
7	98
5	95
3	94
3	94
5	95

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Base Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5	6
Sterling, Illinois	Halifax, N.S.	1682	628	534	441	314	251	188	365	310	254	184	128	101	368	314	259	188	131	105
	St. John, N.B.	1405	550	466	384	276	219	165	365	310	254	184	128	101	368	314	259	188	131	105
	Quebec, Que.	1097	471	401	331	236	168	141	365	310	254	184	128	101	368	314	259	188	131	105
	Montreal, Que.	930	424	359	296	211	171	128	365	310	254	184	128	101	366	311	257	186	129	103
	Portland, Me.	1142	457	389	320	229	160	125	365	310	254	184	128	101	368	314	259	188	131	105
	Boston, Mass. (S)	1070	439	375	307	219	154	121	374	319	259	188	131	105	368	314	259	188	131	105
	Boston, Mass. (D)		432	368	303	216	152	120	368	315	254	184	129	104	-	-	-	-	-	-
	New York, N.Y.	987	421	357	295	211	147	116	374	319	259	188	131	105	368	314	259	188	131	105
	Philadelphia, Pa.	911	403	342	282	201	141	111	367	312	257	186	129	103	366	311	257	186	129	103
	Baltimore, Md.	864	390	332	273	195	137	107	365	310	254	184	128	101	365	310	254	184	128	101
	Norfolk, Va.	1006	427	364	299	213	149	117	366	310	254	184	128	101	365	310	254	184	128	101
	Albany, N.Y.	886	396	336	278	198	139	108	365	310	254	184	128	101	365	310	254	184	128	101
Streator, Illinois	Halifax, N.S.	1643	616	523	429	307	245	186	349	296	244	174	122	96	352	300	247	178	125	100
	St. John, N.B.	1366	534	454	375	268	214	162	349	296	244	174	122	96	352	300	247	178	125	100
	Quebec, Que.	1058	455	389	319	228	184	138	349	296	244	174	122	96	352	300	247	178	125	100
	Montreal, Que.	891	411	349	289	205	163	122	349	296	244	174	122	96	350	298	245	176	123	98
	Portland, Me.	1109	452	384	316	226	158	124	349	296	244	174	122	96	352	300	247	178	125	100
	Boston, Mass. (S)	1037	432	365	303	217	152	120	358	305	247	178	125	100	352	300	247	178	125	100
	Boston, Mass. (D)		427	364	300	213	148	119	352	301	244	174	123	99	-	-	-	-	-	-
	New York, N.Y.	943	408	348	286	205	143	112	358	306	247	178	125	100	352	300	247	178	125	100
	Philadelphia, Pa.	866	390	332	273	195	137	107	351	299	245	176	123	98	350	298	245	176	123	98
	Baltimore, Md.	819	378	322	265	189	133	104	349	296	244	174	122	96	349	296	244	174	122	96
	Norfolk, Va.	950	408	348	286	205	143	112	349	296	244	174	122	96	349	296	244	174	122	96
	Albany, N.Y.	853	390	332	273	195	137	107	351	299	245	176	123	98	350	298	245	176	123	98
Terre Haute, Indiana	Halifax, N.S.	1633	616	523	429	307	245	186	331	279	232	165	116	92	334	283	235	170	120	96
	St. John, N.B.	1356	534	454	375	268	214	162	331	279	232	165	116	92	334	283	235	170	120	96
	Quebec, Que.	1049	455	389	319	228	184	138	331	279	232	165	116	92	334	283	235	170	120	96
	Montreal, Que.	882	411	349	289	205	163	122	331	279	232	165	116	92	332	281	233	167	117	94
	Portland, Me.	1077	445	378	312	223	156	122	331	279	232	165	116	92	334	283	235	170	120	96
	Boston, Mass. (S)	1005	427	364	299	213	149	117	340	289	235	170	120	96	334	283	235	170	120	96
	Boston, Mass. (D)		421	358	295	210	147	116	334	284	232	165	117	95	-	-	-	-	-	-
	New York, N.Y.	871	390	332	273	195	137	107	340	289	235	170	120	96	334	283	235	170	120	96
	Philadelphia, Pa.	795	372	316	261	187	130	103	333	282	233	167	117	94	332	281	233	167	117	94
	Baltimore, Md.	722	354	301	247	177	124	98	331	279	232	165	116	92	331	279	232	165	116	92
	Norfolk, Va.	838	384	326	269	193	135	106	331	279	232	165	116	92	331	279	232	165	116	92
	Albany, N.Y.	821	378	322	265	189	133	104	333	282	233	167	117	94	332	281	233	167	117	94

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Base Point	Port	Short Line Miles	Domestic Classes						Import Classes						Export Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Toledo, Ohio	Halifax, N.S.	1365	542	463	379	271	218	163	278	233	201	141	96	75	293	247	205	148	104	
	St. John, N.B.	1088	463	392	323	232	186	139	278	233	201	141	96	75	293	247	205	148	104	
	Quebec, Que.	781	384	326	268	192	153	116	278	233	201	141	96	75	293	247	205	148	104	
	Montreal, Que.	614	332	281	232	165	133	101	278	233	201	141	96	75	290	245	202	146	101	
	Portland, Me.	831	384	326	269	193	135	106	278	233	201	141	96	75	293	247	205	148	104	
	Boston, Mass. (S)	759	359	306	252	180	125	99	295	251	206	148	104	81	293	247	205	148	104	
	Boston, Mass. (D)		354	301	249	177	123	98	289	246	201	145	101	80	-	-	-	-	-	
	New York, N.Y.	668	335	285	235	169	117	92	295	251	206	148	104	81	293	247	205	148	104	
	Philadelphia, Pa.	595	311	265	218	156	108	86	287	244	202	146	101	78	290	245	202	146	101	
	Baltimore, Md.	548	299	253	210	149	105	82	285	242	201	145	100	76	289	244	201	145	100	
	Norfolk, Va.	740	354	301	247	177	124	98	285	242	201	145	100	76	289	244	201	145	100	
	Albany, N.Y.	575	306	260	213	153	107	84	271	232	192	138	96	75	271	232	192	138	96	
Traverse City, Michigan	Halifax, N.S.	1492	580	494	406	290	232	174	349	295	251	176	122	94	366	312	258	184	129	
	St. John, N.B.	1215	497	424	349	250	198	148	349	295	251	176	122	94	366	312	258	184	129	
	Quebec, Que.	907	424	359	296	211	171	128	349	295	251	176	122	94	366	312	258	184	129	
	Montreal, Que.	740	373	316	262	188	148	111	349	295	251	176	122	94	364	310	254	181	127	
	Portland, Me.	971	414	352	290	208	145	114	349	295	251	176	122	94	366	312	258	184	129	
	Boston, Mass. (S)	899	396	336	278	198	139	108	365	312	258	184	129	101	366	312	258	184	129	
	Boston, Mass. (D)		390	332	275	195	137	107	359	307	253	180	127	100	-	-	-	-	-	
	New York, N.Y.	828	384	326	269	193	135	106	366	312	258	184	129	101	366	312	258	184	129	
	Philadelphia, Pa.	834	384	326	269	193	135	106	358	303	254	181	127	99	364	310	254	181	127	
	Baltimore, Md.	822	373	322	265	189	133	104	356	302	253	180	125	98	363	308	253	180	125	
	Norfolk, Va.	1014	427	364	299	213	149	117	356	302	253	180	125	98	363	308	253	180	125	
	Albany, N.Y.	715	348	295	244	174	122	95	336	285	236	169	119	92	336	285	236	169	119	
Uhrichsville, Ohio	Halifax, N.S.	1391	542	463	379	271	218	163	237	202	165	121	83	66	242	206	170	124	87	
	St. John, N.B.	1115	471	401	331	236	188	141	237	202	165	121	83	66	242	206	170	124	87	
	Quebec, Que.	806	384	326	268	192	153	116	237	202	165	121	83	66	242	206	170	124	87	
	Montreal, Que.	638	338	289	237	171	136	104	237	202	165	121	83	66	239	204	167	122	84	
	Portland, Me.	798	372	316	261	187	130	103	237	202	165	121	83	66	242	206	170	124	87	
	Boston, Mass.	726	354	301	247	177	124	98	247	212	170	124	87	70	242	206	170	124	87	
	New York, N.Y.	522	294	250	206	147	105	81	247	212	170	124	87	70	242	206	170	124	87	
	Philadelphia, Pa.	446	269	229	189	136	94	74	241	205	167	122	84	67	239	204	167	122	84	
	Baltimore, Md.	399	251	213	176	125	88	70	237	202	165	121	83	66	237	202	165	121	83	
	Norfolk, Va.	601	311	265	218	156	108	86	271	232	192	138	96	75	271	232	192	138	96	
	Albany, N.Y.	542	299	253	210	149	106	82	241	205	167	122	84	67	239	204	167	122	84	

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33.

4	5	6
48	104	81
48	104	81
48	104	81
46	101	78
48	104	81
48	104	81
-	-	-
48	104	81
46	101	76
45	100	76
45	100	75
38	96	75
84	129	101
84	129	101
84	129	101
81	127	99
84	129	101
84	129	101
-	-	-
84	129	101
81	127	99
80	125	98
80	125	98
69	119	92
124	87	70
124	87	70
124	87	70
122	84	67
124	87	70
124	87	70
124	87	70
122	84	67
121	83	66
138	96	75
122	84	67

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Base Point	Port	Short Line Miles	Domestic						Import						Export					
			Classes						Classes						Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Valparaiso, Indiana	Halifax, N.S.	1536	538	501	412	295	236	176	324	278	227	163	114	89	328	282	230	167	119	92
	St. John, N.B.	1258	507	431	356	254	202	153	324	278	227	163	114	89	328	282	230	167	119	92
	Quebec, Que.	950	429	365	302	216	173	129	324	278	227	163	114	89	328	282	230	167	119	92
	Montreal, Que.	783	384	326	268	192	153	116	324	278	227	163	114	89	325	279	228	164	116	90
	Portland, Me.	993	421	357	295	211	147	116	324	278	227	163	114	89	328	282	230	167	119	92
	Boston, Mass. (S)	921	403	342	282	201	141	111	334	287	230	167	119	92	328	282	230	167	119	92
	Boston, Mass. (D)		395	338	278	197	139	110	328	283	227	163	116	91	-	-	-	-	-	-
	New York, N.Y.	845	384	326	269	193	135	106	334	287	230	167	119	92	328	282	230	167	119	92
	Philadelphia, Pa.	769	366	311	257	183	128	101	326	281	228	164	116	90	325	279	228	164	116	90
	Baltimore, Md.	722	354	301	247	177	124	98	324	278	227	163	114	89	324	278	227	163	114	89
	Norfolk, Va.	879	396	336	278	198	139	108	324	278	227	163	114	89	324	278	227	163	114	89
	Albany, N.Y.	737	354	301	247	177	124	98	326	279	228	164	116	90	325	279	228	164	116	90
Vincennes, Indiana	Halifax, N.S.	1690	628	534	441	314	251	188	336	285	236	169	119	92	340	289	241	172	122	96
	St. John, N.B.	1413	550	466	384	276	219	165	336	285	236	169	119	92	340	289	241	172	122	96
	Quebec, Que.	1106	471	401	331	236	188	141	336	285	236	169	119	92	340	289	241	172	122	96
	Montreal, Que.	939	424	359	296	211	171	128	336	285	236	169	119	92	338	286	237	170	120	94
	Portland, Me.	1116	452	384	316	223	159	124	336	285	236	169	119	92	340	289	241	172	122	96
	Boston, Mass. (S)	1044	432	368	303	217	152	120	347	295	241	172	122	96	340	289	241	172	122	96
	Boston, Mass. (D)		427	364	300	213	148	119	340	290	236	169	120	95	-	-	-	-	-	-
	New York, N.Y.	893	396	336	278	198	139	108	347	295	241	172	122	96	340	289	241	172	122	96
	Philadelphia, Pa.	828	384	326	269	193	135	106	339	287	237	170	120	94	338	286	237	170	120	94
	Baltimore, Md.	729	354	301	247	177	124	98	336	285	236	169	119	92	336	285	236	169	119	92
	Norfolk, Va.	826	384	326	269	193	135	106	336	285	236	169	119	92	336	285	236	169	119	92
	Albany, N.Y.	860	390	332	273	195	137	107	339	287	237	170	120	94	338	286	237	170	120	94
Warren, Illinois	Halifax, N.S.	1608	633	538	442	316	253	190	373	316	262	188	131	104	376	319	266	192	136	107
	St. John, N.B.	1411	550	466	384	276	219	165	373	316	262	188	131	104	376	319	266	192	136	107
	Quebec, Que.	1105	477	403	333	237	190	141	373	316	262	188	131	104	376	319	266	192	136	107
	Montreal, Que.	936	424	359	296	211	171	128	373	316	262	188	131	104	374	317	263	189	133	105
	Portland, Me.	1139	457	389	320	229	160	125	373	316	262	188	131	104	376	319	266	192	136	107
	Boston, Mass. (S)	1067	439	373	307	219	154	121	383	325	266	192	136	107	376	319	266	192	136	107
	Boston, Mass. (D)		432	368	303	216	152	120	376	320	262	188	133	106	-	-	-	-	-	-
	New York, N.Y.	996	421	357	295	211	147	116	383	325	268	192	136	107	376	319	266	192	136	107
	Philadelphia, Pa.	925	405	342	282	201	141	111	375	318	263	189	133	105	374	317	263	189	133	105
	Baltimore, Md.	878	396	336	278	198	139	108	373	316	262	188	131	104	373	316	262	188	131	104
	Norfolk, Va.	1022	427	364	299	213	149	117	373	316	262	188	131	104	373	316	262	188	131	104
	Albany, N.Y.	883	396	336	278	198	139	108	366	312	258	184	129	101	366	312	258	184	129	101

Point	Port	Short Line Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5	6
ngton C.H., Ohio	Halifax, N.S.	1489	576	488	403	289	232	173	267	227	186	133	94	75	270	230	189	137	98	80
	St. John, N.B.	1213	501	423	350	251	201	149	267	227	186	133	94	75	270	230	189	137	98	80
	Quebec, Que.	903	424	359	296	211	171	128	267	227	186	133	94	75	270	230	189	137	98	80
	Montreal, Que.	736	373	216	262	188	148	111	267	227	186	133	94	75	268	228	187	135	95	76
	Portland, Me.	901	403	342	282	201	141	111	267	227	186	133	94	75	270	230	189	137	98	80
	Boston, Mass. (S)	829	384	328	269	193	135	106	277	236	189	137	98	80	270	230	189	137	98	80
	Boston, Mass. (D)		378	322	266	189	131	105	-	-	-	-	-	-	-	-	-	-	-	-
	New York, N.Y.	660	330	281	230	164	116	90	277	236	189	137	98	80	270	230	189	137	98	80
	Philadelphia, Pa.	580	305	260	215	153	107	84	269	229	187	135	95	76	268	228	187	135	95	76
	Baltimore, Md.	496	282	239	197	141	99	78	267	227	186	133	94	75	267	227	186	133	94	75
	Norfolk, Va.	620	317	269	222	159	111	88	267	227	186	133	94	75	267	227	186	133	94	75
	Albany, N.Y.	645	330	281	230	164	116	90	269	229	187	135	95	76	268	228	187	135	95	76
ttville, Indiana	Halifax, N.S.	1445	568	484	400	285	227	171	295	251	209	148	104	81	299	254	212	153	107	84
	St. John, N.B.	1168	488	414	342	244	197	141	295	251	209	148	104	81	299	254	212	153	107	84
	Québec, Que.	861	411	349	289	205	163	122	295	251	209	148	104	81	299	254	212	153	107	84
	Montreal, Que.	694	363	307	253	181	145	110	295	251	209	148	104	81	296	252	210	119	105	82
	Portland, Me.	897	396	336	278	198	139	103	295	251	209	148	104	81	299	254	212	153	107	84
	Boston, Mass. (S)	825	378	322	265	189	153	104	305	261	212	153	107	84	299	254	212	153	107	84
	Boston, Mass. (D)		372	317	261	186	150	103	299	254	209	148	105	83	-	-	-	-	-	-
	New York, N.Y.	749	359	306	252	180	125	99	305	261	212	153	107	84	299	254	212	153	107	84
	Philadelphia, Pa.	675	335	285	235	169	117	92	298	253	210	149	105	82	296	252	210	149	105	82
	Baltimore, Md.	628	323	275	227	162	113	89	295	251	209	148	104	81	295	251	209	148	104	81
	Norfolk, Va.	779	366	311	257	183	128	101	295	251	209	148	104	81	295	251	209	148	104	81
	Albany, N.Y.	641	330	281	230	164	116	90	298	253	210	149	105	82	296	252	210	149	105	82
stown, Ohio	Halifax, N.S.	1315	523	445	366	262	210	157	226	192	157	114	80	63	229	195	161	119	83	66
	St. John, N.B.	1039	445	376	312	223	179	133	226	192	157	114	80	63	229	195	161	119	83	66
	Quebec, Que.	729	366	312	258	184	146	110	226	192	157	114	80	63	229	195	161	119	83	66
	Montreal, Que.	562	312	267	218	157	123	94	226	192	157	114	80	63	227	193	159	116	81	64
	Portland, Me.	718	348	295	244	174	122	95	226	192	157	114	80	63	229	195	161	119	83	66
	Boston, Mass.	646	330	281	230	164	116	90	235	201	161	119	83	66	229	195	161	119	83	66
	New York, N.Y.	500	282	239	197	141	99	78	235	201	161	119	83	66	229	195	161	119	83	66
	Philadelphia, Pa.	424	263	225	184	131	92	72	228	194	159	116	81	64	227	193	159	116	81	64
	Baltimore, Md.	378	245	209	172	123	86	67	226	192	157	114	80	63	226	192	157	114	80	63
	Norfolk, Va.	570	305	260	213	153	107	84	271	232	192	138	96	75	271	232	192	130	96	75
	Albany, N.Y.	462	276	234	193	138	96	75	228	194	159	116	81	64	227	193	159	116	81	64

I.C.C. DOCKET I.&S. 6615
WITNESS
EXHIBIT

Statement of Eastbound Commodity Rates (other than grain) as currently published from stations in Central Territory to the North Atlantic Ports of Boston, Mass., and Baltimore, Md., applying on export traffic.

Statement includes:

1. Item number in Agent H. R. Hinsch tariff 218-O, ICC 4542.
2. Brief commodity description.
3. Origins (representative origins selected in those cases where a multitude of origins are included in the item).
4. Rates as currently published to the ports of:

   Boston, Mass.
   Baltimore, Md.

5. Carload Minimum Weight.
6. Proposed rate to the Port of Boston.

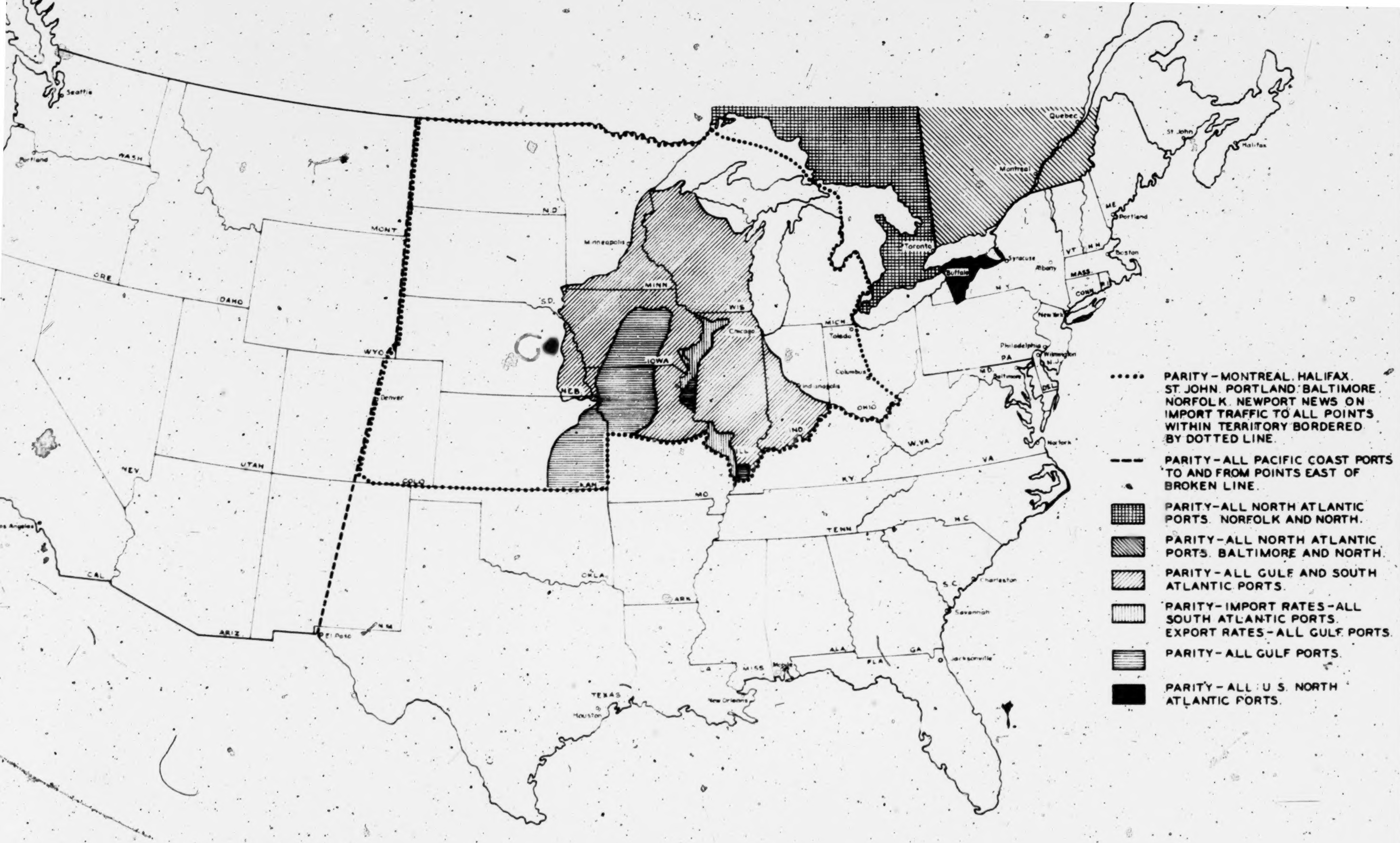
Unless otherwise indicated, all rates herein are subject to the increases in rates found in tariffs X-175-C, X-196-A and X-206.

All rates in cents per 100 pounds unless otherwise indicated.

Includes all supplementary changes through supplement 224, May 1, 1957.

3102

Source: Agent H. R. Hinsch, I.C.C. No. 4542


PARITY - MONTREAL, HALIFAX, ST. JOHN, PORTLAND, BALTIMORE, NORFOLK, NEWPORT NEWS ON IMPORT TRAFFIC TO ALL POINTS WITHIN TERRITORY BORDERED BY DOTTED LINE.
PARITY - ALL PACIFIC COAST PORTS TO AND FROM POINTS EAST OF BROKEN LINE.
PARITY - ALL NORTH ATLANTIC PORTS. NORFOLK AND NORTH.
PARITY - ALL NORTH ATLANTIC PORTS. BALTIMORE AND NORTH.
PARITY - ALL GULF AND SOUTH ATLANTIC PORTS.
PARITY - IMPORT RATES - ALL SOUTH ATLANTIC PORTS. EXPORT RATES - ALL GULF PORTS.
PARITY - ALL GULF PORTS.
PARITY - ALL U.S. NORTH ATLANTIC PORTS.
Seattle
Portland
WASH
ORE
IDAHO
MONT
WYO
NEV
CAL
UTAH
COLO
ARIZ
N.M.
Los Angeles
Denver
El Paso
N.D.
S.D.
NEB
KAN
OKLA
TEXAS
Houston
MINN
Minneapolis
IOWA
MO
ARK
LA
New Orleans
WIS
Chicago
ILL
IND
Indianapolis
MICH
Toledo
OHIO
Columbus
KY
TENN
MISS
ALA
Mobile
GA
FLA
Jacksonville
Savannah
S.C.
Charleston
N.C.
VA
Norfolk
W.VA
PA
Philadelphia
Wilmington
MD
Baltimore
N.J.
DEL
N.Y.
New York
Buffalo
Syracuse
Albany
Toronto
Montreal
Quebec
St. John
Halifax
ME
Portland
VT
N.H.
MASS
Boston
CONN
R.I.

MAP ILLUSTRATING EXTENT OF
UNITED STATES AND CANADIAN
INTERIOR TERRITORIES ENJOYING PARITY
OF IMPORT - EXPORT RAILROAD RATES VIA
ATLANTIC, GULF AND PACIFIC COASTAL PORTS

3101

ITEM	COMMODITY	ORIGIN	BOSTON MASS.		BALTIMORE MD.		MINIMUM WEIGHT	PROPOSED RATE TO BOSTON
16000	Acetone	Peoria, Ill.	105		102		30,000 lbs.	[illegible]
		Terre Haute, Ind.	94		91		30,000 lbs.	[illegible]
16001-B	Acid, Phthalic Anhydride	E. St. Louis, Ill.) St. Louis, Mo.)	73		70		70,000 lbs.	[illegible]
16002-A	Acid, Phthalic Anhydride	Irontown, O. Not subject to X-175C or X-196A.)	63		60		70,000 lbs.	[illegible]
16008	Acid, Phthalic Anhydride	Chicago, Ill.	67		64		70,000 lbs.	[illegible]
16010-C 16011-E 16011.1-A 16012-D 16013-C 16014-F 16015-D 16016-D	Agricultural Implements and parts	various -- located in all states in territory e.g.						
			A	B	A	B		
		Columbus, Ind.	86½	66	83½	63	A-30,000 lbs.	[illegible]
		Galion, Ohio	68½	52½	65½	49½	B-40,000 lbs.	[illegible]
		Indianapolis, Ind.	83½	64	80½	61		[illegible]
		Milwaukee, Wis.	90	69	87	66		[illegible]
		Peoria, Ill.	90	69	87	66		[illegible]
16030-C	Alumina, calcined or hydrated	E. St. Louis, Ill.	A	B	A	B	A-80,000 lbs.	[illegible]
			39	56	35	53	B-40,000 lbs.	[illegible]
16040	Aluminum, plate, sheet or rods	Louisville, Ky.	103		100		30,000 lbs.	[illegible]
16050-B	Automobile Parts, bodies, etc.	Wayne, Mich.	82		79		40,000 lbs.	[illegible]
16051-B	Automobile Parts, bodies, etc.	Mattoon, Ill.	94		91		40,000 lbs.	[illegible]
16060-A	Barrels, old or new, or slack cooperage, KD	Aurora, Ind.	75		72		45,000 lbs.	[illegible]
		Cincinnati, Ohio	70		66		45,000 lbs.	[illegible]
		E. St. Louis, Ill.	94		90		45,000 lbs.	[illegible]
		Lawrenceburg, Ind.	75		72		45,000 lbs.	[illegible]
		Louisville, Ky.	81		76		45,000 lbs.	[illegible]
		St. Louis, Mo.	94		90		45,000 lbs.	[illegible]

Not subject to X-175C or X-196A.

1.

2.

ITEM	COMMODITY	ORIGIN	BOSTON MASS.	BALTIMORE MD	MINIMUM WEIGHT	PROPOSED RATE TO BOSTON
16065-D	Barrels, wooden, tight, old	Aurora, Ind. Laurenceburg, Ind.	(1) A B C 88 97 114	(1) A B C 85 94 111	A-28,000 R B-18,000 R C-14,000 R	A 85 B 94 C 111
		(1) Not subject to X-1750				
16068	Barrels, set up, old, wooden	Cincinnati, Ohio	83	80	28,000 R	80
		Not subject to X-1750				
16069-B	Barrels, set up, old, wooden	Louisville, Ky. Not subject to X-175[illegible]	83	80	28,000 R	80
16070	Barrels, old or new, tight or slack cooperage KD	Peoria, Ill. Pekin, Ill.	73	70	45,000 lbs.	70
16080	Batteries, dry cell	Dubuque, Ia. Madison, Wis.	114 95	111 92	40,000 lbs. 40,000 lbs.	111 92
16090	Bead Wire	Niles, Mich.	91	88	40,000 lbs.	88
16150-[illegible]	Calcium Chloride	Midland, Mich	64	61	70,000 lbs.	61
		Not subject to X-1750 or X-196[illegible]				
16160	Carbon Electrodes	Black Fork, Ohio	55	52	60,000 lbs.	52
16225	Catalyst, silica gel	Cincinnati, Ohio	959	899	50,000 lbs.	899
		Rates in cents per ton of 2000 lbs.				
16240	Cheese	Manistique, Mich.	130	126	24,000 lbs.	126
16250	Cigarettes, Smoking Tobacco	Louisville, Ky.	160 * 129	157 * 126	40,000 lbs. *Excess over 40,000 lbs.	157 *126

3104

ITEM	COMMODITY	ORIGIN	BOSTON MASS.	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE TO BOSTON
16280	Compound, liquid waterproofing or hardening	Marshall, Ill.	76	73	50,000 lbs.	73
16285	Compounds; ammonia, organic	Chicago, Ill.	73	70	in pkgs. 40,000) tank cars R35)	70
16286	Containers, sheet iron or steel viz: Cans	Chicago, Ill.	A 120 B 114	A 117 B 111	A 15,000 lbs. B 30,000 lbs.	A 117 B 111
		Hubbard, Ohio) Niles, Ohio) N. Warren, Ohio) Sharon, Ohio) Warren, Ohio)	A 81 B 76	A 78 B 73	A 15,000 lbs. B 30,000 lbs.	A 78 B 73
16287-B	Dental Plaster	Maumee, Ohio) Toledo, Ohio)	58	55	70,000 lbs.	55
		Not subject to X-175C or X-196A.				
16290	Di-Calcium Phosphate	Chicago, Ill. St. Louis, Mo.	79 86	76 83	60,000 lbs. 60,000 lbs.	76 83
16300	Dump Cars or parts	Aurora, Ill. Barnesville, Ohio Columbus, Ohio Findlay, Ohio	97 66 72 73	94 63 69 70	60,000 lbs. 60,000 lbs. 60,000 lbs. 60,000 lbs.	94 63 69 70
16325	Engines, steam, or parts thereof	Milwaukee, Wis.	A 90 B 69	A 87 B 66	A 30,000 lbs. B 40,000 lbs.	A 87 B 66
16330-D	Equipment, Plant and office	Detroit, Mich. Toledo, Ohio	104 104	101 101	40,000 lbs. 40,000 lbs.	101 101

Not subject to X-175C or X-196A.

3105

ITEM	COMMODITY	ORIGIN	BOSTON MASS.		BALTIMORE MD.		MINIMUM WEIGHT	PROPOSED RATE TO BOSTON	
16370-D	Glass Containers	Various in Ill, Ind., Ohio, W. Va., e.g.:							
		Alton, Ill.	82		79		30,000 lbs.	79	
		Huntington, W. Va.	55		52		30,000 lbs.	52	
		Lancaster, Ohio	55		52		30,000 lbs.	52	
		Indianapolis, Ind.	69		66		30,000 lbs.	66	
16373.1B	Grading and "Road Making" Implements	Various in Ia., Ill., Mich., Ind., Wis., Ohio, e.g.:							
			A	B	A	B	A 30,000 lbs.	A	B
		Burlington, Ia.	109	84	106	81	B 40,000 lbs.	106	81
		Green Bay, Wis.	115	91	112	88		112	88
		Indianapolis, Ind.	102	77	99	74		99	74
		Lima, Ohio	109	84	106	81		106	81
		Moline, Ill.	109	84	106	81		106	81
		Wayne, Mich.	109	84	106	81		106	81
		Not subject to X-175C or X-196..							
16374	Glassware noibn	Columbus, Ohio	83		80		30,000 lbs.	80	
		Dunkirk, Ind.	97		94			94	
		Toledo, Ohio	93		90			90	
		Zanesville, Ohio	80		77			77	
		Not subject to X-175C or X-196..							
16375	Gums or Rosins, synthetic	Louisville, Ky.	89		86		30,000 lbs. in pkgs. R35 in tank cars	86	
16380	Ink, writing	Fort Madison, Ia.	189		186		23,000 lbs.	180	
		Not subject to X-175C							

3106

ITEM	COMMODITY	ORIGIN	BOSTON MASS.	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE TO BOSTON
16390A	Latex	Louisville, Ky.	71	68	40,000 lbs. in pkg. R 35 in tank cars	68
	Rubber, crude	Louisville, Ky.	71	68	70,000 lbs.	68
16440	Linseed Oil-Cake or Meal	Cleveland, Ohio	36	33	56,000 lbs.	33
16460 C	Household Appliances: viz	Louisville, Ky.				
	Washing Machines) Dryers & Ironing Machines)		112 128	109 125	(1) (2)	109 125
	Refrigerators	Louisville, Ky.	128	125	18,000 lbs. R	125
	Dish Washing Machines	Louisville, Ky.	128	125	16,000 lbs. R	125
	Garbage Disposal Units) Air Coolers, Heaters, etc.)	Louisville, Ky.	94	91	24,000 lbs. R	91
	Stoves and Ranges	Louisville, Ky.	128 83	125 80	16,000 lbs. R 24,000 lbs. R	125 80

(1) Sliding scale of minimum weights: In cars 40'7" or less in length, 22,000 lbs; not over 50'6", 28,000 lbs; and over 50'6", 48,000 lbs.

(2) Sliding scale of Minimum weights: In cars 40'7" or less in length, 16,000 lbs; not over 50'6", 22,000 lbs; and over 50'6", 32,000 lbs.

ITEM	COMMODITY	ORIGIN	BOSTON MASS.	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE TO BOSTON
16462 C	Machinery or Machines Cement Making	Milwaukee, Wis.	99	96	60,000 lbs.	96

3107

Not subject to X-175C or X-196A.

ITEM	COMMODITY	ORIGIN	BOSTON MASS.		BALTIMORE MD.		MINIMUM WEIGHT	PROPOSED RATE TO BOSTON	
16465	Machinery or Machines, Paper Making	Hamilton, Ohio) Middletown, Ohio)	87		84		40,000 lbs.	84	
16466 B	Machinery or Machines; Power Shovels, crawler-type Cranes, Rubber-Mounted cranes, Draglines, Clamshells, etc.	Bucyrus, Ohio	93		90		24,000 R34	90	
		Findlay, Ohio	93		90		24,000 R34	90	
		Lima, Ohio	93		90		24,000 R34	90	
		Marion, Ohio	89		86		24,000 R34	86	
16467 C	Machinery or parts, metal rolling mills	Louisville, Ky.	83		80		36,000 lbs.	80	
			A	B	A	B		A	B
16480 A	Machinery, sugar mill rolls (re-export via reverse route of movement only)	Cincinnati, Ohio.	77	85	74	82	A 40,000 lbs.	74	82
		E. St. Louis, Ill.	77	95	74	92	B 24,000 lbs.	74	92
		Hamilton, Ohio	77	85	74	82		74	82
		Hillsboro, Ohio	77	85	74	82		74	82
		St. Louis, Mo.	77	95	74	92		74	92
16500	Magnesite, dead burned	Manistee, Mich.) Stronach, Mich.)	104		974		60,000 lbs.	974	
		Rates in cents per ton 2000 lbs.							
16529	Horsemeat, frozen hindquarters	E. St. Louis, Ill.) St. Louis, Mo.)	97		94		40,000 lbs.	94	
	(Applies only when destined to Belgium, Holland or Sweden)								
16530	Milk, condensed or evaporated, powdered or flaked, Milk, solid	Various in Ill. & Wis., e.g.							
			A	B	A	B		A	B
		Amboy, Ill.	70	61	67	58	A 36,000 lbs.	67	58
		Burlington, Wis.	70	61	67	58	B 60,000 lbs.	67	58
		Pecatonica, Ill.	73	64	70	61		70	61
		Watertown, Wis.	71	62	68	59		68	59

ITEM	COMMODITY	ORIGIN	BOSTON MASS.	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE TO BOSTON
16550	Motorcycles, Motorcycle sidecars, chains and parts of same	Milwaukee, Wis.	209	206	15,000 lbs. R	206
16553	Nickel Copper or Nickel articles; bars, billets, etc.	Huntington, W. Va.	82	79	30,000 lbs.	79
	Nickel-Iron-Chromium Alloy articles; bars, billets, etc.	Huntington, W. Va.	82	79	36,000 lbs.	79
16555	Oil, Linseed	Cleveland, Ohio	51	48	45,000 lbs.	48
16580	Paper, blank wall, newsprint	Manistique, Mich.)	74	71	36,000 lbs.	71
	Paper, ground wood	Manistique, Mich.)	74	71	40,000 lbs.	71
16600	Pitch, fuel	Chicago, Ill.)	63	60	90% marked	60
		Cleveland, Ohio	44	41	capacity of car	41
		Detroit, Mich.	51	48		48
		Dover, Ohio	44	41		41
		Ironville, Ohio	51	48		48
		Miles Ave., Ohio	44	41		41
		Toledo, Ohio	51	48		48
		Youngstown, Ohio)	42	39		39
16620	Bathroom or lavatory fixtures, Boilers Plumbers goods Radiators Water Closet seats Electrical appliances Generators Engines and Switchboards	Milwaukee, Wis.) Sheboygan, Wis.) Abingdon, Ill.) Chicago, Ill.)	124	121	36,000 lbs.	121

3109

Not subject to X-175C or X-1964.

EM	COMMODITY	ORIGIN	BOSTON MASS.	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE TO BOSTON
630	Potatoes, dried or dehydrated	Muscatine, Ia.	83	80	60,000 lbs.	80
650A	Rations, Meats, Vegetables, Candy, etc.	Chicago, Ill.) Hammond, Ind.)	[illegible]9	96	80,000 lbs.	96
680 A	Shock Absorbers, Hydraulic brake cylinders	Dayton, Ohio) Shaker Crossing, Ohio)	79	76	36,000 lbs.	76
6700	Sodium (soda) viz.: Bicarbonate of, Carbonate of, viz.: Soda Ash Sodium (soda) caustic	Various in W. Va.) Belle, W. Va.) Charleston, W. Va.) Witcher, W. Va.)	44	41	70,000 lbs.	41
			A B #C	A B #C		A B #C
16705 C	Sodium: Disodium Phosphate Sodium Phosphate ~~Sodium Sili~~cofluoride Sodium Fluoride Laundry Sour Trisodium Phosphate	Chicago, Ill.)	79 66 1130	76 63 1070	A-40,000 lbs. B-80,000 lbs. bulk C-80,000 lbs. pkg.	76 63 1070
		Chicago Hts., Ill.)				
		Fernald, Ohio	68 57 1130	65 54 1070		65 54 1070
		Joliet, Ill.	75 66 1130	76 63 1070		76 63 1070
		Jeffersonville, Ind.	-- -- 1130	-- -- 1070		-- -- 1070
		Trenton, Mich.	56 56 1130	63 53 1070		63 53 1070

#Rates in column C are not subject to X-1750 and are in cent's per ton of 2000 lbs.

EM	COMMODITY	ORIGIN	BOSTON MASS.	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE TO BOSTON
			A B	A B		A B
16711	Soda, caustic	Midland, Mich.	64 70	61 67	A-70,000 lbs.	61 67
		Montague, Mich.	75 81	72 78	B-45,000 lbs.	72 78

Not subject to X-1750 or X-196A.

EM	COMMODITY	ORIGIN	BOSTON MASS.	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE TO BOSTON
16715	Springs, semi-elliptic	Chicago, Ill.	90	87	50,000 lbs.	87
		New Castle, Ind.	80	77	50,000 lbs.	77

9.

ITEM	COMMODITY	ORIGIN	BOSTON MASS.		BALTIMORE MD.		MINIMUM WEIGHT	PROPOSED RATE TO BOSTON	
16720	Styrene, liquid	Charleston, W. Va.) Institute, W. Va.) So. Charleston, W. Va.)	59		56		36,000 lbs. in bbls. R 35 in tank cars	56	
		Not subject to X-175C							
16730 B	Syrup, corn (Apply column A rates) Syrup, malt (Apply column B rates)	Stations in rate group numbers, e.g.					A-in pkgs 36,000 lbs. in tank cars R 35		
			A	B	A	B		A	B
		10,000 Chicago, Ill.	62	63	59	60	B-in pkgs 40,000 lbs. in tank cars R 35	59	60
		10,015 Cheneyville, Ill.	62	63	59	60		59	60
		11,002 Champaign, Ill.	66	68	63	65		63	65
		11,003	66	68	63	65		63	65
		11,200 Allen, Ill.	66	68	63	65		63	65
		11,300 Elkhart, Ill.	66	68	63	65		63	65
		11,604 Edinburg, Ill.	68	72	65	69		65	69
		11,700 Edwardsville, Ill.	68	72	65	69		65	69
		Indianapolis, Ind.	62	63	59	60		59	60
		11,702 Elcroy, Ill.	68	72	65	69		65	69
16740	Tanks, not mounted I or S, glass enameled, etc.	Cincinnati, Ohio) Milwaukee, Wis.)	130		127		25,000 lbs.	127	
		Not subject to X-175C or X-196A.							
16750	Tar, coal, crude in tank cars	Lorain, Ohio	62½		56½		Rule 35	56½	

Rates in cents per ton 2000 lbs.

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ITEM	COMMODITY	ORIGIN	BOSTON MASS.	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE TO BOSTON
16770	Tires, rubber; Tubes, Flaps, etc.	Akron, Ohio Barberton, Ohio Brittain, Ohio Cleveland, Ohio	79	76	30,000 lbs.	76
16780	Tires, rubber; Tubes, parts, etc.	Dayton, Ohio	86	83	30,000 lbs.	83
		Detroit, Mich.	94	91		91
		Indianapolis, Ind.	99	96		96
		Jackson, Mich.	95	92		92
		Mansfield, Ohio	83	80		80
		Newark, Ohio	79	76		76
16790	Tobacco, unmanufactured		A B	A B		A B
		Cincinnati, Ohio	99 108	96 105	A 18,000 lbs. or more	96 105
		Henderson, Ky.	119 129	116 126		116 126
		Lexington, Ky.	99 108	96 105		96 105
		Louisville, Ky.	99 108	96 105	B less than 18,000 lbs.	96 105
		Madison, Ind.	99 108	96 105		96 105
		Owensboro, Ky.	119 129	116 126		116 126
		Paducah, Ky.	119 129	116 126		116 126
		Weaverton, Ky.	119 129	116 126		116 126
		W. Henderson, Ky.	119 129	116 126		116 126
16800	Tobacco, unmanufactured	Shelbyville, Ky.	99 108	96 105	A 18,000 lbs. and over B less than 18,000 lbs.	96 105
16810	Tobacco, manufactured, cut or granulated, chewing or smoking	Louisville, Ky.	147	143	36,000 lbs.	143

ITEM	COMMODITY	ORIGIN	BOSTON MASS.	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE TO BOSTON
16815	Underframes, steam locomotive and tender, iron or steel	E. St. Louis, Ill.	90	87	40,000 lbs.	87
		Not subject to X-175C				
16920	Ammonia, Sulphate of	Canton, Ohio	646	586	100,000 lbs.	586
		Cleveland, Ohio	646	586		586
		Massillon, Ohio	646	586		586
		N. Warren, Ohio	630	570		570
		Warren, Ohio	630	570		570
		Youngstown, Ohio	630	570		570
		Rates in cents per ton 2000 lbs.				
16921	Ammonia, Sulphate of	Zanesville, Ohio	800	740	100,000 lbs.	740
		Rates in cents per ton 2000 lbs. Not subject to X-175C or X-196A.				
16922	Ammonia, Sulphate of	Chicago, Ill.	1000	940	100,000 lbs.	40
		Rates in cents per ton 2000 lbs. Not subject to X-175C or X-196A.				
16950 B	Soda, caustic	Barberton, Ohio	57	54	45,000 lbs.	54
		Detroit, Mich.	66	63		63
		Fairport Harbor, Ohio	57	54		54
		Painesville, Ohio	57	54		54
		Perry, Ohio	57	54		54
		Wyandotte, Mich.	66	63		63
		Not subject to X-175C or X-196A.				

ITEM	COMMODITY	ORIGIN	BOSTON MASS.		BALTIMORE MD.		MINIMUM WEIGHT	PROPOSED RATE TO BOSTON	
17050	Automobile Parts	Origins taking							
	Apply rates in column A	rate group nos:							
	Automobile Bodies	7400 to 12500 o.g.	A	B	A	B		A	B
	Apply rates in column B	7800 Detroit, Mich.	86	144	83	141	A 30,000 lbs.	83	141
		8200 Wayne, Mich.	91	152	88	149		88	149
		8709 Cincinnati, Ohio	97	162	94	159	B 15,000 lbs. B	94	159
		8807 Flint, Mich.	97	163	94	160		94	160
		9103 Lansing, Mich.	101	171	98	168		98	168
		9215 Grand Rapids, Mich.	101	172	98	169		98	169
		10000 Chicago, Ill.	111	186	108	183		108	183
		10005 Milwaukee, Wis.	111	186	108	183		108	183
17080	Packing House Products, viz.:	Origins taking							
	Bladders	rate group nos.							
	Dry salt fat back skins	6600 to 12002 o.g.							
	Grease	6601 Fairview, Pa.		58		55	35,000 lbs.		55
	Hog Hair	9306 Indianapolis, Ind.		79		76			76
	Lard	10000 Chicago, Ill.		85		82			82
	Meats	11700 St. Louis, Mo.		97		94			94
	Neatsfoot stock	12000 Cairo, Ill.		100		97			97
	Oils	Freeport, Ill.)							
	Oleo stock	Madison, Wis.)		89		86			86
	Rendered pork fat	Rockford, Ill.)							
	Salt pork livers, etc.								
17100 17105	Sodium (Soda) viz.:	Origins taking							
	Bicarbonate of	rate group nos.							
	Carbonate of,	6600 to 12002							
	Soda Ash	o.g.	A	B	A	B		A	B
	Caustic(sodium hydroxide)	6601 Fairview, Pa.	42	40	39	37	70,000 lbs.	39	37
	Apply column A rates	9306 Indianapolis, Ind.	57	51	54	48		54	48
	Ammonia, sulphate of	10000 Chicago, Ill.	62	53	59	50		59	50
	Apply column B rates	11700 St. Louis, Mo.	72	59	69	56		69	56
	Calcium chloride	12000 Cairo, Ill.	73	61	70	58		70	58
	Apply column A rates								

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I.C.C. DOCKET I.&S. 6615
WITNESS Day
EXHIBIT ____________

Statement of Westbound Commodity Rates as currently published from the North Atlantic Ports of Boston and Baltimore to stations in Central Freight Association Territory applying on import traffic.

Statement includes:

1. Brief description of commodity.
2. Destination (representative destinations selected in those cases where a multitude of destinations are included in the item.)
3. Item number in Agent O. E. Swenson's tariff 26F, I.C.C. 591.
4. Rates (Standard and Differential) as currently published from Boston.
5. Item numbers in Agent C. W. Boin's tariff T/C-43-H, I.C.C.A-1017 and T/C 23-Q, I.C.C.A-1116.
6. Rates as currently published from Baltimore.
7. Carload Minimum Weight.
8. Proposed rate from the Port of Boston.

Rates in cents per 100 lbs. unless otherwise indicated.

Unless otherwise indicated all rates are subject to Ex Parte 175-Q, 196-A, and 206 increases.

Includes all supplemental changes through supplement 227 (26-F), 47 (43-H), and 12 (23-Q).

Source: Agent O. E. Swenson - I.C.C. 591
Agent C. W. Boin - I.C.C. A-1017
Agent C. W. Boin - I.C.C. A-1116

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COMMODITY	DESTINATION	ITEM NETR 26F	BOSTON MASS.		ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
			Stan.	Diff.				
Aluminum Silicate Ore	Cincinnati, Ohio) Taylor, Ky.)	1535	699	679	220	639	90% marked capacity of car	639
	St. Louis, Mo.		902	882		842		842

Rates in cents per ton of 2000 lbs.

COMMODITY	DESTINATION	ITEM NETR 26F	Stan.	Diff.	ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
Antimony: Sulphide of, crude, Concentrated Ore	Cleveland, Ohio) Elyria, Ohio)	1530	43	42	225	40	50,000 lbs.	40
Antimony Sulphide: Crude Concentrated Ore	Chicago, Ill	1400A	66	65	227	63	50,000 lbs.	63
	Indianapolis, Ind.		61	60		58	"	58
	Granite City, Ill.) St. Louis, Mo.)		76	75		73	"	73
Asbestos Fibre	E. St. Louis, Ill. St. Louis, Mo.	1405B	82	81	230B	78	50,000 lbs.	78

Not subject to X-175C or X-196A.

COMMODITY	DESTINATION	ITEM NETR 26F	Stan.	Diff.	ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
Asbestos, crude or Fibre	Akron, Ohio	1406B	77	--	231	74	50,000 lbs.	74
	Barberton, Ohio		77	--		74	"	74
	Bloomington, Ill.) Chicago, Ill.)		77	76		74	"	74
	Milwaukee, Wisc.		82	81		78	"	78
	Racine, Wisc.		82	81		78	"	78
	Waukegan, Ill.		78	77		75	"	75

Not subject to X-175C or X-196A.

COMMODITY	DESTINATION	ITEM NETR 26F	Stan.	Diff.	ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
Asbestos Fibre	Zelienople, Pa.	1410A	52		233	49	60,000 lbs.	49

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COMMODITY	DESTINATION	ITEM NETR 26F	BOSTON MASS.		ITEM T/C 43H	BALTIMORE MD	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
			Stan.	Diff.				
Asbestos Refuse and shorts	Chicago, Ill.	1415	54	53	235	51	60,000 lbs.	51
	Cincinnati, Ohio		54	53		51	60,000 lbs.	51
	Cleveland, Ohio		54	--		51	60,000 lbs.	51
	St. Louis, Mo.		66	65		63	"	63
	Wilmington, Ill.		62	61		59	"	59
Bars, Sheet or Tin Plate	Kokomo, Ind.	1498A	1226	---	258A	1166	112,000 lbs.	1166
	Rates in cents per gross ton 2240 lbs.							
Barium Sulphate (Barytes Ore)	Collinsville, Ill.	1422C	920	900	260	860	100,000 lbs.	860
	Depue, Ill.)		865	845		805		805
	Howe, Ill.)		865	845		805		805
	Charleston, W. Va.)		546	---		486		486
	So. Charleston, W. Va.)		546	---		486		486
	Huntington, W. Va.		660	---		600		600
	Rates in cents per ton 2240 lbs.							
Beans, Castor	Cleveland, Ohio	1425	46	---	307	43	80,000 lbs.	43
Bones	Cincinnati, Ohio	1435	54	53	315	51	40,000 lbs.	51
Brass, Bronze & Copper Articles Bars or Billets, rough cast; Cakes, Ingots, Pigs, Slabs and Cathodes.	Cleveland, Ohio	1437C	56	---	317A	53	100,000 lbs.	53
	Not Subject to X-175C or X-196A.							
Cake, Cocoa Press	Chicago, Ill.	1453A	81	80	322	--	50,000 lbs.	77
	Not Subject to X-175C or X-196A.							
Calcium Tartrate (Tartrate of Lime)	Elyria, Ohio	1440	57	--	325	54	40,000 lbs.	54

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COMMODITY	DESTINATION	ITEM NETR 26F	BOSTON MASS. Stan.	Diff.	ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
Casein (Dry milk curd)	Hamilton, Ohio	1445A	83	82	327A	80	60,000 lbs.	80
		Not Subject to X-175C or X-196A.						
Chalk Crude	Brooksville, O.) New Castle, Pa.)	1446½	70	69	335	67	40,000 lbs.	67
		Not Subject to X-175C or X-196A.						
Casein (Milk curd)	Chicago, Ill.) Gypsum, O.)	1446B	100	--	328-A	97	36,000 lbs.	97
		Not Subject to X-175C or X-196A.						
Corkwood	Chicago, Ill.	1466	200	197	378	197	14,000 lbs.	197
Clay Ball or China	Rockport, Ind.	1612	A 52 B 57	A 51 B 56	342	A 49 B 54	60,000 lbs.	A 49 B 54
	A in open cars B in closed cars or open cars protected by tarpaulin or other protective coverings.							
Cobalt Metal Rondelles	Kokomo, Ind.	1450	183	180	360	180	30,000 lbs.	180
Cocoa Beans	Bloomington, Ill.) Chicago, Ill.) Chicago Hts., Ill.) Evansville, Ind.) Indianapolis, Ind.) Louisville, Ky.) Milwaukee, Wis.) Quincy, Ill.) St. Louis, Mo.) South Elgin, Ill.) Waukegan, Ill.)	1430A	88	87	365A	84	40,000 lbs.	84
Cocoa Beans	Chicago, Ill.) Milwaukee, Wis.)	1430A	76		365A	73	80,000 lbs.	73
		Not Subject to X-175C or X-196A.						

COMMODITY	DESTINATION	NETR 26F	BOSTON MASS.		ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
			Stan.	Diff.				
Copra (Dried Cocoanut Meat)	Cincinnati, Ohio	1455	51	50	370	48	80,000 lbs.	48
Cork Bark, Virgin Cork, Waste	Detroit, Mich.	1465	77	76	375	74	20,000 lbs.	74
Cork, Waste Cork Bark, Virgin Corkwood, Common and Corkwood Refuse	Beaver Falls, Pa.	1460	58	--	380	55	20,000 lbs.	55
Cotton, Noibn in o.c. in bales compressed to a density of not less than 22½ lbs. per cubic foot	Bradley, Ill.) Chicago, Ill.)	1470E	136	133	382A	131	40,000 lbs.	131
	Cincinnati, Ohio		119	116		114	"	114
	Cleveland, Ohio		106	---		103	"	103
	Detroit, Mich.		120	117		116	"	116
	Grand Rapids, Mich.		131	128		128	"	128
	Milwaukee, Wis.		141	138		138	"	138
	Naperville, Ill.		138	135		135	"	135
Not Subject to X-175C or X-196A.								
Extract meat and/or Soup Stock	Chicago, Ill.	1472	83	81	392	80	50,000 lbs.	80
Ferro Chrome, Unfinished	Alloy, W. Va.) Glen Ferris, W. Va.)	1473	1060		405	1000	56,000 lbs.	1000
Rates in cents per ton 2240 lbs.								
Fibre, Sisal or Ixtle	Chicago, Ill.) Milwaukee (across Lake) Wisc.)	1474	95	94	431A	91	30,000 lbs.	91
Fibre, Sisal or Ixtle	E. St. Louis, Ill.) St. Louis, Mo.)	1476	95	94	431A	92	30,000 lbs.	92
Not Subject to X-175C or X-196A.								

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COMMODITY	DESTINATION	ITEM NETR 26F	BOSTON MASS. Stan.	BOSTON MASS. Diff.	ITEM T/C 43B	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
Fibre viz: Hemp, Jute or Manilla	Chicago, Ill.) Milwaukee (across Lake) Wis.)	1474	96	95	431A	92	30,000 lbs.	92
		Not Subject to X-175C or X196 A.						
Waste, Sisal Fibre and Waste, Sisal (Bagasse Fibre)	Chicago, Ill	1596B	82	81	432	78	30,000 lbs.	78
	Detroit, Mich.		82	81		78		78
	Flint, Mich.		82	81		78	"	78
	St. Louis, Mo.		95	94		91	"	91
		Not Subject to X-175C or X-196A.						
Flaxseed	Chicago, Ill.	1475	56	55	435	53	80,000 lbs.	53
	Chicago Hts., Ill.		56	55	435	53	"	53
Flaxseed	Cleveland, Ohio	1475	42	--	434	39	80,000 lbs.	39
Hats, Fibre, Palm Leaf or Straw	E. St. Louis, Ill.) Mascoutah, Ill.) St. Louis, Mo.)	1495	251	247	455	248	15,000 lbs.	248
Iron & Steel Articles viz: Coiled Rods	Chicago, Ill.	1497L	1658	---	464A	1585	80,000 lbs.	1585
	Crawfordville, Ind.) Kokomo, Ind.) Muncie, Ind.)		1536	1516		1463		1463
		Rates in cents per ton 2240 lbs.						
		Not Subject to X-175C or X-196A.						
Iron & Steel Articles viz: Spiegel Eisen (Spiegel Iron)	Farrell, Pa.) Sharon, Pa.) Youngstown, Ohio)	1582	980	---	465A	920	100,000 lbs.	920
		Rates in cents per ton 2240 lbs.						

COMMODITY	DESTINATION	ITEM NETR 26F	BOSTON MASS. Stan.	BOSTON MASS. Diff.	ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
Jute Butts & Cuttings	E. St. Louis, Ill.) Herrin, Ill.) St. Louis, Mo.)	1498½	69	68	467	66	60,000 lbs.	66
Jute Scrap or Waste	Chicago, Ill.)	1499C	81	80	469C	76	40,000 lbs.	76
	Chicago Hts., Ill.)		81	80		76	"	76
	Franklin, Ohio		66	65		63	40,000 lbs.	63
	Chicago, Ill.)		73	72		70	60,000 lbs.	70
	Chicago Hts., Ill.)		73	72		70	"	70
		Not Subject to X-175C or X-196A.						
Kyanite (Cyanite) Sillimanite Ore	Detroit, Mich.	1505A	737	717	473A	677	60,000 lbs.	677
	Louisville, Ky.		902	882		842		842
	New Haven, Ind.		827	807		767	"	767
	Pittsburgh, Pa.		590	---		530		530
	Washington, Pa.		590	---		530		530
		Rates in cents per ton 2240 lbs.						
Lumber, Built up Woods	New Albany, Ind.	1516D	83	82	510B	80	36,000 lbs.	80
	Louisville, Ky.		83	82		80	"	80
		Not Subject to X-175C or X-196A.						
Mahogany & Philippine Lumber	Green Bay, Wis.	1517D	82	81	509	78	36,000 lbs.	78
	Kenosha, Wis.		81	80		76		76
	Manitowac, Wis.		81	80		76	"	76
	Marinette, Wis.		81	80		76		76
	Milwaukee, Wis.		81	80		76		76
	Peshtigo, Wis.		82	81		78		78
	Racine, Wis.		81	80		76		76
	Sheboygan, Wis.		81	80		76		76
	Two Rivers, Wis.		81	80		76		76
		Not Subject to X-175C or X-196A.						

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COMMODITY	DESTINATION	ITEM NETR 26F	BOSTON MASS.		ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
			Stan.	Diff.				
Mahogany & Philippine Veneer	Green Bay, Wis.	1517D	94	93	509A	90	36,000 lbs.	90
	Kenosha, Wis.		92	91		89		89
	Manitowac, Wis.		92	91		89	"	89
	Marinette, Wis.		92	91		89		89
	Milwaukee, Wis.		92	91		89		89
	Peshtigo, Wis.		94	93		90	"	90
	Racine, Wis.		92	91		89		89
	Sheboygan, Wis.		92	91		89	"	89
	Two Rivers, Wis.		92	91		89		89
		Not subject to X-175C or X-196A.						
Lumber, viz: Mahogany	Louisville, Ky.	1517D	67		511	64	30,000 lbs.	64
		Not Subject to X-175C or X-196A.						
Mica, Scrap	Chicago, Ill.	1520	56	55	515	53	80,000 lbs.	53
Nuts, Edible Shelled or Unshelled NOIBN Peanuts shelled salted or unsalted	Chicago, Ill.)	1527F	106	--	546C	103	36,000 lbs.	103
	Terre Haute, Ind.)		106	--		106	"	103
		Not Subject to X-175C or X-196A.						
Ore, Bauxite	Kalamazoo, Mich.	1541A	701	681	584	628	100,000 lbs.	628
	Middletown, Ohio		701	681		628		628
		Rates in cents per ton 2240 lbs. Not Subject to X-175C or X-196A.						
Ore, Bauxite, crude	Chicago, Ill.) Danville, Ill.) E. St. Louis, Ill.) Louisville, Ky.) St. Louis, Mo.) Ottawa, Ill.)	1540E	575	555	588	515	marked capacity of car	515

Rates in cents per ton 2240 lbs.

COMMODITY	DESTINATION	ITEM NETR 26F	BOSTON MASS. Stan.	BOSTON MASS. Diff.	ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
Ore Cyanite	Danville, Ill.	1545	902	882	590	842	80,000 lbs.	842

Rates in cents per ton 2240 lbs.

COMMODITY	DESTINATION	ITEM NETR 26F	BOSTON MASS. Stan.	BOSTON MASS. Diff.	ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
Ore Celestite	Columbus, Ohio	1542	986	966	591	926	90% of marked capacity of car	926

Rates in cents per ton 2240 lbs.

COMMODITY	DESTINATION	ITEM NETR 26F	BOSTON MASS. Stan.	BOSTON MASS. Diff.	ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
Ore Lithium	Albion, Mich.	1561D	1496	1476	598B	1423	90% of marked capacity of car	1423
	Columbus, Ohio		1297	1277		1224		1224
	Dunkirk, Ind.		1456	1436		1383		1383
	Hartford City, Ind.		1456	1436		1383		1383
	Lancaster, Ohio		1297	1277		1224		1224
	Lexington, Ky.		1480	1460		1492		1492
	Niles, Ohio		1123	---		1049		1049
	Parkersburg, W. Va.		1170	---		1097		1097
	Toledo, Ohio		1378	1358		1305		1305

Rates in cents per ton 2240 lbs.
Not Subject to X-175C or X-196A.

COMMODITY	DESTINATION	ITEM NETR 26F	BOSTON MASS. Stan.	BOSTON MASS. Diff.	ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
Ore, viz: Zinc and Zinc Concentrates	Burgettstown, Pa.	1565B	575	---	598	436	90% of marked capacity of car	436
	Chicago, Ill.		942	922		756		756
	Danville, Ill.		942	922		756		756
	Depue, Ill.		1035	1015		836		836
	Donora, Pa.		575	---		436		436
	Donora (Baird), Pa.		575	---		436		436
	E. St. Louis, Ill.		1099	1079		893		893
	Hillsboro, Ill.		1091	1071		885		885
	Howe, Ill.		1035	1015		836		836
	Josephtown, Pa.		575	--		436		436
	Kobuta, Pa.		575	--		436		436
	LaSalle, Ill.		1035	1015		836		836
	New Castle, Pa.		649	---		500		500
	St. Louis, Mo.		1099	1079		893		893

Rates in cents per ton 2240 lbs. Not Subject to X-175C or X-196A.

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COMMODITY	DESTINATION	ITEM NETR 26F	BOSTON MASS. Stan.	Diff.	ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
Ore Manganese	Alloy, W. Va.	1555B	561	---	600A	501	90% of marked capacity of car	501
	Glen Ferris, W. Va.		561	---		501		501
	Rates in cents per ton 2240 lbs.		Not Subject to X-175C or X-196A.					
Ore, Ilmenite	Cleveland, Ohio	1553B	714	---	604B	641	90% of marked capacity	641
	Byesville, Ohio		714	---		641		641
	Rates in cents per ton 2240 lbs.		Not Subject to X-175C or X-196A.					
Plate, Terne or Tin, Scrap	Neville Island, Pa.	1572A	878	---	622B	818	56,000 lbs.	818
	Rates in cents per ton 2240 lbs.							
Pig Iron	Chicago, Ill.	1571F	1380	1360	630A	1320	100,000 lbs.	1320
	Milwaukee, Wis.		1380	1360		1320		1320
	So. Bend, Ind.		1380	1360		1320		1320
	Waukesha, Wis.		1380	1360		1320		1320
	Grand Rapids, Mich.		1270	1250		1210		1210
	Muskegon, Mich.		1270	1250		1210		1210
	Sparta, Mich.		1270	1250		1210		1210
	Rates in cents per ton 2240 lbs.							
Rolls & Shafts, Sugar Mill, returned for repair	Cincinnati, Ohio	1575	63	62	655	60	40,000 lbs.	60
	Hamilton, Ohio		63	62		60		60
	Hillsboro, Ohio		63	62		60	"	60
	St. Louis, Mo.		63	62		60		60

COMMODITY	DESTINATION	ITEM NETR 26F	BOSTON MASS.		ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
			Stan.	Diff.				
Ore Zircon (crude Zirconium silicate)	Alloy, W. Va.	1570L	58	--	685G	55	56,000 lbs.	55
	Brighton, Mich.		70	69		67		67
	Chicago, Ill.		79	78		76		76
	Cincinnati, Ohio		74	73		71		71
	Cleveland, Ohio		61	--		58		58
	Detroit, Mich.		64	63		61		61
	E. St. Louis, Ill.		87	86		84		84
	Elyria, Ohio		64	63		61		61
	Indianapolis, Ind.		75	74		72		72
	Litchfield, Ill.		85	84		82		82
	Louisville, Ky.		75	74		72		72
	Marietta, Ohio		58	--		55		55
	Milwaukee, Wis.		81	80		78		78
	St. Louis, Mo.		87	86		84		84
	Solon, Ohio		61	--		58		58
	Toledo, Ohio		64	63		61		61
	Utica, Ill.		83	82		80		80
		Not Subject to X-175C or X-1964.						
Roots, Chicory	Port Huron, Mich.	1581A	76	75	692	73	50,000 lbs.	73
		Not Subject to X-175C or X-1964.						
Sponge Clippings	Barberton, Ohio	1590	83	--	720	80	24,000 lbs.	80
	Cincinnati, Ohio		83	81		80	"	80
	Waukegan, Ill.		100	98		97	"	97
Sponge Clippings	Erie, Pa.	1590	63	--	725	61	24,000 lbs.	61
Sponge Iron or beneficiated iron ore	McKeesport, Pa.	1595	34	--	732	31	marked capacity of car	31

COMMODITY	DESTINATION	ITEM NETR 26F	BOSTON MASS.		ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
			Stan.	Diff.				
Tea	Barrington, Ill.	1594E	139	137	762A	136	30,000 lbs.	136
	Chicago, Ill.		139	137		136	"	136
	Milwaukee, Wis.		142	140		139	"	139
	Streator, Ill.		139	137		136	"	136
	St. Louis, Mo.		139	137		136	"	136
	Cincinnati, Ohio		106	104		103	"	103
	Louisville, Ky.		106	104		103	"	103
		Not Subject to X-175C or X-196A.						
Wax Carnauba	Racine, Wis.	1597C	121	120	771	117	30,000 lbs.	117
		Not Subject to X-175C or X-196A.						
Asphalt (Asphaltum)	Rosston, Ind.	1417A	63	62	902	58	in pkgs. in bulk 40,000 lbs.	58
							in tank cars subject to Rule 35 of o.c.	

In open-top cars not protected by tarpaulin or other protective covering - Column 1.
In closed cars or open-top cars protected by tarpaulin or other protective covering - Column 2.

COMMODITY	DESTINATION	ITEM NETR 26F	BOSTON, MASS. Stan. 1	BOSTON, MASS. Stan. 2	BOSTON, MASS. Diff. 1	BOSTON, MASS. Diff. 2	ITEM T/C 43H	BALTIMORE MD. 1	BALTIMORE MD. 2	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON 1	PROPOSED RATE FROM BOSTON 2
Clay, Ball or China	Various in Ill., Ohio, Ind., Mich., N. Y., W. Va., Wis., Ky. & Pa., eg.											
	Barberton, Ohio	1614B	36	41	38	43	917A	33	38	60,000 lbs.	33	38
	Chicago, Ill.	1611A	48	53	47	52		45	50	"	45	50
	Cincinnati, Ohio	1614B	42	47	41	46		39	44	"	39	44
	Cleveland, Ohio	1614B	36	41	38	43	913	33	38	"	33	38
	Decatur, Ill.	1611A	52	57	51	56		49	54	"	49	54
	Detroit, Mich.	1613	39	44	38	43		36	41	"	36	41
	Dunkirk, N. Y.	1613	30	35	38	43		27	32	"	27	32
	Erie, Pa.	1615B	30	35	38	43		27	32	"	27	32
	Evansville, Ind.	1612	52	57	51	56		49	54	"	49	54
	Grand Rapids, Mich.	1613	46	51	45	50	914	43	48	"	43	48
	Huntington, W. Va.	1616	39	44	38	43		36	41	"	36	41
	Indianapolis, Ind.	1612	46	51	45	50		43	48	"	43	48
	Peru, Ind.	1612	47	52	46	51	916	44	49	"	44	49
	Sheboygan, Wis.	1616	48	53	47	52		45	50	"	45	50
	Taylor, Ky.	1612	41	46	40	45	917A	38	43	"	38	43
	Wheeling, W. Va.	1616	30	35	38	43		27	32	"	27	32
Bagging or Cloth Burlap, Gunny Ixtle (Istle), Jute or Sisal, NOIBN	Various in Ill., Ohio, Ind., Mich. & Wis., e.g.		S		D							
	Chicago, Ill.	1608C	89		88		918	86		30,000 lbs.	86	
	Cincinnati, Ohio		89		88		920	86		"	86	
	Detroit, Mich.		89		88			86		"	86	
	Indianapolis, Ind.		89		88			86		"	86	
	Milwaukee, Wis.		89		88			86		"	86	

Not Subject to X-175C or X-196A.

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COMMODITY	DESTINATION	NETR 26F	BOSTON, MASS. Stan.	BOSTON, MASS. Diff.	ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
Ferro Manganese	Various in Ohio, Ill., Mich., Pa., Iowa, Ind., Wis. & Mo., e.g.							
	Alliance, Ohio	1618E	1043	---	942A	970	56,000 lbs.	970
	Chicago, Ill.		1682	1662	942A	1609	"	1609
	Detroit, Mich.		1317	1297	943A	1243	"	1243
	Lima, Ohio		1222	---	943A	1149	"	1149
	McKeesport, Pa.		984	---	943A	911	"	911
	Keokuk, Iowa		1852	1832	943A	1779	"	1779
	New Castle, Ind.		1496	1476	944A	1423	"	1423
	Racine, Wis.		1801	1781	944A	1728	"	1728
	St. Louis, Mo.		1820	1800	944A	1747	"	1747

Rates in cents per ton 2240 lbs. Not Subject to X-1750 or X-196..

COMMODITY	DESTINATION	NETR 26F	BOSTON, MASS. Stan.	BOSTON, MASS. Diff.	ITEM T/C 43H	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
Pig Iron	Various in Ohio, Pa. & W. Va., e.g.							
	Aliquippa, Pa.	1655E	810	---	986A	750	100,000 lbs.	750
	Barberton, Ohio	1571F	1038	---	986A	978	"	978
	Farrell, Pa.	1655E	980	---	988A	920	"	920
	Mansfield, Ohio	1571F	1112	---	989A	1052	"	1052
	Weirton, W. Va.	1655E	810	---	991A	750	"	750

Rates in cents per ton 2240 lbs.

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SPECIFIC IMPORT COMMODITY RATES

COMMODITY	DESTINATION	NETR 26F	BOSTON MASS. Stan.	BOSTON MASS. Diff.	ITEM T/C 23Q	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
Lead	Representative Points							
Lead Base Bullion	Allegheny, Pa.	1630B	58	--	4570 to 4585	55	36,000 lbs.	55
Lead, Antimonial	Chicago, Ill.		83	82		80	"	80
	Cincinnati, Ohio		71	70		68	"	68
	Dubuque, Iowa		96	95		93	"	93
	Detroit, Mich.		66	65		63	"	63
	Muncie, Ind.		75	74		72	"	72
	Wheeling, W. Va.		58	--		55	"	55

Not Subject to X-175C or X-196A.

COMMODITY	DESTINATION	NETR 26F	BOSTON MASS. Stan.	BOSTON MASS. Diff.	ITEM T/C 23Q	BALTIMORE MD.	MINIMUM WEIGHT	PROPOSED RATE FROM BOSTON
	Representative Points							
Ore, Chrome	Aliquippa, Pa.	1604I	561	---	4910 to 5055	501	90% marked capacity of car	501
	Chicago, Ill.		929	909		869		869
	Cincinnati, Ohio		808	788		748		748
	Detroit, Mich.		728	708		668		668
	Dubuque, Iowa		1086	1066		1025		1025
	Dunkirk, N. Y.		561	---		501		501
	Indianapolis, Ind.		865	845		805		805
	Louisville, Ky.		929	909		869		869
	Wheeling, W. Va.		561	---		501		501

Rates in cents per ton 2240 lbs.

Not subject to X-175C or X-196A.

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COMMODITY	DESTINATION	NETR 26F	BOSTON, MASS. Stan.	Diff.	ITEM T/C 23Q	BALTIMORE MD.	MINIMUM WEIGHT	PROPSED RATE FROM BOSTON
	Representative Points							
Ore, Manganese	Aliquippa, Pa.	1650J	561	---	4910 to 5055	501	90% marked capacity	501
	Chicago, Ill.		929	909		869		869
	Cincinnati, Ohio		808	788		748		748
	Detroit, Mich.		728	708		668		668
	Dubuque, Iowa		1086	1066		1025		1025
	Dunkirk, N. Y.		561	---		501		501
	Indianapolis, Ind.		865	845		805		805
	Louisville, Ky.		929	909		869		869
	Wheeling, W. Va.		561	---		501		501
		Not subject to X-175C or X-196A. Rates in cents per ton 2240 lbs.						
Roots or Spices; Seeds; Herbs or Leaves	Chicago, Ill.	1580A	112	6070		109	40,000 lbs.	109
	Cincinnati, Ohio		105			102		102
		Not subject to 175C or 196A.						
	Representative Points							
Fluorspar; Gravelspar	Aliquippa, Pa.	1619A	976		2915-2921	916	40,000 lbs.	916
	Dunkirk, N. Y.		976			916	"	916
	Wheeling, W. Va.		976			916	"	916
	Youngstown, Ohio		1071			1011	"	1011
		Not subject to X-175C or X-196A. Rates in cents per ton 2240 lbs.						

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I.C.C. Docket I&S 6615
WITNESS ______
EXHIBIT NO. ___

STATEMENT OF DOMESTIC, IMPORT AND EXPORT CLASS RATES AND DOCKET 28300 SHORT LINE MILES BETWEEN KEY POINTS IN TERRITORY B OF CENTRAL FREIGHT ASSOCIATION TERRITORY AND THE SOUTHERN PORTS OF WILMINGTON, N.C., CHARLESTON, S.C., SAVANNAH, GA., JACKSONVILLE, FLA., MOBILE, ALA., NEW ORLEANS, LA. AND HOUSTON, TEXAS.

All rates shown herein are in cents per hundred pounds and are subject to the Ex Parte 206 Increase.

Tariff Authority: see page 7.
Explanation of References: see page 7.

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1.

Interior Point	Port	Miles	Domestic Classes 1	2	3	4	5	6	Import Classes 1	2	3	4	5	6	Export Classes 1	2	3	4	5	6
Burlington, Iowa	Wilmington, N.C.	1,130	457	388	320	229	160	126												
	Charleston, S.C.	1,080	445	378	312	223	156	122	C373	316	262	188	131	104	373	316	262	188	131	104
	Savannah, Ga.	1,037	432	367	302	216	151	119												
	Jacksonville, Fla.	1,090	445	378	312	223	156	122												
	Mobile, Ala.	826	384	326	269	192	134	105	A373	316	262	188	131	104	350	298	245	176	122	96
	New Orleans, La.	879	396	337	278	198	139	109	B360	303	251	181	128	100	332	279	234	170	119	92
	Houston, Tex.	948	408	348	286	205	143	112												
Cairo, Ill.	Wilmington, N.C.	912	403	342	282	201	141	111												
	Charleston, S,C.	794	372	316	261	187	130	103	A307	262	216	156	106	86	307	262	216	156	106	86
	Savannah, Ga.	745	359	305	251	180	126	99	B295	250	205	149	103	82	289	244	205	149	103	82
	Jacksonville, Fla.	761	366	311	257	183	128	101												
	Mobile, Ala.	497	282	240	197	141	99	77	A279	237	197	139	98	76	279	237	197	139	98	76
	New Orleans, La.	550	299	254	209	149	105	83	B267	226	187	133	94	73	261	219	187	133	94	73
	Houston, Tex.	703	348	295	244	174	122	95												
Centralia, Ill.	Wilmington, N.C.	933	408	347	286	204	143	112												
	Charleston, S.C.	859	390	332	273	195	137	107												
	Savannah, Ga.	816	378	321	265	189	132	104												
	Jacksonville, Fla.	868	390	332	273	195	137	107	A307	262	216	156	106	86	307	262	216	156	106	86
	Mobile, Ala.	604	317	269	222	159	111	87	B295	250	205	149	103	82	289	244	205	149	103	82
	New Orleans, La.	657	330	281	230	165	116	91												
	Houston, Tex.	783	372	316	261	187	130	103												
Chicago, Ill.	Wilmington, N.C.	991	421	358	295	211	147	116												
	Charleston, S.C.	980	421	358	295	211	147	116												
	Savannah, Ga.	989	421	358	295	211	147	116	A336	285	236	169	119	92	336	285	236	169	119	92
	Jacksonville, Fla.	1,055	439	373	307	220	154	121	B324	273	226	162	114	89	318	267	226	162	114	89
	Mobile, Ala.	837	384	326	269	192	134	106												
	New Orleans, La.	890	396	337	277	198	139	109												
	Houston, Tex.	1,035	432	368	303	217	152	120												

[fol. 3133]

2.

		Miles	Domestic Classes						Import Classes						Export Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Cincinnati, Ohio	Wilmington, N.C.	720	354	301	248	177	124	98												
	Charleston, S.C.	704	348	296	244	174	122	95	A279	237	197	139	98	76	279	237	197	139	98	76
	Savannah, Ga.	714	348	296	244	174	122	95	B267	226	187	133	94	73	261	219	187	133	94	73
	Jacksonville, Fla.	801	378	321	235	190	133	104												
	Mobile, Ala.	737	354	301	248	177	124	98												
	New Orleans, La.	834	384	326	268	192	135	106												
	Houston, Tex.	1,035	432	368	303	217	152	120												
Crawfordsville, Ind.	Wilmington, N.C.	880	396	337	277	198	139	109												
	Charleston, S.C.	843	384	326	259	192	134	106												
	Savannah, Ga.	853	390	332	273	195	137	107	A336	285	236	169	119	92	336	285	236	169	119	92
	Jacksonville, Fla.	931	408	347	286	204	143	112	B324	273	226	162	114	89	318	267	226	162	114	89
	Mobile, Ala.	750	359	305	251	180	126	99												
	New Orleans, La.	803	378	321	265	189	132	104												
	Houston, Tex.	956	414	352	290	208	145	114												
Danville, Ill.	Wilmington, N.C.	921	403	343	282	202	141	111												
	Charleston, S.C.	834	396	337	278	198	139	109												
	Savannah, Ga.	867	390	332	273	195	137	107	A336	285	236	169	119	92	336	285	236	169	119	92
	Jacksonville, Fla.	933	408	347	286	204	143	112	B324	273	226	162	114	89	318	267	226	162	114	89
	Mobile, Ala.	731	354	301	248	177	124	97												
	New Orleans, La.	784	372	316	260	186	130	102												
	Houston, Tex.	928	408	348	236	205	143	112												
Dubuque, Ia.	Wilmington, N.C.	1,160	463	394	324	232	162	127												
	Charleston, S.C.	1,135	457	388	320	229	160	126	C379	323	267	190	133	105	379	323	267	190	133	105
	Savannah, Ga.	1,108	452	384	316	226	158	124												
	Jacksonville, Fla.	1,174	463	394	324	232	162	127												
	Mobile, Ala.	929	408	347	286	204	143	112												
	New Orleans, La.	982	421	358	295	211	147	116	A379	323	267	190	133	105	379	323	267	190	133	105
	Houston, Tex.	1,090	445	378	312	223	156	122	B367	311	257	184	129	101	360	305	257	184	129	101

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3.

		Miles	Domestic Classes						Import Classes						Export Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Effingham, Ill.	Wilmington, N.C.	923	403	343	282	202	141	111												
	Charleston, S.C.	855	390	332	273	195	137	107												
	Savannah, Ga.	812	378	321	265	189	132	104	A307	262	216	156	106	86	307	262	216	156	106	86
	Jacksonville, Fla.	878	396	337	278	198	139	109	B295	250	205	149	103	82	289	244	205	149	103	82
	Mobile, Ala.	629	323	275	226	162	113	89												
	New Orleans, La.	676	335	285	235	168	117	92												
	Houston, Tex.	821	378	322	265	189	133	104												
Evansville, Ind.	Wilmington, N.C.	845	384	326	268	192	135	106												
	Charleston, S.C.	749	359	305	251	180	126	99												
	Savannah, Ga.	706	348	296	244	174	122	95	A307	262	216	156	106	86	279	237	197	139	98	76
	Jacksonville, Fla.	772	366	311	257	183	128	101	B295	250	205	149	103	82	261	219	187	133	94	73
	Mobile, Ala.	618	317	269	222	159	111	87												
	New Orleans, La,	676	335	285	234	167	118	92												
	Houston, Tex.	829	384	326	269	193	135	106												
Indianapolis, Ind.	Wilmington, N.C.	836	384	326	269	192	134	106												
	Charleston, S.C.	799	372	316	260	186	130	102												
	Savannah, Ga.	809	378	321	265	189	132	104	A307	262	216	156	106	86	307	262	216	156	106	86
	Jacksonville, Fla.	887	396	337	277	198	139	109	B295	250	205	149	103	82	289	244	205	149	103	82
	Mobile, Ala.	758	359	305	251	180	126	99												
	New Orleans, La	811	378	321	265	189	132	104												
	Houston, Tex.	964	414	352	290	208	145	114												
Lafayette, Ind.	Wilmington, N.C.	901	403	343	282	202	141	111												
	Charleston, S.C.	864	390	332	273	195	137	107												
	Savannah, Ga.	874	390	332	273	195	137	107	A336	285	236	169	119	92	336	285	236	169	119	92
	Jacksonville, Fla.	952	414	352	290	207	145	114	B324	273	226	162	114	89	318	267	226	162	114	89
	Mobile, Ala.	777	366	311	256	183	128	101												
	New Orleans, La.	830	384	326	269	192	134	106												
	Houston, Tex.	975	414	352	290	208	145	114												

		Miles	**Domestic** Classes						**Import** Classes						**Export** Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Litchfield, Ill.	Wilmington, N.C.	990	421	358	295	211	147	116												
	Charleston, S.C.	916	403	343	282	202	141	111												
	Savannah, Ga.	873	390	332	273	195	137	107	A336	285	236	169	119	92	336	285	236	169	119	92
	Jacksonville, Fla.	925	403	343	282	202	141	111	B324	273	226	162	114	89	318	267	226	162	114	89
	Mobile, Ala.	661	335	285	235	168	117	92												
	New Orleans, La.	714	348	296	244	174	122	96												
	Houston, Tex.	822	378	322	265	189	133	104												
Louisville, Ky.	Wilmington, N.C.	726	354	301	248	177	124	98												
	Charleston, S.C.	689	341	290	239	171	120	94												
	Savannah, Ga.	699	341	290	239	171	120	94	A279	237	197	139	98	76	279	237	197	139	98	76
	Jacksonville, Fla.	777	366	311	257	183	128	101	B267	226	187	133	94	73	261	219	187	133	94	73
	Mobile, Ala.	649	330	280	231	165	116	91												
	New Orleans, La.	743	359	305	251	180	126	99												
	Houston, Tex.	930	408	348	286	205	143	112												
Mattoon, Ill.	Wilmington, N.C.	939	408	347	286	204	143	112												
	Charleston, S.C.	877	396	337	278	198	139	109												
	Savannah, Ga.	834	384	326	269	192	134	106	A336	285	236	169	119	92	336	285	236	169	119	92
	Jacksonville, Fla.	900	396	337	278	198	139	109	B324	273	226	162	114	89	318	267	226	162	114	89
	Mobile, Ala.	664	335	285	235	168	117	92												
	New Orleans, La.	717	348	296	244	174	122	96												
	Houston, Tex.	863	390	332	273	195	137	107												
Mendota, Ill.	Wilmington, N.C.	1,045	432	367	302	216	151	119												
	Charleston, S.C.	1,008	427	363	299	214	149	117												
	Savannah, Ga.	981	421	358	295	211	147	116	A336	285	236	169	119	92	336	285	236	169	119	92
	Jacksonville, Fla.	1,047	432	367	302	216	151	119	B324	273	226	162	114	89	318	267	226	162	114	89
	Mobile, Ala.	799	372	316	260	186	130	102												
	New Orleans, La.	852	390	332	273	195	137	107												
	Houston, Tex.	979	421	357	295	211	147	116												

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5.

		Miles	Domestic Classes						Import Classes						Export Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
Milwaukee, Wis.	Wilmington, N.C.	1,076	445	378	312	223	156	122												
	Charleston, S.C.	1,065	439	373	307	220	154	121	C350	298	245	176	122	96	350	298	245	176	122	96
	Savannah, Ga.	1,073	439	373	307	220	154	121												
	Jacksonville, Fla.	1,139	457	388	320	229	160	126												
	Mobile, Ala.	922	403	343	282	202	141	111												
	New Orleans, La.	975	414	352	290	207	145	114	A350	298	245	176	122	96	350	298	245	176	122	96
	Houston, Tex.	1,119	452	384	316	226	159	124	B338	285	234	170	119	92	332	279	234	170	119	92
Peoria, Ill.	Wilmington, N.C.	1,038	432	367	302	216	151	119												
	Charleston, S.C.	997	421	358	295	211	147	116												
	Savannah, Ga.	954	414	352	290	207	145	114	A336	285	236	169	119	92	336	285	236	169	119	92
	Jacksonville, Fla.	1,020	427	363	299	214	149	117	B324	273	226	162	114	89	318	267	226	162	114	89
	Mobile, Ala.	767	366	311	256	183	128	101												
	New Orleans, La.	820	378	321	265	189	132	104												
	Houston, Tex.	925	403	342	282	201	141	111												
Quincy, Ill.	Wilmington, N.C.	1,111	452	384	316	226	159	124												
	Charleston, S.C.	1,027	432	367	302	216	151	119	C373	316	262	188	131	104	373	316	262	188	131	104
	Savannah, Ga.	984	421	358	295	211	147	116												
	Jacksonville, Fla.	1,022	427	363	299	214	149	117												
	Mobile, Ala.	758	359	305	251	180	126	99	A336	285	236	169	119	92	336	285	236	169	119	92
	New Orleans, La.	811	378	321	265	109	132	104	B324	273	226	162	114	89	318	267	226	162	114	89
	Houston, Tex.	876	396	336	278	198	139	108												
Rockford, Ill.	Wilmington, N.C.	1,074	439	373	307	220	154	121												
	Charleston, S.C.	1,054	439	373	307	220	154	121	C356	303	250	179	123	98	356	303	250	179	123	98
	Savannah, Ga.	1,051	439	373	307	220	154	121												
	Jacksonville, Fla.	1,117	452	384	316	226	159	124												
	Mobile, Ala.	870	390	332	273	195	137	107												
	New Orleans, La.	923	403	343	282	202	141	111	A356	303	250	179	123	98	356	303	250	179	123	98
	Houston, Tex.	1,049	432	368	303	217	152	120	B343	292	239	173	120	94	338	285	239	173	120	94

6.

		Miles	Domestic Classes						Import Classes						Export Classes					
			1	2	3	4	5	6	1	2	3	4	5	6	1	2	3	4	5	6
St. Louis, Mo.	Wilmington, N.C.	990	421	358	295	211	147	116												
	Charleston, S.C.	909	403	343	282	202	141	111	A336	285	236	169	119	92	336	285	236	169	119	92
	Savannah, Ga.	866	390	332	273	195	137	107	B324	273	226	162	114	89	318	267	226	162	114	89
	Jacksonville, Fla.	905	403	343	282	202	141	111												
	Mobile, Ala.	641	330	281	230	165	116	91												
	New Orleans, La.	685	341	290	239	171	119	94	A336	285	236	169	119	92	307	262	216	156	106	86
	Houston, Tex.	774	365	311	257	183	128	101	B324	273	226	162	114	89	289	244	205	149	103	82
Sheboygan, Wis.	Wilmington, N.C.	1,129	457	389	320	229	160	125												
	Charleston, S.C.	1,118	452	384	316	226	159	124	C355	300	251	180	124	98	360	306	251	180	124	98
	Savannah, Ga.	1,125	452	384	316	226	159	124												
	Jacksonville, Fla.	1,191	470	399	330	235	164	129												
	Mobile, Ala.	990	421	357	295	211	147	116												
	New Orleans, La.	1,043	432	368	303	217	152	120	A355	300	251	180	124	98	360	306	251	180	124	98
	Houston, Tex.	1,172	463	393	324	232	162	128	B342	287	241	174	121	94	342	287	241	174	121	94
Springfield, Ill.	Wilmington, N.C.	1,010	427	363	299	214	149	117												
	Charleston, S.C.	942	408	347	286	204	143	112												
	Savannah, Ga.	899	396	337	278	198	139	109	A336	285	236	169	119	92	336	285	236	169	119	92
	Jacksonville, Fla.	965	414	352	290	207	145	114	B324	273	226	162	114	89	318	267	226	162	114	89
	Mobile, Ala.	706	348	296	244	174	122	96												
	New Orleans, La.	759	359	305	251	180	126	99												
	Houston, Tex.	865	390	332	273	195	137	107												
Streator, Ill.	Wilmington, N.C.	1,026	432	367	302	216	151	119												
	Charleston, S.C.	989	421	358	295	211	147	116												
	Savannah, Ga.	969	414	352	290	207	145	114												
	Jacksonville, Fla.	1,035	432	367	302	216	151	119	A336	285	236	169	119	92	336	285	236	169	119	92
	Mobile, Ala.	789	372	316	260	186	130	102	B324	273	226	162	114	89	318	267	226	162	114	89
	New Orleans, La.	842	384	326	269	192	134	106												
	Houston, Tex.	967	414	352	290	208	145	114												

Explanation of References:

A - Applies on import traffic except from Europe and Africa; on export traffic except to Europe, Africa and East Coast of South America.

B - Applies only on import traffic from Europe and Africa; on export traffic to Europe, Africa and East Coast of South America.

C - Applies on all Import-Export traffic.

Tariff Authority:

Agent RG Raasch,	ICC No. 797
Agent HM Engdahl	ICC No. 136
" "	ICC No. 126
" CA Spaninger	ICC No. 1300
" "	ICC No. 1292
" CW Boin	ICC A 946
" FC Kratzmeir	ICC No. 3998
" "	ICC No. 3999

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I.C.C. Docket I&S 6615
WITNESS ____________
EXHIBIT NO. ________

I.C.C. Docket 28300 Short Line Mileages: Baltimore, Md., Boston, Mass., and Typical South Atlantic and Gulf of Mexico Ports to Points in Territory "B".

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Tariff Authorities: See page 5.

	BALTIMORE MD.	BOSTON MASS.	WILMINGTON N.C.	CHARLESTON S.C.	SAVANNAH GA.	JACKSONVILLE FLA.	MOBILE ALA.	NEW ORLEANS LA.	HOUSTON TEX.
Appleton, Wisc.	914	996	1174	1163	1171	1237	1026	1079	1202
Aurora, Ill.	800	1009	1015	993	997	1063	847	900	1026
Barry, Ill.	942	1207	1111	1027	984	1022	758	811	876
Barstow, Ill.	918	[illegible]	1128	1088	1045	1111	857	910	1004
Bloomington, Ill.	815	1056	1001	963	920	986	740	793	919
Bloomington, Ind.	699	988	828	791	801	879	711	764	917
Brooklyn, Wisc.	897	1032	1121	1110	1116	1182	936	989	1109
Burlington, Ia.	942	1168	1130	1080	1037	1090	826	879	948
Cairo, Ill.	907	1210	912	794	745	761	497	550	703
Cannelton, Ind.	777	1099	836	799	762	828	674	732	886
Carmi, Ill.	804	1107	879	788	745	811	584	637	790
Carthage, Ill.	959	1194	1136	1062	1019	1071	807	860	922
Cato, Ind.	775	1090	771	802	751	817	663	710	863
Centralia, Ill.	841	1126	933	859	816	868	604	658	783
Champaign, Ill.	768	1027	953	916	880	946	727	780	908
Chicago, Ill.	767	973	991	980	989	1055	853	906	1035
Clyman Jct., Wisc.	876	998	1111	1107	1115	1181	941	994	1119
Clinton, Ia.	903	1111	1117	1080	1051	1117	871	924	1035
Columbus, Ind.	648	952	795	758	768	846	718	812	966
Crawfordsville, Ind.	694	963	880	843	853	931	750	803	956
Davenport, Ia.	919	1128	1128	1088	1045	1111	857	910	1004
Danville, Ill.	735	994	921	884	867	933	741	794	928
Decatur, Ill.	803	1068	976	920	877	943	697	750	875
DeKalb, Ill.	825	1031	1043	1017	1021	1087	853	906	1031
Dixon, Ill.	864	1070	1082	1052	1024	1090	844	897	1012

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	BALTIMORE MD.	BOSTON MASS.	WILMINGTON N.C.	CHARLESTON S.C.	SAVANNAH GA.	JACKSONVILLE FLA.	MOBILE ALA.	NEW ORLEANS LA.	HOUSTON TEX.
Dodgeville, Wisc.	941	1079	1163	1139	1126	1192	945	998	1113
Dubuque, Ia.	939	1133	1160	1135	1108	1174	929	982	1090
E. Burlington, Ill.	942	1168	1130	1080	1037	1090	826	879	948
E. Clinton, Ill.	903	1111	1117	1080	1051	1117	871	924	1035
E. Dubuque, Ill.	939	1133	1160	1135	1108	1174	929	982	1090
E. Ft. Madison, Ill.	959	1194	1136	1062	1019	1071	807	860	922
E. Louisiana, Ill.	927	1191	1034	1001	958	997	733	786	866
E. St. Louis, Ill.	891	1174	990	909	866	905	641	694	774
Edgewood, Ill.	805	1098	923	855	812	878	642	695	821
Eldorado, Ill.	830	1133	905	814	771	823	539	612	764
Elkhorn, Wisc.	852	1001	1076	1065	1069	1135	916	969	1095
Evansville, Ind.	787	1102	845	749	706	772	618	676	829
Ferdinand, Ind.	740	1062	799	762	754	820	665	718	871
Fond du Lac, Wisc.	894	1016	1139	1128	1135	1201	990	1043	1168
Forman, Ill.	877	1179	891	773	730	779	515	568	718
Fort Madison, Ia.	959	1194	1136	1062	1019	1071	807	860	922
Freeport, Ill.	878	1067	1099	1073	1060	1126	880	933	1047
Galena, Ill.	939	1133	1160	1135	1108	1174	929	982	1090
Galesburg, Ill.	901	1125	1094	1050	1007	1076	812	865	954
Galva, Ill.	896	1105	1086	1046	1003	1069	815	868	973
Gibson City, Ill.	780	1225	981	944	913	979	738	791	934
Gladstone, Ill.	942	1168	1130	1080	1037	1090	826	879	948
Granville, Wisc.	831	953	1076	1065	1073	1139	922	975	1119
Green Bay, Wisc.	909	991	1189	1178	1185	1251	1050	1103	1230
Harvard, Ill.	830	1030	1054	1043	1050	1116	890	943	1077
Huntingburg, Ind.	740	1062	799	762	754	820	665	718	871
Indianapolis, Ind.	650	934	836	799	809	887	758	811	964
Jacksonville, Ill.	874	1139	1043	968	925	978	714	767	862
Janesville, Wisc.	858	1023	1082	1071	1078	1144	902	955	1081
Jefferson Jct., Wisc.	876	998	1111	1107	1115	1181	941	994	1119

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3.

	BALTIMORE MD.	BOSTON MASS.	WILMINGTON N.C.	CHARLESTON S.C.	SAVANNAH GA.	JACKSONVILLE FLA.	MOBILE ALA.	NEW ORLEANS LA.	HOUSTON TEX.
Jerseyville, Ill.	908	1172	1026	946	903	942	678	731	815
Jonesboro, Ill.	914	1214	938	820	777	794	530	583	710
Kankakee, Ill.	768	986	975	938	940	1006	783	836	980
Keithsburg, Ill.	942	1168	1130	1080	1037	1090	826	879	948
Keokuk, Ia.	959	1194	1136	1062	1019	1071	807	860	922
Kewaunee, Wisc.	874	956	1160	1170	1180	1267	1087	1140	1267
Kouts, Ind.	725	939	937	928	938	1016	844	897	1037
La Fayette, Ind.	699	948	901	864	874	952	777	830	975
La Salle, Ill.	835	1044	1045	1008	931	1047	779	858	979
Lincoln, Ill.	830	1086	1010	973	911	977	729	782	893
Litchfield, Ill.	857	1129	990	916	873	925	661	714	822
Louisiana, Mo.	927	1191	1084	1001	958	997	733	786	866
Louisville, Ky.	670	1001	726	639	699	777	649	743	930
Madison, Wisc.	897	1032	1121	1110	1116	1182	936	989	1109
Manitowac, Wisc.	871	953	1153	1142	1150	1216	1015	1068	1197
Manistique, Mich.	940	1017	1226	1243	1253	1340	1215	1268	394
Marinette, Wisc.	920	997	1206	1223	1236	1302	1101	1154	281
Marion, Ill.	872	1175	921	803	760	809	545	598	739
Mattoon, Ill.	778	1060	939	877	834	900	664	717	863
Menominee, Mich.	920	997	1206	1223	1236	1302	1101	1154	1281
Metropolis, Ill.	890	1193	874	756	713	762	498	551	723
Michigan City, Ind.	722	921	956	951	961	1039	868	921	1053
Milwaukee, Wisc.	831	953	1076	1065	1073	1139	922	975	1119
Monon, Ind.	708	942	914	892	902	980	809	862	1006
Monroe, Wisc.	893	1054	1117	1099	1085	1151	905	958	1077
Morris, Ill.	797	1007	1017	991	993	1059	825	878	1006
Morrison, Ill.	903	1111	1117	1080	1051	1117	871	924	1035
Mt. Vernon, Ill.	836	1139	911	836	793	850	586	639	777
Murphysboro, Ill.	889	1187	948	830	787	821	557	610	725
Muscatine, Ia.	945	1154	1154	1115	1072	1138	884	937	1008

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[fol. 3143]

4.

	BALTIMORE MD.	BOSTON MASS.	WILMINGTON N.C.	CHARLESTON S.C.	SAVANNAH GA.	JACKSONVILLE FLA.	MOBILE ALA.	NEW ORLEANS LA.	HOUSTON TEX.
Nebo, Ill.	927	1191	1084	1001	958	997	733	786	866
Newton, Ill.	786	1069	904	837	794	860	653	706	858
Oakland City, Ind.	759	1074	823	778	735	801	641	694	847
Olney, Ill.	780	1083	886	818	775	841	634	687	840
Pana, Ill.	817	1093	967	899	856	922	664	717	843
Paris, Ill.	741	1024	902	865	830	896	701	754	898
Peoria, Ill.	849	1083	1038	997	954	1020	767	820	925
Quincy, Ill.	942	1207	1111	1027	964	1022	758	811	876
Rockford, Ill.	851	1050	1074	1054	1051	1117	870	923	1049
Rock Island, Ill.	918	1127	1128	1088	1045	1111	857	910	1004
Rosiclare, Ill.	902	1206	916	798	755	804	540	593	765
St. Ignace, Mich.	881	948	1167	1220	1230	1333	1222	1235	1112
St. Louis, Mo.	891	1174	990	909	866	905	641	685	774
Sheboygan, Wisc.	884	979	1129	1118	1125	1191	990	1043	1172
Sheldon, Ill.	740	974	946	909	915	961	774	827	971
Simpson, Ill.	890	1193	874	756	713	762	498	551	723
Smithboro, Ill.	836	1119	961	887	844	897	633	686	811
So. Beloit, Ill.	858	1023	1082	1071	1078	1144	902	955	1081
Sparta, Ill.	884	1169	960	865	822	836	592	645	761
Springfield, Ill.	841	1106	1010	942	899	965	706	759	865
Stiles Jct. Wisc.	937	1019	1215	1204	1212	1278	1077	1130	1258
Streator, Ill.	819	1037	1026	989	969	1035	789	842	967
Sturgeon Bay, Wisc.	922	1004	1208	1218	1243	1309	1107	1160	1288
Sullivan, Ind.	746	1031	863	826	789	856	671	724	877
Tamms, Ill.	907	1210	912	794	745	761	497	550	703
Terre Haute, Ind.	722	1005	883	846	815	881	697	750	903
Thebes, Ill.	914	1214	938	820	777	794	530	583	710
Toluca, Ill.	896	1058	1042	1005	962	1028	781	834	960
Vermont, Ill.	905	1141	1079	1012	969	1027	763	816	905
Washington, Ind.	729	1044	835	797	764	830	659	712	865

	BALTIMORE MD.	BOSTON MASS.	WILMINGTON N.C.	CHARLESTON S.C.	SAVANNAH GA.	JACKSONVILLE FLA.	MOBILE ALA.	NEW ORLEANS LA.	HOUSTON TEX.	S.
Waterloo, Ill.	911	1194	991	896	853	887	623	[illegible]	[illegible]	
Watertown, Wisc.	875	998	1111	1107	1115	1181	941	964	[illegible]	
Waukegan, Ill.	803	1002	1027	1016	1024	1090	873	[illegible]	[illegible]	
Waukesha, Wisc.	831	953	1076	1065	1073	1139	922	[illegible]	[illegible]	
W. Alton, Mo.	891	1174	990	909	866	905	641	[illegible]	[illegible]	
W. Bend, Wisc.	864	986	1109	1098	1106	1172	871	[illegible]	[illegible]	
W. Keithsburg, Ia.	942	1168	1130	1080	1037	1090	826	[illegible]	[illegible]	
W. Quincy, Mo.	942	1207	1111	1027	984	1022	758	[illegible]	[illegible]	
Whitelaw, Wisc.	871	953	1153	1142	1150	1216	1015	[illegible]	[illegible]	
Wood River, Ill.	891	1174	990	909	866	905	641	[illegible]	[illegible]	
TOTAL MILEAGE	106,636	134,829	127,981	122,264	119,430	126,994	96,380	[illegible]	[illegible]	
AVERAGE MILEAGE	853	1079	1024	978	955	1016	787	[illegible]	[illegible]	

Tariff Authority: Agent R. G. Raasch, Tariff No. I/S 1003, ICC No. 756
Agent F. C. Kratzmeir Tariff No. SW/E 1005, ICC No. 3998
Agent F. C. Kratzmeir Tariff No. SW/W 1006, ICC No. 3999
Agent C. W. Boin Tariff No. E/S 1008, ICC No. A946
Agent C. A. Spaninger Tariff No. W/S 1001, ICC No. 1292
Agent C. A. Spaninger Tariff No. S 1011, ICC No. 1300
Agent H. R. Hinsch Tariff No. E-1009, ICC No. 4487
Agent H. R. Hinsch Tariff No. E-1010, ICC No. 4488

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[fol. 3145]

I.C.C. Exhibit No. 30

ICC DOCKET I & S 6615
WITNESS ELLIS
EXHIBIT ——

This statement is verified. Unless written request for cross xamination is received by the affiant or his attorney, Henry E. Foley, 10 Post Office Square, Boston 9, Mass., not later han 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without is personal appearance as a witness.

I & S Docket No. 6615

VERIFIED TESTIMONY OF DR. GEORGE H. ELLIS ON BEHALF OF THE PORT OF BOSTON COMMISSION

[fol. 3146]

Direct Testimony of Dr. George H. Ellis Director of Research, Federal Reserve Bank of Boston

Q. Will you kindly state your name and present position?

A. My name is George H. Ellis. I am Director of Research at the Federal Reserve Bank of Boston.

Q. Please describe briefly your training, qualifications and professional background.

A. After graduating from the University of Maine in 1941, where I majored in Economics, I did graduate work in Economics at Harvard University. I have a PH.D degree from Harvard in Economics. Thereafter, I was an Assistant Professor of Economics at the University of Maine. During this period I served as a member of the Committee on the New England Economy, appointed by the President's Council of Economic Advisors. In 1951, I joined the Federal Reserve Bank of Boston as an industrial economist. I was appointed Director of Research of that Federal Reserve Bank in 1953. In these positions, I have been associated with several studies concerning the New England economy and its ports. I have also served as Director of Research, and co-editor, of the *Report on the Economic State of New England*, prepared under the auspices of the Committee of New England, National Planning Association. For the past two years, I have acted as economic advisor to the New England Governors' Committee on Public Transportation.

Q. Dr. Ellis; another witness, the traffic witness, William H. Day, has prepared an exhibit numbered 176 and entitled "Map of Hinterland Territories, North Atlantic Ports". Are you familiar with this exhibit?

[fol. 3147] A. Yes, I am.

Q. Mr. Day has testified that the diagonally shaded area around the port of Boston, which includes most of New England, encompasses all those points whose first-class rates from and to Boston are lower than from and to any other major North Atlantic port. Are you familiar with the economic characteristics of this area?

A. Yes.

Q. Could you briefly describe the economic characteristics of this area which importantly affect the area's transportation requirements and peculiarities?

A. The "hinterland" of the Port of Boston which Mr. Day has defined has two dominant economic characteristics. First, it is a deficit area in terms of the major industrial commodities, fuels and foodstuffs. Second, it makes its living largely by manufacture and export of products made from imported materials.

Aside from the industries primarily working with materials drawn from the region's forests, quarries, fisheries and farms, the region's manufactured products are made from material shipped into the region. This identical point was well described thirty-nine years ago in I.C.C. Reports, Vol. 49, 1918, p. 421, as follows:

> "The transportation problem of New England is in many respects distinctive . . . In no other section of the country does so large a percentage of the tonnage consist of high-grade manufactured products. Barring products of the forests and of the quarries the outbound movement of raw material from New England is almost negligible. New England's industrial life depends upon importing large quantities of iron, cotton, wool and other raw materials from the west and south and converting them into finished products. Power used in New England for these manufacturing processes is mainly derived from coal originating outside of New England and transported substantial distances by rail or water."

[fol. 3148] Aside from the increasing dependence on oil imports nowadays, this statement is as true today as it was then. It is estimated that 90% of the value created by manufacturing in New England is dependent on material brought into the region to be manufactured. The products of these industries, on the other hand, are marketed largely outside the area; they are used and consumed all over this country and the world. Moreover, these products are generally of a type that is high in value, in relation to its weight.

The great dependence of such an economy upon transportation—and the peculiarities of its use of transportation—are obvious. Substantial transportation is involved both before and after the manufacturing process. The inbound movement, moreover, tends to consist of bulk shipments of raw materials and semi-finished goods, while the outbound traffic of finished manufactured products tends to be low in volume but high in value per pound. These characteristics in turn cause several distinct problems: First, the predominance of finished-goods exports and the lack of raw material and bulk exports from New England, makes for a critical lack of diversification in the composition of outbound shipments. Second, there is severe directional imbalance in traffic movements, with much heavier inbound than outbound movements. Third, the need for a great deal of transportation service makes transportation costs a relatively important part of New England manufacturers' total costs. Thus, a manufacturer located in New England pays three separate types of transportation bill, each one frequently larger than that which his competitor pays who is located in some other section of the United States. The typical New England manufacturer pays one bill for the [fol. 3149] importation of fuel to heat his factory and drive his machines. This power cost may be paid indirectly through electric utilities which consume the fuel. He also pays for the shipment of materials to be processed. Finally, he pays to deliver his products to market. It is obviously vital that these costs be kept low, in order to keep New England products competitive in other markets.

Q. What information have you concerning the use of the Port of Boston by the industries within the area which you have described?

A. In April 1949, the Federal Reserve Bank of Boston conducted a survey of New England manufacturers believed to be actively engaged in exporting. I am familiar with this survey and the responses on which it is based. A total of 172 firms supplied data for the year 1948. Their responses indicated that 80.9 per cent of their exports were routed via the Port of New York. Only 11.5 per cent moved through the Port of Boston. The remaining 7.6 per cent moved through other ports. The companies which responded to the questionnaire survey were asked, among other matters, to state their principal reasons for not making greater use of the Port of Boston. Many companies advanced more than one reason. However, the largest number, 94 companies, stated that their non-use of Boston was due to more frequent sailings elsewhere. 86 indicated that not shipping through Boston was due to their customers' requests and it is, of course, likely that in many of these cases the infrequency of sailings at Boston also was the chief motivating factor.

An executive of one New England company wrote that he had made a number of attempts to ship through Boston with little success. He stated that Boston has numerous [fol. 3150] advantages over New York for his company, including lower inland freight costs, but that he is forced to ship through New York because of Boston's limited sailings. A company located in Boston reported that it uses the Port of Boston very little and arbitrarily designates New York because of more frequent sailings to most destinations from New York. It does ship to Belgium from Boston, however, because it is sure of weekly sailings.

In December of 1956, with the assistance of the New England Industrial Traffic League, the Federal Reserve Bank of Boston conducted, under my supervision, a mail questionnaire survey of the larger New England shippers, to inquire into their use of water transportation and their use of the Port of Boston. One hundred and ninety-one questionnaires were mailed, and 126 replies were received, of which approximately 117 could be meaningfully tabulated.

Of those responding with respect to incoming shipments, it transpired that 69 out of 112, or 61.6 per cent, reported no direct use of water transport at all. As to outgoing shipments, only 19 out of 115, or 16.5 per cent, reported no use of water transport. In round figures, only four out of every ten firms make direct use of water for transport of their incoming materials, whereas more than eight out of every ten make use of water for shipment of at least some part of their finished products.

Considering these data in relation to the known, heavy preponderance of incoming waterborne tonnage over outgoing tonnage, it is obvious that it reflects the peculiar economic characteristics which I have previously discussed: Bulk imports heavy in tonnage but destined to relatively few recipients, and many, but tonnage-wise small, general [fol. 3151] cargo export shipments of high value, finished products.

We had not expected that the percentage of firms using water for outgoing transport of their finished goods would be so heavy. In the great majority of cases, I must add, less than 20 per cent of total sales were shipped by water. Nevertheless, these results indicate a very considerable use of, and demand for, water transportation on the part of New England's shippers.

The next question is whether and to what extent these shippers made use of the Port of Boston. Among the 97 users of water transportation for outbound cargoes, 43 did not use Boston at all. Another 17 used Boston for less than 20 per cent of their outgoing shipments by water. Twenty-one firms shipped from 20 to 79 per cent of their water movements via Boston. Only 12 firms used Boston for 80 per cent or more of their shipments by water.

The 43 non-users of Boston included 20 Connecticut firms, and it is possible that New York is a more practicable port for some of them to use. However, eight of the 20 Connecticut firms reported that rail or motor transport costs to the Port of Boston were lower than to New York. Of the 97 exporting firms who reported some volume of shipments by water, 89 (or 93 per cent) report some movement via the Port of New York. At the same time, more than 60 per cent of all respondents reported that rail or motor transport costs were lower to the Port of Boston. Another 26 per cent report roughly equal transport costs via Boston or New York.

All the respondents were asked why they did not make more extensive use of the Port of Boston. A reason was [fol. 3152] mentioned by 62 firms. Only five firms gave as their reason higher land transport charges to Boston. A large majority (45 out of the 62 firms) indicated that Boston was not used more extensively because there was no service from Boston, or because service was too infrequent.

Insufficient frequency of service outpaced all other reasons by a frequency of at least seven to one.

These surveys, and our observation over many years, leave no doubt whatsoever that New England industry uses ports other than Boston for a large part of its waterborne imports and exports and that the lack of adequate frequency in sailings is one of its primary reasons for not using Boston.

Q. You have testified earlier to the relatively heavy dependence of New England industries upon transportation, and the consequent importance of low transportation costs if New England industry is to be able to compete with that of other regions. How are these transportation costs affected by the high incidence of the use of ports other than Boston by New England industry?

A. New England Industries are affected very adversely, indeed, and are placed at a competitive cost disadvantage by this practice.

As indicated earlier, a large proportion of New England shippers find that motor and rail transport costs to Boston for exports are less than to New York. The fact that they are forced, nevertheless, to export via New York means that they either have to charge a higher price to their customers than they would charge if they shipped via Boston, or accept a lower return from sales by absorbing the higher transportation charge to deliver their products to ships in New York.

This point is illustrated easily by taking a few examples [fol. 3153] typical of New England exports. An exporter of printing paper from Rumford, Maine, has to pay a rate of $.80 per 100 lbs. to ship in lots of 50,000 pounds to New York by rail. The rate for a comparable shipment to Boston, in contrast, is only 35¢ per 100 lbs. The difference of 45¢ per 100 lbs. can, of course, be of crucial significance when such a manufacturer runs into price competition.

Electrical machinery has come to be an important industry in New England. But the growth of this activity in other areas has accelerated in recent years. Here again, the competitive position of a New England manufacturer in an overseas market is worsened if he has to pay the extra land transportation bill for exporting from a more distant port. For example, the export rate for electrical machinery from Lynn with a minimum weight of 30,000 lbs. calls for a rail charge of 37¢ per 100 lbs. if it goes by way of Boston, but for a rate of 89¢ per 100 lbs, if it must be moved to New York. Here again, the difference of 52¢ per 100 lbs. must be regarded as an added expense, directly attributable, according to most shippers, to insufficient frequency of sailings via Boston.

Q. Dr. Ellis, suppose that an adjustment were made in the rail rates on export and import shipments through the port of Boston, which would result in a substantial volume of such shipments from and to the Middle West being routed through Boston. In your opinion, would the New England economy benefit as a result?

A. Yes, the New England economy would greatly benefit from such a development; in fact, it has great need for such through shipments.

Q. In your opinion as an economist, would the establishment of parity rail rates between so-called Differential Territory [fol. 3154] and all of the major North Atlantic ports result in a substantial increase in shipments through the Port of Boston from and to Differential Territory?

A. Yes, I think it would. I don't think there can be any doubt that Boston's rate disadvantage, with respect to such shipments, vis-a-vis Baltimore and Philadelphia has severely hampered the ability of the Port of Boston, and the carriers serving it, to participate in the foreign commerce movements from and to these mid-western states.

From data compiled by the Army Engineers and presented by witness Day in Exhibit No. —— (140), I have prepared four charts, Exhibits No. —— (610), —— (611), —— (612), —— (613), which contrast the growth rates in Boston and New York with those of Philadelphia and Baltimore. These latter ports have enjoyed an export-import rate advantage in the years covered from and to differential territory. The vertical scale is logarithmic so that rates of growth can be directly compared. The straight line is the basic trend relationship, calculated by exponential least squares regression. Coal and coke shipments have been subtracted from the export data and petroleum shipments from the import data.

The charts clearly reveal that the rate of growth in exports via Baltimore was 3½ times greater than the growth in Boston and 13 times greater than in New York. Philadelphia export volume also expanded more rapidly. With respect to imports, both Boston and New York have experienced a decline in the thirty-year trend while Baltimore has scored an annual growth rate of 4.45 per cent and Philadelphia a growth rate of 1.65 per cent.

It would be entirely unreasonable to suppose that through [fol. 3155] traffic for export or import was wholly responsible for these relative growth trends. But it would be equally unreasonable to ignore the evidence that the ports with the rate advantage have grown the fastest.

By the same token, I am convinced that removal of this disadvantage by establishment of parity rates will enable the port of Boston and its carriers to compete for, and to obtain, substantial share of that traffic.

Q. Kindly state in a little more detail than you have so far the specific benefits which would accrue to the New England economy from this expectable additional traffic through Boston.

A. The specific benefits which can be expected are manifold.

First and foremost, the availability of a substantial new volume of water shipments through Boston will undoubtedly attract additional shipping to the port of Boston, with the result that sailing frequency will increase, sailings will become available from and to points not now served through Boston and ship service at Boston generally will improve. Moreover, the composition of the Mid-Western cargoes can be expected to be somewhat different from that of New England shipments, as I have previously described them, resulting in a greater diversification of the types of goods moving through Boston. The better balanced cargoes which will thus become available at Boston will also serve to make the port of Boston more attractive to water carriers, and can be expected to result in a further improvement in the water transportation services that will be offered at Boston.

The significance to the New England economy of such an improvement in water transport services at Boston is, of [fol. 3156] course, obvious in view of my earlier testimony. New England industry's major reason for shipping through ports other than Boston, at substantial added expense, is the lack of frequent sailings at Boston. The improvement in this respect which is sure to come with the new Mid-Western through traffic will alleviate or remove this major objection to the use of the Port of Boston, and consequently will enable substantial cost savings, and improved competitive standing in overseas markets for many New England businesses.

Such new traffic through the Port of Boston will also result in other substantial benefits to the New England economy. In his report to the New England Governors' Committee on Public Transportation, entitled *"Report No. 7, A Railroad Policy for New England"*, Professor Martin S. Lindahl discusses the cause of the relatively high ton-mile revenues of New England railroads. Aside from the high grade characteristics of the traffic, he concluded that high operating costs were the fundamental cause. He cited four factors which contribute to a high ton-mile cost which must be paid by the New England shippers. They were: "First, low density of traffic, which makes for a low degree of utilization of ways and structures, locomotive tractive power, and freight cars; second, the short haul, which precludes the efficiency of through trains and the opportunity to spread terminal costs, which bulk large in railroad operations, over many miles of carriage, third, the terminal character of much of the traffic, which requires the picking up and dropping of cars at many stations and junction points; and fourth, the composition of the traffic, which makes for lighter carloads than in other regions of the country."

[fol. 3157] A substantial volume of export and import traffic with Central Territory could help alleviate each of those four problems. More traffic would obviously improve utilization of equipment. Through traffic, because it moves clear across New England, would increase the average length haul and help spread terminal costs. Through traffic would be relatively free of the costs of multiple pickup and delivery points. Finally, through traffic would provide more diversity in composition and improve utilization of equipment by reducing the directional imbalance of the rail movement in and out of New England. In all of these ways, through traffic would reduce cost pressures on the railroads and help hold down the cost of transportation to New England shippers.

Another important economic improvement that can be expected is a material strengthening of Boston's ability to act as the aggressive center of economic activity for its New England hinterland. By virtue of its position as the principal metropolitan commercial and financial center of New England, Boston's ability to provide vital leadership to the New England economy is a critical determinant of the region's prosperity. There is abundant evidence that performance in this role has fallen considerably short of economic needs. By failing to build even as fast as the average for 34 eastern metropolitan areas in the past 11 years, Boston has lost more than $600 million of private industrial and commercial construction. Boston was also the only large metropolitan area to have actually lost in total assessed valuation between 1954 and 1955. The recent debates attending the establishment of the Massachusetts Port Authority reveal that a considerable share of the Boston lack of leadership has been due to the weakness of the income-generating activities of its Port.

[fol. 3158] One virtue of an increase in through traffic to and from the Middle West is that it would provide more tonnage to be handled by the Port of Boston, cause more ships to call at Boston, and increase the frequency of their calls and the length of their visits. Such increased port activity will be of very substantial economic benefit to the Boston area.

The income-generating aspects of additional tonnage have been calculated by several different port agencies. The Statistics and Research Bureau of the Port Development Department, Delaware River Port Authority, has estimated in a published study entitled *"The Value of a Ton of Cargo to the Area's Economy, Philadelphia Port Area,"* that each ton of general cargo moved through the port of Philadelphia in 1953 generated $11.33 of port income.

In addition to such estimates of direct expenditures, most economists would add at least another $2 of indirect expenditures within the local area as the original income is spent and re-spent. Estimates of the expenditures generated by port activity in Boston have been prepared by the Port of Boston Commission. The Commission's estimates indicate that in 1954 the cargo handled in the Port of Boston gave rise to expenditures totaling about $66 million. The average for all sorts of movement was $5.57 per ton.

Details of how these expenditures were made are presented in the following:

[fol. 3159]

Ships:	
Pilots, tugs, line handlers, dockage, stevedoring, agency and brokerage fees	$28,115,094
Marine Terminal Operations:	
Wharfage, pier storage	861,296
Warehousing:	1,344,688
Custom House Brokers:	450,510
Elevation & Storage of Grain:	309,305
Inland Transportation:	33,895,442
Total:	$65,976,335

There can be no question that more tonnage would create a more prosperous port and contribute greatly to the economic health of the region's business, financial, trade and social centers.

[fol. 3160] Q. Dr. Ellis, when you refer to these additional volumes of foreign trade through Boston, do you have in mind a mere redistribution of present foreign trade volume among the major North Atlantic ports?

A. No, I have not. I believe that a significant part of such additional tonnage through Boston would come out of the very substantial increase in the total foreign trade of the country which it is expected will occur in the years to come. Actually, the need for enabling Boston at this time to obtain an increased share of the traffic moving via the North Atlantic ports is particularly pressing because of this very fact. The foreign trade of the United States is expected to increase very substantially over the next fifteen or twenty years as a result of a fundamental change of position of the United States from that of a major exporter of materials to a major importer of materials. The President's Materials Policy Commission (PMPC) published in 1952 a widely acclaimed and extremely thorough study of United States materials, resources and needs, entitled "Resources for Freedom, a Report to the President", in which it found that the growth of United States demand for material such as ores, rubber, forest [fol. 3161] products, non-metallic minerals, and other materials will be very great. The PMPC has illustrated this projected increase dramatically in chart form, and I have reproduced their chart, prepared by the PMPC Staff, as my Exhibit —— (621). Furthermore, in the words of the PMPC at page 5 of Volume I, "In the United States the supplies of the evident, the cheap and the accessible (chemically and organically) are running out. The plain fact seems to be that we have skimmed the cream of our resources as we now understand them; . . . . " Thus, the PMPC concludes that the United States has already gone the way of many other countries of the world in having shifted from its former position as primarily an exporter of materials, to that of a very significant importer of materials. To illustrate this shift, the PMPC has presented the experiences of the United States with respect to several important materials, including zinc, copper and lumber. I have reproduced their charts in my Exhibit —— (622), from which the new pattern clearly emerges.

Moreover, the dependence of the United States on materials imports will grow substantially in the future. The PMPC presented past United States demand and produc- [fol. 3162] tion, and the imports necessary to fill the gap, for several important commodities; and it has projected such demand, production and necessary imports up to 1975. I have reproduced these projections from the PMPC Report in my Exhibit —— (623), from which I think the growing dependence of the United States on imports in the future may be clearly seen.

These very significant projects are important here in a number of ways. First, the materials analyzed in these projections are bulk cargo commodities which are highly desirable ocean and rail cargo. Secondly, such a large expansion of United States import tonnage cannot fail to be reflected in a large increase in United States exports by which the United States will pay for the imports, thus swelling future total United States foreign trade even more. Thirdly, the increased overall volume of trade which is expected in the next fifteen or twenty years cannot fail to be felt by all the North Atlantic ports, in terms of increased import and export movements, if they are all operating on a competitive basis. Fourthly, much of the new import cargo will be destined for the Mid-West since these are largely industrial raw materials of the sort consumed there. Also, much of any added increase in exports will undoubtedly originate in the same region.

[fol. 3163]

VERIFICATION

George H. Ellis, being first duly sworn, on oath deposes and says: That he is the person who made the foregoing statement and accompanying exhibits; that he has read the same and that the statements therein contained are true and correct to the best of his knowledge, information and belief.

/s/ George H. Ellis

George H. Ellis

Subscribed in my presence, and sworn to before me, by the affiant above named, this 20th day of June, 1957.

/s/ Helen Ann Smith

Helen Ann Smith
Notary Public, Commonwealth of Massachusetts
My Commission expires June 4, 1959.

(Notarial Seal)

[fol. 3164] Secretary's Certificate (omitted in printing).

[fol. 3165]

I.C.C. Exhibit No. 31

ICC DOCKET I & S 6615
WITNESS LOCKLIN
EXHIBIT ——

This statement is verified. Unless written request for cross examination is received by the affiant or his attorney, Henry E. Foley, 10 Post Office Square, Boston 9, Mass., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

I & S Docket No. 6615.

VERIFIED TESTIMONY OF D. PHILIP LOCKLIN ON BEHALF OF THE PORT OF BOSTON COMMISSION

[fol. 3166] Verified Testimony of D. Philip Locklin on behalf of the Port of Boston Commission.

Q. Please state your name.

A. My name is David Philip Locklin.

Q. What is your position at the present time?

A. I am Professor of Economics in the College of Commerce & Business Administration at the University of Illinois, where I am in charge of transportation courses.

Q. Kindly state how long you have held that position and describe briefly your background and qualifications as a transportation economist.

A. I have taught work in transportation at the University of Illinois since 1922 except when I have been on leave of absence to accept special assignments. I served as Principal Transportation Economist with the Interstate Commerce Commission in 1935. I was Director of Interterritorial Freight Rate Studies with the Board of Investigation & Research in 1942 and 1943. I was Visiting Professor of Transportation at the University of California in 1952-53. I served as a consultant to the National Resources Committee in 1936; as a special expert with the United States Maritime Commission in 1938-39; as consultant to the Nation Resources Planning Board in 1940-41; and in the summer of 1954 was on the staff of Robert R. Nathan Associates as Transportation Consultant to the Government of the Union of Burma. I am author of *Regulation of Security Issues by the Interstate Com-* [fol. 3167] *merce Commission,* published in 1927, and *Railroad Regulation Since 1920,* published in 1928, and of *Economics of Transportation,* the first edition of which was published in 1935 and the fourth edition in 1954. I am also the author of numerous articles on transportation subjects appearing in various economic journals and other publications.

Q. Professor Locklin, in your opinion as a transportation economist, should the rail rate structure applicable to export and import trade moving between Differential Territory and the major North Atlantic ports—Boston, New York, Philadelphia and Baltimore—be such that each one of these ports can effectively compete for a significant share of that trade?

A. Yes, it should. I consider the establishment of such a competitive rate structure economically desirable, for the reasons that, first, it will promote and further the freedom of movement of the commerce of the United States by facilitating the free flow of traffic through all the major North Atlantic ports and, second, it will materially aid the national defense.

Q. Another witness in this proceeding, the traffic witness, Mr. William H. Day, has testified that

> "virtually no shipper ever chooses to ship to or from Differential Territory via the Port of Boston and pay the differentially higher freight rates, unless unusual [fol. 3168] circumstances happen to make it advantageous to do so in spite of the usually controlling rate disadvantages.",

and he has also said that Boston cannot, in his opinion, achieve significant participation in Differential Territory commerce, so long as it has a rate differential over Baltimore. Do you have any comments on this testimony, from your viewpoint as a transportation economist?

A. Mr. Day's statement is wholly consistent with general economic experience. As a general rule throughout the transport world, the shipper's choice of routes, and hence the flow of traffic, depends on two factors: The comparative cost of shipping over alternative routes, and secondly, any service advantages which one route may offer over another. In comparing transportation costs over alternative rail routes, the applicable rail rates are usually the controlling element. In so far as concerns service comparisons, such matters as rail time *en route;* and on port traffic, the facilities for storage, handling, brokerage and banking at the port; need for lighterage and for extra handling at the port; frequency of available sailings; speed of available ocean services and reliability of the labor force are generally considered. Of these two criteria, the first—the cost comparison—is usually more important than any differences in the quality of service that may exist, and the [fol. 3169] cost comparison is most often the controlling factor. As a rule, bulk traffic and low unit value traffic will not move at all against a rate differential. High unit value commodities sometimes move over other than the lowest-cost routes, but only when there is a distinct service advantage. Mr. Day's statement that rate equalization is essential, if traffic to and from Differential Territory via the Atlantic ports is to move freely through all of the different ports, including Boston, thus makes good economic sense.

Q. Kindly assume for the purpose of your next two answers that the quality of the service offered at Boston, Philadelphia and Baltimore, and by the carriers serving these ports, is substantially the same. In your opinion, and making that assumption, is the port of Boston now in a position successfully to compete with these other ports for export traffic from, and import traffic to, Differential Territory?

A. No, under the assumption which you have asked me to make, I would think that the differential rates would prevent Boston from obtaining any considerable portion of that traffic.

Q. Making the same assumption, what would be your opinion concerning Boston's ability to obtain a substantial portion of that traffic with parity rates?

A. I would expect that eventually there would be a sig-[fol. 3170] nificant movement of such traffic through Boston with parity rates. Once the element of possible qualitative differences in service is eliminated, cost comparisons are generally determinative of routing—and that means in effect that the relative rates are controlling. Thus, so long as Philadelphia and Baltimore have a rate advantage over Boston, I would think Boston could not effectively compete with them for traffic. On the other hand, with parity rates—and, by hypothesis, no service differences—Boston could compete with the other ports on an equal basis, and assuming that it would then actively solicit such traffic, I have no doubt that Boston would obtain a substantial share of Differential Territory traffic.

Q. You have stated earlier that the establishment of a competitive rail rate structure for the major North Atlantic ports is economically desirable for two major reasons. Please elaborate the first reason which you mentioned, that having to do with the promotion of the freedom of movement of goods in commerce.

A. From an economic standpoint there are a number of reasons why a rate adjustment which will facilitate the flow of traffic through the various North Atlantic ports, and allow all of these ports and the carriers serving them to compete for Differential Territory traffic, is desirable. These reasons may be summarized as follows:

[fol. 3171] (1) The availability of several alternative routes for port traffic will create and stimulate effective and active competition among the various ports and the carriers serving them. These competitive efforts to attract traffic in turn will result in service improvements. I am convinced that there is no adequate substitute for competition as an incentive for the carriers to give the public the best possible service.

(2) Distribution of the North Atlantic port traffic through all of the major ports will minimize the chances of congestion of any port and of the railroads serving it. Such improved traffic distribution therefore facilitates the flow of traffic by reducing the chances of stoppage or delay.

(3) The maintenance of active and usable routes via all of the major North Atlantic ports is insurance against the disruption of traffic that would result from any calamity which damaged or destroyed the facilities of a particular port or of the railroads serving that port.

(4) Competitive rates and a better distribution of port traffic among all of the major North Atlantic ports and among the carriers serving them would make for better utilization of rail facilities and, as traffic volume increases in the future, would result in savings by obviating or postponing the necessity for expanding the rail facilities leading to one port, as long as another port has unused capacity.

[fol. 3172] This last point can perhaps be seen more clearly if one assumes a continuous growth or expansion of total port traffic over the years, and considers what would necessarily happen if the traffic were largely concentrated at some ports, and not at others. Large capital expenditures would be necessary to expand the capacity of rail and port facilities at such heavily utilized ports. Yet rail facilities already exist leading to certain other ports which operate at a low utilization ratio, but whose facilities must continue to exist to carry domestic traffic and such export, import, and coastwise traffic as has its origin or destination in a more or less localized area about such under-utilized ports. A rate structure which permitted port traffic having its origin or destination in Differential Territory to move via all of the major North Atlantic ports would permit the utilization of any such significant unused rail capacity. The result would be to eliminate or postpone the necessity for large capital expenditures on congested routes and thus to reduce the overall unit costs of transportation in the entire area.

The flow of foreign commerce from and to Differential Territory is, of course, very substantial and any step that will facilitate that flow is bound to have a significant effect on the freedom of movement of United States commerce as a whole. Differential Territory is an area which is [fol. 3173] highly industrialized and includes some of the major population and manufacturing centers of the country which produce large quantities of manufactured articles for export as well as for domestic consumption, and which need and use large quantities of finished and unfinished goods and raw materials from all sources including many foreign ones. The area also produces very substantial quantities of raw materials and agricultural products.

The importance of this area in the production of manufactured articles can be shown from data on "value added by manufacture" published by the Bureau of Census. Exhibit No. —— (510), which is based on such census data, shows that 31 percent of the "value added by manufacture" in the United States in 1954 was produced in the East North Central States, all of which are wholly or partly in Differential Territory. The table indicates that a large proportion of the production of many manufacturing industries, as measured by "value added by manufacture", occurred in this area. Thus the East North Central States accounted for approximately 26 per cent of food and kindred products; 33 per cent of furniture and fixtures; 25 per cent of pulp, paper and products; 23 per cent of chemicals and products; 24 per cent of petroleum and coal products; 40 per cent of rubber products; 30 per cent of stone, [fol. 3174] clay and glass products; 41 per cent of primary metals; 41 per cent of fabricated metal products; 49 per cent of machinery other than electrical; 37 per cent of the electrical machinery; and 40 per cent of transportation equipment.

There can be no question that the people and industries of this area are the source of large quantities of traffic which move through North Atlantic ports to destinations in foreign countries, and that they are also users of many products and raw materials which come in through the North Atlantic ports from other countries.

Keeping the routes open via all the principal ports is economically desirable, and is also wholly consistent with established transportation policy. Commissioner Prouty's statement made in 1905 in the proceeding known as *In the Matter of Differential Freight Rates to and from North Atlantic Ports,* reported at 11 I.C.C. 13 at page 62, that

> "If it can be properly done, these ports should all be kept open for the transaction of this export business upon such terms that each one may fairly compete for it."

is as true today as it was then. Only the remedy which Commissioner Prouty proposed—differential rail rates—would seem to have become obsolete with the advent of ocean parity and the consequent elimination of one of his major justifications for that remedy, namely the existence of an offsetting ocean rate differential.

[fol. 3175] Q. Professor Locklin, you have mentioned two major reasons why you consider a competitive rate structure for all the major North Atlantic ports economically desirable, and you have discussed the first of these reasons, that having to do with the need of the peacetime economy for maximum freedom of movement of goods in commerce.

Your second reason was related to the requirements of the national defense. Why is a competitive rate structure for ports important to the national defense?

A. In case of a national emergency, the ready and quick availability of the greatest possible port capacity is of vital importance. Moreover, such capacity should be well dispersed so that it cannot be largely eliminated at one stroke.

Optimum port capacity for emergency use can best be maintained by regular use of all needed facilities in peacetime. These facilities need to be maintained and modernization carried out, and such work usually is not done, and cannot economically be done, in peacetime unless the volume of traffic using such facilities, and paying for their use, is sufficient to make it worthwhile. In other words, port facilities which are not used in peacetime, or whose utilization is so low as to be uneconomical in peacetime, are likely to be of little value when maximum port capacity everywhere suddenly becomes vital in a national emergency. [fol. 3176] The congestion of traffic at Atlantic ports was one of the most serious transportation difficulties encountered in World War I. Our experience in World War II similarly demonstrated the necessity of having all port facilities readily available for immediate wartime use.

The importance to national defense of having traffic move through various ports has been recognized by the Interstate Commerce Commission, as for example, in *Iron Ore from Eastern Ports to C. F. A. Points,* 291 I.C.C. 527 (1954), at page 554, and was even more strongly emphasized by Commissioner Arpaia in a separate opinion at page 557.

Q. Professor Locklin, you have testified that it is economically desirable that export and import rates through Boston be established at a level which will permit the port of Boston and the carriers serving it to compete effectively with the other major North Atlantic ports for Differential Territory traffic. In your opinion, is the establishment of such competitive rates consistent with established principles of rate making and rate regulation?

A. Yes, it is wholly consistent with such principles. It has long been the established policy of the Commission in the regulation of rates to give the carriers a wide latitude in the adjustment of rates to meet the competition of other carriers. As the Commission said in *Illinois Coal Traffic Bureau* v. *Alton R. Co.* 223 I.C.C. 9, at page 37,

> [fol. 3177] "Carriers may make rates to meet competitive conditions so long as such rates are reasonably compensatory, are not lower than necessary to meet the competition, and do not give rise to undue prejudice and preference."

In another case the Commission said:

> "The act recognizes the right of competing carriers to adjust their rates, subject to the requirement that such rates be reasonable, non-discriminatory, and non-prejudicial, so as to retain or to increase the amount of the competitive traffic handled by them."

This quotation is from *Export & Import Rates to and from Southern Ports*, 205 I.C.C. 511, at page 552. From the economist's point of view, the policy of giving the carriers wide latitude in the adjustment of rates to meet competition is a desirable one, because it extends the salutary benefits of carrier competition to many shippers and localities.

It is consistent with this principle to permit the railroads serving the port of Boston to publish and put in effect rates on a competitive level with those applying at the other major North Atlantic ports.

Q. As you know, Baltimore interests and the carriers serving Baltimore argue that, if Boston carriers were permitted to lower their rates to a level competitive with the established Baltimore rates, the Baltimore carriers, which claim to be the lower-cost lines, must in turn be allowed to drop their rates below the existing level. In your opinion as a transportation economist, would such rate reduction be consistent with established principles of rate making and rate regulation?

[fol. 3178] A. No. There must be, and there are, well established limits upon the carriers' freedom to lower their rates in the competitive struggle for traffic. The necessity for controlling competition between railroads and preventing disastrous rate cutting has long been recognized by transportation economists. A. T. Hadley recognized it as early as 1885 in his book *Railroad Transportation* at pages 142-143; and as another example, Eliot Jones in Chapter V of his *Principles of Railroad Transportation*, published in 1924, also found the need for such control. It was to enable it to prevent ruinous rate cutting that the Interstate Commerce Commission asked for the power to fix minimum rates early in its history, as for example in its *Annual Report* for 1893, at page 38. And it was largely for this reason that Congress, in 1920, gave the Commission the power to prescribe minimum reasonable rates.

Competition among the railroads serving the various North Atlantic ports was provocative of rate wars in the early years of the development of the railroads in Trunk-line and Central Freight Association Territories. The rate agreement of 1877 in which port differentials were agreed upon by the New York Central & Hudson River Railroad Co., the Erie Railway Co., the Pennsylvania Railroad Co., and the Baltimore & Ohio Railroad Co. was intended to prevent competition of the ruinous type. Albert Fink, [fol. 3179] Commissioner of the Trunk Lines, pointed out in 1881 the necessity of keeping under control the competition of the Trunk Lines for port traffic:

> " . . . it is absolutely necessary that there should be some agreement as to the relative transportation rates to and from the competing cities, as a failure to agree upon such rates must naturally result in expensive and costly railroad wars, and in the final ruin of this great railroad property, and its calamitous consequences."

The quotation is from the *Report upon the Adjustment of Railroad Transportation Rates to the Seaboard*, as reprinted in J. B. Daish's book *The Atlantic Port Differentials*, wherein it appears at page 11. Mr. Fink's statement is as true today as it was in 1881, although a rate war over port rates today would not have quite so "calamitous consequences."

The policy that carriers should have freedom to meet competition, and the policy that excessive rate-cutting should be prevented, might seem to be contradictory. Accommodation of the two policies is possible, however. In fact it must be done. Either policy can be overdone; each must check the other. In the words of the declaration of national transportation policy, it is the policy of the Congress "to encourage the establishment and maintenance of reasonable charges for transportation services without unfair and destructive competitive practices".

When two or more carriers engage in a struggle for [fol. 3180] traffic by cutting rates, a sound settlement requires that two principles be observed, if "unfair and destructive competitive practices" are to be avoided. First, the lines possessing a cost or a service disadvantage should be permitted to meet the established rates of the low-cost route; or more precisely, should be permitted to maintain rates that would permit them to share in the competitive traffic, provided that the rates cover more than the out-of-pocket costs incurred on the traffic in question. Also, their rates should not be lower than necessary to enable them to share in the traffic concerned.

The second principle which should be observed is that, absent competitive necessity, the carrier possessing the low-cost route should not be permitted to charge less than the established normal rates over its route. If it were permitted to reduce rates below the normal basis without competitive need, whether such rates were met by the competing higher cost routes or not, the carrier would be deprived of revenues to which they are entitled, and the points served at the low rates would derive a rate advantage over other points to which they are not entitled. Thus the rates to be observed by the low-cost carriers should be the normal rates over their route.

The problem of controlling competition among carriers [fol. 3181] has received most attention recently in discussions of interagency competition, but it is also an old problem so far as competition between carriers of the same type is involved. The Commission long ago faced this problem in cases involving Sections 3 and 4 of the Act. In Section 4 cases the problem was when competition between railroads justified departure from the long-and-short-haul provisions of the Act. In these cases the rule became established that competition between railroads of approximately equal length did not justify relief from the long-and-short haul clause to enable the carriers to reduce through rates below those maintained at intermediate points. Only when a carrier operated under a distance or cost disadvantage of some sort was it allowed to reduce rates to meet the rates of a direct line or of the rate-making line. Thus the principles which I am advocating have, in fact, been frequently observed by the Commission in dealing with rates of competing rail lines. Similar principles have been observed by the Commission in many cases dealing with rates between competing modes of transport.

Application of the policies and principles which I have described requires, in my opinion, that the Commission authorize the carriers serving the differentially higher-rated port, Boston, to adjust their export and import rates to a level which will permit them to compete with the Balti- [fol. 3182] more railroads, but that the Commission restrain responsive reductions of port rates by the rate making lines which also claim to be the low-cost lines, namely the carriers serving Baltimore.

VERIFICATION

D. Philip Locklin, being first duly sworn, on oath deposes and says: That he is the person who made the foregoing statement and accompanying exhibits; that he has read the same and that the statements therein contained are true and correct to the best of his knowledge, information and belief.

/s/ D. Philip Locklin

D. Philip Locklin

Subscribed in my presence, and sworn to before me, by the affiant above named, this 21st day of June, 1957.

/s/ Robert C. Hunt

Robert C. Hunt
Notary Public, State of Vermont
My Commission expires Feb. 10, 1959.

(Notarial Seal)

• • • • • • •

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1962

No. 97

THE BALTIMORE & OHIO RAILROAD COMPANY,
ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 98

MARYLAND PORT AUTHORITY, ET AL.,
APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 99

INTERSTATE COMMERCE COMMISSION,
APPELLANT,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF MASSACHUSETTS

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RECORD PRESS, PRINTERS, NEW YORK, N. Y., NOVEMBER, 1962

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[fol. 3183]

I.C.C. Exhibit No. 32

This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the
INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

STATEMENT OF ROBERT F. WAGNER, MAYOR OF THE CITY OF NEW YORK

[fol. 3184] Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

STATEMENT OF ROBERT F. WAGNER, MAYOR OF THE CITY OF NEW YORK

I am ROBERT F. WAGNER, Mayor of the City of New York. I submit this testimony in support of equalization of freight rates to all North Atlantic ports.

The City of New York has intervened in these proceedings in support of the efforts being made by certain railroads, such as the New York Central Railroad and Erie Railroad, to reduce their freight rates on import and export freight moving through the ports of New York and certain other ports, so that such rates will be the same as freight rates on similar traffic moving to and from the ports of Baltimore and Norfolk. I take the position that the artificial differential handicap imposed on New York and other North Atlantic ports should now be abolished.

[fol. 3185] At the outset, I wish to make it clear that all agencies, public and private, concerned with the welfare and prosperity of New York City and its port area, are united in their efforts to secure equalization of the freight rates to and from all North Atlantic ports and the Central West Territory. The City of New York and the Port of New York Authority have worked in close harmony and cooperation to present to this Commission testimony in support of this position.

This proceeding is concerned with the differentials in freight rates on import and export traffic moving between the North Atlantic ports and so-called Differential Territory. The precise boundaries of Differential Territory will doubtlessly be covered by other testimony. Generally speaking, I understand that Differential Territory, as herein involved, is the area lying within a line from Buffalo, New York, to Pittsburgh, Pennsylvania, the Ohio River, the Mississippi River and the Great Lakes.

On most import and export freight to or from Differential Territory a shipper pays at least three cents less per 100 lbs. if the movement is through Baltimore and other southern ports than if the shipment is through New York or Boston. In other words, a shipper from a point in Differential Territory, such as Chicago, sending manufactured [fol. 3186] goods to a foreign port, such as Liverpool, is compelled to pay at least 60 cents more per ton in freight charges if he uses the Port of New York than he must pay for the same shipment between the same points if he uses the Port of Baltimore or other southerly ports. The differential is less on grain and flour, but greater on imports of first and second class freight.

It is obvious that these differentials place a serious competitive handicap on New York and the northern tier ports.

Some of the testimony which I present will be supported by the detailed testimony of the Commissioner of Marine and Aviation of the City of New York. However, I would like to state briefly the principal reasons why the City of New York seeks the elimination of the differential.

The City of New York owns the greatest concentration of pier and waterfront properties in the world. These municipally-owned waterfront properties have an assessed value of approximately $325 million. During the last seven years, the City spent $26 million for capital improvements and betterments of our piers. The City is now embarked on the largest waterfront development and modernization program in its history. The total cost for the completion of this [fol. 3187] program is $187 million. The capital budget for 1957 includes items totaling about $30 million for this program, of which $24.7 million is for major pier construction.

Public funds are and should be spent for modernization and improvement of our waterfront because the economic welfare of our City is directly related to and dependent upon the prosperity of the port. It can be established historically that the growth of New York City is largely attributable to the activity of its port. When the Erie Canal opened a water-connecting route to the Great Lakes and the West, New York City, located at the gateway of this route, became the leading American port, and thereafter developed into a world important center of commerce and industry.

Statistics indicate that approximately two million residents of the City, or about one out of every four persons, depend for their livelihood on waterfront enterprises and activities.

Many industries and service facilities in the port area prosper because of the presence of the port. Among these industries and services are:

[fol. 3188] Ocean Transportation
Coastwise and Intercoastal Transportation
River and Canal Transport
Marine Terminals
Customs Brokers and Freight Forwarders
Maritime Supplies
Shipbuilding and Repairs
Marine Construction
Trucking
Railroading
Warehousing
Banking
Marine Insurance and Admiralty Law
Arrangement of Transportation
Exporting and Importing
Bulk Materials Handling (lumber, coal, etc.)
Chemical Industries
Petroleum Refining
Paint and Oil Manufacture
Food Processing and Supply
Ore Processing
Fibre Processing
Construction Materials
Fuel Industry
Stevedoring
Local Water Transport

The importance of the port to the City's economy must be judged not only in terms of the City as a whole but also in terms of its important political sub-divisions. More than 60 percent of the export-import cargo handled in New York City proper uses Brooklyn waterfront facilities. Furthermore, the major portion of cargo traffic handled in the borough of Richmond is export-import cargo. Within this borough is located the Foreign Trade Zone.

[fol. 3189] Both these boroughs contain some of the most important potential locations for future industrial growth in the City, and since much of this industrial growth is tied to the existence of efficient and flexible waterfront facilities, the profitable and intensive operation of these facilities is of major importance.

The Port of New York constitutes a most vital asset not only to our City but also to our country especially in times of emergency. During World War II, our port facilities, strained to the utmost in the national effort, were said to have "carried one-half of the burden of the entire country". During this period, New York served as a Port of Embarkation and was the busiest harbor in the world.

Despite the huge expenditures made by the City and others for improvement and enlargement of our facilities, the Port of New York has not shared proportionately in the increased export and import traffic occasioned by the expanding economic activity experienced throughout the country. Export and import traffic through the Port of New York, excluding the bulk items of coal, iron ore, grain and petroleum products, decreased from about 18 million tons in 1948 to 17.38 million tons in 1955.

[fol. 3190] In 1948 the Port of New York handled 62.2% of the total import and export freight, excluding coal, iron ore, grain and petroleum products, moving through the ports of New York, Philadelphia, Baltimore and Norfolk. The percentage dropped to 54.8% in 1955. Philadelphia, Baltimore and Norfolk not only increased the percentage of such traffic, but the tonnage handled by those ports increased about 3.4 million tons in 1955 over 1948. These statistics, which exclude bulk items, do not tell the whole story. The ports south of New York have had a marked increase of traffic in bulk items. In 1948 New York handled 37.5% of the total import and export tonnages moving through the ports of New York, Philadelphia, Baltimore and Norfolk. This decreased to 28.2% in 1955.

Detailed statistics with respect to import and export traffic through the North Atlantic ports will be presented at length by other witnesses in this proceeding. These statistics establish beyond controversy that the percentage of both bulk and general cargo, import and export traffic handled in the North Atlantic ports by Philadelphia, Baltimore and Norfolk, has increased steadily while the percentage in New York and the other ports operating under the handicap of the differential has decreased.

[fol. 3191] In 1959 the improved St. Lawrence Seaway will be open to traffic. Estimates as to the amount and nature of traffic that the Seaway will carry have been many and varied. It appears clear, however, that all of the North Atlantic ports will have to compete with this improved facility. New York is entitled to compete on an equal basis with the other North Atlantic ports. Unless freight rates are equalized for all of the North Atlantic ports, New York will suffer a distinct, unfair disadvantage, for it will face competition of the improved St. Lawrence Seaway to the North on the one hand, and lower freight rates through Philadelphia, Baltimore and Norfolk on the other hand.

Equalization of rates to and from all ports in the North Atlantic group will be beneficial to shippers in Differential Territory. These shippers will then have another port facility available on a competitive basis for their use on the Atlantic Coast.

The original reasons for the establishment of the differentials have disappeared. When created, the differentials were designed to equalize through rail and ocean rates shipments from the Midwest, via the North Atlantic ports, to foreign ports. This original purpose is now defeated by the continuance of the differential. If there was in the past [fol. 3192] any economic justification for the differentials, such justification no longer exists. The fact is that in 1956 the total import and export tonnages shipped through Philadelphia and Norfolk exceed the total tonnages shipped through New York. Each port in the South Atlantic group, in the Gulf group, and in the Pacific group now enjoys equal rates on import and export traffic to and from the Midwest with all other ports in its respective group. This equalization is maintained despite differences in the railroad mileages to the ports included in each group.

We now ask that equalization be applied to all the North Atlantic ports so that New York will be relieved of the differential handicap and will be permitted to compete on an equal basis with all the other ports in this group.

The economy of the City of New York and its Greater Metropolitan area is vitally concerned in the right to compete on an equal basis. Fair and equal opportunity to so compete will in a large measure determine the continued prosperity of this port and the improved status of its facilities to meet a national emergency.

Robert F. Wagner

[fol. 3193]

VERIFICATION

State of New York)
: ss.:
County of New York)

Robert F. Wagner, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Robert F. Wagner

Subscribed in my presence and sworn before me by the affiant above named on this 20th day of June, 1957.

Arthur D. Walker
Notary Public, State of New York
No. 41-9505400 Queens Co.
Term Expires March 30, 1958

[fol. 3194]

I.C.C. EXHIBIT No. 33

This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

STATEMENT OF VINCENT A. G. O'CONNOR, COMMISSIONER OF MARINE AND AVIATION OF THE CITY OF NEW YORK

[fol. 3195]

Before the
INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

STATEMENT OF VINCENT A. G. O'CONNOR, COMMISSIONER OF MARINE AND AVIATION OF THE CITY OF NEW YORK

Q. Please give your name and state the office held by you.

A. I am Vincent A. G. O'Connor, Commissioner of Marine and Aviation of the City of New York.

Q. What are the functions and responsibilities of the Department of Marine and Aviation?

A. The Department of Marine and Aviation is an agency of the municipal government of the City of New York. Its functions and responsibilities are set forth in Chapter 29 of the New York City Charter. So far as is relevant to this proceeding, these functions are:

1. To provide and administer, for the City of New York, pier and terminal facilities owned or to be constructed by the City for waterborne commerce.

[fol. 3196]

2. To regulate the 578 mile waterfront within the City of New York, City and privately owned, commercial and non-commercial.
3. To plan and further, in conjunction with the allied New York City Council on Port Development and Promotion, development and promotion of the City-owned commercial waterfront.

Q. Please tell us about the City's investment in port facilities.

A. About ninety years ago, a planned program was adopted by the City for municipal ownership of shorefront and piers. Today the City of New York owns 122 major pier facilities within its boundaries devoted to or available for waterborne commerce. This constitutes more than one-half of all of the piers located within the City. These waterfront properties have an assessed valuation of approximately $325 million.

I offer as Exhibit —— (O'C-1) schedule showing City-owned piers by number, and giving with respect to each pier location, usage, dimension, type, number of berths for deep sea vessels and class berths available. All but five of the City-owned piers are shedded. Forty-nine of [fol. 3197] these City-owned piers are presently used by steamship companies engaged in foreign commerce. Twenty-eight City-owned piers are leased to railroads for the forwarding and receiving of freight within the Port of New York. Our City-owned piers can provide at one time 159 deep sea berths for ocean-going vessels.

Q. Where are these City-owned pier facilities located?

A. The City's piers are grouped by location in four areas. They are:

1. Seventy-three piers on the North River on the West Side of the borough of Manhattan. This is the most valuable developed waterfront in the world. The City owns all but five of the piers on this waterfront.

2. Thirty-one piers on the East River on the East Side of the borough of Manhattan.

3. Five piers on the Upper Bay in the borough of Brooklyn.

4. Thirteen piers in the Narrows in the borough of Richmond.

A map showing the City-owned piers at these locations, together with privately-owned piers in the vicinity thereof, has been prepared which I offer as Exhibit —— (O'C-2).

[fol. 3198] Q. Does the City operate the municipally-owned piers?

A. The great majority of the City-owned piers are leased to steamship and railroad companies on a long-term basis. A few piers are used by municipal departments, such as the Department of Marine and Aviation, Police, Fire, and Sanitation. A number of piers for which long-term tenants cannot be procured are available for open wharfage.

Q. How much revenue did the City receive as payments in the nature of rent during the fiscal year 1955-1956 for use of City-owned piers?

A. The total amount received by the City of New York for this period was $9,201,991. This sum was derived mainly from rent paid by tenants to whom piers were leased on a long-term basis.

Q. How does the City finance the construction of its piers?

A. Piers are constructed out of Capital Budget funds raised through the sale of municipal bonds. There is now in excess of $161 million of outstanding bonds issued by the City of New York, the proceeds of which were used for waterfront improvements.

Q. How much did the City spend during the last seven years for capital improvements of its piers.

A. The sum actually disbursed amounts to $26,071,492.

[fol. 3199] Q. Were there any other sums spent for the improvement of City-owned piers?

A. Yes. As I previously stated, most of the City-owned piers are leased to steamship companies and railroads. Many of our pier leases require that specific improvements shall be made by the lessee. The lessee is generally reimbursed for such improvements by an adjustment reducing the rent that would otherwise be paid during the term of the lease. Approximately $1,200,000 is spent each year on pier improvements by our tenants under this arrangement.

Q. What are the City's plans for future port improvements?

A. In 1955 the Department of Marine and Aviation recommended a comprehensive six-year port development program. The total estimated cost of the improvements which now comprise this program is $187 million. This is the largest waterfront program ever undertaken by the City of New York. A report dated September 5, 1956, prepared by the Department of Marine and Aviation, which I now offer as Exhibit —— (O'C-3) describes the major projects included in the program and the progress made toward the completion to the date thereof.

[fol. 3200] Major projects included in this program are: thirteen projects in Manhattan on the North (Hudson) River, six of which will be new railroad freight terminals; three projects in Manhattan on the East River waterfront; three Brooklyn projects, and one Staten Island project.

The maps which I previously offered as Exhibit —— (O'C-2) also show the location of major projects included in the port development program.

When I use the words "major projects" I refer to improvements which involved property acquisitions, new construction, or major reconstruction of pier facilities. I do not include repairs, replacements, fire prevention or marginal street improvements.

Q. What is the present status of the port development program?

A. We are proceeding with vigor to carry this program to completion. The 1957 Capital Budget for the Department of Marine and Aviation is about $30 million. Items totaling approximately $26 million are included for waterfront improvements, of which $24.7 million are allocated to major projects in the port development program.

Certain additions have been made to the program originally announced.

[fol. 3201] I have prepared a schedule, which I now offer in evidence as Exhibit —— (O'C-4), showing the major projects now included in the improvement program and the progress made toward completion of these improvements.

Q. Why does the City spend public funds in such substantial amounts for waterfront improvements?

A. The principal reason is of course because the New York City waterfront is so important in the economy of our City. The Mayor has testified as to this subject, and I understand testimony will be offered by other witnesses as to the importance of the Port of New York to the economic welfare of the 13 million persons residing in the New York Port District.

I should like to point out that the port is also a vital national asset in times of emergency. Its continued healthy growth is therefore important to the nation.

Q. Why is the Port of New York a national asset in times of emergency?

A. I think the statement made by Commodore Frederick G. Reinicke, USN (Ret.), who during the War was Port Director of the Port of New York, best answers this question. Commodore Reinicke said: "During the War the facilities of the port were put to use almost exclusively [fol. 3202] for the War effort—and New York in this respect carried one-half of the burden of the entire country." *

The importance of the Port of New York to the nation's requirements in time of war may be understood by a brief review of the port's activities. During the period from 1941 to 1944, more than two million troops passed through the New York Port of Embarkation on their way overseas. During the last three years of the War and the two years of reconstruction following the War (1943-1947), 158.1 million tons of cargo were shipped through the Port of New York. At the peak of the War effort in 1944, in excess of 36.4 million tons of export and import cargo passed through the port.

Q. Were any pier facilities in the City of New York specially suited for wartime use?

A. Yes. Our piers in Staten Island were in a position to furnish unique service. The City owns 13 piers in Stapleton, Staten Island, located at the Narrows in the main channel entrance to the port. These piers have an upland back-up area of approximately 53 acres owned by the City of New York available for storage. The piers have direct rail connections with a Baltimore & Ohio subsidiary. Because of the direct rail connections and the [fol. 3203] large back-up area available for storage, the Army made intensive use of these piers throughout the war years and they were operated to their utmost capacity during that period. I know of no other comparable facilities that were available in any other port in the United States.

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* 1947 Proceedings of the American Merchant Marine conference, page 43.

Q. What is the present status of these Staten Island piers?

A. We have eight piers in Staten Island that have been unused for many years despite the fact that they have direct rail connections with a Baltimore & Ohio subsidiary. As a result these piers are deteriorating. Increased port business would be a major factor toward reactivation of these piers. We think it economically unwise to spend money to keep up facilities which are unoccupied over a long period of time. The City devotes the major portion of the funds available for maintenance to the facilities which are occupied and revenue-producing.

Q. Are all other City piers leased or occupied?

A. No. We have a number of fine City-owned piers at favorable locations that are unused because we are unable to find tenants, and a few piers which are used only lightly for open wharfage purposes. New York can with its present facilities accommodate substantially more import and export freight than is now passing through it.

[fol. 3204] Q. Have you made a study for comparison purposes of the import and export traffic in the ports of New York, Philadelphia, Baltimore and Norfolk?

A. I have caused a study to be made for comparison purposes of the import and export traffic, excluding coal, iron ore, grain, and petroleum products, moving through the ports of New York, Philadelphia, Baltimore and Norfolk during the period from 1948 to 1955. The figures used as a basis for this study were obtained from the reports published by the Department of the Army, Corps of Engineers.

Q. What does your comparative study of imports and exports, excluding coal, iron ore, grain and petroleum products, in the ports of New York, Philadelphia, Baltimore and Norfolk disclose?

A. The comparisons of imports and exports, excluding coal, iron ore, grain and petroleum products, in these ports are shown on two graphs which I now submit as Exhibit —— (O'C-5). They show that when coal, iron ore, grain and petroleum products are excluded, New York has suffered a decline in tonnage shipped through its port and a loss in the percentage of the total traffic handled through these ports. In 1948 the Port of New York handled 18 mil- [fol. 3205] lion tons of import and export commerce, excluding coal, iron ore, grain and petroleum products. In 1955 this traffic decreased to 17.38 million tons. The decrease occurred in New York despite the fact that the total amount of such import and export traffic through the four ports increased 2.75 million tons in 1955 as compared with 1948.

The percentage of such traffic flowing through the Port of New York decreased from 62.2% in 1948 to 54.8% in 1955. The Port of Baltimore carried 17.0% of such traffic in 1948 and 21.2% in 1955. It should further be noted that in none of the seven years following 1948 did the percentage of total traffic handled by New York equal the percentage (62.2%) handled in 1948, whereas the percentage of traffic handled by Baltimore in each year subsequent to 1948 exceeded the percentage (17%) handled by that port in 1948.

Q. Have you compared the percentage of all export and import traffic through the Port of New York with that of Philadelphia, Baltimore and Norfolk for the years 1948 and 1955?

A. Yes. New York handled 37.5% of the total import and export traffic moving through these ports in the year 1948. This percentage declined to 28.2% in the year 1955.

[fol. 3206] Q. What conclusions do you draw from this and from Exhibit —— (O'C-5)?

A. It is clear that the Port of New York has not shared proportionately in the increased commerce which is flowing through the North Atlantic ports occasioned by the greater economic activity in our country. Statistics indicate that this trend continued in 1956.

Q. Is the differential a factor contributing to the loss of the relative position of the Port of New York?

A. Yes. I think it is clear that the differential has contributed and is contributing to the loss of the relative position of the Port of New York and to the failure of the port to share in the increased import and export traffic. Cost factors are a very important consideration in import and export traffic. Until 1935 the differential imposed no handicap on the Port of New York because the difference in ocean rates in fact equalized the through rate. This is no longer the case. New York is now under a competitive handicap because the total freight charges which a shipper is required to pay for the through shipment of import and export freight between Differential Territory and foreign ports is, because of the differential, higher via the Port of New York than it is via the ports of Philadelphia, Baltimore or Norfolk.

[fol. 3207] In recent years, New York's share of the traffic moving through the North Atlantic ports has continued to diminish despite the fact that we have stabilized labor conditions and have made other important improvements to attract business to our port.

Under these circumstances, the continuing decline of the share of traffic carried by the Port of New York indicates that the differential is an important factor contributing to the loss of New York's relative position.

I understand that the statistics developed by the railroads seeking equalization will be presented to show that the rail traffic between New York, Boston and Portland, the ports against which the differential is imposed, and Differential Territory has diminished.

Q. What will be the effect of equalization of rates to the North Atlantic ports?

A. Equalization will permit all North Atlantic ports to compete on a fair and equal basis for import and export traffic. The competition will encourage the ports to improve facilities and services so as to attract business. I think shippers will benefit in two ways: first, better facilities and services will be made available and second, shippers will then be able to choose any port in the North Atlantic group on a truly competitive basis.

VINCENT A. G. O'CONNOR

[fol 3208]

VERIFICATION

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

VINCENT A. G. O'CONNOR, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

VINCENT A. G. O'CONNOR

Subscribed in my presence and sworn before me by the affiant above named on this 20th day of June, 1957.

JOHN A. COOPER
Notary Public, State of New York
No. 24-0755000
Qualified in Kings County
Term Expires March 30, 1959

CITY-OWNED PIERS
NORTH RIVER

Exhibit ________
(O'C-1)

Pier No.	Location	Usage	Dimensions	Type	No. Berths Deep Sea Vessels	Berths Class A	Berths Class B
A	Battery Place	City Agency	45' x 285'	V			
1	" "	" "	80' x 454'	V			
2	Morris St.	SS	140' x 654'	II	2	x	
3	" "	SS	140' x 695'	II	2	x	
8	Rector St.	RR	75' x 725'	III			
9	Carlisle St.	SS	75' x 736'	II	2		x
10	Albany St.	SS	80' x 749'	II	2		x
11	Cedar St.	SS	50' x 777'	II	1		x
14	Fulton St.	SS	125' x 719'	II	2	x	
15	Vesey St.	SS	60' x 714'	II	1		x
19	Warren St.	RR	75' x 841'	III			
20	Chambers St.	RR	100' x 957'	III			
21	Duane St.	RR	137' x 964'	III			
22	Jay St.	RR	75' x 978'	III			
23	Harrison St.	RR	70' x 858'	III			
25	N. Moore St.	SS	125' x 989'	II	2	x	
26	Beach St.	SS-Open wharfage	135' x 995'	II	2		
27	Hubert St.	RR	75' x 1000'	III			
28	Laight St.	RR	75' x 1004'	III			
29	Vestry St.	RR	80' x 1007'	III			
32	Canal St.	SS	125' x 1017'	I	2	x	
34	Spring St.	SS	160' x 1022'	I	2	x	
36	" "	SS	75' x 1004'	III			
37	Charleton St.	SS - Vacant	80' x 989'	V			
38	King St.	RR	75' x 974'	III			
39	W. Houston St.	RR	75' x 957'	III			
40	Clarkson St.	RR	75' x 813'	III			
41	Leroy St.	RR	80' x 922'	III			
42	Morton St.	SS	80' x 905'	II	2	x	
45	W. 10th St.	SS - Vacant	100' x 861'	II	2	x	
46	Charles St.	RR	100' x 837'	II	2		

City-owned Piers
North River
(continued)

Pier No.	Location	Usage	Dimensions	Type	No. Berths Deep Sea Vessels	Berths Class A	Berths Class B
48	W. 11th St.	RR	125' x 755'	III			
49	Bank St.	RR	125' x 742'	III			
50	Bethune St.	RR	125' x 728'	III			
51	Jane St.	SS	110' x 714'	II	2	x	
52	Horatio St.	RR	70' x 702'	III	1		
53	Little W. 12th St.	SS-Open wharfage	50' x 826'	IV	1		x
54	W. 13th St.	SS	104' x 825'	I	2	x	
56	W. 14th St.	SS-Open wharfage	104' x 825'	I	2	x	
57	W. 15th St.	SS	150' x 850'	I	2	x	
58	W. 16th St.	SS	129' x 824'	I	2	x	
59	W. 18th St.	SS	129' x 825'	I	2	x	
60	W. 19th St.	SS	129' x 800'	I	2	x	
61	W. 21st St.	SS	129' x 800'	I	2	x	
62	W. 22nd St.	SS	62' x 800'	III	1	x	
63	W. 23rd St.	RR Freight Terminal under construction					
64	W. 24th St.	SS	102' x 509'	II	2	x	
65	W. 25th St.	RR	82' x 556'	II			
66	W. 26th St.	RR	80' x 512'	III			
67	W. 27th St.	RR	80' x 512'	III			
68	W. 28th St.	RR	60' x 624'	III			
72	W. 32nd St.	City Agency	100' x 507'	V			
73	W. 33rd St.	SS-Open wharfage	60' x 700'	V			
74	W. 34th St.	SS	100' x 700'	III	2		x
75	W. 35th St.	City Agency	60' x 728'	V			
77	W. 37th St.	RR	60' x 501'	IV			
79	W. 39th St.	RR	110' x 450'	V			
80	W. 40th St.	SS-Open wharfage	60' x 700'	V			
81	W. 41st St.	Excursions	60' x 700'	V			
83	W. 43rd St.	"	80' x 699'	V			
84	W. 44th St.	SS	135' x 1000'	I	2	x	

City-owned Piers
North River
(continued)

Pier No.	Location	Usage	Dimensions	Type	No. Berths Deep Sea Vessels	Berths Class A	B
86	W. 46th St.	SS	150' x 1000'	I	2	x	
88	W. 48th St.	SS	125' x 1100'	I	2	x	
90	W. 50th St.	SS	125' x 1100'	I	2	x	
92	W. 52nd St.	SS	125' x 1100'	I	2	x	
95	W. 55th St.	SS	60' x 700'	I	2	x	
96	W. 56th St.	SS	60' x 700'	II	2		x
97	W. 57th St.	SS	110' x 700'	II	2	x	
98	W. 58th St.	City Agency	60' x 700'	V			
99	W. 59th St.	" "	85' x 750'	V			
	W. 129th St.	Excursions	60' x 300'	V			
	W. 131st St.	City Agency	80' x 372'	V			
	W. 134th St.	Open wharfage and excursions	60' x 485'	V			

CITY-OWNED PIERS
EAST RIVER

9	Old Slip	Federal agency	140' x 605'	V	2		
11	Jones La.	Utility co.	60' x 547'	V			
13	Wall St.	SS	80' x 607'	III	2		x
14	Maiden La.	SS	80' x 606'	III	2		x
15	Fletcher St.	SS	80' x 604'	III	2		x
16	Burling Slip	SS	70' x 596'	III	1		x
20	Peck Slip	SS	75' x 541'	III	2		x
21	Dover St.	SS-Vacant	75' x 527'	V			
22	James Slip	Freight Forwarding	irr. x 236'	V			
25	Oliver St.	Vacant	40' x 375'	V			
26	Catherine Slip	RR	45' x 497'	IV			
27	" "	SS-Vacant	50' x 461'	IV	2		x
28	Market Slip	SS	80' x 460'	IV	2		x
29	" "	SS	70' x 443'	IV	2		x

City-owned Piers
East River
(continued)

Pier No.	Location	Usage	Dimensions	Type	No. Berths Deep Sea Veseels	Berths Class A	B
31	Pike Slip	SS-Open wharfage	60' x 428'	IV			
33	Rutgers Slip	SS " "	80' x 421'	IV			
34	" "	SS " "	80' x 424'	IV			
35	Jefferson St.	RR	80' x 400'	IV			
36	" "	SS-Open wharfage	60' x 424'	V			
37	Clinton St.	SS	75' x 424'	IV	2		x
38	" "	SS	50' x 423'	I.	2		x
40	Gouverneur Slip	Paper terminal	60' x 239'	V			
41	" "	Open wharfage	60' x 225'	V			
42	Scammel St.	Freight forwarding	60' x 217'	V			
43	" "	Dumping board	60' x 207'	V			
44	Jackson St.	RR	60' x 193'	IV			
67	E. 19th St.	SS-Open wharfage	60' x 510'	V			
68	E. 20th St.	SS	61' x 534'	IV	1		x
69	E. 21st St.	SS-Open wharfage	60' x 504'	V			
70	E. 22nd St.	City agency	61' x 581'	V			
73	E. 25th St.	" "	60' x 522'	V			

CITY-OWNED PIERS
BROOKLYN

Pier No.	Location	Usage	Dimensions	Type	No. Berths Deep Sea Veseels	Berths Class A	B
29th St.	Ft. 29th St.	SS	80' x 1199'	II	2	x	
30th St.	Ft. 30th St.	SS	125' x 1324'	II	6	x	
31st St.	Ft. 31st St.	SS	150' x 1473'	II	6	x	
33rd St.	Ft. 33rd St.	SS	150' x 1617'	II	6	x	
35th St.	Ft. 35th St.	SS	175' x 1740'	II	6	x	

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CITY-OWNED PIERS
STATEN ISLAND

Pier No.	Location	Usage	Dimensions	Type	No. Berths Deep Sea Vessels	Berths Class A	B
6	Hannah St.	City agency	125' x 1123'	V	2		
7	So. Hannah St.	" "	125' x 1083'	V	2		
8	Stapleton	SS-Vacant	125' x 1043'	II	4	x	
9	"	"	125' x 1004'	II	4	x	
10	"	"	125' x 1115'	II	4	x	
11	"	"	125' x 1099'	II	4	x	
12	"	"	209' x 1029'	I	4	x	
13	"	"	209' x 1029'	I	4	x	
14	"	SS	60' x 1000'	V	2		
15	"	SS	130' x 1040'	I	4	x	
16	"	SS	130' x 1103'	I	4	x	
17	Clifton	SS-Vacant	125' x 1077'	II	4	x	
18	"	"	125' x 1100'	II	4	x	

LEGEND
SS - Steamship
RR - Railroad

Type I: Superliner and Express Freight Service
Piers exceeding 750 feet long and 100 feet wide - 2-story sheds.

II: Passenger and Freight Service
Piers exceeding 550 feet long and 75 feet wide

III: Freight Service
Piers exceeding 500 feet long and 50 feet wide

IV: Small Freight Service
Piers exceeding 400 feet long and 50 to 60 feet wide

V: Miscellaneous Piers
Piers generally not adapted for ocean shipping without alteration used for open wharfage, railway purposes, excursion vessels and City departments.

Class Berths: A - 90,000 or more of square feet of shed per berth.
B - 50,000 - 90,000 of square feet of shed per berth.

Exhibit ________
(O'C - 4)

STATUS OF PROJECTS
FOR THE DEVELOPMENT OF NEW YORK CITY WATERFRONT

Description of Project		Total Estimated Cost	1957 Capital Budget	Status of Project
Widening Pier 92, N.R.	(D-256)	$3,000,000	$2,320,000	Preliminary Plans Completed - Contract #2982
New 75, N.R.	(D-208)	14,500,000	2,200,000	(Plans by Consulting Engineers in (progress Contract #2993 (Test Borings Completed #2996
R.R. Freight Terminal at West 32nd St., N.R.	(D-234)	1,700,000	1,681,800	Contract Plans in progress
R.R. Freight Terminal at W. 28th St., N. R.	(D-262)	950,000	50,000	Preliminary Plans in progress
R.R. Freight Terminal at W. 26th St., N.R.	(D-258)	1,500,000	60,000	Preliminary Plans in progress
R.R. Freight Terminal at Pier 65, N.R.	(D-199)	2,500,000	2,490,000	Contract Plans near completion
R.R. Freight Terminal at W. 23rd St., N.R.	(D-218)	1,800,000	1,790,000	(Demolition & Dredging Completed New Construction 30% Completed
Modernization of Pier 58, N.R.		1,000,000	-	Completed October 1956
R.R. Freight Terminal at Christopher St., N.R.	(D-257)	1,800,000	1,000,000	(Plans by Consultant Architect in (progress Contract #2995 (Clearing Site & Dredging in (progress Contract #299[illegible]

STATUS OF PROJECTS FOR THE DEVELOPMENT OF N. Y. CITY WATERFRONT

Description of Project	Total Estimated Cost	1957 Capital Budget	Status of Project
New Pier 40, N.R. (D-240)	19,000,000	7,650,000	(Plans by Consulting Engineers in progress Contract #2965 (Test Borings Completed #2972 (Clearing Site - Piershed #37 Removed Contract #2975 (Steel Piling being Delivered Contract #184116
New Pier 36, N.R. (D-49)	3,800,000	1,850,000	(Plans by Consulting Engineers in progress Contract #3004 (Test Borings Completed #3005
Piers 13, 14 & 15, N.R. Modernization & Terminal (D-263)	4,000,000	1,360,000	(Preliminary Plans in Progress (Acquisition of section of property (to complete City ownership of (terminal area in progress.
Building Material and Fuel Depot- W. 59th St.-W.62nd Sts., N.R.	1,000,000	-	Negotiations for Acquisition of property in progress.
New Pier Shed #26, N.R. (D-9)	1,500,000	-	Preliminary Plans Completed
Re-development of East River Waterfront (D-219) (D-252) (D-255)	50,000,000	531,000	Studies and Master Plan by Consulting Engineers Completed Contract #2950
New Shipping Terminal at Coenties Slip, E.R. (D-219)	6,000,000		(Preliminary Plans for New Shipping (Terminal Completed.
New Pier 9, E.R. (D-90)	1,600,000	56,000	Plans for Banana Terminal by Consultants in Progress-Contract #2950

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STATUS OF PROJECTS
FOR THE DEVELOPMENT OF NEW YORK CITY WATERFRONT

Description of Project	Total Estimated Cost	1957 Capital Budget	Status of Project
Seaplane Base & Parking Facility at E. 23rd St., E.R.	1,000,000	-	Plans being Completed by Tenant
Transit Shed at foot of 36th street, Brooklyn (D-221)	600,000		Structure completed 1956
New Shipping Terminal at foot of 39th St., Bklyn. (D-61)	11,000,000	245,000	(Preliminary Plans by Consulting (Engineers Completed. Contract#2986 (Acquisition of section of property (to complete city ownership of (terminal area in progress.
New Pier 20 at Atlantic Ave., Bklyn (D-118)	6,055,000	55,000	Preliminary Plans in Progress
New Wharf Terminal at Foot of 29th St., Bklyn (D-247)	1,000,000	1,000,000	Preliminary Plans by Consultants Completed - Construction Plans in Progress Contract #3006
Pier at foot of 35th St. Bklyn.	3,000,000	-	Preliminary Plans to rebuilt pier destroyed by fire are in progress. Demolition and salvage operations completed- condition survey completed
Modernization of Piers 12 & 13, Staten Island (D-244)	435,000	400,000	Preliminary Plans and Studies Completed.

STATUS OF PROJECTS
FOR THE DEVELOPMENT OF NEW YORK CITY WATERFRONT

Description of Project	Total Estimated Cost	1957 Capital Budget	Status of Project
Ferry Terminal at Whitehall St., East River (D-180)	2,800,000		Completed and in operation July 1956.
Total for New Development Projects	$140,940,000	$24,738,800	
Grand Totals for New Projects and for Rehabilitation; Modernization, Fire Protection, Marginal Roads, Ferry Terminals.	$187,000,000	$30,143,949.79	

[fol. 3261]

I.C.C. EXHIBIT No. 34

Verified Statement No. ————

Affiant: J. L. Pease

This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the
Interstate Commerce Commission

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204
Import and Export Rates From and To
North Atlantic Ports

Submitted on behalf of
Ezra Taft Benson, Secretary
United States Department of
Agriculture

Washington, D. C.
June 21, 1957
Agriculture—Washington

[fol. 3262] My name is J. L. Pease. I am a Freight Traffic Officer (Supervisory) and Assistant Chief, Freight Rate Service Branch, Special Services Division, Agricultural Marketing Services, United States Department of Agriculture, Washington 25, D. C.

Since 1940, I have been in similar positions in the Department, engaged in the adjustment of transportation rates and charges on agricultural products. This work was authorized by Congress in the Agricultural Adjustment Act of 1939 (Section 201), and the Agricultural Marketing Act of 1946 (Section 203 j). Prior to 1940, I had 26 years experience in the transportation of agricultural products with the railroads, private refrigerator car lines, and commercial growers and shippers.

I am familiar with the issues in this proceeding. I have appeared as a witness before this Commission many times over the past 30 years.

The U. S. Department of Agriculture has a dual interest in this proceeding. One stems from the Acts of Congress cited above and involves the interest of the producer of agricultural commodities in equitable transportation rates on his products and in increased exports of his products in foreign commerce. Our other interest arises from the export operations of the Department which is the largest exporter of goods at the present time.

We are not concerned with the comparative advantage or disadvantage to any particular port or railroad as such, but rather with the benefits which would accrue to agricultural producers and shippers, the Government agricultural export program, and agriculture generally, from equalization of rates at the lower level.

[fol. 3263] -2-

Our Export Interest

Through its Commodity Stabilization Service and Commodity Credit Corporation, the Department ships substantial quantities of agricultural commodities and their products to the North Atlantic Ports involved in this proceeding for export.

These commodities are acquired by the Commodity Credit Corporation which is the financial organization through which farm price support, surplus disposal of agricultural commodities, and related activities authorized by Congress are carried out.

The Commodity Stabilization Service provides the personnel and facilities necessary to the administration of the programs and operations of the Commodity Credit Corporation.

The export programs are generally planned and formulated by the various Services and Commodity Divisions of the Department at the Washington Headquarters. The implementation of such programs, as related to the North Atlantic Ports, is the responsibility of the CSS Offices located at Cincinnati, Ohio; Chicago, Illinois; and Minneapolis, Minnesota.

These activities include, among others, the disposal of commodities in foreign trade channels; shipments for foreign relief feeding programs and shipments bartered for materials produced in foreign countries.

The operating offices shipping commodities to export positions, all other things being equal, use the port which will result in the lowest cost to the Department. However, when for reasons beyond our control, the recipient or purchaser

[fol. 3264] -3-

of the commodities or products desires the use of a port with higher shipping costs, agreements are reached with recipients to use his preferred port if the Department's position is fluid enough that the use of such port is feasible. Other factors involved in the selection of ports are the inland point of origin and location of the commodities to be exported; the adequacy of rail facilities and routes; the availability of warehouse and elevator facilities; the extent of shipping facilities at each port; and the cost of inland transportation to each port and the terminal charges thereat. The Department, as a general rule, bears the transportation cost to the port of exit.

The Commodity Credit Corporation maintains large stocks of agricultural commodities at interior locations and encounters many problems in directing shipments for export. Among these are the car supply problem; the availability of proper and sufficient facilities at the ports; and the co-ordination of the arrival of commodities to meet the lifting and sailing schedules of ocean vessels. All of these factors enter into the decision as to the use of each port and where there is a disparity in rates and other costs between ports, it can be seen that our operations are not as economically practicable as they would be with the equalization of cost to all ports so that all North Atlantic Ports could be used interchangeably.

The Department experiences, from time to time, conditions beyond its control, such as strikes, embargoes and congestions at ports. These add to our shipping problems in the selection and use of ports.

In administering large shipping programs, such as conducted by the Department, flexibility of operations is essen-

[fol. 3265] -4-

tial to the promotion of economy and efficiency in the movement of the great volume of agricultural commodities involved.

Additional port facilities at equalized cost, for use in our export shipping programs, will greatly facilitate the orderly movement of our export traffic.

Exhibit A, attached, shows the present volume of commodities and tonnage shipped under the Department's export programs only by the Chicago and Cincinnati commodity field offices for the periods shown. This exhibit shows that a total of 472,198,000 pounds of processed commodities were shipped by the Cincinnati office thru the North Atlantic Ports for export during the period June 1, 1956 through May 31, 1957 inclusive, and that 52,718,080 bushels of grain were shipped by the Chicago office for export thru the same ports during the period January 1 to June 14, 1957 inclusive.

The propositional rate on grain for instance from Chicago, Ill., to New York, N. Y., is 33 cents per hundred weight and to Baltimore, Md. is 31.5 cents. The extra cost of shipping 1,000,000 bushels of wheat through the Port of New York is 1,000,000 x 60 (pounds per bushel) x 1½ cents or $9,000.00. Of the grain exported through the Ports of New York, N. Y., Albany, N. Y., Boston, Mass., and Portland, Me., (24,180,702 bushels—Exhibit A), 50 percent was wheat, conservatively estimated). The Department paid extra charges on the wheat alone of more than $108,000 during the first 5½ months of 1957 to use those Ports.

[fol. 3266] -5-

The export rates on the processed commodities shown on Exhibit A, using Cleveland, Ohio and Chicago, Illinois as typical points or origin, are (in cents per hundred pounds)—

	Cleveland, O. to		Chicago, Ill. to	
	Baltimore	New York	Baltimore	New York
Butter	92	95	127	130
Butter Oil	92	95	127	130
Cheese	92	95	127	130
Milk, dried	62	65	76	79
Canned Vegetables	62	65	87	90
Lard	75	79	104	108
Canned Meats	61	64	85	88

Applying the lowest differential of 3 cents, New York over Baltimore, to the 135, 139,000 pounds shipped through North Atlantic Ports other than Baltimore, Md. and Philadelphia, Pa., the added charges amount to approximately $40,540 for the period June 1, 1956 thru May 31, 1957.

The Producers Interest

The producers of agricultural commodities require every available outlet for their products. They require the utmost flexibility of marketing facilities if valuable items of food and fibre are to be utilized to the fullest at home and abroad. The improvement of the export market on agricultural products is one of the Administration's most intensive programs.

When, for any of the reasons cited above, the lower rated ports become unuseable, the availability of other North Atlantic Ports at the same rates, and the availability of other rail routes to these ports, would permit continuity of export and import shipments with little or no inconvenience but with increased efficiency and economy to producers and shippers.

The inability to use such important ports as New York, N. Y., Boston, Mass., and other presently higher rated ports because of a freight rate disadvantage is, we believe, harmful to agriculture and its export programs. The rate disadvantage to commercial exporters is exactly in relation to those of the Department as outlined above.

See correction; *post.*

We believe equalization on the basis of the lower rated ports is necessary and consistent because, freight rates now being at an extremely high level, any increase in the rates to and from the lower rated North Atlantic Ports will have the effect of moving them farther away from the sources of supply and improving the positions of competing ports in other areas.

[fol. 3268]

Correction to
Verified Statement No. ——————

Affiant: J. L. Pease

This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the
Interstate Commerce Commission

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204
Import and Export Rates From and To
North Atlantic Ports

Washington, D. C.
June 27, 1957
Agriculture—Washington

Submitted on behalf of
Ezra Taft Benson, Secretary
United States Department of
Agriculture

[fol. 3269] To correct an error in the verified statement filed by J. L. Pease, Affiant, on behalf of Ezra Taft Benson, Secretary, United States Department of Agriculture, the following paragraph is substituted for the second full paragraph on Page 6 of the original:

The Department believes that equalization of the class and commodity rates on export, import, coastwise and intercoastal traffic at all North Atlantic Ports, Hampton Roads, Va., and North thereof to and including St. Johns, N. B., Canada, including Albany, N. Y., on the ~~level~~ *basis* of the rates ~~now~~ applicable to Baltimore, Md., and Norfolk, Va., will be in the interest of the agricultural community.

(*Correction on record.*)

[fol. 3270]

VERIFICATION

J. L. Pease, being first duly sworn, deposes and says that his statement of June 21, 1957, as corrected hereby, is true and correct to the best of his information, knowledge and belief.

....

J. L. Pease

Subscribed in my presence and sworn to
before me by the affiant above named
this ....

Notary Public
My Commission expires on the ....
day of ....

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the persons named in the Commission's notices of February 25, 1957, March 14, 1957 and March 26, 1957 by depositing in the United States Mail the number of copies designated in those notices.

Dated at Washington, D. C. this 27th day of June, 1957

....

Joseph E. Quin, Attorney
Office of the General Counsel

Verified Statement No. ______
Exhibit A
ICC Docket I&S No. 6615
Affiant: J. L. Pease

Commodities Shipped by the Chicago and Cincinnati Offices of USDA via All-Rail Routes, For Export, Through the North Atlantic Ports During the Period June 1, 1956 thru May 31, 1957, for Processed Commodities, and January 1, 1957 thru June 14, 1957, for Grain.

Processed Commodities (Thousand Pounds)	Norfolk	Newport News	Baltimore	Philadelphia	New York	Albany	Boston	Portland
Butter	1,764	0	0	2,565	24,052	0	0	0
Butter Oil	998	199	0	27	0	0	0	0
Cheese	18,203	26,578	20,052	25,011	36,112	0	700	0
Milk, dried	56,939	43,208	73,105	67,168	62,168	0	11,372	0
Cnd. Green Beans	0	0	172	0	0	0	0	0
Lard	0	0	144	0	0	0	0	0
Cnd. Corn	0	0	135	0	0	0	0	0
Pork and Gravy	0	0	0	0	735	0	0	0
Luncheon Meat	0	0	0	238	0	0	0	0
Cnd. Tomatoes	0	0	0	553	0	0	0	0
	77,904	69,985	93,608	95,562	123,067	0	12,072	0

Total All Ports (Thousand Pounds) 472,198

	Norfolk	Newport News	Baltimore	Philadelphia	New York	Albany	Boston	Portland
Grain (Bushels)	6,667,232	0	12,962,844	8,907,302	2,065,147	9,180,989	11,049,566	1,885,000

Total All Ports (Bushels) 52,718,080

Source: CSS-USDA Records

[fol. 3272]

VERIFICATION

J. L. Pease, being first duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

J. L. Pease

Subscribed in my presence and sworn to
before me by the affiant above named
this 27th of June, 1957.

Notary Public /s/ Virginia P. Odom
My Commission expires on the 14th 1957

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the persons named in the Commission's notices of February 25, 1957, March 14, 1957 and March 26, 1957 by depositing in the United States Mail the number of copies designated in those notices.

Dated at Washington, D. C. this 21st day of June, 1957

Joseph E. Quin, Attorney
Office of the General Counsel

[fol. 3274]

I.C.C. Exhibit No. 35

BEFORE THE
INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION
DOCKET NO. 6615

EQUALIZATION OF RATES AT
NORTH ATLANTIC PORTS

REVISED TESTIMONY
OF
JAMES K. COWLING
GENERAL SERVICES ADMINISTRATION

Due: February 17, 1958

GSA-WASH DC 58-9457

[fol. 3275]

STATEMENT OF
JAMES K. COWLING
FOR
GENERAL SERVICES ADMINISTRATION

I am James K. Cowling, Director, Charter and Routing Division, Transportation and Public Utilities Service of the General Services Administration. In this capacity I direct the routing of all GSA controlled traffic under the general policies established by GSA.

For the reasons which I shall hereinafter state in greater detail, GSA favors the equalization of the rates to and from North Atlantic Ports which are at issue in this proceeding.

As the officer primarily responsible for routing large quantities of civilian agency traffic of the United States Government, it is my judgment that the removal of the present system of differentials would be in the interest of the Government as a shipper and would facilitate the transportation problems of the Government. It is therefore urged that the Commission allow the removal of the differentials as proposed in the initial filings in this proceeding.

Responsibilities of GSA

Responsibility of General Services Administration in procuring and using transportation services is governed by Section 201(a) of the Federal Property and Administrative Services Act of 1949, as amended, 40 U. S. Code, Section 481, and provides as follows:

> [fol. 3276] "The Administrator shall, in respect of executive agencies, and to the extent that he determines that so doing is advantageous to the Government in terms of *economy, efficiency,* or *service,* and with due regard to the program activities of the agencies concerned—
>
> "(1) prescribe policies and methods of procurement and supply of personal property and nonpersonal services, including related functions such as . . . transportation and traffic management . . .
>
> * * *
>
> "(4) with respect to transportation and other public utility services for the use of executive agencies, represent such agencies in negotiations with carriers and other public utilities and in proceedings involving carriers or other public utilities before Federal and State regulatory bodies."

These statutory provisions impose upon GSA, Transportation and Public Utilities Service, the responsibilities of acting as traffic manager of the Federal Government as a consumer and user of carrier services. Under Section

602(d) there are certain exceptions, notably mail pay cases of the Post Office Department, representation of Department of Defense in transportation matters, and representation of agriculture interests by the Secretary of Agriculture.

Emphasis should be placed upon the words "economy, efficiency, and service" in Section 201(a), which are the considerations which must govern our position in this case. In the interest of economy, it is GSA duty to seek the lowest reasonable basis of rates for transportation in the furtherance of its shipper or consumer interest. In this respect the interest of GSA is similar to that of any other shipper in maintaining costs of transportation at the lowest practicable level. With respect to import-export traffic,

---

(Written on reverse side)

[fol. 3276A]

(*Balto*)		(*N.Y.*)	(*Phila*)
Manganese	Large, Pa.	Manila Hemp Fibre	Nickel Oxide
		Chrome	Bauxite—Danville, Ill.
Chrome	Marietta, Pa.	Rubber	Manila Hemp Fibre
"	Alloy, W. Va.	Graphite	Chrome Ore
"	Niagara Falls		
"	New Haven, Ind.		
"	" "		
"	Pt. Pleasant, W. Va. via Norfolk		

[fol. 3277] this means that, other factors being equal, GSA should route its traffic through the ports having the lowest transportation costs.

GSA Traffic

A study has been made of GSA controlled import traffic for the years 1955-1956, the latest data available. This study includes only those import movements for which GSA is in a position to designate the port of importation. Following is a table of the tonnages involved:

GSA CONTROLLED IMPORT TONNAGE THROUGH ATLANTIC PORTS TO DIFFERENTIAL TERRITORY, 1955-1956

(Tons of 2000 Pounds)

	1955	*1956*
Boston	—	339
New York City Area[1]	22,246	26,598
Philadelphia Area[2]	54,797	14,951
Baltimore	294,515	195,805
Norfolk (incl. Newport News)	21,404	30,340
Total	392,962	268,033

[1] New York Area, including Newark and Perth Amboy, New Jersey.

[2] Philadelphia Area includes the following: Chester and Marcus Hook, Pa.; Gloucester City, Paulsboro, Roebling and Camden, New Jersey; and Wilmington, Delaware.

Of the tonnage 96,396 tons moved under import commodity rates named in tariffs specifically subject to equalization supplements. While 553,148 tons moved under alternating rates named in domestic commodity tariffs which are not subject to equalization supplements, only about 11,451 tons moved under classification rates.

To be noted is the fact that tonnages have moved from the ports in relation to their geographical advantage, which is reflected generally in the port differentials, although the [fol. 3278] fact should be kept in mind that use of ports was influenced by factors other than port differentials. It is impossible to determine the exact channeling effect which the differentials have in the movement of the traffic.

Present Factors Affecting GSA Control of Traffic

Generally, ocean rates to and from the North Atlantic ports are on a basis of equality, with a result that the rail rates to and from the differential territory have become important in the control of GSA traffic. However, other rates also must be considered by GSA in determining the most economical service. Motor carrier rates receive consideration. Rail rates from Gulf and Pacific ports, in combination with ocean rates, will in some instances be more economical than would importation through North Atlantic ports.

Stevedoring and other port terminal charges also are important considerations involved in the choice of ports through which GSA controlled traffic should move.

Service and efficiency considerations also govern the movement of traffic including such matters as port congestion, port facilities for handling particular types of traffic, frequency of sailings to and from the foreign ports and availability of vessels willing to call at North Atlantic and foreign ports. These factors are weighed with due regard to program requirements of the Governmental agencies being serviced. We must consider the needs of these other [fol. 3279] agencies for materials to be delivered at overseas destinations within certain acceptable time limits.

We offer no testimony with respect to export traffic because it is nowhere near the importance of our import traffic, because the figures are difficult to compile and because we believe it sufficient to say that our choice of ports of export depend principally on two things, i.e. availability of sailings and total landed costs.

The practices of private industry and established markets also affect GSA ports of import and export. For example, the Port of New York is the principal market for crude rubber, although there are subsidiary markets in some other ports. New York offers the best inspection service. GSA purchases crude rubber f.o.b. cars, which may have been partial cargoes moved in the same vessel with commercial cargoes, for which the Port of New York is the logical port of importation.

Vessel operators also have some measure of control over ports used because vessels will schedule as ports of call only those points at which there are adequate amounts of traffic for shipment. I have experienced, for example, instances in which vessel operators have refused to move traffic in or out of the Port of Boston because of the unavailability of other traffic from commercial sources.

There is no hard and fast rule for determining to what extent these various factors control GSA traffic; but it is [fol. 3280] apparent, from the tonnage figures given above, that the differential of rates is important to GSA movement of traffic in the interest of economy.

Results of Port Equalization

If the Commission should allow the railroads to equalize rates between the North Atlantic Ports, on the one hand, and the differential territory on the other, economy would remain an important consideration. GSA would still need to consider competitive motor and barge rates, the differences in charges for terminal handling at the ports, and the relationship of rates through Gulf and Pacific Ports from and to differential territory. When the St. Lawrence-Great Lakes Seaway is opened the water rates via this new route must also be considered in relation to the rail export-import rates here at issue.

Equalization of the import and export rates between all North Atlantic Ports would simplify the choice of North Atlantic Ports to the extent there would be the same costs of movement through the ports. Other factors being equal, GSA would then be in a position to distribute traffic equitably among the North Atlantic Ports.

Conclusions

GSA favors the port equalization proposals of the respondent railroads for the reason that equalization would enable GSA to route traffic equitably as between the various North Atlantic Ports on the basis of efficiency and service.

[fol. 3281] GSA supports the proposals of the railroads to reduce the import-export rates and to maintain such rates at the lowest cost consistent with the furnishing of the transportation services. Low rates are necessary for movement of traffic through the North Atlantic Ports in competition with ocean-rail movement of traffic through the South Atlantic, Gulf and Pacific Ports, and in competition with competitive forms of transportation, including motor carriers, barge carriers, and in the future by vessels using the St. Lawrence-Great Lakes Seaway.

GSA-WASH DC 58-9150

[fol. 3282]

I.C.C. Exhibit No. 37

INTERSTATE COMMERCE COMMISSION
WASHINGTON, D.C. 25

INVESTIGATION AND SUSPENSION
DOCKET NO. 6615

FOURTH SECTION APPLICATION NO. 32204
IMPORT AND EXPORT RATES FROM AND TO NORTH ATLANTIC PORTS

Testimony of Lloyd H. Dalzell

Q. What is your name and address?

A. My name is Lloyd H. Dalzell of Whitehouse, New Jersey.

Q. What is your business connection?

A. I am Chairman of the Board of Dalzell Towing Co., Inc., 21 West Street, New York City.

Q. How long have you been connected with that firm?

A. Since 1939.

Q. How long has your family been in this business?

A. About 105 years.

Q. What is the business of Dalzell Towing Co., Inc.?

A. Dalzell Towing is and has been, during its life, engaged in the towing business and handles ships, barges, floating grain elevators and any other type of craft which requires movement in the area. It now owns 22 tugboats, all operating in the New York Harbor area and vicinity.

[fol. 3283] Q. Can you give us a little more detail as to the nature of the towing work done by your company?

A. The largest part of our towing in the Port of New York is concerned with the movement of ships although we do a substantial amount of barge towing. I do not pretend to be familiar with the exact nature of the cargoes in the ships or cargo of commodities on the barges but believe that most of it is moving in foreign commerce. Our job is to do the towing and any increase or decrease in the volume of ocean-going traffic in the Port of New York is reflected directly in the volume of work done by my company.

Q. What other connections, if any, do you have relating directly or indirectly to the shipping business?

A. I am a Director and Secretary of the Maritime Association of the Port of New York, of which my grandfather was one of the founders. I am President and Director of the Security Bureau which is a nonprofit organization formed by all of the major shipping interests and marine underwriters and which is concerned with the protection of cargo on piers in New York Harbor. I am a Trustee of the Tugboat Employees Welfare Fund and one of the Commissioners of Pilots of the State of New York who appoint and regulate the Sandy Hook pilots. I am also a former President of the Young Presidents Association.

Q. On whose behalf are you testifying in this proceeding?

A. The Chamber of Commerce of the State of New York, one of the parties who has appeared herein as supporting the equalization of port rates.

[fol. 3284] Q. Is your company a member of the Chamber of Commerce of the State of New York?

A. Yes. It has been a member for many years and as an individual I have served upon the Chamber's Committee on Harbors and Shipping.

Q. Can you give us some information as to the set-up and membership of the Chamber of Commerce of the State of New York?

A. The Chamber of Commerce of the State of New York was originally organized in the year 1768. In the year 1770, it received a royal charter from King George III of England under the name of The Corporation of the Chamber of Commerce in the City of New York, in America. It continued to operate under that title until the year 1784 at which time it was reincorporated by Act of the New York Legislature which confirmed its previous royal charter and changed the corporate name to the Chamber of Commerce of the State of New York. It has operated under such legislative charter and name continuously since that time and is the oldest Chamber of Commerce in the

United States with its own headquarters building at 65 Liberty Street, New York City.

The purpose of the Chamber as expressed in its charter is to "encourage and promote, by just and lawful ways and means, such measures as will tend to promote and extend just and lawful commerce * * * ."

[fol. 3285] The Chamber believes that the broad base of its membership makes it truly representative of the business life of the City of New York. The Chamber has approximately 1500 members including both corporate and individual memberships. Among its members are corporations and individuals in the foregoing categories:

Banking and Finance
Manufacturing and Manufacturers' sales
Insurance
Transportation (all types)
Law
Real Estate and Building
Public Utilities
Import-Export
Mining and Smelting
Printing and Publishing
Retailing
Engineering
Petroleum Refining & Dist.
Miscellaneous

The Chamber's activities are directed by its officers and the members of its Executive Committee. Among its officers and its Executive Committee are men engaged in transportation, banking, real estate management, insurance, chemical manufacturing, stock exchange management, communications, manufacturing, foreign commerce, retail trade, law, engineering, title insurance and public relations. In addition to its Executive Committee, the Chamber has 18 standing committees including a Committee on Foreign Commerce and a Committee on Harbor and Shipping. Each committee has a Chairman and six members. The Chamber holds monthly meetings of the general membership except during the summer months at which members are kept informed of the activities of the officers and committees, and pass upon and ratify the acts of such committees and officers.

[fol. 3286] Q. Has the Chamber of Commerce of the State of New York taken an affirmative position in the present proceedings?

A. Yes. The position of the Chamber is identical with the position of the Port of New York Authority. It believes that the railroads serving the Port of New York area should be allowed to reduce their import and export rates as proposed in the present proceeding for the purpose of equalizing such rates with those charged by railroads in the Ports of Philadelphia and Baltimore. This policy has been officially adopted by the Chamber. Pursuant to such policy the Chamber has joined in the Protest and Request for Suspension filed by the Port of New York Authority and other parties dated June 28, 1956 relating to the tariffs filed by railroads serving Philadelphia, Baltimore, Newport News and Norfolk which propose to make retaliatory reductions in rates for the purpose of continuing the differential which has heretofore existed between those ports and New York.

Q. From your own experience and the experience of your company, can you give us some testimony as to your part in the field of foreign trade in so far as it relates particularly to the Port of New York?

A. As I have testified previously, my company has been engaged in the towing business for 105 years in the Port of New York area. My company has agents in all major European ports and executives of the company go abroad every year on business of the company. With this background and experience I feel that I and the members of my [fol. 3287] organizations are thoroughly familiar with foreign commerce in the Port of New York. New York Harbor has more than adequate facilities for handling an enormous volume of import and export cargo, far more than is presently being shipped through said port. These facilities have not been allowed to fall behind the march of progress. In the last ten years there have been major improvements and rehabilitation in such facilities in key areas within the Port. Unfortunately, however, the Port of New York does not seem to have gotten its proportionate share of expanded foreign trade for many years past. For example, it has facilities for handling bulk cargo which are used but infrequently. Although I do not attempt to present figures, it is my understanding that the volume of import and export cargo handled in other ports, particularly Philadelphia, Baltimore and Norfolk, has expanded far more than in New York. Foreign commerce is a very competitive business, and with equal or better facilities, there must be a reason why New York has fallen behind and not had its share of the increased volume. As one who is engaged exclusively in transportation, it seems quite apparent to me that the reason for this is the differential in rail rates which diverts such a substantial amount of traffic to these other ports. I know that this opinion is shared by many others who are associated with foreign [fol. 3288] commerce and shipping in the Port of New York. While these others can and probably will testify on their own behalf, I am sure that you will find that their thinking is similar to mine and that since the abolition of differentials in ocean steamship rates many years ago, a continuation of differentials in rail rates has acted to the great detriment of the Port of New York. We feel, as do the other members of the Chamber, that any situation which tends to depress the volume of such traffic or business in the Port of New York has a direct and immediate bearing upon our own operations.

Lloyd H. Dalzell

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

LLOYD H. DALZELL, being duly sworn, deposes and says, that he has read the foregoing testimony and that the same is true as to his own knowledge except as to matters alleged upon information and belief, and that as to those he believes it to be true.

LLOYD H. DALZELL

Sworn to before me this
20th day of June, 1957

REGINA HIGGINS.
Notary Public State of New York
Qualified in Kings County
No. 24-6894020
Term expires March 30, 1958

[fol. 3289]

I.C.C. Exhibit No. 38

CARGILL INCORPORATED
200 Grain Exchange
Minneapolis 15, Minn.

I&S DOCKET 6615

Equalization of Rates at North Atlantic Ports

Due to inadvertence and oversight the statement prepared by Mr. B. A. Springrose of Cargill, Incorporated, filed with the Interstate Commerce Commission on June 7th, 1957 was not verified. The following verification is submitted for attachment to said statement:

VERIFICATION

State of Minnesota)
County of Hennepin)

B. A. Springrose being duly sworn, deposes and says that the attached statement and exhibits accompanying same are true and correct to the best of his knowledge and belief and that the foregoing statement and exhibits were filed by him with the Commission by mailing on June 7th, 1957.

/s/ B. A. Springrose
B. A. Springrose

Subscribed and sworn to
before me this 14th day
of February, 1958.

....
Notary Public
Robert M. Olson
Notary Public, Hennepin County, Minn.
My Commission Expires Dec. 9, 1961.

[fol. 3290]

BEFORE THE INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION DOCKET NUMBER 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Testimony of Bernard A. Springrose

Q. Please state your name and address.

A. My name is Bernard A. Springrose. My address is 200 Grain Exchange, Minneapolis 15, Minnesota.

Q. What is your position?

A. I am employed by Cargo Carriers, Incorporated, which is an affiliate of a large Grain Company named Cargill, Incorporated. Cargo Carriers furnishes service to all the various Cargill Companies in connection with traffic management and control. In effect I am General Traffic Manager of Cargill, Incorporated.

Q. Please state briefly your experience and qualifications in traffic work.

A. From about 1919 to 1926 I was employed in the Traffic Department of the Merchants Exchange at St. Louis, Missouri. From 1926 to 1933 I was Traffic Manager for two Grain firms in St. Louis. Following that I opened an office in St. Louis as a Freight Traffic Consultant representing a number of Flour Mills, Feed Manufacturers, and some other industries. In July, 1937, I was employed by Cargill, Incorporated as its Branch Traffic Manager at St. Louis, Missouri, which position I held until September 1, 1954; on that date I became General Traffic Manager of Cargo Carriers, Incorporated at Minneapolis, Minnesota.

[fol. 3291] Q. Is Cargill, Incorporated actively engaged in exporting whole grains?

A. Yes, they are.

Q. Can you advise us in regard to the ports you use in making export shipments?

A. From time to time we use all of the ports, or practically all of them. We have a large volume of grain moving for export through the various North Atlantic Ports, through the Gulf Ports and through the Pacific Coast Ports as well.

Q. Do you own, operate or control any elevators at any of the North Atlantic Ports?

A. Yes, we do. We have operated for many years, and still operate, the Port of Albany elevator at Albany, New York. This elevator is served by the Albany Port District Railroad. We have also built and have just begun the operation of an elevator at Norfolk, Virginia, on the Norfolk & Portsmouth Belt Railway. We also operate a small elevator at Baltimore, Maryland, known as Mt. Clare Elevator on the B&O, but this is not an export house; it is not located on the water.

Q. Can you advise us in regard to the capacity of the Albany and Norfolk Elevators to which you refer?

A. Yes, the elevator at Albany has a capacity of approximately 13,000,000 bushels. The new elevator at Norfolk has a capacity of approximately 2,100,000 bushels.

[fol. 3292] Q. Do you at anytime handle grain for others through your elevators at Albany and Norfolk?

A. Our Norfolk Elevator has just begun operations. So far we have not handled any export grain for others. We have handled many shipments through our Albany Elevator for others, especially for Commodity Credit Corporation.

Q. Does the existing rate differential in favor of Baltimore and Norfolk create any problem, not only on your own shipments but on those which you handle for others?

A. Yes, they do. Whenever we export our own grain through Albany we are at a rate disadvantage with Baltimore or Norfolk. Commodity Credit Corporation, on the grain we handle for their account, are also affected by this rate disadvantage and they are reluctant to channel their export movements through our facility at Albany when they are able to go through a port like Baltimore or Norfolk.

Q. Have you arranged for the preparation, under your supervision and direction, of any exhibits for introduction at this hearing?

A. Yes, I have.

Q. Are those exhibits true and correct to the best of your knowledge and belief?

A. They are.

Q. Will you identify the exhibits you have had prepared?

A. Yes, I have several exhibits, namely Exhibit (BAS-1) ——, Exhibit (BAS-2) ——, Exhibit (BAS-3) ——, Exhibit [fol. 3293] (BAS-4) ——, Exhibit (BAS-5) ——, showing short line mileages, rates and per ton mile earnings on grain, in carloads, from representative points in Illinois, Indiana, Michigan, Ohio, etc. to the various North Atlantic Ports for export. I would like to submit these exhibits and then make brief comment in connection with them. To begin with, as the exhibits indicate, all of the rates shown are in cents per 100 pounds and they include all Ex-Parte increases to, and including, 196. They do not include the Ex-Parte 206 increase.

We have shown all of the ports from Portland down to, and including, Norfolk, Virginia. In selecting the origin points in Central Territory it was our desire to get the widest possible coverage and to accomplish that we used Central Territory Railroads Freight Tariff E-1009 I.C.C. No. 4487 and selected every headline origin in Illinois, Indiana, Michigan and Ohio and also the few border points in Wisconsin, Iowa and Kentucky. This took in all of the headline points designated in I.C.C. Docket 28300 and in our opinion the selection of points in that manner not only gave us the widest possible coverage but it gave us an illustration of the rate situation in all areas of the territory. In so far as Michigan is concerned, the statement only covers the Southern Peninsula, since the Upper Peninsula is not in Central Freight Association territory.

[fol. 3294] The rates under Column "A", "B" and "C" vary; this may be briefly explained by stating that the rates under Column "C", which are the lowest available, apply only on Barley, Corn, Oats, Rye or Wheat and only via certain routes. The rates under Column "B" apply only on Barley, Corn, Oats, Rye or Wheat via the routes which do not participate in the Column "C" rates. The rates under Column "A" apply on all articles in the grain list, which would include Soybeans and grain products.

In figuring the per ton mile earnings shown on these statements we used the rates under Column "C" whenever they were published as those are the rates on which the traffic moves. When there were no Column "C" rates we figured the per ton mile earnings on the rates under Column "B".

These statements were prepared to be informative and show the measure of the rates, distances and earnings per ton per mile, which apply on export grain to the North Atlantic Ports.

It will be noted that the difference in the rates between these North Atlantic Ports is small, but small as that difference is it becomes a formidable obstacle in the highly competitive field of export grain merchandising, where historically grain is handled on an extremely small margin. Frequently as little as ¼¢ per bu. will divert grain from one port to another.

In merchandising grain for export the total transportation cost from origin to final destination must be taken. [fol. 3295] The Ocean rates from all the North Atlantic Ports are the same so if there is a higher rate from origin territory to any one of these Ports, that Port is at a competitive disadvantage. In my view these rates should be so constructed so that from Indianapolis, Indiana, for example, to Rotterdam or to United Kingdom Ports, the total cost for transportation would be exactly the same.

Q. You stated your company moved grain for export, via the Gulf Ports as well as via the North Atlantic—is that correct?

A. Yes, that is correct.

Q. Are the rates to the various Gulf Ports for Export all the same or do you have differentials such as apply to the North Atlantic Ports?

A. The rates to all the Gulf Ports for export are the same from a substantial part of the origin territory. For example, from Kansas City, and all the territory basing on Kansas City, the rates are the same to all Gulf Ports and that includes Corpus Christi, Texas on the West to Pensacola, Florida on the East and all Ports in between. This rate is 40½¢ per 100 pounds, subject to X-206.

From Oklahoma some territory has the same rates to all the Gulf Ports, except Corpus Christi; from other parts of

Oklahoma the rates to Baton Rouge, New Orleans, Mobile and Pensacola are slightly higher than they are to Galveston, Houston, Texas City and Port Arthur.

[fol. 3296] Q. Does the distance from Kansas City to all these different Gulf Ports vary materially?

A. Yes, there is a material difference in the distance from Kansas City to the various Gulf Ports. For example, the Short Line Mileage from Kansas City is:

738	to Port Arthur
869	to New Orleans
905	to Pensacola
890	to Corpus Christi
775	to Galveston
727	to Houston

Q. I believe your stated the rates are all the same notwithstanding the difference in distance; is that correct?

A. Yes.

Q. Does Albany have any disadvantages other than the freight rate?

A. Yes, another disadvantage is its location about 150 miles up the Hudson River from New York. If and when ocean space is tight it is sometimes necessary to pay a premium to get a ship to go to Albany to load.

Q. What does that premium amount to?

A. About 25¢ or 50¢ per ton—that would be 1¼¢ to 2½¢ per 100 pounds.

Q. Have you prepared any other exhibits having a bearing on the issues in this proceeding?

[fol. 3297] A. Yes. I have had prepared a comparison of Export grain tonnage shipped through the North Atlantic Ports for the years 1951 through 1955, as Exhibit (BAS-6) ——; All figures for 1956 were not yet available. I would like to submit this exhibit and make a few brief remarks about it.

This exhibit shows the total number of short tons shipped through the 7 North Atlantic Ports for the years 1951 through 1955. The figures are broken down to show the volume of each kind of grain. We call attention to the figures through the Port of Baltimore, which are greatly in excess of the volume through any of the other Ports.

We also call attention to the figures for Norfolk, particularly the large increase in volume for 1955. These figures for Norfolk should reflect an even greater increase for 1957 when our new elevator will be in operation.

Q. Do you attribute the much greater volume of grain exported through Baltimore and the increase in volume through Norfolk, to the freight rate advantage Baltimore and Norfolk have over the other Ports?

A. I will answer by saying that the freight advantage enjoyed by Baltimore and Norfolk is by far the largest single factor.

Q. Since you have built a new elevator in Norfolk, will you not participate in the rate advantage enjoyed by Norfolk?

[fol. 3298] A. Yes, we will; however, even though we will have that advantage we still feel all the Ports should be equalized because, as I stated previously, we believe the total transportation cost from a country origin in Indiana to an ultimate destination in Europe should be the same via all the Ports. We believe this kind of equalization is sound and justified from all of Central Freight Territory and West thereof.

Q. Have you developed what portion of the grain shipments shown on this exhibit originated in Central Territory?

A. No. I gave considerable thought to devising some way to separate shipments from Central Territory from other shipments but I could find no way to do it. In the case of Albany we were able to separate the water arrived grain from the rail arrived grain. A large volume of grain is handled by barge from Buffalo, etc., by way of the Erie Canal. We secured figures in Albany to enable us to separate the totals shown in "Waterborne Commerce of the U.S." Annual Report of Engineers, U. S. Army, which is the source of our information. Our contact with these export movements leads us to the belief that other than the water tonnage into Albany the great bulk of the total movement originated in Central Territory, or was reshipped from a Terminal Market, like Chicago, which is in

Central Territory, but statistical figures were not available to supply exact information on this point.

[~~fol.~~ 3299] Q. In summary, what then is the position of the grain company which you represent?

A. As previously stated it is our view that the Atlantic Ports here involved should be equalized in the export rail rate adjustment. The ocean rates are now equalized, and the resulting through transportation costs would, as here urged, be the same from Central Freight Association Territory and West thereof to ultimate destinations in Europe.

[fol. 3300]

I.C.C. Exhibit No. 39

Before the

INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION
DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

FOURTH SECTION APPLICATION NO. 32204

IMPORT AND EXPORT RATES FROM AND TO NORTH ATLANTIC PORTS

PREPARED STATEMENT OF J. S. CHARTRAND
ON BEHALF OF THE
BOARD OF TRADE OF THE CITY OF CHICAGO
IN SUPPORT OF
EQUALIZATION OF THE NORTH ATLANTIC PORTS

Due date:

June 21, 1957

[fol. 3301]

VERIFIED STATEMENT OF J. S. CHARTRAND

My name is J. S. Chartrand. I am Manager of the Transportation Department of the Board of Trade of the City of Chicago, and have held this position since November 1, 1955. Prior to that date, I was Transportation Assistant for the Kansas City Board of Trade for seven years. I have been in transportation in the grain and milling industry for over twenty-five years. I am a registered practitioner.

This statement is made in behalf of the Board of Trade of the City of Chicago, a corporation existing under the laws of the State of Illinois, maintaining a grain exchange in that city where its members deal in various commodities including grain, grain products, by-products of grain and related articles to which this statement is directed. Its members are vitally interested in transportation rates and charges on export traffic by railroad to the North Atlantic Ports, and in support of the equalization of those ports as sought in this proceeding respectfully state:

I

GENERAL STATEMENT

This proceeding involves, among other things, export rates on Grain, Grain Products, Flour and related articles, from points in the Central Freight Association Territory to the North Atlantic Ports as described in Agent H. R. Hinsch's Freight Tariff 245-H, I.C.C. No. 4403. The origin territory is not solely confined to points in the C.T.R. territory, but also applies from points west thereof where export rates are composed of rate factors to gateways included in Tariff 245-H, to which is added the proportional [fol. 3302] or reshipping rate from the gateway to the respective North Atlantic Ports shown therein. The recognized gateways (hereinafter referred to as "gateways") include:

Milwaukee, Wisc.	Peoria, Ill.
Chicago, Ill.	St. Louis, Mo.

These four are the key gateways with others of lesser importance related thereto.

In according western origins the use of proportional or reshipping rates from the gateways, Milwaukee and Chicago are assigned to Group 100-A in the tariff for which proportional rates on grain to the North Atlantic Ports are quoted on page 195 of the tariff, as amended. Peoria is assigned Group 110-A for which rates on grain are quoted on page 196 of the tariff, as amended, when originating in origin territory classified as Trans-Mississippi Territory (per notes 25 and 26 thereon); Illinois-Iowa Territory (per notes 35 and 36 thereon); Indiana Territory (per note 38); Northwest Territory (per notes 40 and 41 thereon); or T-M.-N.W. Territory (per note 45). St. Louis is assigned to Group 117-A for which proportional rates to North Atlantic Ports are quoted on page 196 of that tariff, as amended. Therefore, from origins in the west, rates to the North Atlantic Ports are made up of gathering rates to these, or related gateways, plus the reshipping or proportional export rates east thereof.

In supplement 76 to C.T.R. Tariff 245-H, scheduled to become effective July 10, 1956, rail carriers serving northern ports, where a freight differential existed on Grain, Grain Products, Flour, etc., sought to establish the same export rates as were applicable to Baltimore thus equalizing all North Atlantic Ports. In retaliation, other rail carriers, serving ports enjoying a differential under New York, caused to be issued supplement 77 to the same tariff, sched-[fol. 3303] uled to also become effective on July 10, 1956, restoring the differentials in the same amounts as existed prior to July 10, 1956. This appeared to be the starting of a rate war between the two sets of carriers and the Interstate Commerce Commission, by order in Investigation and Suspension Docket 6615, suspended the effectiveness of supplements 76 and 77 pending the outcome of this proceeding. Therefore, both sets of carriers are now required to justify the rates published in these supplements—one seeking a complete equalization of all North Atlantic Ports on the Baltimore level—the other seeking the continuance of existing differential favoring certain of those ports. The

Board of Trade of the City of Chicago enters this proceeding supporting the equalization of all North Atlantic Ports for reasons hereinafter stated. In addition to our statement in behalf of the market, there are here submitted verified statements of several commercial witnesses likewise supporting this equalization.

II

ORIGIN TERRITORY WEST OF GATEWAYS

To conveniently show the territory Wheat, Corn, Oats, Rye and Barley are produced, we submit pages 1 through 5 of Appendix "A", attached hereto, maps showing the 1949 acreage of those grains issued by Bureau of the Census, U.S. Department of Commerce. At this point we call attention to the density of the dots (representing 10,000 acres each) in the 9 state area of:

North Dakota
South Dakota
Nebraska
Kansas
Minnesota
Iowa
Missouri
Wisconsin
Illinois

The importance of this 9 state area as a grain producing section of the United States will be hereinafter shown. [fol. 3304] Considering this 9 state area and its importance to the grain trade, page 6 is Map "A" upon which these states are circumscribed by a heavy black line. Within that area are shown the leading grain markets of:

Milwaukee, Wisc.
Chicago, Ill.
Peoria, Ill.
St. Louis, Ill.
Kansas City, Mo.
St. Joseph, Mo.
Omaha, Nebr.
Sioux City, Ia.
Minneapolis, Minn.
Duluth, Wisc.

It is through these markets that the predominant part of the production of the 9 states is handled. They stand in rate relationship to one another under our grain structure, which in turn places them in price relationship upon which the value of the grain is determined. In addition to being primary or price-making markets for country grain, Milwaukee, Chicago, Peoria and St. Louis are gateways through which rates to the east are equalized. This system of rate equalization is highly important to the grain industry permitting a free movement from point of production to point of consumption or exportation. Therefore, since rates from the west are made on combinations over these gateways, it is important that proportional or reshipping rates east thereof be equalized to reach all North Atlantic Ports on the same basis. The matter of equalization and the necessity therefor will be discussed later. From Map "A" can also be seen the relationship between the western gateways of Milwaukee, Chicago, Peoria and St. Louis to the North Atlantic Ports of Boston, New York, Philadelphia, Baltimore and Norfolk. Geographically, the gateways are in direct line of movement to these eastern ports from the western grain producing territory.

[fol. 3305] The importance of the 9 state area is shown on page 7. Taking a 10 year average production of Wheat, Corn, Oats, Rye and Barley, a substantial percentage of total U. S. Production originates in these states. For example:

	Percent of U.S. Total
Wheat	46.8%
Corn	62.5
Oats	72.1
Rye	67.3
Barley	42.5
Total of these grains	60.7%

It is acknowledged that some of this production is susceptible to lake-vessel movement, but there is a sharp division between the portion that can move via lake and that destined to move via rail. For example: it will be noted that Illinois, Iowa and Missouri produced 1,149,378,000 bushel of corn. Their geographical location and rates on which corn moves necessitate rail movement to the Atlantic Seaboard. Considering Iowa corn, rates break over Chicago and the rail rates east thereof amount to 18.9¢ per bushel to Baltimore and Norfolk, the lowest rated North Atlantic ports; 19.8¢ per bushel to Boston and New York, the highest rated ports. The combined lake-rail cost (including miscelaneous charges for transfer, etc.) is 22¾¢ per bushel beyond Chicago precluding any normal movement via that route.

Rates and charges dictate the route, gateway or form of transportation used in the exportation of grain. There is no other phase of the grain business where transportation charges have as great an impact than on exports. First, not only are the individual firms in the United States competing with one another, but they are in direct competition with exporters all over the world. Secondly, a transportation cost-premium, however small, results in sizeable [fol. 3306] amounts in dollars and cents on the large quantities involved in a single cargo. Cargoes of 9,000 to 11,000 ton are common and freight differentials on this volume are more than nominal differences which an exporter cannot afford to absorb. A maxim might well be: "The freight transportation costs governs the free flow of grain from market to port of exportation." Under this theory, practically all free corn will move to Baltimore and Norfolk, lesser amounts to Philadelphia, and the least to New York and Boston. The impact of a freight differential in terms of cargo quantities will be shown later.

To evaluate the importance of western markets and gateways we refer to pages 8 to 10, inclusive, showing the receipts of major grains for the last five years. It will be noted that western markets within the 9 state area are the largest in the country and are in close proximity to country production. Considering the importance of these markets and their position within the 9 state area, we can see their dependancy upon the Milwaukee, Chicago, Peoria and St. Louis gateways and the need for proper equalization of export rates east thereof. Chicago has long been the key rate-making gateway to the east with Milwaukee, Peoria and St. Louis related thereto. Our concentration, herein, on a rate from Chicago is not in consideration of that gateway alone, but involves the other three gateways directly related thereto. The relation of those gateways and the equalization of export rates through each of them must continue for the benefit of the producer, the primary market, the gateways, the competing rail carriers and the North Atlantic Ports.

[fol. 3307] Page 11 shows grain elevator capacities at the North Atlantic Ports together with a break-down of the facilities at each. It will be noted that a new 2,000,000 bushel elevator at Norfolk will go into operation July 5, 1957 doubling the facilities at that port. Of a total of 26,175,000 bushel capacity at the five ports shown, 11,625,000 bushel at Boston, New York and Philadelphia amounting to 44.4% of the total are only available to western producers and markets upon payment of an inland freight premium by way of an export rate differential. Almost half of the facilities at the North Atlantic Ports cost the shipping public penalties in the form of higher rates. We believe we are entitled to the use of all these ports on an equal basis to permit a free flow of grain essential to the grain trade.

III

IMPORTANCE OF CHICAGO MARKET

While Chicago has heretofore been considered as a leading western grain market and gateway, we now examine the facilities there. Page 12 is a statement showing the capacity of principal grain elevators and mills as of June 15, 1957. It will be noted that 13 of those facilities are located on rivers which are part of the Inland Waterways. Further, that 10 are located on deep water able to receive grain from lake vessels. The purposes of showing this water connection is that the proportional or reshipping rates to the North Atlantic Ports apply on ex-lake and ex-barge grain per H. R. Hinsch's Tariff 245-H, note 20 therein, as amended. Therefore in analyzing the effect of port differentials at the North Atlantic Ports, we must consider grain arriving by lake and river in addition to rail arrivals. Barge grain originates down-state in Illi- [fol. 3308] nois, Kansas City, Minneapolis, Port Cargill and St. Louis. Lake grain originates at Duluth, Superior, Ft. Williams and Port Arthur. When grain moving via these two forms of transportation are taken together with rail receipts from the 9 state grain producing territory west of Chicago, we have only then considered the total traffic directly affected by freight differentials to the North Atlantic Ports.

In order to show the importance of each mode of transportation, page 13 shows the total receipts of all grains received at the Chicago market for a series of years. It will be noted that there is a small percentage of truck receipts which traffic would be accorded local or flat rates east of Chicago upon reshipment. Since the local rate is very much higher than the proportional rate, it follows that this tonnage is not in a position to compete on export traffic. An examination of the waterways or river receipts for 1956 totaled 58,634,000 bushel, the second largest on record, thereby according Chicago low-cost inland transportation from country producing areas to the market. It is important to state here that this low inland transportation cost to Chicago changes the flow of export traffic that might otherwise be determined by strictly a rail rate structure. Stated differently, country origins ordinarily moving via the Gulf Ports for export on lower inland rail rates than obtain to the North Atlantic Ports, presently move via all-barge and truck-barge to the Chicago Market and rail beyond to the Atlantic Seaboard.

To portray the direction of the flow of grain from the Chicago Market we have prepared three statements on pages 14, 15 and 16 in Appendix "A". They show: Annual Total Rail Shipments from the Chicago Market, the Chicago [fol. 3309] Eastbound Rail Shipments, and the Percentage of Eastbound Rail Shipments to Total Rail Shipments. The natural flow of grain from the Chicago Markets on each of the grains shown is from west to east. Chicago, therefore, is in direct line of the natural flow of grain from the important 9 state producing area to the eastern territory. A point is here made to show this flow, for if the majority of Chicago's outbound rail shipments were to the west, we would have but very little interest in this proceeding.

It is admitted that these three pages reflect both domestic and export shipments to the east, but cannot be discounted completely because of that fact. It must be remembered that individual grain firms in the Chicago Market export direct to the North Atlantic Port—and also sell or merchandise to exporters either at the port or in the interior between Chicago and the Seaboard. For example: a Chicago grain firm may sell grain to a firm in Toledo who in turn reships the grain for export at a later date. The Toledo firm buys in the Chicago Market when the price is favorable to him, then forwards at such later time as the export price brings him his greatest return. Likewise, a Toledo firm might be a miller or processor who reships in export channels flour or grain products to the Atlantic Seaboard. There are countless millers and processors in the states of Indiana, Michigan, Ohio, Pennsylvania and New York who buy regularly in the Chicago Market, and export their manufactured goods.

IV

EXPORT RATE STRUCTURE

Page 17 is a statement of Proportional Export Rates from Chicago to North Atlantic Ports for the last 10 years on Grain, Grain Products and Flour. It will be noted the [fol. 3310] varying differentials that obtain on the different commodities:

On	Philadelphia over Balt. & Norfolk	Boston & New York over Balt. & Norfolk
Grain	½¢	1½¢
Grain Products	1¢	3¢
Flour	1¢	2¢

Different commodities are given different differentials, i.e., Grain Products and Flour are 1¢ Philadelphia over Baltimore and Norfolk, yet Boston and New York are 3¢ over on Grain Products and 2¢ on Flour. It will be noted that the spreads indicated above have been the same through every Ex Parte level of rates since January 1, 1947.

A ½¢ or a 1½¢ differential per cwt., may not appear to be very much on the surface, yet on large quantities moving regularly in export channels amount to tremendous amounts in dollars and cents. Page 18 is a statement showing North Atlantic Port Differential Costs in dollars and cents per cwt., per ton, per carload, and per cargo in 3,000, 6,000 and 11,000 ton lots. Considering the evidence relating to a disregard for distance, port equalization at the Gulf, and equalization under the grain rate structure, we believe that present rates developing a $3,300.00 penalty or disability per cargo against Boston and New York is unreasonable and unduly prejudicial to those ports and unduly preferential to Baltimore and Norfolk. Further, the $1,100.00 disability at Philadelphia is likewise unreasonable and unduly prejudicial to that port. What is here said relative to the disabilities on grain equally apply to the $1,800.00 arising on grain products and the $1,200.00 resulting on flour. As will be hereinafter shown, the circumstances and [fol. 3311] condition surrounding the exportation of these commodities, insofar as inland transportation is concerned, does not warrant the continued maintenance of North Atlantic Port differentials to the detriment of the shipping public bearing the charges or rail carriers seeking to serve the higher rated ports on a competitive basis.

V

GRAIN RATE STRUCTURE

The grain rate structure is different from that applying on other commodities in this proceeding. For the most part, class and general commodity rates are through one-factor rates from origin to port of exportation, whereas grain, grain products and flour move under a system of rates composed of separately established factors, when added together produce the total rate from origin to destination. In the 17000 part 7 *Grain Case,* 164 I.C.C. 619, 173 I.C.C. 511, 205 I.C.C. 301 and 215 I.C.C. 83, the Interstate Commerce Commission prescribed rates within the Western District composed of "gathering rates" from the country producing points to the primary markets. They also established intermarket proportional rates between the markets and from the primary markets to important gateways. The sum of these two factors resulted in rates from origin to the several gateways, and are applied in connection with export rates from the gateways to the various ports. An important part of this prescribed rate structure was the equalization of markets and gateways in order to assure a free flow of grain from origin to destination. The law of supply and demand cannot function unless there is complete freedom of the supply to reach all possible de-

[fol. 3312] mands. Likewise, a demand must be in position to call upon the largest supply attainable.

On pages 19 is shown the intermarket proportional rates from primary markets to the gateways of Milwaukee, Chicago, Peoria and St. Louis. It also shows the export proportional rates presently applying from those gateways to the several North Atlantic Ports. Page 20 is a statement showing the sum of these separately established factors resulting in an equalization of export grain rates from Western Markets via Milwaukee, Chicago, Peoria and St. Louis gateways to the Ports of Portland, Boston, New York, Philadelphia, Baltimore and Norfolk. From Kansas City, for example, the same total through rate obtains through Milwaukee, Chicago, Peoria and St. Louis. This affords an opportunity of each of these gateways, which are also important grain markets to vie for grain basing over Kansas City. Under this structure commonly called the "rate-break" system, grain comes to a common value at Kansas City, the pricing market, and thereafter Milwaukee, Chicago, Peoria and St. Louis can competitively buy there and subsequently export on an equal basis. Since grain comes to a common value at the primary market, we have disregarded the "gathering rates" from origin to the market. Not only do the four gateways mentioned have an equal opportunity to buy in the Kansas City market, but also every grain merchandiser, miller, and processor located between Kansas City and those gateways. Further, the same equality of position applies to grain buyers, millers and processors located between the gateways and the ports of exportation. Therefore, the law of supply and demand applies unhampered permitting as many interested purchasers as possible to be in a position to buy in the [fol. 3313] Kansas City market. For the producer, this is the ideal situation. The price at Kansas City, on which he is dependent is strong and firm due to the large number of purchasers buying in that market. Conversely, a market with a restricted number of buyers has a weak price resulting in a low return to the farmer. Stability of price and equality of position is key-note of the grain business. What has here been said regarding the Kansas City market equally applies at Omaha, Sioux City, Minneapolis and

Duluth whose export rates are equalized through Milwaukee, Chicago, and Peoria.

Equalization under the "rate-break" necessitates a disregard for distance in establishing the rates. If gateways and markets are to be in equal position, a strict adherence to mileage consideration must fall in establishing those rates. Page 21 is Map "B" showing Absolute Short Line Distances from Kansas City to the Port of Norfolk via Milwaukee, Chicago, Peoria and St. Louis. The St. Louis gateway develops the lowest mileage of 1266 miles with Milwaukee having 1499 miles, a difference of 233 miles. For convenience, we have utilized the absolute short line distances which vary but little from the short tariff route. In addition to the 233 mile difference between these two gateways, there are additional mileage differences when rail carriers having more circuitous routes compete with short line carriers both to the gateways and from the gateways. This is an important exercise of their managerial discretion permitting them to compete with carriers having a more direct route. Some of these competitive routes are discussed elsewhere.

[fol. 3314]

VI

DISTANCE CONSIDERATIONS ON EXPORT TRAFFIC

In order that the Commission might examine this market and gateway equalization thoroughly, we have set forth the entire picture on pages 22 and 23. It is a statement of Absolute Short Line Distances from Western Markets to Gateways and from the Gateways to the North Atlantic Ports—also Total Short Line Mileages from Western Markets direct and via Gateways to North Atlantic Ports—together with Average Short Line Mileages under Equalization compared to Direct Short Line Miles. Page 22 shows that from Kansas City to Norfolk the absolute short line mileages is 1255 miles. The short mileage via Milwaukee is 1499, via Chicago 1351, via Peoria 1291, and via St. Louis 1266 miles. The average short line miles via all four gateways is 1352 miles or 97 miles greater than the direct absolute short-line distance. In following through with the Kansas City picture, it will be noted that average of the gateways exceeds the direct short line distance to Boston by 31 miles, to New York 45 miles, to Philadelphia 63 miles, to Baltimore 78 miles, and to Norfolk 97 miles. At the bottom of the page consideration is given to Sioux City where it will be noted there is very little difference between the average of the gateways over the direct mileage, i.e., to Boston 36 miles, New York 25, Philadelphia 28, Baltimore 23, and Norfolk 32 miles. Therefore the equalization under the rate-break system results in circuity in about the same degree—yet the total export rates from Sioux City to Boston and New York are 1½¢ per cwt., or $3,300.00 per cargo higher than through Baltimore and Norfolk. The facilities and accommodations of Boston and New York are denied to the Sioux City Market and all interested export buyers trading there—unless they absorb this freight differential. Again we reiterate, the export [fol. 3315] grain business is so competitive that it will not permit absorptions of these large amounts.

Since Chicago is the key rate-making gateway from the Western District to the North Atlantic Ports, we now examine some of the tariff routes. Pages 24 to 27, inclusive, show 10 tariff routes to each of the ports, the absolute short line distance, longest route, shortest route, and the difference of the longest route over the shortest, summarized as follows:

CHICAGO TO:

	Boston	New York	Philadelphia	Baltimore	Norfolk
Absolute Short Line Mileage	973	890	814	767	914
Longest Tariff Route	1195	1084	1138	1005	1185
Shortest Tariff Route	1001	918	827	804	954
Average Tariff Route	1083	978	1006	912	1073
Difference in Miles Longest v. Shortest Tariff Route	194	166	311	201	231
Longest Route Over A.S.L. Distance	222	194	324	238	271

From this it will be seen that the difference in miles longest v. shortest tariff route and also the longest route over the absolute short line distance is less to Boston and New York than to Philadelphia, Baltimore and Norfolk. In other words, the rail carriers serving Philadelphia, Baltimore and Norfolk have established routes with greater circuity than those serving Boston and New York. Considering, [fol. 3316] for example, the Chesapeake & Ohio's participation in joint routes to each of the ports, we find:

Port	Miles	Rate	Tarif Route from Chicago
Boston	1138	33¢	C&O(PMD)-East Buffalo-DLW-Binghamton D&H,-Mechanicville-B&M
New York	994	33¢	C&O(PMD)-East Buffalo-DLW.
Philadephia	1031	32¢	C&O(PMD)-Buffalo-PRR.
Baltimore	1005	31.5¢	C&O(PMD)-Buffalo-PRR.
Norfolk	1160	31.5¢	C&O(PMD)-Toledo-C&O (CD)-Valley Crossing-N&W.

Their mileage route to Boston is less than to Norfolk; to New York is less than to Baltimore; and to Philadelphia less than to Norfolk. In spite of this, members of the shipping public are assessed a rate premium from ½¢ to 1½¢ for less service than obtains to the lower rated ports. Chicago, and western markets basing thereon, require as many ports as possible through which export shipments can move on an equal basis. Delays, congestion, embargoes, limited permits and facilities at Baltimore and Norfolk result in a failure to meet all of the requirements of the shipping public. The grain shipping public must have reasonable and non-prejudicial export rates. The above rates do not fulfill those requirements.

Page 28 is Map "C" showing absolute short line and average tariff route mileages from Chicago to The North Atlantic Ports, together with the present (Ex Parte-206) rates on export grain. It will be noted that below the line from Chicago to Boston there is shown the New York Central's actual single line distance of 1011 miles on which a 33¢ rate is assessed. Also thereon is shown below the line from Chicago to Norfolk the Pennsylvania's direct [fol. 3317] distance of 1030 miles on which a rate of 31½¢ is assessed. In this proceeding the New York Central is seeking to establish a 31½¢ rate to Boston for less mileage on their railroad than the Pennsylvania has on their direct route to Norfolk. The New York Central is here attempting to meet their competition by publishing a rate equal to the Pennsylvania's for 19 less miles. The Chicago Board of Trade whole heartedly supports this equalization and believes it is thoroughly justified under these circumstances.

VII

EXPORT RATE RELATIONSHIP—NORTH ATLANTIC v. GULF

In order that the Commission may examine the equalization that obtains at the Gulf Port from the same Western Markets, we have set forth on page 29 a statement of their export grain rates and absolute short-line distances. It will be noted that from each western market the export rate to the 8 Gulf Ports are the same. The differences between the closest and most distant port ranges from 138 to 205 miles, thus permitting all 8 ports to equally serve each of the western markets and all carriers to compete for the traffic. Therefore, distance above has been disregarded in equalizing those ports.

Further the export rate on grain from Minneapolis and Duluth to the Gulf Ports is exactly the same as to Baltimore and Norfolk, namely, 56½¢. We have set forth on page 30 a comparison of distances to both export outlets. From Minneapolis the range is 15 miles greater to the Atlantic Seaboard than to the Gulf, but from Duluth, the range is 32 miles greater to the Seaboard than to the Gulf. The difference are comparable, the need is the same—therefore if equalization is accomplished to the North At- [fol. 3318] lantic Ports of Boston, New York and Philadelphia, as a result of these proceedings, it should be on the basis of preserving the equality of the 56½¢ rate level—not on a Boston basis of 1½¢ higher. Stated differently Boston, New York and Philadelphia should be revised downward to the Baltimore level since the Gulf is equalized with it from Minneapolis and Duluth. To revise the rates by raising Philadelphia, Baltimore and Norfolk to a New York-Boston basis would disrupt this export rate relationship.

Following through with the theory that equalization of the North Atlantic Ports must be accomplished by reducing Boston and New York 1½¢ and Philadelphia ½¢ bringing all three ports down to the Baltimore and Norfolk basis. Baltimore and Norfolk export rate from Chicago of 31½¢ is exactly the same as Chicago to New Orleans. Page 31 is a statement of Tariff Routes and Mileages from Chicago to New Orleans moving on the 31½¢ (X-206) rate. The several rail carriers competing for this traffic develop a 240 mile difference, the longest over the shortest route. The average of the 10 routes is 1055 miles whereas the average to New York was 978. The shortest tariff mileage is 918 to New Orleans and 918 miles to New York. Therefore, since there has been established from Chicago a relationship of the Atlantic Seaboard to the Gulf through a 31½¢ rate, the equalization of the North Atlantic Ports must be accomplished by reducing the Boston, New York and Philadelphia rates downward to the Baltimore and Norfolk 31½¢ level not by raising the Baltimore, Norfolk and Philadelphia rates to the Boston and New York 33¢ level. To do so would disrupt the long established relationship between the Atlantic Seaboard and the Gulf Ports from Chicago, the key rate-making gateway.

[fol. 3319]

VIII

CONCLUSION

Therefore, due to the highly competitive nature of the export grain business, and the large dollar and cents penalties that arise from the maintenance of port differentials which cannot be absorbed, the Board of Trade of the City of Chicago whole heartedly supports the respondents seeking complete equalization of the North Atlantic Ports on a basis equal to the rates to Baltimore in order to preserve the existing relationship between the Atlantic Seaboard and the Gulf. Further, the existence of differentials in the past have been unduly preferential to Baltimore and Norfolk and unduly prejudicial to Boston, New York and Philadelphia, causing the preponderance of grain movement to flow through the lower rated ports. That if, as the result of these proceedings export rates are made equal to all North Atlantic Ports, the grain trade throughout the Central Freight Association Territory and the Western District can and will utilize the facilities at Boston, New York and Philadelphia thus insuring a free and unhampered flow of grain from the great producing territory in the midwest so essential to a successful conduct of an expanding export trade.

[fol. 3320]

VERIFICATION

State of Illinois)
) ss:
County of Cook)

J. S. Chartrand, being duly sworn, deposes and says that the foregoing statement and the exhibits accompanying same are true and correct to the best of his knowledge and belief, and that the exhibits were prepared by him or under his personal supervision.

/s/ J. S. Chartrand
J. S. Chartrand

Subscribed to and sworn to
before me, this 17th day of June 1927.

/s/ Carl E. Erickson
Notary Public

My Commission expires April 19-1960

(SEAL)

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing verified statements and accompanying exhibits have been served (number of copies in parenthesis) by First Class United States Mail as shown on Appendix "B" hereof.

Dated at Chicago, Illinois this 20th day of June, 1957.

/s/ J. S. Chartrand
J. S. Chartrand, Of Counsel.

[fol. 3321]

APPENDIX "A"
TO
VERIFIED STATEMENT OF J. S. CHARTRAND

IN

INVESTIGATION AND SUSPENSION DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

FOURTH SECTION APPLICATION NO. 32204

IMPORT AND EXPORT RATES FROM AND TO NORTH ATLANTIC PORTS

STATEMENT OF INTERMARKET PROPORTIONAL RATES FROM WESTERN GRAIN MARKETS TO GATEWAYS OF MILWAUKEE, CHICAGO, PEORIA AND ST. LOUIS

FROM	TO:	Milwaukee Gateway	Chicago Gateway	Peoria Gateway	St. Louis Gateway
Duluth	Minn.	25	25	25	
Minneapolis	Minn.	25	25	25	
Sioux City	Ia.	30 1/2	30 1/2	27	
Omaha	Nebr.	30 1/2	30 1/2	27	-.
Kansas City	Mo.	30 1/2	30 1/2	27	23 1/2

Tariff Authority: Agent W. J. Pruetter's I.C.C. No. A-4179.

STATEMENT OF GRAIN EXPORT PROPORTIONAL RATES FROM WESTERN GATEWAYS TO NORTH ATLANTIC PORTS

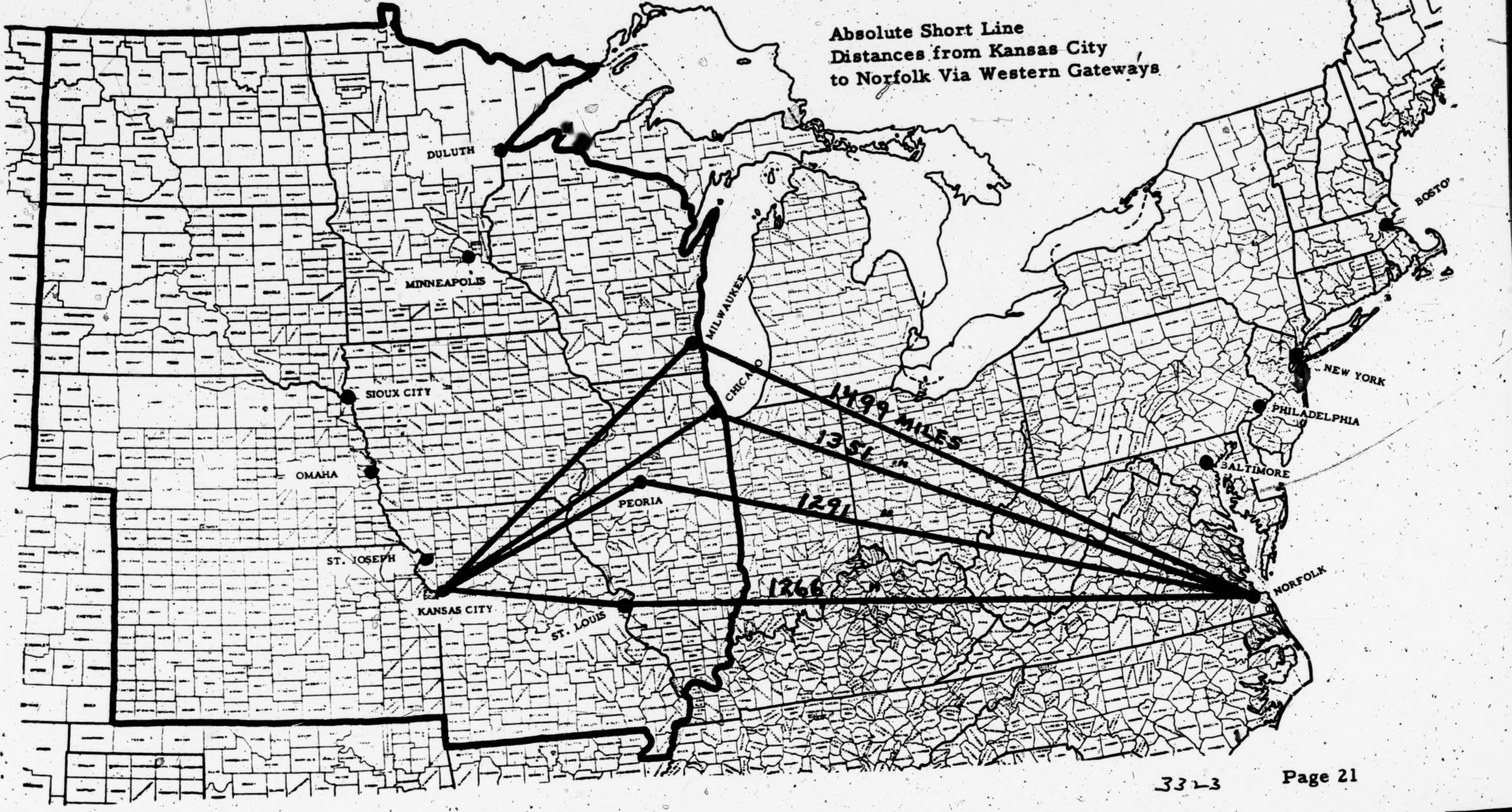
TO:	FROM:	Milwaukee Gateway	Chicago Gateway	Peoria Gateway (Ex-Northwest)	Peoria Gateway (Ex-Trans. Miss.)	St. Louis Gateway
Portland	Me.	33	33	33	36 1/2	40
Boston	Mass.	33	33	33	36 1/2	40
New York	N. Y.	33	33	33	36 1/2	40
Philadelphia	Pa.	32	32	32	35 1/5	39
Baltimore	Md.	31 1/2	31 1/2	31 1/2	35	38 1/2
Norfolk	Va.	31 1/2	31 1/2	31 1/2	35	38 1/2

Tariff Authority: Agent H. R. Hinsch's I. C. C. No. 4403.

3322

MAP "B"

Absolute Short Line Distances from Kansas City to Norfolk Via Western Gateways


DULUTH
MINNEAPOLIS
MILWAUKEE
CHICAGO
SIOUX CITY
OMAHA
PEORIA
ST. JOSEPH
KANSAS CITY
ST. LOUIS
BOSTO
NEW YORK
PHILADELPHIA
BALTIMORE
NORFOLK
1499 MILES
1351 "
1291 "
1266 "

3323

STATEMENT OF ABSOLUTE SHORT LINE DISTANCES FROM WESTERN MARKETS TO GATEWAYS AND FROM GATEWAYS TO NORTH ATLANTIC PORTS - ALSO TOTAL SHORT LINE MILEAGES FROM WESTERN MARKETS DIRECT AND VIA GATEWAYS TO NORTH ATLANTIC PORTS - TOGETHER WITH AVERAGE SHORT LINE MILEAGES UNDER EQUALIZATION COMPARED TO DIRECT MILES

TO FROM:	Via Milwaukee	Chicago	Peoria	St. Louis
Kansas City	500	437	323	276
Omaha	497	476	377	416
Sioux City	487	498	434	511
Minneapolis	325	395	402	524
Duluth	366	451	512	656
FROM TO:				
Boston	953	973	1083	1174
New York	881	890	988	1040
Philadelphia	878	814	912	964
Baltimore	831	767	849	891
Norfolk	999	914	968	990

FROM KANSAS CITY	ASL Direct	Via Milwaukee	Via Chicago	Via Peoria	Via St. Louis	Gateway Average	Average Over Short Line
TO:							
Boston	1399	1453	1410	1406	1450	1430	31
New York	1289	1381	1327	1311	1316	1334	45
Philadelphia	1213	1378	1251	1235	1240	1276	63
Baltimore	1140	1331	1203	1172	1167	1218	78
Norfolk	1255	1499	1351	1291	1266	1352	97
FROM OMAHA:							
TO:							
Boston	1448	1450	1449	1460	-	1453	5
New York	1358	1378	1366	1365	-	1370	12
Philadelphia	1282	1374	1290	1289	-	1318	36
Baltimore	1226	1328	1243	1226	-	1266	40
Norfolk	1345	1496	1390	1345	-	1410	65
FROM SIOUX CITY:							
TO:							
Boston	1440	1440	1471	1517	-	1476	36
New York	1368	1368	1388	1422	-	1393	25
Philadelphia	1313	1364	1313	1346	-	1341	28
Baltimore	1266	1318	1266	1283	-	1289	23
Norfolk	1401	1486	1412	1402	-	1433	32

3324

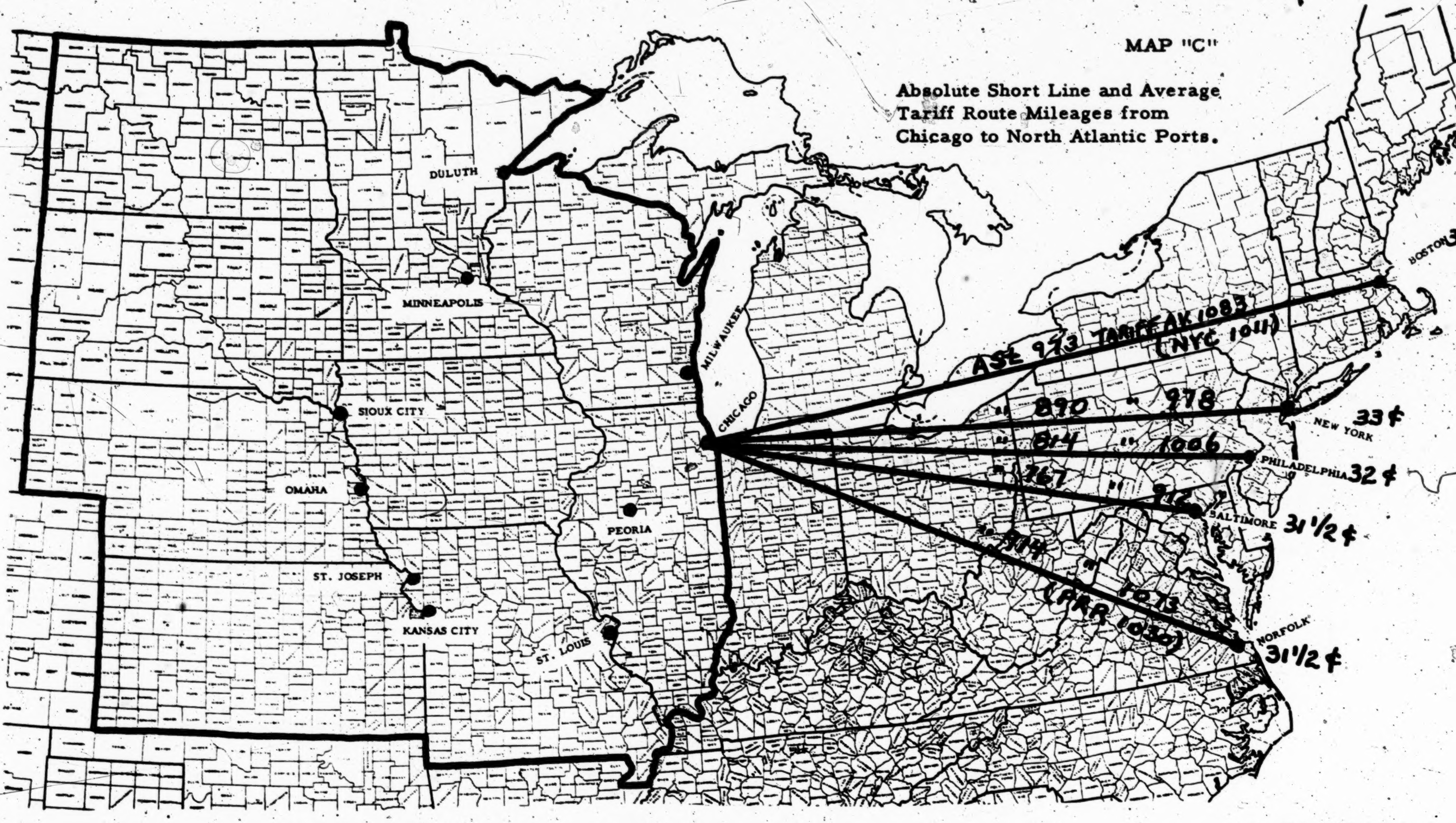
STATEMENT OF ABSOLUTE SHORT LINE DISTANCES FROM WESTERN MARKETS TO GATEWAYS AND FROM GATEWAYS TO NORTH ATLANTIC PORTS - ALSO TOTAL SHORT LINE MILEAGES FROM WESTERN MARKETS DIRECT AND VIA GATEWAYS TO NORTH ATLANTIC PORTS - TOGETHER WITH AVERAGE SHORT LINE MILEAGES UNDER EQUALIZATION COMPARED TO DIRECT MILES

	ASL Direct	Via Milwaukee	Via Chicago	Via Peoria	Via St. Louis	Gateway Average	Average Over Short Line
FROM MINNEAPOLIS							
TO:							
Boston	1259	1278	1368	1485	-	1377	118
New York	1188	1206	1285	1390	-	1294	106
Philadelphia	1194	1203	1209	1314	-	1242	48
Baltimore	1156	1156	1162	1251		1190	34
Norfolk	1309	1324	1309	1370	-	1334	25
FROM DULUTH:							
TO:							
Boston	1274	1319	1424	1575	-	1439	165
New York	1203	1247	1341	1480	-	1356	153
Philadelphia	1209	1244	1265	1404	-	1304	95
Baltimore	1192	1197	1218	1341	-	1252	60
Norfolk	1365	1365	1365	1460	-	1397	32

TARIFF AUTHORITY:

Agent W. J. Prueter's I. C. C. No. A-3929
Agent H. R. Hinsch's I. C. C. No. 4488 4487

33



MAP "C"

Absolute Short Line and Average Tariff Route Mileages from Chicago to North Atlantic Ports.

DULUTH
MINNEAPOLIS
MILWAUKEE
CHICAGO
SIOUX CITY
OMAHA
PEORIA
ST. JOSEPH
KANSAS CITY
ST. LOUIS
BOSTON 3
ASL 973 TARIFF AV 1083
(NYC 1011)
" 890 " 978
NEW YORK
33¢
" 814 " 1006
PHILADELPHIA
32¢
" 767 " 912
BALTIMORE
31 1/2¢
" 814 " 1073
(PRR 1030)
NORFOLK
31 1/2¢

3326

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[fol. 3327]

I.C.C. Exhibit No. 40

(Letterhead of Farmers Grain Dealers Association, Chicago 4, Illinois.)

Verified Statement No. ——

Affiant: Ross L. Beal

Before the

INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

FOURTH SECTION APPLICATION NO. 32204

IMPORT AND EXPORT RATES FROM AND TO NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF ROSS L. BEAL

TITLE: GENERAL TRAFFIC MANAGER

FARMERS GRAIN DEALERS ASSOCIATION OF IOWA

Due date:
June 21, 1957

[fol. 3328] Pursuant to direction of Commission Order dated, October 18, 1956.

> "This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness."

PRELIMINARY STATEMENT

This verified statement is submitted to support the respondent carriers' who are "proposing equalization of the port rates." The respondents are described in paragraph 1(b) of order of the Commission dated October 18, 1956 in Investigation and Suspension Docket No. 6615.

I

My name is Ross L. Beal, and I am the General Traffic Manager of the Farmers Grain Dealers Association of Iowa, an Iowa corporation, with principal office at 1101 Walnut Street, Des Moines, Iowa, and with offices in Chicago, Illinois at 141 West Jackson Boulevard.

II

The Farmers Grain Dealers Association of Iowa is a cooperative association of 334 country elevators located in the states of Iowa and Minnesota. We merchandise for the account of the country member elevators as well as for the cooperative alone. In the merchandising of grain, we are greatly interested in the exportation of grain through the various ports inclusive of the Atlantic Ports, and have made shipments to Atlantic Ports for purposes of exportation, either for our own account; for the government [fol. 3329] (Commodity Credit Corporation), or to exporters located at the Atlantic Ports who, in turn, forward these in export movement to foreign countries of destination.

The Farmers Grain Dealers Association of Iowa operates grain elevators in Des Moines, Iowa, aggregating 7,000,000 bushel capacity and a grain elevator in Chicago, Illinois, of 2,000,000 bushel capacity.

Our experience in the exportation of grain has disclosed that it is needful, in order to effect an export sale and remain competitive, that such sale be based upon export cost of movement via the lowest rated port, inclusive of the rail charge to the port. Stated otherwise, to be competitive, export sales must be made, under normal circumstances, only on the basis of the lowest rail rated port or ports as ocean rates from the Atlantic Ports are the same to the various foreign ports of destination. Grain merchandising requires the closest possible scrutiny of cost of transportation.

III

Affiant Ross L. Beal has been in the capacity of General Traffic Manager of the Farmers Grain Dealers Association of Iowa since January 1, 1957. Prior to that date, affiant was associated with Inland Mills of Des Moines, Iowa as Traffic Manager, a firm engaged in the milling and feed manufacturing business; the Standard Milling Company of Kansas City, Missouri, where affiant was engaged in various transportation capacities inclusive of Traffic Manager. Prior thereto, affiant was employed in various traffic capacities with other grain and/or milling organizations. In all, the transportation experience of affiant, in matters involving grain and grain products, covers approximately 35 years.

[fol. 3330] The present duties of affiant, among others, require over-all supervision of rates, charges and routing of grain which is handled by the Farmers Grain Dealers Association of Iowa, inclusive of export traffic.

IV

Under a system of export rates which will provide for rail rates to New York and Boston equal in amount to that existing at Baltimore today, we will utilize such ports as

New York and Boston freely and will not be limited (as is true today) with respect to export commitments with only certain favored ports competitively situated.

In our experience, there is no material difference in the rail service either to Boston or to other ports mentioned herein. The transit time and other rail transportation factors are relatively equal as far as commercial users are concerned. We consider equality of the Atlantic Ports to be of utmost value to our company. It is important to us that we should be able to have a free flow of grain in export channels irrespective of which of the Atlantic Ports is used in the course of movement.

[fol. 3331] VERIFICATION

State of Illinois)
) ss
County of Cook)

Ross L. Beal being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his knowledge and belief, and that the statement was prepared by him or under his personal supervision.

/s/ Ross L. Beal
Signed Ross L. Beal

Subscribed to and sworn to before
me, this 17th day of June, 1957.

/s/ Carl E. Erickson
Notary Public
My Commission expires April 19 - 1960

[Stamp—Carl Erickson, Notary Public, Cook County, Ill.]

[fol. 3332]

I.C.C. Exhibit No. 41

NORRIS GRAIN COMPANY
1637-1640 Board of Trade Bldg.
CHICAGO 4

Verified Statement No. ——

Affiant: Val M. Conley

Before the
INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

FOURTH SECTION APPLICATION NO. 32204

IMPORT AND EXPORT RATES FROM AND TO NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF VAL M. CONLEY

TITLE: MANAGER OF TRANSPORTATION DEPARTMENT

NORRIS GRAIN COMPANY

Due date:
June 21, 1957

[fol. 3333] Pursuant to direction of Commission Order dated October 18, 1956

> "This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness."

OPENING STATEMENT

This verified statement is submitted in support of those respondent carriers which "propose equalization" of port rates as set forth in paragraph I (b) of the Commission Order dated the eighteenth day of October, 1956, A.D., in Investigation and Suspension Docket No. 6615.

I

My name is Val M. Conley. I am the Manager of the Transportation Department of the Norris Grain Company, with principal offices at 141 West Jackson Boulevard, Chicago 4, Illinois. The Norris Grain Company is a dealer and merchandiser in grain, with elevator facilities located in Chicago, Illinois of 4,950,000 bushel capacity, which facilities are so located that they may receive grain via rail or via water transportation, and they may forward grain by such modes of transportation. In addition to these facilities, Norris Grain Company has elevator facilities located in other cities. The Norris Grain Company, as grain dealers and elevator operators and merchandisers of grain, are vitally interested in both export and domestic traffic, inclusive of exportation through Atlantic Ports at the eastern seaboard. In the handling of grain, we have handled for our own account; for the account of [fol. 3334] the government (Commodity Credit Corporation) and for other parties, grain for export.

II

RELATIVE VOLUME OF GRAINS TO TOTAL GRAINS IN EXPORT TRAFFIC SHIPPED OUT OF NORRIS GRAIN COMPANY DURING THE PERIOD JUNE 1, 1956 to MAY 31, 1957 INCLUSIVE.

In order that there may not be a disclosure of private business transactions, it will be the purpose of this statement which follows to deal in round figures of approximations. It is, nonetheless, percentage wise altogether correct. Of the movement somewhat in excess of 2,000,000 bushels, 67% represents corn movements to Atlantic Ports for export, 24% represents wheat exported, and 9% represents oats exported. This will show that the preponderant movement of grain from Chicago is in the corn category. Additionally, the distribution of the grains through the various ports at the Atlantic Seaboard for the period June 1, 1956 to May 31, 1957, inclusive, indicates that 53% moved through the ports of Baltimore and Norfolk, which are identically rated and the lowest rated ports at the Atlantic Seaboard. The next two ports of export in point of volume are Philadelphia and Albany, both of which take the same rate, but at ½¢ higher level than exists at the ports of Baltimore and Norfolk. Here we find that 25% of total went through these ports. When via New York and Boston, we find that only 22% of the total moved through these, the highest rated ports.

[fol. 3335]

III

As most of my personal experience in transportation has been in railroad circles and directly related to traffic matters, I do not have an extensive background of transportation from an industrial standpoint. Nevertheless, I have been in my present capacity with the Norris Grain Company for the past two years and the data which has hereinbefore been shown was prepared under my own direction or by me personally.

IV

Freight rates govern the movement of grain to the ports for export. Grain merchandising is done on such a narrow margin that it would be economically impossible to competitively deal in the merchandising of grain except at such ports as are so situated that grain may be forwarded without penalty. In such instances where small amounts of grain move through other ports these will arise out of the conditions beyond which any shipper may have reasonable control, and therefore, would be a like disability for all shippers. Having in mind that ocean rates from the Atlantic Seaboard are the same from all Atlantic Ports, the only remaining factor to be considered is the transportation charge from the point of shipment (Chicago) to the export port via rail. The percentage figures shown above with respect to distribution of grain movement via the several Atlantic Ports substantiates the statement.

V

As a shipper of grain and as a merchandiser of grain, [fol. 3336] it is obvious that if all ports were on an equal cost basis, we could ship via any or all of the Atlantic ports. This would be of utmost value to us as shippers of grain, rather than be subject to the local conditions that inhere in a single or a few ports of exportation. The rail service to Boston and New York ports have been, and are, comparable to the service rendered to Baltimore, Norfolk or Philadelphia. It is also significant to note that the distance over the Pennsylvania Railroad from Chicago to Norfolk is 1030 miles, whereas the distance from Chicago to Boston over New York Central System Lines is but 1011 miles. We do not here propose to submit the mileage data supporting these statements, but they will be found in the prepared statement and exhibits attached to verified statement of J. S. Chartrand, Manager of Transportation Department of the Board of Trade of the City of Chicago. We, Norris Grain Company, have memberships in the Board of Trade of the City of Chicago.

[fol. 3337] VERIFICATION

State of Illinois)
) ss
County of Cook)

Val M. Conley being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his knowledge and belief, and that the statement was prepared by him or under his personal supervision.

(Signed) Val M. Conley

Subscribed to and sworn to before
me this 19th day of June, 1957.

/s/ Florence M. Genin
Notary Public
My Commission expires March 15 1958

fol. 3338]

I.C.C. Exhibit No. 42

Letterhead of Rice Grain Corporation, Chicago 4, Ill.)

Verified Statement No.
Affiant: William P. Conrad, Jr.

Before the
INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

FOURTH SECTION APPLICATION NO. 32204

IMPORT AND EXPORT RATES FROM AND TO NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF:
WILLIAM P. CONRAD, JR.

TITLE: TRAFFIC MANAGER

[fol. 3339] Pursuant to direction of Commission Order dated October 18, 1956:

> "This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness."

I

My name is William P. Conrad, Jr. I am employed by the Rice Grain Corporation, a Corporation existing under and by virtue of the laws of the State of Illinois with principal office located at 141 W. Jackson Boulevard, Chicago 4, Illinois. I have been in the capacity of Traffic Manager for this Corporation since May 1, 1957.

The Rice Grain Corporation began operating a 6½ million bushel grain elevator in the Lake Calumet region of Chicago, Illinois on June 10, 1957. My prior experience in traffic is as follows:

> Immediately prior to my present employment, I was associated with the Illinois Grain Corporation as assistant to the Traffic Manager of that corporation for a period of 6½ years. The Illinois Grain Corporation is also a corporation engaged in grain merchandising and elevator operation.
>
> Previous traffic experience includes employment with other grain firms. Altogether, I have been in grain merchandising and grain traffic work for a period of over 10 years.

My duties in my present capacity require the supervision and direction of matter affecting the transportation of grain by various modes of transportation as best serves the interest of the Rice Grain Corporation.

[fol. 3340]

II

The Rice Grain Corporation, being only recently established with physical properties through which grain might be handled, is not in a position to show a past experience as to the distribution of tonnage to the various Atlantic ports or for other ports. However, the facilities of the Rice Grain Corporation are amply provided with modern equipment for efficient handling of grain by any mode of transportation.

The Rice Grain Corporation will be engaged in the field of exportation of grain as well as in the field of domestic merchandising. My prior experience in the handling of grain when affiliated with other grain merchandising organizations and the economics of grain merchandising, dictate that the flow of traffic through an Atlantic port would, under normal circumstances, only be through such port or ports as will provide the lowest total transportation charge from Chicago to ultimate export destinations.

Under present rate structures, this means that, from Chicago, Illinois grains moving to the Atlantic Seaboard will principally flow through the ports of Baltimore or Norfolk as ocean rates from Atlantic ports are generally equal in amount to the export destination point, but the rail rates are higher to north Atlantic ports.

III

As the rail service rendered to the various north Atlantic ports is comparable to the rail service rendered to the lower Atlantic ports, and as ocean charges are the same from all Atlantic ports, it follows that the greater the number of [fol. 3341] ports available for exportation at equality of transportation cost, the fewer will be the occasions for congestions and delays at Atlantic ports presently enjoying a lower total transportation cost due solely to differences in the rail proportional rate from Chicago, Illinois.

IV

As earlier stated, we are a newly created organization in the grain business so we can not attest to the extent of our business that is presently reflected in export traffic. However, overseas destination sales will be an important factor in our business and the equality of rates to New York and other North Atlantic ports will be a matter of utmost importance to our Company to be on a competitive basis. If the present differential basis continues we will be forced to use Baltimore and Norfolk. We can not absorb the higher inland freight costs to Philadelphia, New York and Boston. If, however, a complete equalization results from these proceedings, we will use the latter ports because of that equality.

V

This verified statement is, therefore, submitted in support of the proposal of North Atlantic rail carriers, which carriers seek to publish rates to North Atlantic ports the same as presently apply to Baltimore, Maryland and Norfolk, Virginia.

[fol. 3342] **VERIFICATION**

State of Illinois)
) ss
County of Cook)

William P. Conrad, Jr. being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his knowledge and belief, and that the statement was prepared by him or under his personal supervision.

/s/ William P. Conrad, Jr.
William P. Conrad, Jr.

Subscribed to and sworn to before me this
17th day of June, 1957.

/s/ A. M. Tully
Notary Public
My Commission expires June 22, 1957

[fol. 3343]

I.C.C. Exhibit No. 43

(Letterhead of Illinois Grain Corporation, Chicago, 4, Ill.)

Verified Statement No. ———
Affiant: Thomas J. Crowe

BEFORE THE INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

FOURTH SECTION APPLICATION NO. 32204

IMPORT AND EXPORT RATES FROM AND TO NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF: THOMAS J. CROWE

TITLE: VICE PRESIDENT & TRAFFIC MANAGER

COMPANY: ILLINOIS GRAIN CORPORATION

DUE DATE:
JUNE 21, 1957

[fol. 3344] Pursuant to direction of Commission Order dated October 18, 1956

"This Statement is Verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness."

OPENING STATEMENT

The undersigned party in behalf of his corporation is offering this verified statement in support of the respondent carriers' who are "proposing equalization of the port rates". The respondents to which we refer are such respondents as are described in Paragraph 1(b) of the order of the Commission dated October 18, 1956 in Investigation and Suspension Docket No. 6615.

I

My name is Thomas J. Crowe. I am Vice President and Traffic Manager of the Illinois Grain Corporation, 141 West Jackson Boulevard, Chicago 4, Illinois, which is the principal office location of the Illinois Grain Corporation. I have held the position of Vice President and Traffic Manager since May 5, 1949. Prior to that date I was Traffic Manager of E. R. Bacon Grain Company, Chicago, Illinois for 22 years and employed by E. R. Bacon Grain Company for 29 years. I have been associated with the grain business for 37 years.

[fol. 3345]

II

The Illinois Grain Corporation is a corporation organized under the Illinois State laws and affiliated with the Illinois Agricultural Association which is the State Farm Bureau Organization in Illinois.

The corporation owns and operates a 6,500,000 terminal elevator in the Lake Calumet Harbor. The corporation also owns and operates four elevators on the Illinois River and one elevator on the upper Mississippi River and one elevator at Tampa, Florida.

It has a membership of 159 farmer cooperative elevators in Illinois who own stock in this corporation. The corporation and its member companies ship large quantities of grain. Its purpose in this proceeding is to represent and protect the business interests of the farmers of Illinois through the cooperative handling of grain for member elevator companies and Illinois farmers. One of the purposes of this corporation is to deal in the exportation of grain or sales to other exporters located at export points.

We are interested in seeing the equalization of rates and charges to Atlantic Ports as it affords more opportunity to handle our grain through to export destination without the limitation of one or just a few outlets. Additionally, we can reach more export buyers of grain if exporters at the other North Atlantic Ports can compete with Baltimore.

III

While the nature of our business is highly competitive and we do not desire to disclose the full extent of our for- [fol. 3346] warding from Chicago elevators for export, suffice it to say that during the calendar year 1956 the Illinois Grain Corporation, for its account or for the account of others, forwarded to the Atlantic Seaboard for export via rail approximately 2,000,000 bushels of grain. As stated, the precise volume is not shown, as we do not wish to disclose such information for competitive reasons. However, the following percentage figures are accurate as a reflection percentage-wise of the respective grain handled to the total actually shipped.

To the Ports of Baltimore and Norfolk	87%
To all other North Atlantic Ports	13%

The above reflects the distribution of the volume of grain handled and is submitted to show the Commission that, preponderantly, the movement of rail grain for export purposes to the Atlantic Seaboard is channeled to the lowest rated ports.

IV

Chicago is the principal market gateway for a very large percentage of the principal grain produced in the state of Illinois. The primary rate structure both with respect to domestic and export is geared to the Chicago gateway from a very substantial portion of the state and related to the Chicago structure elsewhere. Accordingly, this area (in which a vast portion of the nations grain supply is produced) is extremely interested in the Atlantic Seaboard and the facilities for exportation thereat. The fact that the present rate level limitations exist there is also a like limitation of the use of the Atlantic Seaboard for export purposes. This causes an unwarranted hardship upon producers his- [fol. 3347] torically using the Chicago gateway in the disposition of their grain as we are not at all times able to make shipments in export channels due to the inability of securing permits at the ports of Baltimore and Norfolk. This, in turn, requires the retention of grain in storage at Chicago until such a time that we are notified that export permits are available for the forwarding of grain and that commitments have been made enabling the release of the grain from the Chicago elevator facility into rail equipment for forwarding for ports of Baltimore or Norfolk, as the case may be.

V

We have hereinbefore evidenced a very great interest in the matter of total equalization and wish here to assert that if the ports at the Atlantic Seaboard are all equal we will use New York and Boston just as readily as we will use Baltimore and Norfolk as the rail transportation with respect to transit time and other factors are the same to Boston as they are to Baltimore. What has been said hereinbefore also emphasizes the fact that the freight costs are an extremely important item in a sale of grain especially in export commitment and the free and equal use of the Atlantic Seaboard Ports, at the present Baltimore levels of rate, would encourage the utilization of these ports in export traffic.

[fol. 3348]

VERIFICATION

State of Illinois)
) ss
County of Cook)

Thomas J. Crowe, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his knowledge and belief, and that the statement was prepared by him or under his personal supervision.

(Signed) Thomas J. Crowe

Subscribed to and sworn to before
me, this 19th day of June, 1957.

/s/ Ernst O. Lauschke
Notary Public
My Commission expires 5/20/61

[fol. 3349]

I.C.C. Exhibit No. 44

TESTIMONY OF WITNESS FOR ALBANY PORT DISTRICT COMMISSION IN DOCKETS NOS. I&S 6615 AND F.S.A. 32204.

My name Frank W. Dunham, Jr. I am General Manager of the Albany Port District Commission at Albany, N. Y.

As General Manager it is my duty and responsibility to manage the operations of the port properties and facilities of the Albany Port District Commission, located at Albany, N. Y., and across the river in Rensselaer, N. Y.

My duties are performed under the direction of the Albany Port District Commission.

I have been General Manager since January 16, 1952. My previous experience included work in maritime transportation and cargo surveying operations.

THE ALBANY PORT DISTRICT COMMISSION

The Albany Port District Commission is a body corporate, established pursuant to Chapter 192 of the Laws of the State of New York, 1925, and is charged with the duty of administering the affairs of the Albany Port District. The Commission is vested with power and authority over the survey, development, control and operation of port facilities in such port district and the coordination thereof with existing or future agencies of transportation, with a view to the increase and efficiency of all such facilities and the furtherance of commerce and industries in the district. The duty was imposed on the Commission to prepare a comprehensive plan of port development, and pursuant to such statutory duty the Commission has provided a modern well-equipped port at Albany.

Under the statute creating it the Albany Port District Commission has five members who are appointed by the Governor of the state upon nomination of the Mayor of the city of Albany as to four of the members and of the [fol. 3350] Mayor of the city of Rensselaer as to one member.

The Albany Port District which was created under the same state law as the Albany Port District Commission embraces the city of Albany and the city of Rensselaer and all lands and water, in the Hudson River contiguous thereto, the district being primarily a taxable district in connection with the development and maintenance of the port and port facilities at Albany.

The Albany Port District Commission, as a state agency charged with the duty of developing and maintaining the Port of Albany, is vitally concerned in having this port given its proper place in the north Atlantic differential, port-rate adjustment, and is, therefore, vitally concerned in seeing that it is afforded reasonable and not unlawfully discriminatory rates in the present proceeding.

Its position is that the rates here involved to and from the Port of Albany should be equalized with those to and from the Ports of Baltimore and Hampton Roads, from and to so-called differential territory.

HISTORY OF THE PORT OF ALBANY

Early in the history of this country, Albany enjoyed a large commerce and was an important port. Its importance stemmed largely from the fact that in 1825 the Erie Canal, extending from a point on the Hudson River just north of Albany to a junction with Lake Erie near Buffalo, N. Y., was opened for traffic. As time passed, however, the sloops and schooners serving Albany were superseded by steamships of greater draft which could not be navigated on the Hudson River to and from Albany. Ocean commerce at that port was, therefore, almost completely diverted to other ports.

In 1915 an Act was passed by Congress providing for investigation into the propriety and need of improving the Hudson River to Albany. An investigation was conducted [fol. 3351] by the Army Engineers who recommended deepening of the Hudson River but included a further recommendation that through appropriate state authority there should be constructed at Albany suitable terminals and other facilities of a modern well-equipped port.

Congress pursuant to such recommendations authorized the widening and deepening of the river subject to the condition recommended by the Army Engineers. Thereafter, pursuant to such authority the Hudson River channel was widened where necessary to a width of 300 feet up the river to Hudson, N. Y., and thence with a width of 400 feet through rocks and cuts and 300 feet elsewhere to the Albany Port District Commission property. The channel provided was 27 feet deep at mean low water.

As previously pointed out, the Albany Port District Commission in complying with the condition above referred to, constructed a modern efficient port, including suitable terminals, docks, warehouses, a grain elevator, and a belt line railroad connecting the terminals with the railroads entering the Albany Port District.

The reestablished Port of Albany was opened in 1932. However, the Port Commission soon found that the port would be dealt with by the railroads on a dry land rate basis and would thus be excluded from the port rate differential adjustment in existence at the north Atlantic ports, unless relief were granted by the Interstate Commerce Commission. The Albany Port District Commission, therefore, filed a complaint in docket No. 26860 with the Interstate Commerce Commission on January 31, 1935. As a result, this Commission granted substantial relief, and as to export, import, coastwise, and intercoastal traffic between the Port of Albany, on the one hand, and central territory and western trunkline territory, on the other, found that Albany port rates higher than those in effect on such [fol. 3352] traffic to and from the Port of Philadelphia were unreasonable and unduly prejudicial under sections 1 and 3 of the Interstate Commerce Act. Other relief was also granted. The case is reported in *Albany Port District Comm.* v. *Ahnapee & W. Ry. Co.*, 219 I.C.C. 151.

Further consideration has been given to deepening the channel of the Hudson River to the Port of Albany. Modification of the present project to provide a channel 32 feet deep between the upper limits of New York City and Albany has been recommended to Congress by the Chief of Engineers.

LOCATION OF PORT OF ALBANY—AVAILABILITY BY RAIL AND WATER FROM INTERIOR POINTS.

The Port of Albany is located at tidewater on the Hudson River 143 miles from New York Harbor. Its location as compared with other north Atlantic ports is shown by the map which I am attaching as *Ex.* (FWD-1) ——.

Rail service. The Port of Albany is served by the New York Central Railroad system and the Delaware and Hudson Railroad corporation. The former reaches the port on both the Albany and Rensselaer sides of the river and the latter on the Albany side. They connect with the Port Commission belt railroad through which the docks and principal facilities at the port are reached. The Port Commission operates the belt railroad on the west side of the port and the New York Central uses the Port Commission's rails on the east side of the port.

Points in differential territory can be reached through the New York Central system and its connections and by the Delaware and Hudson and its connections. While trunkline territory and New England territory are not here involved, these territories are also served by the two railroads mentioned and their connections.

[fol. 3353] *Rail water-level route.* There is available from Albany to differential territory a water level route by railroad, the New York Central system, as contrasted with routes requiring operation over mountainous terrain from other north Atlantic ports, such as Philadelphia, Baltimore, and the Hampton Roads ports. The Interstate Commerce Commission in *Albany Port District Comm. v. Ahnapee & W. Ry. Co.*, 219 I. C. C. 151, 154, in referring to this water level route said:

> "Lines of the New York Central system extending westward follow generally the route of the Barge Canal from Albany to Buffalo and Niagara Falls, N. Y., thence along the north and south shores of Lake Erie through Detroit, Mich., and Toledo, Ohio, to Chicago. This route, commonly spoken of as the water level route, probably enjoys the most favorable operating conditions of any of the routes between the eastern seaboard and central territory."

Water service. The Port of Albany is served from interior points not only by railroad but by inland waters. The original Erie Canal has within recent years been enlarged and improved and is part of the New York Barge Canal system. This system joins the Hudson River a short distance above the Port of Albany and extends westward to Buffalo, N. Y., on Lake Erie, a distance of 363 miles, with a branch extending to Oswego on Lake Ontario, a distance of only 196 miles from Albany.

The Port of Albany is located nearer to the Great Lakes than any other north Atlantic port and, except for New York, is the only north Atlantic port which has available service by inland waters to or from any part of differential territory.

Water carrier service through the New York Barge Canal system is available approximately 8 months of the year.

The Port of Albany is served by numerous ocean-going vessels. The greater percentage of these are oil carriers serving the large terminals of oil companies at the Port [fol. 3354] of Albany in an area on both sides of the river adjacent to the properties of the Albany Port District Commission.

Service on the Hudson River has been performed almost continuously throughout the year. The situation is described in the 1955 Annual Report of the Albany Port District Commission as follows:

> "The Port of Albany remained open to navigation throughout the winter of 1954-55. Thirty-two vessels called at the port during the month of December, thirteen in January and twenty in February. Since the spring of 1948, the port has been closed to navigation because of ice conditions for only one month—February 1951. This, of course, is attributable to a great extent to the comparative mildness of recent winters, but the assistance rendered by United States Coast Guard icebreakers has also been very helpful. During the last winter the Coast Guard vessels *Westwind* and *Firebush* were on duty for this service in the Hudson River between New York and Albany. Obviously, the Commission cannot make an advance guarantee of an 'open winter' to shipping interests, but the experience of recent years, as outlined above, has been most gratifying."

FACILITIES AT THE PORT OF ALBANY

As previously pointed out, the Albany Port District Commission, as part of its comprehensive plan of port development conditioned on the deepening of the Hudson River, has established a modern efficient port. The major construction was completed when the port was dedicated on June 6, 1932. Improvements embracing various types of port terminal facilities have progressed from April, 1926, to the present time.

The development by the Port Commission on both sides of the Hudson River is near the southerly boundaries of the cities of Albany and Rensselaer. The property includes 217 acres on the Albany side with a waterfront of 5,616 feet and 106 acres on the Rensselaer side with a waterfront of [fol. 3355] 2,605 feet, or a total on both sides of 323 acres, and 8,221 feet of waterfront along the pierhead line, not counting the turning basin waterfront. Much of this property was reclaimed by depositing material dredged from the river in deepening and widening the channel.

Docks. The Port Commission has completed approximately 5,400 feet of docks, 4,200 feet being on the Albany side and 1,200 feet on the Rensselaer side, and in addition has provided dolphin moorings below the southerly end of each of the docks aggregating about 600 feet or a total berthing space of 6,000 feet.

The docks are of concrete block construction supported on timber-relieving platforms on timber piles except for approximately 600 feet of timber dock.

Transit sheds. The Port Commission has constructed five transit sheds. These have concrete floors, structural steel frames, corrugated galvanized siding, rolling steel doors, and are equipped with a dry-type fire protection sprinkler system. The aggregate floor space in the five transit sheds is over 285,000 square feet.

Warehouse. The Port Commission's facilities include a warehouse constructed of concrete blocks with an aggregate floor space of 108,000 square feet. It is located on the Albany side. Other warehouses are available off its property.

Lumber terminal. The lumber terminal of the Port Commission is on the Rensselaer side of the port and has 12 acres of flood-lighted open storage and over 25,200 square feet of wood framed covered lumber storage. The dock serving this terminal has water available alongside at a depth of 30 feet at mean low water. Lumber is received by vessels from the west coast of the United States and is distributed by truck and rail or is placed in open and covered storage facilities in rear of the wharf for distribution at a later time. The terminal is reached by the Port [fol. 3356] Commission's railroad.

Grain elevator. The Port Commission constructed a large grain elevator on the Albany side, served by the Port Commission's railroad and by water. This elevator has a capacity of over 13,500,000 bushels and is the largest single-unit elevator in the world. This elevator has been leased to, and is operated by, Cargill, Incorporated.

Feed mill. Also constructed on the Port Commission's property is a feed mill which has been leased to Cooperative G.L.F. Exchange, Incorporated.

The Port Commission belt railroad. As previously pointed out, the Port Commission has built a belt railroad which serves the docks and the important terminal facilities at the port. Tracks are so arranged along the docks as to facilitate loading or unloading directly between car and ship.

This terminal railroad has 16.5 miles of track on the Albany side and 3.79 miles on the Rensselaer side, a total of 20.29 miles. Two ship-side tracks along the waterfront with frequent crossovers and ample interchange yards afford expeditious interchange between the water carriers and the rails of the adjacent trunk lines.

These yards together with trackage along the string piece and in the rear of sheds have storage capacity for over 1,200 cars on the Albany side and 210 cars on the Rensselaer side, or an aggregate of more than 1410. As previously indicated, the Port Commission with its own locomotives performs the switching on the Albany side over its railroad tracks, and the New York Central performs the switching over the Port Commission's tracks on the Rensselaer side.

Areas for development. The Port Commission has provided certain areas of its property for industrial development and commercial activity, 60 acres being on the Albany side and 36 acres on the Rensselaer side.

[fol. 3357] *Bulk storage.* The Port Commission has extensive areas available for open bulk storage. These areas are paved, have highway access, and are served by the tracks of the Albany Port District Railroad.

Oil terminal facilities. A short distance south of the properties of the Albany Port District Commission are located oil terminal facilities of a number of oil companies.

To facilitate the receipt, storage, shipment, and reshipment, of petroleum and petroleum products there are 16 oil handling terminals which serve 12 separate companies. There are a total of 213 steel storage tanks with a combined capacity of 7,383,280 barrels of petroleum products. Eight oil handling facilities are located on the Albany waterfront, and eight are on the Rensselaer waterfront.

CHART AND PHOTOGRAPHS ILLUSTRATING PORT FACILITIES.

With a view to indicating the port facilities at the Port of Albany, I submit a chart of the port area as Exhibit (FWD-2) ——.

Also as illustrating the facilities at the port I have some photographs bound together as Exhibit (FWD-3) ——.

TRAFFIC AT THE PORT OF ALBANY

The total water-borne traffic at the Port of Albany as shown by Commercial Statistics in Annual Reports of the Office of the Chief of Engineers is as follows for the period from 1945 to 1955:

[fol. 3358]

Year	Tons	Year	Tons
1945	2,497,380	1950	6,334,524
1946	4,738,446	1951	7,012,903
1947	4,864,768	1952	6,377,749
1948	6,262,393	1953	6,405,307
1949	6,378,473	1954	6,307,846
		1955	7,481,457

The foreign and coastwise shipments included in the totals given in the preceding table for the years 1952 and 1955 are as follows:

Water-borne traffic

	1952 Tons	1955 Tons
Imports	228,118	329,771
Exports	647,956	938,976
Coastwise		
Receipts	2,733,290	3,709,716
Shipments	3,974	27,942
Internal		
Receipts	1,600,915	1,088,187
Shipments	1,163,496	1,386,865
Total	6,377,749	7,481,457

The principal *imports* consisted of molasses (inedible), woodpulp, and residual fuel oil.

The principal *exports* consisted of grain, floor and newsprint paper.

The principal *coastwise receipts* consisted of grain, canned goods, molasses, lumber, petroleum and petroleum products and sand gravel and crushed rock.

The principal *coastwise shipments* outbound consisted of paper, gas oil and distillate fuel oil, coal tar products and fertilizer and fertilizer material.

[fol. 3359] The bulk of *internal receipts* included grain, petroleum and petroleum products, while the principal internal shipments outbound included molasses (inedible), petroleum and petroleum products and miscellaneous commodities.

Rail traffic to and from differential territory. Under the present differential port rate adjustment the amount of traffic other than grain moving to and from differential territory from and to the Port of Albany has been almost negligible. The present rate adjustment is believed to be burdensome, unjust, and unlawfully discriminatory, and to discourage or prevent the movement of export and import traffic from or to Central Freight Association territory to or from the Port of Albany.

Ocean-going vesseds serving the Port of Albany. In my next exhibit, Exhibit (FWD-4) ——, I show for the latest available five-year period the number of ocean-going vessels by years serving the Port of Albany.

TERMINAL SERVICES AT THE PORT OF ALBANY

The Albany Port District Commission affords various terminal services at the Port of Albany in connection with water-borne traffic to and from the port.

These services include (a) switching by the Albany Port District Railroad, (b) handling services, (c) wharfage and (d) storage, and charges therefor are published and filed with the Interstate Commerce Commission and the Public Service Commission of New York. Provision is made for absorption by the line-haul carriers of some of such charges.

COMPETITION BETWEEN PORTS

The Port of Albany, as one of the north Atlantic ports, is in competition with the other ports. Its reestablishment was planned and accomplished with the thought that it would and should be competitive with the other ports.

[fol. 3360] In the *Albany Port District Commission case*, 219 I.C.C. 151, as previously referred to, the Interstate Commerce Commission recognized the Port of Albany's competitive position and prescribed rates intended to afford substantial relief from the rate adjustment then burdening this port. Such relief is believed to be inadequate as to traffic to and from differential territory, and while rates no higher than those from and to the Port of Philadelphia were found justified, it is the view of the Albany Port District Commission that its rates should be no higher than those to and from Baltimore from and to differential territory.

In the decision just mentioned the Commission made plain the purpose of the 1935 amendment to section 3(1) of the Interstate Commerce Act to encourage and promote freedom of movement through as many ports of the country as the governing circumstances will reasonably permit. In this connection it quoted from the House Committee Report recommending passage of the bill (p. 173):

"In recommending that this bill be passed, the committee does so with the idea in mind that by amending section 3 of the Interstate Commerce Act as thus contemplated it will encourage and promote the freedom of movement of export, import, and coastwise commerce through the ports of the country. The committee considers that it is to the interest of the public that such commerce be permitted to move freely through as many available ports as the governing circumstances will reasonably permit, and that no restrictions upon and impediments to the free movement thereof should be imposed that are not clearly shown to be sound or economically justified. The recommendation of the committee that this bill be enacted is intended to afford competing ports a forum in which to complain of rate adjustments which tend to concentrate the movement of the traffic through one port or a limited number of ports and to deprive other ports of an opportunity to handle a part of such traffic. The committee believes that such a diffusion of the traffic which moves through the ports will redound to the benefit of the producer and consumer in the interior by whom in the last analysis the transportation charges levied both for the transportation thereof and for the use of the facilities at the ports are ultimately borne."

[fol. 3361]

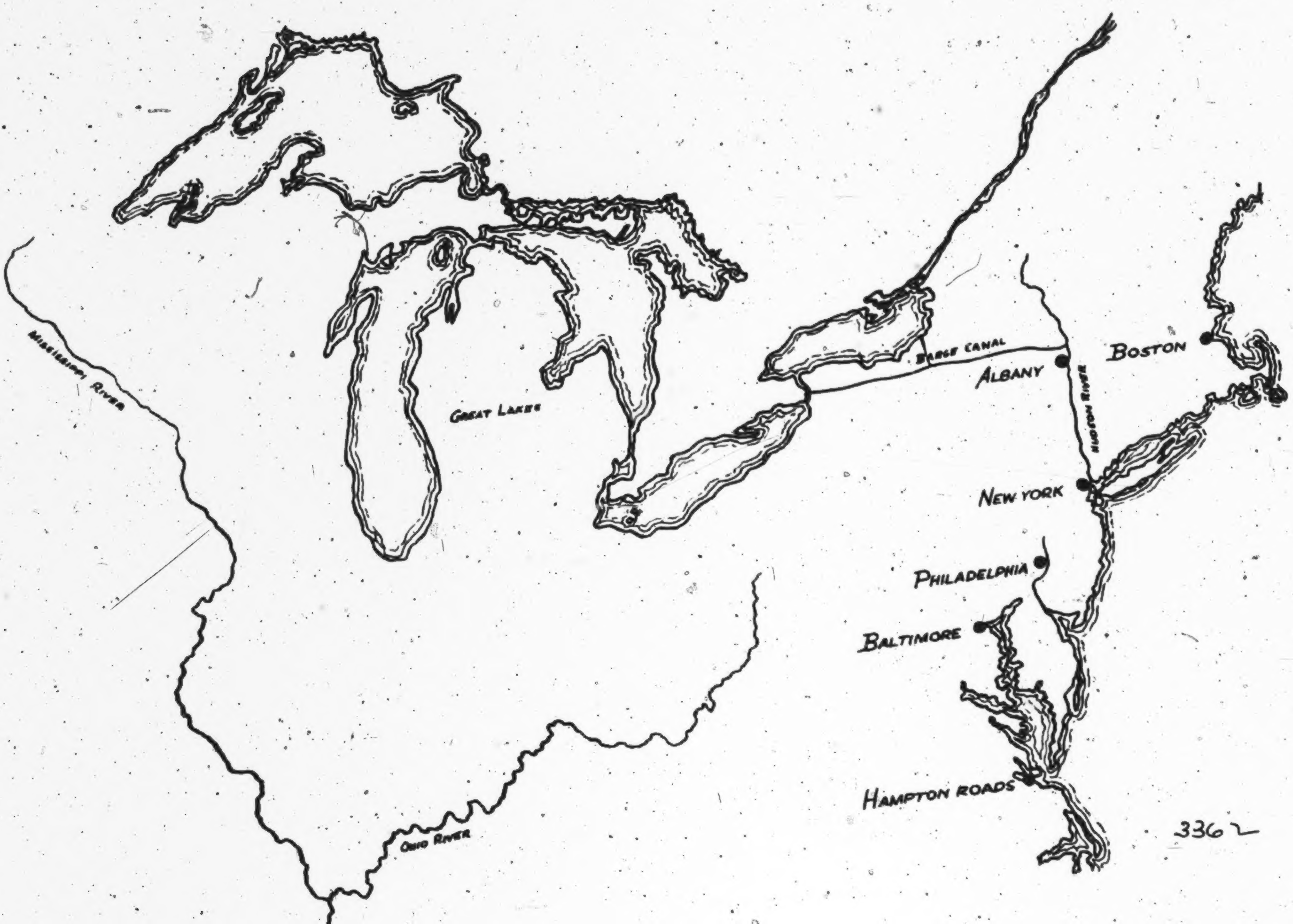
RATE SITUATION

In the *Albany Port District Commission case,* 219 I.C.C. 151, the Commission dealt with rates and rate relationships in respect to port traffic through the Port of Albany and the north Atlantic ports and found that on the facts in that case Albany should have no higher rates in the port differential adjustment than the Port of Philadelphia. In the report, the average distances from central territory were stated to be: 737 to Albany, 804 to New York, 746 to Philadelphia, and 692 to Baltimore. The longer distances to Norfolk, Va., than to Baltimore, and the longer distances to Boston than to New York were not set forth in the report but are shown by other evidence in the present case.

It is understood that export and import rates between differential territory and the north Atlantic ports including the Port of Albany, will be shown by other witnesses. A basic difficulty with respect to the Port of Albany is that as to commodity rates generally it is barred from the differential adjustment.

Its position is that if export and import rates are generally equalized through the north Atlantic ports, as sought by the northern railroads, the export and import rates to and from the Port of Albany should be no higher than those to and from the Ports of Norfolk and Baltimore.

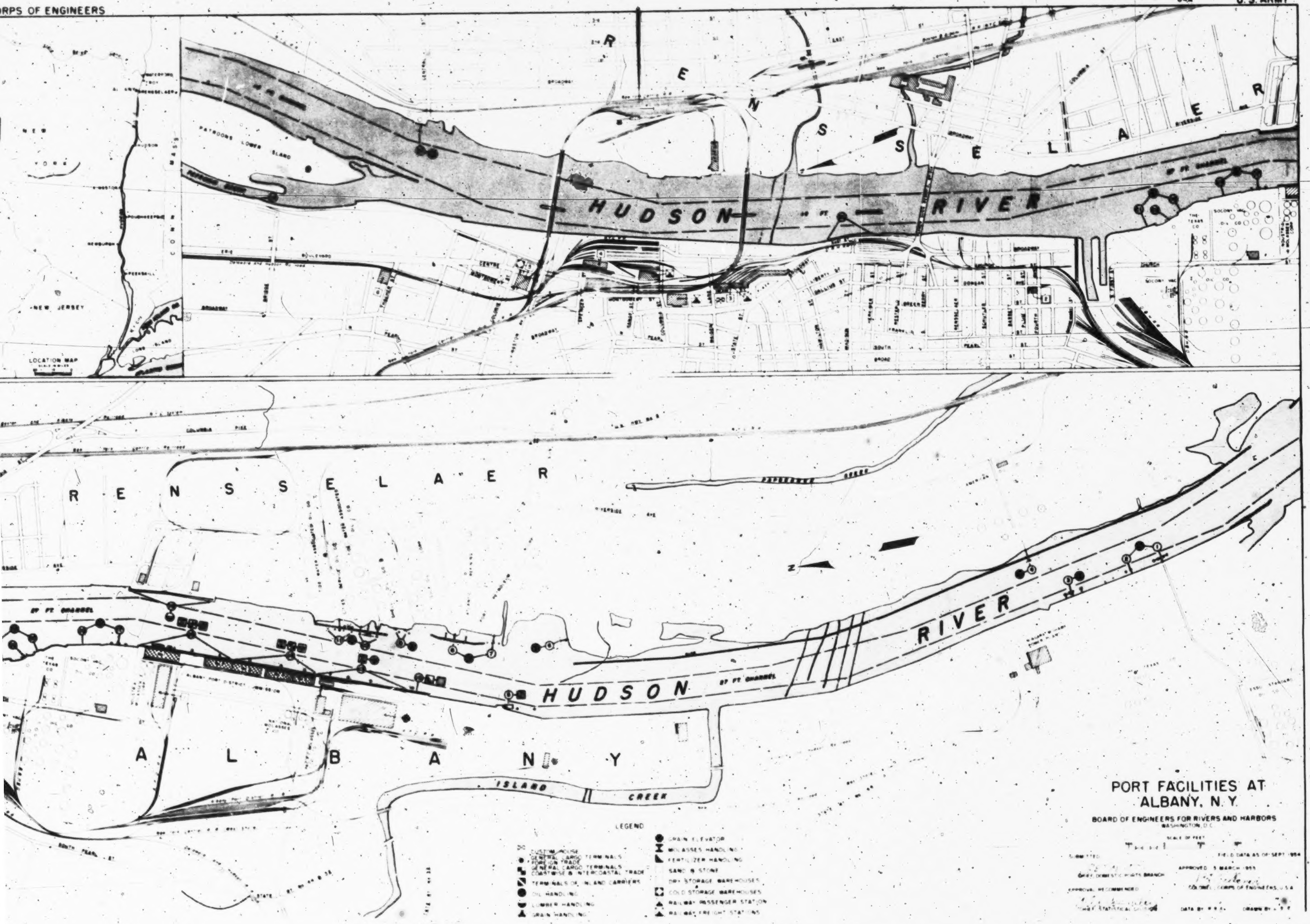
I. & S. Docket No. 6615
Exhibit No. (FWD-1)__________
Witness: F. W. Dunham, Jr.



Great Lakes
Mississippi River
Ohio River
Barge Canal
Albany
Hudson River
Boston
New York
Philadelphia
Baltimore
Hampton Roads

3362

I. & S. Docket No. 6615
Exhibit No. (FWD-2)________
Witness: F. W. Dunham, Jr.


84A
U. S. ARMY
CORPS OF ENGINEERS
R E N S S E L A E R
HUDSON RIVER
PATROONS LOWER ISLAND
NEW YORK
NEW JERSEY
CONN
MASS
LOCATION MAP
BROADWAY
ERIE BOULEVARD
CENTRE
PEARL ST
SOUTH PEARL ST
BROAD
RIVERSIDE AVE
27 FT. CHANNEL
THE TEXAS CO
SOCONY VAC. OIL CO
ALBANY PORT DISTRICT
A L B A N Y
ISLAND CREEK
LEGEND
CUSTOM HOUSE
GENERAL CARGO TERMINALS FOREIGN TRADE
GENERAL CARGO TERMINALS COASTWISE & INTERCOASTAL TRADE
TERMINALS OF INLAND CARRIERS
OIL HANDLING
LUMBER HANDLING
GRAIN HANDLING
GRAIN ELEVATOR
MOLASSES HANDLING
FERTILIZER HANDLING
SAND & STONE
DRY STORAGE WAREHOUSES
COLD STORAGE WAREHOUSES
RAILWAY PASSENGER STATION
RAILWAY FREIGHT STATIONS

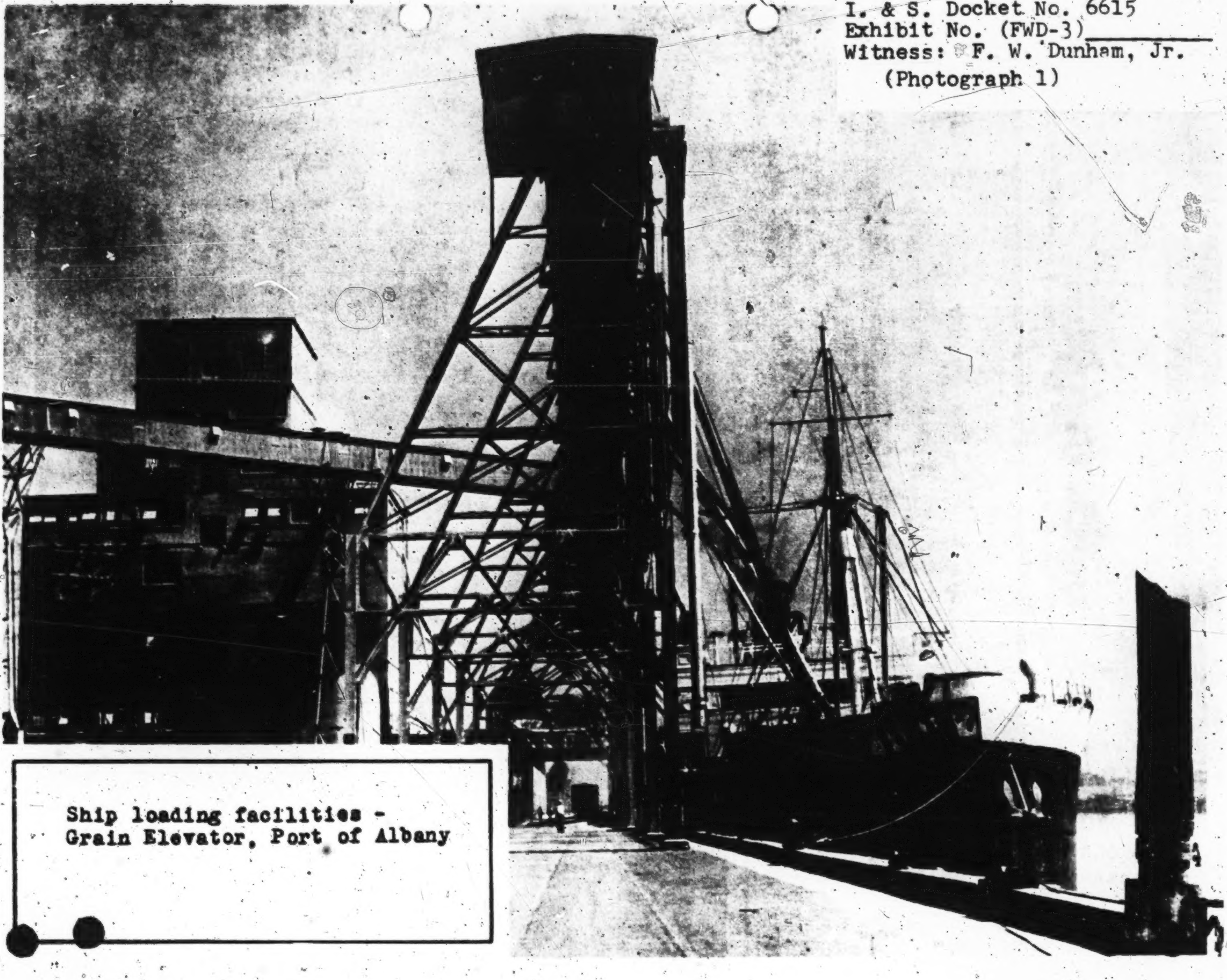
PORT FACILITIES AT
ALBANY, N. Y.

BOARD OF ENGINEERS FOR RIVERS AND HARBORS
WASHINGTON, D. C.

SCALE OF FEET

SUBMITTED
CHIEF, DOMESTIC PORTS BRANCH
APPROVAL RECOMMENDED
CHIEF, STATISTICAL DIVISION
FIELD DATA AS OF SEPT. 1954
APPROVED 3 MARCH 1955
COLONEL, CORPS OF ENGINEERS, U. S. A.
DATA BY
DRAWN BY

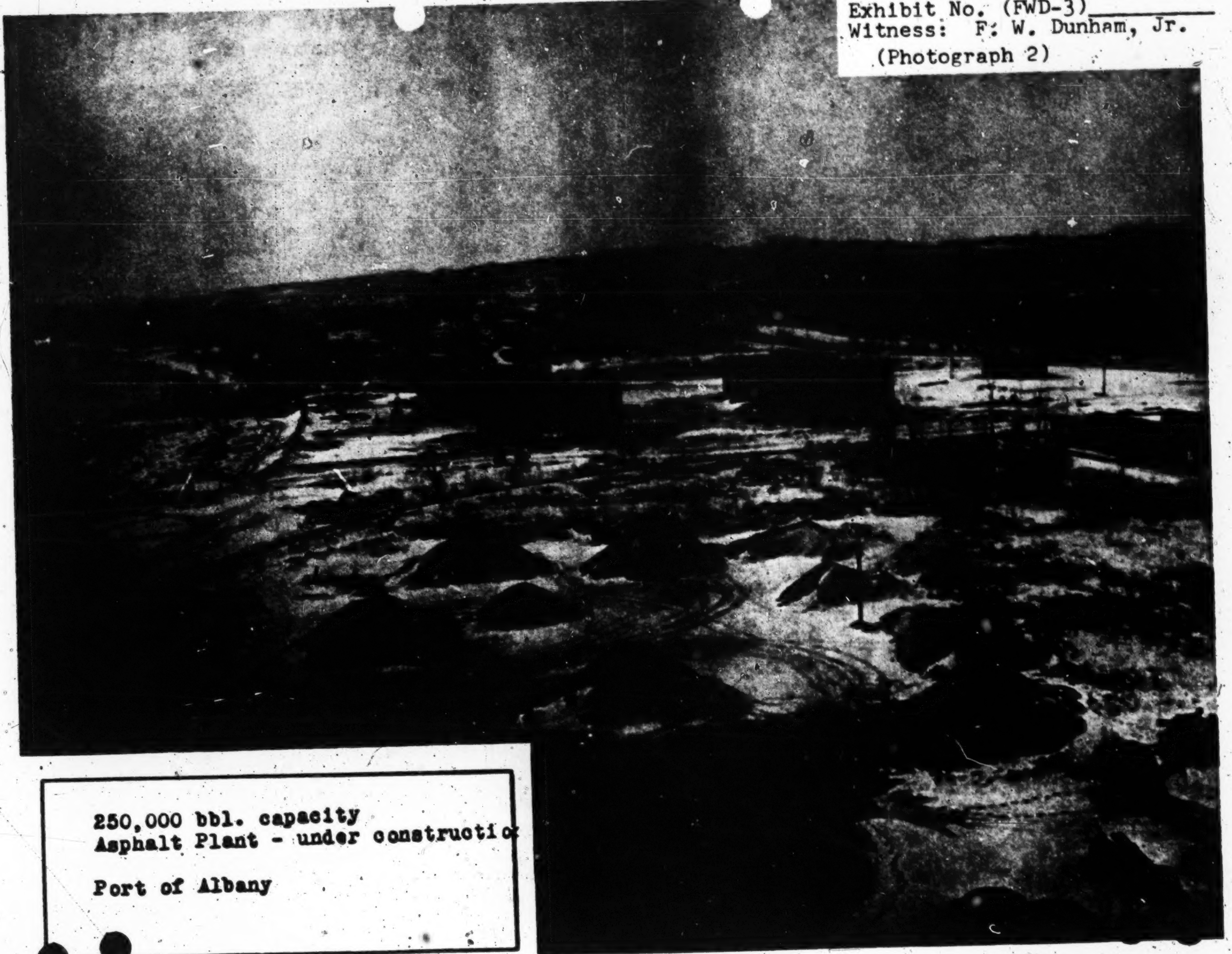
I. & S. Docket No. 6615
Exhibit No. (FWD-3)
Witness: F. W. Dunham, Jr.
(Photograph 1)



Ship loading facilities -
Grain Elevator, Port of Albany

3364

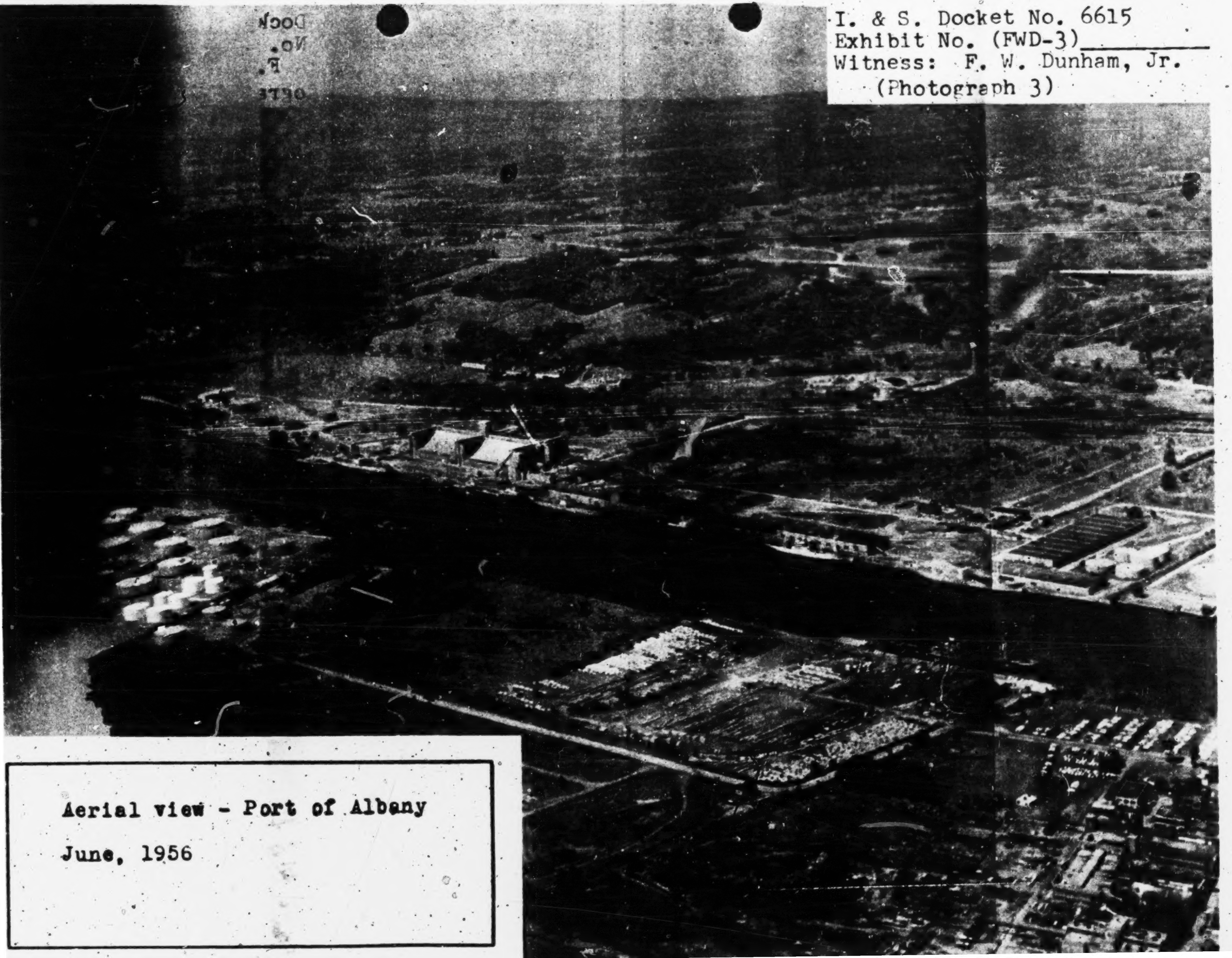
I. & S. Docket No. 6615
Exhibit No. (FWD-3)
Witness: F. W. Dunham, Jr.
(Photograph 2)



250,000 bbl. capacity
Asphalt Plant - under constructio

Port of Albany

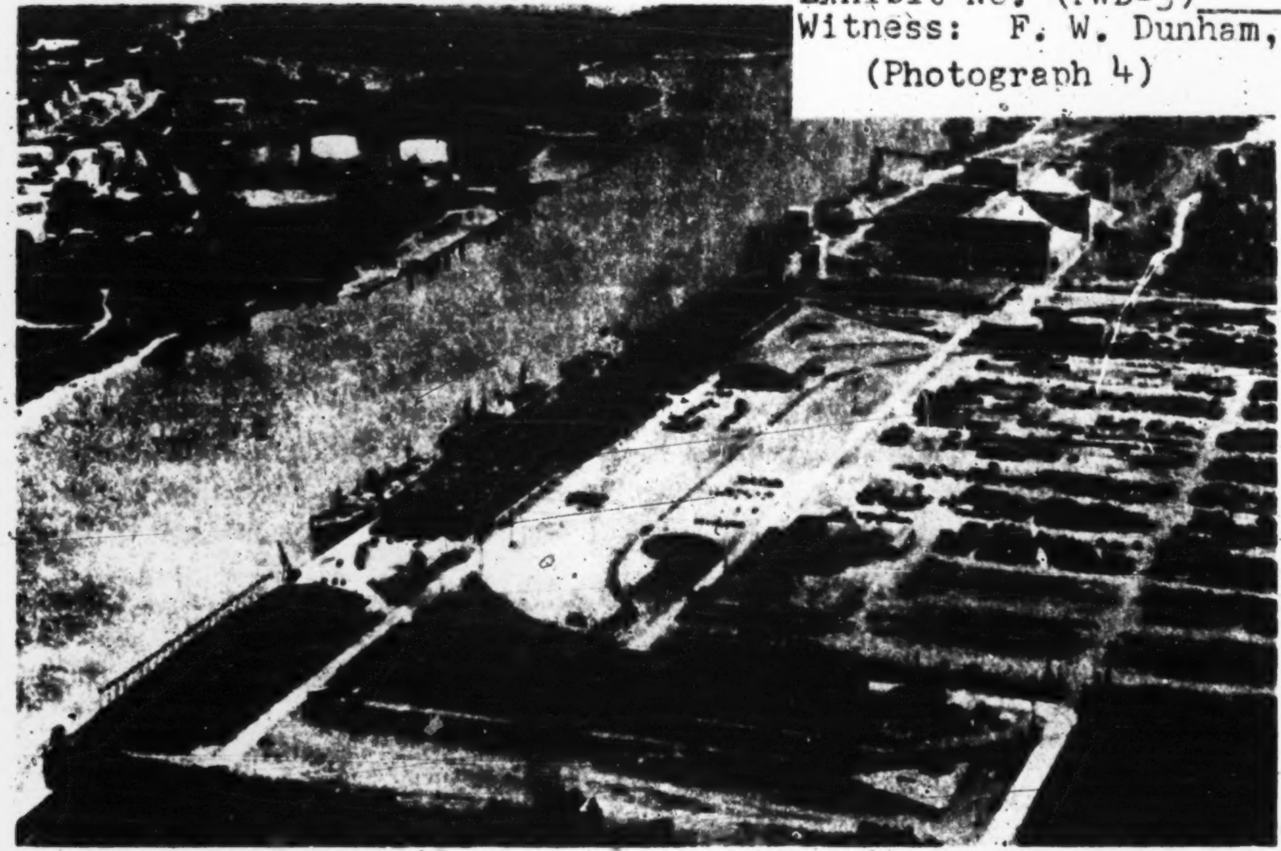
I. & S. Docket No. 6615
Exhibit No. (FWD-3)
Witness: F. W. Dunham, Jr.
(Photograph 3)



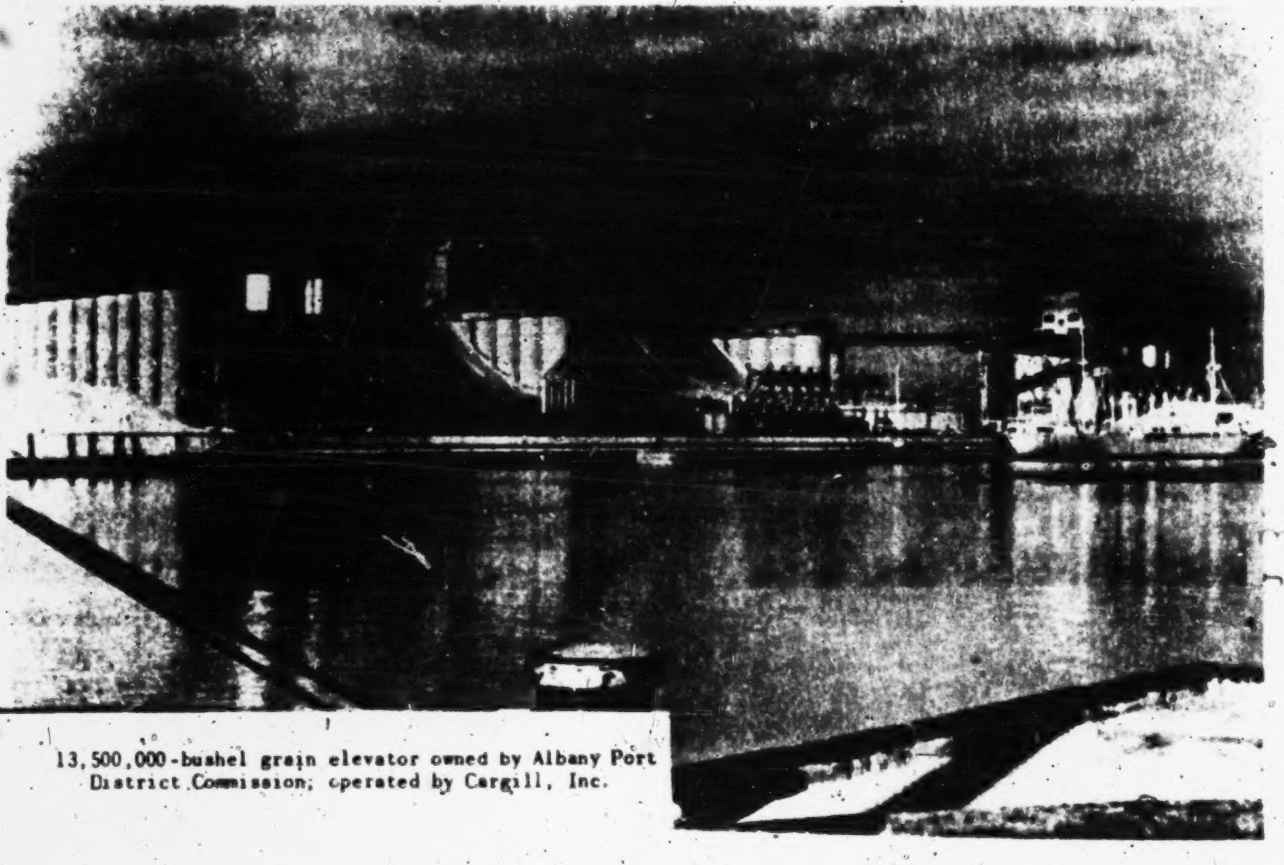
Aerial view - Port of Albany

June, 1956

I. & S. Docket No. 6615
Exhibit No. (FWD-3)
Witness: F. W. Dunham, Jr.
(Photograph 4)



General view of terminal and property of the Albany Port District Commission. Oil terminals on opposite shore.



13,500,000-bushel grain elevator owned by Albany Port District Commission; operated by Cargill, Inc.

3367

[fol. 3368]

I. & S. Docket No. 6615
Exhibit No. (FWD-4) ——
Witness: F. W. Dunham, Jr.

OCEAN-GOING VESSELS SERVING THE PORT OF ALBANY

Year	Grain	Molasses	General	Total
1952	112	20	46	178
1953	95	26	68	189
1954	96	25	107	228
1955	142	24	76	242
1956	163	24	60	247

The above figures include only vessels berthing at the terminal of the Albany Port District Commission. Oil tankers and other ocean-going vessels berthing at adjacent terminals are not included.

[fol. 3369]

VERIFICATION

State of New York)
) ss:
City of Albany)

Frank W. Dunham, Jr., being duly sworn, deposes and says that he is General Manager of the Albany Port District Commission, and that the foregoing is true and correct to the best of his information, knowledge and belief.

Frank W. Dunham, Jr.

Subscribed and sworn to before
me this 6th day of November, 1957

Catherine P. Hurley
Notary Public; Albany Co., N. Y.
Commission Expires March 30, 1958

[fol. 3370]

I.C.C. Exhibit No. 46B

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

I&S DOCKET NO. 6615

VERIFIED STATEMENT OF R. CLIFFORD MERROW,

Freight Traffic Manager, Maine Central Railroad Company

My name is R. Clifford Merrow. I am Freight Traffic Manager of the Maine Central Railroad Company and its subsidiary, the Portland Terminal Company. Previously, on June 21, 1957, a brief statement outlining the position of the Maine Central Railroad Company was served upon respondents serving the Atlantic ports of Philadelphia and south thereof. As was pointed out at that time, the Maine Central is strongly opposed to the elimination of the differential on import traffic through Portland.

Portland, Maine, is served by the Portland Terminal Company and Canadian National Railways (Grand Trunk New England Lines). Portland Terminal Company is a wholly-owned subsidiary of the Maine Central which performs switching and terminal services within the limits of the City of Portland for Maine Central Railroad Company and Boston and Maine Railroad.

The history of the import differential, as applied to Portland, is difficult to trace. However, it is clear from the decision of the Commission in *Maritime Association of Boston Chamber of Commerce, et al.* vs. *Ann Arbor Railroad Company, et al.*, 95 ICC 539, that at that time [fol. 3371] (1925) import rates through Portland to CFA Territory were on the Baltimore basis while export rates from the same territory, except for export grain, were on the same basis as Boston and New York. Portland, being an ice-free port in winter, served as a winter port for Canada. Since Halifax, St. John and Montreal were and still are on the Baltimore basis on import rates, Portland was likewise put on the Baltimore basis on import traffic on routes through Canada.

With regard to distances, it is evident that the mileage from Portland to points in C.F.A. Territory is greater than the mileage from Baltimore, Philadelphia, New York or Boston to such points, and less than the mileage from St. John and Halifax. However, the import rate differential has never been based upon mileage and Portland would not be able to compete for CFA business with any of the other North Atlantic ports if it were.

Although Portland has been on the Baltimore basis on import traffic for at least the last thirty years, during this period, with the exception of petroleum products, the total import tonnage has declined. This decline is clearly shown in the statistics on waterborne commerce furnished by the U. S. Army Engineers. By referring to Exhibit No. —— (AJC 4) submitted by Arthur J. Crookshank, witness for the New York Central Railroad, it will be seen that the import tonnage at Portland, excluding petroleum products, has declined from 343,508 tons in 1923 and 573,123 tons in 1928 to 116,926 tons in 1955. Although Portland formerly handled 2% of the total import tonnage at the North Atlantic ports named, in the last ten years it has handled less than 1% of the total.

[fol. 3372] At the present time, import rates from Portland, Maine to a large part of the territory involved are on the Baltimore basis. Under my direction, three exhibits have been prepared showing rates to various points in the affected territory. Exhibit No. —— (RCM 1) gives rates on woodpulp; Exhibit No. —— (RCM 2) shows rates on china clay, and Exhibit No. —— (RCM 3) gives 6th class rates. This basis, which has been in effect for a great many years, applies only via routes operating north of Lake Champlain.

The import woodpulp rates, also import class rates, from Portland, Maine to the affected territory are published in Agent Watson's Tariff 27-A, I.C.C. 100 and the rates on import ball or china clay are published in Agent Watson's Tariff 47-A, I.C.C. 188.

Export rates to Portland are the same as to Boston and New York, which are 3¢ over Baltimore except on export grain which is 1½¢ over Baltimore, Md. The export grain rates are published in CTR Tariff 245-H, I.C.C. 4403, and the other export rates are published in CTR Tariff 490-B, I.C.C. 3642.

With regard to export traffic, the only commodities which are exported through Portland in any volume are grain, flour, scrap iron and newsprint. There is practically no movement of export grain handled by the Maine Central. The flour which is exported originates for the most part in Canada and does not originate in CFA Territory. The newsprint and scrap iron all originate in New England.

In view of the fact that the Maine Central is presently handling virtually no export traffic from CFA Territory, it is my opinion that elimination of the export differential [fol. 3373] at Baltimore and Philadelphia would not result in any increase in export traffic at Portland because any export traffic which might be diverted from these ports would be handled at New York or Boston because of the large volume of export traffic now being handled at these ports.

A study of the import traffic moving through Portland, Maine, reveals that except for the World War II period, there are only three commodities of substantial tonnage which move through the port. By far the greatest tonnage consists of petroleum products. A large percentage of the total petroleum tonnage at Portland is crude oil for the Portland-Montreal pipe line. The remaining balance is for storage in the bulk terminals at Portland and is distributed by coastal tankers, trucks, pipe line or rail for local distribution. None of the rail movement of petroleum products extends to CFA Territory.

Of the remaining import traffic, the two commodities of substantial tonnage are china clay and woodpulp. Under my direction a traffic study has been made of the import china clay and woodpulp destined to CFA Territory handled by the Maine Central during the years 1952-1956, inclusive. The results of this study are shown in Exhibit No. —— (RCM 4). During this period there also was some import rubber which was handled by the Maine Central. The greatest part of this rubber was imported by the federal government for stockpiling in New England although a small amount did move to CFA Territory. In view of the small tonnage involved, as shown on Exhibit No. —— (AEL 2) of A. Edward Langlois, Jr., the movement of rubber to CFA Territory has not been shown.

Referring to my Exhibit No. —— (RCM 4), it is apparent [fol. 3374] that the volume of import woodpulp to CFA Territory during the period 1952-1956 has fluctuated, but was lower in 1956 than in 1952 and 1953. It may further be noted from Exhibit No. —— (AEL 2) of Mr. Langlois that the tonnage of woodpulp was lower in 1956 than any year since 1947, and less than half of the tonnage for 1950.

The movement of import woodpulp is undoubtedly influenced by many factors in the industry, such as the increased production of woodpulp by domestic mills in the South, and price variations between domestic and import woodpulp. However, the fact that the CFA traffic has declined is an indication that the import differential is not a factor of sufficient importance to maintain or increase the volume of import woodpulp to CFA Territory.

The fact that the CFA traffic in woodpulp via the Maine Central is a substantial portion of the total import woodpulp at Portland is pointed out in the statement of Mr. Langlois. If Portland should lose the import differential, it is probable that a substantial portion of this CFA woodpulp would be diverted and handled through Boston. It is evident from the statements of Carlton F. Heard, witness for the Boston and Maine Railroad, and William H. Day for the Port of Boston Commission, that Boston handles a much larger total of import woodpulp than Portland. Portland has a relatively small tonnage of dry cargo traffic and this is made up of only two commodities. Therefore, the loss of any of the CFA woodpulp traffic, in addition to the general decrease which has occurred, would have serious economic effect on the Port of Portland and the Maine Central. In my opinion, the import differential is necessary if Portland is to be able to compete for CFA business.

[fol. 3375] Portland has been able to attract import woodpulp because paper mills located in Maine have been consumers. However, if the CFA traffic were diverted to Boston, it is likely that there would not be sufficient local demand to make it worthwhile for ships to unload woodpulp at Portland. Loss of the woodpulp traffic would be a severe blow to the Portland Terminal Company and the Port as a whole. Furthermore, the paper mills located in Maine would have to pay the added expense of land transportation from the port to their mills, thereby increasing the cost of raw materials and injuring their competitive position in the industry.

With regard to china clay, it is clear that there has been an appreciable increase in tonnage through Portland. This is likewise borne out in Exhibit No. —— (AEL 2) of Mr. Langlois. The increase in china clay traffic is a direct result of solicitation by rail and port traffic representatives and a large investment in facilities for storage of china clay at Portland.

In 1931, the Portland Terminal Company constructed its Wharf No. 3 at a cost of $416,352 for which the 1957 replacement cost would be $1,176,496. Gantry cranes were installed at Wharf No. 3 in 1931 a cost of $79,757 for which the 1957 replacement cost would be $224,531. From 1931 until 1950, all china clay imported through Portland was unloaded at Portland Terminal Wharf No. 3 and loaded directly into freight cars. In 1951, a shed for the storage of clay was constructed on Wharf No. 3 at a cost of $79,266, 1957 replacement cost being $97,866. This shed has storage capacity for 4,500 tons of clay. Early in 1957 the construction of additional clay storage bins was completed at a cost of $221,735, the present replacement cost being approximately the same figure. The storage bins built in [fol. 3376] 1957 have a 10,000-ton capacity and were designed particularly for handling of china clay and have not been used for storage of any other commodities.

In arriving at the above figures, the 1957 replacement costs have been determined by using I.C.C. cost indices. 80% of replacement cost is a reasonable present day value of all items except the gantry cranes, for which 60% of replacement cost is reasonable.

It thus may be seen that the Portland Terminal Company has made a substantial investment in facilities in an effort to increase the china clay traffic. An appreciable percentage of this traffic moves to CFA Territory as shown on Exhibit No. —— (RCM 4). If the import differential which has applied for so many years to Portland is eliminated, Portland is likely to lose the CFA business and, in turn, much of the local business.

China clay is imported in a number of different grades which cannot be mixed in storage, Loss of CFA traffic would result in incomplete utilization of storage facilities and consequent loss of revenue to the Portland Terminal Company after considerable investment in order to obtain the business.

Portland is at a geographical disadvantage in handling traffic to CFA Territory and needs the import differential if it is to compete successfully with the other ports. Boston and New York have much greater import tonnages than Portland and far greater number of regular ship arrivals and departures.

Although Portland has had the import differential for at least the past thirty years, it is significant to note that there are only two commodities which are imported through Portland in any appreciable amount. Both of these commodities are raw materials for the paper industry which [fol. 3377] is the largest industry in Maine.

The exhibits submitted by the Ports of New York and Boston reveal that there is a great diversity in the types of commodities imported through those two ports. If there was any movement of import commodities for which there was no local market through Portland to CFA Territory, the conclusion could be drawn that the import differential was alone sufficient to cause import traffic to move through Portland which would otherwise have moved through Boston or New York; however, the facts clearly show that in spite of the import differential, Portland has not been able to attract any import commodities other than china clay and woodpulp, which are used in local industry. The import differential is undeniably a factor which allows Portland to compete with the other North Atlantic ports on CFA business in woodpulp and china clay. If the differential were eliminated at Portland, it is my opinion that Portland would not be able to compete successfully with the larger North Atlantic ports for CFA business, because such traffic would tend to concentrate in those ports which have a large number of regular ship arrivals and departures and have the greatest volume and diversity of both import and export commodities.

As a seaport, Portland has the natural advantages of an excellent harbor and shorter ocean mileages to the principal European ports than the larger North Atlantic U. S. ports. In spite of such advantages, Portland handled only a small portion of the total import dry cargo tonnage at North Atlantic ports and its percentage has declined in the past thirty years. Elimination of the import differential can only result in a further decline in import traffic and [fol: 3378] deterioration of the port. The Portland Terminal Company has made a large investment in wharves and storage facilities for ocean-borne traffic, which will be jeopardized if CFA traffic is diverted elsewhere. The import differential has not operated to give Portland any unreasonable advantage in competing with other North Atlantic ports. This is proved by the fact that the only import dry cargo commodities handled at Portland are those for which there is a local market. Further proof is found in the over-all decline in import traffic.

In the interest of the future economic welfare of Portland and the paper industry in the State of Maine, the import differential at Portland should remain on the Baltimore basis. If Portland is to be available as an active seaport in times of future national emergency, as it has served during such periods in the past, there should be no change in the existing import rate differential.

State of Maine
County of Cumberland, ss.

R. Clifford Merrow, being duly sworn, deposes and says that he is Freight Traffic Manager of Maine Central Railroad Company and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

/s/ R. CLIFFORD MERROW
R. Clifford Merrow

[fol. ~~3379~~] Subscribed in my presence and sworn to before me by the affiant above named this 18th day of October, 1957

/s/ RUTH MANGUM
Ruth Mangum
Notary Public, State of Maine
My commission expires March 16, 1962 (Notarial Seal)

[fol. 3380]

I.C.C. EXHIBIT No. 47

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

I. & S. DOCKET No. 6615

VERIFIED STATEMENT OF A. EDWARD LANGLOIS, JR.

on Behalf of Maine Port Authority,
in support of maintaining the
Import Differential at Portland, Maine

Examination of Witness Langlois

Q. Please state your name, position and business address.

A. Edward Langlois, Jr. I am General Manager of the Maine Port Authority, Maine State Pier, 40 Commercial Street, Portland, Maine.

Q. What experience have you had in the maritime field involving ships engaged in foreign and domestic commerce?

A. I have been associated for 8 years with merchant marine training program as an officer-instructor, public relations and promotion director, involving extensive contact work and travel along the East Coast, Great Lakes, Gulf, and Caribbean areas.

I have been employed as General Manager of the Maine Port Authority since December of 1956, charged with the responsibility of fostering the development of the maritime activities of the State of Maine, providing for the building of public wharves, the establishment of adequate port facil- [fol. 3381] ities, and the advancement of commerce. I am further charged with keeping thoroughly informed as to the present and probable future requirements of steamships and shipping.

I am a member of the Executive Committee, North Atlantic Ports Conference; member of the American Association of Port Authorities, Inc.; director of the North Atlantic Ports Association, Inc.; and State Vice President of the National Rivers and Harbors Congress.

Q. Will you describe the physical characteristics of Portland Harbor?

A. Portland is a deep water, ice-free, land-locked port, 3½ miles from the open ocean, with a channel of 35 feet (m.l.w.) all the way. Portland is bordered on the south by South Portland and the Islands of Casco Bay. The Maine Port Authority has had a chart of Portland Harbor prepared which shows the channel, wharves and rail connections, and is Exhibit No. .... (AEL 1).

Q. Will you describe the facilities for handling ocean-borne traffic at Portland?

A. The following is a summary of the facilities and services available at Portland:

Portland is served by three railroads—Maine Central Railroad Company, Boston and Maine Railroad, and Grand Trunk Railway (Canadian National Railways). The Portland Terminal Company, which is a subsidiary of the Maine Central, is the switching carrier and operates the freight yard facilities and wharf facilities for both the Maine Central and the Boston and Maine in Portland.

Switching engines of the Grand Trunk Railway and the [fol. 3382] Portland Terminal Company are in operation at all times.

There are 4 berths at Grand Trunk Terminal for deep sea ships, 3 berths at Maine State Pier, and 4 berths at Portland Terminal Company's Wharves 1 and 3. The depth of water at all piers is adequate for deep laden vessels.

There is an abundant supply of fuel oil for bunkering ships, and expert ship repair facilities are available. There are five long-established firms of ship chandlers.

Covered shed areas are as follows:

Grand Trunk Terminal	275,000 square feet
Maine State Pier	200,000 square feet
Portland Terminal	160,000 square feet

Total covered shed area is 635,000 square feet, which will accommodate from 50,000 to 75,000 tons, according to the type of cargo.

There is ground storage available for 2,025 carloads.

Portland Terminal Company has 462,000 square feet of space adjacent to Yards 5, 6, 7, 8, 9 and Union Station Yard for ground storage, in which area approximately 775 carloads can be stored. In addition, a new china clay shed, costing more than $200,000 was built by the Portland Terminal Company in 1957, which will enable the Port to store 14,500 tons of china clay at one time.

Grand Trunk Railway, at its Deering yards, has available 1,000,000 square feet of ground storage which will accommodate approximately 1,200 carloads. Grand Trunk Railway has, in Portland, near the State Pier, a grain elevator with a capacity of 1,500,000 bushels which is open to all United States railroads. Grain may be delivered at a volume of 30,000 bushels per hour per ship.

[fol. 3383] *Maine State Pier* has a limited area for ground storage with probable capacity of 50 carloads.

Approximately 1,050 cars can be held on wheels in the Portland Terminal Company yards without impairing the free operation of the terminal. These cars may be held in Yards 3, 5, 8 and 9. Yards 5 and 9 are adjacent to Yard 8, which serves Wharves 1 and 3.

Grand Trunk Railway has a car capacity of approximately 200 cars in Portland (proper) and 450 cars at the Deering yards.

The total capacity of the Port for track storage, therefore, is 1,700 cars.

There are ship-side tracks on Maine State Pier and Portland Terminal Wharves 1 and 3.

The longshore labor is liquid and there would be little difficulty in mustering 15 gangs. The freight handlers (car loaders and unloaders) can muster 160 or more men in addition to the longshoremen. The same men or gangs handle import and export cargo. Rates of pay are generally the same as the Ports of Boston and New York. Portland has had an outstanding record for the harmonious labor relations of its longshore labor.

Stevedores are Jarka Corporation of New England, Portland Terminal Wharf No. 1, Portland; and R. M. Smith, Inc., 179 Commercial Street, Portland.

Equipment consists of fork-lift trucks, trailers and pallets, and all other necessary up-to-date gear.

Portland Terminal Company Wharf No. 3 is an open wharf equipped with four electrically operated Mead-Mor- [fol. 3384] rison cranes, having a run of 950 feet and a capacity of 5 tons at a radius of 20 feet. The cranes are equipped with 60-foot booms capable of unloading from open top cars on any of the four adjacent tracks.

Q. Have these facilities been fully utilized in recent years?

A. No, not to full utilization.

Q. Could additional traffic be handled with the existing facilities?

A. Yes, additional traffic could be handled over existing facilities to bring the port up to full utilization.

Q. Is there space available for the construction of additional facilities if there were sufficient traffic to require them?

A. Yes; if Portland had the traffic to warrant it, there is space along the waterfront for the construction or utilization of space that could and would increase traffic. The present Grand Trunk Piers 3, 4 and 5 could be rebuilt and used for expansion. There is also one pier formerly used for handling water-borne coal which has not been used in the last few years due to damage by fire. This pier is located between Maine State Pier and Portland Terminal Wharf 1, is served by rail, and could be used as a modern terminal site. Land at Portland Terminal Pier site number 4 is also available to contribute to the expansion of port facilities in Portland. There is also room for expansion at Portland Terminal Wharf 3. Space is also available with Greater Portland Public Development Commission and shipyard in South Portland.

Q. Are you familiar with the charges for pilotage, tugboat service and wharfage pertaining to ocean-borne shipping at Portland?

A. Yes. These charges are a necessary part of the [fol. 3385] operation of any vessel in and out of a port and during the loading and unloading of any cargo or cargoes at any given port of call.

Q. How do these charges compare with those at other North Atlantic ports?

A. Using a vessel ~~displacing~~ 10,000 tons and drawing 20 feet of water as a criterion, the charge at Portland, Maine for pilotage would be $100.00 compared to a range of $120 to $150 at North Atlantic Ports. With respect to towboat charges for a period of minimum service, the charges at Portland would be $64.00 as compared to a range of $54.00 to $322.08 at various other North Atlantic Ports. There are no side wharfage charges in the Port of Portland.

Q. How does Portland compare with other North Atlantic ports with regard to regular ship sailings or ship arrivals?

A. Portland is at a disadvantage in competing for traffic with other North Atlantic ports because of the limited number of regular sailings and arrivals. On export traffic, Portland has only three scheduled sailings a month to West African ports, and two a month to Cuba and Mexico. There are no scheduled sailings from Portland to European ports. Portland has no regular arrivals on import cargoes, which are woodpulp and china clay. Most of the woodpulp to Portland comes from the Scandinavian countries, and the average load in Portland is 800 tons. The minimum load set that a ship will carry to Portland is 500 tons; however, it must be noted that in the past as little as 300 tons have been delivered to Portland. Woodpulp is also delivered to other ports along the North Atlantic Range, and these other ports could easily absorb the remainder of the Portland woodpulp should Portland ever lose its present woodpulp cargoes to the CFA Territory.

[fol. 3386] Q. Are you familiar with the volume of import and export traffic which has moved through Portland?

A. Yes. We have taken a great deal of time at our office to analyze the traffic picture in Portland, particularly in regard to the past ten years. We keep accurate up-to-date figures of current traffic in order to compare present and past figures, and we must also keep accurate figures which are sent to the Army Engineers. Exhibit No. .... (AEL 2) which has been prepared under my direction, is taken from the statistics on Waterborne Commerce issued by the Department of the Army, Corps of Engineers. This exhibit shows the principal commodities imported through Portland during the period 1947-1956, excluding petroleum products. It will be seen by referring to the verified statement of Arthur J. Crookshank, witness for the New York Central Railroad, and more particularly his Exhibit No. .... (AJC 3), that by far the greatest volume of imports at Portland consists of petroleum products. Petroleum products have not been included because most of the tonnage is pumped directly into the Portland-Montreal pipeline and the balance is discharged either for storage or local distribution.

Exhibit No. .... (AEL 3) which was prepared in the same manner and from the same sources, shows the principal commodities exported through Portland during the period.

Q. Do these figures show that import traffic through Portland has increased or decreased?

A. The figures over the past ten years show that the import traffic through Portland has fluctuated. In the movement of woodpulp, figures show 36,385 tons in 1947, and ten years later in 1956, Portland imported 39,546 tons of woodpulp. It must be noted that in the interim period [fol. 3387] the tonnage was at a generally higher level, and in 1950 reached 83,467 tons and has consistently dropped since then. It must be further noted that during this period Portland had the differential to CFA Territory, and the mere fact that we had the differential was not enough to hold our maximum level of 1950 or to improve; but in reality we consistently dropped from 1950 to present day tonnage.

China clay, which is the only other major import (other than coal and oil) held a range of 40,000 tons to 65,000 tons for 8 years, and figures show a little improvement for 1955 (73,678 tons) to 73,564 tons in 1956. Figures would indicate an increase in china clay tonnage over the ten-year period.

Q. Do these figures show that export traffic has increased or decreased?

A. Principal export commodities handled in the Port of Portland include grain, newsprint, scrap metal and flour. Figures on these commodities show a definite traffic increase through the Port of Portland.

Q. With regard to export traffic, do you know which commodities, if any, would have originated in Central Freight Association Territory?

A. None of the export traffic moving through the Port of Portland originates in CFA Territory other than some of the government-owned grain.

Q. With regard to import traffic, can you state which commodities have a subsequent rail movement to CFA Territory?

A. China clay and woodpulp imported through the Port of Portland reaches the CFA Territory.

[fol. 3388] Q. Have you seen Mr. R. C. Merrow's Exhibit No. .... (RCM 4) concerning the volume of china clay and woodpulp imported through Portland and moved to CFA Territory via the Maine Central Railroad Company?

A. Yes, I have had an opportunity to study Mr. Merrow's exhibit.

Q. How does this volume compare with the total import of these commodities through Portland?

A. The following figures show what percentage of the total imports of china clay and woodpulp through Portland is represented by the tonnage to CFA Territory handled by the Maine Central, as shown in Mr. Merrow's Exhibit No. .... (RCM 4):

	China Clay	*Woodpulp*
1952	24.4%	21.8%
1953	28.4%	19.2%
1954	23.1%	12.3%
1955	23.9%	14.9%
1956	22.3%	17.3%

It is obvious that the CFA business is a substantial part of the total.

Q. Do you know of the rail differential on import traffic moving through Portland to CFA Territory?

A. Yes, I have given this extensive study and must be 100 percent against elimination of the import differential at Portland if present traffic through Portland is to be maintained.

Q. In your opinion, what would be the effect of the elimination of the rail differential on import traffic through Portland?

A. Elimination of the rail differential on import traffic through Portland into CFA Territory could have a far-reaching and disastrous effect on Portland and the entire State of Maine. Portland could easily ~~lose some~~ of its current import traffic and, in effect, this could demoralize the entire port. Competent longshoremen, adequate cargo [fol. 3389] handling equipment, modern towage and tug service, reliable chandlers and qualified pilots, depend on current traffic, plus plans for potential traffic, to maintain for them current living standards. A reduction in ship and cargo movement in Portland could very easily discourage present competent and skilled watefront labor to move elsewhere for more profitable work, which could possibly contribute to a chain reaction that would reduce Portland to a port of no significance in war or peace. Portland must maintain, expand and improve its present manpower status and terminal facilities for its great strategic importance in time of war.

During World War II, much traffic was routed to Portland when more congested ports were unable to adequately handle it; and because of its available manpower force, and adequate facilities, the Port of Portland was able to absorb additional traffic and contribute to the proper movement of important cargoes destined for our troops and allies overseas.

Q. Would the loss of any of the CFA traffic influence the movements of import traffic through Portland destined to points other than CFA Territory?

A. Yes, it would definitely affect the movement of import traffic through Portland destined to points other than CFA Territory. A modern ocean-going vessel will stop at any given port only if the tonnage involved is large enough to warrant a profit to the ship. If a portion of our present import traffic is lost to another port, it could well come to pass that the tonnage remaining would not be great enough for the ship to enter our port; and not only would we lose the CFA destined cargo but all the remaining cargo [fol. 3390] destined for other points as well.

Q. What would be the result if Portland lost all or nearly all of the import woodpulp traffic to CFA Territory?

A. If Portland lost all or nearly all of the import woodpulp traffic that it now has, to CFA Territory, it could well mean that it might also lose the entire movement of woodpulp to Portland. It would mean fewer ships to Portland, with less cargoes, and as a great deal of our woodpulp is used in Maine, it could well be that the movement would go to another port and woodpulp would have to be hauled into Maine by land carrier, with more expense to Maine users.

Q. If the rail differential on import traffic through Portland were eliminated, in your opinion would Portland be able to compete successfully with other North Atlantic Ports on import traffic to CFA Territory?

A. We definitely have a service disadvantage as we do not have regular ship arrivals to Portland. Other larger ports have more frequent arrivals and if they had the advantage of the parity it could easily mean that they would absorb our present cargoes of import products, and we would be left with nothing. Even with the present advantage we have with the differential, we are unable to build up frequent scheduled arrivals to Portland.

Q. In your opinion, would the elimination of the rail differentials on export traffic through Baltimore and Philadelphia from CFA Territory have any appreciable effect on the movement of traffic through Portland?

A. Equalization of export rates, in my opinion, would not help the Port of Portland under present cargoes moved through Portland. At this time, we have no export cargo out of CFA Territory other than grain and this is government-controlled. On other commodities, we would be in competition with larger ports that have more fre-

[fol. 3391] quent sailings, which definitely puts our little port at a disadvantage.

VERIFICATION

State of Maine
County of Cumberland, ss.

A. Edward Langlois, Jr., being duly sworn, deposes and says that he is General Manager of the Maine Port Authority and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

A. Edward Langlois, Jr.

Subscribed in my presence and sworn
to before me by the affiant above
named this 18th day of October, 1957.

Ruth Mangum
Notary Public, State of Maine
My commission expires March 16, 1962

(Notarial Seal)

[fol. 3392]

I.C.C. EXHIBIT No. 50

Verified Statement No.
Affiant: J. L. Heywood

I & S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (Richard R. Bongartz, Transportation Center, Philadelphia 4, Pa.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 3393]

Before the

INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Testimony of J. L. Heywood

My name is J. L. Heywood and my office is located at 1244 Transportation Center, Six Penn Center Plaza, Philadelphia, Pennsylvania. I have held my present position of Assistant Comptroller of The Pennsylvania Railroad Company for over fourteen years and have been employed in the Accounting Department of that company for forty-one years. My present duties include direct supervision over the compilation of statistics and cost studies of the operations of this railroad. Since 1930 I have been engaged in the analysis and preparation of railroad cost studies, principally in connection with rate cases. I have served as Chairman of the Accounting Committees for Eastern lines in various proceedings before the Interstate Commerce Commission.

I am now appearing on behalf of the protestant railroads which serve one or more of the ports of Baltimore, Md., Philadelphia, Pa. and New York, N. Y., in opposition to the tariffs of the respondent railroads seeking to establish import and export rates between New York, Albany, Boston, and ports north thereof on the one hand, and that portion of central territory known as differential territory, on the other hand, the same as the import-export rates between [fol. 3394] Baltimore and differential territory. I have supervised and participated in the preparation of the exhibits which I desire to submit at this time. These exhibits are true and correct to the best of my knowledge and belief.

My first exhibit (JLH-1) is entitled "Summary of Revenues, Costs and Ratios—Representative Movements of Import Traffic Terminating in Differential Territory" and covers import traffic via the Ports of New York, Philadelphia, and Baltimore.

The summary sheets are the first two pages and the following pages show the revenue and detail of the costs for the respective movements via each of the above named ports.

The representative traffic movements are included in the traffic study of Witness Mollman (Exhibit ——). They are representative from a territorial point of view, including points of origin for export traffic and points of destination for import traffic which are generally scattered throughout differential territory. The movements are also representative from the point of view of commodities actually moving in export and import commerce between differential territory and the North Atlantic ports. They include commodities moving in different types of equipment and with different loading characteristics.

The revenues shown arise from an application of rates presently effective, including the Ex Parte 206-A increases which became effective August 26, 1957. The only change made in these rates is that they reflect a restoration of the normal port differentials in those instances where the differentials got out-of-line as a result of percentage increases.

The average weights are actual weights calculated from the specific movements as included in the traffic study.

[fol. 3395] The costs shown on the detail sheets are in three parts i.e. line haul, and terminal costs at the port and at other origin or destination stations.

The line haul costs are based on I.C.C. Statement 1-57 prepared by the Cost Section of the Bureau of Accounts, Cost Finding and Valuation of the Interstate Commerce Commission. In said I.C.C. statement the Fully Distributed costs for the Eastern District are shown based on the operations for the year 1955 with adjustment to reflect wage and price levels as of January 1, 1957. These costs also include a 4% return on investment after Federal Income Tax and also include passenger and L.C.L. d ficits.

Reference was made to the underlying work-papers of the Cost Section in order that certain adjustments could be made in the Eastern District costs. These adjustments included the elimination of the passenger and L.C.L. deficits, the restatement of the return to reflect 6% with no allowances for Federal Income Taxes and adjustment to July 1, 1957 wage and price levels. The adjusted cost factors were then applied to each traffic movement according to the type of equipment and weight of lading.

Since the mileages in the traffic study were short line miles, an allowance of 13% was made for circuity. This is the same rate of circuity used by the cost section in I.C.C. Statement 1-57. The short line miles shown to New York are to the New Jersey railheads.

The destination or origin terminal costs other than at the ports are also based on the I.C.C. Cost Section's Eastern District costs adjusted as described above in connection with line haul. In addition, claim payments and clerical costs in connection therewith were not included in our costs, since there is no definite method of assigning these payments to this particular traffic. Special service costs were also omitted.

The terminal costs at the ports are predicated on special studies made by various carriers serving the ports of New York, Philadelphia and Baltimore.

[fol. 3396] The port terminal costs used in my exhibits are the weighted average costs for the following carriers:

New York —Central R.R. of New Jersey
Staten Island Rapid Transit Rwy. (B. & O.)
Pennsylvania R.R.

Philadelphia —Baltimore & Ohio R.R.
Pennsylvania R.R.
Reading Co.

Baltimore —Baltimore & Ohio R.R.
Canton R.R.
Pennsylvania R.R.
Western Maryland Rwy.

The costs included in the special port terminal studies cover yard switching, and marine and pier operations, as they are provided in the handling of specific traffic.

Time switching studies were conducted for one week in September 1956 at the yards of the various carriers at the ports referred to above. As a result of this study the average productive switch engine minutes per loaded car required to handle import and export traffic through the yard or yards were determined. The switching engine minutes thus developed were multiplied by the average cost per productive engine minute to produce the switching cost per loaded car. For the operations the average costs per engine minute were for the month of September 1956 and the maintenance costs were based on a three year average brought up to September 1956.

An analysis was made of the marine logs in September 1956 and the costs incident to the marine operations were apportioned to floatage and lighterage services on basis of the time involved. The car floatage costs were reduced to a cost per car and the lighterage costs were reduced to a ton basis and these unit costs were applied to the cars [fol. 3397] floated and tons lightered of import and export freight to develop the total cost for each service. Separate average costs were then determined for all cars and tons imported and exported.

The costs of operating and maintaining the piers over which the traffic under study moved were divided by the total tonnage handled in September 1956 to determine the average cost per ton. Maintenance costs for the piers were also based on a three year average.

The above described average costs were then applied to the representative traffic movements on basis of the type of equipment and the weight in the car.

The port terminal costs were adjusted to reflect the wage and price level as of July 1, 1957 in a manner similar to that employed by the Cost Section in the adjustment of the cost scales in I.C.C. Statement 1-57.

Return on property investment at the ports has been included at a rate of 6% with no allowance for Federal Income Taxes.

Due to the unavailability of port terminal costs at Boston on the basis shown for the other ports, such costs at Boston have been omitted.

My second exhibit (JLH-2) is similar to my first exhibit (JLH-1), previously described, and covers Export Traffic through the same ports. It was prepared in the same manner as my first exhibit.

The data underlying these exhibits is contained in work papers, a copy of which will be sent to the Examiner, and an additional copy will be made available for opposing parties. It is suggested that they agree among themselves as to whom it should be sent, advising me accordingly.

[fol. 3398]

VERIFICATION

Commonwealth of Pennsylvania :
: ss.
County of Philadelphia :

J. L. Heywood, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his knowledge, information and belief.

Signed: J. L. Heywood

Subscribed in my presence, and sworn to before me,
by the affiant above named, this
17th Day of October, 1957.

/s/ W. Stewart Blackburn
Notary Public
My Commission expires July 15, 1958

[fol. 3399]

(See opposite) ☞

Exhibit No.__________(JLH-1) **REVISED**

Affiant: **J. L. Heywood**

A
REC'D
NOV 8 1957
GENERAL SOLICITOR

Before the

INTERSTATE COMMERCE COMMISSION

oOo

I & S DOCKET 6615

REVENUES, COSTS AND RATIOS OF REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY

VIA

PORTS OF NEW YORK, PHILADELPHIA AND BALTIMORE

ALSO

REVENUES, LINE HAUL AND INLAND TERMINAL COSTS OF REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY

VIA

PORT OF BOSTON

3399

October 1957

Philadelphia, Pennsylvania

Summary of Revenues, Costs and Ratios
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Ports of: New York, Philadelphia and Baltimore

Commodity		Type of Car	Average Weight (Tons)	Destination	New York, N.Y.			Philadelphia, Pa.			Baltimore, Md.		
Group No.	Description				Revenues	Costs	Ratio of Costs to Revenues	Revenues	Costs	Ratio of Costs to Revenues	Revenues	Costs	Ratio of Costs to Revenues
75	Coffee	B	31	Cincinnati, O.	$520.80	$625.50	120.1%	$508.40	$415.19	81.7%	$502.20	$366.77	73.0%
199	Prod.Agriculture-Coconut	B	22	Chicago, Ill.	422.40	557.41	132.0	413.60	401.96	97.2	409.20	373.95	91.4
399	Prod.Mines - Talc.	B	32	Crooksville, O.	384.00	583.09	151.8	371.20	368.71	99.3	364.80	327.29	89.7
399	Prod.Mines - Talc.	B	32	New Castle, Pa.	371.20	554.37	149.3	358.40	339.61	94.8	352.00	304.62	86.5
399	Prod.Mines - Talc.	B	32	Sebring, O.	384.00	561.55	146.2	371.20	346.79	93.4	364.80	311.42	85.4
415	Plywood	B	22	Warsaw, Ind.	431.20	522.81	121.2	422.40	366.39	86.7	418.00	338.38	81.0
415	Plywood	B	22	Rockford, Ill.	484.00	584.57	120.8	475.20	429.12	90.3	470.80	401.11	85.2
523	Rubber - Crude	B	35	Akron, O.	637.00	611.01	95.9	623.00	378.86	60.8	616.00	341.67	55.5
555	Aluminum-Bar, Ingot, Pig & Slab	B	14	Cleveland, O.	282.80	350.19	123.8	277.20	243.30	87.8	274.40	221.46	80.7
559	Copper-Bars & Ingots	B	50	Indianapolis, Ind.	1,010.10	918.28	90.9	990.00	596.78	60.3	980.00	535.77	54.7
559	Copper-Bars & Ingots	B	50	Cleveland, O.	640.00	805.42	125.8	620.00	485.83	78.4	610.0	437.67	71.7
571	Metals & Alloys, N.O.S.-Tin	B	29	Weirton, W.Va.	545.20	509.86	93.5	533.60	312.89	58.6	527.80	279.73	53.0
583	Mfd.Iron & Steel	G	40	Canton, O.	696.00	660.43	94.9	680.00	389.48	57.3	672.00	301.18	44.8
583	Mfd.Iron & Steel	B	40	Canton, O.	696.00	668.00	96.0	680.00	405.81	59.7	672.00	364.54	54.2
583	Mfd.Iron & Steel	G	40	Detroit, Mich.	824.00	704.89	85.5	808.00	472.32	58.5	800.00	390.57	48.8
583	Mfd.Iron & Steel	B	40	Detroit, Mich.	824.00	708.06	85.9	808.00	480.43	59.5	800.00	445.07	55.6
583	Mfd.Iron & Steel	G	40	Chicago, Ill.	896.00	826.10	92.2	880.00	555.16	63.1	872.00	466.86	53.5
583	Mfd.Iron & Steel	B	40	Chicago, Ill.	896.00	817.26	91.2	880.00	555.06	63.1	872.00	513.80	58.9
653	Woodpulp	B	41	Chagrin Falls, O.	508.40	691.61	136.0	492.00	425.19	86.4	483.80	383.62	79.3
653	Woodpulp	B	41	Middletown, O.	615.00	746.28	121.3	598.60	478.15	79.9	590.40	425.04	72.0
657	Newsprint Paper	B	26	Cincinnati, O.	431.60	557.85	129.3	421.20	377.30	89.6	416.00	333.57	80.2
657	Newsprint Paper	B	26	Cleveland, O.	390.00	501.93	128.7	379.60	324.14	85.4	374.40	293.53	78.4
657	Newsprint Paper	B	26	Toledo, O.	436.80	538.52	123.3	426.40	360.38	84.5	421.20	329.43	78.2
657	Newsprint Paper	B	26	Milwaukee, Wis.	535.60	612.05	114.3	525.20	458.07	87.2	520.00	427.12	82.1
657	Newsprint Paper	B	26	Pittsburgh, Pa.	338.00	458.43	135.6	327.60	279.26	85.2	322.40	248.31	77.0
671	Wallboard	B	22	Dayton, O.	356.40	492.74	138.3	347.60	337.28	97.0	343.20	300.87	87.7
671	Wallboard	B	22	Cleveland, O.	330.00	451.35	136.8	321.20	297.19	92.5	316.80	269.50	85.1

Summary of Revenues, Costs and Ratios
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Ports of: New York, Philadelphia and Baltimore

Commodity		Type of Car	Average Weight (Tons)	Destination	New York, N.Y.			Philadelphia, Pa.			Baltimore, Md.		
Group No.	Description				Revenues	Costs	Ratio of Costs to Revenues	Revenues	Costs	Ratio of Costs to Revenues	Revenues	Costs	Ratio of Costs to Revenues
671	Wallboard	B	22	Massillon, O.	$303.60	$442.94	145.9%	$294.80	$287.49	97.5%	$290.40	$259.48	89.4%
671	Wallboard	B	22	Chicago, Ill.	444.40	557.41	125.4	435.60	401.96	92.3	431.20	373.95	86.7
723	Burlap Bagging	B	21	Indianapolis, Ind.	424.20	514.05	121.2	415.80	364.52	87.7	411.60	328.99	79.9
723	Burlap Bagging	B	21	Pittsburgh, Pa.	373.80	398.65	106.6	365.40	249.13	68.2	361.20	221.85	61.4
759	Sugar	B	39	Pittsburgh, Pa.	405.60	613.89	151.4	390.00	357.62	91.7	382.20	317.09	83.0
759	Sugar	B	39	Cleveland, O.	608.40	666.32	109.5	592.80	411.72	69.5	585.00	371.61	63.5
759	Sugar	B	39	Columbus, O.	639.60	690.88	108.0	624.00	434.61	69.6	616.20	386.17	62.7
759	Sugar	B	39	Detroit, Mich.	639.60	695.04	108.7	624.00	472.90	75.8	616.20	438.19	71.1
763	Food Prod.,N.O.S.-Unfrozen	B	21	Cincinnati, O.	327.60	490.20	149.6	319.20	339.41	106.3	315.00	300.38	95.4
763	Food Prod.,N.O.S.-Unfrozen	B	21	Cleveland, O.	289.80	438.70	151.4	281.40	290.45	103.2	277.20	263.50	95.1
763	Food Prod.,N.O.S.-Unfrozen	B	21	Chicago, Ill.	403.20	542.98	134.7	394.80	393.45	99.7	390.60	366.18	93.7
763	Food Prod.,N.O.S.-Unfrozen	B	21	Pittsburgh, Pa.	260.40	398.65	153.1	252.00	249.13	98.9	247.80	221.85	89.5
735	Rope,Cordage-Baler & Binder Twine	B	14	Cleveland, O.	226.80	350.19	154.4	221.20	243.30	110.0	218.40	221.46	101.4
735	Rope,Cordage-Baler & Binder Twine	B	14	Detroit, Mich.	252.00	369.49	146.6	246.40	284.41	115.4	243.60	266.21	109.3
735	Rope,Cordage-Baler & Binder Twine	B	14	Pittsburgh, Pa.	193.20	314.95	163.0	187.60	206.94	110.3	184.80	184.82	100.0
735	Rope,Cordage-Baler & Binder Twine	B	14	Dayton, O.	249.20	385.99	154.9	243.60	277.98	114.1	240.80	248.59	103.2
735	Rope,Cordage-Baler & Binder Twine	B	14	Madison, Wis.	330.40	461.51	139.7	324.80	370.28	114.0	322.00	348.16	108.1
499	Prod.Forests-Cork Waste	B	11	Beaver Falls, Pa.	178.20	279.07	156.6	173.80	188.85	108.7	171.60	168.95	98.5
323	Clay-Ball or China	B	50	New Castle, Pa.	520.00	775.90	149.2	500.00	454.39	90.9	490.00	406.24	82.9
323	Clay-Ball or China	B	50	Barberton, O.	570.00	799.71	140.3	550.00	478.68	87.0	540.00	430.53	79.7
323	Clay-Ball or China	B	50	Robinson, Ill.	780.00	983.05	126.0	760.00	661.55	87.0	750.00	600.53	80.1
35	Cotton Linters	B	20	Flint, Mich.	344.00	455.74	132.5	336.00	337.77	100.5	332.00	321.86	96.9
35	Cotton Linters	B	20	Chicago, Ill.	376.00	528.54	140.6	368.00	384.95	104.6	364.00	358.42	98.5
35	Cotton Linters	B	20	St.Louis, Mo.	404.00	575.41	142.4	396.00	431.82	109.0	392.00	397.16	101.3
545	Tanning Material-Divi Pods	B	29	Boyne City, Mich.	667.00	636.05	95.4	655.40	468.73	71.5	649.60	451.84	69.6
545	Tanning Material-Divi Pods	B	29	Columbus, Ind.	597.40	630.26	105.5	585.80	431.85	73.7	580.00	385.31	66.4
545	Tanning Material-Divi Pods	B	29	Chicago, Ill.	626.40	658.47	105.1	614.80	461.50	75.1	609.00	428.34	70.3
763	Food Prod.,N.O.S.-Unfrozen-Olives in Bbls.	B	15	Terre Haute, Ind.	285.00	450.94	158.2	279.00	337.00	120.8	276.00	306.74	111.1
763	Food Prod.,N.O.S.-Unfrozen-Olives in Bbls.	B	15	Chicago, Ill.	288.00	456.36	158.5	282.00	342.42	121.4	279.00	319.57	114.5
763	Food Prod.,N.O.S.-Unfrozen-Citrus,Juice in Bbls.	B	15	Chicago, Ill.	288.00	456.36	158.5	282.00	342.42	121.4	279.00	319.57	114.5

Revenues, Costs and Ratios
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Destinations	Short Line Miles*	Freight Revenues		Costs				Ratio of Costs to Revenues
									Terminal			
Group No.	Description					Rate	Per Car	Line Haul	Port	Destination	Total	
75	Coffee	Box	31	Cincinnati, Ohio	714	$.84	$520.80	$265.96	$323.57	$35.97	$625.50	120.1%
199	Prod. of Agr. Coconut	Box	22	Chicago, Ill.	880	.96	422.40	284.56	239.78	33.07	557.41	132.0
399	Prod. of Mines (Talc.)	Box	32	Crooksville, Ohio	566	.60	384.00	213.92	332.88	36.29	583.09	151.8
399	Prod. of Mines (Talc.)	Box	32	New Castle, Pa.	490	.58	371.20	185.20	332.88	36.29	554.37	149.3
399	Prod. of Mines (Talc.)	Box	32	Sebring, Ohio	509	.60	384.00	192.38	332.88	36.29	561.55	146.2
415	Plywood	Box	22	Warsaw, Ind.	773	.98	431.20	249.96	239.78	33.07	522.81	121.2
415	Plywood	Box	22	Rockford, Ill.	964	1.10	484.00	311.72	239.78	33.07	584.57	120.8
523	Rubber-Crude	Box	35	Akron, Ohio	540	.91	637.00	212.94	360.81	37.26	611.01	95.9
555	Aluminum, Bar, Ingot, Pig, Slab	Box	14	Cleveland, Ohio	552	1.01	282.80	154.39	165.30	30.50	350.19	123.8
559	Copper Bars, Ingots	Box	50	Indianapolis, Ind.	789	1.01	1,010.10	375.73	500.46	42.09	918.28	90.9
559	Copper Bars, Ingots	Box	50	Cleveland, Ohio	522	.64	640.00	262.87	500.46	42.09	805.42	125.8
571	Metal Alloys - Tin	Box	29	Weirton, W.Va.	469	.94	545.20	169.58	304.95	35.33	509.86	93.5
583	Mfd.Iron & Steel	Gond.	40	Canton, Ohio	526	.87	696.00	246.18	378.47	35.78	660.43	94.9
583	Mfd.Iron & Steel	Box	40	Canton, Ohio	526	.87	696.00	221.77	407.36	38.87	668.00	96.0
583	Mfd.Iron & Steel	Gond.	40	Detroit, Mich.	621	1.03	824.00	290.64	378.47	35.78	704.89	85.5
583	Mfd.Iron & Steel	Box	40	Detroit, Mich.	621	1.03	824.00	261.83	407.36	38.87	708.06	85.9
583	Mfd.Iron & Steel	Gond.	40	Chicago, Ill.	880	1.12	896.00	411.85	378.47	35.78	826.10	92.2
583	Mfd.Iron & Steel	Box	40	Chicago, Ill.	880	1.12	896.00	371.03	407.36	38.87	817.26	91.2
653	Woodpulp	Box	41	Chagrin Falls, Ohio	552	.62	508.40	235.75	416.67	39.19	691.61	136.0
653	Woodpulp	Box	41	Middletown, Ohio	680	.75	615.00	290.42	416.67	39.19	746.28	121.3
657	Newsprint Paper	Box	26	Cincinnati, Ohio	714	.83	431.60	246.47	277.02	34.36	557.85	129.3
657	Newsprint Paper	Box	26	Cleveland, Ohio	552	.75	390.00	190.55	277.02	34.36	501.93	128.7
657	Newsprint Paper	Box	26	Toledo, Ohio	658	.84	436.80	227.14	277.02	34.36	538.52	123.3
657	Newsprint Paper	Box	26	Milwaukee, Wisc.	871	1.03	535.60	300.67	277.02	34.36	612.05	114.3
657	Newsprint Paper	Box	26	Pittsburgh, Pa.	426	.65	338.00	147.05	277.02	34.36	458.43	135.6
671	Wallboard	Box	22	Dayton, Ohio	680	.81	356.40	219.89	239.78	33.07	492.74	138.3
671	Wallboard	Box	22	Cleveland, Ohio	552	.75	330.00	178.50	239.78	33.07	451.35	136.8
671	Wallboard	Box	22	Massillon, Ohio	526	.69	303.60	170.09	239.78	33.07	442.94	145.9
671	Wallboard	Box	22	Chicago, Ill.	880	1.01	444.40	284.56	239.78	33.07	557.41	125.4
723	Burlap Bagging	Box	21	Indianapolis, Ind.	789	1.01	424.20	250.83	230.47	32.75	514.05	121.2
723	Burlap Bagging	Box	21	Pittsburgh, Pa.	426	.89	373.80	135.43	230.47	32.75	398.65	106.6

Revenues, Costs and Ratios
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Destinations	Short Line Miles*	Freight Revenues		Costs				Ratio of Costs to Revenues
Group No.	Description					Rate	Per Car	Line Haul	Terminal Port	Terminal Destination	Total	
759	Sugar	Box	39	Pittsburgh, Pa.	426	$.52	$405.60	$177.29	$398.05	$38.55	$613.89	151.4%
759	Sugar	Box	39	Cleveland, Ohio	552	.78	608.40	229.72	398.05	38.55	666.32	109.5
759	Sugar	Box	39	Columbus, Ohio	611	.82	639.60	254.28	398.05	38.55	690.88	108.0
759	Sugar	Box	39	Detroit, Mich.	621	.82	639.60	258.44	398.05	38.55	695.04	108.7
763	Food Products, N.O.S. (Unfrozen)	Box	21	Cincinnati, Ohio	714	.78	327.60	226.98	230.47	32.75	490.20	149.6
763	Food Products, N.O.S. (Unfrozen)	Box	21	Cleveland, Ohio	552	.69	289.80	175.48	230.47	32.75	438.70	151.4
763	Food Products, N.O.S. (Unfrozen)	Box	21	Chicago, Ill.	880	.96	403.20	279.76	230.47	32.75	542.98	134.7
763	Food Products, N.O.S. (Unfrozen)	Box	21	Pittsburgh, Pa.	426	.62	260.40	135.43	230.47	32.75	398.65	153.1
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Cleveland, Ohio	552	.81	226.80	154.39	165.30	30.50	350.19	154.4
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Detroit, Mich.	621	.90	252.00	173.69	165.30	30.50	369.49	146.6
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Pittsburgh, Pa.	426	.69	193.20	119.15	165.30	30.50	314.95	163.0
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Dayton, Ohio	680	.89	249.20	190.19	165.30	30.50	385.99	154.9
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Madison, Wis.	950	1.18	330.40	265.71	165.30	30.50	461.51	139.7
499	Prod. of Forests (Cork Waste)	Box	11	Beaver Falls, Pa.	426	.81	178.20	112.17	137.37	29.53	279.07	156.6
323	Clay, Ball or China	Box	50	New Castle, Pa.	490	.52	520.00	233.35	500.46	42.09	775.90	149.2
323	Clay, Ball or China	Box	50	Barberton, Ohio	540	.57	570.00	257.16	500.46	42.09	799.71	140.3
323	Clay, Ball or China	Box	50	Robinson, Ill.	925	.78	780.00	440.50	500.46	42.09	983.05	126.0
35	Cotton, Linters	Box	20	Flint, Mich.	647	.86	344.00	202.15	221.16	32.43	455.74	132.5
35	Cotton, Linters	Box	20	Chicago, Ill.	880	.94	376.00	274.95	221.16	32.43	528.54	140.6
35	Cotton, Linters	Box	20	St. Louis, Mo.	1,030	1.01	404.00	321.82	221.16	32.43	575.41	142.4
545	Tanning Material (Divi Pods)	Box	29	Boyne City, Mich.	818	1.15	667.00	295.77	304.95	35.33	636.05	95.4
545	Tanning Material (Divi Pods)	Box	29	Columbus, Ind.	802	1.03	597.40	289.98	304.95	35.33	630.26	105.5
545	Tanning Material (Divi Pods)	Box	29	Chicago, Ill.	880	1.08	626.40	318.19	304.95	35.33	658.47	105.1
763	Food Prod. N.O.S. (Unfrozen) Olives in BBls.	Box	15	Terre Haute, Ind.	861	.95	285.00	245.51	174.61	30.82	450.94	158.2
763	Food Prod. N.O.S. (Unfrozen) Olives in Bbls.	Box	15	Chicago, Ill.	880	.96	288.00	250.93	174.61	30.82	456.36	158.5
763	Citrus Juice in Bbls.	Box	15	Chicago, Ill.	880	.96	288.00	250.93	174.61	30.82	456.36	158.5

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* Excludes 10 mile arbitrary under Appendix K, Docket 15879, Eastern Class Rate Investigation.

Revenues, Costs and Ratios
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Port of Philadelphia

Commodity		Type of Equipment	Average Weight Tons	Destinations	Short Line Miles	Freight Revenues		Costs				Ratios of Costs to Revenues
								Line Haul	Terminal		Total	
Group No.	Description					Rate	Per Car		Port	Destination		
75	Coffee	Box	31	Cincinnati, Ohio	644	$.82	$508.40	$239.89	$139.33	$35.97	$415.19	81.7%
199	Prod.of Agr. Coconut	Box	22	Chicago, Ill.	814	.94	413.60	263.22	105.67	33.07	401.96	97.2
399	Prod.of Mines (Talc.)	Box	32	Crooksville, Ohio	501	.58	371.20	189.35	143.07	36.29	368.71	99.3
399	Prod.of Mines (Talc.)	Box	32	New Castle, Pa.	424	.56	358.40	160.25	143.07	36.29	339.61	94.8
399	Prod.of Mines (Talc.)	Box	32	Sebring, Ohio	443	.58	371.20	167.43	143.07	36.29	346.79	93.4
415	Plywood	Box	22	Warsaw, Ind.	704	.96	422.40	227.65	105.67	33.07	366.39	86.7
415	Plywood	Box	22	Rockford, Ill.	898	1.08	475.20	290.38	105.67	33.07	429.12	90.3
523	Rubber-Crude	Box	35	Akron, Ohio	475	.89	623.00	187.31	154.29	37.26	378.86	60.8
555	Aluminum,Bar,Ingot,Pig,Slab	Box	14	Cleveland, Ohio	490	.99	277.20	137.05	75.75	30.50	243.30	87.8
559	Copper Bars, Ingots	Box	50	Indianapolis, Ind.	723	.99	990.00	344.30	210.39	42.09	596.78	60.3
559	Copper Bars, Ingots	Box	50	Cleveland, Ohio	490	.62	620.00	233.35	210.39	42.09	485.83	78.4
571	Metal Alloys - Tin	Box	29	Weirton, W.Va.	403	.92	533.60	145.71	131.85	35.33	312.89	58.6
583	Mfd.Iron & Steel	Gond.	40	Canton, Ohio	460	.85	680.00	215.29	138.41	35.78	389.48	57.3
583	Mfd.Iron & Steel	Box	40	Canton, Ohio	460	.85	680.00	193.95	172.99	38.87	405.81	59.7
583	Mfd.Iron & Steel	Gond.	40	Detroit, Mich.	637	1.01	808.00	298.13	138.41	35.78	472.32	58.5
583	Mfd.Iron & Steel	Box	40	Detroit, Mich.	637	1.01	808.00	268.57	172.99	38.87	480.43	59.5
583	Mfd.Iron & Steel	Gond.	40	Chicago, Ill.	814	1.10	880.00	380.97	138.41	35.78	555.16	63.1
583	Mfd.Iron & Steel	Box	40	Chicago, Ill.	814	1.10	880.00	343.20	172.99	38.87	555.06	63.1
653	Woodpulp	Box	41	Chagrin Falls, Ohio	490	.60	492.00	209.27	176.73	39.19	425.19	86.4
653	Woodpulp	Box	41	Middletown, Ohio	614	.73	598.60	262.23	176.73	39.19	478.15	79.9
657	Newsprint Paper	Box	26	Cincinnati, Ohio	644	.81	421.20	222.31	120.63	34.36	377.30	89.6
657	Newsprint Paper	Box	26	Cleveland, Ohio	490	.73	379.60	169.15	120.63	34.36	324.14	85.4
657	Newsprint Paper	Box	26	Toledo, Ohio	595	.82	426.40	205.39	120.63	34.36	360.38	84.5
657	Newsprint Paper	Box	26	Milwaukee, Wis.	878	1.01	525.20	303.08	120.63	34.36	458.07	87.2
657	Newsprint Paper	Box	26	Pittsburgh, Pa.	360	.63	327.60	124.27	120.63	34.36	279.26	85.2
671	Wallboard	Box	22	Dayton, Ohio	614	.79	347.60	198.54	105.67	33.07	337.28	97.0
671	Wallboard	Box	22	Cleveland, Ohio	490	.73	321.20	158.45	105.67	33.07	297.19	92.5
671	Wallboard	Box	22	Massillon, Ohio	460	.67	294.80	148.75	105.67	33.07	287.49	97.5
671	Wallboard	Box	22	Chicago, Ill.	814	.99	435.60	263.22	105.67	33.07	401.96	92.3
723	Burlap Bagging	Box	21	Indianapolis, Ind.	723	.99	415.80	229.84	101.93	32.75	364.52	87.7
723	Burlap Bagging	Box	21	Pittsburgh, Pa.	360	.87	365.40	114.45	101.93	32.75	249.13	68.2

Revenues, Costs and Ratios Representative Movements of Import Traffic Terminating in Differential Territory via Port of Philadelphia

Group No.	Commodity Description	Type of Equipment	Average Weight Tons	Destinations	Short Line Miles	Freight Revenues		Costs				Ratio of Costs to Revenues
						Rate	Per Car	Line Haul	Terminal Port	Terminal Destination	Total	
759	Sugar	Box	39	Pittsburgh, Pa.	360	$.50	$390.00	$149.82	$169.25	$38.55	$357.62	91.7%
759	Sugar	Box	39	Cleveland, Ohio	490	.76	592.80	203.92	169.25	38.55	411.72	69.5
759	Sugar	Box	39	Columbus, Ohio	545	.80	624.00	226.81	169.25	38.55	434.61	69.6
759	Sugar	Box	39	Detroit, Mich.	637	.80	624.00	265.10	169.25	38.55	472.90	75.8
763	Food Products,N.O.S.(Unfrozen)	Box	21	Cincinnati, Ohio	644	.76	319.20	204.73	101.93	32.75	339.41	106.3
763	Food Products,N.O.S.(Unfrozen)	Box	21	Cleveland, Ohio	490	.67	281.40	155.77	101.93	32.75	290.45	103.2
763	Food Products,N.O.S.(Unfrozen)	Box	21	Chicago, Ill.	814	.94	394.80	258.77	101.93	32.75	393.45	99.7
763	Food Products,N.O.S.(Unfrozen)	Box	21	Pittsburgh, Pa.	360	.60	252.00	114.45	101.93	32.75	249.13	98.9
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Cleveland, Ohio	490	.79	221.20	137.05	75.75	30.50	243.30	110.0
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Detroit, Mich.	637	.88	246.40	178.16	75.75	30.50	284.41	115.4
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Pittsburgh, Pa.	360	.67	187.60	100.69	75.75	30.50	206.94	110.3
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Dayton, Ohio	614	.87	243.60	171.73	75.75	30.50	277.98	114.1
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Madison, Wis.	944	1.16	324.80	264.03	75.75	30.50	370.28	114.0
499	Prod.of Forests (Cork Waste)	Box	11	Beaver Falls, Pa.	360	.79	173.80	94.79	64.53	29.53	188.85	108.7
323	Clay, Ball or China	Box	50	New Castle, Pa.	424	.50	500.00	201.91	210.39	42.09	454.39	90.9
323	Clay, Ball or China	Box	50	Barberton, Ohio	475	.55	550.00	226.20	210.39	42.09	478.68	87.0
323	Clay, Ball or China	Box	50	Robinson, Ill.	859	.76	760.00	409.07	210.39	42.09	661.55	87.0
35	Cotton, Linters	Box	20	Flint, Mich.	663	.84	336.00	207.15	98.19	32.43	337.77	100.5
35	Cotton, Linters	Box	20	Chicago, Ill.	814	.92	368.00	254.33	98.19	32.43	384.95	104.6
35	Cotton, Linters	Box	20	St.Louis, Mo.	964	.99	396.00	301.20	98.19	32.43	431.82	109.0
545	Tanning Material (Divi Pods)	Box	29	Boyne City, Mich.	834	1.13	655.40	301.55	131.85	35.33	468.73	71.5
545	Tanning Material (Divi Pods)	Box	29	Columbus, Ind.	732	1.01	585.80	264.67	131.85	35.33	431.85	73.7
545	Tanning Material (Divi Pods)	Box	29	Chicago, Ill.	814	1.06	614.80	294.32	131.85	35.33	461.50	75.1
763	Food Prod.,N.O.S.(Unfrozen) Olives in Bbls.	Box	15	Terre Haute, Ind.	795	.93	279.00	226.69	79.49	30.82	337.00	120.8
763	Food Prod.,N.O.S.(Unfrozen) Olives in Bbls.	Box	15	Chicago, Ill.	814	.94	282.00	232.11	79.49	30.82	342.42	121.4
763	Citrus Juice in Bbls.	Box	15	Chicago, Ill.	814	.94	282.00	232.11	79.49	30.82	342.42	121.4

Revenues, Costs and Ratios
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Port of Baltimore

Commodity		Type of Equipment	Average Weight Tons	Destinations	Short Line Miles	Freight Revenues		Costs				Ratio of Costs to Revenues
								Line	Terminal			
Group No.	Description					Rate	Per Car	Haul	Port	Destination	Total	
75	Coffee	Box	31	Cincinnati, Ohio	560	$.81	$502.20	$208.60	$122.20	$35.97	$366.77	73.0%
199	Prod.of Agr. Coconut	Box	22	Chicago, Ill.	767	.93	409.20	248.02	92.86	33.07	373.95	91.4
399	Prod.of Mines (Talc.)	Box	32	Crooksville, Ohio	438	.57	364.80	165.54	125.46	36.29	327.29	89.7
399	Prod.of Mines (Talc.)	Box	32	New Castle, Pa.	378	.55	352.00	142.87	125.46	36.29	304.62	86.5
399	Prod.of Mines (Talc.)	Box	32	Sebring, Ohio	396	.57	364.80	149.67	125.46	36.29	311.42	85.4
415	Plywood	Box	22	Warsaw, Ind.	657	.95	418.00	212.45	92.86	33.07	338.38	81.0
415	Plywood	Box	22	Rockford, Ill.	851	1.07	470.80	275.18	92.86	33.07	401.11	85.2
523	Rubber-Crude	Box	35	Akron, Ohio	429	.88	616.00	169.17	135.24	37.26	341.67	55.5
555	Aluminum,Bar,Ingot,Pig,Slab	Box	14	Cleveland, Ohio	444	.98	274.40	124.18	66.78	30.50	221.46	80.7
559	Copper Bars, Ingots	Box	50	Indianapolis, Ind.	650	.98	980.00	309.54	184.14	42.09	535.77	54.7
559	Copper Bars, Ingots	Box	50	Cleveland, Ohio	444	.61	610.00	211.44	184.14	42.09	437.67	71.7
571	Metal Alloys - Tin	Box	29	Weirton, W.Va.	356	.91	527.80	128.72	115.68	35.33	279.73	53.0
583	Mfd.Iron & Steel	Gond.	40	Canton, Ohio	413	.84	672.00	193.29	72.11	35.78	301.18	44.8
583	Mfd.Iron & Steel	Box	40	Canton, Ohio	413	.84	672.00	174.13	151.54	38.87	364.54	54.2
583	Mfd.Iron & Steel	Gond.	40	Detroit, Mich.	604	1.00	800.00	282.68	72.11	35.78	390.57	48.8
583	Mfd.Iron & Steel	Box	40	Detroit, Mich.	604	1.00	800.00	254.66	151.54	38.87	445.07	55.6
583	Mfd.Iron & Steel	Gond.	40	Chicago, Ill.	767	1.09	872.00	358.97	72.11	35.78	466.86	53.5
583	Mfd.Iron & Steel	Box	40	Chicago, Ill.	767	1.09	872.00	323.39	151.54	38.87	513.80	58.9
653	Woodpulp	Box	41	Chagrin Falls, Ohio	444	.59	483.80	189.63	154.80	39.19	383.62	79.3
653	Woodpulp	Box	41	Middletown, Ohio	541	.72	590.40	231.05	154.80	39.19	425.04	72.0
657	Newsprint Paper	Box	26	Cincinnati, Ohio	560	.80	416.00	193.31	105.90	34.36	333.57	80.2
657	Newsprint Paper	Box	26	Cleveland, Ohio	444	.72	374.40	153.27	105.90	34.36	293.53	78.4
657	Newsprint Paper	Box	26	Toledo, Ohio	548	.81	421.20	189.17	105.90	34.36	329.43	78.2
657	Newsprint Paper	Box	26	Milwaukee, Wis.	831	1.00	520.00	286.86	105.90	34.36	427.12	82.1
657	Newsprint Paper	Box	26	Pittsburgh, Pa.	313	.62	322.40	108.05	105.90	34.36	248.31	77.0
671	Wallboard	Box	22	Dayton, Ohio	541	.78	343.20	174.94	92.86	33.07	300.87	87.7
671	Wallboard	Box	22	Cleveland, Ohio	444	.72	316.80	143.57	92.86	33.07	269.50	85.1
671	Wallboard	Box	22	Massillon, Ohio	413	.66	290.40	133.55	92.86	33.07	259.48	89.4
671	Wallboard	Box	22	Chicago, Ill.	767	.98	431.20	248.02	92.86	33.07	373.95	86.7
723	Burlap Bagging	Box	21	Indianapolis, Ind.	650	.98	411.60	206.64	89.60	32.75	328.99	79.9
723	Burlap Bagging	Box	21	Pittsburgh, Pa.	313	.86	361.20	99.50	89.60	32.75	221.85	61.4

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Revenues, Costs and Ratios
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Port of Baltimore

Group No.	Commodity Description	Type of Equipment	Average Weight Tons	Destinations	Short Line Miles	Freight Revenues		Costs				Ratio of Costs to Revenues
						Rate	Per Car	Line Haul	Terminal Port	Terminal Destination	Total	
759	Sugar	Box	39	Pittsburgh, Pa.	313	$.49	$382.20	$130.26	$148.28	$38.55	$317.09	83.0%
759	Sugar	Box	39	Cleveland, Ohio	444	.75	585.00	184.78	148.28	38.55	371.61	63.5
759	Sugar	Box	39	Columbus, Ohio	479	.79	616.20	199.34	148.28	38.55	386.17	62.7
759	Sugar	Box	39	Detroit, Mich.	604	.79	616.20	251.36	148.28	38.55	438.19	71.1
763	Food Products, N.O.S. (Unfrozen)	Box	21	Cincinnati, Ohio	560	.75	315.00	178.03	89.60	32.75	300.38	95.4
763	Food Products, N.O.S. (Unfrozen)	Box	21	Cleveland, Ohio	444	.66	277.20	141.15	89.60	32.75	263.50	95.1
763	Food Products, N.O.S. (Unfrozen)	Box	21	Chicago, Ill.	767	.93	390.60	243.83	89.60	32.75	366.18	93.7
763	Food Products, N.O.S. (Unfrozen)	Box	21	Pittsburgh, Pa.	313	.59	247.80	99.50	89.60	32.75	221.85	89.5
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Cleveland, Ohio	444	.78	218.40	124.18	66.78	30.50	221.46	101.4
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Detroit, Mich.	604	.87	243.60	168.93	66.78	30.50	266.21	109.3
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Pittsburgh, Pa.	313	.66	184.80	87.54	66.78	30.50	184.82	100.0
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Dayton, Ohio	541	.86	240.80	151.31	66.78	30.50	248.59	103.2
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Madison, Wis.	897	1.15	322.00	250.88	66.78	30.50	348.16	108.1
499	Prod. of Forests (Cork Waste)	Box	11	Beaver Falls, Pa.	313	.78	171.60	82.42	57.00	29.53	168.95	98.5
323	Clay, Ball or China	Box	50	New Castle, Pa.	378	.49	490.00	180.01	184.14	42.09	406.24	82.9
323	Clay, Ball or China	Box	50	Barberton, Ohio	429	.54	540.00	204.30	184.14	42.09	430.53	79.7
323	Clay, Ball or China	Box	50	Robinson, Ill.	786	.75	750.00	374.30	184.14	42.09	600.53	80.1
35	Cotton, Linters	Box	20	Flint, Mich.	650	.83	332.00	203.09	86.34	32.43	321.86	96.9
35	Cotton, Linters	Box	20	Chicago, Ill.	767	.91	364.00	239.65	86.34	32.43	358.42	98.5
35	Cotton, Linters	Box	20	St. Louis, Mo.	891	.98	392.00	278.39	86.34	32.43	397.16	101.3
545	Tanning Material (Divi Pods)	Box	29	Boyne City, Mich.	832	1.12	649.60	300.83	115.68	35.33	451.84	69.6
545	Tanning Material (Divi Pods)	Box	29	Columbus, Ind.	648	1.00	580.00	234.30	115.68	35.33	385.31	66.4
545	Tanning Material (Divi Pods)	Box	29	Chicago, Ill.	767	1.05	609.00	277.33	115.68	35.33	428.34	70.3
763	Food Prod. N.O.S. (Unfrozen) Olives in Bbls.	Box	15	Terre Haute, Ind.	722	.92	276.00	205.88	70.04	30.82	306.74	111.1
763	Food Prod. N.O S. (Unfrozen) Olives in Bbls.	Box	15	Chicago, Ill.	767	.93	279.00	218.71	70.04	30.82	319.57	114.5
763	Citrus Juice in Bbls.	Box	15	Chicago, Ill.	767	.93	279.00	218.71	70.04	30.82	319.57	114.5

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Revenues, Line Haul and Inland Terminal Costs
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Port of Boston

Commodity						Freight Revenues		Costs	
Group No.	Description	Type of Equipment	Average Weight Tons	Destinations	Short Line Miles	Rate	Per Car	Line Haul	Terminal Destination
75	Coffee	Box	31	Cincinnati, Ohio	891	$.84	$520.80	$331.89	$35.97
199	Prod. of Agr. Coconut	Box	22	Chicago, Ill	973	.96	422.40	314.63	33.07
399	Prod. of Mines (Talc.)	Box	32	Crooksville, Ohio	775	.60	384.00	292.91	36.29
399	Prod. of Mines (Talc.)	Box	32	New Castle, Pa.	646	.58	371.20	244.16	36.29
399	Prod. of Mines (Talc.)	Box	32	Sebring, Ohio	673	.60	384.00	254.36	36.29
415	Plywood	Box	22	Warsaw, Ind.	874	.98	431.20	282.62	33.07
415	Plywood	Box	22	Rockford, Ill.	1,050	1.10	484.00	339.53	33.07
523	Rubber-Crude	Box	35	Akron, Ohio	683	.91	637.00	269.33	37.26
555	Aluminum,Bar,Ingot,Pig,Slab	Box	14	Cleveland, Ohio	652	1.01	282.80	182.36	30.50
559	Copper Bars, Ingots	Box	50	Indianapolis, Ind.	934	1.01	1,010.00	444.78	42.09
559	Copper Bars, Ingots	Box	50	Cleveland, Ohio	652	.64	640.00	310.49	42.09
571	Metal Alloys - Tin	Box	29	Weirton, W.Va.	706	.94	545.20	255.27	35.33
583	Mfd. Iron & Steel	Gond.	40	Canton, Ohio	691	.87	696.00	323.40	35.78
583	Mfd. Iron & Steel	Box	40	Canton, Ohio	691	.87	696.00	291.34	38.87
583	Mfd. Iron & Steel	Gond.	40	Detroit, Mich.	706	1.03	824.00	330.42	35.78
583	Mfd. Iron & Steel	Box	40	Detroit, Mich.	706	1.03	824.00	297.67	38.87
583	Mfd. Iron & Steel	Gond.	40	Chicago, Ill.	973	1.12	896.00	455.38	35.78
583	Mfd. Iron & Steel	Box	40	Chicago, Ill.	973	1.12	896.00	410.24	38.87
653	Woodpulp	Box	41	Chagrin Falls, Ohio	652	.62	508.40	278.46	39.19
653	Woodpulp	Box	41	Middletown, Ohio	836	.75	615.00	357.04	39.19
657	Newsprint Paper	Box	26	Cincinnati, Ohio	891	.83	431.60	307.57	34.36
657	Newsprint Paper	Box	26	Cleveland, Ohio	652	.75	390.00	225.07	34.36
657	Newsprint Paper	Box	26	Toledo, Ohio	759	.84	436.80	262.01	34.36
657	Newsprint Paper	Box	26	Milwaukee, Wisc.	953	1.03	535.60	328.97	34.36
657	Newsprint Paper	Box	26	Pittsburgh, Pa.	663	.65	338.00	228.87	34.36
671	Wallboard	Box	22	Dayton, Ohio	836	.81	356.40	270.33	33.07
671	Wallboard	Box	22	Cleveland, Ohio	652	.75	330.00	210.83	33.07
671	Wallboard	Box	22	Massillon, Ohio	691	.69	303.60	223.44	33.07
671	Wallboard	Box	22	Chicago, Ill.	973	1.01	444.40	314.63	33.07
723	Burlap Bagging	Box	21	Indianapolis, Ind.	934	1.01	424.20	296.92	32.75
723	Burlap Bagging	Box	21	Pittsburgh, Pa.	663	.89	373.80	210.77	32.75

Revenues, Line Haul and Inland Terminal Costs
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Port of Boston

Commodity		Type of Equipment	Average Weight Tons	Destinations	Short Line Miles	Freight Revenues		Costs	
Group No.	Description					Rate	Per Car	Line Haul	Terminal Destination
759	Sugar	Box	39	Pittsburgh, Pa.	663	$.52	$405.60	$275.92	$38.55
759	Sugar	Box	39	Cleveland, Ohio	652	.78	608.40	271.34	38.55
759	Sugar	Box	39	Columbus, Ohio	790	.82	639.60	328.77	38.55
759	Sugar	Box	39	Detroit, Mich.	706	.82	639.60	293.81	38.55
763	Food Products,N.O.S.(Unfrozen)	Box	21	Cincinnati, Ohio	891	.78	327.60	283.25	32.75
763	Food Products,N.O.S.(Unfrozen)	Box	21	Cleveland, Ohio	652	.69	289.80	207.27	32.75
763	Food Products,N.O.S.(Unfrozen)	Box	21	Chicago, Ill.	973	.96	403.20	309.32	32.75
763	Food Products,N.O.S.(Unfrozen)	Box	21	Pittsburgh, Pa.	663	.62	260.40	210.77	32.75
735	Rope,Cordage (Baler & Binder Twine)	Box	14	Cleveland, Ohio	652	.81	226.80	182.36	30.50
735	Rope,Cordage (Baler & Binder Twine)	Box	14	Detroit, Mich.	706	.90	252.00	197.46	30.50
735	Rope,Cordage (Baler & Binder Twine)	Box	14	Pittsburgh, Pa.	663	.69	193.20	185.43	30.50
735	Rope,Cordage (Baler & Binder Twine)	Box	14	Dayton, Ohio	836	.89	249.20	233.82	30.50
735	Rope,Cordage (Baler & Binder Twine)	Box	14	Madison, Wisc.	1,032	1.18	330.40	288.64	30.50
499	Prod.of Forests (Cork Waste)	Box	11	Beaver Falls, Pa.	663	.81	178.20	174.58	29.53
323	Clay,Ball or China	Box	50	New Castle, Pa.	646	.52	520.00	307.63	42.09
323	Caly,Ball or China	Box	50	Barberton, Ohio	683	.57	570.00	325.25	42.09
323	Clay,Ball or China	Box	50	Robinson, Ill.	1,069	.78	780.00	509.07	42.09
35	Cotton, Linters	Box	20	Flint, Mich.	729	.86	344.00	227.77	32.43
35	Cotton, Linters	Box	20	Chicago, Ill.	973	.94	376.00	304.01	32.43
35	Cotton, Linters	Box	20	St. Louis, Mo.	1,174	1.01	404.00	366.81	32.43
545	Tanning Material (Divi Pods)	Box	29	Boyne City, Mich.	899	1.15	667.00	325.06	35.33
545	Tanning Material (Divi Pods)	Box	29	Columbus, Ind.	952	1.03	597.40	344.22	35.33
545	Tanning Material (Divi Pods)	Box	29	Chicago, Ill.	973	1.08	626.40	351.81	35.33
763	Food Prod.N.O.S.(Unfrozen) Olives in Bbls.	Box	15	Terre Haute, Ind.	1,005	.95	285.00	286.58	30.82
763	Food Prod.N.O.S.(Unfrozen) Olives in Bbls.	Box	15	Chicago, Ill.	973	.96	288.00	277.45	30.82
763	Citrus Juice in Bbls.	Box	15	Chicago, Ill.	973	.96	288.00	277.45	30.82

Exhibit No. __________(JLH-2) **REVISED**

Affiant: J. L. Heywood

REC'D NOV 8 1957 GENERAL SOLICITOR

Before the

INTERSTATE COMMERCE COMMISSION

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I & S DOCKET 6615

REVENUES, COSTS AND RATIOS OF REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY

VIA

PORTS OF NEW YORK, PHILADELPHIA AND BALTIMORE

ALSO

REVENUES, LINE HAUL AND INLAND TERMINAL COSTS OF REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY

VIA

PORT OF BOSTON

November 1957

Philadelphia, Pennsylvania

Summary of Revenues, Costs and Ratios Representative Movements of Export Traffic Terminating in Differential Territory via Ports of: New York, Philadelphia and Baltimore

Commodity					New York, N.Y.			Philadelphia, Pa.			Baltimore, Md.		
Group No.	Description	Type of Car	Average Weight (Tons)	Origin	Revenues	Costs	Ratio of Costs to Revenues	Revenues	Costs	Ratio of Costs to Revenues	Revenues	Costs	Ratio of Costs to Revenues
15	Wheat Flour	B	33	Indianapolis, Ind.	$379.50	$681.31	179.5%	$372.90	$460.63	123.5%	$366.30	$414.55	113.2%
17	Corn Meal	B	41	Decatur, Ill.	438.70	858.17	195.6	422.30	590.05	139.7	414.10	536.94	129.7
103	Malt	B	44	Manitowac, Wisc.	360.80	871.46	241.5	343.20	621.90	181.2	334.40	590.99	153.0
217	Meats, Cooked, Cured or Preserved	R	23	Cleveland, Ohio	377.20	537.71	142.6				363.40	322.70	88.8
219	Packing House Prod. (Lard)	R	22	Cleveland, Ohio	360.80	525.24	145.6				347.60	317.44	91.3
229	Butter	R	19	Chicago, Ill.	528.20	628.78	119.0				516.80	440.45	85.2
231	Cheese	R	24	Green Bay, Wisc.	715.20	713.82	99.8				700.80	540.50	77.1
299	Animal Tallow	B	26	Cincinnati, Ohio	509.60	557.85	109.5	499.20	377.30	75.6	494.00	333.57	67.5
45	Soybean Oil Meal	B	37	Decatur, Ill.	395.90	799.07	201.8	381.10	554.67	145.5	373.70	505.07	135.2
45	Soybean Oil Meal	B	37	Painesville, Ohio	329.30	631.30	191.7	314.50	392.16	124.7	307.10	358.78	116.8
515	Soybean Oil	B	31	Louisville, Ky.	663.40	666.47	100.5	651.00	456.16	70.1	644.80	407.74	63.2
539	Fertilizer (Ammonium Sulphate)	B	56	Bessemer, Pa.	418.88	817.16	195.1	396.48	460.08	116.0	385.28	407.03	105.6
539	Fertilizer (Ammonium Sulphate)	B	56	Gary, Ind.	638.40	1,048.23	164.2	616.00	691.15	112.2	604.80	638.10	105.5
549	Plastics	B	29	Marietta, Ohio	609.00	533.36	87.6	597.40	334.95	56.1	591.60	288.41	48.8
549	Plastics	B	29	Ottawa, Ill.	899.00	683.05	76.0	887.40	486.09	54.8	881.60	452.93	51.4
575	Billets, Iron and Steel	G	50	Canton, Ohio	532.00	777.09	146.1	512.00	446.34	87.2	502.00	335.78	66.9
583	Tin Plate	B	51	Steubenville, Ohio	489.60	778.08	158.9	469.20	450.65	96.0	459.00	401.29	87.4
583	Tin Sheets	G	36	Cleveland, Ohio	388.80	625.36	160.8	374.40	380.12	101.5	367.20	301.17	82.0
583	Tin Plate	G	50	Chicago, Ill.	760.00	962.09	126.6	740.00	631.34	85.3	730.00	520.78	71.3
583	Tin Plate	G	50	Gary, Ind.	760.00	962.09	126.6	740.00	631.34	85.3	730.00	520.78	71.3
583	Tin Plate	G	50	Detroit, Mich.	620.00	826.74	133.3	600.00	538.84	89.8	590.00	435.59	73.8
587	Iron and Steel Pipe	G	41	Aliquippa, Pa.	393.60	624.74	158.7	377.20	347.81	92.2	369.00	257.29	69.7
587	Iron and Steel Pipe	G	41	Youngstown, Ohio	426.40	655.04	153.6	410.00	378.11	92.2	401.80	288.06	71.7
587	Iron and Steel Pipe	G	41	Lorain, Ohio	442.80	684.40	154.6	426.40	409.36	96.0	418.20	319.31	76.4
595	Machinery	F	18	Oakley, Ohio	468.00	446.74	95.5	460.80	308.41	66.9	457.20	259.15	56.7
595	Machinery	G	18	Oakley, Ohio	468.00	469.16	100.2	460.80	328.39	71.3	457.20	276.20	60.4
659	Printing Paper	B	23	Hamilton, Ohio	423.20	517.27	122.2	414.00	354.57	85.6	409.40	313.66	76.6
669	Pulpboard	B	24	Rittman, Ohio	384.00	472.63	123.1	374.40	305.65	81.6	369.60	276.51	74.8
669	Pulpboard	B	24	Middletown, Ohio	398.40	519.43	130.4	388.80	352.12	90.6	384.00	313.95	81.8
697	Glass Bottles	B	18	Lancaster, Ohio	273.60	415.85	152.0	266.40	282.91	106.2	262.80	246.69	93.9

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Summary of Revenues, Costs and Ratios
Representative Movements of
Export Traffic Terminating in Differential Territory
via
Ports of: New York, Philadelphia and Baltimore

Commodity					New York, N.Y.			Philadelphia, Pa.			Baltimore, Md.		
roup No.	Description	Type of Car	Average Weight (Tons)	Origin	Revenues	Costs	Ratio of Costs to Revenues	Revenues	Costs	Ratio of Costs to Revenues	Revenues	Costs	Ratio of Costs to Revenues
763	Food Products, NOS, Unfrozen (Milk)	B	26	Columbus, Ohio	$390.00	$522.30	133.9%	$379.60	$343.12	90.4%	$374.40	$305.61	81.6%
505	Lubricating Oil	B	24	Rouseville, Pa.	336.00	438.87	130.6	326.40	275.57	84.4	321.60	255.11	79.3
773	Feed, Animal or Poultry	B	32	Battle Creek, Mich.	406.40	649.23	159.8	393.60	446.57	113.5	387.20	411.20	106.2
773	Feed, Animal or Poultry	B	32	Toledo, Ohio	320.00	617.86	193.1	307.20	404.24	131.6	300.80	368.87	122.6
215	Fresh Meats	R	20	Chicago, Ill.	748.00	643.04	86.0				736.00	447.48	60.8
239	Hides and Skins	B	44	Chicago, Ill.	941.60	875.01	92.9	924.00	589.09	63.8	915.20	544.87	59.5
591	Agricultural Implements	F	25	Racine, Wisc.	415.00	600.14	144.6	405.00	437.70	108.1	400.00	384.44	96.1
623	Vehicle Parts	B	37	Detroit, Mich.	769.60	668.99	86.9	754.80	457.81	60.7	747.40	424.23	56.8
627	Tires and Tubes	B	14	Akron, Ohio	305.20	346.83	113.6	299.60	239.10	79.8	296.80	217.27	73.2
627	Tires and Tubes	B	14	Cleveland, Ohio	305.20	350.19	114.7	299.60	243.30	81.2	296.80	221.46	74.6
707	Refrigerators	B	10	Appliance Park (Louisville), Ky.	356.00	369.74	103.9	352.00	284.42	80.8	350.00	255.71	73.1
1	Wheat	B	55	Chicago, Ill.	3/ 374.00	549.74	147.0	3/ 363.00	462.70	127.5	3/ 357.50	434.86	121.6
1	Wheat	B	55	Columbus, O.	506.00	414.29	81.9	495.00	327.25	66.1	489.50	289.85	59.2
3	Corn	B	55	Chicago, Ill.	3/ 374.00	549.65	147.0	3/ 363.00	462.70	127.5	3/ 357.50	434.86	121.6
3	Corn	B	55	Indianapolis, Ind.	506.00	503.92	99.6	495.00	416.88	84.2	489.50	375.95	76.8
613	Automobiles, Pass., S.U.	B	6.25	Flint, Mich.	1/ 327.50	274.74	83.9	325.00	232.16	71.4	323.75	223.82	69.1
613	Automobiles, Pass., S.U.	B	10	Flint, Mich.	524.00	324.10	61.9	520.00	260.96	50.2	518.00	250.56	48.4
613	Automobiles, Pass., S.U.	B	6.25	Detroit, Mich.	311.25	268.57	86.3	308.75	225.98	73.2	307.50	212.90	69.2
613	Automobiles, Pass., S.U.	B	10	Detroit, Mich.	498.00	317.40	63.7	494.00	254.25	51.5	492.00	238.69	48.5
613	Automobiles, Pass., S.U.	B	7.5	Detroit, Mich.	2/ 315.00	284.85	90.4						
613	Automobiles, Pass., S.U.	B	10	Detroit, Mich.	420.00	317.40	75.6						

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1/ - Not applicable for account N.Y.C.R.R. as origin carrier.
2/ - Applicable only for N.Y.C.R.R. as origin carrier.
3/ - Reshipping rate.

Revenues, Costs and Ratios
Representative Movements of
Export Traffic Terminating in Differential Territory
via
Port of New York

Commodity						Freight Revenues		Costs				
									Terminal			
Group No.	Description	Type of Equipment	Average Weight Tons	Origins	Short Line Miles*	Rate	Per Car	Line Haul	Origin	Port	Total	Ratio of Costs to Revenues
15	Wheat Flour	Box	33	Indianapolis, Ind.	789	$.57½	$379.50	$302.51	$36.61	$342.19	$681.31	179.5%
17	Corn Meal	Box	41	Decatur, Ill.	942	.53½	438.70	402.31	39.19	416.67	858.17	195.6
103	Malt	Box	44	Manitowoc, Wisc.	872	.41	360.80	386.70	40.16	444.60	871.46	241.5
217	Meats, cooked (cured or preserved)	Refgr.	23	Cleveland, O.	552	.82	377.20	249.29	30.03	258.39	537.71	142.6
219	Packing House Prod. (Lard)	Refgr.	22	Cleveland, O.	552	.82	360.80	246.28	29.71	249.25	525.24	145.6
229	Butter	Refgr.	19	Chicago, Ill.	880	1.39	528.20	378.21	28.74	221.83	628.78	119.0
231	Cheese	Refgr.	24	Green Bay, Wisc.	910	1.49	715.20	415.94	30.35	267.53	713.82	99.8
299	Animal Tallow	Box	26	Cincinnati, O.	714	.98	509.60	246.47	34.36	277.02	557.85	109.5
45	Soybean Oil Meal	Box	37	Decatur, Ill.	942	.53½	395.90	381.74	37.90	379.43	799.07	201.8
45	Soybean Oil Meal	Box	37	Painesville, O.	528	.44½	329.30	213.97	37.90	379.43	631.30	191.7
515	Soybean Oil	Box	31	Louisville, Ky.	824	1.07	663.40	306.93	35.97	323.57	666.47	100.5
539	Fertilizer (ammonium sulphate)	Box	56	Bessemer, Pa.	426	7.48	418.88	216.82	44.02	556.32	817.16	195.1
539	Fertilizer (ammonium sulphate)	Box	56	Gary, Ind.	880	11.40	638.40	447.89	44.02	556.32	1,048.23	164.2
549	Plastics	Box	29	Marietta, O.	534	1.05	609.00	193.08	35.33	304.95	533.36	87.6
549	Plastics	Box	29	Ottawa, Ill.	948	1.55	899.00	342.77	35.33	304.95	683.05	76.0
575	Billets, I.& S.	Gond.	50	Canton, O.	526	10.64	532.00	274.89	37.63	464.57	777.09	146.1
583	Tin Plate	Box	51	Steubenville, O.	469	.48	489.60	225.90	42.41	509.77	778.08	158.9
583	Sheets	Gond.	36	Cleveland, O.	552	.54	388.80	246.29	35.04	344.03	625.36	160.8
583	Plates	Gond.	50	Chicago, Ill.	880	.76	760.00	459.89	37.63	464.57	962.09	126.6
583	Plates	Gond.	50	Gary, Ind.	880	.76	760.00	459.89	37.63	464.57	962.09	126.6
583	Plates	Gond.	50	Detroit, Mich.	621	.62	620.00	324.54	37.63	464.57	826.74	133.3
587	I. & S. Pipe	Gond.	41	Aliquippa, Pa.	426	.48	393.60	201.70	35.96	387.08	624.74	158.7
587	I. & S. Pipe	Gond.	41	Youngstown, O.	490	.52	426.40	232.00	35.96	387.08	655.04	153.6
587	I. & S. Pipe	Gond.	41	Lorain, O.	552	.54	442.80	261.36	35.96	387.08	684.40	154.6
595	Machinery	Flat	18	Oakley, O.	714	1.30	468.00	223.54	34.15	189.05	446.74	95.5
595	Machinery	Gond.	18	Oakley, O.	714	1.30	468.00	248.41	31.70	189.05	469.16	100.2
659	Printing Paper	Box	23	Hamilton, O.	714	.92	423.20	234.78	33.40	249.09	517.27	122.2
669	Pulpboard	Box	24	Rittman, O.	540	.80	384.00	180.51	33.72	258.40	472.63	123.1
669	Pulpboard	Box	24	Middletown, O.	680	.83	398.40	227.31	33.72	258.40	519.43	130.4
697	Glass Bottles	Box	18	Lancaster, O.	602	.76	273.60	181.52	31.79	202.54	415.85	152.0
763	Food Products, N.O.S. Unfrozen (Milk)	Box	26	Columbus, O.	611	.75	390.00	210.92	34.36	277.02	522.30	133.9
505	Lubricating Oil	Box	24	Rouseville, Pa.	439	.70	336.00	146.75	33.72	258.40	438.87	130.6
773	Feed, Animal or Poultry	Box	32	Battle Creek, Mich.	741	.63½	406.40	280.06	36.29	332.88	649.23	159.8
773	Feed, Animal or Poultry	Box	32	Toledo, O.	658	.50	320.00	248.69	36.29	332.88	617.86	193.1
215	Fresh Meats	Refgr.	20	Chicago, Ill	880	1.87	748.00	383.01	29.06	230.97	643.04	86.0

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Revenues, Costs and Ratios
Representative Movements of
Export Traffic Terminating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Origin	Short Line Miles*	Freight Revenues		Costs				Ratio of Costs to Revenues
									Terminal			
Group No.	Description					Rate	Per Car	Line Haul	Origin	Port	Total	
239	Hides and Skins	Box	44	Chicago, Ill.	880	$1.07	$941.60	$390.25	$40.16	$444.60	$875.01	92.9%
591	Agricultural Implements	Flat	25	Racine, Wisc.	895	.83	415.00	314.41	36.41	249.32	600.14	144.6
623	Vehicle Parts	Box	37	Detroit, Mich.	621	1.04	769.60	251.66	37.90	379.43	668.99	86.9
627	Tires and Tubes	Box	14	Akron, O.	540	1.09	305.20	151.03	30.50	165.30	346.83	113.6
627	Tires and Tubes	Box	14	Cleveland, O.	552	1.09	305.20	154.39	30.50	165.30	350.19	114.7
707	Refrigerators	Box	10	Appliance Park (Louisville) Ky.	824	1.78	356.00	212.47	29.21	128.06	369.74	103.9
1	Wheat	Box	55	Chicago, Ill.	880	3/ .34	374.00	443.09	43.70	62.95	549.74	147.0
1	Wheat	Box	55	Columbus, O.	611	.46	506.00	307.64	43.70	62.95	414.29	81.9
3	Corn	Box	55	Chicago, Ill.	880	3/ .34	374.00	443.00	43.70	62.95	549.65	147.0
3	Corn	Box	55	Indianapolis, Ind.	789	.46	506.00	397.27	43.70	62.95	503.92	99.6
613	Automobiles, Passenger, S.U.	Box	A	Flint, Mich.	647	2.62	327.50	153.59	28.00	93.15	274.74	83.9
613	Automobiles, Passenger, S.U.	Box	B	Flint, Mich.	647	2.62	524.00	166.83	29.21	128.06	324.10	61.9
613	Automobiles, Passenger, S.U.	Box	A	Detroit, Mich.	621	1/ 2.49	311.25	147.42	28.00	93.15	268.57	86.3
613	Automobiles, Passenger, S.U.	Box	B	Detroit, Mich.	621	2.49	498.00	160.13	29.21	128.06	317.40	63.7
613	Automobiles, Passenger, S.U.	Box	C	Detroit, Mich.	621	2/ 2.10	315.00	151.65	28.41	104.79	284.85	90.4
613	Automobiles, Passenger, S.U.	Box	B	Detroit, Mich.	621	2.10	420.00	160.13	29.21	128.06	317.40	75.6

A - Based on Minimum Weight 12,500 lbs. for cars not exceeding 50'7" in length.
B - Based on Minimum Weight 20,000 lbs. for cars exceeding 50'8" in length.
C - Based on Minimum Weight 15,000 lbs. for cars not exceeding 50'7" in length.
1/ - Not applicable for Account N.Y.C.R.R. as Origin Carrier.
2/ - Applicable only for Account N.Y.C.R.R. as Origin Carrier.
3/ - Reshipping Rate.

* Excludes 10 miles Arbitrary under Appendix K, Docket 15879, Eastern Class Rate Investigation.

Revenues, Costs and Ratios
Representative Movements of
Export Traffic Terminating in Differential Territory
via
Port of Philadelphia

Commodity						Freight Revenues		Costs				
									Terminal			
Group No.	Description	Type of Equipment	Average Weight Tons	Origin	Short Line Miles	Rate	Per Car	Line Haul	Origin	Port	Total	Ratio of Costs to Revenues
15	Wheat Flour	Box	33	Indianapolis, Ind.	723	$.56½	$372.90	$277.21	$36.61	$146.81	$460.63	123.5%
17	Corn Meal	Box	41	Decatur, Ill.	876	.51½	422.30	374.13	39.19	176.73	590.05	139.7
103	Malt	Box	44	Manitowoc, Wisc.	888	.39	343.20	393.79	40.16	187.95	621.90	181.2
217	Meats, cooked (cured or preserved)	Refgr.	23	Cleveland, O.								
219	Packing House Prod. (Lard)	Refgr.	22	Cleveland, O.								
229	Butter	Refgr.	19	Chicago, Ill.								
231	Cheese	Refgr.	24	Green Bay, Wisc.								
299	Animal Tallow	Box	26	Cincinnati, O.	644	.96	499.20	222.31	34.36	120.63	377.30	75.6
45	Soybean Oil Meal	Box	37	Decatur, Ill.	876	.51½	381.10	355.00	37.90	161.77	554.67	145.5
45	Soybean Oil Meal	Box	37	Painesville, O.	475	.42½	314.50	192.49	37.90	161.77	392.16	124.7
515	Soybean Oil	Box	31	Louisville, Ky.	754	1.05	651.00	280.86	35.97	139.33	456.16	70.1
539	Fertilizer (ammonium sulphate)	Box	56	Bessemer, Pa.	360	7.08	396.48	183.23	44.02	232.83	460.08	116.0
539	Fertilizer (ammonium sulphate)	Box	56	Gary, Ind.	814	11.00	616.00	414.30	44.02	232.83	691.15	112.2
549	Plastics	Box	29	Marietta, O.	464	1.03	597.40	167.77	35.33	131.85	334.95	56.1
549	Plastics	Box	29	Ottawa, Ill.	882	1.53	887.40	318.91	35.33	131.85	486.09	54.8
575	Billets, I. & S.	Gond.	50	Canton, O.	460	10.24	512.00	240.40	37.63	168.31	446.34	87.2
583	Tin Plate	Box	51	Steubenville, O.	403	.46	469.20	194.11	42.41	214.13	450.65	96.0
583	Sheets	Gond.	36	Cleveland, O.	490	.52	374.40	218.63	35.04	126.45	380.12	101.5
563	Plates	Gond.	50	Chicago, Ill.	814	.74	740.00	425.40	37.63	168.31	631.34	85.3
583	Plates	Gond.	50	Gary, Ind.	814	.74	740.00	425.40	37.63	168.31	631.34	85.3
583	Plates	Gond.	50	Detroit, Mich.	637	.60	600.00	332.90	37.63	168.31	538.84	89.8
587	I. & S. Pipe	Gond.	41	Aliquippa, Pa.	360	.46	377.20	170.45	35.96	141.40	347.81	92.2
587	I. & S. Pipe	Gond.	41	Youngstown, O.	424	.50	410.00	200.75	35.96	141.40	378.11	92.2
587	I. & S. Pipe	Gond.	41	Lorain, O.	490	.52	426.40	232.00	35.96	141.40	409.36	96.0
595	Machinery	Flat	18	Oakley, O.	644	1.28	460.80	201.63	34.15	72.63	308.41	66.9
595	Machinery	Gond.	18	Oakley, O.	644	1.28	460.80	224.06	31.70	72.63	328.39	71.3
659	Printing Paper	Box	23	Hamilton, O.	644	.90	414.00	211.76	33.40	109.41	354.57	85.6
669	Pulpboard	Box	24	Rittman, O.	475	.78	374.40	158.78	33.72	113.15	305.65	81.6
669	Pulpboard	Box	24	Middletown, O.	614	.81	388.80	205.25	33.72	113.15	352.12	90.6
697	Glass Bottles	Box	18	Lancaster, O.	532	.74	266.40	160.41	31.79	90.71	282.91	106.2
763	Food Products, N.O.S. Unfrozen (Milk)	Box	26	Columbus, O.	545	.73	379.60	188.13	34.36	120.63	343.12	90.4
505	Lubricating Oil	Box	24	Rouseville, Pa.	385	.68	326.40	128.70	33.72	113.15	275.57	84.4
773	Feed, Animal or Poultry	Box	32	Battle Creek, Mich.	707	.61½	393.60	267.21	36.29	143.07	446.57	113.5
773	Feed, Animal or Poultry	Box	32	Toledo, O.	595	.48	307.20	224.88	36.29	143.07	404.24	131.6
215	Fresh Meats	Refgr.	20	Chicago, Ill.								

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Revenues, Costs and Ratios
Representative Movements of
Export Traffic Terminating in Differential Territory
via
Port of Philadelphia

Commodity						Freight Revenues		Costs				
									Terminal			
Group No.	Description	Type of Equipment	Average Weight Tons	Origin	Short Line Miles	Rate	Per Car	Line Haul	Origin	Port	Total	Ratio of Costs to Revenues
239	Hides and Skins	Box	44	Chicago, Ill.	814	$1.05	$924.00	$360.98	$40.16	$187.95	$589.09	63.8%
591	Agricultural Implements	Flat	25	Racine, Wisc.	876	.81	405.00	307.73	36.41	93.56	437.70	108.1
623	Vehicle Parts	Box	37	Detroit, Mich.	637	1.02	754.80	258.14	37.90	161.77	457.81	60.7
627	Tires and Tubes	Box	14	Akron, O.	475	1.07	299.60	132.85	30.50	75.75	239.10	79.8
627	Tires and Tubes	Box	14	Cleveland, O.	490	1.07	299.60	137.05	30.50	75.75	243.30	81.2
707	Refrigerators	Box	10	Appliance Park, (Louisville) Ky.	754	1.76	352.00	194.42	29.21	60.79	284.42	80.8
1	Wheat	Box	55	Chicago, Ill.	814	3/ .33	363.00	409.86	43.70	9.14	462.70	127.5
1	Wheat	Box	55	Columbus, O.	545	.45	495.00	274.41	43.70	9.14	327.25	66.1
3	Corn	Box	55	Chicago, Ill.	814	3/ .33	363.00	409.86	43.70	9.14	462.70	127.5
3	Corn	Box	55	Indianapolis, Ind.	723	.45	495.00	364.04	43.70	9.14	416.88	84.2
613	Automobiles, Passenger, S.U.	Box	A	Flint, Mich.	663	2.60	325.00	157.39	28.00	46.77	232.16	71.4
613	Automobiles, Passenger, S.U.	Box	B	Flint, Mich.	663	2.60	520.00	170.96	29.21	60.79	260.96	50.2
613	Automobiles, Passenger, S.U.	Box	A	Detroit, Mich.	637	2.47	308.75	151.21	28.00	46.77	225.98	73.2
613	Automobiles, Passenger, S.U.	Box	B	Detroit, Mich.	637	2.47	494.00	164.25	29.21	60.79	254.25	51.5
613	Automobiles, Passenger, S.U.	Box	C	Detroit, Mich.	-	-	-	-	-	-	-	-
613	Automobiles, Passenger, S.U.	Box	B	Detroit, Mich.	-	-	-	-	-	-	-	-

3416

A - Based on Minimum Weight 12,500 lbs. for cars not exceeding 50'7" in length.
B - Based on Minimum Weight 20,000 lbs. for cars exceeding 50'8" in length.
C - Based on Minimum Weight 15,000 lbs. for cars not exceeding 50'7" in length.
1/- Not applicable for Account N.Y.C.R.R. as Origin Carrier.
2/- Applicable only for Account N.Y.C.R.R. as Origin Carrier.
3/- Reshipping Rate

Revenues, Costs and Ratios
Representative Movements of
Export Traffic Terminating in Differential Territory
via
Port of Baltimore

[fol. 3417]

Commodity						Freight Revenues		Costs				
									Terminal			
Group No.	Description	Type of Equipment	Average Weight Tons	Origin	Short Line Miles	Rate	Per Car	Line Haul	Origin	Port	Total	Ratio of Costs to Revenues
15	Wheat Flour	Box	33	Indianapolis, Ind.	650	$.55½	$366.30	$249.22	$36.61	$128.72	$414.55	113.2%
17	Corn Meal	Box	41	Decatur, Ill.	803	.50½	414.10	342.95	39.19	154.80	536.94	129.7
103	Malt	Box	44	Manitowoc, Wisc.	871	.38	334.40	386.25	40.16	164.58	590.99	153.0
217	Meats, cooked (cured or preserved)	Refgr.	23	Cleveland, O.	444	.79	363.40	200.52	30.03	92.15	322.70	88.8
219	Packing House Prod. (Lard)	Refgr.	22	Cleveland, O.	444	.79	347.60	198.10	29.71	89.63	317.44	91.3
229	Butter	Refgr.	19	Chicago, Ill.	767	1.36	516.80	329.64	28.74	82.07	440.45	85.2
231	Cheese	Refgr.	24	Green Bay, Wisc.	909	1.46	700.80	415.48	30.35	94.67	540.50	77.1
299	Animal Tallow	Box	26	Cincinnati, O.	560	.95	494.00	193.31	34.36	105.90	333.57	67.5
45	Soybean Oil Meal	Box	37	Decatur, Ill.	803	.50½	373.70	325.41	37.90	141.76	505.07	135.2
45	Soybean Oil Meal	Box	37	Painesville, O.	442	.41½	307.10	179.12	37.90	141.76	358.78	116.8
515	Soybean Oil	Box	31	Louisville, Ky.	670	1.04	644.80	249.57	35.97	122.20	407.74	63.2
539	Fertilizer (ammonium sulphate)	Box	56	Bessemer, Pa.	313	6.88	385.28	159.31	44.02	203.70	407.03	105.6
539	Fertilizer (ammonium sulphate)	Box	56	Gary, Ind.	767	10.80	604.80	390.38	44.02	203.70	638.10	105.5
549	Plastics	Box	29	Marietta, O.	380	1.02	591.60	137.40	35.33	115.68	288.41	48.8
549	Plastics	Box	29	Ottawa, Ill.	835	1.52	881.60	301.92	35.33	115.68	452.93	51.4
575	Billets, I. & S.	Gond.	50	Canton, O.	413	10.04	502.00	215.84	37.63	82.31	335.78	66.9
583	Tin Plate	Box	51	Steubenville, O.	356	.45	459.00	171.48	42.41	187.40	401.29	87.4
583	Sheets	Gond.	36	Cleveland, O.	444	.51	367.20	198.10	35.04	68.03	301.17	82.0
583	Plates	Gond.	50	Chicago, Ill.	767	.73	730.00	400.84	37.63	82.31	520.78	71.3
583	Plates	Gond.	50	Gary, Ind.	767	.73	730.00	400.84	37.63	82.31	520.78	71.3
583	Plates	Gond.	50	Detroit, Mich.	604	.59	590.00	315.65	37.63	82.31	435.59	73.8
587	I. & S. Pipe	Gond.	41	Aliquippa, Pa.	313	.45	369.00	148.20	35.96	73.13	257.29	69.7
587	I. & S. Pipe	Gond.	41	Youngstown, O.	378	.49	401.80	178.97	35.96	73.13	288.06	71.7
587	I. & S. Pipe	Gond.	41	Lorain, O.	444	.51	418.20	210.22	35.96	73.13	319.31	76.4
595	Machinery	Flat	18	Oakley, O.	560	1.27	457.20	175.33	34.15	49.67	259.15	56.7
595	Machinery	Gond.	18	Oakley, O.	560	1.27	457.20	194.83	31.70	49.67	276.20	60.4
659	Printing Paper	Box	23	Hamilton, O.	560	.89	409.40	184.14	33.40	96.12	313.66	76.6
669	Pulpboard	Box	24	Rittman, O.	429	.77	369.60	143.41	33.72	99.38	276.51	74.8
669	Pulpboard	Box	24	Middletown, O.	541	.80	384.00	180.85	33.72	99.38	313.95	81.8
697	Glass Bottles	Box	18	Lancaster, O.	448	.73	262.80	135.08	31.79	79.82	246.69	93.9
763	Food Products, N.O.S. Unfrozen (Milk)	Box	26	Columbus, O.	479	.72	374.40	165.35	34.36	105.90	305.61	81.6
505	Lubricating Oil	Box	24	Rouseville, Pa.	365	.67	321.60	122.01	33.72	99.38	255.11	79.3
773	Feed, Animal or Poultry	Box	32	Battle Creek, Mich.	660	.60½	387.20	249.45	36.29	125.46	411.20	106.2
773	Feed, Animal or Poultry	Box	32	Toledo, O.	548	.47	300.80	207.12	36.29	125.46	368.87	122.6
215	Fresh Meats	Refgr.	20	Chicago, Ill.	767	1,84	736.00	333.83	29.06	84.59	447.48	60.8

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Revenues, ~~Costs and~~ Ratios
Representative Movements of
Export Traffic Terminating in Differential Territory
via
Port of Baltimore

Commodity		Type of Equipment	Average Weight Tons	Origin	Short Line Miles	Freight Revenues		Costs				Ratio of Costs to Revenues
									Terminal			
Group No.	Description					Rate	Per Car	Line Haul	Origin	Port	Total	
239	Hides and Skins	Box	44	Chicago, Ill.	767	$1.04	$915.20	$340.13	$40.16	$164.58	$544.87	59.5%
591	Agricultural Implements	Flat	25	Racine, Wisc.	829	.80	400.00	291.22	36.41	56.81	384.44	96.1
623	Vehicle Parts	Box	37	Detroit, Mich.	604	1.01	747.40	244.77	37.90	141.76	424.43	56.8
627	Tires and Tubes	Box	14	Akron, O.	429	1.06	296.80	119.99	30.50	66.78	217.27	73.2
627	Tires and Tubes	Box	14	Cleveland, O.	444	1.06	296.80	124.18	30.50	66.78	221.46	74.6
707	Refrigerators	Box	10	Appliance Park, (Louisville) Ky.	670	1.75	350.00	172.76	29.21	53.74	255.71	73.1
1	Wheat	Box	55	Chicago, Ill.	767	3/ .32½	357.50	386.19	43.70	4.97	434.86	121.6
1	Wheat	Box	55	Columbus, O.	479	.44½	489.50	241.18	43.70	4.97	289.85	59.2
3	Corn	Box	55	Chicago, Ill.	767	3/ .32½	357.50	386.19	43.70	4.97	434.86	121.6
3	Corn	Box	55	Indianapolis, Ind.	650	.44½	489.50	327.28	43.70	4.97	375.95	76.8
613	Automobiles, Passenger, S.U.	Box	A	Flint, Mich.	650	2.59	323.75	154.30	28.00	41.52	223.82	69.1
613	Automobiles, Passenger, S.U.	Box	B	Flint, Mich.	650	2.59	518.00	167.61	29.21	53.74	250.56	48.4
613	Automobiles, Passenger, S.U.	Box	A	Detroit, Mich.	604	2.46	307.50	143.38	28.00	41.52	212.90	69.2
613	Automobiles, Passenger, S.U.	Box	B	Detroit, Mich.	604	2.46	492.00	155.74	29.21	53.74	238.69	48.5
613	Automobiles, Passenger, S.U.	Box	C	Detroit, Mich.	-	-	-	-	-	-	-	-
613	Automobiles, Passenger, S.U.	Box	B	Detroit, Mich.	-	-	-	-	-	-	-	-

A - Based on Minimum Weight 12,500 lbs. for cars not exceeding 50'7" in length.
B - Based on Minimum Weight 20,000 lbs. for cars exceeding 50'8" in length.
C - Based on Minimum Weight 15,000 lbs. for cars not exceeding 50'7" in length.
1/ - Not applicable for Account N.Y.C.R.R. as Origin Carrier.
2/ - Applicable only for Account N.Y.C.R.R. as Origin Carrier.
3/ - Reshipping Rate.

[fol. 3419]

Revenues, Line Haul and Inland Terminal Costs
Representative Movements of
Export Traffic Terminating in Differential Territory
via
Port of Boston

Commodity		Type of Equipment	Average Weight Tons	Origin	Short Line Miles	Freight Revenues		Costs	
Group No.	Description					Rate	Per Car	Line Haul	Terminal Origin
15	Wheat Flour	Box	33	Indianapolis, Ind.	934	$.57½	$379.50	$358.11	$36.61
17	Corn Meal	Box	41	Decatur, Ill.	1,068	.53½	438.70	456.13	39.19
103	Malt	Box	44	Manitowoc, Wisc.	953	.41	360.80	422.62	40.16
217	Meats, Cooked (Cured or Preserved)	Refgr.	23	Cleveland, Ohio	652	.82	377.20	294.46	30.03
219	Packing House Prod. (Lard)	Refgr.	22	Cleveland, Ohio	652	.82	360.80	290.90	29.71
229	Butter	Refgr.	19	Chicago, Ill.	973	1.39	528.20	418.18	28.74
231	Cheese	Refgr.	24	Green Bay, Wisc.	991	1.49	715.20	452.97	30.35
299	Animal Tallow	Box	26	Cincinnati, Ohio	891	.98	509.60	307.57	34.36
45	Soybean Oil Meal	Box	37	Decatur, Ill.	1,068	.53½	395.90	432.80	37.90
45	Soybean Oil Meal	Box	37	Painesville, Ohio	624	.44½	329.30	252.87	37.90
515	Soybean Oil	Box	31	Louisville, Ky.	1,002	1.07	663.40	372.87	35.97
539	Fertilizer (Ammonium Sulphate)	Box	56	Bessemer, Pa.	663	7.48	418.88	337.45	44.02
539	Fertilizer (Ammonium Sulphate)	Box	56	Gary, Ind.	973	11.40	638.40	495.23	44.02
549	Plastics	Box	29	Marietta, Ohio	771	1.05	609.00	278.77	35.33
549	Plastics	Box	29	Ottawa, Ill.	1,044	1.55	899.00	377.48	35.33
575	Billets, I.& S.	Gond.	50	Canton, Ohio	619	10.64	532.00	323.49	37.63
583	Tin Plate	Box	51	Steubenville, Ohio	706	.48	489.60	340.06	42.41
583	Sheets	Gond.	36	Cleveland, Ohio	652	.54	388.80	290.91	35.04
583	Plates	Gond.	50	Chicago, Ill.	973	.76	760.00	508.50	37.63
583	Plates	Gond.	50	Gary, Ind.	973	.76	760.00	508.50	37.63
583	Plates	Gond.	50	Detroit, Mich.	706	.62	620.00	368.96	37.63
587	I.& S.Pipe	Gond.	41	Aliquippa, Pa.	663	.48	393.60	313.91	35.96
587	I.& S.Pipe	Gond.	41	Youngstown, Ohio	646	.52	426.40	305.86	35.96
587	I.& S.Pipe	Gond.	41	Lorain, Ohio	652	.54	442.80	308.71	35.96
595	Machinery	Flat	18	Oakley, Ohio	891	1.30	468.00	278.96	34.15
595	Machinery	Gond.	18	Oakley, Ohio	891	1.30	468.00	310.00	31.70
659	Printing Paper	Box	23	Hamilton, Ohio	891	.92	423.20	292.98	33.40
669	Pulpboard	Box	24	Rittman, Ohio	683	.80	384.00	228.31	33.72
669	Pulpboard	Box	24	Middletown, Ohio	836	.83	398.40	279.46	33.72
697	Glass Bottles	Box	18	Lancaster, Ohio	818	.76	273.60	246.65	31.79
763	Food Products, N.O.S. Unfrozen (Milk)	Box	26	Columbus, Ohio	790	.75	390.00	272.71	34.36
505	Lubricating Oil	Box	24	Rouseville, Pa.	607	.70	336.00	202.91	33.72
773	Feed, Animal or Poultry	Box	32	Battle Creek, Mich.	822	.63½	406.40	310.68	36.29
773	Feed, Animal or Poultry	Box	32	Toledo, Ohio	759	.50	320.00	286.87	36.29
215	Fresh Meats	Refgr.	20	Chicago, Ill.	973	1.87	748.00	423.49	29.06

3419

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Revenues, Line Haul and Inland Terminal Costs
Representative Movements of
Export Traffic Terminating in Differential Territory
via
Port of Boston

Commodity						Freight Revenues		Costs	
Group No.	Description	Type of Equipment	Average Weight Tons	Origin	Short Line Miles	Rate	Per Car	Line Haul	Terminal Origin
239	Hides and Skins	Box	44	Chicago, Ill.	973	$1.07	$941.60	$431.49	$40.16
591	Agricultural Implements	Flat	25	Racine, Wisc.	977	.83	415.00	343.22	36.41
623	Vehicle Parts	Box	37	Detroit, Mich.	706	1.04	769.60	286.10	37.90
627	Tires and Tubes	Box	14	Akron, O.	683	1.09	305.20	191.03	30.50
627	Tires and Tubes	Box	14	Cleveland, O.	652	1.09	305.20	182.36	30.50
707	Refrigerators	Box	10	Appliance Park (Louisville) Ky.	1,001	1.78	356.00	258.11	29.21
1	Wheat	Box	55	Chicago, Ill.	973	3/ .34	374.00	489.91	43.70
1	Wheat	Box	55	Columbus, O.	790	.46	506.00	397.77	43.70
3	Corn	Box	55	Chicago, Ill.	973	3/ .34	374.00	489.91	43.70
3	Corn	Box	55	Indianapolis, Ind.	934	.46	506.00	470.28	43.70
613	Automobiles, Passenger, S.U.	Box	A	Flint, Mich.	729	2.62	327.50	173.05	28.00
613	Automobiles, Passenger, S.U.	Box	B	Flint, Mich.	729	2.62	524.00	187.98	29.21
613	Automobiles, Passenger, S.U.	Box	A	Detroit, Mich.	706	1/ 2.49	311.25	167.59	28.00
613	Automobiles, Passenger, S.U.	Box	B	Detroit, Mich.	706	2.49	498.00	182.05	29.21
613	Automobiles, Passenger, S.U.	Box		Detroit, Mich.	706	2/ 2.10	315.00	172.41	28.41
613	Automobiles, Passenger, S.U.	Box	B	Detroit, Mich.	706	2.10	420.00	182.05	29.21

3420

A - Based on Minimum Weight 12,500 lbs. for cars not exceeding 50'7" in length.
B - Based on Minimum Weight 20,000 lbs. for cars exceeding 50'8" in length.
C - Based on Minimum Weight 15,000 lbs. for cars not exceeding 50'7" in length.
1/ - Not applicable for Account N.Y.C.R.R. as Origin Carrier.
2/ - Applicable only for Account N.Y.C.R.R. as Origin Carrier.
3/ - Reshipping Rate.

Exhibit No. ____________ (JLH-3)

Affiant: J. L. Heywood

Before the

INTERSTATE COMMERCE COMMISSION

oOo

I & S DOCKET 6615

REVENUES, OUT-OF-POCKET COSTS AND RATIOS OF REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY

VIA

PORT OF NEW YORK

3421

February 1958

Philadelphia, Pennsylvania

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Destinations	Short Line Miles*	Freight Revenues		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
Group No.	Description					Rate	Per Car	Line Haul	Terminal Port	Terminal Destination	Total	
75	Coffee	Box	31	Cincinnati, Ohio	714	$.84	$520.80	$230.31	$262.70	$33.81	$526.82	101.2%
199	Prod. of Agr. Coconut	Box	22	Chicago, Ill.	880	.96	422.40	259.63	194.66	32.50	486.79	115.2
399	Prod. of Mines (Talc.)	Box	32	Crooksville, Ohio	566	.60	384.00	184.30	270.26	33.96	488.52	127.2
399	Prod. of Mines (Talc.)	Box	32	New Castle, Pa.	490	.58	371.20	159.55	270.26	33.96	463.77	124.9
399	Prod. of Mines (Talc.)	Box	32	Sebring, Ohio	509	.60	384.00	165.74	270.26	33.96	469.96	122.4
415	Plywood	Box	22	Warsaw, Ind.	773	.98	431.20	228.06	194.66	32.50	455.22	105.6
415	Plywood	Box	22	Rockford, Ill.	964	1.10	484.00	284.41	194.66	32.50	511.57	105.7
523	Rubber-Crude	Box	35	Akron, Ohio	540	.91	637.00	180.79	292.94	34.39	508.12	79.8
555	Aluminum,Bar,Ingot,Pig,Slab	Box	14	Cleveland, Ohio	552	1.01	282.80	149.35	134.18	31.34	314.87	111.3
559	Copper Bars, Ingots	Box	50	Indianapolis, Ind.	789	1.01	1,010.10	300.34	406.34	36.58	743.26	73.6
559	Copper Bars, Ingots	Box	50	Cleveland, Ohio	522	.64	640.00	198.71	406.34	36.58	641.63	100.3
571	Metal Alloys - Tin	Box	29	Weirton, W.Va.	469	.94	545.20	148.41	247.58	33.52	429.51	78.8
583	Mfd.Iron & Steel	Gond.	40	Canton, Ohio	526	.87	696.00	211.45	306.98	32.01	550.44	79.1
583	Mfd.Iron & Steel	Box	40	Canton, Ohio	526	.87	696.00	184.14	330.74	35.12	550.00	79.0
583	Mfd.Iron & Steel	Gond.	40	Detroit, Mich.	621	1.03	824.00	249.63	306.98	32.01	588.62	71.4
583	Mfd.Iron & Steel	Box	40	Detroit, Mich.	621	1.03	824.00	217.40	330.74	35.12	583.26	70.8
583	Mfd.Iron & Steel	Gond.	40	Chicago, Ill.	880	1.12	896.00	353.75	306.98	32.01	692.74	77.3
583	Mfd.Iron & Steel	Box	40	Chicago, Ill.	880	1.12	896.00	308.07	330.74	35.12	673.93	75.2
653	Woodpulp	Box	41	Chagrin Falls, Ohio	552	.62	508.40	194.93	338.30	35.27	568.50	111.8
653	Woodpulp	Box	41	Middletown, Ohio	680	.75	615.00	240.13	338.30	35.27	613.70	99.8
657	Newsprint Paper	Box	26	Cincinnati, Ohio	714	.83	431.60	219.39	224.90	33.08	477.37	110.6
657	Newsprint Paper	Box	26	Cleveland, Ohio	552	.75	390.00	169.61	224.90	33.08	427.59	109.6
657	Newsprint Paper	Box	26	Toledo, Ohio	658	.84	436.80	202.18	224.90	33.08	460.16	105.3
657	Newsprint Paper	Box	26	Milwaukee, Wisc.	871	1.03	535.60	267.63	224.90	33.08	525.61	98.1
657	Newsprint Paper	Box	26	Pittsburgh, Pa.	426	.65	338.00	130.90	224.90	33.08	388.88	115.1
671	Wallboard	Box	22	Dayton, Ohio	680	.81	356.40	200.62	194.66	32.50	427.78	120.0
671	Wallboard	Box	22	Cleveland, Ohio	552	.75	330.00	162.86	194.66	32.50	390.02	118.2
671	Wallboard	Box	22	Massillon, Ohio	526	.69	303.60	155.19	194.66	32.50	382.35	125.9
671	Wallboard	Box	22	Chicago, Ill.	880	1.01	444.40	259.63	194.66	32.50	486.79	109.5
723	Burlap Bagging	Box	21	Indianapolis, Ind.	789	1.01	424.20	230.37	187.10	32.36	449.83	106.0
723	Burlap Bagging	Box	21	Pittsburgh, Pa.	426	.89	373.80	124.38	187.10	32.36	343.84	92.0

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Destinations	Short Line Miles*	Freight Revenues		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
Group No.	Description					Rate	Per Car	Line Haul	Terminal Port	Terminal Destination	Total	
759	Sugar	Box	39	Pittsburgh, Pa.	426	$.52	$405.60	$147.83	$323.18	$34.98	$505.99	124.8%
759	Sugar	Box	39	Cleveland, Ohio	552	.78	608.40	191.56	323.18	34.98	549.72	90.4
759	Sugar	Box	39	Columbus, Ohio	611	.82	639.60	212.03	323.18	34.98	570.19	89.1
759	Sugar	Box	39	Detroit, Mich.	621	.82	639.60	215.50	323.18	34.98	573.66	89.7
763	Food Products, N.O.S. (Unfrozen)	Box	21	Cincinnati, Ohio	714	.78	327.60	208.47	187.10	32.36	427.93	130.6
763	Food Products, N.O.S. (Unfrozen)	Box	21	Cleveland, Ohio	552	.69	289.80	161.17	187.10	32.36	380.63	131.3
763	Food Products, N.O.S. (Unfrozen)	Box	21	Chicago, Ill.	880	.96	403.20	256.94	187.10	32.36	476.40	118.2
763	Food Products, N.O.S. (Unfrozen)	Box	21	Pittsburgh, Pa.	426	.62	260.40	124.38	187.10	32.36	343.84	132.0
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Cleveland, Ohio	552	.81	226.80	149.35	134.18	31.34	314.87	138.8
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Detroit, Mich.	621	.90	252.00	168.02	134.18	31.34	333.54	132.4
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Pittsburgh, Pa.	426	.69	193.20	115.26	134.18	31.34	280.78	145.3
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Dayton, Ohio	680	.89	249.20	183.99	134.18	31.34	349.51	140.3
735	Rope, Cordage (Baler & Binder Twine)	Box	14	Madison, Wis.	950	1.18	330.40	257.04	134.18	31.34	422.56	127.9
499	Prod. of Forests (Cork Waste)	Box	11	Beaver Falls, Pa.	426	.81	178.20	111.35	111.50	30.90	253.75	142.4
323	Clay, Ball or China	Box	50	New Castle, Pa.	490	.52	520.00	186.52	406.34	36.58	629.44	121.0
323	Clay, Ball or China	Box	50	Barberton, Ohio	540	.57	570.00	205.56	406.34	36.58	648.48	113.8
323	Clay, Ball or China	Box	50	Robinson, Ill.	925	.78	780.00	352.11	406.34	36.58	795.03	101.9
35	Cotton, Linters	Box	20	Flint, Mich.	647	.86	344.00	186.93	179.54	32.21	398.68	115.9
35	Cotton, Linters	Box	20	Chicago, Ill.	880	.94	376.00	254.25	179.54	32.21	466.00	123.9
35	Cotton, Linters	Box	20	St. Louis, Mo.	1,030	1.01	404.00	297.59	179.54	32.21	509.34	126.1
545	Tanning Material (Divi Pods)	Box	29	Boyne City, Mich.	818	1.15	667.00	258.85	247.58	33.52	539.95	81.0
545	Tanning Material (Divi Pods)	Box	29	Columbus, Ind.	802	1.03	597.40	253.79	247.58	33.52	534.89	89.5
545	Tanning Material (Divi Pods)	Box	29	Chicago, Ill.	880	1.08	626.40	278.47	247.58	33.52	559.57	89.3
763	Food Prod. N.O.S. (Unfrozen) Olives in Bbls.	Box	15	Terre Haute, Ind.	861	.95	285.00	235.59	141.74	31.48	408.81	143.4
763	Food Prod. N.O.S. (unfrozen) Olives Bbls.	Box	15	Chicago, Ill.	880	.96	288.00	240.79	141.74	31.48	414.01	143.8
763	Citrus Juice in Bbls.	Box	15	Chicago, Ill.	880	.96	288.00	240.79	141.74	31.48	414.01	143.8

34Y3

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* Excludes 10 mile arbitrary under Appendix K, Docket 15879, Eastern Class Rate Investigation.

Exhibit No. ________ (JLH-4)

Affiant: J. L. Heywood

Before the

INTERSTATE COMMERCE COMMISSION

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I & S DOCKET 6615

REVENUES, OUT-OF-POCKET COSTS AND RATIOS OF REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

3424

February 1958

Philadelphia, Pennsylvania

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Export Traffic Terminating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Origins	Short Line Miles*	Freight Revenues		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
Group No.	Description					Rate	Per Car	Line Haul	Terminal		Total	
									Origin	Port		
15	Wheat Flour	Box	33	Indianapolis, Ind.	789	$.57½	$379.50	$259.32	$34.10	$277.82	$571.24	150.5%
17	Corn Meal	Box	41	Decatur, Ill.	942	.53½	438.70	332.66	35.27	338.30	706.23	161.0
103	Malt	Box	44	Manitowoc, Wisc.	872	.41	360.80	315.94	35.70	360.98	712.62	197.5
217	Meats, cooked (cured or preserved)	Refgr.	23	Cleveland, O.	552	.82	377.20	234.24	28.17	209.62	472.03	125.1
219	Packing House Prod. (Lard)	Refgr.	22	Cleveland, O.	552	.82	360.80	232.55	28.03	202.20	462.78	128.3
229	Butter	Refgr.	19	Chicago, Ill.	880	1.39	528.20	362.67	27.59	179.95	570.21	108.0
231	Cheese	Refgr.	24	Green Bay, Wisc.	910	1.49	715.20	388.94	28.32	217.03	634.29	88.7
299	Animal Tallow	Box	26	Cincinnati, O.	714	.98	509.60	219.39	33.08	224.90	477.37	93.7
45	Soybean Oil Meal	Box	37	Decatur, Ill.	942	.53½	395.90	321.13	34.68	308.06	663.87	167.7
45	Soybean Oil Meal	Box	37	Painesville, O.	528	.44½	329.30	180.00	34.68	308.06	522.74	158.7
515	Soybean Oil	Box	31	Louisville, Ky.	824	1.07	663.40	265.79	33.81	262.70	562.30	84.8
539	Fertilizer (ammonium sulphate)	Box	56	Bessemer, Pa.	426	7.48	418.88	169.98	37.45	451.70	659.13	157.4
539	Fertilizer (ammonium sulphate)	Box	56	Gary, Ind.	880	11.40	638.40	351.13	37.45	451.70	840.28	131.6
549	Plastics	Box	29	Marietta, O.	534	1.05	609.00	168.98	33.52	247.58	450.08	73.9
549	Plastics	Box	29	Ottawa, Ill.	948	1.55	899.00	299.99	33.52	247.58	581.09	64.6
575	Billets, I.& S.	Gond.	50	Canton, O.	526	10.64	532.00	227.53	32.01	376.82	636.36	119.6
583	Tin Plate	Box	51	Steubenville, O.	469	.48	489.60	179.96	36.72	413.90	630.58	128.8
583	Sheets	Gond.	36	Cleveland, O.	552	.54	388.80	215.14	32.01	279.05	526.20	135.3
583	Plates	Gond.	50	Chicago, Ill.	880	.76	760.00	380.66	32.01	376.82	789.49	103.9
583	Plates	Gond.	50	Gary, Ind.	880	.76	760.00	380.66	32.01	376.82	789.49	103.9
583	Plates	Gond.	50	Detroit, Mich.	621	.62	620.00	268.62	32.01	376.82	677.45	109.3
587	I. & S. Pipe	Gond.	41	Aliquippa, Pa.	426	.48	393.60	172.55	32.01	313.97	518.53	131.7
587	I. & S. Pipe	Gond.	41	Youngstown, O.	490	.52	426.40	198.47	32.01	313.97	544.45	127.7
587	I. & S. Pipe	Gond.	41	Lorain, O.	552	.54	442.80	223.59	32.01	313.97	569.57	128.6
595	Machinery	Flat	18	Oakley, O.	714	1.30	468.00	211.12	34.63	153.34	399.09	85.3
595	Machinery	Gond.	18	Oakley, O.	714	1.30	468.00	238.98	32.01	153.34	424.33	90.7
659	Printing Paper	Box	23	Hamilton, O.	714	.92	423.20	212.84	32.65	202.22	447.71	105.8
669	Pulpboard	Box	24	Rittman, O.	540	.80	384.00	162.62	32.79	209.78	405.19	105.5
669	Pulpboard	Box	24	Middletown, O.	680	.83	398.40	204.78	32.79	209.78	447.35	112.3
697	Glass Bottles	Box	18	Lancaster, O.	602	.76	273.60	170.25	31.92	164.42	366.59	134.0
763	Food Products, N.O.S. Unfrozen (Milk)	Box	26	Columbus, O.	611	.75	390.00	187.74	33.08	224.90	445.72	114.3
505	Lubricating Oil	Box	24	Rouseville, Pa.	439	.70	336.00	132.21	32.79	209.78	374.78	111.5
773	Feed, Animal or Poultry	Box	32	Battle Creek, Mich.	741	.63½	406.40	241.28	33.96	270.26	545.50	134.2
773	Feed, Animal or Poultry	Box	32	Toledo, O.	658	.50	320.00	214.26	33.96	270.26	518.48	162.0
215	Fresh Meats	Refgr.	20	Chicago, Ill.	880	1.87	748.00	365.36	27.74	187.37	580.47	77.6

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Export Traffic Terminating in Differential Territory
via
Port of New York

Commodity						Freight Revenues		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
									Terminal			
Group No.	Description	Type of Equipment	Average Weight Tons	Origins	Short Line Miles*	Rate	Per Car	Line Haul	Origin	Port	Total	
239	Hides and Skins	Box	44	Chicago, Ill.	880	$1.07	$941.60	$318.84	$35.70	$360.98	$715.52	76.0%
591	Agricultural Implements	Flat	25	Racine, Wisc.	895	.83	415.00	283.80	35.64	202.22	521.66	125.7
623	Vehicle Parts	Box	37	Detroit, Mich.	621	1.04	769.60	211.70	34.68	308.06	554.44	72.0
627	Tires and Tubes	Box	14	Akron, O.	540	1.09	305.20	146.11	31.34	134.18	311.63	102.1
627	Tires and Tubes	Box	14	Cleveland, O.	552	1.09	305.20	149.35	31.34	134.18	314.87	103.2
707	Refrigerators	Box	10	Appliance Park (Louisville) Ky.	824	1.78	356.00	212.87	30.76	103.94	347.57	97.6
1	Wheat	Box	55	Chicago, Ill.	880	3/ .34	374.00	348.44	37.30	50.96	436.70	116.8
1	Wheat	Box	55	Columbus, O.	611	.46	506.00	241.93	37.30	50.96	330.19	65.3
3	Corn	Box	55	Chicago, Ill.	880	3/ .34	374.00	348.44	37.30	50.96	436.70	116.8
3	Corn	Box	55	Indianapolis, Ind.	789	.46	506.00	312.41	37.30	50.96	400.67	79.2
613	Automobiles, Passenger, S.U.	Box	A	Flint, Mich.	647	2.62	327.50	159.72	30.21	75.59	265.52	81.1
613	Automobiles, Passenger, S.U.	Box	B	Flint, Mich.	647	2.62	524.00	167.14	30.76	103.94	301.84	57.6
613	Automobiles, Passenger, S.U.	Box	A	Detroit, Mich.	621	1/ 2.49	311.25	153.31	30.21	75.59	259.11	83.2
613	Automobiles, Passenger, S.U.	Box	B	Detroit, Mich	621	2.49	498.00	160.43	30.76	103.94	295.13	59.3
613	Automobiles, Passenger, S.U.	Box	C	Detroit, Mich.	621	2/ 2.10	315.00	155.68	30.39	85.05	271.12	86.1
613	Automobiles, Passenger, S.U.	Box	B	Detroit, Mich.	621	2.10	420.00	160.43	30.76	103.94	295.13	70.3

3426

A - Based on Minimum Weight 12,500 lbs. for cars not exceeding 50'7" in length.
B - Based on Minimum Weight 20,000 lbs. for cars exceeding 50'8" in length.
C - Based on Minimum Weight 15,000 lbs. for cars not exceeding 50'7" in length.
1/ - Not applicable for Account N.Y.C.R.R. as Origin Carrier.
2/ - Applicable only for Account N.Y.C.R.R. as Origin Carrier.
3/ - Reshipping Rate.

* Excludes 10 miles Arbitrary under Appendix K, Docket 15879, Eastern Class Rate Investigation

[fol. 3427]

I.C.C. Exhibit No. 50A

SUPPLEMENTARY STATEMENT BY WITNESS J. L. HEYWOOD

In order that there may be no question about the representative character of the import-export traffic movements to which the out-of-pocket costs previously described in my testimony are applied, I have taken commodity groups which showed a movement of 1,000 tons or more through New York, Philadelphia or Baltimore and applied the costs against such movements. This application is set forth in my attached Exhibit —— (JLH-5) which includes import traffic and attached Exhibit —— (JLH-6) which includes export traffic.

So far as the import traffic through New York to differential territory is concerned, the out-of-pocket costs are applied to 40 different commodity groups in accordance with AAR Freight Commodity Statistics Classifications. These 40 commodity groups aggregated 620,743 tons through New York and represented 96.12% of the total import tonnage moving through that port during the year August 1, 1955 to July 31, 1956 as shown in Witness Mollman's Exhibit 51 (MLM-3, p. 6). In addition, the New York out-of-pocket costs have been applied to 10 commodity groups where the 1,000 ton minimum was handled at either Baltimore or Philadelphia. In the case of these 50 commodity classifications I have had selected representative specific movements, and it is to these specific movements that the out-of-pocket costs are applied.

Exactly the same method was used in extending the out-of-pocket costs to the export traffic. In the case of the export traffic, however, there were 90 commodity groups with an aggregate total export tonnage of 2,357,260 tons through the port of New York. This represented 98.5% of the total export tonnage through New York during the period August 1, 1955 to July 31, 1956 from differential territory and handled by the railroads on both sides of this [fol. 3428] litigation. In addition, the New York out-of-pocket costs have been applied to 8 commodity classifications where the 1,000 ton minimum was handled through Baltimore. Again, in the case of this export traffic, the out-of-pocket costs have been applied to representative specific movements within each of the commodity groups.

The out-of-pocket costs which have been applied to this additional traffic have been computed in exactly the same manner as the out-of-pocket costs set forth in my prior Exhibits 50 (JLH-3); 50 (JLH-4). The revenues are those arising under the export-import rates as they applied through Baltimore including the Ex Parte 206A increase. Average weights were obtained by dividing cars into total tonnage for each commodity group to and from differential territory as included in the 1955-1956 traffic study of the protesting railroads (Mollman's Exhibit 51 (MLM-2).

The working papers for these out-of-pocket costs were supplied to counsel for the lines favoring equalization with my letter of February 26, 1958. These working papers were also supplied to the Examiner with copy of the same letter.

Exhibit No.__________(JLH-5)

Affiant: J. L. Heywood

Before the

INTERSTATE COMMERCE COMMISSION

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I & S DOCKET 6615

REVENUES, OUT-OF-POCKET COSTS AND RATIOS OF REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

March 1958

Philadelphia, Pennsylvania

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Destinations	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
									Terminal			
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	Line Haul (9)	Port (10)	Destination (11)	Total (12)	(13)
19	Flour, Edible, N.O.S.	Box	34.2	Cleveland, O.	552	$.91	$622.44	$183.45	$286.90	$34.28	$504.63	81.1%
		Box	34.2	Parkersburg, W.Va.	520	.80	547.20	172.82	286.90	34.28	494.00	90.3
35	Cotton Linters, Noils & Regins											
	Cotton Waste	Box	20.6	Chicago, Ill.	880	.86	354.32	255.86	184.08	32.30	472.24	133.3
	" "	Box	20.6	Kenosha, Wisc.	895	.86	354.32	260.22	184.08	32.30	476.60	134.5
	" "	Box	20.6	Flint, Mich.	647	.77	317.24	188.12	184.08	32.30	404.50	127.5
	" "	Box	20.6	St.Louis, Mo.	1,030	.91	374.92	299.48	184.08	32.30	515.86	137.6
	" "	Box	20.6	Grand Rapids, Mich.	757	.80	329.60	220.10	184.08	32.30	436.48	132.4
	" "	Box	20.6	Detroit, Mich.	621	.73	300.76	180.56	184.08	32.30	396.94	132.0
51	Bananas, Fresh	Refgr.	10.4	Detroit, Mich.	621	1.49	309.92	239.59	60.12	26.34	326.05	105.2
	" "	Refgr.	10.4	Columbus, O.	611	1.49	309.92	235.74	60.12	26.34	322.20	104.0
	" "	Refgr.	10.4	Pittsburgh, Pa.	426	1.29	268.32	164.36	60.12	26.34	250.82	93.5
	" "	Refgr.	10.4	Indianapolis, Ind.	789	1.60	332.80	304.41	60.12	26.34	390.87	117.4
	" "	Refgr.	10.4	Huntington, W.Va.	649	1.49	309.92	250.40	60.12	26.34	336.86	108.7
71	Fruits, Dried, Dehydrated, Evaporated, N.O.S.											
	Fig Paste	Box	22.1	Chicago, Ill.	880	.82	362.44	259.90	195.42	32.52	487.84	134.6
	" "	Box	22.1	Columbus, O.	611	.72	318.24	180.45	195.42	32.52	408.39	128.3
	" "	Box	22.1	St.Louis, Mo.	1,030	.99	437.58	304.20	195.42	32.52	532.14	121.6
	Dates	Box	22.1	Louisville, Ky.	824	1.27	561.34	243.36	195.42	32.52	471.30	84.0
	"	Box	22.1	Urbana, O.	655	.76	335.92	193.45	195.42	32.52	421.39	125.4
	Dried Fruit	Box	22.1	Chicago, Ill.	880	1.36	601.12	259.90	195.42	32.52	487.84	81.2
75	Coffee	Box	24.8	Cincinnati, O.	714	.81	401.76	216.77	215.83	32.91	465.51	115.9
	"	Box	24.8	Chicago, Ill.	880	.91	451.36	267.17	215.83	32.91	515.91	114.3
	"	Box	24.8	Louisville, Ky.	824	.91	451.36	250.16	215.83	32.91	498.90	110.5
	"	Box	24.8	St.Louis, Mo.	1,030	1.09	540.64	312.91	215.83	32.91	561.45	103.8
	"	Box	24.8	Etna, Pa.	426	.64	317.44	129.33	215.83	32.91	378.07	119.1
91	Beans and Peas, Dried	Box	25.5	Austin, Ind.	802	.87	443.70	245.20	221.13	33.01	499.34	112.5
	" " "	Box	25.5	Chicago, Ill.	880	.93	474.30	269.05	221.13	33.01	523.19	110.3
107	Seeds, N.O.S.											
	Annuto	Box	17.4	Madison, Wisc.	950	1.47	511.56	266.92	159.89	31.83	458.64	89.7
	Mustard	Box	17.4	Terre Haute, Ind.	861	1.15	400.20	241.91	159.89	31.83	433.63	108.4
	Grass	Box	17.4	Columbus, O.	611	.91	316.68	171.67	159.89	31.83	363.39	114.7
	"	Box	17.4	Louisville, Ky.	824	1.09	379.32	231.52	159.89	31.83	423.24	111.6
	Canary	Box	17.4	Chicago, Ill.	880	1.27	441.96	247.25	159.89	31.83	438.97	99.3
	"	Box	17.4	Milwaukee, Wisc.	871	1.36	473.28	244.72	159.89	31.83	436.44	92.[illegible]

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Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Destinations	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
									Terminal			
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	Line Haul (9)	Port (10)	Destination (11)	Total (12)	(13)
199	Products of Agriculture, N.O.S.											
	Cocoa Beans	Box	25.3	Chicago, Ill.	880	$.96	$485.76	$268.51	$219.62	$32.98	$521.11	107.3%
	" "	Box	25.3	Milwaukee, Wisc.	871	.96	485.76	265.77	219.62	32.98	518.37	106.7
	Fibre Hemp & Sisal	Box	25.3	Newark, O.	578	.84	425.04	176.36	219.62	32.98	428.96	100.9
	" " "	Box	25.3	Chicago, Ill.	880	1.04	526.24	268.51	219.62	32.98	521.11	99.0
	" " "	Box	25.3	Jackson, Mich.	697	1.01	511.06	212.67	219.62	32.98	465.27	91.0
	" " "	Box	25.3	St.Louis, Mo.	1,030	1.04	526.24	314.28	219.62	32.98	566.88	107.7
217	Meats Cooked, Cured, Dried & Smoked											
	Meats Canned, N.O.I.B.N.	Box	21.0	Chicago, Ill.	880	.88	369.60	256.94	187.10	32.36	476.40	128.9
	" " "	Box	21.0	Cleveland, O.	552	.63	264.60	161.17	187.10	32.36	380.63	143.9
	" " "	Box	21.0	Detroit, Mich.	621	.70	294.00	181.32	187.10	32.36	400.78	136.3
	" " "	Box	21.0	Grand Rapids, Mich.	757	.82	344.40	221.03	187.10	32.36	440.49	127.9
239	Hides, Skins & Pelts, N.O.S.											
	Wet Salted Calf Skins	Box	26.0	Girard, O.	490	.74	384.80	150.56	224.90	33.08	408.54	106.2
	Green Salted Hides	Box	26.0	Rockford, Mich.	964	1.04	540.80	296.21	224.90	33.08	554.19	102.5
	" " "	Box	26.0	Chicago, Ill.	880	1.09	566.80	270.40	224.90	33.08	528.38	93.2
299	Animals & Products											
	Casein	Box	24.6	Hamilton, O.	714	.91	447.72	216.33	214.32	32.88	463.53	103.5
	"	Box	24.6	Milwaukee, Wisc.	871	1.39	683.88	263.90	214.32	32.88	511.10	74.7
	Animal Hair	Box	24.6	Chicago, Ill.	880	1.36	669.12	266.63	214.32	32.88	513.83	76.8
311	Aluminum Ore & Concentrates											
	Bauxite Ore	Gond.	50.7	Danville, Ill.	869	7.39 3/	334.77	377.76	381.71	32.01	791.48	236.4
317	Zinc Ore and Concentrates											
	Zinc Concentrates	Gond.	71.4	Josephtown, Pa.	426	5.06 3/	322.83	212.15	526.28	32.01	770.44	238.7
319	Ores and Concentrates, N.O.S.											
	Chrome Ore	Gond.	66.4	Marietta, O.	534	6.11 3/	362.32	257.77	491.36	32.01	781.14	215.6
	" "	Gond.	66.4	Relief, O.	534	6.27	371.81	257.77	491.36	32.01	781.14	210.1
	" "	Gond.	66.4	Graham, W.Va.	562	5.71	338.60	271.29	491.36	32.01	794.66	234.7
	Manganese Ore	Gond.	66.4	Marietta, O.	534	6.11	362.32	257.77	491.36	32.01	781.14	215.6
	" "	Gond.	66.4	Philo, O.	566	6.45	382.49	273.22	491.36	32.01	796.59	208.3
	" "	Gond.	66.4	Scu.Duquesne, Pa.	426	5.71	338.60	205.64	491.36	32.01	729.01	215.3

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Revenues, Out-of-Pocket Costs and Ratios
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Commodity		Type of Equipment	Average Weight Tons	Destinations	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
									Terminal			
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	Line Haul (9)	Port (10)	Destination (11)	Total (12)	(13)
323	Clay and Bentonite											
	Clay, Ball or China	Box	44.7	New Castle, Pa.	490	$.49	$438.06	$178.58	$366.28	$35.81	$580.67	132.6%
	" " "	Box	44.7	Barberton, O.	540	.54	482.76	196.81	366.28	35.81	598.90	124.1
	" " "	Box	44.7	Robinson, Ill.	925	.75	670.50	337.12	366.28	35.81	739.21	110.2
333	Stone, Rough, N.O.S.											
	Marble & Stone Rough Quarried	Flat	38.0	Chicago, Ill.	880	.87	661.20	314.03	293.02	37.54	644.59	97.5
		Flat	38.0	Lexington, Ky.	780	.80	608.00	278.34	293.02	37.54	608.90	100.1
	"	Flat	38.0	Dayton, O.	680	.72	547.20	242.66	293.02	37.54	573.22	104.8
	"	Flat	38.0	Green Bay, Wisc.	910	.93	706.80	324.73	293.02	37.54	655.29	92.7
	"	Gond.	38.0	Chicago, Ill.	880	.87	661.20	348.37	293.02	32.01	673.40	101.8
	"	Gond.	38.0	Lexington, Ky.	780	.80	608.00	308.78	293.02	32.01	633.81	104.2
	"	Gond.	38.0	Dayton, O.	680	.72	547.20	269.19	293.02	32.01	594.22	108.6
	"	Gond.	38.0	Green Bay, Wisc.	910	.93	706.80	360.24	293.02	32.01	685.27	97.0
339	Asphalt											
	Asphalt	Box	29.6	Napoleon, O.	712	.59	349.28	226.61	252.12	33.61	512.34	146.7
	"	Box	29.6	Rosston, Ind.	830	.69	408.48	264.17	252.12	33.61	549.90	134.6
	"	Box	29.6	Toledo, O.	658	.59	349.28	209.43	252.12	33.61	495.16	141.8
399	Products of Mines, N.O.S.											
	Asbestos Fibre	Box	31.1	Atlas, O.	540	.86	534.92	174.35	263.46	33.83	471.64	88.2
	Graphite	Box	31.1	Clearing, Ill.	880	1.05	653.10	284.12	263.46	33.83	581.41	89.0
	"	Box	31.1	Cincinnati, O.	714	.87	541.14	230.52	263.46	33.83	527.81	97.5
	"	Box	31.1	Swissvale, Pa.	426	.66	410.52	137.54	263.46	33.83	434.83	105.9
	Talc	Box	31.1	Jeffersonville, Ind.	824	.73	454.06	266.04	263.46	33.83	563.33	124.1
	Prepared Chalk	Box	31.1	Wheeling, W.Va.	469	.72	447.84	251.42	263.46	33.83	548.71	122.5
	Marble Chips	Box	31.1	Toledo, O.	658	.58	360.76	212.44	263.46	33.83	509.73	141.3
	" "	Box	31.1	Chicago, Ill.	880	.72	447.84	284.12	263.46	33.83	581.41	129.8
415	Veneer, Plywood & Built Up Wood											
	Plywood	Box	23.7	Detroit, Mich.	621	.93	440.82	186.45	207.52	32.75	426.72	96.8
	"	Box	23.7	Pittsburgh, Pa.	426	.71	336.54	127.90	207.52	32.75	368.17	109.4
	"	Box	23.7	Cincinnati, O.	714	.92	436.08	214.37	207.52	32.75	454.64	104.3
	"	Box	23.7	South Bend, Ind.	803	1.05	497.70	241.09	207.52	32.75	481.36	96.7
499	Products of Forests, N.O.S.											
	Cork Waste	Box	16.2	Chicago, Ill.	880	1.36	440.64	244.02	150.82	31.66	426.50	96.8
	Gum Shellac	Box	16.2	Chicago, Ill.	880	1.35	437.40	244.02	150.82	31.66	426.50	97.5
	Mahogany Lumber	Box	16.2	Wickliffe, O.	552	.62	200.88	153.07	150.82	31.66	335.55	167.0
	Mahogany Logs	Gond.	16.2	Indianapolis, Ind.	789	.77	249.48	259.74	140.77	32.01	432.52	173.4

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Group No. (1)	Commodity: Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destinations (5)	Short Line Miles 1/ (6)	Freight Revenues 2/: Rate (7)	Freight Revenues 2/: Per Car (8)	Out-of-Pocket Costs: Line Haul (9)	Out-of-Pocket Costs: Terminal: Port (10)	Out-of-Pocket Costs: Terminal: Destination (11)	Out-of-Pocket Costs: Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
517	Vegetable and Nut Oils, N.O.S.											
	Vegetable Oil	Box	29.0	Waukegan, Ill.	916	$1.09	$632.20	$289.86	$247.58	$33.52	$570.96	90.3%
523	Rubber, Crude, Natural & Synthetic											
	Rubber Crude N.O.I.B.N.	Box	32.5	Akron, O.	540	.88	572.00	176.66	274.05	34.03	484.74	84.7
	" " "	Box	32.5	Mansfield, O.	598	.89	578.50	195.63	274.05	34.03	503.71	87.1
	" " "	Box	32.5	Detroit, Mich.	621	.96	624.00	203.16	274.05	34.03	511.24	81.9
	" " "	Box	32.5	New Haven, Ind.	734	1.01	656.50	240.12	274.05	34.03	548.20	83.5
	" " "	Box	32.5	Louisville, Ky.	824	1.11	721.50	269.57	274.05	34.03	577.65	80.1
527	Chemicals, N.O.S.											
	Chemicals, N.O.I.B.N.	Box	23.6	Zelienople, Pa.	426	.98	462.56	127.77	206.76	32.73	367.26	79.4
	" "	Box	23.6	New Albany, Ind.	824	1.46	689.12	247.14	206.76	32.73	486.63	70.6
	" "	Box	23.6	Troy, O.	682	1.25	590.00	204.55	206.76	32.73	444.04	75.3
	" "	Box	23.6	S.Charleston, W.Va.	603	1.09	514.48	180.86	206.76	32.73	420.35	81.7
539	Fertilizers, N.O.S.											
	Bone Meal	Box	19.2 4/	Troy, O.	682	.64	245.76	195.37	173.50	32.09	400.96	163.2
	Peat Moss	Box	19.2 4/	Charleston, W.Va.	603	.58	232.00	172.74	173.50	32.09	378.33	163.1
	" "	Box	19.2 4/	Etna, Pa.	426	.52	208.00	122.04	173.50	32.09	327.63	157.5
	" "	Box	19.2 4/	Columbus, O.	611	.59	236.00	175.03	173.50	32.09	380.62	161.3
	" "	Box	19.2 4/	Weston, Ill.	933	.76	304.00	267.28	173.50	32.09	472.87	155.5
545	Tanning Material, N.O.S.											
	Tanning Extract	Box	25.3	Chicago, Ill.	880	1.15	581.90	268.51	219.62	32.98	521.11	89.6
	" "	Box	25.3	New Albany, Ind.	824	1.09	551.54	251.42	219.62	32.98	504.02	91.4
	" "	Box	25.3	Grand Haven, Mich.	793	1.12	566.72	241.97	219.62	32.98	494.57	87.3
	" "	Box	25.3	Astabula, O.	503	.84	425.04	153.48	219.62	32.98	406.08	95.5
555	Aluminum, Bar, Pig, Slab											
	Aluminum, Bar, Pig, Slab	Box	22.4	Cleveland, O.	552	.98	439.04	163.53	197.69	32.56	393.78	89.7
	" " " "	Box	22.4	Pittsburgh, Pa.	426	.86	385.28	126.21	197.69	32.56	356.46	92.5
	" " " "	Box	22.4	Detroit, Mich.	621	1.09	488.32	138.98	197.69	32.56	414.23	84.8
559	Copper: Ingot, Matte and Pig											
	Copper Bars and Ingots	Box	45.7 5/	Cleveland, O.	552	.61	610.00	202.87	373.84	35.95	612.66	100.4
	" " "	Box	45.7	Indianapolis, Ind.	789	.98	895.72	289.97	373.84	35.95	699.76	78.1
	" " "	Box	45.7	Decatur, Ill.	942	.13	1,032.82	346.20	373.84	35.95	755.99	73.2
	" " "	Box	45.7	Pittsburgh, Pa.	426	.72	658.08	156.56	373.84	35.95	566.35	86.1
	" " "	Box	45.7	Port Huron, Mich.	582	.82	749.48	213.89	373.84	35.95	623.68	83.2

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Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destinations (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Port (10)	Out-of-Pocket Costs Terminal Destination (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
561	Copper,Brass and Bronze,N.O.S.											
	Copper Cable	Box	31.4	Pittsburgh, Pa.	426	$.98	$615.44	$137.93	$265.73	$33.87	$437.53	71.1%
	" "	Box	31.4	Chicago, Ill.	880	1.43	898.04	284.93	265.73	33.87	584.53	65.1
	Copper Cathodes	Box	31.4	Indianapolis, Ind.	789	.98	615.44	255.46	265.73	33.87	555.06	90.2
	Brass Tubing	Box	31.4	Grand Haven, Mich.	793	1.39	872.92	256.76	265.73	33.87	556.36	63.7
563	Lead and Zinc: Bar,Ingot and Pig											
	Zinc Slabs	Box	38.2	Cleveland, O.	552	.59	450.76	190.21	317.14	34.86	542.21	120.3
	" "	Box	38.2	Pittsburgh, Pa.	426	.49	374.36	146.79	317.14	34.86	498.79	133.2
	" "	Box	38.2	Detroit, Mich	621	.69	527.16	213.98	317.14	34.86	565.98	107.4
	" "	Box	38.2	Wardwell, O.	490	.63	481.32	168.84	317.14	34.86	520.84	108.2
569	Alloys for Steel Manufacture											
	Silico - Manganese	Box	40.8	Midland, Mich.	672	18.48 3/	672.67	236.90	336.79	35.24	608.93	90.5
	" "	Box	40.8	Wheeling, W.Va.	469	13.51 3/	491.76	165.34	336.79	35.24	537.37	109.3
	" "	Box	40.8	E.Chicago, Ind.	880	19.88 3/	723.63	310.22	336.79	35.24	682.25	94.3
	Ferro Titanium	Box	40.8	Duquesne, Pa.	426	.86	701.76	150.18	336.79	35.24	522.21	74.4
	Ferro Chrome	Box	40.8	Brackenridge, Pa.	426	.86	701.76	150.18	336.79	35.24	522.21	74.4
571	Metals and Alloys, N.O.S.											
	Metal Antimony	Box	27.9	Cleveland, O.	552	.98	546.84	172.82	239.27	33.36	445.45	81.5
	" "	Box	27.9	Granite City, Ill.	1,030	1.47	820.26	322.47	239.27	33.36	595.10	72.6
	Tin Pig	Box	27.9	Cincinnati, O.	714	1.12	624.96	223.54	239.27	33.36	496.17	79.4
	" "	Box	27.9	Chicago, Ill.	880	1.36	758.88	275.51	239.27	33.36	548.14	72.2
	" "	Box	27.9	Weirton, W.Va.	469	.91	507.78	146.83	239.27	33.36	419.46	82.6
581	Iron and Steel Nails and Wire											
	Wire, Iron and Steel	Box	24.9	Indianapolis, Ind	799	1.05	522.90	239.78	216.59	32.92	489.29	93.6
	" " "	Box	24.9	Chicago, Ill.	890	1.09	542.82	267.44	216.59	32.92	516.95	95.2
	" " "	Box	24.9	Springfield, Ill.	991	1.17	582.66	298.13	216.59	32.92	547.64	94.0
	" " "	Box	24.9	Washington, Ind.	893	1.08	537.84	268.35	216.59	32.92	517.86	96.3
	" " "	Box	24.9	Wooster, O.	586	.86	428.28	175.05	216.59	32.92	424.56	99.1
	" " "	Box	24.9	Grand Rapids,Mich.	767	1.08	537.84	230.06	216.59	32.92	479.57	89.2
583	Manufactured Iron and Steel											
	Manufactured Iron & Steel N.O.I.B.N.	Box	26.6	Chicago, Ill.	880	1.09	579.88	272.01	229.44	33.17	534.62	92.2
	"	Box	26.6	Martins Ferry, O.	469	.75	399.00	144.97	229.44	33.17	407.58	102.2
	"	Box	26.6	Hammond, Ind.	880	1.09	579.88	272.01	229.44	33.17	534.62	92.2
	"	Gond.	26.6	Chicago, Ill.	880	1.09	579.88	317.69	213.40	32.01	563.10	97.1
	"	Gond.	26.6	Martins Ferry, O.	469	.75	399.00	169.31	213.40	32.01	414.72	103.9
	"	Gond.	26.6	Hammond, Ind.	880	1.09	579.88	317.69	213.40	32.01	563.10	97.1
	"	Gond.	26.6	Milwaukee, Wisc.	871	1.15	611.80	314.44	213.40	32.01	559.85	91.5

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Commodity						Freight Revenues 2/		Out-of-Pocket Costs				
									Terminal			
Group No. (1)	Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destinations (5)	Short Line Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Port (10)	Destination (11)	Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
595	Machinery and Machines, N.O.S.											
	Printing Press	Box	17.4	Milwaukee, Wisc.	871	$1.58	$549.84	$244.72	$159.89	$31.83	$436.44	79.4%
	" "	Box	17.4	Chicago, Ill.	880	1.55	539.40	247.25	159.89	31.83	438.97	81.4
	Machinery or Machines, N.O.I.B.N.	Box	17.4	Oakley, O.	714	1.27	441.96	200.61	159.89	31.83	392.33	88.8
	"	Box	17.4	Dearborn, Mich	621	1.30	452.40	174.48	159.89	31.83	366.20	80.9
	"	Box	17.4	McKees Rocks, Pa.	426	.98	341.04	119.69	159.89	31.83	311.41	91.3
	"	Box	17.4	St.Louis, Mo.	1,030	1.66	577.68	289.40	159.89	31.83	481.12	83.3
	"	Gond.	17.4	Oakley, O.	714	1.27	441.96	237.67	149.14	32.01	418.82	94.8
	"	Gond.	17.4	Whiting, Ind.	880	1.55	539.40	292.93	149.14	32.01	474.08	87.9
	"	Gond.	17.4	McKees Rocks, Pa.	426	.98	341.04	141.80	149.14	32.01	322.95	94.7
	"	Gond.	17.4	St.Louis, Mo.	1,030	1.66	577.68	342.86	149.14	32.01	524.01	90.7
633	Cement, Natural or Portland											
	Cement, Natural or Portland	Box	44.5	Oak Hill, O.	649	.64	569.60	236.13	364.77	35.78	636.68	111.8
	" " "	Box	44.5	Detroit, Mich.	621	.66	587.40	225.95	364.77	35.78	626.50	106.7
	" " "	Box	44.5	Dayton, Ohio	680	.66	587.40	247.41	364.77	35.78	647.96	110.3
	" " "	Box	44.5	Plainfield, Ind.	789	.76	676.40	287.07	364.77	35.78	687.62	101.7
639	Brick, N.O.S. and Building Tile											
	Tile, Floor Composition	Box	22.4	Columbus, O.	611	.87	389.76	181.01	197.69	32.56	411.26	105.5
	Tile, Clay Glazed	Box	22.4	Cleveland, O.	552	8.09 6/	181.22	163.53	197.69	32.56	393.78	217.3
	" " "	Box	22.4	Detroit, Mich.	621	8.71 6/	195.10	183.98	197.69	32.56	414.23	212.3
	" " "	Box	22.4	Indianapolis, Ind.	789	10.25 6/	229.60	233.75	197.69	32.56	464.00	202.1
653	Woodpulp											
	Woodpulp	Box	39.4	Middletown, O.	680	.72	567.36	236.81	326.21	35.03	598.05	105.4
	"	Box	39.4	Chillicothe, O.	628	.59	464.92	218.70	326.21	35.03	579.94	124.7
	"	Box	39.4	Chagrin Falls, O.	552	.59	464.92	192.23	326.21	35.03	553.47	119.0
	"	Box	39.4	Peoria, Ill.	978	.87	685.56	340.58	326.21	35.03	701.82	102.4
655	Scrap Paper and Rags											
	Scrap Bagging	Box	19.0	St.Louis, Mo.	1,030	.87	330.60	294.44	171.98	32.07	498.49	150.8
	" "	Box	19.0	Herrin, Ill.	1,026	.84	319.20	293.29	171.98	32.07	497.34	155.8
	" "	Box	19.0	Warsaw, Ind.	773	.75	285.00	220.97	171.98	32.07	425.02	149.1
	" "	Box	19.0	Defiance, O.	705	.72	273.60	201.53	171.98	32.07	405.58	148,2
657	Newsprint Paper											
	Newsprint Paper	Box	27.1	Louisville, Ky.	824	.91	493.22	255.96	233.22	33.24	522.42	105.9

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Commodity Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destinations (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Port (10)	Out-of-Pocket Costs Terminal Destination (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
669	Paperboard, Fibreboard and Pulpboard											
	Fibreboard	Box	25.7	Chicago, Ill.	880	$.98	$503.72	$269.59	$222.64	$33.04	$525.27	104.3%
	"	Box	25.7	Detroit, Mich.	621	.81	416.34	190.24	222.64	33.04	445.92	107.1
	"	Box	25.7	Sharpsburg, Pa.	426	.62	318.68	130.51	222.64	33.04	386.19	121.2
	"	Box	25.7	Newark, O.	578	.72	370.08	177.07	222.64	33.04	432.75	116.9
671	Wallboard											
	Wallboard	Box	21.0	Detroit, Mich.	621	.81	340.20	181.32	187.10	32.36	400.78	117.8
	"	Box	21.0	Chicago, Ill.	880	.98	411.60	256.94	187.10	32.36	476.40	115.7
	"	Box	21.0	Cleveland, O.	552	.72	302.40	161.17	187.10	32.36	380.63	125.9
	"	Box	21.0	Dayton, O.	680	.78	327.60	198.54	187.10	32.36	418.00	127.6
693	Glass											
	Glass, Plate	Box	38.0	Youngstown, O.	490	1.30 7/	988.00	168.54	315.62	34.83	518.99	52.5
	" "	Box	38.0	Youngstown, O.	490	1.40 8/	1,064.00	168.54	315.62	34.83	518.99	48.8
	" "	Box	38.0	Toledo, O.	658	1.65 7/	1,254.00	226.33	315.62	34.83	576.78	46.0
	" "	Box	38.0	Toledo, O.	658	1.81 8/	1,375.60	226.33	315.62	34.83	576.78	41.9
	" "	Gond.	38.0	Youngstown, O.	490	1.30 7/	988.00	193.98	293.02	32.01	519.01	52.5
	" "	Gond.	38.0	Youngstown, O.	490	1.40 8/	1,064.00	193.98	293.02	32.01	519.01	48.8
	" "	Gond.	38.0	Toledo, O.	658	1.65 7/	1,254.00	260.48	293.02	32.01	585.51	46.7
	" "	Gond.	38.0	Toledo, O.	658	1.81 8/	1,375.60	260.48	293.02	32.01	585.51	42.6
721	Abrasives, Not Crude											
	Powdered Iron	Box	43.1	Dayton, O.	680	1.09	939.58	244.50	354.18	35.57	634.25	67.5
	" "	Box	43.1	Cleveland, O.	552	.98	844.76	198.48	354.18	35.57	588.23	69.6
	" "	Box	43.1	Detroit, Mich.	621	1.14	982.68	223.29	354.18	35.57	613.04	62.4
	" "	Box	43.1	Salem, Ind.	840	1.27	1,094.74	302.03	354.18	35.57	691.78	63.2
723	Bagging: Burlap, Cotton, Gunny and Jute, N.O.S.											
	Burlap Bagging	Box	21.1	Pittsburgh, Pa.	426	.86	362.92	124.51	187.86	32.37	344.74	95.0
	" "	Box	21.1	Indianapolis, Ind.	789	.98	413.56	230.61	187.86	32.37	450.84	109.0
	" "	Box	21.1	Chicago, Ill.	880	.98	413.56	257.21	187.86	32.37	477.44	115.4
	" "	Box	21.1	St. Louis, Mo.	1,030	.98	413.56	301.05	187.86	32.37	521.28	126.0
	" "	Box	21.1	Flint, Mich.	647	.98	413.56	189.11	187.86	32.37	409.34	99.0
	" "	Box	21.1	Cincinnati, O.	714	.98	413.56	208.69	187.86	32.37	428.92	103.7

Revenues, Out-of-Pocket Costs and Ratios Representative Movements of Import Traffic Terminating in Differential Territory via Port of New York

Commodity		Type of Equipment	Average Weight Tons	Destinations	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
								Line Haul	Terminal		Total	
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	(9)	Port (10)	Destination (11)	(12)	(13)
735	Rope, Cordage and Binder Twine N.O.S.											
	Baler or Binder	Box	15.2	Chicago, Ill.	880	$1.05	$319.20	$241.33	$143.26	$31.51	$416.10	130.4%
	" "	Box	15.2	Pittsburgh, Pa.	426	.66	200.64	116.83	143.26	31.51	291.60	145.3
	" "	Box	15.2	Hicksville, O.	705	.92	279.68	193.34	143.26	31.51	368.11	131.6
	" "	Box	15.2	Louisville, Ky.	824	1.00	304.00	225.97	143.26	31.51	400.74	131.8
745	Liquors, Alcoholic, N.O.S.											
	Whiskey - Scotch	Box	21.7	Chicago, Ill.	880	1.57 9/						
	" "	Box	21.7	Chicago, Ill.	880	1.25 10/	434.28	258.82	192.40	32.46	483.68	111.4
	" "	Box	21.7	Cleveland, O.	552	1.08 9/						
	" "	Box	21.7	Cleveland, O.	552	.87 10/	300.30	162.35	192.40	32.46	387.21	128.9
	Rum	Box	21.7	Toledo, O.	658	1.33 9/						
	"	Box	21.7	Toledo, O.	658	1.06 10/	368.06	193.53	192.40	32.46	418.39	113.7
749	Liquors, Malt											
	Beer	Rfgr.	24.5	Chicago, Ill.	880	.87	426.30	377.47	220.74	28.39	626.60	147.0
759	Sugar											
	Sugar N.O.I.B.N.	Box	33.9	Allegheny, Pa.	426	.49	332.22	141.19	284.63	34.23	460.05	138.5
	" "	Box	33.9	Brocton, N.Y.	427	.52	352.56	141.52	284.63	34.23	460.83	130.7
	" "	Box	33.9	Columbus, O.	611	.79	535.62	202.50	284.63	34.23	521.36	97.3
	" "	Box	33.9	Wheeling, W. Va.	469	.57	386.46	155.44	284.63	34.23	474.30	122.7
	" "	Box	33.9	Orrville, O.	526	.77	522.06	174.33	284.63	34.23	493.19	94.5
763	Food Products, N.O.S. in Cans and Packages, not frozen											
	Olives in Barrels	Box	17.5	Chicago, Ill.	880	.93	325.50	247.52	160.65	31.85	440.02	135.2
	" "	Box	17.5	Terre Haute, Ind.	861	.92	322.00	242.18	160.65	31.85	434.68	135.0
	Lemon Juice Concentrates in Barrels	Box	17.5	Chicago, Ill.	880	.93	325.50	247.52	160.65	31.85	440.02	135.2
	Prepared Cocoanut	Box	17.5	Pittsburgh, Pa.	426	.59	206.50	119.82	160.65	31.85	312.32	151.2
773	Feed, Animal and Poultry, N.O.S.											
	Feed Animal Poultry, N.O.S.	Box	27.8	Springfield, O.	655	.81	450.36	204.87	238.51	33.35	476.73	105.9
	" " " "	Box	27.8	Toledo, O.	658	.86	478.16	205.80	238.51	33.35	477.66	99.9
	" " " "	Box	27.8	Adell, Wisc.	898	1.09	606.04	280.87	238.51	33.35	552.73	91.2
	" " " "	Box	27.8	Blue Island, Ill.	880	1.01	561.56	275.24	238.51	33.35	547.10	97.4

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Port of New York

Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destinations (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Port (10)	Out-of-Pocket Costs Terminal Destination (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
797	Waste Materials, N.O.S.											
	Scrap Rubber	Box	19.2 4/	Akron, O.	540	$.52	$208.00	$154.70	$173.50	$32.09	$360.29	173.2%
	" "	Box	19.2	Indianapolis, Ind.	789	.66	264.00	226.03	173.50	32.09	431.62	163.5
	" "	Box	19.2	E. St. Louis, Ill.	1030	.80	320.00	295.07	173.50	32.09	500.66	156.5
	Jute Waste	Box	19.2	Detroit, Mich.	621	.81	311.04	177.90	173.50	32.09	383.49	123.3
	" "	Box	19.2	Herrin, Ill.	1026	1.12	430.08	293.92	173.50	32.09	499.51	116.1
799	Manufactures and Miscellaneous N.O.S.											
	Iron Mass or Sponge	Box	11.3	Weirton, W. Va.	469	.58	131.08	123.03	113.78	30.94	267.75	204.3
	Carnanba Wax	Box	11.3	Racine, Wisc.	895	1.35	305.10	234.77	113.78	30.94	379.49	124.4

NOTES:
1/ Excludes 10 mile arbitrary under Appendix K, Docket 15879 Eastern Class Rate Investigation
2/ Rates and Revenues via Baltimore
3/ Applies per 2,240 Pounds
4/ Minimum Weight 40,000 Pounds
5/ Minimum Weight 100,000 Pounds
6/ Applies per 2,000 Pounds
7/ 120 United Inches and Under
8/ Exceeding 120 United Inches
9/ 28,000 Pounds
10/ Excess Weight

3438

Exhibit No. __________(JLH-6)

Affiant: J. L. Heywood

Before the

INTERSTATE COMMERCE COMMISSION

oOo

I & S DOCKET 6615

REVENUES, OUT-OF-POCKET COSTS AND RATIOS OF REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY

VIA

PORT OF NEW YORK

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

Commodity						Freight Revenues 2/		Out-of-Pocket Costs				
									Terminal			
Group No. (1)	Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Origin (10)	Port (11)	Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
1	Wheat											
	Wheat	Box	55.4	Indianapolis, Ind.	789	$.445	$493.06	$313.37	$37.36	$51.02	$401.75	81.5%
	"	Box	55.4	Louisville, Ky.	824	.445	493.06	327.27	37.36	51.02	415.65	84.3
	"	Box	55.4	Chicago, Ill.-(Prop.)	880	.325	360.10	349.51	37.36	51.02	437.89	121.6
	"	Box	55.4	Springfield, Ill. (Prop.)	981	.36	398.88	389.63	37.36	51.02	478.01	119.8
3	Corn											
	Corn, Bagged	Box	30.0	Chicago, Ill.-(Prop.)	880	.325	195.00	281.16	33.67	255.14	569.97	292.3
	" "	Box	30.0	Deshler, O.	664	.445	267.00	212.15	33.67	255.14	500.96	187.6
	" "	Box	30.0	Indianapolis, Ind.	789	.445	267.00	252.09	33.67	255.14	540.90	202.6
	" "	Box	30.0	Pittsburgh, O.	682	.445	267.00	217.90	33.67	255.14	506.71	189.8
	" "	Box	30.0	Milwaukee, Wisc.	871	.325	195.00	278.28	33.67	255.14	567.09	290.8
	" "	Box	30.0	Louisville, Ky.	824	.445	267.00	263.27	33.67	255.14	552.08	206.8
7	Oats											
	Oats	Box	41.9	Stewart, Ind.	869	.445	372.91	309.27	35.40	49.07	393.74	105.6
	"	Box	41.9	Chicago, Ill.-(Prop.)	880	.325	272.35	313.18	35.40	49.07	397.65	146.0
	"	Box	41.9	Hammond, Ind.	880	.325	272.35	313.18	35.40	49.07	397.65	146.0
	"	Box	41.9	Milwaukee, Wisc. (Prop.)	871	.325	272.35	309.98	35.40	49.07	394.45	144.8
9	Barley and Rye											
	Barley	Box	50.0	Boonville, Ind.	941	.575	575.00	358.20	36.58	50.24	445.02	77.4
	"	Box	50.0	Cincinnati, O.	714	.445	445.00	271.79	36.58	50.24	358.61	80.6
	Rye	Box	50.0	Chicago, Ill.-(Prop.)	880	.325	325.00	334.98	36.58	50.24	421.80	129.8
15	Flour, Wheat											
	Flour, Wheat	Box	43.1	Dover, O	512	.465	400.83	184.10	35.57	354.18	573.85	143.2
	" "	Box	43.1	Cleveland, O.	552	.465	400.83	198.48	35.57	354.18	588.23	146.8
	" "	Box	43.1	Homeworth, O.	509	.465	400.83	183.02	35.57	354.18	572.77	142.9
	" "	Box	43.1	Wooster, O.	576	.465	400.83	207.11	35.57	354.18	596.86	148.9
	" "	Box	43.1	Indianapolis, Ind.	789	.555	478.41	283.69	35.57	354.18	673.44	140.8
17	Meal, Corn											
	Meal, Corn	Box	31.9	Cowan, Ind.	746	.555	354.09	242.68	33.94	269.51	546.13	154.2
	" "	Box	31.9	Grove City, O.	611	.47	299.86	198.76	33.94	269.51	502.21	167.5
	" "	Box	31.9	Marion, O.	635	.47	299.86	206.57	33.94	269.51	510.02	170.1
	" "	Box	31.9	Bradford, O.	682	.525	334.95	221.86	33.94	269.51	525.31	156.8
	" "	Box	31.9	Pikeville, O.	682	.525	334.95	221.86	33.94	269.51	525.31	156.8

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

Commodity Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Origin (10)	Out-of-Pocket Costs Terminal Port (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
19	Flour, Edible, N.O.S.											
	Flour, Edible, N.O.S.	Box	26.7	Hamilton, O.	714	$.525	$280.35	$220.92	$33.19	$230.20	$484.31	172.8%
	" " "	Box	26.7	Fostoria, O.	632	.47	250.98	195.55	33.19	230.20	458.94	182.9
	" " "	Box	26.7	Springfield, Ill.	981	.72	384.48	303.53	33.19	230.20	566.92	147.5
	" " "	Box	26.7	Dahlgreen, Ill.	990	.72	384.48	306.31	33.19	230.20	569.70	148.2
21	Cereal Food, Preparations, N.O.S.											
	Cereal Food Preparations, N.O.S.	Box	24.2	Battle Creek, Mich.	741	.605	292.82	223.61	32.82	211.30	467.73	159.7
23	Mill Products, N.O.S.											
	Cracked Corn, N.O.S.	Box	30.5	Pittsburgh, O.	682	.525	320.25	218.94	33.74	258.93	511.61	159.8
	" " "	Box	30.5	Greenville, O.	715	.525	320.25	229.54	33.74	258.93	522.21	163.1
29	Tobacco, Unmanufactured											
	Leaf Tobacco	Box	13.7	Wheeling, W.Va.	469	1.12	306.88	126.47	31.29	131.92	289.68	94.4
	" "	Box	13.7	Louisville, Ky.	824	1.36	372.64	222.19	31.29	131.92	385.40	103.4
43	Soybeans											
	Soybeans	Box	48.1	Columbus, O.	611	.445	428.09	229.03	36.30	391.98	657.31	153.5
	"	Box	48.1	Toledo, O.	658	.47	452.14	246.65	36.30	391.98	674.93	149.3
	"	Box	48.1	Chicago, Ill.	880	.625	601.25	329.87	36.30	391.98	758.15	126.1
	"	Box	48.1	Decatur, Ill.	942	.695	668.59	353.11	36.30	391.98	781.39	116.9
45	Soybean Oil Cake and Meal											
	Soybean Meal	Box	32.0	Painesville, O.	528	.415	265.60	171.93	33.96	270.26	476.15	179.3
	" "	Box	32.0	Decatur, Ill.	942	.72	460.80	306.73	33.96	270.26	610.95	132.6
	" "	Box	32.0	Bellevue, O.	590	.47	300.80	192.11	33.96	270.26	496.33	165.0
47	Vegetable and Nut Oil Cake and Meal, N.O S.											
	Linseed Oil Meal	Box	30.6	Chicago, Ill.	880	.65	397.80	282.77	33.75	259.68	576.20	144.8
	" " "	Box	30.6	Painesville, O.	528	.415	253.98	169.66	33.75	259.68	463.09	182.3
103	Malt, N.O.S.											
	Malt, N.O.S.	Box	41.9	Milwaukee, Wisc.	871	.65	544.70	309.98	35.40	345.11	690.49	126.8
	" "	Box	41.9	Cincinnati, O.	714	.525	439.95	254.11	35.40	345.11	634.62	144.2
	" "	Box	41.9	St.Louis, Mo.	1,030	.72	603.36	366.57	35.40	345.11	747.08	123.8
	" "	Box	41.9	Manitowoc, Wisc.	872	.65	544.70	310.34	35.40	345.11	690.85	126.8
	" "	Box	41.9	Chicago, Ill.	880	.65	544.70	313.18	35.40	345.11	693.69	127.4

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Export Traffic Originating in Differential Territory
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Port of New York

Commodity		Type of Equipment	Average Weight Tons	Origins	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	Line Haul (9)	Terminal Origin (10)	Terminal Port (11)	Total (12)	(13)
215	Meats, Fresh											
	Meats, Fresh, N.O.S.	Refgr.	18.3	Chicago, Ill.	880	$1.19	$435.54	$360.78	$27.49	$174.76	$563.03	129.3%
	" " "	Refgr.	18.3	Cincinnati, O.	714	1.05	384.30	292.73	27.49	174.76	494.98	128.8
	" " "	Refgr.	18.3	Indianapolis, Ind.	789	1.05	384.30	323.47	27.49	174.76	525.72	136.8
217	Meats, Cooked, Cured, Dried, and Smoked											
	Canned Meats	Refgr.	19.7	Brighton, O.	714	.95	380.00	295.78	27.69	185.14	508.61	133.8
	" "	Refgr.	19.7	Chicago, Ill.	880	.82	328.00	364.55	27.69	185.14	577.38	176.0
219	Packing House Products Edible, N.O.S.											
	Lard, N.O.S.	Refgr.	21.3	Dayton, O.	680	.92	391.92	285.03	27.93	197.01	509.97	130.1
	" "	Refgr.	21.3	Chicago, Ill.	880	.82	349.32	368.86	27.93	197.01	593.80	170.0
	" "	Refgr.	21.3	Cleveland, O.	552	.79	336.54	231.37	27.93	197.01	456.31	135.6
	" "	Refgr.	21.3	Davenport, Ia.	1,031	1.26	536.76	432.15	27.93	197.01	657.09	122.4
	" "	Refgr.	21.3	Cincinnati, O.	714	.95	404.70	299.28	27.93	197.01	524.22	129.5
229	Butter											
	Butter	Refgr.	28.8	Chicago, Ill.	880	1.36	783.36	389.04	29.02	252.63	670.69	85.6
	"	Refgr.	28.8	Cleveland, O.	552	.98	564.48	244.03	29.02	252.63	525.68	93.1
231	Cheese											
	Cheese	Refgr.	21.8	Chicago, Ill.	880	1.36	592.96	370.20	28.00	200.72	598.92	101.0
	"	Refgr.	21.8	Green Bay, Wisc.	910	1.46	636.56	382.82	28.00	200.72	611.54	96.1
	"	Refgr.	21.8	Cincinnati, O.	714	1.12	488.32	300.37	28.00	200.72	529.09	108.3
	"	Refgr.	21.8	Osborn, Ind.	880	1.36	592.96	370.20	28.00	200.72	598.92	101.0
	"	Refgr.	21.8	Dubuque, Ia.	1,051	1.52	662.72	442.14	28.00	200.72	670.86	101.2
233	Dairy Products, N.O.S.											
	Butter Oil	Refgr.	24.1	Oconto, Wisc.	938	1.46	703.72	401.20	28.33	217.78	647.31	92.0
	" "	Refgr.	24.1	Green Bay, Wisc.	910	1.46	703.72	389.22	28.33	217.78	635.33	90.3
239	Hides, Skins and Pelts, N.O.S.											
	Hides Green Salted	Box	28.5	Detroit, Mich.	621	.87	495.90	195.56	33.45	243.81	472.82	95.3
	" " "	Box	28.5	New Castle, Pa.	490	.74	421.80	154.31	33.45	243.81	431.57	102.3
	" " "	Box	28.5	Galewood, Ill.	880	1.09	621.30	277.12	33.45	243.81	554.38	89.2
	" " "	Box	28.5	Dubuque, Ia.	1,051	1.21	689.70	330.97	33.45	243.81	608.23	88.2

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

[fol. 3443]

Commodity		Type of Equipment (3)	Average Weight Tons (4)	Origins (5)	Short Line Miles 1/ (6)	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues (13)
Group No. (1)	Description (2)					Rate (7)	Per Car (8)	Line Haul (9)	Terminal Origin (10)	Terminal Port (11)	Total (12)	
299	Animals and Products, N.O.S.											
	Animal Tallow Inedible	Box	25.1	Cincinnati, O.	714	$.71	$356.42	$217.42	$32.95	$218.10	$468.47	131.4%
	" " "	Box	25.1	Chicago, Ill.	880	.88	441.76	267.97	32.95	218.10	519.02	117.5
	" " "	Box	25.1	Cleveland, O.	552	.63	316.26	168.09	32.95	218.10	419.14	132.5
	" " "	Box	25.1	St. Louis, Mo.	1,030	.95	476.90	313.65	32.95	218.10	564.70	118.4
	" " "	Box	25.1	Dover, O.	512	.61	306.22	155.91	32.95	218.10	406.96	132.9
307	Coke											
	Petroleum Coke	Gond.	63.7	Kenova, W.Va.	649	5.90 3/	375.83	307.93	32.01	472.50	812.44	216.2
	" "	Gond.	63.7	Gibson, Ind.	880	6.95 3/	442.72	417.53	32.01	472.50	922.04	208.3
	" "	Gond.	63.7	Chicago, Ill.	880	6.95 3/	442.72	417.53	32.01	472.50	922.04	208.3
341	Salt											
	Salt	Box	26.0	Mannistee, Mich.	821	.545	283.40	252.27	33.08	224.90	510.25	180.0
399	Products of Mines, N.O.S.											
	Roasted Dolomite	Box	50.1	Narlo, O.	632	6.97 3/	349.20	240.77	36.59	407.10	684.46	196.0
505	Lubricating Oils and Greases											
	Lubricating Oil	Box	23.1	Columbus, O.	611	.82	378.84	182.32	32.66	202.98	417.96	110.3
	" "	Box	23.1	Cleveland, O.	552	.80	369.60	164.72	32.66	202.98	400.36	108.3
	" "	Box	23.1	Pittsburgh, Pa.	426	.57	263.34	127.12	32.66	202.98	362.76	137.8
	" "	Box	23.1	Petrolia, Pa.	439	.57	263.34	131.00	32.66	202.98	366.64	139.2
	" "	Box	23.1	Freedom, Pa.	426	.57	263.34	127.12	32.66	202.98	362.76	137.8
	" "	Box	23.1	Rouseville, Pa.	439	.57	263.34	131.00	32.66	202.98	366.64	139.2
507	Petroleum Products, Refined, N.O.S.											
	Petrolatum	Box	21.2	Karns City, Pa.	439	.57	241.68	128.45	32.39	188.62	349.46	144.6
	Petroleum Wax	Box	21.2	Petrolia, Pa.	439	.57	241.68	128.45	32.39	188.62	349.46	144.6
	Petroleum Oil, N.O.I.B.N.	Box	21.2	Lima, O.	684	.87	368.88	200.13	32.39	188.62	421.14	114.2
515	Soybean Oil											
	Soybean Oil	Box	24.7	Kanakee, Ill.	881	1.09	538.46	267.20	32.89	215.08	515.17	95.7
	" "	Box	24.7	Painesville, O.	537	.80	395.20	160.14	32.89	215.08	408.11	103.3
	" "	Box	24.7	Decatur, Ill.	942	1.12	553.28	285.70	32.89	215.08	533.67	96.5
	" "	Box	24.7	Ivorydale, O.	714	.92	454.48	216.55	32.89	215.08	464.52	102.2

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Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
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Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origins (5)	Short Line Miles 1/ (6)	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues (13)
									Terminal			
						Rate (7)	Per Car (8)	Line Haul (9)	Origin (10)	Port (11)	Total (12)	
517	Vegetable and Nut Oils, N.O.S.											
	Vegetable Oil, N.O.I.B.N.	Box	25.1	Chicago, Ill.	880	$1.09	$547.18	$267.97	$32.95	$218.10	$519.02	94.9%
	" " "	Box	25.1	Decatur, Ill.	942	1.12	562.24	286.85	32.95	218.10	537.90	95.7
	" " "	Box	25.1	Painesville, O.	528	.80	401.60	160.78	32.95	218.10	411.83	102.5
	" " "	Box	25.1	New Castle, Pa.	490	.74	371.48	149.21	32.95	218.10	400.26	107.7
523	Rubber, Crude, Natural and Synthetic											
	Neoprene Rubber	Box	40.9	Louisville, Ky.	824	.96	785.28	290.73	35.25	337.55	663.53	84.5
	" "	Box	40.9	Chicago, Ill.	880	1.15	940.70	310.49	35.25	337.55	683.29	72.6
	" "	Box	40.9	Akron, O.	540	.86	703.48	190.53	35.25	337.55	563.33	80.1
	" "	Box	40.9	Painesville, O.	528	.86	703.48	186.30	35.25	337.55	559.10	79.5
525	Rubber Goods, N.O.S.											
	Rubber Goods, N.O.I.B.N.	Box	19.0	Akron, O.	540	1.06	402.80	154.36	32.07	171.98	358.41	89.0
527	Chemicals, N.O.S.											
	Ultramine Blue	Box	22.1	Huntington, W.Va.	649	1.19	525.98	191.68	32.52	195.42	419.62	79.8
	Chemicals, N.O.S.	Box	22.1	Chicago, Ill.	880	1.38	609.96	259.90	32.52	195.42	487.84	80.0
	" "	Box	22.1	Marietta, O.	534	1.09	481.78	157.71	32.52	195.42	385.65	80.0
	" "	Box	22.1	Louisville, Ky.	824	1.46	645.32	243.36	32.52	195.42	471.30	73.0
531	Acids, N.O.S.											
	Phthalic Anhydride	Box	31.6 4/	Chicago, Ill.	880	.73	511.00	285.47	33.90	267.24	586.61	114.8
	" "	Box	31.6 4/	Ironton, O.	649	.69	483.00	210.53	33.90	267.24	511.67	105.9
533	Sodium (Soda) Products											
	Liquid Caustic Soda	Box	60.3	S. Charleston, W.Va.	603	.59	711.54	248.53	38.08	484.22	770.83	108.3
	Sodium Phosphate	Box	60.3	Trenton, Mich.	621	13.06 3/	787.52	255.95	38.08	484.22	778.25	93.8
539	Fertilizers, N.O.S.											
	Sulphate of Ammonia	Box	55.9	Bessemer, Pa.	426	6.88 3/	384.59	169.85	37.44	450.95	658.24	171.2
	" " "	Box	55.9	Gary, Ind.	880	10.80 3/	603.72	350.86	37.44	450.95	839.25	139.0
541	Insecticides and Fungicides, N.O.S.											
	Insecticides, N.O.I.B.N.	Box	34.3	So. Charleston, W.Va.	603	.73	500.78	200.59	34.29	287.66	522.54	104.3
	" "	Box	34.3	Racine, Wisc.	895	1.03	706.58	297.72	34.29	287.66	619.67	87.7
	" "	Box	34.3	St. Louis, Mich.	710	.97	665.42	236.18	34.29	287.66	558.13	83.9

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Commodity		Type of Equipment	Average Weight Tons	Origins	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
Group No.	Description					Rate	Per Car	Line Haul	Terminal Origin	Terminal Port	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
547	Paint, Paint Material, Putty, and Varnish											
	Paint, N.O.I.B.N.	Box	26.7	Cleveland, O.	552	$.98	$523.32	$170.79	$33.19	$230.20	$434.18	83.0%
	" "	Box	26.7	Yorkville, O.	469	.91	485.94	145.11	33.19	230.20	408.50	84.1
	" "	Box	26.7	Huntington, W.Va.	649	1.01	539.34	200.81	33.19	230.20	464.20	86.1
	" "	Box	26.7	Institute, W.Va.	603	.98	523.32	186.57	33.19	230.20	449.96	86.0
549	Plastics											
	Synthetic Resin	Box	29.3	Marietta, O.	534	1.01	591.86	169.47	33.56	249.86	452.89	76.5
	" "	Box	29.3	Ottawa, Ill.	948	1.49	873.14	300.86	33.56	249.86	584.28	66.9
	" "	Box	29.3	Ficklin, Ill.	903	1.47	861.42	286.58	33.56	249.86	570.00	66.2
	" "	Box	29.3	Chicago, Ill.	880	1.46	855.56	279.28	33.56	249.86	562.70	65.8
553	Drugs, Medicines, Toilet Prep.											
	Disinfectants, N.O.I.B.N.	Box	26.0	Wyandotte, Mich.	621	1.33	691.60	190.81	33.08	224.90	448.79	64.9
	Drugs, N.O.I.B.N.	Box	26.0	St. Louis, Mo.	1,030	1.58	821.60	316.49	33.08	224.90	574.47	69.9
	" "	Box	26.0	Chicago, Ill.	880	1.38	717.60	270.40	33.08	224.90	528.38	73.6
	" "	Box	26.0	Detroit, Mich.	621	1.33	691.60	190.81	33.08	224.90	448.79	64.9
	" "	Box	26.0	Terre Haute, Ind.	869	1.38	717.60	267.02	33.08	224.90	525.00	73.2
555	Aluminum Bar Ingot, Pig & Slab											
	Aluminum Ingots, Pig & Slab	Box	22.3	Chicago, Ill.	880	1.27	566.42	260.44	32.55	196.94	489.93	86.5
	" " " "	Box	22.3	Heath, O.	578	1.04	463.84	171.06	32.55	196.94	400.55	86.4
	" " " "	Box	22.3	Brighton, O.	714	1.09	486.14	211.31	32.55	196.94	440.80	90.7
	" " " "	Box	22.3	Louisville, Ky.	824	1.22	544.12	243.86	32.55	196.94	473.35	87.0
561	Copper, Brass and Bronze, N.O.S.											
	Copper Tubing	Box	24.3	St. Louis, Mo.	1,030	1.85	899.10	311.13	32.84	212.06	556.03	61.8
	Copper Cable	Box	24.3	Cleveland, O.	552	1.09	529.74	166.74	32.84	212.06	411.64	77.7
	Copper Wire	Box	24.3	Glassport, Pa.	426	.98	476.28	128.68	32.84	212.06	373.58	78.4
569	Alloys for Steel Manufacture											
	Ferro Chrome	Box	29.0	Marietta, O.	534	19.00 5/	492.10	168.98	33.52	247.58	450.08	91.5
	" "	Box	29.0	Graham, W.Va.	562	18.60 5/	481.74	177.84	33.52	247.58	458.94	95.3
	" "	Box	29.0	Lorain, O.	552	20.20 5/	523.18	174.68	33.52	247.58	455.78	87.1
	" "	Box	29.0	Peoria, Ill.	978	28.00 5/	725.20	309.48	33.52	247.58	590.58	81.4

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Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origins (5)	Short Line Miles 1/ (6)	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues (13)
						Rate (7)	Per Car (8)	Line Haul (9)	Terminal Origin (10)	Terminal Port (11)	Total (12)	
575	Iron & Steel: Billet Bloom & Ingot											
	Steel Billets	Gond.	60.0	Youngstown, O.	490	$9.80 5/	$525.28	$226.94	$32.01	$446.66	$705.61	134.3%
	" "	Gond.	60.0	Warren, O.	490	9.80 5/	525.28	226.94	32.01	446.66	705.61	134.3
	" "	Gond.	60.0	Canton, O.	526	10.04 5/	538.14	243.62	32.01	446.66	722.29	134.2
	" "	Gond.	60.0	Pittsburgh, Pa.	426	9.07 5/	486.15	197.30	32.01	446.66	675.97	139.0
577	Iron and Steel, Bar Rod & Slab											
	Rods Coiled, Iron & Steel	Gond.	29.0	St. Louis, Mo.	1,030	.84	487.20	379.40	32.01	230.16	641.57	131.7
	Bars Sheet & Tinplate	Gond.	29.0	Warren, O.	490	.49	284.20	180.49	32.01	230.16	442.66	155.8
	" " "	Gond.	29.0	Pittsburgh, Pa.	426	.45	261.00	156.92	32.01	230.16	419.09	160.6
581	Iron & Steel Nails & Wire (Woven & Not Woven)											
	Nails Iron & Steel	Box	28.0	Alliquippa, Pa.	426	.45	252.00	133.50	33.38	240.02	406.90	161.5
	" " "	Box	28.0	Troy, O.	682	.61	341.60	213.73	33.38	240.02	487.13	142.6
	" " "	Box	28.0	Wheeling, W.Va.	469	.45	252.00	146.98	33.38	240.02	420.38	166.8
	" " "	Box	28.0	Gary, Ind.	880	.73	408.80	275.78	33.38	240.02	549.18	134.3
583	Manufactured Iron & Steel											
	Bars, Iron & Steel	Box	40.4	Youngstown, O.	490	.49	395.92	172.14	35.18	333.77	541.09	136.7
	Mfg. I.& S., N.O.I.B.N.	Box	40.4	Massillon, O.	526	.51	412.08	184.79	35.18	333.77	553.74	134.4
	" " "	Box	40.4	Pittsburgh, Pa.	426	.45	363.60	149.66	35.18	333.77	518.61	142.6
	" " "	Box	40.4	Chicago, Ill.	880	.73	589.84	309.15	35.18	333.77	678.10	115.0
	Tinplate	Box	40.4	Yorkville, O.	469	.45	363.60	164.76	35.18	333.77	533.71	146.8
	Bars, Iron & Steel	Gond.	40.4	Youngstown, O.	490	.49	395.92	197.57	32.01	309.78	539.36	136.2
	Mfg. I.& S., N.O.I.B.N.	Gond.	40.4	Massillon, O.	526	.51	412.08	212.09	32.01	309.78	553.88	134.4
	" " "	Gond.	40.4	Pittsburgh, Pa.	426	.45	363.60	171.77	32.01	309.78	513.56	141.2
	" " "	Gond.	40.4	Chicago, Ill.	880	.73	589.84	354.83	32.01	309.78	696.62	118.1
587	Iron & Steel Pipe & Fittings											
	Pipe & Fittings Iron & Steel	Gond.	36.3	Moundsville, W.Va.	469	.45	326.70	183.23	32.01	281.14	496.38	151.9
	" " " "	Gond.	36.3	Allegheny, Pa.	426	.45	326.70	166.43	32.01	281.14	479.58	146.8
	" " " "	Gond.	36.3	Chicago, Ill.	880	.73	529.98	343.79	32.01	281.14	656.94	124.0
	" " " "	Gond.	36.3	Massillon, O.	526	.51	370.26	205.49	32.01	281.14	518.64	140.1
	Wrought Iron Pipe	Gond.	36.3	S. Lorain, O.	552	.51	370.26	215.65	32.01	281.14	528.80	142.8

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Revenues, Out-of-Pocket Costs and Ratios Representative Movements of Export Traffic Originating in Differential Territory via Port of New York

Commodity Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Origin (10)	Out-of-Pocket Costs Terminal Port (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
589	Tanks, N.O.S.											
	I & S Tanks	Gond.	18.0	Columbiana, O.	489	$1.01	$363.60	$163.67	$32.01	$153.34	$349.02	96.0%
	" "	Gond.	18.0	Louisville, Ky.	824	1.46	525.60	275.80	32.01	153.34	461.15	87.7
	Pontoon Tanks	Gond.	18.0	Ft.Wayne, Ind.	734	1.36	489.60	245.68	32.01	153.34	431.03	88.0
	Wooden Tanks	Gond.	18.0	Massillon, O.	526	.95	342.00	176.06	32.01	153.34	361.41	105.7
591	Agricultural Implements											
	Agricultural Implements, NOIBN	Box	21.9	Moline, Ill.	1,031	.93	407.34	303.87	32.49	193.91	530.27	130.2
	" " "	Box	21.9	South Bend, Ind.	830	.88	385.44	236.67	32.49	193.91	463.07	120.1
	" " "	Box	21.9	Chicago, Ill.	880	.93	407.34	259.36	32.49	193.91	485.76	119.3
	" " "	Box	21.9	Louisville, Ky.	824	.80	350.40	242.86	32.49	193.91	469.26	133.9
593	Agricultural Implement Parts, N.O.S.											
	Plow Parts & Harrow Disc	Box	24.8	South Bend, Ind.	803	.88	436.48	243.79	32.91	215.83	492.53	112.8
	Agricultural Implement Parts, N.O.S.	Box	24.8	Burlington, Ia.	1,064	.93	461.28	323.03	32.91	215.83	571.77	124.0
	" " "	Box	24.8	Midland, Pa.	426	.61	302.56	129.33	32.91	215.83	378.07	125.0
	" " "	Box	24.8	Racine, Wisc.	895	.93	461.28	271.72	32.91	215.83	520.46	112.8
	" " "	Box	24.8	Battle Creek, Mich.	741	.85	421.60	224.97	32.91	215.83	473.71	112.4
	" " "	Box	24.8	Bucyrus, O.	635	.71	352.16	192.78	32.91	215.83	441.52	125.4
595	Machinery & Machines, N.O.S.											
	Printing Presses	Box	21.0	Chicago, Ill.	880	1.55	651.00	256.94	32.36	187.10	476.40	73.2
	Crane or Derricks	Gond.	21.0	Lorain, O.	552	.93	390.60	189.82	32.01	174.29	396.12	101.4
	Road Graders	Gond.	21.0	Indianapolis, Ind.	789	.85	357.00	271.32	32.01	174.29	477.62	133.8
	Machinery, N.O.I.B.N.	Box	21.0	Oakley, O.	714	1.27	533.40	208.47	32.36	187.10	427.93	80.2
597	Machinery Parts											
	Rolling Mill Rolls, N.O.S.	Gond.	24.7	Lima, O.	684	.60	296.40	242.96	32.01	200.13	475.10	160.3
	Ore Milling Mach. Parts	Gond.	24.7	Milwaukee, Wisc.	871	1.61	795.34	309.38	32.01	200.13	541.52	68.1
	Ice Cans	Box	24.7	Niles, O.	490	1.01	498.94	148.61	32.89	215.08	396.58	79.5
	" "	Box	24.7	Christy Park, Pa.	426	.98	484.12	129.20	32.89	215.08	377.17	77.9
601	Business & [illegible]											
	Cash Registers	Box	[illegible]	Dayton, O.	[illegible]	1.70	710.60	198.34	32.34	186.35	417.03	58.7

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Revenues, Out-of-Pocket Costs and Ratios
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Commodity						Freight Revenues 2/		Out-of-Pocket Costs	Terminal			Ratios of Out-of-Pocket Costs to Revenues
Group No. (1)	Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Origin (10)	Port (11)	Total (12)	(13)
605	Railway Equipment SU Not on Own Wheels											
	Locomotive Not Moved on Own Wheels	Flat	37.9	Erie, Pa.	483	$.82	$621.56	$172.21	$37.52	$292.32	$502.05	80.8%
	" " " "	Flat	37.9	Chicago, Ill.	880	1.55	1,174.90	313.76	37.52	292.32	643.60	54.8
	" " " "	Flat	37.9	St. Louis, Mo.	1,030	1.66	1,258.28	367.24	37.52	292.32	697.08	55.4
607	Railway Equipment Parts											
	Brake Shoes Railway	Box	24.9	Lordstown, O.	490	.49	244.02	148.91	32.92	216.59	398.42	163.3
	Car Wheels	Box	24.9	Verona, Pa.	426	.45	224.10	129.46	32.92	216.59	378.97	169.1
	Air Brake Equipment	Box	24.9	Wilmerding, Pa.	426	1.09	542.82	129.46	32.92	216.59	378.97	69.8
	Springs	Box	24.9	Pittsburgh, Pa.	426	.92	458.16	129.46	32.92	216.59	378.97	82.7
	Couplers	Box	24.9	Alliance, O.	509	.51	253.98	154.69	32.92	216.59	404.20	159.1
	Underframes	Gond.	24.9	East St. Louis, Ill.	1,030	.84	418.32	366.48	32.01	201.53	600.02	143.4
609	Rails & Railway Track Material											
	Iron & Steel											
	Rails	Gond.	32.2	Bessemer, Pa.	426	12.71 5/	366.05	161.09	32.01	252.51	445.61	121.7
	"	Gond.	32.2	Carnegie, Pa.	426	12.71 5/	366.05	161.09	32.01	252.51	445.61	121.7
	Spikes	Box	32.2	Neville Island, Pa.	426	.45	289.80	138.97	33.99	271.78	444.74	153.5
	Track Material	Box	32.2	Gary, Ind.	880	.73	470.12	287.08	33.99	271.78	592.85	126.1
611	Vehicles Other Than Motor											
	Childrens Vehicles & Wagons	Box	11.4	Akron, O.	540	1.39	316.92	141.81	30.96	114.53	287.30	90.7
	Trailers Other Than Motor, N.O.I.B.N.	Box	11.4	Oakley, O.	714	1.33	303.24	187.51	30.96	114.53	333.00	109.8
	" " " "	Box	11.4	Fort Wayne, Ind.	734	1.36	310.08	192.76	30.96	114.53	338.25	109.1
	" " " "	Gond.	11.4	Oakley, O.	714	1.33	303.24	224.57	32.01	107.24	363.82	120.0
	" " " "	Gond.	11.4	Fort Wayne, Ind.	734	1.36	310.08	230.86	32.01	107.24	370.11	119.4
	Warehouse Hand Trucks	Box	11.4	Niles, Ohio	490	1.01	230.28	128.68	30.96	114.53	274.17	119.1
	Lift Trucks	Box	11.4	Peoria, Ill.	978	1.61	367.08	256.84	30.96	114.53	402.33	109.6
613	Automobiles-Passenger											
	Automobiles Passenger Set Up	Box	A	Detroit, Mich.	621	2.10 6/	315.00	155.68	30.39	85.05	271.12	86.1
	" " " "	Box	C	Detroit, Mich.	621	2.10 6/	420.00	160.43	30.76	103.94	295.13	70.3
	" " " "	Box	B	Detroit, Mich	621	2.46 7/	307.50	153.31	30.21	75.59	259.11	84.3
	" " " "	Box	B	Flint, Mich.	647	2.59	323.75	159.72	30.21	75.59	265.52	82.0
	" " " "	Box	B	Kenosha, Wisc.	658	3.00	375.00	162.44	30.21	75.59	268.24	71.5
	" " " "	Box	B	Springfield, O.	895	2.29	286.25	220.95	30.21	75.59	326.75	114.1

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Commodity		Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Freight Revenues 2/		Out-of-Pocket				Ratio of Out-of-Pocket Costs to Revenues (13)
Group No. (1)	Description (2)					Rate (7)	Per Car (8)	Line Haul (9)	Terminal		Total (12)	
									Origin (10)	Port (11)		
615	Automobiles Freight											
	Autos Freight	Flat	15.0	Detroit, Mich.	621	$1.17	$351.00	$177.92	$34.19	$132.38	$344.49	98.1%
	" "	Flat	15.0	Springfield, O.	655	1.24	372.00	187.67	34.19	132.38	354.24	95.2
	" "	Flat	15.0	South Bend, Ind.	803	1.43	429.00	230.07	34.19	132.38	396.64	92.5
	" "	Flat	15.0	Kenosha, Wisc.	895	1.52	456.00	256.43	34.19	132.38	423.00	92.8
	" "	Gond.	15.0	Detroit, Mich.	621	1.17	351.00	202.16	32.01	132.38	366.55	104.4
	" "	Gond.	15.0	Springfield, O.	655	1.24	372.00	213.23	32.01	132.38	377.62	101.5
	" "	Gond.	15.0	South Bend, Ind.	803	1.43	429.00	261.40	32.01	132.38	425.79	99.3
	" "	Gond.	15.0	Kenosha, Wisc.	895	1.52	456.00	291.35	32.01	132.38	455.74	99.9
617	Vehicles Motor, N.O.S.											
	Fire Fighting Equipment	Flat	22.6	Dayton, O.	680	1.70	768.40	210.63	35.29	185.46	431.38	56.1
	Farm Tractors	Flat	22.6	Deerfield, Ill.	916	.93	420.36	283.73	35.29	185.46	504.48	120.0
	" "	Flat	22.6	Peoria, Ill.	978	.93	420.36	302.94	35.29	185.46	523.69	124.6
	" "	Flat	22.6	Racine, Wisc.	895	.93	420.36	277.23	35.29	185.46	497.98	118.5
	Fire Fighting Equipment	Gond.	22.6	Dayton, O.	680	1.70	768.40	237.17	32.01	185.46	454.64	59.2
	Farm Tractors	Gond.	22.6	Deerfield, Ill.	916	.93	420.36	319.48	32.01	185.46	536.95	127.7
	"" "	Gond.	22.6	Peoria, Ill.	978	.93	420.36	341.10	32.01	185.46	558.57	132.9
	" "	Gond.	22.6	Racine, Wisc.	895	.93	420.36	312.15	32.01	185.46	529.62	126.0
619	Military Vehicles, N.O.S.											
	Military Tractor Tanks	Flat	26.7	Battle Creek, Mich.	741	1.40	747.60	238.82	35.89	214.10	488.81	65.4
	" " "	Flat	26.7	Peoria, Ill.	978	1.61	859.74	315.20	35.89	214.10	565.19	65.7
	Military Vehicles, N.O.S.	Flat	26.7	Rock Island, Ill.	1,031	2.20	1,174.80	332.28	35.89	214.10	582.27	49.6
	" " "	Flat	26.7	Toledo, O.	658	1.17	624.78	212.07	35.89	214.10	462.06	74.0
	Military Tractor Tanks	Gond.	26.7	Battle Creek, Mich.	741	1.40	747.60	267.73	32.01	214.10	513.84	68.7
	" " "	Gond.	26.7	Peoria, Ill.	978	1.61	859.74	353.37	32.01	214.10	599.48	69.7
	Military Vehicles, N.O.S.	Gond.	26.7	Rock Island, Ill.	1,031	2.20	1,174.80	372.52	32.01	214.10	618.63	52.7
	" " "	Gond.	26.7	Toledo, O.	658	1.17	624.78	237.74	32.01	214.10	483.85	77.4
621	Automobiles & Auto Trucks KD											
	Autos Boxed	Flat	21.8	Springfield, O.	655	1.24	540.64	201.29	35.18	179.87	416.34	77.0
	" "	Flat	21.8	Detroit, Mich.	621	1.17	510.12	190.84	35.18	179.87	405.89	79.6
	" "	Flat	21.8	Kenosha, Wisc.	895	1.52	662.72	275.04	35.18	179.87	490.09	74.0
	" "	Flat	21.8	Wagon Works, O.	658	1.17	510.12	202.21	35.18	179.87	417.26	81.8
	" "	Gond.	21.8	Springfield, O.	655	1.24	540.64	226.85	32.01	179.87	438.73	81.2
	" "	Gond.	21.8	Detroit, Mich.	621	1.17	510.12	215.07	32.01	179.87	426.95	83.7
	" "	Gond.	21.8	Kenosha, Wisc.	895	1.52	662.72	309.97	32.01	179.87	521.85	78.7
	" "	Gond.	21.8	Wagon Works, O.	658	1.17	510.12	227.89	32.01	179.87	439.77	86.2

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Commodity		Type of Equipment	Average Weight		Short Line	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
Group No. (1)	Description (2)	(3)	Tons (4)	Origins (5)	Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Terminal Origin (10)	Terminal Port (11)	Total (12)	(13)
623	Vehicles Parts, N.O.S.											
	Auto Parts	Box	23.3	Detroit, Mich.	621	$1.17	$545.22	$185.69	$32.69	$204.50	$422.88	77.6%
	" "	Box	23.3	Springfield, O.	655	1.24	577.84	195.85	32.69	204.50	433.04	74.9
	" "	Box	23.3	Kenosha, Wisc.	895	1.52	708.32	267.61	32.69	204.50	504.80	71.3
	" "	Box	23.3	Chicago, Ill.	880	1.52	708.32	263.13	32.69	204.50	500.32	70.6
	" "	Box	23.3	Peoria, Ill.	978	1.66	773.56	292.43	32.69	204.50	529.62	68.5
	" "	Box	23.3	South Bend, Ind.	803	1.43	666.38	240.11	32.69	204.50	477.30	71.6
627	Tires and Tubes Rubber											
	Tire and Tubes Rubber	Box	15.8	Akron, O.	540	1.06	334.96	149.08	31.60	147.79	328.47	98.1
	" " "	Box	15.8	Columbus, O.	611	1.07	338.12	168.68	31.60	147.79	348.07	102.9
	" " "	Box	15.8	Louisville, Ky.	824	1.36	429.76	227.49	31.60	147.79	406.88	94.7
	" " "	Box	15.8	Shelby, O.	598	1.09	344.44	165.09	31.60	147.79	344.48	100.0
631	Ammunition and Explosives											
	Ammunition and Explosives	Box	43.6	Atlas, O.	540	1.48 8/	1,148.96	194.99	35.65	357.96	588.60	51.2
	" "	Box	43.6	Atlas, O.	540	1.18 9/	1,028.96	194.99	35.65	357.96	588.60	57.2
	" "	Box	43.6	Crane, Ind.	883	1.94 8/	1,691.68	318.84	35.65	357.96	712.45	42.1
	" "	Box	43.6	Crane, Ind.	883	1.55 9/	1,351.60	318.84	35.65	357.96	712.45	52.7
	" "	Box	43.6	Proving Ground, Ill.	1,018	2.15 8/	1,874.80	367.59	35.65	357.96	761.20	40.6
	" "	Box	43.6	Proving Ground, Ill.	1,018	1.72 9/	1,499.84	367.59	35.65	357.96	761.20	50.8
	" "	Box	43.6	Charlestown, Ind.	824	1.91 8/	1,665.52	297.54	35.65	357.96	691.15	41.5
	" "	Box	43.6	Charlestown, Ind.	824	1.52 9/	1,325.44	297.54	35.65	357.96	691.15	52.1
	" "	Box	43.6	Kingsbury, Ind.	803	1.89 8/	1,648.08	289.96	35.65	357.96	683.57	41.5
	" "	Box	43.6	Kingsbury, Ind.	803	1.50 9/	1,308.00	289.96	35.65	357.96	683.57	52.3
635	Cement, N.O.S.											
	High Temperature Bonding	Box	45.5	Zelienople, Pa.	426	8.04 3/	365.82	156.30	35.92	372.33	564.55	154.3
	High Temperature Mortor	Box	45.5	Cleveland, O.	552	8.04 3/	365.82	202.53	35.92	372.33	610.78	167.0
639	Brick and Building Tile											
	Facing Tile	Box	26.0	Anderson, Ind.	746	.72	374.40	229.22	33.08	224.90	487.20	130.1
	" "	Box	26.0	Zanesville, O.	566	.57	296.40	173.91	33.08	224.90	431.89	145.7
	Hollow Bldg. Tile	Box	26.0	Magnolia, O.	526	8.64 3/	224.64	161.62	33.08	224.90	419.60	186.8
641	Refractories											
	Firebrick	Box	33.3	Firebrick, O.	649	9.12 3/	303.70	213.91	34.15	280.10	528.16	173.9
	"	Box	33.3	Allegheny, Pa.	426	8.04 3/	267.73	140.41	34.15	280.10	454.66	169.8
	"	Box	33.3	Mineral City, O.	526	8.64 3/	287.71	173.37	34.15	280.10	487.62	169.5
	"	Box	33.3	Louisville, Ky.	824	12.57 3/	418.58	271.58	34.15	280.10	585.83	140.0

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Commodity						Freight Revenues 2/		Out-of-Pocket Costs				
									Terminal			
Group No. (1)	Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origins (5)	Short Line Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Origin (10)	Port (11)	Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
649	Sewer Pipe and Drain Tile (Not Metal)											
	Ceramic Tile	Box	25.8	Zanesville, O.	566	$.98	$505.68	$173.57	$33.05	$223.39	$430.01	85.0%
	" "	Box	25.8	East Sparta, O.	526	.95	490.20	161.30	33.05	223.39	417.74	85.2
655	Scrap Paper and Rags											
	Rags	Box	17.8	Kenosha, Wisc.	895	.81	288.36	252.56	31.89	162.91	447.36	155.1
	"	Box	17.8	Piqua, O.	682	.66	234.96	192.45	31.89	162.91	387.25	164.8
	"	Box	17.8	Columbus, O.	611	.62	220.72	172.42	31.89	162.91	367.22	166.4
	"	Box	17.8	Chicago, Ill.	880	.81	288.36	248.33	31.89	162.91	443.13	153.7
	"	Box	17.8	Pittsburgh, Pa.	426	.52	185.12	120.21	31.89	162.91	315.01	170.2
	"	Box	17.8	Jeffersonville, Ind.	824	.78	277.68	232.53	31.89	162.91	427.33	153.9
659	Printing Paper, N.O.S.											
	Printing Paper	Box	23.0	Middletown, O.	680	.87	400.20	202.70	32.65	202.22	437.57	109.3
	" "	Box	23.0	Hamilton, O.	714	.87	400.20	212.84	32.65	202.22	447.71	111.9
	" "	Box	23.0	Chillicothe, O.	628	.78	358.80	187.20	32.65	202.22	422.07	117.6
	" "	Box	23.0	Otsego, Mich.	764	.98	450.80	227.74	32.65	202.22	462.61	102.6
665	Paper and Paper Articles											
	Paper Articles, N.O.I.B.N.	Box	15.9	Chicago, Ill.	880	1.05	333.90	243.22	31.61	148.55	423.38	126.8
	" " "	Box	15.9	Brighton, O.	714	.87	276.66	197.34	31.61	148.55	377.50	136.4
	" " "	Box	15.9	Chillicothe, O.	628	.78	248.04	173.57	31.61	148.55	353.73	124.5
	" " "	Box	15.9	Cleveland, O.	552	.78	248.04	152.56	31.61	148.55	332.72	134.1
667	Printed Matter, N.O.S.											
	Books, N.O.S.	Box	19.2	Dayton, O.	680	1.70	652.80	194.80	32.09	173.50	400.39	61.3
	" "	Box	19.2	Racine, Wisc.	895	2.00	768.00	256.39	32.09	173.50	461.98	60.2
	Calendars Rolled in Packages	Box	19.2	E. St. Louis, Ill.	1,030	1.15	441.60	295.07	32.09	173.50	500.66	113.4
	Printed Forms	Box	19.2	Dayton, O.	680	.86	330.24	194.80	32.09	173.50	400.39	121.2
	" "	Box	19.2	Shelby, O.	598	.80	307.20	171.31	32.09	173.50	376.90	122.7
669	Paperboard, Fibreboard and Pulpboard											
	Paperboard	Box	23.6	Hamilton, O.	714	.80	377.60	214.15	32.73	206.76	453.64	120.1
	"	Box	23.6	Rittman, O.	540	.72	339.84	161.96	32.73	206.76	401.45	118.1
	"	Box	23.6	Middletown, O.	680	.80	377.60	203.95	32.73	206.76	443.44	117.4

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Commodity		Type of Equipment	Average Weight Tons	Origin	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket				Ratio of Out-of-Pocket Costs to Revenues
Group No.	Description					Rate	Per Car	Line Haul	Terminal		Total	
									Origin	Port		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
675	Insulating Materials, N.O.S.											
	Mineral Wool	Box	13.7	Newark, O.	578	$.72	$197.28	$155.86	$31.29	$131.92	$319.07	161.7%
	" "	Box	13.7	Columbus, O.	611	.73	200.02	164.76	31.29	131.92	327.97	164.0
	" "	Box	13.7	Lockland, O.	714	.80	219.20	192.53	31.29	131.92	355.74	162.3
685	Electrical Equipment and Parts, N.O.S.											
	Batteries and Parts	Box	19.3	Madison, Wisc.	950	1.47	567.42	272.44	32.11	174.26	478.81	84.4
	" " "	Box	19.3	Cleveland, O.	552	.95	366.70	158.30	32.11	174.26	364.67	99.4
	Electrical Appliances, N.O.S.	Box	19.3	Troy, O.	682	1.25	482.50	195.58	32.11	174.26	401.95	83.3
	Radios	Box	19.3	Chicago, Ill.	880	2.69	1,038.34	252.35	32.11	174.26	458.73	44.2
	"	Box	19.3	Indianapolis, Ind.	789	2.46	949.56	226.27	32.11	174.26	432.64	45.6
687	Furnaces, Heaters, Radiators and Parts											
	Heating Furnaces	Box	14.0	Dayton, O.	680	1.09	305.20	183.99	31.34	134.18	349.51	114.5
	" "	Box	14.0	Chicago Heights, Ill.	880	1.36	380.80	238.10	31.34	134.18	403.62	106.0
	Water Heaters	Box	14.0	St. Louis, Mo.	1,030	1.66	464.80	278.69	31.34	134.18	444.21	95.6
693	Glass											
	Glass Pellets	Box	26.7 10/	Newark, O.	578	.78	468.00	178.84	33.19	230.20	442.23	94.5
	Plate Glass	Gond.	26.7 11/	Ford City, Pa.	426	.83	443.22	153.92	32.01	214.10	400.03	90.3
	" "	Gond.	26.7 12/	Ford City, Pa.	426	.96	512.64	153.92	32.01	214.10	400.03	78.0
695	Glassware, N.O.S.											
	Glassware, N.O.S.	Box	16.2	Columbus, O.	611	.92	298.08	169.43	31.66	150.82	351.91	118.1
	" "	Box	16.2	Lancaster, O.	602	.92	298.08	166.93	31.66	150.82	349.41	117.2
		Box	16.2	Dunkirk, Ind.	746	1.08	349.92	206.86	31.66	150.82	389.34	111.3
697	Glass Bottles, Jars, and Packing Glasses, N.O.S.											
	Common Glass Containers	Box	20.9	Washington, Pa.	426	.59	246.62	124.25	32.34	186.35	342.94	139.1
		Box	20.9	Lancaster, O.	602	.73	305.14	175.59	32.34	186.35	394.28	129.2
		Box	20.9	Muncie, Ind.	746	.86	359.48	217.59	32.34	186.35	436.28	121.4
		Box	20.9	Charleston, W.Va.	603	.67	280.06	175.88	32.34	186.35	394.57	140.9

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Commodity: Group No. (1)	Commodity: Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Freight Revenues 2/: Rate (7)	Freight Revenues 2/: Per Car (8)	Out-of-Pocket: Line Haul (9)	Out-of-Pocket: Terminal: Origin (10)	Out-of-Pocket: Terminal: Port (11)	Out-of-Pocket: Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
705	Household Utensils, N.O.S.											
	Sheet Steelware, Household	Box	10.7	Zanesville, O.	566	$1.39	$297.46	$147.43	$30.86	$109.24	$287.53	96.7%
	Steel Kettles, "	Box	10.7	Warren, Pa.	407	.87	186.18	106.01	30.86	109.24	246.11	132.2
	Sheet Steelware, "	Box	10.7	West Lafayette, O.	542	1.39	297.46	141.18	30.86	109.24	281.08	94.5
707	Refrigerators, Freezing Apparatus and Parts											
	Refrigerators	Box	10.3	Chicago, Ill.	880	2.12	436.72	228.14	30.80	106.22	365.16	83.6
	"	Box	10.3	Connellsville, Ind.	721	1.85	381.10	186.92	30.80	106.22	323.94	85.0
	"	Box	10.3	Dayton, O.	680	1.70	350.20	176.29	30.80	106.22	313.31	89.5
	"	Box	10.3	St. Louis, Mo.	1,030	2.29	471.74	267.03	30.80	106.22	404.05	85.7
	"	Box	10.3	Appliance Park, Ky.	824	1.98	407.88	213.63	30.80	106.22	350.65	86.0
	"	Box	10.3	Grand Rapids, Mich.	757	2.01	414.06	196.26	30.80	106.22	333.28	80.5
709	Laundry Equipment											
	Washing Machines, Household	Box	13.0	Herrin, Ill.	1,026	1.97	512.20	274.47	31.19	126.62	432.28	84.4
	" " "	Box	13.0	Norwood, O.	714	1.52	395.20	191.00	31.19	126.62	348.81	88.3
	" " "	Box	13.0	St. Louis, Mo.	1,030	1.98	514.80	275.54	31.19	126.62	433.35	84.2
	" " "	Box	13.0	Appliance Park, Ky.	824	1.52	395.20	220.43	31.19	126.62	378.24	95.7
	" " "	Box	13.0	Mansfield, O.	598	1.39	361.40	159.97	31.19	126.62	317.78	87.9
711	Stoves, Ranges and Parts											
	Stoves, N.O.I.B.N.	Box	11.9 13/	Brighton, O.	714	1.12	268.80	188.60	31.03	118.31	337.94	125.7
	" "	Box	11.9 13/	Chicago, Ill.	880	1.36	326.40	232.45	31.03	118.31	381.79	117.0
	" "	Box	11.9 13/	Louisville, Ky.	824	1.27	304.80	217.66	31.03	118.31	367.00	120.4
	" "	Box	11.9 13/	St. Louis, Mo.	1,030	1.47	352.80	272.07	31.03	118.31	421.41	119.4
715	Furniture, N.O.S.											
	Furniture, N.O.I.B.N.	Box	11.6 13/	Chicago, Ill.	880	2.12	508.80	231.64	30.99	116.04	378.67	74.4
	" "	Box	11.6 13/	E. St. Louis, Ill.	1,030	2.29	549.60	271.13	30.99	116.04	418.16	76.1
	" "	Box	11.6 13/	Perrysburg, O.	658	1.81	434.40	173.21	30.99	116.04	320.24	73.7
	" "	Box	11.6 13/	Shelby, O.	598	1.61	386.40	157.41	30.99	116.04	304.44	78.8
749	Liquors - Malt											
	Beer	Refgr.	27.5 10/	Milwaukee, Wisc.	871	.79	474.00	381.60	28.83	242.99	653.42	137.9
	"	Refgr.	27.5 10/	Chicago, Ill.	880	.76	456.00	385.54	28.83	242.99	657.36	144.2

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Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Line Haul (9)	Out-of-Pocket Terminal Origin (10)	Out-of-Pocket Terminal Port (11)	Out-of-Pocket Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
763	Food Products, N.O.S., in Cans and Packages-Not Frozen											
	Bakery Goods	Box	26.6	Cincinnati, O.	714	$1.19	$633.08	$220.70	$33.17	$229.44	$483.31	76.3%
	Powdered Milk	Box	26.6	Columbus, O.	611	.72	383.04	188.86	33.17	229.44	451.47	117.9
	" "	Box	26.6	Detroit, Mich.	621	.74	393.68	191.95	33.17	229.44	454.56	115.5
	Canned Goods	Box	26.6	Davenport, Ia.	1,031	1.02	542.64	318.68	33.17	229.44	581.29	107.1
	" "	Box	26.6	Wapakoneta, O.	684	.76	404.32	211.43	33.17	229.44	474.04	117.2
767	Starch											
	Corn Starch	Box	29.9	Chicago, Ill.	880	.62	370.76	280.89	33.65	254.39	568.93	153.4
	Starch, N.O.I.B.N.	Box	29.9	St. Louis, Mo.	1,030	.75	448.50	328.77	33.65	254.39	616.81	137.5
769	Soap and Cleaning and Washing Compounds											
	Soap	Box	25.0	Ivorydale, O.	714	.95	475.00	217.21	32.94	217.34	467.49	98.4
	Cleaning Compound, N.O.S.	Box	25.0	Columbus, O.	611	.87	435.00	185.87	32.94	217.34	436.15	100.3
773	Feed-Animal and Poultry, N.O.S.											
	Feed-Animal and Poultry, N.O.S.	Box	30.2	Peoria, Ill.	978	.72	434.88	313.07	33.70	256.66	603.43	138.8
	" " " "	Box	30.2	Lima, O.	784	.47	283.88	250.97	33.70	256.66	541.33	190.7
	" " " "	Box	30.2	Elmwood Place, O.	714	.525	317.10	228.56	33.70	256.66	518.92	163.6
779	Containers-Metal											
	Barrels-Metal	Box	19.5	Chicago, Ill.	880	1.55	604.50	252.90	32.14	175.77	460.81	76.2
	Containers-Metal, N.O.S.	Box	19.5	Speedway, Ind.	789	1.39	542.10	226.75	32.14	175.77	434.66	80.2
	" " "	Box	19.5	Niles, O.	490	1.02	397.80	140.82	32.14	175.77	348.73	87.7
	" " "	Box	19.5	Brighton, O.	714	1.27	495.30	205.20	32.14	175.77	413.11	83.4
	" " "	Box	19.5	Pittsburgh, Pa.	426	.98	382.20	122.43	32.14	175.77	330.34	86.4
781	Containers-Wooden											
	Barrels	Box	16.6	Lawrenceburg, Ind.	736	1.04	345.28	204.99	31.72	153.84	390.55	113.1
	"	Box	16.6	Louisville, Ky.	824	.98	325.36	229.50	31.72	153.84	415.06	127.6
	"	Box	16.6	Braddock, Pa.	426	1.11	368.52	118.65	31.72	153.84	304.21	82.5
783	Containers-Fibreboard and Pulpboard KD											
	Fibreboard Boxes	Box	20.9	Cleveland, O.	552	.86	359.48	161.00	32.34	186.35	379.69	105.6
	Fibreboard Containers	Box	20.9	Petrolia, Pa.	439	.73	305.14	128.04	32.34	186.35	346.73	113.6
785	Containers - N.O.S.											
	Steel Cylinders	Box	19.3	Oakmont, Pa.	426	.86	331.96	122.17	32.11	174.26	328.54	99.0

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Origins	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
									Terminal			
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	Line Haul (9)	Origin (10)	Port (11)	Total (12)	(13)
789	Scrap Iron and Scrap Steel	Gond.	30.4	Youngstown, O.	490	$13.51 5/	$366.12	$182.59	$32.01	$239.94	$454.54	124.2%
	" " " "	Gond.	30.4	Etna, Pa.	426	12.71 5/	344.44	158.74	32.01	239.94	430.69	125.0
	" " " "	Gond.	30.4	Cleveland, O.	552	14.71 5/	398.64	205.69	32.01	239.94	477.64	119.8
	" " " "	Gond.	30.4	Dayton, O.	680	16.30 5/	441.73	253.39	32.01	239.94	525.34	118.9
795	Waste Material for Remelting, N.O.S.											
	Brass - Scrap	Box	31.2	Kalamazoo, Mich.	764	.91	567.84	246.90	33.84	264.22	544.96	96.0
	" "	Box	31.2	Detroit, Mich.	621	.78	486.72	200.69	33.84	264.22	498.75	102.5
	Metal - Scrap, N.O.I.B.N.	Box	31.2	Canton, O.	526	.66	411.84	169.99	33.84	264.22	468.05	113.6
	Brass - Scrap	Box	31.2	Ashland, Ky.	649	.75	468.00	209.74	33.84	264.22	507.80	108.5
799	Manufactures and Miscellaneous, N.O.S.											
	Welding Wire	Box	19.7	Cleveland, O.	552	.51	200.94	158.98	32.17	177.28	368.43	183.4
	Welding Rods	Box	19.7	Milwaukee, Wisc.	871	.73	287.62	250.85	32.17	177.28	460.30	160.0
	Clothing N.O.I.B.N.	Box	19.7	Shelby, O.	598	2.49	981.06	172.22	32.17	177.28	381.67	38.9
	Military Impedimenta	Box	19.7	Lordstown, O.	490	1.79	705.26	141.12	32.17	177.28	350.57	49.7
	" "	Box	19.7	Toledo, O.	658	2.29	902.26	189.51	32.17	177.28	398.96	44.2
950	Forwarder Traffic											
	All Commodity	Box	13.7 4/	Chicago, Ill.	880	1.85	555.00	237.29	31.29	131.92	400.50	72.2
	" "	Box	13.7 4/	St. Louis, Mo.	1,030	2.03	609.00	277.74	31.29	131.92	440.95	72.4
	" "	Box	13.7 4/	Indianapolis, Ind.	789	1.69	507.00	212.76	31.29	131.92	375.97	74.2
	" "	Box	13.7 4/	Cincinnati, O.	714	1.56	468.00	192.53	31.29	131.92	355.74	76.0
	" "	Box	13.7 4/	Pittsburgh, Pa.	426	1.05	315.00	114.87	31.29	131.92	278.08	88.3

3455

NOTES:
1/ Excludes 10 Mile Arbitrary under Appendix K, Docket 15,879, Eastern Class Rate Investigation
2/ Rates and Revenues via Baltimore
3/ Applies per 2,000 pounds
4/ Minimum weight 70,000 pounds
5/ Applies per 2,240 pounds
6/ Applicable via New York Central R.R. direct
7/ Applicable via lines other than the New York Central R.R. direct
8/ Minimum weight 40,000 pounds
9/ Excess of 40,000 pounds per item 3 - A.T.E.A. Section 22 Quotation A-1706-A
10/ Minimum weight 60,000 pounds
11/ 120 United inches or under
12/ Exceeding 120 united inches
13/ Minimum weight 24,000 pounds
14/ Minimum weight 30,000 pounds
A/ Minimum weight 15,000 pounds for cars not exceeding 50 feet 7 inches in length
B/ Minimum weight 12,500 pounds for cars not exceeding 50 feet 7 inches in length
C/ Minimum weight 20,000 pounds for cars exceeding 50 feet 8 inches in length

I.C.C. Exhibit No. 50B

I.C.C. Exhibit No. 50 B

ERRATUM TO EXHIBIT NO. (J.I.[illegible]) 5 OF WITNESS [illegible] IN I&S DOCKET NO. 6615
EXPORTS VIA PORT OF NEW YORK

	Page No.	Group No. (1)	Commodity Description (2)	Type Of Equipment (3)	Average Weight Tons (4)	Destinations (5)	Short Line Miles 1/ (6)	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues (13)
								Rate (7)	Per Car (8)	Line Haul (9)	Terminal Port (10)	Terminal Destination (11)	Total (12)	
Reads	3	415	Plywood			No Changes								
ld Read	3	415	Plywood Mahogany			No Changes								
Reads	4	539	Bone Meal	Box	19.2 4/	Troy, O.	682	.64	245.76	195.37	173.50	32.09	400.96	163.2%
ld Read	4	539	Bone Meal	Box	19.2	Troy, O.			No Changes					
Reads	5	581	Wire, Iron and Steel	Box	24.9	Indianapolis, Ind.	799	1.05	522.90	239.78	216.59	32.92	489.29	93.6
			"	Box	24.9	Chicago, Ill.	890	1.09	542.82	267.44	216.59	32.92	516.95	95.2
			"	Box	24.9	Springfield, Ill.	991	1.17	582.66	298.13	216.59	32.92	547.64	94.0
			"	Box	24.9	Washington, Ind.	893	1.08	537.84	268.35	216.59	32.92	517.86	96.3
			"	Box	24.9	Wooster, O.	586	.86	428.28	175.05	216.59	32.92	424.56	99.1
			"	Box	24.9	Grand Rapids, Mich.	767	1.08	537.84	230.06	216.59	32.92	479.57	89.2
ld Read	5	581	Wire, Iron and Steel	Box	24.9	Indianapolis, Ind.	789		No Changes					
				Box	24.9	Chicago, Ill.	880		No Changes					
			"	Box	24.9	Springfield, Ill.	981		No Changes					
			"	Box	24.9	Washington, Ind.	883		No Changes					
			"	Box	24.9	Wooster, O.	576		No Changes					
			"	Box	24.9	Grand Rapids, Mich.	757		No Changes					
Reads	6	653	Woodpulp	Box	39.4	Chillicothe, O.	628	.59	464.92	218.70	326.21	35.03	579.94	124.7
ld Read	6	653	Woodpulp	Box	39.4	Chillicothe, O.	628	.62	488.56	218.70	326.21	35.03	579.94	118.7
Reads	9	797	Scrap Rubber	Box	19.2	Indianapolis, Ind.	789	.68	264.00	226.03	173.50	32.09	431.62	163.5
			"	Box	19.2	E.St.Louis, Ill.	1030	.80	320.00	295.07	173.50	32.09	500.66	156.5
ld Read	9	797	Scrap Rubber	Box	19.2 4/	Indianapolis, Ind.			No Changes					
	9	797	"	Box	19.2 4/	E.St.Louis, Ill.			No Changes					

Changes are indicated by underscoring.

ERRATUM TO EXHIBIT NO. (J.L.H.) 6 OF WITNESS J. L. HEYWOOD IN I&S DOCKET NO. 6615
EXPORTS VIA PORT OF NEW YORK

[fol. 3457]

	Page No.	Group No. (1)	Commodity Description (2)	Type Of Equipment (3)	Average Weight Tons (4)	Origins (5)	Short Line Miles 1/ (6)	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues (13)
								Rate (7)	Per Car (8)	Line Haul (9)	Origin (10)	Port (11)	Total (12)	
Now Reads	2	29	Leaf Tobacco	Box	13.7	Louisville, Ky.	824	1.36	372.64	222.19	31.29	131.92	385.40	103.4
Should Read	2	29	"	"	13.7	" "	824	1.35	369.90	222.19	31.29	131.92	385.40	104.2
Now Reads	3	217	Canned Meats	Refgr.	19.7	Brighton, O.	714	.95	380.00	295.78	27.69	185.14	508.61	133.8
"	3	217	"	"	19.7	Chicago, Ill.	880	.82	328.00	364.55	27.69	185.14	577.38	176.0
Should Read	3	217	Canned Meats	Refgr.	19.7	8/Brighton, O.		No Changes						
"	3	217	"	"	19.7	8/Chicago, Ill.		No Changes						
Now Reads	8	597	Rolling Mill	Gond.	24.7	Lima, O.	684	.60	296.40	242.96	32.01	200.13	475.10	160.3
Should Read	8	597	Rolls NOS "	"	24.7	15/Lima, O.	684	.60	300.00	242.96	32.01	200.13	475.10	158.4
Now Reads	8	597	Ore Mill Machy.	Gond.	24.7	Milwaukee, Wis.	871	1.61	795.34	309.38	32.01	200.13	541.52	68.1
Should Read	8	597	Parts "	"	24.7	" "	871	1.58	780.52	309.38	32.01	200.13	541.52	69.4
Now Reads	9	611	Trailers Other	Box	11.4	Oakley, O.	714	1.33	303.24	187.51	30.96	114.53	333.00	109.8
"	9	611	than Motor N.O.I.B.N.	"	11.4	Ft.Wayne, Ind.	734	1.36	310.08	192.76	30.96	114.53	338.25	109.1
Should Read	9	611	"	"	11.4	16/Oakley, O.	714	1.33	359.10	187.51	30.96	114.53	333.00	92.7
"	9	611	"	"	11.4	16/Ft.Wayne, Ind.	734	1.36	367.20	192.76	30.96	114.53	338.25	92.1
Now Reads	9	611	"	Gond.	11.4	Oakley, O.	714	1.33	303.24	224.57	32.01	107.24	363.82	120.0
"	9	611	"	"	11.4	Ft.Wayne, Ind.	734	1.36	310.08	230.86	32.01	107.24	370.11	119.4
Should Read	9	611	"	"	11.4	16/Oakley, O.	714	1.33	359.10	224.57	32.01	107.24	363.82	101.3
"	9	611	"	"	11.4	16/Ft.Wayne, Ind.	734	1.36	367.20	230.86	32.01	107.24	370.11	100.8
Now Reads	9	611	Warehouse	Box	11.4	Niles, O.	490	1.01	230.28	128.68	30.96	114.53	274.17	119.1
Should Read	9	611	Hand Trucks	"	11.4	13/Niles, O.	490	1.01	242.40	128.68	30.96	114.53	274.17	113.1
Now Reads	9	611	Lift Trucks	Box	11.4	Peoria, Ill.	978	1.61	367.08	256.84	30.96	114.53	402.33	109.6
Should Read	9	611	"	"	11.4	13/Peoria, Ill.	978	1.61	386.40	256.84	30.96	114.53	402.33	104.1
Now Reads	9	613	Automobiles	"	B/	Kenosha, Wis.	658	3.00	375.00	162.44	30.21	75.59	268.24	71.5
"	9	613	Passenger, Set Up	"	B/	Springfield, O.	895	2.29	286.25	220.95	30.21	75.59	326.75	114.1
Should Read	9	613	" "	"	B/	Kenosha, Wis.	905	3.00	375.00	223.42	30.21	75.59	329.22	87.79
"	9	613	" "	"	B/	Springfield, O.	665	2.29	286.25	164.17	30.21	75.59	269.97	94.31

ERRATUM TO EXHIBIT NO. (J.L.H.) 6 OF WITNESS J. L. HEYWOOD IN I&S DOCKET NO. 6615
EXPORTS VIA PORT OF NEW YORK

	Page No.	Group No. (1)	Commodity Description (2)	Type Of Equipment (3)	Average Weight Tons (4)	Origins (5)	Short Line Miles 1/ (6)	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues (13)
								Rate (7)	Per Car (8)	Line Haul (9)	Origin (10)	Port (11)	Total (12)	
Now Reads	11	639	Facing Tile	Box	26.0	Anderson, Ind.	746	.72	374.40	229.22	33.08	224.90	487.20	130.1%
"	11	639	"	"	26.0	Zanesville, O.	566	.57	296.40	173.91	33.08	224.90	431.89	145.7
Should Read	11	639	"	"	26.0	Anderson, Ind.	746	1.21	629.20	229.22	33.08	224.90	487.20	77.4
"	11	639	"	"	26.0	Zanesville, O.	566	.98	509.60	173.91	33.08	224.90	431.89	84.8
Now Reads	12	667	Books, N.O.S.	"	19.2	Racine, Wis.	895	2.00	768.00	256.39	32.09	173.50	461.98	60.2
Should Read	12	667	"	"	19.2	Racine, Wis.	895	2.20	844.80	256.39	32.09	173.50	461.98	54.7
Now Reads	12	669	Paperboard	"	23.6	Rittman, O.	540	.72	339.84	161.96	32.73	206.76	401.45	118.1
Should Read	12	669	"	"	23.6	Rittman, O.	540	.75	354.00	161.96	32.73	206.76	401.45	113.4
Now Reads	15	763	Canned Goods	"	26.6	Wapakoneta, O.	684	.76	404.32	211.43	33.17	229.44	474.04	117.2
Should Read	15	763	"	"	26.6	Wapakoneta, O.	684	.74	393.68	211.43	33.17	229.44	474.04	120.4
Now Reads	16	950	Forwarder Traffic All Commodity	"	13.7 4/	Chicago, Ill.	880	1.85	555.00	237.29	31.29	131.92	400.50	72.2
"	16	950		"	13.7 4/	St.Louis, Mo.	1030	2.03	609.00	277.74	31.29	131.92	440.95	72.4
"	16	950	"	"	13.7 4/	Indianapolis, Ind.	789	1.69	507.00	212.76	31.29	131.92	375.97	74.2
"	16	950	"	"	13.7 4/	Cincinnati, O.	714	1.56	468.00	192.53	31.29	131.92	355.74	76.0
"	16	950	"	"	13.7 4/	Pittsburgh, Pa.	426	1.05	315.00	114.87	31.29	131.92	278.08	88.3
Should Read	16	950	"	"	13.7 14/	Chicago, Ill.		No Changes						
"	16	950	"	"	13.7 14/	St.Louis, Mo.		"						
"	16	950	"	"	13.7 14/	Indianapolis, Ind.		"						
"	16	950	"	"	13.7 14/	Cincinnati, O.		"						
"	16	950	"	"	13.7 14/	Pittsburgh, Pa.		"						

ADDED
NOTES: 15/ Minimum weight 50,000 pounds
16/ Minimum weight 27,000 pounds

Changes are indicated by underscoring.

[fol. 3459] Secretary's certificate (omitted in printing).

[fol. 3461]

I.C.C. EXHIBIT No. 51

THIS STATEMENT IS VERIFIED. UNLESS WRITTEN REQUEST FOR CROSS EXAMINATION IS RECEIVED BY AFFIANT OR HIS ATTORNEY NOT LATER THAN 10 DAYS PRIOR TO THE HEARING AT WHICH SUCH EVIDENCE OTHERWISE WOULD BE OFFERED, AFFIANT DESIRES THAT THE STATEMENT BE CONSIDERED FOR INCORPORATION IN THE RECORD WITHOUT HIS PERSONAL APPEARANCE AS A WITNESS.

I & S DOCKET 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF M. L. MOLLMAN

My name is M. L. Mollman. I am General Freight Agent of The Baltimore and Ohio Railroad Company, with headquarters at Baltimore, Maryland.

I have been employed in the railroad and industrial traffic field for about 38 years. I have, since 1929, held various appointments in the Freight Traffic Department of The Baltimore and Ohio Railroad Company currently holding the position of General Freight Agent, at Baltimore, Maryland. My testimony is on behalf of the protestant railroads which serve one or more of the ports of Baltimore, Md., Philadelphia, Pa. and New York, N.Y., in opposition to the tariffs of the respondent railroads seeking to establish import and export rates between New York, Albany, Boston, and ports north thereof on the one hand, and that portion of central territory known as differential territory on the other hand, the same as the import-export rates between Baltimore and differential territory.

[fol. 3462] The traffic study exhibit —— (MLM-2) and the testimony concerning it which I will offer at a later point in my statement is also on behalf of the protestant railroads serving the ports of Norfolk-Newport News (Hampton Roads) as well as for the protestant railroads serving the ports previously mentioned.

The exhibits which I offer were either prepared by me or under my direction. I am familiar with the issues in this proceeding.

On October 20, 1955, the Traffic Executive Association—Eastern Railroads, acting under their 5-A Agreement, did not recommend a proposal by certain railroads serving New York calling for the establishment of the same rates on import, export, intercoastal and coastwise traffic between all of the north Atlantic ports and so-called differential territory (Docket Item No. 22). That territory will be specifically defined in a later portion of my testimony.

Thereupon, on April 24, 1956, the Boston and Maine Railroad; Delaware, Lackawanna and Western Railroad; Grand Trunk Railway; New York Central Railroad; New York, New Haven and Hartford Railroad; Delaware and Hudson Railroad; Erie Railroad; Lehigh Valley Railroad; New York, Ontario and Western Railway; and New York, Susquehanna and Western Railroad announced their intention to publish from and to the ports of New York, Albany, Boston and other New England ports, and differential territory (including Illinois Freight Association territory and Southern Wisconsin) the same export and import rates as [fol. 3463] are applicable from and to the port of Baltimore.

Following that announcement the Baltimore and Ohio Railroad, Chesapeake and Ohio Railway, Pennsylvania Railroad, Norfolk and Western Railway, Reading Company, Virginian Railway, and Western Maryland Railway, directed their tariff publishing agents that in the event of any reduction in the import, export, coastwise or intercoastal rates from and to New York and differential territory, the rates from and to the ports of Baltimore, Philadelphia, and Hampton Roads and the same territory were to be reduced simultaneously a like amount in order to preserve the rate differentials under New York from and to these ports which have existed for over 75 years.

In the opinion of the protestant railroads, based on evidence which I will offer at a later point in my testimony and based on testimony of other witnesses for protestants, if the port of New York is accorded the same rates as Baltimore, the import-export traffic through Baltimore and Philadelphia from and to differential territory will literally dry up in a relatively short time. It is for these overriding reasons that the protestant railroads ordered any reduction in the New York rates matched by reductions from the ports of Baltimore and Philadelphia. These railroads do not by any means believe the present levels of import-export rates to be too high, and they fully realize that reductions in them entail losses in revenue which they can ill afford. But the reduction in revenues which would be occasioned by the proposed reductions from Baltimore and [fol. 3464] Philadelphia would be less costly than the wholesale diversions of traffic which would result from according New York the same rates as Baltimore.

In tariffs filed to become effective July 10, 1956, reduced class and commodity rates were published for application on import and export traffic between differential territory and the port of New York, and ports north thereof to and including St. Johns, N.B., Canada, and also Albany, N.Y. The tariffs provide for the application of the same rates from and to these ports as were applicable from and to Baltimore and the same inland points. The routes over which these rates were to apply were of course necessarily restricted to direct routes of the port lines and routes via lines which indicated concurrence in the reduced rates from New York.

Effective on the same day tariffs were filed by the lines serving Philadelphia, Baltimore and Hampton Roads (Norfolk-Newport News) resulting in the maintenance of the recognized differential relationship between the north Atlantic ports. The tariffs provided, in substance, that the rates applicable on import or export traffic to or from port facilities at Baltimore would be made by deducting 3 cents per 100 pounds, or 60 cents per ton as rated, (8 cents on the first two classes of import class rates) from the rates made applicable to or from New York. Similar provisions were made with respect to the rates to or from Hampton Roads and Philadelphia, except that in the case of Philadelphia, the differential is 2 cents (6 cents on the first two [fol. 3465] classes of import class rates) under New York. The Baltimore and Ohio Railroad Company and the Pennsylvania Railroad also reduced their rates to and from New York, so as to be on a competitive basis with the carriers making the initial reduction in rates.

All of these rates were suspended by the Commission, in its order dated July 6, 1956 in this proceeding, to and including February 9, 1957. The carriers serving all the north Atlantic ports have voluntarily extended the suspension period and it is the understanding that the tariffs publishing these reduced rates will remain under suspension until the Commission has finally disposed of these proceedings.

[fol. 3466] *History of the Port Differential Rate Adjustment*

Import and export rates between the north Atlantic ports and points in differential territory have been differentially related among the ports in the present form since 1877.

The present basic differential rate relationships among the ports of Baltimore, Philadelphia, New York and Boston are as follows:

Class Rates:

Import Rates:

From New York: eight cents per 100 pounds over Baltimore on the first two classes and 3 cents on all other classes.

From Philadelphia: two cents per 100 pounds over Baltimore on the first two classes and 1 cent on all other classes.

From Boston: rates are the same as from New York.

Export Rates:

To New York: three cents per 100 pounds over Baltimore on all classes.

To Philadelphia: one cent per 100 pounds over Baltimore on all classes.

To Boston: rates are the same as to New York.

Commodity Rates:

The 3 cent and 1 cent differentials per 100 pounds over Baltimore apply to or from New York and Philadelphia respectively on all commodity rates except the rates on grain and flour. The rate differentials per 100 pounds on [fol. 3467] these latter commodities are as follows:

	Under New York	
	Grain	*Flour*
Baltimore	1½¢	2¢
Philadelphia	½¢	1¢

Commodity rates from and to Boston are the same as the New York rates.

The boundaries of Differential territory are shown on the map, page 10 of my Exhibit —— MLM-1. It is located within the territory generally known as Central territory, and includes the territory on the west of a line extending from Lake View, N.Y. on the north, to Kenova, W.Va., on the south, through Warren, Oil City, Butler, Pittsburgh and Washington, Pa., to Wheeling, W.Va., thence along the east bank of the Ohio River to Kenova, W.Va., including points in western West Virginia, Charleston, W.Va., and west thereof. The southern boundary includes points along the south bank of the Ohio River from Huntington, W.Va., to Cincinnati, Ohio, thence via the north bank of the Ohio River to Cairo, Ill., and Covington, Henderson, Newport, Louisville, and Paducah, Ky. Also included as stations taking differential rates are points on the line of the Chesapeake and Ohio Railway from Ashland, Ky., to Elkhorn City, Ky., including branch lines, and from Ashland, Ky., to Lexington, Ky. The western boundary extends along the Mississippi River from Cairo, Ill., on the south to Dubuque, Ia., including stations located on the west bank of the Mississippi River, thence along the Illinois-Wisconsin State line to Orangeville, Ill., thence north and eastwardly to Menominee, Mich., through Madison, Watertown, Fond DuLac, Appleton, Green Bay, and Oconto, Wis. [fol. 3468] All points in the lower peninsula of Michigan are also included within differential territory.

The present port differential rate relationship among the north Atlantic ports of Baltimore, Philadelphia, New York and Boston had its beginnings in the Agreement of April 5, 1877 among the railroads serving those ports. That agreement has been offered in this proceeding as Exhibit (D-4), Witness Laux. The agreement related to both domestic and import-export rates, and provided for rate differentials the same as the basic differentials now in effect, except for those on grain and flour, which took their present form in 1889 and 1905 respectively.

A history of the port rate adjustment up to 1912 is set forth in appendix B of the Commission's report in *Maritime Association, Boston Chamber of Commerce* v. *Ann Arbor R. Co.*, 95 I.C.C. 539, 583.

Prior to 1877 the rate adjustment applying between differential territory and the north Atlantic ports was exceedingly unstable, characterized by numerous rate wars stemming from the divergent positions, of the Baltimore railroads on the one hand, that the rates from and to Baltimore should reflect Baltimore's shorter mileage to differential territory, and the position of the New York roads on the other hand, that the rates from and to that port should be equalized. Various attempts were made by the carriers to reconcile their conflicting positions, but all the arrangements growing out of these attempts were short-lived. Thus, in 1869, the carriers agreed that Balti- [fol. 3469] more should have a 10 cent per 100 pound differential on grain under New York. But in 1870 a rate war broke out which reduced the Baltimore differential to 5 cents per 100 pounds. During the period 1870 to 1876 attempts were made to maintain fixed differentials on class-rated traffic between the ports but this plan was abandoned in 1876, and it was agreed that the rates from the several ports should be based upon their relative distance to the western common points. The rates from Chicago to Baltimore for example were made 13% less than to New York, and from Chicago to Philadelphia 10% less than to New York. From southwestern points to Baltimore the rates were 14% less than to New York, and to Philadelphia the rates were 9% less than the New York rates. Six weeks after this basis was agreed upon, the New York Central and the Erie Railroads withdrew from the agreement resulting in a rate war which lasted until 1877, that is until the port differential agreement of April 5, 1877 was made.

As shown on its face the agreement of 1877 was one of distinct compromise. The elements of the compromise were that the Baltimore railroads accepted a rate differential under New York which was and is less in amount than they would have been entitled to if distance had been the controlling criterion in making the rates, and the railroads serving New York retreated from their insistence that New York be accorded equal rates with Baltimore. The preamble to the 1877 agreement states its objective as follows:

> [fol. 3470] "To avoid all future misunderstandings in respect to the geographical advantages or disadvantages of the Cities of Baltimore, Philadelphia and New York, as affected by rail-and-ocean transportation, and with the view of effecting an equalization of the aggregate cost of rail and ocean transportation between all competitive points in the West, Northwest and Southwest, and all domestic or foreign ports reached through the above cities, it is agreed: . . ."

The execution of the agreement led to the appointment by the New York State Assembly in 1879 of a special committee—the Hepburn Committee--to inquire into the agreement. Executives of the New York railroads appeared before that committee and maintained that the extra distance from and to the west and New York fully justified a higher rate than that applicable to Baltimore or to Philadelphia. Mr. Blanchard, Vice-President of the Erie Railroad, in his testimony before the Committee stated:

> "We are not called upon by any mercantile principle or usage to carry that extra distance for nothing, and there are no 272 miles of railroad that can be built for nothing, can be worked for nothing, that should be given to the public for nothing, any more than that the owner of the warehouse opposite this building should go to Baltimore, find out what the rent of a similar warehouse is, and fix his price upon the rent

basis at Baltimore." (Proceedings of the Special Committee on Railroads, appointed under a resolution of the Assembly to investigate alleged abuses in the Management of Railroads chartered by the State of New York, 1879, p. 3175)

In June of 1880 the New York Central Railroad, as permitted by the terms of the agreement, gave notice of a desire to modify the agreement on the ground that reductions in the ocean rates from and to Baltimore and Phila- [fol. 3471] delphia had given these two ports an advantage over New York on import and export traffic. Thereupon, Mr. Albert Fink, Commissioner of the Trunk Line Association, was requested to investigate the situation and report as to a proper relationship of rates to and from the several ports.

In his report Mr. Fink stated the objective of his inquiry to be the determination of a rate adjustment which would permit each of the railroads and the ports an equitable distribution of the available traffic. While he recognized the desirability of the equalization of water and rail charges through the several ports if it would produce such a result, he found that as a practical matter a rate adjustment based on equalization of the through charges could not be achieved because of the instability of ocean rates, the lack of exact information about them, and the impossibility of determining exact differences in the water rates which prevailed in any one period. The Fink report although it made no specific recommendation as to what relative port rate relationships would be proper, did not recommend any change in the existing port differentials.

The controversy continuing, the Railroad Trunk Line Executive Committee submitted the question to a special Commission of three disinterested persons consisting of Allen G. Thurman, former United States Senator from Ohio, E. B. Washburne, former Congressman for Illinois, and Thomas M. Cooley, then a Judge of the Supreme Court of Michigan, and later the first Chairman of the Interstate Commerce Commission. The report of this Commission, known as the Advisory Commission, issued in July of 1882, is reproduced as respondent's Exhibit ——, Wit- [fol. 3472] ness Bayliss (AEB-1).

In its report the Advisory Commission found that three factors had emerged as important in the statements it had taken and in the arguments heard. These were—

1. The distance factor—the relative distance from the ports to inland points.
2. The cost of service factor, and
3. The factor of competition, including as one aspect the equalization of ocean-rail rates.

The Advisory Commission found that all three of these factors had importance in the evolution of the differential adjustment and in a determination of its propriety. No change in the differentials established by the agreement of 1877 was recommended. The conclusions of the Commission were as follows:

> "It only remains for us to state that no evidence has been offered before us that the existing differentials are unjust, or that they operate to the prejudice of either of the Atlantic seaport cities. Differential rates have come into existence under the operation of competitive forces; they bear some relation to relative distance and relative cost of service; they recognize as we think the relative advantages of the several seaports; and they are subordinate to the great principle which compels the carriers of property competing between the same points and offering equal facilities to their customers, to make the same rates. We therefore cannot advise their being disturbed.
>
> But we do not assume that the rates which are just today will be just indefinitely. They have become established by the force of circumstances, and they ought to give way if future circumstances shall be such as to render it right and proper. They constitute a temporary arrangement only; equitable, as we think, for the present, but which may become inequitable before the lapse of any considerable time. Whenever they

> shall be found to operate unfairly, and to give a force or unnatural direction to trade, and whenever it shall [fol. 3473] appear that they tend to deprive any one of the seaports affected by them of the proportion of business that would naturally come to it under the operation of normal competition, the want of equity in the rates will appear, and it will be right to modify, or, perhaps, abolish them."

The report of the Advisory Commission had the desired stabilizing effect on the railroad port rate structure and the differentials have been an integral part of the adjustment since that time.

The report apparently satisfied the commercial interests interested in the port rates for some time also, for it was not until 1898, eleven years after the formation of the Interstate Commerce Commission, that it was again attacked, this time on complaint of the grain merchants of New York before the Commission. The Commission refused to disturb the differential and dismissed the complaint. *New York Produce Exchange* v. *Baltimore & Ohio Railroad Co. et al*, 7 I.C.C. 612. Since that time the Commission through the years has had the general port differential adjustment before it eleven times on complaint of commercial interests at individual ports. The complainants sought variously to have either the differentials eliminated—or widened—depending upon the port represented. In each of these instances the Commission approved the differential adjustment and dismissed the complaint. In all of them the railroads serving all of the ports united in defending the differential adjustment as proper and lawful. Reference to these proceedings is shown at page 1 of my Exhibit — MLM-1.

[fol. 3474] In 1889, the carriers voluntarily reduced the differentials on export grain by half of their former amount—the so-called split differential—so that the export grain rates to Baltimore became 1.5 cents less than to New York, and to Philadelphia 1 cent less than to New York. Boston and Portland, Maine were accorded the same rates as New York. The rates to Montreal were made the same as to Philadelphia, and Norfolk and Newport News (Hampton Roads) rates became the same as those at Baltimore. The reasons for this action of the carriers are stated by the Commission as partly to satisfy the complaints of New York interests, and partly motivated by competition of Gulf ports. *In the Matter of Relative Rates Upon Export and Domestic Traffic in Grain and Grain Products,* 8 I.C.C. 214, 228.

The differentials on flour were reduced in 1905 by the carriers, becoming 2 cents less to Baltimore and 1 cent less to Philadelphia than to New York, following a recommendation by the Commission, in the proceeding captioned, *In the Matter of Differential Rates,* 11 I.C.C. 13, based on the close similarity of the flour movement to that of grain.

From the inception of the 1877 agreement until 1930, the differential adjustment applied on all traffic, domestic as well as import-export. However, in 1931 pursuant to the decision of the Commission in Docket 15879 *Eastern Class-Rate Investigation,* 164 I.C.C. 314, a new basis of class rates throughout all of Official Territory was prescribed based essentially on distance. Thus the differentials were [fol. 3475] no longer applicable to domestic traffic and the differences in the domestic rates from and to Baltimore and differential territory became a greater amount in most instances under New York than provided by the port differentials, reflecting directly its shorter distances to that territory.

Prior to this time the export and import class rates to and from New York, Philadelphia and Baltimore were in many instances on the same level as the domestic rates to and from the respective ports with the New York rate generally considered to be the base rate and the Baltimore and Philadelphia rates made by subtracting the established differential from the New York rate. The new scale of domestic class rates was generally lower than the existing port rates. Therefore the carriers published new import and export rates using in most instances the newly prescribed domestic class rate to and from Baltimore as the base rate and adding the differential thereto to arrive at the Philadelphia and New York rates. In instances where that method resulted in rates from or to any of the ports higher than the maximum rates prescribed on domestic traffic from any of the ports in Docket 15879, the rates from or to that port were used as the base rate and the other ports related thereto by the established differentials. The result was that in most instances the rates from and to Baltimore were the same as its domestic class rates, whereas the rates from and to New York were less than [fol. 3476] the Commission prescribed domestic basis. This system of making the import-export class rates continues essentially to the present time.

In 1936, the port of Albany sought recognition in the port differential rate adjustment. In *Albany Port District Commission* v. *Ahnapee & Western Ry. Co. et al*, 219 I.C.C. 151 the Commission prescribed import-export rates between Albany and differential territory on the same basis as the Philadelphia rates—a one cent differential under New York—on the ground in large part, if not entirely, that the distances to that port were approximately the same as to Philadelphia.

[fol. 3477] *The Class Rates*

Pages 2-4 of my Exhibit —— MLM-1 comprise a statement showing a comparison of present import and export class rates, with the proposed import and export class rates under suspension in this proceeding, and with the present domestic class rates (I.C.C. Docket 28300, Class Rate Investigation 1939), between New York, N.Y., Boston, Mass., Philadelphia, Pa., and Baltimore, Md., and representative points located in differential territory. Subsequent pages of my Exhibit will also show typical examples of present import and export commodity rates compared with the rates proposed in this proceeding.

Pages 5-7 (Exhibit —— MLM-1) comprise a statement showing the differences in the Docket 28300 class rates applicable on domestic traffic between Baltimore, New York and Boston and representative points in differential territory. At sixth class (Class 27½), for example, the differences in the domestic class rates, New York over Baltimore, range from zero at points in the relatively small northern Michigan portion of differential territory to 10 and 15 cents per 100 pounds at representative points located in Ohio, Indiana, Illinois and West Virginia. Even at Erie, Pa., the difference, New York over Baltimore, is 6 cents per 100 pounds.

There are only 6 base points out of a total of 310 such points at any of the classes where New York has a lower domestic class rate than Baltimore. These are Grayling, Harrisville, Lapeer, Pigeon, Sandusky and West Branch, Mich., all of them relatively unimportant from a volume of traffic standpoint. Comparing Boston with Baltimore, the [fol. 3478] difference in rates in favor of Baltimore is, of course, considerably greater. All of these rate differences from Boston, and in the great majority of the instances from New York, are considerably in excess of the recognized port differentials on import-export traffic of 3 cents per 100 pounds at sixth class (Class 27½), Baltimore under New York.

Thus had the import-export class rate relationships, Baltimore, with the ports New York and north, been made on the same basis as the present domestic Docket 28300 class rates, Baltimore would be entitled to, and have, rate differences under New York greatly in excess of the port differentials.

The statement shows that the import-export rates from New York and Boston are at a relatively lower level, distance considered—in almost all instances at a considerably lower relative level—than are the rates to Baltimore. It also shows the extent, reflected in modern rates, to which Baltimore has sacrificed recognition of its geographic advantage of location in agreeing to, and adhering to, the port differential adjustment established by the agreement of 1877.

The statement at pages 8-9 (Exhibit —— MLM-1) shows the differences reflected in Docket 15879 Class 27½ rates between New York, Baltimore, and representative points in Central territory. The class rates as shown include the rates as they would be including the Ex Parte 196 increases. Here too the differences in rates at Class 27½ (Sixth Class level) range from zero at points in Michigan to as high as 11 cents in Illinois and Indiana; 10 cents at [fol. 3479] St. Louis, Mo.; 13 cents at Cincinnati, Ohio; and 15 cents at Charleston, W.Va., all New York over Baltimore. These differences compare with the port differentials of 3 cents per 100 pounds, New York over Baltimore, at Class 27½. The comparison with the Docket 15879 domestic class rates is shown because, as I mentioned previously, the import-export class rates are based on the Docket 15879 level of rates.

Page 10 (Exhibit —— MLM-1), which I mentioned previously, is a map of the northeastern United States showing the boundaries of differential territory. It also shows the area in differential territory where the domestic Docket 28300 Sixth Class rates (Class 27½) applicable from and to New York exceed by 3 cents or more per 100 pounds, Sixth Class rates applicable between Baltimore and the same points. The black figures shown on the map at the points circled are the differences in favor of Baltimore compared with New York at these Sixth Class rates, i.e. at Cincinnati, Ohio, the Sixth Class difference, Baltimore under New York, is 15 cents per 100 pounds. Thus under the Docket 28300 class rate adjustment, the difference in rates to most of differential territory, Baltimore under New York, at the relatively low Sixth Class level, exceeds 3 cents per 100 pounds. The territory, to which rates under the Docket 28300 formula reflect differences of 3 cents or less is limited to a portion of Michigan and Wisconsin.

The territory to which the port differential rates reflect less than a direct recognition of Baltimore's natural advantage of location compared with New York, comprises [fol. 3480] slightly over 80% of differential territory. It also includes slightly over 80% of the total manufacturing activity in differential territory stated both in terms of value and number of establishments, and approximately 82% of the total population in differential territory. The detail of this comparison compiled from the 1950 census of population, and the preliminary reports on the 1954 census of Manufactures, both published by the United States Department of Commerce, Bureau of Census, is as follows:

ALLOCATION OF THE 1950 CENSUS OF POPULATION AND THE 1954 PRELIMINARY CENSUS OF MANUFACTURES TO THE DIFFERENTIAL TERRITORY AREA

Territory	1950 Population	1954 CENSUS OF MANUFACTURES Number of Establishments	Number of Employes	Value Added to Mfg. ($1000)	Area Square Miles
Total Differential	35,545,875	65,169	5,200,501	42,661,689	222,280
Area where Class 27½ domestic rate differences more than 3 cents New York over Baltimore	29,267,747	52,311	4,189,766	34,192,694	178,956
Percentage Line 2 of Line 1	82.33	80.26	80.56	80.14	80.51

Pages 11-15 (Exhibit —— MLM-1) comprise a statement showing, by states, the I.C.C. Docket 28300 class rate base points in differential territory and the short line miles between these base points and the ports of Baltimore, Philadelphia, New York and Boston.

[fol. 3481] The statement also shows the average of the distances between the class rate base points within each state and the north Atlantic ports indicated. The average of the distance was obtained by dividing the total base point miles by the number of base points.

The average distances from the base points within each state to New York and Boston are in every instance greater —in almost every case substantially greater—than the average distances to Baltimore. The average differences in distance to New York and Boston over Baltimore by states, and the average difference from the whole of differential territory computed from the data on pages 11-15 of my Exhibit ——, (MLM-1) are as follows:

STATES	Average Greater Distance Than to Baltimore — Short Line Miles — to New York	to Boston
Illinois	141.9	251.6
Indiana	148.2	274.7
Iowa	128.9	216.6
Kentucky	179.3	387.8
Michigan	28.4	100.0
Missouri	147.7	267.4
New York	42.0	135.0
Ohio	134.5	289.6
Pennsylvania	83.8	243.3
West Virginia	167.7	394.7
Wisconsin	43.2	114.8
Average—All of Differential territory	106.6	223.3

[fol. 3482] The statement at pages 16-17 (Exhibit ——, MLM-1) shows by differential-territory states the average class rates and the average spread in such rates, New York and Boston over Baltimore, which would be applicable if the import-export class rates had been made on the same level and based on the same theory as the Docket 28300 domestic class rates. The spread in rates for all classes would be greater in every instance—substantially greater—from and to Boston, over Baltimore, than the 3 cent port differential. The same would be true at New York over Baltimore except to Michigan at classes 20 and 13 where the indicated spread shown in the exhibit is 2 cents, New

York over Baltimore, and at classes 35, 27½, 20 and 13 to Wisconsin where the indicated spread is also 2 cents, except at class 13, where the spread would be 1 cent, New York over Baltimore. To all of differential territory the average spread in rates, New York and Boston over Baltimore, for the several classes compared with the port differentials would be as follows:

	Spread over Baltimore							
	Classes							
	100	85	70	50	35	27½	20	13
Differentials								
Eastbound	3	3	3	3	3	3	3	3
Westbound	8	8	3	3	3	3	3	3
All-Points Differential Territory—28300 basis								
New York	37	31	26	18	13	10	8	5
Boston	62	53	43	31	22	17	13	8

[fol. 3483] *Commodity Rates*

Pages 18-42 (Exhibit ——, MLM-1) are a series of statements which show:

a. Export and import commodity rates, including the Ex Parte 196 increases, between representative origins in differential territory and the ports of Baltimore, New York and Boston reflecting the port differentials.

b. The relationship that the rates to Baltimore bears to the first class rate, and

c. The indicated rates to the three ports, and the differences in these rates, if the New York and Boston export and import rates had been made the same relation to first class as the Baltimore rate.

In every instance, if these commodity rates from and to New York and Boston had been made on the same basis as the rates from and to Baltimore—same relationship to first class—the New York and Boston rates would be higher than they are under the port differential adjustment, indicating the relatively lower level of the export and import commodity rates to New York and Boston than from and to Baltimore.

The commodities used in these statements were selected by reference to the traffic study prepared by protestants (Exhibit ——, MLM-2) which study I will discuss at a [fol. 3484] later point in my testimony. There is a substantial movement of all of them between differential territory and the north Atlantic ports.

Pages 43-48 (Exhibit ——, MLM-1) comprise a statement showing the average rates and the average spread in rates, New York and Boston over Baltimore, between those ports and states in differential territory which would be applicable if import-export rates to and from the several ports were made on the same basis as well established and important commodity rate scales applicable on domestic traffic. Here too, in almost every instance, the spread, New York and Boston over Baltimore, would be substantially greater than the port differentials, and again, this time measured by domestic commodity rate scales, illustrates the extent to which direct recognition of Baltimore's natural advantage of location in relation to differential territory has been sacrificed to the advantage of the ports of New York and Boston under the port differential adjustment.

Pages 49-57 (Exhibit ——, MLM-1) comprise a statement of the shortest tariff routes, westbound (import), which permits the origin line its longest haul, for the origin lines serving the ports of Baltimore, Boston, New York and Philadelphia to representative destinations in differential territory.

It is the general practice for all railroads to favor movement of freight which they originate—and to actively solicit such movement—via routes which will give said origin line its longest haul. So I have followed that principle [fol. 3485] in selecting the tariff routes shown in this statement as being the routes which should, under ordinary circumstances at least, move the great bulk of the import traffic from the several ports. For example, the long haul of the DL&W from New York to differential territory is through Buffalo, N.Y. Therefore, the DL&W routes are all shown through Buffalo, with the shortest published route via connections from Buffalo to destinations. Of course, if an origin line reaches the destination with its own lines that route is shown.

The routes shown are not necessarily the absolute shortest published route, nor are they by far the longest published route over which it is possible to move import traffic from the ports. There are a great number of individual routes available between the ports and individual destinations, in some instances, and to very important destinations, literally several hundred different routes. A great many of these routes are completely unrealistic because of their circuity and thus it is highly unlikely that there would be any movement of import traffic to speak of over them. The long routes shown in Exhibit ——, Witness Laux (Exhibit J) fall into this latter category.

In the case of the route distances shown from New York, 10 miles has been added uniformly to the distance from the rail terminal over each of the routes shown to reflect the further movement via lighter within the free lighterage district at New York. The 10 miles is the same as the provision made by the Commission in Appendix K of [fol. 3486] its decision in Docket 15879, Eastern Class Rate Investigation.

The distances from the other ports are from the individual pier stations of the origin railroads.

The destinations shown are all important shipping and receiving points for import-export traffic, or are important interterritorial gateways. The destinations shown considered collectively are also representative of the relative geographic location of the several ports to the whole of differential territory. Thus, Erie, Pittsburgh, Pa., Charleston and Kenova, W.Va., cover the eastern boundary of differential territory north to south. Then moving westward, points located roughly on a parallel line north to south are shown. The second "parallel" points are Cleveland, Akron and Marietta; the third, Sandusky, Columbus and Chillicothe; the fourth starts with Port Huron, Michigan on the north and includes Detroit, Michigan, Toledo and Cincinnati, Ohio. There follows Grand Rapids, Mich., Fort Wayne, Ind., Indianapolis, Ind., and Louisville, Ky.; then Chicago, Peoria, and Springfield, Ill. Finally on the western boundary of differential territory the gateway stations of Dubuque, Ia., St. Louis, Mo., and Cairo, Ill., are shown.

The statement at pages 58-68 (Exhibit ——, MLM-1) shows routes eastbound (export) from differential territory points to the ports of Baltimore, Boston, New York and Philadelphia. It was compiled in the same way and based on the same principles as those described for the preceding statement of westbound routes. The differences in distance between eastbound and westbound routes from [fol. 3487] and to individual differential territory points and the same port is occasioned by the fact that the origin carriers are in many instances different and the routes shown are predicated upon giving each origin line its longest haul.

Pages 69-158 (Exhibit ——, MLM-1) are a series of statements showing commodity rates, present and proposed, from the ports of Baltimore, Philadelphia, New York and Boston on a number of commodities which the traffic studies of both protestant and respondent railroads show are imported and/or exported in substantial volume through the north Atlantic ports. These destinations also were selected during the course of and by reference to protestant railroads traffic study (Exhibit ——, MLM-2).

The statements show per car revenues, and also car-mile and ton-mile earnings based on short-line miles (Docket 28300 class-rate miles), and via the shortest working route which gives an origin carrier its longest haul, and via the longest of all such short working routes which give an origin line its longest haul, and via the average of all the short working routes which give the origin carriers their longest haul. These routes and distances are as shown on pages 49-68 (Exhibit ——, MLM-1) described previously.

After these statements had been prepared it was discovered that the captions did not accurately describe their content with respect to the routes over which the earnings are shown. A properly descriptive caption for all of these statements therefore has been inserted at pages 69 and 116 (Exhibit ——, MLM-1) preceding the individual import [fol. 3488] commodity-rate statements, and the export commodity-rate statements respectively. The proper caption for all of the statements appearing at page 70 through page 158 (Exhibit ——, MLM-1) is as follows:

> "Statement showing representative rates, present and proposed on export, (import) (name of commodity), from (point) to (point) and earnings on basis of (a) short line distances, I.C.C. Docket 28300, Class Rate Miles and Distances via (b) the short working route of the short-haul origin carrier (enabling protection of its long haul); (c) the short working route of the long-haul origin carrier (enabling protection of its long haul); and (d) the average of such routes (enabling each origin carrier to protect its long haul).

The reference notes 1, 2, and 3, at the end of individual commodity statement and at the end of the series of statements, refer to the routes described in (b), (c), and (d) respectively in the caption as corrected.

The Commission in its decision in Ex Parte 206 of August 26, 1957 directed that the import, export, intercoastal, and coastwise rates were to be quickly adjusted to restore recognized port relationships which had been disrupted by the application of general rate increases. The carriers have acted under this direction and the tariffs to carry it out will be filed very shortly, probably before the first oral hearing in this proceeding on November 18, 1957. Therefore, the rates shown in column four of each of these statements under the caption "present rates" are adjusted to reflect the basic normal north Atlantic port differentials, and are the rates which will be published in the aforementioned tariffs. The rates shown in column 8 under the [fol. 3489] caption "proposed rates", from New York and Boston are the same rates as will be applicable from Baltimore under these new tariffs, and from Baltimore and Philadelphia proposed rates which reflect the normal port differential under the proposed reduced rates from New York are shown.

The earnings shown are based on the average load of certain actual movements through one or more of the ports of Baltimore, Philadelphia and New York. The average weight per car and the basis for its computation are shown by note in the statement dealing with each commodity. The number of cars and the tons shown are not necessarily the total movement of that commodity through any or all of the ports mentioned for the period indicated, since the basic "loading" data for these exhibits was taken from the traffic study (Exhibit ——, MLM-2) before that study had been completed.

[fol. 3490] *Traffic Study and Analyses*

My Exhibit MLM-2 is a traffic study for the calendar years 1955 and 1956, and for the twelve month period August 1, 1955 to July 31, 1956 inclusive. The study covers export and import traffic, other than coal, coke (the direct product of coal) and iron ore:

a. Through the port of Baltimore moving via the Baltimore and Ohio, Pennsylvania and Western Maryland railroads;

b. Through the port of Philadelphia moving via the Baltimore and Ohio, Pennsylvania and Reading Railroads;

c. Through the port of Hampton Roads (Norfolk-Newport News) moving via the Chesapeake and Ohio, Norfolk and Western, Virginian, and Pennsylvania Railroads;

d. Through the port of New York moving via the Baltimore and Ohio, Central Railroad of New Jersey, and the Pennsylvania Railroads.

Thus the study includes all rail movements (except as noted above) of import-export traffic through the ports of Baltimore and Philadelphia. In the case of Hampton Roads it does not include import-export traffic originated or terminated at Norfolk by southern territory railroads

(Southern, Atlantic Coast Line, Seaboard, etc.). These roads do not serve differential territory and therefore are not parties to this proceeding.

[fol. 3491] The study *does not include* all of the import-export rail traffic through New York, but only the traffic moving via the three railroads mentioned, the Baltimore and Ohio, Pennsylvania and the Central Railroad of New Jersey. The other railroads serving New York are the respondents here which seek to establish rates from and to that port the same as from Baltimore, and therefore their records were not available to the protestants. The Central Railroad of New Jersey did not publish the reduced rates from New York and therefore, it is not a party to this proceeding; but it did make its import-export tonnage records available to protestants in order that an attempt might be made to show the complete tonnage through New York, in the event it were possible to do so, by combining studies prepared by the respondent New York railroads and by the protestant railroads.

As shown in the index, the study is arranged by ports to show first the import traffic, by separate statement, for each of the three periods indicated. Then follows detail of the export traffic using the same format. The totals for each port of each period are shown at the conclusion of each of the component statements. A summary of the totals for each port for each period, separated between import and export traffic is shown at page 1 of the Exhibit ——, (MLM-2).

[fol. 3492] The detail of the study, starting at page 2 Exhibit ——, (MLM-2), is classified by commodity in accordance with the Freight Commodity Statistics Classification, issued by the AAR, 1954 edition.

The United States and Canadian destinations or origins of import and export traffic, respectively, via the several ports, and via the railroads mentioned previously, is divided into five territorial categories specifically defined at page "a" (Exhibit ——, MLM-2) immediately preceding page 1. These five territorial divisions are:

1. Differential territory
2. Western Trunk Line territory

3. Port area
4. Trunk line and New England territory
5. Other territories

These five categories together include all of the United States and Canada.

Respondents' tariffs under suspension here, in terms, cover those rates from and to differential territory published specifically as import-export rates. However, a very substantial volume of differential territory traffic actually imported or exported moves under rates which are published as unrestricted domestic commodity rates but which conform to the port differential relationship. An example of this are the rates on chrome and manganese ores which are published as domestic rates, but obviously movement of these ores from the north Atlantic ports involves an imported commodity. Other examples are sugar, alcohol, [fol. 3493] crude rubber, and starch. If the respondents are permitted to maintain and enforce the same rate from New York as from Baltimore on the commodities covered by the import-export rates under suspension here there is not the slightest doubt, in my opinion, that they will quickly attempt to extend the same relationship to domestic rates under which commodities shown in the traffic studies moved for import or export. This then is the total traffic actually involved by the attempt of the respondents to eliminate the port differentials. It is for this reason protestants' traffic study is based on the fact of actual importation or exportation as far as that could be determined. There are undoubtedly other tonnages of various commodities imported or exported which undergo rail movement, but which protestants could not specifically identify as import-export traffic because they are delivered or received at port city warehouses, distributors, etc. This would be particularly true at New York because of the numbers of import-export dealers, and U.S. industry export-import managers located at New York, whereas the other ports have little or no such representation.

The facts that there are many important unrestricted domestic commodity rates to the north Atlantic port cities which reflect the port differentials, and that there is a substantial movement of import-export traffic under them, points up the serious collateral effect the proposed rate relationship which respondents seek to establish could have on the general domestic rate adjustments to the port cities. [fol. 3494] Anyone familiar with the railroad industry knows the intense pressures which would be thus generated seeking reductions in the domestic rates even for purely domestic movements.

The study shows Western Trunk Line territory as a separate category. Almost all, if not all, the import-export traffic to the north Atlantic ports from this territory moves under rates which reflect the port differentials. A large part of this traffic moves under combination rates made over official territory western gateways. These combination rates, of course, reflect the differentials. There are also numerous joint rates from Western Trunk Line territory to the north Atlantic port cities which reflect the port differentials. These joint rates were not reduced by the suspended tariffs, but here again if the respondents proposed rate relationship is approved, there is no doubt in my mind that these joint rates from Western Trunk Line territory will be quickly reduced. The official territory factor of the import-export combination rates from Western Trunk Line territory are, of course, covered by the suspended tariffs.

Coastwise and intercoastal traffic through the north Atlantic ports also moves under the port differentials. Reductions in these rates to New York would surely follow approval of the proposed reduction in the import-export rates to New York.

The respondent railroads serving New York have submitted a study of import-export traffic moving via their lines between the port of New York and differential territory for the 12-month period August 1, 1955, through July 31, 1956 (Witness Crookshank, Exhibit ——, AJC-13). [fol. 3495] By combining the results of that study, with that of the study for the same period, of the protestant railroads, serving New York (pages 33-40, 97-101—Ex. ——, MLM-2), it is possible to show the total import-export rail traffic (with the exceptions noted previously) between New York and differential territory for the period indicated.

Pages 1-6 of my Exhibit ——, (MLM-3) show a comparison of the total import and export rail traffic between New York and differential territory so compiled for the period August 1, 1955, through July 31, 1956, with the import and export traffic between Baltimore and differential territory for the same period. The commodity classification is as stated in the Freight Commodity Statistics Classification, issued by the AAR, 1954 edition. Sub-totals are shown for each of the five commodity groups in that classification and the total of all groups is also shown.

The export movement of grain (Commodity Classifications 1, 3, 7, and 9) through Baltimore shown in this comparison, and in protestant's basic traffic study (Ex. ——, MLM-2), as moving from differential territory contains a substantial volume of grain which actually originated in Western Trunk Line territory. This was done because grain moves from Western Trunk Line territory almost entirely on combination rates. It was, therefore, very difficult to determine from the records available to protestants the exact origin of the grain. Since the grain moves on rates which reflect the port differentials, protestants allocated this grain to differential territory. However, since the study made by the respondent New York railroads was confined only to differential territory, it is likely that grain originating in Western Trunk Line territory moving [fol. 3496] through New York was excluded from respondents' study even though the grain did move on differential rates which rates moreover are included in the suspended tariffs. If my assumption with respect to the New York study is correct, the grain tonnages shown in commodity classifications 1, 3, 7, and 9 for Baltimore at page 1 of my Exhibit ——, MLM-3 are overstated for comparison purposes with relation to the tonnages shown as moving through New York.

The Car Service Division of the Association of American Railroads publishes a report of the number of cars of export freight unloaded at the various ports each year (P. T. Report 6-A). The report is compiled from data submitted by each of the port railroads. It shows number of cars only—not the weight of the lading. It is not segregated by commodity except that grain unloadings are shown separately and the report excludes coal and coke. No comparable record is maintained for import traffic.

Page 7 of my Exhibit ——, (MLM-3) is a statement compiled from this AAR report showing the number of cars of export traffic, excluding grain (and, of course, coal and coke) unloaded at the ports of New York and Baltimore for the years 1939 through 1956. It shows also for each year the increase over 1939, the first year for which the report was issued, in the number of cars unloaded, and the average increase in cars unloaded each year at the two ports for the 18-year period.

[fol. 3497] Page 8 (Exhibit ——, MLM-3) is a statement taken from the same source as the preceding exhibit which shows the percentage relationship the number of cars of export traffic, except coal, coke and grain, unloaded at Baltimore bears to the number unloaded at New York each year for the period 1939 through 1956, and the average for the entire period.

Page 9 is a statement from the same AAR report showing the export carloads of grain unloaded at the several north Atlantic ports for the years 1936 to 1956, and for the first nine months of 1957, together with the percentage relationship which the unloadings at each port bears to the total unloadings at all north Atlantic ports.

As I mentioned previously, the traffic study submitted by the respondent railroads includes only import and export traffic moving via their lines between differential territory and New York, and it was stated there only by the number of tons—not by number of cars. Respondents did not show the movement between other territories and New York. On the other hand, the protestant railroads showed the movement via their line, in terms of both cars and tons, of all import-export traffic between all points in the United States and Canada and the north Atlantic ports which they serve. The AAR report, also previously discussed, shows the number of cars of export freight unloaded at the several ports from all points.

[fol. 3498] It is possible by using these three sources to estimate the entire movement of export traffic by cars through the port of New York for the period August 1, 1955, to July 31, 1956. I have made such an estimate, and the results together with an outline of the steps taken in making the estimate are shown on pages 10-11, of my Exhibit ——, MLM-3.

The average carload of all export traffic, except grain, through the port of New York which moved via the Baltimore and Ohio, Pennsylvania, and Central Railroad of New Jersey during the period mentioned above was 27.85 tons, and the average load for grain moving to New York by these three lines was 52.51 tons. If these averages are applied to the tons of traffic, except grain, and to tons of grain, reported by the respondent railroads from differential territory the result is a total movement of 56,372 cars from differential territory to New York via the respondent railroads. If this movement is added to the 54,125 cars reported by the protestant railroads in their study as moving via their lines to New York from all territories, the total number of cars of export freight to New York, specifically accounted for by the traffic studies, is 110,497 cars. The AAR report shows the total movement of export freight to New York from all territories during the period was 196,355. If the total of 110,497 cars from differential territory is subtracted from the 196,355 cars reported by the AAR, the result is a movement through New York of 85,858 cars of export freight via the respondent rail- [fol. 3499] roads alone from all points *other than those in differential territory.*

The total movement by rail of export freight, including grain, to New York during the period August 1, 1955, to July 31, 1956, of 196,355 cars was almost 100,000 cars greater than the total movement to Baltimore of 96,720 cars from all territories (Page 10, Exhibit ——, MLM-3). And the estimated export movement to New York via the respondent lines alone from territories other than differential territory, which respondents did not include in their traffic study, totaled 85,858 cars, or only approximately 11,000 cars less than the total rail export movement to Baltimore from all territories.

The same estimate can not be made for total import traffic through New York since there is no report of total import cars loaded at the several ports similar to that maintained for export traffic.

Page 12 of my Exhibit ——, (MLM-3) is a comparison of the movement of rail export traffic by tons through Baltimore and New York for the period August 1, 1955, to July 31, 1956. The comparison shows separately the movement from differential territory, and that from all other territories combined, together with the total movement from all territories. The total rail movement of export traffic through New York from all territories was 5,796,295 tons, whereas that through Baltimore was approximately 1,200,000 tons less, or 4,599,168 tons. If grain is eliminated from the totals, the resultant movement of all other export traffic is 5,098,544 tons through New York and only 1,638,863 [fol. 3500] tons through Baltimore, or a greater movement through New York of almost 3,500,000 tons.

The export tonnages shown in the statement as moving through Baltimore are all as reported in protestant's basic traffic study (Exhibit ——, MLM-2). The tonnages through New York from differential territory are the total reported in respondents' and protestants' traffic studies. The movement through New York "from all other territories" via the protestant railroads is also as shown in protestants' traffic study. The movement via the respondent railroads to New York is estimated by use of the method used and described for my statement at pages 10-11 (Exhibit ——, MLM-3). That statement shows the total projected number of cars of export traffic via respondent lines to New York from all territories other than differential territory to be 85,858 cars. The AAR report of export unloadings is divided into grain unloadings, and all other traffic. If the number of cars of "grain" and "all other traffic" accounted for in the traffic studies is subtracted from the total cars shown for each category by the AAR reports, the total of 85,858 cars to New York from all territories other than differential territory breaks down as follows:

7,805 cars of grain
78,053 cars of other traffic

85,858 cars

The average loading of 52.5 tons per car for grain and 27.85 tons for all traffic computed in the preceding state-

[fol. 3501] ment (page 11, Exhibit ——, MLM-3) is then applied to the number of cars shown above to obtain the estimated tonnage of rail export traffic moving through New York from all territories, other than differential territory via the respondent railroads as shown in my statement at page 12 (Exhibit ——, MLM-3).

Page 13 of my Exhibit ——, MLM-3 is a comparison of the import traffic through Baltimore and New York to differential territory. The comparison is shown in total tons, and separately for bulk ores (Chrome, Manganese, Zinc, Aluminum ores and small quantities of other ores such as zircon, etc.) and all other commodities. The statement also shows by the same categories the rail import movement from Baltimore to all territories other than differential territory and then the total for all territories. The movement from New York via the protestant railroads to territories other than differential territory and to all territories is also shown, but the import movement via the respondent railroads to territories other than differential territory, as mentioned previously, was not included in respondents' traffic study and cannot be protected as it is possible to do in the case of export traffic. Therefore, of course, the tonnages shown by my statement in the categories "to all other territories" and "to all territories" from New York is not by any means the total import rail traffic from New York.

Despite its rate differential from and to differential territory, Baltimore through the years has not been successful [fol. 3502] in competing with New York for the general range of import-export commodities—general cargo traffic. As is shown by every tonnage statement submitted in this proceeding purporting to show total movements—whether it be all general cargo, or just that moving by rail—New York's general cargo tonnage far outstrips that of Baltimore. Baltimore therefore has had to rely on specialized movements—movements which require and/or are attracted by specialized loading or unloading facilities or arrangements. And the railroads serving Baltimore have undertaken to supply such facilities to build up their traffic and that of the port.

A case in point is export grain. During the years 1915 to 1924 the railroads serving Baltimore constructed three modern grain elevators with a total storage capacity of 11,550,000 bushels which had been increased to 13,050,000 bushels by 1956, and in conjunction therewith provided, collectively, berths for at least eight ocean vessels which could be loaded simultaneously directly from the elevators. All of these elevators are equipped with high capacity loading, unloading, drying and cleaning facilities, and there are extensive high speed bagging facilities.

The heavy investments in these facilities were made in the face of knowledge that New York exported substantially more grain than did Baltimore. This leadership of New York continued through the years despite Baltimore's extensive facilities and despite Baltimore's rate differential. [fol. 3503] As is shown by the statement at pages 14-16 of my Exhibit ——, MLM-3, New York exported more grain than Baltimore in every year from 1900 through 1943, except in 1910 and 1940.

The continued supremacy of New York during this period is attributable in important part to two factors.

1. A substantial portion of the grain moved in parcel lots. It moved in ships in liner service, and New York had and has overwhelmingly more extensive and more frequent liner service than Baltimore, or any of the other north Atlantic ports. Moreover, very importantly, New York had and has most of the direct ship service to foreign points.

2. Most of the grain exporters were and are still located in New York. If they use another port for export they must either maintain an office and force at such port, or pay a forwarder's fee, for the processing of documents incident to the shipment. This forwarding fee is now ¼ cent per bushel and amounts per cwt. to .416 cents on wheat (60 lbs. per bu.); .446 cents on corn (56 lbs. per bu.); .521 cents on barley (48 lbs. per bu.); and .781 cents on oats (32 lbs. per bu.).

At the end of World War II exportation of United States grain increased enormously and it has remained high ever since. Great quantities of grain were shipped by the United States government and its agencies for the relief of war [fol. 3504] devastated areas and under its economic rehabilitation programs. The government had virtual, if not absolute, control of grain exports. Because of the great increase in the exportation of grain, storage capacity became of paramount importance. The Commodity Credit Corporation stored grain wherever they could find space. They built portable storage bins for use in open fields and even stored grain in tents and in airplane hangars. Under these circumstances the storage facilities coupled with the high capacity handling facilities of the Baltimore elevators became extremely important, and they of course attracted grain. Because of the increased volume, export grain began to move more and more in full-cargo lots, which circumstance also made Baltimore's storage facilities important as a means of accumulating the necessary tonnage for full cargos. This factor also made the direct rail-car-to-elevator unloading facilities and the direct elevator-to-ship loading facilities at Baltimore more attractive to both exporter and ship operator.

On the other hand, even though New York led in the exportation of grain in almost every year prior to World War II, their elevator storage capacity and facilities dwindled from 10,750,000 bushels in 1905 until collectively at the present time the three elevators at New York provide a storage capacity of 4,500,000 bushels. The Erie Railroad elevator burned and was not replaced. The Lehigh Valley [fol. 3505] Railroad elevator is small with very limited storage capacity and vessels cannot berth there. The New York Port Authority elevator has no direct rail connection. And for many years larger ships could not dock at the elevator of the New York Central Railroad because of silting of the pier channel. The New York facilities were not as large or as efficient as those at Baltimore to handle the changed demands of the post World War II export grain trade, so Baltimore's tonnages forged ahead.

Then too, a 13,500,000 bushel capacity elevator was constructed at Albany in 1932. The existence of this export facility, receiving both rail grain and grain from the New York state barge canal, had its effect on the relative distribution of export grain among the north Atlantic ports through the years.

But important changes are taking place in the economics of the export grain trade. Commercial operators are beginning to regain increasing importance. Parcel lot shipments, which, for the reasons mentioned previously, New York is particularly well adapted to handle, are increasing. And a new development has occurred. Large grain exporters have leased elevators at the ports of Boston and Norfolk and also operate elevators at Albany. The Norfolk elevator, previously railroad operated, was leased to a private operator in 1952, and in 1955 the railroad elevators at Boston were also leased to private operators. In July of 1957 a new elevator owned and operated by a grain dealer started operations at Norfolk.

A substantial portion of the grain loaded at New York is put aboard the vessel from grain lighters by means of [fol. 3506] floating elevators. This is an advantageous way for a vessel to take on parcel lots of grain, for the grain loading can be accomplished while the vessel is docked at a general cargo pier to receive other cargo. Steamship lines at New York have recently adopted the practice of allowing the shipper a discount of 50 cents per ton off the ocean rate if the grain is loaded by means of lighter and floating elevator while the ship is docked at a general cargo pier. This allowance of 50 cents per ton amounts, of course, to 2.5 cents per cwt.

The Commodity Credit Corporation of the Department of Agriculture, beginning in early 1957 has charged the same price for grain delivered on track at any of the north Atlantic ports, Hampton Roads and north despite differences in rail freight rates.

The combined results of these changed and changing circumstances has had important effect on Baltimore's grain traffic. As is shown at pages 15-16 of my Exhibit ——, MLM-3, Baltimore's proportion of the export grain shipped through north Atlantic ports declined steadily from 47.6% in 1952 to 36.2% in 1956, and the trend is still very much in evidence for the first nine months of 1957 showing a further decline to 25.4%. In contrast during the same period, Norfolk's tonnage increased from 5.6% to 19.9% of the total through north Atlantic ports and an immediate and further substantial increase can be expected at that port because of the new elevator which started operations in July of 1957. Similarly during this same period export [fol. 3507] grain through Boston increased from 5.6% to 14.5% of the total, and New York's share increased from 6.4% to 11.1%.

Baltimore has also made a particular effort to attract the import movement of relatively low grade bulk commodities such as chrome and manganese ores, by providing specialized facilities to handle them. Chrome and manganese ores move in both full cargo lots, and in large "parcel lots" of from 2,000 to 5,000 tons in one ship. The railroads at Baltimore have built three specialized piers with modern, fast and efficient bulk unloading facilities and rail car loading facilities, which permit fast discharge and turnaround of the ocean vessels and quick dispatch of the ores to the consignee. The ore facility of the Canton Railroad was put in operation in 1917; that of the Western Maryland in 1930; and the Baltimore and Ohio facility began operation in 1951. These facilities are all high capacity unloading installations. Their use during 1956, considering all the ore unloaded over them, was very substantially below their maximum unloading capacity.

The specialized bulk facilities were first constructed at Baltimore to handle sulphur and phosphate rock moving in coastwise water service, and for imported chrome and manganese ores. The sulphur and phosphate rock traffic has dwindled to practically nothing. But when the demand for imported ores expanded rapidly after the war, efficient facilities were in existence at Baltimore. This circumstance was very important to Baltimore's success in attract- [fol. 3508] ing import ore traffic.

Another example of a commodity for which the port of Baltimore has made specific adaptations of its facilities is sulphate of ammonia. Almost all of the 218,151 tons of export fertilizer (Commodity No. 539) shown in the traffic study (page 3, Exhibit ——, MLM-3) as moving through Baltimore from differential territory for the period August 1, 1955, through July 31, 1956, consists of that commodity. Sulphate of ammonia moves to the port in bulk in box cars. Approximately 80% of it is bagged at the piers in Baltimore before export and this operation requires the use of a covered pier. Specialized bagging facilities have been provided at the ports of Baltimore and Hampton Roads for handling sulphate of ammonia. No other north Atlantic port has provided such facilities. Moreover, special bulk loading facilities, apart from the ore facilities discussed above, have been installed to load to vessels the approximately 20% of the sulphate of ammonia which moves overseas in bulk.

The statement at pages 17-19 (Exhibit ——, MLM-3) shows specific movements, and rates, on a variety of commodities to New York for export which moved via the Baltimore and Ohio Railroad from territories other than differential territory at rates higher than the rates to Baltimore. The movements shown occurred in 1955 and 1956 and [fol. 3509] the data was accumulated during the course of protestant's traffic study. No attempt was made to segregate all such movements for the period indicated. The examples shown are merely representative of this character of traffic to New York.

Some of these movements were from relatively distant points such as El Paso and San Antonio, Texas, and from points in the south such as Tallahassee, Fla., and Macon, Ga. Others were literally from Baltimore's own backyard, such as Germantown, Md., Ellicott City, Md., and Georgetown, D.C., including eleven instances where the movement originated in Baltimore itself, but moved to New York for export. All of the shipments shown on the statement were routed for Baltimore and Ohio delivery at New York and therefore had to pass directly through the city of Baltimore to reach New York. For that matter, all traffic between differential territory and New York routed via the Baltimore and Ohio as origin or destination carrier at New York must pass through both Baltimore and Philadelphia.

All the shipments shown on my statement are car load traffic, and in many instances show a substantial volume. For example, there was a movement of 662 cars (12,888 tons) of glass and glassware in 1955 and 1956 from Clarksburg and Fairmont, W.Va. to New York at export rates 6 cents higher than are applicable to Baltimore; 45 cars (644 tons) of tires and tubes moved from Cumberland, Md., to

New York in 1955 at rates 18 cents higher than the rates to Baltimore; and 76 cars (2274 tons) of flour moved from Germantown, Md., and Ellicott City, Md., to New York [fol. 3510] for export in 1955 and 1956 at rates 3 cents and 18 cents higher, respectively, than the rates to Baltimore.

The statement at pages 20-21 (Exhibit ——, MLM-3) is the same in all respects as the one I just described, except that it shows import traffic moving from New York via the Baltimore and Ohio destined to Philadelphia and points south of Philadelphia exclusive of differential territory. Here, too, the import rates through Philadelphia and Baltimore are in every instance lower than those through New York.

Pages 22-25 of my Exhibit ——, MLM-3 are a series of statements showing actual rail movements during 1955 and 1956 of commodities:

1. Imported through New York destined to Baltimore.
2. Imported through New York destined to Philadelphia.
3. Moving from Philadelphia to New York for export.
4. Moving from Baltimore to New York for export.

The total import-export traffic so moving during 1955 and 1956 via the Pennsylvania, Baltimore and Ohio, Reading, and Central Railroad of New Jersey amounted to 4082 cars with combined lading of 122,167 tons.

On pages 26-39 of my Exhibit MLM-3 there is reproduced, in pertinent part, the "Commodity Classification for Shipping Statistics" prepared in 1950 by an interagency government committee for the purpose (as stated in the "introduction" reproduced at page 26 of my Exhibit ——, [fol. 3511] MLM-3) of standardizing the classification of water borne commerce, and it is used by the Maritime Commission, the Bureau of the Census and the Corps of Engineers. The classification also permits a "high degree of comparability with domestic rail shipments which are classified under the I.C.C. Freight Commodity Classification".

My Exhibit ——, (MLM-4) is a reproduction of published statements made by or on behalf of the Port of New York Authority and related port interests which bear upon the superiority of the port of New York and the services it offers.

The exhibit is divided into eight sections, marked by "finding" tabs, each dealing with a phase of New York port services and advantages. The subject matter of each of these sections is indexed on the first page of the exhibit. The material in each section is preceded by a detailed index and is arranged in date order within each section with the earliest material first.

[fol. 3512]

VERIFICATION

City of Baltimore)
) SS
State of Maryland)

M. L. Mollman, being duly sworn, deposes and says that he is the General Freight Agent of The Baltimore and Ohio Railroad and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

M. L. Mollman

Subscribed in my presence and
sworn to before me by the affiant
above named this 17th day of October 1957.

Raymond W. Auld
Notary Public, State of Maryland
My Commission expires May 4, 1959.

SUMMARY OF IMPORT AND EXPORT TONNAGE, OTHER THAN COAL, COKE (THE DIRECT PRODUCT OF COAL) AND IRON ORE (BUT INCLUDING IRON ORE, GROUND) VIA THE PORTS OF NEW YORK, N.Y. (FOR ACCOUNT OF THE BALTIMORE AND OHIO RAILROAD, CENTRAL RAILROAD OF NEW JERSEY, AND PENNSYLVANIA RAILROAD); PHILADELPHIA, PA. (FOR ACCOUNT OF THE BALTIMORE AND OHIO RAILROAD, PENNSYLVANIA RAILROAD AND READING COMPANY); BALTIMORE, MD. (FOR ACCOUNT OF THE BALTIMORE AND OHIO RAILROAD, PENNSYLVANIA RAILROAD AND WESTERN MARYLAND RAILWAY); AND NORFOLK-NEWPORT NEWS, VA. (FOR ACCOUNT OF THE CHESAPEAKE AND OHIO RAILWAY, NORFOLK AND WESTERN RAILWAY, PENNSYLVANIA RAILROAD AND VIRGINIAN RAILWAY).

FOR CALENDAR YEARS OF 1955 AND 1956 AND PERIOD AUGUST 1, 1955 TO JULY 31, 1956, INCLUSIVE.

	DIFFERENTIAL TERRITORY		WESTERN TRUNK LINE TERRITORY		PORT AREA		TRUNK LINE AND NEW ENGLAND TERRITORY		OTHER TERRITORIES		TOTAL	
EXPORT TRAFFIC	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS
Baltimore, Md.												
1955 (Z-1) (1)	57,999	2,756,405	1,445	41,590	6,676	276,626	17,856	871,187	854	37,797	84,830	3,983,605
1956 (Z-1) (2)	62,563	3,018,012	1,750	56,197	6,417	277,798	20,894	1,019,664	633	25,565	92,257	4,397,236
(1) (Z-1) (3)	67,751	3,303,499	1,659	52,527	6,615	281,260	19,238	933,337	735	28,545	95,998	4,599,168
New York, N.Y.												
1955 (Z-1) (4)	26,727	749,720	1,851	44,059	3,459	136,792	16,969	556,483	4,261	102,791	53,267	1,589,845
1956 (Z-1) (5)	26,777	744,814	2,052	47,742	3,309	115,018	16,272	535,757	4,916	105,170	53,326	1,548,501
(1) (Z-1) (6)	27,256	750,696	1,943	46,967	3,651	137,603	16,403	530,323	4,872	104,741	54,125	1,570,330
Philadelphia, Pa.												
1955 (Z-1) (7)	15,458	700,967	1,089	25,813	8,975	382,871	16,902	718,502	407	16,328	42,831	1,844,481
1956 (Z-1) (8)	19,961	971,645	1,109	30,677	7,470	313,288	14,817	635,327	515	20,524	43,872	1,971,461
(1) (Z-1) (9)	17,815	854,809	858	23,088	6,834	277,362	15,207	640,955	362	14,231	41,076	1,810,445
Norfolk-Newport News, Va.												
1955 (Z-1) (10)	25,788	1,179,546	2,067	58,622	716	19,840	4,850	187,931	1,748	46,882	35,169	1,492,821
1956 (Z-1) (11)	22,742	1,030,140	2,271	64,876	1,173	30,018	5,461	229,859	2,706	93,151	34,353	1,448,044
(1) (Z-1) (12)	23,125	1,049,017	2,170	61,596	516	14,457	6,528	291,624	2,411	71,493	34,750	1,448,187
IMPORT TRAFFIC												
Baltimore, Md.												
1955 (Z-1) (13)	27,237	1,312,334	136	3,687	8,929	504,275	18,910	971,239	3,623	151,517	58,835	2,943,052
1956 (Z-1) (14)	32,669	1,624,128	144	4,137	10,810	608,201	20,648	1,036,918	4,713	179,172	68,984	3,452,556
(1) (Z-1) (15)	33,056	1,644,844	116	3,122	10,043	556,873	18,753	896,066	4,959	186,249	66,927	3,287,154
New York, N.Y.												
1955 (Z-1) (16)	10,013	254,416	951	27,612	2,247	84,572	8,197	232,503	2,650	57,019	24,058	656,122
1956 (Z-1) (17)	8,896	228,154	679	17,132	2,651	89,127	10,677	378,283	2,440	57,447	25,343	770,143
(1) (Z-1) (18)	10,071	253,813	848	21,586	2,586	85,654	9,966	315,072	2,723	60,844	26,194	736,969
Philadelphia, Pa.												
1955 (Z-1) (19)	6,966	164,575	200	4,292	8,750	288,486	15,783	685,904	837	27,283	32,536	1,170,540
1956 (Z-1) (20)	6,245	166,749	245	5,298	9,522	337,719	16,364	729,471	2,387	115,094	34,763	1,354,331
(1) (Z-1) (21)	7,175	184,759	245	5,232	10,928	378,095	19,071	870,572	1,815	81,737	39,234	1,520,395
Norfolk-Newport News, Va.												
1955 (Z-1) (22)	7,085	283,918	615	6,214	3,541	93,597	3,503	124,507	2,879	82,628	17,623	590,864
1956 (Z-1) (23)	6,391	231,302	439	6,178	3,475	88,677	2,860	81,191	3,444	103,911	16,609	511,259
(1) (Z-1) (24)	7,524	292,219	649	6,687	3,271	85,364	3,232	97,295	3,732	101,788	18,408	583,353

(1) - Covers Period August 1, 1955 to July 31, 1956 inclusive.

Z-1 (1) to (24) denotes exhibit symbol number.

Z-1

STATEMENT SHOWING BY COMMODITY GROUPS AND IN TONS COMPARISON OF THE TOTAL EXPORT AND IMPORT TRAFFIC ORIGINATING OR TERMINATING IN DIFFERENTIAL TERRITORY AND HANDLED VIA RAIL DURING THE PERIOD AUGUST 1, 1955, THROUGH JULY 31, 1956, THROUGH THE PORTS OF BALTIMORE, MD., AND NEW YORK, N.Y.

NO.	COMMODITY DESCRIPTION	IMPORT		EXPORT	
		NEW YORK, N.Y. TONS	BALTIMORE, MD. TONS	NEW YORK, N.Y. TONS	BALTIMORE, MD. TONS
	GROUP 1: PRODUCTS OF AGRICULTURE (1-199)				
1	Wheat	-	-	117,786	800,237
3	Corn	-	-	66,393	1,243,846
5	Sorghum Grain	33	-	183	-
7	Oats	-	-	11,571	85,487
9	Barley & Rye	-	-	7,310	176,774
11	Rice	-	83	-	-
13	Grain NOS	-	-	751	-
15	Flour Wheat	119	-	40,162	5,794
17	Meal Corn	-	-	2,074	-
19	Flour, Edible NOS	1,448	205	20,410	-
21	Cereal Food Preparations NOS	-	-	3,010	173
23	Mill Products NOS	52	-	3,096	-
25	Hay	-	-	95	14
27	Straw	-	-	12	-
29	Tobacco Unmanufactured	31	314	1,189	41
31	Tobacco Siftings Sweeping and Waste	9	985	-	-
33	Cotton in Bales	39	32	-	-
35	Cotton Linters, Noils & Regins	4,447	2,704	17	-
43	Soybeans	-	-	-	32,965
45	Soybean Oil Cake & Meal	-	-	12,006	16,576
47	Vegetable & Nut Oil Cake and Meal NOS	-	-	89	-
49	Apples Fresh, Not Frozen	-	-	40	-
51	Bananas Fresh	53,946	62,664	-	-
53	Berries Fresh Not Frozen	-	-	17	-
57	Grapes Fresh	11	-	-	-
61	Oranges and Grapefruit	18	90	41	-
65	Pears Fresh Not Frozen	204	-	-	-
67	Watermelons	-	-	20	-
69	Fruits fresh NOS Not Frozen	1,280	-	47	-
71	Fruits Dried Dehydrated and Evaporated NOS	2,735	-	-	-
73	Fruits & Berries Fresh Frozen	21	-	23	-
75	Coffee	133,265	1,854	123	-
77	Cabbage	-	-	30	-
79	Celery	-	-	517	-
81	Lettuce	29	-	-	-
83	Onions Dry	149	-	-	-
85	Potatoes other than sweet	-	110	18	-
89	Vegetables Fresh NOS Not Frozen	249	95	94	-
91	Beans and Peas Dried	1,071	111	209	-
93	Vegetables Dried Dehydrated and Evaporated NOS	79	-	-	-
97	Peanuts	178	-	-	-
103	Malt NOS	-	17	9,986	11,335
105	Flaxseed	-	-	63	-
107	Seeds NOS	2,471	28	127	-
199	Products of Agriculture NOS	19,842	3,514	2,598	-
	TOTAL	221,726	72,806	300,107	2,375,139

3516

COMMODITY DESCRIPTION	IMPORT NEW YORK, N.Y. TONS	IMPORT BALTIMORE, MD. TONS	EXPORT NEW YORK, N.Y. TONS	EXPORT BALTIMORE, MD. TONS
GROUP 2: ANIMALS AND PRODUCTS (201-299)				
Cattle and Calves Single Deck	-	-	-	12
Sheep and Goats Single Deck	-	-	52	-
Swine Single Deck	-	-	22	-
Swine Double Deck	-	-	14	-
Meats Fresh NOS	79	-	10,279	-
Meats Cooked Cured Dried & Smoked	8,783	83	10,534	4,954
Packing House Products Edible NOS	730	-	57,030	14,548
Margarine NOS	-	-	67	-
Poultry Dressed and Frozen	-	20	338	-
Eggs	-	-	16	-
Butter	-	-	7,603	1,819
Cheese	624	-	4,232	3,970
Dairy Products NOS	-	-	367	1,156
Wool and Mohair in grease	62	-	-	-
Wool and Mohair NOS	142	6	82	-
Hides skins and Pelts NOS	1,944	125	7,323	1,043
Leather NOS	177	-	32	-
Sea Food NOS	142	-	-	-
Fish and Sea Animal Oil	333	-	24	-
Animals and Products NOS	5,536	1,997	25,982	362
TOTAL	18,552	2,231	123,997	27,864
GROUP 3: PRODUCTS OF MINES (301-399) (Excluding Coal, Coke Direct Product of Coal, and Iron Ore)				
Coke	100	601	257	8,024
Iron Ore	74	-	-	-
Aluminum Ore & Concentrates	13,583	-	56	-
Zinc Ore and Concentrates	-	66,058	-	-
Ores and Concentrates NOS	16,389	1,283,888	672	58
Barytes	-	-	20	-
Clay and Bentonite	225	34	104	705
Sand Industrial	177	-	378	595
Gravel and Sand NOS	29	-	66	-
Stone and Rock: Broken, Ground and Crushed	525	-	12	-
Stone Rough NOS	1,171	186	-	-
Stone Finished NOS	112	-	-	-
Asphalt	30	1,097	329	119
Salt	-	-	2,277	878
Phosphate Rock	-	-	29	-
Sulphur	62	-	74	-
Products of Mines NOS	6,203	3,873	308	1,404
TOTAL	38,680	1,355,737	4,582	11,783

GROUP 4: PRODUCTS OF FORESTS (401-499)

NO.	COMMODITY DESCRIPTION	IMPORT		EXPORT	
		NEW YORK, N.Y. TONS	BALTIMORE, MD. TONS	NEW YORK, N.Y. TONS	BALTIMORE, MD. TONS
401	Logs Butts and Bolts	-	-	1,717	-
403	Posts Poles and Pilings Wooden	-	-	7	-
407	Ties Railroad	-	-	28	-
409	Pulpwood	-	-	50	-
411	Lumber Shingles & Lath	102	620	898	326
413	Box Crate and Cooperage Materials	-	-	380	685
415	Veneer Plywood & Built-Up Wood	4,343	1,622	-	18
417	Rosin and Turpentine	18	-	26	-
499	Products of Forests NOS	7,953	1,853	204	-
	TOTAL	12,416	4,095	3,310	1,029

GROUP 5: MANUFACTURERS AND MISCELLANEOUS (501-799)

NO.	COMMODITY DESCRIPTION	IMPORT		EXPORT	
		NEW YORK, N.Y. TONS	BALTIMORE, MD. TONS	NEW YORK, N.Y. TONS	BALTIMORE, MD. TONS
503	Fuel Road and Petroleum Residual Oils NOS	-	-	106	15
505	Lubrication Oils and Greases	13	-	42,145	10,063
507	Petroleum Products Refined NOS	18	-	44,231	1,243
509	Gases Other Than Petroleum NOS	-	-	370	-
511	Cottonseed Oil	46	-	77	-
513	Linseed Oil	-	-	59	139
515	Soybean Oil	-	-	115,440	8,410
517	Vegetable and Nut Oils NOS	6,451	-	4,501	291
519	Oils NOS	1,439	-	299	47
521	Oils Foots Sediment and Tank Bottoms	26	-	148	-
523	Rubber Crude Natural & Synthetic	164,953	38,533	15,565	3,546
525	Rubber Goods NOS	225	-	1,106	1,502
527	Chemicals NOS	1,175	300	19,722	10,456
529	Sulphuric Acid	-	-	-	-
531	Acids NOS	381	-	4,683	71
533	Sodium (Soda) Products	508	1,066	18,056	5,967
535	Alcohol NOS	81	-	487	-
539	Fertilizers NOS	3,145	4,740	1,513	218,151
541	Insecticides & Fungicides NOS	149	-	3,693	205
543	Tar Pitch and Creosote	135	-	267	104
545	Tanning Material NOS	6,218	6,757	380	-
547	~~Paint~~ Paint Material Putty & Varnish	879	195	10,092	671
549	Plastics	43	-	6,340	913
551	Cellulose Articles NOS	-	28	39	-
553	Drugs Medicines and Toilet Prep.	456	-	2,723	-
555	Aluminum: Bar Ingot Pig & Slab	330	3,610	1,289	-
557	Aluminum NOS	171	-	401	111
559	Copper: Ingot Matte & Pig	24,084	-	-	-
561	Copper Brass and Bronze NOS	2,397	60	1,991	-
563	Lead and Zinc: Bar Ingot & Pig	12,646	5,161	37	-

3518

NO.	COMMODITY DESCRIPTION	IMPORT NEW YORK, N.Y. TONS	IMPORT BALTIMORE, MD. TONS	EXPORT NEW YORK, N.Y. TONS	EXPORT BALTIMORE, MD. TONS
	GROUP 5: MANUFACTURES AND MISCELLANEOUS (501-799) (Cont'd.)				
565	Lead Zinc NOS	231	-	245	-
567	Magnesium Metal & Alloy	-	-	16	-
569	Alloys for Steel Manufacture	2,048	21,671	1,163	-
571	Metals and Alloys NOS	22,122	3,519	258	168
573	Iron Pig	55	-	87	-
575	Iron and Steel: Billet Bloom and Ingot	28	-	11,951	44,180
577	Iron and Steel: Bar Rod & Slab	20	73	1,314	966
579	Iron and Steel NOS	50	-	138	625
581	Iron and Steel Nails and Wire (Woven and Not Woven) NOS	971	3,291	11,482	1,264
583	Manufactured Iron and Steel	7,850	12,502	580,073	352,992
585	Cast Iron Pipe and Fittings	31	-	425	-
587	Iron and Steel Pipe & Fittings NOS	390	583	71,754	93,130
589	Tanks NOS	-	-	2,348	234
591	Agricultural Implements NOS	31	-	15,088	478
593	Agricultural Implements Parts NOS	-	5	1,514	28
595	Machinery and Machines NOS	4,506	342	162,400	16,931
597	Machinery Parts	628	44	30,187	6,686
601	Business & Office Machines NOS	-	-	3,282	-
603	Railway Equipment Moved on Own Wheels	-	-	945	179
605	Railway Equipment S U Not Moved on Own Wheels	-	-	2,897	681
607	Railway Equipment Parts	71	-	16,462	513
609	Rails and Railway Track Material Iron and Steel	-	206	3,751	3,007
611	Vehicles Other than Motor	409	258	3,759	146
613	Automobiles, Passenger	-	-	57,299	5,582
615	Automobiles, Freight	170	-	9,497	228
617	Vehicles Motor NOS	225	-	68,342	5,795
619	Military Vehicles NOS	-	-	1,113	-
621	Automobiles and Auto-Trucks K D	5	-	120,068	3,377
623	Vehicles Parts NOS	667	-	91,818	2,481
625	Airplanes Aircraft and Parts	44	-	427	-
627	Tires and Tubes Rubber	110	-	33,086	1,075
629	Guns Small Arms and Parts NOS	-	-	608	-
631	Ammunition and Explosives	39	-	34,454	-
633	Cement: Natural and Portland	231	478	473	834
635	Cement NOS	-	-	1,273	558
639	Brick NOS and Building Tile	49	1,031	1,309	1,816
641	Refractories	88	245	4,105	4,876
643	Artificial Stone NOS	-	-	28	-
645	Lime NOS	-	-	461	175
647	Plaster: Stucco and Wall	-	-	163	46
649	Sewer Pipe and Drain Tile (Not Metal)	-	-	65	2,268
653	Woodpulp	424	15,487	17	438
655	Scrap Paper and Rags	2,204	180	8,934	564

3519

NO.	COMMODITY DESCRIPTION	IMPORT NEW YORK, N.Y. TONS	IMPORT BALTIMORE, MD. TONS	EXPORT NEW YORK, N.Y. TONS	EXPORT BALTIMORE, MD. TONS
	GROUP 5: MANUFACTURES AND MISCELLANEOUS (501-799) (Cont'd.)				
657	Newsprint Paper	4,072	18,596	237	-
659	Printing Paper NOS	201	-	9,284	-
661	Wrapping Paper	95	512	593	1,500
663	Paper Bags	-	-	104	97
665	Paper and Paper Articles NOS	99	-	1,061	359
667	Printed Matter NOS	12	-	1,067	-
669	Paperboard, Fibreboard & Pulpboard	130	1,515	2,017	5,227
671	Wallboard	743	2,499	120	30
673	Building Paper and Prepared Roofing Material	36	-	720	46
675	Insulating Material NOS	52	392	3,209	134
677	Building Woodwork and Millwork	12	-	78	-
679	Building Material NOS	174	-	824	239
681	Buildings and Houses. Fabricated and Portable NOS	32	-	932	25
683	Asbestos Articles NOS	-	-	35	-
685	Electrical Equipment and Parts NOS	261	-	16,049	1,239
687	Furnaces Heaters Radiators & Parts	-	-	1,489	1,310
689	Bathroom and Lavatory Fixtures and Sinks	-	-	823	36
691	Hardware NOS	292	97	364	27
693	Glass	794	11,624	2,779	670
695	Glassware NOS	26	51	11,575	847
697	Glass Bottles Jars and Packing Glasses NOS	38	-	18,137	5,276
701	Chinaware Crockery & Earthenware	820	81	746	289
703	Woodenware	46	-	51	41
705	Household Utensils NOS	148	-	1,161	200
707	Refrigerators Freezing Apparatus and Parts	-	-	24,670	1,057
709	Laundry Equipment	-	-	2,838	186
711	Stoves Ranges and Parts	-	-	6,300	864
713	Floor Covering	77	43	139	-
715	Furniture NOS	32	36	3,715	1,208
717	Furniture Parts	-	-	535	59
719	Tools and Parts NOS	63	28	598	1,052
721	Abrasives other than crude	374	398	641	43
723	Bagging Burlap Cotton Gunny and Jute NOS	6,284	199	32	-
725	Bags: Burlap Cotton Gunny and Jute NOS	48	-	18	-
727	Cotton Cloth and Cotton Fabrics NOS	390	-	142	-
729	Cotton Factory Products	325	82	919	11
731	Synthetic Fibre and Yarns (Rayon or Nylon)	-	-	-	-
733	Cloth and Fabrics NOS	-	-	139	-
735	Rope Cordage and Binder Twine NOS	1,875	247	34	-
737	Boots Shoes and Findings NOS	16	-	58	-
739	Luggage and Handbags NOS	9	-	81	-
741	Athletic Gymnasium Playground & Sporting Equipt NOS	44	-	294	60
743	Games and Toys	165	23	83	46

NO.	COMMODITY DESCRIPTION	IMPORT NEW YORK, N.Y. TONS	IMPORT BALTIMORE, MD. TONS	EXPORT NEW YORK, N.Y. TONS	EXPORT BALTIMORE, MD. TONS
	GROUP 5: MANUFACTURES AND MISCELLANEOUS (501-799) (Cont'd.)				
745	Liquors Alcoholic NOS	1,774	90	659	531
747	Wine	144	164	18	-
749	Liquors Malt	1,423	1,034	7,584	1,620
751	Beverages NOS	587	-	162	-
755	Syrup & Molasses Refined	513	-	775	375
757	Molasses Residual	-	5,066	411	-
759	Sugar	6,913	29,830	468	632
761	Candy and Confectionery	288	-	570	57
763	Food Prods NOS in Cans and Packages Not Frozen	33,274	13,821	36,013	13,117
765	Food Products NOS Frozen	-	-	40	-
767	Starch	313	32	2,561	863
769	Soap and Cleaning and Washing Compounds	-	53	1,870	452
771	Matches	56	24	12	13
773	Feed Animal and Poultry NOS	1,566	521	47,674	20,403
777	Cigarettes	-	-	7	-
779	Containers Metal	76	12	2,834	183
781	Containers Wooden	-	-	293	1,048
783	Containers Fibreboard and Pulpboard K D	-	-	2,689	273
785	Containers NOS	586	64	1,642	635
787	Containers Returned Empty	49	-	66	28
789	Scrap Iron and Steel	355	28	4,945	20
791	Iron & Steel Borings Turnings, etc.	-	-	329	-
793	Furnace Slag	-	-	32	43
795	Waste Material for Remelting NOS	309	240	1,699	312
797	Waste Material NOS	11,958	281	2,319	-
799	Manufactures and Miscellaneous NOS	5,875	1,690	28,749	5,433
	TOTAL	354,352	209,975	1,910,473	882,442
	GROUP 6: FORWARDER TRAFFIC (950)				
950	Forwarder Traffic	66	-	50,576	5,242
	TOTAL	66	-	50,576	5,242
	RECAPITULATION				
	Group 1	221,726	72,806	300,107	2,375,139
	Group 2	18,552	2,231	123,997	27,864
	Group 3	38,680	1,355,737	4,582	11,783
	Group 4	12,416	4,095	3,310	1,029
	Group 5	354,352	209,975	1,910,473	882,442
	Group 6	66		50,576	5,242
	TOTAL - Groups 1 to 6	645,792	1,644,844	2,393,045	3,303,499

3521

Source - A. J. Crookshank's Exhibit AJC No. 13, and Witness Mollman's Exhibit Z-1 series. Page 6

Z-14(c)-6

STATEMENT OF EXPORT CARLOAD SHIPMENTS, EXCEPT COAL AND COKE AND OTHER THAN GRAIN, UNLOADED AT PORTS OF NEW YORK, N.Y., AND BALTIMORE, MD., FOR YEARS 1939 TO 1956, INCLUSIVE, AND SHOWING OF TOTAL NUMBER OF CARLOADS AND A COMPARISON OF THE INCREASE IN CARLOADS FOR EACH YEAR COMPARED WITH 1939. ALSO A SHOWING OF THE INCREASE IN TOTAL CARLOADS FOR THE PERIOD AND AVERAGE INCREASES.

EXHIBIT NO. ______
I&S DOCKET NO. 6615
WITNESS:

	NEW YORK		BALTIMORE	
	CARS	INCREASE OVER 1939 CARS	CARS	INCREASE OVER 1939 CARS
1939	127,020		23,322	
1940	227,878	100,858	54,854	31,532
1941	293,343	166,323	42,351	19,029
1942	345,727	218,707	44,042	20,720
1943	430,368	303,348	63,893	40,571
1944	550,340	423,320	105,299	81,977
1945	437,659	310,639	77,948	54,626
1946	332,040	205,020	42,351	19,029
1947	343,040	216,020	57,802	34,480
1948	255,366	128,346	45,177	21,855
1949	221,007	93,987	39,776	16,454
1950	167,214	40,194	28,448	5,126
1951	224,555	97,535	32,463	9,141
1952	214,338	87,318	30,117	6,795
1953	180,052	53,032	27,708	4,386
1954	166,172	39,152	31,956	8,634
1955	174,592	47,572	41,273	17,951
1956	184,543	57,523	40,380	17,058
TOTAL	4,875,254	2,588,894	829,160	409,364
AVERAGE	270,847	152,288	46,064	24,080

Average of 270,847 is 221% of the cars (127,020) exported in 1939. The average increase of 152,288 is 120% of the cars exported in 1939.

Average of 46,064 is 198% of the cars (23,322) exported in 1939. The average increase of 24,080 is 103% of the cars exported in 1939.

Z-13(1)

SOURCE: P.T. Report 6A - Car Service Division, Association of American Railroads.

EXHIBIT NO.
I&S DOCKET NO. 6615
WITNESS:

STATEMENT OF EXPORT CARLOAD SHIPMENTS, EXCEPT COAL AND COKE AND OTHER THAN GRAIN, UNLOADED AT PORTS OF NEW YORK, N.Y., AND BALTIMORE, MD., FOR YEARS 1939 TO 1956, INCLUSIVE, AND PERCENTAGE BALTIMORE UNLOADS ARE OF THE UNLOADS AT NEW YORK.

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	NEW YORK CARS	BALTIMORE CARS	PERCENTS BALTIMORE OF NEW YORK
1939	127,020	23,322	18.3
1940	227,878	54,854	24.0
1941	293,343	42,352	14.7
1942	345,727	44,042	12.7
1943	430,368	63,893	14.8
1944	550,340	105,279	19.1
1945	437,659	77,948	17.8
1946	332,040	42,351	12.7
1947	343,040	57,802	16.8
1948	255,366	45,177	17.6
1949	221,007	39,776	17.9
1950	167,214	28,448	17.0
1951	224,555	32,463	14.4
1952	214,338	30,117	14.0
1953	180,052	27,708	15.3
1954	166,172	31,956	19.2
1955	174,592	41,273	23.6
1956	184,543	40,380	21.8
TOTAL	4,875,254	829,160	17.0

Z-13(2)

SOURCE: P.T. Report 6A; Car Service Division, Association of American Railroads.

3523

STATEMENT OF EXPORT CARLOADS OF GRAIN UNLOADED AT NORTH ATLANTIC PORTS FOR YEARS 1939 TO 1956, INCLUSIVE, AND FIRST NINE MONTHS OF 1957. ALSO THE PERCENTAGES THE UNLOADS AT THE SEVERAL PORTS ARE OF THE TOTAL UNLOADS AT NORTH ATLANTIC PORTS.

	Total North Atlantic Ports	Portland, Me.		Boston, Mass.		Albany, N.Y.		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.	
	Cars	Cars	% of Total	Cars	% of Total	Cars	% of Total	Cars	% of Total	Cars	% of Total	Cars	% of Total	Cars	% of Total
1939	34,274	342	.9	2,218	6.5	-	-	15,242	44.4	3,938	11.4	10,630	31.0	1,904	5.5
1940	27,060	1,575	5.8	2,701	9.9	-	-	5,855	21.6	5,930	21.9	10,170	37.5	829	3.0
1941	44,486	4.725	10.6	4,191	9.4	-	-	14,385	32.3	5,724	12.8	14,340	32.2	1,115	2.5
1942	27,429	4,372	15.9	1,600	5.8	-	-	9,693	35.3	2,057	7.4	9,707	35.4	-	-
1943	51,660	10,424	20.1	5,261	10.1	-	-	15,621	30.2	9,139	17.6	11,215	21.7	-	-
1944	36,369	6,490	17.8	2,002	5.5	-	-	7,703	21.1	7,341	20.1	12,833	35.3	-	-
1945	111,157	8,960	8.0	6,462	5.8	2,270	2.0	21,419	19.2	26,423	23.7	43,339	39.0	2,284	2.0
1946	71,464	1,872	2.6	3,814	5.3	1,999	2.7	8,627	12.0	23,536	32.9	29,430	41.0	2,186	3.0
1947	97,055	412	.4	5,222	5.3	9,009	9.2	13,155	13.5	27,376	28.2	39,103	40.3	2,776	2.8
1948	65,456	684	1.0	4,277	6.5	10,979	17.3	7,018	10.7	17,753	27.1	31,365	47.9	3,178	4.8
1949	112,513	1,393	1.2	4,869	4.3	5,877	5.2	19,540	17.3	25,114	22.3	51,730	46.0	3,990	3.5
1950	46,799	2,005	4.2	2,239	4.7	3,543	7.5	8,090	17.2	7,362	15.7	21,355	45.6	2,205	4.7
1951	96,213	3,465	3.6	4,567	4.7	7,208	7.4	10,971	11.4	20,685	21.4	46,137	48.0	3,180	3.3
1952	79,635	3,092	3.8	4,352	5.4	8,380	10.5	4,211	5.2	14,841	18.6	39,596	49.7	5,163	6.4
1953	91,923	2,584	2.8	2,381	2.5	8,168	8.8	13,095	14.2	12,317	13.3	41,962	45.6	11,416	12.4
1954	80,751	1,975	2.4	1,207	1.4	4,578	5.6	7,221	8.9	13,975	17.3	37,187	46.0	14,608	18.0
1955	107,292	1,378	1.2	2,457	2.2	9,738	9.0	11,310	10.5	14,998	13.9	45,459	42.4	21,952	20.4
1956	132,869	1,639	1.2	10,607	7.9	13,709	10.3	12,639	9.5	23,423	17.6	51,817	39.0	19,035	14.3
TOTAL	1,314,405	57,071	4.3	70,427	5.3	85,458	6.5	205,795	15.6	261,932	19.9	547,375	41.6	95,821	7.2
1957															
January	11,413	121	1.0	1,507	13.2	27	.2	886	7.7	3,037	26.6	5,063	44.4	772	6.7
February	7,971	408	5.1	1,327	16.6	343	4.3	619	7.7	1,847	23.1	2,714	34.0	713	8.9
March	10,750	240	2.2	1,990	18.5	980	9.1	517	4.9	2,111	19.6	3,735	34.7	1,177	10.9
April	10,369	166	1.6	2,059	19.8	1,890	18.2	448	4.3	1,286	12.4	2,328	22.5	2,192	21.1
May	7,516	-	-	2,051	27.2	1,596	21.2	204	2.7	564	7.5	1,138	15.1	1,963	26.1
June	7,000	71	1.0	1,718	24.5	993	14.1	174	2.4	888	12.6	1,559	22.3	1,597	22.8
July	6,384	76	1.2	691	10.8	1,165	18.2	289	4.5	1,195	18.7	2,112	33.2	856	13.4
August	8,481	97	1.1	964	11.4	1,765	20.8	698	8.2	1,829	21.6	1,256	14.8	1,872	22.1
September	7,016	364	5.2	1,115	15.9	174	2.5	737	10.5	720	10.3	1,702	24.3	2,204	31.3
TOTAL 9 MONTHS	76,900	1,543	2.0	13,422	17.5	8,933	11.6	4,572	5.9	13,477	17.5	21,607	28.1	13,346	17.4

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SOURCE: P.T. Report 6A, Car Service Division, Association of American Railroads.

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EXHIBIT NO. ______
I&S DOCKET NO. 6615
WITNESS:

STATEMENT SHOWING PROJECTION OF TOTAL CARLOAD TRAFFIC EXPORTED VIA THE PORT OF NEW YORK DURING PERIOD AUGUST 1, 1955, TO JULY 31, 1956

IN SUMMARY

LINE			CARS
1 -	Total cars unloaded at Port of New York - Period August 1, 1955 to July 31, 1956, **reported by Car Service Division of A.A.R.**		196,355
2 -	Estimated number of cars reported by DL&W, Erie RR, LV, NYC and NYNH&H from Differential territory	56,372	
	Actual number of cars reported by B&O, CRRofNJ, and PRR	54,125	110,497
3 -	Number of cars projected and moving via DL&W, Erie RR, LV, NYC, and NYNH&H, for period August 1, 1955, to July 31, 1956, from other than Differential territory, and not reported in Witness Crookshank's Exhibit No. a J C. 13		85,858

BASIS FOR THE PROJECTION

LINE

1 - Statement of Export Carloads unloaded at Ports of New York, N.Y., and Baltimore, Md., according to L.T. Report 6-A, Car Service Division, Association of American Railroads.

	New York, N.Y. CARS			Baltimore, Md. CARS	
	Other than Coal, Coke and Grain	Grain		Other than Coal, Coke and Grain	Grain
August, 1955	13,678	1,992		3,198	4,859
Sept., 1955	10,870	831		2,829	2,667
October, 1955	14,103	958		3,214	4,614
Nov., 1955	15,542	1,221		3,829	4,308
Dec., 1955	16,161	801		4,145	5,017
Jan., 1956	16,766	884		3,641	4,390
Feb., 1956	15,618	641		3,896	2,727
March, 1956	17,351	970		4,178	4,042
April, 1956	17,151	759		3,704	5,327
May, 1956	17,488	1,613		3,063	6,216
June, 1956	14,909	1,361		3,720	5,339
July, 1956	13,430	1,257		2,566	5,231
SUB-TOTAL	183,067	13,288	SUB-TOTAL	41,983	54,737
TOTAL		196,355	TOTAL		96,720

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2 - Statement of cars and tons exported via Port of New York for period August 1, 1955, to July 31, 1956, inclusive, per Traffic Studies submitted in this proceeding by Witnesses Mollman and Crookshank.

a - For B&O RR, CRRof NJ, and PRR from All territories.

Other than Coal, Coke and Grain			Grain Per Items 1, 3, 7, 9, and 13			TOTAL	
Cars	Tons	Average Wt. Per Car	Cars	Tons	Average Wt. Per Car	Cars	Tons
51,577	1,436,544	27.85 tons	2,548	133,786	52.51 tons	54,125	1,570,330

b - For DL&W, Erie RR, LV, NYC, and NYNH&H from Differential territory only.

Other than Coal, Coke and Grain			Grain Per Items 1, 3, 7, 9, and 13			TOTAL	
Tons	Estimated Average Wt. per car	Estimated No. Cars	Tons	Estimated Average Wt. per car	Estimated No. Cars	Cars	Tons
1,488,224	27.85 tons	53,437	154,125	52.51 tons	2,935	56,372	1,642,349

c - Total cars and tons exported via Port of New York for period August 1, 1955, to July 31, 1956, inclusive, per Traffic Studies submitted in this Proceeding by Witnesses Mollman and Crookshank.

	Cars	Tons
Via B&O RR, CRRofNJ, and PRR	54,125	1,570,330
Via ~~DL&W, Erie~~ RR, LV, NYC, AND NYNH&H	56,372	1,642,349
TOTAL	110,497	3,212,679

	Cars
3 - Total cars unloaded at Port of New York for period August 1, 1955, to July 31, 1956, inclusive, per P.T. Report 6-A, Car Service Division, Association of American Railroads	196,355
Number of cars accounted for by Traffic Studies for the Port of New York by Witnesses Mollman and Crookshank	110,497
Balance attributed to Traffic from other than Differential territory via lines DL&W, Erie RR, LV, NYC, and NYNH&H	85,858

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STATEMENT OF TONNAGES EXPORTED THROUGH THE PORTS OF BALTIMORE, MD., AND NEW YORK, N.Y., FOR PERIOD AUGUST 1, 1955, TO JULY 31, 1956, INCLUSIVE

TO	From Differential Territory			From All Other Territories			TOTAL All Territories		
	All Commodities	Grain	All Commodities except Grain	All Commodities	Grain	All Commodities except Grain	All Commodities	Grain	All Commodities except Grain
Baltimore, Md Via B&O-PRR-WM.	(1) 3,303,499	(1) 2,339,309	(1) 964,190	(1) 1,295,669	(1) 620,966	(1) 674,673	(1) 4,599,168	(1) 2,960,305	(1) 1,638,863
New York, N. Y. Via B&O-CNJ-PRR	(1) 750,696	(1) 49,869	(1) 700,827	(1) 819,634	(1) 83,917	(1) 735,717	(1) 1,570,330	(1) 133,786	(1) 1,436,544
Via DL&W-Erie-LV-NYC-NYNH&H	(2) 1,642,349	(2) 154,125	(2) 1,488,224	(3) 2,583,616	(3) 409,840	(3) 2,173,776	(4) 4,225,965	(4) 563,965	(4) 3,662,000
TOTAL - All New York Lines	2,393,045	203,994	2,189,051	3,403,250	493,757	2,909,493	5,796,295	697,751	5,098,544

(1) Source Witness Mollman's Exhibit No. 2, this proceeding.

(2) Source Witness Crookshank's Exhibit in this proceeding identified as A.J.C. No. 13.

(3) Estimated according to calculations as explained on page 11, this exhibit, 85,858 cars of Export Commodities unloaded at New York originated at points other than Differential territory and arrived via other than B&O, CNJ and PRR. On basis of average weights and data shown on page 11, this exhibit, the 85,858 cars contained 2,583,616 tons, as follows:

7,805 cars of Grain @ 52.5 tons per car 409,840 tons
78,053 cars of Commodities (other than coal, coke and grain) @ 27.85 tons per car, 2,173,776 tons.

(4) Source Witness Crookshank's Exhibit A.J.C. No. 13 of tonnage from Differential territory plus estimated tonnage from all other Territories as explained under reference (3) herein.

STATEMENT OF TONNAGES IMPORTED THROUGH THE PORTS OF BALTIMORE, MD., AND NEW YORK, N.Y., FOR THE PERIOD AUGUST 1, 1955, TO JULY 31, 1956, INCLUSIVE

	TO Differential Territory			TO All Other Territories			TO All Territories		
FROM	All Commodities (Note 1)	Bulk Ores (Note 2)	All Commodities except Bulk Ores (Note 3)	All Commodities (Note 4)	Bulk Ores (Note 5)	All Commodities except Bulk Ores (Note 6)	All Commodities (Note 4)	Bulk Ores (Note 5)	All Commodities except Bulk Ores (Note 6)
Baltimore, Md.	1,644,844	1,349,946	294,898	1,642,310	1,196,075	446,235	3,287,154	2,546,021	741,133
New York, N.Y. Via B&O-CNJ-PRR	253,813	2,182	251,631	483,156	136,676	346,480	736,969	138,858	598,111
Via DL&W, Erie, LV, NYC, NYNH&H	391,979	27,864	364,115	Not reported. Data not available.					
TOTAL - All New York Lines	645,792	30,046	615,746	Account no report from DL&W, Erie, LV, NYC and NYNH&H, consolidated tonnage figures not available.					

Note 1 - All commodities in Traffic Studies submitted by Witness Crookshank for account of DL&W RR, Erie RR, LV RR, NYC RR and NYNH&H RR, and by Witness Mollman for account of B&O RR, CRRof NJ, PRR and WM Ry. in this proceeding.

Note 2 - Shipment of Aluminum Ore and Concentrates, Chrome Ore, Iron Ore (Ground), Manganese Ore, and Zinc Ore and Concentrates, per Items 309, 311, 317, and 319 of Traffic Studies of Witnesses Crookshank and Mollman, in this proceeding.

Note 3 - General Cargo as reported in Traffic Studies of Witnesses Crookshank and Mollman, in this proceeding, after exclusion of Ores and Concentrates covered by Note 2.

Note 4 - All Commodities in Traffic Study submitted by Witness Mollman for account of B&O RR, CRRofNJ, PRR, and WM Ry., in this proceeding.

Note 5 - Shipments of Aluminum Ore and Concentrates, Chrome Ore, Iron Ore (Ground), Manganese Ore, and Zinc Ore and Concentrates, per Items 309, 311, 317, and 319 of Traffic Study of Witness Mollman, in this proceeding.

Note 6 - General Cargo as reported in Traffic Study of Witness Mollman, in this proceeding, after exclusion of Ores and Concentrates covered by Note 2.

STATEMENT SHOWING, IN BUSHELS, EXPORTS OF GRAIN THROUGH THE PORTS OF ALBANY, N.Y., BALTIMORE, MD., BOSTON, MASS., NEW YORK, N.Y., NEWPORT NEWS, VA., NORFOLK, VA., PHILADELPHIA, PA., AND PORTLAND, MAINE, FOR PERIOD 1900 THROUGH FIRST NINE MONTHS OF 1957, AND PROPORTION OF THAT TRAFFIC HANDLED THROUGH THE RESPECTIVE PORTS.

(FIGURES ARE IN MILLIONS OF BUSHELS. AMOUNTS OF 100,000 BUSHELS OR LESS SHOWN AS .1)

	PORTLAND		BOSTON		ALBANY		NEW YORK		PHILADELPHIA		BALTIMORE		NEWPORT NEWS		NORFOLK		TOTAL NORTH ATLANTIC PORTS	
	Bushels	%	Bushels	%	Bushels	%	Bushels	%	Bushels	%	Bushels	%	Bushels	%	Bushels	%	Bushels	%
1900	-		30.2		-		76.9		45.4		49.2		12.9		-		214.6	
1901	-		31.9		-		59.7		29.9		48.9		11.2		-		181.6	
1902	10.9		9.6		-		27.5		11.8		15.4		6.4		-		81.6	
1903	12.2		9.5		-		33.8		11.6		23.1		3.9		-		94.1	
1904	5.4		4.1		-		12.2		6.2		7.9		1.4		-		37.2	
1905	6.0		12.9		-		42.9		13.6		21.9		7.9		-		105.2	
1906	8.8		8.5		-		45.7		19.2		31.0		12.1		-		125.3	
1907	6.6		9.7		-		45.6		18.2		28.0		2.0		-		110.1	
1908	6.9		3.9		-		26.8		13.6		20.3		1.2		-		72.7	
1909	6.3		2.9		-		17.5		8.7		9.8		1.1		-		46.3	
	63.1	5.9	123.2	11.5	-	-	388.6	36.4	178.2	16.7	255.5	23.9	60.1	5.6	-	-	1068.7	100.0
1910	5.5		3.4		-		10.0		3.6		10.5		0.6		-		33.6	
1911	4.8		7.8		-		20.4		8.4		16.8		1.6		-		59.8	
1912	7.0		2.6		-		28.5		6.9		26.1		7.7		-		78.8	
1913	11.0		26.2		-		65.5		22.3		46.9		10.0		-		181.9	
1914	9.2		16.6		-		61.8		22.7		51.5		-		-		161.8	
1915	14.5		17.0		-		126.6		44.6		90.2		64.0		-		356.9	
1916	39.3		33.3		-		154.0		49.8		120.4		52.4		-		449.2	
1917	4.2		22.8		-		121.6		45.6		66.2		32.3		-		292.7	
1918	20.8		14.2		-		62.8		29.5		34.0		-		-		161.3	
1919	21.6		16.8		-		90.6		52.9		45.1		7.5		-		234.5	
	137.9	6.9	160.7	8.1	-		741.8	36.9	286.3	14.2	507.7	25.3	176.1	8.6	-		2010.5	100.0
1920	14.2		5.5		-		83.1		24.4		54.1		2.8		-		184.1	
1921	13.9		5.1		-		68.8		46.8		55.3		0.5		-		190.4	
1922	21.4		13.3		-		127.4		62.3		89.8		0.7		-		314.9	
1923	19.6		10.7		-		97.1		36.4		41.3		2.5		-		207.6	
1924	7.0		4.6		-		105.7		34.1		27.4		-		-		178.8	
1925	4.5		6.2		-		120.5		41.0		29.3		-		-		201.5	
1926	7.9		4.8		-		102.9		21.6		25.3		-		-		162.5	
1927	5.3		4.0		-		99.3		19.0		27.2		-		2.2		157.0	
1928	3.3		5.7		-		88.0		14.5		22.4		0.2		0.8		134.9	
1929	2.7		3.7		-		60.5		8.7		17.2		0.7		1.7		95.2	
	99.8	5.5	63.6	3.5	-		953.3	52.2	308.8	16.9	389.3	21.3	7.4	0.4	4.7	0.2	1826.9	100.0

[fol. 3530]

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	PORTLAND		BOSTON		ALBANY		NEW YORK		PHILADELPHIA		BALTIMORE		NEWPORT NEWS		NORFOLK		TOTAL NORTH ATLANTIC PORTS	
	Bushels	%	Bushels	%	Bushels	%	Bushels	%	Bushels	%	Bushels	%	Bushels	%	Bushels	%	Bushels	%
1930	1.0		2.0		-		54.9		5.3		7.0		0.4		0.7		71.3	
1931	1.7		3.2		-		59.2		4.4		9.7		0.4		1.3		79.9	
1932	2.8		3.1		2.2		42.2		4.3		7.1		1.4		0.9		64.0	
1933	1.0		1.2		3.2		20.6		0.6		0.2		0.1		0.1		27.0	
1934	-		1.0		1.2		27.0		1.2		0.3		0.3		0.2		31.2	
1935	-		-		3.7		19.4		0.2		0.2		X		0.1		23.6	
1936	-		2.2		6.0		21.1		0.9		0.9		X		0.3		31.4	
1937	-		-		3.7		23.6		1.9		0.5		-		-		29.7	
1938	-		0.2		17.0		19.5		2.1		2.7		-		0.9		42.4	
1939	-		1.7		9.0		19.7		4.6		6.7		-		1.6		43.3	
	6.5	1.5	14.6	3.3	46.0	10.4	307.2	69.2	25.5	5.7	35.3	8.0	2.6	0.6	6.1	1.3	443.8	100.0
1940	2.3		5.0		8.6		18.0		14.6		21.2		-		0.7		70.4	
1941	7.8		7.3		6.7		32.8		8.0		19.5		-		1.0		83.1	
1942	7.9		2.7		-		20.6		2.0		13.7		-		-		46.9	
1943	18.3		10.1		-		21.4		15.1		12.8		-		-		77.7	
1944	11.3		2.3		-		11.2		10.9		15.7		-		-		51.4	
	47.6	14.4	27.4	8.3	15.3	4.6	104.0	31.6	50.6	15.4	82.9	25.2	-		1.7	0.5	329.5	100.0
1945	15.1		13.8		23.3		39.8		48.9		80.5		-		-		221.4	
1946	4.0		8.8		24.5		19.2		45.6		61.7		-		3.5		167.3	
1947	1.8		8.8		28.1		18.2		52.4		72.1		-		4.8		186.2	
1948	1.0		7.9		35.4		14.1		33.2		57.8		-		5.7		155.1	
1949	2.8		9.4		30.5		21.4		50.2		100.2		-		7.6		222.1	
	24.7	2.6	48.7	5.1	141.8	14.9	112.7	11.8	230.3	24.2	372.3	39.1	-		21.6	2.3	952.1	100.0
1950	3.7	3.9	4.6	4.8	11.8	12.3	16.2	16.9	13.5	14.0	42.9	44.6	-		3.4	3.5	96.1	100.0
1951	6.1	2.9	7.9	3.8	36.1	17.2	27.8	13.2	38.0	18.1	89.0	42.4	-		5.1	2.4	210.0	100.0
1952	6.6	4.0	9.1	5.6	22.9	14.0	10.4	6.4	27.5	16.8	77.8	47.6	-		9.1	5.6	163.4	100.0
1953	5.5	3.6	4.7	3.1	22.5	14.8	8.8	5.8	21.7	14.3	70.8	46.6	-		18.0	11.8	152.0	100.0
1954	2.1	1.5	2.0	1.4	19.9	13.6	13.6	9.3	24.3	16.7	62.4	42.8	-		21.5	14.7	145.8	100.0
1955	1.8	0.8	4.8	2.2	35.4	16.1	16.5	7.5	27.8	12.6	88.3	40.1	-		45.5	20.7	220.1	100.0
1956	3.9	1.4	18.7	6.7	38.2	13.8	27.4	9.9	44.0	15.8	100.4	36.2	-		45.1	16.2	277.7	100.0

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Z-19-(2)

	PORTLAND		BOSTON		ALBANY		NEW YORK		PHILADELPHIA		BALTIMORE		NEWPORT NEWS		NORFOLK		TOTAL NORTH ATLANTIC PORTS	
	Bushels	%	Bushels	%	Bushels	%	Bushels	%	Bushels	%	Bushels	%	Bushels	%	Bushels	%	Bushels	%
1957																		
January	0.7	2.9	3.0	12.6	2.0	8.4	3.0	12.5	5.2	21.8	7.8	32.6	-		2.2	9.2	23.9	100.0
February	0.4	2.7	2.3	15.7	-		1.4	9.5	3.5	23.8	5.2	35.4	-		1.9	12.9	14.7	100.0
March	0.4	1.7	3.4	14.5	2.4	10.2	1.7	7.2	3.9	16.6	8.9	37.9	-		2.8	11.9	23.5	100.0
April	-		3.9	17.7	4.2	19.1	1.6	7.3	2.5	11.4	4.3	19.5	-		5.5	25.0	22.0	100.0
May	-		4.4	20.9	2.8	13.3	2.6	12.3	0.7	3.3	5.0	23.7	-		5.6	26.5	21.1	100.0
June	0.3	1.5	3.8	18.6	2.6	12.7	2.2	10.8	2.7	13.2	3.7	18.2	-		5.1	25.0	20.4	100.0
July	0.1	0.6	1.5	8.8	2.7	15.8	3.3	19.3	2.8	16.3	3.3	19.3	-		3.4	19.9	17.1	100.0
August	0.9	5.3	1.3	7.7	2.9	17.2	1.1	6.5	3.4	20.1	3.9	23.1	-		3.4	20.1	16.9	100.0
September	0.2	1.4	1.6	11.1	2.3	16.0	2.5	17.4	1.0	6.9	2.1	14.6	-		4.7	32.6	14.4	100.0
	3.0	1.7	25.2	14.5	21.9	12.6	19.4	11.1	25.7	14.8	44.2	25.4	-		34.6	19.9	174.0	100.0

X - Less than 100,000 bushels.

AUTHORITY: (1900 to 1956) Recognized Grain Exchange Reports and Dominion Bureau of Statistics (Canada).

(Nine months 1957) Weekly Inspection Reports of Exports Department of Agriculture. 3531

EXHIBIT NO. _______
I&S DOCKET NO. 6615
WITNESS:

STATEMENT SHOWING REPRESENTATIVE SHIPMENTS VIA THE BALTIMORE & OHIO RAILROAD OF IMPORT TRAFFIC THROUGH THE PORT OF NEW YORK FOR THE YEARS OF 1955 AND 1956 TO PHILADELPHIA, PA., AND POINTS SOUTH THEREOF, TOGETHER WITH COMPARISON OF THE APPLICABLE RATES FROM NEW YORK, N.Y., AND BALTIMORE, MD., TO SAME DESTINATIONS. (RATES ARE IN CENTS PER 100 POUNDS) (EXCEPT AS NOTED)

		1955		1956		X-175-C Import Rate From		X-196 Import Rate From		
Commodity	Destination	Cars	Tons	Cars	Tons	N.Y.	Balto.	N.Y.	Balto.	Tariff Authorities
Flour	Baltimore, Md.	1	29	-	-	30	-	-	-	B&O 19-C, ICC 24089
	Philadelphia, Pa.	1	34	5	149	28½	24½	30	25½	B&O 59-C, ICC 24255
Tobacco, Leaf	Durham, N. C.	279	5894	368	7818	109	89	116	94	Cl. 45K, T.L. 44-I, ICC A-800
	Jacksonville, Fla.	2	43	21	353	173	159	183	169	Cl. 45K, T.L. 44-I, ICC A-800
Coffee	Baltimore, Md.	2	62	2	66	48	-	51	-	Cl. 27.5, T.L. 72-B; ICC A-819
	Jacksonville, Fla.	5	156	46	1457	125	122	133	129	T.L. E/S 145-E, ICC A-1079
	New Orleans, La.	18	497	1	25	159	151	169	160	T.L. E/S 145-E, ICC A-1079
	Norfolk, Va.	32	662	24	516	51	51	54	54	B&O 18-D, ICC 24210, Cl. 27.5, T.L. 67, ICC A-337
	Richmond, Va.	3	43	-	-	51	43	-	-	B&O 18-D, ICC 24210, Cl. 27.5, T.L. 67, ICC A-337
	Roanoke, Va.	25	472	2	43	66	51	70	54	Cl. 27.5, T.L. 72-B, ICC A-819, T.L. 67, ICC A-337
	Washington, D.C.	49	1301	90	2462	49	22	52	23	Cl. 27.5, T.L. 72-B, ICC A-819, B&O 10-E, ICC 24237
Seeds	Baltimore, Md.	14	377	8	201	51	-	54	-	Cl. 35K, T.L. 72-B, ICC A-819
Sisal	Baltimore, Md.	6	107	-	-	60	-	-	-	5th Cl., T.L. 72-B, ICC A-819
Fibre Staple	Baltimore, Md.	3	40	1	15	67	-	71	-	Cl. 40, T.L. 72-B, ICC A-819
	LaGrange, Ga.	18	266	-	-	154	136	-	-	Cl. 40, T.L. E-1008, ICC A-946
Meats, Canned	Baltimore, Md.	2	48	9	206	41	-	43	-	Cl. 25, T.L. 72-B, ICC A-819
	Miami, Fla.	3	42	2	47	119	112	125	118	Cl. 22, T.L. 44-I, ICC A-800
	Atlanta, Ga.	-	-	7	158	89	83	95	88	Cl. 22, T.L. 44-I, ICC A-800
Marble & Stone	Baltimore, Md.	1	30	-	-	39	-	-	-	Cl. 22.5, T.L. 72-B, ICC A-819
	Jacksonville, Fla.	2	90	2	72	84	76	89	81	Cl. 17.5, T.L. 82-D, ICC A-726
	Washington, D.C.	2	77	4	167	41	23	43	24	Cl. 22-5, T.L. 72-B, ICC A-819, T.L. 67, ICC A-337
Lumber	Baltimore, Md.	1	31	-	-	41	-	-	-	Cl. 25K, T.L. 72-B, ICC A-819
Logs	Baltimore, Md.	1	30	1	30	41	-	43	-	Cl. 25K, T.L. 72-B, ICC A-819
	New Orleans, La.	-	-	2	34	99	92	105	98	T.L. E/S 145-E, ICC A-1079
	Newport News, Va.	-	-	1	23	51	46	54	49	Cl. 25K, T.L. 72-B, ICC A-819, T.L. 67, ICC A-337
	Philadelphia, Pa.	-	-	3	75	32	33	34	35	Cl. 25K, T.L. 72-B, ICC A-819, T.L. 67, ICC A-337
Oil, Vegetable	Baltimore, Md.	-	-	23	543	51	-	54	-	B&O 19-C, ICC 24089

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Commodity	Destination	1935		1956		X-175-C Import Rate From		X-196 Import Rate From		Tariff Authorities
		Cars	Tons	Cars	Tons	N.Y.	Balto.	N.Y.	Balto.	
Rubber, Crude	Baltimore, Md.	14	407	3	110	51	-	54	-	Cl.30, T.L. 72-B, ICC A-819
	Cumberland, Md.	173	4976	152	4384	62	48	66	51	Cl.30, T.L. 67, ICC A-337, T.L. 72-B, ICC A-819
	Gadsden, Ala.	-	-	22	609	127	112	135	119	T.L. E/S 145-E, ICC A-1079
Latex, Liquid	Hazelwood, N.C.	2	81	4	160	98	86	104	91	T.L. E/S 145-E, ICC A-1079,Cl.30,E/S 1008,ICC A-946
	Roanoke, Va.	1	39	-	-	72	59	-	-	Cl.30, T.L. 72-B, ICC A-819, T.L. 67, ICC A-337
Insecticides	Baltimore, Md.	11	271	21	549	46	-	49	-	Cl.26, T.L.72-B, ICC A-819
Copper Ingots, and Bars	Baltimore, Md.	7	350	13	650	*746	N.T.-	*791	N.T.-	B&O 362-A, ICC 23934
	Decatur, Ala.	23	1105	2	100	103	98	109	104	T.L. E/S 145-E, ICC A-1079
Cable, Copper	Baltimore, Md.	8	290	-	-	67	-	-	-	Cl.40, T.L. 72-B, ICC A-819
	Jacksonville, Fla.	4	85	6	142	165	149	175	158	Cl.45, T.L. E/S 1008, ICC A-946
	New Orleans, La.	4	130	6	172	199	183	211	194	Cl.45, T.L. E/S 1008, ICC A-946
Bars, Lead, Zinc	Baltimore, Md.	11	528	1	28	60	-	64	-	Cl.5, T.L. 72-B, ICC A-819
	Wilmington, Del.	1	56	-	-	49	41	-	-	Cl.5, T.L. 67, ICC A-337, T.L. 72-B, ICC A-819
Spelter, Zinc	Baltimore, Md.	4	176	2	60	33	-	35	-	B&O 19-C, ICC 24089
Tin Pig	Baltimore, Md.	5	209	6	240	48	-	51	-	B&O 19-C, ICC 24089
	Norfolk, Va.	-	-	1	20	75	66	80	70	Cl.5, T.L. 72-B, ICC A-819, T.L. 67, ICC A-337
	Wilmington, Del.	-	-	1	18	48	41	51	43	B&O 19-C, ICC 24089, Cl.5, T.L. 67, ICC A-337
Manufactured Iron & Steel	Baltimore, Md.	1	40	-	-	42	-	-	-	B&O 31-A, ICC 24219
	Philadelphia, Pa.	1	18	-	-	32	29	-	-	B&O 31-A, ICC 24219
	Washington, D.C.	-	-	3	119	44	15	47	16	B&O 31-A, ICC 24219
Machinery and Parts	Richmond, Va.	37	356	12	119	84	62	89	66	Cl.40, T.L. 67, ICC A-337, T.L. 72-B, ICC A-819
Chinaware	Baltimore, Md.	3	29	-	-	60	-	-	-	Cl.5, T.L. 72-B, ICC A-819
Household Utensils	Baltimore, Md.	15	108	-	-	71	-	-	-	B&O 19-C, ICC 24089
	Washington, D.C.	3	32	-	-	91	49	-	-	Cl.4, T.L. 72-B, ICC A-819, T.L. 67, ICC A-337
Canned Goods	Baltimore, Md.	3	104	-	-	41	-	-	-	Cl.25, T.L. 72-B, ICC A-819
	Norfolk, Va.	2	30	-	-	51	46	-	-	Cl.25, T.L. 72-B, ICC A-819, T.L. 67, ICC A-337
	Richmond, Va.	2	58	3	84	51	38	54	40	Cl.25, T.L. 67, ICC A-337, T.L,72-B,ICC A-819
	Jacksonville, Fla.	2	43	-	-	92	86	-	-	Cl.22, T.L. 44-I, ICC A-800
Cocoanut	Atlanta, Ga.	8	174	7	167	89	83	94	88	Cl.22, T.L. 44-I, ICC A-800
	Norfolk, Va.	3	68	5	96	51	46	54	51	Cl.25, T.L. 72-B, ICC A-819, T.L. 67, ICC A-337

* Rates are in cents per 2000 pounds.

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STATEMENT OF IMPORT CARLOAD SHIPMENTS ARRIVING AT PORT OF NEW YORK DURING 1955 AND 1956 AND FORWARDED VIA THE BALTIMORE AND OHIO RAILROAD, CENTRAL RAILROAD OF NEW JERSEY OR PENNSYLVANIA RAILROAD TO BALTIMORE, MD.

COMMODITIES	NUMBER OF CARS	NUMBER OF TONS
Bananas	12	138
Brass Scrap	1	23
Bread	2	30
Cable, Copper, Lead Covered	9	296
Canned Goods	16	409
Chinaware	3	29
Coffee	11	334
Copper Ingots, Matte and Bars	3	112
Cotton Linters, Waste and Sweepings	21	373
Electrical Appliances	4	88
Electrodes	5	223
Fertilizers	3	93
Fibre, Hemp or Sisal	7	125
Fibre, Staple	4	55
Fibre, Tampico	2	33
Fish in Packages	1	18
Flour, Tapioca	19	609
Food Products	13	196
Foreign Woods	7	173
Fruit Fresh	1	19
Household Goods	2	14
Household Utensils	14	101
Insecticides	33	748
Latex	10	178
Lead and Zinc	16	700
Lead Scrap	2	82
Leather	1	27
Logs	2	71
Lumber and Lath	1	31
Machinery	1	5
Manganese Ore	2	68
Manufactured Iron and Steel	4	89
Manufactures	2	18
Meats, Cooked	8	180
Metal, Alloy	2	59
Marble and Stone	1	30

COMMODITIES	NUMBER OF CARS	NUMBER OF TONS
Napthalene, Crude	1	32
Oil, Vegetable	23	543
Olives	1	19
Paper Printing	2	49
Peat Moss	2	56
Peels, Lemon	3	62
Rayon Fibre	6	147
Rope and Twine	2	27
Rubber, Crude	19	563
Sand, Zircon	1	40
Seafood	2	28
Seeds	7	186
Sodium Sil Fluoride	1	34
Spelter	6	236
Starch, Tapioca	1	29
Tankage	2	54
Tanning Extract	9	186
Tin, Pig	404	11,459
Veneer	1	41
TOTAL	738	19,568

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STATEMENT OF IMPORT CARLOAD SHIPMENTS ARRIVING AT PORT OF NEW YORK DURING 1955 AND 1956 AND FORWARDED VIA THE BALTIMORE AND OHIO RAILROAD, CENTRAL RAILROAD OF NEW JERSEY OR PENNSYLVANIA RAILROAD TO PHILADELPHIA, PA.

COMMODITIES	NUMBER OF CARS	NUMBER OF TONS
Aluminum Sheets	1	55
Asphalt	1	25
Bagging, Jute	3	74
Bananas	9	98
Canned Goods	45	1,028
Cod Liver Oil	1	45
Coffee	5	123
Cotton	2	41
Cotton Waste	124	2,804
Cresylic Acid	1	26
Ferro Manganese	6	204
Fertilizers	1	24
Flour, Tapioca	54	1,604
Food Products, Fish, Cocoanut, Tea, etc.	18	370
Glass, Plate	8	166
Goat Hair	1	17
Goat Skins	10	173
Hides and Skins	46	819
Honey	3	72
Household Goods	19	185
Lead, Pig	37	1,739
Lumber	6	159
Logs, Foreign Wood	63	1,787
Machinery	2	39
Meats, Cooked	30	688
Mica	1	20
Military Vehicles	7	87
Napthalene, Crude	19	536
Peat Moss	2	28
Plums, Fresh	1	14

COMMODITIES	NUMBER OF CARS	NUMBER OF TONS
Rubber	4	140
Scrap Bagging and Bags	4	82
Scrap Battery Plates	7	308
Seeds	3	51
Sisal and Flax Fibre	96	1,620
Sisal Waste and Cordage Waste	9	144
Steel, Structural	22	606
Sugar	6	202
Sulphur	1	40
Tallow	1	33
Tanning Extract	13	378
Tapioca Starch	3	99
Twine	3	65
Veneer	5	95
Whiskey	1	19
Wool	55	958
TOTAL	759	17,890

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STATEMENT OF CARLOAD SHIPMENTS ORIGINATING LOCALLY AT PHILADELPHIA, PA., STATIONS DURING 1955 AND 1956 ON THE BALTIMORE AND OHIO RAILROAD, PENNSYLVANIA RAILROAD AND READING COMPANY AND FORWARDED TO NEW YORK, N.Y., FOR EXPORT.

COMMODITIES	NUMBER OF CARS	NUMBER OF TONS
Acids, N.O.S.	3	87
Airplane Parts	3	25
Alcohol and Alcoholic Liquors	4	124
Ammunition and Explosives	7	261
Animals and Products	1	30
Army Supplies	3	35
Autos, Boxed	1	20
Building Materials	1	6
Cheese	1	15
Chemicals, N.O.S.	1	26
Cloth, Wool	2	50
Containers, Fibreboard	61	992
Containers, Metal	9	70
Cork Waste	10	103
Cotton Piece Goods	5	143
Crusher Parts	3	92
Eggs	1	15
Electrical Equipment and Parts	292	4,244
Food Products in Cans	177	6,660
Furniture, N.O.S.	1	20
Guns, Small Arms and Parts	2	15
Hides, Skins and Pelts	2	54
Lubricating Oil	9	171
Lumber and Shingles	1	24
Machinery and Machines	22	367
Machinery Parts	9	189
Manufactured Iron and Steel	57	1,652
Manufactures and Miscellaneous	5	84
Manganese Ore	2	104
Meats Fresh	4	56
Milk, Powdered	5	137
Paper, Toilet	7	108
Paperboard	20	329
Pipe, Iron or Steel	28	613
Poultry, Frozen	1	14
Railway Equipment Parts	6	93
Refrigerators and Freezing Apparatus	4	39
Rubber	4	143
Scrap Paper and Rags	13	209
Shaker Troughs	1	18
Soap and Cleaning Compounds	12	485
Sodium Products	1	51
Steel Beams	23	8,649
Steel Channels	1	8
Steel Pipe	5	81
Steel Rolling Mill	1	11
Steel Towers	3	18
Steel Tubing	1	57
Stoves and Ranges	1	12
Structural Steel	10	252
Sugar Bags	1	17
Switchboard	1	9
Tires, Locomotive	8	199
Tallow	1	22
Tanks, N.O.S.	1	12
Tower Sections	1	12
Thread Sewing	1	14
Vehicles, other than Motor	1	19
Waste Paper	1	19
Wrapping Paper	1	25
TOTAL	863	27,409

STATEMENT OF CARLOAD SHIPMENTS ORIGINATING LOCALLY AT BALTIMORE, MD., STATIONS INCLUDING SPARROWS POINT, MD., DURING 1955 AND 1956, ON THE BALTIMORE AND OHIO RAILROAD AND PENNSYLVANIA RAILROAD AND FORWARDED TO NEW YORK, N.Y., FOR EXPORT.

COMMODITIES	NUMBER OF CARS	NUMBER OF TONS
Ammunition	1	57
Animals & Products	2	60
Army Supplies	5	40
Autos, Passenger	4	47
Auto Parts	1	7
Auto Telephone Equipment	12	59
Bars, Iron or Steel	3	107
Bombs and Assemblies	42	733
Canned Food Products	28	740
Cast Iron Pipe	1	46
Cheese	3	47
Chemicals, N.O.S.	3	80
Cocoa Beans	3	76
Containers, Metal	23	239
Engines & Parts	1	43
Glassware & Bottles	9	179
Handbags & Luggage	2	16
Heaters	1	12
Hides, Green Salted	8	198
Household Goods	20	210
Household Utensils	19	187
Houses, Prefabricated	3	29
Iron or Steel Coiled Rods	9	464
Iron or Steel Nails or Wire	34	1091
Iron or Steel Manfd.	896	34649
Machinery & Machines	1	13
Machinery Parts	2	27
Manufactures - Miscellaneous	16	384
Meats, Cooked	44	903
Meats, Fresh	46	895
Military Equipment	23	200

COMMODITIES	NUMBER OF CARS	NUMBER OF TONS
Pipe, Iron or Steel	321	12005
Poultry, Frozen	16	294
Railway Equipment Parts	6	164
Refrigerating & Freezing Equipment	1	5
Roofing Material	3	105
Sand	1	23
Scrap Iron	1	44
Scrap Rubber	1	57
Sugar	1	36
Steel Bulkheads	1	62
Steel Sheets	20	826
Steel Pipe Coils	1	47
Steelware, Sheet	1	12
Syrup, Refined	15	349
Tanks, N.C.S.	1	7
Tanning Extracts	1	24
Tinplate	16	571
Tires & Tubes	40	734
Tool Boxes	1	18
Tools	1	12
Trailers	2	9
Vehicles & Parts	6	58
	1722	57300

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Section No. /

GENERAL SUPERIORITY OF PORT SERVICES AT NEW YORK

The Port of New York, by Howard S. Cullman, Chairman
The Port of New York Authority, 1954

The Port of New York in World Trade, by Vincent A.G. O'Connor
Commissioner of the Department of
Marine and Aviation,
The City of New York, 1954

New York Port Ranks on Top in Commerce, Reprinted from
Journal of Commerce, December 28,
1954, with endorsement of Port
of New York Authority.

Marine Transport, Vol. 2, Published by the New York
Marine News Company - New York.
The World's Greatest Port, 1954

What Shippers Say:- as issued by the Port of New York
Authority.

Advantages of Shipping Via Port of New York, as issued
by The Port of New York Authority.

Why Shippers Choose the Port of New York, as issued by
The Port of New York Authority.

What a Shipper Seeks, prepared by Port Commerce Division,
Port Development Department, The
Port of New York Authority, September 1956

Non-Stop Trade Spells Speed and Economy, prepared by
Port Commerce Division, Port
Development Dept., The Port of
New York Authority, September 1956

News Release of May 13, 1957, by The Port of New York
Authority.

Vol. 2, Published by the New York Marine News Company

THE PORT OF NEW YORK

• The World's Greatest
• The Shippers' Choice

By **HOWARD S. CULLMAN,** ***Chairman***

THE PORT OF NEW YORK AUTHORITY

IN 1797 THE PORT OF NEW YORK emerged as the leading port of the young United States, overcoming strong competition from other ports on the Atlantic Coast. In the following 157 years the nation grew spectacularly in every way, and its many fine harbors on the Gulf and West coasts were extensively developed along with those already thriving on the Atlantic. The New York-New Jersey Port, however, more than matched national growth by expanding its services and facilities to such a degree that its supremacy has never been threatened. Contributing to the bi-state port's leadership is the fact that it has consistently geared its development to suit the needs of shippers.

Cargo handling facilities are continually being built at the vast shipping center to give shippers the benefits of a modern port. Over $80,000,000 have been spent in the past seven years alone by The Port of New York Authority, the City of New York and private interests on marine terminal construction and other waterfront improvements. A still greater amount has been appropriated for up-to-date air, rail and highway projects in the Port of New York District during the same period.

A brief glimpse into the port's history reveals that even 150 years ago, piers, warehouses, inland transportation routes, banks and many specialized services were built or organized to handle a wide range of export and import merchandise. During its earliest days, the magnificent natural harbor's trade was in furs, and later, in the 1700's, flour became the predominant cargo handled. However, a transition from a single-commodity port to one handling many products took place when England entered the French Revolutionary conflict in 1793. At this time France utilized American shipping to a considerable extent and brought prosperity to New York's marine and mercantile interests. The boom was curtailed by the Embargo Act of 1807 and subsequent coastal blockades by the British, but by 1815 the port's piers became busy once again with goods of every sort from every place. The ensuing century and one-half of experience in handling diverse cargo enables the New York-New Jersey Port of today to offer shippers of all commodities unparalleled service.

Outstanding among the assets of the Port of New York are frequent and direct steamship departures to all major ports in the world. Cargo-carrying vessels leave the bi-state port more often than from any other. This is a distinct advantage to exporters because they have a wider freedom in scheduling shipments and do not have to be concerned about a consignment being "shut-out" from planned departures. They know another freighter will be leaving in a day or so for the same destination.

Frequency of steamship sailings is a particularly important factor in cases where a shipment is covered by a letter of credit or export license nearing its expiration date. If a shipment misses a sailing under these circumstances at the Port of New York, it can be loaded on a different ship shortly thereafter. If the same cargo were leaving via an outport it might have to wait two weeks or more for a freighter. In many cases, the longer wait would require a shipper to obtain new financial documents or export authorization and, in addition, the delayed freight would probably be assessed storage charges.

The range of steamship services at the world's greatest port is overwhelming in its superiority. In 1953, 25,210 vessels entered or left the vast port's channels, for an average of nearly 100 vessels every business day. These ships represent every seafaring nation outside the Iron Curtain and fly the house flags of about 170 steamship lines. Last year, an average of 1,309 calls per month were made by vessels clearing the Port of New York for 130 key foreign ports—the greatest number of scheduled stops to overseas points from the bi-state port in the past three years.

Vol. 2, Published by the New York Marine News Company

With quick delivery of goods essential to most exporters and importers, New York's incomparable advantage of direct sailings is important to them in deciding which port to use. About 90 per cent of all the ships clearing New York for overseas destinations go direct without stopping at any other American port. Cargo at outports is loaded first; the freighters then proceed to complete their loading at the New York-New Jersey Port—their point of departure from the United States.

Shippers everywhere realize these advantages and appreciate what they mean in terms of time and money. In recent months, large movements of rubber belting destined for India were transported from Denver, Colorado to the Port of New York, simply because nearer ports did not provide adequate vessel sailings. The decision of the Denver firm to utilize New York Harbor is repeated thousands of times each year by export traffic managers in every section of the country—New England, the Midwest, the Southwest, the South and even the West Coast.

Striking examples of shippers' preference for the great port are frequent instances where factories are within 50 miles of a competitive port, yet export orders are routed to New York Harbor because of its advantages. Availability of excellent transportation services to haul the large volume of overseas cargo shipped from interior points to the port area is one of the determining factors. Quick and efficient inland movement of this traffic is assured by twelve railroads, approximately 750 over-the-road trucking firms and 29 major airlines which serve the port. The railroads and the motor carriers bring the products of every town with a rail spur or highway within reach of world markets via the Port of New York.

Because of the port's unique system of waterfront rail terminals and interconnecting waterways, flexibly operated railroad lighters and carfloats are used to transfer overseas freight to any ship anywhere in the harbor. This is another factor in expediting the movement of traffic through the port; vessels can load from or discharge into these harbor craft on their offshore sides at the same time that they are working cargo inshore at their piers. The result is a quicker turn-around for the steamer, and faster delivery of his goods for the shipper. The dual advantage of direct rail-to-keel transfer of goods is also available at the world's greatest port.

Exporters and importers also realize the value of the integrated multi-million dollar system of highways, bridges and tunnels which expedites the flow of between 8,000 and 10,000 long-haul trucks into the port area daily. Modern pier facilities and other terminals have been specially designed for convenient handling of trucks unloading and picking up cargo.

For those shippers whose commodities require the fastest delivery there is superb air cargo service between inland cities and the New York-New Jersey metropolitan area's four major airports—New York International, Newark, La Guardia and Teterboro. Paris, London, Rome, Geneva, Frankfort, Mexico City, San Juan, Lisbon and other of the world's important market places are less than a day's air travel from New York International, center of overseas air cargo and passenger flights in the United States. Everything from gems to elephants are borne by planes of 23 airlines serving the airport to and from every corner of the globe. Thus, in the air, as on the sea, it is the Port of New York that has the greatest number, the most frequent and widest range of services.

Some freight moving between the interior and seaboard does not require speed. Cargo of this type is usually bulky material shipped in large quantities. Many shippers of commodities in this category favor New York Harbor because of its inland water route to the Midwest, the up-to-date and well-maintained New York State Barge Canal System, and the equally modern motorized barges which traverse it. Typical of the cargo hauled by these craft is a recent shipment of 3,200,000 pounds of Chilean copper in pig form to Cleveland, Ohio. The Chilean copper was discharged directly to a motorship from an ocean-going vessel at a Brooklyn pier and delivered to the Ohio metropolis about five days later.

Another reason why shippers route cargo via New York is the availability of intercoastal and coastal steamship services to Gulf and West Coast ports. Vessels in this trade are regular ocean-going freighters providing economical shipment for large-scale movements of goods between domestic ports and their adjacent areas.

Importers and American distributors of foreign-made products prefer the New York-New Jersey Port because they are confident that experienced stevedores will discharge their cargo rapidly and in a damage-free condition. They are also aware of the advantages secured from the prompt and expert appraisals rendered by the port's qualified customs personnel who know imports from A to Z. And of major importance to them, too, is New York's nearness to great industrial and consumer markets.

Still other shippers determine that New York Harbor is their best bet because the big port offers a wide selection of freight forwarders who efficiently handle the necessary documentation and shipping arrangements that have to be prepared for every shipment. More foreign freight forwarders and customs brokers have their headquarters here than in all the other United States ports combined. Closely allied to the location of the forwarders at the world's greatest port is the fact that the center of foreign trade banking services is found in New York City. These banks finance three-fourths of all the nation's foreign commerce. Similarly, marine insurance firms also center their operations at New York to underwrite an equally large portion of overseas shipments.

Some shippers have their own special reasons for using the port, but most prefer it because it is a composite of what has been described here. These are the things which have benefited shippers for more than 150 years and have maintained the supremacy of the Port of New York, the

THE PORT OF NEW YORK IN WORLD TRADE

By

Vincent A. G. O'Connor

Commissioner of the Department of Marine and Aviation
The City of New York

THE importance and the vital significance of the position which the Port of New York occupies in world trade, and in the domestic economy of the United States, ever has been readily acknowledged—never successfully challenged. It stands alone as the foremost seaport in the world offering to the international trader a shipping center possessed of unparalleled facilities instantly available, and a capacity for the handling and transporting of cargoes impossible of duplication anywhere else on the face of the earth. It far surpasses all others, too, in the field of collateral services in offering the ready availability of the world's leading banking institutions, insurance companies, foreign freight forwarders and customs brokers.

Endowed by nature with one of the largest and finest of sheltered deep-water harbors it remained only for the human qualities of foresight, skill and determination to aggressively assert themselves to impell the progressive rise of the port to the position of preeminence it enjoys today. Over the years an extraordinary measure of these qualities have been invested in this port—and they are still being invested in large substance today, as exemplified by the fact that millions of dollars are being spent today—and many more millions will be spent in the immediate years ahead—to further broaden the port's value and its advantages to world traders.

As they exist today, the port's basic advantages are far superior to anything of like nature offered elsewhere. Significant of this is the simple fact that more than 75% of this nation's foreign trade is financed by New York's national and international banking interests. The highly trained and smoothly functioning foreign departments of these banking institutions handle with ease and dispatch any of the many intricate problems which may attend modern world trade.

More than 500 firms devoted to the responsibility of foreign freight forwarding present the shipper with the widest possible choice of one or more best suited to his needs, and the services of more than 200 custom house brokers are available to the importer for the handling of incoming shipments, their passage through customs, and for the payments of duties, etc. The resident regional office of the United States Customs Service endeavors to facilitate and expedite the movement of cargoes into and through the port by cooperating in every way possible with importers, and by avoiding delays in appraisal procedures.

The Port of New York's facilities for the handling of cargoes almost defy description. Every known mechanical device for the fast and efficient handling of freight is here—for every type of general cargo, and every type of bulk cargo. Objects weighing 200 tons or more and even fully loaded railroad freight cars are as easily whisked aboard ship as a small parcel may be tossed over a ship's rail. The port's stevedoring personnel, numbering some 30,000, are the best trained and the most highly skilled in the trade.

Approximately 400 covered piers are provided by the

Vol. 2, Published by the New York Marine News Company

port. They vary in size, and are designed to accommodate in large quantity all types of vessels afloat from the smallest freighter to the largest superliner. Adjacent to, or close at hand to these waterfront installations are more than 19,000,000 square feet of warehouse space for storage—free or bonded.

More than 10,000 motor trucks serve the port every day. Twelve great railroads, nine of which are trunkline roads, provide rail connections between New York and all parts of the United States, Canada and Mexico. The railhead and auxiliary terminal facilities maintained by the railroads have a total capacity of more than 200% over normal requirements. Their fleet of harbor craft, used for the interchange of freight between railhead, pier and shipside, is the largest and most modern of its kind in the world.

Under the house flags of as many as 125 steamship lines more than 25,000 ships enter and leave the harbor each year. Their wide range of destination and the frequency of their sailings cannot be offered by any other port. Ninety percent of these vessels, upon leaving New York, go direct to a foreign port without an intermediate domestic stop.

Air cargo transportation, supplied by 26 international airlines, is available around the clock at this port. Sixteen scheduled domestic cargo-carrying lines connect with all parts of the United States, and countries below and above its borders.

With its unmatched on-shore facilities, and with the world's most highly developed means of transportation—over road and rail, through the skies and over the seas—the Port of New York offers shippers unexcelled service,—the fastest, the safest and most direct to every corner of the globe.

This is "The Port of New York in World Trade."

1664

Downtown tip of Manhattan Island showing the mouth of the Hudson River—known locally as the North River—on the left; and the East River on the right. The piers on both rivers are among the 160 in the harbor owned by the City of New York and administered by its Department of Marine and Aviation. The Municipal Ferry Terminal (South Ferry), connecting Manhattan with Staten Island and operated by the Department of Marine and Aviation, can be seen in the center foreground together with two ferries. As indicated by their wakes, one is about to be moored, and the other has just left its slip en route to its destination in Staten Island down and across the harbor. Battery Park can be seen at the left.

(Marine & Aviation Photo)

Vol. 2, Published by the New York Marine News Company

MEMORANDUM

To: All Who Are Interested In International Trade

From: The Port of New York Authority

The newspaper article reprinted on this page appeared in the JOURNAL OF COMMERCE on December 28, 1954. It clearly points out what smart shippers have known for a long time-- that greater frequency of steamship service and more direct sailings to ports all over the world make it pay to ship "VIA NEW YORK".

We are proud of the many advantages which shipping via this port offers. Of all of these, however, the most important to you is unequaled steamship service.

We are pleased that the JOURNAL OF COMMERCE has granted us the privilege of bringing this important message to you.

Roger H. Gilman
Director of Port Development

New York Port Ranks on Top In Commerce

Among the many reasons why the Port of New York continues to lead all other ports in the United States in foreign trade is the considerably higher degree of frequency in departures and arrivals of ships; as well as the fact that New York is often the last port of call for vessels leaving the country's east coast for destinations abroad, and because New York is also usually the first port of call for ships destined for more than one east coast port. For the shipped these factors represent important considerations. They add up to almost instant availability of a vessel for his shipment and its fastest possible dispatch to point of destination.

A typical day in this port's maritime traffic will see up to one hundred ships, sometimes more, enterinf or leaving the harber. During the year 1954 they carried approximately one-third of all the United States general cargo foreign trade tonnage into and out of the Port of New York and, with little variance, that some proportion of tonnage has been handled by this port in peacetime years since the end of the first World War.

Typical Day

The frequency of service to all ports of the world that is available only at New York, and the absence of delay in finding accommodations for, and in the loading of cargoes and their swift dispatch to destination contributes to the economy of handling shipments, and conceivably works also toward helping to sustain a shipper's record of fast and efficient service to his own customers.

During 1954 regularly scheduled steamship lines operating out of the Port of New York offered an average of 1,250 calls a month at 130 key foreign ports, compared with an average of 1,300 a month in 1953.

These figures are not only impressive, but significant in that they indicate available savings in both time and costs in getting shipments to their destinations, for based on the average alone they show that ships sailing from the Port of New York call at 130 of the most important foreign harbors approximately once every three days; and service to many of these ports is considerably higher, averaging in some cases a daily call by a ship from New York. These includees such ports as: Amsterdam and Rotterdam, Holland; Antwerp, Belgium; Bremen and Hamburg, Germany; Genoa and Naples, Italy; Alexandria, Egypt; Manila, the Philippines; Kobe and Yokohama, Japan; Rio de Janeiro and Santos, Brazil; and Buenos Aires Argentina.

On the basis of major trading areas overseas, rather than individual foreign ports, the figures for the Port of New York should be equally as impressive and appealing to shippers an receivers of general cargo throughout the United States. Although last year witnessed a slight decline in the volume of U.S. foreign trade, the ship lines linking New York with a number of principal trading areas abroad actually stepped up their service. For example, they offered an average of 134 calls monthly at 13 Western Mediterranean ports compared with 101 in 1951; 88 calls at nine Eastern Mediterranean ports against 81 in 1951; 57 at nine Red Sea-Persian Gulf ports compared with 28; 147 calls at nine Far Eastern ports as contrasted with 101; and 108 calls at six East Coast South American ports compared with 87 two years earlier.

Wide Choice

Shippers who use the Port of New York have their choice of over 125 different steamship lines whose vessels fly the flags of 43 nations. A recent estimate showed 10 lines from New York serving the U nited Kingdom; 16 lines to France, Germany, Holland and Belgium; nine lines to Scandinavia and the Baltic; 32 lines to the Mediterranean, North Africa and the Levant; 14 lines to Spain, Portugal and the Azores; 13 lines to the south and east coasts of Africa; six lines to the west coast of Africa; 14 lines to India, the Red Sea and Persian Gulf; 14 lines to Burma, Malaya, Indochina, and the East Indies; 27 lines to Japan and the Philippines; six lines to the west coast of South and Central America; 21 lines to the east coast of South America; and 24 lines to the Caribbean.

According to the Bureau of Customs these companies brought a total of 8,720 vessels, whose combined net tonnage aggregated nearly 40 million tons, into this port last year to provide New York's unparalleled service. These included 2,876 American vessels, 1,185 Norwegian, 845 British, 475 Panamanian, 420 Dutch, 358 Danish, 317 Swedish, 307 German and 276 Japanese.

With this vast fleet of ships to choose from, a shipper using the Port of New York is always assured of the ultimate in marine transport service for his shipments whatever the countries with which he may trade. Indeed, many who have been tempted from time to time to move their general cargo through other ports, and for one reason or another have missed a sailing, are among New York's most enthusiastic supporters. One or two experiences of having to wait as long as three weeks to a month for another sailing to a desired port will serve to militate against even the most plausible claims of potential savings made by spokesmen for ports with less shipping service.

Trade Analysis

Impressive as may be the enormous volume of traffic moving through New York, the really significant features of the port are the diversity and complexity of its trade as well as the fact that approximately 40 per cent of the total dollar volume of this country's foreign commerce moves through this great port.

SHIP VIA
PORT OF NEW YORK

For Latest Shipping Information Consult:

THE PORT OF NEW YORK AUTHORITY
111 8th Ave - New York 11, NY

U.S. Trade Promotion Offices

Chicago
105 West Monroe Building
Chicago 3, Illinois

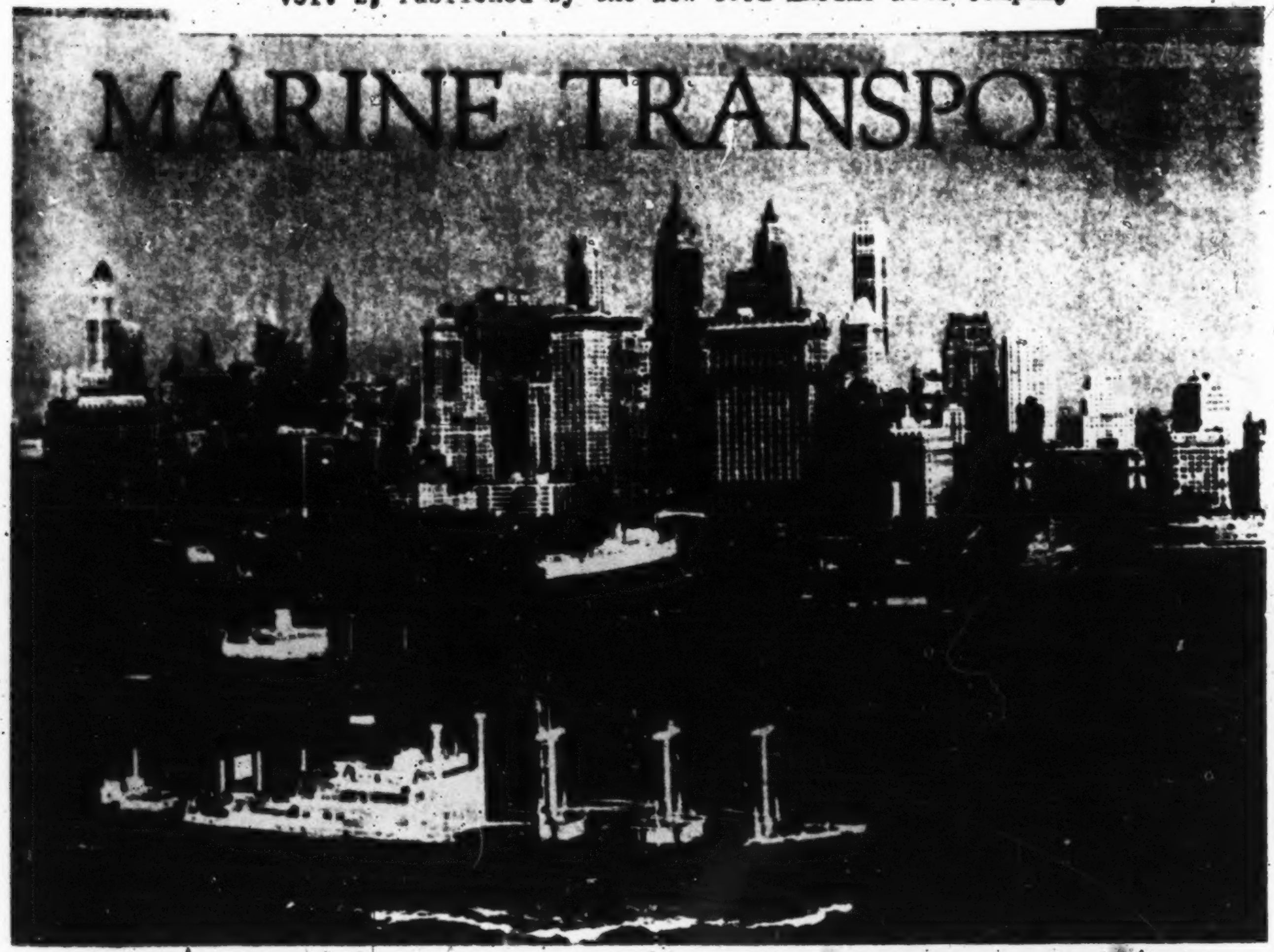
Cleveland
925 Euclid Avenue
Cleveland 14, Ohio

Washington
1001 Connecticut Ave., N.W.
Washington 6, D.C.

Latin American
Trade Promotion Office
Avenida Presidente
Vargas 642
Caixa Postal 5207
Rio de Janeiro, Brazil

Vol. 2, Published by the New York Marine News Company

MARINE TRANSPOR



AMONG the scores of reasons why the Port of New York continues to lead all other ports in the United States in foreign trade is the considerably higher degree of frequency in departures and arrivals of ships; as well as the fact that New York is often the last port of call for vessels leaving the country's east coast for destinations abroad, and because New York is also usually the first port of call for ships destined for more than one east coast port. For the shipper these factors represent important considerations. They add up to almost instant availability of a vessel for his shipment, and its fastest possible dispatch to point of destination.

A typical day in this port's maritime traffic will see up to one hundred ships, sometimes more, entering or leaving the harbor. During the year 1953 they carried approximately one third of all the United States general cargo foreign trade tonnage into and out of the Port of New York and, with little variance, that same proportion of tonnage has been handled by this port in peace-time years since the end of the first World War.

The frequency of service to all ports of the world that is available only at New York, and the absence of delay in finding accommodations for, and in the loading of cargoes and their swift dispatch to destination contributes to the economy of handling shipments; and conceivably works also toward helping to sustain a shipper's record of fast and efficient service to his own customers.

During 1953 regularly scheduled steamship lines operating out of the Port of New York offered an average of 1,300 calls a month at 130 key foreign ports, compared with an average of 1,270 a month in 1952 and 1,172 a month in 1951.

These figures are not only impressive, but significant in that they indicate available savings in both time and costs in getting shipments to their desinations, for based on the average alone they show that ships sailing from the Port of New York call at 130 of the most important foreign harbors approximately once every three days; and service to many of these ports is considerably higher, averaging in some cases a daily call by a ship from New York. These

The illustration at the head of this page has been reproduced from one of the best photographs ever taken of a waterfront skyline scene in the Port of New York. It appears in this volume by courtesy of The Port of New York Authority, and shows the lower part of Manhattan Island and the starting point of its west side piers from the air over the Hudson (North) River. . . . The vessel in the foreground is the SANTA SOFIA, one of the sleek, modern combination cargo-passenger ships of the Grace Line, leaving port for South America.

include such ports as Amsterdam and Rotterdam, Holland; Antwerp, Belgium; Bremen and Hamburg, Germany; Genoa and Naples, Italy; Alexandria, Egypt; Manila, the Philippines; Kobe and Yokohama, Japan; Rio de Janeiro and Santos, Brazil; and Buenos Aires, Argentina.

On the basis of major trading areas overseas, rather than individual foreign ports, the figures for the Port of New York should be equally as impressive and appealing to shippers and receivers of general cargo throughout the United States. Although last year witnessed a slight decline in the volume of U.S. foreign trade, the ship lines linking New York with a number of principal trading areas abroad actually stepped up their service. For example, they offered an average of 134 calls monthly at 13 Western Mediterranean ports compared with 101 in 1951; 88 calls at nine Eastern Mediterranean ports against 81 in 1951; 57 at at nine Red Sea-Persian Gulf ports compared with 28; 147 calls at nine Far Eastern ports as contrasted with 101; and 103 calls at six East Coast South American ports compared with 87 two years earlier.

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According to the Bureau of Customs these companies brought a total of 8,720 vessels, whose combined net tonnage aggregated nearly 40 million tons, into this port last year to provide New York's unparalleled service. These included 2,876 American vessels, 1,185 Norwegian, 845 British, 475 Panamanian, 420 Dutch, 358 Danish, 317 Swedish, 307 German and 276 Japanese.

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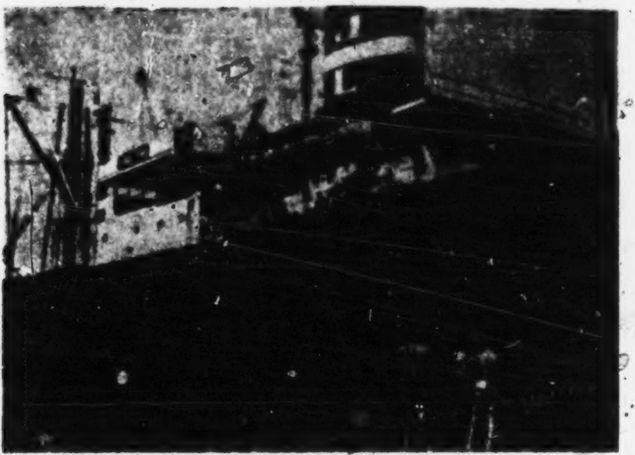
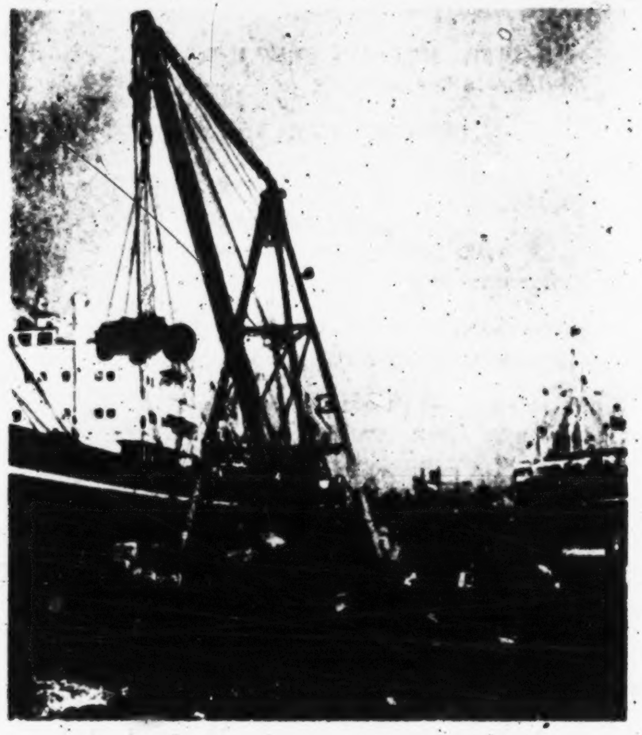
Impressive as may be the enormous volume of traffic moving through New York, the really significant features of the port are the diversity and complexity of its trade

Piers like these stretch out into the Hudson (North) River along Manhattan Island's west side for a distance of several miles. They accommodate freight and passenger ships from the world over arriving and departing in almost endless procession. The larger legend-bearing pier in the center foreground is in the middle of three occupied by the renowned "Great White Fleet" operated by the United Fruit Company. (PA aerial photo)



Fast, direct loading and unloading between ship and railroad is done at many areas in the Port of New York.

A fleet of barges and lighters with cargo to be taken aboard berthed ship which simultaneously can be loaded with other cargo from the pier. Below: Heavy motor vehicles and tractors being loaded aboard ship which also can take cargo from pierside. There is no lost time in such operations.



as well as the fact that approximately 40% of the total dollar volume of this country's foreign commerce moves through this great port.

In the first six months of last year, for example, importers brought in through this port the following proportions of the nation's major requirements from abroad:

66.7% of all U.S. imports of fresh meat
53.2% of canned fish
48.8% of hides and skins
57.8% of fresh fruit
58.4% of canned fruit
76.1% of nuts
79.9% of edible vegetables oils
74.8% of inedible vegetable oils
46.2% of coffee
71.6% of cocoa beans
61.4% of tea
70.5% of table beverages
85.6% of spices
71.6% of liquors and wines
62.3% of rubbers and gums
82.8% of naval stores
96.0% of castor beans
80.5% of cotton manufactures
42.6% of lumber and shingles
59.1% of paper base stocks
100.0% of fuel oil
60.9% of clay products
51.0% of scrap iron, steel and tin plate
73.2% of aluminum
93.9% of refined copper
56.8% of lead
87.6% of tin
90.1% of zinc
46.5% of industrial chemicals

During the same period exporters shipped through the Port of New York:

78.2% of all U.S. foreign sales of meat
56.8% of animal oils and fats
60.5% of edible vegetable oils
53.7% of inedible vegetable oils
83.2% of coffee
89.3% of cocoa
62.1% of liquors and wines
85.4% of tires and tubes
60.1% of cotton manufactures
80.8% of synthetic fibres and manufactures
66.0% of miscellaneous textile products
45.4% of newsprint
53.0% of glass
52.4% of clay products
45.9% of steel products
78.5% of electrical machinery
63.4% of engines, turbines and parts
49.7% of construction machinery
66.8% of machine tools
62.8% of textile and shoe machinery
65.9% of miscellaneous industrial machinery
50.7% of agricultural machinery
87.2% of vehicles
57.1% of railway locomotives, cars and parts
83.4% of vehicle parts and accessories
52.7% of coal-tar products
71.2% of medical preparations
57.0% of chemical specialties

It takes outstanding ability, exceptional versatility and the best in modern facilities to handle overseas traffic in such enormous volume and diversity of type. No other port can do it, but the Port of New York has been doing it easily, almost effortlessly, for countless years.

This manner of service and capacity for performance constantly are available to international traders and shippers throughout the world at "The World's Greatest Port."

WHAT SHIPPERS SAY:—

"ECONOMICAL AND EFFECTIVE"

"We have found your mixed carload method of shipping ideally suited to the problems faced every day in the export of pharmaceuticals. As you know, most of our orders are high in value but relatively low in weight and volume, giving us a great many individual shipments to handle at one time. Our cars carry an average of twenty-five individual shipments each.

"The selective loading of cars under a multiple delivery arrangement has resulted in a very economical and effective over-all operation.

"Our present schedule, based on the above, is seven days from the time we load out our cars until the carrying vessel clears New York Harbor. And we make it."

"MANY ADVANTAGES"

"We have been shipping from our factory for many months now through The Port of New York Authority combined carloads for export.

"In accumulating freight for a full carload, we are able to obtain the following advantages:

1. Faster movement from factory to port than on L.C.L. shipment.
2. Reduced freight costs, in that carload rate applies instead of less-than-carload rate.
3. Reduced transfer charges at New York, since combined deliveries can be made, grouping shipments for delivery purposes to one steamship company; thereby taking advantage of two free deliveries and three minimum rate deliveries at New York.

"We can recommend this type of movement to export shippers who are able to accumulate a carload lot by holding shipments for a week or ten days."

"VERY SATISFACTORY"

"We have found the operation of mixed export carloads through the Port of New York to be very satisfactory. We have been operating in this manner for approximately a year and a half and have encountered very little difficulty. At the same time, we have, of course, effected a considerable saving in inland freight in shipping in mixed export carloads as against shipping in less than carload quantities."

THE PORT OF NEW YORK AUTHORITY
PORT COMMERCE DIVISION
111 Eighth Avenue, New York 11, N.Y.

ADVANTAGES OF SHIPPING VIA PORT OF NEW YORK

. GEOGRAPHICAL ADVANTAGES

The best natural deep-water harbor in the world.

A large protected anchorage basin within a short run to the pier area.

Over 200 piers, 130 shedded, available for berthing over 400 ships at one time.

Only 9 miles from the piers to the open sea via deep, wide channels.

2. CARGO MOVEMENT FACILITIES

11 major railroads provide fast service to all sections of the United States.

Largest railroad storage yards in the world.

Unequalled steamship services and greater frequency of sailings to all parts of the world provided by 170 steamship lines.

85% of all sailings are direct to destination with no intervening ports of call.

300 motor truck transportation companies provide quick distribution to railheads, warehouses, nearby states, or general distribution within the port.

3. THE LIGHTERAGE SYSTEM

4000 shallow draft harbor vessels facilitate the movement of cargo from rails to shipside.

The lighterage system enables every railroad serving the port to move freight to any vessel in the harbor regardless of its location.

The lighterage system permits simultaneous loading and discharging of ships on the offshore side of the vessel, as well as to trucks and cars at the terminal. The ability to handle cargo from both sides of the ship materially reduces the turn-around time of the vessel.

4. AIDS TO MARINE OPERATIONS

An adequate supply of fuel oil for ship bunkers is always available in New York Harbor which is serviced by one of the largest concentrations of petroleum refineries and tank storage facilities in the United States.

Heavy-lift equipment immediately available for loads up to 300 tons.

Unequalled ship repair facilities within the harbor area.

Superior warehouse and storage facilities.

5. FINANCIAL AND COMMERCIAL ADVANTAGES

Banking facilities for the financing of foreign trade are largely concentrated in New York. 75% of all U.S. foreign trade is financed through New York banks.

New York is the headquarters for principal marine insurance underwriters.

More than 1000 freight forwarders and Custom House brokers are located in the Port District.

There is an ample labor market.

A huge domestic market is available in the New York-New Jersey area for the consumption of imports.

For port information consult:

THE PORT OF NEW YORK AUTHORITY
111 Eighth Avenue New York 11, N.Y.

TRADE DEVELOPMENT OFFICES

EASTERN
32 Broadway
New York 4, N.Y.

CHICAGO
Prudential Building
Chicago 1, Ill.

CLEVELAND
Terminal Tower
Cleveland 13, Ohio

WASHINGTON
1001 Connecticut Ave., N.W.
Washington 6, D.C.

LATIN AMERICAN
Avenida Presidente Vargas 642
Rio de Janeiro, D. F.

3550

WHY SHIPPERS CHOOSE THE PORT OF NEW YORK

1. It is the shipping center of the world. An average of approximately twelve thousand vessels a year, carrying the flags of one hundred and seventy steamship lines, enter the harbor to discharge and pick-up cargo and passengers. The range and frequency of sailings at the New York-New Jersey Port are unequalled, by any other port in the United States.

2. It is the rail gateway to the United States. Twelve railroads, including nine trunkline roads, connect the port district directly to all of the major industrial sections east of the Mississippi and to all other areas of the United States, and Canada and Mexico as well, by means of interlocking railroads.

3. It is one of the country's major centers of truck transport. From eight to ten thousand long-haul trucks serve the port district daily, connecting the port with almost every community in the nation and carrying an ever-increasing variety of import and export goods.

4. It is the aerial gateway to the nation for passengers, cargo, and air mail. Its four major airports, serving all sections of the area, make up the world's greatest regional airport system. Thirty-six certificated and scheduled domestic and foreign airlines join this aerial gateway to leading cities of the nation and the world.

5. It is the focal point of the New York State Canal System—once the major transport link between the Midwest and the East Coast, and today a continuing means of low cost transport to the nation's interior.

6. It has many modern terminals which serve all lines of transport linking the port district to the nation and all ports of the world.

7. It is the center of a vast organization of men and equipment which maintains a continuous flow of freight and passengers between terminals and ships and other lines of transport.

8. It offers the greatest concentration in the world of agencies and experts whose business is to serve the shipper expeditiously

9. For the continuing development and protection of its commerce the two States established The Port of New York Authority. As the joint agency of the States of New York and New Jersey, the Port Authority works today for the port of tomorrow.

THE PORT OF NEW YORK

CROSSROADS OF WORLD TRADE

The Port of New York stands unique among seaports of the world for these basic reasons:

1. It is the world's busiest freight platform for the two-way exchange of cargo between vessels, land and air carriers.

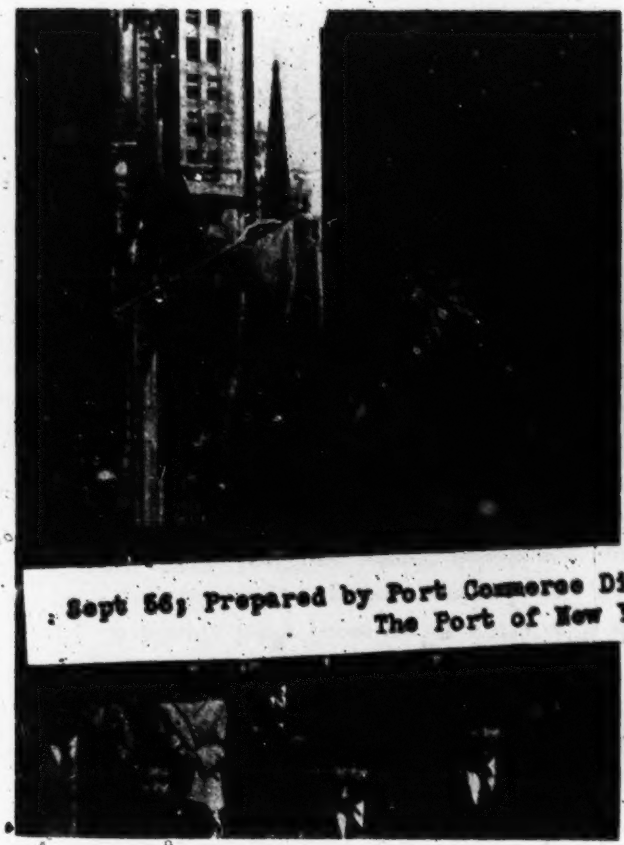
2. It is the world's busiest passenger platform for daily commuters, for visitors entering and leaving the country, and for passengers domestic bound to and from all points of the continent.

3. It is one of the world's leading centers for the manufacturing and processing of products and goods distributed througout the nation and the world.

4. It is the world's most heavily concentrated consumer market.

5. It is for people in all lands a common symbol of what can be achieved by a nation dedicated to freedom and enterprise.

THE PORT OF NEW YORK AUTHORITY
111 EIGHTH AVENUE
NEW YORK 11, N. Y.

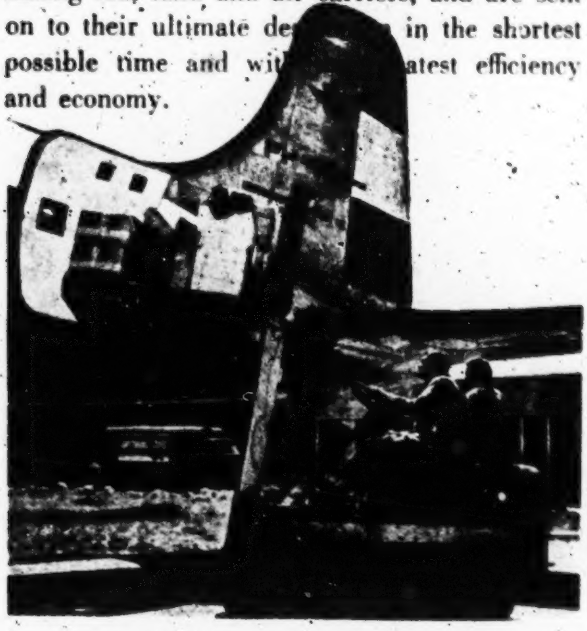


Sept 56; Prepared by Port Commerce Division, Port Development Dept.
The Port of New York Authority

The 1,500 square-mile Port of New York District is the home and working place of thirteen million people.

Superior facilities and services are available for the transfer, loading and unloading of cargoes.

ENDOWED by nature with the world's finest system of harbors and waterways—and improved by man—the Port of New York has become the major gateway for commerce between the United States and the rest of the world. It can be compared to a huge freight platform upon which goods in transit are exchanged among sea, land and air carriers, and are sent on to their ultimate de in the shortest possible time and wit atest efficiency and economy.



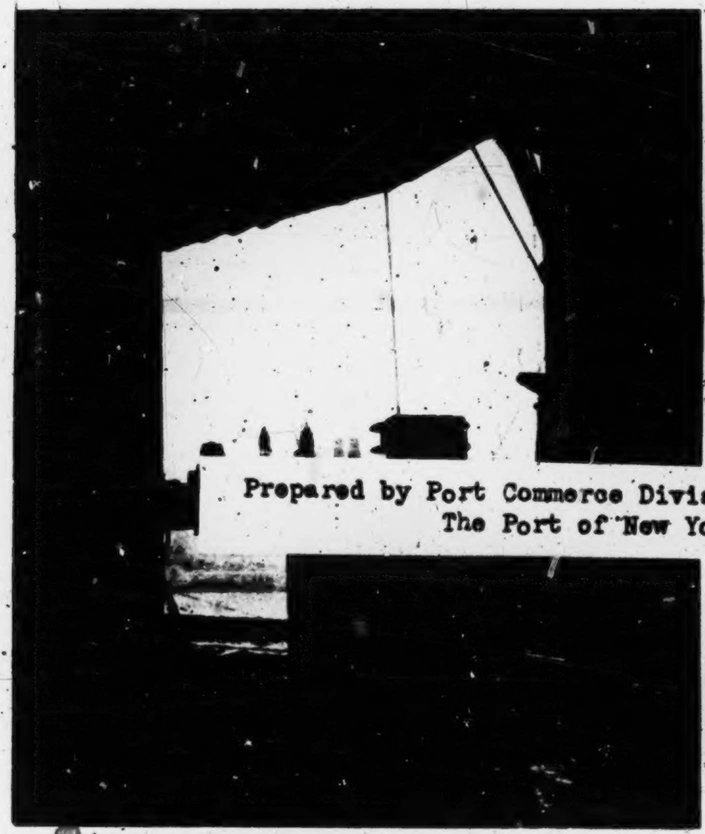
What a Shipper Seeks

What a shipper looks for in a port is variety of service, capacity, speed, frequency, and directness of transport. He requires adequate terminal and warehouse facilities and the most efficient means for transferring, loading and unloading his shipments. He demands and is entitled to responsible handling of his goods. And finally, he requires economy—the lowest aggregate cost of shipping his goods, not merely in freight charges but also in over-all terms that include reaching his markets on time and assuring ultimate satisfaction to his customer.

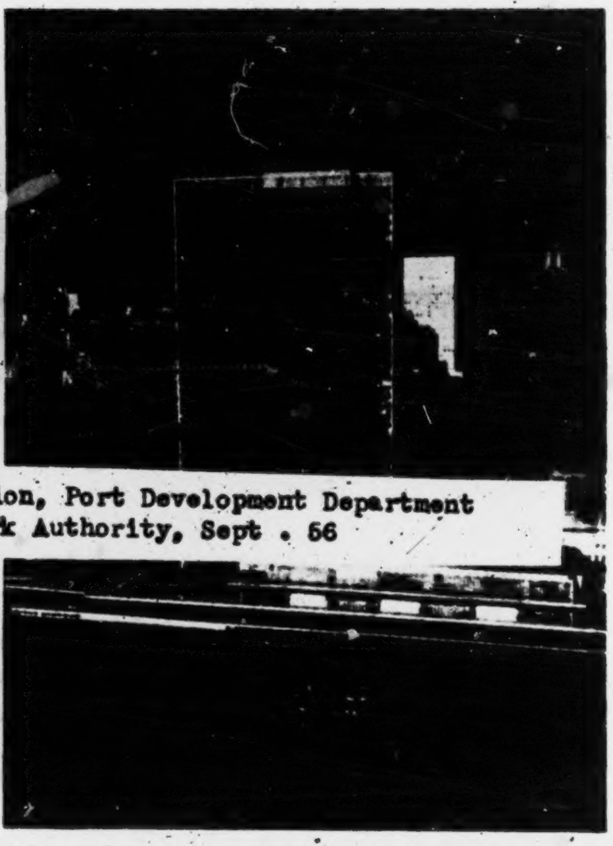
The Port of New York fulfills these requirements, as demonstrated by the size, scope and efficiency with which it handles its commerce. All of the Port's values add up to the following advantages to the shipper:

1. More lines of transport connect the Port

35 5 2



A skilled labor force teamed with an unsurpassed variety of mechanical equipment serves the shipper.



The United Nations headquarters in midtown Manhattan. World Capital of freedom-loving people.

Prepared by Port Commerce Division, Port Development Department
The Port of New York Authority, Sept. 56

with all parts of the United States and the rest of the world than are available at any other port.

2. More, frequent and direct service by land, water and air carriers, to all points, than are provided at any other port.

3. As a freight platform, the Port has an available labor force which works with skill and efficiency, superior terminal and transportation facilities, ample warehouse facilities of every kind, and an unsurpassed variety of mechanical equipment for transferring, loading and unloading all types of cargo safely and swiftly.

4. Many service agencies engaged in packaging, storing, forwarding, insuring and customs clearance with the "know-how" based on long experience.

5. The Port is world headquarters for all agencies, businesses and institutions essential to the most expeditious movement of goods in international trade.

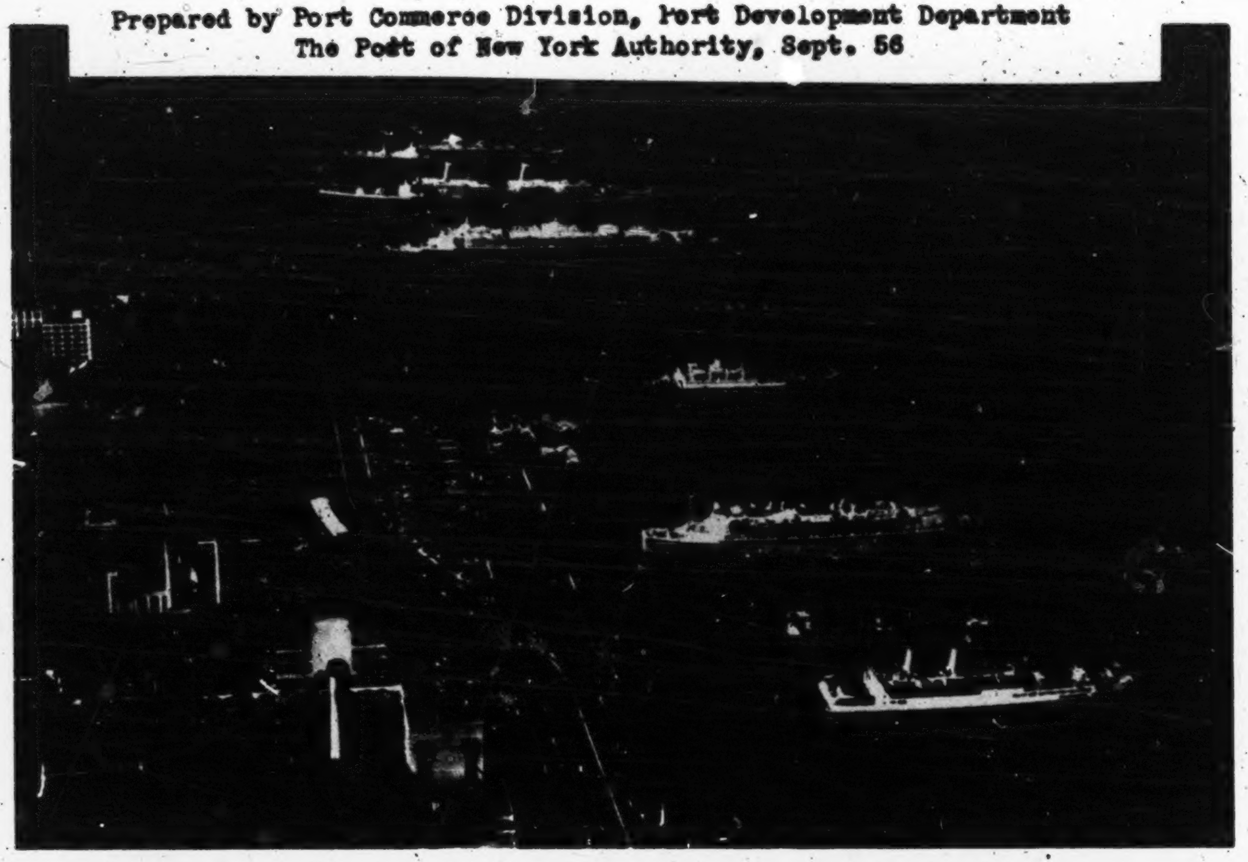
6. The nation's first foreign trade zone, located in Staten Island.

7. It is the leading manufacturing and processing center of the world, and the leading consumer of goods used in these functions.

8. It is the home of thirteen million people and, therefore, the world's most heavily concentrated consumer market.

3553

Prepared by Port Commerce Division, Port Development Department
The Port of New York Authority, Sept. 56



Four hundred ocean-going vessels can be berthed simultaneously at two hundred deep-water piers.

In recent years an average of 25,000 vessels a year, carrying the flags of more than a hundred and seventy steamship lines which regularly serve the Port, have entered and cleared the harbor to discharge and pick up cargo and passengers. The average annual tonnage of this freight which passes over the waters of the Port Area is in the neighborhood of one hundred and forty million tons, including local harbor freight and over thirty-five million tons of foreign commerce which represents approximately 44 per cent of the total dollar volume of United States oceanborne foreign trade.

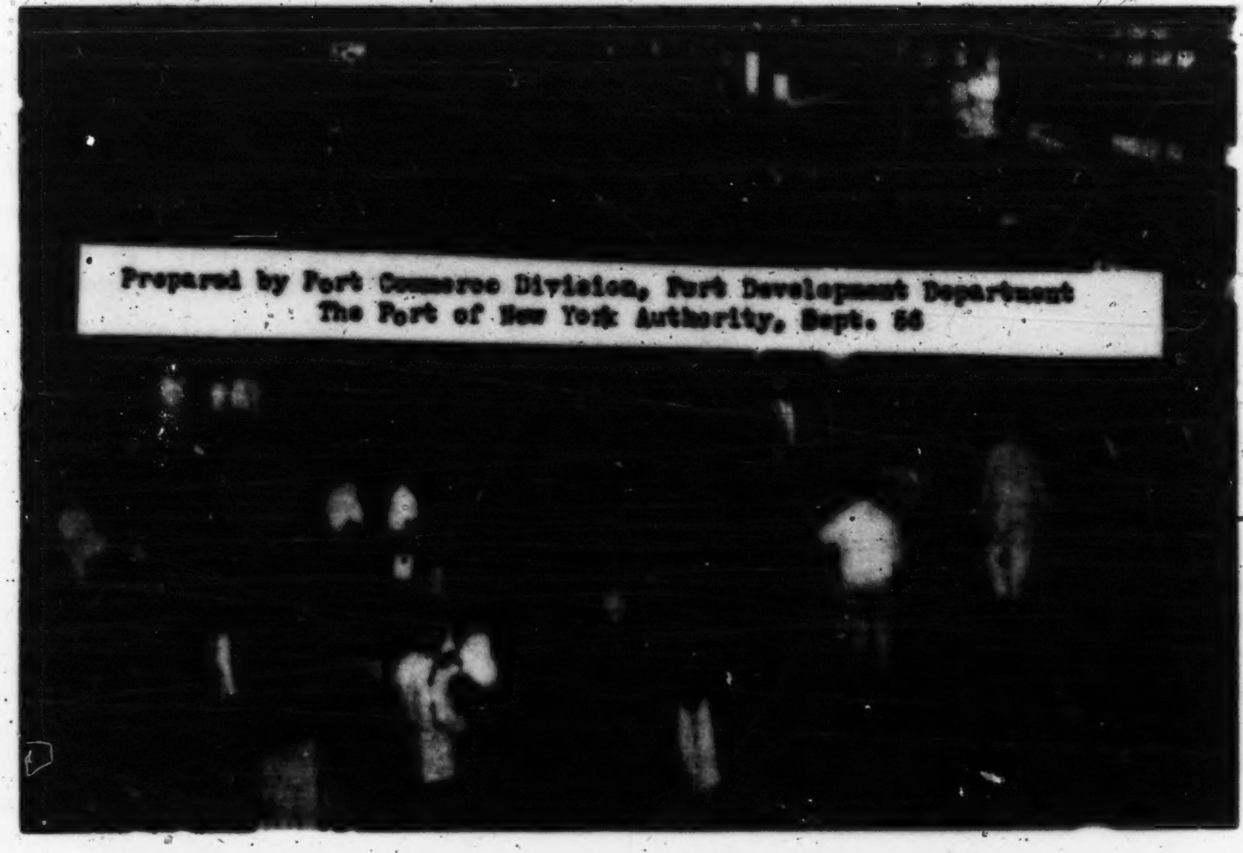
From the standpoint of versatility and flexibility of service, the Port offers a range and choice of rapid trans-shipment which are hard to duplicate. The 25,000 ship movements each year, considered on a 'round-the-clock, day-to-day basis, average one ship movement every twenty minutes, throughout the year.

Non-Stop Trade Spells Speed and Economy

Of vital importance to the shipper is the fact that the great bulk of this Port's foreign trade is non-stop; that is, it moves directly to and from foreign ports with no intermediate stopovers at other United States ports, providing the maximum in speed of delivery. Inbound cargo ships discharge first at this Port, then proceed to other United States ports, returning here for completion of loading. Some of the larger cargo liners and express ships carrying passengers serve only the Port of New York, which is a primary consideration for the shipper to whom time is money.

On nearly any day of the week the list of ship arrivals and departures represents every maritime nation on earth, and the names of the world ports they connect are as varied as the cargoes they carry.

The marine terminals at the Port of New



Prepared by Port Commerce Division, Port Development Department
The Port of New York Authority, Sept. 56

Over 900,000 international travelers enter and leave the Port by ship each year.

York utilized by the steamship lines include 200 deep-water piers capable of berthing 400 ocean-going ships simultaneously. These facilities, for the most part, are owned by waterfront municipalities, The Port of New York Authority, or private interests. They are normally leased to the steamship lines for their own operations. A number of piers are operated as public terminals and some are operated by stevedore companies.

There is hardly an item of general cargo which is not handled at the Port. In fact, this very ability to accommodate a great variety of shipments has become one of the keystones of its success. It is all in the day's work here, for example, to dispatch a locomotive aboard ship as efficiently as to unload a carton of Swiss watches.

Many ports handle special commodities. Seventy-five per cent of their cargoes may be made up of one, two or three commodities. They are geared to handle coal, oil, lumber, grain or iron ore. The Port of New York, however, handles every kind of cargo. It has efficient facilities for the handling of grain, lumber and oil. But first and foremost it is a general cargo port. This means that it is equipped and experienced to handle anything, from canned soup to machinery.

No story of the New York-New Jersey Port's shipping, however brief, would be complete without mention of the color and excitement of the great fleets of passenger vessels which have long made this harbor the crossroads of the world's ocean routes. No other port has welcomed so many travelers or started so many on their way.

While dedicated to the service of the passenger, these liners carry a limited amount of express freight. Their speed and quick turnaround make them particularly attractive for goods of high value or perishability. This is a speedy service which only the Port of New York can offer the shipper.

THE PORT OF NEW YORK AUTHORITY
111 Eighth Avenue-at 15th Street New York 11 NY

LEE K. JAFFE
DIRECTOR OF PUBLIC RELATIONS
ALGONQUIN 5-1000

FOR RELEASE: Monday
May 13, 1957

New York, May 13 - The New York-New Jersey Port handled 12,891,689 long tons of foreign trade general cargo in 1956, the greatest volume of any United States port, according to an announcement made today by Donald V. Lowe, Chairman of The Port of New York Authority. This figure represents an increase of 130,981 tons or 1.0 per cent over the 12,760,708 tons which moved through the Port in 1955.

The New Jersey-New York Port is the recognized leader in the handling of general cargo. General cargo provides more employment of labor and port facilities of all kinds than does bulk cargo, which is generally handled through mechanically operated and industrially owned terminal facilities, and requires less port labor

Total United States oceanborne export-import general cargo showed an increase of 7.7 per cent, from 46,100,369 long tons in 1955 to 49,737,792 tons last year. New York's share of the total national volume of general cargo trade was 25.9 per cent in 1956, a reduction of 1.7 percentage points under the 27.6 per cent share in 1955. This is an indication of the effects of the growth of cargo tonnage sources in areas served by competitor ports and the inland rail rate structures that favor the movement of cargoes to competitor ports.

Bulk cargo movements, including coal, petroleum, ores and grain moving through the New Jersey-New York District were 23,353,814 tons in 1956 as compared

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with 22,873,012 tons in 1955, an increase of 2.1 per cent. The total volume of bulk cargoes moving through all United States ports showed a larger gain than at the New York-New Jersey Port, increasing from 168,625,721 tons in 1955 to 210,069,017 tons in 1956 or 24.6 per cent.

The total tonnage of foreign trade through the New York-New Jersey Port, comprising both general cargo and bulk cargo, was therefore 36,245,503 long tons in 1956 as compared with 35,633,720 tons in 1955, an increase of 1.7 per cent. This compares with an increase of 20.9 per cent for total United States foreign trade tonnage, from 214,810,891 tons to 259,806,809 tons. New York thus handled 14.0 per cent of the total national tonnages in 1956, as compared with 16.6 per cent in 1955

The value of total foreign trade tonnage via the New York-New Jersey Port in 1956 was $7.9 billion, an increase of 2.5 per cent over 1955. New York's valuation in 1956 represents a 43.5 per cent share of total United States value, a decrease of 0.2 per cent from the previous year.

The foreign trade figures represent special compilations and analyses prepared by the Port Authority from basic data of the United States Bureau of the Census.

Chairman Lowe states that the Port Authority's trade development, promotion and protection program and its port development activities have been effective instruments in the promotion of New Jersey-New York Port business during the period covered by the report and in minimizing the loss of Port business due to the discriminatory rail-rate differential system.

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"The Port Authority's marine development program at Port Newark, Hoboken, and Brooklyn are important factors in assuring the modern shipping facilities in this premier port," he continued. "Such development is required to meet the competition of other ports and the threat of future competition from the St. Lawrence Seaway to the Port of New York's commerce.

"New York offers so many positive advantages to exporters and importers that they prefer the Port of New York because of its ability to handle their cargo movements most economically, efficiently, and expeditiously."

Mr. Lowe concluded that the New York-New Jersey Port offers far more frequent sailings and broader geographic coverage of shipment services to all important foreign trade areas than does any other port in the United States. Its banking, consular, forwarder and cargo handling facilities and services are unmatched anywhere else. It is the leading center for the marketing and distribution for all types of exports and imports, and is the favored location for most of the foreign purchasing missions and sales agencies maintained by other countries in the United States

The Port Authority analyses also revealed that the total increase of 130,981 tons in New York's general cargo trade was the result of an increase of 7,977 tons in exports and an increase of 123,004 tons in imports. In both instances, the overall trends here at the New York-New Jersey Port followed the national trends. The national volume of general cargo exports increased 13.0 per cent, from 23,882,168 tons to 26,987,413 tons. New York's volume went up 0.1 per cent, from 6,389,063 tons to 6,397,040 tons. For the country as a

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whole, general cargo imports increased 2.0 per cent, from 22,302,802 tons to 22,750,379 tons, as compared with an increase at New York of 1.9 per cent, from 6,371,645 tons to 6,494,649 tons. This small proportionate increase in exports resulted in the overall small decline in New York's share of the total national volume.

The increase at New York in bulk cargo movements was accounted for primarily by larger movements of import tanker cargo, and by a large increase in grain shipments. These were more than enough to counterbalance reduced shipments of foreign aid and smaller receipts of ores. Nationally, there were substantial increases in ore and tanker exports and imports and coal and grain exports, sharp declines in foreign aid exports and moderate quantitative changes in mineral imports.

The figures for 1955 and 1956 for the United States and New York Customs District are:

GENERAL CARGO FOREIGN TRADE: EXPORTS & IMPORTS
1955-1956
(Long Tons)

EXPORTS	Year	United States	New York
	1955	23,882,168	6,389,063
	1956	26,987,413	6,397,040
	Change	+ 3,105,245	+ 7,977
	%	+ 13.0	+ 0.1
IMPORTS	1955	22,302,802	6,371,645
	1956	22,750,379	6,494,649
	Change	+ 447,577	+ 123,004
	%	+ 2.0	+ 1.9
EXPORTS & IMPORTS	1955	46,184,970	12,760,708
	1956	49,737,792	+ 12,891,689
	Change	+ 3,552,822	+ 130,981
	%	+ 7.9	+ 1.0

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The Port Authority statement revealed that the increase in the general cargo exports through New York was compounded of a series of mixed commodity trends. In most instances, movements through New York were moderately higher or about the same as in 1955. The few notable exceptions were in edible vegetable oils, which increased very sharply in volume.

Particularly significant was the fact that the New York District accounted for 84.5 per cent of all automotive exports, 64.8 per cent of all miscellaneous industrial machinery exports, 50.9 per cent of edible animal oils and fats exports, 78.7 per cent of all electrical machinery exports and 98.0 per cent of all cocoa exports. It also handled more than 60.0 per cent of the total national volumes of miscellaneous meat, edible vegetable oils, coffee, automotive tires and tubes, flaxseed, wool, synthetic fibers, engines and turbines, machine tools, vehicle parts, and medicinal preparations. Its share of the largest export component, iron and steel products, however, increased from 33.2 per cent to 39.2 per cent.

On the import side, there were reduced movements of lumber, cork, refined copper, crude lead, coal tar products, and some food products. At the same time, New York recorded a substantial number of unusually high shares of the total national volume of many important commodities. The Port District, for example, accounted for about 70 per cent or more of the total national volumes of all nuts and preparations, edible vegetable oils, cotton manufactures, residual fuel oil, slab zinc, refined copper, spice imports, naval stores and gums, castor beans and inedible vegetable oils.

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In addition, the Port handled more than half of the total import national volumes of eleven other items. These include miscellaneous meat, certain fruits and vegetables, coffee, cocoa, wines and liquors, paper and paper products, clay products, crude rubber, hemp and manila, and crude aluminum.

Within the 30 to 50 per cent range were fish and products, hides and skins, miscellaneous vegetables, tea, dyeing and tanning materials, inedible vegetables products, vegetable fibers, wool, lumber, cork, crude lead, coal tar products, and industrial chemicals.

For the five largest individual general cargo commodity movements in terms of volume, namely sugar, rolled and finished steel mill products, iron and steel scrap, coffee and vehicles, in that order, the Port handled about one-fifth of scrap exports and one-fourth of the total national volumes of sugar, 43 per cent of rolled and finished steel mill products, and over 50 per cent of coffee. The large shares accounted for by the Port of New York thus reflect the immense role which it plays as the merchandising and distribution hub of our country's general cargo.

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Page 1

EXPORT TONNAGE VIA THE PORTS OF NEW YORK, N.Y., PHILADELPHIA, PA., BALTIMORE, MD., AND HAMPTON ROADS, VA., SHOWING THE PERCENTAGE RELATIONSHIP TO THE TOTAL MOVEMENT OF EACH COMMODITY FROM DIFFERENTIAL TERRITORY. PERIOD AUGUST 1, 1955 THROUGH JULY 31, 1956.

Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		TOTAL	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%
5	Sorghum Grain	183	100.0	-		-		-		183	100.0
27	Straw	12	100.0	-		-		-		12	100.0
35	Cotton Linters, Noils & Regins	17	100.0	-		-		-		17	100.0
49	Apples, Fresh, Not Frozen	40	100.0	-		-		-		40	100.0
53	Berries, Fresh, Not Frozen	17	100.0	-		-		-		17	100.0
61	Oranges and Grapefruit	41	100.0	-		-		-		41	100.0
67	Water melons	20	100.0	-		-		-		20	100.0
73	Fruits and Berries, Fresh, Frozen	23	100.0	-		-		-		23	100.0
75	Coffee	123	100.0	-		-		-		123	100.0
77	Cabbage	30	100.0	-		-		-		30	100.0
79	Celery	517	100.0	-		-		-		517	100.0
85	Potatoes, other than sweet	18	100.0	-		-		-		18	100.0
89	Vegetables, Fresh, NOS, not Frozen	94	100.0	-		-		-		94	100.0
105	Flaxseed	63	100.0	-		-		-		63	100.0
207	Sheep and Goats, Single Deck	52	100.0	-		-		-		52	100.0
211	Swine, Single Deck	22	100.0	-		-		-		22	100.0
213	Swine, Double Deck	14	100.0	-		-		-		14	100.0
221	Margarine, NOS	67	100.0	-		-		-		67	100.0
225	Poultry, Dressed and Frozen	338	100.0	-		-		-		338	100.0
227	Eggs	16	100.0	-		-		-		16	100.0
237	Wool and Mohair, NOS	82	100.0	-		-		-		82	100.0
245	Fish and Sea Animal Oil	24	100.0	-		-		-		24	100.0
321	Barytes	20	100.0	-		-		-		20	100.0
327	Gravel and Sand, NOS	66	100.0	-		-		-		66	100.0
329	Stone and Rock: Broken Ground and Crushed	12	100.0	-		-		-		12	100.0
343	Phosphate Rock	29	100.0	-		-		-		29	100.0
345	Sulphur	74	100.0	-		-		-		74	100.0
407	Ties, Railroad	28	100.0	-		-		-		28	100.0
409	Pulpwood	50	100.0	-		-		-		50	100.0
417	Rosin and Turpentine	26	100.0	-		-		-		26	100.0
499	Products of Forests, NOS	204	100.0	-		-		-		204	100.0
511	Cottonseed Oil	77	100.0	-		-		-		77	100.0
521	Oils Foots Sediment and Tank Bottoms	148	100.0	-		-		-		148	100.0
545	Tanning Material, NOS	380	100.0	-		-		-		380	100.0
555	Aluminum; Bar, Ingot, Pig and Slab	1289	100.0	-		-		-		1289	100.0
563	Lead and Zinc: Bar, Ingot and Pig	37	100.0	-		-		-		37	100.0

Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		TOTAL	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%
565	Lead, Zinc, NOS	245	100.0	-		-		-		245	100.0
567	Magnesium Metal and Alloy	16	100.0	-		-		-		16	100.0
573	Iron Pig	87	100.0	-		-		-		87	100.0
585	Cast Iron Pipe and Fittings	425	100.0	-		-		-		425	100.0
601	Business and Office Machines, NOS	3282	100.0	-		-		-		3282	100.0
643	Artificial Stone, NOS	28	100.0	-		-		-		28	100.0
683	Asbestos Articles, NOS	35	100.0	-		-		-		35	100.0
713	Floor Covering	139	100.0	-		-		-		139	100.0
725	Bags: Burlap Cotton Gunny and Jute, NOS	18	100.0	-		-		-		18	100.0
727	Cotton Cloth and Cotton Fabrics, NOS	142	100.0	-		-		-		142	100.0
733	Cloth and Fabrics, NOS	139	100.0	-		-		-		139	100.0
739	Luggage and Handbags, NOS	81	100.0	-		-		-		81	100.0
747	Wine	18	100.0	-		-		-		18	100.0
757	Molasses Residual	411	100.0	-		-		-		411	100.0
765	Food Products, NOS, Frozen	40	100.0	-		-		-		40	100.0
777	Cigarettes	7	100.0	-		-		-		7	100.0
791	Iron and Steel Borings, Turnings, etc.	329	100.0	-		-		-		329	100.0
19	Flour, Edible, NOS	20,410	99.8	-		-		47	.2	20,457	100.0
789	Scrap Iron and Steel	4,945	99.6	-		20	.4	-		4,965	100.0
553	Drugs, Medicines and Toilet Prep.	2,723	99.2	-		-		21	.8	2,744	100.0
625	Airplanes, Aircraft and Parts	427	98.4	-		-		7	1.6	434	100.0
23	Mill Products, NOS	3,096	98.1	60	1.9	-		-		3,156	100.0
569	Alloys for Steel Manufacture	1,163	98.1	-		-		23	1.9	1,186	100.0
401	Logs, Butts and Bolts	1,717	97.8	-		-		38	2.2	1,755	100.0
631	Ammunition and Explosives	34,454	97.5	326	.9	-		569	1.6	35,349	100.0
593	Agricultural Implements, Parts, NOS	1,514	96.9	-		28	1.8	21	1.3	1,563	100.0
215	Meats, Fresh, NOS	10,279	96.7	353	3.3	-		-		10,632	100.0
729	Cotton Factory Products	919	96.5	-		11	1.2	22	2.3	952	100.0
797	Waste Material, NOS	2,319	96.4	86	3.6	-		-		2,405	100.0
689	Bathroom and Lavatory Fixtures and Sinks	823	95.8	-		36	4.2	-		859	100.0
659	Printing Paper, NOS	9,284	95.4	131	1.3	-		317	3.3	9,732	100.0
621	Automobiles and Auto Trucks, NOS	120,068	94.0	437	.4	3,377	2.6	3,884	3.0	127,766	100.0
709	Laundry Equipment	2,838	93.8	-		186	6.2	-		3,024	100.0
515	Soybean Oil	115,440	92.99	24	.02	8,410	6.77	272	.22	124,146	100.0
591	Agricultural Implements, NOS	15,088	92.9	-		478	3.0	671	4.1	16,237	100.0
21	Cereal Food Preparations, NOS	3,010	92.8	60	1.9	173	5.3	-		3,243	100.0
655	Scrap Paper and Rags	8,934	92.7	122	1.3	564	5.8	18	.2	9,638	100.0
695	Glassware, NOS	11,575	92.5	73	.6	847	6.8	13	.1	12,508	100.0
541	Insecticides and Fungicides, NOS	3,693	92.4	101	2.5	205	5.1	-		3,999	100.0
547	Paint, Paint Material, Putty and Varnish	10,092	92.4	55	.5	671	6.1	107	1.0	10,925	100.0

Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		TOTAL	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%
319	Ores and Concentrates, NOS	672	92.1	-		58	7.9	-		730	100.0
517	Vegetable and Nut Oils, NOS	4,501	91.6	101	2.1	291	5.9	20	.4	4,913	100.0
673	Building Paper and Prepared Roofing Materials	720	91.6	20	2.5	46	5.9	-		786	100.0
657	Newsprint Paper	237	91.5	-		-		22	8.5	259	100.0
675	Insulating Materials, NOS	3,209	90.8	60	1.7	134	3.8	130	3.7	3,533	100.0
950	Forwarder Traffic	50,576	90.6	-		5,242	9.4	-		55,818	100.0
199	Products of Agriculture, NOS	2,598	90.5	-		212	7.4	61	2.1	2,871	100.0
613	Automobiles, Passenger	57,299	90.5	95	.2	5,582	8.8	303	.5	63,279	100.0
717	Furniture Parts	535	89.8	-		59	9.9	2	.3	596	100.0
707	Refrigerators, Freezing Apparatus and Parts	24,670	89.70	13	.05	1,057	3.84	1,763	6.41	27,503	100.0
685	Electrical Equipment and Parts, NOS	16,049	88.6	210	1.2	1,239	6.8	608	3.4	18,106	100.0
783	Containers, Fibreboard and Pulpboard, KD	2,689	87.9	57	1.9	273	8.9	40	1.3	3,059	100.0
503	Fuel Road and Petroleum Residual Oils, NOS	106	87.6	-		15	12.4	-		121	100.0
25	Hays	95	87.2	-		14	12.8	-		109	100.0
581	Iron and Steel Nails and Wire (Woven and Not Woven), NOS	11,482	86.9	191	1.4	1,264	9.6	280	2.1	13,217	100.0
519	Oils, NOS	299	86.4	-		47	13.6	-		346	100.0
549	Plastics	6,340	86.1	-		913	12.4	113	1.5	7,366	100.0
617	Vehicles, Motor, NOS	68,842	86.0	751	1.0	5,795	7.2	4,653	5.8	80,051	100.0
15	Flour Wheat	40,162	85.8	58	.1	5,794	12.4	779	1.7	46,793	100.0
779	Containers, Metal	2,834	85.8	145	4.4	183	5.5	141	4.3	3,303	100.0
705	Household Utensils, NOS	1,161	85.3	-		200	14.7	-		1,361	100.0
531	Acids, NOS	4,683	85.1	731	13.3	71	1.3	15	.3	5,500	100.0
551	Cellulose Articles, NOS	39	84.8	-		-		7	15.2	46	100.0
795	Waste Material for Remelting, NOS	1,699	84.5	-		312	15.5	-		2,011	100.0
239	Hides, Skins and Pelts, NOS	7,323	84.2	335	3.8	1,043	12.0	-		8,701	100.0
711	Stoves, Ranges and Parts	6,300	84.2	64	.9	864	11.5	258	3.4	7,486	100.0
677	Building, Woodwork and Millwork	78	83.9	-		-		15	16.1	93	100.0
751	Beverages, NOS	162	83.9	-		-		31	16.1	193	100.0
603	Railway Equipment Moved on own Wheels	945	83.2	-		179	15.8	12	1.0	1,136	100.0
507	Petroleum Products, Refined, NOS	44,231	82.1	8,005	14.9	1,243	2.3	378	.7	53,857	100.0
595	Machinery and Machines, NOS	162,400	81.9	5,904	3.0	16,931	8.5	13,182	6.6	198,417	100.0
627	Tires and Tubes, Rubber	33,086	81.5	60	.2	1,075	2.6	6,390	15.7	40,611	100.0
605	Railway Equipment, S.U., Not Moved on Own Wheels	2,897	81.0	-		681	19.0	-		3,578	100.0
589	Tanks, NOS	2,348	80.5	106	3.6	234	8.0	231	7.9	2,919	100.0
219	Packing House Products, Edible, NOS	57,030	78.9	316	.4	14,548	20.1	430	.6	72,324	100.0

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Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		TOTAL	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%
667	Printed Matter, NOS	1,067	78.9	213	15.7	-		73	5.4	1,353	100.0
721	Abrasives, other than crude	641	78.5	43	5.3	43	5.3	89	10.9	816	100.0
557	Aluminum, NOS	401	78.3	-		111	21.7	-		512	100.0
509	Gases, other than Petroleum, NOS	370	78.1	104	21.9	-		-		474	100.0
647	Plaster: Stucco and Wall	163	78.0	-		46	22.0	-		209	100.0
*749	Liquors, Malt	7,584	77.8	-		1,620	16.6	550	5.6	9,754	100.0
679	Building Materials, NOS	824	77.5	-		239	22.5	-		1,063	100.0
697	Glass Bottles, Jars and Packing Glasses, NOS	18,137	76.6	191	.8	5,276	22.3	84	.3	23,688	100.0
597	Machinery Parts	30,187	75.3	965	2.4	6,686	16.7	2,260	5.6	40,098	100.0
761	Candy and Confectionery	570	75.1	-		57	7.5	132	17.4	759	100.0
671	Wallboard	120	75.0	-		30	18.8	10	6.2	160	100.0
505	Lubricating Oils and Greases	42,145	73.6	4,799	8.4	10,063	17.6	249	.4	57,256	100.0
339	Asphalt	329	73.4	-		119	26.6	-		448	100.0
13	Grains, NOS	751	73.3	273	26.7	-		-		1,024	100.0
607	Railway Equipment Parts	16,462	73.2	189	.8	513	2.3	5,327	23.7	22,491	100.0
533	Sodium (Soda) Products	18,056	71.7	398	1.6	5,967	23.7	755	3.0	25,176	100.0
611	Vehicles, other than Motor	3,759	71.1	35	.6	146	2.8	1,349	25.5	5,289	100.0
691	Hardware, NOS	364	70.9	15	2.9	27	5.3	107	20.9	513	100.0
799	Manufactures & Miscl., NOS	28,749	70.8	1,844	4.5	5,433	13.4	4,568	11.3	40,594	100.0
693	Glass	2,779	70.6	54	1.4	670	17.0	431	11.0	3,934	100.0
701	Chinaware, Crockery & Earthenware	748	70.3	27	2.5	289	27.2	-		1,064	100.0
107	Seeds, NOS	127	70.2	-		-		54	29.8	181	100.0
787	Containers, returned empty	66	70.2	-		28	29.8	-		94	100.0
241	Leather, NOS	32	69.6	-		-		14	30.4	46	100.0
665	Paper and Paper Articles, NOS	1,031	69.1	-		359	22.9	125	8.0	1,565	100.0
623	Vehicles Parts, NOS	91,818	68.8	24,245	18.2	2,481	1.9	14,815	11.1	133,359	100.0
543	Tar, Pitch and Creosote	267	68.7	-		104	26.7	18	4.6	389	100.0
773	Feed, Animal and Poultry, NOS	47,674	67.78	2,228	3.17	20,403	29.01	31	.04	70,336	100.0
217	Meats, Cooked, Cured, Dried and Smoked	10,534	65.9	170	1.1	4,954	31.0	313	2.0	15,971	100.0
767	Starch	2,561	65.2	-		863	22.0	502	12.8	3,926	100.0
645	Lime, NOS	461	64.3	-		175	24.4	81	11.3	717	100.0
743	Games and Toys	83	64.3	-		46	35.7	-		129	100.0
341	Salt	2,277	63.8	-		878	24.6	416	11.6	3,571	100.0
561	Copper, Brass and Bronze, NOS	1,991	63.7	19	.6	-		1,114	35.7	3,124	100.0
635	Cement, NOS	1,273	63.1	36	1.8	558	27.6	152	7.5	2,019	100.0
527	Chemicals, NOS	19,722	62.1	753	2.4	10,455	32.9	836	2.6	31,767	100.0
615	Automobiles, Freight	9,497	61.9	84	.5	228	1.5	5,543	36.1	15,352	100.0
715	Furniture, NOS	3,715	61.8	85	1.4	1,208	20.0	1,026	17.0	6,034	100.0
583	Manufactured Iron and Steel	580,073	61.1	10,997	1.1	352,992	37.2	5,416	.6	949,478	100.0
785	Containers, NOS	1,642	59.4	114	4.1	635	23.0	374	13.5	2,765	100.0
535	Alcohols, NOS	487	58.5	-		-		345	41.5	832	100.0
69	Fruits, Fresh, NOS, not Frozen	47	56.6	-		-		36	43.4	83	100.0

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Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		TOTAL	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	TONS	%
577	Iron and Steel: Bar, Rod & Slab	1,314	56.3	13	.5	966	41.4	41	1.8	2,334	100.0
523	Rubber, Crude, Natural and Synthetic	15,565	54.8	223	.8	3,546	12.5	9,054	31.9	28,388	100.0
745	Liquors, alcoholic, NOS	659	54.7	-		531	44.1	15	1.2	1,205	100.0
609	Rails and Railway Track Material, Iron and Steel	3,751	53.1	-		3,007	42.5	311	4.4	7,069	100.0
769	Soap and Cleaning and Washing Compound	1,870	52.9	105	2.9	452	12.8	1,110	31.4	3,537	100.0
741	Athletic, Gymnasium, Playground and Sporting Equipment, NOS	294	49.1	-		60	10.0	245	40.9	599	100.0
687	Furnaces, Heaters, Radiators and Parts	1,489	49.2	40	1.3	1,310	43.3	188	6.2	3,027	100.0
229	Butter	7,603	48.9	2,450	15.8	1,819	11.7	3,662	23.6	15,534	100.0
771	Matches	12	48.0	-		13	52.0	-		25	100.0
755	Syrup and Molasses, refined	775	47.0	305	18.5	375	22.7	194	11.8	1,649	100.0
763	Food Products, NOS, in cans and Packages not frozen	36,013	46.9	8,556	11.2	13,117	17.1	19,025	24.8	76,711	100.0
641	Refractories	4,105	44.6	47	.5	4,876	53.0	172	1.9	9,200	100.0
411	Lumber, Shingles and Lath	898	43.2	91	4.4	326	15.7	764	36.7	2,079	100.0
299	Animals and Products, NOS	25,982	42.7	21,534	35.4	362	.6	12,993	21.3	50,871	100.0
793	Furnace Slag	32	42.7	-		43	57.3	-		75	100.0
587	Iron and Steel Pipe and Fittings, NOS	71,754	42.3	2,989	1.8	93,130	55.0	1,590	.9	169,463	100.0
91	Beans and Peas, Dried	209	42.2	166	33.5	-		120	24.3	495	100.0
525	Rubber Goods, NOS	1,106	42.2	15	.6	1,502	57.2	-		2,623	100.0
639	Brick, NOS, and Building Tile	1,309	41.4	-		1,816	57.4	40	1.2	3,165	100.0
103	Malt, NOS	9,986	40.0	-		11,335	45.5	3,626	14.5	24,947	100.0
663	Paper Bags	104	39.4	22	8.3	97	36.8	41	15.5	264	100.0
723	Bagging, Burlap, Cotton, Gunny and Jute, NOS	32	39.0	-		-		50	61.0	82	100.0
325	Sand, Industrial	378	38.8	-		595	61.2	-		973	100.0
681	Buildings and Houses, Fabricated and Portable, NOS	932	37.8	81	3.3	25	1.0	1,429	57.9	2,467	100.0
45	Soybean Oil Cake and Meal	12,006	35.9	-		16,576	49.5	4,888	14.6	33,470	100.0
311	Aluminum Ore and Concentrates	56	35.0	-		-		104	65.0	160	100.0
633	Cement: Natural and Portland	473	33.4	95	6.7	834	58.8	16	1.1	1,418	100.0
719	Tools and Parts, NOS	598	33.0	20	1.1	1,052	58.1	141	7.8	1,811	100.0
759	Sugar	468	32.5	110	7.6	632	43.9	230	16.0	1,440	100.0
703	Woodenware	51	31.9	-		41	25.6	68	42.5	160	100.0
513	Linseed Oil	59	29.8	-		139	70.2	-		198	100.0
619	Military Vehicles, NOS	1,113	29.4	6	.2	-		2,665	70.4	3,784	100.0
737	Boots, Shoes and Findings, NOS	58	28.3	-		-		147	71.7	205	100.0
669	Paperboard, Fibreboard and Pulpboard	2,017	27.3	27	.4	5,227	70.7	123	1.6	7,394	100.0

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Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		TOTAL	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%
661	Wrapping Paper	593	27.0	-		1,500	68.3	103	4.7	2,196	100.0
413	Box Crate and Cooperage Materials	380	22.1	-		685	39.8	656	38.1	1,721	100.0
781	Containers, Wooden	293	21.8	-		1,048	78.2	-		1,341	100.0
403	Posts, Poles and Pilings, Wooden	7	20.6	-		-		27	79.4	34	100.0
29	Tobacco, Unmanufactured	1,189	20.4	-		41	.7	4,601	78.9	5,831	100.0
629	Guns, Small Arms and Parts, NOS	608	20.0	15	.5	-		2,414	79.5	3,037	100.0
17	Meal Corn	2,074	19.5	8,587	80.5	-		-		10,661	100.0
571	Metals and Alloys, NOS	258	18.6	72	5.2	168	12.1	890	64.1	1,388	100.0
231	Cheese	4,232	18.3	5,370	23.3	3,970	17.2	9,513	41.2	23,085	100.0
579	Iron and Steel, NOS	138	18.1	-		625	81.9	-		763	100.0
399	Products of Mines, NOS	308	17.7	-		1,404	80.4	33	1.9	1,745	100.0
575	Iron and Steel; Billet, Bloom and Ingot	11,951	16.4	568	.8	44,180	60.6	16,193	22.2	72,892	100.0
735	Rope. Cordage and Binder Twine, NOS	34	16.1	-		-		177	83.9	211	100.0
7	Oats	11,571	9.8	21,081	17.8	85,487	72.4	-		118,139	100.0
233	Dairy Products, NOS	367	9.8	241	6.5	1,156	31.0	1,966	52.7	3,730	100.0
47	Vegetable and Nut Oil Cake and Meal, NOS	89	5.0	-		1,685	95.0	-		1,774	100.0
1	Wheat	117,736	5.3	488,310	21.9	800,237	36.0	819,609	36.8	2,225,942	100.0
3	Corn	66,393	4.4	211,548	13.9	1,243,846	81.7	-		1,521,787	100.0
9	Barley and Rye	7,310	3.8	10,141	5.2	176,774	91.0	-		194,225	100.0
653	Woodpulp	17	3.7	-		438	96.3	-		455	100.0
307	Coke	257	3.1	-		8,024	96.9	-		8,281	100.0
649	Sewer Pipe and Drain Tile (Not Metal)	65	2.8	-		2,268	97.2	-		2,333	100.0
323	Clay and Bentonite	104	1.4	-		705	9.2	6,877	89.4	7,686	100.0
539	Fertilizers, NOS	1,513	.7	815	.4	218,151	98.9	-		220,479	100.0
43	Soybeans	-		4,225	5.5	32,965	42.9	39,582	51.6	76,772	100.0
203	Cattle and Calves, Single Deck	-		-		12	100.0	-		12	100.0
415	Veneer Plywood and Built-Up Wood	-		-		18	100.0	-		18	100.0
559	Copper, Ingot, Matte and Pig	-		-		-		35	100.0	35	100.0
651	Broken or Ground Brick Block, Crockery and Glass	-		-		-		182	100.0	182	100.0
731	Synthetic Fibre and Yarns (Rayon or Nylon)	-		-		-		18	100.0	18	100.0

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Item 1 - Wheat
3 - Corn
5 - Sorghum Grain
7 - Oats
9 - Barley & Rye
13 - Grains, NOS

Export Tonnages - (p. 7) - Recapitulation

	New York		Philadelphia		Baltimore		Hampton Roads		Total
Total (Groups 1-6)	2,393,045	31.5%	854,809	11.2%	3,303,499	43.5%	1,049,017	13.8%	7,600,370
Items 1-3-5-7-9-13	203,994		735,285		2,339,309		859,970		
Balance	2,189,051	63.24%	119,524	3.45%	964,190	27.85%	189,047	5.46%	3,461,812

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I&S DOCK
WITNESS:

IMPORT TONNAGE VIA THE PORTS OF NEW YORK, N.Y., PHILADELPHIA, PA., BALTIMORE, MD., AND HAMPTON ROADS, VA., SHOWING THE PERCENTAGE RELATIONSHIP TO THE TOTAL MOVEMENT OF EACH COMMODITY TO DIFFERENTIAL TERRITORY, PERIOD AUGUST 1, 1955, THROUGH JULY 31, 1956.

Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		TOTAL	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%
5	Sorghum Grain	33	100.0	-		-		-		33	100.0
15	Flour Wheat	119	100.0	-		-		-		119	100.0
23	Mill Products, NOS	52	100.0	-		-		-		52	100.0
57	Grapes, fresh	11	100.0	-		--		-		11	100.0
65	Pears, fresh, not frozen	204	100.0	-		-		-		204	100.0
71	Fruits, Dried, Dehydrated and Evaporated, NOS	2,735	100.0	-		-		-		2,735	100.0
73	Fruits and Berries, fresh, frozen	21	100.0	-		-		-		21	100.0
81	Lettuce	29	100.0	-		-		-		29	100.0
83	Onions, dry	149	100.0	-		-		-		149	100.0
93	Vegetables, dried, dehydrated and evaporated, NOS	79	100.0	-		-		-		79	100.0
215	Meats, fresh, NOS	79	100.0	-		-		-		79	100.0
219	Packing House Products, edible, NOS	730	100.0	-		-		-		730	100.0
231	Cheese	624	100.0	-		-		-		624	100.0
241	Leather, NOS	177	100.0	-		-		-		177	100.0
243	Sea Food, NOS	142	100.0	-		-		-		142	100.0
245	Fish and Sea Animal Oil	333	100.0	-		-		--		333	100.0
309	Iron Ore	74	100.0	-		-		-		74	100.0
327	Gravel and Sand, NOS	29	100.0	-		-		-		29	100.0
329	Stone and Rock, broken, ground and crushed	525	100.0	-		-		-		525	100.0
345	Sulphur	62	100.0	-		-		-		62	100.0
417	Rosin and Turpentine	18	100.0	-		-		-		18	100.0
505	Lubrication Oils and Greases	13	100.0	-		-		-		13	100.0
507	Petroleum Products, refined, NOS	18	100.0	-		-		-		18	100.0
511	Cottonseed Oil	46	100.0	-		-		-		46	100.0
517	Vegetable and Nut Oil, NOS	6,451	100.0	-		-		-		6,451	100.0
521	Oils Foots Sediment and Tank Bottoms	26	100.0	-		-		-		26	100.0
525	Rubber Goods, NOS	225	100.0	-		-		-		225	100.0
535	Alcohol, NOS	81	100.0	-		-		-		81	100.0
541	Insecticides and Fungicides, NOS	149	100.0	-		-		-		149	100.0
543	Tar Pitch and Creosote	135	100.0	-		-		-		135	100.0
549	Plastics	43	100.0	-		-		-		43	100.0
553	Drugs, Medicines and Toilet Prep.	456	100.0	-		-		-		456	100.0
557	Aluminum, NOS	171	100.0	-		-		-		171	100.0
559	Copper: Ingot, Matte and Pig	24,084	100.0	-		-		-		24,084	100.0
579	Iron and Steel, NOS	50	100.0	-		-		-		50	100.0
585	Cast Iron Pipe and Fittings	31	100.0	-		-		-		31	100.0
591	Agricultural Implements, NOS	31	100.0	-		-		-		31	100.0

Commodity No.	Commodity Description	New York, N.Y. Tons	New York, N.Y. %	Philadelphia, Pa. Tons	Philadelphia, Pa. %	Baltimore, Md. Tons	Baltimore, Md. %	Hampton Roads, Va. Tons	Hampton Roads, Va. %	TOTAL Tons	TOTAL %
607	Railway Equipment Parts	71	100.0	-		-		-		71	100.0
621	Automobiles and Auto Trucks, KD	5	100.0	-		-		-		5	100.0
631	Ammunition and Explosives	39	100.0	-		-		-		39	100.0
665	Paper and Paper Articles, NOS	99	100.0	-		-		-		99	100.0
673	Building Paper and Prepared Roofing Material	36	100.0	-		-		-		36	100.0
677	Building Woodwork and Millwork	12	100.0	-		-		-		12	100.0
679	Building Material, NOS	174	100.0	-		-		-		174	100.0
697	Glass Bottles, Jars and Packing Glasses, NOS	38	100.0	-		-		-		38	100.0
705	Household Utensils, NOS	148	100.0	-		-		-		148	100.0
739	Luggage and Handbags, NOS	9	100.0	-		-		-		9	100.0
741	Athletic Gymnasium Playground and Sporting Equipment, NOS	44	100.0	-		-		-		44	100.0
751	Beverages, NOS	587	100.0	-		-		-		587	100.0
755	Syrup, Molasses, Refined	513	100.0	-		-		-		513	100.0
761	Candy and Confectionery	288	100.0	-		-		-		288	100.0
787	Containers, Returned Empty	49	100.0	-		-		-		49	100.0
950	Forwarder Traffic	66	100.0	-		-		-		66	100.0
75	Coffee	133,265	98.62	-		1,854	1.37	16	.01	135,135	100.0
551	Copper, Brass and Bronze, NOS	2,397	97.6	-		60	2.4	-		2,457	100.0
727	Cotton Cloth and Cotton Fabrics, NOS	390	95.1	-		-		20	4.9	410	100.0
797	Waste Material, NOS	11,958	91.8	644	4.9	281	2.2	147	1.1	13,030	100.0
91	Beans and Peas, Dried	1,071	90.6	-		111	9.4	-		1,182	100.0
701	Chinaware, Crockery and Earthenware	820	89.2	18	2.0	81	8.8	-		919	100.0
743	Games and Toys	185	88.9	-		23	11.1	-		208	100.0
217	Meats, Cooked, Cured, Dried and Smoked	8,783	88.7	418	4.2	83	.9	614	6.2	9,898	100.0
659	Printing Paper	201	88.5	26	11.5	-		-		227	100.0
789	Scrap Iron and Steel	355	87.7	22	5.4	28	6.9	-		405	100.0
745	Liquors, Alcoholic, NOS	1,774	87.2	170	8.4	90	4.4	-		2,034	100.0
97	Peanuts	178	86.4	-		-		28	13.6	206	100.0
779	Containers, Metal	76	86.4	-		12	13.6	-		88	100.0
571	Metals and Alloys, NOS	22,122	86.1	46	.2	3,519	13.7	-		25,687	100.0
519	Oils, NOS	1,439	83.5	285	16.5	-		-		1,724	100.0
333	Stone, rough	1,171	82.6	61	4.3	186	13.1	-		1,418	100.0
107	Seeds, NOS	2,471	82.5	64	2.2	28	.9	432	14.4	2,995	100.0
239	Hides, Skins and Pelts, NOS	1,944	82.5	288	12.2	125	5.3	-		2,357	100.0
547	Paint, Paint Material, Putty and Varnish	879	81.8	-		195	18.2	-		1,074	100.0
523	Rubber, Crude, Natural and Synthetic	164,953	80.90	360	.18	38,533	18.90	35	.02	203,881	100.0
69	Fruits, Fresh, NOS, not frozen	1,280	80.2	317	19.8	-		-		1,597	100.0
19	Flour, edible, NOS	1,448	79.1	69	3.8	205	11.2	108	5.9	1,830	100.0
597	Machinery Parts	628	77.9	81	10.0	44	5.5	53	6.6	806	100.0
685	Electrical Equipment and Parts, NOS	261	77.9	-		-		74	22.1	335	100.0

Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		TOTAL	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%
725	Bags, Burlap, Cotton, Gunny and Jute, NOS	48	76.2	15	23.8	-		-		63	100.0
325	Sand, Industrial	177	74.4	61	25.6	-		-		238	100.0
89	Vegetables, fresh, NOS, not frozen	249	72.4	-		95	27.6	-		344	100.0
627	Tires and Tubes, rubber	110	72.4	-		-		42	27.6	152	100.0
335	Stone, finished, NOS	112	71.3	45	28.7	-		-		157	100.0
199	Products of Agriculture, NOS	19,842	71.1	4,373	15.7	3,514	12.6	167	.6	27,896	100.0
503	Lead and Zinc: Bar, Ingot and Pig	12,646	70.5	103	.6	5,161	28.8	20	.1	17,930	100.0
691	Hardware, NOS	292	70.2	-		97	23.3	27	6.5	416	100.0
771	Matches	56	70.0	-		24	30.0	-		80	100.0
299	Animals and Products, NOS	5,536	69.6	421	5.3	1,997	25.1	-		7,954	100.0
785	Containers, NOS	586	66.4	198	22.4	64	7.2	35	4.0	883	100.0
623	Vehicles, parts, NOS	667	65.6	-		-		350	34.4	1,017	100.0
415	Veneer, Plywood and Built-Up Wood	4,343	62.9	282	4.1	1,622	23.5	657	9.5	6,904	100.0
531	Acids, NOS	381	61.7	-		237	38.3	-		618	100.0
773	Feed, Animal and Poultry, NOS	1,566	60.3	254	9.8	521	20.1	254	9.8	2,595	100.0
565	Lead Zinc, NOS	231	59.1	-		-		160	40.9	391	100.0
311	Aluminum Ore and Concentrates	13,583	58.2	9,741	41.8	-		-		23,324	100.0
595	Machinery and Machines, NOS	4,506	57.3	15	.2	342	4.4	2,999	38.1	7,862	100.0
713	Floor Covering	77	57.0	15	11.1	43	31.9	-		135	100.0
749	Liquors, Malt	1,423	56.9	42	1.7	1,034	41.4	-		2,499	100.0
729	Cotton Factory Products	325	56.0	23	4.0	82	14.1	150	25.9	580	100.0
35	Cotton Linters, Noils and Regins	4,447	54.3	211	2.6	2,704	33.0	830	10.1	8,192	100.0
799	Manufactures and Miscl., NOS	5,875	53.5	1,309	11.9	1,690	15.4	2,112	19.2	10,986	100.0
655	Scrap Paper and Rags	2,204	50.7	45	1.0	180	4.1	1,921	44.2	4,350	100.0
767	Starch	313	48.3	21	3.3	38	4.9	282	43.5	648	100.0
795	Waste Material for Remelting, NOS	309	48.2	92	14.4	240	37.4	-		641	100.0
399	Products of Mines, NOS	6,203	47.7	2,919	22.5	3,873	29.8	-		12,995	100.0
547	Wine	144	46.8			164	53.2	-		308	100.0
51	Bananas	53,946	46.0	532	.5	62,664	53.5	-		117,142	100.0
615	Automobiles, freight	190	45.1	-		-		231	54.9	421	100.0
203	Woodenware	46	44.2	58	55.8	-		-		104	100.0
545	Tanning Material, NOS	6,218	42.7	164	1.1	6,757	46.3	1,443	9.9	14,582	100.0
723	Bagging, Burlap, Cotton, Gunny and Jute, NOS	6,284	40.9	1,420	9.3	199	1.3	7,452	48.5	15,355	100.0
719	Tools and Parts, NOS	63	39.4	-		28	17.5	69	43.1	160	100.0
625	Airplanes, Aircraft and Parts	44	37.6	-		-		73	62.4	117	100.0
763	Food Products, NOS, in cans and packages, not frozen	33,274	33.6	3,493	3.5	13,821	14.0	48,312	48.9	98,900	100.0
583	Manufactured Iron and Steel	7,850	31.2	4,640	18.5	12,502	49.8	119	.5	25,111	100.0
33	Cotton in Bales	39	31.0	-		32	25.4	55	43.6	126	100.0
533	Sodium (Soda) Products	508	26.9	313	16.6	1,066	56.5	-		1,887	100.0
641	Refractories	88	26.4	-		245	73.6	-		333	100.0

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Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		TOTAL	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%
587	Iron and Steel Pipe and Fittings, NOS	390	25.4	497	32.3	583	37.9	67	4.4	1,537	100.0
539	Fertilizers, NOS	3,145	24.8	882	6.9	4,740	37.3	3,945	31.0	12,712	100.0
237	Wool and Mohair, NOS	142	24.3	421	72.1	6	1.0	15	2.6	584	100.0
715	Furniture, NOS	32	24.0	-		36	27.1	65	48.9	133	100.0
681	Buildings and Houses, Fabricated and Portable, NOS	32	22.5	-		-		110	77.5	142	100.0
575	Iron and Steel: Billet, Bloom and Ingot	28	22.0	99	78.0	-		-		127	100.0
671	Wallboard	743	21.7	110	3.2	2,499	72.9	77	2.2	3,429	100.0
577	Iron and Steel: Bar, Rod and Slab	20	21.5	-		73	78.5	-		93	100.0
735	Rope, Cordage and Binder Twine, NOS	1,875	21.15	6,736	75.98	247	2.79	7	.08	8,865	100.0
581	Iron and Steel Nails and Wire (Woven and Not Woven), NOS	971	20.3	182	3.8	3,291	68.6	352	7.3	4,796	100.0
657	Newsprint Paper	4,872	19.7	-		18,596	75.4	1,214	4.9	24,682	100.0
759	Sugar	6,913	17.7	2,332	6.0	29,830	76.3	-		39,075	100.0
499	Products of Forests, NOS	7,953	17.2	32,037	69.5	1,853	4.0	4,294	9.3	46,137	100.0
527	Chemicals, NOS	1,175	17.0	5,418	78.4	300	4.3	21	.3	6,914	100.0
61	Oranges and Grapefruit	18	16.7	-		90	83.3	-		108	100.0
617	Vehicles, Motor, NOS	225	16.0	150	10.7	-		1,028	73.3	1,403	100.0
737	Boots, Shoes and Findings, NOS	16	14.7	-		-		93	85.3	109	100.0
611	Vehicles, other than Motor	409	14.5	1,012	35.9	258	9.2	1,137	40.4	2,816	100.0
307	Coke	100	14.3	-		601	85.7	-		701	100.0
573	Iron, Pig	55	13.4	357	86.6	-		-		412	100.0
235	Wool and Mohair, in grease	62	11.8	465	88.2	-		-		527	100.0
411	Lumber, Shingles and Lath	102	11.0	181	19.5	620	66.9	24	2.6	927	100.0
675	Insulating Material, NOS	52	10.6	48	9.7	392	79.7	-		492	100.0
569	Alloys for Steel Manufacture	2,048	8.6	-		21,671	91.4	-		23,719	100.0
555	Aluminum: Bar, Ingot, Pig and Slab	330	8.14	106	2.62	3,610	89.09	6	.15	4,052	100.0
669	Paperboard, Fibreboard and Pulpboard	130	7.7	18	1.1	1,515	90.1	19	1.1	1,682	100.0
661	Wrapping Paper	95	6.8	753	53.8	512	36.6	39	2.8	1,399	100.0
721	Abrasives, other than crude	374	6.7	4,824	86.2	398	7.1	-		5,596	100.0
693	Glass	794	5.8	-		11,624	85.4	1,193	8.8	13,611	100.0
639	Brick, NOS, and Building Tile	49	4.5	-		1,031	95.5	-		1,080	100.0
339	Asphalt	30	2.7	-		1,097	97.3	-		1,127	100.0
667	Printed Matter, NOS	12	2.4	-		-		485	97.6	497	100.0
653	Woodpulp	424	1.9	3,874	17.3	15,487	69.2	2,609	11.6	22,394	100.0
633	Cement, Natural and Portland	231	1.5	4,543	28.8	478	3.0	10,537	66.7	15,789	100.0

Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		TOTAL	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%
319	Ores and Concentrates, NOS	16,389	1.1	49,749	3.3	1,283,888	86.4	136,046	9.2	1,486,072	100.0
695	Glassware, NOS	28	1.1	2,478	96.6	51	2.0	8	.3	2,565	100.0
31	Tobacco, Siftings, Sweeping and Waste	9	.9	20	2.0	985	97.1	-		1,014	100.0
29	Tobacco, Unmanufactured	31	.7	-		314	6.8	4,240	92.5	4,585	100.0
323	Clay and Bentonite	225	.7	33,621	99.2	34	.1	-		33,880	100.0
11	Rice	-		-		83	100.0	-		83	100.0
85	Potatoes, other than sweet	-		-		110	100.0	-		110	100.0
103	Malt, NOS	-		-		17	100.0	-		17	100.0
225	Poultry, Dressed and Frozen	-		-		20	100.0	-		20	100.0
317	Zinc Ore and Concentrates	-		-		66,058	100.0	-		66,058	100.0
321	Barytes	-		-		-		34,781	100.0	34,781	100.0
551	Cellulose Articles, NOS	-		-		28	100.0	-		28	100.0
589	Tanks, NOS	-		-		-		34	100.0	34	100.0
593	Agricultural Implements, Parts, NOS	-		-		5	100.0	-		5	100.0
609	Rails and Railway Track Material, Iron or Steel	-		172	45.5	206	54.5	-		378	100.0
629	Guns, Small Arms and Parts, NOS	-		-		-		859	100.0	859	100.0
635	Cement, NOS	-		-		-		19,470	100.0	19,470	100.0
687	Furnaces, Heaters, Radiators and Parts	-		-		-		12	100.0	12	100.0
731	Synthetic Fibre and Yarns (Rayon or Nylon)	-		-		-		145	100.0	145	100.0
757	Molasses, Residual	-		-		5,066	100.0	-		5,066	100.0
769	Soap and Cleaning and Washing Compounds	-		-		53	100.0	-		53	100.0

311 - All Ores & Concentrates
317 - Zinc Ore & Concentrates
319 - Ores & Concentrates, NOS

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M. L. M. "5

Import Tonnages - (p. 6) - Recapitulation

		New York		Philadelphia		Baltimore		Hampton Roads		Total
X-4-(5)	Total (Groups 1-6)	645,792	23.3%	184,759	6.7%	1,644,844	59.4%	292,219	10.6%	2,767,614
	Items 311-317-319	30,046		59,490		1,349,946		136,046		
	Balance	615,746	51.65%	125,269	10.51%	294,898	24.74%	156,173	13.10%	1,192,086

(MLM*6)

Exhibit No.
I&S Docket 6615
Witness: M.L. Mollman
Page 1

SUMMARY OF EXPORT CARLOADS, OTHER THAN COAL, COKE AND GRAIN UNLOADED AT NORTH ATLANTIC PORTS FOR YEARS 1939 TO 1956 INCLUSIVE. ANALYSIS OF THE TOTAL INCREASES SINCE 1939 THROUGH NEW YORK, PHILADELPHIA, BALTIMORE AND HAMPTON ROADS.

1 YEAR	2 TOTAL UNLOADS NORTH ATLANTIC PORTS SEARSPORT, ME. TO HAMPTON ROADS, VA. INCLUSIVE.	3 INCREASES ALL NORTH ATLANTIC PORTS OVER 1939 (Col. 2)	4 PERCENTAGE INCREASES ALL NORTH ATLANTIC PORTS OVER 1939	5 UNLOADS AT NEW YORK	6 INCREASES AT NEW YORK OVER 1939 (Col.5)	7 PERCENTAGE INCREASES AT NEW YORK OF TOTAL INCREASES AT ALL NORTH ATLANTIC PORTS (Col.3)	8 UNLOADS AT PHILADELPHIA	9 INCREASES OR DECREASES AT PHILADELPHIA OVER OR UNDER 1939 (Col.8)	10 PERCENTAGE INCREASES OR DECREASES AT PHILADELPHIA OF TOTAL INCREASES AT ALL NORTH ATLANTIC PORTS (Col.3)
1939	203,432			127,020			16,447		
1940	350,315	146,883	72.20	227,878	100,858	68.66	27,729	11,282	7.7
1941	414,433	211,001	103.72	293,343	166,323	78.82	35,124	18,677	8.9
1942	512,185	308,753	151.77	345,727	218,707	70.83	54,840	38,393	12.4
1943	750,137	546,705	268.74	430,368	303,348	55.48	88,661	72,214	13.2
1944	1,035,642	832,210	409.09	550,340	423,320	50.87	125,196	108,749	13.1
1945	787,092	583,660	286.90	437,659	310,639	53.22	80,767	64,320	11.0
1946	470,288	266,856	131.17	332,040	205,020	76.82	33,848	17,401	6.5
1947	500,074	296,642	145.81	343,420	216,400	72.94	41,377	24,930	8.4
1948	362,796	159,364	78.33	255,366	128,346	80.53	20,892	4,445	2.8
1949	306,605	103,173	50.71	221,007	93,987	91.09	17,835	1,388	3.3
1950	241,240	37,808	18.58	167,214	40,194	106.31	11,113	- 5,334	- 14.1
1951	329,356	125,924	61.89	224,555	97,535	77.45	18,585	2,138	1.7
1952	324,510	121,078	59.51	214,338	87,318	72.11	18,208	1,761	1.5
1953	279,047	75,615	37.16	180,052	53,032	70.13	15,230	- 1,217	- 1.6
1954	268,906	65,474	32.18	166,172	39,152	59.79	22,082	5,535	8.5
1955	300,866	97,434	47.89	174,592	47,572	48.82	29,949	13,502	13.9
1956	303,149	99,717	49.01	184,543	57,523	57.68	23,857	7,410	7.4
								Inc. 392,145	
TOTAL:		4,078,297		4,748,614	2,588,894			Dec. 6,551	
								Net 385,594	
AVERAGE 17 YEARS		239,899		279,330	152,288			22,682	
AVERAGE PERCENT			117.9% (Average of 239,899 (Col.3) of 203,432 (1939 Col.2)			63.48% (Average of 152,288 (Col.6) of average of 239,899 (Col.3)			9.45% (Average of 22,682 (Col.9) of average of 239,899 (Col.3)

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SUMMARY OF EXPORT CARLOADS, OTHER THAN COAL, COKE AND GRAIN UNLOADED AT NORTH ATLANTIC PORTS FOR YEARS 1939 TO 1956 INCLUSIVE, ANALYSIS OF THE TOTAL INCREASES SINCE 1939 THROUGH NEW YORK, PHILADELPHIA, BALTIMORE AND HAMPTON ROADS.

11 YEAR	12 TOTAL UNLOADS NORTH ATLANTIC PORTS SEARSPORT, ME. TO HAMPTON ROADS, VA. INCLUSIVE	13 INCREASES ALL NORTH ATLANTIC PORTS OVER 1939 (Col. 2)(12)	14 PERCENTAGE INCREASES ALL NORTH ATLANTIC PORTS OVER 1939	15 UNLOADS AT BALTIMORE	16 INCREASES AT BALTIMORE OVER 1939 (Col.15)	17 PERCENTAGE INCREASES AT BALTIMORE OF TOTAL INCREASES AT ALL NORTH ATLANTIC PORTS (Col.3)(13)	18 UNLOADS AT HAMPTON ROADS	19 INCREASES OR DECREASES AT HAMPTON ROADS OVER OR UNDER 1939 (Col.18)	20 PERCENTAGE INCREASES OR DECREASES AT HAMPTON ROADS OF TOTAL INCREASES AT ALL NORTH ATLANTIC PORTS (Col.3)(13)
1939	203,432			23,322			24,949		
1940	350,315	146,883	72.20	54,864	31,542	21.5	26,127	1,178	.08
1941	414,433	211,001	103.72	42,351	19,029	9.0	21,814	- 3,135	- 1.50
1942	512,185	308,753	151.77	44,042	20,720	6.7	24,135	- 814	- .03
1943	750,137	546,705	268.74	63,893	40,671	7.4	78,577	43,628	8.00
1944	1,035,642	832,210	409.09	105,299	81,977	9.8	122,757	97,808	11.8
1945	787,092	583,660	286.90	77,948	54,626	9.4	103,689	78,740	13.5
1946	470,288	266,856	131.17	42,351	19,029	7.1	51,024	26,075	9.8
1947	500,074	296,642	145.81	59,520	36,198	12.2	41,722	16,773	5.7
1948	362,796	159,364	78.33	45,177	21,855	13.7	28,666	3,717	1.0
1949	306,605	103,173	50.71	39,776	16,454	15.9	22,914	- 2,035	- .04
1950	241,240	37,808	18.58	28,448	5,126	13.6	20,616	- 4,333	-11.50
1951	329,356	125,924	61.89	32,463	9,141	7.3	41,706	16,757	13.3
1952	324,510	121,078	59.51	30,117	6,795	5.6	41,944	16,995	14.0
1953	279,047	75,615	37.16	27,708	4,386	5.8	37,672	12,723	16.8
1954	268,906	65,474	32.18	31,956	8,634	13.2	36,563	11,614	17.7
1955	300,866	97,434	47.89	41,273	17,951	18.4	40,433	15,484	15.9
1956	303,149	99,717	49.01	40,380	17,058	17.1	37,539	12,590	13.6
							Inc.	354,082	
TOTAL:		4,078,297			411,192		Dec.	10,317	
							Net	343,765	
AVERAGE 17 YEARS		239,899			24,188			20,221	
AVERAGE PERCENT			117.9% (Average of 239,899 (Col.3)(13) of 203,432 (1939 Col.2)(12)			10.08% (Average of 24,188 (Col.16) of average of 239,899 (Col.13)			8.43% (Average of 20,221 (Col.19) of average of 239,899 (Col.13)

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AVERAGE INCREASE ALL NORTH ATLANTIC PORTS FOR YEARS 1940 TO 1956
239,899 CARS PER YEAR APPLIED TO 1939 TOTAL OF 203,432 EQUALS 117.9%
APPLYING NEW YORK AVERAGE INCREASE OF 152,288 CARS TO TOTAL AVERAGE INCREASE PRODUCES 63.48%
APPLYING PHILADELPHIA AVERAGE INCREASE OF 22,682 CARS TO TOTAL AVERAGE INCREASE PRODUCES 9.45%
APPLYING BALTIMORE AVERAGE INCREASE OF 24,188 CARS TO TOTAL AVERAGE INCREASE PRODUCES 10.08%
APPLYING HAMPTON ROADS AVERAGE INCREASE OF 20,221 CARS TO TOTAL AVERAGE INCREASE PRODUCES 8.43%
TOTAL: 91.44%
OF THE TOTAL INCREASE OF 117.9% AT ALL THE PORTS.

Z-22(1)

SOURCE: PT REPORT 6A, CAR SERVICE DIVISION, ASSOCIATION OF AMERICAN RAILROADS

Exhibit No.
I&S Docket 6615
Witness: M.L. Mollman

EXPORT CARLOADS UNLOADED, EXCEPT COAL & COKE AND OTHER THAN GRAIN AT NORTH ATLANTIC PORTS FOR YEARS 1939 TO 1956 INCLUSIVE.

PORTS	1939	1940	1941	1942	1943	1944	1945	1946	1947
Searsport, Me.	272	175	0	0	7	7,417	3,298	718	6,226
Portland, Me.	1,994	2,984	3,392	7,116	4,914	4,347	2,990	3,194	3,349
Portsmouth, N.H.	0	0	0	0	416	338	118	0	0
Boston, Mass.	7,679	9,000	11,922	24,107	53,137	76,357	58,751	3,613	4,052
Providence, R.I.	354	224	320	2,071	64	0	0	6	0
Davisville, R.I.	0	0	0	0	5,543	6,240	4,158	0	0
New London, Conn.	206	365	1,209	245	131	253	227	444	0
New Haven, Conn.	0	0	615	487	1,273	1,269	967	0	0
Bridgeport, Conn.	0	0	0	0	0	273	0	0	0
Poughkeepsie, N.Y.	0	0	225	553	928	834	86	0	0
New York, N.Y.	127,020	227,878	293,343	345,727	430,368	550,940	437,659	332,040	343,420
Port Newark, N.J.	0	0	2,720	4,674	21,310	34,247	16,295	2,853	82
Earle, N.J.	0	0	0	0	0	0	0	0	0
South Amboy, N.J.	0	0	0	0	915	475	139	197	326
Philadelphia, Pa.	16,447	27,729	35,124	54,840	88,661	125,196	80,767	33,848	41,377
Chester, Pa.	1,058	590	456	1,789	0	0	0	0	0
Wilmington, Del.	131	379	906	2,319	0	0	0	0	0
Baltimore, Md.	23,322	54,864	42,351	44,042	63,893	105,299	77,948	42,351	59,520
West Point, Va.	0	0	36	80	0	0	0	0	0
Hampton Roads, Va.	24,949	26,127	21,814	24,135	78,577	122,757	103,689	51,024	41,722
TOTAL:	203,432	350,315	414,433	512,185	750,137	1,035,642	787,092	470,288	500,074

PORTS	1948	1949	1950	1951	1952	1953	1954	1955	1956
Searsport, Me.	7,624	1,328	9,235	999	540	0	601	2,044	3,993
Portland, Me.	2,480	521	144	0	6	25	758	1,137	1,234
Portsmouth, N.H.	0	0	0	0	0	0	0	0	0
Boston, Mass.	2,355	1,994	1,965	3,306	2,411	1,971	6,088	9,758	10,673
Providence, R.I.	0	0	0	0	0	0	0	0	0
Davisville, R.I.	0	0	0	0	0	0	0	0	0
New London, Conn.	0	0	0	0	0	0	0	0	0
New Haven, Conn.	0	0	0	0	0	0	0	0	0
Bridgeport, Conn.	0	0	0	0	0	0	0	0	0
Poughkeepsie, N.Y.	0	0	0	0	0	0	0	0	0
New York, N.Y.	255,366	221,007	167,214	224,555	214,338	180,052	166,172	174,592	184,543
Port Newark, N.J.	0	0	36	2,400	10,000	6,220	3,238	201	315
Earle, N.J.	0	1,028	2,399	5,342	6,946	10,169	1,448	1,479	615
South Amboy, N.J.	236	202	70	0	0	0	0	0	0
Philadelphia, Pa.	20,892	17,835	11,113	18,585	18,208	15,230	22,082	29,949	23,857
Chester, Pa.	0	0	0	0	0	0	0	0	0
Wilmington, Del.	0	0	0	0	0	0	0	0	0
Baltimore, Md.	45,177	39,776	28,448	32,463	30,117	27,708	31,956	41,273	40,380
West Point, Va.	0	0	0	0	0	0	0	0	0
Hampton Roads, Va.	28,666	22,914	20,616	41,706	41,944	37,672	36,563	40,433	37,539
TOTAL:	362,796	306,605	241,240	329,356	324,510	279,047	268,906	300,866	303,149

SOURCE: PT REPORT 6A, CAR SERVICE DIVISION, ASSOCIATION OF AMERICAN RAILROADS.

3575

SAME TOTALS AS IN WITNESS CROOKSHANK'S EXHIBIT AJC 15, WITH MINOR CORRECTIONS.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1962

No. 97

THE BALTIMORE & OHIO RAILROAD COMPANY,
ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 98

MARYLAND PORT AUTHORITY, ET AL.,
APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 99

INTERSTATE COMMERCE COMMISSION,
APPELLANT,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF MASSACHUSETTS

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[fol. 3576] Secretary's certificate (omitted in printing).

[fol. 3577]

I.C.C. Exhibit No. 53

VERIFIED STATEMENT OF J. H. STRATTON

SURVEY OF CERTAIN PORT SERVICES AT NEW YORK, PHILADELPHIA, BALTIMORE, AND HAMPTON ROADS

This statement is verified. Unless written request for cross examination is received by the affiant or his attorney, Jervis Langdon, Jr., 301 Baltimore and Ohio Building, Baltimore 1, Maryland, not later than ten days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 3578]

INTRODUCTORY STATEMENT

My name is James H. Stratton. I am a partner in the consulting engineering firm of Tippetts-Abbett-McCarthy-Stratton. In my association with that firm since 1949, I have directed comprehensive studies of commerce movements, port services, and related matters of operation, improvement, financing and administration for a large number of United States ports.

Tippetts-Abbett-McCarthy-Stratton are consulting engineers for private industry, public utilities, financial institutions and government agencies. The firm maintains an organization of over 600 engineers, designers, economists and other technical personnel. Services provided by the firm include consultation, surveys, reports, designs, contract plans, specifications, estimates and supervision of construction. Our principal office is in New York City. In addition, twenty branch offices are located in other cities throughout the world.

The experience of Tippetts-Abbett-McCarthy-Stratton covers the entire field of port development and operations, including appraisals of the organizational, financial and legislative problems involved in the establishment of port administrative agencies, estimates of prospective commerce, studies of port services and operation, and planning and design of port and harbor facilities. Recent surveys made by Tippetts-Abbett-McCarthy-Stratton which are of particular interest with respect to this statement concerning port services include comprehensive engineering and economic studies of the ports of Hampton Roads, Baltimore, Philadelphia, New York (East River Piers and Staten Island Rubber Terminal), Providence, Portsmouth, [fol. 3579] Trenton, Fort Pierce, Miami, Baton Rouge, Greenville, Houston, Buffalo, Detroit, northern Indiana, and Chicago. Appraisals of the economic aspects of port operations were basic to the port development program recommended in each case. Special emphasis was given to estimates of prospective commerce and to analyses of the availability of shipping services and commercial port services and their influence on the routing of commerce through a port. Other major studies which we performed in this field included engineering and economic surveys for the improvement of navigation channels at various east coast ports, studies of marine terminal improvements and operations for the Western Maryland Railway and the Reading Company, terminal and industrial improvements for Seattle and Tacoma, and the preparation of design criteria for terminals to accommodate roll-on roll-off and similar types of vessels.

Prior to joining Tippetts-Abbett-McCarthy-Stratton, I held the rank of Brigadier General, U. S. Army and served as Division Engineer, New England Division, U. S. Engineers. In that capacity I was responsible for reports, planning and design of river and harbor projects, as well as flood control works and military airfields. At the same time, I was a member of the Board of Engineers for Rivers and Harbors which is charged with the evaluation of economic studies of the need for proposed navigation projects throughout the United States. In 1946-1948 I was supervising engineer, Panama Canal, and was in charge of economic and engineering studies to determine the feasibility of expanded canal facilities (Panama Sea-Level Canal). In 1945 and 1946 1 served as Special Assistant and Assistant Chief of Engineers for Rivers and Harbors and Flood Control.

[fol. 3580] I am a graduate of the U. S. Military Academy, 1920, and of Rensselaer Polytechnic Institute, 1922, with the degree of Civil Engineer. I am a member of the Visiting Committee of the Department of Civil and Sanitary Engineering at the Massachusetts Institute of Technology. At the present time I am the North Atlantic Division representative of the National Rivers and Harbors Congress and a member of the American Arbitration Association. I contributed to the sections on Harbor Engineering in a civil engineering handbook, *American Civil Engineering Practice*, published by John Wiley and Sons in 1946.

This statement has been prepared on behalf of the following railroads:

The Baltimore and Ohio Railroad Company
Canton Railroad Company
The Chesapeake and Ohio Railway Company
Norfolk and Western Railway Company
The Pennsylvania Railroad Company
Reading Company
The Virginian Railway Company
Western Maryland Railway

Significance of Port Services

Export-import cargo at the Ports of New York, Philadelphia, Baltimore and Hampton Roads moves through these ports under a rail rate structure which affords the ports of Philadelphia, Baltimore and Hampton Roads lower rail rates than New York for movements to and from points in differential territory. At each of the four ports there is a good natural harbor, deep channels, protected anchorages, available capacity for handling expanded cargo volumes, and adequate rail and highway connections to inland points of cargo origin and destination.

[fol. 3581] In our studies of the ports of Hampton Roads, Baltimore and Philadelphia, we found that the frequency and range of shipping services offered at New York and the supplementary services available at that port influenced the movement of cargo to such an extent that large volumes of cargo moving to or from differential territory were routed via New York. These movements through New York took place under the established rail rate differentials which favored the ports of Philadelphia, Baltimore and Hampton Roads.

There is a unique concentration of port service organizations at the Port of New York, as shown in the sections of this statement which follow. The value of these services may be expressed in terms of their contribution to speed and avoidance of delay in the movement of cargo, producing tangible advantages such as reduction of interest charges, meeting of letter of credit deadlines, and avoidance of charges and penalties arising from unfamiliarity with foreign trade procedures. Many advantages of New York's concentration of port services are not readily appraised: the convenience of direct personal contact necessary in the effective movement of cargoes; the knowledge of experienced personnel which insures that shipments move promptly, accurately and with a minimum of delay; and the specialization available in all types of services which makes possible a high degree of familiarity with the particular needs of various types of cargo. The importance of New York's foreign trade services is illustrated by a recent estimate of the New York State Department of Commerce which indicated that nearly three-quarters of this country's foreign trade is financed through New York City [fol. 3582] banks. As a result of the concentration of services at New York, a close working relationship has developed among services, which further enhances the position of the Port of New York. At New York, for example, freight forwarders have direct contact with the principal offices of almost every steamship line serving the Atlantic Coast and can thus more easily arrange shipments for their clients. Principal offices of steamship lines are not found in Philadelphia, Baltimore or Hampton Roads.

There follows a statement of each of the supplementary port services, in which are given general descriptions of the various services and comparative lists of the various agencies performing the services at New York, Philadelphia, Baltimore and Hampton Roads. Services which have been included are as follows:

- International Freight Forwarders
- Custom House Brokers
- International Banking
- Steamship Line Representation
- Consular Services
- Combination Export Managers
- Foreign Trade Zone
- Commodity Exchanges
- Ship Brokers
- Marine Insurance
- Foreign Gov't. Purchasing Agencies
- Foreign Chambers of Commerce

This list is not exhaustive, but includes those services which function in support of the movement of cargo through ports as well as services which tend to enhance the position of a port's foreign trade community as a whole. Although not included in this presentation, the frequency of steamship service at the ports under consideration and the patterns of last-port-of-call of ships calling at these ports are the subject of a joint study by port interests at Philadelphia, Baltimore and Hampton Roads (Exhibit No. ——).
[fol. 3583] The various services treated herein have not been arranged in any special order of importance. Taken separately, they do not lend themselves to such evaluation since factors which are important to one shipper may not be important to another. Furthermore, the factors which control the routing of certain types of commerce through New York may have no bearing on other types of commerce or on other shipments of the same type. Doubtless there is traffic which moves through New York for reasons having no connection with some of the services described herein. Taken as a whole, however, the many interrelated port services which exist in such overwhelming preponderance at New York and its superior steamship services are of primary importance in drawing large volumes of foreign commerce to the New York port.

[fol. 3584]

I.C.C. Exhibit No. 54

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (Richard R. Bongartz, Transportation Center, Philadelphia 4, Pa.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 3585]

Before The

INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Testimony of F. H. Clark

My name is F. H. Clark, residing at 543 S. Melville Street, Philadelphia 43, Pa.

Effective July 1, 1957 I became a retired employe of The Pennsylvania Railroad Company. For a period of over 48 years prior to that date I had been employed in the Operating Department of the Pennsylvania Railroad, of which approximately 12 years was in the Accounting and Statistical sections of that Department. My employment has included service in the Maintenance of Way and Maintenance of Equipment Departments, and from time to time I have served as Statistician, Yardmaster and

Trainmaster. For some 10 years I was engaged in making special operating and cost studies and investigations under the successive supervisions of the Superintendent of Freight Transportation and the Chief of Freight Trans- [fol. 3586] portation of the Pennsylvania Railroad. From November 1955 until June 30, 1957, I was Special Assistant to the Vice President Transportation and Maintenance of the Pennsylvania Railroad. In these various positions I have made many special studies, including cost and switching studies, and investigations requiring an intimate knowledge of railroad operating practices and accounting procedures.

I am familiar with the operations of the Pennsylvania Railroad at New York, Philadelphia and Baltimore. Also, I am generally familiar with the operations of the other railroads at those ports. What I have to say about the Pennsylvania's operations at the three ports is generally true of those of the other railroads serving those ports.

The Pennsylvania Railroad reaches the three ports of New York (including Port Newark), Philadelphia, and Baltimore. Because there are marked differences in the physical characteristics of the terrain at these three ports the railroad service at New York entails special features which are not present with respect to such services at Philadelphia and Baltimore.

The most striking difference among the ports of New York, Philadelphia, and Baltimore indicative of both higher cost and greater operation at New York is the marine [fol. 3587] equipment that must be supplied, operated and maintained to meet the transportation needs of that port in contrast to the ports of Philadelphia and Baltimore. Immediately below is summarized the marine equipment owned and operated by the Pennsylvania Railroad at each of the three ports:

	New York	*Philadelphia*	*Baltimore*
Tugs—Steam	15	1	–
—Diesel	13	–	–
Lighters, Barges, Car Floats, etc.	294	4	5
Total	322	5	5

New York Harbor is unique from the standpoint of railroad freight transportation. While there are numerous piers in the New York-Jersey City area few of them are accessible to direct rail car service. So it is the investment, maintenance and operation of the vessels and tugs with the necessary land facilities required to hold and handle traffic using such water routes—piers, transfer bridges, slips, cranes, coaling, fuel and ship repair facilities—are in the case of New York especially high. New York is so overwhelming a water serviced port there is no comparison between it and Philadelphia and Baltimore.

[fol. 3588] To man this marine equipment a personnel distinct from that engaged in rail transportation must be employed and trained. There are no interchangeable occupations among water and land skilled forces. In addition many of the employes engaged in water transportation must be licensed by the Government and operations conducted under Government regulations, distinct from those originating with the Interstate Commerce Commission. Repairs to marine equipment requires especially designed facilities and trained forces, whether the work is done in railroad owned or outside shops.

Another reason why the New York port area must have available such an elaborate supply of marine equipment, in contrast with Philadelphia and Baltimore, is apparent from the data appearing on the statement below which shows for the Pennsylvania Railroad the tons of export, import and domestic traffic, except ore and grain, moved through the ports of New York, Philadelphia and Baltimore for the year ending August 31, 1956, indicating as well the manner in which such tonnage was handled:

[fol. 3589]

Tons of Freight, Other Than Ore and Grain, Moved Through The Ports of New York, Philadelphia and Baltimore — Year Ending August 31, 1956. Regardless of Point of Origin or Destination

		New York		Philadelphia		Baltimore	
		Export	Import	Export	Import	Export	Import
Handled in Marine Equipment	Lightered	698,317	141,352	—	—	126,270	20,793
	Floated	38,372	641	8,970	1,533	25,698	57,189
Truc-Train Delivery		396	3,986	—	—	—	—
Trucked		41,832	158,195	—	—	3	—
Driveaway		280	—	—	—	—	—
Handled by Rail		—	51	489,680	322,488	403,627	150,599
Total		779,197	304,225	498,650	324,021	555,598	228,581
Domestic amounted to:		161,803		—		6,658	
Grand Total		1,245,225		822,671		790,837	

From the above statement it will be seen that 81.1% of the Pennsylvania Railroad export-import traffic at New York was waterborne while at Philadelphia only 1.3% and at Baltimore 29.3% of the Pennsylvania Railroad export-import traffic was given water service.

The above statistical summary also emphasizes the diverse methods other than via water employed by exporters and importers at New York to dispose of their freight, namely by Truc-Train, "Driveaway" and Motor Truck. In addition to being prepared to provide water [fol. 3590] transfer service at its own expense the railroad must arrange for the aforementioned alternative methods of handling the traffic, likewise at its own expense.

Some idea of the extensive area in New York Harbor which must be served by the Pennsylvania Railroad marine equipment is provided by the fact that the lighterage limits at New York when measured from the Pennsylvania Railroad lighterage piers at Jersey City extend roughly a maximum distance to the vicinity of Perth Amboy, N.J., of approximately 22 miles; on the Hudson River for about 10 miles; on the East River about 13 miles. The New York lighterage limits and pier locations are shown on Port of New York Authority District Transportation Map submitted in these proceedings by Witness Roger H. Gilman as his Exhibit A.................

Comparing the foregoing with Philadelphia the maximum lighterage distance from the Pennsylvania Railroad South Philadelphia Greenwich Yard near Delaware Ave. is roughly 7½ miles on the State of Pennsylvania side of the Delaware River and approximately 9 miles on the New Jersey side of the same river. Little use is made of water transportation in Philadelphia Harbor.

At Baltimore the maximum water transfer is roughly four miles from Pennsylvania Railroad Pier 1.

Because of the greater water distances in New York Harbor and the more extensive use thereof conditions [fol. 3591] affecting water movements, such as tidal currents, fogs, snow, ice result in more onerous operation at New York.

When the line-haul rate equals the minimum provided by tariff (presently 26½¢ per cwt.) at Philadelphia and Baltimore the railroad assumes the cost of loading and unloading export-import freight at the shore side except for open top cars placed on a pier apron track where the railroad does not assume such costs. No costs are assumed by the railroad at Philadelphia and Baltimore either on the off-shore side or the ship's side when the traffic is waterborne to ships docking at piers other than those served directly by the road haul carrier. At New York, however, the railroad assumes the costs of loading and unloading the lighter at the rail-shore side and also to and from the pier or within reach of ship's tackle at shipside.

A simple illustration of the total basic rates per ton paid by the railroad for the loading or unloading of a ton of export foreign freight by lighter would be:

	New York	Philadelphia	Baltimore
Box Car (Other than Lumber)	$ 2.2505	$ 1.84	# $ 1.20 † 1.57

For other than bulk freight.
† For bulk freight.

[fol. 3592] The rate for loading and unloading car float traffic at New York (not assumed at Philadelphia or Baltimore) runs from $2.48 to $4.86 per hour depending on the type of freight plus Insurance, Taxes, Welfare, etc. when performed by Contractor and from 49¢ to $2.12 per ton when performed by steamship lines, plus $17.00 for each car float.

At Harsimus Cove Yard, Jersey City, located on the Hudson (North) River, the Pennsylvania Railroad has four lighterage piers, two covered and two open, served by pier rails and supporting yards, the open piers equipped with gantry cranes. Additionally there are seven transfer bridges used for moving cars to and from car floats from and to land.

At Greenville Yard, located on Upper New York Bay, the Pennsylvania Railroad has an open pier with eight tracks, four cranes, and supported by a marginal bulkhead. There is also a covered pier and a grain elevator. The grain elevator has no storage capacity being used for transferring grain from cars to grain barges, of which the PRR owns 12, later to be towed at PRR expense to shipside. Five transfer bridges are located at Greenville. All of these facilities have supporting yards.

Concerned also with waterborne traffic in the New York area is Waverly Yard at Newark, N.J. at which and from [fol. 3593] and to which traffic via Port Newark is handled. Freight reaching or received from ships through Harsimus Cove and Greenville Yards must pass and at times be handled at Waverly Yard.

Meadows Yard located between the Hackensack and Passaic Rivers and about midway between Waverly and Harsimus Cove Yard is also involved in the handling of waterborne traffic since it is used as the holding point for practically all export freight later to be moved via Harsimus Cove Yard.

Freight in closed top cars except for Piers D or F, when for export via Harsimus Cove Yard, and except grain and lumber, must be set off at Meadows Yard, later to be moved to Harsimus Cove Yard as ordered to ship or for the purpose of unloading to lighterage piers to release cars or for the sorting of freight for split deliveries.

All freight in open top cars, grain in bulk, lumber, and automobiles must be dispatched to Greenville Yard as the destination, or if forwarded in train with Harsimus Cove or Meadows as the terminating Yard such cars must be set off at Waverly Yard, later to be moved by transfer crews to Greenville. Like action must be taken if closed top export freight arrives in Greenville trains, the set-off at Waverly Yard being taken to Meadows or Harsimus Cove Yards by transfer crews.

[fol. 3594] Hence the railroad yards west of New York-Jersey City area making up the road train must classify cars for the four different yards in accordance with the outline given above.

Any export traffic for ship docking at Port Newark is moved into the port area by trains with Harsimus Cove or Greenville as their terminus. Hence Port Newark freight must be set off at Waverly Yard, there classified, and moved by transfer crew to Port Newark Terminal. There a further classification is made so that the cars can be placed at the spots to which ordered. Some cars are desired on the bulkhead tracks, some are placed within covered warehouses served by stub end sunken tracks so that the car floors are even with the shed platforms. Closed top cars containing export or receiving import freight are unloaded or loaded at railroad expense.

Under tariff provisions it is possible for an export shipment to be accorded two free lighterage deliveries and three additional lighterage deliveries for which charges are made at the three ports here under consideration. Greater use is made of this privilege at New York than at either Philadelphia or Baltimore. In substantiation of that statement I show below tabulation indicating the number of cars for which the lading was handled in split delivery manner at the three ports during the six weeks period there set forth.

fol. 3595]

Split Deliveries on Export Shipments From Differential Territory (Excluding Grain):

	Number Cars Given Split Deliveries						
Deliveries	2	3	4	5	Total	Total Export Cars (Excluding Grain)	% Split Del'y Cars of Total Cars
New York	125	43	13	9	190	1,133	16.8
Philadelphia	—	—	—	—	—	173	—
Baltimore	5	—	—	—	5	588	.9

Note: Periods Covered in Above Statements:

November 7 - 13, 1955
January 9 - 15, 1956
March 12 - 18, 1956
May 7 - 13, 1956

July 9 - 15, 1956
September 15 - 21, 1956—Baltimore
September 20 - 27, 1956—Philadelphia
September 25 - October 1, 1956—New York

Analysis of the foregoing statement will point up the much greater expense absorbed by the Pennsylvania Railroad at New York in carrying out shipper's requests for split deliveries. By far the greatest volume of export traffic reaching New York must be lightered to shipside. This means that car lading intended for two or more separate deliveries must be unloaded from car to pier platform so that the ordered portion may be separated from the balance of the shipment and delivery effected. In other words double platform handling is involved for such shipments. As orders are received for the remainder of the shipment, in whole or in part, a rehandling from pier to lighter is required.

[fol. 3596] To the extent it is possible to do so split shipments—in fact all shipments—are loaded to lighters that also contain other traffic for the same ship or pier. This is not always possible due to a number of conditions among which may be mentioned:

(1) The time spread between orders for shipside delivery.

(2) The availability of other tonnage for delivery at shipside, at the same time and place.

(3) The kind of commodities ordered forward.

The average tons per lighter when loaded at Harsimus Cove Pier amounts to about 52 tons and when loaded at Greenville Pier about 63 tons, whereas the average capacity per lighter is 227 tons.

Descriptions of some actual handlings of export shipments moving through the Port of New York that originated in differential territory will serve to illustrate the various steps taken by the Pennsylvania Railroad to get such traffic to shipside as just described in general terms. Such a statement is attached hereto, as Exhibit .... (FHC-1).

[fol. 3597] *Philadelphia*: Export freight moves out of and import freight arrives at Philadelphia via the Delaware River with the Schuylkill River involved near the confluence of the two rivers.

Insofar as the Pennsylvania Railroad and differential export and import business are concerned the greatest proportion of such traffic is delivered to and received from ships at South Philadelphia, at sections known as Girard Point (at and near the junction of the Schuylkill and Delaware Rivers) and at Greenwich, near the extreme southern end of the series of steamship piers jutting into the Delaware River. North from the most southerly pier (No. 124) extending for approximately 16 miles there are 168 piers, owned by the City of Philadelphia, by railroads, by steamship companies, by industries, by United States Government.

In addition to Girard Point and Greenwich territories some export freight from differential territory is also delivered to ships docking at a private pier on the Delaware River in the extreme northeastern section of Philadelphia.

All of the piers, public and railroad owned, in Philadelphia, at which ships dock that receive or discharge freight, and many of the piers serving industries, are reached by at least one railroad track, some by several tracks which may be apron and/or house tracks.

Vessels engaged in foreign, coastwise, or intercoastal trade on behalf of the public at large generally dock on the Delaware River between Port Richmond and Pier 124 Pier 124 South, a distance of approximately 7 miles, and also at Girard Point. Within these limits along the Delaware River the pier tracks are connected to railroad or city owned rails laid in city streets, which in turn are the means by which freight cars are transported from and to railroad yards. The heavier concentration of this water traffic is at the group of piers located south of Market Street, the East-West thoroughfare that divides city streets between North and South. Most of the switching service to and from the aforementioned piers is performed by the Pennsylvania Railroad on behalf of itself, for the Reading Company to the extent that carrier has access to such piers, to some extent for the B & O RR, and for the city owned Belt Line.

The Pennsylvania Railroad owned piers along the Delaware River are Nos. 13 and 41 North; 11, 13, 14, 48, 53, 55, 56, 57 South, while Pier 82 South is controlled through lease.

Road trains with freight for export via the Delaware Ave. piers from differential territory are yarded at Greenwich Yard, South Philadelphia. After classification the cars are advanced to tracks in the vicinity of the piers at which the ships for which the commodities are intended will dock. In the case of very active piers (such as #98) these tracks will be in the nature of supporting yards to those particular piers. In other instances, such as in the [fol. 3599] vicinity of Washington and Delaware Aves., where supporting tracks cannot be built adjacent to the piers because of lack of available space, the export cars are sent from Greenwich Yard to an auxiliary yard near by the designated ship docking points.

The cars are kept at the holding points until ordered to shipside, whereupon they are switched out and placed by shifting locomotives on the piers in the order desired, the removal of empty cars then on the piers and the placing of the loaded cars generally being accomplished as part of one continuous operation. Open top cars are customarily ordered to apron tracks where the lading can be removed from cars by use of the ship's cranes. In the event there are no loaded cars for delivery at particular piers on a given day it is unnecessary to remove the empty cars at a particular time. In this way switching is conserved; may be concentrated on those piers for which loads have been ordered in; the empty cars are out of the way of productive switching; the empty cars can be handled at more convenient times, such as when switching demands are not so exacting or when shifting adjoining piers.

Because of the numerous docking facilities at Philadelphia reached by rail such operation is possible. At New York-Jersey City however, although ships also dock at numerous piers, generally they must be reached through lighters loaded at the railroad's lighterage piers which means the freight must be concentrated at a relatively [fol. 3600] smaller number of railroad piers before dispatchment to widely scattered ships. Hence the switching service at the lighterage piers must be regular, frequent, and for both empties and loads, with the cost of unloading cars and loading lighters at the shore end absorbed by the railroad.

Import traffic at Philadelphia is handled in a manner the reverse to that employed for export traffic, which is also true at New York-Jersey City, at the latter point the import traffic contributing to the accumulation of commodities at the lighterage piers which has its effect on the requirements for adequate car supply and switching services. Often at New York, however, lighters without load must be towed to shipside to receive import traffic.

In South Philadelphia on the Delaware River the Pennsylvania Railroad has over the years maintained a Transfer Bridge, renewed in 1944, for placing cars on and removing cars from car floats. Insofar as export and import traffic is concerned its use and that of the towing service connected therewith is confined largely to the movement of heavy shipments in open top cars floated alongside ships docked at piers without apron tracks. Its infrequent use may be deduced from the statement of tonnages moving through the three ports, handled by water, appearing hereinbefore. This tabulation shows but 1.3% of the year's export-import tons car floated at Philadelphia.

[fol. 3601] When export traffic from differential territory consists of grain or of commodities destined for ships docking in the Girard Point district of South Philadelphia it is set off by road train at Penrose Yard, about three miles short of Greenwich Yard, the final terminus of the train. After classification at Penrose the cars are moved by yard crews to Girard Point Yard in proximity to the Grain Elevator (Pier 3) and Piers 1 and 2. Pier 1, used for handling bulk commodities, is an open pier with two electrical gantry cranes each of 10 tons capacity. The three tracks on this pier have a capacity of 52 cars. Ores, scrap metals, iron and steel articles and fertilizer materials are moved across this pier.

Pier No. 2 is also an open pier equipped with cargo masts for handling freight to and from open top cars. There are two clay sheds on the west side at the river end. It is our understanding that the largest facilities in the United States for handling and storage of import clay are located at Pier 2. It has a supporting yard for 293 cars.

At Pier 3 is located a Grain Elevator of concrete and steel construction with a total capacity of 2,225,000 bushels. There are six tracks, 12 pits and 24 power shovels on the pier with seven approach tracks. Twelve spouts on the east side and 5 spouts on the west side are available for loading grain to ships docked alongside Pier 3, while on [fol. 3602] the east side is a pneumatic unloading device for unloading grain from vessels. Bagging machines, cleaners, driers and other specialized machinery are available.

Girard Point Yard as a whole has room for 1,707 cars, so that the pier tracks have ample supporting trackage beyond their own capacity.

In the North Philadelphia section is located a Public Terminal served by the Pennsylvania Railroad situated on the Delaware River which, along with other structures in the same neighborhood, is designated as Pier 225. The terminal comprises an area of 162 acres with an open pier 900 feet long on the north side, 475 feet on the south side, with 3 cranes of 75 tons capacity. The terminal is under private operation and is equipped with diesel locomotives, caterpillar and truck cranes, and a 165 ton floating derrick. Another pier is under construction. It will be 1,200 feet long, will parallel the Delaware River; have 3 gantry cranes, three apron tracks on both the shore and river sides. A building for housing general cargo will be constructed with 300,000 sq. ft. equipped with conveyor system for handling general cargo.

Import freight by rail through this facility is infrequent. [fol. 3603] I have prepared and attach a statement marked Exhibit .... (FHC-2) which gives for the Port of Philadelphia short pertinent pier descriptions, together with a map showing those particular pier facilities used in connection with export-import shipments by rail.

Baltimore: The piers and other structures necessary for transferring export (and import) traffic from (and to) cars to (and from) vessels are located in an area known as Canton Yard situated on the Patapsco River, with the exception of the float bridge which is at Boston St. in the vicinity of Highlantown Yard, the latter about one mile west of Canton Yard.

Baltimore Harbor piers are to a large extent owned by railroads and steamship companies. There is a more or less definite pattern in effect as to the locations at which regularly established water lines dock their vessels. The effect of this is to permit direct car to vessel and vessel to car transfer of freight when the ship ties up at the railroad pier of the carrier handling the traffic. But lightering of the freight is necessary when the ship docks at piers of other railroads. But, as previously pointed out, the lightering carrier does not assume the cost of unloading or loading the lighter at other than the piers served directly by it. [fol. 3604] At Canton the Pennsylvania Railroad has provided eight piers, one (No. 7) being out of service at the present time. Included among the eight is a coal pier and a grain elevator.

The Grain Elevator at Baltimore is a substantial building capable of holding 4,250,000 bushels of grain. It is equipped with driers, coolers, separators, vacuum dust collectors, washers and other facilities. Three vessels can be docked at the same time. There are four tracks holding 14 cars each on the pier, every track equipped with a car dumper to which loaded cars are advanced and empty cars removed by a "barney". The grain is conveyed from the dumper pits by belts to various storage bins in the elevator or directly to ship. There are seven stationary spouts on the east gallery and six self-propelled gantry supporting spouts which can be moved along the dock to suit the hatches of the vessels berthed on the west side.

All of the PRR piers at Canton, Baltimore, have supporting yards where the cars are held pending orders for their disposition.

[fol. 3605]

VERIFICATION

Commonwealth of Pennsylvania,
County of Philadelphia, ss.:

F. H. Clark, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: F. H. Clark

Subscribed in my presence and sworn to before
me by the affiant above named, this
17th day of October, 1957.

W. Stewart Blackburn
Notary Public

My Commission expires July 15, 1958.

Seal

[fol. 3606]

(See opposite) ☞

I & S Docket 6615
Exhibit No. (FHC-1)
Witness F.H.Clark

Illustrations Of Some Of The Services Accorded By The Pennsylvania Railroad To Export Traffic Originating In Differential Territory When Moving Through The Port of New York

	Arr. Jersey City			Classified to		Transfer Movement								
Commodity	Date	Destination	Car Set Off At	Track	At	From	To	Unloaded at Ltg. Pier	Reloaded to Ltr. No.	Weight of Lading Tons	Total Tons on Lighter	Capacity of Lighter Tons	% Lighter Capacity	Destinations
Drums	9/25/56	Harsimus Cove	Harsimus Cove	Hold	Harsimus Cove			L	Truck from Pier L to:	7.34	-	-	-	SS 30th St. Bklyn
Tinplate	9/25/56	Harsimus Cove	Meadows	Hold	Meadows	Meadows	Harsimus Cove	L	391	57.70	110.74	250	44.40	Pier 60 No. River
Stoves	9/25/56	Harsimus Cove	Meadows	Hold	Meadows	Meadows	Harsimus Cove	L	391	9.50	9.50	250	3.80	Pier 3 Bush Term'l
Cases of Oil	9/27/56	Harsimus Cove	Waverly Meadows	Hold	Meadows	Waverly Meadows	Meadows Harsimus Cove	K	426	23.05	68.20	475	14.35	Pier 6 Bush Term'l
Bottles	9/28/56	Harsimus Cove	Meadows	Hold	Meadows	Meadows	Harsimus Cove	L	Truck	1.79				Pier 61 No. River
						Meadows	Harsimus Cove	L	494	9.36	9.36	400	2.34	Pier 14 No. River
						Meadows	Harsimus Cove	L	426	4.74	14.74	475	3.10	Pier 6 Bush Term'l
Transformers	9/27/56	Greenville	Greenville					Open Pier	Margaret	25.35	78.29	500	15.65	17th St. Brooklyn S S Alpafca
Steel Plates	9/25/56	Greenville	Greenville	Hold	Greenville			Open Pier	190	53.86	53.86	250	21.54	Pier 2 No. River
Sheet Iron and Steel	9/28/56	Greenville	Greenville	Hold	Greenville			Open Pier	251	30.30	30.30	250	12.12	Pier 14 No. River

10-14-1957.

[fol. 3607]

I.C.C. Exhibit No. 55

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

I&S DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF A. J. KNEESSY

My name is A. J. Kneessy and I reside at Louisville, Ky. I am Traffic Manager of Brown & Williamson Tobacco Corporation with offices at 1600 West Hill Street, Louisville, Ky. I have been engaged in traffic and transportation matters for roughly 39 years and I have held the position of Traffic Manager of Brown & Williamson Tobacco Corporation since 1929. I am in charge of the Traffic Department of Brown & Williamson Tobacco Corporation and direct over-all policies pertaining to the functioning of this department.

Brown & Williamson Tobacco Corporation has its principal office in Louisville, Ky., and manufacturing facilities at Louisville, Ky., Petersburg, Va., Winston-Salem, N. C., and, in addition, a leaf tobacco processing plant at Lexington, Ky. We manufacture a number of well-known [fol. 3608] brands of tobacco products, including Viceroy cigarettes, Kool cigarettes, Raleigh cigarettes and Sir Walter Raleigh smoking tobacco. We also manufacture various brands of plug tobacco and snuff. We ship substantial quantities of cigarettes and manufactured tobacco for export to countries throughout the world and impor leaf tobacco and other materials used in the manufacture of our products. As an importer and exporter, we have a real and substantial interest in the issues involved in this case and I am submitting this verified statement in order that the Commission may be apprised of our interest and views. In the purchase of transportation requirements, there are two considerations which control: (1) costs of transportation and (2) service requirements. Both of these factors are important, but on certain types of movements service is the dominant factor, while on other types of movements cost is controlling.

In our import and export business, we make use of several ports, including New York, Hampton Roads and New Orleans. I am, therefore, thoroughly familiar with the advantages and disadvantages of using these various ports, both from the standpoint of service and from the standpoint of cost to the shipper.

From the standpoint of service, there is no question but that the Port of New York far overshadows the other ports which we use. Therefore, whenever in the movement of import and export traffic service is the dominant consideration, we almost invariably move our tonnage via [fol. 3609] the Port of New York despite higher inland freight costs and are quite content to do so because of service considerations. When we require the fast service which the Port of New York affords, we are willing to pay higher transportation bills to get it.

Although steamship service to and from Hampton Roads has improved in recent years, both as to available destinations and frequency, New York still offers considerably more frequent sailings to more destinations than are available from Hampton Roads. Moreover, it has been my experience that, generally speaking, vessels which load at Hampton Roads go on to New York to top off their cargo before departing for their foreign destinations and that, accordingly, shipments routed via New York will take less time to their foreign destinations than shipments routed via Hampton Roads. Additionally, New York has almost daily sailings of passenger-freight vessels to European destinations, while these lines very seldom call at Hampton Roads.

Where calls are made both at Hampton Roads and New York, quite often the vessel is scheduled to sail from New York some three, four or five days, or more, after it has sailed from Hampton Roads. It is this difference of time, as well as the greater frequency of sailings from the Port of New York, which compels us time after time to clear a particular lot of merchandise from New York even though to the actual port of destination we do have a sailing available in the immediate future from Hampton Roads and [fol. 3610] could save a considerable amount of money in transportation costs if our merchandise were cleared from Hampton Roads rather than from New York.

For example, we have a rather substantial movement of cigarettes from our Petersburg, Va., factory to Columbia, South America. The steamship service from New York to Columbia is far superior both as to frequency and as to time in transit to sailings from Hampton Roads. In fact, sailings from Hampton Roads to Columbia are most irregular. Moreover, even if service were available and we were to schedule shipments of cigarettes destined to Columbia via Hampton Roads, in most instances the ships which we would use would proceed on from Hampton Roads to New York before sailing to Columbia. Generally speaking, they sail from New York several days later than the time they sailed from Hampton Roads. As I will point out, this difference of time is very important. For example, according to the July 15, 1957, issue of "The New York Journal of Commerce," the Grace Line had the S.S. Santa Olivia scheduled to sail from Norfolk on July 27 and from New York on July 31 for west coast of South America ports. At the same time, the Grace Line had the S.S. Santa Margarita scheduled to sail from New York on July 26. Any cigarettes we might have planned to clear in the S.S. Santa Olivia would have been ready in time for us to forward them to New York by motor vehicle in time to be cleared in the S.S. Santa Margarita for sailing on July 26 and, from the standpoint of service, our decision, despite [fol. 3611] the much higher freight charges, would have been to effect clearance of cigarettes in the S.S. Santa Margarita on July 26.

I would now like to explain why service is such an important factor in the export shipment of cigarettes and manufactured tobacco. Much of this export traffic is shipped to customers who first must have available sufficient currency, or the equivalent in United States dollars, to pay for their cigarettes as soon as they are dispatched from a United States port. Since cigarettes are a relatively expensive commodity, the average customer cannot afford to have his money tied up in a particular purchase of cigarettes any longer than is absolutely necessary. This automatically generates the need for us to get our products to the foreign destination as soon as possible—which means that we are compelled to use the Port of New York.

In addition, service is important to a foreign customer because he often cannot obtain import licenses or exchange promptly with the result that by the time he does his stock of cigarettes is low or even exhausted. Obviously, every day counts from his standpoint when it comes to correcting this situation. For that matter, it matters to us, too, because the quicker we get our products to a foreign destination, the quicker they will be sold and the sooner the foreign customer will have increased his liquid assets to the point where he can order additional cigarettes from us and apply, where necessary, for an import permit or exchange.

[fol. 3612] I might say here that it is not unusual for us to receive a telephone order on a Monday for a specified quantity of cigarettes which our customer has stipulated must be delivered to a specific steamer pier in the New York area on Wednesday or Thursday of the same week for clearance in a vessel the customer has specified. I think it can be said without fear of contradiction that we never are requested by customers to situate on short notice cigarettes at Hampton Roads for clearance in a particular vessel. Our experience is that our foreign customers are just as aware as we are of the superior steamship service available at the Port of New York and because clearance of merchandise in vessels from the Port of New York has no adverse effect on the ocean freight charges paid by or for the account of the customer, the customer generally demands the best service.

To be sure, some of our export traffic does move via Hampton Roads. It, however, represents just a small part of our over-all export traffic, and in our efforts to effect some economies in domestic freight charges by moving export traffic via Hampton Roads, we always must first make certain with our Export Sales Department that the greater transit time on traffic cleared from Hampton Roads will not be objectionable to the foreign consignee, or result in the depletion of the stocks of our products in the country to which our products are destined.

[fol. 3613] As I have pointed out, most of our export traffic is routed through New York. At the present time, practically all of this traffic originates at our Petersburg, Va., factory. This factory is about 80 miles from Hampton Roads and about 370 miles from New York. The base carload rate on cigarettes from Petersburg to Norfolk is 37 cents per cwt., as compared with a base carload rate of 95 cents per cwt. to New York and the truckload rate to New York is $1.02 per cwt. Despite these differences in rates, this traffic, as I have said, moves, for the most part, to New York and, even though the rail rate is somewhat lower than the motor carrier rate, it has been several years since we have moved any export traffic to New York via rail. In practically all instances, we use motor carriers for this movement because of fast service which they are in a position to offer.

In order to show how our export traffic from our Petersburg, Va., manufacturing plant divides between the several ports, I have prepared an exhibit which I wish to introduce as Exhibit —— (AJK-1). This exhibit shows shipments of cigarettes and manufactured tobacco products exported via the ports of New York, Hampton Roads, San Francisco, Miami, New Orleans, Baltimore and St. Petersburg, Fla., during the month of August, 1957. This is a representative month for export shipments and it will be noted that the total export tonnage for that month was better than 800 tons. Thus, on a yearly basis we will export between 9,500 and 10,000 tons of cigarettes and manufactured tobacco.

[fol. 3614] It will be noted from this exhibit that the large majority of the shipments moved via the Port of New York. On the basis of total tonnage, that port enjoyed 60.236% of our export business. Hampton Roads, on the other hand, had only 22.801% of the export business, despite the fact that it is located some 290 miles closer to our factory and despite the fact that the base rail rate differential, Norfolk under New York, is some 58 cents per cwt. In fact, eliminating those shipments which moved from the out ports of San Francisco, Miami, New Orleans and St. Petersburg, New York was able to attract some 72.54% of the remaining tonnage.

I might say that our Louisville, Ky., manufacturing plant, which is located in the so-called differential territory, does not presently ship cigarettes and manufactured tobacco for export in any substantial quantity. However, this situation, of course, is subject to change if conditions should require. In that case, obviously, the same service considerations would dictate our using the Port of New York for export traffic even though Hampton Roads has a decided rate advantage on the traffic. As I will point out, however, we do have a substantial import movement to Louisville.

So far, I have talked about the factor of service and its importance to us. As I have said, on cigarettes and manufactured tobacco for export, service is all important. On some of our other traffic, however, service is not as im-
[fol. 3615] portant to us as cost. By cost I mean, of course, the over-all cost to us of transportation.

Our import traffic generally is in the form of leaf tobacco and various materials, such as cigarette paper, cigarette tipping material and cigarette cardboard boxes. On such traffic the cost factor usually takes precedence over the service factor. I say usually because, on occasion, as in the case of new machinery or when our stockpile of a particular item has become low, the service factor then becomes dominant and we require that the urgently needed material be shipped via the Port of New York in a combination freight and passenger steamer which we are reasonably certain will reach the Port of New York on schedule.

However, where, as at present, our inland transportation costs are more favorable via ports other than New York and service is not controlling, we naturally move our tonnage via the ports which offer us the over-all lowest cost. As a result, we naturally move the majority of our leaf tobacco and other imports destined to our plants at Petersburg and Louisville via the ports of Hampton Roads and New Orleans.

In order to show which ports we use for our import tonnage to our Petersburg, Va., and Louisville, Ky., manufacturing plants, I have prepared an exhibit which I wish to introduce. as Exhibit —— (AJK-2). This exhibit shows the commodity, gross weight, country of origin, port of [fol. 3616] entry, vessel and arrival time of each import shipment which we received during the year 1956. In almost every instance, the shipment moved from port of entry to Petersburg or Louisville by rail.

This exhibit shows that to Petersburg in 1956 we moved a total of slightly over 2,400 tons of import traffic. All of this tonnage moved via Hampton Roads except one shipment of 32,985 lbs. which moved via Baltimore and one shipment of 2,932 lbs. which moved via New York.

This exhibit also shows that in 1956 we imported slightly over 1,877 tons of various commodities destined to our Louisville, Ky., manufacturing plant. Of this total, about 107 tons moved via New York, 486 tons via New Orleans and 1283 tons via Hampton Roads. The great bulk of this import tonnage is made up of leaf tobacco which moves in large shipments.

As I understand this case, the Port of New York is seeking to equalize its import and export rates to a large portion of the Midwest with the rates to and from Baltimore and Hampton Roads. This would mean that to Louisville, for instance, our rates for the movement of cigarette tipping material from New York would be exactly the same as it would be from Hampton Roads. If this were to occur, our costs via all the ports would become the same. Since, however, service via New York is superior to service via the other ports, the probabilities are that we would then move via New York a substantial portion of the traffic which currently moves via these other ports. What I have just [fol. 3617] said applies, of course, not only to traffic presently moving but to potential traffic which might move in the future. Obviously, if one is in the market for a new car and can purchase a Ford or a Lincoln for the same price, one is going to purchase a Lincoln. So it is with the purchase of transportation, particularly when a faster overall transit time might enable one to reduce the amount of capital available in inventory. If New York and other North Atlantic ports are equalized, it will cost us no more to get the best. There will be a strong tendency for us to shift our traffic to New York. In other words, the only real advantage which Hampton Roads offers us as a shipper is lower costs. If this cost advantage is removed, there will be no real incentive for us to use Hampton Roads on traffic moving to and from our plant at Louisville, Ky.

It seems clear to me, therefore, that if the rail rates from the Midwest to and from all North Atlantic ports were the same on import and export traffic, the ultimate result would be a diversion of our traffic from Hampton Roads to the Port of New York.

It has been said that trade follows the flag. I think it also can be said that steamers follow the trade, and that unwarranted diversion of traffic from the Port of Hampton Roads to the Port of New York could bring about a gradual, if not immediate, decrease in the number of vessels sailing from Hampton Roads, and, therefore, from the standpoint of the service consideration, compel many receivers and shippers of import and export traffic in the area which can be served [fol. 3618] more logically via Hampton Roads to move their traffic via the Port of New York at rather severe increases in transportation costs.

To me, this would be adverse to the best interests of our economy as a whole, which, in my opinion, transcends in importance the well-being or status of a particular port area. What I mean is that if the cost to the railroads is, say, $2.00 per cwt. from a point in differential territory to shipside at New York and, say, $1.00 per cwt. for the same traffic to shipside at Hampton Roads, the interests of our economy as a whole are, I believe, better served if the lower cost port is utilized. And I believe that the rates to the lower cost port should be lower than the rates via the higher cost port.

My reference to unwarranted diversion of traffic from the ports of Baltimore and Hampton Roads to the Port of New York is prompted by the thought that while competition among industrial firms, modes of transportation, or ports is a healthy condition, that is only true when such competition is based on capabilities and not on artificial or arbitrary concepts, or government fiat.

The Brown & Williamson Tobacco Corporation is engaged in a rather highly competitive field. Its brands of cigarettes do not have a vested or arbitrary right to a particular share of the available business. The health of its business is dependent, and must continue to be dependent, on the quality of its products and the merchandising capabilities of its management.

[fol. 3619] Certainly, if we, and all other tobacco companies, were assured of a specified share of the market, there would be generated little desire or need to strive continuously to improve our product, or give the consumer more for his money.

It has been my position for many years that neither the railroads nor the motor carriers have a vested right to a particular segment of the available traffic. It is my contention that both modes of transportation must be required to compete for traffic in the open market, based on their capabilities, and that any inclination on the part of regulatory bodies not to allow this type of competition to prevail not only makes a farce out of competition but unduly burdens the entire economy with a higher transportation bill than is warranted. If one mode of transportation has lower costs than another, this inherent advantage should be reflected in the rates which it publishes.

To me, the same considerations must govern or control competition among ports. I, for one, do not feel that New York should be made to labor under a rate differential solely because steamship service to and from that port is superior to that available at any other port; nor do I subscribe to the philosophy that when any political or civic group decides that a particular inlet, bay, or what have you, should be developed into a port of the first magnitude, that such desires or programs should be progressed by the establishment of arbitrary advantages or disadvantages.

[fol. 3620] To me, the principal question involved in I&S 6615 is whether from the standpoint of railroad cost to perform the required services on import and export traffic, rates to and from Baltimore and Hampton Roads should or should not be lower than they are to and from New York. If railroad costs to handle import and export traffic to and from Hampton Roads are lower than they are to and from New York, then I see no reason why the Port of Hampton Roads should not be allowed to enjoy the full impact of the benefit of that fact, the same as the Port of New York is allowed to enjoy the full benefit of the fact that it offers steamship services far superior to those available at any other port.

Competition is not competition when an individual firm, mode of transportation, or port area is not allowed to bring his or its talents or capabilities into full play.

The Commission's last decision in Ex Parte 206 puts all points on and south of the main line of the Norfolk and Western from Cincinnati to Kenova, W. Va., and on and south of the main line of the C&O from Kenova, W. Va., to Old Point Comfort, Va., in Southern territory.

This means that on domestic traffic to and from at least most of the area involved in I&S Docket 6615, the rates to Hampton Roads were increased only 9%; whereas, on traffic to and from New York the rates were increased 14%.

To me, this indicates that the carriers serving Virginia, including Hampton Roads, were found to be in need of less increased revenue than carriers serving other North Atlantic ports. [fol. 3621] Whether this is because the Hampton Roads carriers operate more efficiently, enjoy more favorable operating conditions, or both, to me is not important. The vital fact is that the Commission authorized a lower increase.

Now, if the Commission was on sound ground, and I think it was—as far as domestic traffic is concerned—it must follow that the Hampton Roads carriers are in a position to handle import and export traffic at a lower cost than can carriers at other North Atlantic ports, and I must hold to the belief that the economy as a whole must be allowed to receive the benefit of this fact.

In sum, we are in favor of continuance of the present differentials and feel that the proposed equalization would not be in our interest as an importer and exporter or in the interests of the economy as a whole.

[fol. 3622]

VERIFICATION

State of Virginia)
) to-wit:
City of Roanoke)

A. J. Kneessy, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

/s/ A. J. Kneessy
A. J. Kneessy

Subscribed and sworn to before me this 3d day of October, 1957.

/s/ J. A. Brumbaugh
J. A. Brumbaugh,
Notary Public.

My commission expires the 23d day of February, 1959.

[Seal]

[fol. 3623]

I.C.C. EXHIBIT No. 56

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

TESTIMONY OF C. NELSON BEAN, MANAGER RESEARCH & PROMOTION BUREAU, DELAWARE RIVER PORT AUTHORITY

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (Warren Price, Jr., Investment Bldg., Washington 5, D.C.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 3624]

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204
Import and Export Rates from and to North Atlantic Ports

TESTIMONY OF C. NELSON BEAN, MANAGER RESEARCH & PROMOTION BUREAU, DELAWARE RIVER PORT AUTHORITY

Q. Will you state your full name, your position and past experience?

A. My name is C. Nelson Bean. I am employed by the Delaware River Port Authority in the Port Development Department as Manager, Research and Promotion Bureau.

From April, 1953, through May, 1957, I held the position of Economist in the Port Development Department of the Delaware River Port Authority. In that capacity, a considerable portion of my duties included the analysis of the foreign trade of the Delaware River Port and its relative standing among the various U. S. ports. In my present position with the Authority, I am responsible for the supervision of the work of the Department's Economist and the Statistician.

Previous to employment with the Authority, I was engaged for five years as an Assistant Professor at Rider College in Trenton, New Jersey, teaching courses in accounting, statistics, and mathematics.

Q. Were you requested to prepare certain information for this proceeding?

[fol. 3625] A. Yes. Mr. Kraemer, Traffic Manager of the Delaware River Port Authority, asked me to prepare annual import tonnage statistics for selected North Atlantic Ports by commodity for the years 1930, 1935, 1939, and 1946 through 1955. This exhibit, together with a similar exhibit covering exports prepared by the

Virginia State Ports Authority, was used as the basis of summary exhibit (VD-1).

Q. Will you describe your import statistics?

A. I would like to introduce at this time my exhibit (D-1 appearing on page 1) entitled "Import tonnages for selected years for the North Atlantic ports of Portland, Me., Boston, Mass., Albany, N. Y., New York, N. Y., Delaware River, Trenton, N. J., to the sea, Baltimore, Md., Hampton Roads, Va., Norfolk, Va., Newport News, Va., and the United States as a whole."

Statistics contained in this exhibit were taken from "Waterborne Commerce of the United States" published by the U. S. Army, Corps of Engineers and cover the years 1930, 1935, 1939, and 1946 through 1955. Table I includes the years 1949 through 1955 for each selected port and is found on pages 2 through 55. Table II includes statistics for the years 1930, 1935, 1939, and 1946 through 1948 for each selected port and is found on pages 56 through 82. Table III on pages 83 and 84 gives import tonnage statistics for the United States as a whole.

In Table I, tonnage statistics are itemized by detailed commodity listing in conformity with coding system used by Corps of Engineers in their report on 1955 tonnages. For each port, imports excluding petroleum and ores are shown first with a separate total, followed by imports of petroleum and ores, followed by summary figures showing total imports.

[fol. 3626] In Table II, tonnage statistics are given in the greatest amount of detail which appeared possible consistent with comparability of figures. Due to variations in commodity descriptions, especially prevalent in years up to and including 1946, it was necessary to group commodities to some extent. As in Table I, for each port, imports excluding petroleum and ores are shown first with a separate total, followed by imports of petroleum and ores, followed by summary figures showing total imports.

Table III gives total import tonnage for each selected year for the United States, followed by a detailed ton-age breakdown for petroleum and ores, resulting in a net tonnage after exclusion of petroleum and ores.

Q. Has a summary of these export and import statistics been prepared?

A. Yes, and at this time I would like to refer to exhibit (VD-1) —— consisting of seven pages of summary tables which was introduced by Mr. Campbell. Tables I, II, and III, found on pages 2, 3, and 4, provide a recapitulation of exhibit D-1 prepared by the Delaware River Port Authority and of exhibit V-1 prepared by the Virginia State Ports Authority. Table I for exports, Table II for imports, and Table III for the combined export and import tonnage, show for each selected port, and for the United States, and North Atlantic Ports as a whole, total tonnage less exclusions and the net remaining tonnage. Tables IV, V, and VI found on pages 5, 6, and 7 show the per cent of North Atlantic total and of the U. S. total of exports less exclusions (Table IV), imports less exclusions (Table V), and combined exports and imports less exclusions (Table VI) for each port for each year covered in exhibits D-1 and V-1.

[fol. 3627] Q. Mr. Bean, have you prepared any charts which show the trends in tonnage over the years?

A. Yes, and I would like to introduce at this time my exhibit —— which shows by means of twelve charts the trends in tonnage for the North Atlantic ports from 1946 through 1955. These charts depict in summary form the results obtained from the analysis of exhibits D-1 and V-1 and were drawn directly from reference to statistics contained in exhibit VD-1.

Chart on page 2, entitled, "Imports including Petroleum and Ores, North Atlantic Ports", based on total import statistics contained in Table II of exhibit VD-1, shows that the total import tonnage of the North Atlantic Ports has experienced a very rapid and steady rate of growth since World War II.

Chart on page 3, entitled, "Imports including Petroleum and Ores, Major North Atlantic Ports", based on the same statistics as Chart 1, depicts the growth in tonnage of each North Atlantic port. It is evident that the trend of total import tonnage for each of the major North Atlantic ports has been upward since 1946, with Philadelphia (or the Delaware River Ports) making the most rapid gain.

Chart on page 4, entitled, "Imports including Petroleum and Ores, Percentage Distribution of North Atlantic Ports", shows the effect of the differing rates of growth in total import tonnage for the various North Atlantic ports upon their share of the North Atlantic total. In general, Philadelphia has increased its share of the total import tonnage of the North Atlantic ports while New York's share has been decreased.

[fol. 3628] Charts on pages 5, 6 and 7, tell quite a different story. Here we have three charts drawn in the same manner, but showing net imports after the exclusion of petroleum and ores, commodities which have had the greatest impact on import tonnage statistics since World War II.

Chart on page 5, entitled, "Imports less Petroleum and Ores, North Atlantic Ports", shows that, after exclusion of the largest of the bulk cargoes, there is no definite upward trend to import figures. In fact, with the exception of 1946, total tonnage has varied between 13 and 18 million tons with 1955 showing between 15 and 16 million.

Chart on page 6, entitled, "Imports less Petroleum and Ores, Major North Atlantic Ports", shows the variance in import tonnage for each North Atlantic port after exclusion of petroleum and ores. It will be easily seen that it is New York which handles the greatest portion of this cargo, and that all ports, except Portland, have shown some growth between 1946 and 1955. New York's gain in absolute tonnage since 1946 has been almost equal to the total tonnage handled by Philadelphia, its nearest competitor, in 1955.

Chart on page 7, entitled, "Imports less Petroleum and Ores, Percentage Distribution of North Atlantic Ports", is based on the statistics contained in Table V of exhibit VD-1. I believe the only acceptable conclusion which can be reached from a study of this chart is that, with the exception of 1947, the percentage distribution of import tonnage less petroleum and ores between individual North Atlantic ports has not significantly varied during the period since World War II.

Charts on pages 8-13 depict the history of export tonnages in the same manner as Charts on pages 2-7 cover the story on import tonnages.

[fol. 3629] Chart on page 8, entitled, "Exports including Coal and Grain, North Atlantic Ports", based on total export statistics contained in Table I of exhibit VD-1, shows that the total export tonnage of the North Atlantic Ports has been very erratic since World War II.

Chart on page 9, entitled, "Exports including Coal and Grain, Major North Atlantic Ports", depicts the variance in total export tonnage for each of the major North Atlantic ports during the period from 1946 through 1955. It will be easily seen that, although its tonnage has varied greatly, Hampton Roads is the leading export port. It would appear that, if acceptable trend lines could be drawn, New York's Baltimore's and Philadelphia's would extend in the same direction.

Chart on page 10, entitled, "Exports including Coal and Grain, Percentage Distribution of North Atlantic Ports", shows the effect of the variances in total tonnages for each individual port on their share of the North Atlantic total. Over the period covered, it is evident that Hampton Roads has increased its relative share at the expense of New York, Philadelphia, and Baltimore.

Charts on pages 11-13 depict the situation after the elimination of the bulk cargoes, coal and grain, which have accounted for the erratic behavior of individual port tonnages and shares of the total.

Chart on page 11, entitled, "Exports less Coal and Grain, North Atlantic Ports", shows that after the exclusion of bulk cargoes, exports of the North Atlantic ports as a whole have not varied so greatly; and, if a trend line is possible of deduction, it would be downward.

Chart on page 12, entitled, "Exports less Coal and Grain, Major North Atlantic Ports", shows the variance in export tonnage for each of the North Atlantic [fol. 3630] ports after exclusion of coal and grain. New York, as with import tonnage after exclusions, handles more than all other North Atlantic ports combined.

Chart on page 13, entitled, "Exports less Coal and Grain, Percentage Distribution of North Atlantic Ports", is based on statistics contained in Table IV of exhibit VD-1. I believe the only acceptable conclusion which can be reached from a study of this chart is that the percentage distribution of export tonnage less coal and grain between individual North Atlantic ports has not significantly varied during the period since World War II.

In summary, it would appear from these exhibits and the study which has been done on the statistics contained therein, that

(1) bulk cargoes such as petroleum, ores, coal, and grain have not only had the greatest effect on North Atlantic port tonnages, but have been the primary reason for any shifts which have taken place in relative standings of individual ports on total foreign tonnage.

(2) after the exclusion of petroleum and ores from the import tonnage statistics and the exclusion of coal and grain from the export tonnage statistics, no significant change has taken place in the percentage distribution of total North Atlantic tonnage among the major North Atlantic ports since World War II.

Q. Have you made a study of the statistical material introduced by Mr. Gilbert of the Port of New York Authority?

A. Yes, I have.

Q. Will you kindly explain the differences between your exhibit and his?

A. Differences between the two exhibits can be summarized as follows:

[fol. 3631] 1. In developing trend lines for the foreign tonnage of the various North Atlantic ports, Mr. Gilbert has used total tonnage figures which include the bulk cargoes, petroleum, ores, coal, and grain; while my exhibits have depicted the situation both before and after the elimination of such bulks. There is no question but what Philadelphia, Baltimore, and Hampton Roads have had a greater share in the movement of these bulk cargoes than have New York and Boston. It is further true that increases in these bulk cargoes have accounted for the major portion of the increase in foreign tonnage for the United States and for the North Atlantic Ports as a whole. However, as stated above in my summary, after exclusion of these bulk cargoes, there has been no significant change in the percentage distribution of the foreign tonnage of the North Atlantic Ports among the individual ports since World War II.

2. Mr. Gilbert's percentage comparisons have been consistently based on "per cent of U. S. total" while my exhibits have been based on "per cent of North Atlantic Ports". It is undoubtedly true that shifts in industrial development among large regional areas within the United States have caused and probably will continue to cause a more rapid rate of growth for ports in other coastal areas in this country. I understand that this case is concerned with freight rates to the various North Atlantic Ports only. I therefore feel that comparisons made on the basis of "per cent of North Atlantic Ports" to be more specifically connected with the issue at hand.

3. Although Mr. Gilbert furnishes statistics on general cargo for the port of New York and on its percent- [fol. 3632] age of the United States total, showing that for a certain span of years New York's per cent of that total has decreased, no similar comparison is made for the general cargo of other North Atlantic Ports. Rather the comparison is made between New York and the South Atlantic Ports and the Gulf Ports. My exhibits have been concerned with the tonnage of the major North Atlantic Ports and their relative shares in the North Atlantic Ports' total.

[fol. 3633]

VERIFICATION

City of Camden
State of New Jersey ss.
County of Camden

C. Nelson Bean, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: C. Nelson Bean

Subscribed in my presence and
sworn before me by the affiant
above named on this
10th day of October, 1957

/s/ Horace J. Stradley
Notary Public of New Jersey

My Commission Expires July 29, 1962

Seal

[fol. 3634]

(See opposite) ☞

EXHIBIT__________
I & S DOCKET 6615
WITNESS C. N. BEAN
Page 1 of 13 Pages

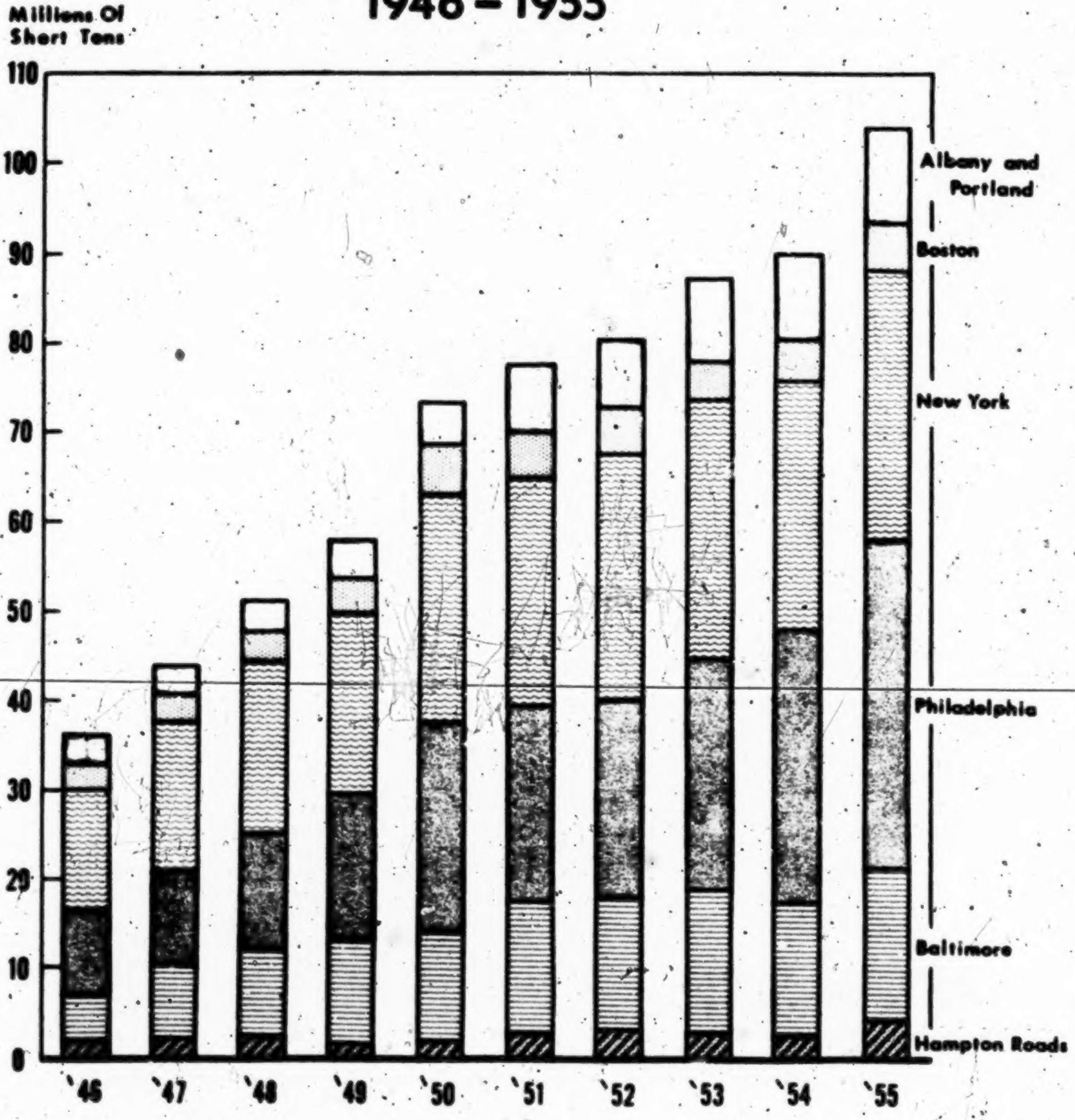
EXHIBIT SHOWING BY MEANS OF CHARTS AND GRAPHS THE STATISTICAL MATERIAL APPEARING IN EXHIBITS ____ ____ AND ____

3134

IMPORTS INCLUDING PETROLEUM AND ORES

North Atlantic Ports

1946 – 1955

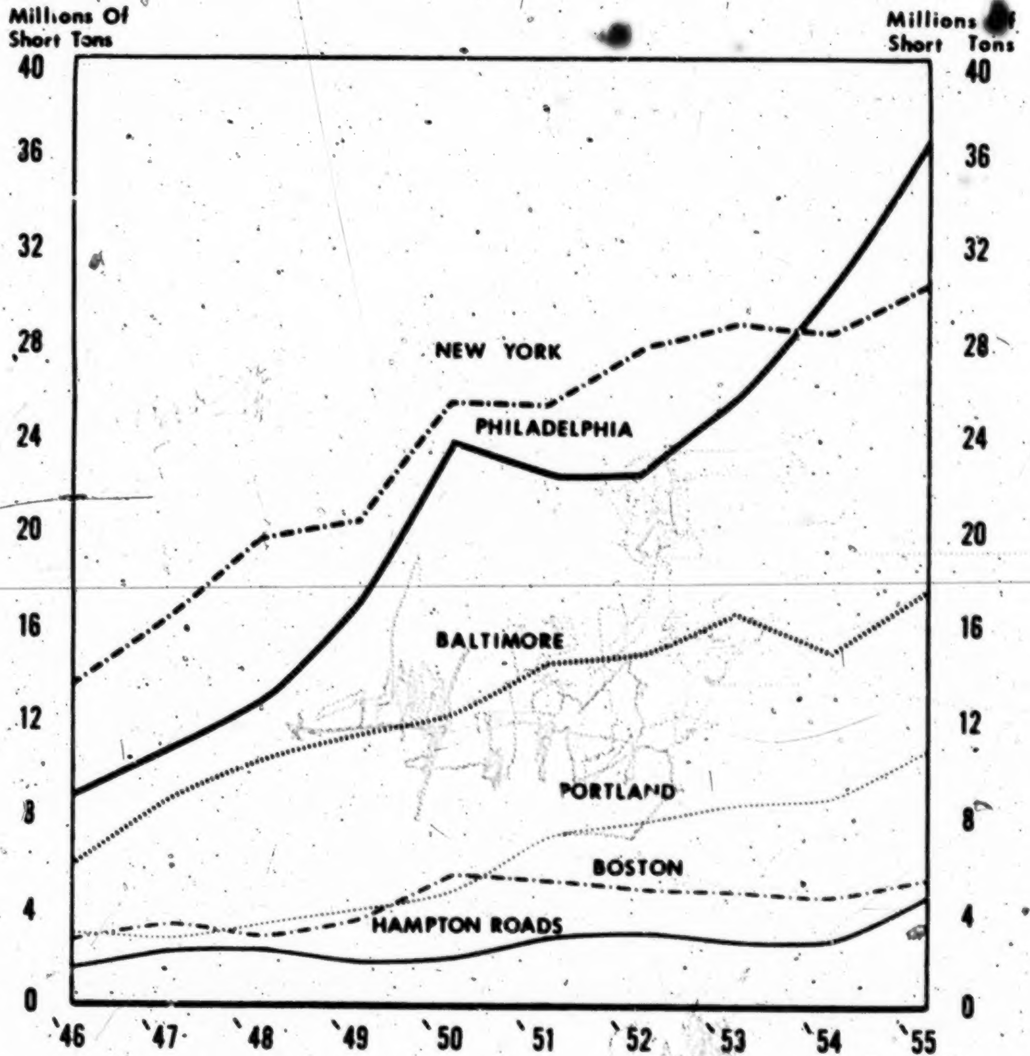


SOURCE: Annual Reports, Corps of Engineers, U. S. Army

IMPORTS INCLUDING PETROLEUM AND ORES

Major North Atlantic Ports

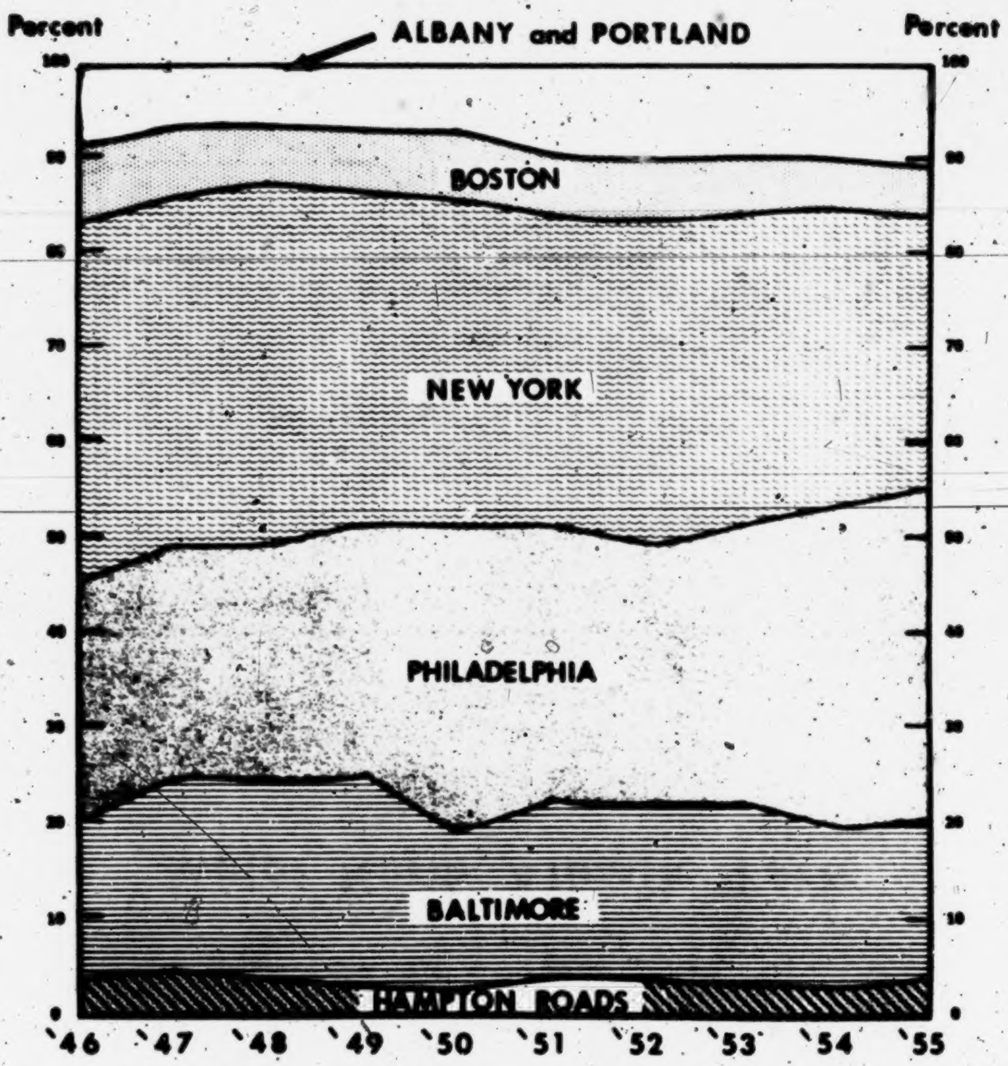
1946 – 1955



SOURCE: Annual Reports, Corps of Engineers, U. S. Army

IMPORTS INCLUDING PETROLEUM AND ORES

Percentage Distribution Of
North Atlantic Ports
1946 — 1955

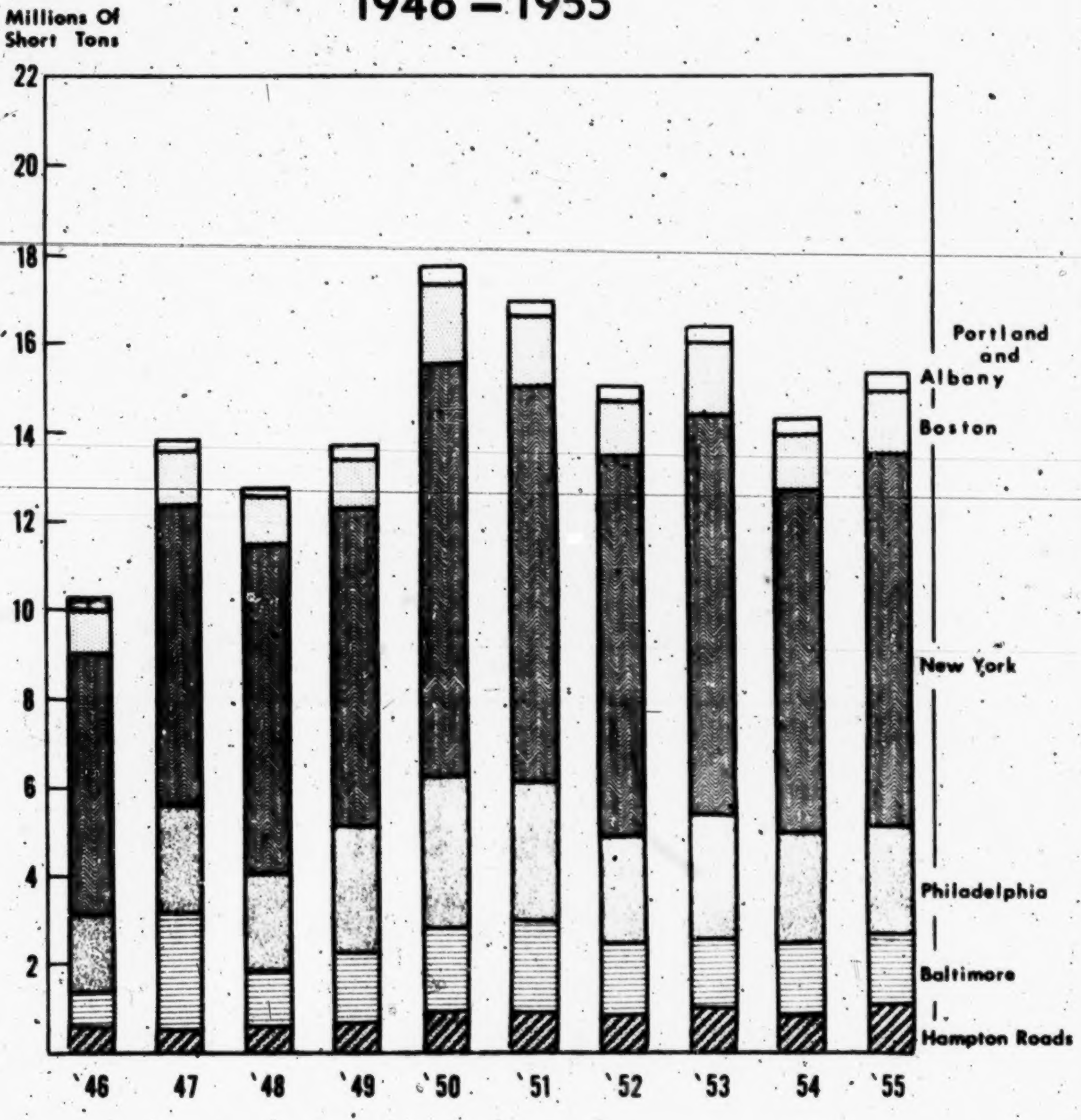


SOURCE: Annual Reports, Corps of Engineers, U.S. Army

IMPORTS LESS PETROLEUM AND ORES

North Atlantic Ports

1946 – 1955



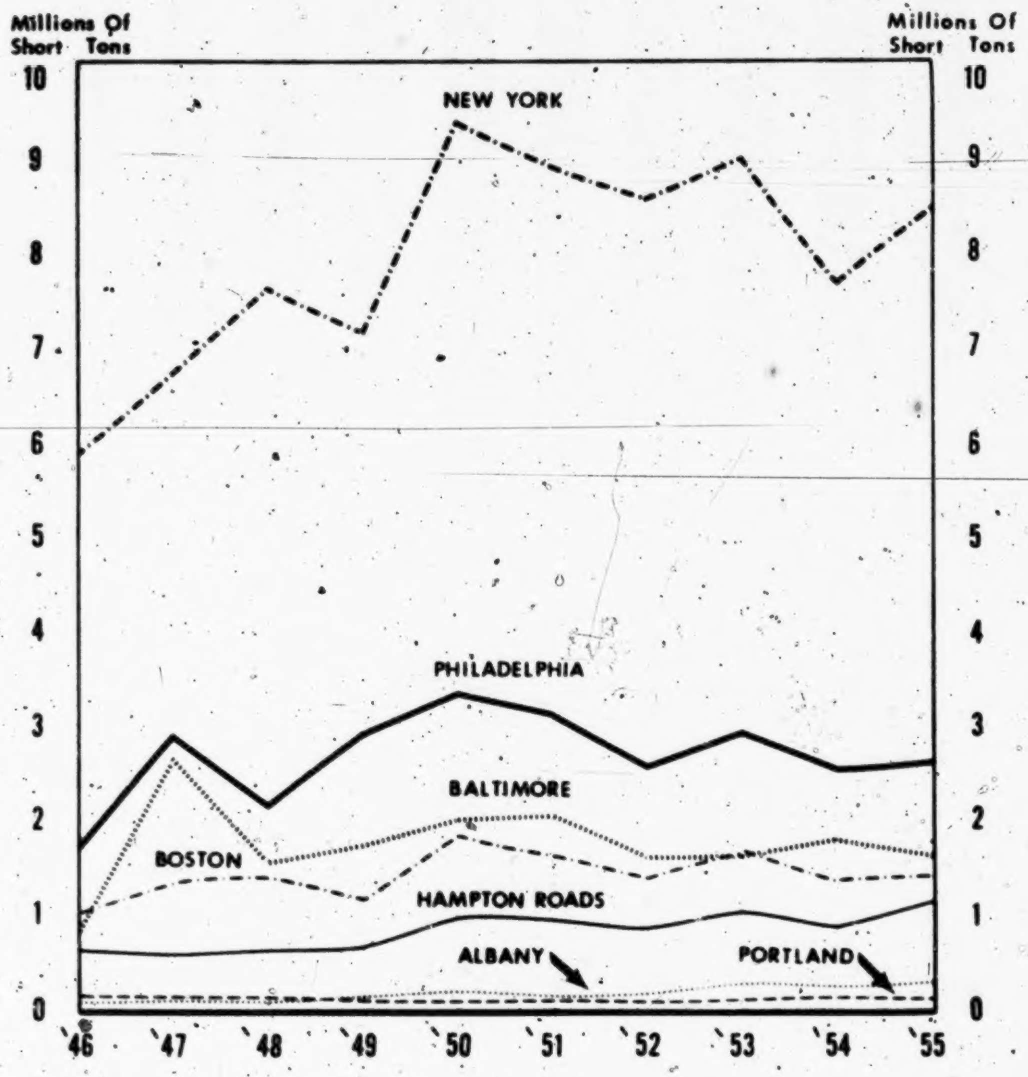
SOURCE: Annual Reports, Corp of Engineers, U. S. Army

[fol. 3638]

IMPORTS LESS PETROLEUM AND ORES

Major North Atlantic Ports

1946 - 1955



SOURCE: Annual Reports, Corps of Engineers, U. S. Army

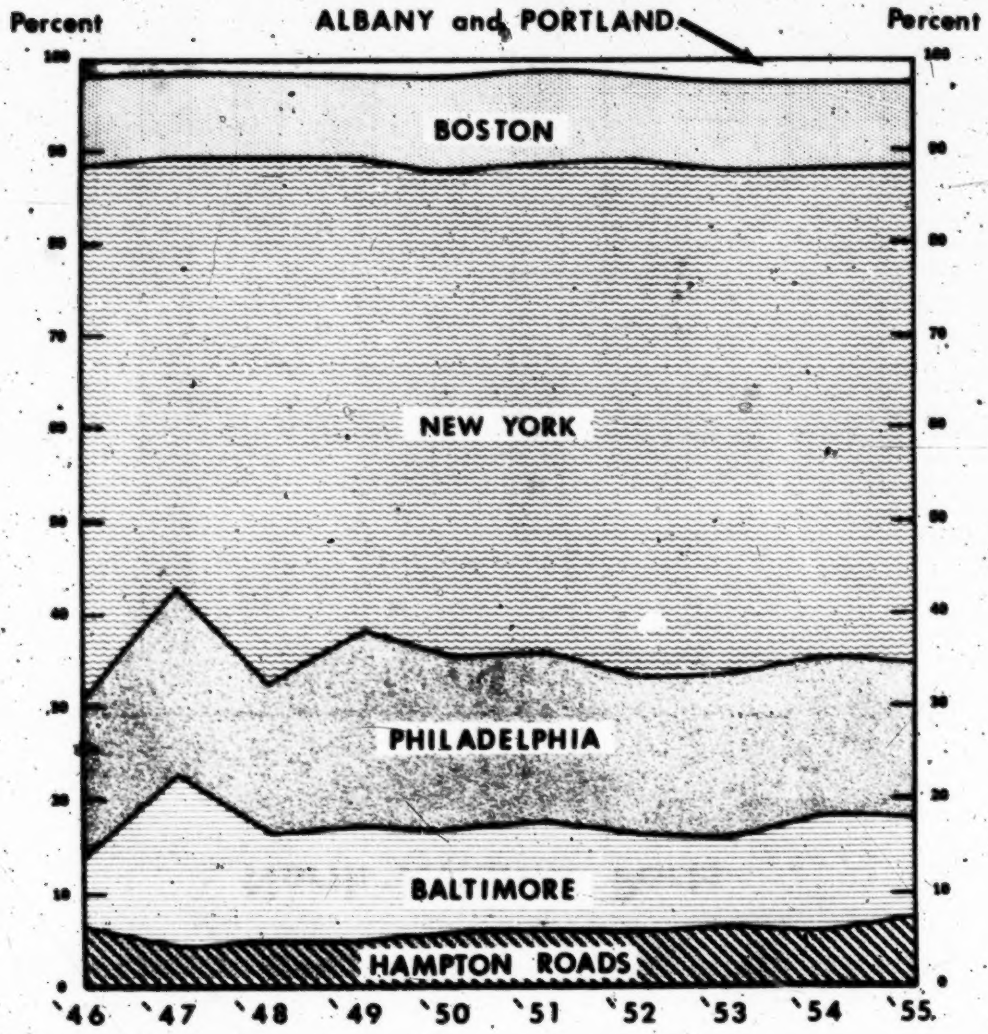
[fol. 3639]

3639

IMPORTS LESS PETROLEUM AND ORES

Percentage Distribution Of North Atlantic Ports

1946 — 1955



SOURCE: Annual Reports, Corps of Engineers, U.S. Army

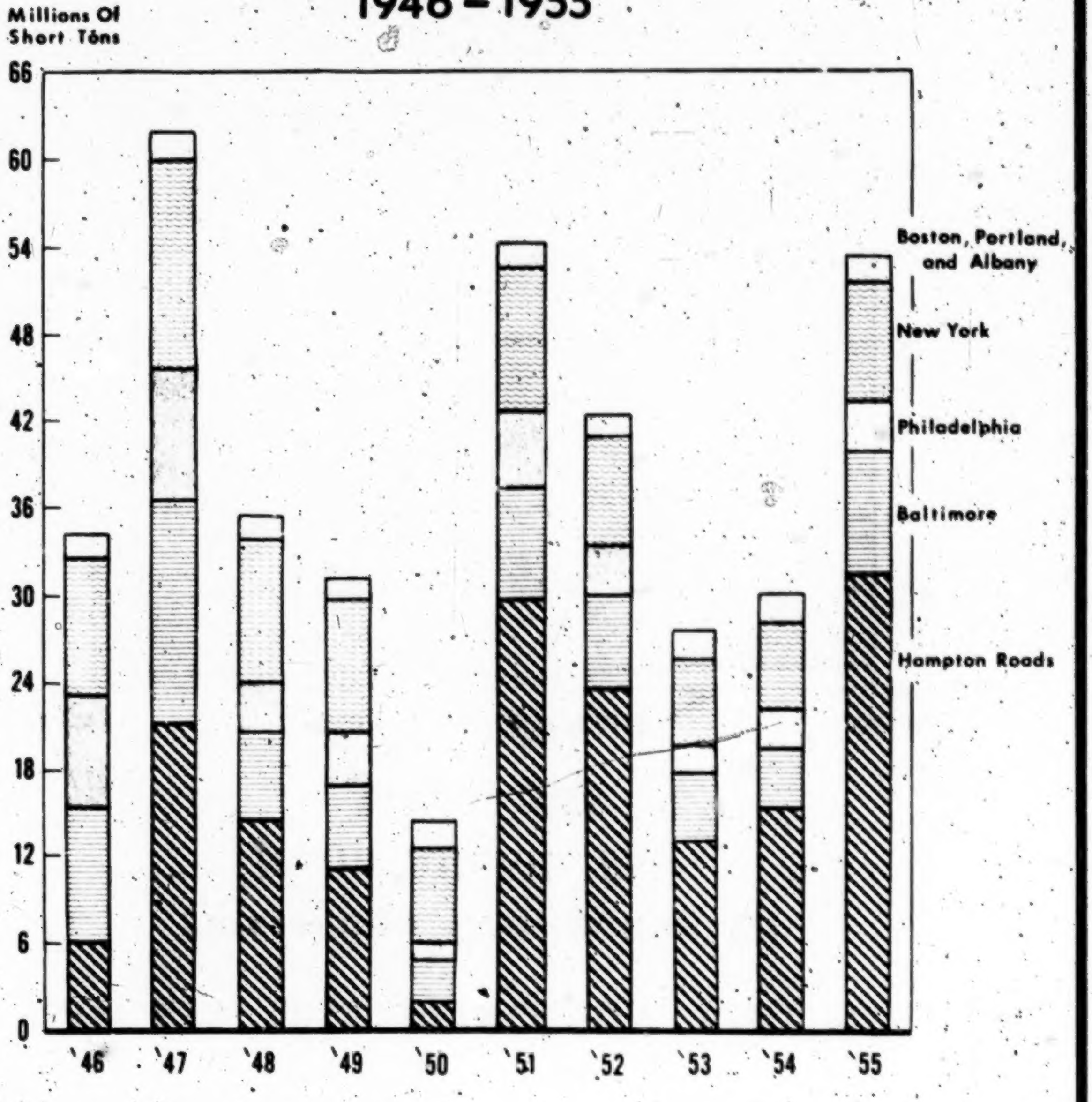
[fol. 3640]

2591

EXPORTS INCLUDING COAL AND GRAIN

North Atlantic Ports

1946 – 1955

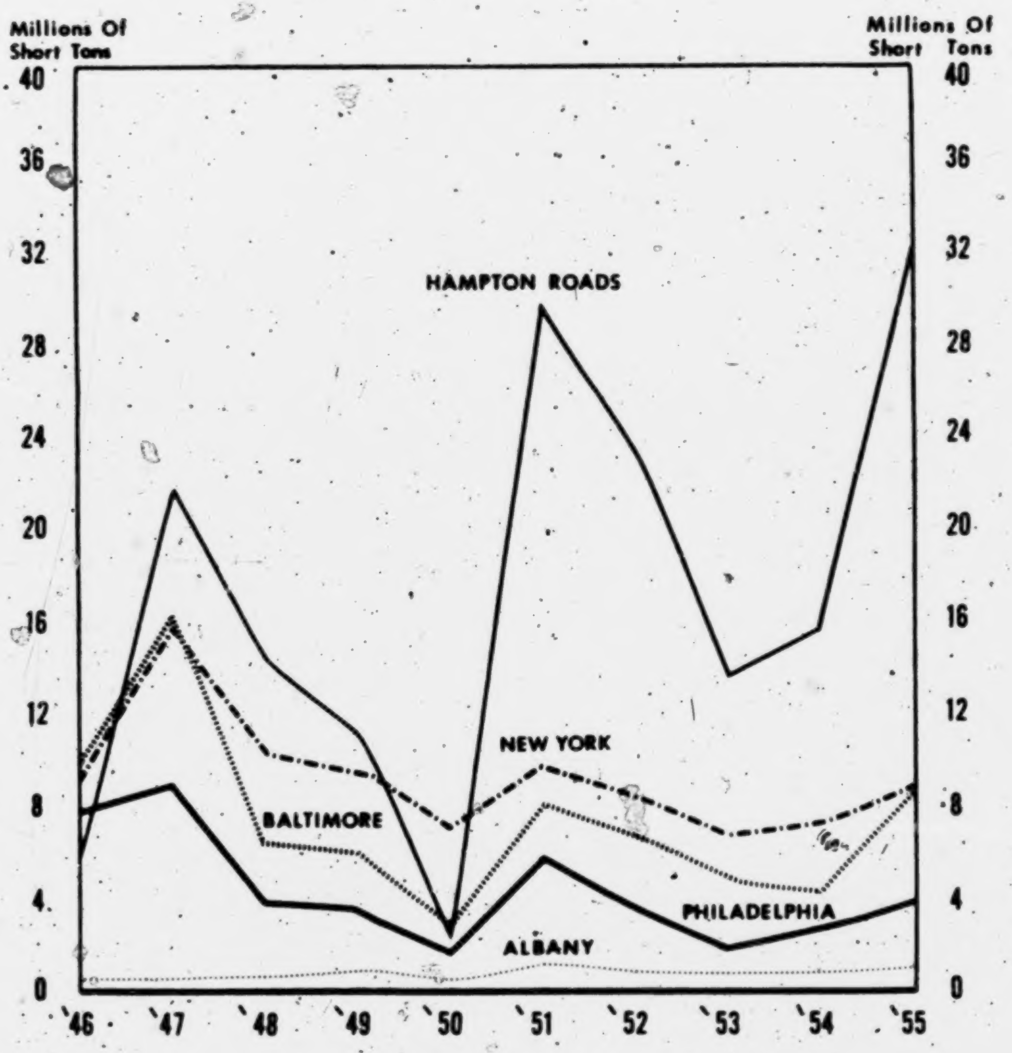


SOURCE: Annual Reports, Corps of Engineers, U. S. Army

EXPORTS INCLUDING COAL AND GRAIN

Major North Atlantic Ports

1946 - 1955



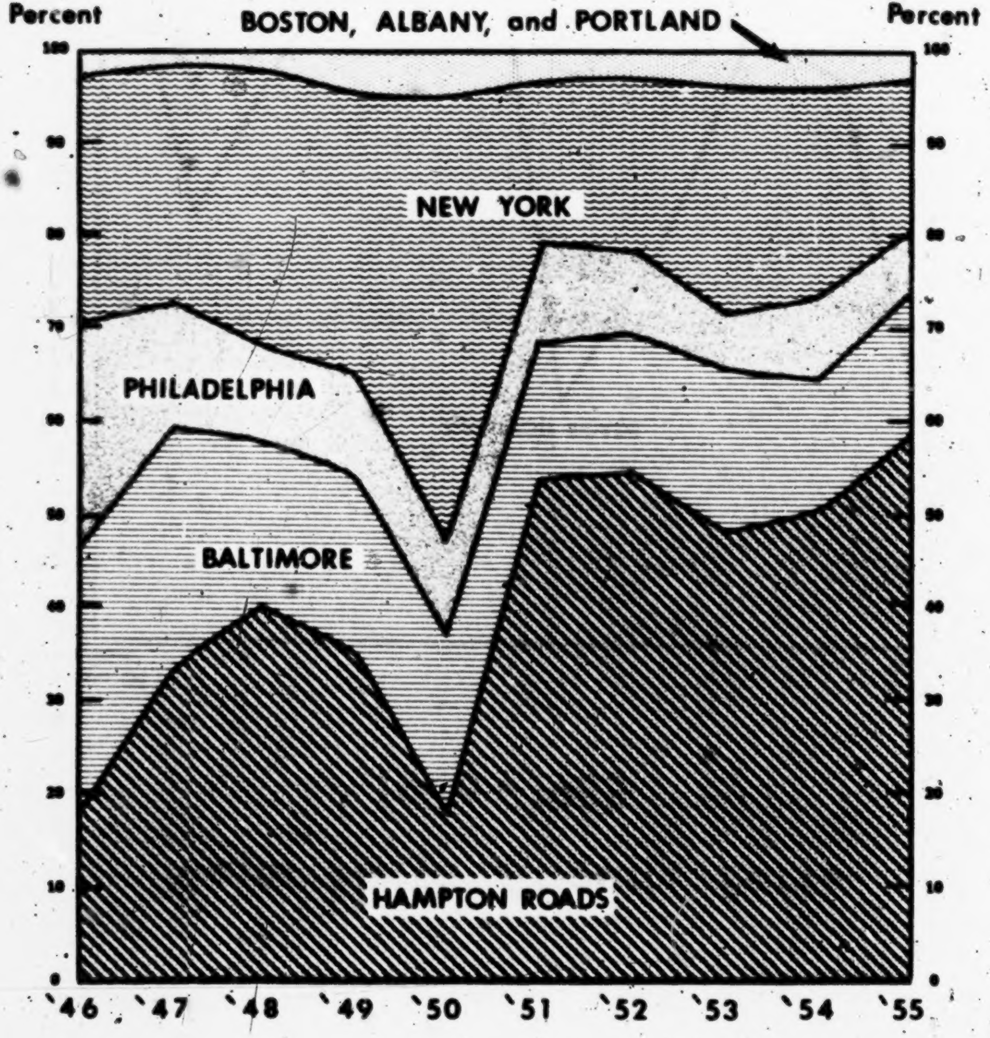
SOURCE: Annual Reports, Corps of Engineers, U. S. Army

3642

EXPORTS INCLUDING COAL AND GRAIN

Percentage Distribution Of North Atlantic Ports

1946 — 1955



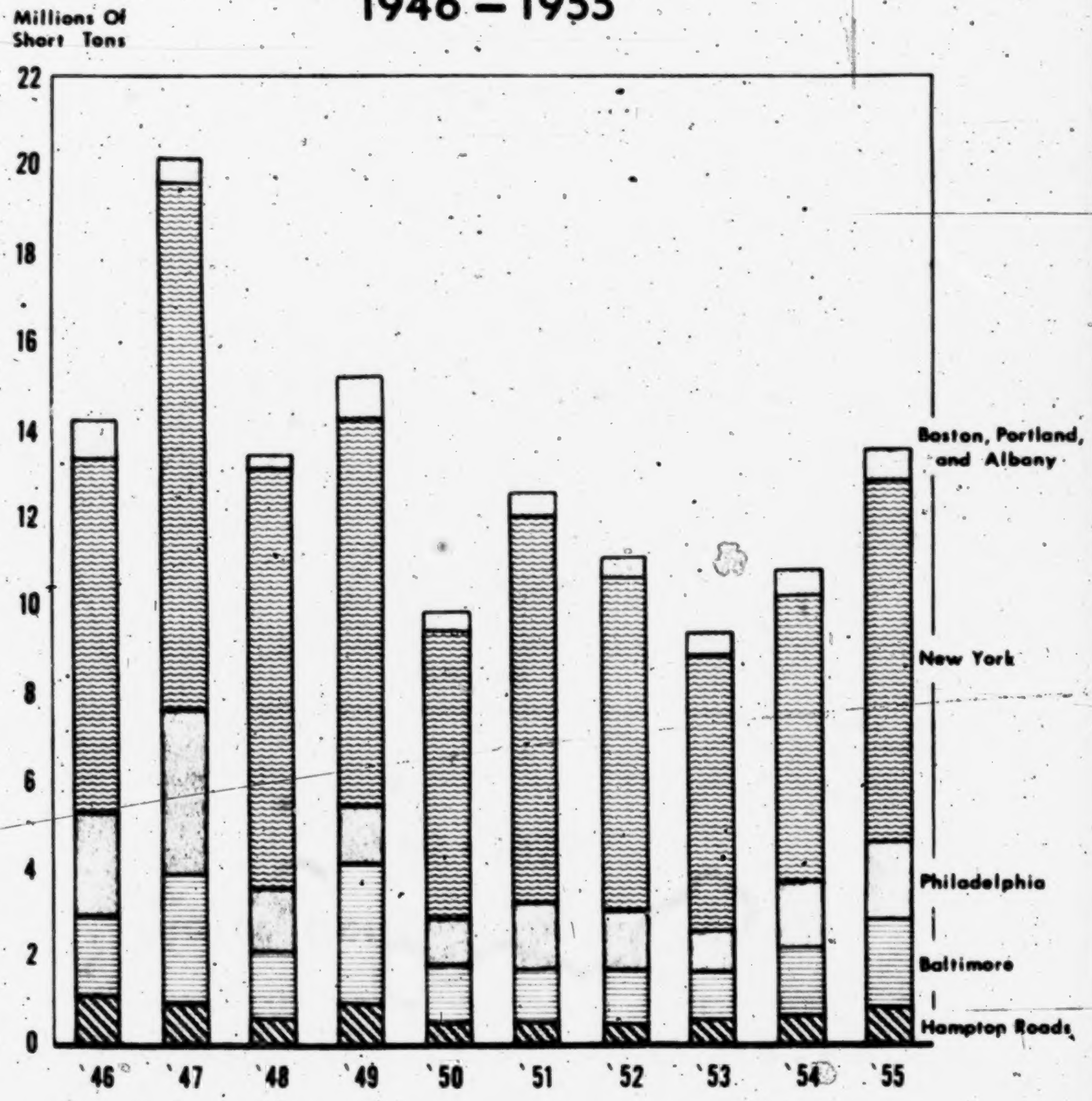
SOURCE: Annual Reports, Corps of Engineers, U. S. Army

2600
[fol. 3643]

EXPORTS LESS COAL AND GRAIN

North Atlantic Ports

1946 – 1955

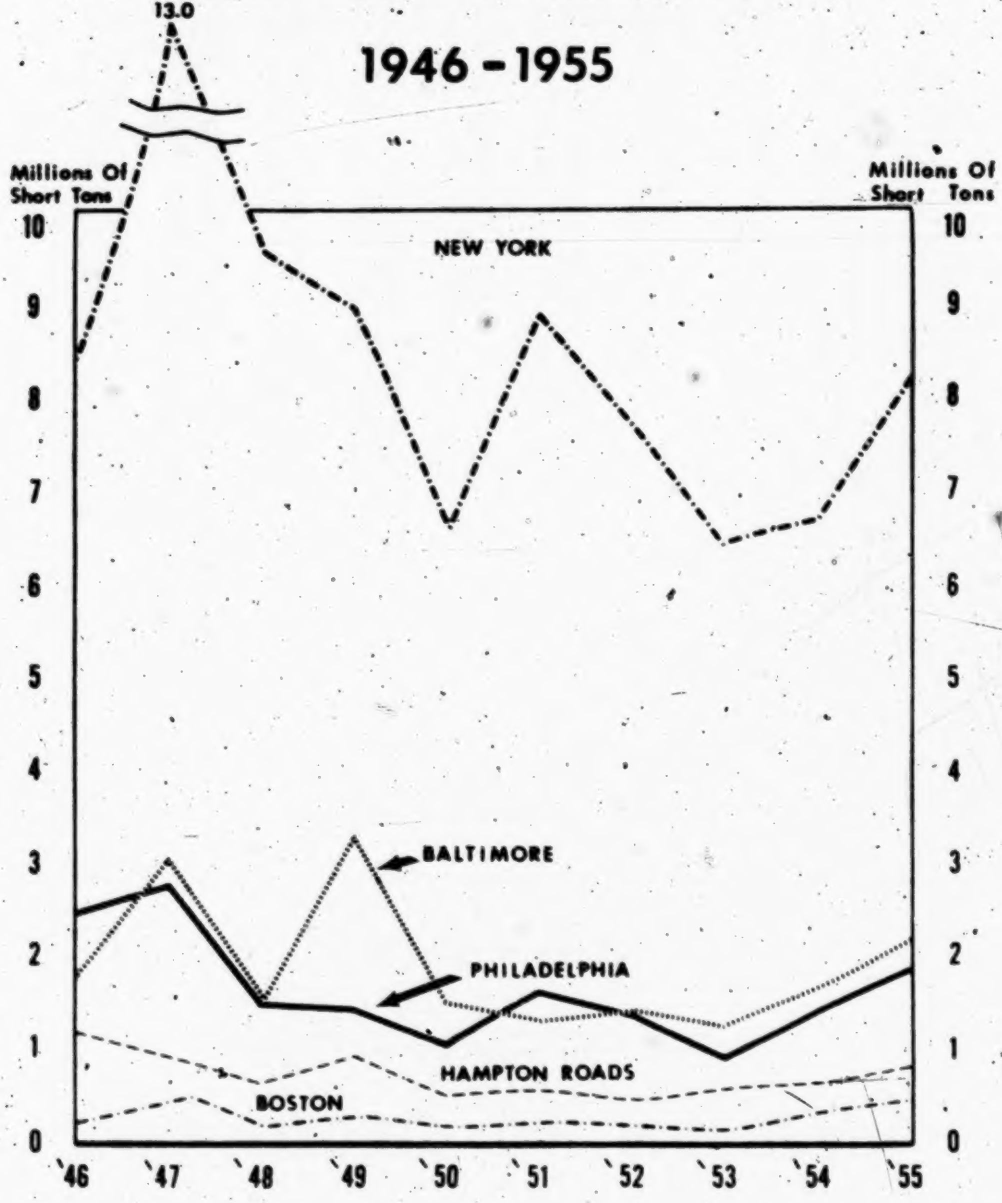


SOURCE: Annual Reports, Corps of Engineers, U. S. Army

EXPORTS LESS COAL AND GRAIN

Major North Atlantic Ports

1946 – 1955

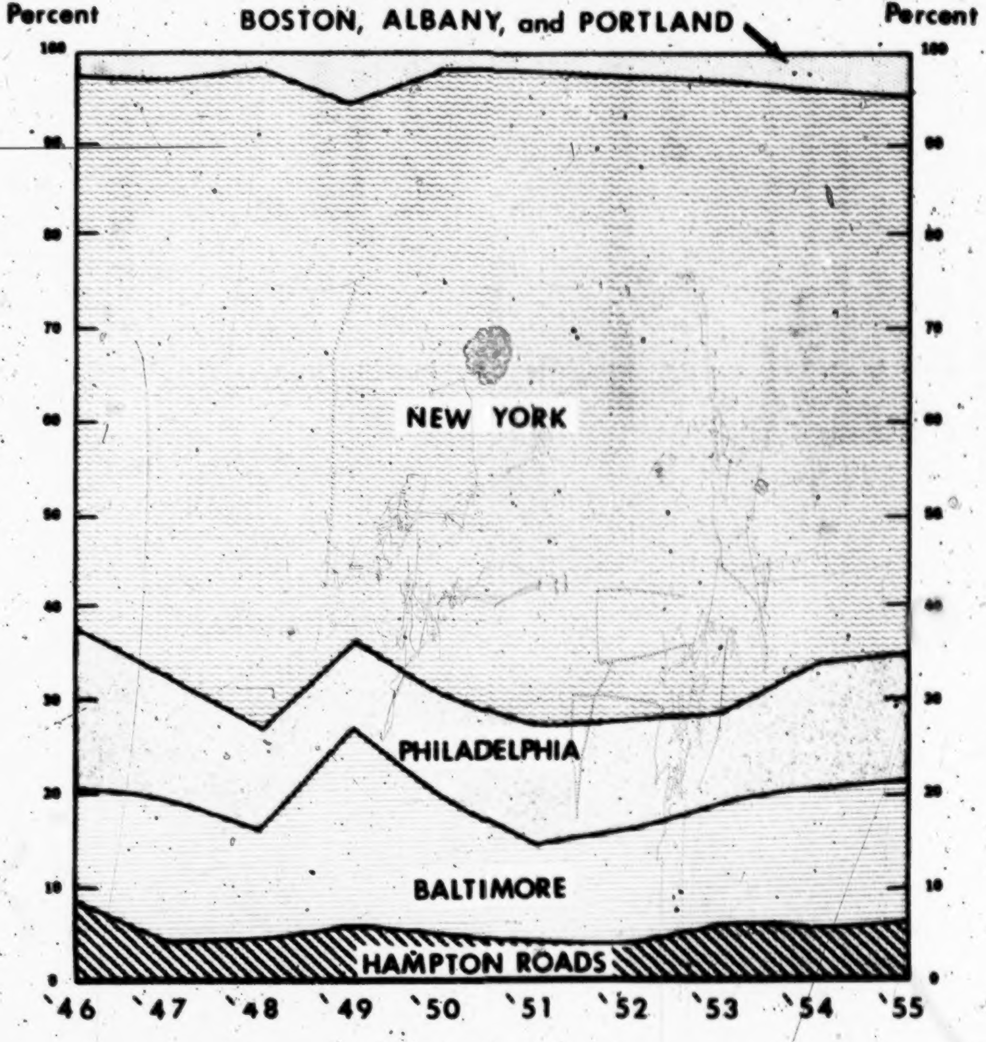


SOURCE: Annual Reports, Corps of Engineers, U. S. Army

EXPORTS LESS COAL AND GRAIN

Percentage Distribution Of North Atlantic Ports

1946 — 1955



SOURCE: Annual Reports, Corps of Engineers, U. S. Army

[fol. 3647] Secretary's certificate (omitted in printing).

[fol. 3648]

I.C.C. Exhibit No. 58

This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before The

INTERSTATE COMMERCE COMMISSION

I. & S. Docket No. 6615

Equalization of Rates at
North Atlantic Ports

VERIFIED STATEMENT
OF
J. SCHMUCK, JR.
ASSISTANT FREIGHT TRAFFIC MANAGER
THE VIRGINIAN RAILWAY COMPANY
NORFOLK, VIRGINIA

[fol. 3649]

Before The

INTERSTATE COMMERCE COMMISSION

I. & S. Docket 6615

Equalization of Rates at North Atlantic Ports

VERIFIED STATEMENT
OF
J. SCHMUCK, JR.,
ASSISTANT FREIGHT TRAFFIC MANAGER
THE VIRGINIAN RAILWAY COMPANY
NORFOLK, VIRGINIA

My name is J. Schmuck, Jr. I am Assistant Freight Traffic Manager of The Virginian Railway Company. My offices are located in the Terminal Building, Norfolk, Virginia. I entered the service of Virginian Railway in 1918 and have been employed in the traffic department continuously since 1919. I was appointed Assistant General Freight Agent in 1951, General Freight Agent in 1954 and Assistant Freight Traffic Manager this month. My duties include direct supervision of the rate department and I am familiar with the issues involved in this proceeding.

The Virginian Railway Company owns and operates a line of railroad terminating on the east at Norfolk, Virginia, and on the west at Deepwater and Deepwater Bridge, W. Va. At Deepwater, W. Va. (on the south side of the Kanawha River) there is a direct connection with the Chesapeake and Ohio Railway. At Deepwater Bridge, W. Va. (on the north side of the Kanawha River) there is a direct connection with the New York Central Railroad. I offer [fol. 3650] for identification as Exhibit VN 1 a small system map of the Virginian Railway.

The Virginian Railway serves directly the Port of Norfolk, Va. and is therefore vitally interested in the development of this port and the relationship of rates on export and import traffic between this port and other North Atlantic Ports. The Virginian must rely exclusively on the Port of Norfolk for its export and import tonnage, as it reaches no other port and is not a participating carrier in the rates between the differential territory on the one hand and the other North Atlantic Ports, including Newport News, Va., on the other. Moreover, the Virginian does not reach the so-called differential territory directly with its rails, so must rely on the two connecting railroads at Deepwater and Deepwater Bridge in order to participate in the handling of export and import tonnage from and to this territory through the Port of Norfolk.

Located on and served directly by the Virginian's rails at Norfolk, Va. is the Hampton Roads Army Terminals, formerly the United States Army Base. This important terminal is also served by the Norfolk and Portsmouth Belt Line Railroad, which line has trackage rights over part of the Virginian's rails, to reach this terminal. The Belt Line also has direct carload interchange connections with all other rail carriers reaching Norfolk. Other Norfolk waterfront terminals handling general export and import merchandise traffic are located on connecting lines but are open to all Norfolk railroads thru reciprocal switching arrange- [fol. 3651] ments. By appropriate tariff provision, all export and import freight handled thru the Hampton Roads Army Terminal is accorded the application of specific export and import rates where such rates are in effect. This same application applies at all other Army or Navy Bases at all North Atlantic Ports.

Of the Virginian tonnage, the largest and most important is that handled thru military bases. It is my opinion that in order for the Hampton Roads Army Terminal to operate at near peak efficiency, it is necessary that differential rates be maintained to attract traffic to these terminals. Without this incentive, the traffic would probably be handled thru Military terminals at other ports, thus depriving the Virginian of an opportunity to compete.

The traffic tonnage studies submitted herein by Witness Mollman of the Baltimore and Ohio Railroad, included tonnages for the Hampton Roads lines. Tonnage figures of the Virginian, included in this study, were prepared under my supervision and furnished to the B&O for use in the study. While the total handled by the Virginian is small when compared with other Hampton Roads lines as well as with other North Atlantic Port tonnages, nevertheless, it is important tonnage to the Virginian.

Principally due to its geographical location, the predominate tonnage of the Virginian is coal, which is not involved in this case. Expressed percentagewise, revenue coal tons accounted for 88.7% of the Virginian's total tonnage in 1955, 89.7% in 1956 and 89.3% in the traffic study year [fol. 3651a] August 1, 1955 thru July 31, 1956. If the Virginian is to succeed in its highly essential efforts to develop its general merchandise traffic and thus diversify its services, it obviously cannot afford to lose its differential territory tonnage which amounted to 2.1% in 1955, 1.8% in 1956, and 2.2% in the year August 1, 1955 thru July 31, 1956, of its total revenue merchandise tons line-hauled during those periods.

During the year August 1, 1955 thru July 31, 1956, the Virginian handled only 49,331 tons of export and import tonnage to and from differential territory, despite the rate differential applicable at Hampton Roads as compared to the other North Atlantic Ports. It is evident that, in view of the Virginian's geographical location, even this small but, to the Virginian, important tonnage would be lost if such differential were eliminated.

The Virginian, therefore, is firmly of the opinion that rates differentially under New York are definitely needed at Hampton Roads Ports, and we join the Norfolk and Western and Chesapeake and Ohio Railways' witnesses in their testimony as to the reasons which require such differential rates.

J. Schmuck, Jr.
Assistant Freight Traffic Manager
The Virginian Railway Company

[fol. 3652]
State of Virginia)
) ss.
City of Norfolk)

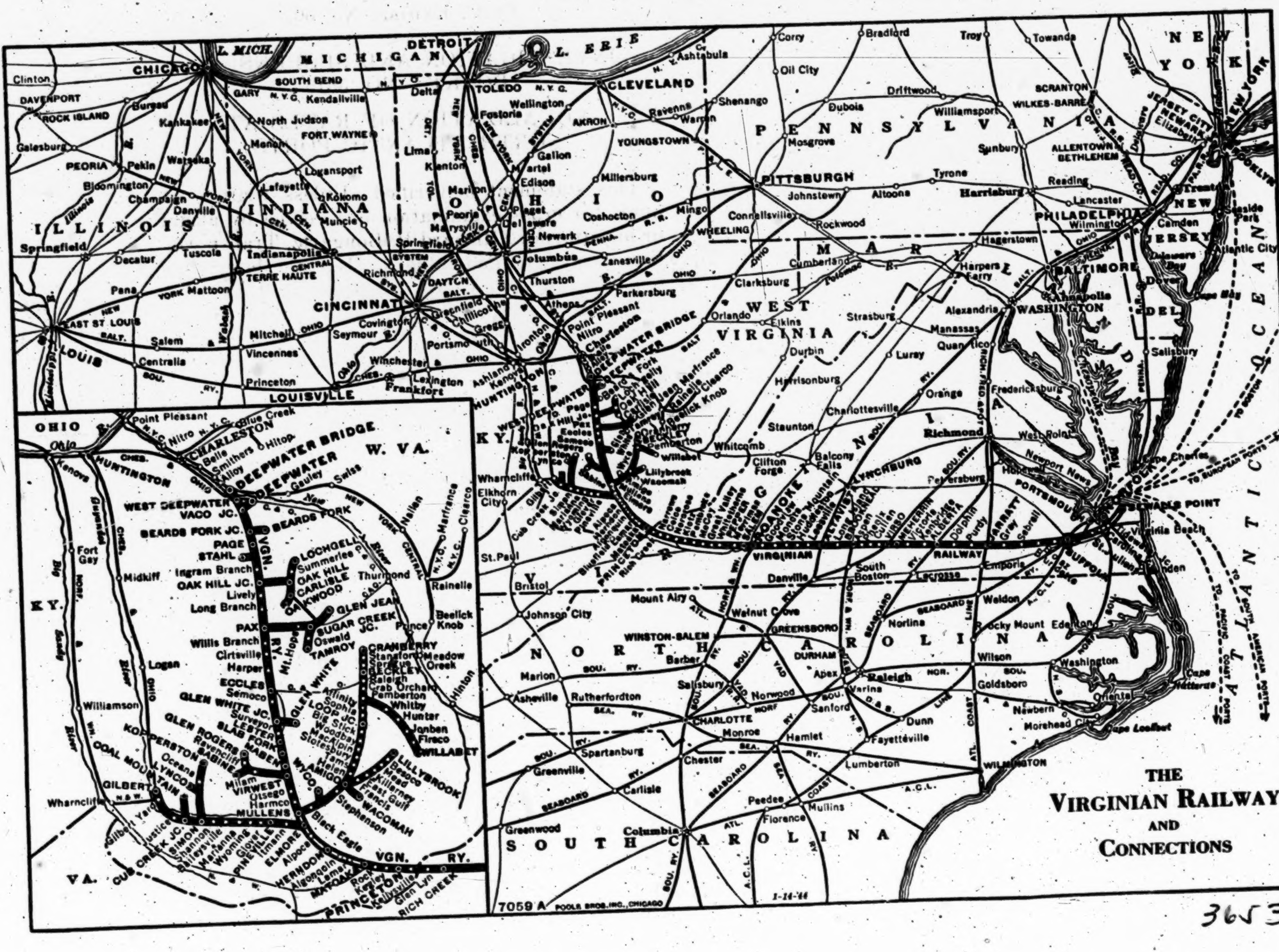
J. Schmuck, Jr., being duly sworn, deposes and says that he is Assistant Freight Traffic Manager of The Virginian Railway Company and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

J. SCHMUCK, JR.

Subscribed in my presence and sworn to
before me by the affiant above named
this 16 day of October, 1957

(George W. Simpson, Jr.)
Notary Public,
City of Norfolk, State of Virginia
My Commission Expires March 18, 1960

Exhibit No. VN 1
Witness J. Schmuck, Jr.
I & S Docket No. 6615


THE VIRGINIAN RAILWAY AND CONNECTIONS
7059 A
POOLE BROS., INC., CHICAGO
1-14-44
L. MICH.
L. ERIE
MICHIGAN
ILLINOIS
INDIANA
OHIO
PENNSYLVANIA
NEW YORK
NEW JERSEY
MARYLAND
DEL.
WEST VIRGINIA
VIRGINIA
KY.
NORTH CAROLINA
SOUTH CAROLINA
ATLANTIC OCEAN
CHICAGO
DETROIT
TOLEDO
CLEVELAND
PITTSBURGH
PHILADELPHIA
NEW YORK
BALTIMORE
WASHINGTON
CINCINNATI
Columbus
LOUISVILLE
ST. LOUIS
Indianapolis
HUNTINGTON
Charleston
DEEPWATER BRIDGE
DEEPWATER
ROANOKE
LYNCHBURG
Richmond
NORFOLK
SEWALLS POINT
VIRGINIAN RAILWAY
PRINCETON
Bristol
WINSTON-SALEM
GREENSBORO
DURHAM
Raleigh
CHARLOTTE
WILMINGTON
Columbia
TO EUROPEAN PORTS
TO SOUTH AMERICAN PORTS
TO BOSTON
OHIO
W. VA.
KY.
VA.
VGN. RY.
CHARLESTON
DEEPWATER BRIDGE
DEEPWATER
WEST DEEPWATER
VACO JC.
BEARDS FORK JC.
PAGE
OAK HILL JC.
MULLENS
ELMORE
PRINCETON
GILBERT
WHARNCLIFFE
LILLYBROOK
WACOMAH
WILLABET
MATOAKA
HERNDON
PINEVILLE
RICH CREEK

[fol. 3654]

I.C.C. Exhibit No. 60

INVESTIGATION AND SUSPENSION DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

This statement ~~is verified.~~ Unless written request for cross examination is received by affiant or his attorney (Richard R. Bongartz, Transportation Center, Philadelphia 4, Pa.) not later than ten (10) days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 3655]

BEFORE THE

INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

TESTIMONY OF KENNETH G. CROWL

My name is Kenneth G. Crowl. I am Assistant Manager-Freight Rates, Freight Sales and Services Department, The Pennsylvania Railroad Company, with headquarters at Pennsylvania Station, 30th Street, Philadelphia 4, Pa. Entering the service of my company in 1923, I have been employed in the Transportation and Freight Sales and Services Departments. In the former organization I advanced to position of Chief Clerk—System Operating Department, and in the latter have served in various capacities, both on- and off-line, including being in charge of our Commerce Department and having responsibility for preparation and presentation of testimony and exhibits before this Commission and the several State commissions. I was appointed to my present position effective November 1, 1955. My present duties include considerations of the factors involved in establishing new freight rates and in keeping the freight rate structures responsive to present day needs. I attended Ohio State and Harvard Universities, my degree from the latter being in the fields of History, Government and Economics. In 1944-45 I served with the Traffic Sub-Committee, Railroad Committee for the Study of Transportation, Association of American Railroads, in [fol. 3656] Grand Central Terminal, New York, New York.

The issues in this case are set forth in the corrected order by the Commission, Board of Suspension, dated July 6, 1956. Therein are listed numerous schedules of freight rates which were suspended to and including February 9, 1957, but which have been continued under suspension without limit of time. These suspended schedules name reduced import and export rates on the commodities named therein on the same basis as applies to Baltimore.

There is need for complete and clear understanding of the meaning of the terms used in this proceeding. Import and export rates are not applicable to all import and export traffic; neither can the term "import and export traffic" be considered as the tonnage which would move under the schedules under the suspension herein. The meaning of import and/or export rates in this statement is that they are rates published in freight rate tariffs filed with the Commission as specifically applying only to import and/or export traffic, when so identified. The terms import and/or export traffic are used herein as applying to those commodities which are expressly included in Witness Mollman's Exhibit No. —— (MLM-2), without regard as to whether it will have or has had rail movement on import, export, or domestic class or commodity rates.

I do not intend to relate the history of the differential adjustment, here in issue, which will be presented by Witness Mollman. It is, however, necessary to cite some aspects of the history, in light of the prior testimony given in behalf of the primary respondents (those advocating equalization of New York with Batimore), herein. As early as 1869 the differential system was in effect as a means [fol. 3657] of maintaining stability in freight rates between the east and west. The agreed difference Baltimore under New York in the rate on grain was 10 cents per 100 pounds. In 1870, after a rate war, it was reduced to 5 cents. On December 15, 1871, the McGraham Formula was adopted on westbound traffic. The differential tariff of 1875 on westbound freight, by classes of freight, provided differentials under New York of:

	Classes				
	1st	2nd	3rd	4th	Special Class
Baltimore, Md.	10	9	8	6	5
Philadelphia, Pa.	7	7	6	4	3

(In cents per 100 pounds)

On April 13, 1876, the now-Central Territory Railroads adopted, with agreement of the Eastern Trunk Lines, a tariff which was based upon the relative distances from the western origins to the eastern port cities. According to this tariff, the rates from Chicago to Baltimore were 13% less than, and to Philadelphia 10% less than to New York. From Cincinnati to Baltimore rates were 24% less than, and to Philadelphia 12% less than to New York. The history of the McGraham Formula is found in report on the *Michigan Percentage Cases*, 47 I.C.C. 409.

A month and a half after these rates were adopted the New York Central Railroad and the Erie Railroad withdrew from this agreement, claiming too great an advantage to Philadelphia and Baltimore. A rate war ensued and continued until rates under the April 5, 1877, agreement were put into effect. Thus, a trial with rates made in relation to distance from western common points to the port cities was short lived, although from 1869 to 1876 rates made on [fol. 3658] the differential principle had been in effect.

The April 5, 1877, agreement, reproduced as Exhibit No. —— (D-4) of Witness Laux, indicated accord on the differential-distance conflict between the railroads.

The first point of agreement provides application "whether on freight shipped for local consumption or shipped locally and afterwards exported or shipped for direct export." This provision, providing the same rates on class rated traffic, both domestic and export traffic, continued until 1932. The domestic and export-import commodity rates are still the same in a great many instances. This item also provided for the railroads retaining the local rate basis established as their earnings on all traffic.

The second point of agreement provided eastbound rates to Boston no lower than to New York on both domestic and export traffic.

The third point of agreement provides that even though through rail-ocean bills of lading be issued, the local rail rate, applying on both export and domestic traffic, will accrue to the railroad performing the service.

The fourth point of agreement, while providing a basis for rates westbound, is specific in reserving for the railroad handling its local rate from the port, as soon as the then-existing contracts governing foreign business could be terminated.

I consider these third and fourth points of agreement significant, in that the railroad presidents reserved for their respective lines the same earnings on waterborne traffic as they did on domestic. They did not thereby create any specific proportional or varying proportional rates with the water carriers, through which their earnings would be [fol. 3659] related to any factor other than their own specific local rates to and from the ports.

The rates under the April 5, 1877, agreement went into effect on July 1, 1877. In 1879 the New York State Assembly appointed a special committee on railroads to investigate the rail differential agreement and its relation to railroads that had been chartered by the State of New York. Testifying before this committee W. H. Vanderbilt, then President of the New York Central, said:

> "I think the railroads have done their full share towards the prosperity of the commercial interests of the State and the City of New York, from the very fact that we are transporting goods in competition with

other roads, 200 miles further for two cents more—300 miles further than Baltimore is."

George R. Blanchard, at that time Vice-President of the Erie Railroad, told the Committee, "We are not called upon by any mercantile principle or usage to carry that extra distance for nothing and no 272 miles of railroad that can be built for nothing, can be worked for nothing that should be given to the public for nothing."

My Exhibit No. —— (Y-12-1 to 4) is Eastern Railroad Traffic Executive Chairman Hill's announcement, together with that of the primary respondents to him, of the intention to disrupt the existing rate structure to and from North American port cities. The action of the Association cited on page 1 thereof, as taken at the October 20, 1955, meeting, was on the following proposal, submitted by Chairman Hill to the membership on June 16, 1955:

> "The question covered by the following communication from a member will be docketed for consideration [fol. 3660] at your meeting on June 29:
>
> > 'Please place on the docket for consideration at the June meeting of the Traffic Executive Association, on behalf of the B&M, Maine Central, Erie, Lehigh Valley, DL&W, New Haven and NYC Railroads, the question of equalizing the lowest rated North Atlantic port, including Canadian ports, the lowest rate applicable to any such port via all ports, on import, export, coastwise and intercoastal traffic to and from Official Territory, including I.F.A. and eastern Canada, from and to which import, export, coastwise and intercoastal traffic to and from Official Territory, including I.F.A. and eastern Canada, from and to which import, export, coastwise and intercoastal rates, both class and commodity, are in effect.'"

The Report and Order of the Commission in Ex Parte No. 206, *Increased Freight Rates, Eastern, Western and Southern Territories, 1956*, decided August 6, 1957, 300 I.C.C. 633, authorized increases in freight rates of both primary and secondary (those defending recognized differentials) respondents herein, in recognition of their need for greater revenues. Approval of the suspended schedules would be unfavorable to all respondents' revenues.

My Exhibit No. —— (Z-5-1 to 42) shows the earnings per car, per car mile, and per ton mile, from ten differential territory origins to the four North Atlantic ports of Baltimore, Md., Boston, Mass., New York, N. Y., and Philadelphia, Pa., on basis of present export class rates, proposed export class rates to New York, N. Y., and Boston, Mass., on basis of equalization with the present export class rates to Baltimore, and to Philadelphia, Pa., and Baltimore, Md., on basis of restoring normal differentials under the proposed export class rates to New York, N. Y., and Boston, Mass., and Docket 28300 class rates. Earnings are [fol. 3661] figured on basis of short published, commercially open, tariff route miles of origin railroads from the ten representative differential territory origins to the four ports over routes which will accord origin railroad its long haul.

My Exhibit No. —— (Z-8-b-1 to 11) shows the detail covering the routes used in arriving at earnings shown in my Exhibit No. —— (Z-5-1 to 42), and is a statement showing short published tariff routes of origin railroads from representative origins in differential territory to North Atlantic ports of Baltimore, Boston, New York and Philadelphia, and through distance via such routes over which the origin railroad receives its long haul.

My Exhibit No. —— (Y-1-1 to 42), shows the earnings per car, per car mile, and per ton mile, from Baltimore, Md., Boston, Mass. (via Standard Routes only), New York, N. Y., and Philadelphia, Pa., to ten representative differential territory destinations, on basis of present import class rates, proposed import class rates from New York, N. Y., and Boston, Mass., on basis of equalization with the present import class rates from Baltimore, Md., and from Philadelphia, Pa., and Baltimore, Md., on basis of restoring normal differentials under the proposed import class rates from New York, N. Y., and Boston, Mass., and Docket 28300 class rates.

My Exhibit No. —— (Z-8-a-1 to 9) shows basis for the miles used in my Exhibit No. —— (Y-1-1 to 42) and is a statement showing short published and commercially open tariff routes of origin railroads from the North Atlantic ports of Baltimore, Md., Boston, Mass., New York, N. Y., and Philadelphia, Pa., to destinations in differential territory and through distances via such routes. The routes [fol. 3662] shown are those over which the origin railroad receives its longest haul. As in my Exhibit No. —— (Z-8-b-1 to 11), this exhibit also shows the average miles over the routes shown between the respective origins and destinations.

Commodity rates have been established through the years on import traffic arriving at the North Atlantic ports, destined to points in differential territory. My Exhibit No. —— (Y-0, consisting of 43 pages) shows the earnings per car, per car mile, and per ton mile for the twenty series of carload import commodity rates listed, from New York, N. Y., Philadelphia, Pa., Baltimore, Md., and Boston, Mass. (via Standard Routes), to numerous differential territory destinations, on basis of present import or domestic commodity rates; proposed import or domestic commodity rates from New York, N. Y., and Boston, Mass., on basis of equalization with the present import commodity rates from Baltimore, Md., and from Philadelphia, Pa., and Baltimore, Md., on basis of restoring normal differentials under the proposed import commodity rates from New York, N. Y., and Boston, Mass.; present domestic commodity rates; and Docket 28300—Appendix 18—scale class rates. The routes and miles over such routes are those in my Exhibit No. —— (Z-8-a-1 to 9).

The various Ex Parte increases during the recent years have temporarily disrupted the recognized port relationships and both primary and secondary respondents herein have restored the normal differentials when it was possible to do so. My Exhibit No. —— (Y-5-1 and 2) is a statement of domestic and export class rates from Chicago, Ill., to New York, N. Y., Philadelphia, Pa., Baltimore, Md., and [fol. 3663] Boston, Mass., during the period 1931 to the present, and showing the effectiveness of the several Ex Parte increases and when port differentials have been restored to the usual differential basis.

My Exhibit No. —— (Y-6-1 and 2), is a statement of domestic and import class rates applying from New York, N. Y., Philadelphia, Pa., Baltimore, Md., and Boston, Mass., to Pittsburgh, Pa., during 1931 to the present time, and showing the effective date of the several Ex Parte increases and indicating restoration in the import class rates of the agreed port differentials.

My Exhibit No. —— (Y-7-1 and 2) shows the domestic and export commodity rates on Manufactured Iron and Steel, carloads, from Pittsburgh, Pa., to New York, N. Y., Philadelphia, Pa., Baltimore, Md., and Boston, Mass., during the period from May 20, 1930, to the present. The exhibit shows the effective dates of the various Ex Parte increases and the restoration of the normal port differentials in the export rates.

My Exhibit No. —— (Y-10-1) shows the carload commodity import and domestic carload rates on Asbestos Fibre from New York, N. Y., Philadelphia, Pa., Baltimore, Md., and Boston, Mass., via Standard Routes, to St. Louis, Mo., during the period of 1937, when the rate was established, to the present, on import traffic, and from 1935 to the present on domestic traffic. The exhibit shows the rates resulting from the final increases in the various Ex Parte increase proceedings and restoration of recognized differentials in the tariffs.

The Ex Parte 206-A increase became effective on August 26, 1957, and again the North Atlantic normal port relationships were disturbed. The Official Territory railroads have been working to the early restoration. At this writing, [fol. 3664] the eastbound export grain rate tariff applying from differential territory to the North Atlantic Ports has been reissued with restoration of proper differentials, filed with the Commission, and scheduled to become effective this month. The Central Territory Railroads Tariff Bureau has announced its program of having all export rate tariffs corrected to reflect the agreed port differentials, filed with the Commission, to be effective not later than November 25, 1957. Work on the tariffs which will restore the differential relationship on import rates, both class and commodity, is well under way.

A review of the Eastern Railroad proposals indicates the Port of New York's continuing power to attract import-export traffic at existing port differential rate relationships. Representative samples of these proposals include a storage in transit arrangement at Easton, Pa., for trimming, drying and baling of green or salted sheep skins, originating west thereof for export through the Port of New York. A transit arrangement in effect at Suffolk, Va., on Tea and Tea Dust, imported through North Atlantic Ports to Hoboken, N. J., then shipped to Suffolk, was extended to tea which had been domesticated at Hoboken, N. J., thence shipped to Suffolk, Va. In another proposal it was indicated a Kansas City, Mo., manufacturer of automotive products had for export 72 carloads to Brooklyn, N. Y., 24 carloads to Seattle, Wash., and 77 carloads to Oakland, Calif., none being scheduled for Baltimore or Philadelphia. Request was complied with to establish refining, solidifying, blending, storing or packaging carload shipments of vegetable oils, fish or sea animal oil, at Bayonne, N. J., originating in the West, including differential territory, when for re- [fol. 3665] shipment to New York Harbor points within the Free Lighterage Limits. Transit was established at Edgewater, N. J., on green coffee, off the water in New York Harbor, to permit outbound shipment as Roasted Coffee and Extract of Coffee. A proposal sought transit for packing in containers, ex-tank cars, at North Bergen and Jersey City, N. J., on Lard, Lard Substitutes, Lard Compounds, Tallow, Inedible Grease, and Rendered Pork Fat, when for export through New York Harbor and originating in the West, including differential territory. Another railroad proposed to include Connersville, Ind., and Lima, Ohio, as additional origins on boxing arrangements at Jersey City, Newark, and Port Newark, N. J., among other points, on Electrical Appliances and other commodities when destined to New York Harbor, for export, as additions to other origins already provided for. Publication of arrangements was approved for melting, storage and unpacking in transit and reforwarding in tank cars, on crude naphthalene, imported through New York Port, at Kearny, N. J., and Newark, N. J., when to Official Territory points, including differential territory.

A storage in transit arrangement on traffic from the West, including differential territory, involving Boonton and Kingsland, N.J., for soybean oil for export through the Port of New York, was extended through elimination of a published expiration date, because "both Boonton and Kingsland have been booked for the rest of the year 1957 and the prospects are that heavy booking will continue beyond that period." The Canadian Railroads proposed reduction in rates on Rapeseed Oil, in carloads, from Saskatoon, Sask., and Winnipeg, Man., to New York for export, because "due to lack of storage tank facilities at the ports of Halifax, N.S., and Saint John, N.B., he (applicant) [fol. 3666] would like to move some of this storage via the Port of New York, N. Y., where storage tank facilities are readily available." Routing was established so that imported green coffee through the Port of New York could be transited at Lansdale, Pa., when destined to the West, including differential territory.

At a public hearing before the Freight Traffic Committee-Trunk Line Territory Railroads, on January 3, 1957, involving extending storage on Rubber at New York Harbor, from 12 to 24 months in private storage, a New York rubber dealer stated he stored in approved warehouses of the Commodity Exchange in New York Harbor and not at interior points. He only sought the extension for the port, because "it is confined to rubber within the harbor limits of the Port of New York in warehouses approved and licensed by the Commodity Exchange." He cited the need was a local Port of New York proposition and that the rubber was not handled at Philadelphia, Baltimore, Boston, or New Orleans.

A Southern shipper in proposing an adjustment on rates on carload paper, paper articles and pulpboard from Southern origins to Eastern port cities for export, stated that his experience was that most of the traffic exported through North American ports moved through New York. This port was used notwithstanding the spread in the rates, New York, N. Y., over Baltimore, Md., ranging from 10 cents per 100 pounds upward. As example, at Ex Parte 196 level, carload rate from Canton, N.C., to Baltimore was 70¢ per 100 pounds, and to New York, N. Y., 84¢, a spread New York over Baltimore of 14¢ per 100 pounds.

A shipper sought a commodity rate on carloads of Pickled Horse Meat, for human consumption, in barrels, from Watertown, South Dakota, to New York, N. Y., be- [fol. 3667] cause he had located a new horse meat packing plant at that point and planned to ship this commodity to New York, N. Y., for export to Europe; rates to the lower rated Ports of Philadelphia and Baltimore were not sought.

At a similar public hearing at this Committee's April, 1957, meeting a shipper seeking reduction on carload shipment rates on Carnauba Wax, imported through the Port of New York, destined Racine, Wis., stated he had been receiving his entire importation for Racine through that port for many years.

It is well known that a substantial volume of import-export traffic moves to and from New York, from and to differential territory via motor carrier, notwithstanding the fact that the motor carriers generally publish class rates on the domestic rail Docket 28300 level between the North Atlantic Ports and differential territory.

My Exhibit No. —— (Y-13-1) shows comparison of rail and truck domestic class rates between eight differential points and the four North Atlantic Ports at Class 100, 50, and 35 rates. It will be noted there is no port differential relationship between these rates in relation to application to and from the four ports. For example, from Chicago, Ill., at Class 35, the rate to Baltimore, Md., is $1.37; to Philadelphia, Pa., $1.42; to New York, N. Y., $1.49; and to Boston, Mass., $1.55, all per 100 pounds, and apply via both truck on all traffic and via rail on domestic traffic. The differences, in cents per 100 pounds, are:

Philadelphia	over Baltimore	5¢
New York	over Baltimore	12¢
Boston	over Baltimore	18¢

[fol. 3668] My investigation of the truck commodity rate structure applying between differential territory and the North Atlantic Ports reveals that the Eastern Central Motor Carriers Association, Inc., schedules of freight rates contain few rates that are published as import and export rates. These rates do not reflect any recognized differential relationship as between the ports, to and from differential territory.

Truck rates on crude rubber to Akron and Cleveland, Ohio, are, in cents per 100 pounds:

	From			
Minimum Weight	Baltimore, Md.	Boston, Mass.	New York, N.Y.	Philadelphia, Pa.
23,000 pounds	89	—	88	90
26,000 "	—	98	—	—
32,000 "	81	—	86	82

(Eastern Central Motor Carriers Assn., Inc., M.F.T. No. 15-K, M.F.-I.C.C. No. A-114.)

At the 23,000 pounds minimum weight, Baltimore, Md., is one cent higher than New York, N. Y., and Philadelphia, Pa., is two cents higher than New York, N. Y. At the 32,000 pound minimum weight, New York is 5 cents higher than Baltimore, Md., and 4 cents higher than Philadelphia, Pa. These rates are published as domestic rates.

Commodity truck rates on Spices, NOIBN, are $1.17 per 100 pounds, Baltimore, Md., to Chicago, Ill., and $1.40 per 100 pounds from New York, N. Y., with minimum weight of 30,000 pounds from Baltimore, Md., and 28,000 pounds from New York, as carried in Eastern Central Motor Carriers Association, Inc. M.F.T. No. 38, M.F.-I.C.C. No. A-141. Commodity rates are not published from Boston, Mass., and Philadelphia, Pa.

[fol. 3669] The rate from New York, N. Y., is 23¢ over the rate from Baltimore. These rates are published without qualification.

Commodity rates by motor truck on Brass, Bronze or Copper Ingots, minimum weight 30,000 pounds, to Cleveland, Ohio, are:

From	Rates in cents per 100 pounds
New York, N. Y.	93
Philadelphia, Pa.	88
Baltimore, Md.	85
Boston, Mass.	—

(Eastern Central Motor Carriers Association, Inc., M.F.T. No. 15-K, M.F.-I.C.C. No. A-114.)

Rate from New York, N. Y., is 5 cents higher than Philadelphia, Pa., and 8 cents higher than Baltimore. Commodity rate is not published from Boston, Mass. These rates are published as domestic rates.

Eastbound commodity rates via motor truck on Automobile Shock Absorbers and Parts, from Dayton, Ohio, are:

To	Rates in cents per 100 pounds	Minimum Weight
New York, N. Y.	*119	23,000 pounds
Philadelphia, Pa.	112	23,000 pounds
Baltimore, Md.	103	23,000 pounds
Boston, Mass.	—	—

* — Applicable only on export traffic.

(Eastern Central Motor Carriers Association, Inc., M.F.T. No. 15-K; M.F.-I.C.C. No. A-114.)

The rate to New York, N. Y., applying only on export, is 7 cents per 100 pounds higher than the unqualified rate to Philadelphia, Pa., and 16 cents per 100 pounds higher than the unqualified rate to Baltimore. A commodity rate is not [fol. 3670] published to Boston, Mass.

Motor truck rates eastbound on Agricultural Implements and Parts, from Peoria, Ill., are:

To	Rates in cents per 100 pounds	Minimum Weight
New York, N. Y.	167	23,000 pounds
Philadelphia, Pa.	158	23,000 pounds
Baltimore, Md.	151	23,000 pounds
Boston, Mass.	170	23,000 pounds
Albany, N. Y.	155	23,000 pounds

(Eastern Central Motor Carriers Association, Inc., M.F.T. No. 15-K, M.F.-I.C.C. No. A-114.)

When comparing these domestic rates, New York, N. Y., is 9 cents per 100 pounds higher than Philadelphia, Pa., 16 higher than Baltimore, Md., 3 cents lower than Boston, Mass., and 12 cents higher than Albany, N. Y.

Domestic commodity rates eastbound via motor carrier, on Aluminum, Plate or Sheet, minimum weight 23,000 pounds, from Louisville, Ky., are:

To	Rates in cents per 100 pounds
New York, N. Y.	149
Philadelphia, Pa.	140
Baltimore, Md.	135
Boston, Mass.	—

(Eastern Central Motor Carriers Assn., Inc., M.F.T. No. 15-K, M.F.-I.C.C. A-114.)

Rate to New York, N. Y., is 9 cents per 100 pounds higher than to Philadelphia, Pa., and 14 cents higher than [fol. 3671] to Baltimore, Md. Commodity rate is not published to Boston, Mass.

Eastbound domestic motor carrier rates on Glass Containers, not exceeding one gallon in capacity, minimum weight 24,000 pounds, from Marion and Muncie, Ind., are:

To	Rates in cents per 100 pounds
New York, N. Y.	124
Philadelphia, Pa.	116
Baltimore, Md.	110
Boston, Mass.	—

(Eastern Central Motor Carriers Assn., Inc., M.F.T. No. 15-K; M.F.-I.C.C. No. A-114.)

Rate to New York, N. Y., is 8 cents per 100 pounds higher than to Philadelphia, Pa., and the spread, New York, N. Y., over Baltimore, Md., is 14 cents. Rate is not published to Boston, Mass.

[fol. 3672]

VERIFICATION

Commonwealth of Pennsylvania)
: ss.
County of Philadelphia)

Kenneth G. Crowl, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his knowledge, information, and belief.

Signed: Kenneth G. Crowl.

Subscribed in my presence, and sworn to before me, by the affiant above named, this 17th day of October 1957.

Harry W. Reed
Notary Public
Philadelphia, Phila. Co.
Commission Expires
January 7, 1959.

(Seal)

[fol. 3673] I.C.C. Exhibit No. 61

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

I&S DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF F. S. BAIRD

My name is F. S. Baird. I am Vice President in Charge of Traffic of Norfolk and Western Railway Company, with offices at Roanoke, Virginia. I have been engaged in traffic work with the Norfolk and Western for over 47 years and have headed our Traffic Department since January 1, 1949.

I am testifying in this proceeding on behalf of the major railroads serving the Port of Hampton Roads, *i.e.*, the Norfolk and Western, the Chesapeake and Ohio, and the Virginian. Those railroads are unalterably opposed to the efforts of certain railroads serving the Port of New York to upset the long established port relationship adjustment which has enabled our Port of Hampton Roads to remain at least partially competitive with New York. In order to maintain the present relationship, we have published reductions matching those published by the New York lines, and these reduced rates, together with the reduced rates [fol. 3674] published by the New York lines, are before the Commission in this proceeding. While we are hopeful that the Commission will order both sets of rates canceled, it is our position that if the New York rates are allowed to become effective, our reductions must also be approved as being within the sound discretion of management.

Generally speaking, Hampton Roads presently enjoys an advantage of three cents per hundred pounds under New York on port traffic to and from differential territory—which is roughly west of a north-south line from Sandusky to Marietta via Zanesville, Ohio. We feel that Hampton Roads' only real competitive advantage is this rate spread, and that losing it would be harmful to our port and jeopardize its contribution to the national defense.

The competitive need for keeping the present differential is, we believe, plainly demonstrated by tonnage figures. In this connection, I should like to point out the fact that several of the parties supporting equalization have submitted figures showing total import and export tonnages moving through the several North Atlantic ports. Since these figures include coal and coke moving through Hampton Roads, they have no significance in this case, since coal rates are not part of the differential adjustment. For instance, according to U.S. Army Engineers statistics, in 1956 total exports through Hampton Roads were 44,211,376 tons, of which 42,164,628 tons were coal and coke. This leaves total exports other than coal and coke for 1956 of [fol. 3675] 2,046,748 tons. In that same year, New York exported 9,125,306 tons with the same exclusion.

Any doubt, however, as to the question of whether our rate advantage to differential territory has enabled us to gain even a fair share of the traffic is dispelled by the traffic studies submitted in this case. The railroads supporting equalization have made a traffic study for the year ending July 31, 1956, and we have made a study for the two-year period, January 1, 1955, to December 31, 1956, and a monthly study for the year ending July 31, 1956. These studies show that for the latter period traffic to and from differential territory to New York and Hampton Roads was as follows:

Export

New York	2,342,212 tons
Hampton Roads	1,049,017 tons

Import

New York	645,552 tons
Hampton Roads	292,219 tons

Total Differential
Territory Traffic

New York	2,987,764 tons
Hampton Roads	1,341,236 tons

In other words, despite a rate differential amounting to about three cents per hundred pounds on general traffic and one and one-half cents per hundred pounds on grain, Hampton Roads was able to attract less than one half as much traffic as New York.

[fol. 3676] Moreover, total figures such as those shown above don't tell the whole story. Included in these figures are a large amount of grain and products taking grain rates, which require separate consideration from general cargo. We believe that such separate consideration is proper, because of the bulk nature of the commodity, the necessity for special facilities for handling, and the fact that the differential is only one half of that applicable on general cargo.

First, I will deal with traffic other than grain. Generally speaking, this constitutes "general cargo," although there is included a small amount of ore. The figures on this traffic are as follows:

Export—Other Than Grain

New York	2,138,218 tons
Hampton Roads	229,408 tons

These figures show that on other than grain, exports through New York from differential territory during the year ended July 31, 1956, were almost ten times as heavy as through Hampton Roads—despite a rate advantage for Hampton Roads. This, we believe, reflects the fact that New York has a decided competitive advantage over Hampton Roads because of more frequent steamship service to more destinations, a high concentration of international freight forwarders, international banking and numerous other factors which will be detailed in other testimony.

[fol. 3677] Now I come to grain. We are proud that Norfolk has had a sizeable increase in grain movement in recent years, and this matter will be covered in detail by another witness. Suffice it to say that until the N&W's grain elevator was leased in 1952 to a commercial grain operator—Continental Grain Company—to be used as a public facility, we were able to attract very little grain to Norfolk. Following that lease, however, we began to increase the movement through our port. We attribute this increase primarily to the ability of an experienced grain operator to attract traffic.

Finally, I would like to point out that, with the exception of the Army Base piers at Norfolk, all terminal facilities at Hampton Roads for the handling of commercial import and export traffic are privately owned and operated. For instance, the gross investment of Norfolk and Western in its merchandise piers and warehouses and supporting yards at Sewells Point and Lamberts Point, Norfolk, amounts to over $17,800,000. We receive no subsidy from any source and are totally dependent on traffic handled to obtain funds for upkeep and renewal. Other ports—notably New York—have piers which are built and sometimes operated by governmental authorities. At Hampton Roads, we depend on private industry to do the job, and if the traffic is not available, the facilities—so essential in time of war—will be left to wither on the vine.

[fol. 3678] We feel that the efforts of the New York lines to destroy the port differential adjustment will clearly result in the loss of important traffic at Hampton Roads, and will enable New York—which already enjoys the lion's share of the traffic—to effect a near monopoly of available foreign trade at the North Atlantic ports. This, in our opinion, would not be in the public interest.

[fol. 3679]

VERIFICATION

State of Virginia)
) to-wit:
City of Roanoke)

F. S. BAIRD, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

s/ F. S. Baird
F. S. Baird

Subscribed and sworn to before me this 14th day of October, 1957.

s/ J. A. Brumbaugh
J. A. Brumbaugh,
Notary Public.

My commission expires the 23d day of February, 1959.

Seal

[fol. 3680] I.C.C. EXHIBIT NO. 62

This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before The

INTERSTATE COMMERCE COMMISSION

I. & S. Docket No. 6615

Equalization of Rates at
North Atlantic Ports

VERIFIED STATEMENT OF C. F. KEELEY, FREIGHT TRAFFIC MANAGER NORFOLK AND WESTERN RAILWAY COMPANY.

[fol. 3681] Question: Please state your name, occupation, and residence.

Answer: My name is C. F. Keeley. I am Freight Traffic Manager in charge of Rates and Divisions for the Norfolk and Western Railway Company, and I live and have my office at Roanoke, Virginia.

Question: How long have you been employed by the Norfolk and Western and in what capacities?

Answer: I have been employed by the N. & W. Ry. since 1909, with one short exception when I was otherwise employed. With the exception of approximately seven years during World War I when I was employed in the Transportation Department, all of my experience has been in the Freight Traffic Department generally in the making of rates and the handling of commerce matters.

Since 1925, I have been connected in one capacity or another, usually as a witness in behalf of my Company, in proceedings before this Commission. I was admitted to practice before this Commission in August, 1929.

Question: Are you familiar with the boundaries of Port Differential Territory with respect to the several North Atlantic Ports and, if so, will you please describe them?

Answer: The eastern boundary of port differential territory with respect to the Ports of Baltimore, Philadelphia, and New York was described in the Commission's decision in MARITIME ASSOCIATION v. BOSTON CHAMBER [fol. 3682] OF COMMERCE (95 I.C.C. 539, 540) as being substantially the Buffalo, Erie, Pittsburgh, Ohio River Line.

I would like to point out, however, that insofar as the Ports of Hampton Roads are concerned, differential territory comprises that part of Central Territory *west of the line* of the B&O RR starting at Sandusky, Ohio, on Lake Erie and running through Mansfield, Newark, and Zanesville to Marietta, Ohio, on the Ohio River, thence the Ohio River, to Kenova, W. Va., but including points on the Chesapeake and Ohio Railway and New York Central System in West Virginia in Central Territory.

These boundaries have been adequately described in other exhibits of record—See Mr. Laux's Exhibit No. D-4, etc., but for convenience I offer Exhibit (K-1), which is a map of the Norfolk and Western Railway and its connections on which the above described line constituting the eastern boundary of port differential territory for the Hampton Roads Ports has been marked by a black line.

Question: How are the rates between the Hampton Roads Ports and the territory on and east of the Sandusky-Marietta line and west of the Buffalo-Erie-Pittsburgh-Ohio River line, related to the rates between that territory and the ports north of Hampton Roads?

[fol. 3683] Answer: There are a number of important communities on and east of the above described line, such as Cleveland, Akron, Canton, Zanesville, and Youngstown, Ohio, Wheeling, W. Va., and Pittsburgh, Pa. To this important territory in Eastern Ohio, Western Pennsylvania, and West Virginia the Hampton Roads Ports have nothing but the domestic class rates on import and export class rate traffic.

With respect to commodity rate traffic, during the recent past the Hampton Roads Ports have been able to arrange for the application of the New York rates to and from this territory on certain descriptions of traffic.

The attached Exhibits —— (K-2) and —— (K-3), show representative examples of where the New York commodity rates are applied between the Hampton Roads Ports and stations east of the Sandusky-Marietta line.

Question: Is there any substantial amount of business moving between the Hampton Roads Ports, on the one hand, and the territory you have just described, on the other hand, at the rates you have mentioned?

Answer: Every week I see the reports of the Foreign Freight Department, and with the exception of special movements of iron and steel articles from the Pittsburgh District for export, very seldom does that department report that we have handled a car of export or import [fol. 3684] traffic from or to these points where the New York commodity rates apply. There seems to be no question but that Hampton Roads can attract any substantial business to and from this territory only on the basis of the Baltimore rates and that if the New York rates are to be applied the traffic will move through the Port of New York because of the advantages that port enjoys over the other North Atlantic Ports.

Question: What have you to say with respect to the testimony offered in this case by Mr. J. S. Chartrand, Manager of Transportation Department, Board of Trade of the City of Chicago and the five witnesses who supported him with respect to the port differential adjustment on grain?

Answer: The testimony of J. S. Chartrand, Manager of Transportation Department, Board of Trade of the City of Chicago, supported by 17 exhibits, and by the following additional witnesses without exhibits:

Ross L. Beal, General Traffic Manager, Farmers Grain Dealers Association of Iowa

Val M. Conley, Manager of Transportation Department, Norris Grain Company

William P. Conrad, Jr., Traffic Manager, Rice Grain Corporation

Thomas J. Crowe, Vice President and Traffic Manager, Illinois Grain Corporation

Bernard A. Springrose, General Traffic Manager, Cargo Carriers, Inc., an affiliate of Cargill, Inc.

[fol. 3685] describes the origin territory of grain west of the gateways in port differential territory, the importance of the Chicago market, rate structures, distances, export rate relationship North Atlantic Ports versus Gulf Ports, and winds up with a request for equalization of the rates to all North Atlantic Ports to be accomplished by reducing the rates to the other ports to be no higher than the rates to Baltimore.

The Norfolk and Western Railway owns a grain elevator at Sewells Point—Norfolk, Va.—the capacity of which is adequately described in one of the exhibits offered by Mr. Chartrand.

The Norfolk and Western Railway took over this elevator from the City of Norfolk, Va., on July 1, 1929, as authorized by Interstate Commerce Commission Finance Docket No. 7546, ACQUISITION AND OPERATION BY NORFOLK & WESTERN RAILWAY COMPANY 154 I.C.C. 371. From that date to May 1, 1952, except for a one year period (the last six months of 1935 and the first six months of 1936), the elevator was operated by the Norfolk and Western Railway Company. On May 1, 1952, the elevator was leased to the Continental Grain Company. Exhibit No. (K-4) shows the number of cars received into the grain elevators for the approximate calendar years from time of acquisition through June 30, 1957. The term "approximate calendar years" means that the re- [fol. 3686] ports were written on a weekly basis and the weeks did not always break with the years; therefore, it was necessary to make an adjustment to compensate for the differences.

It will be noted from this exhibit that at no time from 1929 to 1944 did the elevator handle more than 1,749 cars which occured in the year 1939. During the war years and thereafter, the receipts increased but nothing like to the extent that they increased when the elevator was operated by the Continental Grain Company despite the fact that all during the period from 1929 to date the rates to Norfolk were no higher than to Baltimore.

The point of this exhibit is that the increased receipts at the elevators began when it was taken over by an experienced grain merchant, and the rate parity with Baltimore, which existed in all the prior years, at no time resulted in anything like the receipts that ensued after the Continental Grain Company began operating the elevators.

The difference between operation of an elevator by a railroad versus an experienced grain merchant is that the grain merchant can blend and up-grade the grain using, if necessary, grain purchased from trucks, etc., which sort of operation is not within the capacity of a railroad. Of [fol. 3687] course, a grain merchant is more competent than a railroad to buy and sell grain.

I want to make it clear, however, that while we believe that the recent heavy increase in grain movements to Norfolk is due primarily to the fact that our elevator is now operated by an experienced grain merchant, it is our position that the present differential on grain has been effective in attracting grain traffic to the port and its loss, we believe, would result in loss of important grain traffic to us. The exact effect of the differential on movement of grain is hard to evaluate. Nevertheless, it is our considered judgment that it results in the attraction of grain to our port and we are vigorously opposed to its removal, as proposed by the New York lines.

Question: Have you examined the exhibits offered by Mr. Laux on behalf of the Port of New York Authority in this case and what are your comments?

Answer: The showing by Mr. Laux in his Exhibit "J" of distances from Central Territory to the Naval Operating Base at Norfolk, Va., via routes through Buffalo, N. Y., and other junctions on the Niagara Frontier, thence via PRR Potomac Yard, thence the Southern Railway, greatly distorts the picture of relative distances via which rates on waterborne traffic apply to and from the several ports.

In the first place, the Southern Railway is not important in the handling of export and import freight between Cen- [fol. 3688] tral Territory, on the one hand, and the Port of Norfolk, on the other hand. That line's terminals at Pinners Point are not generally used by general cargo ocean-going vessels and the vessels must use other terminals, including the two most important in the port area; i.e., our terminals at Lamberts Point and Sewells Point. We are in position to know that practically no export and import traffic moves to and from the Port of Norfolk via the Southern Railway.

In the second place, the showing of the Naval Operating Base as a terminal of the Port of Norfolk is a distortion. It is true the rates apply through the Naval Operating Base under certain conditions, but there is no important volume of traffic moving via the Naval Operating Base.

Even if it should be true that there is an important movement of traffic via the Naval Operating Base, it is not correct to include distances of the Norfolk and Portsmouth Belt Line and the Virginian Railway in the calculation of the total distances because these are switching roads at Norfolk.

Moreover, it is extremely doubtful if any shipment of export freight from Central Territory to the Port of Norfolk would move first through Buffalo and then through Potomac Yards, thence via the Southern Railway through Danville, Va., greensboro, N.C., Selma, N. C., and thence [fol. 3689] via the trackage rights of the Southern Railway over the Coast Line from Selma, N.C., to Norfolk. Incidentally, the distances shown by Mr. Laux for the Southern Railway routes through Potomac Yard are wrong. The distance of 435.3 miles for the Southern Railway from Potomac Yard to Pinners Point (within the Norfolk switching district) was the Southern Railway distance when that road controlled the Atlantic and Danville Railway which is now a separate corporation. The present distance of the Southern Railway from Potomac Yard to Norfolk is 542.5 miles. This can be verified by consulting Supplement 47 to the Southern Railway Distance Table No. 5, I.C.C. A11050 which made this change effective September 22, 1950.

While it is true that the tariffs publishing export rates from Central Territory origins to the Port of Norfolk, as for example CTR Tariff 490, provide for routes in connection with the Southern Railway via connections, Potomac Yards, thence Southern Railway, they also provide for routes in connection with the Southern Railway via connections to Cincinnati, thence Southern Railway. In my mind, there is no question about it that if the Southern Railway handled any traffic from Central Territory to Norfolk, either for domestic or export application that [fol. 3690] traffic would be handled via Cincinnati and not via Potomac Yard.

Let us examine for a moment the distances via Cincinnati and the Southern Railway as compared with the distances via Norfolk and Western from Chicago, which is certainly a representative Central Territory origin, to Norfolk. As shown on Page 4 of Mr. Laux's Exhibit "J", the class rate distance from Chicago to Norfolk is 914 miles. This represents the shortest route over which carload traffic may be forwarded without transfer of lading. In other words, it does not necessarily represent the shortest tariff route, but in that connection it will be observed that the shortest route shown by Mr. Laux on Page 4 of his Exhibit "J" from Crown Point, Ind., a point in the Chicago Switching District to Norfolk, is 920 miles via Pennsylvania to Clare, Ohio, thence N&W.

Clare, Ohio, is a junction point not in the Cincinnati Switching District but adjacent thereto. From Chicago proper, the distance over the Pennsylvania Railroad to Clare is 295 miles and the distance over the Norfolk and Western to Norfolk is 662 miles or a total of 957 miles or 43 miles in excess of the class rate distance.

The distance of the Southern Railway is composed of 294 miles from Chicago to Cincinnati via the Pennsylvania Railroad and 890 miles beyond Cincinnati via the Southern Railway for a total of 1,184 miles. This should be com- [fol. 3691] pared with the distance via the N&W Ry. of 957 miles and the greatly distorted distance of 1,459.73 miles shown by Mr. Laux from Joliet, Ill. (another point in the Chicago Group), to the Naval Operating Base at Norfolk via the AT&SF to Chicago, the NYC(M), Black Rock, N. Y. (a point in the vicinity of Buffalo, N. Y.), PRR to Potomac Yard, Southern Railway to Pinners Point, N&PBL and Vgn. Ry.

The comparison I have made of distances via the short routes of the N&W Ry. to Norfolk versus the routes of the Southern Railway through Cincinnati and Potomac Yard although applied against Chicago proper apply with equal force to other origins of export freight in Central Territory because, although the distances will differ, the N&W Ry. is still the shorter route than the Southern Railway from Cincinnati and even then the Southern Railway route from Cincinnati is substantially shorter than the Southern Railway routes through Potomac Yard.

On Page 9 of Mr. Laux's Exhibit "J", another grotesque route is shown from Willisville, Ill. (a point in the Marion, Ill. group), to the Naval Operating Base at Norfolk via GM&O, Cairo, Ill., IC, Louisville, Ky., PRR, Potomac Yard, Sou. Ry., to Pinners Point, N&PBL and Vgn. Ry. Via this long roundabout route the distance from Willisville to the Naval Operating Base is 1,694.63 miles as against the Docket 28300 Class Rate distance of 945 miles [fol. 3692] to Norfolk. Here again it is pertinent to compare the distance via this route with the distances via Cincinnati. There is an established route from Willisville to Norfolk via the GM&O to E. St. Louis, B&O to Cincinnati, thence connecting lines. Via this route, the distance from Willisville to Cincinnati is 401 miles, and this plus the distance of 671 miles of the Norfolk and Western from Cincinnati to Norfolk produces a total of 1,072 as contrasted with the class rate distance of 945 miles. The Southern Railway distance through Cincinnati would be the 401 miles to that point plus 890 miles beyond or 1,291 miles as contrasted with the long distance of 1,694.63 miles shown by Mr. Laux in his exhibit.

An even more grotesque route is shown by Mr. Laux on Page 10 of his Exhibit "J" from Mt. Carmel, Ill., (a point on the Southern Railway's St. Louis-Louisville Division), to the Naval Operating Base at Norfolk via Southern Railway to Lexington, Ky., CNO&TP to Cincinnati, PRR to Potomac Yard, Sou. Ry. to Pinners Point, N&PBL, Vgn. Ry. It is simply inconceivable that the Southern Railway would handle a shipment from this station on their line to Cincinnati and there turn it over to the PRR for further movement to Potomac Yard and at that junction take it back for forwarding to Norfolk. If the Southern Railway should handle an export shipment from Mt. [fol. 3693] Carmel, Ill., to Norfolk, it would probably be via their own line through Lexington, Ky., or Danville, Ky. The short line distance of the Southern Railway from Mt. Carmel, Ill., to Norfolk is 985.7 as shown in Supplement 47 to Southern Railway Distance Table No. 5, I.C.C. A11050 as contrasted with the long roundabout route as shown by Mr. Laux in his exhibit of 1,429.03 miles and with the class rate distance of 877 miles; however, there is an established route from Mt. Carmel, Ill., on the Southern Railway to Norfolk via Sou. Ry. to Danville, or Lexington, Ky., CNO&TP to Cincinnati, thence N&W Ry. As shown by Page 10 of Mr. Laux's Exhibit "J", the Southern Railway distance to Cincinnati is 287.4 miles. Added to this the N&W distance of 671 miles produces a total of 958.4 miles for contrast with the Southern Railway single line distance of 985.7 miles and the class rate distance of 877 miles.

What has been said in the foregoing examples about routes through Buffalo, thence through Potomac Yard and Southern Railway applies with equal force to all of the examples of routes of this character shown throughout Mr. Laux's Exhibit "J", therefore, to deal with each and everyone of them would be simply to labor the point and that will not be done.

Page 40 of Mr. Laux's Exhibit "J" undertakes to show the distances from Columbus, Ohio, to the ports of Nor-[fol. 3694] folk, Baltimore, and New York. The long route from Columbus to Norfolk (Naval Operating Base) which is subject to the same criticism as in connection with routes from Central Territory; i.e., that the Naval Operating Base is not an important factor in terminal operation at Norfolk, is shown via B&O to Cincinnati, CNO&TP to Harriman, Tenn., Southern Ry., to Danville, Va., A&D to Pinners Point, N&PBL and Vgn. These last two roads again are simply switching roads in the Norfolk Switching District. The distance via this long route is shown as 1,016.03 miles as contrasted with the Class Rate distance of 632 miles. The Norfolk and Western has its own railroad from Columbus, Ohio, to Norfolk, Va., and the single line distance of the Norfolk and Western is 663 miles as contrasted with the Class Rate distance of 632 miles. It will be observed that this is shorter than the so-called short line distance shown by Mr. Laux on Page 40 of his Exhibit "J" from Saltillo, Ohio, a point on the NYC(W) in the Columbus class rate group, via NYC(W) to Bannon, Ohio, 55.3 miles, N&W 655 miles, for a so-called short line distance of 710.3 as contrasted with the N&W single line distance of 663 miles from Columbus, Ohio, to Norfolk, Va., which it is submitted is truly representative of the distance from the Columbus rate group to the Port of Norfolk rather than any of the other routes shown on [fol. 3695] Page 40.

The showing on Page 42 of Mr. Laux's Exhibit "J" of so-called short line distance from a point in the Fostoria, Ohio, group to Norfolk, Va. (Naval Operating Base), produces a distortion in excess of 450 miles. It is shown that the distance via Nickel Plate to Buffalo, PRR to Potomac Yard, Sou. Ry. to Pinners Point, thence N&PBL and Vgn. Ry. (which again are simple switching roads in the Norfolk Switching District) is 1,185.13 miles as contrasted with the class rate distance of 711 miles. Fostoria, Ohio, is a point on the Chesapeake and Ohio Railway and the C&O's single line distance from Fostoria to Norfolk is 734 miles. The Norfolk and Western also has a route from Fostoria via C&O to Valley Crossing, thence N&W Ry. over which the distance is 748 miles, which it will be noted is only 14 miles greater than the C&O's single line distance and only 37 miles greater than the Class Rate distance.

The mileage shown on Page 48 of Mr. Laux's Exhibit "J" from Sardinia, Ohio, a local station on the N&W Ry., to Norfolk, Va., comprised of N&W Ry.'s distance of 623 to Norfolk, Va., plus the Vgn. Ry.'s distance of 11.89 miles for a total of 634.89 as contrasted with the Class Rate distance of 608 miles, is subject to the criticism that the [fol. 3696] Vgn. Ry. at Norfolk is a switching road, and its distance should not be included in the total. It should, however, be noted that the N&W Ry. single line distance of 623 miles is only 15 miles in excess of the Class Rate distance of 608 miles.

Question: Have you some standard by which you can measure the circuity of the Pocahontas origin lines' long haul or short tariff routes from Hampton Roads to representative points in Port Differential Territory and, if so, will you please offer your exhibit dealing with this point and comment upon it?

Answer: The attached Exhibit (K-5) is a statement showing representative working routes and mileages from Norfolk, Va. (for account of the N&W Ry. and the Vgn. Ry.) and from Newport News, Va. (for account of the

C&O Ry.)—both Hampton Roads ports—to 23 points in differential territory. These 23 points were selected because they are, in my opinion, representative of points in differential territory from a geographical point of view and in addition are important points insofar as import and export traffic are concerned. I believe them to be a representative cross-section of points within differential territory.

In the second column from the left, I have shown the Docket 28300 class rate miles. These are distances used for the purpose of relating one community to another community. [fol. 3697] The formula for constructing these class rate distances is to apply the mileages via the route over which carload traffic can be moved without transfer of lading. Only in exceptional instances co class rate distances reflect the distances over routes via which traffic customarily moves.

In addition to the Docket 28300 class rate miles, my Exhibit (K-5) shows mileages via origin lines' long haul or short tariff routes between Hampton Roads and the 23 selected points in differential territory. These mileages represent actual working route miles which are preferred by the C&O, N&W, and Vgn., as the case may be, to assure its long haul between Hampton Roads and points in differential territory. They are presented as the mileages over which traffic actually moves and I can say with assurance that they are in fact working route mileages. In many cases, they are the short tariff routes or only slightly in excess of short tariff mileages. These mileages have been furnished to our cost witness, Mr. R. E. Petterson, for use in determining rail costs between Hampton Roads and these various points.

Prior to July 11 of this year when the long and short haul clause of the Fourth Section was changed, it was the usual practice of the Interstate Commerce Commission in passing upon Fourth Section Applications covering general adjustments to permit the application of the affected rates [fol. 3698] via a circuitous route, the distance via which exceeded the distance via the short tariff route by not more than 30 percent. The excess over the Docket 28300 class rate miles to important points in port differential territory is indeed infinitesimal. To Chicago, for instance, such excess via the C&O is 2.8 percent, via the N&W 4.6 percent, and via the Vgn. 5.6 percent. To Indianapolis via the C&O 3 percent, via the N&W 2.9 percent, and via the Vgn. 4.8 percent. To Detroit via the C&O 6 percent, via the N&W 9.7 percent, and via the Vgn. 9.2 percent.

To Cincinnati and Columbus, Ohio, the C&O distance is the same as or one mile less than the Docket 28300 class rate distance which is due to Docket 28300 grouping. To Cincinnati the N&W distance is 2.3 percent excessive and to Columbus 4.9 percent excessive. The Vgn. distance to Cincinnati is 3.7 percent excessive and to Columbus 3.8 percent excessive.

Question: Please submit a similar study you have made to the distances from New York and comment upon it.

Answer: Exhibit No. (K-6) is a similar comparison of Docket 28300 class rate miles and working routes and mileages from New York to the same points of destination covered in Exhibit No. (K-5). This exhibit shows the distances only via the origin lines which published the [fol. 3699] reduced rates from New York now under suspension in this proceeding. The first page shows a comparison of the mileages, the excess of the working route distances over the Docket 28300 distances, and the percentage of that excess. The succeeding pages of the exhibit show the details of the working routes.

I, of course, cannot testify as a fact that certain routes are preferred by the New York origin lines over certain other routes; however, as an experienced traffic man, I know what routes are generally regarded as practical working routes between New York and the selected points in differential territory, and I can testify that they are important working routes. In my opinion, the routes shown in my Exhibit No. (K-6) are fairly representative of the routes over which this traffic actually moves from New York, and in my opinion are working routes. In many instances, the routes shown are via the New York Central System Lines direct. No one can deny such a route is a practical working route. Likewise, other routes shown are via Lackawanna to a Buffalo junction, thence Wabash or Nickel Plate, which I know to be working routes in connection with the Lackawanna, or via Lehigh Valley to Buffalo, thence Nickel Plate, which I also know to be a working route of the Lehigh Valley RR.

Pages 2 through 15 of my Exhibit No. (K-6) show a number of working routes between each of the selected [fol. 3700] 23 points and New York. I am of the opinion that each of the routes shown is a working route. For instance, to Chicago my Exhibit No. (K-6) shows eight working routes. Our cost people, however, requested me to choose one working route from each of these destinations which could be used for cost purposes. Accordingly, I have selected one route between each destination and New York and this is shown on Page 1 of my Exhibit No. (K-6).

In selecting one out of each of the several routes shown between New York and each destination, I endeavored to choose a route which assured the longest haul to the New York announcing lines; just as in the case of my Exhibit No. (K-5) I selected routes assuring the longest haul to a Hampton Roads Line. In most instances, as might be expected, the mileage shown on Page 1 of my Exhibit No. (K-6) represents mileages via the New York Centray System direct which reaches a great number of points in differential territory with its own rails.

Where a destination is not reached by a New York line direct, I selected a working route which showed the lowest miles.

I turn now to a comparison of the distances from Hampton Roads versus the distances from New York shown in my Exhibit No. (K-5) and Exhibit No. (K-6). [fol. 3701] Take Chicago, for example: The C&O distance of 940 miles is only 2.8 percent in excess of the Docket 28300 distance of 914 miles while the short working distance of 945 miles of the New York Central is 6.2 percent in excess of the Docket 28300 distance of 890 miles.

Perhaps here I should again say that the Docket 28300 class rate miles reflect distances via the shortest route over which carload traffic may be moved without transfer of lading.

To the other three Illinois points shown, there can be found distances of the Pocahontas Lines which are much less by comparison with the Docket 28300 miles than are the miles from New York; i.e., to Decatur, Ill., the N&W Ry. distance of 941 miles is 2.5 percent in excess of the Docket 28300 class rate miles of 918 while from New York the distance of 1,003 miles via Lackawanna to Black Rock, thence Wabash is 5.4 percent of the Docket 28300 class rate miles of 952.

The comparison of the distances via Hampton Roads with New York is even more significant when to points in Ohio. For example, the line of the C&O Ry. from Hampton Roads to Cincinnati and Columbus is exactly the shortest route over which carload traffic can be transported without transfer of lading; therefore, there is no excess of the short working miles over the class rate miles. Yet [fol. 3702] the distances from New York are 17.3 percent to Cincinnati and 19.6 percent to Columbus in excess of the Docket 28300 class rate miles.

The same is true to Lima, Ohio.

To Dayton, Ohio, to which the N&W Ry. distance of 692 miles is 4.1 percent in excess of the Docket 28300 distance of 665 miles, the short working distance from New York of 794 miles via the New York Central System lines is 15.1 percent in excess of the Docket 28300 miles of 690 miles.

Similar comparisons can be made to all of the Ohio destinations exhibited.

Again to Charleston and Huntington, W. Va., the C&O Ry. distance from Hampton Roads is shorter than the Docket 28300 distance, which is due to the fact that the C&O Ry. distance is figured from Newport News while the Docket 28300 distance applies from the Norfolk group and Newport News is a point within that group.

Please note that the New York Central System distance of 934 miles to Charleston, W. Va., is 52.4 percent in excess of the Docket 28300 distance of 613 miles while the distance of 881 miles via the New York Central System to Columbus, thence C&O to Huntington, W. Va., is 33.7 percent in excess of the Docket 28300 miles of 659.

In my opinion, the differences between the Docket 28300 [fol. 3703] miles and the working route miles shown in my Exhibits (K-5) and (K-6) are fairly representative of the average mileage differences between all of differential territory and the Ports of Hampton Roads and New York, respectively. I base this opinion on the geographic location of the 23 points studied any my general knowledge of practical working routes to and from these two ports.

The purpose of this exhibit is to show that in practically all instances routes of the Pocahontas Lines from Hampton Roads are closer to the absolute short line distance than are the routes of the New York lines whose rates are under suspension in this proceeding.

[fol. 3704]

AFFIDAVIT

STATE OF VIRGINIA)
) ss:
CITY OF ROANOKE)

C. F. Keeley, being duly sworn, deposes and says that he is Freight Traffic Manager of the Norfolk and Western Railway Company, and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

C. F. KEELEY /s/

Subscribed and sworn to before
me this 14th day of October, 1957.

MILDRED G. FRENCH /s/
NOTARY PUBLIC

My Commission Expires March 5, 1961.

SEAL

[fol. 3705]

I.C.C. Exhibit No. 63

I. & S. Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney (Horace L. Walker, 700 Travelers Building, Richmond, Virginia) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Verified Statement of David S. Gendell
Director of Planning

Virginia State Ports Authority
254 Granby Street
Norfolk 10, Virginia

[fol. 3706] My name is David S. Gendell. Since 1953, I have been the planning officer of the Virginia State Ports Authority, prior to which I was Assistant to the Vice President, New York and Cuba Mail Steamship Company, New York. Previous to that position, I was Managing Director, South Carolina State Ports Authority. For the preceding fifteen years, I held various positions with the Reading Company-Central Railroad Company of New Jersey, during the last few years of which I was General Foreign Freight Agent of the latter company at New York. I am a graduate of Franklin and Marshall College and of the Graduate Wharton School of Finance and Commerce of the University of Pennsylvania, with the degree of Master of Business Administration, having majored in transportation.

I.

DESCRIPTION OF THE VIRGINIA STATE PORTS AUTHORITY

The Virginia State Ports Authority is an agency of the Commonwealth of Virginia and is charged with fostering and stimulating the shipment of cargoes and commerce through all of the ports of Virginia, including the investigation and handling of matters pertaining to all transportation rates, charges and practices affecting the same. The present Virginia State Ports Authority was created by enabling legislation passed by the General Assembly of the Commonwealth of Virginia in 1952, and was preceded by [fol. 3707] a succession of similar organizations having like responsibilities for the Port of Hampton Roads in all cases, and, in some cases, for all of the various ports of Virginia. In addition to the Virginia State Ports Authority, there are municipal port agencies in the Hampton Roads area for the cities of Norfolk, Newport News, Portsmouth, and South Norfolk, and for the river port cities of Richmond and Hopewell. The creation of a local municipal port agency at Alexandria, Virginia, is now being considered by the City Manager's office and by the City Council.

II.

PORT FACILITY OWNERSHIP IN VIRGINIA

The Virginia State Ports Authority, although empowered to own and operate port facilities, has not thus far acquired such facilities, its past and current efforts being confined to the discharge of those duties stated above. None of the municipal port agencies in Virginia owns waterfront facilities for the handling of oceanborne cargo. The public facilities at the Port of Richmond were built by the City of Richmond to fulfill Federal requirements in connection with the dredging of the James River channel and, while still owned by the city, have been continuously leased for operation to private enterprise. All other such facilities in the State of Virginia are privately owned. At the principal Virginia port, Hampton Roads, which includes Norfolk, Newport News, Portsmouth and South Norfolk, all of the major public facilities are railroad owned.

[fol. 3708] As I understand it, the import and export rail rates in this proceeding involve only the Virginia ports of Hampton Roads and Richmond. Although this Authority, as well as local port agencies and the various transportation companies and port facility owners, is actively promoting the waterborne commerce of the Virginia river ports of Alexandria, Hopewell and Richmond, the total movement of foreign general cargo trade through these ports is relatively small—particularly that moving to or from the involved differential territory. For the reasons expressed above and due to the fact that the preponderance of our import and export tonnage moves through the Port of Hampton Roads, my remarks will be confined to that port.

III.

DESCRIPTION OF HAMPTON ROADS AND THE NEARBY AREA

The harbor of Hampton Roads is formed by the confluence of the Elizabeth, Nansemond, and James Rivers, at the southern-most end of Chesapeake Bay, and like the

Bay itself, exit and egress is between Cape Charles and Cape Henry, approximately at the midway point of the east coast of the United States. The roadstead formed by the joining of these three rivers is protected not only by the outer capes mentioned above, but by inner capes known as Willoughby Spit on the south and Old Point Comfort on the north. The protection afforded by these capes, the mild climate, the freedom from ice, the broad channels, and the naturally deep water have made Hampton Roads a [fol. 3709] refuge and harbor since early colonial times. In fact, so far as is known, the first commercial exports ever to leave the United States moved through Hampton Roads and out of the Capes in the year 1612, when John Rolfe, husband of Pocahontas, first shipped tobacco to England for sale through commercial channels. Since that first shipment, the harbor has been continuously used by the ships of the world, and its natural attributes and advantages have been recognized by the Federal government, which maintains at Hampton Roads one of the only two East Coast Army Terminals; the largest naval base in the world; a naval supply center; a naval air station, and a naval shipyard, as well as many other lesser but still large installations.

The deep rivers leading into the harbor of Hampton Roads extend well back into the neighboring countryside and, in colonial times, afforded the only available means of transportation, but at the same time, permitted the establishment of an agrarian population well removed from the port itself. As a result, the nearby area has never been highly industrialized, and the present port of Hampton Roads must look far beyond its own borders for commerce. This is in contrast to the New England and other northern ports where rapidly falling streams prevented the use of those streams as waterways and, at the same time, presented a source of water power for industrial purposes in the area immediately surrounding the port, thus causing [fol. 3710] the port areas to become highly industrialized and to remain so to this day, thereby making it less necessary for the ports of those great industrial centers to depend upon distant areas for their commerce.

IV.

HAMPTON ROADS AND NATIONAL DEFENSE

Because of its great natural harbor and equable climate, the various defense units of the Federal government have, as noted above, established huge installations at the Port of Hampton Roads and have placed great reliance upon the use of the harbor as a transshipment port for arms, supplies, and all the materiel of war so necessary in a modern emergency. Despite the huge Federal installations which exist at Hampton Roads, it has been necessary for the Federal services, and for the Army in particular, to utilize the commercial facilities of the port when an emergency has occurred. Evidence of the extent of this reliance is found in the official statistics of the Hampton Roads Port of Embarkation released after World War II. These statistics show that between July, 1942, when the Hampton Roads Port of Embarkation was activated, and V.J. Day, 7,379,592 weight tons of Army cargo moved out of the port and that of this total, only 2,472,822 tons were handled through the Federally-owned Army facilities; while 4,906,770 tons were handled through the privately-owned commercial facilities of the port. These commercial facilities existed and were available for this emergency use by [fol. 3711] the armed forces simply because private capital, principally railroad capital, had been invested and a concerted effort had been made by the transportation companies, marine service companies, and by public agencies to secure cargo through the port to support these facilities.

V.

EFFORTS TO INCREASE THE COMMERCE OF HAMPTON ROADS:

One of the agencies engaged in the above cooperative effort to promote the movement of commerce through the Port of Hampton Roads is the Virginia State Ports Authority, which maintains solicitation offices in New York, Chicago and Norfolk, as well as in Brussels, Belgium. The principal solicitation effort made by this agency is concentrated on waterborne traffic originating in or destined to the inland rate area involved in this case. As stated above, the Port of Hampton Roads cannot exist, other than as a very minor port, on the general cargo traffic generated by the nearby territory.

As a matter of fact, the average cargo handlings per general cargo vessel arrival or sailing at Hampton Roads is so small that many ships now calling at the port are handling quantities of cargo that produce revenues only slightly in excess of port costs. Even though the total volume is small in actuality and even smaller relatively, the commerce that moves through the port to and from differential territory is often the deciding factor in determining whether a vessel will or will not call at at Hampton [fol. 3712] Roads. Any decrease in the volume of that traffic would definitely result in the elimination of many vessel calls and force either the diversion to more northern ports of traffic originating in or destined to the nearby southern and southeastern areas or the competitive exclusion from foreign trade of producers and consumers located in that area.

If Hampton Roads is to be a major port at all; if the residents of the port area are to benefit to any great extent from the natural asset of its great harbor, and if facilities are to be available in the port in times of national emergency, the port must depend to a large extent upon cargo generated at a considerable distance from the port area.

In addition to the Virginia State Ports Authority, the Norfolk Port Authority constantly has men in the field attempting to promote the commerce of the port. Other local port agencies are working through advertising, correspondence, and occasional field trips, toward the same end. The principal railroads serving the port maintain well-staffed foreign freight departments for the same purpose. The Hampton Roads foreign freight forwarders, of whom there are only a few, and other service companies either employ staff members exclusively for solicitation work in the field or send their top men out into the field from time to time in the interest of developing commerce for the port. Considerable sums are spent on national advertising by many public and private agencies in behalf of [fol. 3713] the port. The budget of the Virginia State Ports

Authority alone, all of which is used to foster and stimulate the commerce of the port, is in excess of $400,000 a year. No stone is left unturned in the effort to secure for the port its fair share of traffic from the competitive area.

The area surrounding Hampton Roads, relatively undeveloped industrially, must depend upon the commerce of the port to maintain an economic level comparable to the economic level of other metropolitan area. The port is the area's greatest natural asset, and dependence upon the port has become accepted throughout the years. A recent survey by the Bureau of Population and Economic Research of the University of Virginia shows that, in the year 1956, approximately seven percent of all private employment and eight percent of all the wages paid by private industry within the Commonwealth were port generated; while comparable figures for the Hampton Roads areas alone were thirty percent and thirty-five percent, respectively. It is because the area is so dependent upon the port and its commerce to and from competitive areas that the Commonwealth of Virginia and the port municipalities are not only willing but obligated to put so much time, effort and money into the fostering and stimulating of commerce through the port.

VI.

EXISTING FACILITIES FOR GENERAL CARGO

Despite the great natural harbor at Hampton Roads [fol. 3714] and the great combined effort being exerted to stimulate the flow of commerce through the Port of Hampton Roads, the general cargo handled through the port moves in such small volume that it has not been necessary for the port to invest a great deal of money in building up facilities for the accommodation of that traffic. We know that reports have been issued to the effect that Hampton Roads possesses a large number of piers and many times that number of berths. These reports are truthful in the technical meaning of the word, but they portray a picture which is far from realistic. Many of the piers included in such reports were, at one time, useful piers for the handling of waterborne commerce, but conditions have so changed that some of them are now scarcely more than old pilings running out from the shore line into mud flats. Actually, the useful deepwater general cargo piers at the Port of Hampton Roads can be counted on the fingers of your two hands, and the amount of general cargo moving through the port has not made it necessary to build any additional general cargo facilities in recent years.

VII.

THE CONSTRUCTION OF COASTWISE FACILITIES

During the last of the nineteenth century and at the start of this century, when the cost of domestic water transportation permitted the assessment of rates for carriage of goods by water which were substantially lower than the rates for carriage of goods by rail, many coastwise steam- [fol. 3715] ship lines and some of the Hampton Roads rail lines built substantial pier facilities at Hampton Roads for the accommodation of the coastwise trade. These facilities provided the southern rail lines with their long haul to their northern-most coastal termini; while they represented the only facilities directly served by the Pocahontas lines.

At the time the above facilities were constructed, the few vessels calling at Hampton Roads in the off-shore trade were able to utilize terminals having the same characteristics as those required for vessels in the coastwise trade; so that additional and separate facilities were not built for the accommodation of the few vessels employed in the off-shore trade. The first overseas service at Hampton Roads established in 1895 or 1897 by arrangements between Furness Withy and Company and The Chesapeake and Ohio Railway Company, and all off-shore vessels were handled at the already existing piers from that time until the end of World War I.

VIII.

THE CONSTRUCTION OF DEEPWATER FACILITIES

Coincident with the expansion of the coastwise trade to the full capacity of the piers, the size of vessels engaged in the off-shore trade rapidly increased and cargo handling methods changed to such an extent that the coastwise piers became unsuitable for the working of these vessels. Alarmed by this situation, the City of Norfolk, just prior to our entry into World War I, acquired property [fol. 3716] on which to build piers to properly accommodate the offshore vessels. This site was taken over by the Federal Government and two four-berth piers with supporting warehouses constructed thereon. Undeterred, the City of Norfolk, at the end of the war, constructed a four-berth general cargo facility and a 750,000 bushel grain elevator on a nearby site. At about the same time, the Federal Government leased their eight-berth facility for commercial operation, and these twelve berths, between the World Wars, constituted the only new general cargo facilities added since the turn of the century.

At the conclusion of World War II, it became evident that the eight-berth Army Terminal could not be counted on as a commercial facility, and the Norfolk and Western Railway Company erected a four-berth facility which was put into operation in 1947. Since that time, two berths at the Hampton Roads Army Terminal have been made available for commercial operation. No additional general cargo facilities have been added since 1947, so that the two berths at the Army Terminal, plus the four berths completed by the Norfolk and Western in 1947, plus the 35 year old four berths completed by the City of Norfolk in 1922, constitute the only berths for the accommodation of ocean-going vessels which have been designed and added within the last more than fifty years. It is true that one two-berth facility of The Chesapeake and Ohio Railway Company was [fol. 3717] built in 1944, but it was simply a war-time emergency replacement, done in 73 days, of a 50 or more year old duplicate pier destroyed by fire.

IX.

EXISTING FACILITIES

The above ten general cargo berths are supplemented by berths designed fifty and more years ago and owned by the Norfolk and Western, Chesapeake and Ohio and Southern Railway Companies, such supplementary berths numbering six, eight and three respectively, for a total of seventeen supplementary berths. The combined total of the twenty-seven above berths constitute the total normally available for public use. As of January 1, 1957, the pier structures accounting for the twenty-five privately owned berths included in the above twenty-seven, had a total assessed value of only $2,407,500, and of this figure all but $889,400 represents the assessed value of the one four-berth facility completed in 1947.

The remaining deep-sea berths at the Port of Hampton Roads are either industrial berths for such commodities as petroleum, fertilizer and tobacco, or specialized berths for commodities such as coal, grain and ore. The industry-owned fertilizer and tobacco facilities do, from time to time, handle small quantities of general cargo for the public when prior arrangements have been made. The coal facilities are unsurpassed. The two grain elevators, owned [fol. 3718] o. leased by private grain companies, have a capacity of only about four million bushels. Ore is presently being handled by means of gantries primarily designed for general cargo and heavy lifts; although the Chesapeake and Ohio Railway will shortly put into operation a modern ore pier capable of working three hatches at a time.

X.

POSITION OF THE VIRGINIA STATE PORTS AUTHORITY

The relatively small amount of general cargo tonnage that the Ports of Virginia are now handling from and to points in differential territory is an asset and a necessity to the existence of these ports. This tonnage is needed to supplement the tonnage from the south and is an important factor in attracting vessel calls. It is quite evident that, if we had no general cargo tonnage from differential territory, which could happen if the existing differentials were removed, we would lose much of our present ocean service, thus driving tonnage generated in southern territory to competing ports. With the loss of this tonnage, there would be a deterioration in the economy of Virginia and in our existing facilities, with resultant disastrous effect in times of national emergency.

For the above reasons, and for the additional reasons outlined in testimony submitted by witnesses Campbell, Miller and Wakefield, the Virginia State Ports Authority is opposed to any change in the existing North Atlantic port rate differentials, and supports the railroads serving our ports and other interests in their endeavor to maintain the status quo.

[fol. 3719]

VERIFICATION

City of Norfolk
State of Virginia ss.
County of ....

David S. Gendell, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: ....
David S. Gendell

Subscribed in my presence and sworn before me
by the affiant above named on this
Eleventh day of October, 1957

Emma G. Saunders
Notary Public

My commission expires December 21, 1958

[fol. 3720]

I.C.C. Exhibit No. 64

J. & S. Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (Horace L. Walker, 700 Travelers Building, Richmond, Virginia) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Verified Statement of A. Stuart Campbell
Research Economist

Virginia State Ports Authority
254 Granby Street
Norfolk 10, Virginia

[fol. 3721]

Before the
Interstate Commerce Commission

I. & S. Docket 6615
Equalization of Rates at North Atlantic Ports

Verified Statement of A. Stuart Campbell

Q. Please state your name, residence, occupation, and past experience.

A. My name is A. Stuart Campbell. I live in Norfolk, Virginia. I am employed by the Virginia State Ports Authority, Norfolk, Virginia, in the capacity of Research Economist.

I have been with the Virginia State Ports Authority as a Research Economist for about four years. During this period I have prepared monthly, quarterly and annual reports which show the movement of individual commodities in foreign trade through Virginia ports, and have made economic studies of various activities related to the commerce of the ports.

Prior to coming with the Virginia State Ports Authority, I was a research economist for three Federal agencies, the Tennessee Valley Authority, the Atomic Energy Commission, and the Public Housing Administration. My employment with these three agencies covered a period of about thirteen years. Prior to that I was a college professor and [fol. 3722] director of research at the University of Florida for ten years. While there I taught courses in foreign trade and ocean shipping, and made many research studies in the fields of foreign and domestic trade, transportation, industrial development, and economic activities of many kinds. For a period I was a part-time consultant for the U.S. Maritime Commission.

My education consisted of four years at the Wharton School of Finance and Commerce, University of Pennsylvania, and three years of graduate study at the University of Virginia. I received a B. S. degree in Economics from Pennsylvania; and M. S. and Ph. D. degrees from Virginia. My major course of study was foreign trade, and my master's and doctor's theses were in the field of foreign trade.

Q. Have you prepared any exhibits for this hearing?

A. I have prepared Exhibits V-1, V-2, V-3, V-4, and V-5 in their entirety. I have likewise prepared Exhibit VD-1, from export data which I had assembled, and import data which had been assembled by Mr. Nelson Bean, of the Delaware River Port Authority, and filed as Exhibit D-1 in this proceeding.

Q. Will you explain what is contained in Exhibit V-1.

A. Exhibit V-1 contains three tables. Table I shows detailed tonnages of each of the individual commodities exported annually for the years 1949 through 1955 from each of the following ports: Portland, Me., Boston, Albany, New York, Philadelphia (Delaware River), Baltimore, Hampton Roads, Norfolk, and Newport News. Table II shows the [fol. 3723] same data tabulated by commodities with consolidation of certain groups, for the same ports for the years 1930, 1935, 1939, and 1946 through 1948. Table III gives the total exports of the United States, and the net figures resulting from the exclusion of individual coal and grain classifications, for the years 1930, 1935, 1939, 1946 through 1955. The data in Tables I through III were taken from Waterborne Commerce of the United States, U.S. Army, Corps of Engineers.

Q. What was the purpose of preparing Exhibit V-1?

A. Exhibit V-1 was prepared for the purpose of having a complete statistical history and reference source of the export trade movement by individual commodities for each of the ports named in the preceding answer for the stated years. The detailed information in this exhibit can be used to trace the export tonnage movement of any commodity at specific ports annually for the years 1955 back through 1946, and in the prior years 1939, 1935, and 1930. Questions concerning the export movement in past years of specific commodities through specific ports can be answered from the tables in this exhibit.

Q. Please explain the arrangement of the tables in exhibit V-1.

A. Table I, Exhibit V-1, continues from Page 2 through Page 55. On Page 20 will be found the beginning of the section of this table devoted to the Port of New York. This section shows New York's exports annually for the years 1949 through 1955, tabulated by complete commodity listing, [fol. 3724] with selected commodities shown separately. The first column gives the code number of the commodity, which is used to designate it in statistical reports prepared by the Corps of Engineers, U.S. Army, and by the Foreign Trade Division, Bureau of the Census. The second column gives the commodity export, listed in the exact terminology used in official Federal trade reports, and arranged under the official group and sub-group classifications. The next seven columns are headed by the years, 1955 back through 1949, and contain the number of short tons of each commodity that was exported at New York in each of the years.

For example, Code No. 095 designates "Animal products, inedible, nec". On the title page of this exhibit there is a key to abbreviations, which explains that "nec" means "not elsewhere classified". The figures in the table indicate that 121,225 short tons of this commodity were exported at New York in 1949, 188,158 tons in 1952, and 282,564 tons in 1955, etc. In this section of Table I, Pages 20 through 24 contain export commodities, listed in order of code numbers, for all commodities exported from New York except coal and grains, with a sub-total of such commodity tonnages on Page 24. On Page 25 are listed the export tonnages of the various coal and grain accounts in each of the years, with a sub-total of these quantities. At the bottom of Page 25, a summary statement shows the sub-total of exports, less coal and grains, the sub-total of coal and grains, and the [fol. 3725] total exports of New York in each of the years. Other sections of Table I give the same data for the other North Atlantic ports.

Q. What does your next table contain?

A. Table II, which continues from Page 56 through Page 82, gives somewhat the same information concerning the exports of North Atlantic ports in 1948, 1947, 1946, 1939, 1935, and 1930, except that in many instances several commodities are grouped together, instead of being shown separately. This grouping of commodities had to be done in this table, as in most of the years shown the annual reports of the Corps of Engineers contained figures which were usually for commodity groups, with very few figures for individual commodities. On Page 65 the section devoted to New York begins. The first column shows the code number or numbers, as several are usually grouped together. Where there is a dash between code numbers, it means that all intermediate numbers between the lowest and highest are included. A comma after a code number indicates that only that commodity is included. In the second column will be found the commodity export, or group of commodity exports. The next six columns give the number of short tons exported from New York in each of the years, 1948, 1947, 1946, 1939, 1935, and 1930.

For example, Code Nos. 450-457 include all "Paper and related products" from Code No. 450 through 457. The exports of this commodity group from New York were: 78,048 tons in 1930, 144,574 tons in 1939, and 192,158 tons in 1948, [fol. 3726] etc. A sub-total of the annual export tonnage, excluding coal and grains, is shown on Page 66. On Page 67 there is another sub-total for coal and grains. At the bottom of Page 67, a summary statement shows the sub-total of exports less coal and grains, the sub-total of coal and grains, and the total exports of New York in each of the years. The same data for the other North Atlantic ports are shown in other sections of Table II.

Q. Describe the third table in this exhibit.

A. Table III, on Page 83, shows the tonnage of total exports of the United States each year from 1955 back through 1946, and in 1939, 1935, and 1930. This table likewise includes tonnages of individual coal and grain exports for each year, with the sub-total of these deducted from total exports, to give United States exports, less coal and grains.

Q. What is the next exhibit you have prepared?

A. Exhibit VD-1. This exhibit contains six summary tables which show the total exports, total imports, and total foreign trade of each North Atlantic port, the North Atlantic ports' total, the United States total, and the net figures resulting from the exclusion of specified bulk commodities.

The first three tables give tonnage figures for North Atlantic ports, and the last three tables show the percentage for each port, of the North Atlantic and United States totals, less the deduction of the bulk commodities. Exhibit VD-1 was based on Waterborne Commerce of the United States, U.S. Army, Corps of Engineers.

[fol. 3727] Q. What specified bulk commodities were deducted from the exports and imports, and why were these commodities deducted?

A. In Exhibit VD-1, coal and grains were deducted from the exports, and petroleum and ores from the imports. Coal is a bulk commodity which does not enter into this case, as there is no relation between the rates on coal to Hampton Roads and any of the other North Atlantic ports. Grains, petroleum, and ores are likewise bulk commodities, whose movements are affected by unusual conditions. Grains exported from North Atlantic ports are covered by a special rail rate differential. Most of the imported petroleum is refined near the ports, so is not transported by the railroads, and does not constitute traffic for them. The rates on iron ore are not involved in this proceeding.

There is another important reason for the omission of these commodities. Bulk commodities like the foregoing are low in value in proportion to their weight, are usually shipped in special cars, are handled in quantities with special equipment at individual, private terminals, and do not bring in nearly as much revenue per ton for the carriers, or income to the ports, as general cargo. General cargo includes that which is non-standardized with other cargo, hence requires a high degree of manual handling at a cost far exceeding the cost of the mechanical handling of bulk cargo, so that it leaves a greater income in the port. The income and wealth of a port are determined largely by the general cargo that goes through it. Thus, comparative [fol. 3728] figures restricted to the movement of general cargo through the respective ports, and excluding major bulk commodities, present a clearer picture than total trade figures, of the value to the ports of their foreign commerce. For the reasons given, the bulk commodities, coal, grains, petroleum, and ores are not included in the figures analyzed in this exhibit.

Q. Please explain the contents of the tables in Exhibit VD-1.

A. I should like first to explain the manner in which I shall analyze the tables.

Q. You may explain this.

A. In the testimony of New York Port Authority witness Jerome Gilbert, Pages 3 and 4, he testified as follows: "The greatest part of the decline (New York's) occurred in the period following World War II. New York's competitive share of United States oceanborne foreign trade has deteriorated during the past decade, with only one minor exception —that being during the Korean War. The decline in New York's competitive picture has occurred during the period of record volumes of foreign trade. As a result, the Port of New York's participation in the new trade that has developed in the post-World War II period has been less than 10 per cent, while competing ports have received the remaining 90 per cent. Because of the Port of New York's increasing inability to compete in new foreign trade, the trend [fol. 3729] line from 1946 to 1956, which is more steep than the years previous, is a true picture of what is occurring at the present time". The first post-World War II year was 1946, and throughout my testimony I shall make special reference to the trends in the foreign commerce of the North Atlantic ports from 1946 through the latest year for which our complete figures are available. I shall show that New York has fared far better than Hampton Roads since World War II.

Q. You may proceed with your testimony.

A. Table I, Exhibit VD-1, is devoted to exports. It shows the tonnage of total exports, coal and grains, and the export tonnage less coal and grains, of each North Atlantic port, combined figures for all North Atlantic ports, and figures for the United States, for each year from 1955 back through 1946, and for 1939, 1935, and 1930. Ports included are Portland, Me., Boston, Albany, New York, Philadelphia (Delaware River), Baltimore, and Hampton Roads.

Q. Does this table show anything of significance?

A. Yes. Table I shows that in 1946 the exports of New York, less coal and grains, were 8,507,145 short tons, whereas in 1955 these were 8,178,436 tons, a decrease of 328,709 tons. Between 1946 and 1955 the exports of Hampton Roads, less coal and grains, declined from 1,174,030 tons to 794,288 tons, a decrease of 379,742 tons, which was greater than the loss of New York. Moreover, this loss was more serious than that of New York, because the net export tonnage of [fol. 3730] Hampton Roads is so much smaller. In 1946, Hampton Roads' exports, less coal and grains, were 13.8 per cent of New York's exports, less coal and grains, while in 1955, the tonnage of Hampton Roads' net exports had dropped to 9.7 per cent of the net exports of New York.

The net export tonnage of Boston increased between 1946 and 1955 from 191,307 tons to 435,117 tons, an increase of 243,810 tons, while Albany's net tonnage increased from 6,680 tons to 87,776 tons between these years, an increase of 81,096 tons.

Between 1946 and 1955 there was a slight increase in exports, less coal and grains, for the United States, and a slight decrease for the combined North Atlantic ports, which was 5.1 per cent. New York's decrease was less, 3.9 per cent, while Hampton Roads' net exports declined 32.2 per cent. The percentage decline for Hampton Roads' net exports was thus eight times as great as for New York. These figures in Table I show that the export decline suffered by New York since World War II was not shared by ports to the north, and was more serious for the North Atlantic ports to the south, especially Hampton Roads.

Q. What is the next table you have prepared?

A. Table II, which deals with imports. This table shows the tonnage of total imports, petroleum and ores, and the import tonnage less petroleum and ores, of each North Atlantic port, combined figures for all North Atlantic ports, [fol. 3731] and figures for the United States, for each year from 1955 back through 1946, and for 1939, 1935, and 1930. The same ports are included as in Table I.

Q. Is there anything of importance that is shown by this table?

A. Yes, Table II shows that the imports of New York, less petroleum and ores, increased from 5,890,592 short tons in 1946 to 8,434,065 tons in 1955, an increase of 2,543,473 tons. Between 1946 and 1955 the imports of Hampton Roads, less petroleum and ores, increased from 638,596 tons to 1,142,812 tons, an increase of only 504,216 tons, which was just one-fifth the net import tonnage increase of New York. The increase in net import tonnage between 1946 and 1955 was 913,937 tons for Philadelphia, and 833,755 tons for Baltimore, which were both very much smaller than New York's gain.

The percentage gain for New York in net imports between 1946 and 1955 was 43.2 per cent, which was more than double the United States' gain of 19.1 per cent during this period. Between 1946 and 1955 net imports at Boston increased from 1,012,204 tons to 1,408,359 tons, an increase of 396,155 tons, and at Albany they increased from 53,716 tons to 258,995 tons, an increase of 205,279 tons. Table II shows that since World War II New York has enjoyed an import increase that was five times greater than that at Hampton Roads, and almost three times as great as that at Baltimore and Philadelphia, and percentagewise, was more than double [fol. 3732] the national increase in imports.

Q. What is your next table?

A. Table III, which covers combined exports and imports, or total foreign trade. This table shows the combined exports and imports of each North Atlantic port, the North Atlantic total, and the United States total, with coal and grains excluded from the exports and petroleum and ores from the imports. The same ports and years are covered as in Tables I and II.

Q. What is significant about this table?

A. The combined exports and imports of New York, less coal, grains, petroleum, and ores, increased from 14,397,737 short tons to 16,612,501 tons between 1946 and 1955, an increase of 2,214,764 tons. The imports at Hampton Roads, less the same exclusions, increased from 1,812,626 tons to 1,937,100 tons in 1955, an increase of only 124,474 tons, or 5.6 per cent of New York's increase. In 1946, the combined exports and imports of Hampton Roads, less the exclusions, comprised 12.6 per cent of New York's figure, while in 1955 this had dropped to 11.6 per cent.

Between 1946 and 1955 Philadelphia's net foreign trade increased 268,625 tons, and Baltimore's net trade 1,168,910 tons. New York's increase was thus about nine times that of Philadelphia, and twice that of Baltimore. Boston's net foreign trade increased from 1,203,511 tons in 1946 to 1,843,476 tons in 1955, an increase of 639,965 tons, while [fol. 3733] Albany's net foreign trade increased from 60,396 tons to 346,771 tons between these years, an increase of 286,375 tons.

Percentagewise, the net foreign trade of New York increased 15.4 per cent between 1946 and 1955, which was twice the national increase of 8.3 per cent, and over twice the increase of Hampton Roads, 6.8 per cent. Table III shows that the foreign trade of New York has fared much better since World War II than the foreign trade of Hampton Roads, Baltimore, or Philadelphia, with a net foreign trade tonnage gain almost twenty times that of Hampton Roads, nine times that of Philadelphia, and twice that of Baltimore, and with a percentage gain over twice that of Hampton Roads.

Q. What is the next table you have prepared?

A. This is Table IV, which shows the percentage that the total exports of each North Atlantic port, less coal and grains, comprises of the total combined exports of the North Atlantic ports, and of the United States, for the years that were covered in the other tables.

Q. What do you propose to show from this table?

A. In 1946, New York's percentage of the combined exports of the North Atlantic ports, less coal and grains, was 59.6 per cent, and in 1955 it was 60.4 per cent, a gain of .8 per cent of the total and 1.3 per cent relatively, in this period. Between 1946 and 1955, Hampton Roads' percentage of the combined North Atlantic exports, less coal and grains, declined from 8.2 per cent to 5.9 per cent, a loss of [fol. 3734] 2.3 per cent of the total and 28.8 per cent relatively. Boston's percentage increased from 1.3 per cent to 3.2 per cent, and Albany from .05 per cent to .65 per cent. Thus, while New York's percentage of the combined exports of the North Atlantic ports, less coal and grains, was increasing by 1.3 per cent, Hampton Roads' share was decreasing by 28.8 per cent.

Between 1946 and 1955 New York's percentage of United States exports, less coal and grains, declined slightly, from 16.6 per cent to 15.6 per cent, a loss of 1.0 per cent of the total and 6.1 per cent relatively. During the same period

Hampton Roads' share of the United States net exports declined from 2.3 per cent to 1.5 per cent, a loss of 1.8 per cent of the total and 34.1 per cent relatively. Boston's share rose from .4 per cent to .8 per cent, and Albany's share from .01 per cent to .17 per cent. These figures show that while New York's share of United States exports, less coal and grains, was decreasing between 1946 and 1955 by 6.1 per cent, Hampton Roads' share decreased by 34.1 per cent, or almost six times as much.

Q. What is your next table?

A. Table V is the next table. It shows the percentage that the total imports of each North Atlantic port, less petroleum and ores, comprises of the total combined imports of the North Atlantic ports, and of the United States, for the period that was covered in the other tables.

Q. What is indicated by the table?

[fol. 3735] A. In 1946, New York's percentage of United States' imports, less petroleum and ores, was 20.7 per cent, and in 1955 it had risen to 24.9 per cent, a gain of 4.2 per cent of the total. Hampton Roads' percentage of the United States imports, less petroleum and ores, was 2.2 per cent in 1946, and 3.4 per cent in 1955, a gain in the period of 1.2 per cent of the total. Philadelphia's share increased from 6.1 per cent to 7.8 per cent, a gain of 1.7 per cent of the total. Baltimore's share increased from 2.9 per cent to 4.9 per cent, a gain of 2.0 per cent of the total. Boston's share increased from 3.6 per cent to 4.2 per cent, and Albany's share from .2 per cent to .8 per cent. This table shows that New York's share of United States imports, less petroleum and ores, showed a percentage increase between 1946 and 1955 which was almost four times as great as that of Hampton Roads, almost three times as great as that of Philadelphia, and over twice that of Baltimore.

Q. I believe you have one more table in this exhibit.

A. That is correct. I have Table VI, which shows the percentage that the total combined exports and imports of each port, less coal and grains from the exports, and petroleum and ores from the imports, comprises of the total combined exports and imports of the North Atlantic ports, and of the United States, less these same exclusions, for the period 1955 back to 1946, and for 1939, 1935, and 1930.

Q. What do you intend to prove by Table VI?

A. In 1946, New York's share of the combined exports [fol. 3736] and imports of the North Atlantic ports, less coal, grains, petroleum, and ores, was 58.7 per cent, and in 1955, 56.9 per cent, a relative decline of 3.1 per cent. Between 1946 and 1955 Hampton Roads' share of the combined exports and imports of the North Atlantic ports, less coal, grains, petroleum, and ores, declined from 7.4 per cent to 6.6 per cent, a relative decline of 10.3 per cent. Boston's share increased from 4.9 per cent to 6.3 per cent, and Albany's share from .25 per cent to 1.19 per cent.

Between 1946 and 1955, New York's share of the combined exports and imports of the United States, less coal, grains, petroleum, and ores increased from 18.1 per cent to 19.3 per cent of the total, a relative increase of 6.5 per cent. Between 1946 and 1955, Hampton Roads' share of the combined exports and imports of the United States, less coal, grains, petroleum, and ores, decreased from 2.3 per cent to 2.2 per cent of the total, a relative decrease of 1.3 per cent. Boston's share increased from 1.5 per cent to 2.1 per cent, while Albany's share rose from .07 per cent to .40 per cent.

This table shows that between 1946 and 1955, although New York's share of the combined North Atlantic exports and imports, less coal, grains, petroleum, and ores, declined, Hampton Roads' share declined over three times as much. Also, that between 1946 and 1955, while New York's share of the combined United States exports and imports, less coal, grains, petroleum, and ores, was increasing 6.5 per [fol. 3737] cent, Hampton Roads' share declined.

Q. What is your conclusion from Exhibit VD-1?

A. Exhibit VD-1 demonstrates that the claim of New York representatives in their testimony that New York and ports to the north have suffered a greater foreign trade decline since World War II than North Atlantic ports to the South of New York is not borne out by the facts, but on the contrary, New York's foreign trade has prospered more than that of Hampton Roads, Baltimore, and Philadelphia since World War II.

Q. What is the next exhibit you wish to present?

A. This is Exhibit V-2.

Q. What does this exhibit contain?

A. Exhibit V-2 contains seven tables, and seven charts. The first five of the tables show comparative foreign trade figures for New York and Hampton Roads, with their relationship to total United States and North Atlantic foreign trade. One of the tables gives, for each port in each year, the tonnage of the bulk commodities excluded in the trade comparisons. The remaining table shows the foreign trade tonnage increases since World War II of ports throughout the nation, other than in the North Atlantic area.

Six of the charts show graphs which indicate the comparative trends of foreign trade at New York and Hampton Roads in the post-war period. The last chart gives comparative foreign trade tonnage figures, with coal deducted, for New York and Hampton Roads. The figures in Exhibit [fol. 3738] V-2 were based on data from the annual reports of the Corps of Engineers, U. S. Army.

Q. You may proceed with your discussion of Exhibit V-2.

A. Table I gives data for New York, Hampton Roads, and the United States which show total exports, less coal and grains, for the years 1955 back through 1946, and for the years 1939, 1935, and 1930. Percentages have been worked out which show New York's and Hampton Roads' share of total United States exports, and these exports, less the excluded commodities. These percentages show that between 1946 and 1955, when coal and grains are deducted, the decrease in net exports was substantially greater at Hampton Roads than at New York. New York's net exports declined from 16.6 per cent to 15.6 per cent of the United States total, or by 6.0 per cent, while Hampton Roads' net exports declined from 2.3 per cent to 1.5 per cent, or by 34.8 per cent, which was almost six times as much.

Q. What is your next table?

A. Table II gives the same data for New York and Hampton Roads as Table I, but compares their export trade with the total for the North Atlantic ports. The percentages in this table show that, between 1946 and 1955, the exports of New York, less coal and grains, actually increased, while the net exports of Hampton Roads dropped sharply. New York's net exports increased from 59.6 per cent to 60.4 per cent of the North Atlantic total, a relative [fol. 3739] increase of 1.3 per cent, while Hampton Roads' net exports decreased from 8.2 per cent to 5.9 per cent, a relative decrease of 28.0 per cent.

Q. Present your next table.

A. Table III is the next table. It contains data for New York, Hampton Roads, and the United States which show total combined exports and imports, less coal and grains from the exports, and petroleum and ores from the imports, for the years 1955 back through 1946, and for the years 1939, 1935, and 1930. Percentages indicate the share of New York and Hampton Roads of the United States figures. These percentages show that, between 1946 and 1955, New York's combined exports and imports, less bulk commodity deductions, increased, while during this same period Hampton Roads' combined exports and imports, less deductions, declined. New York's net foreign trade increased from 18.1 per cent to 19.3 per cent of the United States total, a relative increase of 6.6 per cent, while Hampton Roads' net foreign trade decreased from 2.3 per cent to 2.2 per cent, a relative decrease of 4.3 per cent.

Q. Proceed with your next table.

A. Table IV gives the same data for New York and Hampton Roads as Table III, but compares their foreign trade with the total for the North Atlantic ports. The percentages in this table show that, between 1946 and 1955, the combined exports and imports of New York, less coal, grains, petroleum, and ores, declined from 58.7 per cent to [fol. 3740] 56.9 per cent, or by 3.1 per cent of the North Atlantic total, while the same trade for Hampton Roads declined from 7.4 per cent to 6.6 per cent, or by 10.2 per cent. Between 1946 and 1955, Hampton Roads' share of the North Atlantic total foreign trade, less bulk commodity deductions, thus decreased three times as much as New York's share of this trade.

Q. What does your next table contain?

A. Table V contains data for New York, Hampton Roads, the United States, and the North Atlantic ports, showing the tonnage of total combined exports and imports, less coal, for the years 1955 back through 1946, and for 1939, 1935, and 1930.

Q. What is significant about the information in this table?

A. Table V contains some very important figures. An examination of it will show that in 1946 the total foreign trade, less coal, of New York was 22,522,593 short tons, whereas in 1955 this figure had reached 38,865,985 tons. This was an increase of 16,343,392 tons of total foreign trade, minus coal, since World War II. In contrast, the total foreign trade, less coal, at Hampton Roads increased from 2,700,580 tons to 6,433,426 tons between 1946 and 1955, an increase of only 3,732,846 tons. Coal is not involved in this case, so a comparison of total trade movements, with coal excluded, is correct procedure. This comparison shows that, since the Second World War, in a period in which [fol. 3741] representatives of New York claim that its foreign trade was dwindling away and that the foreign trade of North Atlantic ports to the south was faring much better, New York's tonnage gain in total foreign trade, less coal, actually increased four and one-half times more than that of Hampton Roads.

Q. What does your next table contain?

A. Table VI gives the respective tonnages of each of the four bulk commodities that were deducted from total foreign trade to arrive at net foreign trade figures which would be comparable as between the various ports involved in this hearing. These tonnage figures are given for each of the bulk commodities exported or imported at each of the North Atlantic ports, in the years 1955 back through 1946, and for 1939, 1935, and 1930.

The purpose of this table is to supply ready reference figures for the tonnages of coal, grains, petroleum, and ores exported or imported at each North Atlantic port, for the years covered by the exhibit.

Q. I believe you have one more table in this exhibit.

A. Table VII shows foreign trade tonnages in 1946 and 1955 at representative ports away from the North Atlantic area, with percentage changes in the volume of trade between these years. Areas represented in the table are the

South Atlantic, Gulf, Pacific Coast, and Great Lakes. Export and import tonnages are given for six ports in each of these areas, or for twenty-four ports.

[fol. 3742] All of these ports had a gain in foreign trade tonnage between 1946 and 1955. The tonnage gain of four of the ports exceeded 400 per cent; the tonnage gain of eleven of the ports exceeded 100 per cent; for eighteen of the ports the tonnage gain exceeded 50 per cent; and for twenty-one of the ports the tonnage gain exceeded 25 per cent.

This table was prepared to show that ports all over the nation, in areas other than the North Atlantic area, have increased their foreign trade substantially since World War II. The representatives of New York have attempted to attach great significance to the fact that New York's share of total United States foreign trade was declining, and infer that the North Atlantic ports south of New York were gaining what New York was losing. This table shows a substantial increase in foreign trade in areas other than the North Atlantic area. It leads to the conclusion that a large part of the increase in the foreign trade tonnage of the United States since World War II has been outside of the North Atlantic area. This being the case, the contention of representatives of New York that its declining share of United States foreign trade has been taken by the North Atlantic ports to the south is without foundation.

Q. Does this complete your discussion of the tables this exhibit?

A. It does. There are seven charts in Exhibit V-2, which I would now like to present. The first six of these are [fol. 3743] graphs which show comparative curves for New York and Hampton Roads, indicating for each the percentage of the United States and North Atlantic totals, in the years 1946 through 1955. The seventh chart gives curves based on tonnage figures for the same ports during the same years.

Chart 1 shows the curves of the percentage of United States exports, less coal and grains, that apply to New York and Hampton Roads, between 1946 and 1955. These curves emphasize that New York's total was about seven times as great as Hampton Roads in 1946, and had increased to over ten times as much in 1955. There was a slight overall decline for New York, and a sharp decline for Hampton Roads.

Chart 2 shows the same kind of percentage curves as Chart 1, but indicates the share of New York and Hampton Roads in total North Atlantic trade. Here again New York's curve was about seven times that of Hampton Roads at the beginning of the period, and over ten times as great at the period's end. New York's percentage curve actually showed an increase, while that of Hampton Roads decreased sharply.

Chart 3 shows percentage curves which indicate that New York's share of United States imports, less petroleum and ores, was about nine times as great as Hampton Roads in 1946, and somewhat less in 1955. The percentage curves for both increased during the period.

Chart 4 shows the same kind of percentage curves as Chart 3, with the North Atlantic total substituted for the [fol. 3744] United States total. New York's curve was about nine times that of Hampton Roads at the beginning of the period, and less at the end.

Chart 5 gives percentage curves which indicate the share of combined United States exports and imports, less coal and grains from the exports and petroleum and ores from the imports, that was represented by the trade of New York and Hampton Roads. New York's curve was eight times that of Hampton Roads in 1946 and nine times as great in 1955. Over the period New York's curve increased, while Hampton Road's curve declined.

Chart 6 gives the same kind of percentage curves as Chart 5, but indicates the share of the North Atlantic total. New York's curve was eight times that of Hampton Roads at the beginning of the period, and almost nine times as much at the end. Both curves declined, but the relative decline of Hampton Roads' curve was greater.

Chart 7 shows curves indicating the tonnage of exports and imports, less coal, of New York and Hampton Roads, annually from 1946 through 1955. This chart shows rather convincingly that New York's tonnage increased by sixteen and one-third million tons during this period, while Hampton Roads' tonnage increased by only three and two-thirds million tons. This would ~~appear~~ to be a further indication that the contention that New York's foreign trade is suffering, while that of the North Atlantic ports to the south is [fol. 3745] prospering, is in error. This chart clearly shows that New York's foreign commerce, less coal, which is not involved in this hearing, increased four and one-half times as much as the commerce of Hampton Roads, since World War II.

Q. What is your next exhibit?

A. Exhibit V-3 is my next exhibit.

Q. What is contained in this exhibit?

A. Exhibit V-3 contains twelve tables, which show the value per ton of exports, imports, and total foreign trade, with various deductions of designated commodities, at each of the principal North Atlantic ports, during the years 1955 and 1946. The data to prepare these tables were taken from coded reports of the Foreign Trade Division, Bureau of the Census, U. S. Department of Commerce. The tonnage figures issued by the Census Bureau are slightly different from those released by the Corps of Engineers, which were used in my other exhibits.

Q. Proceed with an explanation of your first table.

A. Table 1 is a summary table showing the value per ton of exports, imports, and total foreign trade, in 1955 and 1946, at the following North Atlantic ports: Norfolk, Newport News, Hampton Roads, Baltimore, Philadelphia (Delaware River), New York, Boston, and Portland, Me. Figures are likewise shown for the combined foreign commerce of Hampton Roads, Baltimore, and Philadelphia. This table gives the value per ton of the commerce without [fol. 3746] any commodity deductions. The table brings out some significant facts. In 1955, the value per ton of exports was $479 at New York, and only $24 at Hampton Roads, $68 at Baltimore, and $97 at Philadelphia. This would indicate that New York's exports are of a far more valuable kind, and bring in far more income to the port, tonnagewise, than those of the ports to the south.

In fact, in 1955 each ton of exports at New York was worth about twenty times as much as at Hampton Roads. Between 1946 and 1955, the value per ton of exports dropped at Hampton Roads, from $82 to $24, but increased at New York, from $334 to $479. In 1955, the value per ton of imports was $123 at New York, and just $40 at Hampton Roads, $23 at Baltimore, and $22 at Philadelphia. The value per ton of imports at New York was thus three times as great as at Hampton Roads, and over five times as great as at Baltimore and Philadelphia. In 1955, total foreign trade had a value per ton of $195 in New York, compared with $26 at Hampton Roads, $29 at Philadelphia, and $38 at Baltimore. New York's total foreign commerce thus had a value per ton in 1955 of about eight times that of Hampton Roads, and six and one-half times that of Hampton Roads, Baltimore, and Philadelphia *combined*. This eight-to-one, and six-and-one-half-to-one superiority in value per ton of foreign trade, which New York holds over the ports to the south, should be given great weight in any appraisal of tonnage changes at the ports.

[fol. 3747] Q. What is your next table?

A. Table II shows the foreign trade value per ton, after the deduction of coal and grains from the exports and petroleum and ores from the imports, for the North Atlantic ports in 1955 and 1946. This table indicates that the value per ton of 1955 exports at Hampton Roads was slightly higher than at New York, but this was due largely to tobacco exports, of which there is only a very small quantity from differential territory, so that this commodity hardly enters into this hearing. The 1955 value per ton of exports at Hampton Roads, Baltimore, and Philadelphia *combined*, $247 per ton, was less than one-half the value per ton at New York, $504. New York's value per ton of 1955 imports, $388, was over three times that of Hampton Roads, which was $114; Baltimore, $129; Philadelphia, $129; or these three ports *combined*, $126. The value per ton of 1955 total foreign trade at New York, $444, was considerably higher than at Hampton Roads, which was $287 (including tobacco); Baltimore, $164; Philadelphia, $145; or the three ports *combined*, $180. Between 1946 and 1955 the value per ton of total foreign trade increased substantially at New York, while it decreased at Hampton Roads.

Q. What does your next table show?

A. Table III is a summary table which shows the trade value per ton, less coal, grains, and tobacco from the exports and petroleum and ores from the imports, for the [fol. 3748] North Atlantic ports in 1955 ad 1946. In this table tobacco has been deducted from the exports, in addition to coal and grains. This shows a value per ton for 1955 exports of $241 at Hampton Roads, $189 at Baltimore, $172 at Philadelphia, and $189 for these three ports *combined,* all of which are less than one-half of the value per ton at New York, $503. The value per ton of imports was the same as in Table II. The value per ton of 1955 total foreign trade was $443 at New York, and about one-third at the other ports, or $153 at Hampton Roads, $162 at Baltimore, $145 at Philadelphia, and $153 at these three ports *combined.* Hence, it should be remembered that, with coal, grains, tobacco, petroleum, and ores excluded, the value of each ton of foreign commerce at New York is approximately three times that at Hampton Roads, Baltimore, and Philadelphia.

Q. What is included in your next table?

A. Table IV is a summary table which shows the value per ton of unmanufactured tobacco exported from the North Atlantic ports in 1955 and 1946. As most of this tobacco is exported from Hampton Roads, the high value per ton, $1,142, should be borne in mind in an analysis of the foreign commerce of this port at this hearing. As such a small quantity of tobacco comes from differential territory, it should receive only minor consideration in the appraisal of the value of the port's commerce.

Q. Discuss your next table.

[fol. 3749] A. Table V gives the total value, total tonnage, and value per ton of exports, imports, and total foreign trade, at each of the North Atlantic ports in 1955. In this table no commodities are deducted. The total value figures are significant. The value of the 1955 exports of New York, $3,544,000,000, was more than twice the value of the *combined* exports of Hampton Roads, Baltimore, and Philadelphia, which was $1,641,777,000. The value of the 1955 imports of New York, $3,619,400,000, was almost three times the value of the *combined* imports of Hampton Roads, Baltimore, and Philadelphia, $1,370,653,000. The value of the 1955 total foreign trade of New York, $7,163,400,000, was almost two and one-half times the value of the *combined* foreign trade of Hampton Roads, Baltimore, and Philadelphia, $3,012,430,000. This would not seem to indicate that the foreign commerce of New York is suffering in competition with the North Atlantic ports to the south.

Q. Present your next table.

A. Table VI gives the same information as Table V, but for the year 1946. The total value figures in this table show that New York's 1946 exports, $3,932,657,000, were about three and one-half times as great as the value of the *combined* exports of Hampton Roads, Baltimore, and Philadelphia, which were $1,112,557,000. The value of the 1946 imports of New York, $2,039,637,000, was about four and one-half times the value of the *combined* imports of [fol. 3750] Hampton Roads, Baltimore, and Philadelphia, $446,676,000. This value of the 1946 total foreign trade of New York, $5,972,294,000, was almost four times the value of the *combined* foreign trade of Hampton Roads, Baltimore, and Philadelphia, $1,559,233,000.

Q. What is your next table?

A. Table VII gives the same kind of information that was contained in Table V, except that coal and grains are deducted from the exports, and petroleum and ores from the imports. With these deductions, the 1955 exports of New York had a total value of $3,522,290,000, which was three and one-half times as great as the value of the *combined* exports of Hampton Roads, Baltimore, and Philadelphia, $1,069,767,000. The 1955 imports of New York, less deductions, were valued at $2,995,271,000, which was over four times the value of the *combined* imports of Hampton Roads, Baltimore, and Philadelphia, $670,495,000. The 1955 total foreign trade of New York, less deductions, was valued at $6,517,561,000, which was almost four times the value of the *combined* foreign trade of Hampton Roads, Baltimore, and Philadelphia, $1,740,262,000. The figure in this table include tobacco, or the comparison with New York would be even more unfavorable.

Q. Proceed with your next table.

A. Table VIII gives the same data as Table VII, but for the year 1946. In that year exports, less the stated deductions, were valued at $3,907,042,000, or about four and [fol. 3751] one-half times as great as the value of the *combined* exports of Hampton Roads, Baltimore, and Philadelphia, $882,803,000. The 1946 imports of New York, less deductions, had a value of $1,944,053,000, or about six times the value of the *combined* imports of Hampton Roads, Baltimore, and Philadelphia, $334,238,000. The 1946 total foreign trade of New York, less deductions, was valued at $5,851,095,000, which was almost five times the value of the *combined* foreign trade of Hampton Roads, Baltimore, and Philadelphia, $1,217,041,000.

Q. What is the next table you have?

A. Table IX contains information which is similar to that in Table VII, except that unmanufactured tobacco is deducted from the exports, in addition to coal and grains. Petroleum and ores are likewise deducted from the imports. This shows the value of New York's 1955 exports, less deductions, to have been $3,512,097,000, which was almost five times the value of the *combined* exports of Hampton Roads, Baltimore, and Philadelphia, $769,926,000. The value of New York's 1955 imports, less deductions, was the same as in Table VII, over four times the *combined* import value of the three ports to the south. New York's 1955 total foreign trade, less deductions, was valued at $6,507,368,000, which was more than four and one-half times as great as the value of the *combined* foreign trade of Hampton Roads, Baltimore, and Philadelphia, $1,440,421,000. These figures would appear to refute the claim of New York representatives, [fol. 3752] that the foreign trade of that port is being taken by the three North Atlantic ports to the south. The figures show that New York's foreign trade, less justifiable commodity deductions, had a value in 1955 that was over four and one-half times as much as its three rival ports *combined.*

Q. What is your next table?

A. Table X gives the same data as Table IX, except that the figures are for 1946. In that year exports, less the deductions, were valued at $3,885,677,000 at New York, which was about six times the value of the *combined* exports at Hampton Roads, Baltimore, and Philadelphia, $626,573,000. The 1946 imports of New York, less deductions, had a value of $1,944,053,000, which was six times the value of the *combined* imports at Hampton Roads, Baltimore, and Philadelphia, $334,238,000. The 1946 total foreign trade of New York, less deductions, valued at $5,829,730,000, was also about six times as great as the value of the *combined* foreign trade of Hampton Roads, Baltimore, and Philadelphia, which was $960,811,000.

Q. What table will you discuss next?

A. Table XI gives the total value, tonnage, and value per ton of exports of unmanufactured tobacco from each of the North Atlantic ports, in 1955. The significant figures in this table indicate that in 1955, 257,128 short tons of tobacco were exported from Hampton Roads, which had a total value of $293,695,764. As has been mentioned, tobacco [fol. 3753] hardly enters into this hearing. Hence, the tonnage and value of tobacco exports might be excluded from comparative figures considered at the hearing.

Q. I believe you have one more table in this exhibit.

A. Table XII is the last table in Exhibit V-3. It contains information similar to that in Table XI, except that the figures are for 1946. This table shows that 267,713 short tons of unmanufactured tobacco, having a value of $246,289,516, were exported from Hampton Roads in 1946. The 1946 quantity exported was larger than in 1955, but the value in the latter year was greater, due mostly to the increase in the price level, but partly to the export of a higher quality of tobacco.

Q. What is your next exhibit?

A. This is Exhibit V-4, which consists of one statistical table. It is a summary statistical table which gives a comparison of the reign trade of New York and Hampton Roads for the calendar years 1956 and 1955. It is based on figures prepared by the Corps of Engineers, U. S. Army.

Q. What do you intend to demonstrate with this exhibit?

A. I intend to prove that the foreign commerce of New York, which I have shown in former exhibits has fared much better than the North Atlantic ports to the south in the period following World War II, has continued to fare much better than Hampton Roads in 1956.

Q. Proceed with your discussion.

[fol. 3754] A. The table which comprises Exhibit V-4 gives the following data in short tons for New York and

Hampton Roads in 1956 and 1955: total foreign trade, total exports, total imports, coal exports, grain exports, petroleum imports, and ore imports. From these figures other significant tonnages are derived, which are: exports less coal and grains; imports less petroleum and ores; total trade less coal, grains, petroleum, and ores; exports less coal; and total trade less coal.

The table shows that in 1956, as compared with 1955, the exports of New York, less coal and grains, increased by 220,411 tons, while the net exports of Hampton Roads increased by only 34,464 tons. New York thus increased its net exports by 185,947 tons more than Hampton Roads in 1956. The tonnage increase in net exports was thus six and one-half times as great at New York as at Hampton Roads. In 1956, compared with 1955, New York's imports, less petroleum and ores, increased by 98,391 tons, but the net imports of Hampton Roads decreased by 86,975 tons. New York's gain over Hampton Roads in net imports was therefore 185,366 tons in 1956. In 1956, compared with 1955, New York's total trade, less coal and grains from the exports and petroleum and ores from the imports, increased by 318,802 tons, but the net total trade of Hampton Roads decreased by 52,511 tons. New York's gain over Hampton Roads in net total trade was thus 371,313 tons in 1956. [fol. 3755] In 1956, New York's exports, less coal, were 532,995 tons more than in 1955, while in 1956 Hampton Roads' exports, less coal, were only 40,712 tons more than in 1955. New York's exports, less coal, thus had a gain in 1956 which was 492,283 tons more than Hampton Roads. New York's 1956 gain in exports, less coal, was therefore thirteen times as great as that of Hampton Roads. In 1956, New York's total trade, less coal, increased by 1,943,113 tons over 1955, while Hampton Roads' increase in total trade, less coal, was 642,371 tons. New York's total trade, less coal, thus increased by 1,300,742 tons more than Hampton Roads in 1956. New York's 1956 gain in total trade, less coal, was therefore more than three times as great as that of Hampton Roads.

To sum up, New York's tonnage gains over Hampton Roads in 1956 over 1955 were:

Exports less coal and grains	185,947 tons
Imports less petroleum and ores	185,366 tons
Total Trade less coal, grains, petroleum, ores	371,313 tons
Exports less coal	492,283 tons
Total trade less coal	1,300,742 tons

The conclusion from these figures is inescapable. In 1956, New York's foreign commerce gains were much greater than those of Hampton Roads, just as the foreign trade gains of New York exceeded those of Hampton Roads during the entire period following World War II.

Q. Do you have any more exhibits to present?

A. I have one more exhibit, which is Exhibit V-5. This exhibit is one statistical table, which shows a comparison [fol. 3756] of the respective shares that the foreign commerce of New York and Hampton Roads comprised of the total value and total volume of United States foreign commerce in 1956.

Q. What does this table contain?

A. The table which is Exhibit V-5 gives data for 1956, which were obtained from the Foreign Trade Division, Bureau of the Census, U. S. Department of Commerce. It should be borne in mind that these tonnage figures vary somewhat from those prepared by the Corps of Engineers, U. S. Army, which are generally higher. The table shows the 1956 tonnage and value of exports, imports, and total foreign trade of the United States, New York, and Hampton Roads. Then, it shows the percentage of the tonnage and value of United States exports, imports, and total foreign trade that is comprised by the foreign trade of New York and Hampton Roads.

Q. What do the figures in this table prove?

A. The percentage figures in the table are very significant and revealing. They show that in 1956, New York had 5.5 per cent of the export tonnage of the Nation, but the value of these exports was 37.2 per cent of the total value of United States exports. In this same year Hampton Roads had 30.5 per cent of the Nation's export tonnage, but its value was only 7.9 per cent of the total value of United States exports. New York's share of the Nation's import tonnage was 18.8 per cent, but its value was 41.1 per cent of the total value of United States imports. Hamp- [fol. 3757] ton Roads' share of the Nation's import tonnage was 3.2 per cent, but its value was 2.2 per cent of the total value of United States imports. The tonnage of New York's total foreign trade comprised 12.4 per cent of the total for the Nation, but the value of this trade was 38.9 per cent of the value of the United States total foreign trade. In marked contrast, the tonnage of the total foreign trade at Hampton Roads comprised 16.2 per cent of the total for the Nation, but its value comprised only 5.3 per cent of the value of United States total foreign trade.

Thus, it is shown that in 1956 New York's percentage of the value of United States total foreign trade was over three times its percentage of the tonnage. At the other extreme, Hampton Roads' percentage of the value of United States total foreign trade was only one-third its percentage of the tonnage. New York's total foreign trade therefore had a value per ton which was over nine times that of Hampton Roads in 1956.

With New York's foreign commerce having a value per ton which is so much higher than the value per ton of competitive North Atlantic ports, it is not surprising that the representatives of the Port of New York preferred to make trade comparisons on a tonnage basis. In fact, if all the port comparisons of foreign trade movements in this hearing were made on a value-of-trade basis, the northern North Atlantic ports would have great difficulty in preparing a case.

[fol. 3758] Q. Have you anything more to add to your testimony?

A. Yes. I wish to summarize some of the evidence presented in my testimony. The facts and figures presented in this testimony clearly refute the statements made by Jerome Gilbert, Trade Economist of the New York Port Authority. On Pages 3 and 4 of his testimony, Mr. Gilbert states that "The greatest part of the decline (New York's) occurred in the period following World War II. New York's competitive share of United States oceanborne foreign trade has deteriorated during the past decade, with only one minor exception—that being during the Korean

War. The decline in New York's competitive picture has occurred during the period of record volumes of foreign trade. As a result, the Port of New York's participation in the new trade that has developed in the post-World War II period has been less than 10 per cent, while competing ports have received the remaining 90 per cent. Because of the Port of New York's increasing inability to compete in new foreign trade, the trend line from 1946 to 1956, which is more steep than the years previous, is a true picture of what is occurring at the present time".

I should like to emphasize several things. First, the figures on which Mr. Gilbert based his statement were total foreign trade tonnages. In 1956, according to figures prepared by the U. S. Corps of Engineers, coal comprised 95.4 per cent of the exports, and 85.6 per cent of the total for- [fol. 3759] eign trade, of Hampton Roads. Coal does not enter into this hearing. Realistic comparative figures thus should exclude coal. When this is done, the figures presented in this testimony show with crystal clarity that in the period following World War II, the foreign commerce of New York has fared much better than that of Hampton Roads. In this post-war period New York's tonnage gain in total trade, less coal, actually increased four and one-half times as much as the total trade, less coal, of Hampton Roads.

This testimony also shows that other bulk commodities, grains, petroleum, and ores, for reasons explained, should be excluded in a true comparison of the present foreign trade of the respective North Atlantic ports. This has been done in my testimony. The results show conclusively that in the period following World War II, New York's foreign trade gains have been greater, and its losses less, than for Hampton Roads, Philadelphia, and Baltimore. In this post-war period, the total foreign trade of New York, less coal, grains, petroleum, and ores, actually had a tonnage increase that was twenty times that of Hampton Roads, nine times that of Philadelphia, and twice that of Baltimore.

In his testimony, Mr. Gilbert has emphasized the trend of the foreign trade tonnage at the various North Atlantic ports. He has not mentioned the value of this foreign trade. My testimony shows that in 1955 the value per ton of New York's total foreign commerce was eight times that [fol. 3760] of Hampton Roads, and six and one-half times that of Hampton Roads, Baltimore and Philadelphia *combined*. In 1956 the value per ton of New York's total foreign trade was over nine times that of Hampton Roads. With coal, grains, tobacco, petroleum, and ores deducted, the value of the total foreign commerce of New York in 1955 was four and one-half times that of the value of the foreign commerce of Hampton Roads, Baltimore, and Philadelphia *combined*. These figures indicate that New York's foreign trade is of a far more valuable kind, and brings in far more income to the port, tonnagewise, than that of the North Atlantic ports to the south.

This testimony brings out further that, whereas in 1956 the Port of New York had 12.4 per cent of the total foreign trade tonnage of the United States, this tonnage represented 38.9 per cent of the total value of the Nation's foreign trade. In contrast, in the same year Hampton Roads had 16.2 per cent of the total foreign trade tonnage of the United States, but it represented only 5.3 per cent of the total value of the Nation's foreign trade.

New York's foreign commerce has a value per ton which is so much higher than the value per ton of competitive North Atlantic ports, that if the port comparisons of foreign trade movements in this hearing were on a value-of-trade basis, instead of a tonnage basis, the hearing might result in an *increase* in the differentials favoring Hampton Roads, Baltimore, and Philadelphia.

[fol. 3761] Mr. Gilbert stated that in comparison with the other North Atlantic ports to the south, the foreign trade of New York has been steadily declining over the years, especially since World War II, and that this downward trend would very likely continue. My testimony cites official statistics which show that in 1956, instead of declining, New York's tonnage of total foreign trade, less coal, increased over 1955 by a volume which exceeded the increase in Hampton Roads' total foreign trade, less coal, by 1,300,742 tons. This indicates that New York is steadily and consistently increasing its long-existing near-monopoly of the foreign commerce of the North Atlantic ports.

The New York testimony emphasized that New York's share of total United States foreign commerce has been declining, expecially since World War II, and inferred that the North Atlantic ports to the south were gaining what New York was losing. My testimony gives the total foreign trade tonnages in 1946 and 1955 of twenty-four ports located in the South Atlantic, Gulf, Pacific Coast, and Great Lakes areas. All of these ports increased their foreign trade tonnages between 1946 and 1955. Their tonnage gains were as follows: four of the ports, over 400 per cent; eleven of the ports, over 100 per cent; eighteen of the ports, over 50 per cent; and twenty-one of the ports, over 25 per cent. This indicates that a large part of the foreign trade increase of the United States since World War II has been outside of the North Atlantic area, and [fol. 3762] New York's contention that its declining share of the Nation's foreign trade has been taken by the North Atlantic ports to the south is not supported by the facts.

A careful examination of this testimony and the accompanying exhibits will make it very clear that the foreign commerce of New York and the North Atlantic ports to the north has fared much better than the foreign commerce of Hampton Roads, Baltimore, and Philadelphia, in the period following World War II.

[fol. 3763]

VERIFICATION

City of Norfolk
State of Virginia   ss.

A. Stuart Campbell, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: A. Stuart Campbell.

Subscribed in my presence and sworn before
me by the affiant above named on this
11th day of October, 1957

Emma G. Saunders
Notary Public
My commission expires December 21, 1958

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Exhibit No.
Witness A. STUART CAMPBELL
I & S Docket No. 6615.

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TABLE I	SUMMARY TABLE SHOWING TOTAL EXPORTS OF EACH NORTH ATLANTIC PORT, THE NORTH ATLANTIC PORTS' TOTAL AND THE UNITED STATES AS A WHOLE, AND THE NET FIGURES RESULTING FROM THE EXCLUSION OF COAL AND GRAINS FROM THE TOTAL FIGURES FOR THE YEARS 1930, 1935, 1939, 1946 THROUGH 1955.
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TABLE III	SUMMARY TABLE SHOWING COMBINED EXPORTS AND IMPORTS FOR EACH NORTH ATLANTIC PORT, THE NORTH ATLANTIC PORTS' TOTAL AND THE UNITED STATES AS A WHOLE, AND THE NET FIGURES RESULTING FROM THE EXCLUSION OF COAL AND GRAINS FROM THE EXPORTS AND PETROLEUM AND ORES FROM THE IMPORTS FOR THE YEARS 1930, 1935, 1939, 1946 THROUGH 1955.
TABLE IV	SUMMARY TABLE SHOWING THE PERCENTAGE THAT THE TOTAL EXPORTS OF EACH NORTH ATLANTIC PORT, LESS COAL AND GRAINS, COMPRISES OF THE TOTAL EXPORTS OF THE NORTH ATLANTIC PORTS AND OF THE UNITED STATES, LESS COAL AND GRAINS, FOR THE YEARS 1930, 1935, 1939, 1946 THROUGH 1955.
TABLE V	SUMMARY TABLE SHOWING THE PERCENTAGE THAT THE TOTAL IMPORTS OF EACH NORTH ATLANTIC PORT, LESS PETROLEUM AND ORES, COMPRISES OF THE TOTAL IMPORTS OF THE NORTH ATLANTIC PORTS AND THE UNITED STATES, LESS PETROLEUM AND ORES, FOR THE YEARS 1930, 1935, 1939, 1946 THROUGH 1955.
TABLE VI	SUMMARY TABLE SHOWING THE PERCENTAGE THAT THE TOTAL COMBINED EXPORTS AND IMPORTS OF EACH NORTH ATLANTIC PORT, LESS COAL AND GRAINS FOR THE EXPORTS AND PETROLEUM AND ORES FOR THE IMPORTS, COMPRISES OF THE TOTA COMBINED EXPORTS AND IMPORTS OF THE NORTH ATLANTIC PORTS AND OF THE UNITED STATES, LESS THESE SAME EXCLUSIONS, FOR THE YEARS 1930, 1935, 1939, 1946 THROUGH 1955.

SOURCE: WATERBORNE COMMERCE OF THE UNITED STATES, U.S. ARMY, CORPS OF ENGINEERS.

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TABLE I

SUMMARY TABLE SHOWING TOTAL EXPORTS OF EACH NORTH ATLANTIC PORT, THE NORTH ATLANTIC PORTS TOTAL AND THE UNITED STATES AS A WHOLE, AND THE NET FIGURES RESULTING FROM THE EXCLUSION OF COAL AND GRAINS FROM THE TOTAL FIGURES FOR THE YEARS 1930, 1935, 1939, 1946 THROUGH 1955.

Tons of 2,000 lbs.

	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1939	1935	1930
United States													
Total Exports	118,145,985	84,420,481	89,415,082	111,365,252	123,308,535	67,242,777	83,366,265	90,674,494	125,013,895	96,765,810	69,872,403	42,980,899	60,071,900
Excl.Coal & Grains	65,717,591	39,233,138	42,801,589	61,070,817	71,767,582	29,175,040	34,378,350	48,680,685	72,098,173	45,542,392	16,691,609	9,729,163	17,727,609
Remaining Exports	52,428,394	45,187,343	46,613,493	50,294,435	51,540,953	38,067,737	48,987,915	41,993,836	52,915,722	51,223,418	53,180,794	33,251,736	42,344,291
North Atlantic Ports													
Total Exports	53,679,102	30,350,255	27,763,079	42,594,527	54,487,532	14,848,614	31,186,782	35,730,109	62,683,662	34,014,512	14,857,079	9,318,947	14,591,747
Excl.Coal & Grains	40,134,481	19,571,979	18,429,819	31,518,749	41,973,598	5,025,657	15,904,941	22,276,274	42,521,262	19,741,027	3,555,837	1,387,643	4,194,505
Remaining Exports	13,544,621	10,778,276	9,333,260	11,075,778	12,513,934	9,822,957	15,281,841	13,453,835	20,162,400	14,273,485	11,301,242	7,931,304	10,397,242
Portland													
Total Exports	159,620	141,162	146,879	168,141	182,260	105,573	102,339	74,362	153,407	241,917	77,809	50,142	80,230
Excl.Coal & Grains	63,370	63,677	43,072	55,571	180,259	89,269	20,496	29,319	54,757	120,505	-	-	52,746
Remaining Exports	96,250	77,485	103,807	112,570	2,001	16,304	81,843	45,043	98,650	121,412	77,809	50,142	27,484
Boston													
Total Exports	565,995	338,195	243,147	336,189	382,029	238,534	433,419	319,772	538,625	428,950	428,999	330,090	263,461
Excl.Coal & Grains	130,878	58,340	116,157	190,139	212,019	102,387	179,211	171,334	138,826	237,643	50,599	52	64,420
Remaining Exports	435,117	279,855	117,990	146,050	170,010	136,147	254,208	148,438	399,799	191,307	378,400	330,038	199,041
Albany													
Total Exports	938,976	617,741	638,768	647,956	1,020,400	387,592	885,705	549,811	434,811	321,515	424,332	108,876	-
Excl.Coal & Grains	851,200	531,817	585,136	633,952	956,117	343,994	421,532	544,359	419,805	314,835	317,873	107,418	-
Remaining Exports	87,776	85,924	53,632	14,004	64,283	43,598	464,173	5,452	15,006	6,680	106,459	1,458	-
New York													
Total Exports	8,623,893	7,077,334	6,720,527	8,099,418	9,803,387	7,001,064	9,298,512	10,259,918	15,533,406	9,159,021	7,872,421	5,770,865	9,035,448
Excl.Coal & Grains	445,457	397,427	351,575	407,936	928,527	360,353	379,754	622,962	2,527,534	651,876	630,998	569,262	1,869,702
Remaining Exports	8,178,436	6,679,907	6,368,952	7,691,482	8,874,860	6,640,711	8,918,758	9,636,956	13,005,872	8,507,145	7,241,423	5,201,603	7,165,746
Philadelphia													
Total Exports	3,610,961	2,590,630	1,696,194	3,564,596	5,634,546	1,564,478	3,459,781	3,895,326	8,949,032	7,948,643	1,656,141	1,420,376	2,049,715
Excl.Coal & Grains	1,806,005	1,178,126	796,695	2,242,769	4,059,190	509,662	2,063,574	2,461,510	6,224,014	5,488,375	200,291	76,921	174,928
Remaining Exports	1,804,956	1,412,504	899,499	1,321,827	1,575,356	1,054,816	1,396,207	1,433,816	2,725,018	2,460,268	1,455,850	1,343,455	1,874,787
Baltimore													
Total Exports	8,318,198	4,124,811	4,837,359	6,572,836	7,960,222	2,914,695	5,986,071	6,269,976	15,928,394	9,879,138	1,796,127	586,112	1,042,563
Excl.Coal & Grains	6,170,400	2,497,433	3,607,061	5,234,639	6,677,317	1,471,769	2,736,936	4,698,094	12,925,172	3,066,495	427,885	42,680	386,794
Remaining Exports	2,147,798	1,627,378	1,230,298	1,338,197	1,282,905	1,442,926	3,249,135	1,571,882	3,003,222	1,812,643	1,368,242	543,432	655,769
Hampton Roads (Note 1)													
Total Exports	31,461,459	15,460,382	13,489,205	23,205,391	29,504,688	2,636,678	11,020,955	14,360,944	21,145,987	6,035,328	2,601,250	1,052,486	2,120,330
Excl.Coal & Grains	30,667,171	14,845,159	12,930,123	22,753,743	28,960,169	2,148,223	10,103,438	13,748,696	20,231,154	4,861,298	1,928,191	591,310	1,645,915
Remaining Exports	794,288	615,223	559,082	451,648	544,519	488,455	917,517	612,248	914,833	1,174,030	673,059	461,176	474,415
(Norfolk)													
Total Exports	16,288,960	8,787,999	6,880,581	11,198,624	14,650,665	1,130,314	5,767,644	7,228,320	10,482,304	2,762,742	1,615,345	701,339	1,362,332
Excl.Coal & Grains	15,875,414	8,446,569	6,607,622	10,963,182	14,353,513	835,225	5,152,854	6,845,866	10,039,839	2,216,543	1,125,935	321,051	1,029,875
Remaining Exports	413,546	341,430	272,959	235,442	297,152	295,089	614,790	382,454	442,465	546,199	489,410	380,288	332,457
(Newport News)													
Total Exports	15,172,499	6,672,383	6,608,624	12,006,767	14,854,023	1,506,364	5,253,311	7,132,624	10,663,683	3,272,586	985,905	351,147	757,998
Excl.Coal & Grains	14,791,757	6,398,590	6,322,501	11,790,561	14,606,656	1,312,998	4,950,584	6,902,830	10,191,315	2,644,755	802,256	270,259	616,040
Remaining Exports	380,742	273,793	286,123	216,206	247,367	193,366	302,727	229,794	472,368	627,831	183,649	80,888	141,958

Note 1 --- Hampton Roads Harbor, Va., figures are the total of the Norfolk Va., and the Newport News, Va., figures.

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TABLE II

SUMMARY TABLE SHOWING TOTAL IMPORTS OF EACH NORTH ATLANTIC PORT, THE NORTH ATLANTIC PORTS TOTAL AND THE UNITED STATES AS A WHOLE, AND THE NET FIGURES RESULTING FROM THE EXCLUSION OF PETROLEUM AND ORES FROM THE TOTAL FIGURES FOR THE YEARS 1930, 1935, 1939, 1946 THROUGH 1955.

Tons of 2,000 lbs.

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	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1939	1935	1930
United States													
Total Imports	152,956,947	129,423,809	127,981,407	115,961,025	108,747,297	101,981,918	81,992,016	72,297,097	61,799,973	52,110,615	42,794,990	38,658,608	54,037,757
Excl. Pet. & Ores	119,122,738	97,776,111	92,494,554	82,917,048	74,371,318	68,972,215	55,946,044	46,305,345	33,878,677	23,706,732	13,246,469	12,102,781	15,077,455
Net Imports	33,834,209	31,647,698	35,486,853	33,043,977	34,375,979	33,009,703	26,045,972	25,991,752	27,921,296	28,403,883	29,548,521	26,555,827	38,960,302
North Atlantic Ports													
Total Imports	104,461,142	89,564,631	87,265,481	80,762,483	77,168,324	73,179,879	57,758,041	51,043,439	43,837,793	35,877,124	28,823,731	25,735,818	33,248,312
Excl. Pet. & Ores	88,800,896	75,099,663	70,758,428	65,599,813	60,269,312	55,348,713	44,031,620	37,566,295	29,484,466	25,611,420	13,903,412	9,889,865	16,445,118
Net Imports	15,660,246	14,464,968	16,507,053	15,162,670	16,899,012	17,831,166	13,726,421	13,477,144	14,353,327	10,265,704	14,920,319	15,845,953	16,803,194
Portland													
Total Imports	10,728,079	8,473,931	8,364,061	7,827,013	7,061,132	4,609,932	3,966,029	3,285,092	2,727,194	2,903,333	267,669	2,046,123	819,989
Excl. Pet. & Ores	10,611,153	8,346,379	8,258,049	7,722,260	6,960,815	4,490,157	3,870,688	3,191,732	2,640,544	2,774,134	15,886	830,220	108,558
Net Imports	116,926	127,552	106,012	104,753	100,317	119,775	95,341	93,360	86,650	129,199	251,783	1,215,903	711,431
Boston													
Total Imports	5,135,873	4,486,060	4,756,747	4,849,735	5,100,926	5,299,222	3,448,810	2,833,989	3,252,695	2,819,722	2,169,610	2,693,223	2,915,152
Excl. Pet. & Ores	3,727,514	3,151,998	3,145,016	3,468,592	3,466,139	3,469,799	2,266,225	1,449,042	1,936,449	1,807,518	520,899	880,806	937,748
Net Imports	1,408,359	1,334,062	1,611,731	1,381,143	1,634,787	1,829,423	1,182,585	1,384,947	1,316,246	1,012,204	1,648,711	1,812,417	1,977,404
Albany													
Total Imports	329,771	319,740	345,536	228,118	185,596	221,847	135,185	64,305	72,297	53,716	1,669,695	697,258	-
Excl. Pet. & Ores	70,776	87,680	88,939	73,524	58,862	24,652	-	-	-	-	1,486,819	-	-
Net Imports	258,995	232,060	265,597	154,594	126,734	197,195	135,185	64,305	72,297	53,716	182,876	697,258	-
New York													
Total Imports	30,273,674	28,370,760	28,837,891	27,798,540	25,157,156	25,481,429	20,319,606	19,678,027	16,210,961	13,675,973	13,557,616	11,685,466	17,585,796
Excl. Pet. & Ores	21,839,609	20,741,618	19,865,590	19,283,827	16,268,920	16,105,935	13,209,181	12,093,071	9,464,818	7,785,381	5,696,060	4,118,241	8,720,362
Net Imports	8,434,065	7,629,142	8,972,301	8,514,713	8,888,236	9,375,494	7,110,425	7,584,956	6,746,143	5,890,592	7,861,556	7,567,225	8,865,434
Philadelphia													
Total Imports	36,150,777	30,300,430	25,550,577	22,204,112	22,243,510	23,866,692	16,780,137	12,712,376	10,792,650	8,965,970	4,785,988	4,410,889	5,445,587
Excl. Pet. & Ores	33,499,759	27,789,902	22,658,045	19,644,410	19,121,613	20,250,059	13,965,390	10,544,714	7,910,558	7,238,889	1,960,002	1,792,294	2,416,568
Net Imports	2,651,018	2,510,528	2,892,532	2,559,702	3,121,897	3,336,633	2,814,747	2,167,662	2,882,092	1,737,081	2,825,986	2,618,595	3,029,019
Baltimore													
Total Imports	17,415,578	14,951,276	16,537,107	14,842,879	14,497,995	12,144,240	11,296,502	10,325,399	8,683,096	5,942,545	5,338,360	3,350,037	5,539,156
Excl. Pet. & Ores	15,767,507	13,158,890	14,906,596	13,230,134	12,436,535	10,150,672	9,566,291	8,787,072	6,008,817	5,128,229	3,888,422	2,166,860	4,004,860
Net Imports	1,648,071	1,792,386	1,630,511	1,612,745	2,061,460	1,993,568	1,730,211	1,538,327	2,674,279	814,316	1,449,938	1,183,177	1,534,296
Hampton Roads (Note 1)													
Total Imports	4,427,390	2,662,434	2,873,562	3,012,086	2,922,009	1,836,517	1,811,772	2,144,251	2,098,900	1,515,865	1,034,793	852,822	942,632
Excl. Pet. & Ores	3,284,578	1,823,196	1,836,193	2,177,006	1,956,428	857,439	1,153,845	1,500,664	1,523,280	877,269	335,324	101,444	257,022
Net Imports	1,142,812	839,238	1,037,369	835,020	965,581	979,078	657,927	643,587	575,620	638,596	699,469	751,378	685,610
(Norfolk)													
Total Imports	3,050,252	2,144,071	2,320,378	2,690,695	2,617,850	1,592,177	1,661,355	2,013,476	1,982,737	1,308,836	867,479	755,631	800,525
Excl. Pet. & Ores	1,992,787	1,368,791	1,405,570	1,938,285	1,740,843	694,678	1,053,858	1,429,034	1,504,938	751,355	270,761	91,892	217,546
Net Imports	1,057,465	775,280	914,808	752,410	877,007	897,499	607,497	584,442	477,799	557,481	596,718	663,739	582,979
(Newport News)													
Total Imports	1,377,138	518,363	553,184	321,391	304,159	244,340	150,417	130,775	116,163	207,029	167,314	97,191	142,107
Excl. Pet. & Ores	1,291,791	454,405	430,623	238,781	215,585	162,761	99,987	71,630	18,342	125,914	64,563	9,552	39,476
Net Imports	85,347	63,958	122,561	82,610	88,574	81,579	50,430	59,145	97,821	81,115	102,751	87,639	102,631

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Note 1 --- Hampton Roads Harbor, Va., figures are the total of the Norfolk Va., and the Newport News, Va., figures.

TABLE III

SUMMARY TABLE SHOWING COMBINED EXPORTS AND IMPORTS FOR EACH NORTH ATLANTIC PORT, THE NORTH ATLANTIC PORTS TOTAL AND THE UNITED STATES AS A WHOLE, AND THE NET FIGURES RESULTING FROM THE EXCLUSION OF COAL AND GRAINS FROM THE EXPORTS AND PETROLEUM AND ORES FROM THE IMPORTS FOR THE YEARS 1930, 1935, 1939, 1946 THROUGH 1955.

Tons of 2,000 lbs.

	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1939	1935	1930
United States													
Total Exports-Imports	271,102,932	213,844,290	217,396,489	227,326,277	232,055,832	169,224,695	165,358,281	162,971,591	186,813,868	148,876,425	112,667,393	81,639,507	114,109,657
Exclusions	184,840,329	137,009,249	135,296,143	143,987,865	146,138,900	98,147,255	90,324,394	94,986,003	105,976,850	69,249,124	29,938,078	21,831,944	32,805,064
Net Exports-Imports	86,262,603	76,835,041	82,100,346	83,338,412	85,916,932	71,077,440	75,033,887	67,985,588	80,837,018	79,627,301	82,729,315	59,807,563	81,304,593
North Atlantic Ports													
Total Exports-Imports	158,140,244	119,914,886	115,028,560	123,357,010	131,655,856	88,028,493	88,944,823	86,773,548	106,521,455	69,891,636	43,680,810	35,054,765	47,840,059
Exclusions	128,935,377	94,671,642	89,188,247	97,118,562	102,242,910	60,374,370	59,936,561	59,842,569	72,005,728	45,352,447	17,459,249	11,277,508	20,639,623
Net Exports-Imports	29,204,867	25,243,244	25,840,313	26,238,448	29,412,946	27,654,123	29,008,262	26,930,979	34,515,727	24,539,189	26,221,561	23,777,257	27,200,436
Portland													
Total Exports-Imports	10,887,699	8,615,093	8,510,940	7,995,154	7,243,392	4,715,505	4,068,368	3,359,454	2,880,601	3,145,250	345,478	2,096,265	900,219
Exclusions	10,674,523	8,410,056	8,301,121	7,777,831	7,141,074	4,579,426	3,891,184	3,221,051	2,695,301	2,894,639	15,886	830,220	161,304
Net Exports-Imports	213 176	205,037	209,819	217,323	102,318	136,079	177,184	138,403	185,300	250,611	329,592	1,266,045	738,915
Boston													
Total Exports-Imports	5,701,868	4,824,255	4,990,894	5,185,924	5,482,955	5,537,756	3,882,229	3,153,761	3,791,320	3,248,672	2,598,609	3,023,313	3,178,613
Exclusions	4,358,392	3,210,338	3,261,173	3,658,731	3,678,158	3,572,186	2,445,436	1,620,376	2,075,275	2,045,161	571,498	880,858	1,002,168
Net Exports-Imports	1,343,476	1,613,917	1,729,721	1,527,193	1,804,797	1,965,570	1,436,793	1,533,385	1,716,045	1,203,511	2,027,111	2,142,455	2,176,445
Albany													
Total Exports-Imports	1,268,747	937,481	984,304	876,074	1,205,996	609,439	1,020,890	614,116	507,108	375,231	2,094,027	806,134	-
Exclusions	921,976	619,497	674,075	707,476	1,014,979	368,646	421,532	544,359	419,805	314,835	1,804,692	107,418	-
Net Exports-Imports	346,771	317,984	310,229	168,598	191,017	240,793	599,358	69,757	87,303	60,396	289,335	698,716	-
New York													
Total Exports-Imports	38,897,567	35,448,094	35,558,418	35,897,958	34,960,543	32,482,493	29,618,118	29,937,945	31,744,367	22,834,994	21,430,037	17,456,331	26,621,244
Exclusions	22,285,066	21,139,045	20,217,165	19,691,763	17,197,447	16,466,288	13,588,935	12,716,033	11,992,352	8,437,257	6,327,058	4,687,503	10,590,064
Net Exports-Imports	16,612,501	14,309,049	15,341,253	16,206,195	17,763,096	16,016,205	16,029,183	17,221,912	19,752,015	14,397,737	15,102,979	12,768,828	16,031,180
Philadelphia													
Total Exports-Imports	39,761,738	32,891,060	27,246,771	25,768,708	27,878,056	25,151,170	20,239,918	16,607,702	19,741,682	16,914,613	6,442,129	5,831,265	7,495,302
Exclusions	35,305,764	28,968,028	23,454,740	21,887,179	23,180,803	20,759,721	16,028,964	13,006,224	14,134,572	12,727,264	2,160,293	1,869,215	2,591,496
Net Exports-Imports	4,455,974	3,923,032	3,792,031	3,881,529	4,697,253	4,391,449	4,210,954	3,601,478	5,607,110	4,187,349	4,281,836	3,962,050	4,903,806
Baltimore													
Total Exports-Imports	25,733,776	19,076,087	21,374,466	21,415,715	22,458,217	15,058,935	17,282,573	16,595,375	24,611,490	15,821,683	7,134,487	3,936,149	6,581,719
Exclusions	21,937,907	15,656,323	18,513,657	18,464,773	19,113,852	11,622,441	12,303,227	13,485,166	18,933,989	13,194,724	4,316,307	2,209,540	4,391,654
Net Exports-Imports	3,795,869	3,419,764	2,860,809	2,950,942	3,344,365	3,436,494	4,979,346	3,110,209	5,677,501	2,626,959	2,818,180	1,726,609	2,190,065
Hampton Roads (Note 1)													
Total Exports-Imports	35,888,849	18,122,816	16,362,767	26,217,477	32,426,697	4,473,195	12,832,727	16,505,195	23,244,887	7,551,193	3,636,043	1,905,308	3,062,962
Exclusions	33,951,749	16,668,355	14,766,316	24,930,809	30,916,597	3,005,662	11,257,283	15,249,360	21,754,434	5,738,567	2,263,515	692,754	1,902,937
Net Exports-Imports	1,937,100	1,454,461	1,596,451	1,286,668	1,510,100	1,467,533	1,575,444	1,255,835	1,490,453	1,812,626	1,372,528	1,212,554	1,160,025
(Norfolk)													
Total Exports-Imports	19,339,212	10,932,070	9,200,959	13,889,319	17,268,515	2,722,491	7,428,999	9,241,796	12,465,041	4,071,578	2,482,824	1,456,970	2,162,857
Exclusions	17,868,201	9,815,360	8,013,192	12,901,467	16,094,356	1,529,903	6,206,712	8,274,900	11,544,777	2,967,898	1,396,696	412,943	1,247,421
Net Exports-Imports	1,471,011	1,116,710	1,187,767	987,852	1,174,159	1,192,588	1,222,287	966,896	920,264	1,103,680	1,086,128	1,044,027	915,436
(Newport News)													
Total Exports-Imports	16,549,637	7,190,746	7,161,808	12,328,158	15,158,182	1,750,704	5,403,728	7,263,399	10,779,846	3,479,615	1,153,219	448,338	900,105
Exclusions	16,083,548	6,852,995	6,753,124	12,029,342	14,822,241	1,475,759	5,050,571	6,974,460	10,209,657	2,770,669	866,819	279,811	655,516
Net Exports-Imports	466,089	337,751	408,684	298,816	335,941	274,945	353,157	288,939	570,189	708,946	286,400	168,527	244,589

Note 1 --- Hampton Roads Harbor, Va., figures are the total of the Norfolk Va., and the Newport News, Va., figures

TABLE IV

SUMMARY TABLE SHOWING THE PERCENTAGE THAT THE TOTAL EXPORTS OF EACH NORTH ATLANTIC PORT, LESS COAL AND GRAINS, COMPRISES OF THE TOTAL EXPORTS OF THE NORTH ATLANTIC PORTS AND OF THE UNITED STATES, LESS COAL AND GRAINS, FOR THE YEARS 1930, 1935, 1939, 1946 THROUGH 1955.

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Tons of 2,000 lbs.

North Atlantic Ports	1955 Tons	1954 Tons	1953 Tons	1952 Tons	1951 Tons	1950 Tons	1949 Tons	1948 Tons	1947 Tons	1946 Tons	1939 Tons	1935 Tons	1930 Tons
Portland	96,250	77,485	103,807	112,570	2,001	16,304	81,843	45,043	98,650	121,412	77,809	50,142	27,484
Boston	435,117	279,855	117,990	146,050	170,010	136,147	254,208	148,438	399,799	191,307	378,400	330,038	199,041
Albany	87,776	85,924	53,632	14,004	64,283	43,598	464,173	5,452	15,006	6,680	106,459	1,458	-
New York	8,178,436	6,679,907	6,368,952	7,691,482	8,874,360	6,640,711	8,918,758	9,636,956	13,005,872	8,507,145	7,241,423	5,201,603	7,165,746
Philadelphia	1,804,956	1,412,504	899,499	1,321,827	1,575,356	1,054,816	1,396,207	1,433,816	2,725,018	2,460,268	1,455,85[illegible]	1,343,455	1,874,787
Baltimore	2,147,798	1,627,378	1,230,298	1,338,197	1,282,905	1,442,926	3,249,135	1,571,882	3,003,22[illegible]	1,812,643	1,368,24[illegible]	543,432	655,769
Hampton Roads (Note 1)	794,288	615,223	559,082	451,648	544,519	488,455	917,517	612,248	914,833	1,174,030	673,059	461,176	474,415
(Norfolk)	(413,546)	(341,430)	(272,959)	(235,442)	(297,152)	(295,089)	(614,790)	(382,454)	(442,465)	(546,199)	(489,410)	(380,288)	(332,457)
(Newport News)	(380,742)	(273,793	(286,123)	(216,206)	(247,367)	(193,366)	(302,727)	(229,794)	(472,368)	(627,831)	(183,649)	(80,888)	(141,958)
Total Export Tonnage of North Atlantic Ports	13,544,621	10,778,276	9,333,260	11,075,778	12,513,934	9,882,957	15,281,841	13,453,835	20,162,400	14,273,485	11,301,242	7,931,304	10,397,242
Total Export Tonnage of United States	52,428,394	45,187,343	46,613,493	50,294,435	51,540,953	38,067,737	48,987,915	41,993,836	52,915,722	51,223,418	53,180,794	33,251,736	42,344,291
	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent
Portland													
% of N.Atlantic Total	.71%	.72%	1.11%	1.02%	.02%	.17%	.54%	.34%	.49%	.85%	.69%	.63%	.27%
% of U.S. Total	.18	17	.22	.22	.004	.04	.17	.11	.19	.24	.15	.15	.06
Boston													
% of N.Atlantic Total	3.21	2.59	1.26	1.32	1.36	1.39	1.66	1.10	1.98	1.34	3.35	4.16	1.91
% of U.S. Total	.83	.62	.25	.29	.33	.36	.52	.35	.76	.37	.71	.99	.47
Albany													
% of N.Atlantic Total	.65	.80	.58	.13	.51	.44	3.04	.04	.07	.05	.94	.02	-
% of U.S. Total	.17	.19	.12	.03	.12	.11	.95	.01	.03	.01	.20	.004	-
New York													
% of N.Atlantic Total	60.38	61.98	68.24	69.44	70.92	67.60	58.36	71.63	64.50	59.60	64.07	65.59	68.92
% of U.S. Total	15.60	14.78	13.66	15.29	17.22	17.44	18.21	22.95	24.58	16.61	13.62	15.64	16.92
Philadelphia													
% of N. Atlantic Total	13.33	13.10	9.64	11.93	12.59	10.74	9.14	10.66	13.52	17.23	12.88	16.94	18.03
% of U.S. Total	3.44	3.13	1.93	2.63	3.06	2.77	2.85	3.41	5.15	4.80	2.74	4.04	4.43
Baltimore													
% of N. Atlantic Total	15.86	15.10	13.18	12.08	10.25	14.69	21.26	11.68	14.90	12.70	12.11	6.85	6.31
% of U.S. Total	4.10	3.60	2.64	2.66	2.49	3.79	6.63	3.74	5.68	3.54	2.57	1.63	1.55
Hampton Roads (Note 1)													
% of N. Atlantic Total	5.86	5.71	5.99	4.08	4.35	4.97	6.00	4.55	4.54	8.23	5.96	5.81	4.56
% of U.S. Total	1.51	1.36	1.20	.90	1.06	1.28	1.87	1.46	1.73	2.29	1.27	1.38	1.12
(Norfolk)													
% of N.Atlantic Total	3.05	3.17	2.92	2.13	2.37	3.00	4.02	2.84	2.20	3.83	4.33	4.79	3.20
% of U.S. Total	.79	.75	.59	.47	.58	.77	1.25	.91	.84	1.07	.92	1.14	.79
(Newport News)													
% of N.Atlantic Total	2.81	2.54	3.07	1.95	1.98	1.97	1.98	1.71	2.34	4.40	1.63	1.02	1.36
% of U.S. Total	.72	.61	.61	.43	.48	.51	.62	.55	.89	1.22	.35	.24	.33

Note 1 --- Hampton Roads Harbor, Va., figures are the total of the Norfolk, Va., and the Newport News, Va., figures.

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TABLE V
SUMMARY TABLE SHOWING THE PERCENTAGE THAT THE TOTAL IMPORTS OF EACH NORTH ATLANTIC PORT, LESS PETROLEUM AND ORES, COMPRISES OF THE TOTAL IMPORTS OF THE NORTH ATLANTIC PORTS AND THE UNITED STATES, LESS PETROLEUM AND ORES, FOR THE YEARS 1930, 1935, 1939, 1946 THROUGH 1955.

Tons of 2,000 lbs.

North Atlantic Ports	1955 Tons	1954 Tons	1953 Tons	1952 Tons	1951 Tons	1950 Tons	1949 Tons	1948 Tons	1947 Tons	1946 Tons	1939 Tons	1935 Tons	1930 Tons
Portland	116,926	127,552	106,012	104,753	100,317	119,775	95,341	93,360	86,650	129,199	251,783	1,215,903	711,431
Boston	1,408,359	1,334,062	1,611,731	1,381,143	1,634,787	1,829,423	1,182,585	1,384,947	1,316,246	1,012,204	1,648,711	1,812,417	1,977,404
Albany	258,995	232,060	256,597	154,594	126,734	197,195	135,185	64,305	72,297	53,716	182,876	697,258	-
New York	8,434,065	7,629,142	8,972,301	8,514,713	8,888,236	9,375,494	7,110,425	7,584,956	6,746,143	5,890,592	7,861,556	7,567,225	8,865,434
Philadelphia	2,651,018	2,510,528	2,892,532	2,559,702	3,121,897	3,336,633	2,814,747	2,167,662	2,882,092	1,727,081	2,825,986	2,618,595	3,029,019
Baltimore	1,648,071	1,792,386	1,630,511	1,612,745	2,061,460	1,993,568	1,730,211	1,538,327	2,674,279	814,316	1,449,938	1,183,177	1,534,296
Hampton Roads (Note 1)	1,142,812	839,238	1,037,369	835,020	965,581	979,078	657,927	643,587	575,620	638,596	699,469	751,378	665,610
(Norfolk)	(1,057,465)	(775,280)	(914,808)	(752,410)	(877,007)	(897,499)	(607,497)	(584,442)	(477,799)	(557,481)	(596,718)	(663,739)	(582,979)
(Newport News)	(35,347)	(63,958)	(122,561)	(82,610)	(88,574)	(81,579)	(50,4[illegible])	(59,145)	(97,821)	(81,115)	(102,751)	(87,639)	(102,631)
Total Import Tonnage- N.Atlantic Ports	15,660,246	14,464,968	16,507,053	15,162,670	16,899,012	17,831,166	13,726,421	13,477,144	14,353,327	10,265,704	14,920,319	15,845,953	16,803,194
Total Import Tonnage- United States	33,834,209	31,647,698	35,486,853	33,043,977	34,375,979	33,009,703	26,045,972	25,991,752	27,921,296	28,403,883	29,548,521	26,555,827	38,960,302
	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent
Portland													
% of N. Atl. Ports	.7%	.8%	.6%	.7%	.6%	.7%	.7%	.8%	.6%	1.3%	1.7%	7.7%	4.2%
% of United States	.3	.4	.3	.3	.3	.4	.4	.4	.3	.4	.8	4.6	1.8
Boston													
% of N. Atl. Ports	9.0	9.2	9.8	9.1	9.7	10.3	8.6	9.6	9.2	9.9	11.1	11.4	11.8
% of United States	4.2	4.2	4.5	4.2	4.8	5.5	4.5	5.3	4.6	3.6	5.6	6.8	5.1
Albany													
% of N. Atl. Ports	1.7	1.7	1.6	1.0	.7	1.1	1.0	.5	.5	.5	1.2	4.4	-
% of United States	.8	.7	.7	.5	.4	.6	.5	.2	.3	.2	.6	2.6	-
New York													
% of N. Atl. Ports	53.9	52.8	54.3	56.2	52.6	52.6	51.8	56.5	47.0	57.4	52.7	47.7	52.8
% of United States	24.9	24.1	25.2	25.8	25.8	28.4	27.4	29.2	24.2	20.7	26.6	28.5	22.7
Philadelphia													
% of N. Atl. Ports	16.9	17.3	17.5	16.9	18.5	18.6	20.5	16.2	20.1	16.8	18.9	16.6	18.0
% of United States	7.8	7.9	8.2	7.7	9.1	10.1	10.8	8.3	10.3	6.1	9.6	9.9	7.8
Baltimore													
% of N.Atl.Ports	10.5	12.4	9.9	10.6	12.2	11.2	12.6	11.5	18.6	7.9	9.7	7.5	9.1
% of United States	4.9	5.7	4.7	4.9	6.0	6.0	6.6	5.9	9.6	2.9	4.9	4.5	3.9
Hampton Roads (Note 1)													
% of N. Atl. Ports	7.3	5.8	6.3	5.5	5.7	5.5	4.8	4.9	4.0	6.2	4.7	4.7	4.1
% of United States	3.4	2.7	2.9	2.5	2.8	3.0	2.5	2.5	2.1	2.2	2.4	2.8	1.8
(Norfolk)													
% of N. Atl. Ports	6.8	5.4	5.6	5.0	5.2	5.0	4.4	4.4	3.3	5.4	4.0	4.2	3.5
% of United States	3.1	2.5	2.6	2.2	2.5	2.7	2.3	2.2	1.7	2.0	2.0	2.5	1.5
(Newport News)													
% of N. Atl. Ports	.5	.4	.7	.5	.5	.5	.4	.5	.7	.8	.7	.5	.6
% of United States	.3	.2	.3	.3	.3	.3	.2	.3	.4	.2	.4	.3	.3

Note 1 --- Hampton Roads Harbor, Va., figures are the total of the Norfolk, Va., and the Newport News, Va., figures

TABLE VI

SUMMARY TABLE SHOWING THE PERCENTAGE THAT THE TOTAL COMBINED EXPORTS AND IMPORTS OF EACH NORTH ATLANTIC PORT, LESS COAL AND GRAINS FOR THE EXPORTS AND PETROLEUM AND ORES FOR THE IMPORTS, COMPRISES OF THE TOTAL COMBINED EXPORTS AND IMPORTS OF THE NORTH ATLANTIC PORTS AND OF THE UNITED STATES, LESS THESE SAME EXCLUSIONS, FOR THE YEARS 1930, 1935, 1939, 1946 THROUGH 1955.

Tons of 2,000 lbs.

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North Atlantic Ports	1955 Tons	1954 Tons	1953 Tons	1952 Tons	1951 Tons	1950 Tons	1949 Tons	1948 Tons	1947 Tons	1946 Tons	1939 Tons	1935 Tons	1930 Tons
Portland	213,176	205,037	209,819	217,323	102,318	136,079	177,184	138,403	185,300	205,611	329,592	1,266,045	738,915
Boston	1,843,476	1,613,917	1,729,721	1,527,193	1,804,797	1,965,570	1,436,793	1,533,385	1,716,045	1,203,511	2,027,111	2,142,455	2,176,445
Albany	346,771	317,984	310,229	168,598	191,017	240,793	599,358	69,757	87,303	60,396	289,335	698,716	-
New York	16,612,501	14,309,049	15,341,253	16,206,195	17,763,096	16,016,205	16,029,183	17,221,912	19,752,015	14,397,737	15,102,979	12,768,828	16,031,180
Philadelphia	4,455,974	3,923,032	3,792,031	3,881,529	4,697,253	4,391,449	4,210,954	3,601,478	5,607,110	4,187,349	4,281,836	3,962,050	4,903,806
Baltimore	3,795,869	3,419,764	2,860,809	2,950,942	3,344,365	3,436,494	4,979,346	3,110,209	5,667,501	2,626,959	2,818,180	1,726,609	2,190,065
Hampton Roads (Note 1)	1,937,100	1,454,461	1,596,451	1,286,668	1,510,100	1,467,533	1,575,444	1,255,835	1,490,453	1,812,626	1,372,528	1,212,554	1,160,025
(Norfolk)	(1,471,011)	(1,116,710)	(1,187,767)	(987,852)	(1,174,159)	(1,192,588)	(1,222,287)	(966,896)	(920,264)	(1,103,680)	(1,086,128)	(1,044,027)	(915,436)
(Newport News)	(466,089)	(337,751)	(408,684)	(298,816)	(335,941)	(274,945)	(353,157)	(288,939)	(570,189)	(708,946)	(286,400)	(168,527)	(244,589)
Total Exports & Imports N. Atlantic Ports	29,204,867	25,243,244	25,840,313	26,238,448	29,412,946	27,654,123	29,008,262	26,930,979	34,515,727	24,539,189	26,221,561	23,777,257	27,200,436
Total Exports & Imports United States	86,262,603	76,835,041	82,100,346	83,338,412	85,916,932	71,077,440	75,033,887	67,985,588	80,837,018	79,627,301	82,729,315	59,807,563	81,304,593
	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent	Per Cent
Portland													
% of N. Atl. Total	.73%	.81%	.81%	.83%	.35%	.49%	.61%	.52%	.54%	1.02%	1.26%	5.33%	2.72%
% of United States	.24	.26	.25	.26	.11	.19	.23	.20	.22	.31	.39	2.11	.90
Boston													
% of N. Atl. Total	6.31	6.40	6.69	5.82	6.14	7.11	4.95	5.69	4.97	4.90	7.73	9.01	8.00
% of United States	2.13	2.10	2.10	1.83	2.10	2.76	1.91	2.25	2.12	1.51	2.45	3.58	2.67
Albany													
% of N. Atl. Total	1.19	1.26	1.20	.64	.65	.87	2.07	.26	.25	.25	1.10	2.94	-
% of United States	.40	.41	.37	.20	.22	.33	.79	.10	.10	.07	.34	1.16	-
New York													
% of N. Atl. Total	56.88	56.68	59.37	61.77	60.39	57.92	55.26	63.95	57.23	58.67	57.60	53.70	58.94
% of United States	19.25	18.62	18.68	19.44	20.67	22.53	21.36	25.33	24.43	18.08	18.25	21.34	19.71
Philadelphia													
% of N. Atl. Total	15.26	15.54	14.68	14.79	15.97	15.88	14.52	13.37	16.24	17.06	16.33	16.66	18.03
% of United States	5.16	5.10	4.61	4.65	5.46	6.17	5.61	5.29	6.93	5.25	5.17	6.62	6.03
Baltimore													
% of N. Atl. Total	13.00	13.55	11.07	11.25	11.37	12.43	17.16	11.55	16.45	10.71	10.75	7.26	8.05
% of United States	4.40	4.45	3.48	3.54	3.89	4.83	6.63	4.57	7.02	3.29	3.40	2.88	2.69
Hampton Roads (Note 1)													
% of N. Atl. Total	6.63	5.76	6.18	4.90	5.13	5.30	5.43	4.66	4.32	7.39	5.23	5.10	4.26
% of United States	2.24	1.89	1.94	1.54	1.75	2.06	2.09	1.84	1.84	2.27	1.65	2.02	1.42
(Norfolk)													
% of N. Atl. Total	5.04	4.42	4.60	3.76	3.99	4.31	4.21	3.59	2.67	4.50	4.14	4.39	3.36
% of United States	1.70	1.45	1.44	1.18	1.36	1.67	1.62	1.42	1.13	1.38	1.31	1.74	1.12
(Newport News)													
% of N. Atl. Total	1.59	1.34	1.58	1.14	1.14	.99	1.22	1.07	1.65	2.89	1.09	.71	.90
% of United States	.54	.43	.49	.35	.39	.38	.47	.42	.70	.89	.34	.28	.30

Note 1 --- Hampton Roads Harbor, Va., figures are the total of the Norfolk, Va., and the Newport News, Va., figures

[fol. 3771] Secretary's certificate (omitted in printing).

[fol. 3772] I.C.C. Exhibit No. 66

I. & S. Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (Horace L. Walker, 700 Travelers Building, Richmond, Virginia) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Verified Statement of George E. Miller

Director, Bureau of Commerce

Virginia State Ports Authority
254 Granby Street
Norfolk 10, Virginia

[fol. 3773]

Before the
Interstate Commerce Commission

I. & S. Docket 6615

Equalization of Rates at North Atlantic Ports

Verified Statement of George E. Miller

Q. Will you give your name, residence, occupation and past transportation and commerce experience?

A. My name is George E. Miller. I am now employed by the Virginia State Ports Authority at Norfolk, Virginia, as Director, Bureau of Commerce. This bureau is basically responsible to develop and secure waterborne commerce through Virginia's ports and induce and develop new industries to the State or to other states adjacent to the Virginia ports area. I have direct supervision over the field offices of the Authority, located in Chicago, New York and Hampton Roads, where representatives working under my supervision solicit export and import business through the Virginia ports.

My total transportation and commerce experience consists of approximately 33 years in various capacities, 30 years of which was spent in the Transportation Division of the S. S. White Dental Manufacturing Company as Rate Clerk, Assistant and Foreign Traffic Manager, Assistant [fol. 3774] Export Manager, Special Foreign Representative in Washington, D. C. (World War II), Traffic Manager of home office, and General Traffic Manager. For seven years I was instructor in the Academy of Advance Traffic, Philadelphia, Pa. I am a graduate of the Blackstone Law Institute, Chicago, Illinois, majoring in Transportation Law.

In the past I have been actively engaged in the development of world trade and transportation through the following groups:

American Association of Port Authorities, member of Foreign Commerce Committee; Virginia State Chamber of Commerce, World Trade Committee, and Chairman of Subcommittee on Exports and Imports. While employed in the Philadelphia area, I participated in active membership in the following groups:

Traffic and Transportation Council of the Philadelphia Chamber of Commerce, serving as member of Rate Traffic Committee, Water Committee, Export-Import Committee and World Trade Committee.

Past member of Eastern Industrial Traffic League, and have served as a member of the Rates and Traffic Committee, Motor Carrier Committee, Finance Committee, and Water Transportation Committee. Also served on a joint executive committee for the improvement and development of the Philadelphia port area.

Past member, American Dental Trade Association, as Transportation Advisor and Chairman of Traffic and [fol. 3775] Transportation Committee.

I served as First Lieutenant in 79th Pennsylvania Division, Reserve Transportation Corps.

Q. How long have you been employed in your present position?

A. Approximately 3½ years.

Q. Since you have been with the Ports Authority have you constantly kept in touch with shippers in the territory in your efforts to obtain traffic through the Port of Hampton Roads, Virginia?

A. Yes.

Q. Please explain briefly the manner in which you keep in contact with the export and import shippers.

A. While my headquarters are located in Norfolk, Virginia, I personally call on many shippers throughout the territory in an effort to promote the Port of Hampton Roads. Also, we have field offices located in Norfolk, Virginia, Chicago, Illinois and in New York. The representatives at these points work under my supervision and make periodical reports to me, which are made a part of our permanent records. These records have been kept since the Bureau of Commerce was organized and were and are made in due course of business and not for the purposes of this or any other case.

Q. Please explain just how these reports are made and maintained.

[fol. 3776] A. When this division was organized we initiated the practice of each representative making a report to the Director of calls made, showing in each case general, basic information as to the account, person called on or persons responsible for the routing of traffic, the seaports of export or import used in the United States, transportation agencies used, banking facilities used, and those responsible for control of the routing, either the home office, the traffic manager or the export manager, the freight forwarders in the United States or abroad, or whether the control was exercised through letters of credit or by the ultimate consignee on exports or the receiver of merchandise on imports, plus information as to any new tonnage secured or any tonnage lost to other ports and the reasons therefor.

Q. Have you in the past, and do you now encounter difficulties in securing export and import traffic through Hampton Roads as against the port of New York?

A. Yes, a great many.

Q. Please state some of the reasons why you have been unable to get many shippers, particularly those located in differential territory, to utilize the Port of Hampton Roads as against the Port of New York.

A. In the first place, the Port of New York has regular world-wide advertised steamship service as compared with limited regular scheduled service through Hampton Roads. For example, New York has direct services to every known port in the world, whereas Virginia's ports, generally [fol. 3777] speaking, have very restricted regular service via other North or South Atlantic ports to Europe, the African area, and the Far East, and are lacking in services to Puerto Rico, Cuba, the Caribbean, Central America, and have very limited services to the West Coast and East Coast of South America.

Q. Give examples where you have lost cargo that should or could have moved through Virginia ports because of the superior service being offered at the port of New York.

A. A concern in Lancaster, Ohio, exporting glass and glass products, represented to us that the majority of their tonnage moves via New York because of the many fast, frequent sailings.

A concern in Detroit, Michigan, exporting refrigerators and electrical supplies reported that their inability to use Hampton Roads is due to the lack of fast, frequent sailings to all ports throughout the world. It would support outports if regular services were established to the Islands of the Caribbean, Cuba, Jamaica, Puerto Rico and the West Coast of South America.

A concern in Chicago, Illinois, large importers of food products for the Midwest, are using New York because it is the only port that offers them the frequency of service plus first port of call inbound.

A concern in Detroit, Michigan, exporting manufactured pharmaceuticals, reported that it is necessary that they [fol. 3778] use New York because of the fast, frequent last port of call sailings available on A-1 passenger ships for transporting high-value LCL merchandise.

A concern in New York City, purchasing large quantities of varied products throughout the U.S., originating in C.F.A. territory for shipment to the Persian Gulf, is influenced to use the port of New York because of the more frequent steamship sailings from that port to the Persian Gulf on a regular scheduled call basis rather than those offered at Hampton Roads ports on an if sufficient cargo offered basis.

A concern in Aurora, Illinois, manufacturing and supplying rock crushing machinery, used the port of New York because of the frequency of sailings.

A concern in Chicago, Illinois, manufacturing and supplying fork lift equipment. Largest markets for their product are located at Port Talbot, Swansea, Kardiff, Avonmouth, located in the United Kingdom. Prefer to use the services of the Bristol City Lines, operating direct from New York City to these areas. While it is true Bristol City Lines officially offer service to Hampton Roads, because of the infrequency and independability of such service, they would rather route their cargoes through New York. The same concern has on occasion made shipments through

New York to Beirut, Lebanon. Have used the services via New York because of infrequent services via Hampton Roads.

[fol. 3779] Another concern in Chicago, Illinois, handling automotive and electrical supply equipment, shipping principally in LCL movement, are concerned principally with time. If they missed one sailing from New York, they could secure another to the same destination in a few days, whereas if the cargo were routed to other North Atlantic ports, they would have to wait two full weeks to secure service to final destination.

A concern in Fort Wayne, Indiana, manufacturers of power gasoline pumps and equipment, prefer to route their shipments through New York because of flexibility of sailings world-wide and because of direct sailings.

A trading company in Columbus, Ohio, buying and selling general commodities in the United States for resale and shipment to Iran reported it prefers to route all consignments via the port of New York because of the frequent service, that is, at least one sailing per week as against Hampton Roads advertised sailings of one and possibly two per month, providing sufficient cargo is offered.

A concern in Milwaukee, Wisconsin, manufacturer of transmission machinery and conveyors, reported that they must use the port of New York because of frequent sailings to major ports throughout the world. This is necessary to satisfy their customers' requirements for quick deliveries.

A motor car producer in Detroit, Michigan, continues to export their uncrated material via the port of New York because of distributors' insistence on loading at last port [fol. 3780] of call, frequency of sailings from New York and that cars unlikely to be damaged with less handling at last port of call, and quicker ocean dispatch.

A company in Galion, Ohio, suppliers of rollers, scrapers and road graders, admitted the port of New York is more costly but still is the only port that offers flexibility of sailings and ample storage space for most shipments.

A company in Chicago, Illinois, suppliers of power shovels, reported that it is highly imperative their shipments be cleared via the port of New York because of the unlimited sailings available at all times. Principal markets abroad are in Europe.

A concern in Toledo, Ohio, suppliers of plasters, investment compounds and dental supplies, prefers to use New York because of the nature of their shipments, i.e., LCL, and more frequent sailings to all world ports. Would only consider using other North Atlantic ports in the event of strike or labor tie-ups.

A concern in Oshkosh, Wisconsin, manufacturing motor trucks, represented that the majority of shipments clear New York because instructions received from abroad to clear shipments on steamers arriving at destinations in the shortest time.

A concern in New York, supplying chemicals and resins, solvents and insecticides purchased in Marshall, Illinois and Memphis, Tennessee, must ship through port of New [fol. 3781] York due to frequency of sailings and less time in arrival at Japanese ports of Yokohama and Kobe, being first ports of call after New York.

An export company in Fort Wayne, Indiana, buying and selling general supplies throughout C.F.A. territory, ship via the port of New York because of more frequent and diversified sailings.

A concern in Minneapolis, Minnesota, manufacturing and selling power mowers, reported that because of the multitude of LCL shipments, New York is the only port able thus far to offer a sufficient number of sailings to world destinations to handle these shipments.

A concern in Chicago Heights, Illinois, selling school supply products. Principal markets for export of this LCL material are Mexico, Cuba, Puerto Rico and Venezuela and use the port of New York because of lack of services and infrequent sailings to the countries mentioned through other North Atlantic ports.

A concern in Detroit, Michigan, purchasers and suppliers of rags and old clothing, principal sales to Italy, Greece, Manila, Hong Kong, and other Far East destinations. Contracts are subject to being shipped on certain shipping dates, and it is therefore necessary they have a number of sailings to choose from to keep their customers satisfied.

A concern in Springfield, Ohio, manufacturers of incubators for export. Products are principally sold in Cuba, Puerto Rico and countries in South America. Continue [fol. 3782] to use New York because of fast, regular, dependable service by steamer to these areas.

In addition to the above, we have received reports from concerns located in areas other than C.F.A. territory and cite the following two examples:

A concern in Richmond, Virginia (approximately 90 miles from Virginia's ports), manufacturing and supplying pharmaceuticals, ship to New York daily for export because New York can provide regular sailings to world-wide destinations.

A concern located in Cleveland, Ohio, main office, with plants in Charleston, West Virginia, Dunkirk, New York, Ashtabula and Conneaut, Ohio, and Plymouth, North Carolina prefer to continue to use the port of New York for export shipments because of consolidations and frequent, fast sailings to world-wide destinations.

Q. Are there other cases where superior services offered at New York and not offered at other ports are an inducement to shippers regardless of cost?

A. We have several such cases, for example, the following:

A glassware company, located in Columbus, Ohio, exporting large quantities of their product to world markets, report that they prefer and their customers instruct them to use Class #1 fast steamship service for their commodity.

Another concern in Detroit, Michigan, manufacturers and suppliers of pharmaceuticals in LCL movements, reported [fol. 3783] they prefer to use and their customers request shipments via passenger vessels.

Another concern in Chicago, Illinois, manufacturer of artificial sausage casings, converters of plastic film products, with plants located in Danville, Ohio, is forced to use the port of New York exclusively because their shipments are LCL and require quick dispatch and delivery to destinations. Customers specify shipment onboard fast, passenger steamers from New York to final destinations.

A concern in Chicago, Illinois, importers of earthenware and ceramics from Italy. They advise it is quite imperative these fragile commodities be imported on the fastest steamers available because their margin of profit is very small compared with volume sold. They stated the services now being offered at Hampton Roads ports by the American Export Line cannot be as expedient as the fast passenger liners of the same line.

Q. Can you think of any other steamship service advantages via the port of New York?

A. Yes, shorter voyage time from New York to various world-wide destinations because of New York being last port of call outbound and first port of call inbound.

By way of example, where a ship is offered for sailing from Hampton Roads ports, it will quite often call at other North Atlantic ports previous to its departure from New York City. Very often, they will load at Baltimore, Philadelphia and Boston and then sail direct from New York [fol. 3784] to destination. This makes a difference between the loading time at Hampton Roads and arrival at final destination of anywhere from four to ten days longer than if the cargo were shipped to New York for outbound transport.

This is likewise true on arrivals of imports. A ship will first discharge at New York and then proceed to Boston, to Philadelphia, to Baltimore, to Hampton Roads as last port of discharge. Where time is of importance and the value of the merchandise in question is high, the time is more valuable than freight rate savings or other expense items and the shipper will use the most expeditious port of exit and entry. We have the following typical examples:

A concern in Chicago, Illinois, importers of nuts and bolts. This company usually discharges their imports at first port of call inbound—Boston for bolts and nuts from Sweden, and New York for other imports from the Continent. Speed in delivery to Chicago is an important factor in their business.

A concern in Racine, Wisconsin, importers of carnuba wax from Brazil, requests discharge at the first port of call, i.e. either New York or New Orleans.

A concern in Aurora, Illinois, manufacturers of conveyors, trench excavators and asphalt mixing machines, supplied principally to contractors and large engineering firms abroad, reported that it is imperative they select last port of call for their exports. To give an example, when a ship sailed from Norfolk in September and ten or eleven [fol. 3785] days later from New York to Le Havre, France, it takes seven days transit time from Aurora to New York; therefore, if the shipment were routed to Hampton Roads it would cost them approximately 18 days difference in time of delivery at destination, tying up their money and the customer's money to the extent the customer would have to pay accrued interest, some of which can be eliminated by selecting direct sailings from New York City.

A concern in Minneapolis, Minnesota, importers of canned sardines, flat bread, cheese and fish products, principally from Norway, import through the port of New York via Norwegian Line steamers who make New York their first port of call inbound from Norway. In addition, a certain quantity of their imported products are distributed in the New York market area.

A concern in Detroit, Michigan, importing general merchandise, operating a chain of stores throughout the East and West, purchasing principally Japanese and European merchandise, prefer to discharge at New York which offers the best allround service because the majority of their stores are located in the Northeast and Midwestern states and ships call at New York first inbound from foreign ports.

New York foreign traffic specialists and export consultants acting as agents for several clients located in Michigan and Missouri who are actively engaged in exporting merchandise to the United Kingdom, reported that the economical features and savings in shipping through [fol. 3786] Hampton Roads were secondary to the delay in transit of five to seven days between steamers calling at Hampton Roads ports and later outbound from New York. Would consider the use of our ports if and when direct service is offered from the Hampton Roads area.

A company in Milwaukee, Wisconsin, importing seaplanes from Italy, reported that because of the high cost of this commodity and the speed with which these orders must be expedited, they estimate they can save at least four days in transit time by discharging planes at the port of New York instead of outports.

A company in Indianapolis, Indiana, manufacturing drugs and pharmaceutical products, reported that it is not practical to use our ports for the movement of this material mainly because of the advantage of booking same on direct last port of call steamers from New York.

A company in Detroit, Michigan, manufacturers and suppliers of pharmaceuticals, reported that it is necessary to use New York because of the frequent last port of call sailings.

A concern in Fond du Lac, Wisconsin, a leather tannery, use the port of New York exclusively because of direct last port of call fast sailings.

Automobile manufacturing concern in Detroit, Michigan, must use last port of call because of likely damage in the stowage of cargo and time between outports and last port of call.

[fol. 3787] A concern in Kansas City, Missouri, exporting steel fabricators and manufacturer of oil field equipment, prefer to use the port of New York because of the many steamers sailing direct from that port to foreign destinations.

New York exporters and confirming house, purchasing in C.F.A. territory for export of general merchandise, reported that most customers specify New York as port of exit because of New York being last port of call and offering fastest steamer service to final destination.

New York distillers of spirits with plant located in Lawrenceburg, Indiana, export exclusively through New York because their principal obligation to customers is to book on steamers sailing from New York, last port of call, arriving earliest at destinations.

We also have a concern in Richmond, Virginia, importing cigarette machines and tobacco machines through the port of New York in considerable volume per month. These machines are imported on the Queen vessels of the Cunard Line. These vessels do not call at Hampton Roads ports. In order to avoid delays and save time in actual deliveries to their Richmond plant, they must have seven-day service from England to Richmond, Virginia.

Q. Can you think of any other examples where superior steamship service offered at New York diverts cargo through that port?

A. Yes, we have several examples where stowage necessary at the last port of call had routed cargo through [fol. 3788] New York when same could have moved through our ports.

A New York purchasing company, who purchased fatbacks in the Midwest and originally intended to route the cargo through Hampton Roads ports and were advised by the steamship company they would not accept same at this port due to the fact the material in question required stowage in reefer space. The same steamer called at Hampton Roads five to six days earlier and sailed from New York later; therefore, in order for the steamship company to save the expense of icing, etc..en route from Hampton Roads to New York, they would not accept the cargo here.

A company located in Chicago, Illinois, exporting compressed bales of rags and old clothing to Italy, Greece, Syria, Italy, etc. Because of the low value of this commodity and its low ocean freight rate, the steamship company refused to accept the cargo at any other port except New York so that they, in turn, could load the cargo on their ships if and when they had available space, giving storage for the consignee for the bales left on the pier until same could be allocated proper space.

A New York concern who purchase iron and steel articles, plates, cars, billets, etc. in C.F.A. territory; because of the low ocean freight rates assessed against this type of cargo this company ships large quantities to New York steamship piers where same is held free of storage charges so that quantities can be loaded on each vessel as it sails from New York City providing space is available.

[fol. 3789] A New York concern who purchase boilers from Chattanooga, Tennessee, reported that in spite of the freight savings afforded by using either Gulf ports, South Atlantic ports or Hampton Roads, the shipper was forced to divert this cargo through the port of New York due to stipulations in the letter of credit wherein consignee requested special stowage arrangements in order to afford a faster discharge at destination on off-shore lighters.

Q. Are there any other export-import factors having a tendency to divert cargoes through the New York harbor area?

A. Yes, there is, principally in the form of consolidation of both export and import shipments in a major port. This also aligns itself with superior steamship services offered at New York, plus New York freight forwarder control, consideration of local consumption in the immediate vicinity of New York for domestic materials, consolidation of export materials in the same cars, control exercised by export offices of large companies in the New York area, and free time offered by steamship companies on their own piers in New York to permit such consolidations. In the first group we have many examples of consolidated shipments:

A concern in Lancaster, Ohio, manufacturing glass and glass products, with plants located throughout the United States and Canada, use the port of New York averaging one consolidated car per day due to instructions received from their New York brokers and export sales representa- [fol. 3790] tives overseas because of the excellent distribution set-up in the New York harbor area, permitting many consignments for various world destinations to be shipped in one car at carload rates, breaking bulk at the railroad piers for redistribution throughout the harbor area.

A New York concern purchasing materials throughout the United States for interests in the Far East reported that the majority of their business if routed to New York via freight forwarding service (rail). The bulk is then broken, the material then trucked to the steamship piers and held on the pier free pending arrival of other materials from various destinations to be consolidated under one bill of lading, thus avoiding minimum ocean bill of lading charges, etc.

A concern in Detroit, Michigan, operating a chain of stores throughout the United States, Canada, and Mexico, imports merchandise from Japan and European countries. They maintain their own warehouse facilities at New York for import materials received and redistributed throughout the country from this point in carload lots.

A company located in Columbus, Ohio, manufacture and export glassware; reported that they use the harbor at New York because their export sales office is located in New York with trained personnel who understand all phases of their business. This permits consolidation of shipments, flexible split delivery service to all piers and expedited clearance of movements without excessive storage charges.

[fol. 3791] A concern in Detroit, Michigan, manufacturing electrical supplies, such as refrigerating equipment, etc., route their shipments in consolidated cars to the New York harbor for redistribution, breaking bulk at port for various foreign destinations.

A Chicago company, large importers of food products for the Midwest, imports this material in small quantities through New York, consolidates orders and materials for reshipment in carload lots to various destinations in the Midwest.

A concern in Detroit, Michigan, manufacturer of Pharmaceuticals, reported that the majority of their export tonnage is cleared through the port of New York because of consolidated shipments and the savings afforded therefrom. Ship carload lots to their warehouse at New York and break bulk for redistribution world-wide. They seldom receive solid carload orders for any given foreign destination or overseas buyer.

A company in Milwaukee, Wisconsin manufacturers of transmission machinery and conveyors, shipping an average of one consolidated car per week to New York with approximately ten to fifteen shipments consigned to different companies. Must use New York because of accessibility of frequent sailings to major ports throughout the world.

A company located in Churubusco, Indiana, manufacture and supply tractors. They export LCL shipments in combined consolidated cars consigned to a New York broker [fol. 3792] who breaks bulk at New York and redistributes to various steamship lines for export.

A concern in Minneapolis, Minnesota, manufacturing power mowers, use the port of New York because of the multitude of LCL shipments and the opportunity to consolidate and take advantage of carload rates. They believe New York is the only port able to offer a sufficient number of sailings to various destinations to service their accounts.

A concern in Cleveland, Ohio, with plants located in West Virginia, New York, Ohio and North Carolina, prefer to use the port of New York because it is the best port available to handle consolidated shipments originating at their various plants. In addition, they have their own export sales office and personnel in New York City to see that shipments are properly handled and expedited.

A concern in Chicago Heights, Illinois, shipping school supplies and products, states they must ship in consolidated cars via the port of New York to break bulk and forward to various foreign destinations. Consider it would be impractical to ship through other North Atlantic ports.

A concern in Chicago, Illinois, manufacturing artificial sausage casings, converters of plastic film products with plants located in Danville, Illinois, uses the port of New York exclusively because the majority of their orders are received from confirming houses in the New York area, specifying routing through New York freight forwarders [fol. 3793] and foreign customers' requests to route via New York. Most of their shipments must be shipped onboard fast passenger services which only call at New York.

Another concern in Chicago, Illinois, acting as export managers for various concerns in official territory, reported that the preponderance of their overseas customers specify routing via New York.

Another Chicago manufacturer of camera equipment and supplies reported that their routings are controlled by customers and New York freight forwarders, and they must abide by their instructions.

Another concern in Columbus, Ohio, manufacturers of scales, crushers, conveyors for export and import, reducing chairs. This firm exports in considerable volume to England and Japan. In all cases, customer specifies routing via the port of New York.

A concern in Milwaukee, Wisconsin, manufacturing electrical controlling apparatus, receive export orders from confirming and commission houses in New York City, who all specify routing via the port of New York.

Another concern in Chicago, Illinois, manufacturing telephones and telephone equipment, reported that 90 per cent of total volume of export are shipped in consolidated cars consigned to their New York freight forwarder who then breaks bulk and reforwards shipments to various foreign destinations in fast steamer service.

[fol. 3794] A manufacturer in Indiana and Illinois, with sales offices or international division located in New York, consolidate all their shipments at one depot in New York City for redistribution from New York to various foreign destinations.

A company in Peoria, Illinois, who manufacture fork lift trucks, reported that 90 per cent of their export movements over which they have direct control are LCL and bookings are made by and through their New York forwarder. Interior movement is in consolidated cars forwarded to New York under instructions to load on fast vessels.

A concern in Milwaukee, Wisconsin, manufacturing power insulators, transformers, etc. for power industry, plants located throughout the United States, reported that the majority of their shipments are LCL movements in consolidated cars, all of which are being cleared at the port of New York because the port affords them the best service for their special requirements.

A company in Chicago, Illinois, manufacturing chain saws, portable grinders, flexible shafts, with a plant located in Crete, Illinois, are exporting via New York because of excellent steamship service offered at that port. Majority of their exports are LCL and are shipped in consolidated cars for distribution to steamers for various destinations.

A company in Detroit, Michigan, export sales representatives for manufacturers of agricultural equipment, sprayers, dusters, truck equipment, etc., are exporting through [fol. 3795] New York three consolidated carloads per week. Practically every export order they receive is small and is an LCL shipment; therefore, it is more practical and economical for them to hold cars and consolidate these orders along with supplies from outside vendors in order to obtain lower carload rates.

This is likewise true of another concern in St. Louis, Missouri, who manufacture and supply chemical products.

Another concern in Minneapolis, Minnesota, manufacturing trucks and auto products.

A concern in Kankakee, Illinois, consolidate material manufactured at their Milwaukee and Kankakee plants into solid cars along with their domestic shipments moving into the New York area.

Another concern in Racine, Wisconsin, manufacturers of electric motors, grinders and precision tools, consolidate their export movements of LCL freight and ship carloads to New York for clearance by their broker. Further state they have no control over routings and port of exit since their foreign distributors designate the route and the freight forwarders to handle the shipments at the port of New York.

Local Consumption at New York and Vicinity

A concern in Toledo, Ohio, importers of spices, coffee and tea, route their cargoes through New York because of the vast consuming area for sales in the New York harbor area. They forward the balance to customers in C.F.A. territory.

[fol. 3796] A concern in Chicago, Illinois, importers of sewing machines and parts, considers it uneconomical and impracticable to ship through other ports except New York because of the large distribution and sales market located within the New York area.

A concern in Chicago, Illinois, importing printing presses, the majority of which are consumed in the northern states, the balance shipped to midwestern states.

A concern in Grand Rapids, Michigan, importers of fish products from Europe, through the port of New York because of a greater consumption, balances of consolidated shipments are then shipped to Ohio, Michigan, and Illinois. In addition to the above, this cargo requires stowage in reefer ships and therefore was forwarded through New York because it is the first port of call inbound.

A company in Minneapolis, Minnesota, importers of canned sardines, flat bread, cheese and fish products. Commodities are purchased from Norway and shipped via fast Norwegian Line steamers who make New York first port of call. The New York consuming public offers the best markets for the outlet of their product, the balance being shipped to midwest destinations.

A concern in Chicago, Illinois, tea importers, use the port of New York for such importation because of the tea samplers being available at that port and the large quantities of their material being consumed in the New York area and New England states, the balance being shipped to [fol. 3797] Midwest destinations.

A company located in New York, importers of desiccated coconut with offices in Chicago, import this product through New York for warehousing and redistribution to various U.S.A. destinations due principally to the central location of New York to their markets and the vast consumption possibilities in the New York area.

Q. Have you found that the New York freight forwarders and brokers have influenced he movement of traffic via New York rather than via Hampton Roads?

A. Yes, for example:

A concern in Green Bay, Wisconsin, manufacturers of tissue papers, route through New York in accordance with instructions from their freight forwarder.

A concern in Racine, Wisconsin, manufacturers of hydraulic pumps and metal cutting machines, route shipments through the port of New York because of overseas customers' requests and their customers' selection of New York brokers.

A concern in Lansing, Michigan, manufacturer of trucks, prefer to use New York because of their long assocation with a New York freight forwarder and his routing of all their orders via that port.

A concern in Kansas City, Missouri, manufacturers of wire rope, etc., reported that routing is controlled by their New York broker via that port.

A concern in Milwaukee, Wisconsin, manufacturer of diesel engines with plant located in St. Louis, Mo., receive [fol. 3798] orders from concerns in Europe from European brokers via their agents in New York who control routing through that port.

A concern in Minneapolis, Minnesota, manufacturers of breakfast cereals, routing via New York on account of broker control.

A concern in Columbus, Indiana, manufacturing trucks, shovels, draglines, cranes, tractors, etc., reported that the principal distributors and purchasers are concerns in New York City who purchase for reshipment to foreign destinations, therefore, specify New York.

A concern in Peoria, Illinois, manufacturing cutting parts for agricultural machinery, routings and bookings controlled via the port of New York by freight forwarders and brokers and as specified by their foreign buyers.

A concern in Racine, Wisconsin, manufacturers of dried milk and dried milk products, reported that all export movements sold to their foreign markets are shipped to the port of New York in accordance with clients' forwarders' instructions.

A concern in Grand Rapids, Michigan, manufacturers of carpet sweepers, reported that all their export shipments are routed via the port of New York as per their agents' and brokers' instructions.

A concern in Cincinnati, Ohio, manufacturers of hand tools, reported that New York has been the only port used by them for many, many years because of their long assocation and established relationship with forwarders. [fol. 3799] They prefer not to use the outports despite the economical advantages offered.

A concern in Grand Rapids, Michigan, manufacturing school auditorium, stadium furniture, etc., reported that most of their export orders are received from purchasing agents in the New York area and routed through the New York port.

A concern in Chicago, Illinois, manufacturing tin plate and aluminum, reported export orders are placed with this concern through a commission house in New York who route all shipments via that port.

A concern in Cedar Rapids, Iowa, manufacturer of heavy equipment used by garages for overhauling auto engines. Orders placed by New York commission and confirming houses. They have no control over inland rail or ocean routing. This is controlled by agents, representatives and brokers in New York.

A concern in Waterloo, Iowa, manufacturing cement mixers, hoists and pumps, reported routing is controlled by purchasing agents in New York.

Free Time.

New York international company with domestic company's plants located in La Crosse, Wisconsin and Michigan City, suppliers of mining machinery, coal cutters, drills, compressors, etc., are well aware of the inland freight savings this company could effect by clearing export shipments through Hampton Roads ports; however, they prefer [fol. 3800] New York and ship through New York due to the complications of arranging the clearance of various consolidated shipments at seaboard. Steamship companies can and will hold their shipments on their piers free of charge awaiting the proper consolidation.

New York export company, purchasing various supplies in C.F.A. territory for Far East shipment, prefer New York because the shipments can be delivered to steamship piers where material is held on the pier free pending arrival of other material to be cleared, thus avoiding payment of minimum bill of lading charges, etc.

Large New York oil company, purchasing general supplies for their interests in Arabia, route their shipments through New York because steamship piers are controlled and operated by the steamship companies and not the railroads or private interests wherein he is able to hold his shipments on the steamship company piers free of charge indefinitely pending receipt of licenses, letters of credit and other releases necessary to consolidate and forward to foreign destinations.

A concern in Detroit, export division of a motor car company, reported that they consolidate shipments and route them through New York piers because of free time offered by steamship companies necessary for consolidation purposes.

A Galion, Ohio concern, manufacturers of rollers, scrapers and road graders, route all their shipments through New York because of free time allowed on steamship piers.

[fol. 3801] A concern in Fort Wayne, Indiana, export and import sales representatives for midwestern companies, use the port of New York for consolidated shipments because steamship companies allow more free time.

A Dayton, Ohio concern, manufacturers of cash registers and cash register supplies, reported that they move their shipments through New York because steamship companies permit them to hold their cargo on their piers for indefinite periods without assessing any charges.

Q. Do confirming houses or commission houses also influence the movement of traffic through New York rather than Hampton Roads?

A. Yes, for example:

A concern in Kansas City, Missouri, manufacturing fibreglass coating for insulation, reported that the majority of their tonnage is moved via the port of New York because their materials for export are sold to commission houses in New York.

A company in Piqua, Ohio, manufacturer of presses for oil seeds, ranging in weight from 6500 lbs. to 300 tons each, offer their product for sale through a New York commission house who insists on the cargo being routed overseas via the port of New York.

A company in Minneapolis, Minnesota, manufacturing electric generators. This company is aware of the economical advantages offered at Virginia's ports but to date their hands are tied to route cargo other than through New [fol. 3802] York unless their New York agents can be persuaded to route through our ports.

A concern in Dayton, Ohio, manufacturers of electric motors. Most of their shipments are LCL and ship via the port of New York in accordance with instructions of New York commission house.

A concern in Milwaukee, Wisconsin, manufacturers of cranes and shovels, two tons to 300 tons each, sell their product for export through confirming houses at New York who control the routing, steamship bookings, etc. These shipments all move through New York.

A concern in Milwaukee, Wisconsin, manufacturing electric tools and switch equipment. Every export shipment is made in accordance with customers' instructions. Their orders are placed by electrical confirming houses located in New York.

A concern in Cicero, Illinois, manufacturing automobile stamping presses. Export orders are received from New

York commission houses who route through the port of New York.

Cincinnati, Ohio manufacturer of chemicals. Same as above.

A concern in Milwaukee, Wisconsin, seed dealers, importers of seeds, import approximately 100 tons of seed per year from Holland, all of which is purchased by them through New York seed houses.

A concern in Battle Creek, Michigan, manufacturers of heavy fork lift trucks and warehouse material-handling [fol. 3803] equipment. Their export activity is confined to four very active markets at present. They are exporting approximately six carloads per month to New York firms who are agents for their overseas distributors and issue full routing instructions via the port of New York which the supplier follows implicitly.

A company in Milwaukee, Wisconsin, manufacturing gasoline engines, routing via the port of New York is controlled by a New York commission house affiliated with a New York eastern distributor who places orders for sales at Far East destinations.

A packing company in Chicago, Illinois, exporting large volumes of lard to England, Europe, Cuba and Puerto Rico. It is consigned in accordance with directions and routings received from New York lard commission houses who direct movements through the port of New York.

A Chicago, Illinois manufacturer of radio equipment and supplies reported their foreign orders are received principally through confirming houses in New York and are invariably routed by the confirming houses through the port of New York.

Q. Are export shipments controlled by overseas purchasers in many instances?

A. Yes, for example:

A concern in Clintonville, Wisconsin, manufacturing heavy duty trucks. Consignees invariably instruct routing via the port of New York.

[fol. 3804] A concern in Columbus, Ohio, engineering company, principally interested in constructing large blast and heat furnaces abroad. To date their overseas customers always designate the port of New York.

A concern in Columbus, Ohio, manufacturing glass show cases reported the majority of their shipments are LCL with routings and steamship bookings being made in accordance with customers' instructions to route via the port of New York.

A concern in Chicago, Illinois, with plant in Hamilton, Ohio, manufacturers of hydraulic and mechanical presses. Terms of sale F.O.B. plant with routing and port of exit controlled by the New York freight forwarding agencies of the buyers, all routed via New York.

A concern in Louisville, Kentucky, manufacturers of laundry and dry cleaning machinery. This firm is using the port of New York and reports consignees in France, Germany and the Netherlands indicate New York; therefore, all traffic moving via this means.

Cincinnati, Ohio concern, supplying cutting oil. All export routings and control is exercised by their buyers who specify via New York.

Another concern in Cincinnati, Ohio, manufacturers of milling machinery, reported they always use the port of New York because the consignees so instruct and have many connections with freight brokers, banks and others in the New York area.

[fol. 3805] Another concern in Aurora, Illinois, manufacture pumps, sewage and water purification equipment. Export sales terms specify F.A.S. New York in accordance with customers' instructions.

A company in St. Paul, Minnesota, who manufacture hoists and derricks. Orders are placed by contractors making purchases and specify New York as port of clearance.

A Chicago, Illinois concern, manufacturing automatic lift trucks and fork lift equipment. All export orders shipped in accordance with overseas distributors' instructions. In their position they would only recommend to the customers they can effect savings by using other ports; however, their recommendations are not followed, cargo still moving via New York.

A company in Kansas City, Missouri, manufacturers of steel fabricators and oil field equipment, will continue to export via the port of New York because of customers' requests and letters of credit specifying New York routing.

A concern in Milwaukee, Wisconsin, manufacturers of truck bodies and steel parts for farm equipment and supplies, routing via the port of New York controlled by purchasers and through letters of credit.

A company in Anderson, Indiana, manufacturing glass forming machines and paper packaging machinery. Overseas customers instruct routing via the port of New York and so specify on letters of credit.

[fol. 3806] A company in Chicago, Illinois, export agents for various manufacturers in C.F.A. territory. Most of the overseas buyers placing the orders with their principal companies generally designate the port of exit as New York on orders and also establish letters of credit on New York banks, specifying routing via New York.

A company in Chicago, Illinois, manufacturing cleaning and polishing compounds, route through the port of New York on customers' insistence and designations in letters of credit.

A Chicago concern, representatives of various manufacturers in the area, route their export shipments of freight through the port of New York because of customers' requests.

Where letters of credit specify routing via the port of New York or other special terms, such as special stowage that cannot be accomplished at other ports except New York, also New York banks' control and tie-in with foreign banks, writing letters of credit specifying New York brokers, specifying steamship companies, steamer names and ports of entry, all restricting the movement via other ports than New York, expiration time of letters of credit.

A good example is an engineering concern in New York who purchased boilers and pipes from a Chattanooga, Tenn. company wherein the letter of credit stipulated on deck bill of lading; no partial shipments permitted; consignee requested special stowage arrangements in order to afford faster discharge at destination to off-shore lighters.

[fol. 3807] Another shipment purchased by a New York engineering firm from a concern in Chattanooga, Tennessee and St. Louis, Missouri, item exported generating units; shipments consisted of 50 carloads of freight. Cargo could not be moved through any other port because consignee stipulated in letter of credit material to be cleared and routed through the port of New York.

Many other examples have already been duplicated in other categories.

Q. Are there other instances where control of export and import movements of cargo is governed by the use of particular facilities and supervision and inspection at New York where no similar services are offered at other ports?

A. Yes, this includes, generally speaking, imports of coffee where roasters in the United States order large quantities to be shipped to their plants of various mixes purchased from various world sources. If they were to purchase these directly from the sources, transportation costs and clearance expenses would make the sale of the product prohibitive. This is likewise true of importations of foreign liquors, whiskeys, etc. where the local customer places the order with the U. S. sole distributor or agent of the foreign company. The material is imported into New York, cleared and then reshipped in small quantities.

Another product is the importation of crude rubber in bulk where corers and samplers are available in the New [fol. 3808] York harbor area. If same product were imported through other ports, samplers would have to be imported at the consignee's or shipper's expense. This is also true in the importation of nuts and fruits, etc. where inspections have to be made by U. S. Department of Agriculture officials. No such services are performed at Hampton Roads; therefore, samples and inspection would have to be made by special agents and forwarded to New York or Washington laboratories for tests and delays in reports, etc.

Certain items of nuts, such as Italian chestnuts, are imported into New York by New York brokers, graded and sorted and sold at auction on New York piers. This service could be performed at other ports if there were sufficient volume of such imports to warrant services of such brokers.

Q. Are Virginia's ports faced with competition from areas other than those at issue in this case?

A. Yes, we are, from South Atlantic and Gulf ports due to our proximity to these areas. We are ever mindful of the keen competition and their lower inland freight rates brought about principally by the Todd-Knott Adjustment wherein export and import rates are considerably lower to and from those ports than those to and from Hampton Roads ports, principally on traffic to and from Europe, Africa, and the East Coast of South America. In addition, insofar as commodity rates are concerned, the adjustments under Ex Parte 206-A further throw the rates out of line by reason of increase of 14 per cent to and from our ports [fol. 3809] as compared to 9 per cent increase to and from South Atlantic and Gulf ports.

Q. In your opinion, what would be the effect on Virginia's ports if the present differentials were eliminated and all export and import rates equalized from differential territory to North Atlantic ports?

A. We believe that if this were the case and rates were equalized, general cargo now moving through the Virginia ports, particularly that requiring quick dispatch and special services as previously enumerated in this statement, would practically all be routed via the port of New York rather than through the Virginia ports. The balance, where there is a savings in freight rates and where time is not of importance and where additional special features are required, such as longer free storage periods, storage intransit privileges, etc., would move through the Gulf and South Atlantic ports, thus drying up traffic moving between differential territory and the Virginia ports.

Other exhibits that have been submitted by the Virginia State Ports Authority show an increase in the movement of general cargo through Hampton Roads ports from 1946-1955 of only 125,000 tons whereas for the same period of time the movement through the port of New York shows an increase of 2,215,000 tons. The slight increase through Hampton Roads can be attributed to an economic factor—the general overall increase in export and import trade to [fol. 3810] and from points throughout the world during that period.

Other testimony of the Virginia State Ports Authority brings out the necessity for maintaining our present general cargo facilities to be used in case of a national emergency. Unless the freight differential is preserved, the traffic will move elsewhere and in my opinion the present facilities will not be properly maintained and eventually will become obsolete.

[fol. 3811]

VERIFICATION

City of Norfolk
State of Virginia ss.

George E. Miller, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: George E. Miller

Subscribed in my presence and sworn before
me by the affiant above named on this
11th day of October, 1957

Emma G. Saunders
Notary Public
My commission expires December 21, 1958

[fol. 3812]

I.C.C. Exhibit No. 68

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (John W. Hanifin, 1500 First National Bank Building, Richmond, Va.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

STATEMENT OF T. JEFFERSON, JR., FREIGHT TRAFFIC MANAGER, THE CHESAPEAKE AND OHIO RAILWAY CAMPANY, RICHMOND, VA.

[fol. 3813] My name is T. Jefferson, Jr., Freight Traffic Manager, The Chesapeake and Ohio Railway Company, Richmond, Va. I have been with this company for nearly 40 years, a vast majority of which has been in rate adjustment work. I have been in my present position since April 1, 1946.

The Chesapeake and Ohio Railway Company has served the port of Newport News since its rails were extended to Hampton Roads in 1882. It has served the port of Norfolk since car-float service was established from Newport News across Hampton Roads shortly after charter authority for such extended service was secured in 1894. The merchandise piers which are owned and operated by the Chesapeake and Ohio, together with supporting facilities, are located at Newport News. Although detailed records of the original adjustment of export and import rates are not now available, nevertheless records which are available indicate that export and import rates to and from Newport News, generally, to and from a portion of Central Territory, have been maintained on a parity with the rates between that territory and Baltimore and the rates between that territory and Norfolk for over sixty years.

Newport News and Norfolk constitute the port of Hampton Roads, which is generally referred to as an outport. When export and import rates were first established to and from Hampton Roads, there may have been some question as to whether or not that port was considered as a part of [fol. 3814] the standard North Atlantic port differential adjustment. However, whether or not Hampton Roads was originally considered a part of that adjustment in the strict sense, it has been found necessary to maintain export and import rates on the Baltimore basis, where possible, since prior to 1900 in order to permit the movement of traffic through and the development of the port. The fact that the Baltimore basis emanated as the standard for the rates from a portion of Central Territory is not significant insofar as Baltimore and Hampton Roads are concerned. The prime consideration has been, and is now, the necessity for the maintenance of rates to and from Hampton Roads which would permit some measure of competition with the port of New York. It was, and has continued to be, competition with New York which has engendered the need for the placement of the rates to and from Hampton Roads on the same differentials under New York that apply at Baltimore in an effort to afford this outport with a rate adjustment which would permit a limited movement of traffic. Even with rates on the Baltimore basis, Hampton Roads has been unable to compete with New York to any appreciable extent. From the standpoint of the practical competitive factors involved, greater differentials under New York would be necessary to insure anything approaching a fully competitive basis for Hampton Roads.

A map, which is offered for identification as Exhibit No. (TJ-A) ——, shows the eastern and northern portions of the United States. The line of railroad of the Chesapeake and Ohio is shown in red. The territory west of the blue line, generally referred to as west of the Sandusky-Mans- [fol. 3815] field-Newark-Marietta line, is that to and from which the rates to and from Hampton Roads, including Newport News, are maintained on the same differentials under New York that apply at Baltimore. My previous reference to the fact that Hampton Roads has export and import rates which afford a measure of competition from only a portion of Central Territory may also be explained by reference to this map. The existing differential adjustment applicable on export and import traffic to and from the North Atlantic ports generally is published from all of Central Territory to or from points west of the green line shown on the map, which is referred to generally as the Buffalo-Erie-Pittsburgh line.

Between the Buffalo-Erie-Pittsburgh line and the Sandusky-Mansfield-Newark-Marietta line lies an important industrial area which is not reached by Newport News on a competitive basis. Export and import rates apply generally to and from New York to and from such points as Buffalo, Erie, Pittsburgh, Akron, Canton, Youngstown, Cleveland, and Wheeling. The rates between such points and Newport News could not be said to be competitive with New York for export and import traffic by any stretch of the imagination. My statement, marked for identification as Exhibit No. (TJ-B) ——, shows the class rates applicable on export traffic from several representative points in this territory to Newport News and New York, which are important from both a rate-making and a traffic standpoint. Using, as an example, the important industrial city of Youngstown, Ohio, it will be noted that on first class the export rate to Newport News is 42 cents higher than the export rate to New York, whereas on the normal differential basis applicable west of the Sandusky-Mansfield-[fol. 3816] Newark-Marietta line, the export rate to New York would be 3 cents higher than the export rate to Newport News. Other comparisons which may be made readily from this statement show the extent to which the export rates to Newport News are substantially higher than those to New York.

The foregoing representations with respect to class rates are significant because there are export and import commodity rates between Newport News and only a few points in the territory between the Buffalo-Erie-Pittsburgh line and the Sandusky-Mansfield-Newark-Marietta line. In addition to the fact that commodity rates have been established to and from only a few points in this territory, such rates, where published, are also limited to a very few commodities. In the few instances where commodity rates are published on export and import traffic between Newport News and points in this territory, they are generally the same as the rates to and from New York. Export commodity rates from Youngstown to Newport News are published on only six different items of traffic on the same basis as the export rates to New York and import commodity rates are published on only three commodities on the New York basis. Even where there are commodity rates to and from the few points in this territory on the New York basis, there is practically no movement under such rates. Experience has shown that export and import traffic will not move via Newport News where the rates are the same as those applying via New York.

The differential adjustment, insofar as Newport News is concerned, does not apply from a large and important tonnage-producing portion of Central Territory. From the [fol. 3817] territory between the two lines referred to, Newport News is at a distinct disadvantage; a disadvantage which results in a complete absence of any real competition with New York.

Referring again to the map, marked for identification as Exhibit No. (TJ-A) ——, there is shown the portion of Central Territory west of the Sandusky-Mansfield-Newark-Marietta line which is served by the Chesapeake and Ohio. This is the only portion of Central Territory to and from which traffic may be generated through Newport News at rates which may be said to approach a competitive basis. Such important points ~~as~~ Chicago, Detroit, Midland, Grand Rapids, Saginaw, Toledo, Columbus, Cincinnati, Muncie, Louisville, Huntington and Charleston are reached in direct single-line service by the Chesapeake and Ohio from Newport News. The Chesapeake and Ohio does not reach the port of New York and neither controls nor has an effective voice in the rates between New York and such points. All of the points named are also served by railroads which also serve the port of New York. The points in Central Territory west of the Sandusky-Mansfield-Newark-Marietta line which are served by the Chesapeake and Ohio and which are not served by the railroads which also serve the port of New York are relatively insignificant in the scheme of rate-making. While the Chesapeake and Ohio can exercise control over the export and import rates between Newport News and a number of important points in Central Territory, it cannot exercise any measure of control over the export and import rates between New York and the same points. Thus, between Newport News and the points named, the Chesapeake and Ohio can either increase or reduce the rates to [fol. 3818] and from Newport News. It is powerless, however, to either increase or reduce the rates to and from New York, or to exercise any effective voice as to the measure of such rates.

As illustrative of the geographical situation, my statement, marked for identification as Exhibit No. (TJ-C) ——, shows a comparison of Docket 28300 distances between Newport News and New York and seven points in Central Territory served by the Chesapeake and Ohio. The distances from Charleston, Huntington, Muncie, Cincinnati, and Louisville to Newport News are shorter than the distances from the same points to New York. The distances from Columbus and Chicago to Newport News are only slightly greater, 11 and 24 miles, respectively, than the distances from such points to New York.

My next statement, marked for identification as Exhibit No. (TJ-D) ——, shows Docket 28300 base points and mileages between both Newport News-Norfolk and New York and such base points west of the Buffalo-Erie-Pittsburgh line in the States of Illinois, Indiana, Iowa, Kentucky, Michigan, Missouri, New York, Ohio, Pennsylvania, West Virginia, and Wisconsin.

The average distance between all points shown and Newport News-Norfolk is 841.4 miles and between all points shown and New York is 804.1 miles. The average distance between the points in Newport News-Norfolk differential territory and Newport News-Norfolk is 883.3 miles, while between such points and New York is 853.1 miles. There are two observations which should be made about this statement. First, the average difference in the distances between [fol. 3819] the base points in Newport News-Norfolk non-differential territory in eastern Ohio and New York, on the one hand, and Newport News-Norfolk, on the other, is less than the average differences in the distances between Newport News-Norfolk differential territory in Ohio and New York. Thus, Newport News-Norfolk as compared with New York is relatively nearer to this portion of the non-differential territory than to the differential territory. This is evidence that the differential adjustment which now exists between the various ports has been established with little regard for relative distances.

Second, this statement shows the situation with respect to the portion of Central Territory to and from which export and import rates to and from Newport News-Norfolk are on the Baltimore basis. Newport News-Norfolk is actually nearer than New York to the States of Illinois, Indiana, Iowa, Kentucky, Missouri, and West Virginia. It is only from the States of Michigan, Ohio, and Wisconsin in the present Newport News-Norfolk differential territory that New York has lesser average mileages.

My statement, marked for identification as Exhibit (TJ-E) ——, shows tonnages of export traffic originating in differential territory which moved via Hampton Roads and via New York for the period August, 1955, to July, 1956, inclusive. The tonnages shown for the port of Hampton Roads were taken from Witness Mollman's Exhibit No. ——. The tonnages shown for the port of New York were taken from Witness Cruickshank's Exhibit No. —— and Witness Mollman's Exhibit No. ——. This statement shows, primarily, a comparison of the types of traffic mov- [fol. 3820] ing for export through the two ports. It is to be noted that of the export traffic moving through Hampton Roads, wheat represented 819,609 tons out of a total of 1,049,017. By way of comparison, the total tonnage of 2,342,212 moving for export through New York included such high-rated traffic as chemicals (19,722 tons), paint and paint material (10,092 tons), manufactured iron and steel (580,073 tons), machinery machines (162,400 tons), machinery parts (30,187 tons), passenger automobiles (57,299 tons), motor vehicles, NOS (68,842 tons), autos and autotrucks, k.d. (120,068 tons), vehicle parts, NOS (91,818 tons), tires and tubes, rubber (33,086 tons), electrical equipment-parts, NOS (16,049 tons), glassware, NOS (11,575 tons), refrigerators and parts (24,670 tons), and manufactures and miscellaneous, NOS (28,749 tons). Reference to this statement shows that in addition to wheat the bulk of the remaining export traffic moving via Hampton Roads was represented by soybeans (39,582 tons), cheese (9,513 tons), animals and products, NOS (12,993 tons), clay and bentonite (6,877 tons), rubber (9,054 tons), and food products, NOS, unfrozen (19,025 tons). The revenues earned on the types of high-grade traffic moving in volume via New York are substantially greater than those earned on the relatively low-grade commodities, which represent a major portion of the traffic moving via Hampton Roads.

A further comparison which may be made indicates that a total of 209 different commodities moved through New York, while only 119 different commodities moved through Hampton Roads.

[fol. 3821] My statement, marked for identification as Exhibit No. (TJ-F) ——, is similar except that it shows a comparison of the import traffic for the period August, 1955, to July, 1956, inclusive, moving via all lines serving Hampton Roads and New York. It is to be noted that out of a total of 292,219 tons of import traffic moving via Hampton Roads, 170,827 tons were ores and concentrates, NOS, and barytes. By way of contrast, the import traffic through New York totaled 645,552 tons and represented a large variety of commodities. The statement shows that 152 different commodities of import traffic moved through New York, while only 64 different commodities moved through Hampton Roads. On import traffic aggregating 100 tons or more, the statement shows that 101 different commodities moved through New York, while only 37 different commodities moved through Hampton Roads.

A large number of Army, Navy, and Air Force installations are to be found in the vicinity of Newport News. The following information with respect to such installations has been taken from a Map of Army, Navy, and Air Force installations in the United States, dated June, 1952, Army Map Service No. 8205:

Petersburg
  Fort Lee

Naval Mine Depot
Naval Schools-Mine Warfare
  Yorktown

Fort Eustis
  Fort Story
  Camp Wallace

Langley AFB HQTAC

Fort Monroe
Hampton Roads Port of Embarkation

[fol. 3822] Naval Amphibious Base-Little Creek
Naval Auxiliary Air Station-Oceana
Naval Fleet Air Defense Training Center-Dam Neck

Naval Ammunition Depot-St. Juliens Creek
Naval Hospital

Marine Corps Barracks
Marine Corps Forwarding Depot
Naval Shipyard
Headquarters 5th Naval District
Naval Air Station
Armed Forces Staff College
Naval Communication Station
Naval Fleet Training Center
Naval Public Works Center
Naval Receiving Station
Naval Retraining Command
Naval Supply Center

Radford Arsenal
  Radford Ordinance Works
  New River Ordinance Plant located at Radford

Camp Pickett located at Blackstone

A. P. Hill Military Reservation located near Fredericksburg

Camp Pendleton-Norfolk

Richmond Quartermaster Depot-Richmond

My statement, marked for identification as Exhibit No. ((TJ-G) ——, shows the cargo tonnage shipped through the port of Hampton Roads by the Government during World War II as compared with the cargo tonnage shipped through the ports of Boston, New York, Philadelphia, and Baltimore during the same period. The total cargo tonnage moving via Hampton Roads for this period represented 12,955,734 tons or 18 percent of the total movement through the five North Atlantic ports shown. This statement also shows the cargo tonnage shipped via all United States ports for the same period.

The port of Hampton Roads has played an important role in World Wars I and II as well as prior national [fol. 3823] emergencies. During World War II, the Government took over the operation of the Chesapeake and Ohio's pier facilities at Newport News. It is difficult to perceive how these facilities could have been developed and, therefore, how they could have been available for Government use in such national emergencies, if Newport News had not had an export-~~import~~ rate adjustment to and from a portion of differential territory which would permit the movement of a limited volume of traffic in competition with New York. Not only would the facilities not have been developed to the extent to which they exist today, but they cannot continue to exist on the present basis if the export and import rates between Newport News and a portion of differential territory do not continue to permit the limited measure of competition with New York which exists today.

Several statements in this proceeding include the tonnages of coal transshipped at Newport News and Norfolk as a part of the total tonnages moving through the port of Hampton Roads. There is no defined relation in the transshipping rates on coal between the various origin groups and the various North Atlantic ports. (See *Property Owners Committee* v. *C&O Ry. Co.*, 237 ICC 549, page 568.) The rates on coal to Hampton Roads for transshipment are not under suspension and are not involved in the issues before the Commission in this proceeding. Such rates represent an individual situation which is not involved in or a part of the port differential adjustment applying on general merchandise traffic. Any inclusion of tonnages of coal transshipped through Hampton Roads deals with traffic which is separate and distinct from the [fol. 3824] port differential adjustment applicable on other traffic.

The Chesapeake and Ohio is a party to reduced export and import rates between Newport News and a portion of differential territory which are under suspension. Such reduced rates were published to enable Newport News to continue to have a limited measure of competition with New York in the event the reduced export and import rates to and from New York are permitted to go into effect. This respondent, for the time being, is not now proposing any change in the present rate and differential adjustment applying to and from the North Atlantic ports. However, in the event the reduced rates to and from New York are permitted to become effective, the reduced rates to and from Newport News must also be permitted to become effective.

State of Virginia
City of Richmond

T. Jefferson, Jr., being duly sworn, deposes and says that he is Freight Traffic Manager, The Chesapeake and Ohio Railway Company, and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

(Signed) T. Jefferson, Jr.
T. Jefferson, Jr.

Subscribed and sworn to before me on this the 16th day of October, 1957.

My commission expires on March 21, 1958.

(Signed) R. B. LeGrande
R. B. LeGrande
Notary Public

[fol. 3825]

MAP OF CHESAPEAKE & OHIO RAILWAY AND CONNECTIONS

(See opposite) ☞

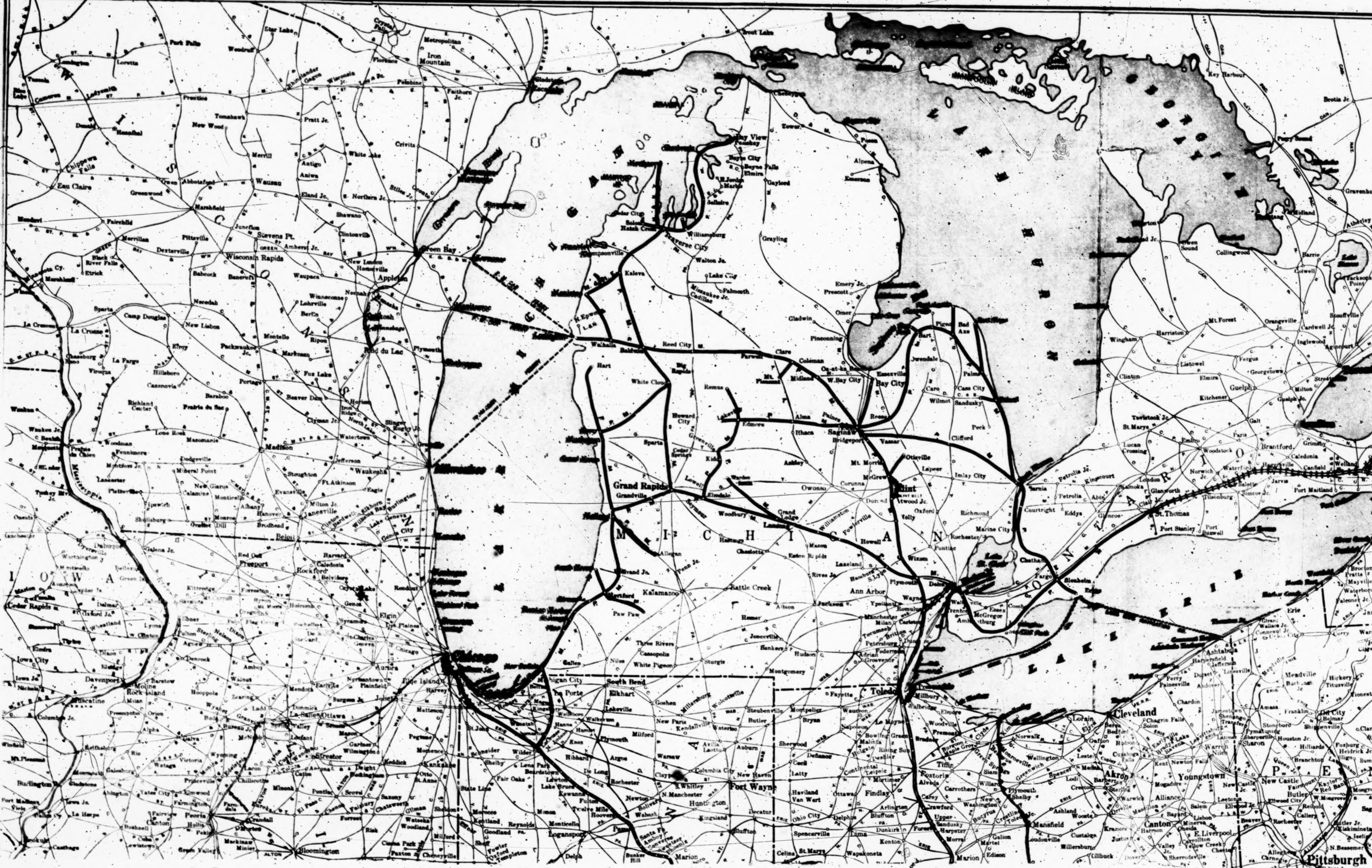
M I C H I G A N
I O W A
L A K E E R I E
O N T A R I O
Park Falls
Star Lake
Woodruff
Metropolitan
Iron Mountain
Florence
Pembine
Fairburn Jc.
Chippewa Falls
Eau Claire
Greenwood
Abbotsford
Marshfield
Wausau
Merrill
Antigo
Aniwa
Eland Jc.
Northern Jc.
Shawano
Crivits
White Lake
Pratt Jc.
Tomahawk
New Wood
Prentice
Hannibal
Donald
Ladysmith
Loretta
Fairchild
Merrillan
Dexterville
Pittsville
Junction
Stevens Pt.
Amherst Jc.
Wisconsin Rapids
Babcock
Clintonville
Green Bay
New London
Hortonville
Appleton
Waupaca
Winneconne
Neenah
Oshkosh
Lohrville
Berlin
Ripon
Fond du Lac
Plymouth
Necedah
Camp Douglas
New Lisbon
Elroy
Packwaukee Jc.
Montello
Markesan
Portage
Fox Lake
Beaver Dam
Baraboo
Prairie du Sac
Hillsboro
Cazenovia
La Crosse
Sparta
Chaseburg
Viroqua
La Farge
Richland Center
Lone Rock
Mazomanie
Madison
Clyman Jc.
Horicon
Slinger
Rugby Jc.
North Lake
Watertown
Jefferson
Waukesha
Milwaukee
Dodgeville
Mineral Point
Stoughton
Ft. Atkinson
Eagle
Evansville
Milton Jc.
Janesville
Monticello
Albany
Calamine
New Glarus
Hanover
Brodhead
Monroe
Shullsburg
Beloit
Clinton
Elkhorn
Williams Bay
Lake Geneva
Burlington
Geneva City
Galena Jc.
Dubuque
Freeport
Rockford
Belvidere
Harvard
Caledonia
Crystal Lake
Elgin
Des Plaines
Sycamore
Geneva
St. Charles
Aurora
Chicago
Blue Island
Harvey
Joliet
Plainfield
Normantown
Earlville
Mendota
La Salle
Ottawa
Streator
Peoria
Canton
Bloomington
Kankakee
Momence
Pontiac
Chatsworth
Gilman
Watseka
Paxton
Cheneyville
Galesburg
Burlington
Muscatine
Davenport
Moline
Rock Island
Clinton
Lyons
Iowa City
Cedar Rapids
Mt. Pleasant
Keokuk
Fort Madison
Alpena
Gaylord
Boyne City
Boyne Falls
Elmira
East Jordan
Charlevoix
Bay View
Petoskey
Bellaire
Elk Rapids
Traverse City
Williamsburg
Kalkaska
Walton Jc.
Grayling
Lake City
Falmouth
Missaukee Jc.
Cadillac
Kaleva
Thompsonville
Manistee
Ludington
Walhalla
Baldwin
Reed City
Hart
White Cloud
Big Rapids
Remus
Farwell
Clare
Coleman
Midland
Mt. Pleasant
Howard City
Edmore
Alma
Ithaca
Saginaw
Bridgeport
Bay City
West Bay City
Essexville
Gladwin
Pinconning
Emery Jc.
Prescott
Omer
Bad Axe
Pigeon
Caro
Cass City
Wilmot
Sandusky
Vassar
Otisville
Flint
Lapeer
Imlay City
Peck
Clifford
Owosso
Corunna
Mt. Morris
Durand
Holly
Oxford
Richmond
Marine City
Rochester
Pontiac
Port Huron
Sarnia
Grand Rapids
Grandville
Sparta
Greenville
Lowell
Ionia
Lansing
Grand Ledge
Charlotte
Hastings
Williamston
Fowlerville
Howell
Mason
Eaton Rapids
Allegan
Kalamazoo
Battle Creek
Paw Paw
Hartford
Three Rivers
Cassopolis
Niles
White Pigeon
Sturgis
Jonesville
Hillsdale
Hudson
Jackson
Albion
Homer
Ann Arbor
Ypsilanti
Wayne
Romulus
Plymouth
Wixom
Detroit
Windsor
Walkerville
Essex
Trenton
McGregor
Amherstburg
Tecumseh
Milan
Manchester
Britton
Petersburg
Adrian
Toledo
South Bend
Elkhart
Goshen
La Porte
Michigan City
Walkerton
Plymouth
Warsaw
Rochester
Logansport
Peru
Wabash
Huntington
Fort Wayne
Decatur
Bluffton
Auburn
Kendallville
Columbia City
Marion
Montpelier
Bryan
Defiance
Napoleon
Bowling Green
Findlay
Fostoria
Tiffin
Fremont
Sandusky
Norwalk
Wellington
Lorain
Elyria
Cleveland
Chagrin Falls
Akron
Barberton
Canton
Massillon
Alliance
Youngstown
Warren
Niles
Ravenna
Kent
Painesville
Ashtabula
Conneaut
Erie
Meadville
Titusville
Oil City
Franklin
Sharon
New Castle
Butler
East Liverpool
Rochester
Pittsburgh
Mansfield
Bucyrus
Upper Sandusky
Kenton
Lima
Wapakoneta
St. Marys
Delphos
Van Wert
Ottawa
Marion
Galion
Crestline
Ashland
Wooster
Orrville
Chatham
Blenheim
St. Thomas
Port Stanley
London
Woodstock
Brantford
Galt
Guelph
Kitchener
Stratford
St. Marys
Clinton
Wingham
Harriston
Mt. Forest
Orangeville
Owen Sound
Collingwood
Barrie
Penetanguishene
Midland
Orillia
Gravenhurst
Parry Sound
Key Harbour
Scotia Jc.
Lucan Crossing
Glanworth
Tillsonburg
Simcoe
Port Dover
Port Maitland
Welland
Caledonia
Petrolia
Courtright
Port Burwell

Exhibit T T A
I&S Docket 6615
Witness: Jefferso

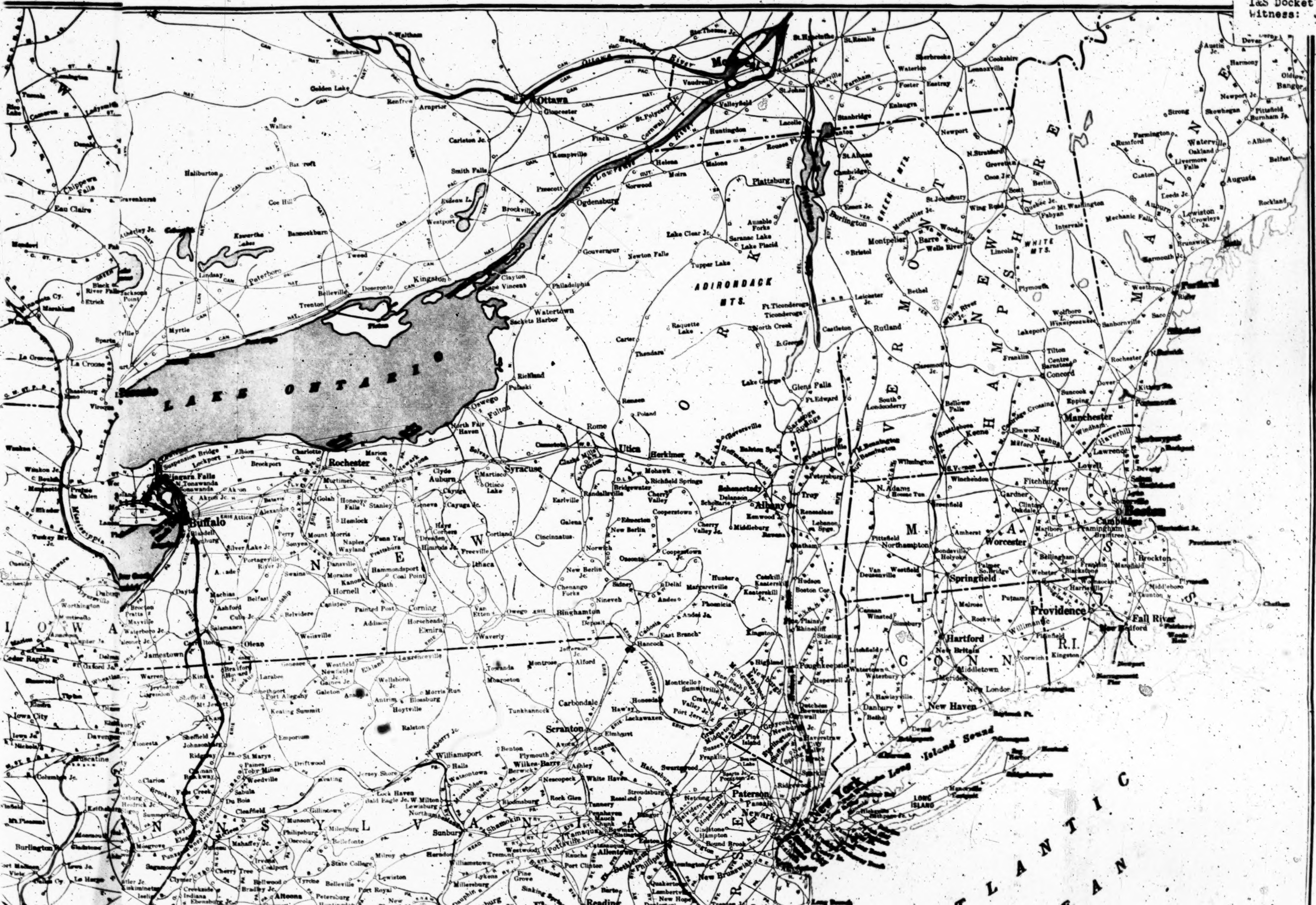
LAKE ONTARIO
ADIRONDACK MTS.
GREEN MTS.
WHITE MTS.
Long Island Sound
LONG ISLAND
ATLANTIC
IOWA
NEW YORK
VERMONT
NEW HAMPSHIRE
MAINE
MASS.
CONN.
R.I.
PENNSYLVANIA
N.J.
Montreal
Ottawa
Kingston
Peterboro
Toronto
Ogdensburg
Watertown
Plattsburg
Burlington
Montpelier
Rutland
Oswego
Rochester
Buffalo
Niagara Falls
Lockport
Syracuse
Utica
Rome
Herkimer
Schenectady
Albany
Troy
Saratoga Springs
Glens Falls
Binghamton
Elmira
Corning
Hornell
Olean
Salamanca
Jamestown
Ithaca
Auburn
Geneva
Scranton
Wilkes-Barre
Williamsport
Sunbury
Altoona
Reading
Allentown
Easton
Paterson
Newark
New York
Poughkeepsie
Kingston
Hartford
New Haven
New London
Middletown
Springfield
Worcester
Providence
Fall River
New Bedford
Boston
Cambridge
Lowell
Lawrence
Fitchburg
Manchester
Concord
Nashua
Keene
Portsmouth
Portland
Lewiston
Augusta
Waterville
Brunswick
Sherbrooke
St. Johns
St. Albans
La Crosse
Eau Claire
Chippewa Falls
Cedar Rapids
Iowa City
Davenport
Muscatine
Burlington
Mississippi

Exhibit TJ - 1
ICC Docket 6615
Witness: Jefferson

STATEMENT SHOWING CLASS RATES FROM SPECIFIC ORIGINS IN HAMPTON ROADS NON-DIFFERENTIAL TERRITORY TO NEWPORT NEWS-NORFOLK, VA., COMPARED WITH SIMILAR INFORMATION TO NEW YORK, N. Y., (SUCH ORIGINS BEING IN NEW YORK DIFFERENTIAL TERRITORY)

Rates Subject to Ex Parte 206 Increase

To:	Newport News, Va.						:::	New York, N. Y.					
	Classes						:::	Classes					
From	1	2	3	4	5	6	:::	1	2	3	4	5	6
Cleveland, Ohio	295	251	209	148	104	81	:::	247	212	174	125	89	72
Akron, Ohio	271	232	192	138	96	75	:::	247	212	174	125	89	72
Youngstown, Ohio	271	232	192	138	96	75	:::	229	195	161	119	83	66
Canton, Ohio	271	232	192	138	96	75	:::	242	206	170	124	87	70
Marietta, Ohio	254	216	179	129	89	70	:::	242	206	170	124	87	70
Steubenville, Ohio	265	226	183	133	92	73	:::	235	201	161	119	83	66
Wheeling, W. Va.	265	226	183	133	92	73	:::	235	201	161	119	83	66
Clarksburg, W. Va.	250	214	172	124	89	70	:::	225	192	154	110	80	63
Parkersburg, W. Va.	265	226	183	133	92	73	:::	229	197	160	114	81	66
Pittsburgh, Pa.	270	228	190	136	94	75	:::	225	192	154	110	80	63

Tariff Authority:
Agent Hinsch's ICC 3642, Freight Tariff 490-B.
Agent Boin's ICC A-966, Freight Tariff 80-D, and ICC A-755, Freight Tariff 68-A.

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Exhibit TJ-C
ICC Docket 6615
Witness: Jefferson

STATEMENT SHOWING ICC DOCKET 28300 DISTANCES FROM NEWPORT NEWS, VA., TO CERTAIN POINTS LOCATED ON THE CHESAPEAKE AND OHIO RAILWAY COMPANY AS COMPARED WITH ICC DOCKET 28300 DISTANCES FROM NEW YORK, N. Y., TO THE SAME POINTS

To	Newport News, Va.	New York, N. Y.
Charleston, W. Va.	455	613
Huntington, W. Va.	511	659
Columbus, Ohio	632	621
Chicago, Ill.	914	890
Muncie, Ind.	743	756
Cincinnati, Ohio	656	724
Louisville, Ky.	727	834

9 3827

Exhibit TJ-D
I&S Docket 6615
Witness: Jefferson
(Page 1 of 9 Pages)

STATEMENT SHOWING BY STATES ICC DOCKET 28300 MILES AND AVERAGE DISTANCES FROM NEWPORT NEWS-NORFOLK, VA., AND NEW YORK, N. Y., TO ICC DOCKET 28300 CLASS RATE BASE POINTS LOCATED IN TERRITORY TO OR/FROM WHICH DIFFERENTIAL EXPORT AND IMPORT RATES APPLY. STATEMENT ALSO SHOWS SAME INFORMATION FROM NEWPORT NEWS-NORFOLK, VA., TO THAT TERRITORY TO OR FROM WHICH DIFFERENTIAL EXPORT AND IMPORT RATES APPLY TO OR FROM NEW YORK, N. Y., BUT NOT TO OR FROM NEWPORT NEWS-NORFOLK, VA.

Base Points	Newport News-Norfolk, Va. Differential Territory Miles	Newport News-Norfolk, Va. Non-Differential Territory Miles	New York, N. Y. Miles
Illinois			
Aurora	941		934
Barry	1057		1091
Barstow	1051		1041
Bloomington	931		957
Cairo	955		1071
Carmi	880		968
Carthage	1075		1099
Centralia	934		992
Champaign	883		913
Chicago	914		890
Danville	851		879
Decatur	918		952
DeKalb	966		948
Dixon	1005		987
E. Burlington	1061		1074
E. Clinton	1039		1028
E. Dubuque	1084		1061
E. Fort Madison	1075		1099
E. Louisiana	1042		1076
E. St. Louis	990		1040
Edgewood	920		954
Eldorado	906		994
Forman	915		1041
Freeport	1022		996
Galena	1084		1061
Galesburg	1020		1030
Galva	1016		1019
Gibson City	909		922
Gladstone	1061		1074
Harvard	977		953

(Cont'd Page 2)

Base Points	Newport News-Norfolk, Va. Differential Territory Miles	Newport News-Norfolk, Va. Non-Differential Territory Miles	New York, N. Y. Miles
Illinois (Cont'd)			
Jacksonville	990		1024
Jerseyville	1023		1057
Jonesboro	990		1078
Kankakee	899		891
Keithsburg	1061		1074
LaSalle	968		958
Lincoln	946		974
Litchfield	973		1006
Marion	945		1036
Mattoon	894		928
Metropolis	907		1054
Morris	941		920
Morrison	1039		1028
Mt. Vernon	912		1000
Murphysboro	962		1053
Nebo	1042		1076
Newton	886		935
Olney	877		944
Pana	933		966
Parris	857		890
Peoria	968		988
Quincy	1057		1091
Rockford	997		974
Rock Island	1051		1041
Rosiclare	978		1066
Sheldon	869		879
Simpson	898		1054
Smithboro	951		985
South Beloit	1005		953
Sparta	961		1035
Springfield	957		991
Streator	950		943
Tamms	955		1071
Thebes	970		1078
Toluca	965		963
Vermont	1021		1046
Waterloo	992		1060
Waukegan	950		926
Wood River	990		1040
Total Miles	67012		69220
Base Points	69		69
Average Miles	971.2		1003.2

(Cont'd Page 3)

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Base Points	Newport News, Va. Differential Territory Miles	Newport News, Va. Non-Differential Territory Miles	New York, N. Y. Miles
Indiana			
Bloomington	799		848
Bluffton	768		753
Cannelton	837		941
Cato	840		939
Columbus	745		812
Corydon	762		875
Covington	851		879
Crawfordsville	810		842
Evansville	846		951
Ferdinand	800		904
Fort Wayne	778		744
Greencastle	805		838
Greensburg	719		787
Hibbard	837		811
Huntingburg	800		904
Indianapolis	766		799
Knightstown	741		766
Kouts	863		848
Lafayette	828		841
Lawrenceburg	679		746
Logansport	806		816
Madison	753		795
Marion	766		778
Michigan City	879		845
Millersburg	830		780
Mitchell	783		850
Monon	815		848
Muncie	743		756
No. Manchester	799		783
No. Vernon	729		796
Oakland City	824		923
Richmond	707		731
South Bend	861		813
Steubenville	779		749
Sullivan	842		897
Temple	762		875
Terre Haute	838		871
Tipton	778		840
Washington	826		893
Total Miles	30994		32467
Base Points	39		39
Average Miles	794.7		832.5

[fol. 3830]

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(Cont'd Page 4)

	Newport News-Norfolk, Va.		New York, N. Y.
Base Points	**Differential Territory Miles**	**Non-Differential Territory Miles**	**Miles**
Iowa			
Burlington	1061		1074
Clinton	1039		1028
Davenport	1051		1041
Dubuque	1084		1061
Fort Madison	1075		1099
Keokuk	1075		1099
Muscatine	1078		1068
Sabula	1039		1028
West Keithsburg	1061		1074
Total Miles	9563		9572
Base Points	9		9
Average Miles	1062.6		1063.5
Kentucky			
Chilesburg	634		782
Elkhorn City	461		678
Henderson	838		963
Jenkins	505		803
Lexington	643		790
Louisa	539		686
Morehead	577		725
Mt. Sterling	609		757
Olive Hill	559		707
Prestonburg	516		735
Weeksburg	533		772
Winchester	624		771
Louisville	727		834
Maysville	602		718
Paducah	894		1068
Total Miles	9261		11789
Base Points	15		15
Average Miles	617.4		785.9
Michigan			
Adrian	772		690
Akron	894		683
Alba	1013		811
Alma	885		720
Alpena	991		789
Ann Arbor	785		668
Ashley	868		707
Bad Axe	881		662
Battle Creek	852		751
Bellaire	1037		835

(Cont'd Page 5)

Base Points	Newport News-Norfolk, Va. Differential Territory Miles	Newport News-Norfolk, Va. Non-Differential Territory Miles	New York N.Y. Miles
Michigan (Cont'd)			
Benton Harbor	891		833
Boyne City	1030		828
Cadillac	967		781
Charlotte	846		725
Cheboygan	1053		852
Clare	919		732
Clifford	861		642
Detroit	796		631
Durand	836		674
Falmouth	991		804
Flint	842		657
Frankfort	1032		845
Grand Jct	899		803
Grand Rapids	905		767
Grayling	980		778
Greenville	903		747
Harrisville	959		757
Hart	984		842
Holland	918		792
Holly	825		669
Howard City	923		763
Howell	813		686
Ionia	884		731
Jackson	811		707
Jonesville	810		726
Kalamazoo	870		774
Lansing	846		707
Lapeer	852		637
La Rocque	1020		818
Lowell	896		747
Ludington	1001		820
Mackinaw City	1070		868
Manistee	1011		831
Manistique	1132		945
Menominee	1112		925
Milan	771		668
Monroe	763		666
Mt. Clemens	818		628
Muskegon	945		803
Niles	868		809
Owasso	847		686
Oxford	835		645
Petoskey	1039		837
Pigeon	835		678
Pinconning	906		704
Pontiac	822		649
Port Huron	811		592
Reed City	953		771
Rochester	825		639
St. Ignace	1079		877

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(Cont'd Page 6)

Base Points	Newport News-Norfolk, Va. Differential Territory Miles	Newport News-Norfolk, Va. Non-Differential Territory Miles	New York, N. Y. Miles
Michigan (Cont'd)			
Saginaw	875		682
Sandusky	857		638
South Lyon	805		667
Sturgis	833		768
Tawas City	927		725
Thompsonville	1010		824
Traverse City	1014		828
Vassar	874		663
West Branch	940		738
White Cloud	952		805
Wilmot	871		652
Wolverine	1026		824
Total Miles	65569		53626
Base Points	72		72
Average Miles	910.7		744.8
Missouri			
Alexandria	1075		1099
Hannibal	1057		1091
Louisiana	1042		1076
Old Monroe	1040		1074
St. Louis	990		1040
West Alton	990		1040
West Quincy	1057		1091
Total Miles	7251		7511
Base Points	7		7
Average Miles	1035.9		1073.0
New York			
Dunkirk		614	437
Jamestown		601	432
Total Miles		1215	869
Base Points		2	2
Average Miles		607.5	434.5
Ohio			
Akron		621	550
Alliance		588	519
Ashtabula		628	513
Athens	559		567
Bellefontaine	684		674

(Cont'd Page 7)

Base Points	Newport News-Norfolk, Va. Differential Territory Miles	Newport News-Norfolk, Va. Non-Differential Territory Miles	New York, N. Y. Miles
Ohio (Cont'd)			
Blanchester	642		685
Bristolville		595	525
Canton		605	536
Celina	728		723
Chillicothe	583		638
Cincinnati	656		724
Circleville	608		633
Cleveland		636	562
Columbus	632		621
Coshocton		621	552
Dayton	665		690
Delaware	656		645
Dundas	554		594
Flushing		591	528
Gallipolis	518		616
Jewett		569	500
Killbuck		649	580
Lancaster	601		612
Latty	761		715
Leetonia		566	499
Lima	719		694
Lore City		594	541
McComb	729		674
Mansfield		677	608
Marblehead	703		628
Marietta		572	544
Marion	677		645
Mechanicstown		587	529
Middlefield		610	541
Mt. Vernon		655	600
Newark		630	588
Painesville		634	538
Piqua	690		692
Sandusky		696	621
Sardinia	608		713
Spencer		655	586
Springfield	656		665
Summitville		574	505
Tiffin	711		642
Toledo	740		668
Uhrichsville		591	522
Union City	712		725
Washington C. H.	620		660
West Unity	787		722
Wheeling-Steubenville	548		479

[fol. 3834]

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(Cont'd Page 8)

Base Points	Newport News-Norfolk, Va. Differential Territory Miles	Newport News-Norfolk, Va. Non-Differential Territory Miles	New York, N. Y. Miles
Ohio (Cont'd)			
Youngs	571		676
Youngstown		570	500
Zanesville		606	576
Total Miles	18323	15322	32083
Base Points	28	25	53
Average Miles	654.4	612.9	605.3
Pennsylvania			
Corry		604	455
Erie		642	493
Fairmount		553	449
Foxburg		567	447
Jamestown		595	479
Linesville		608	491
Meadville		616	485
Oil City		583	449
Pittsburgh		505	436
Queens Jct.		547	443
Saltsburg		494	397
Stoneboro		589	457
Warren		576	417
Total Miles		7479	5898
Base Points		13	13
Average Miles		575.3	453.7
West Virginia			
Bens Run		554	527
Kenova	511		659
Liverpool		572	582
Natrium		546	519
Parkersburg		558	530
Pt. Pleasant		512	609
Charleston	455		613
Total Miles	966	2742	4039
Base Points	2	5	7
Average Miles	483.0	548.4	577.0

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(Cont'd Page 9)

Base Points	Newport News-Norfolk, Va. Differential Territory Miles	Newport News-Norfolk, Va. Non-Differential Territory Miles	New York, N. Y. Miles
Wisconsin			
Appleton	1097		925
Brooklyn	1044		960
Clyman Jct.	1041		926
Dodgeville	1025		1007
Elkhorn	999		929
Fon du Lac	1062		944
Granville	999		831
Green Bay	1101		920
Janesville	1005		953
Jefferson Jct.	1041		926
Kewaunee	1066		885
Madison	1044		960
Manitowac	1063		882
Marinette	1112		925
Milwaukee	999		881
Monroe	1040		982
Racine	976		905
Sheboygan	1052		908
Stiles Jct.	1129		948
Sturgeon Bay	1114		933
Watertown	1041		926
Waukesha	999		881
West Bend	1032		914
Whitelaw	1063		882
Total Miles	25144		22183
Base Points	24		24
Average Miles	1047.7		924.3

SUMMARY

	Miles
Average distance between Newport News-Norfolk, Va., and base points (265) in Newport News-Norfolk Differential Territory - - - - - - - - - - - - - - - -	883.3
Average distance between Newport News-Norfolk, Va., and all base points (310) in Newport News-Norfolk Differential and Non-Differential Territory - - -	841.4
Average distance between New York, N. Y., and base points (265) in Newport News-Norfolk, Va., Differential Territory - - - - - - - - - - - - - - - -	853.1
Average distance between New York, N. Y., and all base points (310) in Newport News-Norflk Differential and Non-Differential Territory - - -	804.1

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Exhibit TJ-E
I&S Docket 6615
Witness: Jefferson
Page 1 of 8

STATEMENT OF EXPORT TRAFFIC (EXCEPT COAL, COKE, AND IRON ORE) HANDLED THROUGH HAMPTON ROADS, VA., FROM ITS DIFFERENTIAL TERRITORY DURING PERIOD AUGUST 1, 1955, TO JULY 31, 1956, COMPARED WITH THAT HANDLED THROUGH NEW YORK, N. Y., FROM ITS DIFFERENTIAL TERRITORY

Group I
Products of Agriculture, (1-199)

No.	Description	Hampton Roads Va. Tons	New York, N. Y. Tons	New York over Hampton Roads Tons	Hampton Roads over New York Tons
1	Wheat	819609	117786		701823
3	Corn		66393	66393	
5	Sorghum Grain		183	183	
7	Oats		11571	11571	
9	Barley and Rye		7310	7310	
13	Grain, NOS		751	751	
15	Flour Wheat	779	40162	39383	
17	Meal, Corn		2074	2074	
19	Flour, edible, NOS	47	20410	20363	
21	Cereal Food Preparations NOS		3010	3010	
23	Mill Products, NOS		3096	3096	
25	Hay		95	95	
27	Straw		12	12	
29	Tobacco, unmanufactured	4601	1189		3412
35	Cotton Linters, Noils, and Regins		17	17	
43	Soybeans	39582			39582
45	Soybean Oil Cake and Meal	4888	12006	7118	
47	Veg. Nut Oil Cake NOS		89	89	
49	Apples, Fresh, not frozen		40	40	
53	Berries, Fresh, not frozen		17	17	
61	Oranges and Grapefruit		41	41	
67	Watermelons		20	20	
69	Fruits, Fresh, NOS, Not Frozen	36	47	11	
73	Fruits & Berries, Fresh, Frozen		23	23	
75	Coffee		123	123	
77	Cabbage		30	30	
79	Celery		517	517	
85	Potatoes, other than sweet		18	18	
89	Vegs. Fresh, NOS, Not Frozen		94	94	
91	Beans and Peas, Dried	120	209	89	
103	Malt, NOS	3626	9986	6360	
105	Flaxseed		63	63	

(Cont'd on Page 2)

Exhibit ____________
I&S Docket 6615
Witness: Jefferson
Page 2 of 8

Group I - (Cont'd)
Products of Agriculture,
(1-199)

No.	Description	Hampton Roads Va. Tons	New York, N. Y. Tons	New York over Hampton Roads Tons	Hampton Roads over New York Tons
107	Seeds, N.O.S.	54	127	73	
199	Products of Agriculture, N.O.S.	61	2598	2537	
	Group II Animals and Products (CL) (201-299)				
207	Sheep and Goats, Single-Deck		52	52	
211	Swine, Single-Deck		22	22	
213	Swine, Double-Deck		14	14	
215	Meats, Fresh, N.O.S.		10279	10279	
217	Meats, Cooked, Cured, Dried and Smoked	313	10534	10221	
219	Packing House Products, Edible, N.O.S.	430	57030	56600	
221	Margarine, N.O.S.		67	67	
225	Poultry, Dressed and Frozen		338	338	
227	Eggs		16	16	
229	Butter	3662	7603	3941	
231	Cheese	9513	4232		5281
233	Dairy Products, N.O.S.	1966	367		1599
237	Wool and Mohair, N.O.S.		82	82	
239	Hides, Skins and Pelts, N.O.S.		7323	7323	
241	Leather, N.O.S.	14	32	18	
245	Fish and Sea Animal Oil		24	24	
299	Animals and Products, N.O.S.	12993	25982	12989	
	Group III Products of Mines (CL) 301-399)				
311	Aluminum Ore and Concentrates	104	56		48
319	Ores and Concentrates, N.O.S.		672	672	
321	Barytes		20	20	
323	Clay and Bentonite	6877	104		6773
325	Sand, Industrial		378	378	
327	Gravel and Sand, N.O.S.		66	66	
329	Stone and Rock: Broken, Ground and Crushed		12	12	
339	Asphalt		329	329	

(Cont'd on Page 3)

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(TJ-E)

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Group III - (Cont'd) Products of Mines (CL (301-399) No.	Description	Hampton Roads Va. Tons	New York N. Y. Tons	New York over Hampton Roads Tons	Hampton Roads over New York Tons
341	Salt	416	2277	1861	
343	Phosphate Rock		29	29	
345	Sulphur		74	74	
399	Products of Mines, N.O.S.	33	308	275	
Group IV Products of Forests (CL) (401-499)					
401	Logs, Butts and Bolts	38	1717	1679	
403	Posts, Poles and Piling, Wooden	27	7		20
407	Ties, Railroad		28	28	
409	Pulpwood		50	50	
411	Lumber, Shingles and Lath	764	898	134	
413	Box, Crate and Cooperage Materials	656	380		276
417	Rosin and Turpentine		26	26	
499	Products of Forests, N.O.S.		204	204	
Group V Manufactures and Miscellaneous (CL) (501-799)					
503	Fuel, Road and Petroleum Residual Oils, N.O.S.		106	106	
505	Lubricating Oils and Greases	249	42145	41896	
507	Petroleum Products, Refined N.O.S.	378	44231	43853	
509	Gases, Other Than Petroleum N.O.S.		370	370	
511	Cottonseed Oil		77	77	
513	Linseed Oil		59	59	
515	Soybean Oil	272	115440	115168	
517	Vegetable and Nut Oils, N.O.S.	20	4501	4481	
519	Oils, N.O.S.		299	299	
521	Oil Foots, Sediment and Tank Bottoms		148	148	
523	Rubber, Crude, Natural and Synthetic	9054	15565	6511	
525	Rubber Goods, N.O.S.		1106	1106	

(Cont'd on Page 4)

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Group V - (Cont'd)
Manufactures and Miscellaneous
(CL) (501-799)

No.	Description	Hampton Roads Va. Tons	New York, N. Y. Tons	New York over Hampton Roads Tons	Hampton Roads over New York Tons
527	Chemicals, N.O.S.	836	19722	18886	
531	Acids, N.O.S.	15	4683	4668	
533	Sodium (Soda) Products	755	18056	17301	
535	Alcohol, N.O.S.	345	487	142	
539	Fertilizers, N.O.S.		1513	1513	
541	Insecticides and Fungicides, N.O.S.		3693	3693	
543	Tar, Pitch and Creosote	18	267	249	
545	Tanning Material, N.O.S.		380	380	
547	Paint, Paint Material, Putty and Varnish	107	10092	9985	
549	Plastics	113	6340	6227	
551	Cellulose Articles, N.O.S.	7	39	32	
553	Drugs, Medicines and Toilet Preparations	21	2723	2702	
555	Aluminum: Bar, Ingot, Pig and Slab		1289	1289	
557	Aluminum, N.O.S.		401	401	
559	Copper: Ingot, Matte and Pig	35			35
561	Copper, Brass and Bronze, N.O.S.	1114	1991	877	
563	Lead and Zinc: Bar, Ingot and Pig		37	37	
565	Lead and Zinc, N.O.S.		245	245	
567	Magnesium Metal and Alloy		16	16	
569	Alloys for Steel Manufacture	23	1163	1140	
571	Metals and Alloys, N.O.S.	890	258		632
573	Iron, Pig		87	87	
575	Iron and Steel: Billet, Bloom and Ingot	16193	11951		4242
577	Iron and Steel: Bar, Rod and Slab	41	1314	1273	
579	Iron and Steel, N.O.S.		138	138	
581	Iron and Steel Nails and Wire (Woven and Not Woven) N.O.S.	280	11482	11202	
583	Manufactured Iron and Steel	5416	580073	574657	
585	Cast Iron Pipe and Fittings		425	425	
587	Iron and Steel Pipe and Fittings, N. O. S.	1590	71754	70164	
589	Tanks, N. O. S.	231	2348	2117	

(Cont'd on Page 5)

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Group V - (Cont'd) Manufactures and Miscellaneous (CL) (501-799) No.	Description	Hampton Roads Va. Tons	New York, N. Y. Tons	New York over Hampton Roads Tons	Hampton Roads over New York Tons
591	Agricultural Implements, N.O.S.	671	15088	14417	
593	Agricultural Implement Parts, N.O.S.	21	1514	1493	
595	Machinery and Machines, N.O.S.	13182	162400	149218	
597	Machinery Parts	2260	30187	27927	
601	Business and Office Machines, N.O.S.		3282	3282	
603	Railway Equipment Moved on Own Wheels	12	945	933	
605	Railway Equipment, S.U., Not Moved on Own Wheels		2897	2897	
607	Railway Equipment Parts	5327	16462	11135	
609	Rails and Railway Track Material, Iron and Steel	311	3751	3440	
611	Vehicles, Other Than Motor	1349	3759	2410	
613	Automobiles, Passenger	303	57299	56996	
615	Automobiles, Freight	5543	9497	3954	
617	Vehicles, Motor, N.O.S.	4653	68842	64189	
619	Military Vehicles, N.O.S.	2665	1113		1552
621	Automobiles and Auto-trucks K.D.	3884	120068	116184	
623	Vehicle Parts, N.O.S.	14815	91818	77003	
625	Airplanes, Aircraft and Parts	7	427	420	
627	Tires and Tubes, Rubber	6390	33086	26696	
629	Guns, Small Arms and Parts N.O.S.	2414	608		1806
631	Ammunition and Explosives	569	34454	33885	
633	Cement: Natural and Portland	16	473	457	
635	Cement, N.O.S.	152	1273	1121	
639	Brick, N.O.S., and Building Tile	40	1309	1269	
641	Refractories	172	4105	3933	
643	Artificial Stone, N.O.S.		28	28	
645	Lime, N.O.S.	81	461	380	
647	Plaster: Stucco and Wall		163	163	
649	Sewer Pipe and Drain Tile (Not Metal)		65	65	
651	Broken or Ground Brick, Blocks Crockery and Glass	182			182

(Cont'd on Page 6)

(TJ-E)

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Group V - (Cont'd) Manufactures and Miscellaneous (CL) (501-799) No.	Description	Hampton Roads Va. Tons	New York, N. Y. Tons	New York over Hampton Roads Tons	Hampton Roads over New York Tons
653	Woodpulp		17	17	
655	Scrap Paper and Rags	18	8934	8916	
657	Newsprint Paper	22	237	215	
659	Printing Paper, N.O.S.	317	9284	8967	
661	Wrapping Paper	103	593	490	
663	Paper Bags	41	104	63	
665	Paper and Paper Articles, N.O.S.	125	1081	956	
667	Printed Matter, N.O.S.	73	1067	994	
669	Paperboard, Fibreboard and Pulpboard	123	2017	1894	
671	Wallboard	10	120	110	
673	Building Paper and Prepared Roofing Materials		720	720	
675	Insulating Materials, N.O.S.	130	3209	3079	
677	Building Woodwork and Millwork	15	78	63	
679	Building Materials, N.O.S.		824	824	
681	Buildings and Houses, Fabricated and Portable, N.O.S.	1429	932		497
683	Asbestos Articles, N.O.S.		35	35	
685	Electrical Equipment and Parts, N.O.S.	608	16049	15441	
687	Furnaces, Heaters, Radiators and Parts	188	1489	1301	
689	Bathroom and Lavatory Fixtures and Sinks		823	823	
691	Hardware, N.O.S.	107	364	257	
693	Glass	431	2779	2348	
695	Glassware, N.O.S.	13	11575	11562	
697	Glass Bottles, Jars and Packing Glasses, N.O.S.	84	18137	18053	
701	Chinaware, Crockery and Earthenware		748	748	
703	Woodenware	68	51		17
705	Household Utensils, N.O.S.		1161	1161	
707	Refrigerators, Freezing Apparatus and Parts	1763	24670	22907	
709	Laundry Equipment		2838	2838	
711	Stoves, Ranges and Parts	258	6300	6042	
713	Floor Covering		139	139	

(Cont'd on Page 7)

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Exhibit ____________
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Group V - (Cont'd) Manufactures and Miscellaneous (CL) (501-799) No.	Description	Hampton Roads Va. Tons	New York, N. Y. Tons	New York over Hampton Roads Tons	Hampton Roads over New York Tons
715	Furniture, N.O.S.	1026	3715	2689	
717	Furniture Parts	2	535	533	
719	Tools and Parts, N.O.S.	141	598	457	
721	Abrasives, Other Than Crude	89	641	552	
723	Bagging: Burlap, Cotton, Gunny and Jute, N.O.S.	50	32		18
725	Bags: Burlap, Cotton, Gunny and Jute, N.O.S.		18	18	
727	Cotton Cloth and Cotton Fabrics, N.O.S.		142	142	
729	Cotton Factory Products	22	919	897	
731	Synthetic Fibre and Yarns (Rayon or Nylon)	18			18
733	Cloth and Fabrics, N.O.S.		139	139	
735	Rope, Cordage and Binder Twine, N.O.S.	177	34		143
737	Boots, Shoes and Findings, N.O.S.	147	58		89
739	Luggage and Handbags, N.O.S.		81	81	
741	Athletic, Gymnasium, Playground and Sporting Equipment, N.O.S.	245	294	49	
743	Games and Toys		83	83	
745	Liquors, Alcoholic, N.O.S.	15	659	644	
747	Wine		18	18	
749	Liquors, Malt	550	7584	7034	
751	Beverages, N.O.S.	31	162	131	
755	Syrup and Molasses, Refined	194	775	581	
757	Molasses, Residual		411	411	
759	Sugar	230	468	238	
761	Candy and Confectionery	132	570	438	
763	Food Products, N.O.S., in Cans and Packages, Not Frozen	19025	36013	16988	
765	Food Products, N.O.S., Frozen		40	40	
767	Starch	502	2561	2059	
769	Soap and Cleaning and Washing Compounds	1110	1870	760	
771	Matches		12	12	
773	Feed, Animal and Poultry, N.O.S.	31	47674	47643	
777	Cigarettes		7	7	

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Group V - (Cont'd) Manufactures and Miscellaneous (CL) (501-799) No.	Description	Hampton Roads Va. Tons	New York, N. Y. Tons	New York over Hampton Roads Tons	Hampton Roads over New York Tons
779	Containers, Metal	141	2834	2693	
781	Containers, Wooden		293	293	
783	Containers, Fibreboard and Paperboard, KD	40	2689	2649	
785	Containers, N.O.S.	374	1642	1268	
787	Containers, Returned Empty		66	66	
789	Scrap Iron and Scrap Steel		4945	4945	
791	Iron and Steel Borings, Turnings, Etc.		329	329	
793	Furnace Slag		32	32	
795	Waste Materials for Remelting, N.O.S.		1699	1699	
797	Waste Materials, N.O.S.		2319	2319	
799	Manufactures and Miscellaneous, N.O.S.	4568	28749	24181	
		1049017	2342212	2061240	768045

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STATEMENT OF IMPORT TRAFFIC (EXCEPT COAL, COKE, AND IRON ORE) HANDLED THROUGH HAMPTON ROADS, VA., TO ITS DIFFERENTIAL TERRITORY DURING PERIOD AUGUST 1, 1955, TO JULY 31, 1956, COMPARED WITH THAT HANDLED THROUGH NEW YORK, N. Y., TO ITS DIFFERENTIAL TERRITORY

GROUP I
Products of Agriculture, (1-199)

No.	Description	Hampton Roads Va. Tons	New York, N. Y. Tons	New York over Hampton Roads Tons	Hampton Roads over New York Tons
5	Sorghum Grain		33	33	
15	Flour, Wheat		119	119	
19	Flour, Edible, N.O.S.	108	1448	1340	
23	Mill Products, N.O.S.		52	52	
29	Tobacco, Unmanufactured	4240	31		4209
31	Tobacco Siftings, Sweepings and Waste		9	9	
33	Cotton in Bales	55	39		16
35	Cotton Linters, Noils, and Regins	830	4447	3617	
51	Bananas, Fresh		53946	53946	
57	Grapes, Fresh		11	11	
61	Oranges and Grapefruit		18	18	
65	Pears, Fresh, Not Frozen		204	204	
69	Fruits, Fresh, N.O.S., Not Frozen		1280	1280	
71	Fruits, Dried, Dehydrated, and Evaporated, N.O.S.		2735	2735	
73	Fruits and Berries, Fresh, Frozen		21	21	
75	Coffee	16	133265	133249	
81	Lettuce		29	29	
83	Onions, Dry		149	149	
89	Vegetables, Fresh, N.O.S. Not Frozen		249	249	
91	Beans and Peas, Dried		1071	1071	
93	Vegetables, Dried, Dehydrated, and Evaporated, N.O.S.		79	79	
97	Peanuts	28	178	150	
107	Seeds, N.O.S.	432	2471	2039	
199	Products of Agriculture, N.O.S.	167	19842	19675	

(Cont'd on Page 2)

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GROUP II Animals and Products (CL) (201-299) No.	Description	Hampton Roads Va. Tons	New York, N. Y. Tons	New York over Hampton Roads Tons	Hampton Roads over New York Tons
215	Meats, Fresh, N.O.S.		79	79	
217	Meats, Cooked, Cured, Dried and Smoked	614	8783	8169	
219	Packing House Products, Edible, N.O.S.		730	730	
231	Cheese		624	624	
235	Wool and Mohair in Grease		62	62	
237	Wool and Mohair, N.O.S.	15	142	127	
239	Hides, Skins and Pelts, N.O.S.		1944	1944	
241	Leather, N.O.S.		177	177	
243	Sea Food, N.O.S.		142	142	
245	Fish and Sea Animal Oil		333	333	
299	Animals and Products, N.O.S.		5536	536	
Group III Products of Mines (CL) (301-399)					
311	Aluminum Ore and Concentrates		13583	13583	
319	Ores and Concentrates, N.O.S.	136046	16389		119657
321	Barytes	34781			34781
323	Clay and Bentonite		225	225	
325	Sand, Industrial		177	177	
327	Gravel and Sand, N.O.S.		29	29	
329	Stone and Rock: Broken, Ground and Crushed		525	525	
333	Stone, Rough, N.O.S.		1171	1171	
335	Stone, Finished, N.O.S.		112	112	
339	Asphalt		30	30	
345	Sulphur		62	62	
399	Products of Mines, N.O.S.		6203	6203	
Group IV Products of Forests (CL) (401-499)					
411	Lumber, Shingles and Lath	24	102	78	
415	Veneer, Plywood and Built-Up Wood	657	4343	3686	
417	Rosin and Turpentine		18	18	
499	Products of Forests, N.O.S.	4294	7953	3659	

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Exhibit ____________
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Group V
Manufactures and Miscellaneous
(CL) (501-799)

No.	Description	Hampton Roads Va. Tons	New York, N. Y. Tons	New York over Hampton Roads Tons	Hampton Roads over New York Tons
505	Lubricating Oils and Greases		13	13	
507	Petroleum Products, Refined, N.O.S.		18	18	
511	Cottonseed Oil		46	46	
517	Vegetable and Nut Oils, N.O.S.		6451	6451	
519	Oils, N.O.S.		1439	1439	
521	Oil Foots, Sediment and Tank Bottoms		26	26	
523	Rubber, Crude, Natural and Synthetic	35	164953	164918	
525	Rubber Goods, N.O.S.		225	225	
527	Chemicals, N.O.S.	21	1175	1154	
531	Acids, N.O.S.		381	381	
533	Sodium (Soda) Products		508	508	
535	Alcohol, N.O.S.		81	81	
539	Fertilizers, N.O.S.	3945	3145		800
541	Insecticides and Fungicides N.O.S.		149	149	
543	Tar, Pitch and Creosote		135	135	
545	Tanning Material, N.O.S.	1443	6218	4775	
547	Paint, Paint Material, Putty and Varnish		879	879	
549	Plastics		43	43	
553	Drugs, Medicines and Toilet Preparations		456	456	
555	Aluminum: Bar, Ingot, Pig and Slab		330	330	
557	Aluminum, N.O.S.	6	171	165	
559	Copper: Ingot, Matte and Pig		24084	24084	
561	Copper, Brass and Bronze, N.O.S.		2397	2397	
563	Lead and Zinc: Bar, Ingot, and Pig	20	12646	12626	
565	Lead and Zinc, N.O.S.	160	231	71	
569	Alloys for Steel Manufacture		2048	2048	
571	Metals and Alloys, N.O.S.		22122	22122	
573	Iron, Pig		55	55	
575	Iron and Steel: Billet, Bloom and Ingot		28	28	
577	Iron and Steel: Bar, Rod and Slab		20	20	
579	Iron and Steel, N.O.S.		50	50	
581	Iron and Steel Nails and Wire (Woven and Not Woven), N.O.S.	352	971	619	

(Cont'd on Page 4)

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(TJ-F)

Exhibit ____________
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Group V - (Cont'd) Manufacture and Miscellaneous (CL) (501-799) No.	Description	Hampton Roads Va. Tons	New York, N. Y. Tons	New York over Hampton Roads Tons	Hampton Roads over New York Tons
583	Manufactured Iron and Steel	119	7850	7731	
585	Cast Iron Pipe and Fittings		31	31	
587	Iron and Steel Pipe and Fittings, N.O.S.	67	390	323	
589	Tanks, N.O.S.	34			34
591	Agricultural Implements, N.O.S.		31	31	
595	Machinery and Machines, N.O.S.	2999	4506	1507	
597	Machinery Parts	53	628	575	
607	Railway Equipment Parts		71	71	
611	Vehicles, Other Than Motor	1137	409		728
615	Automobiles, Freight	231	190		41
617	Vehicles, Motor, N.O.S.	1028	225		803
621	Automobiles and Auto-trucks, K.D.		5	5	
623	Vehicle Parts, N.O.S.	350	667	317	
625	Airplanes, Aircraft and Parts	73	44		29
627	Tires and Tubes, Rubber	42	110	68	
629	Guns, Small Arms and Parts, N.O.S.	859			859
631	Ammunition and Explosives		39	39	
633	Cement: Natural and Portland	10537	231		10306
635	Cement, N.O.S.	19470			19470
639	Brick, N.O.S. and Building Tile		49	49	
641	Refractories		88	88	
653	Woodpulp	2609	424		2185
655	Scrap Paper and Rags	1921	2204	283	
657	Newsprint Paper	1214	4872	3658	
659	Printing Paper, N.O.S.		201	201	
661	Wrapping Paper	39	95	56	
665	Paper and Paper Articles, N.O.S.		99	99	
667	Printed Matter, N.O.S.	485	12		473
669	Paperboard, Fibreboard and Pulpboard	19	130	111	
671	Wallboard	77	743	666	
673	Building Paper and Prepared Roofing Materials		36	36	
675	Insulating Materials, N.O.S.		52	52	
677	Building Woodwork and Millwork		12	12	
679	Building Materials, N.O.S.		174	174	
681	Buildings and Houses, Fabricated and Portable, N.O.S.	110	32		78
685	Electrical Equipment and Parts N.O.S.	74	261	187	

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(Cont'd on Page 5)

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Exhibit ____________
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Group V - (Cont'd)
Manufacture and Miscellaneous
(CL) (501-799)

No.	Description	Hampton Roads Va. Tons	New York, N. Y. Tons	New York over Hampton Roads Tons	Hampton Roads over New York Tons
687	Furnaces, Heaters, Radiators and Parts	12			12
691	Hardware, N.O.S.	27	292	265	
693	Glass	1193	794		399
695	Glassware, N.O.S.	8	28	20	
697	Glass Bottles, Jars and Packing Glasses, N.O.S.		38	38	
701	Chinaware, Crockery and Earthenware		820	820	
703	Woodenware		46	46	
705	Household Utensils, N.O.S.		148	148	
713	Floor Covering		77	77	
715	Furniture, N.O.S.	65	32		33
719	Tools and Parts, N.O.S.	69	63		6
721	Abrasives, Other Than Crude		374	374	
723	Bagging: Burlap, Cotton, Gunny and Jute, N.O.S.	7452	6284		1168
725	Bags: Burlap, Cotton, Gunny and Jute, N.O.S.		48	48	
727	Cotton Cloth and Cotton Fabrics, N.O.S.	20	390	370	
729	Cotton Factory Products	150	325	175	
731	Synthetic Fibre and Yarns (Rayon or Nylon)	145			145
735	Rope, Cordage and Binder Twine, N.O.S.	7	1875	1868	
737	Boots, Shoes and Findings, N.O.S.	93	16		77
739	Luggage and Handbags, N.O.S.		9	9	
741	Athletic, Gymnasium, Playground and Sporting Equipment, N.O.S.		44	44	
743	Games and Toys		185	185	
745	Liquors, Alcoholic, N.O.S.		1774	1774	
747	Wine		144	144	
749	Liquors, Malt		1423	1423	
751	Beverages, N.O.S.		587	587	
755	Syrup and Molasses, Refined		513	513	
759	Sugar		6913	6913	
761	Candy and Confectionery		288	288	
763	Food Products, N.O.S., in Cans and Packages, Not Frozen	48312	33274		15038
767	Starch	282	313	31	
771	Matches		56	56	

(Cont'd on Page 6)

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(TJ-F)

Exhibit ____________
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Group V - (Cont'd) Manufacture and Miscellaneous (CL) (501-799) No. Description	Hampton Roads Va. Tons	New York, N. Y. Tons	New York over Hampton Roads Tons	Hampton Roads over New York Tons
773 Food, Animal and Poultry, N.O.S.	254	1566	1312	
779 Containers, Metal		76	76	
785 Containers, N.O.S.	35	586	551	
787 Containers, Returned Empty		49	49	
789 Scrap Iron and Scrap Steel		355	355	
795 Waste Materials for Remelting N.O.S.		309	309	
797 Waste Materials, N.O.S.	147	11958	11811	
799 Manufactures and Miscellaneous, N.O.S.	2112	5875	3763	
	292219	645552	564680	211347

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Exhibit TJ
I&S Docket 6615
Witness: Jefferson

STATEMENT OF CARGO SHIPPED FROM UNITED STATES VIA PORT OF EMBARKATION SHOWN DURING PERIOD OF WORLD WAR II IN MEASUREMENT IN TONS OF 40 CUBIC FEET COMPARED WITH CARGO SHIPPED FROM OTHER PORTS DURING THE SAME PERIOD

Port	Dec. 1941 Only	1942	1943	1944	1945	Total	Percentage of total
Boston	160	600612	1959969	3953680	2967359	9481780	13
New York	75257	3717884	10116328	15861674	8753402	38524545	52
Philadelphia	346	4541	743729	2772146	2431408	5952170	8
Baltimore	-	51290	1028166	2811494	2974693	6865643	9
Hampton Roads	7277	337900	3020069	5464725	4125763	12955734	18
Total	83040	4712227	16868261	30863719	21252625	73779872	100
Grand Total All Ports (Eastern, Southern Western)	284023	11834995	28500226	45512945	42987344	132119533	

Note: These figures include cargo shipped to Army Commanders overseas on vessels operated by or allocated to the Army; on vessels operated by or allocated to the Navy; and on commercial vessels for the military forces or for civilian relief; also lend lease supplies shipped on vessels operated by allocated to the Army. Figures do not include lend lease supplies secured by the War Department and shipped on vessels not under Army control.

Authority: Appendix "G", Statistical Review, World War II, issued by Army Service Forces, War Department.

[redacted]

[fol. 3852]

I.C.C. Exhibit No. 69

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (John W. Hanifin, 1500 First National Bank Building, Richmond, Va.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

STATEMENT OF GEORGE ROACH, ASSISTANT GENERAL MANAGER OF THE WORLD COMMERCE DEPARTMENT OF THE CHESAPEAKE AND OHIO RAILWAY COMPANY.

[fol. 3853]

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

STATEMENT OF GEORGE ROACH, ASSISTANT GENERAL MANAGER OF THE WORLD COMMERCE DEPARTMENT OF THE CHESAPEAKE AND OHIO RAILWAY COMPANY.

My name is George Roach. I am Assistant General Manager of the World Commerce Department of The Chesapeake and Ohio Railway Company with offices in New York City. I have been in the employ of the Chesapeake and Ohio for over thirty-one years. During that period of time substantially all of my work has been devoted to the solicitation of import and export freight for movement through the Railway Company's facilities at Newport News and the handling of allied traffic problems which arise that are coincident to such movements. I am quite familiar with the area known as differential territory, as well as the industries located there that are actual or potential sources of traffic. I spent 8 years, from 1947 to 1955, as Manager of the World Commerce Department at Chicago where my duties required me to handle directly the solicitation of [fol. 3854] traffic from industries located in the midwest. One further point as to my qualification to testify here. Because I was faced with repeated instances of a shipper refusing to use Newport News it became necessary for me to alternatively solicit movements to New York as well as the other outports. Not only because of this but since the principal competition faced by Hampton Roads is the Port of New York, I am equally familiar with conditions there as I am at Hampton Roads.

Newport News, Virginia, a point served solely by The Chesapeake and Ohio Railway Company, is located at tidewater and in the general area known as Hampton Roads. At that port the Chesapeake and Ohio has built and maintains general cargo facilities for the handling of import, export and coastwise shipments. They consist of the following:

Pier No. 1 is a covered pier 400 feet long and 60 feet wide, used exclusively for passenger and express business.

Pier No. 2 is an open pier 600 feet long and 58 feet wide, that was constructed in 1938. It has five tracks when gantry cranes are not in use. When gantry cranes are in use it has three tracks which will handle 36 cars at one time. This pier is equipped with two 30 net ton electric cranes, each having an 80 cubic foot bucket for the handling of bulk [fol. 3855] commodities. The cranes also have generators for use with magnets. This pier is suitable for handling scrap iron, bauxite, iron, chrome, and manganese ore, sulphur, salt cake and any other freight that moves in open equipment, such as lumber, automobiles, machinery, sheet iron; also for any bulk materials that move in box cars. This pier will berth two vessels.

Pier No. 3, an open pier, is 790 feet long and 52 feet wide and is suitable for handling the same commodities as Pier No. 2. It was constructed in 1937 and it has four tracks. It is equipped with five steam winches. Pier No. 3 has not been used for over a year because the traffic moving could be adequately handled at other piers, principally Pier No. 2. When used, this pier will also berth two vessels.

Pier No. 4 is a double deck covered structure constructed in 1885 that is 654 feet long and 160 feet wide. On the upper level it has a track through its center and 13 cars can be loaded or unloaded at one time. It is principally suited for the handling of bag freight and tobacco in hogsheads. The interior dimensions of the lower level of this pier are 620 feet long and 140 feet wide. On this level are located two tracks with a capacity of 14 cars. Each portion of the facility is suitable for handling any import or export freight in box cars. Pier No. 4 will berth two vessels.

[fol. 3856] Pier No. 5 is 806 feet long and 172 feet wide, with interior dimensions of 795 feet by 140 feet. This is a single deck, covered structure with two tracks handling 17 cars each and is suitable for the handling of any export and import freight moving in box cars. This facility was constructed in 1900. Its northside apron is 18 feet, 6 inches wide and its southside apron is 18 feet, 6 inches wide. This pier has one outside track running the entire length of the northside apron which is suitable for handling any freight moving in open cars that can be handled with ships' gear. Pier No. 5 can berth two vessels.

Pier No. 6 is 710 feet long and 200 feet wide, with an interior dimension of 700 feet by 161 feet. It is a single deck structure on which are located two tracks with a capacity of 15 cars each, and was built in 1890. This pier has one outside track running the entire length of the northside apron which is suitable for handling any freight moving in open cars that can be handled with ships' gear. Pier No. 6 will berth two vessels.

Pier No. 8 is a single deck, covered structure that is 809 feet long and 206 feet wide, with interior dimensions of 790 feet by 180 feet. This pier was rebuilt in 1945, after a fire had destroyed the earlier structure. There are two tracks inside the house which will handle a total of 18 cars each. The pier is suitable for handling any export or import freight that moves in box cars. Running along the apron on either side of this pier are tracks permitting the move- [fol. 3857] ment of freight in open cars that can be handled with ships' tackle. Pier No. 8, like all the piers just described, with the exception of Pier No. 1, can berth two vessels at any one time.

At the present time there is under construction a facility to be known as Pier No. 9 which will be capable of handling bulk import ores.

The facilities just described are graphically depicted by a map which I ask to be marked for identification as Exhibit No. ——, (GR-1).

The percentage of present day utilization of these piers can very well be measured by a comparison of export tonnage handled over them during the war and the volume of traffic handled today:

Year	Tonnage Handled
1944	1,375,545
1945	1,089,788
1946	731,575
1947	598,370
1948	345,270
1949	271,252
1950	238,267
1951	313,597
1952	342,052
1953	365,180
1954	326,719
1955	439,280
1956	330,462

[fol. 3858] It will be noted that in 1956 only one-fourth as much export tonnage moved through the Chesapeake and Ohio's facilities at Newport News as was handled during 1944.

As I have indicated, Newport News is served exclusively by the Chesapeake and Ohio whose lines extend from tidewater Virginia through West Virginia, Kentucky, Indiana, Ohio, Illinois, Michigan and the Province of Ontario, Canada. In the midwest many of the major industrial centers are reached directly. Among others, are such points as Huntington and Charleston, W. Va., Ashland and Louisville, Ky., Michigan City, Hammond, Marion and Muncie, Indiana, Chicago, Ill., Cincinnati, Columbus and Toledo, Ohio, Detroit, Saginaw, Midland, Lansing and Grand Rapids, Michigan, and Milwaukee, Wisconsin. Except for tobacco, which is the principal commodity handled through the port, the majority of general cargo traffic comes from differential territory for in the area east of it to tidewater there is no heavy industry or potential source of traffic for the port such as exists in the midwest. Thus, Hampton Roads is principally dependent on tobacco and traffic obtained from differential territory.

The growth and present development of Newport News as a port can be largely attributed to its extensive use for the exportation of leaf tobacco. This has been principally due to the fact that tobacco is produced and originated in the South. With the base offering of tobacco we have been permitted to solicit other cargo because this nucleus of [fol. 3859] traffic attracted steamship service to the port. This trend has been observed by me over a period of the last 25 years. The importance of tobacco to the operation of the port can hardly be over emphasized for it represents approximately one-half of the export tonnage handled. I want to make it plain at the outset of my testimony that while tobacco made the largest contribution to the development of Hampton Roads as a port for the importation and exportation of general cargo traffic, the retention of the present differential tonnage is vital to its continued operation. Although Newport News-Norfolk had its beginning as a general cargo port because it was able to attract tobacco traffic, that tonnage, alone, is not enough to sustain the port as it exists or justify the maintenance of the present facilities. Also, it is true, and I will mention this again later, the competitive inroads of South Atlantic ports have been severe and we have been suffering a serious attrition of the tobacco traffic principally because of subsidized port operations and more liberal storage provisions at those Southern ports.

While the loss of any traffic is a serious blow to Hampton Roads because of the small volume of general cargo presently handled, an equally serious consequence would be an accompanying loss of steamship service. Experience at the port has shown that regardless of the capacity of the natural harbor, traffic cannot be attracted unless there is adequate steamship service to handle the cargoes. While [fol. 3860] it is also known that an increase in traffic will naturally draw an increase in sailings at the port, it is equally true that an increase in sailings will promote an increase in the traffic handled. This is due to the fact that with a greater frequency of sailings shippers face less production line problems, inventory control is better and the all important factor of flexibility of arrangement is improved. This has been a particular problem at Hampton

Roads for the vessel service which we now enjoy has been obtained over a period of time and even at present is far less in amount than that available through New York.

I have studied this particular question in some detail and in an attempt to develop the difference in service a comparison was made of the number of vessels loading in June, 1957, at Hampton Roads and New York. The following breakdown of vessel sailings was developed by this survey:

JUNE, 1957

	Out New York	Out Hampton Roads	
Europe	102	65	*2 a day*
South America-Cuba-Caribbean-Central America	159	11	*Every 3rd day*
South-East-West Africa	22	9	" " "
Adriatic-Mediterranean-Turkey-Red Sea	66	35	*1 a day*
Far East-Indonesia-Malaya	47	25	"
India-Pakistan-Persian Gulf	16	8	*Twice a week*
Australia-New Zealand	6	4	*Once a week*
	418	157	

Source: New York Journal of Commerce.

Italicized material handwritten.

[fol. 3861] Even this compilation does not tell the full story for although it shows far more sailings from New York than from Hampton Roads, a review of the underlying data on which these figures are based will show that to these foreign territorial destinations there were a greater number of sailings from New York by lines that did not call at Hampton Roads than there were sailings by lines that served both New York and Hampton Roads.

At this time I would like to have marked for identification as Exhibit No. —— (GR-2) a statement entitled "Sailings from Hampton Roads and New York by Steamship Lines Handling General Cargo That Served Both Ports During June, 1957." Also I ask to be marked for identification as Exhibit No. —— (GR-3) a statement entitled "Sailings During June, 1957, of Steamship Lines Handling General Cargo That Served New York But Did Not Call at Hampton Roads." From these exhibits it will be noted that: There were 18 lines with 80 sailings from New York and 65 sailings from Hampton Roads to European ports; and 9 lines with 22 sailings from New York for Europe that did not afford any service from Hampton Roads.

To South American-Cuba-Caribbean-Central American ports there were 7 lines with 21 sailings from New York and 11 sailings from Hampton Roads; and 28 lines with 138 sailings from New York that did not afford any service from Hampton Roads.

[fol. 3862] To South-East-West Africa there were 4 lines with 13 sailings from New York and 9 sailings from Hampton Roads; and 4 lines with 9 sailings from New York that did not afford any service from Hampton Roads.

To Adriatic-Mediterranean-Turkey-Red Sea area there were 15 lines with 42 sailings from New York and 35 sailings from Hampton Roads; and 14 lines with 24 sailings from New York that did not afford any service from Hampton Roads.

To the Far East-Indonesia-Malaya area there were 13 lines with 29 sailings from New York and 25 sailings from Hampton Roads; and 11 lines with 18 sailings from New York that did not afford any service from Hampton Roads.

To India-Pakistan-Persian Gulf there were 5 lines with 9 sailings from New York and 8 sailings from Hampton Roads; and 5 lines with 7 sailings from New York that did not afford any service from Hampton Roads.

Summarizing this analysis of these exhibits there were a total of 218 sailings by 71 lines from New York during the month of June, 1957, that did not afford any service whatsoever from Hampton Roads. And of the 67 lines with service from both New York and Hampton Roads there were 200 sailings from New York and only 157 from Hampton Roads.

[fol. 3863] The more frequent sailings from New York supply an extremely important factor in that port's ability to attract the large volume of general cargo traffic which it handles. I have had many years of experience in the field soliciting traffic principally, of course, for Hampton Roads but it has also included solicitation of movements to other ports when for one reason or another the shipper refused to use Hampton Roads and directed that his traffic move through another North Atlantic port, including the Port of New York: On the basis of this experience, I know that the Port of Hampton Roads presently operates under a severe handicap in competing with New York because the sailings available from New York not only are more frequent but they encompass all areas to and from which foreign trade and commerce are handled by ocean carriers.

In this connection I would like to refer to the comparison of ship service between Hampton Roads and New York to the South American-Cuba-Caribbean-Central American area which shows for the month of June, 1957, alone that there were 159 sailings out of New York and only 11 from Hampton Roads. This South and Central American territory represents one of the most thriving sources of foreign commerce which exists today. Yet Hampton Roads, even with a three cent rate advantage has been unable to attract [fol. 3864] any substantial amount of traffic moving to or from this area because of insufficient sailings. A review of the comparison made of sailings to the other territorial areas, including Europe, shows that while the disparity between the number of sailings from Hampton Roads and New York might not be as marked as it is to South American territory, nevertheless it is such that it adversely affects the movement of traffic through Hampton Roads. To dispel any question that the bulk cargo vessels calling at Newport News increase the availability of sailings for general cargo traffic, I undertook to review the ships which called during June, 1957, at Newport News either for the purpose of loading coal or discharging iron ore to see the extent that they handled general cargo inbound or outbound. In that period 273 vessels called at Newport News either to discharge ore or load coal. Of that total only 13 handled general cargo traffic moving to or from differential territory, which amounted to 2,531 tons.

There is another aspect of steamship service that also works to the detriment of Hampton Roads. It arises from the order of sailings from the various ports which is shown in a statement I have prepared that is entitled "Sailing Schedules of Steamship Lines Handling Export Movements of General Cargo During June, 1957, from New York, Philadelphia, Baltimore and Hampton Roads." I ask that it be marked for identification as Exhibit No. —— (GR-4). It will be noted from this exhibit that New York was always [fol. 3865] the last port of call on sailings to Europe. To the Adriatic-Mediterranean-Turkey-Red Sea area New York, in every instance, was the last port of call outbound. To the Far East-Indonesia-Malaya area in a majority of instances New York was the last port at which the ships called outbound. To India-Pakistan-Persian Gulf only in one instance was Hampton Roads the last port outbound and in all others New York was the final port of call. To South-East-West Africa New York was, in every instance, the last port of call. To Australia and New Zealand Hampton Roads was fortunate enough to be the last port of call for ships handling export traffic to those areas. The competitive effect of New York being the last port of call outbound is a very real advantage since use of the last port outbound results in cargo being in transit a shorter period of time than it would be if Newport News or another outport were used.

I concur in the representations made by the Port of New York Authority in an ad which has been repeatedly published in trade journals that a rate differential, at least as great as that enjoyed by Hampton Roads, is offset when cargo is handled through the Port of New York because it is enroute a shorter period of time than when handled [fol. 3866] via other ports. On export movements this would be particularly true since, in the preponderance of instances, New York is the last port of call outbound. A cursory search of recent issues of Traffic World has developed that this same ad has been published in the March

30, 1957, June 1, 1957, and September 7, 1957 issues. I ask this ad to be marked for identification as Exhibit No. —— (GR 5). Although I have shown that Hampton Roads has substantially less vessel service than New York, these last two exhibits I have introduced show that the service which exists is, in practically all instances, less attractive from Hampton Roads than New York.

My experience has made me acutely aware of the superior competitive position of New York even in the face of a three cent rate differential, however in order to be able to testify as to concrete facts I undertook several studies to confirm the opinion I have long held on this point. First, in order to assess the impact on Hampton Roads the more frequent sailings and superior facilities which are available at the Port of New York have on the movement of traffic, a study was undertaken for a twelve-month period from July 1, 1956, through June 30, 1957, of the total cars originated by the Chesapeake and Ohio at points in differential territory which were billed for exportation through the Port of New York, compared with [fol. 3867] the number of cars originated in differential territory by the carriers seeking rate equalization that were turned over to the Chesapeake and Ohio for exportation through Newport News. I ask that the statement containing this study be marked for identification as Exhibit No. —— (GR-6). This exhibit shows that for the period July 1, 1956, through June 30, 1957, there were originated on the Chesapeake and Ohio 4,654 cars of general cargo traffic which were exported through New York. During the same period, only 601 cars were billed by the original announcing lines for exportation through Newport News. In view of the traffic pattern developed, this study shows that the three cent rate advantage of Newport News is more apparent than real. I believe this to be true because the 4,654 cars exported at New York moved on higher freight rates than were applicable to Hampton Roads. When this figure of 4,654 cars is compared with the total cars exported through Hampton Roads during 1956 of 22,742, it will be seen that it amounts to approximately 20 percent of the total export traffic handled by all Hampton Roads lines from differential territory. Thus, the pre-eminent position of New York as the largest tonnage port is built, in substantial measure, on traffic originated by the Chesapeake and Ohio.

[fol. 3868] To be able to compare the volume of C&O traffic originated in differential territory that was lost to New York with that which moved through Newport News, a second study was made of the same period and the figures developed are shown on a statement entitled "Carloads of General Cargo Traffic Originated By Chesapeake and Ohio That Were Exported at Ports of Newport News and New York During Period July 1, 1956, through June 30, 1957," which I ask to be marked for identification as Exhibit No. —— (GR-7). This exhibit shows that 5,870 cars originated on the C&O in differential territory that were exported either through Hampton Roads or New York. The significant feature of this study is that of this total only 1,216 cars were exported through Newport News, while 4,654 moved through New York. Thus, for every car that the C&O was able to export through Hampton Roads that originated on its line in differential territory 4 were lost to New York.

A further study of the same period developed that 1,007 cars were handled by the Chesapeake and Ohio as an intermediate carrier but were delivered to connecting lines for movement to New York for subsequent exportation. Thus, in a twelve-month period, the Chesapeake and Ohio handled [fol. 3869] 5,661 carloads of traffic, 1,007 in overhead movement and 4,654 originated, all of which, despite a three cent rate advantage if exported at its own port of Newport News, it was ordered to turn over to New York lines for exportation through the Port of New York. In my opinion, these studies are proof that a rate differential of three cents in favor of Hampton Roads is offset by other savings and advantages the shipper realizes by its use of the Port of New York. And they also confirm my views that there is an absolute need for the continuance of the historical differential adjustment if Hampton Roads is to survive as a general cargo port.

While the figures just cited deal with tonnage from differential territory that could move through Hampton Roads at a 3 cent rate advantage, I would like to refer to the situation from origins that have equal freight rates to New York and Hampton Roads. The rates on manufactured iron and steel articles (Group 5, No. 583) from the Pittsburgh district, being the same to both ports, can be considered as representative. This rate parity exists although Baltimore and Philadelphia have their traditional differential under New York to this territory because the area from which Hampton Roads has a three cent rate advantage under New York is considerably smaller than that reached by the other outports. Differential territory for Baltimore and Philadelphia is marked on its eastern [fol. 3870] boundary by a line running from Buffalo, Erie and Pittsburgh while the eastern boundary of differential territory for Hampton Roads is considerably to the west and marked by a line running from Sandusky, Mansfield and Marietta, Ohio.

The traffic study submitted by Mr. A. J. Crookshank for the New York lines shows there was exported from differential territory in Pennsylvania through New York by the NYC, Erie, LV., DL&W and NYNH&H a total of 178,241 tons of manufactured iron and steel. During the same period, however, the total tonnage of manufactured iron and steel moving through Newport News from this same Pennsylvania territory was only 545 tons. Significantly, these cargoes, which moved in August and October, 1955, and April, May and June, 1956, were all exported to Australia and the Far East trade areas on vessels that loaded at Hampton Roads after New York. Thus, on this tonnage comparison alone there is three hundred and thirty times more traffic moving to New York via the lines seeking equalization than was exported through Newport News.

Mr. Crookshank's exhibit also shows that from August 1, 1955, through July 31, 1957, a total of 361,461 tons were handled by the New York lines from all of differential territory to New York for export. During the same period the entire export movement of manufactured iron and steel through Hampton Roads was only 5,416 tons even though, [fol. 3871] from differential territory, it had a three cent rate advantage. Of course, when the tonnage handled to New York by the Pennsylvania, Baltimore and Ohio and Central Railroad of New Jersey of 218,612 tons is added to the Crookshank figure of 361,461 tons, the comparison, New York vis-a-vis Hampton Roads, is 580,073 tons and 5,416 tons, respectively, or well over 100 times more manufactured iron and steel traffic exported at New York than at Hampton Roads.

The use of manufactured iron and steel rates and tonnages in this comparison was deliberate, for in its Annual Report for 1955 the Port of New York Authority at page 6 stated:

> "The single most important commodity contributing to this weakening of the Port's competitive position was iron and steel products originating from the nation's hinterland. The cost of moving these products by railroad must be kept competitive with rival ports. Rate equalization is being sought before the Interstate Commerce Commission by the New York railroads with the support of the Port Authority."

The comparative tonnages cited show that on equal rates Hampton Roads simply was unable to compete with New York and the tonnage moving on differential rates to Hampton Roads, although greater than that which moved on equal rates, is also only a small fraction of the total movement. Moreover, assuming the accuracy of the statement made by the New York Port Authority just quoted, the studies made dispute the asserted need for rate equalization with Hampton Roads since, on equal rates, practically all of the tonnage moved through New York.

[fol. 3872] In order to provide a further check of the competitive position of Hampton Roads vis-a-vis New York on traffic which moves on equal rates, I also undertook a study of tonnages to Hampton Roads and New York from a territorial area where freight rates on all commodities are the same to each port. This parity of rates exists from the Province of Ontario, Canada, which is served by the Chesapeake and Ohio and New York Central.

The survey developed the figures I have set forth on a statement entitled "Comparison of Carload Traffic Originated by Chesapeake and Ohio in Canada Exported Through the Ports of Newport News and New York for period July 1, 1956, through June 30, 1957", which I ask to be marked for identification as Exhibit No. —— (GR.-8). It will be noted from this exhibit that during the twelve-month period from July 1, 1956, through June 30, 1957, a total of 553 cars were billed for export from industries located on the Chesapeake and Ohio in Ontario through the Port of New York, while during the same twelve-month period only 14 carloads were billed for export through Newport News. While I have no way of developing the volume of traffic that the New York Central handled to New York from these origins, I do know that the Chesapeake and Ohio has not been able to attract one single car from this territory that originated on the New York Central for movement through Newport News.

Although the tonnage moving through Hampton Roads [fol. 3873] amounted to only 14 carloads, it is indeed significant that in common with the five shipments from Pittsburgh they were exported to Australia on vessels that loaded Hampton Roads after New York. While the purpose of the studies is to demonstrate that on equal freight rates with New York, Hampton Roads cannot attract any real movement of traffic, it is quite significant that the few cargoes which did move on equal rates were obtained only when the vessels sailed from Hampton Roads after New York.

Not only because of the tonnage figures developed by my studies but also from my years of experience in this field, I know that the primary competition faced by Hampton Roads is New York. And without the rate differential I am firmly convinced that Hampton Roads tonnage from differential territory would dwindle to a volume not measurably more than that which is now moving from points today where it has a rate parity with New York.

The Port of New York being the principal competition of Hampton Roads it has developed that whatever competition the New York lines face is in turn competition that Hampton Roads and the carriers serving it must also meet. I refer to this fact because testimony has been offered as to the favorable rate situation enjoyed by the South Atlantic and Gulf ports. The Hampton Roads lines are acutely aware of this competition for it is presently affecting tonnage that has historically been handled at Newport News and Norfolk.

[fol. 3874] I have previously stated that tobacco has made a substantial contribution to the development of the port because it has been the tonnage that has primarily attracted the ships to the port. This tonnage is not captive traffic, however, and the ports to the South, many of which also have the benefit of a subsidized operation because they are state owned, have taken cargoes away from Hampton Roads to an extent that any further diminution in the volume handled at Newport News-Norfolk would seriously affect the continued availability of ship service. I cite this difficult competitive situation for it points up the fact that Hampton Roads is just as affected by competition with the South Atlantic and Gulf ports as is New York. In fact, it has the double barrel effect of not only representing a loss of tonnage and revenue but jeopardizing the continuance of existing ship service at Hampton Roads.

Another instance of competition faced by the New York rail carriers that has equal impact on Hampton Roads is that of truck competition to New York piers. This is a very real source of diversion from the New York lines and whatever steps they believe necessary to meet this threat to rail tonnage must be similarly met at Hampton Roads unless it is to be precluded from competing for the traffic. With respect to this I would like to offer for identification as Exhibit No. —— (GR-9) an advertisement of The Port of New York Authority published in World Ports Magazine, [fol. 3875] October, 1951, and an article in the June, 1956 issue of U. S. Shipping entitled "Trucking Export Cargo" which I ask to be marked for identification as Exhibit No. —— (GR-10). Typical of the programmed construction by the Port of New York Authority is the $8,000,000 pier to be built for the Maersk Line which will be capable of handling 125 trucks at one time. Thus, the motor carrier industry not only has increased its participation in this traffic at New York, but the Port of New York Authority is also designing its new facilities so that motor carrier service will be encouraged. The existence of present and prospective truck tonnage to the Port of New York goes a long way to explain some of the losses of traffic that the New York railroads complain about in their testimony.

Another source of diversion from the New York railroads which has been recognized by the Port of New York Authority to adversely affect the competitive position of New York is the fact that steamship lines quote lower rates from Canadian North Atlantic ports than they do from New York or Hampton Roads. As recently as March 19th of this year Mr. Laux, for the Port of New York Authority, requested a reduction in rail rates to offset the difference in ocean vessel rates. I ask that a copy of his letter be [fol. 3876] marked for identification as Exhibit No. —— (GR-11). I am personally familiar with the fact that steamship lines do quote lower rates from Canadian ports than they do from New York or Hampton Roads. And, in this regard, I might add that the Chesapeake and Ohio serves Michigan where the bean traffic referred to by Mr. Laux originates. To determine the impact of these lower rates, I undertook a study of the Chesapeake and Ohio originated traffic moving from differential territory to Canadian North Atlantic ports for the period July 1, 1956, through June 30, 1957. The figures developed are shown on a statement entitled "Chesapeake and Ohio Originated Carload Traffic Exported Through Canadian North Atlantic Ports for Period July 1, 1956, through June 30, 1957", and ask that it be marked for identification as Exhibit —— (GR-12). The fact that in the 12-month period studied 695 cars moved from Chesapeake and Ohio origins alone to the Canadian North Atlantic ports speaks for itself as to the competitive impact on Newport News-Norfolk of lower steamship rates from those ports.

It is a fact that the brunt of any competition faced by New York is felt with equal or greater impact at Hampton Roads and must be met by the carriers serving Newport News-Norfolk.

Up to this point I have dealt with the effect that the more frequent sailings combined with the fact that New York is generally the last port of call have had in offsetting the [fol. 3877] effect of the existing differential and the fact that Hampton Roads is affected by the same basic competitive factors as New York. There are other factors though which are also of importance that likewise contribute to the situation. However, before I take up these matters I would like to refer to certain statements made by the New York lines in their testimony and compare the situation at Hampton Roads with New York.

Witness Laux has referred to a decline in the average amount of cargo loaded or discharged per vessel at New York in 1955 as compared with 1938. It was pointed out in 1938 the average cargo loaded was 1,700 long tons per vessel and in 1955 1,350 long tons. To develop comparable figures, I made a survey of the first six months of 1957 at Newport News and found the average cargo loaded was only 250 long tons. The details of this computation I have set forth on an exhibit and ask that it be marked for identification as Exhibit No. —— (GR-13). The comparison of the average cargo of 250 long tons per ship at Newport News with 1,350 long tons at New York needs no further comment other than to point out that the average cargo at Newport News of 250 gross tons is less than the 7-year decline the New York Port Authority complains about and is only one-fifth as large as that experienced at New York in 1955.

Other comparisons can be made which also reflect the pre-eminence of New York as the premier North Atlantic port. Mr. O'Connor, Commissioner of Marine and Aviation of the City of New York, testified that New York owns 122 [fol. 3878] major pier facilities. In the entire Hampton Roads area there are only twelve such facilities in normal use. Mr. O'Connor also testified that there were 159 city-owned deep sea berths for ocean-going vessels completely excluding those which are privately owned. In the entire Hampton Roads area only twenty-seven ships loading general cargo can be berthed at one time. The value of the waterfront properties owned by the City of New York has been stated to be $325,000,000. At Hampton Roads the assessed value of comparable waterfront facilities is only $2,407,500.

I will not undertake to testify as to all the ancillary services that exist at New York, which contribute in such large measure to the fact that New York is the largest tonnage port since a comprehensive survey of these conditions has been made and will be the subject of testimony by General Stratton. I have, however, reviewed this survey and know that it comprehensively covers some of the most important services which contribute to the fact that New York's general cargo tonnage is far larger than any other port. One service in particular, which has been studied, I would like to comment on and that is the freight forwarder. My experience has convinced me that, assuming the availability of steamship service, the freight forwarder is responsible for and can control the movement of large volumes of traffic. This industry is vital to the [fol. 3879] end result of the accomplished transaction of exporting or importing traffic. It is the immediate service accomplishing the transition of the cargo at the port and the documentation necessary to protect the title of the cargo. Specialized personnel handle these transactions and they are well versed in customs regulations, both here and abroad, railroad regulations, steamship requirements, Department of Commerce regulations, insurance, bank and letter of credit requirements, consul and consular activities, as well as the vagaries of labor conditions existing at the several ports.

The function and service afforded by the freight forwarding industry is one which has become indispensable to the efficient handling of import and export movements. The small group located at Hampton Roads has no material influence on the vast movement of traffic to and from differential territory when compared with the aggregate impact of those who are located at New York. A very real problem has been encountered because the freight forwarder located at New York is reluctant to direct the movement of traffic to Hampton Roads simply because he is afraid that it will be captured by his competitor who may be located only at Hampton Roads. While this is not to say that forwarders at New York have never directed the movement of traffic to Hampton Roads, I do know from my own experience it is only done with great reluctance and under most unusual circumstances. This is a very natural [fol. 3880] reaction for, of course, the forwarder is interested in protecting and promoting its own business. And to the extent it moves traffic through a port at which it has no particular interest it is jeopardizing its control over future movements. The continuance of the present differential is absolutely essential if Hampton Roads lines are to be able to induce the freight forwarder located at New York to make any appreciable use of Newport News-Norfolk. Without this rate advantage it would be useless to solicit this tremendous source of traffic for it would simply be contrary to the best interest of the forwarder to use Hampton Roads.

There is a further practice at New York with which I am familiar that operates to effectively offset the three-cent rate advantage of Hampton Roads. At the ports when rail traffic arrives, under the carriers' tariffs, it is allowed seven days' free time. At New York, however, this time can be effectively extended by delivery of the export cargo to steamship piers where the shipment can be held without cost to the shipper. Since there are no piers at Hampton Roads owned or leased by the steamship lines, if the cargo is held up awaiting a ship, as happens because of the infrequency of vessel service, the shipment goes on storage of seven and one-half cents per cwt. for an initial period of ten days. Thus, after seven days the rate advantage at Hampton Roads is turned from a three-cent advantage to a four and one-half cent disadvantage. In my experience I have found that this is one of the reasons most often given [fol. 3881] by shippers for preferring New York. It is a fact, as my survey has shown, that the vessel service at Hampton Roads, at best, is only about one-third that available at New York. Consequently, the time between sailings from Hampton Roads is greater than at New York with the result that a cargo is more likely to incur storage charges. With the availability of steamship piers at New York to which a shipment can be delivered the possibility of storage charges being incurred becomes even more remote.

Typical of the repeated instances that I have encountered when this has been the controlling consideration for the refusal to use Hampton Roads as the port of exportation are the following: There is a large producer of chemicals, drugs and related products that is located on the Chesapeake and Ohio. For an extended period of time Newport News was the preferred port for exportation. However, because volume movements were being made and the cargoes incurred storage charges the traffic was diverted to New York. The traffic continued to move through this port for a period of time but through solicitation efforts the industry was prevailed upon to try Newport News once more. On the first shipment that used Newport News the cargo incurred storage charges because it arrived at the port and had to be held more than seven days awaiting a ship. The movement was immediately returned to New York. The problem in this case is a chronic one faced by Hampton Roads that is [fol. 3882] caused by insufficient vessel service. The only solution is to coordinate delivery to the railroad so that the cargo arrives at the port less than seven days before ship's arrival. This is almost impossible to accomplish for I have found that production schedules of industries will not be programmed to suit the convenience of a railroad especially when use of New York will obviate the difficult scheduling problems that arise when Hampton Roads is the port of exportation.

Another and equally direct example is the case of 1,000 tons of iron and steel sheets produced by a mill located on the Chesapeake and Ohio which was to be exported to Europe for subsequent movement inland by barge. However, since the barges available at the foreign ports could handle only 100 tons, the shipment had to be held at the port of exportation and played off to a ship in lots that would not exceed the capacity of the barge. Storage charges made this procedure prohibitive at Hampton Roads and the shipment was lost to New York. At no cost to the industry, the cargo was held free of charge on a steamship pier.

I want to be clear that I am not saying that every shipment will be accepted on a vessel pier to avoid storage charges, however, it has been an effective inducement that has resulted in diversion of long standing movements from Hampton Roads that are among the most desirable that can be obtained. Moreover, the mere fact of its availability is enough to determine that New York will be used, regard-

[fol. 3883] less of a three cent rate disadvantage as compared with Hampton Roads.

These examples are cited because I know they are actual proof of the fact that the three-cent rate advantage was more than offset because of the availability of superior services at New York which Hampton Roads is in no position to match. While I can cite other instances of traffic I know have been lost because of any one or an accumulation of the circumstances just cited, I know of an equal amount of accounts that refuse even to try Hampton Roads for the same reason. I have found that the availability of free storage on export movement is an effective solicitation device that I cannot overcome by offering a three-cent rate advantage at Hampton Roads. Without the present differential I am convinced that most of the differential tonnage now moving through Hampton Roads would be diverted to New York. The only advantage I can today offer a shipper as an inducement to use the Virginia port is this differential and as I have shown in many situations it is more apparent than real. While I have found as a general proposition three cents is not enough to offset the quantity and quality of service afforded at New York, it is an inducement that Hampton Roads can offer a shipper and for that reason alone it is needed.

The effectiveness of the three cent differential in my opinion can be measured by a comparison of general cargo [fol. 3884] traffic handled at the two ports. In this connection, I would like to point out that the differential tonnage handled over Hampton Roads decreased in 1956 from that handled in 1955 by 202,022 tons. While the New York carriers have not furnished figures that would permit a similar comparison to be made, I do know that there was an increase in the amount of all general cargo tonnage handled through New York in 1955 over that in 1954, and the trend continued upward in 1956. The tonnage figures for these years for general cargo are:

1954 — 10,753,008
1955 — 12,760,708
1956 — 12,891,689

In commenting on the impact these tonnage increases had on the dollar value of the cargo moving through the Port of New York, Mr. Daniel W. Lowe, Chairman, The Port of New York Authority, said:

> "The 1956 dollar value of New York's total foreign commerce was $8,320,200,000, a 7.0 per cent increase over 1955, and a 31.1 per cent increase over 1954. It is significant that the value of New York's oceanborne foreign trade was 41.0 per cent of the total United States value, 2.7 percentage points less than the 43.7 per cent share in 1955. This value share at the Port compares with only a 14.0 per cent share of the tonnage volume for the country. The Port's large share of the total value of United States trade is due to the Port's superiority in handling general cargo, mainly high-value commodities such as machinery and vehicles."

Source: Oceanborne Foreign Trade at the Port of New York, 1956. Published by The Port of New York Authority.

[fol. 3885] There is no doubt in my mind as to the accuracy of the statement that New York's disproportionately large share of the total value of United States trade is due to the Port's superiority in attracting and handling high value commodities. Another way of saying this is that New York not only is the largest tonnage port but it is even more important when the value of goods handled is the measure rather than tonnage. The aggregate impact of the superior services available to shippers at the Port of New York makes it imperative that Hampton Roads, if it is to continue to exist as a general cargo port, must have at least its historic rail rate advantage.

STATE OF VIRGINIA
CITY OF RICHMOND

George Roach, being duly sworn, deposes and says that he is Assistant General Manager, World Commerce Department, The Chesapeake and Ohio Railway Company, and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

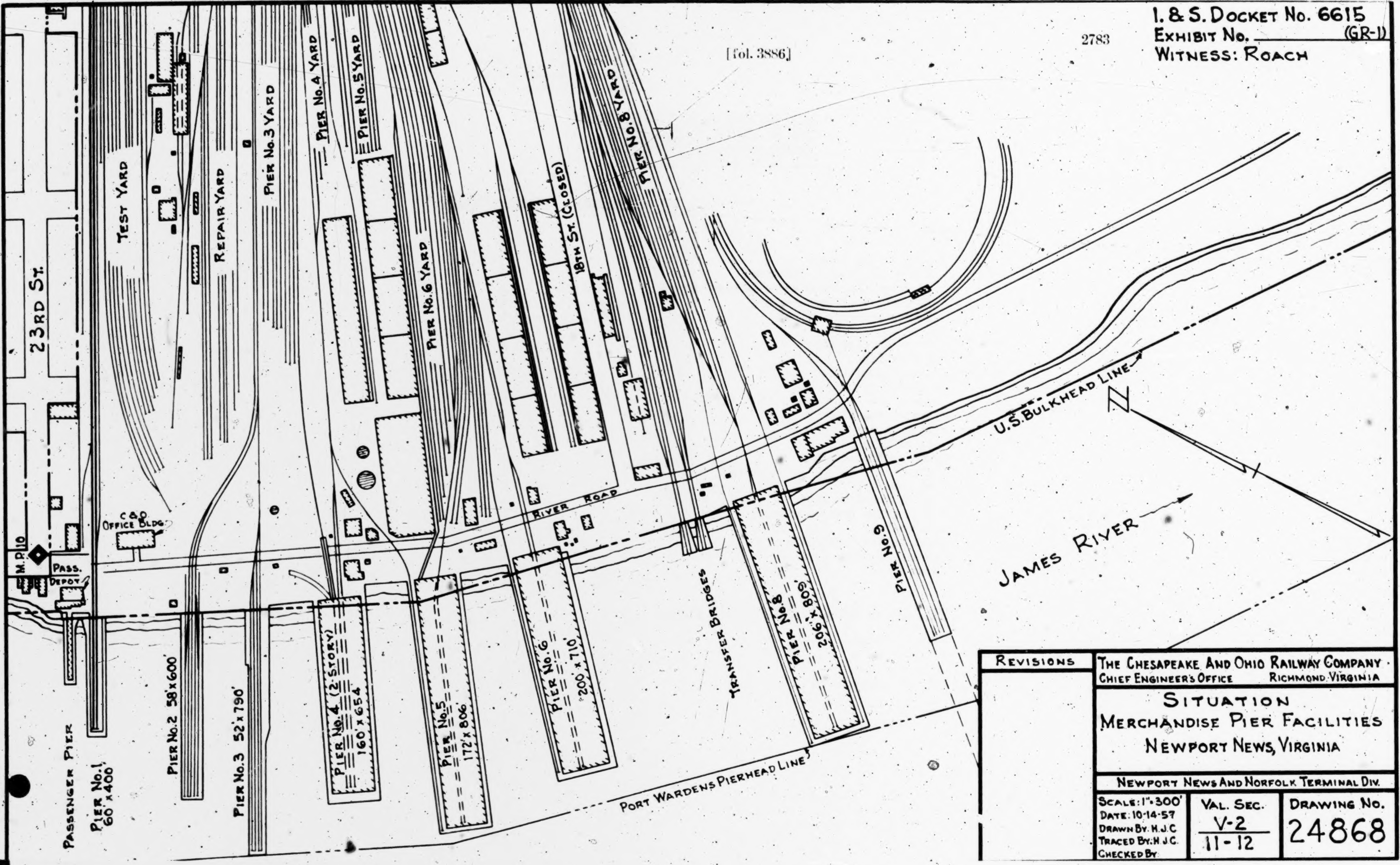
/s/ GEORGE ROACH
George Roach

Subscribed and sworn to before me on this the 16th day of October, 1957.

My Commission expires on February 18, 1958.

/s/ L. J. MATT
L. J. Matt

I. & S. Docket No. 6615
Exhibit No. (GR-1)
Witness: Roach


23rd St.
Test Yard
Repair Yard
Pier No. 3 Yard
Pier No. 4 Yard
Pier No. 5 Yard
Pier No. 6 Yard
18th St. (Closed)
Pier No. 8 Yard
M.P. 10
Pass. Depot
C&O Office Bldg.
River Road
U.S. Bulkhead Line
N
James River
Transfer Bridges
Pier No. 9
Pier No. 8 206'x809'
Pier No. 6 200'x710'
Pier No. 5 172'x806'
Pier No. 4 (2 story) 160'x654
Pier No. 3 52'x790'
Pier No. 2 58'x600
Pier No. 1 60'x400
Passenger Pier
Port Wardens Pierhead Line

Revisions

The Chesapeake and Ohio Railway Company
Chief Engineer's Office Richmond Virginia

Situation
Merchandise Pier Facilities
Newport News, Virginia

Newport News and Norfolk Terminal Div.

Scale: 1"=300'
Date: 10-14-57
Drawn By: H.J.C.
Traced By: H.J.C.
Checked By

Val. Sec. V-2 / 11-12

Drawing No. 24868

I. & S. Docket No. 6615
Exhibit No. _____ (GR-2)
Witness: George Roach
Page 1 of 3 pages

SAILINGS FROM HAMPTON ROADS AND NEW YORK BY STEAMSHIP LINES HANDLING GENERAL CARGO TRAFFIC THAT SERVED BOTH PORTS DURING JUNE, 1937

	Out New York	Out Hampton Roads	
EUROPE			
United States Lines:			
Rotterdam-Antwerp-Amsterdam	5	5	
Liverpool-Dublin-Glasgow-Manchester	4	5	
Bremerhaven-Bremen-Hamburg	4	4	
London-Bordeaux-Bilbao	7	6	
Holland America Line	4	4	
Red Star Line	4	4	
Black Diamond Line	4	2	
Bristol City Line	2	1	
Cunard Line	12	2	
Cosmopolitan Line	3	2	
French Line	5	5	
Belgian Line	3	2	
Moore McCormack Lines	3	1	
Finska	1	1	
Finnlines	3	3	
Swedish American Line	4	4	
Scandinavian America Line	3	4	
Thorden Line	3	3	
North German Lloyd Line	3	2	
Hamburg American Line	1	2	
Meyer Line	2	3	
	80	65	18 Lines
SOUTH AMERICA-CUBA-CARIBBEAN-CENTRAL AMERICA			
Moore McCormack	8	3	
Brodlin Line	3	1	
Lamport & Holt	3	2	
Holland Interamerica	2	2	
Ivaran	2	2	
Torm Lines	1	1	
West Coast Line	2	0	
	21	11	7 Lines
SOUTH-EAST-WEST AFRICA			
C. R. Lines (Black Diamond)	5	2	
Elder Dempster Lines, Ltd.	2	1	
Farrell Lines (West Africa)	3	3	
Farrell Lines (South & East Africa)	3	3	
	13	9	4 Lines

	Out New York	Out Hampton Road	
ADRIATIC-MEDITERRANEAN-TURKEY-RED SEA			
Fabre	2	1	
Torm Lines	1	1	
Yugoslav Line	3	2	
Eckert Line	2	2	
Fernville Mediterranean Lines	4	2	
Naviera Commercial Aspe, S.A.	1	1	
Concordia Line	2	1	
American Export Lines	12	12	
Hellenic Lines, Ltd.	1	1	
Stevenson Line	1	1	
Java New York Line	4	3	
Isbrandtsen Line	3	2	
Costa Line	2	3	
Isthmian Line	2	2	
Aznar Line	2	1	
	42	35	15 Lines
FAR EAST-INDONESIA-MALAYA			
Ivaran Line	1	1	
American President Lines	4	4	
Isthmian	2	2	
Isbrandtsen	3	2	
N.Y.K.	2	2	
Barber Line	4	4	
American Manchurian Line	2	1	
Prince Line	1	1	
De La Rama Lines	1	1	
American Pioneer Line	3	3	
Mitsubishi Line	1	1	
Maersk Line	4	2	
Daido Line	1	1	
	29	25	13 Lines
INDIA-PAKISTAN-PERSIAN GULF			
Concordia Line	1	1	
American Export Lines	3	3	
Isbrandtsen Line	3	2	
Isthmian Line	1	1	
American & Indian Line	1	1	
	9	8	5 Lines
AUSTRALIA-NEW ZEALAND			
American & Australian Line	2	1	
Port & Associated	2	2	
American Pioneer Line	2	1	
	6	4	3 Lines

RECAPITULATION

WORLD AREA	SAILINGS FROM NEW YORK	SAILINGS FROM HAMPTON ROADS	NUMBER OF LINES
EUROPE	80	65	18
SOUTH AMERICA-CUBA-CARIBBEAN-CENTRAL AMERICA	21	11	7
SOUTH-EAST-WEST AFRICA	13	9	4
ADRIATIC-MEDITERRANEAN-TURKEY-RED SEA	42	35	15
FAR EAST-INDONESIA-MALAYA	29	25	13
INDIA-PAKISTAN-PERSIAN GULF	9	8	5
AUSTRALIA-NEW ZEALAND	6	4	3
TOTAL	200	157	65

I. & S. Docket No. 6615
Exhibit No. ____ (GR-3)
Witness: George Roach
Page 1 of 3 pages

SAILINGS DURING JUNE, 1957, OF STEAMSHIP LINES HANDLING GENERAL CARGO TRAFFIC THAT SERVED NEW YORK BUT DID NOT CALL AT HAMPTON ROADS

	Out New York	
EUROPE		
Furness Red Cross Line	3	
Mitsui Line	2	
Home Lines	1	
Norwegian American Line	3	
(Passenger-Express Cargo vessels)	3	
Waterman Line	3	
(All M.S.T.S. Cargo)		
Iceland Steamship Co. Ltd.	2	
States Marine Lines	2	
Irish Shipping Ltd.	1	
Wilson Line	2	
	22	9 Lines
SOUTH AMERICA-CUBA-CARIBBEAN-CENTRAL AMERICA		
Furness Bermuda Line	5	
Bull Lines	9	
Isbrandtsen (Bermuda Service)	2	
Incres Nassau Line	5	
Mexican Line	4	
Dodero Line - Southern Cross Line	2	
Norton Line	2	
Argentine State Line	4	
Lloyd Brasiliero	3	
Grancolombiana	5	
Dovar Line	1	
Columbus Line	2	
Venezuelan Line	6	
Grace Line	14	
Coldemar Line	4	
West Coast Line	2	
Chilean Line	2	
Norgulf Lines	4	
Royal Netherlands Line	10	
Alcoa Steamship Co.	7	
United Fruit Co.	17	
Panama Line	3	
Caribbean Line	4	
Ward Line	8	
Vacuba Line (Garcia & Diaz)	4	
Mamenic Line	2	
Dalpha Line	3	
Dominican Steamship Line	4	
	138	28 Lines

SOUTH-EAST-WEST AFRICA

	Out New York		
South Africa Marine Corp. Ltd.	2		
Robin Line	3		
Belgian Line	3		
American-West African Line	1		
	9		4 Lines

ADRIATIC-MEDITERRANEAN-TURKEY-RED SEA

	Out New York		
Italian Line	5		
East Coast Overseas Corp.	1		
General Steam Navigation Ltd. (Greek Line)	1		
National Hellenic American Line	1		
Spanish Line	1		
Khedevial Mail Line	1		
Prudential Line	2		
Levant Line	2		
Hoegh Line	2	(1)	
Zim Isreael	1		
Mamenic Line	2		
Hansa Line	1	(2)	
Wallinius Line (Kerr Line)	1		
Empressa Nacional El Cano (Garcia & Diaz)	3		
	24		14 Lines

FAR EAST-INDONESIA-MALAYA

	Out New York		
C.T.O. Line	1		
Hansa Line	1		
Nedlloyd Lines	2	(Same vessels shown in India Service)	
Heogh Lines	1	" "	
Hellenic Lines, Ltd.	2		
Iino Lines	2		
Shinnihon Line	2		
"K" Line	1		
O.S.K. Line	1		
Mitsui Line	4		
Mamashita Line	1		
	18		11 Lines

INDIA-PAKISTAN-PERSIAN GULF

	Out New York		
Hellenic Lines, Ltd.	1		
Nedlloyd Lines	2		
Hoegh Lines	2		
Hansa Line	1		
Pegasus Line	1		
	7		5 Lines

RECAPITULATION

WORLD AREA	SAILINGS	NUMBER OF LINES
EUROPE	22	9
SOUTH AMERICA-CUBA-CARIBBEAN-CENTRAL AMERICA	138	28
SOUTH-EAST-WEST AFRICA	9	4
ADRIATIC-MEDITERRANEAN-TURKEY-RED SEA	24	14
FAR EAST-INDONESIA-MALAYA	18	11
INDIA-PAKISTAN-PERSIAN GULF	7	5
AUSTRALIA-NEW ZEALAND	0	0
TOTAL	218	71

RECAPITULATION OF TOTAL NEW YORK SAILINGS COMPARED WITH HAMPTON ROADS SAILINGS FOR THE MONTH OF JUNE, 1957

WORLD AREA	NEW YORK SAILINGS BY LINES THAT SERVED NEW YORK AND HAMPTON ROADS	SAILINGS BY LINES THAT SERVED NEW YORK ONLY	TOTAL NEW YORK SAILINGS	HAMPTON ROADS SAILINGS
EUROPE	80	22	102	65
SOUTH AMERICA-CUBA-CARIBBEAN-CENTRAL AMERICA	21	138	159	11
SOUTH-EAST-WEST AFRICA	13	9	22	9
ADRIATIC-MEDITERRANEAN-TURKEY-RED SEA	42	24	66	35
FAR EAST-INDONESIA-MALAYA	29	18	47	25
INDIA-PAKISTAN-PERSIAN GULF	9	7	16	8
AUSTRALIA-NEW ZEALAND	6	0	6	4
TOTAL	200	218	418	157

I. & S. Docket No. 6615
Exhibit No. ____ (GR-4)
Witness: George Roach
Page 1 of 3 pages

SAILING SCHEDULES OF STEAMSHIP LINES HANDLING EXPORT MOVEMENTS OF GENERAL CARGO DURING JUNE, 1957, FROM NEW YORK, PHILADELPHIA, BALTIMORE AND HAMPTON ROADS

STEAMSHIP LINES	ORDER OF CALL
EUROPE	
U. S. Lines	Philadelphia-Baltimore-Hampton Roads-New York
Holland America Line	Philadelphia-Baltimore-Hampton Roads-New York
Red Star Line	Philadelphia-Baltimore-Hampton Roads-New York
Black Diamond Lines	Philadelphia-Baltimore-Hampton Roads-New York
Bristol City Line	Philadelphia-Baltimore-Hampton Roads-New York
Cunard Line	Philadelphia-Baltimore-Hampton Roads-New York
Cosmopolitan Line	Hampton Roads-Baltimore-Philadelphia-New York
French Line	Philadelphia-Baltimore-Hampton Roads-New York
Belgian Line	Baltimore-Philadelphia-Hampton Roads-New York
Moore-McCormack Lines (American Scantic Line)	Baltimore-Hampton Roads-Philadelphia-New York or Hampton Roads-Baltimore-Philadelphia-New York
Finska	Philadelphia-Baltimore-Hampton Roads-New York
Finnlines	Philadelphia-Baltimore-Hampton Roads-New York
Swedish American Line	Hampton Roads-Baltimore-Philadelphia-New York
Scandinavian American Line	Hampton Roads-Baltimore-Philadelphia-New York
Thorden Lines	Philadelphia-Baltimore-Hampton Roads-New York
Hamburg-American Line	Baltimore-Philadelphia-Hampton Roads-New York
North German Lloyd Line	Baltimore-Hampton Roads-Philadelphia-New York
Meyer Line	Baltimore-Philadelphia-Hampton Roads-New York
TOTAL LINES -18	
SOUTH AMERICA-CUBA-CARIBBEAN-CENTRAL AMERICA	
Moore McCormack Lines	Philadelphia-Hampton Roads-Baltimore-New York
Brodin Line	Baltimore-Philadelphia-Hampton Roads-New York
Lamport & Holt	New York-Hampton Roads
Holland Interamerica Line	Philadelphia-Baltimore-Hampton Roads-New York
Ivaran Lines	Philadelphia-Baltimore-Hampton Roads-New York
Torm Lines	Philadelphia-Hampton Roads-Baltimore-New York
West Coast Line	Baltimore-Philadelphia-New York (Infrequently calls at Hampton Roads)
TOTAL LINES - 7	

STEAMSHIP LINES	ORDER OF CALL
SOUTH-EAST-WEST AFRICA	
C. R. Lines	Hampton Roads-Baltimore-Philadelphia-New York
Elder Dempster Lines, Ltd.	Hampton Roads-New York
Farrell Lines (West Africa)	Philadelphia-Baltimore-Hampton Roads-New York
Farrell Lines (South & East Africa)	Hampton Roads-Baltimore-Philadelphia-New York

TOTAL LINES - 4

ADRIATIC-MEDITERRANEAN-TURKEY-RED SEA

Fabre Line	Philadelphia-Baltimore-Hampton Roads-New York
Torm Lines	Philadelphia-Baltimore-Hampton Roads-New York
Yugoslav Line	Hampton Roads-Philadelphia-Baltimore-New York
Eckert Line	Hampton Roads-Philadelphia-New York
Fern-Ville Mediterranean Lines	Hampton Roads-Baltimore-Philadelphia-New York
Naviera Commercial Aspe, S. A.	Philadelphia-Hampton Roads-New York
Concordia Line	Hampton Roads-Baltimore-Philadelphia-New York
American Export Lines	Hampton Roads-Baltimore-Philadelphia-New York
Hellenic Lines, Ltd.	Hampton Roads-Baltimore-Philadelphia-New York
Stevenson Line	Philadelphia-Baltimore-Hampton Roads-New York
Blue Funnel Line - Java New York Line	Hampton Roads-Philadelphia-New York
Isbrandtsen	Hampton Roads-Baltimore-Philadelphia-New York
Costa Line	Hampton Roads-Baltimore-Philadelphia-New York
Isthmian Lines	Hampton Roads-Philadelphia-New York
Aznar Line	Hampton Roads-New York

TOTAL LINES - 15

FAR EAST-INDONESIA-MALAYA

Ivaran Line	Hampton Roads-Baltimore-Philadelphia-New York
American President Lines	Baltimore-New York-Hampton Roads
Isthmian Lines (Panama Far East Line)	Baltimore-Philadelphia-New York-Hampton Roads
Isbrandtsen	Hampton Roads-Baltimore-Philadelphia-New York
N.Y.K. Line	Philadelphia-Baltimore-Hampton Roads-New York
Barber Line	Hampton Roads-New York or Baltimore-Hampton Roads-Philadelphia-New York-Hampton Roads
American Manchurian Line	Philadelphia-Baltimore-Hampton Roads-New York
Prince Line	Baltimore-Hampton Roads-New York
De La Rama Lines	Baltimore-Philadelphia-New York-Hampton Roads
American Pioneer Line	Philadelphia-Baltimore-Hampton Roads-New York
Mitsubishi Line	Hampton Roads-Philadelphia-New York
Maersk Line	Baltimore-Philadelphia-New York-Hampton Roads
Daido Line	Baltimore-Hampton Roads-Philadelphia-New York

TOTAL LINES - 13

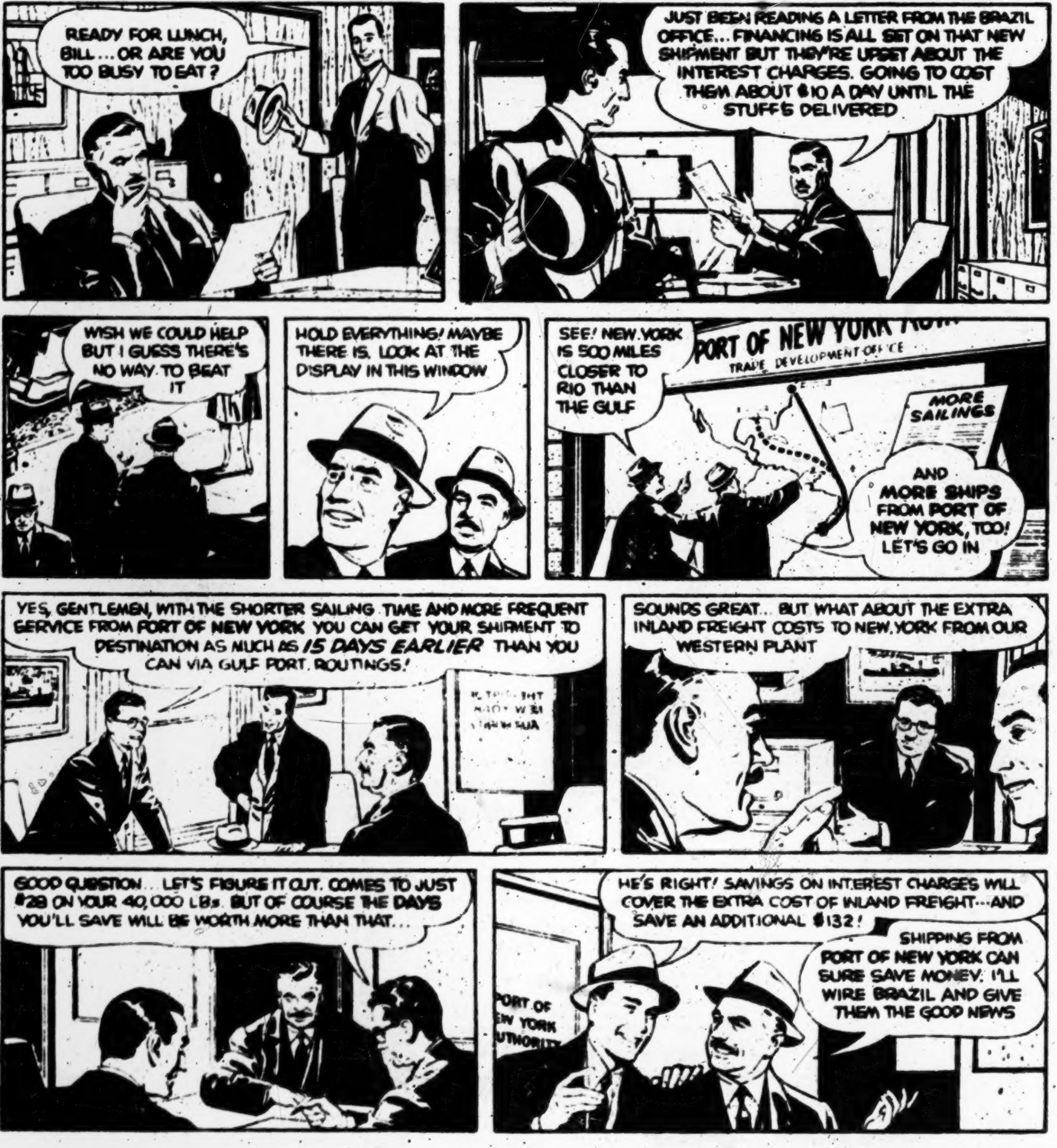
STEAMSHIP LINES	PORT OF CALL
INDIA-PAKISTAN-PERSIAN GULF	
Concordia Line	Hampton Roads-Baltimore-Philadelphia-New York
American Export Lines	Philadelphia-Hampton Roads-Baltimore-New York
Isbrandtsen Line	Hampton Roads-Baltimore-Philadelphia-New York
Isthmian Line	Baltimore-New York-Philadelphia-Hampton Roads
America and Indian Line	Hampton Roads-Baltimore-Philadelphia-New York
TOTAL LINES - 5	
AUSTRALIA-NEW ZEALAND	
American & Australian Steamship Company	New York-Philadelphia-Hampton Roads
Port and Associated Lines	Baltimore-Philadelphia-New York-Hampton Roads
American Pioneer Line	Philadelphia-Baltimore-New York-Hampton Roads
TOTAL LINES - 3	

RECAPITULATION

	NUMBER OF LINES INVOLVED	SERVE NEW YORK LAST	SERVE HAMPTON ROADS LAST
EUROPE	18	18	0
SOUTH AMERICA-CUBA-CARIBBEAN-CENTRAL AMERICA	7	6	1
SOUTH-EAST-WEST AFRICA	4	4	0
ADRIATIC-MEDITERRANEAN-TURKEY-RED SEA	15	15	0
FAR EAST-INDONESIA-MALAYA	13	8	5
INDIA-PAKISTAN-PERSIAN GULF	5	4	1
AUSTRALIA-NEW ZEALAND	3	0	3
TOTAL	65	55	10

I. & S. Docket No. 6615
Exhibit No. ____ (GR-5)
Witness: George Roach

The Case of Diminishing Interest Charges


READY FOR LUNCH, BILL... OR ARE YOU TOO BUSY TO EAT?
JUST BEEN READING A LETTER FROM THE BRAZIL OFFICE... FINANCING IS ALL SET ON THAT NEW SHIPMENT BUT THEY'RE UPSET ABOUT THE INTEREST CHARGES. GOING TO COST THEM ABOUT $10 A DAY UNTIL THE STUFF'S DELIVERED
WISH WE COULD HELP BUT I GUESS THERE'S NO WAY TO BEAT IT
HOLD EVERYTHING! MAYBE THERE IS. LOOK AT THE DISPLAY IN THIS WINDOW
SEE! NEW YORK IS 500 MILES CLOSER TO RIO THAN THE GULF
PORT OF NEW YORK
TRADE DEVELOPMENT OFFICE
MORE SAILINGS
AND MORE SHIPS FROM PORT OF NEW YORK, TOO! LET'S GO IN
YES, GENTLEMEN, WITH THE SHORTER SAILING TIME AND MORE FREQUENT SERVICE FROM PORT OF NEW YORK YOU CAN GET YOUR SHIPMENT TO DESTINATION AS MUCH AS 15 DAYS EARLIER THAN YOU CAN VIA GULF PORT ROUTINGS!
SOUNDS GREAT... BUT WHAT ABOUT THE EXTRA INLAND FREIGHT COSTS TO NEW YORK FROM OUR WESTERN PLANT
GOOD QUESTION... LET'S FIGURE IT OUT. COMES TO JUST $28 ON YOUR 40,000 LBS. BUT OF COURSE THE DAYS YOU'LL SAVE WILL BE WORTH MORE THAN THAT...
HE'S RIGHT! SAVINGS ON INTEREST CHARGES WILL COVER THE EXTRA COST OF INLAND FREIGHT---AND SAVE AN ADDITIONAL $132!
SHIPPING FROM PORT OF NEW YORK CAN SURE SAVE MONEY. I'LL WIRE BRAZIL AND GIVE THEM THE GOOD NEWS
PORT OF
EW YORK
UTHORITY

[fol. 3896]

Port of New York people are ready to help you too!

Remember that *your* shipping problems too are always welcome at any Trade Development Office of The Port of New York Authority. You too will probably find that when *all* cost factors are considered, routing "via Port of New York" can save you time and money.

Write for a free copy of "Ships that Sail the Seas", 28 x 40 inches. It shows 26 of the major American types and latest special-designed vessels in full color. Send to Port Promotion Manager.

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Trade Development Offices
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Prudential Building, Chicago 1, Illinois • Terminal Tower Building, Cleveland 13, Ohio
Avenida Presidente Vargas 842, Caixa Postal 5207, Rio de Janeiro, Brazil

2793

3896

I. & S. Docket No. 6615
Exhibit No. _____ (GR-6)
Witness: George Roach

CARLOADS OF GENERAL CARGO TRAFFIC ORIGINATED BY CHESAPEAKE AND OHIO IN DIFFERENTIAL TERRITORY EXPORTED THROUGH PORT OF NEW YORK AND THOSE ORIGINATED BY NEW YORK CENTRAL AND ERIE AT POINTS IN DIFFERENTIAL TERRITORY EXPORTED THROUGH NEWPORT NEWS FROM JULY 1, 1956, THROUGH JUNE 30, 1957

DATE		CHESAPEAKE AND OHIO ORIGINATION EXPORTED THROUGH PORT OF NEW YORK	NEW YORK CENTRAL ORIGINATION EXPORTED THROUGH NEWPORT NEWS	ERIE ORIGINATION EXPORTED THROUGH NEWPORT NEWS
1956	July	307	26	0
	August	411	10	7
	September	223	6	4
	October	341	2	4
	November	416	21	4
	December	335	25	2
1957	January	523	120	1
	February	356	52	5
	March	601	62	4
	April	427	50	2
	May	340	124	7
	June	374	63	0
Sub-Total			561	40
Total		4,654	601	

I. & S. Docket No. 6615
Exhibit No. ____ (GR—7)
Witness: George Roach

CARLOADS OF GENERAL CARGO TRAFFIC ORIGINATED BY CHESAPEAKE AND OHIO THAT WERE EXPORTED AT PORTS OF NEWPORT NEWS AND NEW YORK DURING PERIOD JULY 1, 1956, THROUGH JUNE 30, 1957

DATE		NEWPORT NEWS	NEW YORK
1956	July	67	307
	August	120	411
	September	97	223
	October	25	341
	November	39	416
	December	158	335
1957	January	89	523
	February	103	356
	March	107	601
	April	71	427
	May	213	340
	June	127	374
	Total	1,216	4,654

3848

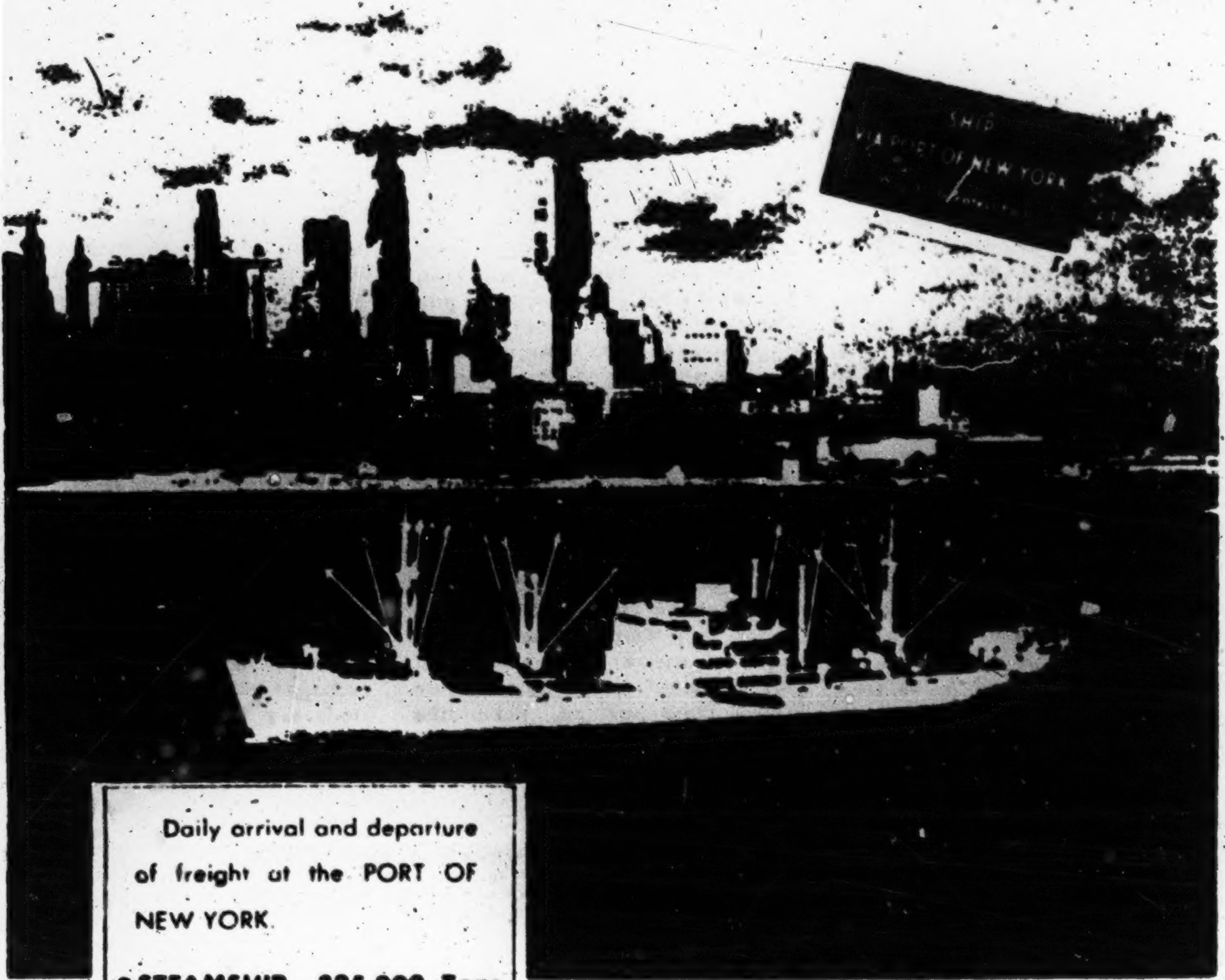
[fol. 3898]

I. & S. Docket No. 6615
Exhibit No. ______ (GR-8)
Witness: George Roach

COMPARISON OF CARLOAD TRAFFIC ORIGINATED BY CHESAPEAKE AND OHIO IN CANADA EXPORTED THROUGH THE PORTS OF NEWPORT NEWS AND NEW YORK FOR PERIOD JULY 1, 1956, THROUGH JUNE 30, 1957

DATE		FROM CHESAPEAKE AND OHIO CANADIAN ORIGINS TO PORT OF NEWPORT NEWS	FROM CHESAPEAKE AND OHIO CANADIAN ORIGINS TO PORT OF NEW YORK
1956	July	0	33
	August	0	50
	September	0	33
	October	0	37
	November	0	27
	December	0	69
1957	January	0	94
	February	0	46
	March	0	63
	April	0	52
	May	5	24
	June	9	25
	Total	14	553

I. C. C. Docket No. 6615
Exhibit No. ______ (GR-9)
Witness: George Roach



Daily arrival and departure of freight at the PORT OF NEW YORK

● **STEAMSHIP—**	**325,000**	**Tons**
● **RAIL—**	**310,000**	**"**
● **TRUCK—**	**135,000**	**"**
Daily Total	**770,000**	**Tons**

Ten thousand vessels engaged in foreign and domestic trade clear the NEW JERSEY-NEW YORK PORT annually.

Twelve major railroads and hundreds of trucking firms furnish superior inland transportation to the port. This unmatched combination of inland transportation and frequency of sailings offers shippers unsurpassed service via AMERICA'S PREMIER PORT.

Consult our Port Promotion Bureau or Trade Promotion Offices for the latest information on foreign and domestic shipping

TRADE PROMOTION OFFICES

Chicago-
Cleveland-
Washington-
Rio de Janeiro, Brazil.

THE PORT OF NEW YORK AUTHORITY
111 Eighth Avenue
New York 11, N. Y.
Telephone: ALgonquin 5-1000

October, 1951

[fol. 3900]

I. [illegible] Docket No.
Exhibit No. ([illegible]-20)
Source: U.S. SHIPPING

Trucking Export Cargo

By
Lee Ross
American Trucking Association

Without land transportation from industrial plants to seaboard our foreign trade would be non-existent. The role of over-the-road trucks in the movement of this traffic is so important that waterfront terminals have been designed particularly with these conveyances in mind. This article tells what is going on around the country.

The American Motor Transport Industry is frequently called a mainspring of the economy of the United States. At some time or another, practically everything we eat, wear or use moves by truck and the trend towards increased reliance on motor transport is still climbing.

Trucks of every type and description are serving America's farms, homes and industries, performing a complete door-to-door transportation service entirely on their own, or linking up with other forms of transportation in hauling nearly everything we need. Especially important is the link between cargo ships arriving or leaving American ports and motor transport. Today the United States has approximately 10 million vehicles—about half the world's total. In a single decade, the trucking industry has doubled its fleet. Today, the industry employs about 7,000,000 people with a payroll of approximately $24 billion.

Indicative of the impact of the trucking industry on the nation's economy was its expenditure of 32 billion dollars in 1954 for wages, equipment, fuel and other goods and services. This represented approximately one-twelfth of the gross national product.

While figures have not been collated especially to show the movements and haulings of trucks at ports, a fair criterion of the flexibility and versatility of truck transportation is shown in the ever increasing demand for truck service, so that today motor transport carries approximately 75% of the nation's freight. The Port of New York Authority estimates that 50% of the ocean-borne cargo moved to and from New York piers is hauled by truck for either long haul or local transportation, and, says the Port Authority: "Moreover, it is still a growing factor in the local transportation of freight having overseas origin or destination."

Port facilities are being rebuilt to make adequate turn around and working room for the efficient maneuvering of trucks in carrying commodities moving in international trade channels through the nation's seaports. New terminals are being designed to accommodate motor transport freight handling.

If a marine terminal is of the finger-pier type, it is necessary to provide unimpeded roadways for trucks as well as cargo storage and working space. If the construction is of the marginal wharf type, truck back-up spots must be provided on the inshore side of the shed. This type of construction requires loading platforms at the height of the truck tailgates to eliminate unnecessary lifting of cargo in the truck loading operation, or a modern type of adjustable platforms or adjustable lifts to bring different sizes of

LEE ROSS has had a long career in public relations in Government and in private industry. His experience includes a number of years with Nelson Rockefeller, Co-ordinator of Inter-American Affairs. Later he was Chief of World Trade Promotion for the Department of Commerce. He has been associated with the Port of Norfolk Authority. He is currently public relations consultant with the American Trucking Association, Inc.

[fol. 3902]

I. & S. Docket No. 6615
Exhibit No. —— (GR-11)
Witness: George Roach
Page 1 of 2 pages

THE PORT OF NEW YORK AUTHORITY
111 Eighth Avenue at 15th Street, New York 11, N. Y.
Algonquin 5-1000
Port Development Department
Roger H. Gilman, Director
Port Commerce Division
Clifford B. O'Hara, Chief
Edward K. Laux, Traffic Manager

March 19, 1957
File T-429

Mr. O. E. Schultz, Chairman,
General Freight Traffic Committee
Eastern Railroads
One Park Avenue
New York 16, New York

Re: Dried Beans from Michigan Origins
to New York for Export

Dear Sir:

May we respectfully request that you restore to the General Freight Traffic Committee Docket for reconsideration by that Committee the adjustment in export rates on dried beans from Michigan origins to New York. Our previous correspondence with you in connection with this matter is covered by your File No. C-1415-24.

Our branch office representatives inform us that there is a potential exportation of Michigan beans in the neighborhood of 30,000 tons annually, much of which is being exported via the Port of Montreal.

The ocean rates from Montreal to the United Kingdom and continental ports are lower than those now in effect from the Port of New York. We are now requesting the New York Steamship Conference to reconsider adjusting its ocean rates from New York to meet the competition from the Canadian Ports. We feel we may get somewhere with the steamship lines because only recently, after some persuasion on our part, they met similarly low Canadian Port rates on citrus fruits originating in California and which involved a movement of approximately 2,000 carloads by rail.

The export rail rates, as your file will indicate, are higher than domestic rates and we would like the carriers to consider establishing export rates predicated upon basis of the New York Domestic Rate, plus the unloading charge of 6½¢ per hundred pounds as provided for in Rule A-10 of Agent Boin's Tariff No. 116-G. These rates would be made subject to carload minimum weight of 70,000 pounds.

In our suggested basis, the rates from typical origins in Michigan to the Port of New York would be as shown on Page 2, as compared to the current 50,000 pound export rates to New York, which are also shown on Page 2. These rates all include the present increase authorized in Ex Parte 206.

SHIP VIA PORT OF NEW YORK—
WORLD'S GREATEST PORT
Trade Development Offices

[fol. 3903]

FROM MICHIGAN	PROPOSED 70,000 POUND EXPORT RATES	PRESENT 50,000 POUND EXPORT RATES
	IN CENTS PER 100 POUNDS	
Alma	63½	88
Akron	62½	81
Bad Axe	61½	81
Clare	63½	88
Blanchard	65½	89
Casnovia	65½	89
Saginaw	62½	81

Very truly yours,

/s/ Edward K. Laux

/t/ Edward K. Laux
Traffic Manager

cc: Messrs. J. J. Galligan, FTM, LVRR, 143 Liberty St., N. Y. 6, N. Y.
J. F. Hourigan, FTM, CRRNJ, 143 Liberty St., N. Y. 6, N. Y.
W. S. Merrick, FTM, PRR, 420 Penn. Station, N. Y. 1, N. Y.
O. M. Meyne, FTM, Erie RR, 50 Church St., N. Y. 7, N. Y.
T. M. Shalloe, FSM, NYCRR, 466 Lexington Ave., N. Y. 17, N. Y.
J. S. Sikora, FTM, DL&WRR, 140 Cedar St., N. Y. 6, N. Y.
C. S. Baxter, Chmn., FTC, CTRRs, 22 W. Madison St., Chicago 2, Ill.

COPY

[fol. 3904]

I. & S. Docket No. 6615
Exhibit No. —— (GR-12)
Witness: George Roach

CHESAPEAKE AND OHIO ORIGINATED CARLOAD TRAFFIC EXPORTED THROUGH CANADIAN NORTH ATLANTIC PORTS FOR PERIOD JULY 1, 1956, THROUGH JUNE 30, 1957

DATE		CARS
1956	July	179
	August	83
	September	72
	October	52
	November	64
	December	52
1957	January	17
	February	7
	March	29
	April	58
	May	51
	June	31
	Total	695

[fol. 3905]

I. & S. Docket No. 6615
Exhibit No. —— (GR-13)
Witness: George Roach

AVERAGE GROSS TONS PER VESSEL OF GENERAL CARGO TRAFFIC EXPORTED AT NEWPORT NEWS DURING FIRST SIX MONTHS OF 1957

MONTH	NUMBER OF SHIPS	CARS	GROSS TONS		
January	102	1,187	24,808.92		
February	70	871	18,896.42		
March	75	1,756	35,776.78		
April	113	1,284	26,093.92		
May	198	1,472	28,291.51		
June	129	1,734	37,784.82		
Total	687		171,652.37	249.85	Average Gross Tons Per Ship at Newport News
				*1,350	Average Gross Tons Per Ship at New York

*Source: Witness Laux's statement (sheet 14) submitted in this proceeding.

[fol. 3906] Secretary's certificate (omitted in printing).

[fol. 3907]

I.C.C. Exhibit No. 71

VERIFIED STATEMENT WSH-B

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N. W. Washington, D. C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the
INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF
W. S. HAMILL, DIRECTOR
BUSINESS RESEARCH DEPARTMENT
BALTIMORE ASSOCIATION OF COMMERCE
BALTIMORE, MARYLAND

[fol. 3908]

BEFORE THE
INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF W. S. HAMILL

My name is W. S. Hamill. I am director of the Business Research Department of the Baltimore Association of Commerce, where I have been engaged in research activities since March 1, 1930. My research experience has included the preparation of numerous studies and reports pertaining to transportation, communication, distribution, agriculture, industrial development, and other business subjects. I also have presented exhibits and testimony at hearings before the Interstate Commerce Commission, the Federal Communications Commission, the Civil Aeronautics Board, and other regulatory bodies.

The Baltimore Association of Commerce is the leading commercial organization in the State of Maryland. Its community-wide functions and services are similar to those performed by a Chamber of Commerce. The Association was formed in 1924 through the consolidation of three local trade bodies, one of which—the Merchants and Manufacturers' Association—was organized in 1880 and incorporated in 1882.

My testimony is being handled in two parts as a matter of convenience: This portion contains a comparative summary of Exhibit WSH 1 for New York and Baltimore, an [fol. 3909] analysis of general cargo vessel service in foreign trade at New York and Baltimore, based upon Exhibit WSH 2; and a statement on the economic value of the port of Baltimore to the community, including the significance of export and import general cargo traffic moving between Baltimore and differential territory. The other part of my testimony, identified as Verified Statement WSH-A, is confined to an explanation of Exhibit WSH 1, entitled "Service Provided at the Ports of Boston, New York, Philadelphia, Baltimore, and Hampton Roads by Vessels Carrying General Cargo in Foreign Trade Which Entered or Cleared During the period July-December 1955."

COMPARATIVE SUMMARY OF EXHIBIT WSH 1 FOR NEW YORK AND BALTIMORE

An analysis of the data presented in Exhibit WSH 1 shows that New York has an overwhelming superiority over Baltimore in both volume and quality of general cargo steamship service in foreign trade. This fact is clearly demonstrated by the following significant comparisons which were developed from that exhibit for the six-month period from July 1 through December 31, 1955:

Number of general cargo ships calling at New York	2,720
Number of general cargo ships calling at Baltimore	1,357
Number of general cargo ships calling at New York but not at Baltimore	1,532
Number of general cargo ships calling at Baltimore but not at New York	181
Number of ships that both loaded and discharged general cargo at New York but not at any of the other Major North Atlantic Ports	678
Number of ships that both loaded and discharged general cargo at Baltimore but not at any of the other Major North Atlantic Ports	19

[fol. 3910]

Number of direct inbound ships unloading general cargo at New York	1,451
Number of direct inbound ships unloading general cargo at Baltimore	171
Number of direct outbound ships loading general cargo at New York	1,767
Number of direct outbound ships loading general cargo at Baltimore	149

For the purpose of the above comparisons, a ship was considered as a general cargo vessel if it either loaded or discharged general cargo at one or more of the ports of Boston, New York, Philadelphia, Baltimore, and Hampton Roads. It was listed as calling at New York or Baltimore, as the case may be, if it either entered or cleared the port in question during the calendar period from July 1 to December 31, 1955.

"Split Voyage"

In determining the number of general cargo ships calling at New York but not at Baltimore as well as the number of such vessels calling at Baltimore but not at New York, the matter of "split voyages" had to be taken into consideration. The term "split voyage", as used herein, means that a part of a ship's domestic itinerary falls within one calendar period and the remainder of it in another.

Since the six months from July 1 through December 31, 1955, was selected for special study, those vessels whose North Atlantic itineraries were partly within that period and partly before July 1 or after December 31, would have so-called "split voyages". These would occur regardless of the length of the period chosen—three months, six months, twelve months, etc.

The ABRAHAM GRAETZ, on page 1 of Exhibit WSH 1, illustrates the manner in which split voyages were handled [fol. 3911] in determining the number of general cargo vessels that called at New York but not at Baltimore, or vice versa, during the period from July 1 to December 31, 1955. Inasmuch as the ABRAHAM GRAETZ entered and cleared Baltimore on June 27, it obviously did not call at that port during the six-month study period. On the other hand, the vessel came in at New York on July 7 and went out on July 8, so that the visit there fell within the specified calendar period. In tabulating the data, the call at Baltimore was disregarded while the one at New York was treated as a ship that called at New York but not at Baltimore. The BOW SANTOS, on page 2 of Exhibit WSH 1, represents an example where a general cargo ship entered and cleared New York in June but visited Baltimore in July. This ship was listed as calling at Baltimore but not at New York during the July-December period of 1955.

Due to the fact that New York has a great many multiple vessel entrances and clearances, it is only natural that more ships with split voyages would be included in the tabulations for New York than in those for Baltimore. The AMERICAN FLYER, on page 1 of Exhibit WSH 1, is a typical example of this situation. On its inbound trip, the vessel initially entered New York on June 20 and made an intermediate clearance on June 22. It arrived in Baltimore on June 23 and departed from there on that same day. It again entered New York on June 30 and cleared there for London on July 1. That ship, therefore, represented a vessel which called at New York but not at Baltimore during the months from July to December, 1955.

It sometimes happened that a ship visited both New York [fol. 3912] and Baltimore on its domestic itinerary, but those calls had to be disregarded on account of the split-voyage factor. The BOW CANADA, on page 2 of Exhibit WSH 1, for example, entered and cleared both New York and Baltimore during the month of June, but made a final clearance from Hampton Roads on July 1.

It should be borne in mind that this study was based upon vessel activity within a definite period and not upon a straight listing of the different ports visited on particular voyages without regard to when they occurred.

Ships Loading and Discharging General Cargo

The ships that loaded and discharged general cargo at New York but not at Baltimore and those that loaded and discharged general cargo at Baltimore but not at New York during the July-December period of 1955, are readily discernable from the data presented in Exhibit WSH 1. In a few instances ships that both loaded and unloaded general cargo at New York also visited Baltimore without loading or discharging general cargo. These were tabulated as ships loading and unloading general cargo at New York but not at Baltimore.

The number of direct general cargo arrivals and departures given for New York and Baltimore on page 4 of this statement differ from the total number of direct inbound and outbound general cargo ships listed for those ports in Exhibit WSH 2. This is due to the fact that in the latter exhibit a direct arrival or departure of a general cargo ship was counted even though no general cargo was actually loaded or unloaded, as the case may be, at New York or Baltimore.

[fol. 3913] The BYKLEFJELL, on page 8 of Exhibit WSH 1, for example, was on a general cargo voyage when it entered New York on July 5. Despite the fact that it did not unload general cargo at that port, it was credited in Exhibit WSH 2 with a direct entrance form Tampico. Similarly, the MATARAM, on page 12 of Exhibit WSH 1, was treated as a direct departure from New York to Beirut.

New York's Advantage Over Baltimore and Baltimore's Advantage Over New York With Respect to Arrival and Departure Dates of General Cargo Vessels Calling at Both Ports.

The superiority in the quality of New York's general cargo steamship service in foreign trade in relation to that provided at Baltimore is further highlighted by the data shown in the following Tables A and B for those vessels listed in Exhibit WSH 1 which called at both New York and Baltimore on general cargo voyages:

TABLE A

FREQUENCY TABLE COMPARING NEW YORK'S ADVANTAGE OVER BALTIMORE AND BALTIMORE'S ADVANTAGE OVER NEW YORK AS SHOWN IN EXHIBIT WSH 1 WITH RESPECT TO ARRIVAL DATES OF GENERAL CARGO VESSELS IN FOREIGN TRADE CALLING AT BOTH PORTS

No. of Days' Advantage	No. Ships Arriving at New York Before Calling at Baltimore	No. of Ships Arriving at Baltimore Before Calling at New York
1	5	12
2	64	77
3	95	51
4	105	25
5	109	20
6	96	15
7	111	13
8	75	9
9	53	2
10	45	4
Over 10	124	18
Grand Totals	882	246

[fol. 3914]

TABLE B

FREQUENCY TABLE COMPARING NEW YORK'S ADVANTAGE OVER BALTIMORE AND BALTIMORE'S ADVANTAGE OVER NEW YORK AS SHOWN IN EXHIBIT WSH 1 WITH RESPECT TO DEPARTURE DATES OF GENERAL CARGO VESSELS IN FOREIGN TRADE CALLING AT BOTH PORTS

No. of Days' Advantage	No. of Ships Departing From New York After Calling at Baltimore	No. of Ships Departing from Baltimore After Calling at New York
1	10	20
2	54	38
3	105	35
4	149	30
5	71	13
6	126	8
7	126	15
8	110	4
9	81	5
10	49	4
Over 10	158	27
Grand Totals	1,039	199

Exhibit WSH 1 gives the complete domestic itinerary with regard to the ports of Boston, New York, Philadelphia, Baltimore and Hampton Roads for each vessel carrying general cargo in foreign trade which entered or cleared during the period July-December 1955. For the general cargo itineraries which included New York on the one hand, and Philadelphia, Baltimore, or Hampton Roads, on the other, New York's advantage or disadvantage, inbound and outbound in days, are shown in columns 14-19, inclusive, of that exhibit. The data contained in Tables A and B represent a frequency summation of the figures presented in columns 16 and 17, in which New York and Baltimore are compared.

Table A reveals that New York had a total of 882 incoming general cargo ships from foreign countries with an advantage of one day or more in arrival time over Baltimore. This compared with only 246 such vessels where [fol. 3915] Baltimore had an advantage of one day or more in arrival time over New York.

The data in Table A also underscores the fact that general cargo arriving from foreign points in vessels having multi-port domestic itineraries can usually be unloaded several days earlier at New York than it can be discharged at Baltimore. The typical time-spread in favor of New York is between three and eight days, but much longer intervals frequently occur.

Even if the category of over ten days' advantage, in which New York was far ahead, should be excluded, there would still remain 758 vessels which arrived at New York from one to ten days prior to calling at Baltimore. This figure was more than three times the total of 228 ships which came into Baltimore from one to ten days before they reached New York.

In the number of ships having minimum arrival advantages of one or two days, Baltimore exceeded New York by an aggregate of 20 vessels. In each of the advantage classes of from three days to ten days, however, New York's totals were much greater than those for Baltimore. New York's margin of superiority over Baltimore is further indicated by the fact that the number of general cargo vessels with an arrival advantage of from three to ten days over Baltimore amounted to 689, compared with only 139 ships which provided Baltimore with corresponding advantages over New York.

The figures in Table B tell essentially the same story on the preponderance of late vessel departures at New York as Table A discloses with respect to early ship arrivals at that port. The principal difference between the two tables [fol. 3916] is that New York's advantage in departures is even more pronounced than its very favorable showing on arrivals.

New York was credited with 1,039 outgoing general cargo vessels which departed from there one day or more after they had left Baltimore. This was in sharp contrast to the small total of 199 vessels that sailed from Baltimore one day or more after they had cleared from New York.

Baltimore was ten vessels ahead of New York on the basis of a one-day sailing advantage, but New York had a commanding lead over Baltimore for each of the intervals from three days to more than ten days. In the two-day advantage class, New York exceeded Baltimore by 16 ships, while in the group of three days' to ten days' advantage, inclusive, it surpassed the Baltimore performance by 817 vessels to 114 vessels.

It should be noted also that 73.9 per cent of the 882 inbound vessels and 89.0 per cent of the 1,039 outbound vessels for which New York had advantage over Baltimore, were direct arrivals and departures, respectively, to and from New York.

This contrasted with the fact that 63.4 per cent of only 246 inbound ships and 64.3 per cent of a mere 199 outbound ships for which Baltimore had an advantage over New York, were direct arrivals and departures, respectively, to and from Baltimore.

New York's supremacy in general cargo services and its great predominance in direct sailings over the major trade routes of the world places it in a powerful competitive position for attracting large tonnages of foreign freight moving to and from the interior part of the United States, regardless of the differences in export and import rates [fol. 3917] to that territory, as compared with those in effect at Philadelphia, Baltimore, and Hampton Roads.

New York's preeminence among the North Atlantic ports in direct general cargo service to and from various parts of the world is brought out in Exhibit WSH 2 and in the testimony included elsewhere in this statement.

ANALYSIS OF GENERAL CARGO VESSEL SERVICE IN FOREIGN TRADE AT NEW YORK AND BALTIMORE

Exhibit WSH 2, which is based upon data contained in Exhibit WSH 1 was prepared under my personal direction and supervision. It shows the number of direct and indirect arrivals and departures, by foreign trade areas, countries, and ports, of general cargo vessels in foreign trade at Major North Atlantic ports for the six-month period from July 1 through December 31, 1955. A detailed explanation of the manner in which those statistics were compiled is given on pages 1-4 of the exhibit.

The figures given in Exhibit WSH 2 show that Baltimore's general cargo service in world trade is greatly inferior to that available at New York.

During the six-months from July 1 to December 31, 1955, New York had an aggregate of 3,267 direct general cargo entrances and clearances in foreign trade. This total was over eight times the 391 direct inbound and outbound general cargo sailings listed for Baltimore.

In direct general cargo entries alone, New York was credited with 1,475 vessels from 200 different last foreign ports of call, as compared with 229 entrances at Baltimore [fol. 3918] from only 89 such foreign ports. This disparity in direct service between New York and Baltimore is even more pronounced in regard to outbound vessel movements. New York's 1,792 direct general cargo departures to 180 different first foreign ports of call was in sharp contrast to Baltimore's meager showing of 162 ships sailing to but 53 such foreign ports.

While the first and last foreign ports of call do not provide a positive identification as to the individual foreign ports that might be served on various general cargo voyages, they do indicate the range of ports that would customarily be visited in a given trade area. The character of general cargo vessel itineraries in foreign trade can be readily determined from such publications as the New York Journal of Commerce and the Shipping Digest, as well as from the sailing lists compiled for individual domestic ports. Advertised foreign ports of call for specific vessels are contained in Witness Halloran's Exhibits 210 and 213, which are based upon information appearing in the May

3, 1956 and the October 3, 1956 issues, respectively, of the New York Journal of Commerce.

A grouping of the first and last foreign ports of call according to foreign trade areas or essential trade routes furnishes a good index to the regional concentration of those ports. One foreign port will be first port of call for one ship and another port in that same region will be visited first by another. The same thing occurs in regard to the last foreign port served on return trips to the United States. Many examples of this are apparent in the detailed breakdown, by ports, in Exhibit WSH 2. Table C on page [fol. 3919] 14 presents a general correlation of foreign trade areas with the essential foreign trade routes serving the North Atlantic ports.

The marked extent of New York's superiority over Baltimore both in the number of general cargo entrances and clearances and in the number of direct entrances and clearances, by individual foreign trade areas, can be readily visualized from the summary data and percentage comparisons presented in Table D and E on pages 15 and 16.

The statistics in Table D leave no doubt as to New York's widespread advantage over Baltimore in the matter of direct cargo entrances from foreign ports. The 1,475 direct arrivals at New York were 27.7 per cent larger than Baltimore's total entrances of 1,155 vessels. New York's 407 direct entries from the Caribbean Region alone exceed by 77.7 per cent Baltimore's 229 direct entrances from all foreign ports. Of the 2,299 vessels entering New York during the last six months of 1955, 64.2 per cent represented direct sailings to that port. The corresponding ratio for Baltimore's 1,155 inbound ships amounted to only 19.8 per cent.

Except for the West Coast of Canada, where both ports had 2 direct entrances, New York's direct arrivals from each foreign trade area were more numerous than those for Baltimore. New York's ratio between direct entrances and total entrances was higher than Baltimore's for every foreign trade area except the West Coast of Canada and Pacific Central America. New York's direct-entry ratio for the Caribbean Region was 61.7; for Belgium, Netherlands, and North Sea Germany, it was 79.6 per cent; and for Portugal and Mediterranean Region, it was 73.4 per cent. Baltimore's ratio for (Text continued on p. 2819)

[fol. 3920]

TABLE C

GENERAL CORRELATION OF FOREIGN TRADE AREAS WITH THE ESSENTIAL FOREIGN TRADE ROUTES SERVING THE NORTH ATLANTIC PORTS.

Foreign Trade Area	Essential Trade Routes Serving Foreign Trade Areas
Canada, East Coast	none
Canada, West Coast	none
Mexico, East Coast	No. 3
Mexico, West Coast	none
Caribbean Region	No. 4
Pacific Central America	none
South America, East Coast	No. 1
South America, West Coast	No. 2
United Kingdom and Erie	No. 5
Scandinavia and Baltic Sea	No. 6
Belgium, Netherlands, and North Sea Germany	Nos. 7 and 8
Atlantic France and Northern Spain	No. 9
Portugal and Mediterranean Region	No. 10
Africa, West Coast	No. 14
Africa, South and East Coasts	No. 15A
Australian Region	No. 16
Indonesia-Malaya	No. 17
Southwest Asia	No. 18
Far East	No. 12

Source: Based upon "Essential United States Foreign Trade Routes", Maritime Administration, U. S. Department of Commerce.

TABLE D

TOTAL ENTRANCES AND DIRECT ENTRANCES OF GENERAL CARGO VESSELS IN FOREIGN TRADE AT NEW YORK AND BALTIMORE, BY FOREIGN TRADE AREAS, JULY 1 - DECEMBER 31, 1955.

Foreign Trade Area	Total Entrances N. Y.	Total Entrances Balto.	Direct Entrances N. Y.	Direct Entrances Balto.	Per Cent Direct Entrances N. Y.	Per Cent Direct Entrances Balto.
ALL AREAS	2,299	1,155	1,475	229	64.2	19.8
Canada, East Coast	88	24	65	6	73.9	25.0
Canada, West Coast	13	9	2	2	15.4	22.2
Mexico, East Coast	48	17	16	-	33.3	-
Mexico, West Coast	-	2	-	-	-	-
Caribbean Region	660	265	407	115	61.7	43.4
Pacific Central America	65	9	41	7	63.1	77.8
South America, East Coast	127	86	83	9	65.4	10.5
South America, West Coast	125	60	74	22	59.2	36.7
United Kingdom and Eire	142	73	114	6	80.3	8.2
Scandinavia and Baltic Sea	143	65	95	9	66.4	13.8
Belgium, Netherlands, and North Sea Germany	225	157	179	13	79.6	8.3
Atlantic France and Northern Spain	119	43	108	2	90.8	4.7
Portugal and Mediterranean Region	252	128	185	12	73.4	9.4
Africa, West Coast	43	33	22	10	51.2	30.3
Africa, South and East Coasts	53	48	16	4	30.2	8.3
Australian Region	15	4	2	-	13.3	-
Indonesia-Malaya	20	14	3	1	15.0	7.1
Southwest Asia	101	78	42	3	41.6	3.8
Far East	60	40	21	8	35.0	20.0

Source: Based upon Exhibit WSH 2.

TABLE E

TOTAL CLEARANCES AND DIRECT CLEARANCES OF GENERAL CARGO VESSELS IN FOREIGN TRADE AT NEW YORK AND BALTIMORE, BY FOREIGN TRADE AREAS, JULY 1 - DECEMBER 31, 1955.

Foreign Trade Area	Total Clearances N. Y.	Total Clearances Balto.	Direct Clearances N. Y.	Direct Clearances Balto.	Per Cent Direct Clearances N. Y.	Per Cent Direct Clearances Balto.
ALL AREAS	2,385	1,233	1,792	162	75.1	13.1
Canada, East Coast	74	19	34	5	45.9	26.3
Canada, West Coast	5	1	1	-	20.0	-
Mexico, East Coast	36	10	21	7	58.3	70.0
Mexico, West Coast	3	3	2	-	66.7	-
Caribbean Region	771	295	627	73	81.3	24.7
Pacific Central America	16	4	12	1	75.0	25.0
South America, East Coast	136	112	80	11	58.8	9.8
South America, West Coast	97	47	81	13	83.5	27.7
United Kingdom and Eire	145	100	103	20	71.0	20.0
Scandinavia and Baltic Sea	149	86	116	6	77.9	7.0
Belgium, Netherlands and North Sea Germany	273	173	229	12	83.9	6.9
Atlantic France and Northern Spain	106	30	105	-	99.1	-
Portugal and Mediterranean Region	274	144	241	5	88.0	3.5
Africa, West Coast	45	28	24	6	53.3	21.4
Africa, South and East Coasts	48	46	19	-	39.6	-
Australian Region	22	11	2	-	9.1	-
Indonesia-Malaya	25	13	19	-	76.0	-
Southwest Asia	66	50	62	1	93.9	2.0
Far East	94	61	14	2	14.9	3.3

Source: Based upon Exhibit WSH 2.

[fol. 3923] those same areas of heavy concentration in shipping were 43.4 per cent, 8.3 per cent, and 9.4 per cent, respectively.

An examination of Table E reveals that Baltimore made an even poorer showing against New York on the basis of direct clearances than it did on direct entrances. The 1,792 direct clearances at New York surpassed the number of its direct entrances by 317 vessels, whereas Baltimore's 162 direct departures was 67 vessels below the number of its direct entries. New York's direct clearances embraced 75.1 per cent of its total clearances of 2,385 ships. On the other hand, Baltimore's direct outbound sailings constituted but 13.1 per cent of its aggregate clearances of 1,233 ships.

New York's direct clearances also outnumbered those for Baltimore to each of the 19 foreign trade areas listed in Table E. Baltimore had no direct departures to six of those areas, while New York had direct service to all of them, although its sailings to three of the areas was very light. New York's direct departures to 12 of the foreign trade areas in question exceeded Baltimore's total clearances to those regions.

The ratio between direct clearances and total clearances for New York was higher than Baltimore's to each of the foreign trade areas except the East Coast of Mexico. Service to a few of those areas was rather light for both ports, but among the more densely traveled shipping lanes New York's direct sailings comprised 81.3 per cent of its total general cargo departures to the Caribbean Region; 83.9 per cent to Belgium, Netherlands, and North Sea Germany; and 88.0 per cent to Portugal and Mediterranean Region. The corresponding ratios for Baltimore were 24.7 per cent, 6.9 per cent, and 3.5 per cent.

[fol. 3924]

ECONOMIC IMPORTANCE OF THE PORT OF BALTIMORE TO THE COMMUNITY

Inasmuch as the port of Baltimore constitutes the community's No. 1 economic asset, the status of waterborne shipping and related activities has a direct bearing on the welfare of a great many local business firms and their thousands of employees. Virtually every resident of Baltimore and vicinity is affected in one way or another by the functioning of the port. Since metropolitan Baltimore accounts for a large share of the State's total business volume, Maryland likewise has an important stake in the progress of its only foreign trade seaport.

Although the operation of a port is often considered as a separate division in the economic structure of a community, it actually involves the participation of many different kinds of businesses. Some of them are completely dependent upon waterborne shipping, while others are only partially so. Port-linked industries provide an important stimulus for other lines, but such indirect influences are not always readily discernable.

The measurement of the economic value of a large port to the local community is a complicated undertaking. In the first place, there are no standard statistical tables from which a recapitulation of employment, payrolls, or general expenditures by port-linked businesses can be readily obtained. Moreover, it is difficult to segregate the port-related activities of a business firm or industry from those operations which have no conspicuous connection with waterborne trade.

Detailed surveys to determine the dollar value of the port activity to the local economy have been made in recent [fol. 3925] years for different port areas, including New York, Philadelphia, Hampton Roads, and Houston. The results have varied considerably, depending probably upon local conditions as well as upon differences in the methods and procedures employed. They all show, however, that the income generated by port operations is a very important factor in supporting other lines of business.

Such surveys have usually been based upon one or the other of two different approaches. One procedure involves the determination of the average per-ton revenue produced by various kinds of cargo. These averages are then applied to the actual volume of such cargo handled during a given year. The composition of the per-ton values include vessel expenditures, port terminal income, outlays for auxiliary services and other related items. The overall annual value is sometimes divided by the number of vessel entries at a port in order to show the average amount of revenue accruing from each ship.

A per-ton type of survey was published by the Delaware River Port Authority for the Philadelphia port region for 1950. Revised figures were subsequently released for the year 1954. In those studies, separate per-ton values are shown for general cargo, crude oil, tanker cargo (other than crude oil), coal, grain, ore, raw sugar, and local river traffic. The Baltimore Association of Commerce prepared a somewhat similar summary statement on the port of Baltimore for 1953, in which some of the 1950 Philadelphia per-ton averages were employed.

A second method for ascertaining the economic value of a port to the community involves the compilation of em- [fol. 3926] ployment and payroll statistics for those industries, or segments of industries, which are directly dependent upon the port. Such local data, by industries, are available in published and unpublished tabulations from Federal and State agencies having to do with old age and survivors insurance and unemployment compensation. The official figures for entire port-dependent industries have to be supplemented with estimates for those lines of business for which there are no breakdowns to separate the port-dependent activities of an industry or individual firms from those that are not directly port-linked. Witness Gilman's Exhibit C represents such a study of port jobs and payrolls at the port of New York.

The two survey methods referred to above do not produce the same type of answer. The former procedure relates primarily to a consideration of vessel disbursements and the outlays involved in handling cargo. Those expenditures include wages and salaries as well as other items of business expense. The second method is essentially a study of employment and payrolls. It goes beyond the narrower concept of vessel and cargo, and embraces the entire operations of manufacturing concerns which are essentially port-dependent. I have employed both procedures in developing certain information contained in this testimony on the economic value of the port of Baltimore to the community.

Direct Port-Dependent Employment and Payrolls at Baltimore

The statistics presented in Table F on page 21 disclose that Baltimore's direct port-dependent employment during 1956 averaged over 79,700 workers per month, while the aggregate payments for wages and salaries by port-dependent industries amounted to more than $390,000,000.

(Text continued on p. 2824)

TABLE F

DIRECT PORT-DEPENDENT EMPLOYMENT AND PAYROLLS AT BALTIMORE, CLASSIFIED BY MAJOR ACTIVITY - 1956.

Industry	Avg. Monthly Employment	Annual Payroll
All Industries:	79,710	$390,535,200
*Water Transportation:	2,390	$9,585,900
Ocean-borne foreign trade --	1,300	4,522,700
Coastwise and intercoastal trade --	50	259,900
Trade on rivers, bays, and other inland waters --	420	1,367,700
Local water transportation, including lighterage, piloting vessels, and tugboat operation --	620	3,435,600
*Auxiliary Marine Transportation:	8,990	$32,184,700
Cargo checking, dock operation, stevedoring, operation of waterfront terminals, except railroad employees --	5,300	16,412,200
#Auxiliary services performed by government agencies --	1,400	6,087,700
Freight forwarders and customs brokers, including packing and crating --	290	1,214,400
Shipping, steamship, and travel agencies --	420	1,455,200
Marine supplies --	500	2,431,700
Ship ceiling --	300	1,018,700
Ship chandlers --	340	1,610,000
Ship cleaning and ship maintenance	440	1,954,800
Land Transportation:	3,350	$16,595,500
Railroad employees involved in the movement of waterborne cargo --	3,000@	15,066,000@
Trucking employees engaged in the transportation of freight originating at or destined for outbound movement from Baltimore piers --	350¢	1,529,500¢
Tidewater Mfg. Industries:	64,980	$332,169,100
*Blast furnaces, steel works, and rolling mills --	29,400	155,413,800
*Fertilizer --	2,820	12,963,700
*Industrial inorganic chemicals	1,860	9,144,600
*Shipbuilding and repairing	11,250	59,096,400
a*Petroleum refining, primary smelting of nonferrous metals, and sugar refining --	3,950	20,755,800
Individual manufacturing concerns (32)	15,700/	74,794,800/

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(See explanatory notes on next page)

[fol. 3928] These figures are believed to be on the conservative side, since they do not include comparable information for various firms which are directly dependent on the port for only a part of their operations. Among these are dredging companies, general contractors, warehouses other than railroad-controlled storage facilities, financial institutions, insurance offices, concerns engaged in exporting and importing, and employees of foreign departments of manufacturing concerns. Industries that consume imported raw materials and export finished products, but which are not located at or near tidewater also have been omitted from Table F.

The impact of a $390,000,000 payroll on the economy of Baltimore is a very important factor in the maintenance of many other local business activities. On page 18 of Witness Gilman's Exhibit C, it is pointed out that "Tools of statistical analysis used by the Federal Government to measure the total national economy have been applied to the income of the (New York's) 430,000 port workers. According to these measures, every dollar of income earned by these workers generates or creates two dollars of additional income within the area." Using the same criterion employed by New York, Baltimore's port payroll of some $390,000,000 would result in a port generated income on the order of $1,170,000,000.

The development of the port of Baltimore has been an important factor in the growth of the community's manufacturing industry. Many concerns which require waterside factory sites operate extensive facilities along the Baltimore waterfront, making it one of the leading industrial harbors in the country.

[fol. 3929] The concerns included under the heading of "Tidewater Manufacturing Industries" have located all or part of their local operations on or near the waterfront and are more or less closely dependent upon water transportation or upon imported raw materials. In 1956, these port-linked enterprises employed an average of about 65,000 persons, who were paid a total of $332,169,100 in wages and salaries. This was equivalent to more than a third (34.2%) of the industrial payroll for metropolitan Baltimore, and well over a quarter (27.4%) of that for the entire State.

Explanatory Notes for Table F

The statistics in this table refer to the Baltimore Standard Metropolitan Area, which includes Baltimore City and Baltimore and Anne Arundel Counties.

* The employment and payroll figures for the industries under Water Transportation, Auxiliary Marine Transportation (except government employment) and for the starred items under Tidewater Manufacturing Industries, either were received directly from the Maryland Department of Employment Security, or were extracted from records provided by it.

a Combined in order to avoid disclosing data for individual companies.

Employment statistics furnished by the City, State, and Federal agencies involved. Payroll data received directly from City and State departments, but Federal payroll was estimated on basis of $4,294 per worker.

@ Employment based upon information furnished by the Baltimore port railroads. Payroll was estimated on basis of $5,022 per worker.

¢ Employment estimated on basis of the average daily number of cargo trucks visiting the Baltimore piers. Payroll was estimated on the basis of $4,370 per worker.

† Comprises individual plants in various industries, the great majority of which occupy waterfront sites. While a few of the plants are near but not on the tidewater, they use considerable quantities of imported materials. Payroll was estimated on the basis of $4,764 per worker.

The above-mentioned annual earnings per worker represent 1956 Baltimore area averages for those industries.

[fol. 3930]

Direct Port Revenue From Servicing Ships And Handling Cargo at Baltimore

The direct revenue arising from the servicing of ships and the handling of cargo at the port of Baltimore consists of a wide variety of vessel disbursements and allied expenditures. These include such diversified items as pilotage, tugboat hire, bunker fuel, stores and provisions, fresh water, watchmen, dunnage, laundry, launch service, stevedoring, ship repairing, customhouse fees, insurance, medical services, steamship agency charges, equipment rental, crew expenditures, terminal operation, packaging and crating, warehousing, financing, railroad and truck charges applying to the local area, telephone and telegraph service, freight forwarding, advertising, traffic solicitation, and various others. Not all of the outlays mentioned would apply to every ship, of course, but many of them would.

The Delaware River Port Authority in preparing the Philadelphia study referred to on page 19, took such factors into account in arriving at per-ton revenue approximations for different classes of cargo. The ones adopted for its 1954 compilation were: General cargo $12.46, tanker cargo (other than crude oil) $2.89, coal $1.99, grain $4.66, ores $2.32, local river traffic $0.82, crude oil $11.37, raw sugar $32.78. The last two figures are relatively high because of the inclusion of the value added by refining.

In view of the fact that general port conditions at Philadelphia resemble those at Baltimore in many respects, the above per-ton averages, with certain modifications, are being applied to a similar traffic breakdown for Baltimore in order to obtain an approximation of the direct income [fol. 3931] contributed by its port activities during 1955. This was the latest year for which detailed statistics on Baltimore were available at the time the study was undertaken.

The 1950 report of the Delaware River Port Authority showed that the value added by the refining of crude oil and raw sugar in the Philadelphia area was 82.5 per cent and 83.8 per cent, respectively, of the total per-ton averages listed for those commodities. Assuming that no change had occurred in those ratios between 1950 and 1954, then in the latter year crude oil, less the value added by refining, would have had an average port revenue of $1.99 a ton, while that for raw sugar would have been $5.31. These two average values were used in making 1955 computations for those commodities at Baltimore.

In summarizing Baltimore's port tonnage for 1955, I have added two cargo classifications to the ones presented in the Philadelphia report. These are "Miscellaneous bulk liquids" and "Miscellaneous bulk cargo." These additional groupings also were included in the 1953 Baltimore statement mentioned on page 19. Miscellaneous bulk liquids in 1955 consisted mainly of gasoline and fuel oils, and miscellaneous bulk cargo was comprised chiefly of gypsum rock, sulphur, fertilizer materials, and industrial chemicals. I have assigned a revenue value of $1.99 a ton for miscellaneous bulk liquids, which is identical with the figure I am using for crude oil. Miscellaneous bulk cargo has been given a per-ton value of $2.32, the same as that for ores.

A breakdown of the estimated direct port revenue derived from Baltimore's waterborne trade during 1955 is [fol. 3932] contained in Table G presented below. The estimate of $150,438,100 is believed to be a conservative figure. This is due partly to the fact that operating costs in the shipping and allied trades undoubtedly increased somewhat between 1954 and 1955, and partly because the refining values for crude oil and raw sugar have been omitted.

TABLE G

ESTIMATED DIRECT PORT REVENUE DERIVED FROM BALTIMORE'S WATERBORNE TRADE—1955.

Cargo Class	Net Tons	Avg. Revenue Per Ton	Total Est. Revenue
ALL COMMODITIES	45,823,878	—	$150,438,100
General cargo, excluding raw sugar	4,557,361	$12.46	56,784,700
Crude oil	3,014,767	1.99	5,999,400
Tanker cargo, other than crude oil	7,972,278	2.89	23,039,900
Misl. bulk liquids	486,246	1.99	967,600
Coal	3,719,893	1.99	7,402,600
Grain	2,539,913	4.66	11,836,000
Ores	13,118,736	2.32	30,435,500
Raw sugar	529,178	5.31	2,810,000
Misl. bulk cargo	2,037,518	2.32	4,727,000
Local harbor traffic	7,847,988	0.82	6,435,400

Source: Basic data on port tonnage was obtained from "Waterborne Commerce of the United States: Calendar Year 1955," Corps of Engineers, Department of the Army.

According the to the Baltimore Maritime Exchange, which conducts a reporting service on the arrival and departure of vessels, a total of 5,369 deep-draft ships entered Baltimore harbor during 1955. Based upon a total port revenue [fol. 3933] of $150,438,100 the average revenue per incoming vessel in that year amounted to a little over $28,000.

Since the handling of general cargo requires the use of more port services and operating personnel than bulk cargoes, it produces a much greater revenue per ton than any other class of waterborne traffic. This is clearly borne out by the figures given in Table G. General cargo, for example, accounted for only 9.9 per cent of Baltimore's total 1955 port commerce of 45,823,878 net tons, but contributed 37.7 per cent of that year's aggregate port revenue of $150,438,100. Moreover, a ton of general cargo generates over two and a half times as much port revenue as a ton of grain, over five times as much as a ton of ore, and over six times as much as a ton of coal or crude oil.

With about 90 per cent of its waterborne tonnage consisting of bulk commodities, general cargo is considerably more important at Baltimore than at ports having a better balanced relationship between general and bulk cargoes. The availability of incoming and outgoing general cargo traffic is the only way in which a port can maintain and improve its services by liner type vessels. Importers and exporters of general cargo merchandise demand prompt service on most of their shipments, and the ports with the best service usually get the lion's share of that business.

Special Significance of General Cargo Moving To and From Baltimore on Differential Rates

The importance of general cargo to the port of Baltimore was mentioned earlier in this statement. The local significance of this class of traffic is further emphasized by a comparison of the port's total general cargo tonnage and [fol. 3934] the volume of export and import merchandise freight moving between Baltimore and differential territory.

The aggregate shipments and receipts of domestic and foreign general cargo at the port of Baltimore in 1955 came to 4,557,361 net tons. The combined tonnage in that year of export and import general cargo handled by rail between Baltimore and differential territory amounted to 1,105,335 net tons, according to statistics in Witness Mollman's Exhibit MM2. This rail traffic was equivalent to 24.3 per cent of the port's composite general cargo tonnage in 1955.

Since the Baltimore area accounts for about 74.5 per cent of Maryland's total industrial employment and for 81.9 per cent of its value added by manufacture (1954 U.S. Census), it seems apparent that its immediate Maryland hinterland could not generate very much foreign general cargo traffic. In fact, there are no large industrial centers between Baltimore and points on the Ohio River. Except for the foreign traffic created locally, Baltimore's export and imports of general merchandise are dependent to a large extent upon the flow of such business to and from differential territory.

Even under the present rate structure, Baltimore has had a difficult time in building up its exports and imports of general cargo. So, if New York, with its already outstanding shipping advantages, should obtain an equalization of rates with Baltimore to and from differential territory, then Baltimore's share of the general cargo trade moving between the Middle West and overseas points would in all probability be greatly diminished. With smaller cargoes [fol. 3935] to offer, Baltimore's present inferior steamship services would obviously be curtailed, thus making the port less and less attractive to shippers and receivers.

If much of its existing general cargo foreign trade originating in or destined to the Middle West should be jeopardized through the loss of its rate differentials, and if the St. Lawrence Seaway diverts a substantial part of its bulk cargo business with that territory (which seems likely) then the economy of Baltimore would suffer a crippling blow.

A decline in shipping not only would reduce port revenues and create unemployment in many port-dependent and port-linked industries, but also would discourage further investments in new pier facilities and equipment.

[fol. 3936]

VERIFICATION

W. S. Hamill, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(s) W. S. HAMILL
W. S. Hamill

Subscribed in my presence, and sworn to before me, by the affiant above named, this 16th day of October, 1957.

(s) THOMAS F. FOX
Thomas F. Fox

Notary Public, State of Maryland
My Commission expires May 4, 1959

SEAL

DIRECT AND INDIRECT ARRIVALS AND DEPARTURES, BY FOREIGN TRADE AREAS, COUNTRIES, AND PORTS, OF GENERAL CARGO VESSELS IN FOREIGN TRADE AT MAJOR NORTH ATLANTIC PORTS - JULY 1 - DECEMBER 31, 1955.

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DIRECT AND INDIRECT ARRIVALS AND DEPARTURES, BY FOREIGN TRADE AREAS, COUNTRIES, AND PORTS, OF GENERAL CARGO VESSELS IN FOREIGN TRADE AT MAJOR NORTH ATLANTIC PORTS, JULY 1 - DECEMBER 31, 1955.

Explanatory Comments

The compilation set forth in Exhibit WSH 2 is based upon data presented in Exhibit WSH 1, entitled "Service Provided at the Ports of Boston, New York, Philadelphia, Baltimore, and Hampton Roads by Vessels Carrying General Cargo in Foreign Trade Which Entered or Cleared During the Period July - December, 1955."

Exhibit WSH 2 shows for that six-month period the number of direct and indirect arrivals of general cargo vessels by last foreign ports of call at Boston, New York, Philadelphia, Baltimore, and Hampton Roads, and the number of direct and indirect departures of general cargo vessels from those ports to the first foreign ports of call.

The statistics are arranged by foreign trade areas, countries, and individual ports. The foreign trade areas, with a few exceptions, correspond generally with certain essential trade routes established by the U. S. Maritime Administration. These include Routes Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 14, 15A, 16, 17, and 18. The location of these routes is indicated by the map identified as Exhibit WSH 3.

The information contained in Exhibit WSH 1 gives the complete domestic itinerary for each vessel with respect to the Major North Atlantic ports as defined therein. However, the entrance and clearance dates for some of the ships lie outside the calendar period of July 1 to December 31, inclusive. Therefore, for the purposes of this exhibit on the number of direct and indirect vessel arrivals and departures, all general cargo entrances prior to July 1 and all general cargo clearances after December 31, have been disregarded. The following discussion will explain how certain other entrances and departures were handled in compiling the figures contained in this exhibit.

Treatment of Multiple Entrances and Clearances

In some instances, such as the ABBEDYK, on page 1 of Exhibit WSH 1, a ship entered one of the Major North Atlantic ports before July 1 and then

EXHIBIT No.______
WITNESS__________
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returned to the same port after that date, occasionally more than once, prior to sailing for a foreign destination. Multiple entrances of this kind have been treated as a single entrance, with the first date of arrival determing whether a ship entered in the calendar period from July 1 to December 31. Since the ABBEDYK first arrived at New York on June 29, it was not counted as a direct sailing from Antwerp, irrespective of the fact that it reentered New York on July 13 to take on general cargo for a return trip to Antwerp.

A similar procedure was followed in regard to those ships departing from a port more than once before sailing for a foreign destination. As such multiple clearances are considered herein as a single departure, the final date of clearance was used to determine whether a ship sailed for a foreign port within the six-month period in question. For example, the vessel EXCHANGE, page 107 of Exhibit WSH 1, cleared from New York on December 20, called at Philadelphia, Baltimore, and Hampton Roads, and then returned to New York to load general cargo before sailing on January 5 for Bombay. Because the final date of departure from New York fell outside the period under study, the EXCHANGE was not listed in the accompanying tabulation as a direct sailing from New York to Bombay.

[fol. 3939]

In all cases where so-called multiple sailings or multiple arrivals occurred within the six calendar months included in the study, they were tabulated as a single entrance or clearance, as the case may be.

Direct and Indirect Sailings

The distinction between direct and indirect arrivals and sailings was made primarily in accordance with two reference marks used in Exhibit WSH 1. The symbol * preceding the date of arrival at a particular port (example: *6/29x) indicates that it was the first United States port visited after leaving the last foreign port of call. The port with the asterisk has been credited with a direct inbound movement, while the other North Atlantic ports on the itinerary for that voyage have been credited with indirect entries. The # sign appearing before a date of departure (example: #7/13x) at a given port indicates that it was the last domestic port of call before the vessel sailed for

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its first foreign port of destination.

There are two basic exceptions to the above-mentioned general rules for distinguishing between direct and indirect sailings and arrivals. The first involves the ship's itinerary before its first arrival at one of the Major North Atlantic ports, or its itinerary after its last departure from such a port. For instance, the ship BROOKLYN HEIGHTS, page 2 of Exhibit WSH 1, entered Hampton Roads as its first port of call among the Major North Atlantic ports (example: *6/24hx). The letter "h" in the entry symbols for that port indicates that the vessel had previously called at eight other domestic ports between the time it sailed from Yokohama and its arrival at Hampton Roads. The service at the latter port on that particular voyage was therefore shown as an indirect entrance. The same thing applies in the case of an outbound movement, such as the ANNA MAERSK on page 1 of Exhibit WSH 1. The letter "a" of the item (#7/30xa) in the cleared column for Hampton Roads means that while it was the last Major North Atlantic port of call, the vessel stopped at one other domestic port before proceeding to Cristobal.

Any entrance date prefixed with an asterisk and suffixed with the letter a, b, c, d, e, f, g, h, i, j, k, or l, was counted as an indirect arrival for the port in question. Similarly, any clearance date prefixed with the # sign and suffixed with one of the aforementioned letters was listed as an indirect departure. The position of the letter a, b, c, etc., before or after the symbol x has no special significance. Only one of the five Major North Atlantic ports could have a direct entrance on a given voyage, and only one could have a direct clearance.

The second basic exception to the general rule that was followed in distinguishing between direct and indirect arrivals and departures relates to those incoming voyages on which no general cargo was unloaded and to those outgoing voyages on which no general cargo was loaded at any of the Major North Atlantic ports.

If none of the entry dates for a vessel is suffixed with the letter "x" (meaning that no general cargo was discharged), then it was not considered as an incoming general cargo voyage. The ship may have carried bulk cargo, have been in ballast, or for some other reason did not unload general cargo at any of the Major North Atlantic ports. As an example, the incoming voyage of the AMERICAN FORWARDER, page 1 of Exhibit WSH 1, was disregarded for the purposes of this exhibit because no general cargo was unloaded at Boston, New York, Philadelphia, Baltimore or Hampton Roads. In like manner, if no x's appear after the clearance dates for a vessel departing from any of the Major North Atlantic ports, then it was not deemed to have been an outgoing general cargo voyage.

To summarise the above comments on the second basic exception, any incoming or outgoing voyage on which no general cargo was unloaded or loaded, respectively, was not included in the accompanying tabulation, even though the vessel may have made a direct entry to or direct departure from a Major North Atlantic port and indirect calls to one or more of the others.

Unknown Portsof Origin and Destination

Whenever the last foreign port of call was indicated by a question mark ?, the incoming voyage was not counted in Exhibit WSH 2 for the Major North Atlantic ports visited by such vessel. If the question mark appeared in place of the first foreign port of call, then the outgoing voyage was not counted for those ports.

DIRECT AND INDIRECT ARRIVALS AND DEPARTURES, BY FOREIGN TRADE AREAS, COUNTRIES, AND PORTS, OF GENERAL CARGO VESSELS IN FOREIGN TRADE AT MAJOR NORTH ATLANTIC PORTS – JULY 1 – DECEMBER 31, 1955.

FOREIGN TRADE AREA, COUNTRY, AND PORT	BOSTON				NEW YORK				PHILADELPHIA				BALTIMORE				HAMPTON ROADS			
	DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT	
	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT
ALL FOREIGN TRADE AREAS	264	94	296	428	1475	1792	824	593	209	79	864	1011	229	162	926	1071	95	170	743	771
CANADA, ATLANTIC COAST	8	24	2	1	65	34	23	40	13	9	17	18	6	5	18	14	9	8	14	4
Botwood	-	-	-	-	6	3	2	-	-	-	-	-	-	-	1	-	-	-	1	-
Charlotte Town	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Comeau Bay	-	-	-	-	11	11	1	-	-	-	1	-	1	-	1	-	-	-	-	-
Corner Brook	-	-	-	-	11	2	3	6	6	2	5	5	-	1	4	4	-	3	3	1
Dingwall	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	-	-	-	1	-
Halifax	1	2	-	-	4	4	-	3	-	1	-	1	1	1	-	2	-	-	-	-
Hantsport	-	-	-	-	5	4	1	-	1	1	-	-	-	-	-	-	-	-	-	-
Little Narrows	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liverpool	-	-	-	-	10	2	-	7	-	-	1	1	-	-	-	-	-	-	-	-
Maitland	-	-	-	-	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-
Montreal	3	15	1	1	5	-	6	14	1	1	4	5	2	-	3	6	2	-	5	2
Fort Alfred	-	-	-	-	1	-	1	-	-	-	-	-	1	-	1	-	-	-	-	-
Quebec	-	-	-	-	1	-	2	1	-	1	1	-	-	-	-	-	3	-	-	1
St. John	2	5	-	-	6	7	-	5	1	-	5	5	-	2	5	1	-	1	4	-
St. Johns	1	-	-	-	3	-	1	2	-	-	-	-	-	1	-	-	-	2	-	-
Saint Lawrence	-	1	-	-	-	1	2	-	2	1	-	-	-	-	1	1	-	-	-	-
Seven Islands	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-
Sheet Harbor	-	1	-	-	-	-	1	1	1	-	-	1	-	-	1	-	-	1	-	-
Summerside	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-
Walton	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ports*	-	-	1	-	-	-	3	-	-	1	-	-	-	-	-	-	3	1	-	-
CANADA, PACIFIC COAST	-	-	3	-	2	1	11	4	2	-	4	-	2	-	7	1	-	-	4	1
Alberni	-	-	-	-	-	-	3	-	-	-	1	-	-	-	1	-	-	-	1	-
Chemainus	-	-	-	-	-	-	1	-	1	-	-	-	-	-	1	-	-	-	-	-
Fraser Mills	-	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-	1	-
New Westminster	-	-	-	-	-	1	1	-	-	-	-	-	1	-	-	-	-	-	1	-
Vancouver	-	-	3	-	2	-	4	4	1	-	2	-	1	-	4	1	-	-	1	1
Victoria	-	-	-	-	-	-	1	-	-	-	-	-	-	-	1	-	-	-	-	-
MEXICO, EAST COAST	-	-	-	3	16	21	32	15	28	-	4	27	-	7	17	3	-	-	1	2
Alvaro Obregon	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Puerto Mexico	-	-	-	1	-	1	1	2	1	-	-	3	-	-	-	2	-	-	-	2
Tampico	-	-	-	-	9	3	10	3	8	-	2	2	-	3	12	-	-	-	-	-
Vera Cruz	-	-	-	2	6	17	21	10	19	-	2	22	-	4	5	1	-	-	1	-
MEXICO, WEST COAST	-	-	-	-	-	2	-	1	1	-	-	1	-	-	2	3	-	2	1	2
Guaymas	-	-	-	-	-	2	-	1	-	-	-	-	-	-	-	2	-	1	-	2
Mazatlan	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1	-	1	-	-
Santa Rosalia	-	-	-	-	-	-	-	-	1	-	-	-	-	-	2	-	-	-	1	-
CARIBBEAN REGION	15	13	39	77	407	627	253	144	87	18	99	196	115	73	150	222	19	20	84	91
BAHAMAS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nassau	-	-	-	-	16	20	-	1	-	-	-	1	1	1	-	-	-	-	-	-
BERMUDA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hamilton	-	-	-	-	24	29	4	1	-	-	-	-	-	1	4	8	4	-	-	8
St. George	-	-	-	-	-	3	4	-	-	1	-	1	1	-	2	2	2	-	1	2
BRITISH GUIANA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Georgetown	-	-	-	-	4	1	1	-	1	-	-	-	1	-	2	1	-	-	1	-
BRITISH HONDURAS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Belize	-	-	-	-	5	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-
CANAL ZONE, NORTH COAST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

DIRECT AND INDIRECT ARRIVALS AND DEPARTURES, BY FOREIGN TRADE AREAS, COUNTRIES, AND PORTS, OF GENERAL CARGO VESSELS IN FOREIGN TRADE AT MAJOR NORTH ATLANTIC PORTS – JULY 1 – DECEMBER 31, 1955.
(CONTINUED)

FOREIGN TRADE AREA, COUNTRY, AND PORT	BOSTON				NEW YORK				PHILADELPHIA				BALTIMORE				HAMPTON ROADS			
	DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT	
	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT
COLOMBIA, NORTH COAST	–	–	–	–	1	–	–	–	–	–	–	–	–	–	1	–	–	–	–	–
Barranquilla........	–	–	1	4	16	39	17	7	2	–	6	7	9	3	7	12	1	1	2	1
Cartagena...........	–	2	–	2	19	19	–	5	–	1	1	9	–	2	1	8	–	–	–	2
Santa Marta.........	–	–	–	2	6	6	1	2	–	–	–	1	7	–	–	2	–	–	–	–
COSTA RICA, EAST COAST	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Port Limon..........	–	–	–	–	6	5	1	–	–	–	–	–	–	–	1	–	–	–	–	–
CUBA	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Banes...............	3	–	–	1	–	1	3	–	–	–	–	–	–	–	1	–	–	–	–	–
Boca Grande.........	–	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Caibarien...........	–	–	–	–	4	–	2	–	2	–	–	–	–	–	–	–	–	–	1	–
Cardenas............	1	–	–	–	5	–	1	–	2	–	–	–	1	–	3	–	–	–	–	–
Cienfuegos..........	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
General Peraza......	–	–	–	–	1	–	1	–	1	–	1	–	2	–	–	–	–	–	–	–
Guantanamo Bay......	–	–	–	–	2	–	1	2	–	–	–	–	–	–	2	1	1	1	2	1
Havana..............	1	9	1	19	42	103	4	37	1	4	4	31	1	51	9	20	1	1	9	4
Jucaro..............	–	–	–	–	–	1	–	2	–	–	–	–	1	–	–	–	–	2	–	–
Manati..............	1	–	–	–	5	–	1	–	–	–	1	–	–	–	1	–	–	–	–	–
Manzanillo..........	–	–	–	–	–	1	–	–	–	–	–	1	–	–	–	–	–	–	–	1
Mariel..............	–	–	–	–	–	–	1	–	–	–	1	–	–	–	2	–	–	–	1	–
Matanzas............	–	–	–	–	2	–	1	–	1	–	–	–	–	–	1	–	–	–	–	–
Nicaro..............	–	–	–	1	–	5	1	–	1	–	–	–	–	–	1	–	–	–	–	–
Nipe Bay............	2	–	–	–	4	–	4	–	–	–	–	–	1	–	–	–	–	–	–	–
Nuevitas Bay........	3	–	–	–	16	6	9	–	4	–	3	2	6	–	3	2	–	–	–	–
Puerto Padre........	–	–	–	1	–	1	–	–	1	–	–	–	–	–	1	–	–	–	–	–
Puerto Maravi.......	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Santa Cruz del Sur..	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Santa Lucia.........	–	–	–	–	5	–	–	–	–	–	1	–	–	–	1	–	–	–	1	–
Santiago............	1	2	–	3	9	33	12	–	1	–	4	3	5	–	5	3	3	–	–	–
DOMINICAN REPUBLIC	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ciudad Trujillo.....	1	–	–	1	22	40	5	2	–	–	–	5	3	–	2	5	–	1	–	–
Haina...............	–	–	–	–	–	–	–	–	1	–	–	–	–	–	1	–	–	–	1	–
La Romana...........	–	–	–	–	2	–	1	–	–	–	1	–	–	–	–	–	–	–	–	–
Manzanillo Bay......	–	–	–	–	8	2	–	–	–	–	–	–	4	–	1	–	–	–	–	–
Puerto Plata........	–	–	–	–	10	1	–	–	–	–	–	1	–	–	2	–	–	–	–	–
Sanchez.............	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
FR. WEST INDIES	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fort de France......	–	–	–	–	1	–	2	–	–	–	–	–	–	–	1	–	1	1	1	–
Point a Pitre.......	–	–	–	–	–	–	1	–	–	–	–	–	–	–	1	–	–	–	–	–
GUATEMALA, EAST COAST	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Puerto Barrios......	–	–	–	1	11	15	2	2	–	1	–	2	7	3	1	1	–	–	–	–
HAITI	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Aux Cayes...........	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Cape Haitien........	–	–	–	–	1	–	2	–	1	–	1	–	–	–	–	–	–	–	–	–
Miragoane...........	–	–	–	–	–	–	1	–	1	–	–	–	–	–	–	–	–	–	–	–
Port au Prince......	–	–	–	–	28	45	11	2	7	2	2	11	2	–	–	9	–	–	–	1
St. Marc............	–	–	–	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	–	–
HONDURAS, EAST COAST	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
La Ceiba............	–	–	–	–	3	17	20	1	–	–	–	–	–	–	–	–	–	–	–	–
Puerto Cortez.......	–	–	–	–	19	11	6	1	1	–	1	–	14	–	5	–	–	–	–	–
Tela................	–	–	–	–	5	1	–	–	–	–	–	–	–	–	3	–	–	–	–	–
JAMAICA	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Kingston............	1	–	3	–	8	4	2	–	–	–	10	–	–	1	10	2	1	–	8	–
NETH. ANTILLES	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Aruba Island........	–	–	–	–	–	–	2	1	–	–	–	–	–	–	2	1	1	–	1	–
Curacoa Island......	–	–	–	–	–	2	–	5	–	–	–	3	–	–	–	6	–	1	–	3
NICARAGUA, EAST COAST	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Puerto Cabezas......	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
PANAMA, EAST COAST	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bocas del Toro......	–	–	–	–	1	–	1	–	–	–	–	–	1	–	–	–	–	–	–	–

DIRECT AND INDIRECT ARRIVALS AND DEPARTURES, BY FOREIGN TRADE AREAS, COUNTRIES, AND PORTS, OF GENERAL CARGO VESSELS IN FOREIGN TRADE AT MAJOR NORTH ATLANTIC PORTS – JULY 1 – DECEMBER 31, 1955.

(CONTINUED)

FOREIGN TRADE AREA, COUNTRY, AND PORT	BOSTON				NEW YORK				PHILADELPHIA				BALTIMORE				HAMPTON ROADS			
	DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT	
	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT
SURINAM																				
Paramaribo	-	-	-	-	2	1	3	1	3	-	-	2	-	2	4	2	-	-	2	1
TRINIDAD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Port of Spain	-	-	1	-	-	-	1	1	-	-	1	1	-	-	1	1	-	-	-	1
VENEZUELA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bachquero	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-
Carupano	-	-	-	-	1	-	2	-	1	-	1	-	1	-	-	-	-	-	-	-
Ciudad Bolivar	-	-	-	-	-	2	-	-	-	-	-	1	-	-	-	2	-	-	-	-
Guanta	-	-	-	-	2	3	6	-	4	-	1	1	2	-	1	2	-	-	-	-
La Guaira	-	-	-	-	15	128	53	4	18	-	3	45	18	8	3	47	-	-	1	12
Las Piedras	-	-	1	-	1	-	2	-	2	-	-	-	1	1	1	1	-	-	-	-
La Salina	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maracaibo	-	-	-	-	3	45	31	6	11	5	2	20	16	1	3	25	-	-	-	1
Puerto Cabello	-	-	-	-	2	4	4	-	-	-	1	1	3	-	-	2	1	-	-	-
Puerto de Hierro	-	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-
Puerto la Cruz	-	-	-	-	1	-	-	3	-	-	-	1	-	4	-	-	-	-	-	-
Puerto Sucre	1	-	-	-	1	2	3	-	3	-	1	1	-	-	1	1	-	-	-	-
San Felix	-	-	-	-	-	-	1	-	-	-	-	-	1	-	-	1	-	-	-	-
Puerto Ordaz	-	-	-	-	-	-	13	1	14	4	-	1	2	-	6	-	-	-	-	-
WINDWARD ISLANDS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
St. Lucia Island	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1
PACIFIC CENTRAL AMERICA	-	1	1	-	41	12	24	4	1	-	1	3	7	1	2	3	1	1	-	3
CANAL ZONE, SOUTH COAST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balboa	-	1	1	-	-	1	1	1	-	-	1	1	-	-	1	1	1	-	-	2
COSTA RICA, WEST COAST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Golfito	-	-	-	-	11	1	1	-	-	-	-	-	1	-	-	-	-	-	-	-
Punta Quepos	-	-	-	-	2	-	9	-	-	-	-	-	-	-	-	-	-	-	-	-
Puntarenas	-	-	-	-	1	4	1	1	-	-	-	-	-	-	-	1	-	1	-	-
EL SALVADOR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acajutla	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
La Liberdad	-	-	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-	1
La Union	-	-	-	-	-	1	-	-	-	-	-	-	-	1	-	-	-	-	-	-
HONDURAS, WEST COAST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amapula	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NICARAGUA, WEST COAST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corinto	-	-	-	-	5	1	1	1	1	-	-	1	-	-	1	1	-	-	-	-
PANAMA, WEST COAST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Panama City	-	-	-	-	1	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Puerto Armuelles	-	-	-	-	19	2	11	-	-	-	-	-	6	-	-	-	-	-	-	-
SOUTH AMERICA, EAST COAST	18	-	71	65	83	80	44	56	2	5	95	84	9	11	77	101	3	9	49	43
ARGENTINA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buenos Aires	10	-	16	14	4	31	22	12	1	3	21	20	2	7	16	29	3	1	5	14
Mar del Plata	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BRAZIL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Angra dos Reis	-	-	-	-	1	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-
Belem	1	-	3	6	3	4	4	5	-	-	3	5	-	1	3	5	-	-	1	2
Cabedelo	2	-	2	-	3	-	2	-	-	-	3	1	-	-	1	1	-	-	2	-
Fortaleza	-	-	2	-	3	-	-	-	-	-	3	-	-	-	3	-	-	-	2	-
Ilheos	-	-	3	-	4	-	-	-	-	-	4	-	-	-	2	-	-	-	-	-
Natal	1	-	-	-	-	-	1	-	-	-	1	-	-	-	1	-	-	-	-	-
Parangua	-	-	-	-	1	-	1	-	-	-	2	-	-	-	2	-	-	-	2	-
Porto Alegre	1	-	2	-	-	-	3	-	-	-	3	-	-	-	2	-	-	-	2	-
Recife	-	-	7	1	6	5	1	3	-	-	8	5	-	-	8	6	-	-	4	3
Rio de Janeiro	2	-	16	42	30	35	5	33	-	2	17	48	4	2	15	56	-	8	16	22
Rio Grande do Sul	-	-	2	-	1	-	1	1	-	-	2	1	-	1	2	-	-	-	1	-
Santos	-	-	9	-	15	3	2	1	-	-	17	3	2	-	13	3	-	-	9	2

DIRECT AND INDIRECT ARRIVALS AND DEPARTURES, BY FOREIGN TRADE AREAS, COUNTRIES, AND PORTS, OF GENERAL CARGO VESSELS IN FOREIGN TRADE AT MAJOR NORTH ATLANTIC PORTS – JULY 1 – DECEMBER 31, 1955.
(CONTINUED)

FOREIGN TRADE AREA, COUNTRY, AND PORT	BOSTON				NEW YORK				PHILADELPHIA				BALTIMORE				HAMPTON ROADS			
	DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT	
	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT
Sao Salvador	1	-	1	1	7	-	1	1	-	-	4	1	-	-	4	1	-	-	1	-
Sao Luis	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Victoria	-	-	7	-	5	-	-	-	1	-	5	-	1	-	3	-	-	-	4	-
URUGUAY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Montevideo	-	-	1	-	-	-	1	-	-	-	1	-	-	-	1	-	-	-	-	-
SOUTH AMERICA, WEST COAST	1	-	7	7	74	81	51	16	19	3	30	39	22	13	38	34	1	15	8	4
CHILE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Antofagasta	-	-	-	-	2	5	-	1	-	-	1	1	-	-	1	1	-	-	-	-
Arica	-	-	-	1	-	1	-	-	-	-	-	1	-	-	-	1	-	-	-	-
Caldera	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Huasco	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	-
San Antonio	-	-	-	-	1	3	-	1	-	-	-	1	-	1	1	-	-	-	-	-
Tocopilla	-	-	-	-	1	-	2	-	-	-	3	-	-	-	2	-	-	-	1	-
Valparaiso	-	-	-	-	-	6	-	-	-	-	-	3	-	-	-	2	-	-	-	1
COLOMBIA, WEST COAST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buenaventura	-	-	2	-	16	18	9	5	4	-	4	2	4	10	6	1	-	15	1	2
ECUADOR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bahia de Caraques	-	-	-	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-
Esmeraldas	-	-	-	-	-	-	2	-	2	-	-	-	-	-	2	-	-	-	-	-
Guayaquil	-	-	-	-	19	16	24	1	10	1	3	13	14	-	5	9	-	-	1	-
Manta	-	-	-	-	1	-	1	-	1	-	1	-	-	-	2	-	-	-	-	-
Puerto Bolivar	-	-	-	-	-	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-
Puna	-	-	-	1	-	-	-	1	-	-	-	1	-	-	-	1	-	-	-	-
PERU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Callao	1	-	4	5	30	29	6	5	-	2	12	15	2	-	12	18	-	-	2	-
Chicama	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Iquitos	-	-	-	-	-	-	1	1	-	-	-	-	-	1	1	-	1	-	-	1
Matarani	-	-	-	-	-	-	2	-	-	-	2	-	-	-	2	-	-	-	-	-
Mollendo	-	-	-	-	1	-	1	1	-	-	3	1	-	1	3	-	-	-	-	-
Paita	-	-	1	-	1	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-
San Juan Bay	-	-	-	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-	2	-
Talara	-	-	-	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-	-	-
Other Ports*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-
UNITED KINGDOM AND EIRE	30	22	18	31	114	103	28	42	1	4	50	64	6	20	67	80	2	29	69	66
UNITED KINGDOM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Avonmouth	1	-	-	1	7	-	2	11	-	-	5	8	1	6	7	5	-	5	7	5
Barry	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-
Belfast	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-	2	-	-
Dagenham	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Ellesmere Port	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1	-	1	-	-
Glasgow	7	-	-	4	12	6	8	3	-	-	9	6	1	3	17	6	1	2	17	7
Hull	-	-	-	-	3	1	-	2	-	-	3	2	-	2	3	-	-	-	1	1
Land's End	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Leith	-	-	-	-	-	1	-	3	-	-	-	3	-	-	-	3	-	3	-	-
Liverpool	15	21	8	11	27	32	6	7	-	4	15	21	-	2	15	27	1	8	17	20
London	4	-	6	8	9	25	5	1	-	-	10	15	1	-	9	22	-	2	10	18
Manchester	-	-	1	4	2	5	2	6	-	-	-	-	1	-	5	7	-	3	6	4
Middlebrough	-	-	-	-	4	-	-	-	-	-	3	-	-	-	3	-	-	-	3	-
Newcastle on Tyne	-	-	-	-	-	1	-	4	-	-	-	4	-	3	-	-	-	-	-	3
Plymouth	-	-	-	1	-	1	-	-	-	-	-	1	-	-	-	-	-	-	-	1
Southampton	-	-	1	-	26	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swansea	-	-	-	-	2	-	-	4	1	-	-	1	-	2	3	1	-	1	1	1
EIRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cobh	-	1	1	-	18	14	1	1	-	-	-	-	1	-	-	-	-	-	-	-
Cork	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Dublin	3	-	1	2	3	5	3	-	-	-	5	2	-	1	5	6	-	1	5	5
Other Ports*	-	-	-	-	-	-	1	-	-	-	-	-	1	-	-	-	-	-	1	-

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FOREIGN TRADE AREA, COUNTRY, AND PORT	BOSTON				NEW YORK				PHILADELPHIA				BALTIMORE				HAMPTON ROADS			
	DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT	
	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT
SCANDINAVIAN AND BALTIC SEA	35	7	25	46	95	116	48	33	5	10	68	59	9	6	56	80	1	28	86	78
DENMARK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aarhus	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1
Copenhagen	5	1	3	5	34	21	9	8	-	2	18	13	3	2	19	16	-	3	29	20
Esbjerg	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1	-	-
Other Ports*	-	-	-	-	-	-	1	-	-	-	1	-	1	-	-	-	-	-	-	-
FINLAND	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Helsinki	3	2	3	10	2	14	5	3	-	1	4	10	-	-	4	12	-	-	6	14
Kemi	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kotka	7	-	4	6	6	5	5	1	-	-	9	4	-	-	2	6	-	1	10	4
Turku	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GREENLAND	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ports*	-	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-	1	-
ICELAND	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reykjavik	-	-	-	-	14	13	-	-	-	-	4	1	-	-	3	2	-	-	4	3
NORWAY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bergen	2	1	2	2	10	4	1	2	-	-	3	2	-	1	4	2	-	2	4	2
Christiansand	-	-	-	-	7	1	-	-	-	-	3	-	-	-	2	-	-	-	2	-
Narvik	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-	2	-	-
Oslo	2	1	-	6	3	15	2	7	-	3	3	6	1	2	3	9	1	6	4	8
Rekefjord	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	1	-	1	-	-
Stavenger	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trondheim	1	1	-	1	2	1	-	2	-	-	2	1	-	-	2	-	-	1	2	1
Other Ports*	-	-	-	-	1	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-
POLAND	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gdynia	-	-	-	-	3	-	-	-	-	-	2	-	-	-	1	-	-	-	1	-
SWEDEN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gavle	-	-	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-	1	-	-
Gothenburg	10	1	7	15	10	37	16	5	1	-	15	21	-	1	11	22	-	5	15	21
Koping	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1	-	-
Lulea	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	-
Ortviken	1	-	-	-	-	-	1	-	-	-	1	-	-	-	1	-	-	-	1	-
Oxelosund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1	-	-
Skutskar	-	-	1	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	1	-
Sprangaviken	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stockholm	4	-	4	-	2	4	7	-	4	4	-	-	3	-	3	7	-	3	5	4
BELGIUM, NETHERLANDS, AND NORTH SEA GERMANY	21	17	50	62	179	229	46	44	9	6	151	133	13	12	144	161	15	23	146	151
BELGIUM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Antwerp	6	8	7	18	27	66	11	10	1	1	23	29	-	2	26	58	1	-	27	58
Gand	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Zeebrugge	-	-	1	-	1	-	-	1	-	-	1	-	-	-	1	1	-	2	1	-
NETHERLANDS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amsterdam	-	-	1	-	-	-	6	-	5	-	-	-	1	-	3	-	-	-	-	-
Rotterdam	3	2	21	9	45	36	6	15	3	3	32	15	1	4	24	16	1	9	24	17
Yumeden	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-
WEST GERMANY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Brake	-	-	-	-	1	-	-	-	-	-	-	-	1	-	-	-	-	-	1	-
Bremen	1	1	-	1	15	6	3	3	-	-	16	5	1	2	16	3	1	4	17	2
Bremerhaven	6	6	3	16	21	60	11	10	-	2	11	30	2	-	9	31	5	3	11	28
Emden	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-
Hamburg	5	-	17	18	68	60	9	5	-	-	68	54	4	4	65	52	5	4	62	46
Kiel	-	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	1	2	-
Lubeck	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ports*	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	-

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	DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT	
	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT
ATLANTIC FRANCE AND NORTHERN SPAIN	5	–	5	10	108	105	11	1	2	–	38	34	2	–	41	30	4	–	34	34
ATLANTIC FRANCE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bordeaux............	–	–	–	1	6	2	1	–	–	–	6	2	–	–	5	2	1	–	4	1
Cherbourg...........	–	–	1	–	23	12	–	–	–	–	–	1	–	–	–	1	–	–	–	–
Dunkerque...........	1	–	–	–	–	–	1	–	–	–	1	–	–	–	1	–	–	–	1	–
La Pallice..........	–	–	–	1	–	3	1	–	–	–	–	2	–	–	–	2	1	–	–	2
Le Havre............	4	–	3	8	71	74	5	1	–	–	28	24	1	–	29	23	–	–	26	25
Rouen...............	–	–	–	–	–	1	–	–	–	–	–	1	–	–	–	1	–	–	–	1
NORTHERN SPAIN	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bilboa..............	–	–	1	–	5	4	–	–	–	–	2	2	–	–	5	1	1	–	2	1
Cadiz...............	–	–	–	–	3	3	–	–	–	–	1	–	–	–	1	–	–	–	–	1
Huelva..............	–	–	–	–	–	–	1	–	1	–	–	–	–	–	–	–	–	–	–	–
La Coruna...........	–	–	–	–	–	2	1	–	–	–	–	–	–	–	–	–	1	–	–	1
Santander...........	–	–	–	–	–	2	–	–	–	–	–	1	1	–	–	–	–	–	–	–
Vigo................	–	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	–	–	–	1
Other Ports*........	–	–	–	–	–	1	1	–	1	–	–	1	–	–	–	–	–	–	1	1
PORTUGAL AND MEDITERRANEAN REGION	19	10	25	32	185	241	67	33	25	15	108	136	12	5	116	139	21	18	97	109
AZORES	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Ponta Delgada.......	–	–	–	–	6	2	–	2	–	1	1	1	–	–	–	1	–	1	5	2
Other Ports*........	–	–	–	–	–	–	–	1	–	1	–	–	–	–	–	–	–	–	–	–
PORTUGAL	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Leixoes.............	–	–	–	–	1	1	–	–	–	–	2	1	–	–	1	–	1	–	–	1
Lisbon..............	2	–	–	–	13	5	6	3	3	–	6	4	2	–	6	4	1	3	7	1
MEDITERRANEAN EUROPE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
CYPRUS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Larnaca.............	–	–	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	–	–	–
FRANCE, SOUTH COAST	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Cannes..............	–	–	–	–	5	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Marseille...........	–	–	1	–	11	5	1	–	–	–	6	3	–	–	12	3	–	–	10	2
GIBRALTAR	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Gibraltar...........	–	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–
GREECE	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Piraeus.............	1	–	–	2	3	23	1	2	–	–	3	4	–	1	2	9	1	1	3	10
Thessalonike........	–	–	–	–	2	–	3	–	–	–	5	–	–	–	4	–	3	–	1	–
ITALY	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bagnoli.............	–	–	–	–	–	–	2	–	–	–	1	–	1	–	–	–	1	–	1	–
Barletta............	–	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	–	–	–	1
Cagliari............	–	–	–	–	–	–	1	–	1	–	–	–	–	–	1	–	–	–	1	–
Gaeta...............	–	–	–	–	1	–	–	–	–	–	1	–	–	–	1	–	–	–	1	–
Genoa...............	6	2	11	21	53	93	12	3	3	–	28	48	1	1	31	43	2	3	24	32
Leghorn.............	–	–	5	–	8	1	1	–	1	–	3	1	–	–	2	–	–	–	4	1
Naples..............	2	2	3	2	35	17	6	5	2	–	8	11	–	1	7	7	2	2	4	2
Palermo.............	–	–	–	–	3	1	–	–	–	–	–	–	–	–	–	–	–	–	–	1
Savona..............	–	–	–	–	–	–	–	–	–	–	–	–	1	–	–	–	–	–	–	–
Spezia..............	–	–	–	–	–	–	–	–	–	–	–	1	–	–	–	–	–	1	–	–
Venice..............	–	–	–	–	1	–	–	1	–	–	–	–	–	–	–	–	–	2	–	–
SPAIN, SOUTH AND EAST COASTS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Alicante............	–	–	–	–	1	1	–	–	–	–	2	–	–	–	2	–	–	1	–	1
Barcelona...........	–	–	–	–	5	5	1	1	1	–	–	1	–	–	2	4	–	–	2	2
Cartagena...........	–	–	1	–	1	1	–	–	–	–	1	1	–	–	–	1	–	–	–	1
Malaga..............	–	–	–	–	2	1	–	–	–	–	3	1	–	–	3	–	–	–	3	–
San F. De. Guixols..	–	–	–	–	1	–	–	–	–	–	1	–	–	–	–	–	–	–	1	–
Seville.............	–	–	–	–	5	1	1	–	1	–	4	1	–	–	7	–	–	–	2	1
Valencia............	–	–	–	–	–	2	–	–	–	–	–	2	–	–	–	–	–	–	–	2

DIRECT AND INDIRECT ARRIVALS AND DEPARTURES, BY FOREIGN TRADE AREAS, COUNTRIES, AND PORTS, OF GENERAL CARGO VESSELS IN FOREIGN TRADE AT MAJOR NORTH ATLANTIC PORTS – JULY 1 – DECEMBER 31, 1955.

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FOREIGN TRADE AREA, COUNTRY, AND PORT	BOSTON				NEW YORK				PHILADELPHIA				BALTIMORE				HAMPTON ROADS			
	DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT	
	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT
TRIESTE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trieste	1	-	-	-	-	2	2	-	1	-	1	-	2	-	2	1	-	1	3	-
YUGOSLAVIA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rijeka	5	-	-	2	6	12	7	2	1	1	11	11	-	1	11	8	1	1	8	9
Spalato	-	-	-	-	2	-	-	-	-	-	2	-	-	-	2	-	-	-	-	-
Other Ports*	-	1	-	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
MEDITERRANEAN ASIA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ISRAEL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Haifa	-	-	-	-	2	7	1	1	-	-	2	7	1	-	1	6	-	2	3	3
Tel Aviv-Yafo	-	-	-	-	-	3	-	-	-	-	-	2	-	-	-	1	-	-	-	1
LEBANON	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Beirut	1	-	1	2	2	18	5	2	-	2	6	13	-	1	5	22	1	-	4	9
Tripoli	-	-	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-
SYRIA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latakia	-	-	-	-	-	1	-	-	-	-	-	1	-	-	-	1	-	-	-	1
TURKEY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derince	-	-	-	-	-	-	-	1	-	-	-	1	-	-	-	1	-	-	-	1
Iskenderon	-	-	-	-	3	11	5	1	1	1	6	8	3	-	4	8	-	-	3	7
Ismir	-	1	1	-	7	9	4	1	9	9	-	-	-	-	7	8	6	-	5	7
Istanbul	-	4	1	2	4	12	2	4	1	-	3	11	-	-	2	8	1	-	2	9
Other Ports*	-	-	-	-	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-	-
NORTHERN AFRICA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ALGERIA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Algiers	1	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Jijelli	-	-	1	-	2	-	-	-	-	-	2	-	-	-	1	-	-	-	-	-
Oran	-	-	-	-	-	-	-	1	-	-	-	1	-	-	-	1	-	-	-	1
EGYPT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alexandria	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	1	-	-	-	1
Port Said	-	-	-	-	-	1	-	-	-	-	-	1	-	-	-	1	-	-	-	-
LIBYA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tripoli	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	1	-	-	-
TUNISIA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sfax	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
AFRICA, WEST COAST	5	-	3	4	22	24	21	21	2	3	36	31	10	6	23	22	7	4	33	22
BELGIAN CONGO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Boma	-	-	-	-	4	1	-	-	-	-	1	-	-	-	2	1	-	-	4	-
Matadi	-	-	-	-	5	5	2	6	-	1	9	8	1	-	6	6	1	2	7	6
BR. W. AFRICA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Freetown	-	-	-	1	-	1	2	4	-	-	2	3	-	-	1	2	-	-	2	2
Lagos	1	-	-	-	-	-	-	2	-	-	1	1	-	-	-	2	-	2	1	-
Takoradi	-	-	1	-	4	4	6	5	-	1	9	7	6	5	-	-	4	-	6	6
CANARY ISLANDS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Las Palmas	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1	-	-	-	-
S. C. de la Palma	-	-	-	-	-	-	1	-	-	-	-	-	-	-	1	-	-	-	-	-
S. C. de Tenerife	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FR. MOROCCO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Casablanca	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
FR. W. AFRICA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dakar	3	-	1	1	1	6	5	1	-	-	3	5	-	-	3	5	2	-	3	3
Other Ports*	-	-	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-	-	1	-
LIBERIA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Monrovia	1	-	1	2	5	5	5	3	2	1	9	7	3	1	9	5	-	-	7	5
PORT W. AFRICA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Porto Amboim	-	-	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-
Other Ports	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1	-	-	-	1	-

DIRECT AND INDIRECT ARRIVALS AND DEPARTURES, BY FOREIGN TRADE AREAS, COUNTRIES, AND PORTS, OF GENERAL CARGO VESSELS IN FOREIGN TRADE AT MAJOR NORTH ATLANTIC PORTS - JULY 1 - DECEMBER 31, 1955.

(CONTINUED)

FOREIGN TRADE AREA, COUNTRY, AND PORT	BOSTON				NEW YORK				PHILADELPHIA				BALTIMORE				HAMPTON ROADS			
	DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT	
	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT
AFRICA, EAST AND SOUTH COASTS	30	-	6	25	16	19	37	29	-	-	49	45	4	-	44	46	3	-	20	24
ANGLO-EGYPTIAN SUDAN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Port Sudan.........	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-
KENYA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mombasa............	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-
MOZAMBIQUE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Beira..............	1	-	-	1	-	-	2	1	-	-	2	1	-	-	2	1	-	-	-	1
Lourenco Marques...	4	-	-	2	-	-	7	2	-	-	7	2	2	-	5	2	1	-	3	2
S. W. AFRICA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Walvis Bay.........	-	-	3	-	1	3	-	2	-	-	1	4	-	-	1	5	-	-	1	3
U. SO. AFRICA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capetown...........	15	-	1	14	9	9	15	17	-	-	21	26	-	-	18	25	1	-	9	12
Durban.............	9	-	2	8	5	7	12	7	-	-	16	12	2	-	14	13	-	-	7	6
Port Elizabeth.....	1	-	-	-	-	-	1	-	-	-	2	-	-	-	2	-	1	-	-	-
AUSTRALIAN REGION	4	-	14	1	2	2	13	20	5	-	9	17	-	-	4	11	-	1	5	18
AUSTRALIA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adelaide...........	1	-	2	-	-	1	1	-	-	-	1	1	-	-	1	1	-	-	1	-
Brisbane...........	-	-	2	1	-	1	1	8	-	-	1	6	-	-	1	4	-	1	1	7
Freemantle.........	-	-	-	-	-	-	-	1	-	-	-	1	-	-	-	1	-	-	-	1
Hobart.............	-	-	1	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-	-	-
Melbourne..........	2	-	3	-	1	-	4	2	-	-	5	2	-	-	2	1	-	-	2	2
Sydney.............	1	-	1	-	1	-	1	2	-	-	1	1	-	-	-	2	-	-	1	1
NEW CALEDONIA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Noumea.............	-	-	-	-	-	-	-	2	-	-	-	2	-	-	-	1	-	-	-	2
NEW ZEALAND	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Auckland...........	-	-	-	-	-	-	-	5	-	-	-	4	-	-	-	1	-	-	-	5
Dunedin............	-	-	3	-	-	-	3	-	3	-	-	-	-	-	-	-	-	-	-	-
Lyttleton..........	-	-	-	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-
Napier.............	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wellington.........	-	-	1	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-
INDONESIA-MALAYA	14	-	2	13	3	19	17	6	-	-	12	20	1	-	13	13	1	1	7	13
BR., MALAYA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Port Swettenham....	2	-	-	-	-	-	2	-	-	-	2	-	-	-	2	-	-	-	2	-
Singapore..........	1	-	-	6	1	10	4	2	-	-	3	8	1	-	3	8	1	-	1	6
JAVA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cheribon...........	-	-	-	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-	-	1
Soerabaja..........	4	-	-	2	-	3	4	-	-	-	2	3	-	-	2	-	-	-	-	-
SUMATRA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Belawan Deli.......	7	-	2	5	2	5	7	4	-	-	5	8	-	-	6	5	-	1	4	6
SOUTHWEST ASIA	48	-	15	26	42	62	59	4	1	4	62	46	3	1	75	49	4	2	50	44
BAHREIN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bahrein Is.	-	-	-	1	1	1	-	-	-	-	1	-	-	-	1	1	-	-	1	-
BURMA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rangoon............	1	-	-	-	-	-	1	-	-	-	1	-	-	-	1	-	-	-	1	-
CEYLON	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Colombo............	33	-	8	11	18	14	36	1	1	1	26	12	1	-	37	13	-	-	21	18
INDIA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bombay.............	2	-	1	10	9	18	7	-	-	1	13	16	1	-	14	19	4	-	9	16
Calcutta...........	6	-	-	4	-	9	9	-	-	-	8	4	-	-	8	5	-	-	8	5
Cochin.............	1	-	5	-	6	-	1	-	-	-	2	-	-	-	5	-	-	-	2	-
Madras.............	4	-	-	-	-	1	4	-	-	-	3	1	-	-	4	1	-	-	3	1
Quilon.............	1	-	-	-	-	-	1	-	-	-	1	-	-	-	1	-	-	-	1	-
Vizagapatam........	-	-	-	-	1	-	-	-	-	-	-	-	1	-	-	-	-	-	2	-
Other Ports*.......	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-

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	DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT		DIRECT		INDIRECT	
	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT
IRAN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abadan Island.......	-	-	-	-	-	1	-	-	-	-	-	1	-	-	-	1	-	-	-	-
Bandar-i-Shapur.....	-	-	-	-	-	1	-	-	-	-	-	1	-	-	-	1	-	-	-	1
Khurramshahr........	-	-	-	-	-	2	-	-	-	-	-	1	-	-	-	-	-	-	-	-
IRAQ	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Basra...............	-	-	-	-	2	2	-	1	-	1	1	2	-	-	1	1	-	-	-	-
Bagdad..............	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1	-	-	-	1
KUWAIT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kuwait..............	-	-	1	-	1	4	-	-	-	-	1	3	-	-	1	3	-	-	-	1
PAKISTAN	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Karachi.............	-	-	-	-	-	3	-	1	-	-	1	2	-	1	1	1	-	1	1	-
SAUDI ARABIA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Damman..............	-	-	-	-	1	1	-	-	-	-	1	1	-	-	1	1	-	-	-	-
Jidda...............	-	-	-	-	1	2	-	1	-	1	1	-	-	-	-	-	-	-	1	-
Ras Tanura..........	-	-	-	-	2	2	-	-	-	-	2	2	-	-	-	1	-	-	-	1
FAR EAST	11	-	10	25	21	14	39	80	6	2	31	58	8	2	32	59	4	9	35	62
FORMOSA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Keelung.............	-	-	-	-	1	-	-	-	1	1	1	1	-	-	1	1	-	1	2	-
Takao...............	-	-	-	-	-	-	-	-	1	-	-	-	2	1	-	-	-	-	-	-
JAPAN	-	-	-	-	1	-	-	-	-	-	1	-	-	-	1	-	-	-	1	-
Hakodate............	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-
Hirohata............	-	-	-	1	-	1	-	1	-	-	-	1	-	-	-	1	-	1	-	1
Kanmon..............	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kawasaki............	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	2	-	1	-	2
Kobe................	-	-	-	-	-	1	3	3	-	-	-	2	-	-	-	1	-	-	-	1
Kure................	1	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	1	1	-
Muroran.............	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1	-
Osaka...............	1	-	-	-	-	-	1	-	-	-	-	-	-	-	1	-	-	1	1	-
Tokyo...............	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1
Yawatu..............	-	-	-	-	-	-	-	2	-	-	-	-	-	1	-	-	-	2	-	-
Yokohama............	-	-	5	9	9	8	14	52	2	-	14	36	3	-	13	32	2	-	17	40
Other Ports*........	-	-	-	-	1	-	-	-	-	-	1	-	-	-	1	-	-	-	1	-
KOREA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inchon..............	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-
Pusan...............	-	-	-	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-	-	-
PHILIPPINE ISLANDS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bacolod.............	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Cebu................	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-
Dumaguete...........	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-
Hinigaran...........	-	-	-	-	1	-	1	-	-	-	1	-	-	-	1	-	-	-	2	-
Manila..............	5	-	2	9	1	1	13	13	-	-	9	11	-	-	6	14	1	1	2	12
Masinloc............	-	-	-	-	1	-	1	-	1	-	1	-	-	-	-	-	-	-	-	-
Pulupandan..........	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Tacloban............	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-
Victorias...........	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-
THAILAND	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bangkok.............	3	-	3	6	4	1	4	7	-	-	4	6	-	-	6	7	1	1	4	5
VIET NAM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Saigon..............	1	-	-	-	-	-	1	-	-	-	-	-	-	-	1	-	-	-	1	-

*Specific port not shown in Maritime Commission Records.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1962

No. 97

THE BALTIMORE & OHIO RAILROAD COMPANY,
ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 98

MARYLAND PORT AUTHORITY, ET AL.,
APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 99

INTERSTATE COMMERCE COMMISSION,
APPELLANT,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF MASSACHUSETTS

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RECORD PRESS, PRINTERS, NEW YORK, N. Y., NOVEMBER, 1962

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I.C.C. Exhibit No. 72

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF JAMES W. DAVIS
SECRETARY-TREASURER AND
DIRECTOR OF PLANNING
MARYLAND PORT AUTHORITY

[fol. 3952]

I. & S. DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF JAMES W. DAVIS

Q. Will you please give me your name, your position, and a brief statement of your experience?

A. My name is James W. Davis. I am employed by the Maryland Port Authority in its headquarters, Mathieson Building, Baltimore 2, Maryland, in the dual capacity of Secretary-Treasurer and Director of Planning. I am a graduate of North Carolina State College.

My experience in port work has been obtained during my employment with the Maryland Port Authority, with the Port of Baltimore Commission, and with the Corps of Engineers in the Baltimore District of the Corps. My employment with the Maryland Port Authority began on June 14, 1956, the year of its establishment, and I was the Authority's first employee. Prior to that, beginning August 1, 1952 and actually continuing until this time, I was and am Director of the Port of Baltimore Commission, a City of Baltimore agency. This latter agency will become defunct once a large project now under construction under the supervision of that agency is completed, and all of the functions of that agency will then be completely taken over by the Maryland Port Authority. Prior to August 1, 1952, I was employed as a civil engineer with the Corps of Engineers in the Baltimore District for a period of 14½ years, 11½ years of that period with duties associated with the development of navigable waters in the State of Maryland, including the Port of Baltimore, and with the administration of Federal river and harbor laws applicable [fol. 3953] to navigable waters. My experience during these three periods of service, therefore, covers engineering, administration, planning, development, and financing activities associated with a large port.

I. DESCRIPTION OF THE MARYLAND PORT AUTHORITY

Q. What is the Maryland Port Authority?

A. The Maryland Port Authorty is "a body politic and corporate and an instrumentality of the State of Maryland" which was established by an Act of the General Assembly of Maryland during an Extra Session of that Body in 1956. The Authority was established for the purpose of promoting and developing all of the ports of the State of Maryland, with a few minor exceptions. The Port of Baltimore, being the largest port of the State of Maryland, receives, as it should, the Authority's greatest attention and efforts.

Under the legislative act establishing the Authority, the Authority may intervene in any proceeding affecting the commerce of the Port. It is empowered "to appear in its own behalf before boards, commissions, departments or other agencies of the Federal government or of any State or international conference and before committees of the Congress of the United States and the General Assembly of Maryland in all matters relating to . . . rail rates, water rates . . . affecting the physical development of and the business interest of the Authority and those it serves".

Q. What led to the creation of the Maryland Port Authority?

A. The Maryland Port Authority is the result of many years of thinking and planning upon the part of business [fol. 3954] and legislative interests in the State of Maryland. It is also the outgrowth of previous attempts to establish a strong centralized port agency which would perform all those functions normally associated with such public agencies. Included among its predecessors was the Port of Baltimore Commission and the Port Development Commission, agencies of the City of Baltimore which, because of legislative weakness, were unable to produce sufficiently effective results as expected by the business interests of the City and State.

The Maryland Port Authority is presently concluding negotiations with the City of Baltimore whereby certain City performed port functions and city owned properties will be completely transferred to the Authority on January 1, 1958, in accordance with legislative intent.

II. DESCRIPTION OF THE PORT OF BALTIMORE

Q. You have indicated that the Port of Baltimore is the principal port within the State of Maryland with which the Maryland Port Authority is concerned. Is it not true that the Port of Baltimore is the only port presently existing in the State of Maryland which would be directly affected by any decision in connection with the present proceedings?

A. Yes. I would like to point out, however, that the Port of Baltimore includes more than waterways solely within the limits of the City of Baltimore. By legislative enactment many years ago, the Port of Baltimore was described as the Patapsco River and all its tributaries and all of the land bounding on the river and its tributaries. The Port, [fol. 3955] therefore, includes the City of Baltimore and portions of Baltimore County and Anne Arundel County bordering the shoreline of the Patapsco River and its tributaries. The Port of Baltimore comprises about 60 miles of shoreline, of which about 40 miles are improved.

Q. Will you describe in general the facilities of the Port?

A. Facilities of the Port of Baltimore include some 270 piers, wharves and docks of various designs and types, with depths of water alongside of up to 40 feet at mean low water. Many of these have rail trackage connecting with the trunk line, terminal and industrial railroads serving the Port, and a large number of them are within areas close to the center of the City of Baltimore. Wide and well-paved marginal streets and highways, together with access roads and driveways, provide suitable approaches to all piers for motor trucks.

A great majority of the general cargo shipping in overseas, coastwise or intercoastal trades at the Port of Baltimore is done over terminals located in the Northwest Branch, the north side of the Middle Branch, and on the north side of the Patapsco River at Canton.

Most deep-draft foreign and domestic shipping of the Port, other than that handled at the wharves of the numerous industrial plants, is concentrated at the ocean terminals operated by the trunk line railroads, the Baltimore and Ohio, the Pennsylvania, and Western Maryland, and by the terminal line, the Canton Railroad. Freight moving over these terminals is handled quickly and efficiently as all facilities are equipped with depressed or apron tracks permitting transfer of cargoes directly between rail cars [fol. 3956] and ships. Facilities are provided at the rail terminals for receipt and delivery of motor truck freight.

Q. Will you please describe the navigation channels which serve the Port of Baltimore?

A. The Port of Baltimore possesses two different exits to the ocean trade routes of the world. The principal route is via the southerly course through the Chesapeake Bay and the Chesapeake Capes to the open ocean off Hampton Roads, the distance being 150 nautical miles. The Chesapeake Capes route from the Port includes the main ship channel, 20 miles long, from Fort McHenry, in the center of the Port, to deep water in the Chesapeake Bay, and also includes the York Spit and Cape Henry Channels in the lower bay, all of which are maintained at 39-foot depth, soon expected to be increased to 42 feet. Branch channels in Curtis Bay, Northwest Branch, and Middle Branch are maintained to a depth of 35 feet, the first two soon expected to be increased to 42 feet.

The Chesapeake and Delaware Canal is a sea level, toll-free waterway, 15 miles long, operated by the Corps of Engineers. It offers a short protected route between Baltimore and other leading North Atlantic ports, and further provides this Port's second exit to the sea via the Delaware Bay, a distance of 125 nautical miles. The depth of the Chesapeake and Delaware Canal is maintained at 27 feet and it has been approved by the Congress for a deepening to 35 feet.

The provision of these aforementioned channels or routes was at Federal expense. The provision of the route via the Capes was at a cost of $26,841,200, and the provision of the [fol. 3957] route via the Chesapeake and Delaware Canal was at a cost of $55,584,216, which costs include both new work and maintenance.

In addition to the dredging performed by the Federal government, the City of Baltimore, beginning in the year 1876, has expended a total of $6,193,611 to provide and maintain other channels of the Port, particularly in the Northwest Branch which, under provision of the Federal law applying to channels at Baltimore, must originally be dredged by the City of Baltimore before it is made a part of the Federal project.

Q. Do you have a map which will show the Port of Baltimore?

A. Yes. I have two such maps. Exhibit No. —— (JWD-1) is a brochure of maps prepared by the Maryland Port Authority to show the various sections of Baltimore Harbor. The maps in this brochure are keyed in such a way that the owner and/or operator of the various facilities illustrated are shown on the facing page. The maps in this brochure include all of the developed shoreline of the Port of Baltimore.

In addition to the brochure, I also have Exhibit No. —— (JWD-2) which is a map entitled, "Location Map of Railroad Sidings and Industrial Tracks in Baltimore". This maps shows in different colors the locations of the various railroads and railroad terminals at the Port of Baltimore, and the key to this coloring system is shown in the legend of the map. Although the map lists a number of railroads, including several industrial roads, only the four principal railroads serving the port have terminal facilities which will be described for this testimony. These are the four which [fol. 3958] have heretofore been named, the Baltimore and Ohio, the Western Maryland, the Pennsylvania, and the Canton Railroads.

Q. It is understood that the principal facilities of these railroad owned and/or operated terminals are located in four areas of the Port. Will you name these areas?

A. On the westerly side of the Northwest Branch of Baltimore Harbor is located the Locust Point Terminal of the Baltimore and Ohio Railroad. This same railroad owns and operates in the Curtis Bay area bulk facilities for the receipt of ore and the export of coal. The locations of these facilities, with access track system, are shown in blue on Exhibit No. —— (JWD-2).

The Western Maryland Railway has its terminal for both general cargo and bulk materials in an area known as Port Covington on the north side of the Middle Branch of the Patapsco River. The locations of these facilities and the approach rail system are shown in green on Exhibit No. —— (JWD-2).

The Canton Railroad and the Pennsylvania Railroad have their terminals and their rail systems located in areas known as Lower Canton on the north side of the Patapsco River and Upper Canton on the east side of the Northwest Branch of the Patapsco River. The locations of the Canton Railroad facilities are shown in brown, and the locations of the Pennsylvania Railroad facilities are shown in red on Exhibit No. —— (JWD-2).

Although these are the principal facilities for the receipt and shipment of cargo at the Port of Baltimore, there are other minor facilities which I would like to describe sub- [fol. 3959] sequently in view of their relatively minor importance in comparison with the four major railroad facilities.

Q. Will you please describe in detail the facilities of the four railroad owned and/or operated terminals which you have named, including a brief resume of their historical development?

BALTIMORE AND OHIO RAILROAD COMPANY

A. I shall begin with those facilities owned by the Baltimore and Ohio Railroad Company. The locations of these facilities are shown in blue on Exhibit No. —— (JWD-2).

The rails of the Baltimore and Ohio were extended to Locust Point in Baltimore Harbor in 1849. The railroad built its first piers at Locust Point in 1868 as part of an agreement with the North German Lloyd S.S. Company to promote the interchange of commerce between Baltimore and Bremen, Germany.

The present day waterfront facilities of the Baltimore and Ohio Railroad in Baltimore Harbor are known as the Locust Point Marine Terminal and the Curtis Bay Terminal. These facilities were built and are owned and maintained by the Baltimore and Ohio Railroad Company. The facilities are operated by the railroad in conjunction with local stevedoring companies. The Locust Point Terminal is equipped to handle both general cargo and certain bulk commodities. The Curtis Bay Terminal consists of specialized facilities for the handling of import ores and for the transfer of coal to vessels for export and for coastwise and harbor delivery.

The Locust Point Marine Terminal facilities are shown in detail on Exhibit No. —— (JWD-3), which is a map [fol. 3960] entitled, "The Baltimore and Ohio Railroad Company—Locust Point Terminal". Exhibit No. —— (JWD-3A) is an outline description of the characteristics of each pier and the services each is adapted to provide at this terminal.

Summarized, the Locust Point Terminal comprises 10 large general merchandise piers and a modern grain elevator for ocean commerce. In addition, a gravity coal pier and two double track float bridges are located at Locust Point, both of which are used to serve local business in Baltimore Harbor.

The 10 merchandise piers provide 24 ship berths; 2 of the berths are open, 5 have one-story transit sheds, and 3 have two-story transit sheds. The 2 open berths have a combined deck area of 100,000 square feet. The total covered area of the 8 berths, with transit sheds, is about 1,000,000 square feet or approximately 23 acres. A 60-foot wide roadway provides for free and easy movement of truck traffic to and from the piers.

Overall, the Baltimore and Ohio Locust Point Terminal, including direct rail supporting facilities, occupies about 350 acres. It is served by classification and supporting rail yards with a capacity of about 2,700 cars, and has more than 4 miles of track on piers alone.

The original cost of the Baltimore and Ohio's facilities at Locust Point was approximately $20,900,000. The present day reproduction cost of the marine terminal would be approximately $75,000,000.

These figures do not include the new Fruit Pier which is [fol. 3961] presently under construction on the south side of Locust Point at an estimated cost of $4,300,000. This new Fruit Pier is also shown on Exhibit No. —— (JWD-3) and is separately described in an outline description contained in Exhibit No. —— (JWD-3B).

The Baltimore and Ohio Railroad Company has spent over $2,300,000 in improvements, other than new pier construction to its Locust Point facilities, in the post-war years. An outline description of these improvements made by the railroad is shown on Exhibit No. —— (JWD-3C).

There is sufficient waterfront and supporting acreage owned by the Baltimore and Ohio at Locust Point both for substantial expansion of present pier facilities and construction of new piers. The Baltimore and Ohio also owns substantial acreage of waterfront property at other locations in Baltimore Harbor which are suitable for the construction of another large marine terminal.

Along the southerly shore of Locust Point, east and west of the new Fruit Pier, the Baltimore and Ohio has a waterfront aggregating about 1,550 feet for future pier development. This location is adapted to construction of piers and slips up to 1,300 feet in length. The Baltimore and Ohio also has substantial acreage at Marley Neck suitable for waterfront development.

As mentioned previously, the Baltimore and Ohio has built and maintained the Curtis Bay Terminal, which comprises a coal pier and a modern ore pier. The Curtis Bay Terminal, together with its supporting rail yard, is shown in detail on Exhibit No. —— (JWD-4), which is a map entitled, "The Baltimore and Ohio Railroad—Curtis Bay [fol. 3962] Terminal". An outline description of the coal and ore piers is contained in Exhibit No. —— (JWD-4A).

The original cost of the Curtis Bay Terminal facilities was about $9,700,000. Present day reproduction cost would be approximately $25,000,000.

Since 1953, the Baltimore and Ohio has spent approximately $102,000 in improvements to its Curtis Bay Terminal. These improvements are described in outline on Exhibit No. —— (JWD-4B). There is room also on Baltimore and Ohio owned ground for substantial expansion of the Curtis Bay Terminal by the railroad.

The reproduction costs used in the preceding description, and those which will follow, are based upon I.C.C. Elements of Expense, dated December 31, 1955.

WESTERN MARYLAND RAILWAY COMPANY

I shall next describe the facilities of the Western Maryland Railway Company at Port Covington. The locations of these facilities are shown in green on Exhibit No.—— (JWD-2).

Construction of the tidewater extension from the main line of the Western Maryland Railway at Walbrook Junction, Baltimore, to Port Covington, was completed September 20, 1904. Four days later, when the line went into service, waterfront and operating facilities were also placed in service. The waterfront facilities at that time consisted of covered merchandise ore freight pier, a coal pier, and a transfer bridge for the interchange of freight cars between rail and barge. An open pier was added in the fall [fol. 3963] of 1912, and a grain elevator with a capacity of 1,000,000 bushels was completed in 1915. In 1930, a crane for handling of ore and bulk materials was installed on the open pier, and on two occasions since, the pier has been extended a total of about 700 feet. On each occasion, an additional crane was added. The grain elevator also has been enlarged on two different occasions, first to 3,500,000 bushel capacity, and just last year to 4,785,200 bushel capacity. On September 5, 1919, the original coal pier, with adjustable coal chutes, was destroyed by fire and was replaced in April, 1921 with a lift type dumper pier which was extended in 1927 to its present length and a rotary dumper added.

In 1929, the Port Development Commission of Baltimore, at a cost of $8,500,000, built the McComas Street Terminal, which was then adjacent to and is now a part of the Port Covington Terminal, and leased it to the Western Maryland Railway Company. The terminal, as originally constructed, had three piers and one warehouse connected by 10-ton capacity bridges at second floor level, with storage capacity for 120,000 tons of freight and dock space for 6 ocean-going vessels. Since originally constructed, ramps have been added to permit easier access by truck to the second floor of the piers and warehouse. At present, work is underway which will extend and widen Pier 9 to provide a second apron track and docking space for another vessel and add another 115,000 square feet of covered floor space to the terminal; the apron on Pier 8 is also being widened and a second track is being added, and roadway and track facilities are being enlarged in keeping with the expanded [fol. 3964] facilities—all at a cost of approximately $4,250,000. All of this additional work is being financed by the Port of Baltimore Commission and is to be leased to the Western Maryland Railway Company for a long term.

In 1932, a 2,000,000 gallon molasses storage tank was erected, and from time to time since then the facility has been modernized with new pumps, boiler, etc.

Exhibit No. —— (JWD-5), which is a map entitled, "Western Maryland Railway Company Property at Port Covington and McComas Street" shows these facilities in detail. Exhibit No. —— (JWD-5A) gives an outline description of the facilities.

Summarized, the Port Covington Terminal contains 4 merchandise piers, a grain elevator, a coal pier, and an ore pier, with a total berthing space at all piers for 16 ocean-going vessels. In addition, there is a large molasses storage tank, a storage warehouse with 43,200 square feet of floor space, and 2 double track float bridges. The 4 merchandise piers have berths for 9 vessels and a covered area, including the warehouse, of approximately 612,000 square feet. The berthing space for vessels and the covered area will both be increased as heretofore indicated when the extension to Pier 9 is completed.

Overall, the Port Covington Terminal of the Western Maryland Railway Company consists of 151 acres of fast land and 50 acres under water, or a total of 201 acres. It contains 210 tracks, with a yard capacity of 3,000 cars and a working capacity of 2,500 cars.

[fol. 3965] The original cost of the Western Maryland Railway Company's facilities at Port Covington was approximately $14,300,000. The present day reproduction cost of the terminal would be approximately $31,721,175. These figures do not include the cost of the McComas Street piers built by the City and leased to the Western Maryland Railway Company, which cost to the City, including that now being spent for new construction, is $12,750,000. It has been estimated that the reproduction cost of the McComas Street piers would be about $25,000,000.

Since 1945, the Western Maryland Railway Company has spent approximately $5,027,438 in improvements at Port Covington as described in Exhibit No. —— (JWD-5B).

CANTON RAILROAD COMPANY

I shall next describe the facilities of the Canton Railroad Company located in what is known as the Lower Canton area of the Port of Baltimore. The locations of these facilities, with rail connections, are shown in brown on Exhibit No. —— (JWD-2).

The Canton Railroad Company, a terminal railroad, was incorporated in Maryland in 1906 and proceeded to build the Canton Terminal and to construct the necessary rail lines in the interior to provide terminal supporting facilities and connections with the three trunk line railroads, as well as to provide adequate railroad facilities to serve the demands of the industrial developments and public needs in the Canton section of the City of Baltimore.

[fol. 3966] The line, as first constructed, extended from the waterfront at the Foot of Bayliss Street to a point in Oldham Street north of Holabird Avenue. The effect of and need for this railroad service was immediately apparent. Industries in increasing numbers began locating on the lines of the Canton Railroad and the traffic handled at its waterfront terminals grew continuously, which necessitated extending and enlarging the facilities to meet the requirements of this increasing traffic.

The main line, as now located, extends from the waterfront of the Patapsco River at the Foot of Bayliss Street, to Eastern Avenue and Rolling Mill Road. From this main line, tracks extend in many directions to provide extensive supporting facilities for the waterfront terminals and to serve the various industries in this district. Interchange with the Pennsylvania Railroad and the Baltimore and Ohio Railroad is made by direct rail connections. Interchange with the Western Maryland Railway is made by carfloat.

The present day waterfront facilities of the Canton Railroad Company are known as the Canton Terminal. These facilities are operated and maintained by the Canton Railroad Company. A portion of the facilities are owned by the Canton Company of Baltimore and leased for a period of 99 years to the Canton Railroad Company. The Canton Terminal is equipped to handle both general cargo and bulk commodities. The terminal includes the specialized facilities for the handling of bulk import ores

The Canton Terminal and its supporting facilities are shown in detail on Exhibit No. —— (JWD-6), which is a [fol. 3967] map entitled, "Canton Railroad Company, Baltimore, Maryland". Exhibit No. —— (JWD-6A) is an outline description of the characteristics of each pier and the services each is adapted to provide.

Summarized, the Canton Terminal consists of 4 large merchandise piers, a double track float bridge, and a modern ore pier, together with necessary supporting facilities, equipment and appurtenances for operating and maintaining this terminal.

The 4 merchandise piers provide 10 ship berths. One of the piers has approximately 960 feet of the outer end open, and on these 4 piers there are 7 transit and/or storage buildings. Of these 7 buildings on the merchandise piers, 4 are one-story in height, one is two-stories with a one-story annex, one is three-stories, and one is six-stories with a three-story annex. The open outer end at Pier 10 has an area of approximately 195,000 square feet. The area of the 4 piers covered with buildings is about 337,000 square feet or approximately 7.74 acres. Highway access to the piers is provided by means of private macadam roadways serving all piers.

Overall, the Canton Railroad Company's Canton Terminal, including rail supporting facilities, occupies about 245 acres. It is served by classification and supporting rail yards with a capacity of about 1,200 cars.

The original cost of the Canton Railroad Company's facilities at Canton was approximately $8,300,000. The present day reconstruction cost of the terminal would be approximately $33,000,000.

[fol. 3968] The Canton Railroad Company has spent over $735,000 in improvements to its Canton facilities in the post-war years. Exhibit No. —— (JWD-6B) is an outline description of these post-war improvements made by the railroad

There is sufficient waterfront and supporting acreage at Canton both for substantial expansion of present pier facilities and the construction of new piers

PENNSYLVANIA RAILROAD COMPANY

I shall next describe the facilities of the Pennsylvania Railroad Company which are located in both the Lower and Upper Canton areas of the Port of Baltimore The locations of these facilities with rail access are shown in red on Exhibit No —— (JWD-2).

The Pennsylvania Railroad Company first constructed trackage in the Canton area of Baltimore Harbor in the year 1873. The first piers were built in 1897 to enable the railroad to complete its line connecting navigational interests on the Great Lakes with those on the Atlantic Ocean. The facilities were built by the Northern Central Railroad Company and are owned and maintained by the Northern Central Railroad Company, but are operated by the Pennsylvania Railroad Company in connection with local stevedoring companies.

The facilities in the area known as Upper Canton are equipped to handle both general cargo and bulk commodities, in addition to handling coal for transfer to vessels for export and local delivery. Portions of the facilities in [fol. 3969] the area known as Lower Canton are equipped to handle general cargo. In addition, there are also located in Lower Canton specialized facilities for handling grain and import ores. The Pennsylvania Railroad operated facilities are shown in detail on Exhibit No. —— (JWD-7), which is a map entitled, "Pennsylvania Railroad Facilities in the Port of Baltimore, Md." Exhibit No. —— (JWD-7A) is an outline description of the characteristics of each pier and the services each is adapted to provide.

Summarized, the facilities consist of 4 merchandise piers and a modern grain elevator, coal pier and ore pier. Moreover, there is a double track float bridge located in Upper Canton which handles both export and domestic traffic requiring carfloat delivery.

The 4 merchandise piers provide 12 ship berths. One of the piers is open, one has a one-story transit shed, and two have two-story transit sheds. The one open pier has an area of approximately 30,000 square feet. The total covered area of the other piers is approximately 465,000 square feet or nearly 11 acres. Truck traffic has easy access to the piers direct from paved City streets.

The Pennsylvania Railroad Company and subsidiaries have built and maintained a modern coal pier, ore pier and grain elevator, which provide a total of 10 ship berths.

All of the above piers are served by classification and supporting rail yards with a capacity of about 3,700 cars. There are more than 5 miles of track on the piers alone. [fol. 3970] The original cost of the Pennsylvania Railroad Company's facilities in the Port of Baltimore was approximately $18,359,400. The present day reproduction cost of these facilities would be about $48,741,900.

The Pennsylvania Railroad has spent over $1,957,000 in improvements, other than new pier construction, to its Canton facilities in the post-war years. An outline description of these post-war improvements is shown on Exhibit No. —— (JWD-7B).

There is sufficient waterfront and supporting acreage in the Canton area both for substantail expansion of present pier facilities and the construction of new piers.

The aforegoing descriptions cover the major marine terminals at the Port of Baltimore, all of which are operated by railroads.

Q. You have stated heretofore that there are other relatively minor facilities at the Port of Baltimore which would have bearing on the case at issue. Would you please describe them?

A. In the order of their importance in connection with the present case, the descriptions of these other facilities follow.

RUKERT TERMINALS CORPORATION

The Rukert Terminals Corporation maintains piers and warehouses for the receipt and storage of general merchandise and various bulk materials at four points in Baltimore Harbor. It also operates the Port's only cargo fumigation facility. Services performed by the organization include weighing and sampling, bagging bulk materials, export packing and crating, stevedoring, and heating and drumming tank car exports.

[fol. 3971] The Corporation's facilities are:

JACKSON'S WHARF TERMINAL—This is a covered pier with a length of 340 feet and a width of 70 feet. It has a two-story covered shed with floor area of 40,800 square feet supported by a four-story warehouse with 53,265 square feet of floor space. It is served by tracks of the Pennsylvania Railroad Company accommodating 18 cars. There is a berth for one ship with a depth of water alongside of 24 feet. This facility is shown on Exhibit No. —— (JWD-1) on page entitled, "Northwest Branch", and is keyed 128.

CLINTON STREET TERMINAL—This is a one-story storage building with 48,750 square feet of space. It is served by Pennsylvania Railroad tracks of 36 car capacity and by Pier No. 5 of that railroad, which has a berthing for one ship with 32 feet of water. The 3,750 cubic foot fumigation facility is also located here and it is used extensively for serving foreign cotton, broom corn and other imports requiring fumigation. This facility is keyed 106 on the aforementioned exhibit and page.

LAZARETTO POINT WAREHOUSES—The pier here is 505 feet long with depth of water alongside of 32 feet, providing a berth for one vessel. The facility is supported by storage units for hazardous and non-hazardous merchandise, containing an aggregate of 200,000 square feet of floor space. It is served by tracks of the Pennsylvania Railroad. This facility is keyed 103 on the aforementioned exhibit and page.

[fol. 3972]

BROWN'S WHARF—This pier is 310 feet long and has a depth of water alongside of 24 feet, providing one berth. General merchandise storage units of 82,520 square feet of floor space support the wharf. Pennsylvania Railroad tracks of 8 car capacity serve the facility. This facility is keyed 127 on the aforementioned exhibit and page.

BELT'S WHARF WAREHOUSES, INC.

Belt's Wharf Warehouses, Inc. is located on the waterfront near the foot of Fells Street. This facility consists of general merchandise warehouses, having a floor space of 120,000 square feet comprising the main buildings with 2 covered piers immediately adjacent, the larger of which can berth a vessel up to 425 feet long and the smaller a vessel up to 300 feet long. The facilities are served by spur tracks of the Baltimore and Ohio Railroad and by lighterage to the Pennsylvania Railroad and the Western Maryland Railway.

While the company's business includes handling and storing the usual wide scope of general merchandise, there is emphasis on canned goods, especially canned meats, and practically all of the green coffee imports at Baltimore are handled here. The staff of experienced men are trained in weighing, sampling, forwarding, storing, skimming, reconditioning and sorting. U. S. Customs Bonded space and electric oven incubation for imported canned hams are among the facilities available. These facilities are shown on Exhibit No. —— (JWD-1) on page entitled, "Northwest [fol. 3973] Branch", and are keyed 124.

MUNICIPAL PIERS

The City of Baltimore owns a total of 13 piers and wharves throughout the harbor district which are used principally for the accommodation of vessels in the coastwise trade and for storage and similar purposes.

Six of these City-owed piers, with depths of water alongside of 24 feet and lengths ranging from 573 feet to 1,456 feet, are along East Pratt Street in the Inner Harbor. These piers are shown on Exhibit No. —— (JWD-1), on page entitled, "Northwest Branch", and keyed 2 through 7. Some of these are leased to steamship companies operating coastwise or in the fruit import trade. Others are used for receiving sand and gravel, receipt and storage of lumber, and docking of vessels while they are ceiled for grain.

Another municipally owned pier, known as Pier 7, Lancaster Street, is used for the mooring of icebreakers and other floating equipment operated by the Bureau of Harbors and for police and fireboat stations. This pier is keyed 1 on the aforementioned exhibit and page.

Still another municipally owned pier is at the Foot of Broadway, and is a marginal type pier 500 feet long with water depth alongside of 23 feet and is useable for many purposes in the receipt and discharge of cargo. This pier is keyed 127 on the aforementioned exhibit and page.

Another municipally owned pier at the Foot of Broadway is the Recreation Pier which is 500 feet long, 150 feet [fol. 3974] wide, and has water depth alongside of 22 feet and 27 feet, providing 2 berths. This covered pier is used mainly to discharge inbound cargoes and to moor ships being ceiled for grain. It is keyed 126 on the aforementioned exhibit and page.

No reliable figures are available as to the original costs or the reproduction costs of these minor facilities just described. Needless to say, however, they represent millions of dollars in investments.

INDUSTRIAL PIERS

Q. Will you briefly discuss other piers at the Port of Baltimore?

A. The Port of Baltimore is noted for the large industrial complex which it supports, and many of these industries have their own piers for the purpose of receiving raw materials and shipment of finished products. The prime example, and the only one which I will specifically name, are those facilities of the Bethlehem Steel Company which consist of piers for the receipt of ores and coal and the shipment of finished steel products. Many chemical, fertilizer and oil companies also have their own piers at the Port, as do many other industries.

LIGHTERAGE AND CARFLOAT INTERCHANGE

Q. Is there an interchange of cargo at the Port of Baltimore other than that hauled by rail?

A. In addition to the rail systems linking the various sections of the Port of Baltimore by direct rail connection, there is also a large movement of cargo through the use of lighters and carfloats. Approximately 8 per cent of the [fol. 3975] Port's general cargo is handled in this manner. There are 83 lighters, both covered and open, presently in service at the Port and the total original investment in this equipment is $1,093,590. In addition to lighters, there are also 35 carfloats in service and the total original investment in these carfloats was $3,811,711.

The time involved in the movement of these lighters and carfloats from point to point in the harbor varies from 15 minutes to 1 hour and 15 minutes. This additional linking of the Port's facilities makes even more efficient the Port's cargo handling capabilities.

ADDITIONAL CARGO CAPABILITIES

Q. Is the Port of Baltimore in a position to handle more cargo than it presently does?

A. Yes. Although a modernization program insofar as pier facilities are concerned is needed at Baltimore and is proposed, there has been demonstrated heretofore, during period of strikes at other ports, that the Port of Baltimore can handle additional cargo. At one time, such additional cargo handling at the Port resulted in extreme congestion and inefficiency of operation, but under controlled practices now in operation at the Port, the Port has actually handled a much larger cargo volume with efficiency and dispatch. As the modernization program advances, even more cargo may be handled at the Port due to the more efficient type of piers which will result. This is actually [fol. 3976] demonstrated as of this time by the partial completion of a new pier and modernization program at the Western Maryland Railway, Port Covington Terminal.

[fol. 3977] VERIFICATION

James W. Davis, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(Signed) James W. Davis
James W. Davis

Subscribed in my presence, and sworn to before me, by the affiant above named, this 9th day of October, 1957.

(Signed) Edna Brown

Notary Public, State of Maryland
My Commission expires 5-4-59

SEAL

[fol. 3978]

I.C.C. Exhibit No. 73

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N. W., Washington, D. C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Verified Statement of Frederick H. N. Heemann

TRANSPORTATION DEPARTMENT
MARYLAND PORT AUTHORITY
BALTIMORE, MARYLAND

(Omitted in printing.)

* * * * * * *

Exhibit No.________(FH-2)
I.S. Docket No. 6615
Witness - Fred'k H.N. Heemann

COMPARATIVE STATEMENT SHOWING A PROGRESSION OF THE BALTIMORE DIFFERENTIALS OF 8 CENTS AND 3 CENTS APPLICABLE TO AND FROM DIFFERENTIAL TERRITORY SINCE 1914, THE AGREED 1877 DIFFERENTIALS HAVING BEEN INCREASED (OR DECREASED) TO THE SAME EXTENT AS THE 1877 RATES WERE INCREASED (OR DECREASED) TO AND FROM DIFFERENTIAL TERRITORY.

Year	I.C.C. Proceedings	(1) Increase (or Decrease)	Differentials	
1877 to 1914	Base	—	8	3
1915	5% increase	5%	8.40	3.15
1917	15% increase	15%	9.66	3.62
1918	General Order #28	25%	12.07	4.53
1920	Increased Rates - 1920	40%	16.90	6.34
1922	Reduced Rates - 1922	10% (Reduction)	15.21	5.71
1938	Ex Parte 123, 3-28-38	10%	16.73	6.28
1947	Ex Parte 162, 1-1-47	25%	20.91	7.85
1948	Ex Parte 166, 8-21-48	30%	27.18	10.21
1949	Ex Parte, 168, 9-1-49	10%	29.90	11.23
1952	Ex Parte, 175, 12-1-52	15%	34.39	12.91
1956	Ex Parte, 196, 3-7-56	6%	36.45	13.68
1957	Ex Parte 206, 8-26-57	14%	42.00	16.00

(1) All increases except as otherwise indicated.

CORRECTED EXHIBIT

Exhibit No. ________ (FH-3) Page 1
I.S. Docket No. 6615
Witness - Fred'k H.N. Heemann

COMPARATIVE STATEMENT PROVIDING SPECIFIC ILLUSTRATIONS TO SHOW THE 1ST, 5TH AND 6TH CLASS RATES APPLICABLE TO AND FROM NEW YORK AND BALTIMORE, FROM AND TO REPRESENTATIVE DIFFERENTIAL TERRITORY POINTS, AS PUBLISHED IN 1914 (PRIOR TO ANY INCREASES), 1931-1932 (DOCKET 15879 ADJUSTMENT), AND IN 1957 INCLUDING THE EX PARTE 196 INCREASE AND THE 1957 RATES INCLUDING THE EX PARTE 206 INCREASE EFFECTIVE AUGUST 26, 1957.

The various columns (A to G) preceding the 1957 Ex Parte 196 and Ex Parte 206 rates represent the following:

A - The Docket 28300 Domestic Rates.
B - The published import rates
C - Import rates reflecting existing port differentials
D - Import rates differentially made over Baltimore or under New York, using the increased differentials as shown in Exhibit No.________(FH-2) under the Ex Parte 196 increase and the Ex Parte 206 increase.
E - Export rates as published
F - Export rates reflecting existing port differentials
G - Export rates differentially made over Baltimore or under New York, using the increased differentials as shown in Exhibit No.________(FH-2) under the Ex Parte 196 and the Ex Parte 206 increases.

			1st Class				5th Class			6th Class		
Item	Year	Between	Domestic		Import	Export	Domestic	Import	Export	Domestic	Import	Export
I	1877-1914	Chicago & New York	75		75	75	30	30	30	25	25	25
		Chicago & Baltimore	WB 67	EB 72	67	72	27	27	27	22	22	22
		Spread	8	3	8	3	3	3	3	3	3	3
II	1931-1932 (15879)	Chicago & New York	152		148	143	53	52	52	42	42	42
		Chicago & Baltimore	140		140	140	49	49	49	39	39	39
		Spread	12		8	3	4	3	3	3	3	3

			1st Class							5th Class							6th Class						
Item	Year	Between	A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
III	1957 (Includes Ex Parte 196)	Chicago & New York	396	347	344	365	340	339	350	139	122	122	128	122	122	128	108	96	95	101	96	95	101
		Chicago & Baltimore	366	336	336	329	336	336	336	128	119	119	114	119	119	114	101	92	92	87	92	92	87
		Spread	30	11	8	36	4	3	14	11	3	3	14	3	3	14	7	4	3	14	4	3	14
IV	1957 (Includes Ex Parte 206)	Chicago & New York	444	396	391	416	388	386	399	156	139	139	146	139	139	146	121	109	108	115	109	108	115
		Chicago & Baltimore	410	383	383	374	383	383	383	143	136	136	130	136	136	130	113	105	105	99	105	105	99
		Spread	34	13	8	42	5	3	16	13	3	3	16	3	3	16	8	4	3	16	4	3	16

WB-Westbound Rates
EB-Eastbound Rates

Underscored figures indicate corrections

Item	Year	Between	1st Class							5th Class							6th Class						
			Domestic			Import			Export	Domestic			Import			Export	Domestic			Import			Export
			A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
I	1877-1914	Cleveland & New York	53			53			53	21			21			21	18			18			18
		Cleveland & Baltimore	WB 45	EB 50		45			50	18			18			18	15			15			15
		Spread	8	3		8			3	3			3			3	3			3			3
II	1931-1932 (15879)	Cleveland & New York	116			110			105	41			39			39	32			31			31
		Cleveland & Baltimore	102			102			102	36			36			36	28			28			28
		Spread	14			8			3	5			3			3	4			3			3
III	1957 (Includes Ex Parte 196)	Cleveland & New York	305	253	252	279	247	247	258	107	89	89	98	89	89	98	84	72	71	76	72	71	76
		Cleveland & Baltimore	269	244	244	243	244	244	244	94	86	86	84	86	86	84	74	68	68	62	68	68	62
		Spread	36	9	8	36	3	3	14	13	3	3	14	3	3	14	10	4	3	14	4	3	14
IV	1957 (Includes Ex Parte 206)	Cleveland & New York	342	288	286	318	282	281	294	120	101	101	112	101	101	112	94	82	81	87	82	81	87
		Cleveland & Baltimore	301	278	278	276	278	278	278	105	98	98	96	98	98	96	83	78	78	71	78	78	71
		Spread	41	10	8	42	4	3	16	15	3	3	16	3	3	16	11	4	3	16	4	3	16
I	1877-1914	Columbus & New York	59			59			59	23			23			23	20			20			20
		Columbus & Baltimore	WB 51	EB 56		51			56	20			20			20	17			17			17
		Spread	8	3		8			3	3			3			3	3			3			3
II	1931-1932 (15879)	Columbus & New York	123			114			109	43			40			40	34			32			32
		Columbus & Baltimore	106			106			106	37			37			37	29			29			29
		Spread	17			8			3	6			3			3	5			3			3
III	1957 (Includes Ex Parte 196)	Columbus & New York	323	265	262	290	259	257	268	113	92	92	103	92	92	103	89	73	73	81	73	73	81
		Columbus & Baltimore	276	254	254	254	254	254	254	96	89	89	89	89	89	89	75	70	70	67	70	70	67
		Spread	47	11	8	36	5	3	14	17	3	3	14	3	3	14	14	3	3	14	3	3	14
IV	1957 (Includes Ex Parte 206)	Columbus & New York	362	302	298	332	295	293	306	127	105	104	117	105	104	117	100	83	83	92	83	83	92
		Columbus & Baltimore	309	290	290	290	290	290	290	108	101	101	101	101	101	101	84	80	80	76	80	80	76
		Spread	53	12	8	42	5	3	16	19	4	3	16	4	3	16	16	3	3	16	3	3	16

WB- Westbound Rates
EB- Eastbound Rates

Underscored figures indicate corrections

Item	Year	Between	1st Class							5th Class							6th Class						
			Domestic			Import		Export		Domestic			Import		Export		Domestic			Import		Export	
I	1877-1914	Cincinnati & New York	65			65		65		26			26		26		22			22		22	
		Cincinnati & Baltimore	WB 57	EB 62		57		62		23			23		23		19			19		19	
		Spread	8	3		8		3		3			3		3		3			3		3	
II	1931-1932 (15879)	Cincinnati & New York	136			124		119		48			44		44		37			35		35	
		Cincinnati & Baltimore	116			116		116		41			41		41		32			32		32	
		Spread	20			8		3		7			3		3		5			3		3	
			A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
III	1957 (Includes Ex Parte 196)	Cincinnati & New York	354	289	287	315	283	282	293	124	101	101	112	101	101	112	98	81	79	89	81	79	89
		Cincinnati & Baltimore	299	279	279	279	279	279	279	105	98	98	98	98	98	98	82	76	76	75	76	76	75
		Spread	55	10	8	36	4	3	14	19	3	3	14	3	3	14	16	5	3	14	5	3	14
			A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
IV	1957 (Includes Ex Parte 206)	Cincinnati & New York	396	329	326	360	323	321	334	139	115	115	128	115	115	128	110	92	90	101	92	90	101
		Cincinnati & Baltimore	335	318	318	318	318	318	318	118	112	112	112	112	112	112	92	87	87	85	87	87	85
		Spread	61	11	8	42	5	3	16	21	3	3	16	3	3	16	18	5	3	16	5	3	16
I	1877-1914	Detroit & New York	59			59		59		23			23		23		20			20		20	
		Detroit & Baltimore	WB 51	EB 56		51		56		20			20		20		17			17		17	
		Spread	8	3		8		3		3			3		3		3			3		3	
II	1931-1932 (15879)	Detroit & New York	123			123		123		43			43		43		34			34		34	
		Detroit & Baltimore	120			115		120		42			40		40		33			31		31	
		Spread	3			8		3		1			3		3		1			3		3	
			A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
III	1957 (Includes Ex Parte 196)	Detroit & New York	323	295	293	295	293	292	295	113	105	103	104	105	103	104	89	81	79	81	81	79	81
		Detroit & Baltimore	317	285	285	259	289	289	281	111	100	100	90	100	100	90	88	76	76	67	76	76	67
		Spread	6	10	8	36	4	3	14	2	5	3	14	5	3	14	1	5	3	14	5	3	14
			A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
IV	1957 (Includes Ex Parte 206)	Detroit & New York	362	336	333	336	334	332	336	127	120	117	119	120	117	119	100	92	90	92	92	90	92
		Detroit & Baltimore	355	325	325	294	329	329	320	124	114	114	103	114	114	103	99	87	87	76	87	87	76
		Spread	7	11	8	42	5	3	16	3	6	3	16	6	3	16	1	5	3	16	5	3	16

WB- Westbound rates
EB- Eastbound rates

Underscored figures indicate corrections

Item	Year	Between	1st Class				5th Class			6th Class		
			Domestic		Import	Export	Domestic	Import	Export	Domestic	Import	Export
I	1877-1914	Indianapolis & New York	70		70	70	28	28	28	23	23	23
			WB	EB								
		Indianapolis & Baltimore	62	67	62	67	25	25	25	20	20	20
		Spread	8	3	8	3	3	3	3	3	3	3
II	1931-1932 (15879)	Indianapolis & New York	142		136	131	50	48	48	39	38	38
		Indianapolis & Baltimore	128		128	128	45	45	45	35	35	35
		Spread	14		8	3	5	3	3	4	3	3

Item	Year	Between	1st Class							5th Class							6th Class						
			A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
III	1957 (Includes Ex Parte 196)	Indianapolis & New York	372	317	315	340	311	310	321	130	110	109	120	110	109	120	103	89	89	94	89	89	94
		Indianapolis & Baltimore	330	307	307	304	307	307	307	116	106	106	106	106	106	106	90	86	86	80	86	86	80
		Spread	42	10	8	36	4	3	14	14	4	3	14	4	3	14	13	3	3	14	3	3	14
IV	1957 (Includes Ex Parte 206)	Indianapolis & New York	417	361	358	388	355	353	366	146	125	124	137	125	124	137	115	101	101	107	101	101	107
		Indianapolis & Baltimore	370	350	350	346	350	350	350	130	121	121	121	121	121	121	101	98	98	91	98	98	91
		Spread	47	11	8	42	5	3	16	16	4	3	16	4	3	16	14	3	3	16	3	3	16

Item	Year	Between	1st Class				5th Class			6th Class		
			Domestic		Import	Export	Domestic	Import	Export	Domestic	Import	Export
I	1877-1914	Peoria & New York	83		83	83	33	33	33	28	28	28
			WB	EB								
		Peoria & Baltimore	75	80	75	80	30	30	30	25	25	25
		Spread	8	3	8	3	3	3	3	3	3	3
II	1931-1932 (15879)	Peoria & New York	162		156	151	57	55	55	47	44	44
		Peoria & Baltimore	148		148	148	52	52	52	41	41	41
		Spread	14		8	3	5	3	3	6	3	3

Item	Year	Between	1st Class							5th Class							6th Class						
			A	B	C	D	E	F	G	A	B	C	D	E	F	G	A	B	C	D	E	F	G
III	1957 (Includes Ex Parte 196)	Peoria & New York	421	366	364	389	359	359	370	147	127	126	136	127	126	136	116	101	101	108	101	101	108
		Peoria & Baltimore	384	356	356	353	356	356	356	135	123	123	122	123	123	122	106	98	98	94	98	98	94
		Spread	37	10	8	36	3	3	14	12	4	3	14	4	3	14	10	3	3	14	3	3	14
IV	1957 (Includes Ex Parte 206)	Peoria & New York	472	417	414	443	409	409	422	165	145	143	155	145	143	155	130	115	115	123	115	115	123
		Peoria & Baltimore	430	406	406	401	406	406	406	151	140	140	139	140	140	139	119	112	112	107	112	112	107
		Spread	42	11	8	42	3	3	16	14	5	3	16	5	3	16	11	3	3	16	3	3	16

WB- Westbound rates
EB- Eastbound rates

Underscored figures indicate corrections

3983 -

Item	Year	Between	1st Class Domestic WB	1st Class Domestic EB	1st Class Import	1st Class Export	5th Class Domestic	5th Class Import	5th Class Export	6th Class Domestic	6th Class Import	6th Class Export
I	1877-1914	St. Louis & New York	88		88	88	35	35	35	29	29	29
		St. Louis & Baltimore	80	85	80	85	32	32	32	26	26	26
		Spread	8	3	8	3	3	3	3	3	3	3
II	1931-1932 (15879)	St. Louis & New York	167		161	156	58	57	57	46	45	45
		St. Louis & Baltimore	153		153	153	54	54	54	42	42	42
		Spread	14		8	3	4	3	3	4	3	3

Item	Year	Between	1st Class A	B	C	D	E	F	G	5th Class A	B	C	D	E	F	G	6th Class A	B	C	D	E	F	G
III	1957 (Includes Ex Parte 196)	St. Louis & New York	432	375	374	401	369	369	380	152	133	132	139	133	132	139	120	105	104	111	105	104	111
		St. Louis & Baltimore	396	366	366	365	366	366	366	139	129	129	125	129	129	125	108	101	101	97	101	101	97
		Spread	36	9	8	36	3	3	14	13	4	3	14	4	3	14	12	4	3	14	4	3	14
IV	1957 (Includes Ex Parte 206)	St. Louis & New York	484	428	425	457	421	420	433	170	152	152	158	152	152	158	134	120	118	127	120	118	127
		St. Louis & Baltimore	444	417	417	415	417	417	417	156	149	149	142	149	149	142	121	115	115	111	115	115	111
		Spread	40	11	8	42	4	3	16	14	3	3	16	3	3	16	13	5	3	16	5	3	16

WB- Westbound rates

EB- Eastbound rates

Undersoored figures indicate corrections

Tariff Authority - BO ICC 10900, 11568
Agent W.S. Curlett ICC A-330, A-354
Agent B.T. Jones ICC 2455
Agent C.W. Boins ICC A-942, A-776
Agent H.R. Hinch ICC 3642

3984

12-27-57

[fol. 3985]

I.C.C. Exhibit No. 75

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not lated than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF GEOFFREY M. FOOTNER

PARTNER, FOOTNER AND COMPANY
BALTIMORE, MARYLAND

[fol. 3986]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF GEOFFREY M. FOOTNER

Q. Please state your name, business connection and address.

A. My name is Geoffrey M. Footner, of Footner and Company, 5 South Street, Baltimore, 2 Maryland.

Q. How long have you been connected with Footner and Company, and what was your previous employment?

A. Since its organization on March 1, 1950. Previously I was employed by the Baltimore Association of Commerce, as Foreign Trade Representative from 1947 to 1950.

Q. What is Footner and Company?

A. Footner and Company is a foreign-freight forwarder and broker. As such, it books space on vessels, prepares the various documents necessary for export shipments, suggests inland routings of traffic where desired by the shipper and arranges for trucking, warehousing, etc., at the port. In some cases, we act as the traffic department of the shipper, arranging for all transportation from inland point of origin to the port, as well as taking care of all the details at the port itself. We have our only office at the port of Baltimore but have correspondents and agents at the other ports. We represent about 100 American manufacturers and exporters, and in addition, we represent a number of firms located in Europe and South America.

[fol. 3987] Q. In connection with your activities as a foreign-freight forwarder and broker, have you become aware of factors which influence traffic to and from differential territory through the port of New York and away from the port of Baltimore, despite the existence of the so-called port differential?

A. Yes, as we have our own office in Baltimore, we quite naturally are primarily interested in handling traffic moving through that port. We have found it necessary, however, on many occasions, to route the shipments of our clients through New York rather than Baltimore for a variety of reasons—usually because of more frequent and direct ocean service at New York. For example, we handle the export movements of several construction companies which have jobs in various parts of the world and who find it necessary to ship a wide variety of items to those job sites. Many of those items originate in differential territory. To the extent possible, we arrange to route those shipments through Baltimore in order to obtain for our clients the benefit of Baltimore's proximity to point of origin as reflected in the differential. On many occasions, however, where time is an important factor, we find it necessary to route the shipments through New York. In the movement of needed spare parts, for example, we cannot take a chance on missing a Baltimore sailing and must use New York in order to take advantage of frequency and less time in transit. For that reason, we have associates in New York who attend to the handling of documents, etc., [fol. 3988] under our direction.

In a good many instances, our Baltimore clients find it necessary to use New York for the same reason.

Q. Are there other factors which operate to influence traffic through the port of New York despite the lower inland rates available through Baltimore?

A. Yes. The dominance of the port of New York, with its great number of foreign-freight forwarders and brokers, its superior ocean services, its superior banking and consular facilities, and its general dominance of the economic life of the country, has served to bring about a system of pricing under which in the majority of instances American manufacturers and exporters quote their prices FAS New York, or FOB plant, freight allowed to New York. In some instances, they quote FAS any north Atlantic port. All such methods of selling serve to eliminate the importance of the differential because the foreign purchaser is not aware of its existence. Another important factor is that a great many large American manufacturers and exporters maintain export offices in New York. These, and the many New York foreign-freight forwarders who represent overseas consignees, find it to their advantage to route all shipments through New York for purposes of immediate control and, in many instances, for consolidation with other shipments.

We have found that another important factor is New York's dominance as a domestic point of consumption. A large number of our clients, and others whom we have [fol. 3989] solicited, ship tremendous quantities of certain products to New York for warehousing—making distribution from such warehouses to both domestic and foreign customers.

Q. In connection with your booking space for export cargoes, has it been your experience that vessel space available at Baltimore is controlled in New York?

A. Yes. The home offices, or general agents in this country, of practically all of the steamship lines serving north Atlantic ports are in New York. The agents at Baltimore have only limited space at their disposal and available for our shipments. When there are heavy tonnage offerings at New York, the available space at Baltimore is correspondingly restricted. Space at Baltimore for certain types of cargo also is restricted unless business is bad and the steamship lines are hungry. For example, there have been instances when we had cargoes available at Baltimore which we had to move to New York in order to obtain space on vessels which called at Baltimore. It is more convenient for steamship lines to receive certain types of cargo (unboxed automobiles are a good example) at the last port of call in order to arrange for more economical stowage without affecting cargo.

In order to obtain service at Baltimore by lines not regularly serving the port, which operate to foreign areas to which Baltimore has no regular service, it is necessary for us to offer heavy tonnages as an inducement. On many occasions, we have been forced to route shipments through New York because they were not large enough to induce the vessel to call at Baltimore.

[fol. 3990] Q. In your opinion, is the port differential of importance to Baltimore's export and import commerce?

A. It is extremely important. While, with the increases in rail rates, the differential has shrunk to the point that it is comparatively insignificant as compared to the total cost of high-grade commodities, it still is the principal factor to influence traffic through Baltimore as compared to New York. Without the differential we would have practically no selling points in competition with the many advantages the shippers can obtain at New York and there would be no inducement to draw traffic to Baltimore.

[fol. 3991] VERIFICATION

Geoffrey M. Footner, being duly sworn, deposes and says: That he is the person who made the foregoing statement, that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) Geoffrey M. Footner
Geoffrey M. Footner

Subscribed in my presence, and sworn to before me, by the affiant above named, this 15th day of October 1957.

(S) Edna Brown
Edna Brown
Notary Public, State of Maryland
My Commission expires May 4, 1959

SEAL

[fol. 3992]

I.C.C. Exhibit No. 76

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF SAMUEL SHAPIRO

PRESIDENT, SAMUEL SHAPIRO & COMPANY
BALTIMORE, MARYLAND

[fol. 3993]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF SAMUEL SHAPIRO

Q. Please state your name and business affiliation.

A. I am Samuel Shapiro, President of Samuel Shapiro & Company, Inc., 11-13 Gay Street, Baltimore 2, Maryland.

Q. In what business activity is Samuel Shapiro & Company, Inc., engaged and how long have you been in the business?

A. Samuel Shapiro & Company, Inc., are foreign freight forwarders and customhouse brokers. I have been associated continuously with the business for the past 42 years.

Q. Briefly, what are the principal functions of foreign freight forwarders and customhouse brokers?

A. They function in an agency capacity for exporters and importers. Foreign freight forwarders arrange cargo space on vessels and prepare and execute for their exporter clients all necessary shipping papers and other documents. Customhouse brokers attend to all formalities necessary to the customs clearance of imports and prepare necessary shipping documents and arrange for the reforwarding of import shipments to interior consignees.

Q. Are foreign freight forwarders and customhouse brokers, and more particularly your company, competitive for midwestern business with forwarders and brokers in other ports?

A. Yes, I have found over the years of my experience in soliciting business in the midwest that the forwarders and [fol. 3994] brokers in the various ports are about as competitive within the range of their activities as are the ports themselves. In fact, competition in our line of business actually gets down to competition between the ports through which the exports or imports might move.

Q. From the standpoint of port competition, from what port or ports do you experience the greatest degree of competition for business from the midwest?

A. Our greatest competition, by far, comes from the port of New York. From my experience, the other North Atlantic ports south of New York are in about the same situation as ourselves and the port of Baltimore so far as concerns competition with New York.

Q. Are you familiar with the Atlantic port differential?

A. In a general way. I know that the freight rates on export and import traffic between Baltimore and the midwest are lower than the rates to and from New York by the amount of the differential, which is 3 cents per 100 pounds in connection with most rates.

Q. Do you consider the differential to be an advantage to the port of Baltimore?

A. Yes, to a limited extent. In fact, the differential is the only talking point that we have, but it is of value only where time is not of the essence to the exporter or importer.

[fol. 3995] Q. You refer to the factor of time. Will you explain that more fully?

A. More often than not, time in transit is an important factor to an exporter or importer for various reasons. Prompt delivery of an export shipment or receipt of an import shipment often is very important to the exporter or importer for commercial reasons. Also, an export shipment, for instance, may involve heavy financing where delay or extra time in transit may run into substantial interest charges. In such instances, the exporter is disposed to forward the shipment through the port that will afford the least delay.

Q. Can you relate what you have just said to the preference of exporters and importers for the port of New York despite Baltimore's lower differential freight rates?

A. I have found from my experience that the superior steamship service at New York, coupled with the diversified foreign banking facilities at that port which permit quick liquidation of drafts, operate more than any other factors to attract traffic through that port as against Baltimore's rate differential. New York's superiority in steamship service comes not only from the more frequent sailings and arrivals, but also from the fact that the great preponderance of these are direct, New York generally being the first port of call and the last port of departure of vessels that also serve other North Atlantic ports on the same itineraries. Also, New York has many liner services that do not serve any of the other ports.

[fol. 3996] Q. Do you have any further comments?

A. I might add from my experience that Baltimore's rate differential would have to be considerably greater than it is today, in my judgment, to place the port of Baltimore upon a reasonably competitive basis with New York. I say this not only because of New York's superiority in respect of steamship service and banking facilities, as well as other factors, but also because the small differential, although still of some benefit to Baltimore, does not now have the relative value that it once had. When the differential was established, and for many years thereafter, the freight rates were at a much lower level than they now are, so that the differentials in those days represented a much greater percentage of saving by shipping through the port of Baltimore than it does today. Also, the differential does not have the same force that it once had in relation to the value of the commodities shipped, which in all instances are of very much greater cost or value than they were in the earlier period of the differential, or even in intermediate periods.

[fol. 3997]

VERIFICATION

Samuel Shapiro, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) Samuel Shapiro
Samuel Shapiro

Subscribed in my presence, and sworn to before me, by the affiant above named, this 2nd day of October 1957.

(S) I. S. Goldberg
I. S. Goldberg

Notary Public, State of Maryland
My Commission expires May 4, 1959

SEAL

[fol. 3998]

I.C.C. Exhibit No. 77

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D. C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF WALTER V. CONNOR
PROPRIETOR OF JOHN S. CONNOR
BALTIMORE, MARYLAND

[fol. 3999]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF WALTER V. CONNOR

Q. Please state your name and business affiliation.

A. I am Walter V. Connor, proprietor of John S. Connor, 33 S. Gay St., Baltimore, Md.

Q. In what business activity is John S. Connor engaged and how long have you been in the business?

A. John S. Connor are foreign freight forwarders, customhouse brokers, and shipping agents. I have been associated continuously with the business for the past forty years.

Q. What are the principal functions of foreign freight forwarders and customhouse brokers?

A. They act as agents for exporters and importers. Customhouse brokers receive papers covering imported goods, arrange customs clearance weighing, sampling and repacking, and reforwarding or distribution of these imports to various consignees or to warehouse. Foreign freight forwarders arrange bookings on export vessels, direct freight from interior origins to seaboard, arrange warehousing, repacking, etc. at seaboard; see that cargo is placed on [fol. 4000] vessels and prepare necessary documents for shipping of goods to foreign destination in accordance with directions from the exporter.

Q. As a customs broker and foreign freight forwarder, do you compete with brokers and forwarders in other ports?

A. We definitely compete with freight forwarders and customs brokers in other ports and try to make our services and port facilities fit the importers and exporters needs and so attract business to the port and to ourselves. I must state, however, that the greatest competition in this business comes from the port of New York which offers so many advantages that we find it extremely difficult to compete with them.

Q. You are no doubt familiar with the Atlantic Port differential that gives Baltimore lower freight rates on import and export traffic than New York. Do you consider this differential to be of an advantage to Baltimore?

A. It is an advantage but only to a limited extent. We feel that it takes very little business away from New York.

Q. What advantages do you find that New York has over Baltimore?

[fol. 4001] A. The port of New York has many substantial advantages that have developed over the years. In the first place New York has many more frequent steamship sailings than the port of Baltimore and sailings to and from many remote ports of the world that Baltimore lacks entirely. This enables an exporter to route his freight to New York at almost any time and be relatively certain of immediate shipping service to any port, while if the same shipment came to Baltimore there might be a wait of several days or more and the exporter often would not take this chance. Most of the vessels that serve Baltimore arrive at New York inbound before Baltimore, and leave from New York outbound after Baltimore so that the shortest space of time to and from foreign destinations can always be accomplished through the port of New York. Also the leading trading houses have been located in New York and weighers, samplers, and packers of import and export goods have located their facilities in that port. This combination prohibits shipping some goods from Baltimore because the traders are in New York and even if the goods were brought to Baltimore for weighing and repacking in large volume, facilities are limited at this port. In addition to this, many of the New York steamship lines control their own piers by lease and can provide free time [fol. 4002] for assembling purposes or for vessel arrival, while in Baltimore most piers are railroad owned and free time and storage are controlled by tariff regulations. Most of the leading banks are located in New York and they handle the greater percentage of all international financing. This of course is a most important factor in foreign trade because the availability of those banks in New York enables exporters to get their money more promptly. The advantage of this is apparent and would of course attract freight to New York over Baltimore. These are some of the advantages that New York has over Baltimore that I have seen often from my years of business experience.

Q. Do you have any further comments to make?

A. The loss of differential freight rates to and from Baltimore would wipe out one of our most important selling points. While the percentage relationship between the present differentials and the freight rates to the port does not result in as great a savings as it formerly did, it is still a vital consideration. As a matter of fact if the original relationship of the differential to the freight rate was re-established it would result in a greater differential in favor of the Port of Baltimore. The removal of the [fol. 4003] differential will result in a loss of traffic to the Port of Baltimore with its resultant economic injury to the entire City of Baltimore and the State of Maryland. Less cargo through the Port will lead to the curtailment of many services, including shipbuilding and repair yards, stevedoring, tugboats, bunkering, customs brokers, foreign freight forwarders, marine surveyors, warehousing and many other allied industries. Such curtailment would tend to minimize the national defense role of the Port of Baltimore in any future emergency.

[fol. 4004]

VERIFICATION

Walter V. Connor, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) Walter V. Connor
Walter V. Connor

Subscribed in my presence, and sworn to before me, by the affiant above named, this 8th day of October 1957.

(S) Charles M. Connor
Charles M. Connor
Notary Public, State of Maryland
My Commission expires May 4, 1959

SEAL

[fol. 4005]

I.C.C. Exhibit No. 78

BEFORE THE
INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

VERIFIED STATEMENT OF
NORMAN R. WITTKAMP, PRESIDENT
INLAND SHIPPING CO.

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney (Donald Macleay, Commonwealth Building, 1625 K Street, NW, Washington 6, D. C.) not later than ten (10) days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 4006]

BEFORE THE
INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

TESTIMONY OF NORMAN R. WITTKAMP

Q. Please state your name, business connection, and address.

A. My name is Norman R. Wittkamp. I am President of Inland Shipping Company and I am also President of Inland Forwarding, Inc. My address is 900 S. Wells Street, Chicago, Illinois.

Q. How long have you been President of Inland Shipping Company, and what previous experience did you have in the transportation business?

A. I have been President, and sole stockholder of Inland Shipping Company since 1953, having been one of its original organizers in 1949, and connected with its operations in an executive capacity from the time it went into operation, in 1950, pursuant to permit issued by the Interstate Commerce Commission in its Docket No. FF-201. Prior to that, from the time I left the Navy in 1945, I was employed for four years by Acme Fast Freight, a nation-wide freight forwarder, as a freight solicitor, where a large part of my activities were in connection with the solicitation of freight moving to the ports for export.

Q. Please describe Inland Shipping Company, and its operations.

A. Inland Shipping Company is authorized by its permit to operate in interstate commerce, as a freight forwarder of commodities generally, from points in Michigan, Ohio, [fol. 4007] Kentucky, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Missouri, and Omaha, Nebraska, to Baltimore, Maryland, for export. Our operations, therefore, are primarily from what is usually termed Differential Territory, in the movement of export freight to the Port of Baltimore. We are not authorized to operate to any other port. From the first, we have been the only forwarder loading regularly scheduled export cars for movement to Baltimore. The other forwarders operating from the same territory to Baltimore normally combine what export traffic they may have with their domestic traffic. On the other hand, several of them load regularly scheduled export cars to other ports—notably to New York. There also are export cars loaded to New Orleans.

Although our principal operation is loading cars from Chicago, where we first commenced operations, we now also load cars from four other assembly points—Cincinnati, Columbus, and Toledo, Ohio, and Indianapolis, Indiana. The Cincinnati operation started in late 1952, the Columbus operation in 1955, and the Toledo operation in 1956. The Indianapolis operation began in September of 1957.

Q. Please describe briefly the rate structure under which you operate, with particular reference to your differential under the rates applicable to New York in export traffic moving to the port in forwarder service.

A. Like freight forwarders generally, our rates initially were the same as the rail l/c/l rates, with the result that we commenced operation to Baltimore with rates 3¢ per 100 lbs. less than the rates of the forwarders who consolidate cars for New York. With that slight rate advantage it was a very difficult matter to develop export traffic for movement through Baltimore. During our first full year of operation, 1951, we loaded only 40 cars.

In 1952, we did not take the general increase in rate provided for the raliroads in Ex Parte 176, with the result that since that time our rates have been something more [fol. 4008] than the former 3¢ under those to New York. At the present time, with the other increases applied, our 4th Class rate from Chicago to Baltimore, for example, is about 10% under that to New York.

Q. What effect has that widening of the differential had upon your ability to compete for traffic as against New York?

A. Even with this added cost incentive to the shipper, consolidated cars of forwarder traffic moving to Baltimore for export, constitute only a small fraction of the number moving to New York.

The marked difference is clearly shown by the traffic studies of the railroads which have been or are being put in evidence in this case. Those show that a total of 50,576 tons of forwarder traffic moved from Differential Territory to the Port of New York for export during the period August, 1955—July, 1956, inclusive. During the same period there was moved from that territory to the Port of Baltimore for export only 5,242 tons of forwarder traffic (285 cars—most of which, I believe, were ours). Thus, from Differential Territory nearly ten times as much forwarder traffic moved for export through New York as through Baltimore—despite the differential in rates, and despite intensive and vigorous solicitation efforts on our part.

Q. Are you in direct charge of the solicitation activities of Inland Shipping Company?

A. Yes. In addition to overall direction of the company, I am in direct charge of the sales activities and spend the greater amount of my time in active solicitation.

Q. Do you, as a part of your sales effort, conduct a continuing investigation into reasons why many shippers use the Port of New York for their export shipments, rather than the Port of Baltimore, in spite of the saving in inland freight rate available to the latter?

A. Yes. We do our best to learn why we do not receive certain traffic, in order to try to overcome whatever may be the reason.

[fol. 4009] Q. How do you obtain such information, and are you familiar with at least some of those reasons?

A. From my own direct contacts with the shippers and from the reports which I receive regularly from our salesmen, I am only too familiar with the factors which influence the large proportion of this traffic through the port of New York, making it impossible for us to obtain it for movement to Baltimore for export even with our rate differential.

Q. Please describe some of those factors, as they have come to your knowledge in the course of your solicitation efforts and investigations.

A. Those factors are many and powerful. Probably the most important is the matter of frequency of ocean service and direct ocean sailings to the foreign ports. The reason shippers most often give us for not using our services to Baltimore is that time in transit is such an important element in the movement of their shipments that they must use the Port of New York, even at a higher inland rate, in order to obtain "express" steamer services. The most striking illustration of the force of this service element is found in those few instances where the ocean service out of Baltimore approximates that out of New York. The principal example is that service via the Bull Line from Baltimore to Puerto Rico is *direct*, with a sailing every week. It is not as frequent as the service from New York, of course, but it is not subject to the delays incident upon serving other North Atlantic ports outbound after Baltimore. Consequently, the movement of traffic destined to Puerto Rico is by all odds our most important business—constituting nearly one-half of the total traffic which we move to that port.

In addition to the factor of direct as contrasted with indirect service, there is the important factor of available service to more foreign ports from New York than from Baltimore. Many shippers desiring to reach a variety of foreign destinations prefer to send all of their shipments through New York in order to concentrate all of their business at one port.

Many shippers are directed by their customers to ship to New York—particularly where the customer maintains its own export offices in New York and wants to handle the freight through that port in order to have better control of its movement, and in order to consolidate with other freight moving to the foreign destinations. This factor is also very important where the exporting is being done by purchasing agents and commission houses in New York who accumulate shipments from many parts of the United States and consolidate them for shipment abroad.

Many shippers have advised us that they prefer to use the Port of New York because of its superior banking facilities (in fact some have informed us that their letters of credit specify New York), superior consular services, etc.

Several shippers have advised us that they prefer to use the Port of New York because there the steamship companies own or lease their own pier space, which makes it possible for the shipper to obtain advantageous storage arrangements in the event a shipment is delayed. At Baltimore, on the other hand, the piers are owned by the railroads and storage charges are automatically applied after the expiration of the specified free time.

Q. Now, please describe the other concern of which you are President, Inland Forwarding, Inc.

A. Inland Forwarding, Inc. is a foreign freight forwarder which was set up to provide the usual services of such concerns to those of our shippers who did not have their own foreign freight forwarder arrangements at Baltimore. We have found that in many instances it has been possible through close coordination of the foreign freight forwarder functions with the carloading operation to provide better service to the shipper.

Q. Does that company provide such services at any other port?

A. Yes. Because of the limitation of our permit, we naturally are primarily concerned with moving all traffic possible through the Port of Baltimore. Even so, we have [fol. 4011] found it necessary to extend our foreign freight forwarder operations to the Port of New York in order to provide those services for some of our regular shippers who are required by service considerations such as those I described above to route a part of their traffic through New York. A few months ago, similar considerations required us to extend our foreign freight forwarder operations to the Port of New Orleans.

Q. What future do you see for your business in the event you should be deprived of the use of differential rates under those applicable on traffic moving to New York?

A. We are convinced that with a continuation of the system of rate making which permits us to give our shippers the benefit of Baltimore's proximity, we can continue to obtain a modest amount of high-grade general cargo for export through that port. We are equally convinced that if we are not able to offer our shippers that saving in cost, there will be no possibility of continuing to obtain sufficient export traffic of that type for movement through Baltimore to permit us to continue to load cars with the frequency that is essential if we are to maintain our operation.

The one advantage to the shipper in using the Port of Baltimore is the saving in inland freight charges occasioned by Baltimore's being closer to most of this inland territory. Without such a recognition of Baltimore's geographical advantage there certainly would be no reason for a shipper to use that port for the type of high-grade traffic usually moved in consolidated cars. The day that we are required to charge the same or even approximately the same rate as is charged by forwarders loading cars for New York we must obtain authority to operate to New York or go out of business.

[fol. 4012]

VERIFICATION

State of Illinois)
) SS:
County of Cook)

Norman R. Wittkamp, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: N. R. Wittkamp (SEAL)

Subscribed in my presence and sworn to before me by the affiant above-named this 11th day of October, 1957.

s/ Merrill E. Nielsen
Notary Public

My Commission Expires April 7, 1959
(SEAL)

[fol. 4013]

I.C.C. Exhibit No. 79

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the
INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF A. B. SUMMERS
TRAFFIC MANAGER, THE EVEREDY COMPANY
FREDERICK, MARYLAND

[fol. 4014]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF A. B. SUMMERS

Q. Please state your name and your business affiliation.

A. My name is A. B. Summers and I am Traffic Manager of The Everedy Company, manufacturers of household specialties at Frederick, Maryland.

Q. Will you outline in a general way the articles which your company produces.

A. The products consist of a variety of household utility articles including skillets, griddles, fryers, potato bakers, dutch ovens, barbeque items, serving trays and various kitchen tools.

Q. Does your company export any of its products?

A. Yes, it exports various of these items.

Q. Through what ports do your exports move?

A. Our export shipments go through the ports of Baltimore and New York. About 75 per cent of these go through New York.

Q. Under what circumstances do your export shipments go through each of the two ports you have named?

[fol. 4015] A. The export shipments that go direct to a foreign account are made through the Port of Baltimore. The bulk of our exports, however, are sold to New York firms who export the items from New York. The majority of such exporting firms are located in New York. The firms to which we sell pay us direct and handle all of the export paper work.

Q. Will you please state the mode of transportation you use to the ports, the freight charges or rates, and who bears the charges.

A. We use truck service because the time element in meeting sailings is important. There are three different freight rates to each of the ports depending both upon the articles shipped and whether or not they are nested. The appplicable rates are $2.75, $2.37 and $2.01 to New York, and $1.96, $1.70 and $1.45, respectively, to Baltimore. The differences in favor of Baltimore are 79 cents, 67 cents and 56 cents.

[fol. 4016]

VERIFICATION

A. B. Summers, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) A. B. Summers
A. B. Summers

Subscribed in my presence, and sworn to before me, by the affiant above named, this 12th day of October, 1957.

(S) Henry N. Lochner
Henry N. Lochner

Notary Public, State of Maryland
My Commission expires 5/4/59.

SEAL

[fol. 4017]

I.C.C. Exhibit No. 80

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF VICTOR F. STINE
PRESIDENT, PANGBORN CORPORATION
HAGERSTOWN, MARYLAND

[fol. 4018]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF VICTOR F. STINE

Q. Will you please state your name and your business affiliation.

A. I am Victor F. Stine and am President of Pangborn Corporation, Hagerstown, Maryland.

Q. What is the business of Pangborn Corporation?

A. Pangborn Corporation manufactures blast cleaning and dust control equipment which is used throughout industry in the production of end products.

Q. Does your company export any of its products?

A. Although a large percentage of our production is sold in domestic markets, some of it is sold for export, principally to Europe and to a lesser extent to South America. Our export shipments will average about two per month, ranging in weight from 1 ton to 30 tons.

Q. How are your export sales made?

A. Our products for export are sold through brokers who specify the port of exit.

Q. Through what port or ports do these exports move?

A. About 90 per cent of our exports go through New York on instructions of the brokers. The remainder goes through Baltimore.

[fol. 4019] Q. Do you have any further comments?

A. Our sales are made on a FAS (Free Along Side) basis and we pay the freight charges to the port of exit. We would prefer, therefore, to ship through the port of Baltimore to which the freight rate is less than to New York. Most of our shipments are knocked down, in sections, crated, in less-carloads on which the rates are $2.25 per 100 pounds to New York and $1.52 to Baltimore. However, to make competitive sales for export, we have to conform to the wishes and practices of the brokers, who are located in New York. Also, time is usually of the essence and when a shipment is ready we must get it to shipside as quickly as possible. There are more steamship sailings from New York which expedites delivery to the foreign buyers.

[fol. 4020]

VERIFICATION

Victor F. Stine, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) Victor F. Stine
Victor F. Stine

Subscribed in my presence, and sworn to before me, by the affiant above named, this 8th day of October 1957.

(S) Blaine H. Duey
Blaine H. Duey
Notary Public, State of Maryland
My Commission expires May 4, 1959

SEAL

[fol. 4021]

I.C.C. Exhibit No. 81

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF J. V. JAMISON, 3rd PRESIDENT, JAMISON COLD STORAGE DOOR COMPANY HAGERSTOWN, MARYLAND

[fol. 4022]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF J. V. JAMISON, 3rd

Q. Please give your name and your business connection.

A. My name is J. V. Jamison, 3rd. I am President of Jamison Cold Storage Door Company, Hagerstown, Maryland, manufacturers of cold storage doors and hardware parts.

Q. Does your company sell its products for export?

A. Yes, our company exports cold storage doors regularly to various foreign countries, principally in South America and the Far East. It also exports small quantities of hardware principally to Switzerland. Our exports amount to around 135 tons annually and are shipped mostly in small or less-carload type lots.

Q. Will you please describe how your export sales are made and through what port or ports these are shipped?

A. A large percentage of our export orders originate with the foreign purchasers. Other orders are received from large corporations in this country which either have extensive foreign bases, such as oil companies, or are manufacturers of refrigeration equipment who consolidate all shipments in a warehouse near the piers, principally at New York. Also, the U.S. Government is using our products in its foreign operations and controls the transportation. The selection of the port of exit is done by our customer in practically all cases, and approxi- [fol. 4023] mately 95 per cent of our export shipments are sent to New York area for forwarding. Most of these move in motor carrier service and our company pays the inland freight. The majority of our shipments are of less-truckload quantities, strap crated, on which rate from Hagerstown to New York is $2.14 per 100 pounds as compared with $1.56 to Baltimore.

Q. Is there anything you can add to what you have said?

A. I might add that in the relatively few instances in which we exercise the option as to the port of exit, we usually ship via New York because of (a) frequency of steamship sailings, (b) banking connections and (c) the location there of exporters with whom we have had previous business.

[fol. 4024]

VERIFICATION

J. V. Jamison, 3rd, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) J. V. Jamison, 3rd
J. V. Jamison, 3rd

Subscribed in my presence, and sworn to before me, by the affiant above named, this 3rd day of October 1957.

(S) Naomi J. Weddle
Naomi J. Weddle
Notary Public, State of Maryland
My Commission expires 5/4/59

SEAL

[fol. 4025]

I.C.C. Exhibit No. 82

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N. W., Washington, D. C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF ROBERT M. PILSON, TRAFFIC MANAGER ANCHOR POST PRODUCTS, INCORPORATED BALTIMORE, MARYLAND

[fol. 4026]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF ROBERT M. PILSON

Q. Please give your name, business connection and duties.

A. My name is Robert M. Pilson. I am Traffic Manager of the Anchor Post Products, Inc., manufacturer of chain-link fencing at Baltimore. As Traffic Manager, I am in charge of the traffic and transportation activities of the company.

Q. Is any of the company's product sold in the export market?

A. Yes, some of this product is sold for export. The major portion of the exports is sold to companies who export the fencing to South America and to a less extent to Caribbean areas. The Federal Government also purchases some of this fencing for shipment out of the country and these purchases may go through any port as directed by the Government, such as Baltimore, Hampton Roads, or New York.

Q. Now, with respect to your commercial exports, how are these sold and through what ports do they move?

A. A large share of the company's exports is sold to companies who, as stated, export the fencing to South [fol. 4027] America and the Caribbean. The companies do their own processing of paper and documents and designate the port of exit, which in almost all instances is the port of New York. About 60 to 70 per cent of the company's commercial exports are sent to the port of New York by direction of the purchasers. Some of our exports go through the port of Baltimore. This is where the purchaser does not direct routing, and steamship service is available. On some such occasions steamship service has not been readily available at Baltimore, requiring that shipments be forwarded to New York.

Q. How are the export shipments forwarded to New York and who bears the inland freight charges on the shipments?

A. Shipments are forwarded by rail where the quantity of the shipment is sufficient and the time element permits. Where quick delivery must be made, truck service is used. There have been a number of instances where purchasers have ordered less-carload or less-truckload quantities to designated steamship piers at New York, as available rather than by a specified time, to be accumulated into quantities for export. The purchaser pays the inland freight.

[fol. 4028] Q. What are the inland rates from your plant to piers at New York and Baltimore?

A. The truckload rate to New York is 43 cents per 100 pounds in Zone 1 and 45 cents in Zone 2, with a 23,000 pound minimum, and the carload rate is 44 cents, 40,000 minimum, and 39 cents with an 80,000 pound minimum. These rates amount to $8.60, $9.00 and $7.80, respectively, per net ton. They are depressed due to competition between the rails and the trucks. At Baltimore both truck and rail service is used. The local truckload rate from the plant to piers at Baltimore is 25 cents per 100 pounds, or $5.00 per net ton, minimum weight 23,000 pounds. The local rail rate to piers at Locust Point and Port Covington is $2.46 per net ton, minimum 40,000 pounds. The rate to Canton piers is $1.05 per net ton, minimum 40,000 pounds.

[fol. 4029]

VERIFICATION

Robert M. Pilson, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) Robert M. Pilson
Robert M. Pilson

Subscribed in my presence, and sworn to before me, by the affiant above named, this 7th day of October 1957.

(S) J. V. Biden
J. V. Biden
Notary Public, State of Maryland
SEAL My Commission expires May 4, 1959

[fol. 4030]

I.C.C. EXHIBIT No. 83

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the
INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF C. GILBERT KAPPEL, TRAFFIC MANAGER
THE NATIONAL PLASTIC PRODUCTS COMPANY
ODENTON, MARYLAND

[fol. 4031]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF C. GILBERT KAPPEL

Q. Please state your name, your business connection and location, and your duties.

A. My name is C. Gilbert Kappel. I am Traffic Manager of The National Plastic Products Company, Odenton, Maryland. Odenton is located on the Pennsylvania Railroad between Baltimore and Washington, about 18 miles from Baltimore. I have been in the employ of National Plastics about six years and my duties include the routing or billing of freight shipments.

Q. What is the business of your company?

A. The National Plastic Products Company manufactures various plastic materials and products, including plastic sheet material used for surfacing furniture, etc., and for vertical wall surfacing; filament thread; synthetic resin powder; and various other plastic products such as luggage handles, tassels, and Saran fibre which is used in the manufacture of such products as seat covers, upholstery and window screening.

Q. Does National Plastic export any of its products?

A. Yes, the company ships some of its products regularly for export to all principal trade areas of the world, in- [fol. 4032] cluding Northern Europe, the Mediterranean, South Africa, South America and the Far East. The principal product exported is plastic sheet material. Other exports are filament (thread) on spools, synthetic resin powder, and some moulded products in small quantities. The filament goes principally to Europe and the resin powder to Israel.

Q. Through what ports do your exports move and to what extent?

A. Approximately two-thirds of the company's exports go through the port of Baltimore and the balance through New York. The exports through New York consist principally of plastic fibres.

Q. Can you explain why some of your exports go through the port of New York?

A. Our exports through New York are controlled by the foreign freight forwarders designated by the foreign customers. These forwarders, located in New York, order the shipments sent to that port. Factors that enter into the use of the port of New York are frequent steamship sailings and more adequate world port coverage as compared with Baltimore.

Q. Please state the mode of transportation employed for the inland movements, and the inland freight costs and by whom they are borne?

A. The shipments to New York are sent by truck and the inland freight charges are billed to the brokers either by National Plastics or by the motor carriers. The for- [fol. 4033] eign customers deposit funds with the New York brokers to cover various charges, including the inland freight. The truck rates from Odenton to New York vary depending upon the weight of the shipments, and on plastic fibres are $2.16 per 100 pounds on shipments under 2000 pounds, $1.84 on shipments from 2000 to 6000, and $1.63 on shipments weighing over 6000 pounds. I may add that the movements to New York are irregular, amounting to several shipments each month. Exports through the port of Baltimore are delivered to the piers free of charge by company trucks.

[fol. 4034]

VERIFICATION

C. Gilbert Kappel, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) C. GILBERT KAPPEL
C. Gilbert Kappel

Subscribed in my presence, and sworn to before me, by the affiant above named, this 7th day of October 1957.

(S) LEONARD V. KLEIN
Leonard V. Klein
Notary Public, State of Maryland
My Commission expires May 4, 1959

SEAL

[fol. 4035]

I.C.C. Exhibit No. 84

Before The

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF E. ARCH SEIDL

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, NW, Washington 6, D. C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 4036]

Before The

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF E. ARCH SEIDL

Q. Please state your name and address.

A. My name is E. Arch Seidl. I reside at 5401 Purlington Way, Baltimore 12, Maryland.

Q. What is your present business connection?

A. I am retired after spending 25 years in the steamship business and various other activities connected with shipping.

Q. What offices of a public or quasi-public nature have you held?

A. I was President of the Steamship Trade Association of Baltimore from 1946 to 1949, and am also a past-president of the Traffic and Transportation Club of Baltimore. I have been Vice President of the Baltimore Association of Commerce, Chairman of its Import and Export Executive Committee, and a member of various other committees which deal with Port activities. I was a member of the Harbor Advisory Board of the Mayor's Committee, and of various committees on shipping of the Baltimore Chamber of Commerce; and was Chairman of the local chapter of the Transportation Association of America.

Q. What has been your past experience in the shipping business in Baltimore?

[fol. 4037] A. I was active in the steamship business during the period 1917-1932, and again during the period 1942-1955. During the first of those periods I was connected with the Blake Line and with Oriole Lines, which operated between Baltimore and ports in the United Kingdom, particularly Manchester, Liverpool and Glascow. I was traffic manager of Blake Line and was Vice President of Oriole Lines, with the particular responsibility of soliciting and obtaining traffic. After ten years in other enterprises, I returned to the steamship business in 1942 with Dichmann, Wright & Pugh, Inc., and was Vice President of that concern until 1955, when I retired. Dichmann, Wright & Pugh is agent for many of the lines which operate to and from the Port of Baltimore. My principal responsibility was that of agent for the vessels of our principals, and, together with the rest of the Staff, endeavoring to secure business for their ships.

Q. Please describe Blake Line and Oriole Lines, and their operations, in a little more detail.

A. The Blake Line was organized in March, 1919, for the purpose of operating five United States Government ships then owned by the United States Shipping Board in Washington, in an effort to establish a direct service from

Baltimore and Norfolk to Manchester, England. This operation continued under that name until the spring of 1923 when the venture was absorbed by the Consolidated Navigation Company which was brought into being by the Shipping Board to take in under one management the Blake Line, the Baltimore Steamship Company and the Export Transportation Company. These vessels were then operated under the trade name of the Oriole Lines to the West Coast of the United Kingdom ports, and during the nine years we handled them there was an average of about nine ships in the fleet. Obviously, much effort was spent in the efforts to get the Oriole Lines sailings out of Baltimore and Norfolk fully loaded, which was rarely the case. During the last [fol. 4038] half of the 1920's and early 1930's we were obliged to finish loading wherever we could get additional cargo, sometimes Philadelphia, sometimes New York and sometimes Boston. During the fall of 1931 the Government decided to divest itself of many of the lines which they were operating through managing agents, such as ourselves, and because of general economic conditions at the time we did not make a bid on the vessels and retired from the business in June, 1932. Later on the Oriole Line ships were allocated to the United States Lines of New York.

Q. During that period were you active in solicitation of traffic in what is known as Differential Territory?

A. Yes. From 1918 to 1932 I spent considerable time and effort soliciting traffic to and from that area through the Port of Baltimore. In that connection I travelled extensively through that territory and interviewed hundreds of shippers, actual and prospective.

Q. In connection with those solicitation efforts did you learn of causes which influence traffic through the Port of New York, as against Baltimore, despite the existence of a more favorable inland rate structure to and from the latter port?

A. Yes. It was a major part of my job to know what we were up against—what were the principal factors which influenced traffic away from Baltimore—and to attempt to offset those influences to the best of our ability in order to attract a reasonable share of the traffic through Baltimore and to the ocean services which I represented.

Q. Please describe some of those factors which you found influenced traffic away from Baltimore and through New York.

A. One of the most important factors was the concentration in New York of the control of the routing of shipments. [fol. 4039] Many large concerns maintain their export-import offices in New York, and many others have close connections of long-standing with New York brokers and foreign freight forwarders. Frequently these agencies desire to concentrate all of their shipments in the Port of New York in order to arrange for consolidation, and to maintain close supervision over the movements. So far as the foreign freight forwarders in particular are concerned, there is the added factor that when they arrange for movement of the traffic of their clients through "out-ports", it is necessary for them to divide their fees with those whom they must employ at the out-ports to service the shipments. There are other considerations. The average Midwest shipper engaged in export trade is represented by such a broker or forwarder in New York. The broker arranges for space on vessels, checks the transshipment in New York harbor, takes care of documentation, looks after marine insurance, deposits the marine bill of lading in a metropolitan bank, and renders sundry other services. Most important of these, he entertains foreign customers when the latter come to this country. Hence the shipper is loath to give up this service, even at a saving in freight rates through Baltimore.

The matter of variety and frequency of ocean service has a powerful drawing effect, as has the corollary factor of direct ocean service. A shipper is inclined to concentrate his shipments at the port where he can obtain expedited service to the widest variety of foreign ports.

Q. Does the matter of terminal facilities enter into a shipper's choice of ports?

A. Yes. It should be pointed out that as a result of not obtaining a large share of general cargo, Baltimore has not been in a position to provide modern, well-equipped, highly-efficient, general cargo terminals—which, in turn, has acted as a further deterrent to its use by shippers of high-grade cargo.

[fol. 4040] Q. During that period following World War I, were there other efforts made, to your knowledge, to reestablish Baltimore's former direct services to foreign ports?

A. Yes. In addition to Blake Line and Oriole Lines with which I was connected, there was the Braven Line which instituted direct operations between Baltimore and South America in about 1929, but which lasted only a couple of years. There was also the Baltimore Mail Line which operated between Baltimore and Hamburg, Bremen, etc. from 1931 to 1938. These met the same fate as Blake Line, and obviously for the same reasons.

Q. Have you been connected with an even more recent attempt to reestablish such direct service?

A. Yes. In 1953, Dichmann, Wright & Pugh acted as agent at Baltimore for Fjell Line which instituted a direct service between Baltimore and Rotterdam, Amsterdam, and London. After strenuous efforts, and the expenditure of considerable funds, this enterprise was abandoned when it became evident that the drawing power of the Port of New York for general cargoes was too great to permit continuation of direct service from Baltimore to that area.

Q. Now will you please describe Dichmann, Wright & Pugh, Inc. and its business?

A. Dichmann, Wright & Pugh, during my connection with the Company, acted as operator of ships for the United States Government and as agent for many owners of vessels serving Baltimore. Some of these were American owners with headquarters in New York and many were owners of foreign flag vessels with headquarters in various parts of Europe. For the latter we handled the ships through their General Agents in New York. Our Company, while local agent for the handling of the ships' interests while in port, quite naturally was expected to secure business for the lines. Our bookings of cargo for each ship [fol. 4041] were under the direct instructions of the home office or General Agent in New York. The specific arrangements varied. In some instances we were allotted a certain amount of space on the vessel, which we could book without specific clearance from New York. Beyond that amount of space it was necessary for us to obtain authorization from

New York for each booking. In other cases we were permitted to book, advising New York immediately of each booking, until New York told us to stop.

Q. Were there instances when you had offerings of cargo at Baltimore which you were not permitted by the New York office to book, while there still remained actual space on the vessel?

A. Yes. There were many instances in which New York would reserve large amounts of space for their cargo which, of course, we were not permitted to use at Baltimore.

Q. Was the space available to you at Baltimore dependent upon the demand for space at New York?

A. Yes, that would naturally follow.

Q. Does the differential rate adjustment play an important part in attracting export-import traffic through the Port of Baltimore?

A. It certainly does, particularly in the case of low-grade, low-value, low-rated commodities, such as those which move in bulk—either in full vessel lots or in parcel lots in liner vessels. In my opinion its was the existence of Baltimore's geographical advantage with relation to the Midwest as partially reflected in that differential, that was responsible for the growth of Baltimore as a bulk cargo port, and it is the saving in inland freight rate that is the main factor which operates to draw general cargo through Baltimore as against New York.

[fol. 4042] Q. In your opinion would the export-import traffic of the Port of Baltimore be materially effected by the establishment of equal inland rates to and from New York?

A. It certainly would. Without some benefit to the shipper from Baltimore's proximity to the interior there would be no incentive to move general cargoes through Baltimore. At the present time there is a certain amount of general cargo, not requiring expedited transit, or moving to or from some of those very few foreign areas where Baltimore has service comparable to the Port of New York, which makes it attractive to the shipper to use Baltimore and effect a modest saving. Without the modest saving the superior facilities and service of New York would draw every pound of it.

In my opinion, elimination of the differential also would have a seriously adverse effect upon Baltimore's low-grade bulk traffic. For the moment, Baltimore's excellent facilities for the handling of such commodities as grain and ore doubtless would continue to attract considerable quantities of that type of traffic. Without some saving to the shipper, however, it would not be long until the diversion to other ports would become serious. Other ports, having a distinct ocean advantage over Baltimore, would be influenced to increase and improve their facilities; and pull of lower-cost ocean service would be felt. In the operation of ocean-going vessels, time really is money. Their operation, maintenance and capital cost are very high—amounting on the average to about $2,000.00 to $4,000.00 a day—and no ship operator in his right mind is going to encourage his shipper to offer him cargo at Baltimore if the shipper at no additional cost, can make it available to him at a port which involves several days less steaming time.

[fol. 4043]

VERIFICATION

E. Arch Seidl, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

s/ E. Arch Seidl
E. Arch Seidl

Subscribed in my presence, and sworn to before me, by the affiant above named, this 14th day of October, 1957.

Mary Celeste Barlow
Notary Public, State of Maryland

My Commission expires May 4, 1959

SEAL

[fol. 4044]

I.C.C. EXHIBIT No. 85

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K St., N.W., Washington 6, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

BEFORE
THE
INTERSTATE COMMERCE COMMISSION

I. & S. Docket No. 6615
Equalization of Rates at North Atlantic Ports

VERIFIED STATEMENT OF C. E. CHILDE, TRANSPORTATION CONSULTANT.

October 18, 1957

[fol. 4045]

Before The

Interstate Commerce Commission

I. & S. Docket No. 6615

Equalization of Rates at

North Atlantic Ports

VERIFIED STATEMENT OF C. E. CHILDE, TRANSPORTATION CONSULTANT.

My name is C. E. Childe. I am a transportation consultant with office and residence in Cambridge, Md. My experience in transportation has extended over more than 50 years, as railroad employee, industrial traffic manager, manager of traffic bureaus of chambers of commerce and shippers' organizations, and transportation consultant. I have been a practitioner before the Interstate Commerce Commission for more than 40 years. In 1926-28 I was president of the National Industrial Traffic League, a national organization of shippers. From 1935 to 1940 I was Chairman of the Traffic Committee of the Mississippi Valley Association, an organization devoted to the transportation and economic development of the Mississippi Valley states. In 1941 I was appointed by President Roosevelt a member of the Transportation Board of Investigation and Research, created by the Transportation Act of 1940 to study and report to the President and Congress on the relative economy and fitness of carriers by railroad, highway, and water, for development into a national transportation system adequate for commerce, the postal service, and the national defense. This Board also made studies and reports on the national freight rate structure [fol. 4046] and relation of rates to costs. After the termination of that office in 1944, I served for a year as Transportation and Economic Consultant of the Senate Small

Business Committee, during which time I made a report (published as Senate Committee Print No. 14, 79th Congress, 2nd Session), entitled *Transportation Program for Small Business.* In 1949, I was consultant to Secretary of Commerce Sawyer, collaborating in the preparation of his report to the President, December 1, 1949, entitled *Unified and Coordinated Federal Program for Transportation.* In 1950, I served as Chairman of the Transportation Committee of the President's Water Resources Policy Commission. Since 1946, I have made transportation surveys, traffic, rate, and cost analyses, and economic studies of transportation and marketing for private clients and government agencies, including the Departments of Commerce and Agriculture, and U. S. Army Engineers.

I have had occasion in the past to make a number of studies of United States foreign trade and transportation. In the present proceeding I have made a study for the Maryland State Port Authority, of export and import traffic through North Atlantic ports and have prepared a number of exhibits dealing particularly with the development and commerce of northeastern United States, east of the Mississippi River and north of the Ohio River-Virginia-Carolina boundaries.

Differences, or differentials, in railroad freight rates have prevailed between points in the above-named territory and North Atlantic ports virtually since the beginning of rail transportation, with lower rates to and from Baltimore and Philadelphia than between New York and Boston and the interior territory. That has been true as to domestic, as well as export and import rates. Originally the railroads maintained the same levels on domestic as on import-export traffic to and from the North Atlantic [fol. 4047] ports. It was not until domestic rates were revised by orders of the Interstate Commerce Commission, widening the differences in the Baltimore and Philadelphia rates below New York, starting around the time of the First World War, that export-import rate relationships were made different from domestic rates. When the domestic rates were revised, the preexisting differentials were maintained on export-import traffic. They were, with some minor exceptions, 3 cents per hundred pounds, Baltimore under New York, except on export grain they were 1½ cents per hundred pounds. The history of these differentials has been dealt with by other witnesses in this proceeding. It will suffice here to point out that the 3-cent differential established in 1876 applied originally on grain as well as other commodities, and prior to that time higher differentials were in effect, ranging up to 10 cents per hundred pounds.

Since the 3-cent differential was established in 1876, vast changes have occurred in economic and transportation conditions in the United States. My testimony will deal with the changes in population, occupational patterns and the growth of manufacturing and exports and imports during the period.

My exhibit, marked X-1, shows the population of continental United States as a whole and by census regions, and individual states in the northeastern part of the country, from 1790 to 1950. It will be observed that in the first census, of 1790, the entire population was in New England and the Atlantic Seaboard states, which then extended as far south as Georgia, and the East South Central area which then consisted of Kentucky and Tennessee, with about 3 million people in New England, the Middle Atlantic states—New York, New Jersey, and Pennsylvania—and the South Atlantic states—Virginia, Maryland, and Delaware, and about an equal division of a million people in each of these three groups. Virginia was the most populous state, with 747,000 people; Pennsylvania was second, with 434,000; North Carolina, which is not sepa- [fol. 4048] rately shown in the exhibit, was third with 394,000; Massachusetts was fourth with 379,000; New York fifth with 340,000, and Maryland sixth with 320,000.

In the 1800 census, the first count was made of people in the East North Central states, with 45,000 in Ohio and 5,000 in Indiana. Virginia kept in first place with 880,000; Pennsylvania second with 602,000, and New York advanced to third place with 589,000. By 1820, New York had risen to first place, with 1,373,000, and has remained first in population ever since. A notable feature of the 1820 and succeeding censuses was the growth of New York at a more rapid pace than any other state, and of the East

North Central region, with Ohio leading, at a growth rate rivaling New York's. By 1840, the East North Central area went ahead of New York, and by 1870 it ran ahead of the Middle Atlantic region, and has had a neck-and-neck growth with the Middle Atlantic since that time.

The expansion of population has been intimately related to the development of transportation along the seaboard and in the interior. The original settlements were mainly along the coast and the navigable coastal rivers, because the only cheap and dependable transportation was by water. The population was supported by agriculture, forestry, and seafaring, with a small amount of manufacture and shipbuilding along the seacoast. Boston, New York, Philadelphia, and Baltimore were the principal markets and points of supply for the interior. Communication between seaboard and the interior was overland by wagon or horseback or foot to the Great Lakes and the Ohio and Tennessee rivers. The high cost of that transportation forced the early settlers of the interior to look to New Orleans and Montreal as cheaper sources of supply by water, and stimulated building of canals, and later railroads, between New York, Philadelphia, Baltimore and the rapidly growing inland areas east and west of the Alleghenies. The completion of the Erie Canal to Buffalo in 1825 gave New [fol. 4049] York a tremendous advantage over the rival cities of Philadelphia and Baltimore, both by opening up the fertile valleys of interior New York to rapid settlement and by providing the main, and by far the cheapest, route for the transportation of passengers and freight into Ohio and beyond. Even before the Canal was finished to Buffalo, merchants of Philadelphia found it cheaper to ship by water to Albany, and thence by Canal to Central New York, and from there by wagon to Pittsburgh, than to route the freight directly overland from Philadelphia to Pittsburgh. Thus New York City became firmly established as the country's largest city, largest port, and largest center of manufacturing and trade, and its leadership in these respects has constantly increased in the subsequent years of our history.

Philadelphia and Baltimore, and the governments of Pennsylvania and Maryland, tried to meet the challenge of the Erie Canal; first by building a number of canals toward the west, none of which succeeded in penetrating the barrier of the Appalachian Mountains, and all of which, with minor exceptions (such as the Chesapeake and Ohio Canal from Washington to Cumberland, Md.) were abandoned when the early railroads proved their superiority over the shallow, artificial waterways as a mode of transport. The Baltimore & Ohio Railroad, with Baltimore as its eastern terminus, was the first to reach the Ohio River; and the Pennsylvania Railroad, from Philadelphia to Pittsburgh, followed soon thereafter. The Erie and New York Central lines were built from New York to the west, and succeeded in wresting most of the traffic from the Erie Canal. By 1860, a network of rail lines extended from New York, Boston, Philadelphia, and Baltimore throughout the East North Central states from Ohio westward to Illinois and the Mississippi River. Competition of the Baltimore & Ohio, with Baltimore as its eastern terminus and port; the Pennsylvania, with Philadelphia; and the New York Central and the Erie, with New York as their eastern [fol. 4050] termini, with each railroad trying to attract the largest possible volume of both domestic and export-import traffic between its eastern terminus and the west, led after a series of rate wars and arbitrations, to agreements upon the maintenance of differential rates to and from Philadelphia and Baltimore lower than to and from New York and Boston, on traffic originating or terminating west of Buffalo and the Alleghenies. Each city had, in the area east of the differential territory boundary, rates related to the length of haul. That pattern of rates remained in effect on both domestic and export-import traffic until the Commission revised the domestic class rates and rates related thereto on a distance basis to and from the entire territory east of the Mississippi River, and thereby made the differences in domestic rates, Baltimore and Philadelphia under New York, to and from the territory west of the Appalachians, greater than the former differentials, which the railroads however continued to maintain on export-import traffic.

In the period from 1870 to the present, during which these differentials have remained in effect, the population of the country has increased four-fold. In exhibit X-2 and Chart C-1 I have shown the growth by regions more particularly related to the present proceeding, by decades from 1870 to 1950. In these exhibits, East North Central Region and West Virginia are combined, as roughly representing Differential Territory; New England and Middle Atlantic Regions plus Maryland, D. C., Delaware, and Virginia are shown as representing the North Atlantic area; the East South Central and West South Central areas combined, as representing the areas tributary to the Gulf and Pacific ports. It will be noted that, during this period of rapid growth of the entire country, the growth of the North Atlantic coastal hinterland has continued at an even greater rate than the other regions. In the 80-year period, population of the North Atlantic area increased 32,000,000; the [fol. 4051] next largest increase was Differential Territory, 23,000,000. In the decade from 1940 to 1950, only the Pacific Region showed as large an increase as the North Atlantic.

In Exhibit X-1a I have shown the population growth of the North Atlantic port cities, New York, Boston, Philadelphia, and Baltimore, from 1790 to 1950, and their metropolitan districts from 1900 to 1950. Chart C-2 compares growth of New York with Baltimore. At the time of the first census the populations of the four cities were close together, ranging from 18,000, in Boston; 25,000 in Baltimore; 28,000 in Philadelphia; to 49,000 in New York. In the first 40 years there was little change in the rate of growth of the four cities. But from the decade of 1830-1840 (after completion of the Erie Canal), New York's population increased phenomenally as compared with its rivals. This is especially true of the metropolitan district which, in 1950, had nearly 13,000,000 people, as compared with 1,300,000 in Baltimore; 3,700,000 in Philadelphia; and 2,400,000 in Boston metropolitan districts. The Bureau of the Census has just announced, on October 9, 1957, the results of a special census of New York and its metropolitan district, as of April 1, 1957, which shows that in the past 7 years, while the population of New York City proper has remained about the same, the tremendous growth of the metropolitan district has continued, and on April 1 this year reached 14,093,535—an increase in 7 years of 1,181,000.

Contemporaneously with the growth of the country, especially east of the Mississippi and north of the Ohio and Potomac rivers, there has been a shift in occupations from rural to urban, and from a predominantly agricultural to a predominantly industrial economy, accompanied by a vast increase in the nation's productivity. Exhibit X-3 shows the population over 10 years old, from 1820 to 1930, and over 14 years, from 1930 to 1950, the gainful workers (changed to "experienced civilian labor force" in 1930), and the number and per cent of farm and non-farm occupations. In 1820, 72 per cent of the workers were in farm [fol. 4052] occupations and 28 per cent in non-farm. By 1920, the proportions had been reversed to 73 per cent non-farm and 27 per cent farm, and by 1950, 88 per cent of the workers were non-farm, and only 12 per cent in farm occupations. Exhibit X-4 shows the rural and urban populations from 1847 to 1950, and relates them to the country's productivity, as expressed in gross national product. The index numbers on this exhibit show that while rural population increased in this period 72 per cent, the urban population increased six-fold; and the value of goods and services produced, computed at constant (1929) prices, increased more than twelve-fold.

The growth and transition of our economy from agricultural to industrial was accompanied by like changes in exports and imports. Exhibits X-5 to X-16, inclusive, which deal with this situation, are reproduced from publications of the U. S. Department of Commerce Bureau of Foreign Commerce, entitled *Historical Trends in U. S. Imports,* published in September, 1954, as No. 632 of the World Trade Series, Business Information Service; and *Historical Trends in United States Exports,* which was mimeographed and circulated as a companion-piece. These cover the period from 1869 to 1953 and 1954, and some pen and ink figures for 1955 are on the sheets covering exports, which were on the copy I borrowed from the Department of Commerce for reproduction. The table numbers and page numbers on these sheets are the tables and pages of the original publications.

Exhibit X-5 shows the value of merchandise imports and exports, and their relationship to gross national product and the ratio of imports to exports, 1869-78 to 1953. During this period, exports increased from a half-billion to nearly 16 billion dollars; and imports from a half-billion to nearly 11 billion dollars. There was a sharp decrease in both exports and imports in the depression of the 1930's. During the Second World War, exports increased. In the postwar years, both exports and imports reached all-time highs. The [fol. 4053] ratio of imports to exports declined from a practical parity in 1869-78 to lows of 50 per cent in the First World War and 35 per cent in the Second World War periods, but since the last war, have increased to about 70 per cent of exports. Declining ratios of imports and exports to gross national product, from 7 per cent in 1869-78 to 3 and 4 per cent in 1953, reflect the rapid economic advancement of the United States, as compared with the rest of the world, rather than a declining importance of our foreign trade.

During the early period preceding and following the Civil War, our exports were mostly agricultural and our imports mostly manufactured goods. Now exports are predominantly manufactured products, although agricultural products comprise an important and steady volume; and imports are predominantly crude industrial materials and foodstuffs, although manufactured and semi-manufactured products still constitute an important volume. Exhibit X-6 shows percentage relationships of agricultural and non-agricultural products. In 1869-73, 77.5 per cent of our exports was agricultural and 22.5 per cent non-agricultural; whereas, in 1954, the ratios were reversed to 76 per cent non-agricultural and 24 per cent agricultural; in 1955, the ratios were 77 per cent non-agricultural and 23 per cent agricultural.

Exhibit X-7 shows exports by economic classes. The growing importance of manufactured products, as compared with crude materials, is apparent from these figures. In the period covered, manufactures advanced from 16 per cent to 57 per cent of the total exports; semi-manufactures, of which the principal item was iron and steel, increased from 5 per cent to 16 per cent; while crude materials declined from 43 per cent to 13 per cent; and foodstuffs declined from 37 to 14 per cent.

Exhibit X-8 shows United States imports by economic classes, and the growing importance of raw material imports, as compared with finished manufactures, which [fol. 4054] is the reverse of the trend of our exports. In the period of the exhibit, manufactured imports declined from 35 to 14 per cent, while raw materials, other than foodstuffs, increased from 29 to 55 per cent. Foodstuffs held fairly steady, at 36 per cent at the beginning, and 30 per cent at the end of the period.

Exhibit X-9, which is a reproduction of Page 10 of the Commerce report, shows at the top, exports of finished manufactures as percentages of United States totals, and at the bottom a portion of the text of the report dealing with the effect of United States industrialization on our foreign trade, pointing out the growing world markets for our mass-produced manufactured products, and the growing need for industrial raw materials from abroad, and the diminishing importance of finished manufactures imports.

Exhibit X-10 shows, by commodity groups, from 1910 to 1955, our principal exports of finished manufactures. Machinery (electrical and industrial) shows the most spectacular growth, from 5 per cent to 16 per cent of total exports; automobiles rose from 1 per cent to 8 per cent; and chemicals and pharmaceuticals from less than 1 per cent to nearly 4 per cent.

Exhibit X-11 shows semi-manufactures as percentages of total United States exports. The outstanding item here is iron and steel, which increased from 1.7 per cent to 4.7 per cent of total exports. Textile yarns increased from 0.2 per cent to 1 per cent; and chemicals, including coal-tar and plastic materials, increased from less than 1 per cent to 2.5 per cent.

Exhibit X-12 shows crude materials exports. Here the largest items are coal, 3.4 per cent; cotton, 3.4 per cent; tobacco, 2.5 per cent; and oil seeds, 1.4 per cent of total export values. It is notable that since 1910 agricultural crude material exports (which do not include foodstuffs) declined from 28 per cent to 8 per cent of the total. The principal reason for this decline was decreased exports of raw cotton, which went down from 26 per to 3 per cent of [fol. 4055] the total in the period. Since 1955, there has been some recovery in raw cotton exports by reason of expanded Government sales abroad.

Exhibit X-13 shows exports of foodstuffs. Here, grains dominate, and have held a fairly steady position; comprising 6.9 per cent of the total exports in 1910-14 and 6.6 per cent in 1955. A temporary large bulge in the immediate postwar period carried them to 12.3 per cent of total exports in 1947.

Exhibits X-14 to X-16 show similar information as to imports. Exhibit X-14 shows principal imports of manufactured articles, by commodity groups. The wide variety of manufactured imports, aggregating 14 per cent of total imports in 1953, has no especially outstanding items—the largest being machinery, 1.6 per cent of the total; steel mill products, 1.1 per cent; automobiles, 1 per cent.

Exhibit X-15 shows imports of raw materials which constituted, in 1953, 55.3 per cent of total imports. Ores and metals constituted, by a wide margin, the largest percentage of the raw materials imported, aggregating over 30 per cent of total imports; newsprint and paper base stocks were next in importance, amounting to 5.5 and 2.8 per cent of the totals; crude petroleum and fuel oils were 4.7 per cent and 2.3 per cent, respectively; wool and other fibers aggregated over 5 per cent; crude rubber amounted to 3.1 per cent of the total imports.

Exhibit X-16 shows foodstuffs imports, amounting to 30.6 per cent of the total in 1953, of which the outstanding items were coffee, 13.6 per cent and sugar, 4 per cent. Coffee imports have more than doubled in relative importance since 1910-14, whereas sugar has declined in importance.

Exhibit X-17 is a reproduction of Table No. 1129 of the *Statistical Abstract of the United States, 1956,* showing indexes of value, unit value, and quantity from 1913 to 1955; the quantity index being a computation of values in terms of constant prices. All of these indexes are [fol. 4056] computed on 1923-25 averages as 100. The exhibit shows that, while total quantity index of exports rose from 84 to 252, crude materials held fairly steady, from 123 in 1913 to 120 in 1955. Crude foodstuffs advanced from

181 to 271; manufactured foodstuffs, from 73 to 119; semi-manufactures, from 91 to 218; while finished manufactures rose from 65 to 422, an increase of nearly seven-fold. The quantity indexes of total imports increased from 66 to 188; crude materials from 58 to 163; crude foodstuffs from 67 to 149; manufactured foodstuffs (including beverages), from 74 to 213; semi-manufactures from 64 to 223; finished manufactures from 84 to 214.

From these general statistics, we turn to exports and imports through New York, Baltimore, and the other North Atlantic ports. Exhibits X-18 and X-19 and Charts C-3 and C-4 compare, in terms of dollar values, New York's and Baltimore's exports and imports, from 1870 to 1955, which is the effective period of the 3-cent rate differential (except for the reduction of the all-rail grain differential to 1½ cents around 1900 and the elimination of ex-lake grain differentials in the 1950's). Dollar value comparisons are, in my opinion, more significant in many respects than tonnage comparisons, since they reflect the importance of high-grade manufactured products as contrasted with low-grade crude materials and because value comparisons are available for a longer time and thereby throw more light on long-term trends than the tonnage figures. Exhibit X-18 shows annual figures in current dollars. Exhibit X-19 converts current dollars to 1913 constant dollars for 5-year averages from 1921 to 1955. Charts C-3 and C-4 portray the trends, both in current dollars and, from 1913, in constant dollars.

Turning to Chart C-3, it will be noted that from 1878 to the end of the 19th Century, New York's and Baltimore's export relationships were fairly constant—New York ranged between $300 million and $400 million, and Baltimore averaged somewhat below $100 million—indicating that the 3-cent differential from Differential Territory, so far as it influenced the total volume, was fulfilling its [fol. 4057] objective of keeping the competitive position of the ports fairly stable. Starting after 1895, however, New York began to climb ahead, and its leadership increased at an accelerating rate to and through the First World War. It is perhaps significant that New York's acceleration was more rapid after rebates were abolished and published tariffs became actual rates through the passage of the Elkins and Hepburn Acts in the early 1900's. In the First World War, New York's exports reached the astonishing height of more than $3.4 billion, while Baltimore advanced only to less than $400 million. By 1922, New York's exports sank to below $1.4 billion, and Baltimore declined, by 1923, to less than $100 million. By 1929, New York advanced to $1.9 billion while Baltimore, after a slight increase in 1926, again fell below $100 million in 1928 and 1929. The depression of the 30's brought both New York and Baltimore down to or below pre-World War I levels. New York's exports fell to less than half a billion dollars in 1932, and Baltimore's to $25 million; but in the recovery of the late 1930's and subsequent World War II years, New York exports advanced astronomically, to $1.9 billion in 1940 and $5.9 billion in 1944; while Baltimore was increasing only to $167 million in 1940 and to $1 billion in 1944. In 1945, at the war's end, New York's exports slumped to $4 billion, but in 1947 they advanced again to an all-time peak of more than $6 billion, while Baltimore, in 1947, barely passed the half-billion mark. After 1947, there was a gap in the statistics until 1951, when New York's exports were $4.3 billion and Baltimore's less than half a billion. After a dip in 1952-1954, New York's exports advanced in 1955 to $4 billion, while Baltimore's advanced, from 1952 to 1955, from $415 million to $577 million.

In terms of constant (1913) prices, New York's exports advanced from $918 million, in 1913, to an average, for 1951-1955, of $3.8 billion, while Baltimore's increased from [fol. 4058] $116 million in 1913 to only $232 million. It clearly appears from these figures that, during the life of the present differentials, New York's leadership over Baltimore as an export market has tremendously advanced. This immense advance has occurred, notwithstanding Baltimore's success in post-World War II years in passing New York in exports of grain, and Baltimore has also had the benefit of increased exports of coal. If these bulk commodities were omitted from the picture, New York's lead would show up as even more overwhelming.

Chart C-4 portrays a similar situation with respect to imports. Although as to imports New York's early leadership over Baltimore was greater than on exports, the relative positions of the ports remained fairly stable until 1900. After 1900, New York's imports grew rapidly from slightly over a half-billion dollars to a peak of $2.9 billion in 1920, while Baltimore's imports remained during this entire period well below the $50 million level, until 1920 when they reached only $70 million. In 1921, New York's imports declined to $1.5 billion, and during the 1920's increased to $2.2 billion, while Baltimore's imports barely passed the $100-million mark. In the depression 1930's, New York's imports declined to below $700 million, while Baltimore sank to less than $50 million. Between 1932 and 1941, New York's imports rose to $1.5 billion, with an intervening dip in 1938; there was another dip in 1942 to below the billion-dollar mark, and from there on, an exceedingly rapid climb to $4.3 billion in 1955. Baltimore's imports in 1941 barely passed the $100 million mark, and from there fell in 1942 to $62 million; and since 1942 succeeded in climbing only to $440 million in 1953, followed by a decline to $378 million in 1955.

In terms of 1913 constant prices, New York's imports reached $1.9 billion average in 1951-1955, while Baltimore's advanced to only $232 million. It should be borne in mind [fol. 4059] that the largest item in Baltimore's imports is ores, the only important commodities imported in larger volume through Baltimore than New York. If ores were eliminated, New York's commanding lead as a port of import would be all the more evident.

From the foregoing it is clear with respect to both imports and exports, that New York has tremendously increased its leadership over Baltimore during the differential period. It should, of course, be remembered that the figures submitted are total exports and imports, not merely those to and from Differential Territory. Later I shall take up the Differential and hinterland regions separately. I wish to say, in passing, that tonnage figures of exports and imports presented by other witnesses show, quite as definitely as the value figures I have been discussing, New

York's predominance over Baltimore and other North Atlantic ports, if the bulk commodities of grain and coal are eliminated from exports, and petroleum and ores from imports.

A question not answered by the statistics so far submitted is whether New York's tremendous lead over Baltimore and the other North Atlantic ports applies to commerce all over the world, or whether there are significant differences to and from certain countries or trade routes, as distinguished from others. To throw light on this, I have prepared Exhibits X-22 and X-23, which show by individual foreign countries or groups of countries, arranged as nearly as may be according to the essential trade routes established by the U. S. Maritime Administration, the weight, in thousands of pounds, and in percentages of the total of all Atlantic ports, of the exports and imports through New York, Boston, Portland, Me., Albany, Philadelphia, Baltimore, and Hampton Roads. The figures are for the calendar year 1955, and were obtained from a special study made by the Bureau of the Census, bearing [fol. 4060] the title *U. S. Waterborne Exports of Domestic and Foreign Merchandise Laden on Vessels at Selected U. S. Ports, 1955,* and a like title for imports. The individual countries in each of the geographical sub-groups are listed in Exhibit X-23a. I have in my working papers the original compilation of the Bureau of the Census, and compilations I have made therefrom of the exports and imports to and from each foreign country, by commodity groups and by type of vessel, i.e., liner, tramp, tanker. These working papers are available to the Commission, and for inspection by interested parties, if desired. The Bureau of Census figures and working papers give dollar values, by countries and commodities, as well as weights. From these, exhibits could be prepared showing dollar values, but it was deemed unnecessary to present these data, since they would simply enlarge the number of exhibits without showing substantially different relationships, other than those growing from the heavy weights and low values of crude, compared with manufactured commodities, which are adequately shown in other exhibits of record.

The arrangements of Exhibits X-22 and X-23 are similar. They show respectively exports and imports between the North Atlantic ports and the world, and geographical sections representing the several trade routes. In each subsection are three sets of figures, A, B, and C—A covering all commodities; B, all commodities except export coal and import petroleum; C—all commodities except export coal and grain and import petroleum and ores.

Turning to the first section of Exhibit X-22, showing exports through North Atlantic ports to the world, it will be noticed in Line A that New York's percentage was 14.4; Hampton Roads, 60; Baltimore, 16; Philadelphia, 6.4; Albany, 1.8; Boston, 1.1, and Portland, 0.3. In Line B, eliminating coal, New York's percentage becomes 41.1; Hampton Roads falls to 10.9; Baltimore rises to 25.5; Philadelphia is 13.6; Albany, 5.1; Boston, 3; and Portland, 0.8. In Line C, [fol. 4061] after eliminating both grain and coal, New York takes the lead with 57.4 per cent; Hampton Roads drops to 6.5 per cent; Baltimore to 17.8 per cent; Philadelphia, 14; Albany, 0.2; Portland, 0.7, and Boston becomes 3.4 per cent.

The figures for tonnage exported to the individual countries and geographical sub-groups reveal some significant facts which are not disclosed by the general averages. New York's percentages (on all commodities except coal and grain) are higher than its over-all average of 57.4%, to the following: Canada, 74.1%; Mexico, 60.4%; Central America, 92.7%; Caribbean, 70.4%; South America—West Coast, 72.1%; Continental Europe, 60.7%; Mediterranean, 62.1%; Red Sea-Persian Gulf, 60.5%; Indonesia-Malaya, 75.4%; West Africa, 89.6%; South and East Africa, 64.0%. On the other hand, New York's percentages are lower, and Baltimore's higher, than the over-all averages to South America—East Coast (New York, 50; Baltimore, 31); United Kingdom-Eire (New York, 29.6; Baltimore, 29.3); Far East (New York, 44.7; Baltimore, 24.3). Reference to the individual commodity and country data in the worksheets discloses that Baltimore's relatively high percentages to the areas named above were caused by large shipments of iron and steel products and fertilizers, produced in Baltimore's local or adjacent territory, rather than by tonnage diverted by Baltimore from Differential Territory away from New York. It is also interesting to find that Baltimore exported to those countries which received relatively large quantities of steel and fertilizer, considerable quantities of coal and grain, thus indicating that ships which call at Baltimore for bulk commodities may also provide shipping service giving Baltimore better opportunity to compete with New York on manufactured commodities. A definite relationship between frequency of sailings and volume of commerce can be traced by comparing the sailings between Baltimore and New York, [fol. 4062] respectively, over the several trade routes, as shown in exhibits of Witness Hamill, with the figures in my exhibits 22 and 23. It should also be borne in mind that volume of exports is necessarily related to volume of imports, not only because ships bringing in imports may be used for exports on their return journey, and *vice versa*, but because money to pay for exports and imports must be provided in the currencies of the respective exporting and importing countries; exports can be made only to the extent that they can be paid for in money of the exporting country, derived from imports, except for money transfers derived from loans, grants, donations, investments, and payments for services and travel, which in the aggregate are small relative to the total volume of foreign trade.

Exhibit X-23 shows that as to imports, as Exhibit X-22 showed as to exports, New York's percentages from individual countries and trade route groups vary considerably from the over-all average. The countries and groups from which New York's imports are above its over-all average of 53% are: Mexico, 64%; Central America, 80%; South America—West Coast, 68%; South America, East Coast, 68%; Mediterranean, 54%; Red Sea-Persian Gulf, 62%; Indonesia-Malaya, 75%; Far East, 77%; South and East Africa, 56%. The only area from which Baltimore received more than its over-all average of 10.6% was Continental Europe, and reference to the detailed commodity and country figures shows that this was due to the receipt of large tonnages of fertilizer materials from France and West Germany, most of which went to Baltimore's local fertilizer plants, and very little, if any, was shipped into Differential Territory. The areas from which New York received less than its over-all average percentage of imports were: Continental Europe, 47%, already discussed; Caribbean, 35%; Canada, 48%; Scandanavia-Baltic, 36.6%; United Kingdom-Eire, 50%; Australasia, 44%. From each of these areas, except Canada, New York's relatively low percentage of the total was caused, in large part, by larger [fol. 4063] than average imports through Boston which were, from the Caribbean, 14.5%; Scandanavia-Baltic, 19.5%; United Kingdom-Eire, 10.4%; Australasia, 39.7%, compared with Boston's over-all average of 9.2%. Boston also received an above-average percentage from South and East Africa—18.5%. This suggests that New York's complaint, if any, that it is receiving less than a satisfactory share of import freight, should be directed primarily against Boston, rather than the North Atlantic ports below New York; and New York would have a better prospect of improving its imports by obtaining differentials in rail rates below Boston, rather than equalization with Baltimore.

It is apparent, from Exhibits X-22 and X-23 that New York's overwhelming preeminence as to both exports and imports, extends over the whole world, except as to a few commodities produced in large volume locally at or near the other North Atlantic ports, such as coal, fertilizer, iron and steel, and, as to export grain and import ores and petroleum.

Coming now to the question of the relative volume and importance of exports and imports originating or terminating in the nearby or hinterland areas of the North Atlantic ports, compared with Differential Territory, I direct attention to Charts C-7, C-8, and C-9, and Exhibit X-20. These deal especially with manufactured commodities. Figures as to bulk materials are available in other testimony. Manufactured commodities are of paramount importance in the present and future of our foreign trade. World markets for United States manufactured products are necessary to provide means of payment for the imported raw materials which are essential to our growth, prosperity, and national defense, and for the advancement of the free world. The future growth of the individual North Atlantic ports will largely depend on their ability to attract exports of manufactured products, along with foodstuffs, and with imports of manufactured goods, foodstuffs, and crude materials. Exports and imports origi- [fol. 4064] nating and terminating locally or near the ports comprise, with a few exceptions of which grain is perhaps the most important, the major portion of the commerce through the ports. It is pertinent, in considering port relationships, to inquire into the volume of commerce supplied by the hinterland areas, as well as the Differential Territory.

Chart C-7 is a county outline map of the eastern half of the United States, on which the boundaries of the hinterlands of each North Atlantic port are marked, as determined by Witness Day, of Boston, who used the level of first class rates to obtain the territory within which each port has lower rates than any other port. The map also shows the boundaries of Differential Territory, extending from the western tip of New York, through western Pennsylvania, western West Virginia, eastern Kentucky, along the Ohio River to the Mississippi River, thence northward along the Minnesota-Wisconsin boundary line to Canada. The map also shows, for information, the Sandusky-Marietta Line, west of which Norfolk's export and import rates are the same as Baltimore's.

Exhibit X-20 shows, for selected years from 1899 to 1954, the manufacturing growth of the United States and of the New York-Boston and Philadelphia-Baltimore-Norfolk hinterlands, and of Differential Territory; in terms of manufacturing employees, payrolls, and value added by manufacture, which are designated by the letters A, B, and C, respectively. The four columns at the right of the exhibit show the increases of 1954 over 1899, and 1954 over 1947, in figures and percentages. Each group and subgroup is identified by line numbers at the left of the exhibit. The years 1954, 1947, and 1939 were those of the three latest manufacturing census; 1929 represents the period of prosperity before World War II; 1914, 1904, and 1899 are representative years prior to the First World War. The first group of figures—Line 1—shows, for the

United States as a whole, growth of manufacturing em- [fol. 4065] ployees from 4.8 million to 16.1 million; employees' payrolls, from $2.2 billion to $66 billion; and value added by manufacture, from $4.6 billion to $116.9 billion. Line 2 shows similar information as to the New York metropolitan district; Line 3, as to New England; Line 4, New York State; Line 5, Northeast New Jersey, which is a part of the New York Metropolitan District. On Line 6, the total figures for New York's hinterland, including New England, which are the sum of Lines 3, 4, and 5 are obtained. On Line 7, the totals for New York's hinterland, excluding New England, are shown. Line 8, which is the sum of Lines 13 to 17, inclusive, shows, for comparison with New York's hinterland, the hinterlands of Philadelphia, Baltimore, and Norfolk combined, consisting of New Jersey outside of the New York Metropolitan District, Pennsylvania (except the western portion in Differential Territory); Delaware, Maryland, District of Columbia, and Virginia. Line 9 shows similar information for Differential Territory, which is the sum of Lines 18, 19, and 20, consisting of the western Pennsylvania counties in Differential Territory, West Virginia and the East North Central states. The area used for Differential Territory is only approximately correct, in that it omits border communities in Kentucky, Missouri, and Iowa, which are part of Differential Territory, and on the other hand, includes portions of Wisconsin and West Virginia which are outside of Differential Territory. These tend to offset each other; and the figures are accurate enough for the purposes of this exhibit. Likewise the area used as New York's hinterland omits 5 counties in northeast Pennsylvania which are closer to New York than to Philadelphia, and 3 counties in Connecticut which are closer to New York than to Boston, but these minor omissions do not significantly alter the comparisons.

It will be observed from this exhibit that in 1954, manufacturing in the New York metropolitan area, as measured by these figures, surpassed that of all New England, and the manufacturing in New York State alone was greater [fol. 4066] than the combined hinterlands of Philadelphia, Baltimore, and Norfolk. New York's hinterland without

New England substantially exceeded the combined Philadelphia-Baltimore-Norfolk hinterlands, and New York including New England was more than double that of Philadelphia-Baltimore-Norfolk combined. Differential Territory's manufacturing has had a remarkable growth from levels substantially below New York's hinterland, in 1899, to more than 40 per cent (measured by value added) above New York's hinterland, including New England, in 1954. The figures as to the percentages of growth, 1954 over 1899 and 1954 over 1947, show that New England has lagged behind the other areas, but New York's hinterland as a whole has maintained its substantial advantages over Philadelphia-Baltimore-Norfolk's combined hinterlands in the period 1947 to 1954, as well as 1899 to 1954, thus indicating that New York hinterland's superiority over the hinterlands of the North Atlantic ports below New York is continuing, and increasing rather than decreasing.

Charts C-8 and C-9 depict the growth and importance of the New York-New England hinterlands, as compared with the combined hinterlands of Philadelphia-Baltimore-Norfolk, and with Differential Territory, in terms of manufacturing employment on Chart C-8 and value added by manufacture on Chart C-9. The charts show at a glance the tremendous advantage which New York enjoys over the ports below New York, by reason of the greater volume of manufacturing in the New York-New England hinterland. Taking the 1954 figures of value added as representative, it will be observed that the combined hinterlands of the North Atlantic ports below New York produced between $10 and $15 billion of added value, as compared with between $25 and $30 billion in the New York-New England hinterland. The charts also show what a tremendous addition there would be in New York's hinterland, if Differential Territory were included in it by the proposed equalization of rates. That would raise the total of value [fol. 4067] added by manufacture in New York's hinterland, as augmented by Differential Territory, to almost $70 billion, while the value added in the combined hinterlands of the lower North Atlantic ports would remain at slightly over $12 billion.

Reference was made in New York's testimony to the growing competition of Gulf ports for export and import traffic of Differential Territory, and the lower rates enjoyed by the Gulf on that traffic. This is a competitive situation affecting all North Atlantic ports alike. Exports and imports through the Gulf have been growing at higher than average rates, especially since World War II. My Exhibit X-19a shows the dollar values of exports and imports through the New Orleans and Galveston customs districts, which take in all of the Gulf ports, by decades from 1871 to 1950, and annually from 1946 to 1955. It will be noted from the index numbers at the right that, taking the 1871-1880 decade as 100, Gulf exports in 1955 were more than 17 times and imports more than 60 times higher. The increases were $1.6 billion in exports and $900 million in imports, as compared with Baltimore's increases, 1955 over 1871-1880, of a half billion dollars in exports and $350 million in imports. From 1936-40 to 1955 the Gulf's exports increased $1.3 billion and imports, $770 million, while Baltimore's increases were less than a half billion dollars exports and less than $400 million in imports.

The increased foreign trade of the Gulf stems from rapid development of manufacturing in the Gulf states, as well as increased flow of export and import traffic between the Gulf and the interior Mississippi Valley states. In my Exhibit X-20a, I show the manufacturing growth of the Gulf, and also the Pacific states, from 1899 to 1954. In the two right-hand columns it will be observed that the Gulf increases, expressed in percentages of the total United States increases (as per my Exhibit X-20), 1954 over 1899, were, manufacturing employees, 7 per cent, and value added by manufacture, 6.3 per cent; for 1954 over 1947, [fol. 4068] the Gulf's percentages were 11.5 per cent and 7.8 per cent respectively, showing the rising importance of manufacturing growth in the Gulf states since World War II. A similar acceleration is seen in the manufacturing growth of the Pacific states, from 11.1 per cent and 9.8 per cent, respectively, in 1954 over 1899; and 23.7 per cent and 13.2 per cent respectively for 1954 over 1947. The increasing industrialization of the Gulf and Pacific areas, of course, tends to reduce the ratios of North Atlantic and East North Central manufactures to the total.

Exhibit X-21 shows net registered tons of vessels with cargo entered and cleared in United States foreign trade at North Atlantic ports, Gulf ports, and the totals for the United States, for the years 1910, 1940, and 1950, and annually thereafter to 1956. The term "not registered tons" does not mean cargo tonnage, but is an arbitrary measure of usable space in vessels, using 100 cubic feet as a ton. Nevertheless it provides a convenient measure of the growth of shipping in the several port areas. It will be noted that, from 1910 to 1956, entries of laden vessels in the Gulf increased five-fold and clearances, more than three-fold, and from 1940 to 1956, both entrances and clearances more than doubled; indicating the improvement of the Gulf's shipping services that has been taking place contemporaneously with the increases in the Gulf's exports and imports. Charts C-5 and C-6 graphically depict the situation and show, especially as to clearances, the higher trends of the Gulf, as compared with Baltimore and New York.

Before leaving the subject of competition faced by the North Atlantic ports and by the rail carriers serving them, mention should be made of the St. Lawrence Seaway. The competition of the St. Lawrence route affects all North Atlantic ports alike, and while it is not presently of great significance, the threat looms of a considerably heavier volume of exports and imports to and from Differential [fol. 4069] Territory via the St. Lawrence, after the 27-foot channel is completed in 1959. This, like the growing Gulf competition, is a menace to the traffic of the carriers serving Baltimore, Philadelphia, and Norfolk, as well as New York and Boston, and of course the ports themselves are likewise threatened. Unquestionably the competition of the Gulf and the St. Lawrence together constitutes a challenge to the North Atlantic ports and the carriers serving them, deserving serious consideration in determining whether the interests of the carriers, ports and general public can be better served by leaving to the managerial discretion of the several carriers some freedom to meet this competition, rather than by tying up the export-import rates to and from the North Atlantic ports into a huge blanket adjustment extending from Norfolk northward to and beyond the Canadian border.

The exhibits of the railroads in this proceeding show total exports and imports by rail through each of the North Atlantic ports, for the 12-month period July, 1955 to 1956, but figures for New York were separately given by the applicant and opponent railroads. For ready comparison, I have consolidated, in my Exhibit X-24, the figures for New York and compared them with Baltimore, by commodity groups and by individual commodity classes, for which the movement through either Baltimore or New York was as much as 1,000 tons. The ratios of New York's to Baltimore's exports, by commodity classes, are shown in the columns at the right.

The exhibit shows that, as to exports by rail, other than coal, coke and grain, and imports other than ore, originating or terminating in Differential Territory, New York holds in general the same commanding lead over Baltimore as is shown in my previous exhibits with respect to exports and imports as a whole through these ports.

Prospects of United States foreign trade for the long-term future appear bright. Population of the country is growing at a rate much higher than was until recently [fol. 4070] thought possible. A recent estimate of the Bureau of Census was that, as of August 1, 170,607,000 people were living in the United States, and the population including armed services abroad was 171,520,000. The Bureau estimates that we shall pass the 175-million mark within a year and that population by 1960 will be 179 million; by 1965, 193 million; by 1970 209 million, and 1975, 228 million. The country's manufacturing capacity is expanding at an equally astonishing rate. Production is not only increasing by reason of the gain in production workers each year, but productivity per man-hour is increasing. Thus our gross national product is growing at an even greater rate than our population. This expanding production calls for constantly increasing imports of foreign raw materials. It was pointed out in the comprehensive report of the Paley Commission, in 1952, H.R. Doc. 527, entitled *Resources for Freedom,* that in the 1940's, the United States changed from a raw materials surplus to a raw materials deficit nation. However the United States produces substantial surpluses of agricultural products, especially grains and cotton, which must find overseas markets. Other raw materials, including coal, phosphates, certain forest products; and semi-manufactures, including iron and steel, other metals, industrial chemicals, are in strong foreign demand. The markets for our mass-produced finished manufactures, notably machinery, chemical specialities, pharmaceuticals, are world-wide. Industrial nations consuming our raw and semi-finished materials will ship manufactured products to us in payment, and undeveloped countries will exchange crude materials and foodstuffs needed by us for our foods, machinery, and other products they require.

United States investments in foreign countries, both public and private, are unprecedentedly increasing. Government expenditures abroad, for defense and foreign aid, promise to continue at about the present high rates, in [fol. 4071] carrying forward the responsibilities of world leadership which the United States has necessarily assumed. The growing needs of our economy for foreign materials, and of foreign nations for our products, together with our continuing public and private expenditures and investments abroad should result in constantly increasing exports from, as well as imports to the United States.

All of our major seaports, given reasonable opportunity with the exercise of reasonable initiative, should participate in this foreign trade. But the degree of their participation will depend on inland and ocean freight rate relationships, capacity and economy of port facilities, time consumed at ports and in transit, and frequency and regularity of ocean sailings. New York's superiority in ocean services to and from virtually the whole world gives it great advantages over the other Atlantic ports. If the North Atlantic ports below New York should be deprived of such offsetting advantages as they can now offer, of lower inland freight rates based on their shorter distances and lower costs of transportation to and from Differential Territory, their prospects of competing successfully against New York would be seriously diminished.

Our national welfare will, to a greater degree in the future than in the past, depend on fostering and maintaining our foreign trade. All the nations of the world are seeking to advance their industry and their standards of living. Therefore competition between nations for world trade will become increasingly keen. The necessity is obvious of developing and maintaining the most economical means of transportation and shipping, as well as the lowest possible costs and the highest possible quality of our products, for fullest advancement of our world commerce.

In my judgment, the public interest requires that each mode of transportation be encouraged to provide means for moving our export and import freight at the lowest [fol. 4072] possible cost to the producers, buyers, and users, and at the lowest rates consistent with principles of fairness. In my opinion, the maintenance of lower rates on export and import traffic to and from Differential Territory, through the ports of Baltimore, Philadelphia, and Norfolk than through New York, would be in conformity with the public interest in the furtherance of these national objectives.

[fol. 4073] AFFIDAVIT

City of Washington)
) ss
District of Columbia)

C. E. Childe, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

/s/ C. E. Childe
C. E. Childe

Subscribed and sworn to before
me this October 14, 1957

Yolanda J. De Marco
Notary Public
My Commission Expires Feb. 1, 1958

SEAL

VALUE - EXPORTS AND IMPORTS OF MERCHANDISE
NEW YORK AND BALTIMORE
1870, 1878 - 1955, incl.

(in millions of dollars)

Year	NEW YORK		BALTIMORE	
	Exports	Imports	Exports	Imports
1870	196.6	281.0	14.5	19.5
1878	372.2	292.8	45.5	16.9
1879	327.8	302.3	57.5	14.0
1880	385.5	459.9	76.2	19.9
1881	393.7	435.5	72.2	16.2
1882	332.1	493.1	39.4	14.9
1883	347.3	496.0	55.0	14.6
1884	320.0	465.1	43.1	11.4
1885	334.7	380.1	45.0	11.8
1886	304.5	419.3	35.8	11.7
1887	306.8	456.7	51.6	12.5
1888	301.5	470.4	46.2	11.7
1889	310.9	472.2	50.6	15.2
1890	340.3	516.4	74.0	13.1
1891	337.8	537.8	64.4	20.6
1892	404.9	536.5	98.9	13.4
1893	339.0	548.6	71.5	16.2
1894	359.2	415.8	78.3	12.0
1895	317.9	477.7	61.9	12.3
1896	344.4	499.9	66.4	13.5
1897	391.7	480.6	85.7	11.4
1898	445.5	402.3	118.8	8.9
1899	459.4	465.6	107.2	9.2
1900	518.8	537.2	115.5	19.0
1901	529.6	527.3	106.2	18.9
1902	490.4	559.9	80.5	22.8
1903	505.8	618.7	81.7	27.8
1904	506.8	600.2	82.8	20.3
1905	524.7	679.6	91.2	21.2
1906	607.2	734.4	109.9	30.1
1907	628.0	853.7	104.8	37.8
1908	701.1	688.2	90.0	29.5
1909	607.2	779.3	77.6	24.0
1910	652.0	936.0	77.4	29.9
1911	772.6	881.6	85.1	32.2
1912	817.9	975.7	92.2	26.4
1913	917.9	1,048.3	116.5	32.9
1914	864.5	1,040.4	109.7	34.5
1915	1,193.6	931.0	132.0	25.0
1916	2,790.4	1,257.2	291.2	38.9
1917	2,901.1	1,361.7	377.4	37.0
1918	2,560.9	1,294.4	300.7	36.0
1919	3,456.3	2,064.7	353.7	38.9
1920	3,283.9	2,892.6	381.6	69.8
1921	1,730.3	1,332.3	142.8	41.1
1922	1,375.4	1,484.7	124.9	60.1

[fol. 4074]

4074

Year	NEW YORK		BALTIMORE	
	Exports	Imports	Exports	Imports
1923	1,518.9	1,797.8	93.4	91.8
1924	1,657.7	1,690.0	100.2	100.5
1925	1,774.4	2,074.1	108.6	94.9
1926	1,662.5	2,225.0	129.3	106.2
1927	1,726.1	2,042.8	101.3	109.0
1928	1,769.9	1,950.1	99.0	110.0
1929	1,903.1	2,152.7	84.2	116.6
1930	1,384.3	1,469.2	53.8	103.7
1931	868.7	1,062.4	34.4	77.4
1932	475.4	656.1	24.5	46.1
1933	507.0	748.0	25.6	45.9
1934	733.9	834.2	40.6	52.2
1935	790.3	1,033.1	35.8	54.9
1936	872.3	1,197.0	45.1	71.7
1937	1,234.4	1,479.8	106.7	99.3
1938	1,126.3	983.5	81.8	65.9
1939	1,293.8	1,149.0	89.1	66.1
1940	1,944.9	1,241.8	167.5	94.8
1941	2,699.8	1,517.9	145.5	105.3
1942	3,804.1	970.8	266.3	62.1
1943	5,016.1	1,146.4	819.2	83.0
1944	5,938.4	1,275.8	1,078.7	101.3
1945	4,019.9	1,476.7	499.0	117.9
1946	4,016.2	2,291.4	344.6	147.5
1947	6,030.8	2,321.6	528.1	209.6
1948	1/	1/	1/	1/
1949	1/	1/	1/	1/
1950 2/	1/	1/	1/	1/
1951 2/	4,290.8	3,988.6	482.4	372.9
1952 2/	3,790.8	4,185.7	454.6	393.2
1953 2/	3,450.4	4,133.1	430.7	443.4
1954 2/	3,518.8	3,775.8	494.7	418.0
1955 2/	4,005.2	4,292.7	576.9	378.6

Note: Includes reexports except for years 1878-1896.

1/ - Customs district data not available.
2/ - For security reasons, Customs district of exportation for certain commodities not reported in export statistics.

Sources: Years 1878-1896, incl. from Foreign Commerce and Navigation of the U. S.

Other years from Statistical Abstracts of the U. S.

X-19

EXPORTS AND IMPORTS - CONSTANT PRICES (1913 LEVEL)
NEW YORK AND BALTIMORE

YEAR	UNIT VALUE				EXPORTS				IMPORTS			
	1923-1925 equals 100		1913 equals 100		Current		1913 Basis		Current		1913 basis	
	Exp.	Imp.	Exp.	Imp.	N.Y.	Balt.	N.Y.	Balt.	N.Y.	Balt.	N.Y.	Balt.
					(in	mi	llio	ns	of d	oll	ars)	
1913	65	70	100	100	917.9	116.5	917.9	116.5	1048.3	32.9	1048.3	32.9
1915-20					2912.5	320.4			1703.5	42.3		
1921-25	99	94	152	134	1611.3	114.0	1060.1	75.0	1675.8	77.7	1220.6 ~~[illegible]~~	58.0 ~~81.1~~
1926-30	86	90	132	129	1689.2	93.5	1279.7	70.8	1967.9	109.1	1625.5 ~~1490.8~~	84.6 ~~70.8~~
1931-35	59	48	91	69	675.1	32.2	741.9	35.4	866.8	55.3	1286.2 ~~[illegible]~~	80.1 ~~60.8~~
1936-40	67	56	97	80	1294.3	98.0	1334.3	101.0	1210.2	79.6	1512.8 ~~1247.6~~	99.5 ~~82.1~~
1941-45	97	77	149	110	4295.7	561.8	2883.0	377.0	1278.0	93.9	1161.8 ~~887.7~~	85.4 ~~63.0~~
1946-50	123	122	189	174	x 5023.5	x 436.6	2657.9	231.0	2650.8	228.3	1625.4 ~~[illegible].5~~	129.5 ~~119.8~~
1951-55	127	161	210	230	3811.1	487.9	1814.8	232.3	4075.2	401.4	1771.8 ~~1040.6~~	174.5 ~~232.3~~

x - Average 1946-1947.

Source: Statistical Abstract of the U. S., 1956 - Tables 1129, 1133

4076

MANUFACTURING GROWTH OF THE UNITED STATES AND NEW YORK-BOSTON HINTERLAND VS. PHILADELPHIA-BALTIMORE-NORFOLK HINTERLAND; AND OF DIFFERENTIAL TERRITORY

1899-1954

A - Employees (thousands)
B - Wages (millions of dollars)
C - Value Added by Manufacture (millions of dollars)

Line No.	Area		1954	1947	1939	1929	1914	1904	1899	Increase 1954 over 1899	Per cent of U.S. Increase	Increase 1954 over 1947	Per cent of U.S. Increase
1	United States	A -	16,126	14,294	9,527	9,660	7,514	5,675	4,850	11,276	100	1,832	100
		B -	65,977	39,696	12,706	14,284	5,016	2,991	2,259	63,718	100	26,281	100
		C -	116,913	74,290	24,487	30,591	9,386	6,019	4,647	112,266	100	42,623	100
2	N.Y. Metrop. Area	A -	1,732	1,599	1,117	1,111	NA	NA	702	1,030	9.1	133	7.3
		B -	7,095	4,920	1,647	1,989	NA	NA	359	6,736	10.6	2,175	8.3
		C -	13,116	9,311	3,126	4,452	NA	NA	865	12,251	10.9	3,805	8.9
3	New England (Boston Hinterland)	A -	1,450	1,475	1,122	1,246	1,245	1,001	897	553	4.9	-25	-
		B -	5,461	3,940	1,402	1,733	777	512	421	5,040	7.9	1,521	5.8
		C -	9,128	6,798	2,414	3,240	1,268	910	756	8,372	7.5	2,330	5.5
4	New York (state)	A -	2,008	1,773	1,211	1,331	1,236	955	795	1,213	10.8	235	12.8
		B -	8,473	5,278	1,750	2,295	869	541	414	8,059	12.6	3,195	12.2
		C -	14,141	9,656	3,314	4,974	1,699	1,140	854	13,287	11.8	4,485	10.5
5	Northeast New Jersey[1]	A -	611	572	329	340	NA	NA	239	372	3.3	39	2.1
		B -	2,641	1,745	399	481	NA	NA	114	2,527	4.0	896	3.4
		C -	4,983	3,326	1,162	1,290	NA	NA	204	4,779	4.3	1,657	3.9
6	New York Hinterland (Incl. New Eng.- Lines 3, 4, 5)	A -	4,069	3,820	2,662	2,917	NA	NA	1,931	2,138	19.0	249	13.6
		B -	16,575	10,963	3,551	4,509	NA	NA	949	15,626	24.5	5,612	21.4
		C -	28,252	19,780	6,890	9,604	NA	NA	1,814	26,438	23.5	8,472	19.9
7	New York Hinterland (Excl. New Eng.- Lines 4 and 5)	A -	2,619	2,345	1,540	1,671	NA	NA	1,034	1,585	14.1	274	14.9
		B -	11,114	7,023	2,149	2,776	NA	NA	528	10,586	16.6	4,091	15.6
		C -	19,124	12,982	4,476	6,364	NA	NA	1,058	18,066	16.1	6,142	14.4

Manufacturing Growth - Page 2

Line No.	Area		1954	1947	1939	1929	1914	1904	1899	Increase 1954 over 1899	Per cent of U.S. Increase	Increase 1954 over 1947	Per cent of U.S. Increase
8	Phila-Balt-Norf. Hinterland (Lines 11, 13, 14, 15, 16, 17)	A-	1,843	1,658	1,349	1,390	(x)	(x)	740	1,103	9.8	185	10.1
		B-	7,108	(x)	1,796	2,064	(x)	(x)	321	6,787	10.7	(x)	(x)
		C-	12,033	8,026	2,985	3,733	(x)	(x)	668	11,365	10.1	4,007	9.4
9	Differential Territory (Lines 18, 19, 20)	A -	5,132	4,900	3,003	3,309	(x)	(x)	1,399	3,733	33.1	232	12.7
		B -	23,215	(x)	4,516	5,394	(x)	(x)	694	22,521	35.3	(x)	(x)
		C -	40,762	26,415	8,699	11,228	(x)	(x)	1,469	39,293	35.0	14,347	33.7
10	New Jersey (state)	A -	811	739	531	517	422	290	258	553	4.9	72	3.9
		B -	3,489	2,217	754	809	280	157	120	3,369	5.3	1,272	4.8
		C -	6,331	4,186	1,518	1,771	522	304	257	6,074	5.4	2,145	5.0
11	New Jersey (less No. East N.J.-Line 5)	A -	200	167	202	177	NA	NA	19	181	1.6	33	1.8
		B -	848	472	355	328	NA	NA	6	842	1.3	(x)	(x)
		C -	1,348	860	356	381	NA	NA	53	1,295	1.2	488	1.1
12	Pennsylvania (state)	A -	1,473	1,442	1,016	1,155	1,031	829	708	765	6.8	31	1.7
		B -	5,911	3,925	1,356	1,749	671	441	343	5,568	8.7	1,986	7.6
		C -	9,930	6,926	2,477	3,431	1,141	813	692	9,238	8.2	3,004	7.0
13	Penna. (less Western Penna. Differential Terri. - Line 18)	A -	1,068	992	794	889	(x)	(x)	521	547	4.9	76	4.1
		B -	4,117	(x)	1,046	1,332	(x)	(x)	238	3,879	6.1	(x)	(x)
		C -	6,657	4,694	1,735	2,428	(x)	(x)	458	6,199	5.5	1,963	4.6
14	Delaware	A -	55	35	23	27	25	20	22	33	0.3	20	1.1
		B -	267	93	29	37	15	10	10	257	0.4	174	0.7
		C -	353	183	54	69	24	16	17	336	0.3	170	0.4
15	Maryland	A -	255	229	166	151	126	103	101	154	1.4	26	1.4
		B -	1,002	612	209	195	72	45	39	963	1.5	390	1.5
		C -	1,889	1,139	421	422	139	93	82	1,807	1.6	750	1.8
16	District of Columbia	A -	22	18	14	14	11	7	7	15	0.1	4	0.2
		B -	97	56	25	25	9	5	4	93	0.1	41	0.2
		C -	157	99	43	53	17	11	9	148	0.1	58	0.1

Manufacturing Growth - Page 3

Line No.	Area		1954	1947	1939	1929	1914	1904	1899	Increase 1954 over 1899	Per cent of U.S. Increase	Increase 1954 over 1947	Per cent of U.S. Increase
17	Virginia	A -	243	217	150	132	112	85	70	173	1.5	26	1.4
		B -	777	484	132	147	56	32	24	753	1.2	293	1.1
		C -	1,629	1,051	376	380	109	65	49	1,580	1.4	578	1.4
18	Western Penna. 2/ (Differential Terr.)	A -	405	450	222	266	(x)	(x)	187	177	1.6	-45	-
		B -	1,794	(x)	310	417	(x)	(x)	105	1,517	2.4	(x)	(x)
		C -	3,273	2,277	742	1,003	(x)	(x)	234	2,753	2.5	996	2.3
19	West Virginia	A -	122	127	88	94	77	47	35	87	0.8	-5	-
		B -	495	338	114	136	51	24	14	481	0.8	157	0.6
		C -	988	664	213	252	83	45	30	958	0.9	30	0.1
20	E. No. Central	A -	4,605	4,323	2,693	2,949	1,955	1,365	1,177	3,428	30.4	282	15.4
		B -	20,926	13,019	4,092	4,841	1,448	768	575	20,351	31.9	7,907	30.1
		C -	36,501	23,474	7,744	9,973	2,945	1,560	1,205	35,296	31.4	13,027	30.6

1/ - No. East New Jersey Counties: Bergen, Passaic, Hudson, Essex, Morris, Union, Middlesex, Somerset.
2/ - Western Pennsylvania Counties: Allegheny, Beaver, Butler, Crawford, Erie, Lawrence, Mercer, Venango, Warren, Washington.
(x) - Data incomplete.
NA - Information not available in Bur. of Census figures.

SOURCE: U. S. Department of Commerce, Census of Manufactures.

4079

[fol. 4080]

I.C.C. Exhibit No. 86

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF CHARLES R. SEAL, DIRECTOR TRANSPORTATION DEPARTMENT, MARYLAND PORT AUTHORITY BALTIMORE, MARYLAND

[fol. 4081]

BEFORE THE
INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION
DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF CHARLES R. SEAL

My name is Charles R. Seal. I am Director of the Transportation Department of the Maryland Port Authority and have held that position since May 24, 1957. Previously, and beginning with July 1, 1918, I was an attorney and examiner for the Interstate Commerce Commission, in which capacity I conducted hearings in railroad rate cases and prepared drafts of proposed reports and final reports in such cases, and on assignments, reviewed drafts of reports prepared by other examiners. I continued in that capacity until November 30, 1927.

From December 1, 1927, until January 31, 1946, I was Transportation Director for the Baltimore Association of Commerce, having the responsibility of handling all rate and other transportation matters affecting the Port and City of Baltimore. This responsibility included representing the interests of the Port in proceedings before the Interstate Commerce Commission, the United States Mari- [fol. 4082] time Commission, now the Federal Maritime Board, and the Civil Aeronautics Board, as well as in hearings before railroad rate committees. I actively participated in all of the many port differential cases which came before the Commission during that period. From February 1, 1946, to November 30, 1953, I was Director of Bureau of Water Carriers and Freight Forwarders of the Interstate Commerce Commission. In that capacity, I was responsible for the processing of applications of water carriers and freight forwarders for operating authorities and applications of railroads, motor carriers, water carriers and freight forwarders for approval of rate-bureau procedure aggreements under Section 5a of the Interstate Commerce Act. I also acted in an advisory capacity to the Commission in matters pertaining to competitive rates as between railroads and water carriers. From December 1, 1953, until I joined the Maryland Port Authority, I was associated with the Virginia State Ports Authority, first as Director of its Bureau of Transportation and General Counsel and then as Deputy Executive Director and General Counsel. While there, I represented the Authority in proceedings before this Commission and the Maritime Board.

My statement will deal with the general aspects of this proceeding pertaining to the history of the origin and purpose of the Atlantic port differentials; of the tests by [fol. 4083] which the differentials have heretofore been appraised and approved; and of their impact upon the ports and their commerce. Another witness will go more into the technical details of the differential rate structures. I may say at this point that the issues of the case, as I interpret them, concern the lawfulness of the differential relationships rather than the measure of the rates themselves. The Commission is asked on the one side by the proponents of port equalization, to approve removal of the differentials, and on the other to require continuance of the status quo in its entirety.

An antecedent of the origin and history of the differentials was the interest of a group of Baltimore citizens in providing means whereby the port of Baltimore might tap the growing agricultural midwest, and to restore to Baltimore a portion of the western trade which had been diverted from it by the completion in 1825 of the Erie Canal between Albany, N.Y., and Lake Erie, and the introduction of steam navigation on the Mississippi River. This interest led to the formation of a committee of Baltimore business men whose activities resulted in the organization of the Baltimore and Ohio Railroad on April 24, 1827.

The report of that committee emphasizes the importance of Baltimore's geographical position as an inland port. It dealt with the then existing commerce of the port, referred [fol. 4084] particularly to its commerce with the Susquehanna Valley, and pointed out the possibilities of trade with the west, as follows:

> But important as this trade is to Baltimore (trade with the Susquehanna Valley), it is certainly of minor consideration, when compared to the immense commerce which lies within our grasp to the West, provided we have the enterprise to profit by the advantages which our local situation gives us in reference to that trade. Baltimore lies 200 miles nearer the navigable waters of the West than New York and about 100 miles nearer to them than to Philadelphia, to which may be added the important fact that the easiest, and by far the most practicable route through the ridges of mountains which divide the Atlantic from the western waters, is along the depression formed by the Potomac in its passage through them.

Construction of the railroad commenced July 4, 1828. The line was gradually extended until it reached the Ohio River at Wheeling, W.Va., in 1853, and Parkersburg, W.Va., in 1857. The rate controversy between the rival railroads that eventually resulted in the agreement for the Atlantic port differentials began shortly thereafter. The Baltimore and Ohio was extended to reach Sandusky, Ohio, on Lake Erie, in 1869. In 1852 the New York Central, at that time the only carrier reaching New York Harbor with its own rails, with its connections opened the first through route from New York to Chicago. The Baltimore and Ohio, however, participated to some extent in the New York traffic through a boat line from Baltimore. The Erie [fol. 4085] reached Jersey City in 1862, the Pennsylvania in 1866 or 1867, and the Delaware, Lackawanna and Western in 1869. In 1886, the Baltimore and Ohio, which had been serving New York over lines which became a part of the Pennsylvania System, acquired a route to that port independent of the Pennsylvania. The lines of the Pennsylvania System had been extended to Chicago in 1858, those of the Erie several years later, and the Baltimore and Ohio reached Chicago for the first time in 1874.

By that time there was a network of rail lines extending through the midwest, reaching such points as Columbus, Cincinnati, Indianapolis, Chicago and St. Louis, and connecting these and other points with the seaboard port cities. However, the controversy between the railroads over port rates and their relationships had been going on for some years. The first known public reference to the controversy appeared in the Washington, D.C., *Evening Star* on January 29, 1859. The story reproduced by that newspaper in its issue of January 29, 1930, under the banner line "Today in Washington", referred to a meeting in Washington of officers of the four railroad systems leading from the Atlantic states to the west, the Baltimore and Ohio, the Pennsylvania, the New York Central and the Erie. The principal topic of discussion was said to be the position of the Baltimore and Ohio with respect to the [fol. 4086] maintenance of freight rates that gave the city of Baltimore alleged important advantages in obtaining western business as compared with New York, served by the New York Central and the Erie, and Philadelphia, served by the Pennsylvania Railroad. The story concludes: "So far as can be learned, the conference adjourned without any amicable settlement of this question, leaving the position of the Baltimore and Ohio unchanged."

History, including the decisions of the Commission, shows that many controversies and rate wars ensued until in a final effort to reconcile their differences, the four railroads on April 5, 1877, entered into a compromise Memorandum of Agreement, reproduced for this record as Exhibit No. —— (D-4), Witness Laux, which fixed the differentials as between the ports of New York, Philadelphia and Baltimore on traffic to and from the general area lying to the west and north of the Ohio River. The agreed differentials were 3 cents, Baltimore under New York, in both directions except that the westbound or import differential was 8 cents on the first and second classes. The Philadelphia differentials under New York were 2 cents and 6 cents respectively. The rates to Boston were at no time to be less than those to New York.

This agreement resulted in substantial concessions on the part of the Baltimore and Philadelphia railroads. For [fol. 4087] example, on April 11, 1868, the Baltimore *Gazette* quoted the following rates on fourth class goods from New York and Baltimore to various points in the midwest:

To	From New York	From Baltimore
	Cents per Hundred	
Cincinnati	50	30
Louisville	68	48
St. Louis	94	55
Chicago	55	38
Indianapolis	53	35

The substantial differences in favor of Baltimore, reflecting its proximity, are apparent.

By agreements among the carriers, from 1870 to 1876 the differentials Baltimore under New York were 5 cents on grain and the lower classes of freight and 10 cents on first, second and third-class freight. In 1875 the westbound class rates from Philadelphia were on basis of 7, 7, 6, 4 and 3 cents below New York on the five classes, and from Baltimore, 10, 9, 8, 6 and 5 cents on the same classes below New York. In 1876 the carriers agreed upon rates and differences based upon the relative distances between the port cities and western points. The agreed rates were, from Chicago to Baltimore, 13 per cent less than to New York, and to Philadelphia 10 per cent less. These were abandoned after a short period and a rate war ensued until the agreement of April 5, 1877, was adopted. A more complete ac- [fol. 4088] count of this and other phases of the differential history will be found in Appendix B to the Commission's report in the 1925 Boston case, 95 I.C.C. 525.

The differentials were disrupted by disagreements among the carriers of short duration in the early 1880's and again in 1888. Since 1882, however, with the exception of about a one-month period of equalization in 1888, the differentials have continued unchanged to the present time with two principal exceptions. On or about February 1, 1899, a system of special or split differentials was adopted to apply on grain. These were half the standard differentials of Philadelphia 2 cents and Baltimore 3 cents under New York, or 1 cent and 1½ cents, respectively, and resulted from severe competition between the north Atlantic ports and Gulf ports which had greatly depressed the level of all export grain rates. Similar split differentials were established February 2, 1901, on export iron and steel. These accompanied a general reduction of 33⅓ per cent in the level of export rates to stimulate foreign trade in these articles in a time of depression. They continued in effect until September 6, 1921, when the so-called standard differentials were restored on iron and steel.

It seems appropriate at the outset to refer to a situation, that of ocean rates, which the Port of New York Authority through its Witness Laux, has emphasized as an asserted prime factor in this case. The preamble of the differential [fol. 4089] agreement of 1877 provided that "To avoid all future misunderstandings in respect to the geographical advantages or disadvantages" of the three port cities "and with a view of effecting an equalization of the aggregate cost of rail and ocean transportation" through the ports, the rail differentials were to be as therein agreed upon, with the proviso that the rates to Boston shall at no time be less than those to New York on domestic or foreign freight. Witness Laux deals extensively with the well-known fact that the ocean rates for regular berth service have long been the same to and from all of the north Atlantic ports. It has never been established, however, that the ocean rates differed by the amounts of the differentials when the differential agreement was entered into or at any time since. As early as 1905, the Commission in 11, I.C.C. 13, 67 expressed the view that the differentials exceeded the differences in ocean rates and went on to say that "in our opinion they always have from the very first."

The opinion seems to be borne out by the report of Albert Fink, Commissioner of the Trunk Lines, to whom the matter of differential rates had been referred for study. The report, dated December 1, 1881, is reproduced in Daish's "Atlantic Port Differentials" at page 9 et seq. It discusses the ocean rates and differences in 1877 and 1880 as follows, Daish p. 27:

> [fol. 4090] Statement G has been prepared to show the quotation of ocean rates during the last four years, and from it it appears that the ocean rates via steam from Philadelphia to Liverpool, which were four cents higher than from New York in 1877, were only 1.7 cents higher in 1880, and from Baltimore they were

4.6 cents higher in 1877, and 2.6 cents higher in 1880. But the rates via sail (to Cork, for orders) have not changed to so great an extent. They were more nearly the same than steam from all points in 1877, and remain so. At Philadelphia, in 1877, they were 0.2 cents less per hundred pounds, and in 1880, 0.7 cents less than from New York; and at Baltimore 0.3 cents higher in 1877, and in 1880, 0.5 cents higher than from New York.

To ascertain the average rate from the three ports, the relative quantities exported by steam and sail have to be taken into consideration. Statement K contains an estimate of the average rate during the whole of the year 1880, and also during the first and last six months of the year. The average ocean rate during the year, and the differences in the rates between Philadelphia and Baltimore and New York, were as follows:

Average Ocean Rates, Steam and Sail
Per Hundred Pounds in 1880

	From New York	Philadelphia	Baltimore
	22.81c	23.79c	24.71c
Higher than from New York		0.98c	1.90c

In a decision rendered in 1912, 24, I.C.C. 55, 74, the Commission went further and said that "We have no jurisdiction over the ocean rates and must deal with this question as though the ports were destinations instead of gateways." Still later, in the Boston case to which I have previously referred, the Commission stated at page 554 that "on the other hand it appears that, since World War I at least, it has been and is now the generally prevailing [fol. 4091] policy to equalize these ocean rates." Nevertheless, upon consideration of an extensive record in that case in support of complaints against the differentials on behalf of the port of Boston and other New England ports, the Commission found that the rates assailed were not unjust, unreasonable, or unduly prejudicial, to the New England ports or unduly preferential to the other ports as alleged and dismissed the complaints.

It is settled, therefore, that ocean rates are not determinative of the question of the propriety or lawfulness of the differentials. It may be added that the Commission also upheld the differentials in the numerous cases that came before it following the 1925 decision and during the period since the ocean rates were equalized. In one of these, the Albany case, 210 I.C.C. 151, it prescribed export-import rates for the port of Albany on the Philadelphia basis, reflecting the differentials of 6 and 2 cents under New York and 2 cents and one cent over Baltimore. Its determination was based primarily, page 165, upon the average distances from the central territory key points to New York, Philadelphia, Albany and Baltimore and the differences in those average distances.

The Commission in its differential decisions over the years has found as facts the numerous conditions that it has considered to be proper tests of the propriety and law- [fol. 4092] fulness of the differentials. Substantially all of these pertinent conditions were and are advantages attaching to the port of New York that tend to offset and overcome the competitive force that the differentials otherwise might be expected to have. These advantages of the port of New York as found by the Commission can best be examined in the light of the general principle by which the differentials have been tested from the beginning. It is the principle of competitive opportunity and was first stated by Fink in his report of December 1, 1881. The principle on which Fink approached the subject, Daish, page 11, was stated by him as follows:

> The object is to determine the relative charges for transportation by rail to the seaboard cities, with the view of securing to each of the competing railroad companies a fair share of the traffic, without at the same time unjustly discriminating between the commercial communities, each of which must have an equal chance, unrestricted by arbitrary transportation charges, to compete with the other in the markets of the world.

Following the Fink report the railroads early in 1882 appointed what was known as the Thurman-Washburn-Cooley Advisory Commission to further study the problems of the controversy and report its conclusions. That Commission in its report of July 20, 1882, Daish p. 71 et seq., (Witness Baylis' Exhibit No. —— (AEB-1) in this case) stated as the basis of its conclusion that the agreed differentials be not disturbed; that "differential rates have [fol. 4093] come into existence under the operation of competitive forces; they bear some relation to relative distance and relative cost of service; they recognize as we think the relative advantages of the several seaports * * *"

The Commission in 1905, 11 I.C.C. 13, 62, stated the principle thus:

> If it can be properly done, these ports should all be kept open for the transaction of this export business upon such terms that each one may fairly compete for it. No marked advantage should be given, certainly not by the creation of artificial conditions to any one port over the other. The ideal condition would be the establishment of such rates that enterprise at either port in the way of improvement in service or facilities might be rewarded by increased business and that there might exist that healthy struggle of locality against locality which is the best security for proper commercial development. This is justly demanded by the interests of the communities involved.

In that same proceeding, in which the Commission was acting in an advisory capacity rather than as a regulatory tribunal, it enumerated New York's many competitive advantages of that time as follows:

> New York offers advantages in the way of ocean transportation not obtainable at any other port.
>
> There are more sailings from New York than from the out-ports, and its steamship lines reach many foreign ports which are not served by lines from Baltimore, Philadelphia or Boston.
>
> Its steamships are faster and larger.
>
> The enormous passenger business through the port of New York of itself, goes far towards the maintenance of many of these lines.
>
> Cargoes of import traffic are much more easily loaded for New York than for the out-ports.

> [fol. 4094] The banking facilities at the port of New York are superior to those elsewhere.

From these factual findings the Commission summarized its conclusions with respect to New York advantages in steamship service by observing, page 28, that—

> Broadly speaking the shipper can secure a better, more reliable, quicker and more frequent service through the port of New York, all of which tends to attract traffic to that port at the expense of Baltimore and Philadelphia when the rate is the same.

Much later, in 1930, the Commission in *Export and Import Rates*, 169 I.C.C. 13, 50-51, decided December 12 of that year, found and stated the following facts with respect to New York's advantages over other ports:

> Because the great majority of exporters are located at New York and the bulk of the export commerce is handled at that port, exportable products of every variety from practically all parts of the country move in great volume to that point, so that the conditions there are especially favorable for assembling and consolidating property from all sections intended for one consignee and sending it forward on one bill of lading and invoice. It is admitted that conditions at other ports, in this respect, are not comparable with those at the port of New York and that shippers are inclined to forward their freight via that port in preference to others because it is the only port where they feel assured that consolidations to any extent can be secured.
>
> With respect to other conditions urged by applicants and interveners as advantages possessed by north Atlantic ports, such as superior banking facilities, larger number of export and import brokers and trade representatives of foreign countries, greater consumption and production of high-grade import and export freight [fol. 4095] at and near the said ports, and opportunity for supervision and inspection of shipments, it is admitted that this is true of the port of New York.

> Other ports in the north Atlantic group do not possess the advantages enjoyed by the port of New York and in some respects labor under handicaps similar to those suffered by the southern ports, in their efforts to build up their foreign commerce. Some of them are nearer the interior territory than New York and have lower rates than those which apply to and from that port.

The testimony and exhibits of other witnesses in this proceeding show that the various factors favoring New York operate as forcefully and effectively today in its behalf as they did in the past. The evidence of those witnesses shows specifically and in detail the predominance of New York in such commerce-attracting factors as steamship service, both in quantity and directness; banking facilities linking that port with all parts of the world; foreign-freight-forwarder and customhouse-broker services; trade marts or commodity brokers; and headquarters or principal agency offices of most of the steamship lines serving Baltimore and the other ports to the south of New York. The evidence to which I refer further shows, as I shall briefly point out farther along in my statement, that because of its many competitive advantages, New York continued to be the dominant port for high-grade general-cargo traffic that it was in the earlier years. The present force of these advantages is specifically established by freight-forwarder [fol. 4096] and shipper witnesses Charles A. Masson, Samuel Shapiro, Walter V. Connor, Victor F. Stine, J. V. Jamison, 3rd, Robert M. Pilson, C. Gilbert Kappel, A. B. Summers, Geoffrey M. Footner and Norman Wittkamp.

From my study of the various angles of this case and my past associations with port differential matters, I reach the inescapable conclusion that the real issue presented is between the port of New York, on the one hand, and the differentially related ports to the south of New York, on the other. I reach this conclusion because it seems fundamental that so long as Boston and other ports to the north of New York have the same rail rates to and from differential territory as does New York, and below which they cannot justifiably be placed, no change in the port relationships to the south of New York, by which I mean removal of the differentials, would benefit those ports. I found this conclusion upon the basic fact that, laboring under a parity of rates with New York, the more northerly ports would not be in any better position to attract either bottom or top cargo past the doors of the port of New York under full port equalization than they are today.

The soundness of this conclusion is emphasized by the testimony of Witness Ellis for the Port of Boston Commission, who gives the results of a survey of New England manufacturers engaged in exporting. His analysis of the [fol. 4097] survey shows that, although the land transportation rates are lower to Boston than to New York from the larger number of New England exporting points, the majority of the exporting firms use the port of New York much more extensively than the port of Boston because of the availability of steamship service and more frequent sailings from New York to most foreign destinations.

Under full equalization New York, already dominating the high-grade general-cargo volume of the north Atlantic range, in my judgment would be the beneficiary at the expense of the less prosperous ports to the south.

In commenting on Boston's declining port commerce, the Commission noted in the 1925 Boston case, page 564, that the difficulty had arisen from several factors including "the fact that Boston has had equal rates with New York, its nearest and most powerful competitor." It then observed, page 565, that "Complainants, however, are not seeking lower rates than New York, and it will hardly be contended that they could seek such rates under any provision of the Interstate Commerce Act."

With respect to the issue as between New York and Baltimore, the other controlling considerations as developed by the record, as I see them, are the transportation costs between interior points and shipside at the ports, which are [fol. 4098] being submitted by certain of the respondents; the non-rail-service advantages or disadvantages of the ports; and the distribution of the commerce through the ports. I have already referred to the advantages of the port of New York in respect to steamship service, banking facilities and other factors which are detailed in the evidence of other witnesses, and which do not have approaching counterparts at Baltimore or at any of the other ports to the south of New York.

Without going into the details of these various advantages of New York which are being covered by other witnesses, I might point to certain comparisons of Baltimore's steamship service with that of New York. Witness Hamill's Exhibit No. —— (WSH-2) summarizes certain of the facts contained in his Exhibit No. —— (WSH-1) which shows the movements of all general-cargo vessels entering or clearing the north Atlantic ports, Boston and south, in the last six months of the year 1956. These summaries show, for example, that during the six-months period New York had totals of 2299 vessel arrivals and 2385 departures. Of these, 1475 of the arrivals, or 64 per cent, were direct from foreign ports and 1792 of the departures, or 75 per cent, were direct to foreign ports; that is, New York was the first port of call inbound by 64 per cent of the vessels and the last [fol. 4099] port of departure outbound by 75 per cent. By contrast, in the same period Baltimore had a total of only 1155 arrivals, or 50 per cent as many as New York, and only 1233 departures, or 52 per cent of the number that departed from New York. The real contrast lies, however, in the Baltimore direct arrivals and departures. Inbound, Baltimore had only 229 direct arrivals or 17.8 per cent of its total, compared with New York's 64 per cent, and outbound only 162 direct departures or only 13 per cent of its total, contrasted with New York's 75 per cent. These comparisons graphically illustrate New York's traffic-attracting advantages in steamship service.

It should be noted that Baltimore's present service, largely indirect and inferior to New York's, constitutes a marked change from the type of services which it had when the differential agreement was entered into, and for many years following—apparently until all ocean services were disrupted by World War I. During those years Baltimore benefited by direct services to a variety of foreign areas, and shipments via its port were not subjected to delays by reason of preferential services to New York by the same vessels. Outstanding examples are the services provided weekly for many years by North German Lloyd between

Baltimore and Bremen, and by Allan Line between Baltimore and Liverpool via Halifax.

[fol. 4100] Comparisons of the commerce through the ports show the controlling force of New York's steamship service and other advantages that enable it to dominate the general-cargo traffic through the north Atlantic range.

I should like to refer briefly to the total commerce of the seven north Atlantic ports as shown in Witness Campbell's Exhibit No. —— (V-1) of exports and Witness Bean's Exhibit No. —— (D-1) of imports, for the years 1930, 1935, 1939 and the years 1946-1955, inclusive. These two exhibits are summarized in Witness Campbell's Exhibit No. —— (VD-1), which shows the totals for each of the seven ports and for the United States; the totals remaining after the exclusion of the principal bulk commodities, namely, coal and grain from the exports and petroleum and ores from the imports; and the percentage participation of each port in the totals remaining after the exclusions.

Coal is a non-differential-territory export usually captive to the port through which it is exported, and which moves principally in full-cargo lots in tramp or chartered vessels. Grain is subject to special differentials lower than the standard differentials, requires special or exclusive terminal facilities and to a considerable extent moves in full-cargo lots. Petroleum moves in tankers to the seaboard refineries and does not go to differential territory. Ores [fol. 4101] move in large quantities and to a considerable extent in full cargoes in chartered or private vessels. The schedules under suspension do not propose to change rates on ores except in a very few isolated instances.

The remainders after the exclusions consist primarily of general-cargo traffic and are so referred to hereafter. While the summary tables in Witness Campbell's Exhibit No. —— (VD-1) show fluctuations in individual port participations during the 13-year period, they also show that the participation of one port out of the seven ports—New York—ranged from 58.36 per cent to 71.63 per cent of the total exports of the seven ports, with 60.38 per cent in 1955, and from 47 to 56.5 per cent of the imports, with 53.9 per cent in 1955. New York's participation in the combined exports and imports ranged from 53.7 to 63.9 per cent in the 13-year period, and was 56.88 per cent in 1955.

I regard this evidence of the general-cargo traffic volume through one port in a seven-port range, exceeding that of its six sister ports combined, as one of the more significant factors bearing upon the issues and merits of this case. While the greater portion of this traffic did not move to and from differential territory, as will appear from other evidence of record, this showing demonstrates the volume of general-cargo traffic that is available to the port of New [fol. 4102] York and not to the other ports. By contrast, Baltimore's participation in the combined general-cargo export and import totals in the 13-year period ranged from 7.02 per cent to 2.88 per cent and was 4.4 per cent in 1955. The participation of the other ports south of New York in the comparable export-import totals in 1955 was 5.16 per cent for Philadelphia and 2.24 per cent for Hampton Roads.

The port commerce value statistics shown in Witness Campbell's Exhibit No. —— (V-3) emphasize the pervading effect of New York's advantages in the attraction of high-grade general cargo through that port. Page 6 of that exhibit gives the total values of exports and imports combined for the year 1955. The total value of the exports and imports for the ports of Philadelphia, Baltimore and Hampton Roads was $3,012,430,000 and for the port of New York $7,163,400,000 or 237.8 per cent of the total for the three ports to the south. The value of New York's exports was 215.8 per cent and of its imports 264 per cent of the totals for the three ports. New York's percentage of the combined value of the Baltimore exports and imports—$955,500,000—was 749. Excluding coal, grain and unmanufactured tobacco from the export figures—unmanufactured tobacco originating principally in the Virginia-Carolina area and moving almost entirely through Hampton Roads—and petroleum and ores from the import values, leaves net-value [fol. 4103] export-import totals of $1,440,421,000 for the three ports and $6,507,368,000 for New York, the New York value being 450 per cent of that for the three ports.

Turning now to the traffic that would be directly affected by the proposed rates under suspension in this case, the results of studies of this traffic by the New York-and-south railroads are shown in Witness Crookshank's Exhibits No. —— (AJS-13) and No. —— (AJS-14) and Witness Mollman's Exhibit No. —— (MM-2) for the period August 1955 to July 1956 inclusive. I have combined the results of the two studies to obtain the totals used in the analysis and comparisons which I make.

The totals of differential-territory exports shown in the exhibits are 3,303,499 tons to Baltimore and 2,393,045 tons to New York. Exlusion of the grain movements of 2,306,704 tons to Baltimore and 203,131 tons to New York, leaves what may be termed general-cargo totals of 996,795 tons to Baltimore and 2,189,914 tons to New York, or a total to New York 219 per cent of that to Baltimore. Again excluding grain, the export total for the three ports of Philadelphia, Baltimore and Hampton Roads was 1,309,875 tons, of which New York's net total of 2,189,914 tons was 167 per cent. The exports of manufactured iron and steel, an important bottom cargo, amounted to 352,992 tons through Baltimore as compared with 580,073 tons through New York, which was 164 per cent of the Baltimore movement. [fol. 4104] Manufactures and miscellaneous, less iron and steel, and an important general-cargo category, amounted to 529,450 tons through Baltimore and 1,330,400 tons through New York or 251 per cent of the Baltimore exports.

The differential-territory imports for the same one-year period shown by the studies disclose a similar imbalance in favor of New York. While the totals show 1,644,844 tons through Baltimore to the territory as compared with 645,972 tons through New York, exclusions of ores and concentrates from the studies leave net totals of 294,297 tons through Baltimore and 617,480 tons, or 209 per cent of Baltimore's net total, through New York. New York's 354,352 tons of manufactures and miscellaneous imports was 168 per cent of Baltimore's 209,975 tons. With ores excluded, New York's net total imports of 617,480 tons was 107 per cent of the combined total of 575,735 tons for the ports of Philadelphia, Baltimore and Hampton Roads.

The conclusion is inescapable that under rate equalization New York not only would increase its predominant lead in general-cargo exports and imports from and to differential territory but draw away from Baltimore and the other southerly ports bulk traffic upon which they have had to heavily depend. I find no factual feature of this case that differs materially from those of previous cases in which the differentials have been upheld by the Commission.

[fol. 4105] There is a transportation condition that I have not mentioned heretofore which has contributed to New York's supremacy as a port under the rate-differential system and which in my judgment would operate even more to its advantage under equalization. I refer to the fact that the only two Baltimore railroads that reach differential territory with their own lines, the Baltimore and Ohio and the Pennsylvania, also serve the port of New York and must seek New York traffic in competing with the other lines that serve that port; whereas two of the important differential-territory lines that serve New York, the New York Central and the Erie, do not serve Baltimore. Thus, New York has four direct rail systems that connect it with all parts of differential territory, including the only two that serve Baltimore, an important disparity in competitive rail service favoring New York.

In the concluding part of his testimony, Witness Laux, for the Port of New York Authority, has stressed competition of the St. Lawrence Seaway as a factor supporting equalization. The substance of his testimony on this point is that equalization is necessary to enable New York to compete with the Seaway; and he asserts that if the Baltimore differential under New York were continued, "the result would be merely to shift the traffic from the ocean carriers [fol. 4106] employing the Great Lakes routes to the port of Baltimore."

I should like to preface my statement on this contention of the proponents of equalization by pointing out that, being unable to successfully compete with the port of New York for general-cargo traffic even under the differential, Baltimore has had to depend heavily upon bulk types of traffic such as grain and ores.

Commerce and traffic statistics of record to which I have referred show clearly the large extent to which Baltimore's port commerce consists of grain exports and ore imports, bulk commodities which have been given prominent places in estimates of the future seaway commerce. The traffic study exhibits of Witnesses Crookshank and Mollman do not show movements of iron ore from the ports to differential territory, although Witness Mollman's exhibit shows better than a million and a third tons of other ores and concentrates from Baltimore to that area. There is, however, an important movement of iron ore from Baltimore to the general area in which Baltimore is competitive with the St. Lawrence Seaway, as will appear from facts stated in the Commission's decision in *Iron Ore from Eastern Ports to Central Freight Association Points,* 299, I.C.C. 195, at pages 200 and 202.

Studies of the potential traffic volume and consist on the Seaway made for the St. Lawrence Seaway Development [fol. 4107] Corporation, have developed the estimate that the future traffic over the Seaway will be in the proportions of about 20 per cent general cargo and 80 per cent bulk cargo. It seems readily apparent, therefore, that New York, predominantly a general-cargo port, will feel the impact of seaway competition much less than Baltimore which, handicapped by competitive disabilities in competing with New York for general-cargo traffic, is primarily a bulk-cargo port. Equalization would damage Baltimore to a much greater extent than it would benefit New York so far as St. Lawrence Seaway competition is concerned.

[fol. 4108]

VERIFICATION

Charles R. Seal, being duly sworn, deposes and says: That he is the person who made the foregoing statement, that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

(S) Charles R. Seal
Charles R. Seal

Subscribed in my presence, and sworn to before me, by the affiant above named, this 15th day of October 1957.

(S) Edna Brown
Edna Brown
Notary Public, State of Maryland
My Commission expires May 4, 1959

SEAL

[fol. 4109]

I.C.C. EXHIBIT NO. 87

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

I&S DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF W. C. SAWYER

My name is W. C. Sawyer and I reside at Lynnhaven, Virginia. My office is at Lamberts Point, Norfolk, Virginia. I am Foreign Freight Traffic Manager of Norfolk and Western Railway Company, which serves the Port of Norfolk.

My transportation experience extends over a period of 42 years, all with the Norfolk and Western. From September 15, 1915, to June 30, 1924, I was a clerk at the Norfolk Terminal and, effective July 1, 1924, I was appointed Foreign Freight Solicitor in Chicago. I remained in Chicago in that position and as Assistant Foreign Freight Agent until October 31, 1926. Effective November 1, 1926, I was appointed Assistant Foreign Freight Agent at New York, which position I held until June 30, 1936, when I was appointed Foreign Freight Agent in New York. I held that position until June 30, 1940, when I was appointed General Foreign Freight Agent, also in New York. On October 1, [fol. 4110] 1953, I was promoted to Foreign Freight Traffic Manager at New York and on August 1, 1954, I was appointed Foreign Freight Traffic Manager with offices at Norfolk.

In my present position as Foreign Freight Traffic Manager of the N&W, I am in direct charge of the solicitation of import and export freight via the lines of the Norfolk and Western to and from Norfolk. It is part of my job to be thoroughly familiar with the various factors which control the movement of import and export traffic between points in the Midwest and the various North Atlantic ports. As a matter of fact, I was stationed in New York for some 28 years and during that time I became well acquainted with the situation at that port and, in particular, with the many competitive advantages which New York enjoys in contrast with the Port of Norfolk. It is part of my every day duties to solicit freight for Norfolk against the Port of New York, and I know only too well that the Port of New York is a formidable competitor.

I will first introduce Exhibit No. —— (WCS-1), a map of the area in and around the Port of Norfolk, which is located on the eastern side of Hampton Roads and embraces three cities—Norfolk, Portsmouth and South Norfolk. This map shows the various railroads serving Norfolk and the location of the six terminals that handle general merchandise and military traffic.

I would like to point out there that Hampton Roads is served by the following railroads: Norfolk and Western, [fol. 4111] Virginian, Chesapeake and Ohio, Pennsylvania, Atlantic and Danville, Atlantic Coast Line, Seaboard Air Line, Southern Railway Company, Norfolk Southern, and Norfolk and Portsmouth Belt Line.

The last named railroad, the Norfolk and Portsmouth Belt Line, is merely a switching road which is jointly owned by other roads serving Norfolk, except the Atlantic and Danville. The Chesapeake and Ohio serves Norfolk by means of a car float from its terminal at Newport News, Virginia.

Of the railroads which serve Hampton Roads, only the N&W, the Virginian, the C&O, and the Pennsylvania are important in the movement of import and export traffic to and from differential territory. While all of the Norfolk lines participate in joint through rates on this traffic, only the four roads just mentioned carry any significant amount of import or export traffic from or to this territory. To illustrate this fact, we made a check of traffic moving over our Lamberts Point and Sewells Point piers for the year

1956 and find that the Southern Railway handled only two cars during that period and the A&D only 16 cars to and from differential territory. This, of course, is insignificant considering the fact that in that same year the Norfolk and Western handled a total of 20,873 cars of import and export traffic to and from differential territory points.

[fol. 4112] I turn now to a description of the terminal facilities at Norfolk for interchange of rail and water traffic. At the outset, I would like to point out that with the exception of the Army Base, which is devoted, for the most part, to the handling of military traffic, these facilities are all privately owned and operated. At the Port of Norfolk, unlike the Port of New York, private capital has provided the piers and other terminal facilities for handling of water traffic. Unless Norfolk is able to hold this traffic, these privately owned and operated facilities cannot continue in operation.

For the most part, the terminal facilities at Norfolk are owned by the railroads and the principal facilities are those of the Norfolk and Western. Approximately 75% of the ships serving Norfolk which are operated in established services berth at these terminals.

The Norfolk and Western's merchandise terminals at Norfolk are located on the Elizabeth River at Lamberts Point and at Sewells Point. In addition, we have a large coal-handling facility at Lamberts Point.

I will now introduce as Exhibit No. —— (WCS-2) a photograph showing our merchandise terminals at Lamberts Point. These terminals comprise three covered merchandise piers and connecting warehouses providing a large amount of storage space.

The largest of the piers is Pier "N," shown on the left of the exhibit. This pier was opened in 1948 and represents [fol. 4113] an investment of approximately $6 million. It is modern in every respect and is the largest single-deck merchandise pier on the Atlantic Seaboard.

Pier "N" is 390 feet wide, 1100 feet long and can accommodate four large freighters simultaneously. It is served by six railway tracks, two on each 35-foot apron and two depressed tracks extending through the center of the pier shed. Cars on the apron tracks can be loaded or unloaded by the ship's tackle. We have a water depth of 35 feet at mean low tide.

My Exhibit No. —— (WCS-2) also shows our other two merchandise piers at Lamberts Point. The center pier is Pier "L," which is 1150 feet long and 205 feet wide with an 18-foot apron on each side. Four ships can be berthed simultaneously at Pier "L."

The other pier shown is our Pier "S," which is 1210 feet long and 205 feet wide.

Pier "L" is served by two depressed tracks through its center and one apron track on its south side. Pier "S" was designed primarily for ships moving in the coastwise trade and is particularly adaptable to ships having port-side hatches. It has four depressed tracks through its center. These piers are supported by eight warehouses having a total of 825,000 square feet.

I will now introduce as Exhibit No. —— (WCS-3) a photograph of our facilities at Sewells Point. At Sewells Point we have two piers, Pier "A" and Pier "B." Both [fol. 4114] piers are 1175 feet long and are supported by a warehouse which is situated between them and extends their full length and which has a storage space of 155,000 square feet. Each pier can accommodate two ships simultaneously.

Also shown on my Exhibit —— (WCS-3) is our modern grain elevator which has a two million bushel storage capacity. Prior to 1952, we operated this elevator ourselves, but in that year we leased it to the Continental Grain Company which has since operated it as a public facility.

I would like to point out that the merchandise terminal facilities of the Norfolk and Western Railway which I have described, together with supporting rail facilities, represent an investment of over $17,800,000. These facilities are maintained to provide the Port of Norfolk with ample means for handling water-borne freight. The Lamberts Point facilities which I have just described are located on the rails of the Norfolk and Western, while the Sewells Point terminal is served by the Norfolk and Portsmouth Belt Line. Unlike railroad terminals in most other ports, however, these facilities are open equally to all railroads serving the port by means of reciprocal switching arrangements. As a matter of fact, the Norfolk and Western does not itself operate these facilities but has leased them to a public terminal operator, Lamberts Point Docks, Inc., which performs wharfage, handling and storage services under the provisions of contracts with the various railroads.

[fol. 4115] Next to the Norfolk and Western's facilities which I have described, the largest terminal is at the Army Base. These facilities consist of two large covered concrete piers 1328 feet by 250 feet with 40-foot aprons. These piers can each accommodate four ocean-going vessels at the same time.

This facility is owned by the United States Government and is officially known as the Hampton Roads Army Terminal. It is administered by the Maritime Administration, Department of Commerce, and leased by that agency to the Departments of the Army and the Navy. This facility is principally used for the handling of military supplies and equipment moving to our military bases overseas and to the NATO nations.

There is some civilian traffic handled through the terminal, however. The Whitehall Terminal Corporation of Norfolk leases and operates that portion of the facility assigned to the Department of the Army. The warehouse, however, is limited and only about 180,000 square feet are assigned to the Whitehall Terminal Corporation for civilian traffic.

A brief description of other terminal facilities at Norfolk is as follows:

Imperial Docks—Norfolk—This facility consists of two merchandise piers with storage buildings on piers serving as warehouses. Pier 2 is 52 feet wide, 479 feet long and served by one track. It has one 30-foot apron on the north side and can accommodate one vessel.

[fol. 4116] Pier 3 at Imperial Docks is 27 feet wide, 424 feet long and served by one track. It has one 25-foot apron on the south side and can accommodate one ocean-going vessel.

Imperial Docks is owned and operated by Imperial Tobacco Co., Ltd. (of Great Britain and Ireland), as a public terminal. It offers about 142,860 square feet of storage space. It is used almost exclusively for the handling and storage of export leaf tobacco. This commodity, of course, does not originate in so-called "differential" territory.

Southern Railway Company-Pinners Point-Portsmouth—At Pinners Point, Portsmouth, the Southern Railway Company has two merchandise piers with pier sheds serving as warehouses. These piers are known as Pier 2 and Pier 4. Pier 2 is 279 feet wide, 719 feet long and served by two tracks. It has a 16-foot apron on the north side and a 6-foot apron on the south side. It can accommodate one ocean-going vessel on the north side.

Pier 4 is 287 feet wide, 828 feet long and served by three tracks. The aprons on either side are 17 feet wide. This pier can accommodate two ocean-going vessels—one on each side. The aggregate floor space of the two warehouses on Piers 2 and 4 is 425,800 square feet.

The Southern Railway has leased this facility to Southern Tidewater Terminals, Inc., Norfolk, Virginia, which operates it as a public terminal. Its principal activity is the storage of import newsprint paper and export leaf tobacco.

[fol. 4117] *Elizabeth River Terminals, Inc.—South Norfolk*—The Elizabeth River Terminals, Inc., at South Norfolk, Virginia, consists of one merchandise pier and two supporting warehouses. The pier is 30 feet wide and 450 feet long. It is a quay-type pier with no rail tracks. Bulk cargo is handled between ships and warehouses by a conveyor system and package commodities are handled by motorized equipment. It can accommodate only one ocean-going vessel.

The aggregate floor space of the two warehouses, which are served by three tracks, is 110,000 square feet.

This terminal is owned by the Smith-Douglass Company, Inc., Norfolk, and operated as a public facility. It specializes in the handling of dry cargo, in bulk, and is the only terminal in the port equipped to bag commodities for export or shipment to the interior.

I now introduce as Exhibit —— (WCS-4) a composite statement of ship berths and warehouse space available at the Port of Norfolk for handling and storage of water-borne commercial traffc. This exhibit summarizes the information I have just given in detail. It will be noted that the total available berths for commercial traffic in Norfolk is 20 and the total available warehouse space is 1,838,660 square feet.

Some idea of the comparative importance of these various terminals may be gleaned from the fact that in 1956 the N&W carried in line haul service from and to its Lamberts [fol. 4118] Point and Sewells Point piers a total of 25,451 cars of import and export freight to all destinations against 4,239 cars to and from the Army Base and 1,717 cars to and from all other terminals at Norfolk.

I now turn to the competitive position of the Port of Norfolk and the need for retention of present port differentials. It is my specific responsibility to develop port traffic through Norfolk and in that regard I am obliged to keep abreast of important developments affecting the facilities and services at other North Atlantic ports, especially New York.

In my opinion, Hampton Roads has been unable to attract nearly as much traffic as it should. As the traffic studies submitted in this case show, New York enjoys much more traffic to and from differential territory than does Hampton Roads, despite Hampton Roads' rate advantage. I am convinced that the reason for this is that New York has service advantages and other attractions which far outweigh, as to most traffic, the small rate advantage which Hampton Roads enjoys.

One of the principal service advantages enjoyed by New York is frequency of ocean services and range of foreign destinations. From my soliciting experience, I am well acquainted with the fact that New York has unexcelled frequency and flexibility of steamship services and time and again we lose business to New York because of that fact.

[fol. 4119] Unexplained statements as to number of sailings from Hampton Roads compared with other ports may be misleading because of our heavy export coal shipments. For instance, statistics of the Hampton Roads Maritime Association show that in 1956 arrivals and departures at Hampton Roads totaled 17,066, divided: arrivals—8,493; departures—8,573. A breakdown of arrivals with respect to types of commodities to be loaded or discharged was as follows:

General Cargo	3,182
Coal	4,564
Tankers	622
Tugs	125
Total	8,493

By contrast, the Port of New York had a total of 25,433 arrivals and sailings during 1956, according to statistics published by the Maritime Association, Port of New York. Of these, 18,546 were in the dry cargo and passenger trade and 5,887 were tankers.

Hampton Roads is not competitive with New York insofar as general cargo and liner ship services are concerned. New York has regular and frequent sailings to all world ports, a distinct advantage that the Hampton Roads ports do not have. In fact, the October 29, 1956, and June 24, 1957, issues of "The Forwarder" (a recognized trade publication relied upon by Mr. Laux for the Port of New York Authority) show that New York is, in practically all in- [fol. 4120] stances, the last port of loading for export or outbound cargo. This feature is of prime importance to exporters generally as it permits them additional time in which to move cargo to Seaboard.

In that connection, I would like to point out that Mr. Laux in his testimony referred to sailings during the fall months. This is definitely not a representative period for Hampton Roads, as it is the peak season for tobacco shipments, the season for which begins in August and extends through January, with the preponderance of the tonnage clearing in September, October and November, destined for the United Kingdom, Western Europe and the Far East. This tobacco, of course, does not come from differential territory.

Mr. Laux's Exhibit K-1 shows sailings listed in the October 29, 1956, issue of "The Forwarder"—the height of the tobacco shipping season. The June 24, 1957, issue of that publication lists 301 foreign ports to which New York had advertised sailings during the period extending from the last half of June through the third week of July. In the same issue, for the same period, only 162 ports are shown as being served by ships from Hampton Roads, with no services to the remaining 139 ports.

Generally speaking, steamship lines give preferential treatment to New York in the development of general cargo traffic; also, perishable commodities that require refrigeration. This practice is traceable to a number of conditions, [fol. 4121] the more important being:

1. Many steamship lines lease their own piers at New York and desire to make maximum use of them.

2. New York is nominated as the first port of discharge —westbound, and the last port of loading—eastbound.

3. New York enjoys the services of several hundred international freight forwarders. By contrast, the Hampton Roads ports have only a handful.

4. A stupendous amount of merchandise traffic originates within a 150 to 200-mile radius of New York, which, for the most part, moves in motor truck service because of the time element.

5. Consolidated pool cars are concentrated on New York because of diversified and frequent ship sailings to all world ports. These cars usually contain 15 or more individual shipments.

New York is in an enviable position in that international freight forwarders are located there and represent foreign connections, influence the movement of export and import traffic to that port and have no interests at or in the Port of Norfolk. I know it to be a fact that they refrain from suggesting to their clients that ports other than New York be used, because to do so would necessitate dividing fees with local forwarders.

It has been our experience in the development of foreign commerce via Norfolk that banks at New York are desig- [fol. 4122] nated to handle the preponderance of all letters of credit, and these documents specifically indicate on board bills of lading at New York. This means that in order for the Port of Norfolk to participate in such movements, it is necessary we endeavor to have the exporter and/or importer establish or amend letters of credit to provide for clearance or entry at any port north of Hatteras.

International banking is another field in which the Port of New York is dominant. World conditions have been such, especially since World War II, that financing and exchange problems have become one of the limiting factors to an expanding level of international trade. American banks have expanded their facilities to meet the increasing demands of their clients for export-import information and services. Few international trade transactions are made without the advice or services of the foreign department of a bank.

New York, being the foremost banking center of not only the United States but of the world, has an unmatched concentration of banks with foreign departments. These banks offer a wide variety of international services. They finance imports and exports, carry on foreign exchange operations, collect and loan against dollar drafts drawn on foreign buyers and make remittances to foreign countries in either dollars or foreign exchange.

The New York banks also act as correspondents for banks throughout the United States which channel the information about, if not control of, the shipments to the Port of [fol. 4123] New York. One of the greatest difficulties we encounter in trying to develop business for Norfolk is the fact that letters of credit, for the most part, direct that clearance be via the Port of New York.

I have to this point mentioned only a few of the reasons for New York's dominant position in the foreign trade field. Other witnesses are covering this matter in detail, and I will not undertake to go over this ground again. However, I will say that I have read the special study prepared by Tippetts-Abbett-McCarthy-Stratton covering a survey of port services at New York, Philadelphia, Baltimore and Hampton Roads, and I believe that the services therein studied all contribute to the ability of New York to attract and hold foreign traffic. As this study shows, Hampton Roads is usually fourth among the four ports as to available port services.

As contrasted with the many advantages offered by the Port of New York, Hampton Roads has only one real advantage to the shipper—lower inland freight rates. Since our differential is our only real advantage, we will have no "selling point" of value if the Port of New York is successful in this case. In the event of such success, I predict a serious loss of traffic to New York, one which might be disastrous to the future of the Port of Hampton Roads. Such a loss would inevitably result in the deterioration of private pier facilities at the port with consequent serious implications for national defense.

[fol. 4124] The importance of the Port of Hampton Roads to the national defense cannot be overemphasized. In World War II, Hampton Roads was third in total tonnage handled, following New York and San Francisco. Some idea of the importance of the port is indicated by my Exhibit No. —— (WCS-5), which I now introduce. This shows the total military traffic handled through the various ports during the period December 1, 1941, through December 31, 1945.

The importance of the Hampton Roads area to our Government is further amplified by the numerous and varied military installations located in the Hampton Roads ports area; the primary ones being:

U.S. NAVAL STATION, NORFOLK, VIRGINIA

This is the headquarters of the Atlantic Fleet and the home of the Supreme Allied Commander, Atlantic Fleet, the latter of which comprises the navies of the North Atlantic Treaty Organization.

U.S. NAVAL AIR STATION, NORFOLK, VIRGINIA

Headquarters of the Naval Air Force, Atlantic Fleet.

U.S. NAVAL AMPHIBIOUS BASE (Little Creek), NORFOLK, VIRGINIA

Training location for the amphibious forces of the Atlantic Fleet, including Fleet Marine Forces.

U.S. NAVAL SUPPLY CENTER, NORFOLK, VIRGINIA

This activity furnishes all supplies to the Atlantic Fleet and near-by Naval shore installations.

[fol. 4125]

ARMED FORCES STAFF COLLEGE, NORFOLK, VIRGINIA

This is a school consisting of two 5-month courses, annually, the students being senior officers from all branches of the military.

HAMPTON ROADS ARMY TERMINAL, NORFOLK, VIRGINIA

Port of exit for military supplies for the U.S. Army and U.S. Air Forces Bases, overseas; also, Port of Exit for military supplies being shipped to friendly nations.

FORT STORY, NORFOLK, VIRGINIA

Training site for the Transportation Corps, U.S. Army.

U.S. NAVAL SHIPYARD, PORTSMOUTH, VIRGINIA

Navy repairs of ships assigned to the Atlantic Fleet are performed at this installation.

FORT MONROE, OLD POINT COMFORT, VIRGINIA

Headquarters of the Commanding General, Ground Forces, U.S. Army.

LANGLEY AIR FORCE BASE, HAMPTON, VIRGINIA

Combat air training of all types is performed at this major Air Force activity.

FORT EUSTIS, LEE HALL, VIRGINIA

Headquarters of the Transportation Command, U.S. Army, to which military personnel as well as civilian personnel attached to the Transportation Corps attend various schools dealing with all phases of military transportation.

[fol. 4126] Finally, I would like to comment briefly on an aspect of Mr. Laux's testimony. Mr. Laux complains that the average amount of general cargo loaded or discharged at New York in 1955 amounted to 1350 long tons. An examination of our records at our Sewells Point and Lamberts Point piers, Norfolk, shows that for June, 1957, the average general merchandise loaded or discharged from 102 ships berthed was 412.4 tons of 2000 pounds. This was divided as follows:

	No. Ships	Average Per Ship
Import	60	398.3 tons
Export	42	432.6 tons

We have a long way to go before we reach the average loading achieved at New York.

[fol. 4127]

VERIFICATION

STATE OF VIRGINIA)
) to-wit:
CITY OF NORFOLK)

W. C. SAWYER, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

s/ W. C. SAWYER
W. C. Sawyer

Subscribed and sworn to before me this 14th day of October, 1957.

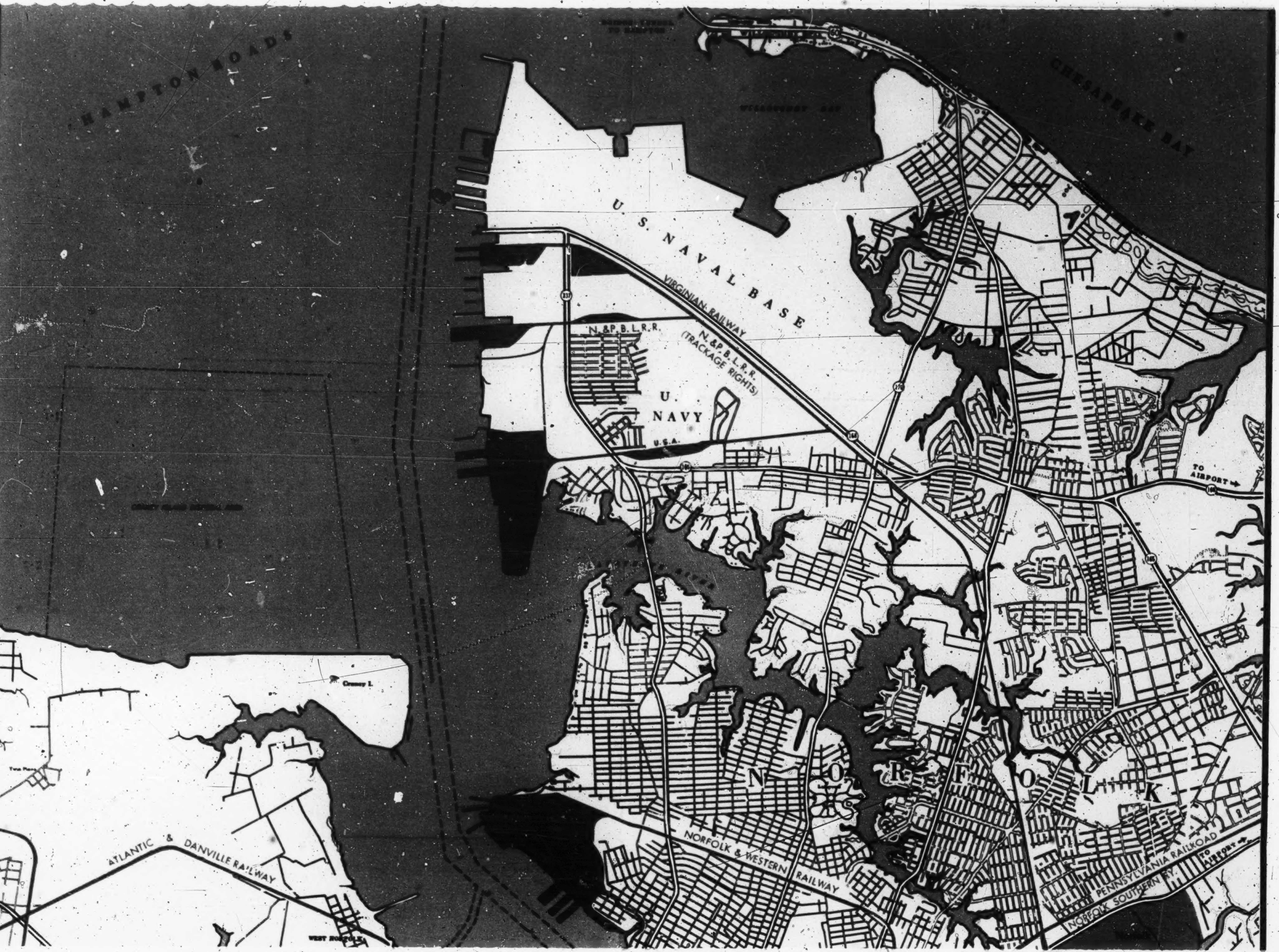
s/ DOROTHY I. DENBY
Dorothy I. Denby,
Notary Public.

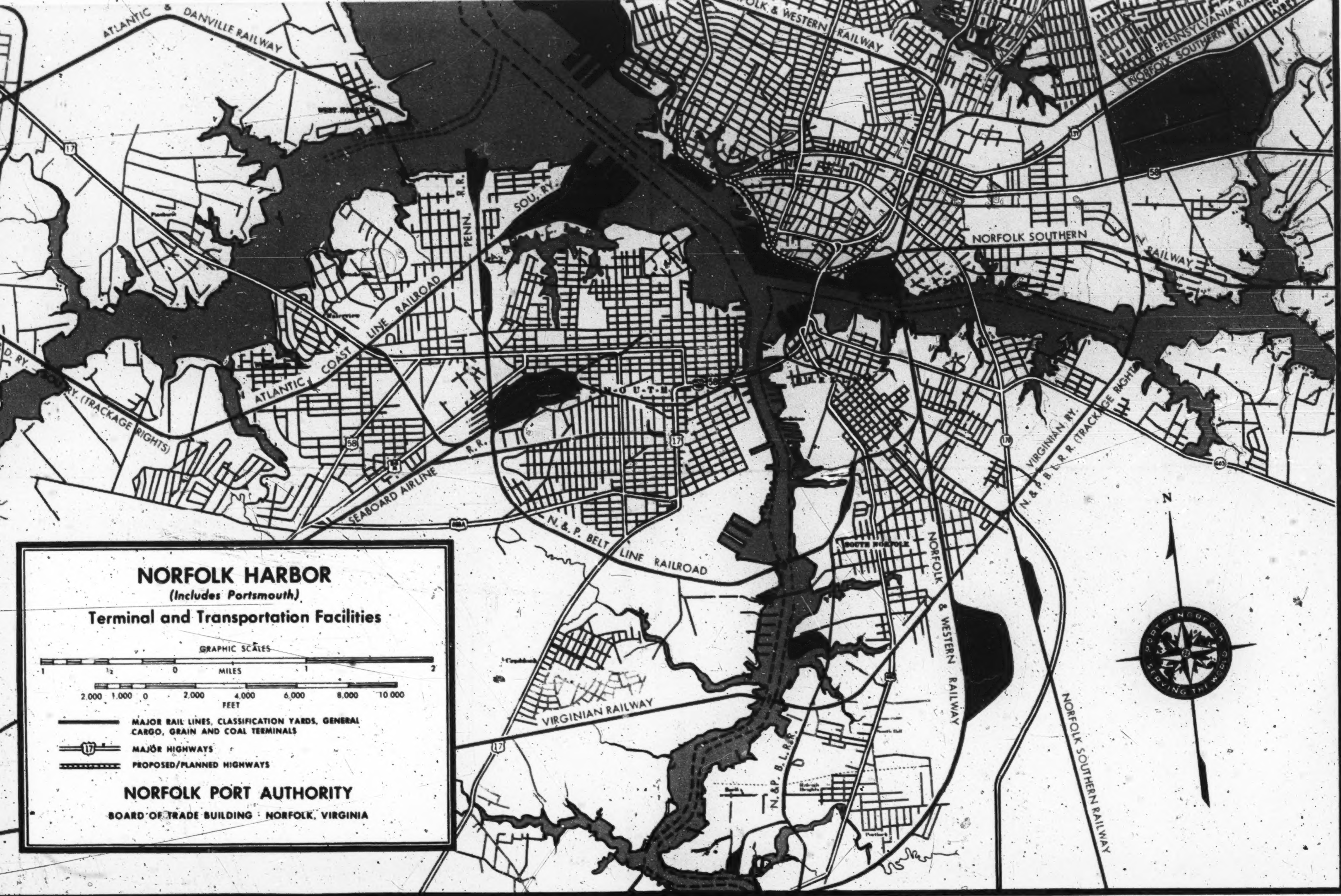
My commission expires the 29th day of September, 1959.

Seal

[fol. 4128]

Map of Norfolk Harbor


HAMPTON ROADS
BRIDGE TUNNEL TO HAMPTON
WILLOUGHBY BAY
CHESAPEAKE BAY
U. S. NAVAL BASE
VIRGINIAN RAILWAY
N. & P. B. L. R. R.
N. & P. B. L. R. R. (TRACKAGE RIGHTS)
U. S. NAVY
U. S. A.
CRANEY ISLAND DISPOSAL AREA
Craney I.
TO AIRPORT
N O R F O L K
NORFOLK & WESTERN RAILWAY
PENNSYLVANIA RAILROAD
NORFOLK SOUTHERN RY.
TO AIRPORT
ATLANTIC & DANVILLE RAILWAY
WEST NORFOLK
60
337
170
166
165



NORFOLK HARBOR

(Includes Portsmouth)

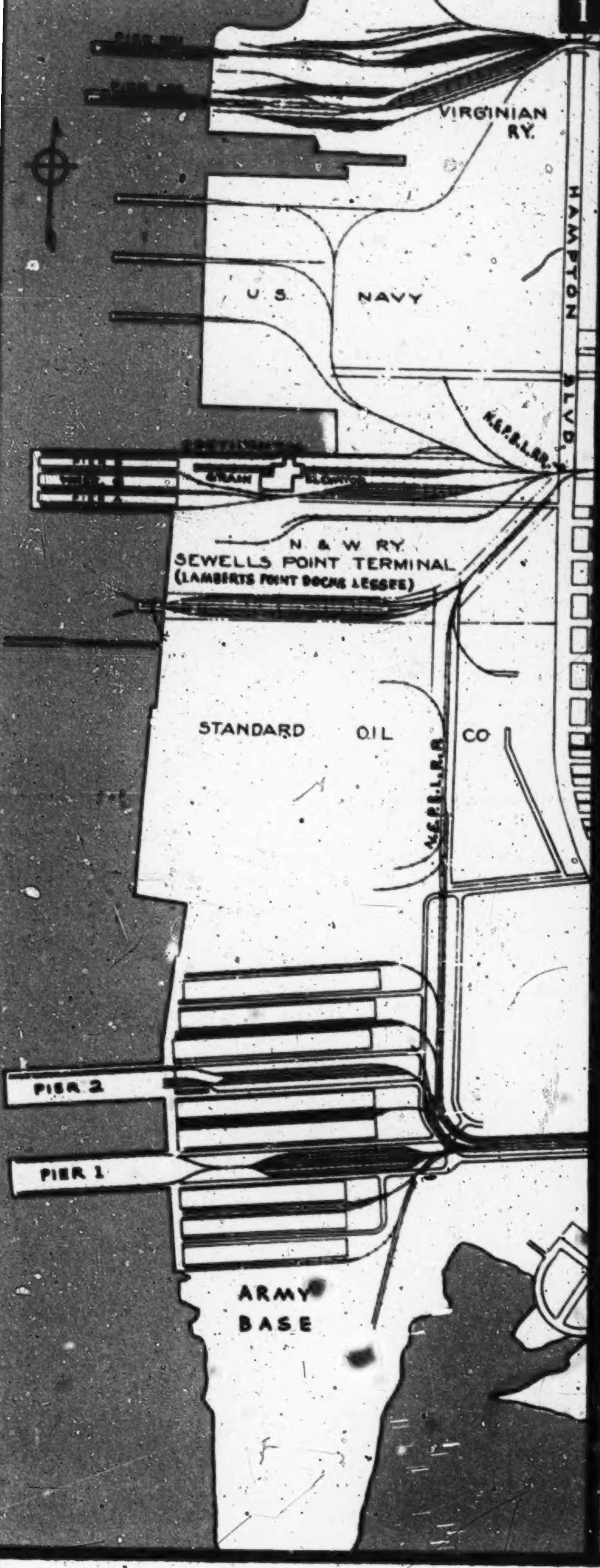
Terminal and Transportation Facilities

NORFOLK PORT AUTHORITY

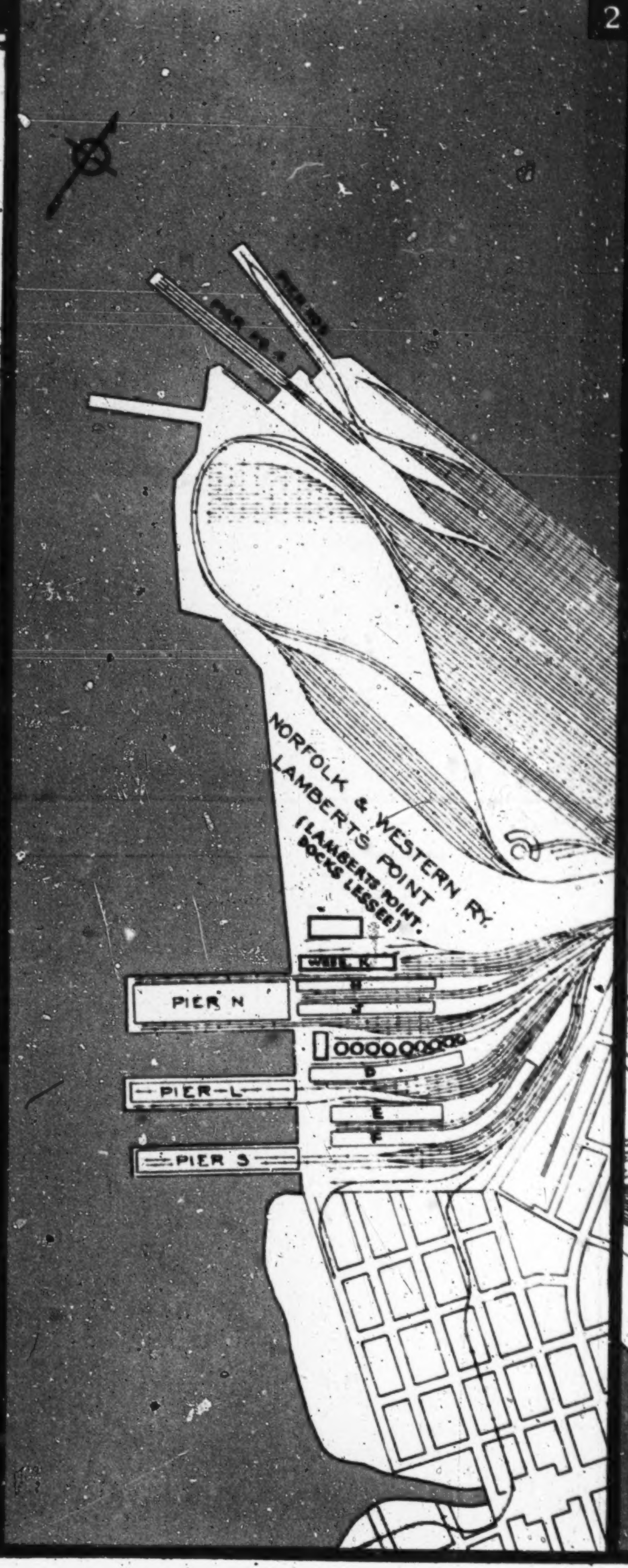
BOARD OF TRADE BUILDING · NORFOLK, VIRGINIA

GRAPHIC SCALES
1
½
0
MILES
1
2
2,000
1,000
0
2,000
4,000
6,000
8,000
10,000
FEET
MAJOR RAIL LINES, CLASSIFICATION YARDS, GENERAL CARGO, GRAIN AND COAL TERMINALS
17
MAJOR HIGHWAYS
PROPOSED/PLANNED HIGHWAYS
ATLANTIC & DANVILLE RAILWAY
WEST NORFOLK
17
NORFOLK & WESTERN RAILWAY
PENNSYLVANIA RAILROAD
NORFOLK SOUTHERN RY.
58
PENN. R.R.
SOU. RY.
NORFOLK SOUTHERN RAILWAY
ATLANTIC COAST LINE RAILROAD
D. RY.
SOU. RY. (TRACKAGE RIGHTS)
S-O-U-T-H
58
17
58
SEABOARD AIRLINE R.R.
N. & P. BELT LINE RAILROAD
VIRGINIAN RY.
N. & P. B. L. R. R. (TRACKAGE RIGHTS)
460
SOUTH NORFOLK
NORFOLK & WESTERN RAILWAY
VIRGINIAN RAILWAY
17
N. & P. B. L. R. R.
NORFOLK SOUTHERN RAILWAY
N
PORT OF NORFOLK
SERVING THE WORLD

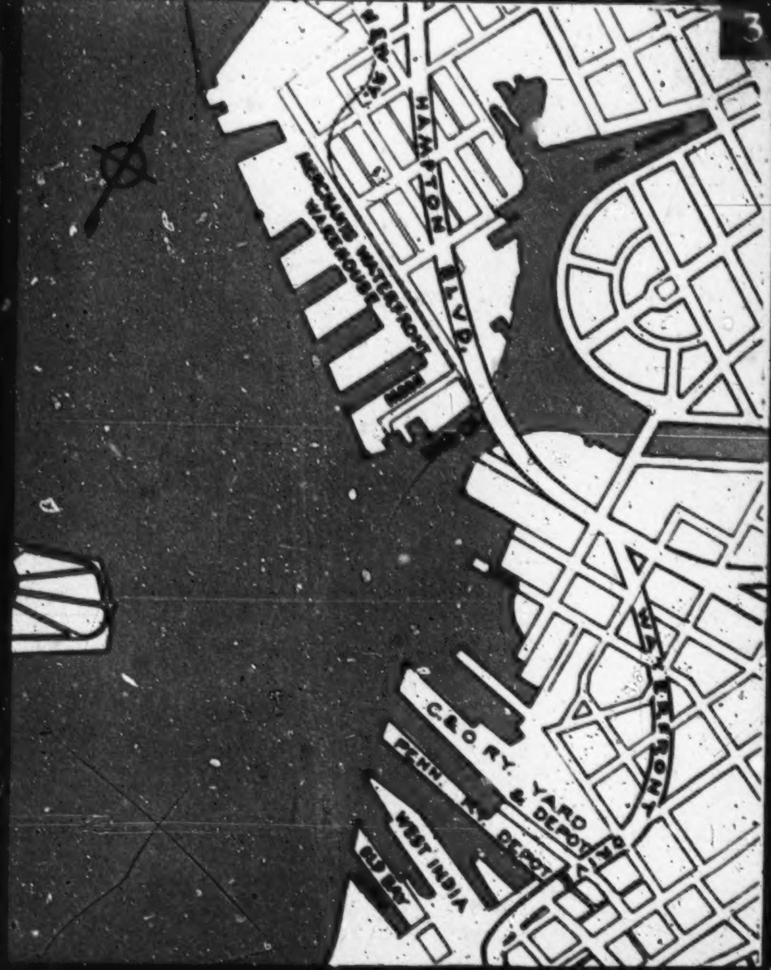
1


VIRGINIAN RY.
HAMPTON BLVD.
U.S. NAVY
N.&P.B.L.RR.
GRAIN ELEVATOR
N. & W. RY.
SEWELLS POINT TERMINAL
(LAMBERTS POINT DOCKS LESSEE)
STANDARD OIL CO
N.&P.B.L.R.R.
PIER 2
PIER 1
ARMY BASE

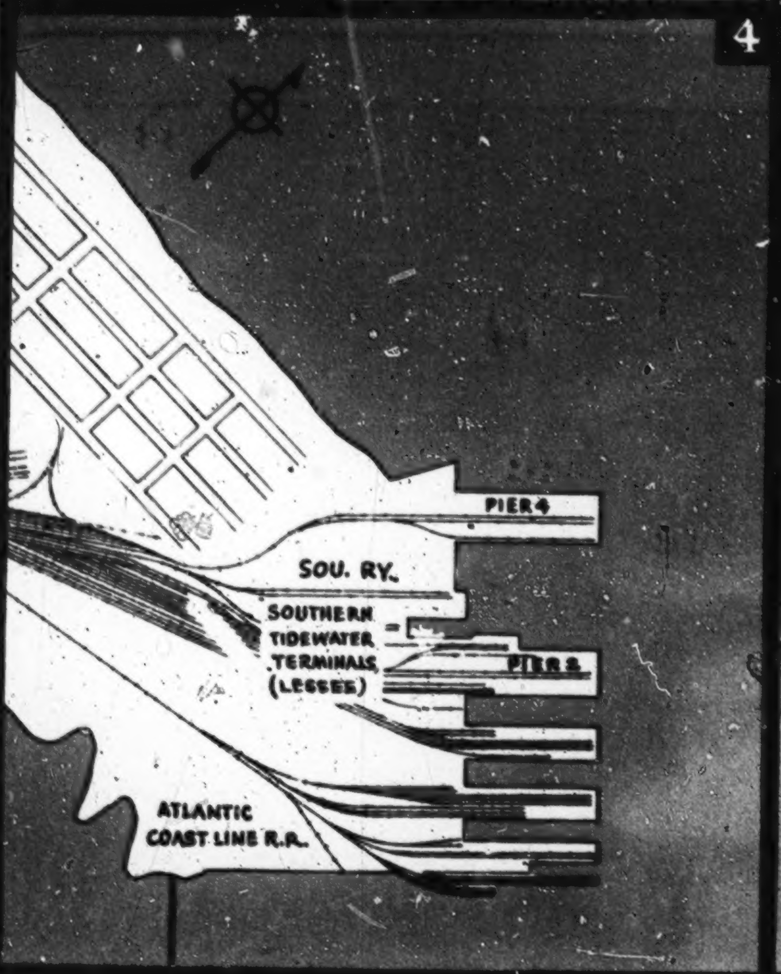
2


NORFOLK & WESTERN RY.
LAMBERTS POINT
(LAMBERTS POINT DOCKS LESSEE)
PIER N
PIER L
PIER S
D
E
F

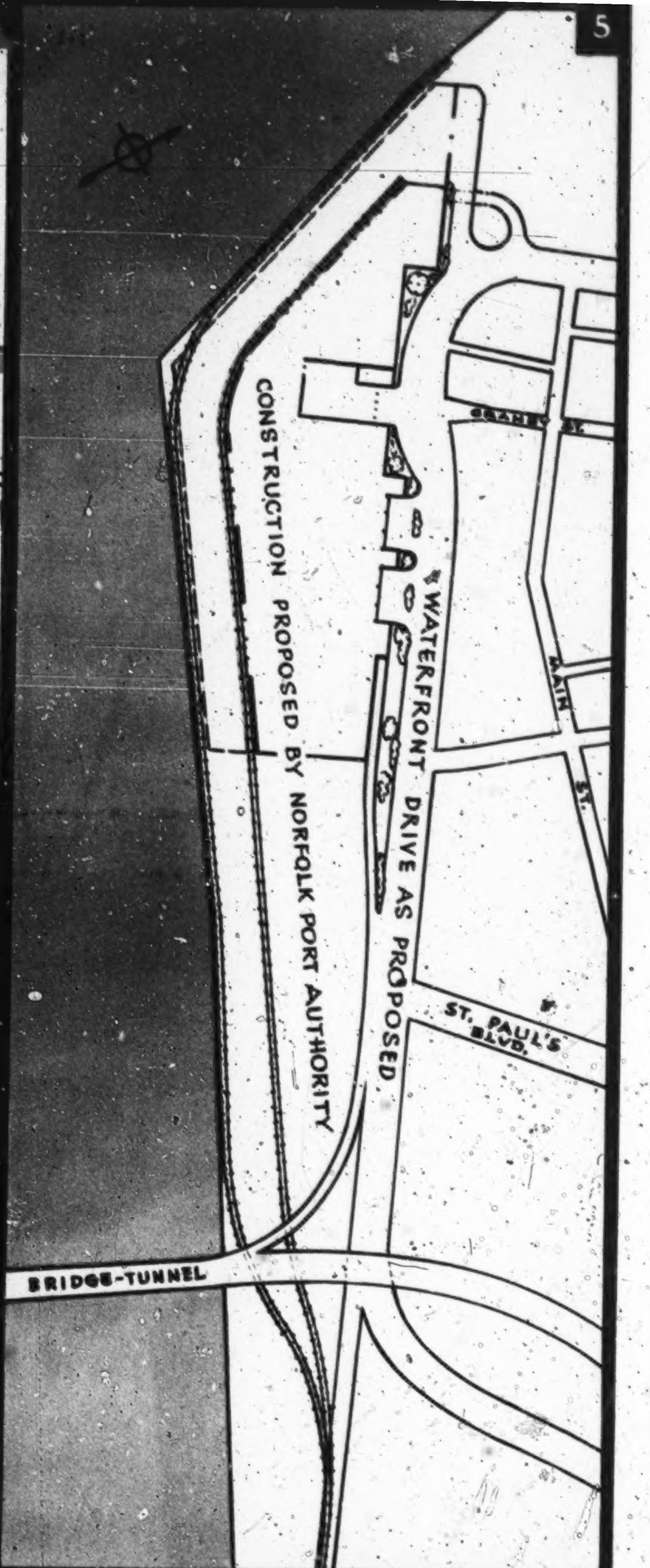
3


HAMPTON BLVD.
MERCHANTS WATERFRONT WAREHOUSE
WATERFRONT
C.&O. RY. YARD & DEPOT
PENN. RY. DEPOT
WEST INDIA
OLD BAY

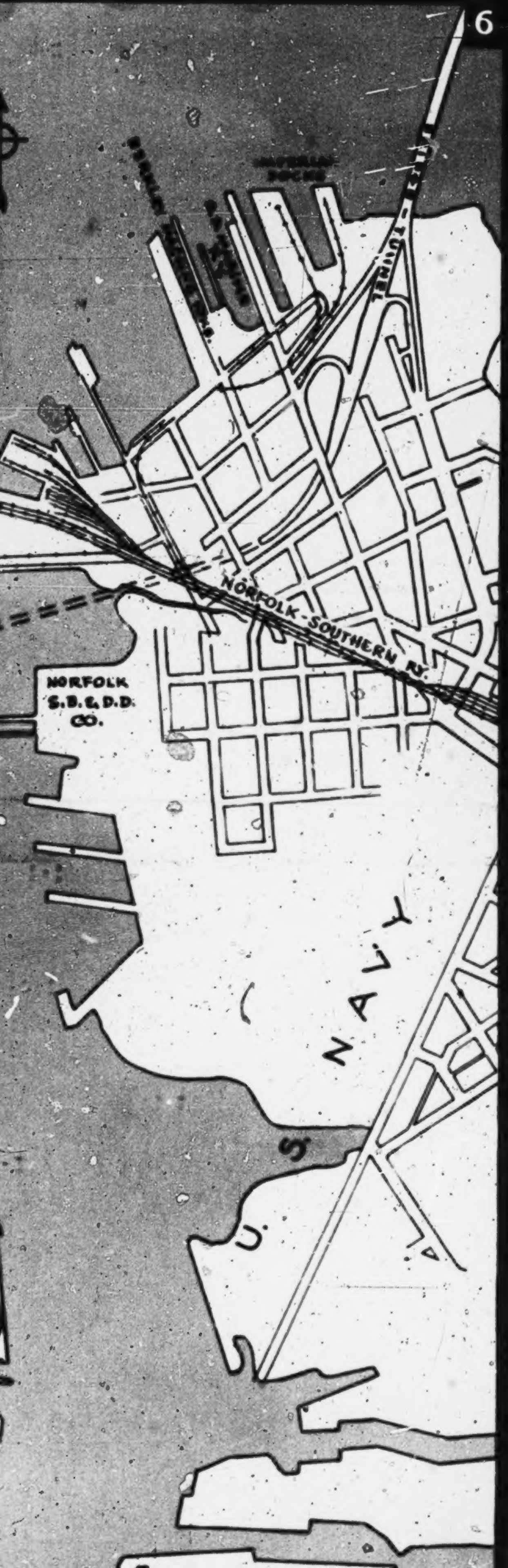
4


PIER 4
SOU. RY.
SOUTHERN TIDEWATER TERMINALS (LESSEE)
PIER S
ATLANTIC COAST LINE R.R.

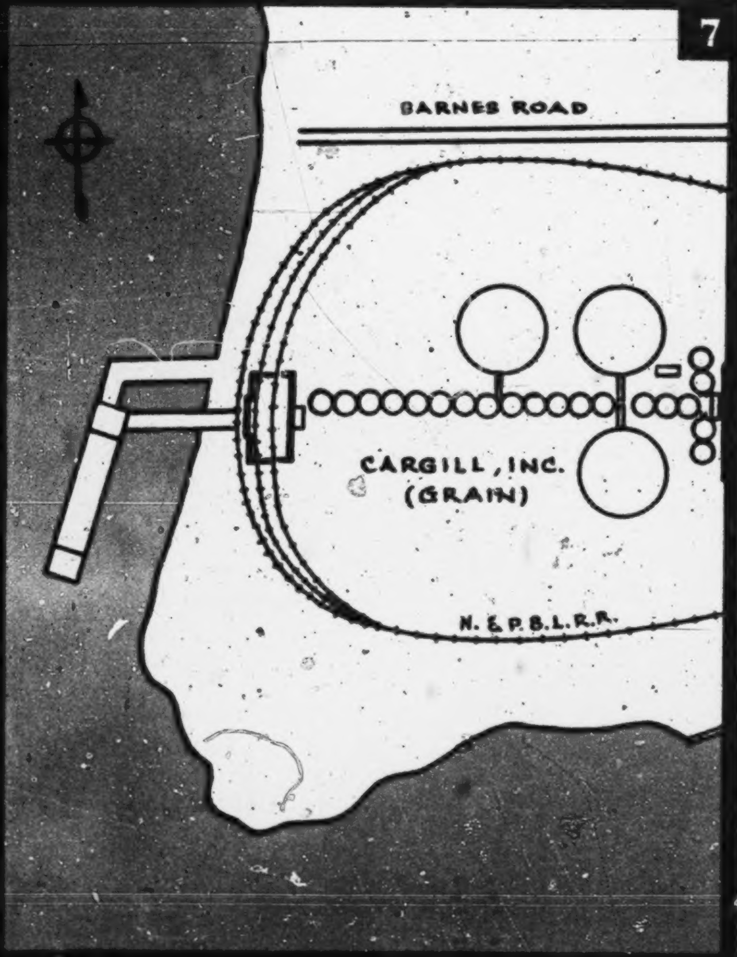
5


CONSTRUCTION PROPOSED BY NORFOLK PORT AUTHORITY
WATERFRONT DRIVE AS PROPOSED
GRANBY ST.
MAIN ST.
ST. PAUL'S BLVD.
BRIDGE-TUNNEL

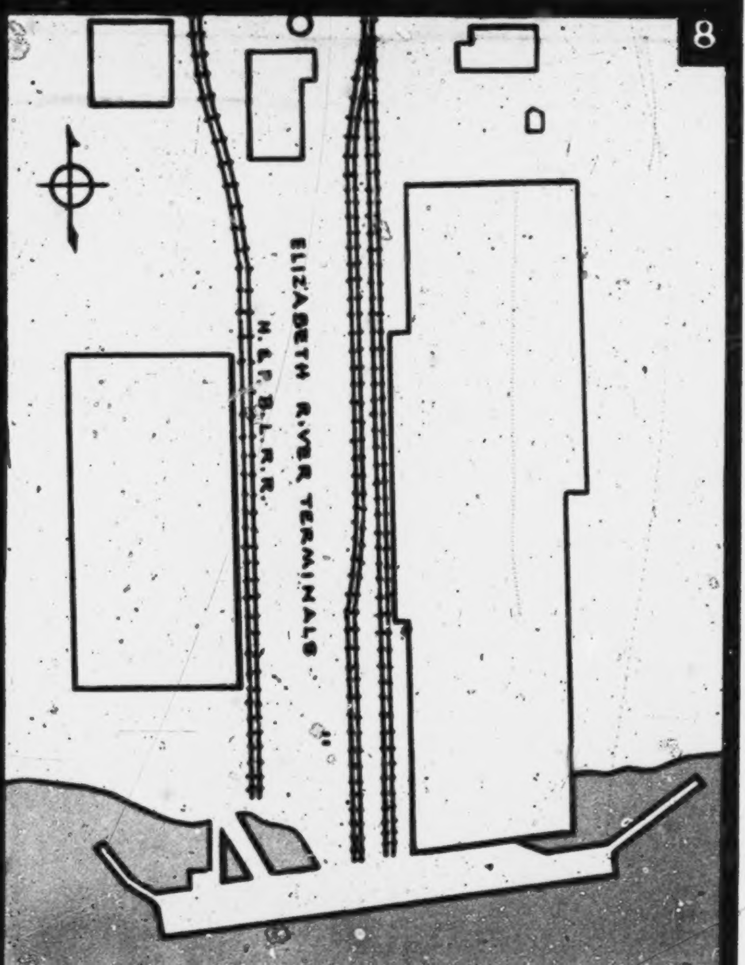
6

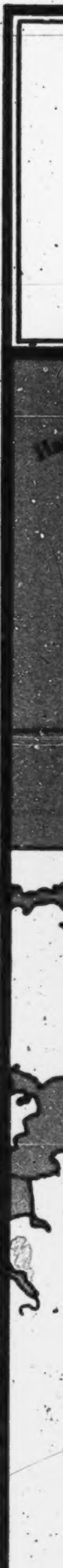

TUNNEL
NORFOLK-SOUTHERN RY.
NORFOLK
S.B.& D.D.
CO.
U. S. NAVY

7


BARNES ROAD
CARGILL, INC.
(GRAIN)
N. & P. B. L. R. R.

8


ELIZABETH RIVER TERMINALS
N. & P. B. L. R. R.



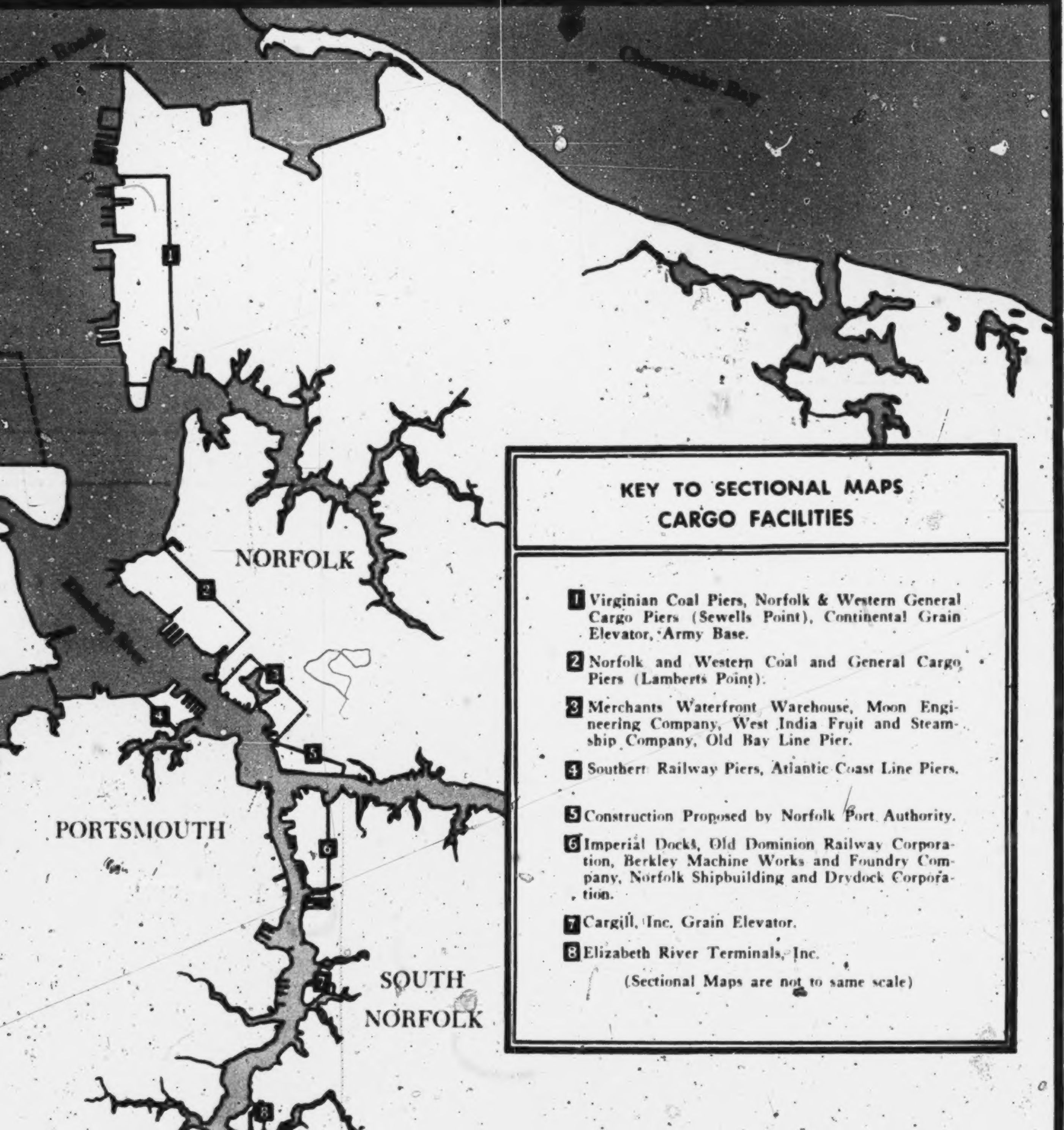
NORFOLK HARBOR

(including Portsmouth)

TERMINAL AND TRANSPORTATION FACILITIES

NORFOLK PORT AUTHORITY

BOARD OF TRADE BUILDING • NORFOLK, VIRGINIA



KEY TO SECTIONAL MAPS CARGO FACILITIES

- **1** Virginian Coal Piers, Norfolk & Western General Cargo Piers (Sewells Point), Continental Grain Elevator, Army Base.
- **2** Norfolk and Western Coal and General Cargo Piers (Lamberts Point).
- **3** Merchants Waterfront Warehouse, Moon Engineering Company, West India Fruit and Steamship Company, Old Bay Line Pier.
- **4** Southern Railway Piers, Atlantic Coast Line Piers.
- **5** Construction Proposed by Norfolk Port Authority.
- **6** Imperial Docks, Old Dominion Railway Corporation, Berkley Machine Works and Foundry Company, Norfolk Shipbuilding and Drydock Corporation.
- **7** Cargill, Inc. Grain Elevator.
- **8** Elizabeth River Terminals, Inc.

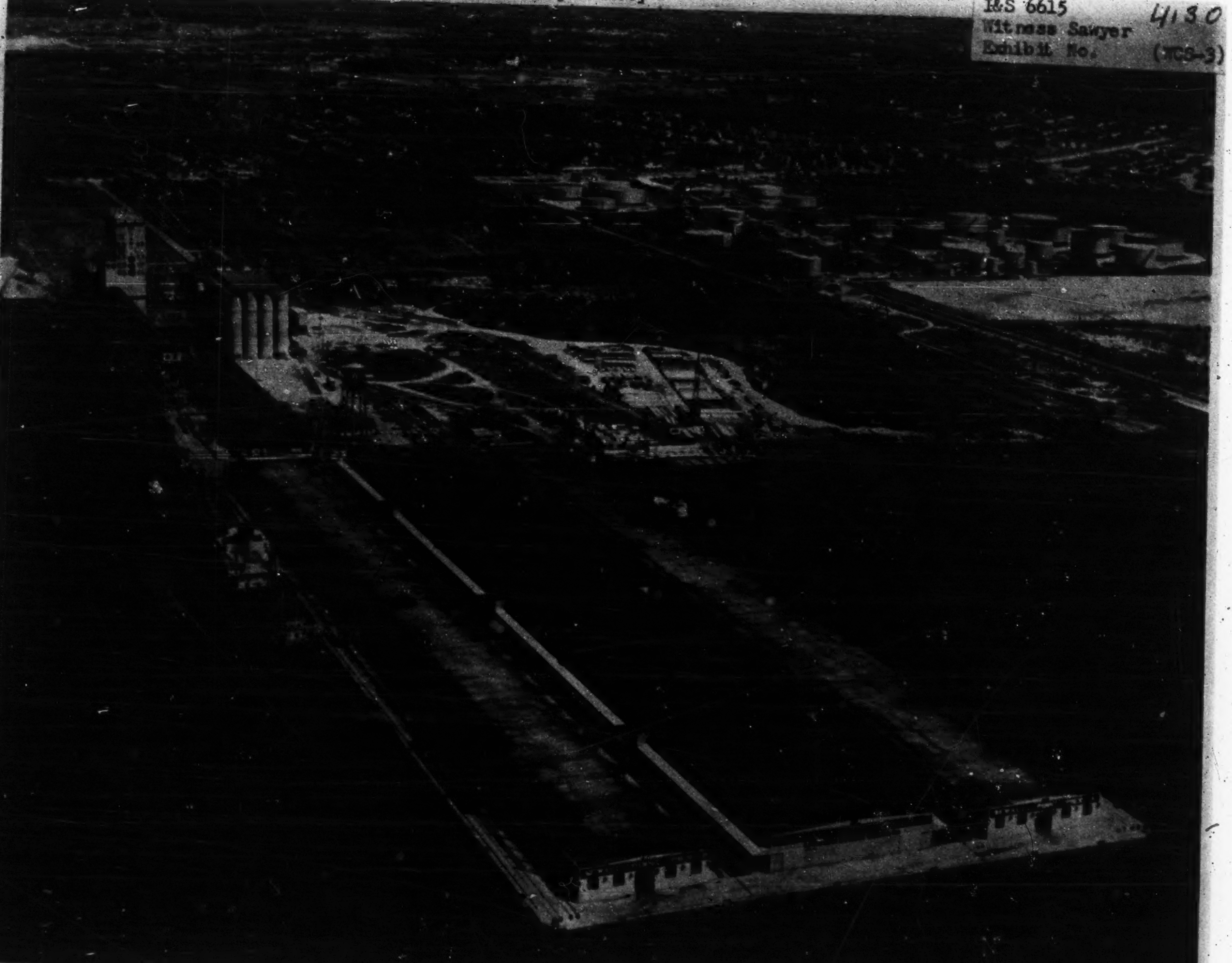
(Sectional Maps are not to same scale)

Photographs showing merchandise terminals at Lamberts Point

(See opposite) ☞

Exhibit No. (W

I&S 6615
Witness Sawyer
Exhibit No. (WCS-3)



[fol. 4131]

I&S 6615
Witness Sawyer
Exhibit No. (WCS-4)

COMPOSITE STATEMENT OF SHIP BERTHS AND WAREHOUSE SPACE AVAILABLE AT THE PORT OF NORFOLK FOR HANDLING AND STORAGE OF WATER-BORNE COMMERCIAL TRAFFIC

TERMINAL	NO. BERTHS	WAREHOUSE SPACE—SQUARE FEET
N&W—LAMBERTS POINT-NORFOLK	8	825,000
N&W—SEWELLS POINT-NORFOLK	4	155,000
U.S. ARMY BASE—SEWELLS POINT-NORFOLK	2	180,000
IMPERIAL DOCKS—NORFOLK	2	142,860
SOUTHERN RY.—PINNERS POINT-PORTSMOUTH	3	425,800
ELIZABETH RIVER TERMINALS—SOUTH NORFOLK	1	110,000
TOTALS	20	1,838,660

I&S 6615
Witness Sawyer
Exhibit No. (WCS-5)

MILITARY TRAFFIC HANDLED THROUGH MAJOR PORTS

DECEMBER 1, 1941—DECEMBER 31, 1945

PORT	TOTAL TONNAGE (Measurement Tons of 40 cu. ft.)
New York	38,524,545
San Francisco	25,028,759
Hampton Roads	12,955,734
Seattle	12,516,683
Boston	9,481,780
Los Angeles	9,164,364
New Orleans	7,954,767
Baltimore	6,865,643
Philadelphia	5,952,170
Charleston, S. C.	3,675,088
TOTAL ALL PORTS	132,119,533

[fol. 4133]

REVISED

I.C.C. Exhibit No. 88

This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before The

INTERSTATE COMMERCE COMMISSION

I. & S. Docket No. 6615

Equalization of Rates at
North Atlantic Ports

VERIFIED STATEMENT OF R. E. PETTERSON
COMPTROLLER
NORFOLK AND WESTERN RAILWAY COMPANY

[fol. 4134]. My name is R. E. Petterson. I am Comptroller of the Norfolk and Western Railway Company, and reside in Roanoke, Virginia. My entire service of more than thirty-six years has been in the Accounting Department of the Norfolk and Western Railway Company. During the past five years, I have devoted considerable time to the preparation of cost studies for use in rate proceedings before the Interstate Commerce Commission and for other purposes. In these studies I have made use of the I.C.C. Bureau of Accounts and Cost Finding Formula, generally referred to as Rail Form A (hereinafter referred to as Form A) and the "Rail Carload Cost Scales by Territories" prepared by the Cost Section of the I.C.C. (hereinafter referred to as Cost Scales).

In the application of Form A, Freight Operating Expenses, Rents, Taxes, and Return on Value are allocated as between Line Haul and Terminal Expenses for both out-of-pocket and fully distributed costs. The out-of-pocket costs under the Formula represents 80% of the Freight Operating Expenses, Rents and Taxes (excluding Federal income tax), 50% of the Return on Value of Road Property, and 100% of the Return on Value of Rolling Stock. The Return on Value has been equated to include Federal income tax as part of the over-all cost of service at the then current tax rate, or in other words the costs reflect a Return on Value after Federal income taxes. The Line Haul unit costs are expressed in car mile and ton mile costs, while the Terminal Service is on a per car and ton basis. The Formula provides for the adjustment of cost to reflect various types of cars in way and through [fol. 4135] trains, different train weights, with varying empty return ratios. Form A also permits separate treatment of Interchange and Intermediate classification expenses.

The purpose of my testimony and exhibits is to show costs developed under Form A, Cost Scales, and special studies as to port terminal and pier costs of the three Pocahontas lines, (Chesapeake and Ohio, Norfolk and Western and Virginian) of transporting import and export freight between Hampton Roads and selected points in Differential Territory, and similar costs of the Eastern

District lines transporting import and export freight of the same weight and class between the port of New York and Differential Territory.

I have five exhibits:

Exhibit —— (REP #1)-(Revised)—Out-of-pocket inland terminal and Line Haul Costs for movements between the twenty-three Differential Territory points and Hampton Roads on the one hand and similar costs between the same Differential points and the port of New York on the other.

Exhibit —— (REP #2)-(Revised)—Hampton Roads Port Switching and Terminal Costs (exclusive of pier cost).

Exhibit —— (REP #3)-(Revised)—Hampton Roads Pier or Port Costs.

Exhibit —— (REP #4)-(Revised)—Summary Statement showing comparison of cost of the three Pocahontas lines versus Eastern lines.

Exhibit —— (REP #5)-(Revised)—Statement showing Revenue and Costs—Differential Territory Points and Hampton Roads.

[fol. 4136] Exhibit —— (REP #1)-(Revised), Sheets 2 to 27, inclusive, cover the computation of Out-of-pocket Inland Terminal, Interchange and Line Haul costs for the twenty-three Differential Territory origins to Hampton Roads and New York. These twenty-three points together with the routes and mileages are those shown on C. F. Keeley's Exhibits —— (K-5) and (K-6) as representative working routes.

Sheet 2 shows Line Haul and Terminal unit costs developed by application of Form A to the combined operating results of the Norfolk and Western, Chesapeake and Ohio and Virginian Railways for the year 1955, adjusted to reflect wage and price levels as of July 1, 1957, in a manner similar to that used by the Cost Section of the ICC in adjusting the 1955 costs to January 1, 1957, in the Cost Scales.

Sheet 3 shows the unit cost for the various classes of cars and types of trains. I have used in my computations the lower portion of this sheet, which is the single line unit cost and excludes Interchange expense treated as a separate item instead of including such Interchange cost in the Line Haul expense on a system average basis. These costs are based on the train tonnages for the three Pocahontas roads, and since these three lines account for 98% of the Pocahontas Region Gross Ton Miles in 1955 it naturally follows that these unit costs, as developed for the three roads, closely approximate similar costs for the Pocahontas Region.

[fol. 4137] Sheet 4 shows, under Note 2, the average way and through train weights for the three Pocahontas roads. On the right-hand portion of Sheet 4, under Note 3, Column 3, the tare weights of the various classes of cars are shown. These weights are for all Class I roads, and I have used these weights on the assumption that the traffic here involved utilizes the equipment of carriers located in all parts of the Country. In the lower portion of Note 3, we have adjusted the three Pocahontas lines' unit costs to reflect the ratio of total to loaded car miles for both the Eastern District and the Pocahontas Region. The figures shown in Column 6 of this Note are simple averages of the figures for the Eastern District and the Pocahontas Region as found on Page 13 of the Cost Scales. These average empty return ratios have been used in costing out all movements both to Hampton Roads and New York, except such New York movements as were handled by only the Eastern District lines where we used the Eastern District empty return ratio. The figures in Column 9 of Note 3, after application of the above referred to adjustments, are reflected on Page 6, Line 15.

Sheet 5 shows the Carload Switching Costs (Column 6 under Note 5) for the various classes of cars, such figures being carried forward to Column 5 of Sheet 3. On the right-hand side of Sheet 5, we have computed the Interchange costs for box, open top and flat cars using the empty return ratio of the Eastern District and Pocahontas Region heretofore referred to. Line 4 represents the simple average loading for these three classes of cars in the Eastern District and Pocahontas Region. These lading figures were obtained from Table 2 of the Cost Scales. The [fol. 4138] one-half Interchange, as shown on Line 6, is used where there is a joint movement involving Interchange between Eastern District and the Pocahontas Region.

On Sheet 6 we have adjusted the three Pocahontas lines' unit cost for difference between average train tonnages and the weighted average train tonnage for trains moving export and import traffic. The result is to slightly increase the gross ton mile unit cost, as shown on Line 9. Lines 10 to 19, inclusive, reflect the Line Haul hundredweight mile costs adjusted to basis of average tons per car for the Eastern District and Pocahontas Region. The out-of-pocket unit costs on Line 19 are carried to Line 4 of Sheets 12 to 23, inclusive.

Sheet 7—The carload unit costs for the Eastern District for the year 1955 were obtained from the working papers of the Cost Section of the I.C.C. and adjusted to reflect wage and price levels as of July 1, 1957. The basic figures for Sheet 8 were also obtained from the work sheets of Form A prepared by the I.C.C. Cost Section, and have been equated to July 1, 1957. These figures exclude Interchange costs and are those we have used in our cost comparisons.

Sheet 9 shows the train-mile unit costs and train weights of the various classes of trains for the Eastern District. On the right-hand side of this sheet in Column 3 are shown the tare weights of the various classes of cars, and these [fol. 4139] tare weights represent the average weights for all Class I roads. The ratio of total to loaded car miles in Column 6 are those for the Eastern District, and the figures in Column 9 represent the car mile expense excluding Interchange costs carried forward to Column 3 on Sheet 8.

Sheet 10, under Note 5, shows the computation of the Terminal expense on a carload basis as reflected in Column 5, Sheet 8. On the right-hand side of Sheet 10 we have computed the Interchange expense on the basis of Eastern District empty return ratio and also on the basis of average empty return movement for the Pocahontas Region and Eastern District. These figures have been utilized in pricing out the costs to both Hampton Roads and New York.

Sheet 11 shows the computation of Inland Terminal and Eastern District Line Haul costs for joint movements to

Hampton Roads. The Inland Terminal costs per cwt., as reflected on Line 7, have been carried forward to Line 3 of Sheets 12 to 23, inclusive. The out-of-pocket Line Haul costs per cwt. mile shown as Item 17 have been carried forward to Line 5, Sheets 12 to 23, inclusive.

On Sheets 12 to 23, inclusive, we have computed the out-of-pocket Inland Terminal and Line Haul costs on import and export traffic between the twenty-three Differential Territory points and Hampton Roads. The per car tonnage figures are simple averages for the Eastern District and the Pocahontas Region, and were obtained from the Cost Scales. On all the movements to and from Hampton Roads we have used the Eastern District Terminal expense as representing the costs for the Inland Terminal. The Interchange expense is based on the number of Interchanges [fol. 4140] involved in the various movements. After obtaining the unit cost on each of the three Pocahontas lines, we have weighted such costs on the basis of import and export traffic handled during the period August 1, 1955, to July 31, 1956, (Line 11) and on Line 12 in Column 4 are shown the costs in cents per cwt. for the Inland Terminal, Interchange and Line Haul expense excluding any terminal or pier costs at Hampton Roads. These costs, as reflected in Column 4 on Sheets 12 to 23, are carried to Exhibit —— (REP #4)-(Revised).

Sheet 24 shows the computation of Line Haul unit costs for traffic to and from Differential Territory and New York. The costs shown on Line 6 are reflected on Sheets 25 to 27, inclusive. Where the movement to and from New York involves a movement over the Pocahontas lines, we have used the Line Haul unit costs based on the average empty return movement for both the Eastern District and the Pocahontas Region. Such movements are to Ashland, Ky., Portsmouth, Ohio and Huntington, W. Va. We have used the same tons per car in pricing the New York movement as we have for the Hampton Roads movement. These unit costs are also carried to Exhibit —— (REP #4)-(Revised).

Exhibit —— (REP #2)-(Revised)—Statement of switching and terminal costs at Hampton Roads exclusive of Pier or Port costs. The switching minutes on Line 1 represent the average as developed by application of Form A to the 1955 combined operating results of the three Pocahontas lines. In order to adjust this average system figure, each of the three roads made a seven-day time study at their [fol. 4141] respective Hampton Roads terminals to determine the switching time per car for import and export traffic. The results of these studies are reflected on Line 2. Line 3 shows the relationship of switching minutes of these time studies to the average switching time on Line 1. Line 4 is the average switching expense per car for the three roads developed on Form A, and Line 5 the ratio of empty to loaded cars spotted and pulled, which is the average for all Pocahontas Region roads developed by the Cost Section of the I.C.C. On Line 7 we have adjusted the switching expense to reflect difference between system average and the minutes developed from special studies. Since a substantial portion of the Norfolk and Western traffic during the test period was interchanged with the Norfolk and Portsmouth Belt Line, the N&W switching expense has been increased to include the switching charge assessed by the Norfolk and Portsmouth Belt Line. This adjustment is shown on Line 8. On Line 9 the switching costs of each of the three Pocahontas roads are weighted to reflect difference in volume of import and export traffic handled by each road during the period August 1, 1955, to July 31, 1956. To the total switching expense on Line 9 has been added other carload terminal costs, not affected by the switching time element. Line 12 shows switching and terminal costs per cwt. for each of three classes of cars, the weights being the average loading for the Pocahontas Region and Eastern District and shown on the Cost Scales heretofore referred to. These cwt. costs are carried forward to my Exhibit —— (REP #4)-(Revised).

[fol. 4142] Exhibit —— (REP #3)-(Revised) is a statement of Pier or Port costs beyond rail end for handling import and export traffic at Hampton Roads. The costs and tonnages as shown on this exhibit are those for the Chesapeake and Ohio and Norfolk and Western merchandise piers, and do not include costs or tonnages for the C&O

ore pier or the N&W Grain Elevator. The Virginian does not own or operate any merchandise pier facilities. Line 12 of the Exhibit shows the expense per cwt. of 19.55¢ for Box Car Traffic and 2.35¢ per cwt. for Open Top Car Traffic.

Exhibit —— (REP #4)-(Revised) is a summary statement showing the total cost of handling import and export traffic between Differential Territory and Hampton Roads, and between this same Territory and New York. The Inland Terminal, Interchange and Line Haul costs are those shown on my Exhibit #1. The Port Switching and Terminal together with the Pier costs for Hampton Roads being shown on my Exhibits 2 and 3. The statement also shows the Inland Terminal, Interchange and Line Haul costs between Differential Territory and New York as developed on my Exhibit #1. The Switching and Pier costs at New York were obtained from the New York lines opposing equalization and it is my understanding that these costs will be shown on an exhibit to be filed by these New York lines.

Exhibit —— (REP #5)-(Revised) shows revenue and costs per cwt. between selected Differential Territory points and Hampton Roads. The origin or destination points, commodities, routes and distances were furnished by the traffic departments of the Norfolk and Western and Chesa-[fol. 4143] peake and Ohio. The Line Haul unit costs shown in Column 7 are computed by dividing the Line Haul costs per car mile, Line 15, Sheet 6 of my Exhibit #1, by the cwt., shown in Column 4, plus Line Haul expenses, shown on Line 18, Sheet 6 of my Exhibit #1. The Line Haul unit costs in Column 8 are developed by dividing Out-of-pocket Car Mile cost, Line 13, Sheet 11 of my Exhibit 1, by the cwt. in Column 4, plus Line Haul expense on a per ton mile basis, Line 15, Sheet 11, Exhibit #1, divided by 20. The Inland Terminal costs, Column 9, are based on Lines 1 and 4, Sheet 11 of my Exhibit #1. The Interchange cost is computed from data on Sheets 5 and 10 of Exhibit #1. The Port Terminal and Pier costs are developed from my Exhibits #2 and #3. Column 16 reflects the sum of the various cost elements as of July 1, 1957. The revenue shown in Column 17 includes the Ex Parte 206-A increases which became effective August 26, 1957. Column 18 shows the revenue in excess of cost per cwt.

There are no cost computations for grain movements in my exhibits, as the costs shown are for merchandise (general cargo) piers. At Norfolk, grain is exported through two privately operated grain elevators, and the pier costs shown in my exhibits do not apply.

In order, however to show grain costs, we have selected at random one car of grain moving to the Sewells Point Grain Elevator (Continental Grain Company) in 1955. This car originated at Port Austin, Michigan and moved to Norfolk, Virginia via C&O—Valley Crossing and N&W—Norfolk. Its weight was 60 tons. Based on my Exhibits —— [fol. 4144] (REP #1)-(Revised) and —— (REP #2)-(Revised) the costs on this car are computed as follows:

Inland Terminal	2.983¢
Line Haul	17.622¢
Interchange	.806¢
Port switching (N&W cost)	2.760¢
Total	24.171¢

or $290.05 per car. The total revenue, including the 206-A increases, on this car was $536.31.

The Norfolk and Western expense (including return on investment) in connection with the Sewells Point Elevator amounts to about 2.3¢ per cwt., or $27.60 per car. This amount, however, is offset by rental paid for the use of the property by the Grain Elevator operator. Of course, there is no expense to the railroad connected with movements to Cargill Grain Elevator except Norfolk and Portsmouth Belt Line switching charge, which is the same as that shown above for the grain moving to Sewells Point.

[fol. 4145] **Affidavit**

State of Virginia)
) ss:
City of Roanoke)

R. E. Petterson, being duly sworn, deposes and says that he has prepared the foregoing statement of testimony and that the matters and things contained therein are true and correct to the best of his knowledge and belief.

Signed R. E. PETTERSON

Subscribed and sworn to before
me, a Notary Public in and for
the City of Roanoke, Virginia,
this 12th day of December 1957.

F. E. EAKIN
Notary Public

My Commission expires November 14, 1958

(SEAL)

I. & S. Docket No. 6615
Exhibit ______(R.E.P. #1) Revised
Sheet 1 of 27
Witness: Petterson

STATEMENTS SHOWING COMPUTATION OF 1955 INLAND TERMINAL, INTERCHANGE AND LINE HAUL COSTS IN CENTS PER CWT., ADJUSTED TO REFLECT WAGE AND PRICE LEVELS AS OF JULY 1, 1957, ON IMPORT AND EXPORT TRAFFIC BETWEEN TWENTY-THREE POINTS IN DIFFERENTIAL TERRITORY AND HAMPTON ROADS AND NEW YORK.

Rail Form A, 9-53

I. & S. Docket 6615
Exhibit _____ (R.E.P.#1)(Revised)
Sheet 2
Witness Petterson

NORFOLK AND WESTERN, CHESAPEAKE AND OHIO AND VIRGINIAN RAILWAYS - COMBINED

Carload Unit Costs: Out-of-pocket costs for line-haul per car-mile and per ton-mile; and terminal costs per carload and per ton; constant costs for line-haul per ton-mile; and terminal costs per ton, shown in cents per service unit for the year 1955 1/ Equated 6-1-57

111.9 Ratio

Line No.	Group	Item (1)	Source (Sch. 1, sheets 1-4 unless otherwise indicated) (2)	Out-of-pocket expenses				Constant expenses		Line No.
				Line haul		Terminal		Line haul	Terminal	
				Expense per car-mile (3) (cents)	Expense per gross ton-mile (4) (cents)	Expense per carload (5) (dollars)	Expense per ton (6) (cents)	Expense per ton-mile (7) (cents)	Expense per ton (8) (cents)	
		Out-of-Pocket Expenses								
1	I	Freight-train car (O.T.Mil.) expenses, running	Col. 8, lines 1 and 1b	1.75247	xxx	xxx	xxx	xxx	xxx	1
2	I	Freight-train car (O.T.Mil.) expenses, interchange	Col. 8, line 1a	.10895	xxx	xxx	xxx	xxx	xxx	2
3	I	Freight-train car (O.T.Mil.) return, running	Col. 8, lines 2 & 2b, 2/	.04837	xxx	xxx	xxx	xxx	xxx	3
4	I	Freight-train car (O.T.Mil.) return, interchange	Col. 8, line 2a, 2/	.01449	xxx	xxx	xxx	xxx	xxx	4
5	II	Other running expenses (common to all cars)	Col. 8, lines 6 and 7a	.99766	xxx	xxx	xxx	xxx	xxx	5
6	II	Interchange switching expenses (common to all cars)	Col. 8, line 7	.80245	xxx	xxx	xxx	xxx	xxx	6
7	II	Other running return (common to all cars)	Col. 8, lines 9a and 10a, 2/	.05262	xxx	xxx	xxx	xxx	xxx	7
8	II	Interchange switching return (common to all cars)	Col. 8, lines 9 and 10, 2/	.07876	xxx	xxx	xxx	xxx	xxx	8
9	III	Remaining running expense (gross-ton-mile basis)	Col. 8, line 16	xxx	.15322	xxx	xxx	xxx	xxx	9
10	III	Remaining running return (gross-ton-mile basis)	Col. 8, lines 17 and 18, 2/	xxx	.02994	xxx	xxx	xxx	xxx	10
11	IV	Carload switching expense (origin and destination)	Col. 8, line 19 times 2	xxx	xxx	10.66958	xxx	xxx	xxx	11
12	IV	Carload switching return (origin and destination)	Col. 8, lines 20 & 21 times 2, 2/	xxx	xxx	.93123	xxx	xxx	xxx	12
13	VI	Carload freight-train car expense (time portion)	Col. 8, line 40 times 2	xxx	xxx	2.32107	xxx	xxx	xxx	13
14	VI	Carload freight-train car return (time portion)	Col. 8, line 41 times 2, 2/	xxx	xxx	.35605	xxx	xxx	xxx	14
15	VIII	Station carload expenses, clerical	Col. 8, line 54 times 2	xxx	xxx	5.45545	xxx	xxx	xxx	15
16	VIII	Station carload return, clerical	Col. 8, line 55 times 2, 2/	xxx	xxx	.76382	xxx	xxx	xxx	16
17	IX	Station carload expenses, platform	3/	xxx	xxx	xxx	.30936	xxx	xxx	17
18	IX	Station carload return, platform	4/	xxx	xxx	xxx	.02145	xxx	xxx	18
19	XI	Special services	Col. 8, line 68b times 2	xxx	xxx	2.30010	xxx	xxx	xxx	19
20	XII	Loss and damage (clerical expense)	Col. 8, line 69 times 2	xxx	xxx	xxx	.20787	xxx	xxx	20
21	XII	Loss and damage claim payments	5/	xxx	xxx	xxx	-	xxx	xxx	21
22	XIII	Coal and ore wharves expenses	Col. 8, line 78a times 2	xxx	xxx	xxx	15.23275	xxx	xxx	22
23	XIII	Coal and ore wharves return	Col. 8, line 78b times 2, 2/	xxx	xxx	xxx	1.67463	xxx	xxx	23
		Constant Expenses 7/								
24	-	Constant operating expenses common to CL and LCL	Line 105, 6/	xxx	xxx	xxx	xxx	(+)	(+)	24
25	-	Constant return common to CL and LCL	Lines 106 & 107, 6/, 2/	xxx	xxx	xxx	xxx	(+)	(+)	25
26	-	Passenger income (-) or deficit (+)	Line 109, 6/	xxx	xxx	xxx	xxx	(-)	( )	26
27	-	Passenger return	Line 112, 6/, 2/	xxx	xxx	xxx	xxx	(+)	(+)	27
28	-	LCL income (-) or deficit (+)	Line 110, 6/	xxx	xxx	xxx	xxx	( )	( )	28
29	-	LCL return	Line 113, 6/, 2/	xxx	xxx	xxx	xxx	(+)	(+)	29
30	-	Credit for incidental and other revenues	Line 116, 6/	xxx	xxx	xxx	xxx	(-)	(-)	30
31	-	Total unit cost (O.T.Mil.cars) including interchange expense	Sum of lines 1-30, incl. hereto	3.95577	.18316	22.79730	17.44606	(+)		31
32	-	Total unit cost (O.T.Mil.cars) excluding interchange expense	Line 31 minus sum of lines 2, 4, 6, and 8 hereto	2.95112	.18316	22.79730	17.44606	(+)		32

(O.T. Mil.) means other than mileage cars.
(See reverse side for footnotes).

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NORFOLK AND WESTERN, CHESAPEAKE AND OHIO AND VIRGINIAN RAILWAYS - COMBINED

Rail Form A, 9-53

I. & S. Docket 6615
Exhibit ______ (R.E.P.#1)(Revised)
Sheet 3
Witness Petterson

Carload Unit Costs: Out-of-pocket costs for line-haul per car-mile and per ton-mile; and terminal costs per carload and per ton; constant costs for line-haul per ton-mile; and terminal costs per ton, shown in cents per service unit for the year 1955 1/
Equated to 7-1-57 - 111-9 Rates

Carload unit costs for interline traffic in cents per service unit by type of equipment and by type of train
(interchange switching costs treated as related to distance)

Line No.	Type of train 2/ (1)	Type of equipment (2)	Out-of-pocket expenses: Car-mile 3/ (3)	Net ton-mile 4/ (4)	Carload 5/ (5)	Ton 6/ (6)	Constant expenses: Ton-mile 7/ (7)	Ton 8/ (8)	Line No.
1	**Way train**	Box							1
2		Gondola & hopper, excl. coal & ore traffic							2
3		Gondola & hopper, coal & ore traffic							3
4		Flat							4
5		Stock							5
6		Refrigerator							6
7		Tank							7
8	**Average train**	Box							8
9		Gondola & hopper, excl. coal & ore traffic							9
10		Gondola & hopper, coal & ore traffic							10
11		Flat							11
12		Stock							12
13		Refrigerator							13
14		Tank							14
15	**Through train**	Box							15
16		Gondola & hopper, excl. coal & ore traffic							16
17		Gondola & hopper, coal & ore traffic							17
18		Flat							18
19		Stock							19
20		Refrigerator							20
21		Tank							21
	Carload unit costs for single-line traffic in cents per service unit by type of equipment and by type of train 5/ 9/								
22	**Way train**	Box							22
23		Gondola & hopper, excl. coal & ore traffic							23
24		Gondola & hopper, coal & ore traffic							24
25		Flat							25
26		Stock							26
27		Refrigerator							27
28		Tank							28
29	**Average train**	Box	9.73548	.18316	3,421.962	.43858			29
30		Gondola & hopper, excl. coal & ore traffic	13.31206	✓	3,707.523	.20757			30
31		Gondola & hopper, coal & ore traffic	13.31206	✓	3,707.523	17.11825			31
32		Flat	10.82050	✓	3,707.523	.53868			32
33		Stock							33
34		Refrigerator							34
35		Tank							35
36	**Through train**	Box							36
37		Gondola & hopper, excl. coal & ore traffic							37
38		Gondola & hopper, coal & ore traffic							38
39		Flat							39
40		Stock							40
41		Refrigerator							41
42		Tank							42

Note: To compute carload costs per 100 pounds for any length of haul the procedure is as follows:

(a) Divide the out-of-pocket terminal per-carload costs shown in col. 5 by the tons for which costs are desired and add the resultant cost per ton to the cost per ton shown in col. 6.

(b) Divide the out-of-pocket line-haul costs per car-mile shown in col. 3 for the applicable type of train and type of car in which the traffic is handled by the load in tons for which costs are desired. Add the resultant costs per ton-mile to the out-of-pocket line-haul costs per ton-mile for the applicable types of train shown in col. 4. Multiply the total costs thus obtained by the applicable length of haul in actual miles for the traffic under study to obtain the line-haul costs per ton.

(c) Add the costs per ton obtained in items (a) and (b) above to obtain the total out-of-pocket costs for the movement under study. To state the costs in an amount per 100 pounds, divide the result by 20 hundredweight.

(d) The fully distributed costs are to be computed by adding the constant expenses shown in cols. and 8 to the applicable unit costs shown in cols. 4 and 6 and then following the same procedure as outlined in items (a) to (c) above.

(See following sheet for footnotes.)

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ail Form A, 9-55
ootnotes to Carload Unit Costs - Sheet 2 - 1955 - Equited to 7-1-55 - 111.9 Rates

/ The purpose of this summary schedule is to provide carload unit costs separately for interline and single-line traffic. The unit costs shown in lines 1-21 are to be used for interline traffic, the interchange switching expenses being distributed on a car-mile basis. The unit costs in lines 22-42 exclude interchange switching expenses and are to be used for single-line traffic. These costs may also be used in computing costs for interline traffic where the interchange expense is distributed on a car basis and is added for a given number of interchanges between railroads.

/ The line-haul running costs reflect the train running costs applicable to the system (or territory) average weight train of ______ (rev. G.T.M. per train-mile). Where desired, compute the increase (+) or decrease (-) in such unit cost (per ton-mile) to reflect the costs for any other given weight train or trains (local or way, through, etc.) as provided below:

Line No.	Type of train (1)	Out-of-pocket costs per train-mile (excluding train switching costs) a/ (dollars) (2)	Weight of train (gross tons) of cars, contents excluding cabooses (3)	Out-of-pocket cost per rev. plus nonrev. G.T.M. (excl. loco. & cab.) (col.2 ÷ col. 3) (cents) (4)	Out-of-pocket cost per rev. G.T.M. (col.4 ÷ .98078 ratio (Sch.A, sh.4, line 23, col. 14) (cents) (5)	Difference between rev. G.T.M. cost for avg. train & rev.G.T.M. cost for train under study b/ (cents) (6)
(a)	Avg. train...	2.01322	c/ 3984	.05053	e/ .05152	.000000
(b)	Way trains...		d/ 1155	15177	15882	+ .1278
(c)	Thru trains (total excl. way trains)..		d/ 5022	03582	.03652	- .00952
(d)	Avg. Manifest Train		3948	05099	05199	+ .00047
(e)						

a/ Insert in col. 2 the train-mile costs including those expenses (out-of-pocket portion) as to which the differentiation in the cost per revenue G.T.M. by type of train is desired. The expenses inserted in lines (b), (c), etc., may be computed for particular train movements (round trip excluding train switching) based on test period studies of payroll and other operating records of train performance. In such case insert in line (a) for "avg. trains" the corresponding system (or terr.) train-mile expenses taken from the formula. Special study results should be supported by working papers. Where no special studies are made, or where relative costs are desired for broad classes of trains based on differences in train weights, insert for all types of trains, lines (a), (b), (c), etc., a uniform cost per train-mile based on those expenses (out-of-pocket) which can be associated with train-miles and which are substantially unrelated to the weight of the train. Compute as follows: (1) Take * 38.721 % of locomotive expense (portion unrelated to locomotive weight)(from Sch.A, sh.1, line 37, col.16) $ 9,842,184, and divide by .9980 ratio (from Sch.A, sh.4, line 28) equals $ 9,861,908. (2) To obtain transportation running expenses take from Sch.C, sh.1, col.5 sum of 100% of Accts. 372, 373(b), 376, 390-91, 392-93, 401-06, 412-13, 415-17, and * 38.721 % of Accts. 398-400, equals $ 40,086,821; increase this amount by 07.75 % (from Sch.H, sh.2, 3/* b/, line (f), col. 3), for transportation overhead equals $ 43,003,137. (3) Total of locomotive and transportation expense equals $ 52,865,045 (sum of (1) and (2) hereto), increased by 19.84 % (Sch. 2, line 17, col. 4) for general overhead equals $ 63,356,113. (4) Multiply this latter total by .9980 ratio (Sch.A, sh.4, line 28) to eliminate passenger portion of nonrevenue freight expense, amount equals $ 63,229,401. (5) Take out-of-pocket portion, 80 % (Sch. 1, sh.1, line 16, col. 4), resulting total out-of-pocket expenses equals $ 50,583,521. (6) Divide by 28,115,678 total train-miles from A.R. 531, Item No. 6, col. (b) or from Preliminary Abstract Summary 1. = 1.79912 X 111.9 = 2.01322

* For percentage see Schedule A, sheet 1, footnote 1b, line (d), column 4.

b/ Insert difference between entries in col. 5, lines (b), (c), etc., as applicable, and col. 5, line (a).

c/ Total gross-ton-miles, revenue and nonrevenue, excluding caboose, 112,005,752 G.T.M. (from Sch.A, sh.4, line 21, col. 14) divided by total of 28,115,678 train-miles from A.R. Sch. 531, item 6, col. (b), or Preliminary Abstract, Summary 1. - 3984

d/ Compute from train performance records, or compute way and through trains, from the following equation: (M_w x RT_t) plus M_t x T_t) = Ta: T_t equals the average weight (tons) for through trains (i.e., all trains excluding way trains); Ta is average weight for all trains (from line (a), col. (3), above); M_w and M_t are the ratios, respectively, of the miles actually run by conductors on local and way trains and the miles actually run by conductors on through trains, to the total miles actually run by such conductors from A.R. Schedule 561, Div. Nos. 113 and 114, col. (1), or tabulations supporting Statement M-300; R equals ______ ratio of the average tons (ton-miles per train-mile) for local or way trains to the average tons for through trains (from special studies). To compute average weight train for through trains, T_t, solve the above equation for T_t. To compute weight of way train, multiply average weight of through trains, T_t, by the ratio R.

e/ For verification of the entry in line (a), col. 5, divide the total expenses from a/ hereto, item 5, by the total revenue G.T.M. 109,853,772,000 from Sch. 1, sh. 1, line 18, col. 7, quotient equals .04604 ¢. (Data should reconcile except for disposition of fractions.)
X 111.9 = .05152

AILWAYS - COMBINED

I. & S. Docket 6615
Exhibit _____(R.E.P.#1)(Revised)
Sheet 4
Witness Petterson

3/ The car-mile expenses to be inserted in col. 3 include those distributable on a car-mile basis plus the gross-ton-mile expenses associated with the tare weight of the car. Where costs are desired for interline traffic, i.e., the interchange expenses are distributed on a car-mile basis, compute the car-mile expenses as shown in the table below, col. 7, and insert the figures by type of train in lines 1-21 of col. 3. Where costs are desired for single-line traffic or where the interchange switching costs are to be treated on a per-car basis dependent on the actual number of interchanges received by the traffic under study, compute the car-mile expenses as shown in the table below, col. 9, and insert the figures by type of train in lines 22-42 of col. 3.

Line	Type of equipment (1)	Gross-ton-mile exp. (unit cost, sh.1, line 31, col. 4) (2)	Tare weight a/ (3)	Tare wght. exp. per car-mile. col. 2 x col. 3 (4)	Loaded car-mile exp. (unit cost sh.1, line 31, col.3) (5)	Ratio of total to loaded car-miles b/ (6)	Total car-mile exp. (col. 4 + col. 5) times col. 6 c/ (7)	Loaded car-mile exp. excl. interchge. (unit cost, sh.1, L.32, col.3) (8)	Total car-mile exp. excluding interchge. (col. 4 + col. 8 times col. 6 c/ (9)
	Way train 1/								
(a)	Box.....								
(b)	G & H...								
(c)	Flat....								
(d)	Stock...								
(e)	Refrig..				e/			g/	
(f)	Tank....				f/			h/	
	Average train d/								
(a)	Box.....	.18316	24.1	4.41416		1.34		2.85112	9.73548
(b)	G & H...		23.3	4.26763		1.87		✓	13.31206
(c)	Flat....		23.3	4.26763		1.52		✓	10.82050
(d)	Stock...								
(e)	Refrig..				e/			g/	
(f)	Tank....				f/			h/	
	~~Through train~~ d/ Average train adjusted								
(a)	Box.....	.18363	24.1	4.42548		1.36		2.85112	9.89618
(b)	G & H...		23.3	4.27858		1.795		✓	12.79781
(c)	Flat....		23.3	4.27858		1.50		✓	10.69455
(d)	Stock...								
(e)	Refrig..				e/			g/	
(f)	Tank....				f/			h/	

a/ Special study, see Bureau of Accounts and Cost Finding Statement No. 1-51, page 9.
b/ Ratio of total (loaded plus empty) to loaded car-miles equals 1.0 plus _ _______ ratio from special study, see Bureau of Accounts and Cost Finding Statement No. 4-53, page 9.

400047

3/ e/ Compute as follows:
Other running expenses and return common to all cars, Carload Unit Costs, sheet 1, col. 3 hereto, sum of lines 5 to 6 of (1)__________¢, plus inspection expense of (2)__________¢, plus standard refrigerator car mileage rental of (3)__________¢, plus net charges and credits for refrigeration and heater services of (4)__________¢; items (2) to (4), inclusive, increased for general overhead by multiplying the sum of such figures by 1.0 plus ________ ratio from Schedule E, sheet 1, line 17, col. 4, equals (5)__________¢; total __________¢. Compute inspection costs for item (2) as follows: Multiply the sum of col. 7, lines 1 to 21, inclusive, from Schedule A, sheet 1, by the ratio from Schedule A, sheet 1, line 31, col. 2, and divide the remainder by the car-miles, loaded and empty, of cars rented on a mileage basis from Schedule A, sheet 4, line 17, col. 14. Compute net charges and credits for refrigeration and heater services for item (4) as follows: Multiply the net debit or credit from annual report schedule 32C, footnote to account 402 of (a) $__________from Schedule C, sheet 1, footnote 12, item (b) by (1.0 plus ________ratio) from Schedule E, sheet 1, g/, line (c), to include transportation overheads equals (b) $__________. Multiply item (b) by ________ratio from Schedule A, sheet 4, line 26, col. 14, to exclude the passenger-train service portion of nonrevenue freight equals (c) $__________. Divide item (c) by the total loaded and empty car-miles of refrigerator cars, from annual report schedule 376, line 3, column (b).

f/ Compute as follows:
Other running expenses and return common to all cars, Carload Unit Costs, sheet 1, column 3, hereto, sum of lines 5 to 6 of (1) __________¢ plus inspection costs of (2) __________¢ plus standard tank car mileage rental of (3) __________¢; the sum of items (2) and (3) increased for general overheads by multiplying such sum by 1.0 plus ________ratio from Schedule E, sheet 1, line 17, column 4, equals (4) __________¢; total, __________¢. See e/ item (2), above, for the amount of the inspection costs.

See following page for balance of subfootnotes.

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Rail Form A, 9-55
Footnotes to Carload Unit Costs - Sheet 2 (continued) - 1955

Equated to 7-1-57 - 1119 Ratio

1/ a/ Compute as follows:
Other running expenses and return, excluding interchange common to all cars from Carload Unit Costs, sheet 1, column 3, sum of lines 5 and 7 of (1) __________$ plus inspection expense of (2) __________$, plus standard refrigeration car mileage rental of (3) __________$, plus net charges and credits for refrigeration and heater services of (4) __________$; items 2 to 4, inclusive, increased for general overhead by multiplying the sum of such figures by 1.0 plus __________ ratio from Schedule E, sheet 1, line 17, column 4 equals (5) __________$; total __________$. See footnote g/ above for inspection expense, item 2; for standard refrigeration car rental, item 3; and for net charges and credits for refrigerator and heater services, item 4.

b/ Compute as follows:
Other running expenses and return, excluding interchange common to all cars from Carload Unit Costs, sheet 1, column 3, sum of lines 5 and 7 of (1) __________$ plus inspection expense of (2) __________$ plus standard tank car mileage rental of (3) __________$; the sum of items 2 and 3 increased for general overheads by multiplying such sum by 1.0 plus __________ ratio from Schedule E, sheet 1, line 17, column 4 equals (4) __________$; total __________$. See footnote g/, item 2 above for the amount of the inspection costs.

4/ Insert in col. 4, lines 1-42, the unit cost per gross-ton-mile from sheet 2, 3/, col. 2, for applicable type of train.

5/ Where out-of-pocket costs are desired for interline traffic, and the interchange switching expenses are distributed on a car-mile basis, or where costs are desired for single-line traffic, i.e., interchange switching expenses are excluded, compute the carload or consignment costs as shown in col. 6 of the table below. Where out-of-pocket costs are desired for interline traffic, and the interchange switching expenses are treated as not related to distance, i.e., distributed on a per-car basis for interchange, compute the amount to be added to the expenses in col. 6 as shown below and bring forward the total out-of-pocket costs per carload for the number of interchanges under study, by types of equipment for insertion in col. 5, lines 22-42 of the carload unit costs, sh.2.

Line No.	Type of equipment (1)	Switching exp. (origin plus destination) (unit cost, sh.1, lines 11 to 14, col.5) (2)	Ratio of empty to loaded cars (1.0 plus ______ ratio)* (3)	Total switching exp. (loaded plus empty) col. 2 x col. 3 (4)	Other carload exp. (unit cost, lines 15, 16, & 19, col. 5) (5)	Total carload exp. (col. 4 + col. 5) times 100 (6)
(a)	Box	$14.27793	1.8	25.70027	8.51937	3.421.964
(b)	Gondola & hopper	✓	2.0	28.55586	✓	3.707.523
(c)	Flat	✓	2.0	28.55586	✓	3.707.523
(d)	Stock					
(e)	Refrigerator	**				
(f)	Tank	**				

* Compute ratio as follows: 1.00 plus added ratio of empties spotted and pulled to loads spotted and pulled. For box cars use added ratio of ________. For all other cars use added ratio of __________.

** Omit Group VI expenses (lines 13 and 14) in computing switching expenses for mileage cars.

Compute the additional out-of-pocket cost per carload per interchange (2 carriers involved) as shown in the table to follow. Add the amount from line (i) of the table below to refrigerator and tank carload expenses shown in col. 6, lines (e) and (f), of the above table. Add the amount from line (q) of the table below to the box, gondola and hopper, flat and stock carload expenses shown in col. 6, lines (a) to (d), inclusive, of the above table. If expenses for more than one interchange switching service are to be included, the figures shown in lines (i) and (q) in the table below should be multiplied by the number of such interchanges.

Line No.	Item (1)	Source (2) 17355610	Amount (3)
(a)	Interchange switching expenses	Sch.1, sh.1, line 7, col. 5 X 1119	19.420.928
(b)	Interchange switching return--road	Sch.1, sh.1, line 9, col. 5 *	1.190.879
(c)	Interchange switching return--equip.	Sch.1, sh.1, line 10, col. 5 *	547.081
(d)	Subtotal	Sum of lines (a) to (c)	21.158.888
(e)	Total loaded plus empty cars given interchange switching	Sch. F, sh.1, line 15a, col. 1	6.618.942
(f)	Cost per car (loaded plus empty) per interchange per railroad	Line (d) ÷ line (e)	$ 3.19672
(g)	Ratio of empty to loaded cars given interchange switching	Special study **	.7332
(h)	Cost per loaded car per interchange per railroad	Line (f) times (1.0 plus 733 ratio from line (g), col. 3	$ 5.54056
(i)	Cost per loaded car interchanged between two carriers ***	Line (h) times 2. 1.942.402	
(j)	Freight-train car expense--interchange	Sch.1, sh.1, line 1a, col. 5 X 1119	2.173.548
(k)	Freight-train car return--interchange	Sch.1, sh.1, line 2a, col. 5 *	58.548
(l)	Subtotal	Sum of lines (j) and (k)	2.231.300
(m)	Total loaded plus empty other than mileage cars given interchange swtg.	Line (e), col. 3, times 935 ratio from Sch.A, sh.3, 2/, line (f)	6.193.331
(n)	Freight-train car costs per car (loaded plus empty) other than mileage per interchange per railroad	Line (l) divided by line (m)	$ 0.36027
(o)	Freight-train car costs per loaded car per interchange per railroad	Line (n) times (1.0 plus ____ ratio from line (g), col. 3)	
(p)	Freight-train car costs per loaded car for one interchange between two carriers	Line (o) times 2	
(q)	Total cost per loaded car for one interchange between 2 carriers ****	Line (i) plus line (p)	

* Where applicable, adjust for Federal income taxes. See footnotes to carload unit costs, sheet 1, g/, line (f), for ratio.

** Develop from a test study based on cars interchanged between railroads under study. Otherwise use ratio from Sch. A, sh. 2, footnote 9.

*** Applicable to refrigerator and tank car traffic.

**** Applicable to box, flat, gondola and hopper, and stock car traffic.

AYS - COMBINED

I. & S. Docket 6615
Exhibit ______ (R.E.P.#1)(Revised)
Sheet __J__
Witness Petterson

	Box	Open Top	Flat
1 - Cost per loaded car (line f ÷ line n x 2)	$7.11398	$7.11398	$7.11398
2 - Ratio of total to loaded car miles(Average Pocahontas Region and Eastern District)	1.36	1.795	1.50
3 - Cost per loaded and empty car (line 1 x line 2)	$9.67501	$12.76959	$10.67097
4 - Cwt. per car	554	1180	652
5 - Cost per cwt. per interchange (line 3 ÷ line 4)	1.74639¢	1.08217¢	1.63665¢
6 - One-half interchange (line 5 ÷ 2)	.87320¢	.54109¢	.81833¢

I. & S. Docket No. 6615
Exhibit ________ (R.E.P. #1) Revised
Sheet ____6____
Witness: Petterson

NORFOLK & WESTERN, CHESAPEAKE & OHIO AND VIRGINIAN RAILWAYS - COMBINED

Adjustment of Unit Costs for difference between average train tonnages and weighted average train tonnage for trains moving Export and Import traffic -

Line No.			Line No.		Type of Car		
					Box	Open Top	Flat
1.	Out-of-pocket costs per train mile (Sheet 4 - Note 2 (a))	$2.01322	10.	Adjusted gross ton mile cost (Line 9)	.18363¢	.18363¢	.18363¢
2.	Average train tonnage (Avg. 3 roads) (Sheet 4 - Note 2 (c))	3984	11.	Tare weight of cars (U.S. Average) (Page 10 - Statement 1-57)	24.1	23.3	23.3
3.	Out-of-pocket cost per revenue and non-revenue G.T.M. (Line 1 ÷ Line 2)	.05053¢	12.	Out-of-pocket cost per empty car mile (Line 10 x Line 11)	4.42548¢	4.27858¢	4.27858¢
4.	Out-of-pocket cost per revenue G.T.M. (Line 3 ÷ .98078)	.05152¢	13.	Out-of-pocket cost per loaded car mile excluding interchange (Sheet 2, Line 32, Col. (3))	2.85112¢	2.85112¢	2.85112¢
5.	Weighted average of trains moving Export and Import traffic	3948	14.	Ratio of total to loaded car miles (Average Poca. Region and Eastern District)	1.36	1.795	1.50
6.	Out-of-pocket cost per revenue G.T.M. (Line 1 ÷ Line 5 ÷ .98078	.05199¢	15.	Total out-of-pocket cost excluding interchange cost (Line 12 + Line 13 x Line 14)	9.89618¢	12.79781¢	10,69455¢
7.	Difference in Gross Ton Mile cost (Line 6 minus Line 4)	+ .00047¢	16.	Cwt. per car (average for Poca. Region and Eastern Dist.)	554	1180	652
8.	Gross Ton Mile unit cost based on the 3 road average train tonnage (Sheet 2, Line 32, Col. (4))	.18316¢	17.	Line haul car mile cost per cwt. (Line 15 ÷ Line 16)	.01786¢	.01085¢	.01640¢
9.	Adjusted Gross Ton Mile cost to reflect difference in train tonnage (Line 7 + Line 8)	.18363¢	18.	Line haul cwt. mile cost (Line 9 ÷ 20)	.00918¢	.00918¢	.00918¢
			19.	Out-of-pocket line haul cost per cwt. mile (Line 17 + Line 18)	.02704¢	.02003¢	.02558¢

I. & S. Docket 6615
Exhibit ____ (R.E.P.#1)(Revised)
Sheet 7.
Witness Petterson

EASTERN DISTRICT

Rail Form A, 9-53

Carload Unit Costs: Out-of-pocket costs for line-haul per car-mile and per ton-mile; and terminal costs per carload and per ton; constant costs for line-haul per ton-mile; and terminal costs per ton, shown in cents per service unit for the year 1955 & Equated to 7-1-57

114.1 - Ratio

Line No.	Group	Item (1)	Source (Sch. 1, sheets 1-4 unless otherwise indicated) (2)	Out-of-pocket expenses: Line haul: Expense per car-mile (3) (cents)	Out-of-pocket expenses: Line haul: Expense per gross ton-mile (4) (cents)	Out-of-pocket expenses: Terminal: Expense per carload (5) (dollars)	Out-of-pocket expenses: Terminal: Expense per ton (6) (cents)	Constant expenses: Line haul: Expense per ton-mile (7) (cents)	Constant expenses: Terminal: Expense per ton (8) (cents)	Line No.
		Out-of-Pocket Expenses								
1	I	Freight-train car (O.T.Mil.) expenses, running	Col. 8, lines 1 and 1b	2.83243	xxx	xxx	xxx	xxx	xxx	1
2	I	Freight-train car (O.T.Mil.) expenses, interchange	Col. 8, line 1a	30327	xxx	xxx	xxx	xxx	xxx	2
3	I	Freight-train car (O.T.Mil.) return, running	Col. 8, lines 2 & 2b, 2/	24378	xxx	xxx	xxx	xxx	xxx	3
4	I	Freight-train car (O.T.Mil.) return, interchange	Col. 8, line 2a, 2/	17262	xxx	xxx	xxx	xxx	xxx	4
5	II	Other running expenses (common to all cars)	Col. 8, lines 6 and 7a	1.46790	xxx	xxx	xxx	xxx	xxx	5
6	II	Interchange switching expenses (common to all cars)	Col. 8, line 7	203870	xxx	xxx	xxx	xxx	xxx	6
7	II	Other running return (common to all cars)	Col. 8, lines 9a and 10a, 2/	14403	xxx	xxx	xxx	xxx	xxx	7
8	II	Interchange switching return (common to all cars)	Col. 8, lines 9 and 10, 2/	24604	xxx	xxx	xxx	xxx	xxx	8
9	III	Remaining running expense (gross-ton-mile basis)	Col. 8, line 16	xxx	20262	xxx	xxx	xxx	xxx	9
10	III	Remaining running return (gross-ton-mile basis)	Col. 8, lines 17 and 18, 2/	xxx	03743	xxx	xxx	xxx	xxx	10
11	IV	Carload switching expense (origin and destination)	Col. 8, line 19 times 2	xxx	xxx	16.18068	xxx	xxx	xxx	11
12	IV	Carload switching return (origin and destination)	Col. 8, lines 20 & 21 times 2, 2/	xxx	xxx	1.95266	xxx	xxx	xxx	12
13	VI	Carload freight-train car expense (time portion)	Col. 8, line 40 times 2	xxx	xxx	3.96801	xxx	xxx	xxx	13
14	VI	Carload freight-train car return (time portion)	Col. 8, line 41 times 2, 2/	xxx	xxx	1.85526	xxx	xxx	xxx	14
15	VIII	Station carload expenses, clerical	Col. 8, line 54 times 2	xxx	xxx	9.18176	xxx	xxx	xxx	15
16	VIII	Station carload return, clerical	Col. 8, line 55 times 2, 2/	xxx	xxx	28840	xxx	xxx	xxx	16
17	IX	Station carload expenses, platform	3/	xxx	xxx	xxx	26.25980	xxx	xxx	17
18	IX	Station carload return, platform	4/	xxx	xxx	xxx	1.28618	xxx	xxx	18
19	XI	Special services	Col. 8, line 68b times 2	xxx	xxx	2.13164	xxx	xxx	xxx	19
20	XII	Loss and damage (clerical expense)	Col. 8, line 69 times 2	xxx	xxx	xxx	57753	xxx	xxx	20
21	XII	Loss and damage claim payments	5/	xxx	xxx	xxx	5.84220	xxx	xxx	21
22	XIII	Coal and ore wharves expenses	Col. 8, line 78a times 2	xxx	xxx	xxx	14.28213	xxx	xxx	22
23	XIII	Coal and ore wharves return	Col. 8, line 78b times 2, 2/	xxx	xxx	xxx	1.55934	xxx	xxx	23
		Constant Expenses 7/								
24	-	Constant operating expenses common to CL and LCL	Line 105, 6/	xxx	xxx	xxx	xxx	(+)	(+)	24
25	-	Constant return common to CL and LCL	Lines 106 & 107, 6/, 2/	xxx	xxx	xxx	xxx	(+)	(+)	25
26	-	Passenger income (-) or deficit (+)	Line 109, 6/	xxx	xxx	xxx	xxx	( )	( )	26
27	-	Passenger return	Line 112, 6/, 2/	xxx	xxx	xxx	xxx	(+)	(+)	27
28	-	LCL income (-) or deficit (+)	Line 110, 6/	xxx	xxx	xxx	xxx	( )	( )	28
29	-	LCL return	Line 113, 6/, 2/	xxx	xxx	xxx	xxx	(+)	(+)	29
30	-	Credit for incidental and other revenues	Line 116, 6/	xxx	xxx	xxx	xxx	(-)	(-)	30
31	-	Total unit cost (O.T.Mil.cars) including interchange expense	Sum of lines 1-30, incl. hereto	7.39877	.24007	35.55850	50.05718	(+)	(+)	31
32	-	Total unit cost (O.T.Mil.cars) excluding interchange expense	Line 31 minus sum of lines 2, 4, 6, and 8 hereto	4.68814	.24007	35.55850	50.05718	(+)	(+)	32

(O.T. Mil.) means other than mileage cars.
(See reverse side for footnotes).

Source Rail Form A prepared by Cost Finding Section of I C C for Eastern District - Year 1955

415-2

EASTERN DISTRICT

Rail Form A. 9-53

I. & S. Docket 6615
Exhibit ____(R.E.P.#1)(Revised)
Sheet 8
Witness Petterson

Carload Unit Costs: Out-of-pocket costs for line-haul per car-mile and per ton-mile; and terminal costs per carload and per ton; constant costs for line-haul per ton-mile; and terminal costs per ton, shown in cents per service unit for the year 1955 1/

Equated to 7-1-57 - 114.1 Ratio

Carload unit costs for interline traffic in cents per service unit by type of equipment and by type of train
(Interchange switching costs treated as related to distance)

Line No.	Type of train 2/ (1)	Type of equipment (2)	Out-of-pocket expenses: Car-mile 3/ (3)	Net ton-mile 4/ (4)	Carload 5/ (5)	Ton 6/ (6)	Constant expenses: Ton-mile 7/ (7)	Ton 8/ (8)	Line No.
1	Way train	Box							1
2		Gondola & hopper, excl. coal & ore traffic							2
3		Gondola & hopper, coal & ore traffic							3
4		Flat							4
5		Stock							5
6		Refrigerator							6
7		Tank							7
8	Average train	Box							8
9		Gondola & hopper, excl. coal & ore traffic							9
10		Gondola & hopper, coal & ore traffic							10
11		Flat							11
12		Stock							12
13		Refrigerator							13
14		Tank							14
15	Through train	Box							15
16		Gondola & hopper, excl. coal & ore traffic							16
17		Gondola & hopper, coal & ore traffic							17
18		Flat							18
19		Stock							19
20		Refrigerator							20
21		Tank							21
	Carload unit costs for single-line traffic in cents per service unit by type of equipment and by type of train 5/ 9/								
22	Way train	Box							22
23		Gondola & hopper, excl. coal & ore traffic							23
24		Gondola & hopper, coal & ore traffic							24
25		Flat							25
26		Stock							26
27		Refrigerator							27
28		Tank							28
29	Average train	Box	14.45389	2.007	5,477.379	28.17351			29
30		Gondola & hopper, excl. coal & ore traffic	17.68564	✓	5,951.511	.5773			30
31		Gondola & hopper, coal & ore traffic	17.68464	✓	✓	16.61900			31
32		Flat	15.71702	✓	✓	28.17351			32
33		Stock							33
34		Refrigerator							34
35		Tank							35
36	Through train	Box							36
37		Gondola & hopper, excl. coal & ore traffic							37
38		Gondola & hopper, coal & ore traffic							38
39		Flat							39
40		Stock							40
41		Refrigerator							41
42		Tank							42

Note: To compute carload costs per 100 pounds for any length of haul the procedure is as follows:

(a) Divide the out-of-pocket terminal per-carload costs shown in col. 5 by the tons for which costs are desired and add the resultant cost per ton to the cost per ton shown in col. 6.

(b) Divide the out-of-pocket line-haul costs per car-mile shown in col. 3 for the applicable type of train and type of car in which the traffic is handled by the load in tons for which costs are desired. Add the resultant costs per ton-mile to the out-of-pocket line-haul costs per ton-mile for the applicable types of train shown in col. 4. Multiply the total costs thus obtained by the applicable length of haul in actual miles for the traffic under study to obtain the line-haul costs per ton.

(c) Add the costs per ton obtained in items (a) and (b) above to obtain the total out-of-pocket costs for the movement under study. To state the costs in an amount per 100 pounds, divide the result by 20 hundredweight.

(d) The fully distributed costs are to be computed by adding the constant expenses shown in cols. 7 and 8 to the applicable unit costs shown in cols. 4 and 6 and then following the same procedure as outlined in items (a) to (c) above.

(See following sheet for footnotes.)

Rail Form A, 9-55
Footnotes to Carload Unit Costs - Sheet 2 -1955- Equated to 7-1-57 - 114.1 Ratio

EASTERN DIS

1/ The purpose of this summary schedule is to provide carload unit costs separately for interline and single-line traffic. The unit costs shown in lines 1-21 are to be used for interline traffic, the interchange switching expenses being distributed on a car-mile basis. The unit costs in lines 22-42 exclude interchange switching expenses and are to be used for single-line traffic. These costs may also be used in computing costs for interline traffic where the interchange expense is distributed on a car basis and is added for a given number of interchanges between railroads.

2/ The line-haul running costs reflect the train running costs applicable to the system (or territory) average weight train of ______ (rev. G.T.M. per train-mile). Where desired, compute the increase (+) or decrease (-) in such unit cost (per ton-mile) to reflect the costs for any other given weight train or trains (local or way, through, etc.) as provided below:

Line No.	Type of train (1)	Out-of-pocket costs per train-mile (excluding train switching costs) a/ (dollars) (2)	Weight of train (gross tons) of cars, contents excluding cabooses (3)	Out-of-pocket cost per rev. plus nonrev. G.T.M. (excl. loco. & cab.) (col.2 ÷ col. 3) (cents) (4)	Out-of-pocket cost per rev. G.T.M. (col.4 ÷ .98312 ratio (Sch.A, sh.4, line 23, col. 14) (cents) (5)	Difference between rev. G.T.M. cost for avg. train & rev.G.T.M. cost for train under study b/ (cents) (6)
(a)	Avg. train...	2.31753	c/ 2902	.07986	e/ .081231	.000000
(b)	Way trains...		d/ 1189	.19491	.198257	+ .117026
(c)	Thru trains (total excl. way trains)..		d/ 3396	.06824	.069412	- .011819
(d)						
(e)						

a/ Insert in col. 2 the train-mile costs including those expenses (out-of-pocket portion) as to which the differentiation in the cost per revenue G.T.M. by type of train is desired. The expenses inserted in lines (b), (c), etc., may be computed for particular train movements (round trip excluding train switching) based on test period studies of payroll and other operating records of train performance. In such case insert in line (a) for "avg. trains" the corresponding system (or terr.) train-mile expenses taken from the formula. Special study results should be supported by working papers. Where no special studies are made, or where relative costs are desired for broad classes of trains based on differences in train weights, insert for all types of trains, lines (a), (b), (c), etc., a uniform cost per train-mile based on those expenses (out-of-pocket) which can be associated with train-miles and which are substantially unrelated to the weight of the train. Compute as follows: (1) Take * 39.295 % of locomotive expense (portion unrelated to locomotive weight)(from Sch.A, sh.1, line 37, col.16) $ 57.797.607, and divide by .99574 ratio (from Sch.A, sh.4, line 28) equals $ 57.542.739. (2) To obtain transportation running expenses take from Sch.C, sh.1, col.5 sum of 100% of Accts. 372, 373(b), 376, 390-91, 392-93, 401-06, 412-13, 415-17, and * 39.295% of Accts. 398-400, equals $ 251.537.433; increase this amount by 06886 (from Sch.H, sh.2, 3/* b/, line (f), col. 3), for transportation overhead equals $ 268.848.239. (3) Total of locomotive and transportation expense equals $ 326.390.978 (sum of (1) and (2) hereto), increased by 16091 (Sch. A, line 17, col. 4) for general overhead equals $ 378.910.550. (4) Multiply this latter total by 99574 ratio (Sch.A, sh.4, line 28) to eliminate passenger portion of nonrevenue freight expense, amount equals $ 377.296.391. (5) Take out-of-pocket portion, 80 % (Sch. I, sh.1, line 16, col. 4), resulting total out-of-pocket expenses equals $ 301.837.113. (6) Divide by 148.604.917 total train-miles from A.R. 531, Item No. 6, col. (b) or from Preliminary Abstract Summary 1. = 2.03114 × 114.1 = 2.31753

* For percentage see Schedule A, sheet 1, footnote 1b, line (d), column 4.

b/ Insert difference between entries in col. 5, lines (b), (c), etc., as applicable, and col. 5, line (a).

c/ Total gross-ton-miles, revenue and nonrevenue, excluding caboose, 431.277.758.000 G.T.M. (from Sch.A, sh.4, line 21, col. 14) divided by total of 148.604.917 train-miles from A.R. Sch. 531, item 6, col. (b), or Preliminary Abstract, Summary 1. = 2,902

d/ Compute from train performance records, or compute way and through trains, from the following equation: $(M_w \times RT_t)$ plus $M_t \times T_t) = Ta$. T_t equals the average weight (tons) for through trains (i.e., all trains excluding way trains); Ta is average weight for all trains (from line (a), col. (3), above); M_w and M_t are the ratios, respectively, of the miles actually run by conductors on local and way trains and the miles actually run by conductors on through trains, to the total miles actually run by such conductors from A.R. Schedule 561, Div. Nos. 113 and 114, col. (1), or tabulations supporting Statement M-300; R equals ______ ratio of the average tons (ton-miles per train-mile) for local or way trains to the average tons for through trains (from special studies). To compute average weight train for through trains, T_t, solve the above equation for T_t. To compute weight of way train, multiply average weight of through trains, T_t, by the ratio R.

e/ For verification of the entry in line (a), col. 5, divide the total expenses from a/ hereto, item 5, by the total revenue G.T.M. 423.999.905.000 from Sch. I, sh. 1, line 18, col. 7. quotient equals .0711880 ¢. (Data should reconcile except for disposition of fractions.)
× 114.1 = .0812255

RICT

I. & S. Docket 6615
Exhibit _____(R.E.P.#1)(Revised)
Sheet 9
Witness Petterson

3/ The car-mile expenses to be inserted in col. 3 include those distributable on a car-mile basis plus the gross-ton-mile expenses associated with the tare weight of the car. Where costs are desired for interline traffic, i.e., the interchange expenses are distributed on a car-mile basis, compute the car-mile expenses as shown in the table below, col. 7, and insert the figures by type of train in lines 1-21 of col. 3. Where costs are desired for single-line traffic or where the interchange switching costs are to be treated on a per-car basis dependent on the actual number of interchanges received by the traffic under study, compute the car-mile expenses as shown in the table below, col. 9, and insert the figures by type of train in lines 22-42 of col. 3.

Line	Type of equipment (1)	Gross-ton-mile exp. (unit cost, sh.1, line 31, col. 4) (2)	Tare weight a/ (3)	Tare wght. exp. per car-mile. col. 2 x col. 3 (4)	Loaded car-mile exp. (unit cost sh.1, line 31, col.3) (5)	Ratio of total to loaded car-miles b/ (6)	Total car-mile exp. (col. 4 + col. 5) times col. 6 c/ (7)	Loaded car-mile exp. excl. interchge. (unit cost, sh.1, L.32, col.3) (8)	Total car-mile exp. excluding interchge. (col.4 + col. 8 times col. 6 c/ (9)
	May train d/								
(a)	Box.....								
(b)	G & H...								
(c)	Flat....								
(d)	Stock...								
(e)	Refrig..				e/			g/	
(f)	Tank....				f/			h/	
	Average train d/								
(a)	Box.....	$.04007	24.1	$.96569		1.38		$.65514	1.44359
(b)	G & H...		23.3	$.93363		1.72		"	17.6[illegible]
(c)	Flat....		23.3	$.93363		1.48		"	16.2[illegible]
(d)	Stock...								
(e)	Refrig..				e/			g/	
(f)	Tank....				f/			h/	
	Through train d/								
(a)	Box.....								
(b)	G & H...								
(c)	Flat....								
(d)	Stock...								
(e)	Refrig..				e/			g/	
(f)	Tank....				f/			h/	

a/ Special study, see Bureau of Accounts and Cost Finding Statement No. 1-51, page 9.

b/ Ratio of total (loaded plus empty) to loaded car-miles equals 1.0 plus _ _______ ratio from special study, see Bureau of Accounts and Cost Finding Statement No. 4-53, page 9.

3/ e/ Compute as follows:
Other running expenses and return common to all cars, Carload Unit Costs, sheet 1, col. 3 hereto, sum of lines 5 to 8 of (1)___________¢, plus inspection expense of (2)___________¢, plus standard refrigerator car mileage rental of (3)___________¢, plus net charges and credits for refrigeration and heater services of (4)___________¢; items (2) to (4), inclusive, increased for general overhead by multiplying the sum of such figures by 1.0 plus_________ratio from Schedule B, sheet 1, line 17, col. 4, equals (5)___________¢; total___________¢. Compute inspection costs for item (2) as follows: Multiply the sum of col. 7, lines 1 to 21, inclusive, from Schedule A, sheet 1, by the ratio from Schedule A, sheet 1, line 31, col. 2, and divide the remainder by the car-miles, loaded and empty, of cars rented on a mileage basis from Schedule A, sheet 4, line 17, col. 14. Compute net charges and credits for refrigeration and heater services for item (4) as follows: Multiply the net debit or credit from annual report schedule 32C, footnote to account 402 of (a) $___________from Schedule C, sheet 1, footnote 12, item (b) by (1.0 plus_________ratio) from Schedule B, sheet 1, 9/, line (c), to include transportation overheads equals (b) $___________. Multiply item (b) by _________ratio from Schedule A, sheet 4, line 26, col. 14, to exclude the passenger-train service portion of nonrevenue freight equals (c) $___________. Divide item (c) by the total loaded and empty car-miles of refrigerator cars, from annual report schedule 376, line 3, column (b).

f/ Compute as follows:
Other running expenses and return common to all cars, Carload Unit Costs, sheet 1, column 3, hereto, sum of lines 5 to 8 of (1) ___________¢ plus inspection costs of (2) ___________¢ plus standard tank car mileage rental of (3) ___________¢; the sum of items (2) and (3) increased for general overheads by multiplying such sum by 1.0 plus _________ratio from Schedule B, sheet 1, line 17, column 4, equals (4) ___________¢; total, ___________¢. See e/ item (2), above, for the amount of the inspection costs.

See following page for balance of subfootnotes.

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Rail Form A, 9-55
Footnotes to Carload Unit Costs - Sheet 2 (continued)

3/ a/ Compute as follows:
Other running expenses and return, excluding interchange common to all cars from Carload Unit Costs, sheet 1, column 3, sum of lines 5 and 7 of (1) ________¢ plus inspection expense of (2) ________¢, plus standard refrigeration car mileage rental of (3) ________¢, plus net charges and credits for refrigeration and heater services of (4) ________¢; items 2 to 4, inclusive, increased for general overhead by multiplying the sum of such figures by 1.0 plus ________ ratio from Schedule 8, sheet 1, line 17, column 4 equals (5) ________¢; total ________¢. See footnote g/ above for inspection expense, item 2; for standard refrigeration car rental, item 3; and for net charges and credits for refrigerator and heater services, item 4.

b/ Compute as follows:
Other running expenses and return, excluding interchange common to all cars from Carload Unit Costs, sheet 1, column 3, sum of lines 5 and 7 of (1) ________¢ plus inspection expenses of (2) ________¢ plus standard tank car mileage rental of (3) ________¢; the sum of items 2 and 3 increased for general overheads by multiplying such sum by 1.0 plus ________ ratio from Schedule 6, sheet 1, line 17, column 4 equals (4) ________¢; total ________¢. See footnote g/, item 2 above for the amount of the inspection costs.

4/ Insert in col. 4, lines 1-42, the unit cost per gross-ton-mile from sheet 2.3/, col. 2, for applicable type of train.

5/ Where out-of-pocket costs are desired for interline traffic, and the interchange switching expenses are distributed on a car-mile basis, or where costs are desired for single-line traffic, i.e., interchange switching expenses are excluded, compute the carload or consignment costs as shown in col. 6 of the table below. Where out-of-pocket costs are desired for interline traffic, and the interchange switching expenses are treated as not related to distance, i.e., distributed on a per-car basis for interchange, compute the amount to be added to the expenses in col. 6 as shown below and bring forward the total out-of-pocket costs per carload for the number of interchanges under study, by types of equipment for insertion in col. 5, lines 22-42 of the carload unit costs, sh.2.

Line No.	Type of equipment (1)	Switching exp. (origin plus destination) (unit cost, sh.1, lines 11 to 14, col.5) (2)	Ratio of empty to loaded cars (1.0 plus ____ ratio)* (3)	Total switching exp. (loaded plus empty) col. 2 x col. 3 (4)	Other carload exp. (unit cost, lines 15, 16, & 19, col. 5) (5)	Total carload exp. (col. 4 + col. 5) times 100 (6)
(a)	Box	2395661	1.8	4312190	1160189	5.472.379
(b)	Gondola & hopper	"	2.0	4791322	"	5.951.511
(c)	Flat	"	2.0	4791322	"	5.951.511
(d)	Stock					
(e)	Refrigerator	**				
(f)	Tank	**				

* Compute ratio as follows: 1.00 plus added ratio of empties spotted and pulled to loads spotted and pulled. For box cars use added ratio of ________. For all other cars use added ratio of ________.

** Unit Group VI expenses (lines 13 and 14) in computing switching expenses for mileage cars.

Compute the additional out-of-pocket cost per carload per interchange (2 carriers involved) as shown in the table to follow. Add the amount from line (i) of the table below to refrigerator and tank carload expenses shown in col. 6, lines (e) and (f), of the above table. Add the amount from line (q) of the table below to the box, gondola and hopper, flat and stock carload expenses shown in col. 6, lines (a) to (d), inclusive, of the above table. If expenses for more than one interchange switching service are to be included, the figures shown in lines (i) and (q) in the table below should be multiplied by the number of such interchanges.

Line No.	Item (1)	Source (2) 166102,193	Amount (3)
(a)	Interchange switching expenses	Sch.A, sh.1, line 7, col. 5 X 1141	189,522,602
(b)	Interchange switching return--road	Sch.A, sh.1, line 9, col. 5 *	17,008,257
(c)	Interchange switching return--equip.	Sch.A, sh.1, line 10, col. 5 *	5,862,898
(d)	Subtotal	Sum of lines (a) to (c)	212,393,757
(e)	Total loaded plus empty cars given interchange switching	Sch. F, sh.1, line 15a, col. 1	46,850,226
(f)	Cost per car (loaded plus empty) per interchange per railroad	Line (d) ÷ line (e)	$4.5334
(g)	Ratio of empty to loaded cars given interchange switching	Special study **	
(h)	Cost per loaded car per interchange per railroad	Line (f) times (1.0 plus ____ ratio from line (g), col. 3	
(i)	Cost per loaded car interchanged between two carriers ***	Line (h) times 2 30,220,273	
(j)	Freight-train car expense--interchange	Sch.A, sh.1, line 1a, col. 5 X1141	23,228,381
(k)	Freight-train car return--interchange	Sch.A, sh.1, line 2a, col. 5 *	9,251,609
(l)	Subtotal	Sum of lines (j) and (k)	33,479,990
(m)	Total loaded plus empty other than mileage cars given interchange swtg.	Line (e), col. 3, times 9701 ratio from Sch.A, sh.3, 2/, line (f)	43,109,713
(n)	Freight-train car costs per car (loaded plus empty) other than mileage per interchange per railroad	Line (l) divided by line (m)	.75343
(o)	Freight-train car costs per loaded car per interchange per railroad	Line (n) times (1.0 plus ____ ratio from line (g), col. 3)	
(p)	Freight-train car costs per loaded car for one interchange between two carriers	Line (o) times 2	
(q)	Total cost per loaded car for one interchange between 2 carriers ****	Line (i) plus line (p)	

* Where applicable, adjust for Federal income taxes. See footnotes to carload unit costs, sheet 1, 2/, line (f), for ratio.

** Develop from a test study based on cars interchanged between railroads under study. Otherwise use ratio from Sch. A, sh. 2, footnote 9.

*** Applicable to refrigerator and tank car traffic.

**** Applicable to box, flat, gondola and hopper, and stock car traffic.

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Exhibit ______ (R.E.P. #1) Revised
Sheet 10
Witness: Petterson

EASTERN DISTRICT

	Box	Open Top	Flat
1 - Cost per loaded car (line f ÷ line n x 2)	10.57	10.57	10.57
2 - Ratio of total to loaded car miles	1.38	1.72	1.48
3 - Cost per loaded and empty car (line 1 x line 2)	$14.5866	$18.1804	$15.6436
4 - Cwt. per car	554	1180	652
5 - Cost per cwt. per interchange (line 3 ÷ line 4)	2.63300¢	1.54070¢	2.39930¢
6 - One-half interchange (line 5 ÷ 2)	1.31650¢	.77035¢	1.19965¢
Adjusted to reflect average empty return movement for Eastern District and Pocahontas Region			
7 - Same as line 1	10.57	10.57	10.57
8 - Ratio of total to loaded car miles (Average Pocahontas Region and Eastern District)	1.36	1.795	1.50
9 - Cost per loaded and empty car (line 7 x line 8)	$14.3752	$18.9732	$15.8550
10- Cwt. per car	554	1180	652
11- Cost per cwt. per interchange (line 9 ÷ line 10)	2.59480¢	1.60790¢	2.43170¢
12- One-half interchange (line 11 ÷ 2)	1.29740¢	.80395¢	1.21585¢

I. & S. Docket No. 6615
Exhibit ________(R.E.P. #1) Revised
Sheet 11
Witness: Petterson

Computation of Inland Terminal and Eastern District Line Haul Unit Costs for joint movements to Hampton Roads

	Type of Car		
	Box	Open Top	Flat
Inland Terminal			
1. Carload Terminal cost (Sheet 8, Col. (5) Lines 29, 30 and 32	5,472.379¢	5,951.511¢	5,951.511¢
2. Tons per car - (Average Poca. Reg. & Eastern Dist.)	27.7	59.0	32.6
3. Terminal cost per ton (Line 1 ÷ Line 2)	197.55881¢	100.87307¢	182.56169¢
4. Terminal " " " (Sheet 8, Col. (6), Lines 29, 30 and 32	28.12351¢	.57753¢	28.12351¢
5. Total out-of-pocket Terminal cost - Origin & Destination (Line 3 + Line 4)	225.68232¢	101.45060¢	210.68520¢
6. Inland terminal cost per ton (1/2 of Line 5)	112.84116¢	50.72530¢	105.34260¢
7. Inland terminal cost per cwt. (Line 6 ÷ 20)	5.64206¢	2.53627¢	5.26713¢
Line Haul			
8. Gross ton mile cost (Sheet 8, Line 29, Col. (4))	.24007¢	.24007¢	.24007¢
9. Tare weight of cars (U. S. average - Page 10 Statement 1-57)	24.1	23.3	23.3
10. Out-of-pocket cost per empty car mile - (Line 8 x Line 9)	5.78569¢	5.59363¢	5.59363¢
11. " " " " " loaded car mile - (Sheet 7, Line 32, Col. (3))	4.68814¢	4.68814¢	4.68814¢
12. Ratio of total to loaded car miles (Average Eastern District & Poca. Region)	1.36	1.795	1.50
13. Total out-of-pocket car mile cost excluding interchange (Line 10 + Line 11 x Line 12)	14.24441¢	18.45578¢	15.42266¢
14. Out-of-pocket cost per ton mile (Line 13 ÷ Line 2)	.51424¢	.31281¢	.47309¢
15. " " " " " " " (Sheet 8, Line 29, Col. (4))	.24007¢	.24007¢	.24007¢
16. Total out-of-pocket line haul cost per ton mile - (14 + 15)	.75431¢	.55288¢	.71316¢
17. " " " " " " " cwt. mile - (Line 16 ÷ 20)	.03772¢	.02764¢	.03566¢

Statement Showing Inland Terminal and Line Haul Costs
For Movement of Import and Export Traffic To and From
Differential Territory and Hampton Roads

I. & S. Docket 6615
Exhibit ______(R.E.P.#1)(Revised)
Sheet 12
Witness Petterson

CENTS PER 100 POUNDS

HAMPTON ROADS AND CHICAGO	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	956	940	965	xx	956	940	965	xx	956	940	965	xx
2. " - Eastern District # (Sheet 11 - Line 7)				xx				xx				xx
3. Inland Terminal - Eastern District (Sheet 6 - Line 19)	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
4. Line Haul Unit Cost-Pocahontas Reg. (Sheet 11 - Line 17)	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	25.85024	25.41760	26.09360	xx	19.14868	18.82820	19.32895	xx	24.45448	24.04520	24.68470	xx
7. " " " -Eastern Dist. (2x5) (Sheet 5 - Line 6)				xx				xx				xx
8. Interchange - Pocahontas Region (Sheet 10 - Line 12)	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	33.23869	31.05966	33.48205	xx	22.76712	21.36447	22.94739	xx	31.35826	29.31233	31.58848	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	26.22533	5.37332	1.27232	32.87097	17.96326	3.69605	.87200	22.53131	24.74167	5.07103	1.20036	31.01306

HAMPTON ROADS AND DECATUR	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	671	817	680	xx	671	817	680	xx	671	817	680	xx
2. " - Eastern District # (Sheet 11 - Line 7)	270	173	278	xx	270	173	278	xx	270	173	278	xx
3. Inland Terminal - Eastern District (Sheet 6 - Line 19)	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
4. Line Haul Unit Cost-Pocahontas Reg. (Sheet 11 - Line 17)	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	18.14384	22.09168	18.33720	xx	13.44013	16.36451	13.62040	xx	17.16418	20.89886	17.39440	xx
7. " " " -Eastern Dist. (2x5) (Sheet 5 - Line 6)	10.18440	6.52556	10.48616	xx	7.46280	4.78172	7.68392	xx	9.62820	6.16918	9.91348	xx
8. Interchange - Pocahontas Region (Sheet 10 - Line 12)	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
9. " - Eastern District	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. ~~Total~~ (3+6+7+8+9)	36.14090	36.42990	38.43242	xx	24.78424	25.02754	26.26781	xx	34.09369	34.36935	36.24585	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	28.51517	6.30237	1.49843	36.31597	19.55477	4.32976	.99818	24.88271	26.89992	5.94590	1.37734	34.22316

Long haul of Port Carriers or Short Tariff Route.

Statement Showing Inland Terminal and Line Haul Costs For Movement of Import and Export Traffic To and From Differential Territory and Hampton Roads

I. & S. Docket 6615
Exhibit _____(R.E.P.#1)(Revised)
Sheet 13
Witness Petterson

CENTS PER 100 POUNDS

HAMPTON ROADS AND SPRINGFIELD, ILL.	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	671	817	680	xx	671	817	680	xx	671	817	680	xx
2. " - Eastern District #	312	212	320	xx	312	212	320	xx	312	212	320	xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	18.14384	22.09168	18.38720	xx	13.44013	16.36451	13.62040	xx	17.16418	20.89886	17.39440	xx
7. " " " -Eastern Dist. (2x5)	11.76864	7.99664	12.07040	xx	8.62368	5.85968	8.84480	xx	11.12592	7.55992	11.41120	xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
(Sheet 10 - Line 12) 9. " - Eastern District	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	37.72514	37.90098	40.01666	xx	25.94512	26.10550	27.42869	xx	35.59141	35.76009	37.74357	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	29.76514	6.55687	1.52063	37.84264	20.47070	4.51625	1.04229	26.02924	28.08162	6.18650	1.43426	35.70238

HAMPTON ROADS AND FORT WAYNE	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	662	817	656	xx	662	817	656	xx	662	817	656	xx
2. " - Eastern District #	163	56	177	xx	163	56	177	xx	163	56	177	xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	17.90048	22.09168	17.73824	xx	13.25986	16.36451	13.13968	xx	16.93396	20.89886	16.78048	xx
7. " " " -Eastern Dist. (2x5)	6.14836	2.11232	6.67644	xx	4.50532	1.54784	4.89228	xx	5.81258	1.99696	6.31182	xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
(Sheet 10 - Line 12) 9. " - Eastern District	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	31.86150	32.01666	33.97374	xx	21.64649	21.79366	22.99545	xx	30.04785	30.19713	32.03027	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	25.13872	5.53888	1.29100	31.96860	17.07908	3.77030	.87383	21.72321	23.70775	5.22410	1.21715	30.14900

Long haul of Port Carriers or Short Tariff Route.

I. & S. Docket 6615
Exhibit ______(R.E.P.#1)(Revised)
Sheet 14
Witness Petterson

Statement Showing Inland Terminal and Line Haul Costs For Movement of Import and Export Traffic To and From Differential Territory and Hampton Roads

CENTS PER 100 POUNDS

	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
HAMPTON ROADS AND INDIANAPOLIS	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	671	720	727	xx	671	720	727	xx	671	720	727	xx
2. " - Eastern District #	117	69	76	xx	117	69	76	xx	117	69	76	xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02[illegible]4	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	18.14384	19.46880	19.65808	xx	13.44013	14.42160	14.56181	xx	17.16418	18.41760	18.59666	xx
7. " " " -Eastern Dist. (2x5)	4.41324	2.60268	2.86672	xx	3.23388	1.90716	2.10064	xx	4.17222	2.46054	2.71016	xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
(Sheet 10 - Line 12) 9. " - Eastern District	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	30.36974	29.88414	32.08386	xx	20.55532	20.21007	21.62594	xx	28.63771	28.17945	30.24479	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	23.96172	5.16996	1.21919	30.35087	16.21815	3.49634	.82179	20.53628	22.59515	4.87504	1.14930	28.61949

	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
HAMPTON ROADS AND **MUNCIE**	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	776	760	784	xx	776	760	784	xx	776	760	784	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	20.98304	20.55040	21.19936	xx	15.54328	15.22280	15.70352	xx	19.85008	19.44080	20.05472	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
(Sheet 10 - Line 12) 9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	28.37149	26.19246	28.58781	xx	19.16172	17.75907	19.32196	xx	26.75386	24.70793	26.95850	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	22.38511	4.53130	1.08634	28.00275	15.11860	3.07232	.73423	18.92515	21.10880	4.27447	1.02442	26.40769

Long haul of Port Carriers or Short Tariff Route.

Statement Showing Inland Terminal and Line Haul Costs For Movement of Import and Export Traffic To and From Differential Territory and Hampton Roads

I. & S. Docket 6615
Exhibit ______(R.E.P.#1)(Revised)
Sheet 15
Witness Petterson

CENTS PER 100 POUNDS

HAMPTON ROADS AND SOUTH BEND	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	662	847	656	xx	662	847	656	xx	662	847	656	xx
2. " - Eastern District #	245	48	264	xx	245	48	264	xx	245	48	264	xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	17.90048	22.90288	17.73824	xx	13.25986	16.96541	13.13968	xx	16.93396	21.66626	16.78048	xx
7. " " " -Eastern Dist. (2x5)	9.24140	1.81056	9.95808	xx	6.77180	1.32672	7.29696	xx	8.73670	1.71168	9.41424	xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
(Sheet 10 - Line 12) 9. " - Eastern District	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	34.95454	32.52610	37.25538	xx	23.91297	22.17344	25.40013	xx	32.97197	30.67925	35.13269	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	27.57913	5.62702	1.41570	34.62185	18.86733	3.83601	.96520	23.66854	26.01488	5.30751	1.33504	32.65743

HAMPTON ROADS AND TERRE HAUTE	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	662	720	680	xx	662	720	680	xx	662	720	680	xx
2. " - Eastern District #	211	141	181	xx	211	141	181	xx	211	141	181	xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	17.90048	19.46880	18.38720	xx	13.25986	14.42160	13.62040	xx	16.93396	18.41760	17.39440	xx
7. " " " -Eastern Dist. (2x5)	7.95892	5.31852	6.82732	xx	5.83204	3.89724	5.00224	xx	7.52426	5.02806	6.45446	xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
(Sheet 10 - Line 12) 9. " - Eastern District	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	33.67206	32.59998	34.77358	xx	22.97321	22.20015	23.58673	xx	31.75953	30.74697	32.78683	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	26.56726	5.63980	1.32140	33.52846	18.12586	3.84063	.89630	22.86279	25.05827	5.31923	1.24590	31.62340

Long haul of Port Carriers or Short Tariff Route.

I. & S. Docket 6615
Exhibit _____ (R.E.P.#1)(Revised)
Sheet 16
Witness Patterson

Statement Showing Inland Terminal and Line Haul Costs For Movement of Import and Export Traffic To and From Differential Territory and Hampton Roads

CENTS PER 100 POUNDS

HAMPTON ROADS AND ASHLAND	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	534	509	534	xx	534	509	534	xx	534	509	534	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	14.43936	13.76336	14.43936	xx	10.69602	10.19527	10.69602	xx	13.65972	13.02022	13.65972	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
(Sheet 10 - Line 12) 9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	21.82781	19.40542	21.82781	xx	14.31446	12.73154	14.31446	xx	20.56350	18.28735	20.56350	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	17.22214	3.35714	.82946	21.40874	11.29411	2.20256	.54395	14.04062	16.22460	3.16371	.78141	20.16972

HAMPTON ROADS AND LOUISVILLE	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	742	717	742	xx	742	717	742	xx	742	717	742	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	20.06368	19.38768	20.06368	xx	14.86226	14.36151	14.86226	xx	18.98036	18.34086	18.98036	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
(Sheet 10 - Line 12) 9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	27.45213	25.02974	27.45213	xx	18.48070	16.89778	18.48070	xx	25.88414	23.60799	25.88414	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	21.65973	4.33015	1.04318	27.03306	14.58127	2.92332	.70227	18.20686	20.42259	4.08418	.98360	25.49037

Long haul of Port Carriers or Short Tariff Route.

I. & S. Docket 6615
Exhibit ______(R.E.P.#1)(Revised)
Sheet 17
Witness Petterson

Statement Showing Inland Terminal and Line Haul Costs For Movement of Import and Export Traffic To and From Differential Territory and Hampton Roads

CENTS PER 100 POUNDS

HAMPTON ROADS AND DETROIT	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	873	844	869	xx	873	844	869	xx	873	844	869	xx
2. " - Eastern District # (Sheet 11 - Line 7)				xx				xx				xx
3. Inland Terminal - Eastern District (Sheet 6 - Line 19)	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
4. Line Haul Unit Cost-Pocahontas Reg. (Sheet 11 - Line 17)	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	23.60592	22.82176	23.49776	xx	17.48619	16.90532	17.40607	xx	22.33134	21.58952	22.22902	xx
7. " " " -Eastern Dist. (2x5) (Sheet 5 - Line 6)				xx				xx				xx
8. Interchange - Pocahontas Region (Sheet 10 - Line 12)	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	30.99437	28.46382	30.88621	xx	21.10463	19.44159	21.02451	xx	29.23512	26.85665	29.13280	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	24.45456	4.92424	1.17368	30.55248	16.65155	3.36340	.79893	20.81388	23.06651	4.64620	1.10705	28.81976

HAMPTON ROADS AND GRAND RAPIDS	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	976	947	972	xx	976	947	972	xx	976	947	972	xx
2. " - Eastern District # (Sheet 11 - Line 7)				xx				xx				xx
3. Inland Terminal - Eastern District (Sheet 6 - Line 19)	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
4. Line Haul Unit Cost-Pocahontas Reg. (Sheet 11 - Line 17)	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	26.39104	25.60688	26.28288	xx	19.54928	18.96841	19.46916	xx	24.96608	24.22426	24.86376	xx
7. " " " -Eastern Dist. (2x5) (Sheet 5 - Line 6)				xx				xx				xx
8. Interchange - Pocahontas Region (Sheet 10 - Line 12)	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	33.77949	31.24894	33.67133	xx	23.16772	21.50468	23.08760	xx	31.86986	29.49139	31.76754	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	26.65202	5.40607	1.27951	33.33760	18.27933	3.72031	.87733	22.87697	25.14532	5.10201	1.20717	31.45450

Long haul of Port Carriers or Short Tariff Route.

I. & S. Docket 6615
Exhibit ______ (R.E.P.#1)(Revised)
Sheet 18
Witness Petterson

Statement Showing Inland Terminal and Line Haul Costs For Movement of Import and Export Traffic To and From Differential Territory and Hampton Roads

CENTS PER 100 POUNDS

HAMPTON ROADS AND MIDLAND	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	950	921	946	xx	950	921	946	xx	950	921	946	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	25.68800	24.90384	25.57984	xx	19.02850	18.44763	18.94838	xx	24.30100	23.55918	24.19868	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
(Sheet 10 - Line 12) 9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	33.07645	30.54590	32.96829	xx	22.64694	20.98390	22.56682	xx	31.20478	28.82631	31.10246	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	26.09732	5.28444	1.25280	32.63456	17.86844	3.63021	.85754	22.35619	24.62057	4.98695	1.18189	30.78941

HAMPTON ROADS AND ST. LOUIS	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	671	817	680	xx	671	817	680	xx	671	817	680	xx
2. " - Eastern District #	338	286	335	xx	338	286	335	xx	338	286	335	xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	18.14384	22.09168	18.38720	xx	13.44013	16.36451	13.62040	xx	17.16418	20.89686	17.39440	xx
7. " " " -Eastern Dist. (2x5)	12.74936	10.78792	12.63620	xx	9.34232	7.90504	9.25940	xx	12.05308	10.19876	11.94610	xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
(Sheet 10 - Line 12) 9. " - Eastern District	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	38.70586	40.69226	40.58246	xx	26.66376	28.15086	27.84329	xx	36.51857	38.39893	38.27847	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	30.53892	7.03976	1.54213	39.12081	21.03771	4.87010	1.05805	26.96586	28.81315	6.64301	1.45458	36.91074

Long haul of Port Carriers or Short Tariff Route.

Statement Showing Inland Terminal and Line Haul Costs
For Movement of Import and Export Traffic To and From
Differential Territory and Hampton Roads

CENTS PER 100 POUNDS

I. & S. Docket 6615
Exhibit ______(R.E.P.#1)(Revised)
Sheet 19
Witness Petterson

HAMPTON ROADS AND CINCINNATI	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	671	655	680	xx	671	655	680	xx	671	655	680	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	18.14384	17.71120	18.38720	xx	13.44013	13.11965	13.62040	xx	17.16418	16.75490	17.39440	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	-	-	1.74639	xx	-	-	1.08217	xx	-	-	1.63665	xx
(Sheet 10 - Line 12) 9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	23.78590	23.35326	25.77565	xx	15.97640	15.65592	17.23884	xx	22.43131	22.02203	24.29818	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	18.76708	4.04011	.97947	23.78666	12.60538	2.70847	.65508	15.96893	17.69830	3.80981	.92333	22.43144

HAMPTON ROADS AND COLUMBUS	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	663	632	656	xx	663	632	656	xx	663	632	656	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	17.92752	17.08928	17.73824	xx	13.27989	12.65896	13.13968	xx	16.95954	16.16656	16.78048	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	-	-	1.74639	xx	-	-	1.08217	xx	-	-	1.63665	xx
(Sheet 10 - Line 12) 9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	23.56958	22.73134	25.12669	xx	15.81616	15.19523	16.75812	xx	22.22667	21.43369	23.68426	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	18.59640	3.93252	.95481	23.48373	12.47895	2.62877	.63681	15.74453	17.53684	3.70803	.90000	22.14487

Long haul of Port Carriers or Short Tariff Route.

I. & S. Docket 6615
Exhibit ______ (R.E.P.#1)(Revised)
Sheet 20
Witness Petterson

Statement Showing Inland Terminal and Line Haul Costs For Movement of Import and Export Traffic To and From Differential Territory and Hampton Roads

CENTS PER 100 POUNDS

HAMPTON ROADS AND DAYTON	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	613	655	656	xx	613	655	656	xx	613	655	656	xx
2. " - Eastern District #	79	56	71	xx	79	56	71	xx	79	56	71	xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	16.57552	17.71120	17.73824	xx	12.27839	13.11965	13.13968	xx	15.68054	16.75490	16.78048	xx
7. " " " -Eastern Dist. (2x5)	2.97988	2.11232	2.67812	xx	2.18356	1.54784	1.96244	xx	2.81714	1.99696	2.53186	xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
(Sheet 10 - Line 12) 9. " - Eastern District	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	27.36806	27.63618	29.97542	xx	18.34326	18.54880	20.06561	xx	25.79899	26.05317	28.25031	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	21.59340	4.78106	1.13907	27.51353	14.47283	3.20894	.76249	18.44426	20.35540	4.50720	1.07351	25.93611

HAMPTON ROADS AND LIMA	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	592	560	584	xx	592	560	584	xx	592	560	584	xx
2. " - Eastern District #	150	154	154	xx	150	154	154	xx	150	154	154	xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	16.00768	15.14240	15.79136	xx	11.85776	11.21680	11.69752	xx	15.14336	14.32480	14.93872	xx
7. " " " -Eastern Dist. (2x5)	5.65800	5.80888	5.80888	xx	4.14600	4.25656	4.25656	xx	5.34900	5.49164	5.49164	xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	.87320	.87320	2.61960	xx	.54109	.54109	1.62327	xx	.81833	.81833	2.45499	xx
(Sheet 10 - Line 12) 9. " - Eastern District	1.29740	1.29740	1.29740	xx	.80395	.80395	.80395	xx	1.21585	1.21585	1.21585	xx
10. Total (3+6+7+8+9)	29.47834	28.76394	31.15930	xx	19.88507	19.35467	20.91757	xx	27.79367	27.11775	29.36833	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	23.25841	4.97616	1.18405	29.41862	15.68932	3.34836	.79487	19.83255	21.92921	4.69137	1.11600	27.73658

Long haul of Port Carriers or Short Tariff Route.

Statement Showing Inland Terminal and Line Haul Costs For Movement of Import and Export Traffic To and From Differential Territory and Hampton Roads

I. & S. Docket 6615
Exhibit ______(R.E.P.#1)(Revised)
Sheet 21
Witness Petterson

CENTS PER 100 POUNDS

HAMPTON ROADS AND PORTSMOUTH	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	564	539	564	xx	564	539	564	xx	564	539	564	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	15.25056	14.57456	15.25056	xx	11.29692	10,79617	11.29692	xx	14.42712	13.78762	14.42712	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	-	1.74639	3.49280	xx	-	1.08217	2.16436	xx	-	1.63665	3.27332	xx
(Sheet 10 - Line 12) 9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	20.89262	21.96301	24.38542	xx	13.83319	14.41461	15.99755	xx	19.69425	20.69140	22.96757	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	16.48428	3.79960	.92665	21.21053	10.91439	2.49373	.60791	14.01603	15.53876	3.57961	.87277	19.99114

HAMPTON ROADS AND TOLEDO	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	791	762	787	xx	791	762	787	xx	791	762	787	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	21.38864	20.60448	21.28048	xx	15.84373	15.26286	15.76361	xx	20.23378	19.49196	20.13146	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
(Sheet 10 - Line 12) 9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	28.77709	26.24654	28.66893	xx	19.46217	17.77913	19.38205	xx	27.13756	24.75909	27.03524	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	22.70512	4.54065	1.08942	28.33519	15.35565	3.07925	.73652	19.17142	21.41153	4.28332	1.02734	26.72219

Long haul of Port Carriers or Short Tariff Route.

I. & S. Docket 6615
Exhibit ______(R.E.P.#1)(Revised)
Sheet 22
Witness Petterson

Statement Showing Inland Terminal and Line Haul Costs For Movement of Import and Export Traffic To and From Differential Territory and Hampton Roads

CENTS PER 100 POUNDS

HAMPTON ROADS AND CHARLESTON	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	584	444	468	xx	584	444	468	xx	584	444	468	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	15.79136	12.00576	12.65472	xx	11.69752	8.89332	9.37404	xx	14.93872	11.35752	11.97144	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
(Sheet 10 - Line 12) 9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	23.17981	17.64782	20.04317	xx	15.31596	11.42959	12.99248	xx	21.84250	16.62465	18.87522	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	18.28887	3.05307	.76164	22.10358	12.08429	1.97732	.49371	14.55532	17.23373	2.87606	.71726	20.82705

HAMPTON ROADS AND HUNTINGTON	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	534	494	519	xx	534	494	519	xx	534	494	519	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	14.43936	13.35776	14.03376	xx	10.69602	9.89482	10.39557	xx	13.65972	12.63652	13.27602	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
(Sheet 10 - Line 12) 9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	21.82781	18.99982	21.42221	xx	14.31446	12.43109	14.01401	xx	20.56350	17.90365	20.17980	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	17.22214	3.28697	.81404	21.32315	11.29411	2.15058	.53253	13.97722	16.22460	3.09733	.76683	20.08876

Long haul of Port Carriers or Short Tariff Route.

I. & S. Docket No. 6615
Exhibit ________(R.E.P. #1) Revised
Sheet 24
Witness: Petterson

COMPUTATION OF LINE HAUL UNIT COST FOR MOVEMENTS OF TRAFFIC TO AND FROM DIFFERENTIAL TERRITORY AND NEW YORK

	Box	Open Top	Flat
1. Car mile cost (Sheet 8 - Lines 29, 30 and 32, Col. 3)	14.45389¢	17.68464¢	15.21702¢
2. Tons per car (Average Eastern Dist. & Poca. Reg.)	27.7	59.0	32.6
3. Ton mile cost (Line 1 ÷ Line 2)	.52180¢	.29974¢	.46678¢
4. Ton mile cost (Sheet 7 - Line 32, Col. 4)	.24007¢	.24007¢	.24007¢
5. Total ton mile cost	.76187¢	.53981¢	.70685¢
6. Total Cwt. cost (Line 5 ÷ 20)	.03809¢	.02699¢	.03534¢

[fol. 4170]

Statement of Inland Terminal and Line Haul Costs
for Movements of Import and Export Traffic to and
from Differential Territory and New York

CENTS PER 100 POUNDS

I. & S. Docket 6615
Exhibit ______ (R.E.P.#1) Revised
Sheet 25
Witness: Petterson

	Chicago			Decatur			Springfield Ill.		
	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	945	945	945	1003	1003	1003	1041	1041	1041
(Sheet 11 - Line 7) 2. Inland Terminal - Eastern District	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
(Sheet 24 - Line 6) 3. Line Haul Unit Cost - Eastern District	.03809	.02699	.03534	.03809	.02699	.03534	.03809	.02699	.03534
4. Line Haul Cost - Eastern District (1x3)	35.99505	25.50555	33.39630	38.20427	27.07097	35.44602	39.65169	28.09659	36.78894
(Sheet 10 - Line 5) 5. Interchange - Eastern District				2.63300	1.54070	2.39930	2.63300	1.54070	2.39930
6. Total (2 + 4 + 5)	41.63711	28.04182	38.66343	46.47933	31.14794	43.11245	47.92675	32.17356	44.45537

	Fort Wayne			Indianapolis			Muncie		
	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	816	816	816	889	889	889	834	834	834
(Sheet 11 - Line 7) 2. Inland Terminal - Eastern District	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
(Sheet 24 - Line 6) 3. Line Haul Unit Cost - Eastern District	.03809	.02699	.03534	.03809	.02699	.03534	.03809	.02699	.03534
4. Line Haul Cost - Eastern District (1x3)	31.08144	22.02384	28.83744	33.86201	23.99411	31.41726	31.76706	22.50966	29.47356
(Sheet 10 - Line 5) 5. Interchange - Eastern District									
6. Total (2 + 4 + 5)	36.72350	24.56011	34.10457	39.50407	26.53038	36.68439	37.40912	25.04593	34.74069

	South Bend			Terre Haute			Ashland		
	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	865	865	865	960	960	960	743	743	743
2. Miles - Pocahontas Region							123	123	123
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
(Sheet 24 - Line 6) 4. Line Haul Unit Cost - Eastern District	.03809	.02699	.03534	.03809	.02699	.03534	* .03772	* .02764	* .03566
(Sheet 6 - Line 19) 5. Line Haul Unit Cost - Pocahontas Reg.							.02704	.02003	.02558
6. Line Haul Cost - Eastern District (1x4)	32.94785	23.34635	30.56910	36.56640	25.91040	33.92640	28.02596	20.53652	26.49538
7. Line Haul Cost - Pocahontas Reg. (2x5)							3.32592	2.46369	3.14634
(Sheet 10 - Line 12) 8. Interchange - Eastern District							1.29740	.80395	1.21585
(Sheet 5 - Line 6) 9. Interchange - Pocahontas Region							.87320	.54109	.81833
10. Total (3 + 6 + 7 + 8 + 9)	38.58991	25.88262	35.83623	42.20846	28.44667	39.19353	39.16454	26.88152	36.94303

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* Sheet 11 - Line 17

I. & S. Docket 6615
Exhibit ____ (R.E.P.#1) Revised
Sheet 26
Witness: **Petterson**

**Statement of Inland Terminal and Line Haul Costs
for Movements of Import and Export Traffic to and
from Differential Territory and New York**

CENTS PER 100 POUNDS

	Louisville			Detroit			Grand Rapids		
	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	991	991	991	665	665	665	832	832	832
(Sheet 11 - Line 7) 2. Inland Terminal - Eastern District	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
(Sheet 24 - Line 6) 3. Line Haul Unit Cost - Eastern District	.03809	.02699	.03534	.03809	.02699	.03534	.03809	.02699	.03534
4. Line Haul Cost - Eastern District (1x3)	37.74719	26.74709	35.02194	25.32985	17.94835	23.50110	31.69088	22.45568	29.40288
(Sheet 10 - Line 5) 5. Interchange - Eastern District									
6. Total (2 ≠ 4 ≠ 5)	43.38925	29.28336	40.28907	30.97191	20.48462	28.76823	37.33294	24.99195	34.67001

	Midland			St. Louis			Cincinnati		
	Box 27.7 Tohs	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	791	791	791	1139	1139	1139	849	849	849
(Sheet 11 - Line 7) 2. Inland Terminal - Eastern District	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
(Sheet 24 - Line 6) 3. Line Haul Unit Cost - Eastern District	.03809	.02699	.03534	.03809	.02699	.03534	.03809	.02699	.03534
4. Line Haul Cost - Eastern District (1x3)	30.12919	21.34909	27.95394	43.38451	30.74161	40.25226	32.33841	22.91451	30.00366
(Sheet 10 - Line 5) 5. Interchange - Eastern District									
6. Total (2 ≠ 4 ≠ 5)	35.77125	23.88536	33.22107	49.02657	33.27788	45.51939	37.98047	25.45078	35.27079

	Columbus			Dayton			Lima		
	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	743	743	743	794	794	794	768	768	768
(Sheet 11 - Line 7) 2. Inland Terminal - Eastern District	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
(Sheet 24 - Line 6) 3. Line Haul Unit Cost - Eastern District	.03809	.02699	.03534	.03809	.02699	.03534	.03809	.02699	.03534
4. Line Haul Cost - Eastern District (1x3)	28.30087	20.05357	26.25762	30.24346	21.43006	28.05996	29.25312	20.72832	27.14112
(Sheet 10 - Line 5) 5. Interchange - Eastern District									
6. Total (2 ≠ 4 ≠ 5)	33.94293	22.58984	31.52475	35.88552	23.96633	33.32709	34.89518	23.26459	32.40825

Statement of Inland Terminal and Line Haul Costs
for Movements of Import and Export Traffic to and
from Differential Territory and New York

CENTS PER 100 POUNDS

I. & S. Docket 6615
Exhibit ______(R.E.P.#1) Revised
Sheet 27
Witness: Petterson

	Portsmouth			Toledo			Charleston		
	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	743	743	743	711	711	711	934	934	934
2. Miles - Pocahontas Region	99	99	99						
(Sheet 11 Line 7) 3. Inland Terminal - Eastern District	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
(Sheet 24 - Line 6) 4. Line Haul Unit Cost - Eastern District	* .03772	* .02764	* .03566	.03809	.02699	.03534	.03809	.02699	.03534
(Sheet 6 - Line 19) 5. Line Haul Unit Cost - Pocahontas Region	.02704	.02003	.02558						
6. Line Haul Cost - Eastern District (1x4)	28.02596	20.53652	26.49538	27.08199	19.18989	25.12674	35.57606	25.20866	33.00756
7. Line Haul Cost - Pocahontas Reg. (2x5)	2.67696	1.98297	2.53242						
(Sheet 10 - Line 12) 8. Interchange - Eastern District	1.29740	.80395	1.21585						
(Sheet 5 - Line 6) 9. Interchange - Pocahontas Region	.87320	.54109	.81833						
10. Total (3 ≠ 6 ≠ 7 ≠ 8 ≠ 9)	38.51558	26.40080	36.32911	32.72405	21.72616	30.39387	41.21812	27.74493	38.27469

	Huntington			Milwaukee		
	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons	Box 27.7 Tons	Open Top 59 Tons	Flat 32.6 Tons
1. Miles - Eastern District	743	743	743	887	887	887
2. Miles - Pocahontas Region	138	138	138			
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	2.53627	5.26713	5.64206	2.53627	5.26713
(Sheet 24 - Line 6) 4. Line Haul Unit Cost - Eastern District	* .03772	* .02764	* .03566	.03809	.02699	.03534
(Sheet 6 - Line 19) 5. Line Haul Unit Cost - Pocahontas Reg.	.02704	.02003	.02558			
6. Line Haul Cost - Eastern District (1x4)	28.02596	20.53652	26.49538	33.78583	23.94013	31.34658
7. Line Haul Cost - Pocahontas Reg. (2x5)	3.73152	2.76414	3.53004			
(Sheet 10 - Line 12) 8. Interchange - Eastern District	1.29740	.80395	1.21585	(1) 2.63300	(1) 1.54070	(1) 2.39930
(Sheet 5 - Line 6) 9. Interchange - Pocahontas Region	.87320	.54109	.81833			
10. Total (3 ≠ 6 ≠ 7 ≠ 8 ≠ 9)	39.57014	27.18197	37.32673	42.06089	28.01710	39.01301

*** Sheet 11 - Line 17**
(1) Sheet 10 - Line 5

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Statement Showing Inland Terminal and Line Haul Costs
For Movement of Import and Export Traffic To and From
Differential Territory and Hampton Roads

I. & S. Docket 6615
Exhibit ______(R.E.P.#1)(Revised)
Sheet 23
Witness Petterson

CENTS PER 100 POUNDS

HAMPTON ROADS AND MILWAUKEE	Box Car 27.7 Tons				Open Top Car 59 Tons				Flat Car 32.6 Tons			
	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)	N & W (1)	C & O (2)	Virginian (3)	Average (4)
1. Miles - Pocahontas Region #	1168	1139	1164	xx	1168	1139	1164	xx	1168	1139	1164	xx
2. " - Eastern District #				xx				xx				xx
(Sheet 11 - Line 7) 3. Inland Terminal - Eastern District	5.64206	5.64206	5.64206	xx	2.53627	2.53627	2.53627	xx	5.26713	5.26713	5.26713	xx
(Sheet 6 - Line 19) 4. Line Haul Unit Cost-Pocahontas Reg.	.02704	.02704	.02704	xx	.02003	.02003	.02003	xx	.02558	.02558	.02558	xx
(Sheet 11 - Line 17) 5. " " " Cost-Eastern District	.03772	.03772	.03772	xx	.02764	.02764	.02764	xx	.03566	.03566	.03566	xx
6. " " Cost-Pocahontas Reg. (1x4)	31.58272	30.79356	31.47456	xx	23.39504	22.81417	23.31492	xx	29.87744	29.13562	29.77512	xx
7. " " " -Eastern Dist. (2x5)				xx				xx				xx
(Sheet 5 - Line 6) 8. Interchange - Pocahontas Region	1.74639	-	1.74639	xx	1.08217	-	1.08217	xx	1.63665	-	1.63665	xx
(Sheet 10 - Line 12) 9. " - Eastern District				xx				xx				xx
10. Total (3+6+7+8+9)	38.97117	36.44062	38.86301	xx	27.01348	25.35044	26.93336	xx	36.78122	34.40275	36.67890	xx
11. Percent of Traffic Handled	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.	78.9	17.3	3.8	100.
12. Total and Average (10 x 11)	30.74825	6.30423	1.47679	38.52927	21.31364	4.38563	1.02347	26.72274	29.02038	5.95168	1.39380	36.36586

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I. & S. Docket #6615
Exhibit _____ (HP #2) (Revised)
Sheet 1
Witness: Petterson

STATEMENT OF SWITCHING AND TERMINAL COSTS AT HAMPTON ROADS,

EXCLUDING PIER OR PORT COST BEYOND RAIL ENDS

Fully Distributed Cost equated to 7/1/57 (excluding Passenger and L.C.L. deficits) 6% return, without allowance for Federal Income Tax

Line No.					
1	Average switching minutes per car for C&O, N&W and Vgn. as developed on Form A - Year 1955				19.69
2	Switching minutes per car applicable to Import and Export traffic as developed by special studies:				
	(a) Chesapeake and Ohio				20.89
	(b) Norfolk and Western				13.06
	(c) Virginian				15.09
3	Ratio of results from special studies to average switching minutes:				
	(a) Chesapeake and Ohio	(Line 2(a) ÷ Line 1)			1.0609
	(b) Norfolk and Western	(Line 2(b) ÷ Line 1)			.6633
	(c) Virginian	(Line 2(c) ÷ Line 1)			.7664
4	Switching expense per car for C&O, N&W and Vgn.:				$8.94740
	(a) Switching	$53,599,839 ÷ 8,994,280 Cars =	$5.95933		
	(b) Freight Car Expense	10,910,446 ÷ 8,415,948 Cars =	1.29640		
	(c) Total (a) & (b)		7.25573	x 111.9 = $8.11916	
	(d) Switching Road Return @ 6%	5,020,841 ÷ 8,994,280 Cars =	.55823		
	(e) Switching Equipt. " @ 6%	1,062,629 ÷ 8,994,280 Cars =	.11814		
	(f) Freight Car Return @ 6%	1,278,168 ÷ 8,415,948 Cars =	.15187		
	(g) Total (d) (e) & (f)			.82824	
	(h) Total (c) & (g)			$8.94740	
5	Ratio of Empty to Loaded Cars spotted and pulled - (Pocahontas Region - Form A)				1.963
6	Total Switching expense (Line 4 x Line 5)				$17.56375
7	Adjusted Switching expense per car -				
	(a) Chesapeake and Ohio	(Line 3(a) x Line 6)			$18.63338
	(b) Norfolk and Western	(Line 3(b) x Line 6)			11.65004
	(c) Virginian	(Line 3(c) x Line 6)			13.46086
8	Adjustment of N&W Cost to include Switching on Norfolk and Portsmouth Belt Line -				
	Total Import and Export cars during test period	677 x Line 7(b)		$7,887.08	
	Import and Export Cars to and from N.& P. Belt Line	328 x $16.09		5,277.52	
				$13,164.60 ÷ 677	$19.44549
9	Weighted average Switching cost per car for the three roads -				
	(a) Chesapeake and Ohio	(Line 7(a) x .173			$ 3.22357
	(b) Norfolk and Western	(Line 8 x .789			15.34249
	(c) Virginian	(Line 7(c) x .038			.51151
					$19.07757
10	Other Carload Terminal Costs:				5.38480
	(a) Station Clerical Expense	$15,240,902 ÷ 4,581,905 Carloads =	$3.32632		
	(b) Train Supplies & Expenses	5,886,307 ÷ 4,581,905 Carloads =	1.28469		
	(c) Total (a) & (b)		$4.61101	x 111.9 = $5.15972	
	(d) Station Clerical Expense Return @ 6%	1,031,282 ÷ 4,581,905 Carloads =		.22508	
	(e) Total (c) & (d)			$5.38480	
11	Carload Switching and Terminal Costs				$24.46237
12	Switching and Terminal Cost per cwt.	Box Cars - 27.7 tons (Line 11 ÷ 554 cwt.)			4.416¢
		Open Top Cars - 59.0 tons (Line 11 ÷ 1180 cwt.)			2.073¢
		Flat Car - 32.6 tons (Line 11 ÷ 652 cwt.)			3.752¢

I. & S. Docket 6615
Exhibit ____ (R.E.P.#3) Revised
Sheet 1
Witness: Petterson

STATEMENT OF PIER OR PORT COSTS BEYOND RAIL END FOR HANDLING IMPORT AND EXPORT TRAFFIC AT HAMPTON ROADS (MERCHANDISE PIERS ONLY) 1956 COSTS EQUATED TO 7/1/57

Line No		Box	Open Top
1	Operating Costs	$ 1,235,561	$ 57,807
2	Repairs and Maintenance	318,123	32,841
3	Depreciation	205,866	19,710
4	Barge Expense	55,576	
5	Tug Boat Expense	123,708	
6	Taxes and Insurance	301,885	6,695
7	Traffic and General Overhead Expense	184,295	2,984
8	Return on Investment @ 6%	427,517	52,459
9	Total Expense	$ 2,852,531	$ 172,496
10	Tons Handled Over Piers	730,434	368,313
11	Cost per Ton	$ 3.91	$ 0.47
12	Cost per Cwt.	19.550¢	2.350¢

I. & S. Docket 6615
Exhibit ______(R.E.P.#4) Revised
Sheet 1
Witness: Petterson

SUMMARY STATEMENT SHOWING COSTS OF HANDLING IMPORT AND EXPORT TRAFFIC BETWEEN DIFFERENTIAL TERRITORY AND THE PORTS OF HAMPTON ROADS AND NEW YORK
(CENTS PER CWT.)

		BOX CAR				OPEN TOP				FLAT			
ORIGIN (1)	DESTINATION (2)	Inland Terminal Line Haul & Interchange (3)	Port Switching & Terminal (4)	Pier Cost (5)	Total Cost (6)	Inland Terminal Line Haul & Interchange (7)	Port Switching & Terminal (8)	Pier Cost (9)	Total Cost (10)	Inland Terminal Line Haul & Interchange (11)	Port Switching & Terminal (12)	Pier Cost (13)	Total Cost (14)
Chicago Ill.	Hampton Roads	32.87	4.42	19.55	56.84	22.53	2.07	2.35	26.95	31.01	3.75	2.35	37.11
	New York	41.64	6.31	46.55	94.50	28.04	2.89	43.05	73.98	38.66	5.23	43.05	86.94
Decatur Ill.	Hampton Roads	36.32	4.42	19.55	60.29	24.88	2.07	2.35	29.30	34.22	3.75	2.35	40.32
	New York	46.48	6.31	46.55	99.34	31.15	2.89	43.05	77.09	43.11	5.23	43.05	91.39
Springfield Ill.	Hampton Roads	37.84	4.42	19.55	61.81	26.03	2.07	2.35	30.45	35.70	3.75	2.35	41.80
	New York	47.93	6.31	46.55	100.79	32.17	2.89	43.05	78.11	44.46	5.23	43.05	92.74
Fort Wayne Ind.	Hampton Roads	31.97	4.42	19.55	55.94	21.72	2.07	2.35	26.14	30.15	3.75	2.35	36.25
	New York	36.72	6.31	46.55	89.58	24.56	2.89	43.05	70.50	34.10	5.23	43.05	82.28
Indianapolis Ind.	Hampton Roads	30.35	4.42	19.55	54.32	20.54	2.07	2.35	24.96	28.62	3.75	2.35	34.72
	New York	39.50	6.31	46.55	92.36	26.53	2.89	43.05	72.47	36.68	5.23	43.05	84.96
Muncie Ind.	Hampton Roads	28.00	4.42	19.55	51.97	18.93	2.07	2.35	23.35	26.51	3.75	2.35	32.51
	New York	37.41	6.31	46.55	90.27	25.05	2.89	43.05	70.99	34.74	5.23	43.05	83.02
South Bend Ind.	Hampton Roads	34.62	4.42	19.55	58.59	23.67	2.07	2.35	28.09	32.66	3.75	2.35	38.76
	New York	38.59	6.31	46.55	91.45	25.88	2.89	43.05	71.82	35.84	5.23	43.05	84.12
Terre Haute Ind.	Hampton Roads	33.53	4.42	19.55	57.50	22.86	2.07	2.35	27.28	31.62	3.75	2.35	37.72
	New York	42.21	6.31	46.55	95.07	28.45	2.89	43.05	74.39	39.19	5.23	43.05	87.47
Ashland Ky.	Hampton Roads	21.41	4.42	19.55	45.38	14.04	2.07	2.35	18.46	20.17	3.75	2.35	26.27
	New York	39.16	6.31	46.55	92.02	26.88	2.89	43.05	72.82	36.94	5.23	43.05	85.22
Louisville Ky.	Hampton Roads	27.03	4.42	19.55	51.00	18.21	2.07	2.35	22.63	25.49	3.75	2.35	31.59
	New York	43.39	6.31	46.55	96.25	29.28	2.89	43.05	75.22	40.29	5.23	43.05	88.57
Detroit Mich.	Hampton Roads	30.55	4.42	19.55	54.52	20.81	2.07	2.35	25.23	28.82	3.75	2.35	34.92
	New York	30.97	6.31	46.55	83.83	20.48	2.89	43.05	66.42	28.77	5.23	43.05	77.05
Grand Rapids Mich.	Hampton Roads	33.34	4.42	19.55	57.31	22.88	2.07	2.35	27.30	31.45	3.75	2.35	37.55
	New York	37.33	6.31	46.55	90.19	24.99	2.89	43.05	70.93	34.67	5.23	43.05	82.95
Midland Mich.	Hampton Roads	32.63	4.42	19.55	56.60	22.36	2.07	2.35	26.78	30.79	3.75	2.35	36.89
	New York	35.77	6.31	46.55	88.63	23.89	2.89	43.05	69.83	33.22	5.23	43.05	81.50
St. Louis Mo.	Hampton Roads	39.12	4.42	19.55	63.09	26.97	2.07	2.35	31.39	36.91	3.75	2.35	43.01
	New York	49.03	6.31	46.55	101.89	33.28	2.89	43.05	79.22	45.52	5.23	43.05	93.80
Cincinnati Ohio	Hampton Roads	23.79	4.42	19.55	47.76	15.97	2.07	2.35	20.39	22.43	3.75	2.35	28.53
	New York	37.98	6.31	46.55	90.84	25.45	2.89	43.05	71.39	35.27	5.23	43.05	83.55
Columbus Ohio	Hampton Roads	23.48	4.42	19.55	47.45	15.74	2.07	2.35	20.16	22.14	3.75	2.35	28.24
	New York	33.94	6.31	46.55	86.80	22.59	2.89	43.05	68.53	31.52	5.23	43.05	79.80
Dayton Ohio	Hampton Roads	27.51	4.42	19.55	51.48	18.44	2.07	2.35	22.86	25.94	3.75	2.35	32.04
	New York	35.89	6.31	46.55	88.75	23.97	2.89	43.05	69.91	33.33	5.23	43.05	81.61
Lima Ohio	Hampton Roads	29.42	4.42	19.55	53.39	19.83	2.07	2.35	24.25	27.74	3.75	2.35	33.84
	New York	34.90	6.31	46.55	87.76	23.26	2.89	43.05	69.20	32.41	5.23	43.05	80.69
Portsmouth Ohio	Hampton Roads	21.21	4.42	19.55	45.18	14.02	2.07	2.35	18.44	19.99	3.75	2.35	26.09
	New York	38.52	6.31	46.55	91.38	26.40	2.89	43.05	72.34	36.33	5.23	43.05	84.61
Toledo Ohio	Hampton Roads	28.34	4.42	19.55	52.31	19.17	2.07	2.35	23.59	26.72	3.75	2.35	32.82
	New York	32.72	6.31	46.55	85.58	21.73	2.89	43.05	67.67	30.39	5.23	43.05	78.67
Charleston W.Va.	Hampton Roads	22.10	4.42	19.55	46.07	14.56	2.07	2.35	18.98	20.83	3.75	2.35	26.93
	New York	41.22	6.31	46.55	94.08	27.74	2.89	43.05	73.68	38.27	5.23	43.05	86.55
Huntington W.Va.	Hampton Roads	21.32	4.42	19.55	45.29	13.98	2.07	2.35	18.40	20.09	3.75	2.35	26.19
	New York	39.57	6.31	46.55	92.43	27.18	2.89	43.05	73.12	37.33	5.23	43.05	85.61
Milwaukee Wisc.	Hampton Roads	38.53	4.42	19.55	62.50	26.72	2.07	2.35	31.14	36.37	3.75	2.35	42.47
	New York	42.06	6.31	46.55	94.92	28.02	2.89	43.05	73.96	39.01	5.23	43.05	87.29

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I. & S. Docket #6615
Exhibit ______ (R.E.P.#5) Revised
Sheet 1
Witness: Petterson

STATEMENT SHOWING 1957 REVENUE AND COSTS PER CWT.- DIFFERENTIAL TERRITORY POINTS AND HAMPTON ROADS (CENTS PER CWT.)

ORIGIN OR DESTINATION (1)		COMMODITY (2)	TYPE OF CAR (3)	CWT. PER CAR (4)	MILES		LINE HAUL UNIT COSTS		INLAND TERMINAL (9)	LINE HAUL		INTERCHANGE		PORT TERMINAL COST (14)	PIER COST (15)	COST PER CWT. (16) (9to15 Inc)	REVENUE PER CWT. (17)	REVENUE IN EXCESS OF COST (18) (17-16)
					POCA. (5)	EASTERN (6)	POCA. (7)	EASTERN (8)		POCA. (10) (5x7)	EASTERN (11) (6x8)	POCA. (12)	EASTERN (13)					
Chicago	Ill.	Candy	Box	513	592	389	.02847	.03977	6.037	16.854	15.471	.943	4.203	4.768	19.550	67.826	109.480	41.654
"	"	Tractor Engines	Flat	651.8	940	-	.02559	-	5.269	24.055	-	-	-	3.753	2.350	35.427	92.000	56.573
Decatur	"	Elec. Instruments	Box	274.8	671	347	.04519	.06384	10.660	30.322	22.152	1.761	7.847	8.902	19.550	101.194	302.929	201.735
Fort Wayne	Ind.	Powdered Milk	Box	452.2	817	56	.03106	.04350	6.754	25.376	2.436	1.070	1.589	5.410	19.550	62.185	81.000	18.815
Muncie	"	Glass Blocks	Box	460.2	760	-	.03068	-	6.649	23.317	-	-	-	5.316	19.550	54.832	119.000	64.168
Ashland	Ky.	Extract Tanning	Box	889	509	-	.02031	-	3.781	10.338	-	-	-	2.752	19.550	36.421	83.000	46.579
Louisville	"	Leaf Tobacco	Box	290.7	717	-	.04322	-	10.112	30.989	-	-	-	8.415	19.550	69.066	90.135	21.069
"	"	Neoprene Rubber	Box	792.4	717	-	.02156	-	4.126	15.459	-	-	-	3.060	19.550	42.195	96.240	54.045
"	"	"	Open Top	879.5	717	-	.02373	-	3.398	17.014	-	-	-	2.781	2.350	25.543	95.000	69.457
Detroit	Mich.	Autos K.D.	Open Top	445.8	844	-	.03789	-	6.690	31.979	-	-	-	5.487	2.350	46.506	115.000	68.494
"	"	Burlap	Box	384.8	791	59	.03490	.04902	7.814	27.606	2.892	3.771	1.968	6.357	19.550	69.858	87.853	17.995
Grand Rapids	"	Cotton Linters	Box	615.8	663	319	.02525	.03513	5.146	16.741	11.206	.786	1.167	3.972	19.550	58.568	74.730	16.162
"	"	Machinery	Box	332	947	-	.03899	-	8.945	36.924	-	-	-	7.368	19.550	72.787	147.000	74.213
St. Louis	Mo.	Shortening	Box	687.6	817	286	.02357	.03272	4.682	19.257	9.358	.703	1.045	3.558	19.550	58.153	87.000	28.847
"	"	Grass Seed	Box	333	671	370	.03890	.05478	8.920	26.102	20.269	1.453	2.158	7.346	19.550	85.798	124.544	38.746
Cincinnati	Ohio	Steel Ingots	Open Top	1348	671	-	.01867	-	2.222	12.528	-	-	-	1.815	2.350	18.915	51.913	32.998
Columbus	"	Butter Oil	Box	424	663	-	.03252	-	7.156	21.561	-	-	-	5.769	19.550	54.036	95.703	41.667
Lima	"	Mill Rolls	Open Top	794.4	560	154	.02529	.03523	3.760	14.162	5.425	.804	1.194	3.079	2.350	30.774	109.000	78.226
Toledo	"	Auto Parts	Box	443.2	592	255	.03151	.04414	6.877	18.654	11.256	1.092	1.622	5.519	19.550	64.570	103.536	38.966
"	"	Tractor Treads	Open Top	530.6	592	255	.03330	.04678	5.623	19.714	11.929	1.203	1.788	4.610	2.350	47.217	107.499	60.282
"	"	Auto Parts	Flat	336.8	592	255	.04093	.05779	9.538	24.231	14.736	1.584	2.354	7.263	2.350	62.056	123.219	61.163
Charleston	W.Va.	Chemicals	Box	428	444	-	.03230	-	7.096	14.341	-	-	-	5.716	19.550	46.703	81.000	34.297
Huntington	"	Nickel	Open Top	1120.6	494	-	.02060	-	2.670	10.176	-	-	-	2.183	2.350	17.979	105.000	87.621
"	"	"	Box	301.6	494	-	.04199	-	9.775	20.743	-	-	-	8.111	19.550	58.179	105.000	46.821

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[fol. 4178] Secretary's certificate (omitted in printing).

[fol. 4179]

I.C.C. Exhibit No. 89

Before the

INTERSTATE COMMERCE COMMISSION

I. and S. Docket No. 6615

Equalization of Rates at North Atlantic Ports

Testimony of
W. M. Warren
Assistant General Auditor
The Chesapeake and Ohio Railway Company
Cleveland, Ohio

Revised

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney (John W. Hanifin, 1500 First National Bank Building, Richmond 10, Virginia) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 4180] Q. — Please state your name, position, and address.

A. — My name is Wilbur M. Warren. I am Assistant General Auditor, Chesapeake and Ohio Railway. My headquarters are at Cleveland, Ohio.

Q. — What railroad experience have you had?

A. — I have had some 30 years of experience in railroad work, consisting of traffic, accounting, and costs.

"Rail Carload Cost Scales"

Q. — Mr. Warren, are you familiar with the ICC's "Rail Carload Cost Scales?"

A. — Yes; I am.

Q. — Have you prepared, or had prepared under your supervision, a study of the costs involved in this case, based on the ICC's "Rail Carload Cost Scales?"

A. — Yes; I have. It will be my Exhibit No. ——.

Q. — Please proceed, in your own way, to explain the study you made.

A. — Exhibit No. —— consists of 16 pages. We can take it up page by page.

Pages 1, 2, and 3 consist of extracts from the ICC's "Rail Carload Cost Scales," used in the study.

[fol. 4181] 1. Table 3 and Appendix C:

Page 1 shows Table 3, "Carload Unit Costs by Types of Train and by Types of Equipment Based on the Year 1955 Operations with Adjustment to Reflect Wage and Price Levels as of January 1, 1957." All cost factors used, however, were increased by 2.566 percent to trend them approximately to July 1, 1957. The basic cost factors referred to hereinafter have been so increased.

Average weight trains were used. The average weight train was 2,902 gross tons for the Eastern District; that for the Pocahontas Region was 3,972 gross tons. The study was based also on box cars.

Page 1 shows also Appendix C, "Carload Line-Haul Unit Costs by Types of Equipment for Interchange Switching Service Based on Year 1955 Operations with

Adjustment to Reflect Wage and Price Levels as of January 1, 1957." The out-of-pocket costs thereof, in cents per loaded car-mile, are deducted from the line-haul unit costs per car-mile given in Table 3. In the case of Eastern District, for example, the figure of 3.75241 cents, in Appendix C, is deducted from 18.24680 cents in Table 3, leaving 14.49439 cents. This takes the interchange costs out of the line-haul unit costs.

2. Adjustment for Interchange:

Q.—What, then, do you do about the interchange costs?

A.—I will explain it:

Page 2, headed "Adjustment for Interchange," reproduces the pertinent portions of items 19 and 22 B (1) of the ICC's "Rail Carload Cost Scales," which deal with it. The interchange costs per car are shown in the table on Page 2. They are $10.61 for the Eastern District and $7.40 for the Pocahontas Region. These [fol. 4182] figures, however, have to be increased by 38 percent and 34 percent, respectively, for empty return of cars. As thus increased, they become $14.64 and $9.92 per car, respectively. Each of these figures covers one complete interchange. However, if the interchange is between Eastern District carrier, on the one hand, and a Pocahontas Region railroad, on the other hand, we take one-half of each and add them. The interchange costs, as thus adjusted, become $12.28 per car.

3. Adjustment for Hampton Roads Ports Switching:

Q.—Will you please take up now the switching at Hampton Roads Ports?

A.—Page 3, headed "Adjustment for Hampton Roads Ports Switching," reproduces pertinent portions of items 16 and 22 A (2) of the ICC's "Rail Carload Cost Scales." These relate to switching costs for origins or destinations, based on average minutes per loaded car. The time for the Pocahontas Region was 18 minutes. The weighted average time for the three

Pocahontas Region roads at Hampton Roads Ports during test weeks in November, 1956, was 24.985 minutes per car. (This included an estimate for switching performed by Norfolk and Portsmouth Belt Line Railroad.) The costs, therefore, were increased by $4.09 per car ($0.00738 per 100 pounds for box car with load of 55,400 pounds) to reflect this greater time in switching minutes per car.

[fol. 4183] *23 Interior Points*

Q. — Mr. Warren, were you furnished by the traffic people with a list of interior points, with routes and distances, for costing purposes, from or to the Hampton Roads Ports of Newport News-Norfolk, Virginia?

A. — Yes; I was.

Newport News-Norfolk, Virginia:

4. Routes:

The routes are shown on Page 4.

5. Physical Data:

The points in the interior, 23 in number, are shown on Page 5. It also shows (1) class-rate mileages, (2) routes and distances of C&O, N&W, and Vgn, with the average for the three roads for each interior point, and (3) actual and average number of interchanges.

6. Construction of Costs:

Page 6, headed "Construction of Costs," takes the physical data (mileages and interchanges) and proceeds to construct the costs. The costs are for box-car traffic for a net load of 27.7 tons or 55,400 pounds per car. This is the average for box-car traffic for the Eastern District and the Pocahontas Region.

[fol. 4184] *New York, New York*:

Q. — Did you also construct the costs between the same 23 interior points and New York, New York?

A. — Yes; I did.

7. Physical Data and Routes:

Page 7 shows the "Physical Data and Routes." The routes and distances were furnished me by the traffic people.

8. Construction of Costs:

Page 8, headed "Construction of Costs," takes the physical data and proceeds to construct the costs between the 23 points in the interior and New York.

Newport News-Norfolk, Virginia,
versus New York, New York:

9. Statement:

Q.—Did you make a comparison of the costs for Newport News-Norfolk, on the one hand, with the costs for New York, on the other hand, for each of the 23 points in the interior?

A.—Yes; I did. The figures are shown on Page 9. They include, for Newport News-Norfolk and New York, distances, and costs per 100 pounds, per ton of 2,000 pounds, and per car of 55,400 pounds. The last three columns show the differences Newport News-Norfolk under New York.

[fol. 4185] Q.—I notice you show the averages at the bottom of the page. Will you please state the average differences reflected by the costs for Newport News-Norfolk under those for New York?

A.—They are (1) 11.019 cents per 100 pounds, (2) $2.20 per ton, and (3) $61.04 per car.

10. Chart—Individual Points:

Q.—Do you have a chart that shows how the costs for Newport News-Norfolk, on the one hand, compare with those for New York, on the other hand, for each of the 23 interior points.

A.—Yes; it is Page 10. The points are arranged beginning with Charleston, West Virginia, the low-cost point for Newport News-Norfolk, and ending with St. Louis, Missouri, the high-cost point for Newport News-Norfolk.

The chart shows that the costs for Newport News-Norfolk are lower in every case than those for New York. The lowest spread is 2.347 cents per 100 pounds for Detroit, Michigan; the highest is 22.542 cents per 100 pounds for Charleston, West Virginia.

Differential Territory

Q.—Let's get away from the 23 specific interior points now. Did you prepare a somewhat similar study for all of Differential Territory (except points east of the line from Sandusky to Marietta, Ohio), showing the data by states?

A.—Yes; I did.

[fol. 4185a] 11. Physical Data and Construction of Costs:

Page 11 shows the "Physical Data and Construction of Costs." The study includes 265 base points in 9 states, the class-rate mileages shown being the average for all base points within the given state. Note that the class-rate mileages were increased by 5.40 percent in the case of Newport News-Norfolk, and by 13.69 percent in the case of New York. These are the percentages that result from similar data for the 23 specific interior points, used in the first part of my study.

When for Newport News-Norfolk, the distances were divided between Pocahontas Region and Eastern District in an approximate manner. Attention is directed, in this connection, to footnote 3 on Page 11.

Inasmuch as the interchanges were not available, we used the line-haul cost factors without deduction of the interchange switching service costs. Stated differently, the latter costs were left in the line-haul costs.

Newport News-Norfolk, Virginia, versus New York, New York:

12. Statement:

Q.—Did you make a comparison of these costs for all Differential Territory between Newport News-

Norfolk, on the one hand, and New York, on the other hand?

A. — Yes. It is shown on Page 12.

Please note that the differences of Newport News-Norfolk under New York average 16.405 cents per 100 pounds, $3.28 per ton of 2,000 pounds, and $90.89 per car of 55,400 pounds. The smallest spread is for Mich- [fol. 4186] igan, 10.562 cents per 100 pounds; the greatest spread is for Kentucky, 22.115 cents per 100 pounds.

13. Chart—Average and by Mileage:

Q. — Do you have a chart that shows (1) the average costs and (2) the costs by mileage for Newport News-Norfolk, on the one hand, and New York, on the other hand?

A. — Yes. It is shown on Page 13.

Differential Territory
(Class-Rate Mileages Plus 13 Percent)

Newport News-Norfolk, Virginia,
versus New York, New York:

14. Statement:

Q. — Did you prepare a similar statement, that is, along the lines of your Page 12, in which you based the costs to both Newport News-Norfolk and New York on class-rate mileages plus, in each case, 13 percent?

A. — Yes; I did. It is covered by Page 14.

The differences in the costs for Newport News-Norfolk under those for New York average 13.301 cents per 100 pounds, $2.66 per ton of 2,000 pounds, and $73.69 per car of 55,400 pounds. Whereas, the spread amounted to $90.89 per car on Page 12, it amounts to $73.69 on this page, a difference between the two spreads of $17.20 per car. The spreads vary only by 3.104 cents per 100 pounds.

[fol. 4187]

Differential Territory
(Class-Rate Mileages Plus 13 Percent)
Plus Full Port Terminal and Pier Costs

Newport News-Norfolk, Virginia
versus New York, New York:

15. Statement:

Q. — Did you prepare also a similar statement in which you based the costs to both Newport News-Norfolk and New York on the class-rate mileages plus 13 percent, and to which you added the full costs for port terminal and pier services?

A. — Yes. It is covered by Page 15.

The box-car pier costs at Hampton Roads Ports amount to $3.91 per ton. The full port terminal and box-car pier costs at New York, as appear in statement of Pennsylvania Railroad filed in this proceeding, amount to $34.96 per car plus $9.31 per ton. Combined, the figure would be $10.57 per ton.

As adjusted to include these costs, the differences of Newport News-Norfolk under New York amount to 40.108 cents per 100 pounds, $8.03 per ton of 2,000 pounds, and $222.20 per car of 55,400 pounds.

16. Chart—Average and by Mileage:

Q. — Do you also have a chart illustrating these spreads, first as an average of 9 interior states constituting Differential Territory, and second based on mileage?

A. — Yes. It is shown on Page 16. It is self-explanatory.

[fol. 4188]

Port Costs

1 and
2. Port Costs:

Q. — What have you to say with respect to the port costs of the Chesapeake and Ohio Railway at Newport News, Virginia?

A. — I have had prepared Exhibit No. ——, to show them for 1956.

The exhibit consists of a title page and 3 other pages. Pages 1 and 2 show the figures for the costs. Page 3 shows the "Explanatory Notes."

The data for 10 of the more important expense accounts are substantially *"Actual."* The same thing is true of property taxes. A few of the items are estimated, as explained in the "Explanatory Notes." The minor accounts, included to put the data on basis of *full costs,* reflect system ratios for apportionments. Note that the data include "Traffic" and "General." Return was calculated on basis of 6 percent.

Q. — Mr. Warren, I note on Page 2, Line 42, that you deduct what you term "Extraneous Revenues." Please explain this.

A. — The situation is explained in Explanatory Note 10. More specifically, the expenses for performing these services are included in the cost figures, and it was impossible—or at least impracticable—to separate them out and deduct them. As an expedient, therefore, the revenues obtained from these extraneous services, which could be compiled, were deducted. This assumes, [fol. 4189] of course, that the costs of performing the extraneous services are commensurate with the revenues earned. My own view is that the costs would actually exceed the revenues. The charges for the services, generally speaking, have remained unchanged for a good many years.

Q. — Mr. Warren, what is the C&O's situation at Newport News with respect to handling imported ores?

A. — Up until approximately the present time, they were handled entirely over Pier 2. Pier 2 is an open-top pier. It is equipped with 2 gantry cranes with lift capacity up to 30 tons. Cranes can handle lifts 30 feet over sides of pier and are equipped with ore buckets. In 1956, the C&O handled 1,327,948 tons of ores over Pier 2. However, only 141,080 tons or 10.62 percent of the tonnage moved to Differential Territory and is involved in this case. Iron ore is excluded from this case.

Q. — What did you do, Mr. Warren, about the C&O's costs incurred on Pier 2, for handling ores?

A. — They are shown on Page 2, Line 43, i.e., $240,149 for 1956. Taking 10.62 percent thereof, representing the percentage of the tonnage handled to Differential Territory, results in approximate costs of only $25,504.

Q. — Was this $25,504 furnished the Norfolk and Western Railway for inclusion in the combined pier costs for the Hampton Roads Ports?

[fol. 4190] A. — It was not. No quick and ready adjustment for meshing these costs, and the commensurate tonnage, into the combined data, presented itself.

Q. — What is the effect on the combined data, and particularly the final figures per ton, of excluding therefrom the Pier 2 costs?

A. — The effect is that they are somewhat higher than they otherwise would be. Stated differently, they are somewhat overstated.

Q. — Does the C&O make a charge, or charges, for the use of its gantry cranes and ore buckets on Pier 2?

A. — Yes; it does. The revenues from these services amounted to $84,986 in 1956.

Q. — In studying the port costs for Piers 4, 5, 6, and 8, I presume, Mr. Warren, that you made no separation for cost purposes between tonnage handled (1) from or to Differential Territory, involved in this case, and (2) from or to non-Differential Territory, not involved in this case?

A. — That is correct. It would have been impossible —or at least impracticable—to separate the tonnage for cost purposes.

Q. — How did you handle the situation?

A. — Well, we had the total tonnage handled over Piers 4, 5, 6, and 8 during 1956, which amounted to 379,718 tons. We assumed, of course, that "a ton is a ton," and all were treated alike.

[fol. 4191] Q. — Does the C&O barge any traffic between its Piers 4, 5, 6, and 8, on the one hand, and ships docked at Norfolk or lying in stream, on the other hand, and, if so, please tell us what you did about that?

A. — Yes; the C&O barges a limited amount of traffic. The services are compelled by competitive circumstances. Therefore, we developed also the costs of barging for 1956. I will explain them briefly.

The big item of expense in barging traffic results from the use of tugboats in performing it. This is shown on Line 40 of Page 2 as "Proration of Tugboat Expenses," amounting to $118,494.

A detailed day-to-day study of tugboat time was made at Newport News during January, 1956. All time, including non-productive time, such as out of service for repairs, fueling, receiving stores, and waiting for orders and time to carry out orders, was divided among the productive services performed. The latter consist of (1) docking, undocking, and shifting vessels (a non-ICC service), (2) handling carfloats between Newport News and Norfolk (a part of the C&O's line-haul service in reaching Norfolk), and (3) barging—the service we are dealing with here. It was found in that study that barging accounted for 6.92 percent of the tugboat time, so 6.92 percent of the tugboat costs (carefully calculated and amounting to $1,712,346 at Newport News for 1956) were prorated to barging.

The "Total Costs" for barging, shown on Line 43, amounted to $183,248 for 1956.

Q.—Let me ask you this, Mr. Warren. Are the barge costs *in addition to*, or *in lieu of*, the costs of wharfage and handling at Piers 4, 5, 6, and 8?

[fol. 4192] A.—They are *in addition to* the costs incurred at the piers proper. However, the tonnage barged is not in addition to, but is included in, the total tonnage handled over the piers.

Q.—What is the sum total of the costs incurred by the C&O at Newport News in 1956 for (1) wharfage and handling at Piers 4, 5, 6, and 8, and (2) for barging traffic, shown on Pages 1 and 2, respectively?

A.—$1,545,634.

Q.—What did you do with that figure?

A.—It was furnished by me to Mr. R. E. Petterson, Comptroller, Norfolk and Western Railway. Mr. Petterson will use it, along with the figure of 379,718 tons, to arrive at combined figures for pier costs at Hampton Roads Ports.

Q. — While wharfage and handling are absorbed on Differential Territory traffic, isn't it a fact that the C&O at Newport News makes a charge, or charges, for performing these services on other traffic, and, if so, do you have the revenues produced by them?

A. — The answer is, "Yes." The revenues therefrom amounted to $177,749 for 1956.

[fol. 4193]

VERIFICATION

State of Ohio)
) ss:
County of Cuyahoga)

W. M. Warren, being duly sworn, deposes and says: That he is Assistant General Auditor of The Chesapeake and Ohio Railway Company, and that the foregoing statement is true and correct to the best of his information, knowledge, and belief.

/s/ W. M. Warren
W. M. Warren

Subscribed and sworn to before me on this the 13th day of December, 1957.

My Commission expires on April 21, 1959

/s/ R. D. Brown
Notary Public.

R. D. Brown, Notary Public
My Commission Expires April 21, 1959

Protestants' Exhibit No. W-1
Witness: W. M. Warren REVISED

[fol. 4194]

BEFORE

THE

INTERSTATE COMMERCE COMMISSION

I. AND S. DOCKET NO. 6615,

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

COSTS

BASED ON

"RAIL CARLOAD COST SCALES"

Index

Explanation — Page

"Rail Carload Cost Scales":

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Differential Territory
(Class-Rate Mileages Plus 13 percent)
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INTERSTATE COMMERCE COMMISSION
Bureau of Accounts Cost Finding and Valuation

RAIL CARLOAD COST SCALES BY TERRITORIES AS OF JAN. 1, 1957

BASED ON YEAR 1955 OPERATIONS WITH ADJUSTMENT TO REFLECT WAGE AND PRICE LEVELS AS OF JANUARY 1, 1957

Prepared by the Cost Finding Section

Statement No 1-57

Washington, D.C.
March 1957

This study, issued as information, has not been adopted by the Interstate Commerce Commission

Table 3.--Carload Unit Costs by Types of Train and by Types of Equipment Based on the Year 1955 Operations with Adjustment to Reflect Wage and Price Levels as of January 1, 1957 1/

(Costs shown in cents per service unit)

e .	Type of train (1)	Type of equipment (2)	Empty re-turn ratio (3)	Out-of-pocket expenses			
				Line-haul		Terminal	
				Per car-mile (4)	Per cwt.-mile (5)	Per carload (6)	Per cwt. (7)
		Eastern District					
	Average weight train	Box..................	.38	17.79030	.01175	5,351.447	1.372
		G&H,excl.coal & ore 2/	.72	21.85017	.01175	5,820.337	.028
		G&H, coal and ore 2/.	.72	21.85017	.01175	5,820.337	.812
		Flat..................	.48	18.80131	.01175	5,820.337	1.372
		Stock.................	1.02	24.90197	.01175	5,820.337	1.372
		Refrigerator.........	.75	28.62556	.01175	4,675.853	1.372
		Tank..................	.97	29.23953	.01175	4,675.853	.028
		Pocahontas Region					
	Average weight train	Box..................	.34	11.41451	.00909	3,469.641	.039
		G&H,excl.coal & ore 2/	.87	15.65736	.00909	3,762.892	.011
		G&H, coal and ore 2/..	.87	15.65736	.00909	3,762.892	.837
		Flat..................	.52	12.72684	.00909	3,762.892	.039
		Stock.................	.97	15.92191	.00909	3,762.892	.039
		Refrigerator.........	.72	23.04748	.00909	3,116.442	.039
		Tank..................	1.00	23.80924	.00909	3,116.442	.011

Appendix C - Carload Line-haul Unit Costs by Types of Equipment for Interchange Switching Service Based on Year 1955 Operations with Adjustment to Reflect Wage and Price Levels as of January 1, 1957 1/

(Line-haul costs shown in cents)

Territory (1)	Type of equipment (2)	Empty return ratio (3)	Out-of-pocket per loaded car-mile (4)	Constant per hundred-weight-mile (5)
Eastern district	Box	.38	3.65853	.00177
	Gondola and hopper .	.72	4.55991	.00177
	Flat	.48	3.92364	.00177
	Stock	1.02	5.35524	.00177
	Refrigerator	.75	3.90763	.00177
	Tank	.97	4.39887	.00177
Pocahontas region	Box	.34	1.69207	.00063
	Gondola and hopper .	.87	2.36132	.00063
	Flat	.52	1.91936	.00063
	Stock	.97	2.48760	.00063
	Refrigerator	.72	1.88650	.00063
	Tank	1.00	2.19360	.00063

19. Treatment of switching costs--interchange:

The territorial costs (adjusted to January 1, 1957) for interchange switching service either at the point of delivery or at the point of receipt have been included in the cost scales (Tables 1, 2, and 3) as a portion of the line-haul costs by type of car. The costs for interchange switching service have been developed and are shown in Appendix C for the out-of-pocket level in cents per loaded car-mile, which includes the cost of switching the car on the basis of the empty-return ratio shown in Appendix C. The constant portion is shown in cents per hundredweight-mile. The costs for interchange switching in Appendix C include locomotive expenses, fuel, crews' wages, track maintenance, and freight-train car costs. For adjustments, see Item 22 B(1).

8. **Adjustments for line-haul costs:**

(1) Switching costs at interchange points.

In the case of Table 3, the unit cost per car-mile shown in Appendix C, column 4, should be subtracted from the line-haul out-of-pocket expenses shown in Table 3, column 4, and the resulting amount used as the line-haul out-of-pocket costs per car-mile. The constant expenses shown in Table 3, column 8, should be reduced by the amount shown in Appendix C, column 5.

When the number of actual interchange handlings are known for a particular movement, the costs shown in Tables 1, 2, and 3, after adjustment to eliminate interchange switching service costs from the line-haul expenses, may be adjusted to include the interchange costs for each interchange by use of the following table:

	Eastern district (2)	Pocahontas region (3)	Southern region (4)	Western district (5)
	Out-of-pocket costs--Loaded or empty car (but not both)			
Refrigerator and tank cars	$8.86	$5.81	$5.39	$7.90
All other	10.34	6.67	6.45	9.21
	Constant costs in cents per 100 pounds per interchange			
All cars	.618¢	.399¢	.400¢	.595¢

The out-of-pocket costs shown above should be increased for the ratio of the empty cars to the loaded cars involved in the interchange movement under study when costs are desired on a loaded car basis. For example, when the movement occurs in the Eastern district and involves one interchange of a box car between two railroads with a 38-percent return of empty cars, the total interchange switching costs would be $14.27 per loaded car ($10.34 x 1.38). If the net load per car in the loaded direction was 30 tons, the interchange out-of-pocket costs per 100 pounds would be 2.38 cents ($14.27 ÷ 600 hundredweight) for each interchange. This amount of 2.38 cents per 100 pounds should be added to the adjusted out-of-pocket costs for each complete interchange, i.e., out-of-pocket costs after eliminating interchange switching costs from the line-haul expenses.

16. Treatment of switching costs - origin and destination:

The territorial out-of-pocket costs (adjusted to January 1, 1957) per carload for switching at either the point of origin or the point of destination (but not both) are shown in the following table by type of car. The figures are shown in dollars per loaded car and include the cost of switching the empty car.

Type of car (1)	Out-of-pocket switching cost per carload Group IV expenses (all weights of load) as of January 1, 1957			
	Eastern district (2)	Pocahontas region (3)	Southern region (4)	Western district (5)
Box	$15.95	$10.29	$8.82	$12.93
Gondola and hopper	17.72	11.43	9.80	14.37
Flat	17.72	11.43	9.80	14.37
Stock	17.72	11.43	9.80	14.37
Refrigerator	17.72	11.43	9.80	14.37
Tank	17.72	11.43	9.80	14.37

The above costs include locomotive expenses, fuel, crews, and track maintenance related to switching at origin or destination. They reflect the following 1955 territorial average switch-engine-minutes per loaded car (including the switching of the empty) at either the point of origin or the point of destination (but not both). 1/ The average minutes per loaded car are shown in the table below. For adjustments, see Item 22 A(2).

Type of car	Average minutes per loaded car (1955)			
	Eastern district (2)	Pocahontas region (3)	Southern region (4)	Western district (5)
Box	27.0	18.0	18.0	24.0
All other	30.0	20.0	20.0	26.0

1/ For procedure in computing figures see Bureau's Statement No. 4-54, pages 121-130. The engine-minutes shown reflect the ratio of empties spotted or pulled to loads spotted or pulled of 0.8 for box cars and 1.0 for all other equipment. The differences in costs between the box cars and all other cars are occasioned by this difference in ratios.

(2) Adjustment for switching costs at origin and destination.

Where the traffic under study is handled at either origin or destination with known engine-minutes per car which are substantially less or greater than the territorial average switching engine-minutes per car shown in Item 16, and adjustment in the territorial out-of-pocket costs shown in Tables 1, 2, 3, and 4 can be made as follows: If it is known that for the Eastern district the engine-minutes per loaded box car at point of origin are 13.5 minutes, i.e., 50 percent of the territorial average of 27.0 minutes, the out-of-pocket switching costs per carload as shown in Item 16 would become $7.98 (50 percent of $15.95 shown in Item 16). (If the load under study is, say, 30 tons, divide the reduction per car by the net hundredweight ($7.98 ÷ 600 = 1.330 cents) to compute the reduction in cost resulting from less engine-minutes. The reduction of 1.330 cents per 100 pounds should then be deducted from the scale of box-car costs shown in Table 1, and from the terminal costs shown in Table 2.) A similar adjustment can be made at destination point based on the engine-minutes per loaded box car at destination point. The out-of-pocket cost per hundredweight computed from Table 3, i.e., the terminal cost per carload, column 6, divided by the load in hundredweight, can be reduced by the same amount used for Tables 1 and 2.

Routes

Route Nos.	Explanation of Routes
1.	C&O.
2.	C&O Kenova, W. Va., N&W.
3.	C&O Cincinnati, O., PRR.
4.	C&O Greggs, O., DT&I.
5.	C&O Richmond, Ind., PRR.
6.	C&O Peru, Ind., Wab.
7.	C&O Kewanna, Ind., PRR.
8.	N&W Kenova, W. Va., C&O.
9.	N&W.
10.	N&W Chillicothe, O., B&O.
11.	N&W Glen Jean, O., DT&I.
12.	N&W Ivorydale, O., C&O.
13.	N&W Valley Crossing, O., C&O.
14.	N&W Ivorydale, O., B&O.
15.	N&W Clare, O., PRR.
16.	N&W Bond Hill, O., B&O.
17.	Vgn Deepwater, W. Va., C&O.
18.	Vgn Deepwater, W. Va., C&O Kenova, W. Va., N&W.
19.	Vgn Deepwater, W. Va., C&O Columbus, O., PRR.
20.	Vgn Deepwater, W. Va., C&O Greggs, O., DT&I.
21.	Vgn Deepwater, W. Va., C&O Cottage Grove, Ind., B&O.
22.	Vgn Deepwater, W. Va., C&O Cincinnati, O., PRR.
23.	Vgn Deepwater, W. Va., C&O Cincinnati, O., B&O.

Physical Data.

Lines	Between Newport News-Norfolk, Virginia, and	Class Rate Distances	Routes and Distances							Division of Distances Between Pocahontas Region and Eastern District		Number of Interchanges			
			Chesapeake and Ohio Railway		Norfolk and Western Railway		Virginian Railway		Averages			Actual Number		Average Number	
			Routes	Distances	Routes	Distances	Routes	Distances	Distances	Pocahontas Region	Eastern District	Pocahontas Region	Eastern District	Pocahontas Region	Eastern District
↓	Columns →	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	Charleston, W.Va.	455	1	444	8	584	17	468	499	499	--	2	--	0.67	--
2.	Huntington, W.Va.	511	1	494	8	534	17	519	516	516	--	2	--	0.67	--
3.	Ashland, Ky.	511	1	509	8	534	17	534	526	526	--	2	--	0.67	--
4.	Portsmouth, Ohio.	511	2	539	9	564	18	564	556	556	--	3	--	1.00	--
5.	Columbus, Ohio.	632	1	632	9	663	17	656	650	650	--	1	--	0.33	--
6.	Cincinnati, Ohio.	656	1	655	9	671	17	680	669	669	--	1	--	0.33	--
7.	Dayton, Ohio.	665	3	711	10	692	19	727	710	641	69	2-1/2	1-1/2	0.83	0.50
8.	Lima, Ohio.	719	4	714	11	742	20	738	731	578	153	2-1/2	1-1/2	0.83	0.50
9.	Louisville, Ky.	727	1	717	8	742	17	742	734	734	--	2	--	0.67	--
10.	Muncie, Ind.	743	1	760	12	776	17	784	773	773	--	2	--	0.67	--
11.	Toledo, Ohio.	740	1	762	13	791	17	787	780	780	--	2	--	0.67	--
12.	Indianapolis, Ind.	766	5	789	14	788	21	803	793	706	87	2-1/2	1-1/2	0.83	0.50
13.	Fort Wayne, Ind.	778	6	873	15	825	19	833	844	712	132	2-1/2	1-1/2	0.83	0.50
14.	Detroit, Mich.	796	1	844	13	873	17	869	862	862	--	2	--	0.67	--
15.	Terre Haute, Ind.	838	5	861	15	873	22	861	865	687	178	2-1/2	1-1/2	0.83	0.50
16.	South Bend, Ind.	861	7	895	15	907	19	920	907	721	186	2-1/2	1-1/2	0.83	0.50
17.	Midland, Mich.	875	1	921	13	950	17	946	939	939	--	2	--	0.67	--
18.	Chicago, Ill.	914	1	940	13	956	17	965	954	954	--	2	--	0.67	--
19.	Decatur, Ill.	918	6	990	14	941	23	958	963	723	240	2-1/2	1-1/2	0.83	0.50
20.	Grand Rapids, Mich.	905	1	947	13	976	17	972	965	965	--	2	--	0.67	--
21.	Springfield, Ill.	957	6	1,029	14	983	23	1,000	1,004	723	281	2-1/2	1-1/2	0.83	0.50
22.	St. Louis, Mo.	990	6	1,103	16	1,009	23	1,015	1,042	722	320	2-1/2	1-1/2	0.83	0.50
23.	Milwaukee, Wis.	999	1	1,139	13	1,030	17	1,164	1,111	1,111	--	2	--	0.67	--
24.	Averages	759	-	794	--	800	--	805	800	728	72	2.15	0.59	0.72	0.20
25.	Percentages	--	-	104.61	--	105.40	--	106.06	105.40	--	--	--	--	--	--

Construction of Costs

Lines	Between Newport News-Norfolk, Virginia, and	Physical Data					Out-of-Pocket Costs						Total Out-of-Pocket Costs
		Distances			Interchanges		Line-Haul		Interchanges		Terminal		
		Total	Pocahontas Region	Eastern District	Pocahontas Region	Eastern District	Pocahontas Region	Eastern District	Pocahontas Region	Eastern District	Terminal	1/	
↓	Columns →	1	2	3	4	5	6	7	8	9	10	11	12
1.	Charleston, W.Va.	499	499	--	0.67	--	$0.13633	--	$0.01200	--	$0.08890	$0.00738	$0.24461
2.	Huntington, W.Va.	516	516	--	0.67	--	.14097	--	.01200	--	.08890	.00738	.24925
3.	Ashland, Ky.	526	526	--	0.67	--	.14370	--	.01200	--	.08890	.00738	.25198
4.	Portsmouth, Ohio.	556	556	--	1.00	--	.15190	--	.01791	--	.08890	.00738	.26609
5.	Columbus, Ohio.	650	650	--	0.33	--	.17758	--	.00591	--	.08890	.00738	.27977
6.	Cincinnati, Ohio.	669	669	--	0.33	--	.18277	--	.00591	--	.08890	.00738	.28496
7.	Dayton, Ohio.	710	641	69	0.83	0.50	.17512	$0.02636	.01486	$0.01321	.08890	.00738	.32583
8.	Lima, Ohio.	731	578	153	0.83	0.50	.15791	.05846	.01486	.01321	.08890	.00738	.34072
9.	Louisville, Ky.	734	734	--	0.67	--	.20053	--	.01200	--	.08890	.00738	.30881
10.	Muncie, Ind.	773	773	--	0.67	--	.21118	--	.01200	--	.08890	.00738	.31946
11.	Toledo, Ohio.	780	780	--	0.67	--	.21310	--	.01200	--	.08890	.00738	.32138
12.	Indianapolis, Ind.	793	706	87	0.83	0.50	.19288	.03324	.01486	.01321	.08890	.00738	.35047
13.	Fort Wayne, Ind.	844	712	132	0.83	0.50	.19452	.05044	.01486	.01321	.08890	.00738	.36931
14.	Detroit, Mich.	862	862	--	0.67	--	.23550	--	.01200	--	.08890	.00738	.34378
15.	Terre Haute, Ind.	865	687	178	0.83	0.50	.18769	.06801	.01486	.01321	.08890	.00738	.38005
16.	South Bend, Ind.	907	721	186	0.83	0.50	.19698	.07107	.01486	.01321	.08890	.00738	.39240
17.	Midland, Mich.	939	939	--	0.67	--	.25653	--	.01200	--	.08890	.00738	.36481
18.	Chicago, Ill.	954	954	--	0.67	--	.26063	--	.01200	--	.08890	.00738	.36891
19.	Decatur, Ill.	963	723	240	0.83	0.50	.19752	.09170	.01486	.01321	.08890	.00738	.41357
20.	Grand Rapids, Mich.	965	965	--	0.67	--	.26364	--	.01200	--	.08890	.00738	.37192
21.	Springfield, Ill.	1,004	723	281	0.83	0.50	.19752	.10737	.01486	.01321	.08890	.00738	.42924
22.	St. Louis, Mo.	1,042	722	320	0.83	0.50	.19725	.12227	.01486	.01321	.08890	.00738	.44387
23.	Milwaukee, Wis.	1,111	1,111	--	0.67	--	.30353	--	.01200	--	.08890	.00738	.41181
24.	Averages	800	728	72	0.72	0.20	$0.19889	$0.02751	$0.01289	$0.00529	$0.08890	$0.00738	$0.34086

1/. - Addition for switching at Hampton Roads Ports (24.985 minutes per car) versus Pocahontas Region (18 minutes per car).

Lines	Between New York, New York, and		Class-Rate Distances	Routes and Distances		Division of Distances Between Eastern District and Pocahontas Region		Interchanges	
				Routes	Distances	Eastern District	Pocahontas Region	Eastern District	Pocahontas Region
↓	Columns →		1	2	3	4	5	6	7
1.	Detroit,	Mich.	631	1	665	665	--	--	--
2.	Toledo,	Ohio.	668	1	711	711	--	--	--
3.	Columbus,	Ohio.	621	1	743	743	--	--	--
4.	Lima,	Ohio.	694	4	768	768	--	--	--
5.	Midland,	Mich.	682	1	791	791	--	--	--
6.	Dayton,	Ohio.	690	1	794	794	--	--	--
7.	Fort Wayne,	Ind.	744	1	816	816	--	--	--
8.	Grand Rapids,	Mich.	767	1	832	832	--	--	--
9.	Muncie,	Ind.	756	1	834	834	--	--	--
10.	Portsmouth,	Ohio.	659	5	842	743	99	1/2	1/2
11.	Cincinnati,	Ohio.	724	1	849	849	--	--	--
12.	South Bend,	Ind.	813	1	865	865	--	--	--
13.	Ashland,	Ky.	659	3	866	743	123	1/2	1/2
14.	Huntington,	W.Va.	659	3	881	743	138	1/2	1/2
15.	Milwaukee,	Wis.	881	6	887	887	--	1	--
16.	Indianapolis,	Ind.	799	1	889	889	--	--	--
17.	Charleston,	W.Va.	613	1	934	934	--	--	--
18.	Chicago,	Ill.	890	1	945	945	--	--	--
19.	Terre Haute,	Ind.	871	1	960	960	--	--	--
20.	Louisville,	Ky.	834	1	991	991	--	--	--
21.	Decatur,	Ill.	952	2	1,003	1,003	--	1	--
22.	Springfield,	Ill.	991	2	1,041	1,041	--	1	--
23.	St. Louis,	Mo.	1,040	1	1,139	1,139	--	--	--
24.	Averages		767	-	872	856	16	--	--
25.	Percentage		--	-	113.69	--	--	--	--

Routes	
No.	Explanation
1.	NYC.
2.	DL&W Black Rock, N.Y., Wab.
3.	NYC Columbus, Ohio, C&O.
4.	Erie.
5.	NYC Columbus, Ohio, N&W.
6.	DL&W Black Rock, N.Y., GT-E, CN-E, GTW.

Construction of Costs

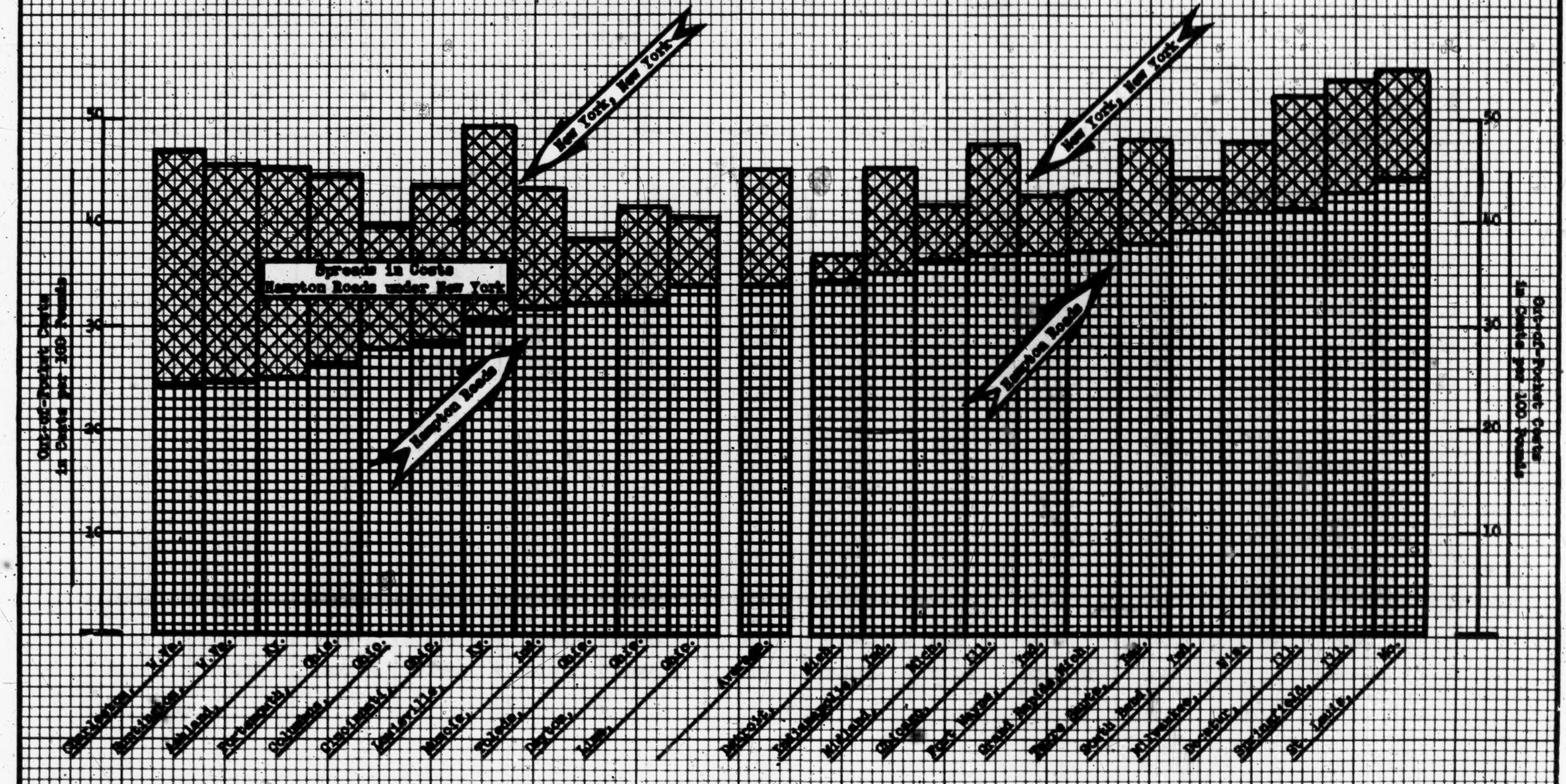
Lines	Between New York, New York, and	Physical Data					Out-of-Pocket Costs					Total Out-of-Pocket Costs
		Distances			Interchanges		Line-Haul		Interchanges		Terminal	
		Total	Eastern District	Pocahontas Region	Eastern District	Pocahontas Region	Eastern District	Pocahontas Region	Eastern District	Pocahontas Region		
	Columns →	1	2	3	4	5	6	7	8	9	10	11
1.	Detroit, Mich.	665	665	--	--	--	$0.25410	--	--	--	$0.11315	$0.36725
2.	Toledo, Ohio.	711	711	--	--	--	.27167	--	--	--	.11315	.38482
3.	Columbus, Ohio.	743	743	--	--	--	.28390	--	--	--	.11315	.39705
4.	Lima, Ohio.	768	768	--	--	--	.29345	--	--	--	.11315	.40660
5.	Midland, Mich.	791	791	--	--	--	.30224	--	--	--	.11315	.41539
6.	Dayton, Ohio.	794	794	--	--	--	.30339	--	--	--	.11315	.41654
7.	Fort Wayne, Ind.	816	816	--	--	--	.31179	--	--	--	.11315	.42494
8.	Grand Rapids, Mich.	832	832	--	--	--	.31791	--	--	--	.11315	.43106
9.	Muncie, Ind.	834	834	--	--	--	.31867	--	--	--	.11315	.43182
10.	Portsmouth, Ohio.	842	743	99	1/2	1/2	.28390	$0.02705	$0.01321	$0.00896	.11315	.44627
11.	Cincinnati, Ohio.	849	849	--	--	--	.32440	--	--	--	.11315	.43755
12.	South Bend, Ind.	865	865	--	--	--	.33052	--	--	--	.11315	.44367
13.	Ashland, Ky.	866	743	123	1/2	1/2	.28390	.03360	.01321	.00896	.11315	.45282
14.	Huntington, W.Va.	881	743	138	1/2	1/2	.28390	.03770	.01321	.00896	.11315	.45692
15.	Milwaukee, Wis.	887	887	--	1	--	.33892	--	.02643	--	.11315	.47850
16.	Indianapolis, Ind.	889	889	--	--	--	.33969	--	--	--	.11315	.45284
17.	Charleston, W.Va.	934	934	--	--	--	.35688	--	--	--	.11315	.47003
18.	Chicago, Ill.	945	945	--	--	--	.36108	--	--	--	.11315	.47423
19.	Terre Haute, Ind.	960	960	--	--	--	.36682	--	--	--	.11315	.47997
20.	Louisville, Ky.	991	991	--	--	--	.37866	--	--	--	.11315	.49181
21.	Decatur, Ill.	1,003	1,003	--	1	--	.38325	--	.02643	--	.11315	.52283
22.	Springfield, Ill.	1,041	1,041	--	1	--	.39777	--	.02643	--	.11315	.53735
23.	St. Louis, Mo.	1,139	1,139	--	--	--	.43521	--	--	--	.11315	.54836
24.	Averages	872	856	16	0.20	0.065	$0.32708	$0.00437	$0.00529	$0.00116	$0.11315	$0.45105

Out-of-Pocket Costs
Newport News-Norfolk, Virginia, versus New York, New York

Lines	Between and	Newport News Norfolk, Virginia.				New York, New York.				Differences Newport News-Norfolk, Va., Under New York, N. Y.		
		Distances	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	Distances	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds
↓	→	1	2	3	4	5	6	7	8	9	10	11
1.	Charleston, W.Va.	499	$0.24461	$4.89	$135.51	934	$0.47003	$9.40	$260.40	$0.22542	$4.51	$124.89
2.	Huntington, W.Va.	516	.24925	4.99	138.08	881	.45692	9.14	253.13	.20767	4.15	115.05
3.	Ashland, Ky.	526	.25198	5.04	139.60	866	.45282	9.06	250.86	.20084	4.02	111.26
4.	Portsmouth, Ohio	556	.26609	5.32	147.41	842	.44627	8.93	247.23	.18018	3.61	99.82
5.	Columbus Ohio	650	.27977	5.60	154.99	743	.39705	7.94	219.97	.11728	2.34	64.98
6.	Cincinnati, Ohio	669	.28496	5.70	157.87	849	.43755	8.75	242.40	.15259	3.05	84.53
7.	Louisville, Ky.	734	.30881	6.18	171.08	991	.49181	9.84	272.46	.18300	3.66	101.38
8.	Muncie, Ind.	773	.31946	6.39	176.98	834	.43182	8.64	239.23	.11236	2.25	62.25
9.	Toledo, Ohio.	780	.32138	6.43	178.04	711	.38482	7.70	213.19	.06344	1.27	35.15
10.	Dayton, Ohio.	710	.32583	6.52	180.51	794	.41654	8.33	230.76	.09071	1.81	50.25
11.	Lima, Ohio.	731	.34072	6.81	188.76	768	.40660	8.13	225.26	.06588	1.32	36.50
12.	Detroit, Mich.	862	.34378	6.88	190.45	665	.36725	7.35	203.46	.02347	0.47	13.01
13.	Indianapolis, Ind.	793	.35047	7.01	194.16	889	.45284	9.06	250.87	.10237	2.05	56.71
14.	Midland, Mich.	939	.36481	7.30	202.10	791	.41539	8.31	230.13	.05058	1.01	28.03
15.	Chicago, Ill.	954	.36891	7.38	204.38	945	.47423	9.48	262.72	.10532	2.10	58.34
16.	Fort Wayne, Ind.	844	.36931	7.39	204.60	816	.42494	8.50	235.42	.05563	1.11	30.82
17.	Grand Rapids, Mich.	965	.37192	7.44	206.04	832	.43106	8.62	238.81	.05914	1.18	32.77
18.	Terre Haute, Ind.	865	.38005	7.60	210.55	960	.47997	9.60	265.90	.09992	2.00	55.35
19.	South Bend, Ind.	907	.39240	7.85	217.39	865	.44367	8.87	245.79	.05127	1.02	28.40
20.	Milwaukee, Wis.	1,111	.41181	8.24	228.14	887	.47850	9.57	265.09	.06669	1.33	36.95
21.	Decatur, Ill.	963	.41357	8.27	229.12	1,003	.52283	10.46	289.65	.10926	2.19	60.53
22.	Springfield, Ill.	1,004	.42924	8.58	237.80	1,041	.53735	10.75	297.69	.10811	2.17	59.89
23.	St. Louis, Mo.	1,042	.44387	8.88	245.90	1,139	.54836	10.97	303.79	.10449	2.09	57.89
24.	Averages	800	$0.34086	$6.82	$188.84	872	$0.45105	$ 9.02	$249.88	$0.11019	$2.20	$ 61.04

4204

Chart showing how Out-of-Pocket Costs, in cents per 100 pounds, for Newport News-Norfolk, Virginia (Hampton Roads Ports), on the one hand, compare with those for New York, New York, on the other hand, for each of 23 Interior Points.



Distances and Construction of Costs

Lines	All Differential Territory	Distances				Out-of-Pocket Costs			Total Out-of-Pocket Costs
		Class Rate Distances	Plus Excess 1/	Division Between 3/		Line-Haul		Terminal 2/	
				Pocahontas Region	Eastern District	Pocahontas Region	Eastern District		
	Columns →	1	2	3	4	5	6	7	8
		Newport News-Norfolk, Virginia.							
1.	Illinois.	971	1,023	669	354	$0.20371	$0.15926	$0.09628	$0.45925
2.	Indiana.	795	838	669	169	.20371	.07603	.09628	.37602
3.	Iowa.	1,063	1,120	954	166	.29049	.07468	.09628	.46145
4.	Kentucky.	617	650	650	--	.19793	--	.09628	.29421
5.	Michigan.	911	960	960	--	.29232	--	.09628	.38860
6.	Missouri.	1,036	1,092	669	423	.20371	.19030	.09628	.49029
7.	Ohio.	654	689	650	39	.19793	.01755	.09628	.31176
8.	West Virginia.	483	509	499	10	.15195	.00450	.09628	.25273
9.	Wisconsin.	1,048	1,105	940	165	.28623	.07423	.09628	.45674
10.	Average.	842	887	740	147	$0.22533	$0.06614	$0.09628	$0.38775
		New York, New York.							
11.	Illinois.	1,003	1,140	--	1,140	--	$0.51289	$0.11315	$0.62604
12.	Indiana.	833	947	--	947	--	.42606	.11315	.53921
13.	Iowa.	1,064	1,210	--	1,210	--	.54438	.11315	.65753
14.	Kentucky.	786	894	--	894	--	.40221	.11315	.51536
15.	Michigan.	745	847	--	847	--	.38107	.11315	.49422
16.	Missouri.	1,073	1,220	--	1,220	--	.54888	.11315	.66203
17.	Ohio.	658	748	--	748	--	.33653	.11315	.44968
18.	West Virginia	636	723	--	723	--	.32528	.11315	.43843
19.	Wisconsin.	924	1,050	--	1,050	--	.47240	.11315	.58555
20.	Average.	858	975	--	975	--	$0.43865	$0.11315	$0.55180

1/. - 5.40 percent for Newport News-Norfolk and 13.69 percent for New York over Column 1.

2/. - Plus $0.00738 for Newport News-Norfolk for addition for switching at Hampton Roads Ports.

3/. - For Kentucky and Michigan, total distances assumed to be Pocahontas Region. For Illinois, Indiana, and Missouri, distances assumed to be Pocahontas Region up to Cincinnati, Ohio; for West Virginia up to Charleston, West Virginia; for Ohio up to Columbus, Ohio; and for Iowa and Wisconsin up to Chicago, Illinois.

4vc6

Out-of-Pocket Costs
Between Newport News, Virginia, versus New York, New York, and Differential Territory

Lines	All Differential Territory	Newport News-Norfolk, Virginia				New York, New York.				Differences Newport News-Norfolk, Va., Under New York, N. Y.		
		Distance	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	Distance	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds
↓	Columns →	1	2	3	4	5	6	7	8	9	10	11
1.	West Virginia	509	$0.25273	$5.05	$140.01	723	$0.43843	$ 8.77	$242.89	$0.18570	$3.72	$102.88
2.	Kentucky	650	.29421	5.88	162.99	894	.51536	10.31	285.51	.22115	4.43	122.52
3.	Ohio	689	.31176	6.24	172.72	748	.44968	8.99	249.12	.13792	2.75	76.40
4.	Indiana	838	.37602	7.52	208.32	947	.53921	10.78	298.72	.16319	3.26	90.40
5.	Michigan	960	.38860	7.77	215.28	847	.49422	9.88	273.80	.10562	2.11	58.52
6.	Wisconsin	1,105	.45674	9.13	253.03	1,050	.58555	11.71	324.39	.12881	2.58	71.36
7.	Illinois	1,023	.45925	9.19	254.42	1,140	.62604	12.52	346.83	.16679	3.33	92.41
8.	Iowa	1,120	.46145	9.23	255.64	1,210	.65753	13.15	364.27	.19608	3.92	108.63
9.	Missouri	1,092	.49029	9.81	271.62	1,220	.66203	13.24	366.76	.17174	3.43	95.14
10.	Averages	887	$0.38775	$7.76	$214.81	975	$0.55180	$11.04	$305.70	$0.16405	$3.28	$90.89

4r07

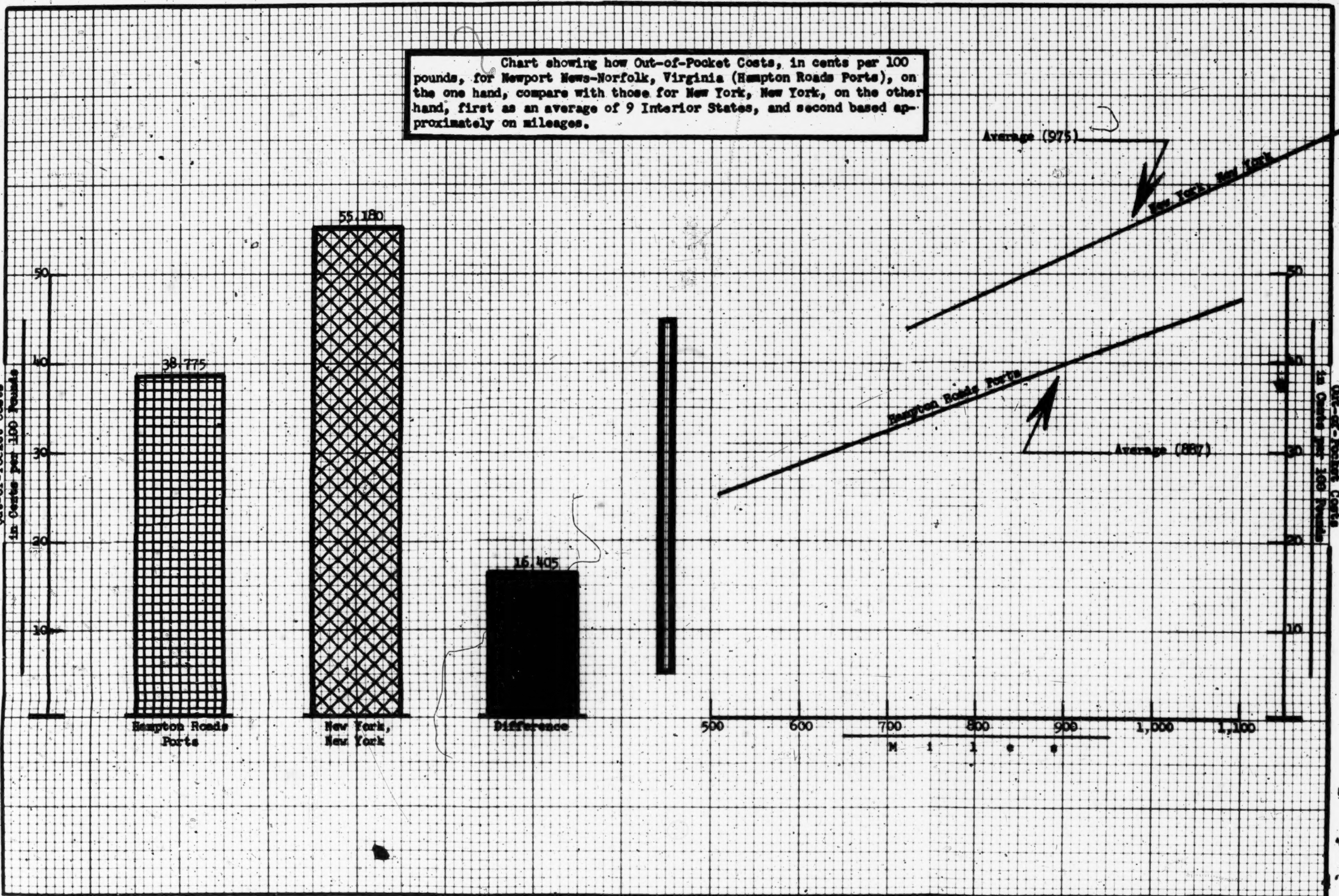


Chart showing how Out-of-Pocket Costs, in cents per 100 pounds, for Newport News-Norfolk, Virginia (Hampton Roads Ports), on the one hand, compare with those for New York, New York, on the other hand, first as an average of 9 Interior States, and second based approximately on mileages.

Out-of-Pocket Costs
Between Newport News-Norfolk, Virginia, versus New York, New York and All Differential Territory 1/

		Newport News-Norfolk Virginia				New York, New York				Differences Newport News-Norfolk, Virginia, under New York, New York		
			Out-of-Pocket Costs				Out-of-Pocket Costs					
	All Differential Territory	Distances 1/	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	Distances 1/	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds
	Columns →	1	2	3	4	5	6	7	8	9	10	11
1.	West Virginia	546	$0.27387	$5.48	$151.72	719	$0.43663	$ 8.73	$241.89	$0.16276	$3.25	$90.17
2.	Kentucky	697	.31536	6.31	174.71	888	.51266	10.25	284.01	.19730	3.94	109.30
3.	Ohio	739	.33425	6.69	185.17	744	.44788	8.96	248.13	.11363	2.27	62.96
4.	Indiana	898	.40302	8.06	223.27	941	.53651	10.73	297.23	.13349	2.67	73.96
5.	Michigan	1,029	.41964	8.39	232.48	842	.49197	9.84	272.55	.07233	1.45	40.07
6.	Wisconsin	1,184	.49229	9.85	272.73	1,044	.58285	11.66	322.90	.09056	1.81	50.17
7.	Illinois	1,097	.49255	9.85	272.87	1,133	.62289	12.46	345.08	.13034	2.61	72.21
8.	Iowa	1,201	.49790	9.96	275.84	1,202	.65393	13.08	362.28	.15603	3.12	86.44
9.	Missouri	1,171	.52584	10.52	291.32	1,212	.65843	13.17	364.77	.13259	2.65	73.45
	Averages	951	$0.41654	$ 8.33	$230.76	970	$0.54955	$10.99	$304.45	$0.13301	$2.66	$73.69

1/. - Based, in each case, on class-rate miles plus 13 percent

4209

Line-Haul Out-of-Pocket Costs
Between Newport News-Norfolk, Virginia, versus New York, New York
and All Differential Territory,
Plus Full Port Terminal and Pier Costs

Lines	All Differential Territory	Newport News-Norfolk Virginia				New York, New York				Differences Newport News-Norfolk, Virginia, under New York, New York		
			Out-of-Pocket Costs				Out-of-Pocket Costs					
		1/ Distances	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	1/ Distances	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds	Per 100 Pounds	Per Ton 2,000 Pounds	Per Car 55,400 Pounds
↓	Columns →	1	2	3	4	5	6	7	8	9	10	11
1.	West Virginia.	546	$0.47619	$ 9.52	$263.81	719	$0.90866	$18.17	$503.40	$0.43247	$8.65	$239.59
2.	Kentucky.	697	.51769	10.35	286.80	888	.98469	19.69	545.52	.46700	9.34	258.72
3.	Ohio.	739	.53670	10.73	297.33	744	.91991	18.40	509.63	.38321	7.67	212.30
4.	Indiana.	898	.60520	12.10	335.28	941	1.00854	20.17	558.73	.40334	8.07	223.45
5.	Michigan.	1,029	.62170	12.43	344.42	842	.96400	19.28	534.06	.34230	6.85	189.64
6.	Wisconsin.	1,184	.69470	13.89	384.86	1,044	1.05488	21.10	584.40	.36018	7.21	199.54
7.	Illinois.	1,097	.69470	13.89	384.86	1,133	1.09492	21.90	606.59	.40022	8.01	221.73
8.	Iowa.	1,201	.70020	14.00	387.91	1,202	1.12596	22.52	623.78	.42576	8.52	235.87
9.	Missouri.	1,171	.72820	14.56	403.42	1,212	1.13046	22.61	626.27	.40226	8.05	222.85
10.	Averages.	951	$0.61870	$12.37	$342.76	970	$1.01978	$20.40	$564.96	$0.40108	$8.03	$222.20

1/. - Based, in each case, on class-rate miles plus 13 percent.

4x10

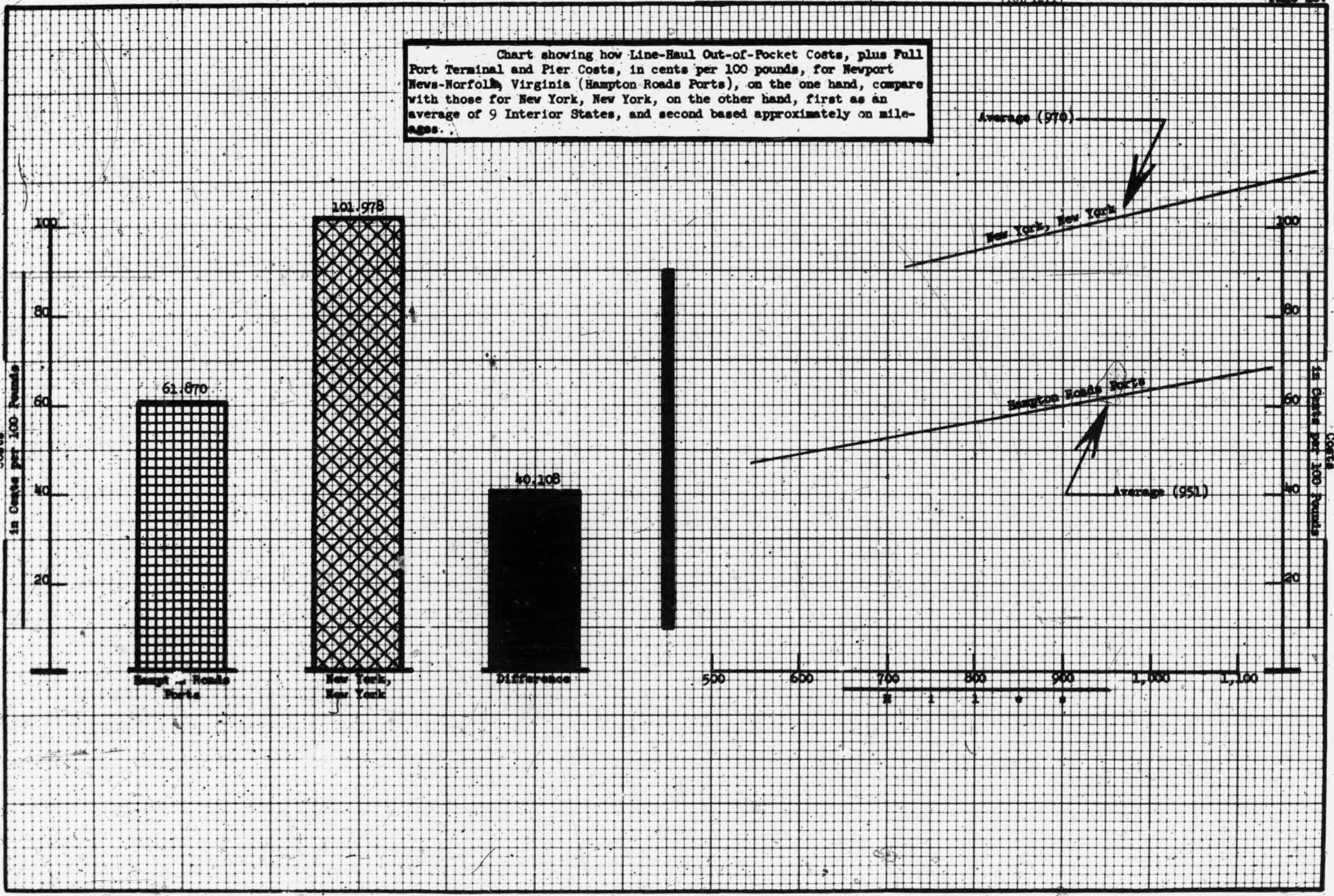


Chart showing how Line-Haul Out-of-Pocket Costs, plus Full Port Terminal and Pier Costs, in cents per 100 pounds, for Newport News-Norfolk, Virginia (Hampton Roads Ports), on the one hand, compare with those for New York, New York, on the other hand, first as an average of 9 Interior States, and second based approximately on mileages.

4x11

Protestants' Exhibit No. W-2

Witness: W. M. Warren REVISED

BEFORE

THE

INTERSTATE COMMERCE COMMISSION

I. AND S. DOCKET NO. 6615,

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

PORT COSTS

Lines	Account Nos.	Accounts	Explanatory Notes	Pier 2--Ores				Piers 4, 5, 6, and 8									
								Wharfage and Handling				Barging				Total	Grand Total
				Payroll	Material and Supplies	Other	Total	Payroll	Material and Supplies	Other	Total	Payroll	Material and Supplies	Other	Total		
		Columns ⟶	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
		Maintenance of Way and Structures:															
1.	201.	Superintendence	1.	$ 4,452	$ 776	--	$ 5,228	$ 13,354	$ 2,328	--	$ 15,682						
2.	227.	Station and office buildings	2.	10,969	6,302	--	17,271	33,986	19,527	--	53,513						
3.	241.	Wharves and docks	Actual	9,144	7,934	-	17,078	18,964	30,562	--	49,526						
4.	257.	Power-transmission systems	1.	111	157	--	268	333	471	--	804						
5.	266.	Road property--Depreciation:															
6.	--	Station and office buildings	Actual	--	--	$ 5,403	5,403	--	--	$ 16,714	16,714						
7.	--	Wharves and docks	Actual	--	--	1,409	1,409	--	--	65,032	65,032						
8.	--	Power-transmission systems	13.	--	--	15	15	--	--	56	56						
9.	274.	Injuries to persons	1.	29	352	--	381	87	1,057	--	1,144						
10.	275.	Insurance	Actual	--	--	5,574	5,574	--	--	24,378	24,378						
11.	276.	Stationery and printing	1.	--	93	--	93	--	278	--	278						
12.	--	Total	--	$ 24,705	$15,614	$12,401	$ 52,720	$ 66,724	$ 54,223	$106,180	$ 227,127					$ 227,127	$ 279,847
		Maintenance of Equipment															
13.	301.	Superintendence	12.									$ 2,101	$ 392	--	$ 2,493		
14.	323	Floating equipment--Repairs	Actual									11,740	26,615	--	38,355		
15.	331.	Equipment--Depreciation:															
16.	--	Floating equipment	Actual									--	--	$ 3,893	3,893		
17.	332.	Injuries to persons	12.									26	484	--	510		
18.	333.	Insurance	Actual									--	--	3,525	3,525		
19.	334	Stationery and printing	12.									--	81	--	81		
20.	335.	Other expenses	12.									289	612	--	901		
21.	--	Total	--									$14,156	$28,184	$ 7,418	$ 49,758	$ 49,758	$ 49,758
22.	351-359.	Traffic	3.	$ 4,810	$ 3,838	--	$ 8,648	$ 29,856	$ 23,823	--	$ 53,679	$ 1,288	$ 1,028	--	$ 2,316	$ 55,995	$ 64,643

4213

Lines	Account Nos.	Accounts	Explanatory Notes	Pier 2--Ores				Piers 4, 5, 6, and 8									
								Wharfage and Handling				Barging					
				Payroll	Material and Supplies	Other	Total	Payroll	Material and Supplies	Other	Total	Payroll	Material and Supplies	Other	Total	Total	Grand Total
		Columns	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
		Transportation:															
23.	371.	Superintendence	4.	$ 4,998	$ 952	--	$ 5,950	$ 33,891	$ 6,456	--	$ 40,347	$ 95	$ 18	--	$ 113		
24.	373.	Station employees	Actual	103,161	--	--	103,161	778,645	--	--	778,645	--	--	--	--		
25.	376.	Station supplies and expenses	8.	--	14,657	--	14,657	--	25,029	--	25,029	--	--	--	--		
26.	408.	Operating floating equipment	Actual	--	--	--	--	--	--	--	--	1,679	461	--	2,140		
27.	410.	Stationery and printing	4.	--	766	--	766	--	5,193	--	5,193	--	15	--	15		
28.	411.	Other expenses	4.	163	944	--	1,107	1,112	6,398	--	7,510	3	18	--	21		
29.	414.	Insurance	Actual	--	--	$ 1,000	1,000	--	--	$ 28,400	28,400	--	--	$ 1,151	1,151		
30.	416.	Damage to property	4.	5	101	--	106	35	684	--	719	--	2	--	2		
31.	420.	Injuries to persons	4.	82	1,744	--	1,826	558	11,825	--	12,383	2	32	--	34		
32.	--	Total	--	$108,409	$19,164	$ 1,000	$128,573	$814,241	$ 55,585	$ 28,400	$ 898,226	$ 1,779	$ 546	$ 1,151	$ 3,476	$ 901,702	$1,030,275
33.	451-462.	General	5.	$ 10,382	$ 5,573	--	$ 15,955	$ 64,445	$ 34,594	--	$ 99,039	$ 2,780	$ 1,492	--	$ 4,272	$ 103,311	$ 119,266
34.	--	Grand Total	--	$148,306	$44,189	$13,401	$205,896	$975,266	$168,225	$134,580	$1,278,071	$20,003	$31,250	$ 8,569	$ 59,822	$1,337,893	$1,543,789
		Taxes:															
35.	--	Payroll, et cetera	6.			$23,729	$ 23,729			$156,043	$ 156,043			$ 3,200	$ 3,200	--	--
36.	--	Property	Actual			3,309	3,309			20,621	20,621			361	361	--	--
37.	--	Total	--			$27,038	$ 27,038			$176,664	$ 176,664			$ 3,561	$ 3,561	$ 180,225	$ 207,263
38.	--	Return on Investment (6 percent)	7.			$15,561	$ 15,561			$ 96,396	$ 96,396			$ 1,371	$ 1,371	$ 97,767	$ 113,328
39.	--	Proration of Tugboat Time	9.			--	--			--	--			6.92	6.92	--	--
40.	--	Proration of Tugboat Expenses	9.			--	--			--	--			$118,494	$118,494	$ 118,494	$ 118,494
41.	--	Total Costs	--				$248,495				$1,551,131				$183,248	$1,734,379	$1,982,874
42.	--	Less Extraneous Revenues	10.				8,346				188,745				--	188,745	197,091
43.	--	Net Costs	--				$240,149				$1,362,386				$183,248	$1,545,634	$1,785,783
44.	--	Percent Differential Territory Tonnage	11.				10.62									25.39	--
45.	--	Differential Territory Costs	--				$ 25,504									$ 392,436	$ 417,940
46.	--	Average per Ton															$1.76

4214

Explanatory Notes:

1.- Ratios of these Accounts to Accounts Nos. 202 - 271, excluding Accounts Nos. 247, 257, and 266, for System, for 1956.

2.- Labor actual, $44,955, for freight Newport News, Virginia, 1956. Materials and supplies estimated based on percent of total for Eastern Region and Central Region for 1956, i.e, 36.49. Divided between (1) Pier 2 and (2) Piers 4, 5, 6, and 8 on basis of percents reflected by total investment.

3.- Ratio of Traffic to Maintenence of Way and Structures, Maintenance of Equipment (where applicable), and Transportation, for System, for 1956.

4.- Ratio of these Accounts to Accounts No. 372 - 408, excluding Account No. 407, for System, for 1956.

5.- Ratios of General to Maintenance of Ways and Structures, Maintenance of Equipment (where applicable), Traffic, and Transportation, for System, for 1956

6.- 6 percent of net investment as of December 31, 1956, of following investment Accounts:

Pier 2--Ores:

Tracks	$ 15,447
Station and office buildings	145,167
Wharves and docks	98,305
Power-transmission systems	432
Total	$ 259,351

Pier 4, 5, 6, and 8:

Land	$	36,498
Tracks		55,128
Station and office buildings		346,059
Fork lift trucks		27,109
Wharves and docks		1,140,161
Power-transmission systems		1,648
Total		$1,606,603

Barges:

Floating equipment (Barges)	$	22,856

8.- Estimated. Based on canvass of situation at Newport ws, including electricity purchased, telephone and water bills, d supplies for cranes on Pier 2 and trucks and trailers on er 4, 5, 6, and 8, plus 10 percent for miscellaneous supplies.

9.- Based on detailed Tugboat Time Study conducted in Janua-, 1956, with proration of all non-productive time to producti- services. Expenses based on careful study for 1956 of all Ma-ne Services at Newport News, Virginia.

10.- Less extraneous revenues, such as, for Pier 2, furnishing ssels water, running lines, disposal of ballast, et cetera; d, for Piers 4, 5, 6, and 8, storage, terminal charge for ucks, furnishing water, running lines, miscellaneous labor, et tera.

11.- From C&O movement records for 1956. Data include Western unk Line territory.

12.- Ratios of these Accounts to Accounts Nos. 302 - 329, for stem, for 1956.

13.- Estimated, based on depreciation rate of 3.42 percent r System, for 1956.

[fol. 4216]

I.C.C. Exhibit No. 94

THE COMMONWEALTH OF MASSACHUSETTS

Executive Department

Boston, March 6, 1958.

I, Robert F. Murphy, Lieutenant Governor, Acting Governor of the Commonwealth, do hereby certify that John W. Newman whose genuine signature appears to the annexed certificate of authentication, is now, and was at the date of said certificate, Deputy Secretary of the Commonwealth, duly appointed and qualified; that as such he is a lawful custodian of the Great Seal of the Commonwealth; that all his official acts as such are entitled to full faith and credit; that his said certificate is in due form of law; and that the Great Seal thereto attached is the genuine Great Seal of the Commonwealth.

Given under my hand at Boston
this sixth day
of March, in the year 1958.

/s/ Robert F. Murphy
Lieutenant Governor, Acting Governor

THE COMMONWEALTH OF MASSACHUSETTS

Office of the Secretary

Boston, March 6, 1958.

I, John W. Newman, Deputy Secretary of the Commonwealth, do hereby certify that Robert F. Murphy, whose genuine signature appears to the foregoing certificate of attestation, is now, and was at the date of said certificate, the Lieutenant Governor, Acting Governor of the Commonwealth, duly elected by lawful authority and legally qualified thereto.

IN TESTIMONY of which I have hereunto affixed the Great Seal of the Commonwealth, in my official custody and possession.

SEAL

/s/ JOHN W. NEWMAN
Deputy Secretary of the Commonwealth

[fol. 4217]

THE COMMONWEALTH OF MASSACHUSETTS

Office of the Secretary
State House, Boston 33

March 6, 1958

I hereby certify the attached to be a true photostatic copy of Sections 1 and 2 of Chapter 608 of the Acts of 1953 which was approved by the Governor of the Commonwealth on July 1, 1953.

I further certify that General Laws of the Commonwealth, Chapter 6, Section 53A, as inserted by Section 2 of the aforesaid Chapter 608 was in effect on the date of certification; and that the same is on file in the Archives Division of this office.

Witness the Great Seal of the Commonwealth

/s/ EDWARD J. CRONIN

Edward J. Cronin
Secretary of the Commonwealth

By /s/ JOHN W. NEWMAN
Deputy Secretary

[fol. 4218]

Chapter 608

THE COMMONWEALTH OF MASSACHUSETTS

In the Year One Thousand Nine Hundred and Fifty-three AN ACT abolishing the Port of Boston Authority and establishing The Port of Boston Commission.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows: SECTION 1. Chapter 6 of the General Laws is hereby amended by striking out section 17, as most recently amended by section 4 of chapter 409 of the acts of 1953, and inserting in place thereof the following section:—*Section 17*. The armory commission, the art commission, the commission on administration and finance, the commissioner of veterans' services, the commissioners on uniform state laws, the public bequest commission, the state ballot law commission, the board of trustees of the Soldiers' Home in Massachusetts, the board of trustees of the Soldiers' Home in Holyoke the milk regulation board, the alcoholic beverages control commission, the state housing board, the trustees of the state library, the state racing commission, the Greylock reservation commission, the Port of Boston Commission, the Massachusetts public building commission, the Massachusetts commission against discrimination, the outdoor advertising authority, the commission on alcoholism, the state airport management board, weather amendment board and the Massachusetts aeronautics commission shall serve under the governor and council, and shall be subject to such supervision as the governor and council deem necessary and proper. SECTION 2. Said chapter 6 is hereby further amended by striking out section 53 and the caption preceding said section, inserted by section 2 of chapter 619 of the acts of 1945, and inserting in place thereof the two following sections:—PORT OF BOSTON COMMISSION. *Section 53*. There shall be a commission, to be known as the Port of Boston Commission, consisting of five members, to be appointed by the governor, with the advice and consent [fol. 4219] of the council. Upon the expiration of the term of office of a member his successor shall be appointed by the governor, to serve for five years and until the qualification of his successor. The governor shall designate one of the members as chairman. Each member may be removed by the governor, with like advice and consent. The members shall serve without compensation, but shall be reimbursed for their necessary expenses incurred in connection with travel in the discharge of their official duties. Any vacancy in said commission occurring by reason of the expiration of the term of office, by death, resignation or otherwise, shall be filled by appointment by the governor in the following manner:—At least thirty days before the expiration of the term of a member, and within ten days after any other vacancy occurs, the chairman or other presiding member of the commission shall address a communication by registered mail to each of the organizations represented on the advisory council to the Port of Boston Commission established under section fifty-three A, calling upon each such organization to submit within fifteen days the names of not more than three persons to fill such vacancy. As soon as the names of the nominees are received, or in any event within ten days after time for the submission of the names of such nominees has expired, the commission or remaining members thereof shall certify to the governor the names so submitted and from the said names the governor may select a candidate to fill such vacancy. *Section 53A.* There shall be a council, to be known as the advisory council to the Port of Boston Commission, consisting of the mayor of the city of Boston and twenty other members, each of whom shall represent one of the following organizations:—Associated Industries of Massachusetts, Boston Clearing House, The Boston Grain and Flour Exchange, Inc., The Boston Shipping Association, Inc., Boston Wool Trade Association, Foreign Commerce Club of Boston Inc., Greater Boston Chamber of Commerce, Maritime Association, Massa- [fol. 4220] chusetts Federation of Labor, Massachusetts Fisheries Association, Inc., Massachusetts Motor Truck Association, Inc., Massachusetts State C. I. O. Council, Massachusetts Warehousemen's Association, New England Council, New England Export Club, Inc., New England Shippers Advisory Board, New England Shoe and Leather

Association, New England Territory Railroads, New England Wholesale Lumber Association, Inc. and The Propeller Club of the United States, Port of Boston, Incorporated. Appointment to the advisory council of a member of each organization so represented shall be made by the appropriate governing body of said organization, and notice of such appointment shall be given to the chairman of the Port of Boston Commission. Each member of the advisory council shall be a resident of the commonwealth. Initially, and within ten days of the confirmation of the members of the commission, the chairman of the commission shall call upon the above listed organizations to appoint members to the advisory council. Members of the first five organizations so listed shall be appointed for a term of one year, members of the next five for a term of two years, members of the next five for a term of three years, and members of the last five so listed for a term of four years respectively, so that the terms of five members will expire each year, and notice of such appointments in each instance shall be given to the chairman of the Port of Boston Commission. All subsequent appointments shall be for a term of four years. Vacancies among the appointive members shall be filled in the same manner in which original appointments are made. Failure to attend three successive meetings except for a cause recognized by the advisory council shall disqualify a member from further service and his position shall thereby be vacated. The council shall elect from its members a chairman, vice chairman and secretary, and a majority of the council shall constitute a quorum. The council shall make such rules and regulations for its own proceedings as it shall deem necessary. It shall hold regular quarterly [fol. 4221] meetings and may hold special meetings at the call of the chairman, or at the request of any five members of the council, at such times and places as the chairman may determine. It shall review the activities of the Port of Boston Commission and shall interest itself in ways and means of advancing the interest of the port of Boston. It shall be empowered to require the appearance at its meetings of the director of the port or other commission officials and shall have access to the records of the commission, and it shall meet at least quarterly with the Port of Boston

Commission for thorough review and discussion of port matters. It shall, not later than December first in each year, make a report to the governor and general court of its activities and accomplishments. The report may include specific recommendations for legislation, planned and drafted, as a part of a consistent program to serve the best interests of the port of Boston; and recommendations for the repeal of any conflicting, obsolete or otherwise undesirable legislation affecting the port.

[fol. 4222]

I.C.C. Exhibit No. 95

REPORT OF THE
ADVISORY COUNCIL TO
THE PORT OF BOSTON COMMISSION
submitted to
GOVERNOR FOSTER FURCOLO
December 2, 1957

Advisory Council to the
Port of Boston Commission
1 Federal Street, Boston, Mass.

Ralph M. Binney, Chairman
Tel. Liberty 2-4900

[fol. 4223] December 2, 1957

His Excellency, Foster Furcolo
Governor of the Commonwealth
State House
Boston, Massachusetts

Your Excellency:

In compliance with the provisions of Chapter 6, Section 53A of the General Laws, the undersigned members of the Advisory Council to the Port of Boston Commission respectfully submit this report of activities for the year ending, November 30, 1957, together with recommendations in consequence thereof.

The Advisory Council has met as required by law. In addition, it has had a number of special meeting with various members of the Port of Boston Commission. A score or more of port problems have come under close scrunity. These have included such important matters as the physical condition of piers and other facilities; the vital rate parity case which is before the Interstate Commerce Commission with hearings scheduled well into next year; and both general and specific consideration of the competitive position of the Port of Boston.

The Advisory Council to the Port of Boston Commission, created by an Act of the Massachusetts Legislature, is made up of representatives of 20 organizations which have a direct and continuing interest in the Port, plus the Mayor of Boston. All of those who serve, do so with the desire to improve port facilities; to help stimulate export and import traffic and to do everything in its power so that our Port will be in a position to compete with other major ports along the Atlantic Seaboard—and above all, to improve the economic status of the Commonwealth.

It is of fundamental importance to keep in mind the value of ocean shipping to the entire community of Massachusetts and New England which our port serves. Detailed studies carried on here over the years indicate that each ship docking in Boston leaves behind an average of from $12,000 to [fol. 4224] $15,000 for piloting service, towing, dockage, stevedoring and supplies. The Port docks about 2,500 ships annually and, using the lower figure of $12,000, this represents an annual income of $30,000,000 to us. This amount does not include the benefits accruing to railroads, brokers, trucking firms; warehousemen, shipyards and others.

The Port of Boston is a major responsibility of the Commonwealth. On its activity depends the livelihood of thousands of our citizens and hundreds of businesses, large and small. As all of us look with increased hope to the economic development of Massachusetts and the economic renaissance of New England we would be negligent, indeed, if we did not give every possible consideration to port problems and attempt to bring all of the forces together and to marshall all of the resources which can assist in their solution.

In this report it is our intention to outline for you some of the major problems connected with the Port of Boston so that they may be emphasized in your total problem and so that they may receive your wholehearted and sincere consideration and that of the Massachusetts General Court. Many of the problems we will outline here are of urgency and high priority—problems which all of us must face up to in the immediate future.

They cover a whole range—from the physical condition of Port facilities, to problems connected with the cost of doing business in the Port, problems of Port promotion, Port protection and Port administration. And it should be kept in mind that where you find that you require additional information on any item, the Advisory Council stands ready to furnish it. We will deal with these problems as follows:

1. *Physical Condition of Port facilities*
2. *Cost of Doing Business in the Port of Boston*
3. *Port Promotion and Protection*

1. *Physical Condition of Port Facilities*—The Commonwealth of Massachusetts and all of its citizens have a huge [fol. 4225] stake in the physical facilities and properties of the Port. Over the years many millions of dollars of taxes have been poured into development so that our Port's plant and equipment would be able to meet modern-day requirements. There is no question but that we have, in many instances, facilities as good as can be found anywhere in the world.

But Port facilities—like the machinery and equipment in a large industrial plant—need constant attention if they are to be kept in first-class operating condition. So we have never-ending problems of rehabilitation, maintenance and protective maintenance in the Port of Boston which must have our attention. Some of them follow:

a. *Castle Island Terminal*—This 100-acre site, with 4,200 feet of marginal wharf, presently owned by the Commonwealth, is considered by experts as one of the finest marine terminals in the country. The Commonwealth already has expended $1,200,000 on this facility—an amount which falls far short of what must be spent to put this terminal in a position to function at its fullest potential.

In 1956 the Port of Boston Commission requested an additional $970,000 from the Commonwealth to complete the job here and has repeated its request again in 1957. No funds were forthcoming. An emergency situation now exists at this facility. Castle Island Terminal is a hazard to the community and to all who work there.

As to the condition of the roads, the Fire Commissioner of the City of Boston reported in a letter (February 6, 1956) to Port of Boston authorities as follows:

"The roads in and around the area in which lumber is stored, and in the rear of Cargo Sheds 1 and 2 are in exceedingly bad condition. This has been steadily growing worse until, at this time, there is a serious doubt that fire apparatus should be taken into the areas noted.

[fol. 4226] "If one of our heavy vehicles should become disabled through striking a cradle hole or be mired, the movement of other pieces of equipment would be dangerously hampered. At the present time, firefighting operations would be most difficult. A much more serious situation is the danger of men being thrown from the apparatus responding—because of the rough, uneven surface of the roads.

"This condition is called to your attention so that you will understand before a fire occurs that the Fire Department will do the best it can under existing conditions, but it cannot be responsible for delayed action under the circumstances."

In addition to funds for road rehabilitation, money is desperately needed for fender system repair and replacement, wharf repairs, erection of fire walls and for the prevention of corrosion. We cannot urge too strongly the necessity of immediate action. (Cf. photographs taken for Advisory Council re Castle Island Terminal attached to this report).

b. *Hoosac Pier #1; Mystic Pier #1 and East Boston Pier #1*—Construction of these facilities was completed during the period 1952-1954 at a cost to the Commonwealth of about $20 million. While these facilities are adequate in design and construction, a serious situation exists relating to the corrosion of steel piling which apparently was not anticipated during the construction. This situation is not unique to Boston but is common to all ports having similar structural design. But unless this corrosion is halted soon a situation will result where a complete repiling of the structure must be undertaken at substantial additional cost to the Commonwealth.

c. *Commonwealth Pier*—The Port of Boston Commission has reported to us that, although partial remodeling is underway at Commonwealth Pier, this will not do all the work necessary to put this Pier in first class physical and operating condition. The Advisory Council wholeheartedly [fol. 4227] endorses whatever appropriation the Port of Boston Commission recommends for this additional work after completion of a study by competent engineers.

2. *Cost of Doing Business in the Port of Boston.* The Advisory Council feels that no report on the Port of Boston would be realistic or complete if it failed to emphasize to you, the members of the Massachusetts Legislature and the public that the cost of doing business in the Port of Boston is reported by shippers and marine operators to be the highest of any port in the North Atlantic range. We cannot stress too strongly the seriousness of this situation and the impediment it represents in selling the port to potential shippers and the depressing effect it has on all business dependent on waterborne commerce.

Under present labor conditions, the simple, undeniable fact is that we cannot compete with other ports along the Atlantic Seaboard. It is our understanding that the additional costs incurred at the Port of Boston by steamship companies and shippers results from the failure of labor in our Port to adapt itself to new and economic methods of operation. These include refusal to palletize; outmoded work methods and arbitrary working rules. This situation seriously affects, not alone those who work or might work on the piers, but the economic prosperity of Massachusetts and for that reason, we feel it deserves your attention.

We wish here to make it clear that the Advisory Council does not lay the blame for this crippling situation entirely upon labor. Management itself has contributed to the prohibitive costs through failure on its part to exercise its prerogatives. But whatever the cause, we are victims of the fact that it costs more to do business in the Port than it costs to do the same kind or amount of business in any other Port in the country.

[fol. 4228] The Advisory Council is so deeply concerned about this matter that it feels impelled to suggest a meeting with you and any others you may suggest for a further discussion of this basic impediment to success. The Advisory Council feels strongly that when all of the facts on this situation are brought into the open, a solution of this serious problem can be found.

3. *Port Promotion and Port Protection*—Promotion and selling the Port of Boston must be a continuing program supported with adequate funds. Substantial sums must be provided for such promotional work as freight solicitation (including branch offices) compilation of trade statistics, rate protection and services, paid advertising, entertainment, travel, motion pictures and other visual aids, membership dues, subscriptions, publicity, harbor tours, speaking engagements and other public relations activities.

The Port of Boston with a sole representative in Washington, has no branch offices overseas. We have no branch offices in the major market areas of the country, New York and Chicago. Other ports, in addition to maintaining offices in the important metropolitan areas across the United States have offices for trade solicitation in foreign countries.

It must be kept in mind that port development and trade promotion today is big business. All of the devices that business employs to attract customers are used by modern-day ports. A Port Commission which must go hat in hand every year to a Legislature for promotional funds and emerge with a pittance (related to demonstrable competitive need) is doomed to failure.

The protection of a port also is a major task. Legislation at all levels, especially at the federal level, must be studied closely and scrutinized carefully lest a port suffer from discrimination of one kind or another. The protection of the Port of Boston, particularly at this crucial stage, requires that the Port of Boston Commission be provided with the weapons of money and talent needed to continue its fight to bring rate parity to the Port.

[fol. 4229] Our case now is before the Interstate Commerce Commission. Two years of effort and approximately $80,000 have gone into its preparation. Three or more years may pass before it finally is decided. It probably is the most important case even to confront the Port of Boston.

We cannot afford to cut corners here. We must be able to employ the best professional talent and be able to send all of the necessary witnesses to Washington to appear before the Interstate Commerce Commission who can contribute information and documentation to support the Port of Boston's demand for fair shipping rates.

Unless sufficient funds are available we cannot go on. If we lose all we are venturing because of lack of a few dollars, the Port of Boston will be set back twenty years. This is a matter of grave importance and one which deserves the undivided attention of Your Excellency as well as legislators, business and civic leaders.

As of now, not one cent is available for the expenses connected with this complicated legal battle in Washington. This is an emergency situation. The Advisory Council urges you and the members of the Massachusetts Legislature to take whatever emergency steps are necessary to see to it that those who have been charged with the responsibility of handling this case are provided with their bare necessities to see it through to what we hope will be a most successful conclusion.

Conclusion—When the Advisory Council to the Port of Boston Commission was established, this agency of government was charged with the responsibility of making annual reports which would "include specific recommendations for legislation, planned or drafted, as part of a consistent program to serve the Port of Boston."

Since its organization the Advisory Council has kept close watch on port activity and has maintained a serious interest in port problems. Many of its members frequently [fol. 4230] visit other major ports in the United States and abroad and are familiar with their operations. Many of its members attend regular conferences in all parts of the United States dealing with port matters and international trade.

All of the information the members of the Advisory Council have gathered individually and collectively demonstrates that under present conditions the Port of Boston is a stagnant port—and needlessly so. Neither the machinery nor the funds have been provided to permit the present Port Commission to function with anything approaching efficiency or effectiveness. And there is no prospect that under the present critical financial condition of the Commonwealth, which shows no signs of improving, the kind of appropriations the Port needs can possibly be forthcoming.

But funds alone are not enough. The cumbersome, inflexible, unworkable procedure under which the Port must operate puts it at an impossible disadvantage in competing with other ports operated on a businesslike basis. It is a tragically necessary understatement to say at this time that the members of the Advisory Council, having studied other ports and their operations, are frustrated and discouraged at the inability of the Port to function with the degree of freedom which modern port operational requirements demand.

Since the end of World War II, the Port of Boston Commission has had six chairmen, four directors and three acting directors. At the present time it has no director. As a matter of fact it would be difficult, indeed, to get a first class professional port director even to consider taking the position as director of the Port of Boston under present conditions.

The present Commonwealth-operated port agency is [fol. 4231] grossly inadequate. It has none of the elements necessary to successful enterprise. It lacks continuing financial resources, flexibility, policy, long-range planning and incentive. It is an outmoded machine faced with a modern task.

It is obvious that if the Port is to be operated and developed on an efficient basis it will involve a huge outlay of taxpayers' money.

Last year the Massachusetts Legislature by a substantial majority of both parties created a new agency to deal with Port problems—the Massachusetts Port Authority. The members of the Advisory Council kept close watch on this legislation at every stage. We attended hearings and studied every proposal to alter the bill. We listened to arguments at that time and since, both of the proponents and opponents.

It must be kept in mind that the livelihood of thousands of citizens of the Commonwealth depends on a healthy, vigorous Port. When a decision is made to change the administration of the Port of Boston we must be certain, beyond a reasonable doubt, that it is the right decision.

The Massachusetts Port Authority will raise the necessary funds through its bond issues for port development and trade promotion thus relieving the taxpayers and the Commonwealth of this financial burden.

For all of these reasons we are uncompromising in our support of the Massachusetts Port Authority. No obstacle should stand in the way of this agency. It is desperately needed—now. Whatever amendments are necessary to enable the Massachusetts Port Authority to function should speedily be enacted.

Respectfully submitted,

(Signed) Ralph M. Binney, Chairman

[fol. 4232] NOTE: The original of this was signed by the following members of the Port of Boston Advisory Council. Mayor Hynes and Joseph Kaplan who represents the New England Shoe and Leather Association on the Advisory Council are out of town and therefore we were unable to obtain their signatures.

....

Edward N. Mayer, Traffic Manager
Plymouth Cordage Company
Representing: Assoc. Industries of Mass.

....

Ralph M. Binney, Vice President
The First National Bank of Boston
Representing: Boston Clearing House Assoc.

....

Robert C. Bacon
Edward R. Bacon Grain Company
Representing: Boston Grain and Flour Exchange, Inc.

....

Arthur Lane, President
Peabody & Lane, Inc.
Representing: Boston Shipping Assoc., Inc.

....

L. Charles Biggin, President
Willy Biggin Wool Service
Representing: Boston Wool Trade Assoc.

Thomas R. Welch, Treasurer
H. P. Welch Company
Representing: Foreign Commerce Club
of Boston

Soren Willesen, Vice President
Sprague Steamship Company
Representing: The Greater Boston Chamber
of Commerce

[fol. 4233]

Herbert S. Evans, Vice President
Boston Tow Boat Company
Representing: Maritime Assoc. of the
Greater Boston Chamber
of Commerce

Captain Roy D. Lurvey, Secretary
Masters, Mates & Pilots Local 11 AFL
Representing: Massachusetts Federation
of Labor

Thomas D. Rice, Executive Secretary
Massachusetts Fisheries Association
Representing: Mass. Fisheries Assoc.

John H. Welch, Vice President
H. P. Welch Company
Representing: Mass. Motor Truck Assoc., Inc.

John Reaves, Port Agent
National Maritime Union CIO
Representing: Mass. State CIO Industrial
Union Council

Sherman L. Whipple, Jr., President
Wiggin Terminals, Inc.
Representing: Mass. Warehousemen's Assoc.

Gardner Caverly, Executive Vice President
New England Council
Representing: New England Council

[fol. 4234]

William H. Day
Representing: New England Shippers Advisory Board

Patrick J. Mullaney, Vice President
Boston & Maine Railroad
Representing: New England Territory Railroads Freight Traffic Committee

William Winberg, Jr., Manager of Inland Waterways Department
Esso Standard Oil Company
Representing: The Propeller Club of the United States Port of Boston, Incorporated

Patrick Fitzpatrick, Vice President
Boit, Dalton & Church
Representing: New England Export Club

Benjamin L. Smith
Blanchard Lumber Company
Representing: New England Wholesale Lumber Association

[fol. 4235]

I.C.C. Exhibit No. 96

SUPPLEMENTARY REPORT OF THE ADVISORY COUNCIL TO THE PORT OF BOSTON COMMISSION

submitted to

GOVERNOR FOSTER FURCOLO

December 31, 1957

Advisory Council to the
Port of Boston Commission
1 Federal Street, Boston, Mass.

Ralph M. Binney, Chairman
Tel. LIberty 2-4900

[fol. 4236] December 31, 1957

His Excellency Foster Furcolo
Governor of the Commonwealth
State House
Boston, Massachusetts

Your Excellency:

On December 2, 1957, the Advisory Council to the Port of Boston Commission, in compliance with the provisions of Chapter 6, Section 53A of the General Laws, submitted to you a report of its activities for the year ending November 30, 1957, together with recommendations in consequence of that report.

As you know, the Advisory Council to the Port of Boston Commission, created by an Act of the Massachusetts Legislature in 1953, is made up of representatives of 20 organizations which have a direct and continuing interest in the Port, plus the Mayor of Boston. The Advisory Council functions without any public funds and all who serve on it do so with a sincere and urgent desire to improve conditions at the Port of Boston.

On December 18, 1957, the Port of Boston Commission published its Fourth Annual Report for the fiscal year ending June 30, 1957. Following publication of this 60-page document, members of the Advisory Council met with Chairman John T. Lang, Commissioners Leon Cangiano, James J. Healey and Acting Director Frank Orfanello—all of the Port of Boston Commission—for a discussion of both reports and other problems of the Port. (Unfortunately Commissioner Lawrence J. Ritchie was unable to be present at this meeting since he was in Washington representing the Commission on a matter of vital importance. [fol. 4237] Originally we intended that our report of December 2, 1957, would be our final report of this year. But after careful and deliberate study of the Commission's report we feel more strongly than ever that there is no solid basis for any optimism as far as the future of the Port of Boston is concerned. Furthermore, we would be doing a disservice to the many thousands who depend on Port activity for their livelihood if we did not attempt to interpret some of the recent figures about the Port which have been brought to your attention, the attention of the members of the Massachusetts Legislature and the public.

Tonnage Figures—On Page 44 of the report of the Port of Boston Commission there is a listing by tons of the 25 leading commodities imported through the Port of Boston. We would like to point out here that six of these 25 commodities—petroleum products, sugar, gypsum, iron ore, molasses and rock salt—total 4,481,480 tons out of a total import movement of 5,313,966. This leaves a balance of 832,486 tons of general cargo which moved through facilities owned and/or operated by the Port of Boston Commission.

Here it must be emphasized that the six commodities which we have listed—running to almost four and one-half million tons—are moved by and for account of industry located within the Port area—industry which operates its own facilities. None of this cargo is influenced by any action of the Port of Boston Commission. This means that the yardstick with which to measure the effectiveness of the Commission's activity in promoting business at the Port is not 5,313,966 tons but the remaining 832,486 tons.

[fol. 4238] General Cargo—On Page 46 of the report of the Port of Boston Commission there is a listing by tons of the leading export commodities. For the year 1956 they totaled 1,015,069 tons of which 929,414 tons consisted of scrap, grain and coke. This leaves a balance of 85,653 tons of general cargo which moves over the public facilities of the Port. It must be apparent to anyone that this is far from a healthy situation. It is an alarming condition and one which calls for bold remedial action!

It should be stressed here that the members of the Advisory Council have no quarrel with the Port of Boston Commission or its hard-working staff. We have met with the Commissioners on several occasions and we hope to meet with them again at regular intervals to discuss Port affairs. The simple fact is: *The Port of Boston Commission is attempting to run a big business without any of the tools or weapons which big business must employ if it is to be productive, successful and competitive.*

Economic Importance of the Port—In this supplementary report we wish particularly to restate the role of the Port of Boston in the economic life of Boston, Greater Boston, Massachusetts and New England. While we must face the fact that the northeast region of the United States is handicapped by the lack of some natural resources we are in a most advantageous position to promote foreign trade—export and import—and international business generally. May we refer you again to page 44 of the Commission's report which shows that the greatest portion of the Port's tonnage moves directly to private industry. This is a prime example of the interdependency of port business and private [fol. 4239] business. A prosperous port and a prosperous economy go hand-in-hand.

Let's take the case of raw materials. New England industry is dependent for the import of raw materials for its extensive manufacturing activity in the six-state area. It is fundamental that if such raw materials move through New York, Philadelphia or Baltimore enroute to our New England industrial complex the additional cost of such movement is added to the finished product. In a highly diversified economy like ours this puts our workers and our business at a sharp competitive disadvantage.

It also must be kept in mind that recent studies have shown that each general cargo vessel arriving in Boston leaves an average of from $12,000 to $15,000 for piloting service, towing, dockage, stevedoring and supplies.

Representatives of industry serving on the Advisory Council are deeply concerned about the effect which a Port, operating under severe handicaps, has on the industrial future of Massachusetts and New England. The Lynn shoe manufacturer, for example, can hardly be expected to compete with the shoe manufacturer in New York for business in the Caribbean when there is no service for that part of the world out of the Port of Boston. This has a direct effect on employment, taxes and the general prosperity of the area.

Employment Affected—Employment is particularly affected by the lack of general cargo movement. Directly affected are the stevedores, freight handlers, truckmen, warehousemen, weighers, etc. Indirectly affected are thousands of others of our citizens. There are signs of a decrease in employment in and around the Port at the present time with no indication that this condition will improve in [fol. 4240] the forseeable future.

In view of all this, in the light of our studies and our findings, with all of the information available on the Port of Boston and other ports competing with us for business we feel that 1958 will be a most critical year for the Port of Boston. We can move, however, and we must move. There are several specific steps to be taken in the months ahead to revitalize the Port of Boston—to put it in the position where it is making contribution to the area in keeping with its potential as a powerful economic force.

With that in mind the Advisory Council submits the following program for your consideration and the consideration of all interested citizens:

1. *Port Facilities*—In our previous report to you we stated that port facilities, like the machinery and equipment in a large industrial plant, need constant attention if they are to fully serve the purposes for which they were built. The problems of rehabilitation, maintenance and protective maintainance are never-ending.

We respectfully refer you to the specific facilities mentioned in that report which are in need of attention—Castle Island Terminal; Hoosac Pier No. 1; Mystic Pier No. 1; East Boston Pier No. 1 and Commonwealth Pier. The Advisory Council urges that the necessary funds be appropriated so that all these important facilities of the Port be put in first-class operating condition.

2. *Rate Parity*—Funds in no small amount also will be needed to continue the fight to bring rate parity to the Port [fol. 4241] of Boston. Almost $80,000 of the Commonwealth's funds already have been expended in this case—probably the most important case ever to confront the Port.

We can be assured that the competing ports of Baltimore and Philadelphia—ports which are our opposition in this matter before the Interstate Commerce Commission—will have all of the necessary witnesses and professional talent to document and support their case to keep the present prohibitive rail rates on the books to the continued detriment of Boston and the Commonwealth.

We must be willing to make the same effort. Those who have been charged with the responsibility of handling the Commonwealth's case must be provided with all of the funds, personnel and consultants necessary to assure our success in this matter. If we fail here the Port will be set back two decades.

3. *Port Promotion*—As we mentioned earlier in this report, the operation of a port today is big business. All of the tools, all of the devices which can help a port attract

business are being employed in every major seaport area of the country.

If the Commonwealth is to continue to operate the Port of Boston it must be prepared to underwrite out of taxes the kind of a promotional program and a program of freight solicitation (including branch offices) which will make businessmen here and abroad sit up and take notice.

4. *Cost of Doing Business in the Port of Boston*—On Page 9 of the report of the Port of Boston Commission there is a statement which says: "No reliable labor cost [fol. 4242] data are available to prove or disprove the allegation that the per-man hour productivity at Boston is relatively low by comparison with competitive ports, other conditions being equal."

The Advisory Council takes issue with this statement and submits the following figures which are based on actual studies of the cost of doing business here as against competing ports.

a. Production for discharging—for the same type ship carrying similar cargo—is nine tons *more* per hour in Brooklyn than in Boston, eleven tons more per hour in Newark and 13 tons more per hour in Philadelphia.

b. On loading Boston is five tons per hour *under* Brooklyn and New York.

c. Our costs for stevedoring here are 33 percent *higher* than in Philadelphia, Baltimore and Norfolk.

d. Actual cost figures of various commodities per ton follow:

Type of Cargo		Per Ton of 2,240 lbs.
General Cargo	Baltimore	$3.67
	Philadelphia	3.67
	Boston	5.33

Woodpulp— Fifty (50) cents a ton higher at Boston over Portland, Maine.

Rags & Waste Paper in Bales	Baltimore	$4.08
	Philadelphia	4.54
	Boston	5.33

[fol. 4243]

Asbestos	Baltimore	$4.03
	Philadelphia	4.03
	Boston	5.84
Bagged Beans	Baltimore	$2.96
	Philadelphia	3.26
	Boston	4.37

Lumber—British Columbia
$2.00 a thousand higher at Boston over the other ports.

Lumber—West Coast
$1.25 a thousand higher at Boston over the other ports.

Flour— $1.50 a ton higher at Boston over Portland, Maine.

Cocoa Beans—Five cents a bag (85¢ a ton) higher at Boston over the other ports.

All of these cost figures mean only one thing: *We are losing business, losing jobs, losing prestige and causing irreparable damage to the future economy* of the Commonwealth. On the other hand, if our costs are brought into line with other major ports we will increase our business, promote more employment and guarantee the kind of prosperity which a first-rate port brings to a community.

In our previous report we suggested a meeting with you and others you may suggest for a further discussion of the matter of the cost of doing business at the Port of Boston. We respectfully ask such a meeting within the next month and feel certain that when all of the facts on this situation are brought into the open, a solution to this serious problem can be found.

[fol. 4244] 5. *Massachusetts Port Authority*—Recently the Finance Advisory Board of the Commonwealth outlined five steps to improve the state's financial condition. One of the five items was a reconsideration of legislation creating the Massachusetts Port Authority to diminish the financial liabilities of the Commonwealth.

Reliable financial experts point out repeatedly that the Commonwealth will have to raise an additional minimum of $10 million in new taxes which would not be necessary if the Massachusetts Port Authority were to get into operation. This is a matter of serious moment as we look to improving the business climate of the Commonwealth.

The saving to the Commonwealth of tax dollars is of vital importance to the economic well-being of Massachusetts. But a Massachusetts Port Authority would not only save tax dollars·it would bring new income and a businesslike approach to our Port and other problems at a time when both are a desperate necessity.

The Advisory Council reemphasizes its faith in the Massachusetts Port Authority. Guiding this agency are the kind of men, both from management and labor, whose talents represent the very best example of "citizen participation" the Commonwealth or any other arm of government could hope to harness. These men have given their time and energy to the Authority in the full knowledge that it is the kind of approach to our port and allied problems which the times demand.

The Advisory Council earnestly hopes as we begin the New Year that the problem of the Massachusetts Port Authority can be resolved to your satisfaction, the satisfaction of the Legislature, the Authority and the thousands of [fol. 4245] citizens who believe in and have supported the Authority proposal.

Conclusion—Speaking to a group of business leaders in New York recently, Austin J. Tobin, the extremely able executive director of the Port of New York Authority said: "The welfare and continued pre-eminence of the Port of New York are and always have been enmeshed in a never-ending series of problems, crises, progressions and triumphs. . . . (those) . . . who live with these problems and from time to time rejoice in the Port's progress will, I know, be as determined as ever that this Port will continue to be the nation's pre-eminent gateway."

If New York is determined to continue its pre-eminence—isn't this the challenge to Boston and the Commonwealth?

Respectfully submitted,
(signed) Ralph M. Binney, Chairman

NOTE: The original of this was signed by the following members of the Port of Boston Advisory Council. Mr. John Reaves, Port Agent, National Maritime Union CIO, was out of town and therefore we were unable to obtain his signature.

....
Edward N. Mayer, Traffic Manager
Plymouth Cordage Company
Representing: Assoc. Industries of Mass.

....
Ralph M. Binney, Vice President
The First National Bank of Boston
Representing: Boston Clearing House Assoc.

[fol. 4246]

....
Robert C. Bacon
Edward R. Bacon Grain Company
Representing: Boston Grain and Flour Exchange, Inc.

....
Arthur Lane, President
Peabody & Lane, Inc.
Representing: Boston Shipping Assoc., Inc.

....
George C. Carens, Vice President
Carens Wool Co., Inc.
Representing: Boston Wool Trade Assoc.

Thomas R. Welch, Treasurer
H. P. Welch Company
Representing: Foreign Commerce Club of Boston

Soren Willeson, Executive Vice President
Sprague Steamship Company
Representing: The Greater Boston Chamber of Commerce

Herbert S. Evans, Vice President
Boston Tow Boat Company
Representing: Maritime Assoc. of the Greater Boston Chamber of Commerce

Captain Roy D. Lurvey, Secretary
Masters, Mates & Pilots Local 11 AFL
Representing: Massachusetts Federation of Labor

[fol. 4247]

Thomas D. Rice, Executive Secretary
Massachusetts Fisheries Association
Representing: Mass. Fisheries Assoc.

John H. Welch, Vice President
H. P. Welch Company
Representing: Mass. Motor Truck Assoc., Inc.

Sherman L. Whipple, Jr., President
Wiggin Terminals, Inc.
Representing: Mass. Warehousemen's Assoc.

Gardner Caverly, Executive Vice President
New England Council
Representing: New England Council

William H. Day
Representing: New England Shippers
Advisory Board

Patrick J. Mullaney, Vice President
Boston & Maine Railroad
Representing: New England Territory
Railroads Freight Traffic
Committee.

William Winberg, Jr., Manager of Inland
Waterways Department
Esso Standard Oil Company
Representing: The Propeller Club of the
United States Port of Boston,
Incorporated

fol. 4248]

Patrick Fitzpatrick, Vice President
Boit, Dalton & Church
Representing: New England Export Club

Benjamin L. Smith
Blanchard Lumber Company
Representing: New England Wholesale
Lumber Association

[fol. 4249]

I.C.C. Exhibit No. 97

REPORT OF THE
ADVISORY COUNCIL TO
THE PORT OF BOSTON COMMISSION

submitted to

GOVERNOR FOSTER FURCOLO

March 20, 1958

Advisory Council to the
Port of Boston Commission
1 Federal Street, Boston, Mass.

Ralph M. Binney, Chairman
Tel. Liberty 2-4900

[fol. 4250] March 20, 1958

His Excellency, Foster Furcolo
Governor of the Commonwealth
State House
Boston, Massachusetts

Your Excellency:

On December 2, 1957, the Advisory Council to the Port of Boston Commission, in compliance with provisions of Chapter 6, Section 53A of the General Laws, submitted to you a report of its activities for the year ending November 30, 1957, together with recommendations as a result of that report.

On December 31, 1957, we forwarded to you a supplement to that report which contained information on the Port of Boston which we felt strongly should be brought to your attention.

It has now come to our attention that the representatives of carriers at the Port of Baltimore have attempted to introduce both reports in evidence in the course of I&S 6615, the so-called "freight rate differential case," currently before the Interstate Commerce Commission. A member of the Advisory Council will be present in Washington to authenticate on both reports when the Interstate Commerce Commission next resumes hearings on March 25.

We are amazed that those who oppose rate parity for Boston should consider our reports helpful to their cause, in view of the strong stand which we have taken that parity rates are absolutely vital to our Port. We have no doubt whatsoever that this rate problem is at the root of almost all of the troubles of our Port which we have mentioned in both our earlier reports. We had thought we had made this clear; but we now feel that some clarification may be necessary to prevent you, as well as the members of our Massa- [fol. 4251] chusetts legislature and other interested parties, from misinterpreting the purport of some of our prior statements and the intent of the members of the Advisory Council in making these statements.

When we prepared these reports we did so to bring you up-to-date on conditions at the Port of Boston which merited your attention and the attention of the Legislature. But more than that we used the reports to focus attention on the necessity of getting the Massachusetts Port Authority into actual operation. We contend that such an instrumentality—as both Baltimore and New York have discovered—is the only long-range, modern-day, businesslike approach to port activities and port problems.

During the postwar period great public interest developed in our port and, since 1946, $40 million has been expended for capital improvements on our port facilities—now among the finest in the world. What we recommended to you recently is that you use your good office to see to it that an additional $4 million was appropriated at this session of the Legislature—only ten percent of our total expenditure at the Port of Boston over the last decade—for certain items of maintenance, repair and replacement—the kind of problems common to every port (and, indeed, to every business) in the United States.

As we reported to you on December 2, 1957, the $4 million should be spent at Hoosac Pier #1; Mystic Pier #1 and East Boston Pier #1 to prevent corrosion of steel pilings; for some additional rehabilitation at Commonwealth Pier #5 and for road rehabilitation and improving the large back land area at Castle Island. None of the defects in these facilities, of course, in any way impede the flow of traffic or add to the cost of handling it.

Capital funds for this work have been requested by the Port of Boston Commission and we are hopeful that in view of the obvious necessity to protect the large existing investment that by Legislative approval or speedy enactment of the Massachusetts Port Authority, funds will be forthcoming this year.

[fol. 4252] We have stressed that failure to do the maintenance job which should be started now would necessitate larger appropriations in the years ahead. It is just good business to go ahead with such repairs this year.

In our previous reports to you we have placed a certain amount of emphasis on labor conditions on the docks at the Port of Boston. This is a matter of extreme importance to all of us, although it should be stressed that no shipper has to bear any added cost because of these conditions, owing to the fact that stevedore costs are borne by steamship companies. Such conditions are closely connected with the low volume of business at the Port. And the single greatest contributory factor in lack of volume at the Port of Boston is the unfairness of Boston's freight rate structure as we attempt to do business in the rich and productive central territory of our country.

To further clarify this situation it is easy to foresee that certain "make-work" practices would disappear if there was enough and continuing employment for our labor force. In other words, when the available work is insufficient and fluctuates greatly the men who work at the Port of Boston —or any other port—tend to stretch their efforts in a particular job over a longer period so that they bring home a week's pay. While we don't condone such practices we cannot deny they exist and will exist until the chief obstacle to increased volume, the rate differential, is removed.

Two charts are attached to this report. One shows the daily statistics on the employment of longshoremen on general cargo facilities in three typical months—January, 1957; August, 1957, and January, 1958. The other shows the monthly average number of longshoremen employed daily during 1956, 1957 and January 1958. These charts demonstrate clearly that there is an extreme fluctuation in employment on the waterfront. Such fluctuation—such lack of steady employment caused by lack of volume—is an undeniable factor in the cost of doing business at the Port of Boston.

[fol. 4253] With equal rates our New England carriers would have a fair and clear opportunity to compete for traffic to and from the now differential territory. With equal rates we would see substantial traffic move through the Port of Boston to the advantage of our entire region. It would give worker and management alike a new perspective on our great natural Port.

As you know the Advisory Council is made up of 20 organizations which have a direct and continuing interest in the Port, plus the Mayor of the City of Boston. The Advisory Council functions without any budget and all who serve on it do so with a sincere and urgent desire to improve conditions at the Port of Boston. The time, talent and experience of our members, many of whom have spent a lifetime in business at the Port, have been expended in the preparation of the information we have sent you. We are proud we have had the courage to publicly acknowledge high costs as one of our problems.

We would not be fulfilling our obligation if we did not also report to you and all interested parties our unanimous conviction that what we need to bring these costs into line is more business—business which we cannot now get because of a rate structure which operates against us. We are confident that, with an adequate volume of traffic, our port costs would be fully competitive with comparable ports.

Parity of rates is essential to the competitive ability of the Port of Boston and the Commonwealth of Massachusetts.

Rate parity will allow our industry to compete more favorably in world trade; provide greater employment and improve the earning power of our workers.

For many years we have stressed the importance of the freight rate differential case. On November 27, 1956, we reported to Governor Herter on this matter as follows: "The outsanding importance of the so-called Port Differential Case to the economy of Massachusetts plus known activities of competitive ports to combat Boston's desire to bring about rate uniformity to and from all North Atlantic [fol. 4254] Ports, prompts us to urge that ample funds be made available to the Port of Boston Commission to properly prepare and present its case . . . "

We have suggested that promotional activity on behalf of the Port of Boston should be increased for no amount of solicitation and promotion at the present time could hope to overcome the handicaps of the rate disadvantage. (Because of that rate structure even federal agencies have denied Boston freight to and from the central territory of the United States.) But we believe you should be aware of the promotional problem and the necessity of solving it through the agency of a Port Authority.

In conclusion, we cannot let this opportunity go by without once again pointing out to you and the members of the Legislature the need for the continuous planning, uninterrupted research and businesslike administration which can be obtained only through a Massachusetts Port Authority. That need for such an agency now is greater than ever and we urge you to support legislation which will enable it to get into operation.

Respectfully submitted,

Ralph M. Binney, Chairman

Edward N. Mayer, General Traffic Manager
Plymouth Cordage Company
Representing: Assoc. Industries of Mass.

Ralph M. Binney, Vice President
The First National Bank of Boston
Representing: Boston Clearing House Assoc.

Robert C. Bacon, Sr.
Edward R. Bacon Grain Company
Representing: Boston Grain and Flour
Exchange, Inc.

[fol. 4255]

Arthur Lane, President
Peabody & Lane, Inc.
Representing: Boston Shipping Assoc., Inc.

L. Charles Biggin, President
Willy Biggin Wool Service
Representing: Boston Wool Trade Assoc.

Thomas R. Welch, Treasurer
H. P. Welch Company
Representing: Foreign Commerce Club of
Boston

Soren Willesen, Executive Vice President
Sprague Steamship Company
Representing: The Greater Boston Chamber
of Commerce

Herbert S. Evans, Vice President
Boston Tow Boat Company
Representing: Maritime Assoc. of the
Greater Boston Chamber of
Commerce

Captain Roy D. Lurvey, Secretary
Masters, Mates & Pilots Local 11 AFL
Representing: Massachusetts Federation of Labor

Thomas D. Rice, Executive Secretary
Massachusetts Fisheries Association
Representing: Mass. Fisheries Assoc.

[fol. 4256]

John H. Welch, Vice President
H. P. Welch Company
Representing: Mass. Motor Truck Assoc., Inc.

John Reaves, Port Agent
National Maritime Union CIO
Representing: Mass. State CIO Industrial Union Council

Sherman L. Whipple, Jr., President
Wiggin Terminals, Inc.
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Gardner A. Caverly, Executive Vice President
New England Council
Representing: New England Council

Patrick Fitzpatrick, Vice President
Boit, Dalton & Church
Representing: New England Export Club

Paul K. Lambert
Representing: New England Shippers Advisory Board

Joseph Kaplan, President
Colonial Tanning Co., Inc.
New England Shoe and Leather Assoc.

Patrick J. Mullaney, Vice President
Boston & Maine Railroad
Representing: New England Territory
Railroads Freight Traffic
Committee

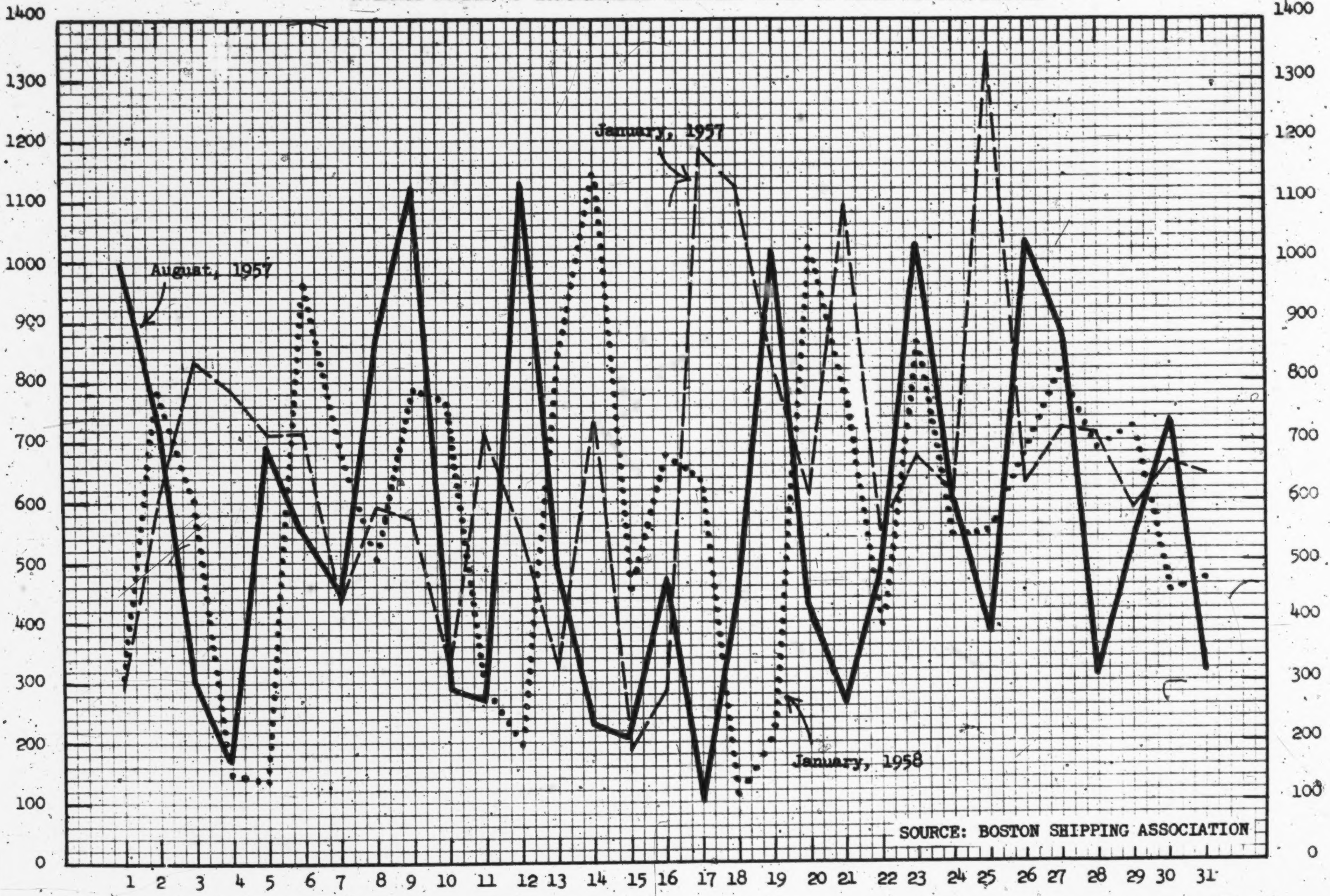
Benjamin L. Smith
Blanchard Lumber Company
Representing: New England Wholesale
Lumber Association

[fol. 4257]

John O. Parker
Ely, Bartlett & Brown
Representing: The Propeller Club of the
United States Port of
Boston, Incorporated

Honorable John B. Hynes
Mayor of the City of Boston

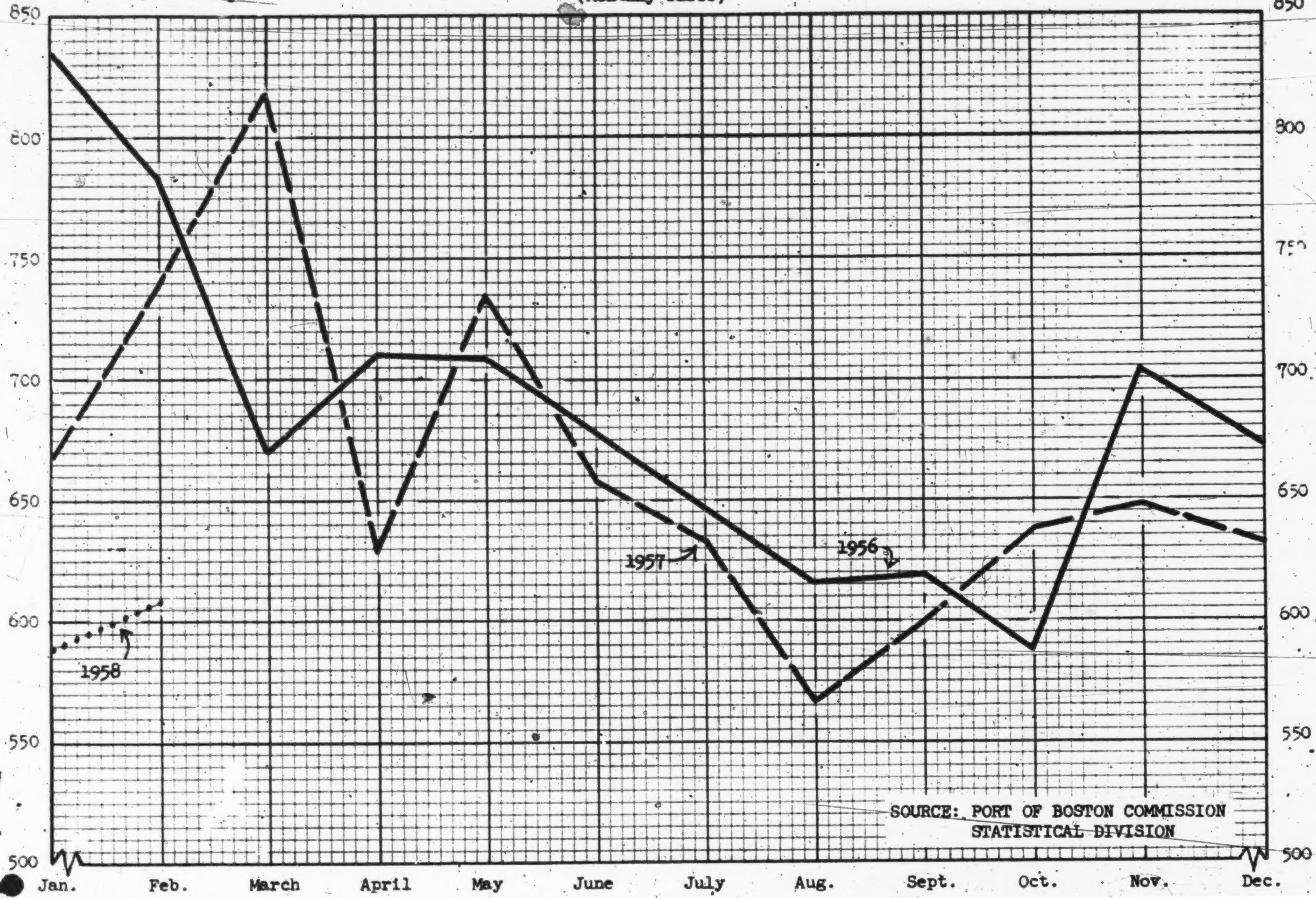
AVERAGE NUMBER OF LONGSHOREMEN EMPLOYED DAILY IN THREE TYPICAL MONTHS



SOURCE: BOSTON SHIPPING ASSOCIATION

AVERAGE NUMBER OF LONGSHOREMEN EMPLOYED DAILY AT GENERAL CARGO FACILITIES

(Monthly basis)



SOURCE: PORT OF BOSTON COMMISSION
STATISTICAL DIVISION

[fol. 4260]

I.C.C. Exhibit No. 100

This statement is verified. Unless written request for cross examination is received by affiant or his attorney, Donald Macleay, 1625 K Street, N.W., Washington, D.C., not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF CHARLES A. MASSON PRESIDENT, BALTIMORE CUSTOMHOUSE BROKERS AND FREIGHT FORWARDERS ASSOCIATION

[fol. 4261]

I. & S. DOCKET No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF CHARLES A. MASSON

My name is Charles A. Masson. I am President of the Baltimore Customhouse Brokers and Freight Forwarders Association and since 1919 have been a member of the firm of William H. Masson, foreign freight forwarders and customhouse brokers at Baltimore, whose business dates back to 1810. The Association for which I speak was organized sometime prior to World War II and its membership comprises 15 of the 22 forwarding and brokerage firms having offices in Baltimore. Eight of these member firms are strictly local in that they do not have offices in other ports.

I am acquainted with the competitive problems of the Baltimore forwarders and brokers. Baltimore forwarders and brokers actively solicit business in the midwest and are competitive for business with forwarders and brokers at other ports. The chief competition in this respect comes from the port of New York, where around 1000 forwarding and brokerage offices are located. This competition stems, of course, from the various advantages enjoyed by the port of New York itself, which are not equalled or even approached at any other port.

While Baltimore's rail differential naturally is of some advantage to the port, and in fact is practically our only [fol. 4262] selling point, it would have to be much greater than it is today to place Baltimore in a position of being reasonably competitive with New York.

New York's principal but by no means its only advantages lie in its superior steamship service and banking facilities. Its steamship service advantages are due not only to the great number of services and sailings but also to the high ratio of direct sailings. According to the Port of New York Authority, 85 per cent of the sailings from the port of New York are direct. On the other hand, a large proportion of the vessels serving Baltimore sail from New York after leaving Baltimore. Vessel movement statistics prepared for this case, which I have examined, show that this difference in sailing time in favor of New York may range up to 19 days. Thus an exporter may take the same vessel at New York from a few days to nearly three weeks after it leaves Baltimore.

New York banks have branches or direct connections in all parts of the world and many foreign banks have branches in New York. It is stated by the source to which I have referred that the banking facilities for the financing of foreign trade are concentrated in New York and that 75 per cent of all United States foreign trade is financed through New York banks.

The readily available steamship service and banking facilities at New York enable exporters or importers to liquidate their investments in shipments more promptly than generally can be done when shipments move through Baltimore, which effects substantial savings in interest on the investments involved.

[fol. 4263] Other factors which influence movements through New York as against Baltimore's rate differential are the location at New York of export offices of many of the large producing exporters which permit direct supervision and contacts with steamship lines in connection with their exports through that port, the existence at New York of commodity brokers, which tends to funnel shipments of both exports and imports through that port and the operation of piers at New York by steamship lines which tends to prevent penalty storage on export shipments being accumulated for movement in their service.

Foreign buyers of exports in this country more often than not place their orders on a C.I.F. (Cost, Insurance and Freight) basis against letters of credit and without designating the United States port of exit. In such cases, it is the general custom of the exporters, many of whom as I have stated maintain export offices in New York, to route the shipments via that port, charging the freight to the foreign buyer who generally is not aware of the difference in rail rates to New York versus Baltimore.

It is my conclusion from my experience in the freight forwarding and brokerage business and as President of the Baltimore Customhouse and Freight Forwarders Association that, because of New York's many advantages in other respects, loss of the limited benefit of its rate differential would largely eliminate Baltimore as a competitor of that port for general cargo midwestern business.

[fol. 4264]

VERIFICATION

Charles A. Masson, being duly sworn, deposes and says: That he is the person who made the foregoing statement; that he has read the same and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

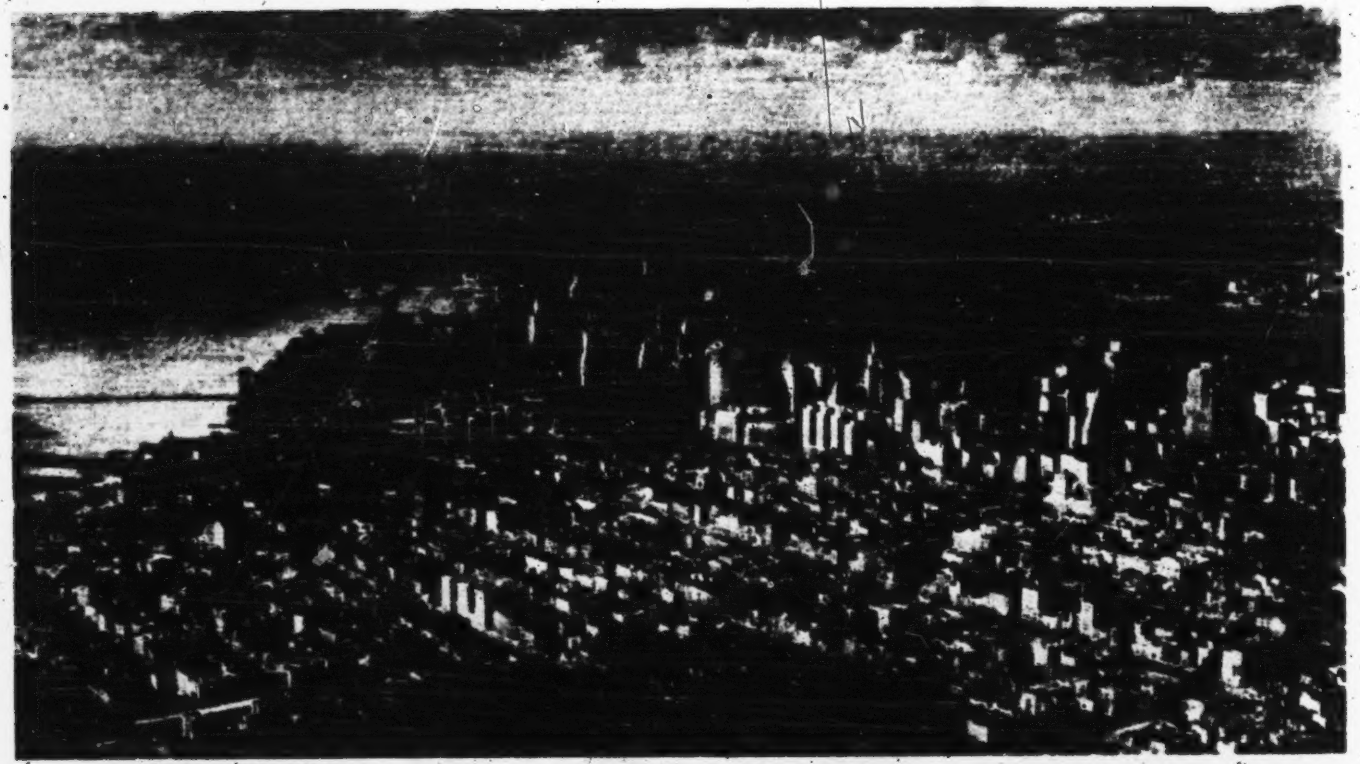
(S) Charles A. Masson
Charles A. Masson

Subscribed in my presence, and sworn to before me, by the affiant above named, this 2nd day of October 1957.

(S) L. K. Leimbach
L. K. Leimbach

Notary Public, State of Maryland
My Commission expires May 4, 1959

Seal



OCEANBORNE FOREIGN TRADE
AT THE
PORT OF NEW YORK

ANNUAL
REPORT
1955

THE PORT OF NEW YORK AUTHORITY

[fol. 4265]

I.C.C. Exhibit No. 104

4265

A two mile section of the Brooklyn waterfront as it will appear upon completion of the new Brooklyn-Port Authority Piers, a seven year development program costing $85,000,000.

OCEANBORNE FOREIGN TRADE
AT THE
PORT OF NEW YORK

ANNUAL REPORT 1955

Analysis of Commodities, Markets and Long Term Trends

Prepared by
Trade Research and Analysis Staff
The Port of New York Authority
July 1956

4267

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GLOSSARY

BULKS	Commodities that are normally shipped in large quantities, requiring special handling facilities; such as ores, petroleum, asphalt, etc.
COMMODITIES	Goods shipped in oceanborne foreign trade, based on Department of Commerce Reports covering 2,900 export and 5,000 import classifications.
GENERAL CARGO	Usually packaged cargo of relatively high value (total oceanborne exports and imports less bulk).
GULF	Mobile, New Orleans, Sabine and Galveston Customs Districts.
NORTH ATLANTIC	New York, Massachusetts, Philadelphia, Maryland and Virginia Customs Districts.
SOUTH ATLANTIC	North Carolina, South Carolina, Georgia and Florida Customs Districts.
TONNAGE	Weight is given in long tons (2,240 pounds).

ACKNOWLEDGEMENTS

We greatly appreciate the important cooperation and assistance of the Department of Commerce, the Bureau of the Census; the Treasury Department, the Bureau of Customs; the Maritime Association of the Port of New York; and the Association of American Railroads.

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FOREWORD

In 1955, total oceanborne foreign trade shipped via the New York- New Jersey Port increased by 3,611,981 tons, or 11.3 per cent more than the volume handled in 1954. General cargo increased by 2,011,227 tons, an 18.7 per cent gain, and bulk cargo by 1,600,754 tons, a 7.5 per cent gain. It is encouraging to note that the 1955 total was also a gain over 1953, which was a year unmarked by serious loss of tonnage due to waterfront strikes, such as occurred in 1954.

TONNAGE

Foreign trade handled at the Port during the past three years was as follows:

	Tons	Per Cent Gain or Loss Compared with Previous Year
General Cargo		
1955	12,764,235	+18.7
1954	10,753,008	— 9.8
1953	11,916,960	
Bulk Cargo		
1955	22,869,485	+ 7.5
1954	21,268,731	+ 3.0
1953	20,658,129	
Total Cargo		
1955	35,633,720	+11.3
1954	32,021,739	— 1.7
1953	32,575,089	

The trade increase last year at the Port of New York confirmed our position as the leading port in the United States during 1955 in handling of total oceanborne foreign trade. New York's increase was part of a 28 per cent gain in total United States foreign trade that generally reflected prosperity both at home and abroad.

Commerce at the New York-New Jersey Port's competitor ports on the Atlantic and Gulf coast also reflected the national expansion of oceanborne foreign trade, and a higher degree of participation in this expansion. This was primarily attributable to three factors: the lack of equality in railroad freight rates which now favor competing ports over the New York-New Jersey Port; the after-effects of the Port of New York's 1954 waterfront strikes; and the rapid economic expansion of the south and southwestern parts of the country, with its concomitant effect on ports serving these areas. As a result of all of these factors, New York's share of United States total foreign trade tonnage decreased to 16.6 per cent in 1955 from 19.1 per cent in 1954. However, the Port of New York handled 43.3 per cent of the dollar value of total United States oceanborne foreign commerce during 1955 as compared with 42.2 per cent in the previous year.

GENERAL CARGO IS VITAL

In evaluating the New York-New Jersey Port's position in the handling of oceanborne commerce it is essential to separate the aggregate volumes into two main categories: general cargo and bulk cargo.

General cargo, which consists of relatively "high-value" commodities, is the foundation of the Port's economy. It provides the New York-New Jersey Port with most of the 430,000 jobs directly dependent on port commerce. It generates employment in such varied fields as marine transportation, foreign banking, export and import trading, freight forwarding, land transportation of trade goods and processing of agricultural imports. Bulk cargo, on the other hand, produces much less port income than does general cargo. Bulk cargo is generally handled through mechanically operated facilities, which require less labor than general cargo, and provides less "white collar" employment in processing and documentation.

It is noteworthy therefore that the Port of New York handled 27.7 per cent of total United States general cargo foreign trade in 1955. This compares with an 11.1 per cent share for its closest competitor port in the handling of general cargo. Thus emphasized is the pertinent fact that the increasing share of United States foreign trade being handled by the New York-New Jersey Port's competitors is based largely on low-value bulk cargoes, which are attracted to these ports principally by lower inland rail rates than those which apply to the Port of New York.

REQUIREMENTS FOR PORT PROSPERITY

We cannot, however, disregard the overall reduction of the Port of New York's position in competing for foreign trade. We must protect and increase our share of the "new business" in American foreign trade so that we may protect our position as America's leading port. The dependence of our local economy upon the activities of the Port makes such leadership imperative.

How can we strengthen our Port's position? We must actively seek to:

1. Secure the elimination of transportation rate structures that indiscriminately and unjustly favor competitor ports through differentials, or lower inland rail rates;
2. Provide at the Port of New York modern and efficient marine facilities that will attract more cargo;
3. Maintain an aggressive program of promoting the routing of shipments via the Port of New York; and
4. Establish stable and lawful leadership in waterfront labor.

Under its responsibilities to the States of New York and New Jersey, The Port of New York Authority has undertaken a broad program of development, promotion and protection of the Port to accomplish the objectives that are within its powers and duties. We maintain trade development offices in New York, Chicago, Washington, Cleveland and Rio de Janeiro to carry out our sales and service efforts for the attraction of more trade to the Port. Additional assistance to shippers in routing of their cargo through the Port of New York is provided by our motion pictures, information bulletins and a monthly magazine which tell the advantages of using the Port.

Closely allied to this program is the Port Authority's continuing vigilance in protecting the Port against transportation rate structures that favor our competitors. We appear before the Interstate Commerce Commission, the Federal Maritime Board and other Federal, State and local regulatory agencies in our campaign to secure an equal competitive position for the Port of New York. These activities, along with general planning, entail an expenditure of $900,000 annually.

IMPROVED MARINE FACILITIES

Since the end of World War II, the Port Authority has already spent or committed $55 million in the improvement of marine facilities at the Port. These facilities include the modernization and new construction at Port Newark and the Hoboken-Port Authority Piers in New Jersey and the Port Authority Grain Terminal and Columbia Street Pier in Brooklyn.

Early in 1956, the Port Authority purchased two miles of Brooklyn's prime waterfront and construction is about to begin on 11 new piers costing $85 million. Further expansion is also planned for the marine facilities at Port Newark at an estimated cost of $9 million. At the same time, the City of New York, private steamship companies and others have invested almost $60 million in similar port programs.

The Port of New York Authority believes that a stable waterfront labor situation, toward which the efforts of the Waterfront Commission of New York Harbor are directed, and the successful accomplishment of the Port's development, promotion and protection programs are vital to the maintenance of the Port of New York's position as the leading port of the nation and the world.

DONALD V. LOWE, *Chairman*
The Port of New York Authority

GENERAL CARGO

The New York-New Jersey Port's total general cargo export and import tonnage in 1955 increased to its highest level in the past three years. The Port retained its leadership among all United States ports in the handling of general cargo.

EXPORT TONNAGE

Continuing the upward trend that began in 1954, general cargo exports in 1955 rose to 6,389,063 tons. This is a 29.9 per cent increase over 1954 and the largest export tonnage shipped from the Port of New York since 1951.

The largest share of the increased exports represented greater shipments to Western Europe; the United Kingdom, Germany and Italy. New credit regulations and other anti-inflationary measures adopted by a number of European countries exerted little effect on the demands for exports moving via the Port of New York.

Shipments to Latin America and to countries in the outer Sterling area - South Africa, India, New Zealand - rose moderately.

IMPORT TONNAGE

The Port of New York's general cargo import tonnage was 6,375,172 tons in 1955, an increase of 9.5 per cent over 1954. This brought import tonnage into an approximate trade balance with export tonnage.

Most of the rise in the Port of New York's imports was producer goods from Western Europe used for construction or further manufacturing. Imports of foodstuffs - sugar and coffee - also registered substantial gains.

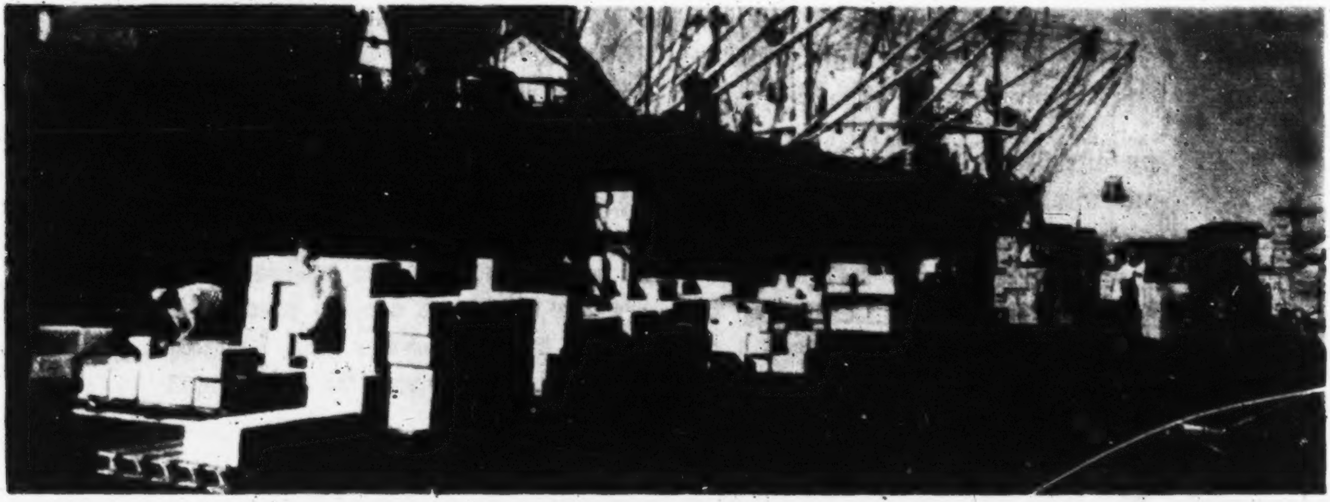
COMPETITIVE EXPORT SHARES

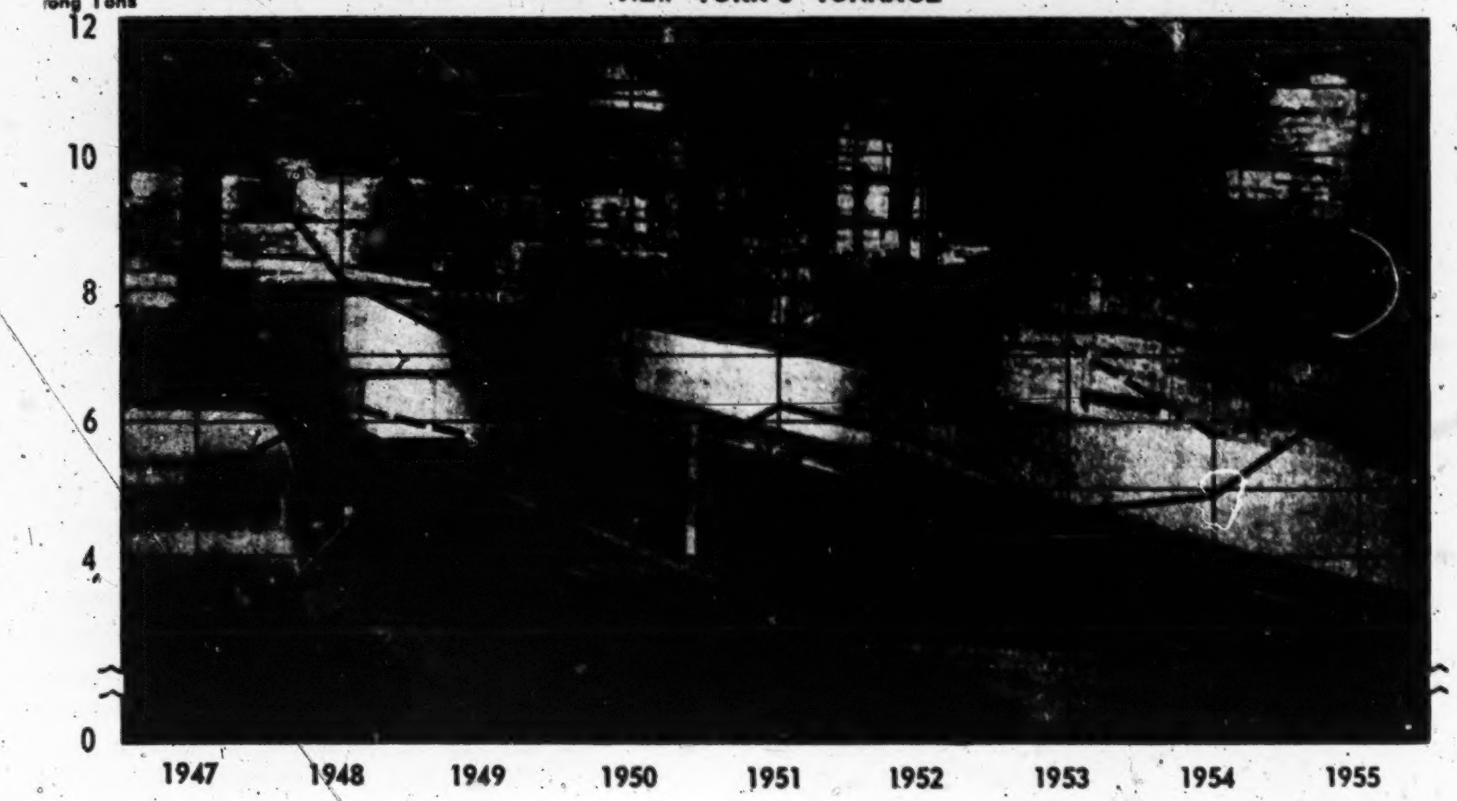
The Port's competitive share of United States general cargo exports was 26.8 per cent, unchanged from 1954, but a decline from the 33.7 per cent share of United States general cargo exports handled in the 1947-1953 period.

The single most important commodity contributing to this weakening of the Port's competitive position was iron and steel products originating from the nation's hinterland. The cost of moving these products by railroad must be kept competitive with rival ports. Rate equalization is being sought before the Interstate Commerce Commission by the New York railroads with the support of the Port Authority.

COMPETITIVE IMPORT SHARES

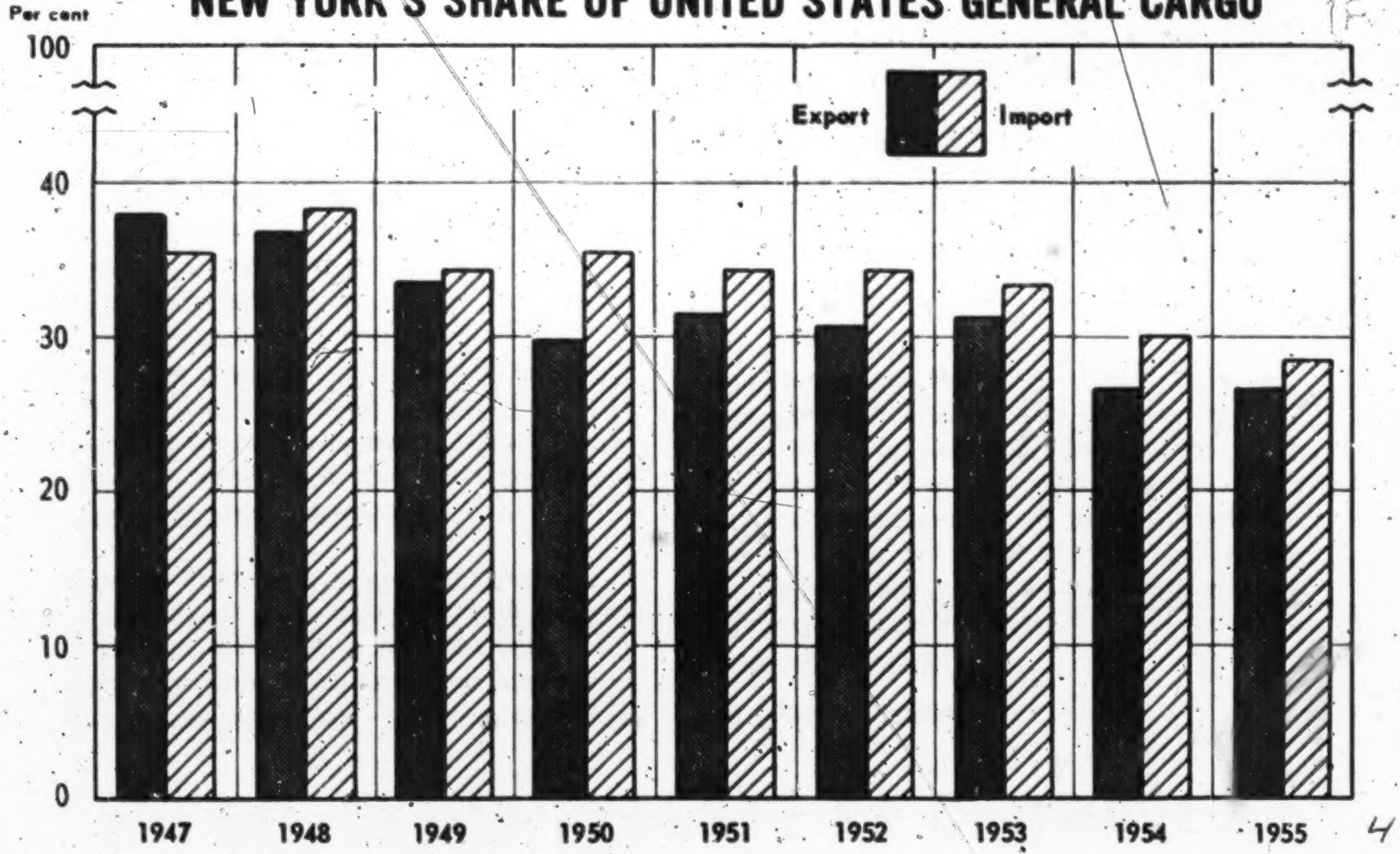
The Port of New York's share of United States general cargo imports was 28.6 per cent in 1955. This was a decline of 1.4 percentage points compared to 1954, and a decline from the 35.4 per cent share handled during the period 1947-1953. The decline can be attributed in part to development and expansion of new industries in other sections of the country.





GENERAL CARGO

NEW YORK'S TONNAGE



NEW YORK'S SHARE OF UNITED STATES GENERAL CARGO

GENERAL CARGO EXPORTS BY COMMODITY

Most of the New York - New Jersey Port's expansion in general cargo export tonnage in 1955 stemmed from increased shipments of industrial products to supply expanding production abroad, principally in Western Europe.

MANUFACTURED PRODUCTS

Passenger automobiles and parts dominated the rise in exports of consumer durables. Shipments of buses and trucks experienced little change. The Port of New York's exportation of all vehicles totaled 518,310 tons in 1955, or a 13.2 per cent increase over 1954. The largest portion of the exports went to Venezuela, Belgium, Cuba and the Union of South Africa.

Shipments of electrical machinery equipment rose to 131,940 tons, an increase of 7.8 per cent. The rise in heavy capital goods - generators and other power equipment - was moderate because overseas buyers are being supplied to an increasing extent from foreign sources. The movement of household appliances, radios and television sets, showed greater strength than heavy capital goods.

Exports of agricultural machinery remained practically unchanged at 106,158 tons. Industrial machinery increased to 134,305 tons, an increase of 14.8 per cent. This represented a partial recapture by the Port of its competitive position in the shipment of this commodity.

Substantial gains were registered in a number of other categories of industrial materials, including synthetic rubber and chemical specialties. Distribution was heaviest to the Far East and Western Europe.

IRON AND STEEL

Exports of iron and steel products increased to 1,020,948 tons, 26.6 per cent more than in 1954. The gain in exports of these basic industrial goods stemmed mainly from the continuing industrial boom in Western Europe.

Shipments of iron and steel scrap in 1955 were more than three times as large as 1954. Most of these shipments moved to Italy and the Benelux countries.

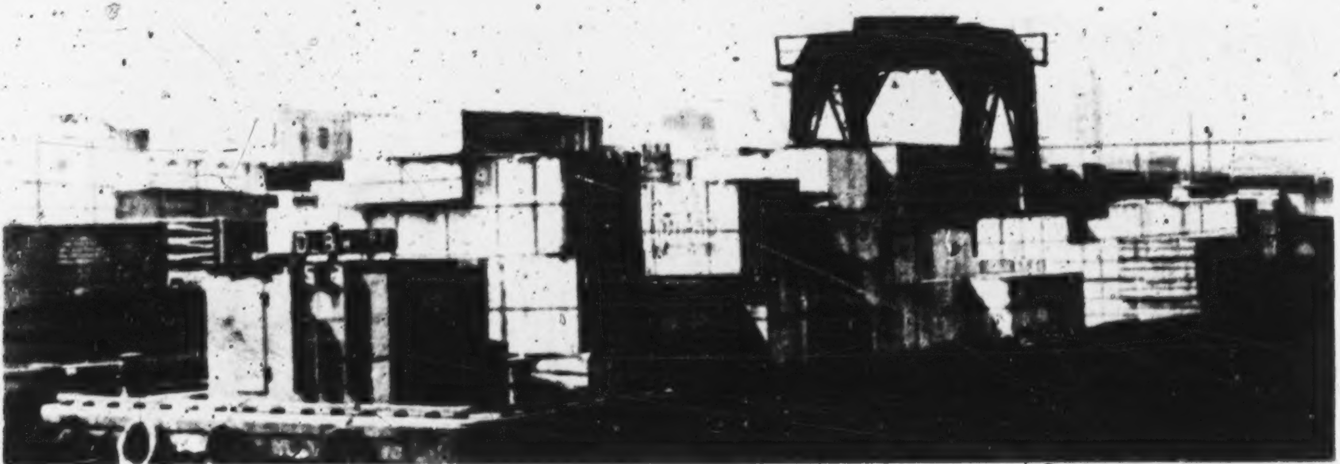
AGRICULTURE

Agricultural general cargo exports in 1955 increased slightly over the year previous, as expanded farm surplus disposal programs supplemented normal marketing factors.

Export edible animal oils and fats (lard) increased to 142,117 tons, up 29.4 per cent. At the same time, inedible animal products (tallow) dropped to 186,274 tons, a decline of 9.1 per cent. Shipments of dairy products increased while raw hide and fresh vegetable tonnages were down slightly.

COMPETITIVE SHARES

The Port of New York's competitive share of United States exports for forty-four key commodities in 1955 was about the same as 1954. Compared with 1953, however, the Port's competitive share for twenty-nine of these commodities declined by five or more percentage points while fifteen commodities posted moderate gains.



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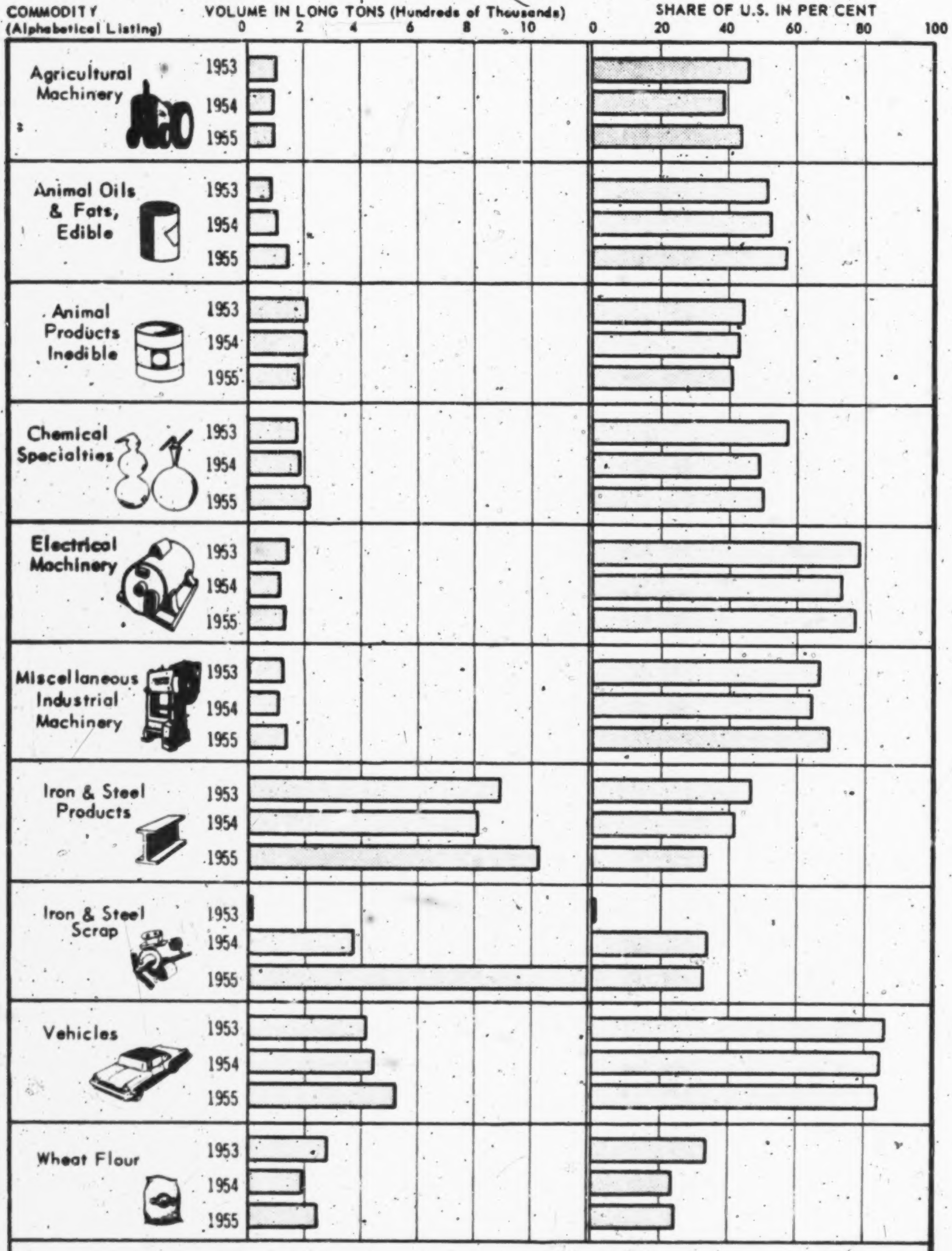
MAJOR GENERAL CARGO EXPORTS

1953 - 1955



NOTE: The ten major general cargo export commodities listed above represent 61.5% of total general cargo exports via New York for 1955.

PRINCIPAL GENERAL CARGO EXPORTS FROM

1953 - 1[illegible]55

Commodity	United States 1953	1954	1955
ANIMALS & ANIMAL PRODUCTS			
Misc. Meat	64 069	60 993	74 239
Animal Oils & Fats, Edible	183 819	207 834	248 623
Raw Hides & Skins	66 646	111 538	112 931
Animal Prods., Inedible	461 183	481 456	459 914
VEGETABLE FOOD PRODUCTS & BEVERAGES			
Wheat Flour	847 342	810 212	991 132
Misc. Flour & Grain	162 752	179 606	177 189
Animal Feeds	205 380	384 899	765 331
Misc. Vegetables	158 175	154 368	92 820
Fresh Fruits	241 649	231 291	248 432
Vegetable Oils, Edible	43 434	73 401	164 858
Coffee	26 590	20 268	25 385
Cocoa	14 181	11 178	9 673
Liquors & Wines	41 133	41 815	29 338
VEGETABLE PRODUCTS, INEDIBLE			
Synthetic Rubber	29 473	37 109	102 727
Flax Seed	46	94 997	103 058
TEXTILE FIBERS & MFRS.			
Cotton Manufactures	117 574	122 060	107 139
Wool Manufactures	49 924	67 456	67 415
Synthetic Fibers	65 195	68 302	60 490
Misc. Textile Products	30 980	19 397	27 512
WOOD AND PAPER			
Newsprint	46 308	134 106	196 619
Paper Products	293 640	371 643	435 684
NON-METALLIC MINERALS			
Lube Oils & Greases	515 111	618 195	623 203
Misc. Petroleum Products	202 865	218 743	228 763
Glass & Products	151 048	114 517	120 231
Misc. Clay Products	42 537	39 159	38 658
Non-Metallic Minerals	205 731	188 245	213 186
METALS & MANUFACTURES			
Iron & Steel Scrap	72 080	1 091 695	3 772 291
Iron & Steel Products	1 934 315	1 950 263	3 079 025
Refined Copper	97 827	195 816	179 743
MACHINERY & VEHICLES			
Electrical Machinery	198 408	166 052	168 980
Engines, Turbines, Parts	54 258	46 496	51 896
Construction Machinery	247 278	209 317	239 901
Machine Tools	99 007	76 074	67 867
Textile & Shoe Machinery	44 494	54 339	55 274
Misc. Industrial Machinery	198 751	181 562	192 930
Agricultural Machinery	247 116	271 421	242 038
Vehicles	497 847	538 343	616 808
Railway Locos., Cars, Parts	60 580	42 178	55 907
Vehicle Parts	106 367	114 624	124 539
CHEMICALS & RELATED PRODUCTS			
Coal Tar Products	41 934	68 797	59 007
Medicinal Preparations	39 003	40 663	37 432
Industrial Chemicals	392 329	621 448	566 210
Chemical Specialties	384 174	362 728	440 658
Pigments, Paints, Varnish	220 961	269 783	278 860
Sub-Total	9 203 512	11 164 387	14 953 916
All Others	5 931 644	7 227 651	8 843 651
TOTAL	15 135 156	18 392 038	23 797 567

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UNITED STATES AND PORT of NEW YORK

(Long Tons)

New York			Per Cent N. Y./U. S.		
1953	1954	1955	1953	1954	1955
50 287	47 062	57 322	78.5	77.2	77.2
94 899	109 814	142 117	51.6	52.8	57.2
27 426	35 884	28 079	41.2	32.2	24.9
207 121	206 006	186 274	44.9	42.8	40.5
284 274	193 441	245 159	33.5	23.9	24.7
42 056	37 925	30 377	25.8	21.1	17.1
36 062	40 171	89 351	17.8	10.4	11.7
37 207	28 467	17 239	23.5	18.4	18.6
18 316	16 330	30 169	7.6	7.1	12.1
23 040	28 607	87 970	53.0	39.0	53.4
21 401	14 349	20 978	80.5	70.8	82.6
13 076	10 896	9 455	92.2	97.5	97.7
25 783	16 038	13 812	62.7	38.4	47.1
20 512	15 640	29 911	69.6	42.1	29.1
17	71 396	92 274	37.0	75.2	89.5
71 180	65 748	60 545	60.5	53.9	56.5
34 741	44 882	49 060	69.6	66.5	72.8
51 408	51 215	43 081	78.9	75.0	71.2
21 073	11 731	15 199	68.0	60.5	55.2
22 527	51 527	60 365	48.6	38.4	30.7
82 811	84 403	90 233	26.2	22.7	20.7
121 611	110 708	115 573	23.6	17.9	18.5
62 625	64 621	62 538	30.9	29.5	27.3
75 881	58 094	63 994	50.2	50.7	53.2
20 618	17 163	18 114	48.5	43.8	4[illegible].9
59 157	55 414	60 048	28.8	29.4	28.2
209	376 696	1 224 543	0.3	34.5	32.5
896 346	806 306	1 020 948	46.3	41.3	33.2
38 443	88 290	84 466	39.3	45.1	47.0
156 824	122 348	131 940	79.0	73.7	78.1
34 648	27 282	25 819	63.9	58.7	49.8
118 687	86 211	116 506	48.0	41.2	48.6
64 198	50 386	48 211	64.8	66.2	71.0
27 499	29 801	31 000	61.8	54.9	56.1
132 311	116 955	134 305	66.6	64.4	69.6
115 475	106 175	106 158	46.7	39.1	43.9
430 201	457 951	518 310	86.4	85.1	84.0
26 624	21 792	27 838	43.9	51.7	49.8
88 952	89 035	100 818	83.6	77.7	81.0
20 902	29 277	33 766	49.8	42.6	57.2
27 177	25 578	24 695	69.7	62.9	66.0
91 380	134 149	123 951	23.3	21.6	21.9
164 323	180 358	220 708	57.8	49.7	50.1
[illegible] 205	65 115	63 055	25.4	24.1	22.6
4 015 513	4 301 237	5 756 274	43.6	38.5	38.5
711 987	632 089	632 789	12.0	8.7	7.2
4 727 500	4 933 326	6 389 063	31.2	26.8	26.8

GENERAL CARGO IMPORTS BY COMMODITY

Most of the New York-New Jersey Port's rise in imports during 1955 was contributed by partly-processed goods and foodstuffs.

RUBBER

Imports of crude rubber rose to 406,587 tons in 1955, an increase of 6.0 per cent compared to 1954. Consequently, the Port of New York strengthened its position as the leading rubber port of the United States. United States imports of natural crude rubber posted only moderate gains, as increasing demands here and abroad caused prices to rise sharply and resulted in a shift to synthetic rubber.

SAWMILL PRODUCTS

Imports of newsprint in 1955 increased to 311,538 tons, a gain of 1.7 per cent over the same period in 1954. World newsprint supplies were tight during the year. Imports, therefore, expanded only moderately, as available inventories were drawn upon to meet the enlarged demand.

Inbound movements of lumber totaled 199,988 tons, or a decline of 25.6 per cent.

FOODSTUFFS

The volume of foodstuffs imported via the Port of New York rose faster than for the country. For example, stimulated by lower prices, the Port's imports of coffee were 618,278 tons, an increase of 25.6 per cent over 1954. Sugar imports rose to 1,087,271 tons. The inbound movement of cocoa was 151,373 tons, slightly lower than in 1954. It appeared that a break in cocoa prices did not immediately stimulate imports because of the pressure of large inventories in the United States.

TEXTILES

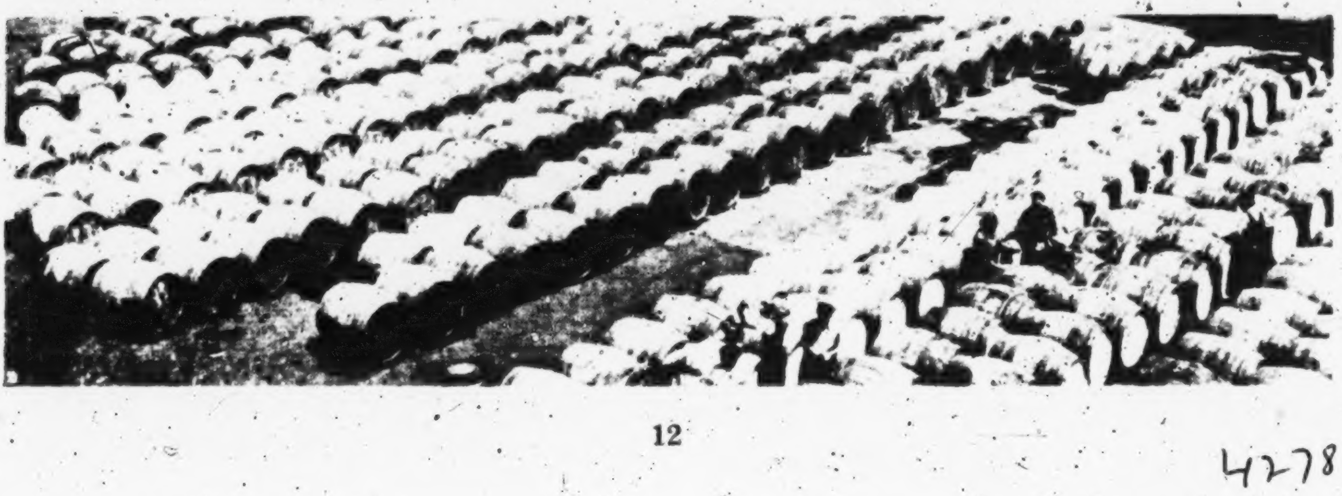
The expansion in the domestic economy created a growing market for the goods used by the producers of nondurable goods. Synthetic fiber imports from Europe increased by 55.3 per cent to 33,696 tons. Cotton manufactures increased 70.6 per cent to 45,556 tons. This upward trend was also evidenced as lower prices and abundant supplies stimulated imports of raw silk, apparel wool and leather.

IRON AND STEEL PRODUCTS

Continuing domestic shortages caused the inbound movement of iron and steel products to maintain their prevailing high level at 135,700 tons, with a rise of 0.3 per cent. The majority of imports were low value, semi-finished iron and steel products. This was in contrast to exports which were higher value, finished products.

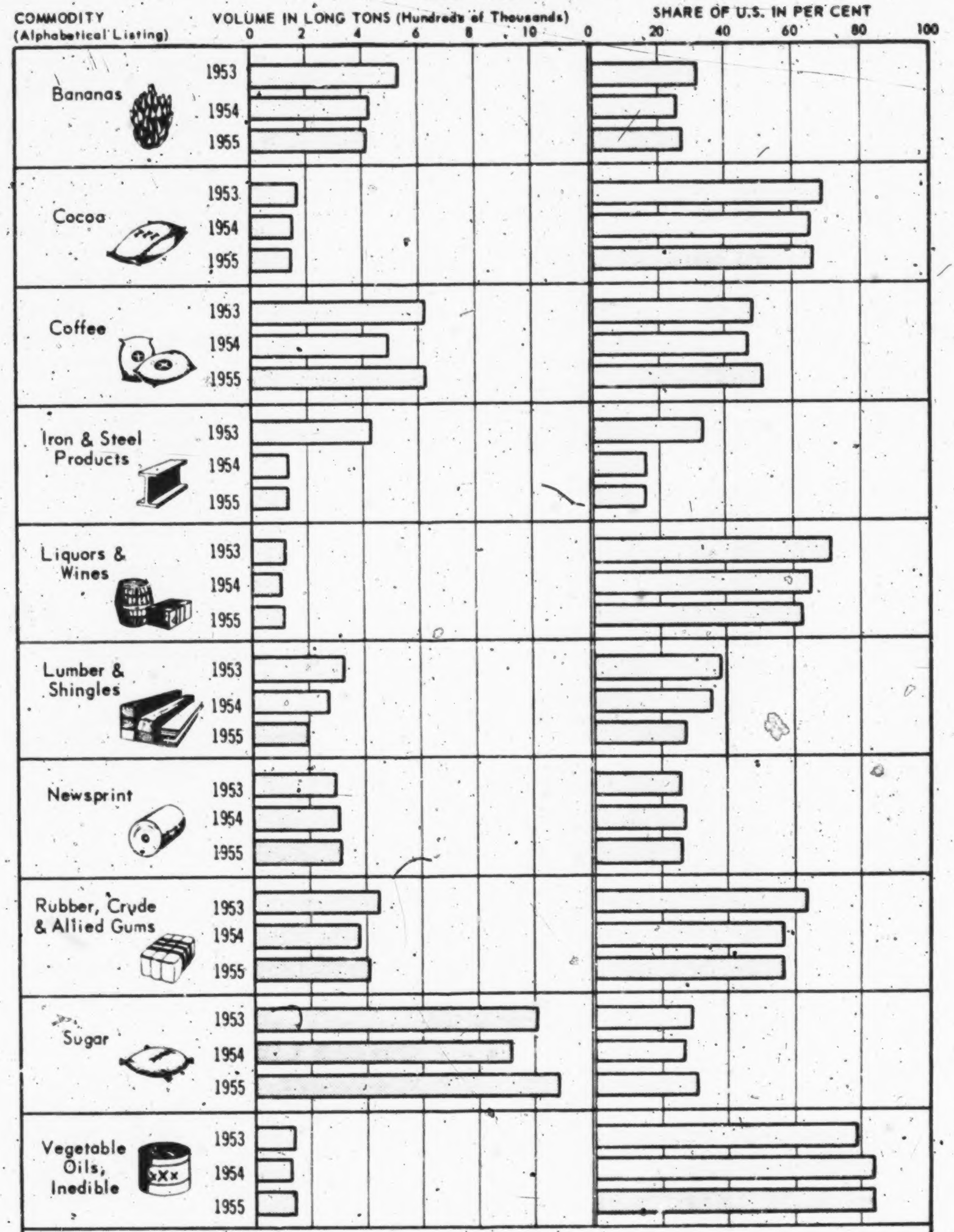
COMPETITIVE SHARES

The Port of New York's competitive share of United States general cargo imports for forty-eight commodities in 1955 versus 1954 showed only minor adjustments. Compared to 1953, however, thirty-five commodities posted declines up to ten percentage points, while thirteen commodities showed modest gains. Encouraging signs for the future are the strengthening of New York as the distribution center for such commodities as coffee, beverages and vegetable oils.



MAJOR GENERAL CARGO IMPORTS

1953 - 1955



NOTE: The ten major general cargo import commodities listed above represent 56.4% of total general cargo imports via New York for 1955.

PRINCIPAL GENERAL CARGO IMPORTS INTO
1953 - 1955

Commodity	*United States*		
	1953	*1954*	*1955*
ANIMALS & ANIMAL PRODUCTS			
Misc. Meat	126 155	121 018	121 622
Fresh Fish	99 041	132 049	124 787
Misc. Fish	118 373	123 886	107 178
Raw Hides & Skins	68 945	47 180	54 327
Animal Prods., Inedible	229 941	222 816	189 061
VEGETABLE FOOD PRODUCTS & BEVERAGES			
Fresh Vegetables	99 362	86 853	86 407
Misc. Vegetables	118 110	110 329	152 189
Fresh Fruits	64 829	60 739	65 405
Bananas	1 692 122	1 621 789	1 534 732
Misc. Fruits	176 277	150 029	150 872
Nuts	120 219	114 031	162 359
Vegetable Oils, Edible	42 402	51 575	59 924
Coffee	1 293 248	1 044 388	1 207 405
Cocoa	259 618	238 355	227 638
Tea	55 257	58 931	52 888
Misc. Table Beverages	36 349	43 358	48 297
Spices	45 113	47 480	44 671
Sugar	3 437 495	3 342 086	3 511 518
Liquors & Wines	168 238	163 581	188 248
VEGETABLE PRODUCTS, INEDIBLE			
Rubber, Crude	719 455	678 938	720 274
Naval Stores	59 460	49 513	59 815
Castor Beans	51 336	49 194	39 398
Vegetable Oils, Inedible	183 154	166 534	170 848
Dyeing & Tanning Materials	202 712	128 522	134 868
TEXTILE FIBERS & MFRS.			
Cotton Manufactures	36 954	33 326	54 857
Sisal, Henequen	253 078	203 615	202 254
Burlap & Jute Bagging	234 913	247 580	256 972
Vegetable Fiber Manufactures	93 095	108 489	150 616
Wool, Unmanufactured	221 737	148 199	167 338
Synthetic Fibers	41 459	40 457	87 611
WOOD & PAPER			
Lumber & Shingles	841 746	767 455	727 491
Cork Manufactures	123 092	127 415	116 527
Woodpulp	547 526	400 109	358 626
Newsprint	1 171 462	1 145 588	1 179 800
Paper Products	93 845	89 763	122 070
NON-METALLIC MINERALS			
Fuel Oil	85 964	65 067	80 848
Glass & Products	91 830	80 026	167 692
Misc. Clay Products	57 095	52 858	61 257
Nonmetallic Minerals	439 651	469 256	624 218
METALS & MANUFACTURES			
Iron & Steel Products	1 308 773	837 034	848 456
Refined Copper	184 396	151 052	117 167
Lead, Crude	212 907	156 826	153 695
Tin, Crude	87 134	71 473	67 491
Zinc Ore & Scrap	314 599	210 910	228 215
Zinc, Crude	81 991	39 175	54 978
CHEMICALS & RELATED PRODUCTS			
Coal Tar Products	67 453	45 324	73 934
Industrial Chemicals	156 340	156 774	193 525
Misc. Fertilizers	137 935	142 605	126 129
Sub-Total	16 352 686	14 643 550	15 463 498
All Others	5 110 841	4 758 273	6 839 304
TOTAL	21 463 527	19 401 823	22 302 802

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UNITED STATES AND PORT of NEW YORK
(Long Tons)

New York			*Per Cent N. Y./U. S.*		
1953	*1954*	*1955*	*1953*	*1954*	*1955*
58 484	58 148	63 516	46.4	48.0	52.2
22 163	24 633	20 899	22.4	18.6	16.7
57 657	51 670	49 128	48.7	41.7	45.8
35 208	20 669	23 166	51.1	43.8	42.6
56 270	43 652	49 251	24.5	19.6	26.1
31 552	23 082	25 726	31.6	26.6	29.8
72 750	67 193	90 125	61.6	60.9	59.2
38 003	30 965	38 291	58.6	51.0	58.5
539 350	425 358	420 757	31.9	26.2	27.4
105 755	97 111	95 061	60.0	64.7	63.0
89 863	82 549	108 898	74.7	72.4	67.1
33 575	38 178	40 960	79.2	74.0	63.4
622 076	492 286	618 278	48.1	47.1	57.2
178 672	155 239	151 373	68.8	65.1	66.5
33 812	30 848	28 900	61.2	52.3	54.6
26 324	31 369	33 242	72.4	72.3	68.8
38 401	39 092	36 789	85.1	82.3	82.4
1 008 652	923 141	1 087 271	29.3	27.6	31.0
119 421	106 986	117 853	71.0	65.4	62.6
453 158	383 630	406 578	63.0	56.5	56.4
49 471	42 863	52 737	83.2	86.6	88.2
50 032	48 842	38 375	97.5	99.3	97.4
146 236	138 832	143 411	79.8	83.4	83.9
39 497	42 009	41 808	44.1	32.7	31.0
29 873	26 697	45 556	81.9	80.1	83.0
68 415	49 908	42 741	27.0	24.5	21.1
36 027	34 784	34 255	15.3	14.0	13.3
32 077	32 184	45 865	34.5	29.7	30.5
60 515	40 220	51 368	27.3	27.1	30.7
24 529	21 702	33 696	59.2	53.6	38.5
330 694	268 878	199 988	39.3	35.0	27.5
38 368	49 745	36 985	31.2	39.0	31.7
151 673	95 272	78 874	27.7	23.8	20.5
303 754	306 202	311 538	25.9	26.7	26.4
56 110	60 733	63 140	59.8	67.7	51.7
85 844	64 585	67 438	99.9	99.3	83.4
30 952	26 979	48 678	33.7	33.7	29.0
34 688	29 574	36 091	60.8	55.9	58.9
73 001	71 388	75 283	16.6	15.2	12.1
429 936	135 257	135 700	32.9	16.2	16.0
174 529	118 743	114 868	94.6	78.6	98.0
118 605	81 925	73 623	55.7	52.2	47.9
67 864	46 627	45 854	77.9	65.2	67.9
66 233	43 073	40 048	21.1	20.4	17.5
72 921	32 810	39 801	88.9	83.8	72.4
25 775	19 035	25 839	38.2	42.0	34.9
74 002	58 070	77 415	47.3	37.0	40.0
[illegible]9 869	42 115	43 118	28.9	29.5	34.2
6 [illegible]2 636	5 154 851	5 550 164	39.0	35.2	35.9
806 824	664 831	825 008	15.8	14.0	12.1
7 489 460	5 819 682	6 379 172	33.5	30.0	28.6

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[fol. 4281]

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ATLANTIC AND GULF COAST OCEANBORNE GENERAL CARGO

During the past decades, many Atlantic and Gulf ports have made bids for increased shares of foreign trade with the help of vigorous programs of port development and promotion. These programs have created an ever increasing competition for handling of foreign trade. Each port naturally seeks to increase the advantages it can offer to shippers. These advantages include lower rail rates to and from the hinterland, modern marine facilities, efficient and dependable handling of cargo and documents, and frequent vessel sailings.

THREE COASTAL REGIONS

The three prime coastal regions where the Port of New York is competing for general cargo are the North Atlantic, South Atlantic and Gulf Coasts.

Competition exists between these regions to serve as gateways for the flow of import and export commerce. To illustrate, steel from West of the Alleghenies can travel to a seaport by moving south to the Gulf Coast or east to the North Atlantic. Similarly, imports of sisal destined for bagging plants located in the Middle Atlantic states can be routed through either a South Atlantic or North Atlantic port. There are many commodities—lumber and manufactured cotton, for example—that are drawn from the exclusive transportation orbit of a port and are therefore non-competitive.

NORTH ATLANTIC

The North Atlantic (Maine to Virginia) region's share of Atlantic and Gulf general cargo exports in 1955 was 57.4 per cent, an increase of 2.2 percentage points over 1954. Part of the increase represented the Port of New York's gain over the previous year, but this did not return to the North Atlantic its 1953 share of oceanborne foreign trade exports.

On the import side there was no recovery of the 1954 losses. The North Atlantic's share of Atlantic and Gulf general cargo in 1953 was 70.3 per cent, and in the following two years it was 66.9 and 66.2 per cent. The relative rigidity of imports tends to show that much of the inbound traffic is destined for local consumption.

SOUTH ATLANTIC

The South Atlantic (North Carolina to Florida) region has made steady progress since 1953. Its share of Atlantic and Gulf general cargo exports has risen from 7.4 per cent in 1953 to 10.5 per cent in 1955. This growth was accounted for by larger volumes of paper, iron and steel products, and tobacco.

The South Atlantic's share of imports also expanded, rising to 10.9 per cent. This increase was due mainly to large tonnages of cement and steel for the building trades and highway construction, and generally reflects the increasing importance of this region in American economic geography.

GULF COAST

The Gulf Coast (Alabama to Texas) suffered a decline in its share of Atlantic and Gulf general cargo exports. Its market share fell from 35.6 per cent in 1954 to 32.1 per cent in 1955. The decline was primarily attributable to a severe drop in cotton exports, due to the non-competitive overseas price of United States cotton during the year, and to smaller declines registered for some petroleum and chemical products.

For inbound movements, there was a slight downward adjustment bringing the Gulf's market share to 22.9 per cent.

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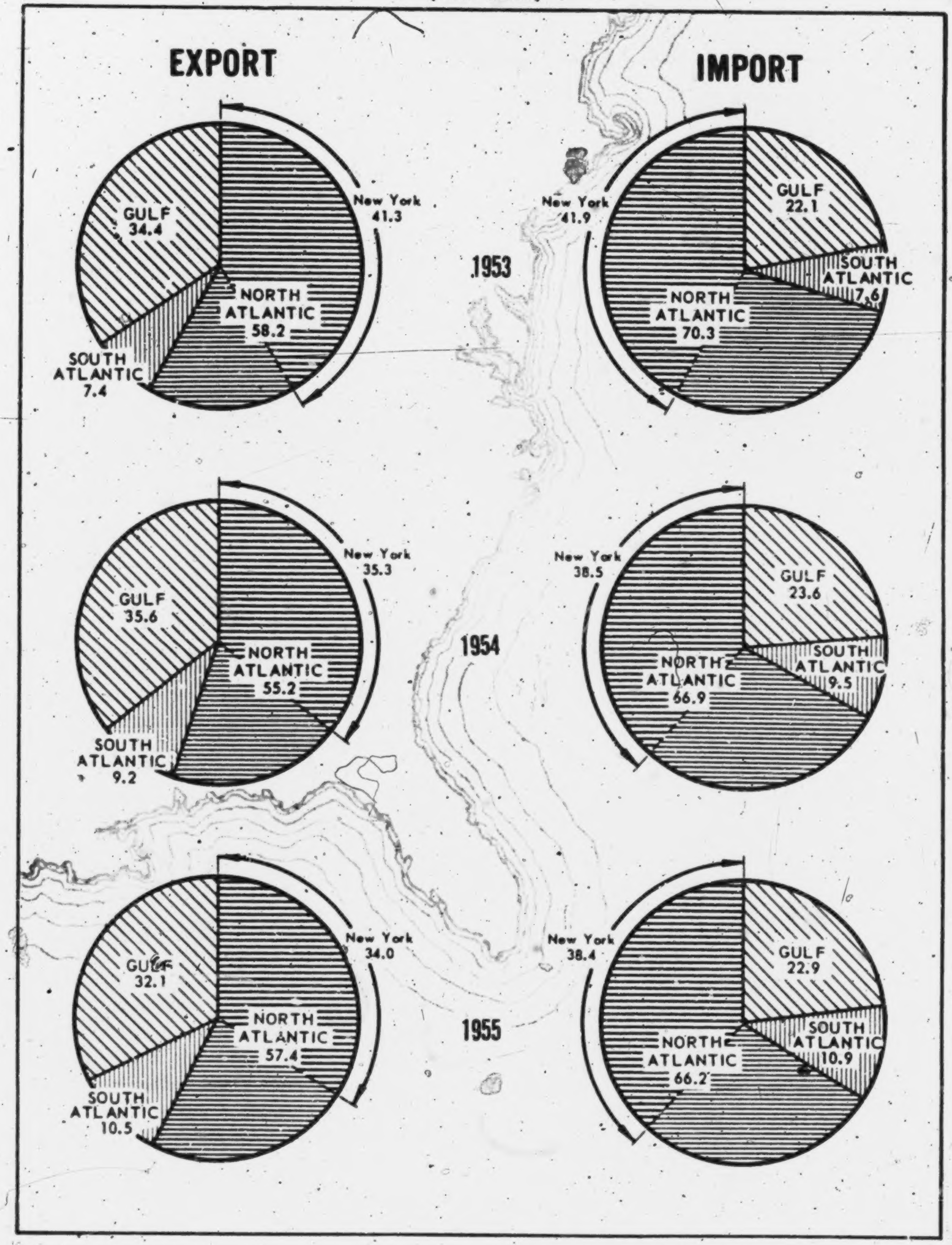
DISTRIBUTION OF GENERAL CARGO OCEANBORNE TRADE ALONG ATLANTIC AND GULF COAST

(PER CENT)



BULK GRAIN EXPORTS

Bulk grain exports—wheat, corn, rye, barley, oats, soybeans and sorghums—from the New York Customs District (which includes Albany) in 1955 were 1,094,458 tons, an increase of 41.1 per cent over the year previous. This was the second largest volume handled since 1923. The normal market for bulk grain was further stimulated by the Federal Government's farm aid programs.

WHEAT

Despite a drop in tonnage, wheat was the most important grain exported from the New York Customs District. In 1955 the tonnage was 569,867, against 696,458 tons in 1954. Soft red wheat from the Middle Atlantic States was still the main type moving into overseas markets from New York. Spring wheat raised in the Dakotas and Montana showed growth in volume. Winter wheat exports also rose because of withdrawals of stored grain from the mothball fleet.

CORN

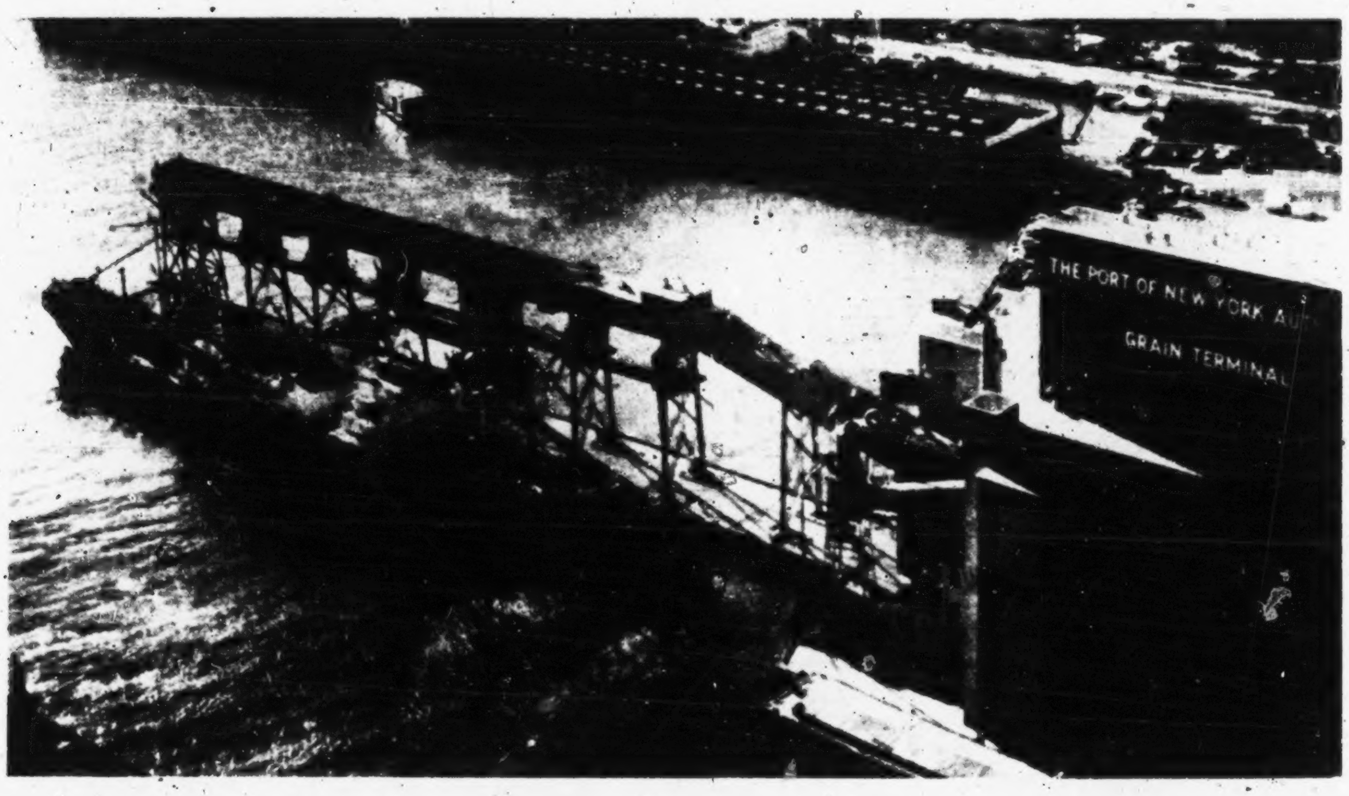
The importance of corn as a bulk grain to the Port rose sharply. In 1955 exports were 257,891 tons against 39,780 tons in 1954. The lower price of United States export corn and curtailed Argentine exports aided shipments.

OTHER GRAINS

Exports of barley and rye, oats, soybeans and sorghums were 266.700 tons compared to 39,250 tons in 1954. The expansion in shipments was partially a result of feed required by larger livestock herds in Western Europe.

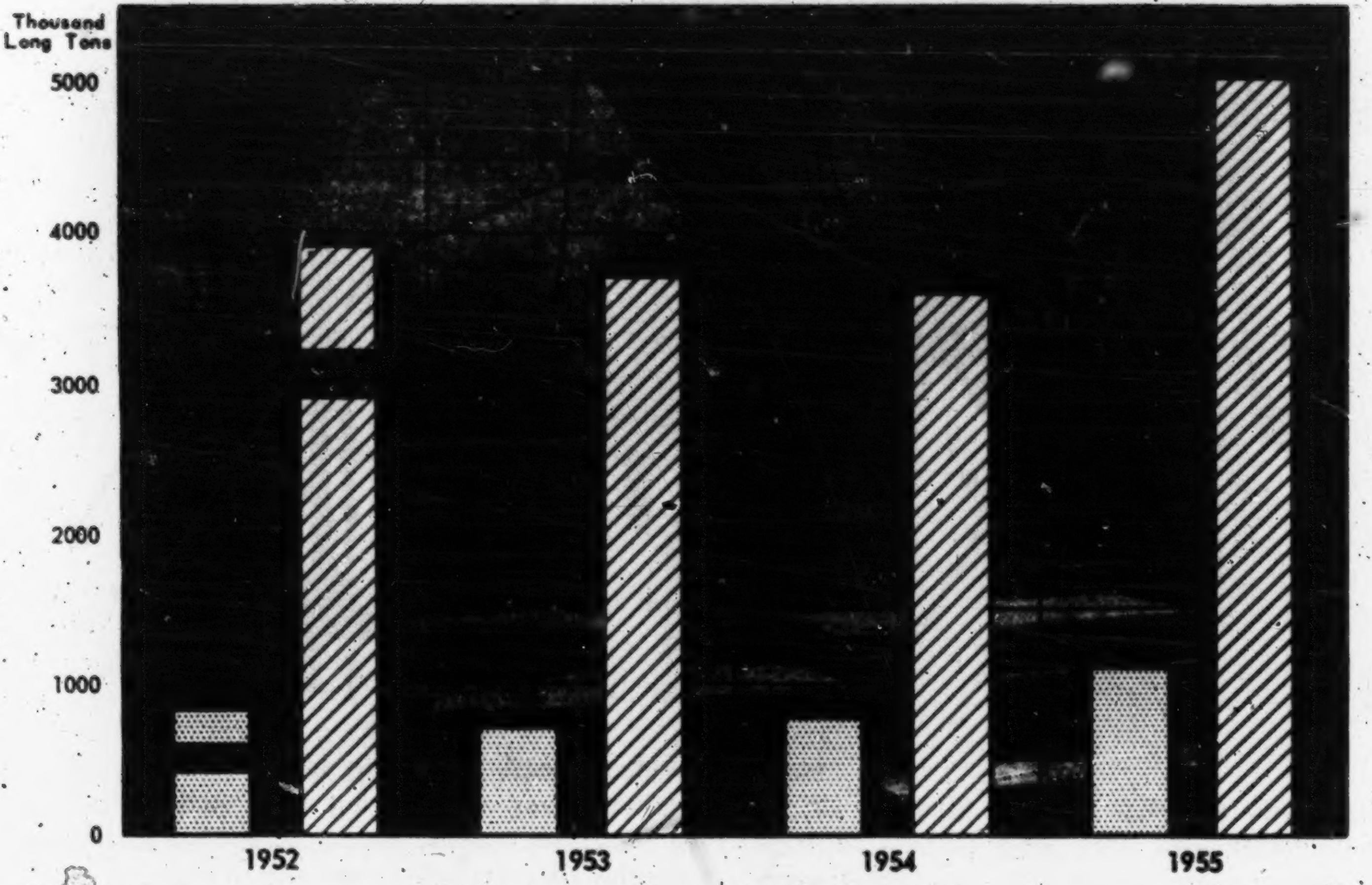
COMPETITIVE SHARES

The New York Customs District's share of North Atlantic bulk grain exports reached 21.7 per cent in 1955, an increase of 0.3 percentage points over the previous year. The competitive position at the New York-New Jersey Port will be strengthened because of improved grain handling facilities.



BULK GRAIN EXPORTS

1952 - 1955



[fol. 4285]

BULK GRAIN EXPORTS

New York & North Atlantic Coast

(Long Tons)

	1952	1953	1954	1955
WHEAT				
New York	664,299	567,010	696,458	569,867
North Atlantic	2,098,567	1,848,049	2,274,698	1,760,741
% NY/NA	31.7	30.7	30.6	32.4
CORN				
New York	138,991	138,122	39,783	257,891
North Atlantic	1,306,606	1,488,136	897,529	2,034,264
% NY/NA	10.6	9.3	4.4	12.7
BARLEY & RYE				
New York	24,316	3,212	30,922	150,877
North Atlantic	339,920	53,881	96,760	558,737
% NY/NA	7.2	6.0	32.0	27.0
OATS				
New York	11,813	14,400	995	107,670
North Atlantic	17,576	15,902	7,666	275,703
% NY/NA	67.2	90.6	13.0	39.1
SORGHUMS				
New York	238	24	1,427	3,212
North Atlantic	1,745	2,471	3,870	4,554
% NY/NA	13.6	1.0	36.9	70.5
SOYBEANS				
New York	23	10,042	5,908	4,941
North Atlantic	177,357	306,642	351,556	403,548
% NY/NA	0.01	3.3	1.7	1.2
TOTAL BULK GRAINS				
New York	839,680	732,810	775,490	1,094,458
North Atlantic	3,941,771	3,715,081	3,632,079	5,037,547
% NY/NA	21.3	19.7	21.4	21.7

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BULK ORE IMPORTS

The nation's growing need for foreign ores was reflected in the substantially larger volumes of bulk ore imports handled by the North Atlantic ports. In 1955 the volume was 21,101,251 tons, an increase of 34.2 per cent over the previous year.

IRON ORE

Over 79 per cent of all bulk ore imported through the North Atlantic was iron ore. In 1955, North Atlantic iron ore imports totaled 16,865,781 tons, double the volume in 1953.

In contrast, the Port of New York's iron ore imports were only 308 tons during 1955. It is these heavy and increasing movements of import iron ore which are largely responsible for the higher shares of total oceanborne commerce being handled by the ports south of New York.

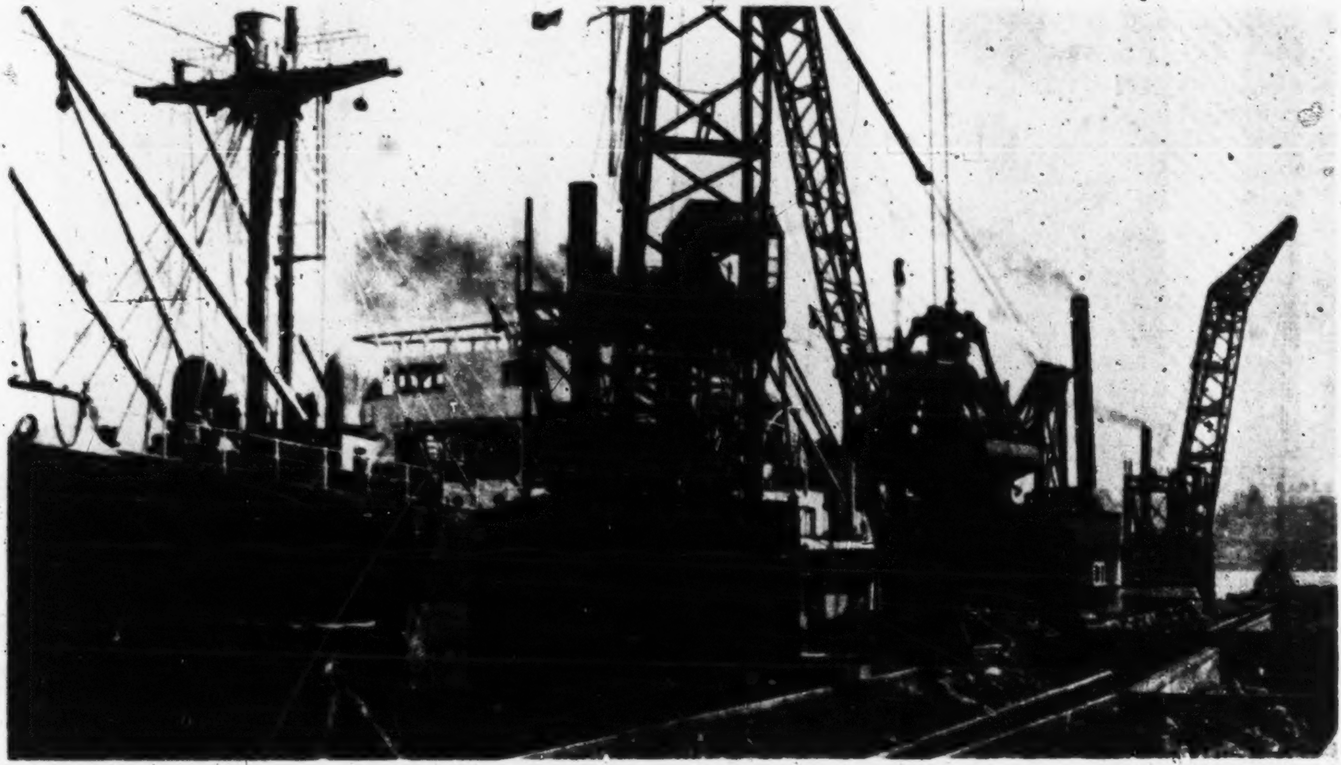
COPPER AND OTHER ORES

Reaching a five year high, the Port of New York's volume of copper imports increased to 315,817 tons. The Port of New York accounts for 99.8 per cent of the North Atlantic copper imports due to the tidewater refineries in New Jersey. The increased tonnage was directly attributable to a high domestic demand for copper products.

New York's tonnage for all other ores was 513,939, a decrease of 7.1 per cent. Minor gains for manganese and lead were offset by declines in chrome and bauxite.

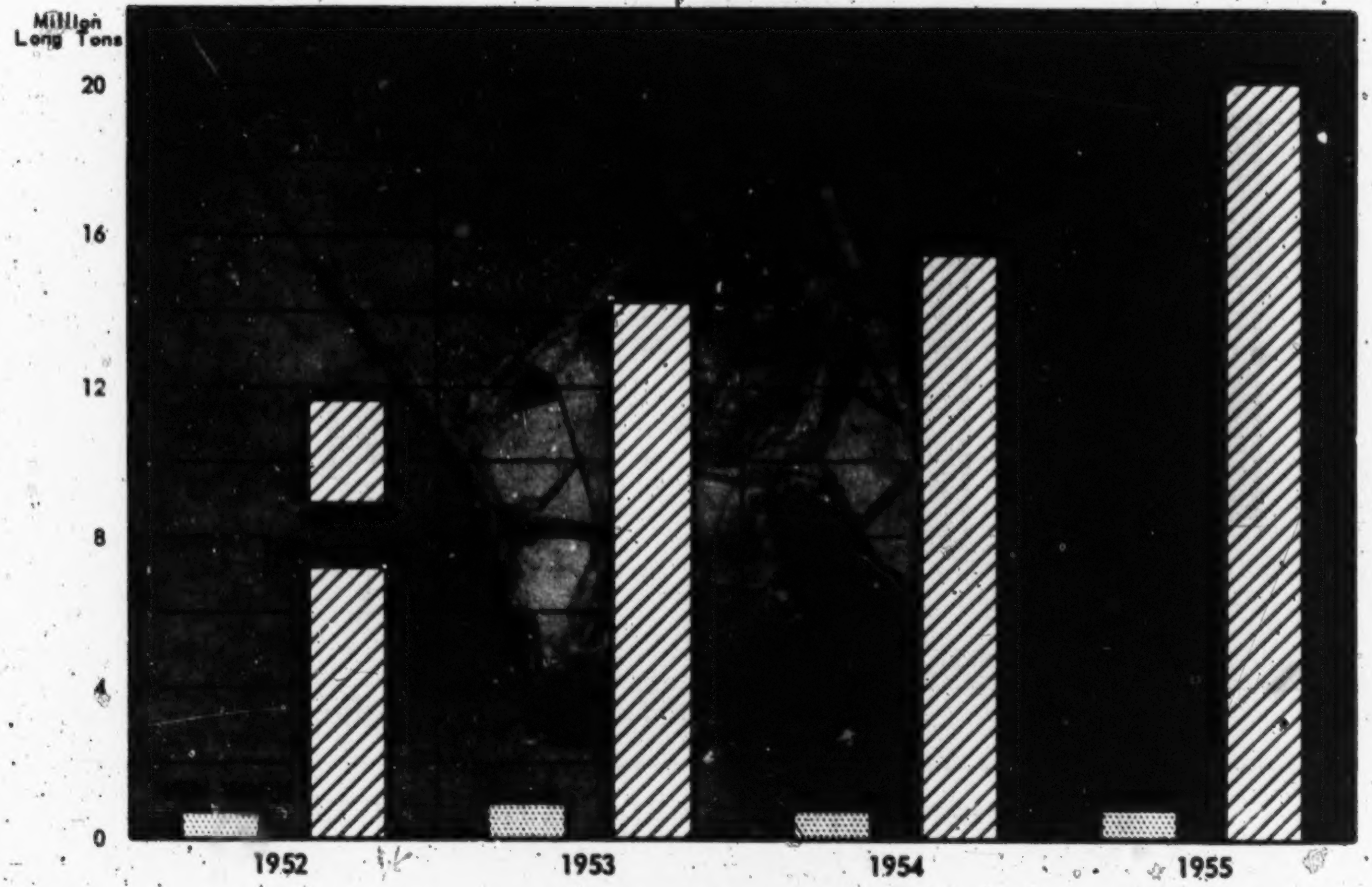
COMPETITIVE SHARES

The Port of New York's share of North Atlantic bulk ore imports in 1955 was 3.9 per cent, a decline of 1.4 percentage points compared to 1954. New York cannot establish its position in the growing ore trade until rail rates from the Port to the Midwest are equalized with the rate structure at ports south of New York, permitting competition between all North Atlantic ports for these imports. The Port of New York Authority is taking an active part in a current proceeding before the Interstate Commerce Commission which seeks to equalize Port of New York rail rates on imported ore with those in effect at competitor ports.



BULK ORE IMPORTS

1952 - 1955



BULK ORE IMPORTS

New York & North Atlantic Coast

(Long Tons)

	1952	1953	1954	1955
IRON ORE				
New York	396	169	156	308
North Atlantic	7,120,658	8,285,161	11,645,788	16,865,781
% NY/NA	0.005	0.002	0.001	0.002
MANGANESE				
New York	33,976	15,266	15,426	28,719
North Atlantic	2,487,875	3,185,384	1,961,330	1,984,291
% NY/NA	1.4	0.5	0.8	1.4
CHROME				
New York	186,846	194,109	134,033	97,019
North Atlantic	1,463,297	1,778,503	1,187,670	1,347,348
% NY/NA	12.8	10.9	11.3	7.2
BAUXITE				
New York	167,320	258,917	230,816	190,166
North Atlantic	194,052	322,043	302,196	249,762
% NY/NA	86.2	80.4	76.4	76.1
COPPER				
New York	204,062	297,016	274,021	315,817
North Atlantic	204,062	298,395	286,339	316,298
% NY/NA	100%	99.5	95.7	99.8
LEAD				
New York	4,122	7,733	1,999	6,391
North Atlantic	4,547	8,824	2,660	9,213
% NY/NA	90.7	87.6	75.2	69.4
MISC. ORES				
New York	113,465	202,751	170,824	191,644
North Atlantic	212,270	373,247	343,008	329,258
% NY/NA	53.5	54.3	49.8	58.2
TOTAL BULK ORES				
New York	710,187	975,961	827,275	830,064
North Atlantic	11,686,761	14,251,557	15,728,996	21,101,251
% NY/NA	6.1	6.8	5.3	3.9

NOTE: Iron Ore represented 79.9% of all bulk ores imported through the North Atlantic in 1955.

VESSEL ACTIVITY AND VALUE OF OCEANBORNE TRADE

The greatest number of vessel movements handled by the Port of New York since World War II occurred in 1955. If these movements had been scheduled around the clock throughout the year, a ship would have arrived or departed every twenty minutes. New York's vessel activity was twice as large as the next busiest seaport. This record indicates the very positive advantage of frequency and quality of steamship service that is available for shippers at the New York-New Jersey Port.

VESSEL ACTIVITY

In 1955, 12,625 vessels arrived at New York and 12,605 departed, a total of 25,230 in foreign, coastal and intercoastal commerce. These vessels carried the flags of some forty-four different nations.

The American merchant fleet, with a total of 6,303 arrivals made up the largest share of port traffic.

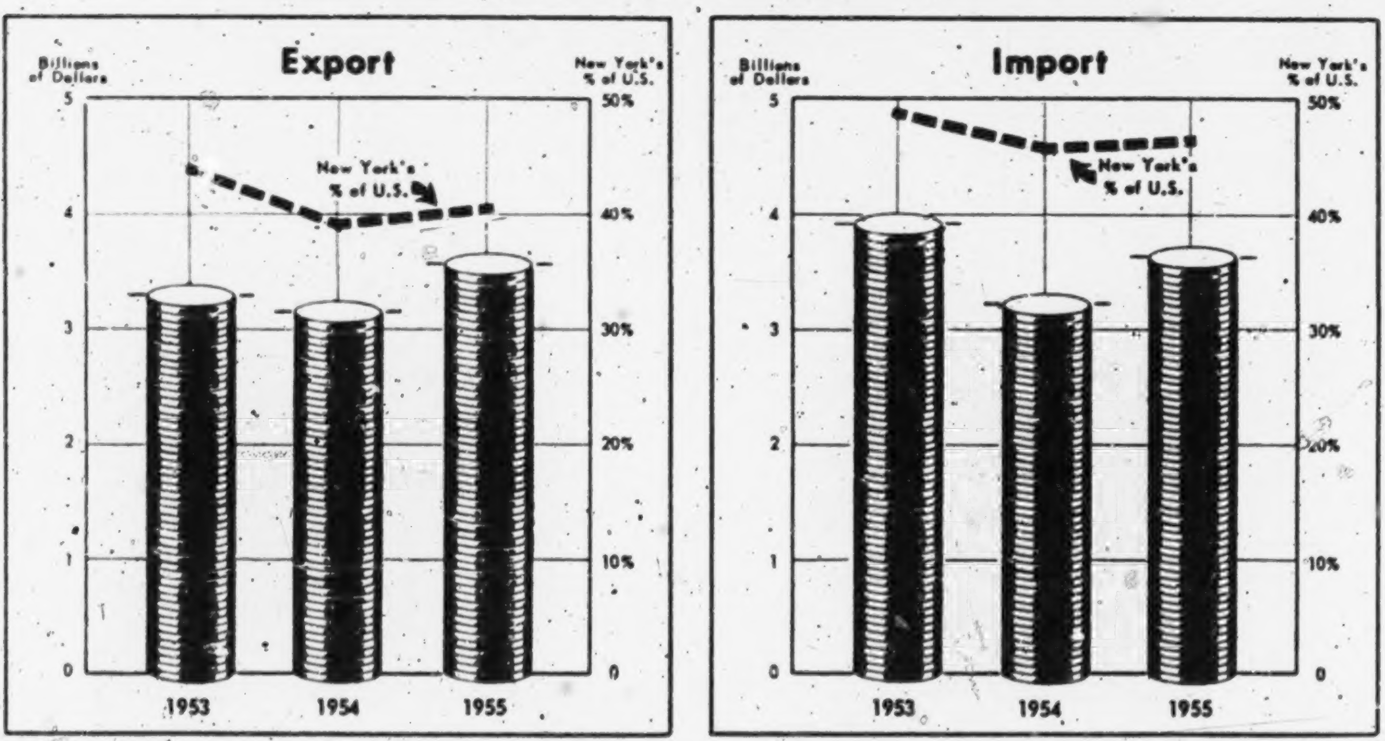
The Norwegian, Liberian and Swedish merchant fleets succeeded during the year in improving their relative positions. The merchant fleet flying the Liberian flag, which now occupies fourth place in the flag list, made the biggest improvement with an increase from 171 to 540 over the past three years.

VALUE

The value of the foreign oceanborne cargo brought to and from the Port of New York by the merchant fleets of the world was $7,221,200,000, or an increase of 13.8 per cent over 1954. This represents 43.3 per cent of the United States dollar value of foreign oceanborne cargo, indicating the power of New York in attracting and servicing the high value cargo moving in international commerce.

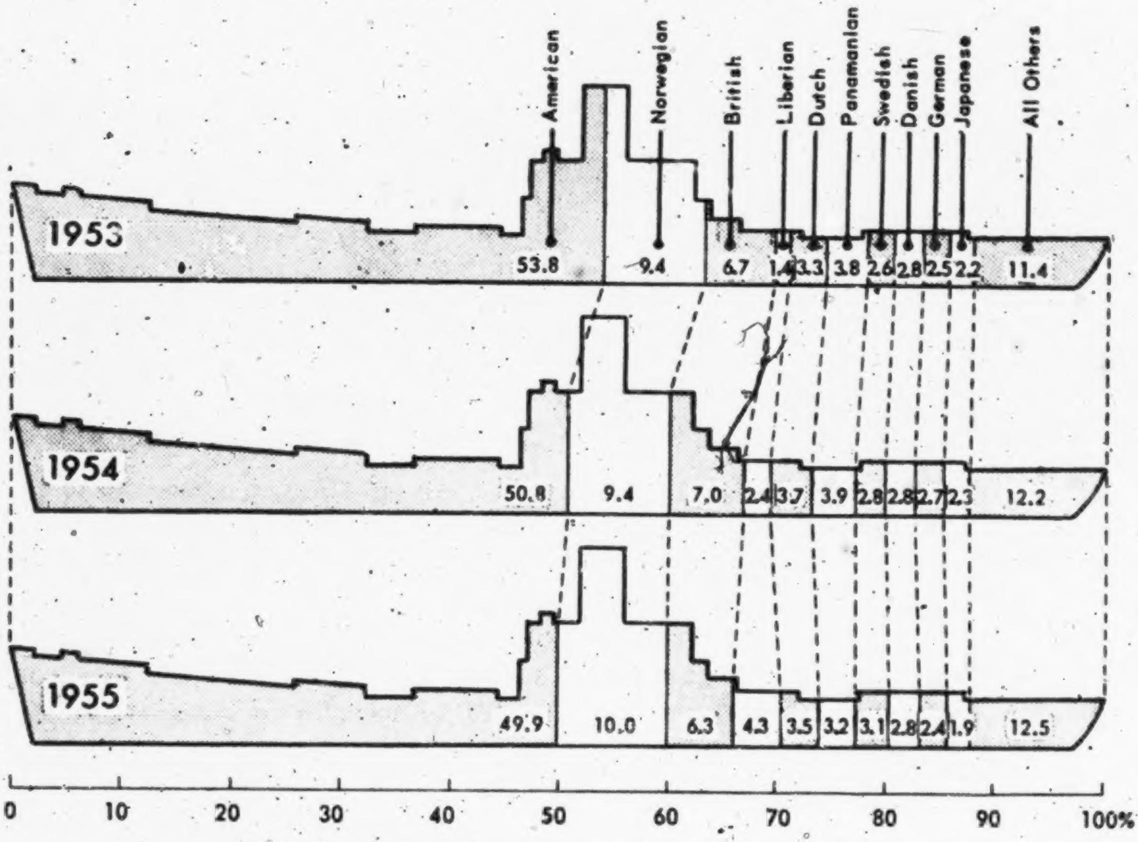
The value of New York's exports was $3,591,800,000. This represents 40.6 per cent of the total United States exports. On the import side, shipments were valued at $3,629,900,000, or 46.5 per cent of total United States imports.

VALUE OF NEW YORK'S OCEANBORNE TRADE



PORT OF NEW YORK'S VESSEL TRAFFIC BY FLAG

1953 – 1955



Rank	1953			1954			1955		
	Flag	Number	%	Flag	Number	%	Flag	Number	%
1	American	6,788	53.8	American	6,056	50.8	American	6,303	49.9
2	Norwegian	1,185	9.4	Norwegian	1,122	9.4	Norwegian	1,268	10.0
3	British	847	6.7	British	830	7.0	British	793	6.3
4	Panamanian	474	3.8	Panamanian	467	3.9	Liberian	540	4.3
5	Dutch	419	3.3	Dutch	445	3.7	Dutch	447	3.5
6	Danish	358	2.8	Swedish	334	2.8	Panamanian	397	3.2
7	Swedish	329	2.6	Danish	331	2.8	Swedish	394	3.1
8	German	317	2.5	German	319	2.7	Danish	359	2.8
9	Japanese	275	2.2	Liberian	291	2.4	German	300	2.4
10	French	192	1.5	Japanese	269	2.3	Japanese	244	1.9
Other		1,370	11.4		1,464	12.2		1,580	12.5
All Arrivals		12,607	100.0		11,928	100.0		12,625	100.0
Arrivals & Departures		25,210	--		23,857	--		25,230	--

SUMMARY AND OUTLOOK

The New York-New Jersey Port's oceanborne foreign trade (general and bulk cargo) in 1955 rose to 35,633,720 tons from 32,021,739 tons in 1954. Substantial gains were registered in both general cargo and bulk tonnage. But despite the larger tonnages handled by the Port, its share of United States oceanborne foreign trade - both general and bulk cargoes - declined from 19.1 per cent to 16.6 per cent.

GENERAL CARGO

General cargo export tonnage was 6,389,063 tons, up 29.5 per cent over 1954. Imports were 6,375,172 tons, an increase of 9.5 per cent. For exports and imports combined, the Port of New York handled 12,764,235 tons, an increase of 18.7 per cent over the preceding year. These gains reflect the general high level of world trade.

The Port of New York's competitive share of United States general cargo exports was 26.8 per cent and of imports, 28.6 per cent. Compared to 1954, the share of exports was unchanged and the share of imports off slightly. Against the 1947-1953 average, however, New York's competitive position has declined.

BULK CARGO

Imports and exports of bulk cargo (grain, ore, petroleum, coal, minerals) via the New York Customs District amounted to 22,869,485 tons, an increase of 7.5 per cent above 1954. The largest gains were in petroleum and grain.

While the Port's bulk tonnage moved upward, it did not keep abreast of the gains registered by other ports that specialize in this low value cargo. To illustrate, New York's tanker imports, mainly petroleum products, rose 6.1 per cent while the increase for the country was 17.5 per cent.

New York's share of United States bulk cargo decreased from 16.4 per cent in 1954 to 13.6 per cent in 1955.

DOLLAR VALUE

The dollar value of the inbound and outbound cargo moving via the New York - New Jersey Port was $7,221,200,000, or an increase of 13.8 per cent above the $6,346,400,000 handled in 1954.

The value of New York's foreign oceanborne cargo in 1955 was 43.3 per cent of the total United States value, compared with 42.2 per cent in 1954 and 46.5 per cent in 1953.

OUTLOOK

It is estimated that the value of the Port of New York's oceanborne foreign trade will show a modest improvement in 1956, based primarily on higher prices for goods moving in foreign trade.

Despite the pressure of aggressive competition, export tonnage of capital goods and consumer goods at the Port of New York are expected to increase. Imports may show less buoyancy, with foodstuffs maintaining the levels achieved in 1955. Imports of manufactured goods - vehicles, machinery, and consumer items as a class - are expected to show the largest percentage gains.

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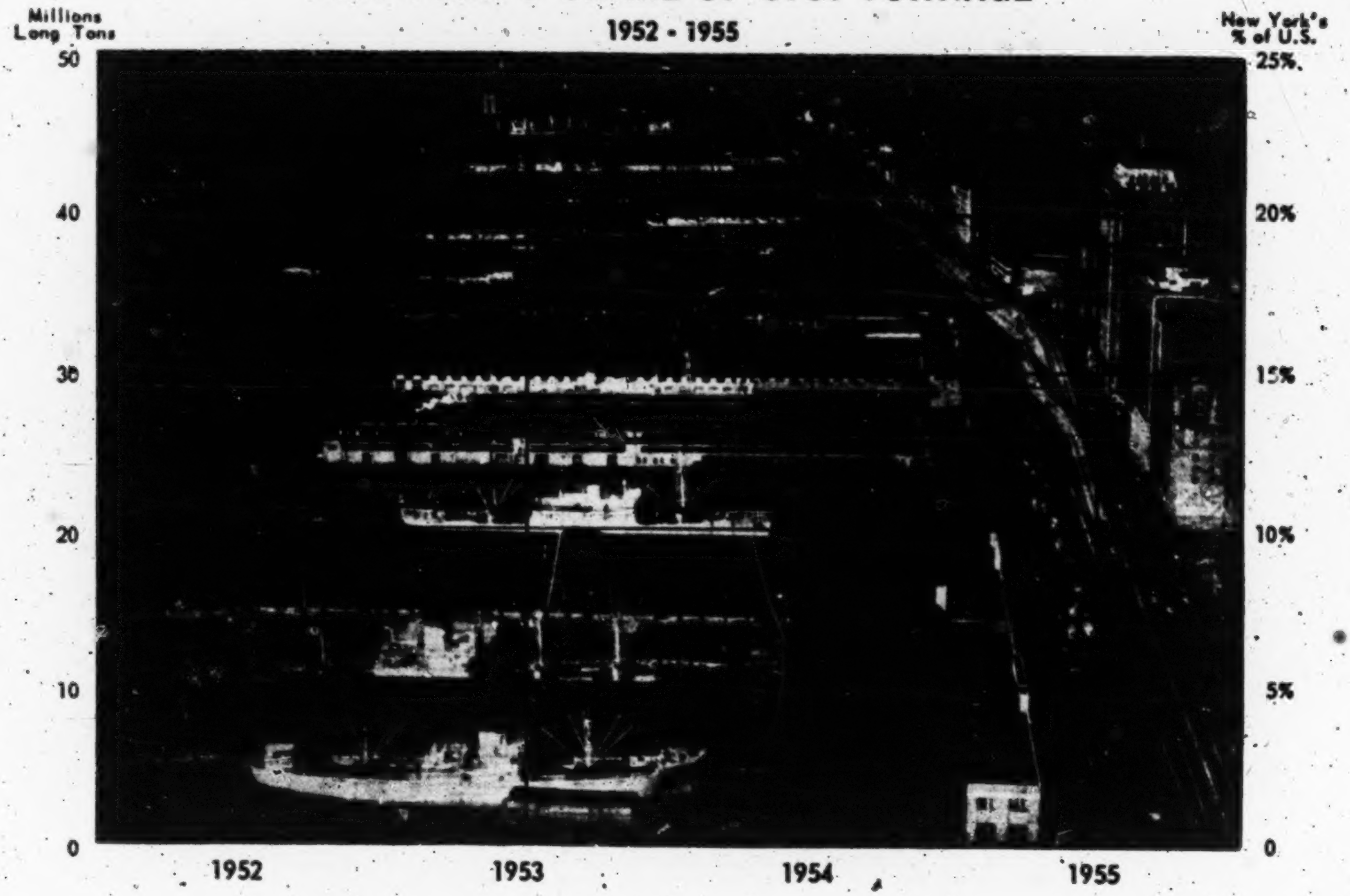
NEW YORK'S SHARE OF U.S. TONNAGE

1952 - 1955



TOTAL OCEANBORNE FOREIGN TRADE

- GENERAL & BULK -

(Long Tons)

		1952	1953	1954	1955
TOTAL:	United States	173,811,064	165,056,473	167,630,406	214,810,891
	New York	32,935,342	35,575,089	32,021,739	35,633,720
	% NY/US	18.9	19.7	19.1	16.6
GENERAL:	United States	38,771,376	36,598,683	37,793,861	46,100,369
	New York	12,676,821	11,916,960	10,753,008	12,764,235
	% NY/US	32.7	32.6	28.5	27.7
BULK:	United States	135,039,688	128,457,790	129,836,545	168,710,522
	New York	20,258,521	20,658,129	21,268,731	22,869,485
	% NY/US	15.0	16.1	16.4	13.6

EXPLANATION OF CARGOES USED IN THIS REPORT

The data in this report present consolidated shipping weight figures which include outbound and inbound shipments in the waterborne foreign commerce of the United States as defined below.

OUTBOUND

The outbound data are based on the following elements:

(1) Vessel exports and re-exports, including trade between Alaska, Hawaii, and Puerto Rico and foreign countries, export shipments to United States Government agencies; and exports under the various foreign aid programs made on commercial vessels only. Excluded from these figures are shipments to the United States Armed Forces abroad for their own use, shipments between continental United States and the territories and possessions, shipments of household and personal effects, shipments of vessels under their own power and afloat, and shipments by mail and parcel post. Effective with January 1954 statistics, these data also exclude all export shipments valued at under $500, regardless of shipping weight.

(2) Vessel export shipments of Department of Defense controlled cargo, representing cargo exported by the Department of Defense under special foreign aid programs, i.e., Civilian Supply, Mutual Security, etc. on United States flag vessels such as Army or Navy transports and commercial vessels chartered by the Department of Defense under time charter, voyage charter and space charter arrangements.

(3) Vessel exports of non-Department of Defense controlled shipments of "Special Category" commodities.

(4) Outbound vessels shipments of merchandise moving in transit under bond through the United States from one foreign country to another.

Export and outbound in-transit shipments by vessel are credited to the Customs district and port at which the merchandise was laden.

INBOUND

The inbound data consist of figures which incorporate the following elements.

(1) Water-borne general imports, which represent the total of imports for immediate consumption plus entries into Customs bonded warehouses. Excluded from these figures are imports of household and personal effects, shipments covered by informal entries, and import shipments by mail and parcel post. Also excluded are import shipments on Army or Navy transports (vessels owned and operated by the Army or Navy). However, any import shipments on vessels chartered by the Department of Defense under time charter arrangements are included (export shipments under such arrangements are excluded from the export vessel shipping statistics). Effective with January 1954 statistics, these data also exclude all import shipments where the shipping weight is less than 2,000 pounds, regardless of value.

(2) Inbound vessel arrivals of merchandise moving in transit under bond through the United States from one foreign country to another.

Imports by vessel are credited to the Customs district and port at which the merchandise was unladen, even though this may be different from the Customs district in which the goods were entered for immediate consumption or entered into warehouses.

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TRADE INDICATORS

4293

[fol. 4293]

UNITED STATES OCEANBORNE

BY COASTAL AR[illegible]

	EXPORTS		
	1953	*1954*	*1955*
NORTH ATLANTIC:	6 678 588	7 713 795	10 802 175
(NEW YORK)	(4 727 500)	(4 933 326)	(6 389 063)
SOUTH ATLANTIC:	842 737	1 278 280	1 970 146
GULF:	3 936 930	4 965 418	6 032 165
ATLANTIC & GULF COASTS:	11 458 255	13 957 493	18 804 486
WEST COAST:	2 998 462	3 838 317	4 314 030
OTHER:	678 439	596 228	679 051
UNITED STATES OCEANBORNE:	15 135 156	18 392 038	23 797 567

SHARES OF ATLANTIC AND GULF COAST

BY COASTAL AREA

	EXPORTS		
	1953	*1954*	*1955*
NORTH ATLANTIC:	58.2	55.2	57.4
(NEW YORK)	(41.3)	(35.3)	(34.0)
SOUTH ATLANTIC:	7.4	9.2	10.5
GULF:	34.4	35.6	32.1
ATLANTIC & GULF COASTS:	100.0	100.0	100.0

GENERAL CARGO FOREIGN TRADE

1[illegible]3 - 1955 *(Long Tons)*

Percent Change		IMPORTS				
55/54	*55/53*	*1953*	*1954*	*1955*	*Percent Change* *55/54*	*Percent Change* *55/53*
+ 40.0	+ 61.7	12 073 645	10 110 059	10 968 567	+ 8.5	— 9.2
(+ 29.5)	(+ 35.1)	(7 189 460)	(5 819 682)	(6 375 172)	(+ 9.5)	(—11.3)
+ 54.1	+133.8	1 303 552	1 435 934	1 812 126	+ 26.2	+39.0
+ 21.5	+ 53.2	3 793 727	3 570 873	3 799 937	+ 6.4	+ 0.2
+ 34.7	+ 64.1	17 170 924	15 116 866	16 580 630	+ 9.7	— 3.4
+ 12.4	+ 43.9	3 135 982	3 296 926	3 640 323	+ 10.4	+16.1
+ 13.9	+ 0.1	1 156 621	988 031	2 081 849	+110.7	+80.0
+ 29.4	+ 57.2	21 463 527	19 401 823	22 302 802	+ 15.0	+ 3.9

GENERAL CARGO FOREIGN TRADE

1953 - 1955 *(Per Cent)*

Percentage Point Change		IMPORTS				
55/54	*55/53*	*1953*	*1954*	*1955*	*Percentage Point Change* *55/54*	*Percentage Point Change* *55/53*
+2.2	—0.8	70.3	66.9	66.2	—0.7	—4.1
(—1.3)	(—7.3)	(41.9)	(38.5)	(38.4)	(—0.1)	(—3.5)
+1.3	+3.1	7.6	9.5	10.9	+1.4	+3.3
—3.5	—2.3	22.1	23.6	22.9	—0.7	+0.8
—	—	100.0	100.0	100.0	—	—

[fol. 4295]

4295

OCEANBORNE FOREIGN TRADE OF

1953 - [illegible]55

	United States		
Commodity Group	*1953*	*1954*	*1955*
EXPORTS			
General Cargo	15 135 156	18 392 038	23 797 567
Grain	10 473 438	8 319 983	12 923 556
Coal	13 216 275	14 289 936	31 743 517
Minerals (a)	3 569 896	4 323 179	3 989 826
Foreign Aid	3 709 744	3 439 374	2 890 623
Tanker Cargo	10 722 187	8 203 126	9 246 339
Total Exports	56 826 696	56 967 636	84 591 428
IMPORTS			
General Cargo	21 463 527	19 401 823	22 302 802
Minerals (b)	4 416 783	4 393 776	4 529 167
Ores	20 373 171	23 665 156	29 136 156
Tanker Cargo	61 976 296	63 202 015	74 251 338
Total Imports	108 229 777	110 662 770	130 219 463
TOTAL			
General Cargo	36 598 683	37 793 861	46 100 369
Bulks	128 457 790	129 836 545	168 710 522
Total Exports & Imports	165 056 473	167 630 406	214 810 891

(a) Mineral Exports include sulphur and phosphates.

(b) Mineral Imports include clays and earths, gypsum and nitrates.

4296

UNITED STATES AND NEW YORK

(Lo[illegible] Tons)

New York			Percent N. Y./U. S.		
1953	*1954*	*1955*	*1953*	*1954*	*1955*
4 727 500	4 933 326	6 389 063	31.2	26.8	26.8
732 810	775 490	1 094 458	7.0	9.3	8.5
91 606	14 925	28 201	0.7	0.1	0.1
11 561	13 963	8 124	0.3	0.3	0.2
620 274	404 957	320 668	16.7	11.8	11.1
375 892	447 561	527 921	3.5	5.5	5.7
6 559 643	6 590 222	8 368 435	11.5	11.6	9.9
7 189 460	5 819 682	6 375 172	33.5	30.0	28.6
894 609	916 316	1 103 320	20.3	20.9	24.4
976 961	827 275	830 064	4.8	3.5	2.8
16 954 416	17 868 244	18 956 729	27.4	28.3	25.5
26 015 446	25 431 517	27 265 285	24.0	23.0	20.9
11 916 960	10 753 008	12 764 235	32.6	28.5	27.7
20 658 129	21 268 731	22 869 485	16.1	16.4	13.6
32 575 089	32 021 739	35 633 720	19.7	19.1	16.6

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VALUE OF OCEANBORNE FOREIGN TRADE UNITED STATES AND NEW YORK

1953-1955

(Thousands of Dollars)

	Year	Exports	Imports	Exports and Imports
United States	1953	7 505 600	7 956 600	15 462 200
	1954	7 955 400	7 069 700	15 025 200
	1955	8 855 300	7 812 200	16 667 500
% Change	55/54	+ 11.3	+ 10.5	+ 10.9
	55/53	+ 18.0	— 1.8	+ 7.8
New York	1953	3 275 800	3 921 800	7 197 600
	1954	3 133 100	3 213 300	6 346 400
	1955	3 591 800	3 629 400	7 221 200
% Change	55/54	+ 14.6	+ 12.9	+ 13.8
	55/53	+ 9.6	— 7.5	+ 0.3
% N. Y./U. S.	1953	43.6	49.3	46.5
	1954	39.4	45.5	42.2
	1955	40.6	46.5	43.3
% Point Change	55/54	+ 1.2	+ 1.0	+ 1.1
	55/53	— 3.0	— 2.8	— 3.2

NEW YORK VESSEL PASSENGERS

1952-1955

	1952	1953	1954	1955
Arrivals	487 296	457 680	487 603	485 845
Departures	408 958	420 653	440 796	437 539
Total	896 254	878 333	928 399	923 384

GENERAL CARGO EXPORT RAILROAD CARS UNLOADED NEW YORK AND UNITED STATES

1952-1955

	1952	1953	1954	1955
New York	231 284	196 441	170 858	176 272
United States	670 988	603 886	574 977	639 805
% N.Y./U.S.	34.5	32.5	29.7	27.6

4298

THE PORT OF NEW YORK AUTHORITY is a self-supporting corporate agency of the States of New Jersey and New York. Operating without burden to the general taxpayer, the Port Authority was created in 1921 by treaty between the two States to deal with the planning and development of terminal and transportation facilities, and to improve and protect the commerce of the Port District.

Port Authority Commissioners, six from each State, are appointed by the Governors of New Jersey and New York. They serve without pay for terms of six years.

Charged by statute with the protection of port commerce, the Port Authority appears before such regulatory bodies as the Interstate Commerce Commission, the Civil Aeronautics Board and the Federal Maritime Board in the interest of the unified Port District. It maintains Trade Development Offices in New York, Washington D. C., Chicago and Cleveland in the United States and in Rio de Janeiro, Brazil in the interest of promoting the movement of commerce through the Port of New York.

PORT AUTHORITY FACILITIES

TUNNELS & BRIDGES

- Holland Tunnel
- Lincoln Tunnel
- George Washington Bridge
- Bayonne Bridge
- Goethals Bridge.
- Outerbridge Crossing

MARINE & INLAND TERMINALS

- Port Newark
- Hoboken-Port Authority Piers
- Port Authority Grain Terminal
- Brooklyn-Port Authority Piers
- Union Railroad Freight Terminal
- N. Y. Union Motor Truck Terminal
- Newark Union Motor Truck Terminal
- Port Authority Bus Terminal

AIRPORTS

- N. Y. International Airport
- La Guardia Airport
- Newark Airport
- Teterboro Airport

COMMISSIONERS

NEW JERSEY

DONALD V. LOWE, *Chairman*
HORACE K. CORBIN
JESS HARRISON DAVIS
DOW H. DRUKKER, JR.
JAMES C. KELLOGG, III
THORN LORD

NEW YORK

HOWARD S. CULLMAN, *Honorary Chairman*
EUGENE F. MORAN, *Vice Chairman*
S. SLOAN COLT
CHARLES S. HAMILTON, JR.
CHAS. H. SELLS
N. BAXTER JACKSON

AUSTIN J. TOBIN
Executive Director

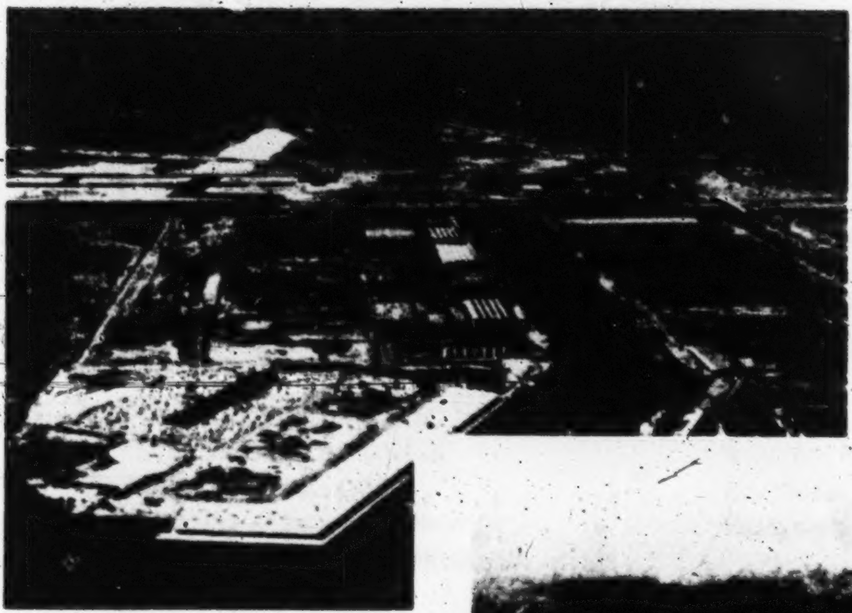
Roger H. Gilman
Director of Port Development

Clifford B. O'Hara
Chief, Port Commerce Division

Jerome Gilbert
Trade Economist

Donal Smith
Stanton Fields
Edward J. Stout

4259



Port Newark

Hoboken - Port Authority Piers

43 00

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1962

No. 97

THE BALTIMORE & OHIO RAILROAD COMPANY,
ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 98

MARYLAND PORT AUTHORITY, ET AL.,
APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 99

INTERSTATE COMMERCE COMMISSION,
APPELLANT,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF MASSACHUSETTS

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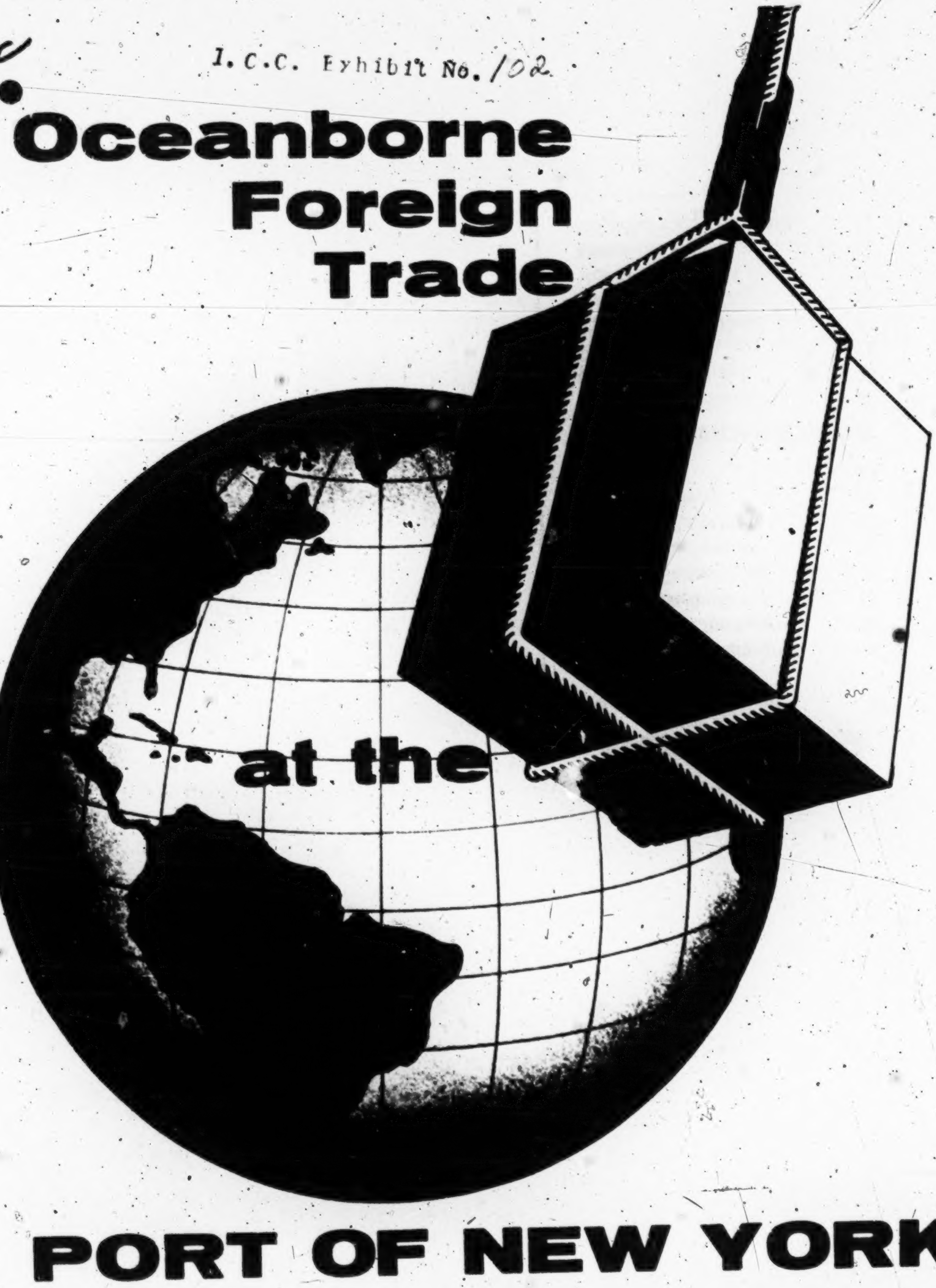
I.C.C. Exhibit No. 102

I.C.C. Exhibit No. 102

Oceanborne Foreign Trade



at the

PORT OF NEW YORK

1956

Published by **THE PORT OF NEW YORK AUTHORITY**

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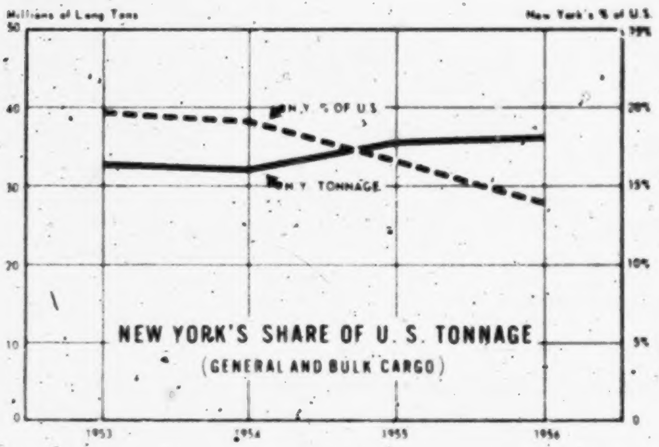
The Port's Share of the Competitive Market

The Port of New York's tonnage gains during the past year lagged behind the increases at competing ports. The Port's share of United States total oceanborne foreign trade—general and bulk cargoes—therefore declined in 1956 to 14.0 per cent, compared to 16.6 per cent in 1955, and 19.1 per cent in 1954. New York's declining share of United States total foreign trade tonnage was primarily attributable to the Port's limited participation in the movement of bulk cargoes that has developed since World War II as well as increasing competition from other ports.



In handling of general cargo, competing ports showed greater tonnage increases than New York. This has caused New York's share of United States general cargo to decline in 1956 to 25.9 per cent from 27.6 per cent in 1955, and 28.5 per cent in 1954. Compared with the 1947-1953 average, New York's competitive share has declined 8.6 percentage points. This decline in the Port's share stems partially from the rapid economic expansion taking place in the south and southwestern parts of the country. It is, however, also symptomatic of the increasing competition among ports, many of which are favored with differentially lower rail rates on export-import cargoes than apply to the New York-New Jersey Port.

New Trade Patterns

Bulk cargo shipments through the Port of New York in 1956 totaled 23,353,814 tons, an increase of 2.1 per cent above 1955. The largest increase was attributed to imports of petroleum and exports of grain. While the Port's bulk tonnage moved upward, the rise was less than the gains registered by those ports specializing in handling of raw materials such as imports of iron ore and exports of coal. For this reason, the Port of New York's share of United States bulk cargo decreased from 13.6 per cent in 1955 to 11.1 per cent in 1956.

To illustrate this further, during the past ten years this country's trade expanded rapidly in raw materials—petroleum, iron ore, and coal. In this short period of time, the records show, the volume of bulk cargoes handled at all United States ports has increased from 68,633,903 tons to 210,069,017 tons, or a gain of 141,435,114 tons. Yet New York's share of this new trade volume has been less than 10 per cent. The Port of New York must participate in the handling of the raw materials that are gaining increasing importance in foreign trade if it is to continue to grow and prosper. A major factor in the failure of this Port to share in these cargo movements is the discriminatory inland rail freight rates.

A Positive Program

The realities of heightened port competition emphasize the New York-New Jersey Harbor's need for an aggressive program to protect, promote, and expand this Port's activity. How can this be accomplished?

1. By maintaining an aggressive trade development and promotion program for expanding shipments through the Port of New York.
2. By securing the elimination of discriminatory transportation rate structures that unjustly favor competitor ports through differentials, or lower inland rail freight rates.
3. By providing modern and efficient marine facilities at the Port of New York that will attract more cargo.
4. By establishing stable and lawful leadership for waterfront labor.

The Port Authority's Promotion and Protection Activities

Under its responsibilities to the States of New York and New Jersey, The Port of New York Authority has undertaken a broad program of development, promotion, and protection of the Port. The Port Authority maintains trade development offices in New York, Chicago, Cleveland, Washington, D. C., and Rio de Janeiro, Brazil, which help to attract more trade to the Port by providing service and assistance to shippers. Additional aid to shippers in routing their cargo through this Port is provided by information bulletins, motion pictures, and a monthly commerce magazine, all of which describe the advantages of using the Port of New York for the movement of overseas shipments.

Closely allied with this program is the Port Authority's continuing vigilance in protecting the Port against transportation rate structures that favor competitors. The Port Authority appears before the Interstate Commerce Commission, Federal Maritime Board, and other Federal and State regulatory agencies in a continuing campaign to secure an equal competitive position for the Port of New York.

The Port Authority's Marine Terminal Program

The Port Authority has a $150 million program under way to improve marine terminal facilities at the Port. This waterfront program includes modernization and new construction at Port Newark, the Hoboken-Port Authority Piers, the Port Authority Grain Terminal, the Columbia Street Pier in Brooklyn, and the Brooklyn-Port Authority Piers.

In 1956, the Port Authority purchased two miles of prime Brooklyn waterfront from the New York Dock Company. This was the first step in a $85,000,000, seven-year, self-supporting program which represents the greatest marine terminal development project ever undertaken in the Port of New York. The new program calls for the replacement of 25 of the present 26 piers with ten wide, single-story, steel and concrete structures.

Since October 1952, when the Port Authority began operation of the Hoboken piers, two general cargo finger piers of advanced design have been built, and a double-deck cargo-passenger pier has been completely rehabilitated. Tonnages handled on these piers totaled 331,015 tons in 1956, an increase of 74.2 per cent over 1954—the last year the old piers were in constant use. This program was completed four years ahead of schedule, at a cost of $18,000,000. As a result, pier efficiency has been improved 25 per cent.

At Port Newark, the Port Authority has developed one of the heaviest concentrations of new and efficient marine terminals in the world.

4306.

Completion of projects now under construction will bring the Port Authority investment in Port Newark to over $46,000,000.

A general plan for the development of a new marine terminal along the Elizabeth waterfront of Newark Bay has been approved by the Board of Commissioners of the Port Authority. A new mile-long channel is planned to provide shipping berths at the Elizabeth-Port Authority Piers.

Looking to the Future

The oceanborne cargoes handled at the New York-New Jersey Harbor provide the economic support for one out of every four people who live in the Port District. To insure the prosperity of the people living in the New York-New Jersey Port area, it is vital that the Port's competitive position be maintained. This fundamental objective can be achieved by the successful accomplishment of a comprehensive Port development, promotion, and protection program.

Donald V. Lowe, Chairman
The Port of New York Authority

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Chairman's Statement

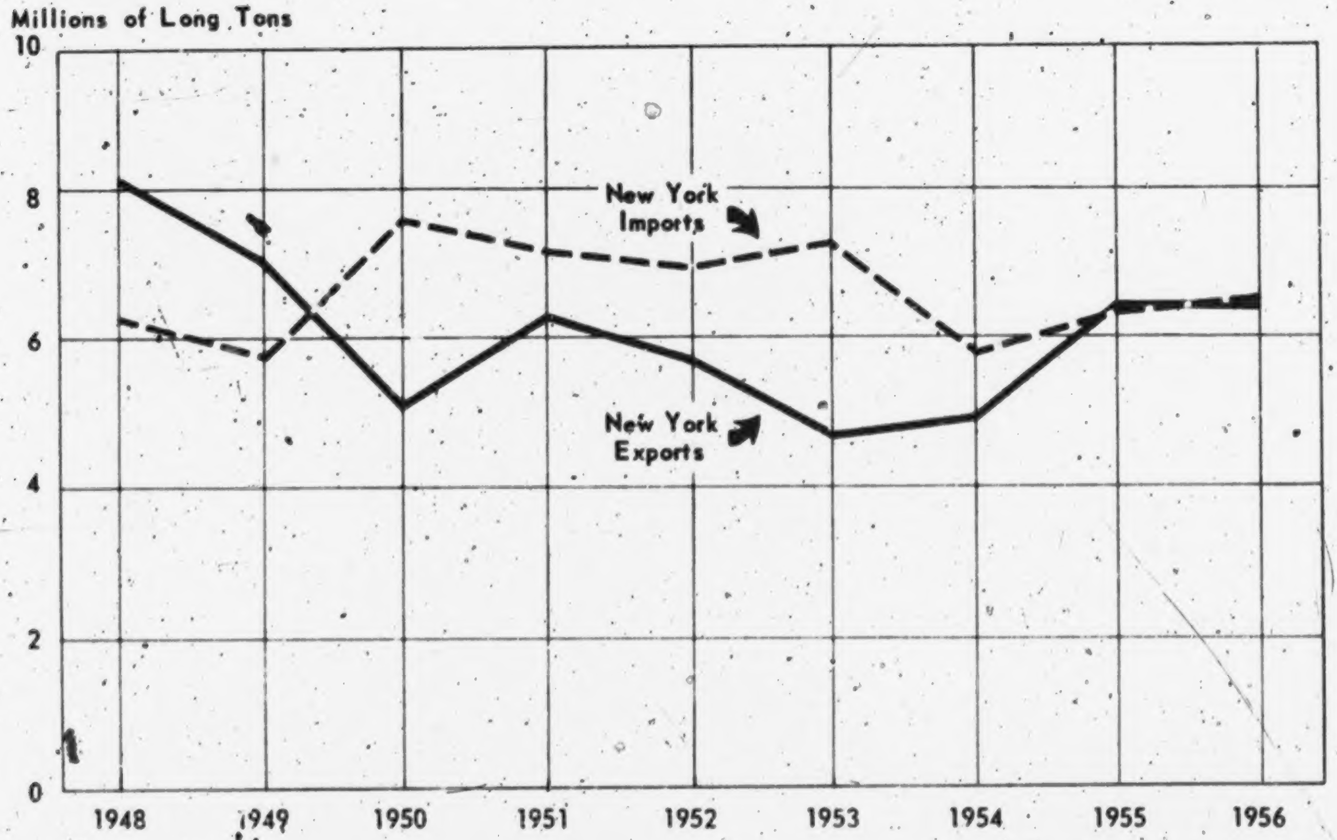
IN 1956, total oceanborne foreign trade shipped through the New York-New Jersey Port rose to 36,245,503 tons, a 1.7 per cent increase over 1955. General cargo, the Port's greatest asset, increased 1.0 per cent to a total of 12,891,689 tons, while bulk cargo tonnage rose 2.1 per cent to 23,353,814 tons.

SUMMARY OF OCEANBORNE FOREIGN TRADE AT THE NEW YORK-NEW JERSEY PORT

	Tons	Per Cent Gain Over Previous Year
General Cargo		
1956	12,891,689	+ 1.0
1955	12,760,708	+18.7
1954	10,753,008	
Bulk Cargo		
1956	23,353,814	+ 2.1
1955	22,873,012	+ 7.5
1954	21,268,731	
Total Cargo		
1956	36,245,503	+ 1.7
1955	35,633,720	+11.3
1954	32,021,739	

The 1956 dollar value of New York's total foreign commerce was $8,320,200,000, a 7.0 per cent increase over 1955, and a 31.1 per cent increase over 1954. It is significant that the value of New York's oceanborne foreign trade was 41.0 per cent of the total United States value, 2.7 percentage points less than the 43.7 per cent share in 1955. This value share at the Port compares with only a 14.0 per cent share of the tonnage volume for the country. The Port's large share of the total value of United States trade is due to the Port's superiority in handling general cargo, mainly high-value commodities such as machinery and vehicles.

4303



NEW YORK'S TONNAGE

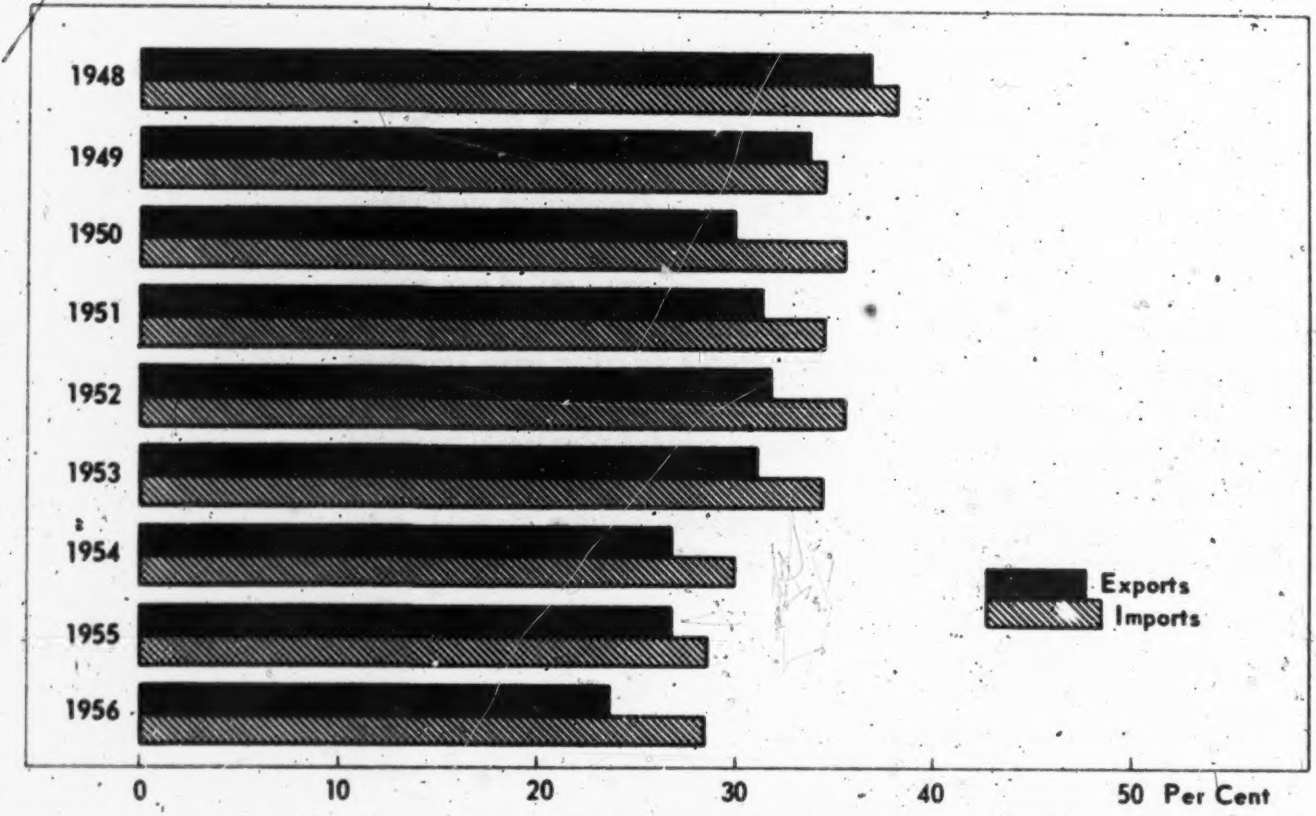
General Cargo

The volume of general cargo moving to and from foreign markets through the Port of New York advanced moderately compared to 1955. This raised the Port's activity to its highest level in four years, although its competitive share of United States general cargo trade declined.

Tonnage

The Port's general cargo exports in 1956 were 6,397,040 tons, an increase of 7,977 tons over 1955. Imports totaled 6,494,649 tons, an increase of 123,004 tons over the preceding year.

Western Europe, one of the most important trading areas of the Port of New York, received approximately 37 per cent of the Port's exports and supplied 24 per cent of the imports. Export commodities that increased in volume during the year were oilseeds, chemicals, and iron and steel products. Machinery continued to move in good volume because of the high level of capital investment abroad. Imports of textiles, automobiles and machinery from Western Europe continued to expand. New York's general cargo export and import trade with Western Europe was valued at $2,198,000,000.



NEW YORK'S SHARE OF U. S. GENERAL CARGO

The Port of New York's trade with Latin America expanded slightly. Vehicles, iron and steel, and grains moved south in heavy volume while coffee, bananas, and sugar were the major northbound commodities. The value of this cargo was about $2,413,000,000.

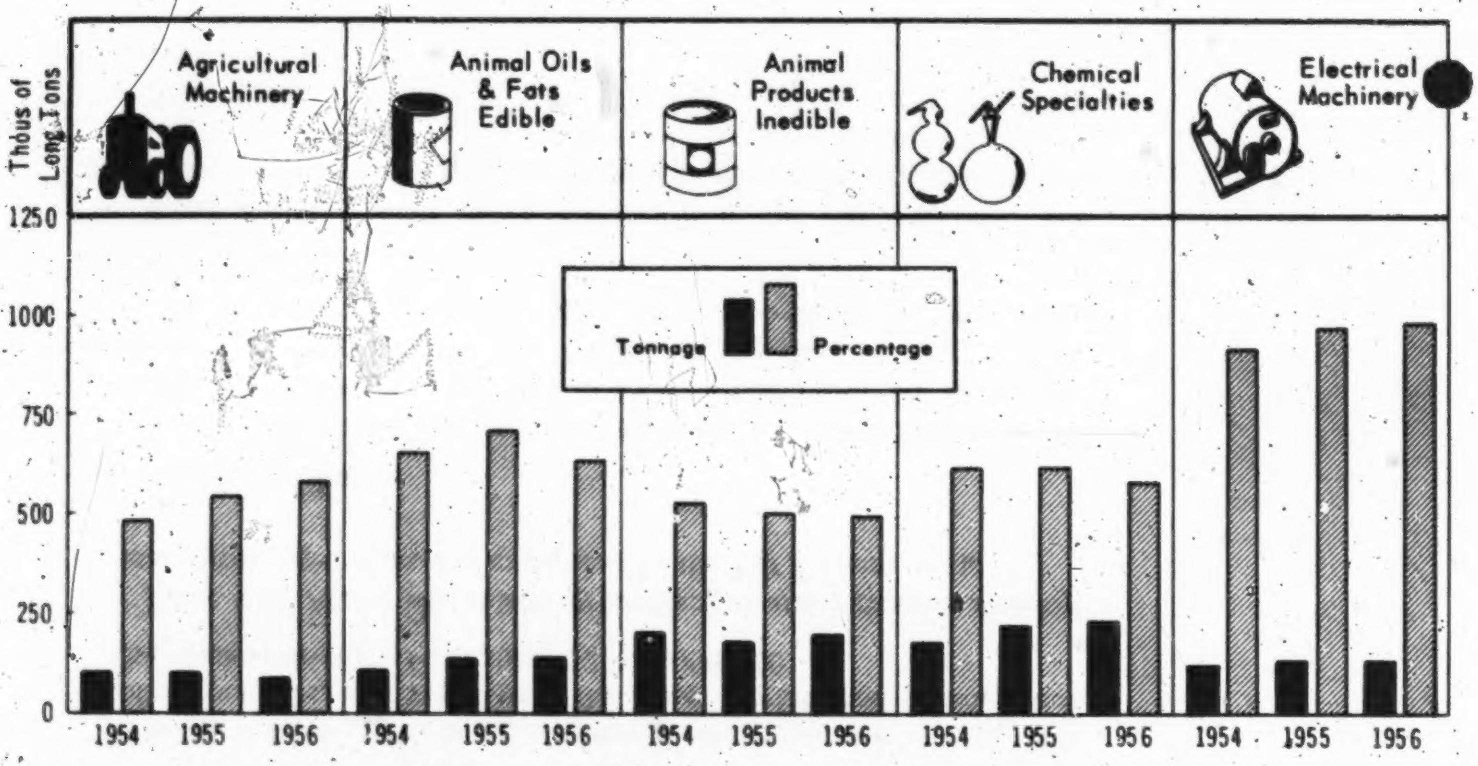
Trade with Africa was relatively unchanged and industrial development encouraged a modest expansion in the Far Eastern trade.

Competitive Shares

The Port of New York's competitive share of United States general cargo exports was 23.7 per cent in 1956, a decline of 3.1 percentage points from the preceding year. On the import side, the Port of New York's competitive share was 28.5 per cent—down 0.1 percentage point from 1955.

These are the lowest competitive levels in the Port's history. The weakening of the Port's competitive position resulted from losses spread among many commodities. The decline is partially attributable to the growth of new industries in the south and southwestern parts of the country.

4309



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Exports by Commodity

Increased shipments of electrical machinery and agricultural products helped to offset a sharp drop in shipments of iron and steel scrap, enabling the Port of New York's volume of general cargo export tonnages to rise slightly in 1956.

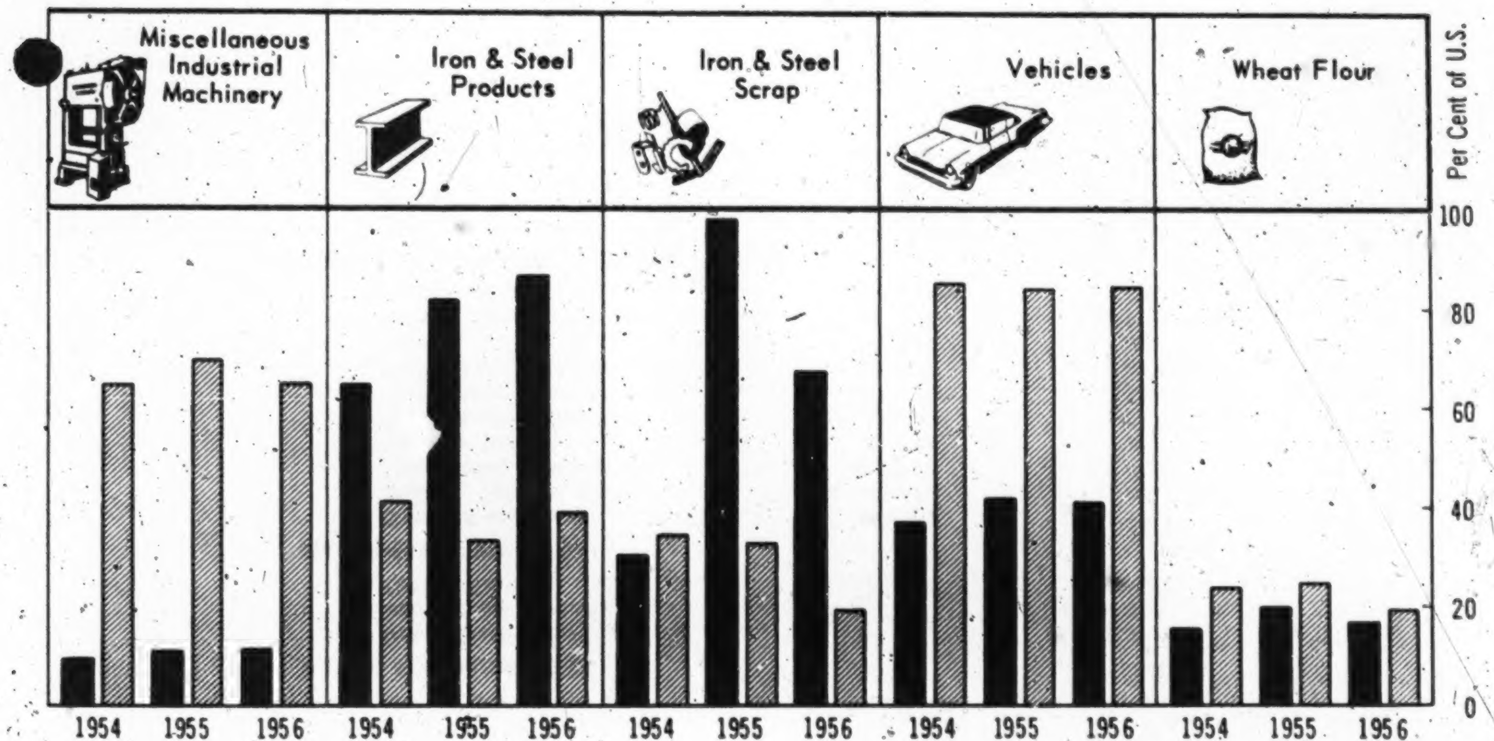
Agricultural Products

The export of most agricultural commodities through the Port of New York registered increases in 1956 over the preceding year. Exports of edible animal oils and fats increased to 143,761 tons, up 1.2 per cent. Increased exports of butter, beef, non-fat dry milk solids, and cheese were chief contributors to the gain. Shipments of inedible animal products were 201,731 tons, an increase of 8.1 per cent. Lard exports were below those of the previous year as domestic hog slaughter declined and prices rose.

Steel and Machinery

Exports of iron and steel products increased to 1,070,208 tons, up 4.8 per cent over 1955. The chief factor behind this strength was the continued expansion of capital goods industries in Europe and Latin

4310



PRINCIPAL GENERAL CARGO EXPORTS

America. In contrast, export of iron and steel scrap was 840,330 tons, a decline of 31.4 per cent from 1955. High scrap prices contributed to the decline.

A decline in passenger car exports was almost compensated for by an increase in truck shipments. As a result, vehicle exports were 509,875 tons—down 1.6 per cent from 1955. The principal markets were Venezuela, the Benelux countries, Cuba, and the Union of South Africa.

Shipments of electrical machinery increased to 136,971 tons—up 3.8 per cent. The upward trend was supported by the continued growth of overseas electric power production. Industrial machinery exports increased to 145,078 tons—up 8.0 per cent. Latin America and Africa were good markets for mining and construction equipment.

Competitive Shares

The Port of New York's competitive share of United States exports for 45 principal commodities was generally down in 1956 compared to 1955. Of these, 27 commodities posted lower competitive shares while 18 showed modest gains.

4319

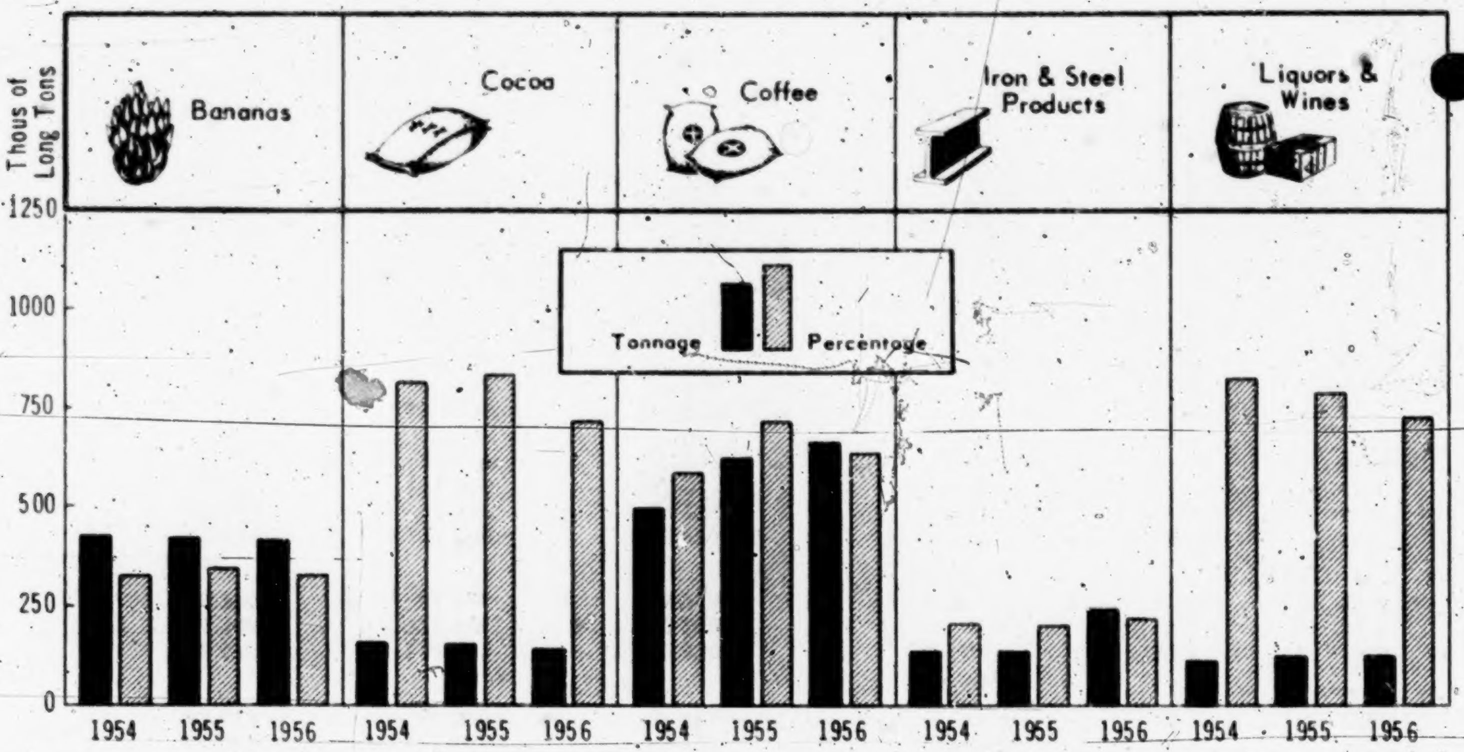
Major General Cargo Exports

Commodity	United States 1954	 1955	 1956
ANIMALS & ANIMAL PRODUCTS			
Misc. Meat	60 993	74 239	90 619
Animal Oils & Fats, Edible	207 834	248 623	282 388
Raw Hides & Skins	111 538	112 931	111 472
Animal Prods., Inedible	481 456	459 914	505 755
VEGETABLE FOOD PRODUCTS &, BEVERAGES			
Wheat Flour	810 212	991 132	1 073 806
Misc. Flour & Grain	179 606	177 189	183 857
Animal Feeds	384 899	765 331	641 350
Misc. Vegetables	154 368	92 820	128 575
Fresh Fruits	231 291	248 432	349 601
Vegetable Oils, Edible	73 401	164 858	365 389
Coffee	20 268	25 385	31 465
Cocoa	11 178	9 673	8 962
Liquors & Wines	41 815	29 338	24 666
VEGETABLE PRODUCTS, INEDIBLE			
Synthetic Rubber	37 109	102 727	162 457
Flaxseed	94 997	103 058	130 131
TEXTILE FIBERS & MFRS.			
Cotton Manufactures	122 060	107 139	99 213
Wool Manufactures	67 456	67 415	67 274
Synthetic Fibers	68 302	60 490	61 944
Misc. Textile Products	19 397	27 512	28 618
WOOD AND PAPER			
Newsprint	134 106	196 619	143 045
Paper Products	371 643	435 684	404 416
NON-METALLIC MINERALS			
Lube Oils & Greases	618 195	623 203	601 684
Misc. Petroleum Products	218 743	228 763	185 091
Glass & Products	114 517	120 231	109 486
Misc. Clay Products	39 159	38 658	45 839
Non-Metallic Minerals	188 245	213 186	212 397
METALS & MANUFACTURES			
Iron & Steel Scrap	1 091 695	3 772 291	4 343 835
Iron & Steel Products	1 950 263	3 079 025	2 729 898
Refined Copper	195 816	179 743	195 594
MACHINERY & VEHICLES			
Electrical Machinery	166 052	168 980	174 114
Engines, Turbines, Parts	46 496	51 896	58 354
Construction Machinery	209 317	239 901	324 636
Machine Tools	76 074	67 867	74 474
Textile & Shoe Machinery	54 339	55 274	51 989
Misc. Industrial Machinery	181 562	192 930	223 816
Agricultural Machinery	271 421	242 038	186 730
Vehicles	538 343	616 808	603 748
Railway Locos., Cars, Parts	42 178	55 907	54 899
Vehicle Parts	114 624	124 539	121 790
CHEMICALS & RELATED PRODUCTS			
Coal Tar Products	68 797	59 007	66 369
Medicinal Preparations	40 663	37 432	36 535
Industrial Chemicals	621 448	566 210	639 456
Chemical Specialties	362 728	440 658	505 357
Pigments, Paints, Varnish	269 783	278 860	266 187
Sub-Total	11 164 387	14 953 916	16 706 831
All Others	7 227 651	8 843 651	10 2[illegible]82
Total	18 392 038	23 797 567	26 987 413

New York			Per Cent N.Y./U.S.		
1954	1955	1956	1954	1955	1956
47 062	57 322	56 926	77.2	77.2	62.8
109 814	142 117	143 761	52.8	57.2	50.9
35 884	28 079	29 970	32.2	24.9	26.9
206 006	186 274	201 731	42.8	40.5	39.9
193 441	245 159	208 169	23.9	24.7	19.4
37 925	30 377	41 313	21.1	17.1	22.5
40 171	89 351	73 251	10.4	11.7	11.4
28 467	17 239	16 821	18.4	18.6	13.1
16 330	30 169	80 595	7.1	12.1	23.1
28 607	87 970	297 485	39.0	53.4	81.4
14 349	20 978	25 114	70.8	82.6	79.8
10 896	9 455	8 781	97.5	97.7	98.0
16 038	13 812	12.909	38.4	47.1	52.3
15 640	29 911	32 546	42.1	29.1	20.0
71 396	92 274	92 944	75.2	89.5	71.4
65 748	60 545	58 411	53.9	56.5	58.9
44 882	49 060	50 847	66.5	72.8	75.6
51 215	43 081	42 436	75.0	71.2	68.5
11 731	15 199	14 029	60.5	55.2	49.0
51 527	60 365	40 454	38.4	30.7	28.3
84 403	90 233	83 616	22.7	20.7	20.7
110 708	115 573	107 193	17.9	18.5	17.8
64 621	62 538	48 308	29.5	27.3	26.1
58 094	63 994	51 390	50.7	53.2	46.9
17 163	18 114	15 929	43.8	46.9	34.7
55 414	60 048	57 582	29.4	28.2	27.1
376 696	1 224 543	840 330	34.5	32.5	19.3
806 306	1 020 948	1 070 208	41.3	33.2	39.2
88 290	84 466	75 986	45.1	47.0	38.8
122 348	131 940	136 971	73.7	78.1	78.7
27 282	25 819	39 245	58.7	49.8	67.3
86 211	116 506	141 023	41.2	48.6	43.4
50 386	48 211	51 490	66.2	71.0	69.1
29 801	31 000	31 078	54.9	56.1	59.8
116 955	134 305	145 078	64.4	69.6	64.8
106 175	106 158	87 000	39.1	43.9	46.6
457 951	518 310	509 875	85.1	84.0	84.5
21 792	27 838	30 466	51.7	49.8	55.5
89 035	100 818	98 149	77.7	81.0	80.6
29 277	33 766	26 896	47.6	57.2	40.5
25 578	24 695	24 100	62.9	66.0	66.0
134 149	123 951	142 724	21.6	21.9	22.3
180 358	220 708	235 990	49.7	50.1	46.7
65 115	63 055	59 194	24.1	22.6	22.2
4 301 237	5 756 274	5 638 314	38.5	38.5	33.7
632 089	632 789	758 726	8.7	7.2	7.4
4 933 326	6 389 063	6 397 040	26.8	26.8	23.7

[fol. 4313]

4313 **LONG TONS**



Imports by Commodity

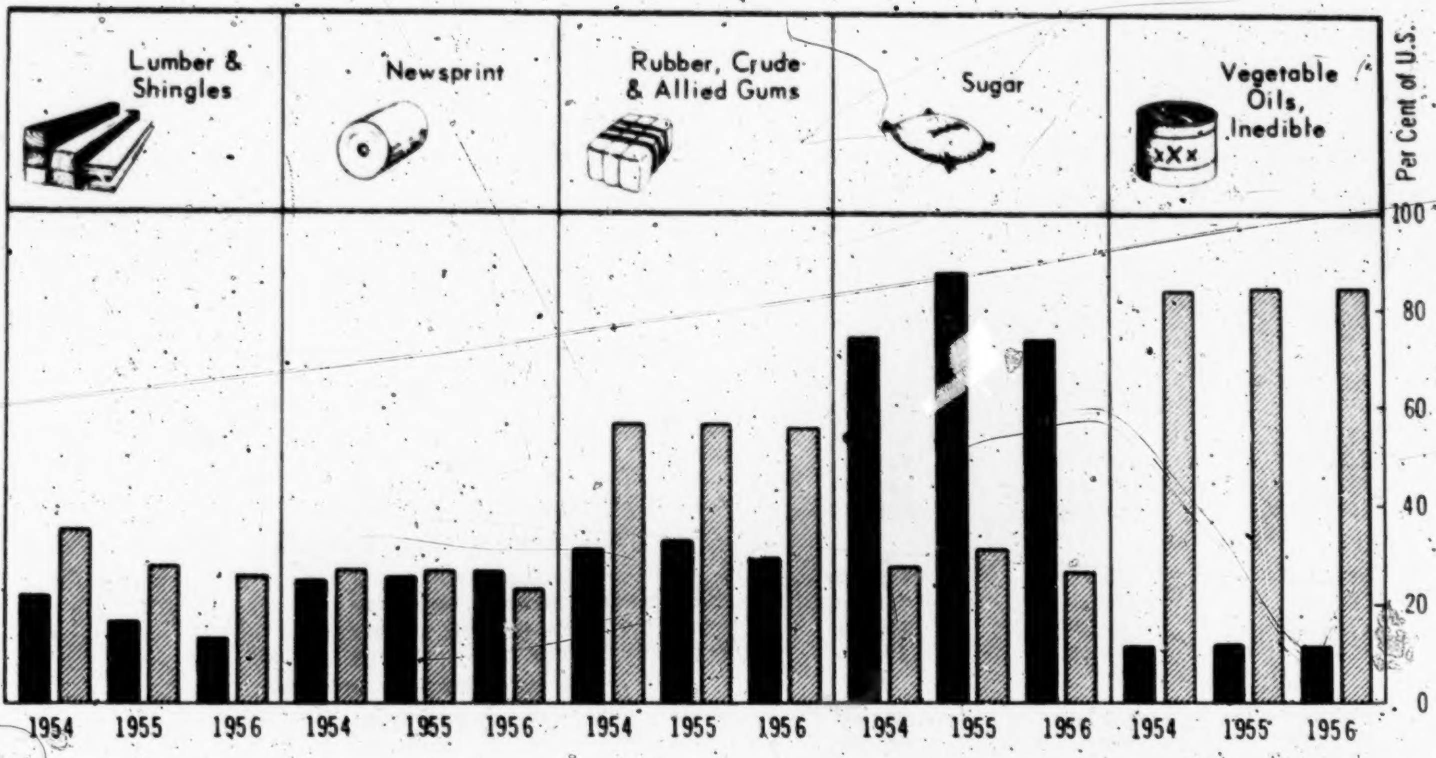
An upturn in the inbound movement of iron and steel mill products from Western Europe, and coffee from Latin America were the principal factors in the rise in the Port of New York's general cargo imports.

Agricultural Products

Stimulated by the expansion of instant coffee processing plants in the Port District and a rise in the per capita consumption, 669,733 tons of coffee were imported, an increase of 8.3 per cent over 1955. Price rises during the second and third quarters did not deter the upward trend.

The volume of most other imported tropical food products was down slightly in 1956, compared to 1955. A sharp advance in the price of sugar encouraged domestic refiners to draw upon inventories to meet current demand. This reduced sugar imports to 922,995 tons, down 15.4 per cent from 1955. Similarly, cocoa and banana imports registered minor declines.

Domestic shortages of newsprint were alleviated by imports totaling 337,698 tons, a 7.0 per cent increase compared to 1955. Rubber im-



PRINCIPAL GENERAL CARGO IMPORTS

ports were off, due primarily to a continuing shift to synthetic rubber and a slackening in automobile production during the past year.

Manufactures

For the third successive year, imports of iron and steel products increased through the Port. A domestic shortage of structural steel and concrete reinforcing bars caused imports to expand 244,976 tons, an increase of 80.5 per cent over 1955. The largest suppliers were West Germany, Netherlands, and the Benelux countries.

An expanding Gross National Product helped create significant increases in the inbound movement for most consumer goods—automobiles, cutlery, and foodstuffs. Cotton and wool textiles were also stronger.

Competitive Shares

The Port of New York's competitive share of United States general cargo imports for 48 leading commodities showed that 17 had advanced while 31 had declined.

43.J

Major General Cargo Imports

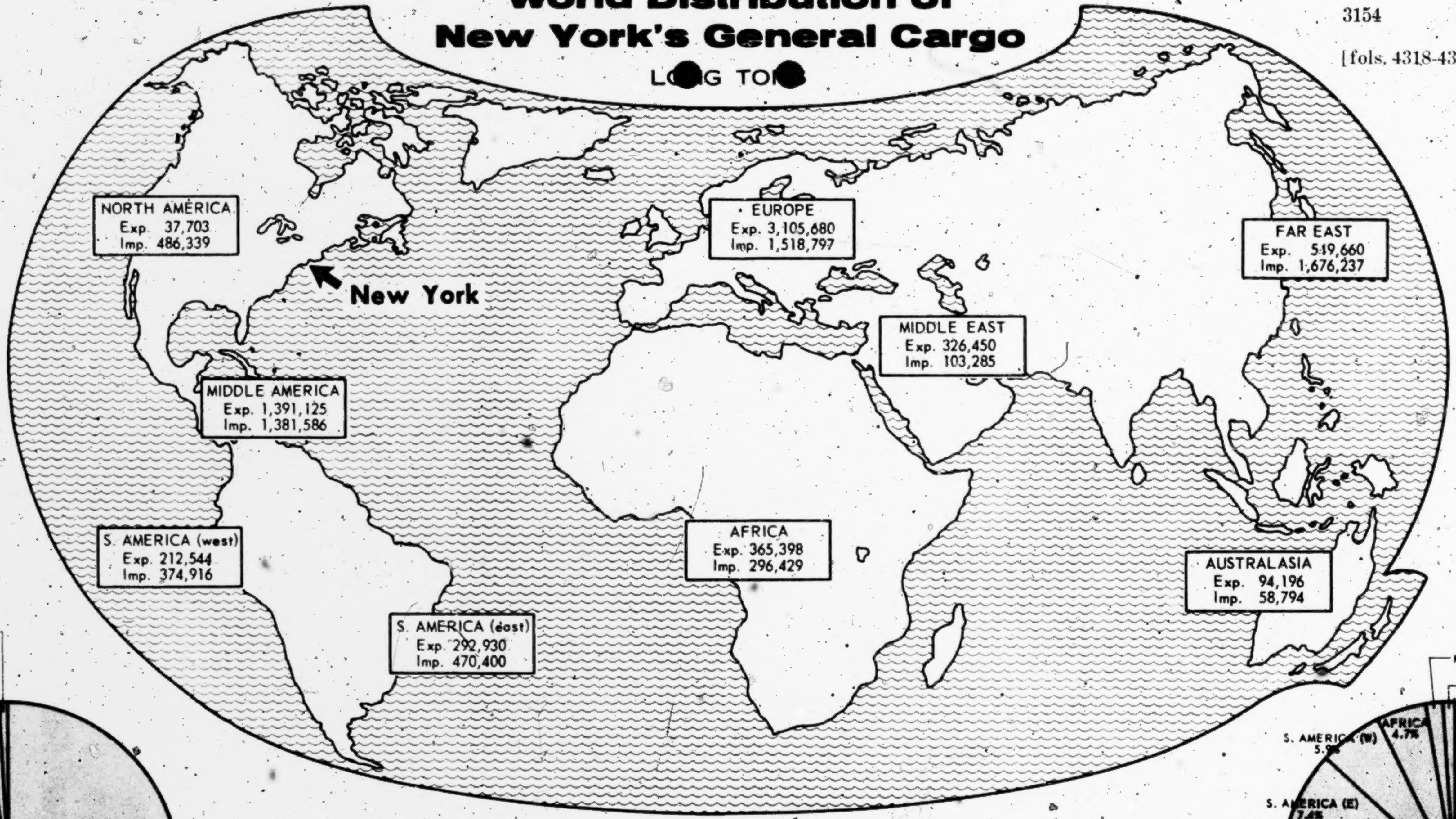
Commodity	United States 1954	 1955	 1956
ANIMALS & ANIMAL PRODUCTS			
Misc. Meat	121 018	121 622	108 780
Fresh Fish	132 049	124 787	158 669
Misc. Fish	123 886	107 178	110 686
Raw Hides & Skins	47 180	54 327	66 230
Animal Prods., Inedible	222 816	189 061	173 242
VEGETABLE FOOD PRODUCTS & BEVERAGES			
Fresh Vegetables	86 853	86 407	115 341
Misc. Vegetables	110 329	152 189	203 225
Fresh Fruits	60 739	65 405	76 145
Bananas	1 621 789	1 534 732	1 559 854
Misc. Fruits	150 029	150 872	157 315
Nuts	114 031	162 359	119 534
Vegetable Oils, Edible	51 575	59 924	59 056
Coffee	1 044 388	1 207 405	1 307 087
Cocoa	238 355	227 638	258 846
Tea	58 931	52 888	50 911
Misc. Table Beverages	43 358	48 297	45 327
Spices	47 480	44 671	50 990
Sugar	3 342 086	3 511 518	3 716 629
Liquors & Wines	163 581	188 248	218 534
VEGETABLE PRODUCTS, INEDIBLE			
Rubber, Crude	678 938	720 274	650 851
Naval Stores	49 513	59 815	58 057
Castor Beans	49 194	39 398	19 142
Vegetable Oils, Inedible	166 534	170 848	174 777
Dyeing & Tanning Materials	128 522	134 868	147 942
TEXTILE FIBERS & MFRS.			
Cotton Manufactures	33 326	54 857	59 053
Sisal, Henequen	203 615	202 254	212 070
Burlap & Jute Bagging	247 580	256 972	287 881
Vegetable Fiber Manufactures	108 489	150 616	159 137
Wool, Unmanufactured	148 199	167 338	172 383
Synthetic Fibers	40 457	87 611	51 213
WOOD & PAPER			
Lumber & Shingles	767 455	727 491	663 750
Cork Manufactures	127 415	116 527	82 151
Woodpulp	400 109	358 626	473 777
Newsprint	1 145 588	1 179 800	1 465 745
Paper Products	89 763	122 070	145 814
NON-METALLIC MINERALS			
Fuel Oil	65 067	80 848	80 758
Glass & Products	80 026	167 692	255 817
Misc. Clay Products	52 858	61 257	73 753
Non-metallic Minerals	469 256	624 218	698 140
METALS & MANUFACTURES			
Iron & Steel Products	837 034	848 456	1 381 453
Refined Copper	151 052	117 167	87 358
Lead, Crude	156 826	153 695	176 205
Tin, Crude	71 473	67 491	69 164
Zinc Ore & Scrap	210 910	228 215	252 718
Zinc, Crude	39 175	54 978	106 708
CHEMICALS & RELATED PRODUCTS			
Coal Tar Products	45 324	73 934	68 312
Industrial Chemicals	156 774	193 525	191 313
Misc. Fertilizers	142 605	126 129	132 148
Sub-Total	14 643 550	15 463 498	16 954 99[illegible]
All Others	4 758 273	6 839 304	5 795 38[illegible]
TOTAL	19 401 823	22 302 802	22 750 379

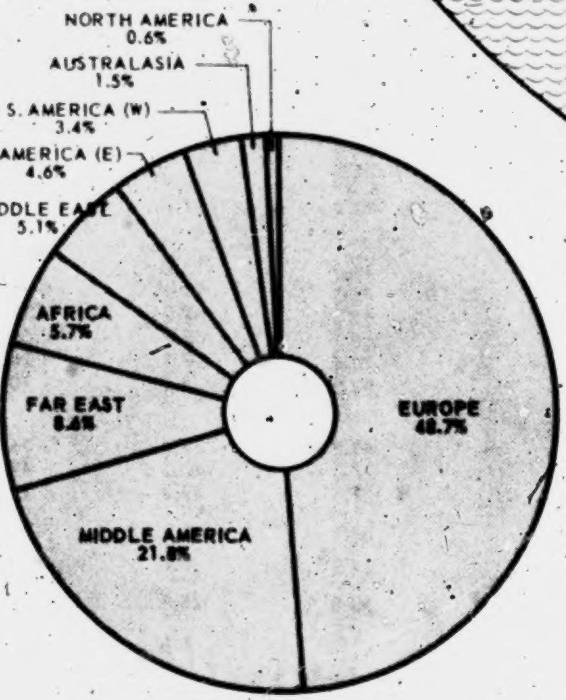
New York			Per Cent N.Y./U.S.		
1954	1955	1956	1954	1955	1956
58 148	63 516	57 531	48.0	52.2	52.9
24 633	20 899	25 163	18.6	16.7	15.9
51 670	49 128	45 494	41.7	45.8	41.1
20 669	23 166	27 674	43.8	42.6	41.8
43 652	49 251	45 415	19.6	26.1	26.2
23 082	25 726	23 500	26.6	29.8	20.4
67 193	90 125	92 731	60.9	59.2	45.6
30 965	38 291	42 984	51.0	58.5	56.5
425 358	420 757	418 814	26.2	27.4	26.8
97 111	95 061	90 517	64.7	63.0	57.5
82 549	108 898	87 673	72.4	67.1	73.3
38 178	40 960	49 354	74.0	63.4	83.6
492 286	618 278	669 733	47.1	57.2	51.2
155 239	155 392	148 910	65.1	66.5	57.5
30 848	28 900	23 763	52.3	54.6	46.7
31 369	33 242	31 609	72.3	68.8	69.7
39 092	36 789	41 311	82.3	82.4	81.0
923 141	1 090 736	922 995	27.6	31.0	26.7
106 986	117 853	126 573	65.4	62.6	57.9
383 630	406 578	365 753	56.5	56.4	56.2
42 863	52 737	49 322	86.6	88.2	84.9
48 842	38 375	19 009	99.3	97.4	99.3
138 832	143 411	147 680	83.4	83.9	84.5
42 009	41 808	51 625	32.7	31.0	34.8
26 697	45 556	49 193	80.1	83.0	83.3
49 908	42 741	40 454	24.5	21.1	19.1
34 784	34 255	33 406	14.0	13.3	11.6
32 184	45 865	47 688	29.7	30.5	30.0
40 220	51 368	58 235	27.1	30.7	33.8
21 702	33 696	17 716	53.6	38.5	34.6
268 878	199 988	168 883	35.0	27.5	25.4
49 745	36 985	26 272	39.0	31.7	32.0
95 272	78 874	100 078	23.8	20.5	21.1
306 202	315 556	337 698	23.7	26.4	23.0
60 733	63 140	73 472	67.7	51.7	50.4
64 585	67 438	68 422	99.3	83.4	84.7
26 979	48 678	66 736	33.7	29.0	26.1
29 574	36 091	40 561	55.9	58.9	55.0
71 388	75 283	83 276	15.2	12.1	11.9
135 257	135 700	244 976	16.2	16.0	17.7
118 743	114 868	85 784	78.6	98.0	98.2
81 925	73 623	66 325	52.2	47.9	37.6
46 627	45 854	46 259	65.2	67.9	66.9
43 073	40 048	70 847	20.4	17.5	28.0
32 810	39 801	75 366	83.8	72.4	70.6
19 035	25 839	23 453	42.0	34.9	34.3
58 070	77 415	81 230	37.0	40.0	42.5
42 115	43 118	38 431	29.5	34.2	29.1
5 154 851	5 561 666	5 539 894	35.2	35.9	32.7
664 831	809 506	954 755	14.0	12.1	16.5
5 819 682	6 371 645	6 494 649	30.0	28.6	28.5

LONG TONS

World Distribution of New York's General Cargo

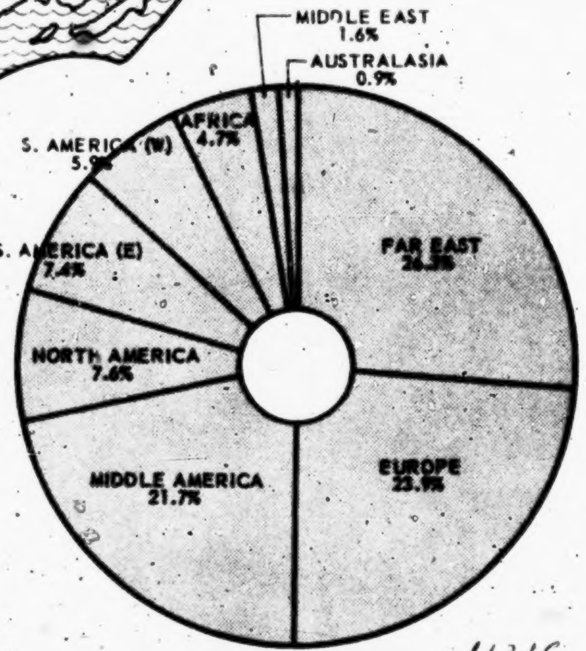
LONG TONS


NORTH AMERICA
Exp. 37,703
Imp. 486,339
New York
EUROPE
Exp. 3,105,680
Imp. 1,518,797
FAR EAST
Exp. 519,660
Imp. 1,676,237
MIDDLE EAST
Exp. 326,450
Imp. 103,285
MIDDLE AMERICA
Exp. 1,391,125
Imp. 1,381,586
S. AMERICA (west)
Exp. 212,544
Imp. 374,916
AFRICA
Exp. 365,398
Imp. 296,429
AUSTRALASIA
Exp. 94,196
Imp. 58,794
S. AMERICA (east)
Exp. 292,930
Imp. 470,400



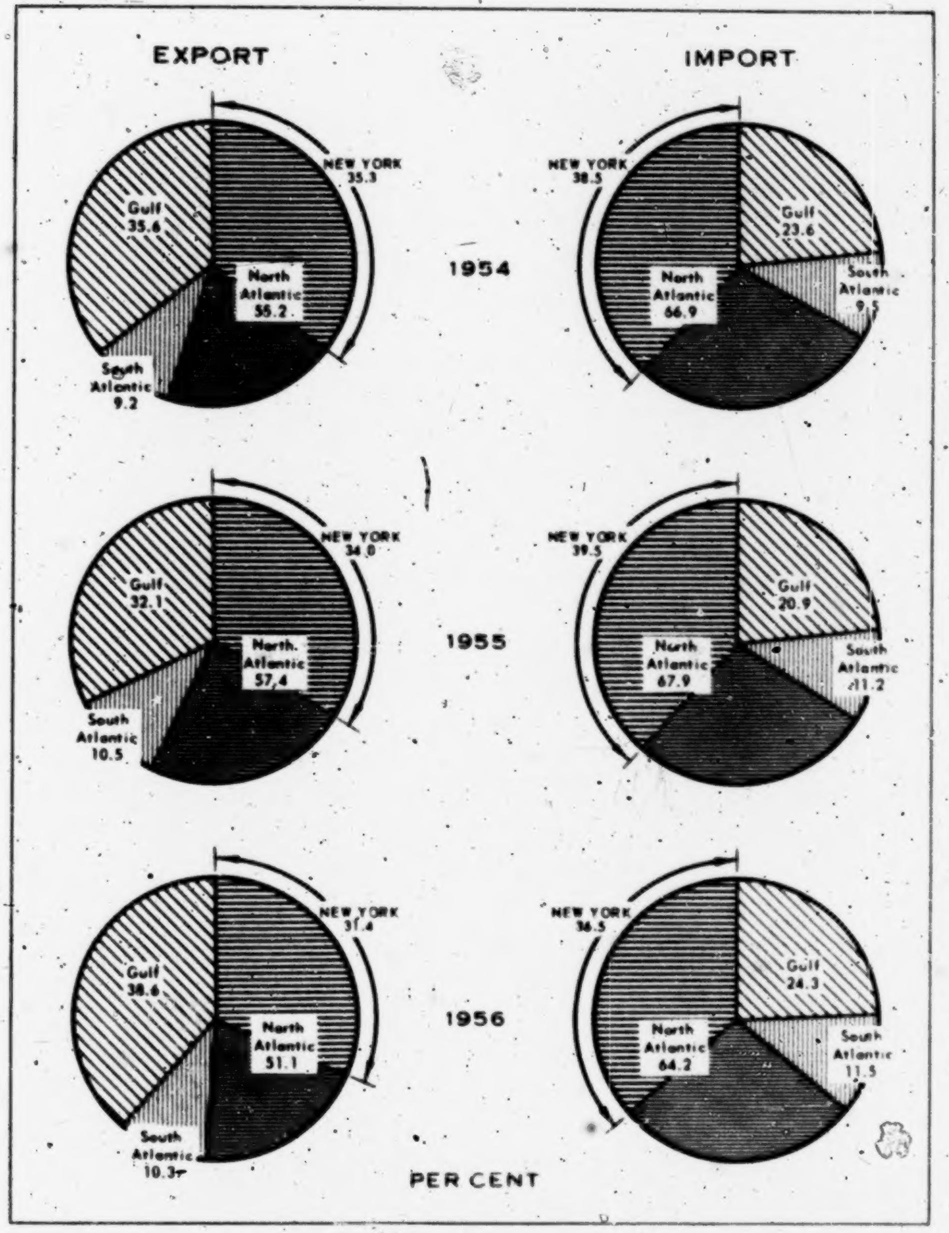
Exports

Geographically, the Port of New York's leading trade area in the world was Western Europe. Cargo to and from that area totaled 4,625,477 tons, and had a value of $2,321,076,980. The most important countries were the United Kingdom, Italy, and West Germany. Trade with the American Republics represented 32.4 per cent and the Far East 17.4 per cent of New York's general cargo. Data are based on a special survey for the year 195[illegible]



Imports

Coastal



DISTRIBUTION OF GENERAL CARGO ALONG ATLANTIC AND GULF COASTS

[fol. 4320]

The Port of New York was confronted with intensified competition during the year. Most of the Atlantic and Gulf ports were bidding for a greater share of foreign trade through enlarged port development and promotion programs.

Alternative Trade Routes

There are three coastal regions competing as gateways for the flow of overseas trade. They are the North Atlantic, South Atlantic, and Gulf coasts.

4320

Competition

For example, freight moving to and from the Middle West has a choice of routes. It can move down the Mississippi River by barge or travel by rail or motor truck to any number of Atlantic and Gulf ports. The ultimate choice depends on availability of steamship sailings, adequate harbor facilities, inland carriers, specialized cargo-handling facilities, banking services, and a host of other items.

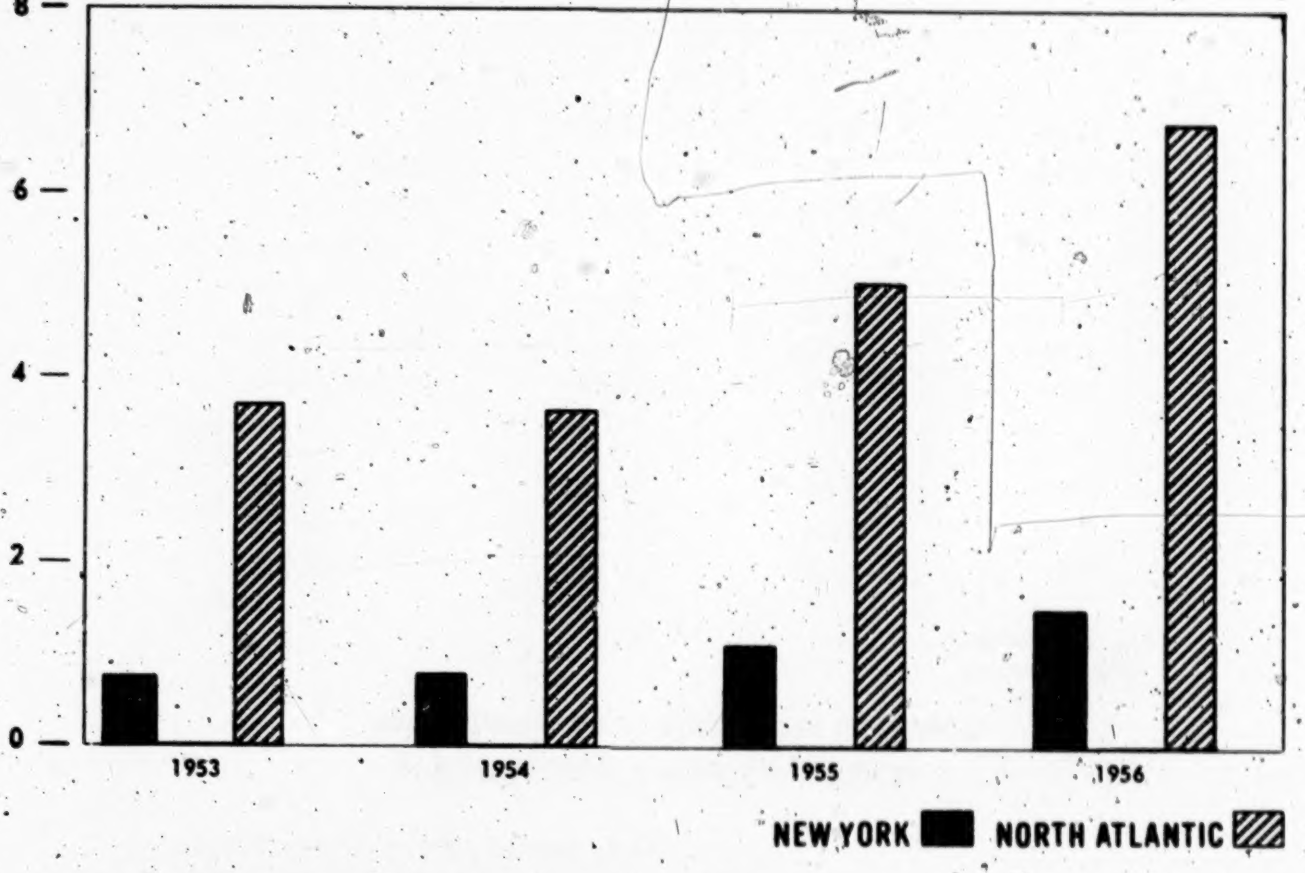
The North Atlantic coastal region's share of total Atlantic and Gulf coast general cargo in 1956 declined 4.1 percentage points compared to the previous year, while the Gulf coast region posted a gain of 4.0 percentage points and the South Atlantic 0.1 percentage point.

The shift in the competitive standing was due mainly to heavier exports of cotton, chemicals and machinery through the Gulf and South Atlantic coasts, and to inbound movements of cement and semi-manufactures.

It is interesting to note that in its immediate competitive region the Port of New York's share of North Atlantic general cargo export and import tonnage in 1956 increased to 59.1 per cent, a rise of 0.4 percentage point over the preceding year.

Distribution of General Cargo Shares
North Atlantic, South Atlantic, and Gulf Coasts

	1956	1955	Percentage Point Change 1956/1955
Export			
North Atlantic	51.1%	57.4%	−6.3
South Atlantic	10.3	10.5	−0.2
Gulf	38.6	32.1	+6.5
Import			
North Atlantic	64.2%	66.2%	−2.0
South Atlantic	11.5	10.9	+0.6
Gulf	24.3	22.9	+1.4
Export & Import			
North Atlantic	57.4%	61.5%	−4.1
South Atlantic	10.8	10.7	+0.1
Gulf	31.8	27.8	+4.0



Bulk Grain Exports

The Port of New York's bulk grain exports, including shipments through Albany, expanded sharply during 1956. Exports were 1,505,225 tons, an increase of 37.5 per cent over the preceding year. The Commodity Credit Corporation's policy of establishing competitive export prices, failing European crops, and the need for many countries to build up grain reserves were the principal factors contributing to the larger volumes.

Wheat

Wheat is the most important grain exported from New York. In 1956, shipments were 1,018,983 tons, a 78.8 per cent increase above those of 1955. The majority of orders were for commercial accounts.

The main type of wheat exported was soft red. It found increased acceptance because of its improved milling quality, while price adjustments of spring wheat permitted an expansion of its sales. A shortage of charter shipping space tended to increase the number of parcel lot shipments.

4322

	1953	1954	1955	1956
WHEAT				
New York	567 010	696 458	569 867	1 018 983
North Atlantic	1 848 049	2 274 698	1 760 741	3 946 200
% NY/NA	30.7	30.6	32.4	25.8
CORN				
New York	138 122	39 780	257 891	138 598
North Atlantic	1 488 136	897 529	2 034 264	1 631 593
% NY/NA	9.3	4.4	12.7	8.5
BARLEY & RYE				
New York	3 212	30 922	150 877	257 448
North Atlantic	53 881	96 760	558 737	564 157
% NY/NA	6.0	32.0	27.0	45.6
OATS				
New York	14 400	995	107 670	88 577
North Atlantic	15 902	7 666	275 703	249 012
% NY/NA	90.6	13.0	39.1	35.6
SORGHUMS				
New York	24	1 427	3 212	13
North Atlantic	2 471	3 870	4 554	13
% NY/NA	1.0	36.9	70.5	100.0
SOYBEANS				
New York	10 042	5 908	4 941	1 606
North Atlantic	306 642	351 556	403 548	387 290
% NY/NA	3.3	1.7	1.2	0.4
TOTAL ALL GRAINS				
New York	732 810	7[illegible]5 490	1 094 458	1 505 225
North Atlantic	3 715 081	3 632 079	5 037 547	6 778 265
% NY/NA	19.7	21.4	21.7	22.2

LONG TONS

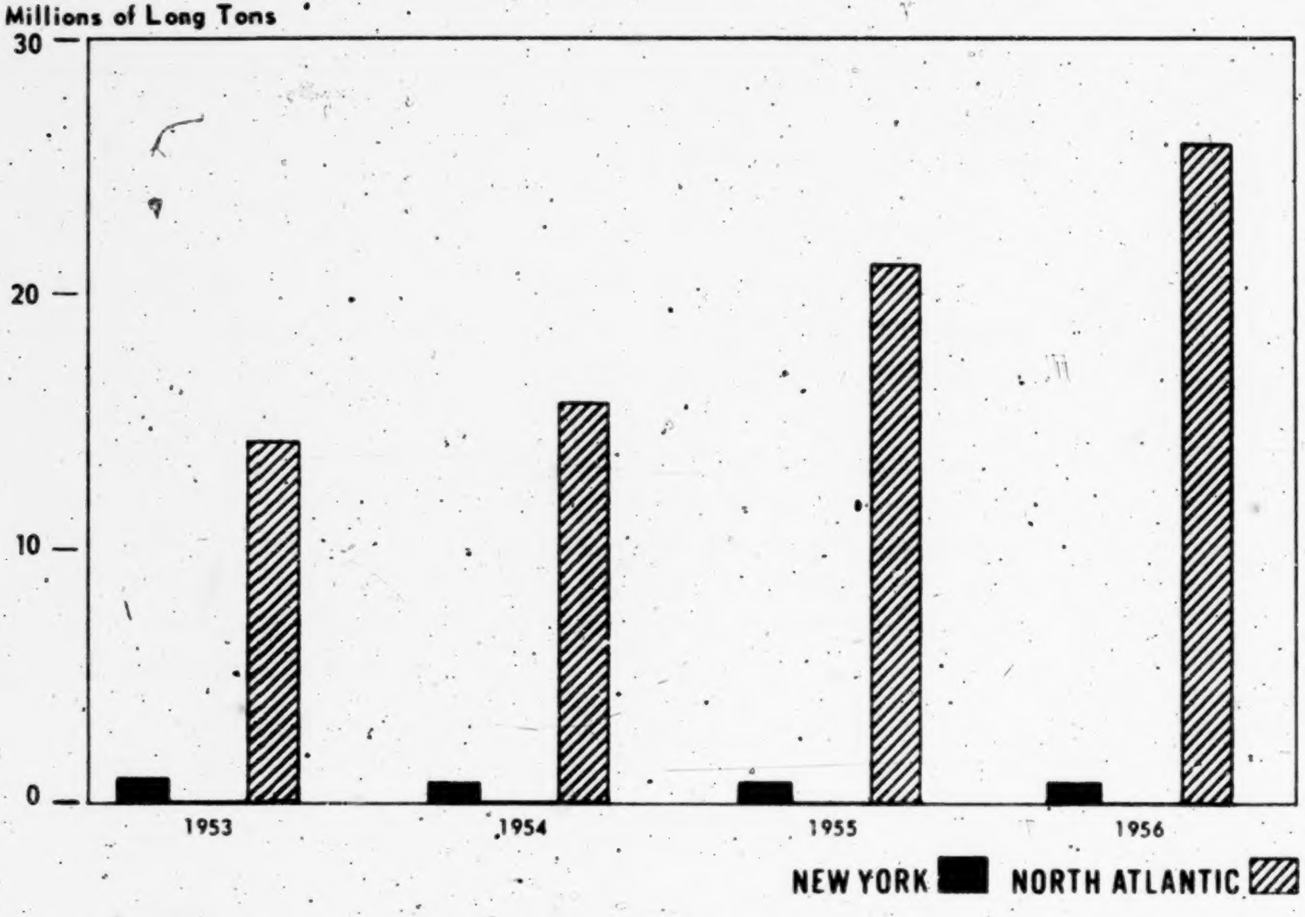
Corn and Other Grains

The volume of corn exports for animal feed declined in 1956. Exports were 138,598 tons, a decline of 46.3 per cent from the previous year. The cutback in corn shipments reflected curtailed demand in Europe, primarily France, where the harvesting of feed grains was up. In addition, the available supplies from exporting countries also increased.

Heavier export volumes of barley and rye helped to expand this Port's grain shipments. Despite heavy French export surpluses, sales to Northern European countries remained strong.

Competitive Shares

The competitive share of total North Atlantic bulk grain exports handled by the New York Customs District was 22.2 per cent in 1956, a slight increase of 0.5 percentage point over 1955. The expansion and modernization of the Port's grain terminals has provided efficient facilities for private and public shippers and will help to permit the Port to share in grain movements.



Bulk Ore Imports

The volume of foreign bulk ore imports handled at North Atlantic coastal ports in 1956 was 26,086,650 tons, compared with 21,101,251 tons during the preceding year. The sharp rise was a result of the dwindling domestic ore supply and a high level of steel production.

Iron

Oceanborne receipts of iron ore through North Atlantic ports in 1956 totaled 21,288,134 tons, an increase of 26.2 per cent over the previous year. Two countries — Canada and Venezuela — accounted for about three-quarters of North Atlantic oceanborne iron ore imports.

During 1956, the Port of New York's iron ore imports were 593 tons, compared with 10,948,852 tons in Baltimore and 9,479,516 tons in Philadelphia. For several years, many New York harbor railroads and The Port of New York Authority have been engaged in proceedings before the Interstate Commerce Commission and the Courts to achieve rail rate equalization with competitive ports to the South.

		1953	1954	1955	1956
IRON ORE	New York	169	156	308	593
	North Atlantic	8 285 161	11 645 788	16 865 781	21 288 134
	% NY/NA	0.002	0.001	0.002	0.003
MANGANESE	New York	15 266	15 426	31 844	9 131
	North Atlantic	3 185 384	1 961 330	1 984 291	2 233 050
	% NY/NA	0.5	0.8	1.6	0.4
CHROME	New York	194 109	134 033	97 019	118 442
	North Atlantic	1 778 503	1 187 670	1 347 348	1 572 628
	% NY/NA	10.9	11.3	7.2	7.5
BAUXITE	New York	258 917	230 816	190 166	248 292
	North Atlantic	322 043	302 196	249 762	321 846
	% NY/NA	80.4	76.4	76.1	77.1
COPPER	New York	297 016	274 021	315 817	281 616
	North Atlantic	298 395	286 339	316 398	299 874
	% NY/NA	99.5	95.7	99.8	93.9
LEAD	New York	7 733	1 999	6 391	7 435
	North Atlantic	8 824	2 660	9 213	10 398
	% NY/NA	87.6	75.2	69.4	71.5
MISC. ORES	New York	202 751	170 824	191 644	161 135
	North Atlantic	373 247	343 008	329 258	360 720
	% NY/NA	54.3	49.8	58.2	44.7
TOTAL BULK ORES	New York	975 961	827 275	833 591	826 644
	North Atlantic	14 251 557	15 728 996	21 101 251	26 086 650
	% NY/NA	6.8	5.3	4.0	3.2

LONG TONS

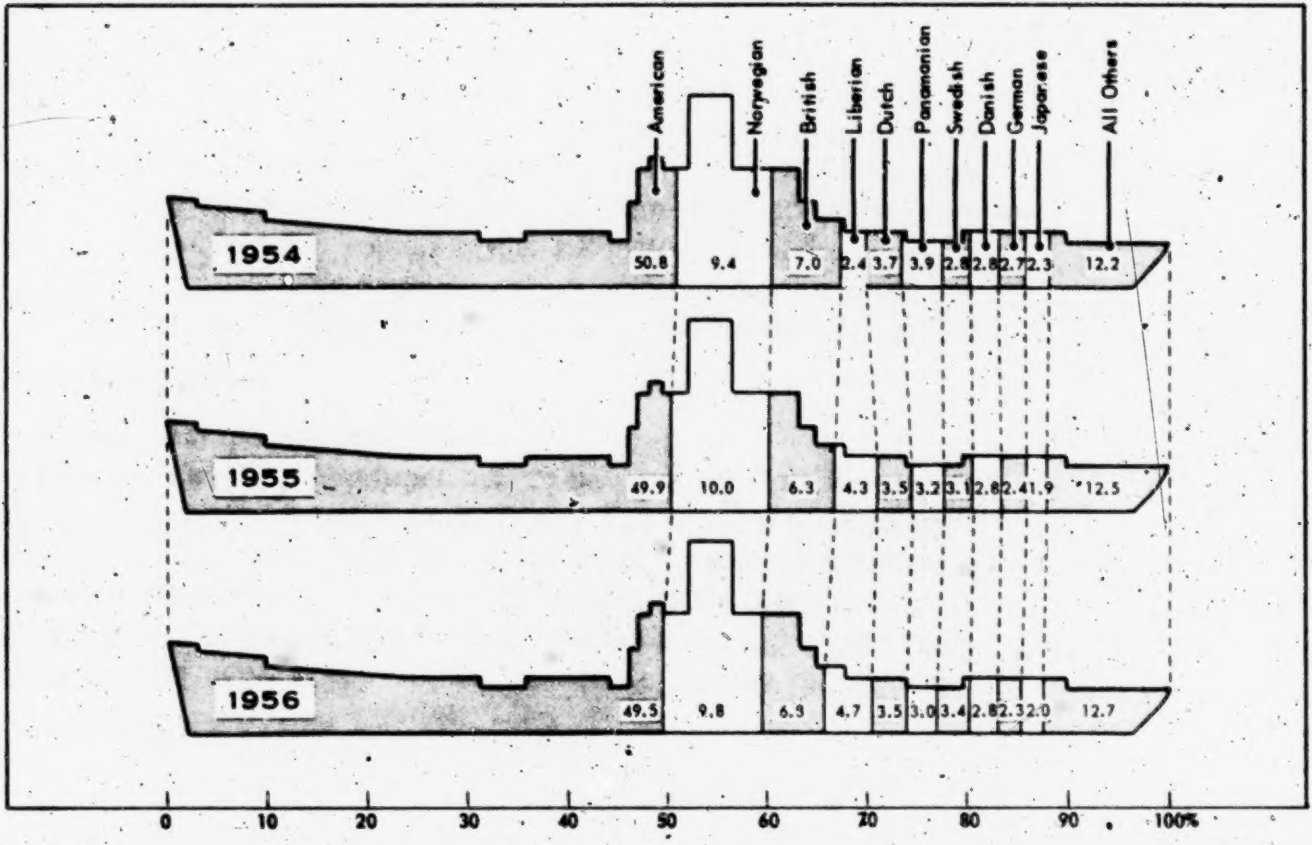
Copper and Other Ores

The Port of New York's volume of copper imports in 1956 was 281,616 tons, a decline of 10.8 per cent compared to 1955. This decline reflected a lower level of activity in Port District refineries caused by heavy inventories and falling prices. A slight decline in manganese imports was offset by gains in bauxite, lead, and chrome, bringing New York's 1956 tonnage of all other ores to 544,435 tons, an increase of 5.2 per cent over the preceding year.

Competitive Shares

The Port of New York's share of North Atlantic bulk ore imports in 1956 was 3.2 per cent, a decline of 0.8 percentage point compared with 1955. The growing volume of ore handled by the ports south of New York, which have the advantage of lower inland rail freight rates, has been the principal contributing factor in the weakening of New York's competitive position. Unless and until rate equalization is granted, the Port's share in the handling of these ore imports can be expected to decline.

4325



BY FLAG

[fol. 4326]

Vessel Activity at New York

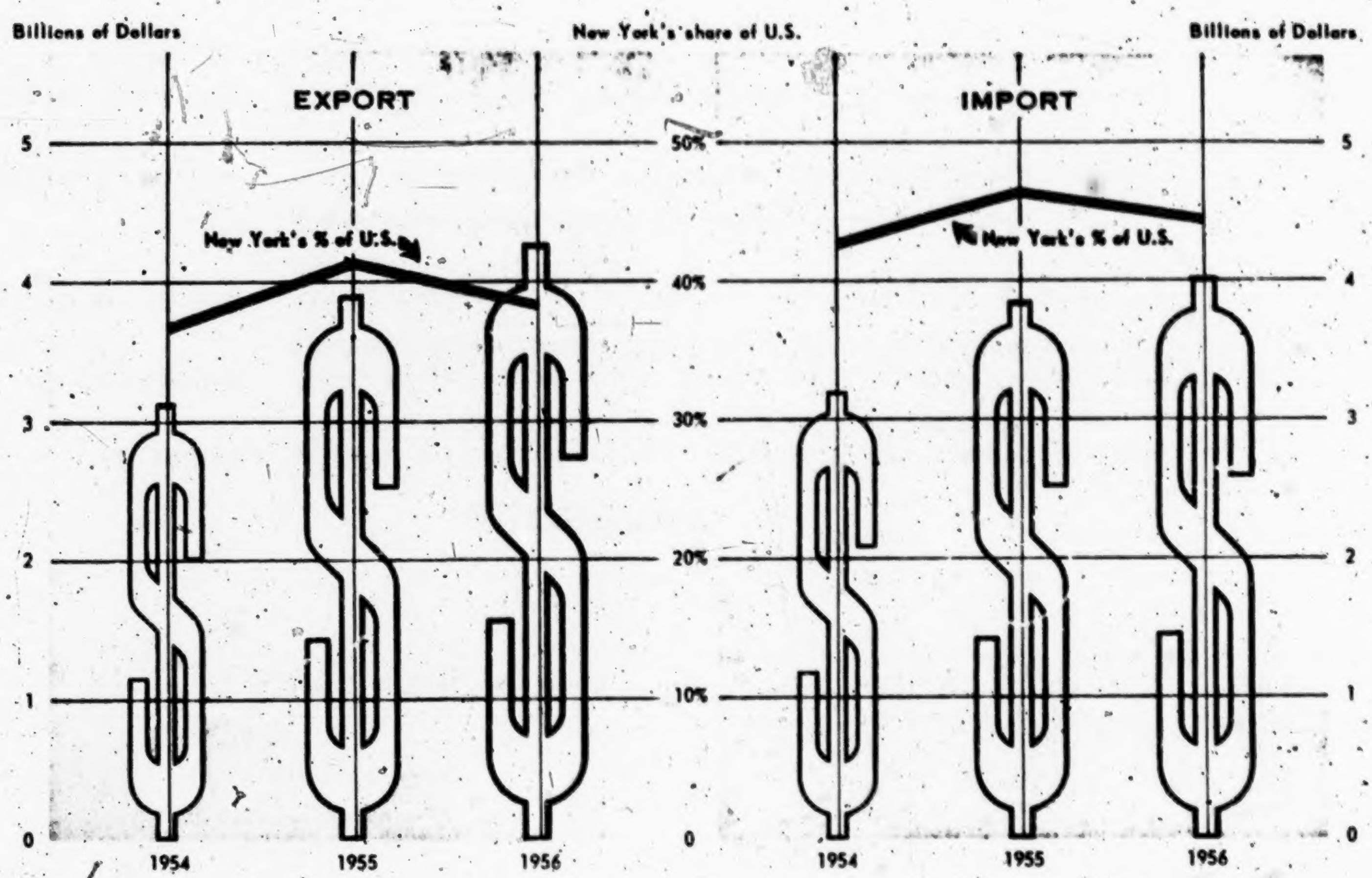
One ship arriving and departing every 20 minutes—around the clock every day in the year—was the record average set during 1956 at the New York-New Jersey Port. The Port had a total of 25,433 arrivals and departures in 1956.

Added significance of the figures is conveyed by the fact that ships calling at the Port of New York accounted for 22.6 per cent of all vessels arriving at or departing from principal United States ports. The next most active port registered only 13.7 per cent of the total calls.

Merchant Fleets

Oceangoing vessels calling at the Port of New York carried flags of 45 nations, thus providing unmatched shipping services to all parts of the world. The United States merchant fleet was most active with a total of 6,291 calls. The merchant fleets of Norway and Britain still held second and third position. The Japanese and Swedish merchant fleets posted the largest gains. About three-fourths of the vessels calling at the Port of New York were carrying dry cargo.

4326



Value

The value of oceanborne foreign cargoes moving into and out of the Port of New York in 1956 was $8,320,200,000, an increase of 7.0 per cent over the previous year. The increase was partially attributable to higher prices.

The New York-New Jersey Port accounted for 41.0 per cent of the 1956 total dollar value of United States oceanborne cargo. This compares with a 43.7 per cent share in 1955. Approximately 90 per cent of New York's dollar value for all cargoes was derived from handling general cargo. This demonstrates the Port's reliance upon high-value commodities such as machinery and vehicles.

Value Per Ton

High-value commodities handled at the Port of New York moved to and from most of the major overseas trading areas. The value per ton of general cargo exported to Australia was about $965; South America, $877; and Europe, $669. Imports showed the same pattern. The value per ton from South America was $753; Africa, $681; and Europe, $644.

TRADE INDICATORS

UNITED STATES OCEANBORNE GENERAL

COASTAL AREA	EXPORTS		
	1954	1955	1956
NORTH ATLANTIC:	7 713 795	10 802 175	10 403 974
(NEW YORK)	(4 933 326)	(6 389 063)	(6 397 040)
SOUTH ATLANTIC:	1 278 280	1 970 146	2 087 732
GULF:	4 965 418	6 032 165	7 855 251
ATLANTIC & GULF COASTS:	13 957 493	18 804 486	20 346 957
WEST COAST:	3 838 317	4 314 030	4 870 932
OTHER:	596 228	679 051	1 769 524
UNITED STATES OCEANBORNE:	18 392 038	23 797 567	26 987 413

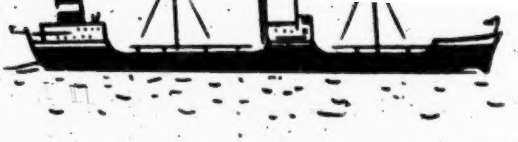
SHARES OF ATLANTIC AND GULF COAST

	EXPORTS		
	1954	1955	1956
NORTH ATLANTIC:	55.2	57.4	51.1
(NEW YORK)	(35.3)	(34.0)	(31.4)
SOUTH ATLANTIC:	9.2	10.5	10.3
GULF:	35.6	32.1	38.6
ATLANTIC & GULF COASTS:	100.0	100.0	100.0

GLOSSARY

BULKS	Commodities that are normally shipped in large quantities, requiring special handling facilities, such as ores, petroleum, asphalt, etc.
COMMODITIES	Goods shipped in oceanborne foreign trade, based on Department of Commerce Reports covering 2,900 export and 5,000 import classifications.
GENERAL CARGO	Usually packaged cargo of relatively high value (total oceanborne exports and imports less bulk).
GULF	Mobile, New Orleans, Sabine and Galveston Customs Districts.
NORTH ATLANTIC	New York, Massachusetts, Philadelphia, Maryland and Virginia Customs Districts.
SOUTH ATLANTIC	North Carolina, South Carolina, Georgia and Florida Customs Districts.
TONNAGE	Weight is given in long tons (2,240 pounds).

4328.



CARGO FOREIGN TRADE

		IMPORTS				
Percent Change					*Percent Change*	
56/54	*56/55*	*1954*	*1955*	*1956*	*56/54*	*56/55*
+34.9	− 3.7	10 110 359	10 948 041	11 413 322	+12.9	+ 4.1
(+29.7)	(+ 0.1)	(5 819 682)	(6 371 645)	(6 494 649)	(+11.6)	(+ 1.9)
+63.3	+ 6.0	1 435 934	1 812 126	2 048 418	+42.7	+13.0
+58.2	+30.2	3 570 873	3 365 962	4 322 769	+21.1	+13.8
+45.8	+ 8.2	15 116 866	16 126 129	17 784 509	+17.6	+ 7.3
+26.9	+12.9	3 296 926	3 636 323	3 865 116	+17.2	+ 6.2
+196.8	+160.6	988 031	2 540 350	1 100 754	+11.4	−47.2
+46.7	+13.0	19 401 823	22 302 802	22 750 379	+17.3	+ 2.0

LONG TONS

GENERAL CARGO FOREIGN TRADE

		IMPORTS				
Percentage Point Change					*Percentage Point Change*	
56/54	*56/55*	*1954*	*1955*	*1956*	*56/54*	*56/55*
−4.1	−6.3	66.9	67.9	64.2	−4.7	−3.7
(−3.9)	(−2.6)	(38.5)	(39.5)	(36.5)	(−2.0)	(−3.0)
+1.1	−0.2	9.5	11.2	11.5	+2.0	+0.3
+3.0	+6.5	23.6	20.9	24.3	+0.7	+3.4
—	—	100.0	100.0	100.0	—	—

PER CENT

EXPLANATION OF CARGOES USED IN THIS REPORT

The data in this report present consolidated shipping weight figures which include outbound and inbound shipments in the waterborne foreign commerce of the United States as defined below.

OUTBOUND

The outbound data are based on the following elements:

(1) Vessel exports and re-exports, including trade between Alaska, Hawaii, and Puerto Rico and foreign countries, export shipments to United States Government agencies, and exports under the various foreign aid programs made on commercial vessels only. Excluded from these figures are shipments to the United States Armed Forces abroad for their own use, shipments between continental United States and the territories and possessions, shipments of household and personal effects, shipments of vessels under their own power and afloat, and shipments by mail and parcel post. Effective with January 1954 statistics, these data also exclude all export shipments valued at under $500, regardless of shipping weight.

(2) Vessel export shipments of Department of Defense controlled cargo, representing cargo exported by the Department of Defense under special foreign aid programs, i.e., Civilian Supply, Mutual Security, etc. on United States flag vessels such as Army or Navy transports and commercial vessels chartered by the Department of Defense under time charter, voyage charter and space charter arrangements.

(3) Vessel exports of non-Department of Defense controlled shipments of "Special Category" commodities.

(4) Outbound vessels shipments of merchandise moving in transit under bond through the United States from one foreign country to another.

Export and outbound in-transit shipments by vessel are credited to the Customs district and port at which the merchandise was laden.

INBOUND

The inbound data consist of figures which incorporate the following elements:

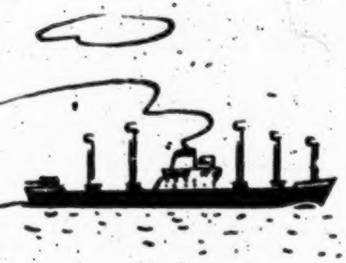
(1) Waterborne general imports, which represent the total of imports for immediate consumption plus entries into Customs bonded warehouses. Excluded from these figures are imports of household and personal effects, shipments covered by informal entries, and import shipments by mail and parcel post. Also excluded are import shipments on Army or Navy transports (vessels owned and operated by the Army or Navy). However, any import shipments on vessels chartered by the Department of Defense under time charter arrangements are included (export shipments under such arrangements are excluded from the export vessel shipping statistics). Effective with January 1954 statistics, these data also exclude all import shipments where the shipping weight is less than 2,000 pounds, regardless of value.

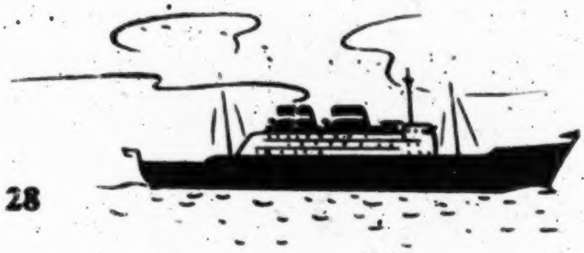
(2) Inbound vessel arrivals of merchandise moving in transit under bond through the United States from one foreign country to another.

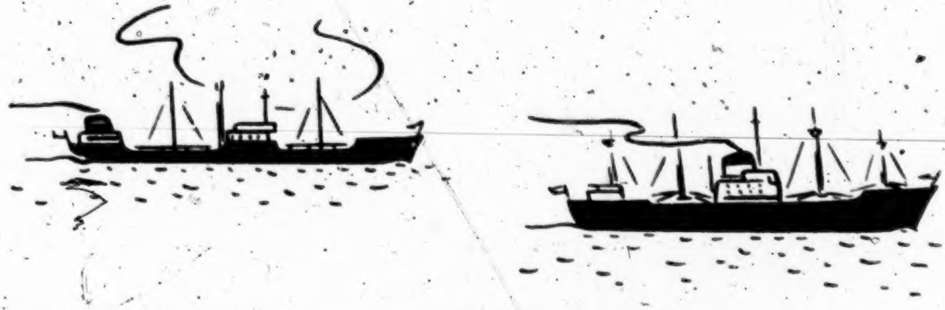
Imports by vessel are credited to the Customs district and port at which the merchandise was unladen, even though this may be different from the Customs district in which the goods were entered for immediate consumption or entered into warehouses.

OCEANBORNE FOREIGN TRADE OF UNITED STATES AND NEW

Commodity Group	United States		
	1954	1955	1956
EXPORTS			
General Cargo	18 392 038	23 882 168	26 987 413
Grain	8 319 983	12 923 556	18 594 670
Coal	14 289 936	31 658 948	46 412 677
Minerals (a)	4 323 179	3 989 826	5 395 590
Foreign Aid	3 439 374	2 890 623	2 828 079
Tanker Cargo	8 203 126	9 246 339	12 812 633
Total Exports	56 967 636	84 591 428	113 031 062
IMPORTS			
General Cargo	19 401 823	22 302 802	22 750 379
Minerals (b)	4 393 776	4 529 167	4 769 660
Ores	23 665 156	29 136 156	37 715 971
Tanker Cargo	63 202 015	74 251 338	81 539 737
Total Imports	110 662 770	130 219 463	146 775 747
TOTAL			
General Cargo	37 793 861	46 184 970	49 737 792
Bulks	129 836 545	108 625 921	210 069 017
Total Exports & Imports	167 630 406	214 810 891	259 806 809







YORK

New York			Percent N.Y./U.S.		
1954	1955	1956	1954	1955	1956
4 933 326	6 389 063	6 397 040	26.8	26.8	23.7
775 490	1 094 458	1 505 225	9.3	8.5	8.1
14 925	28 201	35 531	0.1	0.1	0.1
13 963	8 124	21 736	0.3	0.2	0.4
404 957	320 668	283 215	11.8	11.1	10.0
447 561	527 921	471 811	5.5	5.7	3.7
6 590 222	8 368 435	8 717 366	11.6	9.9	7.7
5 819 682	6 371 645	6 494 649	30.0	28.6	28.5
916 316	1 103 320	1 107 926	20.9	24.4	23.2
827 275	833 591	826 644	3.5	2.9	2.2
17 868 244	18 956 729	19 098 888	28.3	25.5	23.4
25 431 517	27 265 285	27 528 137	23.0	20.9	18.8
10 753 008	12 760 708	12 891 689	28.5	27.6	25.9
21 268 731	22 873 012	23 353 814	16.4	13.6	11.1
32 021 739	35 633 720	36 245 503	19.1	16.6	14.0

LONG TONS

3166
[fol. 4331]

4331

(a) Mineral Exports include sulphur and phosphates.

b) Mineral Imports include clays and earths, gypsum and nitrates.

VALUE OF OCEANBORNE FOREIGN TRADE

	Year	Exports	Imports	Exports and Imports
United States	1954	8 505 700	7 523 600	16 029 300
	1955	9 486 100	8 311 200	17 797 300
	1956	11 216 800	9 098 600	20 315 400
% Change	56/54	+31.9	+20.9	+26.7
	56/55	+18.2	+ 9.5	+14.1
New York	1954	3 133 100	3 213 300	6 346 400
	1955	3 912 400	3 861 600	7 774 000
	1956	4 293 300	4 02[illegible]00	8 320 200
% Change	56/54	+37.0	+25.3	+31.0
	56/55	+ 9.7	+ 4.3	+ 7.0
% N.Y./U.S.	1954	36.8	42.7	39.6
	1955	41.2	46.5	43.7
	1956	38.3	44.3	41.0
% Point Change	56/54	+ 1.5	+ 1.6	+ 1.4
	56/55	− 2.9	− 2.2	− 2.7

THOUSANDS OF DOLLARS

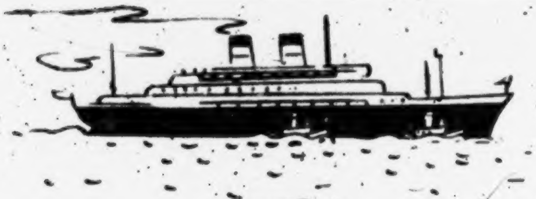
[fol. 4332]

NEW YORK VESSEL PASSENGERS

	1953	1954	1955	1956
Arrivals	457 680	487 603	485 845	534 795
Departures	420 653	440 796	437 539	452 228
Total	878 333	928 399	923 384	987 023

3167

4332



4332

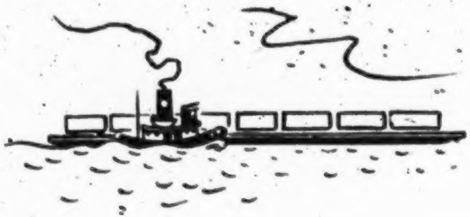
NEW YORK'S VESSEL TRADE BY FLAG

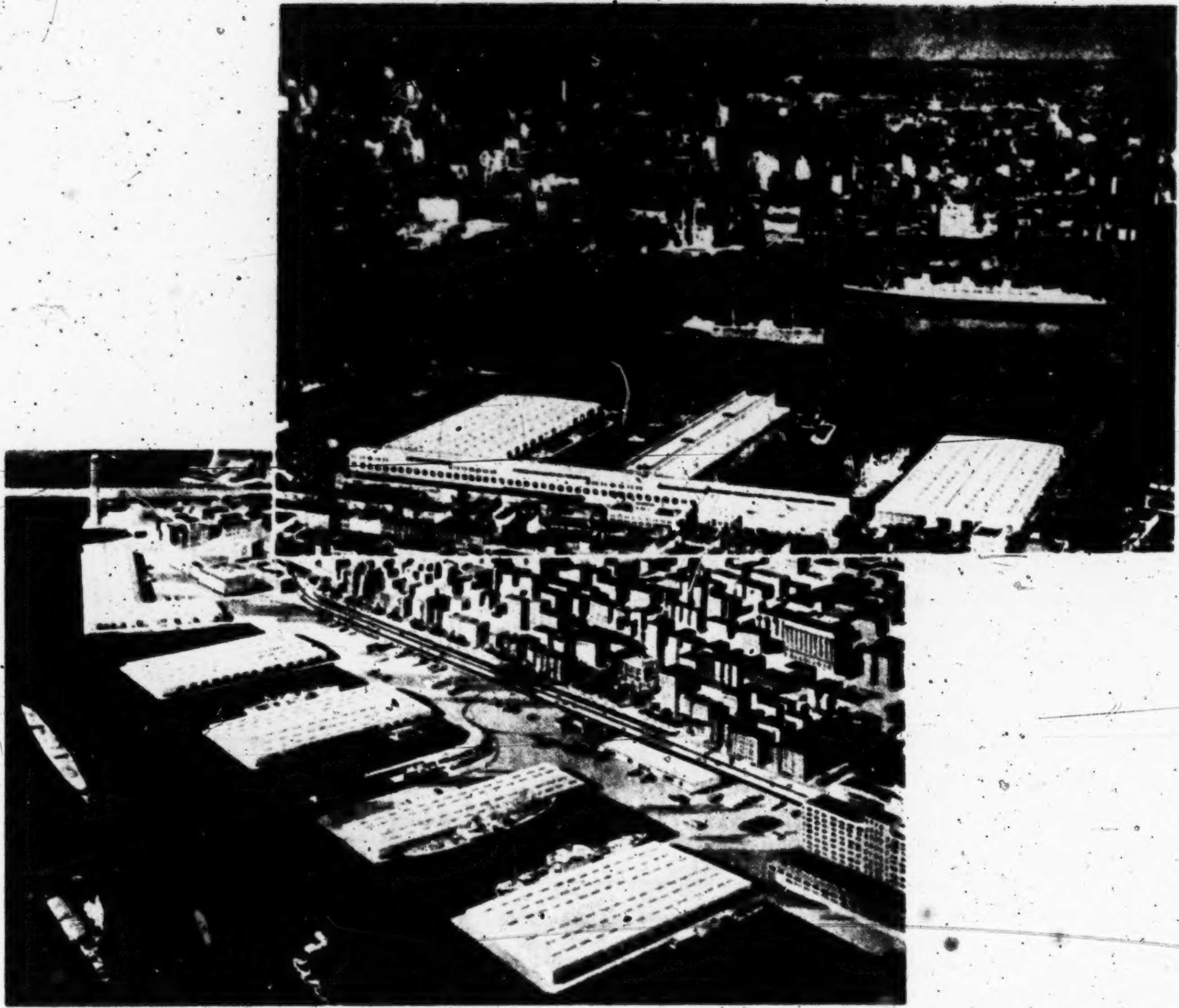
RANK	1956			1955			1954		
	FLAG	NUMBER	%	FLAG	NUMBER	%	FLAG	NUMBER	%
1	American	6,291	49.5	American	6,303	49.9	American	6,056	50.8
2	Norwegian	1,242	9.8	Norwegian	1,268	10.0	Norwegian	1,122	9.4
3	British	805	6.3	British	793	6.3	British	830	7.0
4	Liberian	593	4.7	Liberian	540	4.3	Panamanian	467	3.9
5	Dutch	~~447~~	3.5	Dutch	447	3.5	Dutch	445	3.7
6	Swedish	432	3.4	Panamanian	397	3.2	Swedish	334	2.8
7	Panamanian	384	3.0	Swedish	394	3.1	Danish	331	2.8
8	Danish	352	2.8	Danish	359	2.8	German	319	2.7
9	German	291	2.3	German	300	2.4	Liberian	291	2.4
10	Japanese	260	2.0	Japanese	244	1.9	Japanese	269	2.3
Other		1,609	12.7		1,580	12.5		1,464	12.2
All Arrivals		12,706	100.0		12,625	100.0		11,928	100.0
Arrivals & Departures		25,433	—		25,230	—		23,857	--

GENERAL CARGO EXPORT RAILROAD CARS UNLOADED

	1953	1954	1955	1956
New York	196 441	170 858	176 272	185 473
United States	603 886	574 977	639 805	709 068
% N.Y./U.S.	32.5	29.7	27.6	26.2

4333





Top—Completed four years ahead of schedule, the Port Authority's $18,000,000 Hoboken-Port Authority Pier program provided two new efficient piers of the most modern design.

Bottom—This rendering shows the Brooklyn-Port Authority Piers as they will appear on completion of the Authority's $85,000,000 improvement program.

PORT AUTHORITY FACILITIES

TUNNELS & BRIDGES

Holland Tunnel
Lincoln Tunnel
George Washington Bridge
Bayonne Bridge
Goethals Bridge
Outerbridge Crossing

MARINE & INLAND TERMINALS

Port Newark
Hoboken-Port Authority Piers
Port Authority Grain Terminal
Brooklyn-Port Authority Piers
Union Railroad Freight Terminal
N. Y. Union Motor Truck Terminal
Newark Union Motor Truck Terminal
Port Authority Bus Terminal

AIRPORTS

N. Y. International Airport
La Guardia Airport
Newark Airport
Teterboro Airport
Port Authority—
West 30th Street Heliport

4334

THE PORT OF NEW YORK AUTHORITY is a self-supporting corporate agency of the States of New Jersey and New York. Operating without burden to the general taxpayer, the Port Authority was created in 1921 by treaty between the two States to deal with the planning and development of terminal and transportation facilities, and to improve and protect the commerce of the Port District.

Port Authority Commissioners, six from each State, are appointed by the Governors of New Jersey and New York. They serve without pay for terms of six years.

Charged by statute with the protection of port commerce, the Port Authority appears before such regulatory bodies as the Interstate Commerce Commission, the Civil Aeronautics Board and the Federal Maritime Board in the interest of the unified Port District. It maintains Trade Development Offices in New York, Washington, D. C., Chicago and Cleveland in the United States and in Rio de Janeiro, Brazil, in the interest of promoting the movement of commerce through the Port of New York.

COMMISSIONERS

NEW JERSEY

DONALD V. LOWE, *Chairman*
HORACE K. CORBIN
JESS HARRISON DAVIS
DOW H. DRUKKER, JR.
JAMES C. KELLOGG, III
THORN LORD

NEW YORK

HOWARD S. CULLMAN, *Honorary Chairman*
EUGENE F. MORAN, *Vice Chairman*
S. SLOAN COLT
CHARLES S. HAMILTON, JR.
CHAS. H. SELLS
N. BAXTER JACKSON

AUSTIN J. TOBIN
Executive Director

Roger H. Gilman
Director of Port Development

Clifford B. O'Hara
Chief, Port Commerce Division

Jerome Gilbert
Trade Economist

Donal Smith
Stanton Fields
Edward J. Stout
Alan Lauber
B. E. Leighton

ACKNOWLEGEMENTS

Oceanborne information included in this report was obtained from basic data furnished by the Department of Commerce, Bureau of the Census. We also appreciate the cooperation and assistance of the Treasury Department, Bureau of Customs; the Maritime Association of the Port of New York; and the Association of American Railroads.

THE PORT OF NEW YORK AUTHORITY
111 Eighth Avenue at 15 Street, New York 11, N. Y.

THE PORT OF NEW YORK AUTHORITY · BY COMPACT BETWEEN NEW YORK AND NEW JERSEY

ESTABLISHED APRIL THIRTIETH 1921

4334

[fol. 4337]

I.C.C. Exhibit No. 103

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (M. T. Bohannon, Bank of Commerce Bldg., Norfolk 10, Va.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Verified Statement of M. M. MORA
General Manager
Norfolk Port Authority
Board of Trade Building
Norfolk 10, Virginia

[fol. 4338]

Before the
Interstate Commerce Commission

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

Testimony of M. M. Mora,
offered with full knowledge, approval and pursuant to a directive by the Board of Commissioners of the Norfolk Port Authority

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My name is M. M. Mora. I am General Manager of the Norfolk Port Authority. I have held this position for three years. My experience in international trade and finance goes back 38 years, during which I have been successively American buyer for the Union of Polish power plants; New York associate of A. H. Martens & Company of Toronto, Canadian underwriters and member of the Toronto Stock Exchange; manager of the Commercial Department of the Consulate General of Poland in New York; Vice-President of the Foreign Trade Securities Company, Ltd., international underwriters and exporters in New York; World Trade Development Director of International House in New Orleans; Vice-President of the Colonial Trust Company of New York; Vice-President of the Foreign Trade Assistance Corporation of America in New York and now General Manager of the Norfolk Port Authority, Norfolk, Virginia.

I am not a rate specialist, however, I have a layman's working knowledge of the rate structure.

My understanding of this case is that several of the railroads are interested in reducing existing freight rates on import and export cargo at North Atlantic ports, New York and north, to the Baltimore-Hampton Roads basis.

[fol. 4339] I think it is highly significant that the Eastern Traffic Executive Committee, after careful consideration, decided by a majority vote *not* to approve equalization of rates.

A number of railroads served notice to the Eastern Traffic Executive Committee of their intention to proceed with equalization of rates, and published tariffs to that effect that would have become effective on July 10, 1956. A concurrent reduction in rates was made by the railroads serving Philadelphia, Baltimore, Newport News and Norfolk to maintain the established differentials.

The Commission suspended all of the affected tariffs in I & S Docket 6615.

The subject of differentials to distribute traffic has been a matter of controversy between the railroads for many years. After a period of rate wars, an agreement, dated April 5, 1877, was reached. The agreement provided that export rates to Boston should be no higher than those to New York; that rates to Philadelphia should be two cents, and to Baltimore three cents per one hundred pounds lower than to New York upon all classes and commodities. This agreement was in writing and was signed by the New York Central, the Erie, the Pennsylvania, and the Baltimore and Ohio. The agreement of 1877 had been intended to equalize the rates through the different ports, the lower inland rates being supposed to compensate for the higher ocean rate.

The agreement provided that any one of the parties might withdraw by giving three months' notice, and in 1880, only three years after it was signed, this notice was given by the New York Central. The New York lines withdrew from this agreement, giving as a reason that "while ocean rates had been distinctly higher from Balti- [fol. 4340] more and Philadelphia in 1877, they had become in 1880 practically the same". (*In the Matter of Differential Freight Rates to and from North Atlantic Ports*, 11 I.C.C. 13 p. 18). *Their argument in 1957 sounds a familiar old tune.*

In 1882 the differential controversy was referred to the arbitration of an Advisory Commission selected by the railroads. This Commission, after hearing statements and arguments at the various ports and at inland points, made its report on July 20, 1882. The report stated that some differentials must be accorded Baltimore and Philadelphia and that the proper measure of that differential was *the actual result of competition.* Since competition, operating through the years, had brought about the differentials then in force, the Advisory Commission recommended that they should be observed for the present. The Commission's report showed that ocean rates were not the only factor to be considered because the objective to be achieved was not merely rate parity, but fair equalization of the overall advantages of transportation through one port as against another.

The first paragraph of the conclusions of the Commission's report states:

> "It only remains for us to state that no evidence has been offered before us that the existing differentials are unjust, or that they operate to the prejudice of either of the Atlantic seaport cities. *Differential rates have come into existence under the operation of competitive forces;* they bear some relation to relative distance and relative cost of service; they recognize as we think the relative advantages of the several seaports; and they are subordinate to the great principle which compels the carriers of property competing between the same points and offering equal facilities to their customers, to make the same rates. *We therefore cannot advise their being disturbed*". (Italics supplied.)

I have analyzed very carefully the foreign traffic of the Ports of New York and Norfolk and, with few exceptions, [fol. 4341] find that the relative proportion of import and export traffic handled by New York and Norfolk over the past 20 years has not materially changed. Of course, the volume of traffic has increased greatly, due to the growth of our economy, the United States' prominence on the international commerce scene and many other factors. All ports in the United States have benefited from the increased volume of international trade. A tabulation of the major imports and exports handled at the ports of New York and Norfolk, for the calendar years 1935 and 1955, is shown in Exhibit NPA 1. A careful analysis of these figures reveals that in the field of general cargo the Port of New York has had an increase of 30.26% during this time in general cargo imports and exports, while Norfolk has had an increase of only 4.58%.

Following is a summary of the total import and export general cargo in short tons handled at New York and Norfolk during the years 1935 and 1955:

	New York		Norfolk	
	1935	1955	1935	1955
Imports	7,039,926	7,231,663	498,420	421,865
Exports	4,205,277	7,416,569	374,363	490,878
Total	11,245,203	14,648,232	872,783	912,743

During the twenty-year interval, there has been a change in the relative position of the ports in respect to many of the individual commodities.

For instance, in our area lumber in the past has been an important export commodity, but in recent years exports have dropped 90%, due to depletion of forests, among other things. On the import side, there has been a growth in imports of both raw long staple cotton and wool. This is by reason of the migration of cotton and woolen indus- [fol. 4342] tries into the area adjacent to the Port of Norfolk.

For a number of years the industrial complex of the United States has been growing very rapidly. Some sections of the country, percentagewise, have been growing much faster than others. Exhibit NPA 2 has been prepared to show the changes in location of manufacturing since 1919. Analyzing the exhibit you can readily see what is taking place. The industrially under-developed areas of the United States are just beginning to acquire some industries and the percentage gains look rather impressive. However, in actual volume, the bulk of U. S. industry is still located in an area in which the Port of New York is fully competitive or in which, for reasons discussed later, New York dominates the import and export cargo traffic movement.

Here's a recapitulation of the industrial growth and concentration in several regions of the United States:

	Growth from 1919 to 1954	Concentration in 1954
New England States	180.3%	7.7%
Middle Atlantic States	260.0%	25.9%
East North Central States	412.3%	31.2%
West North Central States	401.9%	6.0%
South Atlantic States	470.5%	9.0%
East South Central States	606.9%	4.0%
West South Central States	687.6%	4.9%
United States	370.6%	—

Import and export traffic does not always follow the routes offering the greatest savings in transportation costs. If it did, Norfolk would handle a great deal more general cargo than it does at the present time. For instance, there is a large steady movement of manufactured tobacco from Richmond and several cities in the Carolinas. Approximately two-thirds of this cargo is exported through the [fol. 4343] Port of New York. (See Exhibit NPA 3.) There are many other instances of regular or periodic movements of cargo through the Port of New York originating in or destined to areas local to other ports, but for reasons other than transportation rates the outports cannot successfully compete with New York. (For several examples see Exhibit NPA 4.)

In 1956, a Norfolk Port Authority staff survey was made of the flow of manufactured exports from the area in which Norfolk has a rail rate advantage. It revealed that, based on the value of merchandise, the following ports were used:

Port	
New York	67.4%
Philadelphia	.3%
Baltimore	10.1%
Norfolk	2.6%
Newport News	2.4%
New Orleans	9.3%
Others	7.7%
Not Specified	.2%
Total	100.0%

The report states, "The most impressive fact developed by this survey is that only 2.6% of the total value of manufactured exports originating in this port's (Norfolk) favorable rail rate territory cleared through the port of Norfolk. Only 2.4% cleared through the Port of Newport News. The Port of New York cleared 67.4% despite the fact that the export rail rates without exception are higher".

In one section of the questionnaire, the manufacturer was asked to indicate, in order of importance, what factors were considered in selecting a port of export. Seven factors were listed with a line for special comments.

This was the result:

[fol. 4344]

	Importance				
	1st	2nd	3rd	4th	5th
Inland Freight Service	15	30	20	13	3
Inland Freight Charges	33	23	11	10	2
Steamship Schedules	40	23	30	6	2
Steamship Rates	2	9	4	11	5
Forwarders Services	37	27	21	15	8
Terminal Charges	3	4	12	5	9
Banking Facilities	11	20	11	8	7
Other Reasons	70	1	3	–	–
Not specified	11	–	–	–	–

The largest single category is the "other reasons" section. A majority of these 70 companies answered in one of the three following ways:

(1) Customer specified port.

(2) An agency, usually in New York, handled all details of exporting.

(3) Their company maintained a New York export office to handle details.

In this survey and through intensive personal solicitation of industries located in the midwestern part (differential territory) of the United States, we have found that a large portion of the export business has been removed from competition by considerations other than rates and this business is available only to the Port of New York.

I should like to review several of these influences.

1. *Steamship Service*

The Port of New York has a greater number of arrivals and sailings of ships than any other port in the United States. During 1956, New York had a total of 12,706 arrivals and 12,727 sailings, while Hampton Roads (both Norfolk and Newport News) had 8,493 arrivals and 8,573 sailings. A comparison of total arrivals and sailings only is very misleading. A comparison of arrivals and sailings [fol. 4345] of vessels handling general cargo is likewise misleading. The quality, or scheduling, of the ships' calls at United States ports is very important. The Port of New York provides by far more advertised sailings (see Exhibit NPA 5), a greater variety of steamship service, and an overwhelming majority of the ships are scheduled from New York as their last U. S. port of call.

In addition, practically all of the combination passenger-freight ships in the European, Mediterranean and South American trade call *only* at New York and not at other North Atlantic ports. In the few exceptions, the last port of call is always New York. This provides New York with a high degree of fast express service available at no other port on the Atlantic Coast.

I have analyzed the steamship services available from the various ports that were advertised in the September 12, 1957 issue of the NEW YORK JOURNAL OF COMMERCE, a daily paper largely devoted to shipping. (Complete details of the analysis may be found in Exhibit NPA 6.) A recapitulation of the overall service follows:

TOTAL NUMBER OF ADVERTISED SAILINGS	474

Quantity of service represented by the number of ships calling at:

	No. Calls	
Boston	70	14%
New York	442	93%
Philadelphia	248	52%
Baltimore	274	57%
Hampton Roads	206	43%
Others	65	13%

[fol. 4346] Quality of service represented by the number of ships making last U. S. port of call at:

	No. Ships	
Boston	12	3%
New York	360	76%
Philadelphia	9	2%
Baltimore	14	3%
Hampton Roads	25	5%
Others	54	11%

From this summary, it is readily apparent that New York, having 93% of the total steamship service available at the North Atlantic ports and 76% of the direct service, has a great advantage in this respect over any other port in the North Atlantic range. This type of service in itself oftentimes more than offsets the difference in the inland rate. (See Exhibit NPA 7.)

2. *Banks and Trust Companies*

New York is the financial center of the United States and, as such, handles the financing of a major share of the foreign commerce of the United States. The New York banks also act as correspondents for many banks outside the New York area. The banks at New York provide a great variety of services for those in international trade. They finance imports and exports, collect and loan against dollar drafts drawn on foreign buyers, make remittances to foreign countries in either dollars or foreign exchange, issue traveler's letters of credit and traveler's checks, and furnish their customers with credit information, et cetera.

New York banks, because of their tremendous resources, [fol. 4347] are peculiarly fitted to finance international trade on a scale unmatched by any other area in the United States. Reports of the New York Clearing House (Exhibit NPA 8) show that in June 1957, the National and State Banks and Trust Companies in the City of New York had resources totaling $23,993,545,200.00. The capital, surplus and undivided profits of these same institutions, amounted to $3,067,774,300.00.

Norfolk and Portsmouth banks had joint resources totaling $344,962,363.00 and capital, surplus and undivided profits amounting to $25,774,414.00 as of June 6, 1957.

Exhibit NPA 8 also lists the banks located in New York and Norfolk with foreign trade departments.

There are many ways in which banks influence the flow of foreign trade cargo. Let us look at some of them from both the export and import angles.

Export: This type of cargo is generally paid for either by a letter of credit, or by payment of a draft attached to the shipping documents, or by settlement of open account shipments.

There are, of course, many cases where the products are sold on negotiated credit terms.

In case of a letter of credit, a foreign bank opens either an irrevocable or confirmed credit in favor of the seller through its correspondent bank in the United States.

The correspondent relationship can be two-fold. In one case, the banks merely exchange signatures; in another [fol. 4348] they, in addition, mutually establish credit lines. The latter is typical in relations between large international banks.

In case of an irrevocable letter of credit, a foreign bank desiring to arrange for payment in the United States by its correspondent remits the money to the American bank when due, but the American bank assumes no liability for payment, acting merely as an agent for the foreign bank.

In case of a confirmed letter of credit, the American bank guarantees payment to the shipper.

In this type of a transaction (and most of the L/C business is done that way), the domestic bank pays against the credit line granted its foreign correspondent and accounts between the banks are adjusted later, according to agreements between them.

It is needless to point out that the great volume of imports from the United States is done by large firms abroad, who, in turn, do their financial business through the largest banks.

Such banks, in turn channel their business to the largest American banks, who are in a position to reciprocate in volume.

Thus, the overwhelming majority of letter of credit business comes to the largest banks, who are also able, by reason of their large capital and surplus, to extend large credit lines to either a customer or a correspondent.

[fol. 4349] New York, the financial center of the United States, with bank deposits of about $24,000,000,000 and capital funds of over $3,000,000,000, as stated above, dominates the entire Atlantic Coast, and the big foreign departments of the huge New York banks are able to attract and channel export financing and the designation of the port of shipment by the simple expedient of having the words "F.O.B. New York" appear on the L/C. Needless to say, the foreign banks are more than inclined to so word their L/C instructions, the result being that large volumes of merchandise, which could be shipped more economically through the outports on a strict inland rate basis, go to New York instead.

Add to it the availability of extensive credit information, which these large banks have on hand or can procure through their major correspondents, about the reliability and financial ability of the foreign buyer, whose commitments are even sometimes guaranteed by such foreign banks, the broad discount facilities, practically unlimited as to amounts, and a picture of the great influence of New York banks on port selection emerges in sharp relief.

Import: In a number of ways, the influence of financing on imports is even more pronounced than on exports.

In case of bulk shipments, most of which come in shiploads (oil, molasses—in full tanker-loads, phosphates, nitrates, ore concentrates, sugar, et cetera, in full dry-cargo lots) the amount of money represented by such cargoes easily mounts into seven figures.

[fol. 4350] The ability of banks with large capital structures to open one or more letters of credit for the buyer and still stay within the legal limitations of the ratio of capital funds to the line of credit extended to any one account strongly favors New York. Since, in such a case the bank, in addition to the general obligation of the client, is also specifically secured by the cargo in question, it is obvious that a New York bank will influence the ship to New York whenever practicable.

Somewhat similar reasons will influence general cargo to New York, particularly since, in case of need to seize the cargo, should the importer fail to pay the bank, such cargo could be usually disposed of easier in the huge New York market than in any other city on the Atlantic Coast.

Let us add to the foregoing analysis of exports and imports the fact that the largest import and export firms, foreign freight forwarders and custom house brokers are concentrated in New York and their operating profits are largest when they can handle all the business at their doorstep, without need to employ the services of their counterparts in the outports.

Such firms maintain large deposits in the New York banks and give them active and profitable business in the form of fees for L/C's, collections of drafts, foreign exchange transactions, et cetera.

Again here is a potent reason for the banks to influence the cargo to their good customers rather than to total [fol. 4351] strangers in the outports.

Even a starry-eyed optimist could not hope that Norfolk could ever grow to the point of offering New York even token financial competition.

3. *Foreign Freight Forwarders and Custom House Brokers*

Foreign freight forwarders and custom house brokers perform important functions for shippers and receivers of foreign commerce. Many firms do not maintain an export or import office, relying on forwarders or brokers to provide all the necessary services. Firms located in differential territory maintaining foreign departments, in most instances either have the main office located in New York or have a branch office located there to be in touch with banking, transportation and other groups connected with the movement of merchandise overseas.

New York is the center of the nation's freight forwarding and custom house brokerage industry. (See Exhibit NPA 9.) The New York forwarders have an inherent advantage because they are located in proximity to the financial institutions. It is equally advantageous for shippers of foreign merchandise to use the New York forwarders because they are advantageously located.

New York and Norfolk forwarders perform essentially the same service for their customers; however, the New York forwarders are able personally to expedite the clearance of drafts through the bank. This is an important advantage. If the documents presented to the bank are [fol. 4352] about to go "stale" and not be cleared in time to comply with the letter of credit specification or the shipper's instructions, the New York forwarder, because he is located in New York near the banks and probably personally knows the bank officials, can expedite the clearance. This is of such a great value that the New York forwarders have an advantage over Norfolk forwarders even on business shipped through Norfolk. No statistics are available, but in my conversations with local foreign freight forwarders and examinations of documents filed at the Custom House, it is apparent that the New York forwarders are handling a major portion of the exports moving through the Port of Norfolk.

4. *Importers and Exporters*

The City of New York and its metropolitan area have the largest population concentration in the United States. In addition, the level of income is much higher than the United States average. This gives the Port of New York a tremendous "captive market", especially for imported merchandise. The large and important industrial complex in and around New York requires huge quantities of imported raw materials for use in production and in addition furnishes a source of merchandise for export.

It is for this reason that New York is the headquarters for a majority of the importers and exporters doing business in the United States. Of course, the Port of New York is entitled to handle all the imports and exports destined to or originating in its own port area. However, the advantages [fol. 4353] gained by the importer-exporter by having a large important captive market and production complex, extend far beyond the New York area. For instance, the coffee importers in New York import more than half of the coffee imported into the United States during an average year. This amounts to about 650,000 tons a year. In an average year, Norfolk handles from 5,000 to 8,000 tons. Yet in the area where Norfolk has a rail rate advantage over New York, a total of over 240,000 tons of coffee is consumed annually. The rail rate advantage is only theoretical in this case; the controlling factor in the distribution of coffee as in many other commodities, is not a rail rate but other economic or financial considerations.

5. *Resident Buyers*

Most department stores and many types of chain and individual stores use the services of resident buying firms, large and expert specialists in buying all types of merchandise, both domestic and foreign. These firms, although concentrated in New York, serve practically all of the United States east of the Rockies. The normal procedure is for the buyer of the local store to visit the resident buyer's establishment in New York, twice or even several times a year, to inspect samples and place orders. The buyers of the local stores have thus greater selection opportunities because of the wide variety of samples under one roof, as well as the benefit of advanced style guidance and advice. The local buyer is also powerfully influenced in his choice [fol. 4354] of New York as the Mecca of his periodic pilgrimages by the near monopoly enjoyed by New York in the field of every form of art and entertainment, with which no city on the Atlantic Coast can compete.

Practically all of the foreign merchandise purchased by the resident buyers for their customers' accounts is entered at the Port of New York in order that it may be inspected on arrival, claims and adjustments made if necessary, and large orders broken up into shipments to individual stores.

This foreign business has for all practical purposes been placed beyond the reach of the outports and permanently riveted to the Port of New York.

6. *Factors and Finance Companies*

This very important segment of the financial business is of particular significance to exporters and, to a lesser degree, importers.

Due to the various economic forces, currently exerting strong pressures on many world currencies (the constant favorable U. S. trade balance and over-extension of industrialization in a number of under-developed countries being two of them), the exporter deals constantly with two problems:

First—to sell his product in keen competition with others and

Second—to collect his money in dollar currency.

By reason of the above mentioned pressures, many coun-[fol. 4355] tries have imposed strict import license systems and are rationing dollar exchange. This has resulted in most cases in a conversion problem. Drafts attached to shipping documents are mostly paid in accordance with their terms rather promptly, but in local currencies. The exporter than has to wait for the conversion process to go through the various stages of its operation (which vary by countries) and sometimes it takes a year to complete a dollar payment.

Obviously, neither an export manager of a manufacturing company nor, to an even greater degree, an exporter wants to or can tie up working capital in such a manner.

True, they can borrow most of the money by discounting the paper in their banks, but this procedure is only possible "with recourse against the drawee" and the amounts involved are debited against the credit line of the American party to the transaction, thus effectively reducing the sum of his working capital resources.

International factors and finance companies step into the breach and purchase such paper, in whole or in part, without recourse. They, of course, charge handsomely for assuming the financial risks, but such charges are included in the price of the products and are thus paid by the buyer. One need not dwell on the importance of this accommodation to the exporter. Of course, the merchandise itself passes into the control of the factor.

New York is the only city on the Atlantic Seaboard in which the concentration of such factoring firms offers [fol. 4356] broad financing of this nature.

Boston also offers such services, but to a much lesser degree. Incidentally, both of these cities enjoy a parity of rates—the subject of I & S Docket 6615.

The above financial imbalance has existed since the abandonment of the gold standard by the Bank of England in 1934 and by practically all other nations shortly thereafter. It has been sharply accentuated in the post-World War II years and is likely to continue for many years to come, thus perpetuating this particular advantage of New York far into the indefinite future.

On the import side, these same factoring and finance companies make available to the American importer, and often to the foreign shipper, a factoring service without recourse on the seller (except as to merchandise claims if arbitration shows the shipper to be at fault).

This type of service comprises payment of the merchandise invoice and ocean bill of lading, subject only to the discount, which represents the factor's gross profit, and consignment of the merchandise to the factor, who inspects the merchandise on arrival and redistributes it to the ultimate American buyers in town or at inland points and collects payment.

Again this influences such shipments to New York and creates an important volume of captive cargo, not available to the ports where such financing is not available, even if, from the inland rail rate point of view, the shipment [fol. 4357] would result in some economies through the use of an outport.

This concentration of factors in New York is largely due to the fact that the immense resources of the New York banks are available to the factor, who borrows from such banks against established general lines of credit granted him by the banks, his capital being the margin of security for the banks, and re-uses such money in his financing operations.

All of the above gives New York an overwhelming advantage; it has effectively removed from competition a large but undeterminable proportion of the desirable high-paying general cargo.

ANALYSIS OF BULK CARGO

In the matter of bulk cargoes, both New York and Norfolk have had large gains. From 1935 to 1955 New York increased its handling of bulk items about four times. Norfolk, at the same time, increased its handling of these items 31 times.

Although Norfolk's increase over 1935's total handling of bulk commodities is several times larger than New York's, the actual tonnage increase is in New York's favor. New York increased its handling of bulk cargo 18,038,207 tons while Norfolk was increasing 17,842,282 tons. (See Exhibit NPA 10.)

Norfolk's increase was in five major commodities: (1) imports of nonmetallic minerals—residual fuel oil and gypsum; (2) imports of nitrogenous fertilizer materials; (3) imports of ore; (4) exports of bituminous coal; and (5) exports of grain and soybeans.

Imports of residual fuel oil are for local consumption by industries located in the immediate vicinity of the port and also for ship bunkers.

[fol. 4358] Imported gypsum is for the account of a local industry that manufactures building materials such as wall board. This industry distributes in Virginia, southern Maryland and in the Carolinas.

Imports of nitrogenous fertilizer materials are for a number of fertilizer plants that serve local agricultural territories.

Imports of ore (chrome) have increased slightly. This was destined for stockpiling and for use in adjacent states.

Exports of coal have increased tremendously during the past few years. This is an industry that has experienced wide fluctuations in the foreign market. In good coal years, Norfolk's export percentage of total U. S. exports rises drastically. In poor coal export years, the percentage declines just as drastically. (See Exhibit NPA 11.) The mines producing bituminous coal are located mainly in the western part of Virginia and in West Virginia. Many of them are owned or controlled by the railroads that have provided extensive port facilities and have made large investments in special equipment to haul the coal. The location of the mines close to the port makes this a local commodity and not subject to any degree of competition.

Exports of grain and soybeans have increased greatly since 1952, when an elevator which belongs to the Norfolk and Western Railway was leased to Continental Grain Company and its capacity greatly enlarged in 1954. During this year, 1957, Cargill, Incorporated opened a new grain elevator at the port. In the case of Continental, the availability of a modern facility which could be leased and operated by themselves was the factor which increased the grain movement through the port. Cargill, Incorporated, for several years, has been building a chain of elevators at various coastal ports and inland points. The elevator [fol. 4359] was built at Norfolk to handle southern grain and such other grain as could be shipped advantageously through Norfolk. It is interesting and significant that the same rate differential on grain from differential territory prevailed many years while Norfolk handled little or no grain. Then, with the same differential in effect, Norfolk's position in this respect was significantly improved, obviously due to construction and good operation of proper facilities.

OTHER INFLUENCES

Reverting to the Port of New York, there are other elements that tend to give it a great advantage over the outports.

All of the great passenger liners such as the United States, America, Independence, Constitution, Queens Elizabeth and Mary, Nieuw Amsterdam and many others use the Port of New York exclusively in the United States. (See Exhibit NPA 12.) Passenger traffic in and out of New York has been increasing as indicated by the following table:

	New York Vessel Passengers		
	Arrivals	Departures	Total
1953	457,680	420,653	873,333
1954	487,603	440,796	928,399
1955	485,845	437,539	923,384
1956	534,795	452,228	987,023

New York is also the center of a vast network of overseas air routes. More than a million overseas passengers arrive and depart from New York each year. The vast amount of foreign travel to and from New York, via ship and plane, has tended to create the impression, especially in the minds of many foreigners, that New York IS the only Atlantic doorway to the United States. Many of them never get beyond the immediate vicinity of the port area and know little or nothing about the other parts of the United States, including other ports.

[fol. 4360] Another advantage that New York has over Norfolk is the tremendous wealth and credit of the Port of

New York Authority. The Port of New York Authority has a $250,000,000.00 construction program underway in Port Newark and Brooklyn, which will provide the Port of New York with a number of modern, efficient facilities. These facilities will be leased to steamship operators for substantial annual rentals. Many of these same steamship companies have economically squeezed the terminal operators at Norfolk by not paying rent, dockage or any other form of remuneration for the use of the piers that would enable the terminals to earn a return on the investment in their facilities. As a result of this squeeze-play, the Port of Norfolk has had in effect to depend upon subsidies from the railroads, mainly the Norfolk and Western, to provide terminals for the entire port. The inability of the local and other outport terminal operators to charge and collect adequate revenues for the use of their facilities has resulted, upon request, in the Federal Maritime Board instituting proceedings under Docket 816. (*Investigation of General Practices, Charges, Services, Definitions, and Agreements of Terminal Operators at Atlantic and Gulf Ports.*) It is hoped that the results of this case will be an agreement, approved by the Federal Maritime Board under Section 15 of the Shipping Act of 1916, to establish a scale or level of rates that would enable the terminal operators at Norfolk to realize at least a moderate return on the investment in general cargo port facilities.

The desired results of Docket 816, however, will not, even if translated into realities, begin to approach the tremendous advantage that the Port of New York Authority provides for the Port of New York.

The relative importance of the 3¢ rail rate differential [fol. 4361] in favor of Norfolk has been diminished by inflation and several rail rate increases. This one small advantage that the Port of Norfolk now has is lessening in economic importance while the great number of advantages that New York has are increasing in importance.

In this connection, we agree with the second paragraph of the conclusion of the report of the Advisory Commission:

> "But we do not assume that the rates which are just today will be just indefinitely. They have become established by the force of circumstances, and they ought to give way if future circumstances shall be such as to render it right and proper. They constitute a temporary arrangement only; equitable, as we think, for the present, but which may become inequitable before the lapse of any considerable time. Whenever they shall be found to operate unfairly, and to give a force or unnatural direction to trade, and whenever it shall appear that they tend to deprive any one of the seaports affected by them of the proportion of business that would naturally come to it under the operation of normal competition, the want of equity in the rates will appear, and it will be right to modify or, perhaps, abolish them." (Underscoring supplied.)

In spite of the rail differential, the Port of Norfolk has not shared proportionately in the growth of foreign traffic to and from the differential territory. Instead of abolishing the differential which has by now substantially declined in value in the overall consideration of selection of routes and ports, there should be established a larger differential that would enable the Port of Norfolk to participate on an equal basis in the growth of imports and exports to and from the Midwest.

The Port of New York and its transportation agencies serving that port have prospered and grown over the many years the differential has been in effect. They have developed a number of inherent advantages that can be had in no other port in the North Atlantic range, or any other Atlantic or Gulf port. Now they are trying to remove the one ever-diminishing and slight advantage in rate the outports to the south of New York have. HOW GREEDY CAN THEY GET?

[fol. 4362]

VERIFICATION

City of Norfolk)
) SS
State of Virginia)

M. M. Mora, being duly sworn, deposes and says that he is the General Manager of the Norfolk Port Authority and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

M.. M. Mora

Subscribed in my presence and
sworn to before me by the affiant
above named this 14th day of October 1957.

M. T. Bohannon
Notary Public, State of Virginia
My Commission expires February 14, 1959
[fol. 4363]

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the persons named in the Commission's notices of February 25, 1957, March 14, 1957 and March 26, 1957 by depositing in the United States Mail the number of copies designated in those notices.

Dated at Norfolk, Va. this 14th day of October, 1957.

M. M. Mora

[fol. 4364]

I.C.C. Exhibit No. 105

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney not later than ten days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

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Before the

INTERSTATE COMMERCE COMMISSION

I&S DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT BY ALVIN K. THOMAS

I am the Alvin K. Thomas who testified previously in this proceeding and submitted Verified Statement No. 8 with accompanying tabulations of carloads of import/export traffic to and from differential territory for the periods shown.

Subsequent to my oral testimony in this proceeding, to be found at pages 1149 through 1175 of the transcript, I made a point of reviewing the records of the traffic studies which were the basis of the statistics shown on page 3 of my previous Exhibit No. 8. I find that my oral statement that neither ores nor grain were included in the statistics mentioned was predicated on information given to me by Mr. Lancton, my predecessor prior to the compilation of the Lehigh Valley statistics. At a later time Mr. Lancton di- [fol. 4365] rected the inclusion of ore and grain statistics in the traffic study without my knowledge.

The facts are that included in the totals shown are carload imports of ore as follows:

	1946	1951	1955-56
Iron Ore	67	0	0
Lead Ore	0	17	0
Ores and Concentrates, NOS	88	15	31
Total ore	155	32	31

Also included in the statistics are export carloads of grain as follows:

	1946	1951	1955-56
Wheat	541	1109	324
Corn	2	6	15
Oats	33	6	1
Barley and Rye	139	1	5
Total grain	715	1122	345

The designation in the tables "1955-56" indicates the period of one year commencing August 1, 1955 and ending July 31, 1956. They relate only to shipments over the Lehigh Valley Railroad through the Port of New York to and from territory where differential rates over the Ports of Philadelphia, Baltimore and the Hampton Roads Ports are in effect.

During the years involved, the Lehigh Valley carried no import grain and no export ore.

Alvin K. Thomas

[fol. 4366]

VERIFICATION

State of New York)
: ss.:
County of New York)

Alvin K. Thomas, being duly sworn, deposes and says that he is Foreign Freight Traffic Manager of Lehigh Valley Railroad Company, and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Alvin K. Thomas

Subscribed and sworn to
before me this 21st day
of May, 1958.

George C. Hamm
Notary Public, State of New York
No. 30-6749300 . Qualified in Nassau County
Certificate Filed in New York County
Commission Expires March 30, 1960

[fol. 4367]

I.C.C. EXHIBIT NO. 106

I&S DOCKET 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (S. H. Moerman, 743 Investment Bldg., Washington 5, D.C.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Verified Statement of Frank Sauter
Assistant Vice President
First National City Bank of New York
55 Wall Street
New York, New York

[fol. 4368] My name is Frank Sauter. I am Assistant Vice-President of The First National City Bank of New York. I have been with the bank for 29 years and during the entire time have been employed in the Commercial Credit Department. About a month ago my position was changed so that now I am associated in the supervision of the foreign banking departments of the bank. The department concerned with commercial letters of credit is one of the departments under my supervision.

I have examined the verified statement of Witness M. M. Mora in this proceeding and I note that on Page 12 of that statement (Exhibit 103) he says:

> "... the big foreign departments of the huge New York banks are able to attract and channel export financing and the designation of the port of shipment by the simple expedient of having the words "F.O.B. New York" appear on the L/C. Needless to say, the foreign banks are more than inclined to so word the L/C instructions, the result being that large volumes of merchandise, which could be shipped more econom-

> ically through the outports on a strict inland rate basis, go to New York instead."

It is not true that my bank, or any other New York bank of which I have knowledge, engages in any expedient to attract and channel traffic via the Port of New York. In fact, so far as my bank is concerned, we issue, confirm, and advise credits, strictly on the provisions laid down by the customers, and whatever port is specified by them as the port through which the goods must pass is of no concern to us.

You will find attached a copy of "Application and Agreement for Commercial Letter of Credit" which is the form used for import traffic. Please note that there is a blank for designation of the ocean port of destination.

[fol. 4369] With rare exceptions these applications for commercial letters of credit on import traffic show the ocean port of destination in the United States when we open the mail. In those cases where the ocean port of destination is not shown we communicate with the customer and draw this omission to his attention. In no case do we ever attempt to influence the naming of any particular port.

So far as export traffic is concerned, we do not have a printed form because custom dictates that applications for letters of credit in connection with export traffic are made on the letterheads of foreign correspondent banks or our overseas branches. The terms and conditions of the credits which are outlined in these letters usually call for shipments to be made in a variety of ways. In my experience, I find that in more than half of the cases, credits require merely "shipment from the United States." In these cases no particular United States port is designated. In more than one-fourth of the cases, nothing at all is stated with respect to shipments from the United States although the beneficiaries of the credits are manufacturers or exporters domiciled in this country. In fact only in less than 10% of the cases do I find that New York is actually mentioned as the port through which the shipment is to be made. In the remainder of the cases it is provided that shipment is to be made through various ports, such as:

FROM:

Gulf ports
Pacific Ports
Atlantic Ports
Atlantic and Gulf Ports
New York or Philadelphia
New York or New Orleans
New York, Philadelphia or Baltimore
New York or San Francisco
United States except Boston
Boston
Philadelphia
Hampton Roads
Norfolk
Baltimore
New Orleans
Palm Beach
Corpus Christi
San Francisco
Los Angeles
Sacramento
Redwood City
Stockton
Long Beach
Houston
Lake Charles

[fol. 4370] Mr. Mora also states at Page 13 of his verified statement (Exhibit 103):

> "The ability of banks with large capital structures to open one or more letters of credit for the buyer and still stay within the legal limitations of the ratio of capital funds to the line of credit extended to any one account strongly favors New York. Since, in such a case the bank, in addition to the general obligation of the client, is also specifically secured by the cargo in question, it is obvious that a New York bank will influence the ship to New York whenever practicable."

As Mr. Mora knows and has testified in this proceeding, my bank is one of the largest engaged in handling commercial letters of credit. It is our practice to establish credits solely on the credit standing and credit worthiness of the customer, irrespective of the collateral value of the cargo.

All details regarding the purchase and sale of merchandise are worked out between the buyer and the seller in the order or sales contract, all of which is completed long before the customer applies to my bank for a letter of credit. So far as our bank is concerned, it is immaterial to us—and in fact none of our business—what port is to be used by the supplier in moving his goods abroad. This is something usually arranged between the buyer and the seller according to the circumstances and the needs of both parties.

Mr. Mora also states in his verified statement (page 13):

> "Somewhat similar reasons will influence general cargo to New York, particularly since, in case of need to seize the cargo, should the importer fail to pay the bank, such cargo could be usually disposed of easier in the huge New York market than in any other city on the Atlantic Coast."

As I have stated above, we grant letters of credit on the basis of the financial standing of our customers. Because this is so, we do not concern ourselves with the availability of the cargo for sale in case of the situation visualized by Mr. Mora. In fact, in my experience I know of no sale of distressed merchandise that has occurred in the past ten years.

[fol. 4371]

VERIFICATION

City of New York)
) ss
State of New York)

Frank Sauter, being duly sworn, deposes and says that he is the Assistant Vice President of the First National City Bank of New York and that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Frank Sauter

Subscribed in my presence and
sworn to before me by the affiant
above named this .... day of May, 1958.

....

Notary Public, State of New York
My Commission expires ....

[fol. 4372]

I.C.C. Exhibit No. 107

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney (S.H. Moerman, Investment Building, Washington 5, D. C.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Rebuttal Verified Statement of
Edward K. Laux
Traffic Manager
The Port of New York Authority
111 Eighth Avenue
New York 11, New York

[fol. 4373] My name is Edward K. Laux. I am Traffic Manager of The Port of New York Authority. I have previously testified in this proceeding and my verified statement with supporting exhibits is identified in this record as Exhibit No. 17. This exhibit includes my transportation experience and qualifications.

The first part of this statement deals with Exhibit Nos. 70 and 71 and is in rebuttal of the testimony and exhibits submitted by witness Hamill pertaining to steamship sailings from New York and Baltimore.

My Exhibit No. (A-1) shows that, after certain adjustments are made, which I believe necessary to get a true picture, the steamship sailings from New York and Baltimore are quite comparable. After the dry cargo vessels excluded from witness Hamill's exhibits are added back in and the passenger vessels are excluded from the totals, there were 2,366 sailings from New York during the six months, July 1955 to December 1955, compared with 2,236 from Baltimore. In my opinion, this comparison more accurately shows the vessels available to carry the freight involved in this proceeding.

My Exhibit No. (A-2) lists 791 sailings from Baltimore which were omitted in witness Hamill's exhibits and should have been included. Witness Hamill's exhibits actually excluded 837 sailings, but I did not include those vessels which moved in and out of Baltimore in ballast. Most of these vessels are dry bulk cargo vessels of the type which carry ores and grain. According to witness Mollman's Exhibit MLM-3 (Exhibit No. 51), there are more tons of ores (excluding iron ore) and grain moving between Baltimore and C.F.A. territory than the total rail tonnage moving via New York to that territory. Thus, the inclusion of these vessels is absolutely necessary in order to make any fair comparison between the sailings from New York and those from Baltimore.

[fol. 4374] Many of the vessels shown in Exhibit No. (A-2) are among the newest and largest bulk carriers afloat. My Exhibit No. (A-3) is a sample listing of 19 of these vessels, with their deadweight tonnage. In my opinion, excluding such vessels from the Baltimore totals, while including passenger and cruise vessels in the New York totals, presents a very misleading picture.

My Exhibit No. (A-4) lists 278 sailings by passenger vessels and 121 sailings by combination passenger and freight vessels which I believe should be excluded in any comparison of sailings from New York and Baltimore for the purposes of this case. These passenger and cruise vessels carry passengers' effects, baggage or small parcels, mail, periodicals, newspapers, express matter, and carry very little, if any, of the "freight" involved in this proceeding. Taking into account the large passenger lift of these ships plus the crew that is employed, there is a population totaling that of many municipalities in the United States and the ship stores, laundry and other items to take care of the passengers' and crew's needs for the voyage might involve as much as 100 to 150 tons.

In my Exhibit No. (A-5), there is reproduced a representative listing of cargoes lifted by these passenger or cruise vessels showing the type of wares they carry. This is taken from the Journal of Commerce "Export Daily" and "Import Daily." This exhibit shows that these vessels cannot be considered as important in the carriage of rail freight to and from C.F.A. territory. The freight listings cover for the most part the wares sold or manufactured in the New York Port District. As shown by this exhibit, the actual amount of cargo carried by the Queen Elizabeth, inbound, for example, was only 186 tons deadweight and 550 cubic measurement tons.

[fol. 4375] Some argument might be made for including in the totals the combination passenger and freight vessels, some of which have a fairly substantial freight capacity. In my opinion, however, these should not be included. These vessels are primarily passenger ships, operating on a fast turn-around time, and cannot wait around to load a full cargo. I have investigated the tonnages carried by these ships and found that they usually enter and leave the Port of New York with only a fraction of their cargo-carrying capacity.

In recent years there has been a tremendous increase in the number of vessels which call at Baltimore and in the number of foreign ports at which those vessels call. There is no question that steamship service at Baltimore has been improving at a tremendous rate. My Exhibit No. (A-6) is a comparison of cargo vessel clearances at New York and Baltimore for the years 1951 and 1956. In order to get an accurate comparison, there has been excluded from the totals all tankers, passenger ships, and vessels of less than 1,500 net registered tons. Also, where a ship cleared a port twice, one clearance has been eliminated for comparison purposes. Of the small ships under 1,500 tons which were eliminated, many are fishing vessels, and although they represent more than 10 per cent of the clearances, they account for less than 1½ per cent of the cargo-carrying capacity of the vessels at these ports. Exhibit No. (A-6) shows that at New York the cargo vessel clearances after such exclusions increased from 4,264 in 1951 to 4,604 in 1956, an increase of only 8.0 per cent, while at Baltimore they increased from 3,046 to 4,025, an increase of 32.1 per cent during the same period. Thus, sailings to and from Baltimore are increasing at a rate about four times as great as that at New York.

[fol. 4376] Not only is the number of vessels calling at Baltimore increasing at a tremendous rate, but the number of foreign ports at which these vessels call is also increasing very rapidly. My Exhibit No. (A-7) compares the average monthly sailings from Baltimore to 20 representative ports for the years 1951 and 1956. In the 5-year period, the average monthly sailings to these 20 ports from Baltimore increased from 86 to 151. The tremendous increase in sailings from Baltimore to Venezuela, for example, was referred to in the verified statement of Witness Senghas (Exhibit No. 19). As shown by my Exhibit No. (A-7), the average monthly sailings from Baltimore to La Guaira, Venezuela, increased from four in 1951 to fourteen in 1956.

Even with equalized rail rates, the Port of New York will have substantial handicaps in competing with Baltimore and Hampton Roads. As I stated in my direct testimony (Exhibit No. 17) at Pages 7-8, the steamship lines obtain free dockage, wharfage, storage and clerking at these two ports. By using Baltimore or Hampton Roads, steamship lines could save as much as $300 per day, which is an average cost for the use of a pier, and as much as 30 cents per ton on cargo, which is about the average cost for the use of the wharf. In addition, there are other disadvantages to using New York. For example, the working rules under the agreements negotiated by the Steamship Trade Association of Baltimore, Inc. for its members with the International Longshoremen's Association, Independent, for the Port of Baltimore require that a minimum gang of 21 men be used in the loading of cargo in the Port of Baltimore. This minimum requirement is the same as obtains in the agreements between the International Longshoremen's Association and the New York Shipping Association made up of the employers, such as deep water shipping [fol. 4377] lines, and contracting stevedores with operations in the Port of New York. With respect to the Baltimore agreement, however, there are important exceptions to the 21-man gang requirement.

For example, in the Port of Baltimore cargo in open-top railroad equipment is unloaded to vessel by a 16-man gang, thus eliminating five men. The most vigorous efforts on the part of the New York port interests to bring about an equalization of the number of men used in gangs on open-top equipment at New York, i.e., 16 men instead of 21 men, has to date been unsuccessful. Further, when grain cargoes are trimmed in the hull of the vessel at the Port of Baltimore by means of machines, the labor agreement provides for only nine men to a hatch of the ship paid at an hourly rate, whereas in the Port of New York grain trimmings and loading according to the ILA agreement requires 29 men who are compensated on the basis of so much per bushel. The result is a tremendous handicap in costs to the steamship operator at New York and a diversion of full cargo lots to Baltimore.

Open-top rail equipment hauls heavy commodities such as steel, trucks, earth moving machinery and numerous other heavy commodities, and as a consequence these special labor arrangements entice steamship operators to book these heavy loading cargoes for handling at the Port of Baltimore rather than at the Port of New York. It has not been uncommon during my experience to learn from steamship operators that they make every possible effort in carrying out booking engagements for cargoes to have the exporters route grain and open-top car railway movements to the ports south of New York because of the lower operating costs that are available by using the railroad pier facilities at the ports south of New York and taking advantage of the more favorable labor agreements.

[fol. 4378] For another example, there is a charge at the Port of New York for lighterage or trucking in lieu of lighterage on less-than-carload rail traffic which is shown in my Exhibit No. (A-8), whereas at the competitive ports such as at the Port of Baltimore no charge is made for such service because the line haul rates of the railroads include shipside delivery or pickup at the steamship piers.

My Exhibit No. (A-9) is an excerpt from the tariffs of the freight forwarders subject to Part IV of the Act and this also shows that on shipments in less-than-carload quantities moved by these freight forwarders to and from the Port of New York additional charges are assessed when the shipments are to be moved to and from steamship piers at New York Harbor. These freight forwarders make an exception with regard to export shipments weighing 5,000 pounds or more which may be delivered without extra charges to a steamship pier. Likewise, on import shipments weighing 2,500 pounds or over, the shipments will be picked up without extra charge at the steamship piers and moved at the line-haul rates to the ultimate destination.

My Exhibit No. (A-10) portrays the trucking or cartage charges on small shipments as promulgated by the United States Trucking Corporation which we feel is typical of charges assessed by other trucking firms when handling less-than-carload shipments between railroad stations in the Port of New York and steamship piers. As I have previously testified, the less-than-carload railroad line-haul rates from and to the Port of Baltimore include shipside delivery and pickup whereas the rail less-than-carload rates to and from the Port of New York do not include such services. As a result the charges shown in the aforementioned three exhibits would be imposed over the line-haul rates and [fol. 4379] as to such less-than-carload traffic the railroads serving the ports south of New York will continue to have the advantage over the New York railroad respondents in this case.

New York is confronted with still an additional handicap in the matter of free time on export freight due to the railroad tariffs containing provisions under which the railroads require that delivery orders on carload freight be presented by the exporter or consignee in writing to the lighterage departments of these railroads at least 48 hours prior to the date of the specified delivery of the carload to a vessel. Thus, while other ports have seven days free time in which to order delivery to a steamship line exporters using the Port of New York actually have only five days free time.

I want to discuss briefly now the cost of performing lighterage service at the Port of Baltimore, as shown in the working papers accompanying Witness Heywood's testimony (Exhibit No. 50). As I understand it, the working papers of Witness Talbott showed that the B&O's cost of performing lighterage at New York was about $3.67 per ton compared with about $5.22 per ton at Baltimore, while

Witness Heywood's working papers for the Pennsylvania Railroad showed a cost of well over $4.00 per ton at New York, compared with only 43 cents per ton at Baltimore. When asked about this, I knew on the basis of my experience, although I am not a cost man, that the 43-cent-per-ton figure at Baltimore was erroneous. I immediately called the Atlantic Transport Company, which performs this service for the Pennsylvania, and was informed by one of their executives that for performing this service for the Pennsylvania at Baltimore, they receive well over $2.00 per ton on traffic generally and about $3.00 per ton on bananas. [fol. 4380] Any costs incurred by the Pennsylvania for loading or unloading from car to barge or barge to car would be in addition to this figure. On cross-examination, Witness Heywood admitted that the 43-cent figure was incorrect (R. 1483), but in his redirect examination, he did not put in the correct figure. (R. 1589)

I listened for nearly a week to witnesses of the other side testifying with regard to the Port of New York's ability to get traffic. The record shows over a million tons of ores and concentrates through the Port of Baltimore (Exhibit No. 51) and very little through New York. The obvious reason for New York's inability to get this traffic is the one given by the Baltimore railroads in their brief to the Supreme Court in *Interstate Commerce Commission* v. *Baltimore & Ohio RR Co.*, 355 U.S. 175. In their brief dated November 12, 1957, they stated at Page 4:

> "For obviously, if Philadelphia already has the advantage on the ocean part of the through transportation, equal rail rates with Baltimore will give it an advantage on the *through* transportation from Labrador to Youngstown; *and it is the through transportation which counts.*" (Emphasis added.)

[fol. 4381] My Exhibit No. 17 (Y-1) thereof shows that the total import and export tonnage moving via the Great Lakes has increased steadily from approximately 60,000 tons in 1947 to more than 475,000 tons in 1955. Not only are the New York railroads losing business to the railroads serving the ports south of New York but when we look to the north we see the St. Lawrence Seaway development rapidly approaching completion. My Exhibit (A-11), which is an excerpt from the Chicago Association of Commerce and Industry—World Trade Bulletin No. 479, dated April 15, 1958, shows that only recently the Great Lakes overseas service has been augmented by the addition of four more steamship lines and that during the 1958 open navigation period there will be 24 steamship lines in operation over the Great Lakes. This exhibit also lists the names of the steamship lines, their agent, and the overseas ports of call. This stepped up service plainly indicates that steamship lines are evidently positioning themselves in the Great Lakes overseas service in anticipation of having some sort of priority with the opening of the St. Lawrence Seaway within the next year or so.

Thus the respondent New York railroads which are here seeking to reduce their rates in competition with the railroads serving ports south of New York will find themselves in a pincer movement between the differential rail lines to the ports in the south and the steamship lines on the Great Lakes who are and will improve the frequency of service to and from the Great Lakes ports as soon as the Seaway is opened in the very near future.

[fol. 4382]

VERIFICATION

City of New York ss:
State of New York
County of New York

Edward K. Laux, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: /s/ Edward K. Laux

Subscribed in my presence and sworn
before me by the affiant above named
on this
16th day of May, 1958

/s/ Mildred B. Bruno

Notary Public
My Commission expires 1960.

Seal

I.C.C. Exhibit No. 107

EXHIBIT NO. (A-1)
I&S DOCKET 6615
WITNESS: Edward K. Laux

ANALYSIS OF STEAMSHIP SAILINGS - PORT OF NEW YORK VS. PORT OF BALTIMORE

JULY 1955 TO DECEMBER 1955

NUMBER OF SAILINGS FROM NEW YORK		NUMBER OF SAILINGS FROM BALTIMORE
1281	Sailings which included both New York and Baltimore	1281
1484	Sailings from New York - Not from Baltimore	--
--	Sailings from Baltimore - Not from New York	171
--	Sailings from Baltimore omitted from Hamill Exhibit WSH-1	791
2765	TOTAL	2243
278	Less Passenger and Cruise Vessels	--
121	Less Combination Passenger and Cargo Vessels	--
2366	TOTAL	2243

I.C.C. Exhibit No. 107

Exhibit No. (A-2)
I&S Docket 6615
Witness: Edward K. Laux
Page 1 of 21

Listing of dry cargo vessels entering and clearing the Port of Baltimore during the period from July to December 1955 which witness Hamill chose to omit from his Exhibit (WSH-1)___________.

The inbound vessel cargoes consisted primarily of freight customarily carried by railroads -- ores, for example - and similarly, outbound cargoes were coal and grain. A small but significant portion of the ships omitted from Mr. Hamill's exhibit were classified by U. S. Customs and reported by U. S. Department of Commerce as vessels carrying such general cargo items as steel, locomotives, railroad equipment and machinery.

PORT OF BALTIMORE
SUMMARY OF SHIP MOVEMENTS OMITTED FROM W. S. HAMILL STUDY
JULY-DECEMBER 1955

~~Estimated 25 [illegible] less than 1000 tons~~

Entrances	July	August	September	October	November	December	Total
General Cargo	9	16	11	8	45	7	96
Bulk Cargo	59	71	73	77	67	62	409
Ballast	43	41	40	51	37	43	255
Total	111	128	124	136	149	112	760
Direct from Foreign Port	101	107	93	126	109	116	652
Clearances							
General Cargo	7	26	18	12	49	17	129
Bulk Cargo	52	62	55	52	46	53	320
Ballast	49	61	60	63	49	60	342
Total	108	149	133	127	144	130	791
Direct to Foreign Port	82	92	113	91	82	85	545

NOTE: TANKER MOVEMENTS ARE EXCLUDED

Total Entrances	760
Total Clearances	791
Grand Total	1,551
Direct from Foreign Port	652
Direct to Foreign Port	545
Grand Total	1,197

4384

Source: United States Department of Commerce

JULY:

Exhibit No. (A-2)
Page 2 of 21

SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
A. L. Kent	06	Bulk	06	Ballast
African Grove	14	General	20	General
African Grove	25	General	25	General
Airone	05	Ballast	09	Bulk
Akka	06	Bulk	09	Bulk
Alkis	07	Ballast	07	Bulk
Allerton	06	Bulk	07	Ballast
Angelita	23	General	23	General
Anna C.	25	Ballast	25	Bulk
Anna L. Condylis	08	General	08	General
Aquitania	29	Bulk	29	Ballast
Atlantic Count	20	Ballast	20	Bulk
Atlantic Water	08	Ballast	12	Bulk
Bahia Blien Suceso	01	Bulk	01	General
Baltore	09	Bulk	09	Ballast
Baltore	21	Bulk	21	Ballast
Belgrano	22	Ballast	22	Bulk
Blyth Trader	13	Ballast	23	Bulk
Bomi Hills	12	Bulk	15	Ballast
Buccaneer	22	Ballast	23	Bulk
Charlton P.	18	Ballast	26	Bulk
Chas. A. Wig	22	Ballast	29	Bulk
Chateaugay	20	Bulk	20	Ballast
Chilore	13	Bulk	13	Bulk
Christina	18	Ballast	19	Bulk
Concordia	07	Bulk	09	Ballast
Cubore	04	Bulk	04	Ballast
Cubore	14	Bulk	14	Ballast
Dalheim	16	Ballast	16	Bulk
Despo	30	Ballast	30	Bulk
Ebba Blumenfeld	09	Bulk	09	Ballast
Egaa	01	Ballast	05	Bulk
Enduro	23	General	23	Ballast
Ercta	01	Ballast	06	Bulk
Feltore	03	Bulk	03	Ballast
Feltore	29	Bulk	8-5-55	Ballast
(Flight Lieutenant Vassiliades (RAF:	23	Ballast	23	Bulk
Geert Howaldt	18	Ballast	23	Bulk
George	29	Ballast	8-1-55	Bulk
Georgios F. Andrcadis	25	Ballast	28	Bulk
Gluckauf	09	Bulk	09	Ballast
Great City	18	Ballast	21	Bulk
Gregers Gram	21	Bulk	21	Ballast
Heinrich Honold	11	Ballast	18	Bulk
Hendon Hall	16	Ballast	21	Bulk
Hermion	05	Bulk	06	Ballast

Exhibit No. (A-2)
Page 3 of 21

SHIPS NAME IN FULL	**ENTRANCE DATE**	**TYPE OF CARGO**	**CLEARANCE DATE**	**TYPE OF CARGO**
Hudson River	18	Bulk	18	Ballast
Irene M.	25	Ballast	25	Bulk
Italcielo	25	Ballast	28	Bulk
Kragujevac	02	Ballast	11	Bulk
Les Eclair	05	Bulk	05	General
Leven Pool	25	Bulk	27	Ballast
Liberty Fl.	01	Bulk	None	
Lionel	14	Bulk	23	Bulk
Maris Laura	26	Bulk	8-4-55	Bulk
Marore	07	Bulk	07	Ballast
Marore	16	Bulk	16	Ballast
Marore	26	Bulk	26	Ballast
Martha Kleppe	01	Ballast	02	Bulk
Matang	05	Ballast	13	Bulk
Moisie Bay	01	Bulk	01	Ballast
Monika Wiards	11	Ballast	14	Bulk
National Freedom	16	Bulk	16	Ballast
National Leader	02	Ballast	02	Bulk
Nazario Sauro	19	Bulk	22	Ballast
Nedon	01	Ballast	08	Bulk
Nella	20	Ballast	26	Bulk
Nereo	22	Ballast	8-4-55	Bulk
Nereus	20	Ballast	22	Bulk
Nicky	16	Ballast	16	Bulk
Nico	05	Ballast	13	Bulk
Nicolaou Zografia	08	Bulk	09	Ballast
Ninfea	21	Bulk	23	Ballast
Norden	25	Bulk	8-1-55	Ballast
Northleigh	28	Ballast	28	Bulk
Ore Transport	07	Bulk	07	Ballast
Ore Transport	22	Bulk	22	Ballast
Ore Mar	01	Bulk	02	Ballast
Ore Mar	11	Bulk	11	Ballast
Ore Mar	20	Bulk	20	Ballast
Ore Mar	30	Bulk	30	Ballast
Pero De Alenquer	01	Ballast	05	Bulk
Peter Star	05	Bulk	05	Ballast
Pindar	01	Ballast	01	Bulk
Pinios	07	Bulk	07	Bulk
Pitsa H.	02	Bulk	02	Ballast
Psara	09	Ballast	09	Bulk
Raunala	30	Bulk	30	Ballast
Rautas	18	Bulk	18	Ballast
Rivercrest	30	Ballast	30	Bulk
Romandie	15	Ballast	15	Bulk
Royal Emblem	11	Ballast	12	Bulk

3212
[fol. 4386]

4386

SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
San Boque	14	Bulk	19	Ballast
San France	01	Bulk	01	Ballast
Santo Cerro	14	General	None	
Santore	02	Bulk	02	Ballast
Santore	12	Bulk	12	Ballast
Santore	23	Bulk	23	Ballast
Suorva	29	Bulk	29	Ballast
Tarfala	19	Bulk	19	Ballast
Teiamon	06	Bulk	06	Bulk
Temple Bar	14	Ballast	15	Bulk
Tern	07	Bulk	07	Ballast
Torr Head	05	General	07	General
Venore	05	Bulk	05	Ballast
Venore	27	Bulk	27	Ballast
Veragua	21	General	None	
Vercharmian	16	Bulk	22	Bulk
West Hill	11	Ballast	14	Bulk
Wychwood	18	General	19	Ballast
Shin Ma "3"	06	Bulk	06	Ballast
Alama[illegible]			29	General
Alcoa Runner			06	General
Kenilworth	N		01	Bulk
Monte Nuria			06	Bulk
Ocean Nimet	O		08	General
Penmar			12	General
Robin Trent	N		02	Bulk
Robert Barnes Fie-tz			20	Bulk
Steel Architect	E		28	General
Tallyrand			01	General
Yorkmar			16	General
Zelidja			01	Bulk

[fol. 4387]

4387

Exhibit No. (A-2)_______
Page 5 of 21

AUGUST

SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Aequitas "2"	08	Bulk	08	Ballast
African Pilot	29	Liner	9-2-55	General
Akagisan Maru	29	General	31	General
Aktion	31	Ballast	9-3-55	Bulk
Alcoa Roamer	16	General	16	General
Ambassador	05	Ballast	08	Bulk
American Leader	31	General	31	General
Anna C	29	Ballast	30	Bulk
Antonis	08	Bulk	09	Ballast
Archipelago	01	Bulk	01	Ballast
Arimasan Maru	29	Bulk	29	Ballast
Arkeldyk	24	General	24	General
Arraiolos	23	Bulk	9-2-55	Bulk
Arthur Sto	11	Ballast	19	Bulk
Atlantic Air	18	General	24	Bulk
Aura	16	Bulk	26	Ballast
Ayia Markella	30	Ballast	9-3-55	Bulk
Bahia de Nuevitas	29	Ballast	29	General
Baltore	03	Bulk	03	Ballast
Baltore	12	Bulk	12	Ballast
Baltore	22	Bulk	22	Ballast
Bendita	05	Ballast	05	Bulk
Bolivar	22	General	22	General
Bomi Hills	04	Bulk	04	Ballast
Bomi Hills	16	Bulk	16	Ballast
Brant	07	Bulk	07	Ballast
Cape Palmas	29	Ballast	9-2-55	Bulk
Caprera	17	Bulk	19	Ballast
Cecil N. Bean	18	Bulk	None	
Chateaugay	21	Bulk	None	
Chilore	07	Bulk	07	Ballast
Chilore	27	Bulk	27	Ballast
Citta di Salerno	30	Bulk	30	Ballast
Constantia	05	General	05	General
Cubore	10	Bulk	11	Ballast
Dorion	01	Ballast	03	Bulk
Eastern Saga	02	Ballast	10	Bulk
Elga	22	Bulk	27	Bulk
Elmira	25	Bulk	26	Ballast
Enduro	15	Bulk	15	Ballast
Enduro	25	Bulk	25	Ballast
Eretteo	08	Bulk	19	Bulk
Ernest G P	05	Bulk	05	Ballast
Euryviades	04	Bulk	04	Ballast
Exceller	23	General	23	General

3214
[fol. 4388]

Exhibit No. (A-2)
Page 6 of 21

SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Faralis	26	Bulk	26	Ballast
Feltore	15	Bulk	15	Ballast
Feltore	25	Bulk	25	Ballast
Firenzie	26	Bulk	26	Ballast
Flynderborg	23	Bulk	24	Ballast
Flynderborg	26	General	26	General
Franciska Hendrik-Fisser	01	Ballast	01	Bulk
George	04	Bulk	04	Ballast
Georgian Flame	02	Bulk	02	Ballast
Gerd Torm	02	Bulk	03	Ballast
Great City	29	Ballast	9-2-55	Bulk
Gulfwater	24	Ballast	31	Bulk
Industria	22	Ballast	26	Bulk
Innaren	05	General	09	Ballast
Irene M	26	Ballast	26	Bulk
Italcielo	31	Ballast	9-3-55	Bulk
Italsole	23	Ballast	23	Bulk
Jersey Daw	08	Ballast	17	Bulk
K. Hadjipateras	15	Ballast	19	Bulk
Katie	08	Bulk	18	Ballast
Kent Count	18	Bulk	19	Ballast
Kohcho Maru	19	Bulk	19	Ballast
La Quinta	09	Ballast	15	Bulk
Lancero	08	General	10	General
Liberty Be	16	Bulk	27	Bulk
Liberty FI	30	Ballast	9-9-55	Bulk
Lily	02	Ballast	02	Bulk
Lionne	25	Bulk	26	Ballast
Llantrisant	27	Bulk	27	Ballast
Loula Nomikos	08	Ballast	16	Bulk
Maria Paolina	01	Bulk	02	Ballast
Marie L	03	Ballast	03	Bulk
Marore	06	Bulk	06	Ballast
Maya	19	General	19	Ballast
Megaloc hari	23	Bulk	None	
Millern Tor	18	Ballast	27	Bulk
Moise Bay	01	Bulk	03	General
Moise Bay	15	Bulk	15	General
National Freedom	01	Bulk	01	Ballast
National Freedom	16	Bulk	18	Ballast
National Servant	03	Bulk	03	Ballast
Nicky	15	Ballast	24	Bulk
Norbryn	19	Ballast	24	Bulk
Norse Captain	31	Bulk	31	Ballast

Exhibit No. (A-2)

Page 7 of 21

SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Oakhurst	10	Bulk	10	Ballast
Ore Chief	03	Bulk	03	Ballast
Ore Chief	20	Bulk	20	Ballast
Ore Transport	06	Bulk	06	Ballast
Ore Mar	13	Bulk	13	Ballast
Ore Mar	26	Bulk	26	Ballast
Orsolina	08	Ballast	11	Bulk
Pelopidas	13	Ballast	15	Bulk
Pericles	04	General	12	Ballast
Pioneer Reef	12	General	12	General
Platano	31	General	31	Ballast
Queen	29	Bulk	9-1-55	Ballast
Robin Trent	18	Ballast	9-2-55	Bulk
Royal Emblem	22	Ballast	27	Bulk
Royal William	02	Ballast	02	Bulk
Saggat	06	Bulk	None	
San Marco	12	Bulk	12	Ballast
Santa Anita	18	General	19	General
Santore	01	Bulk	01	Ballast
Santore	11	Bulk	11	Ballast
Santore	21	Bulk	21	Ballast
Santore	30	Bulk	30	Ballast
Sarek	01	Bulk	01	Ballast
Schutting	31	Ballast	9-9-55	Bulk
Seagate	09	Ballast	09	Bulk
Spigerborg	19	Ballast	19	General
St. Gregory	22	Bulk	None	
St. Nicolas	20	Bulk	27	Bulk
Stella	16	Ballast	20	Bulk
Tarin	22	Bulk	22	Ballast
Tel Aviv	26	Ballast	9-2-55	Bulk
Tern	23	Bulk	23	Ballast
Ume Maru	08	Ballast	15	Bulk
Vassilis	09	Ballast	12	Bulk
Venore	10	Bulk	10	Ballast
Venore	20	Bulk	20	Ballast
Venore	29	Bulk	29	Ballast
Vigrafjord	16	Ballast	26	Bulk
Virginia G	31	Ballast	9-7-55	Bulk
Woldin Hill	02	Ballast	06	Bulk
Zelidja	18	Bulk	26	Bulk

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SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Alcoa Pilgrim	None		13	General
Alcoa Runner	None		02	General
Alcoa Runner	None		30	General
Calmar	None		09	General
Cilco Logger	None		01	General
Denise	None		30	Bulk
Evicynthia	None		05	Bulk
George	None		01	Bulk
Green Harbour	None		16	General
Harold T. Andrews	None		25	General
Maria Laura	None		04	Bulk
Massmar	None		27	General
Nereo	None		04	Bulk
Seamar	None		19	General

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SEPTEMBER

SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Acadia	27	Ballast	28	Bulk
Acritas	30	Ballast	30	Bulk
Albisola	29	Bulk	30	Ballast
Archibo	23	Ballast	26	Bulk
Alcoa Runner	26	Gen	27	Gen
Aliki P.	30	Ballast	10-6-55	Bulk
Amerocean	17	Bulk	None	
Anahuac	10	Ballast	13	Bulk
Anniston	14	Gen	23	Bulk
Annista L.	15	Bulk	15	Ballast
Anthony	26	Ballast	26	Bulk
Archon Gabriel	08	Gen	10	Bulk
Atje Ray-s	24	Ballast	24	Bulk
Atlantic Sea	19	Ballast	22	Bulk
Atlantic Water	01	Ballast	08	Bulk
Baltore	03	Bulk	03	Ballast
Baltore	14	Bulk	14	Ballast
Basil II	26	Bulk	28	Bulk
Bellerby	27	Ballast	27	Bulk
Belocean	02	Bulk	02	Ballast
Bel Pareil	27	Bulk	10-1-55	Ballast
Bomi Hills	07	Bulk	08	Ballast
Bonito	27	Bulk	27	Ballast
Boston	30	Bulk	None	
California	15	Bulk	15	Ballast
Captayannis	02	Ballast	08	Bulk
Carini	06	Bulk	06	Ballast
Chateau Gay	01	Bulk	01	Ballast
Chateau Gay	22	Bulk	22	Ballast
Chilore	05	Bulk	05	Ballast
Chilore	15	Bulk	15	Ballast
Chilore	27	Bulk	27	Ballast
Columbia Heights	15	Bulk	None	
Corfu Island	12	Ballast	14	Bulk
Cubore	07	Bulk	14	Ballast
Delfin	26	Ballast	28	Bulk
Dorion	12	Ballast	17	Bulk
Ekefors	11	Bulk	11	Ballast
Ekefors	26	Bulk	26	Ballast
Elisa Camp	12	Gen	20	Bulk
Enduro	14	Bulk	14	Ballast
Enduro	26	Bulk	26	Ballast
Exanthia	07	Gen	07	Gen
Feltore	03	Bulk	03	Gen
Feltore	12	Bulk	12	Gen
Feltore	22	Bulk	22	Gen

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SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Ferngrove	17	Gen	17	Gen
Floria	16	Gen	16	Gen
Florida	27	Ballast	10-5-55	Gen
Franciska Hendrik Fissure	07	Ballast	09	Bulk
Geert Howaldt	13	Ballast	16	Bulk
George	03	Ballast	03	Bulk
Georgian Flame	30	Bulk	30	Ballast
Georgios F. Andreadis	07	Ballast	10	Bulk
Helen Lyke	08	Bulk	12	Gen
Helios	15	Ballast	16	Gen
Hendrik-Okko-Fissure	19	Ballast	19	Bulk
Herta Engeline Fritzen:	15	Gen	16	Bulk
Ines Corrado	19	Bulk	19	Ballast
Irene M	23	Ballast	23	Bulk
Lafleche	14	Bulk	19	Bulk
Laura Lauro	01	Gen	07	Bulk
Leto	06	Ballast	09	Bulk
Lido	16	Bulk	16	Ballast
Lily	09	Ballast	15	Bulk
Llantrisant	27	Bulk	27	Ballast
Longfellow	25	Bulk	25	Ballast
Marabank	24	Bulk	24	Ballast
Marcella	16	Bulk	16	Ballast
Maria G. Coluncundis	12	Ballast	17	Bulk
Maria Lauretana	16	Bulk	16	Ballast
Marietta	28	Ballast	30	Bulk
Marina G. Parodi	24	Ballast	24	Bulk
Marore	01	Bulk	01	Ballast
Marore	10	Bulk	10	Ballast
Mary P.	07	Bulk	09	Ballast
Merit	26	Bulk	27	Ballast
Moisie Bay	09	Bulk	09	Ballast
Moisie Bay	19	Bulk	19	Ballast
Mormac York	28	Bulk	None	
Myceanae	28	Bulk	28	Bulk
National Freedom	23	Bulk	27	Ballast
Nicolaos G. Kulundis	07	Bulk	15	Ballast
Norvana	07	Ballast	07	Gen
Ocean Alice	02	Bulk	02	Ballast
Omnium Trader	20	Bulk	20	Ballast
Ore Chief	22	Bulk	22	Ballast
Ore Titan	29	Bulk	30	Ballast
Ore Transport	07	Bulk	07	Ballast
Oremar	04	Bulk	04	Ballast
Oremar	13	Bulk	13	Ballast
Oremar	23	Bulk	23	Ballast

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SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Orione	19	Ballast	24	Bulk
Ourania Gounares	01	Bulk	01	Ballast
Panagiotis-Coumantaros	06	Ballast	13	Bulk
Penelopidas	02	Ballast	06	Bulk
Pelops	19	Ballast	19	Bulk
Raunala	12	Bulk	12	Ballast
Romandie	12	Ballast	15	Bulk
Sandimitris	23	Bulk	24	Ballast
San Panteleimon	12	Ballast	17	Bulk
San Roque	15	Bulk	15	Ballast
Santa Monica	21	Gen	21	Gen
Santore	08	Bulk	08	Ballast
Santore	17	Bulk	17	Ballast
Santore	26	Bulk	26	Ballast
Spiga	01	Bulk	01	Ballast
Stella	30	Ballast	30	Bulk
Teespool	03	Bulk	03	Ballast
Themoni	12	Bulk	12	Ballast
Theofano Livanos	26	Bulk	29	Ballast
Thunderbird	08	Bulk	None	
Toltec	02	Gen	02	Ballast
Transatlanta	16	Ballast	16	Bulk
Trojantrader	28	Ballast	30	Bulk
Truduang	16	Ballast	16	Bulk
Union Trader	02	Bulk	02	Ballast
Vasara	08	Bulk	08	Ballast
Vassilis	19	Ballast	19	Bulk
Venore	23	Bulk	23	Ballast
Walis Bay	26	Bulk	29	Ballast
Winchester	10	Bulk	None	
Zeneize	15	Ballast	20	Bulk
Alcoa Ranger	None		14	Gen
Bali	None		14	Bulk
Boy	None		14	Bulk
Concordia Capo	None		16	Gen
Flomar	None		16	Gen
John B. Kulukundis	None		02	Gen
Mary Mar	None		02	Gen
Ocean Rose	None		30	Bulk
P&T Pathfinder	None		12	Bulk
Penmar	None		26	Gen
Sea Cloud	None		22	Bulk
Yorkmar	None		30	Gen

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OCTOBER

SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Abraham Graetz	22	Bulk	22	Ballast
Aeas	29	Ballast	11-2-55	Bulk
Aktion	14	Ballast	14	Bulk
Alaskan	12	Ballast	11-2-55	Bulk
Alba	01	Bulk	07	Ballast
Alba	24	General	24	Bulk
Alcoa Planter	17	General	21	General
Alcoa Ranger	11	General	11	General
Aldershot	28	Ballast	11-1-55	Bulk
Almen	19	Bulk	19	Ballast
Amersea	21	Bulk	25	Bulk
Anastassios Pateras	22	Ballast	28	Bulk
Anna C	06	Ballast	12	Bulk
Argolib.	04	Ballast	04	Bulk
Assimina K	22	Ballast	28	Bulk
Astron	10	Bulk	10	Ballast
Atlantico	19	Ballast	19	Bulk
Avra	10	Ballast	14	Bulk
Ayia Markella	05	Ballast	08	Bulk
Baltore	02	Bulk	02	Ballast
Baltore	12	Bulk	12	Ballast
Bintang	20	General	20	General
Bomi Hills	30	Bulk	31	Ballast
Boston	26	Bulk	None	
Buntentor	31	Ballast	31	Bulk
Captain Theo	07	Ballast	08	Bulk
Chateaugay	13	Bulk	13	Ballast
Chilore	08	Bulk	08	Ballast
Chilore	18	Bulk	18	Ballast
Chilore	30	Bulk	30	Ballast
Chyrssi S.M.	13	Ballast	15	Bulk
Cittadi Palermo	18	Bulk	18	Ballast
Creator	07	Ballast	07	Bulk
Cubore	06	Bulk	06	Ballast
Cubore	17	Bulk	17	Ballast
Dunelmia	10	Ballast	11	Bulk
Elisa Campanella	23	Ballast	23	Bulk
Elna "2"	27	Bulk	27	Bulk
Enduro	06	Bulk	06	Ballast
Epidavros	24	Bulk	28	Bulk
Eretteo	18	Ballast	27	Bulk
Faralis	03	Bulk	03	Ballast
Feltore	01	Bulk	01	Ballast
Feltore	10	Bulk	10	Ballast
Feltore	19	Bulk	19	Ballast
Feltore	28	Bulk	28	Ballast

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SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Fernplant	03	General	03	General
Florida	01	General	01	General
Franciska-Hendrik-Fisser	29	Ballast	29	Bulk
George	05	Ballast	05	Bulk
Georgios F. Andreadis	29	Ballast	11-3-55	Bulk
Giovanni Amendola	24	Bulk	26	Ballast
Gluckauf	06	Bulk	06	Ballast
Greenwich	06	Ballast	08	Bulk
Gull	13	Bulk	13	Ballast
Hans Honold	18	Bulk	18	Ballast
Hendrik-Okko-Fissure	19	Ballast	19	Bulk
Humanitas	17	Bulk	17	Ballast
Irene M.	17	Ballast	17	Bulk
Isa Parodi	26	Bulk	28	Ballast
Ivor Rita	15	Bulk	15	Ballast
Jacqueline	03	Bulk	03	Ballast
Kenilworth	31	Ballast	11-2-55	Bulk
Kingsmount	28	Ballast	28	Bulk
Kostis	03	Ballast	03	Bulk
L'eontios	03	Bulk	06	Ballast
Leto	11	Ballast	19	Bulk
Lily	26	Ballast	26	Bulk
Longfellow	21	Bulk	21	Ballast
Marcell M.H.	26	Bulk	26	Ballast
Marcella	22	Bulk	22	Ballast
Maria G. Culucundis	25	Ballast	11-2-55	Bulk
Maria Piera G.	18	Ballast	18	Bulk
Maria Laura	10	Ballast	13	Bulk
Maro	17	Ballast	21	Bulk
Marore	07	Bulk	07	Ballast
Marore	17	Bulk	17	Ballast
Marore	25	Bulk	25	Ballast
Michael	22	Bulk	22	Ballast
Modena	06	Bulk	11	Bulk
Moise Bay	24	Bulk	24	Ballast
Monte Oiz	06	Bulk	13	Bulk
Musa	07	Bulk	07	Ballast
Myceanae	10	Bulk	10	Ballast
National Servant	04	Bulk	04	Bulk
Navigator	24	Ballast	25	Bulk
Nazario Sauro	14	Bulk	14	Ballast
Nella	24	Bulk	24	Bulk
Nico	03	Ballast	08	Bulk
Nicolaos G. Kulukundis	25	Ballast	31	Bulk
Nicolas Kairis	27	Ballast	28B	Bulk
Nigel	26	Bulk	None	
Ninfea	05	Bulk	05	Ballast

SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Nippoh Maru	03	Bulk	06	Ballast
Nordland	12	Ballast	14	Bulk
Ocean Daphne	04	Ballast	06	Bulk
Ocean Sailor	28	Bulk	28	Ballast
Oceanstar	27	Bulk	None	
Ore Titan	15	Bulk	15	Ballast
Oremar	05	Bulk	05	Ballast
Oremar	14	Bulk	14	Ballast
Oremar	25	Bulk	26	Ballast
Paci Pride	29	Bulk	29	Ballast
Panaghia	04	Bulk	11	Bulk
Patapsco River	13	Bulk	13	Ballast
Pelops	29	Ballast	29	Bulk
Periolos	10	Bulk	11	Ballast
Pilot	25	Ballast	28	Bulk
Pont L'Eveque	04	Ballast	07	Bulk
Poukoulet	13	Ballast	28	Bulk
Rautas	03	Bulk	03	Ballast
Rexton Kent	08	General	08	General
Romandie	18	Ballast	24	Bulk
Royal Emblem	10	Ballast	13	Bulk
Saggat	18	Bulk	18	General
San Panteleimon	27	Ballast	11-1-55	Bulk
San Rita	07	Bulk	11	Ballast
Santore	05	Bulk	05	Ballast
Santore	28	Bulk	11-4-55	Ballast
Sarek	24	Bulk	24	Ballast
Sea Fisher	21	Ballast	21	Bulk
Sea Star	24	Bulk	None	
Sira	05	Bulk	07	Ballast
Sitanja	13	Ballast	17	Bulk
St. Nicolas	31	Bulk	01	General
Transatlanta	23	Ballast	23	Bulk
Vancouver City	05	Bulk	07	Ballast
Vassijaure	29	Bulk	29	Ballast
Venore	04	Bulk	04	Ballast
Venore	13	Bulk	13	Ballast
Venore	22	Bulk	22	Ballast
Venore	31	Bulk	31	Ballast
Veragua	24	General	None	
Winchester	19	Bulk	None	
Ines	None		21	Bulk
Portmar	None		03	General
Semar	None		29	General
[illegible]mar	None		21	General

NOVEMBER

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SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
African Patriot	21	Gen	21	Gen
African Sun	24	Gen	24	Gen
Agia Thalassini	17	Bulk	19	Ballast
Agnete Torm	26	Bulk	28	Bulk
Alba	16	Bulk	16	Ballast
Alcoa Ranger	09	Gen	09	Gen
Alcoa Ranger	30	Gen	12-5-55	Gen
American Miller	27	Gen	27	Gen
American Reporter	08	Gen	08	Gen
American Shipper	25	Gen	25	Gen
American Starling	10	Bulk	None	
Amerocean	12	Bulk	22	Bulk
Andria	21	Gen	21	Gen
Anna C..	18	Ballast	18	Bulk
Astron	23	Ballast	23	Bulk
Atenas	21	Bulk	21	Ballast
Atje Jay S.	07	Ballast	07	Bulk
Atla Empre	05	Ballast	08	Bulk
Aztec	25	Gen	25	Ballast
Bali	25	Gen	25	Gen
Baltore	05	Bulk	05	Ballast
Baltore	17	Bulk	17	Ballast
Barbara	21	Bulk	21	Bulk
Berna	25	Bulk	28	Ballast
Bertha Entz	13	Bulk	13	Ballast
Birgette Torm	22	Gen	23	Gen
Bomi Hills	12	Bulk	12	Ballast
Bonito	30	Bulk	30	Ballast
Botne	12	Ballast	12	Bulk
Boy	07	Bulk	None	
Callisto	08	Ballast	10	Bulk
Cape Adan	29	Bulk	12-12-55	Bulk
Cape Palma	26	Ballast	26	Bulk
Cape Biebu	28	Bulk	28	Ballast
Cape Farmakios	14	Bulk	14	Ballast
Carl Fisse	06	Ballast	06	Bulk
Chateaugay	03	Bulk	03	Ballast
Chilore	08	Bulk	08	Ballast
Chilore	16	Bulk	16	Ballast
Chilore	27	Bulk	26	Ballast
Christ Olden Dorf	22	Ballast	23	Bulk
Christos	02	Bulk	04	Ballast
Ciudad De Barquisimeto	21	Gen	21	Gen
Ciudad De Maracaibo	21	Gen	21	Gen
Comet	28	Ballast	12-3-55	Bulk
Concordia Sky	25	Gen	25	Gen

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SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Creator	27	Ballast	27	Bulk
Cubore	11	Bulk	11	Ballast
City of Rochester	26	Gen	26	Gen
Dagfreo	29	Bulk	None	
Delphin	10	Ballast	15	Bulk
Dimosthenis Pantaleon	09	Bulk	09	Ballast
Dolores	14	Bulk	14	Ballast
Dunelmia	29	Ballast	01	Bulk
Eagle	30	Bulk	03	Bulk
Eian Marlu	26	Bulk	26	Ballast
Elisa Camp	27	Ballast	27	Bulk
Enduro	26	Bulk	26	Ballast
Epos	07	Bulk	14	Ballast
Everest	28	Bulk	12-9-55	Bulk
Evimar	29	Ballast	12-1-55	Bulk
Exchequer	21	Gen	21	Gen
Exford	25	Gen	25	Gen
Exporter	23	Gen	25	Gen
Falkenstein	19	Bulk	19	Ballast
Feralis	15	Ballast	15	Bulk
Feltore	07	Bulk	07	Ballast
Feltore	15	Bulk	15	Ballast
Feltore	25	Bulk	25	Ballast
Ferngrove	22	Gen	22	Gen
Frame[illegible]en	08	Gen	10	Gen
George	08	Ballast	12	Bulk
George Flame	23	Bulk	23	Ballast
Gerdan Dan	25	Gen	25	Gen
Greenwich	16	Ballast	16	Bulk
Gunvor Bravig	26	Gen	26	Gen
Hendrik-Okko-Fissure	23	Ballast	23	Bulk
Ingleby	18	Bulk	18	Ballast
Irene M.	14	Ballast	14	Bulk
Irene Star	03	Bulk	None	
Jean	17	Bulk	17	Ballast
John Star	19	Bulk	19	Ballast
Karen Reed	07	Ballast	10	Bulk
Kehrea	07	Ballast	10	Bulk
Khedive Ismail	25	Gen	25	Gen
Kostis	08	Ballast	12	Bulk
Leopold L. D.	22	Gen	23	Gen
Leoville	25	Gen	25	Gen
Loppersum	14	Ballast	19	Bulk
Mai Rickmers	26	Ballast	30	Bulk
Majorka	26	Gen	26	Gen
rore	03	Bulk	03	Ballast
Marore	13	Bulk	13	Ballast
Marore	22	Bulk	22	Ballast

SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Moise Bay	11	Bulk	11	Ballast
Mormac Dale	24	Gen	24	Gen
Mormacowl	26	Gen	26	Gen
Nabob	21	Gen	23	Gen
National Leader	04	Bulk	04	Ballast
Nico	28	Ballast	30	Bulk
Normundo	25	Gen	25	Gen
Noutsi	28	Bulk	28	Bulk
Nyon	07	Ballast	12	Bulk
Ore Chief	25	Bulk	25	Ballast
Ore Mar	06	Bulk	06	Ballast
Ore Mar	30	Bulk	30	Ballast
Orford	01	Bulk	02	Ballast
Orotava	23	Gen	23	Ballast
Oscar Sinigaglia	18	Bulk	18	Ballast
Ourania Gounares	14	Bulk	14	Ballast
Pegor	12	Ballast	16	Bulk
Peter Star	18	Bulk	18	Gen
Phaex II.	30	Ballast	12-8-55	Bulk
Poona	12	Ballast	17	Bulk
Probitas	07	Bulk	10	Bulk
Raunala	02	Bulk	02	Ballast
Rio Araza	21	Gen	21	Gen
Rio Mar	14	Bulk	18	Bulk
Ronda	22	Gen	22	Gen
Samos	14	Ballast	18	Bulk
San Felice	12	Bulk	12	Ballast
San Marco	01	Bulk	05	Bulk
Santore	15	Bulk	15	Ballast
Santos	23	Gen	26	Gen
Sarah Bowater	22	Gen	22	Gen
Saxon	29	Ballast	12-2-55	Bulk
Seafaith	01	Ballast	09	Bulk
Sebastiano Vewier	10	Ballast	12	Bulk
Sirius	25	Gen	25	Ballast
St. Lo.	10	Gen	11	Gen
Staholm	14	Bulk	16	Ballast
Stella	28	Ballast	30	Bulk
Surova	14	Bulk	15	Ballast
Swainby	09	Ballast	09	Bulk
Teespool	18	Bulk	18	Ballast
Telamon	21	Gen	21	Gen
Thor Odland	04	Gen	04	Gen
Tida Holm	22	Gen	22	Gen
Transatlanta	28	Ballast	28	Bulk
[illegible]ua	30	Gen	None	
Union Power	25	Bulk	25	Ballast
Venore	09	Bulk	09	Ballast
Venore	18	Bulk	25	Ballast

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SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Victoria Marn	21	Gen	21	Gen
Winchester	26	Bulk	None	
Yamasato Maru	23	Gen	23	Gen
Zeneize	14	Bulk	14	Ballast
Alcoa Partner	N		26	Gen
Alcoa Runner			22	Gen
Angelita	O		22	Gen
Flomar			23	Gen
Marymar	N		12	Gen
Massmar			11	Gen
Mojavae	E		04	Bulk
Penmar			30	Gen
Texmar			05	Gen

DECEMBER

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SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Acl	05	Ballast	10	Bulk
Afros	22	Bulk	22	Ballast
Akka	10	Bulk	10	Ballast
Alexandros Koryziz	29	Bulk	29	Ballast
Amste Ikroon	06	Ballast	15	Bulk
Amstelpark	01	Ballast	03	Bulk
Andre	08	Bulk	08	Ballast
Ania	12	Ballast	12	Bulk
Anna C.	23	Ballast	23	Bulk
Antipolis	31	Ballast	31	Bulk
Arcturus	05	Ballast	05	Gen
Assimina K.	09	Ballast	09	Bulk
Atenas	16	Gen	16	Ballast
Atje Ray S.	29	Ballast	29	Bulk
Atla Empire	10	Ballast	15	Bulk
Atlantic Sea	10	Ballast	10	Bulk
Aurora	01	Bulk	08	Ballast
Ayia Markella	09	Ballast	09	Bulk
Baltore	12	Bulk	12	Ballast
Bischofstor	29	Ballast	29	Bulk
Brede	14	Bulk	14	Ballast
Callisto	27	Ballast	30	Bulk
Canadian Conqueror	16	Bulk	20	Ballast
Candida	31	Bulk	31	Ballast
Cessare Battisti	30	Bulk	30	Ballast
Chilore	07	Bulk	15	Ballast
Chilore	26	Bulk	26	Ballast
Cittadi Palermo	07	Ballast	14	Bulk
Ciudad De. Ibaque	03	Gen	03	Gen
Classic	06	Ballast	09	Bulk
Cubore	06	Bulk	06	Ballast
Cubore	17	Bulk	17	Ballast
Cubore	29	Bulk	29	Ballast
Diamantis Pateras	27	Ballast	31	Bulk
Eilenau	05	Ballast	08	Bulk
Elna "2"	19	Bulk	19	Ballast
Enduro	21	Bulk	23	Ballast
Essex Trader	05	Bulk	08	Bulk
Fairwater	12	Bulk	13	Ballast
Feltore	20	Bulk	20	Ballast
Feltore	31	Bulk	31	Ballast
Florida	29	Bulk	None	
Geert Howaldt	05	Ballast	05	Bulk
Geneve	30	Bulk	None	
Georges S.	07	Bulk	09	Ballast

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[fol. 4402]

4402

SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Graiglwyd	01	Ballast	09	Bulk
Greenhurst	16	Ballast	22	Bulk
Haralampos Hadjipateras	05	Ballast	16	Bulk
Harold T. Andrews	19	Ballast	21	Bulk
Harpathian	19	Ballast	20	Bulk
Ines Corra	05	Bulk	07	Ballast
Italico	21	Bulk	21	Ballast
Ivor Isobe	01	Ballast	08	Bulk
Jimmy Marsano	27	Bulk	27	Ballast
Kent County	19	Bulk	22	Bulk
Kostis	27	Ballast	29	Bulk
Lagos Ontatar	09	Bulk	09	Ballast
Maria G. Culucundis	14	Ballast	16	Bulk
Maria "2"	09	Bulk	09	Ballast
Marore	03	Bulk	03	Ballast
Marore	15	Bulk	22	Ballast
Melida	24	Bulk	24	Ballast
Mentor	27	Bulk	28	Ballast
Messathouri	20	Ballast	23	Bulk
Michael G.	31	Ballast	31	Bulk
Moise Bay	16	Bulk	16	Ballast
Mycenae	08	Bulk	08	Ballast
Nazario Sauro	29	Bulk	29	Ballast
Nereus	21	Ballast	29	Bulk
Nevada	08	Ballast	08	Bulk
Ninetto Gavarone	04	Bulk	04	Ballast
Norlanda	18	Bulk	18	Ballast
Nyon	27	Ballast	29	Bulk
Omnium Freighter	02	Bulk	02	Ballast
Omnium Trader	17	Bulk	21	Ballast
Oremar	10	Bulk	10	Ballast
Oremar	22	Bulk	22	Ballast
Osprey	01	Bulk	01	Ballast
Panaghia	06	Ballast	06	Bulk
Pelops	12	Ballast	16	Bulk
Polamhall	13	Ballast	13	Bulk
Nordstern	08	Ballast	09	Bulk
Rautas	08	Bulk	08	Ballast
Royal Emblem	08	Ballast	14	Bulk
Saggat	05	Bulk	05	Ballast
San Panteleimon	19	Ballast	22	Bulk
Santore	05	Bulk	05	Ballast
Santore	29	Bulk	29	Ballast
Sarek	24	Bulk	24	Ballast

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Exhibit No. (A-2)
Page 21 of 21

SHIPS NAME IN FULL	ENTRANCE DATE	TYPE OF CARGO	CLEARANCE DATE	TYPE OF CARGO
Scotia	02	Ballast	02	Bulk
Sea Fisher	02	Bulk	02	Ballast
Sinu	20	Ballast	28	Gen
Siram	20	Bulk	20	Ballast
Stahdlm	08	Gen	08	Gen
Stavros	05	Bulk	07	Ballast
Swainby	27	Ballast	30	Bulk
Tarfala	21	Bulk	21	Ballast
Tern	27	Bulk	27	Ballast
Thunderbird	12	Bulk	19	Bulk
Tungsha	23	Bulk	None	
Union Trader	29	Bulk	29	Ballast
Venore	05	Bulk	05	Ballast
Venore	16	Bulk	16	Ballast
Villa Mari	30	Bulk	30	Ballast
Hudson River	24	Bulk	24	Ballast
Alamar	None		15	Gen
Alcoa Ranger	"		31	Gen
Alcoa Runner	"		23	Gen
Edgar F. Luckenbach	"		06	Gen
Portmar	"		07	Gen
Steel Scientist	"		17	Gen
Yorkmar	"		10	Gen

I.C.C. Exhibit No. 107

EXHIBIT NO. (A-3)
I&S DOCKET 6615
WITNESS: EDWARD K. LAUX

TYPICAL DRY BULK VESSELS OPERATING IN WORLD TRADE, CARGO MOVEMENTS OF ORE, GRAIN, CLAY, SULPHUR, COAL, SUGAR, SCRAP, ETC., AND THEIR DEAD WEIGHT CARRYING CAPACITY. VESSELS OF THIS DESIGN AND USE ARE ALSO CAPABLE OF CARRYING MACHINERY OF EXTRAORDINARY WEIGHTS, RAILROAD LOCOMOTIVES AND ROLLING EQUIPMENT SET UP BESIDES TRUCKS, BUSES AND OTHER VEHICLES.

VESSEL	DEAD WEIGHT TONS	CLASS	TYPE
Ore Chief	60,000	Ore	Bulk Carrier
Ore Titan	60,000	Ore	Bulk Carrier
Ore Transport	60,000	Ore	Bulk Carrier
Sinclair Petrolore	56,089	Ore or Oil	Bulk Carrier & Tanker
Cosmic	46,673	Ore or Oil	Bulk Carrier & Tanker
Ore Prince	44,675	Ore	Bulk Carrier
Ore Monarch	44,632	Ore	Bulk Carrier
Ore Regent	44,632	Ore	Bulk Carrier
Feltore	32,449	Ore	Bulk Carrier
Ore Convey	30,645	Ore	Bulk Carrier
Chilore	24,427	Ore	Bulk Carrier
Marore	24,427	Ore	Bulk Carrier
Oremar	24,427	Ore	Bulk Carrier
Santore	24,427	Ore	Bulk Carrier
Venore	24,251	Ore	Bulk Carrier
Baltore	23,909	Ore	Bulk Carrier
Cubore	23,909	Ore	Bulk Carrier
Hawaiian	20,552	Ore or Oil	Bulk Carrier & Tanker
California	20,521	Ore or Oil	Bulk Carrier & Tanker

Source: Record of the American Bureau of Shipping 1957
issued by the American Bureau of Shipping.

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I.C.C. Exhibit No. 107

EXHIBIT NO. (A-4)
I&S DOCKET 6615
WITNESS: Edward K. Laux
Page 1 of 4

LISTING OF CRUISE VESSELS AND COMBINATION PASSENGER AND FREIGHT VESSELS, ABSTRACTED FROM WITNESS HAMILL'S EXHIBIT WSH-1, SHOWING THE NUMBER OF VOYAGES OF EACH SHIP FROM NEW YORK DURING THE PERIOD OF JULY 1955 TO DECEMBER 1955; AND THE PASSENGER CAPACITY OF EACH OF THESE SHIPS

THESE VESSELS ARE NOT OPERATED TO OR FROM BALTIMORE

TOTAL NUMBER OF VOYAGES CONSISTED OF 399 SAILINGS

These lists show the names of passenger or combination passenger and freight vessels abstracted from Witness Hamill's Exhibit WSH-1, the number of voyages each vessel made from New York during the period July 1955 to December 1955, and the passenger capacity of each of these vessels. Many of them accommodate a substantial number of passengers, requiring fast turnaround and frequent voyages by steamship management The vessels listed on page 4 are combination freight and passenger but are not within the same class as the luxury liners listed on pages 2 and 3.

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PASSENGER VESSELS

TOTAL NUMBER OF SAILINGS LISTED - 278

BALC CO. CAP. 10FT.	REFERENCE	NO. OF PASSENGERS	NAME OF VESSEL AND NUMBER OF SAILINGS	PAGE NO. OF THE HAMILL EXHIBIT SHOWING THE NAME OF THE VESSEL ~~Cubic CAP~~
			ONE SAILING	
357,271	B	950	Arosa Sun	27
400,000	A	883	Ascania	105
48,592	A	1201	Castel Felice	37
274,073	A	313	Israel	109
251,070	A	943	Ivernia	109
305,860	A	1400	Johan Van Oldenbarnevelt	57
272,670	A	927	Saxonia	122
453,000	A	800	Zuiderkruis	53
			TWO SAILINGS	
179,950	A	650	Jerusalem	4 48
			THREE SAILINGS	
24,295	A	800	Groote Beer	21 56 64
			FOUR SAILINGS	
27,415	B	932	Caronia	37 45 54 90
69,799	A	1382	Saturnia	34 60 78 103
			FIVE SAILINGS	
98,000	A	800	Roma	15 51 68 95 112
75 —	A	1360	Vulcania	26 53 70 96 123
465 —	A	900	Westerdam	17 35 53 70 114
			SIX SAILINGS	
210 —	A	924	Berlin	36 54 71 89 106 18
582 —	A	993	Britannic	8 28 45 63 80 98
69 —	B	1498	Conte Biancamano	19 37 55 81 98 116
121 —	A	707	Flandre	10 20 38 56 64 82
170 —	A	1542	Italia	11 48 65 109 83 31
158 —	A	1369	New York	23 40 58 76 93 111
70 —	A	1587	Queen Frederica	14 33 51 68 85 112
[illegible] —	A	676	Stavangerfjord	25 43 60 78 95 113
2[illegible]1 —	B	556	Stockholm	6 34 52 69 86 113

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EXHIBIT NO. (A-4)
Page 3 of 4

PASSENGER VESSELS

	REFERENCE	NO. OF PASSENGERS	NAME OF VESSEL AND NUMBER OF SAILINGS	PAGE NO. OF THE HAMILL EXHIBIT SHOWING THE NAME OF THE VESSEL
			SEVEN SAILINGS	
114 –	A	1800	Andrea Doria	1 18 36 62 79 88 105
166 –	B	988	Constitution	19 29 46 55 90 98 116
	A	1248	Cristoforo Colombo	29 37 55 72 81 99 117
102 –	A	1660	Ile de France	11 21 39 48 56 74 118
301 –	B	828	Kungsholm	12 22 39 57 83 75 100
129 –	A	1300	Nieuw Amsterdam	23 40 50 67 76 93 111
91 –	B	1307	Olympia	13 32 50 67 84 102 120
499 –	A	900	Ryndam	25 33 42 77 77 95 112
124 –				
			EIGHT SAILINGS	
258 –	A	1060	America	7 17 35 44 61 70 88 114
125 –	B	900	Maasdam	12 31 31 49 66 84 101 119
375 –	B	1157	Mauretania	12 22 32 49 58 66 84 119
106 –	B	646	Oslofjord	13 32 50 67 85 94 102 120
			NINE SAILINGS	
166 –	B	988	Independence	11 21 39 57 65 83 92 109 118
91 –	A	1502	Liberte	12 31 40 48 57 66 83 92 101
			ELEVEN SAILINGS	
212 –	A	2233	Queen Elizabeth	14 33 41 51 59 68 77 85 94 103 112
			TWELVE SAILINGS	
69 –	C	427	Ocean Monarch	13 23 32 50 84 94 94 102 102 111 111 120
152 –	A	1957	Queen Mary	14 24 33 41 51 59 68 77 85 94 103 112
148 –	A	2000	United States	16 26 35 43 52 61 69 78 87 96 104 114
			FIFTEEN SAILINGS	
426 – Lloyd Co. 171 – Cosmo Ship	C	500	Nassau	13 13 23 23 32 32 40 40 49 50 58 76 76 84 111
			TWENTY SAILINGS	
[illegible] –	C	728	Queen of Bermuda	5 14 14 24 24 24 33 33 33 41 41 51 59 59 68 68 77 77 85 85

4008

EXPLANATION OF REFERENCE LETTERS:

A Passenger Vessel (some freight)
B Passenger Vessel (some freight) also cruise vessel in off season
C Primarily Cruise Vessel

EXHIBIT NO. (A-4)
Page 4 of 4

COMBINATION FREIGHT AND PASSENGER VESSELS

TOTAL NUMBER OF SAILINGS LISTED - 121

	REFERENCE	NO. OF PASSENGERS	NAME OF VESSEL AND NUMBER OF SAILINGS	PAGE NO. OF THE HAMILL EXHIBIT SHOWING THE NAME OF THE VESSEL
			ONE SAILING	
389 -	* A	78	Mohamid Ali El Kebir	23
240 -	B	116	Rio Jachal	33
			TWO SAILINGS	
161 -	* A	750	Columbia	55 81
240 -	B	116	Rio Tunuyan	86 121
156 -	* A	52	Santa Maria	86 113
			THREE SAILINGS	
364 -	A	52	Santa Cecilia	34 51 103
			FOUR SAILINGS	
350 -	B	353	Covadonga	19 55 81 90
551 -	* B	353	Guadalupe	30 56 99 108
241 -	B	116	Rio de la Plata	15 42 77 112
545 -	* B	52	Santa Clara	15 42 86 112
339 -	A	52	Santa Luisa	25 51 78 103
525 -	* B	52	Santa Monica	25 51 78 103
525 -	* B	52	Santa Sofia	34 60 95 122
			FIVE SAILINGS	
587 -	B	555	Argentina	45 62 79 97 105
461 -	A	150	Noordam	23 41 58 76 120
339 -	A	52	Santa Barbara	15 42 68 95 122
364 -	A	52	Santa Isabel	15 42 68 95 122
399 -	A	52	Santa Margarita	5 34 60 86 112
			SIX SAILINGS	
368 -	A	250	Media	22 40 75 110 93 58
			SEVEN SAILINGS	
360 -	A	250	Parthia	14 33 50 67 85 102 120
			NINE SAILINGS	
365 -	B	280	Ancon	7 27 35 53 62 79 88 105 115
220 -	B	280	Cristobal	3 19 29 46 64 72 90 98 116
			THIRTEEN SAILINGS	
251 -	B	225	Santa Paula	15 25 34 42 51 60 68 78 86 95 103 113 122
251 -	B	225	Santa Rosa	15 25 34 42 51 60 68 78 86 95 103 113 122

EXPLANATION OF REFERENCE LETTERS:

A Passenger Vessel (some freight)
B Passenger Vessel (some freight) also cruise vessel in off season
* Indicates that these vessels are listed in Hamill Exhibit WSH-1 as

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4409

I.C.C. Exhibit No. 107

EXHIBIT NO. (A-5)
I&S Docket No. 6615
Witness: Edward K. Laux

EXCERPTS FROM THE JOURNAL OF COMMERCE "IMPORT DAILY REPORTING CARGOES ENTERED AND DISCHARGED" AND EXCERPTS FROM "EXPORT DAILY REPORTING OUTWARD CARGOES LOADED" AT THE PORT OF NEW YORK BY TYPICAL PASSENGER OR CRUISE VESSELS.

Dead weight tons of 2,240 pounds and cubic measurement tons of 40 cubic feet covering the ships shown below for the cargo listings of the vessels included in this exhibit as outward cargo exports and entered cargo imports

IMPORT

Name of Ship	See Page	Date	House Flag	Dead Weight Tons	Measurement Tons
Media	6-7-8	2/23/58	The Cunard Steam-Ship Co., Ltd.	3,692	5,487
Parthia	12-13-14-15	3/8/58	The Cunard Steam-Ship Co., Ltd.	2,619	5,208
Queen Elizabeth	4	1/27/58	The Cunard Steam-Ship Co., Ltd.	186	550
Queen Mary	17-18	4/7/58	The Cunard Steam-Ship Co., Ltd.	157	386
United States (M-1)	3	1/30/58	United States Lines Co.	107	20,100
America (M-2)	9-10	3/3/58	United States Lines Co.	272	38,395
Ile de France	16-17	4/1/58	French Line Co.	263	392
Liberte	4-5	2/18/58	French Line Co.	390	770
Independence (M-3)	10-11	3/6/58	American Export Lines, Inc.	150	16,000
Constitution (M-4)	11-12	3/10/58	American Export Lines, Inc.	250	22,000
Santa Isabel	15	3/11/58	Grace Line, Inc.	5,100	9,000

EXPORT

Name of Ship	See Page	Date	House Flag	Dead Weight Tons	Measurement Tons
Media	20-21	2/28/58	The Cunard Steam-Ship Co., Ltd.	938	1,417
Parthia	22-23	3/14/58	The Cunard Steam-Ship Co., Ltd.	1,242	1,940
Queen Elizabeth	19	1/28/58	The Cunard Steam-Ship Co., Ltd.	196	677
Queen Mary	27	4/8/58	The Cunard Steam-Ship Co., Ltd.	156	315
United States (M-5)	19	2/3/58	United States Lines Co.	41*	13,385
America (M-6)	21	3/6/58	United States Lines Co.	205	28,165
Ile de France	26	4/4/58	French Line Co.	343	1,077
Liberte	20	2/18/58	French Line Co.	190	715
Independence (M-7)	21	3/8/58	American Export Lines, Inc.	50	4,500
Constitution (M-8)	22	3/12/58	American Export Lines, Inc.	200	17,000
Santa Isabel	23-24-25	3/14/58	Grace Line, Inc.	2,300	11,730

*-Automobiles accompanying passengers, no deadweight tons

United States Mail Carried in Addition to Cargo.
M-1 200 Deadweight tons or 40,000 Measurement tons.
M-2 126 Deadweight tons or 19,335 Measurement tons.
M-3 500 Sacks.
M-4 600 Sacks.
M-5 212 Deadweight tons or 44,365 Measurement tons.
M-6 387 Deadweight tons or 80,440 Measurement tons.
M-7 1,800 Sacks.
M-8 1,500 Sacks.

4411

BALTIMORE BATON ROUGE BOSTON GALVESTON GULFPORT HOUSTON LAKE CHARLES LONG BEACH, CALIF LOS ANGELES MIAMI MOBILE NEWPORT NEWS

The Journal of Commerce

Import Daily

Detailed Daily Reports of Foreign Cargoes Entered at Leading U. S. Ports

NEW ORLEANS NEW YORK NORFOLK PHILADELPHIA PORT ARTHUR PORT EVERGLADES PORTLAND SAN FRANCISCO SAVANNAH SEATTLE W. PALM BEACH WILMINGTON, DEL.

VOL. 5 — 1,499

NEW YORK, FEBRUARY 4, 1958

SS UNITED STATES

(Am) Jan 30

(To: U S Lines — Pr 86, NR)

From Europe

No.	From
(74)	Bremerhaven, Germany
(74A)	Swiss cargo via Bremerhaven
(74B)	Southampton, Eng.
(74C)	Havre, France
(74D)	Swiss cargo via Havre

Chemicals

CHEMICALS—France
1 dr (28 kilos)—Failek Prod Inc (74C)

COLORS, ANILINE—Swiss
10 drs—Geigy Chem Corp. (74D)

EXTRACT, TANNING—Swiss
40 drs—Geigy Chem Corp. (74A)

PERFUMERY—France
2 cs—Coty Prod Corp. (74C)
5 cs—Gen Beauty Prod (74C)

Hides, Skins and Casings

LEATHER—England
1 cse dressed—Rohner Gehrig (74B)

LEATHER—France
8 ctns—Amer Expr (74C)

LEATHER—Germany
12 bxs—Donovan Indus. Inc. (74)

Foodstuffs

CHOCOLATE—Swiss
27 ctns—Intra Mar Shpg (74D)

Textiles

APPARELS—England
6 cs—Meadows Wye. (74B)
9 cs—Inter Maritime Fwdg (74B)
1 cse—Royal Woolen Underwear Co. (74B)

APPARELS—Germany
84 ctns cotton and nylon gloves—Wear Right Gloves, Inc. (74)
12 cs cotton and nylon gloves—Heemsoth Kerner Corp. (74)
3 pks kid gloves—H W Robinson (74C)
1 cse hosiery—R J Saunders (74A)
46 cs, 4 bxs leather shoes—Bally, Inc (74A)

BEADS, STONES—Germany
2 cs necklets, earrings—Perfect Pearl Co. (74)
2 cs imit stones—Du Caire Imp Co (74)
2 cs imit jewelry, glassbeads, S Stern Henry (74)
2 cs glasstones—W Heimann (74)
1 cse medals—Russell Uniform Co (74)
[illegible] cs glassbeads—J E Bernard (74)
6 cs glass stones—H B Import Co (74)
1 cse imit glass stones—H W Robinson (74)
11 cs glass beads—Atlas Shpg (74)
10 cs beads, buttons, necklaces earrings—Difbro Pearl Co (74)
3 cs stones, imit jewelry—But Cassel (74)
5 cs necklaces, earrings—Theo L Stern (74)
5 cs imit stones, beads, 3 cs colliers and earrings—H W Robinson (74)
1 cse imit facetted stones, 3 cs glass stones—H W Robinson (74)
13 cs glasstones—Thet[illegible] & Victory (74)

BUTTONS—Germany
5 cs carded glass—Buss Bros (74)
5 cs carded glass—S Stern Henry (74)
4 ctns carded glass—B Blumenthal (74)
11 ctns carded glass—S Stern Henry (74)
9 ctns carded glass—S Stern Henry (74)
1 cse carded glass—B Schwanda (74)

COTTONS—Germany
3 bls—Curt Haedke (74)
20 ctns—Valmeline Imp ltd (74)
1 pcl pce goods—Meadows Wye (74)
1 cse tissues—Taub, Hummel & Schnall (74)

COTTONS—Swiss
6 pks tissues—Stoffel & Co (74D)
3 pks—Taub, Hummel & Schnall (47D)
20 pks tissues—Stoffel & Co (74A)
1 cse tissues—Penson & Co (74A)
7 cs tissues—M J Corbett (74A)
2 cs tissues—Order (74A)
2 cs tissues—Rohner Gehrig (74A)
3 pks—Intra Mar Shpg. (74D)
6 cs tissues—J F McEvoy (74A)
1 cse—J J Gavin (74A)
1 cse tissues—Neuman & Godnecht (74A)
2 cs tissues—Stern Henry (74A)

COTTON YARN—Swiss
[illegible] bxs—Natural Nydegger Transport (74D)

EMBROIDERIES—Swiss
[illegible] cotton—Taub, Hummel & Schnall (74A)

HANDKERCHIEFS—Swiss
1 [illegible]—Taub, Hummel & Schnall (74A)

HAT BRAIDS—Swiss
2 cs—H B Bedrick (74A)
[illegible] cs—Armand Schwab (74D)
6 cs—Champ Hats Inc (74A)
9 cs—Bankers Trust Co (74A)
25 cs—Lou I Lubin (74A)

LACES, CALAIS—England
1 cse—David E Schwab (74B)
3 cs—D L Peister (74B)
2 cs—Mart & Jack Isaacs (74B)
2 cs—D Strauss (74B)
1 cse—Liberty Fabrics of NY Inc (74B)
2 cs—Korde Corp (74B)
3 cs — Stern & Stern Textiles Inc (74B)
1 cse—S Stern Henry (74B)
3 cs—Duchess Laces (74B)
2 cs—Foremost Laces (74B)
5 cs—Max Mandel Laces Inc (74B)

LACES—Calais
4 cs silk cotton rayon—Emil Katz (74B)
1 cse cotton—Klasson Lace Corp (74B)

LACES—France
2 cs—Klasson Lace Corp (74C)

RIBBONS—Swiss
7 bxs rayon—Natural Nydegger Transport. (74D)

SILKS—Swiss
2 cs tissues—Gehrig Hoban (74A)
1 cse tissues—Loeffler Ernst & Traber Inc (74A)

STRAWBRAID—Swiss
6 cs—Order (74D)
14 bxs—Globe Shpg (74D)
40 bxs—Regal Novelty Co (74D)
9 cs—L & L Import Inc (74A)
6 cs—Accurate Millinery Co (74A)

TISSUES—Swiss
2 cs—Intra Mar Shpg (74A)

Fibers

FIBERS, VEGETAL—Swiss
23 bxs—Order (74A)

Building Materials

HARDWARE—Swiss
3 cs—Rohner Gehrig (74A)
3 cs steel screws (113 kilos)—Rohner Gehrig (74D)

Furnishings

CLOCKS—Swiss
9 cs — Vacheron & Constantin Le Coultre Watches Inc. (74A)

GLASSWARE—Germany
[illegible] cs—Bankers Trust Co (74)
12 cs—Penson & Co (74)

Miscellaneous

BEARINGS—Germany
30 cs roller ([illegible] kilos)—Gehrig Hoban (74)

BOTTLE OPENERS—Germany
3 cs—Julius Feist. (74)

BRASSWARE—Swiss
4 cs—S H Pomerance. (74A)

BUCKLES—Germany
1 cse iron—B Schwanda (74)

CALENDARS—Swiss
6 cs—Intra Mar Shpg (74D)

CONTAINERS—England
6 ctns empty metal boxes—Amer Oceanic Fwdg Co. (74B)

DRAWING INSTRU.—Germany
6 cs—Gramercy Guild Group, Inc. (74)

GENERAL MERCHANDISE—Germ.
10 cs—F C Gerlach (74)

GLASSES, OPTICAL—France
3 cs—Order (74C)

GRINDING WHEELS—Swiss
5 cs—Tyrolit Co. (74D)

IRON & STEEL TUBES—Swiss
5 cs (1 ton)—Intra Mar Shpg (74A)

JEWELRY, IMIT—Germany
10 cs—Coro, Inc (Germany

MACHINERY—England
2 cs cigarette packing—J M Rodgers (74B)

MACHINERY—Germany
2 cs parts for standard mill—Kurt Orban. (74)
1 cse shoe—Fortuna Machine Co. (74)

MACHINERY—Swiss
2 cs—Gehrig Hoban (74A)
3 cs parts—Rohner Gehrig (74A)
1 cse—Intra Mar Shpg (74A)

MACHINES, CALCULATING—Germb.
4 cs—Inter Maritime Fwdg. (74)

MICROSCOPES—Swiss
1 cse—Intra Mar Shpg (74D)

MISCELLANEOUS—France
9 cs gloves, paintings, statues, terra cotta—Gimbel Bros. (74C)

MUSICAL INSTRUMENTS—Swiss
5 cs—Intra Mar Shpg (74A)
5 cs—Cohen-Pinat. (74D)

NOVELTIES—Swiss
8 cs for music boxes—Lep Transport Inc (74A)

OPTICAL GOODS—Germany
1 cse—Inter Maritime Fwdg (74)

PAINTINGS—France
2 cs—Wildenstein & Co. (74C)

PHOTO GOODS—Swiss
4 cs camera parts and screws, 3 cs parts, screws, electr connector—Delur-Amsco Corp. (74D)

PLASTIC GOODS—Germany
6 cs—Criterion Bead & Novelty Corp (74)

RECORDS—England
179 ctns—Bennett Intern Fwds (74B)

SCULPTURES—France
1 cse—Salomon Guggenheim Museum (74C)

SEAM RIPPERS—Germany
1 cse—Dorf Intern (74)

STEELWARE—Germany
3 cs—Pfingst & Co (74)
2 cs—Griffon Cutlery Corp (74)
3 cs—Judson Sheldon Div (74)

STRAW, ART—Swiss
20 cs—Order (74A)
1 bxs—Order (74D)

TEETH, ART—Germany
2 pks—Charles B Schwed (74)

TOYS—Germany
10 ctns rubber—J S Sherman Import Co (74)

WALLPAPER—Swiss
179 ctns—Salubra Sales Corp (74D)

WATCHES, METAL—Swiss
7 cs—Cohen-Pinat. (74D)

WATCH MOVEMENTS—Swiss
2 bxs—Rohner Gehrig (74D)

WOODENWARE—Germany
3 cs—Phoenix Shpg (74)

VOL. 5 — 1,503 **IMPORT DAILY** **NEW YORK, FEBRUARY 10, 1958**

SS QUEEN ELIZABETH

(Br) Jan 27

(Add'l Cargo—Post Entry)
(To: Cunard Line—Pier 90, NR)

From United Kingdom

No. From
(59)______Havre via Southampton
(59A)______Swiss Cargo via Southampton

Chemicals

GLUE—Swiss
1 cse dry—Gehrig Hoban (59A)
MEDICINALS—Swiss
21 ctns—Rohner Gehrig (59A)

Textiles

APPARELS—France
97 [illegible] leather handbags—Express Fwdg (59)
1 [illegible] handbags—Penson & Co (59)
1 cse handbags—H W Robinson (59)
1 cse handbags—Globe Shpg Co(59)
APPARELS—Swiss
127 pcls knitwear, 15 pcls hosiery, 1 pcl shirts—Bernhard Altmann (59A)
COTTONS—France
4 bls—Intermaritime Fwdg Co (59)
COTTONS—Swiss
3 pcls—Rohner Gehrig (59A)
9 bls—Rohner Gehrig (59A)
9 bls tissues—C A Haynes (59A)
8 bls tissues—Gehrig Hoban (59A)
1 cse tissues—Barnett Intern (59A)
10 pks tissues—M J Corbett (59A)
1 cse tissues—S Stern Henry (59A)
5 bls—V T Mancusi (59A)
8 pcls—Taub Hummel & S (59A)
11 pcls—M J Corbett (59A)
FLOWERS, ART—France
1 cse—Intern Expediters (59)
11 pcls cotton—Taub Hummel & S (59A)
3 cs cotton—Taub Hummel & S (59A)
6 pcls cotton—Taub Hummel & S(59A)
RAYONS—Swiss
4 cs—Grayblock Ribbon Co (59A)
1 cse tissues—Gehrig, Hoban (59A)
19 cs—J D Smith (59A)
3 cs—S Stern Henry (59A)
RAYON YARN—France
3 cs, 1 ctn—Reynolds Yarns (59)
RIBBONS—France
3 cs rayon velvet—Murray Lesser (59)
STRAWBRAIDS—Swiss
3 cs—Rohner Gehrig (59A)
9 cs—Armand Schwab (59A)
TISSUES—France
6 cs—F H Paul & Stein Bros (59)
TRIMMINGS—France
1 cse—S H Pomerance (59)
TULLE—France
2 cs—Gallagher & Ascher (59)
6 pks—Leading Fwdg (59)
WOOLENS—France
7 cs, 1 bale—Lep Transport (59)
2 cs—H W Robinson (59)
4 pks knit fabrics—R J Saunders (59)
WOOLENS—Swiss
4 cs—Robinson & Golluber (59A)

Fibers

HAIR, ANGORA—France
60 bgs—Bankers Tr Co (59)

Building Materials

HARDWARE—Swiss
1 pcl—Gerhig Hoban (59A)

Furnishings

GLASSWARE—France
4 cs jars—Amer Express (59)

Miscellaneous

ENGINE SPARES—France
31 cs—Leading Fwdg Co (59)
INSTRUMENTS—Swiss
1 cse—Rohner Gehrig (59A)
LEATHER GOODS—Swiss
1 cse—Hensel Bruckmann & L (59A)
MACHINERY—France
1 cse spares—Order (59)
MACHINERY—Swiss
11 cs—Rohner Gehrig (59A)
3 cs parts—Rohner Gehrig (59A)
1 cse pts—Cosmos Shpg Co (59A)
8 cs parts—Gehrig Hoban (59A)
MUSICAL INSTRUMENTS—France
3 cs—J E Bernard (59)
MUSICAL INSTRUMENTS—Swiss
13 cs—Rohner Gehrig (59A)
MUSICAL MOVEMENTS—Swiss
45 cs—Thorens Co (59A)
1 cse—Gehrig Hoban (59A)
10 cs—Natural Nydegger (59A)
PERIODICALS—France
1 cse, 6 bls—Paris Book Center (59)
2 cs—French & European Publications (59)
TRINKETS—France
5 cs—Ducaire Import Co (59)
WATCHES—Swiss
6 cs—Cohen-Plaat (59A)

VOL. 6 — 1,510 **IMPORT DAILY** **NEW YORK, FEBRUARY 20, 1958**

SS LIBERTE

(Fr) Feb. 18

(To: French Line—Pier 88 NR)

From Europe

No. From
(16)______Havre, France

Chemicals

CARMIUM OXIDE—France
10 caks—Order (16)
CELLULOSE ACETATE SHEETS—France
53 cs—Inter Maritime Fwdg (16)
CHEMICALS—France
18 cs (1,493 kilos)—Givaudan-Delawanna Inc (16)
1 cse (70 kilos)—Lo Curto & Funk (16)
4 cs, 61 drs (2,718 kilos)—Inter Maritime Fwdg (16)
CHEMICALS—Swiss
1 cse (45 kilos)—Alltransport Inc (16)
COLORS, ANILINE—France
34 drs, 1 keg (4,468 kilos)—Sandoz Inc (16)
GLUE—Swiss
1 ctn—W N Procter (16)
MAGNESIUM FORMATE—France
2 bgs—Inter Maritime Fwdg (16)
OILS, COMPOUND—France
3 cs with alcohol—Bournois Inc (16)
OIL, ESSENTIAL—France
1 cse—Leading Fwds (16)
1 cse—Order (16)
OIL, YLAND YLANG—France
1 cse—Compagnie Parento (16)
1 cse—Order
2 kegs—Coty Prod Corp (16)
PERFUMERY—France
1 cse—Gehrig Hoban (16)
17 cs—Gen Beauty Prod (16)
2 cs—Guerlain (16)
7 cs—Covey Air Express (16)
4 cs—Covey Air Express (16)
30 cs—Guaranty Trust Co (16)
2 cs—Barnett Intern Fwdg (16)
PERFUMES—France
3 cs—Order (16)
PERFUMES, SYNTH—France
36 cs—Firmenich Inc (16)
PHARMACEUTICALS—France
1 cse (23 kilos)—Sandoz Inc (16)
PLANT EXTRACT—Swiss
50 demijohns, 5 ctns—Order (16)
TALC—France
1 cse—Guerlain (16)

Hides, Skins and Casings

LEATHER—France
20 bls—Amer Expr. (16)
3 cs, 1 bale—H Lowenstein. (16)
SKINS—France
1 cse—Dofan Handbag Co. (16)
13 cs peltry—F L Kraemer. (16)
SKINS, CROCODILE—France
1 cse—Order. (16)
SKINS, RABBIT—France
30 bls raw—Marine Midland Trust Co. (16)
10 bls dressed—Irving Trust Co. (16)
5 bls raw—Order. (16)
SKINS, SEAL—France
1 cse—Order. (16)

Foodstuffs

CHEESE—France
[illegible] cs, 20 [illegible]—Otto Roth. (16)
354 cs—[illegible] Import. (16)
[illegible] cs, 15 pks—Inter Maritime Fwdg (16).
6 cs—W J Byrnes. (16)
6 cs—Hensel, Bruckman & Lorbacher (16)
335 [illegible]—Order. (16)
CONFECTIONERY—Swiss
[illegible] cs—[illegible] & Co. (16)
JAM—Swiss
3 ctns—R H Macy. (16)
MUSHROOMS, CANNED—France
250 ctns—Nordic Trdg (16)
250 ctns—Amer Roland Food (16)
MUSTARD—France
120 ctns—Bruno Scheidt. (16)
SHALLOTS—France
30 cs—Order. (16)
VINEGAR—France
40 cs—Andre Prost. (16)

Metals and Ores

BRASS—France
1 cse perforated sheets (123 kilos)—Pyramid Screen Co. (16)
STEEL—France
1 cse strips (17 kilos)—Pyramid Screen Co. (16)

Wines & Liquors

BENEDICTINE—France
1,[illegible] ctns—Julius Wile Sons (16)
CHAMPAGNE—France
15 cs—Chase Manhattan Bank (16)
[illegible] ctns—Seggermann Slocum (16)
110 cs—Excelsior Wine & Spirits (16)
25 cs—Order (16)
100 ctns—[illegible] Brands, Inc (16)
LIQUORS—France
50 cs—Capitol Distr Corp (16)
SPIRITS—France
[illegible] cs—Amer Shpg (16)
WINES—France
[illegible] cs—Kobrand Corp (16)
127 cs—H Sichel (16)
[illegible] ctns—Amer B D Co (16)
[illegible] ctns—Julius Wile Sons (16)
650 ctns—Henri Wines (16)

Textiles

APPARELS—France
64 ctns handbags—Dofan Handbag Co (16)
1 cse bags, 1 cse skin gloves—Gimbel Bros (16)
5 pks handbags—Leading Fwds (16)
4 cs hosiery—R J Saunders (16)
25 ctns rubber shoes—Order (16)
21 cs shoes—Leading Fwds (16)
2 cs socks—Meadows Wye (16)
2 cs socks, stockings, gowns—Imp Exp Dept, Railway Express Agency (16)
8 ctns socks—Inter Maritime Fwdg (16)
21[illegible] pks hosiery—Hensel, Bruckman & Lorbacher (16)
APPARELS—Swiss
3 cs hats—W J Byrnes (16)
5 ctns ladies' hats—Chem Bank (16)
35 cs shoes—[illegible] Co (16)
3 pks scarves—Baar & Beards (16)
6 pks scarves—[illegible] Nethe[illegible] (16)
CANVAS—Swiss
1 cse cotton—Van Blankenstyn (16)
COTTONS—France
6 cs—Order (16)
2 cs—Gehrig & Co (16)
41 pks tissues—Penson & Co (16)
1 cse, 1 bale tissues—Leading Fwds (16)
3 pks tissues—S Stern Henry (16)
1 cse tissues—Globe Shpg (16)
22 pks—M J Corbett (16)
15 pks—Taub, Hummel & Schnall (16)
8 cs tissues—Taub, Hummel & Schnall (16)
9 bls—Hensel, Bruckman & Lorbacher (16)
10 bls tissues—Overton Co (16)
5 pks—S H Pomerance (16)
3 bls, 7 cs—Order (16)

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Continued

Continued

SS LIBERTE

1 cse—Taub, Hummel & Schnall (16)
3 cs—Rohner Gehrig (16)
COTTONS—Swiss
1 cse tissues—Amer Sember Trdg (16)
12 ctns pce goods—Order (16)
3 bls knitting—Alltransport Inc (16)
2 cs tissues—Troy Shirt Markers Guild Inc (16)
23 bxs—Stern & Stern Textiles (16)
9 pcls pce goods—Alltransport Inc (16)
6 cs pce goods—Chase Manhattan Bnk (16)
13 bls pce goods—Order (16)
COTTON THREADS—France
20 cs—Adrien May (16)
COTTON THREAD—Swiss
10 cs—Order (16)
1 cse—A C Weber (16)
3 ctns—John D Ritz (16)
EMBROIDERIES—Swiss
1 cse—Order (16)
2 pks—Swiss Bank Corp (16)
FLOWERS, ART—France
197 ctns—Stern Henry (16)
2 cs—S Stern Henry (16)
2 cs—Order (16)
3 cs—Intern Expediters (16)
FLOWERS, ART—Swiss
10 crts—Order (16)
HANDKERCHIEFS—France
1 cse—Railway Express Agency (16)
HAT BRAIDS—Swiss
1 cse—Penson & Co (16)
LACES—France
1 cse—Klason Lace Corp (16)
9 cs, 3 bls—Stern & Stern Textiles(16)
3 cs—D Strauss (16)
3 cs—Irving Tr Co (16)
1 cse—J Corbett (16)
1cse—Mort & Jack Isaacs (16)
2 cs cotton—Korde Corp (16)
4 cs—Emil Katz (16)
1 cse—Franken Trimming Co (16)
NYLON YARNS—France
6 ctns—D C Andrews (16)
4 ctns—Order (16)
3 bls tissues—Greenhall Bros (16)
10 pks—S Stern Henry (16)
3 pcls—J D Smith Interocean (16)
1 cse—Grayblock Ribbon Co (16)
3 pks—S H Pomerance (16)
RIBBONS—France
7 cs—French Velvets Inc (16)
42 pks velvet — Progressive Ribbon Fabric (16)
6 pcls velvet—Bankers Trust Co (16)
1 cse velvet—Gehrig Hoban (16)
RIBBONS—Swiss
9 ctns—Natural Nydegger Transport (16)
SILKS—France
9 ctns—S Stern Henry (16)
2 cs tissues—Inter Maritime Fwdg(16)
5 pks—S H Pomerance (16)
SILKS—Swiss
2 cs tissues—Alltransport Inc (16)
2 pks tissues—H W Robinson (16)
THREAD, SYNTH—Swiss
124 bgs, 14 cs—Inter Maritime Fwdg (16)
TISSUES—France
2 cs fiber—Order (16)
2 cs—Chem Bnk (16)
6 pks—O Moravetz (16)
5 pks—French Line (16)
1 cse, 7 bls—H W Robinson (16)
2 pks—Otto Moravetz (16)
3 pks—C M Gourdon (16)
TISSUES—Swiss
5 cs—Order (16)
2 cs—Roffe's Mfrg (16)
TRIMMINGS—France
1 cse—Dorf Intern (16)
1 cse—S H Pomerance (16)
2 pks—French Line (16)
3 pks—G Hirsch (16)
TULLE—France
1 cse—David Dublin (16)
1 cse—Korn & Korn (16)
11 pks—Leading Fwds (16)
3 pks—Accurate Millinery (16)
TULLE—Swiss
1 cse, 3 bgs—Stern & Stern (16)
6 pks—J D Smith (16)

WOOLENS—France
3 bls tissues—Rusch Co (16)
2 cs tissues—Leading Fwds (16)
6 pks tissues—H W Robinson (16)
36 cs tissues— Seydoux & Michau (16)
WOOLENS—Swiss
2 cs—Globe Shpg (16)
WOOLEN YARN—France
6 pks—Bankers Trust Co (16)
VELVET—France
2 cs rayon—Kondelaft Silks Inc (16)
VEILING, LACES—France
4 cs—Twin Textiles (16)
YARNS—Swiss
71 ctns cotton, linen, silk—DMC Corp (16)

Fibers

FIBER, SYNTH—Swiss
1 bale (25 kilos)—Order (16)
HAIR, ANGORA—France
100 bgs—Bankers Trust Co (16)
WOOL—France
3 bls tissues—R J Sounders (16)
WOOL—Swiss
36 pks knitting—Alltransport Inc (16)
2 cs knitting—Colonial Trust Co (16)
2 cs knitting—Colonial Trust Co (16)

Building Materials

HARDWARE—France
15 ctns tool, iron and steel (624 kilos) —Rohner Gehrig. (16)
18 cs nails (1,449 kilos)—Hilti Rapid Fastening System Inc. (16)
HARDWARE—Swiss
1 cse tools (38 kilos)—Order. (16)
2 pks tools (43 kilos)—Natural Nydegger Transport. (16)

Furnishings

CANDLESTICKS—France
1 cse—Judson Sheldon Div. (16)
CHINAWARE—France
25 pks—Ch Martine Imports. (16)
2 cs—Globe Shpg. (16)
4 cs—H Z Bernstein. (16)
3 cs—H C Kupper. (16)
CLOCKS—Swiss
19 cs clocks, 1 cse movements — S H Pomerance. (16)
3 cs alarm—R F Downing. (16)
CLOCK WARE—France
6 cs—S H Pomerance. (16)
CRYSTALWARE—France
2 cs—Crystal de France. (16)
CUTLERY—Swiss
2 cs—R H Macy. (16)
2 cs scissors—Henry Kaiser (16)
EARTHENWARE—France
20 cs—Amer Expr. (16)
FURNITURE—France
1 lift van—W R Keating. (16)
2 lifts, 7 cs—Hudson Shpg. (16)
5 cs—Annie Gelband. (16)
3 cs—Barian Shpg. (16)
7 cs—J D Smith Inc. (16)
GLASSWARE—France
6 ctns—Amer Expr. (16)
GLASSWARE—Swiss
49 cs—Dieterle & Victory Intern Transport. (16)
HOUSEHOLD GOODS—Swiss
12 cs—Henry Kaiser. (16)
PORCELAIN—France
2 cs—Robert Reilly & Sons. (16)

Miscellaneous

AUTO PARTS—France
2 cs—E B Jones Motors (16)
2 cs—Renault Inc (16)
BAROMETERS—France
2 cs—Marine Midland Trust Co (16)
BATTERIES—France
2 ctns—M J Corbett (16)
BOLTING GAUZE—France
2 ctns—F H Paul & Stein Bros (16)
BOOKS—Swiss
5 cs—Globe Shpg (16)
BRASSWARE—Swiss
16 cs—S H Pomerance (16)

CELLULOSIC BLOCKS—France
16 ctns—Order (16)
COPPER TOPS—France
16 cs—Freedman & Slater (16)
ELECTRICAL GOODS—France
4 cs accumulators, 2 cs acces—King Shpg (16)
2 cs—C E & Automotic Prod (16)
ELECTRICAL GOODS—Swiss
2 ctns switches—Lep Transport (1
FEATHERS, FANCY—France
5 pkgs—Charles Zucker Flower (16)
FEATHERS, RAW—France
8 bls—P R Schuman Duster Co (16)
FISHING SUPPLIES—France
28 cs—Order (16)
8 cs reels, 1 cse parts—M J Corbett (16)
133 cs—Order (16)
GLASSES, SUN—France
9 cs—W J Byrnes (16)
6 cs—Chase Manhattan Bank (16)
1 cse—Order (16)
HYGIEN GOODS—Swiss
4 cs—Order (16)
MACHINERY—France
1 cse parts—Gehrig Hoban (16)
4 cs—Rohner Gehrig (16)
1 cse parts—Intra Mar Shpg (16)
2 cs parts—J B Martin (16)
MACHINERY—Swiss
6 cs parts—Lang & Marshall (16)
26 cs machines & parts—Alltransport Inc (16)
8 cs parts—Alltransport Inc (16)
4 cs—Alltransport Inc (16)
MACHINES—France
1 cse wine—Budde Westermann (16)
1 cse automatic—Kaufmann & Vinson (16)
2 cs—Inter Maritime Fwdg (16)
MEASURING INSTRUMENTS—Swiss
2 cs—Alltransport, Inc (16)
MUSICAL INSTRUMENTS—France
1 cs—Fred Gretsch Mfg (16)
3 cs—Colonial Trust Co (16)
3 cs—Chem Bank (16)
4 cs—R F Downing (16)
9 cs—Schmidt Pritchard (16)
1 cse acces—R F Downing (16)
1 cse—Chiassarini (16)
MUSIC MOVEMENTS—France
12 cs—Gehrig & Co (16)
NEEDLES, GRAMOPHONE—Swiss
10 cs—Alltransport, Inc (16)
PAINTINGS—France
6 cs—W R Keating (16)
PENCILS—France
6 cs—Charles Sherwood (16)
PIPES, BRIAR—France
1 cse—Comoy's of London (16).
PLANTS, LIVING—France
1 cse—U S Dept of Agric (16)
PLASTIC AND CELLULOID GOODS—France
1[illegible] cs—Ira Furman (16)
QUENELLES—France
12 ctns—French Line (16)
RADIO GOODS—France
[illegible] cs—Intercont Electronic Corp (16)
SILICA TUBES—Swiss
6 cs—Globe Shpg (16)
SPECTACLE BOWS—Swiss
10 ctns—Hayex Corp (16)
SPECTACLE GOODS—France
2 cs—Ira Furman (16)
SPINNING REELS—France
5 cs—Seattle First Nat Bank (16)
SEED, FLOWER—France
2 bgs—Amer Expr (16)
STEEL MOLDERS—France
4 cs—Palmer & Co (16)
TIRES, TUBES—France
10 tires—Order (16)
TOYS—France,
24 ctns—Inter Maritime Fwdg (16)
TYPEWRITERS—France
102 cs typewriters and parts—Rohner Gehrig (16)
24 ctns—Amer Expr (16)
11 ctns—W J Byrnes (16)
36 ctns—W J Byrnes (16)
18 cs—F C Gerlach (16)
22 ctns—Amer Expr (16)
UMBRELLAS—France
1 cse handles—Inter Maritime Fwdg (16)
WATCHES—Swiss
2 cs—Cohen-Plaat (16)
WIRE CAPS—France
77 cs corking—Kaufmann & Vinson (16)
WOODENWARE—France
3 cs—A Oppenheimer (16)
56 cses—Inter Maritime Fwdg (16)

4414

3240
[fol. 4414]

MS MEDIA

(Br) Feb. 23

(To Cunard Line, Pier 90, NR)

From United Kingdom

To: From
(30)—From Liverpool, England

Chemicals

ACID, CRESYLIC—England
- 52,038 lbs—H A Gogarty (30)

ALLOPRENE-E—England
- 100 bgs (5,150 lbs)—C M C Chemicals Inc (30)

CETYL BROMIDE—England
- 6 drs (2,887 lbs)—Heemsoth Kerner(30)

CHEMICALS—England
- 4 kegs (448 lbs)—Rohner Gehrig (30)
- 40 cks (4,760 lbs)—Order (30)

COLORS—England
- 8 drs dyestuffs—Aceto Chem Co (30)
- 20 drs—Advance Intern Ltd (30)

CUTCH—England
- 200 bgs powder (22,213 lbs)—S B Penick (30)

DRUGS—England
- 1 cse (169 lbs)—C L Huisking (30)

EXTRACT, MYRABOLAN—England
- 250 bgs spray—Barkey Import Co (30)

GLUESTOCK—England
- 436 bgs dry hide cuttings—Karr Ellis (30)

INSECTICIDE—England
- 5 drs (2,653 lbs)—Hudson Shpg Co(30)

LANOLIN—England
- 40 cs wool wax (5,100 lbs)—Traders Service Corp (30)

META CRESOL—England
- 13 drs—H A Gogarty (30)

PHARMACEUTICALS—England
- 8 cs (720 lbs)—Winthrop Lab (30)

POLYESTER—England
- 1 drum (113 lbs)—Heemsoth Kerner (30)

POTASSIUM CYANIDE—England
- 100 drs (11,200 lbs)—Chem Mfg Co(30)

POTASSIUM METABISULPHITE—England
- 35 kegs (5,215 lbs)—A Gusmer (30)

PYRIDINE—England
- 8 drs (4,024 lbs)—H A Gogarty (30)

SODA, BICARBONATE—England
- 500 bgs—Chemical Mfg Co (30)

SODIUM CYANIDE—England
- 270 drs—Chemical Mfg Co (30)
- 250 drs—Chemical Mfg Co (30)

TRICHLORETHYLENE—England
- 76 drs—Chemical Mfg Co (30)

UREA, SYNTHETIC—England
- 4,000 bgs—Chemical Mfg Co (30)

WHITING—England
- 896 bgs—C B Chrystal (30)

Hides, Skins and Casings

LEATHER—England
- 2 cs finished sheep—Globe Shpg Co(30)
- 9 bls, 1 cse finished sheep—Rohner Gehrig (30)
- 6 trs goatskin leather—Rohner Gehrig (30)
- 7 trs goatskin—Rohner Gehrig (30)
- 11 bls goatskins—Ganna Import & Export Corp (30)
- 10 trs dressed calf—Rohner Gehrig (30)
- 23 bls—C H Powell (30)
- 2 cs—Penson & Co (30)
- 7 cs dressed upper—Booth & Co, Phila (30)
- 29 bls—Chilewich Sons (30)

SKINS, PIG—England
- 13 bls dressed—Manco Watch Strap Co (30)

Foodstuffs

BISCUITS—England
- 928 cs—D F Young (30)
- 290 ctns—Cresco Co (30)
- 10 cs—D F Young (30)
- 200 ctns—Shaffer Clarke (30)
- 60 ctns—Herz Import Corp (30)
- 2,000 fiberites, 500 fibs—Cadbury Fry (Export) Ltd (30)
- 20 ctns chocolate wafer—Murray Allen Imports Inc (30)

CHOCOLATE—England
- 2,870 cs—Chunky Chocolate Corp, Bklyn (30)

CONFECTIONERY—England
- 125 cs chocolate and sugar—A Goldmark (30)
- 1,000 ctns sugar—P Spitz (30)
- 100 ctns—Altray Co (30)
- 167 ctns—Swizzels Inc (30)
- 325 cs—Swizzels Inc (30)
- 1,935 cs sugar—Murray Allen Imports (30)
- 155 ctns sugar—P Spitz (30)
- 133 ctns sugar—Murray Allen Imports (30)
- 150 ctns—Jarret Imports Inc, Bklyn (30)
- 71 ctns sugar—Kaufmans Confections, Bklyn (30)
- 350 ctns sugar—Murray Allen Imports Inc (30)
- 76 cs—Kaufmans Confections, Bklyn (30)
- 25 ctns sugar—A Goldmark & Sons (30)

FISH, CHILLED—England
- 265 ctns skinned catfish fillets (14,300 lbs)—Pacmarine Prod Ltd (30)
- 400 cs cod fillets (3,600 lbs)—Tupman Thurlow (30)
- 21 cs (926 lbs—Iron Gate Prod Co (30)

KIPPERS—England
- 100 cs kippers (1,600 lbs), 100 cs kippers (1,600 lbs)—Eastern Commission Co.
- 550 cs kippers, 300 cs finnan haddocks, 971 cs smoked cod fillets, 18 cs finnan haddocks (26,965 lbs)—Trans Oceanic Fisheries, Inc. (30)
- 283 cs kippers, 50 cs haddock finnans (5,661 lbs)—Eastern Commission Co

MARMALADE—England
- 1,550 ctns—R U Delapenha. (30)

Metals and Ores

BRASS—England
- 7 cs tubes (4,659 lbs)—Camarge Trdg Co. (30)
- 40 cs solid tubes (26,521 lbs)—Camarge Trdg Co. (30)
- 13 cs solid tubes (21,305 lbs)—F. Henjes, Jr. (30)
- 6 cs sheets (4,130 lbs)—Order (30)
- 27 cs sheets (16,964 lbs) — Order (30)
- 33 cs rods (10,046 lbs)—L D Peters & Sons. (30)

BRONZE—England
- 14 cs rods (8,324 lbs)—Judson Sheldon. (30)

BRONZE POWDER—England
- 55 drs—Wedemann & Godknecht. (30)

COPPER—England
- 33 cs seamless tubing (27,480 lbs)—Bemo Shpg Co. (30)
- 24 cs s d tubes (13,606 lbs)—Chase Manhattan Bank. (30)
- 5 cs seamless tubing (3,533 lbs)—Bemo Shpg Co. (30)
- 35 cs s d tubes (15,648 lbs)—Girard Trust Corn Exch Bank, 61 cs tubes (44,207 lbs)—Myron Michaels (30)
- 8 cs s d tube (3,049 lbs)—Penson Intern Corp. (30)
- 20 cs s d tube (9,592 lbs)—Chase Manhattan Bank. (30)
- 25 cs s d tubes (17,409 lbs)—Penson Intern. Corp. (30)
- 2,070 ingots (111,964 lbs)—A Strauss. (30)
- 2,053 ingots (111,988 lbs)—A Strauss. (30)
- 3,360 wire bars (894,460 lbs)—Dunlap Alpers & Mott. (30)
- 920 wire bars (223,840 lbs)—Dunlap Alpers & Mott. (30)
- 10 cs sheets (2,926 lbs)—Amer Shpg Co. (30)
- 50 cs seamless tubing (21,121 lbs)—Bemo Shpg Co. (30)
- 12,889 ingots (660,328 lbs)—International Metal Corp (30)
- 4 kegs, 12 cs tubing (9,512 lbs)—Order. (30)
- 35 cs tubes (73,343 lbs), 1 cse circles (142 lbs)—Order. (30)
- 2,873 electrolytic cathodes (112,022 lbs)—C Tennant Sons. (30)
- 4,491 wire bars (1,118,460 lbs)—Dunlap, Alpers & Mott. (30)

STEEL—England
- 7 cs plates (2,811 lbs)—W E Sellers. (30)
- 9 cs alloy strips (5,294 lbs)—Aerojet General Corp (30)

- 8 cs elec steel laminations (16,898 lbs) Bogue Elec Mfg Co (30)

WIRE—England
- 43 coils hard steel (10,290 lbs)—British Ropes (NY) Inc (30)
- 19 drs mild steel wire—J D Smith (30)

Wines & Liquors

BEER BASS ALE—England
- 350 ctns Dublin Distr (30)

GIN—England
- 1,050 cs W A Taylor (30)

STOUT—England
- 6,000 ctns—Dublin Distr (30)
- 100 ctns—Reiters Beer Distr Bklyn (30)

WHISKEY—England
- 25 bbls—Popper Morson (30)
- 200 cs—Renfield Importers Newark (30)
- 300 cs—Marine Tobacco Co (30)
- 50 bbls—Duncan Gilmour (30)

WINE, PORT—England
- 300 cs J & J Distr Co (30)

WINE, SHERRY—England
- 200 cs J & J Distr Co (30)

Textiles

APPARELS—England
- 12 cs shoes—J Winter & Sons (30)
- 78 cs—Snellenburgs, Phila (30)
- 36 cs leather shoes—Anglo Amer Agencies Corp (30)
- 1 cse silk and woolen jumpers—S H Pomerance (30)
- 3 cs shoes—Lassin Slipper Inc (30)
- 5 cs shoes [illegible] cse cotton tee shirts—Gimbel Bros (20)
- 20 cs handbag frames—Sobel Shpg Co (30)
- 33 cs shoes—Brevitt American Co (30)
- 32 cs shoes—R H Macy (30)
- 1 cse linen pce goods, cotton shorts and vests—Rusch & Co (30)
- 15 cs shoes—Lep Transport (30)
- 10 cs gaberdine raincoats—Baracuta Inc (30)
- 40 cs men's wool hose—Interwoven Stocking Co Martinsburg Va (30)
- 251 cs shoes—R H Macy (30)
- 1 cse suits and topcoats—Maray Corp (30)
- 34 cs leather shoes—Anglo Amer Agencies Corp (30)

APPARELS—England
- 65 cs shoes, 2 cs mens hosiery—Order. (30)
- 1 cse cotton shirts—Abraham & Straus. (30)
- 31 cs mens wool hose — Interwoven Stocking Co, Martinsburg, W Va. (30)
- 9 cs mens leather shoes — McDuffee Shoes. (30)
- 20 ctns hats—Brooks Bros. (30)
- 1 cse mens leather boots — Meyers, Louisville, Ky. (30)

APPARELS—France
- 5 cs berets—E Stern. (30)

COTTONS—England
- 5 cs type ribbon fabric—U S Carbon & Ribbon Mfg Co, Phila. (30)
- 1 cse pce goods—Morton Sundour. (30)
- 1 cse woven pce goods—Phillips Boyne Corp. (30)
- 1 cse woven pce goods—Butler Co. (30)
- 4 bls—Penson & Co. (30)
- 4 cs pce goods—W Iselin. (30)
- 2 cs knit fabrics—M J Corbett. (30)
- 10 cs pce goods—Standard Prod Corp (30)
- 5 cs—Rodney Fielding. (30)
- 82 cs pce goods—D H Grant. (30)
- 2 cs type ribbon cloth—Hilker Townsend. (30)
- 9 cs bl pce goods—Horrockses (USA) Inc. (30)
- 2 cs pce goods—M J Corbett. (30)
- 1 bale pce goods—Bingham Bros. (30)
- 1 cse pce goods—Parkley Shirt Co (30)
- 3 cs pce goods—Morton Sundour. (30)

COTTONS—Ireland
- 2 cs—H W Bager Linen Co. (30)

COTTON YARN—England
- 5 cs—Royce Hosiery Mills. (30)
- 3 cs—H H Haff, Phila. (30)
- 9 cs—T D Toy. (30)

ELASTIC—England
- 2 cs—Order, Madison. (30)

ELASTIC WEBBING—England
- 6 cs—Amer Express. (30)

FELT—England
- 1 bale wool—Meadows Wye. (30)

HANDKERCHIEFS—England
- 1 cse linen—D E Schwab. (30)

LACES—England
- 1 bale cotton—M Mandel. (30)
- 1 bale cotton allover—D Strauss. (30)

LINENS—England
- 8 bls pce goods—J Schoeneman. (30)

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MS MEDIA

LINENS—Ireland
1 cse—A B Chabot (30)
6 cs—Sferra Bros (30)
5 cs—Amin Merhige (30)
22 cs, 1 bale—Blackstaff Linens Inc (30)
2 cs—Sferra Bros (30)
1 cse—F M Saydah & Bros (30)
3 bls—E H & A C Friedrichs (03)
3 bls, 1 ctn, 4 cs—Spence Bryson (30)
6 cs—Rusch & Co (30)
1 cse—Maurice Alke (30)
1 cse—F A Delaney (30)
11 cs—Blackstaff Linens Inc (30)
1 cse—J McCutcheon (30)
1 cse—Grande Maison de Blanc (30)
3 cs—K Katen (30)
1 cse—Taylor Linen Co (30)
3 cs—Sandhaus Co (30)
3 cs—Sandhaus Co (30)
1 cse—Boutross Co (30)
2 cs—Mercantile Stores Co (30)
6 cs—J G Hardy (30)
2 bls—Meadows Wye (30)
2 cs—J F McEvoy (30)
5 cs—Ulster Weaving Co (30)
7 bls—E H & A C Friedrichs (30)
2 cs—F A Delaney (30)
7 bls—Greeff Fabrics Inc (30)
4 bls—R B Davis, Fort Worth (30)
2 cs—White Lamb Finlay (30)
2 cs—Old Bleach Linens Inc (30)
3 cs—Ned Katen (30)
3 cs—Winsor Mfg Co, Woonsocket (30)
8 cs—F C Gerlach (30)
8 cs—Robinson & Golluber (30)
3 cs—J M Rodgers (30)
13 cs—W Liddell (30)
2 cs—Peerless Wolfson, Chic (30)
3 cs—I Shalom (30)
1 cse—Bloch Freres (30)
1 cse—Gindoff Textile Corp (30)
9 cs—York St Flax Spg Co (30)
3 cs—Ross Bros (30)
43 ctns—Hamilton Adams Imports Ltd (30)
14 cs—S Stern Henry (30)
4 cs—R H Macy (30)
14 cs—R McBratney (30)
1 cse—Abraham & Straus (30)
5 cs—Gottschalk & Co (30)
5 cs—Herrmann & Hersman (30)
7 cs—Robinson & Golluber (30)

LINENS, COTTONS—Ireland
2 cs—J M Rodgers (30)
33 cs, 58 ctns—J J Gavin (30)

MOHAIR—England
1 bale pce goods—S Beckenstein (30)

MOHAIR & WOOL—England
1 cse tissues—Colin Hall Clothes (30)

NETS—England
3 cs cotton bobbin nets—H Kresshover (30)
2 cs cotton—Stern & Stern (30)

RAYONS—England
5 bls—Continental Express (30)

RAYONS, COTTONS—Ireland
18 cs—W Liddell (30)

SISAL FABRIC—England
20 bls woven—Grady Travers (30)

THREAD, COTTON—England
6 ctns—Paragon Art & Linen Co (30)

THREAD, LINEN—Ireland
2 cs—Hughes Fawcett (30)
4 cs—Landesman Bros (30)

UPHOLSTERY FABRICS—England
5 trs—Meadows Wye (30)

WORSTEDS—England
1 cse suitings—Gimbel Bros (30)

WOOLENS—England
1 cse—C A Haynes (30)
5 bls pce goods—Globe Shpg Co (30)
11 trs, 23 ctns, 25 bls—Penson & Co (30)
3 cs—Amer Express (30)
11 cs—Gimbel Bros (30)
13 bls—Leading Fwdg Co (30)
26 cs—M J Corbett (30)
6 bls—Aintree Modes, Inc (30)
3 bls Scotch tweeds—H W Robinson (30)
7 bls, 6 drs—Inter Maritime Fwdg Co (30)
338 ctns, 47 bls, 1 pcl, 2 cs woolens, 1 bale wool tweed, 6 bls Harris tweed — Inter Maritime Fwdg Co (30)
1 bale—Meadows Wye (30)
157 pks—H W Robinson (30)
4 bls—Penson & Co (30)
2 bls—N Newman (30)
18 bls, 1 pcl—Kingsley Fabrics Inc (30)
5 bls—Inter Maritime Fwdg (30)
43 bls—J Schoeneman (30)
9 bls—H W Robinson (30)
27 pks—H W Robinson (30)
5 bls—S Stein (30)
2 trs—Vernon Textile Co (30)
1 bale pce goods—H W Robinson (30)
1 bale tissues—Vandegrift Fwdg Co (30)
1 cse—F & R Lazarus, Columbus (30)
19 bus dyed pce goods—J Talcott (30)
1 bale—Brooks Bros (30)
3 bls tweeds—Fehr Bros (30)
3 cs pce goods—Babycraft Imports Co (30)
1 trs—Milbank-Hardy (30)

WOOLENS—Ireland
2 bls—Artex Shrinkers Inc (30)
10 bls—Penson & Co (30)
1 bale—H W Robinson (30)

WOOLENS, COTTONS—England
9 cs pce goods—Inter Maritime, Fwdg Co (30)

YARNS—England
1 cse mohair yarn—Order (30)
7 cs cash knit yarn—Bernhard Altmann (30)
1 cse worsted—Forstmann Wooler Co, Passaic, NJ (30)

YARNS—Ireland
8 cs flax line—Harry Schwartz Yarn Inc (30)
2 cs flax line—F J Fawcett (30)

Fibers

NYLON CHIP WASTE—England
80 bgs—J B Henriques (30)

ORLAN WASTE—England
8 bls new rags—J Eisenberg (30)
11 bls clips—Eisenberg Fibres Inc (30)
12 bls—Neumann Endler (30)

WOOLEN WASTE—England
18 bls rags—Rubin Bros (30)
13 bls waste—J Eisenberg (30)
12 cs new clips—Continental Wool Co (30)
19 bls threadwaste—J Eisenberg (30)

WOOLEN WASTE—England
12 bls rags—Saxony Wool Corp of NY (30)

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47 bls rags, 14 bls waste—J E Bernard (30)
11 bls colored threads, 4 bls khaki threads—Lobeltz Mills Co, Nutley NJ (30)
22 bls new rags—Glaser Jaffe Woolstock Co (30)
56 bls new rags—Rubin Bros. (30)
5 bls rags—Rubin Bros (30)
26 bls clips—Saxony Wool Corp (30)
20 bls clips—R V Miller (30)
11 bls clips—Rubin Bros (30)
9 bls rags—Continental Wool Co (30)
3 bls treads—W Barnet & Son (30)
2 bls hosiery threads—Glaser-Jaffe Wool Stock Co (30)
15 bls clips—N S Glauber, Cleveland (30)
14 bls rags, 13 bls clips, 3 bls threadwaste—Amer Express (30)
11 bls rags—W Barnet Son (30)
23 bls sweater clips—Largo Textile Co (30)

Building Materials

BUILDING MATERIALS—England
12 pks steel windows sections Morison Pollexfen & Blair (30)

GLASS—England
35 pallet cases window — Traders Service Corp (30)
37 pallet cases, 26 cs window—Traders Service Corp (30)
10 pallet cs window M Balika Son (30)
34 cs plate—Amer Express (30)

HARDWARE—England
5 drs brass screws, 59 drs steel screws (8,958 lbs)—H T Kennedy (30)
152 cs hand tools—Smith Wolff Import Co (30)
23 cs steel rivets—Order (30)
65 cs garden hand tools—Lloyd Associates (30)
1 cse engineers tools—Amer Blind Stitch Machine Corp (30)
245 kegs wrought iron black nuts (5,375 lbs)—W S Gierszymku (30)
64 cs pliers—Penson & Co (30)
3 cs level locks Hensel Brockmann & I, (30)
64 cs shelf brackets of steel (13,160 lbs)—Order (30)
5 cs locks (1,390 lbs)—Mfrs Tr Co (30)

TILES—England
77 cts—L Goldey (30)

Furnishings

CARPETS—England
125 ctns—Dofan Handbags (30)
6 bls—J Mallinson (30)
7 bls—W J Byrnes (30)
19 bls—G E Mallinson (30)

CHINAWARE—England
11 cks—Meakin & Ridgway (30)
20 cs—Crownford China Co. (30)
7 cs—Spritzer & Muhrmann (30)
17 cs—Koscherak Bros (30)
8 cs—Crownford China Co (30)
8 cks—Edward Walker (30)
7 cs—Meadows Wye (30)
1 cse—W T Ryan (30)
46 cks—Doulton & Co (30)
4 cks—Inter Maritime Fwdg Co (30)
12 cs—Sellers Trans Co (30)
1 ck—Bloomingdale Bros (30)
1 ck—S P Skinner (30)
5 cks—Worcester Royal Porcelain (30)
1 ck—Plummer Ltd (30)

CROCKERY—England
2 cks—Justin Tharaud (30)

CUTLERY—England
2 cs household scissors, 20 cs inlaid scissors (4,425 lbs)—Imperial Intern Corp (30)
3 cs—Lifetime Cutlery Corp, Bklyn (30)
1 cse blades (290 lbs)—[illegible] Silver Co, Glendale (30)
1 cse veneer knives—Sharp Tool Service, Chic (30)
3 cs legu knives—Cardwell Machine Co, Richmond, Va (30)
1 cse steel curling blades (178 lbs)—North & Judd Mfg Co (30)

EARTHENWARE—England
9 cts—Meakin & Ridgway (30)
4 cs—Order (30)
542 cs—Crownford China Co (30)
52 cs—Koscherak Bros (30)
2 cs—Spritzer & Muhrmann (30)
174 cs—Justin Tharaud (30)
1 cts—R H Macy (30)
15 cks—Doulton & Co (30)
1 cse—Crownford China Co (30)
24 cs—Sellers Trans Co (30)
4 cts—Fondeville & Co. (30)
703 cs—B Altman (30)
41 pks—F C Gerlach (30)
2 cts—S P Skinner (30)
4 cts—Plummer Ltd (30)
3 cts—Tedman Import Co (30)
2 cts—Johnson Bros (30)

GLASSWARE—England
1 ck—Tiffany & Co (30)
1 cse mar jars—A Goldmark & Sons (30)

KITCHEN UTENSILS—England
1 cse—I Kalfus (30)
8 cs—Shepley Inc (30)

PORCELAIN—England
1 ck porcelain, 5 cks dickens birds—Worcester Royal Porcelain (30)

RUGS—England
2 bls—Bloomingdale Bros (30)

RUGS, WOOLEN—England
1 bale prams—Gimbel Bros (30)

TABLEWARE—England
1 cse epns ware—Silvey Shpg Co. (30)
9 cs elec plated goods and pewter—Meadows Wye (30)
1 cse e p ware—Aimcee Wholesale Corp (30)
8 cs silver plated hollow ware; glassware—Eisenberg Lozano (30)
5 cs e p ware, 3 cs copper hollow—I Freeman & Son (30)
1 cse electro plate on copper trays, 2 cs stainless steelware—Eisenberg Lozano (30)
1 cse epns goods—Lang & Marshall (30)

Miscellaneous

AUTOS—England
4 Morgans—Fergus Imported Cars, Inc (30)
1 Standard Triumph Motor Co (30)
16—Hambro Automotive Corp. (30)
6 Estate Wagons—Standard Triumph Motor Co (30)
20—Rootes Motors, Inc (30)
1 MG—Hambro Automotive Corp. (30)
25—Jaguar Cars, Inc (30)
1—Standard Triumph Motor Co (30)
25—Hambro Automotive Corp (30)
10 Berkeley Sports—Intercontinental Credit Corp (30)
1 Bentley—Rolls Royce, Inc (30)

AUTO PARTS—England
2 cs—Armel Co (30)
16 cs—Inter Maritime Fwdg Co (30)
1 cse—Rootes Motors Inc (30)
43 cs—Hambro Automotive Corp (30)

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MS MEDIA

AGRIC IMPLEMENTS—England
- 43 cs cultivators, 147 cs trowels, Forks & Weeders—J H Graham (30)

BABY CARRIAGES—England
- 107 ctns prams—Rohner Gehrig. (30)
- 6 cs—Best & Co. (30)
- 4 cs mudguards—Bilt Rite Baby Carriage Co. (30)
- 1 cse heavy tension springs—Bilt-Rite Baby Carriage. (30)
- 1 cse pram hood corners—Wear Ever Baby Carriage Co., Bklyn. (30)
- 4 cs pram mudguards—Rex Baby Carriage Mfg Co. (30)

BAGS, SHOPPING—England
- 22 bls Gelderon Reits & R (30)

BAROMETERS, THERMOMETERS—England
- 4 cs—Seisl Co. (30)

BEARINGS—England
- 4 cs cooper split roller bearings (1,840 lbs)—Cooper Split Roller Bearing Corp. (30)

BICYCLES—England
- 2 cs mudguards and fittings—G Joannou. (30)
- 1 cse bushes—Perry Bayliss Wiley. (30)
- 12 cs parts—Amf Wheel Goods—Hercules Div. (30)

BICYCLES—England
- 1 cse bags Gimbel Bros (30)

BILLIARD TABLE—England
- 1 cse—K P Drake (30)

BLANKING PLATES—England
- 1 cse—English Elec Export & Trdg Co (30)

BOOKS—England
- 24 cs ptd—Macmillan Co (30)

BOOT PROTECTORS—England
- 16 bdls 15 cks malleable—Star Heel Plate Co (30)

BOSTIK CEMENT—England
- 2 cs—Wharfedale Audio Prod Co (30)

BOTTLES—England
- 12 cs—Coty Inc (30)

BRASSWARE—England
- 6 cs hollow—Art Colony Industries (30)
- 16 cs—Universal Import Corp (30)
- 105 cs—Amer Express (30)
- 4 cs—Boyberry Inc (30)
- 6 cs—C L Sterner (30)
- 5 cs—F W Woolworth (30)
- 14 cs plaques, 7 cs hollow—Knickerbocker Metal Guild (30)
- 19 cs—S P Skinner (30)
- 6 cs hollow—Old Dutch Trdg Co (30)
- 25 cs hollow—C L Sterner (30)
- 3 cs—Bayberry Lamps Inc (30)
- 18 cs hollow—Baker Imperial Co (30)
- 17 cs hollow—C L Sterner (30)
- 4 cs hollow—M B Daniels (30)
- 24 cs—Order (30)
- 24 cs hollow—Baker Imperial (30)
- 8 cs—Art Colony Industries (30)
- 16 cs hollow—L Ehrlich (30)

BRUSHES, DOG—England
- 1 cse—R H McClellan Chic (30)

BUCKLES—England
- 1 cse metal—H W Robinson (30)

CASTINGS—England
- 24 cs steel (2,754 lbs)—Lloyds Associates (30)

CELLULOSE WADDING—England
- 8 cs—H W Robinson (30)

CLAY CRUCIBLES—England
- 2 cks—Morganite Inc (30)

CLAY, BURNT—England
- 150 bgs—Markath Trdg Co (30)

COLORS, POTTERS—England
- 1 ck—Amer Express (30)

COMBS—England
- 2 cs—Order (30)

CONTAINERS—England
- 200 cs decorated metal—Dorf Intern Ltd (30)
- 4 cts—Dublin Distr (30)

ELECTRICAL GOODS—England
- 1 cse crossover units—British Industries Corp (30)

ENGINES, DIESEL—England
- 3 cs (2,697 lbs)—Irrigation Dev Corp (30)
- 1 cse—Intermaritime Fwdg Co (30)
- 2 cse parts—Order (30)

ENGINE SPARES—England
- 4 cs—Lister Blackstone (30)

FANS—England
- 1 cse—R J Saunders (30)

FIRECLAY WARE—England
- 4 cks—Morganite Inc (30)

FOIL, ETCHED ANODE—England
- 12 cs—United Mineral & Chem Corp (30)

GAS MANTLES—England
- 2 cs—J D Richardson, Detroit (30)

GAUGES, HEIGHT—England
- 3 cs—C Happel (30)

GYPSUM, GROUND—England
- 300 bgs—C B Chrystal (30)
- 540 bgs—Hammill & Gillespie (30)

GYPSUM, UNCALCINED—England
- 200 bgs—Whittaker Clark & Daniels (30)

HEEL PLATES—England
- 6 cs malleable iron—Hughes Fawcett (30)
- 12 cks malleable iron (8,763 lbs)—Star Heel Plate Co Newark (30)

HORN TIPS—England
- 2 cs—Otto Gerdau (30)

INSULATORS—England
- 1 cse aluminum—D C Fisher (30)

KETTLES, COPPER—England
- 5 cs—C L Sterner (30)

LEATHER GOODS—England
- [illegible] cs—J & J Gavin (30)
- 3 cs fancy—Bloomingdale Bros (30)

LIVESTOCK—England
- 2 horses—Stockheimer & Harder (30)
- 5 horses—J J McCabe (30)

LOUDSPEAKER COMPONENTS—England
- 1 cse—British Industries Corp (30)

LUBRICATORS—England
- 2 cs—H T Kennedy (30)

LUGGAGE LOCKS—England
- 7 cs and leather goods—Weiss & Biheller (30)

MACHINERY—England
- 2 cs hosiery pts—Vanderburgh & Co (30)
- 2 cs grain milling—D C Andrews (30)
- 2 cs grain milling—Milton Snedeker (30)
- 2 cs—C Happel (30)
- 1 cse candy wrap (2,310 lbs)—Nat Equip Corp (30)
- 1 cse—Milton Snedeker (30)
- 2 cs seamless hose—Vanderburgh & Co (30)
- 1 cse (546 lbs) wrapping machy—Machinery & Machine Supplies Co (30)
- 3 cs seamless hose—Vanwerburgh & Co (30)
- 3 cs grain milling—Milton Snedeker (30)

MACHINERY—England
- 2 cs confectionery wrap (7,930 lbs) package. (30)
- 1 cse capstan lathe (6,104 lbs)—G W Brunton & Son. (30)
- 1 cse optical surfacing—Penna RR (30)
- 1 cse optical grinding—Buhl Optical Co. (30)
- 1 cse jaw chuck and adaptor (280 lbs)—Judson Sheldon. (30)
- 6 cs (15,456 lbs)—Hydropress Division. (30)
- 1 cse tablet making — Amer Express. (30)
- 3 cs die casting (3,042 lbs) — DCMT Sales Corp. (30)
- 1 cse knit—Royal State Bank. (30)
- 1 cse pts—Order. (30)
- 2 cs pelleting machy pts, 1 cse tools—R B Symons. (30)
- 4 cs—Kearfott Co. (30)
- 1 cse wrap pts—Ce oe Inc. Bloomfield, NJ. (30)
- 1 pk agric parts (728 lbs) — Intern Harvester. (30)

MACHINERY—Ireland
- 61 cs textile (69,769 lbs)— M J Corbett. (30)

MACHINES, SEWING—England
- 1 cse parts—Jacob Goldfarb. (30)
- 10 cs parts—Singer Mfg Co. (30)
- 1 cse—Trumeter Co. (30)

MACHINE VISES—England
- 11 cs (1,308 lbs)—Wharton Unitools, Valley Stream, NY. (30)

MAGNETS—England
- 3 cs—British Industries Corp. (30)

MISCELLANEOUS—England
- 1 cse silver and e p ware—J Robinson. (30)
- 1 cse Moroccos—A Steinberg. (30)

MOTORCYCLES—England
- 20 cs—B S A Inc. (30)

NEEDLES—England
- 1 cse—Durbrow & Hearne. (30)
- 1 cse hand—Durbrow & Hearne. (30)
- 1 cse hand—W J Byrnes. (30)
- 1 cse hand—M Farris. (30)
- 2 cs hand—D C Andrews. (30)
- 1 cse—Levin Bros. (30)

NICKEL, SILVERWARE—England
- 1 cse—Lang & Marshall. (30)
- 60 cs loose leaf rings (18,274 lbs) — General Systems Service Inc. (30)

OIL FILTER PARTS—England
- 2 cs—Milton Snedekar. (30)

OIL SEALS—England
- 6 cs—Crescent Co. (30)

PAINT SCRAPERS—England
- 2 cs elec—Yorkminster Co. (30)

PAPER DOILIES—England
- 15 cs—H W Robinson. (30)

PAPER, CARBON—England
- 21 cs—B F Drakenfeld. (30)

PAPER, WALL—England
- 30 ctns—Inter Maritime Fwdg Co (30).

PENS, STEEL—England
- 6 cs—A W Fenton (30)

PERIODICALS—England
- 4 bls—Halperin Shpg Co (30)
- 62 ctns—Kaufman & Vinson (30)

PERSPEX ACRYLIC SHEETS—England
- 5 cs—J B Henriques (30)

PILLOW BLOCKS—England
- 6 cs—Penron & Co (30)

PINS—England
- 5 cs safety (2,028 lbs)—J J Newberry (30)
- 6 cs brass safety (2,391 lbs)—G C Murphy, McKeesport, Pa (30)
- 37 cs—Order (30)
- 10 cs brass safety, 2 cs brass pins (502 lbs)—Taub Hummel & S (30)

PIN & NEEDLES—England
- 3 cs—Winslow Manly (30)

PIPES, BRIAR—England
- 1 cse—D Hauser (30)

PLASTIC WARE—England
- 125 ctns sheeting (14,250 lbs)—Dofan Handbags (30)

PORCELAIN BALL MILLS—England
- 5 (2,499 lbs)—Dorf Intern (30)

POLYTHENE SWEEPINGS—England
- 1 234 bgs—J B Henriques (30)
- 266 bgs—J B Henriques (30)

PRESSES—England
- 1 cse offset ptg parts—Amer Type Founders. (30)

RECORD CHANGERS—England
- 100 cs—Discus (USA) Inc (30)
- 713 cs—Discus (USA) Inc (30)

ROPE, STEEL WIRE—England
- 2 reels—British Ropes (NY) Inc (30)
- 3 reels—British Ropes (NY) Inc (30)

ROPES, VEE—England
- 1 trs—Hewitt Robins (30)

RUBBER GOODS—England
- 73 cs gloves—Steinberg Bros (30)

RUBBER WASTE—England
- 224 bgs—J L Ward (30)

SADDLERY—England
- 1 cse—R J Saunders (30)
- 2 cs—Arcaro & Dane Saddlery Inc (30)
- 2 cs hardware—Miller Harness Co (30)

SCAFFOLDING FITTINGS—England
- 8 10 bgs—Safway Steel Scaffolds Supply Co (30)

SCRAPER BOARDS—England
- 3 cs—Morilla Co (30)

SILICA WARE—England
- 14 cs—C J Pullis (30)

SOAP POWDER—England
- 1 cse—Procter & Gamble (30)

SPORT GOODS—England
- 1 cse hockey shinguards — General Sportcraft (30)

STATIONERY—England
- 7 cs brass washers and paper fasteners—Standard Staty Supply Co, Chgo (30)

STABILIZERS, AUTOMATIC—England
- 1 cse—Amer Express (30)

STONEWARE—England
- 1 cse—S P Skinner (30)

SURGICAL PLASTERS—England
- 2 cs—Inter Maritime Fwdg (30)

SUITINGS—England
- 1 cse mohair and worsteds—P H Lehrer & Son (30)

TELEGRAPHH Keys—England
- 32 cs—Phillmore Mfg Co (30)

TIRES, TUBES—England
- 719 tubeless tires, 643 tires, 4 cs tubes, 2 cs tires, 185 motorcycle tire, 1 cse cycle tubes, 2 bgs, 4 cs cycle tires—Dunlop Co (30)

TIRE VALVE PTS—England
- 16 cs—A Schraders Son-Div Scovill Mfg Co (30)

TOBACCO—England
- 3 cs—Assoc Import Co (30)
- 13 cs tobacco, 5 cs snuff—A Oppenheimer (30)

TRACTORS—England
- 2 cs parts—Massey Harris Ferguson (30)

TUBES, RADIO—England
- 68 ctns (4,345 lbs)—Intern Electronics Corp (30)

TWINE—England
- 20 bls jute—NY Import Co. (30)

UMBRELLAS—England
- 2 cs tube frames—Mespo Umbrella Co (30)

WHEELSHAFTS—England
- 1 cse—De Laval Holroyd (30)

WIRE—SCREENS—England
- 1 cse steel wdge—Hendrick Mfg Co (30)

WINCH SPARES—England
- 1 cse—Standard Maritime Supply Co (30)

SS AMERICA

(Am) March 3

(To US Lines—Pier 86 NR)

From Europe

(45) — Bremerhaven, Germany
(45A) — Southampton, England
(45B) ——— Havre, France
(45C) ——— Swiss cargo via Havre, France
(45D) ——— Cobh, Ireland

Chemicals

CHEMICALS—Swiss
1 cse—Geigy Chem Corp (45)
1 cse—Givaudan Delawanna (45C)
COLORS—Swiss
6 drs aux dye products—Geigy Chem Corp (45)
9 drs aux dye prorucets—Ciba Co (45)
50 drs aux dye products—Sandoz Inc (45C)
COLORS, ANILINE—Swiss
2 drs—Geigy Chem Corp (45)
67 drs—Geigy Chem Corp (45)
33 drs—Sandoz Inc (45)
29 drs—Ciba Co (45)
EXTRACT, TANNING—Swiss
20 drs—Geigy Chem Corp (45)
PERFUMERY—France
8 cs—Balenciaga Perfume (45B)
4 cs—Gimbel Bros (45B)
PERFUMERY MATERIALS—Swiss
2 cks—Firmenich Inc (45C)
21 drs—Givaudan Delawanna (45C)
PERFUMERY, SYNTH—Swiss
37 cs—Firmenich Inc (45C)
PHARMACEUTICALS—Swiss
12 cs—Sandoz Inc (45)

Hides, Skins and Casings

SKINS—England
11 bls crust skivers—Meadows Wye (45A)
SKINS, CHAMOIS—England
8 bls—Freedman & Slater (45A)
5 bls—eMadows Wye (45A)

Foodstuffs

CHEESE—France
40 cts, 24 bdls—C Chesman (45B)
185 bdls, 63 cs—The Schratter Import Co(45B)
5 cs—Hensel Bruckmann & L (45B)
42 bdls, 496 cs—Ste Anco, Montreal (45B)
CHEESE—Swiss
18 tubs—Intra Mar Shpg Corp (45)
30 tubs—Borden Cheese Co (45)
CONFECTIONERY—Swiss
25 cs—Intra-Mar Shpg Corp (45)
FISH PRESERVES—Germany
117 cs—Lansen Naeve (45)
FOIS GRAS—France
21 cs—Iron Gate Prod Co (45B)

Wines & Liquors

WHISKEY—Ireland
500 cs—Austin Nichols (45D)

Textiles

APPARELS—England
3 cs mens sport shirts—Paul Stern (45A)
6 cs apparels, 36 cs mens shoes, 3 cs leather handbags, 87 cs mens shoes —Gimbel Bros (45A)
3 cs spiral corset steels—H Lutjen (45A)
4 cs shoes—Lap Transport (45A)
5 cs shoes—Askin Stores Inc (45A)
APPARELS—France
1 cse felt berets—Abraham & Straus (45B)
5 pks handbags—Leading Fwg Co (45B)
4 cs ctn gloves, 2 cs tissues—S Stern Henry (45B)
1 cse cotton socks, 2 cse handbags—Gimbel Bros (45B)
1 pk shirts—Lewis Sew Machine Co (45B)
APPARELS—Germany
11 cs nylon gloves, 34 coton gloves—Wear Right Gloves Inc (45)
1 cse nylon gloves—Hesmsoth Kerner (45)
APPARELS—Swiss
23 cs leather shoes—Bally Inc (45C)
BEADS, STONES—Germany
2 cs imit jewelry—Lona Mfg Corp (45)
1 cse glass stones—Merchants Overseas Inc, Providence (45)
1 pcl. glass beads—S H Pomerance (45)
3 cs glass stones—Dieterle & Victory (45)
1 cse glass bead rosaries—N Kaufman, Providence (45)
16 cs—Paramount Import Co (45)
3 cs glass beads—Atlas Shpg Co (45)
1 cse ear clips—B Schwanda & Sons (45)
10 cs necklaces, bracelets & earrings—H & S Originals (45)
4 cs beads—Ditbro Pearl Co (45)
1 cse glass beads & headpins—H W Robinson (45)
1 cse glass stones—S H Berg (45)
6 cs glass beaded articles—William Rand (45)
2 cs glass stones—H W Ebert (45)
BUTTONS—Germany
14 pks—Bailey Green & Elger (45)
13 pks—B Blumenthal (45)
7 cs—Cohen Platt (45)
1 cse carded glass—B Schwanda & Sons (45)
3 cs glass on cards—J E Bernard (45)
2 cs carded glass—Arke Inc (45)
2 cs carded glass—Order (45)
COTTONS—England
2 cs—Lord & Taylor (45A)
1 cse pce goods—Amer Express (45A)
3 cs pce goods—Inter Maritime Fwdg Co (45A)
1 cse pce goods—Inter Maritime Fwdg Co (45A)
COTTONS—France
1 bale tissues—Wallach Prints (45B)
1 cse tissues—Globe Shpg Co (45B)
1 cse, 2 bls tissues—Penson & Co (45B)
COTTONS—Germany
15 bls pce goods—M J Corbett (45)
1 cse tissues—M J Corbett (45)
4 cs tissues—Taub Hummel & S (45)
30 ctns—Valmeline Import Co (45)
2 cs — Soptra Fabrics Inc (45)
COTTONS—Swiss
4 pcls—M J Corbett (45C)
4 cs tissues—Penson & Co (45C)
2 cs—Taub Hummel & S (45C)
6 pks tissues—M J Corbett (45C)
1 cse tissues—Taub Hummel & S (45C)
4 cs tissues—Order (45C)
4 cs tissues—S Stern Henry (45C)
1 cse tissues—Inter Maritime Fwdg Co (45C)
1 pcl tissues—Intra Mar Shpg Corp (45C)
1 pcl—Natural & NY Degger (45C)
1 pcl —J J Gavin (45)
1 cse tissues—Leading Fwdg (45)
3 cs tissues—Inter-Maritime Fwdg Co (45)
1 cse tissues—C A Haynes (45)
2 cs tissues—Rohner Gehrig (45)
EMBROIDERIES—Swiss
1 pk cotton—Order (45C)
FLOWERS, ART—France
5 cs—O sum & Co (45B)
HAIRBRAIDS—Swiss
3 cs—General Notion Co (45)
HANDKERCHIEFS—France
1 cse cotton—J E Bernard (45B)
HAT BRAIDS—Swiss
8 cs—Armand Schwab (45C)
1 cse—Chase Manhattan Bnk (45C)
21 cs—L I Lubin & Sons (45C)
2 cs—L & L Import Inc (45)
2 cs—Natural Nydegger (45)
LACES—England
2 cs cotton lace napery—J J Gavin (45A)
1 cse cotton—Kemp & Beatley (45A)
LACES—France
3 cs—Klasson Lace Corp (45B)
LINENS—England
2 bls ptd pce goods—J H Thorp (45A)
RAYONS—France
3 cs tulle—Novik & Co (45B)
RAYONS—Swiss
14 pcls—J D Smith (45)
2 cs—Grayblock Ribbon Co (45C)
17 cs—Genrig Hoban (45C)
1 cse—J D Smith (45C)
THREADS—France
3 cs—Hudson Shpg Co (45B)
SILKS—France
1 cse tulle—Korn & Korn (45B)
STRAWBRAIDS—Swiss
1 cse—Order (45C)
6 cs—Armand Schwab (45C)
23 cs—L & L Import Inc (45C)
12 cs—Penson & Co (45C)
9 cs—Chase Manhattan Bank (45C)
7 cs—Accurate Millinery Co (45)
4 cs—General Notion Co (45)
38 cs—A D Cohen (45)
3 cs—Intra Mar Shpg Corp (45)
WOOLENS—England
2 bls pce goods—S Stern Henry (45A)
6 bls pce goods—Gerbach Fabrics Inc (45A)
4 bls pce goods—Lord & Taylor (45A)
1 cse, 5 bls pce goods—Gimbel Bros (45A)
1 cse pce goods—Meadows Wye (45A)
3 bls—S Stern Henry (45A)
4 bls—H W Robinson (45A)
10 bls, 6 cs pce goods—Inter Maritime Fwdg Co (45A)
1 cse pce goods—Globe Shpg Co (45A)
7 bls pce goods—N Newman (45A)
8 bls—Kingsley Fabrics Inc (45A)
1 pcl, 5 cs, 10 bls—Kinsley Fabrics (45A)
22 pks—Inter Maritime Fwdg Co (45A)
22 bls—H W Robinson (45A)
1 bale tissues—Inter-Maritime Fwdg Co (45A)
5 bls, 1 cse pce goods—Intermaritime Fwdg Co (45A)
24 cs interlinings—Intermaritime Fwdg Co (45A)
WOOLENS—France
2 cs tissues—H W Robinson (45B)
2 pks tissues—Penson & Co (45B)
WOOLENS—Ireland
14 bls donegal twist & tweed suitings —Inter-Maritime Fwdg Co (45D)
8 bls coating—Amer Express (45D)
1 cse dress cloth—Anglo-Scottish Mills Distr (45D)
5 bls pce goods—Amer Express (45D)
12 bls pce goods—Simon Ackerman Clothes, Bklyn (45D)
3 bls irish tweed—Inter-Maritime Fwd Co (45D)
WORSTEDS—England
2 bls suitings—Inter Maritime Fwdg Co (45A)
2 bls—Order (45A)
2 bls suitings—Amer Express (45A)
YARNS—France
14 pks knit wool—W Unger (45B)

Fibers

FIBRE, VEGETAL—Swiss
62 cs—Order (45)
34 cs—Order (45C)

Building Materials

BUILDING MATERIALS—England
14 cts steel rolled windows (12,946 lbs) —Inge & Co (45A)
HARDWARE—England
2 cs bradoons & nickel bits—Bemo Shpg Co (45A)
HARDWARE—France
1 cse tools—Allcraft Tool & Supply Co (45B)
HARDWARE—Swiss
5 cs—Natural Nydegger (45)
1 cse tools—Intra Mar Shpg Corp (45C)
1 cse tools—Natural Nydegger (45C)
2 cs—Rohner Gehrig (45C)

Furnishings

ASH TRAYS—Ireland
1 cse—J F Birdsall (45D)
CARPETS—England
2 bls—E & M A.izoilahomm (45A)
CLOCKS—Swiss
2 cs—Vacheron & Constantin le Coultre Watches Inc (45)
EARTHENWARE—England
1 cse—L Bigelow (45A)
FURNITURE—England
1 cse—Hudson Shpg Co (45A)
1 cse—Penson & Co (45A)
5 cs furnitureware etc—J E Kent, Antiques Center, Brewster, NY (45A)
2 cs—W R Keating (45A)
FURNITURE—France
1 cse—Hudson Shpg Co (45B)
2 cs—Mannie Gelband Inc (45B)
GLASSWARE—England
1 cse—L Bigelow (45A)
GLASSWARE—Germany
2 cs—Stern Henry (45)
1 cse hollow—H W Robinson (45)
HOUSEHOLD GOODS—France
3 cs—American Express (45B)
PEWTER WARE—England
6 cs—Holland House Import Co (45A)
PORCELAIN—France
1 cse—Lansen Naeve (45B)
1 cse—J E Bernard (45B)
12 cs—Taub Hummel & S (45B)

Miscellaneous

ALUMINUM WARE—England
152 ctns hollow—Express Fwdg & Storage (45A)
ALUMINUM WARE—Swiss
4 cs—J D Smith (45)
AUTO PARTS—England
1 cse—Rootes Motors Inc (45A)
AUTO PARTS—Ireland
1 cse, 1 pce—Ford Motor Co (45D)

Continued

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Continued

SS AMERICA

BABY CARRIAGES—England
8 cts—R H Macy (45A)
BICYCLES—Germany
15 cs juvenile—Atlas Bicycle Corp(45)
BOOKS—England
62 cs ptd books, sheet music—Oxford Univ Press (45A)
BRASSWARE—England
1 cse—L Bigelow (45A)
CARBON FILTER BLOCKS—England
2 cs—Intern Expediters (45A)
CELLULOSE POWDER—England
1 cse—H Reeve Angel (45A)
COPPERWARE—England
4 cs hollow—I Freeman & Son (45A)
55 cs hollow—Intermaritime Fwdg Co (45A)
CINEMA GOODS—Swiss
171 cs—Rohner Gehrig (45)
DENTAL GOODS—Germany
2 cs—Pfingst & Co (45)
DOLLS—Swiss
2 cs—Order (45C)
DRAWING INSTRUMENTS—Germany
6 cs—Gramercy Guild Group (45)
ELECTRICAL GOODS—Germany
1 pcl ignition contacts—J Plaut (45)
ENGINE SPARES—England
5 cs—Lister Blackstone (45A)
FISHING SUPPLIES—France
158 cs—Impecco Ltd (45B)
FISHING SUPPLIES—Swiss
2 cs tackle—Intra-Mar Shpg Corp(45C)
FRAMES—France
1 cse wood—Penson & Co (45B)
IRONWARE—Germany
3 cs—S S Kresge (45)
13 cs—United Cutlery & Hdware Prod Co (45)
LETTER OPENERS—Germany
1 cse—Inter-Maritime Fwdg Co (45)
LITHOGRAPHS—Swiss
1 cse—Atlantic Fwdg Co. (45C)
MACHINERY—England
4 cs (664 lbs)—Heemsoth Kerner(45A)
2 cs cigarette packing—J M Rodgers (45A)
MACHINERY—Swiss
4 cs—Brown Boveri Corp (45C)
3 cs—Rohner Gehrig (45C)
1 cse—J J Gavin (45)
8 cs—Intra Mar Shpg Corp (45)
MAP MEASURES—Germany
1 cse—Inter-Maritime Fwdg Co (45)
MIRRORS—Germany
2 cs—Cohen-Plaat (45)

MISCELLANEOUS—England
1 cse plated ware—I Freeman & Son (45A)
1 cse aluminum & steel flooring—Intermaritime Fwdg (45A)
MISCELLANEOUS—Swiss
38 cs mdse—Rohner Gehrig (45)
MUSICAL INSTRUMENTS—France
3 cs—C Fischer (45B)
MUSICAL INSTRUMENTS—Swiss
173 cs—Thorens Co (45C)
17 cs—Rohner Gehrig (45C)
6 cs—Lansen Naeve (45)
MUSICAL MOVEMENTS—Swiss
1 cse—Rohner Gehrig (45C)
6 cs—Vandegrift Fwdg Co (45C)
3 cs—Salvato (45C)

MUSIC WORKS—Swiss
21 cs—Thorens Co (45C)
NEEDLES—England
1 cse—Intern Fwdg Co (45A)
NOTIONS—Germany
11 cs—J E Bernard (45)
PAINTINGS—France
4 cs—Tice & Lynch (45B)
1 cse—New House Galleries (45B)
1 cse—Globe Shpg Co (45B)
1 cse—Penson & Co (45B)
1 cse—Gimbel Bros (45B)

PAINTINGS—Swiss
2 cs—W R Keating (45C)
PAPER, DRAWING—England
1 cse—H Reeve Angel (45A)
PAPER, FILTER—England
18 cs—H Reeve Angel (45A)
PAPER, WALL—France
1 cse, 36 pks—Hudson Shpg Co (45B)
PAPER, WALL—Swiss
108 cs—Salubra Sales Corp (45C)
1 cse—C A Haynes (45C)
PAPER, WRAPPING—Swiss
10 cs—Rohner Gehrig (45)
PEN PARTS—England
1 cse—Rohner Gehrig (45A)
PENCIL SHARPENERS—Germany
7 cs—Sterling Plastics Co, Union NJ (45)
PICTURE PRINTS—England
2 cs—A Schiftan (45A)
PLASTIC PRE-HEATING EQUIP—England
6 cs— RB Cymonds (45A)
PLATICWARE—Germany
6 cs—J E Bernard (45)

PLASTIC WARE—Swiss
4 cs—Intra-Mar Shpg Co (45)
PRINTED MATTER—France
2 cs—Globe Shpg Co (45B)

PUBLICATIONS—France
12 cs—French & European Publications (45B)
19 pks—Paris Book Center (45B)
2 cs—Unesco Publications Center (45B)
RECORD CHANGERS—England
1,200 cs—Rockbar Corp (45A)
RECORD ENVELOPES—France
3 cs—Freedman & Slater (45B)
REFRIGERATORS—France
1 cse — Tice & Lynch (45B)

SAILCLOTH—France
2 bls cotton, marine—Amer Express (45A)
SILICON, RAW—France
1 cse—Globe Shpg Co (45B)
SPORT GOODS—England
1 cse dartboards—Gimbel Bros (45A)

SPONGE, METAL—Swiss
47 bls—Metrop Metal Sponge Mfg Co, Bklyn (45)
STATUES—France
1 cse—Benziger (45B)
STEELWARE—Germany
2 cs—Heemsoth Kerner (45)
STRAW, ARTIF—Swiss
34 cs [illegible]—Order (45C)
39 cs—Order (45)

TINWARE—Germany
59 ctns hollow—Gloys Import Co (45)
TOYS—Germany
12 pcls rubber—J S Sherman (45)
TYPESET MACHINES—England
1 cse—Lanston Industries Inc (45A)
WATCHES—Swiss
7 cs—Cohen-Plaat
WATCH MOVEMENTS—Swiss
1 cse—Inrta Mar Shpg Corp (45C)

WATER, TOILET—France
3 cs—Leading Fwdg (45B)
WOODEN CURTAINS—France
1 cse —G Schmidt (45B)
WOODENWARE—Germany
3 cs — Alltransport Inc (45)
XMAS ORNAMENTS—Germany
3 cs—S S Kresge (45)

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SS INDEPENDENCE
(Am) Mar 6

(To: American Export Lines—Pier 84, NR)

From Mediterranean

No. From
([illegible])——Cannes, France
(70A)——Genoa, Italy
(70B)——Naples, Italy

Chemicals

ALDEHYDES ALCOHOLS—France
4 drs—Mane Fils Inc (70)
OILS, ESSENTIAL—France
5 cs—Roure Dupont (70)
4 cs—Camilli Albert & Laloue (70)
4 cs—Tombarel Prod Corp (70)
PHARMACEUTICALS—Italy
10 drs (560 kilos — Gyma Lab of America (70A)

Foodstuffs

CHEESE—Italy
100 cs pec romano sardo—Otto Roth & Co (70A)
100 cs pec romano Sardo—Pastene & Co (70A)
30 cs pec romano—Gordon Prod Co (70A)
40 cs pec romano—Dirk Uges (70A)
25 cs—J S Hoffman (70A)
70 cs bel paesino, 50 cs Duke of Milan—Bel Paese Sales Co (70A)
28 cs provolone 3[illegible] cs caciocavallo—Order (70A)
100 cs pec romano—Pastene & Co (70B)
125 cs pec romano—Schroeder Bros (70B)
100 bbls feta—N Lekas (70B)
200 bbls feta, 15 cs visc. 3[illegible] cs dried milk—Lekas & Drivas (70B)
225 bbls feeta, 36 cs dried milk—Intern Expediters (70B)
75 bbls feta, 15 cs dried sheep milk, 50 ch sheep—Makris Bros (70B)
MACARONI—Italy
1,300 cs—M Friedman (70B)
SALAMI—Italy
200 cs—Rinaldi Bros (70A)

Textiles

APPARELS—Italy
10 cs straw hats—A D Cohen Co (70A)
32 cs shoes—General Shoe Import Exp Co, Nashville (70A
6 cs leather handbags, 2 cs fabric and leather bags—R H Macy (70A)
2 cs leather belts—Domino Mens Belts Ltd (70A)
1 cse shoes—Fleming Joffe (70A)
[illegible] cse woolens—Cisco Casuals Inc (70A)
APPARELS—Italy
40 cs leather shoes—Verde & C Brockton, Mass. (70A)
[illegible] cs womens leather shoes — General Shoe Import Ex Co, Nashville. (70A)
2 cs beach hats—Citron & Slatin (70A)
29 pks straw hats—Bernard Krulwich. (70A)
7 cs straw hat bodies—Citron & Slatin. (70A)
BEADS, STONES—Italy
5 cs glass beads—Elliot Greene. (70A)
COTTONS—Italy
1 bale tapestry—J H Thorp. (70A)
2 cs—Penson & Co. (70A)
1 pcl tissues—Excel Shpg Corp. (70A)
FIOCCO FABRICS—Italy
2 bls—Bart Sales Corp. (70A)
FLOWERS, ART—Italy
92 cs—Deldan Design, Bklyn. (70B)
42 cs—C L Sterner. (70B)
HAT BODIES—Italy
4 pcls straw—S Stern Henry. (70A)
LINENS—Italy
3 cs—B M Jabara & Sons. (70A)
PIECE GOODS—Italy
1 cse—Far Eastern Fabrics. (70A)
RAYONS—Italy
1 bale spun tissues—Order. (70A)
RAYONS, COTTONS—Italy
2 bls mixed tissues—Order. (70A)
5 bls mixed tissues—A Weiser. (70A)
2 bls mixed fabrics—Textile Fabrics Co. (70A)
SILKS—Italy
1 cse, 3 cse pce goods—Chardon Fabrics, Inc. (70A)
1 bale pce goods—Guabello Inc. (70A)
2 cs, 1 bale pce goods—J Schoeneman (70A)
1 cse tissues—Order. (70A)
18 pks tissues—Excel Shpg Corp. (70A)
6 cs pce goods—Roman Smucer Woolen Co. (70A)
1 cse pce goods—J of A Inc. (70A)
2 cs pce goods—Stroheim & Romann (70A)
4 bls pce goods—H W Robinson. (70A)
4 cs pce goods—Republic Com Corp. (70A)
1 bale pce goods—J Talcott. (70A)
2 cs pce goods—Sclamandre Silks, Inc. (70A)
THREAD, COTTON—Italy
1 cse—Necchi Sew Machine Sales. (70A)
VELVETEEN—Italy
6 cs twillback cotton—J K Guttstadt. (70A)

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Continued

SS INDEPENDENCE

WOOLENS—Italy
22 bls, 5 cs pce goods—Tuk Town Sales, Inc. (70A)
2 bls—Robert Hall Clothes. (70A)
1 pcl tissues—Excel Shpg Corp. (70A)
11 bls tissues—Eagle Clothes, Inc, Bklyn. (70A)
3 bls tissues—Kingsley Fabrics; Inc. (70A)
7 bls tissues—Fashion Park Inc, Rochester. (70A)
6 bls pce goods—Guabello, Inc. (70A)
27 bls tissues—Bart Schwartz Intern Text, Ltd. (70A)
2 bls worsted pce goods—Hart Schaffner & Marx, Chic. (70A)
13 bls worsted pce goods—Rose Bros Inc. (70A)
? bls pce goods—G A Vedovi. (70A)
5 bls pce goods—Gramberey Park Clothes, Inc. (70A)
4 bls pce goods—Wells Slothes, Inc. (70A)
WOOLENS, FIOCCO—Italy
14 bls, 1 pcl mixed tissues—Nolex Trdg Co, Montreal. (70A)
3 bls mixed tissues—Borneo Sumatra Trdg Co. (70A)

Fibers

BRISTLES—Italy
15 cs black—Plastic Synthetic—Almar Bristles & Hair Processing Co. (70A)

Building Materials

HARDWARE—Italy
10 cs tool sets—Vespa Distr Corp. (70A)
PLUMBING SUPPLIES—Italy
22 cs tape—Marine Mid Tr (70A)
82 cs brass faucets—Smith Wolff. (70A)
27 cs brass faucets—Intern Plumbing Mfg Co. (70A)
10 cs brass faucets—Harco Hardware, Cleveland. (70A)

Furnishings

CUTLERY—Italy
26 cs shears—Henry Schaerf Corp. Bklyn. (70A)
25 cs shears—Penson & Co. (70A)
EARTHENWARE—Italy
1 cse—Lang & Marshall. (70A)
FURNITURE—France
1 cse arm chairs—Penson & Co. (70)
GLASSWARE—France
1 cse—M Levin. (70)
1 cse—Penson & Co. (70)
MAJOLICAS—Italy
17 cs—Majestic Lamp Mfg Corp. (70A)

Miscellaneous

ALUMINUM WARE—Italy
11 cs coffee pots—Orsema Import Co, Canada. (70A)
2 cs—W H Kauders. (70A)
2 cs—Lang & Marshall. (70A)
AUTO PARTS—Italy
8 cs—Uniworld Industrial Mart. (70A)
BOTTLE OPENERS—Italy
2 cs—Lang & Marshall. (70A)
BRASSWARE—Italy
1 cse—Amer Express. (70A)
5 cs—Dessau Brass, Inc. (70A)
3 cs—W H Kauders. (70A)
FILMS—Italy
157 cs—Monteleoni, Inc. (70A)
GLASSES, SUN—Italy
3 cs—Salma. (70A)
MACHINERY—Italy
1 cse (530 kilos)—Gane Bros. (70A)
1 cse pts—Luigi Serra. (70A)
1 cse pts—C A Mascuerin. (70A)
MACHINES, ADDING—Italy
5 cs (Totalia)—Smith Corona, Syracuse. (70A)
MACHINES, CALCULATING—Italy
3 cs—Olivetti Corp of America (70A)
MACHINES, SEWING—Italy
2 cts neads—Marion Shpg Co. (70A)
METALWARE—Italy
1 cse—Robinson & Co. (70A)
MOLD—Italy
1 cse—Tigrett Industries, Inc. (70A)
MOULD, STEEL—Italy
1 cse—Amer Express. (70A)
MUSICAL INSTRUMENTS—Italy
5 cs—R Galanti & Bro. (70A)
7 cs accordions—Amer Express (70A)
4 cs accordions—Marion Shpg Co. (70A)
5 cs accordions—A Dronge Music Co. (70A)
1 cse flutes—F Gretsch. (70A)
2 cs—Carl Fischer. (70A)
PAINTINGS—Italy
6 cs—Penson & Co. (70A)
PLASTIC WARE—Italy
1 cse—W H Kauders. (70A)
4 cs fittings—Mirenda Corp. (70A)
PRINTED MATTER—Italy
11 cs—Hallmark Cards Inc. (70A)
TOYS—Italy
13 cs—Penson & Co. (70A)
TYPEWRITERS—Italy
24 cs—Olivetti Corp of America. (70A)
8 cs—Alma Office Machine Corp. (70A)
140 cs—Olivetti Corp of America (70A)
UMBRELLAS—Italy
2 cs handles—G Schlesinger. (70A)
4 cs handles—The Empire Allied Co. (70A)
WOODENWARE—Italy
27 cs—Premier Lamp Co. (70A)
3 cs—Amer Express. (70A)
9 cs—Benziger Bros. (70A)

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SS CONSTITUTION

(Am) Mar 10

(To: Amer Express—Pr 4, NR)

From Mediterranean

No. From
(12)________________Genoa, Italy
(12A)________________Naples, Italy
(12B)________________Cannes, France

Chemicals

OIL, ESSENTIAL—France
1 cse—Roure Dupont Mfg Co (12B)
30 pks for flavoring—Lo Curto & (12B)
PERFUMERY—France
2 cs, 7 drs—Lo Curto & Funk (12B)
PHARMACEUTICALS—Italy
2 cs (172 kilos)—Gyma Lab of Amer (12)
1 cse, 2 csks (55 kilos)—Gyma Lab of Amer (12)

Foodstuffs

BREAD STICKS—Italy
35 bxs—G Brunella (12)
CHEESE—Italy
30 cs pecorino romano—Lionelli Packing Co (12A)
25 cs pecorino romano—A Farinella (12A)
117 bls feta—Moscahlades Bros (12A)
100 cs provoloni, provolette—A Fantis (12A)
10 cs pecorino romano—Lily Lake Cheese Co (12A)
50 cs pecorino romano — Otto Roth (12A)
100 cs bertolli—Bertolli Trdg Corp (12A)
25 cs pecorino romano—Gordon Prod Co (12A)
25 cs pecorino—Farinella Bros. (12A)
102 cs pecorino romano—Ambriola Co (12A)
50 cs pecorino romano—Joseph Bonsignore (12A)
47 cs salted—G N Bragelli (12A)
50 cs pecorino—D & A Sclafani (12A)
30 cs ricotta—Fontana Hollywood Corp (12A)
267 bls, 55 cs—Lekas & Drivas (12A)
175 cs provoloni, caciocavalli, fiasori —W Faehrich (12A)
80 cs provoloni—June Dairy Food Prod Corp (12A)
55 cs—Antonio Piccini (12A)
130 cs—Bertolli Trdg (12A)
90 cs—Lily Lake Cheese (12A)
120 cs—J S Hoffman (12A)
100 bls feta sardinian sheep—Order (12A)
70 bls—Pasquale Bros, Toronto (12)
68 churns gorgonzola — Lily Lake Cheese Co (12)
CHEESE—Swiss
30 tubs loaf—S Stern Henry (12)
MACARONI—Italy
500 ctns—J & J Limeri (12A)
MACARONI—Italy
280 cs—Farinella Bros. (12A)
700 cs—Baldanza & Co. (12A)
3,000 bxs—F Bonomo. (12A)
OIL, OLIVE—Italy
525 cs—Pastene & Co. (12)
200 cs—Carmella Packing. (12)
48 cs—Sansone Food Prod Co. (12)
PEPPERS, RED—Italy
80 bkts—Musolino Lo Conte. (12A)
SAUSAGES—Italy
200 cs—A De Simone (12)
TOMATO PASTE—Italy
50 ctns—Luigi Caso. (12A)
TOMATOES, PEELED—Italy
680 ctns—Chase Manhattan Bnk. (12A)
500 ctns—Luigi Caso. (12A)

Wines & Liquors

WINES—France
25 cs — Whype Quality Wines Corp. (12B)
WINES—Italy
800 ctns—Banfi Prod Corp. (12A)
450 ctns — Blue Crest Wine & Spirit Corp. (12A)

Textiles

APPARELS—Italy
2 cs cotton tissue gloves—W J Byrnes. (12A)
3 cs cotton tissue gloves—R H Macy. (12A)
3 cs leather gloves—Kaufman & Vinson. (12A)
11 cs tissue gloves—B H Thoms, Toronto. (12A)
8 cs cotton gloves—Gloria Gloves Inc. (12A)
8 cs cotton gloves — Caribe Gloves. (12A)
9 cs leather gloves — Wear Right Gloves Inc. (12A)
18 ctns leather shoes—Order. (12)
43 bxs mens cloth shoes — Gen Shoe Exp Imp Co. (12)
17 pks straw hats—Bernard Krulwich. (12)
4 cs wool hosiery — Ebl Sweaters of Rasi Renso. (12)
11 ctns leather shoes—Transworld Shoe Corp. (12)
17 cs leather shoes—W F Collins. (12)
4 cs bags, gloves—Leat Shpg. (12)
62 ctns felt hats—Bill & Caldwell Inc. (12)
COTTONS—Italy
14 bls tissues—Penson & Co. (12)
1 cse tissues—Penson & Co. (12)
3 cs—Amer Expr. (12)
13 cs tissues—Bart Sales Corp. (12)
1 cse tissues—Bart Sales Corp. (12)
COTTONS, RAYONS—Italy
21 bls tissues — Milbeck Fabrics Inc. (12)
16 bls tissues—M Fidler (12)
1 bale tissues—Stroheim & Romann (12)
RAYONS, COTTONS—Italy
12 bls pce goods—Reliance Co (12)
4 bls pce goods—Weavers Textile Corp (12)
SILKS—Italy
5 pks tissues—Penson & Co (12)
3 cs—M J Corbett (12)
4 cs tissues—J D Smith Inter Ocean (12)
7 bls pce goods—H W Robinson (12)
2 bls pce goods—James Talcott (12)
UPHOLSTERY FABRICS—Italy
3 bls cotton, rayon—Regal Textile Corp (12)
2 bls cotton, rayon—Wolking Plush Co (12)
1 cse, 3 bls cotton, rayon—Harlem Fabrics Co (12)
7 cs cotton, rayon—Baronio Studios (12)

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Continued

SS CONSTITUTION

18 bls, 1 cse cotton, rayon—South Eastern Fabrics Corp (12)
3 bls cotton, rayon—Reliance & Co (12)
5 bls cotton, rayon—Belle Fabrics Co (12)
1 cse cotton, rayon—F Schumacher (12
2 bls cotton, rayon—Continental Looms Inc (12)

WOOLENS—Italy
4 cs pce goods—Lep Transport (12)
2 cs tissues—J D Smith Inter Ocean (12)
20 bls—Tuk Town Sales Co (12)
122 bls cloth—United Togs Inc (12)
39 bls tissues—S Stern Henry (12)
3 bls tissues—H W Robinson (12)
13 bls tissues—Bart Schwartz (12)
6 cs tissues—F C Gerlach (12)
2 cs, 12 bls tissues—Bart Sales Corp (12)
8 bls—H W Robinson (12)

WOOLENS, FIOCCO—Italy
4 bls tissues—Borneo Sumatra Trdg (12)

Building Materials

PLUMBING SUPPLIES—Italy
10 cs fittings for iron & steel pipes—S Jack Senter (12)

TILES—Italy
69 cs ceramic—Std Tile Co (12A)

Furnishings

CERAMICS—Italy
3 cs—Rosenfeld Import Co (12)

CUTLERY—Italy
17 cs shears—Penson & Co (12)
4 cs scissors & trimmers—United Cutlery Co (12)
10 cs shears—Morris Struhl Inc (12)

GLASSWARE—Italy
10 cs—R H Macy (12A)

Miscellaneous

DENTAL APPLIANCES—Italy
1 cse—J O Luongo (12)

FILMS—Italy
126 bxs motion picture—Monteleoni Inc (12)

GIFT PARCELS—Italy
10 cs—Ital Shpg (12A)
4 cs, 1 trunk—Ital Shpg (12A)
17 cs—Excel Shpg (12A)
8 cs—Ital Shpg (12A)
49 cs, 2 crts—Ital Shpg (12A)

GLASSES, SUN—Italy
15 cs—Products Exchange Co (12)

HAIR, HUMAN—Italy
1 cse—A Klugmann (12A)

MACHINERY—Italy
2 cs—Budde & Westermann (12)
1 cse universal milling—Winter Wolff (12)

MACHINES—Italy
1 cse—J E Bernard (12)

MACHINES, CALCULATING—Italy
260 bxs—Order (12)
420 bxs—Olivetti Corp of Amer (12)

MACHINES, BOOKKEEPING—Italy
60 bxs—Order (12)

METALWARE—Italy
3 cs medals—Lawrence N Dalsiden (12)

MIRRORS—Italy
2 cs—Gehrig Hoban (12)

MOSAICS—Italy
10 ctns—Marble Intern Inc (12)

MUSICAL INSTRUMENTS—Italy
3 cs accordions—Order (12)
12 cs accordions—Amer Expr (12)
3 cs—E Chiassarini (12)

PENS, FOUNTAIN—Italy
21 cs—Nat Pen & Pencil Co, Montr (12)

PEPPERMILLS & SALTSHAKERS — Italy
4 cs—Europa Commerce Inc (12)

PRINT, LITHOGRAPHIC—Italy
5 cs—Gerffert Co (12)

RELIGIOUS GOODS—Italy
11 cs—Alfred Mainzer (12)

SPORTS GOODS—Italy
2 cs—Sile Distr (12)

TOYS—Italy
2 cs wooden—Verdon Import Co (12)

TYPEWRITERS—Italy
420 bxs portable — Olivetti Corp of Amer (12)
42 pcs—Alma Office Machines Corp (12)
488 cs typewriters, 88 cs portable—Olivetti Corp of Amer (12)

MS PARTHIA

(Br) March 8

(To: Cunard Line—Pr 92 NR)

From United Kingdom

No. From
(16)————Liverpool, England

Chemicals

ACID, CRESYLIC—England
51,730 lbs—H A Gogarty (16)

ALLOPRENE E—England
190 bgs (5150 lbs)—C M C Chemicals Inc (16)

AMMONIA ALUM—England
280 bgs (28,350 lbs)—C M C Chemicals Inc (16)

ANTI-STATIC ADDITIVE—England
1 drum—Shell Oil Co (16)

BLEACHING POWDER—England
30 bgs—Chemical Mfg Co (16)

CHEMICALS—England
20 bgs—Nat City Bank (16)
1,000 bgs (50,750 lbs)—Catalin Corp of America (16)

COLORS, ANILINE—England
11 drs—Heemsoth Kerner (16)

COLORS, POTTERS—England
3 cs—D C Andrews—Ballantyne & Co (16)

EMPILAN—England
1 drum (55 lbs)—Colgate Palmolive Co (16)

GLUE—England
380 bgs—Junc Fwdg Co (16)

GYPSUM—England
200 bgs—A Gusmer (16)

IMFERON—England
50 ctns (1980 lbs)—Lakeside Lab, Milwaukee (16)

IRON SULPHATE—England
50 drs—Hudson Shpg Co (16)

PHARMACEUTICALS—England
1 drs—A J DeMay (16)
40 cks (9567 lbs)—Henley & Co (16)

POTASSIUM CYANIDE—England
100 drs—Chemical Mfg Co (16)

POTASSIUM METABISULPHITE—England
4 cs tablets—A Gusmer (16)

RESIN, SYNTH—England
2 kegs, 1 cse—Union Carbide Intern Co (16)
1 cse—H A Gogarty (16)

SODA BICARBONATE—England
798 bgs—Chemical Mfg Co (16)

SODIUM PERBORATE TETRAHYDRATE—England
1600 bgs (163,200 lbs)—Chemical Mfg Co (16)

SODIUM CYANIDE—England
250 drs—Chemical Mfg Co (16)
270 drs—Chemical Mfg Co (16)
250 drs—Chemical Mfg Co (16)

TITANIUM GRANULES—England
2 drs (362 lbs)—Chase Brass & Copper Co (16)

TRICHLOETHYLENE—England
100 drs—Chemical Mfg Co (16)
100 drs (71,000 lbs)—Chemical Mfg Co (16)
9 drs (7376 lbs)—Amerst Lab (16)

UREA, SYNTHETIC—England
3037 bgs—Chemical Mfg Co (16)

WEEDKILLER—England
[illegible] bgs propionic—D C Andrews (16)

ZINC OXIDE—England
45 bgs (2,296 lbs)—Order (16)

Hides, Skins and Casings

LEATHER—England
2 cs—Penson & Co (16)
37 bls—Chilewich Sons & Co (16)
6 bls dressed sheepskin—Anglo Amer Leather Co (16)
1 drum—Rohner Gehrig (16)
7 trs dressed goatskin—R Gehrig (16)
5 trs calfskin-kipside leather—Rohner Gehrig (16)

SKINS, CHAMOIS—England
2 bls—Rohner Gehrig (16)
1 bale—Rohner Gehrig (16)

SKINS, CROCODILE—England
55 cts (Nigeria)—Southern Trdg Corp (16)

Foodstuffs

BISCUITS—England
285 ctns—Cresca Co (16)

BREAKFAST FOODS—England
40 ctns fru-grains—Merit Food Co, East Paterson, NJ (16)

CHOCOLATE—England
1,477 cs confectionery—Chunky Chocolate Corp, Bklyn (16)

COCOA CAKE—England
697 bgs—Gill & Duffus (16)

CONFECTIONERY—England
290 cs chocolate—Cadbury Fry (16)
112 cs licorice—A Goldmark & Sons (16)
280 ctns sugar candy—D Intern (16)
215 ctns sugar—Jaret Imports (16)
81 ctns sugar—Murray-Allen Imports (16)
40 ctns sugar—Dorf Intern (16)
1,035 cs sugar candy—Murray-Allen Imports (16)
1,000 ctns sugar candy—P Spitz (16)
175 ctns—Swizzels Inc (16)

CRAYFISH, FROZEN—Australia
3 cs—Gilman Intern (16)

FISH, SMOKED—England
400 pks cod fillets—Trans Oceanic Fisheries (16)

HERRING, KIPPERED—England
535 cs, 625 bdls—Vita Food Prod (16)
51 bdls (8,288 lbs)—Mac Gregor Fisheries Inc (16)

JAM—England
500 cs—A Goldmark & Son (16)

JAMS & MARMALADE—England
3,050 cs—R U Delapenha (16)

KIPPERS, CHILLED—England
328 pks—Trans Oceanic Fisheries (16)

LOBSTER TAILS, FROZEN—Australia
557 cs—Crest Import Co (16)
1964 cs—Tuxman Thurlow (16)
1262 cs—R L Stix (16)
1800 cs—Gilman Intern Inc (16)
1048 cs—Pine Hill Fish Co (16)
2798 cs—Wilbur Ellis (16)

OATMEAL—England
7 cs—R H Macy (16)
325 cs—Mc Leer & Mc Leer (16)

WHEAT FLOUR—England
10 bgs—Milton Snedeker (16)

Metals and Ores

ALUMINUM—England
4 cs circles—Nickel Alloy (2222 lbs)—Gerhard & Hey (16)
17 cs circles (18,214 lbs)—Norca Corp (16)
44 cs circles (13,064 lbs)—General Materials Co (16)

BRASS—England
8 cs tubes (17,497 lbs)—Davis Eng Corp, Elizabeth, NJ (16)
82 cs strips (78,896 lbs)—C & C Button Trimming Co (16)
18 cs pipe (19,066 lbs)—Unfinindo Intern Corp (16)
20 cs plates (20,322 lbs)—Order (16)
14 cs solid tubes (18,565 lbs)—Order (16)
9 cs pipe (4,739 lbs)—Bassett Smith (16)
278 cs rods (148,408 lbs)—L D Peters & Sons (16)
176 bdls, 24 cs rods (114,977 lbs)—L D Peters & Sons (16)
11 cs strips (3300 lbs)—L D Peters & Sons (16)
23 cs tubes (42,792 lbs)—F Henjes Jr (16)
9 cs tubes (16,786 lbs)—Sobel Shpg Co (16)

BRONZE POWDER—England
75 drs—Wedemann & Godknecht (16)

COPPER—[illegible]
[illegible]
7 [illegible]
21 cs tubing [illegible]
33 cs tubes (19,085 lbs)—Order (16)
59 cs s d tubes ([illegible] lbs)—Chase Manhattan Bank (16)
45 cs s d tubes (31,[illegible] lbs)—O Krovitz [illegible] (16)
42 cs s d tubes ([illegible] lbs)—King Shpg Co (16)
60 cs s d tubes (20,[illegible] lbs)—King Shpg Co (16)
27 cs tubes (22,171 lbs)—Sobel Shpg Co (16)
10 cs s d tubes (7,166 lbs)—Penson Intern Corp (16)
18 cs s d tubes ([illegible] lbs)—King Shpg Co (16)
18 cs s d tubes (13,175 lbs)—Myron Michaels Corp, Bklyn (16)
42 cs tubes ([illegible] lbs)—Sobel Shpg Co (16)
10 cs s d tubes (4,059 lbs)—Chase Manhattan Bank (16)
7 cs s d tubes (3,5[illegible] lbs)—Chase Manhattan Bank (16)

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MS PARTHIA

FOIL, ALUMINUM—England
10 cs condenser (1,147 lbs)—United Mineral & Chem Corp (16)
NICKEL—England
2 cs stripe (124 lbs)—Order (16)
STEEL—England
41 bdls bars (3,568 lbs)—Ziv Steel & Wire Co, Ohio (16)
3 cs stripe (1,809 lbs)—Liberty Freight Lines (16)
1 cse heat resist (1,360 lbs)—Donholme, Inc, West NY, NJ (16)
21 bdls scaffolding props (45,512 lbs)—Patent Scaffolding Co, LIC, NY (16)
TIN—England
996 ingots cornish and 1 f—C Tennant Sons (16)
WIRE—England
6 drs mild steel—J D Smith (16)
3 dr, 32 cs mild steel—J D Smith (16)

Wines & Liquors

ALE—England
100 ctns—J & J Distr Co (16)
WHISKEY—England
2,000 cs—Buckingham Corp (16)
275 cs—Canada Dry Corp (16)
20 bbls—Duncan Gilmour (16)

Textiles

APPARELS—England
30 cs men's leather shoes—A U T Customs Brokers (16)
3 cs cotton raincoats—J A Bank & Co, Balt (16)
2 cs men's wool hose—Interwoven Stocking Co (16)
42 cs shoes—Gimbel Bros (16)
19 cs shoes, 1 cse hosiery, 95 ctns rope rolled canvas shoes, 7 ctns knitwear—Order (16)
59 cs men's shoes—Atkinson Shoe Corp, Bstn (16)
5 cs shoes, 1 cse hosiery, 14 cs felt hats—Brooks Bros (16)
60 cs plastic handbags—G C Murphy (16)
92 cs leather shoes—Anglo Amer Agencies (16)
3 cs men's wool hose—Interwoven Stocking Co, Martinsburg, W Va (16)
82 cs leather shoes—Anglo Amer Agencies Corp (16)
19 cs gaberdine raincoats—Baracuta, Inc (16)
21 cs shoes—Lep Transport (16)
13 cs shoes—J Winter & Sons (16)
10 cs men's boots and shoes—Meadows Wye (16)
72 cs leather shoes—Anglo Amer Agencies (16)
100 cs mens shoes—A U T Customs Brokers (16)
39 cs mens shoes—J Winter & Son (16)
7 cs green berets—Marcel Kurfs (16)
23 cs footwear—Brevitt Amer Corp (16)
103 cs leather shoes—Anglo Amer Agencies Corp (16)
19 cs mens leather shoes—McDuffee Shoes Ltd (16)
BLANKETS—England
9 bls wool—Hudsons Bay Co (16)
CHINTZ—England
3 cs glazed—Meadows Wye (16)
1 cs ptd glazed—J H Throp (16)
1 cs 1 pcl chintz—J J Gavin (16)
2 cs glazed—F C Gerlach (16)
1 cs ptd glazed—Jofa Inc (16)
2 cs glazed—Stroheim & Romann (16)
1 cs ptd glazed—Morton Sundour (16)
COTTONS—England
1 cs knit fabrics—an Raaits Co (16)
3 bls ticking—Osiason Inc (16)
1 bale pce gds—Bingham Bros (16)
7 cs—Gimbel Bros (16)
2 cs furnishng fabrics—H W Robinson (16)
1 cse—Kaufman & Vinson (16)
2 pcls—Meadows Wye (16)
2 cs pc gds—Butler & Co (16)
6 cs—W Iselin (16)
2 cs—Brooks Bros (16)
1 bale pce goods—Penson & Co (16)
3 cs bleached goods—Gane Bros & Lane (16)
1 cs umbrella cloth—D Morawetz (16)
2 cs—W Iselin (16)
5 cs pce goods—M J Corbett (16)
6 cs—Rich Guild Shirt Co (16)
1 cs—Rodney Fielding (16)
1 cs knit fabrics—The Daniel Hayes Co Gloversville NY (16)
91 cs pce goods—D H Grant (16)
COTTONS TERYLENE—England
1 trs lace scarves—F M Saydah & Bros (16)
COTTON YARN—England
5 cs—H H Raff, Phila (16)
10 cs—T D Toy (16)
ELASTICS—England
3 cs—Order (16)
ELASTIC WEBBING—England
1 pcl—Arcaro & Dan's Saddlery (16)
FABRICS—England
1 cs black lustre drill—Baker Fabrics (16)
FABRIC, WOVEN—England
1 cse—B F Goodrich (16)
HOISTS—England
1 cse hydr tipping (4,144 lbs)—Amer Express (16)
LINENS—England
1 cse—Bloomingdale Bros (16)
2 cs pce goods—Rusch & Co (16)
3 bls terry cloth—Chase Manh Bnk(16)
LINENS—Ireland
2 bls—A H Lee & Sons (16)
1 bale—Lendale Textile Co (16)
5 cs—Bloch Freres (16)
1 cse—Barris Levy (16)
16 cs—Jon Jay Co (16)
3 cs—Dorf Intern Ltd (16)
1 cse—J Ritsenthaler (16)
1 cse—Borab Bros (16)
16 cs—W Liddell (16)
1 cse—Intern Hdkf Mfg Co (16)
3 cs—Cluett Peabody (16)
8 cs—Pakell Inc, Bstn (16)
1 cse—Rose Bros (16)
1 cse—Maharam Fabrics (16)
3 cs—Gottschalk & Co (16)
19 cs—York St Flax Spg Co (16)
2 cs—F A Delaney (16)
56 ctns, 1 cse—Hamilton Adams (16)
2 cs—Morsly Hdkf Co (16)
3 cs—A B Chabot (16)
1 cse—Bonart Hdkf Corp (16)
1 cse—W Liddell (16)
2 cs—J M Rodgers (16)
2 cs—Ulster Weaving Co (16)
1 cse—Mersco Textile Co (16)
5 cs—Ulster Weaving Co (16)
67 cs—J J Gavin (16)
2 cs—H W Baker Linen Co (16)
1 cse—Paris Neckwear Co (16)
10 cs—S Stern Henry (16)
1 cse—F A Delaney (16)
2 cs—Kean Watson & Meder (16)
5 cs—Winsor Mfg Co, Woonsocket, RI, (16)
11 cs—R McBratney (16)
12 cs—Robinson & Golluber (16)
6 cs—Grossman & Weissman (16)
1 cse—Berkshire Hdkf Co (16)
16 cs—Abraham & Straus (16)
2 cs—Bloomingdale Bros (16)
2 cs—M Harris Textile Co (16)
1 cse—Amer Express (16)
2 cs—E L Sandler (16)
2 bls, 20 cs—Blackstaff Linens (16)
4 cs—Lian Bros (16)
1 cse—Victor Bijou (16)
LINEN CARD CLOTH—England
2 trs foundation—C H Powell (16)
LINENS, COTTONS—Ireland
6 cs—J H Rodgers (16)
NETS—England
1 cse cotton—Stern & Stern (16)
9 cs cotton bobbin nets—H Kresshover (16)
NETTING—England
3 cs silk, 3 cs cotton—J Heathcoat(16)
RAYONS, COTTONS—Ireland
20 cs, 1 bale—W Liddell (16)
SILKS—England
1 cse pce goods—H W Robinson (16)
1 cse pce goods—H W Robinson (16)
UPHOLSTERY FABRICS—England
5 trs—Meadows Wye (16)
WOOLENS—England
15 bls irish tweed—Browning King (16
69 pks—Order (16)
35 bls—J Schoeneman (16)
84 pks—kH W Robinson (16)
5 cs, 1 bale—Gimbel Bros (16)
1 pcl, 13 bls—Kingsley Fabrics Inc(16
53 pks—H W Robinson (16)
4 cs—Kaufman & Vinson (16)
5 cs worsted suitings, 351 pks woolens, 1 cse worsted cloth—Order (16)
2 bls—Meadows Wye (16)
7 bls, 4 cs—H W Robinson (16)
8 cs—M J Corbett (16)
1 bale, 1 cse, 12 drs—Intermaritime Fwdg Co (16)
3 bls tweeds—Inter Maritime Fwdg Co (16)
7 bls—Brooks Bros (16)
58 pks—H W Robinson (16)
66 pks—Penson & Co (16)
28 cs—Leading Fwdg Inc (16)
3 bls—N Newman (16)
15 bls—Inter Maritime Fwdg Co (16)
1 cs, 1 trs, 3 bls—Taub Hummel & S (16)
17 bls pce goods—Feld British Agencies Ltd (16)
2 trs—Vernon Textiles Co (16)
2 cs—C A Haynes (16
1 trs creped—Amer Express (16
1 bale pce goods—Barnett Intern Fwdg Co (16)
1 cse—C A Haynes (16)
4 bls—Amer Express (16)
23 bls—J E Bernard, Chic (16)
5 bls—Penson & Co (16)
3 bls—Amer Expres s(16)
2 bls tissues—Barnett Intern Fwdg (16)
WOOLENS—Ireland
7 bls—Penson & Co (16)
27 bls—H W Robinson (16)
1 cse—Belcrest Linens Inc (16)
2 bls—Inter-Maritime Fwdg Co (16)
WOOLENS, WORSTEDS—England
20 cs—J Talcott (16)
38 ctns, 1 cse, 2 bls—JTalcott (16)
WORSTEDS—England
1 bale dress cloth—Order (16)
4 bls 46 ctns—Dorf Intern (16)
10 bls—Inter Maritime Fwdg Co (16)
1 cse pce goods—Tuys Cuban Express (16)
YARNS—England
5 bls knit yarn—David Traum (16)
2 bls hand-knit—HW Robinson (16)
YARNS—Ireland
9 cs flax line—H Schwartz Yarn Inc, No Bergen, NJ (16)

Fibers

COTTON WASTE—England
27 bls—O'Brien Prod Inc (16)
NYLON WASTE—England
5 bls clips—Eisenberg Fibres Inc (16)
PIASSAVA—England
600 bdls—E B & A C Whiting (16)
150 bdls (Calabar)—E B & A C Whiting (16)
642 bdls (Calabar)—Demarest Fibre Co, Bloomfield, NJ (16)
WOOL, MOHAIR—England
1 cse suiting—Amer Express (16)
WOOL NOILS—England
17 bls—Newmann Endler (16)
WOOLEN WASTE—England
1 bale new rags—J Eisenberg (16)
10 bls clips—R & V Miller (16)
24 bls clips—Lobsitz Mills Co, Nutley NJ (16)
25 bls rags—Continental Wool Co (16)
13 bls botany clips—Rubin Bros, Bklyn (16)
20 bls rags—First Nat City Bank (16)
4 bls clips—Amer Express (16)
35 bls rags—J Eisenberg (16)
7 bls new rags—Rubin Bros (16)
7 bls rags—M S Glauber Cleveland. (16)
12 bls new rags—R & V Miller. (16)
43 bls clips 1 bale new waste—Rubin Bros Bklyn. (16)
5 bls clips 1 bale new threadwaste—Barony Wool Corp (16)
9 bls rags 11 bls threadwaste—Rubin Bros (16)
18 bls—Continental Wool Co Bklyn (16)
19 bls rags 1 bale waste—W Barnet & Sons (16)
17 bls rags—R & V Miller (16)

Building Materials

BUILDING MATERIALS—England
148 bdls rolled steel windows and frames 7 cs aluminum wall glazing sections—Morison Pollexfen & Blair. (16)
GLASS—England
15 cs plate—Amer Express (16)
36 cs colored window—L Popper & Sons (16)
9 pallets window—M Balika Son (16)
HARDWARE—England
10 cs steel rivets (1,734 lbs)—Order (16)
47 cs hand tools—Metasco Inc (16)
72 cs steel brackets—Order (16)
28 cs pliers—Penson & Co (16)
100 bgs steel spring lock washers (12,610 lbs)H T Kennedy. (16)
2 cs garden tools—Lange & Marshall. (16)
1 cs tool parts pneumatic—Gallagher & Ascher. (16)
1 cs steel files (238 lbs)—X-Acto Inc. (16)
89 drs steel screws 9 drs brass screws (9,082 lbs)—H T Kennedy (16)
2 cs dart tools etc—Continental Airlines (16)
3 cs steel tools (1,504 lbs)—Gehrig Hoban (16)
34 cs kegs steel spring lock washers (3,936 lbs)—H T Kennedy (16)
100 bdls griffin brand chisel and point pick axes—Hi-Test Twist Drill Works (16)
TILES—England
35 cts—L Goldey (16)
198 cts glazed — Vanderalan Tile Co. (16)

Continued

Continued

MS PARTHIA

Furnishings

CARPETS—England
- 6 bls—W J Byrnes (16)
- 20 bls—Order (16)

CHINAWARE—England
- 1 ck—[illegible] C Edmiston (16)
- 1 ck—F & R Lazarus (16)
- 69 cs—Universal Import Corp (16)
- 5 cs—Koscherak Bros (16)
- 1 ck—J D Fuchsberg (16)
- 1 cse—Plummer, Ltd (16)
- 4 cs—Inter Maritime Fwdg Co (16)
- 6 cks—Order (16)
- 1 ck—Bloomingdale Bros (16)
- 3 cs—J E Bernard (16)
- 4 cks—Meakin & Ridgway (16)
- 9 cks—Worcester Royal Porcelain Co (16)
- 4 cks Dickens birds—Worcester Royal Porc (16)
- 50 cs—Crownford China Co (16)
- 36 cs—Doulton & Co (16)
- 11 cs—E Walker (16)
- 16 cs—Crownford China Co (16)
- 10 cs—Sellers Trans Co (16)
- 3 cs—G Borgfeldt (16)
- 3 cs—A G Rilse (16)

CROCKERY—England
- 1 ck—Fondeville & Co (16)

CUTLERY—England
- 19 cs—Penson & Co (16)
- 1 cse—Supreme Cutlery Corp (16)
- 1 cse—Ambassador Cutlery Sales, Inc (16)
- 1 cse—A Cohen & Sons Corp (16)
- 1 cse—W Adams (16)
- 1 cse—A E Lewis (16)
- 2 cs—A E Lewis (16)
- 1 cse blades—Eton Silver, Inc (16)

EARTHENWARE—England
- 60 ctns—B Altman (16)
- 2 cts—Koscherak Bros (16)
- 20 pallets, 82 cs—Justin Tharaud & Son (16)
- 652 cs—Crownford China Co (16)
- 2 cts—Gimbel Bros (16)
- 11 cs—Fondeville & Co (16)
- 1 cse—Metasco Inc (16)
- 1 cse—Gallagher & Ascher (16)
- 6 cts—Meakin & Ridgway (16)
- 3 cts—Lynn Myers (16)
- 1 cse—G C Murphy (16)
- 17 cs—Sellers Trans Co (16)
- 5 cks—Tedman Import Co (16)
- 7 pks—G Borgfeldt (16)
- 5 cs—Lynn Myers (16)
- 64 cs—F C Gerlach (16)
- 8 cts—Weil Ceramics & Glass Inc (16)
- 3 cts—Johnson Bros (16)
- 19 cs—P A Straub (16)

FLATWARE—England
- 2 cs sterling silver—M C Fina (16)
- 8 cs brass—Baker Imperial Co (16)

FURNITURE—England
- 3 cs hilux chairs—Gimbel Bros (16)

GLASSWARE—England
- 5 cs—Order (16)
- 2 cs—I Freeman & Son (16)
- 1 ck—E Franklin Hobbins (16)
- 13 cs—Eisenberg-Losano (16)

KITCHEN UTENSILS—England
- 23 cs—Hudson Shpg Co (16)
- 65 cs—Amer Express (16)
- 42 ctns—Amer Express (16)
- 19 cs—Shefley Inc (16)

PORCELAIN—England
- 1 ck—Worcester Royal Porc Co (16)

RUGS—England
- 1 bale—Bloomingdale Bros (16)

SILVERWARE—England
- 1 cse hollow, 2 cs plated hollow—Eisenberg-Losano (16)

TABLEWARE—England
- 1 cse epns ware, 2 cs elec plated ware, 1 cse pewter ware—Inter-Maritime Fwdg Co (16)
- 2 cs ep on copperware, 1 cse epns hollow ware—Levinsons, Inc, Chic (16)
- 5 cs silver plated—Bloomingdale Bros (16)
- 4 cs elec plated & copper nickel silver goods—Meadows Wye (16)
- 1 cse silver plated—W L Bane (16)
- 8 cs elec plated goods—Meadows Wye (16)
- 1 cse epns—Aimcee Whise Corp (16)

TRAYS—England
- 51 cs tinned metal—Steelmasters Inc (16)

Miscellaneous

ACRYLIC SHEETS—England
- 4 cs—J B Henriques (16)

ALUMINIUM WARE—England
- 56 ctns hollow—Express Fwdg (16)

ASBESTOS YARN—England
- 51 ctns—Raybestos Manhattan Inc (16)

AUTOS—England
- 14—Hambro Automotive Corp (16)
- 6 metrop hard tops—D C Andrews (16)
- 1 magnette—Hambro Automotive Corp (16)
- 11 triumps—Standard Triumph Motor Co. (16)
- 4 Austin Healeys—Hambro Automotive Corp (16)
- 10 sport cars, 2 cs pts—Intercontinental Credit Corp (16)
- 5 morgan plus—Fergus Imported Cars Inc (16)
- 3 Austin Healeys—Hambro Automotive Corp (16)
- 19—Rootes Motors Inc (16)
- 25—Jaguar Cars Inc (16)
- 5 triumps estate wagons—Standard Triumph Motor Co (16)

AUTO PARTS—England
- 29 cs—Intermaritime Fwdg Co. (16)
- 8 bdls—J Plaut (16)
- 1 cse—Hambro Automotive Corp (16)
- 4 cs—Genser Forman (16)
- 1 cse—Genser Forman Inc (16)
- 1 cse—Genser Forman (16)
- 12 cs—Amer Express (16)
- 2 cs—Hambro Automotive Corp (16)
- 35 cs—Hambro Automotive Corp (16)

BABY CARRIAGES—England
- 7 cs wheels—Wear Ever Baby Carriage Co. (16)
- 3 bls pram canopies—Best & Co. (16)
- 4 cs pram parts—Bilt-Rite Baby Carriage Co., Bklyn (16)
- 6 cs pram mudguards—The wehr Ever Baby Carrage Co. (16)
- 13 cs wheels—Bilt Rite Baby Carriage Co Bklyn (16)

BATH SALTS—England
- 1 cse—H W Robinson (16)

BICYCLES—England
- 3 cs parts—G Joannou (16)
- 360 ctns—Hercules Div Amer Mach & Foundry Co. (16)
- 320 ctns—A M F Wheel Good Hercules Div. Amer Mach & Foundry (16)
- 412 cs cycles, 1 cse propstands—W G Young (16)
- 29 cs—O C Ling & Sons (16)

BOOKS—England
- 28 cs—Macmillan Co (16)
- 1 cse—Timoth Trace Bookseller (16)

BRASSWARE—England
- 1 cse hollow—Old Dutch Trdg Co (16)
- 20 cs hollow—C L Sterner (16)
- 27 cs hollow—Baker Imperial Co (16)
- 22 cs hollow—L Ehrlich (16)
- 7 cs hollow—C L Sterner (16)
- 1 cse hollow—C L Sterner (16)
- 20 cs—Frolick Specialties Inc (16)
- 25 cs flatware—Guildfork Metalcraft Co (16)
- 1 cse hollow—Baker Imperial Co (16)
- 1 cse—C Mottahedah Mfg Co (16)
- 12 cs—F W Woolworth (16)
- 1 cse—Metasco Inc (16)
- 1 cse—F R Lazarus (16)
- 148 cs—Penson & Co (16)
- 8 cs hollow—Universal Import Corp (16)
- 65 cs—Amer Express (16)
- 1 cse plaques—C L Sterner (16)

BUCKLES—England
- 2 cs—H Luzenberg (16)

CABINET COMPONENTS—England
- 12 cs—British Industries Corp (16)

CLAY CRUCIBLES—England
- 2 cs—Morganite Inc (16)

COMPACTS—England
- 6 cs Metal—Order (16)

COPPERWARE—England
- 1 cse hollow—I Freeman & Son (16)
- 14 ctn hollow—Order (16)

DIES—England
- 1 cse—Amer Express (16)

DRESSING CASES—England
- 1cse—Bloomingdale Bros (16)

ELECTRICAL GOODS—England
- 1 cse porcelain fus handles—Port Elec Supply Co (16)

ENGINES, DIESEL—England
- 1 cse vertical—Lister Blackstone (16)

ENGINE SPARES—England
- 4 cs—Lister Blackstone (16)

FILMS—England
- 2 cs—Barnett Intern Fwdg (16)

FOIL, ETCHED ANODE—England
- 21 cs—United Mineral & Chem Corp (16)

HEEL PLATES—England
- 11 cks malleable (8139 lbs)—Star Heel Plate Co (16)

HORSE SHOES—England
- 3 bxs—Kennedy Foster, Clifton, NJ (16)

IRON DUST CORES—England
- 1 cse alloy—Lenkurt Elec Co (16)

LATHOM SILENCERS—England
- 5 bxs—Armel Co (16)

LEATHER GOODS—England
- 2 cs J & J Gavin (16)
- 2 cs—Rohner Gehrig (16)

LINK BELTING—England
- 4 bdls—Penson & Co (16)

LIVESTOCK—England
- 1 pony—Stockheimer & Harder (16)
- 1 pony—M Harrison (16)

LOUDSPEAKERS—England
- 3 cs—British Industries oCrp (16)

MACHINERY—England
- 1 cse confectionery wrap machy (3704 lbs)—The Package Machy Co (16)
- 1 cse milling—Milton Snedeker (16)
- 2 cs lathes & pts—Elisha Penniman, West Hartford (16)
- 2 cs hot gut cleaning machy—Koch Supplies Inc, Kansas City (16)
- 1 cse grain milling—Milton Snedeker (16)
- 1 cse confectionery wrap—Package Machy Co (16)
- 1 cse lace pts—Native Laces & Textiles Inc (16)
- 1 cse centre lathe (7672 lbs)—Lep Transport (16)
- 1 cse—Foster Machine Co, Westfield Mass (16)
- 3 cs wiring machy (4956 lbs)—General Strapping Corp (16)
- 1 cse pts—Parsons & Whittemore (16)
- 1 cse matrix gear grinder (5824 lbs)—The Sheffield Corp, Dayton Ohio (16)
- 1 cse pts—Eberal Tanning Co (16)
- 2 cs spares—Demt Sales Corp (16)
- 2 cs automatic screw (5152 lbs)—D H Burdett (16)
- 8 cs gen parts—Penson & Co (16)
- 1 cse conveyor rollers (2016 lbs)—Judson Sheldon (16)

MACHINERY—Ireland
- 1 cse pts—Linen Thread Co (16)

MACHINES, FORDIGRAPH—England
- 6 cs reproducing—Rotary Distr Corp (16)

MACHINES, SEWING—England
- 3 cs pts—Singer Mfg Co (16)

MAGNETS, POCKET—England
- 3 cs—Benjamin Equip Corp (16)

MICROSCOPE COVER GLASS—England
- 7 cs—A H Thomas, Phila (16)

MISCELLANEOUS—England
- 4 cs E P Ware—I Freeman & Son (16)

MOP LEVERS—England
- 15 cs—Amer Express (16)

MOTORS—England
- 210 cs (48,253 lbs)—Gerhard & Hey (16)

MOTORCYCLES—England
- 64 cs—B S A Inc (16)
- 6 cs parts—B S A Inc (16)
- 29 cs—B S A Inc (16)

NEEDLES—England
- 6 cs hand—F W Woolworth (16)
- 2 cs—J H Graham (16)
- 2 cs—W J Byrnes (16)
- 6 cs hand—Davies Turner, Oakville Conn (16)

OIL FILTER PARTS—England
- 83 cs—Milton Snedeker (16)

PAPER, CARBON—England
- 26 cs—B F Drakenfeld (16)

PAPER DOILIES—England
- 23 cs, 3 pcls—H W Robinson (16)

PAPER, GUMMED—England
- 53 cs—B F Drakenfeld (16)

PAPER, WALL—England
- 45 ctns—Inter Maritime Fwdg Co, Chic (16)

PAPERSTOCK—England
- 54 bls flaxwaste—Order (16)

PERIODICALS—England
- 67 cs—Kaufman & Vinson (16)
- 6 bls—Halperin Shpg Co (16)

PICNIC OUTFITS—England
- 1 cse—Hammacher Schlemmer (16)

PICTURE PRINTS—England
- 4 cs—A Schiftan (16)

PINS—England
- 10 cs brass (2,440 lbs)—Meadows Wye (16)
- 4 cs safety—F Goldstein (16)

PILLOW BLOCKS—England
- 6 cs—Penson & Co (16)

PLASTIC MOLD—England
- 1 cse—Pyro Plastics Corp (16)
- 1 cse—Banner Plastics Corp (16)
- 2 cs—Banner Plastics Corp (16)

PLAQUES—England
- 7 cs brass wall—C Bernfeld (16)
- 25 cs wall plaques—Universal Import Co (16)
- 31 cs brass—Two Ninety Fifth Ave Inc (16)
- 21 cs brass—L Ehrlich (16)

POLISH, BRASS—England
- 30 cs—Mfrs Marketing Co (USA) Inc (16)

POLISH CLOTH—England
- 1 cse ctn—S H Pomerance (16)

PUMPS—England
- 1 cse—Davies Bros (16)

PUMPS, PNEUM—England
- 2—Yeomans Bros (16)

RECORDS—England
- 322 ctns—Barnett Intern Fwdg (16)

Continued

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Continued

MS PARTHIA

RECORD CHANGERS—England
250 cs—Discus (USA) Inc (16)
100 cs—Discus Inc (16)
14 cs spindles—Discus (USA) Inc (16)
475 cs changers—Discus (USA) Inc (16)
475 cs—Discus (USA) Inc (16)
ROPE, COTTON—England
2 trs transmission—W. Kenyon & S (16)
ROPE, STEEL WIRE—England
17 drs brass plated (11,053 lbs) —Goodyear Co (16)
RUBBER GOODS—England
116 cs gloves—Steinberg Bros (16)
SADDLERY—England
1 cse bridles & lip straps—H Eelser, Newark (16)
2 cs hdware—Stalker—Uafy Corp (16)
1 cse—R J Saunders (16)
16 cs hardware—M M Jordan (16)
4 cs dandy brushes, 4 cs saddlery hdware, 1 cse saddlery equipment, 1 cse whips—Archro & Dans Saddlery Inc (16)
SILICA WARE—England
10 cs—C J Pullis (16)
SILVER CLOTH—England
9 cs silver cloth, 20 cs silver F. P. 4 cs plate powder—Mfrs Marketing Co. USA Inc (16)
SOAP—England
3 cs—H W Robinson (16)
SOOTHER TEATS—England
8 cs—Intern Expediters (16)
SPORTS GOODS—England
7 cs tennis frames—Dunlop Co. (16)
158 ctns tennis balls—Judson Sheldon (16)
12 cs lawn tennis balls—Manhattan Novelty Corp (16)
30 cs law tennis balls—Biddle Purch Co. (16)
STATIONERY—England
183 cs loose-leaf ring mechanism—General Systems Service (16)
TANKADS—England
2 cs—Plummer Ltd (16)
TAPE READERS—England
17 cs high speed—Ferranti Elec Inc. (16)
TINWARE, BALERS—England
1 cse—I Kalfus (16)
TIRES, TUBES—England
21 tubeless tires, 429 tires, 7 bdls cycle tires—Dunlop Co. (16)
TIRE VALVE ACCESS—England
14 cs (2142 lbs)—A Schraders Son—Div of Scovill Mfg Co. (16)
TOBACCO—England
5 cs—Faber Coe & Gregg (16)
TRACTORS—England
2 cs spares—Seaboard Equip Co (16)
1 cse parts—Massey Harris Ferguson (16)
TYPE—England
2 cs printers—Graphic Arts Enterprises (16)
TYPEWRITERS—England
2 cs—Remington Rand (16)
2 cs parts—Remington Rand (16)
WATER, TOILET—England
2 cs—H W Robinson (16)
WHISKEY CAPSULES, SCOTCH—Eng.
5 cs—Duncan Gilmour (16)
WIRE SCREEN, WEDGE—England
3 cs (4169 lbs)—Hendrick Mfg Co. (16)
WORMSHAFTS—England
4 cs—D H Burdett (16)

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SS SANTA ISABEL

(Am) Mar 11

(To: Grace Line—Pr 57 NR)

From South America

No.	From
(42)	Salaverry, Peru
(42A)	Antofagasta, Chile
(42B)	Chanaral, Chile
(42C)	Valparaiso, Chile
(42D)	Buenaventura, Col
(42E)	Callao, Peru
(42F)	Puna, Ecuador

Chemicals

LEAVES, COCOA—Peru
125 bls—Maywood Chem Work (42)
OIL, ROSEWOOD—Peru
6 drs—Elton Trdg Corp (42E)
WAX, BEES—Chile
95 bgs—Interu Commod Corp (42C)

Hides, Skins and Casings

CASINGS, SHEEP—Chile
15 bbls—J E Bernard (42C)

Foodstuffs

BANANAS—Ecuador
13,459 stems—Andes Fruit & Produce Corp (42F)
2936 stems—Levatino Co (42F)
3195 stems—Ecuadorian Fruit Import Corp (42F)
BEANS, MUNG—Peru
225 bgs—Foreign Domestic Distr (42E)
435 bgs—E Miltenberg (42)
COCOA BEANS—Ecuador
250 bgs—Gen Cocoa Co (42F)
400 bgs—Wessels Kulenkampff (42F)
400 bgs—Curacao Trdg (42F)
250 bgs—Truebner Voelbel (42F)
1,000 bgs—J P Verdaguer (42F)
COFFEE—Colombia
500 bgs—Schaefer Klaussman (42D)
1,250 bgs—East Asiatic Co (42D)
250 bgs—Leon Israel (42D)
250 bgs—Byrne Delay (42D)
2,500 bgs—Imperial Comod (42D)
1,000 bgs—Machado & Co (42D)
500 bgs—S F Felias (42D)
1,000 bgs—Amer Stores Co (42D)
375 bgs—Balzac Bros (42D)
2,000 bgs—C E Bickford (42D)
2,501 bgs—W R Grace (42D)
1,555 bgs—A & P Tea Co (42D)
250 bgs—Hard & Rand (42D)
100 bgs—Order, Genoa (42D)
COFFEE—Ecuador
100 bgs—Order, Italy (42F)
33 bgs—Order, Marseilles (42F)
FISH, CANNED—Peru
286 cs—S Schonfeld (42E)
350 ctns—Amer Roland Food Co (42E)
FRUITS, FRESH—Chile
8,862 cs grapes, 255 cs plums—Andes Fruit Importing Co (42C)
66 cs grapes, 400 cs plums — Wm Turino (42C)
900 cs grapes—Peter Papalia (42C)
2,25 cs plums, 505 cs—Lansen Naeve (42C)
2,065 cs plums, 2,735 cs grapes, 653 cs pears—Levatino Co (42C)
594 cs plus, 427 cs grapes, 499 cs peaches—Intern Fruit & Prod Corp (42C)
2,506 cs grapes—Wm H Kopke (42C)
3,159 cs grapes—Alto Fruit Co (42C)
500 cs grapes—Margio Prod Co (42C)
GARLIC—Chile
500 cs—Kushner Importing Ltd (42C)
LENTILS—Chile
625 bgs—Delamb Corp of Amer (42C)
MELONS—Chile
318 cs—Levatino Co (42C)
1,400 cs—H Schnell (42C)
1,440 cs—Wm Turino (42C)
1,404 cs—Lansen Naeve (42C)
2,486 cs—Levatino Co (42C)
2,379 cs—Wm. H. Kopke (42C)
3,696 cs—Lansen Naeve (42C)
355 cs—Krass Joseph (42C)
750 cs—Intern Fruit & Prod Corp (42C)
261 cs—Gargiulo & Amendola (42C)
MOLASSES—Peru
555 tons—W R Grace. (42)
ONIONS—Chile
1,500 cs—Joseph Fierman. (42C)
1,000 cs—H Schnell (42C).
7,000 cs—Wm H Kopke. (42C)
4,000 cs—Wm Turino (42C)
2,488 cs—Wm D Branson. (42C)
500 cs—R T Cochran. (42C)
500 cs—Eugenio Vial. (42C)
452 cs—Intern Fruit & Prod (42C)
1,500 cs—Maniello Bros. (42C)
1,000 cs—Yeckes Eichenbaum of Phila (42C)
500 cs—Crolinstan Fruit Co. (42C)
3,409 cs—Marine Midland Trust Co (42C)
400 cs—Levatino Co. (42C)
SHRIMP—Ecuador
150 ctns—Atalanta Trdg Corp. (42F)
570 ctns—Pan American Sea Food Corp (42F)
SHRIMPS, FROZEN—Colombia
350 ctns—Atlas Foods, Inc (42D)
SUGAR—Peru
10,000 bgs—W R Grace (42)

Metals and Ores

COPPER—Chile
2,071 anodes—Anaconda Sales Co (42A)
COPPER—Chile
79 cs tubes—King Shpg (42C)
4,248 blister slabs—Anaconda Sales Co. (42B)
2,187 anodes — Anaconda Sales Co. (42A)
COPPER—Peru
1,053 blister bars—Amer Metal Climax Inc (42E)
COPPER, ELECTROLYTIC—Peru
320 bdls cathodes—Amer Metal Climax Inc (42E)
LEAD, ELECTRALYTIC—Peru
33 bars—Amer Metal Climax Inc (42E)
SILVER—Peru
535 bars — Amer Metal Climax Inc (42E)

Building Materials

BALSAWOOD—Ecuador
594 bdls—Balsa Ecuador Lumber Corp (42F)
306 bdls—Intern Balsa Co (42F)

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SS ILE DE FRANCE

(Fr) April 3

(To: French Line—Pier 88, NR)

From Europe

No. From
(52) ———————Havre, France

Chemicals

CHEMICALS—Swiss
5 drs—Standard Intern Corp (52)
COLORS—France
7 drs—General Dyestuffs (52)
OILS, ESSENTIAL—France
1 cs—Leading Fwdg (52)
PARSIDOL—France
2 cs (150 kilos)—Order (52)
PERFUMERY—France
11 cs—W J Byrnes (52)
17 cs—Leading Fwd Co (52)
26 cs synthetic—Firmenich Inc (52)
2 cs perfumes 1 cs sprayer heads Gehrig Hoban (52)
20 cs—Guaranty Tr Co (52)
TALC—France
1 cs—Leading Fwg Co (52)
VANILLA—France
1 cs—R H Macy (52)

Hides, Skins and Casings

CASINGS—France
9 tierces sheep—Chase Manhattan Bnk (52)
SKINS—France
7 bls—Federal Fur Co (52)
6 cs — Order (52)
SKINS, CROCODILE—France
1 bale—Order (52)
SKINS, RABBIT—France
8 bls—J Buchsbaum (52)
4 bls raw—Mfrs Trust Co (52)
4 bls dressed—Mfrs Trust Co (52)
18 bls raw—Chem Bank (52)
27 bls raw—Bankers Tr Co (52)
75 bls raw—Order (52)
75 bls raw—Bankers Trust Co (52)

Foodstuffs

BISCUITS—France
200 ctns—Hudson Shpg Co (52)
BISCUITS—Swiss
100 cs—Alltransport Inc (52)
CHEESE—France
40 cs 15 bdls—Otto Roth (52)
60 bdls 15 cs—The Schratter Impt Co (52)
MUSHROOMS, CANNED—France
77 cs—Jules Weber (52)
126 cs—Economy Restaurant Supply Co (52)
30 cs—S S Krum (52)

Wines & Liquors

BENEDICTINE—France
15 cs, 35 bdls, 1,050 cs—Julius Wile Sons (52)
CHAMPAGNE—France
17 cs—Munson G Shaw (52)
430 cs—Capitol Distr (52)
330 cs—Frederick Wildman & Sons (52)
240 cs—Renfield Importers (52)
1,000 cs—Distilled Brands Inc (52)
LIQUEURS—France
140 cs Creme De Menthe, 25 cs apricot liqueur, 20 cs Anisette liqueur, 50 cs cocoa cream, 15 cs Calvados—Browne Vintners (52)
WINES—France
70 cs—National Distillers oC (52)
75 cs—Kobrand Corp (52)
4 cs—Order (52)
100 cs—Peerless Importers (52)
100 cs—F & A Distr Co (52)
100 cs—Sterling Distr Co (52)
25 cs—Galsworthy Inc (52)
1 cse—Dreyfus Ashby (52)

Textiles

APPARELS—France
2 bales—Order (52)
1 cse leather belts—Gimbel Bros (52)
1 cse cotton corsets—R H Macy (52)
3 cs fiber bags—Globe Shpg Co (52)
2 cs leather belts—French Belt Corp (52)
APPARELS—Swiss
15 cs shoes—Bally Inc (52)
BEADS, STONES—France
1 cse fancy jewelry—T B Smith (52)
1 cse steel beads and plastic goods—C Happel (52)
1 cse glass beads—Ronar Inc (52)
16 cs glass beads—Schner Block (52)
BUTTONS—France
2 bgs—M B Schwanda (52)
COTTONS—France
1 bale—R H Macy (52)
2 cs tissues—Hudson Shpg Co (52)
55 bales, 1 cse tissues—S Stern Henry (52)
2 cs, 1 pk tissues—Penson & Co (52)
COTTONS—Swiss
1 cse pce goods—Order (52)
3 pcls—Alltransport, Inc (52)
FLOWERS, ART—France
1 cse—S Stern Henry (52)
HAT BODIES—France
1 cse felt—Armand Schwab (52)
HAT BRAIDS—France
4 cs—Armand Schwab (52)
5 cs—Chase Manhattan Bank (52)
HAT BRAIDS—Swiss
3 cs—Swiss Bank Corp (52)
LACES—France
2 cs—Cunard Line (52)
5 pks—S H Pomerance (52)
NYLONS—France
1 cse tissues—F H Paul & Stein Bros (52)
RAYONS—France
3 pks tissues—S Stern Henry (52)
1 pk—Amer Express (52)
1 cse, 1 bag plush—Order (52)
RIBBONS—France
1 bale—J J Ryan & Sons (52)
SCARVES—France
1 cse—I J Nethe (52)
SILKS—Swiss
3 cs tissues—Alltransport Inc (52)
3 cs tissues—H W Robinson (52)
STRAWBRAIDS—France
1 cse—Order (52)
THREAD, COTTON—France
13 cs—Adrien Mey (52)
TISSUES—France
1 cse tie tissues—Leading Fwdg (52)
7 cs—Intra Mar Shpg Co (52)
1 cse—Cunard Line (52)
1 cse—H W Robinson (52)
3 pcls tissues—French Line (52)
3 pks—Short Umbrella Inc (52)
2 bls, 1 pk—Globe Shpg Co (52)
TISSUES—Swiss
1 cse—H W Robinson (52)
TRIMMINGS—France
7 pks—S H Pomerance (52)
TULLE—France
5 pks—Accurate Millinery Co (52)
1 bale—First Nat City Bank (52)
VELVET UPHOLSTERY—France
1 cse—Jofa Co (52)
VEILINGS—France
1 bale silk—Cunard Line (52)
WOOLENS—France
1 bale tissues—Intermaritime Fwdg Co (52)
1 cse tissues—Gimbel Bros (52)
2 pcls tissues—R J Saunders (52)
1 bale tissues—W J Byrnes (52)
41 bls tissues—H W Robinson (52)
1 cse pce goods—Guaranty Tr Co (52)
1 cse tissues—Penson & Co (52)
1 cse tissues—Leading Fwdg (52)
YARNS—France
5 bls woolen yarn—Natural Nydegger (52)
5 cs knit wool—Intra Ma Corp (52)
6 cs woolens—R J Saunders (52)
14 pks knit wool—Alltransport Inc (52)
9 pks woolen yarn—Bankers Tr Co (52)
12 cs knit wool—Orchard Yarn & Thread Co (52)
4 cs knit wool—Colonial Tr Co (52)

Fibers

FIBRE, SYNTHETIC—Swiss
6 bgs fibre, 42 cs threads—Inter Maritime Fwdg (52)
HAIR, RABBIT—France
4 bls—Express Fwdg (52)

Building Materials

HARDWARE—France
1 cse locksmithware—Order (52)
1 cse—Alltransport Inc (52)
1 cse auto tools—Order (52)
LUMBER—France
1 cse veneer wood—Order (52)

Furnishings

CHINAWARE—France
2 cs—C Martine (52)
1 cs—Amer Express (52)
2 cs—W J Byrnes (52)
2 pks—H W Ebert (52
3 cs—Gimbel Bros (52)
9 cs—Bernstein Co (52)
CLOCKS—France
7 cs—Order (52)
CLOCKS—Swiss
6 cs—Cohen Plaat (52)
1 pcl—Alltransport Inc (52)
CUTLERY—France
3 pks—C R Ruegger (52)
9 cs—S I Mims (52)

Miscellaneous

AUTO PARTS—France
42 pcs—Renault Inc (52)
EARTHENWARE—France
2 cs—Globe Shpg Co (52)
FURNITURE—France
2 cs—Universal Transcontinental Corp (52)
3 cs—Amer Express (52)
1 cse—Leading Fwds (52)
GLASSWARE—France
1 cs—D C Andrews (52)
35 cs—Charles of The Ritz (52)
HOUSEHOLD GOODS—France
4 cs—Vandegrift Shpg Co (52)
2 cs—Simca Eastern (52)
1 cse—General Motors (52)
7 cs—Penson & Co (52)
2 cs—Renault Inc (52)
2 cs piston rings—General Sales Export Co (52)
BATH SALTS—Swiss
1 cs—Alltransport Inc (52)
BEARINGS—France
1 pcl (31 kilos)—Renault Inc (52)
BOOKS—France
3 cs—N M Albert (52)
1 cse—Stechar Hafner (52)
2 cs—W R Keating (52)
1 cse—W Elwell (52)
8 cs—Paris Book Center (52)
BOOKS—Swiss
1 cse—Phoenix Shpg Co (52)
BOTTLES, EMPTY—France
18 cs—Munson G Shaw (52)
BOTTLE SCREW CAPS—Swiss
17 cs—Hoffmann La Roche (52)
BOLTING GAUZE—France
2 cs—F H Paul & Stein Bros (52)
CABLE—France
1 reel—Intern Selling Corp (52)
CARDBOARD—France
4 cs—Gehrig Hoban (52)
CELLULOSE ACETATE—France
29 cs sheets—Rhodia Inc (52)
CHESS GAMES—France
1 cse—Gimbel Bros (52)
CHRONOMETERS—France
1 cse—S H Pomerance (52)
COMPRESSORS—France
2 cs—Air Reduction Sales (52)
CONTAINERS—France
35 cs—Guerlain Inc (52)
83 bdls empty boxes—Browne Vintners (52)
CONTAINERS—Swiss
8 cs cardboard boxes — Cohen-Plaat (52)
ELECTRICAL GOODS—France
1 cse electrodes—A S Wilson (52)
2 cs—C E & Automatic Prod (52)
FEATHER ORNAMENTS—France
8 pks—Rohner Gehrig (52)
8 cs spin reels—Seattle First Nat Bank (52)
23 cs—Order (52)
11 cs—Le Trappeur (52)
95 cs—Order (52)
FRAMES—France
2 cs—W R Keating (52)
GAMES—France
19 cs—Intermaritime Fwdg Co (52)
GLASS FRAMES—France
1 cse—Order (52)
GLASSES, SUN—France
1 cse—Inter-Maritime Fwdg Co (52)
1 cse—Chase Manhattan Bank (5.)
MACHINERY—France
1 cse—Rohner Gehrig (52)
2 cs—C Happel (52)
1 cse pts—Harrington Wilson Daum (52)
2 cs parts—Intra Mar Corp (52)
1 cse—Dorf Intern (52)
9 cs—Rohner Gehrig (52)

MACHINERY—Swiss
30 cs—Alltransport Inc (52)
3 cs parts—Alltransport Inc (52)
MACHINES, SEWING—Swiss
1 cse—Alltransport Inc (52)
METALWARE—France
1 cse—Gimbel Bros (52)
MOTOR PARTS—France
51 cs diesel—Leading Fwdg (52)
MUSICAL INSTRUMENTS—France
1 cse—Amer Express (52)
6 cs—Buegeleisen & Jacobson (52)
1 cse—Alltransport Inc (52)
4 cs—Chemical Bank (52)
6 cs—J E Bernard (52)
2 cs—R F Downing (52)
PAINTINGS—France
1 cse—G Herve (52)
1 cse—W R Keating (52)
1 cse—W R Keating (52)
PAPER, WALL—France
3 cs—T B Smith (52)
32 pks—Hudson Shpg Co (52)
PANTOGRAPHS—France
28 cs—New Hermes (52)

Continued

Continued

SS ILE DE FRANCE

PLASTIC WARE—France
5 cs—Ira Furman (52)
1 cse—Rohner Gehrig (52)
PUMPS—France
1 cse—F N C B of NY (52)
RADIO PARTS—France
3 cs—Maison Duff (52)
RECORD COVERS—France
4 cs—Freedman & Slater (52)
SCULPTURES—France
1 cse—Hudson Shpg Co (52)
10 cs—Knoedler & Co (52)
SEED—France
7 bgs—D C Andrews (52)
SPECTACLE FRAMES—France
1 cse—J D Smith (52)
SPONGE, CELLULOSIC—France
149 ctns—Order (52)
SPORT GOODS—Swiss
1 pcl skis—Cohen-Plaat (52)
SPRAYER PARTS—France
2 cs—J D Smith (52)
STRAW, ARTIF—Swiss
29 cs—Order (52)
STONE, ARTIF—France
1 cse moulder—Alltransport (52)
TOYS—France
[illegible] cs—W J Byrnes (52)
TYPEWRITERS—France
9 cs—Riko Kumler (52)
11 cs—Higbee Co (52)
8 cs—Thalheimer Bros, Richmond, Va (52)
24 cs—Abraham & Straus (52)
WATCHES—Swiss
[illegible] cs—Cohen-Plaat (52)
WIRE GAUZE—France
1 cse—Order (52)
WOODENWARE—France
3 cs—Intermaritime Fwdg Co (52)
1 cse—S H Pomerance (52)
3 cs—A Oppenheimer (52)
11 cs—S S Kresge (52)

VOL. 6 — 1,544 IMPORT DAILY NEW YORK, APRIL 9, 1958

SS QUEEN MARY

(Br) April 7

(To: Cunard Line—Pr 90, NR)

From United Kingdom

No.	From
(2)	Southampton, England
(2A)	Cargo via Cherbourg
(2B)	Swiss Cargo via Southhampton

Chemicals

CHALK—England
5 bgs—Export Import Services (2)
CHEMICALS—England
20 drs, 12 cs—Gallard Schlesinger (2)
COLORS—England
20 cs artists colors—Winsor & Newton (2)
DIONOSIL—England
52 cs—Picker X-Ray Corp (2)
MEDICINAL PREPS—England
1 pcl lemon barley & glucose drink—Export Import Services (2)

Hides, Skins and Casings

LEATHER—England
1 cse dressed—Hermann Loewenstein (2)
6 bls dressed—A S Leather Co (2)
1 bale dressed—Gahna Import & Exp Corp (2)
6 cs dressed—Chase Manhattan Bank (2)
2 cs dressed seal—Rohner Gehrig (2)
1 cse bookbinding—Nelson Whitead (2)
10 drs dressed—Rohner Gehrig (2)
SKINS—England
2 bls raw—Ranchers Marketing Service (2)
6 bls skivers—Meadows Wye (2)
SKINS, CHAMOIS—England
5 bls—Meadows Wye (2)
SKINS, LIZARD—England
7 bls raw—Anglo Amer Import Co (2)
SKINS, RABBIT—England
3 bls raw dried—United Hat Fur Cutting Co (2)
8 bls raw dried—Chapal Donner (2)

Metals and Ores

WIRE—England
1 cse light alloy (278 lbs)—D H Burdett (2)

Textiles

APPARELS—England
3 cs purse frames—B Stern Henry (2)
2 cs mens straw boaters—Brooks Bros (2)
3 cs purse frames—B Stern Henry (2)
12 cs—Inter Maritime Fwdg Co (2)
[illegible] cs—Order (2)
6 cs shoes—General Shoe Export Co (2)
1 cse men's weathercoats—Inter-Maritime Fwdg (2)
6 cs, 1 pcl—Inter-Maritime Fwdg (2)
APPARELS—Swiss
43 pcls knitwear, 11 pcls hosiery—B Altmann (2A)
CLOTH—England
2 bls—Leading Fwdg Inc (2)
1 cse scarves and doilies—Kemp & Beatley (2)
1 cse piece goods—J H Thorpe (2)
1 cse—H B Lehman Connor (2)
1 cse piece goods—Hudson Shpg Co (2)
1 cse—Meadows Wye (2)
1 bale—Order (2)
3 cs—Inter-Maritime Fwdg (2)
3 cs—Alltransport Inc (2)
1 bale—F C Gerlach (2)
1 bale—Express Fwdg (2)
1 cse—Globe Shpg Co (2)
COTTONS—Swiss
1 pcl—Rohner Gehrig (2A)
1 cse tissues—Halperin Shpg Co (2A)
1 cse tissues—Taub, Hummel & S (2A)
1 cse piece goods—Gehrig Hoban (2A)
1 cse piece goods—Rohner Gehrig (2A)
8 pcls, 9 cs—Taub, Hummel & S (2A)
2 cs—Order (2A)
DAMASK—England
1 bale—Stroheim & Romann (2)
EMBROIDERIES—Swiss
2 cs cotton—Shapiro & Son Curtain Corp (2A)
LACES, CALAIS—England
2 cs—Irving Trust Co (2)
4 cs—Chase Manhattan Bank (2)
3 cs—Sears Roebuck (2)
1 cse—D L Peister (2)
2 cs—Societe Generale (2)
1 cse—M Mandel Laces Inc (2)
8 pcls—M & J Isaacs (2)
2 cs—D Strauss (2)
2 cs—S Stern Henry (2)
5 cs—M J Corbett (2)
4 cs—Emil Katz (2)
2 pcls—Taub Hummel & S (2)
LINENS—England
1 bale, 2 cs—Meadows Wye (2)
1 bale—Order (2)
LINENS, COTTONS—England
[illegible] bls—Meadows Wye (2)
NETTING—England
6 cs silk, 5 cs cotton and rayon—J Heathcoat (2)
RAYONS—Swiss
3 cs—Grayblock Ribbon Co (2B)
5 cs—Natural Nydegger (2A)
8 pcls, 1 cse tissues—Gehrig Hoban (2A)
9 cs—S Stern Henry (2A)
26 pcls—J D Smith (2A)
SILK—England
1 cse tie materials—Meadows Wye (2)
STRAW HATS—Swiss
[illegible] cs—[illegible] Schwab (2A)
WOOLENS—England
1 cse [illegible] Hardy (2)
3 [illegible] Hardy (2)
2 bls—[illegible] & Goldschmidt (2)
15 pks woolens, 1 cse, 5 bls tweed, 1 bale worsted cloth—Inter Maritime Fwdg Co (2)
30 bls—H W Robinson (2)
2 bls shetland tweed, 5 bls woolens—Amer Express (2)
1 bale—Inter Maritime Fwdg Co (2)
6 pcls—J D Smith (2)
2 bls, 8 cs—H W Robinson (2)
20 pks—H W Robinson (2)
14 pks—Penson & Co (2)
10 pks woolens, 1 bale tweed—Inter Maritime Fwdg (2)
2 bls—Barnett Intern Fwdg (2)
6 bls—Kingsley Fabrics (2)
7 bls—Inter Maritime Fwdg (2)
21 bls, 7 drs—Order (2)
3 bls—Taub Hummel & S (2)
3 cs, 38 bls—H W Robinson (2)
1 bale—O A Haynes (2)
1 cse—M J Corbett (2)
9 bls—Fehl British Agencies Ltd (2)
1 cse, 1 bale—S Stein (2)
3 bls—Nathan Newman (2)
3 bls, 36 ctns, 2 cs—J Talcott (2)
3 cs, 1 pcl—F C Gerlach (2)
2 bls—J Talcott (2)
WORSTEDS—England
7 bls suitings—Meadows Wye (2)
1 bale—Order (2)
1 bale—H W Robinson (2)
2 bls—Inter Maritime Fwdg (2)
1 bale suitings, 2 bls worsted cloth—Order (2)
26 cs—Dorf Intern (2)
1 cse—Inter Maritime Fwdg Co (2)

Fibers

BRISTLES—England
20 cs—Delmey [illegible] Corp (2)

Building Materials

HARDWARE—England
3 cs tools—Gehrig Hoban (2)

Furnishings

CUTLERY—England
19 cs—Penson & Co (2)

Miscellaneous

ALUMINUM WARE—Swiss
6 cs—Hensel Bruckmann & L (2B)
AUTOS—England
1 [illegible] S A Inc (2)
AUTO PARTS—England
1 cs—Inter Maritime Fwdg Co (2)
BEARINGS—England
1 cs roller (535 lbs)—Cooper Split Roller Bearings (2)
BELTING—WEBBING—England
1 cs plastic—H W Robinson (2)
BIBLES—England
5 cs—Meadows Wye (2)
BICYCLES—England
1 cs mudguards—Superior Tube Co (2)
BOOKS—England
4 cs—Milton Snedeker (2)
5 cs—Van Oppen & Co (2)
40 cs ptd—Oxford Univ Press (2)
16 cs—H W Robinson (2)
16 cs—Stechert Hafner (2)
3 cs ptd—Milton Snedeker (2)
DUPLICATORS—England
46 cs dupe 1 cs parts—Meadows Wye (2)
ELECTRICAL GOODS—England
1 cs—Intra Mar Shpg Corp (2)
ENGINE ASSEMBLIES—England
1 cs—Intern Harvester Co (2)
ENGINE PACKING—England
2 cs—Meadows Wye (2)
FABRIC SWATCHES—England
1 cs—Inter Maritime Fwdg Co (2)
FUEL INJECTION SPARES—England
17 cs—Inter-Maritime Fwdg Co (2)
LEATHER GOODS—England
1 cs—Barbros Inc (2)
2 cs—Inter Maritime Fwdg Co (2)
LIGHTERS—England
3 cs parts—Stark Calhoun (2)
MACHINERY—England
1 cs parts—D H Burdett (2)
1 cs spares—B P Tool Co (2)
7 cs cigarette—J M Rodgers (2)
2 cs ptg pres pts—R Hoe (2)
MACHINERY—Swiss
10 cs—Brown Boveri Corp (2B)
2 cs parts—Rohner Gehrig (2A)
1 cse parts — Gehrig Hoban (2A)
10 cs — Gehrig Hoban (2A)
MARINE APPARATUS —England
1 cse — McNab Inc (2)
MISELLANEOUS — England
15 pks decca navigator chain equip (2005 lbs) — Surface Freight Corp (2)
1 cse record calorimeter — Cosa Corp (2)
1 cse sigmatic equip — Inter Maritime Fwdg (2)
MUSIC EQUIP — England
1 [illegible] — M J Corbett (2)
MUSICAL INSTRUMENTS — Swiss
5 cs — Rohner Gehrig (2A)

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Continued

Continued

SS QUEEN MARY

MUSICAL MOVEMENTS — Swiss
2 cs — Rohner Gehrig (2A)
NEEDLES — England
1 cse — M Farris (2)
4 cs — W J Byrnes (2)
4 cs — Karl Scroff (2)
9 cs — Colonial Needle Co (2)
NEEDLE TUBING — England
1 cse stainless steel —Superior Tube Co (2)
PAPER, PHOTO —England
8 cs — J J Gavin (2)
PAPER, RECORDING —England
30 cs — M J Corbett (2)
PERIODICALS — England
5 bls — Hotalings News Agency (2)
PHONES —Swiss
200 ctns —David Bogen —Div of Siegler Corp (2A)
PHOTOFAX EQUIP — England
6 cs — M J Corbett (2)
PHOTO GOODS—England
1 cse—Eastman Kodak (2)
14 cs leather camera cases —Paillard Inc (2)

PRINTED MATTER —England
48 cs sheets—Museum of Modern Art (2)
36 cs —Signature Co (2)
10 cs —De La Rue Banknote Co (2)
RADAR EQUIP—England
24 cs—Barnett Intern Fwdg (2)
RADIOS—England
1 cs—E Bearlinger (2)
RECORDS—England
350 cs—Capitol Records Inc (2)
548 cs—Barrett Intern Fwdg (2)
RECORDS & BOOKS—England
13 cs—Dorf Intern (2)
RIBON SPOOLS, EMPTY—England
25 cs—J H Hunter & Son (2)
SADDLERY—England
12 cs jodhpurs & ride boots—H Kauffman & Sons (2)
2 cs hardware—Bemo Shpg Co (2)
SURGICAL INSTRUMENTS—England
3 cs—E Miltenberg (2)
TELEGRAPH EQUIP—England
2 cs—M J Corbett (2)

TUBES, RADIO—England
81 cs—Intero Electronics Corp (2)
WATCHES—Swiss
2 cs—Rohner Gehrig (2A)
PIPES, BRIAR—England
4 cs—A Oppenheimer (2)
3 cs —Sasieni of London (2)
8 cs —F Murray Hill (2)
3 cs—Inter Maritime Fwdg Co (2)
PIPES & LIGHTERS — England
2 cs —A Dunhill (2)
PLANTS — England
1 cse —Amer ESxpress (2)
PLASTIC WARE — England
40 cs —Selfix Prod Co, Chic (2)
JRECISION INSTRUMENTS —England
1 cse elec measure instr —Inter Maritime Fwdg Co (2)
PJRECISION INSTRUMENTS —Swiss
7 cs —Wild Heerbrugg (2A)
PRINTS—England
2 cs colored [illegible] Mfg Co (2)
PRINTERS BLANKETS —England
6 cs rubberized W Recht (2)

The Journal of Commerce

Export Daily

Detailed Reports of Outward Cargoes Shipped from Major U. S. Ports

VOL. 1 — No. 15

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SS QUEEN ELIZABETH

(Br) Jan. 28

No.	To
(61)	Cherbourg, France
(61A)	Southampton, England
(61B)	Nine Elms, England

Chemicals

ANTIBIOTICS—England
71 ctns (4.927 lbs) (61A)
DRUGS AND MEDICINE—England
94 lbs (61A)
FUNGICIDE ARGIC—England
182 drms (2.775 lbs)—London (61A)
OIL, SOYBEAN—England
122 lbs—London (61B)
PETROLEUM ADDITIVE—England
12 drms (5.124 lbs)—London (61A)
SULFONOMIDE LEDERKYN—England
3 drms (416 lbs) (61A)

Hides, Skins and Casings

CASING, ARTIF—England
309 ctns—Bristol (61A)
LEATHER—England
2 cases (61A)
LEATHER, KID UPPER—France
2 ctns—Basle (61)
LEATHER, UPPER—England
1 case—London (61A)
LEATHER, UPPER CATTLESIDE—England
1 bl (61B)
LEATHER UPPER KIPS—England
1 pkg—London (61A)
SKINS, RAW—England
2 bls—London (61B)
28 bls—London (61B)
1 bl—London (61B)
2 bls—London (61B)

Foodstuffs

FLOUR—England
22 cans—London (61B)
FOODSTUFFS—England
25 ctns—London (61A)
GRAPEFRUIT—England
40 ctns—London (61A)

Metals and Ores

WIRE, STEEL—England
6 ctns (61A)

Textiles

APPARELS—England
4 cs dresses—London (61B)
1 ctn cotton wearing—London (61A)
APPARELS—France
16 ctns orlon sweaters—eGneva (61)
15 ctns nylon hosiery—eGneva (61)
56 pkgs cotton wearing—Zurich (61)
COTTONS—England
7 cs pcs goods—London (61A)
COTTON BALING MATERIAL — England
5 cs (61A)
RAYONS—England
4 bls saple fibre—London (61A)
YARN, NYLON—England
10 ctns (61A)

Furnishings

RUGS, USED—England
45 bls—London (61A)

Automotive Parts, Machinery, Etc.

AUTO—Engalnd
2 unbxd chevrolet—London (61A)
AUTO PARTS—England
5 cs—Degenham (61A)
BEARINGS—England
17 pkgs roller, 5 pkgs ball—London (61B)
ENGINES—England
4 bxs internal combustion—Glasgow (61A)
ENGINE, DIESEL—England
12 bxs parts (61A)
4 bxs parts (61A)
6 cs parts (61A)
MACHINERY—England
2 cs parts—Birmingham (61A)
1 cs chewing gum wrapping—North Wembley (61A)
PUMPS—England
2 bxs hydralulic (61A)
TRACTORS—England
1 cs parts eath moving equipment —Lanarkshire (61A)
37 pkgs parts (61A)
7 pkgs parts (61A)
4 bxs tracklaying parts (61A)
TRUCK—England
2 cs parts—London (61A)

Miscellaneous

BOOKS—England
8 cs—London (61A)
8 pkgs (61A)
77 ctns—London (61A)
6 cs—London (61B)
CIGARETTES—England
9 ctns (61A)
8 bxs (61A)
CIGARS—England
22 cs—London (61B)
DICTAPHONE—England
21 ctns parts—London (61B)
ELECTRICAL EQUIPMENT—England
6 cs switches parts—London (61B)
FILMS—England
8 pkgs—Motion Picture (61A)
FILMS—France
6 cs printed motion picture—Paris (61)
FILM—France
13 cs unexposed—Basle (61)
FILM, PLASTIC—England
1 pkg—London (61A)
HEATING EQUIPMENT—England
64 pkgs (61A)
MACHINES, OFFICE—England
67 pkgs accounting—London (61A)
MACHINES, SEWING—England
3 cs indust—London (61A)
9 cs parts (61A)
3 bxs industrial—London (61A)
6 cs—London (61B)
13 pkgs—London (61B)
MAGAZINES—England
435 bdls—London (61A)
85 ctns (61A)
1022 pkgs—London (61A)
15 ctns—London (61B)
358 ctns religious—London (61B)
MAGAZINES—France
16 pkgs—Berne (61)
NEWSPAPERS—England
37 bdls (61A)
294 bdls (61A)
PAPER PATTERNS—England
53 ctns (10.966 lbs) (61B)
PERIODICALS—England
(394 pkgs) (61A)
344 pkgs—London (61A)
93 bgs—London (61A)
22 cs—London (61B)
PHONOGRAPH—England
150 ctns parts (61A)
PHOTO CHEMICALS—France
5 cs (61)
RUBBER GOODS—England
16 ctns thread—Tiverton (61A)
SAUSAGE LINKERS—England
3 cs—Bristol (61A)
STEEL MOLDS—England
4 cs—London (61A)
SILICA BRICKS—England
3 cs—Brighton (61A)
STYRENE MOULDING—England
1 cs (128 lbs) (61A)
TOOLS, PNEUMATIC—England
15 pkgs (61A)
TOOLS, POWER PORTABLE—England
36 bxs—London (61B)
TUBING, VINYL—England
6 bxs—Dundee (61B)

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EXPORT DAILY

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SS UNITED STATES

(Am) Feb 3

No.	To
(5)	Southampton, Eng.

Automotive Parts, Machinery, Etc.

AUTOS—England
2 unboxed (5)

Miscellaneous

FILMS—England
2 cs motion pictures (5)

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SS LIBERTE
(Fr) Feb 18

No To
(67)__________Le Havre, France

Chemicals

ACETATE POWDER—France
1 dr (105 lbs) (67)
ACID, AMIDES—France
5 drs (2,120 lbs) (67)
ANILINE DYES—France
34 drs (1,419 lbs) (67)
AROMATIC COMPOUNDS—France
5 cs (67)
DRUG SUNDRIES—France
15 ctns skin cream, etc (67)
FLAVORS, SYNTHETIC—France
8 cs (67)
HEPERIDINE METHYCHACLONE —France
4 drs (1,811 lbs) (67)
MAGNESIUM OXIDE—France
3 cs (586 lbs) (67)
OIL, CHEMOPODIUM—France
15 cs (1,275 lbs) (67)
OIL, ESSENTIAL—France
27 drs (15,440 lbs) (67)
RESIN, SYNTHETIC—France
34 drs (4,933 lbs) (67)
SODIUM ASCORBATE—France
7 drs (67)
TRANSPORTAINER, GAS—France
1 box (3,800 lbs) (67)

Hides, Skins and Casings

LEATHER—France
19 ctns cattle (67)
4 ctns calf (67)
SKINS—France
1 ctn raw (67)
1 bale raw beaver (67)

Foodstuffs

BEVERAGES—France
100 ctns bottled carbonated (67)

Metals and Ores

NICKEL—France
3 cs strip (67)
NICKEL, IRON, CHROME—France
17 coils rod (2,080 lbs) (67)

Textiles

APPAREL—France
81 ctns shirts, sweaters, etc (67)
COTTONS—France
9 ctns piece goods (67)
FIBER, RAYON—France
4 ctns staple (67)
DACRON-RAYON—France
4 ctns pce goods (67)

Furnishings

RUGS—France
6 bls (67)

Building Materials

TILES—France
168 ctns asphalt (67)
390 ctns vinyl (67)

Automotive Parts, Machinery, Etc.

AUTOS—France
5 unbxd (20,900 lbs) (67)
AUTO PARTS—France
62 ctns (67)
MACHINERY—France
8 ctns (67)
1 cs parts (67)
15 cs, 2 bxs parts (1,530 lbs) (67)
8 ctns (67)
TRACTORS—France
bxs road grader parts (67)
18 ctns parts (67)

Miscellaneous

ADHESIVES—France
48 ctns (67)
BATTERIES—France
6 ctns (67)
BOOKS—France
10 ctns (67)
CIGARETTES—France
20 bxs (67)
1 130 ctns (67)
330 ctns (67)
ELASTO-PAD—France
92 ctns (67)
ELECTRICAL EQPT—France
61 ctns (37)
MACHINES, SEWING—France
25 cs (67)
MAGAZINES—France
69 bdls (67)
47 bdls (67)
131 ctns (67)
NEWSPAPERS—France
320 bdls (67)
OIL WELL EQPT—France
1 bx (67)
PANASEAL COATED—France
10 crts (3,250 lbs) (67)
PLASTICWARE—France
11 ctns (67)
SEED, CORN—France
7 bgs (67)
TAPE, DREATHENNE—France
3 ctns (67)
TOBACCO—France
19 cs (67)

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SS MEDIA
(Br) Feb. 28

(87) ________Liverpool England

Chemicals

ACIDS—England
67 drs itaconic (7403 lbs) (87)
4 drs acetic (1777 lbs) (87)
BONCREZ—England
2036 lbs (87)
CHEMICALS—England
200 lbs (87)
7981 lbs (87)
422 lbs (87)

COAL TAR DYES—England
2 drs (2442 lbs) (87)
8 drs (2035 lbs) (87)
COAL TAR DYES, INDUS—England
11 drs (2860 lbs) (87)
COMPOUNDS—England
22 drs textile finishing, processing (12151 lbs) (87)
1 dr food preserving (175 lbs) (87)
12522 lbs textile finishing, processing (87)
DUOMEEN—England
2 drs (820 lbs) (87)
DYESTUFFS—England
5 drs—Leeds (87)
GENTAC LATEX—England
175 drs (87150 lbs) (87)
LAMPBLACK—England
224 ctns (12096 lbs) (87)
OIL, PEPPERMINT—England
5 drs (87)

PETROLATUM — England
5 drs—Angus (87)
POLYETHYLENE POWDER — Eng.
67 drs (11491 lbs) (87)
PRESERVATIVE, RUBBER— Eng.
1 dr (425 lbs) (87)
RESIN, SYNTHETIC—England
11 bgs (561 lbs) (87)
RESIN, SYNTHETIC SHEETING — England
25 drs (87)
SODIUM SALTS—England
300 bgs sodium sesquicarbonate (303000 lbs) (87)

Hides, Skins and Casings

CASINGS, HOF—England
8 cs (87)
CASINGS, SHEEP—England
2 trcs—London (87)
HIDES, CALFSKINS—England
130 bdls wet salted—Littleboro (87)
SKINS—England
1 ctn—Southport (87)

Foodstuffs

BISCUITS—England
97 bdls (87)
BUTTER—England
222 ctns (87)
CHEESE—England
742 ctns cream, swiss, loaf, spreads, etc (87)
FOODSTUFFS—England
186 bdls chicken pie, 396 bdls fried chicken, 305 bdls TV dinners, 71 bdls pizza pies, 17 ctns beef pies, 41 ctns cream, 22 ctns pickle pimento spread (87)
FRUITS—England
116 crts grapefruit, 163 bxs oranges, 145 bxs apples, 43 bxs lemons, 24 bdls peaches, 117 ctns strawberries (87)
JUICES—England
20 bdls oranges, 6 ctns grape, 13 ctns grapefruit, 13 ctns lemon (87)
LARD—England
7,330 ctns (87)
MARGARINE—England
242 cases (87)
PROVISIONS—England
64 ctns peach, 16 ctns oysters, 112 ctns shrimp, 28 ctns luncheon meats, 1,967 ctns beef, 686 ctns hams, 131 ctns picnics, 33 ctns salami, 90 ctns sausage, 186 bxs bologna, 819 ctns pork products, 323 ctns frankfurters, 50 ctns veal (87)
ROLLS—England
33 bdls (87)
VEGETABLES—England
684 crts lettuce, 461 crts celery, 53 bdls asparagus, 13 bdls lima beans, 105 bdls broccoli, 51 bdls potatoes, 16 bdls spinach, 32 bdls mixed, 24 bdls okra, 50 bdls green beans, 80 bdls corn, 160 bdls peas, 79 bdls beans (87)
WAFFLES—England
55 bdls (87)

Metals and Ores

MONEL SCRAP—England
6 drs (11,387 lbs) (87)
SILICON METAL—England
247 drs (127,065 lbs) (87)
STEEL—England
26,053 lbs structural—Stockport (87)
10 pkgs cold rolled sheets (55,070 lbs)—Willenhall (87)
11,254 lbs stainless sheets (87)
TUBING, STEEL—England
1 cse—Cheshire (87)
ZIRCONIUM SPONGE—England
27 bxs—Middlesborough (87)
ZINC—England
225 bxs die castings (21,582 lbs)—Dundee (87)

Textiles

FIBER, ORLON ACRYLIC—England
133 crns—London (87)
ORLON TOP—England
101 ctns—Durham (87)
YARN, NYLON—England
8 ctns—Glasgow (87)
YARN, SYNTHETIC—England
2 ctns—Lancashire (87)

Building Materials

PIPE FITTINGS—England
8 pallets (21,152 lbs)—Glengarnock (87)

Automotive Parts, Machinery, Etc.

AUTO PARTS—England
3 bxs—Bradford (87)
BEARINGS—England
5 cs roller (87)
ENGINES—England
29 bxs internal combustion parts (25,473 lbs)—Shotts (87)
MACHINERY—England
12 cs textile (1380 lbs)—Burnley (87)
1 bx coal mining parts (3030 lbs) (87)
2 bxs milling parts (87)
5 bxs machinery parts (14,242 lbs)—Birmingham (87)
1 cs paper converting (10,476 lbs) (87)
1 cs knitting machine (16,100 lbs), 1 cs textile knitting machine & parts (16,200 lbs)—Burton on Trent (87)
10 ctns textile parts (563 lbs) (87)
36 cs matrix board (32,650 lbs)—London (87)
1 cs with parts (2950 lbs)—Birmingham (87)
2 bxs metal working parts (239 lbs) (87)
1 bx textile dyeing parts (485 lbs)—Vucton Vale (87)
3 cs textile parts (1472 lbs)—Bradford (87)
6 bxs metal working & parts (40,099 lbs) (87)

Continued

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Continued

7 bxs parts (15.000 lbs)—Coventry (87
8 bxs air compressor parts —Lancashire (87)
9 cs knitting parts (3598 lbs) (87)
5 cs machinery (34.450 lbs)—Birmingham (87)
2 cs (4380 lbs)—London (87)
4 cs knitting (2826 lbs) (87)
1 cs interlock complete—Belfast (87)

ROAD BUILDING MACHINERY—England
10 bxs parts—Durham (87)

TIRES, TUBES—England
80 loose tires (87)

TRACTORS—England
2 bxs dragline excavator parts (87)
2 cs parts (87)
6 cs earthmoving parts—Northampton (87)
31 bxs agric parts—Doncaster (87)
1 cs earthmoving parts, 2 cs off the road parts (87)
26 bxs parts—Leeds (87)
11 bxs parts—Gateshead (87)
25 bxs parts—Wigan (87)
26 bxs parts—Leicester (87)
33 bxs agric parts—Loncaster (87)

TRUCKS—England
3 cs off the road parts (87)

Miscellaneous

ANTIFOAM—England
83 drs (35.109 lbs) (87)

ELECTRICAL EQUIPMENT—England
2 ctns—Cheshire (87)

ELECTRICAL EQUIPMENT—England
11 cs control instruments (87)

FIREBRICK—England
11 crts—St Helens (87)
7 crts—Knittingly (87)
1 crt—Bilston (87)

GRAPHITE BLOCKS—England
5 cs (87)

MACHINES, BUSINESS—England
151 cs cash register parts—Angus (87)

MACHINES, OFFICE—England
70 cs accounting parts—Angus (87)

MACHINES, SEWING—England
4 cs industrial parts—Glasgow (87)

PAPER, COATED—England
10 rolls (87)

PAPER, TAPE BACKING—England
7 rolls (87)

PERIODICALS—England
25 bdls—Cork (87)

ROPE, STEEL WIRE—England
6 bbls—Stourport (87)

RUBBER ACTIVATOR—England
80 ctns (4240 lbs) (87)

THERMOBIMETAL—England
1 cs (1240 lbs)—Manchester (87)

TOOLS, PNEUMATIC—England
2 ctns parts—Southampton (87)
9 ctns parts—Lancashire (87)

TUBING, FIBREGLASS—England
2 bxs—Redritch (87)

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EXPORT DAILY
New York, March 13, 1958

SS AMERICA
(Am) *March 6*

No. To
(87) ——————Le Havre, France
(87A) ——————London via Southampton, England
(87B) ——————Bremerhaven, Germany

Chemicals

ANIMAL FEED SUPPLEMENT—Germany
55 drs—Bremen (87B)

DRUGS & MEDICINES—England
11 drs—Southampton (87A)

PLASTIC SHEETING—France
18 ctns—Paris (87)

Hides, Skins and Casings

CASINGS—France
10 ctns sausage—Lyon (87)

CASINGS, ART—England
35 ctns—Bristol (87A)

LEATHER—England
1 cse shoe (87A)

SKINS—England
1 bale raw furskins (87A)
3 bls fur (87A)
2 bls beaver (87A)
11 bls raw muskrat (87A)

SKINS—France
4 bls—Paris (87)
2 bls raw skunks—Paris (87)
5 bls raw muskrats—Paris (87)

SKINS, FUR—France
9 bls (87)

Foodstuffs

FOODSTUFF—England
300 ctns (87A)

PROVISIONS—England
228 ctns beef tongues (87A)
533 ctns beef tongues (87A)

PROVISIONS—France
200 bxs frozen steerheads (87)

Metals and Ores

ALUMINUM—England
8 cs sheets (87A)

APPAREL—England
15 ctns cotton dresses (87A)

APPARELS—Germany
4 ctns pants (87B)

TEXTILES—France
3 cs pce goods—Paris (87)

Textiles

TEXTILES—Germany
2 cs cotton pce goods (87B)

Building Materials

GLASS—France
1 cse squares (87)

Automotive Parts, Machinery, Etc.

AUTOS—England
2 unboxed (87A)

AUTO PARTS—France
9 bxs — Seine (87)
10 cs—Paris (87)

BEARINGS—Germany
11 bxs roller (87A)

ENGINES—England
18 cs diesel—Sussex (87A)

PUMPS—France
3 cs turbo (87)

Miscellaneous

AIR CONDITIONERS—France
4 cs (87)

BOOKS—England
37 cs bound (87A)
34 ctns (87A)

MACHINES, OFFICE—England
12 cs cash registers & parts, acctg mach parts (98A)
1 cse acctg mach parts (98A)

CLEANSING POWDERS—England
10 drs soap powder (87A)

MACHINES, OFFICE—France
1 ctn typewriters (98)

MACHINES, OFFICE—Germany
[illegible] flexowriters (87B)

MAGAZINES—England
13 bdls (87A)

MAGAZINES—France
105 bdls—Paris (87)

NEWSPAPERS—England
30 bdls—Southampton (87A)

NEWSPAPERS—France
[illegible] bdls (87)

PAINTINGS—France
3 cs—Paris (87)

PAPER, COATED—Germany
9 crts (87B)

PAPER, PATTERNS—England
68 ctns (87A)

SOAP—England
2 bxs industrial—Scotland (87A)

TOBACCO—England
3 cs (2,180 lbs)—Southampton (87A)

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SS INDEPENDENCE
(Am) *March 8*

No. To
(53) ——————Naples, Italy
(53A) ——————Genoa, Italy

Chemicals

ACTIVATED ALUMINA—Italy
3 drms (b. lbs)—Milano (53A)

CHEMICALS—Italy
9 cs aromatic (1634 lbs)—Torino (53A)

FLAVORING ESSENCE—Italy
1 cse (128 lbs)—Torino (53A)

OILS—Italy
4 pkgs essential (969 lbs)—Torino (53A)
4 drms floating (2200 lbs)—Rome (53A)

PEARL ESSENCE, SYNTHETIC—Italy
4 cs (1940 lbs)—Fossone (53A)

PHARMACEUTICAL PRODUCTS—Italy
1.163 lbs—Rome (53)

SULFONAMIDE DRUGS—Italy
10 drms (1230 lbs)—Catania (53)

VITAMINS—Italy
8 cs (1205 lbs)—Rome (53)

Hides, Skins and Casings

LEATHER—Italy
1.036 bgs scrap (57,239 lbs) (53)
2 ctns (53)

SKINS, RAW—Italy
6 bls—Milano (53A)

Metals and Ores

METAL POWDER—Italy
5 drms (235 lbs)—Milan (53A)

Textiles

BUTTON BLANKS—Italy
12 ctns (53A)

TAPE, COTTON—Italy
9 cs—Torino (53A)

Building Materials

HARDWARE—Italy
18 cs tools—Milan (53A)

Automotive Parts, Machinery, Etc.

ENGINES—Italy
3 cs parts (53A)

Miscellaneous

ABRASIVES—Italy
6 pkgs paper, cloth—Milan (53A)

ELECTRICAL EQUIPMENT—Italy
7 ctns power switches—Milan (53A)
12 bxs refrig switches—Como (53A)
7 ctns carbon resistors—Milano (53A)

MACHINES, SEWING—Italy
2 bxs industrial & access — Milan (53A)

MOTORS—Italy
16 bxs outboard, 3 cs parts—Milano (53A)

RECORDS, PHONOGRAPH—Italy
21 ctns—Milan (53A)

RUBBER GOODS—Italy
1 cs thread—Milan (53A)

VARNISH—Italy
1 drm—Milan (53A)

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SS CONSTITUTION

(Am) Mar. 12

No. To
(83) ———— Genoa, Italy
(83A) ———— Naples, Italy

Chemicals

- **COLORS—Italy**
  - 2 drs dry—Milan. (83)
- **COMPOUND—Italy**
  - 20 drs flour bleaching—Torino. (83)
  - 50 pails soda lime gas absorbing—Milan. (83)
- **DRUGS—Italy**
  - 34 lbs. (83)
- **GELATIN CAPSULES—Italy**
  - 30 drs empty—Milan. (83)
  - 4 drs—Lugano. (83)
- **INSECTICIDE—Italy**
  - 2 drs, pails—Milan. (83)
- **OIL—Italy**
  - 3 drs cedarwood—Milan. (83)
  - 85 drs oleo—Naples. (83A)
- **RESIN—Italy**
  - 100 bgs synth—Milan. (83)
- **RESIN, SYNTH—Italy**
  - 28 drs—Giannimo. (83)
- **SQUARING POWDER—Italy**
  - 2 drs—Saigianno Mioca. (83)

Foodstuffs

- **CEREALS—Italy**
  - 50 pkgs—Cyrenica. (83A)
- **DOG FOOD—Italy**
  - 10 ctns—Cyrenica. (83A)

Textiles

- **APPARELS—Italy**
  - 11 pkgs wearing. (83)
- **YARNS—Italy**
  - 4 ctns rayon—Milan. (83)
- **UPHOLSTERY MATERIAL—Italy**
  - 1 cse leather. (83A)

Building Materials

- **HARDWARE—Italy**
  - 22 bxs band saw blades—Milan. (83)

Furnishings

- **KITCHEN UTENSILS—Italy**
  - 18 ctns (83)

Metals and Ores

- **COPPER, BERYLLIUM—Italy**
  - 2,254 lbs—Milan (83)
  - 3 drs ingots (1,130 lbs)—Milan (83)
- **WIRE—Italy**
  - 1 cs alloy (602 lbs)—Milan (83)

Automotive Parts, Machinery, Etc.

- **AUTOS—Italy**
  - 1 boxed uto plaster body model, 1 cs parts (83)
- **AUTO PARTS—Italy**
  - 1 bx—Turin (83)
- **BEARINGS—Italy**
  - 7 bxs roller—Rome (83A)
- **ENGINES—Italy**
  - 2 cs diesel marine—Roma (83)
  - 3 cs inter combustion—Milan (83)
  - 5 cs reproduction mach—Milan (83)
  - 4 cs circular knitting mach & access (2,925 lbs)—Milan (83)
- **MOTORS—Italy**
  - 16 ctns outboard—Milan (83)
  - 22 pkgs outboard—Milan (83)
- **TRACTORS—Italy**
  - 8 pkgs grader & scraper parts—Rome (83A)
  - 20 pkgs parts—Rome (83A)

Miscellaneous

- **ABRASIVE GRAINS—Italy**
  - 8 drs of silicon carbide, 1 dr of aluminum oxide—Turin (83)
- **ABRASIVE PAPER—Italy**
  - 9 crts—Torino (83)
  - 9 pkgs—Torino (83)
- **ARVANCE RODS—Italy**
  - 8 bdls—Milano (83)
- **AIR CONDITIONERS—Italy**
  - 30 cs (83)
  - 146 cs—Milano (83)
- **ASBESTOS PACKING—Italy**
  - 6 bxs (83)
- **BAGS, AIRSICK,—Italy**
  - 14 bdls—Rome (83A)
- **BATTERIES—Italy**
  - 2 cs—Milan (83)
- **CAMERAS—Italy**
  - 2 bxs—Genoa (83)
- **COMPOUND—Italy**
  - 5 drs surface curing—Milan (83)
- **BOOKS—Italy**
  - 24 ctns (83)
- **COMPRESSORS—Italy**
  - 2 bxs air—Milan (83)
  - 1 cs air—Milan (83)
- **CONTAINERS—Italy**
  - 16 empty metal (83)
- **CORK & RUBBER—Italy**
  - 10 rolls synth—Torino (83)
- **DISCS—Italy**
  - 2 cs phonograph record'g—Torino (83)
- **DISTRIBUTION BUSWAYS—Italy**
  - 3 cs (4,275 lbs)—Torino (83)
- **ELECTRICAL EQPT—Italy**
  - 1 cs power capacitors—Milan (83)
- **FILMS—Italy**
  - 3 cs sheets—Milan (83).
- **FINISHING POWDER—Italy**
  - 7 drs hat—Sagliano Macca (83)
- **MAGAZINES—Italy**
  - 114 pkgs (83)
  - 24 bgs (83A)
- **MATS—Italy**
  - 10 ctns plastic place (83)
- **METERS—Italy**
  - 7 cs colir & access—Milan (83)
- **OFFICE SUPPLIES—Italy**
  - 1 bx—Rome (83A)
- **PAINT—Italy**
  - 37 ctns—Rome (83A)
- **PERIODICALS—Italy**
  - 25 bgs—Milan (83)
- **POULTRY EQPT—Italy**
  - 1 cs—Milan (83)
- **RECORDS, PHONO—Italy**
  - 7 cs—Chiasso. (83)
- **REFRIGERATORS—Italy**
  - 32 pallets compressors—Torino (83)
- **RUBBER, SYNTH—Italy**
  - 1,411 bgs—Milan (83)
- **RUM—Italy**
  - 20 ctns—Valletta (83A)
- **SEED—Italy**
  - 4 bgs corn—Bologna (83)
  - 46 bgs corn—Bologna (83)
- **TAPE, GUMMED—Italy**
  - 15 ctns—Torino (83)
  - 16 ctns—Torin (83)
- **TAPE, GUMMED PAPER—Italy**
  - 5 ctns—Turino (83)
- **TELEVISIONS—Italy**
  - 10 ctns bulb blanks parts (83A)
- **TOYS—Italy**
  - 22 ctns plastic—Como (83)
  - 397 ctns—Turin (83)
- **TUBINGS—Italy**
  - 8 cs glass—Torino (83)
- **VIBRATORS—Italy**
  - 4 cs—Rome (83A)
- **WHISKEY—Italy**
  - 50 ctns—Bagnoli (83A)
  - 250 ctns (83A)

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SS PARTHIA

(Br) Mar 14

No. To
(7) ———— Liverpool, England

Chemicals

- **ACIDS—England**
  - 45 drs hct (11880)—London (7)
- **CHEMICALS—England**
  - 40 drs (15200 lbs) (7)
- **COAL TAR DYES—England**
  - 8 drs (909) lbs) (7)
- **COMPOUNDS—England**
  - 8 kegs water boiler feed (840 lbs) (7)
  - 32 dr scouring (6240 lbs), 2 drs washing (1004 lbs) (7)
  - 2 pails textile specialty—Lancaster (7)
- **ETHYL ANTHRAQUINONE—England**
  - 264 drs (52016 lbs—Ludington (7)
- **EXTRACTS—England**
  - 30 drs irish moss (7170 lbs (7)
- **INSECTICIDES, AGRICULTURAL — England**
  - 6 drs—London (7)
- **LIOXIN—England**
  - 40 drs (10643 lbs)—Acefair (7)
- **LITHIUM ALUMINUM HYDRIDE — England**
  - 3 bxs (333 lbs) (7)
- **RESIN—England**
  - 5830 lbs syntht (7)
- **SODIUM SALT—England**
  - 1 bx hydride (36 lbs) (7)
- **WAX—England**
  - 318 ctns microcrystalline (7)
  - 25 bgs candelilla—London (7)

Hides, Skins and Casings

- **CASINGS, HOGS—England**
  - 8 tres (7)
- **DRESSING, LEATHER—England**
  - 16 drs—London (7)

Foodstuffs

- **BISCUITS—England**
  - 130 ctns—Burtonwood (7)
- **COCOA POWDER—England**
  - 116 bxs—Stockholm (7)
  - 93 bxs—Brussels (7)
- **FRUITS, England**
  - 422 bxs apples, 42 crts lemons, 116 crts grapefruit, & 163 crts oranges—Burtonwood (7)
  - 2000 ctns lemmons (7)
- **LARD, England**
  - 30 ds (7)
  - 18345 ctns (7)
- **PROVISIONS—England**
  - 86 cs frozen tongues, 217 cs turkey — Burtonwood. (7)
- **VEGETABLES—England**
  - 699 crts lettuce, 181 crts celery, 70 crts peppers—Burtonwood. (7)

Metals and Ores

- **STEEL—England**
  - 452 lbs sheets—Burnley. (7)
  - 165,460 lbs structural—Stockport. (7)

Textiles

- **FIBER, ORLON—England**
  - 217 ctns—Darlington. (7)
  - 25 bls—Rochdale. (7)
- **FIBRE, STAPLE—England**
  - 106 bls—Salford. (7)
  - 102 bls—Salford. (7)
  - 4 ctns—Darlington. (7)
- **HAIR, HOG—England**
  - 249 bls raw. (7)
- **ORLON TOP—England**
  - 110 ctns—Darlington. (7)
- **YARN, NYLON—England**
  - 7 cs. (7)

Building Materials

- **LUMBER—England**
  - 1 509 bdls ash stems—London. (7)
- **PIPE FITTINGS—England**
  - 5 cs—Manchester. (7)

Furnishings

- **KITCHEN UTENSILS—England**
  - 4 cs—Preston. (7)

Automotive Parts, Machinery, Etc.

- **BEARINGS—England**
  - 1 cs roller—Coalville. (7)
  - 21 cs roller and parts—Coventry (7)
- **ENGINES—England**
  - 69 crts intl combustion parts — Manchester. (7)
- **MACHINERY—England**
  - 9 cs refractory (5,861 lbs)—Asaph. (7)
  - 6 cs (40,340 lbs)—Birmingham (7)
  - 9 cs metal working parts (1,926 lbs) (7)
  - 6 cs measuring (621 lbs) — Birmingham (7)
  - 3 cs textile (570 lbs). (7)

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SS PARTHIA

10 cs knitting parts—Leicester (7)
6 cs metal working (102,220 lbs)—Watford (7)
1 cse collator (2500 lbs)—Bilston (7)
2 bxs (5520 lbs), 1 ctn parts—Birmingham (7)
1 cse grinding (6185 lbs)—Glasgow (7)
45 cs sheet metal working parts (3760 lbs)—Manchester (7)
3 crts (18,000 lbs)—Leeds (7)
4 bxs loom parts—Manchester (7)

PUMPS—England
6 cs centrifugal parts (7)

ROAD BUILDING EQPT—England
1 pce (15,000 lbs)—Cowdenbeath (7)
1 bx mchy parts (1445 lbs)—Durnam (7)

TIRES, TUBES—England
608 loose tires (7)

TRACTORS—England
27 bxs agric parts, 7 bxs shovel parts—Doncaster (7)
8 bxs earth moving parts—Northampton (7)
3 cs parts—Gateshead (7)
7 bxs power shovel parts—Lincoln (7)
16 cs earth moving parts—Northampton (7)
8 bxs agric partsJDoncaster (7)
1 excavator & parts (7)

Miscellaneous

ABRASIVES—England
21 kgs grain—Birmingham (7)

CIGARETTES—England
75 ctns (7)

CLAYSTONE—England
1 bg—London (7)

CONCENTRATES—England
3024 bgs (255,280 lbs)—London (7)

ELECTRICAL EQPT—England
3 cs circuit breakers (7)
2 cs ind control instruments & parts (7)

GENERATORS—England
3 ctns governors (7)

LATEX—England
11 drs (7)

LIMESTONE—England
1 bg—London (7)

MACHINES, BUSINESS—England
174 cs cash register parts—Dundee (7)
85 cs accounting parts 54 cs natl bookkeeping machines—Dundee (7)

MAGAZINES—England
557 bdls—London (7)

OIL—England
2 drs flotation (7)

OIL, LUBR—England
61 drs (7)

OILWELL EQPT—England
8 bxs—Stockport (7)

RUBBER, SYNTH—England
22 bags—London (7)
55 bags (7)
193 bls (7)

TOBACCO, SMOKING—England
60 bxs (7)

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SS SANTA ISABEL
(Am) *March 14*

No. To
(74) — Buenaventura, Colombia
(74A) — Antofagasta, Chile
(74B) — Valparaiso, Chile
(74C) — San Antonio, Chile
(74D) — Lima via Callao, Peru
(74E) — Salaverry, Peru
(74F) — Chañaral, Chile

Chemicals

ACHROMYCIN, AUREOMYCIN—Peru
27 ctns (1,957 lbs) (74D)

ACIDS—Colombia
10 cbys lactic (1,850 lbs)—Cali (74)

ACIDS—Peru
4 drs citric (74D)
50 cs ascorbic (2,600 lbs) (74D)
11 drs phosphoric (74D)
1 ctn stearic (74D)
12 cbys sulfuric (3,294 lbs)—Trujillo (74E)

AEROCEMENT—Peru
4 ctns (74D)

AMYL ACETATE—Chile
463 drs (208,350 lbs)—Santiago (74B)

ANETHOL—Peru
1 dr (130 lbs) (74D)

ANTIBIOTICS—Peru
13 ctns (1,022 lbs) (74D)

BIFURAN—Peru
8 ctns—Callao (74D)

BONE ASH—Chile
6 drs synth (74A)

BUTYL ALCOHOL—Chile
4 drs—Santiago (74B)

CALCIUM—Peru
2 drs chloride flake—Cartavio (74E)
40 bags carbonate (74D)
1 cs pantothenate (38 lbs) (74D)

CARBOWAX—Peru
4 bags (74D)

CASEIN—Peru
13 drs (5,369 lbs) (74D)

CHEMICALS—Colombia
900 lbs—Bogota (74)
156 drs photo (5,428 lbs)—Bogota (74)
17 cs (2,295 lbs)—Bogota (74)

CHEMICALS—Peru
63 cs photo (2,445 lbs) (74D)

CHLOROTHIAZIDE—Colombia
5 drs (588 lbs)—Cali (74)

COAL TAR DYES—Peru
2 pails (74D)

COMPOUNDS—Colombia
4 drs textile specialty (680 lbs)—Yumbo (74)
1 dr cleaning (4[illegible] lbs)—Bogota (74)

COMPOUNDS—Chile
6 drs [illegible] cleaning (74A)
10 drs water softening (4710 lbs)—Santiago (74B)

COMPOUNDS—Peru
4 drs cleaning (1084 lbs) (74D)

COLORING MATTER—Colombia
20 drs (74)

DENTAL PLASTER—Peru
4 drs (74D)

DEXTROSE—Colombia
26 drs (7680 lbs)—Cali (74)

DRUGS, MEDICINES—Peru
1040 lbs (74D)
92 lbs—Trujillo (74E)

DRUG SUNDRIES—Peru
39 ctns gauze, 21 ctns ligatures (74D)
42 ctns adhesive tape (74D)

EXTRACTS—Chile
34 ctns flavoring—Santiago (74B)

EXTRACTS—Colombia
11 ctns flavoring—Cali (74)

ETHER—Peru
30 ctns (74D)

FLAVORING—Peru
125 ctns Fanta orange base (74D)

FLOCCULANT—Peru
6 drs (1332 lbs)—Callao (74D)

FORMALDEHYDE—Colombia
1[illegible] drs (7434 lbs)—Palmira (74)

FUNGICIDE—Chile
2 drs (900 lbs)—Santiago (74B)

GLUCOSE—Chile
7 drs (2219 lbs)—Santiago (74B)

GRIFFITH PARGUE SALT—Chile
50 drs—Santiago (74B)

GUM BENZOIN—Peru
1 dr (74D)

GUM MYRRH—Peru
1 dr (74D)

INSECTICIDES—Peru
657 ctns fly spray (74D)

KAOLIN—Colombia
9 drs—Cali (74)

[illegible]—Peru
13 drs (74D)

MAGNESIUM CHLORIDE—Colombia
2 drs (56 lbs)—Cali (74)

MEDICAL EQPT—Peru
9 ctns X-ray apparatus—Callao (74D)

MEDICINALS—Chile
1044 lbs—Oruro (74A)

MEDICINALS—Colombia
14 cs (2970 lbs)—Cali (74)

MEDICINALS—Peru
22 cs (520 lbs) (74D)

MEDICINES—Peru
731 lbs (74D)
61 ctns (3337 lbs) (74D)
697 lbs (74D)

MENTHOL—Peru
[illegible] (74D)

MENTHOLATUM—Peru
8 cases (74D)

METHYLPARABEN—Peru
1 dr (67 lbs) (74D)

MENTHYL SALICYLATE—Peru
1 pail (74D)

NIACINAMIDE—Peru
7 ctns (283 lbs) (74D)

OILS—Colombia
109 drs oleo—Cali (74)

OILS—Peru
6 tins mineral (74D)
2 drs peppermint, 1 dr spearmint, 1 cs sassafras, 1 cse cloves (74D)
2 drs essential (74D)
10 drs transformer—Callao (74D)

OXIDE, RED IRON—Chile
9 bags—Santiago (74B)

PECTIN—Colombia
29 ctns—Cali (74)

PHARMACEUTICALS—Chile
3[illegible] lbs—Cochabamba (74A)

PHARMACEUTICALS—Peru
8 ctns (264 lbs) (74D)
4 cs (401 lbs) (74D)
14 cs (3,435 lbs) (74D)
6 drs (669 lbs) (74D)

PLASTIC SHEETS—Peru
3 ctns (74D)

POTASSIUM SALTS—Peru
10 drs (270 lbs) (74D)

PROPYLENE GLYCOL—Colombia
2 drs (1,05[illegible] lbs)—Palmira (74)

PYRIDOXINE HYDROCHLORIDE—Peru
1 case (39 lbs) (74D)

RESIN—Chile
143 bags synth (7,293 lbs)—Cochabamba (74A)
2 drs (1,026 lbs)—Santiago (74B)
20 drs, synth (4,946 lbs)—Santiago (74B)

RESIN—Colombia
4 drs synth (1,036 lbs)—Bogota (74)
5 bags synth (206 lbs)—Cali (74)
200 bgs synth (10,400 lbs)—Medellin (74)

RUBBER—Colombia
5 drs accelerator (1,100 lbs), 31 drs antioxidant—Cali (74)
9 drs accelerator—Cali (74)
12 drs accelerator—Bogota (74)

SACCARINE—Peru
1 d (74D)

SODIUM SALTS—Chile
82 drs (34,112 lbs bichromate—Santiago (74B)

SODIUM SALTS—Colombia
133 lbs—Bogota (74)
2 drs bisulfite (55 lbs)—Cali (74)
5 drs phosphate (1,710 lbs) Bogota (74)

SODIUM SALTS—Peru
26 pails lime (74D)
84 bags carboxymethylcellulose (4,724 lbs) (74D)
100 drs sulphite (2700 lbs) (74D)
100 drs carbonate (2,700 lbs), 50 drs hyposulphite (5,325 lbs) (74D)

SORBITOL—Peru
1 dr (638 lbs) (74D)

SULFAGUANIDINE—Colombia
3 drs (370 lbs)—Bogota (74)

SULFAQUINOXALINE, VETERINARY—Peru
10 cs (550 lbs) (74D)

SULFUR DIOXIDE ANHYDROUS—Peru
1 ctn (74D)

TALLOW—Peru
622drs (294,633 lbs) (74D)

TETRA SODIUM PYROPHOSPHATE—Colombia
12 drs (4,104 lbs)—Bogota (74)

THIAMINE HYDROCHLORIDE—Peru
10 cs (410 lbs) (74D)

VITAMINS—Peru
7 ctns (568 lbs) (74D)

WAX—Peru
1 ctn bees (74D)

XANTHATE—Peru
55 drs (15,070 lbs) (74D)

ZINC CHLORIDE—Peru
1 dr (74D)

Foodstuffs

CHERRIES—Peru
60 ctns (74D)

CONFECTIONERY—Peru
20 ctns Vicks cough drops (74D)
732 ctns chewing gum (74D)

FOODSTUFFS—Chile
50 cs cereals, 100 ctns minute rice, 30 cs cake mixes, 100 cs coconut, 30 cs baking chocolate (74A)

FOODSTUFFS—Peru
50 ctns pie fillings, 25 ctns apple sauce, 15 ctns asstd (E4D)

JUICES—Peru
15 ctns apple (74D)

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SS SANTA ISABEL

OLIVES—Peru
10 ctns (74D)
PROVISIONS—Chile
11 bxs (74A)
PROVISIONS—Peru
158 ctns frozen fryers (74D)
TEA—Peru
25 chests (74D)

Metals and Ores

ALUMINUM POWDER—Peru
2 drs (74D)
2 drs (74D)
IRON, POWDERED—Chile
500 pails (74F)
LEAD, Chile
161 pigs ingots (10,030 lbs) (74F)
PIPE—Chile
9 pcs black steel (74F)
21 bdls black steel (74F)
PIPE—Peru
6 lengths (74E)
STEEL—Chile
783 lbs beams (74A)
1,272 lbs sheets—Santiago (74B)
46,387 lbs structural (74F)
25,891 lbs bars, angles—Rancague (74C)
31,625 lbs sheets (74F)
STEEL—Colombia
1,420 lbs bars—Cali (74)
10,025 lbs bars—Palmira (74)
12,504 lbs bars—Andagoya (74)
STEEL—Peru
75,430 lbs cold rolled carbon sheets (74D)
43,500 lbs plates—Cartavia (74E)
23,184 lbs structural shapes—Cartavia (74E)
TINPLATE—Colombia
486,060 lbs ferrostan—Pereira (74)
123,160 lbs waste waste—Bogota (74)
TINPLATE, ELECTROLYTIC—Colombia
14,360 lbs—Cali (74)
TUBES, COPPER—Chile
1 cse—Rancagua (74C)
TUBING, COPPER—Colombia
71 ctns—Bogota (74)
TUBING, COPPER—Peru
33 boxes (74D)
WIRE—Colombia
17 bbls iron—Bogota (74)
37 reels steel—Cali (74)
WIRE—Peru
11 reels ins copper (74D)
ZINC—Peru
10 cs sheets (3,850 lbs)—Callao (74D)

Textiles

APPAREL—Chile
14 ctns work gloves (74A)
8 cs men's shirts—Punta Arenas (74B)
APPAREL—Peru
7 ctns (74D)
12 ctns handbags wearing (74D)
25 ctns asstd (74D)
COTTONS—Chile
6 cs pce goods—Santiago (74B)
COTTONS—Peru
7 bales pce goods (74D)
4 ctns pce goods (74D)
8 cs towels, bedspreads (74D)
COTTON WASTE—Chile
3 bales—Cochabamba (74A)
COTTON WEBBING—Peru
5 ctns—Callao (74D)
CORDAGE, COTTON—Peru
4 ctns—Trujillo (74E)
NYLONS—Chile
5 bls pce gds—La Paz (74A)
NYLONS—Peru
2 ctns pce gds (74D)
YARN—Chile
1 cs elastic, 22 cs nylon — Santiago (74B)
2 ctns nylon—Santiago (74B)
2 ctns nylon—Vina del Mar (74B)
YARN—Peru
4 ctns nylon (74D)
8 ctns nylon (74D)
4 ctns nylon (74D)
5 ctns nylon (74D)
29 bls orlon (74D)
TEXTILES—Chile
79 bls pc gds—Bolivia (74A)
ZIPPERS—Colombia
8 drs wire—Bogota (74)

Building Materials

GLASS—Peru
6 cs plate (74D)
HARDWARE—Chile
11 cs tools (74F)
31 bxs hoes, axes, machetes—Santa Cruz (74A)
39 bxs machetes, axes, hoes—Cochabamba (74A)
24 cs steel files—Santiago (74B)
3 ctns padlocks—Pto Monit (74B)
4 cs padlocks—Cochabamba (74A)
4 bxs padlocks—Oruro (74A)
4 bxs padlocks—La Paz (74A)
HARDWARE—Colombia
4 cs aluminum screws—Bogota (74)
9 bxs—Pereira (74)
23 bxs tools, padlocks—Cali (74)
6 bxs—Bogota (74)
7 cs—Santiago (74)
442 ctns cut tacks—Bogota (74)
HARDWARE—Peru
19 cs (74D)
8 bxs builders, 2 bdls tools—Cartavio (74E)
30 ctns nails, 9 ctns cane knives (74E)
20 drs nails (74D)
122 bdls venetian blind parts (74D)
PLUMBING SUPPLIES—Colombia
118 ctns—Bogota (74)
PLUMBING SUPPLIES—Peru
50 crts tanks, 50 ctns bowls, 9 ctns seats (74D)
136 ctns waterclosets combs, lavatories, fittings, etc (74D)
11 ctns sink bowls (74D)
56 crts lavatories, 56 ctns bidets, 112 ctns w c bowls, tapks, 3 bxs fittings (74D)
PIPE FITTINGS—Chile
84 cs (74F)
6 cs (74A)
PIPE FITTINGS—Peru
5 cs—Cartavio (74E)
4 bxs brass (74D)

Furnishings

FURNITURE—Peru
33 ctns (74D)
GLASSWARE—Chile
25 ctns laboratory—Santiago (74B)
134 ctns—Santiago (74B)
16 ctns laboratory (74B)
GLASSWARE—Colombia
1252 ctns bottles—Cali (74)
151 ctns bottles, 18 ctns caps (74)
47 bdls bottles, 3 ctns caps—Cali (74)
GLASSWARE—Peru
18 ctns laboratory (74D)

Automotive Parts, Machinery, Etc.

AUTOS—Chile
3 unboxed—Mendoza (74B)
41 unboxed—Santiago (74B)
AUTOS—Peru
11 unboxed (74D)
69 unboxed (74D)
AUTO BRAKE FLUID—Chile
80 ctns—Santiago (74B)
AUTO PARTS—Chile
184 ctns (74B)
106 ctns sealed beams—Santiago (74B)
4 cs — Punta Arenas (74B)
4 cs—Pto Aysen (74B)
2 cs—Talca (74B)
16 bxs (74A)
124 bxs—Santiago (74B)
5 cs—Sucre (74A)
2 crts—Melipilla (74B)
27 cs—Quillota (74B)
64 cs—Temuco (74B)
33 cs—Valdivia (74B)
42 ctns (74F)

AUTO PARTS—Colombia
18 ctns shock absorbers—Pereira (74)
110 cs—Bogota (74)
33 bxs—Pereira (74)
27 bxs—Ibague (74)
12 bxs—Girardot (74)
5 bxs—Armenia (74)
20 bxs—Cali (74)
AUTO PARTS—Peru
30 ctns sealed beams (74D)
6 cs—Tarma (74D)
4 cs—Ica (74D)
434 bxs (74D)
BUSSES—Chile
4 unboxed—Santiago (74B)
CRANES—Colombia
2 bxs parts—Medellin (74)
ENGINES—Peru
110 ctns internal combustion & parts (74D)
LOCOMOTIVES—Chile
8 bx parts (74F)
98 loose steel tires, 2 pcs wheels—Uyuni (74A)
MACHINERY—Chile
7 pkgs cotton loom parts (5567 lbs)—Santiago (74B)
16 cs textile parts (4770 lbs)—Quillota (74B)
5 bxs mining parts (74B)
3 bxs textile parts (226 lbs)—Quillota (74B)
19 cs ore crusher, churn drill, compressor parts (74A)
10 bdls ore car parts (74A)
8 pcs ore crusher parts—La Paz (74A)
3 cs buttonhole machines—Santiago (74B)
8 pkgs ore crusher parts (74F)
MACHINERY—Colombia
7 cs paper making parts (3465 lbs)—Cali (74)
1 crt ore crusher parts—Medellin (74)
8 rolls paper making parts (9328 lbs)—Cali (74)
25 cs rubber working (1255 lbs)—Cali (74)
MACHINERY—Peru
1 cs knitting machine parts (3900 lbs) (74D)
6 crts tire changing, 1 bx metal working (74D)
4 bxs core drill parts, 6 pcs rotary drill rig parts (74D)
1 ct bottle washing (20,400 lbs) (74D)
MACHINERY—Peru
4 cs rubber working (50,792 lbs) (74D)
1 bx soap ress (6,370 lbs)—Callao (74D)
4 cs vegetable oil mill parts—Callao (74D)
3 bxs cloth cuttings (74D)
3 bxs commi food chopping & slicing (74D)
21 pcs ball mill liners—Lima (74E)
5 sks sugar mill parts (43,977 lbs)—Trujillo (74E)
20 bxs sugar mill parts (5,080 lbs)—Cartavia (74E)

MOTORS—Chile
11 cs elec parts (74A)
MOTORS—Peru
8 bxs evinrude outboard (74D)
PUMPS—Chile
2 bxs (74B)
2 bxs power, 1 bxs parts—Santiago (74B)
PUMPS—Japan
[illegible] cs centrifugal (13,445 lbs) (65C)
PUMPS—Peru
[illegible] cs sand parts (74D)
RAILROAD EQPT—Chile
22 bxs traction equt—Uyuni (74A)
6 ctns—Santiago (74B)
RAILROAD EQPT—Peru
11 pkgs cross ties, track bolts — Cartavio (74E)
SERVICE STATION EQPT—Colombia
6 cs tire valves & parts & tools—Cali (74)
2 cs service appliances—Ibague (74)
SERVICE STATION EQPT—Peru
11 bxs gasoline pump parts, service machinery (74D)
4 bxs battery chargers (74D)
TIRES, TUBES—Chile
4 loose tires—Santiago (74B)
60 pcs tires; 30 ctns tubes (74A)
TIRES, TUBES—Colombia
35 loose farm implement tires—Cali (74)
50 pcs traction express tires—Cali (74)
TIRES, TUBES—Peru
36 pcs tires, 28 ctns tubes (74D)
30 loose tires, 3 ctns tubes (74D)
4 loose tires, 5 ctns tubes (74D)
TRACTORS—Chile
48 bxs parts (74F)
19 bxs power shovel parts, 4 bxs tractor parts (74A)
[illegible] cs parts—La Paz (74A)
TRACTORS—Colombia
33 bxs parts—Cali (74)
22 bxs parts—Bogota (74)
TRACTORS—Peru
14 bxs parts (74D)
TRACTORS—Peru
4 cs parts (74D)
TRUCKS—Chile
3 bxs parts (74A)
2 chassis (74B)
3 chassis—Santiago (74B)
TRUCKS—Peru
21 chassis (74D)
35 bxs parts (74D)

Miscellaneous

ABRASIVES—Chile
16 ctns paper & cloth—Santiago (74B)
ABRASIVES—Peru
68 ctns paper, 19 pkgs cloth (74D)
AGRICULTURAL IMPLEMENTS—Chile
1 cs power sprayers (3,140 lbs) — Santiago (74B)
8 cs offset choppers (19,120 lbs), 1 cs power sprayer (2,525 lbs)—Santiago (74B)

AGRICULTURAL IMPLEMENTS—Colombia
8 cs power sprayers—Bogota (74)
2 cs reaper, thresher—Cali (74)

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SS SANTA ISABEL

AGRICULTURAL IMPLEMENTS—Peru
- 1 cs harvester parts (74D)
- 6 crts threshers (74D)
- 49 cs farm wagons, mowers, planters —Callao (74D)
- 12 pkgs tool bars (74E)

BAKERY EQPT—Peru
- 12 cs dough mixers & parts (74D)

BATTERIES—Chile
- 30 cs auto—Oruro (74A)

BOOKS—Peru
- 9 cs (74D)

BOTTLE CAPS—Peru
- 200 ctns (74D)

BUTCHERS EQPT—Peru
- 3 cs meat chopper, saw & parts (74D)

CABLE—Chile
- 2 reels (74B)

CABLE—Peru
- 20 coils armored (74D)

CABINETS—Chile
- 53 crts steel enclosing (74F)

CELLOPHANE—Colombia
- 44 ctns—Yumbo (74)

CEMENT—Chile
- 99 drs insulating (74A)

CEMENT—Colombia
- 7 cs gasket—Cali (74)

CEMENT—Peru
- 32 drs auto (74D)

CIGARETTES—Colombia
- 139 pkgs—Bogota (74)

CIGARETTES—Peru
- 201 ctns (74D)
- 1,200 ctns (74D)

COMPRESSORS—Chile
- 3 bxs air parts—P ori (74A)

COMPRESSORS—Peru
- 3 bxs air (74D)

COSMETICS—Peru
- 5 cs lipsticks (74D)

COMPOUNDS—Colombia
- 1 cs buffing (511 lbs)—Palmira (74)

COMPOUNDS—Peru
- 3 bbls buffing (1380 lbs) (74D)
- 5 drs lubricating (2729 lbs)—Callao (74D)

COREGA—Peru
- 22 ctns (74D)

DISPLAY RACKS—Peru
- 48 ctns (74D)

DRESSING, LEATHER—Peru
- 9 ctns (74D)
- 7 drs (74D)

ELEC APPLIANCES—Peru
- 12 ctns floor polishers (74D)

ELECTRICAL APPLIANCES, COMML—Peru
- 9 ctns vacuum cleaners & parts (74D)

ELECTRICAL EQPT—Chile
- 15 pallets graphite anodes—Santiago (74B)
- 27 ctns switches, fuses etc (74A)
- 10 cs (74A)
- 2 bxs plants—Cochabamba (74A).
- 55 bxs transformers, conduits, etc (74F)

ELECTRICAL EQPT—Colombia
- 31 ctns wiring devices—Bogota (74)
- 3 cs transformers—Manizales (74)
- 52 cs wiring devices—Bogota (74)

ELECTRICAL EQPT—Peru
- 23 ctns incandescent lamps (74D)
- 61 ctns flourescent lamps, 101 ctns incandescent lamps (74D)
- 7 crts pressure regulators, 69 ctns wiring devices (74D)
- 75 ctns wiring devices (74D)
- 98 bxs conduit boxes & covers, 128 ctns conduit fittings (74D)
- 4 ctns, 76 cts in candescent lamps, 296 ctns flourescent lamps (74D)

ELEVATORS—Peru
- 5 bxs equt. (74D)

FENCES—Chile
- 163 bdls gates & fittings (74F)

FILM—Colombia
- 196 cs x-ray, 2 cs photo—Bogota (74)
- 67 cs photo—Bogota (74)
- 10 cs cine—Bogota (74)

FILMS—Chile
- 7 cs motion picture—Santiago (74B)
- 3 cs motion picture—Santiago (74B)

FILM—Peru
- 120 ctns cellulose (74D)
- 13 tubes cellulose (74D)
- 25 cs photo, 149 cs x-ray, 37 ctns cine (74D)
- 13 cs motion picture (74D)

GENERATORS—Chile
- 9 pkgs self contained sets—Santa Cruz (74A)
- 3 bxs diesel sets—La Paz (74A)

GENERATORS—Peru
- 2 cs (74D)

GREASE, LUBR—Peru
- 10 ctns—Callao (74D)

GRINDING WHEELS—Peru
- 5 bxs (74D)

GUM, TUBE—Chile
- 20 ctns (74F)

HEATERS, ELEC—Peru
- 9 crts (74D)

HOISTS—Peru

INCINERATORS, H H—Chile
- 3 crts—Santiago (74B)

INK—Peru
- 97 ctns writing (74D)

IRISH MOSS—Peru
- 5 drs (1,330 lbs) (74D)

LACQUER—Peru
- 10 bkts (74D)
- 110 ctns (74D)

LEAD, WHITE—Chile
- 8 pails (74F)

LIGHTER FLUID—Peru
- 24 ctns (74D)

LACQUER THINNER—Peru
- 5 drs (74D)

MACHINES, BUSINESS—Peru
- 3 cs cash registers (74D)

MACHINES, OFFICE—Chile
- 15 cs accounting, 3 cs typewriters—Santiago (74B)
- 11 cs elec accounting—Punta Arenas (74B)
- 4 cs checkwriting, 50 cs typewriter pts—Santiago (74B)
- 9 bxs adding (74D)
- 18 cs adding (74D)

MACHINES, WASHING—Chile
- 31 cs—Punta Arenas (74B)

MACHINES, SEWING—Chile
- 2 bxs ind—Santiago (74B)

MACHINES, SEWING—Peru
- 56 cs Singer, 2 cs parts (74D)
- 7 cs and parts (74D)

MACHINES, WASHING—Peru
- 54 crts (74D)

METERS—Chile
- 42 cs electric—Santiago (74B)

MINING EQUPT—Chile
- 51 cs parts, supplies—Rancagua (74B)
- 13 bxs misc supplies (74A)
- 20 cs supplies—Rancagua (74C)
- 77 pgs supplies (74F)
- 115 ctns supplies, misc parts, etc (74A)

MINING EQUPT—Colombia
- 12 cs supplies—Andagoya (74)

MINING EQUPT—Peru
- 4 pkgs—Cerro de Pasco (74D)
- 18 pkgs—Paramonga (74D)
- 2 pkgs—Ancos (74D)
- 4 pkgs—Lima (74D)

OFFICE EQUPT—Peru
- 9 crts lockers (74D)

OFFICE SUPPLIES—Chile
- 14 ctns (74F)

OFFICE SUPPLIES—Peru
- 33 ctns folders, tabs (74D)
- 18 ctns teletype rolls (74D)

OIL, LUBR—Peru
- 85 drs (74D)
- 50 ctns (74D)
- 130 ctns (74D)
- 110 ctns (74E)
- 40 drs—Callao (74D)
- 217 drs—Callao (74D)

OILWELL EQPT—Chile
- 4 cs—Pto Montt (74B)
- 5 cs—Punta Arenas (74B)

PAINT—Chile
- 21 pails—Santiago (74B)
- 20 pails (74A)
- 22 bgs—Santiago (74B)

PAINT—Peru
- 8 pails (74D)
- 131 ctns (74D)

PAPER—Chile
- 6 bxs photo—Cochabamba (74A)
- 23 cs printing—Santiago (74B)
- 21 cs printing—Rancagua (74B)

PAPER—Colombia
- 27 cs printing—Cali (74)
- 30 cs printing—Bogota (74)
- 43 rolls printing—Cali (74)
- 162 cs photo (74)

PAPER—Peru
- 20 ctns writing (74D)
- 200 rolls wrapping (74D)
- 46 ctns photo (74D)
- 370 bdls newsprint (74D)
- 10 pkgs straws (74D)

PHONOGRAPHS—Chile
- 24 cs parts (74B)

PHOTO EQPT—Chile
- 9 cs plates—Santiago (74B)

PHOTO EQPT—Colombia
- 33 cs materials—Bogota (74)

PHOTO EQPT—Peru
- 14 cs supplies, 12 ctns photoflash bulbs (74D)

PLASTICWARE—Peru
- 8 ctns (74D)

POLISH, FURNITURE—Peru
- 66 ctns (74D)

POT CLEANERS—Peru
- 109 ctns (74D)

PRESSBOARD—Peru
- 19 cs (74D)

REMNANTS—Peru
- 6 bls—Trujillo (74E)

RADIOS—Chile
- 11 cs parts (74B)
- 45 cs—Oruro (74A)

RADIOS—Peru
- 6 cs parts (74D)
- 32 ctns car, 5 ctns aerials (74D)

RECORDS, PHONOGRAPH—Peru
- 26 ctns (74D)
- 16 ctns (74D)

REFRIGERATORS—Peru
- 14 bxs compressors, condensing units, parts (74D)
- 3 ctns parts (74D)

ROPE, WIRE—Chili
- 6 reels (74F)
- 6 reels (74A)

RUBBER GOODS—Chile
- 45 ctns auto hose—Santiago (74B)
- 4 bls air hose (74B)

RUBBER GOODS—Peru
- 33 bls hose (74D)
- 3 ctns ice bags (74D)

SEEDS—Chile
- 1 bag tree (74B)

SEEDS—Peru
- 1 cse vegetable—Tarma (74D)

SOAP, POWDERED—Peru
- 3 drs (74D)

STATIONERY—Peru
- 45 ctns looseleaf & memo books (74D)

TAPE—Chile
- 4 ctns sound recording—Santiago (74B)

TOOLS, ELEC—Peru
- 2 cs—Callao (74D)

TOYS—Peru
- 8 ctns (74D)

TUBING, PAPER—Chile
- 560 pcs (74A)

TWINE, BALER—Peru
- 70 bls—Callao (74D)

TWINE, COTTON—Peru
- 11 bls (74D)

VALVES—Chile
- 8 cs—Punta Arenas (74B)

VALVES—Peru
- 30 cs (2700 lbs) (74D)

VEHICLES, CHILDREN'S—Peru
- 54 ctns (74D)

WELDING RODS—Peru
- 35 bxs (74D)

WELDERS—Peru
- 2 cs (74D)

WELDING RODS—Peru
- 6 ctns—Andagoya (74)

WODENWARE—Peru
- 10 cs tongue depressors (74D)

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SS ILE DE FRANCE

(Fr) Apr 4

No. To
(29) ———————— Havre, France

Chemicals

ACID—France
1 ctn vegetable—Paris (29)

CHEMICALS—France
267 lbs—Paris (29)
44 bgs (2244 lbs)—Paris (29)

COAL TAR DYES—France
2 drs (29)

EXTRACT—France
3 ctns flavoring—Paris (29)

GELATINE—France
28 drs—Paris (29)

MOLYBDENITE POWDER—France
50 drs (4600 lbs)—Paris (29)

PENICILLIN SODIUM—France
8 bxs (29)

PHARMACEUTICALS—France
2 ctns—Paris (29)
7 drs (260 lbs)—Paris (29)

PHOTO CHEMICALS—France
12 pkgs (29)

PLASTIC SHEETINGS—France
4 ctns (29)

RESIN—France
10 drs synth (29)
48 drs synth—Paris (29)

THIAMINE MONONITRATE—France
17 drs (29)

ZIRCONIUM OXIDE—France
65 kegs (29)

Hides, Skins and Casings

LEATHER—France
33 ctns cattle, 5 pkgs calf (29)

SKINS—France
2 bls raw—Paris (29)

SKINS, FUR—France
1 pkg—Paris (29)

SKINS, OPPOSUM—France
2 bls raw—Paris (29)

Foodstuffs

FOODSTUFFS—France
10 ctns spaghetti, 15 ctns ravioli, 6 ctns sauce—Paris (29)

PROVISIONS—France
115 cs froz hog livers, 56 ctns beef kidneys, 21 ctns glands—Paris (29)
40 bxs tongues, 27 bxs kidneys, 40 bxs beef liver—Havre (29)
214 cs hog livers—Seine (29)
100 bxs insulin beef pancreas—Paris (29)

RICE—France
130 ctns—Paris (29)

Metals and Ores

BRONZE RODS—France
3 cs (29)

COPPER POWDER—France
1 cs—Paris (29)

NICKEL—France
18 bdls chrome electric rods (5,183 lbs)—Paris (29)

NICKEL—France
17 coils alloy rods (2,0220 lbs)—Paris (29)

SILVER—France
117 bgs ref—Havre (29)

Textiles

APPARELS—France
1 ctn hats, 1 ctn skirts, 1 ctn orlon cardigans, 4 ctns cotton dresses, 1 ctn nylon panties (29)
25 ctns wearing (29)

FABRICS—France
2 bls silk, 6 rolls webril (29)

FIBRE—France
3 crts vulc (29)

FLOWERS, ART—France
10 crts—Besancon (29)

NYLONS—France
12 ctns piece goods (29)
35 pkgs piece goods (29)
4 ctns piece goods (29)

RAYONS—France
6 pkgs piece goods (29)

RAYONS, ACRILAN—France
3 ctns piece goods (29)

YARNS—France
3 ctns cashmere—St Gall (29)

Building Materials

HARDWARE—France
6 ctns cabinet locks (29)
1 bx steel nuts, 1 bx alum hinges—Paris (29)
3 ctns screw drivers—Paris (29)
1 cs mech hand tools—Lyon (29)
1 cs hack saw blades—Lyon (29)

PIPE FITTINGS—France
10 pkgs—Paris (29)

Furnishings

GLASSWARE—France
69 ctns (29)

LAMPS—France
9 ctns fluorescent—Neuilly (29)

Automotive Parts, Machinery, Etc.

AUTO PARTS—France
25 ctns light shields (29)
19 pkgs, 19 cs shock absorbers—Gennevilliers (29)
28 pkgs—Gennevilliers (29)
31 pkgs—Accan (29)
52 pkgs—Havre (29)

BEARINGS—France
1 box roller (29)
10 pkgs ball, 16 pkgs roller (29)
1 ctn roller—Paris (29)
2 pkgs ball—Paris (29)
4 ctns ball—Paris (29)

ENGINES—France
86 pkgs parts—Gennevilliers (29)
5 cs parts—Gennevilliers (29)
4 cs parts—Paris (29)

MACHINERY—France
2 cs (1,651 lbs)—Gennevilliers (29)
6 pkgs parts (2,793 lbs)—Havre (29)
31 pkgs parts (29)
7 bxs parts—Paris (29)
2 cs water boiler—Paris (29)

MOTORS—France
7 ctns outboard (29)
5 ctns outboard parts—Paris (29)
7 ctns outboard—Paris (29)

TIRES, TUBES—France
196 loose tires (29)

TRACTORS—France
2 bxs excavator parts—Paris (29)
28 pkgs parts, 2 bxs grader parts—Paris (29)
57 cs farm (29)
4 cs parts—Tabet (29)

Miscellaneous

AGRICULTURAL IMPLEMENTS—France
33 bxs machine parts—Paris (29)

AIR CONDITIONERS—France
4 bxs—Carrier (29)

APRONS—France
5 ctns—Lille (29)

BATTERIES—France
213 ctns separators (29)
278 ctns (29)

CARBON PAPER—France
3 ctns (29)

CASTINGS, STEEL—France
1 bx—Paris (29)

CEMENT—France
89 drs refractory (29)

CIGARETTES—France
26 bxs—Paris (29)
3,000 cont—Paris (29)
40 cont—Paris (29)
1,500 bxs—Paris (29)
100 ctns—Paris (29)

COMPOUND—France
3 bxs lapping (29)

COMPRESSORS—France
5 cs ref—Paris (29)

ELECTRICAL EQPT—France
48 pkgs heat regulating parts (29)
9 pkgs inst parts—Paris (29)
16 ctns resistors—Francaise (29)
68 ctns apparatus—Paris (29)
12 pkgs heat regulating appar and parts (29)
5 pkgs (29)
19 pkgs—Havre (29)
8 pkgs—Paris (29)
2 ctns apparatus—Paris (29)
1 ctn apparatus—Grenoble (29)

FEATHERS, CRUDE—France
3 bls—Paris (29)

FILMS—France
26 ctns plastic—Paris (29)
10 cs photo, 1 cs cine, 94 cs xray (29)
7 cs plastic—France (29)

FILTERS—France
3 bxs parts—Billancourt (29)

FURNACE PARTS—France
1 bx—Paris (29)

GAS TRANSPORTAINERS—France
3 bxs—Paris (29)

MACHINES, OFFICE—France
2 cs bookkeeping machines—Lyon (29)
17 ctns typewriters (29)

MAGAZINES—France
231 pkgs (29)

MAGAZINES—France
37 pkgs (29)

OIL WELL EQUPT—France
1 bx—Paris (29)

PAPER—France
7 cs photo (29)

PHOTO GOODS—France
28 cs dry plates, 16 pkgs photo goods (29)

POTENTIOMETERS—France
6 ctns—Paris (29)

POWDER PUFFS—France
8 ctns (29)

RADIOS—France
9 ctns parts (29)

RECORDS, PHONO—France
12 ctns—Paris (29)

RUBBER GOODS—France
53 ctns gloves—Paris (29)

RUBBER GOODS—France
7 cs hose—Paris (29)

SEED—France
110 bgs beans—Paris (29)

STATIONERY—France
3 bxs pens 7 refills (29)

SWEEPERS—France
1 crt self propelled—Paris (29)

TAPE—France
21 ctns masking (29)

TUBES—France
27 ctns, 1 ctn accotx & 8 ctns aprons tubes (29)
6 ctns rubber curing (29)

VALVES—France
1 cs refr (29)

VIBRATORS—France
34 ctns—Paris (29)

VOL. 1 — No. 65 EXPORT DAILY New York, April 17, 1958

SS QUEEN MARY
(Br) April 8

No. To
(80) ________Cherbourg, France
(80A) ____Southampton, England

Chemicals

DRUGS—England
9 boxes (2192 lbs)—London (80A)
RESINS—England
1 drs synthetic (572 lbs)—London(80A)
12 drs synthetic (80A)
SOYA LECHITHIN—England
19 drs (10,099 lbs)—Watford (80A)
WAX—England
22 bags petroleum (80A)

Hides, Skins and Casings

CASINGS, ARTIF—England
21 drs—Swansea (80A)
CASINGS, SAUSAGE—England
97 drums—Swansea (80A)
4 drs—Swansea (80A)
SKINS—England
7 bales—London (80A)
14 bales raw S W African Lamb—London (80A)
1 bale skunks, opossums (80A)

Textiles

APPAREL—England
3 ctns dresses—London (80A)
7 cs—London (80A)
23 ctns dresses, skirts (80A)
APPAREL—France
30 ctns slips, shirts, bathing suits—Zurich (80)
10 ctns sweaters, hosiery—Lausanne (80)
26 cs slips, brassieres, petticoats, dusters—Zurich (80)

NYLONS—France
6 ctns pce goods—St Gallens (80)
WOOLENS—England
2 bales pce goods—London (80A)

Furnishings

FURNISHINGS—England
2 bales wool rugs, used—Zurich (80A)

Building Materials

PIPE FITTINGS—England
3 cs (80A)

Automotive Parts, Machinery, Etc.

BEARINGS—England
7 cs roller, 7 cs ball—London (80A)
4 boxes roller—Freemantle (80A)
ENGINES—England
1 cs rolls royce turbo prop (3138 lbs)—Derby (80A)
23 boxes access—Gateshead (80A)
MACHINERY—England
7 boxes industrial parts, 2 cs tank cleaning—London (80A)
4 cs printing—London (80A)
6 cs automatic sausage linker—Kingswood (80A)
5 ctns parts—London (80A)
TRACTORS—England
21 boxes parts—Stamford (80A)
28 boxes parts (80A)
8 boxes tracklaying parts—Salisbury (80A)
661 pcs earthmover parts—Liverpool (80A)
TRACTORS—France
3 bxs payloader parts, 1 bx crawler parts—Antwerp (80)
3 bxs crawler parts—Antwerp (80)
TRUCKS—England
66 cs of the road haulage parts—Motherwell (80A)

Miscellaneous

BIOLOGICAL PRODS—England
4 ctns (228 lbs) (80A)
BOOKS—England
10 ctns—London (80A)
21 ctns—London (80A)
115 ctns—London (80A)
CIGARS—England
30 cs—London (80A)
DETERGENT—England
8 cs—London (80A)
ELECTRICAL EQPT—England
3 cs control instr parts (80A)
9 boxes heat regulating appar—London (80A)
4 boxes indus motor controls—London (80A)
2 boxes indust proc control instr pts—London (80A)
3 cs switch parts—London (80A)
ELECTROGLAS—England
4 cs—Dundee (80A)
FILM—England
8 cs motion picture—London (80A)
FILM—France
4 cs motion picture (80)
MACHINES, OFFICE—England
10 cs comptometer parts—London (80A)
9 cs elec typewriters—London (80A)
MACHINES, SEWING—England
11 boxes industrial—London (80A)
MAGAZINES—England
921 bdls—London (80A)
842 bdls—London (80A)
101 ctns—London (80A)
320 ctns religious—London (80A)
NEWSPAPERS—England
293 bdls—Paris (80A)
37 bdls—Teddington (80A)
PAPER GOODS—England
20 ctns patterns—London (80A)
PERIODICALS—England
241 bdls—(80A)
381 bdls—London (80A)
33 bags—(80A)
REFRIGERATORS—England
7 cs H H parts—London (80A)
SPORTING GOODS—England
10 ctns fishing rods—London (80A)
STATIONERY—France
74 ctns stapling machines, 41 ctns staples—(80)
TANKS, STEEL—England
2 cs fuel oil parts (3,000 lbs)—(80A)
VALVES—England
35 boxes—London (80A)

I.C.C. Exhibit No. 107

EXHIBIT NO. A-6
I&S DOCKET 6615
WITNESS: EDWARD K. LAUX
Page 1 of 2

CARGO VESSEL CLEARANCES
NEW YORK AND BALTIMORE
1951 vs. 1956

	New York	Baltimore
1951	4264	3046
1956	4604	4025
Per cent change	+ 8.0%	+ 32.1%

Source: U. S. Department of Commerce
Bureau of Census

Methodology for comparative study of vessel clearances for the Port of New York and the Port of Baltimore

1. All passenger ships clearing New York have been eliminated for comparison purposes.

2. When a ship cleared New York twice as part of one continuous round trip between the U. S. and a foreign country, one clearance has been eliminated for comparison purposes.

3. Small ships of less than 1500 net registered tons have been eliminated from both Baltimore and New York totals. These ships represent over ten per cent of the clearances but less than 1-1/2% of the cargo carrying capacity at these ports.

44.35

I.C.C. Exhibit No. 107

EXHIBIT NO. (A-8)
I&S DOCKET 6615
WITNESS: Edward K. Laux
Page 1 of 3

COMPARISON OF MONTHLY SAILINGS FROM BALTIMORE TO REPRESENTATIVE FOREIGN PORTS, 1951 and 1956

Route numbers - see pages two and three

ROUTE	PORT	AVERAGE MONTHLY SAILINGS 1951	1956
1	Copenhagen, Denmark	6	14
2	Liverpool, England	6	6
3	Havre, France	6	9
4	Beirut, Lebanon	5	11
5	Calcutta, India	4	5
6	Lagos, Nigeria	1	3
7	Capetown, Union of South Africa	9	8
8	Rio de Janeiro, Brazil	9	16
9	Guayaquil, Ecuador	4	8
10	Sydney, Australia	2	2
11	Hong Kong, China	8	21
12	Singapore, Singapore	6	13
13	Honolulu, Hawaii	5	4
15	Colon, Panama	4	4
18	Hamilton, Bermuda	1	1
19	La Guaira, Venezuela	4	14
20	Havana, Cuba	6	12
	TOTAL	86	151

[fol. 4439]

4439

SOURCE: Port of Baltimore Handbooks for 1952 and 1957.

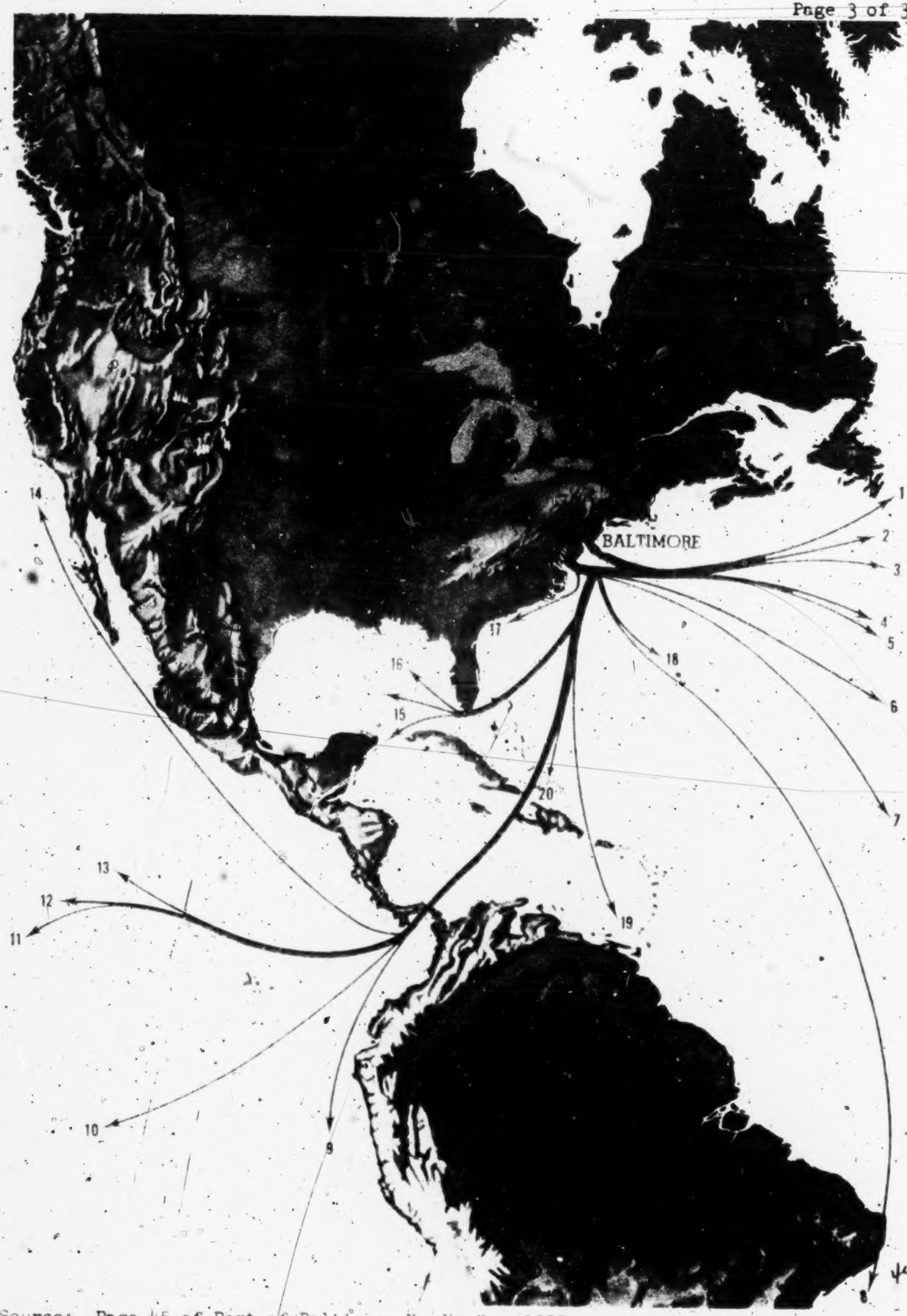
WORLD-WIDE SHIPPING SERVICE

The map on the opposite page depicts Baltimore's world-wide shipping service. Scheduled service by well-established steamship lines assures the shipper of fast and frequent sailings to commercial centers throughout the world.

The numbered arrows on the map correspond with the numbers carried below, showing areas served, number of shipping lines engaged in trade to specific areas and the number of sailings monthly.

	Numbers Indicating Routes	Number of Shipping Lines	Number of Sailings Monthly
Scandinavia and Baltic	1	5	10
United Kingdom	2	7	17
Continent (North European)	3	14	39
Mediterranean and North Africa	4	9	22
Red Sea-India-Ceylon-Pakistan-Burma	5	3	6
West Africa	6	1	1
South and East Africa	7	5	12
South America, East Coast	8	12	22
South America, West Coast	9	4	6
Australia	10	3	3
Far East	11	14	20
Indonesia-Singapore-Malayan Union-Siam-French Indo-China	12	5	10
Hawaii	13	2	5
U. S. Pacific Coast Ports	14	7	13
Mexico and Central America	15	5	10
U. S. Gulf Ports	16	2	10
U. S. South Atlantic Ports	17	2	8
Bermuda	18	1	1 to 2
South America, North Coast-Trinidad	19	4	8
West Indies	20	5	18

Source: Page 44 of Port of Baltimore Handbook - 1952


BALTIMORE
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Source: Page 45 of Port of Baltimore Handbook - 1952

Exhibit No. (A-8) ~~(A-3)~~
I & S Docket 6615
Witness Edward K. Laux

EXCERPT FROM
Agent C. W. Boin Tariff No. 116-G, ICC A-1108
LIGHTERAGE AND TERMINAL REGULATIONS IN NEW YORK HARBOR AND VICINITY

Rule A-42. **LIGHTERAGE OF L. C. L. FREIGHT.**

To obtain lighterage delivery shipments must be consigned in bill of lading for lighterage delivery. (For waybilling instructions see Item 1418.)

2790 **(a) Commodities rated differently carloads and less carloads, in less than carload quantities or commodities rated the same in carloads and less than carloads in less quantities than provided in Rule** A-35, which, when in carload quantities or under Rule A-35, are entitled to free lighterage, may be moved via lighter, within the lighterage limits (Rule A-20), except as otherwise provided herein, at the option of the carrier, subject to a charge of 8½ cents per 100 pounds, with a minimum of $27.56 for each domestic shipment, and a charge of 8½ cents per 100 pounds, with a minimum of $18.13 for each export or import shipment, over and above the rate published to and from New York, N. Y. (Notes A, B and C).

2795 **(b) When the shipment consists of commodities rated differently carload and less than carload and commodities rated the same carload and less than carload and is loaded to the full cubical or full stowing capacity of car or when the weight is 30,000 pounds or more it will be accorded the free lighterage privilege. (Note A.)**

Minimum Charge on Less Than Carload Freight.

2800 **(c) In the event that the freight charges to or from New York on a less than carload shipment of commodities (which when shipped in carload quantities are entitled to free lighterage) plus the minimum lighterage charge of $27.56 on domestic freight or $18.13 on export or import freight** (or the cartage and ferriage charges on less than carload freight, as named in Rules A-190 and A-191), aggregate more than the freight charges computed on the applicable carload rate and minimum weight the shipment shall have the benefit of such minimum carload freight charge and free lighterage, the lighterage to be deducted from the billing instead of being added to the freight charges. (Notes B and D.)

2805 **Note A.—Extra towing charges beyond the Lighterage** Free and Floatage Limits as per Rule **No. A-80 will be assessed when such service is performed. Articles weighing over 1,000 pounds will be subject to Rule A-85.**

Note B.—The lighterage charge on export freight applies on eastbound freight forwarded to New York for export, via carriers parties to this tariff, in accordance with tariffs lawfully on file with the Interstate Commerce Commission and State Commissions.

Westbound freight (other than import freight) forwarded from New York to points in Canada, Mexico, or other foreign countries will be subject to the lighterage charge provided for domestic shipments.

Note C.—The carload rate will not be applied on less than carload shipments delivered to lighters or barges for consolidation at carriers' rail termini named in Item 15.

Note D.—The provisions of this rule will not apply on shipments on which pick-up or delivery service has been performed, or on which an allowance has been made in lieu of pick-up or delivery service.

(A-9)
Exhibit No. ~~(A-4)~~
I & S Docket 6615
Witness Edward K. Laux
Page 1 of 5

EXCERPTS FROM FREIGHT FORWARDER TARIFF SHOWING RULES, REGULATIONS AND CHARGES GOVERNING PICKUPS OR DELIVERIES AT THE PORT OF NEW YORK ON IMPORT AND EXPORT TRAFFIC

(Subject to Ex Parte 206)

4443

I. C. C. - F. F. No. 70
(For Cancellations see page 2)

Freight Forwarders Tariff Bureau, Inc.

(T. J. FOX, Agent)

TARIFF No. 32

(For Cancellations see page 2)

TERMINAL PRIVILEGES AND CHARGES

ON

IMPORT AND EXPORT SHIPMENTS

AT

PORT OF NEW YORK

(See Item Nos. 15, 30 and 35)

ISSUED NOVEMBER 30, 1956. EFFECTIVE DECEMBER 31, 1956.

Issued by
T. J. FOX, Agent
114 Liberty Street
New York 6, N. Y.

Communications regarding provisions published in this tariff should be addressed to the Traffic Officials of the Freight Forwarders participating herein.

PARTICIPATING FREIGHT FORWARDERS

Name of Freight Forwarder	Address	Powers of Attorney to T. J. Fox, Agent FFX1 No.
Acme Fast Freight, Inc	New York, N.Y.	39
American Freight Forwarding Corporation	Detroit, Mich.	19
B.C. Forwarding Co., Ltd	Chicago, Ill.	15
Clipper Carloading Company	Chicago, Ill.	25
International Forwarding Co	Chicago, Ill.	25
Lone Star Package Car Company	Dallas, Tex.	33
Merchant Shippers Association	Chicago, Ill.	20
National Carloading Corporation	New York, N.Y.	22
Pacific & Atlantic Shippers, Inc	Chicago, Ill.	2
Pacific Forwarding Association, Inc	Chicago, Ill.	5
Republic Carloading and Distributing Co., Inc. (See Note 1)	New York, N.Y.	23
Texas Freight Company, Inc	Houston, Texas	11
Universal Carloading & Distributing Co., Inc. (See Note 2)	New York, N.Y.	23
Western Carloading Co., Inc	New York, N.Y.	9
Western Transportation Co., Inc	Los Angeles, Cal.	9
Westland Forwarding Co. (See Note 3)	Chicago, Ill.	21

Note 1 - When "Republic" or "Republic Carloading and Distributing Co., Inc." is used in this tariff, it includes Gulf Carloading Company, Inc. (Division of Republic Carloading and Distributing Co., Inc.)

Note 2 - When "Universal" or "Universal Carloading & Distributing Co., Inc." is used in this tariff, it includes Pioneer Carloading Company (Division of Universal Carloading & Distributing Co., Inc.)

Note 3 - When "Westland" or "Westland Forwarding Co." is used in this tariff, it includes "Stor Dor Forwarding Company" (Division of Westland Forwarding Co.)

For explanation of Abbreviations, see page 5.

4345

[fol. 4445]

2

TERMINAL PRIVILEGES AND CHARGES APPLICABLE TO IMPORT SHIPMENTS

(a) Subject to the conditions of paragraph (c), a single shipment weighing 2,500 pounds or over, or more than one shipment aggregating 2,500 pounds or over will be picked up without charge when such shipments are available for pick-up at one time at one pier listed in paragraph (d).

(b) Subject to the conditions of paragraph (c), pick-up charges in Note 1 will apply on:

(1) A single shipment weighing 2,500 pounds or more, or more than one shipment aggregating 2,500 pounds or more arriving at piers not listed in paragraph (d), or

(2) A single shipment weighing less than 2,500 pounds, or more than one shipment aggregating less than 2,500 pounds arriving at piers listed or not listed in paragraph (d), when

(3) Such shipments are available for pick-up at one time at one pier.

NOTE 1

Location of Piers	Pick-up Charge
Bayonne, N.J.	56¢ per 100 lbs., minimum $5.50
Brooklyn, N.Y.	53¢ per 100 lbs., minimum $5.00
Hoboken, N.J.	56¢ per 100 lbs., minimum $5.50
Jersey City, N.J.	56¢ per 100 lbs., minimum $5.50
Manhattan Island, N.Y.	50¢ per 100 lbs., minimum $4.50
Port Newark, N.J.	56¢ per 100 lbs., minimum $5.50
Staten Islande, N.Y.	65¢ per 100 lbs., minimum $6.00
Weehawken, N.J.	56¢ per 100 lbs., minimum $5.50

(c) Shipments must be routed via the Forwarder to final inland destination, and

(1) On such shipments where duty has been paid, the steamship release must be delivered by the Import Broker to the local office cartage desk and there properly recorded, or

(2) On such shipments moving in Bond, a copy of the United States Customs permit properly executed, must be delivered by the Import Broker, shipper, consignee or their agents to the local office cartage desk and there properly recorded, and in either event.

(3) The Forwarder will assume no liability for lodging the United States Customs or steamship papers.

(4) A - On single pieces or packages weighing 12,000 pounds or more, the Forwarder will receive such pieces or packages on lighters or barges at shipside or alongside dock of vessel at no additional charge.

B - When ocean carrier or its agent requests the Forwarder to receive such freight from dock of vessel or from tackle of vessel, a heavy lift charge of six (6) cents per 100 lbs. will be assessed.

(d) Piers at which pick-up will be made as provided in paragraph (a) are as follows:

1. Brooklyn, N.Y.
   - All Piers
2. Hoboken, N.J.
   - All Piers
3. Jersey City, N.J.
   - Pier 9
   - Pier D
   - Pier F
4. Port Newark, N.J.
   - All Piers
5. Staten Island, N.Y.
   - All Piers
6. Weehawken, N.J.
   - Pier K

4446

ITEM NO.	RULES AND REGULATIONS

DELIVERY SERVICE AT NEW YORK HARBOR POINTS FOR LESS CARLOAD SHIPMENTS CONSIGNED FOR EXPORT TO FOREIGN COUNTRIES

4
35-A
Cancels
35

Delivery to steamer dock within the limits of New York Harbor defined in Item No. [illegible], (except as provided in Item No. 251) will be accorded single shipments consigned on one bill of lading for export to Foreign Countries (See Item No. 5) subject to the following:

(a) When such shipments weigh 5,000 lbs. or more (See Note 3) and originate at points as provided in paragraph (d), one delivery to one steamer dock will be included in the transportation charges to the Port of New York subject to other charges in paragraph (c).

(b) When such shipments weigh less than 5,000 lbs. and originate at points provided in paragraph (d), the charge for one delivery to one steamer dock will be as provided below (Subject to Notes 1 and 2) in addition to the transportation charges to the Port of New York.

When Steamer Dock or Pier is located in (See Note 4):	Delivery Charges in Cents Per 100 lbs. will be	Minimum Charge in Dollars
Bayonne, N.J.	56	$ 5.50
Brooklyn, N.Y.	53	$ 5.00
Hoboken, N.J.	56	$ 5.50
Jersey City, N.J.	56	$ 5.50
Manhattan Island, N.Y.	50	$ 4.50
Port Newark, N.J.	56	$ 5.50
Staten Island, N.Y.	65	$ 6.00
Weehawken, N.J.	56	$ 5.50

(c) 1 - On single pieces or packages weighing 12,000 pounds or more the Forwarder will deliver such pieces or packages on lighters or barges at shipside or alongside dock of vessel at no additional charge.

2 - When ocean carrier or its agent requests the Forwarder to deliver such freight to dock of vessel or to tackle of vessel, the rate to be applied on heavy articles will be:

Pieces Over	And Not Over	Rates in Cents Per 100 Pounds
12,000 lbs.	20,000 lbs.	+ 6
20,000 lbs.		Not Taken

(d) When reference is made to this paragraph the points will be those located in the Province of British Columbia and the following states:

Arizona
Arkansas
California
Colorado
Illinois
Indiana
Iowa
Kansas
Kentucky
Michigan (Lower Peninsula only)
Minnesota
Missouri
Nebraska
North Dakota
Ohio
Oklahoma
Oregon
South Dakota
Washington
Wisconsin
Wyoming

Note 1 - When shipment requires the use of a winch truck the rate will be the applicable rate as shown in paragraph (b) plus 7 cents per 100 lbs.

Note 2 - When charges figured at the rates in paragraph (b) exceed $18.13, then $18.13 will be applied as maximum.

Note 3 - The provisions of paragraph (a) of this Item will apply on shipments weighing less than 5,000 pounds when the transportation charges on such shipments are assessed based on a minimum weight of 5,000 pounds or more.

Note 4 - Also includes U.S. Navy Yards, Naval Bases or Army Bases or U.S. Government Vessels docked thereat in the locations shown.

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UNITED STATES TRUCKING CORPORATION
66 MURRAY STREET, NEW YORK 7, N. Y.
WORTH 2-4900

Exhibit No. (A [illegible]) (~~A-5~~)
I&S Docket 6615
Witness Edward K. Laux

September 1, 1956

CARTAGE SCHEDULE OF RATES AND CONDITIONS

For Pick Up and Delivery of Import and Export Traffic in the New York - New Jersey Metropolitan Area

RATE SCHEDULE

BETWEEN	Manhattan (Below 59th St.)	Manhattan (60th St. to 125th St.)	Brooklyn	Jersey City, Hoboken & Weehawken	Staten Island
Manhattan (Below 59th St.)	1	2	2	2	3
Manhattan (60th St. to 125th St.)	2	1	3	3	4
Brooklyn	2	3	1	3	3
Jersey City, Hoboken and Weehawken	2	3	3	1	4
Staten Island	3	4	3	4	2

RATES

GENERAL COMMODITIES WEIGHING 20 POUNDS OR MORE PER CUBIC FOOT — NOT EXCEEDING 750 POUNDS PER PACKAGE:

	RATES PER RECEIPT				RATES PER 100 POUNDS						
ZONE NUMBER	1 to 200 POUNDS	201 500 POUNDS	501 750 POUNDS	751 1000 POUNDS	1001 2000 POUNDS	2001 5000 POUNDS	5001 10000 POUNDS	10001 15000 POUNDS	15001 20000 POUNDS	20001 30000 POUNDS	Over 30000 POUNDS
1	$3.75	$4.50	$5.00	$5.50	$ .56	$ .47	$ .40	$ .32	$ .28	$ .24	$ .22
2	4.25	5.00	5.50	6.00	.59	.50	.44	.34	.29	.25	.23
3	5.00	5.50	6.00	6.50	.63	.54	.47	.36	.30	.26	.24
4	5.50	6.00	6.50	7.00	.73	.62	.49	.38	.31	.28	.26

GENERAL COMMODITIES WEIGHING LESS THAN 20 POUNDS PER CUBIC FOOT:	RATE PER CUBIC FOOT	MINIMUM Up to 25 Cu. Ft.	MINIMUM Over 25 Cu. Ft.
Zone No. 1	$.05½	$4.50	$5.50
Zone No. 2	.06	5.00	6.00
Zone No. 3	.06½	5.50	6.50
Zone No. 4	.07	6.00	7.00

GENERAL COMMODITIES IN PACKAGES 751 POUNDS AND OVER:

TO RATES PER 100 POUNDS APPLYING ON PACKAGES NOT EXCEEDING 750 POUNDS ADD .... $.09 per 100 pounds additional, minimum of $8.50

EQUIPMENT FOR SPECIAL DELIVERY — TRUCKS WITH A CARRYING CAPACITY OF:	RATE PER HOUR	MINIMUM HOURS
6,000 pounds	$6.50	4
10,000 poundr	7.50	4
15,000 pounds	8.00	4
30,000 pounds	8.50	4
Tractor & Trailer	9.00	4
Helpers	3.50	4
Windlass Equipment	1.75 Additional Per Hour	

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[fol. 4448]

	Manhatt	Manhatt	Brooklyn	Jersey C	Staten Isl	
Manhattan (Below 59th St.)	1	2	2	2	3	
Manhattan (60th St. to 125th St.)	2	1	3	3	4	
Brooklyn	2	3	1	3	3	
Jersey City, Hoboken and Weehawken	2	3	3	1	4	
Staten Island	3	4	3	4	2	

RATES

GENERAL COMMODITIES WEIGHING 20 POUNDS OR MORE PER CUBIC FOOT — NOT EXCEEDING 750 POUNDS PER PACKAGE:

	RATES PER RECEIPT				RATES PER 100 POUNDS						
ZONE NUMBER	1 to 200 POUNDS	201 500 POUNDS	501 750 POUNDS	751 1000 POUNDS	1001 2000 POUNDS	2001 5000 POUNDS	5001 10000 POUNDS	10001 15000 POUNDS	15001 20000 POUNDS	20001 30000 POUNDS	Over 30000 POUNDS
1	$3.75	$4.50	$5.00	$5.50	$ .56	$ .47	$ .40	$ .32	$ .28	$ .24	$ .22
2	4.25	5.00	5.50	6.00	.59	.50	.44	.34	.29	.25	.23
3	5.00	5.50	6.00	6.50	.63	.54	.47	.36	.30	.26	.24
4	5.50	6.00	6.50	7.00	.73	.62	.49	.38	.31	.28	.26

GENERAL COMMODITIES WEIGHING LESS THAN 20 POUNDS PER CUBIC FOOT:	RATE PER CUBIC FOOT	MINIMUM Up to 25 Cu. Ft.	MINIMUM Over 25 Cu. Ft.
Zone No. 1	$.05½	$4.50	$5.50
Zone No. 2	.06	5.00	6.00
Zone No. 3	.06½	5.50	6.50
Zone No. 4	.07	6.00	7.00

GENERAL COMMODITIES IN PACKAGES 751 POUNDS AND OVER:

TO RATES PER 100 POUNDS APPLYING ON PACKAGES NOT EXCEEDING 750 POUNDS ADD .... $.09 per 100 pounds additional, minimum of $8.50

EQUIPMENT FOR SPECIAL DELIVERY — TRUCKS WITH A CARRYING CAPACITY OF:	RATE PER HOUR	MINIMUM HOURS
6,000 pounds	$6.50	4
10,000 pounds	7.50	4
15,000 pounds	8.00	4
30,000 pounds	8.50	4
Tractor & Trailer	9.00	4
Helpers	3.50	4
Windlass Equipment	1.75 Additional Per Hour	

NOTES

No. 1

All quotations include ferriages, tolls and loading charges, up to $.05½ per 100 pounds, except when special trucks are furnished for special deliveries on an hourly basis.

No. 2

Special delivery orders on an hourly basis will be invoiced in accordance with rates published herein, — time starting and finishing at garage.

No. 3

When services are specifically requested for deliveries or pick-ups after regular working hours, or on Saturdays, Sundays and Holidays, regular rates shall apply plus extra wages paid employees and fifteen (15) percent thereof for Social Security, Compensation and Unemployment insurances. Minimum work four hours on Saturdays and eight hours on Sundays and Holidays.

No. 4

When trucks are delayed beyond our control, at any point of delivery or pick-up, detention time shall be charged for all delay beyond one hour free time for loading or unloading equipment with a carrying capacity up to 10,000 pounds and two hours for equipment with a carrying capacity of more than 10,000 pounds—at rates of $6.50 per hour for smaller equipment and $7.50 per hour for larger equipment.

UNITED STATES TRUCKING CORPORATION 4448

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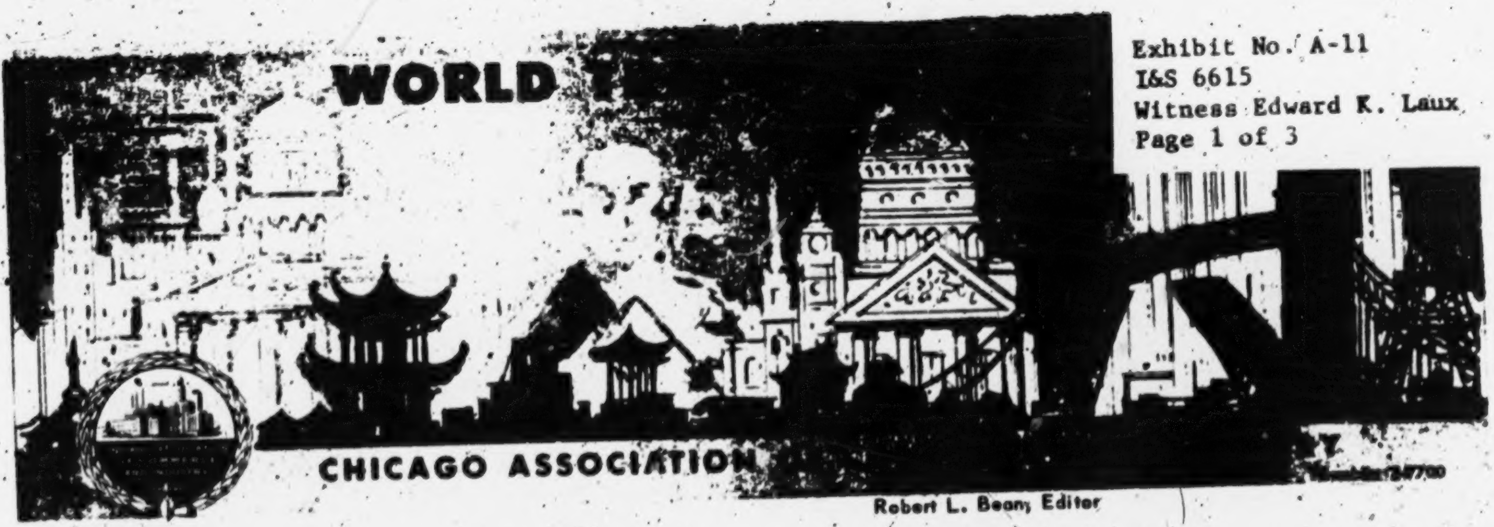
[fol. 4448]

Exhibit No. A-11
I&S 6615
Witness Edward K. Laux
Page 1 of 3



Robert L. Bean, Editor

W.T.B. No. 479
April 15, 1958

1

CHICAGO-OVERSEAS STEAMSHIP SERVICES -- 1958 NAVIGATION SEASON

Steamship Services	Agents	Overseas Ports of Call
AHLMANN TRANSCARIBBEAN LINE MICHIGAN OCEAN LINE Joint Schedule	) Midwest Steamship Agency, Inc.,) 327 S. La Salle St. (4),) HArrison 7-4024	Curaçao, LaGuaira, Puerto Cabello, Maracaibo, Baranquilla
BRISTOL CITY LINE	James W. Elwell & Co., Inc., 327 S. La Salle St. (4), HArrison 7-4891	Avonmouth, Glasgow, Liverpool
ELLERMAN GREAT LAKES LINE	Norton, Lilly & Co. 208 S. La Salle St. (4), STate 2-9781	Lisbon, Tangier, Algiers, Tunis, Seville, Barcelona, Marseilles, Leghorn, Genoa, Naples
FABRE LINE	James W. Elwell & Co., Inc., 327 S. La Salle St. (4), HArrison 7-4891	Lisbon, Tangier, Algiers, Tunis, Seville, Barcelona, Marseilles, Leghorn, Genoa, Naples
FINLAKE LINE	James W. Elwell & Co., Inc., 327 S. La Salle St. (4), HArrison 7-4891	Gothenburg, Stockholm, Copenhagen, Malmo, Kotka, Karlshamn, Hango, Helsinki
FJELL LINE	Great Lakes Overseas, Inc., Prudential Plaza (1), RAndolph 6-7033	Copenhagen, Oslo, Stavanger, Bergen
FJELL LINE ORANJE LINE Joint Service	) Great Lakes Overseas, Inc.,) Prudential Plaza (1),) RAndolph 6-7033	Le Havre, Antwerp, Rotterdam, Hamburg, London, Glasgow
FRENCH LINE	Furness, Withy & Co., Ltd. 110 S. Dearborn St. (3), CEntral 6-5800	Bordeaux, Le Havre, Antwerp, Rotterdam, Hamburg, Bremen, Rouen, Dunkirk, St. Nazaire

[fol. 4449]

(OVER)

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Steamship Services	Agents	Overseas Ports of Call
FURNESS GREAT LAKES LINE	Furness, Withy & Co., Ltd., 110 S. Dearborn St. (3), CEntral 6-5800	London
(**HAMBURG AMERICAN LINE** (**NORTH GERMAN LLOYD** (**AHRENKIEL & BEHNE**	) Kuecker SS Services, Inc.,) 6 N. Michigan Ave. (2),) RAndolph 6-0168	Antwerp, Rotterdam, Bremen, Hamburg, Le Havre
HAMBURG CHICAGO LINE Joint Service	) Midwest Steamship Agency, Inc.,) 327 S. La Salle St. (4),) HArrison 7-4024	
HEAD LINE	James W. Elwell & Co., Inc., 327 S. La Salle St. (4), HArrison 7-4891	Dublin, Belfast, Liverpool
LIVERPOOL LINERS	Great Lakes Overseas, Inc., Prudential Plaza (1), RAndolph 6-7033	Liverpool
MANCHESTER LINERS	Furness, Withy & Co., Ltd., 110 S. Dearborn St. (3), CEntral 6-5800	Manchester, Liverpool
MONTSHIP-CAPO LINE	Phelps Agency, Inc., 333 N. Michigan Ave. (1), FRanklin 2-1333	Casablanca, Algiers, Tunis, Naples, Leghorn, Marseilles, Lisbon
NIAGARA LINE	Great Lakes Overseas, Inc., Prudential Plaza (1), RAndolph 6-7033	Casablanca, Algiers, Tunis Naples, Leghorn, Marseilles, Lisbon
POSEIDON LINES	James W. Elwell & Co., Inc., 327 S. La Salle St. (4), HArrison 7-4891	Antwerp, Rotterdam, Hamburg, Bremen
SWEDISH AMERICAN LINE	Furness, Withy & Co., Ltd., 110 S. Dearborn St. (3), CEntral 6-5800	Gothenburg, Copenhagen, Malmo, Stockholm, Helsinki
SWEDISH AMERICAN LINE **Alternating Service with** **FRENCH LINE**	) Furness, Withy & Co., Ltd.,) 110 S. Dearborn St. (3),) CEntral 6-5800	Le Havre, Rouen, Antwerp, Rotterdam, Hamburg, Bremen
SWEDISH CHICAGO LINE	Great Lakes Overseas, Inc., Prudential Plaza (1), RAndolph 6-7033	Copenhagen, Gothenburg, Stockholm, Malmo, Helsinki Liverpool, Manchester
WALLENIUS LINE	Kerr Steamship Co., Inc., 208 S. La Salle St. (4), CEntral 6-4592	Stockholm, Gothenburg, Malmo, Helsinki, Rotterdam, Hamburg
ZIM ISRAEL AMERICA LINE	Midwest Steamship Agency, Inc., 327 S. La Salle St. (4), HArrison 7-4024	Barcelona, Genoa, Piraeus, Izmir, Haifa, Tel Aviv

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(OVER)

NEW STEAMSHIP LINES BRING TOTAL IN CHICAGO-OVERSEAS SERVICE TO 24

Four new names are among the foreign flag lines on the listing of Chicago-overseas Steamship Services for the 1958 Navigation Season that is published on pages 1 and 2 of this edition of the World Trade Bulletin. They are the Bristol City Line, Liverpool Liners, Michigan Ocean Line and Zim Israel America Line. The new companies bring to 24 the number of lines, offering a total of 20 services, in the Chicago-overseas trade. A reasonable number of copies of the listing are available, without charge, upon request.

Bristol City Line's direct service between Chicago and other U.S. and Canadian Great Lakes ports will be inaugurated with the arrival later this month of the chartered M.V. Korbach which sailed from Avonmouth docks on April 2. James W. Elwell & Co., Inc. are agents at Chicago, Milwaukee and Cleveland for the line, which is owned by Chas. Hill & Sons, Inc. of Bristol, England. After completion of the St. Lawrence Seaway project, the Bristol City Line will use its own ships of 8,500 tons dw. in the Great Lakes service.

Liverpool Liners, Ltd., established by Sivewright, Bacon & Co., Ltd., Liverpool, will provide a monthly service between Chicago and other Great Lakes ports, Montreal and Liverpool. Great Lakes Overseas, Inc. are General Agents in North America for the new service. First vessel of the service to reach Chicago will be the M.S. Lingestrom, which sailed from Liverpool March 28.

Michigan Ocean Line, Sartori & Berger, Managers, has joined the Ahlmann Transcaribbean Line, Transamerican Steamship Corporation, Operating Managers, in the service between Great Lakes ports and South American and Caribbean ports provided by the latter for the past several years. Midwest Steamship Agency, Inc. of Chicago, North American General Agents, has announced that sailings will be about every ten days.

Zim Israel America Line, which entered the Great Lakes service on a limited basis last year, is establishing a monthly cargo service. Barcelona, Genoa, Piraeus, Izmir, Haifa and Tel Aviv are regular ports of call, with others added as cargo offers.

Continuing its support of increased Chicago-overseas steamship service, our Association will again present an award to the first vessel to arrive here from an overseas port in this navigation season. Fjell-Oranje Lines' ships have won the annual race for the past several years. The first vessel is expected to reach Chicago on or shortly after April 22.

[fol. 4452]

I.C.C. EXHIBIT NO. 108

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney not la[illegible] than ten days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before The

INTERSTATE COMMERCE COMMISSION

I. & S. DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF R. L. KEEFE

My name is R. L. Keefe. My home address is 9 Franklin Avenue, Yonkers, New York. Prior to my retirement on January 31, 1957, I was Manager of the Rate Bureau in the office of A. E. Baylis, Vice President—Freight Sales and Service, New York Central Railroad Company. During the last 25 years of my service in the office of Mr. Baylis and his predecessors, my work consisted largely of the preparation and analysis of rate proposals for consideration by the Eastern Traffic Executives and subordinate committees.

Since my retirement, I have been retained as consultant in this proceeding. I am familiar with the traffic aspects of this case. Under the general direction of Mr. A. J. Crookshank, Director of Rates, New York Central Railroad Company, I participated in gathering the data and [fol. 4453] statistics underlying Exhibit No. 2 in this proceeding and exhibits AJC-1 through AJC-15 in connection therewith.

I have caused to be prepared four exhibits on the basis of Witness Heywood's "representative" movements of traffic moving through the ports of Baltimore and New York. These exhibits are designed to illustrate the revenue per ton accruing on the actual traffic moving through the respective ports. A separate exhibit was made for import and export traffic through each of the two ports. The format is the same for each exhibit, and they may be described as follows.

The commodities listed and the total tons are taken from Witness Mollman's Exhibit 51 (MLM-5) and represent all of the traffic moving through the respective ports. In other words, all of the traffic moving through Baltimore is shown in Exhibits No. —— (RLK-1) and No. —— (RLK-2), and, similarly, all of the traffic moving through New York is shown in Exhibits No. —— (RLK-3) and No. —— (RLK-4).

Under the heading "Statistical Distribution" is a subdivision of the total tonnage shown under "Total Tons". The total tonnage for each commodity is divided among the origins or destinations, as the case may be, as equally as possible.

In the columns headed "Destination" or "Origin" where no movement is shown, no representative movements were used in Witness Heywood's Exhibit 30 (JLH-1–JLH-6).

[fol. 4454] The rates used are, in all instances, the Baltimore rates adjusted to reflect the Ex Parte 212 increases which became effective February 15, 1958.

The exhibits show that the consist of traffic through the port of Baltimore produces an average revenue per ton of *$8.12* ~~$8.67~~ per ton on import traffic, compared with the average revenue per ton of *$19.20* ~~$19.24~~ per ton for the higher rated import traffic through the port of New York. Similarly, on export business through the port of Baltimore, the consist of traffic produces an average revenue per ton of *$9.38* ~~$9.40~~ per ton compared with *$18.00* ~~$18.01~~ per ton on export traffic through the port of New York.

Italics indicate handwritten material.

As will be observed, the tonnage of traffic shown as moving to or from the "representative" origins or destinations is 96.8% or better of all of the tonnage moving through the respective ports.

Using Docket 29300 base points in the states of New York, Pennsylvania, West Virginia, Ohio, Indiana, Michigan, and Illinois, distances of 671 miles to Baltimore and 777 miles to New York were developed.

Use of these average distances produces the following average revenues per ton-mile for the respective ports:

	Baltimore		New York	
	Rate Per Ton	Rev. Per Ton-Mile	Rate Per Ton	Rev. Per Ton-Mile
Import	*$8.12* ~~$8.67~~	*1.21¢* ~~1.29¢~~	*$19.20* ~~$19.24~~	*2.47¢* ~~2.48¢~~
Export	*$9.38* ~~$9.40~~	1.40¢	*$18.00* ~~$18.01~~	2.32¢

[fol. 4455] For my own information and ready reference, I compiled a composite statement of the various traffic studies in this proceeding which shows the total volume of import and export rail tonnages moving to and from so-called differential territory through each of four ports where equalized rates are sought to be established, namely, Portland, Maine; Boston, Massachusetts; Albany and New York, New York; and the three ports south thereof, namely, Philadelphia, Pennsylvania; Baltimore, Maryland; and Hampton Roads, Virginia. The traffic is that which moved during the study period August 1, 1955 through July 31, 1956.

For the convenience of the Commission and the parties to this proceeding, the statistics have been reproduced as Exhibit —— (RLK-5) covering imports, and Exhibit —— (RLK-6) covering exports.

Without understanding their value or pertinence in this proceeding, I should like to correct certain figures of record: I refer to Witness Mollman's Exhibit 51, (MLM-3), particularly pages 11 and 12 thereof, and to his testimony, pages 36 to 41 inclusive. On page 12 of MLM-3, Witness Mollman attempts to estimate the export tonnage moving

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Italics indicate handwritten material.

through the port of New York in connection with all lines serving that port. For this purpose, Witness Mollman used as a base the total cars unloaded at the port of New York, taken from AAR Report PT-6A, against which he applied average tons per car of 27.85 tons on traffic other than coal, [fol. 4456] coke, and grain, and 52.51 tons per car on grain. By this method tonnages of 2,583,616 for all commodities, and 409,840 for grain were developed from territories other than differential territory via DL&W, Erie, Lehigh Valley, New York Central, and New Haven Railroads. The correct figures on this traffic for the railroads mentioned, as developed in the traffic study for the period August 1, 1955 through July 31, 1956, are 1,666,314 tons for all commodities, and 303,275 tons for grain.

In this connection, it might be pointed out that the lines serving the ports of New York and south, namely, B&O, PRR, Western Maryland, C&O, N&W and Virginian Railways, have omitted all reference to their most important moving commodities from a tonnage standpoint, namely import tonnage on iron ore and export tonnage on coal.

Witness Crookshank's Exhibit 2 (AJC-4) shows that there were imported through the ports of Philadelphia, Baltimore, and Hampton Roads for the year 1955 a total of 16,530,810 tons of iron ore and concentrates, compared with the corresponding figures through the ports of New York and north thereof of 194,208 tons.

Witness Crookshank's Exhibit 2 (AJC-6), shows export tonnage of coal through the ports of Philadelphia, Baltimore, and Hampton Roads for the year 1955 of 34,016,026 tons, compared with the tonnage handled through the four ports New York and north of 11,546 tons.

[fol. 4457] My final Exhibit No. —— (RLK-7) is a summary of the import/export traffic moving in connection with the DL&W, Erie, Lehigh Valley, and New York Central Railroads during the period of the traffic study, August 1, 1955, through July 31, 1956. The "Average Docket 28300 Miles" represent the average Docket 28300 mileages from each of the base points in the states as shown. The mileage shown under "Total" reflects the weighted average haul based on the distribution of tonnage. The revenue shown under the heading "Revenue as Assessed" reflects the average rates assessed during the period of the traffic study, while the "Revenue under Present Rates Incl. X 206 A" was arrived at under the formula as shown in Note 1 of the exhibit.

The primary purpose of this exhibit is to show the amount of average revenue per car earned by the import and export cars moving during the traffic study year. Over-all, such cars earned $374.18 on the basis of revenue as assessed. By comparison and for the calendar year 1956, the average revenue per car for all cars originated in the United States was $272.51. This was computed from the total ~~originated carloads and~~ total gross revenue shown in Table 50, p. 33, Part I of Transport Statistics in the U. S. for the year ended December 31, 1956. It will be noted that the revenue per car from the traffic study exceeds the United States average by over $100 and, for this reason, it is evi- [fol. 4458] dent that the higher earnings of the import/export traffic indicate a greater degree of compensatory effect from these revenues than is found generally. While it is true that there are differences in such things as the average haul,[1] average load per car,[2] traffic mix, it is none-the-less a fact that each of these average cars regardless of length of line-haul movement still must have two terminal operations. For this reason, the difference of over $100 in the average revenue in favor of the import/export traffic may be presumed to be quite adequate to cover whatever variations of hauls, loads, or other traffic considerations that may be found.

The corresponding figure to the average revenue per carload of $272.51 for the United States is 1.384 cents, average revenue per ton mile, from the same source as the average miles per ton shown in footnote 1.

---

[1] 428.09 miles per ton originated—average haul of all classes of railroads as a system. Source: Table 83, p. 61 of Part I of Transport Statistics in the U. S. for the year ended December 31, 1956.

[2] 43.1 tons per car originated. Source: Table 50, p. 33, Part I of Transport Statistics in the U. S. for the year ended December 31, 1956.

[fol. 4459]

VERIFICATION

County of New York)
) ss.
State of New York.)

R. L. Keefe, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

R. L. Keefe

Subscribed in my presence and sworn to
before me by the affiant above named
this 22nd day of May 1958

Frederick B. Overbaugh, Jr.
Notary Public, State of New York
Qualified in Westchester County
No. 60-2988550
Certificate filed in New York County
Commission Expires March 30, 1959

Exhibit No.______(RLK-1)

Affiant: **R. L. Keefe**

pp 2·4·7·8

Before The

INTERSTATE COMMERCE COMMISSION

I & S DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

REVENUES FOR REPRESENTATIVE MOVEMENTS OF
IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORT OF BALTIMORE
MOVING DURING THE PERIOD AUGUST 1, 1955, THROUGH JULY 31, 1956

4460

May 1958

466 Lexington Avenue
New York 17, N. Y.

7-NSS-4-48-2050-300)

I&S Docket No. 6615
Exhibit No.______(RLK-1)
Page 1

REVENUES FOR REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORT OF BALTIMORE

Commodity							Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination		Rate	Rate Per Ton	Sub-Total	Total
11	Rice		83		1/					
19	Flour, edible, NOS	Box	205	102	Cleveland, O.	2/	.93	18.60	1,897.20	
		Box		103	Parkersburg, W. Va.		.82	16.40	1,689.20	3,586.40
29	Tobacco, Unmanufactured		314		1/					
31	Tobacco, Siftings, Sweeping & Waste		985		1/					
33	Cotton in Bales		32		1/					
35	Cotton, Linters	Box	2,704	901	Flint, Mich.		.79	15.80	14,235.80	
		Box		901	Chicago, Ill.		.89	17.80	16,037.80	
		Box		902	St. Louis, Mo.		.94	18.80	16,957.60	47,231.20
51	Bananas, Fresh	Refgr.	62,664	12,532	Detroit, Mich.	2/	1.54	30.80	385,985.60	
		Refgr.		12,533	Columbus, O.		1.54	30.80	386,016.40	
		Refgr.		12,533	Pittsburgh, Pa.		1.34	26.80	335,884.40	
		Refgr.		12,533	Indianapolis, Ind.		1.65	33.00	413,589.00	
		Refgr.		12,533	Huntington, W. Va.		1.54	30.80	386,016.40	1,907,491.80
61	Oranges and Grapefruit		90		1/					
75	Coffee	Box	1,854	1,854	Cincinnati, Ohio		.84	16.80	31,147.20	31,147.20
85	Potatoes, other than sweet		110		1/					
89	Vegetables, fresh, NOS, not frozen		95		1/					
91	Beans and Peas, Dried	Box	111	55	Austin, Ind.	2/	.87	17.40	957.00	
		Box		56	Chicago, Ill.		.95	19.00	1,064.00	2,021.00
103	Malt, NOS		17		1/					
107	Seeds, NOS		28							
	Annuto	Box		4	Madison, Wisc.	2/	1.50	30.00	120.00	
	Mustard	Box		5	Terre Haute, Ind.		1.18	23.60	118.00	
	Grass	Box		4	Columbus, O.		.94	18.80	75.20	
	"	Box		5	Louisville, Ky.		1.12	22.40	112.00	
	Canary	Box		5	Chicago, Ill.		1.31	26.20	131.00	
	"	Box		5	Milwaukee, Wisc.		1.40	28.00	140.00	696.20
199	Prod. of Agr: Coconut	Box	3,514	3,514	Chicago, Ill.		.99	19.80	69,577.20	69,577.20

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity Group No.	 Description	Type of Equipment	Total Tons	Statistical Distribution	Destination		Freight Revenues Rate	 Rate Per Ton	 Sub-Total	 Total
217	Meats, Cooked, Cured, Dried and Smoked		83							
	Meats Canned, NOIBN	Box		20	Chicago, Ill.	2/	.89	17.80	356.00	
	" " "	Box		21	Cleveland, O.		.64	12.80	268.80	
	" " "	Box		21	Detroit, Mich.		.71	14.20	298.20	
	" " "	Box		21	Grand Rapids, Mich.		.83	16.60	348.60	1,271.60
225	Poultry, Dressed and Frozen		20		1/					
237	Wool and Mohair, NOS		6		1/					
239	Hides, Skins and Pelts, NOS		125							
	Wet Salted Calf Skins	Box		41	Girard, O.	2/	.76	15.20	623.20	
	Green Salted Hides	Box		42	Rockford, Mich.		1.07	21.40	898.80	
	" " "	Box		42	Chicago, Ill.		1.12	22.40	940.80	2,462.80
299	Animals and Products, NOS		1,997							
	Casein	Box		665	Hamilton, O.	2/	.94	18.80	12,502.00	
	"	Box		666	Milwaukee, Wisc.		1.42	28.40	18,914.40	
	Animal Hair	Box		666	Chicago, Ill.		1.39	27.80	18,514.80	49,931.20
307	Coke		601		1/					
317	Zinc Ore and Concentrates	Gond.	66,058	66,058	Josephtown, Pa.	2/	5.31 4/	5.31	350,767.98	350,767.98
319	Ores and Concentrates, NOS		1,283,888							
	Chrome Ore	Gond.		213,981	Marietta, Ohio	2/	6.36 4/	~~6.36~~ 5.68	~~1,360,919.16~~ 1,215,412.08	
	" "	Gond.		213,982	Relief, O.		6.52 4/	~~6.52~~ 5.82	~~1,395,162.64~~ 1,245,375.24	
	" "	Gond.		213,981	Graham, W. Va.		5.96 4/	~~5.96~~ 5.32	~~1,275,326.76~~ 1,138,378.92	
	Manganese Ore	Gond.		213,982	Marietta, O.		6.36 4/	~~6.36~~ 5.68	~~1,360,925.52~~ 1,215,417.76	
	" "	Gond.		213,981	Philo, O.		6.70 4/	~~6.70~~ 5.98	~~1,433,672.70~~ 1,279,606.38	
	" "	Gond.		213,981	Sou. Duquesne, Pa.		5.96 4/	~~5.96~~ 5.32	~~1,275,326.76~~ 1,138,378.92	~~8,101,333.54~~ 7,232,569.30
323	Clay, Ball or China	Box	34	11	New Castle, Pa.		.48	9.60	105.60	
		Box		11	Barberton, O.		.56	11.20	123.20	
		Box		12	Robinson, Ill.		.76	15.20	182.40	411.20
333	Stone, Rough, NOS		186							
	Marble and Stone, Rough	Flat		23	Chicago, Ill.	2/	.89	17.80	409.40	
	Quarried	Flat		24	Lexington, Ky.		.82	16.40	393.60	
	"	Flat		23	Dayton, O.		.74	14.80	340.40	
	"	Flat		24	Green Bay, Wisc.		.95	19.00	456.00	
	"	Gond.		23	Chicago, Ill.		.89	17.80	409.40	
	"	Gond.		23	Lexington, Ky.		.82	16.40	377.20	
	"	Gond.		23	Dayton, O.		.74	14.80	340.40	
	"	Gond.		23	Green Bay, Wisc.		.95	19.00	437.00	3,163.40

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination	Rate	Rate Per Ton	Sub-Total	Total
339	Asphalt	Box	1,097	365	Napoleon, O. 2/	.60	12.00	4,380.00	
		Box		366	Rosston, Ind.	.67	13.40	4,904.40	
		Box		366	Toledo, O.	.60	12.00	4,392.00	13,676.40
399	Prod. of Mines (Talc.)	Box	3,873	1,291	Crooksville, O.	.57½	11.50	14,846.50	
		Box		1,291	New Castle, Pa.	.55½	11.10	14,330.10	
		Box		1,291	Sebring, O.	.57½	11.50	14,846.50	44,023.10
411	Lumber, Shingles and Lath		620		1/				
415	Plywood	Box	1,622	811	Warsaw, Ind.	.97	19.40	15,733.40	
		Box		811	Rockford, Ill.	1.09	21.80	17,679.80	33,413.20
499	Prod. of Forests (Cork Waste)	Box	1,853	1,853	Beaver Falls, Pa.	.81	16.20	30,018.60	30,018.60
523	Rubber - Crude	Box	38,533	38,533	Akron, O.	.89	17.80	685,887.40	685,887.40
527	Chemicals, NOS		300		1/				
531	Acids, NOS		237		1/				
533	Sodium (Soda) Products		1,066		1/				
539	Fertilizers, NOS		4,740						
	Bone Meal	Box		948	Troy, O. 2/	.65	13.00	12,324.00	
	Peat Moss	Box		948	10/ Charleston, W. Va.	.59	11.80	11,186.40	
	" "	Box		948	10/ Etna, Pa.	.53	10.60	10,048.80	
	" "	Box		948	10/ Columbus, O.	.60	12.00	11,376.00	
	" "	Box		948	10/ Weston, Ill.	.77	15.40	14,599.20	59,534.40
545	Tanning Material (Divi Pods)	Box	6,757	2,252	Boyne City, Mich.	1.12	22.40	50,444.80	
		Box		2,252	Columbus, Ind.	1.00	20.00	45,040.00	
		Box		2,253	Chicago, Ill.	1.15	23.00	51,819.00	147,303.80
547	Paint, Paint Material, Putty, and Varnish		195		1/				
551	Cellulose Articles, NOS		28		1/				
555	Aluminum, Bar, Ingot, Pig Slab	Box	3,610	3,610	Cleveland, O.	.98	19.60	70,756.00	70,756.00
559	Copper Bars, Ingots	Box	3/		Indianapolis, Ind.	.98	19.60		
		Box			Cleveland, O.	.63	12.60		

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity							Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination		Rate	Rate Per Ton	Sub-Total	Total
561	Copper, Brass & Bronze, NOS		60							
	Copper Cable	Box		15	Pittsburgh, Pa.	2/	.98	19.60	294.00	
	" "	Box		15	Chicago, Ill.		1.43	28.60	429.00	
	Copper Cathodes	Box		15	Indianapolis, Ind.		.98	19.60	294.00	
	Brass Tubing	Box		15	Grand Haven, Mich.		1.39	27.80	417.00	1,434.00
563	Lead and Zinc: Bar, Ingot & Pig		5,161							
	Zinc Slabs	Box		1,290	Cleveland, O.	2/	.58	11.60	14,964.00	
	" "	Box		1,290	Pittsburgh, Pa.		.49	9.80	12,642.00	
	" "	Box		1,290	Detroit, Mich.		.68	13.60	17,544.00	
	" "	Box		1,291	Wardwell, O.		.63	12.60	16,266.60	61,416.60
569	Alloys for Steel Manufacture		21,671							
	Silico - Manganese	Box		4,334	Midland, Mich.	2/	18.40 4/	~~18.40~~ 16.43	~~79,745.60~~ 71,207.62	
	" "	Box		4,334	Wheeling, W. Va.		13.12 4/	~~13.12~~ 11.71	~~56,862.08~~ 50,751.14	
	" "	Box		4,334	E. Chicago, Ind.		20.00 4/	~~20.00~~ 17.86	~~86,680.00~~ 77,405.24	
	Ferro Titanium	Box		4,334	Duquesne, Pa.		.86	~~17.20~~ 17.20	~~74,544.80~~ 74,544.80	
	Ferro Chrome	Box		4,335	Brackenridge, Pa.		.86	~~17.20~~ 17.20	~~74,562.00~~ 74,562.00	~~372,394.48~~ 348,470.80
571	Metal Alloys - Tin	Box	3,519	3,519	Weirton, W. Va.		.94	18.80	66,157.20	66,157.20
577	Iron and Steel, Bar, Rod & Slab		73		1/					
581	Iron and Steel Nails and Wire		3,291							
	Wire, Iron and Steel	Box		548	Indianapolis, Ind.	2/	1.05	21.00	11,508.00	
	" " " "	Box		549	Chicago, Ill.		1.09	21.80	11,968.20	
	" " " "	Box		548	Springfield, Ill.		1.17	23.40	12,823.20	
	" " " "	Box		549	Washington, Ind.		1.08	21.60	11,858.40	
	" " " "	Box		548	Wooster, O.		.86	17.20	9,425.60	
	" " " "	Box		549	Grand Rapids, Mich.		1.08	21.60	11,858.40	69,441.80
583	Manufactured Iron and Steel	Gond.	12,502	2,083	Canton, O.		.84	16.80	34,994.40	
	" " " "	Box		2,084	Canton, O.		.84	16.80	35,011.20	
	" " " "	Gond.		2,083	Detroit, Mich.		1.00	20.00	41,660.00	
	" " " "	Box		2,084	Detroit, Mich.		1.00	20.00	41,680.00	
	" " " "	Gond.		2,084	Chicago, Ill.		1.09	21.80	45,431.20	
	" " " "	Box		2,084	Chicago, Ill.		1.09	21.80	45,431.20	244,208.00
587	Iron and Steel Pipe and Fittings, NOS		583		1/					
593	Agricultural Implements, Parts, NOS		5		1/					

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORT OF BALTIMORE

Commodity							Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination		Rate	Rate Per Ton	Sub-Total	Total
595	Machinery and Machines, NOS		342							
	Printing Press	Box		34	Milwaukee, Wisc.	2/	1.61	32.20	1,094.80	
	" "	Box		35	Chicago, Ill.		1.58	31.60	1,106.00	
	Machinery or Machines, NOIBN	Box		34	Oakley, O.		1.30	26.00	884.00	
	" " " "	Box		35	Dearborn, Mich.		1.33	26.60	931.00	
	" " " "	Box		34	McKees Rocks, Pa.		1.00	20.00	680.00	
	" " " "	Box		34	St. Louis, Mo.		1.69	33.80	1,149.20	
	" " " "	Gond.		34	Oakley, O.		1.30	26.00	884.00	
	" " " "	Gond.		34	Whiting, Ind.		1.58	31.60	1,074.40	
	" " " "	Gond.		34	McKees Rocks, Pa.		1.00	20.00	680.00	
	" " " "	Gond.		34	St. Louis, Mo.		1.69	33.80	1,149.20	9,632.60
597	Machinery Parts		44		1/					
609	Rails and Railway Track Material, Iron or Steel		206		1/					
611	Vehicles, other than motor		258		1/					
633	Cement, Natural or Portland	Box	478	119	Oak Hill, O.	2/	.65	13.00	1,547.00	
		Box		120	Detroit, Mich.		.67	13.40	1,608.00	
		Box		119	Dayton, O.		.67	13.40	1,594.60	
		Box		120	Plainfield, Ind.		.78	15.60	1,872.00	6,621.60
639	Brick, NOS and Building Tile		1,031							
	Tile, Floor Composition	Box		257	Columbus, O.	2/	.87	17.40	4,471.80	
	Tile, Clay Glazed	Box		258	Cleveland, O.		.59	11.80	3,044.40	
	" " "	Box		258	Detroit, Mich.		.66	13.20	3,405.60	
	" " "	Box		258	Indianapolis, Ind.		.73	14.60	3,766.80	14,688.60
641	Refractories		245		1/					
653	Woodpulp	Box	15,487	7,743	Chagrin Falls, O.		.61	12.20	94,464.60	
		Box		7,744	Middletown, O.		.74	14.80	114,611.20	209,075.80
655	Scrap Paper and Rags		180							
	Scrap Bagging	Box		45	St. Louis, Mo.	2/	.90	18.00	810.00	
	" "	Box		45	Herrin, Ill.		.87	17.40	783.00	
	" "	Box		45	Warsaw, Ind.		.77	15.40	693.00	
	" "	Box		45	Defiance, O.		.74	14.80	666.00	2,952.00

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination	Rate	Rate Per Ton	Sub-Total	Total
657	Newsprint Paper	Box	18,596	3,719	Cincinnati, O.	.80	16.00	59,504.00	
		Box		3,719	Cleveland, O.	.72	14.40	53,553.60	
		Box		3,719	Toledo, O.	.81	16.20	60,247.80	
		Box		3,719	Milwaukee, Wisc.	1.00	20.00	74,380.00	
		Box		3,720	Pittsburgh; Pa.	.62	12.40	46,128.00	293,813.40
661	Wrapping Paper		512		1/				
669	Paperboard, Fibreboard and Pulpboard		1,515						
	Fibreboard	Box		379	Chicago, Ill. 2/	.98	19.60	7,428.40	
	"	Box		379	Detroit, Mich.	.81	16.20	6,139.80	
	"	Box		379	Sharpsburg, Pa.	.62	12.40	4,699.60	
	"	Box		378	Newark, O.	.72	14.40	5,443.20	23,711.00
671	Wallboard	Box	2,499	625	Dayton, O.	.78	15.60	9,750.00	
		Box		625	Cleveland, O.	.72	14.40	9,000.00	
		Box		625	Massillon, O.	.66	13.20	8,250.00	
		Box		624	Chicago, Ill.	.98	19.60	12,230.40	39,230.40
675	Insulating Material, NOS		392		1/				
691	Hardware, NOS		97		1/				
693	Glass		11,624						
	Glass, Plate	Box		1,453	6/ Youngstown, O. 2/	1.33	26.60	38,649.80	
	" "	Box		1,453	7/ Youngstown, O.	1.43	28.60	41,555.80	
	" "	Box		1,453	6/ Toledo, O.	1.68	33.60	48,820.80	
	" "	Box		1,453	7/ Toledo, O.	1.85	37.00	53,761.00	
	" "	Gond.		1,453	6/ Youngstown, O.	1.33	26.60	38,649.80	
	" "	Gond.		1,453	7/ Youngstown, O.	1.43	28.60	41,555.80	
	" "	Gond.		1,453	6/ Toledo, O.	1.68	33.60	48,820.80	
	" "	Gond.		1,453	7/ Toledo, O.	1.85	37.00	53,761.00	365,574.80
695	Glassware, NOS		51		1/				
701	Chinaware, Crockery and Earthenware		81		1/				
713	Floor Covering		43		1/				
715	Furniture, NOS		36		1/				
719	Tools and Parts, NOS		28		1/				

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORT OF BALTIMORE

Commodity							Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination		Rate	Rate Per Ton	Sub-Total	Total
721	Abrasives, Not Crude		398							
	Powdered Iron	Box		99	Dayton, O.	2/	1.11	22.20	2,197.80	
	" "	Box		100	Cleveland, O.		1.00	20.00	2,000.00	
	" "	Box		99	Detroit, Mich.		1.16	23.20	2,296.80	
	" "	Box		100	Salem, Ind.		1.30	26.00	2,600.00	9,094.60
723	Burlap Bagging	Box	199	99	Indianapolis, Ind.		.98	19.60	1,940.40	
		Box		100	Pittsburgh, Pa.		.88	17.60	1,760.00	3,700.40
729	Cotton Factory Products		82		1/					
735	Rope Cordage		247							
	(Baler and Binder Twine)	Box		49	Cleveland, O.		.78	15.60	764.40	
	" " " "	Box		50	Detroit, Mich.		.87	17.40	870.00	
	" " " "	Box		49	Pittsburgh, Pa.		.66	13.20	646.80	
	" " " "	Box		50	Dayton, O.		.86	17.20	860.00	
	" " " "	Box		49	Madison, Wisc.		1.15	23.00	1,127.00	4,268.20
743	Games and Toys		23		1/					
745	Liquors, Alcoholic, NOS		90							
	Whiskey - Scotch	Box		~~15~~ 14	8/ Chicago, Ill.	2/	1.57	31.40	~~471.00~~ 439.60	
	" "	Box		~~15~~ 16	9/ Chicago, Ill.		1.25	25.00	~~375.00~~ 400.00	
	" "	Box		~~15~~ 14	8/ Cleveland, O.		1.08	21.60	~~324.00~~ 302.40	
	" "	Box		~~15~~ 16	9/ Cleveland, O.		.87	17.40	~~261.00~~ 278.40	
	Rum	Box		~~15~~ 14	8/ Toledo, O.		1.33	26.60	~~399.00~~ 372.40	
	"	Box		~~15~~ 16	9/ Toledo, O.		1.06	21.20	~~318.00~~ 339.20	~~2,148.00~~ 2,132.00
747	Wine		164		1/					
749	Liquors, Malt		1,034							
	Beer	Refgr.		1,034	Chicago, Ill.	2/	.87	17.40	17,991.60	17,991.60
757	Molasses, Residual		5,066		1/					
759	Sugar	Box	29,830	7,457	Pittsburgh, Pa.		.49	9.80	73,078.60	
		Box		7,458	Cleveland, O.		.75	15.00	111,870.00	
		Box		7,457	Columbus, O.		.79	15.80	117,820.60	
		Box		7,458	Detroit, Mich.		.79	15.80	117,836.40	420,605.60
763	Food Preparations (Unfrozen)	Box	13,821	3,455	Cincinnati, O.		.76	15.20	52,516.00	
		Box		3,455	Cleveland, O.		.67	13.40	46,297.00	
		Box		3,455	Chicago, Ill.		.94	18.80	64,954.00	
		Box		3,456	Pittsburgh, Pa.		.60	12.00	41,472.00	205,239.00

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity							Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination		Rate	Rate Per Ton	Sub-Total	Total
767	Starch		32		1/					
769	Soap and Cleaning and Washing Compound		53		1/					
771	Matches		24		1/					
773	Feed, Animal or Poultry, NOS	Box	521	130	Springfield, O.	2/	.83	16.60	2,158.00	
		Box		130	Toledo, O.		.83	16.60	2,158.00	
		Box		130	Adell, Wisc.		1.12	22.40	2,912.00	
		Box		131	Blue Island, Ill.		1.04	20.80	2,724.80	9,952.80
779	Containers, Metal		12		1/					
785	Containers, NOS		64		1/					
789	Scrap Iron and Steel		28		1/					
795	Waste Material for Remelting		240		1/					
797	Waste Material, NOS		281							
	Scrap Rubber	Box		56	10/ Akron, O.	2/	.54	10.80	604.80	
	" "	Box		56	10/ Indianapolis, Ind.		.68	13.60	761.60	
	" "	Box		56	10/ E. St. Louis, Ill.		.82	16.40	918.40	
	Jute Waste	Box		56	Detroit, Mich.		.83	16.60	929.60	
	" "	Box		57	Herrin, Ill.		1.15	23.00	1,311.00	4,525.40
799	Manufactures and Miscellaneous NOS		1,690							
	Iron Mass or Sponge	Box		845	Weirton, W. Va.	2/	.59	11.80	9,971.00	
	Carnauba Wax	Box		845	Racine, Wisc.		1.36	27.20	22,984.00	32,955.00
	Grand Totals		1,644,844	1,631,603						$ 13,253,834.58 ~~$14,146,538.50~~
							Revenue per ton			$ 8.12 ~~$8.67~~

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORT OF BALTIMORE

FOOTNOTES:
1/ No representative movement in Exhibit 50.
2/ Source: Exhibit 50 - JLH-5.
3/ No tonnage moving through Baltimore.
4/ Rates per ton of 2,240 pounds.
5/ Rates per ton of 2,000 pounds.
6/ 120 United Inches or under.
7/ Exceeding 120 United Inches.
8/ 28,000 pounds.
9/ Excess weight.
10/ Minimum weight 40,000 pounds.

SOURCE: I&S Docket No. 6615: Exhibit 50 - JLH-1, pp. 7-8, and Exhibit 51 - MLM-5 unless otherwise noted.

JHc

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Exhibit No.______(RLK-1)
Errata, Page 1

REVENUES FOR REPRESENTATIVE MOVEMENTS
IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORT OF BALTIMORE

Commodity							Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination		Rate	Rate Per Ton 5/	Sub-Total	Total
319	Ores and Concentrates, NOS		1,283,888							
	Chrome Ore	Gond.		213,981	Marietta, O.	2/	6.36 4/	5.68	1,215,412.08	
	" "	Gond.		213,982	Relief, O.		6.52 4/	5.82	1,245,375.24	
	" "	Gond.		213,981	Graham, W. Va.		5.96 4/	5.32	1,138,378.92	
	Manganese Ore	Gond.		213,982	Marietta, O.		6.36 4/	5.68	1,215,417.76	
	" "	Gond.		213,981	Philo, O.		6.70 4/	5.98	1,279,606.38	
	" "	Gond.		213,981	Sou. Duquesne, Pa.		5.96 4/	5.32	1,138,378.92	7,232,569.30
569	Alloys for Steel Manufacture		21,671							
	Silico - Manganese	Box		4,334	Midland, Mich.	2/	18.40 4/	16.43	71,207.62	
	" "	Box		4,334	Wheeling, W. Va.		13.12 4/	11.71	50,751.14	
	" "	Box		4,334	E. Chicago, Ind.		20.00 4/	17.86	77,405.24	
	Ferro Titanium	Box		4,334	Duquesne, Pa.		.86	17.20	74,544.80	
	Ferro Chrome	Box		4,335	Brackenridge, Pa.		.86	17.20	74,562.00	348,470.80
745	Liquors, Alcoholic, NOS		90							
	Whiskey - Scotch	Box		14	8/ Chicago, Ill.	2/	1.57	31.40	439.60	
	" "	Box		16	9/ Chicago, Ill.		1.25	25.00	400.00	
	" "	Box		14	8/ Cleveland, O.		1.08	21.60	302.40	
	" "	Box		16	9/ Cleveland, O.		.87	17.40	278.40	
	Rum	Box		14	8/ Toledo, O.		1.33	26.60	372.40	
	"	Box		16	9/ Toledo, O.		1.06	21.20	339.20	2,132.00
								Grand Total		$13,253,834.58
								Revenue per ton		$8.12

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Exhibit No.______(RLK-2)

Affiant: R. L. Keefe

H. [illegible] 4 · 5 · 10 · 11

Before The

INTERSTATE COMMERCE COMMISSION

I & S DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY
VIA
PORT OF BALTIMORE
MOVING DURING THE PERIOD AUGUST 1, 1955, THROUGH JULY 31, 1956

4471

May 1958

466 Lexington Avenue
New York 17, N. Y.

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Page 1

REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
1	Wheat	Box	800,237	400,118	Chicago, Ill. (Prep.)	.33½	6.70	2,680,790.60	
		Box		400,119	Columbus, O.	.46	9.20	3,681,094.80	6,361,885.40
3	Corn	Box	1,243,846	621,923	Chicago, Ill. (Prop.)	.33½	6.70	4,166,884.10	
		Box		621,923	Indianapolis, Ind.	.46	9.20	5,721,691.60	9,888,575.70
7	Oats	Box	85,487	21,371	Stewart, Ind. 3/	.46	9.20	196,613.20	
		Box		21,372	Chicago, Ill. (Prop.)	.33½	6.70	143,192.40	
		Box		21,372	Hammond, Ind. (Prop.)	.33½	6.70	143,192.40	
		Box		21,372	Milwaukee, Wisc. (Prop.)	.33½	6.70	143,192.40	626,190.40
9	Barley and Rye	Box	176,774	58,924	Boonville, Ind.	.59	11.80	695,303.20	
		Box		58,925	Cincinnati, O.	.46	9.20	542,110.00	
		Box		58,925	Chicago, Ill. (Prop.)	.33½	6.70	394,797.50	1,632,210.70
15	Wheat Flour	Box	5,794	5,794	Indianapolis, Ind.	.57	11.40	66,051.60	66,051.60
17	Corn Meal		2/		Decatur, Ill.				
21	Cereal Food Preparations	Box	173	173	Battle Creek, Mich. 3/	.65½	13.10	2,266.30	2,266.30
25	Hays		14		1/				
29	Tobacco, Unmanufactured	Box	41	20	Wheeling, W. Va. 3/	1.12	22.40	448.00	
		Box		21	Louisville, Ky.	1.36	27.20	571.20	1,019.20
43	Soybeans	Box	32,965	8,241	Columbus, O. 3/	.48½	9.70	79,937.70	
		Box		8,241	Toledo, O.	.48½	9.70	79,937.70	
		Box		8,241	Chicago, Ill.	.64½	12.90	106,308.90	
		Box		8,242	Decatur, Ill.	.71½	14.30	117,860.60	384,044.90
45	Soybean Oil Meal	Box	16,576	8,288	Decatur, Ill.	.74	14.80	122,662.40	
		Box		8,288	Painesville, O.	.42½	8.50	70,448.00	193,110.40
47	Vegetable and Nut Oil Cake and Meal, NOS	Box	1,685	842	Chicago, Ill 3/	.67	13.40	11,282.80	
		Box		843	Painesville, O.	.42½	8.50	7,165.50	18,448.30
103	Malt	Box	11,335	11,335	Milwaukee, Wisc.	.67	13.40	151,889.00	151,889.00
199	Products of Agriculture, NOS		212		1/				
203	Cattle and Calves, Single Deck		12		1/				
215	Fresh Meats		2/		Chicago, Ill.				

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
217	Meats, cooked (cured or preserved)	Refgr.	4,954	4,954	Cleveland, O.	.80	16.00	79,264.00	79,264.00
219	Packing House Prod. (Lard)	Refgr.	14,548	14,548	Cleveland, O.	.78	15.60	226,948.80	226,948.80
229	Butter	Refgr.	1,819	1,819	Chicago, Ill.	1.37	27.40	49,840.60	49,840.60
231	Cheese	Refgr.	3,970	3,970	Green Bay, Wisc.	1.47	29.40	116,718.00	116,718.00
233	Dairy Products, NOS	Refgr.	1,156	578	Oconto, Wisc. 3/	1.47	29.40	16,993.20	
		Refgr.		578	Green Bay, Wisc.	1.47	29.40	16,993.20	33,986.40
239	Hides and Skins	Box	1,043	1,043	Chicago, Ill.	1.07	21.40	22,320.20	22,320.20
299	Animal Tallow	Box	362	362	Cincinnati, O.	.72	14.40	5,212.80	5,212.80
307	Coke	Gond.	8,024	2,674	Kenova, W. Va. 3/	6.10 4/	6.10	16,311.40	
		Gond.		2,675	Gibson, Ind.	7.10 4/	7.10	18,992.50	
		Gond.		2,675	Chicago, Ill.	7.10 4/	7.10	18,992.50	54,296.40
319	Ores and Concentrates, NOS		58		1/				
323	Clay and Bentonite		705		1/				
325	Industrial Sand		595		1/				
339	Asphalt		119		1/				
341	Salt	Box	878	878	Manistee, Mich. 3/	.56	11.20	9,833.60	9,833.60
399	Products of Mines, NOS	Box	1,404	1,404	Narlo, O. 3/	7.07 4/	7.07	9,926.28	9,926.28
411	Lumber, Shingles and Lath		326		1/				
413	Box Crate and Cooperage Materials		685		1/				
415	Veneer Plywood and Built-Up Wood		18		1/				
503	Fuel, Road and Petroleum Residual Oils, NOS		15		1/				
505	Lubricating Oil	Box	10,063	10,063	Rouseville, Pa.	.58	11.60	116,730.80	116,730.80
507	Petroleum Products, Refined, NOS	Box	1,243	414	Karns City, Pa. 3/	.58	11.60	4,802.40	
		Box		414	Petrolia, Pa.	.58	11.60	4,802.40	
		Box		415	Lima, O.	.88	17.60	7,304.00	16,908.80

REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity							Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin		Rate	Rate Per Ton	Sub-Total	Total
513	Linseed Oil		139		1/					
515	Soybean Oil	Box	8,410	8,410	Louisville, Ky.		1.05	21.00	176,610.00	176,610.00
517	Vegetable and Nut Oils, NOS	Box	291	72	Chicago, Ill.		1.10	22.00	1,584.00	
		Box		73	Decatur, Ill.		1.13	22.60	1,649.80	
		Box		73	Painesville, O.		.81	16.20	1,182.60	
		Box		73	New Castle, Pa.		.75	15.00	1,095.00	5,511.40
519	Oils, NOS		47		1/					
523	Rubber, Crude, Natural and Synthetic	Box	3,546	886	Louisville, Ky.	3/	.96	19.20	17,011.20	
		Box		887	Chicago, Ill.		1.16	23.20	20,578.40	
		Box		886	Akron, O.		.87	17.40	15,416.40	
		Box		887	Painesville, O.		.87	17.40	15,433.80	68,439.80
525	Rubber Goods, NOS	Box	1,502	1,502	Akron, O.	3/	1.08	21.60	32,443.20	32,443.20
527	Chemicals, NOS	Box	10,456	2,614	Huntington, W. Va.	3/	1.19	23.80	62,213.20	
		Box		2,614	Chicago, Ill.		1.42	28.40	74,237.60	
		Box		2,614	Marietta, O.		1.12	22.40	58,553.60	
		Box		2,614	Louisville, Ky.		1.50	30.00	78,420.00	273,424.40
531	Acids, NOS		71	35	9/ Chicago, Ill.	3/	.90	18.00	630.00	
				36	9/ Ironton, O.		.69	13.80	496.80	1,126.80
533	Sodium (Soda) Products	Box	5,967	2,983	S. Charleston, W.Va.	3/	.59	11.80	35,199.40	
		Box		2,984	Trenton, Mich.		13.33 4/	13.33	39,776.72	74,976.12
539	Fertilizer (Ammonium Sulphate)	Box	218,151	109,075	Bessemer, Pa.		6.85 4/	6.85	747,163.75	
		Box		109,076	Gary, Ind.		10.92 4/	10.92	1,191,109.92	1,938,273.67
541	Insecticides and Fungicides, NOS	Box	205	68	S. Charleston, W. Va.	3/	.75	15.00	1,020.00	
		Box		68	Racine, Wisc.		1.06	21.20	1,441.60	
		Box		69	St. Louis, Mich.		.99	19.80	1,366.20	3,827.80
543	Tar, Pitch and Creosote		104		1/					
547	Paint, Paint Materials, Putty and Varnish	Box	671	167	Cleveland, O.	3/	1.00	20.00	3,340.00	
		Box		168	Yorkville, O.		.93	18.60	3,124.80	
		Box		168	Huntington, W. Va.		1.03	20.60	3,460.80	
		Box		168	Institute, W. Va.		1.00	20.00	3,360.00	13,285.60

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity							Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin		Rate	Rate Per Ton	Sub-Total	Total
549	Plastics	Box	913	456	Marietta, O.		1.03	20.60	9,393.60	
		Box		457	Ottawa, Ill.		1.51	30.20	13,801.40	23,195.00
557	Aluminum, NOS		111		1/					
571	Metals and Alloys, NOS		168		1/					
575	Billets, I. & S.	Gond.	44,180	44,180	Canton, O.		10.21 5/	~~10.21~~ 9.12	402,921.60 ~~451,077.80~~	402,921.60 ~~451,077.80~~
577	Iron and Steel: Bar, Rod & Slab	Gond.	966	322	St. Louis, Mo.	3/	.85	17.00	5,474.00	
		Gond.		322	Warren, O.		.49	9.80	3,155.60	
		Gond.		322	Pittsburgh, Pa.		.45	9.00	2,898.00	11,527.60
579	Iron and Steel, NOS		625		1/					
581	Iron or Steel Nails or Wire (Woven and Not Woven), NOS	Box	1,264	316	Aliquippa, Pa.	3/	.44	8.80	2,780.80	
		Box		316	Troy, O.		.60	12.00	3,792.00	
		Box		316	Wheeling, W. Va.		.44	8.80	2,780.80	
		Box		316	Gary, Ind.		.73	14.60	4,613.60	13,967.20
583	Tin Plate	Box	352,992	70,598	Steubenville, O.		.45	9.00	635,382.00	
	Sheets	Gond.		70,599	Cleveland, O.		.51	10.20	720,109.80	
	Plates	Gond.		70,598	Chicago, Ill.		.73	14.60	1,030,730.80	
	"	Gond.		70,599	Gary, Ind.		.73	14.60	1,030,745.40	
	"	Gond.		70,598	Detroit, Mich.		.59	11.80	833,056.40	4,250,024.40
587	Iron and Steel Pipe	Gond.	93,130	31,043	Aliquippa, Pa.		.45	9.00	279,387.00	
		Gond.		31,043	Youngstown, O.		.49	9.80	304,221.40	
		Gond.		31,044	Lorain, O.		.51	10.20	316,648.80	900,257.20
589	Tanks, NOS	Gond.	234	58	Columbiana, O.	3/	1.03	20.60	1,194.80	
		Gond.		59	Louisville, Ky.		1.49	29.80	1,758.20	
		Gond.		58	Fort Wayne, Ind.		1.39	27.80	1,612.40	
		Gond.		59	Massillon, O.		.97	19.40	1,144.60	5,710.00
591	Agricultural Implements	Flat	478	478	Racine, Wisc.		.80	16.00	7,648.00	7,648.00
593	Agricultural Implements, Parts, NOS	Box	28	4	South Bend, Ind.	3/	.86	17.20	68.80	
		Box		5	Burlington, Iowa		.92	18.40	92.00	
		Box		4	Midland, Pa.		.59	11.80	47.20	
		Box		5	Racine, Wisc.		.92	18.40	92.00	
		Box		5	Battle Creek, Mich.		.84	16.80	84.00	
		Box		5	Bucyrus, O.		.70	14.00	70.00	454.00

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity		Type of Equipment	Total Tons	Statistical Distribution	Origin	Freight Revenues			
Group No.	Description					Rate	Rate Per Ton	Sub-Total	Total
595	Machinery	Flat	16,931	8,465	Oakley, O.	1.27	25.40	215,011.00	
		Gond.		8,466	Oakley, O.	1.27	25.40	215,036.40	430,047.40
597	Machinery Parts		6,686						
	Rolling Mill Rolls, NOS	Gond.		1,671	13/ Li[illegible], O. 3/	.59	11.80	19,717.80	
	Ore Milling Mach., Parts	Gond.		1,672	Mil[illegible]kee, Wisc.	1.61	32.20	53,838.40	
	Ice Cans	Box		1,671	Nile[illegible], O.	1.03	20.60	34,422.60	
	" "	Box		1,672	Christy Park, Pa.	1.00	20.00	33,440.00	141,418.80
603	Railway Equipment Moved on Own Wheels		179		1/				
605	Railway Equipment SU Not Moved on Own Wheels		681						
	Locomotive Not Moved on Own Wheels	Flat		227	Erie, Pa. 3/	.85	17.00	3,859.00	
	" " " " " "	Flat		227	Chicago, Ill.	1.58	31.60	7,173.20	
	" " " " " "	Flat		227	St. Louis, Mo.	1.69	33.80	7,672.60	18,704.80
607	Railway Equipment Parts		513						
	Brake Shoe Railway	Box		85	Lordstown, O. 3/	.50	10.00	850.00	
	Car Wheels	Box		86	Verona, Pa.	.45	9.00	774.00	
	Air Brake Equipment	Box		85	Wilmerding, Pa.	1.11	22.20	1,887.00	
	Springs	Box		86	Pittsburgh, Pa.	.94	18.80	1,616.80	
	Couplers	Box		85	Alliance, O.	.50	10.00	850.00	
	Underframes	Gond.		86	East. St. Louis, Ill.	.85	17.00	1,462.00	7,439.80
✓609	Rails and Railway Track Material, Iron and Steel		3,007						
	Rails	Gond.		751	Bessemer, Pa. 3/	13.09 5/	~~13.09~~ 11.69	~~9,830.59~~ 8,779.19	
	"	Gond.		752	Carnegie, Pa.	13.09 5/	~~13.09~~ 11.69	9,843.68 8,790.88	
	Spikes	Box		752	Neville Island, Pa.	.44	8.80	6,617.60	
	Track Material	Box		752	Gary, Ind.	.75	15.00	11,280.00	~~37,571.87~~ 35,467.67 ✓
611	Vehicles Other Than Motor		146						
	Children's Vehicles & Wagons	Box		20	Akron, O. 3/	1.42	28.40	568.00	
	Trailers Other Than Motor, NOIBN	Box		21	14/ Oakley, O.	1.30	26.00	546.00	
	" " " " "	Box		21	14/ Ft. Wayne, Ind.	1.39	27.80	583.80	
	" " " " "	Gond.		21	14/ Oakley, O.	1.30	26.00	546.00	
	" " " " "	Gond.		21	14/ Ft. Wayne, Ind.	1.39	27.80	583.80	
	Warehouse Hand Trucks	Box		21	15/ Niles, O.	1.03	20.60	432.60	
	Lift Trucks	Box		21	15/ Peoria, Ill.	1.64	32.80	688.80	3,949.00
613	Automobile, Passenger, SU	Box	5,582	1,395	6/ Flint, Mich.	2.67	53.40	74,493.00	
		Box		1,396	7/ Flint, Mich.	2.67	53.40	74,546.40	
		Box		1,395	6/ Detroit, Mich.	2.53	50.60	70,587.00	
		Box		1,396	7/ Detroit, Mich.	2.53	50.60	70,637.60	290,264.00

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity							Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin		Rate	Rate Per Ton	Sub-Total	Total
615	Automobiles, Freight	Flat	228	28	Detroit, Mich.	3/	1.18	23.60	660.80	
		Flat		29	Springfield, O.		1.26	25.20	730.80	
		Flat		28	South Bend, Ind.		1.45	29.00	812.00	
		Flat		29	Kenosha, Wisc.		1.53	30.60	887.40	
		Gond.		28	Detroit, Mich.		1.18	23.60	660.80	
		Gond.		29	Springfield, O.		1.26	25.20	730.80	
		Gond.		28	South Bend, Ind.		1.45	29.00	812.00	
		Gond.		29	Kenosha, Wisc.		1.53	30.60	887.40	6,182.00
617	Vehicles, Motor, NOS		5,795							
	Fire Fighting Equipment	Flat		724	Dayton, O.	3/	1.75	35.00	25,340.00	
	Farm Tractors	Flat		725	Deerfield, Ill.		.95	19.00	13,775.00	
	" "	Flat		724	Peoria, Ill.		.95	19.00	13,756.00	
	" "	Flat		725	Racine, Wisc.		.95	19.00	13,775.00	
	Fire Fighting Equipment	Gond.		724	Dayton, O.		1.75	35.00	25,340.00	
	Farm Tractors	Gond.		725	Deerfield, Ill.		.95	19.00	13,775.00	
	" "	Gond.		724	Peoria, Ill.		.95	19.00	13,756.00	
	" "	Gond.		724	Racine, Wisc.		.95	19.00	13,756.00	133,273.00
621	Automobiles and Auto Trucks, NOS		3,377							
	Autos Boxed	Flat		422	Springfield, O.	3/	1.26	25.20	10,634.40	
	" "	Flat		422	Detroit, Mich.		1.18	23.60	9,959.20	
	" "	Flat		422	Kenosha, Wisc.		1.53	30.60	12,913.20	
	" "	Flat		422	Wagon Works, O.		1.18	23.60	9,959.20	
	" "	Gond.		422	Springfield, O.		1.26	25.20	10,634.40	
	" "	Gond.		422	Detroit, Mich.		1.18	23.60	9,959.20	
	" "	Gond.		422	Kenosha, Wisc.		1.53	30.60	12,913.20	
	" "	Gond.		423	Wagon Works, O.		1.18	23.60	9,982.80	86,955.60
623	Vehicle Parts	Box	2,481	2,481	Detroit, Mich.		1.18	23.60	58,551.60	58,551.60
627	Tires and Tubes	Box	1,075	537	Akron, O.		1.06	21.20	11,384.40	
		Box		538	Cleveland, O.		1.06	21.20	11,405.60	22,790.00
633	Cement: Natural and Portland		834		1/					
635	Cement, NOS		558							
	High Temperature Bonding	Box		279	Zelienople, Pa. (B&O only)	3/	8.44 4/	8.44	2,354.76	
	High Temperature Mortor	Box		279	Cleveland, O.		8.44 4/	8.44	2,354.76	4,709.52
639	Brick, NOS, and Building Tile		1,816							
	Facing Tile	Box		605	Anderson, Ind.	3/	.73	14.60	8,833.00	
	" "	Box		605	Zanesville, O.		.58	11.60	7,018.00	
	Hollow Building Tile	Box		606	Magnolia, O.		8.84 4/	8.84	5,357.04	21,208.04

REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
641	Refractories		4,876						
	Firebrick	Box		1,219	Firebrick, O. 3/	9.32 4/	9.32	11,361.08	
	"	Box		1,219	Allegheny, Pa.	8.24 4/	8.24	10,044.56	
	"	Box		1,219	Mineral City, O.	8.84 4/	8.84	10,775.96	
	"	Box		1,219	Louisville, Ky.	12.77 4/	12.77	15,566.63	47,748.23
645	Lime, NOS		175		1/				
647	Plaster: Stucco and Wall		46		1/				
649	Sewer Pipe and Drain Tile (Not Metal)		2,268						
	Ceramic Tile	Box		1,134	Zanesville, O. 3/	1.00	20.00	22,680.00	
	" "	Box		1,134	East Sparta, O.	.97	19.40	21,999.60	44,679.60
653	Woodpulp		438		1/				
655	Scrap Paper and Rags		564						
	Rags	Box		94	Kenosha, Wisc. 3/	.83	16.60	1,560.40	
	"	Box		94	Piqua, O.	.68	13.60	1,278.40	
	"	Box		94	Columbus, O.	.64	12.80	1,203.20	
	"	Box		94	Chicago, Ill.	.83	16.60	1,560.40	
	"	Box		94	Pittsburgh, Pa.	.54	10.80	1,015.20	
	"	Box		94	Jeffersonville, Ind.	.80	16.00	1,504.00	8,121.60
659	Printing Paper		2/		Hamilton, O.				
661	Wrapping Paper		1,500		1/				
663	Paper Bags		97		1/				
665	Paper and Paper Articles, NOIBN	Box	359	89	Chicago, Ill. 3/	1.05	21.00	1,869.00	
		Box		90	Brighton, O.	.87	17.40	1,566.00	
		Box		90	Chillicothe, O.	.78	15.60	1,404.00	
		Box		90	Cleveland, O.	.78	15.60	1,404.00	6,243.00
669	Pulpboard	Box	5,227	2,613	Rittman, O.	.72	14.40	37,627.20	
		Box		2,614	Middleton, O.	.80	16.00	41,824.00	79,451.20
671	Wallboard		30		1/				
673	Building Paper and Prepared Roofing Materials		46		1/				
675	Insulating Materials, NOS		134						
	Mineral Wool	Box		44	Newark, O. 3/	.76	15.20	668.80	
	" "	Box		45	Columbus, O.	.77	15.40	693.00	
	" "	Box		45	Lockland, O.	.84	16.80	756.00	2,117.80

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REVENUES FOR REPRESENTATIVE MOVEMENTS
EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY
VIA
PORT OF BALTIMORE

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
679	Building Materials, NOS		239		1/				
681	Building and Houses, Fabricated and Portable, NOS		25		1/				
685	Electrical Equipment and Parts, NOS		1,239						
	Batteries and Parts	Box		247	Madison, Wisc. 3/	1.51	30.20	7,459.40	
	" " "	Box		248	Cleveland, O.	1.01	20.20	5,009.60	
	Electrical Appliances, NOS	Box		248	Troy, O.	1.29	25.80	6,398.40	
	Radios	Box		248	Chicago, Ill.	2.74	54.80	13,590.40	
	"	Box		248	Indianapolis, Ind.	2.51	50.20	12,449.60	44,907.40
687	Furnaces, Heaters, Radiators and Parts		1,310						
	Heating Furnaces	Box		436	Dayton, O. 3/	1.11	22.20	9,679.20	
	"	Box		437	Chicago Heights Ill.	1.39	27.80	12,148.60	
	Water Heaters	Box		437	St. Louis, Mo.	1.69	33.80	14,770.60	36,598.40
689	Bathroom and Lavatory Fixtures and Sinks		36		1/				
691	Hardware, NOS		27		1/				
693	Glass		670						
	Glass Pellets	Box		223	10/ Newark, O. 3/	.80	16.00	3,568.00	
	Plate Glass	Gond.		223	11/ Ford City, Pa.	.83	16.60	3,701.80	
	" "	Gond.		224	12/ Ford City, Pa.	.96	19.20	4,300.80	11,570.60
695	Glassware, NOS	Box	847	282	Columbus, O. 3/	.93	18.60	5,245.20	
		Box		282	Lancaster, O.	.93	18.60	5,245.20	
		Box		283	Dunkirk, Ind.	1.09	21.80	6,169.40	16,659.80
697	Glass Bottles	Box	5,276	5,276	Lancaster, O.	.75	15.00	79,140.00	79,140.00
701	Chinaware, Crockery and Earthenware		289		1/				
703	Woodenware		41		1/				
705	Household Utensils, NOS		200						
	Sheet Steelware, Household	Box		66	Zanesville, O. 3/	1.42	28.40	1,874.40	
	Steel Kettles	Box		67	Warren, Pa.	.89	17.80	1,192.60	
	Sheet Steelware	Box		67	West Lafayette, O.	1.42	28.40	1,902.80	4,969.80

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
707	Refrigerators	Box	1,057	1,057	Appliance Park (Louisville), Ky.	2.02	40.40	42,702.80	42,702.80
709	Laundry Equipment		186						
	Washing Machines, Household	Box		37	Herrin, Ill. 3/	1.97	39.40	1,457.80	
	" " "	Box		37	Norwood, O.	1.52	30.40	1,124.80	
	" " "	Box		37	St. Louis, Mo.	1.98	39.60	1,465.20	
	" " "	Box		37	Appliance Park, Ky.	1.52	30.40	1,124.80	
	" " "	Box		38	Mansfield, O.	1.39	27.80	1,056.40	6,229.00
711	Stoves, Ranges and Parts		864						
	Stoves, NOIBN	Box		216	15/ Brighton, O. 3/	1.14	22.80	4,924.80	
	" "	Box		216	15/ Chicago, Ill.	1.39	27.80	6,004.80	
	" "	Box		216	15/ Louisville, Ky.	1.30	26.00	5,616.00	
	" "	Box		216	15/ St. Louis, Mo.	1.50	30.00	6,480.00	23,025.60
715	Furniture, NOS		1,208						
	Furniture, NOIBN	Box		302	15/ Chicago, Ill. 3/	2.16	43.20	13,046.40	
	" "	Box		302	15/ East St. Louis, Ill.	2.34	46.80	14,133.60	
	" "	Box		302	15/ Perrysburg, O.	1.85	37.00	11,174.00	
	" "	Box		302	15/ Shelby, O.	1.64	32.80	9,905.60	48,259.60
717	Furniture Parts		59		1/				
719	Tools and Parts, NOS		1,052		1/				
721	Abrasives, other than crude		43		1/				
729	Cotton Factory Products		11		1/				
741	Athletic, Gymnasium, Playground and Sporting Equipment, NOS		60		1/				
743	Games and Toys		46		1/				
745	Liquors, alcoholic, NOS		531		1/				
749	Liquors, Malt	Refgr.	1,620	810	10/ Milwaukee, Wisc. 3/	.79	15.80	12,798.00	
		Refgr.		810	10/ Chicago, Ill.	.76	15.20	12,312.00	25,110.00
755	Syrup and Molasses, refined		375		1/				
759	Sugar		632		1/				
761	Candy and Confectionery		57		1/				

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity							Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin		Rate	Rate Per Ton	Sub-Total	Total
763	Food Products, NOS, Unfrozen (Milk)	Box	13,117	13,117	Columbus, O.		.73	14.60	191,508.20	191,508.20
767	Starch		863							
	Corn Starch	Box		431	Chicago, Ill.	3/	.64	12.80	5,516.80	
	Starch, NOIBN	Box		432	St. Louis, Mo.		.77	15.40	6,652.80	12,169.60
769	Soap and Cleaning and Washing Compound		452							
	Soap	Box		226	Ivorydale, O.	3/	.98	19.60	4,429.60	
	Cleaning Compound, NOS	Box		226	Columbus, O.		.90	18.00	4,068.00	8,497.60
771	Matches		13		1/					
773	Feed, Animal or Poultry	Box	20,403	10,201	Battle Creek, Mich.		.62	12.40	126,492.40	
	" " " "	Box		10,202	Toledo, O.		.48	9.60	97,939.20	224,431.60
779	Containers, Metal		183							
	Barrels - Metal	Box		36	Chicago, Ill.	3/	1.58	31.60	1,137.60	
	Containers - Metal, NOS	Box		37	Speedway, Ind.		1.42	28.40	1,050.80	
	" " "	Box		36	Niles, O.		1.04	20.80	748.80	
	" " "	Box		37	Brighton, O.		1.30	26.00	962.00	
	" " "	Box		37	Pittsburgh, Pa.		1.01	20.20	747.40	4,646.60
781	Containers, Wooden		1,048							
	Barrels	Box		349	Lawrenceburg, Ind.	3/	1.06	21.20	7,398.80	
	"	Box		349	Louisville, Ky.		1.00	20.00	6,980.00	
	"	Box		350	Braddock, Pa.		1.12	22.40	7,840.00	22,218.80
783	Containers, Fibreboard and Pulpboard, KD		273							
	Fibreboard Boxes	Box		136	Cleveland, O.	3/	.86	17.20	2,339.20	
	Fibreboard Containers	Box		137	Petrolia, Pa.		.73	14.60	2,000.20	4,339.40
785	Containers, NOS		635							
	Steel Cylinders	Box		635	Oakmont, Pa.	3/	.89	17.80	11,303.00	11,303.00
787	Containers, returned empty		28		1/					
789	Scrap Iron and Steel	Gond.	20	5	Youngstown, Pa.	3/	13.91 5/	~~13.91~~ 2.42	~~69.55~~ 62.10	
		Gond.		5	Etna, Pa.		13.41 5/	~~13.41~~ 97	~~67.05~~ 59.85	
		Gond.		5	Cleveland, O.		15.11 5/	~~15.11~~ 3.49	~~75.55~~ 67.45	✓
		Gond.		5	Dayton, O.		16.70 5/	~~16.70~~ 4.91	~~83.50~~ 74.55	~~295.60~~
									4481	263.95
793	Furnace Slag		43		1/					

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity							Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin		Rate	Rate Per Ton	Sub-Total	Total
795	Waste Material for Remelting, NOS		312							
	Brass Scrap	Box		78	Kalamazoo, Mich.	3/	.94	18.80	1,466.40	
	" "	Box		78	Detroit, Mich.		.83	16.60	1,294.80	
	Metal Scrap, NOIBN	Box		78	Canton, O.		.68	13.60	1,060.80	
	Brass Scrap	Box		78	Ashland, Ky.		.77	15.40	1,201.20	5,023.20
799	Manufactures and Misc., NOS		5,433							
	Welding Wire	Box		1,087	Cleveland, O.	3/	.50	10.00	10,870.00	
	Welding Rods	Box		1,086	Milwaukee, Wisc.		.74	14.80	16,072.80	
	Clothing, NOIBN	Box		1,087	Shelby, O.		2.54	50.80	55,219.60	
	Military Impedimenta	Box		1,086	Lordstown, O.		1.83	36.60	39,747.60	
	" "	Box		1,087	Toledo, O.		2.34	46.80	50,871.60	172,781.60
950	Forwarder Traffic		5,242							
	All Commodity	Box		1,048	8/ Chicago, Ill.	3/	1.89	37.80	39,614.40	
	" "	Box		1,049	8/ St. Louis, Mo.		2.03	40.60	42,589.40	
	" "	Box		1,048	8/ Indianapolis, Ind.		1.69	33.80	35,422.40	
	" "	Box		1,049	8/ Cincinnati, O.		1.56	31.20	32,728.80	
	" "	Box		1,048	8/ Pittsburgh, Pa.		1.05	21.00	22,008.00	172,363.00
	Grand Totals		3,303,499	3,292,594						$30,989,344.58 ~~$30,959,636.63~~
							Revenue per ton			$9.38 ~~$9.40~~

4482

FOOTNOTES:
1/ No representative movement in Exhibit 50.
2/ No tonnage moving through Baltimore
3/ Exhibit 50 - JLH-6
4/ Applies per ton of 2,000 pounds.
5/ Applies per ton of 2,240 pounds.
6/ Based on Minimum Weight 12,500 pounds for cars not exceeding 50 feet 7 inches in length.
7/ Based on Minimum Weight 20,000 pounds for cars exceeding 50 feet 8 inches in length.
8/ Minimum Weight 30,000 pounds.
9/ Minimum Weight 70,000 pounds.
10/ Minimum Weight 60,000 pounds.
11/ 120 United Inches or under.
12/ Exceeding 120 United Inches.
13/ Minimum Weight 50,000 pounds.
14/ Minimum Weight 27,000 pounds.
15/ Minimum Weight 24,000 pounds.

SOURCE: I&S Docket No. 6615: Exhibit 50 - JLH-2, pp. 7-8, and Exhibit 51 - MLM-5 unless otherwise noted.

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Exhibit No.________(RLX-2)
Errata Page 2

REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BALTIMORE

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton 4/	Sub-Total	Total
575	Billets, I&S	Gond.	44,180	44,180	Canton, O.	10.21 5/	9.12	402,921.60	402,921.60
609	Rails and Railway Track Material, Iron and Steel		3,007						
	Rails	Gond.		751	Bessemer, Pa. 3/	13.09 5/	11.69	8,779.19	
	"	Gond.		752	Carnegie, Pa.	13.09 5/	11.69	8,790.88	
	Spikes	Box		752	Neville Island, Pa.	.44	8.80	6,617.60	
	Track Material	Box		752	Gary, Ind.	.75	15.00	11,280.00	35,467.67
789	Scrap Iron and Steel	Gond.	20	5	Youngstown, O. 3/	13.91 5/	12.42	62.10	
		Gond.		5	Etna, Pa.	13.41 5/	11.97	59.85	
		Gond.		5	Cleveland, O.	15.11 5/	13.49	67.45	
		Gond.		5	Dayton, O.	16.70 5/	14.91	74.55	263.95

Grand Total $30,889,344.58

Revenue per ton $9.38

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Exhibit No.______(RLK-3)

Affiant: R. L. Keefe

pp 3-4-7-13

Before The

INTERSTATE COMMERCE COMMISSION

I & S DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

REVENUES FOR REPRESENTATIVE MOVEMENTS OF

IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY

VIA

PORT OF NEW YORK

MOVING DURING THE PERIOD AUGUST 1, 1955, THROUGH JULY 31, 1956

4454

May 1958

466 Lexington Avenue
New York 17, N. Y.

I&S Docket No. 6615
Exhibit No.______(RLK-3)
Page 1

REVENUES FOR REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination	Rate	Rate Per Ton	Sub-Total	Total
5	Sorghum Grain		33		1/				
15	Flour Wheat		119		1/				
19	Flour, Edible, NOS	Box	1,448	724	Cleveland, O.	.93	18.60	13,466.40	
		Box		724	Parkersburg, W. Va.	.82	16.40	11,873.60	25,340.00
23	Mill Products, NOS		52		1/				
29	Tobacco, Unmanufactured		31		1/				
31	Tobacco, Siftings, Sweeping and Waste		9		1/				
33	Cotton in Bales		39		1/				
35	Cotton Linters, Noils & Regins		4,447						
	Cotton Waste	Box		741	Chicago, Ill.	.89	17.80	13,189.80	
	" "	Box		741	Kenosha, Wisc.	.89	17.80	13,189.80	
	" "	Box		741	Flint, Mich.	.79	15.80	11,707.80	
	" "	Box		741	St. Louis, Mo.	.94	18.80	13,930.80	
	" "	Box		741	Grand Rapids, Mich.	.82	16.40	12,152.40	
	" "	Box		742	Detroit, Mich.	.75	15.00	11,130.00	75,300.60
51	Bananas, Fresh	Refgr.	53,946	10,789	Detroit, Mich.	1.54	30.80	332,301.20	
		Refgr.		10,789	Columbus, O.	1.54	30.80	332,301.20	
		Refgr.		10,789	Pittsburgh, Pa.	1.34	26.80	289,145.20	
		Refgr.		10,789	Indianapolis, Ind.	1.65	33.00	356,037.00	
		Refgr.		10,790	Huntington, W. Va.	1.54	30.80	332,332.00	1,642,116.60
57	Grapes, fresh		11		1/				
61	Oranges and Grapefruit		18		1/				
65	Pears, fresh, not frozen		204		1/				
69	Fruits, Fresh, NOS, not frozen		1,280		1/				
71	Fruits, Dried, Dehydrated, Evaporated, NOS		2,735						
	Fig Paste	Box		455	Chicago, Ill.	.83	16.60	7,553.00	
	" "	Box		456	Columbus, O.	.73	14.60	6,657.60	
	" "	Box		456	St. Louis, Mo.	1.00	20.00	9,120.00	
	Dates	Box		456	Louisville, Ky.	1.30	26.00	11,856.00	
	"	Box		456	Urbana, O.	.77	15.40	7,022.40	
	Dried Fruit	Box		456	Chicago, Ill.	1.39	27.80	12,676.80	54,885.80

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Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination	Rate	Rate Per Ton	Sub-Total	Total
73	Fruits and Berries, fresh, frozen		21		1/				
75	Coffee	Box	133,265	26,653	Cincinnati, O.	.84	16.80	447,770.40	
		Box		26,653	Chicago, Ill.	.94	18.80	501,076.40	
		Box		26,653	Louisville, Ky.	.94	18.80	501,076.40	
		Box		26,653	St. Louis, Mo.	1.12	22.40	597,027.20	
		Box		26.653	Etna, Pa.	.67	13.40	357,150.20	2,404,100.60
81	Lettuce		29		1/				
83	Onions, dry		149		1/				
89	Vegetables, fresh, NOS, not frozen		249		1/				
91	Beans and Peas, Dried	Box	1,071	535	Austin, Ind.	.87	17.40	9,309.00	
		Box		536	Chicago, Ill.	.95	19.00	10,184.00	19,493.00
93	Vegetables, dried, dehydrated and evaporated, NOS		79		1/				
97	Peanuts		178		1/				
107	Seeds, NOS		2,471						
	Annuto	Box		411	Madison, Wisc.	1.50	30.00	12,330.00	
	Mustard	Box		412	Terre Haute, Ind.	1.18	23.60	9,723.20	
	Grass	Box		412	Columbus, O.	.94	18.80	7,745.60	
	"	Box		412	Louisville, Ky.	1.12	22.40	9,228.80	
	Canary	Box		412	Chicago, Ill.	1.31	26.20	10,794.40	
	"	Box		412	Milwaukee, Wisc.	1.40	28.00	11,536.00	61,358.00
199	Products of Agriculture, NOS		19,842						
	Cocoa Beans	Box		3,307	Chicago, Ill.	.99	19.80	65,478.60	
	" "	Box		3,307	Milwaukee, Wisc.	.99	19.80	65,478.60	
	Fibre Hemp & Sisal	Box		3,307	Newark, O.	.85	17.00	56,219.00	
	" " " "	Box		3,307	Chicago, Ill.	1.07	21.40	70,769.80	
	" " " "	Box		3,307	Jackson, Mich.	1.03	20.60	68,124.20	
	" " " "	Box		3,307	St. Louis, Mo.	1.07	21.40	70,769.80	396,840.00
215	Meats, fresh, NOS		79		1/				

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Commodity		Type of Equipment	Total Tons	Statistical Distribution	Destination	Freight Revenues			
Group No.	Description					Rate	Rate Per Ton	Sub-Total	Total
217	Meats Cooked, Cured, Dried and Smoked		8,783						
	Meats Canned, NOIBN	Box		2,195	Chicago, Ill.	.89	17.80	39,071.00	
	" " "	Box		2,196	Cleveland, O.	.64	12.80	28,108.80	
	" " "	Box		2,196	Detroit, Mich.	.71	14.20	31,183.20	
	" " "	Box		2,196	Grand Rapids, Mich.	.83	16.60	36,453.60	134,816.60
219	Packing House Products, edible, NOS		730		1/				
231	Cheese		624		1/				
235	Wool and Mohair, in grease		62		1/				
237	Wool and Mohair, NCS		142		1/				
239	Hides, Skins & Pelts, NOS		1,944						
	Wet Salted Calf Skins	Box		648	Girard, O.	.76	15.20	9,849.60	
	Green Salted Hides	Box		648	Rockford, Mich.	1.07	21.40	13,867.20	
	" " "	Box		648	Chicago, Ill.	1.12	22.40	14,515.20	38,232.00
241	Leather, NOS		177		1/				
243	Sea Food, NOS		142		1/				
245	Fish and Sea Animal Oil		333		1/				
299	Animals and Products		5,536						
	Casein	Box		1,845	Hamilton, O.	.94	18.80	34,686.00	
	"	Box		1,845	Milwaukee, Wisc.	1.42	28.40	52,398.00	
	Animal Hair	Box		1,846	Chicago, Ill.	1.39	27.80	51,318.80	138,402.80
307	Coke		100		1/				
309	Iron Ore		74		1/				
✓ 311	Aluminum Ore & Concentrates								
	Bauxite Ore	Gond.	13,583	13,583	Danville, Ill.	7.41 4/	6.62 ~~7.41~~	89,919.46 ~~100,650.03~~	89,919.46 ✓ ~~100,650.03~~
✓ 317	Zinc Ore and Concentrates								
	Zinc Concentrates	Gond.	2/		Josephtown, Pa.	5.31 4/	~~5.31~~ 4.74		

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Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination	Rate	Rate Per Ton	Sub-Total	Total
319	Ores and Concentrates, NOS		16,389						
	Chrome Ore	Gond.		2,731	Marietta, O.	6.36 4/	~~6.36~~ 5.68	~~17,369.16~~ 15,512.08	
	" "	Gond.		2,732	Relief, O.	6.52 4/	~~6.52~~ 5.82	~~17,812.64~~ 15,900.24	
	" "	Gond.		2,731	Graham, W. Va.	5.96 4/	~~5.96~~ 5.32	~~16,276.76~~ 14,528.92	
	Manganese Ore	Gond.		2,732	Marietta, O.	6.36 4/	~~6.36~~ 5.68	~~17,375.52~~ 15,517.76	
	" "	Gond.		2,731	Philo, O.	6.70 4/	~~6.70~~ 5.98	~~18,297.70~~ 16,331.38	
	" "	Gond.		2,732	Sou. Duquesne, Pa.	5.96 4/	~~5.96~~ 5.32	~~16,282.72~~ 14,534.24	~~103,414.50~~ 92,324.62
323	Clay and Bentonite		225						
	Clay, Ball or China	Box		75	New Castle, Pa.	.48	9.60	720.00	
	" " " "	Box		75	Barberton, O.	.56	11.20	840.00	
	" " " "	Box		75	Robinson, Ill.	.76	15.20	1,140.00	2,700.00
325	Sand, Industrial		177		1/				
327	Gravel and Sand, NOS		29		1/				
329	Stone and Rock, broken, ground, and crushed		525		1/				
333	Stone, Rough, NOS		1,171						
	Marble and Stone, rough	Flat		146	Chicago, Ill.	.89	17.80	2,598.80	
	Quarried	Flat		147	Lexington, Ky.	.82	16.40	2,410.80	
	"	Flat		146	Dayton, O.	.74	14.80	2,160.80	
	"	Flat		147	Green Bay, Wisc.	.95	19.00	2,793.00	
	"	Gond.		146	Chicago, Ill.	.89	17.80	2,598.80	
	"	Gond.		147	Lexington, Ky.	.82	16.40	2,410.80	
	"	Gond.		146	Dayton, O.	.74	14.80	2,160.80	
	"	Gond.		146	Green Bay, Wisc.	.95	19.00	2,774.00	19,907.80
335	Stone, finished, NOS		112		1/				
339	Asphalt	Box	30	10	Napoleon, O.	.60	12.00	120.00	
		Box		10	Rossten, Ind.	.67	13.40	134.00	
		Box		10	Toledo, O.	.60	12.00	120.00	374.00
345	Sulphur		62		1/				
399	Products of Mines, NOS		6,203						
	Asbestos Fibre	Box		775	Atlas, O.	.84	16.90	13,097.50	
	Graphite	Box		776	Clearing, Ill.	1.05	21.10	16,373.60	
	"	Box		775	Cincinnati, O.	.87	17.50	13,562.50	
	"	Box		776	Swissvale, Pa.	.66	13.30	10,320.80	
	Talc	Box		775	Jeffersonville, Ind.	.73	14.70	11,392.50	
	Prepared chalk	Box		776	Wheeling, W. Va.	.72	14.50	11,252.00	
	Marble Chips	Box		775	Toledo, O.	.58	11.70	9,067.50	
	" "	Box		775	Chicago, Ill.	.72	14.50	11,237.50	96,303.90

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Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination	Rate	Rate Per Ton	Sub-Total	Total
411	Lumber, Shingles and Lath		102		1/				
415	Veneer, Plywood & Built-Up Wood		4,343						
	Plywood Mahogany	Box		1,085	Detroit, Mich.	.95	19.00	20,615.00	
	" "	Box		1,086	Pittsburgh, Pa.	.73	14.60	15,855.60	
	" "	Box		1,086	Cincinnati, O.	.94	18.80	20,416.80	
	" "	Box		1,086	South Bend, Ind.	1.06	21.20	23,023.20	79,910.60
417	Rosin and turpentine		18		1/				
499	Products of Forests, NOS		7,953						
	Cork Waste	Box		1,988	Chicago, Ill.	1.39	27.80	55,266.40	
	Gum Shellac	Box		1,988	Chicago, Ill.	1.38	27.60	54,868.80	
	Mahogany Lumber	Box		1,988	Wickliffe, O.	.65	13.00	25,844.00	
	Mahogany Logs	Gond.		1,989	Indianapolis, Ind.	.78	15.60	31,028.40	167,007.60
505	Lubrication Oils and Greases		13		1/				
507	Petroleum Products, refined, NOS		18		1/				
511	Cottonseed Oil		46		1/				
517	Vegetable and Nut Oils, NOS		6,451						
	Vegetable Oil	Box		6,451	Waukegan, Ill.	1.10	22.00	141,922.00	141,922.00
519	Oils, NOS		1,439		1/				
521	Oils Foots Sediment and Tank Bottoms		26		1/				
523	Rubber, Crude, Natural and Synthetic		164,953						
	Rubber Crude, NOIBN	Box		32,991	Akron, O.	.89	17.80	587,239.80	
	" " "	Box		32,990	Mansfield, O.	.90	18.00	593,820.00	
	" " "	Box		32,991	Detroit, Mich.	.97	19.40	640,025.40	
	" " "	Box		32,990	New Haven, Ind.	1.02	20.40	672,996.00	
	" " "	Box		32,991	Louisville, Ky.	1.12	22.40	738,998.40	3,233,079.60
525	Rubber Goods, NOS		225		1/				
527	Chemicals, NOS		1,175						
	Chemicals, NOIBN	Box		293	Zelienople, Pa.	1.01	20.20	5,918.60	
	" "	Box		294	New Albany, Ind.	1.50	30.00	8,820.00	
	" "	Box		294	Troy, O.	1.29	25.80	7,585.20	
	" "	Box		294	S. Charleston, W. Va.	1.12	22.40	6,585.60	28,909.40

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Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination	Rate	Rate Per Ton	Sub-Total	Total
531	Acids, NOS		381		1/				
533	Sodium (Soda) Products		508		1/				
535	Alcohol, NOS		81		1/				
539	Fertilizers, NOS		3,145						
	Bone Meal	Box		629	Troy, O.	.65	13.00	8,177.00	
	Peat Moss	Box		629	3/ Charleston, W. Va.	.59	11.80	7,422.20	
	" "	Box		629	3/ Etna, Pa.	.53	10.60	6,667.40	
	" "	Box		629	3/ Columbus, O.	.60	12.00	7,548.00	
	" "	Box		629	3/ Weston, Ill.	.77	15.40	9,686.60	39,501.20
541	Insecticides and Fungicides, NOS		149		1/				
543	Tar Pitch and Creosote		135		1/				
545	Tanning Material, NOS		6,218						
	Tanning Extract	Box		1,554	Chicago, Ill.	1.15	23.00	35,742.00	
	" "	Box		1,555	New Albany, Ind.	1.09	21.80	33,899.00	
	" "	Box		1,554	Grand Haven, Mich.	1.12	22.40	34,809.60	
	" "	Box		1,555	Ashtabula, O.	.84	16.80	26,124.00	130,574.60
547	Paint, Paint Material, Putty and Varnish		879		1/				
549	Plastics		43		1/				
553	Drugs, Medicines and Toilet Prep.		456		1/				
555	Aluminum, Bar, Pig, Slab	Box	330	110	Cleveland, O.	.98	19.60	2,156.00	
		Box		110	Pittsburgh, Pa.	.86	17.20	1,892.00	
		Box		110	Detroit, Mich.	1.09	21.80	2,398.00	6,446.00
557	Aluminum, NOS		171		1/				
559	Copper: Ingot, Matte and Pig		24,084						
	Copper Bars and Ingots	Box		4,816	5/ Cleveland, O.	.63	12.60	60,681.60	
	" " " "	Box		4,817	Indianapolis, Ind.	.98	19.60	94,413.20	
	" " " "	Box		4,817	Decatur, Ill.	1.13	22.60	108,864.20	
	" " " "	Box		4,817	Pittsburgh, Pa.	.72	14.40	69,364.80	
	" " " "	Box		4,817	Port Huron, Mich.	.82	16.40	78,998.80	412,322.60

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination	Rate	Rate Per Ton	Sub-Total	Total
561	Copper, Brass and Bronze, NOS		2,397						
	Copper Cable	Box		599	Pittsburgh, Pa.	.98	19.60	11,740.40	
	" "	Box		599	Chicago, Ill.	1.43	28.60	17,131.40	
	Copper Cathodes	Box		599	Indianapolis, Ind.	.98	19.60	11,740.40	
	Brass Tubing	Box		600	Grand Haven, Mich.	1.39	27.80	16,680.00	57,292.20
563	Lead and Zinc: Bar, Ingot & Pig		12,646						
	Zinc Slabs	Box		3,161	Cleveland, O.	.58	11.60	36,667.60	
	" "	Box		3,162	Pittsburgh, Pa.	.49	9.80	30,987.60	
	" "	Box		3,161	Detroit, Mich.	.68	13.60	42,989.60	
	" "	Box		3,162	Wardwell, O.	.63	12.60	39,841.20	150,486.00
565	Lead Zinc, NOS		231		1/				
✓ 569	Alloys for Steel Manufacture		2,048						
	Silico - Manganese	Box		410	Midland, Mich.	18.40 4/	~~18.40~~ 16.43	~~7,544.00~~ 6,736.30	
	" "	Box		409	Wheeling, W. Va.	13.12 4/	~~13.12~~ 11.71	~~5,366.08~~ 4,789.39	
	" "	Box		410	E. Chicago, Ind.	20.00 4/	~~20.00~~ 17.86	~~8,200.00~~ 7,322.60	
	Ferro Titanium	Box		409	Duquesne, Pa.	.86	~~17.20~~ 17.20	~~7,034.80~~ 7,034.80	✓
	Ferro Chrome	Box		410	Brackenridge, Pa.	.86	~~17.20~~ 17.20	~~7,052.00~~ 7,052.00	~~35,196.88~~ 32,935.09
571	Metals and Alloys, NOS		22,122						
	Metal Antimony	Box		4,424	Cleveland, O.	1.00	20.00	88,480.00	
	" "	Box		4,425	Granite City, Ill.	1.50	30.00	132,750.00	
	Tin Pig	Box		4,424	Cincinnati, O.	1.15	23.00	101,752.00	
	" "	Box		4,425	Chicago, Ill.	1.40	28.00	123,900.00	
	" "	Box		4,424	Weirton, W. Va.	.94	18.80	83,171.20	530,053.20
573	Iron, Pig		55		1/				
575	Iron and Steel: Billet, Bloom and Ingot		28		1/				
577	Iron and Steel: Bar, Rod & Slab		20		1/				
579	Iron and Steel, NOS		50		1/				
581	Iron and Steel Nails and Wire		971						
	Wire, Iron and Steel	Box		161	Indianapolis, Ind.	1.05	21.00	3,381.00	
	" " " "	Box		162	Chicago, Ill.	1.09	21.80	3,531.60	
	" " " "	Box		162	Springfield, Ill.	1.17	23.40	3,790.80	
	" " " "	Box		162	Washington, Ind.	1.08	21.60	3,499.20	
	" " " "	Box		162	Wooster, O.	.86	17.20	2,786.40	
	" " " "	Box		162	Grand Rapids, Mich.	1.08	21.60	3,499.20	20,488.20

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Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination	Rate	Rate Per Ton	Sub-Total	Total
583	Manufactured Iron and Steel		7,850						
	Manufactured Iron & Steel, NOIBN	Box		1,121	Chicago, Ill.	1.09	21.80	24,437.80	
	" " " " "	Box		1,122	Martins Ferry, O.	.75	15.00	16,830.00	
	" " " " "	Box		1,121	Hammond, Ind.	1.09	21.80	24,437.80	
	" " " " "	Gond.		1,122	Chicago, Ill.	1.09	21.80	24,459.60	
	" " " " "	Gond.		1,121	Martins Ferry, O.	.75	15.00	16,815.00	
	" " " " "	Gond.		1,122	Hammond, Ind.	1.09	21.80	24,459.60	
	" " " " "	Gond.		1,121	Milwaukee, Wisc.	1.15	23.00	25,783.00	157,222.80
585	Cast Iron Pipe and Fittings		31		1/				
587	Iron and Steel Pipe and Fittings, NOS		390		1/				
591	Agricultural Implements, NOS		31		1/				
595	Machinery and Machines, NOS		4,506						
	Printing Press	Box		451	Milwaukee, Wisc.	1.61	32.20	14,522.20	
	" "	Box		450	Chicago, Ill.	1.58	31.60	14,220.00	
	Machinery or Machines, NOIBN	Box		451	Oakley, O.	1.30	26.00	11,726.00	
	" " " "	Box		450	Dearborn, Mich.	1.33	26.60	11,970.00	
	" " " "	Box		451	McKees Rocks, Pa.	1.00	20.00	9,020.00	
	" " " "	Box		450	St. Louis, Mo.	1.69	33.80	15,210.00	
	" " " "	Gond.		451	Oakley, O.	1.30	26.00	11,726.00	
	" " " "	Gond.		450	Whiting, Ind.	1.58	31.60	14,220.00	
	" " " "	Gond.		451	McKees Rocks, Pa.	1.00	20.00	9,020.00	
	" " " "	Gond.		451	St. Louis, Mo.	1.69	33.80	15,243.80	126,878.00
597	Machinery Parts		628		1/				
607	Railway Equipment Parts		71		1/				
611	Vehicles, other than motor		409		1/				
615	Automobiles, Freight		190		1/				
617	Vehicles, Motor, NOS		225		1/				
621	Automobiles and Auto Trucks, KD		5		1/				
623	Vehicles, parts, NOS		667		1/				
625	Airplanes, Aircraft and Parts		44		1/				
627	Tires and tubes, rubber		110		1/				
631	Ammunition and Explosives		39		1/				

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Group No.	Commodity Description	Type of Equipment	Total Tons	Statistical Distribution	Destination	Freight Revenues Rate	Freight Revenues Rate Per Ton	Freight Revenues Sub-Total	Freight Revenues Total
633	Cement, Natural or Portland	Box	231	57	Oak Hill, O.	.65	13.00	741.00	
	" " " "	Box		58	Detroit, Mich.	.67	13.40	777.20	
	" " " "	Box		58	Dayton, O.	.67	13.40	777.20	
	" " " "	Box		58	Plainfield, Ind.	.78	15.60	904.80	3,200.20
639	Brick, NOS, and Building Tile		49						
	Tile, Floor Composition	Box		12	Columbus, O.	.87	17.40	208.80	
	Tile, Clay Glazed	Box		12	Cleveland, O.	.59	11.80	141.60	
	" " "	Box		12	Detroit, Mich.	.66	13.20	158.40	
	" " "	Box		13	Indianapolis, Ind.	.73	14.60	189.80	698.60
641	Refractories		88		1/				
653	Woodpulp	Box	424	106	Middletown, O.	.74	14.80	1,568.80	
		Box		106	Chillicothe, O.	.64	12.80	1,356.80	
		Box		106	Chagrin Falls, O.	.61	12.20	1,293.20	
		Box		106	Peoria, Ill.	.90	18.00	1,908.00	6,126.80
655	Scrap Paper and Rags,		2,204						
	Scrap Bagging	Box		551	St. Louis, Mo.	.90	18.00	9,918.00	
	" "	Box		551	Herrin, Ill.	.87	17.40	9,587.40	
	" "	Box		551	Warsaw, Ind.	.77	15.40	8,485.40	
	" "	Box		551	Defiance, O.	.74	14.80	8,154.80	36,145.60
657	Newsprint Paper	Box	4,872	4,872	Louisville, Ky.	.91	18.20	88,670.40	88,670.40
659	Printing Paper		201		1/				
661	Wrapping Paper		95		1/				
665	Paper and Paper Articles, NOS		99		1/				
667	Printed Matter, NOS		12		1/				
669	Paperboard, Fibreboard and Pulpboard		130						
	Fibreboard	Box		32	Chicago, Ill.	.98	19.60	627.20	
	"	Box		33	Detroit, Mich.	.81	16.20	534.60	
	"	Box		32	Sharpsburg, Pa.	.62	12.40	396.80	
	"	Box		33	Newark, O.	.72	14.40	475.20	2,033.80
671	Wallboard	Box	743	185	Detroit, Mich.	.81	16.20	2,997.00	
		Box		186	Chicago, Ill.	.98	19.60	3,645.60	
		Box		186	Cleveland, O.	.72	14.40	2,678.40	
		Box		186	Dayton, O.	.78	15.60	2,901.60	12,222.60

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination	Rate	Rate Per Ton	Sub-Total	Total
673	Building Paper and Prepared Roofing Material		36		1/				
675	Insulating Material, NOS		52		1/				
677	Building Woodwork and Millwork		12		1/				
679	Building Material, NOS		174		1/				
681	Buildings and Houses, Fabricated and Portable, NOS		32		1/				
685	Electrical Equipment & Parts, NOS		261		1/				
691	Hardware, NOS		292		1/				
693	Glass		794						
	Glass, Plate	Box		99	6/ Youngstown, O.	1.33	26.60	2,633.40	
	" "	Box		99	7/ Youngstown, O.	1.43	28.60	2,831.40	
	" "	Box		99	6/ Toledo, O.	1.68	33.60	3,326.40	
	" "	Box		99	7/ Toledo, O.	1.85	37.00	3,663.00	
	" "	Gond.		100	6/ Youngstown, O.	1.33	26.60	2,660.00	
	" "	Gond.		99	7/ Youngstown, O.	1.43	28.60	2,831.40	
	" "	Gond.		100	6/ Toledo, O.	1.68	33.60	3,360.00	
	" "	Gond.		99	7/ Toledo, O.	1.85	37.00	3,663.00	24,968.60
695	Glassware, NOS		28		1/				
697	Glass Bottles, Jars and Packing Glasses, NOS		38		1/				
701	Chinaware, Crockery & Earthenware		820		1/				
703	Woodenware		46		1/				
705	Household Utensils, NOS		148		1/				
713	Floor Covering		77		1/				
715	Furniture, NOS		32		1/				
719	Tools and Parts, NOS		63		1/				

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination	Rate	Rate Per Ton	Sub-Total	Total
721	Abrasives, Not Crude		374						
	Powdered Iron	Box		93	Dayton, O.	1.11	22.20	2,064.60	
	" "	Box		94	Cleveland, O.	1.00	20.00	1,880.00	
	" "	Box		93	Detroit, Mich.	1.16	23.20	2,157.60	
	" "	Box		94	[illegible]lem, Ind.	1.30	26.00	2,444.00	8,546.20
723	Bagging: Burlap, Cotton, Gunny and Jute, NOS		6,284						
	Burlap Bagging	Box		1,047	Pittsburgh, Pa.	.88	17.60	18,427.20	
	" "	Box		1,047	Indianapolis, Ind.	.98	19.60	20,521.20	
	" "	Box		1,048	Chicago, Ill.	.98	19.60	20,540.80	
	" "	Box		1,047	St. Louis, Mo.	.98	19.60	20,521.20	
	" "	Box		1,048	Flint, Mich.	.98	19.60	20,540.80	
	" "	Box		1,047	Cincinnati, O.	.98	19.60	20,521.20	121,072.40
725	Bags: Burlap, Cotton, Gunny and Jute, NOS		48		1/				
727	Cotton Cloth and Cotton Fabrics, NOS		390		1/				
729	Cotton Factory Products		325		1/				
735	Rope, Cordage and Binder Twine, NOS		1,875						
	Baler or Binder	Box		468	Chicago, Ill.	1.07	21.40	10,015.20	
	" " "	Box		469	Pittsburgh, Pa.	.67	13.40	6,284.60	
	" " "	Box		469	Hicksville, O.	.94	18.80	8,817.20	
	" " "	Box		469	Louisville, Ky.	1.02	20.40	9,567.60	34,684.60
737	Boots, Shoes and Findings, NOS		16		1/				
739	Luggage and Handbags, NOS		9		1/				
741	Athletic Gymnasium, Playground and Sporting Equipment, NOS		44		1/				
743	Games and Toys		185		1/				
745	Liquors, Alcoholic, NOS		1,774						
	Whiskey - Scotch	Box		296	8/ Chicago, Ill.	1.57	31.40	9,294.40	
	" "	Box		295	9/ Chicago, Ill.	1.25	25.00	7,375.00	
	" "	Box		296	8/ Cleveland, O.	1.08	21.60	6,393.60	
	" "	Box		295	9/ Cleveland, O.	.87	17.40	5,133.00	
	Rum	Box		296	8/ Toledo, O.	1.33	26.60	7,873.60	
	"	Box		296	9/ Toledo, O.	1.06	21.20	6,275.20	42,344.80

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REVENUES FOR REPRESENTATIVE MOVEMENT OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination	Rate	Rate Per Ton	Sub-Total	Total
747	Wine		144		1/				
749	Liquors, Malt		1,423						
	Beer	Refgr.		1,423	Chicago, Ill.	.87	17.40	24,760.20	24,760.20
751	Beverages, NOS		587		1/				
755	Syrup, Molasses, Refined		513		1/				
759	Sugar		6,913						
	Sugar, NOIBN	Box		1,383	Allegheny, Pa.	.49	9.80	13,553.40	
	" "	Box		1,382	Brocton, N.Y.	.52	10.40	14,372.80	
	" "	Box		1,383	Columbus, O.	.79	15.80	21,851.40	
	" "	Box		1,382	Wheeling, W. Va.	.57	11.40	15,754.80	
	" "	Box		1,383	Orrville, O.	.77	15.40	21,298.20	86,830.60
761	Candy and Confectionery		288		1/				
763	Food Products, NOS, in Cans and Packages, not frozen		33,274						
	Olives in Barrels	Box		8,318	Chicago, Ill.	.94	18.80	156,378.40	
	" " "	Box		8,319	Terre Haute, Ind.	.93	18.60	154,733.40	
	Lemon Juice Concentrates in Barrels	Box		8,318	Chicago, Ill.	.94	18.80	156,378.40	
	Prepared Cocoanut	Box		8,319	Pittsburgh, Pa.	.60	12.00	99,828.00	567,318.20
767	Starch		313		1/				
771	Matches		56		1/				
773	Feed, Animal and Poultry, NOS		1,566						
	Feed, Animal Poultry, NOS	Box		391	Springfield, O.	.83	16.60	6,490.60	
	" " " "	Box		392	Toledo, O.	.83	16.60	6,507.20	
	" " " "	Box		391	Odell, Wisc.	1.12	22.40	8,758.40	
	" " " "	Box		392	Blue Island, Ill.	1.04	20.80	8,153.60	29,909.80
779	Containers, Metal		76		1/				
785	Containers, NOS		586		1/				
787	Containers, Returned Empty		49		1/				
789	Scrap Iron and Steel		355		1/				

4496

REVENUES FOR REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination	Rate	Rate Per Ton	Sub-Total	Total
795	Waste Material for Remelting, NOS		309		1/				
797	Waste Materials, NOS		11,958						
	Scrap Rubber	Box		2,392	3/ Akron, O.	.54	10.80	25,833.60	
	" "	Box		2,391	3/ Indianapolis, Ind.	.68	13.60	32,517.60	
	" "	Box		2,392	3/ E. St. Louis, Ill.	.82	16.40	39,228.80	
	Jute Waste	Box		2,391	Detroit, Mich.	.83	16.60	39,690.60	
	" "	Box		2,392	Herrin, Ill.	1.15	23.00	55,016.00	192,286.60
799	Manufactures and Miscellaneous, NOS		5,875						
	Iron Mass or Sponge	Box		2,937	Weirton, W. Va.	.59	11.80	34,656.60	
	Carnanba Wax	Box		2,938	Racine, Wisc.	1.36	27.20	79,913.60	114,570.20
950	Forwarder Traffic		66		1/				
	Grand Totals		645,792	625,044					$ 12,003,835.07 ~~$12,027,917.31~~
						Revenue per ton			$ 19.20 ~~$19.24~~

4497

FOOTNOTES:
1/ No representative movement in Exhibit 50.
2/ No tonnage moving through New York.
3/ Minimum weight 40,000 pounds.
4/ Applies per 2,240 pounds.
5/ Minimum weight 100,000 pounds.
6/ 120 United Inches and under.
7/ Exceeding 120 United Inches.
8/ 28,000 pounds.
9/ Excess Weight.

SOURCE: I&S Docket No. 6615: Exhibit 50 - JLH-5 and Exhibit 51 - MLM-5 unless otherwise noted.

I&S Docket No. 6615
Exhibit No.______(RLK-3)
Errata Page 3

REVENUES FOR REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Destination	Rate	Rate Per Ton 10/	Sub-Total	Total
311	Aluminum Ore & Concentrates								
	Bauxite Ore	Gond.	13,583	13,583	Danville, Ill.	7.41 4/	6.62	89,919.46	89,919.46
317	Zinc Ore & Concentrates								
	Zinc Concentrates	Gond.	2/		Josephtown, Pa.	5.31 4/	4.74		
319	Ores & Concentrates, NOS		16,389						
	Chrome Ore	Gond.		2,731	Marietta, O.	6.36 4/	5.68	15,512.08	
	" "	Gond.		2,732	Relief, O.	6.52 4/	5.82	15,900.24	
	" "	Gond.		2,731	Graham, W. Va.	5.96 4/	5.32	14,528.92	
	Manganese Ore	Gond.		2,732	Marietta, O.	6.36 4/	5.68	15,517.76	
	" "	Gond.		2,731	Philo, O.	6.70 4/	5.98	16,331.38	
	" "	Gond.		2,732	Sou. Duquesne, Pa.	5.96 4/	5.32	14,534.24	92,324.62
569	Alloys for Steel Manufacture		2,048						
	Silico - Manganese	Box		410	Midland, Mich.	18.40 4/	16.43	6,736.30	
	" "	Box		409	Wheeling, W. Va.	13.12 4/	11.71	4,789.39	
	" "	Box		410	E. Chicago, Ind.	20.00 4/	17.86	7,322.60	
	Ferro Titanium	Box		409	Duquesne, Pa.	.86	17.20	7,034.80	
	Ferro Chrome	Box		410	Brackenridge, Pa.	.86	17.20	7,052.00	32,935.09

Grand Total $12,003,835.07

Revenue per ton $19.20

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FOOTNOTE: 10/ Applies per ton of 2,000 pounds.

Exhibit No._______ (RLK-4)

Affiant: R. L. Keefe

~~pp. [illegible] 8-10-18.~~
~~p4 - Comm Gr. 311 - Alum. Ore & Concentrate omitted 56 tons~~
~~reconciles tonnages shown in Exhibits RLK-4 and RLK-6.~~

Before The

INTERSTATE COMMERCE COMMISSION

I & S DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK MOVING DURING THE PERIOD AUGUST 1, 1955, THROUGH JULY 31, 1956

4499

May 1958

466 Lexington Avenue
New York 17, N. Y.

Exhibit No.______ (RLK-4)
Page 1

REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
1	Wheat	Box	117,786	29,446	Indianapolis, Ind.	.46	9.20	270,903.20	
		Box		29,447	Louisville, Ky.	.46	9.20	270,912.40	
		Box		29,446	Chicago, Ill. (Prop.)	.33½	6.70	197,288.20	
		Box		29,447	Springfield, Ill (Prop.)	.37½	7.50	220,852.50	959,956.30
3	Corn, bagged	Box	66,393	11,065	Chicago, Ill. (Prop.)	.33½	6.70	74,135.50	
		Box		11,066	Deshler, O.	.46	9.20	101,807.20	
		Box		11,065	Indianapolis, Ind.	.46	9.20	101,798.00	
		Box		11,066	Pittsburgh, O.	.46	9.20	101,807.20	
		Box		11,065	Milwaukee, Wisc.	.33½	6.70	74,135.50	
		Box		11,066	Louisville, Ky.	.46	9.20	101,807.20	555,490.60
5	Sorghum Grain		183		1/				
7	Oats	Box	11,571	2,892	Stewart, Ind.	.46	9.20	26,606.40	
		Box		2,893	Chicago, Ill. (Prop.)	.33½	6.70	19,383.10	
		Box		2,893	Hammond, Ind. (Prop.)	.33½	6.70	19,383.10	
		Box		2,893	Milwaukee, Wisc. (Prop.)	.33½	6.70	19,383.10	84,755.70
9	Barley and Rye		7,310						
	Barley	Box		2,436	Boonville, Ind.	.59	11.80	28,744.80	
	Barley	Box		2,437	Cincinnati, Ohio	.46	9.20	22,420.40	
	Rye	Box		2,437	Chicago, Ill. (Prop.)	.33½	6.70	16,327.90	67,493.10
13	Grains, NOS		751		1/				
15	Flour, wheat	Box	40,162	8,032	Dover, O.	.48	9.60	77,107.20	
		Box		8,033	Cleveland, O.	.48	9.60	77,116.80	
		Box		8,032	Homeworth, O.	.48	9.60	77,107.20	
		Box		8,033	Wooster, O.	.48	9.60	77,116.80	
		Box		8,032	Indianapolis, Ind.	.57	11.40	91,564.80	400,012.80
17	Meal, Corn	Box	2,074	414	Cowan, Ind.	.57	11.40	4,719.60	
		Box		415	Grave City, O.	.48½	9.70	4,025.50	
		Box		415	Marion, O.	.48½	9.70	4,025.50	
		Box		415	Bradford, O.	.54	10.80	4,482.00	
		Box		415	Pikeville, O.	.54	10.80	4,482.00	21,734.60
19	Flour, Edible, NOS	Box	20,410	5,102	Hamilton, O	.54	10.80	55,101.60	
		Box		5,103	Fostoria, O.	.48½	9.70	49,499.10	
		Box		5,102	Springfield, Ill.	.74	14.80	75,509.60	
		Box		5,103	Dahlgreen, Ill.	.74	14.80	75,524.40	255,634.70

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

	Commodity					Freight Revenues			
oup No.	Description	Type of Equipmen.	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
21	Cereal Food Preparations, NOS	Box	3,010	3,010	Battle Creek, Mich.	.65½	13.10	39,431.00	39,431.00
23	Mill Products, NOS		3,096						
	Cracked Corn, NOS	Box		1,548	Pittsburgh, O.	.54	10.80	16,718.40	
	" " "	Box		1,548	Greenville, O.	.54	10.80	16,718.40	33,436.80
25	Hays		95		1/				
27	Straw		12		1/				
29	Tobacco, Unmanufactured		1,189						
	Leaf Tobacco	Box		594	Wheeling, W. Va.	1.12	22.40	13,305.60	
	" "	Box		595	Louisville, Ky.	1.36	27.20	16,184.00	29,489.60
35	Cotton Linters, Noils and Regins		17		1/				
43	Soybeans	Box	2/		Columbus, O	.48½	9.70		
		Box			Toledo, O.	.48½	9.70		
		Box			Chicago, Ill.	.64½	12.90		
		Box			Decatur, Ill.	.71½	14.30		
45	Soybean Oil Cake and Meal		12,006						
	Soybean Meal	Box		4,002	Painesville, O.	.42½	8.50	34,017.00	
	" "	Box		4,002	Decatur, Ill.	.74	14.80	59,229.60	
	" "	Box		4,002	Bellevue, O.	.48½	9.70	38,819.40	132,066.00
47	Vegetable and Nut Oil - Cake and Meal, NOS		89						
	Linseed Oil Meal	Box		44	Chicago, Ill.	.67	13.40	589.60	
	" " "	Box		45	Painesville, O.	.42½	8.50	382.50	972.10
49	Apples, Fresh, Not Frozen		40		1/				
53	Berries, Fresh, Not Frozen		17		1/				
61	Oranges and Grapefruit		41		1/				
67	Watermelons		20		1/				
69	Fruits, Fresh, NOS, Not Frozen		47		1/				
73	Fruits and Berries, Fresh, Frozen		23		1/				
75	Coffee		123		1/				

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
77	Cabbage		30		1/				
79	Celery		517		1/				
85	Potatoes, other than sweet		18		1/				
89	Vegetables, Fresh, NOS, Not Frozen		94		1/				
91	Beans and Peas, Dried		209		1/				
103	Malt, NOS	Box	9,986	1,997	Milwaukee, Wisc.	.67	13.40	26,759.80	
		Box		1,997	Cincinnati, O.	.54	10.80	21,567.60	
		Box		1,997	St. Louis, Mo.	.74	14.80	29,555.60	
		Box		1,997	Manitowac, Wisc.	.67	13.40	26,759.80	
		Box		1,998	Chicago, Ill.	.67	13.40	26,773.20	131,416.00
105	Flaxseed		63		1/				
107	Seeds, NOS		127		1/				
199	Products of Agriculture, NOS		2,598		1/				
207	Sheep and Goats, Single Deck		52		1/				
211	Swine, Single Deck		22		1/				
213	Swine, Double Deck		14		1/				
215	Meats, Fresh		10,279						
	Meats, Fresh, NOS	Refgr.		3,426	Chicago, Ill.	1.20	24.00	82,224.00	
	" " "	Refgr.		3,426	Cincinnati, O.	1.06	21.20	72,631.20	
	" " "	Refgr.		3,427	Indianapolis, Ind.	1.06	21.20	72,652.40	227,507.60
217	Meats, Cooked, Cured, Dried and Smoked		10,534						
	Canned Meats	Refgr.		5,267	5/ Brighton, O.	.96	19.20	101,126.40	
	" "	Refgr.		5,267	5/ Chicago, Ill.	.83	16.60	87,432.20	188,558.60
219	Packing House Products Edible, NOS		57,030						
	Lard, NOS	Refgr.		11,406	Dayton, O.	.91	18.20	207,589.20	
	" "	Refgr.		11,406	Chicago, Ill.	.83	16.60	189,339.60	
	" "	Refgr.		11,406	Cleveland, O.	.78	15.60	177,933.60	
	" "	Refgr.		11,406	Davenport, Ia.	1.24	24.80	282,868.80	
	" "	Refgr.		11,406	Cincinnati, O.	.96	19.20	218,995.20	1,076,726.40

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
221	Margarine, NOS		67		1/				
225	Poultry, Dressed and Frozen		338		1/				
227	Eggs		16		1/				
229	Butter	Refgr.	7,603	3,801	Chicago, Ill.	1.37	27.40	104,147.40	
		Refgr.		3,802	Cleveland, O.	.99	19.80	75,279.60	179,427.00
231	Cheese	Refgr.	4,232	846	Chicago, Ill.	1.37	27.40	23,180.40	
		Refgr.		847	Green Bay, Wisc.	1.47	29.40	24,901.80	
		Refgr.		846	Cincinnati, O.	1.13	22.60	19,119.60	
		Refgr.		847	Osborn, Ind.	1.37	27.40	23,207.80	
		Refgr.		846	Dubuque, Ia.	1.53	30.60	25,887.60	116,297.20
233	Dairy Products, NOS		367						
	Butter Oil	Refgr.		183	Oconto, Wisc.	1.47	29.40	5,380.20	
	" "	Refgr.		184	Green Bay, Wisc.	1.47	29.40	5,409.60	10,789.80
237	Wool and Mohair, NOS		82		1/				
239	Hides, Skins and Pelts, NOS		7,323						
	Hides, Green Salted	Box		1,830	Detroit, Mich.	.90	18.00	32,940.00	
	" " "	Box		1,831	New Castle, Pa.	.79	15.80	28,929.80	
	" " "	Box		1,831	Galewood, Ill.	1.15	23.00	42,113.00	
	" " "	Box		1,831	Dubuque, Ia.	1.28	25.60	46,873.60	150,856.40
241	Leather, NOS		32		1/				
245	Fish and Sea Animal Oil		24		1/				
299	Animals and Products, NOS		25,982						
	Animal Tallow Inedible	Box		5,196	Cincinnati, O.	.72	14.40	74,822.40	
	" " "	Box		5,197	Chicago, Ill.	.89	17.80	92,506.60	
	" " "	Box		5,196	Cleveland, O.	.64	12.80	66,508.80	
	" " "	Box		5,197	St. Louis, Mo.	.96	19.20	99,782.40	
	" " "	Box		5,196	Dover, O.	.62	12.40	64,430.40	398,050.60
307	Coke		257						
	Petroleum Coke	Gond.		85	Kenova, W. Va.	6.10 3/	6.10	518.50	
	" "	Gond.		86	Gibson, Ind.	7.10 3/	7.10	610.60	
	" "	Gond.		86	Chicago, Ill.	7.10 3/	7.10	610.60	1,739.70
316	Aluminum Ores & Concentrates		56	Inadvertently omitted					
319	Ores and Concentrates, NOS		672		1/				

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
321	Barytes		20		1/				
323	Clay and Bentonite		104		1/				
325	Sand, Industrial,		378		1/				
327	Gravel and Sand, NOS		66		1/				
329	Stone and Rock: Broken, Ground and Crushed		12		1/				
339	Asphalt		329		1/				
341	Salt	Box	2,277	2,277	Manistee, Mich.	.56	11.20	25,502.40	25,502.40
343	Phosphate Rock		29		1/				
345	Sulphur		74		1/				
399	Products of Mines, NOS Roasted Dolomite	Box	308	308	Narlo, O.	7.07 3/	7.07	2,177.56	2,177.56
401	Logs, Butts and Bolts		1,717		1/				
403	Posts, Poles, and Pilings, Wooden		7		1/				
407	Ties, Railroad		28		1/				
409	Pulpwood		50		1/				
411	Lumber, Shingles and Lath		898		1/				
413	Box Crate and Cooperage Materials		380		1/				
417	Rosin and Turpentine		26		1/				
499	Products of Forests, NOS		204		1/				
503	Fuel, Road and Petroleum Residual Oil, NOS		106		1/				
505	Lubricating Oil and Greases		42,145						
	Lubricating Oil	Box		7,024	Columbus, O.	.83	16.60	116,598.40	
	" "	Box		7,024	Cleveland, O.	.81	16.20	113,788.80	
	" "	Box		7,024	Pittsburgh, Pa.	.58	11.60	81,478.40	
	" "	Box		7,024	Petrolia, Pa.	.58	11.60	81,478.40	
	" "	Box		7,024	Freedom, Pa.	.58	11.60	81,478.40	
	" "	Box		7,025	Rouseville, Pa.	.58	11.60	81,490.00	556,312.40

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
507	Petroleum Products, Refined, NOS		44,231						
	Petrolatum	Box		14,743	Karns City, Pa.	.58	11.60	171,018.80	
	Petroleum Wax	Box		14,744	Petrolia, Pa.	.58	11.60	171,030.40	
	Petroleum Oil, NOIBN	Box		14,744	Lima, O.	.88	17.60	259,494.40	601,543.60
509	Gases, other than Petroleum, NOS		370		1/				
511	Cottonseed Oil		77		1/				
513	Linseed Oil		59		1/				
515	Soybean Oil	Box	115,440	28,860	Kanakee, Ill.	1.10	22.00	634,920.00	
		Box		28,860	Painesville, O.	.81	16.20	467,532.00	
		Box		28,860	Decatur, Ill.	1.13	22.60	652,236.00	
		Box		28,860	Ivorydale, O.	.93	18.60	536,796.00	2,291,484.00
517	Vegetable and Nut Oils, NOS		4,501						
	Vegetable Oil, NOIBN	Box		1,125	Chicago, Ill	1.10	22.00	24,750.00	
	" " "	Box		1,125	Decatur, Ill.	1.13	22.60	25,425.00	
	" " "	Box		1,125	Painesville, O.	.81	16.20	18,225.00	
	" " "	Box		1,126	New Castle, Pa.	.75	15.00	16,890.00	85,290.00
519	Oils, NOS		299		1/				
521	Oils, Foots Sediment and Tank Bottoms		148		1/				
523	Rubber, Crude, Natural and Synthetic		15,565						
	Neoprene Rubber	Box		3,891	Louisville, Ky.	.96	19.20	74,707.20	
	" "	Box		3,891	Chicago, Ill.	1.16	23.20	90,271.20	
	" "	Box		3,891	Akron, O.	.87	17.40	67,703.40	
	" "	Box		3,892	Painesville, O.	.87	17.40	67,720.80	300,402.60
525	Rubber Goods, NOS		1,106						
	Rubber Goods, NOIBN	Box		1,106	Akron, O.	1.08	21.60	23,889.60	23,889.60
527	Chemicals, NOS		19,722						
	Ultramine Blue	Box		4,930	Huntington, W. Va.	1.19	23.80	117,334.00	
	Chemicals, NOS	Box		4,931	Chicago, Ill.	1.42	28.40	140,040.40	
	" "	Box		4,930	Marietta, O.	1.12	22.40	110,432.00	
	" "	Box		4,931	Louisville, Ky.	1.50	30.00	147,930.00	515,736.40
531	Acids, NOS		4,683						
	Phthalic Anhydride	Box		2,341	4/ Chicago, Ill.	.90	18.00	42,138.00	
	" "	Box		2,342	4/ Irenton, O.	.69	13.80	32,319.60	74,457.60

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Commodity		Type of Equipment	Total Tons	Statistical Distribution	Origin	Freight Revenues			
Group No.	Description					Rate	Rate Per Ton	Sub-Total	Total
533	Sodium (Soda) Products		18,056						
	Liquid Caustic Soda	Box		9,028	S. Charleston, W. Va.	.59	11.80	106,530.40	
	Sodium Phosphate	Box		9,028	Trenton, Mich.	13.33 3/	13.33	120,343.24	226,873.64
535	Alcohols, NOS		487		1/				
539	Fertilizers, NOS		1,513						
	Sulphate of Ammonia	Box		756	Bessemer, Pa.	6.85 3/	6.85	5,178.60	
	" " "	Box		757	Gary, Ind.	10.92 3/	10.92	8,266.44	13,445.04
541	Insecticides and Fungicides, NOS		3,693						
	Insecticides, NOIBN	Box		1,231	So. Charleston, W. Va.	.75	15.00	18,465.00	
	" "	Box		1,231	Racine, Wisc.	1.06	21.20	26,097.20	
	" "	Box		1,231	St. Louis, Mich.	.99	19.80	24,373.80	68,936.00
543	Tar, Pitch and Creosote		267		1/				
545	Tanning Material, NOS		380		1/				
547	Paint, Paint Material, Putty and Varnish		10,092						
	Paint, NOIBN	Box		2,523	Cleveland, O.	1.00	20.00	50,460.00	
	" "	Box		2,523	Yorkville, O.	.93	18.60	46,927.80	
	" "	Box		2,523	Huntington, W. Va.	1.03	20.60	51,973.80	
	" "	Box		2,523	Institute, W. Va.	1.00	20.00	50,460.00	199,821.60
549	Plastics		6,340						
	Synthetic Resin	Box		1,585	Marietta, O.	1.03	20.60	32,651.00	
	" "	Box		1,585	Ottawa, Ill.	1.51	30.20	47,867.00	
	" "	Box		1,585	Ficklin, Ill.	1.49	29.80	47,233.00	
	" "	Box		1,585	Chicago, Ill.	1.48	29.60	46,916.00	174,667.00
551	Cellulose Articles, NOS		39		1/				
553	Drugs, Medicines, Toilet Prep.		2,723						
	Disinfectants, NOIBN	Box		544	Wyandotte, Mich.	1.37	27.40	14,905.60	
	Drugs, NOIBN	Box		545	St. Louis, Mo.	1.63	32.60	17,767.00	
	" "	Box		544	Chicago, Ill.	1.42	28.40	15,449.60	
	" "	Box		545	Detroit, Mich.	1.37	27.40	14,933.00	
	" "	Box		545	Terre Haute, Ind.	1.42	28.40	15,478.00	78,533.20
555	Aluminum Bar Ingot, Pig & Slab		1,289						
	Aluminum Ingots, Pig & Slab	Box		322	Chicago, Ill.	1.27	25.40	8,178.80	
	" " " "	Box		322	Heath, O.	1.04	20.80	6,697.60	
	" " " "	Box		322	Brighton, O.	1.09	21.80	7,019.60	
	" " " "	Box		323	Louisville, Ky.	1.22	24.40	7,881.20	29,777.20

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
557	Aluminum, NOS		401		1/				
561	Copper, Brass and Bronze, NOS		1,991						
	Copper tubing	Box		663	St. Louis, Mo.	1.89	37.80	25,061.40	
	Copper cable	Box		664	Cleveland, O.	1.11	22.20	14,740.80	
	Copper wire	Box		664	Glassport, Pa.	.98	19.60	13,014.40	52,816.60
563	Lead and Zinc: Bar, Ingot & Pig		37		1/				
565	Lead, Zinc, NOS		245		1/				
567	Magnesium Metal and Alloy		16		1/				
✓ 569	Alloys for Steel Manufacture		1,163						
	Ferro Chrome	Box		290	Marietta, O.	18.86 13/	~~18.86~~ 16.84	~~5,469.40~~ 4,883.60	
	" "	Box		291	Graham, W. Va.	19.46 13/	~~19.46~~ 17.38	~~5,662.86~~ 5,057.58	
	" "	Box		291	Lorain, O.	20.30 13/	~~20.30~~ 18.12	~~5,907.30~~ 5,272.92	
	" "	Box		291	Peoria, Ill.	1.43	~~28.60~~ 28.60	~~8,322.60~~ 8,322.60	~~25,362.16~~ 23,536.70 ✓
571	Metals and Alloys, NOS		258		1/				
573	Iron Pig		87		1/				
✓ 575	Iron & Steel: Billet, Bloom, and Ingot		11,951						
	Steel Billets	Gond.		2,987	Youngstown, O.	9.96 13/	~~9.96~~ 8.89	~~29,750.52~~ 26,554.43	
	" "	Gond.		2,988	Warren, O.	9.96 13/	~~9.96~~ 8.89	~~29,760.48~~ 26,563.32	
	" "	Gond.		2,988	Canton, O.	10.21 13/	~~10.21~~ 9.12	~~30,507.48~~ 27,250.56	
	" "	Gond.		2,988	Pittsburgh, Pa.	9.21 13/	~~9.21~~ 8.22	~~27,519.48~~ 24,561.36	~~117,537.96~~ 104,929.67 ✓
577	Iron and Steel, Bar Rod & Slab		1,314						
	Rods Coiled, Iron & Steel	Gond.		438	St. Louis, Mo.	.85	17.00	7,446.00	
	Bars Sheet & Tinplate	Gond.		438	Warren, O.	.49	9.80	4,292.40	
	" " " "	Gond.		438	Pittsburgh, Pa.	.45	9.00	3,942.00	15,680.40
579	Iron and Steel, NOS		138		1/				
581	Iron and Steel Nails & Wire (Woven & Not Woven)		11,482						
	Nails, Iron & Steel	Box		2,870	Alliquippa, Pa.	.44	8.80	25,256.00	
	" " "	Box		2,871	Troy, O.	.60	12.00	34,452.00	
	" " "	Box		2,870	Wheeling, W. Va.	.44	8.80	25,256.00	
	" " "	Box		2,871	Gary, Ind.	.73	14.60	41,916.60	126,880.60

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Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
583	Manufactured Iron and Steel		580,073						
	Bars, Iron and Steel	Box		64,452	Youngstown, O.	.48	9.60	618,739.20	
	Mfg. I.&S., NOIBN	Box		64,453	Massillon, O.	.49	9.80	631,639.40	
	" " "	Box		64,452	Pittsburgh, Pa.	.44	8.80	567,177.60	
	" " "	Box		64,453	Chicago, Ill.	.73	14.60	941,013.80	
	Tinplate	Box		64,452	Yorkville, O.	.44	8.80	567,177.60	
	Bars, Iron and Steel	Gond.		64,453	Youngstown, O.	.48	9.60	618,748.80	
	Mfg. I.&S., NOIBN	Gond.		64,452	Massillon, O.	.49	9.80	631,629.60	
	" " "	Gond.		64,453	Pittsburgh, Pa.	.44	8.80	567,186.40	
	" " "	Gond.		64,453	Chicago, Ill.	.73	14.60	941,013.80	6,084,326.20
585	Cast Iron Pipe and Fittings		425		1/				
587	Iron & Steel Pipe & Fittings		71,754						
	Pipe and Fittings Iron & steel	Gond.		14,350	Moundsville, W. Va.	.44	8.80	126,280.00	
	" " " " " "	Gond.		14,351	Allegheny, Pa.	.44	8.80	126,288.80	
	" " " " " "	Gond.		14,351	Chicago, Ill.	.73	14.60	209,524.60	
	" " " " " "	Gond.		14,351	Massillon, O.	.49	9.80	140,639.80	
	Wrought Iron Pipe	Gond.		14,351	S. Lorain, O.	.49	9.80	140,639.80	743,373.00
589	Tanks, NOS		2,348						
	I&S Tanks	Gond.		587	Columbiana, O.	1.03	20.60	12,092.20	
	" "	Gond.		587	Louisville, Ky.	1.49	29.80	17,492.60	
	Pontoon Tanks	Gond.		587	Ft. Wayne, Ind.	1.39	27.80	16,318.60	
	Wooden Tanks	Gond.		587	Massillon, O.	.97	19.40	11,387.80	57,291.20
591	Agricultural Implements		15,088						
	Agricultural Implements, NOIBN	Box		3,772	Moline, Ill.	.92	18.40	69,404.80	
	" " "	Box		3,772	South Bend, Ind.	.86	17.20	64,878.40	
	" " "	Box		3,772	Chicago, Ill.	.92	18.40	69,404.80	
	" " "	Box		3,772	Louisville, Ky.	.80	16.00	60,352.00	264,040.00
593	Agricultural Implement Parts, NOS		1,514						
	Plow Parts & Harrow Disc	Box		252	South Bend, Ind.	.86	17.20	4,334.40	
	Agricultural Implement Parts, NOS	Box		253	Burlington, Iowa	.92	18.40	4,655.20	
	" " " "	Box		252	Midland, Pa.	.59	11.80	2,973.60	
	" " " "	Box		253	Racine, Wisc.	.92	18.40	4,655.20	
	" " " "	Box		252	Battle Creek, Mich.	.84	16.80	4,233.60	
	" " " "	Box		252	Bucyrus, O.	.70	14.00	3,528.00	24,380.00
595	Machinery and Machines, NOS		162,400						
	Printing Presses	Box		40,600	Chicago, Ill.	1.58	31.60	1,282,960.00	
	Crane or Derricks	Gond.		40,600	Loraine, O.	.92	18.40	747,040.00	
	Road Graders	Gond.		40,600	Indianapolis, Ind.	.84	16.80	682,080.00	
	Machinery, NOIBN	Box		40,600	Oakley, O.	1.30	26.00	1,055,600.00	3,767,680.00

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
597	Machinery Parts		30,187						
	Rolling Mill Rolls, NOS	Gond.		7,546	6/ Lima, O.	.59	11.80	89,042.80	
	Ore Milling Mach. Parts	Gond.		7,547	Milwaukee, Wisc.	1.61	32.20	243,013.40	
	Ice Cans	Box		7,547	Niles, O.	1.03	20.60	155,468.20	
	" "	Box		7,547	Christy Park, Pa.	1.00	20.00	150,940.00	638,464.40
601	Business and Office Machines, NOS		3,282						
	Cash Registers	Box		3,282	Dayton, O.	1.73	34.60	113,557.20	113,557.20
603	Railway Equipment Moved on Own Wheels		945		1/				
605	Railway Equipment SU Not on Own Wheels		2,897						
	Locomotive Not Moved on Own Wheels	Flat		965	Erie, Pa.	.85	17.00	16,405.00	
	" " " " " "	Flat		966	Chicago, Ill.	1.58	31.60	30,525.60	
	" " " " " "	Flat		966	St. Louis, Mo.	1.69	33.80	32,650.80	79,581.40
607	Railway Equipment Parts		16,462						
	Brake Shoes Railway	Box		2,743	Lordstown, O.	.50	10.00	27,430.00	
	Car Wheels	Box		2,744	Verona, Pa.	.45	9.00	24,696.00	
	Air Brake Equipment	Box		2,743	Wilmerding, Pa.	1.11	22.20	60,894.60	
	Springs	Box		2,744	Pittsburgh, Pa.	.94	18.80	51,587.20	
	Couplers	Box		2,744	Alliance, O.	.50	10.00	27,440.00	
	Underframes	Gond.		2,744	East St. Louis, Ill.	.85	17.00	46,648.00	238,695.80
609	Rails & Railway Track Material Iron & Steel		3,751						
	Rails	Gond.		937	Bessemer, Pa.	13.09 13/	~~13.09~~ 11.69	~~12,265.33~~ 10,953.53	
	Rails	Gond.		938	Carnegie, Pa.	13.09 13/	~~13.09~~ 11.69	~~12,278.42~~ 10,965.22	
	Spikes	Box		938	Neville Island, Pa.	.44	~~8.80~~ 8.80	~~8,254.40~~ 8,254.40	
	Track Material	Box		938	Gary, Ind.	.75	~~15.00~~ 15.00	~~14,070.00~~ 14,070.00	~~46,868.15~~ 44,243.15
611	Vehicles Other Than Motor		3,759						
	Children's Vehicles & Wagons	Box		537	Akron, O.	1.42	28.40	15,250.80	
	Trailers Other Than Motor, NOIBN	Box		537	7/ Oakley, O.	1.30	26.00	13,962.00	
	" " " " "	Box		537	7/ Fort Wayne, Ind.	1.39	27.80	14,928.60	
	" " " " "	Gond.		537	7/ Oakley, O.	1.30	26.00	13,962.00	
	" " " " "	Gond.		537	7/ Fort Wayne, Ind.	1.39	27.80	14,928.60	
	Warehouse Hand Trucks	Box		537	8/ Niles, Ohio	1.03	20.60	11,062.20	
	Lift Trucks	Box		537	8/ Peoria, Ill.	1.64	32.80	17,613.60	101,707.80

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Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
613	Automobiles - Passenger		57,299						
	Automobiles Passenger Set Up	Box		9,549	9/ Detroit, Mich.	2.10 14/	42.00	401,058.00	
	" " " "	Box		9,550	11/ Detroit, Mich.	2.10 14/	42.00	401,100.00	
	" " " "	Box		9,550	10/ Detroit, Mich.	2.53	50.60	483,230.00	
	" " " "	Box		9,550	10/ Flint, Mich.	2.67	53.40	509,970.00	
	" " " "	Box		9,550	10/ Kenosha, Wisc.	3.09	61.80	590,190.00	
	" " " "	Box		9,550	10/ Springfield, O.	2.36	47.20	450,760.00	2,836,308.00
615	Automobiles Freight		9,497						
	Autos Freight	Flat		1,187	Detroit, Mich.	1.18	23.60	28,013.20	
	" "	Flat		1,187	Springfield, O.	1.26	25.20	29,912.40	
	" "	Flat		1,187	South Bend, Ind.	1.45	29.00	34,423.00	
	" "	Flat		1,187	Kenosha, Wisc.	1.53	30.60	36,322.20	
	" "	Gond.		1,187	Detroit, Mich.	1.18	23.60	28,013.20	
	" "	Gond.		1,187	Springfield, O.	1.26	25.20	29,912.40	
	" "	Gond.		1,187	South Bend, Ind.	1.45	29.00	34,423.00	
	" "	Gond.		1,188	Kenosha, Wisc.	1.53	30.60	36,352.80	257,372.20
617	Vehicles, Motor, NOS		68,842						
	Fire Fighting Equipment	Flat		8,605	Dayton, O.	1.75	35.00	301,175.00	
	Farm Tractors	Flat		8,606	Deerfield, Ill.	.95	19.00	163,514.00	
	" "	Flat		8,605	Peoria, Ill.	.95	19.00	163,495.00	
	" "	Flat		8,606	Racine, Wisc.	.95	19.00	163,514.00	
	Fire Fighting Equipment	Gond.		8,605	Dayton, O.	1.75	35.00	301,175.00	
	Farm Tractors	Gond.		8,605	Deerfield, Ill.	.95	19.00	163,495.00	
	" "	Gond.		8,605	Peoria, Ill.	.95	19.00	163,495.00	
	" "	Gond.		8,605	Racine, Wisc.	.95	19.00	163,495.00	1,583,358.00
619	Military Vehicles, NOS		1,113						
	Military Tractor Tanks	Flat		139	Battle Creek, Mich.	1.44	28.80	4,003.20	
	" " "	Flat		139	Peoria, Ill.	1.66	33.20	4,614.80	
	Military Vehicles, NOS	Flat		139	Rock Island, Ill.	2.27	45.40	6,310.60	
	" " "	Flat		139	Toledo, O.	1.18	23.60	3,280.40	
	Military Tractor Tanks	Gond.		139	Battle Creek, Mich.	1.44	28.80	4,003.20	
	" " "	Gond.		139	Peoria, Ill.	1.66	33.20	4,614.80	
	Military Vehicles, NOS	Gond.		139	Rock Island, Ill.	2.27	45.40	6,310.60	
	" " "	Gond.		140	Toledo, O.	1.18	23.60	3,304.00	36,441.60
621	Automobiles & Auto Trucks KD		120,068						
	Autos Boxed	Flat		15,008	Springfield, O.	1.26	25.20	378,201.60	
	" "	Flat		15,009	Detroit, Mich.	1.18	23.60	354,212.40	
	" "	Flat		15,008	Kenosha, Wisc.	1.53	30.60	459,244.80	
	" "	Flat		15,009	Wagon Works, O.	1.18	23.60	354,212.40	
	" "	Gond.		15,008	Springfield, O.	1.26	25.20	378,201.60	
	" "	Gond.		15,009	Detroit, Mich.	1.18	23.60	354,212.40	
	" "	Gond.		15,008	Kenosha, Wisc.	1.53	30.60	459,244.80	
	" "	Gond.		15,009	Wagon Works, O.	1.18	23.60	354,212.40	3,091,742.40

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY
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Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
623	Vehicle Parts, NOS		91,818						
	Auto Parts	Box		15,303	Detroit, Mich.	1.18	23.60	361,150.80	
	" "	Box		15,303	Springfield, O.	1.26	25.20	385,635.60	
	" "	Box		15,303	Kenosha, Wisc.	1.53	30.60	468,271.80	
	" "	Box		15,303	Chicago, Ill.	1.53	30.60	468,271.80	
	" "	Box		15,303	Peoria, Ill.	1.70	34.00	520,302.00	
	" "	Box		15,303	South Bend, Ind.	1.45	29.00	443,787.00	2,647,419.00
625	Airplanes, Aircraft and Parts		427		1/				
627	Tires and Tubes Rubber		33,086						
	Tires and Tubes Rubber	Box		8,271	Akron, O.	1.06	21.20	175,345.20	
	" " " "	Box		8,272	Columbus, O.	1.08	21.60	178,675.20	
	" " " "	Box		8,271	Louisville, Ky.	1.37	27.40	226,625.40	
	" " " "	Box		8,272	Shelby, O.	1.10	22.00	181,984.00	762,629.80
629	Guns, Small Arms and Parts, NOS		608		1/				
631	Ammunition and Explosives	Box	34,454	3,445 5/	Atlas, O.	1.48	29.60	101,972.00	
		Box		3,446 12/	Atlas, O.	1.18	23.60	81,325.60	
		Box		3,445 5/	Crane, Ind.	1.94	38.80	133,666.00	
		Box		3,446 12/	Crane, Ind.	1.55	31.00	106,826.00	
		Box		3,445 5/	Proving Ground, Ill.	2.15	43.00	148,135.00	
		Box		3,446 12/	Proving Ground, Ill.	1.72	34.40	118,542.40	
		Box		3,445 5/	Charlestown, Ind.	1.91	38.20	131,599.00	
		Box		3,446 12/	Charlestown, Ind.	1.52	30.40	104,758.40	
		Box		3,445 5/	Kingsbury, Ind.	1.89	37.80	130,221.00	
		Box		3,445 12/	Kingsbury, Ind.	1.50	30.00	103,350.00	1,160,395.40
633	Cement: Natural & Portland		473		1/				
635	Cement, NOS		1,273						
	High Temperature Bonding	Box		636	Zelienople, Pa.	8.44 3/	8.44	5,367.84	
	High Temperature Mortar	Box		637	Cleveland, O.	8.44 3/	8.44	5,376.28	10,744.12
639	Brick and Building Tile		1,309						
	Facing Tile	Box		436	Anderson, Ind.	.73	14.60	6,365.60	
	" "	Box		436	Zanesville, O.	.58	11.60	5,057.60	
	Hollow Building Tile	Box		437	Magnolia, O.	8.84 3/	8.84	3,863.08	15,286.28
641	Refractories		4,105						
	Firebrick	Box		1,026	Firebrick, O.	9.32 3/	9.32	9,562.32	
	"	Box		1,026	Allegheny, Pa.	8.24 3/	8.24	8,454.24	
	"	Box		1,026	Mineral City, O.	8.84 3/	8.84	9,069.84	
	"	Box		1,027	Louisville, Ky.	12.77 3/	12.77	13,114.79	40,201.19

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity		Type of Equipment	Total Tons	Statistical Distribution	Origin	Freight Revenues			
Group No.	Description					Rate	Rate Per Ton	Sub-Total	Total
643	Artificial Stone, NOS		28		1/				
645	Lime, NOS		461		1/				
647	Plaster: Stucco and Wall		163		1/				
649	Sewer Pipe and Drain Tile (Not Metal)		65						
	Ceramic Tile	Box		32	Zanesville, O.	1.00	20.00	640.00	
	" "	Box		33	East Sparta, O.	.97	19.40	640.20	1,280.20
653	Woodpulp		17		1/				
655	Scrap Paper & Rags		8,934						
	Rags	Box		1,489	Kenosha, Wisc.	.83	16.60	24,717.40	
	"	Box		1,489	Piqua, O.	.68	13.60	20,250.40	
	"	Box		1,489	Columbus, O.	.64	12.80	19,059.20	
	"	Box		1,489	Chicago, Ill.	.83	16.60	24,717.40	
	"	Box		1,489	Pittsburgh, Pa.	.54	10.80	16,081.20	
	"	Box		1,489	Jeffersonville, Ind.	.80	16.00	23,824.00	128,649.60
657	Newsprint Paper		237		1/				
659	Printing Paper, NOS		9,284						
	Printing Paper	Box		2,321	Middletown, O.	.87	17.40	40,385.40	
	" "	Box		2,321	Hamilton, O.	.87	17.40	40,385.40	
	" "	Box		2,321	Chillicothe, O.	.78	15.60	36,207.60	
	" "	Box		2,321	Otsego, Mich.	.98	19.60	45,491.60	162,470.00
661	Wrapping Paper		593		1/				
663	Paper Bags		104		1/				
665	Paper and Paper Articles		1,081						
	Paper Articles, NOIBN	Box		270	Chicago, Ill.	1.05	21.00	5,670.00	
	" " "	Box		270	Brighton, O.	.87	17.40	4,698.00	
	" " "	Box		270	Chillicothe, O.	.78	15.60	4,212.00	
	" " "	Box		271	Cleveland, O.	.78	15.60	4,227.60	18,807.60
667	Printed Matter, NOS		1,067						
	Books, NOS	Box		213	Dayton, O.	1.70	34.00	7,242.00	
	" "	Box		214	Racine, Wisc.	2.20	44.00	9,416.00	
	Calendars Rolled in Packages	Box		213	E. St. Louis, Ill.	1.15	23.00	4,899.00	
	Printed Forms	Box		214	Dayton, O.	.86	17.20	3,680.80	
	" "	Box		213	Shelby, O.	.80	16.00	3,408.00	28,645.80

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
669	Paperboard, Fibreboard and Pulpboard		2,017						
	Paperboard	ox		672	Hamilton, O.	.80	16.00	10,752.00	
	"	Box		672	Rittman, O.	.72	14.40	9,676.80	
	"	Box		673	Middletown, O.	.80	16.00	10,768.00	31,196.80
671	Wallboard		120		1/				
673	Building Paper and Prepared Roofing Materials		720		1/				
675	Insulating Materials, NOS		3,209						
	Mineral Wool	Box		1,069	Newark, O.	.76	15.20	16,248.80	
	" "	Box		1,070	Columbus, O.	.77	15.40	16,478.00	
	" "	Box		1,070	Lockland, O.	.84	16.80	17,976.00	50,702.80
677	Building, Woodwork and Millwork		78		1/				
679	Building Materials, NOS		824		1/				
681	Buildings and Houses, Fabricated and Portable, NOS		932		1/				
683	Asbestos Articles, NOS		35		1/				
685	Electrical Equipment and Parts, NOS		16,049						
	Batteries and Parts	Box		3,209	Madison, Wisc.	1.51	30.20	96,911.80	
	" " "	Box		3,210	Cleveland, O.	1.01	20.20	64,842.00	
	Electrical Appliances, NOS	Box		3,210	Troy, O.	1.29	25.80	82,818.00	
	Radios	Box		3,210	Chicago, Ill.	2.74	54.80	175,908.00	
	"	Box		3,210	Indianapolis, Ind.	2.51	50.20	161,142.00	581,621.80
687	Furnaces, Heaters, Radiators and Parts		1,489						
	Heating Furnaces	Box		496	Dayton, O.	1.11	22.20	11,011.20	
	" "	Box		496	Chicago Heights, Ill.	1.39	27.80	13,788.80	
	Water Heaters	Box		497	St. Louis, Mo.	1.69	33.80	16,798.60	41,598.60
689	Bathroom and Lavatory Fixtures and Sinks		823		1/				
691	Hardware, NOS		364		1/				
693	Glass		2,779						
	Glass Pellets	Box		926	15/ Newark, O.	.80	16.00	14,816.00	
	Plate Glass	Gond.		926	16/ Ford City, Pa.	.83	16.60	15,371.60	
	" "	Gond.		927	17/ Ford City, Pa.	.96	19.20	17,798.40	47,986.00

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
695	Glassware, NOS	Box	11,575	3,858	Columbus, O.	.93	18.60	71,758.80	
		Box		3,858	Lancaster, O.	.93	18.60	71,758.80	
		Box		3,859	Dunkirk, Ind.	1.09	21.80	84,126.20	227,643.80
697	Glass Bottles, Jars, and Packing Glasses, NOS		18,137						
	Common Glass Containers	Box		4,534	Washington, Pa.	.61	12.20	55,314.80	
	" " "	Box		4,534	Lancaster, O.	.75	15.00	68,010.00	
	" " "	Box		4,534	Muncie, Ind.	.88	17.60	79,798.40	
	" " "	Box		4,535	Charleston, W. Va.	.68	13.60	61,676.00	264,799.20
701	Chinaware, Crockery and Earthenware		748		1/				
703	Woodenware		51		1/				
705	Household Utensils, NOS		1,161						
	Sheet Steelware, Household	Box		387	Zanesville, O.	1.42	28.40	10,990.80	
	Steel Kettles, Household	Box		387	Warren, Pa.	.89	17.80	6,888.60	
	Sheet Steelware, Household	Box		387	West Lafayette, O.	1.42	28.40	10,990.80	28,870.20
707	Refrigerators, Freezing Apparatus and Parts		24,670						
	Refrigerators	Box		4,112	Chicago, Ill.	2.16	43.20	177,638.40	
	"	Box		4,111	Connellsville, Ind.	1.89	37.80	155,395.80	
	"	Box		4,112	Dayton, O.	1.73	34.60	142,275.20	
	"	Box		4,111	St. Louis, Mo.	2.34	46.80	192,394.80	
	"	Box		4,112	Appliance Park, Ky.	2.02	40.40	166,124.80	
	"	Box		4,112	Grand Rapids, Mich.	2.05	41.00	168,592.00	1,002,421.00
709	Laundry Equipment		2,838						
	Washing Machines, Household	Box		568	Herrin, Ill.	1.97	39.40	22,379.20	
	" " "	Box		567	Norwood, O.	1.52	30.40	17,236.80	
	" " "	Box		568	St. Louis, Mo.	1.98	39.60	22,492.80	
	" " "	Box		567	Appliance Park, Ky.	1.52	30.40	17,236.80	
	" " "	Box		568	Mansfield, O.	1.39	27.80	15,790.40	95,136.00
711	Stoves, Ranges and Parts		6,300						
	Stoves, NOIBN	Box		1,575	8/ Brighton, O.	1.14	22.80	35,910.00	
	" "	Box		1,575	8/ Chicago, Ill.	1.39	27.80	43,785.00	
	" "	Box		1,575	8/ Louisville, Ky.	1.30	26.00	40,950.00	
	" "	Box		1,575	8/ St. Louis, Mo.	1.50	30.00	47,250.00	167,895.00
713	Floor Covering		139		1/				

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity		Type of Equipment	Total Tons	Statistical Distribution	Origin	Freight Revenues			
Group No.	Description					Rate	Rate Per Ton	Sub-Total	Total
715	Furniture, NOS		3,715						
	Furniture, NOIBN	Box		928	8/ Chicago, Ill.	2.16	43.20	40,089.60	
	" "	Box		929	8/ E. St. Louis, Ill.	2.34	46.80	43,477.20	
	" "	Box		929	8/ Perrysburg, O.	1.85	37.00	34,373.00	
	" "	Box		929	8/ Shelby, O.	1.64	32.80	30,471.20	148,411.00
717	Furniture Parts		535		1/				
719	Tools and Parts, NOS		598		1/				
721	Abrasives, other than crude		641		1/				
723	Bagging, Burlap, Cotton, Gunny and Jute, NOS		32		1/				
725	Bags: Burlap, Cotton, Gunny and Jute, NOS		18		1/				
727	Cotton Cloth and Cotton Fabrics, NOS		142		1/				
729	Cotton Factory Products		919		1/				
733	Cloth and Fabrics, NOS		139		1/				
735	Rope Cordage and Binder Twine, NOS		34		1/				
737	Boots, Shoes and Findings, NOS		58		1/				
739	Luggage and Handbags, NOS		81		1/				
741	Athletic, Gymnasium, Playground and Sporting Equipment, NOS		294		1/				
743	Games and Toys		83		1/				
745	Liquor, alcoholic, NOS		659		1/				
747	Wine		18		1/				
749	Liquors - Malt		7,584						
	Beer	Refgr.		3,792	15/ Milwaukee, Wisc.	.79	15.80	59,913.60	
	"	Refgr.		3,792	15/ Chicago, Ill	.76	15.20	57,638.40	117,552.00
751	Beverages, NOS		162		1/				

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
755	Syrup and Molasses, refined		775		1/				
757	Molasses Residual		411		1/				
759	Sugar		468		1/				
761	Candy and Confectionery		570		1/				
763	Food Products, NOS, in cans and packages - Not Frozen		36,013						
	Bakery Goods	Box		7,203	Cincinnati, O.	1.20	24.00	172,872.00	
	Powdered Milk	Box		7,292	Columbus, O.	.73	14.60	105,149.20	
	" "	Box		7,203	Detroit, Mich.	.75	15.00	108,045.00	
	Canned Goods	Box		7,202	Davenport, Ia.	1.03	20.60	148,361.20	
	" "	Box		7,203	Wapakoneta, O.	.75	15.00	108,045.00	642,472.40
765	Food Products, NOS, Frozen		40		1/				
767	Starch		2,561						
	Corn Starch	Box		1,280	Chicago, Ill.	.64	12.80	16,384.00	
	Starch, NOIBN	Box		1,281	St. Louis, Mo.	.77	15.40	19,727.40	36,111.40
769	Soap and Cleaning and Washing Compounds		1,870						
	Soap	Box		935	Ivorydale, O.	.98	19.60	18,326.00	
	Cleaning Compound, NOS	Box		935	Columbus, O.	.90	18.00	16,830.00	35,156.00
771	Matches		12		1/				
773	Feed - Animal and Poultry, NOS	Box	47,674	15,891	Peoria, Ill.	.74	14.80	235,186.80	
		Box		15,891	Lima, O.	.48	9.60	152,553.60	
		Box		15,892	Elmwood Place, O.	.54	10.80	171,633.60	559,374.00
777	Cigarettes		7		1/				
779	Containers - Metal		2,834						
	Barrels - Metal	Box		566	Chicago, Ill.	1.58	31.60	17,885.60	
	Containers - Metal, NOS	Box		567	Speedway, Ind.	1.42	28.40	16,102.80	
	" " "	Box		567	Niles, O.	1.04	20.80	11,793.60	
	" " "	Box		567	Brighton, O.	1.30	26.00	14,742.00	
	" " "	Box		567	Pittsburgh, Pa.	1.01	20.20	11,453.40	71,977.40
781	Containers - Wooden		293						
	Barrels	Box		97	Lawrenceburg, Ind.	1.06	21.20	2,056.40	
	"	Box		98	Louisville, Ky.	1.00	20.00	1,960.00	
	"	Box		98	Braddock, Pa.	1.12	22.40	2,195.20	6,211.60

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REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton	Sub-Total	Total
783	Containers - Fibreboard and Pulpboard KD		2,689						
	Fibreboard Boxes	Box		1,344	Cleveland, O.	.86	17.20	23,116.80	
	Fibreboard Containers	Box		1,345	Petrolia, Pa.	.73	14.60	19,637.00	42,753.80
785	Containers - NOS		1,642						
	Steel Cylinders	Box		1,642	Oakmont, Pa.	.89	17.80	29,227.60	29,227.60
787	Containers, returned empty		66		1/				
789	Scrap Iron and Scrap Steel	Gond.	4,945	1,236	Youngstown, O.	13.91 13/	~~13.91~~ 12.42	~~17,192.76~~ 15,351.12	
		Gond.		1,236	Etna, Pa.	13.41 13/	~~13.41~~ 11.97	~~16,574.76~~ 14,794.92	
		Gond.		1,236	Cleveland, O.	15.11 13/	~~15.11~~ 13.49	~~18,675.96~~ 16,673.64	
		Gond.		1,237	Dayton, O.	16.70 13/	~~16.70~~ 14.91	~~20,657.90~~ 18,443.67	~~73,101.38~~ 65,263.35
791	Iron and Steel Borings, Turnings, etc.		329		1/				
793	Furnace Slag		32		1/				
795	Waste Material for Remelting, NOS		1,699						
	Brass - Scrap	Box		424	Kalamazoo, Mich.	.94	18.80	7,971.20	
	" "	Box		425	Detroit, Mich.	.83	16.60	7,055.00	
	Metal - Scrap, NOIBN	Box		425	Canton, O.	.68	13.60	5,780.00	
	Brass - Scrap	Box		425	Ashland, Ky.	.77	15.40	6,545.00	27,351.20
797	Waste Material, NOS		2,319		1/				
799	Manufactures and Miscellaneous, NOS		28,749						
	Welding Wire	Box		5,749	Cleveland, O.	.50	10.00	57,490.00	
	Welding Rods	Box		5,750	Milwaukee, Wisc.	.74	14.80	85,100.00	
	Clothing, NOIBN	Box		5,750	Shelby, O.	2.54	50.80	292,100.00	
	Military Impedimenta	Box		5,750	Lordstown, O.	1.83	36.60	210,450.00	
	" "	Box		5,750	Toledo, O.	2.34	46.80	269,100.00	914,240.00
950	Forwarder Traffic		50,576						
	All Commodity	Box		10,115	18/ Chicago, Ill.	1.89	37.80	382,347.00	
	" "	Box		10,115	18/ St. Louis, Mo.	2.03	40.60	410,669.00	
	" "	Box		10,115	18/ Indianapolis, Ind.	1.69	33.80	341,887.00	
	" "	Box		10,115	18/ Cincinnati, O.	1.56	31.20	315,588.00	
	" "	Box		10,116	18/ Pittsburgh, Pa.	1.05	21.00	212,436.00	1,662,927.00
	Grand Totals		2,392,989	2,360,152					$42,492,552.50 ~~$42,517,449.20~~

Revenue per ton 4517 $18.00 ~~$18.01~~

REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

FOOTNOTES: 1/ No representative movement in Exhibit 50.
2/ No tonnage moving through New York.
3/ Applies per 2,000 pounds.
4/ Minimum weight 70,000 pounds.
5/ Minimum weight 40,000 pounds.
6/ Minimum weight 50,000 pounds.
7/ Minimum weight 27,000 pounds.
8/ Minimum weight 24,000 pounds.
9/ Minimum weight 15,000 pounds for cars not exceeding 50 feet 7 inches in length.
10/ Minimum weight 12,500 pounds for cars not exceeding 50 feet 7 inches in length.
11/ Minimum weight 20,000 pounds for cars exceeding 50 feet 8 inches in length.
12/ Excess of 40,000 pounds per item 3 - A.T.E.A. Section 22 Quotation A-1706-A.
13/ Applies per 2,240 pounds.
14/ Rate applicable via N.Y.C.R.R. direct to New York only.
15/ Minimum weight 60,000 pounds.
16/ 120 united inches or under.
17/ Exceeding 120 united inches.
18/ Minimum weight 30,000 pounds.

4518

SOURCE: I&S Docket No. 6615: Exhibit 50 - JLH-6 and Exhibit 51 - MLM-5 unless otherwise noted.

I&S Docket No. 6615
Exhibit No.______(RLK-4)
Errata Page 4

REVENUES FOR REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

Commodity						Freight Revenues			
Group No.	Description	Type of Equipment	Total Tons	Statistical Distribution	Origin	Rate	Rate Per Ton 3/	Sub-Total	Total
569	Alloys for Steel Manufacture		1,163						
	Ferro Chrome	Box		290	Marietta, O.	18.86 13/	16.84	4,883.60	
	" "	Box		291	Graham, W. Va.	19.46 13/	17.38	5,057.58	
	" "	Box		291	Lorain, O.	20.30 13/	18.12	5,272.92	
	" "	Box		291	Peoria, Ill.	1.43	28.60	8,322.60	23,536.70
575	Iron & Steel: Billet, Bloom, and Ingot		11,951						
	Steel Billets	Gond.		2,987	Youngstown, O.	9.96 13/	8.89	26,554.43	
	" "	Gond.		2,988	Warren, O.	9.96 13/	8.89	26,563.32	
	" "	Gond.		2,988	Canton, O.	10.21 13/	9.12	27,250.56	
	" "	Gond.		2,988	Pittsburgh, Pa.	9.21 13/	8.22	24,561.36	104,929.67
609	Rails & Railway Track Material Iron & Steel		3,751						
	Rails	Gond.		937	Bessemer, Pa.	13.09 13/	11.69	10,953.53	
	Rails	Gond.		938	Carnegie, Pa.	13.09 13/	11.69	10,965.22	
	Spikes	Box		938	Neville Island, Pa.	.44	8.80	8,254.40	
	Track Material	Box		938	Gary, Ind.	.75	15.00	14,070.00	44,243.15
789	Scrap Iron and Scrap Steel	Gond.	4,945	1,236	Youngstown, O.	13.91 13/	12.42	15,351.12	
		Gond.		1,236	Etna, Pa.	13.41 13/	11.97	14,794.92	
		Gond.		1,236	Cleveland, O.	15.11 13/	13.49	16,673.64	
		Gond.		1,237	Dayton, O.	16.70 13/	14.91	18,443.67	65,263.35
							Grand Total		$42,492,552.50
							Revenue per ton		$18.00

IMPORT TRAFFIC

Exhibit No.________________(RLK 5)

Witness: ________________

Page 1 of 6 Pages

Combined Traffic study, August 1, 1955 thru July 31, 1956
NET tons handles through North Atlantic Ports ~~via~~ [illegible]
DL&W R.R., Erie R.R., L.V. R.R., NYC R.R. and NYNH&H R.R. (All traffic)
CNJ., B&O., P R.R., C&ORy, N&W R.R., Vir. Ry., All traffic except Iron Ore
To Differential Territory,

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadelphia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
1	Wheat										
3	Corn										
5	Sorghum grains				33				33		33
7	Oats										
9	Barley and rye										
11	Rice		28				83		28	83	111
13	Grain, N.O.S.										
15	Flour, wheat				119				119		119
17	Meal, corn										
19	Flour, edible, N.O.S.			143	1,448	69	205	108	1,591	382	1,973
21	Cereal food preparations, N.O.S.										
23	Mill products, N.O.S.				52				52		52
25	Hay										
27	Straw										
29	Tobacco, unmanufactured				31		314	4,240	31	4,554	4,585
31	Tobacco siftings, sweepings, and waste				9	20	985		9	1,005	1,014
33	Cotton in bales		233		39		32	55	272	87	359
35	Cotton linters, noils, and regins		1,666		4,447	211	2,704	830	6.113	3,745	9,858
37	Cottonseed										
39	Cottonseed oil cake and meal										
41	Cottonseed hulls and bran										
43	Soybeans										
45	Soybean oil cake and meal										
47	Vegetable and nut oil cake and meal, N.O.S.										
49	Apples, fresh, not frozen										
51	Bananas, fresh				53,946	532	62,664		53,946	63,196	117,142
53	Berries, fresh, not frozen										
55	Cantaloupes and melons, N.O.S.										
57	Grapes, fresh				11				11		11
59	Lemons, limes, and citrus fruits, N.O.S.										
61	Oranges and grapefruit				18		90		18	90	108
63	Peaches, fresh, not frozen										
65	Pears, fresh, not frozen				204				204		204
67	Watermelons										
69	Fruits, fresh, N.O.S., not frozen				1,280	317			1,280	317	1,597
71	Fruits, dried, dehydrated, and evaporated, N.O.S.				2,735				2,735		2,735
73	Fruits and berries, fresh, frozen				21				21		21
75	Coffee		627		133,265		1,854	16	133,892	1,870	135,762
77	Cabbage		15						15		15
79	Celery										
81	Lettuce				29				29		29
83	Onions, dry				149				149		149
85	Potatoes, other than sweet						110			110	110
87	Tomatoes										
89	Vegetables, fresh, N.O.S., not frozen				249		95		249	95	344

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IMPORT TRAFFIC (Continued)

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadelphia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
91	Beans and peas, dried				1,071		111		1,071	111	1,182
93	Vegetables, dried, dehydrated, and evaporated, N.O.S.				79				79		79
95	Vegetables, fresh, frozen										
97	Peanuts				178			28	178	28	206
101	Sugar beets										
103	Malt, N.O.S.						17			17	17
105	Flaxseed										
107	Seeds, N.O.S.				2,471	64	28	432	2,471	524	2,995
199	Products of agriculture, N.O.S.		1,188		19,842	4,373	3,514	167	21,030	8,054	29,084
900	Total Products of Agriculture		3,757	143	221,726	5,586	72,806	5,876	225,626	84,268	309,894
201	Horses, mules, ponies and asses										
203	Cattle and calves, single-deck										
205	Calves, double-deck										
207	Sheep and goats, single-deck										
209	Sheep and goats, double-deck										
211	Swine, single-deck										
213	Swine, double-deck										
215	Meats, fresh, N.O.S.				79				79		79
217	Meats, cooked, cured, dried, and smoked		62		8,783	418	83	614	5,845	1,115	9,960
219	Packing house products, edible, N.O.S.				730				730		730
221	Margarine, N.O.S.										
223	Poultry, live										
225	Poultry, dressed and frozen						20			20	20
227	Eggs										
229	Butter										
231	Cheese				624				624		624
233	Dairy products, N.O.S.										
235	Wool and mohair in grease		442		62	465			504	465	969
237	Wool and mohair, N.O.S.		86		142	421	6	15	228	442	670
239	Hides, skins, and pelts, N.O.S.		236		1,944	288	125		2,180	413	2,593
241	Leather, N.O.S.		57		177				234		234
243	Sea food, N.O.S.				142				142		142
245	Fish and sea animal oil				333				333		333
299	Animals and products, N.O.S.		162		5,536	421	1,997		5,698	2,418	8,116
910	Total Animal and Products		1,045		18,552	2,013	2,231	629	19,597	4,873	24,470
301	Anthracite coal, N.O.S.										
303	Anthracite coal to breakers and washeries										
305	Bituminous coal										
307	Coke				100		601		100	601	701
309	Iron Ore		38		74				112		112
311	Aluminum ore and concentrates				13,583	9,741			13,583	9,741	23,324
313	Copper ore and concentrates										
315	Lead ore and concentrates										
317	Zinc ore and concentrates						66,058			66,058	66,058
319	Ores and concentrates, N.O.S.				16,389	49,749	1,283,888	136,046	16,389	1,469,683	1,486,072
231	Barytes							34,781		34,781	34,781
323	Clay and bentonite	1,808			225	33,621	34		2,033	33,781	35,688
325	Sand, industrial				177	61			177	61	238
327	Gravel and sand, N.O.S.				29				29		29
329	Stone and rock: Broken, ground, and crushed				525				525		525

IMPORT TRAFFIC (Continued)

Page 3 of 6 Pages

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadelphia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
331	Fluxing stone and raw dolomite.										
333	Stone, rough, N.O.S.		737		1,171	61	186		1,908	247	2,155
335	Stone, finished, N.O.S.		38		112	45			150	45	195
337	Petroleum, crude										
339	Asphalt				30		1,097		30	1,097	1,127
341	Salt										
343	Phosphate rock										
345	Sulphur				62				62		62
399	Products of mines, N.O.S.		30		6,203	2,919	3,873		6,233	6,792	13,025
920	Total Products of Mines	1,808	843		38,680	96,197	1,366,737	170,827	41,331	1,622,761	1,664,092
401	Logs, butts, and bolts.										
403	Posts, poles, and piling, wooden.										
405	Wood, fuel.										
407	Ties, railroad.										
409	Pulpwood.										
411	Lumber, shingles, and lath.				102	181	620	24	102	852	927
413	Box, crate, and cooperate materials										
415	Veneer, plywood, and built-up wood.				4,343	282	1,622	657	4,343	2,561	6,904
417	Rosin and turpentine.		684		18				702		702
499	Products of forests, N.O.S.				7,953	32,037	1,853	4,294	7,953	38,184	46,137
930	Total Products of Forest.		684		12,416	32,500	4,095	4,975	13,100	41,570	54,670
501	Gasoline										
503	Fuel, road, and petroleum risidual oils, N.O.S.										
505	Lubricating oils and grease				13				13		13
507	Petroleum products, refined, N.O.S.				18				18		18
509	Gases, other than petroluem, N.O.S.				18				18		18
511	Cottonseed oil.				46				46		46
513	Linseed oil										
515	Soybean oil										
517	Vegetable and nuts oils, N.O.S.				6,451				6,451		6,451
519	Oils, N.O.S.				1,439	285			1,439	285	1,724
521	Oil foots, sediment, and tank bottoms				26				26		26
523	Rubber, crude, natural, and synthetic		5,088		164,953	360	38,928	35	170,041	35,928	208,969
525	Rubber goods, N.O.S.				225				225		225
527	Chemicals, N.O.S.		154		1,175	5,418	300	21	1,329	5,739	7,068
529	Sulphuric acid.										
531	Acids, N.O.S.		29		381		237		410	237	647
533	Sodium (soda) products.				508	313	1,066		508	1,379	1,887
535	Alcohol, N.O.S.				81				81		81
537	Blacks, N.O.S.										
539	Fertilizers, N.O.S.		478		3,145	882	4,740	3,945	3,623	9,567	13,190
541	Insecticides and fungicides, N.O.S.		149		199				149		149
543	Tar, pitch, and creosote.				135				135		135
545	Tanning material, N.O.S.		280		6,218	164	6,757	1,443	6,498	8,364	14,862
547	Paint, paint material, putty, and varnish				879		195		879	195	1,074
549	Plastics.				43				43		43

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IMPORT TRAFFIC (Continued)

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadelphia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
551	Cellulose articles, N.O.S.						28			28	28
553	Drugs, medicines, and toilet preparations				456				456		456
555	Aluminum: Bar, ingot, pig, and slab				330	106	3,610		330	3,716	4,046
557	Aluminum, N.O.S.				171			6	171	6	177
559	Copper; Ingot, matte, and pig				24,084				24,084		24,084
561	Copper, brass, and bronze, N.O.S.				2,397		60		2,397	60	2,457
563	Lead and zinc: Bar, ingot, and pig				12,646	103	5,161	20	12,646	5,284	17,930
565	Lead and Zinc, N.O.S.				231			160	231	160	391
567	Magnesium metal and alloy										
569	Alloys for steel manufacture				2,048		21,671		2,048	21,671	23,719
571	Metals and alloys, N.O.S.		55		22,122	46	3,519		22,177	3,565	25,742
573	Iron, pig				55	357			55	357	412
575	Iron and steel: Billet, bloom and ingot				28	99			28	99	127
577	Iron and steel: Bar, rod, and slab				20		73		20	73	93
579	Iron and steel, N.O.S.				50				50		50
581	Iron and steel nails and wire (woven and not woven), N.O.S.		135		971	182	3,291	352	1,106	3,825	4,931
583	Manufactured iron and steel		647		7,850	4,640	12,502	119	8,497	17,261	25,758
585	Cast iron pipe and fittings				31				31		31
587	Iron and steel pipe and fittings, N.O.S.				390	497	583	67	390	1,147	1,537
589	Tanks, N.O.S.							34		34	34
591	Agricultural implements, N.O.S.		20		31				51		51
593	Agricultural implement parts, N.O.S.						5			5	5
595	Machinery and machines, N.O.S.		83		4,506	15	342	2,999	4,589	3,356	7,945
597	Machinery parts				628	81	44	53	628	178	806
601	Business and office machines		13						13		13
603	Railway equipment moved on own wheels										
605	Railway equipment, S.U., not moved on own wheels										
607	Railway equipment parts				71				71		71
609	Rails and railway track material, iron and steel					172	206			378	378
611	Vehicles, other than motor		13		409	1,012	258	1,137	422	2,407	2,829
613	Automobiles, passenger										
615	Automobiles, freight				190			231	190	231	421
617	Vehicles, motor, N.O.S.				225	177		1,028	225	1,178	1,403
619	Military vehicles, N.O.S.		27						27		27
621	Automobiles and autotrucks, K.D.					5			5		5
623	Vehicle parts, N.O.S.		244		667			350	911	350	1,261
625	Airplanes, aircraft, and parts				44			73	44	73	117
627	Tires and tubes, rubber				110			42	110	42	152
629	Guns, small arms, and parts, N.O.S.							859		859	859
631	Ammunition and explosives				39				39		39
633	Cement: Natural and portland				231	4,543	478	10,537	231	15,558	15,789
635	Cement, N.O.S.							19,470		19,470	19,470
637	Brick, common										
639	Brick, N.O.S., and building tile				49		1,031		49	1,031	1,080
641	Refractories				88		245		88	245	333
643	Artificial stone, N.O.S.										
645	Lime, N.O.S.										
647	Plaster: Stucco and wall										
649	Sewer pipe and drain tile (not metal)										
651	Broken or ground brick, blocks, crockery, and glass										
653	Woodpulp	10,574	1,125	400	424	3,874	15,487	2,609	12,523	21,970	34,493
655	Scrap paper and rags		410		2,204	45	180	1,921	2,614	2,146	4,760
657	Newsprint paper				4,872		18,596	1,214	4,872	19,810	24,682
659	Printing paper, N.O.S.				201	26			201	26	227
661	Wrapping paper		41		95	753	512	39	136	1,304	1,440

IMPORT TRAFFIC (Continued)

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadelphia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
663	Paper bags										
665	Paper and paper articles, N.O.S.				99				99		99
667	Printed matter, N.O.S.		24		12			485	36	485	521
669	Paperboard, fibreboard, and pulpboard		115		130	18	1,515	19	245	1,552	1,797
671	Wallboard				743	110	2,499	77	743	2,686	3,429
673	Building paper and prepared roofing material				36				36		36
675	Insulating Materials, N.O.S.				52	48	392		52	440	492
677	Building woodwork and millwork				12				12		12
679	Building materials, N.O.S.				174				174		174
681	Building and houses, fabricated and portable, N.O.S.				32			110	32	110	142
683	Asbestos articles, N.O.S.										
685	Electrical equipment and parts, N.O.S.				261			74	261	74	335
687	Furnaces, heaters, radiators, and parts							12		12	12
689	Bathroom and lavatory fixtures and sinks										
691	Hardware, N.O.S.		367		292		97	27	659	124	783
693	Glass		57		794	2,478	11,624	1,193	851	15,295	16,146
695	Glassware, N.O.S.		30		28		51	8	58	59	117
697	Glass bottles, jars, and packing glasses, N.O.S.		19		38	18			57	18	75
701	Chinaware, crockery, and earthenware		7		820	58	81		827	139	956
703	Woodenware				46				46		46
705	Household utensils, N.O.S.		7		148				155		155
707	Refrigerators, freezing apparatus, and parts										
709	Laundry equipment										
711	Stoves, ranges, and parts										
713	Floor covering				77	15	43		77	58	135
715	Furniture, N.O.S.		5		32		36	65	37	101	138
717	Furniture parts										
719	Tools and parts, N.O.S.				63		28	69	63	97	160
721	Abrasives, other than crude				374	4,824	398		374	5,222	5,596
723	Bagging: Burlap, cotton, gunny, and jute, N.O.S.		760		6,284	1,420	199	7,452	7,044	9,071	16,115
725	Bags: Burlap, cotton, gunny, and jute, N.O.S.				48	15			48	15	63
727	Cotton cloth and cotton fabrics, N.O.S.				390			20	390	20	410
729	Cotton factory products		122		325	23	82	150	447	255	702
731	Synthetic fiber and yarns (rayon or nylon)							145		145	145
733	Cloth and fabrics, N.O.S.										
735	Rope, cordage, and binder twine, N.O.S.				1,875	6,736	247	7	1,875	6,990	8,865
737	Boots, shoes, and findings, N.O.S.				16			93	16	93	109
739	Luggage and handbags, N.O.S.				9				9		9
741	Athletic, gymnasium, playground, and sporting equipment, N.O.S.				44				44		44
743	Games and toys				185		23		185	23	208
745	Liquors, alcoholic, N.O.S.				1,774	170	90		1,774	260	2,034
747	Wine				144		164		144	164	308
749	Liquors, malt		15		1,423	42	1,034		1,438	1,076	2,514
751	Beverages, N.O.S.				587				587		587
753	Ice										
755	Syrup and molasses, refined				513				513		513
757	Molasses, residual						5,066			5,066	5,066
759	Sugar		146		6,913	2,332	29,830		7,059	32,162	39,221
761	Candy and confectionery				288				288		288
763	Food products, N.O.S., in cans and packages, not frozen		175		33,274	3,493	13,821	48,312	33,449	65,626	99,075
765	Food products, N.O.S., frozen										
767	Starch				313	21	32	282	313	335	648
769	Soap and cleaning and washing compounds						53			53	53
771	Matches				56		24		56	24	80
773	Feed, animal and poultry, N.O.S.				1,566	254	521	254	1,566	1,029	2,595

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IMPORT TRAFFIC (Continued)

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No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadelphia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
775	Manufactured tobacco, N.O.S.										
777	Cigaretts										
779	Containers, metal				76		12		76	12	88
781	Containers, wooden										
783	Containers, fiberboard and paperboard, K.D.										
785	Containers, N.O.S.				586	198	64	35	586	297	883
787	Containers, returned empty				49				49		49
789	Scrap iron and scrap steel				355	22	28		355	50	405
791	Iron and steel borings, turnings, etc.										
793	Furnace slag										
795	Waste materials for remelting, N.O.S.				309	92	240		309	332	641
797	Waste materials, N.O.S.		320		11,958	644	281	147	12,278	1,072	13,350
799	Manufacturers and miscellaneous, N.O.S.		335		5,875	1,309	1,690	2,112	6,210	5,111	11,321
940	Total Manufacturers and Miscellaneous	10,574	11,346	400	354,352	48,463	209,975	109,912	376,672	368,350	745,022
950	Forwarder Traffic		64		66				130		130
960	Total Carload Traffic	12,382	17,739	543	645,792	184,759	1,644,844	292,219	676,456	2,121,822	2,798,278

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadelphia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
900	Products of Agriculture		3,757	143	221,726	5,586	72,806	5,876	225,626	84,268	309,894
910	Animal and Products		1,045		18,552	2,013	2,231	629	19,597	4,873	24,470
920	Products of Mines	1,808	843		38,680	96,197	1,355,737	170,827	41,331	1,622,761	1,664,092
930	Products of Forest		684		12,416	32,500	4,095	4,975	13,100	41,570	54,670
940	Manufactures & Miscellaneous	10,574	11,346	400	354,352	48,463	209,975	109,912	376,672	368,350	745,022
950	Forwarder Traffic		64		66				130		130
960	Total Carload Traffic	12,382	17,739	543	645,792	184,759	1,644,844	292,219	676,456	2,121,822	2,798,278

Percent of traffic handled thru Seven Ports
(Read across)

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadelphia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
900	Products of Agriculture	-	1.2	0.1	71.5	1.8	23.5	1.9	72.8	27.2	100.0%
910	Animal and Products	-	4.3	-	75.8	8.2	9.1	2.6	80.1	19.9	100.0%
920	Products of Mines	0.1	0.1	-	2.3	5.8	81.5	10.2	2.5	97.5	100.0%
930	Products of Forest	-	1.3	-	22.7	59.4	7.5	9.1	24.0	76.0	100.0%
940	Manufactures & Miscellaneous	1.4	1.5	0.1	47.6	6.5	28.2	14.7	50.6	49.4	100.0%
950	Forwarder Traffic	-	49.2		50.8	-	-	-	100.0	-	100.0%
960	Total Carload Traffic	0.4	0.6	0.1	23.1	6.6	58.8	10.4	24.2	75.8	100.0%

Percent of Traffic by Commodity Groups
(Read down)

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadelphia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
900	Products of Agriculture	-	21.2	26.3	34.3	3.0	4.4	2.0	33.3	4.0	11.1
910	Animal and Products	-	5.9	-	2.9	1.1	0.1	0.2	2.9	0.3	0.9
920	Products of Mines	14.6	4.7	-	6.0	52.1	82.4	58.5	6.1	76.5	59.4
930	Products of Forest	-	3.8	-	1.9	17.6	0.3	1.7	1.9	1.9	1.9
940	Manufactures & Miscellaneous	85.4	64.0	73.7	54.8	26.2	12.8	37.6	55.6	17.3	26.6
950	Forwarder Traffic	-	0.4	-	0.1	-	-	-	0.2	-	0.1
960	Total Carload Traffic	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source Witness Crookshank Exhibit A.J.C. 13
Witness Mollman Exhibit M.L.M. 2

Exhibit No.__________(RLK 6)

Witness:____________________

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EXPORT TRAFFIC

Combined Traffic study August 1, 1955 thru July 31, 1956
in net tons handled through North Atlantic ports via B&M and G.T.
DL&WRR., Erie R.R., L.V.R.R., NYC R.R., and NYNH & HRR (all traffic)
C.N.J., B&O R.R., P.R.R., C&O Ry., N&W R.R., Vir Ry., all traffic except Coal
from Differential Territory.

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadelphia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
1	Wheat	35,405	281,968	58,850	117,786	458,310	800,237	819,609	494,009	2,108,156	2,602,165
3	Corn	21,468	76,508	69,804	66,393	211,548	1,243,846		234,173	1,455,394	1,689,567
5	Sorghum grains				183				183	-	183
7	Oats	5,837		6,355	11,571	21,081	85,487		23,763	106,568	130,331
9	Barley and rye			5,991	7,310	10,141	176,774		13,301	186,915	200,216
11	Rice										
13	Grain, N.O.S.	5,482	40		751	273			6,273	273	6,546
15	Flour, wheat		50		40,162	58	5,794	779	40,212	6,631	46,843
17	Meal, corn				2,074	8,587			2,074	8,587	10,661
19	Flour, edible, N.O.S.		20		20,410			47	20,430	47	20,477
21	Cereal food preparations, N.O.S				3,010	60	173		3,010	233	3,243
23	Mill products, N.O.S.				3,096	60			3,096	60	3,156
25	Hay				95		14		95	14	109
27	Straw				12				12		12
29	Tobacco, unmanufactured				1,189		41	4,601	1,189	4,642	5,831
31	Tobacco siftings, sweepings, and waste										
33	Cotton in bales										
35	Cotton linters, noils, and regins				17				17		17
37	Cottonseed										
39	Cottonseed oil cake and meal										
41	Cottonseed hulls and bran										
43	Soybeans					4,225	32,965	39,582		76,772	76,772
45	Soybean oil cake and meal		35	80	12,006		16,576	4,888	12,121	21,464	33,585
47	Vegetable and nut oil cake & meal, N.O.S.				89		1,685		89	1,685	1,774
49	Apples, fresh, not frozen				40				40		40
51	Bananas, fresh										
53	Berries, fresh, not frozen				17				17		17
55	Cantaloupes and melons, N.O.S										
57	Grapes, fresh										
59	Lemons, limes, and citrus fruits, N.O.S										
61	Oranges and grapefruit				41				41		41
63	Peaches, fresh, not frozen										
65	Pears, fresh, not frozen										
67	Watermelons				20				20		20
69	Fruits, fresh, N.O.S., not frozen				47			36	47	36	83
71	Fruits, dried, dehydrated, and evaporated, N.O.S.										
73	Fruits and berries, fresh, frozen				23				23		23
75	Coffee				123				123		123
77	Cabbage				30				30		30
79	Clery				517				517		517
81	Lettuce										
83	Onions, dry										
85	Potatoes, other than sweet				18				18		18
87	Tomatoes										
89	Vegetables, fresh, N.O.S., not frozen				94				94		94

EXPORT TRAFFIC (Continued)

Page 2 of 6 Pages

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadelphia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
91	Beans and peas, dried				209	166		120	209	286	495
93	Vegetables, dried, dehydrated, and evaporated, N.O.S.										
95	Vegetables, fresh, frozen										
97	Peanuts										
101	Sugar beets										
103	Malt, N.O.S				9,986		11,335	3,626	9,986	14,961	24,947
105	Flaxseed				63				63		63
107	Seeds, N.O.S.				127		212	54	127	266	393
199	Products of agriculture, N.O.S.				2,598			61	2,598	61	2,659
900	Total Products of Agriculture	68,192	358,621	141,080	300,107	744,509	2,375,139	873,403	868,000	3,993,051	4,861,051
201	Horses, mules, ponies, and asses										
203	Cattle and claves, single-deck			12			12		12	12	24
205	Calves, double-deck										
207	Sheep and goats, single-deck				52				52		52
209	Sheep and goats, double-deck										
211	Swine, single-deck				22				22		22
213	Swine, double-deck				14				14		14
215	Meats, fresh, N.O.S		7	7	10,279	353			10,293	353	10,646
217	Meats, cooked, cured, dried, and smoked				10,534	170	4,954	313	10,534	5,437	15,971
219	Packing house products, edible, N.O.S		126		57,030	316	14,548	430	57,156	15,294	72,450
221	Margarine, N.O.S.				67				67		67
223	Poultry, live										
225	Poultry, dressed and frozen				338				338		338
227	Eggs				16				16		16
229	Butter		18		7,603	2,450	1,819	3,662	7,621	7,931	15,552
231	Cheese				4,232	5,370	3,970	9,513	4,232	18,853	23,085
233	Dairy products, N.O.S				367	241	1,156	1,966	367	3,363	3,730
235	Wool and mohair in grease										
237	Wool and mohair, N.O.S.				82				82		82
239	Hides, skins, and pelts, N.O.S.				7,323	335	1,043		7,323	1,378	8,701
241	Leather, N.O.S.				32			14	32	14	46
243	Sea food, N.O.S										
245	Fish and sea animal oil				24				24		24
299	Animals and products, N.O.S		15		25,982	21,534	362	12,993	25,997	34,889	60,886
910	Total Animal and Products		166	19	123,997	30,769	27,864	28,891	124,182	87,524	211,706
301	Anthracite coal, N.O.S.										
303	Anthracite coal to breakers and washeries										
305	Bituminous coal										
307	Coke				257		8,024		257	8,024	8,281
309	Iron ore										
311	Aluminum ore and concentrates				56		104		56	104	160
313	Copper ore and concentrates										
315	Lead ore and concentrates										
317	Zinc ore and concentrates										
319	Ores and concentrates, N.O.S.				672		58		672	58	730
321	Barytes				20				20		20
323	Clay and bentonite				104		705	6,877	104	7,582	7,686
325	Sand, industrial				378		595		378	595	973
327	Gravel and sand, N.O.S.				66				66		66
329	Stone and rock: Broken, ground, and crushed				12				12		12

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EXPORT TRAFFIC (Continued)

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadelphia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
331	Fluxing stone and raw dolomite										
333	Stone, rough, N.O.S										
335	Stone, finished, N.O.S.										
337	Petroleum, crude										
339	Asphalt				329		119		329	119	448
341	Salt				2,277		878	416	2,277	1,294	3,571
343	Phosphate rock				29				29		29
345	Sulphur				74				74		74
399	Products of mines, N.O.S.				308		1,404	33	308	1,437	1,745
920	Total Products of Mines				4,582		11,783	7,430	4,582	19,213	23,795
401	Logs, butts, and bolts				1,717			38	1,717	38	1,755
403	Posts, poles, and piling, wooden				7			27	7	27	34
405	Wood, fuel										
407	Ties, railroad				28				28		28
409	Pulpwood				50				50		50
411	Lumber, shingles, and lath				898	91	326	764	898	1,181	2,079
413	Box, crate, and cooperate materials				380		685	656	380	1,341	1,721
415	Veneer, plywood, and built-up wood						18			18	18
417	Rosin and turpentine				26				26		26
499	Products of forests, N.O.S.				204				204		204
930	Total Products of Forest				3,310		1,029	1,485	3,310	2,605	5,915
501	Gasoline										
503	Fuel, road, and petroleum residual oils, N.O.S.				106		15		106	15	121
505	Lubricating oils and greases				42,145	4,799	10,063	249	42,145	15,111	57,256
507	Petroleum products, refined, N.O.S.				44,231	8,005	1,243	378	44,231	9,626	53,857
509	Gases, other than petroleum, N.O.S.				370	104			370	104	474
511	Cottonseed oil				77				77		77
513	Linseed oil				59		139		59	139	198
515	Soybean oil				115,440	24	8,410	272	115,440	8,706	124,146
517	Vegetable and nut oils, N.O.S				4,501	101	291	20	4,501	412	4,913
519	Oils, N.O.S		19		299		47		318	47	365
521	Oil foots, sediment, and tank bottoms				148				148		148
523	Rubber, crude, natural, and synthetic				15,565	223	3,546	9,054	15,565	12,823	28,388
525	Rubber goods, N.O.S				1,106	15	1,502		1,106	1,517	2,623
527	Chemicals, N.O.S.				19,722	753	10,456	836	19,722	12,045	31,767
529	Sulphuric acid										
531	Acids, N.O.S.				4,683	731	71	15	4,683	817	5,500
533	Sodium (soda) products				18,056	398	5,967	755	18,056	7,120	25,176
535	Alcohol, N.O.S.				487			345	487	345	832
537	Blacks, N.O.S										
539	Fertilizers, N.O.S.				1,513	815	218,151		1,513	218,151	220,479
541	Insecticides and fungicides, N.O.S.				3,693	101	205		3,693	306	3,999
543	Tar, pitch, and creosote				267		104	18	267	122	389
545	Tanning materials, N.O.S.				380				380		380
547	Paint, paint material, putty, and varnish				10,092	55	671	107	10,092	833	10,925
549	Plastics				6,340		913	113	6,340	1,026	7,366
551	Cellulose articles, N.O.S				39			7	39	7	46
553	Drugs, medicines, and toilet preparations				2,723			21	2,723	21	2,744

EXPORT TRAFFIC (Continued)

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadel-phia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
555	Aluminum: Bar, ingot, pig, and slab				1,289				1,289		1,289
557	Aluminum, N.O.S				401		111		401	111	512
559	Copper: Ingot, matte, and pig							35		35	35
561	Copper, brass, and bronze, N.O.S.				1,991	19		1,114	1,991	1.133	3,124
563	Lead and zinc: Bar, ingot, and pig.				37				37		37
565	Lead and Zinc, N.O.S.				245				245		245
567	Magnesium metal and alloy				16				16		16
569	Alloys for steel manufacture.				1,163			23	1,163	23	1,186
571	Metals and alloys, N.O.S.				258	72	168	890	258	1,130	1,388
573	Iron, pig				87				87		87
575	Iron and steel: Billet, bloom and ingot				11,951	568	44,180	16,193	11,951	60,941	72,892
577	Iron and steel: Bar, rod, and slab.				1,314	13	966	41	1,314	1,020	2,334
579	Iron and steel, N.O.S				138		625		138	625	763
581	Iron and steel nails and wire (woven and not woven),N.O.S				11,482	191	1,264	280	11,482	1.735	13,217
583	Manufactured iron and steel		544		580,073	10,997	352,992	5,416	580,617	369,405	950,022
585	Cast iron pipe and fittings		45		425				470		470
587	Iron and steel pipe and fittings, N.O.S				71,754	2,989	93,130	1,590	71,754	97,709	169,463
589	Tanks, N.O.S.				2,348	106	234	231	2,348	571	2,919
591	Agricultural implements, N.O.S.				15,088		478	671	15,088	1,149	16,237
593	Agricultural implements,parts, N.O.S.				1,514		28	21	1,514	49	1,563
595	Machinery and machines, N.O.S		88		162,400	5,904	16,931	13,182	162,488	36,017	198,505
597	Machinery parts				30,187	905	6,686	2,260	30,187	9,911	40,098
601	Business and office machines.				3,282				3,282		3,282
603	Railway equipment moved on own wheels				945		179	12	945	191	1,136
605	Railway equipment, S.U., not moved on own wheels.				2,897		681		2,897	681	3,578
607	Railway equipment parts				16,462	189	513	5,327	16,462	6,029	22,491
609	Rails and railway track material, iron and steel				3,751		3,007	311	3,751	3,318	7,069
611	Vehicles, other than motor.				3,759	35	146	1,349	3,759	1,530	5,289
613	Automobiles, passenger.				57,299	95	5,582	303	57,299	5,980	63,279
615	Automobiles, freight.				9,497	84	228	5,543	9,497	5,855	15,352
617	Vehicles, motor, N.O.S.				68,842	761	5,795	4,653	68,842	11,209	80,051
619	Military vehicles, N.O.S.		402		1,113	6		2,665	1,515	2,671	4,186
621	Automobiles and autotrucks, K.D				120,068	437	3,377	3,884	120,068	7,698	127,766
623	Vehicles parts, N.O.S		1,402		91,818	24,245	2,481	14,815	93,220	41,541	134,761
625	Airplanes, aircraft, and parts.				427			7	427	7	434
627	Tires and tubes, rubber		18		33,086	60	1,075	6,390	33,104	7,525	40,629
629	Guns, small arms, and parts, N.O.S.				608	15		2,414	608	2,429	3,037
631	Ammunition and explosives				34,454	326		569	34,454	895	35,349
633	Cement: Natural and portland.				473	95	834	16	473	945	1,418
635	Cement, N.O.S				1,273	36	558	152	1,273	746	2,019
637	Brick, common										
639	Brick, N.O.S., and building tile.				1,309		1,816	40	1,309	1,856	3,165
641	Refractories.				4,105	47	4,876	172	4,105	5,095	9,200
643	Artificial stone, N.O.S				28				28		28
645	Lime, N,O.S				461		175	81	461	256	717
647	Plaster: Stucco and wall.				163		46		163	46	209
649	Sewer pipe and drain tile (not metal)				65		2,268		65	2,268	2,333
651	Broken or ground brick, blocks, crockery and glass.							182		182	182
653	Woodpulp.				17		438		17	438	455
655	Scrap paper and rags.				8,934		564	18	8,934	582	9,516
657	Newsprint paper				237	122		22	237	144	381
659	Printing paper, N.O.S				9,284	131		317	9,284	448	9,732
661	Wrapping paper.				593		1,500	103	593	1,603	2,196
663	Paper bags.				104	22	97	41	104	160	264
665	Paper and paper articles, N.O.S				1,081		359	125	1,081	484	1,565

EXPORT TRAFFIC (Continued)

Page 5 of 6 Pages

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadel-phia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
667	Printed matter, N.O.S				1,067	213		73	1,067	286	1,353
669	Paperboard, fiberboard, and pulpboard		24		2,017	27	5,227	123	2,041	5,377	7,418
671	Wallboard				120		30	10	120	40	160
673	Building paper and prepared roofing material				720	20	46		720	66	786
675	Insulating materials, N.O.S				3,209	60	134	130	3,209	324	3,533
677	Building woodwork and millwork				78			15	78	15	93
679	Building materials, N.O.S				824		239		824	239	1,063
681	Building and houses, fabricated and portable, N.O.S				932	81	25	1,429	932	1,535	2,467
683	Asbestos articles, N.O.S.				35				35		35
685	Electrical equipment and parts, N.O.S				16,049	210	1,239	608	16,049	2,057	18,106
687	Furnaces, heaters, radiators, and parts				1,489	40	1,310	188	1,489	1,538	3,027
689	Bathroom and lavatory fixtures and sinks				823		36		823	36	859
691	Hardware, N.O.S				364	15	27	107	364	149	513
693	Glass				2,779	54	670	431	2,779	1,155	3,934
695	Glassware, N.O.S.				11,575	73	847	13	11,575	933	12,508
697	Glass bottles, jars, and packing glasses, N.O.S				18,137	191	5,276	84	18,137	5,551	23,688
701	Chinaware, crockery, and earthenware				748	27	289		748	316	1,064
703	Woodenware				51		41	68	51	109	160
705	Household utensils, N.O.S				1,161		200		1,161	200	1,361
707	Refrigerators, freezing apparatus, and parts				24,670	13	1,057	1,763	24,670	2,833	27,503
709	Laundry equipment		11		2,838		186		2,849	186	3,035
711	Stoves, ranges, and parts				6,300	64	864	258	6,300	1,186	7,486
713	Floor covering				139				139		139
715	Furniture, N.O.S.				3,715	85	1,208	1,026	3,715	2,319	6,034
717	Furniture parts				535		59	2	535	61	596
719	Tools and parts, N.O.S.				598	20	1,052	141	598	1,213	1,811
721	Abrasives, other than crude				641	43	43	89	641	175	816
723	Bagging: Burlap, cotton, gunny, and jute, N.O.S				32			50	32	50	82
725	Bags: Burlap, cotton gunny, and jute, N.O.S				18				18		18
727	Cotton cloth and cotton fabrics, N.O.S.				142				142		142
729	Cotton factory products				919		11	22	919	33	952
731	Sunthetic fiber and yarns (rayon or nylon)							18		18	18
733	Cloth and fabrics, N.O.S.				139				139		139
735	Rope, cordage, and binder twine, N.O.S.				34			177	34	177	211
737	Boots, shoes, and findings, N.O.S				58			147	58	147	205
739	Luggage and handbags, N.O.S				81				81		81
741	Athletic, gymnasium, playground, and sporting equipment, NOS				294		60	245	294	305	599
743	Games and toys				83		46		83	46	129
745	Liquors, alcoholic, N.O.S				659		531	15	659	546	1,205
747	Wine				18				18		18
749	Liquors, malt				7,584		1,620	550	7,584	2,170	9,754
751	Beverages, N.O.S.				162			31	162	31	193
753	Ice										
755	Syrup and molasses, refined				775	305	375	194	775	874	1,649
757	Molasses, residual				411				411		411
759	Sugar				468	110	632	230	468	972	1,440
761	Candy and confectionery		20		570		57	132	590	189	779
763	Food products, N.O.S., in cans and packages, Not frozen		35	23	36,013	8,556	13,117	19,025	36,071	40,698	76,769
765	Food products, N.O.S., frozen				40				40		40
767	Starch				2,561		863	502	2,561	1,365	3,926
769	Soap and cleaning and washing compounds		19		1,870	105	452	1,110	1,889	1,667	3,556
771	Matches				12		13		12	13	25
773	Feed, animal and poultry, N.O.S		48		47,674	2,228	20,403	31	47,722	22,662	70,384
775	Manufactured tobacco, N.O.S										
777	Cigarettes				7				7		7

4530

EXPORT TRAFFIC (Continued)

Page 6 of 6 Pages

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadelphia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
779	Containers, metal				2,834	145	183	141	2,834	469	3,303
781	Containers, wooden				293		1,048		293	1,048	1,341
783	Containers, fiberboard and paperboard, K.D.				2,689	57	273	40	2,689	370	3,059
785	Containers, N.O.S				1,642	114	635	374	1,642	1,123	2,765
787	Containers, returned empty				66		28		66	28	94
789	Scrap iron and scrap steel				4,945		20		4,945	20	4,965
791	Iron and steel borings, turnings, etc				329				329		329
793	Furnace slag				32		43		32	43	75
795	Waste materials for remelting, N.O.S.				1,699		312		1,669	312	2,011
797	Waste Materials, N.O.S.				2,319	86			2,319	86	2,405
799	Mfgrs. & Misc. N.O.S.		310		28,749	1,844	5,433	4,568	29,059	11,845	40,904
940	Total Manufacturers & Miscellaneous		2,985	23	1,910,473	79,440	882,442	137,808	1,913,481	1,099,690	3,013,171
950	Forwarder Traffic			23	50,576		5,242			5,242	55,841
960	All carload Traffic	68,192	361,772	141,145	2,393,045	854,809	3,303,499	1,049,017	2,964,154	5,207,325	8,171,479
900	Products of Aggriculture	68,192	358,621	141,080	300,107	744,509	2,375,139	873,403	868,000	3,993,051	4,861,051
910	Animal and Products		166	19	123,997	30,769	27,864	28,891	124,182	87,524	211,706
920	Products of Mines				4,582		11,783	7,430	4,582	19,213	23,795
930	Products of Forest				3,310	91	1,029	1,485	3,310	2,605	5,915
940	Manufacturers & Miscellaneous		2,985		1,910,473	79,440	882,442	137,808	1,913,481	1,099,690	3,013,171
950	Forwarder Traffic			23	50,576		5,242		50,599	5,242	55,841
960	All Carload Traffic	68,192	361,772	141,145	2,393,045	854,809	3,303,499	1,049,017	2,964,154	5,207,325	8,171,479

Percent of Traffic handled thru Seven Ports
(Read across)

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadelphia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
900	Products of Agriculture	1.4	7.4	2.9	6.2	15.3	48.8	18.0	17.9	82.1	100.0%
910	Animal and Products		0.09	0.01	58.6	14.5	13.2	13.6	58.7	41.3	100.0%
920	Products of Mines				19.3		49.5	31.2	19.3	80.7	100.0%
930	Products of Forest				56.0	1.5	17.4	25.1	56.0	44.0	100.0%
940	Manufacturers & Miscellaneous		0.1		63.4	2.6	29.3	4.6	63.5	36.5	100.0%
950	Forwarder Traffic			0.04	90.6		9.36		90.6	9.4	100.0%
960	All Carload Traffic	0.8	4.4	1.7	29.3	10.6	40.4	12.9	36.3	63.7	100.0%

Percent of Traffic by Commodity Groups
(Read Down)

No.	Commodity Group	Portland, Me.	Boston, Mass.	Albany, N.Y.	New York, N.Y.	Philadelphia, Pa.	Baltimore Md.	Hampton Roads, Va.	Four Port Total	Three Port Total	Seven Port Total
900	Products of Agriculture	100.0	99.1	99.95	12.6	87.1	71.9	83.3	29.3	76.7	59.5
910	Animal and Products		0.04	0.02	5.2	3.6	0.8	2.8	4.2	1.7	2.6
920	Products of Mines				0.2		0.4	0.7	0.1	0.3	0.3
930	Products of Forest				0.1	0.01	0.03	0.1	0.1	0.06	0.1
940	Manufacturers & Miscellaneous		0.86		79.8	9.29	26.7	13.1	64.6	21.1	36.8
950	Forwarder Traffic			0.03	2.1		0.17		1.7	0.14	0.7
	Sub Total								93.5	97.5	
960	All Carload Traffic	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

4531

Source. Witness Crookshank Exhibit AJC 14.
Witness Mollman Exhibit MLM 2.

(GSK-7-NSS-4-48-2050-300)

I&S DOCKET NO. 6615
Exhibit No.______(RLK-7)
Witness: R. L. Keefe

[fol. 4532]

REVENUE STATISTICS FOR
CARLOAD TRAFFIC HANDLED BY D. L. & W., ERIE, L. V., AND N. Y. C.
DURING THE PERIOD AUGUST 1, 1955, THROUGH JULY 31, 1956
(EXCLUDING TRANSIT TRAFFIC EASTBOUND)

State	Avg. Docket 28300 Miles	Cars	Tons	Avg. Tons Per Car	Revenue As Assessed	Avg. Rev. Per Car	Avg. Rev. Per Ton	Ton-Miles	Avg. Rev. Per Ton-Mile (cents)	Avg. Rev. Per Car-Mile (cents)	Revenue Under Present Rates Incl. X 206 A (Note 1)	Avg. Rev. Per Car	Avg. Rev. Per Ton	Avg. Rev. Per Ton-Mile (cents)	Avg. Rev. Per Car-Mile (cents)
							IMPORT								
New York	435	622	19,130	30.75	$ 182,866.79	$294.00	$ 9.56	8,321,550	2.20	67.6	$ 215,781.29	$346.92	$11.27	2.59	79.8
Pennsylvania	454	1,226	19,561	15.96	345,516.93	281.82	17.66	8,874,694	3.89	62.1	407,684.57	332.53	20.84	4.59	73.2
West Virginia	577	418	6,658	15.93	130,148.10	311.36	19.55	3,841,666	3.39	54.0	153,563.84	367.37	23.06	4.00	63.7
Ohio	605	5,492	126,634	23.06	1,986,288.96	361.67	15.69	76,613,570	2.59	60.0	2,343,732.24	426.75	18.51	3.06	70.5
Indiana		1,057	31,865	30.15	596,826.72	564.64	18.73	26,479,815	2.25	68.0	704,229.38	666.25	22.10	2.66	80.2
Michigan	745	4,076	76,939	18.88	1,490,332.39	365.64	19.37	57,319,555	2.60	49.1	1,748,499.93	428.97	22.72	3.05	57.6
Illinois	1,005	4,711	110,216	23.40	1,970,414.98	418.26	17.88	110,767,080	1.78	41.6	2,324,992.38	493.52	21.09	2.10	49.1
Total	747	17,602	391,003	22.21	$6,702,394.87	$380.77	$17.14	292,217,930	2.29	51.0	$7,898,483.63	$44[illegible].73	$20.20	2.70	60.1
							EXPORT								
New York	435	1,733	47,301	27.29	$ 435,586.56	$251.35	$ 9.21	6,542,835	2.12	57.8	$ 513,991.80	$296.59	$10.87	2.50	68.2
Pennsylvania	454	6,699	226,659	33.83	2,144,725.38	320.16	9.46	102,903,186	2.08	70.5	2,530,721.43	377.78	11.17	2.46	83.2
West Virginia	577	259	7,377	28.48	95,992.03	370.63	13.01	4,256,529	2.25	64.2	113,263.85	437.31	15.35	2.66	75.8
Ohio	605	14,593	379,680	26.02	5,253,240.57	359.98	13.84	229,706,300	2.29	59.5	6,198,629.65	424.77	16.33	2.70	70.2
Indiana	831	3,595	78,141	21.74	1,501,142.55	417.56	19.21	64,935,171	2.31	50.2	1,767,741.46	491.72	22.62	2.72	59.2
Michigan	745	14,643	237,073	16.19	5,262,502.11	359.39	22.20	176,619,385	2.98	48.2	6,209,098.23	424.03	26.19	3.52	56.9
Illinois	1,005	10,521	237,020	22.53	4,664,482.76	443.35	19.68	238,205,100	1.96	44.1	5,511,932.70	523.90	23.26	2.31	52.1
Total	678	52,043	1,213,251	23.31	$19,357,671.96	$371.96	$15.96	823,168,506	2.35	54.9	$22,845,379.12	$438.97	$18.83	2.78	64.7

Note 1: Reflects present revenue based on revenue as assessed, increased 6% under Ex Parte 196, effective March 7, 1956, and 14% under Ex Parte 206 A, effective August 26, 1957, for 58.33% of total for first 7 months of traffic study and 14% or 41.67% of total for the last 5 months of traffic study. This is equivalent to an increase of 18% over the period covered by the traffic study.

4532

[fol. 4533]

I.C.C. Exhibit No. 109

Before the
INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615
EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

REBUTTAL TESTIMONY
of
JEROME GILBERT, TRADE ECONOMIST, THE PORT OF NEW YORK AUTHORITY

This statement is verified. Unless written request for cross examination is received by affiant or his attorney (S. H. Moerman, Investment Building, Washington 5, D. C.) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 4534] My name is Jerome Gilbert. I am the Trade Economist of The Port of New York Authority. I have previously testified in this proceeding and my verified statement, with supporting exhibits, is identified in this record as Exhibit No. 16. This exhibit includes my transportation experience and qualifications.

At page 234 of the record, counsel for the Baltimore Railroads questioned me with regard to the periods used in my Exhibit JG-13. As stated in my verified statement (Exhibit No. 16) at page 9, the comparison is between the calendar year 1951 and a statistical year beginning August 1, 1955 and ending July 31, 1956.

Counsel for the Baltimore Railroads also questioned me at page 235 with respect to the difference between the figures shown in my Exhibit JG-13 and those in Mr. Crookshank's (Exhibit 2). I assume that Mr. Langdon was referring to the figures shown in Mr. Crookshank's Exhibits AJ-13 and AJ-14. The differences are due to the following factors.

In the first place, my figures do not include the freight moving on the New Haven Railroad, whereas Mr. Crookshank's exhibit does include the freight carried by the New Haven Railroad.

In the second place, at the time I was preparing my Exhibit JG-13, I had available information only for the cars handled by the Erie and Lehigh Valley railroads for the calendar year 1951 and statistical year ending July 31, 1956.

In order to put them on the same tonnage basis as the New York Central and the D. L. & W., I converted the car [fol. 4535] totals of the Erie and Lehigh Valley for both periods into tons by using a figure of 28 tons per car. Mr. Mollman's Exhibit MLM-3 (Exhibit 51) at page 11 shows an estimated average weight of 27.85 tons per car, indicating that my 28 tons figure was fairly accurate. Subsequent to the time when my JG-13 was prepared, the Erie and Lehigh Valley Railroads developed the actual tonnage figures which were included in Mr. Crookshank's Exhibits AJC-13 and AJC-14. To the extent that there are differences between my exhibit and Mr. Crookshank's exhibits they are attributable to these two factors. However, since I used the same conversion figures for both periods, my

Exhibit JG-13 is accurate insofar as it shows a trend and percentage changes.

At pages 232 and 234 of the transcript, counsel for the Baltimore Railroads asked me for the names of persons on the four railroads who gave me the underlying data used. Actually, all this information was given to me by Mr. R. Keefe of the New York Central Railroad. I have since asked Mr. Keefe for the names of the persons who developed or gathered this information. For the New York Central, they were Messrs. Keefe, Noll and Monahan; for the Erie, they were Messrs. Bell, Van Clete and Smith; for the D.L. & W., Messrs. Stumpf and McGary; for the Lehigh Valley, Messrs., Calligan, Warnock and Carr.

[fol. 4536]

VERIFICATION

City of New York
State of New York ss.
County of New York

Jerome Gilbert, being duly sworn, deposes and says that foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: /s/ Jerome Gilbert

Subscribed in my presence and sworn before me
by the affiant above named on this
16th day of May, 1958

/s/ Mildred B. Bruno
Notary Public
My Commission expires 1960.

Seal

[fol. 4537]

I.C.C. Exhibit No. 110

BEFORE THE
INTERSTATE COMMERCE COMMISSION

I. and S. Docket No. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT
of
KENNETH COLE,
COST ACCOUNTANT,
THE NEW YORK, NEW HAVEN AND
HARTFORD RAILROAD COMPANY

New Haven, Connecticut
May 21, 1958

[fol. 4538] My name is Kenneth Cole. I am employed as Cost Accountant, The New York, New Haven and Hartford Railroad Company with headquarters at 54 Meadow Street, New Haven 6, Connecticut.

I entered the employ of the New Haven in 1919 in the Operating Department, Office of the General Superintendent in New York. I was transferred to the Division Accountant's Office in Boston in 1920 and to the General Offices in New Haven in 1928. Since that date I have held various positions in the Accounting Department.

My entire career of 38 years with the New Haven Railroad has been devoted chiefly to the preparation and analysis of statistical and cost data.

Witness Heywood's Exhibits JLH-1 and JLH-2 submitted in this proceeding undertook for import and export traffic to compare costs and revenues at Baltimore, Philadelphia, New York and Boston on selected commodities. These costs were composed of three factors, an interior terminal factor, a line-haul factor, and a port terminal factor, except that in the case of Boston no port terminal factor was shown.

In order to fill in the gap in his study with regard to Boston, I have made a study of the costs incurred by the New Haven Railroad at the Port of Boston and from this I have derived a cost per car of handling import and export traffic at Boston which, when modified by a supplemental per ton figure, reflects the New Haven's cost of handling [fol. 4539] import and export traffic within the Boston Terminal area.

In producing these terminal costs I have allocated system average Maintenance of Way and Structures costs per yard track mile for the three years 1955-1957 on the basis of such mileage in the Boston Freight Terminal and have adjusted wages and prices to 1957 levels. I have derived locomotive maintenance, depreciation, fuel and lubricants on the basis of the types of locomotives currently used at Boston Freight Terminal, and allocated these costs according to the May, 1957 yard switching locomotive miles at Boston Freight Terminal for each type of power unit studied. System transportation costs per yard switching mile have been allocated on the basis of Boston Freight

Terminal yard switching miles for May, 1957. System charges to Account 415 were apportioned according to the ratio of Boston Freight Terminal yard locomotive miles, May, 1957 to system locomotive miles, freight, for 1957. All other charges to operating expenses were based on system ratios in total freight expenses for 1957 applied to the basic study charges discussed above.

Charges to operating expenses, Railway Tax Accruals, and 6 percent interest on locomotives were reduced to a cost per switch engine minutes in the Boston Freight Terminal for May, 1957, and from this was derived a cost per car loaded with export or import freight (excluding scrap iron) originated or terminated in the Boston Freight Terminal in accordance with a switching time study made at [fol. 4540] the Terminal in March, 1958.

To these were added: (1) Per Diem applied to average car day detention on the subject freight, (2) real estate taxes, depreciation, rental and interest charges on the general yard operations portion of Boston Freight Terminal, (3) pier usage costs, and (4) station handling costs based on a special study.

From these I developed average fully distributed unit costs per car and per ton which, when combined, produce a Boston Terminal total cost per car. These unit costs for the New Haven Railroad at the Port of Boston are:

	Average Cost per car (a)	Average Cost per ton (b)
Box cars	$ 38.27	$ 3.22
Tank Cars	27.72	.15
Open Top Cars	44.82	.15

The Port of Boston total cost per car can be figured from the above by multiplying the cost per ton in column (b) by the weight of the contents of the car and increasing the result by the cost per car shown in column (a). Witness Heywood according to the work papers underlying his Exhibits JLH-1 and JLH-2 which work papers I have examined, developed similar cost elements on a per car and per ton basis for other ports.

Witness Warren has introduced an exhibit in this case which I have reviewed and which shows costs for various movements of box car traffic between Newport News—Norfolk and points in differential territory. It is possible to [fol. 4541] restate Mr. Warren's terminal costs for Newport News-Norfolk in the form used earlier in this statement regarding Boston and in the form used by Witness Heywood. The same is true of Witness Petterson's exhibit showing costs for various movements between Hampton Roads and points in differential territory. The costs shown by Witness Warren are confined, however, to box car traffic with a net load of 27.7 tons or 55,400 pounds. I have used such a net load and type of car as a basis on which to compare terminal costs at Boston, Philadelphia, Baltimore, Newport News-Norfolk and at Hampton Roads. Such a comparison follows:

Port Terminal	Box car traffic 27.7 tons net load average cost per car-Port Terminal costs
Boston	$ 127.46
Philadelphia (Witness Heywood)	126.99
Baltimore " "	111.44
Newport News-Norfolk (Witness Warren)	128.46
Hampton Roads (Witness Petterson)	131.48

On the basis of the above costs, with Boston with an index of 100, it is readily apparent that Boston port costs are at a midpoint among those of Baltimore (87.4%), Philadelphia (99.6%), Newport News-Norfolk (100.8%) and Hampton Roads (103.2%). Thus it is clear that the terminal costs on import and export traffic at Newport News-Norfolk and Hampton Roads exceed the New Haven's terminal costs at Boston. I make this comparison because it is my understanding that import-export rates between differential territory and these Virginia ports are lower than the New Haven's rates on such traffic to and from Boston.

[fol. 4542] I have produced from the above fully distributed unit costs for the New Haven at Boston the corresponding out-of-pocket costs by using 80 percent of operating expenses, rents and taxes, 50 percent of return on road property and 100 percent of return on equipment. On this basis which is that used by the Commission's cost section in its Form A studies, the New Haven's out-of-pocket terminal costs at Boston are as follows:

	Average Cost per car (a)	Average Cost per ton (b)
Box cars	$ 30.48	$ 2.60
Tank cars	22.05	.15
Open top cars	35.73	.15

Using the fully-distributed and the out-of-pocket unit terminal costs for the New Haven at the Port of Boston discussed above, I have completed for the Port of Boston the cost statement supplied by Witness Heywood in his Exhibits JLH-1 and 2 and have produced the consequent ratios of fully-distributed costs to revenues with respect to the commodities and movements covered by Exhibits JLH-1 and 2. I have likewise produced for these movements the ratios of out-of-pocket costs to revenues, using 80 percent of the line-haul and interior terminal costs that Witness Heywood shows in his Exhibits JLH-1 and 2. These ratios are set forth in appendices A and B attached hereto. As indicated by these appendices the aggregate ratios of cost to revenues with respect to these movements are as follows:

[fol. 4543]

	Ratio of out-of-pocket costs to revenues	Ratio of total costs to revenues
Import traffic	75.23%	93.89%
Export traffic	79.25%	98.88%

VERIFICATION

State of Connecticut,)
) ss.:
County of New Haven,)

Kenneth Cole, being duly sworn, deposes and says that he is Cost Accountant of The New York, New Haven and Hartford Railroad Company, respondent in the above-entitled proceeding; that he has read the foregoing verified statement, and knows the contents thereof; that the same are true as stated, except as to matters and things stated on information and belief, and that as to those matters and things he believes them to be true.

Kenneth Cole

Subscribed in my presence and sworn to before me by the affiant above named this 21st day of May, 1958.

J. F. Davies
Notary Public
My Commission expires April 1, 1962.

[Notarial Seal]

SUMMARY OF REVENUES, COSTS AND RATIOS

IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY VIA PORT OF BOSTON

Group No. (1)	Commodity (2)	No. of Cars (3)	Revenue (4)	Total Costs (5)	Ratio of Total Costs To Revenue (6)	Out-of Pocket Costs (7)	Ratio of out-of-pocket costs to Revenue (8)
35	Cotton, Linters	3	$ 1,124.00	$ 1,303.89	116.00%	$ 1,044.14	92.90%
75	Coffee	1	520.80	505.95	97.15	405.37	77.84
199	Prod. of Agri., Coconut	1	422.40	456.81	108.15	365.84	86.61
323	Clay, Ball or China	3	1,870.00	1,866.03	99.79	1,476.01	80.00
399	Prod. of Mines, Talc	3	1,139.20	1,324.23	116.24	1,061.28	93.16
415	Plywood	2	915.20	906.51	99.05	726.00	79.33
499	Prod. of Forests, Cork Waste	1	178.20	277.80	155.89	222.36	124.78
523	Rubber, Crude	1	637.00	457.56	71.83	366.75	57.57
545	Tanning Material (Divi.Pods)	3	1,890.80	1,522.03	80.50	1,219.30	64.49
555	Aluminum, Bar, Ingot, Pig	1	282.80	296.21	104.74	237.17	83.86
559	Copper, Bars, Ingots	2	1,650.00	1,237.99	75.03	992.51	60.15
571	Metal Alloys, Tin	1	545.20	422.25	77.45	338.36	62.06
583	Mfd. Iron and Steel	6	4,832.00	2,986.07	61.80	2,394.55	49.56
653	Wood Pulp	2	1,123.40	1,054.46	93.86	845.26	75.24
657	Newsprint	5	2,132.00	2,134.24	100.11	1,709.86	80.20
671	Wallboard	4	1,434.40	1,587.95	110.70	1,271.93	88.67
723	Burlap Bagging	2	798.00	784.97	98.37	628.72	78.79
735	Rope Cordage (Bale & Binder Twine)	5	1,251.60	1,656.96	132.39	1,326.57	105.99
759	Sugar	4	2,293.20	1,979.44	86.32	1,586.76	69.19
763	Food Prod. -N.O.S., Unfrozen	7	2,142.00	2,758.82	128.80	2,209.22	103.14
		57	$27,182.20	$25,520.17	93.89%	$20,447.96	75.23%

APPENDIX B

SUMMARY OF REVENUES, COSTS AND RATIOS
EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY
VIA PORT OF BOSTON

Group No. (1)	Commodity (2)	No. of Cars (3)	Revenue (4)	Total Costs (5)	Ratio of Total Costs To Revenue (6)	Out-of Pocket Costs (7)	Ratio of out-of Pocket Costs to Revenue (8)
1	Wheat	2	$ 880.00	$ 1,405.82	159.75%	$ 1,127.03	128.07%
3	Corn	2	880.00	1,478.33	167.99	1,185.03	134.66
15	Wheat Flour	1	379.50	539.25	142.09	432.06	113.85
17	Corn Meal	1	438.70	665.61	151.72	533.33	121.57
45	Soybean Oil Meal	2	725.20	1,076.29	148.41	862.54	118.94
103	Malt	1	360.80	642.73	178.14	515.11	142.77
215	Fresh Meats	1	748.00	483.27	64.61	387.09	51.75
217	Meats, Cooked (cured or preserved)	1	377.20	355.66	94.29	285.09	75.58
219	Packing House Prod. (Lard)	1	360.80	351.63	97.46	281.84	78.12
229	Butter	1	528.20	477.49	90.40	382.43	72.40
231	Cheese	1	715.20	514.64	71.96	412.31	57.65
239	Hides and Skins	1	941.60	651.60	69.20	522.20	55.46
299	Animal Tallow	1	509.60	463.92	91.04	371.63	72.93
505	Lubricating Oil	1	336.00	352.18	104.82	282.19	83.99
515	Soybean Oil	1	663.40	546.93	82.44	438.16	66.05
539	Fertilizer (Ammonium Sulphate)	2	1,057.28	1,357.90	128.43	1,088.74	102.98
549	Plastics	2	1,508.00	990.21	65.66	793.28	52.60
575	Billets, Iron and Steel	1	532.00	413.44	77.71	332.12	62.43
583	Plates, Sheets	5	3,018.40	2,616.97	86.70	2,099.73	69.56
587	Iron and Steel Pipe	3	1,262.80	1,189.27	94.18	954.74	75.61
591	Agricultural Implements	1	415.00	428.20	103.18	343.19	82.70
595	Machinery	2	936.00	749.85	80.11	600.71	64.18
613	Autos, Passenger, S. O.	5	1,897.75	1,344.45	70.84	1,075.83	56.69
623	Vehicle Parts	1	769.60	481.41	62.55	385.88	50.14
627	Tires and Tubes	2	610.40	601.09	98.47	481.27	78.85
659	Printing Paper	1	423.20	438.71	103.66	351.38	83.03
669	Pulpboard	2	782.40	806.31	103.06	645.94	82.56
697	Glass Bottles	1	273.60	374.67	136.94	300.03	109.66
707	Refrigerators	1	356.00	357.79	100.50	286.34	80.43
763	Food Prod. N.O.S. Unfrozen (Milk)	1	390.00	429.06	110.02	343.74	88.14
773	Feed, Animal or Poultry	2	726.40	952.75	131.16	763.46	105.10
		50	$23,803.03	$23,537.43	98.88%	$18,864.42	79.25%

[fol. 4546]

I.C.C. Exhibit No. 113

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney not later than ten days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before The

INTERSTATE COMMERCE COMMISSION

I. & S. DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

VERIFIED STATEMENT OF W. F. FRENCH

[fol. 4547]

Before the

INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket #6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

TESTIMONY OF W. F. FRENCH

My name is Wesley F. French. I am Manager of Rate Cost Studies and Statistics of the New York Central System with offices at 466 Lexington Avenue, New York, N.Y. In this capacity I have jurisdiction over the preparation of cost studies involving freight and passenger operations, operating statistical statements and annual reports to the Interstate Commerce Commission, various Public Service Commissions and regulatory bodies, and to the shareowners. I have held my present position since it was created December 15, 1956. Prior to that time I was Assistant to Comptroller for seven (7) years, and my experience with the New York Central System, which has been in various capacities in the office of the Comptroller, extends over twenty-eight (28) years.

I am appearing on behalf of the respondent railroads which serve the ports of New York, Boston, and Portland, Me., together with intermediate ports thereto, in support of the tariffs of these railroads which seek to establish import and export rates between New York, Albany, Boston [fol. 4548] and ports north thereof on the one hand, and that portion of Central Territory known as differential territory on the other hand, the same as the import-export rates between Baltimore and differential territory.

My first exhibit No. —— (WFF-1) is Exhibit No. 50 (JLH-5) restated. It shows the revenues, *restated* out-of-pocket costs, and operating ratios for movements of *import* traffic terminating in differential territory via the Port of New York.

My second exhibit No. —— (WFF-2) is Exhibit No. 50 (JLH-6) restated. It shows the revenues, *restated* out-of-pocket costs, and operating ratios for movements of *export* traffic originating in differential territory via the Port of New York.

Each of these exhibits is a restatement as indicated of the Protestants' exhibits (JLH-5 and JLH-6) generally adjusted for some of the more obvious inconsistencies and errors as follows:

1. Adjustment of linehaul out-of-pocket cost to exclude marine cost.

2. Adjustment of interior terminal cost to exclude marine cost.

3. Adjustment of interior terminal cost to exclude carload platform cost.

4. Restatement of out-of-pocket port cost on the basis of out-of-pocket percentages for primary accounts developed by the Commission in connection with Ex Partes 28300 and 28310.

5. Adjustment of the port cost with respect to PRR port cost entitled "Trucking In Lieu of Lighterage".

[fol. 4549] 6. The PRR procedure followed in determining costs for box cars and open top cars at Jersey City and Greenville.

7. Restatement of the index used by the Protestant Lines to adjust the port cost to the level of January 1, 1958.

8. Restatement of linehaul, inland terminal, and port costs, which include a 6% return, to include a 4% return.

1. *Adjustment of Line-Haul Costs.*

The line-haul costs shown in the protestant roads' study are based upon the rail line Form A costs for the Eastern District railroads for the year 1955, adjusted to the cost levels of January 1, 1958. Inasmuch as the methods prescribed by rail line Form A result in a certain amount of marine costs being chargeable as line-haul, and inasmuch as the protestant roads have made a special study of their marine costs at the ports, it was acknowledged by protestant lines that proper adjustment should be made to eliminate such marine expenses. The results of this correction are shown at pages 1551 and 1552 of the record. This adjustment has been incorporated in my restatement.

2. *Adjustment of Inland Terminal Costs—Marine Costs.*

For reasons similar to those outlined under item 1 above, and using the basis for correction as above indicated, I have adjusted the inland terminal cost to exclude the marine cost elements which are present in it due to the methods and procedures of rail line Form A.

[fol. 4550] 3. *Inland Terminal Costs—Carload Platform Expense.*

The inland terminal costs are adjusted to eliminate carload platform expense for the reason that such expense occurs at the ports and may be presumed to have been included in the port costs. I have determined that for the New York port lines, other than the protestants, carload platform expense is at the ports and not at inland terminal points.

4. *Restatement of Out-of-Pocket Port Cost.*

Use of the actual out-of-pocket percentages for the port costs in lieu of the overall territorial average figures which apply to total costs, has been done so as to better reflect that portion of port expenses which are variable with the volume of port traffic handled. The percentages used by Witness Heywood; that is, 80% for operating expenses, rents, and taxes, 100% for return on investment in equipment, and 50% for return on investment in the road items, are broad territorial average relationships and, as such, I have no objection to these figures. However, I do question the propriety of applying them in an instance such as this, where we are dealing with a specialized operation and specialized property as in the case of the New York port terminal. The costs of the New York port terminal comprehend the operation of tugs, lighters, and car floats, the wharves and docks necessary for their operation, as well as the land and auxiliary facilities. There is no question but that insofar as the shore facilities are concerned, there is substantial unused capacity and, therefore, the addition of even large amounts of traffic would have very moderate [fol. 4551] effect on the cost. With respect to the floating equipment, I have considered that insofar as the investment in the tugs, car floats, and lighters are concerned, that these expenses would be directly variable with traffic changes over the long run. In connection with the repairs to the equipment, I have considered that additional traffic which uses such existing equipment would occasion very little additional expense.

Thus in the determination of the out-of-pocket portions of the New York port terminal expenses, I have relied on the basis which was used by the Cost Finding Section in prior cases. The Cost Finding Section formerly developed out-of-pocket costs by applying out-of-pocket or variable portions to each individual item of expense. This procedure was abandoned for two reasons, 1/ it was found that the total expenses for railroads having different traffic densities could be measured and, in that way, obtain the variability of expenses with changes in traffic volume on a broad basis for all accounts combined, 2/ it also was found that the use of individual accounts required a considerable amount of work.

As stated before, no objection is made to the broad percentages which the Cost Section uses for overall application. I do question the validity of the application of these broad percentages to such highly specialized operations as are performed in the New York or other port areas.

I have considered investment in floating equipment to be directly variable in the long term with the amount of traffic handled. On the other hand, I have considered that [fol. 4552] repairs to the floating equipment are 10% variable with changes in traffic volume. Insofar as repairs is concerned, my treatment of 10% of these expenses as being variable with changes in traffic volume is predicated on the fact that little increase in the repair expense will be due to changes in the volume of traffic handled on existing equipment. In other words, if five (5) cars on the average are being handled on the present fleet of car floats it is obvious that if seven (7), eight (8), or even ten (10) cars are handled on these car floats there would be only relatively little increase in the maintenance costs. Likewise additional tons could be handled up to lighter capacity without seriously raising maintenance costs. On the other hand, treatment of floating equipment investment as being 100% variable is on the assumption that substantial increases in traffic would occasion the addition of more floating units in the long term.

While 100% for the out-of-pocket portion of investment in floating equipment may be high, it is used in the absence of any available breakdown of the overall 100% ration on all equipment investment to investment in floating equipment only. Therefore, floating equipment investment is treated in this respect the same as any other equipment investment; whereas, it is altogether probable that the floating equipment ratio itself, would not be as high as 100% but might be 50% or less because of the large degree of unused capacity generally present in the lighter and carfloat supply.

[fol. 4553] When it became evident that a restatement to an out-of-pocket basis was necessary in order that the Commission might be suitably informed as to the port costs at New York, the respondent lines called for the protestants' workpapers underlying their port cost studies. It was found that while, as Witness Heywood indicated, the studies of the B&O, CNJ, and PRR may have been developed on similar principles, nonetheless the working procedures used by these railroads differed significantly. The Pennsylvania made extensive use of primary operating expense accounts. However, the B&O and CNJ did not use primary expense accounts to any appreciable extent but, instead, identified numerous expenses and costs by functional areas. Thus, individual out-of-pocket percentages for the primary operating expense accounts could be applied only against the PRR study. However, the results of these applications indicated an overall out-of-pocket operating expense ratio of 58% and an overall out-of-pocket return on investment ratio of 67%. This contrasts with protestants' use of 80%

as the overall out-of-pocket operating expense ratio and 80% as the overall out-of-pocket return on investment ratio. Since similar out-of-pocket computations could not be made for the B&O-CNJ study, there was no recourse except to apply the overall PRR percentages. By this method, the protestants' overall New York port expenses were adjusted to determine the out-of-pocket portion.

[fol. 4554] 5. *Adjustment of the PRR New York Port Cost with respect to "Trucking in Lieu of Lighterage".*

The New York port costs contained on the protestant lines' exhibits include, insofar as the PRR is concerned, elements of float bridge expense and marine carfloat expense considered by the PRR as "trucking in lieu of lighterage". These costs were stated on a "per ton" basis. Inasmuch as it is obvious that no "trucking in lieu of lighterage" actually could be performed on traffic in movement over the float bridge or on the carfloat in railroad freight cars, and that in spite of its designation, this traffic is in no way different from any other rail traffic handled over the float bridge or on the carfloat, I feel it should have been accorded the same basis of cost as was given the other carfloat traffic, i.e. stated on a "per car" basis. I have made this adjustment and it is included in the restated port cost.

Protestants have acknowledged the propriety of this adjustment as may be noted by reference to page 1562 of the transcript.

6. *Adjustment of the Pennsylvania Railroad Port Costs for Box and Open Top Cars at Jersey City and Greenville.*

In computing the marine costs associated with the movement of box cars and open top cars to or from Jersey City and Greenville (N.J.) the PRR combined costs for both facilities into one total and then divided this total between box cars and open top cars on the basis of the tonnage handled by each type of car. The adjustment I have made [fol. 4555] follows this same procedure, except that I have dealt with Jersey City and Greenville costs separately. In other words, I first separated the Jersey City cost between box cars and open top cars on the basis of the tonnage associated with Jersey City, then I likewise separated the cost at Greenville on the basis of the tonnage associated with Greenville.

7. Restatement of the Index to Adjust Port Costs to January 1, 1958.

The computations made by the protestant lines in developing their index contained an error with respect to "Net Rents Payable". This item had been handled as a credit to expense, whereas it should have been handled as an item of additional expense. This adjustment has been made. Also, fuel and materials and supplies expenses were combined and a combined index factor was developed. In my readjustment, I have computed an index factor for fuel and another index factor for materials and supplies. This approximates the adjustment procedure used by the Cost Section in connection with adjusting Rail Line Form A.

8. Restatement of the 6 Percent Return to a 4 Percent Return.

In computing return on investment for road and for equipment included in the line haul, inland terminal, and port terminal costs, the protestant lines used a return of 6 percent. I have substituted a return of 4 percent. In doing this, I have relied upon the Commission's decision in I.&S. Docket 6679, *Switching Charges at Detroit, Michigan,* decided June 5, 1957, where at Sheet 12 the Commission stated:

> "* * * the costs have been restated on the basis of a return of 4 percent which more nearly approaches the return being earned by the respondent and the railroads as a whole operating in Official Territory."

[fol. 4556] Protestants' exhibits have attempted to show that the traffic handled by the New York railroads is handled at an out-of-pocket loss. Even before considering the adjustments as mentioned above, protestants' exhibits show an almost equal amount of revenues and out-of-pocket costs, and therefore operating ratios of approximately 100% as follows:

	Total Freight Revenue	Total Out-of-Pocket Cost	Ratio of Out-of-Pocket Costs to Revenues
Import	$111 623 38	$112 153 54	100.5%
Export	186 527 35	185 832 83	99.6%
Total	$298 150 73	$297 986 37	99.9%

Adjusting the protestants' exhibits as indicated above, the out-of-pocket costs are reduced to a point where the revenues substantially exceed them, and the operating ratios become approximately 81%, as follows:

	Total Freight Revenue	Total Out-of-Pocket Cost	Ratio of Out-of-Pocket Costs to Revenues
Import	$112 325 68	$ 90 450 37	80.5%
Export	186 527 35	151 290 41	81.1%
Total	$298 853 03	$241 740 78	80.9%

Thus, it is evident that for the traffic selected by the protestant the over-all result indicates a profitable operation and a reasonable revenue contribution.

Although the average costs shown in my restatement are considerably lower than those in the protestants' exhibits, they are still substantially overstated. This is because several additional adjustments, all of which would have further reduced these costs, were not made, either because the necessary information was not furnished or because [fol. 4557] the effect of such adjustments could not be satisfactorily determined.

In reviewing the protestant lines' costs for the Port of New York the need for additional adjustments became apparent and which, had sufficient information been available as requested or if the protestant' studies could have been further modified to reflect these adjustments, I would have included in my restatement. In this category are the following:

1. A discrepancy between the count of cars moving during September 1956, to and from the PRR's West 12th Street piers.

2. With respect to loaded import-export cars, the September 1956 yard study week used by the PRR was 58% below average September 1956 week.

3. 145.760 tons were handled at New York during September 1956. This is 23% below the average 1956 month which amounted to about 190.000 tons.

4. The protestants' harbor operations as studied are not representative of the harbor operations of the other New York lines with respect to lighterage, car floatage, trucking-in-lieu-of-lighterage and ship to car.

5. The lighterage yard costs reported by the Central of New Jersey at Jersey City are disproportionately high due to low utilization.

6. Icing charges were included in the PRR costs even though there was no import-export perishable traffic.

[fol. 4558] 7. The exclusion of a substantial amount of bulk traffic by the protestant lines on the grounds that such traffic is not representative.

8. The disproportionate relationships in the traffic samples included in Protestants' exhibits with respect to the actual movement of such traffic through the Port of New York during the study year.

9. Insufficient credit allowances arising from accessorial revenues at the Port of New York versus the large credits from similar revenues at the Port of Baltimore.

10. Overstatement of B&O floating equipment maintenance costs.

—o—

1. According to PRR's September 1956 study 4,662 cars moved to or from West 12th Street. Based on the September 1956 data abstracted from the annual Vessel Operation Report and furnished by PRR as requested, 5,488 cars moved. Obviously, 5,488 cars instead of 4,662 cars result

in considerably lower costs per car on floatage to or from West 12th Street.

2. PRR yard cost work sheets indicate that a switching study was made during the week of September 25 to October 1, 1956. During this week 304 loaded cars of import-export freight were studied. This averages 43 such cars per day. On the other hand, during September 1956, 3,135 loaded import-export cars, or an average of 105 cars per day, passed through the yard facilities. From this it can be seen that in the ~~terms~~ of import-export cars the yard study [fol. 4559] week represented only about 42% of the average September week, or less than 10% of the whole month. This particularly low yard utilization with respect to import-export traffic hardly can be considered as representative of September itself, for the following reasons:

PRR has advised that all cars at the yards during September 1956, were given 238,418 car-handlings, against 3,016,400 handlings during the year 1956. Thus on this basis September, itself, appears to be fairly average, and this fact indicates that some unusual circumstances might be present with respect to import-export cars. Numerous times throughout cross-examination of PRR cost and operating witnesses, the respondent lines requested the number of cars given handlings for the week of September 25 to October 1, 1956 and for the month of September, 1956 at these yards for comparison with the 304 and 3,135 import-export cars given handlings. In this way it was hoped to gauge the representativeness of the import-export car movement. The requested data have never been furnished. Instead, PRR provided the amounts of car-handlings given these cars, mentioned above. Therefore, using such information as has been made available, I can only conclude that September probably was fairly normal with respect to the average month of the year as long as the number of handlings per car did not vary greatly and, if so, the 3,135 loaded import-export cars passing through these [fol. 4560] yards during September may be presumed to be normal also. On this basis, the study week is seriously understated with respect to import-export cars, and probably with respect to all cars.

3. The protestant lines used 145,760 tons handled in September 1956 in connection with developing the New York port costs. Protestant lines' exhibit No. 51 (Exhibit MLM-2, pages 32 and 96) shows that the protestant railroads handled 2,318,644 tons of import-export traffic during the year 1956, or an average of about 190,000 tons per month.

The difference between the 145,760 tons used for September 1956, and the 190,000 tons handled by the study roads in an average month, is evidently attributable to two reasons: 1/ The month of September was evidently subnormal traffic-wise for the B&O. For the year 1956, the B&O handled 318,145 tons of import-export freight (R. 1548) or about 26,500 tons per month. In its cost study, however, the B&O tonnage of 11,647 tons (R. 1631) was 14,853 tons less than the average month of 1956. This, of course, greatly inflated unit costs based on this smaller tonnage. 2/ The study roads excluded some low-cost tonnages from their study in computing their costs. From the September 1956 total, there were excluded some 14,288 tons of scrap iron and 13,743 tons of ores handled by the CNJ during that month.

4. During September 1956 the protestant carriers show [fol. 4561] in their port cost study that they handled only 145,760 tons of railroad import-export traffic, which is about one-third of total such traffic. This means that two-thirds of the traffic is handled by the other railroads and has not been properly costed. The importance of this can be seen when it is realized that for the protestant railroads, lighterage traffic, which is generally the highest cost, constituted 87.6 percent of the total traffic; car floatage constituted 2.2%; and, trucking in lieu of lighterage, 10.2%. There was no direct ship to car traffic, which is usually low cost. On the other hand, the other New York harbor lines (NYC, Erie, DL&W and New Haven) show that during September 1956 lighterage amounted to 70.4%, car floatage constituted 5.9%, trucking in lieu of lighterage 10.7%, and direct ship to car 13.0%. This means that if consideration is given to the harbor services performed by these other New York lines the terminal costs at New York de-

veloped by protestant carriers would be reduced. As noted above, the protestants' cost study does not include any direct ship to car traffic, nor does it include any direct car to ship traffic. It seems likely that sizable amounts of this traffic would have been included had the Port Newark area been covered by the cost study. Inasmuch as this area is an integral part of the New York Harbor operation, being within the free lighterage limits and located between the PRR Waverly Yard and Greenville Pier facilities, it is difficult to understand why it was omitted. Had it been included, large volumes of bulk and direct transfer traffic [fol. 4562] would have been studied, most of which would have moved between shore and ship without the use of lighters, etc., and could be presumed to be a somewhat lower cost operation than the portion of the New York Harbor operation covered by the protestants' cost study.

5. The cost per loaded car at the CNJ lighterage yard at Jersey City is shown in the working papers of the CNJ as $33.85. Of this, real estate taxes amount to a little less than $18 per loaded car. During the month of September 1956, only 1,297 loaded cars were reported at the lighterage yard. This lighterage yard covers an area of some 77 acres (see pages 1399 and 1400 of record). It would appear that a 77 acre yard handling only 1,297 loaded cars per month must have a very high degree of unused capacity, or be used for purposes other than the switching of cars. A visit to this yard indicated that extensive areas are used for the storage of iron and steel, either on the ground or in cars. In fact, considerable ground area has apparently been left between the tracks for this purpose. I am unable to determine to what extent, if any, credit has been given in this study for the storage of iron and steel in this yard. Judging from the size of the yard cost however, it would appear that either very little revenues are derived from steel storage or very little credit for them has been given.

[fol. 4563] 6. The PRR's yard study included a cost for icing cars. While the effect of this cost item was minor, it was entirely inappropriate as there were no import-export refrigerator car movements involved. Later it was indicated at page 1563 of the record, that the costs of icing amounting to 10 cents per car should be excluded from the yard costs.

7. By reference to page 1552 of the record, it will be found that the CNJ study omitted 14,288 tons of export scrap iron and 13,743 tons of import ore. At page 1549, testimony is given stating that these tonnages moved over CNJ Pier #7 and were handled directly between ships and cars. As in the case of the Port Newark area traffic, had this been included there would have been a downward revision of the harbor costs and, also, it would have provided data as to direct car to ship and direct ship to car operations. There is no way of evaluating the cost effect of these omissions except to say that in all probability the New York port costs are stated at somewhat higher levels than would be the case otherwise. This is evident for the reason that the omitted 28,031 tons of scrap iron and ore is equivalent to more than 19 percent of the total import/export tonnage reported as studied by the protestant lines at the Port of New York during September 1956.

8. In various instances the protestant lines' exhibits show a disproportionate number of sample shipments when measured against actual traffic movements. Commodity No. 3, Corn, is an example of this. The protestant roads handled only 661 tons of such traffic (see Witness Mollman's Ex- [fol. 4564] hibit No. MLM-2) and, of this, it is highly probable that very little was bagged corn such as Protestants' exhibit shows. Protestants' exhibit sets forth six (6) car movements of bagged corn at 30 tons each, for a total of 180 tons. This is equivalent to 27 percent of the protestant lines' entire corn tonnage for the year. In contrast, the protestant lines handled 33,646 tons of wheat during the traffic study year from differential territory. Protestants' exhibit, however, includes only 221.6 tons or about 0.7% of the year's tonnage.

Below is a tabulation of commodities which are included in Protestants' exhibits but which received no movement between the Port of New York and differential territory during the traffic study year:

IMPORT TRAFFIC COMMODITY		No. of car movements in Protestants' Cost Study	No. of car movements in Protestants' Traffic Study	
			TO Differential Territory	TO ALL Territories
311	Aluminum Ore and concentrates	1	0	0
323	Clay and bentonite	3	0	4
339	Asphalt	3	0	1
633	Cement natural or portland	4	0	1
	EXPORT TRAFFIC		FROM Differential Territory	FROM ALL Territories
43	Soybeans	4	0	0
47	Vegetable and nut oil cake and mill N.O.S.	2	0	1
399	Products of Mines N.O.S.	1	0	9
539	Fertilizers N.O.S.	2	0	16

[fol. 4565] 9. I would like to point out that for some commodities the protestant roads' study does not appear to make proper allowances for accessorial operations from which revenues are derived by the railroads. For example, again I have in mind the movement of export corn into New York. From differential territory 66,393 tons of export corn were handled through New York during the traffic study year, of this the NYC moved 61,631 tons. Most of this corn went to the NYC's grain elevator at Weehawken, N.J. and, there, some of it was bagged. For this bagging operation the Central received accessorial revenue. Very little, if any, of this corn was received at New York as other than bulk shipments. Therefore, the greater part of the movement of corn into New York is not accurately reflected by the protestants' exhibit which deals only with bagged corn. There is no generally representative cost for handling corn at New York before the Commission in this proceeding. For that matter, there is no representative cost for handling any specific commodity at New York determinable from protestants' exhibits. This treatment of the export corn traffic at New York is in sharp contrast to the treatment of the cost of handling grain at Baltimore which resulted in an overall net credit of 14 cents per ton due to greater revenue elements being included in the "cost" than cost elements. It should be noted that none of the protestants participating in the cost study at New York have grain elevator facilities.

In addition, there are loading charges at New York Harbor for Commodity #499, which includes mahogany [fol. 4566] logs and lumber. At the Ex Parte #206 level loading charges are made at the rate of $1.25 per net ton for open top cars and $2.49 per net ton for box cars. Witness Heywood's data did not include credit for these items.

10. Another adjustment which should be made to reflect a more accurate picture is in connection with the Baltimore & Ohio's maintenance costs for floating equipment. The work papers indicate that the Baltimore & Ohio's "floating equipment maintenance" was based on a three-year average, 1953-55 for floats and barges and a four-year average, 1953-56, for tugs. The total shown in the Baltimore & Ohio's annual reports to the Commission for the years 1953, 1954, 1955 and 1956 in Account No. 323, "Floating Equipment Repairs" was $1,040,050, $976,920, $571,676, and $590,147, respectively. By going back to the years 1953 and 1954, the B&O greatly inflated the costs for September, 1956, as shown in the protestants' study. The marine maintenance cost attributed to the B&O's total traffic at New York for the month of September, 1956, was $65,240, whereas the B&O's average monthly cost in 1956 for marine maintenance was less than $50,000 for all traffic at all ports. In computing its marine maintenance costs at New York, the PRR used a year ending September 30, 1956 (R. 1563), and in computing its other expenses the B&O evidently used 1956 figures. By using a 3-year or 4-year average going back to 1953, the B&O obviously inflated its marine maintenance costs by many thousands of dollars.

[fol. 4567] It is obvious even from a cursory review of Protestants' exhibits that the one most dominant cost is the "port" cost. The protestant roads' purportedly have made a study of their New York port terminal operations so as to find their costs for handling import-export traffic. However, they then use these cost findings as though they could apply generally to all New York Harbor lines. Actually, during the period of the traffic study, the protestant roads moved less than one-third of the railroad import-export tons at New York. Further, they have either excluded from their study or overlooked completely, large quantities of bulk commodities. This has had the effect of excluding direct ship-shore transfer of cargo, such as would be performed at the CNJ facilities at Jersey City or in the Port Newark area. However, certain of the other New York lines do have such facilities and, in addition, several of the commodities to which New York port costs have been assigned by Protestants, are handled at such facilities. Therefore, the omission of costs for this type of operation resulted in substantial overstatements of the New York port costs inasmuch as this low-cost handling accorded bulk commodities was not included. Likewise, the degree of applicability of the protestant lines' costs to the general traffic operations of the harbor is considerably diminished. For example, the NYC handles much of the bulk traffic in New York Harbor represented by commodity classes 311, 317, and 319. At the pier, the operation involves unloading [fol. 4568] the ores from ships directly into railroad cars by means of cranes equipped with clam shell buckets. This operation requires a minimum of labor and, indeed, it is performed for Central by a stevedoring company for charges of 95 cents per ton. However, the kind of port costs included by Witness Heywood in his exhibit with respect to these commodities contemplates, insofar as the pier operation is concerned, the use of labor to remove the cargo, handle it over the pier, and load it into railroad cars, all on a piece-by-piece basis. In other words, the station operation is almost the same, if indeed not the same, as would be accorded "package" freight. This seems to be so completely an unrealistic concept with respect to bulk freight handling at a modern port, that it recalls the idea of coolies swarming over a ship to tediously unload its bulk cargo in baskets.

Ordinarily, Form A line-haul costs and perhaps even inland terminal costs of handling any particular commodity will probably not vary too much from the average costs of performing such service in a district. When it comes to port terminal costs, however, the costs of handling particular commodities may vary tremendously from the average costs. For example, although protestants' exhibits indicate an average port terminal cost at New York of $8 per ton and my restatement shows about $6 per ton, I doubt seriously that the costs of handling ore at the Port of New York would be as high as any of these. In fact, the Commission in *Iron Ore From Eastern Ports to C.F.A. Points*, 299 I.C.C. 195, found that the total out-of-pocket costs for hauling iron ore from New York to Youngstown [fol. 4569] and other C.F.A. points would be only $2.647 per ton; a fraction of the amount protestants attribute as the port terminal costs for handling ores at New York. At the other extreme, the PRR's work papers indicated that the station costs for handling predominantly forwarder traffic at West 12th Street exceeded $11 per ton. Both ores and forwarder traffic may be handled at reasonable profits at New York, but if the average port costs at New York are included in the total costs to be compared with specific revenues from ores and from forwarder traffic, ores show a loss and forwarder traffic appears excessively profitable, neither of which would necessarily be true.

In any large commodity group adjustment such as this one, the rates on some particular commodity or between two particular points may actually be noncompensatory. It may be that some of the rates in this group do not meet out-of-pocket costs, where the Commission because of public policy or for other reasons did not allow them to be increased sufficiently in recent years.

Any reasonable doubt as to the compensatory nature of the proposed New York rates as a whole should be dispelled by the figures shown in Witness Keefe's Exhibits No. 1-4. Those exhibits show that on the import-export traffic actually moving through New York, the revenues are ~~$9.11~~ $9.30 per ton higher than the revenues on the traffic actually moving through Baltimore. Even on the basis of protestants' original exhibits (JLH 1 and 2 Revised) showing a higher [fol. 4570] cost at New York of only $7.81 per ton, the traffic actually moving through New York is more remunerative than the traffic actually moving through Baltimore, which Witness Heywood stated at pages 1463 and 1464 of the transcript was compensatory.

[fol. 4571]

VERIFICATION

County of New York)
) ss.
State of New York)

W. F. French, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

W. F. French

Subscribed in my presence and sworn to
before me by the affiant above named
this 22nd day of May 1958

Frederick B. Overbaugh, Jr.
Notary Public, State of New York
Qualified in Westchester County
No. 60-2988550
Certificate filed in New York County
Commission Expires March 30, 1959

Exhibit No.______(WFF-1)

Affiant: W. F. French

Before The

INTERSTATE COMMERCE COMMISSION

I & S DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

REVENUES, RESTATED OUT-OF-POCKET COSTS AND RATIOS COVERING MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

4572

May 1958

466 Lexington Avenue
New York 17, N. Y.

Revenues, Restated Out-of-Pocket Costs and Ratios
Covering Movements of
Import Traffic Terminating in Differential Territory
via
Port of New York

Commodity Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destinations (5)	Short Line Miles (6)	Freight Revenues 2/ 1/Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Port (10)	Out-of-Pocket Costs Terminal Destination (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
19	Flour, Edible, N.O.S.	Box	34.2	Cleveland, O.	552	$.91	$622.44	$166.40	$202.63	$25.82	$394.85	63.4%
		Box	34.2	Parkersburg, W.Va.	520	.80	547.20	156.76	202.63	25.82	385.21	70.4
35	Cotton Linters, Noils & Regins											
	Cotton Waste	Box	20.6	Chicago, Ill.	880	.86	354.32	232.10	133.14	25.82	391.06	110.4
	" "	Box	20.6	Kenosha, Wisc.	895	.86	354.32	236.05	133.14	25.82	395.01	111.5
	" "	Box	20.6	Flint, Mich.	647	.77	317.24	170.64	133.14	25.82	329.60	103.9
	" "	Box	20.6	St. Louis, Mo.	1,030	.91	374.92	271.66	133.14	25.82	430.62	114.9
	" "	Box	20.6	Grand Rapids, Mich.	757	.80	329.60	199.65	133.14	25.82	358.61	108.8
	" "	Box	20.6	Detroit, Mich.	621	.73	300.76	163.79	133.14	25.82	322.75	107.3
51	Bananas, Fresh	Refgr.	10.4	Detroit, Mich.	621	1.49	309.92	222.53	51.46	22.23	296.22	95.6
	" "	Refgr.	10.4	Columbus, O.	611	1.49	309.92	218.95	51.46	22.23	292.64	94.4
	" "	Refgr.	10.4	Pittsburgh, Pa.	426	1.29	268.32	152.65	51.46	22.23	226.34	84.4
	" "	Refgr.	10.4	Indianapolis, Ind.	789	1.60	332.80	282.73	51.46	22.23	356.42	107.1
	" "	Refgr.	10.4	Huntington, W.Va.	649	1.49	309.92	232.56	51.46	22.23	306.25	98.8
71	Fruits, Dried, Dehydrated, Evaporated, N.O.S.											
	Fig Paste	Box	22.1	Chicago, Ill.	880	.82	362.44	235.76	140.80	25.82	402.38	111.0
	" "	Box	22.1	Columbus, O.	611	.72	318.24	163.69	140.80	25.82	330.31	103.8
	" "	Box	22.1	St. Louis, Mo.	1,030	.99	437.58	275.94	140.80	25.82	442.56	101.1
	Dates	Box	22.1	Louisville, Ky.	824	1.27	561.34	220.75	140.80	25.82	387.37	69.0
	"	Box	22.1	Urbana, O.	655	.76	335.92	175.48	140.80	25.82	342.10	101.8
	Dried Fruit	Box	22.1	Chicago, Ill.	880	1.36	601.12	235.76	140.80	25.82	402.38	66.9
75	Coffee	Box	24.8	Cincinnati, O.	714	.81	401.76	196.63	154.60	25.82	377.05	93.8
	"	Box	24.8	Chicago, Ill.	880	.91	451.36	242.34	154.60	25.82	422.76	93.7
	"	Box	24.8	Louisville, Ky.	824	.91	451.36	226.92	154.60	25.82	407.34	90.2
	"	Box	24.8	St. Louis, Mo.	1,030	1.09	540.64	283.65	154.60	25.82	464.07	85.8
	"	Box	24.8	Etna, Pa.	426	.64	317.44	117.32	154.60	25.82	297.74	93.8
91	Beans and Peas, Dried	Box	25.5	Austin, Ind.	802	.87	443.70	222.42	158.18	25.82	406.42	91.6
	" " "	Box	25.5	Chicago, Ill.	880	.93	474.30	244.05	158.18	25.82	428.05	90.2
107	Seeds, N.O.S.											
	Annuto	Box	17.4	Madison, Wisc.	950	1.47	511.56	242.13	116.78	25.82	334.73	75.2
	Mustard	Box	17.4	Terre Haute, Ind.	861	1.15	400.20	219.44	116.78	25.82	362.04	90.5
	Grass	Box	17.4	Columbus, O.	611	.91	316.68	155.73	116.78	25.82	298.33	94.2
	"	Box	17.4	Louisville, Ky.	824	1.09	379.32	210.01	116.78	25.82	352.61	93.0
	Canary	Box	17.4	Chicago, Ill.	880	1.27	441.96	224.29	116.78	25.82	366.89	83.0
	"	Box	17.4	Milwaukee, Wisc.	871	1.36	473.28	221.99	116.78	25.82	364.59	77.0

Revenues, Restated Out-of-Pocket Costs and Ratios
Covering Movements of
Import Traffic Terminating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Destination	Short Line Miles	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
									Terminal			
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	1/Rate (7)	Per Car (8)	Line Haul (9)	Port (10)	Destination (11)	Total (12)	(13)
199	Products of Agriculture, N.O.S.											
	Cocoa Beans	Box	25.3	Chicago, Ill.	880	$.96	$485.76	$243.56	$157.15	$25.82	$426.53	87.8%
	" "	Box	25.3	Milwaukee, Wisc.	871	.96	485.76	241.07	157.15	25.82	424.04	87.3
	Fibre Hemp & Sisal	Box	25.3	Newark, O.	578	.84	425.04	159.98	157.15	25.82	342.95	80.7
	" " "	Box	25.3	Chicago, Ill.	880	1.04	526.24	243.56	157.15	25.82	426.53	81.1
	" " "	Box	25.3	Jackson, Mich.	697	1.01	511.06	192.91	157.15	25.82	375.88	73.5
	" " "	Box	25.3	St. Louis, Mo.	1,030	1.04	526.24	285.08	157.15	25.82	468.05	88.9
217	Meats Cooked, Cured, Dried & Smoked											
	Meats Canned, N.O.I. B.N.	Box	21.0	Chicago, Ill.	880	.88	369.60	233.07	135.18	25.82	394.07	106.6
	" " "	Box	21.0	Cleveland, O.	552	.63	264.60	146.20	135.18	25.82	307.20	116.1
	" " "	Box	21.0	Detroit, Mich.	621	.70	294.00	164.47	135.18	25.82	325.47	110.7
	" " "	Box	21.0	Grand Rapids, Mich.	757	.82	344.40	200.49	135.18	25.82	361.49	105.0
239	Hides, Skins & Pelts, N.O.S.											
	Wet Salted Calf Skins	Box	26.0	Girard, O.	490	.74	384.80	136.57	160.73	25.82	323.12	84.0
	Green Salted Hides	Box	26.0	Rockford, Mich.	964	1.04	540.80	268.68	160.73	25.82	455.23	84.2
	" " "	Box	26.0	Chicago, Ill.	880	1.09	566.80	245.27	160.73	25.82	431.82	76.2
299	Animals & Products											
	Casein	Box	24.6	Hamilton, O.	714	.91	447.72	196.23	153.58	25.82	375.63	83.9
	"	Box	24.6	Milwaukee, Wisc.	871	1.39	683.88	239.38	153.58	25.82	418.78	61.2
	Animal Hair	Box	24.6	Chicago, Ill.	880	1.36	669.12	241.86	153.58	25.82	421.26	63.0
311	Aluminum Ore & Concentrates											
	Bauxite Ore	Gond.	50.7	Danville, Ill.	869	7.39 3/	334.77	342.65	267.92	28.15	638.72	190.8
317	Zinc Ore and Concentrates											
	Zinc Concentrates	Gond.	71.4	Josephtown, Pa.	426	5.06 3/	322.83	192.43	365.83	28.15	586.41	181.6
319	Ores and Concentrates N.O.S.											
	Chrome Ore	Gond.	66.4	Marietta, O.	534	6.11 3/	362.32	233.81	342.18	28.15	604.14	166.7
	" "	Gond.	66.4	Relief, O.	534	6.27	371.81	233.81	342.18	28.15	604.14	162.5
	" "	Gond.	66.4	Graham, W.Va.	562	5.71	338.60	246.07	342.18	28.15	616.40	182.0
	Manganese Ore	Gond.	66.4	Marietta, O.	534	6.11	362.32	233.81	342.18	28.15	604.14	166.7
	" "	Gond.	66.4	Philo, O.	566	6.45	382.49	247.82	342.18	28.15	618.15	161.6
	" "	Gond.	66.4	Sou. Duquesne, Pa.	426	5.71	338.60	186.52	342.18	28.15	556.85	164.5

Revenues, Restated Out-of-Pocket Costs and Ratios
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Import Traffic Terminating in Differential Territory
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Port of New York

Commodity Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destinations (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Port (10)	Out-of-Pocket Costs Terminal Destination (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
323	Clay and Bentonite											
	Clay, Ball or China	Box	44.7	New Castle, Pa.	490	$.49	$438.06	$161.93	$256.29	$25.82	$444.09	101.4%
	" " "	Box	44.7	Barberton, O.	540	.54	482.76	178.51	256.29	25.82	460.62	95.4
	" " "	Box	44.7	Robinson, Ill.	925	.75	670.50	305.78	256.29	25.82	587.89	87.7
333	Stone, Rough, N.O.S.											
	Marble & Stone Rough	Flat	38.0	Chicago, Ill.	880	.87	661.20	284.84	207.85	28.15	520.84	78.8
	Quarried	Flat	38.0	Lexington, Ky.	780	.80	608.00	252.47	207.85	28.15	488.47	80.3
	"	Flat	38.0	Dayton, O.	680	.72	547.20	220.11	207.85	28.15	456.11	83.4
	"	Flat	38.0	Green Bay, Wisc.	910	.93	706.80	294.55	207.85	28.15	530.55	75.1
	"	Gond.	38.0	Chicago, Ill.	880	.87	661.20	316.00	207.85	28.15	552.00	83.5
	"	Gond.	38.0	Lexington, Ky.	780	.80	608.00	280.09	207.85	28.15	516.09	84.9
	"	Gond.	38.0	Dayton, O.	680	.72	547.20	244.18	207.85	28.15	480.18	87.8
	"	Gond.	38.0	Green Bay, Wisc.	910	.93	706.80	326.77	207.85	28.15	562.77	79.6
339	Asphalt											
	Asphalt	Box	29.6	Napoleon, O.	712	.59	349.28	205.56	179.13	25.82	410.51	117.5
	"	Box	29.6	Rosston, Ind.	830	.69	408.48	239.62	179.13	25.82	444.57	108.8
	"	Box	29.6	Toledo, O.	658	.59	349.28	189.97	179.13	25.82	394.92	113.1
399	Products of Mines, N.O.S.											
	Asbestos Fibre	Box	31.1	Atlas, O.	540	.86	534.92	158.14	186.79	25.82	370.75	69.3
	Graphite	Box	31.1	Clearing, Ill.	880	1.05	653.10	257.72	186.79	25.82	470.33	72.0
	"	Box	31.1	Cincinnati, O.	714	.87	541.14	209.10	186.79	25.82	421.71	77.9
	"	Box	31.1	Swissvale, Pa.	426	.66	410.52	124.76	186.79	25.82	337.37	82.2
	Talc	Box	31.1	Jeffersonville, Ind.	824	.73	454.06	241.32	186.79	25.82	453.93	100.0
	Prepared Chalk	Box	31.1	Wheeling, W.Va.	469	.72	447.84	137.35	186.79	25.82	349.96	78.1
	Marble Chips	Box	31.1	Toledo, O.	658	.58	360.76	192.70	186.79	25.82	405.31	112.3
	" "	Box	31.1	Chicago, Ill.	880	.72	447.84	257.72	186.79	25.82	470.33	105.0
415	Veneer, Plywood & Built Up Wood											
	Plywood	Box	23.7	Detroit, Mich.	621	.93	440.82	169.12	148.98	25.82	343.92	78.0
	"	Box	23.7	Pittsburgh, Pa.	426	.71	336.54	116.02	148.98	25.82	290.82	86.4
	"	Box	23.7	Cincinnati, O.	714	.92	436.08	194.45	148.98	25.82	369.25	84.7
	"	Box	23.7	South Bend, Ind.	803	1.05	497.70	218.69	148.98	25.82	393.49	79.1
499	Products of Forests, N.O.S.											
	Cork Waste	Box	16.2	Chicago, Ill.	880	1.36	440.64	221.36	110.65	25.82	357.83	81.2
	Gum Shellac	Box	16.2	Chicago, Ill.	880	1.35	437.40	221.36	110.65	25.82	357.83	81.8
	Mahogany Lumber	Box	16.2	Wickliffe, O.	552	.62	200.88	138.85	110.65	25.82	275.32	137.1
	Mahogany Logs	Gond.	16.2	Indianapolis, Ind.	789	.77	249.48	235.62	104.74	28.15	368.51	147.7

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Revenues, Restated Out-of-Pocket Costs and Ratios
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Import Traffic Terminating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Destinations	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio o Out-of-Po Costs t Revenue
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	Line Haul (9)	Terminal Port (10)	Terminal Destination (11)	Total (12)	(13)
517	Vegetable and Nut Oils, N.O.S.											
	Vegetable Oil	Box	29.0	Waukegan, Ill.	916	$1.09	$632.20	$262.93	$176.06	$25.82	$464.81	73.5
523	Rubber, Crude, Natural & Synthetic											
	Rubber Crude N.O.I.B.N.	Box	32.5	Akron, O.	540	.83	572.00	160.24	193.95	25.82	380.01	66.4
	" " "	Box	32.5	Mansfield, O.	598	.89	578.50	177.45	193.95	25.82	397.22	68.7
	" " "	Box	32.5	Detroit, Mich.	621	.96	624.00	184.28	193.95	25.82	404.05	64.8
	" " "	Box	32.5	New Haven, Ind.	734	1.01	656.50	217.81	193.95	25.82	437.58	66.7
	" " "	Box	32.5	Louisville, Ky.	824	1.11	721.50	244.52	193.95	25.82	464.29	64.4
527	Chemicals, N.O.S.											
	Chemicals, N.O.I.B.N.	Box	23.6	Zelienople, Pa.	426	.98	462.56	115.90	148.47	25.82	290.19	62.7
	" "	Box	23.6	New Albany, Ind.	824	1.46	689.12	224.18	148.47	25.82	398.47	57.3
	" "	Box	23.6	Troy, O.	682	1.25	590.00	185.55	148.47	25.82	359.84	61.0
	" "	Box	23.6	S.Charleston, W.Va.	603	1.09	514.48	164.05	148.47	25.82	338.34	65.8
539	Fertilizers, N.O.S.											
	Bone Meal	Box	19.2	Troy, O.	682	.64	245.76	177.23	125.98	25.82	329.03	133.9
	Peat Moss	Box	19.2 4/	Charleston, W. Va.	603	.58	232.00	156.70	125.98	25.82	308.50	133.0
	" "	Box	19.2 4/	Etna, Pa.	426	.52	208.00	110.70	125.98	25.82	262.50	126.2
	" "	Box	19.2 4/	Columbus, O.	611	.59	236.00	158.78	125.98	25.82	310.58	131.0
	" "	Box	19.2 4/	Weston, Ill.	933	.76	304.00	242.45	125.98	25.82	394.25	129.7
545	Tanning Material, N.O.S.											
	Tanning Extract	Box	25.3	Chicago, Ill.	880	1.15	581.90	243.56	157.15	25.82	426.53	73.
	" "	Box	25.3	New Albany, Ind.	824	1.09	551.54	228.06	157.15	25.82	411.03	74.5
	" "	Box	25.3	Grand Haven, Mich.	793	1.12	566.72	219.48	157.15	25.82	402.45	71.0
	" "	Box	25.3	Ashtabula, O.	503	.84	425.04	139.22	157.15	25.82	322.19	75.8
555	Aluminum, Bar, Pig, Slab											
	Aluminum, Bar, Pig, Slab	Box	22.4	Cleveland, O.	552	.98	439.04	148.34	142.33	25.82	316.49	72.1
	" " " "	Box	22.4	Pittsburgh, Pa.	426	.86	385.28	114.48	142.33	25.82	282.63	73.4
	" " " "	Box	22.4	Detroit, Mich.	621	1.09	488.32	166.88	142.33	25.82	335.03	68.0
559	Copper: Ingot, Matte and Pig											
	Copper Bars and Ingots	Box	45.7 5/	Cleveland, O.	552	.61	610.00	184.01	261.40	25.82	471.23	77.
	" " " "	Box	45.7	Indianapolis, Ind.	789	.98	895.72	263.01	261.40	25.82	550.23	61.4
	" " " "	Box	45.7	Decatur, Ill.	942	1.13	1,032.82	314.01	261.40	25.82	601.23	58.2
	" " " "	Box	45.7	Pittsburgh, Pa.	426	.72	658.08	142.01	261.40	25.82	429.23	65.
	" " " "	Box	45.7	Port Huron, Mich.	582	.82	749.48	194.01	261.40	25.82	481.23	64.2

Revenues, Restated Out-of-Pocket Costs and Ratios Covering Movements of Import Traffic Terminating in Differential Territory via Port of New York

Commodity Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destination (5)	Short Line Miles (6)	Freight Revenues 2/ 1/Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Port (10)	Out-of-Pocket Costs Terminal Destination (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
561	Copper, Brass and Bronze, N.O.S.											
	Copper Cable	Box	31.4	Pittsburgh, Pa.	426	$.98	$615.44	$125.11	$188.32	$25.82	$339.25	55.1%
	" "	Box	31.4	Chicago, Ill.	880	1.43	898.04	258.45	188.32	25.82	472.59	52.6
	Copper Cathodes	Box	31.4	Indianapolis, Ind.	789	.98	615.44	231.72	188.32	25.82	445.86	72.4
	Brass Tubing	Box	31.4	Grand Haven, Mich.	793	1.39	872.92	232.90	188.32	25.82	447.04	51.2
563	Lead and Zinx: Bar, Ingot & Pig											
	Zinc Slabs	Box	38.2	Cleveland, O	552	.59	450.76	172.53	223.07	25.82	421.42	93.5
	" "	Box	38.2	Pittsburgh, Pa.	426	.49	374.36	133.15	223.07	25.82	382.04	102.1
	" "	Box	38.2	Detroit, Mich.	621	.69	527.16	194.09	223.07	25.82	442.98	84.0
	" "	Box	38.2	Wardwell, O.	490	.63	481.32	153.15	223.07	25.82	402.04	83.5
569	Alloys for Steel Manufacture											
	Silico - Manganese	Box	40.8	Midland, Mich.	672	18.48 3/	672.67	214.88	236.36	25.82	477.06	70.9
	" "	Box	40.8	Wheeling, W.Va.	469	13.51 3/	491.76	149.97	236.36	25.82	412.15	83.8
	" "	Box	40.8	E. Chicago, Ind.	880	19.88 3/	723.63	281.39	236.36	25.82	543.57	75.1
	Ferro Titanium	Box	40.8	Duquesne, Pa.	426	.86	701.76	136.22	236.36	25.82	398.40	56.8
	Ferro Chrome	Box	40.8	Brackenridge, Pa.	426	.86	701.76	136.22	236.36	25.82	398.40	56.8
571	Metals and Alloys, N.O.S.											
	Metal Antimony	Box	27.9	Cleveland, O.	552	.98	546.84	156.76	170.44	25.82	353.02	64.6
	" "	Box	27.9	Granite City, Ill.	1,030	1.47	820.26	292.51	170.44	25.82	488.77	59.6
	Tin Pig	Box	27.9	Cincinnati, O.	714	1.12	624.96	202.77	170.44	25.82	399.03	63.8
	" "	Box	27.9	Chicago, Ill.	880	1.36	758.88	249.91	170.44	25.82	446.17	58.8
	" "	Box	27.9	Weirton, W.Va.	469	.91	507.78	133.19	170.44	25.82	329.45	64.9
581	Iron and Steel Nails and Wire											
	Wire, Iron and Steel	Box	24.9	Indianapolis, Ind.	789	1.05	522.90	217.50	155.11	25.82	398.43	76.2
	" " "	Box	24.9	Chicago, Ill.	880	1.09	542.82	242.59	155.11	25.82	423.52	78.0
	" " "	Box	24.9	Springfield, Ill.	981	1.17	582.66	270.43	155.11	25.82	451.36	77.5
	" " "	Box	24.9	Washington, Ind.	883	1.08	537.84	243.42	155.11	25.82	424.35	78.9
	" " "	Box	24.9	Wooster, O.	576	.86	428.28	158.78	155.11	25.82	339.71	79.3
	" " "	Box	24.9	Grand Rapids, Mich.	757	1.08	537.84	208.68	155.11	25.82	389.61	72.4
583	Manufactured Iron and Steel											
	Manufactured Iron & Steel N.O.I.B.N.	Box	26.6	Chicago, Ill.	880	1.09	579.88	246.74	163.80	25.82	436.36	75.3
	"	Box	26.6	Martins Ferry, O.	469	.75	399.00	131.50	163.80	25.82	321.12	80.5
	"	Box	26.6	Hammond, Ind.	880	1.09	579.88	246.74	163.80	25.82	436.36	75.3
	"	Gond.	26.6	Chicago, Ill.	880	1.09	579.88	288.18	153.93	28.15	470.26	81.1
	"	Gond.	26.6	Martins Ferry, O.	469	.75	399.00	153.59	153.93	28.15	335.67	84.1
	"	Gond.	26.6	Hammond, Ind.	880	1.09	579.88	288.18	153.93	28.15	470.26	81.1
	"	Gond.	26.6	Milwaukee, Wisc.	871	1.15	611.80	285.23	153.93	28.15	467.31	76.4

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Revenues, Restated Out-of-Pocket Costs and Ratios Covering Movements of Import Traffic Terminating in Differential Territory via Port of New York

Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destination (5)	Short Line Miles 1/ (6)	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues (13)
						Rate (7)	Per Car (8)	Line Haul (9)	Terminal Port (10)	Terminal Destination (11)	Total (12)	
595	Machinery and Machines, N O S											
	Printing Press	Box	17.4	Milwaukee, Wisc.	871	$1.58	$549.84	$221.99	$116.78	$25.82	$364.59	66.3%
	" "	Box	17.4	Chicago, Ill.	880	1.55	539.40	224.29	116.78	25.82	366.89	68.0
	Machinery or Machines, N O I B N	Box	17.4	Oakley, O.	714	1.27	441.96	181.98	116.78	25.82	324.58	73.4
	"	Box	17.4	Dearborn, Mich.	621	1.30	452.40	158.27	116.78	25.82	300.87	66.5
	"	Box	17.4	McKees Rocks, Pa.	426	.98	341.04	108.57	116.78	25.82	251.17	73.6
	"	Box	17.4	St. Louis, Mo.	1,030	1.66	577.68	262.52	116.78	25.82	405.12	70.1
	"	Gond.	17.4	Oakley, O.	714	1.27	441.96	215.60	110.41	28.15	354.16	80.1
	"	Gond.	17.4	Whiting, Ind.	880	1.55	539.40	265.73	110.41	28.15	404.29	75.0
	"	Gond.	17.4	McKees Rocks, Pa.	426	.98	341.04	128.64	110.41	28.15	267.20	78.3
	"	Gond.	17.4	St. Louis, Mo.	1,030	1.66	577.68	311.02	110.41	28.15	449.58	77.8
633	Cement, Natural or Portland											
	Cement, Natural or Portland	Box	44.5	Oak Hill, O.	649	.64	569.60	214.18	255.27	25.82	495.27	87.0
	" " "	Box	44.5	Detroit, Mich.	621	.66	587.40	204.94	255.27	25.82	486.03	82.7
	" " "	Box	44.5	Dayton, Ohio	680	.66	587.40	224.41	255.27	25.82	505.05	86.0
	" " "	Box	44.5	Plainfield, Ind.	789	.76	676.40	260.39	255.27	25.82	541.48	80.1
639	Brick, N O S and Building Tile											
	Tile, Floor Composition	Box	22.4	Columbus, O.	611	.87	389.76	164.20	142.33	25.82	332.35	85.3
	Tile, Clay Glazed	Box	22.4	Cleveland, O.	552	8.09 6/	181.22	148.34	142.33	25.82	316.49	174.6
	" " "	Box	22.4	Detroit, Mich.	621	8.71 6/	195.10	166.88	142.33	25.82	335.03	171.7
	" " "	Box	22.4	Indianapolis, Ind.	789	10.25 6/	229.60	212.03	142.33	25.82	380.18	165.6
653	Woodpulp											
	Woodpulp	Box	39.4	Middletown, O.	680	.72	567.36	214.80	229.20	25.82	469.82	82.8
	"	Box	39.4	Chillicothe, O.	628	.62	488.56	198.37	229.20	25.82	453.39	92.8
	"	Box	39.4	Chagrin Falls, O.	552	.59	464.92	174.36	229.20	25.82	429.38	92.4
	"	Box	39.4	Peoria, Ill.	978	.87	685.56	308.93	229.20	25.82	563.95	82.3
655	Scrap Paper and Rags											
	Scrap Bagging	Box	19.0	St. Louis, Mo.	1,030	.87	330.60	267.09	124.96	25.82	417.87	126.4
	" "	Box	19.0	Herrin, Ill.	1,026	.84	319.20	266.05	124.96	25.82	416.83	130.6
	" "	Box	19.0	Warsaw, Ind.	773	.75	285.00	200.44	124.96	25.82	351.22	123.2
	" "	Box	19.0	Defiance, O.	705	.72	273.60	182.81	124.96	25.82	333.59	121.9
657	Newsprint Paper											
	Newsprint Paper	Box	27.1	Louisville, Ky.	824	.91	493.22	232.18	166.35	25.82	424.35	86.0

Revenues, Restated Out-of-Pocket Costs and Ratios
Covering Movements of
Import Traffic Terminating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Destinations	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
								Line Haul	Terminal		Total	
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	(9)	Port (10)	Destination (11)	(12)	(13)
669	Paperboard, Fibreboard and Pulpboard											
	Fibreboard	Box	25.7	Chicago, Ill.	880	$.98	$503.72	$244.54	$159.20	$25.82	$429.56	85.3%
	"	Box	25.7	Detroit, Mich.	621	.81	416.34	172.57	159.20	25.82	357.59	85.9
	"	Box	25.7	Sharpsburg, Pa.	426	.62	318.68	118.38	159.20	25.82	303.40	95.2
	"	Box	25.7	Newark, O.	578	.72	370.08	160.62	159.20	25.82	345.64	93.4
671	Wallboard											
	Wallboard	Box	21.0	Detroit, Mich.	621	.81	340.20	164.47	135.18	25.82	325.47	95.7
	"	Box	21.0	Chicago, Ill.	880	.98	411.60	233.07	135.18	25.82	394.07	95.7
	"	Box	21.0	Cleveland, .	552	.72	302.40	146.20	135.18	25.82	307.20	101.6
	"	Box	21.0	Dayton, O.	680	.78	327.60	180.10	135.18	25.82	341.10	104.1
693	Glass											
	Glass, Plate	Box	38.0	Youngstown, O.	490	1.30 7/	988.00	152.88	222.05	25.82	400.75	40.6
	" "	Box	38.0	Youngstown, O.	490	1.40 8/	1,064.00	152.88	222.05	25.82	400.75	37.7
	" "	Box	38.0	Toledo, O.	658	1.65 7/	1,254.00	205.29	222.05	25.82	453.16	36.1
	" "	Box	38.0	Toledo, O.	658	1.81 8/	1,375.60	205.29	222.05	25.82	453.16	32.9
	" "	Gond.	38.0	Youngstown, O.	490	1.30 7/	988.00	175.95	207.85	28.15	411.95	41.7
	" "	Gond.	38.0	Youngstown, O.	490	1.40 8/	1,064.00	175.95	207.85	28.15	411.95	38.7
	" "	Gond.	38.0	Toledo, O.	658	1.65 7/	1,254.00	236.28	207.85	28.15	472.28	37.7
	" "	Gond.	38.0	Toledo, O.	658	1.81 8/	1,375.60	236.28	207.85	28.15	472.28	34.3
721	Abrasives, Not Crude											
	Powdered Iron	Box	43.1	Dayton, O.	680	1.09	939.58	221.77	248.11	25.82	495.70	52.8
	" "	Box	43.1	Cleveland, O.	552	.98	844.76	180.03	248.11	25.82	453.96	53.7
	" "	Box	43.1	Detroit, Mich.	621	1.14	982.68	202.53	248.11	25.82	476.46	48.5
	" "	Box	43.1	Salem, Ind.	840	1.27	1,094.74	273.95	248.11	25.82	547.88	50.0
723	Bagging: Burlap, Cotton, Gunny and Jute, N.O.S.											
	Burlap Bagging	Box	21.1	Pittsburgh, Pa.	426	.86	362.92	112.95	135.69	25.82	274.46	75.6
	" "	Box	21.1	Indianapolis, Ind.	789	.98	413.56	209.19	135.69	25.82	370.70	89.6
	" "	Box	21.1	Chicago, Ill.	880	.98	413.56	233.32	135.69	25.82	394.83	95.5
	" "	Box	21.1	St. Louis, Mo.	1,030	.98	413.56	273.08	135.69	25.82	434.59	105.1
	" "	Box	21.1	Flint, Mich.	647	.98	413.56	171.54	135.69	25.82	333.05	80.5
	" "	Box	21.1	Cincinnati, O.	714	.98	413.56	189.30	135.69	25.82	350.81	84.8

Revenues, Restated Out-of-Pocket Costs and Ratios Covering Movements of Import Traffic Terminating in Differential Territory via Port of New York

Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destination (5)	Short Line Miles (6)	Freight Revenues 2/ 1/Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Port (10)	Out-of-Pocket Costs Terminal Destination (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
735	Rope, Cordage and Binder Twine N O S											
	Baler or Binder	Box	15.2	Chicago, Ill.	880	$1.05	$319.20	$218.92	$105.54	$25.82	$350.28	109.7%
	" "	Box	15.2	Pittsburgh, Pa.	426	.66	200.64	105.98	105.54	25.82	237.34	118.3
	" "	Box	15.2	Hicksville, O.	705	.92	279.68	175.38	105.54	25.82	306.74	109.7
	" "	Box	15.2	Louisville, Ky.	824	1.00	304.00	204.99	105.54	25.82	336.35	110.6
745	Liquors, Alcoholic, N.O.S.											
	Whiskey - Scotch	Box	21.7	Chicago, Ill.	880	1.57 9/						
	" "	Box	21.7	Chicago, Ill.	880	1.25 10/	632.10	234.78	138.76	25.82	399.36	63.2
	" "	Box	21.7	Cleveland, O.	552	1.08 9/						
	" "	Box	21.7	Cleveland, O.	552	.87 10/	436.38	147.27	138.76	25.82	311.85	71.5
	Rum	Box	21.7	Toledo, O.	658	1.33 9/						
	"	Box	21.7	Toledo, O.	658	1.06 10/	535.64	175.55	138.76	25.82	340.13	63.5
749	Liquors, Malt											
	Beer	Refgr.	24.5	Chicago, Ill.	880	.87	426.30	349.75	160.44	22.23	532.42	124.9
759	Sugar											
	Sugar N.O.I.B.N.	Box	33.9	Allegheny, Pa.	426	.49	332.22	128.07	201.10	25.82	354.99	106.9
	" "	Box	33.9	Brocton, N.Y.	427	.52	352.56	128.37	201.10	25.82	355.29	100.8
	" "	Box	33.9	Columbus, O.	611	.79	535.62	183.68	201.10	25.82	410.60	76.7
	" "	Box	33.9	Wheeling, W. Va.	469	.57	386.46	140.99	201.10	25.82	367.91	95.2
	" "	Box	33.9	Orrville, O.	526	.77	522.06	158.13	201.10	25.82	385.05	73.8
763	Food Products, N.O.S. in Cans and Packages, not frozen											
	Olives in Barrels	Box	17.5	Chicago, Ill.	880	.93	325.50	224.53	117.30	25.82	367.65	112.9
	" "	Box	17.5	Terre Haute, Ind.	861	.92	322.00	219.68	117.30	25.82	362.80	112.7
	Lemon Juice Concentrates in Barrels	Box	17.5	Chicago, Ill.	880	.93	325.50	224.53	117.30	25.82	367.65	112.9
	Prepared Cocoanut	Box	17.5	Pittsburgh, Pa.	426	.59	206.50	108.69	117.30	25.82	251.81	121.9
773	Feed, Animal and Poultry N.O.S.											
	Feed Animal Poultry, N.O.S.	Box	27.8	Springfield, O.	655	.81	450.36	185.83	169.93	25.82	381.58	84.7
	" " " "	Box	27.8	Toledo, O.	658	.86	478.16	186.68	169.93	25.82	382.43	80.0
	" " " "	Box	27.8	Adell, Wisc.	898	1.09	606.04	254.77	169.93	25.82	450.52	74.3
	" " " "	Box	27.8	Blue Island, Ill.	880	1.01	561.56	249.66	169.93	25.82	445.41	79.3

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Revenues, Restated Out-of-Pocket Costs and Ratios
Covering Movements of
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via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Destination	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
								Line Haul	Terminal		Total	
									Port	Destination		
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	(9)	(10)	(11)	(12)	(13)
797	Waste Materials, N.O.S.											
	Scrap Rubber	Box	19.2 4/	Akron, O.	540	$.52	$208.00	$140.33	$125.98	$25.82	$292.13	140.4%
	" "	Box	19.2 4/	Indianapolis, Ind.	789	.66	264.00	205.03	125.98	25.82	356.83	135.2
	" "	Box	19.2 4/	E. St. Louis, Ill.	1,030	.80	320.00	267.66	125.98	25.82	419.46	131.1
	Jute Waste	Box	19.2	Detroit, Mich.	621	.81	311.04	161.37	125.98	25.82	313.17	100.7
	" "	Box	19.2	Herrin, Ill.	1,026	1.12	430.08	266.62	125.98	25.82	418.42	97.3
799	Manufactures and Miscellaneous N.O.S.											
	Iron Mass or Sponge	Box	11.3 4/	Weirton, W.Va.	469	.58	232.00	111.60	85.61	25.82	223.03	96.1
	Carnauba Wax	Box	11.3 11/	Racine, Wisc.	895	1.35	405.00	212.97	85.61	25.82	324.40	80.1
		225 CARS	6,347.5				$112,325.68	$46,463.88	$38,128.96	$5,855.53	$90,450.37	80.5
					Per Car		499.23	206.52	169.46	26.02	402.00	
					Per Ton		17.70	7.32	6.01	.92	14.25	

NOTES:
1/ Excludes 10 mile arbitrary under Appendix K, Docket 15879 Eastern Class Rate Investigation
2/ Rates and Revenues via Baltimore
3/ Applies per 2,240 Pounds
4/ Minimum Weight 40,000 Pounds
5/ Minimum Weight 100,000 Pounds
6/ Applies per 2,000 Pounds
7/ 120 United Inches and Under
8/ Exceeding 120 United Inches
9/ 28,000 Pounds
10/ Excess Weight
11/ Minimum weight 30,000 pounds

Exhibit No.______(WFF-2)

Affiant: W. F. French

Before the

INTERSTATE COMMERCE COMMISSION

I & S DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

REVENUES, RESTATED OUT-OF-POCKET COSTS AND RATIOS
COVERING MOVEMENTS OF
EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY
VIA
PORT OF NEW YORK

May 1958

466 Lexington Avenue
New York 17, N. Y.

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Revenues Restated Out-of-Pocket Costs and Ratios
Covering Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

Commodity Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Origin (10)	Out-of-Pocket Costs Terminal Port (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
1	Wheat											
	Wheat	Box	55.4	Indianapolis, Ind.	789	$.445	$493.06	$284.23	$25.82	$ 30.36	$340.41	69.0%
	"	Box	55.4	Louisville, Ky.	824	.445	493.06	296.84	25.82	30.36	353.02	71.6
	"	Box	55.4	Chicago, Ill.-(Prop.)	880	.325	360.10	317.02	25.82	30.36	373.20	103.6
	"	Box	55.4	Springfield, Ill. (Prop.)	981	.36	398.88	353.40	25.82	30.36	409.58	102.7
3	Corn											
	Corn, Bagged	Box	30.0	Chicago, Ill.-(Prop.)	880	.325	195.00	255.03	25.82	181.17	462.02	236.9
	" "	Box	30.0	Deshler, O.	664	.445	267.00	192.43	25.82	181.17	399.42	149.6
	" "	Box	30.0	Indianapolis, Ind.	789	.445	267.00	228.66	25.82	181.17	435.65	163.2
	" "	Box	30.0	Pittsburgh, O.	682	.445	267.00	197.65	25.82	181.17	404.64	151.6
	" "	Box	30.0	Milwaukee, Wisc.	871	.325	195.00	252.43	25.82	181.17	459.42	235.6
	" "	Box	30.0	Louisville, Ky.	824	.445	267.00	238.80	25.82	181.17	445.79	167.0
7	Oats											
	Oats	Box	41.9	Stewart, Ind.	869	.445	372.91	280.52	25.82	28.74	335.08	89.9
	"	Box	41.9	Chicago, Ill.-(Prop.)	880	.325	272.35	284.07	25.82	28.74	338.63	124.3
	"	Box	41.9	Hammond, Ind.-(")	880	.325	272.35	284.07	25.82	28.84	338.63	124.3
	"	Box	41.9	Milwaukee, Wisc. (Prop.)	871	.325	272.35	281.17	25.82	28.74	335.73	123.3
9	Barley and Rye											
	Barley	Box	50.0	Boonville, Ind.	941	.575	575.00	324.90	25.82	29.71	380.43	66.2
	"	Box	50.0	Cincinnati, O.	714	.445	445.00	246.52	25.82	29.71	302.05	67.9
	Rye	Box	50.0	Chicago, Ill.-(Prop.)	880	.325	325.00	303.84	25.82	29.71	359.37	110.6
15	Flour, Wheat											
	Flour, Wheat	Box	43.1	Dover, O.	512	.465	400.83	166.98	25.82	248.11	440.91	110.0
	" "	Box	43.1	Cleveland, O.	552	.465	400.83	180.03	25.82	248.11	453.96	113.3
	" "	Box	43.1	Homeworth, O.	509	.465	400.83	166.00	25.82	248.11	439.93	109.8
	" "	Box	43.1	Wooster, O.	576	.465	400.83	187.85	25.82	248.11	461.78	115.2
	" "	Box	43.1	Indianapolis, Ind.	789	.555	478.41	257.32	25.82	248.11	531.25	111.0
17	Meal, Corn											
	Meal, Corn	Box	31.9	Cowan, Ind.	746	.555	354.09	220.13	25.82	190.88	436.83	123.4
	" "	Box	31.9	Grove City, O.	611	.47	299.86	180.29	25.82	190.88	396.99	132.4
	" "	Box	31.9	Marion, O.	635	.47	299.86	187.38	25.82	190.88	404.08	134.8
	" "	Box	31.9	Bradford, O.	682	.525	334.95	201.24	25.82	190.88	417.94	124.8
	" "	Box	31.9	Pikeville, O.	682	.525	334.95	201.24	25.82	190.88	417.94	124.8

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Revenues, Restated Out-of-Pocket Costs and Ratios Covering Movements of Export Traffic Originating in Differential Territory via Port of New York

[fol. 4584]

Commodity		Type of Equipment	Average Weight Tons	Origin	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
Group No.	Description					Rate	Per Car	Line Haul	Terminal Origin	Terminal Port	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
19	Flour, Edible, N.O.S.											
	Flour, Edible, N.O.S.	Box	26.7	Hamilton, O.	714	$.525	$280.35	$200.39	$25.82	$164.31	$390.52	139.3%
	" " "	Box	26.7	Fostoria, O.	632	.47	250.98	177.38	25.82	164.31	367.51	146.4
	" " "	Box	26.7	Springfield, Ill.	981	.72	384.48	275.33	25.82	164.31	465.46	121.1
	" " "	Box	26.7	Dahlgreen, Ill.	990	.72	384.48	277.85	25.82	164.31	467.98	121.7
21	Cereal Food, Preparations, N.O.S.											
	Cereal Food Preparations, N.O.S.	Box	24.2	Battle Creek, Mich.	741	.605	292.82	202.83	25.82	151.53	380.18	129.8
23	Mill Products, N.O.S.											
	Cracked Corn, N.O.S.	Box	30.5	Pittsburgh, O.	682	.525	320.25	198.60	25.82	183.73	408.15	127.4
	" " "	Box	30.5	Greenville, O.	715	.525	320.25	208.21	25.82	183.73	417.76	130.4
29	Tobacco, Unmanufactured											
	Leaf Tobacco	Box	13.7	Wheeling, W.Va.	469	1.12	306.88	114.72	25.82	97.88	238.42	77.7
	" "	Box	13.7	Louisville, Ky.	824	1.35	369.90	201.56	25.82	97.88	325.26	87.9
43	Soybeans											
	Soybeans	Box	48.1	Columbus, O.	611	.445	428.09	207.74	25.82	273.66	507.22	118.5
	"	Box	48.1	Toledo, O.	658	.47	452.14	223.72	25.82	273.66	523.20	115.7
	"	Box	48.1	Chicago, Ill.	880	.625	601.25	299.20	25.82	273.66	598.68	99.6
	"	Box	48.1	Decatur, Ill.	942	.695	668.59	320.28	25.82	273.66	619.76	92.7
45	Soybean Oil Cake and Meal											
	Soybean Meal	Box	32.0	Painesville, O.	528	.415	265.60	155.95	25.82	191.39	373.16	140.5
	" "	Box	32.0	Decatur, Ill.	942	.72	460.80	278.23	25.82	191.39	495.44	107.5
	" "	Box	32.0	Bellevue, O.	590	.47	300.80	174.26	25.82	191.39	391.47	130.1
47	Vegetable and Nut Oil Cake and Meal, N.O.S.											
	Linseed Oil Meal	Box	30.6	Chicago, Ill.	880	.65	397.80	256.50	25.82	184.24	466.56	117.3
	" " "	Box	30.6	Painesville, O.	528	.415	253.98	153.90	25.82	184.24	363.96	143.3
103	Malt, N.O.S.											
	Malt, N.O.S.	Box	41.9	Milwaukee, Wisc.	871	.65	544.70	281.17	25.82	241.98	548.97	100.8
	" "	Box	41.9	Cincinnati, O.	714	.525	439.95	230.49	25.82	241.98	498.29	113.3
	" "	Box	41.9	St.Louis, Mo.	1,030	.72	603.36	332.49	25.82	241.98	600.29	99.5
	" "	Box	41.9	Manitowoc, Wisc.	872	.65	544.70	281.49	25.82	241.98	549.29	100.8
	" "	Box	41.9	Chicago, Ill.	880	.65	544.70	284.07	25.82	241.98	551.87	101.3

Revenues, Restated Out-of-Pocket Costs and Ratios Covering Movements of Export Traffic Originating in Differential Territory via Port of New York

Commodity						Freight Revenues 2/		Out-of-Pocket Costs				
Group No. (1)	Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origins (5)	Short Line Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Origin (10)	Port (11)	Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
215	Meats, Fresh											
	Meats, Fresh, N.O.S.	Refgr.	18.3	Chicago, Ill	880	$1.19	$435.54	$334.62	$22.23	$128.20	$485.05	111.4%
	" " "	Refgr.	18.3	Cincinnati, O.	714	1.05	384.30	271.50	22.23	128.20	421.93	109.8
	" " "	Refgr.	18.3	Indianapolis, Ind.	789	1.05	384.30	300.02	22.23	128.20	450.45	117.2
217	Meats, Cooked, Cured, Dried, and Smoked											
	Canned Meats	Refgr.	19.7 8/	Brighton, O.	714	.95	380.00	274.27	22.23	135.48	431.98	113.7
	" "	Refgr.	19.7 8/	Chicago, Ill.	880	.82	328.00	338.04	22.23	135.48	495.75	151.1
219	Packing House Products											
	Edible, N.O.S.											
	Lard, N.O.S.	Refgr.	21.3	Dayton, O.	680	.92	391.92	264.23	22.23	143.80	430.26	109.8
	" "	Refgr.	21.3	Chicago, Ill.	880	.82	349.32	341.94	22.23	143.80	507.97	145.4
	" "	Refgr.	21.3	Cleveland, O.	552	.79	336.54	214.49	22.23	143.80	380.52	113.1
	" "	Refgr.	21.3	Davenport, Ia.	1,031	1.26	536.76	400.61	22.23	143.80	566.64	105.6
	" "	Refgr.	21.3	Cincinnati, O.	714	.95	404.70	277.44	22.23	143.80	443.47	109.6
229	Butter											
	Butter	Refgr.	28.8	Chicago, Ill.	880	1.36	783.36	360.24	22.23	182.80	565.27	72.2
	"	Refgr.	28.8	Cleveland, O.	552	.98	564.48	225.97	22.23	182.80	431.00	76.4
231	Cheese											
	Cheese	Refgr.	21.8	Chicago, Ill.	880	1.36	592.96	343.16	22.23	146.40	511.79	86.3
	"	Refgr.	21.8	Green Bay, Wisc.	910	1.46	636.56	354.86	22.23	146.40	523.49	82.2
	"	Refgr.	21.8	Cincinnati, O.	714	1.12	488.32	278.43	22.23	146.40	447.06	91.6
	"	Refgr.	21.8	Osborn, Ind.	880	1.36	592.96	343.16	22.23	146.40	511.79	86.3
	"	Refgr.	21.8	Dubuque, Ia.	1,051	1.52	662.72	409.84	22.23	146.40	578.47	87.3
233	Dairy Products, N.O.S.											
	Butter Oil	Refgr.	24.1	Oconto, Wisc.	938	1.46	703.72	371.76	22.23	158.36	552.35	78.5
	" "	Refgr.	24.1	Green Bay, Wisc.	910	1.46	703.72	360.66	22.23	158.36	541.25	76.9
239	Hides, Skins and Pelts, N.O.S.											
	Hides Green Salted	Box	28.5	Detroit, Mich.	621	.87	495.90	177.39	25.82	173.51	376.72	76.0
	" " "	Box	28.5	New Castle, Pa.	490	.74	421.80	139.97	25.82	173.51	339.30	80.4
	" " "	Box	28.5	Galewood, Ill.	880	1.09	621.30	251.37	25.82	173.51	450.70	72.5
	" " "	Box	28.5	Dubuque, Ia.	1,051	1.21	689.70	300.22	25.82	173.51	499.55	72.4

Revenues, Restated Out-of-Pocket Costs and Ratios
Covering Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Origins	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
Group No.	Description					Rate	Per Car	Line Haul	Terminal Origin	Terminal Port	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
299	Animals and Products, N.O.S.											
	Animal Tallow Inedible	Box	25.1	Cincinnati, O.	714	$.71	$356.42	$197.22	$25.82	$156.13	$379.17	106.4%
	" " "	Box	25.1	Chicago, Ill.	880	.88	441.76	243.08	25.82	156.13	425.03	96.2
	" " "	Box	25.1	Cleveland, O.	552	.63	316.26	152.48	25.82	156.13	334.43	105.7
	" " "	Box	25.1	St. Louis, Mo.	1,030	.95	476.90	284.51	25.82	156.13	466.46	97.8
	" " "	Box	25.1	Dover, O.	512	.61	306.22	141.43	25.82	156.13	323.38	105.6
307	Coke											
	Petroleum Coke	Gond.	63.7	Kenova, W. Va.	649	5.90 3/	375.83	279.30	28.15	329.41	636.86	169.5
	" "	Gond.	63.7	Gibson, Ind.	880	6.95 3/	442.72	378.71	28.15	329.41	736.27	166.3
	" "	Gond.	63.7	Chicago, Ill.	880	6.95 3/	442.72	378.71	28.15	329.41	736.27	166.3
341	Salt											
	Salt	Box	26.0	Mannistee, Mich.	821	.545	283.40	228.83	25.82	160.73	415.38	146.6
399	Products of Mines, N.O.S.											
	Roasted Dolomite	Box	50.1	Narlo, O.	632	6.97 3/	349.20	218.39	25.82	283.88	528.09	151.2
505	Lubricating Oils and Greases											
	Lubricating Oil	Box	23.1	Columbus, O.	611	.82	378.84	165.38	25.82	145.91	337.11	89.0
	" "	Box	23.1	Cleveland, O.	552	.80	369.60	149.41	25.82	145.91	321.14	86.9
	" "	Box	23.1	Pittsburgh, Pa.	426	.57	263.34	115.31	25.82	145.91	287.04	109.0
	" "	Box	23.1	Petrolia, Pa.	439	.57	263.34	118.83	25.82	145.91	290.56	110.3
	" "	Box	23.1	Freedom, Pa.	426	.57	263.34	115.31	25.82	145.91	287.04	109.0
	" "	Box	23.1	Rouseville, Pa.	439	.57	263.34	118.83	25.82	145.91	290.56	110.3
507	Petroleum Products, Refined, N.O.S.											
	Petrolatum	Box	21.2	Karns City, Pa.	439	.57	241.68	116.51	25.82	136.20	278.53	115.2
	Petroleum Wax	Box	21.2	Petrolia, Pa.	439	.57	241.68	116.51	25.82	136.20	278.53	115.2
	Petroleum Oil, N.O.I.B.N.	Box	21.2	Lima, O.	684	.87	368.88	181.54	25.82	136.20	343.56	93.1
515	Soybean Oil											
	Soybean Oil	Box	24.7	Kankakee, Ill.	881	1.09	538.46	242.38	25.82	154.09	422.29	78.4
	" "	Box	24.7	Painesville, O.	537	.80	395.20	147.74	25.82	154.09	327.65	82.9
	" "	Box	24.7	Decatur, Ill.	942	1.12	553.28	259.16	25.82	154.09	439.07	79.4
	" "	Box	24.7	Ivorydale, O.	714	.92	454.48	196.43	25.82	154.09	376.34	82.8

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Revenues, Restated Out-of-Pocket Costs and Ratios
Covering Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origins (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Origin (10)	Out-of-Pocket Costs Terminal Port (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
517	Vegetable and Nut Oils, N.O.S.											
	Vegetable Oil, N.O.I.B.N.	Box	25.1	Chicago, Ill.	880	$1.09	$547.18	$243.08	$25.82	$156.13	$425.03	77.7%
	" " "	Box	25.1	Decatur, Ill.	942	1.12	562.24	260.20	25.82	156.13	442.15	78.6
	" " "	Box	25.1	Painesville, O.	528	.80	401.60	145.85	25.82	156.13	327.80	81.6
	" " "	Box	25.1	New Castle, Pa.	490	.74	371.48	135.35	25.82	156.13	317.30	85.4
523	Rubber, Crude, Natural and Synthetic											
	Neoprene Rubber	Box	40.9	Louisville, Ky.	824	.96	785.28	263.71	25.82	236.87	526.40	67.0
	" "	Box	40.9	Chicago, Ill.	880	1.15	940.70	281.63	25.82	236.87	544.32	57.9
	" "	Box	40.9	Akron, O.	540	.86	703.48	172.82	25.82	236.87	435.51	61.9
	" "	Box	40.9	Painesville, O.	528	.86	703.48	168.98	25.82	236.87	431.67	61.4
525	Rubber Goods, N.O.S.											
	Rubber Goods, N.O.I.B.N.	Box	19.0	Akron, O.	540	1.06	402.80	140.03	25.82	124.96	290.81	72.2
527	Chemicals, N.O.S.											
	Ultramine Blue	Box	22.1	Huntington, W.Va.	649	1.19	525.98	173.87	25.82	140.80	340.49	64.7
	Chemicals, N.O.S.	Box	22.1	Chicago, Ill.	880	1.38	609.96	235.76	25.82	140.80	402.38	66.0
	" "	Box	22.1	Marietta, O.	534	1.09	481.78	143.06	25.82	140.80	309.68	64.3
	" "	Box	22.1	Louisville, Ky.	824	1.46	645.32	220.75	25.82	140.80	387.37	60.0
531	Acids, N.O.S.											
	Phthalic Anhydride	Box	31.6 4/	Chicago, Ill.	880	.73	511.00	258.94	25.82	189.35	474.11	92.8
	" "	Box	31.6 4/	Ironton, O.	649	.69	483.00	190.97	25.82	189.35	406.14	84.1
533	Sodium (Soda) Products											
	Liquid Caustic Soda	Box	60.3	S. Charleston, W.Va.	603	.59	711.54	225.42	25.82	336.00	587.24	82.5
	Sodium Phosphate	Box	60.3	Trenton, Mich.	621	13.06 3/	787.52	232.15	25.82	336.00	593.97	75.4
539	Fertilizers, N.O.S.											
	Sulphate of Ammonia	Box	55.9	Bessemer, Pa.	426	6.88 3/	384.59	154.05	25.82	313.52	493.39	128.3
	" " "	Box	55.9	Gary, Ind.	880	10.80 3/	603.72	318.24	25.82	313.52	657.58	108.9
541	Insecticides and Fungicides, N.O.S.											
	Insecticides, N.O.I.B.N.	Box	34.3	So. Charleston, W.Va.	603	.73	500.78	181.95	25.82	203.14	410.91	82.1
	" "	Box	34.3	Racine, Wisc.	895	1.03	706.58	270.05	25.82	203.14	499.01	70.6
	" "	Box	34.3	St. Louis, Mich.	710	.97	665.42	214.23	25.82	203.14	443.19	66.6

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Revenues, Restated Out-of-Pocket Costs and Ratios
Covering Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Origins	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	Line Haul (9)	Terminal Origin (10)	Terminal Port (11)	Total (12)	(13)
547	Paint, Paint Material, Putty, and Varnish											
	Paint, N.O.I.B.N.	Box	26.7	Cleveland, O.	552	$.98	$523.32	$154.92	$25.82	$164.31	$345.05	65.9%
	" "	Box	26.7	Yorkville, O.	469	.91	485.94	131.63	25.82	164.31	321.76	66.2
	" "	Box	26.7	Huntington, W.Va.	649	1.01	539.34	182.15	25.82	164.31	372.28	69.0
	" "	Box	26.7	Institute, W.Va.	603	.98	523.32	169.24	25.82	164.31	359.37	68.7
549	Plastics											
	Synthetic Resin	Box	29.3	Marietta, O.	534	1.01	591.86	153.72	25.82	177.59	357.13	60.3
	" "	Box	29.3	Ottawa, Ill.	948	1.49	873.14	272.90	25.82	177.59	476.31	54.6
	" "	Box	29.3	Ficklin, Ill.	903	1.47	861.42	259.95	25.82	177.59	463.36	53.8
	" "	Box	29.3	Chicago, Ill.	880	1.46	855.56	253.33	25.82	177.59	456.74	53.4
553	Drugs, Medicines, Toilet Prep.											
	Disinfectants, N.O.I.B.N.	Box	26.0	Wyandotte, Mich.	621	1.33	691.60	173.08	25.82	160.73	359.63	52.0
	Drugs, N.O.I.B.N.	Box	26.0	St. Louis, Mo.	1,030	1.58	821.60	287.08	25.82	160.73	473.63	57.6
	" "	Box	26.0	Chicago, Ill.	880	1.38	717.60	245.27	25.82	160.73	431.82	60.2
	" "	Box	26.0	Detroit, Mich.	621	1.33	691.60	173.08	25.82	160.73	359.63	52.0
	" "	Box	26.0	Terre Haute, Ind.	869	1.38	717.60	242.21	25.82	160.73	428.76	59.7
555	Aluminum Bar Ingot, Pig & Slab											
	Aluminum Ingots, Pig & Slab	Box	22.3	Chicago, Ill.	880	1.27	566.42	236.24	25.82	141.82	403.88	71.3
	" " " "	Box	22.3	Heath, O.	578	1.04	463.84	155.17	25.82	141.82	322.81	69.6
	" " " "	Box	22.3	Brighton, O.	714	1.09	486.14	191.68	25.82	141.82	359.32	73.9
	" " " "	Box	22.3	Louisville, Ky.	824	1.22	544.12	221.21	25.82	141.82	388.85	71.5
561	Copper, Brass and Bronze, N.O.S.											
	Copper Tubing	Box	24.3	St.Louis, Mo.	1,030	1.85	899.10	282.22	25.82	152.04	460.08	51.2
	Copper Cable	Box	24.3	Cleveland, O.	552	1.09	529.74	151.25	25.82	152.04	329.11	62.1
	Copper Wire	Box	24.3	Glassport, Pa.	426	.98	476.28	116.73	25.82	152.04	294.59	61.9
569	Alloys for Steel Manufacture											
	Ferro Chrome	Box	29.0	Marietta, O.	534	19.00 5/	492.10	153.28	25.82	176.06	355.16	72.2
	" "	Box	29.0	Graham, W. Va.	562	18.60 5/	481.74	161.32	25.82	176.06	363.20	75.4
	" "	Box	29.0	Lorain, O.	552	20.20 5/	523.18	158.44	25.82	176.06	360.32	68.9
	" "	Box	29.0	Peoria, Ill.	978	28.00 5/	725.20	280.72	25.82	176.06	482.60	66.5

Revenues, Restated Out-of-Pocket Costs and Ratios Covering Movements of Export Traffic Originating in Differential Territory via Port of New York

Commodity		Type of Equipment	Average Weight Tons	Origins	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	Line Haul (9)	Terminal Origin (10)	Terminal Port (11)	Total (12)	(13)
575	Iron & Steel: Billet Bloom & Ingot											
	Steel Billets	Gond.	60.0	Youngstown, O.	490	$9.80 5/	$525.28	$205.84	$28.15	$311.91	$545.90	103.9%
	" "	Gond.	60.0	Warren, O.	490	9.80 5/	525.28	205.84	28.15	311.91	545.90	103.9
	" "	Gond.	60.0	Canton, O.	526	10.04 5/	538.14	220.97	28.15	311.91	561.03	104.3
	" "	Gond.	60.0	Pittsburgh, Pa.	426	9.07 5/	486.15	178.96	28.15	311.91	519.02	106.8
577	Iron and Steel, Bar Rod & Slab											
	Rods Coiled, Iron & Steel	Gond.	29.0	St. Louis, Mo.	1,030	.84	487.20	344.15	28.15	165.28	537.58	110.3
	Bars Sheet & Tinplate	Gond.	29.0	Warren, O.	490	.49	284.20	163.72	28.15	165.28	357.15	125.7
	" " "	Gond.	29.0	Pittsburgh, Pa.	426	.45	261.00	142.34	28.15	165.28	335.77	128.6
581	Iron & Steel Nails & Wire (Woven & Not Woven)											
	Nails Iron & Steel	Box	28.0	Alliquippa, Pa.	426	.45	252.00	121.10	25.82	170.95	317.87	126.1
	" " "	Box	28.0	Troy, O.	682	.61	341.60	193.87	25.82	170.95	390.64	114.4
	" " "	Box	28.0	Wheeling, W.Va.	469	.45	252.00	133.32	25.82	170.95	330.09	131.0
	" " "	Box	28.0	Gary, Ind.	880	.73	408.80	250.15	25.82	170.95	446.92	109.3
583	Manufactured Iron & Steel											
	Bars, Iron & Steel	Box	40.4	Youngstown, O.	490	.49	395.92	156.14	25.82	234.31	416.27	105.1
	Mfg. I.& S., N.O.I.B.N.	Box	40.4	Massillon, O.	526	.51	412.08	167.61	25.82	234.31	427.74	103.8
	" " "	Box	40.4	Pittsburgh, Pa.	426	.45	363.60	135.74	25.82	234.31	395.87	108.9
	" " "	Box	40.4	Chicago, Ill.	880	.73	589.84	280.41	25.82	234.31	540.54	91.6
	Tinplate	Box	40.4	Yorkville, O.	469	.45	363.60	149.45	25.82	234.31	409.58	112.6
	Bars, Iron & Steel	Gond.	40.4	Youngstown, O.	490	.49	395.92	179.21	28.15	219.20	426.56	107.7
	Mfg. I.& S., N.O.I.B.N.	Gond.	40.4	Massillon, O.	526	.51	412.08	192.38	28.15	219.20	439.73	106.7
	" " "	Gond.	40.4	Pittsburgh, Pa.	426	.45	363.60	155.81	28.15	219.20	403.16	110.9
	" " "	Gond.	40.4	Chicago, Ill.	880	.73	589.84	321.85	28.15	219.20	569.20	96.5
587	Iron & Steel Pipe & Fittings											
	Pipe & Fittings Iron & Steel	Gond.	36.3	Moundsville, W.Va.	469	.45	326.70	166.20	28.15	199.81	394.16	120.6
	" " " "	Gond.	36.3	Allegheny, Pa.	426	.45	326.70	150.96	28.15	199.81	378.92	116.0
	" " " "	Gond.	36.3	Chicago, Ill.	880	.73	529.98	311.85	28.15	199.81	539.81	101.9
	" " " "	Gond.	36.3	Massillon, O.	526	.51	370.26	186.40	28.15	199.81	414.36	111.9
	Wrought Iron Pipe	Gond.	36.3	S. Lorain, O.	552	.51	370.26	195.61	28.15	199.81	423.57	114.4

Revenues, Restated Out-of-Pocket Costs and Ratios Covering Movements of Export Traffic Originating in Differential Territory via Port of New York

Group No.	Commodity	Type of Equipment	Average Weight Tons	Origin	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
	Description					Rate	Per Car	Line Haul	Terminal Origin	Terminal Port	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
589	Tanks, N.O.S.											
	I & S Tanks	Gond.	18.0	Columbiana, O.	489	$1.01	$363.60	$148.47	$28.15	$113.25	$289.87	79.7%
	" "	Gond.	18.0	Louisville, Ky.	824	1.46	525.60	250.19	28.15	113.25	391.59	74.5
	Pontoon Tanks	Gond.	18.0	Ft. Wayne, Ind.	734	1.36	489.60	222.86	28.15	113.25	364.26	74.4
	Wooden Tanks	Gond.	18.0	Massillon, O.	526	.95	342.00	159.71	28.15	113.25	301.11	88.0
591	Agricultural Implements											
	Agricultural Implements, N.O.I.B.N.	Box	21.9	Moline, Ill.	1,031	.93	407.34	275.64	25.82	139.78	441.24	108.3
	" " "	Box	21.9	South Bend, Ill.	830	.88	385.44	221.90	25.82	139.78	387.50	100.5
	" " "	Box	21.9	Chicago, Ill.	880	.93	407.34	235.27	25.82	139.78	400.87	98.4
	" " "	Box	21.9	Louisville, Ky.	824	.80	350.40	220.30	25.82	139.78	385.90	110.1
593	Agricultural Implement Parts, N.O.S.											
	Plow Parts & Harrow Disc	Box	24.8	South Bend, Ind.	803	.88	436.48	221.14	25.82	154.60	401.56	92.0
	Agricultural Implement Parts, N.O.S.	Box	24.8	Burlington, Ia.	1,064	.93	461.28	293.02	25.82	154.60	473.44	102.6
	" " " "	Box	24.8	Midland, Pa.	426	.61	302.56	117.32	25.82	154.60	297.74	98.4
	" " " "	Box	24.8	Racine, Wisc.	895	.93	461.28	246.47	25.82	154.60	426.89	92.5
	" " " "	Box	24.8	Battle Creek, Mich.	741	.85	421.60	204.06	25.82	154.60	384.48	91.2
	" " " "	Box	24.8	Bucyrus, O.	635	.71	352.16	174.87	25.82	154.60	355.29	100.9
595	Machinery & Machines N.O.S.											
	Printing Presses	Box	21.0	Chicago, Ill.	880	1.55	651.00	233.07	25.82	135.18	394.07	60.5
	Crane or Derricks	Gond.	21.0	Lorain, O.	552	.93	390.60	172.19	28.15	127.44	327.78	83.9
	Road Graders	Gond.	21.0	Indianapolis, Ind.	789	.85	357.00	246.12	28.15	127.44	401.71	112.5
	Machinery, N.O.I.B.N.	Box	21.0	Oakley, O.	714	1.27	533.40	189.11	25.82	135.18	350.11	65.6
597	Machinery Parts											
	Rolling Mill Rolls, N.O.S.	Gond.	24.7 15/	Lima, O.	684	.60	300.00	220.39	28.15	144.94	393.48	131.2
	Ore Milling Mach. Parts	Gond.	24.7	Milwaukee, Wisc.	871	1.58	780.52	280.64	28.15	144.94	453.73	58.1
	Ice Cans	Box	24.7	Niles, O.	490	1.01	498.94	134.81	25.82	154.09	314.72	63.1
	" "	Box	24.7	Christy Park, Pa.	426	.98	484.12	117.20	25.82	154.09	297.11	61.4
601	Business & Office Machines, N.O.S.											
	Cash Registers	Box	20.9	Dayton, O.	680	1.70	710.60	179.91	25.82	134.67	340.40	47.9

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Revenues, Restated Out-of-Pocket Costs and Ratios
Covering Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

Commodity Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Origin (10)	Out-of-Pocket Costs Terminal Port (11)	Out-of-Pocket Costs Total (12)	Ratios of Out-of-Pocket Costs to Revenues (13)
605	Railway Equipment SU Not on Own Wheels											
	Locomotive Not Moved on Own Wheels	Flat	37.9	Erie, Pa.	483	$.82	$621.56	$156.21	$28.15	$207.38	$391.74	63.0%
	" " " "	Flat	37.9	Chicago, Ill.	880	1.55	1,174.90	284.60	28.15	207.38	520.13	44.3
	" " " "	Flat	37,9	St. Louis, Mo.	1,030	1.66	1,258.28	333.11	28.15	207.38	568.64	45.2
607	Railway Equipment Parts											
	Brake Shoes Railway	Box	24.9	Lordstown, O.	490	.49	244.02	135.08	25.82	155.11	316.01	129.5
	Car Wheels	Box	24.9	Verona, Pa.	426	.45	224.10	117.43	25.82	155.11	298.36	133.1
	Air Brake Equipment	Box	24.9	Wilmerding, Pa.	426	1.09	542.82	117.43	25.82	155.11	298.36	55.0
	Springs	Box	24.9	Pittsburgh, Pa.	426	.92	458.16	117.43	25.82	155.11	298.36	65.1
	Couplers	Box	24.9	Alliance, O.	509	.51	253.98	140.32	25.82	155.11	321.25	126.5
	Underframes	Gond.	24.9	East St.Louis, Ill.	1,030	.84	418.32	332.44	28.15	145.89	506.48	121.1
609	Rails & Railway Track Material Iron & Steel											
	Rails	Gond.	32.2	Bessemer, Pa.	426	12.71 5/	366.05	146.12	28.15	180.42	354.69	96.9
	"	Gond.	32.2	Carnegie, Pa.	426	12.71 5/	366.05	146.12	28.15	180.42	354.69	96.9
	Spikes	Box	32.2	Neville Island, Pa.	426	.45	289.80	126.06	25.82	192.41	344.29	118.8
	Track Material	Box	32.2	Gary, Ind.	880	.73	470.12	260.40	25.82	192.41	478.63	101.8
611	Vehicles Other Than Motor											
	Childrens Vehicles & Wagons	Box*	11.4	Akron, O.	540	1.39	316.92	128.65	25.82	86.12	240.59	75.9
	Trailers Other Than Motor, N.O.I.B.N.	Box	11.4 16/	Oakley, O.	714	1,33	359.10	170.10	25.82	86.12	282.04	78.5
	" " " " " "	Box	11.4 16/	Fort Wayne, Ind.	734	1.36	367.20	174.86	25.82	86.12	286.80	78.1
	" " " " " "	Gond.	11.4 16/	Oakley, O.	714	1.33	359.10	203.72	28.15	82.03	313.90	87.4
	" " " " " "	Gond.	11.4 16/	Fort Wayne, Ind.	734	1.36	367.20	209.43	28.15	82.03	319.61	87.0
	Warehouse Hand Trucks	Box	11.4 13/	Niles, Ohio	490	1.01	242.40	116.73	25.82	86.12	228.67	94.3
	Lift Trucks	Box	11.4 13/	Peoria, Ill.	978	1.61	386.40	232.99	25.82	86.12	344.93	89.3
613	Automobiles-Passenger											
	Automobiles Passenger Set Up	Box	A 7.5	Detroit, Mich.	621	2.10 6/	315.00	141.23	25.82	66.20	233.25	74.0
	" " " "	Box	C 10.0	Detroit, Mich.	621	2.10 6/	420.00	145.53	25.82	78.97	250.32	59.6
	" " " "	Box	B 6.25	Detroit, Mich.	621	2.46 7/	307.50	139.07	25.82	59.81	224.70	73.1
	" " " "	Box	B 6.25	Flint, Mich.	647	2.59	323.75	144.90	25.82	59.81	230.53	71.2
	" " " "	Box	B 6.25	Kenosha, Wisc.	905	3.00	375.00	202.68	25.82	59.81	288.31	76.9
	" " " "	Box	B 6,25	Springfield, O.	665	2.29	286.25	148.93	25.82	59.81	234.56	81.9

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Revenues, Restated Out-of-Pocket Costs and Ratios
Covering Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

Commodity						Freight Revenues 2/		Out-of-Pocket Costs				
Group No. (1)	Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles (6)	1/Rate (7)	Per Car (8)	Line Haul (9)	Origin (10)	Port (11)	Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
615	Automobiles Freight											
	Autos Freight	Flat	15.0	Detroit, Mich.	621	$1.17	$351.00	$161.40	$28.15	$99.06	$288.61	82.2%
	" "	Flat	15.0	Springfield, O.	655	1.24	372.00	170.24	28.15	99.06	297.45	80.0
	" "	Flat	15.0	South Bend, Ind.	803	1.43	429.00	208.70	28.15	99.06	335.91	78.3
	" "	Flat	15.0	Kenosha, Wisc.	895	1.52	456.00	232.61	28.15	99.06	359.82	78.9
	" "	Gond.	15.0	Detroit, Mich.	621	1.17	351.00	183.39	28.15	99.06	310.60	88.5
	" "	Gond.	15.0	Springfield, O.	655	1.24	372.00	193.43	28.15	99.06	320.64	86.2
	" "	Gond.	15.0	South Bend, Ind.	803	1.43	429.00	237.13	28.15	99.06	364.34	84.9
	" "	Gond.	15.0	Kenosha, Wisc.	895	1.52	456.00	264.30	28.15	99.06	391.51	85.9
617	Vehicles Motor, N.O.S.											
	Fire Fighting Equipment	Flat	22.6	Dayton, O.	680	1.70	768.40	191.07	28.15	135.01	354.23	46.1
	Farm Tractors	Flat	22.6	Deerfield, Ill.	916	.93	420.36	257.38	28.15	135.01	420.54	100.0
	" "	Flat	22.6	Peoria, Ill.	978	.93	420.36	274.80	28.15	135.01	437.96	104.2
	" "	Flat	22.6	Racine, Wisc.	895	.93	420.36	251.48	28.15	135.01	414.64	98.6
	Fire Fighting Equipment	Gond.	22.6	Dayton, O.	680	1.70	768.40	215.14	28.15	135.01	378.30	49.2
	Farm Tractors	Gond.	22.6	Deerfield, Ill.	916	.93	420.36	289.81	28.15	135.01	452.97	107.8
	" "	Gond.	22.6	Peoria, Ill.	978	.93	420.36	309.42	28.15	135.01	472.58	112.4
	" "	Gond.	22.6	Racine, Wisc.	895	.93	420.36	283.16	28.15	135.01	446.32	106.2
619	Military Vehicles, N.O.S.											
	Military Tractor Tanks	Flat	26.7	Battle Creek, Mich.	741	1.40	747.60	216.63	28.15	154.40	399.18	53.4
	" " "	Flat	26.7	Peoria, Ill.	978	1.61	859.74	285.92	28.15	154.40	468.47	54.5
	Military Vehicles, N.O.S.	Flat	26.7	Rock Island, Ill.	1,031	2.20	1,174.80	301.41	28.15	154.40	483.96	41.2
	" " "	Flat	26.7	Toledo, O.	658	1.17	624.78	192.37	28.15	154.40	374.92	60.0
	Military Tractor Tanks	Gond.	26.7	Battle Creek, Mich.	741	1.40	747.60	242.86	28.15	154.40	425.41	56.9
	" " "	Gond.	26.7	Peoria, Ill.	978	1.61	859.74	320.54	28.15	154.40	503.09	58.5
	Military Vehicles, N.O.S.	Gond.	26.7	Rock Island, Ill.	1,031	2.20	1,174.80	337.91	28.15	154.40	520.46	44.3
	Military Vehicles, "	Gond.	26.7	Toledo, O.	658	1.17	624.78	215.66	28.15	154.40	398.21	63.7
621	Automobiles & Auto Trucks KD											
	Autos Boxed	Flat	21.8	Springfield, O.	655	1.24	540.64	182.59	28.15	131.22	341.96	63.3
	" "	Flat	21.8	Detroit, Mich.	621	1.17	510.12	173.11	28.15	131.22	332.48	65.2
	" "	Flat	21.8	Kenosha, Wisc.	895	1.52	662.72	249.49	28.15	131.22	408.86	61.7
	" "	Flat	21.8	Wagon Works, O.	658	1.17	510.12	183.42	28.15	131.22	342.79	67.2
	" "	Gond.	21.8	Springfield, O.	655	1.24	540.64	205.78	28.15	131.22	365.15	67.5
	" "	Gond.	21.8	Detroit, Mich.	621	1.17	510.12	195.10	28.15	131.22	354.47	69.5
	" "	Gond.	21.8	Kenosha, Wisc.	895	1.52	662.72	281.18	28.15	131.22	440.55	66.5
	" "	Gond.	21.8	Wagon Works, O.	658	1.17	510.12	206.72	28.15	131.22	366.09	71.8

Revenues, Restated Out-of-Pocket Costs and Ratios Covering Movements of Export Traffic Originating in Differential Territory via Port of New York

Commodity		Type of Equipment	Average Weight Tons	Origins	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	Line Haul (9)	Terminal Origin (10)	Terminal Port (11)	Total (12)	(13)
623	Vehicles Parts, N.O.S.											
	Auto Parts	Box	23.3	Detroit, Mich.	621	$1.17	$545.22	$168.43	$25.82	$146.93	$341.18	62.6%
	" "	Box	23.3	Springfield, O.	655	1.24	577.84	177.66	25.82	146.93	350.41	60.6
	" "	Box	23.3	Kenosha, Wisc.	895	1.52	708.32	242.75	25.82	146.93	415.50	58.7
	" "	Box	23.3	Chicago, Ill.	880	1.52	708.32	238.68	25.82	146.93	411.43	58.1
	" "	Box	23.3	Peoria, Ill.	978	1.66	773.56	265.26	25.82	146.93	438.01	56.6
	" "	Box	23.3	South Bend, Ind.	803	1.43	666.38	217.80	25.82	146.93	390.55	58.6
627	Tires and Tubes Rubber											
	Tire and Tubes Rubber	Box	15.8	Akron, O.	540	1.06	334.96	135.23	25.82	108.61	269.66	80.5
	" " " "	Box	15.8	Columbus, O.	611	1.07	338.12	153.02	25.82	108.61	287.45	85.0
	" " " "	Box	15.8	Louisville, Ky.	824	1.36	429.76	206.36	25.82	108.61	340.79	79.3
	" " " "	Box	15.8	Shelby, O.	598	1.09	344.44	149.76	25.82	108.61	284.19	82.5
631	Ammunition and Explosives											
	Ammunition and Explosives	Box	43.6	Atlas, O.	540	1.48 8/	1,148.96	176.86	25.82	250.67	453.35	39.5
	" "	Box	43.6	Atlas, O.	540	1.18 9/	1,028.96	176.86	25.82	250.67	453.35	44.1
	" "	Box	43.6	Crane, Ind.	883	1.94 8/	1,691.68	289.20	25.82	250.67	565.69	33.4
	" "	Box	43.6	Crane, Ind.	883	1.55 9/	1,351.60	289.20	25.82	250.67	565.69	41.9
	" "	Box	43.6	Proving Ground, Ill.	1,018	2.15 8/	1,874.80	333.42	25.82	250.67	609.91	32.5
	" "	Box	43.6	Proving Ground, Ill.	1,018	1.72 9/	1,499.84	333.42	25.82	250.67	609.91	40.7
	" "	Box	43.6	Charlestown, Ind.	824	1.91 8/	1,665.52	269.88	25.82	250.67	546.37	32.8
	" "	Box	43.6	Charlestown, Ind.	824	1.52 9/	1,325.44	269.88	25.82	250.67	546.37	41.2
	" "	Box	43.6	Kingsbury, Ind.	803	1.89 8/	1,648.08	263.00	25.82	250.67	539.49	32.7
	" "	Box	43.6	Kingsbury, Ind.	803	1.50 9/	1,308.00	263.00	25.82	250.67	539.49	41.2
635	Cement, N.O.S.											
	High Temperature Bonding	Box	45.5	Zelienople, Pa.	426	8.04 3/	365.82	141.77	25.82	260.38	427.97	117.0
	High Temperature Mortor	Box	45.5	Cleveland, O.	552	8.04 3/	365.82	183.70	25.82	260.38	469.90	128.5
639	Brick and Building Tile											
	Facing Tile	Box	26.0	Anderson, Ind.	746	1.21	629.20	207.92	25.82	160.73	394.47	62.7
	" "	Box	26.0	Zanesville, O.	566	.98	509.60	157.75	25.82	160.73	344.30	67.6
	Hollow Bldg. Tile	Box	26.0	Magnolia, O.	526	8.64 3/	224.64	146.61	25.82	160.73	333.16	148.3
641	Refractories											
	Firebrick	Box	33.3	Firebrick, O.	649	9.12 3/	303.70	194.03	25.82	198.03	417.88	137.6
	"	Box	33.3	Allegheny, Pa.	426	8.04 3/	267.73	127.36	25.82	198.03	351.21	131.2
	"	Box	33.3	Mineral City, O.	526	8.64 3/	287.71	157.25	25.82	198.03	381.10	132.5
	"	Box	33.3	Louisville, Ky.	824	12.57 3/	418.58	246.34	25.82	198.03	470.19	112.3

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Revenues, Restated Out-of-Pocket Costs and Ratios
Covering Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

Commodity		Type of	Average Weight		Short Line	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to
Group No. (1)	Description (2)	Equipment (3)	Tons (4)	Origins (5)	Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Terminal Origin (10)	Terminal Port (11)	Total (12)	Revenues (13)
649	Sewer Pipe and Drain Tile (Not Metal)											
	Ceramic Tile	Box	25.8	Zanesville, O.	566	$.98	$505.68	$157.44	$25.82	$159.71	$342.97	67.8%
	" "	Box	25.8	East Sparta, O.	526	.95	490.20	146.31	25.82	159.71	331.84	67.7
655	Scrap Paper and Rags											
	Rags	Box	17.8	Kenosha, Wisc.	895	.81	288.36	229.10	25.82	118.83	373.75	129.6
	"	Box	17.8	Piqua, O.	682	.66	234.96	174.58	25.82	118.83	319.23	135.9
	"	Box	17.8	Columbus, O.	611	.62	220.72	156.40	25.82	118.83	301.05	136.4
	"	Box	17.8	Chicago, Ill.	880	.81	288.36	225.26	25.82	118.83	369.91	128.3
	"	Box	17.8	Pittsburgh, Pa.	426	.52	185.12	109.05	25.82	118.83	253.70	137.0
	"	Box	17.8	Jeffersonville, Ind.	824	.78	277.68	210.93	25.82	118.83	355.58	128.1
659	Printing Paper, N.O.S.											
	Printing Paper	Box	23.0	Middletown, O.	680	.87	400.20	183.87	25.82	145.40	355.09	88.7
	" "	Box	23.0	Hamilton, O.	714	.87	400.20	193.07	25.82	145.40	364.29	91.0
	" "	Box	23.0	Chillicothe, O.	628	.78	358.80	169.81	25.82	145.40	341.03	95.0
	" "	Box	23.0	Otsego, Mich.	764	.98	450.80	206.59	25.82	145.40	377.81	83.8
665	Paper and Paper Articles											
	Paper Articles, N.O.I.B.N.	Box	15.9	Chicago, Ill.	880	1.05	333.90	220.63	25.82	109.12	355.57	106.5
	" " "	Box	15.9	Brighton, O.	714	.87	276.66	179.01	25.82	109.12	313.95	113.5
	" " "	Box	15.9	Chillicothe, O.	628	.78	248.04	157.45	25.82	109.12	292.39	117.9
	" " "	Box	15.9	Cleveland, O.	552	.78	248.04	138.39	25.82	109.12	273.33	110.2
667	Printed Matter, N.O.S.											
	Books, N.O.S.	Box	19.2	Dayton, O.	680	1.70	652.80	176.71	25.82	125.98	328.51	50.3
	" "	Box	19.2	Racine, Wisc.	895	2.20	844.80	232.58	25.82	125.98	384.38	45.5
	Calendars Rolled in Packages	Box	19.2	E. St.Louis, Ill.	1,030	1.15	441.60	267.66	25.82	125.98	419.46	95.0
	Printed Forms	Box	19.2	Dayton, O.	680	.86	330.24	176.71	25.82	125.98	328.51	99.5
	" "	Box	19.2	Shelby, O.	598	.80	307.20	155.40	25.82	125.98	307.20	100.0
669	Paperboard, Fibreboard and Pulpboard											
	Paperboard	Box	23.6	Hamilton, O.	714	.80	377.60	194.25	25.82	148.47	368.54	97.6
	"	Box	23.6	Rittman, O.	540	.75	354.00	146.91	25.82	148.47	321.20	90.7
	"	Box	23.6	Middletown, O.	680	.80	377.60	185.00	25.82	148.47	359.29	95.2

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Revenues, Restated Out-of-Pocket Costs and Ratios
Covering Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

Commodity Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Origin (10)	Out-of-Pocket Costs Terminal Port (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
675	Insulating Materials, N.O.S.											
	Mineral Wool	Box	13.7	Newark, O.	578	$.72	$197.28	$141.38	$25.82	$97.88	$265.08	134.4%
	" "	Box	13.7	Columbus, O.	611	.73	200.02	149.46	25.82	97.88	273.16	136.6
	" "	Box	13.7	Lockland, O.	714	.80	219.20	174.65	25.82	97.88	298.35	136.1
685	Electrical Equipment and Parts, N.O.S.											
	Batteries and Parts	Box	19.3	Madison, Wisc.	950	1.47	567.42	247.13	25.82	126.49	399.44	70.4
	" " "	Box	19.3	Cleveland, O.	552	.95	366.70	143.60	25.82	126.49	295.91	80.7
	Electrical Appliances, N.O.S.	Box	19.3	Troy, O.	682	1.25	482.50	177.42	25.82	126.49	329.73	68.3
	Radios	Box	19.3	Chicago, Ill.	880	2.69	1,038.34	228.92	25.82	126.49	381.23	36.7
	"	Box	19.3	Indianapolis, Ind.	789	2.46	949.56	205.25	25.82	126.49	357.56	37.7
687	Furnaces, Heaters, Radiators and Parts											
	Heating Furnaces	Box	14.0	Dayton, O.	680	1.09	305.20	166.90	25.82	99.41	292.13	95.7
	" "	Box	14.0	Chicago Heights, Ill.	880	1.36	380.80	215.99	25.82	99.41	341.22	89.6
	Water Heaters	Box	14.0	St. Louis, Mo.	1,030	1.66	464.80	252.81	25.82	99.41	378.04	81.3
693	Glass											
	Glass Pellets	Box	26.7 10/	Newark, O.	578	.78	468.00	162.22	25.82	164.31	352.35	75.3
	Plate Glass	Gond.	26.7 11/	Ford City, Pa.	426	.83	443.22	139.62	28.15	154.40	322.17	72.7
	" "	Gond.	26.7 12/	Ford City, Pa.	426	.96	512.64	139.62	28.15	154.40	322.17	62.8
695	Glassware, N.O.S.											
	Glassware, N.O.S.	Box	16.2	Columbus, O.	611	.92	298.08	153.69	25.82	110.65	290.16	97.3
	" "	Box	16.2	Lancaster, O.	602	.92	298.08	151.43	25.82	110.65	287.90	96.6
	" "	Box	16.2	Dunkirk, Ind.	746	1.08	349.92	187.65	25.82	110.65	324.12	92.6
697	Glass Bottles, Jars, and Packing Glasses, N.O.S.											
	Common Glass Containers	Box	20.9	Washington, Pa.	426	.59	246.62	112.71	25.82	134.67	273.20	110.8
	" " "	Box	20.9	Lancaster, O.	602	.73	305.14	159.27	25.82	134.67	319.76	104.8
	" " "	Box	20.9	Muncie, Ind.	746	.86	359.48	197.37	25.82	134.67	357.86	99.5
	" " "	Box	20.9	Charleston, W.Va.	603	.67	280.06	159.54	25.82	134.67	320.03	114.3

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Revenues, Restated Out-of-Pocket Costs and Ratios Covering Movements of Export Traffic Originating in Differential Territory via Port of New York

Group No. (1)	Commodity: Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Freight Revenues 2/: Rate (7)	Freight Revenues 2/: Per Car (8)	Out-of-Pocket Costs: Line Haul (9)	Out-of-Pocket Costs: Terminal: Origin (10)	Out-of-Pocket Costs: Terminal: Port (11)	Out-of-Pocket Costs: Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
705	Household Utensils, N.O.S.											
	Sheet Steelware, Household	Box	10.7	Zanesville, O.	566	$1.39	$297.46	$133.74	$25.82	$82.55	$242.11	81.4%
	Steel Kettles, "	Box	10.7	Warren, Pa.	407	.87	186.18	96.17	25.82	82.55	204.54	109.9
	Sheet Steelware, "	Box	10.7	West Lafayette, O.	542	1.39	297.46	128.07	25.82	82.55	236.44	79.5
707	Refrigerators, Freezing Apparatus and Parts											
	Refrigerators	Box	10.3	Chicago, Ill.	880	2.12	436.72	206.96	25.82	80.50	313.28	71.7
	"	Box	10.3	Connellsville, Ind.	721	1.85	381.10	169.57	25.82	80.50	275.89	72.4
	"	Box	10.3	Dayton, O.	680	1.70	350.20	159.92	25.82	80.50	266.24	76.0
	"	Box	10.3	St. Louis, Mo.	1,030	2.29	471.74	242.24	25.82	80.50	348.56	73.9
	"	Box	10.3	Appliance Park, Ky.	824	1.98	407.88	193.79	25.82	80.50	300.11	73.6
	"	Box	10.3	Grand Rapids, Mich.	757	2.01	414.06	178.03	25.82	80.50	284.35	68.7
709	Laundry Equipment											
	Washing Machines, Household	Box	13.0	Herrin, Ill.	1,026	1.97	512.20	248.98	25.82	94.30	369.10	72.1
	" " "	Box	13.0	Norwood, O.	714	1.52	395.20	173.27	25.82	94.30	293.39	74.2
	" " "	Box	13.0	St.Louis, Mo.	1,030	1.98	514.80	249.95	25.82	94.30	370.07	71.9
	" " "	Box	13.0	Appliance Park, Ky.	824	1.52	395.20	199.96	25.82	94.30	320.08	81.0
	" " "	Box	13.0	Mansfield, O.	598	1.39	361.40	145.12	25.82	94.30	265.24	73.4
711	Stoves, Ranges and Parts											
	Stoves, N.O.I.B.N.	Box	11.9 13/	Brighton, O.	714	1.12	268.80	171.09	25.82	88.68	285.59	106.2
	" "	Box	11.9 13/	Chicago, Ill.	880	1.36	326.40	210.86	25.82	88.68	325.36	99.7
	" "	Box	11.9 13/	Louisville, Ky.	824	1.27	304.80	197.45	25.82	88.68	311.95	102.3
	" "	Box	11.9 13/	St. Louis, Mo.	1,030	1.47	352.80	246.81	25.82	88.68	361.31	102.4
715	Furniture, N.O.S.											
	Furniture, N.O.I.B.N.	Box	11.6 13/	Chicago, Ill.	880	2.12	508.80	210.13	25.82	87.15	323.10	63.5
	" "	Box	11.6 13/	E.St.Louis, Ill.	1,030	2.29	549.60	245.95	25.82	87.15	358.92	65.3
	" "	Box	11.6 13/	Perrysburg, O.	658	1.81	434.40	157.12	25.82	87.15	270.09	62.2
	" "	Box	11.6 13/	Shelby, O.	598	1.61	386.40	142.79	25.82	87.15	255.76	66.2
749	Liquors - Malt											
	Beer	Refgr.	27.5 10/	Milwaukee, Wisc.	871	.79	474.00	353.42	22.23	176.04	551.69	116.4
	"	Refgr.	27.5 10/	Chicago, Ill.	880	.76	456.00	357.07	22.23	176.04	555.34	121.8

Revenues, Restated Out-of-Pocket Costs and Ratios
Covering Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Origin	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
									Terminal			
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	Line Haul (9)	Origin (10)	Port (11)	Total (12)	(13)
763	Food Products,N.O.S.,in Cans and Packages-Not Frozen											
	Bakery Goods	Box	26.6	Cincinnati, O.	714	$1.19	$633.08	$200.19	$25.82	$163.80	$389.81	61.6%
	Powdered Milk	Box	26.6	Columbus, O.	611	.72	383.04	171.31	25.82	163.80	360.93	94.2
	" "	Box	26.6	Detroit, Mich.	621	.74	393.68	174.12	25.82	163.80	363.74	92.4
	Canned Goods	Box	26.6	Davenport, Ia.	1,031	1.02	542.64	289.07	25.82	163.80	478.69	88.2
	" "	Box	26.6	Wapakoneta, O.	684	.74	394.68	191.78	25.82	163.80	381.40	96.6
767	Starch											
	Corn Starch	Box	29.9	Chicago, Ill.	880	.62	370.76	254.79	25.82	180.66	461.27	124.4
	Starch, N.O.I.B.N.	Box	29.9	St.Louis, Mo.	1,030	.75	448.50	298.22	25.82	180.66	504.70	112.5
769	Soap and Cleaning and Washing Compounds											
	Soap	Box	25.0	Ivorydale, O.	714	.95	475.00	197.03	25.82	155.62	378.47	79.7
	Cleaning Compound, N.O.S.	Box	25.0	Columbus, O.	611	.87	435.00	168.60	25.82	155.62	350.04	80.5
773	Feed-Animal and Poultry,N.O.S.											
	Feed-Animal and Poultry,N.O.S.	Box	30.2	Peoria, Ill.	978	.72	434.88	283.98	25.82	182.19	491.99	113.1
	" " " "	Box	30.2	Lima, O.	784	.47	283.88	227.65	25.82	182.19	435.66	153.5
	" " " "	Box	30.2	Elmwood Place, O.	714	.525	317.10	207.32	25.82	182.19	415.33	131.0
779	Containers-Metal											
	Barrels-Metal	Box	19.5	Chicago, Ill.	880	1.55	604.50	229.41	25.82	127.52	382.75	63.3
	Containers-Metal, N.O.S.	Box	19.5	Speedway, Ind.	789	1.39	542.10	205.69	25.82	127.52	359.03	66.2
	" " "	Box	19.5	Niles, O.	490	1.02	397.80	127.74	25.82	127.52	281.08	70.7
	" " "	Box	19.5	Brighton, O.	714	1.27	495.30	186.14	25.82	127.52	339.48	68.5
	" " "	Box	19.5	Pittsburgh, Pa.	426	.98	382.20	111.06	25.82	127.52	264.40	69.2
781	Containers-Woodan											
	Barrels	Box	16.6	Lawrenceburg, Ind.	736	1.04	345.28	185.95	25.82	112.70	324.47	94.0
	"	Box	16.6	Louisville, Ky.	824	.98	325.36	208.19	25.82	112.70	346.71	106.6
	"	Box	16.6	Braddock, Pa.	426	1.11	368.52	107.63	25.82	112.70	246.15	66.8
783	Containers-Fibreboard and Pulpboard KD											
	Fibreboard Boxes	Box	20.9	Cleveland, O.	552	.86	359.48	146.05	25.82	134.67	306.54	85.3
	Fibreboard Containers	Box	20.9	Petrolia, Pa.	439	.73	305.14	116.15	25.82	134.67	276.64	90.7
785	Containers - N.O.S.											
	Steel Cylinders	Box	19.3	Oakmont, Pa.	426	.86	331.96	110.82	25.82	126.49	263.13	79.3

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Revenues, Restated Out-of-Pocket Costs and Ratios Covering Movements of Export Traffic Originating in Differential Territory via Port of New York

Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origins (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Origin (10)	Out-of-Pocket Costs Terminal Port (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
789	Scrap Iron and Scrap Steel	Gond.	30.4	Youngstown, O.	490	$13.51 5/	$366.12	$165.63	$28.15	$171.90	$365.68	99.9%
	" " " "	Gond.	30.4	Etna, Pa.	426	12.71 5/	344.44	143.99	28.15	171.90	344.04	99.9
	" " " "	Gond.	30.4	Cleveland, O.	552	14.71 5/	398.64	186.58	28.15	171.90	386.63	97.0
	" " " "	Gond.	30.4	Dayton, O.	680	16.30 5/	441.73	229.85	28.15	171.90	429.90	97.3
795	Waste Material for Remelting, N.O.S.											
	Brass - Scrap	Box	31.2	Kalamazoo, Mich.	764	.91	567.84	223.96	25.82	187.30	437.08	77.0
	" "	Box	31.2	Detroit, Mich.	621	.78	486.72	182.04	25.82	187.30	395.16	81.2
	Metal - Scrap, N.O.I.B.N.	Box	31.2	Canton, O.	526	.66	411.84	154.19	25.82	187.30	367.31	89.2
	Brass - Scrap	Box	31.2	Ashland, Ky.	649	.75	468.00	190.25	25.82	187.30	403.37	86.2
799	Manufactures and Miscellaneous, N.O.S.											
	Welding Wire	Box	19.7	Cleveland, O.	552	.51	200.94	144.21	25.82	128.54	298.57	148.6
	Welding Rods	Box	19.7	Milwaukee, Wisc.	871	.73	287.62	227.55	25.82	128.54	381.91	132.8
	Clothing N.O.I.B.N.	Box	19.7	Shelby, O.	598	2.49	981.06	156.23	25.82	128.54	310.59	31.7
	Military Impedimenta	Box	19.7	Lordstown, O.	490	1.79	705.26	128.01	25.82	128.54	282.37	40.0
	" "	Box	19.7	Toledo, O.	658	2.29	902.26	171.90	25.82	128.54	326.26	36.2
950	Forwarder Traffic											
	All Commodity	Box	13.7 14/	Chicago, Ill.	880	1.85	555.00	215.26	25.82	97.88	338.96	61.1
	" "	Box	13.7 14/	St. Louis, Mo.	1,030	2.03	609.00	251.95	25.82	97.88	375.65	61.7
	" "	Box	13.7 14/	Indianapolis, Ind.	789	1.69	507.00	193.00	25.82	97.88	316.70	62.5
	" "	Box	13.7 14/	Cincinnati, O.	714	1.56	468.00	174.65	25.82	97.88	298.35	63.8
	" "	Box	13.7 14/	Pittsburgh, Pa.	426	1.05	315.00	104.20	25.82	97.88	227.90	72.3
		387 cars	10,274.2 tons				$186,527.35	$81,287.70	$10,087.04	$59,915.67	$151,290.41	81.1
					Per Car		481.98	210.05	26.06	154.82	390.93	
					Per Ton		18.15	7.91	.98	5.83	14.72	

NOTES:
1/ Excludes 10 Mile Arbitrary under Appendix K, Docket 15,879, Eastern Class Rate Investigation.
2/ Rates and Revenues via Baltimore
3/ Applies per 2,000 pounds
4/ Minimum weight 70,000 pounds
5/ Applies per 2,240 pounds
6/ Applicable via New York Central R.R. direct
7/ Applicable via lines other than the New York Central R.R. direct
8/ Minimum weight 40,000 pounds
9/ Excess of 40,000 pounds per item 3 - A.T.E.A. Section 22 Quotation A-1706-A
10/ Minimum weight 60,000 pounds
11/ 120 United inches or under
12/ Exceeding 120 united inches
13/ Minimum weight 24,000 pounds
14/ Minimum weight 30,000 pounds
15/ Minimum weight 50,000 pounds
16/ Minimum weight 27,000 pounds
A/ Minimum weight 15,000 pounds for cars not exceeding 50 feet 7 inches in length
B/ Minimum weight 12,500 pounds for cars not exceeding 50 feet 7 inches in length
C/ Minimum weight 20,000 pounds for cars exceeding 50 feet 8 inches in length

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SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1962

No. 97

THE BALTIMORE & OHIO RAILROAD COMPANY,
ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 98

MARYLAND PORT AUTHORITY, ET AL.,
APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 99

INTERSTATE COMMERCE COMMISSION,
APPELLANT,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF MASSACHUSETTS

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(EMT-2)—Revenues, out-of-pocket costs and ratios of representative movements of export traffic originating in differential territory via Port of New York	4704	3507
(EMT-3)—Extracts from Senate Document 63 (78th Cong.; 1st Sess.) entitled "Rail Freight Service Costs in the Various Rate Territories of the United States—Letter from the Chairman, Interstate Commerce Commission"	4719	3523

	Original	Print
I. C. C. Exhibits—Continued		
No. 125—Statement of E. M. Talbott—Continued		
(EMT-4)—Reproduction of testimony given in Ex Parte 212 by operating representatives of respondent carriers	4776	3580
(EMT-5)—Number of lighters towed per tug-tows, months of September, years 1948 to 1957, inclusive	4827	3616
(EMT-6)—Tons lightered and cars floated, B&O-CNJ marine operation—Jersey City, N. J., years 1948 to 1957, inclusive	4828	3617
(EMT-7)—Baltimore and Ohio traffic covered by the lighterage pier and/or marine service portion of the terminal cost study at New York	4829	3618
(EMT-8)—Import-export traffic through the Port of New York via the B&O and CNJ for the year 1956 and a comparison of September 1956 with the monthly average for the year	4830	3619
(EMT-9)—Computation of adjustment to relate certain marine expenses at New York for the month of September 1956 to the monthly average for 1956 based on comparative traffic volumes as described	4831	3620
(EMT-10)—Computation of adjustment to relate certain lighterage pier expenses for September 1956 to the monthly average for 1956, based on a comparison of traffic volume as described	4832	3621
(EMT-11)—Import-export traffic through the Port of New York via Pennsylvania Railroad System for the year 1956 and a comparison of September 1956 with the monthly average for the year	4833	3622
(EMT-12)—Memorandum to Robert F. Wagner from Alfred E. Perlman, dated July 2, 1958	4834	3623

I. C. C. Exhibits—Continued	Original	Print
No. 126—Letter from the Assistant General Solicitor of the New York Central System to J. L. Heywood, dated February 20, 1958	4838	3626
No. 127—Letter from Richard R. Bongartz to John H. Colgren, dated February 26, 1958	4841	3629
No. 128—Letter from Richard R. Bongartz to John H. Colgren, dated February 28, 1958	4842	3630
No. 129—Letter from J. L. Heywood to Wesley F. French, dated March 19, 1958	4844	3632
No. 130—Letter with enclosures from Richard R. Bongartz to John H. Colgren, dated April 7, 1958	4846	3635
No. 131—Letter from John H. Colgren to R. R. Bongartz and Jervis Langdon, Jr., dated April 22, 1958	4853	3643
No. 132—Letter with enclosures from Richard R. Bongartz to John H. Colgren, dated April 28, 1958	4856	3646
No. 133—Letter with enclosure from Richard R. Bongartz to John H. Colgren, dated May 1, 1958	4859	3651
No. 134—Answer of B. & O.—Jersey Central to John H. Colgren's letter of April 22, 1958	4868	3661

[fol. 4599] Secretary's Certificate (omitted in printing).

[fol. 4600]

I.C.C. Exhibit No. 117

This statement is verified. Unless written request for cross examination is received by the affiant or his attorney, Henry E. Foley, 10 Post Office Square, Boston 9, Mass., not later than ten days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

I & S DOCKET NO. 6615

Verified Testimony of Leo Pisterino

On Behalf of the Port of Boston Commission

[fol. 4601] Q. Kindly state your name, address and business.

A. I am Leo Pisterino. I am president of Pisterino & Co., Inc., a firm of freight forwarders and custom house brokers, whose main office is at 40 Central Street, Boston, Massachusetts.

Q. How long have you been in this business?

A. My firm has been engaged in the import and export business for about sixty years. I myself have 29 years' experience in this business.

Q. Do you do business only at Boston?

A. No. Our firm is located in Boston, but we solicit business throughout the country and we handle shipments through many different ports. In fact, I would say that, in recent years, we have handled more tonnage through ports other than Boston than through Boston.

Q. Are you familiar with the testimony in this record of witnesses sponsored by the port interests opposing equalization, to the effect that an alleged superiority of the freight forwarding, custom house brokerage and foreign banking services at New York City over the analogous services available at other ports is so great that, for this reason among others, Philadelphia, Baltimore and Norfolk need a preferential rate to compete effectively for differential territory export and import traffic?

A. Yes, I have read testimony to that effect.

Q. Would you care to comment thereon?

[fol. 4602] A. Yes, I would. I want to make three points in that connection:

First, I want to say that we at Boston do not suffer from the same inferiority complex with respect to our freight forwarding, custom house brokerage and foreign banking services, as apparently do the ports south of New York. *We* are not unable to, and are not afraid to, compete *at parity rates* with all North Atlantic ports, including New York. In fact, we are eager to do just that, for we are convinced that, once our offers can be weighed against those of our counterparts from competing ports on the basis of the comparative quality and efficiency of our services alone, at equal rates, we will obtain a fair share of differential territory traffic.

My second point is that, in my opinion, the ports opposing equalization are suffering from an inferiority *complex,* but not from any real inferiority, with respect to their freight forwarding, custom house brokerage and foreign banking facilities. Having enjoyed for so long their preferential rates, and the concomitant lack of any pressing need for real competitive effort, they have come to believe that, without the rate advantage, it will be impossible for them to compete. As one who, for almost 30 years, has had to compete on a *rate parity basis* with New York, I want to assure the Examiner, as well as these gentlemen from Philadelphia and Baltimore, that *it can be* done, though admittedly it will take more effort than it did with a preferential rate.

[fol. 4603] Thirdly, it is contrary to fact to assume that import and export business, which is handled by New York forwarders, brokers or banks, will, for this reason, move through the port of New York. It is just as easy for these New York services to handle shipments through outports —and they are just as ready and eager to do it—as it is for my firm to handle shipments through ports other than

Boston. As I have previously stated, we do this all the time and without any difficulty whatsoever. These agencies have little or no incentive to use their influence to route shipments through New York.

My firm is in constant competition for business with New York brokers and forwarders and we compete with them quite successfully. We are perfectly willing, as are the New York firms, to ship through Boston, New York or any other port, and the fact that the physical location of my firm is at Boston is no handicap in being flexible as to choice of port. Frequently, the choice of a port is not up to the forwarder or broker; it is fixed in the shipping documents. But even if and when the freight forwarder or custom house broker is in a position to influence the routing, he would not ordinarily do so on the basis of his own convenience or local pride. The best interests of shipper and consignee are the only valid standards for choice of routing, and this should be so, and usually is so, no matter whether the freight is paid by the American party or the foreign party to the transaction.

The main reason that, based on this standard, we must so often decide against shipping via Boston, is the shortage [fol. 4604] of other cargo at the port of Boston and the resultant relative shortage of available ocean shipping space and frequency. The influx of more, and more diversified cargoes, which is bound to result from rate parity from and to Differential Territory, will substantially alleviate this present handicap of the port of Boston.

Thus, the large number of foreign trade establishments which are physically located in New York City does not give the port of New York such a competitive advantage that, without rate preference, the other North Atlantic ports would be reduced to insignificance. These New York firms are perfectly ready and willing to ship through other ports, and they will do so whenever it is advantageous, rate-wise or service-wise, to do so, as they have been doing for years.

In many cases, it is advantageous to stay away from New York.. We constantly encounter customers who want us to avoid New York, with its congestion, delays, and excessive handling of goods.

Nor is there any reason why the very large size of some of the New York firms should make competition with them impossible. There are forwarders and brokers of reasonable capacity and great efficiency at Boston, as well as at the other North Atlantic ports. Few, if any, shipments are so large or complex that these firms could not handle them effectively. Size, by itself, gives no competitive advantage in our business. The quality of the service and its cost is [fol. 4605] what counts the most, ~~and~~ we find that we can compete effectively and successfully with the larger firms on that basis. We are frequently able to undersell the large New York firms. In any event, if an increase in business justifies it, my firm, as well as most other similar firms, would be ready and able to expand our size to the degree necessary.

Similarly, the suggestion that the size of the large New York banks gives the port of New York an insuperable competitive edge strikes me as wholly unrealistic. Any export or import shipment so large that our Boston banks could not handle its financing, because of their "inadequate" size, is inconceivable to me. If such shipments exist at all, which I doubt, they are so rare and unusual as to be of no significance for purposes of this case. The First National Bank of Boston is among the 15 largest banks in the country with resources well in excess of one and one-half billion dollars.

In order to confirm my suspicion that similarly good banking facilities are available at Philadelphia and Baltimore, I examined the listing, in the International Bankers Directory for 1957, of the one hundred U.S. banks with the largest resources. These included four Philadelphia banks, three Boston banks and two Baltimore banks. Each one of these banks had listed resources in excess of $285 million, and two of the Philadelphia banks had resources in excess of one billion dollars.

[fol. 4606] I know that our Boston banks with foreign departments compete actively and often successfully for the business of financing foreign trade. But even the business financed through New York does not necessarily move through the port of New York. To my knowledge, banks do not try to influence the routing of shipments; it is a matter of indifference to them. Nor is there any particular reason why shippers or consignees who finance through New York banks should, for this reason, prefer New York routings. There is no significant delay in liquidating the investment in a shipment which moves through a port other than that at which the financing bank is located. Shipping documents are usually mailed to the bank, and a letter normally takes no longer from Boston to New York City than from Broadway, New York City, to Wall Street, New York City. Even in cases where time is of such importance that, within New York, hand-delivery of documents to the bank would be resorted to, prompt payment at some other North Atlantic port or other city through a correspondent bank can easily be arranged.

Similarly, I do not think that the fact that the head offices of most steamship companies are in New York means that New York gets space preference. These companies are in business to make money, and they will make space available wherever the goods are. We have no trouble whatsoever getting shipping space assigned to Boston, when we have enough tonnage to make it profitable for the company to send a ship to Boston. It is ridiculous to sug-[fol. 4606a] gest that steamship managements would be so parochial in outlook as to want to keep their ships at the home port, even though profitable business can be had elsewhere.

The key to this whole port-competitive situation on the East Coast will be active and aggressive selling, once the rate differential has been removed. The differential now is the barbed-wire fence which keeps us from the doors of most of our potential customers, if we try to sell service through Boston. Once that fence is removed, those selling service through Boston will gain access to the customer on an equal basis with those selling service through other ports, and fair competition based on quality of service, and on cost differences which we can control, will be possible. I look forward to this situation, with confidence that it will be possible, on that basis, to sell Boston services, and I am not paralyzed by fear of New York competition. It will involve hard work and much effort, but it can and will be done. Philadelphia and Baltimore can do it too—and will do it once they are faced with the necessity of having to do it.

[fol. 4607]

VERIFICATION

Leo Pisterino, being first duly sworn, on oath deposes and says; that he is the person who made the foregoing statement; that he has read the same and that the statements therein contained are true and correct to the best of his knowledge, information and belief.

Leo Pisterino

Subscribed in my presence, and worn to before me, by the affiant above-named, this twenty-first (21st) day of May, 1959.

Helen Ann Smith
My Commission Expires June 4, 1959.

[fol. 4608]

I.C.C. EXHIBIT No. 118

I & S 6615

Statement of William J. Hartney

Q. Please state your name.

A. William J. Hartney.

Q. What are your occupation and position?

A. I am a banker. I am Vice-President of The National Shawmut Bank of Boston, and am in charge of its Foreign Department.

Q. Does The National Shawmut Bank compete with New York City banks for the business of financing import and export shipments?

A. Yes, it does.

Q. Do you find that the fact that several New York banks are larger in terms of their financial resources than your bank, makes it impossible or very difficult for you to compete against them for this business?

A. No; once a bank exceeds a certain minimum size, the amount of its total resources is rarely a significant factor in foreign trade transactions. The National Shawmut Bank has a combined capital and surplus of roughly $30 million. That means we can extend up to about $3 million credit, secured or unsecured, to any one customer, and more on secured transactions where additional security is deposited with us.

[fol. 4609] When more financing is required, it is quite usual, here and elsewhere, for customers to utilize arrangements with several banks. The First National Bank of Boston, for example, can go up to about $14 million for any customer. Thus, The National Shawmut, The First National and other Boston banks, singly or in combination, can readily extend credit up to any amounts that may reasonably be required to finance foreign trade.

Qualitatively and cost-wise, the services which we offer are at least as good as those of the New York banks. The large size of some of the latter give them no competitive advantage. On the contrary, we find that, frequently, our somewhat lesser size and less complex organization enable us to give better personal service and we are always able to process documents promptly.

Insofar as concerns the furnishing of credit information and providing similar customer services, we, as well as all other recognized foreign trade banks, are ready to match our facilities at any time against those of banks elsewhere, including the New York City banks.

We, accordingly, feel that we can and do compete successfully with the New York banks for such business.

[fol. 4610] Q. Do you try to influence in any way the choice of a port routing for shipments financed by your bank?

A. No; we do not feel that it is within our province as bankers to attempt to influence our customers in this regard. That decision is in the hands of the importer or exporter, and we are glad to finance foreign trade going through any other port.

Q. To your knowledge, do the New York banks attempt to influence the routing of shipments through New York?

A. I have never heard of it, and, to my knowledge, they do not.

Q. Does it take longer for the buyer or seller, as the case may be, to liquidate his investment in a shipment, when the shipment is routed through a different port from that at which the financing bank is located, than when the shipment moves through the port at which such bank has its principal office?

A. There is no significant time difference. Shipping documents are usually mailed to the bank. So long as the bank and the port used are not at opposite ends of the [fol. 4611] country, mailing should take about the same length of time no matter which port is used.

Q. Does The National Shawmut Bank have foreign branches?

A. No; we work through correspondent banks abroad. The only Boston bank with its own foreign branches is The First National Bank of Boston.

Q. Does the lack of foreign branches put you at a competitive disadvantage?

A. I do not believe so. I know of no difference at all in the standard of the service offered to customers.

Q. Would you say that your testimony with respect to the competitive abilities of the Boston banks would apply equally to the foreign banking services available at Philadelphia and Baltimore?

A. Yes. I certainly think that adequate, high-quality and competitive foreign banking service are available at both of these ports. In fact, four Philadelphia banks are larger than The National Shawmut Bank in total resources. The two biggest Baltimore banks, though somewhat smaller, each have total resources of around $300 million.

[fol. 4612]

VERIFICATION

William J. Hartney, being first duly sworn, on oath deposes and says; that he is the person who made the foregoing statement; that he has read the same and that the statements therein contained are true and correct to the best of his knowledge, information and belief.

William J. Hartney

Subscribed in my presence, and sworn to before me, by the affiant above-named, this 16th day of May, 1958.

Leslie H. Baker.
My Commission expires February 16, 1963

[fol. 4613]

I.C.C. Exhibit No. 120

This statement is verified. Unless written request for cross examination is received by affiant or his attorney not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

Before The
INTERSTATE COMMERCE COMMISSION

I. & S. Docket No. 6615
Equalization of Rates at
North Atlantic Ports

VERIFIED STATEMENT OF R. E. PETTERSON
COMPTROLLER
NORFOLK AND WESTERN RAILWAY COMPANY

[fol. 4614] My name is R. E. Petterson. I am Comptroller of Norfolk and Western Railway Company, Roanoke, Virginia, and I have previously testified and presented exhibits in this proceeding. For the convenience of the Commission and other interested parties, I have prepared an exhibit summarizing for comparative purposes the costs of the Hampton Roads lines between representative points in differential territory and Hampton Roads and the costs of the New Haven Railroad between the same points in differential territory and the Port of Boston. All of these costs are already of record and were taken from Witness Cole's Exhibit 116 (working papers) for Boston and from my Exhibit 88 for Hampton Roads.

Column 1 of my Exhibit —— shows points common to both Witness Cole's Exhibit 116 and my Exhibit 88, R.E.P. #5 Revised, Sheet 1. Columns 2 and 3 are self-explanatory. Column 4, the Cwt. Per Car, was taken from Witness Cole's Exhibit 116 for the movements shown.

In Column 5, the Line Haul Costs for Boston were obtained from Witness Cole's Exhibit 116, Pages A-51 to A-54, inclusive, Column 12, which show Cost Per Carload. These carload costs were reduced to a cwt. cost. The Hampton Roads Costs were obtained by using the amounts as shown in my Exhibit 88, R.E.P. #1 Revised, Sheet 3, Line 29, for Pocahontas Region, and Sheet 8, Line 29, for Eastern District, Columns 3 and 4 on the respective sheets. These were items reduced to a cwt. basis and multiplied by the miles for each particular district. The miles used were taken from my Exhibit 88, R.E.P. #5 Revised, Sheet 1, Columns 5 and 6, as applicable.

In Column 6, the Inland Terminal Cost for Boston was obtained from Witness Cole's Exhibit 116, Column 14, Pages A-51 and A-52, and Column 13, Pages A-53 and A-54. The Carload Costs as shown were reduced to a cwt. basis. [fol. 4615] The Inland Terminal Costs for Hampton Roads are the Eastern Costs as shown on my Exhibit 88, R.E.P. #1 Revised, Sheet 8, Line 29, Columns 5 and 6, reduced to a cwt. basis and then divided by two (2) for the cost of one (1) terminal.

In Column 7, I have shown the Interchange Cost for Hampton Roads as reflected in my Exhibit 88, R.E.P. #1

Revised, Sheet 5, Line 3 and Sheet 10, Line 9, reduced to a cwt. basis and then divided by two (2) to produce one-half of an interchange cost. The resulting cost was then multiplied by the actual number of interchanges that occurred in the particular movement, this being the same number that was shown in my Exhibit 88, R.E.P. #5 Revised, Columns 12 and 13. I understand that the Boston Interchange Cost is included in the Line Haul.

In Column 8, Port Terminal and Pier Costs for Boston were taken from Witness Cole's Exhibit 116, Pages A-51 and A-52, Column 8, and Pages A-53 and A-54, Column 9, reduced to a cwt. basis. Hampton Roads Port Terminal and Switching Costs are those shown on my Exhibit 88, R.E.P. #2 Revised, Sheet 1, Line 11 and reduced to a cwt. basis. The Pier Cost is shown on my Exhibit 88, R.E.P. #3 Revised, Sheet 1, Line 12.

The costs as shown in Columns 5, 6 and 7 of my Exhibit —— are on an out-of-pocket basis whereas those in Column 8 are on a total cost basis.

In sum, My Exhibit —— simply summarizes evidence already of record in this proceeding for the purpose of showing in condensed form how costs between Hampton Roads and typical differential territory points compare with similar costs between Boston and those same points, based upon costs submitted for the New Haven Railroad by Witness Cole.

[fol. 4616]

Affidavit

State of Virginia)
) ss:
City of Roanoke)

R. E. Petterson, being duly sworn, deposes and says that he has prepared the foregoing statement of testimony and that the matters and things contained therein are true and correct to the best of his knowledge and belief.

Signed R. E. Petterson

Subscribed and sworn to before me, a Notary Public in and for the City of Roanoke, Virginia, this 14th day of August, 1958.

R. T. Anderson
Notary Public

My Commission expires January 6, 1962.

(SEAL)

I. & S. Docket 6615
Exhibit ____
Witness Petterson

STATEMENT SHOWING COST OF HANDLING IMPORT AND EXPORT TRAFFIC BETWEEN DIFFERENTIAL TERRITORY AND THE PORTS OF HAMPTON ROADS AND BOSTON*

(Cents per Cwt.)

ORIGIN OR DESTINATION (1)	ORIGIN OR DESTINATION (2)	TYPE OF CAR (3)	CWT. PER CAR (4)	LINE HAUL (5)	INLAND TERMINAL (6)	INTERCHANGE (7)	PORT TERMINAL AND PIER COST (8)	TOTAL (9)
Chicago, Ill.	Boston	Box	560	48.53	4.87	-	22.70	76.10
	Hampton Roads			29.72	5.42	4.55	23.77	63.46
Decatur, Ill.	Boston	Box	740	46.79	4.10	-	21.27	72.16
	Hampton Roads			25.92	4.40	3.56	22.86	56.74
Louisville, Ky.	Boston	Box	620	48.11	4.64	-	22.27	75.02
	Hampton Roads			17.82	5.12	-	23.50	46.44
Detroit, Mich.	Boston	Box	280	56.42	8.71	-	29.77	94.90
	Hampton Roads			37.08	10.48	-	28.29	75.85
Toledo, Ohio	Boston	Box	640	35.86	4.54	-	22.08	62.48
	Hampton Roads			23.25	4.98	1.88	23.37	53.48
St. Louis, Mo.	Boston	Box	400	73.36	6.49	-	25.67	105.52
	Hampton Roads			40.29	7.54	3.01	25.67	76.51
Cincinnati, Ohio	Boston	Box	620	42.82	4.64	-	22.27	69.73
	Hampton Roads			16.68	5.12	-	23.50	45.30
Columbus, Ohio	Boston	Box	780	33.72	3.95	-	21.01	58.68
	Hampton Roads			14.36	4.21	-	22.69	41.26

* Costs for Boston are those of the New Haven Railroad shown by Witness Cole in his Exhibit 116.

ANALYSES OF CENSUS BUREAU TABULATIONS UPON WHICH WAS BASED EXHIBIT A-6 OF WITNESS LAUX EXHIBIT NO. 107

1. Clearances From Baltimore - 1951
2. Clearances From New York - 1951
3. Clearances From Baltimore - 1956
4. Clearances From New York - 1956
5. "Passenger" Ship Sailings - New York - 1951
6. "Passenger" Ship Sailings - New York - 1956
7. Passenger and Cargo Capacities of Vessels Included in 5. and 6.

Alphabetical Listing of Dry Cargo Vessels Engaged in Foreign Trade Cleared or Granted Permit to Proceed at the Port of Baltimore (1303)

January - December 1951

1. Total number of vessels shown in the Census Bureau's machine tabulation, excluding duplicate posting of vessel Exchequer 11/10 3,321

2. Number of vessels under 1,000 net registered tons 46

3. Number of vessels between 1,000 and 1,500 net registered tons . . 233

4. Number of duplicate clearances (see attached tabulation) 95

5. Number of combination passenger-cargo vessels (Santa Luisa) . . . 1

6. Number of vessels in ballast departing from Baltimore only once on a particular voyage (cargo symbols 1 or 4)@ 727

7. Number of vessels with bulk cargo departing from Baltimore only once on a particular voyage (cargo symbols 2 or 5)@ . . . 597

8. Number of vessels in ballast or with bulk cargo departing from Baltimore more than once on a particular voyage (cargo symbols 1, 2, 4 or 5). Such vessels have been counted only once (see attached tabulation).@ 14

9. Number of vessels with general cargo departing from Baltimore only once on a particular voyage (cargo symbols 3 or 6)@ . . 1,761

10. Number of vessels departing from Baltimore more than once on a particular voyage with general cargo on at least one of the departures (cargo symbols 3 or 6). Such vessels have been counted only once (see attached tabulation) 81

@Excludes data for vessels under 1,000 net registered tons.

NOTE: The above grand total of 3,321 vessels less those under 1,000 net registered tons (46), less the number of duplicate departures (81 plus 14 or 95) leaves a balance of 3,180. This figure equals the total for 6, 7, 8, 9 and 10 above.

Maryland Port Authority

August, 1958

Alphabetical Listing of Dry Cargo Vessels Engaged in Foreign Trade Cleared or Granted Permit to Proceed at the Port of New York (1001)

January - December 1951

1. Total number of vessels shown in the Census Bureau's machine tabulation 6,777

2. Number of vessels under 1,000 net registered tons 314

3. Number of vessels between 1,000 and 1,500 net registered tons . . . 467

4. Number of duplicate clearances (Item #5 plus Item #6) 1,136

5. Number of duplicate clearances of vessels in ballast or with bulk cargo departing from New York (cargo symbols 1, 2, 4 or 5) 64

6. Number of duplicate clearances of vessels departing from New York with general cargo (cargo symbols 3 or 6) 1,072

7. Number of combination passenger-cargo vessels (see attached tabulation) 560

8. Number of vessels in ballast departing from New York only once on a particular voyage (cargo symbols 1 or 4)@ 419

9. Number of vessels with bulk cargo departing from New York only once on a particular voyage (cargo symbols 2 or 5)@ 88

10. Number of vessels with general cargo departing from New York only once on a particular voyage (cargo symbols 3 or 6)@ 4,809

@Excludes data for vessels under 1,000 net registered tons.

NOTE: The above grand total of 6,777 vessels less those under 1,000 net registered tons (314), less the number of duplicate departures (64 plus 1072 or 1136) leaves a balance of 5,327. This figure is 11 more than the total for Items #8, #9 and #10 above. Time limitation did not permit a reconciliation of this small discrepancy.

Maryland Port Authority

August 1958

Alphabetical Listing of Dry Cargo Vessels Engaged in Foreign Trade Cleared or Granted Permit to Proceed at the Port of Baltimore (1303)

January - December 1956

1. Total number of vessels shown in the Census Bureau's machine tabulation 4,451
2. Number of vessels under 1,000 net registered tons 43
3. Number of vessels between 1,000 and 1,500 net registered tons . . . 380
4. Number of duplicate clearances (see attached tabulation) 150
5. Number of combination passenger-cargo vessels Mohamid Ali El Kebir (1), Santa Clara (8), Santa Monica (10), Santa Sofia (8) 27
6. Number of vessels in ballast departing from Baltimore only once on a particular voyage (cargo symbols 1 or 4)@ 961
7. Number of vessels with bulk cargo departing from Baltimore only once on a particular voyage (cargo symbols 2 or 5)@ . . . 590
8. Number of vessels in ballast or with bulk cargo departing from Baltimore more than once on a particular voyage (cargo symbols 1, 2, 4 or 5). Such vessels have been counted only once (see attached tabulation).@ 1
9. Number of vessels with general cargo departing from Baltimore only once on a particular voyage (cargo symbols 3 or 6).@ . . 2,557
10. Number of vessels departing from Baltimore more than once on a particular voyage with general cargo on at least one of the departures (cargo symbols 3 or 6). Such vessels have been counted only once (see attached tabulation).@ . . . 149

@Excludes data for vessels under 1,000 net registered tons.

NOTE: The above grand total of 4,451 vessels less those under 1,000 net registered tons (43), less the number of duplicate departures (1 plus 149 or 150) leaves a balance of 4,258. This figure equals the total for 6, 7, 8, 9 and 10 above.

Maryland Port Authority

August, 1958

Alphabetical Listing of Dry Cargo Vessels Engaged in Foreign Trade Cleared or Granted Permit to Proceed at the Port of New York (1001)

January - December 1956

1.	Total number of vessels shown in the Census Bureau's machine tabulation	7,964
2.	Number of vessels under 1,000 net registered tons	251
3.	Number of vessels between 1,000 and 1,500 net registered tons	601
4.	Number of duplicate clearances (Item #5 plus Item #6)	1,705
5.	Number of duplicate clearances of vessels in ballast or with bulk cargo departing from New York (cargo symbols 1, 2, 4 or 5)	68
6.	Number of duplicate clearances of vessels departing from New York with general cargo (cargo symbols 3 or 6)	1,637
7.	Number of combination passenger-cargo vessels (see attached tabulation)	851
8.	Number of vessels in ballast departing from New York only once on a particular voyage (cargo symbols 1 or 4)@	555
9.	Number of vessels with bulk cargo departing from New York only once on a particular voyage (cargo symbols 2 or 5)@	201
10.	Number of vessels with general cargo departing from New York only once on a particular voyage (cargo symbols 3 or 6)@	5,252

@Excludes data for vessels under 1,000 net registered tons.

NOTE: The above grand total of 7,964 vessels less those under 1,000 net registered tons (251), less the number of duplicate departures (68 plus 1,637 or 1,705) leaves a balance of 6,008. This figure equals the total for Items #8, #9 and #10 above.

Maryland Port Authority.

August 1958

Passenger Ships Departing
From New York, 1951

Name of Ship	Number of Departures	Name of Ship	Number of Departures
America	17	Queen Mary	21
Ancon	16	Queen of Bermuda	51
Argentina	9	Rio de la Plata	7
Britannic	10	Rio Jachal	7
Caronia	10	Rio Tunuyan	3
Constitution	8	Ryndam	4
Conte Biancamano	6	Santa Barbara	8
Isle de France	16	Santa Cecilia	7
Independence	12	Santa Clara	15
Italia	11	Santa Isabel	8
Liberte	18	Santa Luisa	8
Mauretania	18	Santa Margarita	7
Media	13	Santa Maria	9
Mohamid Ali El Kebir	5	Santa Monica	15
Nassau	1	Santa Paula	23
Nieuw Amsterdam	15	Santa Rosa	23
Noordam	13	Santa Sofia	17
Ocean Monarch	25	Saturnia	10
Oslofjord	12	Stavangerfjord	10
Parthia	12	Stockholm	11
President Monroe	3	Vulcania	10
President Polk	2	Westerdam	12
Queen Elizabeth	21	Zuiderkruis	1

Total number of departures 560

Source: Based upon Census records furnished by the Port of New York

Maryland Port Authority
August 1958

Passenger Ships Departing
From New York, 1956

Name of Ship	Number of Departures	Name of Ship	Number of Departures
America	16	Ivernia	4
Ancon	17	Kungsholm	12
Andrea Doria	8	Liberte	18
Argentina	9	Maasdam	13
Ascania	3	Mauretania	19
Berlin	13	Media	12
Britannic	10	Mohamid Ali El Kebir	5
Caronia	5	Nassau	37
Castel Felice	3	New York	11
Columbia	9	Nieuw Amsterdam	14
Constitution	14	Noordam	13
Conte Biancamano	7	Ocean Monarch	38
Covadonga	12	Olympia	14
Cristobal	17	Oslofjord	10
Cristoforo Columbo	14	Parthia	11
Flandre	9	President Monroe	3
Groote Beer	5	President Polk	3
Guadalupe	12	Queen Elizabeth	22
Homeric	8	Queen Frederica	11
Independence	15	Queen Mary	22
Isle de France	16	Queen of Bermuda	46
Israel	7	Rio de la Plata	7
Italia	14	Rio Jachal	6

Name of Ship	Number of Departures	Name of Ship	Number of Departures
Rio Tunuyan	7	Santa Paula	24
Roma	10	Santa Rosa	24
Ryndam	12	Santa Sofia	17
Santa Barbara	8	Saxonia	3
Santa Cecilia	9	Saturnia	10
Santa Clara	16	Stavangerfjord	9
Santa Isabel	8	Stockholm	9
Santa Luisa	8	United States	23
Santa Margarita	9	Vulcania	9
Santa Maria	8	Westerdam	12
Santa Monica	17	Zuiderkruis	5

Total number of departures 851

Source: Based upon Census records furnished by the Port of New York

Maryland Port Authority
August 1958

PASSENGER AND CARGO CAPACITIES

(Furnished by U. S. Department of Commerce
Maritime Administration)

Vessel	Passenger Capacity	Bale Capacity (Cu. Ft.)
America	1048	230,000
Ancon	216	365,000
Andrea Doria	1185	160,000
Argentina (Italy)	1027	102,000
Argentina (Sweden)	24	493,000
Ascania	260	249,000
Berlin	1129	224,000
Britannic	220	144,000
Caronia	935	103,000
Castel Felice	1201	77,000
Columbia	824	161,000
Constitution	985	222,000
Conte Biancamano	1568	93,000
Covadonga	353	381,000
Cristobal	216	365,000
Cristoforo Columbo	1154	157,000
Flandre	727	169,000
Groote Beer	834	24,000
Guadalupe	353	406,000
Homeric	1165	192,000
Independence	985	222,000

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Vessel	Passenger Capacity	Bale Capacity (Cu. Ft.)
Isle de France	1318	236,000
Israel	313	300,000
Italia	1336	191,000
Ivernia	943	280,000
Kungsholm	802	123,000
Liberte	1499	91,000
Maasdam	881	156,000
Mauretania	1147	522,000
Media	251	417,000
Mohamid Ali El Kebir	78	389,000
Nassau	614	151,000
New York	1421	158,000
Nieuw Amsterdam	1214	227,000
Noordam	150	463,000
Ocean Monarch	430	96,000
Olympia	1278	149,000
Oslofjord	600	210,000
Parthia	251	382,000
President Monroe	96	512,000
President Polk	96	512,000
Queen Elizabeth	2240	212,000
Queen Frederica	1176	58,000
Queen Mary	2026	153,000
Queen of Bermuda	731	152,000

Vessel	Passenger Capacity	Bale Capacity (Cu. Ft.)
Rio de la Plata	116	359,000
Rio Jachal	116	360,000
Rio Tunuyan	116	360,000
Roma	754	180,000
Ryndam	881	156,000
Santa Barbara	52	469,000
Santa Cecilia	52	469,000
Santa Clara	52	526,000
Santa Isabel	28	554,000
Santa Luisa	52	469,000
Santa Margarita	52	469,000
Santa Maria	52	469,000
Santa Monica	52	526,000
Santa Paula	211	326,000
Santa Rosa	211	326,000
Santa Sofia	52	526,000
Saxonia	929	287,000
Saturnia	1389	198,000
Stavangerfjord	670	221,000
Stockholm	550	260,000
United States	1982	158,000
Vulcania	1360	234,000
Westerdam	134	537,000
Zuiderkruis	845	453,000

[fol. 4628]

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I.C.C. Exhibit No. [illegible]

CORRECTIONS TO EXHIBIT A-2 OF WITNESS LAUX EXHIBIT NO. 107, AND OF EXHIBIT WSH-1 AND SUMMARIES THEREFROM, WITNESS HAMILL EXHIBIT NO. 70; INDICATED BY STUDY AND COMPARISON OF UNDERLYING DATA FURNISHED BY BUREAU OF CENSUS AND MARITIME ADMINISTRATION

(GENERAL CARGO VESSELS ONLY)

I.C.C. Exhibit No. 122

CORRECTIONS OF EXHIBIT A-2 OF WITNESS LAUX EXHIBIT 107, AND OF SUMMARIES OF NEW YORK AND BALTIMORE GENERAL CARGO SERVICE TAKEN FROM EXHIBIT WSH-1 of WITNESS HAMILL EXHIBIT 70; INDICATED BY STUDY OF UNDERLYING DATA

AFRICAN GROVE (1) 1/	A-2:	Delete 2 general cargo arrivals and 2 general cargo departures. Included in WSH, Page 6.
	WSH:	No change.
ANGELINA (2)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 direct departure - Balto. Delete 1 direct departure from New York and add 1 indirect departure from New York.
ANNA L. CONDYLIS (3)	A-2:	No change.
	WSH:	Add 1 direct departure and delete 1 indirect departure - Balto. Delete 1 direct departure from New York and add 1 indirect departure from New York.
BAHIA BUEN SUCESO (4)	A-2:	No change.
	WSH:	Add 1 indirect departure - Balto.
ENDURO (5)	A-2:	No change.
	WSH:	Add 1 direct arrival and 1 direct departure - Balto.
LES ECLAIR (6)	A-2:	Conflict with Maritime records.
	WSH:	No change.
SANTO CERRO (7)	A-2:	No change.
	WSH:	Add 1 direct arrival and 1 indirect departure - Balto. Add 1 indirect arrival and 1 direct departure - New York
TORR HEAD (8)	A-2:	No change.
	WSH:	Add 1 direct arrival and 1 indirect departure - Balto.
VERAGUA (9)	A-2:	No change.
	WSH:	Add 1 direct arrival and 1 indirect departure - Balto. Add 1 indirect arrival and 1 direct departure - New York.
WYCHWOOD (10)	A-2:	No change.
	WSH:	Add 1 direct arrival - Balto.
ALAMAR (11) $	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change
ALCOA RUNNER (12)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto. Add 1 indirect arrival and 1 direct departure - New York.

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1/ Numbers in parentheses () indicate order of vessels listed on the worksheets.

$ Note: Accompanying letter and attachment from the Calmar Line shows that this vessel was in the U. S. Intercoastal Service and that it neither loaded nor discharged cargo at the Panama Canal

OCEAN NIMET (13)	A-2:	No change.
	WSH:	Add 1 indirect departure - Balto.
PENMAR (14)@	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.
STEEL ARCHITECT (15)	A-2:	No change.
	WSH:	Add 1 indirect departure - Balto. Add 1 indirect arrival and 1 indirect departure - New York.
TALLEYRAND (16)	A-2:	Delete this entry. Included in WSH, Page 6.
	WSH:	No change.
YORKMAR (17)@	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.
AFRICAN PILOT (18)	A-2:	Change word "liner" to General.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto.
AKAGISAN MARU (19)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto.
ALCOA ROAMER (20)	A-2:	Delete this entry.
	WSH:	No change as a result of 1 duplicate indirect entrance and 1 duplicate indirect clearance - Balto.
AMERICAN LEADER (21)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto. Add 1 direct arrival and 1 direct departure - New York.
ARKELDYK (22)	A-2:	No change.
	WSH:	Add 1 direct arrival and 1 direct departure - New York. Add 1 indirect arrival and 1 indirect departure - Balto.
ATLANTIC AIR (23)	A-2:	Conflict with Maritime records.
	WSH:	No change.
BAHIA DE NUEVITAS (24)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto. Add 1 indirect arrival and 1 direct departure - New York.
BOLIVAR (25)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - New York. Add 1 indirect arrival and 1 direct departure - Balto.
CONSTANTIA (26)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto. Add 1 indirect arrival and 1 direct departure - New York.

@ See note to ALAMAR (11)

EXCELLER (27)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto.

FLYNDERBORG (28)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto.

INNAREN (29)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto.

LANCERO (30)
A-2: Delete this entry. Included in WSH, Page 22.
WSH: No change.

MAYA (31)
A-2: No change.
WSH: Add 1 direct arrival - Balto.

MOISE BAY (32)
A-2: Delete this entry. Census records show ship departed in ballast.
WSH: No change.

MOISE BAY (33)
A-2: Delete this entry. Census records show ship departed in ballast.
WSH: No change.

PERICLES (34)
A-2: No change.
WSH: Add 1 indirect arrival - Balto.

PIONEER REEF (35)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto.

PLATANO (36)
A-2: No change.
WSH: Add 1 direct arrival - Balto.

SANTA ANITA (37).
A-2: No change.
WSH: Add 1 indirect departure - New York.
Add 1 indirect arrival and 1 direct departure - Balto.

SPIGERBORG (38)
A-2: Change entry cargo to General in accordance with Census records.
WSH: Add 1 indirect departure - New York.
Add 1 indirect arrival and 1 direct departure - Balto.

ALCOA PILGRIM (39)
A-2: No change.
WSH: Add 1 indirect departure - Balto.
Add 1 indirect arrival and 1 direct departure - New York.

ALCOA RUNNER (40)
A-2: No change.
WSH: Add 1 indirect departure - Balto.
Add 1 indirect arrival and 1 direct departure - New York.

ALCOA RUNNER (41)
A-2: No change.
WSH: Add 1 indirect departure - Balto.
Add 1 indirect arrival and 1 direct departure - New York.

CALMAR (42)@	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.
CILCO LOGGER (43)	A-2:	No change.
	WSH:	Add 1 indirect departure - Balto. Add 1 indirect arrival and 1 direct departure - New York
GREEN HARBOUR (44)	A-2:	Delete this entry; departure was bulk according to Census and Maritime records.
	WSH:	No change.
HAROLD T. ANDREWS (45)	A-2:	No change.
	WSH:	Add 1 direct departure - Balto.
MASSMAR (46)@	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.
SEAMAR (47)@	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.
ALCOA RUNNER (48)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto. Add 1 indirect arrival and 1 direct departure - New York.
ANNISTON (49)	A-2:	Change entry cargo to ballast instead of general in accordance with Census and Maritime records.
	WSH:	No change.
ARCHON GABRIEL (50)	A-2:	Change entry cargo to ballast instead of general in accordance with Census and Maritime records.
	WSH:	No change.
ELIZA CAMPANELLA (51)	A-2:	Conflict with Maritime records.
	WSH:	No change.
EXANTHIA (52)	A-2:	Conflict with Maritime records.
	WSH:	No change.
FELTORE (53)	A-2:	Change departure cargo from general to ballast in accordance with Census and Maritime records.
	WSH:	No change.
FELTORE (54)	A-2:	Change departure cargo from general to ballast in accordance with Census and Maritime records.
	WSH:	No change.
FELTORE (55)	A-2:	Change departure cargo from general to ballast in accordance with Census and Maritime records.
	WSH:	No change.
FERNGROVE (56)	A-2:	No change.
	WSH:	Delete 1 indirect departure and add 1 direct departure - New York. Add 1 indirect arrival and 1 indirect departure - Balto.

@ See note to ALAMAR (11)

Add 1 indirect arrival and 1 indirect departure - ...

@ See note to ALAMAR (11)

FLORIA (57)	A-2:	No change.
	WSH:	No change.
FLORIDA (58)	A-2:	No change.
	WSH:	Delete 1 direct arrival and 1 direct departure - New York. Add 1 direct arrival and 1 direct departure - Balto.
HELEN LYKES (59)	A-2:	No change.
	WSH:	Add 1 indirect departure - Balto.
HELIOS (60)	A-2:	No change.
	WSH:	Add 1 direct departure - Balto.
HERTA ENGELINE FRITZEN (61)	A-2:	Change entrance cargo from general to ballast in accordance with Census and Maritime records.
	WSH:	No change.
LAURA LAURO (62)	A-2:	Change entrance cargo from general to ballast in accordance with Census and Maritime records.
	WSH:	No change.
NORVANA (63)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto. Add 1 indirect arrival and 1 direct departure - New York.
SANTA MONICA (64)	A-2:	No change.
	WSH:	Ship shown as Santa Maria in WSH, Page 60. No change.
TOLTEC (65)	A-2:	No change.
	WSH:	Delete 1 direct arrival and 1 direct departure - New York. Add 1 direct arrival - Balto.
ALCOA RANGER (66)	A-2:	No change.
	WSH:	Add 1 indirect departure - Balto. Add 1 indirect arrival and 1 direct departure - New York.
CONCORDIA CAPO (67)	A-2:	No change.
	WSH:	Add 1 indirect departure - Balto.
FLOMAR (68)@	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.
JOHN B. KULUKUNDIS (69)	A-2:	No change.
	WSH:	Add 1 direct departure from Balto.
MARYMAR (70)@	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.
PENNMAR (71)@	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.

@ See note to ALAMAR (11)

YORKMAR (72)@
A-2: Delete 1 general cargo departure - Balto.
WSH: No change.

ALBA (73)
A-2: Change departure cargo from bulk to ballast in accordance with Census and Maritime records.
WSH: Add 1 direct arrival - Balto.

ALCOA PLANTER (74)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto.
Add 1 indirect arrival and 1 direct departure - New York.

ALCOA RANGER (75)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto.
Add 1 indirect arrival and 1 direct departure - New York.

BINTANG (76)
A-2: No change.
WSH: Add 1 indirect departure - Balto.

FERNPLANT (77)
A-2: No change.
WSH: Add 1 direct arrival - Balto.

FLORIDA (78)
A-2: No change.
WSH: Add 1 direct arrival and 1 indirect departure - New York.
Add 1 indirect arrival and 1 indirect departure - Balto.

REXTON KENT (79)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto.

SAGGAT (80)
A-2: Conflict between Census and Maritime records.
WSH: No change.

ST. NICHOLAS (81)
A-2: Change departure cargo from general to ballast in accordance with Maritime records.
WSH: No change.

VERAGUA (82)
A-2: No change.
WSH: Add 1 direct arrival - Balto.

PORTMAR (83)@
A-2: Delete 1 general cargo departure - Balto.
WSH: No change.

SEMAR (84)@
A-2: Delete 1 general cargo departure - Balto.
WSH: No change.

CALMAR (85)@
A-2: Delete 1 general cargo departure - Balto.
WSH: No change.

AFRICAN PATRIOT (86)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto.

@ - See note to ALAMAR (11)

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AFRICAN SUN (87)
A-2: No change.
WSH: No change as a result of 1 duplicate entrance and 1 duplicate clearance - Balto.

ALCOA RANGER (88)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto.
Add 1 indirect arrival and 1 direct departure - New York.

ALCOA RANGER (89)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto.
Add 1 indirect arrival and 1 direct departure - New York.

AMERICAN MILLER (90)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto.

AMERICAN REPORTER (91)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto.
Add 1 indirect arrival and 1 direct departure - New York.

AMERICAN SHIPPER (92)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto.

ANDRIA (93)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto

AZTEC (94)
A-2: Conflict with Maritime records.
WSH: No change.

BALI (95)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto

BIRGITTE TORM (96)
A-2: No change.
WSH: No change as result of 1 duplicate arrival and 1 duplicate departure - Balto.

CIUDAD DE BARQUISIMETO (97)
A-2: No change.
WSH: Add 1 indirect departure - Balto.
Add 1 indirect arrival and 1 direct departure - New York.

CIUDAD DE MARACAIBO (98)
A-2: No change.
WSH: Add 1 indirect departure - Balto.
Add 1 indirect arrival and 1 direct departure - New York.

CONCORDIA SKY (99)
A-2: No change.
WSH: Add 1 indirect arrival and 1 indirect departure - Balto.

CITY OF ROCHESTER (100)
A-2: No change.
WSH: Add 1 indirect clearance for Baltimore.

EXCHEQUER (101)	A-2:	Change clearance date from 11/21 to 11/25 per Census records.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto.
EXFORD (102)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto.
EXPORTER (103)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto.
FERNGROVE (104)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto.
FRAMEGGEN (105)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 direct departure - Balto.
GERDA DAN (106)	A-2:	Delete entry as this item is shown in WSH, Page 99. The date 11/29 in WSH corresponds to Census and Maritime records.
	WSH:	No change.
GUNVOR BROVIG (107)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto.
KHEDIVE ISMAIL (108)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto.
LEOPOLD L. D. (109)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto.
LEOVILLE (110)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto.
MAJORKA (111)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto.
MORMACDALE (112)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto.
MORMACOWL (113)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto.
NABOB (114)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto.
NORMUNDO (115)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 direct departure - Balto.
OROTAVA (116)	A-2:	Conflict with Maritime records.
	WSH:	No change.
PETER STAR (117)	A-2:	Delete entry. Census and Maritime show arrival in bulk and departure in ballast.
	WSH:	No change.

RIO ARAZA (118)	A-2: WSH:	No change. Add 1 indirect arrival and 1 indirect departure - Balto.
RONDA (119)	A-2: WSH:	No change. Add 1 indirect arrival and 1 indirect departure - Balto.
SANTOS (120)	A-2: WSH:	No change. Add 1 indirect arrival and 1 indirect departure - Balto.
SARAH BOWATER (121)	A-2: WSH:	No change. Add 1 indirect arrival and 1 indirect departure - Balto.
SIRIUS (122)	A-2: WSH:	No change. Add 1 indirect arrival and 1 indirect departure - Balto.
ST LO (123)	A-2: WSH:	Delete entry as item is shown in WSH, Page 95. No change.
TELAMON (124)	A-2: WSH:	No change. Add 1 direct arrival and 1 indirect departure - Balto. Add 1 indirect arrival and 1 direct departure - New York.
THOR ODLAND (125)	A-2: WSH:	No change. Add 1 indirect arrival and 1 indirect departure - Balto. Add 1 indirect arrival and 1 direct departure - New York.
TIDAHOLM (126)	A-2: WSH:	No change. Add 1 indirect arrival and 1 indirect departure - Balto.
ULUA (127)	A-2: WSH:	No change. Add 1 direct arrival - New York Add 1 indirect arrival - Balto. Delete 1 direct departure - Balto.
VICTORIA MARU (128)	A-2: WSH:	No change. Add 1 indirect arrival and 1 indirect departure - Balto.
YAMASATO MARU (129)	A-2: WSH:	No change. Add 1 indirect arrival and 1 indirect departure - Balto.
ALCOA PARTNER (130)	A-2: WSH:	No change. Add 1 indirect departure - Balto.
ALCOA RUNNER (131)	A-2: WSH:	No change. Add 1 indirect departure - Balto. Add 1 indirect arrival and 1 direct departure - New York.
ANGELITA (132)	A-2: WSH:	No change. Add 1 indirect departure - Balto. Add 1 indirect arrival and 1 direct departure - New York.

FLOMAR (133)●	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.
MARYMAR (134)●	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.
MASSMAR (135)●	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.
PENMAR (136)●	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.
TEXMAR (137)●	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.
ARCTURUS (138)	A-2:	Conflict with Maritime records.
	WSH:	No change.
ATENAS (139)	A-2:	No change.
	WSH:	Add 1 direct arrival - Balto.
CIUDAD DE IBAGUE (140)	A-2:	No change.
	WSH:	Add 1 indirect entrance and 1 indirect departure - Balto.
SINU (141)	A-2:	Conflict with Maritime records.
	WSH:	No change.
STAHOLM (142)	A-2:	No change.
	WSH:	Add 1 indirect arrival and 1 indirect departure - Balto. Add 1 indirect arrival and 1 direct departure - New York.
ALAMAR (143)●	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.
ALCOA RANGER (144)	A-2:	No change.
	WSH:	Add 1 indirect departure - Balto.
ALCOA RUNNER (145)	A-2:	No change.
	WSH:	Add 1 indirect departure - Balto. Add 1 indirect arrival and 1 direct departure - New York.
EDGAR F. LUCKENBACH (146)	A-2:	No change.
	WSH:	Add 1 indirect departure - Balto. Add 1 indirect arrival and 1 indirect departure - New York.
PORTMAR (147)●	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.
STEEL SCIENTIST (148)	A-2:	Change departure to arrival.
	WSH:	No change.
YORKMAR (149)●	A-2:	Delete 1 general cargo departure - Balto.
	WSH:	No change.

● See note to ALAMAR (11)

Maryland Port Authority
August 1958

[fol. 4640]

TABULATION OF NET ADDITIONS AND DELETIONS TO COMPARATIVE SUMMARIES OF NEW YORK AND BALTIMORE GENERAL CARGO SERVICE (BASED ON EXHIBIT WSH-1, WITNESS HAMILL EXHIBIT NO. 70) INDICATED BY STUDY OF MARITIME AND CENSUS DATA

	Additions for New York				Deletions for New York				Additions for Baltimore			
	Entrances		Clearances		Entrances		Clearances		Entrances		Clearances	
Name of Ship	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
Angelita (2)±	-	-	-	1	-	-	1	-	-	1	1	-
Anna L. Condylis (3)#	-	-	-	1	-	-	1	-	-	-	1	-
Bahia Buen Suceso (4)	-	-	-	-	-	-	-	-	-	-	-	1
Enduro (5)	-	-	-	-	-	-	-	-	1	-	1	-
Santo Cerro (7)	-	1	1	-	-	-	-	-	1	-	-	1
Torr Head (8)	-	-	-	-	-	-	-	-	1	-	-	1
Veragua (9)	-	1	1	-	-	-	-	-	1	-	-	1
Wychwood (10)	-	-	-	-	-	-	-	-	1	-	-	-
Alcoa Runner (12)	-	1	1	-	-	-	-	-	-	1	-	1
Ocean Nimet (13)	-	-	-	-	-	-	-	-	-	-	-	1
Steel Architect (15)	-	1	-	1	-	-	-	-	-	-	-	1
African Pilot (18)	-	-	-	-	-	-	-	-	-	1	-	1
Akagisan Maru (19)	-	-	-	-	-	-	-	-	-	1	-	1
American Leader (21)	1	-	1	-	-	-	-	-	-	1	-	1
Arkeldyk (22)	1	-	1	-	-	-	-	-	-	1	-	1
Bahia de Nuevitas (24)	-	1	1	-	-	-	-	-	-	1	-	1

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PAGE 2

Name of Ship	Additions for New York				Deletions for New York				Additions for Baltimore			
	Entrances		Clearances		Entrances		Clearances		Entrances		Clearances	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
Bolivar (25)	-	1	-	1	-	-	-	-	-	1	1	-
Constantia (26)	-	1	1	-	-	-	-	-	-	1	-	1
Exceller (27)	-	-	-	-	-	-	-	-	-	1	-	1
Flynderborg (28)	-	-	-	-	-	-	-	-	-	1	-	1
Innaren (29)	-	-	-	-	-	-	-	-	-	1	-	1
Maya (31)	-	-	-	-	-	-	-	-	1	-	-	-
Pericles (34)	-	-	-	-	-	-	-	-	-	1	-	-
Pioneer Reef (35)	-	-	-	-	-	-	-	-	-	1	-	1
Platano (36)	-	-	-	-	-	-	-	-	1	-	-	-
Santa Anita (37)	-	-	-	1	-	-	-	-	-	1	1	-
Spigerborg (38)	-	-	-	1	-	-	-	-	-	1	1	-
Alcoa Pilgrim (39)	-	1	1	-	-	-	-	-	-	-	-	1
Alcoa Runner (40)	-	1	1	-	-	-	-	-	-	-	-	1
Alcoa Runner (41)	-	1	1	-	-	-	-	-	-	-	-	1
Cilco Logger (43)	-	1	1	-	-	-	-	-	-	-	-	1
Harold T. Andrews (45)	-	-	-	-	-	-	-	-	-	-	1	-
Alcoa Runner (48)	-	1	1	-	-	-	-	-	-	1	-	1
Ferngrove (56)	-	-	1	-	-	-	-	1	-	1	-	1

PAGE 3

	Additions for New York				Deletions for New York				Additions for Baltimore			
	Entrances		Clearances		Entrances		Clearances		Entrances		Clearances	
Name of Ship	**Direct**	**Indirect**	**Direct**	**Indirect**	**Direct**	**Indirect**	**Direct**	**Indirect**	**Direct**	**Indirect**	**Direct**	**Indirect**
Florida (58)	-	-	-	-	1	-	1	-	1	-	1	-
Helen Lykes (59)	-	-	-	-	-	-	-	-	-	-	-	1
Helios (60)	-	-	-	-	-	-	-	-	-	-	1	-
Norvana (63)	-	1	1	-	-	-	-	-	-	1	-	1
Toltec (65)	-	-	-	-	1	-	1	-	1	-	-	-
Alcoa Ranger (66)	-	1	1	-	-	-	-	-	-	-	-	1
Concordia Capo (67)	-	-	-	-	-	-	-	-	-	-	-	1
John B. Kulukundis (69)	-	-	-	-	-	-	-	-	-	-	1	-
Alba (73)	-	-	-	-	-	-	-	-	1	-	-	-
Alcoa Planter (74)	-	1	1	-	-	-	-	-	-	1	-	1
Alcoa Ranger (75)	-	1	1	-	-	-	-	-	-	1	-	1
Bintang (76)	-	-	-	-	-	-	-	-	-	-	-	1
Fernplant (77)	-	-	-	-	-	-	-	-	1	-	-	-
Florida (78)	1	-	-	1	-	-	-	-	-	1	-	1
Rexton Kent (79)	-	-	-	-	-	-	-	-	-	1	-	1
Veragua (82)	-	-	-	-	-	-	-	-	-	-	1	-
*African Patriot (86)	-	-	-	-	-	-	-	-	-	1	-	1
Alcoa Ranger (88)	-	1	1	-	-	-	-	-	-	1	-	1

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	Additions for New York				Deletions for New York				Additions for Baltimore			
	Entrances		Clearances		Entrances		Clearances		Entrances		Clearances	
Name of Ship	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
Alcoa Ranger (89)	-	1	1	-	-	-	-	-	-	1	-	1
*American Miller (90)	-	-	-	-	-	-	-	-	-	1	-	1
American Reporter (91)	-	1	1	-	-	-	-	-	-	1	-	1
*American Shipper (92)	-	-	-	-	-	-	-	-	-	1	-	1
*Andria (93)	-	-	-	-	-	-	-	-	-	1	-	1
*Bali (95)	-	-	-	-	-	-	-	-	-	1	-	1
*Ciudad de Barquisimeto (97)	-	1	1	-	-	-	-	-	-	-	-	1
*Ciudad de Maracaibo (98)	-	1	1	-	-	-	-	-	-	-	-	1
*Concordia Sky (99)	-	-	-	-	-	-	-	-	-	1	-	1
*City of Rochester (100)	-	-	-	-	-	-	-	-	-	-	-	1
*Exchequer (101)	-	-	-	-	-	-	-	-	-	1	-	1
*Exford (102)	-	-	-	-	-	-	-	-	-	1	-	1
*Exporter (103)	-	-	-	-	-	-	-	-	-	1	-	1
*Ferngrove (104)	-	-	-	-	-	-	-	-	-	1	-	1
Frameggen (105)	-	-	-	-	-	-	-	-	-	1	1	-
*Gunvor Brovig (107)	-	-	-	-	-	-	-	-	-	1	-	1
*Khedive Ismail (108)	-	-	-	-	-	-	-	-	-	1	-	1
*Leopold L. D. (109)	-	-	-	-	-	-	-	-	-	1	-	1

Name of Ship	Additions for New York				Deletions for New York				Additions for Baltimore			
	Entrances		Clearances		Entrances		Clearances		Entrances		Clearances	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
*Leoville (110)	-	-	-	-	-	-	-	-	-	1	-	1
*Majorka (111)	-	-	-	-	-	-	-	-	-	1	-	1
*Mormacdale (112)	-	-	-	-	-	-	-	-	-	1	-	1
*Mormacowl (113)	-	-	-	-	-	-	-	-	-	1	-	1
*Nabob (114)	-	-	-	-	-	-	-	-	-	1	-	1
*Normundo (115)	-	-	-	-	-	-	-	-	-	1	1	-
*Rio Araza (118)	-	-	-	-	-	-	-	-	-	1	-	1
*Ronda (119)	-	-	-	-	-	-	-	-	-	1	-	1
*Santos (120)	-	-	-	-	-	-	-	-	-	1	-	1
*Sarah Bowater (121)	-	-	-	-	-	-	-	-	-	1	-	1
*Sirius (122)	-	-	-	-	-	-	-	-	-	1	-	1
*Telamon (124)	-	1	1	-	-	-	-	-	1	-	-	1
Thor. Odland (125)	-	1	1	-	-	-	-	-	-	1	-	1
*Tidaholm (126)	-	-	-	-	-	-	-	-	-	1	-	1
Ulua (127)#	1	-	-	-	-	-	-	-	-	1	-	-
*Victoria Maru (128)	-	-	-	-	-	-	-	-	-	1	-	1
*Yamasato Maru (129)	-	-	-	-	-	-	-	-	-	1	-	1
*Alcoa Partner (130)	-	-	-	-	-	-	-	-	-	-	-	1

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Name of Ship	Additions for New York				Deletions for New York				Additions for Baltimore			
	Entrances		Clearances		Entrances		Clearances		Entrances		Clearances	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
*Alcoa Runner (131)	-	1	1	-	-	-	-	-	-	-	-	1
*Angelita (132)	-	1	1	-	-	-	-	-	-	-	-	1
Atenas (139)	-	-	-	-	-	-	-	-	1	-	-	-
Ciudad de Ibague (140)	-	-	-	-	-	-	-	-	-	1	-	1
Staholm (142)	-	1	1	-	-	-	-	-	-	1	-	1
Alcoa Ranger (144)	-	-	-	-	-	-	-	-	-	-	-	1
Alcoa Runner (145)	-	1	1	-	-	-	-	-	-	-	-	1
Edgar F. Luckenbach (146)	-	1	-	1	-	-	-	-	-	-	-	1
Total	4	28	28	8	2	-	4	1	13	57	14	74

1 Numbers in parentheses ( ) indicate order of vessels listed on the worksheets.

In addition to the other items shown for this vessel, there should be a deletion of 1 indirect clearance for Baltimore.

* Maritime records show ship's visit to Baltimore by port code number only.

¢ In addition to the other items shown for this vessel, there should be a deletion of 1 direct clearance for Baltimore.

Maryland Port Authority

August, 1958

[fol. 4646]

I.C.C. Exhibit No. 123

I&S Docket 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

This statement is verified. Unless written request for cross-examination is received by affiant or his attorney (Richard R. Bongartz, Transportation Center, Philadelphia 4, Pennsylvania) not later than 10 days prior to the hearing at which such evidence otherwise would be offered, affiant desires that the statement be considered for incorporation in the record without his personal appearance as a witness.

[fol. 4647]

Before The

INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Rebuttal Testimony of F. H. Clark

My name is F. H. Clark, and I have testified previously in this proceeding. My earlier testimony was marked Exhibit No. 54 for identification.

In Mr. W. F. French's Verified Statement, Exhibit No. 113, he sets forth ten (10) alleged reasons why the costs in Exhibit 50A are overstated. Witness Talbot has dealt with most of the alleged overstatements of cost. My comments will be directed to Witness French's alleged unadjusted overstatements No. 1 and 2, and also to his adjustment No. 4.

French's Unadjusted Overstatement No. 1
(Exhibit 113, p. 12)

Witness French discovered what he considered to be an inconsistency between the figures for September, 1956 extracted from the figures underlying the 1956 Budget Bureau Vessel Operation Report of The Pennsylvania Railroad Company which were supplied to him upon request, and the cars shown in the cost study moving to or from West 12th Street. The cost study showed 4,662 cars moving to and from the Pennsylvania Railroad's West 12th [fol. 4648] Street Station, New York (Piers 49-50) during September, 1956. The September figures from the 1956 Vessel Operation Report showed 5,488 cars transported to and from the same facility. Mr. French calls attention to this apparent discrepancy and concludes if the 5,488 cars had been used in the cost study, it would have resulted in a lower unit cost. The fact is, that the 4,662 cars used in the cost study were the correct number. The difference between that number and the number of cars extracted from the material underlying the Vessel Operation Report is accounted for as follows.

The 5,488 cars in the Vessel Operation Report include 474 cars known as "return cars." They are shown separately on the Vessel Operation Report and appear very clearly as such on the copies supplied to Mr. French. "Return cars" are cars loaded and/or empty that remain on the carfloats for two or more round trips to and from the pier station. This condition is brought about by the fact that some of the cars on the float are loaded and have to be moved to meet a connection while other cars on the same float are not yet ready to move. In such a case the float is moved across the river and the cars ready for movement are removed while the other cars remain on the float to be returned for completion of the loading or unloading as the case may be. When first placed on the carfloats and when removed therefrom they were counted among the loaded or empty cars as the case may be for purposes of both the cost study and the Vessel Operation Report. The "return" figure maintained on the Vessel Operation Report is purely statistical in nature. The 474 does not represent 474 shipments nor 474 different cars. Since the cars included within [fol. 4649] the 474 "returns" have been properly included in the cars counted for the cost study, it would be improper to include them a second or third time as Mr. French appears to suggest.

The remaining difference between the Vessel Operation Report figures and the 4,662 cars used in the cost study is due to an error in the preparation of the September, 1956 Vessel Report. Instead of 497 loaded cars eastbound the figure on the report should have been 417. Westbound there were 1,637 loads instead of 1,898 as now appears on the report. Similarly, the empty cars eastbound should be 1,914 instead of 2,010 and westbound the empties should appear as 694 in place of 609.

With the adjustments here indicated, the "total" cars appearing on the Vessel Operation Report should be 2,568 eastbound and 2,568 westbound or a grand total of 5,136. For purposes of the cost analysis, the 474 "return" cars must be subtracted from the 5,136 leaving 4,662 which was the number of cars included in the cost study.

French's Unadjusted Overstatement No. 2
(Exhibit 113, pp. 12-14)

In Mr. French's alleged Unadjusted Overstatement No. 2 he asserts that the import-export cars handled through the yards supporting New York Harbor during the yard-study week were much less than the average September week and were less than 10% of the whole month. Mr. French's conclusion in this regard is based upon a complete misunderstanding of the figures which he had available. The 304 import-export cars included in the switching study for the week of September 25 to October 1, 1956 included only cars *from and to Differential Territory.* The [fol. 4650] figure of 3,135 import-export cars for the month of September which Mr. French uses for comparison are cars from and to *all points.* By dividing the 304 cars by 7 Mr. French concludes that only 43 cars per day moved through the yards during the yard-study week whereas 105 was the daily average for the entire month. When these cars per day are calculated on a proper basis the result is exactly the reverse from that which Mr. French reaches. During the switching study week a total of 887 export-import cars from and to all points were handled through New York. This is an average of 127 cars per day for the study period. When this figure is compared with the 105 cars per day, which is the September average of all import-export cars produced by Mr. French, it is clear that the study week is actually 121% (based on daily relationship) of the average week in September, 1956.

While it happens that the study week had a high volume of import-export traffic as compared with the rest of the month of September, it would not have made any significant difference if the import-export cars handled in the study had been less than the monthly average. Since the switching study necessarily included all traffic, and since the data was reduced to average minutes per car for the various elements of yard service, the total number of cars studied is the significant figure, not the number of import-export or domestic cars.

French's Adjustment No. 4

Mr. Talbot has dealt at some length with the adjustments which Mr. French has made in his restatement of the cost [fol. 4651] study at New York Harbor. I want only to comment briefly about certain aspects of Mr. French's Adjustment No. 4. At page 6 of his statement Mr. French says:

> "... In so far as repairs is concerned, my treatment of 10% of these expenses being variable with traffic volume is predicated on the fact that little increase in the repair expense will be due to changes in the volume of traffic handled on existing equipment. In other ~~words, if five (5) cars on~~ the average are being handled on the present fleet of carfloats it is obvious that if seven (7), eight (8) or even ten (10) cars are handled on these carfloats there would be only relatively little increase in the maintenance cost. Likewise additional tons could be handled up to lighter capacity without seriously raising maintenance cost."

The experience of the Pennsylvania will show that Mr. French's hypotheses with respect to both carfloats and lighters just do not reflect the facts. The carfloats used by the Pennsylvania in pier station operations are generally what are known as 10-car floats (somewhat less if there are a number of 50′ or longer cars on the float). The Pennsylvania has 54 floats holding 10 cars each, 6 floats holding 14 cars and 6 holding 20 cars. If the 5,136 cars handled to and from West 12th Street Station (and in this computation it is proper to include the 474 "return" cars) are divided by the number of carfloat trips taken from the Vessel Operation Report, namely 550, it will be found that the average number of cars per float was 9.3 cars. A similar calculation for the entire year 1956 discloses an average of 9.4. Obviously, the floats are presently operated at or near their capacity and, therefore, it cannot reasonably be contended that additional traffic could be handled on these floats. Similar statistics for the other PRR piers are shown below:

[fol. 4652]

Pier	Average Number Cars Per Car Float	
	Sept. 1956	Year 1956
77-78	10.3	9.9
79	10.0	9.7
29	9.7	9.7
28 (Perishable)	7.8	8.9

Source: Vessel Operation Reports for PRR Year 1956.

As a matter of operating practice, the floats are loaded to or near their capacity. This is done with loaded cars if there are sufficient loaded cars available, or by placing enough empty cars on the float to fill out the carfloat capacity. The purpose of adding the empties is to insure an ample supply of cars for outbound loading and thus avoid additional tug and carfloat services for empties during the day.

The above tabulation shows that the average loading to and from Pier 28 is slightly less than the average to the other piers. This is the pier at which perishables are delivered. The car float service must be rapid and continuous. Cars by commodities according to their market hours must be floated regardless of number immediately available. The cars must be unloaded promptly upon arrival or shortly thereafter. The conditions at this pier differ from the other piers in general and from the import-export traffic in particular.

It is an inescapable conclusion that increased business would result in an increase in the number of carfloats employed, and hence an increase in maintenance cost of 100% for each unit added.

[fol. 4653] The use of carfloats directly to shipside does not represent a large portion of import-export traffic but to the extent this method is employed it is not within the carrier's control to increase the number of cars per float. The ship permit governs the number of cars which a railroad can deliver to the ship at any given time. In other words the ship's wishes determine the volume of traffic and the time of delivery. As the volume of business increases the number of ships and the number of locations to be served likewise increase. As in the case of the station floats, the number of floating equipment units must be increased since the loading per unit cannot be increased. The result must necessarily be increased maintenance cost.

A similar situation prevails with reference to loading of lighters. Mr. French assumes that increased business will result in increased lighter loads which will result in no appreciable increase in maintenance cost. The experience of the Pennsylvania disproves Mr. French's assumption.

Over the years every rail line in New York Harbor has sought to increase its average loading per lighter with very little success. The failure has not been because the lighters are incapable of holding additional tonnage, but because the inherent problems of water-borne transportation in New York Harbor do not permit increasing efficiency with increasing volume. Some of these problems are as follows:

1. The ship permit system, whereby the freight desired and the times of delivery are specified by the ship, [fol. 4654] leaves little discretion with the railroad as to the lading it can place in any given lighter movement.

2. The privilege of split deliveries, whereby a given shipment may be ordered split between several piers, places practical limitations upon the consolidation of shipments in a single lighter.
3. Deliveries in New York Harbor must be made to scattered points.

At page 12 of my original Verified Statement (Exhibit No. 54) the average tons per lighter was set forth for the week of September 17-22, 1956. Below is set forth the number of PRR lighters in service and the average tons per lighter from 1951 to 1956 using a comparable week in September for each year.

Year	Lighters	Tons	Avg. Tons Per Lighter
Sept. 17-22, 1951	327	18621	56.9
Sept. 15-20, 1952	259	14421	55.7
Sept. 14-19, 1953	258	13850	53.7
Sept. 20-25, 1954	276	14735	53.4
Sept. 19-24, 1955	281	15026	53.5
Sept. 17-22, 1956	296	17001	57.4
Total	1697	93654	55.2

These figures show an inability to obtain any substantial increase in lighter loading because of increased traffic. They also show that if the tonnage increases, so do the number of lighters, with resulting increase in lighter maintenance cost.

[fol. 4655]

VERIFICATION

Commonwealth of Pennsylvania :
: ss.
County of Philadelphia :

F. H. Clark, being duly sworn, deposes and says that the foregoing statement is true and correct to the best of his information, knowledge and belief.

Signed: F. H. Clark

Subscribed in my presence and sworn
to before me the affiant above named,
this 12th day of August, 1958.

Wm. G. Sherwin
Notary Public

Philadelphia, Phila. Co., Pa.
Commission Expires
June 5, 1959

I.C.C. Exhibit No. 124

CORRECTIONS IN EXHIBIT NO. HLM-2 WITNESS HOLLMAN IN I&S DOCKET 6615

STATEMENT OF IMPORT TRAFFIC HANDLED BY BALTIMORE & OHIO R.R., C.R.R. OF N.J., AND PENNSYLVANIA R.R., FROM NEW YORK, N.Y., DURING YEAR 1956.

		TO DIFFERENTIAL TERRITORY		TO WESTERN TRUNK LINE TERRITORY		TO PORT AREA		TO TRUNK LINE AND NEW ENGLAND TERRITORY (1)		TO OTHER TERRITORIES		TOTAL (1)	
		CARS	TONS	CARS	CARS	CARS	TONS	CARS	CARS	CARS	CARS	CARS	CARS
Page 92													
GROUP I - Products of Agriculture (1-199)													
No.	Description												
33	Cotton in Bales												
	Reads	3	35			4	85	3	75	11	237	21	432
	Should read	3	55			4	85	3	75	11	237	21	452
	TOTAL GROUP I												
	Reads	3,661	85,573	60	1,346	654	14,662	1,805	43,559	921	24,260	7,101	169,400
	Should Read	3,661	85,583	60	1,346	654	14,662	1,805	43,559	921	24,260	7,101	169,410
GROUP II - Animals and Products (201-299)													
No.	Description												
239	Hides, Skins and Pelts NOS												
	Reads	21	534	2	66	23	470					46	1,070
	Should read	21	534	2	66			23	470			46	1,070
	TOTAL GROUP II												
	Reads	185	4,154	4	104	70	1,339	299	5,920	51	1,126	609	12,643
	Should read	185	4,154	4	104	47	869	322	6,390	51	1,126	609	12,643
Page 93													
GROUP V - Manufactures and Miscellaneous (501-799)													
No.	Description												
523	Rubber, Crude, Natural, Synthetic												
	Reads	1,912	62,473	281	9,007	2	53	1,019	53,548	87	2,709	3,301	127,790
	Should read	1,912	62,473	281	9,007	2	53	1,019	33,548	87	2,709	3,301	107,790
539	Fertilizers, NOS												
	Reads	60	1,085	1	26	4	11	96	1,694	3	55	164	2,871
	Should read	60	1,085	1	26	4	111	96	1,694	3	55	164	2,971
Page 94													
541	Insecticide, Fungicides, NOS												
	Reads	5	108					1	21	1	37	7	166
	Should read	5	108					23	591	2	57	30	756
633	Cement, Nat-Portland												
	Reads			1	33							1	33
	Should read					1	33					1	33

CORRECTIONS IN EXHIBIT NO. MLM-2 WITNESS MOLLMAN IN I&S DOCKET 6615

STATEMENT OF IMPORT TRAFFIC HANDLED BY BALTIMORE & OHIO R.R., C.R.R. OF N.J., AND PENNSYLVANIA R.R., FROM NEW YORK, N.Y., DURING YEAR 1956.

Page 2

No.	Description	TO DIFFERENTIAL TERRITORY		TO WESTERN TRUNK LINE TERRITORY		TO PORT AREA		TO TRUNK LINE AND NEW ENGLAND TERRITORY (1)		OTHER TERRITORIES		TOTAL (1)	
		CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS
Page 95													
GROUP V - Manufactures and Miscellaneous (501-799)													
661	Wrapping Paper												
	Reads					1	26	8	286			9	312
	Should read	1	26					8	286			9	312
669	Paperboard, Fibreboard and Pulpboard												
	Reads	7	109					6	143			13	252
	Should read	7	109					4	95	2	48	13	252
Page 96													
773	Feed, Animal and Poultry, NOS												
	Reads	9	237	1	27			8	243	1	30	19	537
	Should read	9	237	1	27			8	242	1	30	19	536
	TOTAL GROUP V												
	Reads	4,468	118,993	544	13,996	881	17,571	6,364	204,582	1,189	24,791	13,446	379,933
	Should read	4,469	119,019	543	13,963	881	17,678	6,384	185,103	1,192	24,859	13,469	360,622
	TOTAL GROUP I TO VI												
	Reads	8,896	228,154	679	17,132	2,651	69,127	10,677	378,283	2,440	57,447	25,343	770,143
	Should read	8,897	228,190	678	17,099	2,628	88,754	10,720	359,274	2,443	57,515	25,366	750,842

CORRECTIONS IN EXHIBIT NO. MLM-2 WITNESS MOLLMAN IN I&S DOCKET 6615

STATEMENT OF EXPORT TRAFFIC HANDLED BY BALTIMORE & OHIO R.R., C.R.R. OF N.J., AND PENNSYLVANIA R.R., TO NEW YORK, N.Y., DURING YEAR 1956.

No.	Description	FROM DIFFERENTIAL TERRITORY		FROM WESTERN TRUNK LINE TERRITORY		FROM PORT AREA		FROM TRUNK LINE AND NEW ENGLAND TERRITORY (1)		OTHER TERRITORIES		TOTAL (1)	
		CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS
Page 27													
GROUP II - Animal and Products (201-299)													
No.	**Description**												
219	Packing House Products, Edible, NOS												
	Reads	197	4,566	215	5,003	12	253	2	40	2	42	428	9,904
	Should read	186	4,203	211	5,019	12	253	2	40	2	42	413	9,557
	TOTAL GROUP II												
	Reads	1,367	33,639	984	21,192	183	4,065	623	13,367	233	4,857	3,390	77,120
	Should read	1,356	33,276	980	21,208	183	4,065	623	13,367	233	4,857	3,375	76,773
Page 27													
GROUP III - Products of Mines (301-399) (Excluding Coal, Coke Direct Product of Coal and Iron Ore)													
No.	**Description**												
311	Aluminum Ore and Concentrates												
	Reads	1	34	2	92					3	72	6	198
	Should read	1	34	2	92					2	51	5	177
	TOTAL GROUP III												
	Reads	62	1,907	42	1,341	1	24	103	4,039	31	912	239	8,223
	Should read	62	1,907	42	1,341	1	24	103	4,039	30	891	238	8,202
Page 28													
GROUP V - Manufactures and Miscellaneous (501-799)													
No.	**Description**												
505	Lubrication - Oil-Grease												
	Reads	937	21,766			11	237	403	9,971	5	128	1,356	32,103
	Should read	937	21,766			11	237	403	9,971	5	128	1,356	32,102
509	**Gases, other than Petroleum, NOS**												
	Reads	10	120					2	52			12	172
	Should Read	9	105					2	52			11	157
Page 30													
627	**Tires and Tubes, Rubber**												
	Reads	553	8,669	122	1,652	282	3,682	200	2,885	262	4,687	1,419	21,575
	Should read	568	9,084	124	1,690	282	3,682	198	2,955	262	4,687	1,434	22,098

CORRECTIONS IN EXHIBIT NO. MLM-2 WITNESS MOLLMAN IN I&S DOCKET 6615

STATEMENT OF EXPORT TRAFFIC HANDLED BY BALTIMORE & OHIO R.R., C.R.R. OF N.J., AND PENNSYLVANIA R.R., TO NEW YORK, N.Y., DURING YEAR 1956.

No.	Description	FROM DIFFERENTIAL TERRITORY		FROM WESTERN TRUNK LINE TERRITORY		FROM PORT AREA		FROM TRUNK LINE AND NEW ENGLAND TERRITORY (1)		OTHER TERRITORIES		TOTAL (1)	
		CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS	CARS	TONS
Page 30													
GROUP V	Manufactures and Miscellaneous (501-799)												
No.	Description												
639	Brick, NOS, and Building Tile												
	Reads	19	464			2	98	1	13	1	34	23	609
	Should read	20	514			2	98	1	13	1	34	24	659
661	Wrapping Paper												
	Reads	1	20					14	318	2	36	18	374
	Should read	1	20					14	297	2	36	17	353
Page 31													
711	Stoves, Ranges and Parts												
	Reads	172	2,026	2	25			31	247	48	513	253	2,811
	Should read	172	2,026	2	25			21	247	48	513	243	2,811
703	Woodenware												
	Reads												
	Should read									3	67	3	67
763	Food Prod. NOS, unfrozen												
	Reads	349	8,887	211	5,746	268	5,463	507	16,386	154	4,681	1,489	41,163
	Should read	349	8,887	201	5,746	268	5,463	507	16,386	154	4,681	1,479	41,163
Page 32													
779	Containers, Metal												
	Reads	63	1,011			16	163	54	540	1	8	134	1,722
	Should read	63	1,011			16	163	54	631	1	8	134	1,813
797	Waste Materials, NOS												
	Reads	51	1,539	2	86	31	837	21	457	31	616	136	3,535
	Should read	42	1,079	2	86	31	837	23	544	32	649	130	3,195
	TOTAL GROUP V												
	Reads	21,585	593,132	820	18,067	3,103	110,476	12,867	392,136	2,293	42,812	40,668	1,156,623
	Should read	21,591	593,122	812	18,105	3,103	110,476	12,857	392,363	2,297	42,912	40,660	1,156,978
	TOTAL GROUP I TO VI												
	Reads	26,777	744,814	2,052	47,742	3,309	115,018	16,272	535,757	4,916	105,170	53,326	1,548,501
	Should read	26,772	744,441	2,040	47,796	3,309	115,018	16,262	535,984	4,919	105,249	53,302	1,548,488

[fol. 4660]

I.C.C. Exhibit No. 125

Statement of
E. M. Talbott for Hearing
in I. & S. Docket No. 6615
on September 16, 1958.

My name is E. M. Talbott, Assistant Comptroller of The Baltimore and Ohio Railroad Company with headquarters at Baltimore, Maryland. I have been a prior witness in this proceeding.

In the presentation of their cost evidence in this case, the Baltimore & Ohio, Canton, Pennsylvania, Reading and Western Maryland, protesting railroads, have followed the plan of having one spokesman for their composite cost showing at New York, Philadelphia and Baltimore, with the understanding that cost representatives of each of the lines whose individual costs comprise the total shown for each port would be available for examination so far as their particular studies are concerned. These individual port studies include:

New York — B&O-CNJ
PRR

Philadelphia — B&O
PRR
Reading

Baltimore — B&O
Canton
PRR
Western Maryland

Separate cost exhibits for Hampton Roads ports were submitted by the C. & O. and N. & W.

Until the present time, Mr. J. L. Heywood, Assistant Comptroller of the Pennsylvania, has been the spokesman [fol. 4661] witness referred to above. However, since the last hearing, Mr. Heywood has been reassigned by his company to other duties. For the purpose of submitting the present rebuttal evidence, I shall be the principal cost witness for our side. I have been a member of the cost committee for the protesting lines mentioned above since the start of this litigation and participated in the preparation of the Exhibits introduced by Mr. Heywood. Since this rebuttal evidence involves costs of B&O-CNJ and PRR serving the Port of New York, I should say that representatives of the PRR are in attendance at this hearing and are prepared to answer any questions which involve the PRR part of this combined showing.

The purpose of my present testimony and attached exhibits is to deal with and answer certain testimony of Witness W. F. French as submitted on behalf of respondents in Exhibits 113 and 115 at the hearing in this case which began June 16, 1958. For this purpose, I shall follow in this statement the same subject numbering as employed in the statement of Witness French (Exhibit 113).

Witness French sets forth eight (8) different adjustments which he says should be made in Exhibit 50-A and the cost exhibits which accompanied it, as introduced through Mr. Heywood, and he asserts that these 8 adjustments are in fact reflected in the cost figures included in the two exhibits (WFF-1 and WFF-2) which accompany his statement, Exhibit 113. In addition to these eight (8) adjustments, Witness French lists ten (10) other alleged reasons why the costs in Mr. Heywood's Exhibit 50-A are overstated [fol. 4662] stated and which "would have been included in [Witness French's] restatement * * * had sufficient information been available," etc. (See p. 11 of Exhibit 113).

Each of these 8 adjustments and 10 alleged overstatements will be dealt with separately under the sub-headings which follow. At this point I might anticipate certain conclusions in my testimony by saying that we accept as correct certain of the adjustments listed in Witness French's testimony and we believe that he is right on a few of the overstatements which he alleges. In my accompanying Exhibits —— (EMT-1; EMT-2), which follow the same format as Exhibit 50-A (JLH-5; JLH-6) of Mr. Heywood, the cost figures have been recomputed in the light of

Witness French's testimony and reflect his adjustments and alleged overstatements with which we agree. Other adjustments of Witness French we reject and as will appear more fully in the discussion of the separate items which follow, we take strong exception to certain of the overstatements in our figures which he claims. Further, my cost exhibits contain adjustments in respect to percentages of variability of different expense items which are required by the record in this proceeding.

I want to repeat that the cost figures appearing in my accompanying Exhibits —— (EMT-1; EMT-2) cover (with certain exceptions noted hereinafter at pages 28-29 of this statement) the same export and import commodity movements at the Port of New York as covered in Exhibit 50-A by Mr. Heywood (JLH-5 and JLH-6) and reflect the adjustments mentioned. These exhibits should be considered as [fol. 4663] substituted for the previous out-of-pocket cost exhibits for New York (Exhibit 50-A, JLH-5; JLH-6) introduced by protestants which I represent.

Witness French's Adjustment No. 1.

This adjustment for duplication of marine expenses in the line-haul costs in Exhibit 50-A is set forth in work sheets which Witness French obtained from the Protestants and his adoption of the same is correct. The figures in my Exhibits —— (EMT-1; EMT-2) include this adjustment.

Witness French's Adjustment No. 2

This adjustment eliminates the same duplication as it appears in the inland terminal costs in Exhibit 50-A, and the same comment is made as under Adjustment No. 1. The figures in my Exhibits —— (EMT-1; EMT-2) include this adjustment.

Witness French's Adjustment No. 3

In this adjustment Witness French has eliminated carload platform expense stating as the reason that this expense is incurred at the ports and is already included in the special terminal cost studies. It is true that the major portion of this expense is incurred at the ports; but it is also incurred at inland stations where the carriers load and unload forwarder freight at a published charge per ton. If the expense is eliminated at inland terminals the offsetting revenues should be eliminated also, and apparently Witness French agrees (Tr. at 1925).

[fol. 4664] We are not able to trace, however, the miscellaneous revenues that arise from the performance of this service at inland terminals.

The cost figures in my accompanying Exhibits —— (EMT-1; EMT-2) include this adjustment as made by Witness French. But it will be recognized that our acceptance of this adjustment results in an understatement of terminal costs for inland points. This is because the cost figures, while not including any expense for the performance of these services, continue to reflect a deduction for the revenues collected in their performance.

Witness French's Adjustment No. 4

Adjustment No. 4 of Witness French is a substitution (so far as the special terminal cost studies at New York are concerned) of the same percentages of variability as used by the Commission's cost section in Docket 28300 for the overall percentage of 80 used by Mr. Heywood in Exhibit 50-A. According to Witness French, the percents of variability which he has substituted produce, when applied to the individual accounts, "an overall out-of-pocket operating expense ratio of 58% and an overall out-of-pocket return on investment ratio of 67%." (Ex. 113, p. 7).

It does not seem necessary to discuss at length the percents of variability adopted by Witness French. They were used in 1939 by the Commission's cost section, and so far as I have been able to determine have not been used since by that section.

[fol. 4665] In order that their origin and application by the Commission's cost section may be fully understood, I am appending hereto as Exhibit —— (EMT-3) pertinent extracts from Senate Document 63 (78th Congress; 1st Sess) entitled "Rail Freight Service Costs in The Various Rate Territories of the United States—Letter from the

Chairman, Interstate Commerce Commission, etc.," and also extracts from A.R.E.A. Manual, 1929, entitled "Economics of Railway Operation—A Formula or Method of Calculating the Cost of Moving Freight Traffic."

The different percents of variability used by Witness French appear in Appendix E to Senate Document 63, and by consulting the footnote references therein, the origin of the particular percent can be traced. Some of the percents rest upon undisclosed studies of the Commission's cost section, while others refer to "the best information developed" for a test period of 1915, 1916, 1917, as collected by a special committee of the American Railway Engineering Association. The latter includes the 10% for Account 323, Floating Equipment Repairs, which Witness French adopts for use in the present case which comes over 40 years later. (See Appendix E to Senate Document 63 as included in Exhibit —— (EMT-3) and also the extract from the American Railway Engineering Association, 1929, included in the same Exhibit (EMT-3) at pages 1407-8.

Certain of the percents used by Witness French are not supported by later studies of the cost section which are [fol. 4666] described in Senate Document 63 itself. For instance, for Account 408, Operating Floating Equipment, an important account in Witness French's restatement, a 50% variability is used in Exhibit 113, but at page 53 of Senate Document 63 (Exhibit ——) (EMT-3) it appears that a later 6-year study by the ICC's cost section during the period 1935-41 showed a much higher degree of variability for the same account in the United States (91%) and in the East (80%).

As stated previously, I cannot find that, since its exhibits in Docket 28300 in 1939, the Commission's cost section has used or relied upon percents of variability by individual expense accounts. On the contrary, since its cost studies submitted in 1946-8 in the Small Shipments Cases, Dockets 29555 and 29556, the cost section has employed an overall percent of variability for all operating expenses, rents, and taxes, and for some years at least this percentage has been 80. The reasons and justification for this approach are clearly set forth in Statement 4-54 as prepared by the Cost Finding Section, dated November 1954 and entitled "Explanation of Rail Cost Finding Procedures and Principles Relating to the Use of Costs."

In our Exhibit 50-A and accompanying cost exhibits (JLH-5, JLH-6) an overall percent of variability of 80 is used for all operating expenses, rents and taxes, and this is in accord with what I understand to be the present practice of the cost section. However, since Witness French has [fol. 4667] challenged our use of an overall percent of variability of 80% as inapplicable to what he describes as the "highly specialized operations" at New York (Exhibit 113, at pp. 4, 5), I have re-examined the application of this percentage to the special terminal costs at New York. As a result of this re-examination and further study, I now believe that the use of 80% as applicable to all of the terminal costs at New York produces a substantial understatement of the true variable costs at that port. I also believe that certain of these costs are in the category of solely related expenses, and for that additional reason should be included at 100%.

In my Exhibits —— (EMT-1; EMT-2), I have employed the following percents:

Operating Expenses, Rents and Taxes

Marine—including trucking in lieu of lighterage, and lighterage pier operation	100%
All other (including New Jersey yards and Manhattan stations)	80%

Return on Investment

100%	of all equipment, including marine, in accordance with Form A at 4% after income taxes.
50%	of all fixed property in accordance with Form A at 4% after income taxes (with the exception of lighterage piers.)
100%	of the investment in lighterage piers at 4% after income taxes.

In the costs in my Exhibits —— (EMT-1; EMT-2), in other words, there are included the regular Form A percentages, with two exceptions: (1) I use 100% instead of [fol. 4668] 80% for marine operating expense accounts, including the operation of lighterage piers on the New Jersey shore and (2) a return on 100% instead of 50% of the investment in lighterage piers.

These exceptions are more than justified for two reasons: The first reason is the high degree of variability with traffic of the marine accounts, based on recent studies. The second reason is found in the fact that these marine expenses are in the nature of solely related expenses and incurred principally because of the requirements of export-import traffic at New York.

I shall discuss each of these reasons separately as follows:

1) *The variability of marine expenses with traffic.*

Witness French agrees that in the long term the investment in floating equipment is 100% variable with traffic, but he testified that repairs to such equipment are only 10% variable with changes in traffic volume. He testified (Exhibit 113, p. 6):

> Insofar as repairs is concerned, my treatment of 10% of these expenses as being variable with changes in traffic volume is predicated on the fact that little increase in the repair expense will be due to changes in the volume of traffic handled on existing equipment. In other words, if five (5) cars on the average are being handled on the present fleet of car floats it is obvious that if seven (7), eight (8), or even ten (10) cars are handled on these car floats there would be only relatively little increase in the maintenance costs. Likewise additional tons could be handled up to lighter capacity without seriously raising maintenance costs. On the other hand, treatment of floating equipment investment as being 100% variable is on the assumption that substantial increases in traffic would occasion the addition of more floating units in the long term.

[fol. 4669] The cornerstone of Witness French's testimony on this subject is his assumption that increased export-import traffic at New York would enable increased utilization of marine equipment.

Included with this statement are copies of verified statements submitted by, and cross-examination of, the following operating officials in Ex Parte 212, a pending proceeding before this Commission, which I now offer as Exhibit —— (EMT-4):

Verified Statement of Mr. Walter H. Harris, Lighterage Superintendent of the Marine Department of The New York Central Railroad Company

Cross Examination of Mr. Walter H. Harris, Lighterage Superintendent of the Marine Department of The New York Central Railroad Company

Verified Statement of Mr. E. J. Burke, Terminal and Lighterage Agent of The Delaware, Lackawanna, and Western Railroad

Cross Examination of Mr. E. J. Burke, Terminal and Lighterage Agent of The Delaware, Lackawanna, and Western Railroad

Verified Statement of Mr. Oscar A. Frauson, Superintendent of Lighterage and Stations, New York Harbor, for Erie Railroad Company

Verified Statement of Mr. Peter J. Ellis, Manager of Lighterage and Marine Service for the Lehigh Valley Railroad Company

As shown by this evidence of officials of Respondent carriers, lighterage (as distinguished from carfloat) service at New York exists principally to serve the requirements of export-import traffic, and these requirements are so inflexible and demanding as to preclude increased loading even if the traffic increases. One of the reasons for this is that steamship operators, in order to promote efficient [fol. 4670] ship loading, maintain "permit" systems under which they call upon the railroad to deliver particular traffic

—which means particular cars—in the order and at the time which they may require.

That the over-riding requirements in the railroad handling of export-import traffic in floating equipment by their very nature, preclude increased utilization of such equipment is also shown by certain tests conducted by the B&O and CNJ.

In my next Exhibit —— (EMT-5) are set forth for the indicated periods of different traffic levels the number of lighters handled per tow, and it will be noted that this relationship has remained practically constant.

In my next Exhibit —— (EMT-6) are set forth for each of the indicated periods the average load at New York per lighter (in tons) and per carfloat (in cars).

On this same subject Witness F. H. Clark will testify as to the performance of the Pennsylvania Railroad.

I come now to the second reason for including 100% of the marine expenses described above.

2) *The marine expenses are solely related expenses.*

Aside from the high degree of variability of the marine expenses, it is my opinion that 100% of these expenses should be taken into account because they are in the nature of solely related expenses. This means that, irrespective of the variability of these expenses they are chargeable 100% to the export-import traffic at New York on a pro-rata basis. Any study of the out-of-pocket costs for a particular traffic should include the constant expenses for plant, [fol. 4671] facilities, and operations which are solely related to that traffic.

This principle of cost-finding is recognized in Senate Document 63. See in this connection, the language on pages 50, 51 of Senate Document 63, and also in footnote 93 on page 76 of this same document (Exhibit ——) (EMT-3). The same method is also recognized in the American Railway Engineering Association Manual, 1929, used in Senate Document 63 as a source for certain percents of variability which in turn were relied upon by Witness French. See Table 3-C at pages 1409-10, 1414, 1417, 1418 of this Manual included as Appendix F in Exhibit —— (EMT-3).

The lighterage services at New York exist primarily for export-import traffic. At page W-138 of the cross-examination of Witness Walter H. Harris, Lighterage Superintendent of the Marine Department of The New York Central Railroad Company in Ex Parte 212 (See my Exhibit ——) (EMT-4), the following question and answer appear:

Q. Do you have any ideas as to the relative proportion of lighterage for domestic as compared with waterborne freight?

A. Speaking for the New York Central with whom I am connected, the preponderance very much so is export-import-coastal-intercoastal. I would say not more than ten per cent, if that much was so-called domestic lighterage.

It follows that the constant expenses assignable to the lighterage service are chargeable to New York traffic and export-import traffic should absorb its prorata portion of such constant expenses. In other words, the share of the constant expenses for the lighterage services which are [fol. 4672] devoted to and required for export-import traffic obviously constitute a valid and direct claim upon the revenues from that traffic. This export-import traffic should properly bear its prorata portion of the entire lighterage expense.

Witness French's Adjustment No. 5.

As stated by Witness French, this adjustment is correct but in incorporating it in the figures shown in my accompanying Exhibits —— (EMT-1; EMT-2), I have also included the trucking cost portion of the trucking in lieu of lighterage costs for the Pennsylvania which were inadvertently left out of Exhibit 50-A and not included by Witness French.

Witness French's Adjustment No. 6.

In computing the marine costs associated with the movement of box cars and open top cars to and from Jersey City and Greenville, Witness French obtains lower costs by pricing these two terminals separately on the basis of the tonnage associated with each rather than combining the costs in the manner followed by the Pennsylvania in Exhibit 50-A.

The reason Witness French gets lower costs under his method is that there is a clerical error in Exhibit 50-A with reference to the percentage of service minutes of marine equipment at Jersey City. This error was called to the attention of Respondents in a letter addressed to their Counsel dated April 28, 1958, to which was attached a statement (which later became Exhibit 119) showing the correct figures, but apparently the letter and statement [fol. 4673] were never called to the attention of Witness French (Tr. 2022-4).

In the costs set forth in my accompanying Exhibits —— (EMT-1; EMT-2), I continue to use the same method as used in Exhibit 50-A in this connection, with the corrections contained in Exhibit 119. Even if Witness French's method were substituted, the end result would be practically the same.

Witness French's Adjustment No. 7

In this adjustment Witness French, in part, computed an index factor for fuel and another index factor for materials and supplies on a basis which "approximates the adjustment procedure used by the Cost Section in connection with adjusting Rail Line Form A." (See page 9 of Exhibit 113).

Subsequent to the introduction of Exhibit 50-A (JLH-5 and JLH-6), I.C.C. Statement No. 2-58, "Rail Carload Cost Scales by Territories as of Jan. 1, 1958" prepared by the Cost Finding Section of the Bureau of Accounts, Cost Finding and Valuation, Interstate Commerce Commission, was released. Computation of the Index of Total Railway Operating Expenses, Rents and Taxes (excluding Federal Income Taxes) as of January 1, 1958 for Class I Railways, by Districts and Regions (1956-100) on page 82 shows an index factor of 109.1 for the Eastern District which I feel is appropriate for the adjustment of the average New York port costs and has been used in my Exhibits —— (EMT-1 and EMT-2).

Witness French's Adjustment No. 8

In Exhibit 50-A a return of 6% on depreciated invest- [fol. 4674] ment is used, and Witness French's restated figures in his Exhibit 113 substitute 4%.

We firmly believe that any fair estimate of railroad costs should include a minimum return of 6%. While the railroads as a whole or in the Eastern District are not now earning such a return and have not done so for many years, that fact does not mean that a 6% return is improper for use in a cost study.

Nevertheless, and without prejudice to our basic position in favor of a 6% return, the cost figures in my accompanying Exhibits —— (EMT-1) (EMT-2) reflect a 4% return. In the case of the special terminal costs at New York, the substitution of this 4% rate is made after an allowance for income taxes. This is because in Exhibit 50-A there was no provision for federal income taxes in the special terminal costs at New York.

This concludes my testimony in relation to the eight (8) adjustments which Witness French included in his restated figures.

I pass now to the ten (10) overstatements alleged by Witness French and for which he made no adjustment, and they will be considered separately as follows:

Witness French's Unadjusted Overstatement No. 1.

This will be answered in the separate statement of Witness F. H. Clark, filed at this time.

Witness French's Unadjusted Overstatement No. 2

This will also be answered in the separate statement of Witness F. H. Clark, filed at this time.

[fol. 4675]

Witness French's Unadjusted Overstatement No. 3.

Wide disparities between the tonnages shown in the traffic studies of the Protestant carriers and the tonnages used in our cost studies are claimed by Witness French, particularly with regard to the B. & O.

The substance of Witness French's contention here is that the unit costs of handling import-export traffic at New York shown by protestants are "greatly inflated" because they are based on what are said to be "subnormal" tonnages moving during the month of September 1956. My review of the facts indicates that the volume of import-export traffic moving through the Port of New York via the B&O and CNJ during the month of September 1956 was sufficiently lower than the monthly average movement of such traffic for the year 1956 to warrant some adjustment in order to reflect the monthly average volume in terms of unit costs. The adjustments required to produce this result, however, are by no means as great as Mr. French infers would be necessary. The adjustments and the basis for them are explained in succeeding paragraphs, and they are reflected in the costs upon which my Exhibits —— (EMT-1; EMT-2) are based.

In support of his contentions, Witness French states that for the month of September 1956, only 11,647 tons of B&O traffic were included in the cost study whereas the monthly average B&O tonnage of import-export traffic for the year 1956, as computed from protestants' traffic study [fol. 4676] was 26,500 tons (R. 1548). Witness French's analysis of the total B&O traffic included in the cost study is incorrect. The 11,647 tons he mentions include only the B&O traffic lightered during the month. (B&O-CNJ working papers p. 38). My next Exhibit —— (EMT-7) which I now offer shows that 20,255 tons of B&O traffic are covered by the cost study.

The foregoing tonnages are stated only to correct an error in Witness French's analysis of B&O traffic included in the cost study. B&O traffic volume alone is not meaningful for the use Witness French seeks to make of it. As I previously testified, the B&O and CNJ marine operations at New York and the lighterage pier operations at Jersey City are conducted under a "pooling of expense" arrangement between the two roads. The unit costs of handling either road's traffic over the Jersey City lighterage piers and in marine service are exactly the same, and the effect of traffic volume on these unit costs, to the extent there is any effect, can only be measured by considering the combined traffic volume of the two roads.

My next Exhibit —— (EMT-8) which I now offer is a comparison of the import-export traffic for September 1956 of the B&O-CNJ at New York covered by the cost study with the monthly average volume in 1956 for the two roads. The comparison indicates that the import-export traffic volume for the B&O-CNJ for September 1956 was below the monthly average for the year 1956 by approximately 3400 tons. This exhibit relates the total B&O-CNJ import-export traffic at New York as shown by the traffic study with that [fol. 4677] covered in the cost study and puts the "subnormal" traffic volume contention of Witness French in proper perspective. Further analysis is necessary to compute the adjusfments necessary to relate the costs developed in the study for September 1956, to the monthly average traffic volume for the year 1956.

Since the cost of the component elements of service which comprise the complete terminal service at New York were necessarily computed separately, the extent of any adjustment required to relate the unit costs to monthly average traffic volume must also be computed separately.

I have determined that a reduction of 5.81% in certain costs of the joint B&O-CNJ marine operation will properly reflect monthly average traffic volume in the unit costs attributable to that phase of the terminal operation at New York. The adjustment has been applied only to those costs assigned to the marine operation which, although being solely related, may not vary on a month to month basis with the fluctuations in traffic, i.e., marine managers office expense; maintenance and depreciation of lighters and tugs (portion of tug expenses assigned to the lighterage operation); insurance, taxes, and return. The details of the adjustment are shown on pages 10 to 13 of my working papers supporting these adjustments.

The basis for the computation of the foregoing adjustment percent is shown on my next Exhibit —— (EMT-9) appended. There, I have compared the total tons lightered [fol. 4678] by the joint B&O-CNJ marine operation for the month of September 1956 (56,404 tons), with the monthly average volume for the year 1956 handled in such service

(59,884 tons). The September 1956 volume was 5.81% less than the 1956 monthly average volume.

Similarly, I have determined that a reduction of 11.20% in certain costs attributable to lighterage pier and lighterage yard operations will properly reflect monthly average traffic volume in the unit costs computed for September 1956. Here, ~~too~~, the adjustment has been applied only to those costs assigned to lighterage pier and lighterage yard operations, while being solely related, may not vary on a month to month basis with the fluctuations in traffic volume, i.e., maintenance, depreciation, taxes and return applicable to the lighterage piers; taxes and return applicable to the lighterage yard track and facilities; billing expense; and lighterage bureau office expense. The details of the adjustment are shown on pages 10 to 13 of the working papers supporting the adjustments. My next Exhibit —— (EMT-10) shows the basis for the computation of the 11.20%. There, I have compared the total traffic handled to and from the lighterage piers by the B&O-CNJ marine service, by trucking in lieu of lighterage, and by contract steam lighter for the month of September 1956 (40,411 tons) with the 1956 monthly average volume (45,510 tons). The volume for September 1956 was 11.20% less than the 1956 monthly average volume. This comparison was used rather than a comparison of tons handled over the pier because the latter data for the year 1956 is not readily available. The results produced by either method of comparison would [fol. 4679] be approximately the same since every ton handled over the lighterage piers must either move to or from the piers by one of the three methods enumerated. The difference of 1,054 tons between the 40,411 tons "from or to the lighterage piers" for September 1956 shown in Exhibit —— (EMT-10) and the 41,465 tons shown on pages 10 to 13 of my working papers supporting the adjustments as the tons handled over the lighterage piers in September 1956 represents traffic which received pier handling in September but which did not physically move on or off the piers during that month.

In my opinion the costs for the other service components included in the total unit terminal costs at New York for the B&O and CNJ for September 1956 are representative of an average month. The basis for this opinion is stated in my prior testimony, i.e., yard switching (Tr. 1532-1533); floating operation (Tr. 1540) and New York pier station costs (Tr. 1543).

Witness French also contends that the export scrap iron and import ores handled by the CNJ during September 1956 should have been included in the cost study.

The intent of the study is to show the terminal costs at New York applicable to the predominant operation—the normal operation—in use there, i.e., in marine service by lighter, or by trucking in lieu of lighterage. There can be no doubt that this is the normal method of operation at the port of New York, considering the relative volume of traffic, classes or kinds of traffic, and the operations of the Respondent railroads, as well as the Protestant railroads. [fol. 4680] The import ores and export scrap iron were moved over the CNJ's Dock 7 by direct transfer between ship and car. Since the period of the study the movement of rail scrap iron over Dock 7 has largely ceased. The exporter has changed its location in the harbor to the Lehigh Valley's facilities at Claremont, N.J., where it has leased property and where the scrap iron is brought to shipside, in large part at least, by barge and by truck.

Admittedly, the direct transfer operation is less costly than that requiring the use of lighters or trucks. However, the direct transfer method is little used at the port of New York, and where used by either the Respondent or Protestant railroads is limited to a few bulk commodities, predominantly import ores. Most of the Respondent railroads do not handle any traffic by the direct transfer method. In such circumstances, it would be improper to average the cost of lightered freight and of direct transfer freight to arrive at terminal costs at New York to be used in testing the compensatory nature of the proposed rates. Freight which is and must be lightered at New York should be assessed the full terminal cost for the service it requires and the lighterage method is the method used for almost all commodities passing through the port of New York.

Lest there be any misunderstanding, none of the costs, investment or handling, incurred in moving scrap iron and ores over Dock 7 and through its direct supporting yard is included in the cost study. However, the cars moving to [fol. 4681] or from Dock 7 were included in the divisor used to compute the switching minutes per car in the classification yard.

The foregoing reasoning also applies to the traffic moving by direct transfer at Port Newark shown in my Exhibit —— (EMT-8).

The traffic shown in my Exhibit —— (EMT-8) moving through Earle and Carteret, N.J., was included in the traffic study because in effect these points are "sub-ports" to the port of New York which traditionally have taken the New York rates, and therefore are likely to be affected by approval of the rates proposed by respondents. However, the costs of handling traffic at these "sub-ports" have no proper place in the determination of whether rates at the port of New York which include lighterage service are compensatory.

In his discussion of this subject (Unadjusted Overstatement No. 3) Witness French makes no reference to the Pennsylvania Railroad but, as I have said, deals exclusively with the situation of the B&O-CNJ. Nevertheless the Pennsylvania Railroad made a study of its situation and determined that its September 1956 import and export tonnage requiring marine movement or trucking in lieu of lighterage at New York included in the cost study was only 4.3% less than the 1956 monthly average for the same categories of traffic during the year 1956. This is shown by Exhibit —— (EMT-11) attached. In these circumstances it is felt no adjustment in the Pennsylvania Railroad costs is required.

[fol. 4682]

Witness French's Unadjusted Overstatement No. 4

Witness French here claims that the special terminal costs of the Pennsylvania and Baltimore & Ohio-Jersey Central at New York are not representative of the costs of the Respondent at New York because the Protestants (1) handle only about "one third" of the total export-import traffic at New York and (2) showed no costs for the traffic which is loaded direct from car to ship or unloaded direct from ship to car on the New Jersey shore.

At New York export-import traffic is handled in one of four ways:

1. Lighterage service
2. Carfloat service
3. Trucking in lieu of lighterage
4. Directly between car and ship

Exhibit 50-A includes special terminal costs at New York which are averaged for each of the different methods of handling *except Number 4.* In other words, we showed no terminal costs for that relatively small part of New York's export-import traffic which is loaded or unloaded directly between car and ship.

On the contrary, we directed our cost showing to what is indisputably the predominant method of handling export-import traffic at New York, and certainly a showing with respect to one-third of the traffic is representative. There is no suggestion that, in the rendering of this water service, there is any difference in unit costs between Pro- [fol. 4683] testants and Respondents or any reason why such differences should exist. All of the New York lines, both Protestants and Respondents, as shown by the record in this proceeding, provide the same character of water service; own, operate and maintain the same types of equipment and facilities; pay the same wage rates; apply the same depreciation rates; pay the same character of taxes, etc. By the very nature of what Witness French correctly describes as these "highly specialized operations" there is no room for significant variations in unit costs.

In the case of the Protestants, the high special terminal costs at New York would produce substantial losses in the handling of export-import traffic under the suspended reduced rates. This is shown in my Exhibits —— (EMT-1; EMT-2). In fact, Protestants' losses are heavy under the present rates to and from New York. That such losses on the part of Protestants are representative of losses incurred by the principal Respondent, New York Central Railroad Company, in the rendering of the same type of service is indicated in a memorandum which its President

Perlman addressed to the Mayor of New York under date of July 2, 1958. This memorandum, copies of which were publicly distributed to the press, is reproduced as Exhibit —— (EMT-12). The pertinent portion reads:

> The freight services provided by the Central to industry within the City of New York include the only direct service by rail, as well as a lighterage service which enhances New York harbor. (Incidentally, as you know, both of these operate at substantial losses; in 1957 the loss on our freight service to Manhattan Island was $10,350,000.)

[fol. 4684] It will be noted that the losses referred to by Mr. Perlman occurred under the present basis of rates—not the lower suspended rates. While these losses apparently take into account both domestic and export-import traffic at the Port of New York, the testimony of Witness Walter H. Harris, the Lighterage Superintendent of the New York Central's Marine Department, which is included in my Exhibit —— (EMT-4), gives the reasons why the export-import traffic is much more expenses than domestic traffic at New York.

Witness French's Unadjusted Overstatement No. 5.

In this part of his testimony Witness French suggests that $33.85 per loaded car, including $18 per loaded car for real estate taxes, is too much for the CNJ lighterage yard at Jersey City because the yard is either too large or the traffic too small, or the yard is used for ground storage (for which Witness French cannot find the revenue credits). Page 6 of the original working papers indicates a credit of $2,824 for Jersey City—month of September 1956, for storage. This figure, which includes the ground storage revenue, was properly reflected in the costs shown in Exhibit 50-A. A further study of the Jersey City storage credits has been made which developed that the lighterage yard is now being used more extensively for storage purposes than in 1956. During the 12-month period ending June 1958 the storage credits including $181 received under a lease arrangement amounted to an average of $12,489 per month, or $9,665 more than the credit included in the [fol. 4685] original study. The costs reported in Exhibit —— (EMT 1; EMT-2) have been revised to reflect the additional credit of $9,665 per month as calculated above, also $594 for lighter demurrage referred to at p. —— of transcript. The additional credit amounts to $.25 per ton for the traffic handled via the lighterage piers.

In the foregoing discussion under Witness French's Unadjusted Overstatement No. 3, I described the adjustments reflected in the costs in my Exhibits —— (EMT-1; EMT-2) which were made because of the fact that during the cost study period B&O-CNJ traffic was below average. The effect of that adjustment has been to reduce the per loaded car cost $3.54 for box and refrigerator cars and $3.53 for open-top cars, before payroll taxes, as detailed on page 11 of working papers. Page 1 of the working papers shows the per car cost reflecting all adjustments. No further adjustment would be proper; the lighterage yard is not regarded as too large by the CNJ. This is significant since that carrier has not hesitated to abandon to the local authorities water-front property which could be dispensed with and has done so in a number of instances.

Witness French's Unadjusted Overstatement No. 6.

Icing costs, amounting to 10¢ per car, included in Exhibit 50-A with the PRR special terminal costs at New York, have been excluded from the costs in my Exhibits —— (EMT-1; EMT-2). The fact remains however that certain fruits and vegetables require refrigeration at this point.

[fol. 4686]

Witness French's Unadjusted Overstatement No. 7.

Here Witness French refers to "the omission" from the B&O-CNJ study of 14,288 tons of export scrap iron and 13,743 tons of import ore.

I have previously made clear that our study of special terminal costs at New York deals with export-import traffic receiving water service at New York in the form of (1) lighterage, (2) carfloatage, or (3) trucking in lieu of lighterage and does not include the costs for such bulk traffic as is handled directly between car and ship such as export scrap iron and import ores.

The scope of our cost study in relation to all export-import rail traffic at New York is indicated in my testimony which concerned Witness French's Unadjusted Overstatement No. 4.

As stated above, the export scrap iron movement shown for the CNJ in September 1956 has disappeared. All of it originated at short-haul points and its place is now taken by scrap originating within the harbor for which no rail haul is required. The imported ores are short-haul traffic also.

We did not include in our cost study traffic handled directly between ship and car at New York because:

1) It was a small proportion of the entire traffic.

2) It has been said by the New York lines that the handling of bulk traffic in volume at that port would require the erection and operation of new unloading facilities, at an investment of many millions, and any [fol. 4687] costs would therefore be wholly speculative.

3) If the costs for such bulk traffic as is now handled directly between car and ship were low, it could be assumed that the Respondents, having the burden of proof as to the reduced New York rates, would submit such costs in evidence.

Witness French's Unadjusted Overstatement No. 8.

The commodity movements to which the costs in Exhibit 50-A were applied were selected to give a representative cross section of export-import traffic. They were not weighted however in accordance with total volume. That is, if 6 movements of export corn were shown and 4 movements of export wheat, that did not mean that the total movements of these commodities were in the ratio of 6 to 4. On the contrary, it meant that to be representative of export corn 6 origins should be selected while 4 origins would be representative for export wheat.

Failure to understand this point underlies Witness French's first complaint.

Witness French's second complaint under this heading is satisfied when the costs are applied to export-import traffic which moved through New York, and in my Exhibits —— (EMT-1; EMT-2) I have limited the cost application to commodities which moved through that port in a volume of 1,000 or more tons. Other commodities included in Exhibit 50-A where the 1,000 ton minimum was met only by movements through either Baltimore or Philadelphia have not been included in my Exhibits —— (EMT-1; [fol. 4688] EMT-2).

The only exceptions to including all commodities through New York in a volume of 1,000 tons or greater were the following 2 import commodities and 2 export commodities where there were no movements via the PRR or B&O-CNJ through New York, and thus we were unable to select representative origins and destinations and obtain average loadings. Such movements as took place of these four commodities via the Port of New York took place over the Respondent lines and not over Protestants' lines. The four commodities are:

Import, Group 69—Fruits, fresh, N.O.S. not frozen
Group 519—Oils, N.O.S.

Export, Group 401—Logs, Butts and Bolts.
Group 539—Fertilizers, N. O. S.

One other export commodity included in Exhibit 50-A but excluded from my Exhibit —— (EMT-2) is ammunition. Inquiry develops that this entire movement, while on New York rates, takes place through U.S. army terminal facilities at Earle, N.J.

It is significant here to note that if the cost-revenue relationships shown in my accompanying Exhibits —— (EMT-1; EMT-2) are applied to the total New York traffic under the same assumptions as in Witness Keefe's Exhibit 108, the costs bear substantially the same relation to revenues as is the case when the costs are compared only with the revenues in my Exhibits —— (EMT-1; EMT-2).

In other words, and following the same method employed in Witness French's statement (Exhibit 113 at page 10), if [fol. 4689] the revenues and costs in my Exhibits —— (EMT-1; EMT-2) are added up, the totals are:

	Total Freight Revenues	Total Out-of-Pocket Cost	Ratio of Cost to Revenues
Import	$ 80,299.00	$ 89,652.28	111.6%
Export	$166,441.26	$181,257.98	108.9%

However, if total freight revenues for the import and export traffic through New York are projected in the same manner as in Witness Keefe's Exhibit 108, and to these revenues are applied the same cost relationships as in Exhibits —— (EMT-1; EMT-2), the totals are:

	Total Freight Revenues	Total Out-of-Pocket Cost	Ratio of Cost to Revenues
Import	$11,836,698	$12,813,326	108.3%
Export	$41,409,608	$45,088,769	108.9%

Witness French's Unadjusted Overstatement No. 9.

In order to remove the alleged overstatements described at p. 19 of Exhibit 113, we have substituted for corn, bagged, as in Exhibit 50-A (JLH-6, p. 1) corn in bulk, and the cost-revenue relationships for corn in bulk appear in my Exhibit —— (EMT-2).

I have also added to the revenues for import mahogany lumber and logs as included under Commodity 499 in my Exhibit —— (EMT-1) the accessorial revenues received for loading as set forth by Witness French in his Exhibit 113 at p. 20.

Witness French says that none of the Protestants have grain elevator facilities at New York, whereas at Baltimore [fol. 4690] their elevators produce more revenues than costs, with an overall net credit of 14 cents.

At Baltimore and the other ports, grain is loaded directly from car to ship through elevators. There is no evidence of comparable handling at New York. On the contrary, export grain requires a water movement either to reach the Port Authority's grain elevator at Brooklyn (which has no rail connection and was apparently built to handle grain received from the Barge Canal) or floating elevators which transfer grain from railroad lighter to ship's hold. In order to perpetuate this means of transfer it is understood that the New York Port Authority recently purchased 6 floating elevators. There is no evidence that the New York Central's grain elevator at Weehawken was used for direct ship loading of export grain in 1956.

Witness French's Unadjusted Overstatement No. 10.

Witness French takes exception to the B&O-CNJ marine equipment maintenance costs as included in the NY terminal study asserting the costs were overstated. The marine maintenance costs included in the cost study for tug boats are based on the average costs for four years whereas those for floats and lighters are the average for a three-year period.

It is an obvious fact that on most railroads maintenance expenditures are not always made on a uniform annual basis. It therefore follows that ordinarily average maintenance costs per year based on the experience for a number of years would be a more accurate basis for the study. This is what I attempted to do in my original study.

[fol. 4691] Since my original costs were prepared and attacked by Witness French, I have developed from the records the cost of maintaining B&O-CNJ marine equipment over a ten-year period.

The following data indicates that the costs per ton for maintaining the B&O-CNJ marine equipment as included in my study are reasonable:

	Cost Per Ton 1956 cost level		
	Maintenance of Tugs (portion assigned to lighters)	Maintenance of Lighters	Total
1947	$0.178	$0.819	$0.997
1948	0.258	0.887	1.145
1949	0.216	0.739	0.955
1950	0.327	0.773	0.100
1951	0.189	0.584	0.773
1952	0.136	0.650	0.786
1953	0.110	0.701	0.811
1954	0.132	0.858	0.990
1955	0.107	0.593	0.700
1956	0.067	0.536	0.603
10 year average	0.177	0.724	0.901
Used in study	$0.115	$0.772	$0.887

In view of the above facts, no adjustment for marine maintenance has been made in the cost study for the B&O-CNJ equipment.

One of the reasons for the low tug and lighter costs during the more recent years is that several units of new equipment were added to the fleet, replacing older units. As these units of equipment become older, the maintenance costs will increase.

[fol. 4692] In addition to those adjustments in the B&O-CNJ terminal costs which were suggested by Witness French and previously referred to herein, other adjustments are also reflected in the terminal costs used in developing my Exhibits —— (EMT-1; EMT-2). The additional adjustments, which are also detailed in the working papers pages 1 to 28 are summed up briefly below:

a) In arriving at the weighted average cost per ton for traffic moving in box cars, open-top cars and reefers on page 1 of my original working papers, I applied the average cost per ton for traffic moving via lighterage piers to all the tons moving via these piers as developed on page 2 of the original working papers. The tonnages used are as follows:

	Tons via Lighterage Piers
Box Car Traffic	30,313
Open Top Car Traffic	10,742
Refrigeration Car Traffic	666
Total	41,721

Of the tonnages so moved, only 31,749 tons were given a marine (lighterage) movement, the others having been trucked in lieu of lighter, etc. The cost of lightering the 31,749 tons (at $3.67 per ton as developed at page 9 of my working papers) spread over the total of 41,721 tons moved via the lighterage piers results in an average unit cost of $2.79 per ton for the lighterage service. This adjustment amounts to a decrease in the cost per ton including return for traffic handled over the lighterage piers of 88 cents (exclusive of payroll tax).

[fol. 4693] b) Classification switching costs at St. George were initially incorrectly separated as between "return" and "costs excluding return." This correction adds 9 cents per car to the costs excluding return and deducts similar amount from the return on the traffic moving via the lighterage piers.

c) While the unit costs are based on the total traffic handled over the facilities, both domestic and import-export, the revised B&O-CNJ costs have been adjusted to eliminate the domestic traffic. Also the adjusted costs include payroll taxes at proper rate of 3.97%. In this revision of costs, adjustment has been made to reflect the fact that trucking and steam lighterage expense are properly assignable 100% to import-export traffic.

In the final paragraph of Witness French's statement (Exhibit 113, at pp. 23-24) it is said:

> Any reasonable doubt as to the compensatory nature of the proposed New York rates as a whole should be dispelled by the figures shown in Witness Keefe's Exhibits No. 1-4. Those exhibits show that on the import-export traffic actually moving through New York, the revenues are $9.30 per ton higher than the revenues on the traffic actually moving through Baltimore. Even on the basis of protestants' original exhibits (JHL 1 and 2 Revised) showing a higher cost at New York of only $7.81 per ton, the traffic actually moving through New York is more remunerative than the traffic actually moving through Baltimore, which Witness Heywood stated at pages 1463 and 1464 of the transcript was compensatory.

There are two comments I wish to make about this testimony.

In the first place, a comparison limited to the average revenue per ton of the traffic through New York as com-[fol. 4694] pared with the traffic through Baltimore is without meaning in the context used by Witness French. As recognized by Respondents' Witness Keefe at pages 1796-7 of the transcript, the higher revenue per ton of the New York traffic does not necessarily make it more desirable traffic. The missing link which Witness Keefe recognizes (Tr. at 1797) is the average per car loading for the New York and Baltimore movements which produce this $9.30 per ton revenue difference (cited by Witness French). Using the data in both Witness French's Exhibit 113 and Witness Keefe's Exhibit 108, these average loads may be computed as follows:

	Through Baltimore	Through New York
Import	48.2 tons	23.8 tons
Export	47.4 tons	25.3 tons

Applying to these average weights the average revenues per ton computed by Witness Keefe, which are listed at p. 3 of his statement (Exhibit 108), we find that the average per car revenues of the export-import traffic through the ports of Baltimore and New York are as follows:

	Average Revenues Per Car	
	Through Baltimore	Through New York
Import	$391.38	$456.96
Export	$444.61	$455.40

Accordingly, the average revenue per car at New York is not much higher than the average revenue per car at Baltimore. There is, in other words, no important excess revenue arising from the New York traffic—excess over the Baltimore revenue level—with which to meet the vastly greater costs at New York.

[fol. 4695] In the second place, whether the proposed rates are compensatory at New York is determined by comparing the revenues they would produce with the costs at New York. This test can of course be applied directly. The results under this test have been referred to previously in my testimony and need not be repeated here.

[fol. 4696]

(See opposite) ☞

Exhibit No.__________(EMT-1)

Witness: **E. M. Talbott**

Before the

INTERSTATE COMMERCE COMMISSION

oOo

I & S DOCKET 6615

REVENUES, OUT-OF-POCKET COSTS AND RATIOS OF REPRESENTATIVE MOVEMENTS OF IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY VIA PORT OF NEW YORK

4694

August 1958

Baltimore, Maryland

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Port of New York

Commodity		Type of Equipment	Average Weight Tons	Destination	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
									Terminal			
roup No.	Description					Rate	Per Car	Line Haul	Port	Destination	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
19	Flour, Edible, N.O.S.	Box	34.2	Cleveland, O.	552	$.91	$622.44	$166.40	$382.86	$25.82	$575.08	92.4%
		Box	34.2	Parkersburg, W. Va.	520	.80	547.20	156.76	382.86	25.82	565.44	103.3
35	Cotton Linters,Noils & Regins											
	Cotton Waste	Box	20.6	Chicago, Ill.	880	.86	354.32	232.10	244.14	25.82	502.06	141.7
	" "	Box	20.6	Denosha, Wisc.	895	.86	354.32	236.05	244.14	25.82	506.01	142.8
	" "	Box	20.6	Flint, Mich.	647	.77	317.24	170.64	244.14	25.82	440.60	138.9
	" "	Box	20.6	St. Louis, Mo.	1,030	.91	374.92	271.66	244.14	25.82	541.62	144.5
	" "	Box	20.6	Grand Rapids, Mich.	757	.80	329.60	199.65	244.14	25.82	469.61	142.5
	" "	Box	20.6	Detroit, Mich.	621	.73	300.76	163.79	244.14	25.82	433.75	144.2
51	Bananas, Fresh	Refgr.	10.4	Detroit, Mich.	621	1.49	309.92	222.53	70.64	22.23	315.40	101.8
	" "	Refgr.	10.4	Columbus, O.	611	1.49	309.92	218.95	70.64	22.23	311.82	100.6
	" "	Refgr.	10.4	Pittsburgh, Pa.	426	1.29	268.32	152.65	70.64	22.23	245.52	91.5
	" "	Refgr.	10.4	Indianapolis, Ind.	789	1.60	332.80	282.73	70.64	22.23	375.60	112.9
	" "	Refgr.	10.4	Huntington, W. Va.	649	1.49	309.92	232.56	70.64	22.23	325.43	105.0
71	Fruits, Dried, Dehydrated, Evaporated, N.O.S.											
	Fig Paste	Box	22.1	Chicago, Ill.	880	.82	362.44	235.76	259.44	25.82	521.02	143.8
	" "	Box	22.1	Columbus, O.	611	.72	318.24	163.69	259.44	25.82	448.95	141.1
	" "	Box	22.1	St. Louis, Mo.	1,030	.99	437.58	275.94	259.44	25.82	561.20	128.3
	Dates	Box	22.1	Louisville, Ky.	824	1.27	561.34	220.75	259.44	25.82	506.01	90.1
	"	Box	22.1	Urbana, O.	655	.76	335.92	175.48	259.44	25.82	460.74	137.2
	Dried Fruit	Box	22.1	Chicago, Ill.	880	1.36	601.12	235.76	259.44	25.82	521.02	86.7
75	Coffee	Box	24.8	Cincinnati, O.	714	.81	401.76	196.63	286.98	25.82	509.43	126.8
	"	Box	24.8	Chicago, Ill.	880	.91	451.36	242.34	286.98	25.82	555.14	123.0
	"	Box	24.8	Louisville, Ky.	824	.91	451.36	226.92	286.98	25.82	539.72	119.6
	"	Box	24.8	St. Louis, Mo.	1,030	1.09	540.64	283.65	286.98	25.82	596.45	110.3
	"	Box	24.8	Etna, Pa.	426	.64	317.44	117.32	286.98	25.82	430.12	135.5
91	Beans and Peas, Dried	Box	25.5	Austin, Ind.	802	.87	443.70	222.42	294.12	25.82	542.36	122.2
	" " "	Box	25.5	Chicago, Ill.	880	.93	474.30	244.05	294.12	25.82	563.99	118.9
07	Seeds, N.O.S.											
	Annuto	Box	17.4	Madison, Wisc.	950	1.47	511.56	242.13	211.50	25.82	479.45	93.7
	Mustard	Box	17.4	Terre Haute, Ind.	861	1.15	400.20	219.44	211.50	25.82	456.76	114.1
	Grass	Box	17.4	Columbus, O.	611	.91	316.68	155.73	211.50	25.82	393.05	124.1
	"	Box	17.4	Louisville, Ky.	824	1.09	379.32	210.01	211.50	25.82	447.33	117.9
	Canary	Box	17.4	Chicago, Ill.	880	1.27	441.96	224.29	211.50	25.82	461.61	104.4
	"	Box	17.4	Milwaukee, Wisc.	871	1.36	473.28	221.99	211.50	25.82	459.31	97.0

4697

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Import Traffic Terminating in Differential Territory
via
Port of New York

Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destination (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Port (10)	Out-of-Pocket Costs Terminal Destination (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
199	Products of Agriculture, N.O.S.											
	Cocoa Beans	Box	25.3	Chicago, Ill.	880	$.96	$485.76	$243.56	$292.08	$25.82	$561.46	115.6%
	" "	Box	25.3	Milwaukee, Wisc.	871	.96	485.76	241.07	292.08	25.82	558.97	115.1
	Fibre Hemp & Sisal	Box	25.3	Newark, O.	578	.84	425.04	159.98	292.08	25.82	477.88	112.4
	" " "	Box	25.3	Chicago, Ill.	880	1.04	526.24	243.56	292.08	25.82	561.46	106.7
	" " "	Box	25.3	Jackson, Mich.	697	1.01	511.06	192.91	292.08	25.82	510.81	100.0
	" " "	Box	25.3	St. Louis, Mo.	1,030	1.04	526.24	285.08	292.08	25.82	602.98	114.6
217	Meats Cooked, Cured, Dried & Smoked											
	Meats Canned, N.O.I. B.N.	Box	21.0	Chicago, Ill.	880	.88	369.60	233.07	248.22	25.82	507.11	137.2
	" " "	Box	21.0	Cleveland, O.	552	.63	264.60	146.20	248.22	25.82	420.24	158.8
	" " "	Box	21.0	Detroit, Mich.	621	.70	294.00	164.47	248.22	25.82	438.51	149.2
	" " "	Box	21.0	Grand Rapids, Mich.	757	.82	344.40	200.49	248.22	25.82	474.53	137.8
239	Hides, Skins & Pelts, N.O.S.											
	Wet Salted Calf Skins	Box	26.0	Girard, O.	490	.74	384.80	136.57	299.22	25.82	461.61	120.0
	Green Salted Hides	Box	26.0	Rockford, Mich.	964	1.04	540.80	268.68	299.22	25.82	593.72	109.8
	" " "	Box	26.0	Chicago, Ill.	880	1.09	566.80	245.27	299.22	25.82	570.31	100.6
299	Animals & Products											
	Casein	Box	24.6	Hamilton, O.	714	.91	447.72	196.23	284.94	25.82	506.99	113.2
	"	Box	24.6	Milwaukee, Wisc.	871	1.39	683.88	239.38	284.94	25.82	550.14	80.4
	Animal Hair	Box	24.6	Chicago, Ill.	880	1.36	669.12	241.86	284.94	25.82	552.62	82.6
311	Aluminum Ore & Concentrates											
	Bauxite Ore	Gond.	50.7	Danville, Ill.	869	7.39 3/	334.77	342.65	28.15 14/	28.15	398.95	119.2
333	Stone, Rough, N.O.S.											
	Marble & Stone Rough Quarried	Flat	38.0	Chicago, Ill.	880	.87	661.20	284.84	380.94	28.15	693.93	105.0
		Flat	38.0	Lexington, Ky.	780	.80	608.00	252.47	380.94	28.15	661.56	108.8
	"	Flat	38.0	Dayton, O.	680	.72	547.20	220.11	380.94	28.15	629.20	115.0
	"	Flat	38.0	Green Bay, Wisc.	910	.93	706.80	294.55	380.94	28.15	703.64	99.6
	"	Gond.	38.0	Chicago, Ill.	880	.87	661.20	316.00	380.94	28.15	725.09	109.7
	"	Gond.	38.0	Lexington, Ky.	780	.80	608.00	280.09	380.94	28.15	689.18	113.4
	"	Gond.	38.0	Dayton, O.	680	.72	547.20	244.18	380.94	28.15	653.27	119.4
	"	Gond.	38.0	Green Bay, Wisc.	910	.93	706.80	326.77	380.94	28.15	735.86	104.1

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Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destination (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Port (10)	Out-of-Pocket Costs Terminal Destination (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
399	Products of Mines, N.O.S.											
	Asbestos Fibre	Box	31.1	Atlas, O.	540	$.86	$534.92	$158.14	$351.24	$25.82	$535.20	100.1%
	Graphite	Box	31.1	Clearing, Ill.	880	1.05	653.10	257.72	351.24	25.82	634.78	97.2
	"	Box	31.1	Cincinnati, O.	714	.87	541.14	209.10	351.24	25.82	586.16	108.3
	"	Box	31.1	Swissvale; Pa.	426	.66	410.52	124.76	351.24	25.82	501.82	122.2
	Talc	Box	31.1	Jeffersonville, Ind.	824	.73	454.06	241.[illegible]2	351.24	25.82	618.38	136.2
	Prepared Chalk	Box	31.1	Wheeling, W.Va.	469	.72	447.84	137.35	351.24	25.82	514.41	114.9
	Marble Chips	Box	31.1	Toledo, O.	658	.58	360.76	192.70	351.24	25.82	569.76	157.9
	" "	Box	31.1	Chicago, Ill.	880	.72	447.84	257.72	351.24	25.82	634.78	141.7
415	Veneer, Plywood & Built Up Wood											
	Plywood	Box	23.7	Detroit, Mich.	621	.93	440.82	169.12	275.76	25.82	470.70	106.8
	"	Box	23.7	Pittsburgh, Pa.	426	.71	336.54	116.02	275.76	25.82	417.60	124.1
	"	Box	23.7	Cincinnati, O.	714	.92	436.08	194.45	275.76	25.82	496.03	113.7
	"	Box	23.7	South Bend, Ind.	803	1.05	497.70	218.69	275.76	25.82	520.27	104.5
499	Products of Forests, N.O.S.											
	Cork Waste	Box	16.2	Chicago, Ill.	880	1.36	440.64	221.36	199.26	25.82	446.44	101.3
	Gum Shellac	Box	16.2	Chicago, Ill.	880	1.35	437.40	221.36	199.26	25.82	446.44	102.1
	Mahogany Lumber	Box	16.2	Wickliffe, O.	552	.62	241.72 12/	138.85	199.26	25.82	363.93	150.6
	Mahogany Logs	Gond.	16.2	Indianapolis, Ind.	789	.77	269.73 13/	235.62	177.11	28.15	440.88	163.5
517	Vegetable and Nut Oils, N.O.S.											
	Vegetable Oil	Box	29.0	Waukegan, Ill.	916	1.09	632.20	262.93	32[illegible].82	25.82	618.57	97.8
523	Rubber, Crude, Natural & Synthetic											
	Rubber Crude N.O.I.B.N.	Box	32.5	Akron, O.	540	.88	572.00	160.24	365.52	25.82	551.58	96.4
	" " "	Box	32.5	Mansfield, O.	598	.89	578.50	177.45	365.52	25.82	568.79	98.3
	" " "	Box	32.5	Detroit, Mich.	621	.96	624.00	184.28	365.52	25.82	575.62	92.2
	" " "	Box	32.5	New Haven, Ind.	734	1.01	656.50	217.81	365.52	25.82	609.15	92.8
	" " "	Box	32.5	Louisville, Ky.	824	1.11	721.50	244.52	365.52	25.82	635.86	88.1
527	Chemicals, N.O.S.											
	Chemicals, N.O.I.B.N.	Box	23.6	Zelienople, Pa.	426	.98	462.56	115.90	274.74	25.82	416.46	90.0
	" "	Box	23.6	New Albany, Ind.	824	1.46	689.12	224.18	274.74	25.82	524.74	76.1
	" "	Box	23.6	Troy, O.	682	1.25	590.00	185.55	274.74	25.82	486.11	82.4
	" "	Box	23.6	S.Charleston, W.Va.	603	1.09	514.48	164.05	274.74	25.82	464.61	90.3
539	Fertilizers, N.O.S.											
	Bone Meal	Box	19.2	Troy, O.	682	.64	245.76	177.23	229.86	25.82	432.91	176.2
	Peat Moss	Box	19.2 4/	Charleston, W. Va.	603	.58	232.00	156.70	229.86	25.82	412.38	177.8
	" "	Box	19.2 4/	Etna, Pa.	426	.52	208.00	110.70	229.86	25.82	366.38	176.1
	" "	Box	19.2 4/	Columbus, O.	611	.59	236.00	158.78	229.86	25.82	414.[illegible]6	175.6
	" "	Box	19.2 4/	Weston, Ill.	933	.76	304.00	242.45	229.86	25.82	498.13	163.9

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Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destination (5)	Short Line Miles 1/ (6)	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues (13)
						Rate (7)	Per Car (8)	Line Haul (9)	Terminal		Total (12)	
									Port (10)	Destination (11)		
545	Tanning Material, N.O.S.											
	Tanning Extract	Box	25.3	Chicago, Ill.	880	$1.15	$581.90	$243.56	$292.08	$25.82	$561.46	96.5%
	" "	Box	25.3	New Albany, Ind.	824	1.09	551.54	228.06	292.08	25.82	545.96	99.0
	" "	Box	25.3	Grand Haven, Mich.	793	1.12	566.72	219.48	292.08	25.82	537.38	94.8
	" "	Box	25.3	Ashtabula, O.	503	.84	425.04	139.22	292.08	25.82	457.12	107.5
559	Copper: Ingot, Matte and Pig											
	Copper Bars and Ingots	Box	45.7 5/	Cleveland, O.	552	.61	610.00	184.01	500.16	25.82	709.99	116.4
	" " " "	Box	45.7	Indianapolis, Ind.	789	.98	895.72	263.01	500.16	25.82	788.99	88.1
	" " " "	Box	45.7	Decatur, Ill.	942	1.13	1,032.82	314.01	500.16	25.82	839.99	81.3
	" " " "	Box	45.7	Pittsburgh, Pa.	426	.72	658.08	142.01	500.16	25.82	667.99	101.5
	" " " "	Box	45.7	Port Huron, Mich.	582	.82	749.48	194.01	500.16	25.82	719.99	96.1
561	Copper, Brass and Bronze, N.O.S.											
	Copper Cable	Box	31.4	Pittsburgh, Pa.	426	.98	615.44	125.11	354.30	25.82	505.23	82.1
	" "	Box	31.4	Chicago, Ill.	880	1.43	898.04	258.45	354.30	25.82	638.57	71.1
	Copper Cathodes	Box	31.4	Indianapolis, Ind.	789	.98	615.44	231.72	354.30	25.82	611.84	99.4
	Brass Tubing	Box	31.4	Grand Haven, Mich.	793	1.39	872.92	232.90	354.30	25.82	613.02	70.2
563	Lead and Zinc: Bar, Ingot & Pig											
	Zinc Slabs	Box	38.2	Cleveland, O.	552	.59	450.76	172.53	423.66	25.82	622.01	138.0
	" "	Box	38.2	Pittsburgh, Pa.	426	.49	374.36	133.15	423.66	25.82	582.63	155.6
	" "	Box	38.2	Detroit, Mich.	621	.69	527.16	194.09	423.66	25.82	643.57	122.1
	" "	Box	38.2	Wardwell, O.	490	.63	481.32	153.15	423.66	25.82	602.63	125.2
569	Alloys for Steel Manufacture											
	Silico - Manganese	Box	40.8	Midland, Mich.	672	18.48 3/	672.67	214.88	450.18	25.82	690.88	102.7
	" "	Box	40.8	Wheeling, W.Va.	469	13.51 3/	491.76	149.97	450.18	25.82	625.97	127.3
	" "	Box	40.8	E. Chicago, Ind.	880	19.88 3/	723.63	281.39	450.18	25.82	757.39	104.7
	Ferro Titanium	Box	40.8	Duquesne, Pa.	426	.86	701.76	136.22	450.18	25.82	612.22	87.2
	Ferro Chrome	Box	40.8	Brackenridge, Pa.	426	.86	701.76	136.22	450.18	25.82	612.22	87.2
571	Metals and Alloys, N.O.S.											
	Metal Antimony	Box	27.9	Cleveland, O.	552	.98	546.84	156.76	318.60	25.82	501.18	91.7
	" "	Box	27.9	Granite City, Ill.	1,030	1.47	820.26	292.51	318.60	25.82	636.93	77.6
	Tin Pig	Box	27.9	Cincinnati, O.	714	1.12	624.96	202.77	318.60	25.82	547.19	87.6
	" "	Box	27.9	Chicago, Ill.	880	1.36	758.88	249.91	318.60	25.82	594.33	78.3
	" "	Box	27.9	Weirton, W.Va.	469	.91	507.78	133.19	318.60	25.82	477.61	94.1

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Commodity						Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues (13)
									Terminal			
Group No. (1)	Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destination (5)	Short Line Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Port (10)	Destination (11)	Total (12)	
583	Manufactured Iron and Steel											
	Manufactured Iron & Steel N.O.I.B.N.	Box	26.6	Chicago, Ill.	880	$1.09	$579.88	$246.74	$305.34	$25.82	$577.90	99.7%
	"	Box	26.6	Martins Ferry, O.	469	.75	399.00	131.50	305.34	25.82	462.66	116.0
	"	Box	26.6	Hammond, Ind.	880	1.09	579.88	246.74	305.34	25.82	577.90	99.7
	"	Gond.	26.6	Chicago, Ill.	880	1.09	579.88	288.18	274.35	28.15	590.68	101.9
	"	Gond.	26.6	Martins Ferry, O.	469	.75	399.00	153.59	274.35	28.15	456.09	114.3
	"	Gond.	26.6	Hammond, Ind.	880	1.09	579.88	288.18	274.35	28.15	590.68	101.9
	"	Gond.	26.6	Milwaukee, Wisc.	871	1.15	611.80	285.23	274.35	28.15	587.73	96.1
595	Machinery and Machines, N.O.S.											
	Printing Press	Box	17.4	Milwaukee, Wisc.	871	1.58	549.84	221.99	211.50	25.82	459.31	83.5
	" "	Box	17.4	Chicago, Ill.	880	1.55	539.40	224.29	211.50	25.82	461.61	85.6
	Machinery or Machines, N.O.I.B.N.	Box	17.4	Oakley, O.	714	1.27	441.96	181.98	211.50	25.82	419.30	94.9
	"	Box	17.4	Dearborn, Mich.	621	1.30	452.40	158.27	211.50	25.82	395.59	87.4
	"	Box	17.4	McKees Rocks, Pa.	426	.98	341.04	108.57	211.50	25.82	345.89	101.4
	"	Box	17.4	St. Louis, Mo.	1,030	1.66	577.68	262.52	211.50	25.82	499.84	86.5
	"	Gond.	17.4	Oakley, O.	714	1.27	441.96	215.60	188.33	28.15	432.08	97.8
	"	Gond.	17.4	Whiting, Ind.	880	1.55	539.40	265.73	188.33	28.15	482.21	89.4
	"	Gond.	17.4	McKees Rocks, Pa.	426	.98	341.04	128.64	188.33	28.15	345.12	101.2
	"	Gond.	17.4	St. Louis, Mo.	1,030	1.66	577.68	311.02	188.33	28.15	527.50	91.3
655	Scrap Paper and Rags											
	Scrap Bagging	Box	19.0	St. Louis, Mo.	1,030	.87	330.60	267.09	227.82	25.82	520.73	157.5
	" "	Box	19.0	Herrin, Ill.	1,026	.84	319.20	266.05	227.82	25.82	519.69	162.8
	" "	Box	19.0	Warsaw, Ind.	773	.75	285.00	200.44	227.82	25.82	454.08	159.3
	" "	Box	19.0	Defiance, O.	705	.72	273.60	182.81	227.82	25.82	436.45	159.5
657	Newsprint Paper											
	Newsprint Paper	Box	27.1	Louisville, Ky.	824	.91	493.22	232.18	310.44	25.82	568.44	115.3
723	Bagging: Burlap, Cotton, Gunny and Jute, N.O.S.											
	Burlap Bagging	Box	21.1	Pittsburgh, Pa.	426	.86	362.92	112.95	249.24	25.82	388.01	106.9
	" "	Box	21.1	Indianapolis, Ind.	789	.98	413.56	209.19	249.24	25.82	484.25	117.1
	" "	Box	21.1	Chicago, Ill.	880	.98	413.56	233.32	249.24	25.82	508.38	122.9
	" "	Box	21.1	St. Louis, Mo.	1,030	.98	413.56	273.08	249.24	25.82	548.14	132.5
	" "	Box	21.1	Flint, Mich.	647	.98	413.56	171.54	249.24	25.82	446.60	108.0
	" "	Box	21.1	Cincinnati, O.	714	.98	413.56	189.30	249.24	25.82	464.36	112.3

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Revenues, Out-of-Pocket Costs and Ratios
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Commodity						Freight Revenues 2/		Out-of-Pocket Costs	Terminal			Ratio of Out-of-Pocket Costs to Revenues
Group No. (1)	Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destination (5)	Short Line Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Port (10)	Destination (11)	Total (12)	(13)
735	Rope, Cordage and Binder Twine, N.O.S.											
	Baler or Binder	Box	15.2	Chicago, Ill.	880	$1.05	$319.20	$218.92	$189.06	$25.82	$433.80	135.9%
	" "	Box	15.2	Pittsburgh, Pa.	426	.66	200.64	105.98	189.06	25.82	320.86	159.9
	" "	Box	15.2	Hicksville, O.	705	.92	279.68	175.38	189.06	25.82	390.26	139.5
	" "	Box	15.2	Louisville, Ky.	824	1.00	304.00	204.99	189.06	25.82	419.87	138.1
745	Liquors, Alcoholic, N.O.S.											
	Whiskey - Scotch	Box	21.7	Chicago, Ill.	880	1.57 9/						
	" "	Box	21.7	Chicago, Ill.	880	1.25 10/	632.10	234.78	255.36	25.82	515.96	81.6
	" "	Box	21.7	Cleveland, O.	552	1.08 9/						
	" "	Box	21.7	Cleveland, O.	552	.87 10/	436.38	147.27	255.36	25.82	428.45	98.2
	Rum	Box	21.7	Toledo, O.	658	1.33 9/						
	"	Box	21.7	Toledo, O.	658	1.06 10/	535.64	175.55	255.36	25.82	456.73	85.3
749	Liquors, Malt											
	Beer	Refgr.	24.5	Chicago, Ill.	880	.87	426.30	349.75	241.06	22.23	613.04	143.8
759	Sugar											
	Sugar N.O.I.B.N.	Box	33.9	Allegheny, Pa.	426	.49	332.22	128.07	379.80	25.82	533.69	160.6
	" "	Box	33.9	Brocton, N. Y.	427	.52	352.56	128.37	379.80	25.82	533.99	151.5
	" "	Box	33.9	Columbus, O.	611	.79	535.62	183.68	379.80	25.82	589.30	110.0
	" "	Box	33.9	Wheeling, W. Va.	469	.57	386.46	140.99	379.80	25.82	546.61	141.4
	" "	Box	33.9	Orrville, O.	526	.77	522.06	158.13	379.80	25.82	563.75	108.0
763	Food Products, N.O.S. in Cans and Packages, not frozen											
	Olives in Barrels	Box	17.5	Chicago, Ill.	880	.93	325.50	224.53	212.52	25.82	462.87	142.2
	" "	Box	17.5	Terre Haute, Ind.	861	.92	322.00	219.68	212.52	25.82	458.02	142.2
	Lemon Juice Concentrates in Barrels	Box	17.5	Chicago, Ill.	880	.93	325.50	224.53	212.52	25.82	462.87	142.2
	Prepared Cocoanut	Box	17.5	Pittsburgh, Pa.	426	.59	206.50	108.69	212.52	25.82	347.03	168.1
773	Feed, Animal and Poultry, N.O.S.											
	Feed Animal Poultry, N.O.S.	Box	27.8	Springfield, O.	655	.81	450.36	185.83	317.58	25.82	529.23	117.5
	" " " "	Box	27.8	Toledo, O.	658	.86	478.16	186.68	317.58	25.82	530.08	110.9
	" " " "	Box	27.8	Adell, Wisc.	898	1.09	606.04	254.77	317.58	25.82	598.17	98.7
	" " " "	Box	27.8	Blue Island, Ill.	880	1.01	561.56	249.66	317.58	25.82	593.06	105.6

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Commodity Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Destination (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Port (10)	Out-of-Pocket Costs Terminal Destination (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
797	Waste Materials, N.O.S.											
	Scrap Rubber	Box	19.2 4/	Akron, O.	540	$.52	$208.00	$140.33	$229.86	$25.82	$396.01	190.4%
	" "	Box	19.2 4/	Indianapolis, Ind.	789	.66	264.00	205.03	229.86	25.82	460.71	174.5
	" "	Box	19.2 4/	E. St. Louis, Ill.	1,030	.80	320.00	267.66	229.86	25.82	523.34	163.5
	Jute Waste	Box	19.2	Detroit, Mich.	621	.81	311.04	161.37	229.86	25.82	417.05	134.1
	" "	Box	19.2	Herrin, Ill.	1,026	1.12	430.08	266.62	229.86	25.82	522.30	121.4
799	Manufactures and Miscellaneous N.O.S.											
	Iron Mass or Sponge	Box	11.3 4/	Weirton, W. Va.	469	.58	232.00	111.60	149.28	25.82	286.70	123.6
	Carnauba Wax	Box	11.3 11/	Racine, Wisc.	895	1.35	405.00	212.97	149.28	25.82	388.07	95.8

NOTES:
1/ Excludes 10 mile arbitrary under Appendix K, Docket 15879 Eastern Class Rate Investigation
2/ Rates and Revenues via Baltimore
3/ Applies per 2,240 Pounds
4/ Minimum Weight 40,000 Pounds
5/ Minimum Weight 100,000 Pounds
6/ Applies per 2,000 Pounds
7/ 120 United Inches and Under
8/ Exceeding 120 United Inches
9/ 28,000 Pounds
10/ Excess Weight
11/ Minimum Weight 30,000 Pounds
12/ Loading charge of $2.49 per ton added to per car revenues
13/ " " " $1.25 " " " " " " "
14/ Same as inland terminal cost, in absence of specially determined costs for bulk traffic handled direct from ship to car at New Jersey rail-heads

Exhibit No.__________(EMT-2)

Witness: E. M. Talbott

Before the

INTERSTATE COMMERCE COMMISSION

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I & S DOCKET 6615

REVENUES, OUT-OF-POCKET COSTS AND RATIOS OF REPRESENTATIVE MOVEMENTS OF EXPORT TRAFFIC ORIGINATING IN DIFFERENTIAL TERRITORY

VIA

PORT OF NEW YORK

August 1958

Baltimore, Maryland

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

Commodity						Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues (13)
									Terminal			
Group No. (1)	Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Origin (10)	Port (11)	Total (12)	
1	Wheat											
	Wheat	Box	55.4	Indianapolis,Ind.	789	$ .445	$493.06	$284.23	$25.82	$ 61.30	$371.35	75.3%
	"	Box	55.4	Louisville, Ky.	824	.445	493.06	296.84	25.82	61.30	383.96	77.9
	"	Box	55.4	Chicago,Ill.-(Prop.)	880	.325	360.10	317.02	25.82	61.30	404.14	112.2
	"	Box	55.4	Springfield,Ill. (Prop.)	981	.36	398.88	353.40	25.82	61.30	440.52	110.4
3	Corn											
	Corn, Bulk	Box	55.0	Chicago,Ill.-(Prop.)	880	.325	357.50	316.04	25.82	61.23	403.09	112.8
	" "	Box	55.0	Deshler, O.	664	.445	489.50	238.47	25.82	61.23	325.52	66.5
	" "	Box	55.0	Indianapolis, Ind.	789	.445	489.50	283.36	25.82	61.23	370.41	75.7
	" "	Box	55.0	Pittsburgh, O.	682	.445	489.50	244.93	25.82	61.23	331.98	67.8
	" "	Box	55.0	Milwaukee, Wisc.	871	.325	357.50	312.81	25.82	61.23	399.86	111.8
	" "	Box	55.0	Louisville, Ky.	824	.445	489.50	295.93	25.82	61.23	382.98	78.2
7	Oats											
	Oats	Box	41.9	Stewart, Ind.	869	.445	372.91	280.52	25.82	58.87	365.21	97.9
	"	Box	41.9	Chicago,Ill.-(Prop.)	880	.325	272.35	284.07	25.82	58.87	368.76	135.4
	"	Box	41.9	Hammond,Ind.-(Prop.)	880	.325	272.35	284.07	25.82	58.87	368.76	135.4
	"	Box	41.9	Milweukee,Wisc.-(Prop.)	871	.325	272.35	281.17	25.82	58.87	365.86	134.3
9	Barley and Rye											
	Barley	Box	50.0	Boonville, Ind.	941	.575	575.00	324.90	25.82	60.33	411.05	71.5
	"	Box	50.0	Cincinnati, O.	714	.445	445.00	246.52	25.82	60.33	332.67	74.8
	Rye	Box	50.0	Chicago,Ill.-(Prop.)	880	.325	325.00	303.84	25.82	60.33	389.99	120.0
15	Flour, Wheat											
	Flour, Wheat	Box	43.1	Dover, O.	512	.465	400.83	166.98	25.82	473.64	666.44	166.3
	" "	Box	43.1	Cleveland, O.	552	.465	400.83	180.03	25.82	473.64	679.49	169.5
	" "	Box	43.1	Homeworth, O.	509	.465	400.83	166.00	25.82	473.64	665.46	166.0
	" "	Box	43.1	Wooster, O.	576	.465	400.83	187.85	25.82	473.64	687.31	171.5
	" "	Box	43.1	Indianapolis, Ind.	789	.555	478.41	257.32	25.82	473.64	756.78	158.2
17	Meal, Corn											
	Meal, Corn	Box	31.9	Cowan, Ind.	746	.555	354.09	220.13	25.82	359.40	605.35	171.0
	" "	Box	31.9	Grove City, O.	611	.47	299.86	180.29	25.82	359.40	565.51	188.6
	" "	Box	31.9	Marion, O.	635	.47	299.86	187.38	25.82	359.40	572.60	191.0
	" "	Box	31.9	Bradford, O.	682	.525	334.95	201.24	25.82	359.40	586.46	175.1
	" "	Box	31.9	Pikeville, O.	682	.525	334.95	201.24	25.82	359.40	586.46	175.1

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
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Commodity						Freight Revenues 2/		Out-of-Pocket Costs				
Group No. (1)	Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Terminal Origin (10)	Terminal Port (11)	Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
19	Flour, Edible, N.O.S.											
	Flour, Edible, N.O.S.	Box	26.7	Hamilton, O.	714	$ .525	$280.35	$200.39	$25.82	$306.36	$532.57	190.0%
	" " "	Box	26.7	Fostoria, O.	632	.47	250.98	177.38	25.82	306.36	509.56	203.0
	" " "	Box	26.7	Springfield, Ill.	981	.72	384.48	275.33	25.82	306.36	607.51	158.0
	" " "	Box	26.7	Dahlgreen, Ill.	990	.72	384.48	277.85	25.82	306.36	610.03	158.7
21	Cereal Food, Preparations, N.O.S.											
	Cereal Food Preparations, N.O.S.	Box	24.2	Battle Creek, Mich.	741	.605	292.82	202.83	25.82	280.86	509.51	174.0
23	Mill Products, N.O.S.											
	Cracked Corn, N.O.S.	Box	30.5	Pittsburgh, O.	682	.525	320.25	198.60	25.82	345.12	569.54	177.8
	" " "	Box	30.5	Greenville, O.	715	.525	320.25	208.21	25.82	345.12	579.15	180.8
29	Tobacco, Unmanufactured											
	Leaf Tobacco	Box	13.7	Wheeling, W.Va.	469	1.12	306.88	114.72	25.82	173.76	314.30	102.4
	" "	Box	13.7	Louisville, Ky.	824	1.35	369.90	201.56	25.82	173.76	401.14	108.4
45	Soybean Oil Cake and Meal											
	Soybean Meal	Box	32.0	Painesville, O.	528	.415	265.60	155.95	25.82	360.42	542.19	204.1
	" "	Box	32.0	Decatur, Ill.	942	.72	460.80	278.23	25.82	360.42	664.47	144.2
	" "	Box	32.0	Bellevue, O.	590	.47	300.80	174.26	25.82	360.42	560.50	186.3
103	Malt, N.O.S.											
	Malt, N.O.S.	Box	41.9	Milwaukee, Wisc.	871	.65	544.70	281.17	25.82	461.40	768.39	141.1
	" "	Box	41.9	Cincinnati, O.	714	.525	439.95	230.49	25.82	461.40	717.71	163.1
	" "	Box	41.9	St.Louis, Mo.	1,030	.72	603.36	332.49	25.82	461.40	819.71	135.9
	" "	Box	41.9	Manitowoc, Wisc.	872	.65	544.70	281.49	25.82	461.40	768.71	141.1
	" "	Box	41.9	Chicago, Ill.	880	.65	544.70	284.07	25.82	461.40	771.29	141.6
199	Products of Agriculture, N.O.S.											
	Fatty Acids of Vegetable Oils	Box	25.5	Ivorydale, O.	714	.92	469.20	198.02	25.82	294.12	517.96	110.4
	" " " "	Box	25.5	Chicago, Ill.	880	1.09	555.90	244.05	25.82	294.12	563.99	101.5
215	Meats, Fresh											
	Meats, Fresh, N.O.S.	Refgr.	18.3	Chicago, Ill.	880	1.19	435.54	334.62	22.23	189.60	546.45	125.5
	" " "	Refgr.	18.3	Cincinnati, O.	714	1.05	384.30	271.50	22.23	189.60	483.33	125.8
	" " "	Refgr.	18.3	Indianapolis, Ind.	789	1.05	384.30	300.02	22.23	189.60	511.85	133.2

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Commodity						Freight Revenues 2/		Out-of-Pocket Costs				
									Terminal			
Group No. (1)	Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Origin (10)	Port (11)	Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
217	Meats, Cooked, Cured, Dried, and Smoked											
	Canned Meats	Refgr.	19.7 8/	Brighton, O.	714	$ .95	$380.00	$274.27	$22.23	$201.22	$497.72	131.0%
	"	Refgr.	19.7 8/	Chicago, Ill.	880	.82	328.00	338.04	22.23	201.22	561.49	171.2
219	Packing House Products Edible, N.O.S.											
	Lard, N.O.S.	Refgr.	21.3	Dayton, O.	680	.92	391.92	264.23	22.23	214.50	500.96	127.8
	" "	Refgr.	21.3	Chicago, Ill.	880	.82	349.32	341.94	22.23	214.50	578.67	165.7
	" "	Refgr.	21.3	Cleveland, O.	552	.79	336.54	214.49	22.23	214.50	451.22	134.1
	" "	Refgr.	21.3	Davenport, Ia.	1,031	1.26	536.76	400.61	22.23	214.50	637.34	118.7
	" "	Refgr.	21.3	Cincinnati, O.	714	.95	404.70	277.44	22.23	214.50	514.17	127.0
229	Butter											
	Butter	Refgr.	28.8	Chicago, Ill.	880	1.36	783.36	360.24	22.23	276.75	659.22	84.2
	"	Refgr.	28.8	Cleveland, O.	552	.98	564.48	225.97	22.23	276.75	524.95	93.0
231	Cheese											
	Cheese	Refgr.	21.8	Chicago, Ill.	880	1.36	592.96	343.16	22.23	218.65	584.04	98.5
	"	Refgr.	21.8	Green Bay, Wisc.	910	1.46	636.56	354.86	22.23	218.65	595.74	93.6
	"	Refgr.	21.8	Cincinnati, O.	714	1.12	488.32	278.43	22.23	218.65	519.31	106.3
	"	Refgr.	21.8	Osborn, Ind.	880	1.36	592.96	343.16	22.23	218.65	584.04	98.5
	"	Refgr.	21.8	Dubuque, Ia.	1,051	1.52	662.72	409.84	22.23	218.65	650.72	98.2
239	Hides, Skins and Pelts, N.O.S.											
	Hides Green Salted	Box	28.5	Detroit, Mich.	621	.87	495.90	177.39	25.82	324.72	527.93	106.5
	" " "	Box	28.5	New Castle, Pa.	490	.74	421.80	139.97	25.82	324.72	490.51	116.3
	" " "	Box	28.5	Galewood, Ill.	880	1.09	621.30	251.37	25.82	324.72	601.91	96.9
	" " "	Box	28.5	Dubuque, Ia.	1,051	1.21	689.70	300.22	25.82	324.72	650.76	94.4
299	Animals and Products, N.O.S.											
	Animal Tallow Inedible	Box	25.1	Cincinnati, O.	714	.71	356.42	197.22	25.82	290.04	513.08	144.0
	" " "	Box	25.1	Chicago, Ill.	880	.88	441.76	243.08	25.82	290.04	558.94	126.5
	" " "	Box	25.1	Cleveland, O.	552	.63	316.26	152.48	25.82	290.04	468.34	148.1
	" " "	Box	25.1	St. Louis, Mo.	1,030	.95	476.90	284.51	25.82	290.04	600.37	125.9
	" " "	Box	25.1	Dover, O.	512	.61	306.22	141.43	25.82	290.04	457.29	149.3
341	Salt											
	Salt	Box	26.0	Mannistee, Mich.	821	.545	283.40	228.83	25.82	299.22	553.87	195.4

Revenues, Out-of-Pocket Costs and Ratios
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Commodity		Type of Equipment	Average Weight Tons	Origin	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
Group No.	Description					Rate	Per Car	Line Haul	Terminal Origin	Terminal Port	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
505	Lubricating Oils and Greases											
	Lubricating Oil	Box	23.1	Columbus, O.	611	$ .82	$378.84	$165.38	$25.82	$269.64	$460.84	121.6%
	" "	Box	23.1	Cleveland, O.	552	.80	369.60	149.41	25.82	269.64	444.87	120.4
	" "	Box	23.1	Pittsburgh, Pa.	426	.57	263.34	115.31	25.82	269.64	410.77	156.0
	" "	Box	23.1	Petrolia, Pa.	439	.57	263.34	118.83	25.82	269.64	414.29	157.3
	" "	Box	23.1	Freedom, Pa.	426	.57	263.34	115.31	25.82	269.64	410.77	156.0
	" "	Box	23.1	Rouseville, Pa.	439	.57	263.34	118.83	25.82	269.64	414.29	157.3
507	Petroleum Products, Refined, N.O.S.											
	Petrolatum	Box	21.2	Karns City, Pa.	439	.57	241.68	116.51	25.82	250.26	392.59	162.4
	Petroleum Wax	Box	21.2	Petrolia, Pa.	439	.57	241.68	116.51	25.82	250.26	392.59	162.4
	Petroleum Oil, N.O.I.B.N.	Box	21.2	Lima, O.	684	.87	368.88	181.54	25.82	250.26	457.62	124.1
515	Soybean Oil											
	Soybean Oil	Box	24.7	Kankakee, Ill.	881	1.09	538.46	242.38	25.82	285.96	554.16	102.9
	" "	Box	24.7	Painesville, O.	537	.80	395.20	147.74	25.82	285.96	459.52	116.3
	" "	Box	24.7	Decatur, Ill.	942	1.12	553.28	259.16	25.82	285.96	570.94	103.2
	" "	Box	24.7	Ivorydale, O.	714	.92	454.48	196.43	25.82	285.96	508.21	111.8
517	Vegetable and Nut Oils, N.O.S.											
	Vegetable Oil, N.O.I.B.N.	Box	25.1	Chicago, Ill.	880	1.09	547.18	243.08	25.82	290.04	558.94	102.1
	" " "	Box	25.1	Decatur, Ill.	942	1.12	562.24	260.20	25.82	290.04	576.06	102.5
	" " "	Box	25.1	Painesville, O.	528	.80	401.60	145.85	25.82	290.04	461.71	115.0
	" " "	Box	25.1	New Castle, Pa.	490	.74	371.48	135.35	25.82	290.04	451.21	121.5
523	Rubber, Crude, Natural and Synthetic											
	Neoprene Rubber	Box	40.9	Louisville, Ky.	824	.96	785.28	263.71	25.82	451.20	740.73	94.3
	" "	Box	40.9	Chicago, Ill.	880	1.15	940.70	281.63	25.82	451.20	758.65	80.6
	" "	Box	40.9	Akron, O.	540	.86	703.48	172.82	25.82	451.20	649.84	92.4
	" "	Box	40.9	Painesville, O.	528	.86	703.48	168.98	25.82	451.20	646.00	91.8
525	Rubber Goods, N.O.S.											
	Rubber Goods, N.O.I.B.N.	Box	19.0	Akron, O.	540	1.06	402.80	140.03	25.82	227.82	393.67	97.7
527	Chemicals, N.O.S.											
	Ultramine Blue	Box	22.1	Huntington, W.Va.	649	1.19	525.98	173.87	25.82	259.44	459.13	87.3
	Chemicals, N.O.S.	Box	22.1	Chicago, Ill.	880	1.38	609.96	235.76	25.82	259.44	521.02	85.4
	" "	Box	22.1	Marietta, O.	534	1.09	481.78	143.06	25.82	259.44	428.32	88.9
	" "	Box	22.1	Louisville, Ky.	824	1.46	645.32	220.75	25.82	259.44	506.01	78.4

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Commodity		Type of Equipment	Average Weight Tons	Origin	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
								Line Haul	Terminal		Total	
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	(9)	Origin (10)	Port (11)	(12)	(13)
531	Acids, N.O.S.											
	Phthalic Anhydride	Box	31.6 4/	Chicago, Ill.	880	$ .73	$511.00	$258.94	$25.82	$356.34	$641.10	125.5%
	" "	Box	31.6 4/	Ironton, O.	649	.69	483.00	190.97	25.82	356.34	573.13	118.7
533	Sodium (Soda) Products											
	Liquid Caustic Soda	Box	60.3	S.Charleston, W.Va.	603	.59	711.54	225.42	25.82	649.08	900.32	126.5
	Sodium Phosphate	Box	60.3	Trenton, Mich.	621	13.06 3/	787.52	232.15	25.82	649.08	907.05	115.2
541	Insecticides and Fungicides, N.O.S.											
	Insecticides, N.O.I.B.N.	Box	34.3	S.Charleston, W.Va.	603	.73	500.78	181.95	25.82	383.88	591.65	118.1
	" "	Box	34.3	Racine, Wisc.	895	1.03	706.58	270.05	25.82	383.88	679.75	96.2
	" "	Box	34.3	St. Louis, Mich.	710	.97	665.42	214.23	25.82	383.88	623.93	93.8
547	Paint, Paint Material, Putty, and Varnish											
	Paint, N.O.I.B.N.	Box	26.7	Cleveland, O.	552	.98	523.32	154.92	25.82	306.36	487.10	93.1
	" "	Box	26.7	Yorkville, O.	469	.91	485.94	131.63	25.82	306.36	463.81	95.4
	" "	Box	26.7	Huntington, W.Va.	649	1.01	539.34	182.15	25.82	306.36	514.33	95.4
	" "	Box	26.7	Institute, W.Va.	603	.98	523.32	169.24	25.82	306.36	501.42	95.8
549	Plastics											
	Synthetic Resin	Box	29.3	Marietta, O.	534	1.01	591.86	153.72	25.82	332.88	512.42	86.6
	" "	Box	29.3	Ottawa, Ill.	948	1.49	873.14	272.90	25.82	332.88	631.60	72.3
	" "	Box	29.3	Ficklin, Ill.	903	1.47	861.42	259.95	25.82	332.88	618.65	71.8
	" "	Box	29.3	Chicago, Ill.	880	1.46	855.56	253.33	25.82	332.88	612.03	71.5
553	Drugs, Medicines, Toilet Prep.											
	Disinfectants, N.O.I.B.N.	Box	26.0	Wyandotte, Mich.	621	1.33	691.60	173.08	25.82	299.22	498.12	72.0
	Drugs, N.O.I.B.N.	Box	26.0	St. Louis, Mo.	1,030	1.58	821.60	287.08	25.82	299.22	612.12	74.5
	" "	Box	26.0	Chicago, Ill.	880	1.38	717.60	245.27	25.82	299.22	570.31	79.5
	" "	Box	26.0	Detroit, Mich.	621	1.33	691.60	173.08	25.82	299.22	498.12	72.0
	" "	Box	26.0	Terre Haute, Ind.	869	1.38	717.60	242.21	25.82	299.22	567.25	79.0
555	Aluminum Bar Ingot, Pig & Slab											
	Aluminum Ingots, Pig & Slab	Box	22.3	Chicago, Ill.	880	1.27	566.42	236.24	25.82	261.48	523.54	92.4
	" " " "	Box	22.3	Heath, O.	578	1.04	463.84	155.17	25.82	261.48	442.47	95.4
	" " " "	Box	22.3	Brighton, O.	714	1.09	486.14	191.68	25.82	261.48	478.98	98.5
	" " " "	Box	22.3	Louisville, Ky.	824	1.22	544.12	221.21	25.82	261.48	508.51	93.5

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Port of New York

	Commodity					Freight Revenues 2/		Out-of-Pocket Costs				
									Terminal			
Group No. (1)	Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Origin (10)	Port (11)	Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
561	Copper, Brass and Bronze, N.O.S.											
	Copper Tubing	Box	24.3	St. Louis, Mo.	1,030	$1.85	$899.10	$282.22	$25.82	$281.88	$589.92	65.6%
	Copper Cable	Box	24.3	Cleveland, O.	552	1.09	529.74	151.25	25.82	281.88	458.95	86.6
	Copper Wire	Box	24.3	Glassport, Pa.	426	.98	476.28	116.73	25.82	281.88	424.43	89.1
569	Alloys for Steel Manufacture											
	Ferro Chrome	Box	29.0	Marietta, O.	534	19.00 5/	492.10	153.28	25.82	329.82	508.92	103.4
	" "	Box	29.0	Graham, W. Va.	562	18.60 5/	481.74	161.32	25.82	329.82	516.96	107.3
	" "	Box	29.0	Lorain, O.	552	20.20 5/	523.18	158.44	25.82	329.82	514.08	98.3
	" "	Box	29.0	Peoria, Ill.	978	28.00 5/	725.20	280.72	25.82	329.82	636.36	87.7
575	Iron & Steel: Billet Bloom & Ingot											
	Steel Billets	Gond.	60.0	Youngstown, O.	490	9.80 5/	525.28	205.84	28.15	586.64	820.63	156.2
	" "	Gond.	60.0	Warren, O.	490	9.80 5/	525.28	205.84	28.15	586.64	820.63	156.2
	" "	Gond.	60.0	Canton, O.	526	10.04 5/	538.14	220.97	28.15	586.64	835.76	155.3
	" "	Gond.	60.0	Pittsburgh, Pa.	426	9.07 5/	486.15	178.96	28.15	586.64	793.75	163.3
577	Iron and Steel, Bar Rod & Slab											
	Rods Coiled, Iron & Steel	Gond.	29.0	St. Louis, Mo.	1,030	.84	487.20	344.15	28.15	296.79	669.09	137.3
	Bars Sheet & Tinplate	Gond.	29.0	Warren, O.	490	.49	284.20	163.72	28.15	296.79	488.66	171.9
	" " "	Gond.	29.0	Pittsburgh, Pa.	426	.45	261.00	142.34	28.15	296.79	467.28	179.0
581	Iron & Steel Nails & Wire (Woven & Not Woven)											
	Nails Iron & Steel	Box	28.0	Alliquippa, Pa.	426	.45	252.00	121.10	25.82	319.62	466.54	185.1
	" " "	Box	28.0	Troy, O.	682	.61	341.60	193.87	25.82	319.62	539.31	157.9
	" " "	Box	28.0	Wheeling, W.Va.	469	.45	252.00	133.32	25.82	319.62	478.76	190.0
	" " "	Box	28.0	Gary, Ind.	880	.73	408.80	250.15	25.82	319.62	595.59	145.7
583	Manufactured Iron & Steel											
	Bars, Iron & Steel	Box	40.4	Youngstown, O.	490	.49	395.92	156.14	25.82	446.10	628.06	158.6
	Mfg. I.& S., N.O.I.B.N.	Box	40.4	Massillon, O.	526	.51	412.08	167.61	25.82	446.10	639.53	155.2
	" " "	Box	40.4	Pittsburgh, Pa.	426	.45	363.60	135.74	25.82	446.10	607.66	167.1
	" " "	Box	40.4	Chicago, Ill.	880	.73	589.84	280.41	25.82	446.10	752.33	127.5
	Tinplate	Box	40.4	Yorkville, O.	469	.45	363.60	149.45	25.82	446.10	621.37	170.9
	Bars, Iron & Steel	Gond.	40.4	Youngstown, O.	490	.49	395.92	179.21	28.15	403.38	610.74	154.3
	Mfg. I.& S., N.O.I.B.N.	Gond.	40.4	Massillon, O.	526	.51	412.08	192.38	28.15	403.38	623.91	151.4
	" " "	Gond.	40.4	Pittsburgh, Pa.	426	.45	363.60	155.81	28.15	403.38	587.34	161.5
	" " "	Gond.	40.4	Chicago, Ill.	880	.73	589.84	321.85	28.15	403.38	753.38	127.7

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Commodity		Type of Equipment	Average Weight Tons	Origin	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	Line Haul (9)	Terminal Origin (10)	Terminal Port (11)	Total (12)	(13)
587	Iron & Steel Pipe & Fittings											
	Pipe & Fittings Iron & Steel	Gond.	36.3	Moundsville, W.Va.	469	$ .45	$326.70	$166.20	$28.15	$365.05	$559.40	171.2%
	" " " "	Gond.	36.3	Allegheny, Pa.	426	.45	326.70	150.96	28.15	365.05	544.16	166.6
	" " " "	Gond.	36.3	Chicago, Ill.	880	.73	529.98	311.85	28.15	365.05	705.05	133.0
	" " " "	Gond.	36.3	Massillon, O.	526	.51	370.26	186.40	28.15	365.05	579.60	156.5
	Wrought Iron Pipe	Gond.	36.3	S. Lorain, O.	552	.51	370.26	195.61	28.15	365.05	588.81	159.0
589	Tanks, N.O.S.											
	I & S Tanks	Gond.	18.0	Columbiana, O.	489	1.01	363.60	148.47	28.15	193.94	370.56	101.9
	" "	Gond.	18.0	Louisville, Ky.	824	1.46	525.60	250.19	28.15	193.94	472.28	89.9
	Pontoon Tanks	Gond.	18.0	Ft. Wayne, Ind.	734	1.36	489.60	222.86	28.15	193.94	444.95	90.9
	Wooden Tanks	Gond.	18.0	Massillon, O.	526	.95	342.00	159.71	28.15	193.94	381.80	111.6
591	Agricultural Implements											
	Agricultural Implements, N.O.I.B.N.	Box	21.9	Moline, Ill.	1,031	.93	407.34	275.64	25.82	257.40	558.86	137.2
	" " "	Box	21.9	South Bend, Ill.	830	.88	385.44	221.90	25.82	257.40	505.12	131.1
	" " "	Box	21.9	Chicago, Ill.	880	.93	407.34	235.27	25.82	257.40	518.49	127.3
	" " "	Box	21.9	Louisville, Ky.	824	.80	350.40	220.30	25.82	257.40	503.52	143.7
593	Agricultural Implement Parts, N.O.S.											
	Plow Parts & Harrow Disc	Box	24.8	South Bend, Ind.	803	.88	436.48	221.14	25.82	286.98	533.94	122.3
	Agricultural Implement Parts, N.O.S.	Box	24.8	Burlington, Ia.	1,064	.93	461.28	293.02	25.82	286.98	605.82	131.3
	" " " "	Box	24.8	Midland, Pa.	426	.61	302.56	117.32	25.82	286.98	430.12	142.2
	" " " "	Box	24.8	Racine, Wisc.	895	.93	461.28	246.47	25.82	286.98	559.27	121.2
	" " " "	Box	24.8	Battle Creek, Mich.	741	.85	421.60	204.06	25.82	286.98	516.86	122.6
	" " " "	Box	24.8	Bucyrus, O.	635	.71	352.16	174.87	25.82	286.98	487.67	138.5
595	Machinery & Machines N.O.S.											
	Printing Presses	Box	21.0	Chicago, Ill.	880	1.55	651.00	233.07	25.82	248.22	507.11	77.9
	Crane or Derricks	Gond.	21.0	Lorain, O.	552	.93	390.60	172.19	28.15	221.99	422.33	108.1
	Road Graders	Gond.	21.0	Indianapolis, Ind.	789	.85	357.00	246.12	28.15	221.99	496.26	139.0
	Machinery, N.O.I.B.N.	Box	21.0	Oakley, O.	714	1.27	533.40	189.11	25.82	248.22	463.15	86.8
597	Machinery Parts											
	Rolling Mill Rolls, N.O.S.	Gond.	24.7 15/	Lima, O.	684	.60	300.00	220.39	28.15	256.59	505.13	168.4
	Ore Milling Mach. Parts	Gond.	24.7	Milwaukee, Wisc.	871	1.58	780.52	280.64	28.15	256.59	565.38	72.4
	Ice Cans	Box	24.7	Niles, O.	490	1.01	498.94	134.81	25.82	285.96	446.59	89.5
	" "	Box	24.7	Christy Park, Pa.	426	.98	484.12	117.20	25.82	285.96	428.98	88.6
601	Business & Office Machines, N.O.S.											
	Cash Registers	Box	20.9	Dayton, O.	680	1.70	710.60	179.91	25.82	247.20	452.93	63.7

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Revenues, Out-of-Pocket Costs and Ratios
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Commodity Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Origin (10)	Out-of-Pocket Costs Terminal Port (11)	Out-of-Pocket Costs Total (12)	Ratios of Out-of-Pocket Costs to Revenues (13)
605	Railway Equipment SU Not on Own Wheels											
	Locomotive Not Moved on Own Wheels	Flat	37.9	Erie, Pa.	483	$ .82	$621.56	$156.21	$28.15	$380.01	$564.37	90.8%
	" " " "	Flat	37.9	Chicago, Ill.	880	1.55	1,174.90	264.60	28.15	380.01	692.76	59.0
	" " " "	Flat	37.9	St. Louis, Mo.	1,030	1.66	1,258.28	333.11	28.15	380.01	741.27	58.9
607	Railway Equipment Parts											
	Brake Shoes Railway	Box	24.9	Lordstown, O.	490	.49	244.02	135.08	25.82	288.00	448.90	184.0
	Car Wheels	Box	24.9	Verona, Pa.	426	.45	224.10	117.43	25.82	288.00	431.25	192.4
	Air Brake Equipment	Box	24.9	Wilmerding, Pa.	426	1.09	542.82	117.43	25.82	288.00	431.25	79.4
	Springs	Box	24.9	Pittsburgh, Pa.	426	.92	458.16	117.43	25.82	288.00	431.25	94.1
	Couplers	Box	24.9	Alliance, O.	509	.51	253.98	140.32	25.82	288.00	454.14	178.8
	Underframes	Gond.	24.9	East St. Louis, Ill.	1,030	.84	418.32	332.44	28.15	258.46	619.05	148.0
609	Rails & Railway Track Material Iron & Steel											
	Rails	Gond.	32.2	Bessemer, Pa.	426	12.71 5/	366.05	146.12	28.15	326.71	500.98	136.9
	"	Gond.	32.2	Carnegie, Pa.	426	12.71 5/	366.05	146.12	28.15	326.71	500.98	136.9
	Spikes	Box	32.2	Neville Island, Pa.	426	.45	289.80	126.06	25.82	362.46	514.34	177.5
	Track Material	Box	32.2	Gary, Ind.	880	.73	470.12	260.40	25.82	362.46	648.68	138.0
611	Vehicles Other Than Motor											
	Childrens Vehicles & Wagons	Box	11.4	Akron, O.	540	1.39	316.92	128.65	25.82	150.30	304.77	96.2
	Trailers Other Than Motor, N.O.I.B.N.	Box	11.4 16/	Oakley, O.	714	1.33	359.10	170.10	25.82	150.30	346.22	96.4
	" " " " "	Box	11.4 16/	Fort Wayne, Ind.	734	1.36	367.20	174.86	25.82	150.30	350.98	95.6
	" " " " "	Gond.	11.4 16/	Oakley, O.	714	1.33	359.10	203.72	28.15	132.23	364.10	101.4
	" " " " "	Gond.	11.4 16/	Fort Wayne, Ind.	734	1.36	367.20	209.43	28.15	132.23	369.81	100.7
	Warehouse Hand Trucks	Box	11.4 13/	Niles, Ohio	490	1.01	242.40	116.73	25.82	150.30	292.85	120.8
	Lift Trucks	Box	11.4 13/	Peoria, Ill.	978	1.61	386.40	232.99	25.82	150.30	409.11	105.9
613	Automobiles-Passenger											
	Automobiles Passenger Set Up	Box	A 7.5	Detroit, Mich.	621	2.10 6/	315.00	141.23	25.82	110.52	277.57	88.1
	" " " "	Box	C 10.0	Detroit, Mich.	621	2.10 6/	420.00	145.53	25.82	136.02	307.37	73.2
	" " " "	Box	B 6.25	Detroit, Mich.	621	2.46 7/	307.50	139.07	25.82	97.77	262.66	85.4
	" " " "	Box	B 6.25	Flint, Mich.	647	2.59	323.75	144.90	25.82	97.77	268.49	82.9
	" " " "	Box	B 6.25	Kenosha, Wisc.	895	3.00	375.00	200.44	25.82	97.77	324.03	86.4
	" " " "	Box	B 6.25	Springfield, O.	655	2.29	286.25	146.69	25.82	97.77	270.28	94.4

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Commodity		Type of Equipment	Average Weight Tons	Origin	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
								Line Haul	Terminal			
Group No. (1)	Description (2)	(3)	(4)	(5)	(6)	Rate (7)	Per Car (8)	(9)	Origin (10)	Port (11)	Total (12)	(13)
615	Automobiles Freight											
	Autos Freight	Flat	15.0	Detroit, Mich.	621	$1.17	$351.00	$161.40	$28.15	$165.89	$355.44	101.3%
	" "	Flat	15.0	Springfield, O.	655	1.24	372.00	170.24	28.15	165.89	364.28	97.9
	" "	Flat	15.0	South Bend, Ind.	803	1.43	429.00	208.70	28.15	165.89	402.74	93.9
	" "	Flat	15.0	Kenosha, Wisc.	895	1.52	456.00	232.61	28.15	165.89	426.65	93.6
	" "	Gond.	15.0	Detroit, Mich.	621	1.17	351.00	183.39	28.15	165.89	377.43	107.5
	" "	Gond.	15.0	Springfield, O.	655	1.24	372.00	193.43	28.15	165.89	387.47	104.2
	" "	Gond.	15.0	South Bend, Ind.	803	1.43	429.00	237.13	28.15	165.89	431.17	100.5
	" "	Gond.	15.0	Kenosha, Wisc.	895	1.52	456.00	264.30	28.15	165.89	458.34	100.5
617	Vehicles Motor, N.O.S.											
	Fire Fighting Equipment	Flat	22.6	Dayton, O.	680	1.70	768.40	191.07	28.15	236.95	456.17	59.4
	Farm Tractors	Flat	22.6	Deerfield, Ill.	916	.93	420.36	257.38	28.15	236.95	522.48	124.3
	" "	Flat	22.6	Peoria, Ill.	978	.93	420.36	274.80	28.15	236.95	539.90	128.4
	" "	Flat	22.6	Racine, Wisc.	895	.93	420.36	251.48	28.15	236.95	516.58	122.9
	Fire Fighting Equipment	Gond.	22.6	Dayton, O.	680	1.70	768.40	215.14	28.15	236.95	480.24	62.5
	Farm Tractors	Gond.	22.6	Deerfield, Ill.	916	.93	420.36	289.81	28.15	236.95	554.91	132.0
	" "	Gond.	22.6	Peoria, Ill.	978	.93	420.36	309.42	28.15	236.95	574.52	136.7
	" "	Gond.	22.6	Racine, Wisc.	895	.93	420.36	283.16	28.15	236.95	548.26	130.4
619	Military Vehicles, N.O.S.											
	Military Tractor Tanks	Flat	26.7	Battle Creek, Mich.	741	1.40	747.60	216.63	28.15	275.29	520.07	69.6
	" " "	Flat	26.7	Peoria, Ill.	978	1.61	859.74	285.92	28.15	275.29	589.36	68.6
	Military Vehicles, N.O.S.	Flat	26.7	Rock Island, Ill.	1,031	2.20	1,174.80	301.41	28.15	275.29	604.85	51.5
	" " "	Flat	26.7	Toledo, O.	658	1.17	624.78	192.37	28.15	275.29	495.81	79.4
	Military Tractor Tanks	Gond.	26.7	Battle Creek, Mich.	741	1.40	747.60	242.86	28.15	275.29	546.30	73.1
	" " "	Gond.	26.7	Peoria, Ill.	978	1.61	859.74	320.54	28.15	275.29	623.98	72.6
	Military Vehicles, N.O.S.	Gond.	26.7	Rock Island, Ill.	1,031	2.20	1,174.80	337.91	28.15	275.29	641.35	54.6
	" " "	Gond.	26.7	Toledo, O.	658	1.17	624.78	215.66	28.15	275.29	519.10	83.1
621	Automobiles & Auto Trucks KD											
	Autos Boxed	Flat	21.8	Springfield, O.	655	1.24	540.64	182.59	28.15	229.47	440.21	81.4
	" "	Flat	21.8	Detroit, Mich.	621	1.17	510.12	173.11	28.15	229.47	430.73	84.4
	" "	Flat	21.8	Kenosha, Wisc.	895	1.52	662.72	249.49	28.15	229.47	507.11	76.5
	" "	Flat	21.8	Wagon Works, O.	658	1.17	510.12	183.42	28.15	229.47	441.04	86.5
	" "	Gond.	21.8	Springfield, O.	655	1.24	540.64	205.78	28.15	229.47	463.40	85.7
	" "	Gond.	21.8	Detroit, Mich.	621	1.17	510.12	195.10	28.15	229.47	452.72	88.7
	" "	Gond.	21.8	Kenosha, Wisc.	895	1.52	662.72	281.18	28.15	229.47	538.80	81.3
	" "	Gond.	21.8	Wagon Works, O.	658	1.17	510.12	206.72	28.15	229.47	464.34	91.0

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Commodity		Type of Equipment	Average Weight Tons	Origin	Short Line Miles 1/	Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
Group No.	Description					Rate	Per Car	Line Haul	Terminal Origin	Terminal Port	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
623	Vehicles Parts, N.O.S.											
	Auto Parts	Box	23.3	Detroit, Mich.	621	$1.17	$545.22	$168.43	$25.82	$271.68	$465.93	85.5%
	" "	Box	23.3	Springfield, O.	655	1.24	577.84	177.66	25.82	271.68	475.16	82.2
	" "	Box	23.3	Kenosha, Wisc.	895	1.52	708.32	242.75	25.82	271.68	540.25	76.3
	" "	Box	23.3	Chicago, Ill.	880	1.52	708.32	238.68	25.82	271.68	536.18	75.7
	" "	Box	23.3	Peoria, Ill.	978	1.66	773.56	265.26	25.82	271.68	562.76	72.7
	" "	Box	23.3	South Bend, Ind.	803	1.43	666.38	217.80	25.82	271.68	515.30	77.3
627	Tires and Tubes Rubber											
	Tire and Tubes Rubber	Box	15.8	Akron, O.	540	1.06	334.96	135.23	25.82	195.18	356.23	106.4
	" " " "	Box	15.8	Columbus, O.	611	1.07	338.12	153.02	25.82	195.18	374.02	110.6
	" " " "	Box	15.8	Louisville, Ky.	824	1.36	429.76	206.36	25.82	195.18	427.36	99.4
	" " " "	Box	15.8	Shelby, O.	598	1.09	344.44	149.76	25.82	195.18	370.76	107.6
635	Cement, N.O.S.											
	High Temperature Bonding	Box	45.5	Zelienople, Pa.	426	8.04 3/	365.82	141.77	25.82	498.12	665.71	182.0
	High Temperature Mortar	Box	45.5	Cleveland, O.	552	8.04 3/	365.82	183.70	25.82	498.12	707.64	193.4
639	Brick and Building Tile											
	Facing Tile	Box	26.0	Anderson, Ind.	746	1.21	629.20	207.92	25.82	299.22	532.96	84.7
	" "	Box	26.0	Zanesville, O.	566	.98	509.60	157.75	25.82	299.22	482.79	94.7
	Hollow Bldg. Tile	Box	26.0	Magnolia, O.	526	8.64 3/	224.64	146.61	25.82	299.22	471.65	210.0
641	Refractories											
	Firebrick	Box	33.3	Firebrick, O.	649	9.12 3/	303.70	194.03	25.82	373.68	593.53	195.4
	"	Box	33.3	Allegheny, Pa.	426	8.04 3/	267.73	127.36	25.82	373.68	526.86	196.8
	"	Box	33.3	Mineral City, O.	526	8.64 3/	287.71	157.25	25.82	373.68	556.75	193.5
	"	Box	33.3	Louisville, Ky.	824	12.57 3/	418.58	246.34	25.82	373.68	645.84	154.3
655	Scrap Paper and Rags											
	Rags	Box	17.8	Kenosha, Wisc.	895	.81	288.36	229.10	25.82	215.58	470.50	163.2
	"	Box	17.8	Piqua, O.	682	.66	234.96	174.58	25.82	215.58	415.98	177.0
	"	Box	17.8	Columbus, O.	611	.62	220.72	156.40	25.82	215.58	397.80	180.2
	"	Box	17.8	Chicago, Ill.	880	.81	288.36	225.26	25.82	215.58	466.66	161.8
	"	Box	17.8	Pittsburgh, Pa.	426	.52	185.12	109.05	25.82	215.58	350.45	189.3
	"	Box	17.8	Jeffersonville, Ind.	824	.78	277.68	210.93	25.82	215.58	452.33	162.9
659	Printing Paper, N.O.S.											
	Printing Paper	Box	23.0	Middletown, O.	680	.87	400.20	183.87	25.82	268.62	478.31	119.5
	" "	Box	23.0	Hamilton, O.	714	.87	400.20	193.07	25.82	268.62	487.51	121.8
	" "	Box	23.0	Chillicothe, O.	628	.78	358.80	169.81	25.82	268.62	464.25	129.4
	" "	Box	23.0	Otsego, Mich.	764	.98	450.80	206.59	25.82	268.62	501.03	111.1

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Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
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via
Port of New York

Commodity						Freight Revenues 2/		Out-of-Pocket Costs	Terminal			
Group No. (1)	Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Origin (10)	Port (11)	Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
665	Paper and Paper Articles											
	Paper Articles, N.O.I.B.N.	Box	15.9	Chicago, Ill.	880	$1.05	$333.90	$220.63	$25.82	$196.20	$442.65	132.6%
	" " "	Box	15.9	Brighton, O.	714	.87	276.66	179.01	25.82	196.20	401.03	145.0
	" " "	Box	15.9	Chillicothe, O.	628	.78	248.04	157.45	25.82	196.20	379.47	153.0
	" " "	Box	15.9	Cleveland, O.	552	.78	248.04	138.39	25.82	196.20	360.41	145.3
667	Printed Matter, N.O.S.											
	Books, N.O.S.	Box	19.2	Dayton, O.	680	1.70	652.80	176.71	25.82	229.86	432.39	66.2
	" "	Box	19.2	Racine, Wisc.	895	2.20	844.80	232.58	25.82	229.86	488.26	57.8
	Calendars Rolled in Packages	Box	19.2	E. St. Louis, Ill.	1,030	1.15	441.60	267.66	25.82	229.86	523.34	118.5
	Printed Forms	Box	19.2	Dayton, O.	680	.86	330.24	176.71	25.82	229.86	432.39	130.9
	" "	Box	19.2	Shelby, O.	598	.80	307.20	155.40	25.82	229.86	411.08	133.8
669	Paperboard, Fibreboard and Pulpboard											
	Paperboard	Box	23.6	Hamilton, O.	714	.80	377.60	194.25	25.82	274.74	494.81	131.0
	"	Box	23.6	Rittman, O.	540	.80	354.00	146.91	25.82	274.74	447.47	126.4
	"	Box	23.6	Middletown, O.	680	.80	377.60	185.00	25.82	274.74	485.56	128.6
675	Insulating Materials, N.O.S.											
	Mineral Wool	Box	13.7	Newark, O.	578	.72	197.28	141.38	25.82	173.76	340.96	172.8
	" "	Box	13.7	Columbus, O.	611	.73	200.02	149.46	25.82	173.76	349.04	174.5
	" "	Box	13.7	Lockland, O.	714	.80	219.20	174.65	25.82	173.76	374.23	170.7
685	Electrical Equipment and Parts, N.O.S.											
	Batteries and Parts	Box	19.3	Madison, Wisc.	950	1.47	567.42	247.13	25.82	230.88	503.83	88.8
	" " "	Box	19.3	Cleveland, O.	552	.95	366.70	143.60	25.82	230.88	400.30	109.2
	Electrical Appliances, N.O.S.	Box	19.3	Troy, O.	682	1.25	482.50	177.42	25.82	230.88	434.12	90.0
	Radios	Box	19.3	Chicago, Ill.	880	2.69	1,038.34	228.92	25.82	230.88	485.62	46.8
	"	Box	19.3	Indianapolis, Ind.	789	2.46	949.56	205.25	25.82	230.88	461.95	48.6
687	Furnaces, Heaters, Radiators and Parts											
	Heating Furnaces	Box	14.0	Dayton, O.	680	1.09	305.20	166.90	25.82	176.82	369.54	121.1
	" "	Box	14.0	Chicago Heights, Ill.	880	1.36	380.80	215.99	25.82	176.82	418.63	109.9
	Water Heaters	Box	14.0	St. Louis, Mo.	1,030	1.66	464.80	252.81	25.82	176.82	455.45	98.0
693	Glass											
	Glass Pellets	Box	26.7 10/	Newark, O.	578	.78	468.00	162.22	25.82	306.36	494.40	105.6
	Plate Glass	Gond.	26.7 11/	Ford City, Pa.	426	.83	443.22	139.62	28.15	275.29	443.06	100.0
	" "	Gond.	26.7 12/	Ford City, Pa.	426	.96	512.64	139.62	28.15	275.29	443.06	86.4

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Export Traffic Originating in Differential Territory
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	Commodity					Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues (13)
Group No. (1)	Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Terminal Origin (10)	Terminal Port (11)	Total (12)	
695	Glassware, N.O.S.											
	Glassware, N.O.S.	Box	16.2	Columbus, O.	611	$.92	$298.08	$153.69	$25.82	$199.26	$378.77	127.1%
	" "	Box	16.2	Lancaster, O.	602	.92	298.08	151.43	25.82	199.26	376.51	126.3
	" "	Box	16.2	Dunkirk, Ind.	746	1.08	349.92	187.65	25.82	199.26	412.73	117.9
697	Glass Bottles, Jars, and Packing Glasses, N.O.S.											
	Common Glass Containers	Box	20.9	Washington, Pa.	426	.59	246.62	112.71	25.82	247.20	385.73	156.4
	" " "	Box	20.9	Lancaster, O.	602	.73	305.14	159.27	25.82	247.20	432.29	141.7
	" " "	Box	20.9	Muncie, Ind.	746	.86	359.48	197.37	25.82	247.20	470.39	130.9
	" " "	Box	20.9	Charleston, W. Va.	603	.67	280.06	159.54	25.82	247.20	432.56	154.5
705	Household Utensils, N.O.S.											
	Sheet Steelware, Household	Box	10.7	Zanesville, O.	566	1.39	297.46	133.74	25.82	143.16	302.72	101.8
	Steel Kettles, "	Box	10.7	Warren, Pa.	407	.87	186.18	96.17	25.82	143.16	265.15	142.4
	Sheet Steelware, "	Box	10.7	West Lafayette, O.	542	1.39	297.46	128.07	25.82	143.16	297.05	99.9
707	Refrigerators, Freezing Apparatus and Parts											
	Refrigerators	Box	10.3	Chicago, Ill.	880	2.12	436.72	206.96	25.82	139.08	371.86	85.1
	"	Box	10.3	Connersville, Ind.	721	1.85	381.10	169.57	25.82	139.08	334.47	87.8
	"	Box	10.3	Dayton, O.	680	1.70	350.20	159.92	25.82	139.08	324.82	92.8
	"	Box	10.3	St. Louis, Mo.	1,030	2.29	471.74	242.24	25.82	139.08	407.14	86.3
	"	Box	10.3	Appliance Park, Ky.	824	1.98	407.88	193.79	25.82	139.08	358.69	87.9
	"	Box	10.3	Grand Rapids, Mich.	757	2.01	414.06	178.03	25.82	139.08	342.93	82.8
709	Laundry Equipment											
	Washing Machines, Household	Box	13.0	Herrin, Ill.	1,026	1.97	512.20	248.98	25.82	166.62	441.42	86.2
	" " "	Box	13.0	Norwood, O.	714	1.52	395.20	173.27	25.82	166.62	365.71	92.5
	" " "	Box	13.0	St. Louis, Mo.	1,030	1.98	514.80	249.95	25.82	166.62	442.39	85.9
	" " "	Box	13.0	Appliance Park, Ky.	824	1.52	395.20	199.96	25.82	166.62	392.40	99.3
	" " "	Box	13.0	Mansfield, O.	598	1.39	361.40	145.12	25.82	166.62	337.56	93.4
711	Stoves, Ranges and Parts											
	Stoves, N.O.I.B.N.	Box	11.9 13/	Brighton, O.	714	1.12	268.80	171.09	25.82	155.40	352.31	131.1
	" "	Box	11.9 13/	Chicago, Ill.	880	1.36	326.40	210.86	25.82	155.40	392.08	120.1
	" "	Box	11.9 13/	Louisville, Ky.	824	1.27	304.80	197.45	25.82	155.40	378.67	124.2
	" "	Box	11.9 13/	St. Louis, Mo.	1,030	1.47	352.80	246.81	25.82	155.40	428.03	121.3

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Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
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Group No. (1)	Commodity Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Freight Revenues 2/ Rate (7)	Freight Revenues 2/ Per Car (8)	Out-of-Pocket Costs Line Haul (9)	Out-of-Pocket Costs Terminal Origin (10)	Out-of-Pocket Costs Terminal Port (11)	Out-of-Pocket Costs Total (12)	Ratio of Out-of-Pocket Costs to Revenues (13)
715	Furniture, N.O.S.											
	Furniture, N.O.I.B.N.	Box	11.6 13/	Chicago, Ill.	880	$2.12	$508.80	$210.13	$25.82	$152.34	$388.29	76.3%
	" "	Box	11.6 13/	E. St. Louis, Ill.	1,030	2.29	549.60	245.95	25.82	152.34	424.11	77.2
	" "	Box	11.6 13/	Perrysburg, O.	658	1.81	434.40	157.12	25.82	152.34	335.28	77.2
	" "	Box	11.6 13/	Shelby, O.	598	1.61	386.40	142.79	25.82	152.34	320.95	83.1
749	Liquors - Malt											
	Beer	Refgr.	27.5 10/	Milwaukee, Wisc.	871	.79	474.00	353.42	22.23	265.96	641.61	135.4
	"	Refgr.	27.5 10/	Chicago, Ill.	880	.76	456.00	357.07	22.23	265.96	645.26	141.5
763	Food Products, N.O.S., in Cans and Packages - Not Frozen											
	Bakery Goods	Box	26.6	Cincinnati, O.	714	1.19	633.08	200.19	25.82	305.34	531.35	83.9
	Powdered Milk	Box	26.6	Columbus, O.	611	.72	383.04	171.31	25.82	305.34	502.47	131.2
	" "	Box	26.6	Detroit, Mich.	621	.74	393.68	174.12	25.82	305.34	505.28	128.3
	Canned Goods	Box	26.6	Davenport, Ia.	1,031	1.02	542.64	289.07	25.82	305.34	620.23	114.3
	" "	Box	26.6	Wapakoneta, O.	684	.74	393.68	191.78	25.82	305.34	522.94	132.8
767	Starch											
	Corn Starch	Box	29.9	Chicago, Ill.	880	.62	370.76	254.79	25.82	339.00	619.61	167.1
	Starch, N.O.I.B.N.	Box	29.9	St. Louis, Mo.	1,030	.75	448.50	298.22	25.82	339.00	663.04	147.8
769	Soap and Cleaning and Washing Compounds											
	Soap	Box	25.0	Ivorydale, O.	714	.95	475.00	197.03	25.82	289.02	511.87	107.8
	Cleaning Compound, N.O.S.	Box	25.0	Columbus, O.	611	.87	435.00	168.60	25.82	289.02	483.44	111.1
773	Feed-Animal and Poultry, N.O.S.											
	Feed-Animal and Poultry, N.O.S.	Box	30.2	Peoria, Ill.	978	.72	434.88	283.98	25.82	342.06	651.86	149.9
	" " " " "	Box	30.2	Lima, O.	784	.47	283.88	227.65	25.82	342.06	595.53	209.8
	" " " " "	Box	30.2	Elmwood Place, O.	714	.525	317.10	207.32	25.82	342.06	575.20	181.4
779	Containers-Metal											
	Barrels-Metal	Box	19.5	Chicago, Ill.	880	1.55	604.50	229.41	25.82	232.92	488.15	80.8
	Containers-Metal, N.O.S.	Box	19.5	Speedway, Ind.	789	1.39	542.10	205.69	25.8	232.92	464.43	85.7
	" " "	Box	19.5	Niles, O.	490	1.02	397.80	127.74	25.82	232.92	386.48	97.2
	" " "	Box	19.5	Brighton, O.	714	1.27	495.30	186.14	25.82	232.92	444.88	89.8
	" " "	Box	19.5	Pittsburgh, Pa.	426	.98	382.20	111.06	25.82	232.92	369.80	96.8
783	Containers-Fibreboard and Pulpboard KD											
	Fibreboard Boxes	Box	20.9	Cleveland, O.	552	.86	359.48	146.05	25.82	247.20	419.07	116.6
	Fibreboard Containers	Box	20.9	Petrolia, Pa.	439	.73	305.14	116.15	25.82	247.20	389.17	127.5

Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

Commodity						Freight Revenues 2/		Out-of-Pocket Costs				Ratio of Out-of-Pocket Costs to Revenues
									Terminal			
Group No. (1)	Description (2)	Type of Equipment (3)	Average Weight Tons (4)	Origin (5)	Short Line Miles 1/ (6)	Rate (7)	Per Car (8)	Line Haul (9)	Origin (10)	Por (11)	Total (12)	(13)
785	Containers - N.O.S.											
	Steel Cylinders	Box	19.3	Oakmont, Pa.	426	$.86	$331.96	$110.82	$25.82	$230.88	$367.52	110.7%
789	Scrap Iron and Scrap Steel	Gond.	30.4	Youngstown, O.	490	13.51 5/	366.12	165.63	28.15	309.88	503.66	137.6
	" " " " "	Gond.	30.4	Etna, Pa.	426	12.71 5/	344.44	143.99	28.15	309.86	482.02	139.9
	" " " " "	Gond.	30.4	Cleveland, O.	552	14.71 5/	398.64	186.58	28.15	309.88	524.61	131.6
	" " " " "	Gond.	30.4	Dayton, O.	680	16.30 5/	441.73	229.85	28.15	309.88	567.88	128.6
795	Waste Material for Remelting, N.O.S.											
	Brass - Scrap	Box	31.2	Kalamazoo, Mich.	764	.91	567.84	223.96	25.82	352.26	602.04	106.0
	" "	Box	31.2	Detroit, Mich.	621	.78	486.72	182.04	25.82	352.26	560.12	115.1
	Metal - Scrap, N.O.I.B.N.	Box	31.2	Canton, O.	526	.66	411.84	154.19	25.82	352.26	532.27	129.2
	Brass - Scrap	Box	31.2	Ashland, Ky.	649	.75	468.00	190.25	25.82	352.26	568.33	121.4
797	Waste Rubber, N.O.S.											
	Rubber - Scrap	Box	26.0	Akron, O.	540	.52	270.40	150.51	25.82	299.22	475.55	175.9
	" "	Box	26.0	Louisville, Ky.	824	.72	374.40	229.66	25.82	299.22	554.70	148.2
	" "	Box	26.0	E. St. Louis, Ill.	1,030	.80	416.00	287.08	25.82	299.22	612.12	147.1
799	Manufactures and Miscellaneous, N.O.S.											
	Welding Wire	Box	19.7	Cleveland, O.	552	.51	200.94	144.21	25.82	234.96	404.99	201.5
	Welding Rods	Box	19.7	Milwaukee, Wisc.	871	.73	287.62	227.55	25.82	234.96	488.33	169.8
	Clothing N.O.I.B.N.	Box	19.7	Shelby, O.	598	2.49	981.06	156.23	25.82	234.96	417.01	42.5
	Military Impedimenta	Box	19.7	Lordstown, O.	490	1.79	705.26	128.01	25.82	234.96	388.79	55.1
	" "	Box	19.7	Toledo, O.	658	2.29	902.26	171.90	25.82	234.96	432.68	48.0
950	Forwarder Traffic											
	All Commodity	Box	13.7 14/	Chicago, Ill.	880	1.85	555.00	215.26	25.82	173.76	414.84	74.7
	" "	Box	13.7 14/	St. Louis, Mo.	1,030	2.03	609.00	251.95	25.82	173.76	451.53	74.1
	" "	Box	13.7 14/	Indianapolis, Ind.	789	1.69	507.00	193.00	25.82	173.76	392.58	77.4
	" "	Box	13.7 14/	Cincinnati, O.	714	1.56	468.00	174.65	25.82	173.76	374.23	80.0
	" "	Box	13.7 14/	Pittsburgh, Pa.	426	1.05	315.00	104.20	25.82	173.76	303.78	96.4

NOTES: SEE PAGE 15

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I. & S. Docket 6615
Exhibit No.____(EMT-3)
Witness Talbott

Extracts from Senate Document 63 (78th Cong.; 1st Sess.)

entitled

"Rail Freight Service Costs in the Various Rate Territories of the United States - Letter from the Chairman, Interstate Commerce Commission."

Appendix A is reproduction of Chapter X of Senate Document 63, entitled "Discussion of the Concept and Application of Oct-of-Pocket Costs."

Appendix B is reproduction of Chapter XI of Senate Document 63, entitled "Review of Studies Made to Determine the Out-of-Pocket Operating Expenses, Rents and Taxes."

Appendix C is reproduction of Chapter XII of Senate Document 63, entitled "Review of Studies Made to Determine the Effect of Added Traffic on the Investment."

Appendix D is reproduction of Chapter XIII of Senate Document 63, entitled "Development of Territorial Costs Based on the Direct Distribution of the Constant Expenses."

Appendix E is reproduction of Appendix E to Senate Document 63.

Extracts from Report of Committee XXI of American Railway Engineering Association as included in AREA Manual, 1929, pages 1403-1419

Appendix F is reproduction of pages 1403-19 of said report entitled "Economics of Railway Operation."

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APPENDIX A

DISCUSSION OF THE CONCEPT AND APPLICATION OF OUT-OF-POCKET COSTS[14]

Review of past estimates.

Most estimates of out-of-pocket costs outlined in chapter IX ignore the long-term forces that are at work and select only the obvious items that are immediately and obviously responsive to traffic changes, such as train crews, fuel, a small part of the maintenance-of-way expenses and varying portions of the maintenance-of-equipment expenses. Station expenses, traffic and general expenses and most of the maintenance-of-way expenses were usually omitted although as will be later shown these items in the long run are substantially affected by traffic changes. Likewise, most estimates exclude any consideration of the effect of added traffic on investment despite the fact that over the long-term period the railroad plant expands and contracts, as shown hereinbelow, with the amount of work it is called upon to perform.

It is of interest to note that A. M. Wellington found difficulty in reconciling the actual records for maintenance of way and equipment expenses with his observation that substantial portions of the maintenance of way and equipment are independent of the volume of traffic. After making such observation he states:[15]

> Yet it must be admitted that there are some strange anomalies in the records of maintenance-of-way expenses which seem to indicate that such expenditures will continue to bear a nearly constant ratio to the train expenses * * *.

This same writer assumed that rentals and fixed charges were constant, although at the time of writing (1887) he noted a "great change" in the railway plant.[16]

> A great change has taken place within the past 10 or 15 years, and indeed is still in progress, in the operating expenses of railways, as a result of the introduction of certain modern improvements, and notably the steel rail. At so recent a period as the publication of the first edition of this treatise (1877) these improvements had hardly begun to tell at all upon the statistics which were available for its preparation; but they have already (1885) modified them profoundly, and where the process will end it is impossible to foresee with exactness—further than that the change will be very much more radical than even yet appears upon the surface.
>
> Besides the steel rail, there has been a great increase in the power of locomotives. The old eight-wheel American locomotive, then almost universal for freight as for passenger service, is now almost completely out of use for heavy freight service. Mogul or Consolidation locomotives are rapidly superseding it, and will in the near future almost wholly supersede it. On all but roads of very light traffic the Consolidation locomotive appears to be the engine of the future; and a still heavier type, the Mastodon locomotive, has been introduced, with excellent prospects of wider use.
>
> The capacity of ordinary freight cars has also been increased from 10 or 15 tons to 15 and 20 tons, with but a comparatively slight increase in the weight. In fact the 20-ton car has already become the standard both for coal and all other traffic, and many 25-ton and not a few 30-ton cars have been built. The movement in their favor has gone so far that a committee of the Master Car-Builders' Association has reported standard dimensions for such a car, but it is as yet regarded as exceptional, but many 25-ton cars are already in use, and it may confidently be expected that the average carload will increase for many years. It has increased fully 50 percent in the past 10 years.
>
> Still other—comparatively unimportant—changes which are gradually reducing the cost of operating are, first, the creosoting or otherwise preserving of cross ties (a practice in small but increasing use); and, secondly, the substitution of first-class ballast for what has heretofore done duty for that purpose.
>
> The almost incredibly rapid growth of traffic has been perhaps the most potent factor of all, and these causes, and the gradual fall in the cost of producing every form of manufactured commodity consumed by railways, render it impossible to predict with any certainty either the future cost of a train-mile, or the ratio which the various expenses will bear to each other. The changes of the next 10 years will probably be greater than those of the last 10, and all that we can be sure of is that the cost per ton-mile (not probably per train-mile) will continue to fall rapidly, although it hardly seems possible that it can fall quite so rapidly as in the last 10 years. * * *

Making some estimates in 1874 of the effect of the increased tonnage on the cost of transportation between New York and Chicago if a double track "steel" railroad were built, L. P. Morehouse, of the Illinois Central, observed:[17]

> The amount of business supposed above (18,000,000 tons east and 6,000,000 tons west) is undoubtedly much larger than any one railroad can transact until the facilities at the eastern terminus are vastly increased, it being well known that one reason of the inability of the existing roads to accommodate the public is the lack of means to expeditiously unload their cars in the East.

Change in variable portion of costs as traffic changes.

Many writers have pointed to the impossibility of the relationship of the variable portion of the expenses to the constant portion remaining unchanged as traffic changes. If in 1890, 50 percent of the operating expenses were variable and 50 percent were constant this same ratio could no longer hold in 1941 when the traffic measured in revenue freight ton-miles per mile of road had increased fourfold.[18] During this period the variable expenses would have increased to four times their previous total while the constant expenses remained unchanged. The new relationship of the variable expenses to the total expenses at the end of the period would be 80 percent instead of 50 percent.[19] For the old relationship to remain unchanged the so-called constant expenses would have had to increase in the same ratio as the variable expenses, in which case they themselves would be variable over the long-term period. Figures introduced hereinbelow indicate that the early estimates understate the degree to which all expenses are variable with traffic over an extended period.

Trend in operating expenses with changes in traffic.

Chart 1 shows the trend both of the transportation expenses and of the total operating expenses with changes in traffic volume.[20] It will be noted that both groups of expenses are highly responsive to the changes in traffic volume.

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[14] Data from I. C. C. Docket No. 28300, exhibit 17, ch. III.

[15] The Economic Theory of the Location of Railways (1898), p. 127.

[16] Ibid. A. M. Wellington, pp. 113-117.

[17] L. P. Morehouse, the Railroad Gazette, May 1874, p. 210.

[18] See table 36, column (4).

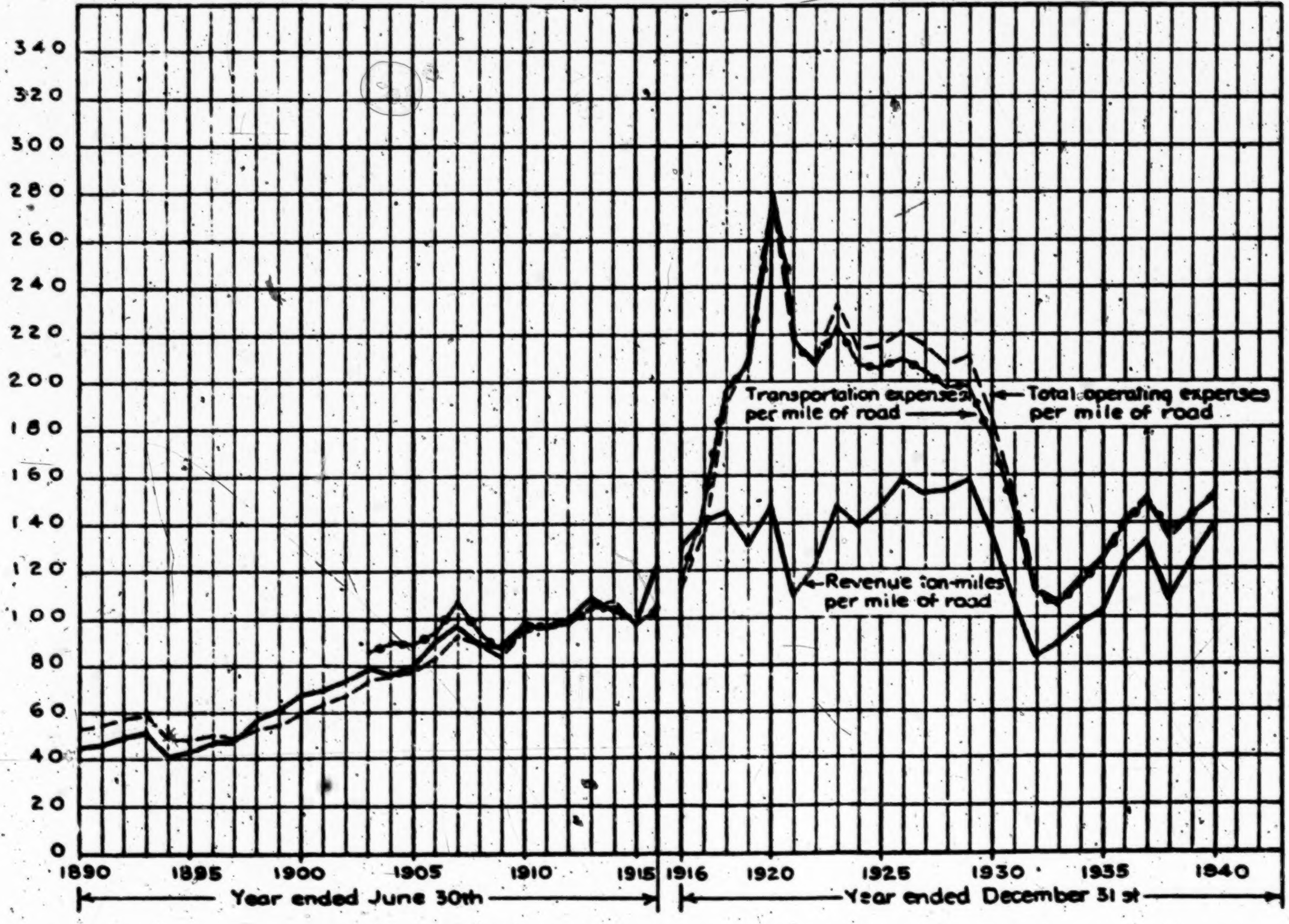
[19] This may be illustrated as follows: Assume 1890 variable costs to be $1,000,000, the constant costs to be $1,000,000, total equals $2,000,000. Variable portion = 50 percent. In 1941 the variable portion would be $4,000,000, the constant portion still $1,000,000 and the total $5,000,000. The variable portion now equals 80 percent of the total.

[20] The basic data appear in I. C. C. Docket No. 28300, exhibit 12, appendix A.

CHART 1.

COMPARISON OF THE TREND OF REVENUE TON-MILES WITH TOTAL OPERATING EXPENSES AND TRANSPORTATION EXPENSES* (CLASSES I, II AND III

(RELATIVE FIGURES 1910-1914 = 100)



* Years 1903-1910, inclusive: All roads; Years 1911-1940: Class I roads

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Comparison of increased traffic per mile of road with increased expenditures per mile of road, 1890–1941.

Table 36 shows the relative increase in the density of traffic of steam railways in the United States stated in terms of revenue ton-miles, revenue tons originated, and passenger-miles, and also the increase in the expenditures by general accounts.[21] All figures were reduced to a per mile of road basis to eliminate the effect of changing road mileage. As a means of indicating the relative growth each figure was reduced to an index taking 1890 as a base except in the case of revenue tons and traffic expenses where the data for the early years were not available. An estimated trend of revenue tons based on 1890 is shown for purposes of comparison. Attention is directed to the abrupt drop in 1895 in the index for general expenses resulting from a change in the accounting classification. A better indication of the increase in this account can be obtained by using 1895 as a base.

TABLE 36.—*Comparison of the relative increase in railroad traffic and expenditures (freight and passenger) per mile of road, 1890–1941*

[Relative figures, 1890=100, unless otherwise indicated]

Year ended	Revenue tons originated (1900=100)	Revenue tons originated (¹)	Revenue ton-miles	Passenger miles	Operating expenses: Maintenance of way	Operating expenses: Maintenance of equipment	Operating expenses: Transportation, rail line	Operating expenses: Traffic (1910=100)	Operating expenses: General (1890=100)	Operating expenses: General (1895=100)	Operating expenses: Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
June 30											
1890		100	100	100	100	100	100		100		100
1895		98	98	91	83	88	107		45	100	92
1900	100	151	151	110	112	129	121		45	101	113
1905	119	180	177	145	130	182	157		57	126	145
1910	141	213	229	177	157	235	168	100	63	141	171
1915	131	198	221	166	154	274	160	102	70	155	166
Dec. 31											
1920	173	261	328	211	413	849	501	124	151	335	515
1925	172	290	331	185	329	676	371	178	154	342	403
1929	180	272	355	158	341	641	359	216	160	376	398
1930	155	231	304	136	282	543	319	212	167	371	347
1935	100	165	230	97	162	374	223	162	128	285	230
1939	128	193	278	121	202	435	262	191	122	270	276
1940	144	217	313	128	216	468	280	191	125	277	294
1941	175	261	400	150	263	500	333	202	131	296	351

[1] Figures for revenue tons originated are available only from 1900. See column (2). For purpose of relating the figures to a common base, column (3) assumes that the trend of tons originated between 1890 and 1900 follows the trend of revenue ton-miles over this period. Based on the experience 1900–10 this will overstate the increase in tons originated by roughly 10 percent, i. e., index of revenue ton-miles increased from 151 to 229, or by 45 percent, while index of revenue tons originated increased by only 41 percent. Following 1900 the trend is the same as shown in column (2).

It will be noted that an increase of 255 percent in the revenue ton-miles per mile of road between 1890 and 1929 was accompanied by an increase of 298 percent in the total operating expenses per mile of road. The increases by general accounts were maintenance of way, 241 percent; maintenance of equipment, 541 percent; transportation, 259 percent; and general expense, an estimated 276 percent.[22] For the period shown the traffic expenses increased at a rate only a little below that for general expenses. Although a true comparison cannot be made without adjusting the figures for price level changes,[23] the conclusion can be drawn that all the operating expenses are affected in substantial degree by added traffic.

This conclusion is further supported by the data in Table 37 showing the percent that each general account constitutes of the total operating expenses.[24] Had the maintenance of way, maintenance of equipment, traffic, and general expenses been largely constant, as indicated in most out-of-pocket cost estimates, they would have constituted an ever-decreasing percentage of the total expenses over a span of years when traffic was increasing. Actually, however, during the period from 1910–15 to 1929, when the traffic was rising, the ratio of the expenses for each of these groups to the total either remained relatively constant, or, as in the case of maintenance of equipment, increased. The transportation expenses on the other hand decreased slightly relative to the total expenses. While changing price levels may have affected different accounts in different degrees, nevertheless the ratio that each group of expenses bears to the total has been surprisingly constant.

The explanation offered is that over the long-term period different forces come into play than are present over the short-term fluctuations. Train-miles and train expenses, for example, are greatly affected by short-term fluctuations in traffic volume, but over the long-term period the effect of ever-increasing train efficiency comes into play and tends to offset in some degree the effect of added traffic thus making the transportation expenses over the long term less variable with added traffic than they would otherwise be.

TABLE 37.—*Percentage relationship of primary groups of accounts to total operating expenses, 1890–1941*

Year	Maintenance of way	Maintenance of equipment	Traffic	Transportation rail line	Transportation water line	Miscellaneous operations	General	Transportation for investment, Cr.	Unclassified	Total
1890 [1]	22.06	16.48		51.18			10.15		0.13	100
1895 [1]	19.84	15.68		59.41			4.95		.12	100
1900 [1]	21.97	18.86		55.01			4.09		.06	100
1905 [1]	19.78	20.71		55.46			3.98		.04	100
1910 [1]	20.22	22.66	3.07	50.29			3.76			100
1915 [2]	18.25	24.32	2.80	49.54	0.41	1.12	3.80	0.33		100
1920 [2]	17.66	27.14	1.26	49.70	.21	1.06	2.97	.09		100
1925 [3]	17.97	27.61	2.31	47.13	.21	1.19	3.87	.29		100
1929 [3]	18.93	26.53	2.85	46.24	.17	1.29	4.31	.32		100
1930 [3]	17.92	25.77	3.21	47.06	.16	1.33	4.88	.33		100
1935 [4]	15.16	26.14	3.50	48.42	.14	1.17	5.52	.14		100
1939 [4]	16.09	25.04	3.62	48.60	.17	1.27	4.46	.15		100
1940 [4]	16.15	26.18	3.45	48.62	.21	1.28	4.30	.14		100
1941 [4]	16.51	26.73	3.02	48.64	.08	1.27	3.65	.10		100

[1] All roads reporting to the Interstate Commerce Commission.

[2] Classes I, II, and III, including switching and terminal companies.

[3] Class I and switching and terminal companies.

[4] Classes I, II, and III (line haul) and switching and terminal companies.

This is illustrated in chart 2 showing the long-term increase in revenue ton-miles per mile of road, the steady decrease in train-miles per mile of road, and the constant increase in revenue net ton-miles per train-mile realized through the use of heavier trains and power.[25] The results would indicate that this increase in train efficiency through the use of heavier trains and heavier motive power has been accomplished at the

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[21] Supporting data appear in I. C. C. Docket No. 2800, exhibit 12, appendix B.

[22] General expense related to 1895=100.

[23] I. C. C. Bureau of Valuation's Railroad Construction Indexes which provide a general indication of the changes in price level 1915–41 and statement of the Commission concerning relative prices for 20 years prior to 1910–14 appear in I. C. C. Docket No. 2800, exhibit 12, appendix C.

[24] Supporting data appear in I. C. C. Docket No. 2800, exhibit 12, appendix D.

[25] Supporting data appear in I. C. C. Docket No. 2800, exhibit 12, appendix E.

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Revenues, Out-of-Pocket Costs and Ratios
Representative Movements of
Export Traffic Originating in Differential Territory
via
Port of New York

OTES:

1/ Excludes 10 Mile Arbitrary under Appendix K, Docket 15879, Eastern Class Rate Investigation
2/ Rates and Revenues via Baltimore
3/ Applies per 2,000 Pounds
4/ Minimum Weight 70,000 Pounds
5/ Applies per 2,240 Pounds
6/ Applicable via New York Central R.R. direct
7/ Applicable via lines other than the New York Central R.R. direct
8/ Minimum Weight 40,000 Pounds
9/ Excess of 40,000 Pounds per item 3 - A.T.E.A. Section 22 Quotation A-1706-A
10/ Minimum Weight 60,000 Pounds
11/ 120 United inches or under
12/ Exceeding 120 United inches
13/ Minimum Weight 24,000 Pounds
14/ Minimum Weight 30,000 Pounds
15/ Minimum Weight 50,000 Pounds
16/ Minimum Weight 27,000 Pounds
A/ Minimum Weight 15,000 Pounds for cars not exceeding 50 feet 7 inches in length
B/ Minimum Weight 12,500 Pounds for cars not exceeding 50 feet 7 inches in length
C/ Minimum Weight 20,000 Pounds for cars exceeding 50 feet 8 inches in length

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expense of maintenance accounts, particularly maintenance of equipment, which over the long-term period are substantially affected by added traffic.[26]

Reason for part of costs remaining constant with traffic change.

The failure of costs to rise as rapidly as the traffic volume is attributable to two factors, first, the use of the carriers' unutilized capacity, and secondly, the increasing efficiency of the larger plant as compared to the smaller plant as the facilities are expanded. The orthodox explanation of the existence of constant costs is based on the first of these, namely, unutilized capacity. However, in an industry which has long since utilized the original excess capacity with which it started and which, in fact, has from time to time substantially expanded its capacity to handle added traffic, the principle of unutilized capacity loses some of its earlier significance.

M. O. Lorenz has pointed out in this connection as follows:[27]

> * * * there has been an overemphasis of the gain which results merely from a more complete utilization of plant and that the gain which has been realized from more improved methods, such as the use of heavier locomotives, is the more important after railroads have passed the stage of infancy. Perhaps we have here an illustration of the fact that to a considerable extent economic theory is a reflex of past economic conditions because a theory once generally accepted persists long after the conditions which have produced it have changed.

Over the short-term period the constant costs owe their existence principally to unutilized capacity, but over the long-term period the unutilized capacity of most of the original plant has long since been exhausted.[28] The apparent constancy of a portion of the costs as traffic increases springs from the greater efficiency obtainable from the use of a more costly and at the same time a more efficient plant.

Effect of small increments of traffic.

The view is sometimes expressed that "one more car" will cost little if anything more to handle, or that every train has some unused capacity which will enable it to take added traffic without added cost. This view overlooks the fact that the car thus singled out is no different from all other increments of traffic, the cumulative effect of which has a very great influence on costs.

The reason for the variation in the expenses is that as the traffic increases by small increments it is continuously taxing the capacity of the existing railroad staff or facilities to handle it. Yard crews, yard clerks, station clerks, platform labor, train crews, engine crews, dispatchers, shop forces, enginehouse forces, rolling equipment, etc., are constantly added to meet the demands of increased traffic, and then reduced or withdrawn as the demand falls away. An analysis of the rise and fall of railroad traffic both on a seasonal and on an annual basis indicates that this process of change is ever present.

Some items of expense, such as locomotive fuel, trainmen, enginemen, and yard crews, show a relatively high degree of response to changes in the volume of traffic. Other items such as superintendence, dispatching, station expenses, enginehouse expenses, and traffic and general expenses will increase and decrease in some measure as the traffic volume changes although the adjustment to the change in traffic is irregular. This is occasioned in part by the lag that may exist between the time the change in the volume of traffic occurs and the period when management can effect an adjustment of the expenses; and in part by the fact that any given size of staff can handle changes in traffic volume within a limited range, and as long as that range is not exceeded the expenses remain unaffected. When the change in the volume of the traffic exceeds the limits of this range, the expenses may rise or fall abruptly. A study of the expenses for class I carriers incurred during various years and for periods of different traffic volume indicates that there are relatively few expenses which are not influenced in some degree by an increase or decrease in the traffic.

The above discussion has dealt with the mass effect of increases or decreases in the traffic volume upon a carrier's expenses. Question may arise as to the out-of-pocket cost for handling a single additional carload. From the discussion that follows, the conclusion is reached that on the average it is no different from that for mass changes in traffic volume. Traffic conditions are never static on a railroad, the traffic volume being in a continuous state of flux. Furthermore, the changes in volume from month to month and year to year are seldom so limited in their range that the expenses remain unaffected. This condition being true, the effect of one added unit of traffic is no different from that of any other added unit. For example, if the receipt of 10 added tons of less-carload traffic occasions the employment of one added station platform trucker, one cannot place any more responsibility for this increased expense upon the tenth ton than upon the first ton. Each ton contributes equally in increasing the work up to that point which necessitated the additional employee. Similarly, if the receipt of 10 added carloads requiring industry switching required the assignment of an additional yard-engine crew, each one of these 10 carloads is equally responsible for building up the work to a point where such added crew was necessary. The responsibility for the change in the expenses must be shared equally by each increment of traffic that contributed to the increase or decrease in the expenses.

Ripley states in this connection:[29]

> **The moment the old traffic has outgrown the existing plant, the new expenditure becomes chargeable to all the business alike. The new outgo must be distributed evenly over the entire volume of traffic thereafter hand'. Each ton, both of old and of new traffic, beyond the hauling capacity of the locomotives then in service, is equally responsible for the expense of new equipment purchased. Although the old business could have been handled without a million dollars spent for double-tracking or terminal enlargement, this addition to the expense of maintenance of way or to the fixed charges is equally attributable to every ton of traffic hauled.**

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[26] Few estimates make allowance for the added road investment in double tracks, longer sidings, yards, etc., required by increased traffic, the total maintenance of which in the long run is 100 percent variable. If added traffic required this added trackage, 100 percent of the maintenance of such trackage, including both that which is worn out through use and that which rots out or rusts away through the action of the elements should be included in the out-of-pocket cost. If the added traffic had not been handled this maintenance would not have been incurred. If the traffic declines to a point where the added facilities are no longer necessary and may be retired or at least not renewed when their service life expires, the maintenance costs (with some lag) will disappear.

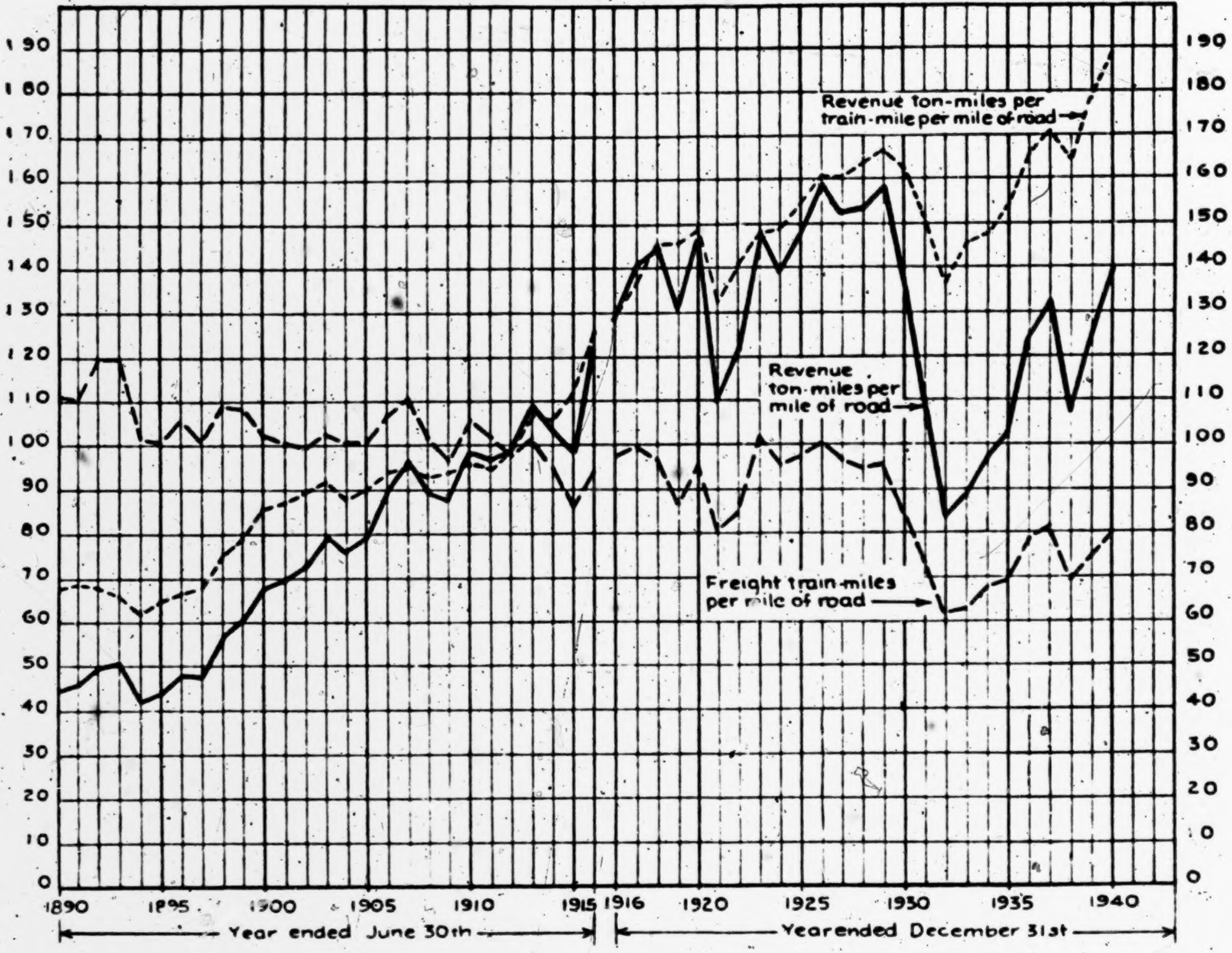
M. O. Lorenz has stated in this regard (Constant and Variable Railroad Expenditures and the Distance Tariff, Quarterly Journal of Economics, vol. 21, February 1907, p. [illegible]): "Is the rotting of the ties a constant expense? Considering that the rotting of the ties now laid will go on, whether we reduce the traffic by one-half or not, it would seem necessary to give an affirmative answer. But the fact that an expenditure once incurred cannot be put to another use should not blind us to the fact that but for the prospect of the increased traffic some of the ties would not have been laid; namely, those under the second, third, or fourth tracks."

[27] Quarterly Journal of Economics, February 1916, vol. 30, p. 211.

[28] Land used for right-of-way between terminals may be considered as relatively constant but this accounts for a very small percent of the total valuation. (Approximately 15 percent of the valuation of carrier property is in land and but a very small fraction of this is outside incorporated towns and cities of 2,500 population.)

[29] Railroads, Rates and Regulation, William Z. Ripley, 1912, pp. [illegible].

CHART 2
COMPARISON OF THE TREND OF REVENUE TON-MILES WITH FREIGHT TRAIN-MILES AND REVENUE TON-MILES PER TRAIN-MILE
(RELATIVE FIGURES 1910-1914=100)



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Variable costs as affected by volume of traffic.

To sum up, small increments of traffic will have little or no effect on railroad costs only so long as the effect of such traffic, when combined with the effect of all other traffic increases or decreases incurred at the same time or in subsequent periods, does not occasion a change in the operating expenses or the investment. As such a state of equilibrium practically never exists in the transportation field, or if it does exist, it is for an extremely short period of time, the concept that one more car can be handled at little or no added cost is of very limited value for rate-making purposes.[30] Where very large blocks of traffic are under study the effect on the costs and investment is more obvious but in the long run the cumulative effect of many small increments is the same.

Out-of-pocket costs vary with density.

On lines of heavy traffic density the maintenance of way, maintenance of equipment, and transportation expenses closely follow the volume of traffic. The trains are usually operated to the capacity of the motive power (scheduled time considered) with the result that added traffic occasions a near proportionate increase in train expenses. Thus the out-of-pocket portion of the expenses on lines of dense traffic is greater than on lines of light traffic density or on branch lines.

On the latter lines, a change in traffic within certain limits may affect the expenses to only a limited degree. Even here, however, costs may be variable to a much higher degree than is usually realized. Even though the service is reduced to one train a day each way, one can consider this expense as constant only for a limited range in traffic. Added traffic will certainly occasion added train-switching time if not added running time, with a resultant increase in the train and engine crew compensation.[31] If the increase is great enough, extra trains may be operated either occasionally or regularly. If traffic declines, weekly or triweekly service may be substituted for daily service and when this is no longer warranted the service may be operated on a seasonal basis or "on call." If the traffic decline is sufficiently severe the operation will be abandoned entirely. The standard of maintenance also may be varied. Hence, over an extended period of time even the branch-line operations may become variable with traffic change to a degree greater than is commonly considered.

Out-of-pocket costs should be computed for all traffic to which rates apply.

In determining the out-of-pocket costs of handling a given volume of traffic the study should embrace or take into consideration all of the traffic to which such rates will apply. Assume that a study is made of the out-of-pocket cost of handling added tonnage in less-than-carload cars, such added tonnage being induced by a sharp decrease in rates. If the application of the reduced rates can be limited to the added traffic (a condition which seldom obtains) the answer turns upon whether the added cost for handling the added tons will equal the added revenues. If the cars are operated to only a fraction of capacity, say 3 tons, the short term out-of-pocket costs may be limited to platform handling, station clerical and billing expense, a small increase in the fuel expense, and loss and damage.[32] If the traffic increase required the operation of additional less-than-carload cars or the operation of cars to points not previously served, the out-of-pocket costs will include a much larger portion of the total expenses.

If the added traffic is obtained only at the price of a rate reduction on part or all of the less-than-carload traffic already moving (a condition which usually obtains), the problem becomes that of determining the out-of-pocket cost of handling the entire traffic to which the rate reduction applies, including both the newly acquired traffic and the traffic already moving.

Where the traffic under study constitutes substantially the total traffic a carrier handles on a portion of its system, the out-of-pocket costs constitute practically 100 percent of the cost of operating and maintaining the lines affected.[33] Branch lines serving coal mines are an illustration of this situation. Where a carrier's entire system traffic is under study the carrier's total costs constitute the out-of-pocket cost of handling the traffic.[34]

Part of railroad operations subject to increasing costs.

As stated hereinabove, the reduced costs attributed to added volume may be credited both to a more complete utilization of the existing plant and to the increased efficiency of a large plant over a small one. Not all the railroad plant, however, is subject to the law of increasing returns. For example, less-carload platform costs tend to rise rather than fall with the long term increase in traffic. This is illustrated by table 38 showing the results of a study made by the California Railroad Commission showing the platform costs per ton at stations having various volumes of less-carload tonnage.[35]

[fol. 4725]

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[30] Even where an apparent stability exists as a result of a relatively fixed volume of traffic and little change in expenses, the forces at work are still the same. As W. M. Daniels has aptly stated in another respect: "* * * to argue that stabilized rates * * * evidence the nonexistence of competition is analogous to saying that physical bodies in equilibrium argue the absence of the law of gravitation." (Economic Purposes and Limitations of Consolidation, 11 American Economic Review [illegible])

[31] Way freight compensation is usually on an hourly rather than on a mileage basis as crew-time commonly exceeds 8 hours but the miles run are less than 100.

[32] The interest of the Commission in the matter may not stop here even though the rates on the added tonnage more than cover its out-of-pocket cost. Question may arise as to whether the less-than-carload car as a whole is earning sufficient revenue to cover its out-of-pocket costs, irrespective of whether the added revenue from the added tonnage covers the specific added costs such tonnage incurred. It is possible for the additional revenue from added less-than-carload traffic to exceed the added costs although at the same time the operation of the car as a whole is a burden on other traffic.

[33] In *Lake Cargo Coal* (1928) 130 I. C. C. 367, 379, the Commission stated: "Protestants criticize the out-of-pocket costs as understated and point to a number of inconsistencies and unexplained discrepancies in the results obtained. Suffice it to say in respect of those costs that we cannot accept out-of-pocket costs alone, no matter how accurate, as justification for proposed rates when the movement thereunder would represent such a large proportion of the total freight traffic transported by proponents as would be the lake-cargo tonnage which would move under the proposed rates of the total freight traffic handled by the Chesapeake & Ohio."

[34] Study of Rail Cost Finding for Rate-Making Purposes, Case 4002, California Railroad Commission, 1938, pp. 109, 110.

[35] The term "out-of-pocket cost" as here used includes both the costs which are variable with the traffic volume and the constant costs which are solely related to the traffic under study. See discussion to follow concerning constant costs which are separable between carload, less-carload, and passenger services.

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TABLE 38.—*Station platform costs for handling less-carload tonnage*

[Figures for May 1938, except as noted]

Line No.	Stations	Carrier	Less carload tonnage		Cost per ton
			Total	Transfer	
1	San Francisco	Southern Pacific	25,550	5,372	$1.60
2	Los Angeles	do	10,606	6,466	1.28
3	do	Santa Fe	5,441	1,222	1.20
4	San Francisco	do	4,103	66	.96
5	Los Angeles	Pacific Electric	4,028	1,798	1.00
6	Fresno	Southern Pacific	3,540	1,670	[1] .83
7	San Francisco	Western Pacific	3,507	304	1.04
8	do	Northwestern Pacific	3,466	1,273	.91
9	Los Angeles	Union Pacific	2,584	702	1.09
10	Stockton	Southern Pacific	2,325	183	[1] .80
11	Fresno	Santa Fe	2,031	(2)	.90
12	San Diego	do	1,526	(2)	.75
13	Bakersfield	Southern Pacific	1,237	475	[1] .64
14	Oakland (40th St.)	Santa Fe	1,225	(2)	.73
15	Barstow	do	1,035	(2)	.69
16	San Bernardino	do	1,006	(2)	.75
17	Bakersfield	do	861	(2)	.71
18	Stockton	do	770	(2)	.65
19	Richmond	do	562	(2)	.61
20	Tulare	Southern Pacific	550	375	[1] .55
21	Gallup	Santa Fe	442	(2)	.38
22	Needles	do	291	(2)	.29

[1] Cost figures based on 3-day midweek check.
[2] Not obtained.

The California study made the following explanation concerning the trend of platform costs with increased traffic:

> It is quite evident that platform costs do not follow the general rule that the greater the volume the lower the cost, as the reverse is true here. Within the limits of any given size of shed an increase in the tonnage undoubtedly lends itself to a decrease in the costs, but when the capacity of this shed is reached and an enlarged facility is required, the costs go up. At San Francisco, for example, the Southern Pacific's four huge sheds cover an area, including trackage between sheds, which is 1,400 by 200 feet, and the tonnage must be trucked anywhere from 50 to 1,400 feet. The average distance is probably five times greater than that in the case of smaller stations. This fact, coupled with the congestion occurring just prior to the closing hours when most of the out-going traffic is received, accounts for higher cost at this station. At the Northwestern Pacific station in San Francisco, operated by the same management, the costs are in line with those for stations handling a comparable tonnage.

The above observations concerning the long-term behavior of platform costs may be extended to other direct terminal expenditures. For example, an average of between 15 and 20 yard-engine switching-minutes may be required to originate or to terminate a carload of traffic at a small terminal as compared to figures of from 30 to 40 or more minutes required at the larger terminals. Where the long-term effect of added traffic results in an increase in the size of the switching district, the costs per car originated or terminated may be increased.[30]

Relation of added traffic to price level.

A characteristic of long-term changes in traffic volume is that material prices and wage rates tend to change in the same direction. For example, the traffic increase between 1915 and 1930 was accompanied by increases in wages and prices of materials. The traffic decrease during the period 1930–34 was accompanied by wage cuts and falling prices; the increase between 1934 and 1939 was followed by the restoration of old wage levels and finally, the further traffic increases of 1940–41 have been accompanied by still further advances in wages and material prices. Unless adjustment is made for these changes in wage rates and price levels, an analysis of the traffic and expenses will show a relationship between the two which distort the true relation between variable and constant expenses. The problem of changing wages and price adjustments is one affecting all traffic and not merely the added traffic under study. It has been met several times in the past by blanket rate adjustments and probably will continue to be handled in this manner in the future. Separation of the expenses between variable and constant should be divorced from the effect of changes in price level.

Some constant costs are separable between carload, less-carload, and passenger services.

Some costs may be relatively constant for variations in the volume of traffic handled, but at the same time be variable when the total cost of a given service is under consideration. For example, small variations in passenger traffic may have little influence on the maintenance and investment for passenger stations, yet a computation of the out-of-pocket cost of handling all passenger traffic should include such costs as the facilities would be eliminated if the service were not in existence. Likewise, small variations in less-carload traffic may have a relatively small effect on the maintenance and investment required for less-carload warehouses, yet the out-of-pocket cost of handling all less-carload traffic should include these costs. Similarly, an out-of-pocket cost of handling small additions to refrigerated traffic may have a relatively small effect on the present investment in the special refrigeration facilities used, yet a study of the out-of-pocket cost of handling all refrigerated traffic should include 100 percent of the cost of such facilities.

The same principle is widely applied in abandonment proceedings. The out-of-pocket cost of handling added traffic on a branch line will include something less than the total expenses for maintenance of way and structures whereas the out-of-pocket cost of operating the branch line in its entirety must include the total maintenance of way expenses. For the reasons illustrated above a distinction should be made between the out-of-pocket cost of handling the added traffic and the out-of-pocket cost of operating the service as a whole. The latter includes expenses which, so long as a minimum service was offered at all, would be considered as constant. For purposes herein such expenses have been referred to as "constant expenses solely related to the service." These expenses are necessary to the computation of the deficit incurred by any service or the contribution which it makes to the remaining constant expenses. Constant expenses which are indispensable to all services and which would continue so long as any rail service whatsoever was rendered are referred to as "constant expenses common to all services."

Summary.

In the long run every item of expense is variable with traffic changes. However, all items do not increase or decrease in direct proportion. The problem is to separate each expense item between its variable and constant components. The amount found variable depends upon several factors such as the amount of the traffic change, the length of the period under study, the present density of the traffic, etc.

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[30] The tendency of terminal costs on the English railroads to rise while the transportation line-haul expenses decreased was noted over 50 years ago by Hadley when he pointed out that "while train expenses per ton moved have decreased enormously, the station expenses have on the whole risen; in some cases they have risen enormously." Railroad Transportation, Arthur T. Hadley (1885), p. 179.

The answer is also influenced by the purpose for which the study will be used. For rate-making purposes the long-trend view is usually that which should obtain. If the short-term view is used and the low out-of-pocket rates resulting therefrom encourage added traffic to such a degree that added maintenance, transportation, or capital expenses are required over and above those contemplated when the out-of-pocket costs were being estimated, such traffic then becomes a burden on other traffic and remains so as long as it continues to move. J. M. Clark pointed out in this respect:[37]

> To set the minimum at half the operating expenses is clearly wrong, in the light of the foregoing study, since this is applicable only to seasonal rates made to stimulate off-peak business—a type of discrimination which is virtually nonexistent and has nothing to do with the long-and-short-haul clause. To disregard investment costs and indirect operating expenses is equally wrong, in the typical case, for the typical case involves a general rate policy, which, if it is consistently followed, will call forth considerable volumes of traffic, which will in turn involve an increase both in indirect operating expenses and in investment. What should be reckoned is the long run differential cost of growth of traffic, taking for granted that it will grow for an indefinite time and in very considerable amount, and that the railroad which has brought this traffic into being cannot afterward refuse to handle it, nor hamstring it by raising rates to an extent which would cripple the shippers.

There are occasions, however, where the short-term view is applicable as, for example, in those situations where a railroad reduces its rates to an out-of-pocket cost basis to attract additional traffic on a branch line the revenues from which are insufficient to maintain the property. Such out-of-pocket costs may exclude most of the charges for maintenance-of-way as well as all allowances for return on value. Such reduced rates are, of course, economically justifiable only up until such time as the property "falls apart" from deferred maintenance. While the out-of-pocket cost in such case falls short of a measure of the long-term ability of the carrier to render the service, the procedure may encourage the maximum utilization of the plant up to the time when it must be abandoned.

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[37] The Economics of Overhead Costs, J. Maurice Clark, 1923, pp. 281-282.

APPENDIX B

REVIEW OF STUDIES MADE TO DETERMINE THE OUT-OF-POCKET OPERATING EXPENSES, RENTS AND TAXES[38]

The purpose of this chapter is to summarize the results of the studies made to determine that portion of the operating expenses, rents, and taxes, which are variable with traffic volume.

Previous studies[39] as to the effect of year-to-year traffic changes have been brought up to date through 1941. The data have been expanded to include minor transportation accounts that were omitted from the previous studies, maintenance of way, and maintenance of equipment. Table 39 summarizes the results.[40] The figures shown in column (6) are those used by the Bureau of Transport Economics and Statistics in computing the out-of-pocket costs introduced in this proceeding. The percentages used for some of the minor accounts were based on estimates, as studies, such as those summarized below, had not been completed at the time the cost study was made.

TABLE 39.—*Out-of-pocket expenses based on a 6-year study of the effect of year-to-year variations in operating expenses with changes in traffic volume (1935–41)* [1]

Line No.	Item	Percent variable with gross ton-miles: United States	Eastern district	Southern district	Western district	Percent used
	(1)	(2)	(3)	(4)	(5)	(6)
	Service units (1929–41)					
1	Revenue net ton-miles	120	120	116	123	...
2	Car-miles	90	86	88	91	...
3	Train-miles	76	80	78	72	...
4	Yard switching, locomotive hours	95	107	88	88	...
	Maintenance of way (1935–41)					
5	Accounts 202-21—Track expenses	88	124	62	67	[3] 72
6	Account 275—Insurance	17	51	7	([4])	50
7	Accounts 201-281—Total maintenance of way	77	99	70	63	[3] 56
	Maintenance of equipment					
8	Accounts 306-314—Repairs to motive power and freight-train cars	119	153	70	101	100
9	Accounts 301-338—Total maintenance of equipment	82	106	49	67	[3] 92
	Traffic expenses					
10	Accounts 351-359—Traffic expenses	23	18	32	26	20
	Transportation—Rail line					
11	Account 371—Superintendence	37	37	40	45	50
12	Account 372—Dispatching	48	45	43	53	50
13	Account 373—Station employees	59	60	59	48	50
14	Account 375—Coal and ore wharves	274	243	130	436	20
15	Accounts 377-387, 389—Yard expenses (excluding enginehouse expenses)	89	97	81	81	100
16	Accounts 388, 400—Enginehouse expenses	64	66	69	66	75
17	Accounts 392-399, 401, 402—Train expenses excluding enginehouse expenses	92	100	93	94	100
18	Account 404—Signal and interlocker operation	24	28	36	30	[illegible]
19	Account 405—Crossing protection	20	17	61	21	20
20	Account 406—Drawbridge operation	17	9	25	17	...
	Transportation—Rail line—Continued					
21	Account 407—Telegraph and telephone operation	40	14	46	54	20
22	Account 408—Operating floating equipment	91	80	23	12	50
23	Account 410—Stationery and printing	105	102	100	101	20
24	Account 411—Other expenses	87	88	([4])	60	20
25	Account 412—Operating joint tracks and facilities—Dr	51	28	50	31	50
26	Account 413—Operating joint tracks and facilities—Cr	32	18	72	53	50
27	Account 414—Insurance	57	59	91	89	50
28	Account 415—Clearing wrecks	177	104	139	148	100
29	Account 416—Damage to property	93	112	116	43	100
30	Account [illegible]—Damage to livestock	46	53	28	48	100
31	Account 418—Loss and damage—Freight	63	79	42	100	100
32	Account 420—Injuries to persons	86	82	67	77	100
33	Accounts 371-420—Total transportation expenses	82	80	75	80	85
	General expenses					
34	Accounts 451-462 (excluding 457)—General expenses, excluding pensions	27	30	32	25	50

[1] Data by annual periods appears in I. C. C. Docket No. 28300, exhibit 12, appendix E.

[2] Study of service units based on period 1929–41.

[3] Figures shown are based on ratio of total United States out-of-pocket costs to all costs for accounts indicated. The out-of-pocket costs were computed by applying to each separate account the percentages shown in appendix E hereto.

[4] No relationship. Expenses decreased as traffic increased.

Comments on study of out-of-pocket costs.

It will be noted from table 39 that the revenue net ton-miles are over 100 percent variable with gross ton-miles thus indicating that periods of rapidly rising traffic result in a more efficient use of the equipment through heavier loading, and a reduction in the percent empty return of equipment. In an individual case where the cost of handling added traffic is at issue and such added traffic did not result in a heavier loading per car or a reduction in the empty return of the equipment this factor would not be operative.

The assumption that yard-engine hours are directly proportional to changes in traffic volume is fairly well supported based on the short-term approach used above. The percent variable for the Eastern, Southern and Western districts are 107, 88, and 88, respectively. The figure for the entire United States is 95. In the case of train-miles the figures are 80, 78, and 72 for the three districts and 76 for the United States. The effect of increased traffic on units of yard-engine hours and train-miles fails, however, to reflect the added expenses arising from congestion, delays, and overtime that added traffic volume may bring, or the higher pay scales following the use of heavier motive power. These factors are reflected in the charges to the appropriate transportation accounts after correction for wage changes. The figures for the yard service accounts 377–387 and 389 are 97, 81, 81 and 89, respectively. The figures for the train-service expenses, accounts 392–399 and 401–02, are 100, 93, 94, and 92. These figures fluctuate from year to year but the amounts shown in table 39 reflect the central tendency. The yard and train expenses are close to 100 percent variable. Inasmuch as the train-miles and train expenses on branch lines receiving a minimum of service may be affected by changes in traffic to a lesser degree than the main-line operations, the figures quoted, being an average of both, are high for branch lines of light density and a little low for main-line operations. The Bureau's use of a figure of 50 percent for station expenses understates the short-term variability of this account in 2 of the 3 districts, the figures being, Eastern 60, Southern 59, Western 48, and total United States 59.

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[38] Data from I. C. C. Docket No. 28300, exhibit 12, ch. IV.

[39] See I. C. C. Docket No. 28300, exhibit 2, appendix D.

[40] Supporting detail appears in I. C. C. Docket No. 28300, exhibit 12, appendix F.

Many minor accounts such as the operation of coal and ore wharves (account 375), telephone and telegraph operation (account 407), operating floating equipment (account 408), other expenses (account 411), loss and damage freight (account 418), etc., were actually either more variable or less variable over the short-term period than the percentages used in computing the out-of-pocket for the purposes of this proceeding. These accounts do not significantly affect the total.

Of interest are the figures shown for maintenance of way and structures and maintenance of equipment. The variation of the maintenance-of-way expenses with changes in traffic volume are much greater than the carriers generally recognize.[41] Some of this may be occasioned by deferred maintenance, although the carriers generally have taken the position in the recent past that there was little deferred maintenance on their systems considering the needs of the traffic. Over an extended period of rising traffic this explanation would not be complete. The same general observations may be applied to the trend of the maintenance of equipment expenses which closely follow the trend in traffic volume. At the same time it should be observed that a contributing cause for the high percentage found variable for maintenance is the custom of sharply reducing maintenance budgets when traffic starts to decline and of correspondingly increasing the budget when the traffic is regained. The result is to show a relationship between traffic and expenses which is greater than the true relation between the added traffic volume and the added wear and tear occasioned by that traffic. On the other hand, the maintenance of equipment expenses as a whole may give an appearance of stability which is more apparent than real as a result of the annual charges for depreciation remaining relatively constant over short periods of time. Over the long-term period the depreciation will be affected by changes in traffic volume. The traffic handled is a controlling factor in a carrier's investment in equipment.

The percentages actually used by the Bureau for Maintenance of Way, as noted in appendix E, were based on studies made by the Engineering Section of the Bureau of Valuation. The percentages used for maintenance of equipment were based on the assumption that although there exists a continuous drive toward more effective utilization of equipment, nevertheless, the carrier's ownership of motive power and freight-train cars will adjust itself, with some lag, to its traffic needs, allowance for reserves included.

Out-of-pocket costs based on table 39.

As previously noted the percentages used by the Bureau are in some cases higher and in some cases lower than the 6-year averages shown in table 39. The reasons for the variations in the case of maintenance of way and maintenance of equipment have been noted above. As a matter of information table 40 shows the results of applying, with some exceptions, the percent variable for each general account shown in table 39. A round figure of 90 percent is applied for all maintenance of equipment expenses on the belief that any lower percentage represents the short-term experience only. In the case of maintenance of way a simple average is taken of the figure previously used by the Bureau (56 percent) and the results of the year-to-year variations for each territory shown in table 39.[42] The justification offered for this procedure is that it serves to reflect some of the territorial differences for maintenance of way and at the same time avoids the extremes in the percent variable ranging up to over 100 percent for the Eastern territory.[43] The percentages for the remaining general accounts were not changed.

TABLE 40.—*Computation of approximate out-of-pocket cost by general accounts* [1]

Item	United States total: Percent variable (1)	Weighting (2)	Weighted (1) × (2) (3)	Eastern district: Percent variable (4)	Weighting (5)	Weighted (4) × (5) (6)
		Percent			*Percent*	
Maintenance of way and structures	67	17	11.4	78	15	11.7
Maintenance of equipment	90	27	24.3	90	29	26.1
Traffic	23	3	.7	18	3	.5
Transportation, rail-line	82	49	40.2	86	50	43.0
General	27	4	1.1	30	3	.9
Total		100	77.7		100	82.2

Item	Southern district: Percent variable (7)	Weighting (8)	Weighted (7) × (8) (9)	Western district: Percent variable (10)	Weighting (11)	Weighted (10) × (11) (12)
		Percent			*Percent*	
Maintenance of way and structures	63	16	10.1	60	19	11.4
Maintenance of equipment	90	29	26.1	90	25	22.5
Traffic	32	4	1.3	25	4	1.0
Transportation, rail-line	75	47	35.3	80	48	38.4
General	32	4	1.3	25	4	1.0
Total		100	74.1		100	74.3

[1] Table excludes "Transportation, water-line," "Miscellaneous operations," "Equipment and joint facility rents," and "Taxes." Weighting based on operating expenses for 1941. See Statistics of Railways, table 80. Percent variable shown in columns (1), (4), (7), and (10) are weighted by the percentage that each general account constitutes of the total of the accounts listed and the results shown in columns (3), (6), (9), and (12).

On the basis of the above figures which reflect in some substantial degree the behavior of the costs with changes in traffic volume over the past 6 years, the out-of-pocket operating expenses constitute roughly from 74 percent to 82 percent of the total operating expenses. The variable portion is higher in the East than in the South and West. The above figures do not include miscellaneous operations, equipment, and joint facility rents and taxes.

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[41] Studies of the California Railroad Commission of the relation of maintenance-of-way expenses to traffic volume indicated that prior to 1929 such expenses were 30 percent variable, between 1930 and 1932 they were well over 100 percent variable (reflecting sharp retrenchments), and that between 1933 and 1936 they were 65 percent variable. This was accompanied (in 1935-36) by a decrease of approximately 40 percent in the total maintenance-of-way expenses as compared to that spent in handling the same volume of traffic (gross ton-miles) prior to 1929. Most of this decrease occurred in the constant portion of the maintenance-of-way expenses. (Study by California Railroad Commission entitled "Rail Cost Finding for Rate-making Purposes, Case 4002," ch. XV, chart 6. Studies were based on experience of the Southern Pacific, Pacific Lines.)

[42] Figures furnished by Engineering Division of the Commission's Bureau of Valuation. Study is based on Nation-wide average main-line operations. It is low for railroads having very high density of traffic and high for roads of low density. It reflects the wear and tear caused by traffic as opposed to that occasioned by the action of the elements. On a long-term basis the expense occasioned by the latter on second main tracks, sidings, etc., built to accommodate added traffic should be included in the out-of-pocket cost.

[43] If a carrier has access to needed capital for additions and betterments, it is not believed that any large group of expenses will remain at much over 100 percent variable for an extended period of time.

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The procedure followed in developing the data shown in table 39 is based on a relatively short term view of the traffic changes, i. e., annual changes. If the trend of traffic is subject to many reversals, such as that occurring in 1938, and if a lag exists between the period when the change occurs and the period when adjustments are made in the expenses, the effect of a trend either upward or downward is counteracted, resulting in a stability which would not exist if the trend in any one direction persisted for a lengthy period. This particularly applies to station employees.[44]

The application to each account of the out-of-pocket percentages shown in column (6) of table 39 for all class I carriers (United States) resulted in a finding that 72 percent of the total freight operating expenses, rents and taxes are variable. All out-of-pocket operating expenses, rents, and taxes introduced by the Bureau are based on this percentage. (See ch. XIII.)

Study by B. T. Elmore based on year-to-year trend.

A similar study of the effect of traffic changes on transportation, rail line, expenses was made by B. T. Elmore.[45] The study was based on a general study of the transportation expenses during the years 1924 to 1930, inclusive, but more particularly upon a comparison of these expenses for the years 1929 and 1930. The findings in this study were as follows:

Transportation, rail line (accounts 371–420)

	Percent variable
Yard expenses (accounts 377–389)	88.64
Train expenses (accounts 392–402)	93.15
All other transportation expense	76.52
Total of group	86.51

The explanation of the study follows:[46]

> The extent to which the transportation, rail-line, expenses are estimated to be variable with the traffic, is based upon a general study of these expenses during the years 1924 to 1930, inclusive, but more particularly upon a comparison of these expenses for the years 1929 and 1930, after making certain adjustments intended to more properly relate the figures for the 2 years to each other for the purpose here involved. During these 2 years there was no change in the rate of wages paid, and none of consequence in the prices of materials included in the transportation group of expenses, except in the case of fuel, for which proper adjustment was made. Although the volume of freight carried in 1929 was the greatest in the history of the railroads, the railroad plant was adequate for its handling generally without congestion. There was not much change in the railroad plant in 1930, and, it may be added, there has been but little since that time. In view of these things it would appear that the transportation expenses in these 2 years afford the best information available as of any recent period as to the approximate extent to which these expenses are affected by a substantial variation in the volume of traffic.
>
> Measured in terms of revenue ton-miles, which gives consideration both to the quantity of freight and the length of haul, the figures showed that a 16.66 percent greater amount of freight traffic in 1929 than in 1930 occasioned a 14.42 percent greater amount of transportation expense in the former than in the latter year. Based upon these two figures, 86.5 percent of the transportation expenses vary with the traffic. Compared by individual accounts, the figures indicated that all classes of the transportation expenses are affected by and vary with the amount of traffic, some to a much greater extent than others, the class of expense least affected, possibly as might be expected, being drawbridge operation. From this comparison it appeared that some classes of expenses, notably yard enginemen, conductors, and brakemen, yard fuel, and train enginemen, trainmen, and other supplies for train locomotives, were affected to an extent somewhat greater in proportion than the difference in the traffic in the 2 years. While an exact explanation of this is not available, it would obviously be unreasonable to expect the record traffic of 1929 to have been handled without some lost motion and excess expense in some cases. In order to make use of the figures for the purpose of the study of out-of-pocket costs here involved, it was decided to accept 86.5 percent as being reasonably indicative of the approximate extent to which the transportation expenses as a whole are affected by variation in the amount of traffic, but to assume that the yard and train expenses above mentioned and a few others should not normally vary to an extent greater than in direct proportion to the traffic involved, and to make such adjustments in the proportions for all other transportation expenses as should be necessary on this account.

Computation of out-of-pocket costs based on a comparison of roads of varying traffic densities, 1927.

The methods of approach used in computing table 39 and the Elmore data given above are based on observations of the effect of year-to-year changes in the carrier's traffic volume on its annual expenses for a period of years. Another method of approach is to take but one period of time (a year) and observe the degree to which the expenses differ for a number of carriers of different traffic density. The principle followed is that a comparison of the costs for a large number of railroads having a range of traffic densities will indicate the relationship between increasing density and expenses. Furthermore, as the difference in the densities between railroads tends to remain relatively unchanged for extended periods the result more nearly indicates the long-term effect of changes in traffic density on a carrier's expenses than do the seasonal or year-to-year variations previously referred to. In making a study of this nature care must be taken to compare like with like insofar as possible. Differences in cost and investment resulting from differences in topographical conditions, or from substantial differences in the character of the traffic handled should be avoided by omitting from the study those carriers whose operations and characteristics differ widely from those generally obtaining in the district.

The above method of approach was used in the study of out-of-pocket costs made in 1933 by B. T. Elmore and referred to above. The costs in gross ton-miles were accumulated for every carrier of over 300 miles in length, excluding the Long Island Railroad. 1927 data were used. The figures were plotted and a trend line determined which served to indicate that portion of the expenses affected by traffic volume.[47]

The results of this study were as follows:

	Percent by which expenses are variable at average density
Maintenance of way	[1] 67.65
Maintenance of equipment	98.22
Transportation expenses	90.59
General expenses	75.15

[1] This figure is applicable at the average density of approximately 3,000,000 gross ton-miles per mile of road; at 2,000,000 gross ton-miles of road the figure would be 65 percent; at 4,000,000 gross ton-miles the percentage becomes 62 percent.

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[44] Where the trend persists in any one direction for 2 or 3 years, the percent variable increased toward the close of the period.

[45] See Out-of-pocket Costs as a Factor in Determining Freight Rates, Bureau of Statistics, Interstate Commerce Commission, October 1933.

[46] Ibid.

[47] The method used in the Elmore study was described as follows: "Given the traffic volume (in such units as car-miles, cars handled, or ton-miles) and the expenses each month, plot these items on cross-section paper, with traffic measured along the base line and expense in the vertical direction. Then draw a straight line representing the trend of the plotted points, either relying on the eye or first deriving the equation of the line by the method of least squares. Then erect a perpendicular at a point on the base line representing the average traffic to meet the trend line. Also draw a line parallel to the base line and passing through the point at which the trend line cuts the ordinate for zero traffic and extend it to meet the perpendicular erected at the point of average traffic. The length of this ordinate between the trend line and the base line is thus divided into two parts, that affected and that not affected by traffic volume." The traffic was measured in terms of gross ton-miles (millions) per mile of road operated (p. 15 of report).

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1939 study based on comparison of roads of varying traffic density.

A study of similar character has been made by the Bureau using cost data developed in connection with I. C. C. Docket No. 28300. In this study the carriers were grouped into three districts—Eastern (including New England), Southern, and Western.

The variable portion of the expenses was computed separately for each district and for each group of expenses used in developing the costs in I. C. C. Docket No. 28300. The expense groups are shown below:[48]

Group (1)	Expenses included (2)	Unit with which traffic volume is measured (3)
I	Freight-train car expenses—Running service, mileage plus time portion, excluding mileage cars.[1]	Car-miles per mile of road excluding mileage cars.
II	Other running expenses common to all cars including principally intertrain, intratrain and interchange switching.[1]	Car-miles per mile of road, including mileage cars
III	Running portion of locomotive maintenance, maintenance of way and transportation.[1]	Gross ton-miles per mile of road excluding nonrevenue traffic and caboose.
IV	Carload switching expenses at origin and destination.	Carloads originated and terminated per mile of road.
IV	Less-carload switching expense at origin and destination.	Less-carload cars originated and terminated per mile of road.
V	Less-carload switching expense at transfer points.	Less-carload loaded car-miles per mile of road.
VI	Carload freight-train car maintenance account switching service and detention for loading and unloading at origin or destination.	Carloads originated and terminated per mile of road.
VI	Less-carload freight-train car maintenance account switching service and detention for loading and unloading at origin or destination.	Less-carload loaded cars per mile of road.
VII	Less-carload freight-train car maintenance and rentals account switching and detention for loading and unloading at transfer points.	Less-carload loaded car-miles per mile of road.
VIII	Carload station clerical expenses	Carload cars originated plus carloads terminated per mile of road.
VIII	Less-carload station clerical expenses	Less-carload tons originated plus less-carload tons terminated per mile of road.
IX	Less-carload station platform expenses at origin or destination.	Less-carload tons originated plus less-carload tons terminated per mile of road.
X	Less-carload station platform expenses at transfer points.	Less-carload net ton-miles per mile of road.

[1] Common to both carload and less-carload services.

The use of the above grouping of the expenses permits of the separate treatment of those expenses which are variable with distance from those which are independent of distance. It also permits of the measurement of traffic changes in terms of those units which best measure the use made by the traffic of the several parts of the railroad plant. The reduction of the expenses and traffic to a per mile of road basis was made for the purpose of eliminating those changes in expenses and traffic volume occasioned solely by differences in the carriers' road mileage, i. e., those changes not accounted for by changes in density.[49] The separation by territories was made for the purpose of reducing the influence of topographical conditions upon the costs.

All carriers having an average haul of less than 50 miles, average loads of more than 40 tons, and a density of over 250,000 car-miles per mile of road were excluded.[50] Roads having very short hauls were eliminated because their operations were apt to be not typical of the operations of the general run of line-haul carriers under study. In some cases their operations were more like those of switching carriers than of line-haul carriers. In other cases the operations were affected by a high percentage of passenger traffic.

The elimination of carriers averaging more than 40 tons per carload was to remove the influence of coal and ore roads, the low costs for which are strongly influenced not only by increased gross ton-miles per mile of road but also by a substantial change in the character of traffic with a resultant large increase in the average load per car.

The elimination of carriers having more than 250,000 car-miles per mile of road was for the purpose of eliminating certain bridge carriers, the inclusion of which would distort the results. Not all carriers subject to the above limitations showed unusual cost trends but to eliminate the effect of "picking and choosing" the above three elimination tests were applied.

Aside from the break-down of the data by districts and by expense groups and the elimination of the carriers listed above, the statistical procedure followed was identical with the procedure outlined above in connection with the Elmore study. The study was conducted separately for each district.[51] The out-of-pocket expenses for each district were totaled and divided by the grand total expenses for the United States to obtain the percent variable shown for the United States. This latter figure is thus a weighted average of the figure for each district. The results are summarized in table 41. They are also shown in Charts 3 to 14 for the principal groups of expenses (groups I–IV).[52]

TABLE 41.—*Out-of-pocket costs by districts based on a comparison of the expenses per mile of road with the traffic volume per mile of road*[1]

Expense group	Out-of-pocket percent			
	United States	Eastern district	Southern district	Western district
I. Freight-train car expenses—running	82	82	80	83
II. Other running expenses including intertrain and interchange switching	93	104	83	78
III. Running portion of maintenance of way and transportation	64	66	63	63
IV. Carload switching expenses at origin and destination	103	100	96	100
IV. Less-carload switching expenses at origin and destination	111	128	101	101
V. Less-carload switching expenses account transfer	96	110	67	86
VI. Carload freight-train car maintenance at origin and destination	85	82	96	87
VI. Less-carload freight-train car maintenance at origin and destination	96	92	96	100
VII. Less-carload freight-train car maintenance at transfer points	(2)	(2)	(2)	(2)
VIII. Carload station clerical expenses	55	60	64	50
VIII. Less-carload station clerical expenses	70	80	60	61
IX. Less-carload station platform expenses at origin and destination	104	110	86	100
X. Less-carload station platform expenses account transfer	98	97	98	98
Total (carload and less-carload)	76	81	73	73

[1] Ibid.

[2] Combined with group V, less-carload switching—transfer.

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[48] See Rail Form A, schedule II, sheet 1, columns (1) and (2) for greater detail of the expenses included in each group.

[49] This method of approach does not reflect the effect of added traffic on the construction of additional road mileage. It only reflects the effect of increased traffic density on the investment in the existing road mileage.

[50] The carriers eliminated included the following—

Average haul less than 50 miles: New York Connecting; Cambria & Indiana; New York, Susquehanna & Western; Detroit & Toledo Shore Line; Lehigh & New England (average load also over 40 tons); Monongahela (average load also over 40 tons); Montour; Staten Island Rapid Transit; Elgin, Joliet & Eastern; Missouri-Illinois; Long Island; Pennsylvania-Reading Seashore Lines; Lake Superior & Ishpeming; Oklahoma City-Ada-Atoka.

Average load over 40 tons (see note): Pittsburgh & Lake Erie; Bessemer & Lake Erie; Chesapeake & Ohio; Lehigh & New England; Monongahela; Virginian; Duluth, Missabe & Iron Range; Norfolk & Western.

Density over 250,000 car-miles per mile of road: Cincinnati, New Orleans & Texas Pacific; Richmond, Fredericksburg & Potomac.

(NOTE.—Upon completion of the study it was found that 5 railroads having average loads of over 40 tons had been erroneously included. They were the Chicago & Illinois Midland, Pittsburg & Shawmut, and Pittsburg, Shawmut & Northern in the Eastern district, and the Nevada Northern and the Utah in the Western district. The Utah was subsequently eliminated in computing groups III and VI expenses. The Chicago & Illinois Midland was also later eliminated in computing Group VI expenses. Such eliminations were made as the expenses were found to be highly abnormal.)

[51] The break-down by districts follows the grouping used in Statistics of Railways in the United States issued annually by the Bureau of Transport Economics and Statistics.

[52] Supporting detail appears in I. C. C. Docket No. 28300, exhibit 12, appendix G.

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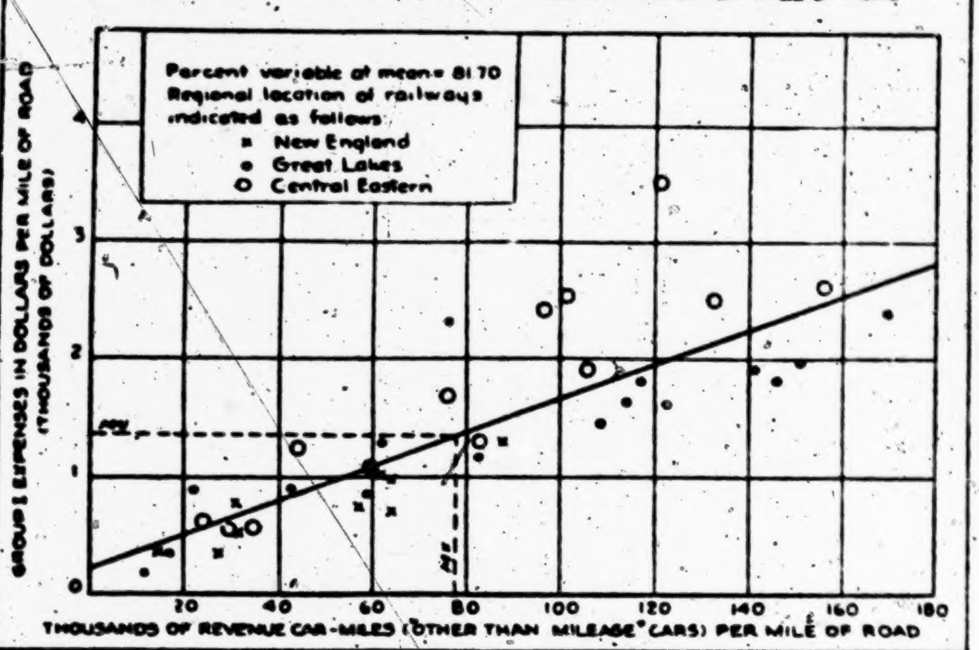


CHART 3 GROUP I EXPENSES PER MILE OF ROAD RELATED TO REVENUE CAR-MILES (OTHER THAN "MILEAGE" CARS) PER MILE OF ROAD

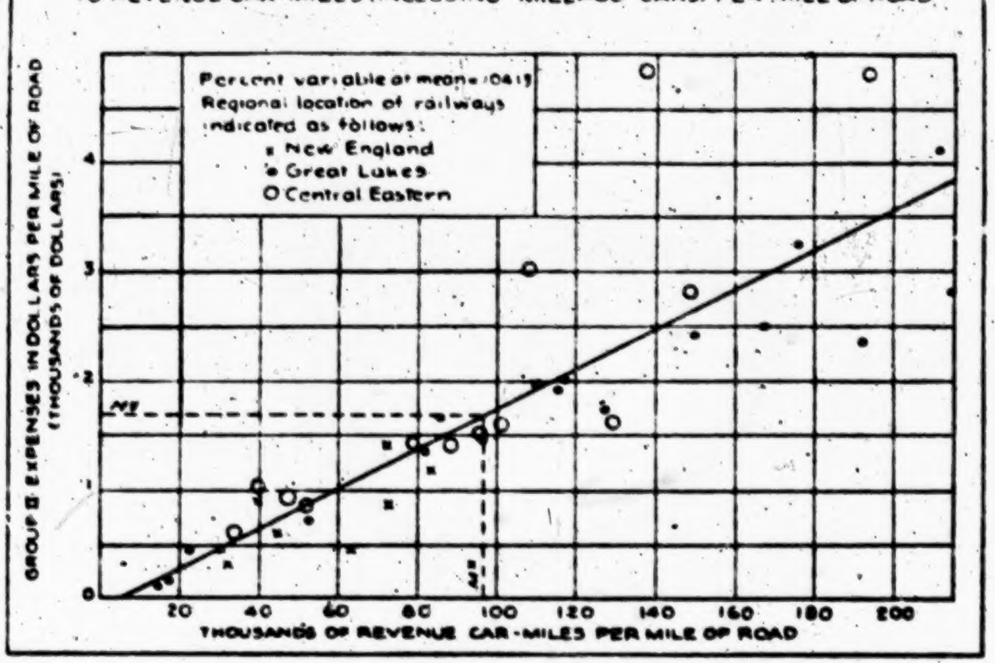


CHART 4 GROUP II EXPENSES PER MILE OF ROAD RELATED TO REVENUE CAR-MILES (INCLUDING "MILEAGE" CARS) PER MILE OF ROAD

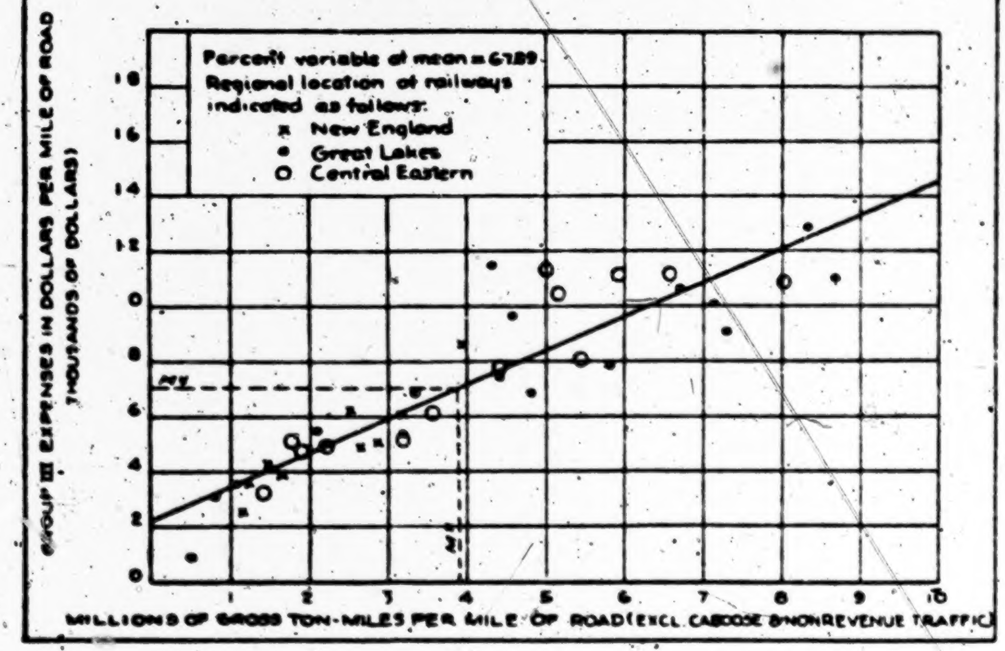


CHART 5 GROUP III EXPENSES PER MILE OF ROAD RELATED TO REVENUE GROSS TON-MILES PER MILE OF ROAD

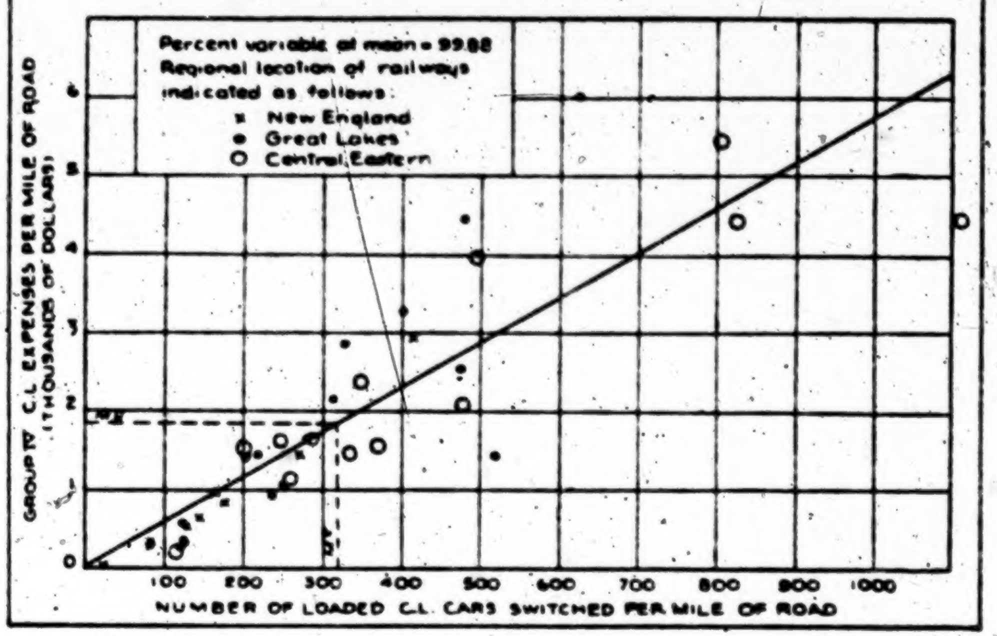


CHART 6 GROUP IV CARLOAD EXPENSES PER MILE OF ROAD RELATED TO NUMBER OF LOADED CARLOAD CARS SWITCHED PER MILE OF ROAD

SOUTHERN DISTRICT, 1939

CHART 7 GROUP I EXPENSES PER MILE OF ROAD RELATED TO REVENUE CAR-MILES (OTHER THAN "MILEAGE" CARS) PER MILE OF ROAD

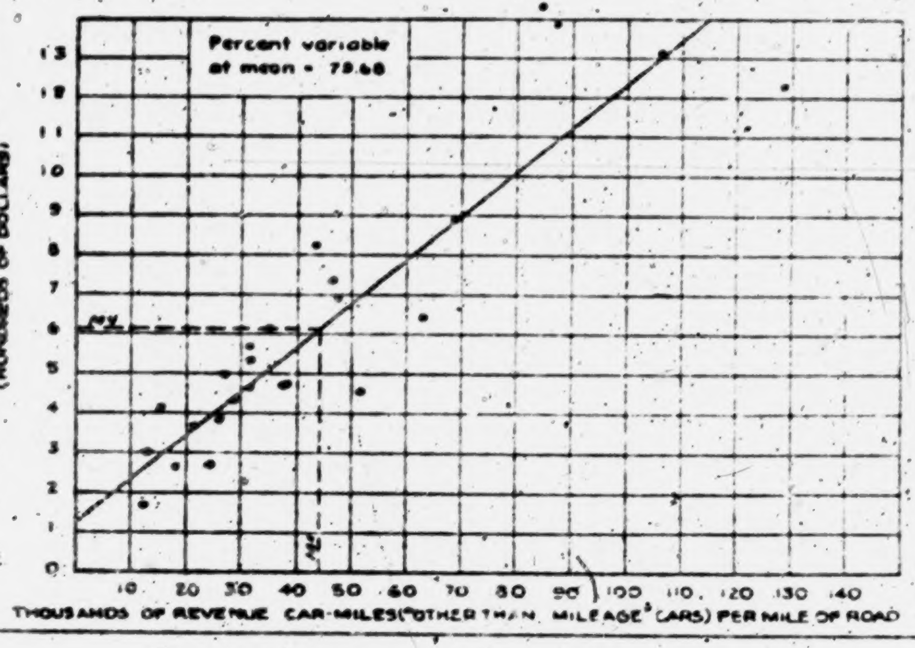


CHART 8 GROUP II EXPENSES PER MILE OF ROAD RELATED TO REVENUE CAR-MILES (INCLUDING "MILEAGE" CARS) PER MILE OF ROAD

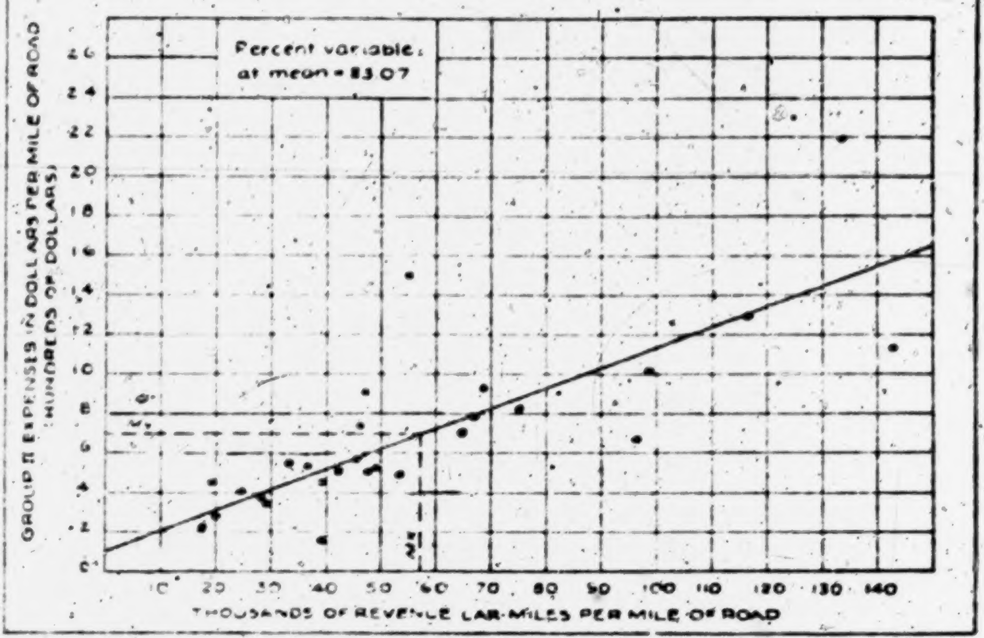


CHART 9 GROUP III EXPENSES PER MILE OF ROAD RELATED TO REVENUE GROSS TON-MILES PER MILE OF ROAD

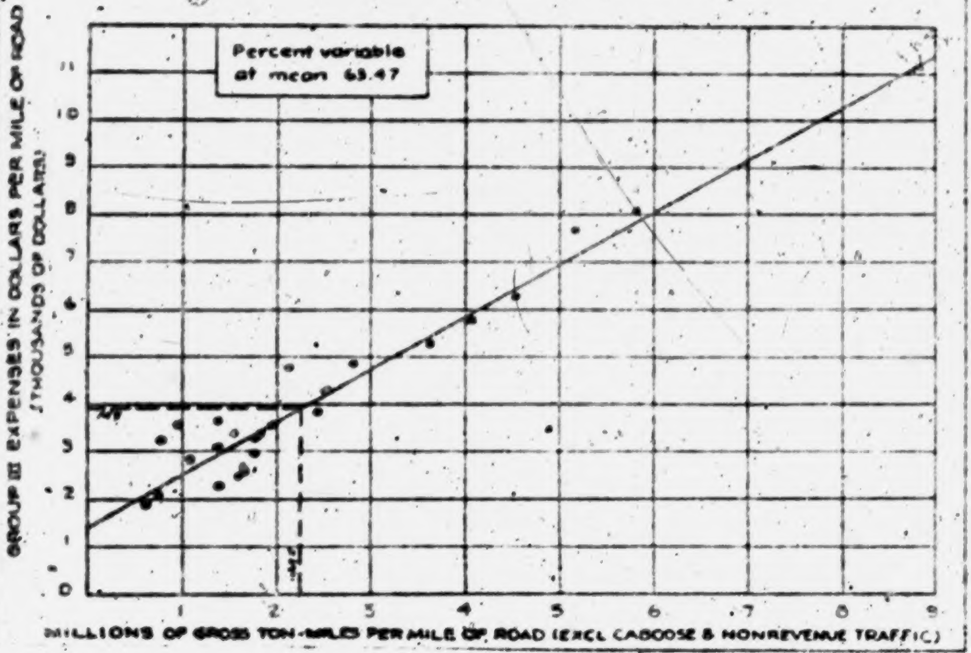
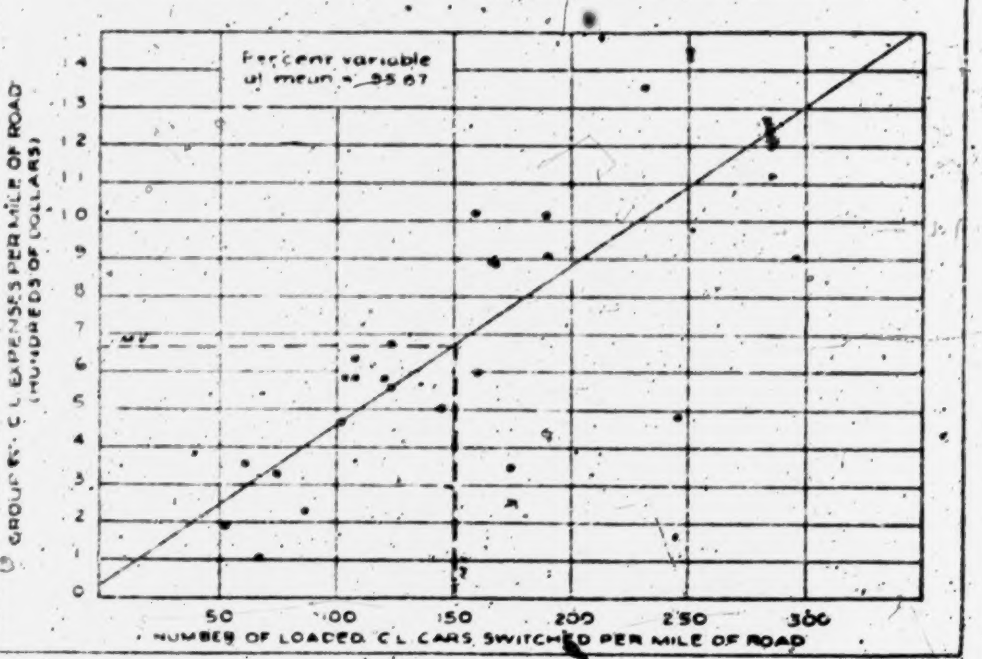


CHART 10 GROUP IV CARLOAD EXPENSES PER MILE OF ROAD RELATED TO NUMBER OF LOADED CARLOAD CARS SWITCHED PER MILE OF ROAD



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WESTERN DISTRICT 1959

CHART 11. GROUP I EXPENSES PER MILE OF ROAD RELATED TO REVENUE CAR-MILES (OTHER THAN MILEAGE "CARS) PER MILE OF ROAD

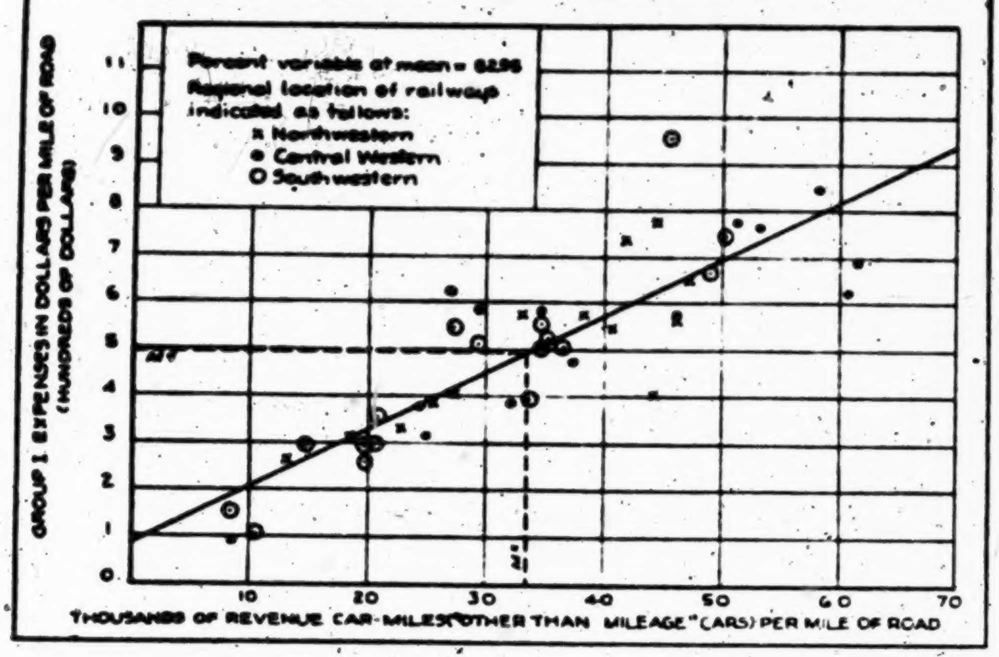


CHART 12. GROUP II EXPENSES PER MILE OF ROAD RELATED TO REVENUE CAR-MILES (INCLUDING "MILEAGE" CARS) PER MILE OF ROAD

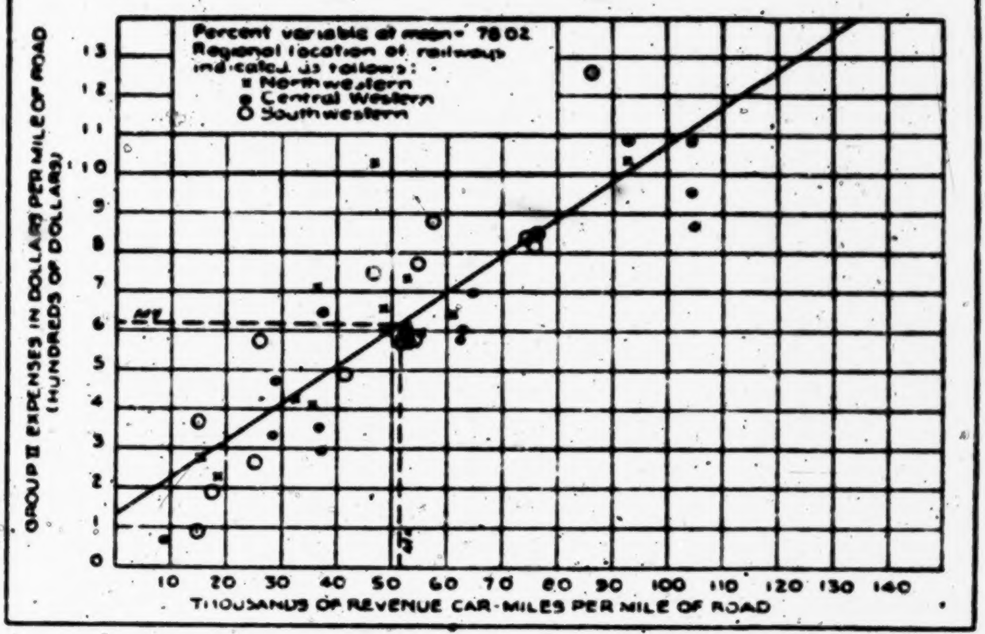


CHART 13. GROUP III EXPENSES PER MILE OF ROAD RELATED TO REVENUE GROSS TON-MILES PER MILE OF ROAD

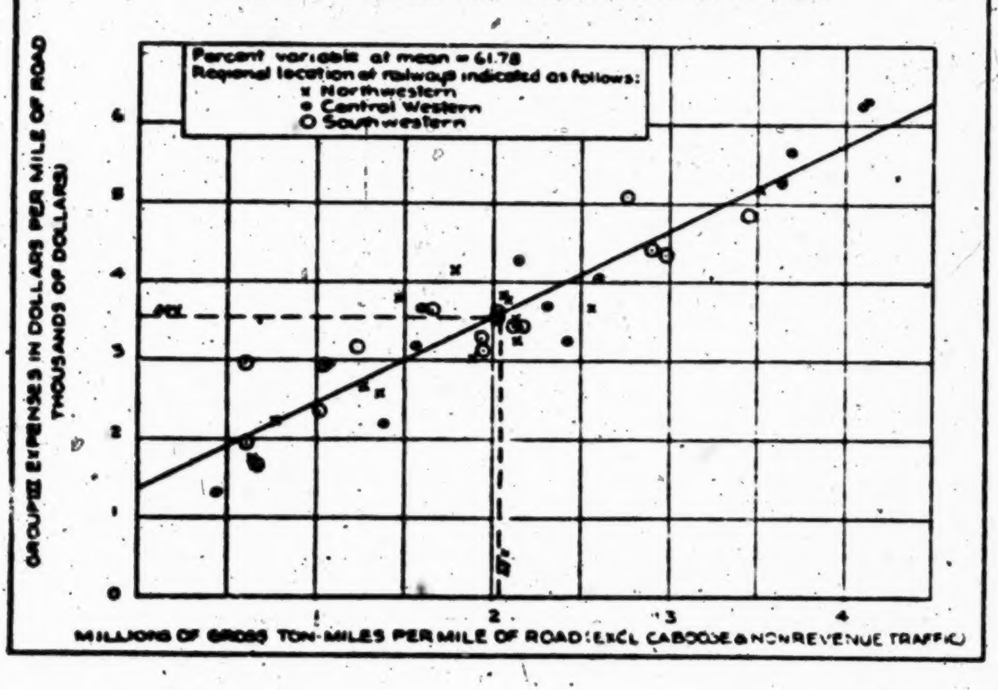
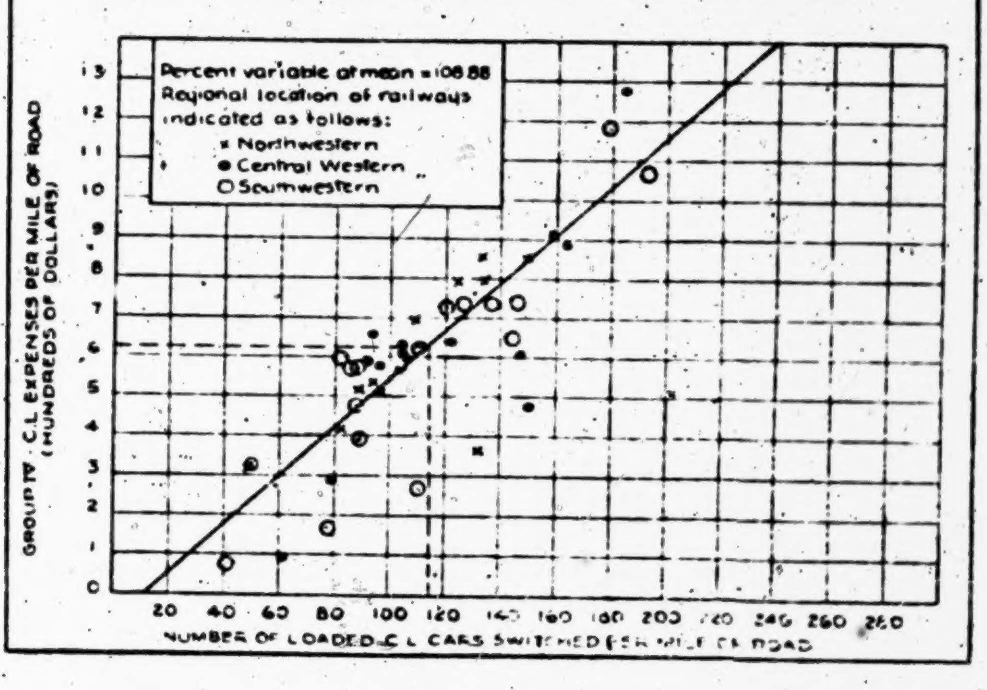


CHART 14 GROUP IV CARLOAD EXPENSES PER MILE OF ROAD RELATED TO NUMBER OF LOADED CARLOAD CARS SWITCHED PER MILE OF ROAD



The study indicates that the out-of-pocket portion of the operating expenses, rents and taxes for the United States constitutes 76 percent of the total of such expenses. The figures for the Eastern, Southern, and Western districts are 81, 73, and 72, respectively. The percentages are highest for the Eastern district which has the highest density of traffic.

It will be noted that certain terminal expenses are over 100 percent variable with added traffic. The reasons for this have been discussed in chapter X.

The trend in the rate level.

If a substantial portion of the carriers' expenses are constant one would expect a long-term reduction in the cost per ton-mile. One would also expect a long-term reduction in the revenue per ton-mile, assuming such reduction is passed on to the consumer.[53] Chart 15 shows the trend of revenues over a 50-year period (solid line).[54] The broken line shows the revenue adjusted for price-level changes, i. e., changes in the purchasing power of the dollar. The adjusted revenue was obtained by dividing the actual revenue by the Bureau of Labor Statistics Index of Wholesale Prices.[55]

The unadjusted revenues per ton-mile show a downward trend between 1890 and 1899, little change between 1899 and 1917, an abrupt increase between 1917 and 1921 and a continuing downward trend between 1921 and 1941. A part of this downward trend 1921-41, is attributable to an increase in the average length of haul, the terminal costs at origin and destination being distributed over an ever-increasing number of line-haul miles.[56]

Another factor influencing the general rate level is the character of the traffic. The following data show the nature of the traffic by 10-year periods between 1910 and 1940, the figures for prior years not being available.

Tons originated, percent of total

Year ended	Products of agriculture	Products of animals	Products of mines	Products of forests	Manufactures and miscellaneous	Merchandise	Total
June 30, 1910	8.1	2.1	56.2	11.7	18.2	3.7	100.0
Dec. 31, 1920	8.8	2.1	56.8	8.0	20.1	4.2	100.0
Dec. 31, 1930	9.6	2.0	55.7	6.0	24.1	2.6	100.0
Dec. 31, 1940	8.8	1.5	56.5	5.8	26.0	1.4	100.0

Over the period 1910-40 the products of forests and merchandise have declined relative to the total while the manufactures and miscellaneous group has increased. The net effect of this shift is to reduce the rate level in small degree.[57]

Over the long-term period the adjusted revenue per ton-mile (revenue corrected for changes in purchasing power) is useful in indicating the trend in the total burden of transportation as it rests upon the shippers. The trend in this cost was generally downward from 1897 to 1915. Subsequent to 1915 the trend is distorted by two periods of severely abnormal conditions, namely, the First World War, including the post-war years 1919-21, and the severe depression of the thirties, particularly the years 1931 to 1934. If one eliminates these two abnormal periods it will be noted that between 1905 and 1941 the adjusted revenue per ton-mile has remained nearly constant or at least has fluctuated within a relatively narrow range. The maximum variation in any one year from the average for the 27 years is about 10 percent. The averages for the periods 1905-15, 1922-30, and 1935-41 are, respectively, 0.78, 0.79, and 0.82 cent per ton-mile. The figure of 0.7325 for 1910 approximates that of 0.7373 for 1925 and 0.7329 for 1941. The conclusion is reached that if one eliminates the obviously abnormal periods and the effect of changes in the price level, the burden of rail transportation as borne by the consumer has remained relatively constant between 1905 and 1941.

It is not possible to draw any specific conclusions from the foregoing as to the separation of the costs between variable and constant other than to point out that whatever the long-term saving may have been between 1905 and 1941 from the operation of the law of increasing returns such saving has not resulted in a lower general rate level taking into consideration the changes in purchasing power of the dollar over the period. This does not necessarily mean that the law of increasing returns was not operative. It does indicate, however, that whatever the savings may have been they have been absorbed by other factors.

Summary.

Based on the data reviewed above the conclusion is reached that on the average the out-of-pocket operating expenses, rents, and taxes for all class I carriers constitute between 70 and 80 percent of the total of these expenses. These are composite figures reflecting all operating conditions in each territory. The variable portion of the expenses is somewhat less in the Southern and Western districts than in the Eastern district. In individual cases on lines of great density the percentage will be higher. On the other hand the out-of-pocket portion of the expenses on lines of light traffic density or on branch lines will be lower than the figures indicated.

[fol. 4735]

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[53] If the early estimates that one-half the operating expenses and two-thirds the total expenses including fixed charges were constant had been realized, the total cost of transportation including return should have been reduced by approximately 50 percent following the fourfold increase in traffic density 1890-1940.

[54] Supporting detail appears in I. C. C. Docket No. 28300, exhibit 12, appendix II.

[55] U. S. Department of Labor. Bureau's index based on 1926=100 was converted to 1910-14=100. Index based on wholesale prices of 784 commodities beginning in 1928, 813 beginning January 1938 and 885 beginning March 1940. A smaller number of commodities was covered in earlier years. The price of each article was weighted by the approximate quantity marketed during the period approximating that covered by the index. (See Statistical Abstract of the United States, U. S. Department of Commerce, 1940, p. 324. For the years 1940 and 1941, see also "Index Numbers of Wholesale Prices by Groups of Commodities and by Months," U. S. Department of Labor, Bureau of Labor Statistics.)

[56] The increase in the average length of haul between 1900 and 1940 was as follows (from Statistics of Railways in the United States, 1940, table 155):

Period	Haul per ton United States as a system
1900	241
1910	250
1920	[illegible]
1930	310
1940	351

[57] In 1940 the distribution of the revenue by commodity groups was as follows:

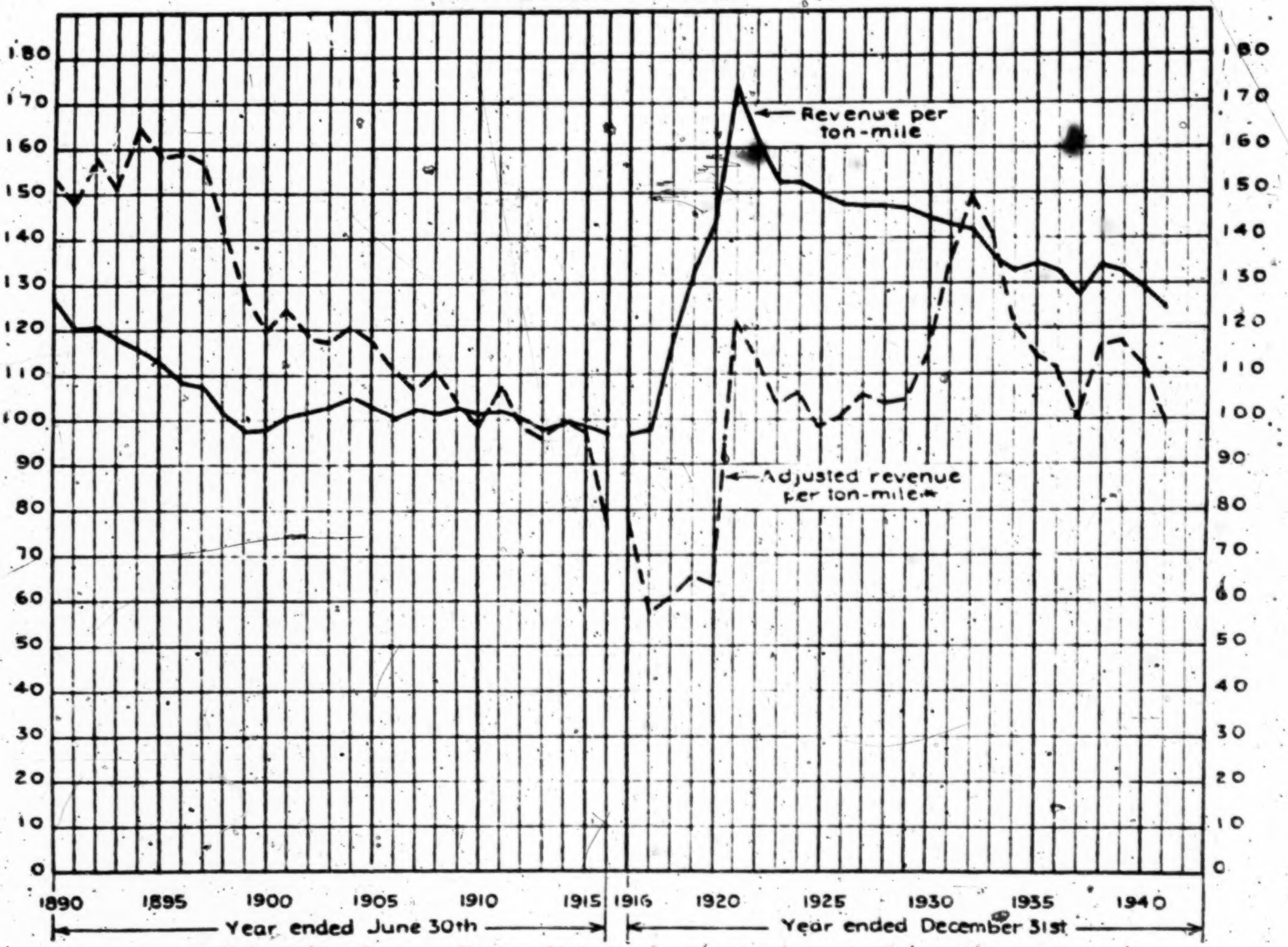
	Percent
Products of agriculture	13.9
Animals and products	4.7
Products of mines	29.3
Products of forests	6.4
Manufactures and miscellaneous	39.0
All less-than-carload freight	6.7
Total	100.0

(Statistics of Railways in the United States, 1940, p. 46)

The decrease in less-than-carload tons from 3.7 and 4.2 percent of the total tonnage in early years to 1.4 percent in 1940 more than offsets any net increase in revenue from "Manufactures and miscellaneous."

CHART 15.
REVENUE PER TON-MILE COMPARED WITH ADJUSTED REVENUE PER TON-MILE*

(RELATIVE FIGURES 1910-1914 = 100)



* Adjusted by Bureau of Labor Statistics Index of Wholesale Prices (1926=100)

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REVIEW OF STUDIES MADE TO DETERMINE THE EFFECT OF ADDED TRAFFIC ON THE INVESTMENT[58]

The railroad industry is one of increasing returns as a result of its ability to make a fuller utilization of the existing plant and its ability to gradually substitute a larger and more efficient plant for a smaller and less efficient plant. With long-term increases in traffic it is inevitable that the capacity of the "existing plant" must be in a more or less continuous state of change. Larger and more efficient plants mean more capital investment. The result has been a substantial expansion in the railroad plant and in the investment per mile of road. Historically American railroads were originally built at the cheapest cost. Grade reductions requiring expensive cuts and fills were avoided. Little ballast was used, in some cases the ties being merely laid on the ground. As traffic increased sufficiently to economically justify improvements and betterments the roadway was gradually rebuilt or otherwise improved and its capacity to handle traffic increased.[59] This process has never stopped for long.

Comments by Hill of the Great Northern and Elliott of the Northern Pacific on need for capital expansion.

Evidence of the pressure of traffic in forcing an increase in railroad terminals, double tracks, side-tracks, yards, and low grades was introduced in an Interstate Commerce Commission investigation of car shortages in 1907.[60] The Commission stated:

> Neither President Hill, of the Great Northern, nor President Elliott, of the Northern Pacific, urged shortage of cars or locomotives as an excuse for their inability to handle the grain crop, but confessed with frankness that they were using all the cars that they could handle. Thus what appeared to the farmer as a car shortage was not such to the railroad man. To him there was a shortage in adequate terminals, double tracks, side tracks, yards, and low grades. The problem, as stated by him, was not that of securing more cars, but of securing facilities adequate to meet the volume of business which had so greatly increased as to have exhausted the capacity of the entire facilities of the road.
>
> President Elliott said that in attempting to handle the freight offered they were trying to force a 3-inch stream through a 1-inch nozzle. "The railroads have more business than they can handle." President Hill declared that the railroads of the country as a whole "have not kept in sight of the country's growth;" that his road as well as many others, was endeavoring to bore a 1-inch hole with a half-inch auger.

President Hill in vigorous language stated that the railroads of the country must invest $5,000,000,000 for the enlargement of facilities upon roads now existing:

> The Government of this country and its growth and its business is against a stone wall so high that it cannot see the top of it. No man can see the top of it today. I have looked everywhere, turned everywhere, to see what can be done. During the time from 1895 to 1905 the business of the country—the tons moved 1 mile—increased 110 percent, and the facilities—the increase of facilities for doing the business and handling the miles—increased 20 percent in 10 years, or 2 percent per annum. But of that 20 percent three-fourths of it was new mileage that was built in sections of the country that added to the congestion of the old.
>
> Now I think and I have discussed this question with a number of the most intelligent railroad men that I know—I have asked them how much additional mileage should be built to absolutely relieve the country from the situation and difficulty it is laboring under, the unreasonable delay of freight. There has always to be some delay, but not an unreasonable delay. They put the necessary mileage, some as high as 50 percent. Well, that is out of the question. But men who have taken up the question and thought about it and tried to work it out will say anywhere from 25 to 33 percent. Now, 25 percent of new mileage would be 55,000 miles, and if that is to be built in 5 years it would take 11,000 miles a year. But you would have to add one-third of the mileage for terminal and passing tracks. Add 33 percent to 55,000 and it makes 73,333 miles. Now 73,000 miles additional would not be any more than is actually necessary, because I have distributed it over 5 years, and in 5 years, if we are to have crops at all and if we don't stand still, the allowance is altogether too small. I do not think the new mileage, the new equipment, and terminal facilities could be produced for less than $75,000 a mile of main track, which would amount to $5,500,000,000 or a yearly average of $1,100,000,000.
>
> Now that is what is necessary to move this stuff, to move the business of this country, and it is not any more than is necessary, but it is 30 percent or 40 percent of the cost of the Civil War, and it is more money than the United States can raise. That is the stone wall we are up against, and foresight does not look forward far enough to get a glance of it. We are up against it until it is solved.

An official of one of the roads appearing in the above case stated that from 10 to 15 days is a reasonable time for a car of dead freight to move 350 miles passing through two division points.[61]

Plant expansion by Pennsylvania Railroad to accommodate traffic.

The effect of traffic volume on plant expansion is evident from the following report of the Pennsylvania Railroad Co.[62]

> The tonnage shows an exceptional increase both in volume and mileage over that of 1904, the traffic for the year being much the heaviest in the history of the company, and by reason of the liberal expenditures recently made in the construction of relief lines and large terminal yards and the substantial additions made to your motive power, the movement thereof has been materially improved.
>
> One of the most important matters which received attention during the past year was the providing of a sufficient water supply for present and future needs. Owing to the largely increased demand arising from the growth of the traffic, the former sources of supply had become inadequate * * *.
>
> The expenditures for the current year will include the extension of the four track system of the Middle and Pittsburgh Divisions, and the necessary revision of the alinement and grades connected therewith * * *. This will, however, not obviate the necessity for the construction of additional relief lines for the Pittsburgh and New York Divisions. As already stated, the low-grade freight line between York Haven and Glenloch will be placed in service in a few months * * *. Another double track relief line is in operation * * * on the Middle Division * * *. These two lines will amply provide not only for the prompt movement of the present traffic between the points named, but for a large increase; but it will be neces-

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[58] Data from I. C. C. Docket No. 28300, exhibit 12, ch. VI.

[59] Hadley pointed out that the average investment per mile of road in the United States was a little over $60,000 as compared to more than $200,000 in England. (Railroad Transportation, 1885, p. 160). He offers the explanation that the American railroads were built where existing business amounted to little or nothing, capital was scarce, and speedy and economical construction was more desired than solidity or safety. The lines were built with heavy grade and sharp curves to avoid the expense of cuts and embankments. Changes resulting from traffic increases were not mere improvements as in England but involved total reconstruction.

[60] 12 I. C. C. 561, 564-65.

[61] Ibid., p. 566.

[62] Fifty-ninth Annual Report, Pennsylvania Railroad Co., 1905, pp. 20-22.

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sary to proceed at once with the construction of an additional freight line about 50 miles long, between Morrisville and Newark * * *.

The necessity for the prompt construction of these relief lines will be apparent when it is stated that the average daily movement of freight cars over the Allegheny Mountain summit for October, November, and December 1905, and January 1906, was 5,669 cars, with a maximum movement in 24 hours of 6,974 cars. * * *.

Expansion during the twenties.

By 1916 the railroads reached their maximum length of road mileage, 254,251. Thereafter the mileage declined reaching 233,670 by the close of 1940. The investment after 1916 was therefore principally in the direction of expanded capacity.

Kent Healy [63] points out that the third decade of the twentieth century provided a new phase in the history of the railroads, "They had clearly reached maturity." He briefly sums up the improvement to the existing lines:

> There was, however, a considerable amount of double tracking of existing lines. The Union Pacific, the Southern Pacific, and the Atchison, Topeka & Santa Fe added many hundreds of miles of second track to their transcontinental routes. The rising place of the West Virginia and Kentucky coal fields in the country's production resulted in extensive double tracking of the lines carrying coal north and south from these fields. There was also an important amount of double tracking on the main east and west lines of the "Nickel Plate" and the Wabash, and on the St. Louis lines of the "Big Four" and the Pennsylvania, as well as on the Burlington line from Chicago to the Twin Cities. At the same time large sums were spent on improving tracks so that an increasing proportion of line was ballasted and supported by tie plates and creosoted ties, while the average weight of rail increased from about 80 pounds per yard to 90 pounds.[64]
>
> During this decade a vast number of new locomotives and cars were purchased; large new passenger terminals were built at Cleveland and Chicago; freight yards and supporting terminal facilities were improved and new ones constructed. In all nearly $8,000,000,000 was spent for additions and betterments. The resultant net increase of the investment in road and equipment, after subtracting retirements, was about $6,000,000,000. On December 31, 1929, the cumulative total investment was $25,000,000,000.[65]

Railroad program to increase capacity (1923).

The following excerpts taken from an address by M. J. Gormley are indicative of the railroad program of expenditures for equipment and other physical improvements adopted in anticipation of a heavy increase in business:[66]

> A survey of the situation early in 1923 indicated that the railroads would be called upon to handle the largest traffic in their history during that year. To satisfactorily handle the traffic the railroad executives, at a meeting in New York on April 5, 1923, jointly adopted a "Program of the Railroads to Provide Adequate Transportation Service."
>
> This program, which was adopted in anticipation of a heavy increase in business, included large expenditures for equipment and other physical improvements to property which resulted in new high levels of efficiency in practically all phases of railroad operation. The program was fully carried out, and since that year car shortages and congestions have been eliminated * * *.
>
> Chart No. 1 summarizes the capital expenditures of the railways for the period 1923 to 1938, inclusive. During the years 1923 to 1930, capital expenditures ranged between a high of $1,059,100,000 in 1923 and a low of $676,700,000 in 1928, and averaged $842,700,000 per year for the 8-year period as a whole. In the succeeding 8-year period, 1931 to 1938, expenditures ranged between a high of $509,800,000 in 1937 and a low of $103,900,000 in 1933, and averaged $258,700,000 for this latter period.

Observations of M. O. Lorenz on the variability of the investment.

Several economists have made sufficient analyses of the relation between investment and traffic to reach the conclusion that there is some definite relation between the former and the latter.

M. O. Lorenz noted in 1915:[67]

> An industry of increasing returns is one in which an increase in the volume of business done by a given enterprise results in a reduction in the cost of performing a unit of service. This may result, on the one hand, from the fuller utilization of an existing plant, or, on the other hand, from the substitution of a more efficient plant for a less efficient one insofar as this is dependent upon a mere increase of traffic. There is a clear gain from having the existing cars, locomotives, and tracks of a road utilized to their fullest capacity. But when a single-track road has become congested the gain from the source ceases. If a parallel road were then built with the same sized cars and locomotives, the same process would be repeated and in the long run the industry would be one of constant costs. But as the traffic increases, the entire plant is not duplicated. A double track is substituted for a single track, heavier rails are laid, and larger cars and more powerful locomotives are purchased. Here is a new source of gain distinct in kind from the former. Doubtless there are also limits to this kind of economy and perhaps that limit has been nearly reached on a number of roads of densest traffic.

After reviewing statistics of the Philadelphia, Baltimore, and Washington system over a 15-year period this same writer stated:[68]

> The examination of the statistics of almost any road will amply demonstrate that practically no great class of expenses is unaffected by the growth in traffic. Below are given data for the Philadelphia, Baltimore, and Washington system for 15 years. The miles of line have remained practically constant, but additional tracks had to be built to take care of the expanding traffic. The traffic taken as a whole has more than doubled, but so have total operating expenses. Investment and maintenance of way have not increased so rapidly but they have by no means remained constant. The operating expenses added to 6 percent on the investment still show over 100 percent increase. Considering the increase in wages there has doubtless been a gain from the mere increase of traffic, especially when the quality of the passenger service is taken into account, but one cannot study a table such as this and speak of interest charges as being fixed expenses which have no relation to the traffic.

Views of other economists.

J. M. Clark in his analysis of the upward trend of investment with traffic volume states:[69]

> Yet railroads may bid for increased business on the basis of the economics it brings them when they have unused capacity, ignoring the cost of capital on the ground that this is a constant outlay, at the same time that they are raising millions of capital for the enlargements of their plants which their growing traffic makes necessary.

E. R. Dewsnup points out in this connection:[70]

> * * * successive increments of new traffic will finally bring the railroad to the saturation point of utilization of already invested capital. Expansion of track, yard, and station facilities, as well as of equipment, becomes necessary. Generally speaking, expansion is made before the complete saturation point is reached. * * *

The carriers have from time to time recognized the relationship between rate-making and the ability to earn a return on both their present and future investment. Stuart Daggett, after noting that the carriers in the past have required an annual addition to their capital estimated of from $740,000,000 to $1,000,000,000 [71] and after reviewing the carriers' applications for general rate increases observed: [72]

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[63] The Economics of Transportation (1940), p. 19.

[64] Railway Age, annual issues (1920-30), Statistical Section, Railway Construction; Interstate Commerce Commission, Statistics of the Railways in the United States (1920-29), statements 50-51.

[65] Interstate Commerce Commission, Statistics of Railways in the United States (1929), statement 53; ibid. (1920-29), statement 46, by calculation.

[66] See address, Railroad Capacity, delivered by M. J. Gormley, executive assistant, Association of American Railroads, delivered before Atlantic States Shippers' Advisory Board, Newark, N. J., 1939.

[67] Cost and Value of Service in Railroad Rate-Making, Quarterly Journal of Economics, vol. 30, February 1916, pp. 209-210.

[68] Ibid., pp. 212-213.

[69] Studies in the Economics of Overhead Costs, J. Maurice Clark, 1923, pp. 84 85.

[70] Railway Rate Theory and Practice in the Light of Ripley's "Railroads," Ernest Ritson Dewsnup, Political Science Quarterly, September 1915, vol. XXX, No. 3, p. 480.

> Speaking generally of the whole series of rate applications to the Interstate Commerce Commission, the desideratum has been a standard of aggregate revenue which the carriers of the United States should be allowed to earn in order that they might pay a fair return to investors, and so be enabled to bid for new capital on favorable terms.

From the above it appears that the carriers feel it is a necessary part of their well-being that they should be in a position to attract new capital on favorable terms, a prerequisite of which is the ability to pay a fair return.

Effect of decreasing traffic on investment.

The preceding discussion has dealt only with the effects of added traffic. The railroad plant, however, is responsive to the effect of declining traffic. Aside from land and grading the plant consists of a great number of parts each subject to wear and tear either from use or from the action of the elements. Included are rails, ties, ballast, locomotives, cars, buildings, etc., the regular replacement of which, if stopped for long, would soon hamper and eventually cripple the operation. Based on the average annual retirements the property (exclusive of land and grading) is replaced approximately every 50 years.[73]

Thus, if traffic falls off the mere failure to carry on the normal program of replacements results in the contraction of the railroad plant. Locomotives and cars may not be replaced as rapidly as retired, branch lines may be abandoned, sidings taken up; yards taken wholly or partly out of use, and buildings leased out or razed.

Examples of property taken out of service.

The following excerpts from the 1940 and 1941 reports of the Engineering Section of the Commission's Bureau of Valuation on its general inspection of the carriers' roadway and structures are illustrative of property taken out of service:[74]

Property now under lease or rented

Location	Property out of service
Baltimore, Md	Shed B, brick, 33 by 329 feet. One-half retired, balance leased to produce tenants.
Do	New large brick office building erected in 1929-30, leased entirely to produce dealers.
Dresher, Pa	Freighthouse, not in use, part of building leased to nurserymen.
Harrisburg, Pa	In-and-out freighthouse; 1- and 6-story brick and concrete, part of 6-story end leased.
Pittsburgh, Pa	Office and freight building, brick, built about 1880. Carrier uses 40 percent and leases 60 percent.
Do	"Out-bound" freighthouse, brick and concrete, 48 by 1,107 feet, leased to electric company.
Northumberland, Pa	Enginehouse of formerly 36 stalls, only 13 stalls in use since 1935, 24 stalls soon to be retired.

Property now under lease or rented—Continued

Location	Property out of service
Indianapolis, Ind	In-bound freighthouse, 75 by 800 feet, leased.
Cincinnati, Ohio	4 freight stations leased to manufacturing company and a forwarding company.
Chicago, Ill	2 buildings in freight yard, each approximately 60 by 240 feet, brick and concrete, tile roof, leased to beer company.
Louisville, Ky	Freight station leased for warehouse purposes.
Terre Haute, Ind	Old car-shop building, brick, with slate roof, approximately 60 by 300 feet leased.
Cincinnati, Ohio	Brick and concrete building, 1- and 2-story, 60 by 400 feet, leased to forwarding company.
Richmond, Ind	Strip of land, 400 by 800 feet, at north side of shop buildings, leased to paving company.
Valparaiso, Ind	Roundhouse, brick, leased to oil company.
Toledo, Ohio	Wharf leased to towing company. Frame portion of freight house leased.
Columbus, Ohio	Out-bound freight house is all leased but 2 bays, and 3 bays of the in-bound house are leased.
El Paso, Tex	31 stall roundhouse leased for other storage; 31 roundhouse tracks, 5 machine shop tracks, and 12 transfer tracks out of service but not retired.
Winchester, Tex	Depot boarded up, now prepay.
Springfield, Ill	The suburban station, which is only about 3 years old is retired and is to be torn down. 100 feet of the freight house is leased.

The following are excerpts from the inspection records relating to track. They are of interest in indicating how the maintenance of the plant may be affected by traffic volume.

> Carrier is now engaged in a program of eliminating unnecessary passing tracks in both single and double track territory, in order to save maintenance expense and to reduce the number of turn-outs in the main track. On double track, many facing point switches have been removed, leaving the track in place so that it can be used, if necessary, by a backward movement. The entire track will be later taken up if experience shows that it is not needed.
>
> Ballast on some of the branch lines has not been maintained, and has deteriorated to such an extent that the track is now considered as unballasted. This, in our opinion, (Engineering Section, Bureau of Valuation) cannot be considered as deferred maintenance, because the traffic has diminished to the point where expenditures for ballast are not warranted.

Response of gross capital expenditures to changes in traffic volume.

The year to year response of the gross capital expenditures to changes in traffic volume is illustrated in table 10. The 1936 expenditures of $298,991,000 increased to $509,793,000 or by 70 percent in 1937 following an increase in traffic over 1936. In 1938, a period of traffic decline, the capital expenditures declined by 55 percent to $226,937,000. The upturn of traffic again in 1939 was followed by an upturn in the capital expenditure by 16 percent. This was followed by a further increase of 64 percent in the expenditures for 1940, as the traffic again increased. A 20 percent increase in traffic for 1941 over 1940 was followed by a 27 percent increase in the gross capital expenditures. Although these expenditures have not been corrected for price level changes and credit has not been taken for retirements, nevertheless they serve to indicate the sensitivity of the gross additions and betterments to traffic volume. With the exception of bridges, trestles and culverts the expenditures for every item, including rolling equipment, yard tracks and sidings, shops and engine houses, station and office buildings, etc., appear highly responsive to traffic changes.

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[71] Principal of Inland Transportation, Daggett (1931), p. 433.
[72] Ibid., p. 439.
[73] Original cost as of valuation date of each carrier excluding land and rights = $16,662,741,504. 18 percent deducted for grading. Balance = $13,[illegible]. Average annual retirements for 20-year period 1921-40, inclusive = $[illegible] (from I. C. C. Docket No. [illegible], exhibit 12, appendix K).
[74] It is not known whether any of this property has been replaced by other facilities. Even in such cases the data indicate the alternative use to which some parts of the plant may be put.

TABLE 42.—*Gross capital expenditures on railway property—1936 to 1941, class I railways—United States* [1]

Line No.	Item	1941	1940	1939	1938	1937	1936
	Equipment:						
1	Locomotives	$80,607,000	$54,351,000	$42,857,000	$38,570,000	$59,739,000	$16,299,000
2	Freight-train cars	245,713,000	190,628,000	65,779,000	52,814,000	212,902,000	117,851,000
3	Passenger-train cars	29,544,000	18,417,000	19,723,000	18,149,000	41,491,000	18,768,000
4	Other equipment	11,704,000	8,509,000	4,979,000	4,875,000	8,744,000	6,299,000
5	Total equipment	367,568,000	271,905,000	133,388,000	114,408,000	322,877,000	168,104,000
	Roadway and structures:						
6	Additional main track	3,781,000	3,385,000	3,308,000	2,185,000	2,912,000	8,341,000
7	Yards and sidings	25,374,000	14,233,000	10,656,000	7,570,000	14,563,000	10,974,000
8	Heavier rail	36,106,000	30,473,000	29,399,000	17,217,000	29,146,000	31,760,000
9	Additional ballast	5,633,000	4,994,000	4,342,000	3,213,000	4,738,000	4,341,000
10	Shops and engine houses	13,920,000	11,074,000	9,378,000	7,756,000	13,745,000	6,672,000
11	Station and office buildings, and other station facilities	11,251,000	7,601,000	8,741,000	6,325,000	17,109,000	12,996,000
12	Bridges, trestles, and culverts	19,419,000	22,395,000	21,196,000	18,231,000	19,550,000	16,439,000
13	Signals and interlockers, including telephone and telegraph lines, automatic train control, etc	13,439,000	10,275,000	6,741,000	4,643,000	10,291,000	6,392,000
14	All other improvements	46,526,000	52,320,000	36,047,000	42,357,000	74,539,000	40,093,000
15	Total—roadway and structures	175,453,000	157,242,000	128,641,000	111,529,000	186,916,000	130,887,000
16	Grand total	543,021,000	429,147,000	262,029,000	225,937,000	509,793,000	298,991,000
17	Index, year 1937 = 100	107	84	51	45	100	59
18	Gross ton-miles, freight and passenger (thousands) [2]	1,413,205,000	1,181,910,418	1,089,201,714	990,601,560	1,155,422,008	....
19	Index, year 1937 = 100	122	102	94	86	100	....

[1] Source of lines 1-16, A Review of Railway Operations in 1941, appendix A, special series No. 71, issued by Bureau of Railway Economics, Association of American Railroads, Washington, D. C.

[2] Line 18 from Statistics of Railways in the United States, for years shown, table 44.

NOTE.—Additional track includes rail and tie fastenings and other track material. Shops and engine houses include machinery and tools.

Variation in rolling equipment with changes in traffic volume.

Chart 16 shows the trend in the number of locomotives and freight-train cars with traffic volume.[75] As the size, weight, and capacity of locomotives and cars have changed greatly over a period of time, the number of units is of limited significance. Of principal interest is the trend of locomotive tractive effort and the trend of freight-train car capacity. The trend of traffic volume is measured both in revenue ton-miles and in tons originated. As the greater part of the active car-days is consumed at origin and destination terminals the count of tons originated is entitled to slightly more weight than revenue ton-miles in comparing the trend of car ownership with changes in traffic volume.[76] In comparing the trend of locomotive tractive effort with traffic volume some small weight should be given to the trend of tons originated as the investment in yard locomotives used for origin and destination switching (excluding intertrain and interchange work) is independent of the length of the road haul. Neither the tons originated nor the revenue ton-miles reflect the downward trend that has occurred since 1920 in passenger locomotive-miles.[77]

The chart indicates a reasonably close relationship between the ownership of equipment, measured in terms of its capacity, and traffic changes.

Variations in trackage with changes in traffic volume.

Chart 17 shows the trend in the mileage of additional main track and yard tracks and sidings with traffic volume.[78] Like the rolling equipment, it is responsive to changes in traffic volume.

Analysis of the capital expenditures, 1915–40.

The preceding comparisons based on inventory units, i. e., miles of tracks, locomotive tractive effort, etc., have served to indicate that a relationship exists between investment and traffic volume. A new analysis was next made to reduce the figures to a common denominator, namely, 1910–14 dollars. The assumption was made that the property taken out of service was retired at original cost based on 1910–14 prices. This was accomplished by adjusting the gross additions and betterments for each year to 1910–14 prices and subtracting therefrom the retirements. The net additions and betterments then received minor corrections for the difference between record price of grantor and purchase price of grantee in cases of roads sold, merged, consolidated, etc. The resultant figure indicated the net additions to the railroad plant with the effect of changes in the price level eliminated.[79] The year 1915 was selected as a base year as it represented that year which was closest to the midpoint of the valuation dates for the carriers and at the same time was free from the World War's effect on traffic. Table 43 shows in column (2) the net increase in the plant between 1915 and 1941. Column (3) shows the cumulative total.

During the war period and the post-war period immediately following 1916–21, the increase in the plant in terms of 1910–14 prices amounted to $1,628,838,352, or approximately $250,000,000 per year. Between 1922 and 1930 it averaged slightly less, or $237,000,000 per year. During the period 1931 to 1939 the railroad plant contracted by $1,168,643,793 or an average of $130,000,000 per year. During the 3 years immediately following the low point in traffic reached in 1932, the reduction averaged $216,000,000 per year or an amount but little less than that at which the property increased between 1915 and 1930. The total increase in property during the 15-year period 1915–30 was $3,764,362,826 or approximately 20 percent of the original cost of the property as of June 30, 1915, namely, $18,965,001,103.[79a]

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[75] Supporting detail appears in I. C. C. Docket No. 28300, exhibit 12, appendix J.

[76] See ch. V, for distribution of active car-days. The increase in the average length of haul accounts for the differences in the trends for revenue ton-miles and tons originated.

[77] The trend of passenger locomotive miles has been as follows (Statistics of Railways in the United States, 1890, p. 51; 1900, p. 67, 1910, statement No. 30; 1920, statement No. 29, 1930 and 1940, table 54):

	Locomotive-miles
1890	285,575,804
1900 (figures are for passenger-train mileage; mixed-train mileage is not included)	363,821,896
1910 (does not include 37,004,818 locomotive-miles in mixed trains)	567,039,646
1920 (does not include 27,556,218 locomotive-miles in mixed trains)	572,785,704
1930	506,575,770
1940	360,304,061

[78] Supporting detail appears in I. C. C. Docket No. 28300, exhibit 13, appendix K.

[79a] Includes classes I, II, and III roads.

CHART 16

COMPARISON OF TREND OF REVENUE TON-MILES AND REVENUE TONS ORIGINATED WITH NUMBER OF LOCOMOTIVES IN SERVICE, TRACTIVE EFFORT, NUMBER OF FREIGHT-TRAIN CARS IN SERVICE AND TOTAL CAPACITY OF FREIGHT-TRAIN CARS

(RELATIVE FIGURES 1910-1914 = 100)

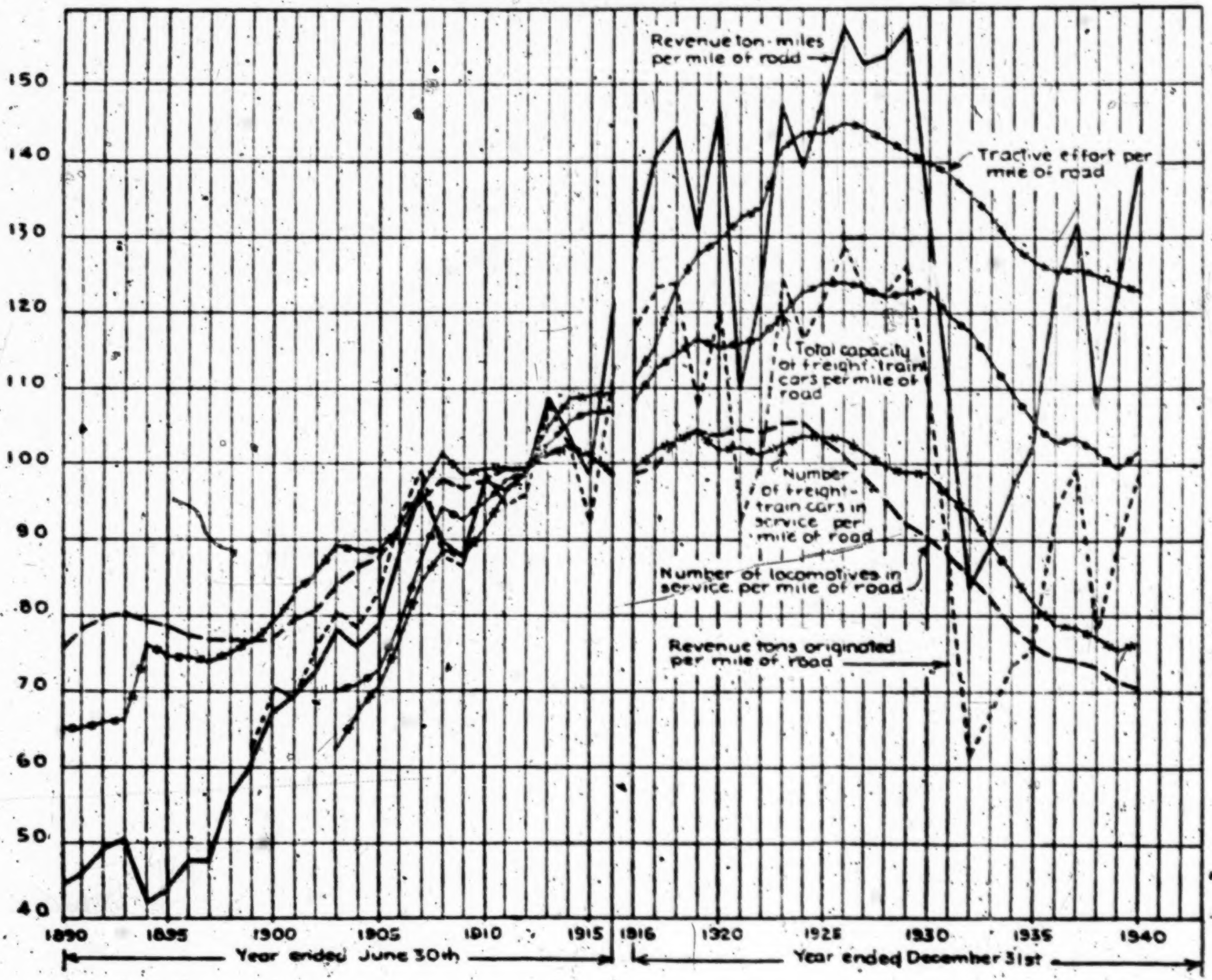

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CHART 17

COMPARISON OF THE TREND OF REVENUE TON-MILES AND REVENUE TONS ORIGINATED WITH OTHER MAIN TRACKS AND YARD TRACK AND SIDINGS

(RELATIVE FIGURES 1910-1914 = 100)

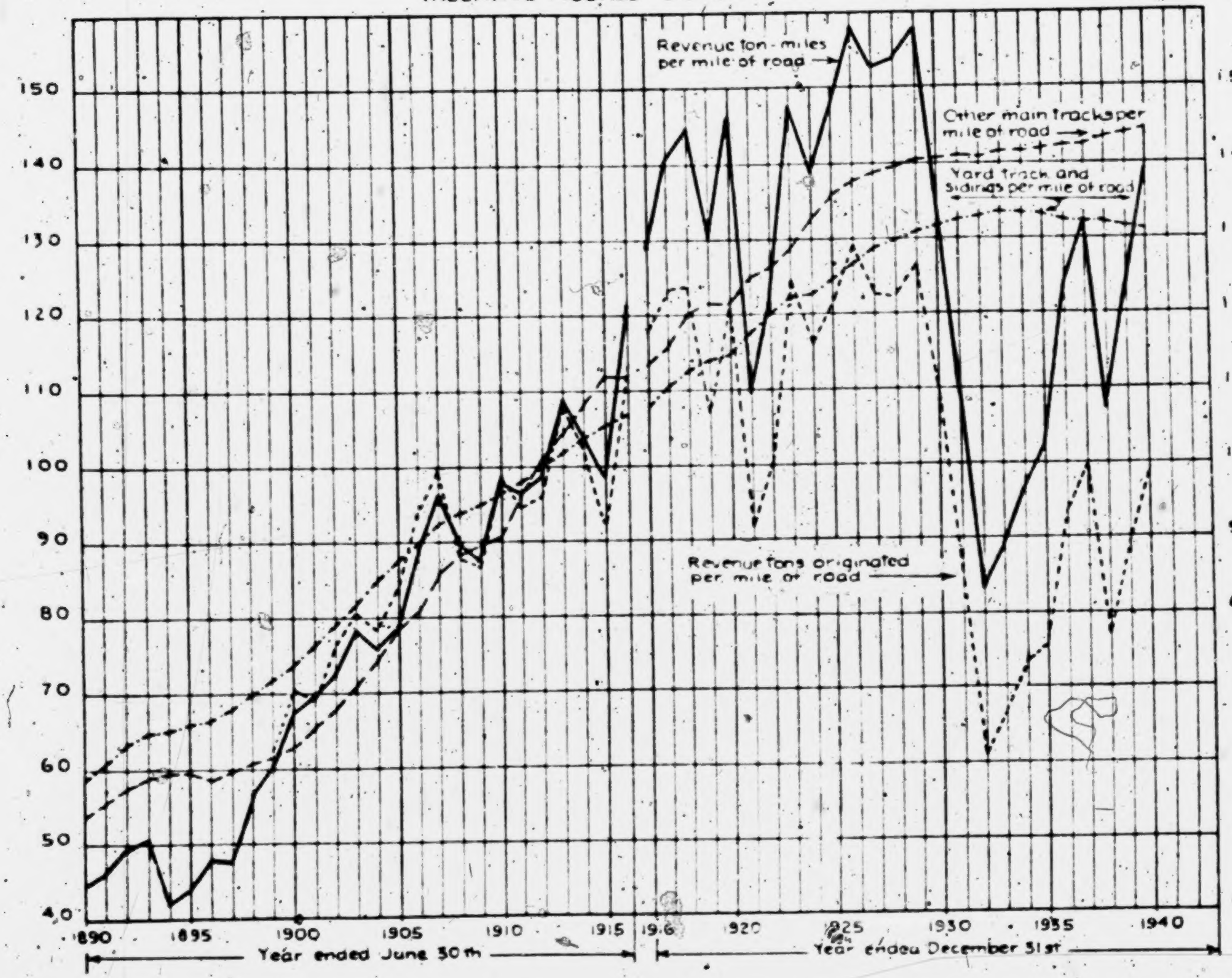

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TABLE 43.—*Net additions and betterments to railroad plant between 1915 and 1941 based on original cost at 1910–14 prices, class I and II railroads*

Calendar year except as noted (1)	Amount (2)	Cumulative total (3)
1916[1]	$231,517,134	$231,517,134
1916[2]	128,411,901	359,929,035
1917	544,751,681	904,680,716
1918	192,629,788	1,097,310,504
1919	119,953,197	1,217,263,701
1920	164,161,113	1,381,424,814
1921	247,414,538	1,628,839,352
Subtotal	1,628,839,352	
Average, 1916–21	250,590,516	
1922	63,233,783	1,692,073,135
1923	323,170,611	2,015,243,746
1924	423,979,774	2,439,223,520
1925	238,480,316	2,677,703,836
1926	291,580,508	2,969,284,344
1927	237,676,614	3,206,960,958
1928	87,155,066	3,294,116,024
1929	200,225,544	3,494,341,568
1930	270,021,258	3,764,362,826
Subtotal	2,135,524,474	
Average, 1922–30	237,280,497	
1931	Cr. 83,844,378	3,680,518,448
1932	Cr. 60,530,817	3,619,987,631
1933	Cr. 194,078,406	3,425,909,225
1934	Cr. 246,052,806	3,179,856,419
1935	Cr. 207,192,233	2,972,664,186
1936	Cr. 151,795,124	2,820,869,062
1937	19,052,592	2,839,921,654
1938	Cr. 104,473,138	2,735,448,516
1939	Cr. 139,729,483	2,595,719,033
1940	5,341,341	2,601,060,374
1941	Cr. 138,812,917	2,462,247,457
Subtotal	Cr. 1,302,115,369	
Average, 1931–41	Cr. 118,374,124	
Grand total	2,462,247,457	

[1] For year ended June 30, 1916.

[2] For 6 months ended Dec. 31, 1916.

Relation of investment to traffic, 1915–30.

A study was made of the increase in traffic over the 15-year period 1915 to 1930. No one index will serve as an over-all measure of the trend in traffic volume over this period. On the one hand freight revenue ton-miles were not only increasing, but, because of the increase in the average length of haul, they were increasing more rapidly than were the tons originated (taking the United States as one system). On the other hand, passenger-train miles were decreasing. An average of the trend of traffic volume computed separately for freight road haul service, freight terminal service (origin and destination switching) and passenger service was used, weighted for the relative operating cost for each. The trend of passenger traffic was based equally on car-miles and train-miles as a substantial part of the operating expenses vary with each of these units.

As there is some lag between the increases in traffic volume and the increases in the investment made to accommodate such traffic (or to retain the desired surplus capacity) the count of traffic units for the beginning period was based on the 3-year period 1913–15. This period was selected as it represented the latest 3-year period prior to the effect of the First World War. The count at the close of the period was based on the 3-year period 1928–30. This marks the close of an era of consistently expanding plant. Both 1915 and 1930 saw some decline in traffic over the preceding 2 years. The traffic study was based on class I railroads only as the data for class II and III companies were not available. The elimination of the latter will not significantly affect the conclusions. The results are shown in the following table:

TABLE 44.—*Over-all increase in traffic volume, freight and passenger, between 1913–15 and 1928–30, class I railroads*[1]

Item (1)	Unit of measurement (2)	Percent increase in units (3)	Weighting based on 1930 exp. (4)	Weighted increase (5)
Freight traffic:				
Line-haul	Revenue ton-miles	48	[2] 56	27
Terminal	Revenue tons originated	26	17	4
Subtotal			73	31
Passenger traffic:[3]				
Line and terminal	Car-miles	17		
Line and terminal	Train-miles	−3		
Subtotal		7	27	2
Total freight and passenger.			100	33

[1] Supporting detail appears in I. C. C. Docket No. 28300, exhibit 12, appendix L.

[2] Line-haul weighting includes allowance for intertrain and interchange switching at intermediate points.

[3] Passenger-miles decreased over the period.

The intent of the above table is to develop the trend insofar as possible in terms of the revenue-producing units of work performed, thus allowing credit for any increase in carrier efficiency over the period. The increase in traffic volume of approximately 33 percent was accompanied by a 20-percent increase in the investment, thus indicating that over the 15-year period the investment was approximately 60 percent variable with traffic volume.

This figure is an average for all carriers in the United States and hence it is high for branch lines or lines of very light traffic density and low for carriers whose traffic density is greater than the average.

Capital expenditures made to improve efficiency.

Some part of the capital expenditures for additions and betterments may be considered as made for the purpose of improving carrier efficiency independent of the volume of traffic. Examples are found in the increased use of machines in roadway work and of heavier motive power in train operation. However, while some part of the investment may be for the purpose of obtaining greater efficiency in the handling of a constant volume of traffic, in the long run additions and betterments in larger yards, added sidings, double tracking, expensive signal installments, heavier motive power, grade reductions, etc., will reach a point where they can no longer be economically justified on the basis of the existing traffic. When the point of diminishing returns on added capital investment is reached the flow of capital will greatly diminish until such time as the added volume of traffic again justifies new capital investment. For this reason the major part of the additions and betterments are believed chargeable to added traffic. References hereinabove to the sharp response of additions and betterments to traffic changes support this view. The further point is made that it has only been through capital additions and betterments that the out-of-pocket operating expenses have been kept as low as they have been.

Effect of traffic on investment based on relationship of the investment per mile of road with the density per mile of road.

In the preceding chapter there was reviewed an analysis based on the relationship of the operating expenses per mile of road to the density per mile of road. The same study was repeated except that the relationship studied was that of the cost of a 5¾-percent

[fol. 4743]

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return per mile of road to the density per mile of road. The return was based upon the recommended rate-making value for each carrier as of December 31, 1939, furnished by the Commission's Bureau of Valuation for the purpose of I. C. C. Docket No. 28300. This procedure serves to indicate the long-term effect of increased density on the investment per mile of road. The results based on this method of approach should be generally free of the influence of those capital expenditures which cannot, in the long run, be attributed to the influence of traffic density. The use of the 5¾-percent return per mile of road gives the same results that would have been obtained using the value per mile of road.

The same carriers were used as in the operating expense study except that in the eastern district, the Pittsburgh & West Virginia, in the Southern district, the Clinchfield, and in the Western district, the Denver & Salt Lake and the Utah were excluded because of the abnormally high investment per mile of road for these carriers. These roads cannot be considered as typical of their respective districts.

The results of the studies appear in charts 18, 19, and 20.[79] The segregation of the railroads by districts follows that used in the Commission's Statistics of Railways in the United States except that the Toledo, Peoria & Western, having been assigned to the Eastern territory in the cost studies, was transferred to this district from the Western district. As a matter of interest the data in the charts are identified by regions although the trend line was developed only by districts.

The portion of the return (i. e., value) which was found to vary with traffic volume is shown below for the United States and for each district:[80]

	Percent
Eastern district	73
Southern district	65
Western district	57
United States	65

Summary.

The usual study of the out-of-pocket cost for added traffic eliminates any consideration for the return on added capital. This overlooks the fact that over the long-term period the ability of the carriers to hold a substantial part of their operating expenses constant in the face of substantial increases in traffic volume has only been possible through added capital expenditures. The study covering the periods 1913–15 and 1928–30 as well as the above study based on a comparison of roads of different traffic densities indicates that for the country as a whole a given percentage increase in traffic volume has been accompanied over a period of time by an increase in the investment which for the railroads as a whole was approximately 50 to 70 percent as great. Because of the relative smallness of the possible increments of change in the total plant in any one year, this variability becomes apparent only when the trend in traffic persists for some time. However, a study of the forces at work indicates that even though the traffic should remain relatively static a substantial part of the railroad plant must be viewed as being in a "state of equilibrium" rather than as fixed and permanent.

The above figures represent the average or central tendency for the entire United States. They include not only the road mileage where the density is heavy and additions and betterments have been very large, but also road mileage where the traffic density is very light and the road investment comes near to representing the original "starting cost" necessary for the rendition of a minimum of transportation service. The figures given above are, therefore, high for the lines of light density and low for the heavy trunk lines.

Cost of capital.

The above observations have dealt with the expansion and contraction of the physical plant. There remains to be considered how the change in the cost of capital, i. e., interest and dividends, is affected by these changes in the physical plant. The fundamental assumption is made that the payments for the use of capital cannot indefinitely be divorced from earning power which, in turn, is closely related to traffic volume. As long as traffic is rising and the plant is expanding, funds for capital expansion are necessary. The out-of-pocket cost studies should make allowance for the minimum return necessary to attract the needed capital.

The relation of the cost of capital to traffic change when the traffic is declining is more irregular and possibly more spectacular than during periods of increasing traffic. If funds are available, outstanding issues of securities may be voluntarily retired, although from a practical standpoint money is seldom available for this purpose in periods of traffic decline. Dividend payments may be reduced or stopped. Where the loss in traffic and the resultant reduction in revenues prevents the meeting of interest obligations or the payment of principal falling due, bankruptcy ensues with a possible scaling down of the capital structure. The long-term debt of railroads in reorganization proceedings before the Commission as of October 31, 1941, was scaled down from $3,993,901,463 to $1,729,134,094, or 57 percent.[81] The reduction in the annual fixed charges were as follows:

	Annual fixed charges [1]
Before reorganization	$142, 191, 942
After reorganization	41, 043, 119
Reduction	101, 148, 823

[1] Fixed charges include rent for leased roads and equipment; fixed interest on funded debt, interest on unfunded debt, and amortization of discount on funded debt.

Chart 21 provides a comparison of the trend in revenue ton-miles, net capitalization, interest accrued annually on funded debt, and dividends declared (per mile of road).[82] It will be noted that between the period 1913–15 and the period 1928–30 an increase in the revenue traffic handled of approximately 33 percent (table 44) was accompanied by the following increases: Net capitalization[83] 19 percent, interest accrued on funded debt 30 percent, and dividends declared 46 percent. Following the reversal of the trend in traffic in 1930 the dividends dropped much more rapidly than the traffic volume. The interest payments also declined, though more slowly.[84]

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[79] Supporting detail appears in I. C. C. Docket No. 28,300, exhibit 12, appendix M, including the figures for the 4 railroads excluded.

[80] The figure for the United States was computed by dividing the sum of the out-of-pocket portion of the return for the districts by the total return for the United States.

[81] 55th Annual Report of the Interstate Commerce Commission, November 1, 1941, pp. 73–75. Statement covers 28 carriers for 24 of which the plans had been approved by the Commission. For the remaining 4 the data were based on the examiner's proposed plans.

[82] Supporting detail appears in I. C. C. Docket No. 28300, exhibit 12, appendix N. Although no special study was made of railway tax accruals they are shown on chart 21 for purposes of information.

[83] Consists of total railway capital outstanding minus stocks and bonds owned by railways.

[84] The interest accrued is not representative of interest paid during the depression period.

CHART 18. 5 3/4 PERCENT RETURN ON VALUE PER MILE OF ROAD RELATED TO GROSS TON-MILES PER MILE OF ROAD

EASTERN DISTRICT, 1939

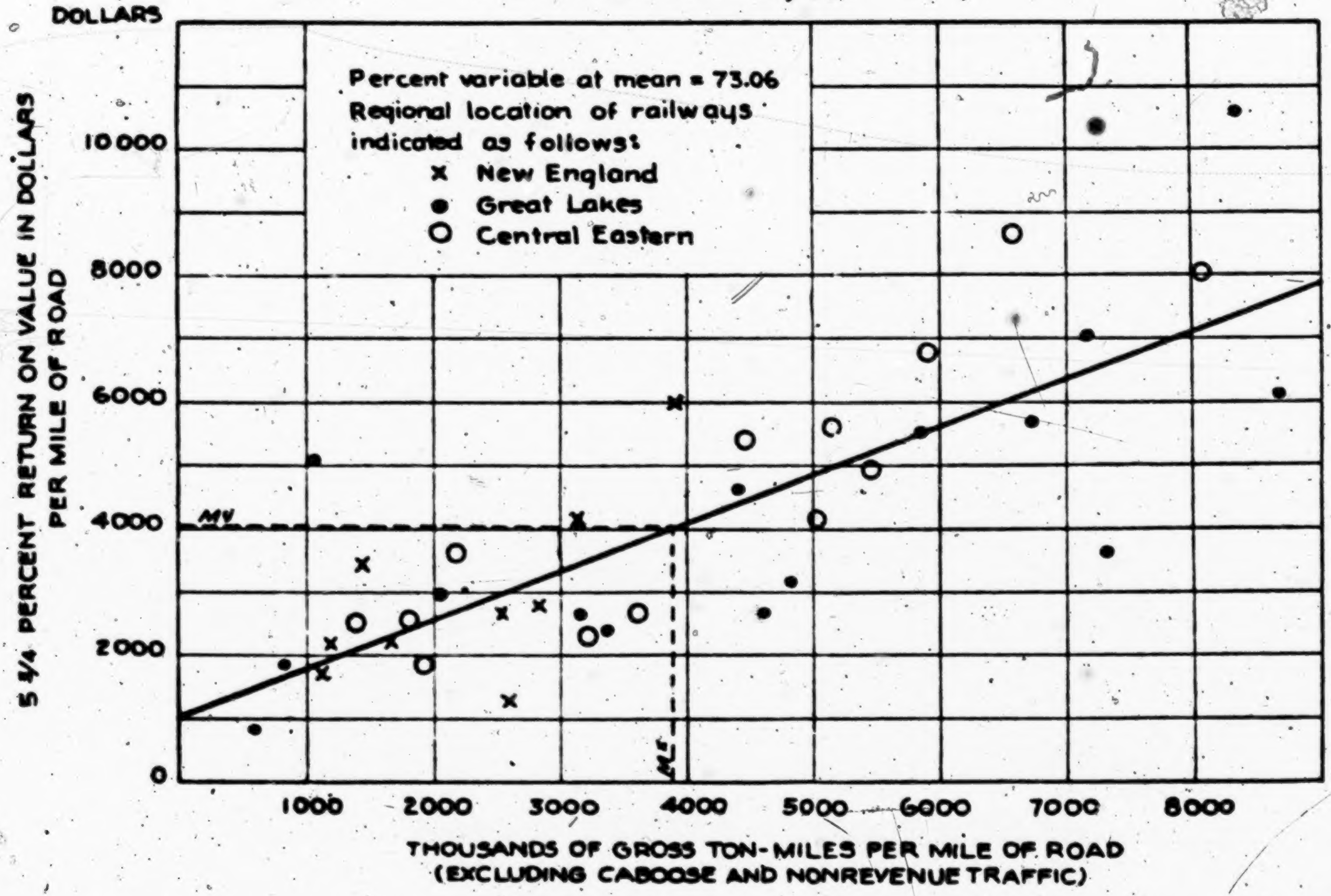

CHART 19. 5 3/4 PERCENT RETURN ON VALUE PER MILE OF ROAD RELATED TO GROSS TON-MILES PER MILE OF ROAD

SOUTHERN DISTRICT, 1939

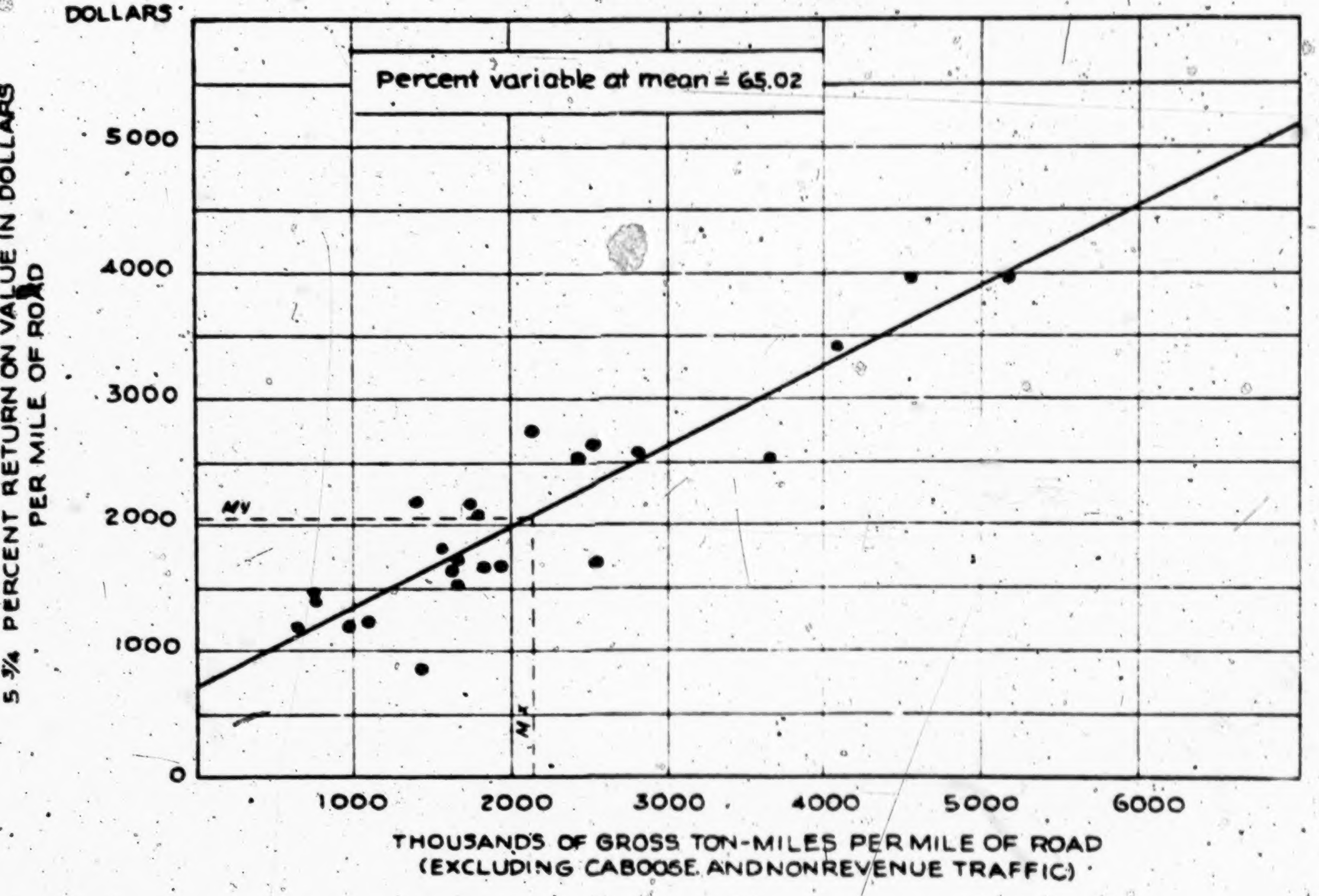

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CHART 20. 5 3/4 PERCENT RETURN ON VALUE PER MILE OF ROAD RELATED TO GROSS TON-MILES PER MILE OF ROAD

WESTERN DISTRICT, 1939

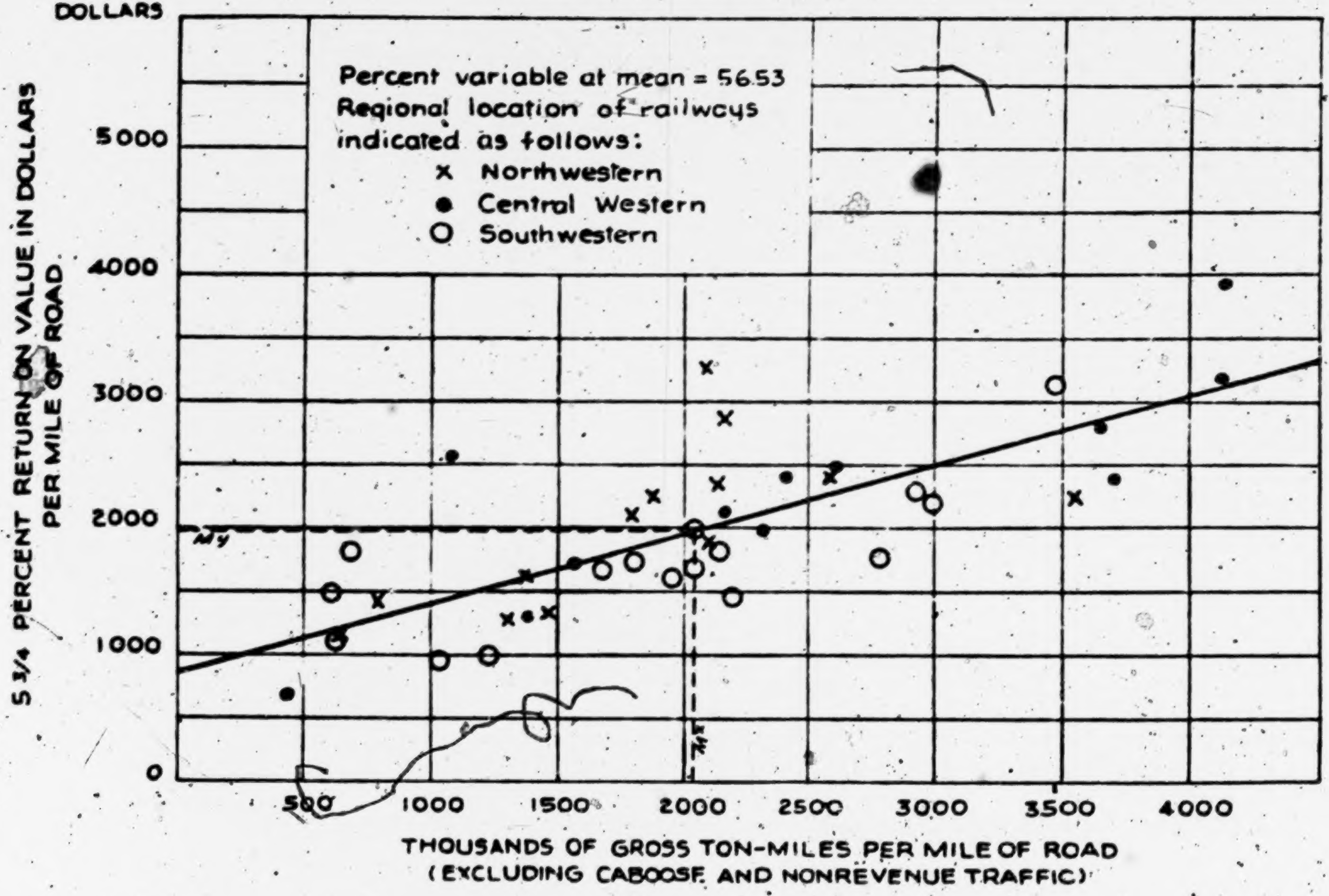

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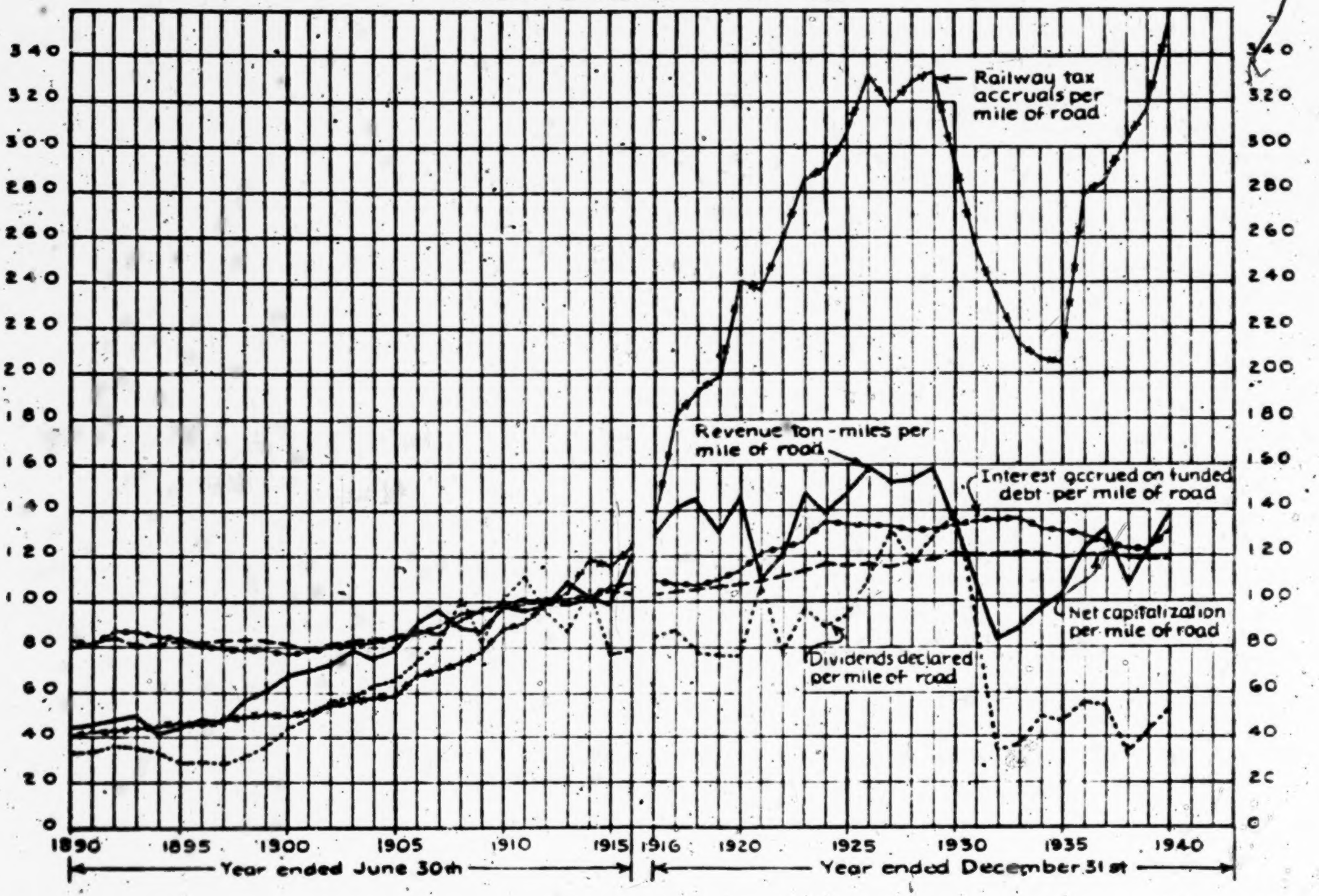
CHART 21.

COMPARISON OF THE TREND OF REVENUE TON-MILES WITH RAILWAY TAX ACCRUALS, NET CAPITALIZATION, DIVIDENDS DECLARED AND INTEREST ACCRUED ON FUNDED DEBT

(RELATIVE FIGURES 1910-1914 = 100)



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APPENDIX D

DEVELOPMENT OF TERRITORIAL COSTS BASED ON THE DIRECT DISTRIBUTION OF THE CONSTANT EXPENSES[85]

Procedure in computing unit costs.

The conclusions reached in chapters XI and XII hereto were to the effect that between 70 and 80 percent of the operating expenses, rents, and taxes and between 50 and 70 percent of the investment were variable with changes in traffic volume over an extended period of time. Based on a 4-percent return the out-of-pocket expenses for the carriers as a whole constitute from 70 to 75 percent of their total freight expenses.[86] If one relates the carload out-of-pocket expenses to the full distributed carload expenses increased for less-than-carload and passenger deficits (1939) the ratio drops to roughly between 60 and 65 percent (based on 1939 deficits).

The freight out-of-pocket operating expenses, rents, and taxes developed for all class I railroads in this proceeding are based on 72 percent of the total of these expenses.[87] This percentage was computed by applying to each account the applicable percentage shown in appendix E hereto. No change has been made in these figures by reason of the further research reviewed in chapters XI and XII as they are within the range referred to in the preceding paragraph.[88] An allowance for the out-of-pocket cost for a 4-percent return on the value of the property has been added to the out-of-pocket operating expenses, rents, and taxes. The allowance for return has been computed on the basis of 50 percent of the road investment and 100 percent of the equipment investment being variable in the long run with traffic volume. The treatment of the investment in equipment as 100 percent variable with traffic volume is based on the assumption that the carrier's ownership of motive power and freight-train cars over an extended period will adjust itself, with some lag, to traffic needs. With 100 percent of the equipment investment treated as variable, the use of 50 percent for the road investment results in a weighted average for both of 57.5 percent.[89] This approximates the midpoint between the figures of 50 and 70 percent referred to above.

The above conclusions as to out-of-pocket costs are based on studies which relate the changes in the expenses and investment per mile of road to the changes in the traffic per mile of road, or studies which were limited to periods of time when the changes in the total miles of road operated in the United States were relatively very small. This method of approach eliminates the effect of the added traffic, added expenses and added investment occasioned by the expansion of the carriers' road mileage during their construction periods.

The cost scales based on the separate treatment of the out-of-pocket and constant costs are shown in appendix A, table 1, for the following territories and types of equipment:

Territory and types of equipment

New England (territory 1)	Box, gondola and hopper, and tank.
Eastern, excluding New England and Northern Illinois (territory 2)	Do.
Eastern, including New England (territories 1, 2).	All types of equipment.
Pocahontas (territory 5)	Do.
Eastern, including New England and Pocahontas (territories 1, 2, 5).	Box, gondola and hopper, and tank.
Southern (territory 6)	All types of equipment.
Western (territory 11)	Do.
United States (territory 12)	Do.
State of Kentucky	Box and gondola and hopper.
Eastern, including New England and the State of Kentucky	Do.
Eastern, including New England, Pocahontas, and State of Kentucky	Do.
Southern, excluding State of Kentucky	Do.
Eastern, including New England and Southern (territories 1, 2, 6)	Do.

[fol. 4749]

Because of time limitations, and as the individual differences in the costs for the Western Trunk Line, Southwestern and Mountain Pacific territories on the one hand and the total of the Western territories on the other hand, are generally small,[90] unit costs in the Western district are shown only for territory 11, total Western.

The constant expenses common to all services, carload, less-carload, and passenger, are distributed on a revenue ton and revenue ton-mile basis over the carload traffic after deducting the contributions if any, that the less-carload and passenger services make to such constant costs. The purpose of this distribution was discussed in chapter I hereto.

The constant expenses identifiable with terminal operations at origin and destination points[91] are distributed over the revenue tons originated. Such expenses principally include the constant portion of the maintenance and operation of yards and the constant portion of the station clerical expense. The constant expenses identifiable with line-haul operations such as maintenance of way, dispatching, etc., are distributed over the line-haul revenue units, i. e., revenue ton-miles. Such separation of the constant

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[85] Data from I. C. C. Docket No. 28300, exhibit 12, ch. VI.

[86] The freight out-of-pocket operating expenses, rents, and taxes constitute 85 percent of the total freight out-of-pocket costs. The return at 4 percent constitutes 15 percent. See table 45 hereto, columns 5 and 8.

[87] The figure of 72 percent is a combined figure for carload and less-carload expenses.

[88] The completion of the studies reviewed in chs. XI and XII indicate that the out-of-pocket expenses in the East, considering the carriers as a whole, constitute a somewhat larger percent of the total expenses than in the South and West. However, because of the relatively small territorial differences and the limitations of time a uniform percentage was applied in all territories.

[89] Recommended value of freight-train cars $1,510,200,000; passenger-train cars $[illegible],760,000; steam and other locomotives $829,100,000; total equipment $2,701,990,000; total road, $15,230,776,110; grand total, $17,935,951,110; class I carriers. Value furnished by Commission's Bureau of Valuation as of Jan. 1, 1940. Class I carriers (1.0×15 percent + 0.5×85 percent = 57.5 percent).

[90] Separate costs for the Southwestern, Western Trunk Line, and Mountain Pacific territories were developed for all classes of equipment in I. C. C. Docket No. 28300, exhibit 3. The figures were based upon the apportionment of the constant costs on the basis of the out-of-pocket costs. For territorial comparisons on this basis see ch. III hereto, tables 3 to 5.

[91] Excludes intertrain and interchange switching treated as variable with length of haul.

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expenses between terminal and line-haul is based on the assumption that the constant expenses incurred in terminals, after excluding switching treated as variable with length of haul, are solely related to terminal operation, while the constant expenses incurred in line haul are solely related to the line service. The result is that the traffic is charged only with those constant expenses incurred in the performance of the service, line or terminal, which it receives.

Less-carload and passenger deficits included in the carload full distributed expenses are distributed between line and terminal on the basis of the separation of the carload out-of-pocket costs between line and terminal. The burden is thus apportioned between short-haul and long-haul traffic on the same basis as the out-of-pocket costs are distributed.

The principle followed in distributing the expenses is illustrated in table 45. The out-of-pocket costs for each service are shown on lines 1-4. The solely related expenses are shown on lines 5 to 7.[92] The expenses common to all services are shown on lines 9-11.[93] All expenses were separated between line and terminal. The contribution of each service, carload, less-carload, and passenger, to the constant costs common to all services, is shown on line 16.

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[92] The estimated constant expenses solely related to passenger service are included with the passenger out-of-pocket costs, lines 1-4.

[93] The constant expenses solely related to a given class of service includes those expenses which, although treated as constant for changes in the volume of traffic handled, would be eliminated if the entire service were eliminated. For example, this includes the constant portion of the operating expenses, rents, taxes and return attributable to the operation of freight houses, freight-house tracks, land used by these facilities, etc. Such constant costs solely related to a given service need not be considered when determining the out-of-pocket cost of a single shipment or movement. They must be considered, however, in determining the out-of-pocket cost of rendering the total service, i. e., carload, less-carload, or passenger. They must also be considered when determining the contribution which each of these services makes toward those constant expenses which are common to all railroad services. Approximations entering into the separation of the constant expenses between those solely related to a service and those common to all services do not affect the computation of the out-of-pocket costs in any of the services, or the computation of the full distributed expense for carload traffic. For the purpose of obtaining a more correct measure of the passenger deficits, using territory 12 for purposes of illustration, the common constant maintenance-of-way expenses apportioned to passenger service were regrouped with the expenses treated herein as common to all services.

TABLE 45.—*Distribution of total operating expenses, rents, taxes, and return for all class I railroads between carload, less-carload, and passenger services and between out-of-pocket costs, constant expenses solely related to each service and constant expenses common to all services; and computation of the contribution of each service to the constant expenses*

UNITED STATES

Line No.	Item (1)	Source [1] (2)	Carload			Less-carload		
			Terminal (3)	Line (4)	Total (5)	Terminal (6)	Line (7)	Total (8)
	Out-of-pocket costs: [3]							
1	Operating expenses, rents and taxes.	(4)	$299,021,389	$1,191,329,357	$1,490,350,746	$64,328,102	$136,020,209	$200,348,311
2	Return on rolling equipment—4 percent.	(4)	28,913,839	47,429,483	76,343,322	2,302,999	6,779,175	9,082,174
3	Return on road value, variable portion—4 percent.	(4)	25,303,932	176,669,423	201,973,355	2,421,553	14,966,584	17,388,137
4	Subtotal out-of-pocket cost	Lines 1-3, or table 5, line 14	353,239,160	1,415,428,263	1,768,667,423	69,052,654	157,765,968	226,818,622
	Constant expenses solely related to each service:							
5	Operating expenses, rents, and taxes.	Table No. 6, line 26, columns (4)-(7).	130,317,854		130,317,854	52,340,682	8,080,461	60,421,143
6	Return on road value, constant portion—4 percent.	Table No. 6, line 34, columns (4)-(7).						
7	Subtotal solely related constant costs.	Line 5+line 6	130,317,854		130,317,854	52,340,682	8,080,461	60,421,143
8	Total out-of-pocket plus solely related expenses.	Line 4+line 7	483,557,014	1,415,428,263	1,898,985,277	121,393,336	165,846,429	287,239,765
	Constant expenses common to all services:							
9	Operating expenses, rents, and taxes.	Table No. 6, line 26, columns (8) and (9).						
10	Return on road value, constant portion—4 percent.	Table No. 6, line 34, columns (8) and (9).						
11	Subtotal common constant costs.	Line 9+line 10						
	Total expenses:							
12	Total, lines 8 and 11	Line 8+line 11	483,557,014	1,415,428,263	1,898,985,277	121,393,336	165,846,429	287,239,765
13	Loss and damage claim payments.	Exhibit 3, table 85			14,015,030			4,507,463
14	Total	Line 12+line 13			1,913,000,307			291,747,228
15	Revenues				[6] 3,087,447,685			[7] 226,669,565
16	Income or deficit over out-of-pocket costs plus solely related expenses (indicate (+) or (−)).	Line 15−line 14			+1,174,447,378			−65,077,663

Line No.	Item (1)	Source [1] (2)	Passenger [5] (9)	Common to all services			Grand total (13)
				Terminal (10)	Line (11)	Total (12)	
	Out-of-pocket costs: [3]						
1	Operating expenses, rents, and taxes	(4)	$720,147,315				$2,410,846,372
2	Return on rolling equipment—4 percent.	(4)	25,169,704				110,595,200
3	Return on road value, variable portion—4 percent.	(4)	85,253,996				304,615,488
4	Subtotal out-of-pocket cost	Lines 1-3, or table 5, line 14	830,571,015				2,826,057,060
	Constant expenses solely related to each service:						
5	Operating expenses, rents, and taxes	Table No. 6, line 26, columns (4)-(7)					190,738,997
6	Return on road value, constant portion—4 percent.	Table No. 6, line 34, columns (4)-(7)					
7	Subtotal solely related constant costs	Line 5+line 6					190,738,997
8	Total out-of-pocket plus solely related expenses.	Line 4+line 7	830,571,015				3,016,796,057

See footnotes at end of table.

[92] The estimated constant expenses solely related to passenger service are included with the passenger out-of-pocket costs, lines 1-4.

[93] The constant expenses solely related to a given class of service includes those expenses which, although treated as constant for changes in the volume of traffic handled, would be eliminated if the entire service were eliminated. For example, this includes the constant portion of the operating expenses, rents, taxes and return attributable to the operation of freight houses, freight-house tracks, land used by these facilities, etc. Such constant costs solely related to a given service need not be considered when determining the out-of-pocket cost of a single shipment or movement. They must be considered, however, in determining the out-of-pocket cost of rendering the total service, i. e., carload, less-carload, or passenger. They must also be considered when determining the contribution which each of these services makes toward those constant expenses which are common to all railroad services. Approximations entering into the separation of the constant expenses between those solely related to a service and those common to all services do not affect the computation of the out-of-pocket costs in any of the services, or the computation of the full distributed expense for carload traffic. For the purpose of obtaining a more correct measure of the passenger deficits, using territory 12 for purposes of illustration, the common constant maintenance-of-way expenses apportioned to passenger service were regrouped with the expenses treated herein as common to all services.

TABLE 45.—*Distribution of total operating expenses, rents, taxes, and return for all class I railroads between carload, less-carload, and passenger services and between out-of-pocket costs, constant expenses solely related to each service and constant expenses common to all services; and computation of the contribution of each service to the constant expenses*—Continued

UNITED STATES—Continued

Line No.	Item (1)	Source [1] (2)	Passenger [2] (9)	Common to all services: Terminal (10)	Common to all services: Line (11)	Common to all services: Total (12)	Grand total (13)
	Constant expenses common to all services:						
9	Operating expenses, rents, and taxes.	Table No. 6, line 26, columns (8) and (9).	....	$49,863,082	$610,622,445	$660,485,527	$660,485,527
10	Return on road value, constant portion—4 percent.	Table No. 6, line 34, columns (8) and (9).	....	60,831,713	243,783,775	304,615,488	304,615,488
11	Subtotal common constant costs	Line 9+line 10	....	110,694,795	854,406,220	965,101,015	965,101,015
	Total expenses:						
12	Total, lines 8 and 11	Line 8+line 11	830,571,015	110,694,795	854,406,220	965,101,015	[5] 3,961,897,072
13	Loss and damage claim payments	Exhibit 3, table 85		....	....	....	38,522,493
14	Total	Line 12+line 13	830,571,015	....	....	....	4,000,419,565
15	Revenues		[8] 632,035,908	....	....	....	3,946,153,158
16	Income or deficit over out-of-pocket costs plus solely related expenses (indicate (+) or (−)).	Line 15−line 14	−198,535,107	....	....	965,101,015	[9] −54,266,407

[1] All table references are to I. C. C. Docket No. 28300, exhibit 13.

[2] Line 1 includes estimated out-of-pocket passenger expenses plus expenses solely related to passenger service from I. C. C. Docket No. 28300, exhibit 13, table 5, line 26. Line 2 hereto from same source, lines 28 and 30. Line 3 hereto from same source, line 32.

[3] Excludes loss and damage claim payments, which are excluded from cost scales. See line 13.

[4] I. C. C. Docket No. 28300, exhibit 13, table No. 5, lines 1-14, sets forth the distribution of the total freight out-of-pocket costs (operating expenses, rents, and taxes plus return) between carload and less carload and in the case of carload, the distribution between terminal and line haul. For the purposes of this table it was necessary first to provide a similar distribution separately for operating expenses and for return and secondly to separate the less carload expenses between line and terminal. See I. C. C. Docket No. 28300, exhibit 12, appendix O for detail.

[5] Reconciliation: Total operating expenses, rents, and taxes from I. C. C. Docket No. 28300, exhibit 3, table 87, column (41), $2,346,906,883; return at 4 percent on total freight and passenger value (4 percent of $17,995,554,410 based on summary of Rail Cost Form A, schedule F, sheet 1, lines 2 and 8), $719,826,176; passenger-operating expenses, rents, and taxes from Preliminary Abstract (1939), Summary No. 1, p. 7, $882,868,798; and passenger portion of expenses of handling nonrevenue freight from summary of Rail Cost Form A, schedule E, sheet 3, line 32, $10,294,215; total, $3,961,897,072.

[6] Computed as follows: Total rail-line transportation revenues assignable to freight service from Preliminary Abstract, Summary No. 3 ($3,303,714,418), plus demurrage, $6,992,618, and joint facility operating revenue, $1,010,184; total, $3,311,717,220 minus less-carload revenues from line 11, column (8) hereto.

[7] Computed as follows: Less-carload revenues from summary of Cost Form A, Schedule E, sheet 3, line 25 ($281,331,727), minus payments for pick-up and delivery from Summary of Cost Form A, schedule E, sheet 3, line 22 ($24,662,109).

[8] From Preliminary Abstract, Summary No. 3, total railway operating revenues assignable to passenger and allied services.

[9] Represents amount by which freight and passenger revenues failed to cover total freight and passenger operating expenses, rents, and taxes, and 4 percent return on freight and passenger value (1939).

Although the determination of the expenses solely related to each service is subject to some degree of approximation, the results generally indicate that for the year 1939 neither the less-carload service nor the passenger service, considered as a whole, covered the total of their out-of-pocket costs and the constant expenses solely related to them. They made no contribution, of course, toward the constant costs common to all services. The carload service, considered as a whole, bore the entire burden of meeting the constant costs common to all services amounting to $965,101,015 and in addition provided for all of the less-carload and passenger deficits with the exception of $54,266,407. This latter figure represents the amount by which the total freight and passenger revenues failed to cover the total freight and passenger operating expenses, rents, taxes[94] and a 4-percent return on the freight and passenger value.

Carload unit costs.

Table 46 shows the form used in assembling the carload unit costs for the purpose of the carload-cost scales shown in appendix A, tables 1 and 3. For purposes of computation the entire constant expenses common to all services were distributed over the carload traffic (lines 8-10), with a subsequent reduction by the contribution, if any, made to the common expenses by the less-carload and passenger services (lines 11-12). The deficits, if any, in the less-carload and passenger services are shown in lines 15-16. This table thus shows all the elements entering into the construction of the carload unit costs.

Attention is directed to the fact that the unit carload constant expenses, line and terminal, for a given territory will be the same for all weights of carloads and all types of equipment.

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[94] Includes Federal income taxes amounting to $32,835,400 for 1939. (From Statistics of Railways in the United States, table 108, 1940.)

TABLE 46.—*Carload unit costs—25-ton load moving in box cars—Total United States territory* [1, 2]

Line No.	Item (1)	Costs (cents): Terminal cost per 100 pounds (2)	Costs (cents): Line-haul costs per 100 pounds per mile (3)
	Out-of-pocket costs:		
1	Operating expenses, rents and taxes	2.555	0.018294
2	Return on value of equipment—4 percent	.276	.000758
3	Return on value of road—4 percent	.211	.002520
4	Subtotal	3.042	.021572
	Constant costs solely related to carload service:		
5	Operating expenses, rents and taxes	.744	....
6	Return on value of road—4 percent		
7	Subtotal	.744	
	Constant costs common to all services:		
8	Operating expenses, rents and taxes	.053	.006887
9	Return on value of road—4 percent	.473	.005105
10	Subtotal	.526	.011992
11	Contribution by less-carload service [2]	....	....
12	Contribution by passenger service [2]	....	....
13	Total contribution by other services	....	....
14	Constant expenses less less-carload and passenger contribution	.526	.011992
	Deficits in less-carload and passenger services:		
15	Less-carload deficit	.049	.000745
16	Passenger service deficit	.352	.003582
17	Constant expenses (less contribution) and plus deficit	1.671	.016319
18	Grand total expense to be borne by carload traffic to provide 4 percent return on total value	4.713	.037891

[1] See appendix A, table 3.

[2] Contribution, if any, divided by carload traffic units.

Less-carload unit costs.

Table 47 shows the elements included in the less-carload unit costs, namely, the out-of-pocket expenses plus those constant costs solely related to the less-than-

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carload service. One hundred percent of the less-than-carload constant expenses incurred in terminal operation were assumed to be solely related to the less-than-carload service. Expense items included are station clerical work, platform handling, maintenance of tracks used in classification, transfer and freight-house switching and a part of the general overhead. These items were included as it is believed the major part of such expenses could be eliminated if all less-than-carload service were abandoned. As some indeterminate part of these expenses is no doubt common to all services, this treatment overstates in some measure the operating expenses, rents, and taxes solely related to less-than-carload service.

On the other hand, as the constant portion of the terminal property solely related to the less-carload services could not be identified on the basis of the information presently available, the return of 4 percent on such property was treated as common to all services. Properties thus included were less-carload warehouses, freight-house tracks and leads and the land used by these facilities. This procedure results in some understatement of the constant expenses solely related to less-carload service.

TABLE 47.—*Less-carload unit costs—5-ton load moving in boxcars, territory 12—total United States* [1]

Line No.	Item	Costs (cents)	
		Terminal cost per 100 pounds	Line-haul costs per 100 pounds per mile
	(1)	(2)	(3)
	Out-of-pocket costs:		
1	Operating expenses, rents and taxes	21.120	0.09859
2	Return on value of equipment—4 percent	.720	.00127
3	Return on value of road—4 percent	.755	.00047
4	Subtotal	22.595	.10033
	Constant costs solely related to less-carload service:		
5	Operating expenses, rents and taxes	17.730	.00496
6	Return on value of road—4 percent		
7	Total constant costs	17.730	.00496
8	Grand total	40.325	.10529

[1] See appendix A, table 3. The less-carload costs include only the out-of-pocket costs plus the estimated constant costs solely related to less-carload traffic.

Chart illustrating the development of the carload fully distributed expense.

The chart shown in appendix A, table 3 was prepared to show graphically the development of the cost data. It shows the relative significance of the principal elements entering into the computation of the out-of-pocket costs and the carload full-distributed expenses. For purposes of illustration the data for a 25-ton load moving in boxcars, territory 12 (United States) are used. The passenger deficit as shown in this chart was computed by subtracting the passenger revenues from the estimated passenger out-of-pocket costs after redistributing part of the passenger expenses to those constant expenses treated as common to all services. The effect of this was to reduce the passenger deficit and to correspondingly increase the constant expenses common to all services. This procedure does not affect either the carload out-of-pocket or the carload full-distributed expense. The purpose was merely to provide [illegible] picture of the passenger deficit as a matter of illustration. Except for this illustration the passenger deficit, as a matter of convenience, was based on the passenger deficits as reported in the annual report, schedule 300 I.

Distribution of the constant costs based on a consideration of ability to pay.

The treatment in this study of the constant costs common to all services has been based upon the practical procedure of determining the contribution which the less-carload and passenger services have made toward such constant costs and distributing the remainder as a burden which must be borne by the carload traffic as a whole if the various services, including the carload freight service itself, are to survive. Any adjustments in rates or costs which will increase the contribution of the less carload and passenger services toward the constant costs will correspondingly relieve the burden laid on the carload traffic.

No attempt has been made to make any statistical apportionment of the constant expenses common to all services over the less-carload and passenger services for the reason that expenses of this character are not capable of direct assignment to any one class of traffic as compared to another. Indeed, the problem is ultimately not so much one of apportioning the constant costs over the traffic as it is of determining for each class of traffic that schedule of rates which, considering its ability to pay, will provide the greatest contribution toward the constant cost, provision being taken, however, to avoid the various forms of discrimination, to observe declarations of public policy, and to insure that a fair return to the carrier as a whole is not exceeded.

The problem of determining that schedule of rates which will provide the maximum contribution is particularly applicable in the instant proceeding to the less-carload class rate schedules as the less-carload revenues in 1939 did not cover the sum of the less-carload out-of-pocket costs plus the estimated constant expenses solely related to this service.[94]

The determination of that schedule of rates which will provide the maximum contribution toward the constant cost may be illustrated by the demand schedule shown in chart 22.[95] The line DD represents the assumed volume of traffic that would move at any given rate. Assume that the rate OY is charged. The volume of traffic moved will be represented by OX (tons). The gross revenue will be represented by the rectangle OYPX. Let CC equal the out-of-pocket cost of handling each ton. As the variable expenses are constant when stated in terms of traffic units, the cost line CC can be treated as reasonably constant for any given weight load and for any given period. The contribution which the traffic will make at the rate OY is therefore represented by the difference between the out-of-pocket cost (rectangle OCAX) and the gross revenue (OYPX) or CYPA. If the rate is reduced to OY″ and the traffic is increased to OX″ the gross revenue will be represented by the rectangle OY″P″X″. The contribution which the traffic now makes above its out-of-pocket costs is represented by the difference between OY″P″X″ and OCA″X″, or, in other words, the rectangle CY″P″A″. With proper safeguards to protect the public interest and prevent extortion the problem becomes that of determining that level of the rate which will provide the greatest contribution toward the constant costs. It will lie between OY and OY″. Let us assume that OY′ represents such a rate. The volume of traffic moving will then become represented by OX′. The gross revenue is represented by the area OY′P′X′. The contribution toward the constant cost is represented by the area CY′P′A′.

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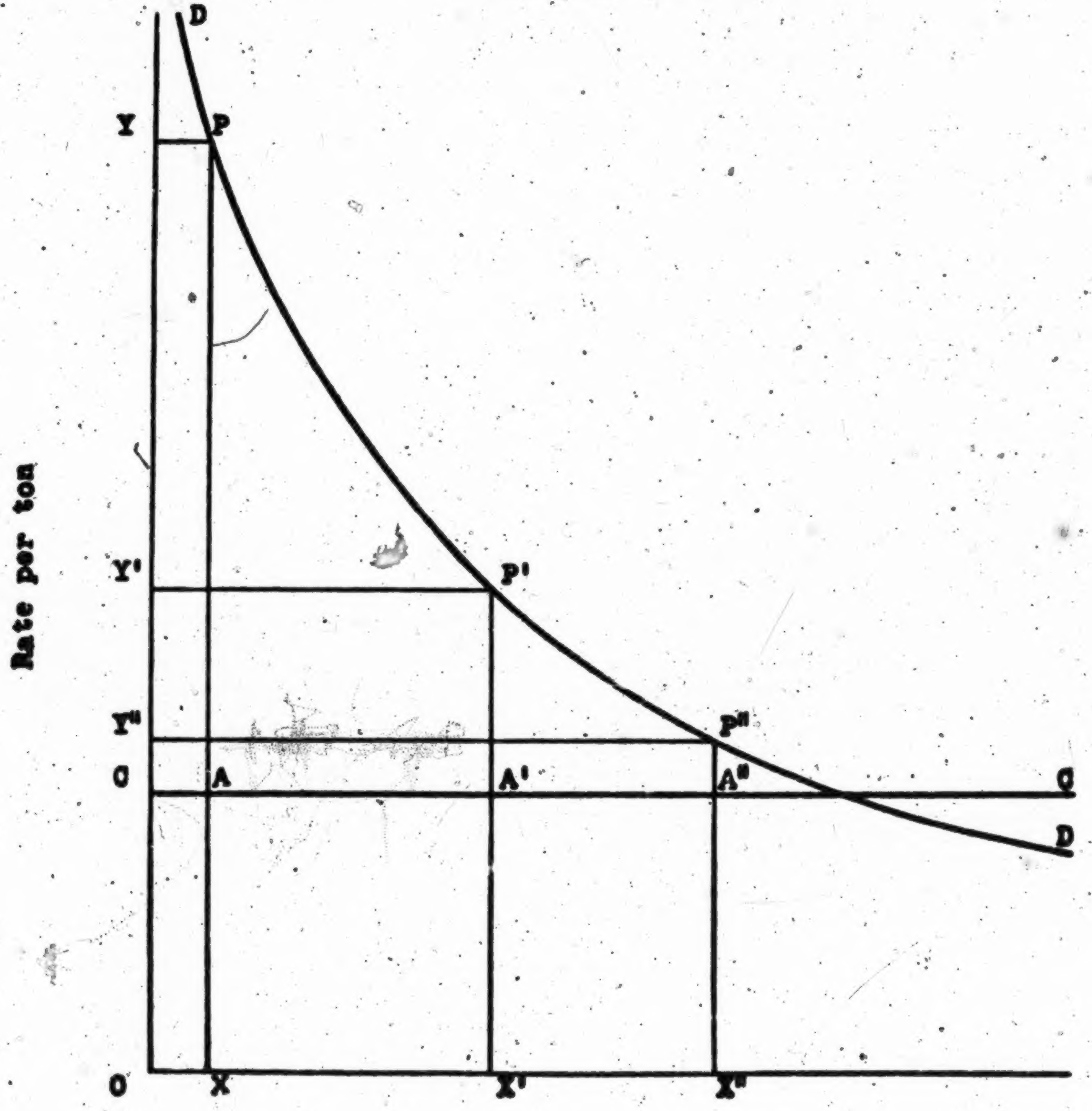
[94] This picture will be altered in 1942 both as a result of the increased revenues from the temporary rate increases allowed in *Ex Parte 148* and the reduced costs resulting from heavier loadings per car.

[95] The determination of the demand schedule rests upon an analysis of the various economic factors, i. e., value of service, value of the commodity, competition, etc. D. Philip Locklin in his Economics of Transportation (1938) has concisely summed up the significance of these factors as follows:

"The value of the service sets the upper limit, beyond which the traffic will not move. Prime or variable costs, on the other hand, fix the lower limit, below which the rate must not fall. But where, between the upper and lower limits, will the rate be fixed? The answer is summed up in the phrase, 'charging what the traffic will bear.' This is a much-abused phrase. It is often falsely interpreted to mean exacting the highest possible charge that can be extorted from shippers. The policy is more accurately, but more cumbersomely expressed as 'not charging what the traffic will not bear.' The practice is one of granting concessions to traffic that will not move at normal rates, although it may, if not controlled in the public interest, lead to higher rates than are necessary on traffic that will stand high rates. To be more precise, charging what the traffic will bear means charging the rate on each commodity which, when the volume of traffic is considered, will make the largest total contribution to overhead expenses (p. 157). [illegible] charging what the traffic will [illegible] higher rates on high-grade traffic than would be charged if the low-grade traffic did not move" (p. 162). "If the distinction between constant and variable expenses has been fully grasped it will be apparent that preferential rates relieve rather than increase the burden on other traffic if two conditions are fulfilled. These are that the rate must more than cover the direct costs; and that the traffic will not move at higher rates. When those conditions are fulfilled preferential rates are of benefit to all concerned" (p. 161).

CHART 22



APPENDIX E

EXPLANATION OF FACTORS USED IN THE FORMULA

Weighting factors used in computing switching costs.

In securing the separation of the switching expenses between the various classes of switching on an equated car handled basis, the following weighting was applied to the number of cars handled in each of the classes of switching:

Carrier terminal switching and connection terminal switching between road train and industry and team tracks, including an allowance for intermediate switching [1]	1.00
Carrier terminal switching and connection terminal switching, between road train and freight-house tracks	.80
Interchange switching, road train to road train, including allowance for intermediate switching [1]	.45
Intertrain and intratrain switching (at intermediate terminals)	.25

[1] Allowance for intermediate switching based on the assumption that, exclusive of the work done by switching and terminal companies, not over 5.0 percent of the cars handled received an intermediate switching. Switching and terminal companies are excluded from study.

The above weighting applies to the switching movement of a car in the loaded direction only. If one assumes that the ratio of the empty cars switched to loaded cars switched for each of the four classes of switching are 1.00, 0.80, 0.65, and 0.65, respectively, the relative weighting for the total switching in each class for the loaded plus the empty movement, becomes as follows: 1.00, 0.72, 0.37, and 0.21. The weight thus given for an interchange switching of 0.37 reflects the cost for the switching in both the loaded and empty direction by a single carrier. This figure should be doubled to reflect the relative work done by both the carriers party to an interchange.

The above switching factors are based upon switching data for a large number of cities introduced in cases before the Commission, including the following:

Switching at Kansas City, Mo., and related points (96 I. C. C. 538).
Switching at St. Louis, Mo., and East St. Louis, Ill., also between St. Louis, Mo., and Suburban Stations in Missouri (120 I. C. C. 216).
Switching at Little Rock and North Little Rock, Ark. (140 I. C. C. 383).
Des Moines Union Railway Switching (231 I. C. C. 631).
Naval Stores from Mississippi to Gulf Ports (235 I. C. C. 723).
Packing House Products from Denver and Pueblo to Arizona (238 I. C. C. 560).
Petroleum and Petroleum Products from California to Arizona (241 I. C. C. 21).
I. C. C. Docket No. 26712, Rail-Barge Joint Rates.
I. C. C., F. S. A. 18444, Sugar from California to North Atlantic Ports.

Car-day factors.

The active car-days in running service were computed by multiplying the system train-hours, including train-switching-hours, by the average cars per train and dividing the product by 24. The car-days in switching service were computed by multiplying the number of loaded and empty cars handled by the following car-day factors:

	Days
Carrier terminal and connection terminal switching, industry, team tracks, and freight houses	0.50
Interchange switching per carrier	.33
Intertrain and intratrain switching	.33
Detention for loading or unloading (but not both) at industry and team tracks	1.75
Detention for loading or unloading at freight houses	.50

Car-days for "other than mileage" cars in running service were obtained by multiplying the total days in running service by the ratio of the car-miles for "other than mileage" cars to the total car-miles. The car-days for "other than mileage" cars in switching service were obtained by—

(*a*) Multiplying the sum of the car-days for interchange switching and intertrain and intratrain switching by the ratio of the car-miles for "other than mileage" cars to the total car-miles, and

(*b*) Multiplying the remaining car-days in switching service, excluding freight-house cars, by the ratio of the loaded cars handled of "other than mileage" cars to the total loaded cars handled. Switching car-days occasioned by freight-house switching were assigned to "other than mileage" cars.

The source of the car-day factors is based upon an analysis of the cases mentioned above in connection with switching factors.

Separation of car-miles, running and switching.

The car-miles in running service were determined from the annual report, schedule 531, items 40, 41, and 48. Car-miles in switching service were obtained by multiplying the number of loaded and empty cars handled in each class of switching by the following mileages:

	Miles
Carrier terminal and connection terminal switching, industry and team tracks	4.0
Carrier terminal and connection terminal switching, freight houses	3.5
Interchange switching per carrier	2.75
Intertrain and intratrain switching	1.00

The mileages were based on a study by the Engineering Section of the Bureau of Valuation of the terminal lay-outs of a number of railroads. A weight of 1.0 is given to a car-mile in running service and a weight of 2.0 to a car-mile in switching service. This weighting is based on a study by the Engineering Section of the Commission's Bureau of Valuation.

Count of cars.

The switching factors, car-day factors, and mileage factors set forth above are applied to the count of the loaded cars plus the empty cars handled in each class of switching. The count of cars was obtained as follows:

Item	Source
1. Carrier and connection terminal switching, industry and team tracks, loads.	From A. R. Schedule 541, class 850, sum of columns (*d*) and (*f*) plus twice column (*h*).
2. Carrier and connection terminal switching, industry and team tracks, empties.	Number of loads handled multiplied by the ratio of the total empties spotted and switched out to the total loads spotted and switched out. For the purpose of carload traffic, the ratio used was 1.0.
3. Carrier terminal switching, nonrevenue traffic, loads.	Developed by dividing the total tons of nonrevenue freight carried by the average net load of company material to obtain the total number of loaded cars handled, nonrevenue freight. This latter figure was multiplied by 2 assuming that these nonrevenue loads were principally local to 1 line.
4. Carrier terminal switching, nonrevenue traffic, empties.	Number of loads, nonrevenue, multiplied by the ratio of 1.0.
5. Carrier and connection terminal switching, freight-house tracks, loads.	(*a*) Total tons of less-carload traffic handled, from A. R. Schedule 541, class 710, sum of columns (*e*) plus (*g*) plus twice column (*c*). (*b*) Average load, tons per loaded car, from S. Res. 146, 76th Cong., 1st sess., vol 1, statement 6, column (14). (*c*) Number of loaded cars, line (*a*) divided by line (*b*). (*d*) Number of loaded cars originated or terminated, re transfers, tons transferred divided by average load, line (*b*). (*e*) Total cars, line (*c*) plus line (*d*).
6. Carrier and connection terminal switching, freight-house tracks, empties.	Number of loads handled multiplied by the ratio of the total empties spotted and switched out to the total loads spotted and switched out. For the purpose of this study the ratio used was 0.80.
7. Interchange switching loads	Computed as follows: (*a*) Number of cars, carload traffic, from A. R. Schedule 541, class 850, sum of columns (*d*) plus (*f*) plus twice column (*h*). Number of cars less-carload traffic: (*b*) Number of tons received from and delivered to connections, from A. R. Schedule 541, class 710, columns (*e*) plus (*g*) plus twice column (*i*). (*c*) Percentage of tons (interline traffic) in through cars not worked at interchange, from S. Res. 146, statement 6, column (3) divided by (2). (*d*) Number of tons (interline) in through cars not worked at interchange points, line (*b*) multiplied by line (*c*). (*e*) Average tons for through car, interline, from S. Res. 146, statement 6, column (13). (*f*) Number of cars not worked at interchange, line (*d*) divided by line (*e*). (*g*) Total cars, carload and less-carload, line (*a*) plus line (*f*).
8. Interchange switching empties.	Number of empties computed by multiplying the number of loads by the system ratio of empty-car-miles to loaded-car-miles.

Item	Source
9. Intertrain and intratrain switching loads.	Computed by dividing the total car-miles by 150. Based on factor of 150 car-miles per handling. This factor was developed from studies introduced before the Commission including *Packing House Products from Denver and Pueblo to Arizona* (236 I. C. C. 560); *Petroleum and Petroleum Products from California to Arizona* (241 I. C. C. 21); and *Sugar from California to North Atlantic Ports*, F. S. A. 16444. These studies show the distance between intertrain and intratrain handlings to range from approximately 100 to 160 miles, and the average car-miles for intertrain and intratrain switching to range from 125 to 160 miles.
10. Intertrain and intratrain switching, empties.	The number of empties computed by multiplying the number of loads by the system ratio of empty-car-miles to loaded-car-miles.

The ratio of empty cars spotted and pulled to loaded cars spotted and pulled was based upon fragmentary evidence appearing in the cases above cited, which indicated that such ratio was slightly less than 1.0. However, the figure of 1.0 is used for purposes herein in conjunction with the use of a factor of 0.80 for freight-house switching. Any change in these ratios does not affect the carriers' aggregate costs, although it does affect, in some more or less negligible degree, the distribution of the expenses between line-haul and terminal and between carload and less-carload traffic. (See ch. V for a discussion of the influence of a change in these factors.)

DEFINITIONS OF THE SWITCHING TERMS USED IN THE STUDY[1]

1. Carrier terminal switching is a primary class of transportation switching service which includes all the elements of switching performed at origin and destination terminals by the initial and final line-haul carriers.

2. Connection terminal switching is a primary class of transportation switching service which includes all the elements of switching performed at origin and destination terminals by carriers, which as to the particular traffic (1) do not provide line-haul service, and (2) do not provide intermediate switching service.

3. Interchange switching is a primary class of transportation switching service which includes all the elements of switching performed in taking cars from the road train of one line-haul carrier and placing them in the road train of another line-haul carrier in the same terminal district except that it excludes intermediate switching, if any.[2]

4. Intermediate switching is a primary class of transportation switching service which includes all the elements of switching performed by a carrier which neither originates nor terminates the shipment nor performs a line haul on that shipment, the extent of the carrier's participation in the movement being only that of a connection between two other carriers.

5. Interterminal switching is a primary class of transportation switching service performed in handling a car from a track served by a carrier to a track served by another carrier when both tracks are within the switching limits of the same station or industrial switching district.

6. Intertrain switching is a primary class of transportation switching service which includes all the elements of switching performed in taking a car out of a train and placing it in another train of the same carrier at the same station or terminal.

7. Intraterminal switching is a primary class of transportation switching service performed in handling a car from a track served by a carrier to another track served by the same carrier when both tracks are within the switching limits of the same station or industrial switching district.

8. Intratrain switching is a primary class of transportation switching service which includes all the elements of switching performed in taking a car out of a train and replacing it either in the same or another position in that train.

*Portion of the operating expenses, rents, and taxes treated as out-of-pocket in separating the out-of-pocket from the constant expenses**

MAINTENANCE OF WAY AND STRUCTURES

Account No.	Expense groups or items	Out-of-pocket portion (percent)	Source
201	Superintendence	20	(1)
202-22	Track expense:		
	Yard switching tracks	(2)	......
	Way switching tracks	(2)	......
	Running tracks	(2)	......
227-28	Station and office buildings.		
	(a) Station buildings	20	(3)
	(b) Grain elevators	5	(3)
	(c) General office buildings	10	(3)
229-30	Roadway buildings	0	(1)
231-32	Water stations	10	(1)
233-34	Fuel stations	15	(1)
235-36	Shops and enginehouses	10	(1)
237-38	Grain elevators	5	(1)
239-40	Storage warehouses	5	(1)
241-42	Wharves and docks	10	(1)
243-44	Coal and ore wharves	10	(1)
247-48	Telegraph and telephone lines	0	(1)
249-50	Signals and interlockers	30	(1)
253-54	Power plants	0	(1)
257-58	Power transmission systems	0	(1)
265-66	Miscellaneous structures	0	(1)
271-73	Roadway machines, small tools and supplies, removing snow, ice, and sand, public improvements—maintenance	20	(1)
274	Injuries to persons	50	(1)
275	Insurance	50	(1)
276	Stationery and printing	10	(1)
277	Other expenses	0	(1)
278	Maintaining joint tracks, yards, etc., debit	(5)	......
279	Maintaining joint tracks, yards, etc., credit	(5)	......
281	Right-of-way expense	0	(4)

[*] For treatment of return on rate-making value see ch. XIII.

[1] See report of American Railway Engineering Association committee, A. R. E. A. Manual, 1929, p. 1406.

[2] Compute the aggregate out-of-pocket expenses for yard switching tracks, way switching tracks, and running tracks, respectively, by taking the following percentages of each individual account:

Account No.	Expense groups or items	Out-of-pocket portion (percent)			Source
		Yard switching tracks	Way switching tracks	Running tracks	
202	Roadway maintenance	10	10	10	(a)
204	Underground power tubes	0	0	0	(a)
206	Tunnels and subways	10	10	10	(a)
208	Bridges, trestles, and culverts	10	10	10	(a)
210	Elevated structures	10	10	10	(a)
212	Ties	55	70	80	(a)
214	Rails	95	100	100	(a)
216	Other track materials	90	100	100	(a)
218	Ballast	80	80	80	(a)
220	Track laying and surfacing	93	93	93	(a)
221	Fences, snow sheds, and signs	0	0	0	(b)

[a] Based on study by Engineering Section, Commission's Bureau of Valuation.
[b] See report of American Railway Engineering Association committee, A. R. E. A. manual, 1929, p. 1406.

[3] Based on study by Engineering Section, Commission's Bureau of Valuation.

[4] Percentage based on Cost Section's estimate.

[5] Apply the percentage developed for the aggregate of accounts 202-278, inclusive.

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[1] *From Sioux City Terminal Railway Switching* (241 I. C. C. 53, 60).

[2] For the purpose of this study, a separate count is given to the cars handled by each carrier participating in the interchange switching service.

[fol. 4756]

4756

Portion of the operating expenses, rents, and taxes treated as out-of-pocket in separating the out-of-pocket from the constant expenses—Continued.

MAINTENANCE OF EQUIPMENT AND EQUIPMENT RENTALS

Account No.	Item	Out-of-pocket portion (percent)	Source
301	Superintendence	10	(4)
302-03	Shop machinery	40	(4)
304-05	Power plant machinery	5	(4)
308	Steam locomotives, repairs	100	(7)
311	Other locomotives, repairs	100	(7)
314	Freight-train cars, repairs	100	(7)
323	Floating equipment, repairs	10	(5)
326	Work equipment, repairs	75	(6)
328	Miscellaneous equipment, repairs	0	(5)
329-30	Equipment retirements:		
	(a) Steam locomotives	100	(7)
	(b) Other locomotives	100	(7)
	(c) Freight-train cars	100	(7)
	(d) Work equipment	25	(6)
	(e) Floating equipment	0	(5)
331	Equipment depreciation:		
	(a) Steam locomotives	100	(7)
	(b) Other locomotives	100	(7)
	(c) Freight-train cars	100	(7)
	(d) Work equipment	25	(6)
	(e) Floating equipment	0	(5)
329-31	Equipment retirements and depreciation, miscellaneous equipment	0	(5)
332	Injuries to persons	50	(5)
333	Insurance	50	(5)
334	Stationery and printing	10	(5)
335	Other expenses	0	(5)
336	Maintenance of joint equipment, debit	100	(7)
337	Maintenance of joint equipment, credit	100	(7)
315-36	Shops and enginehouses	10	(4)
253-54	Power plants	0	(4)
257-58	Power transmission systems	0	(4)
503, 536	Hire of freight cars	100	(7)
504, 537	Locomotive rent, net	100	(7)
506	Rent from floating equipment	50	(5)
539	Rent for floating equipment	50	(5)
507	Rent from work equipment	10	(6)
540	Rent for work equipment	10	(6)

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[4] Based on study by Engineering Section, Commission's Bureau of Valuation.

[5] Percentage based on Cost Section's estimate.

[6] See report of American Railway Engineering Association committee, A. R. E. A. Manual, 1929, p. 198.

[7] It is assumed that the investment in locomotive equipment and freight-train cars, and the rental of such equipment will adjust itself, with some lag, to the volume of traffic by requirement. The reasons follow:

Maintenance of equipment expenditures fluctuate widely. In times of relative prosperity the needs of the traffic require that the equipment awaiting repairs be reduced to a minimum. As traffic drops off the need for equipment correspondingly declines and under the pressure of declining revenues the cars and locomotives needing repairs may be stored rather than sent to the shops. This procedure may continue temporarily until the supply of serviceable equipment is reduced to the current needs of traffic. A new but lower level of shop expenditures is then reached which is in tune with the then-existing flow of traffic. When traffic is declining the carrier may be temporarily living on its "fat" i.e., on the excess of serviceable equipment above current needs. When traffic picks up and unserviceable equipment is taken out of storage for repairs the process is reversed with a temporary added financial burden to the carrier. A like situation exists as to the ownership of equipment. As traffic declines purchases fall off and as traffic picks up purchases increase. Although this adjustment of ownership to traffic needs is very irregular and subject to much lag, particularly when traffic is declining, and although the long-time trend is influenced by the continuous drive toward more effective utilization of equipment nevertheless there exists the basic tendency for management to adjust its ownership of equipment to its traffic needs (allowance for reserves included).

Portion of the operating expenses, rents, and taxes treated as out-of-pocket in separating the out-of-pocket from the constant expenses—Continued.

TRANSPORTATION EXPENSES

Account No.	Item	Out-of-pocket portion (percent)	Source
371	Superintendence	50	(8)
372	Dispatching trains	50	(8)
373	Station employees:		
	(a) Platform labor	90	(9)
	(b) Other employees	33	(9)
374	Weighing, inspection, and demurrage bureaus	0	(5)
375	Coal and ore wharves	20	(5)
376	Station supplies and expenses	(10)	......
377-387, 389-391	Yard expenses, excluding enginehouse expenses	100	(8)
388	Enginehouse expenses—yard	75	(8)
392-399, 401-402	Train expenses, excluding enginehouse expenses	100	(8)
400	Enginehouse expenses—train	75	(8)
404	Signals and interlockers	33	(5)
405	Crossing protection	20	(5)
406	Drawbridge operation	0	(5)
407	Telegraph and telephone operation	20	(5)
408	Operating floating equipment	50	(5)
410	Stationery and printing	20	(5)
411	Other expenses	20	(5)
412	Operating joint tracks and facilities, debit	50	(5)
413	Operating joint tracks and facilities, credit	50	(5)
414	Insurance	50	(5)
415-420	Loss and damage, etc., clearing wrecks	100	(5)

TRAFFIC, GENERAL, MISCELLANEOUS OVERHEADS AND TAXES

Account No.	Expense groups or other items	Out-of-pocket portion (percent)	Source
441-446	Miscellaneous operations	20	(5)
351-359	Traffic	20	(5)
451-462	General	50	(5)
506 & 541	Joint facility rents—net	0	(5)
142	Rent of buildings and other property—credit	0	(5)
532	Pay-roll taxes	(11)	......
532	All other taxes—freight portion	(12)	......

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[5] Percentage based on Cost Section estimate.

[8] Based on analysis of effect of traffic changes on expenses. See I. C. C. Docket No. 28300, exhibit 12, appendix F.

[9] Based on (a) a finding that station expenses, account 373, are approximately 50 percent variable with changes in traffic volume (see Table 39, page 53), and (b) an estimate that the platform labor portion of the expenses are 90 percent variable. With approximately one-third of the charges to account 373 constituting "platform labor," it follows that the portion of the expenses for "other employees" which are variable with traffic is about one-third.

[10] Apply the percentage developed for the aggregate of account 373 ((a) plus (b)).

[11] Computed by multiplying the freight portion of the pay-roll taxes by the ratio of the out-of-pocket expenses, excluding equipment depreciation, to the total operating expenses, excluding equipment depreciation.

[12] Includes Federal income taxes and freight portion of Federal telephone and telegraph, gas and oil, and electrical energy taxes.

APPENDIX F

ECONOMICS OF RAILWAY OPERATION

A FORMULA OR METHOD OF CALCULATING THE COST OF MOVING FREIGHT TRAFFIC

The method is designated to include Maintenance of Way, Maintenance of Equipment, Transportation, Traffic, General Expenses and Fixed Charges that enter into and should be applied in determining the cost of the movement of freight between any two points on the railroad or through or over any special facility operated by the Railroad Company incident to performing its function of manufacturing transportation.[1]

The accuracy of the results that may be desired is only limited by the degree of refinement that may be practical in developing the various tables to be used in the application of the formula in solving the many problems of operating costs that are constantly coming before railroad managers. As an illustration, it may be desired to know the cost of handling live stock from a midwestern point to a market center or to tidewater, or the cost of handling grain or other individual commodity or miscellaneous freight between certain points on the line. The formula will also be useful in comparing the cost of moving a given volume of traffic via two different routes. Certain important interests may offer a large additional tonnage for transportation between two points and by the application of this formula it may quickly be determined whether or not this additional business would be profitable.

In presenting the tables the spread, or period of time, the figures cover is not indicated; this must necessarily be left to the individual carrier, as conditions will vary greatly on different railroads. In the case of wages, fuel and other supplies, the latest prices would ordinarily be best. The same thought may apply to most all items in the Maintenance of Way and Maintenance of Equipment Accounts, except items of repair, where a greater spread should be used in order to take into account seasonal variation in business and expense. Where wages are spread over a long period involving a change in rate of pay, the same should be equated to present-day basis.

Direct and indirect expense items are developed in certain tables: In the Maintenance of Way and Maintenance of Equipment Accounts the indirect expense is based on the ratio of dollars expended per dollar of direct expense and in the case of transportation accounts the indirect expense is based on the ratio of dollars expended per train mile. In other words, the indirect expense is based on the ratio of expense not affected by use or volume of business handled to expense which is affected by use or the volume of business handled. This method is adapted to problems not involving increases or decreases in traffic; however, should the problem involve a change in the volume of business, it will be necessary to equate the indirect expense units inversely to such variation in the traffic to be handled.

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[1] Adopted, Vol. 25, 1924, pp. 714, 1316.

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The same consideration should be made in applying the unit costs for fixed charges, which, within certain limits, will increase as the volume of business decreases and decrease as the volume of business increases.

The figures set up in the various tables are of value only in illustrating a plan by which this method or formula may be worked out. Tables of similar units can be set up in forms very concise and convenient for ready reference in applying this method to the problems to be met with on the several operating divisions of a railroad.

North and South Railroad

A FORMULA FOR ESTIMATING THE COST OF MOVING FREIGHT TRAFFIC—DERIVATION OF COST DATA

Table 1 **Engine and Train Crew Wages in Through and Local Freight Service.**	This table is compiled from data furnished by the Bureau of Rates of Pay. The figures should be based on the current rates of pay in effect. Straight pay per eight hour day (or per 100 miles), and hourly overtime rate of entire crew (engineman, fireman, conductor, flagman, and one, two or three brakemen, as conditions may require), are given for each class of power and kind of service.
Table 2 **Rates of Pay for Enginemen, Firemen, Trainmen and Yardmen.**	This table is prepared from the same information used in compiling Table 1, and is intended to supply the necessary detail for modifying total crew pay where special operating conditions exist, such as the use of two road engines per train, or other features not covered by the standard crew combinations given in Table 1.
Table 3 **Column 1** **Direct Expense—Fuel Hauling and Handling per ton**	This item covers Direct Freight Transportation and Maintenance of Equipment Expense per ton for hauling Company coal from mine to fuel station, plus cost per ton for fuel station operation. In computing the cost of haul from the originating point to any given division, the first step is to obtain the average direct expense per net ton mile of all freight, on each division participating in the movement. The average length of total haul of fuel, to any given division, is then obtained from the Fuel Bureau, or other source, and each participating division is assigned its portion of this mileage.

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The average net ton mile cost (direct expense) on each division affected is multiplied by its assigned portion of the entire haul, and by totaling these products the cost of haul per ton is determined for the entire distance.

The cost per ton for fuel station operation is obtained for each division by dividing Account 394-c by the total tons of passenger and freight fuel disbursed.

Table 3
Column 2

Direct Expense—Water per 1,000 Gallons.

This cost is obtained by converting total passenger, freight and yard fuel disbursed on each division, into equivalent gallons of water, on the basis of one gallon of water for each pound of coal, and dividing Accounts 385 and 397—the divisional water expense—by the equivalent gallons so obtained.

Table 3
Column 3

Direct Expense—Station Agents, Clerks and Supplies per Train Mile.

This item includes the total freight portions of Accounts 373 and 376 less the labor Sub-accounts 373-d and 373-e. The figures in Column 3 are obtained by dividing these net amounts by the freight train mileage.

Table 3
Column 4

Direct Maintenance of Way Expenses (Roadway and Track) per 1,000 Gross Ton Miles.

This expense includes all Maintenance of Way and Structure items considered as being affected by use or volume of traffic.

The accounts, listed in detail, as developed by Sub Committee No. 6 of Committee No. XXI (See Appendix F, Vol. 24, Proceedings, 1923, pages 1084 to 1094, inclusive), are shown in the following Table A, the freight portion only being used. Separation between Passenger and Freight expenses is made according to the Interstate Commerce Commission formula "Rules governing the separation of Operating Expenses between freight service and passenger service on large steam railways, effective January first, 1920." This method of separating passenger and freight expenses may be revised to meet the needs of the individual carrier.

TABLE A

Maintenance of Way and Structure Accounts	1 Acct. No.	2 Per Cent of Total M.W.&S. Expense	3 Per Cent Affected by Use	4 Per Cent Not Affected by Use	5 (Direct Expense) Per Cent Total M. W. & S. Expense Affected by Use	6 (Indirect Expense) Per Cent Total M. W. & S. Expense Not Affected by Use
Ties	212	15.41	30	70	4.62	10.79
Rails	214	2.99	100		2.99	
Other Track Material	216	4.52	100		4.52	
Ballast	218	1.88	80	20	1.50	.38
Superintendence	201	5.69	20	80	1.14	4.55
Roadway Maintenance	202	10.96		100		10.96
Tracklaying and Surfacing	220	25.91	55	45	14.25	11.66
Roadway—Fences	221	.87		100		.87
Snow, Sand Fences, Etc.	223	.11		100		.11
Crossings and Signs	225	1.30		100		1.30
Roadway Machines	269	.45		100		.45
Small Tools and Supplies	271	1.13	40	60	.45	.68
Removing Snow, Ice, Etc.	272	1.76		100		1.76
Bridges, Terminals and Culverts	208	7.38	10	90	.74	6.64
Tunnels and Subways	206	.32	10	90	.03	.29
Elevated Structures	210	.01		100		.01
Station and Office Buildings	227	3.93		100		3.93
Roadway Buildings	229	.53		100		.53
Water Stations	231	1.31	10	90	.13	1.18
Fuel Stations	233	.53	15	85	.08	.45
Shops, Engine Houses	235	2.45	10	90	.25	2.20
Grain Elevators	237	.06		100		.06
Storage Warehouses	239	.01		100		.01
Wharves and Docks	241	.61	10	90	.06	.55
Coal and Ore Wharves	243	.55	10	90	.06	.49
Gas Power Plants	245	.01		100		.01
Power Plant Buildings	253	.07		100		.07
Power Substation Buildings	255	.01		100		.01
Miscellaneous Structures	265	.09		100		.09
Underground Power Tube	201	#		100		
Power Plant, Dams and Pipe Lines	251	#		100		
Power Transportation System	257	.03		100		.03
Power Distributing System	259	.25		100		.25
Power Line Poles and Fixtures	261	.03		100		.03
Underground Conduits	263			100		
Telegraph and Telephone Lines	247	1.11		100		1.11
Signals and Interlockers	249	2.67	30	70	.80	1.87
Shop Machinery	302	2.78	40	60	1.10	1.66
Power Plant Machinery	304	.44	5	95	.02	.42
Power Substation Apparatus	306	.03		100		.03
Paving	267	.05		100		.05
Assessments, Public Improvements	273	.07		100		.07
Injuries to Persons	274	.73	50	50	.37	.37
Insurance	275	.61		100		.61
Stationery and Printing	276	.20	10	90	.02	.18
Other Expenses	277	.17		100		.17
Totals		100.00			33.13	66.87

#Less than .01 per cent

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The unit values given in Table 3, Column 4, are obtained by dividing the total expense (freight) for the above items, by the gross ton mileage made on each division.

It may be found expedient to handle certain special facilities separately, as Coal and Ore Wharves Account 243 and Grain Elevators Account 237, in which event they may be taken out of Table A, and treated as indicated and shown in Table 3-C.

Table 3
Column 5

Indirect Transportation Expense per Train Mile.

The following items of Freight Transportation Expenses are covered by this heading:

371—Superintendence.
372—Dispatching Trains.
374—Weighing, Inspection and Demurrage Bureaus.
377—Yard Masters and Yard Clerks.
379—Yard Switch and Signal Tenders.
389—Yard Supplies and Expenses.
390—Operation Joint Yards and Terminals.—Dr.
391—Operation Joint Yards and Terminals.—Cr.
404—Signals and Interlocking Operation.
405—Crossing Protection.
406—Drawbridge Operation.
407—Telegraph and Telephone Operation.
410—Stationery and Printing.
411—Other Expenses.
412—Operation Joint Tracks and Facilities—Dr.
413—Operation Joint Tracks and Facilities.—Cr
414—Insurance.
415—Clearing Wrecks.
416—Damage to Property.
417—Damage to Livestock on Right-of-Way
418—Loss and Damage—Freight.
420—Injuries to Persons.

The unit values given in Column 5 are obtained by dividing the total expenses (freight) for the above items, by the freight train mileage made on each division.

Table 3
Column 6

Indirect Maintenance of Equipment Expense per Dollar of Direct Maintenance of Equipment Expense.

The total direct expense and total indirect expense on each division is obtained by applying the percentages shown in the following Table B, Columns 5 and 6, using freight portion only. The unit values in Table 3, Column 6, are obtained by dividing the indirect expense by the corresponding direct expense.

The percentages in Table B have been determined by using the best information developed for the test period (1915-1916-1917) collaborating with experienced mechanical engineers.

It will be noted that 56.89 per cent of the maintenance of equipment expense is direct or may vary with the business handled and 43.11 per cent is indirect or may not be affected with the business handled.

TABLE B

Maintenance of Equipment Accounts	1 Account No.	2 Per Cent of Total M. of E. Expense	3 Per Cent Affected by Use	4 Per Cent Not Affected by Use	5 Direct Expense Per Cent of Total M. of E. Expense Affected by Use	6 Indirect Expense Per Cent of Total M. of E. Expense Not Affected by Use
Superintendence	301	3 34	10	90	33	3 01
Shop Machinery	302	1 97	40	60	79	1 18
Shop Machinery Depreciation	303					
Power Plant Machinery	304	22	5	95	01	21
Power Plant Machinery Depreciation	305					
Power Substation Apparatus	306	01		100		01
Power Substation Apparatus Depreciation	307					
Steam Locomotive Repairs	308	40 85	86	14	35 13	5 72
Steam Locomotive Depreciation	309	4 72		100		4 72
Steam Locomotive Retirements	310	24		100		24
Other Locomotive Repairs	311	05	75	25	04	01
Other Locomotive Depreciation	312	.03		100		03
Other Locomotive Retirements	313	03		100		03
Freight Train Cars—Repairs	314	25 49	65	35	16 57	8 92
Freight Train Cars—Depreciation	315	8 82		100		8 82
Freight Train Cars—Retirements	316	5 07		100		5 07
Passenger Train Cars—Repairs	317	3 63	76	24	2 76	87
Passenger Train Cars—Depreciation	318	79		100		79
Passenger Train Cars—Retirements	319	13		100		13
Motor Equipment of Cars—Repairs	320		75	25		
Motor Equipment of Cars—Depreciation	321			100		
Motor Equipment of Cars—Retirements	322			100		
Floating Equipment—Repairs	323	1 42	10	90	14	1 28
Floating Equipment—Depreciation	324	18		100		18
Floating Equipment—Retirements	325	#		100		#
Work Equipment—Repairs	326	83	86	14	71	12
Work Equipment—Depreciation	327	29		100		29
Work Equipment—Retirements	328	27		100		27
Miscellaneous Equipment—Repairs	329	02	86	14	02	
Miscellaneous Equipment—Depreciation	330	#		100		#
Miscellaneous Equipment—Retirements	331	01		100		01
Injuries to Persons	332	30	50	50	15	15
Insurance	333	56		100		56
Stationery and Printing	334	24	10	90	02	22
Other Expenses	335	22		100		22
Maintenance Joint Equipment at Terminals Dr	336	20	80	20	16	04
Maintenance Joint Equipment at Terminals Cr	337	07	80	20	06	01
Totals		100 00			56 89	43.11

Less than .01 per cent.

Table 3
Column 7

Indirect Maintenance of Way Expense per Dollar of Direct Maintenance of Way Expense.

In computing unit values for Table 3, Column 7 (average Indirect Maintenance of Way and Structure Expense per dollar of Direct Maintenance of Way and Structure Expense), the freight portion of items listed under Indirect Maintenance of Way and Structure Expense, Table A, are totaled for each division; the total thus obtained is divided by the total Direct Maintenance of Way and Structure Expense, Table A.

Table 3
Column 8

Indirect Expense—General and Traffic Expense per Dollar of all Other Expense.

The accounts included under this heading are as follows (Freight portion only):

GENERAL AND TRAFFIC EXPENSE

Accounts 451 to 462, inclusive—(General).
Accounts 351 to 359, inclusive—(Traffic).

ALL OTHER OPERATING EXPENSE

Maintenance of Way and Structures.
Maintenance of Equipment.
Transportation—Rail Line.
Miscellaneous Operations.
Transportation for Investment—Cr.

The Unit Values in Column 8 are obtained by dividing the total General and Traffic Expense for each division by the correspondnig total of All Other Operating Expenses.

Table 3-A

Repairs, Lubricants and Other Supplies for Locomotives—Direct Expense per Locomotive Mile.

The following method is used to obtain repair costs for the various classes of locomotives. This is based on the assumption that the average cost of locomotive repair varies directly as its weight.

A—Number of locomotives of all classes and types..................	2,544
B—Total weight in pounds (including empty tenders)	701,750,000
C—Average weight per locomotive in pounds (B÷A)..................	276,000
D—Total locomotive mileage........	28,152,000
E—Total locomotive pound-miles (millions) C×D)..................	7,770,000
F—Total account 308................$	9,212,000
G—Cost per million pound-miles (F÷E) ....$	1.185

*Cost per Locomotive Mile (Inc. Tender)**

Mallet, 553,000 pound-miles per loco. mile	$0.66
Santa Fe, 417,000 pound-miles per loco. mile	0.50
Heavy Mikado 397,000 pound-miles per loco. mile	0.47
Standard Mikado, 350,000 pound-miles per loco. mile..............................	0.42
Heavy Consol., 257,000 pound-miles per loco. mile	0.30

*This cost is obtained by multiplying "Cost per million pound-miles" (G) by the weight of locomotive and tender and dividing by 1,000,000.

Cost of Lubricants and Other Supplies for Locomotives is obtained by dividing total of Accounts 398 and 399 by passenger and freight locomotive mileage (yard excluded).

The average is found and in establishing figures for the various classes, the Heavy Consolidation engine is taken as the average, the Mallet as double the average, the Mikado and Santa Fe are graded between Heavy Consolidation and Mallets.

Table 3-B

Freight Car Repairs per Car Mile Train Supplies and Expense per 1,000 Car Miles.

To obtain the Freight Car Repairs per Car Mile the total of Account 314 is divided by the corresponding total loaded and empty car mileage including caboose.

To obtain the cost of Train Supplies per 1,000 Car Miles the total of Account 402 Freight portion is divided by the corresponding total loaded and empty car mileage including the caboose.

Table 3-C

Average Cost per Ton Handled through Special Facilities.

The items under this heading, Coal and Ore Wharves, Grain Elevators, and Floating Equipment, have their unit values given uniformly on the basis of tonnage handled through the given facility. The following accounts are included:

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Item

Coal and Ore Wharves—Transp. Acct. 375 M. of W. Acct. 243.

Grain Elevators—Misc. Op. Acct. 443 M. of W. Acct. 237.

Floating Equipment—Transp. Acct. 408 M. of W. Acct. 325.

Table 3-D

Fixed Charges

Per Car Mile

The items listed under this heading represent the following:

(1) Taxes (basis calendar year).
(2) Joint Facilities and Lease of Road (basis calendar year).
(3) Hire of Equipment (basis calendar year).
(4) Return on Investment (per cent on valuation).

These Expenses are distributed between passenger and freight service on the basis of the ratio of Freight Expense to total operating expenses for the calendar year, the freight portion being 80 per cent. (This per cent to be determined for each particular railroad.)

By applying the above freight percentage to items (1), (2), (3) and (4) and dividing each result by the freight car mileage the unit values are obtained.

Table 4

Direct Enginehouse Expenses per Dispatchment.

The costs given by stations in this table represent the average cost of labor and material per engine dispatched (Passenger, Freight and Yard) from the points named.

Table 5

Direct Yard Expense per Unit Car Received and Cars per Yard Engine Hour, ("Unit Cars" means a car received in the yard from line of road or from connections).

This table is compiled from data given on Individual Yard Expense statements prepared monthly for each yard. These statements are in effect a distribution of the following divisional expenses:

Acct. 377—Yard Masters and Yard Clerks.
Acct. 378—Yard Conductors and Brakemen.
Acct. 379—Yard Switch and Signal Tenders.
Acct. 380—Yard Enginemen.
Acct. 381—Yard Motormen.
Acct. 382—Fuel for Yard Locomotives.
Acct. 384—Yard Switching Power Purchased.
Acct. 385—Water for Yard Locomotives.
Acct. 386—Lubricants for Yard Locomotives
Acct. 387—Other Supplies for Yard Locomotives.
Acct. 388—Enginehouse Expenses Yard.
Acct. 389—Yard Supplies and Expenses.

In order to arrive at the Direct Expense the amounts charged to Accounts 377, 379, 389, have been deducted from the totals of the above listed accounts. The Direct Expense is then divided by the number of unit cars received in order to obtain the unit costs given in Table 5.

The number of unit cars handled per engine hour is given in the Individual Yard Expense Statement and has been included in Table 5, for the purpose of computing locomotive repair costs.

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Table 6

Ratio of Road Locomotive Miles to Train Haul Miles.

The purpose of this table is to provide a method of correcting certain Transportation and Maintenance of Equipment expenses to allow for light and terminal mileage.

In computing the unit value for each division, the total freight train mileage less mileage of engines run light with caboose, is applied as a divisor into the total freight train mileage plus the light and terminal locomotive mileage.

The ratios are given in percentage form and are used as multipliers for the purpose of inflating the following item:

Wages of Road Crews.
Fuel.
Water.
Engine Miles for Lubricants and Supplies.
Enginehouse Expense.
Engine Miles for Repairs to Road Locomotives.

Table 7

Helper Service—Engine Trip Basis.

This table gives helper engine mileage—helping and light—and Direct Transportation Expense per helper engine trip on all helper districts. The class of engine is also noted for convenience in computing helper repairs.

The items of expense included in the cost per trip are as follows:

Wages of Engine Crew.
Fuel.
Water.
Lubricants and Supplies.
Enginehouse Expense.

Table 8

Cost per ton LCL Freight Handled by Station Labor.

This table is based on data furnished by the Station Service Bureau or other source. The unit values are obtained by dividing the expense for platform forces at each station by the corresponding number of tons handled—first handling.

Table 9

Hire of Private Line Equipment Per Car Mile.

The cost per car mile are those in effect at the time the study is made. These figures are to be substituted for the average value of $0.0026 per car mile given under Fixed Charges when privately owned equipment is used for particular commodities.

Table 10

Cost per Ton Hauling and Handling Fuel

The calculated cost of hauling and handling fuel is explained for Table 3, Column 1.

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Table 11

Average Number of Crew Hours per Trip.

The average number of crew hours per trip is taken from record showing freight train performance for a suitable period of days or months.

TABLE 1

Engine and Train Crew Wages in Through and Local Freight Service —As of July 1, 1921

Class of Power—Weight on Drivers—Locomotive Series Numbers	Total per 8 Hrs. or per 100 Miles and Hourly O. T. Rate				
	Through Freight		Local and Pickup		
	5-Men	6-Men	5-Men	6-Men	7-Men
Mallet 275,000 lb. and over	$29.31 5.50	$33.79 6.34	$31.55 5.92	$36.43 6.83	$41.31 7.75
Santa Fe 300,000 lb. to 350,000 lb.	$28.01 5.25	$32.49 6.09	$ 30.25 5.67	$35.13 6.59	$40.01 7.50
Mikado 200,000 lb. to 250,000 lb.	$27.32 5.12	$31.80 5.96	$29.56 5.54	$34.44 6.46	$39.32 7.37
Heavy Consolidation and Pacific 170,000 lb. to 200,000 lb.	$27.00 5.06	$31.48 5.90	$29.24 5.48	$34.12 6.40	$39.00 7.31
Light Consolidation and Pacific Mogul and Heavy Six Wheel. 140,000 lb. to 170,000 lb.	$26.68 5.00	$31.16 5.84	$28.92 5.42	$33.80 6.34	$38.68 7.25
Miscellaneous Light Freight, Passenger and Switching Locomotives 100,000 lb. to 140,000 lb.	$26.28 4.93	$30.76 5.77	$28.52 5.35	$33.40 6.26	$38.28 7.18
80,000 lb. to 100,000 lb.	$26.04 4.88	$30.52 5.72	$28.28 5.30	$33.16 6.22	$38.04 7.13

TABLE 2

Rates of Pay for Enginemen, Firemen, Trainmen, Yardmen, etc.— As of July 1, 1921

ENGINEMEN AND FIREMEN

Total per Day or per 100 Miles and Hourly Overtime Rate

Class of Power	Mallet	Class S	Mikado	Consolidation and Pacific		Miscellaneous Lt. Frt. Passenger and Switching		
Weight on Drivers	275,000# andover	300,000# 350,000#	200,000 250,000#	170,000# 200,000#	140,000# 170,000#	100,000# 140,000#	80,000# 100,000#	Under 80,000#
Through Freight. *								
Enginemen	$ 8.40	$ 7.48	$ 7.20	$ 7.04	$ 6.88	$ 6.64	$ 6.56	$ 6.48
Firemen	6.15	5.77	5.36	5.20	5.04	4.88	4.72	4.64
Total	$14.55	$13.25	$12.56	$12.24	$11.92	$11.52	$11.28	$11.12
Engine Crew O. T. Rate	2.73	2.48½	2.35½	2.29½	2.23½	2.16	2.11½	2.08½
Local and Pickup *								
Enginemen	$ 8.92	$ 8.00	$ 7.72	$ 7.56	$ 7.40	$ 7.16	$ 7.08	$ 7.00
Firemen	6.55	6.17	5.76	5.60	5.44	5.28	5.12	5.04
Total	$15.47	$14.17	$13.48	$13.16	$12.84	$12.44	$12.20	$12.04
Engine Crew O. T. Rate	2.90¼	2.65¾	2.52¾	2.46¾	2.40¾	2.33¼	2.28¾	2.25¾
Yard †								
Enginemen	$ 7.72	$ 6.88	$ 6.72	$ 6.56	$ 6.56	$ 6.40	$ 6.40	$ 6.40
Firemen	6.32	5.36	5.20	5.08	5.08	4.96	4.96	4.96
Total	$14.04	$12.24	$11.92	$11.64	$11.64	$11.36	$11.36	$11.36
Engine Crew O. T. Rate	2.63¼	2.29½	2.23½	2.18¼	2.18¼	2.13	2.13	2.13

*100 miles less, 8 hours or less, constitutes a day's work.

†8 hours constitutes a day's work.

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Table 2—Continued

FREIGHT TRAINMEN

Occupation or Crew Make-up	Through Service		Local and Pickup Service	
	Per Day or Per 100 Miles	Per Hour of Overtime	Per Day or Per 100 Miles	Per Hour of Overtime
Conductors	$5.80	$1.08¾	$6.32	$1.18½
Flagmen or Brakemen	4.48	0.84	4.88	0.91½
Conductor, Flagman and 1 Brakeman	$14.76	$2.76¾	$16.08	$3.01½
Conductor, Flagman and 2 Brakemen	19.24	3.60¾	20.96	3.93
Conductor, Flagman and 3 Brakemen	....	....	25.84	4.84½

8 hours or less, 100 miles or less, constitutes a day's work. Basis 12½ miles per hour.

YARD TRAINMEN

Rate per	Conductors	Brakemen	Switch Tenders
Day	$6.32	$5.84	$4.40
Hour of Overtime	1.18½	1.09½	0.82½

Table 3

Unit Costs, Freight Portion, Applying on Various Divisions

Divisions	Direct Expense				Indirect Expense			
	1 Fuel Hauling and Handling per Ton	2 Water Per 1000 Gallons	3 Station Agents Clerks Supplies per Train Mile	4 Roadway and Track Maint. per 1000 G. T. M.	5 Transp. Expense per Train Mile	6 M. of E. Expense per Dollar Direct M. of E.	7 M. of W. Expense per Dollar Direct M. of W.	8 General and Traffic Expense per Dollar of all Other Operating Expense
First	$1.55	$0.0915	$0.219	$0.605	$0.773	$0.281	$0.195	$0.0535
Second	1.06	0.0973	0.564	0.532	1.377	0.275	0.551	0.0396
Third	1.72	0.0972	0.433	1.046	0.384	0.323	0.355	0.0938
Fourth	0.69	0.0521	0.584	0.253	0.504	0.312	0.274	0.0731
Fifth	0.42	0.0267	0.391	0.420	0.432	0.256	0.223	0.0565

Table 3-A

Repairs, Lubricants and Other Supplies for Locomotives—Cost per Locomotive Mile

	Mallet	Santa Fe	Heavy Mikado	Standard Mikado	Heavy Consolidation
Repairs (Running and Classified)	$0.66	$0.50	$0.47	$0.42	$0.30
Lubricants and other Supplies	0.0354	0.030	0.027	0.025	0.0177

Table 3-B

Freight Car Repairs and Freight Train Supplies

Freight Car Repairs	$0.0205 per Car Mile
Freight Train Supplies and Expense	$3.24 per 1,000 Car Miles

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TABLE 3-C

Average Cost per Ton Handled Through Special Facilities

Divisions	Coal and Ore Wharves				Grain Elevators		Floating Equipment	
	Handling Coal		Handling Ore					
	Oper'n	Maint.	Oper'n	Maint.	Oper'n	Maint.	Oper'n	Maint.
First							$0.4290	$0.4250
Second	$0.0868	$0.0140			$0.439	$0.0597	0.0950	0.1852
Third			$0.1350	$0.0128				
Fourth	0.0234	0.0130	0.1281	0.0137				
Fifth	0.0330	0.0140	0.1161	0.0102				

TABLE 3-D

Fixed Charges

Taxes	$0.00732 per car mile
Joint Facilities and Lease of Road	0.00127 per car mile
*Hire of Equipment	0.00261 per car mile
Return on Investment	0.01400 per car mile
Total	$0.02520 per car mile

(*)Where privately owned equipment is used substitute actual charge per car mile in place of average cost. See Table No. 9.

TABLE 4

Direct Enginehouse Expense per Dispatchment

Station	Cost	Station	Cost	Station	Cost
A	$2.11	F	$3.07	K	$7.00
B	5.32	G	7.84	L	4.06
C	1.67	H	4.11	M	2.82
D	5.69	I	2.13	N	2.63
E	4.68	J	3.49	O	4.06

TABLE 5

Direct Yard Expense per Unit Car Received and Cars per Engine Hour

Yard	Cost per Car	Cars per Hour	Yard	Cost per Car	Cars per Hour	Yard	Cost per Car	Cars per Hour
A	$1.06	5.0	F	$1.68	3.0	K	$1.50	5.0
B	1.92	2.0	G	1.19	5.0	L	5.00	1.0
C	0.54	12.0	H	1.00	6.0	M	0.76	8.0
D	0.72	11.0	I	0.46	12.5	N	0.44	17.0
E	0.76	7.0	J	0.54	10.0	O	1.13	4.0

TABLE 6

Ratio of Road Locomotive Miles to Train Haul Miles

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Division	Per Cent	Division	Per Cent	Division	Per Cent
First	115.4	Third	103.8	Fifth	116.6
Second	113.9	Fourth	108.0	Sixth	119.3

TABLE 7

Helper Service—Engine Trip Basis

Helper District	Helper Miles H. & L.	Class of Power	Direct Transportation Expense
A to B............	6	Mikado	$14.70
C to D............	7	Electric	20.00
E to F............	24	Mallet	33.00
G to H............	50	Class S	58.50
I to J............	70	Consolidation	40.40

TABLE 8

Cost Per Ton L. C. L. Freight Handled by Station Labor

Station	Cost	Station	Cost	Station	Cost
A	$0.809	F	$0.732	K	$0.575
B	0.608	G	0.826	L	0.427
C	0.780	H	0.908	M	0.457
D	0.597	I	0.757	N	0.532
E	0.655	J	0.719	O	0.474

TABLE 9

Hire of Private Line Equipment—Per Car Mile

Refrigerator	Tank	Live Poultry	Stock	Heater	Coal and Coke
$0.03	$0.015	$0.015	$0.01	$0.01	$0.015

TABLE 10

Cost Per Ton—Hauling and Handling Fuel

Divisions	*Net Ton Mileage, Average per Month	Cost of Hauling				Cost of Handling			Cost of Hauling and Handling per Ton
		*Direct Freight Transp. and M. of E. Expense Average per Month	Cost per Net Ton Mile	Average Haul in Miles	Average Cost per Ton	Freight Fuel Disbursed July to November, 1921	Acct. 394-C, July-November	Average Cost per Ton	
First............	67,998,600	$288,107	$.00423	355	$1.49	48,312	$2,727	$.0565	$1.55
Second............	82,727,000	499,125	.00603	240	0.99	84,116	6,210	.0738	1.06
Third............	2,163,400	23,558	.01090	240	1.54	5,513	997	.1810	1.72
Fourth............	179,815,000	414,835	.00231	170	0.61	93,556	7,157	.0766	.69
Fifth............	79,874,000	370,602	.00503	67	0.34	149,229	11,169	.0748	.42

(*)Note—Average net ton mile per month is used as divisor against average direct expense per month.

See note Table No. 3. Column 1—"Derivation of Cost Data"—explaining method of arriving at cost of haul for each division.

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TABLE 11

Average Number of Crew Hours per Trip

Run	Hours	Run	Hours	Run	Hours
A to B	9.7	E to F	9.2	H to I	13.3
B to A	9.7	F to E	9.5	I to H	12.8
C to B	7.2	F to G	7.0	H to J	11.7
B to C	7.8	G to F	6.8	J to H	10.2
D to C	8.1	E to H	9.8	G to K	10.3
C to D	8.9	H to E	8.4	K to G	8.4

Note—Above figures are to be used in connection with Tonnage Freight Service only.

APPLICATION OF TABLES

Direct Transportation Expense

WAGES OF ROAD CREWS:

Average hours on duty per trip is taken from record .... Table 1 gives total straight pay per day or per 100 miles and the hourly overtime rate according to the class of road engine, the kind of service and the number of men in a crew. Table 2 is used to obtain the pay of engine crews where doubleheaders are operated. After computing the wage expense as above, multiply the result by the percentage in Table 6 in order to include the additional cost of light and terminal engine mileage.

FUEL:

The tons consumed per trip is taken from record .... and the cost is computed on the basis of the prevailing average purchase price plus the cost of hauling and handling on the division under consideration, as shown in Table 3, Column 1. After obtaining this portion of the expense, multiply by the proper percentage taken from Table 6, as explained under "Wages of Road Crews."

WATER:

The amount used is obtained by multiplying the tons of fuel per trip by 2,000 (basis of one gallon of water per pound of coal). The cost per 1,000 gallons on various divisions is given in Table 3, Column 2. This expense must be multiplied by the proper percentage taken from Table 6, as explained under "Wages of Road Crews."

LUBRICANTS AND SUPPLIES:

Multiply the train miles by the proper divisional percentage, taken from Table 6, to obtain total engine mileage per trip (including light and terminal). The cost per engine mile for various classes of power is given in Table 3-A under "Repairs, Lubricants and Other Supplies for Locomotives."

ENGINEHOUSE EXPENSE:

Take the cost per dispatchment from Table 4 for the enginehouse affected and multiply by the proper divisional percentage in Table 6, as explained under "Wages of Road Crews."

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FREIGHT TRAIN SUPPLIES AND EXPENSES:

Multiply the car miles, in thousands, per trip by the cost per 1,000 car miles as given in Table 3-B.

Helper Service:

Obtain the direct transportation expense per helper trip from Table 7, consulting record showing performance of freight trains as to the number of helpers used per train on the helper districts affected.

Yard Service:

Take the cost per car through the yard affected from Table 5 and multiply by the number of cars per train. Where a one way movement through several yards is being considered, use one-half of the tabular cost per car for each of the terminal yards and the full cost per car for intermediate yards. Where a round trip movement is being computed—that is, loaded cars in one direction and empties in the other—simply apply the full cost per car for each yard affected, to the *outbound* trains only.

Operation of Line and Terminal Facilities—Direct Expense

Station Service:

The charges for Agents, Clerks and Supplies at so much per train mile on divisions affected—see Table 3, Column 3—is applied to all train movements, whether loaded or empty and regardless of commodity. Station Labor will only be applied to those classes of freight known to be involved and when it is necessary to consider this item the cost per ton handled can be taken from Table 8, for the stations affected.

Coal and Ore Wharves:

Take the cost per ton handled from Table 3-C when coal or ore shipments requiring handling through such facilities are involved.

Grain Elevators:

Take the cost per ton handled from Table 3-C when grain shipments requiring the use of railroad elevators are involved.

Floating Equipment:

Take the cost per ton handled from Table 3-C when any traffic requiring the use of such facilities is involved.

Direct Maintenance of Equipment Expense

Road Locomotives:

Multiply the train mile by the proper divisional percentage taken from Table 6 to obtain the total engine mileage per trip, including light and terminal. The cost per engine mile for running and classified repairs is given for various classes of locomotives in Table 3-A. These costs apply, for the given classes of power, on all parts of the railroad.

Helper Locomotives:

The total mileage—helping and light—for each helper trip is given in Table 7. The cost per engine mile for running and classified repairs is given for various classes of locomotives, in Table 3-A, as explained under "Road Locomotives."

YARD LOCOMOTIVES:

Table 5 gives the cars handled per engine hour based on the number of all inbound cars into the yard. In order to obtain the yard engine hours per train, this tabular figure should be doubled and then divided into the number of cars handled in such train, whether into or out of the yard affected. The tabular figure is doubled because it is considered that yard engine hours are about equally divided between the operations of handling cars of inbound and outbound trains, whereas the usual method of measuring yard engine performance is on the basis of inbound cars only. Engine hours per train—obtained as above—multiplied by 6 to reduce to a mileage basis, and then multiplied by the repair cost per mile in Table 3-A will give Yard Locomotive Repairs per train, into or out of the yard.

FREIGHT CARS:

Multiply the car mileage per train by the cost per car mile as developed for all divisions of the railroad and shown in Table 3-B.

FLOATING EQUIPMENT:

The cost per ton handled is given in Table 3-C and should be applied only where traffic requiring the use of such equipment is involved.

Direct Maintenance of Way Expense

ROADWAY, TRACK, ETC.:

The gross ton mileage per train is multiplied by the cost per 1,000 gross ton miles for the divisions affected, as indicated in Table 3, Column 4.

COAL AND ORE WHARVES:

The cost per ton handled is given in Table 3-C and should be applied only where traffic requiring the use of such facilities is involved.

GRAIN ELEVATORS:

The cost per ton handled is given in Table 3-C and should be applied only where traffic requiring the use of such facilities is involved.

Indirect Expense

TRANSPORTATION:

The train miles per trip is multiplied by the cost per train mile for the divisions affected--see Table 3, Column 5.

MAINTENANCE OF EQUIPMENT:

The total Direct Maintenance of Equipment Expense is multiplied by the cost per dollar as indicated in Table 3, Column 6, for the divisions affected.

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MAINTENANCE OF WAY:

The total Direct Maintenance of Way Expense is multiplied by the cost per dollar as given in Table 3, Column 7, on divisions affected.

GENERAL AND TRAFFIC:

To obtain this cost, total all of the following expenses—Direct Transportation, Direct Expenses of Operation of Line and Terminal Facilities, Direct Maintenance of Equipment, Direct Maintenance of Way, Indirect Transportation, Indirect Maintenance of Equipment, and Indirect Maintenance of Way—and multiply by the cost per dollar as given in Table 3, Column 8, for the divisions affected.

Fixed Charges

The unit values of items given under this head in Table 3-D are to be multiplied by the total car miles per trip for the run being considered.

The following tables give the result of solving a problem by the application of this method by determining the cost of handling coal between two points and of comparing the economic advantages or disadvantages of two routes.

Cost of Hauling Coal from A to E—Comparison by ACD and AXD Routes—Recapitulation

	Cost per Car via ACD Route	Cost per Car via AXD Route	Saving or Loss by AXD Route	
			Saving	Loss
Road Crew Wages	$ 5.24	$ 4.72	$ 0.52	....
Fuel, Water, Supplies, etc.	10.61	9.26	1.35	....
Helper Service	3.20	4.02	....	$0.82
Yard Service	5.20	6.78	....	1.58
Coal and Ore Wharf Operation	4.33	4.33	....	....
Locomotive Repairs	8.29	7.97	0.32	....
Car Repairs	11.62	13.51	....	1.89
Total Direct Operating Expense	$48.49	$50.59	....	$2.10
Direct Maintenance of Way and Structures	$11.40	$14.89	....	$3.49
Constant Transp. Expense	$10.83	$ 9.95	$0.88	....
Constant Maint. of Equipment	5.54	5.81	....	$0.27
Constant Maint. Way and Structures	4.04	4.18	....	0.14
General and Traffic Expense	4.50	4.61	....	0.11
Total Indirect Operating Expense	$24.91	$24.55	$0.36	....
Total Operating Expense	$84.80	$90.03	....	$5.23
Fixed Charges	31.24	36.26	....	5.02
Grand Total	$116.04	$126.29	....	$10.25

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Cost of Hauling Coal—A to E—via AXD Route

Train Districts	A and X		X and G		G and D		D and E		Total
	East	West	East	West	East	West	East	West	E & W.
Items									
Haul in Miles	48	47	114	110	95	97	75	72	658
Class of Road Locomotive	Mikado	Mikado	Mallet	Mallet	Mikado	Mikado	Mikado	Mikado	......
Train Consist	65-lds	90-mts	65-lds.	90-mts.	70-lds.	90-mts	71-lds.	80-mts.	......
Gross Train Load—Tons	4550	1800	4550	1800	4900	1800	4970	1800	......
Cost per Car									
Road Crew Wages	$0.39	$0.28	$1.25	$0.74	$0.48	$0.33	$0.70	$0.85	$4.73
Fuel, Water, Lubricants, Engine and Train Supplies, Enginehouse Expense	0.69	0.52	2.16	1.57	1.24	1.05	1.05	0.98	9.36
Helper Service	0.35	0.14	1.64	0.55	0.28	....	1.16		4.08
Yard Service	0.56	0.68	[illegible]	0.42	0.42	0.72	0.72	2.58	6.78
Coal and Ore Wharf Operation	....			..	..	..	4.33		4.33
Locomotive Repairs	0.54	0.38	2.34	1.22	0.85	0.63	1.14	0.87	7.97
Car Repairs	0.99	0.96	2.34	2.26	1.95	1.92	1.54	1.48	13.51
Total Direct Road Expense	$3.52	$2.96	$10.31	$6.76	$5.22	$4.72	$10.64	$6.46	$50.89
Direct M. of W. and S. Expense	$1.96	$0.55	$4.66	$1.29	$1.68	$0.49	$3.49	$0.77	$14.00
Indirect Transp. Expense*	0.61	0.43	1.45	1.01	1.48	1.17	2.05	1.75	9.95
Indirect M. of E	0.38	0.33	1.16	0.86	0.87	0.82	0.74	0.65	5.81
Indirect M. of W. and S	0.29	0.08	0.68	0.19	0.46	0.14	1.92	0.42	4.18
General and Traffic Expense	0.38	0.24	1.03	0.57	0.71	0.54	0.74	0.40	4.61
Total Indirect Expense	$1.66	$1.08	$4.32	$2.63	$3.52	$2.67	$5.45	$3.22	$24.86
Total Operating Gen. & Traffic Expense	$7.14	$4.59	$19.29	$10.68	$10.42	$7.88	$19.58	$10.45	$90.03
Fixed Charges	2.60	2.59	6.29	6.07	5.24	5.36	4.14	3.97	36.26
Grand Total	$9.74	$7.18	$25.58	$16.75	$15.66	$13.24	$23.72	$14.42	$126.29

*Includes Station Agents, Clerks and Supplies, from "Operation of Line and Terminal Facilities."

Cost of Hauling Coal—A to E—via ACD Route

Train Districts	A and C				C and D		D and E		Total
	A and B		B and C						
	East	West	East	West	East	West	East	West	E & W
Items									
Haul in Miles	23	23	76	77	110	110	75	72	566
Class of Road Locomotive	Mallet	Mallet	Mallet	Mallet	Mikado	Mikado	Mikado	Mikado	......
Train Consist	64-lds	50-mts	32-lds	50-mts	70-lds.	90-mts	71-lds.	80-mts	......
Gross Train Load—Tons	4460	1000	2240	1000	4900	1800	4970	1600	......
Cost per Car									
Road Crew Wages	$0.28	$0.28	$1.62	$0.89	$0.54	$0.38	$0.70	$0.55	$5.24
Fuel, Water, Lubricants, Engine and Train Supplies, Enginehouse Expense	0.50	0.43	3.20	1.98	1.37	1.12	1.05	0.98	10.61
Helper Service		......	1.76	......	0.28		1.16	......	3.20
Yard Service	0.50	......		0.31	0.31	0.72	0.72	2.58	5.20
Coal and Ore Wharf Operation			......			......	4.33	......	4.33
Locomotive Repairs	0.37	0.37	2.66	1.24	0.94	0.70	1.14	0.87	8.29
Car Repairs	0.47	0.47	1.56	1.68	2.26	2.26	1.64	1.48	11.62
Total Direct Road Expense	$2.18	$1.55	$10.80	$5.98	$5.70	$5.18	$10.64	$6.46	$48.49
Direct M. of W. and S. Expense	$1.36	$0.39	$2.23	$0.65	$1.95	$0.56	$3.49	$0.77	$11.40
Indirect Transportation Expense*	$0.33	$0.43	$1.96	$1.27	$1.71	$1.33	$2.05	$1.75	$10.83
Indirect M. of E	0.22	0.21	1.08	0.72	1.00	0.92	0.74	0.65	5.54
Indirect M. of W. and S	0.29	0.08	0.50	0.14	0.54	0.15	1.92	0.42	4.04
General and Traffic Expense	0.30	0.18	0.97	0.51	0.80	0.60	0.74	0.40	4.50
Total Indirect Expense	$1.14	$0.90	$4.51	$2.64	$4.05	$3.00	$5.45	$3.22	$24.91
Total Operating, Gen. & Traffic Expense	$4.68	$2.84	$17.54	$9.27	$11.70	$8.74	$19.58	$10.48	$84.80
Fixed Charges	1.27	1.27	4.20	4.25	6.07	6.07	4.14	3.97	31.24
Grand Total	$5.95	$4.11	$21.74	$13.52	$17.77	$14.81	$23.72	$14.42	$116.04

*Includes Station Agents, Clerks and Supplies, from "Operation of Line and Terminal Facilities."

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[fol. 4775]

I. & S. Docket 6615
Exhibit —— (EMT-4)
Witness Talbott

Reproduction
of
Testimony Given in
Ex Parte 212 by Operating
Representatives of
Respondent Carriers,
as follows:

Verified Statement of Mr. Walter H. Harris, Lighterage Superintendent of the Marine Department of The New York Central Railroad Company.

Cross Examination of Mr. Walter H. Harris, Lighterage Superintendent of the Marine Department of The New York Central Railroad Company.

Verified Statement of Mr. E. J. Burke, Terminal and Lighterage Agent of The Delaware, Lackawanna and Western Railroad Company.

Cross Examination of Mr. E. J. Burke, Terminal and Lighterage Agent of The Delaware, Lackawanna and Western Railroad Company.

Verified Statement of Mr. Oscar A. Frauson, Superintendent of Lighterage and Stations, New York Harbor, for Erie Railroad Company.

Verified Statement of Mr. Peter J. Ellis, Manager of Lighterage and Marine Service for the Lehigh Valley Railroad Company.

[fol. 4777]

Verified Statement No. W-42
Affiant: Walter H. Harris

Before the
INTERSTATE COMMERCE COMMISSION

Ex Parte No. 212
Increased Freight Rates, 1958

Verified Statement of
Walter H. Harris
The New York Central Railroad Company

C. Special and accessorial charges:
I. New charge on waterborne traffic. (Items 220 and 220-A).

[fol. 4778] My name is Walter H. Harris. I am employed by The New York Central Railroad Company as Lighterage Superintendent of the Marine Department with offices at Weehawken, New Jersey. I have been employed in various capacities in the Operating Department for approximately forty years. I have held my present position for the last four years. In this position I am responsible for the operation of the Marine Department and all lighterage operations in New York harbor. By reason of the fact that most piers in New York harbor can be reached only by water, it is necessary to complete delivery or effect receipt of traffic by water craft. Marine operations, therefore, play a very significant part in railroad freight service at New York.

Lighterage movement is peculiar to the Port of New York because of its geographical location and the concentration of rail freight terminals on the New Jersey shore of the Hudson River. The New York Central is the only railroad with direct rail freight entrance to Manhattan. All of the other railroads must float freight cars across the Hudson River. The lighterage system is preferred by steamship operators because of the ability to load and discharge cargo simultaneously on the off-shore side of the vessel as well as on the land side. The lighterage system also enables every railroad serving the port to move freight to or from every vessel in the harbor regardless of its location.

[fol. 4779] While a certain amount of domestic freight is delivered to or received from docks of consignees and shippers located within the lighterage limits of the harbor, the great majority of lighterage operation is due to the requirements for handling export and import traffic. The New York Central's marine facilities, docks, cranes, tugs, lighters, etc., are primarily used in the handling of export-import traffic. There is a substantial difference in the services required of the railroads for the handling of domestic traffic including or excluding domestic lighterage and services required on export-import, coastal and inter-coastal traffic.

The profitable operation of ocean-going vessels requires that their stowage make maximum use of available space. Loading is generally set up in inverse order to the foreign ports of call, that is farthest port—lower holds, etc. It is also essential that heavy pieces, known as bottom cargo, be available for loading in the lower parts of the ship. Stability and speed at sea depend upon the orderly fulfillment of this requirement. To accomplish the aim of orderly loading with maximum efficiency, the steamship operator establishes a system of "permits" which enable them to request particular traffic, and therefore particular cars, in the order desirable to them. The rail carriers handling export shipments deliver the commodities in the manner requested. This method of operation, of course, requires additional services on the part of the railroad which are not incurred in the handling of domestic traffic.

[fol. 4780] Export-import, coastwise, and inter-coastal traffic, along with a minor portion of domestic traffic, is handled principally through the New York Central rail head at Weehawken, New Jersey. When a train arrives at the receiving yard behind the New Jersey rail head, domestic freight may be classified and delivered immediately, including that portion which requires lighterage movement. Because of the permit system hereinbefore discussed, export-import, coastwise, and inter-coastal traffic, hereinafter referred to as waterborne traffic, must be held at the railroad yard after receipt until notification of arrival has been given the consignee or its agent and until the latter has subsequently furnished an order for delivery to a specific dock or steamship on a specific date. As a result, the railroads must maintain holding yards where waterborne freight is held pending the order from the consignee's agent. Thus at least one extra switching movement is required on all waterborne traffic. In most instances, cars holding waterborne traffic will be switched several times since the cars cannot be classified in advance and must be drilled out as the consignee's order comes in. Seven days free time, exclusive of Saturdays, Sundays, and Holidays, is presently allowed on export traffic before storage commences. Although the carriers here propose a reduction in free time on export traffic to four days, only 48 hours is permitted on domestic freight. There is no free time at rail head on domestic freight for subsequent light- [fol. 4781] erage movement. That freight is deliverable immediately and is transferred to the lighter when received.

Because of the additional services and paper work involved in the handling of waterborne traffic, the New York Central is required to maintain a Lighterage Department, employing approximately thirty people, which is responsible for the handling of this traffic.

When a consignee has secured space aboard a vessel and a permit date, it then deposits with the Railroad's Lighterage Department (a) orders specifying ship, pier, and permit date and (b) a dock receipt as evidence of delivery when completed to the steamship. Upon the receipt of the order for a certain car or cars, these units must be drilled out of the hold tracks and taken to the rail head for transfer of lading to lighter. The transfer of lading from car to lighter is performed wholly by railroad labor at no additional charge. While the same transfer of lading is performed on domestic lighterage freight, the latter constitutes only a small proportion of the total domestic freight handled at New York and, therefore, the cost of labor and facilities in performing the transfer of lading are primarily incurred on waterborne freight.

When the transfer is completed, the lighter is then towed to the steamship pier and placed in the proper position for unloading. Under the applicable tariffs, the railroads are required to load to or receive from one hundred feet in on the dock of the steamship pier or to make the lading [fol. 4782] available to or receive it from ship's tackle. The New York Central employs a stevedoring company to perform this transfer of lading service. On eastbound movements we are billed by the stevedores at the rate of 87 cents per ton. The rate on westbound movements is $1.21 per ton. To both of these figures must be added an additional 8 cents per ton for fringe benefits.

On domestic freight the railroad is not required to load to or from the owner's docks. If the railroad is requested to load or unload its marine equipment at the point of receipt or delivery, the applicable tariffs provide for an additional charge of 7½ cents per one hundred pounds.

Under the applicable tariffs, waterborne traffic as defined herein is entitled to split delivery privileges. As many as five individual lighterage deliveries can be required of the rail carrier from a single carload lot. Such deliveries may be required within a few days' time or over an extended period. The first two deliveries are free, and a tariff charge is assessed on the next three. It must be kept in mind that split deliveries require considerable additional work in segregation of freight, storing balances on piers for future delivery, and arranging for special lighterage movements.

No splitting is permitted on domestic waterborne traffic. Only one delivery is made on each carload.

On many occasions it becomes necessary in order to free equipment for use to bring the car to the pier in advance [fol. 4783] of an order from the consignee and unload the lading to the pier. This, of course, means that a double handling will be involved in the transfer from the car to the pier and eventually to the lighter. If a car contains lading for different destinations, it is often necessary to unload either part or all of the car in order to reach that portion of the lading which has been ordered. The balance is either returned to the car or left on the pier awaiting orders. In either case, additional handling is involved. None of these difficulties are encountered in the handling of domestic traffic.

The Lighterage Department must clear all export-import freight with customs officials.

United States customs inspectors must be on hand to check all export and import freight. The latter are, of course, paid by the United States Government during the regular business hours from 8:00 a.m. to 5:00 p.m. In the event a railroad wishes to continue its operation during the night and early morning hours, the customs inspector must be paid by the railroad itself on an overtime basis.

[fol. 4784]

VERIFICATION

State of New York)
) ss.:
County of New York)

Walter H. Harris, being duly sworn, deposes and says that he is Lighterage Superintendent of the Marine Division of The New York Central Railroad Company, one of the petitioners herein, and that the facts set forth in the above and foregoing statement are true and correct to the best of his information, knowledge and belief.

/s/ Walter H. Harris
Walter H. Harris

Sworn to before me this
11th day of April, 1958.

/s/ Frederick B. Overbaugh, Jr.
Frederick B. Overbaugh, Jr.
Notary Public, State of New York
Qualified in Westchester County.
No. 60-2988550
Certificate filed in New York County
Commission Expires March 30, 1959

[fol. 4785]

Cross Examination of Mr. Walter H. Harris
Ex Parte 212—Increased Freight Rates, 1958
Transcript pages W-137 to W-145 inclusive
May 19, 1958.

WALTER H. HARRIS was sworn and testified as follows:

Direct examination.

By Mr. Daily:

Q. Will you state your name, sir?
A. Walter H. Harris.
Q. Are you the Walter H. Harris whose affidavit appears attached to Verified Statement No. W-42?
A. Yes.

Mr. Daily: The witness is available.

Cross examination.

By Mr. Miller:

Q. Mr. Harris, the lighterage service that you described in your Verified Statement has certain advantages to the railroads serving that port, does it not?

A. The advantages to the extent that all of us can serve the same piers, yes.

Q. And they have the advantage of providing on water facilities that you would otherwise have to provide on land, isn't that true?

A. Well, that is true, yes.

Q. And instead of switching a car or freight on track on there you can switch it on a lighter, isn't that right?

[fol. 4786] A. That isn't so simple. A lighter in the description I gave is where the actual transfer of the freight is made from car to boat, and then from boat to dock.

Q. Do you not also provide lighterage on domestic freight?

A. Yes, we do.

Q. Do you have any idea as to the relative proportion of lighterage for domestic as compared with waterborne freight?

A. Speaking for the New York Central with whom I am connected, the preponderance very much so is export-import-coastal-inter-coastal. I would say not more than ten per cent, if that much, was so-called domestic lighterage.

Q. Your railroad has direct trackage access to Manhattan, doesn't it?

A. Yes.

Q. Could it be that your proportion of lighterage for domestic traffic is a little lower than for some of the other roads?

A. I wouldn't know that.

Q. Is any of this waterborne traffic handled on cars that are lightered, that is, not loaded or unloaded?

A. Yes. When the steamship operator will permit a float operation as we call it, we perform that at that time.

Q. Do I understand your statement does not apply to that sort of traffic?

Mr. Daily: Which statement?

The Witness: I don't quite understand.

[fol. 4787] By Mr. Miller:

Q. Your statement No. W-42. Are you talking there about the traffic that is lightered in cars?

A. No. I will put it this way: There are two ways of handling to the steamship. One is by transfer to lighter and movement to the steamship pier, or the second in lieu of that lighterage service is car float movement, where you put the car on to a car float and deliver it to shipside or to dock. But that is in the minority, because most steamships will not take a car float because of limited room and so forth, and their selection of piers, and the amount of freight that we transport from railhead to steamship piers by car float is very small.

Q. How much freight can be loaded on one of these lighters?

A. The equipment we have and use has a capacity of about 350 tons. That doesn't mean that the average per load is that by any means.

Q. Would you say it would run around about 10 carloads of the freight?

A. I am talking about a lighter in this respect where the freight is moved by package into the lighter, and then transported. Those are the vessels that are about 350 tons in capacity. A car float will run one thousand tons, and you can probably get from 10 to 14 cars on a car float.

Q. Do you have any data to indicate that this lighterage operation is any more costly than handling the same sort of freight all-rail?

[fol. 4788] A. I haven't with me, but from my experience on the railroad, and the access to costs, that I have had in my possession or prepared at my direction, yes. The export or the so-called water-borne freight is more expensive than domestic delivery of freight.

Q. I didn't ask that question. I was speaking of the handling of it by the lighterage as compared to handling it by rail, where you actually handle it without lightering it at all. Do you have any information on that?

A. No, because there are so many factors. There are places in New York where freight may be delivered by rail. For example, Port Newark. But it costs us a considerable sum to deliver cars to the Central of New Jersey Railroad for movement to shipside by rail in that instance, all of which is cost to us.

Q. So it could be that this lighterage operation is really no more costly to you than if you had to handle the freight to shipside by rail car?

A. Well, again, in New York you can't do it. It is physically impossible. So it is hard to draw a comparison. You cannot find ways or means of access by rail to the 150 or more steamship piers on Manhattan Island, or a good part of the Brooklyn or Staten Island. Even in New Jersey the piers are not accessible in many cases to rail movement. So it is hard to draw a comparison.

Q. Then you would have to truck it to the shipside unless [fol. 4789] you lightered it; is that right?

A. We have a proviso in our tariffs that permit the trucking to shipside, and we indulge in that.

Q. Is that more expensive than lighterage, or not?

A. Again, the factors can check themselves. Up to a certain tonnage, perhaps trucks are cheaper. Over a certain tonnage, the larger capacity lighter is the cheaper method of transportation.

Q. In your statement you go into considerable detail about the necessity of holding cars for this water-borne traffic until a permit is received or indicated to move the freight. Where do you hold these cars?

A. At the rail head. That is, in the case of the New York Central, either at Weehawken or at 60th Street in Manhattan. Weehawken, N. J., or 60th Street in New York, N. Y.

Q. Then in this lighterage operation you described, you unload the freight from the car to the lighter, and lighter it to shipside; right?

A. That is ordinarily the case.

Q. About how many cars do you ordinarily unload to a lighter to move?

A. It all depends on the amount of freight available for delivery to a steamship pier. In other words, if you add a carload of freight for 57 North River, and you had four carloads of freight for 32 North River, you would have to probably use two lighters, one of which can take one car [fol. 4790] and the other four cars. It depends on your orders and the freight available.

Q. Well, would ~~you~~ operate a lighter for just one carload of freight that had ~~a~~ capacity of 350 tons?

A. We might or we might not. We might truck such freight. But if we had no truck available, if there were other reasons that required lighterage service, the governing factor is the date of delivery requested by the receiver of the freight, and if he has got to have the freight there ~~on~~ Monday morning, you have got to get the freight there on Monday.

Q. Do you have any information as to the average load of these lighters?

A. Well, anything I could give you here would be recollection.

Q. When you say "switch" these cars in for lightering, do you switch them in groups?

A. To answer that question, cars that are ordered by car number, by the owner or freight forwarder in whose care they are consigned, are likewise picked out of the holding yard or holding track, and set in on the pier to unload.

Q. Ordinarily do you move just one car at a time for that sort of operation, or do you move them in groups?

A. They are not grouped. They are ordered individually. It might occur that you have five or ten cars of one commodity from one shipper that was in a string on the same track; you might have that luck, but as far as having any prearranged grouping, there is none of that performed, except dividing your so-called open top freight [fol. 4791] from your closed car freight, because they are eventually headed for two different types of piers. One for a covered pier, the other for an open pier.

Q. But there wouldn't be enough freight going to the same ship, from a number of consignors, that would allow you to switch more than one car at a time?

A. Oh, yes. In other words, if on a track the orders at the end of the day, or whenever your yardmaster after switching out his hold tracks, he certainly would switch out all the cars that were ordered that day, and when you got them in on your piers you consolidate the loads for the respective steamship piers.

Q. Does that sort of a result enable you to physically move a number of cars together in one switch?

A. I won't deny it doesn't, in many cases. It would be practically impossible to just switch out one car and deliver it to the pier. We have to work to that extent of consolidating as much as possible.

Q. When you break up a train from some inland point can't you move it into the hold track, move all of the waterborne cars to the hold track at the same time, or consolidate them for that purpose?

A. Whether or not they are grouped upon arrival is the governing factor. Some yard, either beyond the rail head or if the grouping has been performed, or if not, why, it has to be grouped at the receiving yard at Weehawken, or [fol. 4792] 60th Street. If a train comes in, it has to be switched.

Q. When you break up a train, in which there is both domestic freight and freight that has got a water-borne movement, isn't it possible to move the cars from that break-up point to the same hold yards in groups?

A. Oh, absolutely. When you are switching your train you make a classification of lighterage cars. Those are the cars that are eventually moved over into a holding track where they are held until the order is received from the freight forwarder or the consignee to deliver.

Q. Then wouldn't it be true that these cars holding freight for water-borne movements are more susceptible to being switched in groups than would be the domestic freight?

A. No. Our domestic freight ordinarily you switch for respective industrial engines or pullers. You switch out 10 cars for this puller, and 20 cars for that industrial engine, and he will make his deliveries, himself.

In this case you have to switch out and return those that are not ordered to the hold track, and then reswitch them again tomorrow if necessary, and again the third day if necessary. That is the difficult part of lighterage, the switching and reswitching of lighterage freight on the hold track awaiting delivery order.

Q. How much of your water-borne freight originates or terminates in the metropolitan area of New York?

[fol. 4793] A. I haven't got the figure in percentage, but it is approximately 20 percent in Manhattan and about 80 percent in Jersey—that is New York City.

Q. What percentage of your metropolitan area traffic originates or is destined within that metropolitan area as compared with traffic that requires what you might call a line-haul?

A. Oh, wait a minute, you have me confused. I was talking lighterage freight.

Q. Yes.

A. As I told you, we had two points of receipt for lighterage freight, that was Manhattan and Weehawken. To that I thought I was answering you by saying 20 percent of our lighterage freight came into Manhattan and 80 percent into New Jersey. If you will tell me again what you want, I don't think I answered you.

Commr. Winchell: Mr. Miller, I am sorry, but we are going to have a recess.

Mr. Miller: All right.

[fol. 4794]

Cross Examination of Mr. Walter H. Harris, resumed

Ex Parte 212—Increased Freight Rates, 1958

Transcript pages W-159 to W-166 inclusive

May 20, 1958.

Walter H. Harris resumed the stand and testified further as follows:

Cross examination.

By Mr. Callas:

Q. Mr. Harris, do you have an opinion as to what percentage of waterborne freight is handled by lighter?

A. As compared with what?

Q. As compared to either direct loading from the piers or by car float.

A. General cargo is handled principally by lighter. I couldn't give you a percentage.

Q. When you say principally, does that mean that practically all of it is handled by lighter?

[fol. 4795] A. No, it is not.

Q. Could you say that 80 per cent of general cargo is handled by lighter?

A. I would hate to give you an estimate. I would say the greater percentage, over 50 per cent.

Q. Now, Mr. Harris, what determines whether or not cargo is handled either by lighter or by car float?

A. The disposition of the steamship company and the amount of freight to be handled. Of course, to get car float movement you have to have six cars. That is the first stipulation. The second is whether or not the steamship pier, in its slips, and so forth, can take a car float, which is, of course, of greater length and breadth usually than a lighter is.

Q. When a car float is used, Mr. Harris, who unloads it on the vessel?

A. It is loaded—on to the vessel?

Q. Yes.

A. There are two operations. One is from the car float to one hundred feet in on the dock, or made available to shipside. That is the obligation of the railroad company. They have that work performed by their stevedores.

Q. Does the New York Central on the island of Manhattan have any direct access to the piers themselves? In other words, does it have any rails that run on to the wharf acreage?

A. No, sir.

[fol. 4796] Q. Does it anywhere in the New York area have tracks that run on the wharf aprons?

A. No. We have arrangement with the Central of New Jersey for delivery to shipside at Port Newark, and through the Hoboken Shore Railroad at Hoboken, to the Hoboken piers.

Q. Mr. Harris, are you familiar at all with the New York Central operation in Boston?

A. No, I am not.

Q. Mr. Harris, let me ask you a hypothetical question. Assuming for the moment that the New York Central actually had tracks that ran on to the wharf aprons, have you an opinion whether that would be a cheaper operation than the use of lighters?

A. You ask me an opinion, that is all I can give.

Q. Yes, sir, I realize that.

A. And the opinion is based on the practicability of the thing as well as your hypothetical question.

With the number of sailings in New York, and the number of steamship companies that serve New York, it is impractical. Now, from the standpoint of whether or not trackside delivery is cheaper than lighter, well, that depends on how much switching you have to do at your piers, and so forth and so on. You can't just put a string of cars in on trackside if it is of many kinds of freight, nor can you do so on split deliveries.

So it is difficult for me to give you an opinion of any value.

[fol. 4797] Q. Assuming further, Mr. Harris, that you had cargo that was being carried in open-top cars, would that make any difference as to the difference between trackside on the pier and lighterage?

A. As I say, on the New York Central we have no rails that serve the pier.

Q. I realize that, but if you recall, Mr. Harris, this was on the basis of the hypothetical question that I asked you.

A. Of course, ships are loaded in various holds. It would seem to me that a car of open-top freight, or several cars of open-top freight, when placed in along side the steamship would have to be switched in the order of where they would be required to handle the ship's tackle from car to ship. Again that is only my opinion.

Q. Mr. Harris, have you an opinion as to whether or not lighterage makes a substantial contribution to terminal costs?

A. General costs of delivering freight?

Q. Yes, sir.

A. It does.

Q. It does?

A. Yes.

Q. Don't you, in effect, Mr. Harris, have a double operation here? You have to load on to a lighter. Now, is that operation of loading on to a lighter, is that similar to, say, loading on to a vessel from tracks running along the wharfing?

[fol. 4798] A. Well, I am not exactly—

Q. I didn't ask exactly, I asked if it was similar.

A. It is loading from car to vessel.

Q. Yes.

A. To that extent it is similar.

Q. Your problems are the same, are they not? Your problems are the same to a great extent?

A. I wouldn't say they were identical, or anywhere near it. When you load into a ship, you are loading into the hold of the vessel, you have to lift and lower, whereas with a lighter you handle it with a fork lift machine, just as you will transfer from car to car.

Q. How about the switching operation required in both instances? Is there any similarity as to that?

A. Mr. Callas, I have—these are so many hypothetical things.

Mr. Daily: If you will excuse me, Mr. Commissioner, I have permitted this to go on at some length, but I think we have reached an extreme. We seem to be going solely on hypothetical questions, and it is a good deal beyond Mr. Harris' direct testimony in many respects.

Mr. Callas: Mr. Chairman, if I may be heard on this. We have here a verified statement which purports to present a factual picture in support of this new charge on waterborne traffic. Now, all I am trying to do is to get a clarification and to see what factors in this factual presenta- [fol. 4799] tion bear directly upon the necessity of having this new charge. That is precisely what I am trying to do, and I am trying to develop here primarily what extent, if any, lighterage is involved in these costs.

Mr. Daily: That is not the question, as I understand it. He is attempting to compare a lighterage operation with rail car delivery on apron tracks which this witness has already said does not take place at New York.

Just one thing further: I think Mr. Callas—you are Mr. Callas, are you not?

Mr. Callas: Yes, sir.

Mr. Daily: Is from the Port of Boston. I don't know what his interest is in Mr. Harris, I don't know what his questions are, but I think they can be properly, more properly directed to the witness for Boston.

Mr. Callas: That is correct. But let me say, Mr. Chairman, I am trying to see, and Mr. Harris testified yesterday that he has had extensive experience and that the records of the New York Central are available to him, and on the basis of that I imagine Mr. Harris has a general opinion on these problems. I am primarily interested in the Port of Boston, we have no lighterage operation there. What I am trying to develop through Mr. Harris is to see whether or not the lack of presence of lighterage is of any consequence in trying to determine the validity and the justification of this charge.

[fol. 4800] Commr. Winchell: The witness has already said he has no knowledge and has expressed an opinion. You may proceed along that line.

By Mr. Callas:

Q. If I can recall my last question, I think, Mr. Harris, I asked you if the switching operations involved first in loading lighters, and secondly in loading vessels from pier tracks, is in any way similar?

A. As I recall, I said there is the similarity of loading from car to ship, or from car to waterborne vessel.

However, in loading to a ship you lift the freight and lower it into the hold of a ship. When you load to lighter, the lighter is put against your dockside similar to another car and this loaded car to door of scow or barge.

Q. Mr. Harris, my question specifically was whether the problem relating to switching, not to loading, was the same in loading on to lighters or loading on to vessels.

In other words, are the problems of switching, not necessarily the loading aspect, but merely the switching aspects, are they similar in the two operations?

A. Insofar switching cars after the arrival of the train at the railhead, and the holding of those cars for a delivery order from the forwarder, or from the consignee, or from the forwarder, those operations, as I see it, are identical. Also, in switching from the hold track on to the pier as ordered.

Now, after you get to the pier, when freight is delivered [fol. 4801] into warehouse such as our docks are, they can be handled any place along those docks, and I would say that the switching might—or the dockside delivery might entail a little more switching than which exists with lighters, because with lighters, once they are placed, they are there.

Q. One further question: What determines the order in which a car is unloaded on to a lighter, its arrival at the loading yard, or special instructions from the consignee or forwarder?

A. Instructions from the consignee or forwarder.

Q. Is there any tendency, say, generally, for a car that arrives last to leave first?

A. Oh, yes.

Mr. Callas: Thank you, that is all.

Commr. Winchell: Does that conclude the cross examination of Mr. Harris?

Mr. Daily: Yes, sir. We offer Statement W-42.

Commr. Winchell: It will be received.

(Verified Statement No. W-42, Witness W. H. Harris, was received in evidence.)

[fol. 4802]

Before the

INTERSTATE COMMERCE COMMISSION

Verified Statement No. W-48
Affiant: E. J. Burke

Ex Parte No. 212

Increased Freight Rates, 1958

Verified Statement of

E. J. Burke

Lackawanna Railroad

C. Special and accessorial charges:

I. New charge on waterborne traffic.
(Items 220 and 220-A).

[fol. 4803]

BEFORE THE
INTERSTATE COMMERCE COMMISSION

EX PARTE NO. 212

INCREASED FREIGHT RATES, 1958

VERIFIED STATEMENT OF
E. J. BURKE

My name is E. J. Burke, Terminal and Lighterage Agent of the Lackawanna Railroad. My office address is Pier 13, North River, New York 6, New York. I have been employed by the Lackawanna Railroad for the past 33 years and for the last 11 years have been the Terminal and Lighterage Agent.

The purpose of this statement is to show the greater service furnished by the Lackawanna in handling lighterage free export, import, coastwise or intercoastal traffic than the service furnished in the handling of lighterage free domestic traffic to or from private or public docks within the lighterage limits of New York Harbor.

When a train arrives at the Hoboken Terminal, the export cars are switched out of the train and placed on hold tracks until ordered. Export carload freight is presently allowed 7 days free time as compared with 48 hours free time on domestic freight. The hold tracks consist of 18 tracks, which range in capacity from 15 cars to 30 cars each. These tracks are located immediately west of the [fol. 4804] bulkheads of piers 3 and 4 in the lighterage section of the Hoboken Terminal. Export cars are entitled to five lighterage deliveries, two of which are free, and three on which a tariff charge is assessed.

In some instances export cars are switched more than once before being ordered. As a car is ordered, it is switched from the hold track and brought to a working track, where the car is unloaded either to the dock or to a lighter. If the car has more than one delivery in it, but only one delivery is ordered, the entire car must be unloaded, and checked from car to dock, and car to boat. As subsequent deliveries are ordered, the freight must be picked up from the location on the dock, and rechecked again from dock to boat, so as to insure correct delivery. Approximately 30% of export cars are ordered as full car lots and the entire car is handled in one delivery. On about 70% of the cars two or more split deliveries by lighter are performed by the railroad.

In the event that cars for export are not ordered upon arrival or shortly thereafter, they are brought from the hold tracks and placed on working tracks, and unloaded and checked to a dock so as to release equipment. When this freight is later ordered, it is then picked up from the location on the dock and rechecked and loaded to a lighter for steamer or steamship pier delivery.

As contrasted with this handling of export cars, domestic cars for lighterage delivery are in most instances ordered before arrival. When the train arrives at Hoboken, these [fol. 4805] domestic cars are switched out of the train, placed on a working track upon arrival and then loaded from car to boat, and checked. This freight is handled only once as it always moves in solid car lots.

In the case of export delivery by railroad lighter either to the steamship pier or direct to shipside, the railroad assumes the cost of unloading the freight. In the case of domestic delivery by lighter, the consignee must unload the freight or else pay the tariff charge if the railroad is requested to perform the unloading.

On westbound lighterage free import, coastwise or intercoastal freight, the railroad loads the freight at its expense as contrasted with westbound domestic freight handled by lighter on which the shipper performs the loading or pays the loading charges provided for in the tariff if he requests the railroad to perform this service.

The westbound import, coastwise or intercoastal freight, after being towed to the railroad's lighterage terminal in Hoboken, is loaded into cars by railroad labor and the cost of blocking and bracing the freight is assumed by the railroad. In the case of westbound domestic freight, it is loaded into cars by railroad labor but the cost of the bracing and blocking is paid for by the shipper in accordance with tariff provisions.

There are also other additional costs and handling in connection with export and import shipments that do not occur on domestic shipments. The Lackawanna maintains an office and a customs clerk at 26 Beaver Street, New York City, whose entire time is devoted to handling U. S. [fol. 4806] Customs documents that are necessary to clear export and import freight and to perform other duties incident thereto. As a typical example, an export shipment of rubber tires is consigned to New York Lighterage for export to South America. At New York the shipment is to be delivered to two different steamships. Our customs clerk in New York City first learns of this shipment when he receives a copy of the manifest which describes what is in the particular car. The customs agent keeps a file of these manifests. The original manifest accompanies the car in transit and upon arrival of the car at Hoboken the manifest is sent to the U. S. Customs Inspector in New York City. The consignee at New York, who is often a customs broker, prepares an export declaration of the goods shown on the manifest which is filed with the Collector of Customs and a copy is filed with the railroad's customs clerk who checks the export declaration against the manifest. As this is going to be a split delivery shipment, the railroad's customs clerk prepares the split manifest papers and a copy is sent to the Customs Inspector whose duty it is to supervise the loading and unloading of the freight and to certify that all the required documents are in order. If the Customs Inspector works overtime in performing such duties, the railroad must pay the government for such overtime. Each step of the handling of an export or import shipment has to be properly documented and if any change occurs during the transit on the railroad, as for example a change in the port of discharge or a change in the steamship to which the shipment is to be delivered, certain forms are required to document such changes and it is the railroad [fol. 4807] customs clerk's duty to see that such documentation is prepared so that there will be no delay in the expeditious handling of such foreign shipment.

/s/ E. J. Burke

[fol. 4808]

VERIFICATION

State of New York)
: ss.
County of New York)

E. J. Burke, being duly sworn on oath deposes and says that he is the person who prepared or had prepared under his direction the foregoing statement; that he has read the same and that the statements therein contained are true and correct to the best of his knowledge, information and belief.

(Signed) E. J. Burke
E. J. Burke

Subscribed and sworn to before
me this 9th day of April, 1958.

(Signed) Richard E. Costello
Richard E. Costello
Notary Public, State of New York
No. 31-0775150
Qualified in New York County
Commission Expires March 30, 1959

[fol. 4809]

Cross Examination of Mr. E. J. Burke

Ex Parte 212—Increased Freight Rates, 1958

Transcript pages W-335 to W-339 inclusive

May 21, 1958.

E. J. **Burke** was sworn and testified as follows:

Direct examination.

By Mr. Costello:

Q. Mr. Burke, will you please state for the record your [fol. 4810] full name and home address?

A. Edward J. Burke, 19 Berwyn Street, East Orange, New Jersey.

Q. Mr. Burke, will you please state by whom you are employed and in what capacity?

A. I am employed by the Lackawanna Railroad as Terminal and Lighterage Agent.

Q. Mr. Burke, have you prepared a statement in this proceeding which has been designated Verified Statement No. W-48?

A. I have.

Mr. Costello: The witness is tendered for cross examination.

Commr. Winchell: Mr. Miller.

Cross examination.

By Mr. Miller:

Q. On page 3 of your statement you state, "In the case of export delivery by railroad lighter, either to the steamship pier or direct to shipside, the railroad assumes"—wait a minute, I am sorry, the sentence I had in mind was on page 2, the sentence: "In some instances export cars are switched more than once before being ordered."

Do I understand by that that this switching is the switching within your hold yard?

A. No. We have five storage tracks that just contain lighterage freight: When the order is given, those cars may be switched two or three times out of those tracks or handled two or three times before they are ordered to go into the unloading dock.

[fol. 4811] Q. What did you mean by this sentence here?

A. They are switched more than once before being ordered. That is on the storage tracks themselves.

Q. Is that for the purpose of breaking out other cars?

A. That is right, breaking out other cars.

Q. On the previous page you say, "When a train arrives at the Hoboken Terminal the export cars are switched out of the train and placed on hold tracks until ordered."

Do you have special hold tracks for the export traffic?

A. Yes, we do.

Q. Do you make any attempt to segregate those cars for particular vessels?

A. We have no knowledge of particular vessels on any one of those cars. They are ordered by the brokers. There are several different brokers that have these cars, and they are ordered when they are wanted for a ship.

Q. Now, on any of these cars, are there any deliveries along side of the vessel in which the car is not unloaded on to the lighter?

A. That isn't clear to me.

Q. In which the car itself is transported to dockside or shipside?

Mr. Costello: Do you mean by a car float?

Mr. M. Miller: By a car float, yes.

The Witness: About 70 per cent of our cars are split [fol. 4812] deliveries. They go to more than one ship.

By Mr. M. Miller:

Q. So those all would be lightered?

A. Lightered eventually, yes.

Q. You don't have the car floatage type of delivery to the car?

A. We have the car float delivery, too.

Q. What proportion of your cars would be delivered by car floats?

A. A very small proportion, probably two per cent.

Q. If you were to deliver the contents of a car by switching a car to a dock, that is, an all-land movement, would the expenses of that operation be any more or less than this lighterage operation?

A. It would be more. We would have to check with another railroad.

Q. Do I understand that your statement deals only with the export shipments?

A. No. I think domestic is mentioned in there.

Q. I mean in relation to your export-import traffic, you don't go into the operations involved in handling your import traffic?

A. Yes, we do.

Q. I see, on page 3. Do you have this same switching problem on your import traffic that you do on the export traffic?

A. No, we do not.

Q. You load from the lighter direct into the car?

A. Direct into the car.

Q. Then it is handled more or less like a domestic shipment?

[fol. 4813] A. Yes, sir.

Mr. M. Miller: Those are all the questions I have.

Commr. Murphy: Mr. Burke, do you have a charge for those split deliveries?

The Witness: We don't have the choice, no, the brokers have the choice of it. The brokers issue orders to us. We have no choice in the matter.

Commr. Murphy: I understood you have a choice for a line split delivery.

The Witness: I don't quite understand you.

Mr. Daily: I think in connection with export freight, split delivery to the different steamship piers, I believe Witness Harris of the New York Central testified that you are permitted two split deliveries without additional charge.

The Witness: That is right.

Mr. Daily: You may request as many as five split deliveries, but the last three you will pay for if you so request them.

Commr. Murphy: That is what I was wondering, if whether this was the same situation as on the New York Central?

The Witness: Yes, that is true.

Mr. Costello: I have no redirect, Mr. Commissioner.

Commr. Winchell: Are you offering the statement?

Mr. Daily: We offer W-48, sir.

Commr. Winchell: It will be received.

[fol. 4814]

Verified Statement No. W-45

Affiant: Oscar A. Frauson

Before The

INTERSTATE COMMERCE COMMISSION

Ex Parte No. 212

Increased Freight Rates, 1958

Verified Statement of

Oscar A. Frauson

Erie Railroad Company

C. Special and accessorial charges:

I. New charge on waterborne traffic. (Items 220 and 220-A).

[fol. 4815]

BEFORE THE
INTERSTATE COMMERCE COMMISSION

EX PARTE NO. 212

INCREASED FREIGHT RATES, ON WATERBORNE TRAFFIC, 1958

STATEMENT OF
OSCAR A. FRAUSON

My name is Oscar A. Frauson and I am Superintendent of Lighterage and Stations, New York Harbor, for Erie Railroad Company with headquarters at 25 Broadway, New York City.

I have been employed by Erie for 47 years, including 10 years as Freight Agent at various freight stations and lighterage terminals in the New York Harbor territory and 28 years as Superintendent of Lighterage and Superintendent of Lighterage and Stations, New York harbor. In my present position, I have general charge of the lighterage operations and of freight stations and lighterage terminals of Erie Railroad Company in the New York Harbor area. For many years I have been Chairman of the Railroad Lighterage Committee of New York Harbor; also, a member of the Joint Railroad Steamship Committee of the Maritime Association of the Port of New York. These committees deal primarily with subjects, problems, and tariff rules involved in the freight and lighterage operations in this territory.

A greater service is performed in the handling of lighterage and carfloat service by New York Harbor Railroads on export, import, coastwise and intercoastal "lighterage free" freight than is performed on domestic "lighterage [fol. 4816] free" freight handled in lighterage or carfloat service to and from private or public docks within the lighterage limits.

For example, a carload of domestic lighterage freight, unless consignee requests delivery withheld, is handled directly from the car into a lighter or barge and towed to point of delivery in the Harbor. In event consignee requests delivery to be withheld, 48 hours free time is allowed. On the other hand, export carload freight is allowed 7 days free time exclusive of Saturdays, Sundays and Holidays and exclusive of the date for which delivery is ordered. (Under our proposal this free time will be reduced from 7 days to 4 days.) During this holding period, the railroad must assume ownership or per diem expense while held in cars and must provide either open pier storage or other open storage space for so-called "open top" car freight or covered dock storage on box car freight. During this holding period, railroad assumes common carrier responsibility for the freight. Export freight cannot be delivered by the railroad until consignee tenders request for delivery accompanied by a steamship permit. In instances where various export lots are contained in a car of export freight, the railroad must unload and assort such lots according to port marks. This is necessary for the reason that consignee, on an export car can order two separate deliveries to separate steamship piers without additional charge—and can order three additional deliveries at a tariff charge for such 3rd, 4th and 5th delivery—these are generally described as "split delivery" cars. Frequently, on a "split delivery" car there is a considerable lapse of time between [fol. 4817] the first delivery and the last delivery ordered by a consignee. Such "split deliveries" are not accorded to domestic freight; a domestic car of lighterage freight will only be delivered to one single destination point in the Harbor.

Another very important difference in service accorded by the railroad on carload "lighterage free" freight is that on a domestic shipment the consignee must perform service of unloading the freight from the barge, lighter or cars on carfloat at destination point in the Harbor, or else pay the carrier a tariff unloading charge in the event carrier is requested to unload. On the other hand, on export, coastwise, or intercoastal freight delivered to a steamship pier, the railroad is obligated to perform the service of unloading the freight from the barge, lighter or cars on carfloat and move it to a location on the steamship pier within

100 feet of the string piece. In the event the steamship line determines to move the freight direct from the railroad marine unit, "over-the-side" of their vessel, then the railroad is obligated to assume handling of the freight involved from the location where it is stored on such railroad marine unit to a point on the railroad boat within reach of the ship's tackle.

After export freight has been delivered to a steamship line, the railroad must secure signature of steamship line representative on steamship documents, commonly termed dock receipts, and the railroad, after recording such receipts, must transmit them to the consignee or his representative. No such service is required in connection with domestic freight delivered in lighterage service.

[fol. 4818] On outbound (westbound) domestic "lighterage free" freight picked up by a railroad marine unit at public or private piers or landing places, the shipper must assume the operation of loading the freight at such shipping points to the railroad barge, lighter or cars on carfloat. In the event shipper desires the railroad to perform the loading of such freight to railroad marine units at such locations, a tariff loading charge is assessed against the shipper.

On outbound (westbound) "lighterage free" import, coastwise or intercoastal freight picked up by a railroad marine unit at a steamship pier, the operation of loading the railroad barge, lighter or cars on carfloat is performed by the railroad at railroad expense. The railroads are required to handle such freight from a location on the steamship pier up to 100 feet from the string piece and load it into or onto the barge, lighter or cars on carfloat.

After railroad marine units containing outbound (westbound) "lighterage free" freight are towed to the railroad lighterage terminal, the freight is loaded into cars by railroad forces. Such blocking and bracing of freight as is necessary to protect the shipment in or on cars is performed by railroad labor. When such blocking and bracing service is performed on domestic freight, tariff charges for material and services are assessed by the railroad against shipper or consignee; however, when blocking or bracing service is performed on import traffic, the cost of all blocking and bracing utilized and labor involved is assumed by the railroad.

The greater portion of "In Bond" freight handled by the railroads in New York consists of import and export shipments handled in lighterage service.

[fol. 4819] To meet Government requirements for handling this "In Bond" freight, railroads must obtain a Custom House License. Further, all railroad marine units utilized for handling "In Bond" freight, must have the Custom House License number painted conspicuously on each of the railroad boats involved. Inasmuch as any barge, lighter or carfloat, over a period of time will likely be used for transporting "In Bond" freight, this necessitates painting and repainting the Custom House License number on all boats in the fleet.

The loading, unloading and handling of "In Bond" freight at railroad lighterage terminals must be under the jurisdiction of a U. S. Customs Inspector. Their hours are 8:00 A.M. to 5:00 P.M., Monday to Friday inclusive. It is regularly necessary for railroads to handle freight at other hours, also on Saturdays, Sundays and Holidays, and the railroads assume the expense of such "overtime" work performed by U. S. Custom Inspector at Lighterage Terminals.

"In Bond" freight involves only import or export traffic; therefore, it would not be necessary for the railroads to obtain a Custom House License nor assume payments of any overtime to U. S. Custom Inspectors insofar as the handling of domestic freight is concerned.

[fol. 4820]

VERIFICATION

City of New York)
) ss
County of New York)

Oscar A. Frauson, being duly sworn on oath deposes and says that he is the person who prepared or had prepared under his direction and supervision the foregoing statement; that he has read the same and that the statements therein contained are true and correct to the best of his knowledge, information and belief.

(Signed) Oscar A. Frauson
Oscar A. Frauson

Subscribed in my presence
and sworn to before me by
the affiant above named this
8th day of April, 1958.

(Signed) George Andrews
George Andrews, Notary Public

George Andrews
Notary Public, State of NY
No. 31-5081800

My Commission expires March 30th, 1960. Qualified in New York County

SEAL

[fol. 4821]

Verified Statement No. W-47
Affiant: Peter J. Ellis

Before the
INTERSTATE COMMERCE COMMISSION

Ex Parte No. 212
Increased Freight Rates, 1958

Verified Statement of
Peter J. Ellis
Lehigh Valley Railroad Company

C. Special and accessorial charges:

I. New charge on waterborne traffic. (Items 220 and 220-A).

[fol. 4822]

BEFORE THE
INTERSTATE COMMERCE COMMISSION

EX PARTE NO. 212

INCREASED FREIGHT RATES, 1958

VERIFIED STATEMENT OF
PETER J. ELLIS

I am the Manager of Lighterage and Marine Service for the Lehigh Valley Railroad Company. I have been employed by that Company for the past 36 years and I am thoroughly familiar with the routine business, customs and practices of the Lehigh Valley Railroad regarding the handling of waterborne traffic in the Port of New York including export, import, coastwise and intercoastal as well as domestic traffic.

This statement will show that the Lehigh Valley Railroad performs a much greater service in handling export, import, coastwise or intercoastal lighterage-free traffic than in handling domestic lighterage or carfloat movements to and from private or public docks within the lighterage limits.

Generally speaking, domestic freight is unloaded promptly to barges and lighters in a direct car-to-boat operation unless directed by the consignee to be held for instructions. Only 48 hours free time is allowed on domestic traffic whereas 7 days free time (exclusive of Saturdays, Sundays and legal holidays) is now permitted on export traffic, and 4 days free time (subject to the same exclusions) is proposed in this proceeding. To accommodate export traffic, carriers are obliged to maintain holding yards and considerable connecting trackage and to assume added per diem expense while the freight remains in cars pending [fol. 4823] release to ground storage areas or covered piers. The handling of export traffic requires additional switching service, especially in connection with split delivery cargoes.

Under the present rules and regulations governing New York Harbor export traffic, a total of 5 deliveries from each carload lot is permissible, the first 2 at carriers' expense and the balance at the charges provided for in the tariff. Such an arrangement is not accorded domestic traffic, where only one delivery will be allowed to a single destination point within the confines of New York Harbor.

The consignee may elect to have one export delivery effected at the lighterage terminal in Jersey City and the balance of the carload reloaded to a lighter or car for delivery at one of the New York pier local stations. In this latter event, the carrier is obliged to reload and switch the car to the Float Bridge area where the car is then loaded to a carfloat which is towed by railroad tugs to the designated station. After arrival at the pier station, the carrier's labor is utilized to unload the car to the pier and check the contents of the car when unloaded. The carrier must issue another arrival notice, thus incurring a further expense, in addition to the expense of the double handling of the car at the New Jersey lighterage terminal. Such additional service is performed without added expense to the shipper or consignee of export freight.

[fol. 4824] In the case of domestic traffic, the consignee must unload the cargo from the barge, lighter, or carfloat or compensate the carrier for performing such service. On the other hand, where export, coastwise or intercoastal freight is delivered at the various steamship piers, the carrier must assume the expense of unloading to the steamship pier. In addition, where "over the side" delivery is effected direct from the railroad equipment to the steamer hatches, the carrier must move the cargo on the railroad equipment to within reach of the ship's tackle.

On export traffic delivered to the steamship piers, carriers deliver proper documentation for such cargo and obtain certified receipts which are returned to the shipper or forwarder after recording in carrier's records. This enables the principals to obtain clearances for letters of credit, ocean bills of lading, etc. Such service is not required with the handling of domestic traffic.

Westbound lighterage-free, import, coastwise or intercoastal traffic is loaded to railroad marine equipment at carrier's expense, whereas on westbound domestic lighterage traffic the shipper must assume the loading expense or, where he elects to have the carrier perform the service, pay the loading charges provided for in the tariff.

Domestic westbound freight, after being towed to the railroad lighterage terminal at Jersey City, is loaded into cars by the carrier's labor, but the cost of blocking or bracing to protect the lading to final destination is paid by the shipper as provided in the tariff. However, on im-
[fol. 4825] port, coastwise or intercoastal westbound freight, the cost of blocking and bracing and the labor involved in protecting the lading while in transit is assumed by the carrier.

The Harbor Carriers in the Port of New York are obliged to obtain Custom House Licenses, which license numbers must be painted conspicuously on all their equipment, to permit the handling of "IN BOND" traffic, export or import, under U. S. Customs regulations. In addition, the carrier must assume the expense of U. S. Customs inspectors after 5:00 p.m. Monday to Friday, inclusive, and on Saturdays, Sundays and legal holidays for so-called overtime work at the lighterage terminals. Such expense is not incurred in handling domestic traffic.

[fol. 4826]

State of New York)
) SS.:
County of New York)

Peter J. Ellis, being duly sworn, deposes and says that he is Manager of Lighterage and Marine Service of Lehigh Valley Railroad Company; that he personally prepared the foregoing statement and knows the contents thereof and that the same is true to the best of his knowledge and belief.

(Signed) Peter J. Ellis
Peter J. Ellis

Subscribed and sworn to before me
this eighth day of April, 1958.

(Signed) Lawrence Berman

Lawrence Berman
Notary Public, State of New York
No. 31-5290885
Qualified in New York County
Commission Expires March 31, 1960

[fol. 4827]

I. & S. Docket 6615
Exhibit —— (EMT-5)
Witness Talbott.

Number of Lighters Towed Per Tug-Tows
Months of September—years 1948-1957 Inc.

Years	Number of Tows	Lighters Towed	Average Lighters Per Tow
1948	1418	2328	1.6
1949	1155	2059	1.8
1950	1126	1917	1.7
1951	1075	1742	1.6
1952	858	1479	1.7
1953	1177	1922	1.6
1954	1012	1635	1.6
1955	935	1495	1.6
1956	981	1478	1.5
1957	873	1321	1.5

[fol. 4828]

I. & S. Docket 6615
Exhibit —— (EMT-6)
Witness Talbott

Tons Lightered and Cars Floated B&O-CNJ Marine Operation — Jersey City, N.J.
Years 1948-1957 Inc.

	Tons Lightered		
Year	Tons Lightered	Lighters Loaded and Unloaded	Tons Per Lighter
1948	881,106	10,772	81.8
1949	839,537	11,795	71.2
1950	764,992	11,698	65.4
1951	793,494	10,565	75.1
1952	831,170	11,178	74.4
1953	806,468	10,491	76.9
1954	695,499	8,744	79.5
1955	685,859	8,598	79.8
1956	673,211	7,874	85.5
1957	641,629	7,127	90.0
Average 10 years	761,297	9,884	77.0

*****

Cars Floated

Year	Cars Floated	Serviceable Car Float Days	Cars Floated Per Serviceable Car Float Day
1948	104,984	12,409	8.5
1949	87,831	12,866	6.8
1950	93,414	11,730	8.0
1951	93,834	11,090	8.5
1952	87,130	10,351	8.4
1953	86,791	9,896	8.8
1954	87,503	9,523	9.2
1955	95,834	9,511	10.1
1956	102,779	10,809	9.5
1957	103,893	11,964	8.7
Average 10 years	94,399	11,015	8.6

[fol. 4829]

I. & S. Docket No. 6615
Exhibit —— (EMT-7)
Witness Talbott

Baltimore and Ohio Traffic Covered By The Lighterage Pier And/Or Marine Service Portion of the Terminal Cost Study at New York.

	September 1956	
Lightered in B&O-CNJ pooled marine service	11,647	tons
Trucked in lieu of lighterage	6,821	"
Lightered by contract steam lighter	1,598	"
Floated	189	"
	20,255	tons

[fol. 4830]

I. & S. Docket No. 6615
Exhibit —— (EMT-8)
Witness Talbott

Import-Export Traffic Through The Port of New York Via the B&O & CNJ For the Year 1956 and a Comparison of September 1956 With The Monthly Average For the Year.

Total Traffic (traffic study):			
B&O		318,145 tons	
CNJ		581,333 “	
Total		899,478 “ (Tr. 1548)	
Less: Traffic moving through:			
Port Newark	25,403 tons		
Earle, N.J.	54,189 “		
Carteret, NJ	12,478 “		
		92,070 tons	
		807,408 tons	
Average per month excluding the Port Newark, Earle and Carteret tonnage			67,284 tons
For September 1956:			
Total lightered, floated and trucked in lieu of lighterage B&O-CNJ (Cost study, working papers p. 1).		43,001 tons	
Less: Domestic traffic included for the purpose of determining unit costs		7,152 “	
			35,849 tons
Export scrap iron (Tr. 1552)			14,288 “
Import ore (Tr. 1552)			13,743 “
Total import-export traffic			63,880 “

[fol. 4831]

I. & S. Docket No. 6615
Exhibit —— (EMT-9)
Witness Talbott

Computation of Adjustment to Relate Certain Marine Expenses at New York For the Month of September 1956 to the Monthly Average for 1956 Based On Comparative Traffic Volumes As Described

	Sept. 1956	Year 1956
Tons lightered in B&O-CNJ pooled marine operation:		
Via Jersey City and St. George lighterage piers	31,749	437,653
Via Manhattan pier stations	692	8,717
Via American Docks S.I.	258	6,092
Via Jersey City—domestic bulk cement	23,705	266,146
	56,404	718,608
Average month		59,884
Indicated adjustment in costs not directly variable with traffic to relate September 1956 to the 1956 monthly average. (59,884 — 56,404 = 3,480 then 3,480 ÷ 59,884)		5.81%

[fol. 4832]

I. & S. Docket No. 6615
Exhibit —— (EMT-10)
Witness Talbott

Computation of Adjustment To Relate Certain Lighterage Pier Expenses For September 1956 to the Monthly Average for 1956, Based On A Comparison of Traffic Volume As Described

	Tons Sept. 1956	Tons Year 1956
Traffic moved to or from the lighterage piers at Jersey City and St. George, S. I., via:		
B&O pooled marine operation	31,749	437,653
Trucking in lieu of lighterage	7,064	90,261
Lightered by contract steam lighter	1,598	18,210
TOTAL	40,411	546,124
Average per month		45,510

Indicated adjustment in costs not directly variable with traffic to relate September to the 1956 monthly average.
(45,510 — 40,411 = 5,099 then 5,099 ÷ 45,510) 11.20%

[fol. 4833]

I. & S. Docket 6615
Exhibit —— (EMT-11)
Witness Talbott

IMPORT EXPORT TRAFFIC THROUGH THE PORT OF NEW YORK VIA PENNSYLVANIA RAILROAD SYSTEM FOR THE YEAR 1956 AND A COMPARISON OF SEPTEMBER, 1956 WITH THE MONTHLY AVERAGE FOR THE YEAR

(Tons of 2,000 pounds).

Total Traffic (Traffic Study):		1,399,852 tons
Less: Traffic moving through		
Port Newark, N.J.	10,373 tons	
Bayonne, Earle, N.J. and Hoboken Shore RR stations	62,118 "	
Stations on Long Island	29,552 "	
TrucTrain	2,295 "	
		104,338 tons
		1,295,514 tons
Average per month, excluding Port Newark, North Jersey and Long Island Stations and TrucTrain		107,959.6 tons
For September, 1956:		
Total lightered, floated and trucked in lieu of lighterage used in cost study.		103,346.5 tons

[fol. 4834]

I. & S. Docket 6615
Exhibit —— (EMT-12)
Witness Talbott

NEW YORK CENTRAL SYSTEM

A. E. PERLMAN
PRESIDENT

New York, N. Y.
July 2, 1958

Memorandum to: The Honorable Robert F. Wagner
Mayor, The City of New York

From: Alfred E. Perlman
President, New York Central System

This memorandum will summarize the points discussed by you and me and by our respective associates during the last several months:

Events of the past few months have brought into focus more sharply the urgent need in the public interest for maintaining efficient and financially sound railroad transportation facilities. This has reflected itself in the surveys and reports of the Metropolitan Rapid Transit Commission, in public hearings before Committees of both houses of Congress, and in a wide variety of other significant public actions. More than ever, the people of our nation are becoming aware of the fact that rail transportation is vital to the defense and economic strength of our country.

The City of New York and the New York Central System have a common interest and mutual desire in providing efficient rail transportation within the city and this region. Indeed, in your additional function as Chairman of the Regional Mayor's Conference, you have placed transportation high on the agenda of that group. The community [fol. 4835] of interest between the City of New York and the New York Central System can be demonstrated in many ways: the taxes paid to the City by the New York Central Railroad; the railroad's huge staff of employees; the services it renders to industry and to commuters.

In 1957 alone the New York Central, as the city's third largest taxpayer, paid to the City of New York $16,066,241, representing $15,670,853 in real estate and special franchise taxes, and $395,388 in sales and gross receipt taxes. In the New York district of the railroad we employ 14,500 persons with an annual payroll of $85,000,000. This, in turn, represents a substantial amount of purchasing power for the other businesses and industries which sustain the city. The freight services provided by the Central to industry within the City of New York include the only direct service by rail, as well as a lighterage service which enhances New York harbor. (Incidentally, as you know, both of these operate at substantial losses; in 1957 the loss on our freight service to Manhattan Island was $10,350,000.)

Part of the mutual interest mentioned above was given recognition recently when the New York State Legislature requested the New York State Public Service Commission to undertake a broad study of the impact of local taxation upon the economy of rail transportation throughout the state.

Another phase of this mutual interest is of more immediate concern to the people of the City of New York. [fol. 4836] This involves the possibility of integrating our Park Avenue Tunnel between 96th Street and Grand Central with present rapid transit subway operations. There have been a number of recommendations in recent years in connection with construction of a new subway for the City of New York on Second Avenue, Madison Avenue and other north-south arteries, all of which involve expenditures of huge sums of money. We believe it highly possible that the Park Avenue Tunnel could readily be adapted to rapid transit use as part of the City's system operated by the Transit Authority.

We feel that if the City is not to be stifled in its continued growth, that some equitable plan must be consummated to relieve the New York Central and other railroads of the crushing burden of subsidizing rail transportation into Manhattan.

It is against this background and in the light of our joint interest here that I am writing this letter to suggest that, in effect, we become partners in the public interest and request that you designate a committee of appropriate city officials to meet with us to explore fully plans for providing healthy transportation facilities for the people in this area. We suggest that such a committee can serve a significant purpose, not only in planning for better transit facilities for the people of this City and the surrounding communities, but could serve in addition as a useful link between the City and the Public Service Commission in the surveys it will undertake pursuant to the direction it has received from the Governor and the legislative leaders.

[fol. 4837] We are prepared to meet with such committee as you may designate and to make available to the committee all of our engineering and other resources. We believe that a constructive plan can be developed which will be of benefit to all concerned.

Alfred E. Perlman

[fol. 4838]

I.C.C. Exhibit No. 126

COPY

NEW YORK CENTRAL SYSTEM

February 20, 1958

Mr. J. L. Heywood, Assistant Comptroller
The Pennsylvania Railroad Company
1244 Transportation Center
Six Penn Center Plaza
Philadelphia, Pa.

Subject: I.&S.Docket No. 6615,
Equalization of Rates
at North Atlantic Ports

Dear Mr. Heywood:

Will you kindly arrange to furnish me the working papers which were used in the modification of your Exhibits JLH-1 & 2 (revised) to the out-of-pocket costs contained in your Exhibits JLH-3 & 4, which were distributed to the parties in this proceeding on February 19, 1958.

It was contemplated that certain data would be developed in cross-examination, however, it now appears that much time will be saved all concerned if, along with the working papers requested above, you also furnish the information detailed below which is basic to all of your exhibits.

For The Pennsylvania Railroad

Yard Costs (New York area)

1. Total number of cars and total engine minutes shown in the one-week yard study (Sept. 25 to Oct. 1, 1956) separately, for each element of switching service, i.e., classification, transfer, etc. Include all traffic handled during the one-week test period.

2. Furnish for each month of 1956, the total loaded and empty cars into each yard; out of each yard; and handled

within each yard covered in the one-week yard study. This information to be obtained from current yard records to the extent available.

Float Bridge Costs (New York)

1. Furnish for each month in the Year 1956, for Harsimus Cove float bridge: (a) Number of cars-export-import; (b) number of cars-domestic freight; and (c) all other.

2. Furnish for (a) and (b) above, separately, the number of cars handled account of: (a) Desbrosses Street; (b) West 12th Street; (c) Greenville Piers; (d) Jersey City Piers; and (e) all other.

Marine Cost (New York)

1. Furnish for each month in the Year 1956, separately:
   (a) Number of cars Export-Import
   (b) Number of cars Domestic Freight
   (c) All Other

[fol. 4839] 2. Furnish for (a) and (b) above, separately, the number of cars handled account of:
   (a) Desbrosses Street
   (b) West 12th Street
   (c) Greenville Piers
   (d) Jersey City Piers
   (e) All Other

Station Costs (New York)

1. Furnish the cars and tons for each month in the Year 1956, separately for:
   (a) Desbrosses Street
   (b) West 12th Street
   (c) Greenville Piers
   (d) Jersey City Piers
   (e) All Other

2. Separate the cars and tons shown in (a) to (e) above, among:

   (a) Export-Import Traffic
   (b) Domestic Traffic
   (c) All Other

3. Separate the export-import traffic for each station, among:

   (a) Handled by trucks to or from steamship piers
   (b) Handled by car float
   (c) Handled by other means (describe)

For the B.&O., S.I.R.T., & C.N.J.

1. Marine expense cost operation file referred to at page 17 of study.

2. C.N.J. file 102-2 referred to at page 18 of study and work paper file Jersey City, referred to at page 18 of study.

3. File 102-2 referred to at pages 21, 22, 24, 39, and 42 of study.

4. St. George working file referred to at page 40 of study.

5. A textual explanation together with the working papers for 'all other' cost for which no sources are shown.

6. A textual explanation of how the costs were aggregated to produce the unit cost shown on J. L. Heywood's working papers, sheets D-1 and D-2.

[fol. 4840] If it is impractical to furnish the working papers mentioned above it is suggested that they be made available to the complainant railroads at one centrally located office. It is suggested that the C.N.J. offices in Jersey City, N.J., be selected since it appears that many of the files are already at that location.

Yours very truly,

Assistant General Solicitor

JHC:t

Cc: Messrs. H. D. McCoy, Sec'y., I.C.C.
Marion Boat, Examiner, I.C.C.

[fol. 4841]

I.C.C. EXHIBIT No. 127

COPY

February 26, 1958

1138 Transportation Center
Six Penn Center Plaza
Philadelphia 4, Penna.

Re: I.&S. 6615, Equalization of Rates at North Atlantic Ports.

John H. Colgren, Esq.
Assistant General Solicitor
New York Central System
466 Lexington Avenue
New York 17, N.Y.

Dear Mr. Colgren:

You will find enclosed copies of the working papers used in connection with Exhibits JLH-3&4 in the above proceeding, which you requested in your letter to Mr. Heywood, dated February 20, 1958. The remainder of your request is under consideration and we will advise you shortly regarding our position in that respect.

Very truly yours,

Richard R. Bongartz
General Attorney

RRB:meh
cc: Messrs. H. D. McCoy, Sec'y., I.C.C.
Marion Boat, Examiner, I.C.C.
—Together with copies of the working papers referred to above.

R.R.B.

[fol. 4842]

I.C.C. Exhibit No. 128

COPY

February 28, 1958

1138 Transportation Center
Six Penn Center Plaza
Philadelphia 4, Penna.

Re: I.&S. 6615—Equalization of Rates at North Atlantic Ports.

John H. Colgren, Esq.
Assistant General Solicitor
New York Central System
466 Lexington Avenue
New York 17, N.Y.

Dear Mr. Colgren:

This will have further reference to your letter of February 20, 1958 to Mr. Heywood in the above proceeding, pursuant to which I mailed to you on February 26 copies of Mr. Heywood's working papers in connection with his exhibits (JLH-3) and (JLH-4).

The material requested in your letter, at page 2, for the Baltimore and Ohio, Staten Island, and Jersey Central, Items 1-6, will be made available to you at the office of Mr. Talbott, Assistant Comptroller, Baltimore and Ohio Railroad Company, Baltimore, Maryland, any time after the first week in March. The reason why the first week of March is not possible is that the B.&O.'s entire cost staff is preoccupied with pending litigation and will be out of town. I would suggest that your cost people communicate with Mr. Talbott's office as to when they intend to inspect such material. The B.&O. will be glad to provide any textual explanations under Items 5 and 6 if after examining the working papers your cost people still feel them to be necessary.

In your letter you suggested Jersey City as a place where the B.&O. material might be examined, but I understand that in your telephone conversation with Mr. Langdon, Baltimore was regarded as equally convenient for you. That is where the B.&O. material is presently located.

Regarding the additional information requested by you [fol. 4843] from the Pennsylvania Railroad, the information in Item 1 (yard costs) is available, but it requires explanation to understand its significance. As for the remaining items, Mr. Heywood is presently undertaking to have determined the availability of such information, and to the extent that it is not available in the form requested, what other information is available on the subject. Mr. Heywood will be engaged next week at hearings in the Transcontinental Divisions case, but he expects that he will be in a position to discuss these items with your people upon his return to his office on March 10, 1958. In this circumstance, we suggest that your cost people arrange a meeting with Mr. Heywood for that week, at which time all of the subject items can be discussed, including Item 1 (yard costs).

Very truly yours,

Richard R. Bongartz
General Attorney

RRB:meh
cc: Messrs. H. D. McCoy, Sec'y., I.C.C.
Marion Boat, Examiner, I.C.C.

[fol. 4844]

I.C.C. Exhibit No. 129

1244 Transportation Center
Six Penn Center Plaza
Philadelphia 4, Pa.
March 19, 1958

Re: I & S Docket 6615—Equalization of Rates, North Atlantic Ports

Mr. Wesley F. French
Manager, Costs and Controls
New York Central System
New York 17, N.Y.

Dear Wesley:

This will confirm our telephone conversation of March 14, relative to Mr. Colgren's letter to me of February 20, 1958, in which I furnished you with the following information:

	September 1956	Year 1956
1. Yard-Cars Handled	238,418	3,016,400

Switching Study in New York Area

Elements of Service	Number of Movements	Locomotive Minutes
Classification	31,235	247,592
Transfer Service	11,496	30,810
Handling Cars at Connections	3,069	7,682
Weighing Cars	536	2,185
Icing Freight Cars	359	1,576
Switching Company Coal Docks, etc.	14	165
Switching Shop Tracks	817	4,155
Passenger Work	60	2,060
Freight House Switching	1,096	4,767
Team Track Switching	1,702	10,626
Industrial Switching	18,740	70,358
Cleaning Cars	169	576
Other Service	—	4,506
Total	—	414,058
Non-Productive Time	—	26,194
Grand Total	—	440,252

2. Float Bridge-Harsimus Cove		
Floats	1,592	20,167
Cars	16,679	211,837

[fol. 4845]

	September 1956	Year 1956
3. Stations		
Desbrosses Street		
Foreign Traffic		
*Trucking in lieu of Lighterage		
Cars	362	5,313
Tons	10,549	148,876
Domestic Freight		
Cars	883	8,695
Tons	7,446	75,494
West 12th Street		
Foreign Traffic		
*Trucking in lieu of Lighterage		
Cars	74	1,025
Tons	1,376	17,210
Domestic Freight		
Cars	1,974	24,866
Tons	16,674	203,989
Lighterage Piers		
Foreign Traffc		
Lighters—Tons	68,853	817,426
Car Floats—Tons	1,697	40,705
Trucking in lieu of Lighterage—Tons	2,432	30,107
Total Foreign Traffic—Tons	72,982	888,238
Domestic Traffic—Tons	12,807	154,710
All Others		
Foreign Traffic		
TrucTrain—Tons	122	2,192
Driveaways—Tons	—	552
Domestic Traffic		
Cars	3,871	49,773
Tons	34,193	521,924

---

* Freight is car floated between Jersey City Railhead and Stations on Manhattan Island and trucked between these stations and the steamship piers.

As I explained to you in our telephone conversation the above information, which was given to you pursuant to Mr. Colgren's request generally is not the basis for my study. The basis for the study is set forth in the workpapers which were given to you. Furthermore, to the extent that the information contained herein is not separated as between Foreign and Domestic traffic and does not include anything applicable to the heading "Marine Costs" in Mr. Colgren's letter of February 20, it is because such information is not available in our records.

Yours truly

J. L. Heywood
Asst. Comptroller

Copy to:

Marion L. Boat, Esq.
Examiner, I.C.C.

Mr. John L. Colgren

[fol. 4846]

I.C.C. Exhibit No. 130

COPY

April 7, 1958

1138 Transportation Center
Six Penn Center Plaza
Philadelphia 4, Penna.

Re: Equalization of Rates at North Atlantic Ports—I&S 6615.

John H. Colgren, Esq.
Assistant General Solicitor
The New York Central Railroad Company
466 Lexington Avenue
New York 17, New York

Dear John:

Enclosed is a sample of the cards that were filled out by the engine crews in connection with Mr. Clark's switching study. I also enclose two sample sheets used in tracing the import/export cars through the yards. One sheet applies to export and the other to import. This information is in response to your request made at page 1518 of the Record in the above-captioned case.

Very truly yours,

Richard R. Bongartz
General Attorney

Enc.

cc: Examiner Marion Boat

PENNSYLVANIA RAILROAD
REPORT OF YARD CREW OPERATIONS

No. 1-B

Crew No.

Date 9/24 1956

Eng. Nos. 9239 From 10 57 PM to 6 57 AM

Station (or City) JERSEY CITY Yard HARSIMUS COVE

Eng. Nos. From M to M
(Inc. all Units)

Conductor W. J. TOWLE On Duty 10 57 PM Off Duty 6 57 AM No. Regular Brakemen 2

Engineman R.C. RUSSELL On Duty 10 57 PM Off Duty 4:10 6 57 AM Utility Brak'm From M to M

1 CLASSIFICATION— Making up and breaking up freight trains and yard cuts.

	Time		Cars classified	MINUTES
	From	To	Loads	Empties
H-COVE (NEW YARD)	12:20 A M	12:50 A M		30
H-COVE (STOCK YARD)	1:35 A M	1:55 A M		20
H-COVE (J-STOCK YD)	4:25 A M	5:30 A M		65
H-COVE (ELEVATION)	5:50 A M	6:00 A M	14	10
	M	M		125
	M	M		

2 TRANSFER SERVICE—Handling cars from one yard, industry, interchange track, etc., to another yard, industry, interchange track, etc. or any combination of these facilities. (USE OTHER SIDE).

3 HANDLING CARS AT CONNECTIONS

Name of Road	Time		Cars interchanged	
	From	To	Loads	Empties
	M	M		
	M	M		
	M	M		
	M	M		
	M	M		
	M	M		
	M	M		

4 WEIGHING CARS (Show where weighed)

Time		Cars weighed	
From	To	Loads	Empties
M	M		
M	M		
M	M		

5 ICING FREIGHT CARS

Time		Cars iced	
From	To	Loads	Empties
M	M		
M	M		
M	M		

	Time		Cars handled	
	From	To	Loads	Empties
6 SWITCHING COMPANY COAL DOCKS, ASH PITS, FUEL OIL TRACKS	M	M		
	M	M		
7 SWG. SHOP, REPAIR AND STORES DEP'T TRACKS	M	M		
	M	M		
8 WORK FOR M. of W. DEPARTMENT	M	M		
	M	M		
9 ALL PASSENGER WORK	M	M		
	M	M		
	M	M		

	Name of freight house team track or industry	Time		CARS HANDLED To		From		INTRA-PLANT			
		From	To	Loads	Empties	Loads	Empties	From	To	Loads	Empties
10 FREIGHT HOUSE SWITCHING		M	M								
		M	M								
		M	M								
11 TEAM TRACK SWITCHING		M	M					MINUTES M	M		
		M	M					M	M		
		M	M					M	M		
		M	M					1 HR 10 M	M		
12 INDUSTRIAL SWITCHING (Includes such items as private industries, docks, wharves, float bridges, trestles, elevators, and stock yards.)	6 BRIDGE H-COVE	10:57 P M	11:55 P M	0	10			56 M	M		
	7 BRIDGE H-COVE	11:55 P M	12:20 A M			0	1	20 M	M		
	7 BRIDGE H-COVE	12:50 A M	1:10 A M	5	5			20 M	M		
	5 BRIDGE H-COVE	1:10 A M	1:35 A M			10	0	25 M	M		
	5 BRIDGE H-COVE	1:55 A M	2:10 A M	0	10			15 M	M	1-18	
	6 BRIDGE H-COVE	2:10 A M	2:45 A M			10	0	35 M	M		
	6 BRIDGE H-COVE	2:45 A M	3:10 A M	0	10			25 M	M		
	7 BRIDGE H-COVE	3:10 A M	3:30 A M			9	0	20 M	M		
	7 BRIDGE H-COVE	3:30 A M	4:10 A M	0	10			40 M	M		
	5 BRIDGE H-COVE	4:10 A M	4:25 A M			8	2	15 M	M		
	6 BRIDGE H-COVE	6:00 A M	6:10 A M	9	1			10 M	M		
	5 BRIDGE H-COVE	6:10 A M	6:57 A M	5	1			47 M	M		

WAGES: Engine Crew Train Crew Utility Brakeman 335 4847

Loco. Miles Loco. Ton Miles (100%) Loco. Ton Miles (Equated)

[fol. 4847]

3637

2 TRANSFER SERVICE

FROM (Show name yard, industry, interchange track, etc.)	Time	TO (Show name yard, industry, interchange track, etc.)	Time	Cars Handled	
				Loads	Empties
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		

13 NON-PRODUCTIVE TIME

DESCRIPTION	From	To	DESCRIPTION	From	To
LUNCH PERIOD	5:30 AM	5:50 AM	N/D 20	M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M

14 OTHER SERVICES

DESCRIPTION	From	To	DESCRIPTION	From	To
	M	M		M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M

INSTRUCTIONS
(See "Memorandum of Instructions" on separately prepared statement)

4848

3638
[fol. 4848]

CT 3300

PENNSYLVANIA RAILROAD

REPORT OF YARD CREW OPERATIONS

No. D-3

Crew No. ____

~~Date~~ 9/24 1956

Eng. Nos. 9275 From 1059 M to 659 M

Station (or City) JERSEY CITY Yard H COVE

Eng. Nos. ____ From ____ M to ____ M
(Inc. all Units)

Conductor A. CINOTI On Duty ____ M Off Duty ____ M No. Regular Brakemen 2

Engineman E H VERNON On Duty 1059P M Off Duty (4/10) 655A M

Utility Brak'm ____ From ____ M to ____ M

1 CLASSIFICATION— Making up and breaking up freight trains and yard cuts.

Give name of yard	Time From	Time To	Cars classified Loads	Cars classified Empties
H.COVE	1059 M	1130 M		31
	M	M		
	M	M		
	M	M		
	M	M		
	M	M		

Minutes

2 TRANSFER SERVICE— Handling cars from one yard, industry, interchange track, etc., to another yard, industry, interchange track, etc. or any combination of these facilities. (USE OTHER SIDE)

3 HANDLING CARS AT CONNECTIONS

Name of Road	Time From	Time To	Cars interchanged Loads	Cars interchanged Empties
	M	M		
	M	M		
	M	M		
	M	M		
	M	M		
	M	M		
	M	M		

4 WEIGHING CARS (Show where weighed)

ETD

	Time From	Time To	Cars weighed Loads	Cars weighed Empties
	M	M		
	M	M		
	M	M		

5 ICING FREIGHT CARS

	Time From	Time To	Cars iced Loads	Cars iced Empties
	M	M		
	M	M		
	M	M		

6 SWITCHING COMPANY COAL DOCKS, ASH PITS, FUEL OIL TRACKS

	Time From	Time To	Cars handled Loads	Cars handled Empties
	M	M		
	M	M		

7 SWG. SHOP, REPAIR AND STORES DEP'T TRACKS

	Time From	Time To	Loads	Empties
	M	M		
	M	M		

8 WORK FOR M. of W. DEPARTMENT

	Time From	Time To	Loads	Empties
	M	M		
	M	M		

9 ALL PASSENGER WORK

	Time From	Time To	Loads	Empties
	M	M		
	M	M		
	M	M		

	Name of freight house team track or industry	Time From	Time To	CARS HANDLED IN To Loads	To Empties	From Loads	From Empties	INTRA-PLANT ~~From~~ Minutes	INTRA-PLANT To	Loads	Empties
10 FREIGHT HOUSE SWITCHING		M	M					xxxxxxxx	xxxxxxxx	xxxxxx	xxxxxx
		M	M					xxxxxxxx	xxxxxxxx	xxxxxx	xxxxxx
		M	M					xxxxxxxx	xxxxxxxx	xxxxxx	xxxxxx
11 TEAM TRACK SWITCHING		M	M					M	M		
		M	M					M	M		
		M	M					M	M		
		M	M					M	M		
12 INDUSTRIAL SWITCHING (Includes such items as private industries, docks, wharves, float bridges, trestles, elevators, and stock yards.)	J.C. PIERS	1130 M	1150P M	2				20 M	M		
	J.C. PIERS	1150 M	120P M			2	16	90 M	M		
	J.C. PIERS	120P M	315 M			1	14	115 M	M ID 2D		
	J.C. PIERS	315P M	340P M	10				25 M	M		
	J.C. PIERS	410P M	520P M	30				80 M	M		
	J.C. PIERS	520P M	659A M	1	1		9	99 M	M		
		M	M					429 M	M		
		M	M					M	M		
		M	M					M	M		
		M	M					M	M		
		M	M					M	M		
		M	M					M	M		
		M	M					M	M		
		M	M					M	M		

[fol. 4849]

WAGES: Engine Crew ____ Train Crew ____ Utility Brakeman ____ 4849 ✓

Loco. Miles ____ Loco. Ton Miles ____ (100%) Loco. Ton Miles ____ (Equated)

3639

12 TRANSFER SERVICE

FROM (Show name yard, industry, interchange track, etc.)	Time	TO (Show name yard, industry, interchange track, etc.)	Time	Cars Handled	
				Loads	Empties
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		
	M		M		

13 NON-PRODUCTIVE TIME

DESCRIPTION	From	To	DESCRIPTION	From	To
LUNCH PERIOD	340 AM	400 AM	20 NLD	M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M

14 OTHER SERVICES

DESCRIPTION	From	To	DESCRIPTION	From	To
	M	M		M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M
	M	M		M	M

INSTRUCTIONS

(See "Memorandum of Instructions" on separately prepared statement)

4850

3640
[fol. 4850]

(See opposite) ☞

Elements Of Service Accorded Cars Of Export Freight From Differential Territory In The Port of NEW YORK (Jersey City)

Week Of Sept. 25-Oct. 1, 1956

	Arrived In Port Area			Unloaded		LOADED CAR										Disposition of Empty Car				
	Time	Date	Train	Time	Date	From Conn.		Classified At	Transfer To (Either Direction)			Weighed At	Shopped at or Iced at	Placement at	Removal From	Transfer To		Classified at		Loaded or Empty Other Service (Specify)
	(2)	(3)	(4)	(5)	(6)	At (7)	Date (8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
32	9^{10} PM	9/26/56	H Cove NY8 4770 9 10 9/25	12^{30} PM	9/28 10/1/56	—	—	Harsimus Cove	—	—	—	—	—	Pier L	Pier L Empty 9/27	—	—	Harsimus Cove		Placed on Float Bridge, empty 9
B		Minutes Per Car						13.3 10.3						6.3 3.9	6.3 3.9			13.3	10.3	—
79	10^{00} PM	9/25/56	Mead. NY8 4770 8.45 9/25	1^{00} PM	9/27/56	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	—	—	Pier K.	Pier K Empty 9/27	—	—	Harsimus Cove		Placed on Float 6 Bridge 3, empty
B		Minutes Per Car						14.9 9.0 13.3 10.3	2.2 1.8					6.3 3.9	6.3 3.9			13.3	10.3	
81	1^{30} PM	9/25	Mead P.08 4771 620a 9/25	9^{00} PM	9/27	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	—		Pier K	Pier K Empty 9/28	—	—	Harsimus Cove		Placed on Float 5 Bridge 9 empty
B.		Minutes Per Car						14.9 9.0 13.3 10.3	2.8 1.8					6.3 3.9	6.3 3.9			13.3	10.3	
1E 78	10^{00} PM	9/25	Pg10 4996 7 9/24	10^{35} AM	10/4			Waverly Meadows H Cove	To Meadows to H Cove		—	—	—	Pier H	Pier H Empty 10/5	Harsimus Cove to Meadows		Harsimus Cove Meadows		—
B		Minutes Per Car						15.2 10.8 14.9 9.0 13.3 10.3	2.1 1.8 2.8 1.8					6.3 3.9	6.3 3.9	15.3	2.1	13.3 14.9	10.3 9.0	
F 946	10 PM	9/25	Mead NY8 4770 845P 9/25	5^{15} PM	9/27	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	—		Pier K	Pier K Empty 9/27	—	—	Harsimus Cove		Placed on Float Bridge 3, empty
B		Minutes Per Car						14.9 9.0 13.3 10.3	2.8 1.8					6.3 3.9	6.3 3.9			13.3	10.3	
383	1^{30} PM	9/25	Mead P.08 4771 620a 9/25	9^{45} PM	9/27	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	—	—	Pier L	Pier L Empty 9/29	—	—	Harsimus Cove		Placed on Float 4 Bridge 9, empty
B		Minutes Per Car						14.9 9.0 13.3 10.3	2.8 1.8			✓		6.3 3.9	6.3 3.9			13.3	10.3	
F 428	1^{30} P	9/25	Mead P.08 4771 620a 9/25	2^{45} P	9/30	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	Comp. ⑰ 13.3 10.3	—	Pier L	—	—	—	—	—	Reloaded Pier Rahway NJ
B		Minutes Per Car						14.9 9.0 13.3 10.3	2.8 1.8			(29) ⑰ 14.9 9.0 ① 13.3 10.2		6.3 3.9						
L 472	1^{30} P	9/25	Mead P.08 4771 620a 9/25	8^{00} P	9/28	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	Comp. ⑰ ⑩ 2.9 1.8 ⑪ 2.1 1.8	—	Pier K	—	—	—	—	—	Reloaded Pier Newark NJ
B		Minutes Per Car						14.9 9.0 13.3 10.3	2.8 1.8			① 15. 2.1		6.3 3.9						
1C 7794	1^{30} P	9/25	Mead P.08 4771 620a 9/25	8^{45} P	9/28	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	Empty ⑲ 6.3 3.9	—	Pier K	—	—	—	—	—	Reloaded Pier Wilkes Barre P
								14.9 9.0	2.8 1.8					6.3 3.9						

Elements Of Service Accorded Cars Of Export Freight From Differential Territory In The Port of New York (Jersey City)

Week Of Sept. 25- Oct. 1, 1956

Area	Unloaded		LOADED CAR										Disposition of Empty Car				Loaded or Empty Other Service (Specify)	Total Minutes
Train	Time	Date	From Conn. At	Date	Classified at	Transfer To (Either Direction)			Weighed At	Shopped at or Iced at	Placement at	Removal From	Transfer To		Classified at			
(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
H.Cove NY8 4770 9.0 [illegible]	12 30 PM	9/28 10/1/56	—	—	Harsimus Cove	—	—	—	—	—	Pier L	Pier L Empty 9/27	—	—	Harsimus Cove		Placed on Float 567 Bridge , empty	9/28
Per Car					13.3 10.3						6.3 3.9	6.3 3.9			13.3	10.3		
Mead. NY8 4772 6.45 [illegible]	1 00 PM	9/27/56	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	----	—	Pier K.	Pier K Empty 9/27	—	—	Harsimus Cove		Placed on Float 653, Bridge 3, empty	9/27
Per Car					14.9 9.0 13.3 10.3	2.8 1.8					6.3 3.9	6.3 3.9			13.3	10.3		
Mead B08 4771 620a 9/25	9 00 PM	9/27	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	—	—	Pier K	Pier K Empty 9/28	—	—	Harsimus Cove		Placed on Float 567 Bridge 9, empty	10/1
Per Car					14.9 9.0 13.3 10.3	2.8 1.8					6.3 3.9	6.3 3.9			13.3	10.3		
Pg10 4996 7 [illegible] 9/24	10 35 PM	10/4			Waverly Meadows H.Cove	To Meadows to H.Cove		—	—	—	Pier H	Pier H Empty 10/5	Harsimus Cove to Meadows		Harsimus Cove Meadows		—	—
Per Car					15.2 10.8 13.2 9.8 13.3 10.3	2.1 1.8 2.8 1.8					6.3 3.9	6.3 3.9	15.3	2.1	13.3 14.9	10.3 9.0		
Mead NY8 4770 545P 9/26	5 15 PM	9/27	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	—	—	Pier K	Pier K Empty 9/27	—	—	Harsimus Cove		Placed on Float 653, Bridge 3, empty	9/27
Per Car					14.9 9.0 13.3 10.3	2.8 1.8					6.3 3.9	6.3 3.9			13.3	10.3		
Mead B08 4771 620a 9/25	9 45 PM	9/28	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	—	—	Pier L	Pier L Empty 9/30	—	—	Harsimus Cove		Placed on Float 702 Bridge 9, empty	10/4
Per Car					14.9 9.0 13.3 10.3	2.8 1.8			✓		6.3 3.9	6.3 3.9			13.3	10.3		
Mead B08 4771 620a 9/25	2 45 P	9/30	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	—	—	Pier L	—	—	—	—	—	Reloaded Pier L to Rahway NJ	9/29
Per Car					14.9 9.0 13.3 10.3	2.8 1.8		㉙	⑰ 13.3 10.3 ⑰ 14.9 9.0 ① 13.3 10.2		6.3 3.9							
Mead B08 4771 620a 9/25	8 00 P	9/28	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	—	—	Pier K	—	—	—	—	—	Reloaded Pier K Newark NJ	9/29
Per Car					14.9 9.0 13.3 10.3	2.8 1.8		⑰	10 2.8 1.8 11 2.1 1.8 ① 15 [illegible]		6.3 3.9							
Mead B08 4771 620a 9/25	8 45 P	9/28	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	⑲ 6.3 3.9	—	Pier K	—	—	—	—	—	Reloaded Pier K to Wilkes Barre Pa	10/4
Per Car					14.9 9.0 13.3 10.3	2.8 1.8					6.3 3.9							
Mead			—	—	Meadows [illegible]	Meadows [illegible]		—	—	—	Pier L	Pier L 9 [illegible]	—	—	Harsimus [illegible]		Reloaded Pier K to [illegible]	

104479	10 Pm	9/25/52	4770 8.45 9/25	1 00 Pm	9/27/52			Harsimus ...	...			—		Empty 9/27			—	—	Bridge ...
B		Minutes Per Car						14.9 9.0 13.3 10.3	2.2 1.8				6.3 3.9	6.3 3.9			13.3	10.3	
WM 27481	1 30 Pm	9/25	Mead Pass 4771 620a 9/25	9 00 Pm	9/27	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	—	Pier L	Pier L Empty 9/28	—	—	Harsimus Cove		Plaedon Bridge 9
B		Minutes Per Car						14.9 9.0 13.3 10.3	2.8 1.8				6.3 3.9	6.3 3.9			13.3	10.3	
ERIE 14578	10 Pm	9/25	Pg 10 4996 7 Pm 9/28	10 35 Pm	10/4			Waverly Meadows H Cove	Meadows to H Cove		—	—	Pier H.	Pier H Empty 10/5	Harsimus Cove to Meadows		Harsimus Cove Meadows		—
B		Minutes Per Car						15.2 10.2 14.9 9.0 13.3 10.3	2.1 1.8 2.8 1.8				6.3 3.9	6.3 3.9	15.3	2.1	13.3 14.9	10.3 9.0	
ATSF 124846	10 Pm	9/25	Mead 7414 4770 845P 9/25	5 15 Pm	9/27	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	—	Pier L	Pier L Empty 9/27	—	—	Harsimus Cove		Plaedon Bridge 9
B		Minutes Per Car						14.9 9.0 13.3 10.3	2.8 1.8				6.3 3.9	6.3 3.9			13.3	10.3	
SP 88883	1 30 Pm	9/25	Mead Pass 4771 620a 9/25	9 45 Pm	9/28	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove		—	—	Pier L	Pier L Empty 9/30	—	—	Harsimus Cove		Plaedon Bridge 9
B		Minutes Per Car						14.9 9.0 13.3 10.3	2.8 1.8		✓		6.3 3.9	6.3 3.9			13.3	10.3	
ATSF 273428	1 30 P	9/25	Mead Pass 4771 620a 9/25	2 45 P	9/30	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove	— Emp. ⑰ 13.3 10.3	—	—	Pier L	—	—	—	—	—	Reloaded Rahway
B		Minutes Per Car						14.9 9.0 13.3 10.3	2.8 1.8	㉙ ⑰ 14.9 9.0 ① 15.2 10.2			6.3 3.9						
SooL 45472	1 30 P	9/25	Mead Pass 4771 620a 9/25	8 00 P	9/28	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove	— Emp. ⑰ ⑩ 2.8 1.8 ⑪ 2.1 1.8 ① 15 2.1	—	—	Pier K	—	—	—	—	—	Reloaded Newark
B		Minutes Per Car						14.9 9.0 13.3 10.3	2.8 1.8				6.3 3.9						
NYC 157794	1 30 P	9/25	Mead Pass 4771 620a 9/25	8 45 P	9/28	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove	— Empty ⑲ 6.3 3.9	—	—	Pier K	—	—	—	—	—	Reloaded Wilkes Ba
B		Minutes Per Car						14.9 9.0 13.3 10.3	2.8 1.8				6.3 3.9						
NKP 16766	1 30 P	9/25	Mead Pass 4771 620a 9/25	8 30 P	9/27	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove	—	—	—	Pier L	Pier L Empty 9/28	—	—	Harsimus Cove		Reloaded Roebling
B		Minutes Per Car						14.9 9.0 13.3 10.3	2.8 1.8				6.3 3.9	6.3 3.9			X		
WAB 84798	1 30 P	9/25	Mead Pass 4771 620a 9/25	9 30 Pm	9/27	—	10.5 0 9.0	Meadows Harsimus Cove	Meadows Harsimus Cove	—	—	—	Pier L	Pier L Empty 9/26	—	—	Harsimus Cove		Reloaded Roebling
B		Minutes Per Car						14.9 9.0 13.3 10.3	2.8 1.8				6.3 3.9	6.3 3.9			X		

⑪ 13.3 10.3 ① 14.9 9.0 ① 15 ⑪ 13.3 10.3 4.7 ⑪ 2.8 1.8 ① 2.1 1.8 ⑪ 6.3 3.9 ⑫ 6.3 3.9 ⑪ 15.3 2.1 ⑩ 13.3 10.3

① 14.9 9.0

70	1 00 Pm	9/27/52	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove	—		—	Pier L.	Pier L Empty 9/27	—	—	Harsimus Cove	Placed on Float 653, Bridge 3, empty 9/27	
Car					14.9 9.0 13.3 10.3	2.2 1.2				6.3 3.9	6.3 3.9			13.3 10.3		
71	9 00 Pm	9/27	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove	—	—	—	Pier L	Pier L Empty 9/28	—	—	Harsimus Cove	Placed on Float 567 Bridge 9 empty 10/1	
Car					14.9 9.0 13.3 10.3	2.8 1.8				6.3 3.9	6.3 3.9			13.3 10.3		
	10 35 Am	10/4			Harvey Meadows H Cove	to Meadows to H Cove	—	—	—	Pier H	Pier H Empty 10/5	Harsimus Cove to Meadows		Harsimus Cove Meadows	—	—
Car					15.2 10.8 13.3 10.3	2.1 1.8 2.8 1.8				6.3 3.9	6.3 3.9	15.3	2.1	13.3 10.3 14.9 9.0		
70	5 15 Pm	9/27	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove	—		—	Pier L	Pier L Empty 9/27	—	—	Harsimus Cove	Placed on float 653, Bridge 3, empty 9/27	
Car					14.9 9.0 13.3 10.3	2.8 1.8				6.3 3.9	6.3 3.9			13.3 10.3		
71	9 45 Pm	9/28	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove	—	—		Pier L	Pier L Empty 9/29	—	—	Harsimus Cove	Placed on Float 702 Bridge 9, empty	
Car					14.9 9.0 13.3 10.3	2.8 1.8		✓		6.3 3.9	6.3 3.9			13.3 10.3		
71	2 45 P	9/30	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove	—	—	—	Pier L	—	—	—	— —	Reloaded Pier L to Rahway NJ 9/29	
Car					14.9 9.0 13.3 10.3	2.8 1.8	㉙	Long ⑰ 13.3 10.3 ⑰ 14.9 9.0 ① 15.2 10.2		6.3 3.9						
71	8 00 P	9/28	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove	—	—	—	Pier K	—	—	—	— —	Reloaded Pier K Newark NJ 9/29	
Car					14.9 9.0 13.3 10.3	2.8 1.8	⑰	⑩ 2.8 1.8 2.1 1.8 ① 15. 2.1		6.3 3.9						
71	8 45 P	9/28	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove	—	—	—	Pier K	—	—	—	— —	Reloaded Pier K to Wilkes Barre Pa 10/2	
Car					14.9 9.0 13.3 10.3	2.8 1.8	⑲	6.3 3.9		6.3 3.9						
71	8 30 P	9/27	—	—	Meadows Harsimus Cove	Meadows Harsimus Cove	—	—	—	Pier L	Pier L Empty 9/28	—	—	Harsimus Cove	Reloaded Pier L to Roebling NJ 9/28	
Car					14.9 9.0 13.3 10.3	2.8 1.8				6.3 3.9	6.3 3.2			X		
71	9 30 Pm	9/27	—	10 5 0 9.0 10.4	Meadows Harsimus Cove	Meadows Harsimus Cove	—	—	—	Pier L	Pier L Empty 9/28	—	—	Harsimus Cove	Reloaded Pier L to Roebling NJ 9/28	
Car					14.9 9.0 13.3 10.3	1.8				6.3 3.9	6.3 3.9			X		

⑪ 13.3 ⑪ 14.9 ① 15

⑫ 2.8 1.8 ① 2.1 1.8

⑪ 6.3 3.9 ⑧ 6.3 3.9 ① 15.3 2.1 ⑪ 13.3 10.3 ① 14.9 9.0

4851

Elements Of Service Accorded and Minutes Required For Cars Of Import Freight Destined To Differential Territories At

Week of Sept. 25- Oct. 1 1956

From Agent's Statement					Supplying Of Empty Car				Empty and/or Loaded			LODED		
	Loaded		W/B									Removed		
Car (A)	At (B)	Time (C)	Date (D)	Destination (E)	Classified At (F)	Transfer To (G)	(H)	Placement At (I)	Weighed At (J)	Iced At (K)	Shopped At (L)	From (M)	Transfer To (N)	(O)
PRR 72567	Hasbrouck NJ		9/27/56	Chicago	WAVERLY HARSIMUS COVE	WAVERLY HARSIMUS COVE		FLOAT 656 BRIDGE 6 EMPTY 9/28	—	—	—	FLOAT 656 BRIDGE 6 9/29	HARSIMUS COVE WAVERLY	8857
	Minutes Per	Car			15.7 10.7 13.3 10.3	6.6 2.1		4.1 2.5				4.1 2.5	5.8 5.4	
ACL 27909			10/1/56	Steubenville O	GREENVILLE HARSIMUS COVE	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 8 EMPTY 10/1	—	—	—	FLOAT 587 BRIDGE 7 10/2	—	—
	Minutes Per	Car			9.3 6.6 13.3 10.3	- 2.6		3.8 1.8				4.9 2.5		
MP 35675			10/1	Steubenville O	MEADOWS HARSIMUS COVE	MEADOWS HARSIMUS COVE		FLOAT 587 BRIDGE 8 EMPTY 10/1	—	—	—	FLOAT 587 BRIDGE 7 10/2	—	—
	Minutes Per	Car			14.9 9.0 13.3 10.3	2.8 1.8		3.8 1.8				4.9 2.5		
TNO 55236			9/28	Steubenville O	GREENVILLE HARSIMUS COVE	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 9 EMPTY 9/28	—	—	—	FLOAT 587 BRIDGE 6 9/29	—	—
	Minutes Per	Car			9.3 6.6 13.3 10.3	- 2.6		3.8 1.9				4.9 2.5		
RDG 18932			9/28	Akron O	WAVERLY HARSIMUS COVE	WAVERLY HARSIMUS COVE		FLOAT 656 BRIDGE 6 EMPTY 9/28	—	—	—	FLOAT 656 BRIDGE 5 9/29	HARSIMUS COVE WAVERLY	8857
	Minutes Per	Car			15.7 10.7 13.3 10.3	6.6 2.1		3.8 1.9				4.1 2.5	5.8 5.4	
[illegible] 113151			9/28	Akron, O	MEADOWS HARSIMUS COVE	MEADOWS HARSIMUS COVE		FLOAT 656 BRIDGE 8 EMPTY 9/28	—	—	—	FLOAT 587 BRIDGE 5 9/29	—	—
	Minutes Per	Car			14.9 9.0 13.3 10.3	2.8 1.8		3.8 1.8		Classif. 9.3 6.6 13.3 10.3		3.8 2.3		
NC STL 56650			9/28	Weirton, W Va	GREENVILLE HARSIMUS COVE	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 9 EMPTY 9/28	—	15.7 10.7 14.7 9.0 Transfer	—	FLOAT 587 BRIDGE 6 9/29	—	—
	Minutes Per	Car			9.3 6.6 13.3 10.3	- 2.6		3.8 1.9		- 2.6		4.1 2.5		
[illegible]			9/28	Barrington Ill	GREENVILLE HARSIMUS COVE	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 5 EMPTY 9/28	—	3.8 1.8 2.6 2.1 5.8 5.4		FLOAT 587 BRIDGE 6 9/29	—	—
	Minutes Per	Car			9.3 6.6 13.3 10.3	2.6		3.8 1.9				4.1 2.5		
[illegible]			9/1	McKees Rock Pa	GREENVILLE HARSIMUS	GREENVILLE HARSIMUS		FLOAT 513 BRIDGE 8	—	4.1 2.5 3.8 1.8		FLOAT 513 BRIDGE 6	—	—

Elements Of Service Accorded and Minutes Required For Cars Of Import, Freight Destined To Differential Territories At Port Of NEW YORK

Week of Sept. 25-Oct. 1 1956

([illegible] at [illegible]; Loaded into cars on Car Float)

1956		Supplying Of Empty Car				Empty and/or Loaded			LODED CAR							
Date (D)	Destination (E)	Classified At (F)	Transfer To (G)	(H)	Placement At (I)	Weighed At (J)	Load At (K)	Shopped At (L)	Removed From (M)	Transfer To (N)	(O)	Classified At (P)	To Conn etc Fr. Conn etc (Q)	Other Service Ld or Mty (R)	Total Minutes (S)	
9/27/56	Chicago	WAVERLY HARSIMUS COVE	WAVERLY HARSIMUS COVE		FLOAT 656 BRIDGE 6 EMPTY 9/28	—	—	—	FLOAT 656 BRIDGE 6 9/29	HARSIMUS COVE WAVERLY	5559 9/30	HARSIMUS COVE	—	—		LEFT WAVERLY SWC 1 9/30
		15.7 10.7 13.3 10.3	6.6 2.1		4.1 2.5				4.1 2.5	5.8 5.4		13.3 10.3				
10/1/56	Steubenville O	GREENVILLE HARSIMUS COVE	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 8 EMPTY 10/1	—	—	—	FLOAT 587 BRIDGE 7 10/2	—	—	HARSIMUS COVE	—	CLEANED AT MEADOWS EMPTY		LEFT HARS. COVE WC 1 10/2
		9.3 6.6 13.3 10.3	- 2.6		3.8 1.8				4.9 2.5			13.3 10.3		15.5 3.8		
10/1	Steubenville O	MEADOWS HARSIMUS COVE	MEADOWS HARSIMUS COVE		FLOAT 587 BRIDGE 8 EMPTY 10/1	—	—	—	FLOAT 587 BRIDGE 7 10/2	—	—	HARSIMUS COVE	—	—		LEFT HARS COVE WC 1 10/2
		14.9 9.0 13.3 10.3	2.8 1.8		3.8 1.8				4.9 2.5			13.3 10.3				
9/28	Steubenville O	GREENVILLE HARSIMUS COVE	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 9 EMPTY 9/28	—	—	—	FLOAT 587 BRIDGE 6 9/29	—	—	HARSIMUS COVE	—	CLEANED AT HARS. COVE EMPTY		LEFT HARS COVE WC-1 9/29
		9.3 6.6 13.3 10.3	- 2.6		3.8 1.9				4.9 2.5			13.3 10.3		4.6 3.3		
9/28	Akron O	WAVERLY HARSIMUS COVE	WAVERLY HARSIMUS COVE		FLOAT 656 BRIDGE 6 EMPTY 9/28	—	—	—	FLOAT 656 BRIDGE 5 9/29	HARSIMUS COVE WAVERLY	5559 9/30	HARSIMUS COVE WAVERLY	—	—		LEFT WAVERLY SWC 1 9/30
		15.7 10.7 13.3 10.3	6.6 2.1		3.8 1.9				4.1 2.5	5.8 5.4		13.3 10.3 15.7 10.7				
9/28	Akron O	MEADOWS HARSIMUS COVE	MEADOWS HARSIMUS COVE		FLOAT 536 BRIDGE 8 EMPTY 9/28	—	— Classif.	—	FLOAT 572 BRIDGE 5 9/29	—	—	HARSIMUS COVE	—	CLEANED AT MEADOWS 9/29		LEFT HARS. COVE WC 1
		14.9 9.0 13.3 10.3	2.8 1.8		3.8 1.8		9.3 6.6 13.3 10.3		3.8 2.3			13.3 10.3		15.5 3.8		
9/28	Wheeling, W.Va.	GREENVILLE HARSIMUS COVE	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 9 EMPTY 9/28	③ —	15.7 10.7 14.7 9.0 [illegible]	—	FLOAT 587 BRIDGE 6 9/29	—	—	HARSIMUS COVE	—	CLEANED AT HARS. COVE EMPTY		LEFT HARS COVE WC 1 9/29
		9.3 6.6 13.3 10.3	- 2.6		3.8 1.9		-	2.6	4.1 2.5			13.3 10.3		4.6 3.3		
9/28	Barrington Ill	GREENVILLE HARSIMUS COVE	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 5 EMPTY 9/28	⑩ —	3.8 2.6 5.8	1.8 2.1 5.4	FLOAT 587 BRIDGE 6 9/29	—	—	HARSIMUS COVE	—	CLEANED AT HARS. COVE EMPTY		LEFT HARS COVE WC 1 9/29
		9.3 6.6 13.3 10.3	2.6		3.8 1.9		[illegible]		4.1 2.5			13.3 10.3		4.6 3.3		
9/28	McKees Rocks Pa	GREENVILLE HARSIMUS COVE	GREENVILLE HARSIMUS COVE		FLOAT 513 BRIDGE 8 EMPTY 9/28	— ⑳	4.1 3.8 4.9	2.5 1.8 2.5	FLOAT 513 BRIDGE 6 9/29	—	—	HARSIMUS COVE	—	CLEANED AT HARSIMUS COVE MTY		LEFT HARS COVE 9/29
		9.3 6.6														

B	Minutes Per	Car			15.7 10.7 13.3 10.3	6.6 2.1		4.1 2.5				4.1 2.5	5.8 5.4		
ACL 27909			10/1/56	Steubenville O.	GREENVILLE HARSIMUS COVE	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 8 EMPTY 10/1	—	—	—	FLOAT 587 BRIDGE 7 10/2	—	—	EMPTY HARS. COVE WC 1 10/2
B	Minutes Per	Car			9.3 6.6 13.3 10.3	- 2.6		3.8 1.8				4.9 2.5			
MP 35675			10/1	Steubenville O.	MEADOWS HARSIMUS COVE	MEADOWS HARSIMUS COVE		FLOAT 587 BRIDGE 8 EMPTY 10/1	—	—	—	FLOAT 587 BRIDGE 7 10/2	—	—	EMPTY HARS COVE WC 1 10/2
B	Minutes Per	Car			14.9 9.0 13.3 10.3	2.8 1.8		3.8 1.8				4.9 2.5			
TNO 65236			9/28	Steubenville O	GREENVILLE HARSIMUS COVE	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 9 EMPTY 9/28	—	—	—	FLOAT 587 BRIDGE 6 9/29	—	—	EMPTY HARS COVE WC-1 9/29
B	Minutes Per	Car			9.3 6.6 13.3 10.3	- 2.6		3.8 1.9				4.9 2.5			
RBG 18732			9/28	Akron O	WAVERLY HARSIMUS COVE	WAVERLY HARSIMUS COVE		FLOAT 652 BRIDGE 6 EMPTY 9/28	—	—	—	FLOAT 656 BRIDGE 5 9/29	HARSIMUS COVE WAVERLY	5557 9/	EMPTY WAVERLY WC 7 9/29
B	Minutes Per	Car			15.7 10.7 13.3 10.3	6.6 2.1		3.8 1.9				4.1 2.5	5.8 5.4		
SP 113151			9/28.	Akron, O	MEADOWS HARSIMUS COVE	MEADOWS HARSIMUS COVE		FLOAT 586 BRIDGE 8 EMPTY 9/28	—	— [illegible]	—	FLOAT 57[illegible] BRIDGE 5 9/29	—	—	[illegible]
B	Minutes Per	Car			14.9 9.0 13.3 10.3	2.8 1.8		3.8 1.8		⑥ 9.3 6.6 ⑩ 13.3 10.3		3.8 2.3			
NC STL 56450			9/28	Weirton, W.Va	GREENVILLE HARSIMUS COVE	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 9 EMPTY 9/28	— ③	② 15.7 10.7 ③ 14.7 9.0 [illegible]	—	FLOAT 587 BRIDGE 6 9/29	—	—	[illegible]
E	Minutes Per	Car			9.3 6.6 13.3 10.3	- 2.6		3.8 1.9		⑫ -	2.6	4.1 2.5			
[illegible]84			9/28	Barrington Ill	GREENVILLE HARSIMUS COVE	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 5 EMPTY 9/28	— ⑫	⑧ 3.8 ⑧ 6.6 ⑤ 5.8	1.8 2.1 5.4	FLOAT 587 BRIDGE 6 9/29	—	—	[illegible]
B	Minutes Per	Car			9.3 6.6 13.3 10.3	2.6		3.8 1.9		2nd Point		4.1 2.5			
[illegible]44			9/28	McKees Rocks, Pa	GREENVILLE HARSIMUS COVE	GREENVILLE HARSIMUS COVE		FLOAT 513 BRIDGE 8 EMPTY 9/28	— ⑳	① 4.1 ⑧ 3.8 ⑧ 4.9	2.5 1.8 2.5	FLOAT 513 BRIDGE 6 9/29	—	—	[illegible]
B	Minutes Per	Car			9.3 6.6 13.3 10.3	2.6		3.8 1.8		① 3.8	2.3	4.1 2.5			
[illegible]7792			9/28	Weirton WVa	GREENVILLE HARSIMUS COVE	GREENVILLE HARSIMUS COVE		FLOAT 589 BRIDGE 9 EMPTY 9/28	— ⑦	[illegible] ② 15.8 ⑤ 14.6	3.8 3.9	FLOAT 587 BRIDGE 6 9/29	—	—	[illegible]
B	Minutes Per	Car			9.3 6.6 13.3 10.3	- 2.6		3.8 1.9	(70)			4.1 2.5			
					⑥ 9.3 6.6 ⑩ 13.3 10.3 ② 15.2 10.7 ③ 14.2 9.0	⑥ - 2.6 ② 2.8 1.8 ② 6.6 2.1		① -.1 -.5 ④ .1 .4				④ 4.1 2.5 ③ 4.9 2.5 ① 3.8 2.3	② 5.8 5.4		

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10.3	6.6 2.1		4.1 2.5				4.1 2.5	5.8 5.4		13.3 10.3				
NVILLE NUS E	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 8 EMPTY 10/1	—	—	—	FLOAT 587 BRIDGE 7 10/2	—	—	HARSIMUS COVE	—	CLEANED AT MEADOWS EMPTY		LEFT HARS. COVE WC1 10/2
6.6 10.3	- 2.6		3.8 1.8				4.9 2.5			13.3 10.3		15.5 3.8		
DOWS IMUS E	MEADOWS HARSIMUS COVE		FLOAT 587 BRIDGE 8 EMPTY 10/1	—	—	—	FLOAT 587 BRIDGE 7 10/2	—	—	HARSIMUS COVE	—	—		LEFT HARS. COVE WC-1 10/2
9.0 10.3	2.8 1.8		3.8 1.8				4.9 2.5			13.3 10.3				
VILLE IMUS E	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 9 EMPTY 9/28	—	—	—	FLOAT 587 BRIDGE 6 9/29	—	—	HARSIMUS COVE	—	CLEANED AT HARS. COVE EMPTY		LEFT HARS COVE WC-1 9/29
6.6 10.3	- 2.6		3.8 1.9				4.9 2.5			13.3 10.3		4.6 3.3		
RLY IMUS E	WAVERLY. HARSIMUS COVE		FLOAT 656 BRIDGE 6 EMPTY 9/28	—	—	—	FLOAT 656 BRIDGE 5 9/29	HARSIMUS COVE WAVERLY	5557 9/30	HARSIMUS COVE WAVERLY	—	—		LEFT WAVERLY SWC1 9/30
10.4 10.3	6.6 2.1		3.8 1.9				4.1 2.5	5.8 5.4		13.3 10.3 15.7 10.4				
DOWS IMUS. E	MEADOWS HARSIMUS COVE		FLOAT 656 BRIDGE 8 EMPTY 9/28	—	— Cleaned	—	FLOAT 587 BRIDGE 5 9/29	—	—	HARSIMUS COVE	—	CLEANED AT MEADOWS 9/29		LEFT HARS. COVE WC1
9.0 10.3	2.8 1.8		3.8 1.8		② 9.3 6.6 ② 13.3 10.3		3.8 2.3			13.3 10.3		15.5 3.8		
VILLE IMUS VE	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 9 EMPTY 9/28	③ —	① 15.7 10.4 ② 14.7 9.0	—	FLOAT 587 BRIDGE 6 9/29	—	—	HARSIMUS COVE	—	CLEANED AT HARS. COVE EMPTY		LEFT HARS COVE WC1 9/29
6.6 10.3	- 2.6		3.8 1.9		① -	2.6	4.1 2.5			13.3 10.3		4.6 3.3		
VILLE IMUS E	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 5 EMPTY 9/28	⑫ —	① 2.8 ② 6.6 ② 5.8	1.8 2.1 5.4	FLOAT 587 BRIDGE 6 9/29	—	—	HARSIMUS COVE	—	CLEANED AT HARS. COVE EMPTY		LEFT HARS COVE WC1 9/29
6.6 10.3	2.6		3.8 1.9				4.1 2.5			13.3 10.3		4.6 3.3		
VILLE IMUS VE	GREENVILLE HARSIMUS COVE		FLOAT 513 BRIDGE 8 EMPTY 9/28	⑳ —	① 4.1 ② 3.8 ③ 4.9	2.5 1.8 2.5	FLOAT 513 BRIDGE 6 9/29	—	—	HARSIMUS COVE	—	CLEANED AT HARSIMUS COVE MTY		LEFT HARS COVE 9/29
6.6 10.3	2.6		3.8 1.8		① 3.8	2.3	4.1 2.5			13.3 10.3		4.6 3.3		
LLE IMUS E	GREENVILLE HARSIMUS COVE		FLOAT 587 BRIDGE 9 EMPTY 9/28	⑦ —	② 15.5 ⑤ 4.6	3.8 3.3	FLOAT 587 BRIDGE 6 9/29	—	—	HARSIMUS COVE	—	CLEANED AT HARS. COVE EMPTY		LEFT HARS COVE WC1
6.6 10.3	2.6		3.8 1.9	(70)			4.1 2.5			13.3 10.3		4.6 3.3		
6.6 10.3 10.3 9.0	① - 2.6 ② 2.8 1.8 ② 6.6 2.1		① -1 -5 ④ -1 4				④ 4.1 2.5 ③ 4.9 2.5 ① 3.8 2.3	② 5.8 5.4		⑩ 13.3 10.3 ① 15.2 10.4		② 15.5 3.8 ⑤ 4.6 3.3	4852	

[fol. 4853]

I.C.C. Exhibit No. 131

COPY

NEW YORK CENTRAL SYSTEM

New York, April 22, 1958

Re: I&S Docket No. 6615
Equalization of Rates at North Atlantic Ports

Mr. R. R. Bongartz
General Attorney
The Pennsylvania Railroad
Transportation Center
Six Penn Center Plaza
Philadelphia 4, Pennsylvania

Mr. Jervis Langdon, Jr.
General Counsel
The Baltimore & Ohio Railroad Company
Baltimore & Ohio Building
Baltimore and Charles Streets
Baltimore 1, Maryland

Gentlemen:

As you realize, we are committed to a date of May 22nd for the circulation of our rebuttal testimony. In order that we may meet that date, you understand the importance of our timely receipt of that material and additional information which we have heretofore requested or which the record discloses you have volunteered to furnish.

I am now in receipt of the entire transcript to date, and I am taking the liberty of listing for your convenience the items to be furnished and the transcript page reference to each. I have deleted from the following list those items [fol. 4854] previously requested and furnished on redirect examination and also some items which I have been informed can only be secured with a great deal of effort.

1. Transcript page 1444.

The 1956 total of cars moving through the Harsimus Cove Float Bridge, divided into export/import and all-other

2. Transcript page 1444.

The car float and lighterage information from Budget Bureau Form No. 49-R 268.6 (Vessel Operation Report furnished to the Department of the Army, Corps of Engineers), the annual figures, and also for the month of September 1956. [The information concerning lighterage movements was requested by my letter of March 31.]

3. Transcript page 1573.

The maintenance expenses for the three years, stated separately, used in developing the maintenance costs for the month of September 1956, for Harsimus Cove Float Bridge.

4. Transcript page 1576.

The percentages developed for use in allocating the expenses distributed to import/export traffic for the account of Jersey City lighterage and Greenville lighterage facilities.

5. Transcript page 1607.

Mr. Talbott to supply information concerning all CNJ lighterage piers operated in September 1956 along with the taxes and valuations in connection therewith.

6. Transcript page 1608.

Mr. Talbott to furnish as a late-filed exhibit a map of the CNJ lighterage facilities, the map to have indicated thereon the places where bulk cement in gondola cars is handled, the location where bulk cement in air-activated containers is handled, and also where any cement other than the above is handled.

7. Transcript pages 1620-1621.

The record and exhibits indicate that 23,000 tons of cement moved in 32 cars—admittedly a physical impossibility. Mr. Talbott agreed to furnish a reconciliation of the figures producing this result.

[fol. 4855] 8. Transcript pages 1624-1625.

Similarly, Mr. Talbott to furnish a reconciliation of the number of cars shown receiving a marine movement in September 1956, shown on page 1540 of the record as 10,328 and on page 1541 of the record as 10,157.

9. Transcript page 1627.

Mr. Talbott to supply, for the study period, the number of tons of general cargo traffic, carload forwarder traffic, and LCL traffic by categories and in connection with the New York pier stations through which they were handled.

In the discussion of the car float and lighterage information requested of the Pennsylvania Railroad for the year 1956 and separately for the month of September 1956, the record discloses at page 1566 that, because of apparent lack of understanding as to the reports requested, copies of the reports concerning these movements furnished to the Department of the Army, Corps of Engineers by the New York Central for the year 1956 were made available to Mr. Bongartz. In order that the Examiner may be advised as to the form and nature of these reports, copies of the same reports furnished to Mr. Bongartz are enclosed for his benefit.

Yours very truly,

/s/ John H. Colgren
John H. Colgren

JHC:ve

cc: Mr. Marion L. Boat
Examiner
Interstate Commerce Commission
Washington 25, D. C.

[fol. 4856]

I.C.C. EXHIBIT No. 132

COPY

April 28, 1958

1138 Transportation Center
Six Penn Center Plaza
Philadelphia 4, Pennsylvania

Re: I&S Docket No. 6615
Equalization of Rates at North Atlantic Ports

John H. Colgren, Esq.
Assistant General Solicitor
The New York Central Railroad Co.
230 Park Avenue
New York 17, New York

Dear John:

This is in reply to your letter of April 22, 1958, addressed to Mr. Langdon and myself, insofar as your letter deals with matters to be supplied by The Pennsylvania Railroad.

1. As indicated on the Record at p. 1572, the data requested in this item of your letter is not available.

2. Due to the illness of one of the people directly involved in developing the information regarding Budget Bureau Form 49-R 268.6, we have as yet been unable to secure all of the requested information. I will forward this information to you just as soon as our people are able to produce it.

3. I enclose a photostatic copy of a sheet entitled "Maintenance Expenses-Harsimus Cove Flat Bridges" which shows the maintenance expenses which you have requested for Harsimus Cove Float Bridge.

4. I enclose a photostat of a sheet entitled "Service Matters and Related Percents by Classes of Marine Equipment for Total Traffic and Foreign Lighterage Traffic, New York,

N.Y." which shows the information requested in this item [fol. 4857] of your letter. You will note that the footnote on the sheet indicates that a clerical error has resulted in an understatement of our costs in this item.

Very truly yours,

Richard R. Bongartz
General Attorney

cc: Marion L. Boat, Esq.
Examiner
Interstate Commerce Commission
Washington 25, D.C.

PENNSYLVANIA RAILROAD
MAINTENANCE EXPENSES – ~~[illegible]~~ CAR FLOAT BRIDGES
SEPARATED AS TO CONTRACT & RAILROAD EXPENSE
YEARS 1954 1955 & 1956

	1954	1955	1956	3 YEAR TOTAL	AVERAGE MONTH
ACCOUNT 241 - WHARVES & DOCKS					
CONTRACT EXPENSE					
A. N. SPOONER & SON, INC.	–	23448 70	38035 86	61454 [illegible]	1707 [illegible]
REUTNER ENGINEERING & MACHINE CO.	230 76	505 37	2991 01	3734 --	103 [illegible]
[illegible] WELDING SERVICE	233 63	351 05	176 00	715 [illegible]	[illegible]
TOTAL	464 3[illegible]	24305 12	41[illegible] 87	6543[illegible]	[illegible]
RAILROAD EXPENSE					
M.W.&S. LABOR					
SUPERVISOR OF STRUCTURES	37682 36	20343 48	17524 48	75550 32	
SUPERVISOR OF TRACK	100 67	84 67	54 46	239 80	
TOTAL	37783 03	20428 16	17578 94	75790 12	
PLUS: 8% FOR VACATION, HOLIDAYS & HEALTH & WELFARE	3022 64	1634 26	1406 32	6063 21	
TOTAL M.W.&S.	40805 67	22062 40	18985 26	81853 [illegible]	2273 70
M OF E LABOR	4670 22	5279 51	5063 40	15013 13	
SHOP EXPENSE	1004 29	1135 32	[illegible]	3228 45	
TOTAL	5674 51	641[illegible] [illegible]3	6152 24	18241 58	
PLUS 6% FOR VACATION & HOLIDAYS X DIRECT LABOR	280 21	316 77	303 81	90[illegible]	
TOTAL	5754 72	6731 60	645[illegible]	[illegible]	
WORK ORDER ITEMS	–	1347 54	[illegible]	35[illegible] 36	
SHOP EXPENSE	–	289 7[illegible]	[illegible]	291 46	
TOTAL	–	163[illegible]	9 50	164[illegible]	
PLUS 6% FOR VACATION & HOLIDAYS X DIRECT LABOR		90 85	47	91 32	
TOTAL	–	1718 17	9 97	1728 14	
TOTAL M OF E.	5754 72	8449 77	6466 02	20876 51	579 74
GRAND TOTAL - RAILROAD LABOR	46760 39	30512 17	25451 28	102723 54	2753 --
PAYROLL TAX @ 6.6%	2552 38	1861 24	1552 53	6266 15	174 0[illegible]

[fol. 4

PENNSYLVANIA RAILROAD
MAINTENANCE EXPENSES - [illegible] CAR FLOAT BRIDGES
SEPARATED AS TO CONTRACT & RAILROAD EXPENSE
YEARS 1954 1955 & 1956

36	GRAND TOTAL - RAILROAD LABOR		46760	34	30512	17	25451	28	102723	84	2853	--
37												
38		PAYROLL TAX @ 6.1%	2852	38	1861	24	1552	53	6266	15	174	06
39												
40	MATERIAL		8171	04	10779	94	18050	88	37001	86		
41	PLUS: 10% FOR STORES EXPENSE		817	10	1,078	00	1805	09	3700	19		
42	TOTAL		8988	14	11857	94	19855	97	40702	05	1130	61
43												
44	ACCOUNT 241 - SUMMARY.											
45	CONTRACT EXPENSE	LINE 7	469	39	24305	12	41159	87	66934	38	1831	51
46	RAILROAD LABOR	" 36	46760	39	30512	17	25451	28	102723	84	2853	44
47	RAILROAD MATERIAL	" 42	8988	14	11857	94	19855	97	40702	05	1130	61
48	TOTAL EXPENSE	" 45, 46, 47	56217	92	66675	23	86467	12	209360	27	5815	56
49	PAYROLL TAX	" 38	2852	38	1861	24	1552	53	6266	15	174	06
50												

4858

PERCENTS USED: GREENVILLE 12.30% (CORRECT)

[fol. 4858]

3649

(See opposite) ☞

I & S DOCKET 6615
EXHIBIT 119

PENNSYLVANIA RAILROAD
SERVICE MINUTES & RELATED PERCENTS BY CLASSES OF MARINE EQUIPMENT FOR TOTAL TRAFFIC AND FOREIGN LIGHTERAGE TRAFFIC
NEW YORK, N.Y.

		BARGES & LIGHTERS FOREIGN TRAFFIC	
	TOTAL	GREENVILLE	JERSEY CITY
STEAM TOWING TUGS			
SERVICE MINUTES	21,040	2,092	3,143
PERCENTS	100.00	9.94	14.94
MARINE HARBOR TUGS [1]			
SERVICE MINUTES	104,320	12,832	22,569
PERCENTS	100.00	12.30	21.64
STEAM LIGHTERS			
SERVICE MINUTES	3,055	2,743	242
PERCENTS	100.00	89.79	9.56
BARGES & LIGHTERS			
SERVICE MINUTES	1,715,495	556,808	836,093
PERCENTS	100.00	32.46	48.74

[1] INVESTIGATION DEVELOPS THAT, THROUGH A TRANSPOSITION OF FIGURES, THE PERCENT USED FOR JERSEY CITY MARINE HARBOR TUG PORTION OF MARINE EXPENSES WAS NOT THE CORRECT FIGURE.

PERCENTS USED: GREENVILLE 12.30% (CORRECT)
JERSEY CITY 5.67% (THIS SHOULD HAVE BEEN 21.64%.)

4858A

[fol. 4859]

I.C.C. Exhibit No. 133

COPY

May 1, 1958

1138 Transportation Center
Six Penn Center Plaza
Philadelphia 4, Penna.

Re: Equalization of Rates at North Atlantic Ports—
I&S 6615

John H. Colgren, Esq.
Assistant General Solicitor
The New York Central Railroad Co.
466 Lexington Avenue
New York 17, N. Y.

Dear John:

I enclose a copy of the Budget Bureau Reports which you have requested in connection with the above-captioned matter.

You will note that the data for the carfloats appears on Budget Form No. 49-R268. These forms which contain the data for the year 1956 are those which were filed with the appropriate Government Agency. As you know, the report to the Government is made only on a yearly basis. The forms which contain the data for September, 1956 were not filed with the Government but have been computed by our people from the underlying data which went into the yearly figure.

The sheets containing the data on barges, lighters and scows are exact duplicates of those filed with the Government. We do not use Form No. 49-R268 for this purpose. This latter data cannot be produced for the month of September because we do not maintain a segregation of the figures currently. We compile the yearly totals and distribute them between the various points on the basis of a short test period.

Very truly yours,

Richard R. Bongartz
General Attorney

Enc.

cc: Marion L. Boat, Examiner
Washington 25, D. C.

3

Approval expires 31 January 1957.

3653
[fol. 4860]

TRIP NO. (*One way*) ______________ 19 56

NAME OR NO. OF VESSEL Various

NET REGISTER TONS

VESSEL OPERATION REPORT

STATEMENT OF FREIGHT AND PASSENGERS CARRIED

TYPE OF VESSEL (*Check One*)

☐ SELF PROPELLED, DRY CARGO AND PASSENGER
☐ SELF PROPELLED, TANKER
☐ TOWBOAT OR TUGBOAT
☒ NON-SELF PROPELLED, DRY CARGO
☐ NON-SELF PROPELLED, TANKER
☐ OTHER

FLAG American

DEPARTED FROM—				ARRIVED AT—				CARGO DATA (*If light, so state*)				*LEAVE BLANK*
PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	COMMODITY	QUANTITY	UNIT[1]	WEIGHT PER UNIT	NET TONS
North River	Prs 77-78	1956	7'	Harsimus Cove,	N.J. P.R.R.	1956	7'	Car Floats	2968			
								Genl. Mdse	393360			
								Cars Loaded	26189			
								Cars Light	3007			
								Cars Returned	35			
North River	Pier 79	1956	7'	Harsimus Cove,	N.J. P.R.R.	1956	7'	Car Floats	569			
								Genl. Mdse	73320			
								Cars Loaded	3450			
								Cars Light	635			
								Cars Returned	1438			
North River	68th St. NYC Rr	1956	7'	Harsimus Cove,	N.J. P.R.R.	1956	7'	Car Floats	438			
								Genl. Mdse.	41800			
								Cars Loaded	2090			
								Cars Light	2312			
								Cars Returned	—			

LOCALITIES ENTERED FOR:
REFUGE REPAIRS

FUELED AT:
PORT DOCK

KIND OF FUEL: OIL ☐ BBL. COAL ☐ TONS GAS ☐ GAL.

PROJECT CHANNELS USED (*Where a choice exists, indicate waterways, exit and/or entrance channels used*)

REMARKS

SIGNED

TITLE

I HEREBY CERTIFY that this is an accurate and complete report of Trip No. ______________ of this vessel.

OPERATOR The Pennsylvania Railroad Co.

ADDRESS New York, N.Y.

4860

[1] Net tons, gross tons, bushels, etc.

ENG Form 1—1 Dec 54—DEPARTMENT OF THE ARMY—Corps of Engineers

Previous editions of this form are obsolete.

U. S. GOVERNMENT PRINTING OFFICE: 1955 O - 341317

Budget Bureau No. [illegible]
Approval expires [illegible]

TRIP NO. (One way) ____________, 19 56

NAME OR NO. OF VESSEL Various

NET REGISTER TONS

VESSEL OPERATION REPORT

STATEMENT OF FREIGHT AND PASSENGERS CARRIED

TYPE OF VESSEL (Check One)

☐ SELF PROPELLED, DRY CARGO AND PASSENGER
☐ SELF PROPELLED, TANKER
☐ TOWBOAT OR TUGBOAT
☒ NON-SELF PROPELLED, DRY CARGO
☐ NON-SELF PROPELLED, TANKER
☐ OTHER

FLAG American

DEPARTED FROM—				ARRIVED AT—				CARGO DATA (If light, so state)				LEAVE BLANK
PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	COMMODITY	QUANTITY	UNIT [1]	WEIGHT PER UNIT	NET TONS
Harsimus Cove, N.J.	P.R.R.	1956	7'	North River	Prs 77-78	1956	7'	Car Floats	2968			
								Genl. Mdse.	83160			
								Cars Loaded	2772			
								Cars Light	26809			
Harsimus Cove, N.J.	P.R.R.	1956	7'	North River	Pr 79	1956	7'	Car Floats	569			
								Genl. Mdse.	--			
								Cars Loaded	--			
								Cars Light	5523			
Harsimus Cove, N.J.	P.R.R.	1956	7'	North River	68th St. NYC RR	1956	7'	Car Floats	438			
								Genl. Mdse.	120880			
								Cars Loaded	6044			
								Cars Light	226			

LOCALITIES ENTERED FOR: REFUGE REPAIRS

FUELED AT: PORT DOCK

KIND OF FUEL: OIL ☐ BBL. COAL ☐ TONS GAS ☐ GAL.

PROJECT CHANNELS USED (Where a choice exists, indicate waterways, cut and/or entrance channels used)

REMARKS

I HEREBY CERTIFY that this is an accurate and complete report of Trip No. ____________ of this vessel.

SIGNED

TITLE

OPERATOR The Pennsylvania Railroad Co.

ADDRESS New York, N.Y.

[1] Net tons, gross tons, bushels, etc.

4861

ENG Form 1-1 Dec 54—DEPARTMENT OF THE ARMY—Corps of Engineers   Previous editions of this form are obsolete.   U. S. GOVERNMENT PRINTING OFFICE [illegible]

Budget Bureau No. 49-R368.4.
Approval expires 31 January 1957.

TRIP NO. (One way) ________ , 19 56

NAME OR NO. OF VESSEL Varicus

NET REGISTER TONS

VESSEL OPERATION REPORT

STATEMENT OF FREIGHT AND PASSENGERS CARRIED

TYPE OF VESSEL (Check One)

☐ SELF PROPELLED, DRY CARGO AND PASSENGER
☐ SELF PROPELLED, TANKER
☐ TOWBOAT OR TUGBOAT
☒ NON-SELF PROPELLED, DRY CARGO
☐ NON-SELF PROPELLED, TANKER
☐ OTHER --

FLAG merican

DEPARTED FROM—				ARRIVED AT—				CARGO DATA (If light, so state)				LEAVE BLANK
PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	COMMODITY	QUANTITY	UNIT[1]	WEIGHT PER UNIT	NET TONS
North River	Pier 28	1956	7'	Harsimus Cove,	N.J. P.R.R.	1956	7'	Car Floats	1812			
								Genl. Mdse.	7004			
								Cars Loaded	657			
								Cars Light	14847			
								Cars Returned	535			
North River	Pier 29	1956	7'	Harsimus Cove,	N.J. P.R.R.	1956	7'	Car Floats	1969			
								Genl. Mdse	222646			
								Cars Loaded	13718			
								Cars Light	2496			
								Cars Returned	2830			
North River	Prs 49-50	1956	7'	Harsimus Cove,	N.J. P.R.R.	1956	7'	Car Floats	3329			
								Genl. Mdse	161821			
								Cars Loaded	20715			
								Cars Light	7497			
								Cars Returned	3356			

LOCALITIES ENTERED FOR: REFUGE REPAIRS

FUELED AT: PORT DOCK

KIND OF FUEL: OIL ☐ BBL. COAL ☐ TONS GAS ☐ GAL.

PROJECT CHANNELS USED (Where a choice exists, indicate waterways, exit and/or entrance channels used)

REMARKS

I HEREBY CERTIFY that this is an accurate and complete report of Trip No. ____________ of this vessel.

SIGNED

TITLE

OPERATOR The Pennsylvania Railroad Co.

ADDRESS New York, N.Y.

[1] Net tons, gross tons, bushels, etc.

ENG Form 1-1 Dec 56—DEPARTMENT OF THE ARMY—Corps of Engineers Previous editions of this form are obsolete.

Budget Bureau No. [illegible]
Approval expires 31 January 19[illegible]

TRIP NO. (One way) ______________, 19 56

NAME OR NO. OF VESSEL Various

NET REGISTER TONS

VESSEL OPERATION REPORT

STATEMENT OF FREIGHT AND PASSENGERS CARRIED

TYPE OF VESSEL (Check One)

- ☐ SELF PROPELLED, DRY CARGO AND PASSENGER
- ☐ SELF PROPELLED, TANKER
- ☐ TOWBOAT OR TUGBOAT
- ☑ NON-SELF PROPELLED, DRY CARGO
- ☐ NON-SELF PROPELLED, TANKER
- ☐ OTHER

FLAG American

DEPARTED FROM—				ARRIVED AT—				CARGO DATA (If light, so state)				LEAVE BLANK
PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	COMMODITY	QUANTITY	UNIT[1]	WEIGHT PER UNIT	NET TONS
Harsimus Cove,N.J.	P.R.R.	1956	7'	North River	Pier 28	1956	7'	Car Floats	1812			
								Perishable	272202			
								Cars Loaded	14594			
								Cars Light	1480			
								Cars Held	----			
Harsimus Cove NJ	P.R.R.	1956	7'	North River	Pier 29	1956	7'	Car Floats	1969			
								Genl. Mdse.	2377			
								Cars Loaded	313			
								Cars Light	15572			
								Cars Held	3159			
Harsimus Cove,N.J.	P.R.R.	1955	7'	North River	Pr. 49-50	1956	7'	Car Floats	3329			
								Genl. Mdse.	62816			
								Cars Loaded	5741			
								Cars Light	22471			
								Cars Held	3355			

LOCALITIES ENTERED FOR: REPAIR REPAIRS

FUELED AT: PORT PORT

KIND OF FUEL: OIL ☐ BBL. COAL ☐ TONS ☐ GAL.

PROJECT CHANNELS USED (Where a choice exists, indicate waterways, and/or entrance channels used)

REMARKS

I HEREBY CERTIFY that this is an accurate and complete report of Trip No. ______________ of this vessel.

SIGNED

TITLE

OWNED BY The Pennsylvania Railroad Co.

ADDRESS

[1] Net tons, gross tons, bushels, etc.

43 6

[fol. 4864]

Form approved.
Budget Bureau No. 49-R29.7.

TRIP NO. (One way) ____________, 19__ Sept. 1956

NAME OR NO. OF VESSEL Various

NET REGISTER TONS

VESSEL OPERATION REPORT

STATEMENT OF FREIGHT AND PASSENGERS CARRIED

TYPE OF VESSEL (Check One)

☐ SELF PROPELLED, DRY CARGO AND PASSENGER
☐ SELF PROPELLED, TANKER
☐ TOWBOAT OR TUGBOAT
☒ NON-SELF PROPELLED, DRY CARGO
☐ NON-SELF PROPELLED, TANKER
☐ OTHER

FLAG American

DEPARTED FROM—				ARRIVED AT—				CARGO DATA (If light, so state)				LEAVE BLANK
PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	COMMODITY	QUANTITY	UNIT¹	WEIGHT PER UNIT	NET TONS
North River	Prs. 77-78	Sept. 1956	7'	Harsimus Cove, N.J.	P.R.R.	Sept. 1956	7'	Car Floats	245			
								Genl. Mdse.	33930			
								Cars Loaded	2262			
								Cars Light	219			
								Cars Returned	-			
North River	Pier 79	Sept. 1956.	7'	Harsimus Cove, N.J.	P.R.R.	Sept. 1956	7'	Car Floats	49			
								Genl. Mdse.	6675			
								Cars Loaded	370			
								cars Light	43			
								Cars Returned	75			
North River	68th St. NYCRR	Sept. 1956	7'	Harsimus Cove, N.J.	P.R.R.	Sept. 1956	7'	Car Floats	36			
								Genl. Mdse.	5220			
								Cars loaded	261			
								Cars Light	176			
								Cars Returned	-			

LOCALITIES ENTERED FOR:
REFUGE
REPAIRS

FUELED AT:
PORT
DOCK

KIND OF FUEL: OIL ☐ BBL. COAL ☐ TONS GAS ☐ GAL.

PROJECT CHANNELS USED (Where a choice exists, indicate waterways, exit and/or entrance channels used)

REMARKS

I HEREBY CERTIFY that this is an accurate and complete report of Trip No. ____________ of this vessel.

SIGNED

TITLE

OPERATOR The Pennsylvania Railroad Co.

ADDRESS New York, N.Y.

¹ Net tons, gross tons, bushels, etc.

RHB Form 1-1 Mar 52—DEPARTMENT OF THE ARMY—Corps of Engineers

Previous editions of this form are obsolete.

U. S. GOVERNMENT PRINTING OFFICE 1952 O-420128

Form approved.
Budget Bureau No. 49-R297.

3658
[fol. 4865]

TRIP NO. ([illegible] way) 19 Sept. 1956

NAME OR NO. OF VESSEL Various

NET REGISTER TONS

VESSEL OPERATION REPORT

STATEMENT OF FREIGHT AND PASSENGERS CARRIED

TYPE OF VESSEL (Check One)

☐ SELF PROPELLED, DRY CARGO AND PASSENGER
☐ SELF PROPELLED, TANKER
☐ TOWBOAT OR TUGBOAT
☒ NON-SELF PROPELLED, DRY CARGO
☐ NON-SELF PROPELLED, TANKER
☐ OTHER

FLAG American

DEPARTED FROM—				ARRIVED AT—				CARGO DATA (If light, so state)				LEAVE BLANK
PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	COMMODITY	QUANTITY	UNIT¹	WEIGHT PER UNIT	NET TONS
Harsimus Cove, N.J.	P.R.R.	Sept. 1956	7'	North River	Brs. 77-78	Sept. 1956	7'	Car Floats	245			
								Genl. Mdse	6420			
								Cars Loaded	214			
								Cars Light	2347			
Harsimus Cove, N.J.	P.R.R.	Sept. 1956	7'	North River	Pr. 79	Sept. 1956	7'	Car Floats	49			
								Genl. Mdse.	-			
								Cars Loaded	-			
								Cars Light	488			
Harsimus Cove, N.J.	P.R.R.	Sept. 1956	7'	North River	66th St. NYCRR	Sept. 1956	7'	Car Floats	36			
								Genl. Mdse.	9200			
								Cars Loaded	460			
								Cars Light	28			

LOCALITIES ENTERED FOR:
REFUGE REPAIRS

FUELED AT:
PORT DOCK

KIND OF FUEL: OIL ☐ BBL. COAL ☐ TONS GAS ☐ GAL.

PROJECT CHANNELS USED (Where a choice exists, indicate waterways, cut and/or entrance channels used)

REMARKS

I HEREBY CERTIFY that this is an accurate and complete report of Trip No. ________ of this vessel.

SIGNED

TITLE 4865

OPERATOR The Pennsylvania Railroad Co.

ADDRESS New York, N.Y.

¹ Net tons, gross tons, bushels, etc.

RMB Form 1—1 Mar 57—DEPARTMENT OF THE ARMY—Corp of Engineers

Previous editions of this form are obsolete.

U. S. GOVERNMENT PRINTING OFFICE : 1957—O-430128

Form approved.
Budget Bureau No. 49-R2...

TRIP NO. (One way) ______________ , 19 Sept.1956

NAME OR NO. OF VESSEL
Various

NET REGISTER TONS

VESSEL OPERATION REPORT

STATEMENT OF FREIGHT AND PASSENGERS CARRIED

TYPE OF VESSEL (Check One)

☐ SELF PROPELLED, DRY CARGO AND PASSENGER
☐ SELF PROPELLED, TANKER
☐ TOWBOAT OR TUGBOAT
☒ NON-SELF PROPELLED, DRY CAR
☐ NON-SELF PROPELLED, TANKER
☐ OTHER

FLAG American

DEPARTED FROM—				ARRIVED AT—				CARGO DATA (If light, so state)				LEAVE BLANK
PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	COMMODITY	QUANTITY	UNIT[1]	WEIGHT PER UNIT	NET TONS
North River	Pier 28	Sept. 1956	7'	Harsimus Cove,N.J.	P.R.R.	Sept. 1956	7'	Car Floats	103			
								Genl.Mdse.	605			
								Cars Loaded	56			
								Cars Light	688			
								Cars Returned	30			
North River	Pier 29	Sept. 1956	7'	Harsimus Cove,N.J.	P.R.R.	Sept. 1956	7'	Car Floats	167			
								Genl.Mdse.	17803			
								Cars Loaded	1213			
								Cars Light	181			
								Cars Returned	233			
North River	Prs.49-50	Sept. 1956	7'	Harsimus Cove,N.J	P.R.R.	Sept. 1956	7'	Car Floats	275			
								Genl.Mdse.	16109			
								Cars Loaded	1898			
								Cars Light	609			
								Cars Returned	237			

LOCALITIES ENTERED FOR:
REFUGE
REPAIRS

FUELED AT:
PORT
DOCK

KIND OF FUEL: OIL ☐ BBL. COAL ☐ TONS GAS ☐ GAL.

PROJECT CHANNELS USED (Where a choice exists, indicate waterways, exit and/or entrance channels used)

REMARKS

4866

SIGNED

TITLE

I HEREBY CERTIFY that this is an accurate and complete report of Trip No. ______________ of this vessel.

OPERATOR
The Pennsylvania Railroad Co.

ADDRESS
New York,N.Y.

[1] Net tons, gross tons, bushels, etc.

RHB Form 1—1 Mar 57—DEPARTMENT OF THE ARMY—Corps of Engineers

Previous editions of this form are obsolete.

U.S. GOVERNMENT PRINTING OFFICE

Budget Bureau No. 49 R[illegible]

3660
[fol. 4867]

TRIP NO. (One way) ______ , 19 Sept.1956

NAME OR NO. OF VESSEL Various

NET REGISTER TONS

VESSEL OPERATION REPORT

STATEMENT OF FREIGHT AND PASSENGERS CARRIED

TYPE OF VESSEL (Check One)

☐ SELF PROPELLED, DRY CARGO AND PASSENGER
☐ SELF PROPELLED, TANKER
☐ TOWBOAT OR TUGBOAT
☒ NON-SELF PROPELLED, DRY CARGO
☐ NON-SELF PROPELLED, TANKER
☐ OTHER

FLAG American

DEPARTED FROM—				ARRIVED AT—				CARGO DATA (If light, so state)				LEAVE BLANK
PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	PORT OR LOCALITY	DOCK	DATE	MAXIMUM DRAFT	COMMODITY	QUANTITY	UNIT¹	WEIGHT PER UNIT	NET TONS
Harsimus Cove,N.J.	P.R.R.	Sept. 1956	7'	North River	Pier 28	Sept. 1956	7'	Car Floats	95			
								Perishable	11533			
								Cars Loaded	678			
								Cars Light	97			
								Cars Held	-			
Harsimus Cove,N.J.	P.R.R.	Sept. 1956	7'	North River	Pier 29	Sept. 1956	7'	Car Floats	167			
								Genl.Mdse.	232			
								Cars Loaded	21			
								Cars Light	1373			
								Cars Held	233			
Harsimus Cove,N.J.	P.R.R.	Sept. 1956	7'	North River	Pr. 49-50	Sept. 1956	7'	Car Floats	275			
								Genl. Mdse.	5461			
								Cars Loaded	497			
								Cars Light	2010			
								Cars Held	237			

LOCALITIES ENTERED FOR:
REFUGE
REPAIRS

FUELED AT:
PORT
DOCK

KIND OF FUEL: OIL ☐ BBL. COAL ☐ TONS GAS ☐ GAL.

PROJECT CHANNELS USED (Where a choice exists, indicate waterways, exit and/or entrance channels used)

REMARKS

4867

I HEREBY CERTIFY that this is an accurate and complete report of Trip No. ______ of this vessel.

SIGNED

TITLE

OPERATOR The Pennsylvania Railroad Co.

ADDRESS New York,N.Y.

¹ Net tons, gross tons, bushels, etc.

RHB Form 1-1 Mar 57—DEPARTMENT OF THE ARMY—Corp of Engineers

Previous editions of this form are obsolete.

U.S. GOVERNMENT PRINTING OFFICE 1957 O 420128

[fol. 4868]

I.C.C. Exhibit No. 134

I. & S. DOCKET NO. 6615—EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS.

During the course of cross-examination at the April 11, 1958 hearing in the captioned proceeding, the undersigned —E. M. Talbott—was requested to supply the following data for the record. The item numbers are references to Mr. John H. Colgren's letter of April 22, 1958 in which the requests for information are summarized.

Item 5 (Transcript page 1607):

Piers 11, 12, 13 and 14 of the Central Railroad Company of New Jersey were in use as lighterage piers during the month of September 1956, the month of the cost study period, and have been in continuous use as lighterage piers since that date. Piers 11 and 14 are covered piers, and piers 12 and 13 are open piers.

Upon investigation I find that my statement at page 1606 of the transcript to the effect that CNJ Pier 12 is no longer in use is incorrect. Pier 12 was in use during September 1956 and has been in continuous use since that time.

Investment, depreciation and tax data, as of September 1956, relating to these 4 lighterage piers—Numbers 11, 12, 13 and 14—are as follows:

[fol. 4869]

Original cost	$1,168,797
Reserve for depreciation	202,035
Original cost less depreciation	966,762
Annual depreciation	18,084
Annual taxes	121,399

As is shown on pages 21 and 22 of my working papers, which were supplied to the respondents proposing port rate equalization, depreciation and taxes for the month of September are included in the cost study on the basis of one-twelfth the annual charge. Return on investment is included at one-twelfth of 6 percent of the original cost less depreciation (page 24 of working papers).

Item 6 (Transcript page 1608):

A map is appended which shows the pier facilities of the Central Railroad Company of New Jersey at Jersey City, i.e., the lighterage piers, Nos. 11, 12, 13 and 14, just discussed, and Docks Nos. 10 and 7, together with the direct supporting yards for each.

Dock No. 10 is used exclusively for the handling of bulk cement, all of which is domestic traffic. The cement moves in covered hopper cars and is dropped into pits on the dock. It is then elevated and dropped through chutes into covered barges.

No bulk cement shipped in air-activated containers is handled through the B&O-CNJ facilities at Jersey City or St. George. The only other cement handled is bagged or otherwise packaged in small containers and moves over the [fol. 4870] covered lighterage piers just discussed.

Dock No. 7 is used exclusively for import ores and, at the time of the study, for export scrap iron. The movement of rail scrap iron over Dock 7 to vessels has largely ceased since the period of the study. The exporter has changed its location in the harbor to the Lehigh Valley's facilities at Claremont, N.J., where it has leased property and where the scrap iron is brought to shipside, in large part at least, by barge and by truck.

The investment costs and the costs of handling traffic through the direct supporting yards and over Docks 10 and 7 are not included in the cost study. However, the cars destined to these docks were included in the divisor used to compute the switching minutes per car in the classification yard from which the cars move to the supporting yards for each of the piers and docks.

Likewise, the bulk cement was included in the divisor in computing the cost per ton of the marine portion of the lighterage service. This fact tends to understate the cost per ton for the marine service on other traffic, including export-import traffic, since the average loading of the cement barges—300 tons—is considerably greater than the average lighter load for such other traffic.

Item 7 (Transcript pages 1620-1621) and Item 8 (Transcript pages 1621-1625):

Item 8

On investigation an error was discovered in the tabula- [fol. 4871] tion of cars shown as receiving a marine movement during the month of September 1956 at transcript page 1540. The correction is as follows:

Month of Sept. 1956	As Testified Tr. page 1540	Corrected
Cars floated	8,732	(no change)
Percent	84.55%	85.97%
Cars lightered	1,596	1,425
Percent	15.45%	14.03%
Total	10,328	10,157
Percent	100%	100%

The corrected total of 10,157 cars receiving a marine movement during September 1956 to be inserted at transcript page 1540 is the same as the total shown for the same month in the tabulation shown at transcript page 1541.

The error in the number of cars lightered shown at page 1540 was caused by the inadvertent insertion of the number of cars lightered in September *1957* instead of the number for September *1956*. This error does not require any change in the cost study since the division of marine expense between floatage and lighterage was based on an actual time study for the week September 24–September 30, 1956, (Tr. page 1540), and not in any way on the data in which the error was discovered. The breakdown by car count between the floatage and lighterage operation comparing the month of September 1956 and the entire year 1956 with that of the study week was given only for comparative purposes. The error discovered in the month figures is so slight as to have no real effect on their import for such comparative purposes.

[fol. 4872] *Item 7*

A reconciliation has been requested between the number of cars—1564—shown on the summary sheet of my working papers as moving via the B&O-CNJ lighterage piers during the month of September 1956 and the number of cars—corrected to 1425 (foregoing Item 8)—shown at transcript page 1540 as receiving a marine lighterage service during September.

The two figures are totals of entirely different things. The total of 1425 cars shown at page 1540 as corrected in Item 8 is the total number of cars the contents of which received a marine lighterage service by the B&O-CNJ pooled marine equipment during the month of September 1956. On the other hand, the 1564 cars shown in my working papers is the total export cars spotted for unloading and of import cars loaded during the month of September 1956 at the lighterage piers of the B&O at Staten Island and Piers 11, 12, 13 and 14 of the CNJ at Jersey City, hereinafter referred to simply as the lighterage piers. Not all of this traffic received a lighterage marine service principally because it was trucked in lieu of lighterage. Conversely not all of the traffic which moved in marine lighterage service during September was handled over the lighterage piers.

Included in the traffic which moved over the lighterage piers during September 1956 are the following which did not receive a marine lighterage service in the B&O-CNJ pooled operation:

[fol. 4873]

Trucked in lieu of lighterage or from pier floor	8,873 tons
Handled by Spencer Steam Lighter	1,598 tons
Total	10,471 tons

It is not possible without prohibitive effort and expense to determine the exact number of cars represented by these specific categories of traffic. The lighterage records show the number of cars loaded or unloaded at the piers but no record is kept *by individual cars* of the previous or subsequent handling of the lading. That is, on eastbound traffic the records do not reveal whether the lading in individual cars after being unloaded was in fact lightered or trucked in lieu of lighterage, or on westbound traffic whether the lading in individual cars was received at the lighterage pier by truck or by lighter.

Similarly with respect to the traffic receiving a B&O-CNJ marine lighterage service, the 1425 cars shown as being lightered during September 1956 includes 324 cars of cement which passed over Dock 10 which as previously stated is used only for the handling of domestic bulk cement. These cars of cement are not included in the total of the cars moving via the lighterage piers since no costs were prepared for Dock 10 traffic.

While it is therefore not possible from a practical standpoint to make an exact reconciliation of the two totals, a reasonable reconciliation can be made as follows:

[fol. 4874]

Cars handled over lighterage piers		1564 cars
Cars receiving a B&O-CNJ marine lighterage service	1425 cars	
Less: Cars of cement	324 cars	1101 cars
		463 cars

Tons moving over lighterage pier which did not receive a B&O-CNJ marine service:	
Trucked in lieu of lighterage and from pier floor	8873 tons
Handled by Spencer Steam Lighter	1598 tons
Total	10,471

Thus the difference of 463 cars moving over the lighterage piers but not moving in marine lighter service via the B&O-CNJ during September 1956 is balanced by the 10,471 tons which also did not receive said marine service—or an average load per car of 22.6 tons. This average loading is a reasonable figure particularly since the bulk of the 10,471 tons is composed of traffic trucked in lieu of lighterage and such traffic is predominantly the lighter loading commodities.

Although an exact reconciliation *in terms of cars* between the traffic passing over the lighterage piers and that receiving a lighterage marine service via the B&O-CNJ is not practical simply because of the manner in which the records are compiled, such reconciliation is possible *in terms of tons* and was given at pages 1536-1537 of the record.

Item 9 (Transcript page 1627):

The following export-import tonnages for the month of [fol. 4875] September 1956 handled over the B&O Manhattan pier stations were included in the cost study:

	Tons		
	Carload Traffic	Forwarder Traffic	
	Trucked	Trucked	Lightered
Piers 20, 21, 22 & 23) one operation)	239	139	671
Piers 39 and 40	—	12	7
Pier 65	—	9	14
Totals	239	160	692

The foregoing, of course, represents only the import-export traffic handled at the pier stations. *There was no LCL import-export traffic handled during the period.* The method of assigning costs to the pier station operations is explained at pages 1542-1544 of the record.

E. M. Talbott.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1962

No. 97

THE BALTIMORE & OHIO RAILROAD COMPANY, ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 98

MARYLAND PORT AUTHORITY, ET AL., APPELLANTS,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

No. 99

INTERSTATE COMMERCE COMMISSION, APPELLANT,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

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[fol. 4877]

BEFORE THE INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204
Import and Export Rates From and
To North Atlantic Ports

PETITION FOR SUBSTITUTION OF MASSACHUSETTS PORT AUTHORITY FOR PORT OF BOSTON COMMISSION, INTERVENER—Filed October 8, 1959

Comes Now your petitioner, Massachusetts Port Authority, and prays that it be substituted as party-intervener in the above-entitled proceedings for Port of Boston Commission, Intervener. For grounds of the substitution herein sought your petitioner says as follows:

I

Massachusetts Port Authority is a body politic and corporate created by the provisions of Chapter 465 of the Acts of 1956 of The Commonwealth of Massachusetts. Its principal office and mailing address is 14 Court Square, Boston, Massachusetts.

By virtue of the aforesaid Chapter 465 of the Acts of 1956 and Chapter 599 of the Acts of 1958, all rights and [fol. 4878] powers which were formerly rights and powers of Port of Boston Commission have been transferred to Massachusetts Port Authority.

II

Port of Boston Commission was established in 1953 as an agency of The Commonwealth of Massachusetts pursuant to the provisions of Chapter 608 of the Acts of that year. Prior to the aforementioned transfer of rights and powers to Massachusetts Port Authority, Port of Boston Commission had, pursuant to such statutory authority, administrative charge of the Port of Boston and, among other things, had the responsibility of promoting and protecting the trade and commerce of said Port and, in connection therewith, of endeavoring to foster and support the establishment and maintenance of fair and equitable transportation rates from, to and through said Port and to prevent the establishment and maintenance of transportation rates from, to and through said Port which were unfair or inequitable, or prejudicial to said Port or injurious to its trade or commerce. Incident to said responsibility, and having been authorized to initiate, or intervene or otherwise participate in, any rate proceeding, or any other hearing or proceeding before and by this Commission, if the subject matter of such proceeding or hearing in any way or manner concerned the Port of Boston, its trade or commerce, Port of Boston Commission did, on September 13, 1956, petition for leave to intervene and to be treated as a party to the above-entitled proceedings. By [fol. 4879] its order of September 26, 1956, this Commission granted said petition and permitted Port of Boston Commission to intervene and be treated as a party to these proceedings, with the right to have notice of and appear at the taking of testimony, produce and cross-examine witnesses and be heard on brief and on oral argument if oral argument is heard.

Wherefore your petitioner, Massachusetts Port Authority, as lawful successor to the rights and powers of Port of Boston Commission prays leave to be substituted in these proceedings for Port of Boston Commission, Intervener.

Respectfully submitted,

Henry E. Foley, 10 Post Office Square, Boston 9, Massachusetts, Counsel for Massachusetts Port Authority.

Hans F. Loeser, George Waldstein, Foley, Hoag & Eliot, 10 Post Office Square, Boston 9, Massachusetts, Of Counsel.

October 6, 1959.

[fol. 4880] Certificate of Service (omitted in printing).

[fol. 4881]

Before the Interstate Commerce Commission

Investigation and Suspension Docket No. 6615[1]
Equalization of Rates at North Atlantic Ports

Decided ....

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1. Schedules of proposed reduced class and commodity rates on export and import traffic between interior points in differential territory and New York and Albany, N. Y., Boston, Mass., and Portland, Maine, and their relation to the present rates on like traffic to and from Baltimore, Md., Philadelphia, Pa., and Norfolk and Newport News, Va., found not shown to be just and reasonable, and to result in undue preference and advantage of the ports first named.
2. Schedules of proposed reduced rates on like traffic between the same interior points and the ports last named found not shown to be just and reasonable.
3. Schedules ordered cancelled and fourth-section application denied.

J. H. Colgren, R. E. Costello, J. F. Reilly, R. G. Bleakney, Jr., M. R. Warnock, J. T. Clark, B. Hulkhower, W. Q. Keenan, N. J. Holland, J. W. Grady, and S. W. Scully, for respondents.

S. Goldstein, F. A. Mulhern, E. K. Laux, A. L. Winn, Jr., S. H. Moerman, J. S. Payne, W. J. Myskowski, C. H. Tenney, S. Mandell, S. Brandes, L. J. Lefkowitz, P. Blair, D. F. Tynan, A. C. Welsh, C. W. Merritt, P. C. Brown, J. J. Thornton, J. F. Toppeta, H. E. Foley, G. Woldstein,

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[1] This report embraces also Fourth-Section Application No. 32204, Import and Export Rates from and to North Atlantic ports.

G. E. Pratt, D. E. Pinsky, R. G. Curry, F. M. Dolan, M. D. Miller, J. H. Macomber, Jr., F. W. Denniston, A. G. Brand, L. B. Hillsinger, L. M. Shinn, J. L. Pease, J. S. Chartrand, and W. B. Grimes, in support of respondents.

J. Langdon, Jr., R. R. Bongartz, C. J. Henry, Jr., J. S. Shannon, R. B. Claytor, J. W. Hanifin, H. Biaett, M. A. Meyer, Jr., W. J. Taylor, A. W. Hesse, Jr., R. J. Gunning, J. H. Lewin and W. P. Quinn for protestant railroads.

D. Macleay, W. Price, Jr., M. Duane, B. A. Wallace, H. L. Walker, P. G. Kraemer, C. R. Seal, H. E. Ketner, C. McD. Gillan, W. L. Marbury, J. M. Jones, Jr. and H. E. Mesirow for other protestants.

W. H. Wagner for an interested shipper.

[fol. 4882]

REPORT PROPOSED BY MARION L. BOAT, HEARING EXAMINER—Served October 9, 1959

By schedules filed to become effective July 10, 1956, and later dates, railroads which serve the ports of New York and Albany, N. Y., Boston, Mass., also Portland, Maine, (except as hereinafter indicated) and connecting railroads, herein referred to as respondents, proposed to reduce the rates[2] on export and import traffic except iron ore, coal, and coke which is the direct product of coal between those ports, herein referred to as the northern tier ports, and points in the interior, in an area generally west of the Buffalo, N.Y.,-Pittsburgh, Pa., line, and extending to the Mississippi River. The purpose of the proposal is to equalize the rates, on the Baltimore basis of rates, on such traffic to and from those ports with the rates on like traffic to and from the ports of Philadelphia, Pa., Baltimore, Md., and the Hampton Roads ports in Virginia, herein called the southern tier ports, and thus abolish the so-called port differentials which have obtained in connection with these rates for many years.

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[2] Rates and differences in rates are stated in cents per 100 pounds, except as otherwise indicated.

By schedules effective simultaneously with those of the respondents, certain railroads which serve the southern tier ports, some of which also serve New York, herein referred to as protestants propose to reduce the rates between the southern tier ports and the same interior territory, except as hereinafter described, by the same amounts, and to reduce their rates to and from New York by the same amounts as proposed by their competitors, the respondents. This counter proposal, in the event that respondents' [fol. 4883] proposed rates were found lawful, would restore the present differentials, thus maintaining the longstanding port relationships, but upon a slightly lower level of rates.

Upon protests of certain of each group of railroads, the one opposing and the other favoring equalization of the ports, and the several port interests and other parties supporting their respective positions, by order of July 6, 1956, the operation of the proposed schedules was suspended until February 9, 1957. Subsequently the proponents of the schedules have voluntarily deferred their operation until the disposition of this proceeding. Certain but not all connecting railroads which participate in the rates to both the northern and southern tier ports, in order to remain competitive, joined in the respective suspended schedules.

The territory to and from which equalization of the northern tier ports with Baltimore is initially proposed is roughly that represented by Central Freight Association territory including Illinois Freight Association territory, and southern Wisconsin, hereinafter called the affected or differential territory. It includes territory on and west of a line extending from a point just west of Buffalo, N. Y., through Warren, Oil City, Butler, Pittsburgh and Washington, Pa., Wheeling, W. Va., thence along the east bank of the Ohio River to Kenova, W. Va., including points in West Virginia, Charleston and west thereof. Also included are points on the lines of the Chesapeake & Ohio in Kentucky, from Ashland southward to Elkhorn City, including [fol. 4884] cluding branches, and from Ashland to Lexington, and points on the south bank of the Ohio River from Huntington, W. Va., to Cincinnati, Ohio.

Some of the western railroads serving points in northern Illinois, Mississippi River cities and Wisconsin did not join in the proposed equalization. Thus, if respondents' proposal became effective, it would cause an increase in the present rate spreads from such points as Davenport, Iowa, and Madison, Wis., over Chicago, Ill., mentioned later herein.

Equalization is proposed only in connection with import and export rates published as such. Eventually it is intended to effect equalization as to all territory to and from which the recognized port differentials have been maintained and as to all export and import traffic, irrespective of the type of rate on which it moves. Protestants are apprehensive of the widespread collateral effects of the equalization of rates on such traffic, including traffic moving on combination rates, also the rates on coastwise and intercoastal traffic and the domestic rates to and from the ports. There are numerous unrestricted domestic commodity rates to the north Atlantic ports which reflect the port differentials, under which there is a substantial movement of export-import traffic.

Differential rates on export-import traffic between the Hampton Roads ports and the interior apply only from and to the portion of differential territory which lies west of the line of the Baltimore & Ohio through Sandusky, Mans- [fol. 4885] field, Newark, Zanesville, and Marietta, Ohio, thence the Ohio River to Kenova, W. Va., and includes points on the Chesapeake and Ohio and the New York Central system lines in the portion of West Virginia which lies in central territory.

The recognized differences in the present rail rates on import and export traffic, commonly known as the port differentials, including those at Canadian north Atlantic ports are shown below.

Import Traffic

	Differentials, in cents per 100 lbs.					
Port	Classes 1	2	3	4	5	6
Canadian Ports (Same as Baltimore)						
Portland, Maine (Baltimore rates via Canadian routes, New York rates via standard routes)						
Boston, Mass. (Same as New York, N. Y.)						
Albany, N. Y. (Philadelphia rates, subject to domestic rates as maxima)						
Philadelphia under New York	6	6	2	2	2	2
Baltimore under New York	8	8	3	3	3	3
Hampton Roads (1) (Same as Baltimore, Md.)						

(1) To territory west of Sandusky, Mansfield, Zanesville, Marietta line.

[fol. 4886]

Port	Classes 1	2	3	4	5	6
Canadian Ports Halifax, St. John, etc. (Same as New York) Montreal (Same as Philadelphia)						
Portland Boston (Same as New York)						
Albany (Same as Philadelphia, subject to domestic rates as maxima)						
Philadelphia under New York Grain, ½¢ under New York Flour, 1¢ under New York	2	2	2	2	2	2

IMPORT TRAFFIC

Port	Classes	1	2	3	4	5	6
		Differentials in cents per 100 lbs.					
Baltimore under New York		3	3	3	3	3	3
Grain, 1½¢ under New York							
Flour, 2¢ under New York							
Hampton Roads (2) (Same as Baltimore)							

(2) From territory west of Sandusky, Mansfield, Zanesville, Marietta, Ohio Line.

On commodity rates, other than on export grain and flour, the same differentials are generally maintained as on class rates.[3] Thus, it will be observed that except as to the export rates on grain and flour and as to imports moving on first-class or second-class rates, the present recognized differential is 3 cents, Baltimore and Hampton Roads under New York.

In applying the general increases in rates, usually in percentage form, authorized by the Commission since [fol. 4887] World War II, the railroads were admonished to restore these differentials. This was done quite promptly on grain and a few other commodities. But there were extended periods, as much as 3 to 5 years, when because of extenuating circumstances, rate relationships generally more favorable to the southern tier ports than those reflected by the normal differentials prevailed, thus disturbing the channels of trade. The differentials, normally 3 cents were in numerous instances, as much as 5 cents. Prompt restoration of the differentials was required in *Increased Freight Rates, Eastern, Western and Southern Territories*, 1956, 300 I.C.C. 633, 682-684.

Typical present rates (exclusive of increases authorized in Ex Parte 212,) are as follows: On imports, carloads, from New York, 152 cents on bananas to Detroit, Mich.,

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[3] The rates on import iron ore from Baltimore and Philadelphia to the Pittsburgh area have been on a parity for over 50 years. See *Iron Ore From Eastern Ports to C.F.A. Points*, 291 I.C.C. 527, 536.

169 cents on machinery, n.o.i.b.n. to St. Louis, Mo.; 91 cents on crude rubber to Akron, Ohio; 48 cents on ball or china clay to Erie, Pa., 671 cents per ton of 2,240 pounds on chrome ore to Marietta, Ohio. On exports, carloads, to New York, 269 cents on automobiles, from Flint, Mich., 114 cents on glass containers from East St. Louis, Ill.; 34 cents (proportional), on wheat from Chicago, Ill.; 48 cents on manufactured iron and steel articles from Pittsburgh, Pa.; 112 cents on packinghouse products from Chicago, Ill.; and 96 cents on tractors from Peoria, Ill. Except on grain, corresponding Baltimore rates are 3 cents, (60 cents as to per ton rates) lower than those shown.

When the present differentials were established there were higher ocean rates to and from Baltimore and Philadelphia [fol. 4888] than to and from the northern tier ports. The differentials were designed and their effect was to compensate for the differences in these ocean rates in favor of the northern tier points. Thus they tended to produce equal total transportation charges between an interior point and the foreign origin or destination over all routes through the several ports, affording the different railroads and ports competitive rates. Beginning in the early twenties and extending to about 1935, the ocean rates to and from the different ports were equalized. As a result, the respondents and those supporting them here contend, the northern tier ports cannot effectively compete for the traffic and their share of it has become actually and relatively less while the southern tier ports have increased their share of the total foreign trade through the north Atlantic ports. The evidence relied upon to support these claims is hereinafter discussed.

With the equalization of the ocean rates to and from the north Atlantic ports the through rail-ocean transportation charges through the northern tier ports, which respondents serve, became higher than corresponding rates through the southern tier ports served by protestants, by the amounts of the above differentials. The respondents' proposal to abolish those differentials, if made effective, would generally provide an equality of aggregate transportation charges, rail and ocean, between foreign countries and points in the affected territory for the whole range of north Atlantic ports, including Albany. As respondents do not serve Philadelphia, their proposal to equalize the [fol. 4889] northern tier ports with Baltimore, if found lawful, presumably would require that the Philadelphia rates also be reduced to the Baltimore basis.

In addition to the respondents, those presenting evidence in support of the proposed equalization include the City of New York, the State of New York, the Port of New York Authority, herein called the Authority, the Port of Boston Commission, The Greater Boston Chamber of Commerce, The Chamber of Commerce of the State of New York, The Brooklyn Chamber of Commerce, the Albany Port District Commission, the United States Department of Agriculture, General Services Administration, the Board of Trade of the City of Chicago, and numerous trade and traffic associations in the New York and the northern New Jersey port area.

The protestant railroads which urge continuation of the differentials are supported by the Maryland Port Authority, the Virginia State Ports Authority, the Delaware River Port Authority, the City of Philadelphia, the Baltimore Association of Commerce, and the Chamber of Commerce of Greater Philadelphia.

The present differentials, except for brief periods of disagreement between the carriers during the 80's, have been in effect since 1877[4] as the result of an agreement entered into by four north Atlantic port railroads, which had two objectives: To avoid misunderstanding as to the geographical advantages or disadvantages of New York, Philadelphia and Baltimore as affected by railroad-ocean transportation, and to effect an equalization of rail-ocean transportation cost between interior points and foreign [fol. 4890] ports reached through those cities. It also provided that rates to Boston should be not less than to New York. In 1882, the differentials agreed upon were the subject of an investigation made at the request of the principal terminal railroads serving those ports, conducted by the Thurman-Cooley-Washburn Advisory Commission. It concerned the differentials on domestic as well as foreign traffic. In its report therein, the so-called Cooley award, that Commission concluded that the then existing differentials should not be disturbed. The respondents introduced that report in evidence and direct particular attention to the following paragraph thereof:

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[4] So-called "split" differentials, one-half the standard differentials were established on grain in 1899. See *In the Matter of Differential Rates*, 11 I.C.C. 13, 20.

> "But we do not assume that the rates which are just today will be just indefinitely. They have become established by the force of circumstances and they ought to give way if future circumstances shall be such as to render it right and proper. They constitute a temporary arrangement only; equitable as we think for the present, but which may become inequitable before the lapse of any considerable time. Whenever they shall be found to operate unfairly and to give a force or unnatural direction to trade and whenever it shall appear that they tend to deprive any of the seaports affected by them of the proportion of business that would naturally come to it under the operation of normal competition, the want of equity in the rates will appear and it will be right to modify or perhaps abolish them."

Of the three principles referred to in that report, which were suggested as controlling by the different parties, the distance principle, the cost principle, and the "competitive principle, the latter was found to be the true one and was qualified only to the extent that it should operate in an atmosphere of controlled rate stability rather than of un- [fol. 4891] inhibited rate cutting and competitive strife, the objective being the preservation and promotion of the prosperity of the several ports, not only from the standpoint of their local interests but in the interest and welfare of the people of the nation as a whole. This principle of "competitive opportunity" stated by Albert Fink, Commissioner of the trunk lines, to whom the subject of differential rates had been referred, in his report of December

1, 1881,[5] appears to have been the general principle for testing the soundness of the differentials from their inception. Thus the advisory Commission concluded that the differential rates reflected and were subordinate to that principle, by the operation of which they had come into existence, and that under the circumstances then existing, should not be disturbed. However, it added the paragraph above quoted which the respondents, as already indicated, deem significant in its bearing upon the instant controversy.

A detailed history of the differential adjustment is contained in appendix B of the Commission's report in *Maritime Asso., Boston Chamber of Commerce,* v. *A. A. R. Co.,* 95 I.C.C. 539, 583. As early as 1905 and in a number of proceedings both prior and subsequent to the equalization of the ocean rates, the Commission has considered the lawfulness of the rates in that adjustment, when assailed by one or more of the port interests, but has consistently upheld them as lawful. See *Lighterage Cases,* 203 I.C.C. 481, 504. This is the first instance in which any port railroads have proposed to alter the adjustment.

[fol. 4892] In *Albany Port District Commission* v. *Ahnapee & W. Ry. Co.,* 219 I.C.C. 151, (1936) in which the port of Albany assailed the domestic rates, which then applied on its port traffic, as unreasonable and unduly prejudicial to it and unduly preferential of other north Atlantic ports, the Commission in its decision, made in the light of the 1935 amendment bringing ports and port districts within the scope of section 3 of the act, prescribed reasonable rates on all port traffic between central territory and Albany on the Philadelphia basis and required that the undue prejudice to Albany and preference of the other ports therein found should be removed by establishing rates which reflected such relationship. In *Export Grain from Buffalo to New York,* 278 I.C.C. 31, 292 I.C.C. 647, the Commission found lawful reduced rates proposed by the railroads on ex-lake grain for export from Buffalo, N. Y., to the northern tier ports, and which were on a parity with those to Baltimore. That adjustment is unrelated to the adjustment here in issue. In a recent proceeding it found lawful import rates on iron ore from Philadelphia to certain destinations in the affected territory the same as those from Baltimore. *Iron Ore from Eastern Ports to C.F.A. Points,* 291 I.C.C. 527, 299 I.C.C. 195, (this proceeding was reopened and is pending.) The rates on import iron ore are not embraced in this proceeding.

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[5] See Daish, "Atlantic Port Differentials", p. 9.

The principal respondents are the New York Central which serves New York, Boston, and Albany; the Erie, the Lackawanna, and the Lehigh Valley, which serve New York exclusively; the New Haven, serving New York and Boston; [fol. 4893] and the Boston and Maine which also serves Boston. The principal protestants are the Baltimore and Ohio and Pennsylvania which serves Baltimore, Philadelphia, and New York; the Reading Company serving Philadelphia; and the Western Maryland, which also serves Baltimore. The protestants which serve Hampton Roads are the Pennsylvania, the Norfolk and Western, the Chesapeake and Ohio, and the Virginian.

The Maine Central, which serves Portland, occupies a unique position. It reluctantly joined in the reduced export rates to that port on the Baltimore basis to avoid having the highest rates to any United States Atlantic port, if respondents' proposal becomes effective. Import rates on certain commodities from Portland to the affected territory are on the Baltimore basis and are published by the Canadian railroads, including the Grand Trunk Railway System, whose lines extend from Portland through Canada to the affected territory. The Maine Central participates in those rates which are on the Baltimore level, differentially lower than the present rates from New York and Boston. It opposes the respondents' proposed import rates which would eliminate such differential.

Respondents contrast the present inequality in rail rates to and from the north Atlantic ports with adjustments of export and import rates to and from the south Atlantic and Gulf port ranges. The south Atlantic ports from Morehead City, N. C. to Jacksonville, Fla., and the Gulf ports are grouped as to import-export rates from and to central [fol. 4894] territory west of the lines of the Monon Railroad extending from Michigan City to Indianapolis, Ind., and of the New York Central thence to Cincinnati, Ohio. Such equalization also obtains from a large portion of western trunkline territory. Similarly the Gulf ports from Pensacola, Fla., to Corpus Christi, Tex., are equalized on both export and import traffic from and to portions of Illinois, Iowa, Missouri and eastern Kansas. Between these south Atlantic and Gulf ports and certain points in the affected territory served by the eastern railroads including the New York Central, the Pennsylvania and Baltimore & Ohio, the rates are generally lower than those to and from New York. Since 1947 those railroads, in order to be in a position to compete with other lines for this traffic, have participated in such rates which are either on the Baltimore basis or lower.

The respondent's position is that as they are faced with diminishing traffic and the differences in the ocean rates to and from the North Atlantic ports have long since disappeared, the principle of the right to compete which permitted establishment of the equalized rates to and from the south Atlantic and Gulf port ranges should be applied to the north Atlantic range.

Other factors threatening to affect their competitive position and which motivated the respondents in their decision to equalize the north Atlantic port rates were (1) the imminent completion of the St. Lawrence Seaway, recently opened to deep draft vessels, with its potential attraction for grain and other traffic, which they consider makes it all the [fol. 4895] more imperative that their rail rates be the same as those of the southern tier port lines in their competition for the remaining traffic and the generation of new tonnage to replace that diverted, and (2) the depletion of iron ore reserves in the upper Great Lakes region, adversely affecting the New York Central ex-lake ore traffic to the Youngstown, Ohio, and Pittsburgh areas.

Another consideration urged by respondents is that the railroads serving the ports of Philadelphia, Baltimore, and Hampton Roads move large tonnages of export and tidewater coal to those ports which, in recent years, have increased substantially and promise to continue; that due to the geographical origin of this coal it is doubtful if any or little of it would be available to the ports of New York and Boston but that such traffic affords a backbone of revenue producing tonnage to the southern tier port railroads which is important to their successful operation and prosperity, with the consequence that the conditions are now the reverse of those which induced establishment of the differentials predicated on the concept of aiding weak or handicapped ports. Respondents also argue that the heavy importation of iron ore provides an important revenue contribution, especially to the Baltimore and Philadelphia roads. Their evidence, however, indicates wide fluctuations from year to year in coal tonnage. In five of the years in the postwar decade the volume handled through Hampton Roads was less than half that in 1955, dropping from 20 million tons in 1947 to 2 million tons in 1950. Proportionately greater fluctuations occur at Baltimore. Its volume [fol. 4896] of 11.4 million tons in 1947, the peak year, declined to 0.3 million in 1950, rose to 4 million tons in 1951, and dropped to 0.6 million in 1954. Imports of iron ore through Baltimore and Philadelphia in the same decade were more stable, the volume expanding quite consistently. However, the proportion of this which is utilized in those port areas and the extent to which the remainder contributes to railroad revenues is not disclosed. The rates on such ore to the affected territory are the subject of other pending proceedings.

The respondents contend that a change in conditions has occured in the transportation of foreign commerce through the north Atlantic ports since the differentials were established; that following equalization of the ocean rates, completed in 1935, the higher northern tier port rates had the effect of diverting a large share of the traffic to and from affected territory through the ports south of New York; and the full effect of this diversion was not immediately felt, but the peacetime shipping following World War II disclosed the impact of the change in ocean rates, as a result of which a preference of the southern tier ports now exists. In this connection they quote from *New York Produce Exchange* v. *Baltimore & O. R. Co.*, 7 I.C.C. 612 (1898), in which the Commission found that disturbance of the differentials, which had been observed for over 20 years, was not justified but said at page 620, "Manifestly, however, the conditions which determine the fairness of a differential are continually varying," and "actual observation of the effect of [fol. 4897] these preferences is the best if not the only means of determining their fairness * * *." (p. 669). They also cite *Chamber of Commerce of N. Y.* v. *N.Y.C. & H.R. R.R. Co.*, 24 I.C.C. 55, 57, where the Commission said with reference to the north Atlantic port adjustment "We are not to be understood as holding that the present rate adjustment will for all time or for any particular period of time be just and reasonable, * * *". Respondents accept the view expressed by the Thurman Commission in 1882 and reiterated in the report first cited that the most satisfactory test of these differentials is the result of their operation. As they put it "the crucial test for Commission consideration is the proven traffic diversion, which continues today".

The position of the Authority, in which the State of New York and the City of New York join, is that the decline in foreign tonnage through the port in recent years indicates that the proposed reduced rates are necessary to enable respondents to compete on more nearly equal terms with the railroads serving the southern tier ports, and, that with an equality of ocean rates there is no competitive necessity for a rail rate differential against New York.

The position of the protestants which serve Baltimore and Philadelphia is that respondents have not sustained their burden of showing that the suspended rates between New York, Boston, and Albany and the affected territory would be lawful; that those rates from and to New York would not be compensatory; that they have no competitive justification; and that the southern tier ports would be seri-[fol. 4898] ously injured if the present differentials were abolished. It is also their position that there is no justification for rates to and from Boston lower than to and from New York.

The protestants which serve the Hampton Roads ports (except the Pennsylvania) contend that no competitive need has been shown for the respondents' proposed reduced rates and that they have not been shown to be just, reasonable, consistent with the national transportation policy, or otherwise lawful. Their evidence is directed almost entirely to that proposal as it relates to New York. That port, they say, is "the real competition faced by Hampton Roads."

With respect to their suspended schedules, which are in the nature of a counter proposal, all of the protestants are in agreement that this proceeding presents a basic issue of rate relationship—the port of New York versus the southern tier ports. Accordingly they request that this issue be decided on the present rate level. This will avoid needless sacrifice of carrier revenue. As it is clear that the sole issue is one of lawful rate relationships, determination of that issue should be made independently of the counter proposal. In view of the conclusions reached and the findings herein recommended it is unnecessary to consider the evidence presented in support of these schedules. See *Export Grain from Buffalo to New York*, on further hearing, *supra*, at page 658.

The United States is generally thought to be an exporter of manufactured goods. But, excluding goods exported to [fol. 4899] Canada and Mexico which comprise about 30 percent of all the foreign trade of the United States, the movement of United States manufactures to foreign markets is continually declining. The principal movement of both exports and imports is raw materials and to a lesser extent, semifinished goods.

Ocean-borne commerce is classified into two types of cargo. By far the largest in volume is bulk cargo. It consists generally of low value, heavy volume, raw materials which are handled at the port by mechanical facilities and provide bottom loading for ships or may move as full cargoes. The other type, called general cargo, includes principally manufactured and semimanufactured goods, which are usually packaged, but also other commodities which are not. It generally constitutes the more profitable "top loading" for ships in a balanced cargo operation.

The type of traffic determines the character and to a great extent the cost of the port terminal service which the port railroads perform in delivering it to or receiving it from the ship, although the facilities employed may vary widely depending upon the physical characteristics of the harbor used. Another important distinguishing characteristic lies in the relative commercial and economic benefits which a port derives from these different types. General cargo, which requires the performance of various and numerous services, including handling and stevedore service, provides greater employment and produces a far greater revenue per ton for the port community through [fol. 4900] which it moves than does bulk cargo, which is mostly handled by specialized mechanical facilities such as those used in unloading grain and coal, or by private facilities. However, both types of cargo, are considered essential to a healthy port economy.

North Atlantic Port Foreign Commerce.—The principal exports of the United States are grain, cotton, other raw materials such as coal and phosphate, and semimanufactures. The large volume imports are chiefly crude materials, such as petroleum and ores.

Foreign trade through United States coastal ports in 1955, expressed in net tons, consisted of 144 million tons of imports and 96 million tons of exports, a total of 240 million tons. This compared with a total of 83 million tons in 1923 and 124 million tons in 1946. In 1955 the north Atlantic ports share was 102 million tons or about 71 percent of the imports, and 54 million tons or about 56 percent of the exports. These compared with their share of 61 percent of the imports and 48 percent of the ocean-borne exports in 1923.

The principal bulk cargo which moves through these ports includes petroleum, ores, grain and coal. The general cargo consists of other commodities and includes manufactures and semimanufactures of relatively high value, which comprise important traffic herein considered.

North Atlantic Bulk Cargoes.—Petroleum imports through the north Atlantic ports rose from 5.5 million tons [fol. 4901] in 1923 to 65 million tons in 1955. A large preponderance of the increase was through the ports of New York and Philadelphia, with Portland, Boston, Baltimore, and Hampton Roads sharing also. Most of this traffic consists of crude petroleum which is refined near the ports and residual fuel oil consumed on or near the seaboard, which seldom, if ever, moves by rail. Little or none of it moves to differential territory.

Importation of iron ore through the north Atlantic ports aggregated 16.8 million tons in 1955. This ore enters for the most part through Baltimore and Philadelphia, with a relatively small volume through Hampton Roads and Boston and a negligible amount through New York. It moves to some extent in full cargoes in chartered or private vessels. The rates thereon are not in issue herein.

Other imports of ores and concentrates, rates on which are embraced herein, move in much smaller volume than iron ore. They consist chiefly of chrome, copper, aluminum, and manganese. Since 1946, particularly, they have moved in substantial and increasing volume, generally in bulk, but some in drums or barrels. These ores, of which 3.1 million tons were moved through north Atlantic ports in 1955, enter mostly through Baltimore, Philadelphia, and New York, with much smaller but increasing volumes through Hampton Roads.

Coal, also not involved herein, with 34 million tons in 1955, is by far the chief commodity exported through the north Atlantic ports as a group. It generally moves in full [fol. 4902] cargo lots in tramp or chartered vessels. The great preponderance moves through Hampton Roads, the tonnage handled at that port increasing from 2.7 million tons in 1923 to 29.4 million tons in 1955, while that through Baltimore increased from 1.4 million tons to 3.7 million tons. During that period the volume through New York and Philadelphia was substantial only in 1945-1949 and in 1950 and 1951, but even in those years their aggregate volume was less than that at Baltimore. Thus the increase in coal exports through the north Atlantic ports was most notable at Hampton Roads. The tonnage through the northern tier ports is negligible.

From the standpoint of volume, grain is the second most important commodity exported through these ports, increasing from 4.2 million tons in 1923 to 5.4 million tons in 1955. It is the chief export commodity and by far the most important bulk commodity, of the tonnage which moves to and from affected territory, herein considered. From 1923 to 1955 there were large increases in the tonnage to Baltimore and Hampton Roads, a lesser increase to Albany, and a decrease in the volumes through New York, Philadelphia, and Portland. The net result was an increase from 58 to 73 percent of the North Atlantic port total for the southern tier ports, and a drop from 42 to 27 percent at the northern tier ports. Grain requires special or exclusive port terminal facilities and moves largely in full cargo lots. The 1955 movement was distributed as follows: Baltimore 2.3 million tons, Hampton Roads 1 million, Albany .8 million, Phila- [fol. 4903] delphia .7 million, New York .4 million, with Boston and Portland dividing .2 million tons.

General participation of North Atlantic ports in foreign commerce.—A considerable portion of the tonnage data relied upon by the respondents and those supporting them relates to the trends of the several north Atlantic ports' participation in all ocean-borne foreign commerce of the United States, as distinguished from that to or from affected territory. These data show the volume of such commerce, regardless of how it may have moved to or from the ports, through the North Atlantic ports since 1923. It is not limited to rail tonnage nor to the specific interior area with which this case is concerned. Such evidence, and especially the relationships and conclusions drawn therefrom, has value of varying, but generally only slight, degree as background material. It has little or no significance as an indication of the trends the ports have experienced with regard to the particular rail traffic to and from the affected territory to which the suspended schedules relate, a topic discussed at a later point.

The total of ocean-borne exports and imports combined through New York rose from 22.6 million long tons in 1923 to 36.2 million tons in 1956, but that port's share of total United States ocean-borne exports and imports declined from 28.6 percent to 14 percent during this period. As its share in 1946 was 23.7 percent the greater part of the decline occurred in the period following World War II.[6]

[fol. 4904] For Boston the situation as to all ocean-borne traffic is somewhat similar. Its imports increased from 2.4 million long tons in 1946 to 5.5 million tons in 1956, a gain proportionately greater than for New York in the corresponding period. During the same years its exports increased from 395,000 tons to 952,000 tons, while New York's declined from 12 million tons to 8.7 million tons. The percentage of total United States foreign tonnage moving through Boston dropped only slightly during that decade from 2.6 to 2.5 percent. However, while the trend of Boston's total volume of exports and imports has been upward since 1923 its percentage share has trended downward, declining from 4.7 percent in 1923 to 2.5 percent in 1956, a drop proportionately slightly less than for New York.[6]

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[6] These data and those in Appendix D were reported by Bureau of the Census, U.S. Department of Commerce. Those shown in Appendix A are from "Waterborne Commerce of The United States" U.S. Army Corps of Engineers.

The share of the southern tier ports in total United States imports and exports increased from 1923 to 1956 as follows: Philadelphia from 7.9 to 15.7 percent; Baltimore from 8.4 to 10.4 percent; and Hampton Roads from 4.3 to 17.1 percent as shown above. Increases in bulk cargo accounted for most of the increased tonnage.

Tonnage data showing the total of exports and imports through New York as compared with the total for the United States in the years 1923, and 1946 to 1956 inclusive, are set forth in appendix D. The extent of New York's participation in exports and imports of general cargo is also shown.

Except for its 19.1 million long tons of tanker cargo imports in 1956, an increase from 2.4 million tons in 1923, [fol. 4905] the principal foreign trade of New York in 1956 was general cargo. In this connection the port compares the increases in its share in this type of cargo, 1956 over 1955, of 0.1 percent in exports and 1.9 percent in imports with much larger increases, ranging up to 37 percent for exports and 29 percent for imports at the principal Gulf and South Atlantic ports and the Pacific coast ports as a group.

New York's position in United States foreign trade.—While New York emphasizes the drastic decline in its percentage of the total United States import and export tonnage, particularly since World War II, its increasingly less favorable relative position during this period stems largely from its failure to participate in the large increase in the export movement of coal, its generally smaller share of export grain, and its inability to share proportionately in the burgeoning imports of petroleum and ores, especially iron ore.

From 1946 to 1955, as to export coal and grain, New York like all the other north Atlantic ports, save Hampton Roads and Albany whose grain exports rose substantially, suffered a decline in the aggregate exports of these commodities. Through Hampton Roads their movement increased from 4.9 million tons in 1946 to 30.7 million tons in 1955 compared with an increase from 45.5 million to 65.5 million tons from all of the United States. About 95 percent of the increase in total export volume at Hampton Roads in this period was of coal traffic.

As to United States imports of petroleum and ores, aggregating 23.7 million tons in 1946 and 119 million tons [fol. 4906] in 1955, the increase was about 95 million tons, two-thirds of which, or about 63 million tons, occurred at north Atlantic ports. This increase was divided as follows: New York 14 million, Portland 8 million, and Boston 2 million tons, a total of 24 million tons, as compared with an increase of 39 million tons at southern tier ports, divided as follows: Philadelphia 26 million tons, Baltimore 10.5 million tons, and Hampton Roads 2.5 million tons. During this decade New York's imports of these two commodity groups increased 181 percent as compared with 400 percent for the United States and 247 percent for all North Atlantic ports.

Summarizing, the exceptionally heavy exports of coal through Hampton Roads and the large increases in imports of petroleum and ores, in absolute volume, and especially percentagewise, through Philadelphia and Baltimore, largely explain the loss of relative position which New York has experienced in United States ocean-borne foreign commerce. As shown in appendix A, if the tonnages of those bulk commodities and also that of export grain are excluded from the total tonnage of imports and exports through the North Atlantic ports, New York increased its percentage of the movement through those ports from 53.7 percent in 1935 to 56.9 percent in 1955.

Also contributing to the decline in New York's relative position as to total United States exports and imports has been the rapid growth since World War II of the South Atlantic Gulf, and Pacific ports' trade, due in great mea- [fol. 4907] sure to the expanding population and industrial development in the areas tributary to such ports. Their relative importance in the handling of general cargo in 1956, as compared with New York and other North Atlantic ports, is shown in appendix B.

Considering New York's situation in the competition for all North Atlantic foreign trade the following table shows in column (1) the total of exports and imports for 1955:

	(1) (tons) Total	(2) (tons) Imports	(3) (tons) Exports
New York	38,897,567	9,442,033	8,612,347
Philadelphia	37,136,849	2,965,677	2,619,374
Baltimore	25,733,775	4,370,151	4,640,435
Hampton Roads	35,888,849	1,713,203	2,031,777

If import petroleum and iron ore and export coal are eliminated, for the reasons among others that they do not move to or from the affected territory, or rates thereon are not in issue in this proceeding, the tonnages are as shown in columns (2) and (3). As those in column (3) include grain and those in column (2) bulk ores, other than iron ore, they do not indicate the relative value to the several port communities of the tonnages. The following table shows the tonnages, excluding these commodities and also those previously named. Accordingly it is representative of general cargo.

	Imports (tons)	Exports (tons)	Total (tons)
New York	8.434,065	8,178,436	16,612,501
Philadelphia	2,651,018	1,804,956	4,455,974
Baltimore	1,648,071	2,147,798	3,795,869
Hampton Roads	1,142,812	794,288	1,937,100

These tables show that New York handled (a) more tonnage of all commodities than any of the southern tier ports; [fol. 4908] (b) excluding petroleum, coal, and iron ore, nearly as much as those ports combined; and (c) about 60 percent more general cargo exports and imports than those ports combined.

The foregoing comparative data relate to traffic flow through the ports regardless of its domestic origin or destination, or the mode of inland transportation when the goods moved to or from an inland point other than the port of entry or port of export. A July 1957 issue of a Port of New York Authority publication states that trucks pick up and deliver over 50 percent of the export and import general cargo at the port of New York's piers. Reference is made therein to an instance of 35 trailer-loads of machinery moving from a single pier in one day. There is no indication of any bulk cargo moving to or from any of the ports by truck. But such cargo moving between affected territory and New York has available to it inland barge service via the New York State barge canal.

[fol. 4909] *Alleged loss of competitive position since 1945.*—Respondents claim that the northern tier ports have suffered a loss in relative position with respect to north Atlantic port tonnage beginning in 1946. In analyzing this claim all export tonnage, exclusive of coal and grain, and all import tonnage, exclusive of petroleum and iron ores, will be considered. The results, with those for New York stated separately, are shown in appendix C.

In 1955, of the north Atlantic port exports, the share of the four northern tier ports, excluding coal and grain, was 62 percent, the same as it was in 1945, and slightly higher than it was in 1946, the year when respondents claim their relative position began to deteriorate. The volume of exports through Boston of 435,118 tons in 1955 was the largest for any year shown except 1943, a war year, and was more than double that of 1946. As the table shows the southern tier ports exports declined from 1946 to 1955, Baltimore alone showing an increase from 1.9 million tons to 2.3 million tons.

As to imports, excluding petroleum products and iron ore, the northern tier ports are not shown to have suffered a marked loss in relative standing since World War II. Their 1955 volume was 11.2 million tons compared with 7.4 million tons in 1946, such volumes representing 58 percent and 55 percent, respectively, of the total of these imports through the north Atlantic ports. Since 1945 their share of that total has ranged from 53 to 58 percent. Boston's share declined from 8 percent in 1946 to 7 percent in 1955 but its volume of 1.4 million tons in 1955 was about 40 percent greater than in 1946. There was little change in Portland's or Albany's relative position from 1946 to 1955 although their tonnage expanded.

[fol. 4910] The imports through New York increased from 6.2 million tons in 1946 to 8.4 million in 1948, while those of Baltimore increased from 2.2 million to 3.3 million tons. By 1955 these had risen to 9.4 million and 4.4 million tons, respectively. Baltimore's increase over 1946 was 2 million tons, but 1.3 million tons of this represented the increase in movement of ores, other than iron ore. Of the 3.2 million tons increase at New York from 1946 to 1955, about 0.6 million was of other ores. While the volume of these ores rose from 0.4 million to 1 million tons at New York it rose from 1.4 million to 2.7 million tons at Baltimore and from 0.6 million tons to 0.7 million tons at Philadelphia.

Foreign traffic embraced in this proceeding.—The record contains no complete comparative data from which the trend of the particular traffic here involved, herein referred to as the subject traffic, to and from New York and the other northern tier ports can be determined. Nor were such data presented for the other north Atlantic ports. The best evidence indicative of such a trend is the following comparison, for the port of New York only, of the subject traffic of the four respondent railroads. The 1955-56 data relate to a test period hereinafter described.

[fol. 4911]

TONS

	1946	1947[1]	1951	August 1955-July 1956
New York Central				
Import	148,073		229,373	149,002
Export	775,644[2]		502,791	515,403
Delaware, Lackawanna & Western				
Import		72,912	163,646	91,492
Export		407,868	273,795	351,108
Total	923,717	480,780	1,169,605	1,107,005
		923,717		
		1,404,497		

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[1] 1946 statistics not available.

[2] Does not include grain—statistics unavailable.

CARS[3]

	1946	1947[1]	1951	August 1955-July 1956
Erie				
Import	3,969		5,916	3,164
Export	18,807		22,816	19,660
Lehigh Valley				
Import	5,042		5,348	2,939
Export	13,630		14,621	10,555
Total	41,448		48,701	36,318

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[3] Tonnage data were not furnished.

The protestants contend that these data reveal a creditable performance under the prevailing differentials. They urge that in evaluating the data it must be borne in mind that 1946 and 1951 reflect the influence of war activities, but nevertheless exports of the New York Central and Lackawanna in the test year exceeded those of 1951, and their imports in that year exceeded those in 1946. Also that such traffic was obtained despite the development in these postwar years of fierce truck competition, affecting particularly general cargo, and in the face of differentials often [fol. 4912] greater than the normal ones here in issue. Other than an unusually high volume of export grain through the north Atlantic ports in 1951, and which was again exceeded in 1956, the years 1946 and 1951 do not seem atypical, as to the kind of traffic herein involved.

As there is a paucity of comparative data relating to the trend in the movement of foreign traffic between the several north Atlantic ports and affected territory, an attempt was made to demonstrate that New York's failure to participate more fully in this traffic is due to large increases in the volume of foreign tonnage through the southern tier ports, and that these tonnages originated in or were destined to affected territory.

In this connection the Authority contends that a very close correlation exists, during the period from 1929 to 1954, between manufacturing employment in the United States and total foreign trade. During that period the number of manufacturing employees increased by 67 percent and the tonnage of oceanborne exports and imports increased 82 percent. As that tonnage includes large quantities of coal and grain, production of which bears little, if any, direct relation to manufacturing, and also large volumes of import petroleum and iron ore, the movement of which, in the case of the latter, conceivably may be related to manufacturing employment, it is apparent that the validity of this premise is at best doubtful.

The Authority then undertook to show that there is also such a correlation between the total foreign tonnage moved through New York and the southern tier ports and manufacturing employment in the affected territory and the immediate hinterlands of those ports, combined. The increase in such tonnage was 118 percent and in such employment 50 percent, during the same period.

[fol. 4913] Assuming the existence of the stated correlation it reasons that in order to determine which north Atlantic port or ports serves as a gateway for the traffic to and from affected territory it is necessary simply to compare the tonnage flowing through the ports with the manufacturing employment in their hinterlands. It argues that any increase in volume not generated by such employment in the port's hinterland area necessarily represents traffic to and from the affected territory. It then shows data which purport to disclose such a situation with respect to the southern tier ports, i.e. an increase in employment in their hinterland from 1.4 million to 1.8 million contrasted with total export and import tonnage through those ports of 16.5 million and 63 million long tons in 1929 and 1954, respectively.[7] From these it concludes, that there has been an "astonishing increase" through these ports which cannot be ascribed to the relatively small increase in employment in their hinterland, and hence the large increase in tonnage was caused by traffic to and from affected territory. An analysis of the tonnage data demonstrates the unsoundness of the conclusion. The data used were not broken down by commodities but those presented by respondents show that the 19.1 million net tons in 1928 and the 67.3 million net tons which moved through those ports in each of the years 1947 and 1954 included the tonnage of commodities shown in the following table:

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[7] The volume shown for 1947 is 60.4 million long tons.

[fol. 4914]

OCEAN-BORNE TRAFFIC THROUGH SOUTHERN TIER PORTS
(In million of tons)

	1928	1947	1954
Imports:			
Total	11.9	21.4	45.2
Petroleum	4.6	11.3	26.1
Iron ore and concentrates	2.0	5.1	10.3
Exports:			
Total	7.2	45.9	22.1
Coal	2.3	36.8	15.3
Grain	1.1	2.2	2.7

Considering that in 1947 and 1954 more than 75 percent of the total import tonnage and over 80 percent of the exports moving through these ports consisted of the commodities indicated; that shipments of export coal and grain bear little, if any, correlation to manufacturing employment; that petroleum imports do not move into the affected territory; that probably very little in 1947 and less than half in 1954 of the iron ore moved to that territory; and that the aggregate tonnage of the petroleum, coal and iron ore in 1954 was 51.7 million tons, an increase of about 43 million tons over 1928 (no comparable data are of record for 1929) as compared with an increase in total foreign tonnage handled at these ports, 1954 over 1929, of 46.5 million tons, there is little support for the conclusion that the increase in tonnage is attributable to movements from and to affected territory.

The Traffic Studies.—Respondents made a study of the subject traffic, broken down by commodity classes, which moved to and from the several northern tier ports over their lines during a 12-month test period, August 1955 to July

1956, inclusive. The protestant railroads made a similar study of the traffic which they handled through the several [fol. 4915] southern tier ports and also of that to and from New York over the Pennsylvania and Baltimore and Ohio. Traffic data of the Central Railroad of New Jersey to and from New York were made available to them and included in their study. That railroad did not join in publication of the reduced rates to New York and is not a party to this proceeding. Protestants also compiled tonnage data for comparable port traffic handled over the same lines to and from areas other than affected territory. All of those data relating to the subject traffic were combined to present a complete picture of such traffic handled to and from the affected territory in the test year.

While the record lacks comprehensive evidence from which comparative trends of this traffic through the northern tier ports and the southern tier ports can be determined, the data in the combined studies for the test year show, in detail, the volume of the specific commodities, including export grain but exclusive of export coal and import petroleum and iron ore, which moved through each of the ports during that period. These data which are summarized in appendices E and F, by commodity groups and for the two opposing port groups, show the extent to which each port and the opposing groups of ports participated in the traffic in issue at the time of the inception of this proceeding. They are the best evidence which the record affords of the combined relative impact of the present differentials and other circumstances upon the movement of the subject traffic through the several ports.

A much broader variety of imports and exports, especially of the latter, moved through the southern than through the northern tier ports, other than New York. This is particularly true of general cargo commodities.

[fol. 4916] *The import tonnage involved.*—The 2,121,822 tons of imports which moved through the southern tier ports exceeded by far the 676,456 tons through the northern tier ports, but the difference in these volumes is somewhat less than the volume of products of mines, 1,622,761 tons shown in appendix E, imported through the southern tier ports. These products were the heavily predominant group of the import tonnage here considered which moved through those ports. They consisted almost entirely of ores and concentrates, other than iron ore.

The next largest tonnage is in the manufactures and miscellaneous group, the total of 745,022 tons, being divided almost equally between the two groups of ports. New York obtained 47.6 and Baltimore 28.2 percent of the total.

The chief agricultural imports were coffee and fresh bananas, which represented over 80 percent of these imports. The coffee totalled 135,762 tons and moved almost entirely through New York. Of the total of 117,142 tons of bananas, 62,664 tons moved through Baltimore and 53,946 tons through New York. Thus the only import tonnage which moved in substantial volume as to which the northern tier ports failed to obtain a fairly proportionate share was that of ores and concentrates, exclusive of iron ore.

Boston's imports of 17,739 tons, including 5,088 tons of crude rubber, were somewhat greater and more diversified than Portland's, but were insignificant as compared with the volume for New York or any of the southern tier ports. They were only about 0.6 percent of the total imports, excluding petroleum products, which moved to the affected territory through the north Atlantic ports, contrasted with 1.7 million tons moving through the port in 1955 to all destinations, a volume almost 100 times greater. Imports [fol. 4917] through Portland consisted of relatively small quantities of clay and wood-pulp.

The export tonnage involved.—As in the case of imports the preponderance of the 8.2 million tons of exports through all north Atlantic ports, or 63.7 percent, moved through the southern tier ports. The excess of 2,234,171 tons which moved through those ports reflects the greater tonnage of agricultural products consisting of 3,993,051 tons, or 82.1 percent of the total of these products (as compared with 868,000 tons or 17.9 percent through the northern tier ports), offset by the difference in the tonnages of manufactures and miscellaneous. Those tonnages were 1,099,690 tons for the southern tier ports and 1,913,481 tons for the northern tier ports, or 36.5 percent and 63.5 percent, respectively, of the total. New York's share was 63.4 percent and that of Baltimore 29.3 percent. They included 950,022 tons of manufactured iron and steel, of which 580,073 tons or 61 percent moved through New York and 352,992 tons, or 37 percent moved through Baltimore.

Thus, of the three groups supplying the principal volume of exports, only in the agricultural products group, of which about 88 percent was corn and wheat, were the southern tier ports able to show a greater share of the tonnage than the northern tier ports. Also to be noted is that the proportion of agricultural exports through Boston, Albany, and Portland was 7.4 percent, 2.9 percent, and 1.4 percent respectively of the north Atlantic total, as compared with 6.2 percent for New York. Except for some grain, practically no export traffic moved through Boston, Portland and Albany.

[fol. 4918] *Summary.*—Summing up, of the total of about 11 million tons of exports and imports, exclusive of import petroleum and iron ore and export coal, handled between the north Atlantic ports and the affected territory in the year ending July 31, 1956, about one-third moved through the northern tier ports. The preponderance of the tonnage passed through the southern tier ports but, as to imports, the excess consisted almost entirely of ores and concentrates, other than iron ore, and as to exports, it was represented entirely by grain and grain products. Of the only other group of importance in this case, manufactures and miscellaneous, almost two-thirds of the exports and over one-half of the imports were handled through the northern tier ports. Thus the evidence demonstrates the ability of those ports as a group to attract the preponderance of the tonnage, except as to export grain and import ores and concentrates, the movement of which appears to be largely attracted to the southern tier ports because of more adequate facilities or other circumstances relating peculiarly to those commodities.

The complete dominance by New York of the north Atlantic general cargo traffic to and from affected territory is clear. Of imports, its volume exceeded that of all the other ports combined, was more than double that of Baltimore and almost four times that of Hampton Roads. As to general cargo exports New York's volume was 62.7 percent of the total volume for all of the ports and over 50 percent greater than that of the southern tier ports combined. It was also more than double the Baltimore volume and more than ten times that of Hampton Roads.

Both as to total exports from affected territory and total imports handled to that territory New York's volume was [fol. 4919] more than double that of Hampton Roads. Baltimore's tonnage surpassed New York only because of its large volume of export grain and of import bulk ores, other than iron ore. The circumstances incident to these bulk cargo movements are next considered.

Bulk Cargo Commodities.—The respondents call attention to the increase in total exports of grain since 1945 through Baltimore and Hampton Roads and the decreasing volume of such traffic to their ports. The number of carloads of all export grain handled at the several ports in 1945 and 1956, respectively, were as follows: Portland, 8,960 and 1,639; Boston, 6,462 and 10,607; Albany, 2,270 and 13,709; New York 21,419 and 12,639; Philadelphia, 26,423 and 23,423; Baltimore, 43,339 and 51,817; and Hampton Roads, 2,284 and 19,035.

As in the case of other traffic, the record contains little or no evidence showing the trend of grain exports from affected territory. As shown in appendix F, this grain tonnage, however, is a very important segment of the southern tier ports foreign commerce. Grain in the amount of 2,339,309 tons represented more than 70 percent of all the export tonnage herein considered which moved during the test year through Baltimore. This grain was also about 80 percent of the export grain from all origins moving through that port. As also shown in appendix F, grain exported through Philadelphia and Hampton Roads represented over 80 percent of all exports from affected territory through each of those ports. The corresponding movement of export grain through New York was 204,000 tons which was less than 10 percent of the tonnage of all commodities originating in affected territory exported through the port. Such grain was about 35 percent of total grain exports from all territories through the port. Thus the [fol. 4920] tonnage of grain to Baltimore from affected territory almost equalled the tonnage of all export traffic from that territory to New York. It also represented a much larger proportion of the total export grain movement to Baltimore than in the case of New York.

New York's general cargo tonnage far exceeds that of Baltimore. But protestant railroads have improved Baltimore's position as a port by attracting bulk commodities, chiefly grain and bulk ores, for which they have provided specialized loading or unloading facilities. As to grain, from 1915 to 1924 they constructed 3 modern elevators with high capacity for handling, cleaning and bagging and with storage capacity of 11.5 million bushels. This was increased to 13 million bushels in 1956. They provided berths for loading at least 8 ocean vessels simultaneously, directly from the elevators. Meanwhile New York continued to lead Baltimore by a wide margin in the export of grain through 1943. Notable in contributing to its supremacy were the large proportion of parcel lot shipments moving in liners affording direct service to foreign ports, and the availability of grain exporters at the port. Also, ships could load grain from lighters while taking on general cargo on the pier side, thus effecting important savings.

With the heavy government exportation after World War II and its need for storage capacity the Baltimore facilities have attracted expanding volumes, which began to move increasingly in full-cargo lots. The ample storage capacity provided space to accumulate them.

Despite its pre-war leadership, New York's elevator facilities and storage capacity of 10.75 million bushels in 1905 dwindled to 3 elevators, one of which has no direct rail [fol. 4921] connection and another only limited storage capacity. Their combined capacity is now only 4.5 million bushels. The construction of a 13.5 million bushel capacity elevator at Albany in 1932, presently operated by a private interest, also affected the distribution of export grain among the north Atlantic ports through the years. However, significant changes beginning in 1952 reflect the increasing importance of commercial operations, with the government's activity of less relative importance. Parcel lot shipments are increasing and large exporters have leased or constructed elevators at Boston and Norfolk, in addition to the private operation at Albany. For many years prior to May 1, 1952, the Norfolk and Western operated its Sewall's Point elevator at Norfolk. On that date it leased it to Continental Grain Company. Private operation enables the merchant to blend and upgrade the grain, including grain purchased from trucks. Receipts at this elevator which ranged from a few hundred to 1,749 cars in the years prior to 1945 and from 2,100 to 4,300 cars from 1945 to 1951, rose to 22,316 cars in 1955. The operators of such facilities will no doubt continue to use them as intensively as possible, irrespective of the inland freight rate. Also steamship lines at New York have begun to allow shippers a discount of 50 cents per ton from the ocean rates if the grain is loaded by lighter and floating elevator while the vessel is docked at a general cargo pier. Beginning in early 1957 the Commodity Credit Corporation has sold grain delivered on track at any north Atlantic Port at the same price, thus absorbing any differential in inland freight rates.

The combined result of these circumstances has affected Baltimore's grain traffic. Its share of north Atlantic exports [fol. 4922] declined from 47.6 percent in 1952 to 36.2 percent in 1956 and 25.4 percent in the first 9 months of 1957. In the same period Norfolk's share increased from 5.6 percent, to 19.9 percent, Boston's share from 5.6 percent to 14.5 percent, and New York's share from 6.4 percent to 11.1 percent.

Baltimore has also made special efforts to attract low grade bulk imports such as chrome and manganese ore, which move both in full-cargo lots or large parcel lots of from 2,000 to 5,000 tons. Three railroads have built special ore handling piers with high capacity, efficient, unloading facilities, permitting fast discharge of vessels and dispatch of the ore to the consignee. These facilities began operation in 1917, 1930, and 1951, respectively. Their use in 1956 was substantially less than maximum capacity. Originally built to handle coastwise cargoes of sulphur and phosphate rock as well as these ores, such coastwise receipts have almost disappeared, but with increasing demand for import ore following the war these installations provided efficient facilities to attract it.

Almost all of the 218,151 tons of fertilizer from affected territory exported through Baltimore in the test year was sulphate of ammonia, one of the most important bulk commodities exported through the port. About 80 percent of this is bagged at the piers, using specialized facilities. No other north Atlantic port except Hampton Roads has provided such facilities. Also special bulk loading facilities have been installed to handle the bulk portion of this commodity.

The characteristics of the harbors at the several ports, their proximity and relative ease of access to the open sea, the scope and variety of yards and other rail terminal [fol. 4923] facilities and equipment provided, and the types, capacities and locations of the various physical facilities, including piers, grain elevators and other installations at those ports are shown in detail by the record.

Expenditures for development of physical facilities at north Atlantic ports in the years 1946 to 1955 aggregated $266,000,000. The portions expended for general cargo facilities and specialized facilities at the principal ports are shown in the following table:

		Expenditures, 1946-1955 (Millions of dollars)	
	Number of New General Cargo Berths	General Cargo Facilities	Specialized Facilities
New York	32	$ 92	$22.7
Boston	10	29.3	6.
Total	44	121.3	28.7
Baltimore	2	6.8	25.8
Philadelphia	4	6.2	27.6
Newport News	2	1.4	22.6
Norfolk	4	6.5	5.2
Total	12	20.9	81.2

From the foregoing it is apparent that in making these expenditures the southern tier ports have stressed specialized and bulk cargo facilities while New York and Boston have emphasized general cargo facilities.

New York is not only the largest tonnage port but its share of the total value of United States foreign trade also is the greatest. The Authority reported the 1956 value of foreign commerce moving through the port as $8.3 billion, a 7 percent increase over 1955 and 31 percent increase over 1954. The value of all exports and imports through New York in 1955 was $7.2 million, compared with $3 million for the southern tier ports combined. The total value of such commerce for New York was 43.7 percent of the United States total, as compared with 39.6 percent in 1954. [fol. 4924] The average value per ton in 1955 of exports-imports, exclusive of export coal and grain and import ores and petroleum was $444 for New York and $247 for Boston, compared with $145 per ton for Philadelphia, $164 for Baltimore and $287 for Hampton Roads. The last amount reflects the value of tobacco exports, very little of which originates in differential territory. If tobacco is excluded the average for Hampton Roads was $153. The total dollar value of annual exports-imports through New York from 1887 to 1899 was roughly 9 or 10 times that of Baltimore's. From 1920 to 1925 this increased to about 20 times, which ratio continued long after 1935. With the increase in volume of bulk cargo after World War II the lower ratio again generally prevailed.

Weight to be accorded the distance element.—There is much evidence in the record relating to distances by rail between representative points in affected territory and the several north Atlantic ports, including Canadian ports, also between them and other interior points and south Atlantic and Gulf ports, and by ocean between these United States ports and representative overseas ports. The respondents and the northern tier port interests deny that they have any significant disadvantage in such rail distances as compared with the southern tier ports. Any distance disadvantage they may have is much less than the substantial differences in distances to and from other ports which have a parity or near parity of rates, including the Canadian ports and the wide differences which obtain as to the several south Atlantic and Gulf ports. The southern tier ports, particularly Baltimore, emphasize the advantage in distance which they have to and from certain points in the affected territory. It is apparent however, that considerable disregard of rail distance is characteristic of all port ad-[fol. 4925] justments, as it was in the establishment of the rates here dealt with. *Baltimore Chamber of Commerce* v. *Ann Arbor R. Co.*, 159 I.C.C. 691, 696. In considering this matter in an early proceeding, *In the Matter of Differential Rates, supra* (1905), and the justness of the suggestion that each port should be given the rate to which its location entitles it, the Commission observed that traffic does not stop at the ports but moves to foreign destinations, that more important was the fact that as seaports the four large cities from Boston to Baltimore, inclusive, had a fundamental advantage of location which entitled them to participate in the foreign trade, and that the public interest required that this right be recognized. It concluded that the rates should be so adjusted that this competitive traffic would be fairly distributed between the different ports and the railroads which serve them. That this is also the purpose of the 1935 amendment to section 3 of the act was indicated in *Albany Port District Comm.* v. *Ahnapee & W. Ry. Co. supra; Nueces County Nav. District No. 1* v. *Baltimore & O. R. Co.*, 223 I.C.C. 75, 96; and *Port of New York Authority* v. *Baltimore & O. R. Co.*, 248 I.C.C. 165, 179. In the first of these reports, at page 162 the Commission said:

> "The port rates * * * have, as their chief objective, the maintenance of a competitive relation between the ports. They are not distance rate * * * adherence to the distance principal is incidental and always gives way when necessary to the maintenance of the differential relation between the ports."

Steamship Services at North Atlantic Ports.—The types of ships engaged in foreign commerce on routes to and from the United States north Atlantic ports include those able to carry a wide variety of cargo, some specially designed to carry only one or more types of cargo, various types [fol. 4926] of general cargo vessels which also are fitted to carry some specific types of cargo, or specialized vessels which are equipped to also carry some general cargo, generally on deck. The more specialized types are tankers, refrigerated ships, and coal carrying vessels. General cargo vessels can carry all kinds of dry nonbulk cargo, as well as some dry bulk cargo, such as grain. Where such vessels have specialized space this very often is adaptable for use in carrying general cargo as well. Thus there is some degree of flexibility as to the kinds of cargo which vessels of the various types may carry.

Three types of vessel service are available for ocean cargo. "Liners" are operated by the steamship line on schedules, at regular intervals between designated ports. "Tramps" on the other hand do not operate on schedules, but sail wherever traffic is available. They are the contract carriers of the water shipping business, are usually smaller and slower than liners, and may take a full load for one shipper or partial loads for several shippers. The third kind of service, not important in most foreign trade, is performed by shipper owned vessels. They may carry freight for-hire as well as for their owners account.

General cargo, especially where delivery time is of importance, is most often carried by liners, since the shipper can rely on their published schedules. Where time of delivery is not crucial he may occasionally ship by tramp or when liner space is short, all shippers will use tramps, which generally carry bulk cargo, such as coal, grain, sulphur, fertilizer, or ores and bulk liquids. Shipper-owned vessels usually carry bulk and specialized cargo such as oil, coal, ores and refrigerator cargo.

[fol. 4927] The frequency and quality of sailings at a port are largely dependent upon the availability of cargo. If the volume of traffic is adequate, good and frequent sailings will be available. Rescheduling and rerouting of vessels to take advantage of cargo availability are relatively simple matters. Frequently the only consideration, except where the cargo is not suited to the type of vessel space, is whether the new cargo represents a profitable haul as compared with other uses which may be made of vessels.

Liner operators commonly call at more than one port in a range so that vessels sail fully loaded, and their schedules are altered accordingly. Rerouting of tramps operating on voyage charter to secure desired cargo is characteristic of such an operation. Thus as to these types of transportation availability of freight is a primary consideration and savings which may be achieved through direct sailings are only possible when freight is available.

The most important factors which influence the shipper of export or import freight in the choice of a port are the total cost of hauling the goods, the total time in transit via competing ports, and the service available at each port. The hauling cost involves principally the ocean freight and the rail freight rate. Other lesser items are possibilities of damage due to excessive handling in congested ports and of incurring storage due to congestion or delayed sailings. Time in transit includes that necessary for the ocean voyage and rail movement and any waiting in port, as a result of congestion or lack of sailings.

Importance of time in transit depends upon the kind of freight. As freight rates are small in relation to the value of high grade freight they may be of less concern to a [fol. 4928] shipper than time in transit, and dissuade him from routing such freight over a lower cost route when the higher cost route affords the quickest service. On the other hand, the shipper of low grade freight, as to which the cost of haul represents a greater proportion of the delivered price, must use the lowest cost route to remain competitive, and time in transit is a secondary consideration. Port services, particularly forwarding, banking, insurance, brokerage service, and availability of sailings are important, but relatively less so in the case of low-grade freight than of high-grade tonnage. Also, shippers of low-grade commodities such as ore, grain, coal and other bulk cargo which usually move in fungible and continuous lots, are not greatly concerned with time in transit.

Comparison of dry-cargo vessel services at New York and Baltimore.—The consist of water borne tonnage at the southern tier ports is for the most part bulk cargo, such cargo comprising about 90 percent of Baltimore's tonnage.

Acting on the premise that the volume of general cargo which they can attract is a significant measure of the economic wellbeing and prosperity of a port community, these ports presented a comparative study of general dry-cargo steamship service available at the 5 major north Atlantic ports. Based on data supplied by the United States Maritime Administration showing all general cargo vessels in foreign trade calling at one or more of these ports in the 6 months ending December 31, 1955, which is indicative of the relative quantity and quality of the service available, the following comparisons were developed:

[fol. 4929]

	Number
Ships calling at New York	2,720
Ships calling at Baltimore	1,357
Ships calling at New York but not at Baltimore	1,532
Ships calling at Baltimore but not at New York	181
Ships that both loaded and discharged general cargo at New York but not at any other of the 5 ports	678
Ships that both loaded and discharged general cargo at Baltimore but not at any other of the 5 ports	19
Direct inbound ships unloading general cargo:	
At New York	1,451
At Baltimore	171
Direct outbound ships loading general cargo:	
At New York	1,767
At Baltimore	149

The order in which ships arrive at and depart from the several ports included in their itinerary is important to shippers, particularly of general cargo. Topping off with such cargo at New York is a primary characteristic of the trade. As indicative of the superior quality of the service at that port a count of vessels which called there and at Baltimore during this period, and the elapsed time between their arrival at or departure from one as compared with the other, showed that as to earlier arrivals New York was favored with an advantage of 882 ship days, while Baltimore's advantage was 246 ship days. The advantage in later departure time was 1,039 and 199 days, respectively. Numerous other comparisons show New York's pre-eminence in general cargo services and in direct sailings over the major trade routes. For example, New York had 1,792 direct general cargo departures to 180 first foreign ports of call, contrasted with 162 such departures from Baltimore to but 53 such foreign ports. New York had 1,475 direct general cargo entrances from 200 different last foreign ports of call, as compared with 229 and 89 for Baltimore.

[fol. 4930] Data to rebut the foregoing showing were presented on behalf of New York. These, however, relate to dry cargo tonnage and to dry cargo vessel sailings for 1951 and 1956 at New York and Baltimore. As they include bulk cargo tonnage, such as large volumes of coal and iron ore, and vessels reported as bulk cargo carriers they are not indicative of the general cargo services available at those ports.

The record is convincing that New York has a preponderance of excellent steamship services as compared with the southern tier ports; and that its general cargo services far surpass those at such ports, and afford much more frequent sailings and service to and from a far wider range of trading areas. New York concedes its supremacy in this respect, but contends that its superiority is rapidly diminishing. To support this claim it relies also on dry-cargo vessel sailings, including bulk cargo vessels which handle increasing volumes of coal and iron ore and some grain, of which only the latter is embraced in this proceeding.

Because of more frequent steamship services to a wider range of foreign ports available at New York than at southern tier ports expenses incurred by shippers incident to delays at the latter are frequently avoided at New York. Free time accorded by the railroads, and wharfage and storage charges on import and export freight when held on their piers, are the same at all north Atlantic ports. This free time is 7 days on export freight and generally 5 days on import freight. On freight held longer on such piers. storage charges of 7.5 cents per 100 pounds for the first 10 days, apply.

At New York, except for a few railroad owned piers of little or no importance which are used for loading or un- [fol. 4931] loading ores and scrap, the railroads have no piers comparable to regular cargo piers provided by them at the southern tier ports. Pier facilities at which the terminal operations of steamship lines are conducted are leased by those lines from the city of New York or the Authority. Except for the banana traffic which is unloaded at a private terminal operated by the United Fruit Company at Weehawken, N. J., ships loading and discharging general cargo do not dock at the railroad terminals in New York harbor. Such traffic moving to and from New York is unloaded from or loaded to cars at railroad pier facilities mainly on the New Jersey side of the harbor, and lightered or trucked in lieu of lighterage, between these piers and the steamship piers at various points in the harbor.[8] On export traffic within the free time period the consignee or exporter orders the freight delivered by lighter to the steamship lines pier. Thus storage charges on export freight which accrue after the expiration of free time when the freight is assembled on railroad piers, as at the southern tier ports, can be avoided at New York by ordering delivery to the steamship line piers within the free time. On import freight discharged at New York to a pier controlled by the steamship line the line allows the consignee 5 or 6 days to remove the freight. Since the railroads do not receive this freight directly from the ship no question of free time arises as to it.

The cost to the shipper occasioned by the delay which occurs between loading at Baltimore and departure from New York (or arrival at New York and unloading at Baltimore) is frequently greater than the differential. A map exhibit presented by the Authority showing rail terminal

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[8] A description of the rail and water terminal facilities at New York, the ways in which freight is handled at that port, and the lighterage limits of the harbor may be found in *Lighterage Cases, supra*, at pages 484 to 488.

[fol. 4932] facilities at New York carries the inscription "Save Time—Save Money. Ship Via Port of New York". The witness through whom it was offered explained that the money saving would vary with individual shipments of a large variety of producers in the affected territory but that the Authority believes that on some of their shipments, dependent upon the facilities and services available at New York, such savings are effected.

[fol. 4933] *Supplementary Port Services at North Atlantic Ports.*—New York, in addition to its preponderance of steamship services, has a wealth of supplementary port services. Their several functions and the influence which they exert were shown in detail by the protestant railroads in a comprehensive survey of twelve different types of such services available at the southern tier ports and New York. They include international freight forwarders, custom house brokers, international banking facilities, steamship line representation, consular services, combination export managers, foreign trade zones, commodity exchanges, ship brokers, marine insurance, foreign government purchasing agencies, and foreign chambers of commerce. Among other functions these contribute to the speed and promptness of movement of cargo, thus effecting reductions in interest charges and meeting of letter-of-credit deadline, and avoidance of charges and penalties which arise from unfamiliarity with the demands of foreign trade procedures.

The survey disclosed a notable concentration of these and other interrelated services at the port of New York. Among other advantages of such concentration, not readily appraised, are the personal contact necessary in the effective movement of cargoes, the knowledge of experienced personnel, and the specialization available in all types of services, particularly required by various types of cargo.

Although the record is replete with details as to New York's superiority as to each type of service organization only the principal ones relating to international freight [fol. 4934] forwarders will be set out. Their principal duties include the tracing of shipments to the seaboard where their principal offices are generally located, and, when necessary, to the foreign destination; booking or arranging for cargo space and the consolidation of ocean shipments; preparation and processing of necessary papers relating to the exporting of shipments; clearance of the shipments in accordance with regulations of the United States Government and arranging for certification of consular documents; clearance of imported commodities through United States customs when the forwarder functions as a custom house broker. The forwarder also may arrange for cargo insurance, packing and crating, inspection, marking and warehousing or storage. The foregoing services are essential in promoting foreign trade and are relied upon by shippers and consignees as well as the ocean carrier whom the forwarder serves as agent. The forwarder also provides information on ocean and land freight rates, sailing schedules, sales outlets and sources of supply in this country and abroad, and rules and regulations affecting foreign trade. In his capacity as agent of the ocean carrier he collaborates in the solicitation of business, performing an essential service and substantially influencing the movement of the traffic through ports where his offices are located, rather than through a rival port where his fees must be divided with the agent there employed.

The number of registered foreign freight forwarders who have their main or branch offices at each of the ports is as follows:

[fol. 4935]

	Main Offices	Branch Offices
New York	924	55
Portland	4	(1)
Boston	23	(1)
Philadelphia	29	11
Baltimore	23	16
Hampton Roads	13	10

(1) no data shown

International freight forwarders maintain 49 main offices and 60 branch offices at points in differential territory. Of 32 main offices of those branches located at the four ports 31 are in New York, and one in Philadelphia. Branches of New York firms constitute 44 percent of all such forwarders in Chicago.

A number of shippers in the affected territory testified in support of the proposed equalization. A manufacturer of paper products at Middletown, Ohio receives from 10,000 to 15,000 tons of woodpulp each year. It is bought f.o.b. Baltimore, because of the lower import rate than from Philadelphia, New York or Boston, but its tonnage moves either via Baltimore, or via Portland over differential routes through Canada on rates the same as from Baltimore. Its export shipments of 1,500 to 2,000 tons per year move through West Palm Beach, Fla., New Orleans, La., or Norfolk, Va., because of more favorable freight rates. A steel producer with plants in Pennsylvania, Ohio, and Michigan ships 95 percent of its export traffic through Baltimore because of the freight differential as compared with [fol. 4936] the northern tier ports. Equalization of the rates to these ports would make available to it more sailings than the port of Baltimore affords. A manufacturer of pig iron and ingot molds at Farrell and Sharpsville, Pa., exports a substantial volume of pig iron, about 80 percent of which moves through Baltimore and the remainder by rail-barge routes through New Orleans. The shipments move through Baltimore because of the lower rates than to northern tier ports. If the rates were equalized it would use all of the ports. A large manufacturer of steel, through its export subsidiary, exports over 100,000 tons of plates, sheets, and other articles from 5 plants in the affected territory. As to most of this it controls the selection of the port and a substantial portion is routed through Baltimore and Hampton Roads because of the differential. Where foreign purchasers control the routing those ports are also used extensively. The Union Carbide Corporation imported 378,438 gross tons of chrome and manganese ores in 1956 at 3 of its plants in Ohio and West Virginia, which are in affected territory except as to Hampton Roads ports. Less than 1 percent of this moved through New York and less than 2 percent through Philadelphia. The remainder entered at Baltimore from which the rates are 60 cents and 20 cents per gross ton lower than through New York and Philadelphia, respectively. These ores arrive in ship-load lots at ports designated by the receiver. Frequently the plant to which the ore will ultimately move is not known and the ships are ordered to Baltimore to obtain the lowest inland rate. With equal rates ships could be allocated freely according to the ports' ability to accommodate them, per- [fol. 4937] mitting of more equitable allocation of cars required for loading and avoiding congestion at the ports.

Insofar as the attitude of these shippers as respects the weight which they accord the differentials in their choice of a north Atlantic port may be accepted as representative of those throughout the affected territory, it is significant that they generally regard them as a controlling consideration.

The Port of Boston Commission lays stress on the fact that the port of Boston has been able to attract but little affected territory traffic and that the respondents, including the Boston railroads, since about 1935 have operated under a serious handicap. It urges that the reduced rates for Boston are lawful and should be permitted to become effective regardless of the conclusion which may be reached as to the respondents' proposal as it relates to New York. The only issues which that proposal presents are the broad ones concerning equalization of the northern tier ports as a group with Baltimore. None of the respondents suggests that it raises any issue as to the lawfulness of any changed rate relationship between New England ports and New York. Accordingly the Commission may not treat the tariff concurrences of respondents joining with the Boston railroads as broader than necessary to accomplish equalization of the northern tier ports as a group.

An analysis of Boston's foreign trade tonnage since 1945 shows that it is primarily an importing port for bulk cargoes, which totaled 44 million net tons in the years 1946 to 1955, inclusive, or about 82 percent of its imports. They moved almost entirely to destinations in or near the Boston [fol. 4938] switching district. Of 10,140 carloads of general cargo imports in the test year, only 680, or 6.7 percent, moved to the area west of Buffalo-Pittsburgh, and 8.4 percent moved to Canadian destinations. Of the 680 cars, 270 moved over differential routes through Canada at rates lower than the standard route rates. In that year, of 6,713 cars of general cargo exports, only 93 or 1.3 percent, originated at and west of Buffalo-Pittsburgh, and of the 773 cars which moved to or from that area only 30 percent moved over the New York Central into or out of Boston. Including grain, the Boston railroads handled only 5.6 percent of the export cars and 1.4 percent of the import cars which moved between the affected territory and Boston, Philadelphia, Baltimore and Hampton Roads. The bulk of the foreign traffic in which the New Haven participates is that moving to and from nonaffected territory, principally New England. As to this segment the great preponderance of the imports and the major portion of the exports aggregating about 7,000 carloads in the year ending July 31, 1956, flow through New York. Its traffic witness stated on cross examination that as compared with other railroads serving that port it was under a definite disability in competing for traffic from and to affected territory. Grain, Boston's principal bulk export, averaged about 18 million bushels annually from 1907 to 1919, and 5.2 million bushels from 1920 to 1955. The port attributes the decline to loss of its ocean rate advantage which tended to offset the inland differential at the southern tier ports.

[fol. 4939] New England imports many raw materials from which it manufactures relatively low-density and high-valued articles. These, when exported are generally referred to as top cargo and seek a port which has a multitude of shipping services. As the area has few heavy, basic industries and produces few basic raw materials Boston lacks sufficient bulk and bottom cargoes and commodities such as heavy machinery, automobiles and trucks to attract ships. As a consequence the limited sailings from the port deter shippers in its immediate hinterland from using it, causing further reductions in ship calls. Scheduled sailings for representative periods which Boston shows were 473 at New York, 220 at Philadelphia, 242 at Baltimore, 175 at Hampton Roads, and 65 at Boston. Of the latter, in 47 instances Boston was the first port of call to pick up export cargo, the least desirable schedule position.

Considering that a very substantial majority of the north Atlantic ports general cargo is attracted to New York despite its differential over the southern tier ports and over Albany, the failure of Boston, with rates the same as New York's, to attract a larger volume of the traffic must be ascribed to factors other than an unfavorable rate relationship. The fact that much of the New England export-import traffic moves through New York confirms this. As to grain from the affected territory, traffic said to be more sensitive to rate differences than general cargo, Boston has been able to attract considerably more than New York. Such marked difference in Boston's ability to attract these two types of traffic strongly suggest the existence of influences affect- [fol. 4940] ing the choice and use of ports far more powerful than the present port differentials. The Commission, referring to a decline in Boston's tonnage prior to 1921, observed that the extent to which this resulted from the port differentials was difficult to determine, and that one contributing cause of the difficulty was that Boston had equal rates with New York, its nearest and most powerful competitor. *Maritime Asso., Boston Chamber of Commerce* v. *A.A.R. Co.,* supra, at pages 563-564.

In support of the argument that so long as the differential continues virtually no affected territory traffic can move through Boston, that port points to the much larger movement of woodpulp to affected territory from Portland than from Boston. It attributes this to the fact that Portland's import rates are on the Baltimore basis and lower than those through Boston. It argues that this confirms the testimony of shippers and transportation experts who testified in support of the proposed equalization.

The import rates from Portland have been on the Baltimore basis for over 30 years. Being ice free in winter that port serves as a winter port for Canada and is accorded the same import basis as Halifax, St. John, and Montreal, on traffic routed through Canada. The record shows that the impact of the differential is of itself insufficient to influence the movement through Portland. Virtually the only commodities which are imported through the port are woodpulp and china clay for which special handling facilities are provided at that port. They are raw materials used in the paper industry which is Maine's chief industry. As less than one [fol. 4941] fifth of the woodpulp and one fourth of the china clay move to affected territory it is evident that such movement is merely incident to the movement through Portland for the local market.

Boston, seeking to show that the differentially lower rates from the southern tier ports are an absolute bar to its participation in the north Atlantic traffic, also relies on evidence presented by the General Services Administration, an agency of the Federal government, which supports respondents. This agency directs the routing of about 300,000 tons of import traffic annually to the affected territory but it moved no imports through Boston in 1955 and only 339 tons in 1956. In those years 294,000 and 195,000 tons, respectively, of its imports moved through Baltimore. The remainder of its north Atlantic imports moved through Hampton Roads and Philadelphia. Its witness testified that it favored equalization as that would enable it to route traffic equitably between the various north Atlantic ports. However, it moved none through Portland, although the same rates are available from that port as from Baltimore.

The Maine Central, supported by the Maine Port Authority, The Associated Industries of Maine, and the Maine State Chamber of Commerce introduced evidence in support of maintaining the present differential on imports through Portland to the affected territory. They assert that any reduction of tonnage resulting from its elimination would have serious economic effect upon the entire State of Maine, as it now has few scheduled sailings, and as to imports, no regular arrivals. If entry of the only imports, woodpulp and clay, should be shifted to other larger ports [fol. 4942] outside the State it would result in additional expense for land transportation to Maine industries, adversely affecting their competitive position.

The Maine Central expects no increase in exports to Portland if equalization is effected as any export traffic which might be diverted from the southern tier ports would be attracted to the large volume ports of New York or Boston. It points to the decline since 1952 in the volume of import woodpulp which it handled from Portland to the affected territory as an indication that the differential is not of sufficient importance to maintain or increase this movement.

The imports of china clay through Portland increased from 46,938 tons in 1947 to 73,564 in 1956. The Maine Central movement to affected territory increased from 10,266 tons in 1952 to 16,408 tons in 1956 as the result of solicitation by rail and port representatives and a large investment for handling and storage facilities at Portland. These facilities mostly of recent construction, have 14,500 tons capacity and were designed especially for china clay. No import china clay moves through Boston as there are no special facilities necessary to handle it at that port.

Rates to and from Albany.—Export and import rates between Albany and the affected territory have been the same as those to and from Philadelphia since 1936. However, except for some export grain, averaging about 15 per cent of the movement through all north Atlantic ports since 1946, traffic between Albany and that territory has been almost negligible. Excluding export grain and coal and import iron ore (of which none moves through Albany) and petroleum, it has attracted less than one percent of the [fol. 4943] total movement through north Atlantic ports. Of the tonnage moving during the test year only 1.7 percent of the exports and 0.1 percent of the imports through those ports moved through Albany as contrasted with 10.6 of the exports and 6.6 percent of the imports through Philadelphia.

The port takes the position that the present adjustment discourages or prevents its use; that it deprives it and shippers using it of just, reasonable, and nondiscriminatory rates; and that its favorable geographic location, being served by a water-level rail route and transportation over the barge canal and the Great Lakes, warrants a lower level of rates based on value-of-service as well as cost-of-service considerations. Accordingly, to encourage and promote freedom of movement through the port, it urges that it should be accorded rates no higher than those to and from Baltimore and Norfolk.

Government Export Shipments.—The United States Department of Agriculture, through its Commodity Stabilization Service and Commodity Credit Corporation exports large quantities of grain and processed foods through the north Atlantic ports, generally paying the transportation cost to the port of exit. It favors equalization of these ports at the lowest level of lawful rates because of the benefits which producers and shippers of these products and its export program would derive therefrom. Selection of a port of export involves many factors. Many problems are encountered in routing the shipments ~~such~~ as car supply, terminal charges, availability of warehouse or elevator fa-[fol. 4944] cilities at the ports, and the coordination of their arrival with sailing schedules. Other conditions, such as strikes which are beyond control of the Department, also influence the movement. Its field offices directing the shipments, other things being equal, use the port which will afford the lowest cost, but in some circumstances the port designated or preferred by the receiver is used.

In the year ending May 31, 1957, about 235,000 tons of processed foods were shipped at the direction of its Chicago and Cincinnati offices from undisclosed origins. Of these 48,000 tons moved through Philadelphia and somewhat less through Baltimore, Norfolk and Newport News. About 62,000 tons moved through New York, 6,000 tons through Boston and none through Albany or Portland. Shipment of grain by these offices from January 1 to June 14, 1957, were about 53 million bushels, of which about 29 million moved through the southern tier ports and 24 million through the northern tier ports, including about 11 million bushels through Boston and 9 million bushels through Albany.

Government-controlled import traffic.—The General Services Administration, an agency of the Federal Government, presented evidence in support of the respondents. It states that in the interest of economy, its duty and interest is to seek the lowest reasonable rates "in the furtherance of its shipper * * * interest", as a representative of the Government's executive agencies, and that with respect to foreign commerce this means that, other factors being equal, it should route its traffic through the ports having the lowest transportation cost. Accordingly it favors equalization [fol. 4945] because it would enable it to select the port used on the basis of efficiency and service.

It presented no data as to its export traffic, which is of much less importance than the imports, but its choice of ports of export is dependent principally upon availability of sailings and total landed cost to the foreign destination. In 1955 and 1956 the tonnage of imports through North Atlantic ports to the affected territory for which it was in a position to designate the port of entry and which represents about 60 to 70 percent of its imports, was as follows:

	1955 (Tons)	1956 (Tons)
Boston		339
New York[1]	22,246	26,598
Philadelphia[1]	54,797	14,951
Baltimore	294,515	195,805
Newport News	21,404	30,340
Total	392,962	268,033

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[1] Includes movements through other ports or subports in the same area.

The imports through Baltimore were principally ores, other than iron ore. Although the differentials are important to it from an economy standpoint, many considerations other than the rail rates affected the selection of the port used. Among those cited are the practices of private industry and established markets, such as the principal market for crude rubber, which is in New York, and the fact that at that port the best inspection service is available. Also, vessel operators have some measure of control over ports of call and will schedule only those at which there is adequate traffic. That such considerations often have controlling importance is shown by the movement through Newport News which was only about a tenth of that through [fol. 4946] Baltimore and that, except for a small volume through Boston in 1956, no northern tier port other than New York was used, although such ports afford rates the same as or lower than those from New York.

Other grain shippers.—The Board of Trade of the City of Chicago, two large grain dealers with elevator capacity of 11,000,000 bushels in that city, and a cooperative association of country elevators in Iowa and Minnesota, which operates large elevators in Des Moines, Iowa, and Chicago, all of whom are interested in export movements of grain, presented evidence in support of the proposed equalization. On grain from Chicago as well as from Duluth and Minneapolis, Minn., Peoria, Ill., and St. Louis, Mo., and other midwestern markets the rates to the ports of Baltimore and Hampton Roads and the Gulf ports are generally the same. Those to New York and Boston are one and one half cents higher, equivalent to $9,000 on 1,000,000 bushels of wheat. Despite this difference substantial volumes of grain from affected territory move through Philadelphia and the northern tier ports. Due to the keen competition in the marketing of grain and in the interest of an expanding export trade these parties urge that equalization of the Gulf and north Atlantic ports be accomplished by applying the Baltimore basis of rates to all ports.

Other evidence of Protestants.—In support of the contention that the proposed rates would not be compensatory the protestant railroads submitted a cost study purporting to show that the out-of-pocket costs of performing the service covered thereby would exceed the revenue from them. Similar studies were introduced relating to the rates [fol. 4947] between Boston, Philadelphia, Baltimore, and Hampton Roads and representative inland points. The inland terminal and line haul costs were based on so-called Rail Form A average unit costs, for class I railroads in the Eastern District, as shown in statement 1-57 by the Commission's cost-finding section adjusted to reflect the wage and price level of January 1, 1958, with line haul costs computed to reflect a factor of 13 percent circuity over short-line distances. The principal area of controversy as to costs concerns a third element, the port costs at New York, protestants' position being that these are solely related to the import-export traffic and that the marine and lighterage pier expenses are 100 percent variable with changes in volume of traffic. Port costs relied upon were not computed for export-import traffic loaded or unloaded directly between car and ship, and they are not representative of the cost of handling bulk commodities which use special facilities. They relate only to the predominant method of handling the traffic at New York. The respondents made no study of costs, considering that in view of the relatively minor amounts of the reductions such a study was not needed to establish that their rates would be compensatory. Their position is that because of diminished traffic volume unit costs based on present day tonnages would reflect the large investments in port facilities and equipment made in times of greater traffic volume.

As the respondents' records were not available protestant, in computing the port costs at New York, rely upon special studies showing a weighted average of those costs [fol. 4948] for the Pennsylvania and the pooled port operations of the Baltimore & Ohio and Central of New Jersey in New York harbor. These carriers handle about one third of the involved traffic to and from that port.

Respondents made numerous criticisms of the studies, particularly of the port costs, and a number of revisions were made responsive thereto. However, because of the conclusions hereinafter reached as to a more fundamental matter it is unnecessary to evaluate the proffered cost evidence, or to give it further consideration.

In the test year about 55 per cent of protestants' export-import traffic of the commodities embraced herein through the southern tier ports was to and from affected territory, and 63 percent of that traffic between Baltimore and Hampton Roads and the interior moved to and from that territory, while only about 40 percent of the export-import traffic of the New York Central originated or terminated in that territory. Data for which a comparable ratio for other respondents serving New York might be determined were not supplied. The relatively small proportion of Boston's traffic which moves to and from that territory has already been shown. Thus, it is apparent that the southern tier ports, especially Baltimore and Hampton Roads, are much more dependent upon such traffic and have far less support in the hinterlands which they serve than the respondents.

Data compiled from the traffic study show that of the involved traffic which moved through New York and the southern tier ports over 50 export commodities and about the same number of import articles moved exclusively [fol. 4949] through New York; that over 90 percent of the following exports moved through that port: Flour, ammunition, fresh meats, automobiles and trucks, n.o.s., soybean oil, agricultural implements, glassware, paint, forwarder traffic, and passenger automobiles. From 70 to 100 percent of the following imports, representing the more substantial tonnage volumes, also moved through New York: Copper, 100; coffee, 99; waste materials, 92; metals and alloys, 86; crude rubber, 81; agricultural products, 71; and lead and zinc, 70 percent. The volume of each of the commodities named exceeded 10,000 tons.

Carload export traffic, other than coal, coke, and grain, unloaded at United States north Atlantic ports increased from 203,432 cars in 1939 to 303,149 cars in 1956, an increase of about 100,000 cars. Of that increase 57.7 percent was at New York; 7.4 at Philadelphia; 17.1 percent at Baltimore; 13.6 percent at Hampton Roads; and 3 percent at Boston.

The protestant railroads stress the superiority of the facilities available and the services provided at New York, as compared with the southern tier ports, and which they contend increase the value of the transportation service at New York to such an extent as to require differentials much greater than the present ones. The potency of these factors is also emphasized particularly as it bears upon the validity of the claim of competitive need, relied upon by the respondents. Protestants and their supporting port interests take the position that as the southern tier ports afford no service advantages comparable to those provided by New York, their only competitive appeal is in the rate differential, and if that is lost there will be no incentive to use [fol. 4950] those ports and the more desirable services of New York would be available at equal rates.

The principal, and in some instances the only reason given by one of respondents' traffic officers and by the shippers and receivers in affected territory who testified in support of equalization, for diverting their traffic from the port of New York to the southern tier ports is the lower freight rates which the differentials provide. A large exporter of grain which operates elevators at Albany and Norfolk who testified in support of respondents attributed the much greater volume of grain exported through Baltimore and the increased volume through Norfolk to their freight rate advantage, as by far the largest factor.

Some of these shippers who use the southern tier ports stress that rate equalization would provide them relief from congestion at those ports, excessive demurrage charges, delays in unloading, difficulty in scheduling rapid transportation and maintaining a more even flow of traffic from their plants, and embargoes encountered at those ports. There is no evidence that such situations have existed or are now present at the southern tier ports. To the extent that they may exist, particularly where they result in inferior service at those ports, they would supply a strong incentive, in the event of rate equalization, for a shift in tonnage to the northern tier ports, especially New York. An Ohio manufacturer of rolling mill machinery, presses, and similar articles which exports about 20 million pounds annually presently uses New York, under protest, for 75 percent of its shipments because of conditions [fol. 4951] of letters of credit used by its customers which require use of that port.

Effect of Rate Parity.—Baltimore interests contend that with rate parity that port would lose a large part of its general cargo. They rely on the detailed evidence of New York's superior steamship service and port services and facilities, which the record shows attract substantial traffic through New York en route to or from areas in which the southern tier ports are located, although the rail rates to New York in most instances exceed those to the southern tier ports. As indicating the force of these attractions they point out that as to traffic to and from affected territory the bulk of the general cargo moves through New York despite the differentials; that much traffic to and from New England, including the area near Boston, flows through New York on rates as much as 52 cents higher than to Boston; and as to affected territory traffic on which those ports have a parity of rates, Boston, except for some grain, attracts little tonnage; that although Albany has the Philadelphia basis of rates, except for some grain moving through privately owned elevators, export-import traffic moves past it to New York; and that Portland's traffic to and from that territory, other than grain, is limited to two import commodities on which the Baltimore basis of rates applies.

As to bulk commodities Baltimore contends that the effect of the loss of the differential will be less immediate but equally certain. Its excellent facilities for handling this traffic were developed primarily by the railroads in reliance on their use by exporters of grain and importers [fol. 4952] of ore, because of the saving in inland freight. As bulk commodities, because of their low value are peculiarly sensitive to transportation cost, the differential has greater influence on their movement than on general cargo. This movement is generally in regularly scheduled vessels, at equalized ocean rates, and in shipper owned vessels. The variety of general cargo concentrated in New York has drawn such vessels to that port. With further concentration of such cargo resulting from rate parity, the steamship lines would use their influence to attract more bulk cargo to provide balanced ladings at that ports, with resulting diversion of such cargo on which Baltimore is heavily dependent.

About 90 percent of Baltimore's water-borne commerce consists of bulk commodities such as ores, petroleum, raw sugar, and gypsum rock and grain. It is interested in increasing its volume of general cargo so that it will attract more liner type vessels, and provide a better balance of tonnage and greater revenue for the port. The general cargo moving by rail to and from affected territory in 1955 which aggregated about 1.1 million tons was only about one-fourth of the domestic and foreign general cargo passing through the port. It has had difficulty even with a rate advantage in building up its foreign trade of this type. It fears that the volume will diminish with resulting curtailment of steamship service if New York were accorded a parity of rates with the southern tier ports. If much of this traffic were lost, because of rate parity, and the St. Lawrence Seaway diverts a substantial part of its bulk cargo tonnage, it fears that its port revenues and employ- [fol. 4953] ment in the port area would suffer. Although the competition of the Seaway, especially for export grain, is relied upon by the respondents and the authority to support equalization, Baltimore emphasizes that since bulk commodities are estimated to provide 80 percent of the seaway traffic, New York predominantly a general-cargo port, would be affected much less than Baltimore, which is primarily a bulk cargo port.

Shipper evidence presented by protestants shows a decided preference for the port of New York. A number of manufacturers of a variety of products at points in Maryland in or near Baltimore make a substantial portion of their export shipments through New York, in some instances as high as 95 percent. Most of these move by truck at rates much higher than to Baltimore, generally at the direction of the foreign purchaser or a foreign freight forwarder at New York whom he designates, of brokers at New York, of the domestic corporations who consolidate the shipments at the port for movement to their foreign bases, or of the United States Government when it controls the transportation. The more important factors that influence the use of New York are the more frequent sailings and more adequate foreign port coverage than from Baltimore. The truck as well as rail rates to New York are substantially higher than those to Baltimore by as much as 79 cents.

A freight forwarder at Baltimore who specializes in moving export shipments, providing a carloading service from differential territory, and who is the only forwarder loading regularly scheduled export cars to Baltimore loads such [fol. 4954] cars at Chicago, Indianapolis, Ind., and three Ohio cities. Similar service is provided by other forwarders to other ports including New York and New Orleans, La. In 1951, its first year of operation, with rates three cents less than those of the forwarders loading for New York, it loaded only 40 cars. Although it did not apply the general increases authorized in Ex Parte No. 175 and its fourth-class rates are now about 10 percent lower than those to New York, despite this incentive far fewer cars of forwarder traffic for export move to Baltimore than to New York. During the test year such shipments totaled 5,242 tons, or slightly more than 1/10 of the volume to New York. In its solicitation of this traffic shippers give numerous reasons for preferring New York, the chief of which is the advantage of more frequent direct sailings to more foreign ports, or the directions of their customers who maintain export offices in New York from which they can best control the movement of the freight and its consolidation at the port. Unless it can continue to offer the saving which the present rates to Baltimore afford the shipper, it believes it will be impossible to obtain sufficient traffic to load cars for Baltimore and that it would be compelled to obtain authority to operate to New York or retire from the business.

Other evidence of shipper preference for New York.—As indicative of the force of the influences which impel the use of the port of New York protestant railroads show that a substantial part of the traffic which flows through that port either has its origin or destination in areas where the competing ports are located, or moves through or passes [fol. 4955] such ports en route to or from New York. For example, in 1955 and 1956 about 1,500 carloads of a wide variety of articles imported at New York moved over their rails to Philadelphia and Baltimore. In those years exports consisting of 863 carloads moved from Philadelphia, and 1,722 carloads, about 900 of which were manufactured iron and steel, moved from Baltimore by rail to New York. In the same years numerous carloads of various raw materials and manufactured articles were imported through New York and moved from that port by rail through Philadelphia and Baltimore to points such as Durham, N. C., Jacksonville, Fla., Roanoke and Richmond, Va., Atlanta, Ga., Decatur, Ala., and New Orleans. Included therein were 647 carloads of leaf tobacco moved from New York to Durham, and 139 carloads of coffee to Washington, D. C. Similarly a wide variety of exports moved by rail from the same points or areas to New York. The rates to or from New York were the same in a few instances as the corresponding rates to or from Baltimore, but generally they exceeded the Baltimore rates by amounts far greater than the 3-cent differential.

In this connection protestants direct attention to evidence presented by the port of Boston showing that New England manufacturers used Boston for a small minority of their foreign shipments, although rail or truck rates to that port were in most instances less than to New York. In 1948, 172 such firms routed 81 percent of their export shipments to

New York and only 11.5 percent through Boston. A survey in 1956 disclosed similar preference for ports other than Boston, chiefly because of lack of or too infrequent steamship service from that port.

[fol. 4956] Truckload rates from the affected territory on numerous articles exported or imported through north Atlantic ports do not reflect recognized differentials as do the rail rates. The differences in such rates to or from these ports are greater than the differentials in the corresponding rail rates. For example commodity truck rates on brass or copper ingots to Cleveland, Ohio, are 85 cents from Baltimore, 88 cents from Philadelphia, and 93 cents from New York.

To show that New York's competitive position is far superior to that of Hampton Roads a study was made by the Chesapeake and Ohio for the year July 1956 to June 1957 which disclosed that substantial tonnages from affected territory moved to New York notwithstanding the lower rates favorable to the southern tier ports. For example, of 5,870 cars originated by the Chesapeake and Ohio in that territory during this period, and exported either through Hampton Roads or New York, 4,654 cars were exported through New York. Thus notwithstanding its 3-cent differential advantage this carrier was able to hold only one out of five cars which it originated. The cars lost to the New York Central represented about 20 percent of all carload traffic handled by the Hampton Roads lines from differential territory for export through that port. During the same period the Chesapeake and Ohio, as an intermediate carrier, handled 1,007 cars from affected territory which it delivered to connections for export through New York. Furthermore, it can attract relatively little off-line traffic through its port. In the same period it handled for export through Hampton Roads only 561 cars originated [fol. 4957] by the New York Central and 40 cars originated by the Erie which were turned over to it by those respondents.

To ascertain the effect of the 3-cent differential a study was made of manufactured iron and steel traffic from the Pittsburgh district, from which the rates to New York and

Hampton Roads are the same since Pittsburgh is not in affected territory as to traffic to Hampton Roads. During August and October 1955 and April, May, and June 1956, 178,241 tons moved from that district through New York by five respondent railroads, but only 545 tons moved through Newport News. During the test year the movement to New York of this commodity was 580,073 tons or over 100 times the volume handled through Hampton Roads and over 60 percent more than through Baltimore.

A parity of rates to Hampton Roads and New York also obtains on export traffic from the Province of Ontario, Canada, served by the Chesapeake and Ohio and New York Central. In the year ending in June 1957 only 14 cars moved through Hampton Roads from origins on the Chesapeake and Ohio in that Province, compared with 553 cars from those origins to New York. The Chesapeake and Ohio was unable to attract a single car which the New York Central originated in that territory for movement to Newport News.

A meat packer who operates plants at Madison and Davenport exports lard, pork and pork products over routes through Chicago and the North Atlantic ports in competition with other slaughterers at Chicago, St. Louis, East St. Louis, Ill., and Milwaukee. No reductions are pro- [fol. 4958] posed in the rates from Madison or Davenport. As it must absorb the difference in rates from its plants over those from Chicago, in making such export sales, it objects to the large increase in the rate spreads, in some instances more than doubled, which would result from the proposed reductions from Chicago, contending that this works undue prejudice to it. It states that unless these excessive spreads are adjusted its only alternative will be to move more of its export traffic through Gulf ports. It asks that respondents be required to maintain present spreads as a condition to the establishment of the proposed rates.

Discussion and Conclusions

The port rates proposed to be reduced are part of a rate structure established by voluntary agreement of the eastern railroads more than eighty years ago. As was said in prescribing the reasonable and nonprejudicial port rates to and from Albany in *Albany Port District Comm.* v. *Ahnapee & W. Ry. Co., supra*, this adjustment was not a loose aggregation of separately established rates, but a single entity composed of interrelated rates bound together by the port differentials. To the extent that these differentials are effective in influencing the movement of traffic through particular ports their impact is registered in the tangible evidence of the tonnage data. But as such data also reflect the influence of numerous other factors, including the rail service, the various port services and the ocean service beyond, which may counteract or supplement the effect of the differentials, the complexity inherent in measuring or evaluating their impact is apparent. However, it is equally apparent that as the influence of all these factors [fol. 4959] has already been thus registered, a change in the differential is very likely to cause a shift in the traffic, except where some countervailing influence intervenes.

Some of the ports involved have at various times sought to alter the differentials but prior to this proceeding no carrier or group of carriers has done so. While circumstances which warrant or require some modification thereof may arise the burden of showing such facts and the need for the change in relationships rests upon the proponents of such action. Of controlling importance in this connection are the provisions of section 1, relating to the reasonableness of the proposed relationships, and those of section 3(1) which relates specifically to undue preference or advantage of ports or port districts. Also to be considered is section 15a(2) which requires the Commission to consider the effect of rates on the movement of traffic.

The evidence upon which respondents rely is not convincing that their proposed rates are necessary to afford them and the northern tier ports an opportunity to compete for the subject traffic. On the contrary the record shows that New York continues to attract more of the highly desirable general cargo tonnage so vital to its port economy than all of the other north Atlantic ports combined; that to obtain a volume of traffic which will support even a much lower level of port activity and range of shipping services than New York the southern tier ports have been depending heavily on bulk cargo tonnage; and that, considering the volume and character of the traffic [fol. 4960] disclosed by the traffic study, undue diversion of the subject traffic from those ports to New York would result from the proposed equalization. The comprehensive showing in that study strongly refutes the claims of respondents and their supporting port interests that such equalization is required to enable them to meet the competition of the southern tier ports and to effect a reasonable and nonpreferential rate relationship as between the opposing groups of ports.

The Commission should find: (1) That respondents have not shown that their proposed rates would be just and reasonable; (2) that they have not shown that they would be reasonably related to those on like traffic between the same interior points and the southern tier ports; and (3) that their proposed rates would result in undue preference and advantage of the northern tier ports, particularly New York, and undue prejudice and disadvantage to the southern tier ports.

The Commission should further find that protestant railroads' proposed rates are not shown to be just and reasonable.

The application for relief from the provisions of section 4 of the act should be denied.

Appropriate orders should be entered.

APPENDICES A TO F

(See opposite) ☞

APPENDIX A

Comparison of waterborne Foreign Commerce through United States and North Atlantic Ports, with that through New York.

(Millions of Net Tons)

	1935	Percent of U.S.	1946	Percent of U.S.	1955	Percent of U.S.
Imports	38.7		52.1		153.	
Exports	43.0		96.8		118.1	
Total	81.7		148.9		271.1	
North Atlantic, Total	35.0	42.8	69.9	46.9	158.1	58.3
New York	17.4	21.2	22.8	15.3	38.9	14.4
New York, % of N.A.	49.7		32.6		24.6	

	1935	Percent of U.S.	1946	Percent of U.S.	1955	Percent of U.S.
Imports (excluding petroleum and ores)	26.5		28.4		33.8	
Exports (excluding coal and grain)	33.3		51.2		52.4	
Total	59.8	100.0	79.6	100.0	86.2	100.0
North Atlantic, Total	23.8	40.0	24.5	30.8	29.2	33.9
New York, Total	12.8	21.3	14.4	18.1	16.6	19.3
New York, percent of N.A.	53.7		58.7		56.9[1]	

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[1] Percentage of North Atlantic general cargo exports and imports increased from 58.7 percent in 1955 to 59.1 percent in 1956. (Ex 102) p. 19.

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[fol. 4962]

APPENDIX B

Ocean Borne General Cargo, 1956
Long Tons (Thousands)

	Exports	Imports
North Atlantic:		
New York	6,397	6,495
Other North Atlantic	4,007	4,918
Total	10,404	11,413
South Atlantic:		
North Carolina	219	82
South Carolina	432	241
Georgia	441	365
Florida	995	1,360
Total	2,088	2,048
Gulf:		
Mobile	602	355
New Orleans	3,308	2,693
Sabine	885	87
Galveston	2,651	1,158
Laredo	409	30
Total	7,855	4,323
Pacific Coast:	4,870	3,865
Other	1,770	1,101
Total, United States	26,987	22,750

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~~I. & S. Docket No. 6615~~

APPENDIX C

Exports, Excluding Coal and Grain
(Millions of Net Tons)

					North Atlantic Ports			
	U.S. Ports Tons	N.A. Ports Tons	New York		Northern Tier		Southern Tier	
			Tons	% of N.A.	Tons	% of N.A.	Tons	% of N.A.
1923	(1)	12.9	9.2	72	9.5	74	3.4	26
1946	51.2	14.5	8.5	59	8.9	61	5.6	39
1955	52.4	14.1	8.2	58	8.8	62	5.3	38

[fol. 4963]

Imports, Excluding Petroleum and Iron Ore
(Millions of Net Tons)

1923	(2)	15.4	8.8	57	11.1	72	4.3	28
1946	28.4	12.8	6.2	49	7.4	58	5.3	42
1955	33.8	20.3	9.4	46	11.2	55	9.0	45

(1) 42.3 million tons in 1930.

(2) 26.6 million tons in 1930.

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Ocean-borne Exports
(Millions of Long Tons)

	United States		New York Custom District		
	Total	General Cargo	Total	General Cargo	% of U.S. General Cargo
1923	40.7	21.7	11.1	7.9	36.3
1946	64.2	26.2	11.9	9.9	37.7
1947	91.1	28.8	14.3	10.9	38.0
1948	66.8	22.0	11.4	8.1	36.8
1949	58.8	20.8	9.1	7.0	33.7
1950	39.1	17.0	6.6	5.1	29.9
1951	87.3	20.0	9.7	6.3	31.3
1952	76.1	18.1	7.8	5.7	31.7
1953	57.1	15.3	6.6	4.8	31.1
1954	57.0	18.4	6.6	4.9	26.8
1955	84.6	23.8	8.4	6.4	26.8
1956	113.0[1]	27.0	8.7	6.4	23.7

Ocean-borne Imports
(Millions of Long Tons)

	United States		New York Custom District		
	Total	General Cargo	Total	General Cargo	% of U.S. General Cargo
1923	38.4	17.8	11.6	8.0	45.
1946	44.2	13.6	13.7	5.2	38.2
1947	51.2	14.3	14.5	5.1	35.3
1948	60.8	16.3	17.8	6.2	38.2
1949	58.9	16.7	18.3	5.8	34.6
1950	86.1	21.4	23.0	7.6	35.5
1951	91.0	20.7	22.8	7.1	34.5
1952	97.0	19.5	25.1	6.9	35.6
1953	108.0	21.2	26.2	7.3	34.4
1954	110.7	19.4	25.4	5.8	30.0
1955	130.2	22.3	27.3	6.4	28.6
1956	146.8[2]	22.8	27.5	6.5	28.5

[1] The increase in total exports of about 72 million tons since 1923 distributed roughly was as follows (in millions of tons): Coal 42; grain 14; tanker cargo (petroleum, coal tar products, and molasses) 4; other minerals (sulphur, phosphate, iron ore) 4; foreign aid 3; and general cargo 5. (JG 16-X7).

[2] The increase in total United States imports of 108 million tons since 1923, consisted of the following (in millions of tons): Tanker cargo (mainly residual fuel oil) 66; bulk ores (iron, manganese, chrome, ilmenite, bauxite, copper, lead) 31; other minerals (clays, gypsum, nitrates), 3; and general cargo, 5. (JG 16-X9).

APPENDIX E

Rail Transportation of Foreign Commerce Between U.S. North Atlantic Ports and Affected Territory.

August 1955 - July 1956

IMPORTS	Northern Tier (Net tons)	Northern Tier Percent	Southern Tier (Net tons)	Southern Tier Percent
Products of Agriculture	225,6[illegible]6	33.3	84,268	4.0
Animals and Products	19,597	2.9	4,873	0.3
Products of Mines[1]	41,331	6.1	1,622,761	76.5
Products of Forests	13,100	1.9	41,570	1.9
Manufactures & Miscellaneous	376,672	55.6	368,350	17.3
Forwarder Traffic	130	0.2		
Total Carload Traffic	676,456	100.0	2,121,822	100.0
Percent of North Atlantic	24.2 (52.9)[2]		75.8 (47.1)[2]	

[1] Exclusive of petroleum and iron ore and concentrates.

[2] Exclusive of bulk ores.

EXPORTS	Northern Tier (Net tons)	Northern Tier Percent	Southern Tier (Net tons)	Southern Tier Percent
Products of Agriculture	868,000	29.3	3,993,051	59.5
Animals and Products	124,182	4.2	87,524	2.6
Products of Mines[3]	4,582	0.1	19,213	0.3
Products of Forests	3,310	0.1	2,605	0.1
Manufactures & Miscellaneous	1,913,481	64.6	1,099,690	36.8
Forwarder Traffic	50,599	1.7	5,242	0.7
Total Carload Traffic	2,964,154	100.0	5,207,325	100.0
Percent of North Atlantic	36.3 (62.7)[4]		63.7 (37.3)[4]	

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[3] Exclusive of coal.

[4] Exclusive of grain.

[fol. 4965]

APPENDIX F

Rail Transportation of Exports from Affected Territory (1955-56)

To	Total (net tons)	Percent of N.A.	Grain (net tons)	Percent of N.A.	Other Traffic (net tons)	Percent of N.A.
New York						
Respondents	1,642,349		154,125		1,488,224	
Protestants	750,696		49,869		700,827	
	2,393,045	29.3	203,994	4.4	2,189,051	62.7
Boston	361,772	4.4	358,516	7.7	3,256	.1
Portland	68,192	.8	68,192	1.5	None	
Albany	141,145	1.7	141,000	3.0	145	.0
Total, northern tier	2,964,154	36.3	771,702	16.6	2,192,452	62.8
Baltimore	3,303,499	40.4	2,339,309	50.	964,190	27.6
Philadelphia	854,809	10.6	705,578	15.1	149,231	4.3
Hampton Roads	1,049,017	12.9	859,191	18.4	189,826	5.4
Total, southern tier	5,207,325	63.7	3,904,078	83.5	1,303,247	37.3
		100		100		100

Rail Transportation of Imports from Affected Territory (1955-56)

From	Total (net tons)		Bulk Ores[1] (net tons)		Other Traffic (net tons)	
New York						
Respondents	391,979		27,970		364,189	
Protestants	253,813		2,182		251,633	
	645,792	23.1	29,972	1.9	615,820	50.4
Boston	17,739	0.6	None		17,739	1.5
Portland	12,382	0.4	None		12,382	1.0
Albany	543	0.1	None		543	
Total, northern tier	676,456	24.2	29,972	1.9	646,484	52.9
Baltimore	1,644,844	58.8	1,349,946	85.1	294,898	24.1
Philadelphia	184,759	6.6	59,490	3.8	125,269	10.25
Hampton Roads	292,219	10.4	136,046	8.6	156,173	12.8
Total, southern tier	2,121,822	75.8	1,545,482	98.1	576,340	47.1
		100		100		100

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[1] Other than iron ore and concentrates.

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[fol. 4966]

[fol. 4967]

BEFORE THE INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615

Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204

Import and Export Rates From and To
North Atlantic Ports

ORDER ALLOWING PETITION OF MASSACHUSETTS PORT AUTHORITY THAT IT BE SUBSTITUTED FOR THE PORT OF BOSTON COMMISSION, INTERVENER—October 21, 1959

Present: Anthony F. Arpaia, Acting Chairman, to whom the matter which is the subject of this order has been referred for action thereon.

Upon consideration of the record in the above-entitled proceedings, and of a petition of the Massachusetts Port Authority that it be substituted for the Port of Boston Commission, as an intervener; and for good cause appearing:

It is ordered, That the Massachusetts Port Authority be, and it is hereby, substituted as intervener in the above-numbered proceedings in place of Port of Boston Commission.

It is further ordered, That a copy of this order be served upon each of the parties to these proceedings.

Dated at Washington, D. C., this 21st day of October, A. D., 1959.

By the Commission, Acting Chairman Arpaia.

Harold D. McCoy, Secretary.

[fol. 4968]

BEFORE THE INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615[1]

Equalization of Rates at North Atlantic Ports

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1. Schedules of proposed reduced class and commodity rates on export and import traffic between interior points in differential territory and New York and Albany, N. Y., Boston, Mass., and Portland, Maine, affecting their relation to the present rates on like traffic to and from Baltimore, Md., Philadelphia, Pa., and Norfolk and Newport News, Va., found not shown to be just and reasonable, and to result in undue prejudice and preference as between the ports named.
2. Schedules of proposed reduced rates on like traffic between the same interior points and the ports last named, found not shown to be just and reasonable.
3. Schedules ordered canceled, and fourth-section application denied.

J. H. Colgren, R. E. Costello, J. F. Reilly, R. G. Bleakney, Jr., M. R. Warnock, J. T. Clark, B. Hulkhower, W. Q. Keenan, N. J. Holland, J. W. Grady, G. J. Schwarz, and S. W. Scully for respondents.

S. Goldstein, F. A. Mulhern, E. K. Laux, A. L. Winn, Jr., S. H. Moerman, J. S. Payne, W. J. Myskowski, C. H. Tenney, S. Mandell, S. Brandes, L. J. Lefkowitz, P. Blair, D. F. Tynan, J. B. MacDonald, A. C. Welsh, C. W. Merritt, P. C. Brown, J. J. Thornton, J. F. Toppeta, H. E. Foley, G. Waldstein, G. E. Pratt, D. E. Pinsky, J. T. Ryan, R. G. Curry, F. M. Dolan, M. D. Miller, J. H. Macomber, Jr., F. W. Denniston, A. G. Brand, L. B. Hillsinger, C. W. Bucy, E. L. Saunders, L. M. Shinn, J. L. Pease, J. S. Chartrand, and W. B. Grimes in support of respondents.

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[1] This report embraces also Fourth-Section Application No. 32204, Import and Export Rates from and to North Atlantic ports.

J. Langdon, Jr., R. R. Bongartz, C. J. Henry, Jr., J. S. Shannon, R. B. Claytor, J. W. Hanifin, H. Biaett, M. A. Meyer, Jr., W. J. Taylor, A. W. Hesse, Jr., R. J. Gunning, J. H. Lewin, W. C. Purnell, and W. P. Quinn for protestant railroads.

D. Macleay, W. Price, Jr., M. Duane, F. W. Sullivan, B. A. Wallace, D. Berger, A. M. Ruben, W. C. Burt, R. M. Beckman, H. L. Walker, P. G. Kraemer, C. R. Seal, H. E. Ketner, C. McD. Gillan, W. L. Marbury, J. M. Jones, Jr. and H. E. Mesirow for other protestants.

W. H. Wagner for an interested shipper.

Report of the Commission—Decided December 5, 1960

By the Commission:

Exceptions to the examiner's proposed report were filed by the respondents and port interests of New York and [fol. 4969] Boston, and the protestants and the several port interests supporting them replied. We have heard the parties in oral argument. Exceptions and requested findings not discussed herein nor reflected in our findings or conclusions have been considered and found not justified.

By schedules filed to become effective on July 10, 1956, and later dates, railroads which serve the ports of New York and Albany, N. Y., Boston, Mass., and Portland, Maine (except as hereinafter indicated), and connecting railroads, herein referred to as the respondents, proposed to reduce the rates[2] on export and import traffic, except iron ore, coal, and coke which is the direct product of coal, between those ports, herein referred to as the northern tier ports, and points in the interior in an area on and north of the Ohio River, generally west of the Buffalo, N. Y.,-Pittsburgh, Pa., line, and extending to the Mississippi River. The purpose of the proposal is to equalize the rates, on the Baltimore, Md., basis of rates, on such traffic to and from those ports with the rates on like traffic to and from the ports of Philadelphia, Pa., Baltimore, and the Hampton Roads ports in Virginia, herein called the southern tier ports, and thus abolish the so-called port differentials which have obtained in connection with these rates for many years.

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[2] Rates and differences in rates are stated per 100 pounds, except as otherwise indicated.

By schedules filed to become effective simultaneously with those of the respondents, certain railroads which serve the southern tier ports, some of which also serve New York, for convenience herein referred to as the protestants, proposed to reduce the rates between the southern tier ports and the same interior territory, except as hereinafter described, by the same amounts, and to reduce their rates to and from New York by the same amounts as proposed by their competitors, the respondents. This counter proposal, in the event that the respondents' proposed rates [fol. 4970] were found lawful, would restore the present differentials, thus maintaining the long-standing port relationships, but upon a lower level of rates.

Upon protests of certain of each group of railroads, the one opposing and the other favoring equalization of the ports, and the several port interests and other parties supporting their respective positions, the operation of the proposed schedules was suspended until February 9, 1957, and the proponents of the schedules have voluntarily deferred their operation until the disposition of this proceeding. Certain, but not all, connecting railroads which participate in the rates to both the northern and southern tier ports, in order to remain competitive, joined in the respective suspended schedules.

By fourth-section application No. 32204, filed concurrently with the proposed schedules and heard in connection with the title proceeding, the respondents seek authority to establish and maintain the proposed rates over their lines without observing the long-and-short-haul provisions of section 4 of the Interstate Commerce Act.

The territory to and from which equalization of the northern tier ports with Baltimore is initially proposed is roughly that represented by central freight association territory, including Illinois freight association territory and southern Wisconsin, hereinafter called the affected or differential territory. It includes territory on and west of a line extending from a point just west of Buffalo through

Warren, Oil City, Butler, Pittsburgh, and Washington, Pa., Wheeling, W. Va., thence along the east bank of the Ohio River to Kenova, W. Va., including points in West Virginia, Charleston and west thereof, certain points in Kentucky on the lines of The Chesapeake and Ohio Railway Company, and points on the south bank of the Ohio River from Huntington, W. Va., to Cincinnati, Ohio.

[fol. 4971] Some of the western railroads serving points in northern Illinois, Mississippi River cities, and Wisconsin did not join in the proposed equalization. Thus, if the respondents' proposal became effective, it would cause an increase in the present rate spreads from such points as Davenport, Iowa, and Madison, Wis., over Chicago, Ill., mentioned later herein.

Equalization is proposed only in connection with import and export rates published as such. Eventually it is intended to effect equalization as to all territory to and from which the recognized port differentials have been maintained and as to all export and import traffic, irrespective of the type of rate on which it moves. The protestants are apprehensive of the widespread collateral effects of the equalization of rates on such traffic, including traffic moving on combination rates; also the rates on coastwise and intercoastal traffic, and the domestic rates to and from the ports. There are numerous unrestricted domestic commodity rates to and from the north Atlantic ports which reflect the port differentials and under which there is a substantial movement of export-import traffic.

Differential rates on export-import traffic between the Hampton Roads ports and the interior apply only from and to the portion of differential territory which lies west of the line of The Baltimore and Ohio Railroad Company through Sandusky, Mansfield, Newark, Zanesville, and Marietta, Ohio, thence the Ohio River to Kenova, including points on the lines of the Chesapeake & Ohio and The New York Central Railroad Company in the portion of West Virginia which lies in central territory.

The recognized differences in the present rail rates on import and export traffic, commonly known as the port differentials, including those at Canadian north Atlantic ports, are shown below:

[fol. 4972]

Import traffic

Port	Differentials, in cents per 100 pounds					
	Classes 1	2	3	4	5	6
Canadian ports (Same as Baltimore)						
Portland (Baltimore rates via Canadian routes; New York rates via standard routes)						
Boston (Same as New York)						
Albany (Philadelphia rates, subject to domestic rates as maxima)						
Philadelphia under New York	6	6	2	2	2	2
Baltimore under New York	8	8	3	3	3	3
Hampton Roads (1) (Same as Baltimore)						

Export traffic

Port	Classes 1	2	3	4	5	6
Canadian ports— Halifax, St. John, etc. (Same as New York)						
Montreal (Same as Philadelphia)						
Portland Boston (Same as New York)						
Albany (Philadelphia rates, subject to domestic rates as maxima)						
Philadelphia under New York Grain, 0.5 cent under New York Flour, 1 cent under New York	2	2	2	2	2	2

Baltimore under New York	3	3	3	3	3	3
Grain, 1.5 cents under New York						
Flour, 2 cents under New York						
Hampton Roads (2)						
(Same as Baltimore)						

(1) To territory west of the Sandusky, Mansfield, Zanesville, Marietta line.
(2) From territory west of the Sandusky, Mansfield, Zanesville, Marietta line.

[fol. 4973] On commodity rates, other than on export grain and flour, the same differentials are generally maintained as on class rates.[3] Thus, it will be observed that, except as to the export rates on grain and flour and as to imports moving on first-class or second-class rates, the present recognized differential is 3 cents, Baltimore and Hampton Roads under New York.

In applying the general increases in rates, usually in percentage form, which we have authorized since World War II, the railroads were admonished to restore these differentials. This was done quite promptly on grain and a few other commodities. However, there were extended periods, as much as 3 to 5 years, when, because of extenuating circumstances, rate relationships generally more favorable to the southern tier ports than those reflected by the normal differentials prevailed, thus disturbing the channels of trade. The differentials, normally 3 cents were in numerous instances as much as 5 cents. These disruptions had not been corrected at the time of the traffic study, hereinafter described. Prompt restoration of the differentials was required in *Increased Freight Rates, Eastern, Western and Southern Territories, 1956,* 300 I.C.C. 633, 682-684, decided August 6, 1957.

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[3] The rates on import iron ore from Baltimore and Philadelphia to the Pittsburgh area have been on a parity for over 50 years. See *Iron Ore From Eastern Ports to C.F.A. Points,* 291 I.C.C. 527, 536.

Where class rates apply on this traffic, they are the old docket 15379 rates to and from Baltimore, with those to and from ports north thereof reflecting the above-indicated differentials, except as altered by the disruptions. For example, the class 27.5 import rates to Chicago, including the Ex Parte No. 196 increases, are 96 cents from Boston and New York and 92 cents from Baltimore, as compared with the docket 28300 domestic class rates of 114, 108, and 101 cents, respectively. Under respondents' proposal the 96-cent rate would become 92 cents.

[fol. 4974] Typical present rates (exclusive of increases authorized in Ex Parte No. 212) are as follows: On imports, in carloads, from New York, 152 cents on bananas to Detroit, Mich.; 169 cents on machinery, n.o.i.b.n., to St. Louis, Mo.; 91 cents on crude rubber to Akron, Ohio; 48 cents on ball or china clay to Erie, Pa.; and 671 cents per gross ton on chrome ore to Marietta, Ohio. On exports, in carloads, to New York, 269 cents on automobiles from Flint, Mich.; 114 cents on glass containers from East St. Louis, Ill.; 34 cents (proportional) on wheat from Chicago; 48 cents on manufactured iron and steel articles from Pittsburgh; 112 cents on packinghouse products from Chicago; and 96 cents on tractors from Peoria, Ill. Except on grain, the corresponding Baltimore rates are 3 cents (60 cents when the rates are published per ton) lower than those shown.

Except for the disruption occasioned by the general increases, above mentioned, and which was subsequently corrected, no increase has been made in the differentials which favor the southern tier ports for over 80 years. But the increase in rate level which occurred over those years has proportionately decreased their significance. For example, the sixth-class rates between Chicago and New York-Baltimore were 25 cents and 22 cents from 1877 to 1914. If the increases since authorized, through Ex Parte No. 206, had been applied to those rates they would now be 115 cents and 99 cents, respectively, and would reflect a differential of 16 cents. The increased value of goods has likewise diminished the relative significance of the differential.

When the present differentials were established there were higher ocean rates to and from Baltimore and Philadelphia than to and from the northern tier ports. The differentials were designed, and their effect was, to compensate for the differences in these ocean rates in favor of the northern tier ports. Thus, they tended to produce equal [fol. 4975] total transportation charges between an interior point and the foreign origin or destination over all routes through the several ports, affording the different railroads and ports competitive rates.

Beginning in the early twenties and extending to about 1935, the ocean rates to and from the different ports were equalized. Consequently, the sum of the rail and ocean transportation charges through the northern tier ports served by the respondents became higher than the sum of those charges through the southern tier ports served by the protestants, by the amounts of the above differentials. The respondents and those supporting them here contend that as a result the northern tier ports cannot effectively compete for the traffic, and their share thereof has become actually and relatively less while the southern tier ports have increased their share of the total foreign trade through the north Atlantic ports. The evidence relied upon to support these claims is hereinafter discussed.

The respondents' proposal to abolish the differentials, if made effective, would generally provide an equality of aggregate transportation charges, rail and ocean, between foreign countries and points in the affected territory for the whole range of north Atlantic ports, including Albany. As the respondents do not serve Philadelphia, their proposal to equalize the northern tier ports with Baltimore, if found lawful, presumably would require that the Philadelphia rates also be reduced to the Baltimore basis.

In addition to the respondents, those presenting evidence in support of the proposed equalization include the City of New York, the State of New York, the Port of New York Authority, herein called the Authority, the Port of Boston Commission, The Greater Boston Chamber of Commerce, The Chamber of Commerce of the State of New York, The Brooklyn Chamber of Commerce, the Albany Port District [fol. 4976] Commission, the United States Department of Agriculture, General Services Administration, the Board of Trade of the City of Chicago, and numerous trade and traffic associations in the New York and northern New Jersey port area.

The protestant railroads which urge continuation of the differentials are supported by the Maryland Port Authority, the Virginia State Ports Authority, the Delaware River Port Authority, the City of Philadelphia, the Baltimore Association of Commerce, and the Chamber of Commerce of Greater Philadelphia.

The present differentials, except for brief periods of disagreement between the carriers during the 80's, have been in effct since 1877[4] as the result of an agreement entered into by four north Atlantic port railroads, which had two objectives: To avoid misunderstanding as to the geographical advantages or disadvantages of New York, Philadelphia, and Baltimore as affected by railroad-ocean transportation, and to effect an equalization of rail-ocean transportation cost between interior points and foreign ports reached through those cities. It provided also that rates to and from Boston should be no less than those to and from New York. In 1882, the differentials agreed upon were the subject of an investigation made at the request of the principal terminal railroads serving those ports, conducted by the Thurman-Cooley-Washburn Advisory Commission. It concerned the differentials on domestic as well as foreign traffic. In its report therein, the so-called Cooley award, that Commission concluded that the then-existing differentials should not be disturbed. The respondents introduced that report in evidence, and direct particular attention to the following paragraph thereof:

> [fol. 4977] But we do not assume that the rates which are just today will be just indefinitely. They have become established by the force of circumstances and they ought to give way if future circumstances shall be such as to render it right and proper. They constitute a temporary arrangement only; equitable as we think for the present, but which may become inequitable before the lapse of any considerable time.

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[4] So-called "split" differentials, one-half the standard differentials, were established on grain in 1899. See *In the Matter of Differential Rates*, 11 I.C.C. 13, 20.

> Whenever they shall be found to operate unfairly and to give a force or unnatural direction to trade and whenever it shall appear that they tend to deprive any of the seaports affected by them of the proportion of business that would naturally come to it under the operation of normal competition, the want of equity in the rates will appear and it will be right to modify or perhaps abolish them.

Of the three principles referred to in that report, mentioned variously by the parties as controlling these port relationships; that is, the distance principle, the cost principle, and the "competitive" principle, the last named was found to be the true one and was qualified only to the extent that it should operate in an atmosphere of controlled rate stability rather than of uninhibited rate cutting and competitive strife, the objective being the preservation and promotion of the prosperity of the several ports, not only from the standpoint of their local interests but in the interest and welfare of the people of the nation as a whole. This principle of "competitive opportunity", stated by Albert Fink, Commissioner of the trunk lines, to whom the subject of differential rates had been referred, in his report of December 1, 1881, appears to have been the norm used in testing the soundness of the differentials from their inception.[5] Thus, the advisory commission concluded that the differential rates reflected and were subordinate to that principle, by the operation of which they had come into existence, and that under the circumstances then existing [fol. 4978] they should not be disturbed. However, it added the paragraph above quoted which the respondents, as already indicated, deem significant in its bearing upon the instant controversy.

A detailed history of the differential adjustment is contained in appendix B to the report in *Maritime Asso., ston Chamber of Commerce* v. *A. A. R. Co.*, 95 I.C.C. 539, 583. As early as 1905, and in a number of proceedings both prior and subsequent to the equalization of the ocean rates, we considered the lawfulness of that adjustment, when assailed by one or more of the port interests, and consistently upheld it as lawful. See *Lighterage Cases,* 203 I.C.C. 481, 504. This is the first instance in which any port railroads have proposed to alter the adjustment.

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[5] See Daish, "Atlantic Port Differentials", p. 9. The principle was recognized by the Commission in a proceeding in which the differential rates on grain and flour to New York for export, were assailed. The complaint was dismissed. See footnote 4.

In *Albany Port District Comm.* v. *Ahnapee & W. Ry. Co.,* 219 I.C.C. 151 (1936), in which the port of Albany assailed the domestic rates, then applicable on its foreign traffic, as unreasonable and unduly prejudicial to it and unduly preferential of other north Atlantic ports, our decision, made in the light of the 1935 amendment bringing ports and port districts within the scope of section 3 of the act, prescribed reasonable rates on all port traffic between central territory and Albany on the Philadelphia basis, and required that the undue prejudice to Albany and preference of the other ports therein found be removed by establishing rates which reflected that relationship. In *Export Grain from Buffalo to New York,* 278 I.C.C. 31, 292 I.C.C. 647, we found lawful reduced rates proposed by the railroads, the respondents herein, on ex-lake grain for export from Buffalo to the northern tier ports, and which were on a parity with those to Baltimore. That adjustment is unrelated to the one here in issue. *Maritime Asso., Boston Chamber of Commerce* v. *A. A. R. Co., supra,* 126 I.C.C. 199, 208-209, 214. In a recent proceeding, import rates on iron ore from Philadelphia and New York to certain destinations in the affected territory the same as those from [fol. 4979] Baltimore, were found lawful. *Iron Ore From Eastern Ports to C.F.A. Points,* 291 I.C.C. 527, 299 I.C.C. 195 (this proceeding was reopened and is pending). The rates on import iron ore are not in issue herein.

The principal respondents are the New York Central which serves New York, Boston, and Albany; the Erie Railroad Company, The Delaware, Lackawanna and Western Railroad Company, and the Lehigh Valley Railroad Company which serve New York; The New York, New Haven and Hartford Railroad Company which serves New York and Boston; and the Boston and Maine Railroad which serves Boston and Portland. The principal protestants are the Baltimore & Ohio and The Pennsylvania

Railroad Company which serve Baltimore, Philadelphia, and New York; the Reading Company which serves Philadelphia; and the Western Maryland Railway Company which serves Baltimore. The protestants serving Hampton Roads are the Pennsylvania, the Chesapeake & Ohio, the Norfolk and Western Railway Company, and the Virginian Railway Company. Since the hearing the two last-named carriers have merged, as have the Erie and the Lackawanna.

The Maine Central Railroad Company, which also serves Portland, occupies a unique position. It reluctantly joined in the proposed reduced export rates to that port on the Baltimore basis, to avoid having the highest rates to any United States Atlantic port if the rates proposed by the other respondents were to become effective. Import rates on certain commodities from Portland to the affected territory are on the Baltimore basis and are published by the Canadian railroads, including the Grand Trunk Railway System, whose lines extend from Portland through Canada to the affected territory. The Maine Central participates in those rates, which are on the Baltimore level, differentially lower than the present rates from New York and Boston. It opposes the respondents' proposed import rates, which would eliminate the present differential.

[fol. 4980] The respondents contrast the present inequality in rail rates to and from the north Atlantic ports with adjustments of export and import rates to and from the south Atlantic and Gulf ports. The south Atlantic ports from Morehead City, N. C., to Jacksonville, Fla., and the Gulf ports are grouped as to import-export rates from and to central territory west of the lines of the Monon Railroad extending from Michigan City to Indianapolis, Ind., and of the New York Central thence to Cincinnati. Such equalization also obtains to and from a large portion of western trunkline territory. Similarly, the Gulf ports from Pensacola, Fla., to Corpus Christi, Tex., are equalized on both export and import traffic from and to portions of Illinois, Iowa, Missouri, and eastern Kansas. Between these south Atlantic and Gulf ports and certain points in the affected territory served by the eastern railroads, including the New York Central, the Pennsylvania, and the Baltimore & Ohio, the rates are generally lower than those to and from New York. Since 1947 these railroads, in order to be in a position to compete with other lines for this traffic, have participated in such rates which are either on the Baltimore basis or lower.

The respondents' position is that, as they are faced with diminishing traffic and the differences in the ocean rates to and from the north Atlantic ports have long since disappeared, the principle of the right to compete, which permitted establishment of the equalized rates to and from the south Atlantic and Gulf ports, to the extent above indicated, should be applied to the north Atlantic ports.

Other factors threatening to affect their competitive position, and which motivated the respondents in their decision to equalize the north Atlantic port rates, were (1) the then-imminent completion of the St. Lawrence Seaway, recently opened to deep draft vessels, with its potential attraction for grain and other traffic, which they consider makes it all [fol. 4981] the more imperative that their rail rates be the same as those of the southern tier port lines in their competition for the remaining traffic and the generation of new tonnage to replace that diverted, and (2) the depletion of iron ore reserves in the upper Great Lakes region, adversely affecting the New York Central ex-lake ore traffic to the Youngstown, Ohio, and Pittsburgh areas.

Another consideration urged by the respondents is that the railroads serving the ports of Philadelphia, Baltimore, and Hampton Roads move large tonnages of export and tidewater coal to those ports, which in recent years have increased substantially and promise to continue; and that due to the geographical origin of this coal it is doubtful if much of it would be available to the ports of New York and Boston, but that such traffic affords a backbone of revenue-producing tonnage to the southern tier port roads which is important to their successful operation and prosperity, with the consequence that the conditions are now the reverse of those which induced establishment of the differentials, predicated on the concept of aiding weak or handicapped ports. The respondents argue also that the heavy importation of iron ore provides an important revenue contribution, especially to the Baltimore and Philadelphia roads. Their evidence, however, indicates wide fluctuations from year to year in coal tonnage. In five of the years in the postwar decade, the volume handled through Hampton Roads was less than half that in 1955, dropping from 20 million tons in 1947 to 2 million tons in 1950. Proportionately greater fluctuations occur at Baltimore. Its volume of 11.4 million tons in 1947, the peak year, declined to 0.3 million in 1950, rose to 4 million in 1951, and dropped to 0.6 million in 1954. Imports of iron ore through Baltimore and Philadelphia in the same decade were more stable, the volume expanding quite consistently. However, the [fol. 4982] proportion of this volume which is utilized in those port areas and the extent to which the remainder contributes to railroad revenues is not disclosed. The rates on such ore to the affected territory are the subject of other pending proceedings.

The respondents contend that a change in conditions has occurred in the transportation of foreign commerce through the north Atlantic ports since the differentials were established; that following equalization of the ocean rates, completed in 1935, the higher northern tier port rates had the effect of diverting a large share of the traffic to and from the affected territory through the ports south of New York; and that the full effect of this diversion was not immediately felt, but the peacetime shipping following World War II disclosed the impact of that change, as a result of which a preference of the southern tier ports now exists. In this connection they quote from *New York Produce Exchange* v. *Baltimore & O. R. Co.*, 7 I.C.C. 612 (1898), in which it was found that disturbance of the differentials, which had then been observed for over 20 years, was not justified. However at page 620 appears this statement: "Manifestly, however, the conditions which determine the fairness of a differential are continually varying," and on page 669 it is pointed out that "actual observation of the effect of these preferences is the best if not the only means of determining their fairness * * *." They also cite *Chamber of Commerce of N. Y.* v. *N.Y.C. & H.R.R. Co.*, 24 I.C.C. 55, 57, where this Commission said, with reference to the north Atlantic port adjustment: "We are not to be understood as holding that the present rate adjustment will for all time or for any particular period of time be just and reasonable, * * *." The respondents accept the view expressed by the Thurman Commission in 1882, reiterated in the report first cited, that the most satisfactory test of these differentials is the result of their operation. As they [fol. 4983] put it, "the crucial test for Commission consideration is the proven traffic diversion, which continues today."

The position of the Authority, in which the State of New York and the City of New York join, is that the overall decline in foreign tonnage through the port of New York in recent years indicates that the proposed reduced rates are necessary to enable the respondents to compete on more nearly equal terms with the railroads serving the southern tier ports, and that, with an equality of ocean rates, there is no competitive necessity for a rail rate differential against New York.

After the respondents had presented their evidence in chief, as provided by special rules of procedure, a petition was filed by the principal protestant railroads requesting that we institute, as part of these proceedings, an investigation into the cost of rail transportation of all export and import traffic to and from the port of New York, particularly with relation to the terminal costs of the respondent railroads at that port. In their reply the respondents urged that their proposal raised only a question of rate relationships between the north Atlantic ports and required no investigation of the level of those rates. The petition was denied on the ground, *inter alia,* that the burden of establishing the lawfulness of the proposed reduced rates to the northern tier ports rested upon the respondents.

The position of the protestants serving Baltimore and Philadelphia is (1) that the respondents have not sustained their burden of showing that the suspended rates between New York, Boston, and Albany and the affected territory would be lawful, nor that those rates from and to New York would be compensatory or competitively justified; and (2) that the southern tier ports would be seriously injured if the present differentials were abolished. They urge [fol. 4984] also that there is no justification for rates to and from Boston lower than those to and from New York.

The protestants serving the Hampton Roads ports (except the Pennsylvania) contend that no competitive need has been shown for the respondents' proposed reduced rates, and they are not shown to be just, reasonable, consistent with the national transportation policy, or otherwise lawful. Their evidence is directed almost wholly to the proposal as it relates to New York. That port, they say, is "the real competition faced by Hampton Roads."

With respect to their suspended schedules, which are in the nature of a counter proposal, the protestants are in agreement that this proceeding presents a basic issue of rate relationship between the port of New York and the southern tier ports. Accordingly, they request that this issue be decided on the present rate level so as to avoid needless sacrifice of carrier revenue, which would result in the event all of the schedules should become effective. As it is clear that the sole issue is one of lawful rate relationships, determination of that issue may appropriately be made independently of the counter proposal. In view of our conclusions herein, the evidence presented in support of the counter proposal need not be considered. See *Export Grain From Buffalo to New York,* on further hearing, *supra,* at page 658.

Excluding goods exported to Canada and Mexico, which comprise about 30 percent of all the foreign trade of the United States, the movement of United States manufactures to foreign markets has been steadily declining. The principal movement of both exports and imports is raw materials, and to a lesser extent, semifinished goods.

Ocean-borne commerce is classified into two types of cargo. By far the largest in volume is bulk cargo. It consists generally of low-value, heavy-volume raw materials which are handled at the port by mechanical facilities and [fol. 4985] provide bottom loading for ships or may move as full cargoes. The other type, called general cargo, includes principally manufactured and semimanufactured goods of relatively high value, which are usually packaged. General cargo generally constitutes the more profitable "top loading" for ships in a balanced cargo operation.

The type of traffic determines the character and to a large extent the cost of the port terminal service which the port railroads perform in delivering traffic to or receiving traffic from the ship, although the facilities employed may vary widely depending upon the physical characteristics of the harbor used. Another important distinguishing characteristic lies in the relative commercial and economic benefits which a port derives from these different types. General cargo, which requires the performance of various and numerous services, including handling and stevedore service and the supplementary port services hereinafter described, provides greater employment and produces a far greater revenue per ton for the port community through which it moves than does bulk cargo, which is mostly handled by specialized mechanical facilities such as those used in unloading grain and coal. However, both types of cargo are considered essential to a healthy port economy.

North Atlantic port foreign commerce.—The principal exports of the United States are grain, cotton, other raw materials such as coal and phosphate, and semimanufactures. The large volume imports are chiefly crude materials, such as petroleum and ores.

Foreign trade through United States coastal ports in 1955, expressed in net tons, consisted of 144 million tons of imports and 96 million tons of exports, a total of 240 million tons, as compared with a total of 83 million tons in 1923 and 124 million tons in 1946. In 1955 the north Atlantic ports' share was 102 million tons or about 71 per- [fol. 4986] cent of the imports, and 54 million tons or about 56 percent of the exports, as compared with 61 percent of the imports and 48 percent of the ocean-borne exports in 1923. The principal bulk cargo moving through these ports includes petroleum, ores, grain, and coal.

North Atlantic bulk cargoes.—Petroleum imports through the north Atlantic ports rose from 5.5 million tons in 1923 to 65 million tons in 1955. The preponderance of the increase was through the ports of New York and Philadelphia. Most of this traffic consists of crude petroleum which is refined near the ports, and residual fuel oil consumed on or near the seaboard, which seldom, if ever, moves by rail. Little or none of it moves to differential territory.

Importation of iron ore through the north Atlantic ports aggregated 16.8 million tons in 1955. This ore enters for the most part through Baltimore and Philadelphia, with a relatively small volume through Hampton Roads and Boston, and a negligible amount through New York. It moves to some extent in full cargoes in chartered or private vessels. The rates thereon are not here in issue.

Other imports of ores and concentrates, the rates on which are embraced herein, move in much smaller volume than iron ore. They consist chiefly of chrome, copper, aluminum, and manganese. Especially since 1946, they have moved in substantial and increasing volume, generally in bulk, but some in drums or barrels. These ores, of which 5.1 million tons were moved through north Atlantic ports in 1955 (1.5 million tons to the affected territory), enter mostly through Baltimore, Philadelphia, and New York, with much smaller but increasing volumes through Hampton Roads.

Coal, also not here concerned, with 34 million tons in 1955, is by far the chief commodity exported through the [fol. 4987] north Atlantic ports as a group. It moves generally in full cargo lots in tramp or chartered vessels. The great preponderance moves through Hampton Roads, the tonnage handled at that port increasing from 2.7 million tons in 1923 to 29.4 million tons in 1955, while that through Baltimore increased from 1.4 million to 3.7 million tons. During that period the combined volume through New York and Philadelphia was substantial only in 1945 to 1949 and in 1951 and 1952, but even in those years their aggregate volume was less than that at Baltimore. Thus, the increase in coal exports through the north Atlantic ports was most notable at Hampton Roads.

From the standpoint of volume, grain is the second most important commodity exported through these ports, increasing from 4.2 million tons in 1923 to 5.4 million tons in 1955. It is the chief export and by far the most important bulk commodity, of the tonnage moving to and from the affected territory. From 1923 to 1955 there were large increases in the tonnage to Baltimore and Hampton Roads, a lesser increase to Albany, and a decrease in the volumes through New York, Philadelphia, and Portland. The net result was an increase from 58 to 73 percent of the north Atlantic port total for the southern tier ports, and a drop from 42 to 27 percent of that total for the northern tier ports. Grain requires special port terminal facilities and moves largely in full cargo lots. The 1955 movement was distributed as follows: Baltimore 2.3 million tons, Hampton Roads 1 million, Albany 0.8 million, Philadelphia 0.7 million, New York 0.4 million, with Boston and Portland dividing 0.2 million tons.

General participation of north Atlantic ports in foreign commerce.—A considerable portion of the tonnage data relied upon by the respondents and those supporting them relates to the trends of the several north Atlantic ports' participation in all ocean-borne foreign commerce of the United States, as distinguished from that to or from the [fol. 4988] affected territory. These data show the volume of such commerce through each of those ports since 1923, regardless of the mode of transportation used. It is not limited to rail tonnage nor to the specific interior area with which this case is concerned. Such evidence has little or no significance as an indication of the trends which the ports have experienced with respect to the traffic here concerned.

The total of ocean-borne exports and imports combined through New York rose from 22.6 million gross tons in 1923 to 36.2 million tons in 1956, but that port's share of the total United States ocean-borne exports and imports declined from 28.6 percent to 14 percent during this period. Its share in 1935 was 26.5 percent, and in 1946 it was 23.7 percent. The greater part of the decline in its relative foreign-trade position occurred in the period following World War II.[6]

For Boston the situation as to all ocean-borne traffic is somewhat similar. Its imports increased from 2.4 million gross tons in 1946 to 5.5 million tons in 1956, a gain proportionately greater than for New York in the corresponding period. During the same years its exports increased from 395,000 tons to 952,000 tons, while New York's declined from 12 million to 8.7 million tons. The change in tonnage, in the same period, exclusive of the principal bulk commodities, for Boston and New York and for the southern tier ports, is shown in appendix C. The percentage of total United States foreign tonnage moving through Boston dropped only slightly during that decade, from 2.6 to 2.5 percent. However, while the trend of Boston's total volume of exports and imports has been upward, since 1923 its percentage share has trended down- [fol. 4989] ward, declining from 4.7 percent in 1923 to 2.5 percent in 1956, a drop slightly less proportionately than for New York.

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[6] These data and those in appendix D hereto were reported by the Bureau of the Census. Those shown in appendix A are from "Waterborne Commerce of The United States" by the U.S. Army Corps of Engineers.

The share of the southern tier ports in total United States imports and exports increased from 1923 to 1956 as follows: Philadelphia from 7.9 to 15.7 percent; Baltimore from 8.4 to 10.4 percent; and Hampton Roads from 4.3 to 17.1 percent. Bulk cargo accounted for most of this increase.

Tonnage data showing the total of exports and imports through New York, as compared with the total for the United States, in the years 1923 and 1946 through 1956, are set forth in appendix D. The extent of New York's participation in exports and imports of general cargo is also shown.

Except for 19.1 million gross tons of tanker cargo imports in 1956, an increase from 2.4 million tons in 1923, the principal foreign trade of New York in 1956 was general cargo. That port compares the increases in its share in this type of cargo, 1956 over 1955, of 0.1 percent in exports and 1.9 percent in imports, with much larger percentage increases, ranging up to 37 percent for exports and 29 percent for imports, at the principal Gulf and south Atlantic ports and the Pacific coast ports as a group.

New York's position in United States foreign trade.—While New York emphasizes the drastic decline in its percentage of the total United States import and export tonnage, particularly since World War II, its increasingly less favorable position relatively during this period stems largely from its failure to participate in the large increase in the export movement of coal, its generally smaller share of the increasing exports of grain, and its inability to share proportionately in the burgeoning imports of petroleum and ores, especially iron ore. Exclusive of coal and grain, total exports through Baltimore increased from 1,871,867 [fol. 4990] tons in 1946 to 2,348,734 tons in 1955. Because of declines in such tonnage through Philadelphia and Hampton Roads, the exports through southern tier ports aggregated 5,600,743 and 5,316,338 tons in those respective years. Comparable data for the northern tier ports are 8,893,598 and 8,827,021 tons, respectively, of which about 8.5 million and 8.2 million moved through New York. Nothing in these data suggests that any decline experienced by the northern tier port group or by New York in their percentage participation in such exports was due to an increase in the participation of the southern tier ports.

Carload export traffic, other than coal, coke, and grain, unloaded at United States north Atlantic ports increased from 203,432 carloads in 1939 to 303,149 carloads in 1956, an increase of almost 100,000 cars. Of the increase, 57.7 percent was at New York, 7.4 percent at Philadelphia, 17.1 percent at Baltimore, 13.6 percent at Hampton Roads, and 3 percent at Boston.

From 1946 to 1955, as to export coal and grain, New York like all the other north Atlantic ports, except Albany as to grain and Hampton Roads as to coal and grain, suffered a decline in the aggregate exports of these commodities. Through Hampton Roads their movement increased from 4.9 million tons in 1946 to 30.7 million tons in 1955, as compared with an increase from 45.5 million to 65.5 million tons from all of the United States. About 95 percent of the increase in total export volume at Hampton Roads in this period was of coal traffic.

The United States imports of petroleum and ores aggregated 23.7 million tons in 1946 and 119 million tons in 1955. an increase of 95.3 million tons. Of this, about 66 percent or 63 million tons occurred at north Atlantic ports, divided as follows: New York 14 million, Portland 8 million, and Boston 2 million tons, a total of 24 million tons, as compared with an increase of 39 million tons at southern tier [fol. 4991] ports, divided: Philadelphia 26 million tons, Baltimore 10.5 million tons, and Hampton Roads 2.5 million tons. During this decade New York's imports of these two commodity groups increased 181 percent, as compared with 400 percent for the United States and 247 percent for all north Atlantic ports.

Summarizing, the exceptionally heavy exports of coal through Hampton Roads and the large increases in imports of petroleum and ores, in absolute volume and percentagewise, through Philadelphia and Baltimore, largely explain the loss of the relative position which New York has experienced in United States ocean-borne foreign commerce. As shown in appendix A, if the tonnages of those bulk commodities and also that of export grain are excluded from the total tonnage of imports and exports through the north Atlantic ports, New York increased its percentage of the movement through those ports from 53.7 percent in 1935 to 56.9 percent in 1955.

Also contributing to the decline in New York's relative position as to total United States exports and imports has been the rapid growth since World War II of trade through the south Atlantic, Gulf, and Pacific ports, due in large measure to the expanding population and industrial development in the areas tributary to those ports. Their relative importance in the handling of general cargo in 1956, as compared with New York and other north Atlantic ports, is shown in appendix B.

Considering New York's position in the competition for all north Atlantic foreign trade, the following table shows, in the first column, the total of exports and imports for 1955:

Port	(1) Total (tons)	(2) Imports (tons)	(3) Exports (tons)
New York	38,897,567	9,442,033	8,612,347
Philadelphia	37,136,849	2,965,677	2,619,374
Baltimore	25,733,775	4,370,151	4,640,435
Hampton Roads	35,888,849	1,713,203	2,031,777

[fol. 4992] If import petroleum and iron ore, and export coal are eliminated, for the reasons among others that they do not move to or from the affected territory or the rates thereon are not in issue in this proceeding, the tonnages are as shown in columns (2) and (3). As those in column (3) include grain and those in column (2) bulk ores other than iron ore, they do not indicate the relative value to the several port communities of the tonnages. The following table shows the tonnages, excluding these commodities and also those previously named. Accordingly, it is representative of the total general cargo which moves through the ports named:

Port	Total (tons)	Imports (tons)	Exports (tons)
New York	16,612,501	8,434,065	8,178,436
Philadelphia	4,455,974	2,651,018	1,804,956
Baltimore	3,795,869	1,648,071	2,147,798
Hampton Roads	1,937,100	1,142,812	794,288

These tables show that New York handled more tonnage of all commodities than any of the southern tier ports; excluding petroleum, coal, and iron ore, it handled nearly as much as those ports combined; and it handled about 60 percent more general cargo exports and imports than those ports combined.

The foregoing comparative data relate to the foreign traffic flow through the ports regardless of its domestic origin or destination, or the mode of inland transportation when the goods move to or from an inland point other than the port of entry or port of export. A July 1957 issue of a Port of New York Authority publication states that trucks pick up and deliver over 50 percent of the export and import general cargo at the port of New York's piers. Reference is made therein to an instance of 35 trailer-loads of machinery moved from a single pier in one day. There is no indication that any bulk cargo moved to or from any of the ports by truck. But such cargo moving between the affected territory and New York has available to it inland barge [fol. 4993] service by the New York State barge canal.

Alleged loss of competitive position since 1945.—The respondents claim that the northern tier ports have suffered a loss in relative position with respect to north Atlantic port tonnage beginning in 1946. In analyzing this claim all export tonnage exclusive of coal and grain, and all import tonnage exclusive of petroleum and iron ores, will be considered. The results, with those for New York stated separately, are shown in appendix C.

In 1955, of the north Atlantic port exports, the share of the four northern tier ports, excluding coal and grain, was 62 percent, the same as it was in 1945, and slightly higher than it was in 1946, the year when the respondents claim their relative position began to deteriorate. The volume of exports through Boston of 435,118 tons in 1955 was the largest for any year shown except 1943, a war year, and was more than double that of 1946. As the table shows, the southern tier ports' exports declined from 1946 to 1955, Baltimore alone showing an increase from 1.9 million tons to 2.3 million tons.

As to imports, excluding petroleum products and iron ore, the northern tier ports are not shown to have suffered a marked loss in relative standing since World War II. Their 1955 volume was 11.2 million tons, as compared with 7.4 million tons in 1946. Those volumes represented 58 percent and 55 percent, respectively, of the total of these imports through the north Atlantic ports. Since 1945 their share of that total has ranged from 53 to 58 percent. Boston's share declined from 8 percent in 1946 to 7 percent in 1955, but its volume of 1.4 million tons in 1955 was about 40 percent greater than in 1946. There was little change in Portland's or Albany's relative position from 1946 to 1955, although their tonnage expanded.

The imports through New York increased from 6.2 million tons in 1946 to 8.4 million in 1948, while those of [fol. 4994] Baltimore increased from 2.2 million to 3.3 million tons. By 1955 these had risen to 9.4 million and 4.4 million tons, respectively. Baltimore's increase over 1946 was 2.2 million tons, but 1.3 million tons of this represented an increase in the movement of ores, other than iron ore. Of the increase of 3.2 million tons at New York from 1946 to 1955, about 0.6 million was of such other ores. While the volume of these ores rose from 0.4 million to 1 million tons at New York, it rose from 1.4 million to 2.7 million tons at Baltimore and from 0.6 million to 0.7 million tons at Philadelphia.

Foreign traffic embraced in this proceeding.—The record contains no complete comparative data from which the trend of the subject traffic, and the effect of ocean-rate equalization upon it, to and from New York and the other northern tier ports, can be determined. Nor were such data presented for the southern tier ports. The only evidence indicative of such a trend relates to the post World War II period for the port of New York only, and is restricted to traffic of the four respondent railroads as shown in the following table. The data in the last column relate to a test period hereinafter described. As most of the tonnage data for Boston are for this period, few comparisons with any earlier period are afforded. The Boston & Maine shows comparable Boston tonnage for 1951. Its export traffic in that year was 1,264 carloads, as compared with 3,253 carloads in 1955-56. All but 46 and 18 of such shipments were of grain. Its import traffic from Boston was 188 and 226 carloads for those years, of which 34 and 28, respectively, were wood pulp:

[fol. 4995]

	1946	1947	1951	August 1955-July 1956
	Tons	Tons	Tons	Tons
New York Central:				
Import	148,073		229,373	149,002
Export	775,644[1]		502,791	515,403
Delaware, Lackawanna & Western:				
Import		72,912	163,646	91,492
Export		407,868	273,795	351,108
Totals	923,717	480,780	1,169,605	1,107,005
	Carloads		Carloads	Carloads
Erie:				
Import	3,969		5,916	3,164
Export	18,807		22,816	19,660
Lehigh Valley:				
Import	5,042		5,348	2,939
Export	13,630		14,621	10,555
Totals	41,448		48,701	36,318

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[1] Does not include grain; statistics unavailable.

The protestants contend that the data thus shown reveal a creditable performance under the prevailing differentials. They urge that in evaluating them it must be borne in mind that 1946 and 1951 reflect the influence of war activities; nevertheless exports of the New York Central and Lackawanna in the test year exceeded those of 1951, and their imports in that year exceeded those in 1946 or 1947. They stress that such traffic was obtained despite the development in these postwar years of fierce truck competition, affecting particularly general cargo, and in the face of differentials often greater than the normal ones here in issue. Other than an unusually heavy volume of export grain through the north Atlantic ports in 1951, the years 1946 and 1951 do not seem atypical in respect of the kind of traffic here considered.

[fol. 4996] In view of the paucity of comparative data relating to the trend in the movement of foreign traffic between the several north Atlantic ports and the affected territory, an attempt was made to demonstrate that New York's failure to participate more fully in this traffic is due to large increases in the volume of foreign tonnage through the southern tier ports, and that these tonnages originated in or were destined to the affected territory.

The Authority contends that a close correlation existed, in the period 1929 to 1954, between manufacturing employment in the United States and total foreign trade. During that period the number of manufacturing employees increased by 67 percent and the tonnage of ocean-borne exports and imports increased 82 percent. As that tonnage includes large quantities of export coal and grain, and of import petroleum, production of which bears little, if any, direct relation to manufacturing, it is clear that the validity of this premise has not been established. The Authority undertook to show also that there is a similar correlation between the total foreign tonnage moved through New York and the southern tier ports, and manufacturing employment in the affected territory and in the immediate hinterlands of those ports. The increase in tonnage was 118 percent and in employment 50 percent, during the same period.

Assuming the existence of the stated correlation, the Authority reasons that in order to determine which north

Atlantic port or ports serve as a gateway for the traffic to and from the affected territory it is necessary simply to compare the tonnage flowing through the ports with the manufacturing employment in their hinterlands. It argues that any increase in volume not generated by such employment in the port's hinterland area necessarily represents traffic to and from the affected territory. It shows data [fol. 4997] which purport to disclose such a situation with respect to the southern tier ports; that is, an increase in employment in their hinterland from 1.4 million to 1.8 million, contrasted with total export and import tonnage through those ports of 16.5 million and 63 million gross tons in 1929 and 1954, respectively.[7] From these it concludes that there has been an "astonishing increase" through these ports which cannot be ascribed to the relatively small increase in employment in their hinterland, and hence that this increase was caused by traffic to and from the affected territory.

An analysis of the tonnage data demonstrates the unsoundness of this conclusion. The data of record show that export-import tonnage through the southern tier ports was 19.1 million net tons in 1928 and 67.3 million tons in each of the years 1947 and 1954. Of these, petroleum, iron ore and concentrates, coal, and grain aggregated 10 million tons in 1928 and 54.4 million tons in 1954. Export coal and grain bear little, if any, relation to manufacturing employment; petroleum imports do not move to the affected territory; and probably very little of the iron ore in 1947 and less than half of that in 1954 moved to that territory. The aggregate tonnage of petroleum, coal, iron ore, and concentrates was 51.7 million tons in 1954, an increase of about 43 million tons over 1928, as compared with an increase in total foreign tonnage of 48.2 million tons, 1954 over 1928. Thus, there is little support for the conclusion that the increase in tonnage through the southern tier ports is attributable to movements of the subject traffic from and to the affected territory.

The traffic studies.—The respondents made a study of the subject traffic, broken down by commodity classes, which moved to and from the northern tier ports over their lines during a 12-month test period ended July 31, 1956. The protestant railroads made a similar study of the traffic [fol. 4998] which they handled through the southern tier ports and also of that to and from New York over the Pennsylvania and the Baltimore & Ohio. Traffic data of The Central Railroad Company of New Jersey to and from New York were made available to them and were included in their study, although that road did not join in publishing the reduced rates to New York and is not a party to this proceeding. The protestants also compiled tonnage data for comparable port traffic handled over the same lines to and from areas other than the affected territory. All of the data relating to the subject traffic were combined to present a complete picture thereof handled to and from the affected territory in the test year.

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[7] The volume shown for 1947 is 60.4 million gross tons.

While the record lacks comprehensive evidence from which comparative trends of this traffic through the northern tier ports and the southern tier ports can be determined, the data in the combined studies for the test year show in detail, the volume of the specific commodities, including export grain but exclusive of export coal and import petroleum and iron ore, which moved through each of the ports during that period. These data are summarized in appendices E and F by commodity groups and for the two opposing port groups, and show the extent to which each port and the railroads which serve it participated in the traffic in issue at the time this proceeding was instituted. These data are the best evidence which the record affords of the combined relative impact of the present differentials and other circumstances upon the movement of the subject traffic through the several ports.

Import tonnage here concerned.—As shown in appendix E, the 2,121,822 tons of imports which moved through the southern tier ports exceeded by far the 676,456 tons through the northern tier ports, but the difference in these volumes is somewhat less than the volume of products of mines, [fol. 4999] 1,622,761 tons, imported through the southern tier ports. The latter products consisted almost entirely of ores and concentrates, other than iron ore.

The next largest tonnage is in the manufactures and miscellaneous group, the total of 745,022 tons being divided almost equally between the two groups of ports. New York obtained 47.6 and Baltimore 28.2 percent of the total.

The chief agricultural imports were coffee and fresh bananas. Coffee totaled 135,762 tons and moved almost entirely through New York. Of the total of 117,142 tons of bananas, 62,664 tons moved through Baltimore and 53,946 tons through New York. Thus, the only import tonnage which moved in substantial volume as to which the northern tier ports failed to obtain a proportionate share was that of ores and concentrates, exclusive of iron ore.

Boston's imports of 17,739 tons, including 5,088 tons of crude rubber, were somewhat greater and more diversified than those of Portland, but they were insignificant as compared with the volume at New York or any of the southern tier ports. They comprised only about 0.6 percent of the total imports, excluding petroleum products, which moved to the affected territory through the north Atlantic ports, contrasted with 1.7 million tons moved through the port in 1955 to all destinations, a volume almost 100 times greater. Imports through Portland consisted of relatively small quantities of clay and wood pulp.

Export tonnage here concerned.—As in the case of imports, the preponderance of the 8.2 million tons of exports through all north Atlantic ports, or 63.7 percent, moved through the southern tier ports. The excess of 2,234,171 tons moved through those ports reflects the greater tonnage of agricultural products consisting of 3,993,051 tons, or 82.1 percent of the total of these products (as compared [fol. 5000] with 868,000 tons or 17.9 percent through the northern tier ports), offset by the difference in the tonnages of manufactures and miscellaneous. Those tonnages were 1,099,690 tons for the southern tier ports and 1,913,481 tons for the northern tier ports, or 36.5 percent and 63.5 percent, respectively, of the total. New York's share was 63.4 percent and that of Baltimore 29.3 percent. The total of about 3 million tons included 950,022 tons of manufactured iron and steel, of which 61 percent moved through New York and 37 percent through Baltimore.

Thus, of the three groups supplying the principal volume of exports, only in the agricultural products group, of which about 88 percent was corn and wheat, were the southern tier ports able to show a greater share of the tonnage than the northern tier ports. The proportions of the agricultural exports through Boston, Albany, and Portland were 7.4 percent, 2.9 percent, and 1.4 percent, respectively, of the north Atlantic total, as compared with 6.2 percent for New York. Except for some grain, very little export traffic moved from the affected territory through Boston, Portland, and Albany. For example, only 68 carloads of such traffic to Boston were handled by the New Haven, as compared with 1,867 carloads from unaffected territory.

Summary of foreign traffic here concerned.—Of a total of about 11 million tons of exports and imports, exclusive of import petroleum and iron ore and export coal, handled between the north Atlantic ports and the affected territory in the year ended July 31, 1956, about one-third moved through the northern tier ports. The preponderance of the tonnage passed through the southern tier ports, but as to imports the excess consisted almost wholly of ores and concentrates other than iron ore, and as to exports it was represented entirely by grain and grain products. Of the [fol. 5001] only other group of importance in this case, manufactures and miscellaneous, almost two-thirds of the exports and over one-half of the imports were handled through the northern tier ports. Thus, the evidence demonstrates the ability of those ports as a group to attract the preponderance of the tonnage, except as to export grain and import ores and concentrates, the movement of which appears to be largely attracted to the southern tier ports because of more adequate facilities or other circumstances relating peculiarly to those commodities, discussed later in this report.

The complete dominance by New York of the north Atlantic general-cargo traffic to and from the affected territory is clear. Of imports, its volume exceeded that of all the other ports combined, was more than double that of Baltimore, and almost four times that of Hampton Roads. As to general-cargo exports, New York's volume was 62.7 percent of the total volume for all of the ports and over 50 percent greater than that of the southern tier ports combined. Also, it was more than double the Baltimore volume and more than ten times that of Hampton Roads.

Both as to the total exports from the affected territory and the total imports handled to that territory, New York's volume was more than double that of Hampton Roads, and about three times that of Philadelphia. Baltimore's tonnage surpassed New York only because of its large volume of export grain and of import bulk ores, other than iron ore.

Bulk cargo commodities.—The respondents call attention to the increase in total exports of grain since 1945 through Baltimore and Hampton Roads, and the decreasing volume of such traffic through their ports. The number of carloads of all export grain handled at the several ports in 1945 and 1956, respectively, were as follows: Portland, 8,960 and 1,639; Boston, 6,462 and 10,607; Albany, 2,270 and [fol. 5002] 13,709; New York, 21,419 and 12,639; Philadelphia, 26,423 and 23,423; Baltimore, 43,339 and 51,817; and Hampton Roads, 2,284 and 19,035.

As in the case of other traffic, the record contains little evidence showing the trend of grain exports to the respective ports from the affected territory. However, as shown in appendix F, this grain tonnage is an important part of the commerce of the southern tier ports. The volume of 2,339,309 tons moved through Baltimore in the test year represented more than 70 percent of all the export tonnage herein considered, and that exported through Philadelphia and Hampton Roads represented over 80 percent of all exports from the affected territory through each of those ports. The corresponding movement of export grain through New York was 204,000 tons, which was less than 10 percent of the tonnage of all commodities originated in the affected territory and exported through that port. Thus, the grain tonnage from the affected territory to Baltimore almost equaled the total export tonnage from that territory to New York.

While, as stated, New York's general-cargo tonnage far exceeds that of Baltimore, the protestant railroads have improved Baltimore's position as a port by attracting bulk commodities, chiefly grain and bulk ores, for which they have provided specialized loading or unloading facilities. As to grain, from 1915 to 1924 they constructed three modern elevators equipped for handling, cleaning, and bagging grain, with a storage capacity of 11.5 million bushels. This was increased to 13 million bushels in 1956. They provided berths for loading simultaneously at least eight ocean vessels directly from the elevators. New York continued to lead Baltimore by a wide margin in the export of grain through 1943. Notable in contributing to its supremacy were numerous parcel lot shipments moving in liners affording [fol. 5003] direct service to foreign ports, and the availability of grain exporters at the port. Also, ships could load grain from lighters while taking on general cargo on the pier side, thus effecting important savings. With the heavy Government exportation after World War II, and its need for storage capacity, the Baltimore facilities have attracted expanding volumes, which began to move increasingly in full-cargo lots.

Despite its pre-war leadership, New York's elevator facilities and storage capacity of 10.75 million bushels in 1905 dwindled to 3 elevators, one of which, on Gowanus Bay, has no direct rail connection, and another only limited storage capacity. Their combined capacity is now only 4.5 million bushels. The construction of an elevator with a capacity of 13.5 million bushels at Albany in 1932, presently operated by a private interest, also affected the distribution of export grain among the north Atlantic ports through the years. However, significant changes beginning in 1952 reflect the increasing importance of commercial operations, and the Government's activity is of less relative importance. Parcel lot shipments are increasing, and large exporters have leased or constructed elevators at Boston and Norfolk, in addition to the private operation at Albany.

For many years prior to May 1, 1952, the Norfolk & Western operated its Sewall's Point elevator at Norfolk. On that date it leased it to the Continental Grain Company. Private operation enables the merchant to blend and upgrade the grain, including grain purchased from trucks. Receipts at this elevator, which ranged from a few hundred to 1,749 carloads in the years prior to 1945, and from 2,100 to 4,300 carloads from 1945 to 1951, rose to 22,316 carloads in 1955. The operators of such facilities will no doubt continue to use them intensively, irrespective of the present [fol. 5004] freight rate adjustment. It is noteworthy that in 1952 the ex-lake rates on grain from Buffalo to the north Atlantic ports were equalized, and that Norfolk's share of that grain increased in that year from almost nothing to 6.9 percent. For the years 1952-56 its share averaged 15.3 percent, and the average for New York was 27.5 percent. Steamship lines at New York have begun to allow shippers a discount of 50 cents per ton from the ocean rates if the grain is loaded by lighter and floating elevator while the vessel is docked at a general-cargo pier. Beginning in early 1957, the Commodity Credit Corporation has sold grain delivered on track at any north Atlantic port at the same price, thus absorbing any differential in the inland freight rates.

The combination of several of the foregoing circumstances has affected Baltimore's grain traffic. Its share of north Atlantic exports declined from 47.6 percent in 1952 to 36.2 percent in 1956 and 25.4 percent in the first 9 months of 1957. In the same period Norfolk's share increased from 5.6 percent to 19.9 percent, Boston's share from 5.6 percent to 14.5 percent, and New York's share from 6.4 percent to 11.1 percent.

Baltimore has also made special efforts to attract low-grade bulk imports such as chrome and manganese ore, which move both in full-cargo lots and in large parcel lots of from 2,000 to 5,000 tons. Three railroads have built special ore-handling piers with high-capacity, efficient unloading facilities, permitting fast discharge of vessels and dispatch of the ore to the consignee. These facilities began operation in 1917, 1930, and 1951, respectively. Their use in 1956 was substantially less than maximum capacity, but with the increasing demand for import ore following the war these installations have proved attractive.

Almost all of the 218,151 tons of fertilizer from the affected territory exported through Baltimore in the test year [fol. 5005] (22.6 percent of its general cargo exports) was sulphate of ammonia. About 80 percent of this is bagged at the piers, using specialized facilities. No other north Atlantic port except Hampton Roads has provided similar facilities. Also, special bulk-loading facilities have been installed to handle the bulk portion of this commodity.

Relative expenditures for port facilities.—The characteristics of the harbors at the several ports, their proximity and relative ease of access to the open sea, the scope and variety of yards and other rail and marine terminal facilities and equipment provided, and the types, capacities, and locations of the various physical facilities, including piers, grain elevators, and other installations at those ports, are shown in detail of record.

Expenditures for development of physical facilities at north Atlantic ports in the years 1946 to 1955 aggregated $266,000,000. The portions expended for general cargo facilities and specialized facilities at the principal ports appear in the following table:

		Expenditures, 1946-1955 (Millions of dollars)	
Port	Number of new general cargo berths	General cargo facilities	Specialized facilities
New York	32	$ 92	$22.7
Boston	10	29.3	6
Total	42	121.3	28.7
Baltimore	2	6.8	25.8
Philadelphia	4	6.2	27.6
Newport News	2	1.4	22.6
Norfolk	4	6.5	5.2
Total	12	20.9	81.2

From the foregoing it is apparent that in making these expenditures the southern tier ports have stressed specialized and bulk-cargo facilities while New York and Boston have emphasized general-cargo facilities.

Value of port commerce.—New York is not only the largest tonnage port, but its share of the total value of United States foreign trade also is the greatest. The Authority reported the 1956 value of foreign commerce moving through the port as $8.3 billion, an increase of 7 percent [fol. 5006] over 1955 and 31 percent over 1954. The value of all exports and imports through New York in 1955 was $7.2 billion, as compared with $3 billion for the southern tier ports combined. The total value of such commerce in 1955 for New York was 43.7 percent of the United States total, as compared with 39.6 percent in 1954.

The average value per ton in 1955 of exports-imports, exclusive of export coal and grain and import ores and petroleum, was $444 for New York and $247 for Boston, as compared with $145 per ton for Philadelphia, $164 for Baltimore, and $287 for Hampton Roads. The last amount reflects the value of tobacco exports, very little of which originates in differential territory. If tobacco were excluded, the average for Hampton Roads would be $153. The total dollar value of the annual exports-imports through New York from 1887 to 1899 was, roughly, 9 or 10 times that at Baltimore. From 1920 to 1925 this increased to about 20 times, which ratio continued long after 1935. With the increase in volume of bulk cargo after World War II, the lower ratio again generally prevailed. The table in appendix A shows comparative values for New York and Baltimore.

Weight to be accorded the distance element.—There is much evidence of record relating to distances by rail between representative points in the affected territory and the several north Atlantic ports, including Canadian ports; also between them and other interior points and south Atlantic and Gulf ports; and by ocean between these United States ports and representative overseas ports. The respondents and the northern tier port interests deny that they have any significant disadvantage in their rail distances as compared with the southern tier ports. Such distance disadvantages as they have are much less than the substantial differences in distances to and from some other ports which have a parity or near parity of rates, including the Canadian ports, and the wide differences which obtain where the several south Atlantic and Gulf ports are equalized.

[fol. 5007] The southern tier ports, particularly Baltimore, emphasize the advantage in distance which they have to and from certain points in the affected territory. The average of the short-line distances from class-rate base points in the affected territory is 698 miles to Baltimore, 750 miles to Philadelphia, 804 miles to New York, and 921 miles to Boston. The average distance between Hampton Roads ports and the affected territory is 883 miles, as compared with 853 miles between that territory and New York. It is apparent that considerable disregard of rail distances is characteristic of all port adjustments, as is was in the establishment of the rates here dealt with. See *Baltimore Chamber of Commerce* v. *Ann Arbor R. Co.*, 159 I.C.C. 691, 696. In considering this matter in an early proceeding, *In the Matter of Differential Rates, supra* (1905), and the justness of the suggestion that each port should be given the rate to which its location entitles it, this Commission observed that traffic does not stop at the ports but moves to foreign destinations, that more important was the fact that as seaports the four large cities from Boston to Baltimore, inclusive, had a fundamental advantage of location which entitled them to participate in the foreign trade, and that the public interest required that this right be recognized. The conclusion reached (page 77) was that, in the public interest, the rates should be so adjusted "that all the ports and the various lines serving them may fairly compete for this traffic." That this is also the purpose of the 1935 amendment to section 3 of the act was indicated in *Albany Port District Comm.* v. *Ahnapee & W. Ry. Co., supra*; *Nueces County Nav. District No. 1* v. *Baltimore & O. R. Co.*, 223 I.C.C. 75, 96; and *Port of New York Authority* v. *Baltimore & O. R. Co.*, 248 I.C.C. 165, 179. In the *Albany* case, at page 162, we said:

> [fol. 5008] The port rates * * * have, as their chief objective, the maintenance of a competitive relation between the ports. They are not distance rates. * * * adherence to the distance principle is incidental, and always gives way when necessary to the maintenance of the differential relation between the ports.

Steamship services at north Atlantic ports.—The types of ships engaged in foreign commerce on routes to and from the north Atlantic ports include those able to carry a wide variety of cargo, some specially designed to carry only one or more types of cargo, various types of general-cargo vessels which also are fitted to carry some specific types of cargo, or specialized vessels which are equipped also to carry some general cargo, generally on deck. The more specialized types are tankers, refrigerated ships, and coal-carrying vessels. General-cargo vessels carry all kinds of dry nonbulk cargo, as well as some dry bulk cargo, such as grain.

Three types of vessel service are available for ocean cargo. "Liners" are operated by the steamship line on schedules at regular intervals between designated ports. "Tramps", on the other hand, do not operate on schedules, but sail wherever traffic is available. They are the contract carriers of the water shipping business, are usually smaller and slower than liners, and may take a full load for one shipper or partial loads for several shippers. The third kind of service, not important in most foreign trade, is performed by shipper-owned vessels. They may carry freight for hire as well as for their owners' account.

General cargo, especially where delivery time is of importance, is most often carried by liners, since the shipper can rely on their published schedules. Where time of delivery is not crucial or when liner space is short, some shippers will use tramps, which generally carry bulk cargo, such as coal, grain, sulphur, fertilizer, or ores and bulk [fol. 5009] liquids. Shipper-owned vessels usually carry bulk and specialized cargo such as oil, coal, ores, and refrigerator cargo.

The frequency and quality of sailings at a port are largely dependent upon the availability of cargo. If the volume of traffic is adequate, good and frequent sailings will be available. Rescheduling and rerouting of vessels to take advantage of cargo availability are relatively simple matters. Frequently the only consideration, except where the cargo is not suited to the type of vessel space, is whether the new cargo represents a profitable haul as compared with other uses which may be made of vessels.

Liner operators commonly call at more than one port in a range so that vessels sail fully loaded, and their schedules are altered accordingly. Rerouting of tramps operating on voyage charter to secure desired cargo is characteristic of such an operation. Thus, as to these types of transportation availability of freight is a primary consideration.

The most important factors which influence the shipper of export or import freight in the choice of a port are the total cost of hauling the goods, the total time in transit via competing ports, and the service available at each port. The hauling cost involves principally the ocean freight and the rail freight rate. Other lesser items are possibilities of damage due to excessive handling in congested ports and of incurring storage due to congestion or delayed sailings.

Importance of time in transit depends upon the kind of freight. As freight rates are small in relation to the value of high grade traffic, they may be of less concern to a shipper than time in transit, and dissuade him from routing such freight over a lower-cost route when the higher-cost route affords the quickest service. On the other hand, the shipper of low-grade freight, as to which the trans- [fol. 5010] portation cost represents a greater proportion of the delivered price generally uses the lowest-cost route to remain competitive, and time in transit is a secondary consideration. Port services, particularly forwarding, banking, insurance, brokerage service, and availability of sailings are important, but relatively less so in the case of low-grade freight than of high-grade tonnage. Also, shippers of low-grade commodities such as ore, grain, coal, and other bulk cargo which usually move in fungible and continuous lots, are not greatly concerned with time in transit.

Comparison of dry-cargo vessel services at New York and Baltimore.—The consist of water-borne tonnage at the southern tier ports is for the most part bulk cargo, such cargo comprising about 90 percent of Baltimore's tonnage. Acting on the premise that the volume of general cargo which they can attract is a significant measure of the economic wellbeing and prosperity of a port community, these ports presented a comparative study of general dry-cargo steamship service available at the five major north Atlantic ports. Based on data supplied by the United States Maritime Administration showing all general-cargo vessels in foreign trade calling at one or more of these ports in the six months ended December 31, 1955, which is indicative of the relative quantity and quality of the service available, the following comparisons were developed:

	Number
Ships calling at New York	2,720
Ships calling at Baltimore	1,357
Ships calling at New York but not at Baltimore	1,532
Ships calling at Baltimore but not at New York	181
Ships that both loaded and discharged general cargo at New York but not at any other of the 5 ports	678
Ships that both loaded and discharged general cargo at Baltimore but not at any other of the 5 ports	19
Direct inbound ships unloading general cargo:	
At New York	1,451
At Baltimore	171
Direct outbound ships loading general cargo:	
At New York	1,767
At Baltimore	149

[fol. 5011] The order in which ships arrive at and depart from the several ports included in their itinerary is important to shippers, particularly of general cargo. Topping off with such cargo at New York is a primary characteristic of the trade. As indicative of the superior quality of the service at that port, a count of vessels which called there and at Baltimore during this period, and the elapsed time between their arrival at or departure from one as compared with the other, shows that as to earlier arrivals New York was favored with an advantage of 882 ship-days, while Baltimore's advantage was 246 ship-days. The advantage in later departure time was 1,039 and 199 days, respectively. The record shows similar advantages in service of general-cargo vessels, New York over Hampton Roads.

Numerous other comparisons show New York's preeminence in general-cargo services and in direct sailings over the major-trade routes. For example, New York had

1,792 direct general-cargo departures to 180 first foreign ports of call, contrasted with 162 such departures from Baltimore to but 53 such foreign ports. New York had 1,475 direct general-cargo entrances from 200 different last foreign ports of call, as compared with 229 and 89 for Baltimore.

Data to rebut the foregoing showing were presented on behalf of New York. These relate to dry-cargo tonnage and and to dry-cargo vessel sailings for 1951 and 1956 at New York and Baltimore. As they include bulk-cargo tonnage, such as large volumes of coal and iron ore, and vessels reported as bulk-cargo carriers, they are not indicative of the general-cargo services available at those ports.

The record is convincing that New York has a preponderance of excellent steamship services as compared with the southern tier ports; and that its general-cargo services far surpass those at such ports, and afford much more frequent sailings and service to and from a far wider range of trading areas. New York concedes its supremacy in this respect, [fol. 5012] but contends that its superiority is rapidly diminishing. To support this claim it relies also on dry-cargo vessel sailings, including bulk-cargo vessels which handle increasing volumes of coal and iron ore and some grain, of which only the latter is embraced in this proceeding.

Because of more frequent steamship services to a wider range of foreign ports available at New York than at southern tier ports, expenses incurred by shippers incident to delays at the latter are frequently avoided at New York. Free time accorded by the railroads, and wharfage and storage charges on import and export freight when held on their piers, are the same at all north Atlantic ports. This free time is 7 days on export freight and generally 5 days on import freight.

On export traffic the consignee or exporter orders the freight delivered by lighter to the steamship line's pier within the free time period. Thus, storage charges on export freight which accrue after the expiration of free time when the freight is assembled on railroad piers, as at the southern tier ports, can be avoided at New York by ordering delivery to the steamship line piers within the free time. On import freight discharged at New York to a pier controlled by the steamship line, the latter allows the consignee 5 or 6 days to remove the freight. Since the railroads do not receive this freight directly from the ship, no question of free time arises as to it.

The cost to the shipper occasioned by the delay which occurs between loading at Baltimore and departure from New York (or arrival at New York and unloading at Baltimore) is frequently greater than the differential. A map exhibit presented by the Authority showing rail terminal facilities at New York carries the inscription "Save Time—Save Money. Ship Via Port of New York." The witness [fol. 5013] through whom it was offered explained that the money saving would vary with individual shipments of a large variety of producers in the affected territory, but that the Authority believes that on some of their shipments, dependent upon the facilities and services available at New York, such savings are effected.

Rail terminal service on foreign freight at New York.—At New York, except for a few railroad-owned piers of little or no importance which are used for loading or unloading ores and scrap, the railroads have no piers comparable to regular cargo piers provided by them at the southern tier ports. Pier facilities at which the terminal operations of steamship lines are conducted are either owned by them or leased from the City of New York or the Authority. They are generally on Manhattan Island or Brooklyn water fronts and to a smaller extent on the lower Jersey shores or Staten Island. Except for some of the banana traffic which is unloaded at a private terminal of the New York Central operated by the United Fruit Company at Weehawken, N. J., ships loading and discharging general cargo do not generally dock at the railroad terminals in New York harbor. Such traffic moving to and from New York by rail is usually unloaded from or loaded to cars by manual labor at railroad pier facilities, mainly on the New Jersey side of the harbor, where it is transferred to or from lighters and lightered, or trucked in lieu of lighterage, between these piers and the steamship piers at various points in the harbor.[8] A relatively small proportion of the traffic is transferred by carfloat.

During September 1956, of the export-import tonnage handled at New York by four of the respondents and the [fol. 5014] protestants which serve the port, 16.6 percent was transferred directly between car and ship and the remainder was handled by railroad marine equipment or trucked in lieu of lighterage to or from shipside. The traffic which is loaded or unloaded directly between car and ship consists almost entirely of bulk commodities. For example, the New York Central's pier 9 at Weehawken is its only pier in the New York terminal area used primarily for direct docking. It is used almost exclusively for bulk import ore. That respondent has but one grain elevator, at pier 7, Weehawken. Its capacity is 2 million bushels. Grain handled there may be either loaded directly into ships or transferred to them at other points in the harbor, using floating elevators.

Supplementary port services at north Atlantic ports.—New York, in addition to its preponderance of steamship services, has a wealth of supplementary port services. Their several functions and the influence which they exert in supporting the movement of cargo, and in promoting and expediting foreign trade, were shown in detail by the protestant railroads in a comprehensive survey of 12 different types of such services available at the southern tier ports and New York. They include international freight forwarders, custom house brokers, international banking facilities, steamship-line representation, consular services, combination export managers, foreign trade zones, commodity exchanges, ship brokers, marine insurance, foreign government purchasing agencies, and foreign chambers of commerce. Among other functions, these contribute to the speed and promptness of movement of cargo, thus effecting reductions in interest charges and meeting of letter-of-credit deadlines, and avoidance of charges and penalties which arise from unfamiliarity with the demands of foreign-trade procedures.

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[8] A description of the rail and water terminal facilities at New York, the ways in which freight is handled at that port, and the lighterage limits of the harbor may be found in *Lighterage Cases, supra,* at pages 484 to 488. See also *State of New Jersey* v. *Baltimore & O. R. Co.,* 245 I.C.C. 581, 585-590.

The survey disclosed a notable concentration of these and other interrelated services at the port of New York. Among [fol. 5015] other advantages of such concentration, not readily appraised, are the personal contact necessary in the effective movement of cargoes, the knowledge of experienced personnel, and the specialization available in all types of services, particularly required by various types of cargo.

Although the record is replete with details showing New York's superiority as to each type of service organization, only the principal ones relating to international freight forwarders will be set out. Their principal duties include the tracing of shipments to the seaboard where their principal offices are generally located, and, when necessary, to the foreign destination; booking or arranging for cargo space and the consolidation of ocean shipments; preparation and processing of necessary papers relating to the exporting of shipments; clearance of the shipments in accordance with regulations of the United States Government, and arranging for certification of consular documents; and clearance of imported commodities through United States customs when the forwarder functions as a custom-house broker. The forwarder also may arrange for cargo insurance, packing and crating, inspection, marking, and warehousing or storage. The foregoing services are essential in promoting foreign trade and are relied upon by shippers and consignees as well as the ocean carrier whom the forwarder serves as agent. The forwarder also provides information on ocean and land freight rates, sailing schedules, sales outlets, and sources of supply in this country and abroad, and rules and regulations affecting foreign trade. In his capacity as agent of the ocean carrier he collaborates in performing essential services and substantially influences the movement of the traffic through ports where his offices are located, rather than through a rival port where his fees must be divided with the agent there employed.

The number of registered foreign freight forwarders who have their main or branch offices at each of the ports is as follows:

[fol. 5016]

	Main offices	Branch offices
New York	924	55
Portland	4	(1)
Boston	23	(1)
Philadelphia	29	11
Baltimore	23	16
Hampton Roads	13	10

(1) no data shown.

International freight forwarders maintain 49 main offices and 60 branch offices at points in differential territory. Of 32 main offices of those branches located at the four ports, 31 are in New York and one in Philadelphia. Branches of New York firms constitute 44 percent of all such forwarders in Chicago.

Effect of differential on shippers' use of ports.—A number of shippers in the affected territory testified in support of the proposed equalization. Several of them are using Great Lakes, south Atlantic, and Gulf ports for substantial portions of their import and export traffic, lower rates being an important, if not the governing, factor in the choice of those ports. The Authority states that diversion of general cargo from the respondent railroads serving New York has been primarily to railroads serving south Atlantic and Gulf ports, not to those serving other north Atlantic ports.

A manufacturer of paper products at Middletown, Ohio, receives from 10,000 to 15,000 tons of woodpulp each year. It is bought f.o.b. Baltimore, because of the lower import rate than from Philadelphia, New York, or Boston, and its tonnage moves either via Baltimore, or via Portland over differential routes through Canada on rates the same as from Baltimore. Its export shipments of 1,500 to 2,000 tons annually move through West Palm Beach, Fla., New Orleans, La., or Norfolk because of more favorable freight rates. A steel producer with plants in Pennsylvania, Ohio, and Michigan ships 95 percent of its export traffic through [fol. 5017] Baltimore because of the freight differential as contrasted with the northern tier ports. Equalization of the rates to these ports would make available to it more sailings than the port of Baltimore affords.

A manufacturer of pig iron and ingot molds at Neville Island and Sharpsville, Pa., exports a substantial volume of pig iron, about 80 percent of which moves through Baltimore by reason of the differential and the remainder by rail-barge routes through New Orleans. If the rates were equalized with the northern tier ports it would use all of the ports. A manufacturer of steel exports, through its export subsidiary, over 100,000 tons annually of plates, sheets, and other articles from five plants in the affected territory. As to most of this it controls the selection of the port, but the ports used are not shown. A substantial portion is said to be routed through Baltimore and Hampton Roads because of the differential. However, only 5,416 tons moved through the latter port in the test year as compared with 580,073 tons through New York. A large manufacturer of heavy machinery with several plants in differential territory exports over 35,000 tons a year, about 80 percent of which moves through Gulf and south Atlantic ports. Its export traffic manager, with offices in New York, testified that in recent years it was forced to divert traffic previously moved through that port to other ports because of lower inland rates. However, the only example given of such diversion was Venezuelan exports, about 95 percent of which is now moved through New Orleans. Another manufacturer of machinery ships 75 percent of its exports, or about 15,000 tons, through New York to conform to conditions in letters of credit used by its customers. It is endeavoring to have these conditions made applicable through lower-rated ports.

The Union Carbide Corporation imported 378,438 gross tons of chrome and manganese ores in 1956 to three of its [fol. 5018] plants in Ohio and West Virginia, which are in the affected territory except as to Hampton Roads ports. Less than 1 percent of this moved through New York and less than 2 percent through Philadelphia. The remainder entered at Baltimore, from which the rates are 60 cents and 20 cents per gross ton lower than through New York and Philadelphia, respectively. These ores arrive in shipload lots at ports designated by the receiver. Frequently, the plant to which the ore will ultimately move is not known and the ships are ordered to Baltimore to obtain the lowest inland rate. This shipper urges that with equal rates ships could be allocated freely according to the port's ability to accommodate them, which would permit a more equitable allocation of cars required for loading and reduce congestion at the ports.

It is apparent from the foregoing testimony that at least some shippers regard the differential adjustment as a controlling consideration in their choice of a north Atlantic port for shipments to or from the affected territory.

Rates to and from Boston.—The Port of Boston Commission lays stress on the fact that the port of Boston has been able to attract but little affected-territory traffic, and that the respondents, including the Boston railroads, since about 1935 have operated under a serious handicap. As early as 1923, Boston asserted that because of the differentials, export and import traffic between the affected territory and its port had been reduced almost to the vanishing point and that they prevented the movement of bulk cargo through that port. *Maritime Asso., Boston Chamber of Commerce* v. *A. A. R. Co., supra,* page 545.

It is urged that the reduced rates for Boston are lawful and should be permitted to take effect regardless of the conclusion which may be reached as to the respondents' proposal with respect to New York. As here presented, the respondents' proposal contemplates equalization of the [fol. 5019] northern tier ports as a group with Baltimore. None of the respondents has suggested a change in the rate relations as between the New England ports and New York. The average distance from Boston to points in the affected territory is 223 miles greater than from Baltimore and 116 miles greater than from New York.

Boston's total foreign-trade tonnage has expanded substantially since 1935 despite equalization of the ocean rates, as shown in the table below. But, as presently will appear and as indicated in appendix F, other than export grain, little traffic moves between the port and the affected territory:

Ocean-borne Foreign Commerce Through Boston
(Thousands of gross tons)

Year	Export	Import	Total	Percent of U.S.
1935	280	1,852	2,132	3.5
1946	395	2,438	2,833	2.6
1956	952	5,467	6,419	2.5

An analysis of Boston's tonnage since 1945 shows that it is primarily an importing port for bulk cargoes, which totaled 44 million net tons in the years 1946 to 1955, inclusive, or about 82 percent of its imports. They consisted mainly of petroleum products and moved almost entirely to destinations in or near the Boston switching district. Of 10,140 carloads of general-cargo imports in the test year, only 680 or 6.7 percent moved to the area west of Buffalo-Pittsburgh, and 8.4 percent moved to Canadian destinations Of the 680 carloads, 270 moved over differential routes through Canada at rates lower than the standard rates. In that year, of 6,713 carloads of general-cargo exports, only 93 or 1.3 percent originated at and west of Buffalo-Pittsburgh, and of the 773 which moved to or from that area only 30 percent were transported over the New York Central into or out of Boston. Including grain, the Boston railroads handled only 5.6 percent of the export car- [fol. 5020] loads and 1.4 percent of the import carloads which moved between the affected territory and Boston, Philadelphia, Baltimore, and Hampton Roads.

The bulk of the foreign traffic in which the New Haven participates is that moving to and from nonaffected territory, principally New England. As to this segment, the great preponderance of the imports and most of the exports, aggregating about 7,000 carloads in the year ended July 31, 1956, flow through New York. Its traffic witness stated on cross-examination that, as compared with other railroads serving that port, it was under a definite handicap in competing for traffic from and to the affected territory.

Grain, Boston's principal bulk export, averaged about 18 million bushels annually from 1907 to 1919, and 5.2 million bushels from 1920 to 1955. The port attributes the decline to loss of its ocean rate advantage, which tended to offset the inland differential at the southern tier ports.

New England imports many raw materials from which it manufactures generally low-density, high-valued articles. These, when exported, are usually referred to as top cargo, and seek a port which has a multitude of shipping services. As the area has few heavy, basic industries and produces few basic raw materials, Boston lacks sufficient bulk and bottom cargoes and commodities such as heavy machinery, automobiles, and trucks to attract ships. As a consequence, the limited sailings from the port deter shippers in its immediate hinterland from using it, causing further reductions in ship calls. Scheduled sailings for representative periods shown by Boston were 473 at New York, 220 at Philadelphia, 242 at Baltimore, 175 at Hampton Roads, and 65 at Boston. Of the latter, in 47 instances Boston was the first port of call to pick up export cargo, the least desirable schedule position.

Considering that most of the general-cargo traffic of the north Atlantic ports here concerned is attracted to New [fol. 5021] York despite its differential over the southern tier ports and over Albany, the failure of Boston, with rates the same as New York, to attract a larger volume of the traffic must be ascribed to factors other than an unfavorable rate relationship, chief of which are the superior steamship and port services which New York affords. The fact, as above shown, that much of the New England export-import traffic moves through New York confirms this. As to grain from the affected territory, traffic said to be more sensitive to rate differences than general cargo, Boston has been able (as shown in appendix F) to attract considerably more than New York, and about 2.5 times as much as Albany, which has lower rates. Such a marked difference in Boston's ability to attract these two types of traffic strongly suggests the existence of influences affecting the choice and use of ports far more powerful than the present port differentials. In *Maritime Asso., Boston Chamber of Commerce* v. *A. A. R. Co., supra,* at pages 563-564, referring to a decline in Boston's tonnage prior to 1921, we observed that the extent to which this resulted from the port differentials was difficult to determine, and that one contributing cause of the difficulty was that Boston had equal rates with New York, its nearest and most powerful competitor. In *State of New Jersey* v. *Baltimore & O. R. Co., supra,* we disapproved a plus charge on this traffic to New York City over the rates to the New Jersey side of the harbor, as the complainant and the Boston intervener sought, and found the assailed rates to New York not unlawful. We found also that disturbance of the rate parity between the two sides of New York harbor, as sought, which would also have disrupted parity of rates as between New York and Boston, would most likely precipitate a chaotic situation such as prevailed prior to 1882.

In support of the argument that so long as the differential continues virtually no affected-territory traffic can [fol. 5022] move through Boston, that port points to the much larger movement of woodpulp to the affected territory from Portland than from Boston. The movements in the test period were 10,574 tons and 1,125 tons, respectively, as compared with imports of woodpulp approximating 40,000 tons and 100,000 tons, respectively. It attributes this to the fact that Portland's import rates, which apply over routes through Canada, are on the Baltimore basis and lower than those from Boston. It argues that this confirms the testimony of shippers and transportation experts who testified in support of the proposed equalization as to the effect of rate differentials.

The import rates from Portland have been on the Baltimore basis for over 30 years. Being ice free in winter, that port serves as a winter port for Canada and is accorded the same import basis as Halifax, St. John, and Montreal on traffic routed through Canada. The evidence is clear that the impact of the differential is of itself insufficient to induce the movement through Portland. Virtually the only commodities which are imported through that port are woodpulp and china clay, for which special handling facilities are provided at the port. They are raw materials used in the paper industry, which is the chief industry of Maine. As less than one-fifth of the woodpulp and one-fourth of the china clay move to the affected territory, it is evident that the movement to that territory is mostly incidental to the movement through Portland for the local market.

In seeking to show that the differentially-lower rates from the southern tier ports are an absolute bar to its participation in the north Atlantic traffic, Boston also relies on evidence presented by the General Services Administration, an agency of the Federal government, which supports the respondents. This agency directs the routing of about 300,000 tons of import traffic annually to the affected territory. However, it moved no imports through Boston in [fol. 5023] 1955 and only 339 tons in 1956, contrasted with 294,000 and 195,000 tons in those respective years through Baltimore. The remainder of its north Atlantic imports moved through Hampton Roads and Philadelphia. It states that equalization would enable it to route traffic equitably as between the various north Atlantic ports. However, it moved none through Portland, although the same rates are available from that port as from Baltimore.

Import traffic through Portland.—The general basis of import rates from Portland over routes through Canada has been indicated. Except on import clay, specific commodity import rates over standard routes are not generally published from Portland. The Maine Central, joined by the Maine Port Authority, The Associated Industries of Maine, and the Maine State Chamber of Commerce, introduced evidence in support of maintaining the present differential under Boston and New York on imports through Portland over routes through Canada to the affected territory. They assert that any reduction of tonnage resulting from its elimination would have a serious economic effect upon the entire State of Maine, as the port now has few scheduled sailings, and as to imports, no regular arrivals. If entry of the only imports, woodpulp and clay, should be shifted to other ports outside the State, it would result in additional expense for land transportation to Maine industries, adversely affecting their competitive position.

The Maine Central expects no increase in exports to Portland if equalization is effected, as any export traffic which might be diverted from the southern tier ports would probably be attracted to the large-volume ports of New

York or Boston. It points to the decline since 1952 in the volume of import woodpulp which it handled from Portland to the affected territory as an indication that the differential is not large enough to maintain or increase this movement.

[fol. 5024] The imports of china clay through Portland increased from 46,938 tons in 1947 to 73,564 tons in 1956. The Maine Central's movement to the affected territory increased from 10,266 tons in 1952 to 16,408 tons in 1956 as the result of solicitation by rail and port representatives and a large investment for handling and storage facilities at Portland. These facilities, mostly of recent construction, have a capacity of 14,500 tons and were designed especially for china clay. No import china clay moves through Boston as that port does not possess the necessary special facilities.

Rates to and from Albany.—Export and import rates between Albany and the affected territory have been the same as those to and from Philadelphia since 1936. However, except for some export grain, averaging about 15 percent of the movement through all north Atlantic ports since 1946, traffic between Albany and that territory has been almost negligible. Excluding export grain and coal and import iron ore (of which none moves through Albany) and petroleum, it has attracted less than 1 percent of the total movement through north Atlantic ports. Of the tonnage moved during the test year, only 1.7 percent of the exports and 0.1 percent of the imports through those ports moved through Albany, as contrasted with 10.6 percent of the exports and 6.6 percent of the imports through Philadelphia, although both ports have the same rates.

The port takes the position that the present adjustment discourages or prevents its use; that it deprives it and shippers using it of just, reasonable, and nondiscriminatory rates; and that its favorable geographic location, being served by a water-level rail route and transportation over the barge canal and the Great Lakes, warrants a lower level of rates based on value-of-service as well as cost-of-service considerations. Accordingly, to encourage and promote freedom of movement through the port, it urges that [fol. 5025] it should be accorded rates no higher than those to and from Baltimore and Norfolk.

Government export shipments.—The United States Department of Agriculture, through its Commodity Stabilization Service and Commodity Credit Corporation, exports large quantities of grain and processed foods through the north Atlantic ports, generally paying the transportation cost to the port of exit. It favors equalization of these ports at the lowest level of lawful rates because of the benefits which producers and shippers of these products and its export program would derive therefrom. Selection of a port of export involves many factors. A number of problems are encountered in routing the shipments, such as car supply, terminal charges, availability of warehouse or elevator facilities at the ports, and the coordination of their arrival with sailing schedules. Other conditions, such as strikes which are beyond the control of the Department, also influence the movement. Its field offices directing the shipments, other things being equal, use the port which will afford the lowest cost, but in some circumstances the port designated or preferred by the receiver is used.

In the year ended May 31, 1957, about 235,000 tons of processed foods were shipped at the direction of the Department's Chicago and Cincinnati offices from undisclosed origins. Of these, 48,000 tons moved through Philadelphia and somewhat less through Baltimore, Norfolk, and Newport News. About 62,000 tons moved through New York, 6,000 tons through Boston, and none through Albany or Portland. The shipment of grain by these offices from January 1, to June 14, 1957, were about 53 million bushels, of which about 29 million moved through the southern tier ports and 24 million through the northern tier ports, including about 11 million through Boston and 9 million through Albany.

[fol. 5026] *Government-controlled import traffic.*—The General Services Administration presented evidence in support of the respondents. It states that in the interest of economy, its duty and interest is to seek the lowest reasonable rates "in the furtherance of its shipper * * * interest", as a representative of the Government's executive agencies, and that with respect to foreign commerce this means that, other factors being equal, it should route its traffic through the ports having the lowest transportation cost. Accordingly, it favors equalization because it would enable it to select the port used on the basis of efficiency and service.

It presented no data as to its export traffic, which is of much less importance to it than the imports. Its choice of ports of export is dependent principally upon the availability of sailings and the total land cost to the foreign destination. In 1955 and 1956 the tonnage of imports through north Atlantic ports to the affected territory for which it was in a position to designate the port of entry, and which represents about 60 to 70 percent of its imports and at least 10 percent of all import tonnage here concerned, was as follows:

Port	1955 (Tons)	1956 (Tons)
Boston		339
New York[1]	22,246	26,598
Philadelphia[1]	54,797	14,951
Baltimore	294,515	195,805
Newport News	21,404	30,340
Total—	392,962	268,033

The imports through Baltimore were principally ores, other than iron ore. Although the differentials are important to it from the standpoint of economy, many considerations other than the rail rates have affected the selection of the port used. Among those cited are the [fol. 5027] practices of private industry and established markets, such as the principal market for crude rubber, which is in New York; and the fact that at that port the best inspection service is available. Also, vessel operators have some measure of control over ports of call and will schedule only those at which there is adequate traffic. That such considerations often have controlling importance is shown by the fact that the movement through Newport News was only about a tenth of that through Baltimore although the rates were the same, and that, except for a small volume through Boston in 1956, no northern tier port other than New York was used, although such ports had rates the same as or lower than those from New York.

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[1] Includes movements through other ports or subports in the same area.

Other grain shippers.—The Board of Trade of the City of Chicago, two large grain dealers with elevator capacity of 11,000,000 bushels in that city, and a cooperative association of country elevators in Iowa and Minnesota, which operates large elevators in Des Moines, Iowa, and Chicago, all of whom are interested in export movements of grain, presented evidence in support of the proposed equalization. On grain from Chicago, as well as from Duluth and Minneapolis, Minn., Peoria, St. Louis, and other midwestern markets, the rates to Baltimore and Hampton Roads and the Gulf ports are generally the same. Those to New York and Boston are 1.5 cents higher, equivalent to $9,000 on 1,000,000 bushels of wheat. Despite this difference, substantial volumes of grain from the affected territory move through Philadelphia and the northern tier ports. In the test year this movement was 30 percent of the total from that territory to the north Atlantic ports. Due to the keen competition in the marketing of grain and in the interest of an expanding export trade, these parties urge that equalization of the Gulf and north Atlantic ports be accomplished by applying the Baltimore basis of rates to all points.

Revenue-cost comparisons.—The respondents presented no cost evidence, except terminal costs of the New Haven [fol. 5028] at Boston as later indicated herein, in support of their claim that their proposed rates would be compensatory. Because those rates reflect relatively small reductions, a study of the costs was deemed unnecessary, nor did they consider such a study feasible or justified by the expense involved. They contend also that a showing of unit costs at New York would be irrelevant as they would be based on their presently-diminished traffic volume and would reflect large investments in port facilities made in times of heavier traffic, while their proposal, by attracting increased volume, would reduce unit costs. Accordingly, to sustain their statutory burden of proof, they relied initially upon the minimal amounts of the proposed reductions and a prima facie showing of the revenues.

For example, the ton-mile revenues under the present and proposed rates from Chicago to New York are 8.18 and 8.09 cents for first class, and 1.15 and 1.03 cents for class 13, based on the docket 28300 short-line distances. The proposed rates to and from New York would yield average revenue of $19.20 per ton on import and $18 per ton on export traffic, as compared with averages of $8.12 and $9.38, respectively, to and from Baltimore. These average revenues reflect the differences in consist of the tonnage which flows through the ports, particularly the relatively large volume of bulk traffic through Baltimore and the preponderance of the high-grade general cargo through New York.

The protestants, relying upon *Boston & Maine Railroad* v. *United States,* 153 F. Supp. 952, in which the court held that we had discretion to reject a rate as unlawful which does not return out-of-pocket costs, undertook to show by revenue and cost relationships, determined as hereinafter described, that the proposed rates to and from New York would not be compensatory. Comparisons of the revenues on representative shipments of each commodity which [fol. 5029] moved in volume of 1,000 tons or more annually to or from that port in the test year, with estimated out-of-pocket costs of handling as of January 1, 1958, obtained as hereinafter explained, show average ratios of cost to revenues for the 174 carloads of import traffic of 111.6 percent, and for the 363 carloads of export traffic of 108.9 percent. The respondents agree that such traffic was representative of that moving through the port as to consist, interior destinations, and average loadings. However, as the protestants' showing is limited to cost for general cargo handled by the predominant or normal method at New York, no revenues were shown and no costs determined for bulk commodities handled by direct transfer, such as grain and ore which are transferred by special facilities at southern tier ports.

The cost-revenue ratios on individual shipments vary widely; for example, on imports as between commodities, from 78.3 percent on pig tin to Chicago to 158.8 percent on canned meats to Cleveland; and on exports, from 63.7 percent on cash registers from Dayton, Ohio, to 195.4 percent on salt from Manistee, Mich.

The cost evidence.—The protestants show their costs of performing the service to and from the southern tier ports and New York and certain factors of the costs to and from Boston. Discussion of such evidence will relate mainly to the New York costs. The out-of-pocket costs consist of inland terminal costs, line-haul costs, and port terminal costs. The inland terminal and line-haul costs were obtained by use of Rail Form A average unit costs for class I railroads in the eastern district as a group, based on expenses and statistics of the year 1955, eliminating expenses inapplicable to this traffic and also loss and damage expense. These were adjusted to reflect the wage and price level of January 1, 1958, a factor of 13 percent circuity to cover movements over actual routes used, and a return of 4 percent on investment after Federal income taxes.

[fol. 5030] The parties are in substantial agreement as to the correctness of data for these two elements of cost. The inland terminal cost used is the same for traffic to or from any of the ports. The line-haul average costs, which reflect differences in average distances to and from the several ports, are higher than those to or from Baltimore by the following amounts per car and per 100 pounds, respectively; Philadelphia, $14.80 and 2.7 cents; New York, $30.22 and 5.5 cents; and Boston $63.29 and 11.4 cents.

The principal area of controversy concerns the port terminal costs, especially those for the marine operations at New York, which the respondents and the Authority contend are inflated. As stated, the respondents presented no cost data and refused to join the protestants in developing them for all railroads which serve New York. They sought, however, by rebuttal evidence, to adjust and restate the protestants' costs to and from New York, thus obtaining a lower level of such costs.

The peculiar methods used in handling most of the import-export traffic at New York have been described. Typical elements of these costs include the expense of switching between train yards and the float bridges or lighterage piers, station service, float-bridge service, and water operations. Freight trucked in lieu of lighterage, for example, crosses the float bridges, is carfloated across the Hudson River, receives pier-station handling on Manhattan Island, and is trucked thence to the steamship pier. As the respondents' records of expenses pertaining to their operation at New York were not made available to the protestants, the latter relied upon special studies of their own September 1956 operations at the port, exclusive of direct transfer between car and ship, from which they developed a weighted-average cost for the Pennsylvania, and for the Baltimore & Ohio and the Central of New Jersey which pool their New York harbor operations. As shown [fol. 5031] in appendix F, these carriers handled about one-third of the considered traffic to and from the port during the test year and consider their operations typical of all the New York harbor operations in handling foreign shipments. The respondents assert that they are not representative of those of the other New York lines, in that the proportion of the traffic handled by each of the four different methods of operation differs from those of the respondents, and the consist of commodities handled likewise varies. The following table shows the proportion of the traffic handled in September 1956 at New York which was transferred in each of the four types of terminal service:

Carrier	Lighterage (percent)	Car float (percent)	Trucking in lieu of lighterage (percent)	Direct (percent)
New York Central	51	5.5	13.4	30.1[1]
Lackawanna	93	0.9	6.1	0
Erie	80	11.7	8.3	0
New Haven	67.3	6.8	25.9	0
Pennsylvania	76.7	2.2	13.3	7.8
B & O-C.N.J.	40.1	0.2	9.9	49.8

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[1] Import tonnage exclusively.

No data were reported by the Lehigh Valley, but its witness referred to 4 percent of its traffic as being handled directly between ship and shore. As the table shows, the preponderance of the export-import traffic is handled in lighterage service. Lighters are also used in the delivery of domestic freight, particularly bulk cement by the New York Central and the Central of New Jersey. The loading of cement averaged 350 tons per lighter, as compared with about 60 tons for export-import freight.

The protestants' study includes no costs for the 13 percent of their traffic which was transferred directly, as they were concerned only with costs relating to the predominant types of transfer service used. This represented 83.4 percent of the September 1956 traffic of both the respondents and the protestants at New York harbor. The remainder [fol. 5032] or 16.6 percent, which was transferred directly, included 14,288 tons of export scrap iron handled by the Central of New Jersey, embraced in the 49.8 percent indicated in the table. This movement has since dried up. Excluding this tonnage, the remainder of that carrier's tonnage transferred directly was 28 percent of the total. As in the case of the New York Central's 30.1 percent, this consisted principally of bulk imports, such as ores, and some bananas transferred directly. The respondents criticize these harbor operating costs as not representative of the costs of their operations, but they did not support their position by evidence of specific differences in the cost of these operations.

Another area of disagreement is the degree in which the New York port costs, particularly those incident to the respondents' marine operations in the harbor, are variable with changes in traffic volume. The protestants contend that such operations, based on past experience, vary directly with fluctuations in port traffic volume and, as lighterage at New York is principally incurred on export-import freight, expenses thereof are in the nature of "solely related" expenses. The record shows that in 1956 the protestants' marine equipment in New York harbor was almost fully utilized. They accordingly treated their vessel and lighterage pier operations, also trucking in lieu of lighterage, as 100 percent variable and included, as return on investment, 4 percent after income taxes of the entire investment in marine and other equipment and in lighterage piers. The respondents contend that, on the average, out-of-pocket portions of such expenses are about 60 percent of fully-distributed costs. For some of the accounts they use very low ratios, such as 10 percent for repair of floating equipment, a major item of the marine expense, based on the premise that an increase in their traffic can be accommodated by handling additional tonnage in their lighters [fol. 5033] and more cars on each car float. However, they treated investment in floating equipment as 100 percent variable, on the assumption that substantial increases in traffic would require adding more units "in the long term."

The record shows that, except in wartime, the loading of lighters, the number of lighters per tug-tow, and the number of cars per carfloat-day have not varied substantially with changes in traffic volume, and that the service requirements of customers, the nature of the operations, and scheduled deliveries to meet ship loading or sailing schedules, limit the loading that can be handled in a given lighter movement, which averaged about 60 tons for the New York Central.

The respondents applied a variable portion of 50 percent to a second large item, operating floating equipment, two-thirds of which is wages of tug and barge crews. These expenses relate to the actual operation of this equipment, and from the long-term standpoint, such as here where rate relationships of a permanent nature are contemplated, they would be almost 100 percent variable with changes in traffic volume.

The respondents' revision of the protestants' costs, achieved principally by use of a minimum out-of-pocket level for the principal port costs, shows that for the general-cargo traffic as a group the overall costs would be about 81 percent of the revenue, contrasted with costs computed by the protestants, based on a solely-related level of port costs, about 9 percent higher than the revenue. In our opinion, the out-of-pocket ratio of these port expenses used by the respondents is too low and that of the protestants is too high. We conclude that the traditional estimated level of 80 percent of the fully-distributed costs should be used to ascertain the out-of-pocket costs of moving this traffic. [fol. 5034] After restatement of the protestants' costs to reflect port costs computed on that basis, and giving effect to adjustments in other disputed but less important items of those costs, application of the resulting costs to the New York traffic indicates that the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs. However, a presentation of costs adequate to determine whether the proposed rates would be reasonably compensatory should embrace all types of traffic which those rates are expected to attract, and should reflect the costs of the specific methods by which they would be handled. It may be that other traffic would be forced to absorb a larger portion of the constant costs in order to maintain a national transportation system conforming to the ultimate objectives of the national transportation policy.

Port costs.—An analysis of the cost data of record was made to show the relations between the terminal costs of the ports. It reveals the weighted average of the full port costs of handling export-import traffic (box cars-general cargo) of the several protestant railroads at each of the ports served by them, based on traffic handled in September 1956, with expenses adjusted to the July 1, 1957 level, and similar costs for the New Haven at Boston based on traffic [fol. 5035] and expenses in May 1957. The costs associated with the number of cars handled and those associated with the tons handled are as follows:

Port Costs, Export-Import (Box Cars—General Cargo)

Items	New York	Boston	Baltimore	Philadelphia
Costs per car:				
Switching (including some station expenses)	$28.05	$26.03	$20.19	$22.37
Float bridge, car float, lighterage bureau	9.31			
Car detention		12.24		
Total cost per car	$37.36	$38.27	$20.19	$22.37
Costs per ton:				
Platform handling (including some station expenses)	4.58	3.22	2.76	3.58
Lighterage and trucking in lieu of lighterage	4.99		.35	
Total cost per ton	$ 9.57	$ 3.22	$ 3.11	$ 3.58

Other considerations.—In the test year about 55 percent of protestants' export-import traffic of the commodities embraced herein through the southern tier ports was to and from the affected territory, and 63 percent of that traffic between Baltimore and Hampton Roads and the interior moved to and from that territory, while only about 40 percent of the export-import traffic of the New York Central originated or terminated in that territory. Data from which a comparable ratio for other respondents serving New York might be determined were not supplied. The relatively small proportion of Boston's traffic which moves to and from that territory has already been shown. Thus, it is apparent that the southern tier ports, especially Baltimore and Hampton Roads, are much more dependent upon such traffic and have far less support in the hinterlands which they serve than the northern tier ports served by the respondents.

Data compiled from the traffic study show that of the considered traffic which moved through New York and the southern tier ports, over 50 export commodities and about the same number of import articles moved exclusively [fol. 5036] through New York; that over 90 percent of the following exports moved through that port: Flour, ammunition, fresh meats, automobiles and trucks, soybean oil, agricultural implements, glassware, paint, and forwarder traffic. From 70 to 100 percent of the following imports, representing the more substantial tonnage volumes, also moved through New York: Copper, coffee, waste materials, metals and alloys, crude rubber, agricultural products, and lead and zinc. The volume of each of the commodities named exceeded 10,000 tons.

The protestant railroads stress the superiority of the facilities available and the services provided at New York, as compared with the southern tier ports, and which they contend increase the value of the transportation service at New York to such an extent as to require differentials much greater than the present ones. The potency of these factors is emphasized particularly as it bears upon the validity of the claim of competitive need, relied upon by the respondents. The protestants and their supporting port interests take the position that as the southern tier ports afford no service advantages comparable to those provided by New York, their only competitive appeal is in the rate differential, and if that were lost there would soon be no incentive to use those ports.

The principal, and in some instances the only, reason given by one of the respondents' traffic officers, and by the shippers and receivers in the affected territory who testified in support of equalization, for routing traffic through the southern tier ports rather than the port of New York, is the lower freight rates which the differentials provide. A large exporter of grain operating elevators at Albany and Norfolk, who testified in support of the respondents, attributed the much greater volume of grain exported through Baltimore and the increased volume through Norfolk to their freight rate advantage, as by far the largest single factor.

[fol. 5037] Some of these shippers who use the southern tier ports stress that rate equalization would provide them relief from congestion and embargoes at those ports, excessive demurrage charges, delays in unloading, and difficulty in scheduling rapid transportation and maintaining an even flow of traffc from their plants. There is no evidence that such situations have obtained or are now present at the southern tier ports. To the extent that they may occur, particularly where they result in inferior service at those ports, they would supply an added incentive, in the event of rate equalization, for a shift in tonnage to the northern tier ports, especially New York.

Batimore interests contend that with rate parity that port would lose a large part of its general cargo. They rely on the detailed evidence of New York's superior steamship service and port services and facilities, which the record shows attract substantial traffic through New York en route to or from areas in which the southern tier ports are located, although the rail rates to New York in most instances exceed those to the southern tier ports. As to bulk commodities, Baltimore contends that the effect of the loss of the differential would be less immediate but equally certain. Its excellent facilities for handling this traffic were developed primarily by the railroads in reliance upon their use by exporters of grain and importers of ore, because of the saving in inland freight. As bulk commodities, because of their low value, are peculiarly sensitive to transportation cost, the differential has greater influence on their movement than on general cargo. This movement is generally in regularly-scheduled vessels, at equalized ocean rates, and in shipper-owned vessels. The variety of general cargo concentrated in New York has drawn such vessels to that port. With further concentration of such cargo resulting from rate parity, the steamship lines desiring diversified [fol. 5038] cargoes would use their influence to attract more bulk cargo to provide balanced ladings at that port, with resulting diversion of bulk cargo on which Baltimore is heavily dependent.

About 90 per cent of Baltimore's water-borne commerce consists of bulk commodities such as ores, petroleum, raw sugar, gypsum rock, and grain. It is interested in increasing its volume of general cargo so that it may attract more liner-type vessels, and provide a better balance of tonnage and greater revenue for the port. The general cargo moving by rail to and from the affected territory, which in 1955 aggregated about 1.1 million tons, was only about one-fourth of the domestic and foreign general cargo passing through the port. It has had difficulty even with a rate advantage in building up its foreign trade of this type. It fears that the volume would diminish, with resulting curtailment of steamship service, if New York were accorded a parity of rates with the southern tier ports. If much of this traffic were lost because of rate parity, and the St. Lawrence Seaway should attract a substantial part of its bulk cargo tonnage, it fears that its port revenues and employment in the port area would suffer. Although the competition of the Seaway, especially for export grain, is relied upon by the respondents and the Authority to support equalization, Baltimore emphasizes that since bulk commodities are estimated to provide 80 percent of the seaway traffic, New York, predominantly a general-cargo port, would be affected much less than Baltimore, which is primarily a bulk-cargo port.

Shipper evidence presented by the protestants shows a decided preference for the port of New York. A number of manufacturers of a variety of products at points in Maryland in or near Baltimore make a substantial portion of their export shipments through New York, in some instances as high as 95 percent. Most of these move by truck at rates as much as 79 cents higher than to Baltimore, generally at [fol. 5039] the direction of the foreign purchaser or a foreign freight forwarder at New York whom he designates, of brokers at New York, of the domestic corporations who consolidate the shipments at the port for movement to their foreign bases, or of the United States Government when it controls the transportation.

A freight forwarder at Baltimore who specializes in moving export shipments, providing a carloading service from differential territory, and who is the only forwarder loading regularly-scheduled export cars to Baltimore, loads such cars at Chicago, Indianapolis, and three Ohio cities. Similar service is provided by other forwarders to other ports, including New York and New Orleans. During the test year 5,242 tons, or slightly more than 10 percent of the volume to New York, moved to Baltimore. When solicited for this traffic, shippers give numerous reasons for preferring New York, the chief of which is the advantage of more frequent direct sailings to more foreign ports, or the directions of their customers who maintain export offices in New York from which they can best control the movement of the freight and its consolidation at the port. Without the saving which the present rates to Baltimore afford the shipper, it would be impossible to obtain sufficient traffic to load cars for Baltimore, and the forwarder fears that it would be compelled to obtain authority to operate to New York or retire from the business.

Truckload rates from the affected territory on numerous articles exported or imported through north Atlantic ports do not reflect recognized differentials as do the rail rates. The differences in such rates to or from these ports are greater than the differentials in the corresponding rail rates. For example, truckload rates on brass or copper ingots to Cleveland are 85 cents from Baltimore, 88 cents from Philadelphia, and 93 cents from New York.

To show that New York's competitive position is far superior to that of Hampton Roads, a study was made by the Chesapeake & Ohio for the year ended June 30, 1957, [fol. 5040] which disclosed that substantial tonnages from the affected territory moved to New York notwithstanding the lower rates to the southern tier ports. For example, of 5,870 carloads originated by the Chesapeake & Ohio in that territory during this period and exported either through Hampton Roads or New York, 4,654 carloads were exported through New York. Thus, notwithstanding its 3-cent ad-
carloads which it originated. In the same period it handled
vantage this carrier was able to hold only one out of five

for export through Hampton Roads only 561 carloads originated by the New York Central and 40 carloads originated by the Erie, which were turned over to it by those respondents.

To ascertain the effect of the 3-cent differential a study was made of manufactured iron and steel traffic for export from the Pittsburgh district, from which the rates to New York and Hampton Roads are the same. During August and October 1955 and April, May, and June 1956, 178,241 tons were moved from that district through New York by five respondents and only 545 tons moved through Newport News. During the test year the movement from the affected territory to New York of this commodity aggregated 580,073 tons, or over 100 times the 5,416 tons handled through Hampton Roads and over 60 percent more than through Baltimore.

A parity of rates to Hampton Roads and New York also obtains on export traffic from the Province of Ontario, Canada, served by the Chesapeake & Ohio and the New York Central. In the year ended with June 1957, only 14 carloads moved through Hampton Roads from origins on the Chesapeake & Ohio in that Province, as compared with 553 carloads from those origins to New York. The Chesapeake & Ohio was unable to attract a single carload originated by the New York Central in that territory for movement to Newport News.

A meat packer operating plants at Madison, Wis., and Davenport, Iowa, exports lard, pork, and pork products over [fol. 5041] routes through Chicago and the north Atlantic ports in competition with other slaughterers at Chicago, St. Louis, East St. Louis, and Milwaukee. No reductions are proposed in the rates from Madison or Davenport. As it must absorb the difference in rates from its plants over those from Chicago in making such export sales, it objects to the substantial increase in the rate spreads, in some instances more than double the present, which would result from the proposed reductions from Chicago. It contends that undue prejudice to it would result, and states that under the proposed adjustment its only alternative would be to move more of its export traffic through Gulf ports.

DISCUSSION AND CONCLUSIONS

The port rates proposed to be reduced are part of a rate structure established by voluntary agreement of the eastern railroads more than 80 years ago. It was the purpose of that structure, as expressed in *In the Matter of Differential Rates, supra,* pages 13 and 62, that "these ports shall all be kept open * * * for export business upon such terms that each one may fairly compete for it." This purpose was reaffirmed in *Albany Port District Comm.* v. *Ahnapee & W. Ry. Co., supra,* at page 162, from which we have previously quoted herein. As was there said in prescribing reasonable and non-prejudicial port rates to and from Albany, this adjustment was not a loose aggregation of separately-established rates, but a single entity composed of interrelated rates bound together by the port differentials. To the extent that these differentials are effective in controlling the movement of traffic through particular ports, their impact is registered in the tangible evidence of the tonnage data. But as such data also reflect the influence of numerous other factors, including the rail service, the various port services, and the ocean service beyond, which may counteract or supplement the effect of the differentials, the [fol. 5042] complexity inherent in measuring or evaluating that impact is apparent. However, it is equally apparent that as the influence of all these factors has been registered, a change in the differentials could be expected to cause a shift in a substantial volume of the traffic.

The primary purpose of the proposed adjustment, as the respondents and the principal northern tier port interests emphasize, is to re-establish the equality of through ocean-rail charges which existed prior to the ocean-rate equalization in 1935. The respondents claim that as a result of such equalization the present unequal through charges have caused traffic diversion from the northern tier ports. However, the volume of foreign traffic having its origin or destination in the affected territory which those ports attracted prior to the equalization of the ocean rates is not revealed. Consequently, we are unable to find support for the assertion that the disparity in through charges thus created has diverted traffic from the northern tier ports, to the disadvantage of the respondents.

Some of these ports have at various times sought to alter the differentials, but prior to this proceeding no carrier or group of carriers has done so. While circumstances warranting or requiring some modification of the present adjustment may arise, the burden of establishing the need for such a change rests upon the proponents thereof. Of controlling importance in this connection are the provisions of sections 1 and 3(1) relating to reasonableness and to undue preference or advantage of ports or port districts. Also, section 15a(2), among other things, requires us to consider the effect of rates on the movement of traffic, and the national transportation policy stresses the importance of maintaining a national transportation system adequate for commerce and the national defense.

In *Export Grain from Buffalo to New York, supra,* we found "abundant evidence of the dominant position" of the [fol. 5043] southern tier ports and a clear indication that New York, particularly, had suffered a substantial loss of tonnage in its competition for the ex-lake grain traffic. By contrast, the claims made here by the respondents and the northern tier ports, of diminishing volume of their subject traffic since equalization of the ocean rates was effected, and that these traffic losses are attributable to the differentials, are not supported by impressive evidence. As to Boston, which argues that its port and the respondents which serve it have been handicapped since equalization of the ocean rates and seeks to restore the competitive situation which the differential adjustment was designed to create, the evidence of supporting data is even more meager than for New York.

The present differentials are smaller than they would be if allowed to be set by competitive factors, and also much smaller, relatively, than when initially established. As hereinbefore mentioned, protestant railroads have filed a counter proposal, in the event that the respondents' rates are found lawful; they propose to reduce their rates between southern tier ports and the same interior territory by the same amounts as proposed by the respondents. The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly established. Thus, approval of respondents' proposed rates would require alternate approval of protestants' proposed rates. This might result in the rates gravitating to their lowest possible level and in a needless dissipation of carrier revenues. We have been given the power to fix rates, among other reasons, for the purpose of preventing destructive competition and promoting the financial stability of the regulated carriers. Failure to observe our obligations in the exercise of that power would find us [fol. 5044] remiss in our duties. The present differentials have long served to retain a reasonable competitive relationship between the principal port groups and should be maintained.

The evidence upon which the respondents rely is not convincing that their proposed rates are necessary to afford them and the northern tier ports, as a group, the opportunity to compete for a larger proportionate share of the traffic here considered. On the contrary, the record is clear that New York continues to attract more of the highly desirable general-cargo tonnage so vital to its port economy than all of the other north Atlantic ports combined; that to obtain a volume of traffic which will support a much lower level of port activity and range of shipping services than New York, the southern tier ports have been depending heavily on bulk-cargo tonnage; and that, considering the volume and character of the traffic disclosed by the traffic study, and other evidence of circumstances which induce or deter the flow of the subject traffic, undue diversion from those ports to New York, at least of most types of that traffic, would result from the proposed equalization. The comprehensive showing in that study strongly refutes the claim of the respondents and their supporting port interests that such equalization is required to enable them to meet the competition of the southern tier ports and to effect a reasonable and nonpreferential rate relationship as between the opposing port groups.

We find that the respondents' proposed rates are not shown to be reasonably related to the present rates on like traffic between the same interior points and the southern tier ports, and that the proposed rates would result in undue preference of and advantage to the northern tier ports as a group and in undue prejudice and disadvantage to the southern tier ports. We further find that the proposed [fol. 5045] rates of the protestant railroads are not shown to be just and reasonable. An order will be entered requiring cancellation of the suspended schedules, denying the fourth-section application, and discontinuing the proceedings.

COMMISSIONER FREAS, whom COMMISSIONER MCPHERSON joins, concurring in the result:

I agree that the statutory burden of proving the proposed rates just and reasonable and of justifying the sought fourth-section departure has not been met by any of the proponents. It follows that the proposed rates should therefore be ordered canceled. This, however, is the extent of the finding the record, in my opinion, justified and all that is necessary to the disposition of the proceeding.

COMMISSIONER WEBB, dissenting:

For 83 years railroads have been permitted to establish inland rates which equalize rail-ocean and ocean-rail rates on export and import traffic moving through the North Atlantic ports between Central territory and foreign ports. That policy of equalization, by preventing the growth of monopolies based on geographical advantages, has benefited railroads, shippers, ports, steamship operators, and the general public by insuring a free flow of commerce through as wide a range of ports as practicable. A policy of ratemaking which has served so well the needs of foreign commerce should not be repudiated except for compelling reasons.

[fol. 5046] From 1877 to 1935 rail rates to and from New York at levels generally 2 or 3 cents per 100 pounds higher than to and from the southern tier ports were required by the policy of rate equalization. The inland rate differentials compensated for generally higher ocean rates to and from the southern tier ports. Ocean rates were not fully equalized to all the North Atlantic ports until 1935. Beginning in 1935, therefore, the higher rail rates to and from New York and Boston, which the respondent carriers serving those ports seek to eliminate in this proceeding, were either outmoded or the then 58 year old policy of rate equality had suddenly become unsound.

After 1935, the respondents took no immediate action to remove their outmoded rate handicap. However, during World War II and in the preceding period of aid to our prospective allies, a large volume of traffic moved through New York in spite of that port's rate disadvantage simply because New York was the only port then capable of handling the volume of emergency shipments involved. An attempt by the Port of New York Authority to eliminate the rail differential on ex-lake grain was defeated by the Commission. *Port of New York Authority* v. *Baltimore & O. R. Co.,* 248 I.C.C. 165 (1941). Rail-ocean and ocean-rail rate parity to and from the North Atlantic ports has generally been approved, however, in cases where parity was proposed by the carriers involved. Cf. *Export Grain from Buffalo to New York,* 278 I.C.C. 31, 292 I.C.C. 647 (1954); *Iron Ore from Eastern Ports to C.F.A. Points,* 291 I.C.C. 527, 299 I.C.C. 195 (1956) (reopened and now pending); *Coal, Clearfield Group to Philadelphia for Export,* 308 I.C.C. 425 (1959).

There is a fundamental difference between action by the Commission or by port interests to compel equalization and voluntary action by carriers to establish it. See *New York Central R. Co.* v. *United States,* 99 F. Supp. 394, 398 (1951), [fol. 5047] aff'd per curiam, *Interstate Commerce Commission* v. *New York Central R. Co.,* 342 U.S. 890. The Commission has often recognized that carriers may make voluntary rate adjustments which the Commission could not require. This is not a complaint filed by port interests under section 3(1) of the Act. The respondent carriers are merely seeking to reinstate a ratemaking policy voluntarily established 83 years ago—a policy which lapsed when ocean rates were equalized around 1935 without the corresponding adjustment of rail rates for which Commission approval is now sought. The burden of proving the lawfulness of a proposal which conforms to the traditional rule of rate equalization should be lighter than the burden of proof required to sustain a complaint which seeks to carve out an exception to the rule.

As pointed out by the Commission in *Chamber of Commerce of N.Y. v. N.Y.C. & H.R.R.R. Co.*, 24 I.C.C. 55, (at p. 69):

> The original agreement [of 1877] for differentials was based on the fact that the ocean rates for freights to and from foreign markets were less from and to New York than from and to the other ports, and the effort was to equalize the entire through charge via the several ports.

In 1882 the Thurman Advisory Commission was created by some of the railroads involved to investigate and report upon the differences in rates that should exist among the several Atlantic ports. The reasons given by the Advisory Commission for continuing the policy of equalization are just as valid today as they were three-quarters of a century ago. The Advisory Commission found that equalization aids the American producer by maximizing the number of buyers, carriers, and ports interested in his product; that, as to routes which are equally favorable, the bulk of the traffic will tend to move by the "through route" offering the lowest rate from interior points to European ports; that fixing rates upon the basis of distance from the port [fol. 5048] could not be achieved "except by subordinating competition altogether" to the distance principle; and that fixing differentials on the basis of relative cost of service would build up some cities and transportation companies upon the ruin of others. Accordingly, the Thurman Commission concluded that distance and cost of service considerations "are subordinate to the great principle which compels the carriers of property competing between the same points and offering equal facilities to their customers to make the same rates."

The "great principle" of rate equalization has proved to be as sound in practice as the Thurman Advisory Commission found it to be in theory. Shippers have had additional ports available in time of strike or congestion. Because of the flexibility provided by rate equalization shippers have been able to avoid delays in unloading, to minimize demurrage, and to schedule export and import shipments without bunching of cars at origin or destination. Railroads and ports have competed for traffic on the basis of service instead of monopolizing portions of the traffic by reason of cost and distance advantages. Operators of ocean vessels have been able to put into any North Atlantic port knowing that the total cost of transportation to the consignee would be the same.

Another advantage of rate equalization is that the Interstate Commerce Commission has less occasion to apportion traffic among the ports involved. Where, as here, the required rate differential is not justified solely on distance or cost of service considerations, apportionment of traffic is inherent in the fixing of the differential. For example, if the rate handicap against New York and the other northern tier ports were increased by 50 percent [fol. 5049] even less traffic would move through those ports, whereas a reduction of the differential by 50 percent would increase their tonnage. In forcing continuance of the rate handicap, the majority has necessarily determined that each of the carriers and ports involved is presently enjoying a fair share of the available traffic.

In allocating traffic between ports and carriers the Commission's expertise should not lightly be presumed. Under certain circumstances, apportionment of traffic is required by statute, but unless the duty of determining fair shares is unavoidable, it is far better to let the flow of traffic be determined in the transportation marketplace. If the policy of rate equalization were followed in this proceeding, the Commission would not be required to decide, *sub silentio,* how much of what kind of traffic should move through the various ports.

Adherence to the great principle of rate equalization requires disapproval of the retaliatory reductions proposed by the carriers serving the ports of Philadelphia, Baltimore, and Hampton Roads, their cost and distance advantages to the contrary notwithstanding. If the dire predictions of these carriers and ports should begin to materialize in the wake of rate equalization, a remedy is provided by section 3(1) of the Act. In acting upon such a complaint, the Commission would be obliged to determine what volume of traffic is required to sustain the life of the port. However, no such determination should be made on this record or on any other record developed prior to the movement of traffic under rate parity. Rate equalization is the rule. Exceptions to the rule should not be prescribed on the basis of conjectural harm.

Even if it were proper to apportion traffic in this proceeding, the allocation effected by the majority seems in- [fol. 5050] equitable. As shown by Appendix F (which does not include substantial tonnages of export coal and import iron ore moving through the southern tier ports), rail exports from the affected territory through New York amounted to only 29.3 percent of the total and imports through New York to the affected territory amounted to only 23.1 percent of the total. It is no answer to say that New York continues to handle over 60 percent of the so-called "highly desirable general-cargo tonnage." The report recognizes that the exportation and importation of bulk commodities is increasing while "the movement of United States manufactures to foreign markets has been steadily declining." Moreover, the majority recognizes that the general cargo which moves predominantly through the port of New York is the most expensive type of traffic to handle and, in fact, that such traffic provides a return which is only barely compensatory.

These conclusions appear to restrict New York and the other northern tier ports to a shrinking class of traffic which is the most expensive to handle. Bulk commodities do not move freely against a rate differential. Railroads are volume carriers. To deny the respondents an opportunity to participate in the movement of bulk cargoes is a denial of their most important inherent advantage. Furthermore, any prospect of relief in the future seems remote. If, as the majority finds, the proposed adjustment would unduly prefer Boston, Portland, and Albany, which collectively handle only 6.9 percent of the involved exports and only 1.1 percent of the affected imports, the rate handicap of New York must be regarded as relatively permanent in nature.

The majority also finds that the reduction proposed by the respondents to achieve rate equalization has not been [fol. 5051] shown to be compensatory. The reductions are minimal, amounting to about one-tenth of a cent in ton-mile revenue. Since publication, the proposed equalizing rates were subjected not only to authorized general increases to cover increased costs, but also to an additional charge of 6 cents per 100 pounds on water-borne traffic approved in Ex Parte No. 212, 304 I.C.C. 289 (1958). To require the respondents to submit a cost study embracing the whole range of export-import traffic from and to all the points involved in this proceeding would impose upon them a difficult, if not impossible, assignment.

Certain protestant rail lines which serve the port of New York attempted by a study of revenues on representative shipments to show that the proposed rates were not compensatory. This study did not include traffic handled by the least expensive means, that is, traffic transferred direct between car and ship and not handled in lighterage, car float, or trucking in lieu of lighterage service. In September 1956, respondent New York Central transferred 30 percent of its traffic at New York direct from car to ship. If the cost evidence had included "heavy-moving bulk commodities" transferred directly between ship and shore and which the respondents hope to attract by rate equalization, it is reasonable to assume that the showing of compensativity would be enhanced rather than diminished.

After restating protestants' cost figures and without making any allowance for any increase in bulk commodity traffic, the majority reaches the following conclusion:

> After restatement of the protestants' costs to reflect port costs computed on that basis, and giving effect to adjustments in other disputed but less important items of those costs, application of the resulting costs to the New York traffic indicates that the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs. However, a presentation of costs adequate to determine [fol. 5052] whether the proposed rates would be reasonably compensatory should embrace all types of traf-

> fic which those rates are expected to attract, and should reflect the costs of the specific methods by which they would be handled. It may be that other traffic would be forced to absorb a larger portion of the constant costs in order to maintain a national transportation system conforming to the ultimate objectives of the national transportation policy.

Included in the estimated out-of-pocket costs is a return of 4 percent on investment after Federal income taxes. None of the respondent railroads serving the port of New York had an average rate of return on investment of 4 percent for the years 1946-1957, inclusive. The record shows that for 1957 respondent Lehigh Valley had a return of .44 percent and respondent New Haven a return of .08 percent. Annual reports filed with the Interstate Commerce Commission show that respondent New York Central's rate of return on investment in 1958 was only .61 percent and that the New Haven failed to make any return at all on its investment in 1958 and 1959.

It is clear, therefore, that the proposed rates which are found to "equal or exceed by a small margin" the estimated out-of-pocket costs (which include a 4 percent return on investment after Federal income taxes) would not burden domestic traffic. Rather, the record shows that the proposed rates would make a far greater contribution to the total transporation burden than the rates applicable to other traffic.

Approval of the proposed rates would be consonant with the Commission's duty under the National Transportation Policy to "foster sound economic conditions in transportation and among the several carriers." The precarious financial condition of some of the respondent carriers is a matter of common knowledge. The principal lines serving [fol. 5053] Philadelphia and Baltimore also serve New York and they would, therefore, participate to some extent in the handling of increased tonnage through the port of New York. The relative prosperity of the railroads serving Hampton Roads is well known.

By inflexible adherence to cost accounting theory, rates yielding a 4 percent return on investment after Federal income taxes can be found to be inadequately compensatory to carriers which have not enjoyed such a return for many years. Impressive support for such a conclusion may be found among practitioners of the science of cost accounting. It is their view that a return on investment and taxes and other than payroll should be included in railroad out-of-pocket costs because, over a long span of time, these items of expense are variable in terms of traffic volume. But even if the theoretical validity of this approach is conceded, the Commission should recognize that the survival or demise of some of the respondent carriers will be determined over a much shorter period of time than that posited by conventional rail cost analysis.

I would approve the proposed reduced rates to the extent indicated above and grant fourth section relief.

Comparison of Waterborne Foreign Commerce through United States and North Atlantic Ports, with that through New York.

(Millions of Net Tons)

	1935	Percent of U.S.	1946	Percent of U.S.	1955	Percent of U.S.
Imports	38.7		52.1		153.	
Exports	43.0		96.8		118.1	
Total, U.S.	81.7		148.9		271.1	
North Atlantic, total	35.0	42.8	69.9	46.9	158.1	58.3
New York, total	17.4	21.2	22.8	15.3	38.9	14.4
New York, percent of North Atlantic	49.7		32.6		24.6	

	1935	Percent of U.S.	1946	Percent of U.S.	1955	Percent of U.S.
Imports (excluding petroleum and ores)	26.5		28.4		33.8	
Exports (excluding coal and grain)	33.3		51.2		52.4	
Total, U.S.	59.8	100.0	79.6	100.0	86.2	100.0
North Atlantic, total	23.8	40.0	24.5	30.8	29.2	33.9
New York, total	12.8	21.3	14.4	18.1	16.6	19.3
New York, percent of north Atlantic	53.4		58.7		56.9[1]	

[1] Percentage of north Atlantic general-cargo exports and imports increased from 58.7 percent in 1955 to 59.1 percent in 1956.

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Value of foreign trade (millions of dollars)

	Exports		Imports	
Year	New York	Baltimore	New York	Baltimore
1935	790	36	1,033	52
1945	4,020	499	1,477	113
1955	4,005	577	4,293	379

5054

[fol. 5054]

Appendix A to Report

Ocean Borne General Cargo, 1956
Gross tons (thousands)

	Exports	Imports
North Atlantic:		
New York	6,397	6,495
Other North Atlantic	4,007	4,918
Total	10,404	11,413
South Atlantic:		
North Carolina	219	82
South Carolina	432	241
Georgia	441	365
Florida	995	1,360
Total	2,088	2,048
Gulf:		
Mobile	602	355
New Orleans	3,308	2,693
Sabine	885	87
Galveston	2,651	1,158
Laredo	409	30
Total	7,855	4,323
Pacific Coast:	4,870	3,865
Other	1,770	1,101
Total, United States	26,987	22,750

* * *

Exports, carloads (Except Coal, Coke, and Grain)

Port	1939	1956	Percent 1956 of 1939
Boston	7,679	10,673	139
New York	127,020	184,543	145
Philadelphia	16,447	23,857	145
Baltimore	23,322	40,380	173
Hampton Roads	24,949	37,539	150
(1) North Atlantic, total	203,432	303,149	149
(2) South Atlantic and Gulf, total	171,410	289,087	169
Grand total	374,842	592,236	158

Exports, Excluding Coal and Grain
(Millions of Net Tons)

			North Atlantic Ports					
			New York		Northern Tier		Southern Tier	
	U.S. Ports Tons	N.A. Ports Tons	Tons	Percent of North Atlantic	Tons	Percent of North Atlantic	Tons	Percent of North Atlantic
1923	(1)	12.9	9.2	72	9.5	74	3.4	26
1946	51.2	14.5	8.5	59	8.9	61	5.6	39
1955	52.4	14.1	8.2	58	8.8	62	5.3	38

Imports, Excluding Petroleum and Iron Ore
(Millions of Net Tons)

	U.S. Ports Tons	N.A. Ports Tons	New York Tons	New York Percent of North Atlantic	Northern Tier Tons	Northern Tier Percent of North Atlantic	Southern Tier Tons	Southern Tier Percent of North Atlantic
1923	(2)	15.4	8.8	57	11.1	72	4.3	28
1946	28.4	12.8	6.2	49	7.4	58	5.3	42
1955	33.8	20.3	9.4	46	11.2	55	9.0	45

(1) 42.3 million tons in 1930.
(2) 26.6 million tons in 1930.

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Imports, North Atlantic Ports, net tons
(exclusive of petroleum and ores)

Port	1955	1946
Boston	1,408,359	1,012,204
New York	8,434,065	5,890,592
Philadelphia	2,651,018	1,737,081
Baltimore	1,648,071	814,316
Hampton Roads	1,142,812	638,596
North Atlantic total -	15,660,246	10,265,704

Exports, North Atlantic Ports, net tons
(exclusive of coal, coke, and grain)

Port	1955	1946
Boston	435,118	191,307
New York	8,178,436	8,507,145
Philadelphia	1,804,956	2,460,268
Baltimore	2,147,798	1,812,643
Hampton Roads	794,288	1,174,030
North Atlantic total -	13,544,621	14,273,485

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Ocean-borne Exports
(Millions of Gross Tons)

	United States		New York Custom District		
	Total	General Cargo	Total	General Cargo	Percent of U.S. General Cargo
1923	40.7	21.7	11.1	7.9	36.3
1946	64.2	26.2	11.9	9.9	37.7
1947	91.1	28.8	14.3	10.9	38.0
1948	66.8	22.0	11.4	8.1	36.8
1949	58.8	20.8	9.1	7.0	33.7
1950	39.1	17.0	6.6	5.1	29.9
1951	87.3	20.0	9.7	6.3	31.3
1952	76.1	18.1	7.8	5.7	31.7
1953	57.1	15.3	6.6	4.8	31.1
1954	57.0	18.4	6.6	4.9	26.8
1955	84.6	23.8	8.4	6.4	26.8
1956	113.0[1]	27.0	8.7	6.4	23.7

Ocean-borne Imports
(Millions of Gross Tons)

	United States		New York Custom District		
	Total	General Cargo	Total	General Cargo	Percent of U.S. General Cargo
1923	38.4	17.8	11.6	8.0	45.
1946	44.2	13.6	13.7	5.2	38.2
1947	51.2	14.3	14.5	5.1	35.3
1948	60.8	16.3	17.8	6.2	38.2
1949	58.9	16.7	18.3	5.8	34.6
1950	86.1	21.4	23.0	7.6	35.5
1951	91.0	20.7	22.8	7.1	34.5
1952	97.0	19.5	25.1	6.9	35.6
1953	108.0	21.2	26.2	7.3	34.4
1954	110.7	19.4	25.4	5.8	30.0
1955	130.2	22.3	27.3	6.4	28.6
1956	146.8[2]	22.8	27.5	6.5	28.5

[1] The increase in total exports of about 72 million tons since 1923 distributed roughly was as follows (in millions of tons): Coal 42; grain 14; tanker cargo (petroleum, coal tar products, and molasses) 4; other minerals (sulphur, phosphate, iron ore) 4; foreign aid 3; and general cargo 5.

[2] The increase in total United States imports of 108 million tons since 1923, consisted of tne following (in millions of tons): Tanker cargo (mainly residual fuel oil) 66; bulk ores (iron, manganese, chrome, ilmenite, bauxite, copper, lead) 34; other minerals (clays, gypsum, nitrates), 3; and general cargo, 5.

[fol. 5058]

Rail Transportation of Foreign Commerce Between U.S. North Atlantic Ports and Affected Territory.

August 1955 - July 1956

IMPORTS	Northern Tier (Net tons)	Northern Tier Percent	Southern Tier (Net tons)	Southern Tier Percent
Products of Agriculture	225,626	33.3	84,268	4.0
Animals and Products	19,597	2.9	4,873	0.3
Products of Mines[1]	41,331	6.1	1,622,761	76.5
Products of Forests	13,100	1.9	41,570	1.9
Manufactures & Miscellaneous	376,672	55.6	368,350	17.3
Forwarder Traffic	130	0.2	-	
Total Carload Traffic	676,456	100.0	2,121,822	100.0
Percent of North Atlantic	24.2 (52.9)[2]		75.8 (47.1)[2]	

[1] Exclusive of petroleum and iron ore and concentrates.

[2] Exclusive of bulk ores.

EXPORTS	Northern Tier (Net tons)	Northern Tier Percent	Southern Tier (Net tons)	Southern Tier Percent
Products of Agriculture	868,000	29.3	3,993,051	59.5
Animals and Products	124,182	4.2	87,524	2.6
Products of Mines[3]	4,582	0.1	19,213	0.3
Products of Forests	3,310	0.1	2,605	0.1
Manufactures & Miscellaneous	1,913,481	64.6	1,099,690	36.8
Forwarder Traffic	50,599	1.7	5,242	0.7
Total Carload Traffic	2,964,154	100.0	5,207,325	100.0
Percent of North Atlantic	36.3 (62.7)[4]		63.7 (37.3)[4]	

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[3] Exclusive of coal.

[4] Exclusive of grain.

Rail Transportation of Exports from Affected Territory (1955-56)

To	Total (net tons)	Per-cent of N.A.	Grain (net tons)	Per-cent of N.A.	Other Traffic (net tons)	Per-cent of N.A.
New York						
Respondents	1,642,349		154,125		1,488,224	
Protestants	750,696		49,869		700,827	
	2,393,045	29.3	203,994	4.4	2,189,051	62.7
Boston	361,772	4.4	358,516	7.7	3,256	.1
Portland	68,[illegible]92	.8	68,192	1.5	None	
Albany	141,145	1.7	141,000	3.0	145	.0
Total, northern tier	2,964,154	36.3	771,702	16.6	2,192,452	62.8
Baltimore	3,303,499	40.4	2,339,309	50.	964,190	27.6
Philadelphia	854,809	10.6	705,578	15.1	149,231	4.3
Hampton Roads	1,049,017	12.9	859,191	18.4	189,826	5.4
Total, southern tier	5,207,325	63.7	3,904,078	83.5	1,303,247	37.3
		100		100		100

Rail Transportation of Imports from Affected Territory (1955-56)

From	Total (net tons)		Bulk Ores[1] (net tons)		Other Traffic (net tons)	
New York						
Respondents	391,979		27,790		364,189	
Protestants	253,813		2,182		251,63	
	645,792	23.1	29,972	1.9	615,820	50.4
Boston	17,739	0.6	None		17,739	1.5
Portland	12,382	0.4	None		12,382	1.0
Albany	543	0.1	None		543	
Total, northern tier	676,456	24.2	29,972	1.9	646,484	52.9
Baltimore	1,644,844	58.8	1,349,946	85.1	294,898	24.1
Philadelphia	184,759	6.6	59,490	3.8	125,269	10.25
Hampton Roads	292,219	10.4	136,046	8.6	156,173	12.8
Total, southern tier	2,121,822	75.8	1,545,482	98.1	576,340	47.1
		100		100		100

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[1] Other than iron ore and concentrates.

[fol. 5060]

ORDER

BEFORE THE INTERSTATE COMMERCE COMMISSION,
5th day of December, A. D. 1960.

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

Fourth-Section Application No. 32204
Import and Export Rates From and To North Atlantic Ports

It appearing, That by order dated July 6, 1956, the Commission entered upon a hearing concerning the lawfulness of the rates, charges, regulations, and practices stated in the schedules enumerated and described in said order, and of the relief sought in the fourth section application filed therewith, and suspended the operation of the schedules until February 9, 1957, and that their operation has been voluntarily postponed by the respondents until the disposition of these proceedings;

It further appearing, That a full investigation of the matters and things involved has been made, and that the Commission, on the date hereof, has made and filed a report herein containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the respondents herein be, and they are hereby, notified and required to cancel the said schedules, on or before January 23, 1961, upon not less than one day's notice to this Commission and to the general public by filing and posting in the manner prescribed under section 6 of the Interstate Commerce Act.

It is further ordered, That fourth-section application No. 32204 be, and it is hereby, denied; and that these proceedings be, and they are hereby, discontinued.

By the Commission.

Harold D. McCoy, Secretary.

[fol. 5061]

BEFORE THE INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204

Import and Export Rates From and To North Atlantic Ports

ORDER, DATED MARCH 7, 1961 CORRECTING ONE OF THE FINDINGS IN REPORT OF DECEMBER 5, 1960

It appearing, That a report was adopted and an order entered in this proceeding on December 5, 1960, and that the attention of the Commission has been called to a sentence in the said report which is in error;

It further appearing, That the sentence on sheet 52 of the mimeographed report of December 5, 1960, reading: "None of the respondents has suggested a change in the rate relations as between the New England ports and New York" is incorrect, as certain New England respondents, as well as the Boston Port Authority, urged in these proceedings that the reduced rates proposed for Boston, Mass., were lawful and should be permitted to take effect regardless of the conclusion reached on the respondents' proposal with respect to the rates to or from New York, N. Y.; and this is made plain by a statement to the latter effect on sheet 51 of the mimeographed report. Accordingly, and for good cause appearing:

It is ordered, That the sentence above quoted, on sheet 52 of the aforesaid mimeographed report, be, and it is hereby, stricken from the report.

By the Commission.

Harold D. McCoy, Secretary.

[fol. 5062]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 61

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

COMPLAINT—January 11, 1961
(Equitable Relief Sought)

I.

Plaintiff Boston and Maine Railroad is a consolidated railroad corporation organized and existing under the laws of the States of Massachusetts, Maine, New Hampshire and New York, and authorized to do business in the State of Vermont, with its principal office and place of business at 150 Causeway Street, Boston 14, Massachusetts. It is a common carrier of property by railroad subject to Part I of the Interstate Commerce Act (49 U. S. Code, Chapter 1), operating in each of the foregoing States. In connection with the lines of other railroads it offers a rail transportation service for the movement of import and export traffic between the port of Boston, Massachusetts, and points and places throughout the continental United States, including those in so-called Affected Territory.*

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* In its report dated December 5, 1960, referred to hereinafter, the Interstate Commerce Commission described Affected Territory as follows (sheet 3):

> "The territory to and from which equalization of the northern tier ports with Baltimore is initially proposed is roughly that represented by central freight association territory, in-

[fol. 5063]

II.

Plaintiff The New York, New Haven and Hartford Railroad Company is a consolidated railroad corporation organized and existing under the laws of the States of Massachusetts, Rhode Island and Connecticut, and authorized to do business in the State of New York, with an office and place of business at South Terminal Station, Boston, Massachusetts. It is a common carrier of property by railroad subject to Part I of the Interstate Commerce Act (49 U. S. Code, Chapter 1), operating in each of the foregoing States. In connection with the lines of other railroads it offers a rail transportation service for the movement of import and export traffic between the port of Boston, Massachusetts, and points and places throughout the continental United States, including those in Affected Territory.

III.

This action is brought and jurisdiction is invoked under the provisions of Title 28, U. S. Code, sections 1336, 2284 and 2321 through 2325, inclusive, to enjoin, set aside, annul, and suspend an order of the Interstate Commerce Commission (hereinafter termed the "Commission") dated December 5, 1960, and served January 3, 1961, entered in its Investigation and Suspension Docket No. 6615, *Equalization of Rates at North Atlantic Ports,* and in Fourth Section Application No. 32204, *Import and Export Rates From and To North Atlantic Ports.* A copy of the Commission's report and order dated December 5, 1960, embracing both proceedings, is attached hereto and made a part hereof as Appendix A. The United States of America is made defendant herein

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cluding Illinois freight association territory and southern Wisconsin, hereinafter called the affected or differential territory. It includes territory on and west of a line extending from a point just west of Buffalo through Warren, Oil City, Butler, Pittsburgh, and Washington, Pa., Wheeling, W. Va., thence along the east bank of the Ohio River to Kenova, W. Va., including points in West Virginia, Charleston and west thereof, certain points in Kentucky on the lines of The Chesapeake and Ohio Railway Company, and points on the south bank of the Ohio River from Huntington, W. Va., to Cincinnati, Ohio."

under the authority of section 2322 of said Title 28, U. S. Code.

IV.

The venue of this action is in this Court pursuant to the provisions of Title 28, U. S. Code, section 1398, inasmuch as plaintiff Boston and Maine Railroad is incorporated in the Commonwealth of Massachusetts, and maintains its principal office in Boston, Massachusetts, within the jurisdiction of this Court.

V.

The Commission is an administrative tribunal of the United States created by the Act to regulate commerce, approved February 4, 1887, 24 Stat. 383, and the amendments thereto, Title 49, U. S. Code, Chapter 1, now known as [fol. 5064] the Interstate Commerce Act (herein termed the "Act"), with specifically vested powers and duties under said Act and the various acts that are amendatory thereof and supplemental thereto.

VI.

The aforesaid proceedings before the Commission commenced with the Commission's order directing the suspension and investigation of certain tariff schedules published by plaintiffs herein and their connecting carriers, including, among others, New York Central Railroad Company, The Delaware and Hudson Railroad Corporation, Erie Railroad Company, and The Delaware, Lackawanna and Western Railroad Company.* Said tariffs had been proposed to become effective July 10, 1956, and would have resulted generally in a reduction of 3 cents per hundredweight in railroad rates on import-export traffic between Boston, Massachusetts and Affected Territory. Identical reductions were simultaneously published by carriers serving the ports of Albany and New York, New York, and, in so far as export traffic is concerned, by carriers serving Portland, Maine.

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* The latter two railroads have since merged and are now operated as the Erie-Lackawanna Railroad Company.

Plaintiff, Boston and Maine Railroad serves the port of Portland, Maine, and participated in the proposed reduction in export rates to that port.

At the time of said tariff publications, and continuing to the present time, rates between Boston, Albany and New York, on the one hand, and Affected Territory, on the other, were differentially higher than those between Affected Territory and the ports of Philadelphia, Baltimore and Hampton Roads. Rates via Portland are at the Baltimore level on import traffic and on the Boston level on export traffic.* Through no North Atlantic port are rail rates applicable to Affected Territory import-export traffic higher than those through the port of Boston. The proposed reduction in rates to and from Boston would place such rates on a parity with those existing at Baltimore and Hampton Roads, and, as to import traffic, with those at Portland.

Immediately following the publication of these proposed parity rates by carriers serving the ports of Boston, Portland, Albany and New York, competing carriers serving [fol. 5065] the more southerly ports of Philadelphia, Baltimore and Hampton Roads, published rates via those ports designed to restore the previously existing differentials. All of the foregoing tariffs, both those proposing elimination of and those seeking restoration of the rail rate differentials, were thereupon suspended by the Commission and its investigation instituted.

VII.

The present North Atlantic rail rate differentials were established in order to permit competition among the carriers serving the several ports by offsetting the ocean rate advantage which once prevailed at New York and ports north thereof, including the port of Boston. By means of the differential adjustment, the total transportation cost through all of the competing ports was equalized. However, since at least 1935, ocean rates have been identical to and from all North Atlantic ports. In spite of that fact, the rail rate handicap at Boston and other northerly ports has remained unchanged. Thus, total transportation charges through Boston, New York and Albany have exceeded, since at least 1935, those via the more southerly ports to the extent of the rail rate differential.* The tariffs referred to herein were designed to permit plaintiffs to compete for Affected Territory traffic by eliminating the differential handicap at Boston, thereby equalizing once again total transportation costs through that port with total transportation costs through Baltimore and ports having the same level of rates as Baltimore.

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* A summary of the present differentials is found at sheet 5 of Appendix A, attached hereto.

VIII.

Hearings were held in connection with the tariff schedules under investigation, including those seeking the elimination of the differential at Boston, and on November 9, 1959, the Commission's hearing examiner issued his proposed report. Exceptions to said proposed report were filed by plaintiffs herein, among others, and oral argument was held before the Commission on May 24, 1960. On December 5, 1960 the Commission (Commissioner Webb dissenting, and Commissioners Freas and McPherson concurring), issued its report and order herein complained of. In said report and order the Commission required that these plaintiffs cancel said schedules on or before January 23, 1961, upon not less than one day's notice to the Commission and to the general public.

[fol. 5066]

IX.

The Commission's findings in its decision dated December 5, 1960, show that:

(1) The present North Atlantic rail rate differential adjustment was designed to afford carriers serving the different ports competitive rates by equalizing total transportation charges through the several ports on traffic moving

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* This situation also prevails as to export traffic through Portland, Maine.

between points in Affected Territory and foreign origins or destinations (sheets 7-8, 10).

(2) When the present rail rate differentials were established, ocean rates to and from Boston and New York were lower than those to and from Baltimore and Philadelphia. Accordingly, the differentials were designed, and their effect was, to offset the ocean-rate advantage of the more northerly ports, including the port of Boston (sheets 7-8).

(3) Commencing in the early twenties and extending to about 1935, ocean rates from and to the different North Atlantic ports became equalized. As a result, the sum of rail and ocean transportation charges through the port of Boston, served by plaintiffs herein, became higher than the sum of those charges through the southern tier ports of Philadelphia, Baltimore and Hampton Roads by an amount equal to the rail rate differentials (sheet 8).

(4) The elimination of the rate handicap at Boston, sought by plaintiffs herein, together with the proposed parity rates at Portland, Albany and New York, would provide an equality of total transportation charges, rail and ocean, between foreign countries and points in Affected Territory for the whole range of North Atlantic ports (sheet 8).

(5) The movement of Affected Territory traffic through Boston under the existing differentials is negligible. Carriers serving the port of Boston, including plaintiffs herein, participate in only 0.1% of the total of export rail traffic from Affected Territory through the several North Atlantic ports, excluding grain. By comparison, carriers serving the port of Baltimore participate in 27.6% of such traffic, those serving the port of Philadelphia in 4.3%, and those serving the Hampton Roads ports in 5.4%. Even including grain, Boston railroads carry but 4.4% of all Affected Territory exports, compared with 40.4% at Baltimore, 10.6% at Philadelphia and 12.9% at Hampton Roads (Appendix F).

[fol. 5067]

X.

Notwithstanding its findings referred to in paragraph IX (5) above, the Commission nevertheless found:

> "As here presented the respondents' proposal contemplates equalization of the northern tier ports as a group with Baltimore." (sheets 51-52)

Having thus determined to treat the proposed rates at Boston, Portland, Albany and New York *as a group*, the Commission ordered the rates at all of these ports cancelled, having concluded that one of them, New York, did not require rail rate equalization in order to be competitive. This finding of the Commission caused it to completely disregard its own findings and the evidence of record which demonstrate beyond question the lawfulness of the proposed parity rates at Boston, and caused it to refuse to consider the proposed Boston rates on their merits.

The foregoing finding of the Commission is arbitrary and erroneous, and is completely without support in the record or in the Commission's factual findings. The tariffs filed by these plaintiffs and their connections were and are unconditional, and were in no manner published to become effective only if similar rates should become effective at New York: to the contrary, the record demonstrates unequivocally that the Boston rates were presented independently, and were, therefore, entitled to consideration on their merits.

XI.

The record in this proceeding clearly establishes the lawfulness of the proposed parity rates at Boston. Further, the record demonstrates that said proposed rates of plaintiffs and other railroads serving Boston are within the zone of reasonableness, and are not so low in comparison with rates at other North Atlantic ports as to prevent competition by carriers serving such ports. To the contrary, the record establishes, and the Commission has found, that under their present rate handicap, railroads serving Boston, including plaintiffs herein, are unable to compete for Affected Territory traffic.

XII.

Plaintiffs allege that the said order of the Commission, dated December 5, 1960, is based upon errors of law, is not supported by evidence or adequate findings, exceeds the statutory power of the Commission, and is unlawful, arbitrary, capricious, null and void, for the following additional reasons:

[fol. 5068] (1) The Commission has erroneously and arbitrarily refused to consider on their merits the equalizing rates of the plaintiffs to and from Boston in violation of its duties under the Interstate Commerce Act.

(2) The order does not rest upon evidentiary findings which are essential to support a conclusion that the proposed rates are unlawful under the Interstate Commerce Act, or to support a conclusion that the proposed rates to and from Boston were conditionally published to take effect only if the proposed New York rates are permitted to become effective.

(3) The order rests upon an unauthorized attempt by the Commission to control the volume and direct the flow of traffic moving through the several competing ports.

(4) The order unlawfully denies to plaintiff railroads the right to meet the rate of competing railroads by an adjustment of rates within the zone of reasonableness and without undue or unreasonable preference or prejudice.

(5) The Commission failed to recognize that, as a matter of managerial discretion, railroads may voluntarily make rate changes which they can not be compelled by law to make.

(6) The Commission arbitrarily and without authority has required plaintiffs to maintain, on import and export traffic between Boston and Affected Territory, differentially higher rates than those maintained by competing railroads serving Portland, Maine, Philadelphia, Baltimore and Hampton Roads for the purpose of diverting such traffic to said carriers, and for the added purpose of continuing and perpetuating the rate advantage of said carriers over plaintiff railroads serving the port of Boston.

(7) The order of the Commission requiring cancellation of the suspended schedules proposing rates via Boston

equalized with those via Baltimore is invalid because there are no factual findings to support such order.

(8) The order of the Commission requiring cancellation of the suspended schedules is invalid because the Commission has exceeded the power delegated to it by Congress with respect to regulating rates.

(9) The Commission failed to comply with the National Transportation Policy as declared by Congress and set forth at the beginning of the Interstate Commerce Act: "To promote safe, adequate, economic and efficient service, [fol. 5069] and foster sound economical conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preference or advantages, or unfair or destructive competitive practices; . . : all to the end of developing, coordinating and preserving a national transportation system by water, highway and rail, as well as other means, adequate to meet the needs of the commerce of the United States of America, of the Postal Service, and of the national defense."

XIII.

The Commission threatens to enforce its said order unless it is enjoined, set aside, annulled and suspended. Said order and its enforcement will cause immediate and irreparable injury to the plaintiffs, and the plaintiffs are without an adequate remedy at law.

XIV.

Unless the operation and enforcement of said order be restrained, pending final disposition of this action, the injury to plaintiffs in the interim will be irreparable even by final judgment for plaintiffs, whereas no injury will be sustained by the defendants or by other parties before the Commission, or by the public, through issuance of a temporary restraining order and an interlocutory injunction.

Wherefore, plaintiffs pray:

1. That process may issue against the United States of America and the Interstate Commerce Commission.

2. That this Court stay, restrain, and suspend the operation of the order of the Commission dated December 5, 1960 pending the final hearing and determination of this action.

3. That a Court constituted as required by Title 28, U. S. Code, sections 2284 and 2321-2325, consisting of three judges, be convened and that said Court so constituted and convened shall hear this petition upon due and legal notice to defendants.

4. That the operation, enforcement and execution of said order be permanently enjoined and said order be permanently set aside, annulled and suspended.

[fol. 5070] 5. That plaintiffs recover their proper costs.

6. That plaintiffs have such other and further relief in the premises as to equity may appertain and as may be deemed meet and just by this Honorable Court.

Neal Holland, Robert G. Bleakney, Jr., 150 Causeway Street, Boston 14, Massachusetts, Attorneys for Plaintiffs.

Of Counsel: James W. Grady, Thomas P. Hackett, 54 Meadow Street, New Haven, Connecticut.

Dated: January 11, 1961

[fol. 5071] Appendix "A" to complaint—Commission's report and order dated December 5, 1960 omitted. Printed side folio 3968, page 3738 supra.

[fol. 5072]

BEFORE THE INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204
Import and Export Rates From and To North Atlantic Ports

ORDER DATED JANUARY 16, 1961 POSTPONING THE COMPLIANCE DATE OF THE ORDER OF DECEMBER 5, 1960

Present: Everett Hutchinson, Chairman, to whom the above-entitled matter has been assigned for action thereon.

An action has been filed in the United States District Court for the District of Massachusetts seeking review and annulment of the order entered by the Commission in these proceedings on December 5, 1960. Counsel for respondent railroads have requested that the compliance date of January 23, 1961, specified in the order for cancellation of schedules, be postponed pending final disposition of the proposed court action, and have represented and agreed as a condition to the requested postponement that the respondent railroads will voluntarily suspend and keep in suspense the schedules involved until the proposed court action is finally terminated.

Upon consideration of the record in these proceedings; and for good cause shown:

It is ordered, That the order entered by the Commission in these proceedings on December 5, 1960, requiring the cancellation of schedules on or before January 23, 1961, upon not less than one day's notice to the Commission and the general public, be, and it is hereby, modified with respect to all schedules therein ordered cancelled so as to postpone the compliance date of January 23, 1961, specified in the order, until further order of the Commission.

Dated at Washington, D. C. this 16th day of January, A. D. 1961.

By the Commission, Chairman Hutchinson.

Harold D. McCoy, Secretary.

[fol. 5073]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

MASSACHUSETTS PORT AUTHORITY et al., Plaintiffs in Intervention,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants,

MARYLAND PORT AUTHORITY et al., Defendants in Intervention.

ANSWER OF THE UNITED STATES OF AMERICA—
Filed March 27, 1961

The United States of America, a defendant in the above action, in answer to the Complaint of the plaintiffs and to the Complaints of the intervening plaintiffs, admits that the order of the Interstate Commerce Commission is erroneous, in that it is premised on the erroneous finding that the proposed rate schedules contemplated equalization of the northern tier ports as a group with the southern tier ports, and in that, by reason of said erroneous finding, the Commission considered the lawfulness of the proposed rates solely from the standpoint of their unitary application to the northern tier ports and did not consider, separately and independently for each northern tier port, the lawfulness of the proposed rates as applied to traffic to and from each of said ports.

[fol. 5074] The United States neither admits nor denies the other allegations of the Complaint of the plaintiffs and the other allegations of the Complaints of the intervening plaintiffs.

Wherefore, this defendant prays that the order of the Commission be set aside.

John H. D. Wigger, Attorney, Department of Justice, Washington 25, D. C., Lee Loevinger, Assistant Attorney General, Elliot L. Richardson, United States Attorney, Attorneys for the United States of America.

Certificate of Service (omitted in printing).

[fol. 5075]

ORDER

BEFORE THE INTERSTATE COMMERCE COMMISSION

Investigation and Suspension Docket No. 6615
Equalization of Rates at North Atlantic Ports

Fourth Section Application No. 32204
Import and Export Rates From and To North Atlantic Ports

ORDER DATED APRIL 11, 1961 REOPENING THE PROCEEDINGS FOR RECONSIDERATION, ETC.

Upon consideration of the decision of the Commission in these proceedings on December 5, 1960, and upon further consideration of the record in said proceedings, and for good cause shown:

It is ordered, That these proceedings be, and they are hereby reopened for reconsideration on the present record of the lawfulness of the proposed rates separately and independently on traffic to and from each northern tier port.

By the Commission.

Harold D. McCoy, Secretary.

[fol. 5076]

Before the Interstate Commerce Commission

Investigation and Suspension Docket No. 6615[1]

Equalization of Rates at North Atlantic Ports

Decided June 15, 1961.

Upon reconsideration:

1. Prior findings that proposed reduced class and commodity rates on export and import traffic between interior points in differential territory, on the one hand, and New York and Albany, N. Y., Boston, Mass., and Portland, Maine, on the other, are not shown to be reasonably related to the present rates on like traffic to and from Baltimore, Md., Philadelphia, Pa., and the Hampton Roads (Va.) ports, and would cause undue prejudice and preference as between the ports named, amplified and affirmed.
2. Other findings in prior report, 311 I.C.C. 689, affirmed. Appearances as shown in prior report.

Report of the Commission on Reconsideration

Goff, *Commissioner*:

In the prior report, 311 I.C.C. 689, we found that schedules by which the respondent railroads proposed rate reductions and thus sought to equalize the rates[2] on export and import traffic between the ports of New York, N. Y., Boston, Mass., Portland, Maine, and Albany, N. Y., herein called northern tier ports, and interior points in differential territory, described in that report, with the corresponding rates between Baltimore, Md., and the same interior points, were not shown to be reasonably related to the present rates on like traffic between the southern tier ports (Baltimore, Philadelphia, Pa., and Hampton Roads, Va.) served by competing (protestant) railroads, and would cause undue preference of the ports first named, as a group, and [fol. 5077] undue prejudice to the southern tier ports. We found also that schedules by which the protestant railroads proposed, if the foregoing rates should be found lawful, to reduce their rates between the southern tier ports and the interior territory, and thus restore the present relationships, were not shown to be just and reasonable. Some of these railroads serve New York, as well as Philadelphia and Baltimore. By our order of December 5, 1960, the schedules were ordered canceled and the fourth-section application in the embraced proceeding was denied.

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[1] This report embraces also Fourth-Section Application No. 32204, Import and Export Rates from and to North Atlantic ports.

Upon further consideration of the prior decision, and of the record herein, on April 11, 1961, we reopened the proceedings for reconsideration, on the record as made, of the lawfulness of the proposed rates separately and independently on traffic to and from each of the northern tier ports.

Only the principal facts recited in the prior report will be repeated herein. The evidence includes a vast amount of statistical data. Much of these relate to tonnage moving through each port and, collectively, through the northern and southern tier ports. The most important of these data are summarized in the appendices to the prior report, to which reference will herein be made.

Two corrections are necessary. In appendix E, footnote 2 in each table relates only to the percentage shown in parentheses. In appendix C, the words "North Atlantic" should follow the word "Total" in each of the two lower tables.

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[2] Rates and differences in rates are stated per 100 pounds.

The commodities embraced in these proceedings when moving by water are of two types, called bulk cargo and general cargo. The bulk cargo consists almost entirely of export grain and import ores, other than iron ore.[3] The general cargo includes principally manufactured and semi-[fol. 5078] manufactured articles of relatively high value, which generally provide the more profitable "top loading" for ships and the greater employment and revenue per ton for the port community.

The present rates on import traffic are the same from New York, Boston, and Portland, except as noted below. Those from Philadelphia and Baltimore are 2 cents and 3 cents, respectively, under the rates from New York, except that on classes 1 and 2 they are 6 cents from Philadelphia and 8 cents from Baltimore under New York. Import rates from Portland, applicable over routes through Canada only, are the same as those from Baltimore, and such rates and routes also are in effect from Boston.

On export traffic, again New York, Boston, and Portland have the same rates. The rates to Philadelphia are 2 cents less and to Baltimore 3 cents less than those to New York, except that on export grain the rates to Philadelphia are 0.5 cent under and those to Baltimore 1.5 cents under New York, and on flour they are, respectively, 1 and 2 cents under the New York rates.

The Hampton Roads rates are the same as those to and from Baltimore only from and to points in differential territory west of a north-south line in central Ohio described in the prior report.

Rates to and from Albany are the same as those to and from Philadelphia, generally 2 cents under New York. The respondents proposed rates for Albany on the Baltimore basis.

As stated, our prior findings were directed to the northern tier ports as a group. This was done to accord with the group proposal made by the respondents. That proposal, in which the respondents serving Boston joined, specifically purported to equalize their rates with the rates to and from Baltimore. The general brief of the respondents, in which the Boston respondents joined, stated their posi- [fol. 5079] tion as a unit, without reservation, and dealt with much of the evidence as such. The 16 findings which they requested made no mention of any individual port. This brief contains numerous references to their proposal as a "group adjustment." For example, at page 60 of their argument the respondents refer to the fact that the instant "group adjustment" was initiated in an effort to remove the differential as was done with respect to ex-lake grain. Moreover, their requested finding 4 was as follows:

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[3] Other much more important bulk commodities are export coal and import iron ore, and petroleum. Of the petroleum which moves through North Atlantic ports, little or none moves to the affected territory.

> Equalized through charges are a competitive necessity in the proposed group rate adjustment.

The New Haven and Boston & Maine, hereinafter called the Boston respondents, arguing that there was no need in this proceeding for cost evidence and that in a "competitive situation" relative distances must be ignored, in their supplemental brief stated that the proceeding "involves a broad group adjustment."

However, the Boston respondents and particularly the Boston port interests in their exceptions, urge that, regardless of the conclusion reached as to New York, the reduced rates to and from Boston be found lawful. Upon further consideration of the position thus taken by the Boston interests and of our prior decision herein, we reopened these proceedings for reconsideration of the lawfulness of the proposed rates separately and independently on traffic to and from each of the northern tier ports. Facts and contentions stated in the prior report will be restated only to the extent necessary for a clear understanding of the issues.

In general.—Differentials of substantially the same amount as those now prevailing were initially agreed upon in 1877 as a compromise by the lines which served New York, on the one hand, and the Philadelphia and Baltimore [fol. 5080] railroads, on the other, following about a decade of rate instability in which rate wars were the outgrowth of repeated failures of the port railroads to agree on port rate relationships. Comparative rail distances between differential territory and Baltimore, Philadelphia, and New York were an important consideration in the compromise, the Baltimore lines having insisted on greater rate differences, and the New York lines contending for equal rates with Baltimore. About a decade later it was agreed that Boston and Portland should have rates the same as New York. The average short-line distances between differential territory and the several ports are 698 miles to Baltimore, 750 miles to Philadelphia, 804 miles to New York, and 921 miles to Boston.[5] Between Hampton Roads and its smaller differential territory, the average is 883 miles as compared with 853 miles to New York.

In a series of proceedings extending from 1898 to 1941, most of which are cited in the prior report,[4] the assailed differentials were repeatedly approved.

As explained in the prior report, at pages 693-694, because of the differences in the ocean rates which prevailed at the time the differential adjustment was first adopted, its effect was to place all of the North Atlantic ports on a roughly equal basis with respect to the combined rail and ocean charges between interior points and foreign destinations over routes through each of those ports.

By 1935, however, ocean tramp rates to and from the several ports having been equalized, the charges for each type of ocean service were then roughly equal, conference [fol. 5081] and non-conference rates having been equalized between 1916 and 1920. See *Maritime Asso., Boston Chamber of Commerce* v. *A. A. R. R. Co.*, 95 I.C.C. 539, 554. According to the record, ocean rates may vary dependent upon the type of service; non-conference lines may charge lower rates than conference lines; and tramp operators, whose service is generally slower, usually charge substantially less than conference rates. However, all ocean lines in the same type of service generally maintain the same charges. With equalization of the ocean rates, the combined rail-ocean charges through the northern tier ports became higher than those through the southern tier ports.

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[4] Others are *Export and Domestic Rates*, 8 I.C.C. 214; *In The Matter of Import Rates*, 24 I.C.C. 78; *Baltimore Chamber of Commerce* v. *Ann Arbor R. Co.*, 159 I.C.C. 691; *City of Philadelphia* v. *Baltimore & O. R. Co.*, 231 I.C.C. 21; and *State of New Jersey* v. *Baltimore & O. R. Co.*, 245 I.C.C. 581 (1941).

The respondents and New York and Boston port interests[5] contend that their tonnage of the subject traffic[6] has declined and that the higher rail-ocean transportation charges through those ports than through the southern tier ports, which have prevailed since 1935 when equalization of all ocean rates was completed, have been the cause of their inability to compete for this traffic, with consequent diversion of a large share of it from their ports to the lower-rated ports south of New York. They claim that this loss in tonnage has been experienced by them particularly since 1946, a period of extensive growth in total United States foreign trade. This growth was, for the most part, in certain bulk commodities, such as coal, petroleum, and iron ore, which tonnage is not here concerned.

The Boston respondents say that their share of the subject traffic "has been almost completely wiped out," that "they are no longer a competitive factor" in its movement; [fol. 5082] that Boston is no longer able to participate in it to a significant extent; and that they seek "once more [to] become competitive" for it. These statements imply, as do those of respondents generally, that at some earlier time they had opportunity to compete for this traffic and enjoyed a proportionately greater amount of it than they did in 1955-1956. Such a time presumably was prior to 1935,[7] before the establishment of ocean rate parity, which they say was the circumstance that disrupted the equality of rail-ocean charges through the several North Atlantic ports and thus placed the respondents and their ports in a disadvantageous position.

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[5] Albany's tonnage, except for export grain, was negligible.

[6] The total volume, about 11 million tons, of this traffic, as shown in appendix F to the prior report, was about 7 percent of all foreign commerce through the North Atlantic ports in 1955.

[7] This year will be used for purposes of discussion, although the ocean rates of most importance here apparently were equalized by 1920.

The evidence as to the tonnage which moved on the subject rates is limited to the years 1946 or 1947 and 1951, and to the traffic test period or composite year from August 1, 1955, to July 31, 1956. Except for the composite year, the data are incomplete or not on comparable bases. As to traffic through New York, the data include only tonnage handled by four of the respondent railroads which serve that port and do not include that handled by the Baltimore & Ohio, the Pennsylvania, or the Central Railroad of New Jersey, which also serve the port. As to Boston, the New Haven produced no data except for the composite year. The data for the Boston & Maine at that port and Portland are for that year and 1951 only. Albany's tonnage is shown only for the composite year. The figures for the test period, shown in appendix F to the prior report, are the only complete tonnage data of record for the subject traffic. As no corresponding data were presented for any period prior to the equalization of ocean rates, when the respondents presumably were in a position to compete, ratewise, for the subject traffic unhampered by a disparity in through [fol. 5083] charges, the record affords no basis for determining the relative participation of the opposing railroads and ports in this traffic before and after such equalization. Thus, it lacks evidence necessary to test the validity of the claimed loss of such traffic and to show that such loss was due to disruption of the parity of the rail-ocean charges.

The respondents say that the general tonnage data compiled annually by the Department of the Army, Corps of Engineers, were "one of the basic alarms" which prompted the proposed equalization. Such data reflect all tonnage handled through the North Atlantic ports, rather than rail carriage of the subject traffic to and from the affected territory only. The tonnage data presented by the port interests are, for the most part, even more general in character and are similar to those summarized in appendices B and D to the prior report.

Analyses of these overall tonnage data for years since 1922, as shown in appendix D and the carload exports as shown in appendix B since 1938, which afford the only indication of the relative participation of the several ports in the total North Atlantic trade for significant periods, were discussed on pages 700 to 707 of the prior report. Most of the increase in traffic which contributed to a greater increase in such trade through southern tier ports than through northern tier ports consisted of the bulk commodities mentioned above. As appendix C shows, excluding those commodities and grain, the percentages of the remainder of the total foreign tonnage shared by the northern tier ports and the southern tier ports were only slightly different in 1955 than in 1946, and, as indicated in the lower half of appendix C, the trends of the movements of such tonnage from 1946 to 1955 for Boston and New [fol. 5084] York compare favorably with those of the southern tier ports. Export coal, except for some movement through New York, presently minimal, moved and continues to move almost exclusively through the southern tier ports; so also, most of the North Atlantic grain exports, particularly since World War II, have moved through the southern tier ports.

From 1946 to 1955 as to exports, exclusive of coal and grain, the small decline through southern tier ports was slightly more than that through the northern tier ports. A comparison with 1939, however, in appendix B, shows that the major ports have experienced a substantial increase in such exports.

The respondents and the New York and Boston port interests contend that a parity of rates to and from the ports and equalized through charges are a competitive necessity. Boston emphasizes the small volume of the subject-traffic general cargo moving through its port. In view of the preponderance of such traffic, aggregating 2.8 million tons as shown in appendix F, which moved through New York at rates the same as those of Boston, the validity of this contention is not established.

Boston argues that, as a practical matter, its railroads are excluded from competing for the subject traffic, and that with rate parity they would be able to compete effectively for it. It points to the movement of export wheat to Hampton Roads and Baltimore under a parity of rates as an example of the effectiveness of parity in securing traffic for Hampton Roads. This and other grain movements under the subject rates in the composite year are shown in the following table:

[fol. 5085]

Commodity	Port differential[1]	To	Tons	Percent[2]
Wheat	1.5	Hampton Roads	819,609	36.8
"	1.5	Baltimore	800,237	36.0
"	0.5	Albany	58,850	2.6
"	0.5	Philadelphia	488,310	21.9
"		Boston	281,968	12.6
"		New York	117,786	5.3
"		Portland	35,405	1.6
Corn	1.5	Hampton Roads	None	
"	1.5	Baltimore	1,243,846	81.7
"	0.5	Philadelphia	211,548	13.9
Barley and Rye	1.5	Baltimore	176,774	91.0
" " "	1.5	Hampton Roads	None	

It is obvious from this evidence that factors other than rate parity control or strongly affect the grain movement, as is indicated by the heavy movement of corn, barley, and rye to Baltimore and none to Hampton Roads; by the substantial tonnage of corn to Philadelphia at rates higher than to either port south of it; by the much larger movement of wheat to Boston than to New York or Portland, despite equality of rates; and by the much smaller movement of wheat to Albany than to Boston or Philadelphia even though Albany has the advantage of shorter distances and a lower rate than Boston and a parity of rates with Philadelphia.

The record shows that during 1955 and 1956, imports, including a variety of manufactured articles, arrived at the port of New York destined to Baltimore and Philadelphia. These were forwarded over protestant railroads,

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[1] Under rates to Boston, New York, and Portland.

[2] Of total subject exports of same commodity through New York and southern tier ports.

738 carloads to Baltimore and 759 carloads to Philadelphia. Similarly, in those years, 1,722 carloads of commodities originating at Philadelphia and 863 carloads at Baltimore were forwarded over their lines to New York for export. These movements totaled 4,082 carloads and 122,067 tons. Another example of the attraction of New York for export [fol. 5086] traffic is the preponderance of New England's exports and imports which move through New York, as indicated in the prior report. This movement aggregated about 7,000 carloads in the composite year, and some of it moved from and to points nearer to Boston than to New York.

Witnesses for the respondents and their supporting shipper interests testified that the differentials are not all-controlling in the movement of this traffic, that the choice of ports is influenced by many other factors, and that it is impossible to determine the channeling effect of the differentials in such movement. Thus, witness for the New England Industrial League testified that its manufacturers "pay the higher rail costs involved in using a port other than Boston in return for ocean time advantages." The wide variety of imports and exports which move on the subject rates through New York, exclusively or almost so, even though its rates are the same as those from or to Boston and higher than those from or to the southern tier ports, also evidence the influence of factors far more powerful than the differentials.

A Boston witness testified that in order to balance the relatively light-weight, small-lot shipments which New England manufacturers produce, it needs bulk and bottom cargoes, such as heavy machinery, cars, and trucks. The record shows that the movement of these articles to New York by protestants alone is far greater than to Baltimore or any other southern tier port. The following table shows the proportions of the exports of such subject traffic which moved to those ports in the composite year, expressed as a percentage of the total movement through New York and the southern tier ports:

[fol. 5087]

Commodity	New York (percent)	Baltimore (percent)
Automobiles and auto trucks, n.o.s.[8]	94.0	2.6
Agricultural implements, n.o.s.	92.9	3.0
Automobiles, passenger	90.5	8.8
Machinery and machines, n.o.s.	81.9	8.5
Vehicles, motor, n.o.s.	86.0	7.2

In the prior report we referred to the preponderance of superior steamship and port services at New York, and we concluded that these, among other things, were the chief reasons why that port was in a position to attract the large volume of traffic which it did, notwithstanding that its rates were higher than those of the southern tier ports and Albany.

Boston's position is that, with respect to port services and facilities, it is fully competitive with the southern tier ports. It makes almost no mention of the extensive steamship and port services at New York. As to steamship services, its sailings are said to be adequate to accommodate its present traffic. It urges that the sailings would rapidly increase and be fully competitive if available tonnage were increased, and suggests that the lack of bulk cargo is the cause of the light movement of general cargo through its ports. As grain affords one of the principal bulk cargo exports, the following table based on the composite year, shows that both New York and the southern tier ports experienced no difficulty in this regard:

Port	Grain exports (tons)	Other exports (tons)
Boston	358,516	3,256
Philadelphia	705,578	149,231
Hampton Roads	859,191	189,826
New York	203,994	2,189,051

The location of the New Haven's lines, which do not extend westward from New York, handicaps it in competing with other railroads for the subject traffic to and from that port. This was shown by the volume of such traffic handled by it in the composite year, consisting of 16 carloads of [fol. 5088] imports and 26 carloads of exports from and to New York, as compared with 4,121 carloads of imports and 2,785 carloads of exports which it moved through New York from and to non-affected territory. Through Boston it handled subject traffic consisting of 320 carloads of imports and 68 carloads of exports, contrasted with 2,084 and 1,867 carloads, respectively, of other imports and exports principally to and from New England.

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[8] Not otherwise specified.

The Boston & Maine apparently has little participation in the subject traffic, except grain, of which it handled 3,235 carloads to Boston, as compared with 91 carloads to Portland, in the composite year. Of imports to differential territory, it handled 226 carloads from Boston and 164 from Portland.

Additional evidence of record relating more particularly to the individual North Atlantic ports will now be discussed.

Albany.—Following the eastern class-rate revision, effective December 3, 1931, the export-import rates to and from North Atlantic ports other than Albany were readjusted. After several attempts the railroads failed to agree upon properly related rates for Albany. In *Albany Port District Comm.* v. *Ahnapee & W. Ry. Co.*, 219 I.C.C. 151 (1936), called the *Albany* case, that port assailed its rates as unreasonable and unduly prejudicial to it and unduly preferential of other North Atlantic ports. We found those rates unreasonable to the extent that they exceeded those on like traffic to and from Philadelphia, and unduly prejudicial and preferential to the extent that they bore a relation to the Baltimore, Philadelphia, and New York rates less favorable than the rates on the maximum bases prescribed.

Albany is 143 miles north of New York, and is served by the New York Central and the Delaware & Hudson. The [fol. 5089] similarity of the average distances between key points in differential territory and Albany of 737 miles, and Philadelphia, 746 miles, was an important consideration in prescribing the described port relationship. Albany's position herein is that the relief afforded it in the case last cited was inadequate as to the subject traffic, and that if the North Atlantic port rates are equalized, as sought by the respondents, its rates should be no higher than those to and from Baltimore and Norfolk.

The evidence upon which it relies, other than with respect to its port facilities, is mainly that presented by respondents herein. Total exports of grain moved through that port increased from 94,875 tons in 1923 to 844,827 tons in 1955, while Philadelphia's exports in those years were 16,641 and 712,767 tons. Since 1946 it obtained, on the average, annually about 15 percent of the grain exports through North Atlantic ports. Of the subject grain traffic, as shown in appendix F, it obtained 141,000 tons or 3 percent of such traffic to all the ports, as compared with 4.4 percent for New York, 7.7 percent for Boston, and 15 percent for Philadelphia.

Except for export grain, Albany's participation in this traffic is insignificant. Philadelphia, with the same rates, obtained 6.6 percent of the imports and 10.6 percent of the exports, and New York, with higher rates, obtained 23.1 percent of the imports and 29.3 percent of the exports. Thus, as to both exports and imports, it is apparent that factors other than the differentials strongly influenced the movements.

As we observed on page 172 of the report in the *Albany* case, the basic port rate structure was formed by the voluntary joint action of the railroads serving the several ports and their connections, and depends for its very existence upon the participation of every such carrier. [fol. 5090] Upon a comprehensive record, we there concluded that rates on port traffic between Albany and differential territory "in comparison with the port rate structure applying to and from the other ports" were unlawful as above indicated, and lawful port relations were prescribed, which are still in effect. The evidence presented in support of the Albany rates proposed herein, which would modify the present relationships, not only of Albany to the other northern tier ports, but also to Philadelphia and the other southern tier ports, is inadequate to support findings that the relationships required in the *Albany* case are in any respect unlawful under present conditions.

New York.—The rates to and from New York have been considered as the basic rates in this adjustment. Under those rates and other conditions favorable to it, the port, over many years, has developed its foreign commerce, including that considered herein, and has maintained its position as the nation's chief port. This is clearly portrayed by the facts previously discussed herein and in the prior report.

It is noteworthy that, since equalization of the ocean rates, the only complaint of any northern tier port in which the differential adjustment on export and import traffic generally has been assailed ~~was filed by~~ Boston in 1922. *Maritime Asso., Boston Chamber of Commerce* v. *A. A. R. R. Co., supra.* It there contended that the equalization of ocean rates pursuant to the policy of the United States Shipping Board, and the decline in Boston's commerce constituted material changes in circumstances and conditions which warranted revision of the port adjustment. Its need for bulk cargo and the decline in grain and flour exports from the west, upon which it had largely relied for such cargo, were also stressed. In that proceeding New York opposed lower rates for Boston than for New York. In dismissing the complaints the Commission, at page 567, said:

> [fol. 5091] The port differentials are arbitrary. * * * It may be conceded that they "are the result of compromise, arbitration, and agreement resorted to as the only means so far found of averting rate wars." They do not accurately reflect transportation conditions, first because they are uniform, and second, because the lesser distances from differential territory to Philadelphia and Baltimore as compared with New York and Boston are reflected only in part.

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In the present proceeding there is no evidence that the rates under attack are either unreasonably high or

> unreasonably low. The real issue is whether undue preference and prejudice exist. In view of the substantial advantages in distance from differential territory which Philadelphia and Baltimore enjoy, as compared with New York and Boston, * * * we are unable to find that there is anything unlawful about the port differentials in favor of Philadelphia and Baltimore. Compared with the advantages in distance, the present differentials in many cases are relatively small.

As we said in the prior report in summing up the evidence intended to show loss of the subject traffic after equalization of the ocean rates, such evidence fails to disclose that the parity in rail-ocean charges has diverted this traffic from the northern tier ports. On the contrary, it shows that New York alone attracts the greater part of the subject general-cargo traffic, and that the movement to and from the ports of the bulk cargo commodities, chiefly grain and bulk ores other than iron ore, is affected by numerous factors other than the differentials. Especially is this true of export grain. There are many circumstances peculiar to the movement of these commodities, as disclosed in our reports in *Export Grain from Buffalo to New York*, 278 I.C.C. 31, 292 I.C.C. 647; *Iron Ore from Eastern Ports to C.F.A. Points*, 291 I.C.C. 527, 299 I.C.C. 195, and 300 I.C.C. 102; *Coal, Clearfield Group to Philadelphia for Export*, 308 I.C.C. 425. Findings as to rates on such commodities are not decisive of issues concerning the lawfulness of existing relationships in the general body of rates on this port traffic.

The great variety and volume of the subject traffic which flows through New York under the circumstances disclosed [fol. 5092] of record emphasizes the strong attractions which induce shippers to use this port. Numerous commodities move entirely or preponderantly through the port, shippers preferring it not only to Boston and Portland, which have the same rates, but to Albany and the southern tier ports which have lower rates. The relative advantages which the port offers, such as superior steamship service and sailings, and its extensive port services, are important considerations along with the rail-ocean charges themselves.

Boston.—The Boston respondents and port interests supporting them contend that their rate disadvantage of 2 cents or 3 cents (.5 cent or 1.5 cents on grain), as compared with Philadelphia and Baltimore, makes it impossible for them to compete to a significant extent with the southern tier ports. As previously discussed and as shown in appendix F, except for export grain, a relatively small volume of the subject traffic moves through Boston. Even less moves through Portland and Albany, despite import rates from the former over differential routes through Canada the same as from Baltimore, and lower rates from and to Albany than from and to Boston. As portrayed in appendix F, New York was able to attract 2.8 million tons of general cargo, a volume larger than all of the other North Atlantic ports combined, while Boston, with the same rates as New York, obtained only 21,000 tons of such traffic. These and other comparative traffic data, as previously discussed herein, furnish impressive evidence that factors other than the claimed rate disadvantage with southern tier ports are the chief, if not the only, cause of Boston's failure to secure more of such traffic.

The Advisory Council to the Port of Boston Commission, in reports to the Governor of Massachusetts in December 1957, expressed deep concern as to the lower productivity and much higher labor costs incident to discharging and loading vessels at Boston as compared with New York, [fol. 5093] Baltimore, and Philadelphia. It cited stevedoring costs per long ton of $3.67 at the latter two ports, contrasted with $5.33 at Boston. Boston argues that the make-work practices causing these high costs have no effect on port-competitive costs, as any additional costs are borne by the steamship companies. It calls attention also to the Council's view, expressed in the second of its reports, that the practices would disappear if a more regular and increased volume of port traffic were made available.

Speaking of the subject traffic generally, a traffic officer of one of the principal respondents testified that it is impossible to determine the channeling effect of the differentials. As to export grain, of which Boston received 2.5 times as much as Albany although the rates to Albany are lower, the Boston respondents concede, and the record shows, that there are a number of factors other than the differential which influence movements to the ports.

As previously indicated, the average short-line distance to Boston exceeds that to Baltimore by 223 miles, and to New York by 117 miles. In formulating port rate adjustments, the railroads have, to a considerable degree, subordinated relative distances to other factors. However, in proceedings which involved the North Atlantic port adjustment since the 1935 amendment to section 3(1) of the act making that paragraph applicable to ports and port districts, it is significant that relative distances were uniformly accorded substantial weight. *Albany Port District Comm.* v. *Ahnapee & W. Ry. Co., supra; City of Philadelphia* v. *Baltimore & O. R. Co., supra; State of New Jersey* v. *Baltimore & O. R. Co., supra,* at page 588. Domestic class rates generally reflect differences in distance and service. Including increases authorized in Ex Parte No. 196, the class rates from Chicago, for example, for classes [fol. 5094] 20 to 100, are from 10 to 48 cents higher to Boston than to Baltimore, and from 6 to 30 cents higher than to New York.

Albany's rates now reflect, to some degree, its shorter distances from the differential territory than to Boston and New York. From Chicago, for example, the distance to Albany is 184 miles less than to Boston, to which it is intermediate. Boston's rates, as proposed, would be lower than the present rates to and from Albany, and also lower than the present rates to and from New York and Philadelphia. Rates lower to or from Boston than to or from the other ports just mentioned, over some routes, would be in violation of the long-and-short-haul provisions of section 4 of the Interstate Commerce Act.

In an early case in which we dealt with the port rate adjustment to and from these ports, we indicated that Boston's rates should not be lower than those to and from New York. *Chamber of Commerce of N. Y.* v. *N. Y. C. & H. R. R. Co.*, 24 I.C.C. 55, 77, 24 I.C.C. 674. Consistently in subsequent proceedings where the issue was presented, the same conclusions were reached. *In the Matter of Im-*

port Rates, supra; Maritime Asso., Boston Chamber of Commerce v. *A. A. R. R. Co., supra.* Significantly, none of the substantial general increases in rates authorized since the latter decision in 1925 has been reflected in these differentials.

Portland.--Except from points in the northern part of the affected territory, such as Detroit, Mich., and points in northern Michigan, the short-line distances to Portland generally exceed those to any other North Atlantic port in the United States. While Portland has export rates from that territory the same as to New York and Boston, and import rates on certain commodities on the Baltimore level over routes through Canada, nevertheless, except for [fol. 5095] the small volume of imports through Albany, the volume of both exports and imports which it handled on the subject rates was the smallest of any of the North Atlantic ports. However, the total foreign commerce of the port in 1955 was 10.9 million tons (of which 10.6 million tons were petroleum), as compared with 6 million tons in 1946.

No evidence was presented by any Portland port interest in support of respondents' proposal. As stated in the prior report, this is the only port served by the Maine Central, and, for reasons therein stated, it opposed the respondents' proposed import rates. It was supported in this position by the Maine Port Authority and by commercial and industrial interests of the State of Maine.

General Discussion and Conclusions

For over 20 years following the above-mentioned amendment to section 3(1) of the act, no North Atlantic port, except Philadelphia, has complained of any unlawfulness in the general adjustment of these port rates. Prior to that amendment, no northern tier port served by the respondents had complained since Boston, in 1922, assailed its rates in the proceeding above cited. New York commercial interests intervened in that proceeding and asked that the New York-Boston rate relationship be not disturbed.

The facts in support of the case for Boston as here presented are very similar to those relied upon to support that complaint. It is recognized by Boston that average distances to that port and New York are greater than to Baltimore, but it argues that competitive needs of the carriers justify a departure from distance-based rates. As above indicated, the present rates reflect substantial deviation from relative distances. Such departures from the transportation standard are characteristic of many port rate structures, the parity of rates being maintained generally by common consent of the carriers and the ports concerned.

[fol. 5096] The situation before us here differs. While in the instant proceeding there is strong insistence by the respondents and the ports supporting them upon rate parity, equally strong are the claims of their opponents, fully substantiated of record, as to the opponents' geographical, transportation, and cost advantages. In general, in the rare instances where rate changes in port relationships have been required by us, distance has been an important consideration. The *Albany* case, *supra; Nueces County Nav. District No. 1* v. *Abilene & S. Ry. Co.*, 291 I.C.C. 459, and cases therein cited. Here, as stated, the distance disadvantages of Boston, for example, are 223 miles over Baltimore, 171 miles over Philadelphia, and 117 miles over New York; and the latter port, is 106 miles more distant than Baltimore. Such great differences in distance, under the circumstances here revealed, may not be ignored without running counter to the provisions of section 3(1) of the act. What has just been said applies also, in greater or less degree, to each of the other northern tier ports.

Moreover, for the reasons previously discussed, the evidence is persuasive that, so far as New York is concerned, rate equalization is not required to enable that port to meet the competition of the southern tier ports, and that, so far as Boston, Portland, and Albany are concerned, such equalization would not materially affect the flow of foreign traffic through any of those ports.

We are equally persuaded that approval of rate equalization, or of rates to or from any northern tier port which would effect a closer relationship than now exists with the southern tier ports, would result in undue prejudice to the latter ports and in undue preference of northern tier ports.

Upon reconsideration, we find that the proposed rates to and from Albany, New York, Boston, and Portland, sepa- [fol. 5097] rately and collectively, are not shown to be reasonably related to the present rates on like traffic to and from the southern tier ports, and would cause undue preference of and advantage to the named ports and undue prejudice and disadvantage to the southern tier ports. In other respects, the prior findings are affirmed.

Commissioner Freas concurs in the result.

Commissioner Webb, whom **Commissioner Tucker** joins, dissenting:

My reasons for dissenting in the prior report are equally applicable here and will not be restated here in any great detail.

At several places in the report the present differentials are described as substantially the same as those which have prevailed for 75 years and which have been repeatedly approved by the Commission. These statements are technically correct. The present differentials were not designed, however, to place Boston and the other northern tier ports at a competitive disadvantage by reason of the generally greater distances from those ports to the affected interior territory. On the contrary, the present differen- entials were designed to compensate for generally higher ocean rates to and from the southern tier ports. But, as noted in the report, when the equalization of all ocean rates was achieved in 1935, the combined rail-ocean charges through Boston and the other northern tier ports became generally higher than those through the southern tier ports. All that Boston and the carriers serving its port ask is that the condition of ocean-rail rate parity be restored so that they may once again enjoy an equal opportunity to compete for the export-import traffic involved. Inasmuch as Boston is seeking to restore, rather than to [fol. 5098] disrupt, the historic policy of rail-ocean rate equalization, the proposed rates, in my opinion, are entitled to a presumption of validity.

There are several inconsistencies in the report worthy of comment. It is said, for example, that Boston's minute share of the traffic is due to "the influence of factors far more powerful than the differentials" and that "so far as Boston, Portland, and Albany are concerned, such equalization would not materially affect the flow of foreign traffic through any of those ports." If these observations are correct, there is obviously no basis for the conclusion that the proposed rates would cause *undue* preference of and advantage to the named ports.

One statement in the report, if my interpretation thereof is correct, seems clearly erroneous. Referring to the distance disadvantages of Boston (223 miles over Baltimore, 171 miles over Philadelphia, and 117 miles over New York), the majority conclude:

> "Such great differences in distance, under the circumstances here revealed, may not be ignored without running counter to the provisions of section 3(1) of the act."

In the first place, the distance disadvantages of Boston are reflected to only a negligible extent in the present differential. The differential, as previously noted, was originally fixed, not to compensate for any distance disadvantage, but to offset generally higher ocean rates from and to the southern tier ports.

More important, comparable distance disadvantages have been disregarded by the Commission in port cases too numerous to mention. Disregard of distance disadvantages is implicit in every port grouping recognized by the Commission. The Congress was well aware of this fact when it amended section 3(1) in 1935 by adding the words "port, [fol. 5099] port district, gateway, transit point." Prior thereto, the Supreme Court had held that ports are not localities within the meaning of section 3(1) susceptible of undue preference or prejudice with respect to import and export traffic. *Texas & P. Ry. Co.* v. *United States,* 289 U.S. 627 (1933).

The Commission was aware that the Congress was aware that distance considerations are subordinate to the goal of maximizing the number of ports available to shippers:

preventing the growth of monopoly based on geographical advantages; and insuring a free flow of commerce through as wide a range of ports as practicable. In *Albany Port District Comm.* v. *Ahnapee & W. Ry. Co.*, 219 I.C.C. 151, 173, the following quotation appears from the House Committee report recommending passage of the bill to amend section 3(1):

> "In recommending that this bill be passed, the committee does so with the idea in mind that by amending Section 3 of the Interstate Commerce Act as thus contemplated it will encourage and promote the freedom of movement of export, import, and coastwise commerce through the ports of the country. The committee considers that it is to the interest of the public that such commerce be permitted to move freely through as many available ports as the governing circumstances will reasonably permit, and that no restrictions upon and impediments to the free movement thereof should be imposed that are not clearly shown to be sound or economically justified. The recommendation of the committee that this bill be enacted is intended to afford competing ports a forum in which to complain of rate adjustments which tend to concentrate the movement of the traffic through one port or a limited number of ports and to deprive other ports of an opportunity to handle a part of such traffic. The committee believes that such a diffusion of the traffic which moves through the ports will redound to the benefit of the producer and consumer in the interior by whom in the last analysis the transportation charges levied both for the transportation thereof and for the use of the facilities at the ports are ultimately borne."

[fol. 5100] Accordingly, I would reverse the findings in the prior report, approve the proposed reduced rates to the northern tier ports, and grant fourth section relief.

Commissioner Bush did not participate.

By the Commission.

Harold D. McCoy, Secretary.

[fol. 5101]

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, DEBTOR, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

AMENDED COMPAINT—Filed July 11, 1961
(Equitable Relief Sought)

I.

Plaintiff Boston and Maine Railroad is a consolidated railroad corporation organized and existing under the laws of the States of Massachusetts, Maine, New Hampshire and New York, and authorized to do business in the State of Vermont, with its principal office and place of business at 150 Causeway Street, Boston 14, Massachusetts. It is a common carrier of property by railroad subject to Part I of the Interstate Commerce Act (49 U.S. Code, Chapter 1), operating in each of the foregoing States. In connection with the lines of other railroads it offers a rail transportation service for the movement of import and export traffic between the port of Boston, Massachusettts, and points and places throughout the continental United States, including those in so-called Affected Territory.*

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* In its report dated December 5, 1960, referred to hereinafter, the Interstate Commerce Commission described Affected Territory as follows (311 I.C.C. 689, 691):

> "The territory to and from which equalization of the northern tier ports with Baltimore is initially proposed is roughly that represented by central freight association territory, in-

[fol. 5102]

II.

Plaintiff The New York, New Haven and Hartford Railroad Company, Debtor, is a consolidated railroad corporation organized and existing under the laws of the States of Massachusetts, Rhode Island and Connecticut, and authorized to do business in the State of New York, with an office and place of business at South Terminal Station, Boston, Massachusetts. It is a common carrier of property by railroad subject to Part I of the Interstate Commerce Act (49 U. S. Code, Chapter 1), operating in each of the foregoing States. In connection with the lines of other railroads it offers a rail transportation service for the movement of import and export traffic between the port of Boston, Massachusetts, and points and places throughout the continental United States, including those in Affected Territory.

III.

This action is brought and jurisdiction is invoked under the provisions of Title 28, U. S. Code, sections 1336, 2284 and 2321 through 2325, inclusive, to enjoin, set aside, annul, and suspend an order of the Interstate Commerce Commission (hereinafter termed the "Commission") dated December 5, 1960, and served January 3, 1961, entered in its Investigation and Suspension Docket No. 6615, *Equalization of Rates at North Atlantic Ports,* and in Fourth Section Application No. 32204, *Import and Export Rates From and To North Atlantic Ports,* 311 I.C.C. 689. The original report of the Commission and the order herein appealed from, both dated December 5, 1960, were attached as Appendix A to the original complaint of these plaintiffs

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cluding Illinois freight association territory and southern Wisconsin, hereinafter called the affected or differential territory. It includes territory on and west of a line extending from a point just west of Buffalo through Warren, Oil City, Butler, Pittsburgh, and Washington, Pa., Wheeling, W. Va., thence along the east bank of the Ohio River to Kenova, W. Va., including points in West Virginia, Charleston and west thereof, certain points in Kentucky on the lines of The Chesapeake and Ohio Railway Company, and points on the south bank of the Ohio River from Huntington, W. Va., to Cincinnati, Ohio."

and is incorporated herein by reference. The United States of America is made defendant herein under the authority of section 2322 of said Title 28, U. S. Code.

IV.

The venue of this action is in this Court pursuant to the provisions of Title 28, U. S. Code, section 1398, inasmuch as plaintiff Boston and Maine Railroad is incorporated in the Commonwealth of Massachusetts, and maintains its principal office in Boston, Massachusetts, within the jurisdiction of this Court.

[fol. 5103]

V.

The Commission is an administrative tribunal of the United States created by the Act to regulate commerce, approved February 4, 1887, 24 Stat. 383, and the amendments thereto, Title 49, U. S. Code, Chapter 1, now known as the Interstate Commerce Act (herein termed the "Act"), with specifically vested powers and duties under said Act and the various acts that are amendatory thereof and supplemental thereto.

VI.

The aforesaid proceedings before the Commission commenced with the Commission's order directing the suspension and investigation of certain tariff schedules published by plaintiffs herein and their connecting carriers, including, among others, New York Central Railroad Company, the Delaware and Hudson Railroad Corporation, Erie Railroad Company, and The Delaware, Lackawanna and Western Railroad Company.* Said tariffs had been proposed to become effective July 10, 1956, and would have resulted generally in a reduction of 3 cents per hundredweight in railroad rates on import-export traffic between Boston, Massachusetts and Affected Territory. Identical reductions were simultaneously published by carriers serving the port of New York, New York, and, in so far as export traffic is concerned, by carriers serving Portland, Maine. Carriers serving the port of Albany, New York, at the same time published reductions generally amounting to 2 cents per hundredweight in such rates between Affected Territory and that port. Plaintiff Boston and Maine Railroad serves the port of Portland, Maine, and participated in the proposed reduction in export rates to that port.

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* The latter two railroads have since merged and are now operated as the Erie-Lackawanna Railroad Company.

At the time of said tariff publications, and continuing to the present time, rates between Boston, Albany and New York, on the one hand, and Affected Territory, on the other, were differentially higher than those between Affected Territory and the ports of Philadelphia, Baltimore and Hampton Roads. Rates via Portland have been and are at the Baltimore level on import traffic and on the Boston level on export traffic. Through no North Atlantic [fol. 5104] port are rail rates applicable to Affected Territory import-export traffic higher than those through the port of Boston. The proposed reduction in rates to and from Boston would place such rates on a parity with those existing at Baltimore.

Immediately following the publication of these proposed parity rates by carriers serving the ports of Boston, Portland, Albany and New York, competing carriers serving the more southerly ports of Philadelphia, Baltimore and Hampton Roads, published rates via those ports designed to restore the previously existing differentials. All of the foregoing tariffs, both those proposing elimination of and those seeking restoration of the rail rate differentials, were thereupon suspended by the Commission and its investigation instituted.

VII.

The present North Atlantic rail rate differentials were established in order to permit competition among the carriers serving the several ports by off-setting the ocean rate advantage which once prevailed at New York and ports north thereof, including the port of Boston. By means of the differential adjustment, the total transportation cost through all of the competing ports was equalized.

However, since at least 1935, ocean rates have been identical to and from all North Atlantic ports. In spite of that fact, the rail rate handicap at Boston and other northerly ports has remained unchanged. Thus, total transportation charges through Boston, New York and Albany have exceeded, since at least 1935, those via the more southerly ports to the extent of the rail rate differential. The tariffs referred to herein were designed to permit plaintiffs to compete for Affected Territory traffic by eliminating the differential handicap at Boston, thereby equalizing once again total transportation costs through that port with total transportation costs through Baltimore and ports having the same level of rates as Baltimore.

VIII.

Hearings were held in connection with the tariff schedules under investigation, including those seeking the elimination of the differential at Boston, and on November 9, 1959, the Commission's hearing examiner issued his proposed report. Exceptions to said proposed report were filed by plaintiffs herein, among others, and oral argument was held before the Commission on May 24, 1960. On De-[fol. 5105] cember 5, 1960, the Commission (Commissioner Webb dissenting, and Commissioners Freas and McPherson concurring) issued its original report and the order herein complained of. Said order of the Commission directed that these plaintiffs cancel their equalizing tariff schedules on or before January 23, 1961, upon not less than one day's notice to the Commission and to the general public.

IX.

In its original report the Commission found and concluded that:

(1) The present North Atlantic rail rate differential adjustment was designed to afford carriers serving the different ports competitive rates by equalizing total transportation charges through the several ports on traffic moving between points in Affected Territory and foreign origins or destinations.

(2) When the present rail rate differentials were established, ocean rates to and from Boston and New York were lower than those to and from Baltimore and Philadelphia. Accordingly, the differentials were designed, and their effect was, to offset the ocean-rate advantage of the more northerly ports, including the port of Boston.

(3) Commencing in the early twenties and extending to about 1935, ocean rates from and to the different North Atlantic ports became equalized. As a result, the sum of rail and ocean transportation charges through the port of Boston, served by plaintiffs herein, became higher than the sum of those charges through the southern tier ports of Philadelphia, Baltimore and Hampton Roads by an amount equal to the rail rate differentials.

(4) The elimination of the rate handicap at Boston, sought by plaintiffs herein, together with the proposed parity rates at Portland, Albany and New York, would provide an equality of total transportation charges, rail and ocean, between foreign countries and points in Affected Territory for the whole range of North Atlantic ports.

(5) The movement of Affected Territory traffic through Boston under the existing differentials is negligible. Carriers serving the port of Boston, including plaintiffs herein, participate in only 0.1% of the total of export rail traffic from Affected Territory through the several North Atlantic ports, excluding grain. By comparison, carriers serv- [fol. 5106] ing the port of Baltimore participate in 27.6% of such traffic, those serving the port of Philadelphia in 4.3%, and those serving the Hampton Roads ports in 5.4%. Even including grain, Boston railroads carry but 4.4% of all Affected Territory exports, compared with 40.4% at Baltimore, 10.6% at Philadelphia and 12.9% at Hampton Roads.

X.

Notwithstanding its findings referred to in paragraph IX above, the Commission nevertheless concluded in its original report:

> "As here presented the respondents' proposal contemplates equalization of the northern tier ports as a group with Baltimore." (sheets 51-52)

Having thus determined to treat the proposed rates at Boston, Portland, Albany and New York *as a group,* the Commission ordered the rates at all of these ports cancelled, having concluded that one of them, New York, did not require rail rate equalization in order to be competitive, thereby refusing to consider on their merits the parity rates at Boston published by these plaintiffs and their connections.

XI.

Following receipt of the Commission's original report and order these plaintiffs commenced this action by the filing of their original complaint on January 11, 1961. Thereafter the Commission by order dated January 16, 1961, attached hereto as Appendix A, postponed the effective date of its order directing cancellation of plaintiffs' equalizing rates, and by order dated March 7, 1961, attached hereto as Appendix B, corrected one of the findings of its original report.

XII.

Subsequently the Commission upon its own motion and by order dated April 11, 1961 reopened the proceedings below for reconsideration upon the present record of the lawfulness of the proposed rates "separately and independently on traffic to and from each northern tier port," which order is attached hereto as Appendix C.

XIII.

Thereafter the Commission under date of June 15, 1961 issued its Report on Reconsideration, attached hereto as Appendix D. In said report the Commission, after making two minor corrections in its original report, and after re- [fol. 5107] peating what it described as the principal facts recited therein, concluded once more to deny plaintiffs the right to make effective their proposed equalizing rates to and from Boston and made no change in its cancellation order of December 5, 1960. Commissioner Freas concurred in the result reached in the Report on Reconsideration, while Commissioners Webb and Tucker dissented.

XIV.

The Commission, in its Report on Reconsideration, laid emphasis upon the greater average distance between Affected Territory and Boston as compared to the average distance between Affected Territory and Baltimore. It concluded:

> "Such great differences in distance, under the circumstances here revealed, may not be ignored without running counter to the provisions of section 3(1) of the act." (sheet 21)

It also found that "so far as Boston, Portland, and Albany are concerned, such equalization would not materially affect the flow of traffic through any of these ports." (sheet 21)

The Commission then condemned plaintiffs' differential-eliminating rates at Boston upon the single ground that such rates were in violation of Section 3 of the Interstate Commerce Act. It concluded:

> "We are equally persuaded that approval of rate equalization, or of rates to or from any northern tier port which would effect a closer relationship than now exists with the southern tier ports, would result in undue prejudice to the latter ports and in undue preference of northern tier ports.
>
> "Upon reconsideration, we find that the proposed rates to and from Albany, New York, Boston, and Portland, separately and collectively, are not shown to be reasonably related to the present rates on like traffic to and from the southern tier ports, and would cause undue preference of and advantage to the named ports and undue prejudice and disadvantage to the southern tier ports. In other respects, the prior findings are affirmed." (sheets 21-22)

XV.

In resting its conclusion upon relative distance, the Commission utterly ignored the findings of its original report, wherein it stated:

> "*Weight to be accorded the distance element.*—There is much evidence of record relating to distances by rail between representative points in the affected territory and the several north Atlantic ports, including Canadian ports; also between them and other interior points and south Atlantic and Gulf ports; and by ocean between these United States ports and representative overseas ports. The respondents and the northern tier port interests deny that they have any significant disadvantage in their rail distances as com- [fol. 5108] pared with the southern tier ports. Such distance disadvantages as they have are much less than the substantial differences in distances to and from some other ports which have a parity or near parity of rates, including the Canadian ports, and the wide differences which obtain where the several south Atlantic and Gulf ports are equalized.
>
> "The southern tier ports, particularly Baltimore, emphasize the advantage in distance which they have to and from certain points in the affected territory. The average of the short-line distances from class-rate base points in the affected territory is 698 miles to Baltimore, 750 miles to Philadelphia, 804 miles to New York, and 921 miles to Boston. The average distance between Hampton Roads ports and the affected territory is 883 miles, as compared with 853 miles between that territory and New York. It is apparent that considerable disregard of rail distances is characteristic of all port adjustments, as it was in the establishment of the rates here dealt with. See *Baltimore Chamber of Commerce* v. *Ann Arbor R. Co.*, 159 I.C.C. 691, 696. In considering this matter in an early proceeding, *In the Matter of Differential Rates, supra* (1905), and the justness of the suggestion that each port should be given the rate to which its location entitles it, this Commission observed that traffic does not

> stop at the ports but moves to foreign destinations, that more important was the fact that as seaports the four large cities from Boston to Baltimore, inclusive, had a fundamental advantage of location which entitled them to participate in the foreign trade, and that the public interest required that this right be recognized. The conclusion reached (page 77) was that, in the public interest, the rates should be so adjusted 'that all the ports and the various lines serving them may fairly compete for this traffic.' That this is also the purpose of the 1935 amendment to section 3 of the act was indicated in *Albany Port District Comm.* v. *Ahnapee & W. Ry. Co., supra; Nueces County Nav. District No. 1* v. *Baltimore & O. R. Co.,* 223 I.C.C. 75, 96; and *Port of New York Authority* v. *Baltimore & O. R. Co.,* 248 I.C.C. 165, 179. In the *Albany* case, at page 162, we said:
>
> > The port rates * * * have, as their chief objective, the maintenance of a competitive relation between the ports. They are not distance rates. * * * adherence to the distance principle is incidental, and always gives way when necessary to the maintenance of the differential relation between the ports."
>
> (sheets 39-41)

The Commission in so resting its conclusion further ignored the basic distinction between rates which carriers may *voluntarily* publish in an endeavor to meet competition and those which they may be *required* to publish by the Commission. This distinction was called to the Commission's attention in *New York Central Railroad Company, et al.* v. *United States, et al.,* 99 F. Supp. 394, 398, 402 (1951), affirmed 342 U. S. 890.

XVI.

The record in this proceeding clearly establishes the lawfulness of plaintiffs' proposed differential-eliminating rates at Boston, and is devoid of any substantial evidence which would warrant a contrary conclusion.

[fol. 5109]

XVII.

Plaintiffs allege that the said order of the Commission, dated December 5, 1960, is based upon errors of law, is not supported by evidence or adequate findings, exceeds the statutory power of the Commission, and is unlawful, arbitrary, capricious, null and void, for the following reasons:

(1) The Commission's order rests upon an erroneous conclusion of law, namely, that "Such great differences in distance, under the circumstances here revealed, may not be ignored without running counter to the provisions of section 3(1) of the act." (Appendix D, sheet 21)

(2) The order does not rest upon evidentiary findings which are essential to support a conclusion that the proposed rates are unlawful under the Interstate Commerce Act.

(3) The order rests upon an unauthorized attempt by the Commission to control the volume and direct the flow of traffic moving through the several competing ports.

(4) The order unlawfully denies to plaintiff railroads the right to meet the rates of competing railroads by an adjustment of rates within the zone of reasonableness and without undue or unreasonable preference or prejudice.

(5) The Commission failed to recognize that, as a matter of managerial discretion, railroads may voluntarily make rate changes which they cannot be compelled by law to make.

(6) The Commission arbitrarily and without authority has required plaintiffs to maintain, on import and export traffic between Boston and Affected Territory, differentially higher rates than those maintained by competing railroads serving Portland, Maine, Philadelphia, Baltimore and Hampton Roads for the purpose of diverting such traffic to said carriers, and for the added purpose of continuing and perpetuating the rate advantage of said carriers over plaintiff railroads serving the port of Boston.

(7) The order of the Commission requiring cancellation of the suspended schedules proposing rates via Boston equalized with those via Baltimore is invalid because there are no factual findings to support such order.

[fol. 5110] (8) The order of the Commission requiring cancellation of the suspended schedules is invalid because the Commission has exceeded the power delegated to it by Congress with respect to regulating rates.

(9) The order of the Commission is invalid in so far as it is based upon a finding that the proposed rate reduction would not materially attract foreign traffic over the lines of plaintiffs herein.

(10) The order of the Commission is inconsistent with its findings.

(11) The Commission by its order has failed to comply with the National Transportation Policy as declared by Congress and set forth at the beginning of the Interstate Commerce Act: "To promote safe, adequate, economic and efficient service, and foster sound economical conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preference or advantages, or unfair or destructive competitive practices; . . . all to the end of developing, coordinating and preserving a national transportation system by water, highway and rail, as well as other means, adequate to meet the needs of the commerce of the United States of America, of the Postal Service, and of the national defense."

XVIII.

The Commission threatens to enforce its said order unless it is enjoined, set aside, annulled and suspended. Said order and its enforcement will cause immediate and irreparable injury to the plaintiffs, and the plaintiffs are without an adequate remedy at law.

Wherefore, plaintiffs pray:

1. That process may issue against the United States of America and the Interstate Commerce Commission.

2. That a Court constituted as required by Title 28, U. S. Code, sections 2284 and 2321-2325, consisting of three judges, be convened and that said Court so constituted and convened shall hear this petition upon due and legal notice to defendants.

3. That the operation, enforcement and execution of said order be permanently enjoined and said order be permanently set aside, annulled and suspended.

[fol. 5111] 4. That plaintiffs recover their proper costs.

5. That plaintiffs have such other and further relief in the premises as to equity may appertain and as may be deemed meet and just by this Honorable Court.

Respectfully submitted,

Neal Holland, Robert G. Bleakney, Jr., 150 Causeway Street, Boston 14, Massachusetts, Attorneys for Plaintiffs.

Of Counsel: James W. Grady, Thomas P. Hackett, 54 Meadow Street, New Haven, Connecticut.

[fol. 5112] Appendix "A" to amended complaint—Order dated January 16, 1961 postponing the compliance date of the I.C.C. order of December 5, 1960 omitted. Printed side folio 5072, page 3833 supra.

[fol. 5113] Appendix "B" amended to complaint—Order dated March 7, 1961 correcting one of the findings in report of December 5, 1960 omitted. Printed side folio 5061, page 3822 supra.

[fol. 5114] Appendix "C" to amended complaint—Order dated April 11, 1961 reopening the proceedings for reconsideration, etc. omitted. Printed side folio 5075, page 3835 supra.

[fol. 5115] Appendix "D" to amended complaint—Report of the ICC on reconsideration, dated June 15, 1961 omitted. Printed side folio 5076, page 3836 supra.

[fol. 5116]

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

MASSACHUSETTS PORT AUTHORITY, Plaintiff-Intervenor

AMENDED COMPLAINT OF MASSACHUSETTS PORT AUTHORITY, PLAINTIFF-INTERVENOR—Filed July 12, 1961

I. Plaintiff-Intervenor, Massachusetts Port Authority, is a body politic and corporate created by the provisions of Chapter 465 of the Acts of 1956 of The Commonwealth of Massachusetts, having its principal office in the City of Boston in said Commonwealth. It brings this action against United States of America and Interstate Commerce Commission (hereinafter called the Commission) for the purpose of enjoining, setting aside, annulling and suspending an order of the Commission dated December 5, 1960, entered in proceedings before the Commission entitled—*Equalization of Rates at North Atlantic Ports*—being numbered Investigation and Suspension Docket No. 6615 in the dockets of said Commission, and—Import and Export Rates From and To North Atlantic Ports—being numbered Fourth Section Application No. 32204 in said dockets. By virtue of the provisions of said Chapter 465 and of Chapter 599 of the [fol. 5117] Acts of 1958, plaintiff-intervenor, among other things, has administrative charge of the Port of Boston and has the responsibility of protecting and promoting the trade and commerce of the Port of Boston and, in connection therewith, of endeavoring to foster and support the establishment and maintenance of fair and equitable transportation rates from and to said port competitive with those applicable from and to other North Atlantic ports. Pursuant to the authority conferred upon it by law, plaintiff-intervenor, with permission of the Commission, intervened in, and became a party in interest to, the proceedings hereinbefore referred to and has actively participated in said proceedings.

II. This action is brought pursuant to, and jurisdiction herein is conferred upon this Court by, the provisions of the Judicial Code (28 U.S.C. Sections 1336, 2284 and 2321 and 2322 to 2325, both inclusive, as amended). The United States of America is made a party hereto pursuant to said Section 2322.

III. The venue of this action is in this Court by virtue of the provisions of the Judicial Code (28 U.S.C. Section 1398, as amended) in that the order of the Commission referred to in paragraph I hereof related to rates published by the plaintiffs herein, including Boston and Maine Railroad, which is incorporated, and has its principal office, in the judicial district of this Court.

IV. The Commission is an administrative tribunal of the United States of America created by, and having the powers and duties conferred upon it in, the act, as amended, entitled An Act to Regulate Commerce—approved February 4, 1887 (49 U.S.C. Sections 1 et seq.), now known as The Interstate Commerce Act (hereinafter called the Act).

V. At the present time, speaking generally, differentially lower rail rates are in effect, on export and import traffic moving between Affected Territory* and the Port of

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* Affected Territory is described in the December 5, 1960 Report of the Commission as follows:

> "The territory to and from which equalization of the northern tier ports with Baltimore is initially proposed is roughly that represented by central freight association territory, including Illinois freight association territory and southern Wisconsin, hereinafter called the affected or differential territory. It includes territory on and West of a line extending from a

[fol. 5118] Baltimore than on traffic moving between that territory and the Ports of Boston, New York and Albany and on export traffic moving between Affected Territory and the Port of Portland. The differentials are described in detail on Sheet 5 of the Commission's original Report.*

The present North Atlantic rail-rate port differential adjustment was originally established many years ago to offset a corresponding ocean rate differential relationship unfavorable to the carriers serving North Atlantic ports south of New York and favorable to the Port of New York and ports north thereof. By so offsetting ocean rate disadvantages to ports south of New York, the rail rate differential effected an equalization of the through rail-ocean cost to shippers regardless of the North Atlantic port through which the traffic might move. Thus, the aim of the rail-rate differential, as originally established by the carriers serving the North Atlantic ports, was to effect equalization of through rail-ocean shipper transportation cost and thereby to enable effective competition among themselves for Affected Territory traffic.

Commencing in the early 1920's and extending to about 1935, ocean rates from and to the major North Atlantic ports became equalized, but the North Atlantic port rail differentials continued in effect. Accordingly, total shipper [fol. 5119] transportation cost through Boston, New York and other ports north of New York became greater by the amount of the rail-rate differentials than such cost through the ports south of New York, and shippers through Boston, New York and other ports north of New York were

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point just west of Buffalo through Warren, Oil City, Butler, Pittsburgh, and Washington, Pa., Wheeling, W. Va., thence along the east bank of the Ohio River to Kenova, W. Va., including points in Kentucky on the lines of The Chesapeake and Ohio Railway Company, and points on the south bank of the Ohio River from Huntington, W. Va., to Cincinnati, Ohio." (Sheet 3)

* References herein to the Commission's original Report are to its Report dated December 5, 1960, pursuant to which its order of December 5, 1960 was issued. The Commission's Report of June 15, 1961 is herein called its Report on Reconsideration.

subjected to a cost handicap in the amount of the rail-rate differentials.

VI. In June, 1955 carriers participating in the movement of export and import traffic between Boston and each of the major North Atlantic ports from New York north, on the one hand, and Affected Territory, on the other hand, having come to the conclusion that effective competition for Affected Territory traffic required the elimination of the rail-rate handicap incident to the continuance of the rail differential after the equalization of ocean rates, proposed parity rates with Baltimore through each of said ports. Tariffs equalizing the rates were published to become effective July 10, 1956 and simultaneously the carriers serving North Atlantic ports south of New York, published differential restoring rates effective as of the same date.

VII. The Commission thereupon suspended, on protest, all of the equalizing and differential-restoring rates and instituted the proceedings below, from the order in which this appeal has been taken, to consider the lawfulness of such equalizing and of such differential-restoring rates.

VIII. Hearings were held before an Examiner, and his proposed report was issued on or about October 10, 1959. Exceptions were duly taken thereto by various parties, and on December 5, 1960 the Commission handed down its original Report and its order, copies of which are attached as "Appendix A" to the original complaint herein of Boston and Maine Railroad and The New York, New Haven and Hartford Railroad Company.

IX. In its original Report the Commission found and concluded that:

> (1) The carriers serving each of the North Atlantic ports are entitled to an opportunity to compete [fol. 5120] effectively for Affected Territory export and import traffic with carriers serving each of the other North Atlantic ports (Sheets 7-10; 74-75); relative rail distances are not controlling in port competitive adjustments but rather rates should be so adjusted "that all the ports and the various lines serv-

ing them may fairly compete for this traffic;" "this is also the purpose of the 1935 amendment to Section 3 of the act" (Sheets 40-41), and, illustrative of the foregoing is the fact that the North Atlantic Port Differential Adjustment was originally established in such a competitive endeavor to equalize the through transportation cost to shippers regardless of the North Atlantic port through which shipment was made, by offsetting against the then ocean-rate handicap of the ports south of New York a corresponding rail-rate handicap through the Ports of Boston, New York and other ports north of New York (Sheets 7-8);

(2) When the differentials were established, they were adopted only as a temporary expedient and it was contemplated that, when they should "tend to deprive any of the seaports affected by them of the proportion of business that would come naturally to it under the operation of normal competition, the want of equity in the rates will appear and it will be right to modify or perhaps abolish them" (Sheets 10, also 15-16);

(3) Ocean rates along the North Atlantic range have, at least since 1935, been equalized to and from all the major North Atlantic ports, but the rail-rate differential still continues, thus terminating through transportation cost equalization theretofore available to shippers and thereby making the aggregate transportation cost to shippers more favorable through the Ports of Baltimore, Philadelphia and Hampton Roads than through the Ports of Boston and New York and other ports north of New York (Sheet 8);

[fol. 5121] (4) Pursuant to their claim of a right to compete effectively for Affected Territory traffic (Sheet 13), the carriers serving the Port of Boston as well as the carriers serving the Port of New York and other ports north thereof, together with their respective connections, filed the parity rates in issue in the proceeding below (Sheet 2) and this is the first instance in which port railroads have themselves voluntarily undertaken to alter the existing differential arrangement (Sheet 11);

(5) There are two types of ocean-borne commerce—bulk and general cargo—of which by far the largest in volume is bulk cargo; the proportion of bulk to total traffic is increasing (Sheet 17) and the principal bulk commodities moving between Affected Territory and the North Atlantic ports, rates with respect to which were in issue in the proceeding below, are grain and ores and concentrates (other than iron ore) (Appendix F);

(6) Bulk cargo provides important bottom loading for ships (Sheets 17-18, 71) and ship sailings to and from any port are flexible and are largely dependent on the availability of cargo, so that, if the volume of traffic at a port is adequate, good and frequent services will be available (Sheet 42);

(7) Bulk traffic, which is the predominant traffic moving between Affected Territory and the North Atlantic ports is particularly sensitive to total rail-ocean transportation costs and therefore to a rail-rate differential (Sheets 42-43), "As bulk commodities, because of their low value, are peculiarly sensitive to transportation cost, the differential has greater influence on their movement than on general cargo" (Sheet 70);

(8) Of the import traffic involved in the proceeding below moving between Affected Territory and the [fol. 5122] North Atlantic ports as a whole, 75.8% moves through the Ports of Baltimore, Philadelphia or Hampton Roads; of the export traffic so involved and so moving, 63.7% moves through said ports; of bulk ores so involved, such ores being the principal import into Affected Territory, 98.1% of the total moves either through Baltimore, Philadelphia or Hampton Roads, and of grain, the principal export from Affected Territory, 83.5% of the total moving

through any North Atlantic port moves through the southern tier ports (Appendix F).

(9) The Port of Boston needs bulk and bottom cargoes to attract ships and the lack of such cargo and, as a consequence, the limited sailings at Boston, deter shippers in its immediate hinterland from using that port "Causing further reductions in ship calls" (Sheet 53);

(10) Under the existing differential adjustment, little traffic moves between the Port of Boston and Affected Territory (Sheets 52, 58); thus, of the total import traffic involved in the proceeding below, moving between Affected Territory and the North Atlantic ports as a whole, only 6/10 of 1% moves through Boston; of the total export traffic so involved and so moving, only 4.4% moves through Boston, of which all but 3256 tons is grain; and, although during the test period 7.7% of the grain exported from Affected Territory through the North Atlantic ports moved through Boston, the movement was insignificant in comparison with the grain movement through the southern tier ports, which was 83.5% of the total.

X. Notwithstanding the foregoing findings and conclusions, the Commission in its order of December 5, 1960 directed cancellation of the proposed parity rates, including [fol. 5123] the parity rates published by the Boston carriers and their connections, and this without considering the proposed Boston rates on their merits. It found that

> "As here presented the respondents' proposal contemplates equalization of the northern tier ports *as a group* with Baltimore." (Emphasis supplied) (Sheets 51-52)

With this finding as a background, the Commission considered the New York, Boston, Portland and Albany rates "as a group" and since it concluded that New York did not require equalization of rates to meet the competition of the ports south of New York, it rejected all proposed parity rates.

XI. After the commencement of the above-entitled proceeding, the Commission voluntarily postponed the effective date of its order of cancellation until further order by it.

XII. Subsequently and after this plaintiff-intervenor had, with leave of this Court, filed its Intervening Complaint herein, upon further consideration of its prior decision and under date of April 11, 1961, the Commission reopened the proceeding below for reconsideration, on the record as made, of the lawfulness of the proposed rates separately and independently on traffic to and from each northern tier port.

XIII. Thereafter and under date of June 15, 1961, the Commission handed down its Report on Reconsideration. In that Report the Commission made (Sheet 2) two minor corrections in Appendix E to its original Report; restated what it characterized as "the principal facts" recited in the original Report; emphasized the greater average distance between Affected Territory points and Boston than between the same points and Baltimore, and concluded:

> "Such great differences in distance, under the circumstances here revealed, may not be ignored without running counter to the provisions of section 3 (1) of the act. What has just been said applies also, in greater or less degree, to each of the other northern tier ports." (Sheet 21)

adding,

> [fol. 5124] "Moreover, for the reasons previously discussed, the evidence is persuasive that, so far as New York is concerned, rate equalization is not required to enable that port to meet the competition of the southern tier ports, and that, so far as Boston, Portland, and Albany are concerned, such equalization would not materially affect the flow of foreign traffic through any of those ports." (Sheet 21)

The Commission's ultimate conclusion was that the proposed parity rates were violative of Section 3 of the Interstate Commerce Act and condemned the rates solely on this ground. Thus, it said:

> "Upon reconsideration we find that the proposed rates to and from Albany, New York, Boston, and Portland, separately and collectively, are not shown to be reasonably related to the present rates on like traffic to and from the southern tier ports, and would cause undue preference of and advantage to the named ports and undue prejudice and disadvantage to the southern tier ports. In other respects, the prior findings are affirmed." (Sheets 21-22)

In stressing relative differences in distance in its Report on Reconsideration, the Commission wholly ignored the findings in this regard in its original Report, wherein it stated:

> "The respondents and the northern tier port interests deny that they have any significant disadvantage in their rail distances as compared with the southern tier ports. Such distance disadvantages as they have are much less than the substantial differences in distances to and from some other ports which have a parity or near parity of rates, including the Canadian ports, and the wide differences which obtain where the several south Atlantic and Gulf ports are equalized.
>
> "The southern tier ports, particularly Baltimore, emphasize the advantage in distance which they have to and from certain points in the affected territory. The average of the short-line distances from class-rate base points in the affected territory is 698 miles to Baltimore, 750 miles to Philadelphia, 804 miles to New York, and 921 miles to Boston. The average distance between Hampton Roads ports and the affected territory is 883 miles, as compared with 853 miles between that territory and New York. It is apparent that considerable disregard of rail distances is characteristic of all port adjustments, as it was in the establishment of the rates here dealt with. See *Baltimore Chamber of Commerce*

v. *Ann Arbor R. Co.*, 159 I.C.C. 691, 696. In considering this matter in an early proceeding, *In the Matter* [fol. 5125] *of Differential Rates, supra* (1905), and the justness of the suggestion that each port should be given the rate to which its location entitled it this Commission observed that traffic does not stop at the ports but moves to foreign destinations that more important was the fact that as seaports the four large cities from Boston to Baltimore, inclusive, had a fundamental advantage of location which entitled them to participate in the foreign trade, and that the public interest required that this right be recognized. The conclusion reached (page 77) was that, in the public interest, the rates should be so adjusted that all the ports and the various lines serving them may fairly compete for this traffic. That this is also the purpose of the 1935 amendment to section 3 of the act was indicated in *Albany Port District Comm.* v. *Ahnapee & W. Ry. Co., supra; Nueces County Nav. District No. 1* v. *Baltimore & O. R. Co.*, 223 I.C.C. 75, 96, and *Port of New York Authority* v. *Baltimore & O. R. Co.*, 248 I.C.C. 165, 179. In the *Albany* case, at page 162, we said:

> The port rates * * * have, as their chief objective, the maintenance of a competitive relation between the ports. They are not distance rates. * * * adherence to the distance principle is incidental, and always gives way when necessary to the maintenance of the differential relation between the ports." (Sheets 39-41)

and, in falling into its error of overstressing, in its Report on Reconsideration, relative distances, the Commission failed to recognize the distinction between rates which carriers may voluntarily publish to meet competition (the proposed voluntarily published parity rates) and rates which carriers may be *required* to publish (the rates involved in the *complaint* cases cited by the Commission). Thus, the Commission said just prior to the language above quoted with regard to distances:

> "In general, in the rare instances where rate changes in port relationships have been *required* by us, distance has been an important consideration." (Sheet 21)

thereby ignoring the teachings of this Court in *New York Central Railroad Company, et al.* v. *United States, et al.*, 99 F. Supp. 394 (D. Mass. 1951), wherein this Court pointed out:

> "The difference in physical operations might indicate that the rates to the ports would not *have to be* the same; to that extent, the Commission's statement that [fol. 5126] the terminal operations are sufficiently different to *warrant* the differential may well be accurate. And of course, this was all the Commission had to decide in the 1941 proceeding, for there the carriers were defending the differential against attack by the New York port interests. Port of New York Authority v. Baltimore & Ohio Railroad Co., 248 I.C.C. 165 (1941). The present proceeding is quite different. Here it was not sufficient for the Commission to find that the dissimilar terminal operations *warrant* the carriers in maintaining a differential; the Commission had to find something more, namely, that the difference in terminal operations *requires* the carriers to maintain the differential in order to avoid violation of some specified section of the statute." (p. 402) (Emphasis supplied)

XIV. The record in this proceeding establishes unequivocally that the proposed parity rates applicable to the movement of import and export traffic between Boston and Affected Territory are lawful, and the record is devoid of any substantial evidence which would warrant a conclusion to the contrary. The record further establishes that said proposed rates are no lower than needed to be competitive and to secure for the carriers publishing the same and for the Port of Boston a fair share of import and export traffic destined for and originating in Affected Territory; that at rates higher than those from Baltimore no substantial amount of such traffic does or can move through the Port of Boston, and that said proposed rates to and from Boston are not so low as to prevent competition for Affected Territory export-import traffic by carriers participating in the movement of such traffic through any of the other major North Atlantic ports.

XV. The Commission's order is based on errors of law, is not supported by the evidence or by adequate findings and is arbitrary, unlawful and void for the following additional reasons:

1. The Commission's order rests upon an erroneous conclusion of law, namely, that "Such great differences in [fol. 5127] distances, under the circumstances here revealed, may not be ignored without running counter to the provisions of section 3 (1) of the act." (Sheet 21).

2. The order does not rest upon evidentiary findings, which are essential to support a conclusion that the proposed rates are unlawful under the Interstate Commerce Act.

3. The order unlawfully denies to the railroads participating in export-import rates between Boston and Affected Territory the right, in their managerial discretion, to meet the rates of competing railroads by an adjustment of rates within the zone of reasonableness and without undue preference or prejudice.

4. The Commission failed to recognize that, as a matter of managerial discretion, railroads may voluntarily make rate changes which they cannot be required to make.

5. The order rests upon an unauthorized attempt by the Commission to control the volume and direct the flow of traffic moving through the several competing ports.

6. The Commission's order is inconsistent with its findings.

7. The order of the Commission is invalid in so far as it is based upon a finding that the proposed rate reduction would not materially attract foreign traffic over the lines of plaintiffs herein.

XVI. The Port of Boston and the trade and commerce of said port and the carriers serving said port, will be irreparably damaged if said order of the Commission, dated December 5, 1960, be not permanently enjoined, set aside, [fol. 5128] annulled and suspended, and plaintiff-intervenor herein is without an adequate remedy at law.

Wherefore, plaintiff-intervenor, Massachusetts Port Authority, prays:

(1) That process may issue against United States of America and the Interstate Commerce Commission;

(2) That there be convened a District Court of three judges pursuant to the provisions of the Judicial Code (28 U.S.C. Section 2284, as amended) and that said Court, so convened, hear and determine the action commenced by the filing of this Complaint;

(3) That this Court, upon hearing of this action, enter a decree herein permanently enjoining, setting aside, annulling and suspending the order of the Commission dated December 5, 1960;

(4) That plaintiff-intervenor have a recovery of the proper costs of this action and

(5) That plaintiff-intervenor have such other and further [fol. 5129] relief as in the premises may be deemed to be fit and proper.

Respectfully submitted

Henry E. Foley, 10 Post Office Square, Boston 9, Massachusetts, Counsel for Massachusetts Port Authority, Plaintiff-Intervenor.

Of Counsel: Foley, Hoag & Eliot, 10 Post Office Square, Boston 9, Massachusetts.

Dated: July 12, 1961.

[fol. 5130]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAIROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA

and

INTERSTATE COMMERCE COMMISSION, Defendants.

THE DELAWARE AND HUDSON RAILROAD CORPORATION, ERIE-LACKAWANNA RAILROAD COMPANY, GRAND TRUNK RAILWAY SYSTEM—LINES EAST (CANADIAN NATIONAL RAILWAY COMPANY), THE NEW YORK CENTRAL RAILROAD COMPANY, THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, and NEW YORK, SUSQUEHANNA AND WESTERN RAILROAD COMPANY, Plaintiff-Intervenors.

Plaintiff-Intervenors' Amended Complaint

AMENDED COMPLAINT OF THE DELAWARE AND HUDSON RAILROAD COMPANY, PLAINTIFF-INTERVENORS—
Filed July 12, 1961
(Equitable Relief Sought)

I.

The Plaintiff-Intervenors, The Delaware and Hudson Railroad Corporation; Erie-Lackawanna Railroad Company; Grand Trunk Railway System—Lines East (Canadian National Railway Company); The New York Central Railroad Company; The New York, New Haven and Hartford Railroad Company; and New York, Susquehanna and Western Railroad Company, bring this complaint against the United States of America and the Interstate Commerce

Commission for the purpose of suspending, enjoining, setting aside, and annulling the order, more particularly [fol. 5131] hereinafter described, issued by the Interstate Commerce Commission (hereinafter referred to as the "Commission"), dated December 5, 1960, in a proceeding before the Commission known as I. & S. Docket No. 6615, *Equalization of Rates at North Atlantic Ports,* and Fourth Section Application No. 31104, *Import and Export Rates from and to North Atlantic Ports,* a copy of which order is attached and marked Appendix A.

II.

Plaintiff-Intervenor, The Delaware and Hudson Railroad Corporation is a common carrier railroad incorporated under the laws of the State of New York and engaged in the transportation of passengers and property in the States of New York, Pennsylvania and Vermont. It serves the port of Albany directly and through its connections transports export/import freight between the midwestern territory, hereinafter referred to as Affected Territory*, and the North Atlantic ports north of and including the port of New York, chief of which are the ports of New York, Albany, Boston, and Portland, hereinafter sometimes collectively called the northern tier ports.

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* The Commission more precisely described the territory affected by the rates in issue at page 691 of its report dated December 5, 1960, 311 I.C.C. 689, as follows:

> "The territory to and from which equalization of the northern tier ports with Baltimore is initially proposed is roughly that represented by Central Freight Association territory, including Illinois Freight Association territory and southern Wisconsin, hereinafter called the affected or differential territory. It includes territory on and west of a line extending from a point just west of Buffalo through Warren, Oil City, Butler, Pittsburgh, and Washington, Pa., Wheeling, W. Va., thence along the east bank of the Ohio River to Kenova, W. Va., including points in West Virginia, Charleston and west thereof, certain points in Kentucky on the lines of The Chesapeake and Ohio Railway Company, and points on the south bank of the Ohio River from Huntington, W. Va., to Cincinnati, Ohio."

[fol. 5132]

III.

Plaintiff-Intervenor, The New York Central Railroad Company, is a railroad corporation organized and existing under the laws of the State of Delaware. It is a common carrier engaged in the transportation of property and passengers by railroad in interstate commerce, operating in the states of New York, Pennsylvania, Ohio, Indiana, Michigan, Illinois, Massachusetts, West Virginia, Missouri, Kentucky, New Jersey, and the Dominion of Canada. It has direct routes in the transportation of export/import freight to and from Affected Territory through the ports of New York, Boston, and Albany; and through connecting rail carriers serves the port of Portland, Maine, and other North Atlantic ports.

IV.

Plaintiff-Intervenor, Erie-Lackawanna Railroad Company, is a corporation organized under the laws of the State of New York. The Delaware, Lackawanna and Western Railroad Company, a corporation of the Commonwealth of Pennsylvania and a party to the proceedings before the Interstate Commerce Commission, was merged into Erie Railroad Company, a corporation of the State of New York and a party to the proceedings before the Interstate Commerce Commission, in accordance with a Joint Agreement of Merger dated June 24, 1959, and the order of the Interstate Commerce Commission in Finance Docket No. 20707 (*Erie Railroad Company—Merger, Etc.—Delaware, Lackawanna & Western Railroad Company*), dated September 13, 1960. The corporation which survived upon merger was Erie Railroad Company, the name of which effective upon the consummation of the merger on October 17, 1960, was changed to Erie-Lackawanna Railroad Company. It has direct routes in the transportation of export/import freight between Affected Territory and the port of New York, and through its connections serves the other ports of the North Atlantic range north of New York.

[fol. 5133]

V.

Plaintiff-Intervenor, The New York, New Haven and Hartford Railroad Company, is a consolidated railroad corporation organized and existing under the laws of the States of Massachusetts, Rhode Island and Connecticut, and authorized to do business in the State of New York. It is a common carrier of property by railroad subject to Part I of the Interstate Commerce Act (49 U. S. Code, Chapter 1), operating in each of the foregoing states. In connection with the lines of other railroads, it offers a rail transportation service for the movement of import and export traffic between the ports of New York and Boston and points and places throughout the continental United States, including those in Affected Territory.

VI.

Plaintiff-Intervenor, New York, Susquehanna and Western Railroad Company, is a railroad corporation organized and existing under the laws of the State of New Jersey. It serves the port of New York and with its connections transports export/import traffic between Affected Territory and the port of New York as well as other northern tier ports.

VII.

Plaintiff-Intervenor, Grand Trunk Railway System—Lines East (Canadian National Railway Company), is a Canadian corporation authorized to do business in the State of Maine, which serves directly the port of Portland, Maine, and through its connections transports export/import traffic between Affected Territory and the remaining northern tier ports.

VIII.

This action is brought under, the United States is made a defendant herein, and the jurisdiction of this Court is conferred by, United States Code, Title 28, Sections 1336, 1398, 2284, 2321 through 2325, inclusive.

[fol. 5134]

IX.

The venue of this action is in this Court, pursuant to the provisions of U. S. Code, Title 28, Section 1398, referred to above, inasmuch as plaintiff Boston and Maine Railroad is incorporated in the Commonwealth of Massachusetts and maintains its principal office in Boston, Massachusetts, within the jurisdiction of this Court.

X.

The Interstate Commerce Commission is an administrative tribunal, created by the Act to Regulate Commerce approved February 4, 1887, 24 Stat. 383, and amendments thereto, now known as the Interstate Commerce Act, with specifically vested powers and duties respecting interstate commerce under said Interstate Commerce Act and the various acts amendatory thereof and supplemental thereto.

XI.

The reports and order herein complained of and which the plaintiffs and plaintiff-intervenors seek to have enjoined, set aside, suspended and annulled, are the result of proceedings which arose when the carriers serving the northern tier ports sought to establish, effective July 10, 1956, rates on export/import traffic moving between Affected Territory and the northern tier ports the same as the rates maintained by the railroads serving the port of Baltimore. The proposed reductions were generally 3 cents per 100 pounds, except on flour and grain. With respect to the latter, the reductions were 1 and 1.5 cents per 100 pounds, respectively. Soon after the publication of these reductions, the competing railroads serving the ports of Baltimore, Md., Hampton Roads, Va., and Philadelphia, Pa., hereinafter sometimes referred to as the "southern tier ports", published tariff schedules which were designed to restore the differentials they enjoyed. All of the schedules [fol. 5135] were ordered suspended by the Commission and made the subject of an investigation.

XII.

When the differentials above described were established, there were higher ocean rates to and from Baltimore and Philadelphia than to and from the northern tier ports. The differentials were designed, and their effect was, to compensate for the differences in these ocean rates in favor of the northern tier ports. They tended to produce equal total transportation charges between an interior point and the foreign origin or destination over all routes through the several ports, affording the different railroads and ports competitive rates. Beginning in the early twenties and extending to about 1935, the ocean rates to and from the different ports were equalized. Consequently, the sum of the rail and ocean transportation charges through the northern tier ports served by plaintiffs and plaintiff-intervenors became higher than the sum of those charges through Baltimore by the amounts of the above differentials.

XIII.

Hearings were held in connection with both sets of tariff schedules and a proposed report was issued by a Commission hearing examiner. Exceptions to the examiner's proposed report were filed by plaintiffs herein, and oral argument was held before the Commission on May 24, 1960. On January 3, 1961, the Commission (Commissioners Freas and McPherson concurring and Commissioner Webb dissenting) served the initial report and the order herein complained of. The Commission's report, 311 I.C.C. 689, dated December 5, 1960, is, for convenience, attached hereto as Appendix B. In that report and order, the Commission required that the rail carriers serving the northern tier ports cancel their tariff schedules on or before January 23, 1961, [fol. 5136] upon not less than one day's notice to the Commission and to the general public by filing and posting in the manner prescribed under section 6 of the Interstate Commerce Act.

Subsequent to the filing of the original complaints in this proceeding and the receipt of answers thereto by the United States of America, the Commission and intervening defendants, the Commission reopened the proceeding for further consideration on the existing record and issued its report on reconsideration dated June 15, 1961, amplifying and affirming the findings in its prior report. Commissioner Freas separately concurred in the result and Commissioners Webb and Tucker joined in a dissenting opinion. For convenience, the report on reconsideration is attached hereto as Appendix C.

XIV.

The Commission's findings in its decision dated December 5, 1960, 311 I.C.C. 689, served upon the parties on January 3, 1961, show that:

(1) The schedules described in Paragraph XI hereof which are now under suspension and subject to cancellation on January 23, 1961, pursuant to the Commission's report and order dated December 5, 1960, were proposed to equalize the rates on import and export traffic, as described in said schedules, moving via rail between Affected Territory, on the one hand, and New York, N. Y., and all other ports north thereof, on the other hand, with the rates applicable via Baltimore. The present rail rates on the involved traffic moving to and from New York and all other North Atlantic ports north thereof from and to Central Territory are generally 3 cents per 100 pounds higher than those to and from Baltimore, with the exception of the rates on grain, which are generally 1.5 cents per 100 pounds higher.

(2) As stated in the Commission's report, these differentials were established when there were ocean rates to and from Baltimore higher than the ocean rates to and [fol. 5137] from New York and North Atlantic ports north thereof. "The differentials were designed, and their effect was, to compensate for the differences in these ocean rates in favor of the northern tier ports. Thus, they tended to produce equal total transportation charges between an interior point and the foreign origin or destination over all routes through the several ports, affording the different railroads and ports competitive rates." (311 I.C.C. 693-4.) As the report further states, beginning in the twenties and

extending to about 1935, the ocean rates to and from the different ports were equalized. Consequently, the sum of the rail and ocean transportation charges through the northern tier ports became higher than the sum of those charges through Baltimore by the amounts of the above differentials. The rate schedules here involved, if made effective, would abolish the differentials and would generally provide an equality of aggregate transportation charges, rail and ocean, between foreign countries and points in Affected Territory for the whole range of North Atlantic ports, including Albany. (311 I.C.C. 694.)

(3) As shown in Appendix D to the Commission's report, the percentage of total United States cargo moving through the New York Customs District, both import and export, has declined tremendously between 1923 and 1956, the last year for which figures are included in this record. As further shown in Appendix F to the Commission's report, the railroads serving New York and the other northern tier ports in the composite year August 1, 1955, to July 31, 1956, handled 36.3 percent of the exports to and from the territory covered by the schedules and only 24.2 percent of the imports, while 63.7 percent of such exports and 75.8 percent of such imports were handled by the railroads serving the southern tier ports.

(4) The Commission concluded at page 741 of its report that "The present differentials have long served to retain a reasonable competitive relationship between the principal [fol. 5138] port groups and should be maintained." In its ultimate findings, the Commission found that the proposed equalized rates "are not shown to be reasonably related to the present rates" and that the proposed equalized rates "would result in undue preference of and advantage to the northern tier ports as a group and in undue prejudice and disadvantage to the southern tier ports." (311 I.C.C. 741-2.)

(5) At sheets 20 and 21 of the Commission's report on reconsideration, dated June 15, 1961, Appendix C hereto, there is a discussion of the average distances between Affected Territory and the various North Atlantic ports. The discussion concludes with the observation that "Such great

differences in distance, under the circumstances here revealed, may not be ignored without running counter to the provisions of section 3(1) of the act." This statement conflicts with the discussion and case authority cited in its initial report, 311 I.C.C. 689, at pages 715 and 716, where the following discussion appears:

> "*Weight to be accorded the distance element.*—There is much evidence of record relating to distances by rail between representative points in the affected territory and the several North Atlantic ports, including Canadian ports; also between them and other interior points and South Atlantic and Gulf ports; and by ocean between these United States ports and representative overseas ports. The respondents and the northern tier port interests deny that they have any significant disadvantage in their rail distances as compared with the southern tier ports. Such distance disadvantages as they have are much less than the substantial differences in distances to and from some other ports which have a parity or near parity of rates, including the Canadian ports, and the wide differences which obtain where the several South Atlantic and Gulf ports are equalized.
>
> "The southern tier ports, particularly Baltimore, emphasize the advantage in distance which they have to and from certain points in the affected territory. The average of the short-line distances from class-rate base points in the affected territory is 698 miles to Baltimore, 750 miles to Philadelphia, 804 miles to New York, and 921 miles to Boston. The average distance between Hampton Roads ports and the affected territory is 883 miles, as compared with 853 miles between that territory and New York. It is apparent that considerable disregard of rail distances is characteristic of all port adjustments, as it was in the establishment of the rates here dealt with. See *Baltimore Chamber of Commerce* v. *Ann Arbor R. Co.,* 159 I.C.C. 691, 696. In considering this matter in an early proceeding, *In the Matter of Differential Rates, supra* (1905), and the [fol. 5139] justness of the suggestion that each port

should be given the rate to which its location entitles it, this Commission observed that traffic does not stop at the ports but moves to foreign destinations, that more important was the fact that as seaports the four large cities from Boston to Baltimore, inclusive, had a fundamental advantage of location which entitled them to participate in the foreign trade, and that the public interest required that this right be recognized. The conclusion reached (page 77) was that, in the public interest, the rates should be so adjusted 'that all the ports and the various lines serving them may fairly compete for this traffic.' That this is also the purpose of the 1935 amendment to section 3 of the act was indicated in *Albany Port District Comm.* v. *Ahnapee & W. Ry. Co., supra; Nueces County Nav. District No. 1* v. *Baltimore & O. R. Co.*, 223 I.C.C. 75, 96; and *Port of New York Authority* v. *Baltimore & O. R. Co.*, 248 I.C.C. 165, 179. In the *Albany* case, at page 162, we said:

> 'The port rates * * * have, as their chief objective, the maintenance of a competitive relation between the ports. They are not distance rates. * * * adherence to the distance principle is incidental, and always gives way when necessary to the maintenance of the differential relation between the ports.' "

XV.

Plaintiff-Intervenors allege that the said order of the Commission dated December 5, 1960, is based upon errors of law and is not supported by evidence or adequate findings, exceeds the statutory power of the Commission, and is unlawful, arbitrary, capricious, null and void, for the following reasons:

(1) The Commission's order does not rest upon evidentiary findings which are essential to support a conclusion that the proposed rates are unlawful under the Interstate Commerce Act.

(2) The order rests upon an unauthorized attempt by the Commission to control the volume and direct the flow of traffic moving to the several competing ports.

(3) The order denies to intervening railroads the right to meet the rates of competing railroads by an adjustment of rates within the zone of reasonableness and without undue or unreasonable preference or prejudice.

(4) If the vague language in respect of the compensativeness of the proposed rates at page 734 of the Commission's [fol. 5140] report is to be construed as a finding that the rates are not shown to be compensatory, the Commission has erred, in spite of the adequacy of the record, in arbitrarily imposing impossible tests upon plaintiff carriers.

(5) The Commission failed to recognize that, as a matter of managerial discretion, railroads may voluntarily equalize rates via competing gateways even though they might not be compelled to do so by law.

(6) The Commission arbitrarily and without authority has required intervening railroads to maintain on the involved import and export traffic between northern tier ports and Affected Territory differentially higher rates than those maintained by competing railroads via Philadelphia, Baltimore, and Hampton Roads for the purpose of continuing present traffic patterns, under which the vast majority of this rail traffic moves via Baltimore and the other southern tier ports.

(7) The order of the Commission requiring cancellation of the suspended schedules proposing equalization is invalid because there are no factual findings to support such order.

(8) The report and order requiring the cancellation of the suspended schedules proposing equalization are invalid because the Commission has exceeded the power delegated to it by Congress with respect to regulating rates.

(9) The Commission erred in narrowly applying Section 3(1) of the Interstate Commerce Act to the exclusion of the remaining provisions of that section.

(10) The Commission erred in failing and refusing to apply in its determination and disposition of this proceeding applicable and governing sections of the Interstate Commerce Act other than Section 3(1) thereof.

(11) If various statements in the Commission's reports are intended as findings that the proposed equalized rates [fol. 5141] are not just and reasonable or are not reasonably compensatory, such findings are not supported by subsidiary or basic findings and by substantial evidence on the record as a whole.

(12) If various statements in the Commission's reports are intended as findings that the proposed equalized rates are not consistent with the provisions of Section 15a(2) of the Interstate Commerce Act or with the National Transportation Policy, such findings are not supported by subsidiary or basic findings and by substantial evidence on the record as a whole.

(13) The Commission erred in considering the lawfulness of the proposed equalized rates solely as a port interest case under Section 3(1) when, in fact, this proceeding was an investigation under Section 15(7) of the Interstate Commerce Act involving the voluntary publication of schedules by railroads in the exercise of their managerial discretion to meet a competitive situation.

(14) The Commission erred in finding that the proposed equalized rates would result in undue preference and prejudice under Section 3(1) in the light of the facts of record as found by the Commission which show that the railroads serving the northern tier ports are now handling less than one-third of the involved traffic and that the total traffic through the northern tier ports has been declining and continues to decline.

(15) The Commission erred in ignoring adequate and cumulative evidence of the effect of the existing rate differentials on the movement of traffic and has arbitrarily and capriciously placed an impossible burden on plaintiff railroads to come forward with traffic data well known to be impossible of ascertainment.

(16) The Commission refused to rule on requested findings in violation of Section 8(b) of the Administrative Procedure Act.

[fol. 5142] (17) The Commission refused to give consideration to the exceptions to the Examiner's proposed report submitted by intervening railroads contrary to the provisions of Section 8(b) of the Administrative Procedure Act.

XVI.

Plaintiff-Intervenors will be irreparably damaged if said reports and order are not permanently suspended, enjoined, set aside and annulled, and are without an adequate remedy at law.

XVII.

Wherefore, plaintiff-intervenors pray:

1. That process may issue against the United States of America and the Interstate Commerce Commission.

2. That this Court stay, restrain, and suspend the operation of the order of the Commission dated December 5, 1960, pending the final hearing and determination of this action.

3. That a Court constituted as required by Title 28, U. S. Code, Section 2284 and 2321-2325, consisting of three judges, be convened and that said Court so constituted and convened shall hear this petition upon due and legal notice to defendants.

4. That the operation, enforcement and execution of said order be permanently enjoined and said order be permanently set aside, annulled and suspended.

5. That plaintiff-intervenors recover their proper costs.

6. That plaintiff-intervenors have such other and further [fol. 5143] relief in the premises as may be just and proper under the circumstances.

Richard J. Ferriter, 379 South Station, Boston 10,
Mass., Attorney for Plaintiff-Intervenors.

Of Counsel

John F. Reilly, 750 Third Avenue, New York, N. Y., For The Delaware and Hudson Railroad Corporation;

Richard E. Costello, 140 Cedar Street, New York 6, N. Y., For Erie-Lackawanna Railroad Company;

J. W. G. MacDougall, 360 McGill Street, Montreal, Quebec, Canada, For Grand Trunk Railway System—Lines East (Canadian National Railway Company);

John H. Colgren, George J. Schwarz, 466 Lexington Avenue, New York 17, N. Y., For The New York Central Railroad Company;

James W. Grady, Thomas P. Hackett, 54 Meadow Street, New Haven, Conn., For The New York, New Haven and Hartford Railroad Company;

Raymond W. Troy, Lum, Biunno and Tompkins, 605 Broad Street, Newark, N. J., For New York, Susquehanna and Western Railroad Company.

Certificate of service (omitted in printing).

[fol. 5144] Appendix "A" to amended complaint—Commission's report, dated December 5, 1960 omitted. Printed side folio 5060, page 3821 supra.

[fol. 5145]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD, et al., Plaintiffs,
v.
UNITED STATES OF AMERICA, INTERSTATE COMMERCE COMMISSION, et al., Defendants.

AMENDED COMPLAINT OF THE PORT OF NEW YORK AUTHORITY, THE STATE OF NEW YORK, THE CITY OF NEW YORK, ET AL., INTERVENING PLAINTIFFS—Filed July 12, 1961

I.

The Port of New Authority is a municipal corporate instrumentality of the States of New York and New Jersey, created by Compact between the two States with the consent of Congress (Pub. Res. No. 17, 67 Cong., S.J. Res. 88, dated August 23, 1921), and charged with the duty of promoting and protecting the commerce of the Port of New York, including the prevention of obstructions to the commerce of the port caused by disadvantages in transportation rates compared with rates applying to and from other ports. The Authority is authorized to participate in any proceeding affecting the commerce of the Port of New York. (Compact, Art. XIII, Chap. 154, Laws of New York 1921, see page 25, and Chap. 151, Laws of New Jersey, 1921, see page 27.) The principal offices of the Authority are located at 111 Eighth Avenue, New York 11, New York.

[fol. 5146]

II.

The State of New York is represented in this action by its Attorney General, Louis J. Lefkowitz, pursuant to the authority vested in him by New York State Executive Law, Section 63, subdivision 1. Since the welfare of the citizens of the State depends in part upon the encouragement and expansion of foreign trade through the Port of New York, and since the present impairment of such trade resulting from the existing differential freight rates is detrimental to the interests of the People of the State of New York, he regards the property and financial concern of the State in this controversy as manifest beyond the reach of challenge. Also appearing in support of this position is the Department of Commerce of the State of New York which is empowered to encourage and develop commerce with other States and foreign countries and to cooperate with interstate commissions engaged in formulating and promoting the adoption of interstate compacts and agreements helpful to business, industry and commerce (New York State Commerce Law, Section 100, subdivisions 8 and 9).

III.

The City of New York, a municipal corporation, appears in this action by direction of its Mayor, Robert F. Wagner, to protect the interests and welfare of the City and its residents. The City, through its agencies, is empowered to "organize, promote, coordinate and carry out within or without the city, activities, projects and programs designed to encourage, stimulate and foster the well-being, development, growth and expansion of business, industry and commerce in the city, and the enhancement and protection of the economic life of the city." (New York City Charter, Sec. 1132).

[fol. 5147]

IV.

The Chamber of Commerce of The State of New York; Brooklyn Chamber of Commerce, Inc.; Belleville Manufacturers' Association; Bergen County Chamber of Commerce; The Bronx Board of Trade; Chamber of Commerce, Garfield, New Jersey; Chamber of Commerce, Irvington, New Jersey; Chamber of Commerce of Eastern Union County; Clifton Chamber of Commerce; Commerce and Industry Association of New York, Inc.; Hoboken Chamber of Commerce; Ironbound Manufacturers' Association, Inc.; The Maritime Association of The Port of New York; Newark Association of Commerce and Industry; New Jersey Industrial Traffic League; New York Board of Trade; The New York Shipping Association, Inc.; Queensborough Chamber of Commerce; The Shippers' Conference of Greater New York; The West New York Chamber of Commerce; and West Side Association of Commerce in the City of New York are trade associations and business, industrial and commercial organizations interested in developing, promoting, and protecting the commerce of the New Jersey-New York port district.

V.

This action is brought under, the United States is made a defendant under, and the jurisdiction of this Court is conferred by, United States Code, Title 28, Sections 1336, 1398, 2321-2325, inclusive.

VI.

The venue of this action is in this Court, pursuant to the provisions of U.S. Code, Title 28, Section 1398, referred to above, because the orders of the Commission sought to be suspended, enjoined, set aside, and cancelled relate to [fol. 5148] rates and charges for transportation of import and export traffic between the Ports of Boston and New York and Central Territory[1] to be charged by the railroad plaintiffs and intervenors in Court Action 61-38-S, including The New York, New Haven and Hartford Railroad Company, a consolidated railroad corporation organized and existing under the laws of the Commonwealth of Massachusetts, within the jurisdiction of this Court.

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[1] Described by the Commission in its report (311 I.C.C. 691) as roughly that represented by central freight association territory, including Illinois freight association territory and southern Wisconsin. It includes territory on and west of a line extending from a point just west of Buffalo through Warren, Oil City, Butler, Pittsburgh, and Washington, Pa., Wheeling, W. Va., thence along the east bank of the Ohio River to Kenova, W. Va., including points in West Virginia, Charleston and west thereof, certain points in Kentucky on the lines of the Chesapeake and Ohio Railway Company, and points on the south bank of the Ohio River from Huntington, W. Va., to Cincinnati, Ohio.

VII.

The Interstate Commerce Commission (hereinafter called the "Commission") is an administrative tribunal, created by the Act to Regulate Commerce, approved February 4, 1887, 24 Stat. 383, and amendments thereto, now known as the Interstate Commerce Act, with specifically vested powers and duties respecting interstate commerce under said Interstate Commerce Act and the various acts amendatory thereof and supplemental thereto.

VIII.

In the aforesaid proceedings before the Commission, in which the reports and order herein complained of were made, and which order plaintiffs herein seek to have en- [fol. 5149] joined, set aside, suspended and annulled, the Commission ordered the suspension and investigation of certain tariff schedules filed to become effective July 10, 1956, wherein certain rail carriers serving the ports of New York and Albany, N. Y., Boston, Mass., and Portland, Me. (hereinafter sometimes called the "Northern tier ports") proposed to reduce the rates on import and export freight (except coal, coke, and iron ore) between the Northern tier ports and Central territory, so as to equalize such rates with those applying between Baltimore, Md., and Central territory. The proposed rate reductions were generally 3 cents per 100 pounds, except on flour and grain, as to which the reductions were 2 and 1½ cents per 100 pounds, respectively. Immediately thereafter, competing railroads serving the ports of Baltimore, Hampton Roads, Virginia, and Philadelphia, Pennsylvania (hereinafter sometimes called the "Southern tier ports") published tariff schedules seeking the restoration of the existing rate differentials favoring those ports. The Baltimore and Ohio Railroad Company and The Pennsylvania Railroad Company, which serve New York as well as Philadelphia and Baltimore, published equalizing rates to and from New York, as well as differential-restoring rates to and from the

Southern tier ports. These two railroads intervened as defendants herein. All of the schedules were ordered suspended by the Commission and made the subject of an investigation at the same time.

IX.

Hearings were held in connection with all of the tariff schedules and a proposed report was issued by a Commission hearing examiner. Exceptions to the examiner's proposed report were filed by plaintiffs herein, and oral argu- [fol. 5150] ment was held before the Commission on May 24, 1960. On January 3, 1961, the Commission (Commissioners Freas and McPherson concurring and Commissioner Webb dissenting) served its original report and the order herein complained of. (Investigation and Suspension Docket No. 6615, *Equalization of Rates at North Atlantic Ports,* reported at 311 I.C.C. 689.) The Commission's report and order, dated December 5, 1960, was attached as Appendix A to the original complaint filed herein by Boston and Maine Railroad and The New York, New Haven and Hartford Railroad Company and is adopted and incorporated herein by reference under Rule 10 (c) of the Rules of Civil Procedure. A copy of the printed report is attached hereto for ready reference. In said report and order, the Commission required that the rail carriers serving the Northern tier ports cancel said tariff schedules on or before January 23, 1961, upon not less than one day's notice to the Commission and to the general public by filing and posting in the manner prescribed under Section 6 of the Interstate Commerce Act.

Following the filing of the original complaint herein, the Commission on January 16, 1961, postponed indefinitely the cancellation date upon agreement of the plaintiff railroads to voluntarily keep the schedules in suspension until termination of the appeal. After a pre-trial conference at which brief and trial dates were set by the Court, the Commission on its own motion reopened the proceeding for reconsideration on April 11, 1961, three days before opening briefs were due. In its report on reconsideration, dated June 15, 1961, the Commission, (Commissioner Freas concurring, Commissioners Webb and Tucker dissenting, and [fol. 5151] Commissioner Bush not participating) "amplified" and affirmed its prior findings. A copy of the Commission's report on reconsideration is attached hereto.

X.

The Commission's reports show that:

(1) The tariff schedules described in Paragraph VIII hereof which have been ordered cancelled were proposed to equalize the rates on import and export traffic, as described in said schedules, moving via rail between Central territory and the Northern tier ports with the rates applicable on the same traffic between Central territory and Baltimore. These differentials were first established in 1877, when there were ocean rates to and from Baltimore higher than the ocean rates to and from New York and Boston. "The differentials were designed, and their effect was, to compensate for the differences in these ocean rates in favor of the northern tier ports. Thus, they tended to produce equal total transportation charges between an interior point and the foreign origin or destination over all routes through the several ports, affording the different railroads and ports competitive rates." (311 I.C.C. 693-694) In its original report, the Commission found that of the three principles mentioned by the parties as controlling these port relationships, that is, the distance principle, the cost principle, and the "competitive" principle, the last one was found to be the true one. (311 I.C.C. 695)

The Commission pointed out:

> [fol. 5152] "Such distance disadvantage as they [the Northern tier ports] have are much less than the substantial differences in distances to and from some other ports which have a parity or near parity of rates, including the Canadian ports, and the wide differences which obtain where the several South Atlantic and Gulf ports are equalized.
>
> "* * * It is apparent that considerable disregard of rail distances is characteristic of all port adjust-

ments as it was in the establishment of the rates here dealt with." (311 I.C.C. 715-716)

[In its report on reconsideration, however, the Commission apparently reverses itself and history by stating that "comparative rail distances between differential territory and Baltimore, Philadelphia, and New York were an important consideration in the compromise." (Sheet 5)]

(2) Beginning in the twenties and extending to about 1935, the ocean rates to and from the different ports were equalized. Consequently, the sum of the rail and ocean transportation charges through the Northern tier ports became higher than the sum of those charges through Baltimore by the amounts of the above differentials. The rate schedules here involved, if made effective, would abolish the differentials and would generally provide an equality of aggregate transportation charges, rail and ocean, between foreign countries and points in Central territory for the whole range of North Atlantic ports, including Albany. (311 I.C.C. 694) Rate equalization exists between South Atlantic and Gulf ports and interior competitive territory. (311 I.C.C. 697)

(3) The percentage of total United States cargo moving through the New York Customs District, both [fol. 5153] import and export, has declined from 26.5 per cent in 1935 to 14 per cent in 1956, the last year for which figures are included in this record. (311 I.C.C. 703) The railroads serving the Northern tier ports in the year ended July 31, 1956, handled 36.3 per cent of the exports to and from the territory covered by the schedules and only 24.2 per cent of the imports, while 63.7 per cent of such exports and 75.8 per cent of such imports were handled by the railroads serving the Southern tier ports. (Appendix F, 311 I.C.C. 751)

(4) The Commission in its original report concluded that "the present differentials have long served to retain a reasonable competitive relationship between

the principal port groups and should be maintained." (311 I.C.C. 741) In its ultimate findings, the Commission found that the proposed equalized rates "are not shown to be reasonably related to the present rates" and that the proposed equalized rates "would result in undue preference of and advantage to the northern tier ports as a group and in undue prejudice and disadvantage to the southern tier ports." (311 I.C.C. 741-742) In its report on reconsideration, the Commission makes substantially the same findings, except that they are made to apply to the Northern tier ports "separately and collectively." (Sheets 21-22)

XI.

Plaintiffs allege that the said order of the Commission dated December 5, 1960, is based upon errors of law and is not supported by evidence or adequate findings, exceeds the statutory power of the Commission, and is unlawful, arbitrary, capricious, null and void, for the following reasons:

[fol. 5154] (1) The Commission's order does not rest upon evidentiary findings which are essential to support a conclusion that the proposed rates are unlawful under the Interstate Commerce Act.

(2) The Commission's order requiring cancellation of the suspended schedules proposing equalization is invalid because there are no factual findings to support such order.

(3) The order requiring the cancellation of the suspended schedules proposing equalization is invalid because the Commission has exceeded the power delegated to it by Congress with respect to regulating rates.

(4) The order rests upon an unauthorized attempt by the Commission to control the volume and direct the flow of traffic moving through the several competing ports.

(5) The Commission arbitrarily and without authority has required the plaintiff railroads and intervening plaintiff and defendant railroads to maintain on the involved import and export traffic between Northern tier ports and

Central territory differentially higher rates than those maintained by the same railroads (in the case of the Pennsylvania and the Baltimore and Ohio) or competing railroads via Baltimore for the purpose of continuing present traffic patterns, under which the vast majority of rail traffic to and from Central territory moves via Baltimore and the other Southern tier ports.

(6) The Commission erred in basing its traffic comparisons on total port tonnages rather than on the traffic moving by rail between the various ports and Central territory.

(7) The Commission erred in considering the lawfulness of the proposed equalized rates as though this proceeding involved a complaint under Section 3 (1) rather than as a voluntary publication of the schedules by the intervening [fol. 5155] railroads in the exercise of their managerial discretion for the purpose of giving them a fair opportunity to compete.

(8) The Commission failed to recognize that, as a matter of managerial discretion, railroads may voluntarily equalize rates via competing ports or gateways even though they might not be compelled to do so by law.

(9) The order denies to the plaintiff and intervening railroads the right to meet the rates of competing railroads by an adjustment of rates within the zone of reasonableness and without undue or unreasonable preference or prejudice.

(10) The Commission erred in finding that the proposed equalized rates would result in undue preference and prejudice under Section 3 (1) in the light of the facts of record as found by the Commission which show that the railroads serving the Northern tier ports are now handling less than one-third of the involved traffic and that the traffic through the Northern tier ports has been declining and continues to decline.

(11) If various statements in the Commission's reports are intended as findings that the proposed equalized rates are not just and reasonable or are not reasonably compensatory, such findings are not supported by subsidiary

or basic findings based on substantial evidence on the record as a whole.

(12) If various statements in the Commission's reports are intended as findings that the proposed equalized rates would be in violation of Section 15a (2) or would be contrary to the national transportation policy, such findings are not supported by subsidiary or basic findings based on substantial evidence on the record as a whole.

(13) The Commission refused to rule specifically on requested findings in violation of Section 8 (b) of the Administrative Procedure Act.

[fol. 5156] (14) The Commission refused to consider and rule upon the exceptions to the Examiner's proposed report submitted by railroads serving New York and supporting port interests, contrary to the provisions of Section 8 (b) of the Administrative Procedure Act.

XII.

The intervening plaintiffs will be irreparably damaged if said reports and order are not permanently suspended, enjoined, set aside and annulled, and are without an adequate remedy at law.

XIII.

Wherefore, the intervening plaintiffs pray:

(1) That process may issue against the United States of America and Interstate Commerce Commission;

(2) That this Court stay, restrain and suspend the operation of the order of the Commission dated December 5, 1960, pending the final hearing and determination of this action;

(3) That a Court constituted as required by U.S. Code, Title 28, Sections 2284, and 2321-2325, consisting of three Judges, of whom at least one shall be a Circuit Judge, be convened, and that said Court so constituted and convened shall hear this petition upon due and legal notice to defendants;

(4) That said Court, upon final hearing of this suit, enter a decree herein permanently suspending, enjoining, setting aside and annulling the said orders of the Commission;

[fol. 5157] (5) That the intervening plaintiffs have such other and further relief as to the Court may deem required by equity and as may be deemed by this Court fit and proper.

Respectfully submitted,

Walter J. Myskowski, Investment Building, Washington, D. C., Counsel for Intervening Plaintiffs.

Of Counsel

Louis J. Lefkowitz, Attorney General, Paxton Blair, Solicitor General, Dunton F. Tynan, Assistant Solicitor General, J. Bruce MacDonald, Counsel, The Capitol, Albany 1, New York, For The State of New York;

Leo A. Larkin, Corporation Counsel, Samuel Mandell, Sidney Brandes, Assistant Corporation Counsel, Municipal Building, New York, New York, For The City of New York;

Charles W. Merritt, 25 Broadway, New York, New York, For The Chamber of Commerce of The State of New York;

Sidney Goldstein, General Counsel, F. A. Mulhern, Attorney, 111 Eighth Avenue, New York 11, New York, Arthur L. Winn, Jr., Samuel H. Moerman, James M. Henderson, Laroe, Winn & Moerman, Investment Building, Washington 5, D. C., For The Port of New York Authority, et al.

[fol. 5158] Certificate of service (omitted in printing).

[fol. 5159]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER ON BEHALF OF MARYLAND PORT AUTHORITY AND BALTIMORE ASSOCIATION OF COMMERCE, INTERVENING DEFENDANTS, TO THE AMENDED COMPLAINT OF BOSTON AND MAINE RAILROAD AND THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, DEBTOR—Filed July 20, 1961

Maryland Port Authority and Baltimore Association of Commerce, intervening defendants, answering the amended complaint of Boston and Maine Railroad and The New York, New Haven and Hartford Railroad Company, Debtor:

I.

Admit the material allegations contained in paragraphs I through V inclusive.

II.

Admit the material allegations contained in paragraph VI except that they deny that the present rates from Albany to affected territory are differentially higher than the rates from Philadelphia to affected territory. They also deny that the present rates from Boston are differentially higher than the rates from Hampton Roads to all destinations in affected territory.

[fol. 5160] In further answer to this paragraph intervening defendants aver that the rates applicable on import-export traffic between New York and affected territory are the same as the rates applicable between Boston and that territory, and that the export rates to Portland, Maine, from affected territory are also the same as the rates to Boston.

III.

Deny the material allegations contained in paragraph VII, except that they admit that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

IV.

Admit the material allegations contained in paragraph VIII.

V.

The allegations contained in paragraph IX are a series of selected statements characterized as finding of the Commission made in its report of December 5, 1960, and include interpretation of the statements by plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the original report and order dated December 5, 1960, and of the report on reconsideration dated June 15, 1961, for a complete statement of the findings upon which the decision is based.

VI.

Deny the material allegations contained in paragraph X.

[fol. 5161]

VII.

Admit the material allegations contained in paragraphs XI to XIII, inclusive.

VIII.

The allegations contained in paragraph XIV are selected statements taken from the report of the Commission on reconsideration dated June 15, 1961, interpreted by plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the reports of the Commission dated December 5, 1960 and June 15, 1961, for a complete statement of the findings and conclusions upon which the decision is based.

IX.

Deny the material allegations contained in paragraph XV except that they admit the quoted portion was taken from the Commission's original report.

X.

Deny the material allegations contained in paragraphs XVI to XVIII, inclusive.

XI.

Deny each and all of the allegations contained in the complaint except as herein expressly admitted.

XII.

In further answer to the complaint, intervening defendants aver that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960, with respect to the Boston rates, and/or the New York, [fol. 5162] Albany, and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia and Hampton Roads not justified and ordered canceled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia and Hampton Roads.

Wherefore, intervening defendants pray that the complaint be dismissed, plaintiffs to pay the costs.

Respectfully submitted,

William L. Marbury, 900 First National Bank Building, Baltimore 2, Maryland;

Donald Macleay, 1625 K Street, N. W., Washington 6, D. C.

Attorneys for Maryland Port Authority.

J. Cookman Boyd, Jr., Meyerhoff Building, Baltimore 1, Maryland;

Karl J. Grimm, 22 Light Street, Baltimore 2, Maryland;

Attorneys for Baltimore Association of Commerce.

Of Counsel: Theodore Chase, Palmer Dodge Gardner & Bradford, 53 State Street, Boston 9, Massachusetts.

Dated: July 20, 1961.

[fol. 5163] Certificate of Service (omitted in printing).

[fol. 5164]

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER ON BEHALF OF MARYLAND PORT AUTHORITY AND BALTIMORE ASSOCIATION OF COMMERCE, INTERVENING DEFENDANTS, TO THE AMENDED COMPLAINT OF INTERVENING PLAINTIFF, MASSACHUSETTS PORT AUTHORITY—Filed July 20, 1961

Maryland Port Authority and Baltimore Association of Commerce, intervening defendants, answering the amended complaint of intervening plaintiff, Massachusetts Port Authority:

I.

Admit the material allegations contained in paragraphs I through IV, inclusive.

II.

Deny the material allegations contained in paragraph V, except that they admit the material allegations contained in the first subparagraph thereof, and admit that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

[fol. 5165]

III.

Admit the material allegations contained in the last sentence of paragraph VI referring to the tariff publications at issue. The balance of paragraph VI requires no answer because it alleges the motive for the publication of the rates between Boston and each of the major North Atlantic ports from New York north, on the one hand, and affected territory, on the other hand, which rates the Commission has disapproved.

IV.

Admit the material allegations contained in paragraphs VII and VIII.

V.

Paragraph IX is a series of selected statements characterized by intervening plaintiff as findings of the Commission in its report and order of December 5, 1960, and includes interpretation by intervening plaintiff. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the original report and order dated December 5, 1960, and to the report on reconsideration dated June 15, 1961, for a complete statement of the findings underlying and supporting the decision.

VI.

Deny all material allegations contained in paragraph X, except that they admit the Commission ordered the cancelation of the proposed parity rates.

VII.

Admit the material allegations contained in paragraphs XI and XII.

[fol. 5166]

VIII.

Deny all material allegations contained in paragraph XIII, except that they admit the Commission handed down its report on reconsideration under date of June 15, 1961, in which among other things two corrections were made in Appendix E to the original report, and further admit the quoted portions of the paragraph were taken from the reports of the Commission.

IX.

Deny the material allegations contained in paragraphs XIV to XVI, inclusive.

X.

Deny each and all of the allegations contained in the complaint except as herein expressly admitted.

XI.

In further answer to the complaint, intervening defendants aver that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960, with respect to the Boston rates and/or the New York, Albany, and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia, and Hampton Roads not justified and ordered canceled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia, and Hampton Roads.

Wherefore, intervening defendants pray that the complaint of intervening plaintiff be dismissed, intervening plaintiff to pay the costs.

[fol. 5167]

Respectfully submitted,

William L. Marbury, 900 First National Bank Building, Baltimore 2, Maryland;

Donald Macleay, 1625 K Street, N. W., Washington 6, D. C.

Attorneys for Maryland Port Authority.

J. Cookman Boyd, Jr., Meyerhoff Building, Baltimore 1, Maryland;

Karl J. Grimm, 22 Light Street, Baltimore 2, Maryland;

Attorneys for Baltimore Association of Commerce.

Of Counsel: Theodore Chase, Palmer Dodge Gardner & Bradford, 53 State Street, Boston 9, Massachusetts.

Dated: July 20, 1961.

[fol. 5168] Certificate of Service (omitted in printing).

[fol. 5169]

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER ON BEHALF OF MARYLAND PORT AUTHORITY AND BALTIMORE ASSOCIATION OF COMMERCE, INTERVENING DEFENDANTS, TO THE AMENDED COMPLAINT OF THE SEVERAL RAILROAD INTERVENING PLAINTIFFS—Filed July 20, 1961

Maryland Port Authority and Baltimore Association of Commerce, intervening defendants, answering the complaint of the several railroad intervening plaintiffs [Delaware and Hudson Railroad Corporation, Erie-Lackawanna Railroad Company, Grand Trunk Railway System—Lines East (Canadian National Railway Company), New York Central Railroad Company, New York, New Haven and Hartford Railroad Company, and New York, Susquehanna and Western Railroad Company]:

I.

Admit the material allegations contained in paragraphs I through X, inclusive.

II.

Admit the material allegations contained in paragraph XI except aver that the rates published by the railroads [fol. 5170] serving Baltimore, Philadelphia and Hampton Roads were published to become effective simultaneously with the rates published by the railroads serving New York, Albany, Boston and Portland.

III.

Deny the material allegations contained in paragraph XII, except that they admit that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

IV.

Admit the material allegations contained in paragraph. XIII.

In further answer, intervening defendants aver that the Commission has postponed its order requiring the cancelation of the tariffs found not justified until further order of the Commission because of the pendency of the instant proceeding.

V.

Admit the material allegations contained in subparagraph (1) of paragraph XIV except that the order requiring cancelation of the tariffs found not justified has been postponed until further order of the Commission. The remainder of paragraph XIV consists of selected statements paraphrased from the Commission's reports, interspersed with direct quotations, and includes interpretation of the statements by intervening plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the original report dated December 5, 1960, and of the report on reconsideration dated June 15, 1961, for a complete statement of the basis for the decision by the Commission.

[fol. 5171]

VI.

Deny the material allegations contained in paragraphs XV and XVI.

VII.

Deny each and all of the allegations contained in the complaint of these intervening plaintiffs except as herein expressly admitted.

VIII.

In further answer to the complaint of these intervening plaintiffs, intervening defendants aver that if the Court should enjoin, set aside and annul the order of the Commission dated December 5, 1960, with respect to the New York rates and/or the rates to and from Boston, Albany and Portland, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia and Hampton Roads not justified and ordered canceled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia and Hampton Roads.

Wherefore, intervening defendants pray that the complaint of these intervening plaintiffs be dismissed, intervening plaintiffs to pay the costs.

Respectfully submitted,

William L. Marbury, 900 First National Bank Building, Baltimore 2, Maryland;

Donald Macleay, 1625 K Street, N. W., Washington 6, D. C.;

Attorneys for Maryland Port Authority.

[fol. 5172] J. Cookman Boyd, Jr., Meyerhoff Building, Baltimore 1, Maryland;

Karl J. Grimm, 22 Light Street, Baltimore 2, Maryland;

Attorneys for Baltimore Association of Commerce.

Of Counsel: Theodore Chase, Palmer Dodge Gardner & Bradford, 53 State Street, Boston 9, Massachusetts.

Dated: July 20, 1961.

[fol. 5173] Certificate of Service (omitted in printing).

[fol. 5174]

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER ON BEHALF OF MARYLAND PORT AUTHORITY AND BALTIMORE ASSOCIATION OF COMMERCE, INTERVENING DEFENDANTS, TO THE AMENDED COMPLAINT OF INTERVENING PLAINTIFFS, THE PORT OF NEW YORK AUTHORITY, THE STATE OF NEW YORK, THE CITY OF NEW YORK, ET AL.—Filed July 20, 1961

Maryland Port Authority and Baltimore Association of Commerce, intervening defendants, answering the amended complaint of intervening plaintiffs, The Port of New York Authority, The State of New York, The City of New York, et al.:

I.

Admit the allegations in paragraph I.

II.

Deny the allegations in paragraph II that the existing port differential freight rate adjustment has impaired or is impairing foreign trade through the port of New York and that said port differential rates are detrimental to the [fol. 5175] interests of the People of the State of New York. Admit all other material allegations in paragraph II.

III.

Admit the material allegations contained in paragraphs III through IX, inclusive.

IV.

Paragraph X is an incomplete paraphrasing of certain statements in the Commission's original report dated December 5, 1960, and the report on reconsideration dated June 15, 1961, interpreted by intervening plaintiffs. As such, the allegations contained in paragraph IX are argumentative and require no answer. The Court is respectfully referred to the entire text of the aforementioned reports of the Commission for the complete analysis and basis for decision.

V.

Deny the material allegations contained in paragraphs XI and XII.

VI.

Deny each and all of the allegations contained in the complaint except as herein expressly admitted.

VII.

In further answer to the complaint, intervening defendants aver that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960, with respect to the New York rates and/or the Boston, Albany and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia and [fol. 5176] Hampton Roads not justified and ordered canceled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia and Hampton Roads.

Wherefore, intervening defendants pray that the complaint of intervening plaintiffs be dismissed, intervening plaintiffs to pay the costs.

Respectfully submitted,

William L. Marbury, 900 First National Bank Building, Baltimore 2, Maryland;

Donald Macleay, 1625 K Street, N. W., Washington 6, D. C.;

Attorneys for Maryland Port Authority.

J. Cookman Boyd, Jr., Meyerhoff Building, Baltimore 1, Maryland;

Karl J. Grimm, 22 Light Street, Baltimore 2, Maryland;

Attorneys for Baltimore Association of Commerce.

Of Counsel: Theodore Chase, Palmer Dodge Gardner & Bradford, 53 State Street, Boston 9, Massachusetts.

Dated: July 20, 1961.

[fol. 5177] Certificate of service (omitted in printing).

[fol. 5178]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER OF MAINE CENTRAL RAILROAD COMPANY, INTERVENING DEFENDANT TO AMENDED COMPLAINT—Filed July 24, 1961

The Maine Central Railroad Company, intervening defendant, answering the amended complaint:

I.

Admits the material allegations contained in Paragraphs I through V.

II.

Admits the material allegations contained in Paragraph VI, except that it denies that the present rates from Boston are differentially higher than the rates from Hampton Roads to all destinations in Affected Territory and that the present rates between Albany and Affected Territory are higher than those between Affected Territory and Philadelphia.

In further answer, intervening defendant avers that the rates applicable on import-export traffic between New York and Affected Territory are the same as the rates applicable between Boston and that territory; that the export rates to Portland, Maine from Affected Territory are also the same as the rates to Boston, and that the rates between [fol. 5179] Albany and Affected Territory are the same as the rates between Philadelphia and that territory.

III.

Denies the material allegations contained in Paragraph VII, except that it admits that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

IV.

Admits the material allegations contained in Paragraph VIII.

In further answer to this paragraph, intervening defendant avers that the effective date of the Commission's order requiring the cancellation of the tariffs found not justified has been postponed until further order of the Commission as a result of the pendency of the instant proceeding.

V.

The allegations contained in Paragraph IX are a series of selected statements characterized as findings of the Commission made in its report of December 5, 1960 and include interpretation of the statements by plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the original report and order dated December 5, 1960 and of the report on reconsideration dated June 15, 1961 for a complete statement of the findings upon which the decision is based.

VI.

Denies the material allegations contained in Paragraph X.

VII.

Admits the material allegations contained in Paragraphs XI to XIII, inclusive.

VIII.

The allegations contained in Paragraph XIV are selected statements taken from the report of the Commission on reconsideration dated June 15, 1961 interpreted by plain- [fol. 5180] tiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the reports of the Commission dated December 5, 1960 and June 15, 1961 for a complete statement of the findings and conclusions upon which the decision is based.

IX.

Denies the material allegations contained in Paragraph XV, except that it admits the quoted portion was taken from the Commission's original report dated December 5, 1960.

X.

Denies the material allegations contained in Paragraphs XVI to XVIII, inclusive.

XI.

Denies each and all of the allegations contained in the complaint except as herein expressly admitted.

XII.

In further answer to the complaint, intervening defendant avers that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960 with respect to the Boston rates, and/or the New York, Albany, and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia and Hampton Roads.

Wherefore, intervening defendant prays that the complaint be dismissed, plaintiffs to pay the costs.

Respectfully submitted,

Archibald M. Knowles, Scott W. Scully, 232 St. John Street, Portland, Maine, Counsel for Intervening Defendant.

Dated: July 21, 1961.

[fol. 5181] Certificate of service (omitted in printing).

[fol. 5182]

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER OF MAINE CENTRAL RAILROAD COMPANY INTERVENING DEFENDANT TO THE AMENDED COMPLAINT OF INTERVENING PLAINTIFF, MASSACHUSETTS PORT AUTHORITY—Filed July 24, 1961

Maine Central Railroad Company, intervening defendant, answering the amended complaint of intervening plaintiff, Massachusetts Port Authority:

I.

Admits the material allegations contained in Paragraphs I through IV, inclusive.

II.

Denies the material allegations contained in Paragraph V, except that it admits the material allegations contained in the first subparagraph thereof, and admits that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

III.

Admits the material allegations contained in the last sentence of Paragraph VI referring to the tariff publications at issue. The balance of Paragraph VI requires no [fol. 5183] answer because it alleges the motive for the publication of the rates between Boston and each of the major North Atlantic ports from New York north, on the one hand, and Affected Territory, on the other hand, which rates the Commission has disapproved.

IV.

Admits the material allegations contained in Paragraphs VII and VIII.

V.

Paragraph IX is a series of selected statements characterized by intervening plaintiff as findings of the Commission in its report and order of December 5, 1960 and includes interpretation by intervening plaintiff. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the original report and order dated December 5, 1960 and to the report on reconsideration dated June 15, 1961 for a complete statement of the findings underlying and supporting the decision.

VI.

Denies all material allegations contained in Paragraph X, except that it admits the Commission ordered the cancellation of the proposed parity rates.

VII.

Admits the material allegations contained in Paragraphs XI and XII.

VIII.

Denies all material allegations contained in Paragraph XIII, except that it admits the Commission handed down its report on reconsideration under date of June 15, 1961, in which among other things two corrections were made in Appendix E to the original report, and further admits the quoted portions of the paragraph were taken from the sources cited.

[fol. 5184]

IX.

Denies the material allegations contained in Paragraphs XIV to XVI, inclusive.

X.

Denies each and all of the allegations contained in the complaint except as herein expressly admitted.

XI.

In further answer to the complaint, intervening defendant avers that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960 with respect to the Boston rates and/or the New York, Albany, and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia, and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia, and Hampton Roads.

Wherefore, intervening defendant prays that the complaint of intervening plaintiff be dismissed, intervening plaintiff to pay the costs.

Respectfully submitted,

Archibald M. Knowles, Scott W. Scully, 232 St. John Street, Portland, Maine, Counsel for Intervening Defendant.

Dated: July 21, 1961.

[fol. 5185] Certificate of service (omitted in printing).

[fol. 5186]

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER OF MAINE CENTRAL RAILROAD COMPANY, INTERVENING DEFENDANT TO THE AMENDED COMPLAINT OF THE SEVERAL RAILROAD INTERVENING PLAINTIFFS—Filed July 24, 1961

The Maine Central Railroad Company, intervening defendant, answering the complaint of the several railroad intervening plaintiffs (Delaware and Hudson Railroad Corporation, Erie-Lackawanna Railroad Company, Grand Trunk Railway System—Lines East (Canadian National Railway Company), New York Central Railroad Company, New York, New Haven and Hartford Railroad Company, and New York, Susquehanna and Western Railroad Company):

I.

Admits the material allegations contained in Paragraphs I through X, inclusive.

II.

Admits the material allegations contained in Paragraph XI except avers that the rates published by the railroads serving Baltimore, Philadelphia and Hampton Roads were published to become effective simultaneously with the rates [fol. 5187] published by the railroads serving New York, Albany, Boston and Portland.

III.

Denies the material allegations contained in Paragraph XII, except that it admits that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

IV.

Admits the material allegations contained in Paragraph XIII.

In further answer, intervening defendant avers that the Commission has postponed its order requiring the cancellation of the tariffs found not justified until further order of the Commission because of the pendency of the instant proceeding.

V.

Admits the material allegations contained in subparagraph (1) of Paragraph XIV except that the order requiring cancellation of the tariffs found not justified has been postponed until further order of the Commission. The remainder of Paragraph XIV consists of selected statements paraphrased from the Commission's reports, interspersed with direct quotations, and includes interpretation of the statements by intervening plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the original report dated December 5, 1960 and of the report on reconsideration dated June 15, 1961 for a complete statement of the basis for the decision by the Commission.

VI.

Denies the material allegations contained in Paragraphs XV and XVI.

VII.

Denies each and all of the allegations contained in the complaint of these intervening plaintiffs except as herein expressly admitted.

[fol. 5188]

VIII.

In further answer to the complaint of these intervening plaintiffs, intervening defendant avers that if the Court should enjoin, set aside and annul the order of the Commission dated December 5, 1960 with respect to the New York rates and/or the rates to and from Boston, Albany and Portland, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia and Hampton Roads.

Wherefore, intervening defendant prays that the complaint of these intervening plaintiffs be dismissed, intervening plaintiffs to pay the costs.

Respectfully submitted,

Archibald M. Knowles, Scott W. Scully, 232 St. John Street, Portland, Maine, Counsel for Intervening Defendant.

Dated: July 21, 1961.

[fol. 5189] Certificate of service (omitted in printing).

[fol. 5190]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER ON BEHALF OF RAILROAD INTERVENING DEFENDANT TO THE AMENDED COMPLAINT OF INTERVENING PLAINTIFFS, THE PORT OF NEW YORK AUTHORITY, THE STATE OF NEW YORK, THE CITY OF NEW YORK, ET AL.—Filed July 24, 1961

The Maine Central Railroad Company, intervening defendant, answering the amended complaint of intervening plaintiffs, The Port of New York Authority, The State of New York, The City of New York, et al.:

I

Denies the allegation in Paragraph I that the commerce of the port of New York is obstructed or disadvantaged by rail transportation rates compared with rates applying to and from other ports. Admits all other material allegations contained in Paragraph I.

II.

Denies the allegations in Paragraph II that the existing port differential freight rate adjustment has impaired or is impairing foreign trade through the port of New York and that said port differential rates are detrimental to the [fol. 5191] interests of the People of the State of New York. Admits all other material allegations in Paragraph II.

III.

Admits the material allegations contained in Paragraphs III through IX, inclusive.

IV.

Paragraph X is an incomplete paraphrasing of certain statements in the Commission's original report dated December 5, 1960 and the report on reconsideration dated June 15, 1961 interpreted by intervening plaintiffs. As such, the allegations contained in Paragraph IX are argumentative and require no answer. The Court is respectfully referred to the entire text of the aforementioned reports of the Commission for the complete analysis and basis for decision.

V.

Denies the material allegations contained in Paragraphs XI and XII.

VI.

Denies each and all of the allegations contained in the complaint except as herein expressly admitted.

VII.

In further answer to the complaint, intervening defendant avers that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960 with respect to the New York rates and/or the Boston, Albany and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia and Hampton Roads.

Wherefore, intervening defendant prays that the com-[fol. 5192] plaint of intervening plaintiffs be dismissed, intervening plaintiffs to pay the costs.

Respectfully submitted,

Archibald M. Knowles, Scott W. Scully, 232 St. John Street, Portland, Maine, Counsel for Intervening Defendant.

Dated: July 21, 1961.

[fol. 5193] Certificate of service (omitted in printing).

[fol. 5194]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON & MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER OF THE INTERSTATE COMMERCE COMMISSION TO THE AMENDED COMPLAINT OF THE PLAINTIFFS—Filed July 24, 1961

Comes now the Interstate Commerce Commission, hereinafter called the Commission, defendant, and for answer to plaintiffs' amended complaint:

I.

Admits the allegations contained in paragraphs I to V, inclusive, of the amended complaint.

II.

Admits the allegations contained in paragraph VI of the amended complaint, except denies that the present rates from Boston are differentially higher than the rates from Hampton Roads to all destinations in Affected Territory. Aver that the rates applicable on import-export traffic between New York and Affected Territory and between Boston and that territory are the same; and that the export [fol. 5195] rates to Portland, Maine from Affected Territory are the same as the like rates to Boston.

III.

Denies the allegations contained in paragraph VII of the amended complaint, except admits that there has been a gradual equalization of ocean rates to and from the ports involved beginning prior to 1935.

IV.

Admits the allegations contained in paragraph VIII of the amended complaint, but avers that the Commission, Chairman Hutchinson, on January 16, 1961, entered an order postponing until further order of the Commission the compliance date upon which the rates involved are required to be cancelled.

V.

Answering the allegation contained in paragraph IX of the amended complaint, respectfully refers the Court to the Commission's report of December 5, 1960 and of its report on reconsideration of June 15, 1961, for a complete and accurate analysis of the facts and statement of the findings made by the Commission in arriving at its ultimate conclusion and decision. The paraphrased statements from those reports and the conclusions and interpretations drawn [fol. 5196] therefrom, contained in the paragraph, are argumentative and do not require a specific answer.

VI.

Denies the allegations contained in paragraph X of the amended complaint, except admits that the quotation in said paragraph is contained in the Commission's report of December 5, 1960, but respectfully refers the Court to said report for the complete and accurate findings of the Commission.

VII.

Admit the allegations contained in paragraphs XI to XIII, inclusive, of the amended complaint.

VIII.

Denies the allegations contained in paragraphs XIV and XV of the amended complaint, except that with respect to the quotations contained in said paragraph, respectfully refers the Court to the Commission's report of December 5, 1960, and report on reconsideration of June 15, 1961, for the complete and accurate analysis of the facts and the statement of findings made by the Commission in arriving at its ultimate conclusion and decision.

IX.

Denies the allegation contained in paragraphs XVI to XVIII, inclusive, of the amended complaint, and in the subparagraphs of paragraph XVII, of the amended complaint.

[fol. 5197]

X.

For further answer to the allegations of the complaint, denies that the order of the Commission challenged in this action is unlawful for the reasons specified in the complaint or for any other reason whatsoever; and avers that the order under attack is valid in all respects. Except as expressly admitted herein, each and every allegation of the complaint is denied.

Wherefore, the Commission prays that the relief prayed for be denied, and that the complaints be dismissed.

Robert W. Ginnane, General Counsel; I. K. Hay, Associate General Counsel, Interstate Commerce Commission, Washington 25, D. C., Attorneys for the Interstate Commerce Commission.

Certificate of Service (omitted in printing).

[fol. 5198]

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON & MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER OF THE INTERSTATE COMMERCE COMMISSION TO THE AMENDED COMPLAINT OF THE MASSACHUSETTS PORT AUTHORITY, INTERVENING PLAINTIFF—Filed July 24, 1961

Comes now the Interstate Commerce Commission, hereinafter called the Commission, defendant, and for answer to the amended complaint of the Massachusetts Port Authority, intervening plaintiff:

I.

Admits the allegations contained in paragraphs I to IV, inclusive, of the amended complaint.

II.

Denies the allegations contained in paragraph V of the amended complaint, except admits the allegations contained in the first subparagraph and the first sentence of the third subparagraph of said paragraph.

III.

Admits the allegations contained in the last sentence of paragraph VI of the amended complaint. The remaining allegations of this paragraph, which have reference to the [fol. 5199] reasons which moved the publication of reduced rates, are argumentative and require no answer.

IV.

Admits the allegations contained in paragraphs VII and VIII of the amended complaint.

V.

Answering the allegations contained in paragraph IX of the amended complaint, respectfully refers the Court to the Commission's report and order of December 5, 1960 and the report on reconsideration of June 15, 1961 for the complete and accurate statement of facts and the findings made by the Commission in arriving at its ultimate conclusion and decision. The excerpted and paraphrased statements in paragraph IX of the amended complaint, characterized as findings, and conclusions of the Commission, are argumentative and constitute merely interpretations thereof, and require no answer.

VI.

Denies the allegations contained in paragraph X of the amended complaint, except admits that the Commission ordered cancelled the rates involved here, and also admits that the quotation in this paragraph is contained in the Commission's report of December 5, 1960, but respectfully refers the court to said report for the complete and accurate findings of the Commission.

VII.

Admits the allegations contained in paragraphs XI and XII of the amended complaint.

VIII.

Denies the allegations contained in paragraph XIII of the amended complaint, except admits that the Commission [fol. 5200] made two minor corrections in Appendix B of its report of December 5, 1960, and also admits the quoted portions of the paragraph are contained in the Commission's report on reconsideration of June 15, 1961, but respectfully refers the Court to the latter report for its complete and accurate contents.

IX.

For further answer to the allegations of the amended complaint, denies that the order of the Commission challenged in this action is unlawful for the reasons specified in the complaint or for any other reason whatsoever; and avers that the order under attack is valid in all respects. Except as expressly admitted herein, each and every allegation contained in the complaint is denied.

Wherefore, the Commission prays that the relief prayed for be denied, and that the complaints be dismissed.

Robert W. Ginnane, General Counsel; I. K. Hay, Associate General Counsel, Interstate Commerce Commission, Washington 25, D. C., Attorneys for the Interstate Commerce Commission.

Certificate of Service (omitted in printing).

[fol. 5201]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON & MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER OF THE INTERSTATE COMMERCE COMMISSION TO THE AMENDED COMPLAINT OF INTERVENING RAILROAD PLAINTIFFS—Filed July 24, 1961

Comes now the Interstate Commerce Commission, hereinafter called the Commission, defendant, and for answer to the amended complaint of The Delaware and Hudson Railroad Corporation and other intervening railroad plaintiffs:

I.

Admits the allegations contained in paragraphs I to X, inclusive, of the amended complaint.

II.

Admits the allegations contained in paragraph XI of the amended complaint, except avers that the rates published by the railroads serving the southern tier ports were published to become effective simultaneously with the rates published by the railroads serving the northern tier ports.

III.

Denies the allegations contained in paragraph XII of the amended complaint, except admits that the ocean rates to and from the ports involved were gradually equalized prior to 1935.

[fol. 5202]

IV.

Admits the allegations contained in paragraph XIII of the amended complaint, but avers that the Commission, Chairman Hutchinson, by order dated January 16, 1961, postponed until further order of the Commission the compliance date upon which the rates involved were required to be cancelled.

V.

Answering the allegations contained in paragraph XIV of the amended complaint, respectfully refers the Court to the Commission's report of December 5, 1960, and report on reconsideration of June 15, 1961, for the complete and accurate statement of facts and the findings made by the Commission in arriving at its ultimate conclusion and decision. The excerpted and paraphrased statements from those reports, set forth in paragraph XIV of the amended complaint, are argumentative and require no specific answer.

VI.

Denies the allegations contained in paragraphs XV and XVI of the amended complaint.

VII.

For further answer to the allegations of the complaint, denies that the order of the Commission challenged in this action is unlawful for the reasons specified in the complaint or for any other reason whatsoever; and aver that the order under attack is valid in all respects. Except as expressly admitted herein, each and every allegation of the complaint is denied.

[fol. 5203] Wherefore, the Commission prays that the relief prayed for be denied, and that the complaint be dismissed.

Robert W. Ginnane, General Counsel; I. K. Hay, Associate General Counsel, Interstate Commerce Commission, Washington 25, D. C., Attorneys for the Interstate Commerce Commission.

Certificate of Service (omitted in printing).

[fol. 5204]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 61-38-S

BOSTON & MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER OF THE INTERSTATE COMMERCE COMMISSION TO THE AMENDED COMPLAINT OF THE PORT OF NEW YORK AUTHORITY, THE STATE OF NEW YORK, THE CITY OF NEW YORK, ET AL., INTERVENING PLAINTIFFS—Filed July 24, 1961

Comes now the Interstate Commerce Commission, hereinafter called the Commission, defendant, and for answer to the amended complaint of The Port of New York Authority, The State of New York, The City of New York, et al., intervening plaintiffs:

I.

Admits the allegations contained in paragraph I and II of the amended complaint, except denies the existence of any obstructions, disadvantages or impairments to trade or commerce at the port of New York or to the interests of the people of New York because of the present rate differentials involved in this action.

[fol. 5205]

II.

Admits the allegations contained in paragraphs III to IX, inclusive, of the amended complaint.

III.

Answering the allegations contained in paragraph X of the amended complaint, respectfully refers the Court to the Commission's report of December 5, 1960, and the report upon reconsideration of June 15, 1961, for a complete and accurate analysis of the facts and statement of the findings of the Commission in arriving at its ultimate conclusion and decision. The excerpted and paraphrased statements from those reports, and the conclusions and interpretations drawn therefrom, contained in the paragraph, are argumentative and do not require a specific answer.

IV.

Denies the allegations contained in paragraphs XI and XII of the amended complaint, and in the subparagraphs of paragraph XI of said complaint.

V.

For further answer to the allegations of the amended complaint, denies that the orders of the Commission challenged in this action are unlawful for the reasons specified in the complaints or for any other reason whatsoever; and [fol. 5206] avers that the orders under attack are valid in all respects. Except as expressly admitted herein, each and every allegation of the complaint is denied.

Wherefore, the Commission prays that the relief prayed for be denied, and that the complaints be dismissed.

Robert W. Ginnane, General Counsel; I. K. Hay, Associate General Counsel, Interstate Commerce Commission, Washington 25, D. C., Attorneys for the Interstate Commerce Commission.

Certificate of Service (omitted in printing).

[fol. 5207]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 61-38 S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER ON BEHALF OF RAILROAD INTERVENING DEFENDANTS TO AMENDED COMPLAINT—Filed July 24, 1961

The Baltimore and Ohio Railroad Company, Canton Railroad Company, The Chesapeake and Ohio Railway Company, Norfolk and Western Railway Company, The Pennsylvania Railroad Company, Reading Company, and Western Maryland Railway Company, intervening defendants, answering the amended complaint:

I.

Admit the material allegations contained in Paragraphs I through V.

II.

Admit the material allegations contained in Paragraph VI, except that they deny that the present rates to and [fol. 5208] from Boston are differentially higher than the rates to and from Hampton Roads and all destinations in Affected Territory, and further deny that the rates to and from Albany are higher than the rates to and from Philadelphia and Affected Territory.

In further answer, intervening defendants aver that the rates applicable on import-export traffic between New York and Affected Territory are the same as the rates applicable between Boston and that territory, that the export rates to Portland, Maine from Affected Territory are also the same as the rates to Boston, and that the rates between Albany and Affected Territory are the same as the rates between Philadelphia and the same territory.

III.

Deny the material allegations contained in Paragraph VII, except that they admit that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

IV.

Admit the material allegations contained in Paragraph VIII.

In further answer to this paragraph, intervening defendants aver that the effective date of the Commission's order requiring the cancellation of the tariffs found not justified has been postponed until further order of the Commission as a result of the pendency of the instant proceeding.

V.

The allegations contained in Paragraph IX are a series [fol. 5209] of selected statements characterized as findings of the Commission made in its report of December 5, 1960 and include interpretation of the statements by plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the original report and order dated December 5, 1960 and of the report on reconsideration dated June 15, 1961 for a complete statement of the findings upon which the decision is based.

VI.

Deny the material allegations contained in Paragraph X.

VII.

Admit the material allegations contained in Paragraphs XI to XIII, inclusive.

VIII.

The allegations contained in Paragraph XIV are selected statements taken from the report of the Commission on reconsideration dated June 15, 1961 interpreted by plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the reports of the Commission dated December 5, 1960 and June 15, 1961 for a complete statement of the findings and conclusions upon which the decision is based.

IX.

Deny the material allegations contained in Paragraph XV, except that they admit the quoted portion was taken [fol. 5210] from the Commission's original report dated December 5, 1960.

X.

Deny the material allegations contained in Paragraphs XVI to XVIII, inclusive.

XI.

Deny each and all of the allegations contained in the complaint except as herein expressly admitted.

XII.

In further answer to the complaint, intervening defendants aver that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960 with respect to the Boston rates, and/or the New York, Albany, and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions to and from Baltimore, Philadelphia and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates to and from the first named ports would require approval of the reduced rates to and from Baltimore, Philadelphia and Hampton Roads.

Wherefore, intervening defendants pray that the complaint be dismissed, plaintiffs to pay the costs.

Respectfully submitted,

Jervis Langdon, Jr., 302 B&O Bldg., Baltimore 1, Maryland;

[fol. 5211] John Henry Lewin, 1409 Mercantile Trust Bldg., Baltimore 2, Maryland;

John W. Hanifin, 1500 First National Bank Bldg., Richmond 10, Virginia;

Robert B. Claytor, Norfolk and Western Bldg., Roanoke 17, Virginia;

Martin A. Meyer, Jr., 1110 Investment Bldg., Washington 5, D. C.;

Richard R. Bongartz, 1138 Six Penn Center Plaza, Philadelphia 4, Pennsylvania;

William P. Quinn, 415 Reading Terminal, Philadelphia 7, Pennsylvania;

William C. Purnell, 300 St. Paul Place, Baltimore 2, Maryland;

Counsel for Intervening Defendants.

Of Counsel: Theodore Chase, Palmer Dodge Gardner & Bradford, 53 State Street, Boston 9, Massachusetts.

Dated: July 21, 1961.

[fol. 5212] Certificate (omitted in printing).

[fol. 5213]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 61-38 S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER ON BEHALF OF RAILROAD INTERVENING DEFENDANTS TO THE AMENDED COMPLAINT OF INTERVENING PLAINTIFF, MASSACHUSETTS PORT AUTHORITY—Filed July 24, 1961

The Baltimore and Ohio Railroad Company, Canton Railroad Company, The Chesapeake and Ohio Railway Company, Norfolk and Western Railway Company, The Pennsylvania Railroad Company, Reading Company, and Western Maryland Railway Company, intervening defendants, answering the amended complaint of intervening plaintiff, Massachusetts Port Authority:

I.

Admit the material allegations contained in Paragraphs I through IV, inclusive.

II.

Deny the material allegations contained in Paragraph V, except that they admit the material allegations contained [fol. 5214] in the first subparagraph thereof, and admit that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

III.

Admit the material allegations contained in the last sentence of Paragraph VI referring to the tariff publications at issue. The balance of Paragraph VI requires no answer because it alleges the motive for the publication of the rates between Boston and each of the major North Atlantic ports from New York north, on the one hand, and Affected Territory, on the other hand, which rates the Commission has disapproved.

IV.

Admit the material allegations contained in Paragraphs VII and VIII.

V.

Paragraph IX is a series of selected statements characterized by intervening plaintiff as findings of the Commission in its report and order of December 5, 1960 and includes interpretation by intervening plaintiff. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the original report and order dated December 5, 1960 and to the report on reconsideration dated June 15, 1961 for a complete statement of the findings underlying and supporting the decision.

[fol. 5215]

VI.

Deny all material allegations contained in Paragraph X, except that they admit the Commission ordered the cancellation of the proposed parity rates.

VII.

Admit the material allegations contained in Paragraphs XI and XII.

VIII.

Deny all material allegations contained in Paragraph XIII, except that they admit the Commission handed down its report on reconsideration under date of June 15, 1961, in which among other things two corrections were made in Appendix E to the original report, and further admit the quoted portions of the paragraph were taken from the sources cited.

IX.

Deny the material allegations contained in Paragraphs XIV to XVI, inclusive.

X.

Deny each and all of the allegations contained in the complaint except as herein expressly admitted.

XI.

In further answer to the complaint, intervening defendants aver that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960 with respect to the Boston rates and/or the New York, [fol. 5216] Albany, and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions to and from Baltimore, Philadelphia, and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates to and from the first named ports would require approval of the reduced rates to and from Baltimore, Philadelphia, and Hampton Roads.

Wherefore, intervening defendants pray that the complaint of intervening plaintiff be dismissed, intervening plaintiff to pay the costs.

Respectfully submitted,

Jervis Langdon, Jr., 302 B&O Bldg., Baltimore 1, Maryland;

John Henry Lewin, 1409 Mercantile Trust Bldg., Baltimore 2, Maryland;

John W. Hanifin, 1500 First National Bank Bldg., Richmond 10, Virginia;

Robert B. Claytor, Norfolk and Western Bldg., Roanoke 17, Virginia;

Martin A. Meyer, Jr., 1110 Investment Bldg., Washington 5, D. C.;

Richard R. Bongartz, 1138 Six Penn Center Plaza, Philadelphia 4, Pennsylvania;

William P. Quinn, 415 Reading Terminal, Philadelphia 7, Pennsylvania;

William C. Purnell, 300 St. Paul Place, Baltimore 2, Maryland,

Counsel for Intervening Defendants.

Of Counsel: Theodore Chase, Palmer Dodge Gardner & Bradford, 53 State Street, Boston 9, Massachusetts.

Dated: July 21, 1961.

[fol. 5217] Certificate of Service (omitted in printing).

[fol. 5218]

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38 S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER ON BEHALF OF RAILROAD INTERVENING DEFENDANTS TO THE AMENDED COMPLAINT OF THE SEVERAL RAILROAD INTERVENING PLAINTIFFS—Filed July 24, 1961

The Baltimore and Ohio Railroad Company, Canton Railroad Company, The Chesapeake and Ohio Railway

Company, Norfolk and Western Railway Company, The Pennsylvania Railroad Company, Reading Company, and Western Maryland Railway Company, intervening defendants, answering the complaint of the several railroad intervening plaintiffs [Delaware and Hudson Railroad Corporation, Erie-Lackawanna Railroad Company, Grand Trunk Railway System—Lines East (Canadian National Railway Company), New York Central Railroad Company, New York, New Haven and Hartford Railroad Company, and New York, Susquehanna and Western Railroad Company]:

I.

Admit the material allegations contained in Paragraphs I through X, inclusive.

[fol. 5219]

II.

Admit the material allegations contained in Paragraph XI except aver that the rates published by the railroads serving Baltimore, Philadelphia and Hampton Roads were published to become effective simultaneously with the rates published by the railroads serving New York, Albany, Boston and Portland.

III.

Deny the material allegations contained in Paragraph XII, except that they admit that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

IV.

Admit the material allegations contained in Paragraph XIII.

In further answer, intervening defendants aver that the Commission has postponed its order requiring the cancellation of the tariffs found not justified until further order of the Commission because of the pendency of the instant proceeding.

V.

Admit the material allegations contained in subparagraph (1) of Paragraph XIV except that the order requiring cancellation of the tariffs found not justified has been postponed until further order of the Commission. The remainder of Paragraph XIV consists of selected statements paraphrased from the Commission's reports, interspersed with direct quotations, and includes interpretation of the [fol. 5220] statements by intervening plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the original report dated December 5, 1960 and of the report on reconsideration dated June 15, 1961 for a complete statement of the basis for the decision by the Commission.

VI.

Deny the material allegations contained in Paragraphs XV and XVI.

VII.

Deny each and all of the allegations contained in the complaint of these intervening plaintiffs except as herein expressly admitted.

VIII.

In further answer to the complaint of these intervening plaintiffs, intervening defendants aver that if the Court should enjoin, set aside and annul the order of the Commission dated December 5, 1960 with respect to the New York rates and/or the rates to and from Boston, Albany and Portland, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions to and from Baltimore, Philadelphia and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates to and from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia and Hampton Roads.

Wherefore, intervening defendants pray that the com-[fol. 5221] plaint of these intervening plaintiffs be dismissed, intervening plaintiffs to pay the costs.

Respectfully submitted,

Jervis Langdon, Jr., 302 B&O Bldg., Baltimore 1, Maryland;

John Henry Lewin, 1409 Mercantile Trust Bldg., Baltimore 2, Maryland;

John W. Hanifin, 1500 First National Bank Bldg., Richmond 10, Virginia;

Robert B. Claytor, Norfolk and Western Bldg., Roanoke 17, Virginia;

Martin A. Meyer, Jr., 1110 Investment Bldg., Washington 5, D. C.;

Richard R. Bongartz, 1138 Six Penn Center Plaza, Philadelphia 4, Pennsylvania;

William P. Quinn, 415 Reading Terminal, Philadelphia 7, Pennsylvania;

William C. Purnell, 300 St. Paul Place, Baltimore 2, Maryland,

Counsel for Intervening Defendants.

Of Counsel: Theodore Chase, Palmer Dodge Gardner & Bradford, 53 State Street, Boston 9, Massachusetts.

Dated: July 21, 1961.

[fol. 5222] Certificate of Service (omitted in printing).

[fol. 5223]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38 S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER ON BEHALF OF RAILROAD INTERVENING DEFENDANTS TO THE AMENDED COMPLAINT OF INTERVENING PLAINTIFFS, THE PORT OF NEW YORK AUTHORITY, THE STATE OF NEW YORK, THE CITY OF NEW YORK, ET AL.—Filed July 24, 1961

The Baltimore and Ohio Railroad Company, Canton Railroad Company, The Chesapeake and Ohio Railway Company, Norfolk and Western Railway Company, The Pennsylvania Railroad Company, Reading Company, and Western Maryland Railway Company, intervening defendants, answering the amended complaint of intervening plaintiffs, The Port of New York Authority, The State of New York, The City of New York, et al.:

I.

Deny the allegation in Paragraph I that the commerce of the port of New York is obstructed or disadvantaged by rail transportation rates compared with rates applying to [fol. 5224] and from other ports. Admit all other material allegations contained in Paragraph I.

II.

Deny the allegations in Paragraph II that the existing port differential freight rate adjustment has impaired or is impairing foreign trade through the port of New York and that said port differential rates are detrimental to the interests of the People of the State of New York. Admit all other material allegations in Paragraph II.

III.

Admit the material allegations contained in Paragraphs III through IX, inclusive.

IV.

Paragraph X is an incomplete paraphrasing of certain statements in the Commission's original report dated December 5, 1960 and the report on reconsideration dated June 15, 1961 interpreted by intervening plaintiffs. As such, the allegations contained in Paragraph X are argumentative and require no answer. The Court is respectfully referred to the entire text of the aforementioned reports of the Commission for the complete analysis and basis for decision.

V.

Deny the material allegations contained in Paragraphs XI and XII.

[fol. 5225]

VI.

Deny each and all of the allegations contained in the complaint except as herein expressly admitted.

VII.

In further answer to the complaint, intervening defendants aver that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960 with respect to the New York rates and/or the Boston, Albany and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions to and from Baltimore, Philadelphia and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates to and from the first named ports would require approval of the reduced rates to and from Baltimore, Philadelphia and Hampton Roads.

Wherefore, intervening defendants pray that the complaint of intervening plaintiffs be dismissed, intervening plaintiffs to pay the costs.

Respectfully submitted,

Jervis Langdon, Jr., 302 B&O Bldg., Baltimore 1, Maryland;

John Henry Lewin, 1409 Mercantile Trust Bldg., Baltimore 2, Maryland;

John W. Hanifin, 1500 First National Bank Bldg., Richmond 10, Virginia;

Robert B. Claytor, Norfolk and Western Bldg., Roanoke 17, Virginia;

[fol. 5226] Martin A. Meyer, Jr., 1110 Investment Bldg., Washington 5, D. C.;

Richard R. Bongartz, 1138 Six Penn Center Plaza, Philadelphia 4, Pennsylvania;

William P. Quinn, 415 Reading Terminal, Philadelphia 7, Pennsylvania;

William C. Purnell, 300 St. Paul Place, Baltimore 2, Maryland,

Counsel for Intervening Defendants.

Of Counsel: Theodore Chase, Palmer Dodge Gardner & Bradford, 53 State Street, Boston 9, Massachusetts.

Dated: July 21, 1961.

[fol. 5226a] Certificate of Service (omitted in printing).

[fol. 5227]

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38 S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER OF THE CITY OF PHILADELPHIA TO AMENDED COMPLAINT—Filed July 24, 1961

The City of Philadelphia answers the amended complaint as follows:

I.

Admits the material allegations contained in Paragraphs I through V.

II.

Admits the material allegations contained in Paragraph VI, except that it denies that the present rates to and from Boston are differentially higher than the rates to and from Hampton Roads and all destinations in Affected Territory, and further deny that the rates to and from Albany are higher than the rates to and from Philadelphia and Affected Territory.

In further answer, it avers that the rates applicable on import-export traffic between New York and Affected Territory are the same as the rates applicable between Boston and that territory, that the export rates to Portland, Maine from Affected Territory are also the same as the rates to Boston, and that the rates between Albany and Affected Territory are the same as the rates between Philadelphia and the same territory.

[fol. 5228]

III.

Denies the material allegations contained in Paragraph VII, except that it admits that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

IV.

Admits the material allegations contained in Paragraph VIII.

In further answer to this paragraph, it avers that the effective date of the Commission's order requiring the cancellation of the tariffs found not justified has been postponed until further order of the Commission as a result of the pendency of the instant proceeding.

V.

The allegations contained in Paragraph IX are a series of selected statements characterized as findings of the Commission made in its report of December 5, 1960 and include interpretation of the statements by plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the original report and order dated December 5, 1960 and of the report on reconsideration dated June 15, 1961 for a complete statement of the findings upon which the decision is based.

VI.

Admits the material allegations contained in Paragraph X, inclusive.

VII.

Admits the material allegations contained in Paragraphs XI to XIII, inclusive.

VIII.

The allegations contained in Paragraph XIV are selected statements taken from the report of the Commission on reconsideration dated June 15, 1961 interpreted by plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the reports of the Commission dated December 5, 1960 and June 15, 1961 for a complete statement of the findings and conclusions upon which the decision is based.

[fol. 5229]

IX.

Denies the material allegations contained in Paragraph XV, except that they admit the quoted portion was taken from the Commission's original report dated December 5, 1960.

X.

Denies the material allegations contained in Paragraphs XVI to XVIII, inclusive.

XI.

Denies each and all of the allegations contained in the complaint except as herein expressly admitted.

XII.

In further answer to the complaint, the City of Philadelphia avers that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960 with respect to the Boston rates, and/or the New York, Albany, and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions to and from Baltimore, Philadelphia and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates to and from the first named ports would require approval of the reduced rates to and from Baltimore, Philadelphia and Hampton Roads.

Whereupon, the City of Philadelphia prays that the complaint be dismissed, plaintiffs to pay the costs.

Respectfully submitted,

David Berger, City Solicitor, Lewis Kates, Deputy to the City Solicitor, 703 City Hall Annex, Philadelphia 7, Pennsylvania;

Herbert B. Ehrmann, Raya S. Dreben, 50 Federal Street, Boston 10, Mass.,

Solicitors for the City of Philadelphia.

July 24, 1961.

Of Counsel: William C. Burt, Robert M. Beckman, Koteen & Burt, 1000 Vermont Avenue, N. W., Washington 5, D. C.

[fol. 5230] Certificate of Service (omitted in printing).

[fol. 5231]

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38 S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER OF THE CITY OF PHILADELPHIA TO THE AMENDED COMPLAINT OF INTERVENING PLAINTIFF, MASSACHUSETTS PORT AUTHORITY—Filed July 24, 1961

The City of Philadelphia answers the amended complaint of intervening plaintiff, Massachusetts Port Authority as follows:

I.

Admits the material allegations contained in Paragraphs I through IV, inclusive.

II.

Denies the material allegations contained in Paragraph V, except that it admits the material allegations contained in the first subparagraph thereof, and admits that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

III.

Admits the material allegations contained in the last sentence of Paragraph VI referring to the tariff publications at issue. The balance of Paragraph VI requires no answer because it alleges the motive for the publication of [fol. 5232] the rates between Boston and each of the major North Atlantic ports from New York north, on the one hand, and Affected Territory, on the other hand, which rates the Commission has disapproved.

IV.

Admits the material allegations contained in Paragraphs VII and VIII.

V.

Paragraph IX is a series of selected statements characterized by intervening plaintiff as findings of the Commission in its report and order of December 5, 1960 and includes interpretation by intervening plaintiff. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the original report and order dated December 5, 1960 and to the report on reconsideration dated June 15, 1961 for a complete statement of the findings underlying and supporting the decision.

VI.

Denies all material allegations contained in Paragraph X, except that it admits the Commission ordered the cancellation of the proposed parity rates.

VII.

Admits the material allegations contained in Paragraphs XI and XII.

VIII.

Denies all material allegations contained in Paragraph XIII, except that it admits the Commission handed down its report on reconsideration under date of June 15, 1961, in which among other things two corrections were made in Appendix E to the original report, and further admits the quoted portions of the paragraph were taken from the sources cited.

IX.

Denies the material allegations contained in Paragraphs XIV to XVI, inclusive.

X.

Denies each and all of the allegations contained in the complaint except as herein expressly admitted.

XI.

In further answer to the complaint, the City of Philadelphia avers that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960 with respect to the Boston rates and/or the New York, [fol. 5233] Albany, and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions to and from Baltimore, Philadelphia, and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates to and from the first named ports would require approval of the reduced rates to and from Baltimore, Philadelphia and Hampton Roads.

Whereupon, the City of Philadelphia prays that the complaint of intervening plaintiff be dismissed, intervening plaintiff to pay the costs.

Respectfully submitted,

David Berger, City Solicitor, Lewis Kates, Deputy to the City Solicitor, 703 City Hall Annex, Philadelphia 7, Pennsylvania;

Herbert B. Ehrmann, Raya S. Dreben, 50 Federal Street, Boston 10, Mass.,

Solicitors for the City of Philadelphia.

Of Counsel: William C. Burt, Robert M. Beckman, Koteen & Burt, 1000 Vermont Avenue, N. W., Washington 5, D. C.

July 24, 1961.

[fol. 5234] Certificate of Service (omitted in printing).

[fol. 5235]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 61-38 S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER OF THE CITY OF PHILADELPHIA TO THE AMENDED COMPLAINT OF THE SEVERAL RAILROAD INTERVENING PLAINTIFFS—Filed July 24, 1961

The City of Philadelphia answers the complaint of the several railroad intervening plaintiffs (Delaware and Hudson Railroad Corporation, Erie-Lackawanna Railroad Company, Grand Trunk Railway System—Lines East (Canadian National Railway Company), New York Central Railroad Company, New York, New Haven and Hartford Railroad Company, and New York, Susquehanna and Western Railroad Company) as follows:

I.

Admits the material allegations contained in Paragraphs I through X, inclusive.

II.

Admits the material allegations contained in Paragraph XI except aver that the rates published by the railroads serving Baltimore, Philadelphia and Hampton Roads were published to become effective simultaneously with the rates published by the railroads serving New York, Albany, Boston and Portland.

[fol. 5236]

III.

Denies the material allegations contained in Paragraph XII, except that they admit that beginning long prior to 1935 and extending to about that year, the published ocean rates to and from the different ports were gradually equalized.

IV.

Admits the material allegations contained in Paragraph XIII.

In further answer, it avers that the Commission has portponed its order requiring the cancellation of the tariffs found not justified until further order of the Commission because of the pendency of the instant proceeding.

V.

Admits the material allegations contained in subparagraph (1) of Paragraph XIV except that the order requiring cancellation of the tariffs found not justified has been postponed until further order of the Commission. The remainder of Paragraph XIV consists of selected statements paraphrased from the Commission's reports, interspersed with direct quotations, and includes interpretation of the statements by intervening plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the original report dated December 5, 1960 and of the report on reconsideration dated June 15, 1961 for a complete statement of the basis for the decision by the Commission.

VI.

Denies the material allegations contained in Paragraphs XV and XVI.

VII.

Denies each and all of the allegations contained in the complaint of these intervening plaintiffs except as herein expressly admitted.

VIII.

In further answer to the complaint of these intervening plaintiffs, the City of Philadelphia avers that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960 with respect to the New York rates and/or the rates to and from Boston, Albany and Portland, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions to and from Baltimore, Philadelphia and Hampton Roads not justified and ordered cancelled. As found by the [fol. 5237] Commission (sheet 76 of the original report), approval of the rates to and from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia and Hampton Roads.

Whereupon, the City of Philadelphia prays that the complaint of these intervening plaintiffs be dismissed, intervening plaintiffs to pay the costs.

Respectfully submitted,

David Berger, City Solicitor, Lewis Kates, Deputy to the City Solicitor, 703 City Hall Annex, Philadelphia 7, Pennsylvania;

Herbert B. Ehrmann, Raya S. Dreben, 50 Federal Street, Boston 10, Mass.,

Solicitors for the City of Philadelphia.

Of Counsel: William C. Burt, Robert M. Beckman, Koteen & Burt, 1000 Vermont Avenue, N. W., Washington 5, D. C.

July 24, 1961.

[fol. 5238] Certificate of Service (omitted in printing).

[fol. 5239]

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38 S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER OF THE CITY OF PHILADELPHIA TO THE AMENDED COMPLAINT OF INTERVENING PLAINTIFFS, THE PORT OF NEW YORK AUTHORITY, THE STATE OF NEW YORK, THE CITY OF NEW YORK, ET AL.—Filed July 24, 1961

The City of Philadelphia answers the amended complaint of intervening plaintiffs, The Port of New York Authority, The State of New York, The City of New York, et al. as follows:

I.

Denies the allegation in Paragraph I that the commerce of the port of New York is obstructed or disadvantaged by rail transportation rates compared with rates applying to and from other ports. Admits all other material allegations contained in Paragraph I.

II.

Denies the allegations in Paragraph II that the existing port differential freight rate adjustment has impaired or is impairing foreign trade through the port of New York and that said port differential rates are detrimental to the interests of the People of the State of New York. Admit all other material allegations in Paragraph II.

[fol. 5240]

III.

Admits the material allegations contained in Paragraphs III through IX, inclusive.

IV.

The allegations contained in Paragraph X are argumentative and require no answer. The Court is respectfully referred to the entire text of the aforementioned reports of the Commission for the complete analysis and basis for decision.

V.

Denies the material allegations contained in Paragraphs XI and XII.

VI.

Denies each and all of the allegations contained in the complaint except as herein expressly admitted.

VII.

In further answer to the complaint, it is averred that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960 with respect to the New York rates and/or the Boston, Albany and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions to and from Baltimore, Philadelphia and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates to and from the first named ports would require approval of the reduced rates to and from Baltimore, Philadelphia and Hampton Roads.

Whereupon, the City of Philadelphia prays that the complaint of intervening plaintiffs be dismissed, intervening plaintiffs to pay the costs.

Respectfully submitted,

David Berger, City Solicitor, Lewis Kates, Deputy to the City Solicitor, 703 City Hall Annex, Philadelphia 7, Pennsylvania;

Herbert B. Ehrmann, Raya S. Dreben, 50 Federal Street, Boston 10, Mass.,

Solicitors for the City of Philadelphia.

July 24, 1961.

Of Counsel: William C. Burt, Robert M. Beckman, Koteen & Burt, 1000 Vermont Avenue, N. W., Washington 5, D. C.

[fol. 5241] Certificate of Service (omitted in printing).

[fol. 5242]

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38 S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER ON BEHALF OF VIRGINIA STATE PORTS AUTHORITY AND NORFOLK PORT AND INDUSTRIAL AUTHORITY, INTERVENING DEFENDANTS, TO AMENDED COMPLAINT—Filed July 24, 1961

The Virginia State Ports Authority and the Norfolk Port and Industrial Authority, intervening defendants, answering the amended complaint:

I.

Admit the material allegations contained in Paragraphs I through V.

II.

Admit the material allegations contained in Paragraph VI, except that they deny that the present rates to and from Boston are differentially higher than the rates between Hampton Roads and all destinations in Affected Territory.

In further answer, intervening defendants aver that the rates applicable on import-export traffic between New York [fol. 5243] and Affected Territory are the same as the rates applicable between Boston and that territory, and that the export rates to Portland, Maine from Affected Territory are also the same as the rates to Boston.

III.

Deny the material allegations contained in Paragraph VII, except that they admit that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

IV.

Admit the material allegations contained in Paragraph VIII, except that intervening defendants aver that the effective date of the Commission's order requiring the cancellation of the tariffs found not justified has been postponed until further order of the Commission as a result of the pendency of the instant proceeding.

V.

The allegations contained in Paragraph IX are a series of selected statements characterized as findings and conclusions of the Commission made in its report of December 5, 1960, and include interpretation of the statements by plaintiffs. As such, these allegations are argumentative and do not require answer. The Court is respectfully referred to the entire texts of the original report and order dated December 5, 1960, and of the report on reconsideration dated June 15, 1961, for a complete statement of the findings upon which the decision is based.

VI.

Deny the material allegations contained in Paragraph X.

VII.

Admit the material allegations contained in Paragraphs XI to XIII, inclusive.

[fol. 5244]

VIII.

The allegations contained in Paragraph XIV are selected statements taken from the report of the Commission on reconsideration dated June 15, 1961 interpreted by plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the reports of the Commission dated December 5, 1960 and June 15, 1961 for a complete statement of the findings and conclusions upon which the decision is based.

IX.

Deny the material allegations contained in Paragraph XV, except that they admit the quotation is from the Commission's report on reconsideration dated June 15, 1961.

X.

Deny the material allegations contained in Paragraphs XVI to XVIII, inclusive.

XI.

Deny each and all of the allegations contained in the complaint except as herein expressly admitted.

XII.

In further answer to the complaint, intervening defendants aver that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960 with respect to the Boston rates, and/or the New York, Albany, and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia and Hampton Roads.

[fol. 5245] Wherefore, intervening defendants pray that the complaint be dismissed, plaintiffs to pay the costs.

Respectfully submitted,

Chas. R. Seal, 1600 Maritime Tower, Norfolk 10, Virginia;

Charles E. Holly, 84 State Street, Boston 9, Massachusetts,

Counsel for Intervening Defendants.

July 21, 1961

Certificate of Service (omitted in printing).

[fol. 5246]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 61-38 S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER ON BEHALF OF VIRGINIA STATE PORTS AUTHORITY AND NORFOLK PORT AND INDUSTRIAL AUTHORITY, INTERVENING DEFENDANTS, TO THE AMENDED COMPLAINT OF INTERVENING PLAINTIFF, MASSACHUSETTS PORT AUTHORITY—Filed July 24, 1961

The Virginia State Ports Authority and the Norfolk Port and Industrial Authority, intervening defendants, answering the amended complaint of intervening plaintiff, Massachusetts Port Authority:

I.

Admit the material allegations contained in Paragraphs I through IV, inclusive.

II.

Deny the material allegations contained in Paragraph V, except that they admit the material allegations contained in [fol. 5247] the first subparagraph thereof, and admit that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

III.

Admit the material allegations contained in the last sentence of Paragraph VI referring to the tariff publications at issue. The balance of Paragraph VI requires no answer because it alleges the motive for the publication of the rates between Boston and each of the major North Atlantic ports from New York north, on the one hand, and Affected Territory, on the other hand, which rates the Commission has disapproved.

IV.

Admit the material allegations contained in Paragraphs VII and VIII.

V.

Paragraph IX is a series of selected statements characterized by intervening plaintiff as findings of the Commission in its report and order of December 5, 1960 and includes interpretation by intervening plaintiff. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the original report and order dated December 5, 1960 and to the report on reconsideration dated June 15, 1961 for a complete statement of the findings underlying and supporting the decision.

VI.

Deny all material allegations contained in Paragraph X, except that they admit the Commission ordered the cancellation of the proposed parity rates.

VII.

Admit the material allegations contained in Paragraphs XI and XII.

[fol. 5248]

VIII.

Deny all material allegations contained in Paragraphs XIII to XVI, inclusive, except that they admit, as alleged in Paragraph XIII, that the Commission handed down its report on reconsideration under date of June 15, 1961, in which among other things two corrections were made in Appendix E to the original report, and further admit the quoted portions of the paragraph were taken from the report on reconsideration dated June 15, 1961.

IX.

Deny each and all of the allegations contained in the complaint except as herein expressly admitted.

X.

In further answer to the complaint, intervening defendants aver that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960, with respect to the Boston rates and/or the New York, Albany, and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia, and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia, and Hampton Roads.

Wherefore, intervening defendants pray that the complaint of intervening plaintiff be dismissed, intervening plaintiff to pay the costs.

Respectfully submitted,

Chas. R. Seal, 1600 Maritime Tower, Norfolk 10, Virginia;

Charles E. Holly, 84 State Street, Boston 9, Massachusetts,

Counsel for Intervening Defendants.

Dated: July 21, 1961.

[fol. 5249] Certificate of Service (omitted in printing).

[fol. 5250]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 61-38 S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER ON BEHALF OF INTERVENING DEFENDANTS, VIRGINIA STATE PORTS AUTHORITY AND NORFOLK PORT AND INDUSTRIAL AUTHORITY, TO THE AMENDED COMPLAINT OF THE SEVERAL RAILROAD INTERVENING PLAINTIFFS—Filed July 24, 1961

The Virginia State Ports Authority and the Norfolk Port and Industrial Authority, intervening defendants, answering the complaint of the several railroad intervening plaintiffs (Delaware and Hudson Railroad Corporation, Erie-Lackawanna Railroad Company, Grand Trunk Railway System—Lines East [Canadian National Railway Company], New York Central Railroad Company, New York, New Haven and Hartford Railroad Company, and New York, Susquehanna and Western Railroad Company);

I.

Admit the material allegations contained in Paragraphs [fol. 5251] I through X, inclusive.

II.

Admit the material allegations contained in Paragraph XI except aver that the rates published by the railroads serving Baltimore, Philadelphia and Hampton Roads were published to become effective simultaneously with the rates published by the railroads serving New York, Albany, Boston and Portland, and except aver that the proposed reduction on flour was 2 cents per 100 pounds instead of 1 cent as alleged.

III.

Deny the material allegations contained in Paragraph XII, except that they admit that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

IV.

Admit the material allegations contained in Paragraph XIII.

In further answer, intervening defendants aver that the Commission has postponed its order requiring the cancellation of the tariffs found not justified until further order of the Commission because of the pendency of the instant proceeding.

V.

Admit the material allegations contained in subparagraph (1) of Paragraph XIV except that the order requiring cancellation of the tariffs found not justified has been postponed until further order of the Commission. The remainder of Paragraph XIV consists of selected statements paraphrased from the Commission's reports, interspersed with direct quotations, and includes interpretation of the statements by intervening plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the [fol. 5252] original report dated December 5, 1960 and of the report on reconsideration dated June 15, 1961 for a complete statement of the basis for the Commission's findings and conclusions.

VI.

Deny the material allegations contained in Paragraphs XV and XVI.

VII.

Deny each and all of the allegations contained in the complaint of these intervening plaintiffs except as herein expressly admitted.

VIII.

In further answer to the complaint of these intervening plaintiffs, intervening defendants aver that if the Court should enjoin, set aside and annul the order of the Commission dated December 5, 1960 with respect to the New York rates and/or the rates to and from Boston, Albany and Portland, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia and Hampton Roads.

Wherefore, intervening defendants pray that the complaint of these intervening plaintiffs be dismissed, intervening plaintiffs to pay the costs.

Respectfully submitted,

Chas. R. Seal, 1600 Maritime Tower, Norfolk 10, Virginia;

Charles E. Holly, 84 State Street, Boston 9, Massachusetts,

Counsel for Intervening Defendants.

July 21, 1961.

[fol. 5253] Certificate of Service (omitted in printing).

[fol. 5254]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38 S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER ON BEHALF OF INTERVENING DEFENDANTS, VIRGINIA STATE PORTS AUTHORITY AND NORFOLK PORT AND INDUSTRIAL AUTHORITY, TO THE AMENDED COMPLAINT OF INTERVENING PLAINTIFFS, THE PORT OF NEW YORK AUTHORITY, THE STATE OF NEW YORK, THE CITY OF NEW YORK, ET AL.—Filed July 24, 1961

The Virginia State Ports Authority and the Norfolk Port and Industrial Authority, intervening defendants, answering the amended complaint of intervening plaintiffs, The Port of New York Authority, The State of New York, The City of New York, et al.:

I.

Deny the allegation in Paragraph I that the commerce of the port of New York is obstructed or disadvantaged by rail transportation rates compared with rates applying to and from other ports. Admit all other material allegations contained in Paragraph I.

[fol. 5255]

II.

Deny the allegations in Paragraph II that the existing port differential freight rate adjustment has impaired or is impairing foreign trade through the port of New York and that said port differential rates are detrimental to the interests of the People of the State of New York. Admit all other material allegations in Paragraph II.

III.

Admit the material allegations contained in Paragraphs III through IX, inclusive.

IV.

Paragraph X is an incomplete paraphrasing of certain statements in the Commission's original report dated December 5, 1960 and the report on reconsideration dated June 15, 1961 as interpreted by intervening plaintiffs. As such, the allegations contained in Paragraph X are argumentative and require no answer. The Court is respectfully referred to the entire text of the aforementioned reports of the Commission for the complete analysis and basis for decision.

V.

Deny the material allegations contained in Paragraphs XI and XII.

VI.

Deny each and all of the allegations contained in the complaint except as herein expressly admitted.

VII.

In further answer to the complaint, intervening defendants aver that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960 with respect to the New York rates and/or the Boston, Albany and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia and [fol. 5256] Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia and Hampton Roads.

Wherefore, intervening defendants pray that the complaint of intervening plaintiffs be dismissed, intervening plaintiffs to pay the costs.

Respectfully submitted,

Chas. R. Seal, 1600 Maritime Tower, Norfolk 10, Virginia;

Charles E. Holly, 84 State Street, Boston 9, Massachusetts,

Counsel for Intervening Defendants.

Dated: July 21, 1961.

Certificate of Service (omitted in printing).

[fol. 5257]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD, ET AL., Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER OF DELAWARE RIVER PORT AUTHORITY, INTERVENING DEFENDANT, TO AMENDED COMPLAINT—Filed July 24, 1961

Comes now the Delaware River Port Authority, intervening defendant in the above-entitled proceeding, and answering the amended complaint:

I.

Admits the material allegations contained in Paragraphs I through V.

II.

Admits the material allegations contained in Paragraph VI, except that it denies that the present rates from Boston are differentially higher than the rates from Hampton Roads to all destinations in Affected Territory.

In further answer, intervening defendant avers that the rates applicable on import-export traffic between New York and Affected Territory are the same as the rates applicable between Boston and that territory, and that the export rates to Portland, Maine from Affected Territory are also the same as the rates to Boston.

III.

Denies the material allegations contained in Paragraph VII, except that it admits that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

[fol. 5258]

IV.

Admits the material allegations contained in Paragraph VIII.

In further answer to this paragraph, intervening defendant avers that the effective date of the Commission's order requiring the cancellation of the tariffs found not justified has been postponed until further order of the Commission as a result of the pendency of the instant proceeding.

V.

The allegations contained in Paragraph IX are a series of selected statements characterized as findings of the Commission made in its report of December 5, 1960, and include interpretation of the statements by plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the original report and order dated December 5, 1960, and of the report on reconsideration dated June 15, 1961, for a complete statement of the findings upon which the decision is based.

VI.

Denies the material allegations contained in Paragraph X.

VII.

Admits the material allegations contained in Paragraphs XI to XIII, inclusive.

VIII.

The allegations contained in Paragraph XIV are selected statements taken from the report of the Commission on reconsideration dated June 15, 1961, interpreted by plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the reports of the Commission dated December 5, 1960, and June 15, 1961, for a complete statement of the findings and conclusions upon which the decision is based.

IX.

Denies the material allegations contained in Paragraph XV, except that it admits the quoted portion was taken from the Commission's report on reconsideration dated June 15, 1961.

[fol. 5259]

X.

Denies the material allegations contained in Paragraphs XVI to XVIII, inclusive.

XI.

Denies each and all of the allegations contained in the amended complaint except as herein expressly admitted.

XII.

In further answer to the amended complaint, intervening defendant avers that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960, with respect to the Boston rates, and/or the New York, Albany, and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia and Hampton Roads.

Wherefore, intervening defendant prays that the amended complaint be dismissed, plaintiffs to pay the costs.

Respectfully submitted,

Charles M. Ewing, 73 Tremont Street, Boston 8, Massachusetts;

Morris Duane, Duane, Morris & Heckscher, 1617 Land Title Building, Philadelphia 10, Pa.;

Bruce A. Wallace, 328 Market Street, Camden 2, N. J.;

Francis W. Sullivan, 1700 Girard Trust Building, Philadelphia 2, Pa.;

Warren Price, Jr., 1039 Investment Building, Washington 5, D. C.,

Attorneys for Intervening Defendant, Delaware River Port Authority.

[fol. 5260]

In the United States District Court
For the District of Massachusetts

Civil Action No. 61-38-S

Boston and Maine Railroad, et al., Plaintiffs,

v.

United States of America and Interstate Commerce Commission, Defendants.

Answer of Delaware River Port Authority, Intervening Defendant, to the Amended Complaint of Intervening Plaintiff, Massachusetts Port Authority—Filed July 24, 1961

Comes now the Delaware River Port Authority, intervening defendant in the above-entitled proceeding, and answering the amended complaint of intervening plaintiff, Massachusetts Port Authority:

I.

Admits the material allegations contained in Paragraphs I through IV, inclusive.

II.

Denies the material allegations contained in Paragraph V, except that it admits the material allegations contained in the first subparagraph thereof, and admits that beginning long prior to 1935 and extending to about that year the published ocean rates to and from the different ports were gradually equalized.

III.

Admits the material allegations contained in the last sentence of Paragraph VI referring to the tariff publications at issue. The balance of Paragraph VI requires no answer because it alleges the motive for the publication of the rates between Boston and each of the major North Atlantic ports from New York north, on the one hand, and Affected Territory, on the other hand, which rates the Commission has disapproved.

[fol. 3261]

IV.

Admits the material allegations contained in Paragraphs VII and VIII.

V.

Paragraph IX is a series of selected statements characterized by intervening plaintiff as findings of the Commission in its report and order of December 5, 1960, and includes interpretation by intervening plaintiff. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the original report and order dated December 5, 1960, and to the report on reconsideration dated June 15, 1961, for a complete statement of the findings underlying and supporting the decision.

VI.

Denies all material allegations contained in Paragraph X, except that it admits the Commission ordered the cancellation of the proposed parity rates.

VII.

Admits the material allegations contained in Paragraphs XI and XII.

VIII.

Denies all material allegations contained in Paragraph XIII, except that it admits the Commission handed down its report on reconsideration under date of June 15, 1961, in which among other things two corrections were made in Appendix E to the original report, and further admits the quoted portions of the paragraph were taken from the report on reconsideration dated June 15, 1961.

IX.

Denies the material allegations contained in Paragraphs XIV to XVI, inclusive.

X.

Denies each and all of the allegations contained in the amended complaint except as herein expressly admitted.

[fol. 5262]

XI.

In further answer to the amended complaint, intervening defendant avers that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960, with respect to the Boston rates and/or the New York, Albany, and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia, and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia, and Hampton Roads.

Wherefore, intervening defendant prays that the amended complaint be dismissed, intervening plaintiff to pay the costs.

Respectfully submitted,

Charles M. Ewing, 73 Tremont Street, Boston 8, Massachusetts;

Morris Duane, Duane, Morris & Heckscher, 1617 Land Title Building, Philadelphia 10, Pa.;

Bruce A. Wallace, 328 Market Street, Camden 2, N. J.;

Francis W. Sullivan, 1700 Girard Trust Building, Philadelphia 2, Pa.;

Warren Price, Jr., 1039 Investment Building, Washington 5, D. C.,

Attorneys for Intervening Defendant, Delaware River Port Authority.

[fol. 5263]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD, ET AL., Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER OF DELAWARE RIVER PORT AUTHORITY, INTERVENING DEFENDANT, TO THE AMENDED COMPLAINT OF THE SEVERAL RAILROAD INTERVENING PLAINTIFFS—Filed July 24, 1961

Comes now the Delaware River Port Authority, intervening defendant in the above-entitled proceeding, and answering the amended complaint of the several railroad intervening plaintiffs, i.e., Delaware and Hudson Railroad Corporation, Erie-Lackawanna Railroad Company, Grand Trunk Railway System—Lines East (Canadian National Railway Company), New York Central Railroad Company, New York, New Haven and Hartford Railroad Company, and New York, Susquehanna and Western Railroad Company:

I.

Admits the material allegations contained in Paragraphs I through X, inclusive.

II.

Admits the material allegations contained in Paragraph XI except avers that the rates published by the railroads serving Baltimore, Philadelphia and Hampton Roads were published to become effective simultaneously with the rates published by the railroads serving New York, Albany, Boston and Portland.

III.

Denies the material allegations contained in Paragraph XII, except that it admits that beginning long prior to 1935 and extending to about that year the published ocean rates [fol. 5264] to and from the different ports were gradually equalized.

IV.

Admits the material allegations contained in Paragraph XIII.

In further answer, intervening defendant avers that the Commission has postponed its order requiring the cancellation of the tariffs found not justified until further order of the Commission because of the pendency of the instant proceeding.

V.

Admits the material allegations contained in subparagraph (1) of Paragraph XIV except that the order requiring cancellation of the tariffs found not justified has been postponed until further order of the Commission. The remainder of Paragraph XIV consists of selected statements paraphrased from the Commission's reports, interspersed with direct quotations, and includes interpretation of the statements by intervening plaintiffs. As such, these allegations are argumentative and require no answer. The Court is respectfully referred to the entire texts of the original report dated December 5, 1960, and of the report on reconsideration dated June 15, 1961, for a complete statement of the basis for the decision by the Commission.

VI.

Denies the material allegations contained in Paragraphs XV and XVI.

VII.

Denies each and all of the allegations contained in the amended complaint of these intervening plaintiffs except as herein expressly admitted.

VIII.

In further answer to the amended complaint of these intervening plaintiffs, intervening defendant avers that if the Court should enjoin, set aside and annul the order of the Commission dated December 5, 1960, with respect to the New York rates and/or the rates to and from Boston, [fol. 5265] Albany and Portland, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia and Hampton Roads.

Wherefore, intervening defendant prays that the amended complaint of these intervening plaintiffs be dismissed, intervening plaintiffs to pay the costs.

Respectfully submitted,

Charles M. Ewing, 73 Tremont Street, Boston 8, Massachusetts;

Morris Duane, Duane, Morris & Heckscher, 1617 Land Title Building, Philadelphia 10, Pa.;

Bruce A. Wallace, 328 Market Street, Camden 2, N. J.;

Francis W. Sullivan, 1700 Girard Trust Building, Philadelphia 2, Pa.;

Warren Price, Jr., 1039 Investment Building, Washington 5, D. C.,

Attorneys for Intervening Defendant, Delaware River Port Authority.

[fol. 5266]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD, ET AL., Plaintiffs,
v.
UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

ANSWER OF DELAWARE RIVER PORT AUTHORITY, INTERVENING DEFENDANT, TO THE AMENDED COMPLAINT OF INTERVENING PLAINTIFFS, THE PORT OF NEW YORK AUTHORITY, THE STATE OF NEW YORK, THE CITY OF NEW YORK, ET AL.—Filed July 24, 1961

Comes now the Delaware River Port Authority, intervening defendant in the above-entitled proceeding, and answering the amended complaint of intervening plaintiffs, the Port of New York Authority, the State of New York, the City of New York, et al.:

I.

Denies the allegation in Paragraph I that the commerce of the port of New York is obstructed or disadvantaged by rail transportation rates compared with rates applying to and from other ports. Admits all other material allegations contained in Paragraph I.

II.

Denies the allegations in Paragraph II that the existing port differential freight rate adjustment has impaired or is impairing foreign trade through the port of New York and that said port differential rates are detrimental to the interests of the People of the State of New York. Admits all other material allegations in Paragraph II.

III.

Admits the material allegations contained in Paragraphs III through IX, inclusive.

[fol. 5267]

IV.

Paragraph X is an incomplete paraphrasing of certain statements in the Commission's original report dated December 5, 1960, and the report on reconsideration dated June 15, 1961, interpreted by intervening plaintiffs. As such, the allegations contained in Paragraph IX are argumentative and require no answer. The Court is respectfully referred to the entire text of the aforementioned reports of the Commission for the complete analysis and basis for decision.

V.

Denies the material allegations contained in Paragraphs XI and XII.

VI.

Denies each and all of the allegations contained in the amended complaint except as herein expressly admitted.

VII.

In further answer to the amended complaint, intervening defendant avers that if the Court should enjoin, set aside, and annul the order of the Commission dated December 5, 1960, with respect to the New York rates and/or the Boston, Albany and Portland rates, it must also enjoin, set aside, and annul that portion of the Commission's order which found like reductions from Baltimore, Philadelphia and Hampton Roads not justified and ordered cancelled. As found by the Commission (sheet 76 of the original report), approval of the rates from the first named ports would require approval of the reduced rates from Baltimore, Philadelphia and Hampton Roads.

Wherefore, intervening defendant prays that the amended complaint of intervening plaintiffs be dismissed, intervening [fol. 5268] plaintiffs to pay the costs.

Respectfully submitted,

Charles M. Ewing, 73 Tremont Street, Boston 8, Massachusetts;

Morris Duane, Duane, Morris & Heckscher, 1617 Land Title Building, Philadelphia 10, Pa.;

Bruce A. Wallace, 328 Market Street, Camden 2, N. J.;

Francis W. Sullivan, 1700 Girard Trust Building, Philadelphia 2, Pa.;

Warren Price, Jr., 1039 Investment Building, Washington 5, D. C.,

Attorneys for Intervening Defendant, Delaware River Port Authority.

[fol. 5269]

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

MASSACHUSETTS PORT AUTHORITY ET AL.,
Plaintiffs in Intervention,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants,
MARYLAND PORT AUTHORITY ET AL.,
Defendants in Intervention.

AMENDED ANSWER OF THE UNITED STATES OF AMERICA—Filed July 24, 1961

The United States of America, a defendant in the above action, in answer to the Amended Complaint of the plaintiffs and to the Amended Complaints of the intervening plaintiffs, neither admits nor denies the allegations thereof. The United States neither supports nor opposes the order of the Commission at this stage of the proceedings.

Richard A. Solomon, Attorney, Department of Justice, Washington 25, D. C.;

Lee Loevinger, Assistant Attorney General;

W. Arthur Garrity, Jr., United States Attorney,

Attorneys for the United States of America.

Certificate of Service (omitted in printing).

[fol. 5270] [File endorsement omitted]

IN UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS
Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

Before Woodbury, Chief Judge, United States Court of Appeals, Sweeney, Chief Judge, United States District Court, and Ford, United States District Judge.

OPINION OF THE COURT—February 16, 1962

Sweeney, Ch. J. The plaintiffs—Boston and Maine Railroad and The New York, New Haven and Hartford Railroad Company—brought this action pursuant to 28 U.S.C. §§ 1336, 2284, 2321 and 2325, to set aside and enjoin enforcement of an order of the Interstate Commerce Commission, Investigation and Suspension Docket No. 6615, Equalization of Rates at North Atlantic Ports, 311 I.C.C. [fol. 5271] 689, denying a fourth-section application and cancelling new rate schedules filed by the plaintiffs and their connecting carriers,[1] in which they proposed to reduce rates on export and import traffic[2] between the ports of New York and Albany, New York, Boston, Massachusetts, and Portland, Maine, hereinafter referred to as northern tier ports, on one hand, and affected territory[3] on the other. The proposal was designed to place on a parity the rates on this traffic through these ports with rates on like traffic through the southern tier ports.

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[1] The Delaware and Hudson Railroad Corporation, Erie-Lackawanna Railroad Company, Grand Trunk Railway System-Lines East, The New York Central Railroad Company, New York, Susquehanna and Western Railroad Company.

The original defendants are the United States and the I.C.C. Other railroads and various port and commercial interests have intervened on both sides.[4]

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[2] Except iron ore, coal, and coke which is a direct product of coal.

[3] It includes territory on and west of a line extending from a point just west of Buffalo through Warren, Oil City, Butler, Pittsburgh, and Washington, Pa., Wheeling, W. Va., thence along the east bank of the Ohio River to Kenova, W. Va., including points in West Virginia, Charleston and west thereof, certain points in Kentucky on the lines of The Chesapeake and Ohio Railway Company, and points on the south bank of the Ohio River from Huntington, W. Va., to Cincinnati, Ohio.

[4] The intervening plaintiffs include the Massachusetts Port Authority; the Port of New York Authority; the State of New York; the City of New York; Brooklyn Chamber of Commerce, Inc.; Belleville Manufacturers' Association; Bergen County Chamber of Commerce; Bronx Board of Trade; Chamber of Commerce, Garfield, N. J.; Chamber of Commerce, Irvington, N. J.; Chamber of Commerce of Eastern Union County; Clifton Chamber of Commerce; Commerce and Industry Association of New York, Inc.; Hoboken Chamber of Commerce; Ironbound Manufacturers' Association, Inc.; The Maritime Association of the Port of New York; Newark Association of Commerce and Industry; New Jersey Industrial Traffic League, Inc.; Queensborough Chamber of Commerce; The Shippers Conference of Greater New York; The West New York Chamber of Commerce; West Side Association of Commerce in the City of New York; and the railroads listed in paragraph one.

The intervening defendants include the Baltimore and Ohio Railroad Company; Canton Railroad Company; The Chesapeake and Ohio Railway Company; Norfolk and Western Railway Company; The Pennsylvania Railroad Company; Reading Company; Western Maryland Railway Company; the Delaware River Port Authority; the Virginia State Ports Authority; Norfolk Port and Industrial Authority; City of Philadelphia; Maryland Port Authority; Baltimore Association of Commerce; and the Maine Central Railroad Company.

[fol. 5272] The differences in existing rail rates on import and export traffic are shown below.

Port	Differentials, in cents per 100 pounds					
	Classes					
	1	2	3	4	5	6
Import traffic						
Canadian ports (same as Baltimore)						
Portland (Baltimore rates via Canadian routes; New York rates via standard routes)						
Boston (same as New York)						
Albany (Philadelphia rates, subject to domestic rates as maxima)						
Philadelphia under New York	6	6	2	2	2	2
Baltimore under New York	8	8	3	3	3	3
Hampton Roads[1] (same as Baltimore)						
Export traffic						
Canadian ports:						
Halifax, St. John, et cetera (same as New York)						
Montreal (same as Philadelphia)						
Portland						
Boston (same as New York)						
Albany (Philadelphia rates, subject to domestic rates as maxima)						
Philadelphia under New York:						
Grain, 0.5 cent under N.Y. Flour, 1 cent under N.Y.	2	2	2	2	2	2
Baltimore under New York:						
Grain, 1.5 cents under N.Y. Flour, 2 cents under N.Y.	3	3	3	3	3	3
Hampton Roads[2] (same as Baltimore)						

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[1] To territory west of the Sandusky, Mansfield, Zanesville, Marietta line.

[2] From territory west of the Sandusky, Mansfield, Zanesville, Marietta line.

The differentials were the result of an agreement entered into by North Atlantic port railroads in 1877. At that time ocean rates to Philadelphia and Baltimore were higher than to the northern tier ports and the object of the agree- [fol. 5273] ment was "to avoid misunderstanding as to the geographical advantages or disadvantages of New York, Philadelphia, and Baltimore as affected by railroad-ocean transportation, and to effect an equalization of rail-ocean transportation cost between interior points and foreign ports reached through these cities." Boston rates, under this agreement, were to be no less than those to and from New York.

Beginning in the early 1920's and extending to about 1935, ocean rates to and from the different ports gradually were equalized and the total transportation charge through the northern tier ports consequently became higher than the combined cost of rail and ocean transportation through a southern tier port. It is this competitive disadvantage which the plaintiff railroads sought to remove with their proposed rate schedule.

By schedules filed to become effective simultaneously with those of plaintiffs, certain railroads which serve the southern tier ports and, in some instances, also New York, proposed to reduce their rates by the same amounts. This counterproposal, which was to take effect only if the plaintiffs' schedules were allowed, would restore the differential at a lower level.

Upon protests of each group to the other proposal, the I.C.C. suspended both schedules and instituted an investigation into their lawfulness. After hearing and review by the Commission, it issued the order from which this appeal was taken, denying the fourth-section application and cancelling the plaintiffs' proposed schedule on the findings that the "proposed rates are not shown to be reasonably related to the present rates on like traffic between the same interior points and the southern tier ports"; that they "would result in undue preference of and advantage to the northern tier ports as a group and in undue prejudice and disadvantage to the southern tier ports," and that they "are not shown to be just and reasonable." Equalization of Rates, *supra,* at 741, 742.

[fol. 5274] In its answer to the complaint in this action the United States admitted that the Commission's order was erroneous in that it treated the proposal vis-a-vis the northern tier ports as a group and failed to consider the lawfulness of the proposed rates as to each port separately. As a result, the Commission reopened the proceedings "for reconsideration on the present record of the lawfulness of the proposed rates separately and independently on traffic to and from each northern tier port." The proceedings in this court were held in abeyance pending this decision.

On reconsideration the Commission affirmed its original holding and also found that the greater distance of the northern tier ports from affected territory over Baltimore and Philadelphia "may not be ignored without running counter to the provisions of section 3(1) of the Act," p. 21, Recon.[1] Moreover, it found "so far as New York is concerned, rate equalization is not required to enable that port to meet the competition of the southern tier ports, and that, so far as Boston, Portland, and Albany are concerned, such equalization would not materially affect the flow of foreign traffic through any of these ports," p. 21, Recon.

The Commission's decision is attacked here generally as being erroneous in law, unsupported by essential basic findings and unsupported by substantial evidence on the record as a whole.

The specific object of attack by the plaintiffs in this proceeding is the Commission's conclusion of a section 3(1) violation, and the weight the Commission attached to the sole subsidiary finding upon which this conclusion is based—that the northern tier ports have a distance disadvantage over Baltimore of from 223 miles in the case of Boston to 117 miles in the case of New York.

[fol. 5275] It is admitted by the plaintiffs that the function of a court reviewing an administrative decision is a limited one. The general rule is that "The judicial function is exhausted when there is found to be a rational basis for the conclusions approved by the administrative body,"

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[1] Page references so designated are to the mimeographed copy of the Report of the Commission on Reconsideration.

Mississippi Valley Barge Line Co. v. *United States,* 292 U.S. 282, 286-7 (1934), and specifically "the orders of the Commission are final unless (1) beyond the power which it could constitutionally exercise; or (2) beyond its statutory power or (3) based upon a mistake in law." *I.C.C.* v. *Union Pacific R.R.,* 222 U.S. 541, 547 (1911). Further, an order cannot be sustained unless supported by essential basic facts particularly stated. *Atchison, T. & S. F. Ry.* v. *United States,* 295 U.S. 193 (1935); *United States* v. *Chicago, M., St. P. & P. R.R.,* 294 U.S. 499 (1935).

Under 49 U.S.C. § 15(7), the plaintiffs had the burden of proof to show that the proposed rates are "just and reasonable" within the meaning of section 1(5), free from unjust discrimination prohibited by section 2 and that they contain no undue preference or prejudice proscribed by section 3(1).

The evidence before the Commission showed and the Commission found that the four northern tier ports experienced a relative decline in the participation of total United States foreign tonnage in the period 1923-55, while the relative share of the southern tier ports increased markedly during the same period. Thus, even while the foreign traffic through New York during this period rose from 22.6 million gross tons to 36.2 million gross tons, its share of the total United States tonnage declined from 28.6 per cent to 14 per cent. Boston's participation dropped similarly from 4.7 per cent to 2.5 per cent. On the other hand the share of the southern tier ports of total United States imports and exports increased as follows: Philadelphia from 7.9 to 15.7 per cent, Baltimore from 8.4 to 10.4 per cent and Hampton Roads from 4.3 to 17.1 per cent.

[fol. 5276] Since these figures are not limited to affected territory traffic, nor even to rail tonnage, they are by no means conclusive proof of the plaintiffs' position; but they do serve as an indication of the trend in import-export traffic movement. In order to present a clearer and more complete picture of comparative traffic between all North Atlantic ports and affected territory the railroads conducted traffic studies during 1955-56 which showed that 75.8 per cent of imports and 63.7 per cent of exports (measured by carloads) moved through the southern tier ports. Similar, but incomplete studies for the years 1946 and 1947 tentatively indicate that a downward trend of import-export traffic to affected territory on the lines serving New York exists.

The Commission points out that New York still clearly dominates general cargo traffic and that the preponderance of southern tier traffic consists of bulk cargo[1] which prefers these ports because of their modern, specialized facilities and services. It is also apparent, however, that bulk cargo is necessarily more sensitive to rate differentials and the Commission implicitly so acknowledges by noting that the equalization of ex-lake rates on grain from Buffalo has resulted in a shift of the relative shares of that traffic in favor of the northern tier ports. Moreover, New York's dominance in general cargo traffic is not sufficient reason for denying it and the railroads serving it the opportunity to compete for bulk cargo traffic, as "both types of cargo are considered essential to a healthy port economy." Equali- [fol. 5277] zation of Rates, *supra*, at 701.

There was, furthermore, extensive evidence from shippers, both private and representatives of various agencies of the United States, that the differential adjustment is a controlling consideration in their choice of ports. These witnesses supported equalization and testified to the need to provide relief from congested ports, bunching and inefficient utilization of cars and delays in the flow of traffic.

In addition to this evidence indicating the importance of the differential and showing the necessity for its removal, the plaintiffs presented proof that the proposed rates are just and reasonable. In view of the minimal amounts of the proposed reductions (reduction in revenue from Chicago to Boston would be .08 cents per ton-mile on first-class traffic and .10 cents on Column 13 traffic, for example), the plaintiffs relied on a prima facie showing of revenues. There was testimony that, using representative origins and destinations and the proposed rates, for 96.8 per cent of all tonnage moving through the port of New York, the import traffic averaged a rate per ton of $19.20 and revenues per ton-mile of 2.47 cents, and that for export traffic these figures were $18.00 and 2.32 cents. In comparison the average revenue per ton-mile for Class I railroads in the United States is 1.384 cents.

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[1] "Ocean borne commerce is classified into two types of cargo. By far the largest in volume is bulk cargo. It consists generally of low-value heavy volume raw materials which are handled at the port by mechanical facilities and provide bottom loading for ships or may move as full cargoes. The other type, called general cargo, includes principally manufactured and semimanufactured goods of relatively high value, which are usually packaged. General cargo generally constitutes the more profitable 'top loading' for ships in a balanced cargo operation." Equalization of Rates, *supra*, at 700.

The defendant railroads countered this evidence by showing that with respect to traffic through the port of New York the proposed rates were insufficient to return out-of-pocket costs. But, while it refused to find the rates compensatory, the Commission did find after restating and adjusting the cost evidence, that "the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs." Equalization of Rates, *supra*, at 735.

On this evidence the plaintiffs certainly established prima [fol. 5278] facie that the proposed rate schedule is just and reasonable. We now turn to the Commission's disposition of the case. As noted above, it disallowed the proposal principally on the ground that the rates would violate section 3(1). This section provides that

> "It shall be unlawful for any common carrier subject to the provisions of this chapter to make, give, or cause any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway . . . or any particular description of traffic, in any respect whatsoever; or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway . . . or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever. . . ."

In one of the earliest cases to come before the Supreme Court under this Act, the Court said that when presented with a question of unjust discrimination, the Commission is to "take into consideration all the facts of the given case—among which are to be considered the welfare and advantage of the common carrier, and of the great body of the citizens of the United States. . . . The Commission is not only to consider the wishes and interests of the shippers and merchants of large cities, but to consider also the desire and advantage of the carriers in securing special forms of traffic, and the interest of the public that the carriers should secure that traffic, rather than abandon it, or not attempt to secure it." *Texas & Pac. Ry.* v. *I.C.C.*, 162 U.S. 197, 218 (1896). In 1940, Congress, by adding the National Transportation Policy, 49 U.S.C., affirmed and reiterated the view that the Act must be interpreted as a whole and the competing interests of shippers, carriers, and localities carefully balanced "to the end of developing a national transportation system. . . ."

While apparently recognizing these principles, the Commission, in this case, nonetheless wholly ignored them. It noted the voluminous testimony of shippers and receivers in favor of equalization, but in its conclusions completely disregarded this evidence. It considered the need of the plaintiffs and their competitive disadvantage, but dis- [fol. 5279] counted both in its findings. Its final decision rests solely on the proposition that some ports would be unduly preferred and others unduly prejudiced by the proposed rates.

In emphasizing the welfare of ports and port districts, the Commission apparently relied on the 1935 amendment to section 3(1) which added "ports, port districts, gateways and transit points," to the interests protected by that section.

In *Texas & Pac. Ry.* v. *United States*, 289 U.S. 627 (1933), the Supreme Court had held that the word "locality" referred to "points of origin or destination" and did not include gateways. The purpose of the amendment was only to restore to the Commission a power which it had previously exercised, but which the Supreme Court had held the Commission did not have. Neither the legislative history nor the plain words of the amendment indicate that any change in the prevailing rules respecting undue preference and prejudice or any special treatment of ports and port districts was intended.

We find that the Commission erred in applying section 3(1) too narrowly and in not giving due weight to the interests of shippers, receivers, carriers, and inland localities.

The Commission in reaching the conclusion that the proposed rates violate section 3(1) relies on a single subsidiary finding—the distance disadvantage of the northern tier ports. In the light of the history of the differential, earlier decisions of the Commission concerning it, the original report issued in this case, and the facts of this case, this finding in the Report on Reconsideration and its import are somewhat difficult to understand and, in view of the applicable law, erroneous. In the first place, the differential was established to place all North Atlantic ports on a parity with respect to the aggregate of rail and ocean charges. No consideration whatever was given to disparity in rail distances then or later. On the contrary, when the Thurman-Cooley-Washburn Advisory Commission con- [fol. 5280] cluded in 1882 that the differentials should remain, it specifically rejected the "distance principle" as controlling port relationships and rested its award on the principle of "competitive opportunity."

Until it filed its Report on Reconsideration in this proceeding, the Commission, itself, has continually adhered to the proposition that distance plays no part in the determination of port differentials. It so stated even in its original report: "Such distance disadvantages as they (the northern tier ports) have are much less than the substantial differences to and from some other ports which have a parity or near parity of rates, including the Canadian ports, and the wide differences which obtain where the several South Atlantic and Gulf ports are equalized. . . . It is apparent that considerable disregard of rail distances is characteristic of all port adjustments, as it was in the establishment of the rates here dealt with." Equalization of Rates, *supra*, at 715, 716.

Even while proclaiming this new rule, the Commission ignores it. Import rates from Portland may remain on a parity with Baltimore in spite of a distance disadvantage of more than 800 miles. Moreover, the present differentials do not in any way reflect the distance differences.

Secondly, one of the purposes of the 1935 amendment to section 3 was, as the Commission had previously pointed out, Equalization of Rates, *supra,* at 716 and cites therein, to permit all ports and the carriers serving them to compete for all import and export traffic and thereby maximizing the number of ports available. The finding in this case, if pressed to its logical conclusion, would result in traffic flowing only through the most distance favored port. On the other hand, if applied only in this case, the decision is arbitrary and capricious.

Thirdly, the Commission has failed to distinguish between rates which carriers may voluntarily publish to meet [fol. 5281] competition pursuant to section 15(7) and rates which carriers, on complaint under section 3(1) may be required to change. It is now well established that carriers may, within the zone of reasonableness, adjust rates to meet competition—*United States* v. *Chicago, M., St. P. & P. R.R.*, 294 U.S. 499, 506 (1935); *Texas & Pac. Ry.* v. *United States*, 289 U.S. 627, 636 (1933); *New York Cent. R.R.* v. *United States*, 99 F. Supp. 394 (D.C. Mass. 1951)—in which case the issue to be decided is whether the *proposed* rates are lawful. In a complaint proceeding the question is whether the *existing* rates are lawful and, if not, whether they should be required to be changed. However, both the Report and the Report on Reconsideration give continuous indication that the Commission regarded this as a "port" case, not a "railroad" case. For example, the observation that "in the rare instances where rate changes in port relationships have been required by us, distance has been an important consideration," p. 21, Recon., while perhaps true, was totally irrelevant to the issues before it. Distance differences might be relevant insofar as they reflect differences in the cost and value of the services of plaintiff and defendant railroads, see *United States* v. *Illinois Cent. R.R.*, 263 U.S. 515, 524 (1924), but the Commission made no such cost or value findings nor does the record contain evidence from which it could make such findings. We must, therefore, rule that its conclusion lacks the required basic findings to support it.

The Commission disapproved the plaintiffs' proposal on the additional ground that, insofar as New York is concerned, equalization is not necessary to enable that port to compete. This conclusion again is based on a misunderstanding of the nature of the proceedings. While the New York Port Authority and other New York governmental and commercial interests were undoubtedly active participants in the case, the primary issue is whether equalization is necessary to enable the plaintiff railroads to compete. And the evidence showed that the share of traffic handled by these railroads has been declining.

[fol. 5282] The last reason given in support of its decision is that with respect to the ports of Boston, Albany and Portland, "equalization would not materially affect the flow of traffic to these ports." Not only does this statement completely contradict the Commission's ultimate conclusion of undue prejudice to the southern tier ports, but it ignores the plaintiffs' right to attempt to gain some of this traffic for their lines.

We, therefore, conclude that the Commission's decision is erroneous in law and lacks the rational basis necessary to uphold it and it must be set aside. A judgment may be entered setting aside the order of the I.C.C. and issuing a permanent injunction as prayed for.

Peter Woodbury, Chief Judge, United States Court of Appeals; George C. Sweeney, Chief Judge, United States District Court; Francis J. W. Ford, United States District Judge.

[fol. 5283] [File endorsement omitted]

IN UNITED STATES DISTRICT COURT

DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY, Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

Before Woodbury, Chief Judge, United States Court of Appeals, Sweeney, Chief Judge, United States District Court, and Ford, United States District Judge.

JUDGMENT—Entered February 23, 1962

In accordance with the opinion of the Court handed down on February 16, 1962, it is hereby Ordered

> The order of the Interstate Commerce Commission of December 5, 1960, insofar as it directs the cancellation of schedules proposing differential-eliminating rates to and from the Ports of Portland, Maine, Boston, Massachusetts, Albany and New York, New York, denies fourth-section application No. 32204, and prevents differential-eliminating rates from becoming effective, is set aside and the operation, enforcement and execution thereof is permanently enjoined.

By the Court,

Helen I. Tweedy, Deputy Clerk.

Approved: Peter Woodbury, George C. Sweeney, Francis J. W. Ford.

[fol. 5284]

IN UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD, ET AL., Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

NOTICE OF APPEAL OF THE MARYLAND PORT AUTHORITY ET AL. TO THE SUPREME COURT OF THE UNITED STATES—Filed March 30, 1962

I

Notice is hereby given that the Maryland Port Authority, Baltimore Association of Commerce, Delaware River Port Authority, The City of Philadelphia, Virginia State Ports Authority and Norfolk Port and Industrial Authority, intervening defendants in the above-entitled case, hereby appeal to the Supreme Court of the United States from the final judgment entered in this action on February 23, 1962, setting aside and enjoining enforcement of the order of December 5, 1960, of the Interstate Commerce Commission in Investigation and Suspension Docket No. 6615, *Equalization of Rates at North Atlantic Ports.*

This appeal is taken pursuant to 28 U.S.C. Sections 1253 and 2101(b).

II

The Clerk will please prepare a transcript of the record in this cause for transmission to the Clerk of the Supreme [fol. 5285] Court of the United States, and include in said transcript the following:

(1) Complaint of the plaintiffs, Boston and Maine Railroad and the New York, New Haven and Hartford Railroad Company.

(2) Orders (Woodbury, C.J.,) designating a three-judge District Court, filed January 18 and January 25, 1961.

(3) Motion of the Massachusetts Port Authority for leave to intervene as plaintiffs, and order of the Court permitting same.

(4) Motion of the Delaware and Hudson Railroad Corporation and other railroads for leave to intervene as plaintiffs, and order of the Court permitting same.

(5) Motion of the Port of New York Authority, the State of New York, and the City of New York, for leave to intervene as plaintiffs, and order of the court permitting same.

(6) Complaint of intervening plaintiff, Massachusetts Port Authority.

(7) Complaint of the several railroad intervening plaintiffs.

(8) Complaint of intervening plaintiffs, the Port of New York Authority, the State of New York and the City of New York.

(9) Motion and pleading of the Baltimore and Ohio Railroad and other railroads for leave to intervene as defendants, and order of the Court permitting same.

(10) Motion and pleading of the Maryland Port Authority and Baltimore Association of Commerce for leave to intervene as defendants, and order of the Court permitting same.

[fol. 5286] (11) Motion and pleading of the Virginia State Ports Authority and the Norfolk Port and Industrial Authority for leave to intervene as defendants, and order of the Court permitting same.

(12) Motion and pleading of the Delaware River Port Authority for leave to intervene as defendant, and order of the Court permitting same.

(13) Motion and pleading of the City of Philadelphia for leave to intervene as defendant, and order of the Court permitting same.

(14) Answer of railroad intervening defendants to complaint of the plaintiffs, Boston and Maine Railroad and the New York, New Haven and Hartford Railroad Company.

(15) Answer of railroad intervening defendants to the complaint of intervening plaintiff, Massachusetts Port Authority.

(16) Answer of railroad intervening defendants to the complaint of the several railroad intervening plaintiffs.

(17) Answer of railroad intervening defendants to the complaint of intervening plaintiffs, the Port of New York Authority, the State of New York and the City of New York.

(18) Answer of the Interstate Commerce Commission to the complaint of the plaintiffs, Boston and Maine Railroad and the New York, New Haven and Hartford Railroad Company.

(19) Answer of the Interstate Commerce Commission to the complaint of the Massachusetts Port Authority, intervening plaintiff.

(20) Answer of the Interstate Commerce Commission to the complaint of the several railroad intervening plaintiffs.

[fol. 5287] (21) Answer of the Interstate Commerce Commission to the complaint of the Port of New York Authority, the State of New York and the City of New York, intervening plaintiffs.

(22) Answer of the Maryland Port Authority and Baltimore Association of Commerce, intervening defendants, to the complaint of the plaintiffs, Boston and Maine Railroad and the New York, New Haven and Hartford Railroad Company.

(23) Answer of the Maryland Port Authority and Baltimore Association of Commerce, intervening defendants, to the complaint of intervening plaintiff, Massachusetts Port Authority.

(24) Answer of the Maryland Port Authority and Baltimore Association of Commerce, intervening defendants, to the complaint of the several railroad intervening plaintiffs.

(25) Answer of the Maryland Port Authority and Baltimore Association of Commerce, intervening defendants, to the complaint of intervening plaintiffs, the Port of New York Authority, the State of New York, and the City of New York.

(26) Answer of intervening defendants, Virginia State Ports Authority and Norfolk Port and Industrial Authority, to the complaint of the plaintiffs, Boston and Maine Railroad and the New York, New Haven and Hartford Railroad Company.

(27) Answer of intervening defendants, Virginia State Ports Authority and Norfolk Port and Industrial Authority, to the complaint of intervening plaintiff, Massachusetts Port Authority.

(28) Answer of intervening defendants, Virginia State Ports Authority and Norfolk Port and Industrial Authority, to the complaint of the several railroad intervening plaintiffs.

(29) Answer of intervening defendants, Virginia State Ports Authority and Norfolk Port and Industrial Authority, [fol. 5288] to the complaint of intervening plaintiffs, the Port of New York Authority, The State of New York, and the City of New York.

(30) Answer of intervening defendant, Delaware River Port Authority, to the complaint of the plaintiffs, Boston and Maine Railroad and the New York, New Haven and Hartford Railroad Company.

(31) Answer of intervening defendant, Delaware River Port Authority, to the complaint of intervening plaintiff, Massachusetts Port Authority.

(32) Answer of intervening defendant, Delaware River Port Authority, to the complaint of the several railroad intervening plaintiffs.

(33) Answer of intervening defendant, Delaware River Port Authority, to the complaint of intervening plaintiffs, the Port of New York Authority, the State of New York, and the City of New York.

(34) Motion and pleading of the Maine Central Railroad Company for leave to intervene as a defendant, and order of the Court permitting same.

(35) Answer of the Maine Central Railroad Company, intervening defendant, to the complaint of the plaintiffs, Boston and Maine Railroad and the New York, New Haven and Hartford Railroad Company.

(36) Answer of the Maine Central Railroad Company, intervening defendant, to the complaint of intervening plaintiff, Massachusetts Port Authority.

(37) Answer of the Maine Central Railroad Company, intervening defendant, to the complaint of the several railroad intervening plaintiffs.

[fol. 5289] (38) Answer of the Maine Central Railroad Company, intervening defendant, to the complaint of intervening plaintiffs, the Port of New York Authority, the State of New York, and the City of New York.

(39) Answer of the City of Philadelphia, intervening defendant, to the complaint of the plaintiffs, Boston and Maine Railroad and the New York, New Haven and Hartford Railroad Company.

(40) Answer of the City of Philadelphia, intervening defendant, to the complaint of intervening plaintiff, Massachusetts Port Authority.

(41) Answer of the City of Philadelphia, intervening defendant, to the complaint of the several railroad intervening plaintiffs.

(42) Answer of the City of Philadelphia, intervening defendant, to the complaint of intervening plaintiffs, the Port of New York Authority, the State of New York, and the City of New York.

(43) Answer of the United States of America to the complaint of the plaintiffs and to the complaints of the intervening plaintiffs.

(44) Motion of Chamber of Commerce of the State of New York, et al., for leave to intervene as plaintiffs, and order of the Court permitting same.

(45) Complaint of the Chamber of Commerce of the State of New York, et al., intervening plaintiffs.

[fol. 5290] (46) Answer of the Interstate Commerce Commission to the complaint of the Chamber of Commerce of the State of New York, et al., intervening plaintiffs.

(47) Amended complaint of the plaintiffs, Boston and Maine Railroad and the New York, New Haven and Hartford Railroad Company.

(48) Motion of Massachusetts Port Authority, plaintiff-intervenor, for leave to file amended complaint.

(49) Amended complaint of Massachusetts Port Authority, plaintiff-intervenor.

(50) Amended complaint of the several railroad intervening plaintiffs.

(51) Amended complaint of the Port of New York Authority, the State of New York, the City of New York, et al., intervening plaintiffs.

(52) Answer of the Maryland Port Authority and Baltimore Association of Commerce, intervening defendants, to the amended complaint of the plaintiffs, Boston and Maine Railroad and the New York, New Haven and Hartford Railroad Company.

(53) Answer of the Maryland Port Authority and Baltimore Association of Commerce, intervening defendants, to the amended complaint of intervening plaintiff, Massachusetts Port Authority.

(54) Answer of Maryland Port Authority and Baltimore Association of Commerce, intervening defendants, to the amended complaint of the several railroad-intervening plaintiffs.

(55) Answer of the Maryland Port Authority and Baltimore Association of Commerce, intervening defendants, to the amended complaint of intervening plaintiffs, the Port of New York Authority, the State of New York, the City of New York, et al.

[fol. 5291] (56) Answer of the Maine Central Railroad Company, intervening defendant, to the amended complaint of the plaintiffs, Boston and Maine Railroad and the New York, New Haven and Hartford Railroad Company.

(57) Answer of the Maine Central Railroad Company, intervening defendant, to the amended complaint of intervening plaintiff, Massachusetts Port Authority.

(58) Answer of Maine Central Railroad Company, intervening defendant, to the amended complaint of the several railroad intervening plaintiffs.

(59) Answer of the Maine Central Railroad Company, intervening defendant, to the amended complaint of intervening plaintiffs, the Port of New York Authority, the State of New York, the City of New York, et al.

(60) Answer of the Interstate Commerce Commission to the amended complaint of the plaintiffs, Boston and Maine Railroad, and the New York, New Haven and Hartford Railroad Company.

(61) Answer of the Interstate Commerce Commission to the amended complaint of the Massachusetts Port Authority, intervening plaintiff.

(62) Answer of the Interstate Commerce Commission to the amended complaint of intervening railroad plaintiffs.

(63) Answer of the Interstate Commerce Commission to the amended complaint of the Port of New York Authority, the State of New York, the City of New York, et al., intervening plaintiffs.

[fol. 5292] (64) Answer of the railroad intervening defendants to the amended complaint of the plaintiffs, Boston and Maine Railroad and the New York, New Haven and Hartford Railroad Company.

(65) Answer of the railroad intervening defendants to the amended complaint of intervening plaintiff, Massachusetts Port Authority.

(66) Answer of the railroad intervening defendants to the amended complaint of the several railroad intervening plaintiffs.

(67) Answer of the railroad intervening defendants to the amended complaint of intervening plaintiffs, the Port of New York Authority, the State of New York, the City of New York, et al.

(68) Answer of the City of Philadelphia, intervening defendant, to the amended complaint of the plaintiffs, Boston and Maine Railroad and the New York, New Haven and Hartford Railroad Company.

(69) Answer of the City of Philadelphia, intervening defendant, to the amended complaint of intervening plaintiff, Massachusetts Port Authority.

(70) Answer of the City of Philadelphia, intervening defendant, to the amended complaint of the several railroad intervening plaintiffs.

(71) Answer of the City of Philadelphia, intervening defendant, to the amended complaint of intervening plaintiffs, the Port of New York Authority, the State of New York, the City of New York, et al.

[fol. 5293] (72) Answer of Virginia State Ports Authority and Norfolk Port and Industrial Authority, intervening defendants, to the amended complaint of the plaintiffs, Boston and Maine Railroad and the New York, New Haven and Hartford Railroad Company.

(73) Answer of Virginia State Ports Authority and Norfolk Port and Industrial Authority, intervening defendants, to the amended complaint of intervening plaintiff, Massachusetts Port Authority.

(74) Answer of Virginia State Ports Authority and Norfolk Port and Industrial Authority, intervening defendants, to the amended complaint of the several railroad intervening plaintiffs.

(75) Answer of Virginia State Ports Authority and Norfolk Port and Industrial Authority, intervening defendants, to the amended complaint of intervening plaintiffs, the Port of New York Authority, the State of New York, the City of New York, et al.

(76) Answer of intervening defendant, Delaware River Port Authority, to the amended complaint of the plaintiffs, Boston and Maine Railroad and the New York, New Haven and Hartford Railroad Company.

(77) Answer of intervening defendant, Delaware River Port Authority, to the amended complaint of intervening plaintiff, Massachusetts Port Authority.

(78) Answer of intervening defendant, Delaware River Port Authority, to the amended complaint of the several railroad intervening plaintiffs.

(79) Answer of the intervening defendant, Delaware River Port Authority, to the amended complaint of intervening plaintiffs, the Port of New York Authority, the State of New York, the City of New York, et al.

[fol. 5294] (80) Answer of the defendant, the United States of America, to the amended complaints of the plaintiffs and the intervening plaintiffs.

(81) Opinion of the Court filed February 16, 1962.

(82) Judgment of the Court entered February 23, 1962.

(83) Motion of Maryland Port Authority, et al., intervening defendants, for stay of judgment.

(84) Motion of the City of Philadelphia, intervening defendant, for stay of judgment.

(85) Motion of Interstate Commerce Commission for stay of judgment.

(86) Motion of Delaware River Port Authority, intervening defendant, for stay of judgment.

(87) Motion of Virginia State Ports Authority and Norfolk Port and Industrial Authority, intervening defendants, for stay of judgment.

(88) Order of the Court granting the motion for a stay of judgment.

(89) This notice of appeal.

(90) The entire certified transcript of proceedings befor the Commission in its Investigation and Suspension Docket No. 6615, *Equalization of Rates At All North Atlantic Ports,* together with all exhibits, reports and orders therein, which were introduced and admitted in evidence in the trial of this cause.

(91) Clerk's docket entries.

[fol. 5295]

III

The following questions are presented by this appeal:

1. Did the District Court err in setting aside and enjoining the order of the Commission on the ground that the Commission's ultimate finding that the proposed rates would result in undue prejudice and disadvantage to the southern tier ports was erroneous in law and without rational basis?

2. Did the District Court err in setting aside and enjoining the order of the Commission on the ground that the Commission, in finding that the proposed rates would violate Interstate Commerce Act, 49 U.S.C. § 3(1), had given undue weight to the injury to the southern tier ports and insufficient weight to the interests of shippers, receivers, carriers and inland localities in view of the Court's recognition of the fact that the Commission took cognizance of these interests and undertook to balance them?

3. Did the District Court err in holding that the Commission, "in reaching the conclusion that the proposed rates violate Section 3(1) relies on a single subsidiary finding—the distance disadvantage of the northern tier ports"?

4. Did the District Court err in holding that the Commission was not entitled on this record to give any weight to the distance disadvantages of the northern tier ports in determining whether the proposed rates were lawful?

5. Did the District Court err in holding that the Commission made no cost findings, and that the record does not contain evidence from which it could make such findings, when the Commission specifically found that the greater distance of the northern tier ports from the affected [fol. 5296] territory and the higher costs of service to and from these ports are firmly established, and in view of the Commission's detailed consideration of voluminous cost evidence?

6. Did the District Court err in holding that the Commission had no power to reject rates proposed by carriers on the ground that they would result in undue prejudice in violation of Section 3(1)?

7. Did the District Court err in holding that the proposed rates of the appellee railroads have been shown to be just and reasonable, and that the Commission lacks the power to require that the schedules publishing said rates be cancelled, where carriers serving the northern tier ports filed schedules of reduced rates for the purpose of abolishing a long existing differential in favor of the southern tier ports, and the carriers serving the southern tier ports filed a matching reduction, both sides admitting that the issue was solely one of relationship, and where the Commission found, after careful consideration of the evidence, that, in view of the competitive factors, and the greater distance of the northern tier ports from the affected territory, and the firmly established higher cost of service to and from those ports, approval of the reductions proposed by appellee railroads would require approval of the matching reductions published by the railroads serving the southern tier ports?

8. Did the District Court err in finding that the proposed rates had been shown by the appellee railroads to be lawful when there was a finding by the Commission, based on a careful analysis of conflicting testimony, that appellees had not met the burden of proving the proposed rates to be compensatory?

[fol. 5297] 9. Did the District Court err in holding that the Commission, in determining whether the appellee railroads had met the burden of establishing that the proposed rates were just and reasonable, should have regarded as dispositive the fact that the proposed rates represented minimal reductions, "would equal or exceed by a very small margin the estimated out-of-pocket costs" on existing traffic, and would yield ton-mile revenues in excess of average ton-mile revenues of Class I railroads in the United States?

10. Did the District Court err in substituting its judgment for that of the Commission in the evaluation of the evidence presented before the Commission, and in substituting its theory of rate-making for the judgment of the Commission on matters delegated to the Commission's jurisdiction by Congress?

Dated this 30th day of March, 1962.

Respectfully submitted,

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[fol. 5298]

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[fol. 5300] Proof of Service (omitted in printing).

[fol. 5304]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD, ET AL., Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

NOTICE OF APPEAL OF THE BALTIMORE AND OHIO RAILROAD COMPANY, ET AL. TO THE SUPREME COURT OF THE UNITED STATES—Filed March 30, 1962

I

Notice is hereby given that The Baltimore and Ohio Railroad Company, Canton Railroad Company, The Chesapeake and Ohio Railway Company, Norfolk and Western Railway Company, The Pennsylvania Railroad Company, Reading Company, and Western Maryland Railway Company, intervening defendants in the above-entitled case, hereby appeal to the Supreme Court of the United States from the final judgment entered in this action on February 23, 1962, setting aside and enjoining enforcement of the order of December 5, 1960, of the Interstate Commerce Commission in Investigation and Suspension Docket No. 6615, *Equalization of Rates at North Atlantic Ports.*

This appeal is taken pursuant to 28 U.S.C. Sections 1253 and 2101(b).

II

The appellants, Maryland Port Authority, Baltimore Association of Commerce, Delaware River Port Authority, The City of Philadelphia, Virginia State Ports Authority and Norfolk Port and Industrial Authority, in their Notice [fol. 5305] of Appeal having requested the Clerk of this

Court to prepare a transcript of the entire record in this cause for transmission to the Supreme Court of the United States, the only additional paper or document the Clerk is now requested to transcribe and forward to the Supreme Court is this Notice of Appeal.

III

The following questions are presented by this appeal:

1. Did the District Court err in setting aside and enjoining the order of the Commission on the ground that the Commission's ultimate finding that the proposed rates would result in undue prejudice and disadvantage to the southern tier ports was erroneous in law and without rational basis?

2. Did the District Court err in setting aside and enjoining the order of the Commission on the ground that the Commission, in finding that the proposed rates would violate Interstate Commerce Act, 49 U.S.C. §3(1), had given undue weight to the injury to the southern tier ports and insufficient weight to the interests of shippers, receivers, carriers and inland localities in view of the Court's recognition of the fact that the Commission took cognizance of these interests and undertook to balance them?

3. Did the District Court err in holding that the Commission, "in reaching the conclusion that the proposed rates violate Section 3(1) relies on a single subsidiary finding—the distance disadvantage of the northern tier ports"?

4. Did the District Court err in holding that the Commission was not entitled on this record to give any weight to the distance disadvantage of the northern tier ports in determining whether the proposed rates were lawful?

5. Did the District Court err in holding that the Commission made no cost findings, and that the record does not contain evidence from which it could make such findings, when the Commission specifically found that the greater [fol. 5306] distance of the northern tier ports from the affected territory and the higher costs of service to and from these ports are firmly established, and in view of the

Commission's detailed consideration of voluminous cost evidence?

6. Did the District Court err in holding that the Commission had no power to reject rates proposed by carriers on the ground that they would result in undue prejudice in violation of Section 3(1)?

7. Did the District Court err in holding that the proposed rates of the appellee railroads have been shown to be just and reasonable, and that the Commission lacks the power to require that the schedules publishing said rates be cancelled, where carriers serving the northern tier ports filed schedules of reduced rates for the purpose of abolishing a long existing differential in favor of the southern tier ports, and the carriers serving the southern tier ports filed a matching reduction, both sides admitting that the issue was solely one of relationship, and where the Commission found, after careful consideration of the evidence, that, in view of the competitive factors, and the greater distance of the northern tier ports from the affected territory, and the firmly established higher cost of service to and from those ports, approval of the reductions proposed by appellee railroads would require approval of the matching reductions published by the railroads serving the southern tier ports.

8. Did the District Court err in finding that the proposed rates had been shown by the appellee railroads to be lawful when there was a finding by the Commission, based on a careful analysis of conflicting testimony, that appellees had not met the burden of proving the proposed rates to be compensatory?

9. Did the District Court err in holding that the Commission, in determining whether the appellee railroads had met the burden of establishing that the proposed rates were just and reasonable, should have regarded as dispositive [fol. 5307] the fact that the proposed rates represented minimal reductions, "would equal or exceed by a very small margin the estimated out-of-pocket costs" on existing traffic, and would yield ton-mile revenues in excess of average ton-mile revenues of Class I railroads in the United States?

10. Did the District Court err in substituting its judgment for that of the Commission in the evaluation of the evidence presented before the Commission, and in substituting its theory of rate-making for the judgment of the Commission on matters delegated to the Commission's jurisdiction by Congress?

Dated this 30th day of March, 1962.

Respectfully submitted,

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John Henry Lewin, 1409 Mercantile Trust Building, Baltimore 2, Maryland;

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[fol. 5308]

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Attorneys for Defendant-Intervening Rairoads.

[fol. 5309] Proof of Service (omitted in printing).

[fol. 5313]

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD, et al., Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION, Defendants.

NOTICE OF APPEAL OF INTERSTATE COMMERCE COMMISSION TO THE SUPREME COURT OF THE UNITED STATES—Filed March 30, 1962

I.

Notice is hereby given that the Interstate Commerce Commission, one of the defendants in the above-entitled civil action, appeals to the Supreme Court of the United States from the final judgment entered in this action on February 23, 1962.

II.

The appellants Maryland Port Authority, et al., and Baltimore and Ohio Railroad Company, et al., in their notices of appeal having requested the Clerk of this Court to prepare a transcript of the entire record in this cause for transmission to the Supreme Court of the United States, the only additional paper or document the Clerk is now requested to transcribe and forward to the Supreme Court is this Notice of Appeal.

III.

The following questions are presented by this appeal:

1. Whether the District Court erred in reversing the order of the Interstate Commerce Commission on the

ground that the Commission's finding that the proposed [fol. 5314] reduced rates to the northern tier ports (New York, Albany, Boston and Portland) would result in undue preference of and advantage to the northern tier ports and in undue prejudice and disadvantage to the southern tier ports (Baltimore, Philadelphia and Hampton Roads) in violation of Section 3(1) of the Interstate Commerce Act, was without rational basis?

2. Whether the District Court erred in rejecting the Commission's conclusion that the proposed rates, which would establish rate parity on export and import traffic moving between a defined territory and the northern and southern tier ports, would be unduly prejudicial to the southern tier ports, in view of the Commission's findings that (1) the railroads serving the southern tier ports enjoy advantages of distance and cost, (2) that under parity rates these railroads could not compete with the railroads serving the northern tier ports, and (3) that under parity rates there would be an undue diversion of traffic from the southern tier ports to New York?

3. Whether the District Court erred in reversing the Commission's order on the ground that in finding a violation of Section 3(1) the Commission failed to give sufficient weight to the interests of shippers, receivers, carriers, and inland communities, and gave undue weight to the distance disadvantage of the northern tier ports and to the effect of the proposed rates upon the competitive position of the various ports?

4. Whether the District Court erred in holding that the distance disadvantages of the railroads serving the northern tier ports were irrelevant in determining the lawfulness of the proposed rates?

5. Whether the District Court erred in holding that the Commission's conclusion that the proposed rates would violate [fol. 5315] late Section 3(1) was based solely upon the distance disadvantage of the railroads serving the northern tier ports?

6. Whether the District Court erred in holding that the Commission had failed to find that the distance disadvantages of the railroads serving the northern tier ports reflect cost disadvantages?

7. Whether the District Court erred in holding that railroads serving ports must be permitted to compete for import and export traffic without regard to Section 3(1) and other standards for determining the lawfulness of rates?

8. Whether the District Court erred in holding that the Commission could determine whether rates producing parity between the northern and southern tier ports violate Section 3(1) only in a complaint proceeding after such rates have been in effect?

9. Whether the District Court erred in finding that the railroads serving the northern tier ports had met their statutory burden of proving the proposed rates to be just and reasonable?

10. Whether the District Court erred in rejecting or ignoring the Commission's conclusion that approval of the proposed rates notwithstanding the distance and cost disadvantages of the railroads serving the northern tier ports, would require approval of rate reductions by the railroads serving the southern tier ports thereby producing destructive competition and needless dissipation of carrier revenues?

11. Whether the District Court erred in rejecting the Commission's conclusion that the proposed rates were not shown to be reasonably related to the present rates on like [fol. 5316] traffic between the same interior points and the southern tier ports?

Robert W. Ginnane, General Counsel, Interstate Commerce Commission, Washington 25, D. C., Attorney for the Interstate Commerce Commission.

Proof of Service (omitted in printing).

[fol. 5320]

SUPREME COURT OF THE UNITED STATES

Nos. 923, 924, and 925, October Term, 1961

THE BALTIMORE & OHIO RAILROAD COMPANY,
ET AL., Appellants,

vs.

BOSTON AND MAINE RAILROAD, ET AL.;

MARYLAND PORT AUTHORITY, ET AL., Appellants,

vs.

BOSTON AND MAINE RAILROAD, ET AL.; and

INTERSTATE COMMERCE COMMISSION, Appellant,

vs.

BOSTON AND MAINE RAILROAD, ET AL.

Appeals from the United States District Court for the District of Massachusetts.

ORDER NOTING PROBABLE JURISDICTION—June 11, 1962

The statements of jurisdiction in these cases having been submitted and considered by the Court, probable jurisdiction is noted. The cases are consolidated and a total of two hours is allowed for oral argument.

Mr. Justice Frankfurter and Mr. Justice White took no part in the consideration or decision of these cases.

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No. [redacted] 97

In The

Supreme Court of the United States

October Term, 196~~1~~2

THE BALTIMORE & OHIO RAILROAD COMPANY, CANTON RAILROAD COMPANY, THE CHESAPEAKE AND OHIO RAILWAY COMPANY, NORFOLK AND WESTERN RAILWAY COMPANY, THE PENNSYLVANIA RAILROAD COMPANY, READING COMPANY, AND WESTERN MARYLAND RAILWAY COMPANY,

Appellants,

v.

BOSTON AND MAINE RAILROAD, et al.,

Appellees.

On Appeal From the United States District Court
For the District of Massachusetts

JURISDICTIONAL STATEMENT

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May 1, 1962.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1961

No. ______

THE BALTIMORE & OHIO RAILROAD COMPANY, CANTON RAILROAD COMPANY, THE CHESAPEAKE AND OHIO RAILWAY COMPANY, NORFOLK AND WESTERN RAILWAY COMPANY, THE PENNSYLVANIA RAILROAD COMPANY, READING COMPANY, AND WESTERN MARYLAND RAILWAY COMPANY,

Appellants,

v.

BOSTON AND MAINE RAILROAD, ET AL.,

Appellees.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

JURISDICTIONAL STATEMENT

OPINIONS BELOW

The opinion of the United States District Court for the District of Massachusetts has not been officially reported and is attached hereto as Appendix A. The final judgment of the District Court, dated February 23, 1962, is attached hereto as Appendix B. The reports of the Interstate Commerce Commission, dated December 5, 1960, and June 15, 1961, are printed as *Equalization of Rates at North Atlantic Ports*, 311 I.C.C. 689 and 314 I.C.C. 185, respectively. The order of the Interstate Commerce Commission, dated December 5, 1960, is unreported. The Commission's reports and order have been presented as a separate appendix for the convenience of the Court in this and related appeals.

JURISDICTION

This action was brought under 28 U.S.C. § 1336 to set aside and enjoin an order of the Interstate Commerce Commission. The judgment of the District Court enjoining the order of the Commission was entered on February 23, 1962, and these appellants filed their notice of appeal in that court on March 30, 1962. The jurisdiction of the Supreme Court of the United States to review this decision by direct appeal is conferred by 28 U.S.C. 1253 and 2101 (b). The following decisions sustain the jurisdiction of the Supreme Court to review the judgment on direct appeal in this case: *Virginian Railway v. United States*, 272 U.S. 658; *Rochester Tel. Corp. v. United States*, 307 U.S. 125.

STATUTES INVOLVED

The statutory provisions involved, the National Transportation Policy (49 U.S.C. preceding §§ 1, 301, 901, 1001) and Sections 1(5), 3(1), 4(1), 15(1), 15(7), and 15a(2) (49 U.S.C. §§ 1(5), 3(1), 4(1), 15(1), 15(7), and 15a(2) of the Interstate Commerce Act, as amended, are set forth in Appendix C hereto.

QUESTIONS PRESENTED

The District Court set aside an order of the Interstate Commerce Commission which directed the cancellation of reduced rates proposed by railroads serving the ports of New York, Boston, Albany and Portland (the northern tier ports) on export and import traffic moving between those ports and a defined interior territory. The purpose of the rate reductions was to eliminate long established rate differentials favoring Philadelphia, Baltimore and Hampton Roads (the southern tier ports) on such traffic. The questions presented are:

1. Did the District Court err in holding that there was no rational basis for the Commission's decision rejecting equalizing rates to and from northern tier ports when the Commission found that (1) such rates would cause "undue diversion" of traffic to the already dominant port of New York by eliminating the one competitive advantage of the southern tier ports, (2) lower rates to the southern tier ports were justified by "geographical transportation, and cost advantages," and (3) if the equalizing rates were allowed, matching reductions proposed by the appellant railroads serving the southern tier ports would have to be approved, thus restoring the same rate differentials at a lower level?

2. Did the District Court err in holding that the Commission, in deciding the relationship issue, construed section 3(1) "too narrowly"?

3. Was the District Court justified in making its own evaluation of the evidence and finding that the proposed rates to and from the northern tier ports had been shown by the appellee railroads to be just and reasonable, when the Commission made no such finding, and there was a finding by the Commission, based on a careful analysis of conflicting testimony, that appellees had not met the burden of proving the proposed rates to be compensatory?

STATEMENT

Eighty-five years ago the railroads serving the principal North Atlantic ports agreed upon a basis for relating the rates that would apply to import-export traffic moving between these ports and the territory generally bounded by the Great Lakes on the north, a line extending between Buffalo, N.Y., and Pittsburgh, Pa., on the east, the Ohio River on the south, and the Mississippi River on the west. This agreement became known as the North Atlantic Ports Differential Agreement and provided that the rates to and from Baltimore should be 3 cents, and Philadelphia 2 cents, less than New York, and that Boston should have the same rates as New York. Later, Hampton Roads was accorded the same rates as Baltimore to and from the territory west of the so-called Sandusky, Ohio, line. The Baltimore rates also apply to imports through Portland, Maine, which move to differential territory over the lines of Canadian railroads; in other respects, the Portland rates are on the same level as New York. The Philadelphia rates have been made applicable to Albany, N.Y. *Albany Port District Comm. v. Ahnapee & W. Ry. Co.*, 219 I.C.C. 151 (1936).

Since 1877, the rate adjustment resulting from this agreement has been attacked by various interests, but the Commission, as pointed out in its decision herein, has "consistently upheld it as lawful."[1] It was founded upon the principle of "competitive opportunity," and this has been "the norm used in testing the soundness of the differentials from their inception."[2] Under the adjustment New York has become and remains the self-styled "world's greatest port," with heavy emphasis upon general cargo traffic.[3] The unchallenged finding of the Commission is that (311 I.C.C. at 711; App. 31):

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[1] 311 I.C.C. at 696; App. 10-11.

[2] 311 I.C.C. at 695; App. 10.

[3] Exhibit 51, MLM-4. The record contains a communication from the Chairman of the New York Port Authority under the heading "General Cargo Is Vital" to the following effect (Exhibit 101, p. 4):

> In evaluating the New York-New Jersey Port's position in the handling of ocean borne commerce it is essential to separate the

> The complete dominance by New York of the North Atlantic general-cargo traffic to and from the affected territory is clear. Of imports, its volume exceeded that of all the other ports combined, was more than double that of Baltimore, and almost four times that of Hampton Roads. As to general-cargo exports, New York's volume was 62.7 percent of the total volume for all of the ports and over 50 percent greater than that of the southern tier ports combined. Also, it was more than double the Baltimore volume and more than 10 times that of Hampton Roads.

Under the same adjustment the outports of Philadelphia, Baltimore and Hampton Roads have developed as bulk cargo ports because, as found by the Commission (311 I.C.C. at 737; App. 64).

> As bulk commodities, because of their low value, are peculiarly sensitive to transportation cost, the differential has greater influence on their movement than on general cargo.

In fact, as early as 1898 the Commission observed:

> It seems to be true that New York is in a measure losing its export grain business.
>
> * * * * * *
>
> In case of grain the freight rate is a very large factor in its value, while in case of other exports it may be

---

aggregate volumes into two main categories: general cargo and bulk cargo.

General cargo, which consists of relatively "high-value" commodities, is the foundation of the Port's economy. It provides the New York-New Jersey Port with most of the 430,000 jobs directly dependent on port commerce. It generates employment in such varied fields as marine transportation, foreign banking, export and import trading, freight forwarding, land transportation of trade goods and processing of agricultural imports. Bulk cargo, on the other hand, produces much less port income than does general cargo. Bulk cargo is generally handled through mechanically operated facilities, which require less labor than general cargo, and provides less "white-collar" employment in processing and documentation.

> insignificant. A differential which determines the route by which grain shall be exported would have no effect whatever upon some other article. These higher grade exports go almost entirely to the port of New York, from which they find quicker service to all parts of the world, and from which they can only find communication with many parts of the world. * * * So it is by no means certain that more grain ought not to go through the outports to offset the increased exports of other kinds from New York.[4]

From the foregoing it is not to be concluded that New York is exclusively a general cargo port. On the contrary in 1955 the port of New York "handled more tonnage of all commodities than any of the southern tier ports; excluding petroleum, coal and iron ore, it handled nearly as much as those ports combined; and it handled about 60% more general cargo exports and imports than those ports combined" (311 I.C.C. at 706; App. 23).

The present controversy is "the first instance in which any port railroads have proposed to alter the adjustment."[5]

In 1956 certain railroads (respondents before the Commission and appellees in this Court) serving the so-called northern tier ports of New York and Boston (as well as Albany, N.Y., and Portland, Me.) filed rates on export and import traffic on the lower Baltimore level. They sought to bring about an equalization of rates at North Atlantic Ports, from Hampton Roads on the south to Portland, Me., on the north, both on general cargo and the bulk commodities here involved (which do not include export coal and import iron ore). At the same time, the railroads[6] serving the southern tier ports of Philadelphia, Baltimore and Hampton Roads (protestants before the Commission and appellants in this Court) filed a counter-proposal "in the event that the respondents' [appellees'] proposed rates were found lawful" that "would restore the present differentials, thus maintaining the long standing port relationships, but upon a lower level of rates."[7] Upon numerous protests, both rate schedules were suspended, and the Commission entered upon an investigation of their lawfulness under the provisions of section 15(7) of the Interstate Commerce Act.

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[4] *New York Produce Exchange v. Baltimore & O. R. Co.*, 7 I.C.C. 612 (1898).

[5] 311 I.C.C. at 696; App. 10.

[6] Including the Baltimore & Ohio R. Co., and Pennsylvania Railroad Co., which also serve the port of New York.

In its principal decision of December 5, 1960, the Commission, with Commissioners Freas and McPherson concurring in the result, and with Commissioner Webb filing the only dissent, found that the proposed lower rates from the northern tier ports would be unlawful because they were "not shown to be reasonably related" to the southern tier port rates and "would result in undue preference of and advantage to the northern tier ports as a group and in undue prejudice and disadvantage to the southern tier ports" in violation of section 3(1) of the Interstate Commerce Act (311 I.C.C. at 741-2; App. 71).

Underlying this ultimate finding of unlawfulness were supporting findings to the effect that the port of New York, with "complete dominance" in the movement of general cargo, should not be permitted to complete its monopoly by removing the one competitive advantage of differential rates at the southern tier ports. For these were the rates that had been responsible for developing the bulk commodity ports, and without them, there would be nothing. In any event, said the Commission, if lower rates are permitted to go into effect from northern tier ports, "alternate approval" of the proposed lower rates to and from the southern tier ports would be required because—

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[7] 311 I.C.C. at 690; App. 3.

> The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly established.[8]

Action to set aside the Commission's decision was then brought in the United States District Court for the District of Massachusetts by the appellee railroads, together with port and commercial interests at New York and Boston, and in its answer to the complaint, the United States, as set forth in the opinion of the lower court, admitted that the Commission's order was erroneous "in that it treated the proposal vis-a-vis the northern tier ports as a group and failed to consider the lawfulness of the proposed rates as to each port separately." (*post*, p. 23). Accordingly, while the lower court held the proceedings in abeyance, the Commission, by order dated April 11, 1961, "reopened the proceedings for reconsideration, on the record as made, of the lawfulness of the proposed rates separately and independently on traffic to and from each of the northern tier ports."[9]

Again the Commission rejected the proposed rates.[10]

While in this further consideration by the Commission the issue concerned rates to and from each of the northern tier ports separately, the real question was whether, irrespective of the treatment of New York, Boston was entitled to rates on the lower Baltimore level. The Commission said no for two reasons: first, Boston's much greater distances could "not be ignored" "under the circumstances here revealed" including the "geographical, transportation, and cost advantages" of the southern tier ports (314 I.C.C. at 198; App. 102), and second, lower rates to and from Boston than to either New York or Albany, N.Y., as intermediate points "would be in violation of the long-and-short-haul provisions of section 4 of the Interstate Commerce Act" (314 I.C.C. at 197; App. 100).

---

[8] 314 I.C.C. at 741; App. 70. In the same decision the Commission set aside the counter proposal of the appellant railroads serving the southern tier ports which, as noted by the District Court, "was to take effect only if the plaintiffs' (appellees' here) schedules were allowed." (*post*, p. 22). The Commission determined that "In view of our conclusions herein, the evidence presented in support of the counter proposal need not be considered" (314 I.C.C. at 700; App. 16).

[9] 314 I.C.C. at 186; App. 85.

[10] 314 I.C.C. at 190; App. 102-103.

With the release of this further decision, the proceedings before the District Court were resumed and there followed its decision of February 16, 1962, from which this appeal is taken (*post*, pp. 19-31). The District Court concluded "that the Commission's decision is erroneous in law and lacks the rational basis necessary to uphold it and it must be set aside." (*post*, pp. 30-31).

THE QUESTIONS ARE SUBSTANTIAL

The primary question is whether the District Court was right in concluding—

> that the Commission's decision is erroneous in law and lacks the rational basis necessary to uphold it * * *.

This conclusion on the part of the District Court rests on a completely erroneous interpretation of the Commission's decision.

(a) *The "rational basis" for the Commission's decision under section 3(1) is clear.*

The Commission's decision against equalization rests, so far as section 3(1) is concerned, on two grounds, as follows:

First. Equalization would cause "undue diversion" of traffic to New York and thus permit "the world's greatest port," to increase its dominant position in the handling of general cargo and to effect a monopoly through the removal of the one competitive advantage of the southern tier outports of Philadelphia, Baltimore, and Hampton Roads namely, differentially lower rates which are effective in attracting the movement of bulk commodities (311 I.C.C. at 722-741; App. 45-70).

Second. Equalized rates would be inconsistent with the much greater distances to the individual northern tier ports "under the circumstances here revealed." These "circumstances" include "the higher costs of service to and from those [northern tier] ports" which the Commission found to be "firmly established" and the "geographical, transportation, and cost advantages" of the southern tier ports and the railroads serving them which the Commission also described as "fully substantiated of record." (311 I.C.C. at 741; App. 70; 314 I.C.C. at 198; App. 102).

In rejecting equalization for the northern tier ports as a group the Commission relies on the first reason, (311 I.C.C. 689; App. 1) and in reaching the same conclusion for the individual northern ports the Commission adds the second reason (314 I.C.C. 185; App. 84).

Contrast the decision of the District Court. It asserts that—

> The Commission in reaching the conclusion that the proposed rates violate Section 3(1) relies on a single subsidiary finding — the distance disadvantage of the northern tier ports. (*post*, p. 28).

The District Court is in error.

In the first place, the Commission did not rely "on a single subsidiary finding" of the distance disadvantage of the northern tier ports. As has been pointed out, its primary reason for finding a section 3(1) violation was to preserve the one and only competitive advantage of the outports of Philadelphia, Baltimore, and Hampton Roads and thus to prevent a further erosion of traffic to "the world's greatest port" of New York.

In the second place, to the extent that the Commission took distance into account, it did so only "under the circumstances here revealed" including "the higher costs of service" to and from the longer-haul northern tier ports and the "geographical, transportation, and cost advantages" of the shorter-haul southern tier ports (311 I.C.C. at 735, 741; App. 62, 70; 314 I.C.C. at 198; App. 102). Use of distance in these "circumstances" even the District Court would have to approve, for it pointed out (with obvious disregard of the implications here) in its opinion:

> Distance differences might be relevant insofar as they reflect differences in the cost and value of the services of plaintiff and defendant railroads, see *United States v. Illinois Cent. R.R.*, 263 U.S. 515, 524 (1924), but the Commission made no such cost or value findings nor does the record contain evidence from which it could make such findings. We must, therefore, rule that its conclusion lacks the required basic findings to support it. (*post*, p. 30).

To say, as the District Court does, that the Commission "made no such cost or value findings nor does the record contain evidence from which it could make such findings" only proves that the court read neither the Commission's decision with care nor the record before the Commission. There was voluminous evidence on these points, and the Commission, as pointed out above, went out of its way to characterize the differences in cost as "firmly established" and "fully substantiated of record" (311 I.C.C. at 741; App. 70; 314 I.C.C. at 198; App. 102). Moreover, its report is filled with findings as to the greater value of the services through the port of New York. So valuable are these services that New York advertises itself as the cheapest port to use despite higher freight rates. (311 I.C.C. at 719; App. 42).

Thus in holding that there was no "rational basis" for the Commission's decision, the District Court only exhibits a complete lack of understanding as to what the basis was. The soundness of the basis actually used by the Commission is beyond question.

(b) *Instead of being "too narrow," the Commission's interpretation and application of section 3(1) were eminently correct.*

The District Court gives another reason for upsetting the Commission's finding of a section 3(1) violation. It concludes that the Commission's decision "rests solely on the proposition that some ports would be unduly preferred and others unduly prejudiced by the proposed rates" and

> We find that the Commission erred in applying Section 3(1) too narrowly and in not giving due weight to the interests of shippers, receivers, carriers, and inland localities. (*post*, p. 28).

The District Court thus implies that "the interests of shippers, receivers, carriers, and inland localities" would only be served by equalization, and that the Commission ignored them. The District Court says further:

> There was, furthermore, extensive evidence from shippers, both private and representatives of various agencies of the United States, that the differential adjustment is a controlling consideration in their choice of ports. These witnesses supported equalization and testified to the need to provide relief from congested ports, bunching and inefficient utilization of cars and delays in the flow of traffic. (*post*, pp. 25-26).

All of this evidence was carefully weighed in the Commission's report. The District Court cites it as supporting equalization. But the Commission, with greater insight, realized that the cancellation of the differentials would remove the one reason these shippers have for using the outports and thus cause an "undue diversion" of traffic to the already dominant port of New York (311 I.C.C. at 741; App. 70).

The Commission went further. It also weighed the shipper testimony on the other side, including the "shipper evidence presented by the protestants." It is this evidence that shows the overwhelming shipper preference for New York despite higher rates — a fact that is confirmed by commercial interests in New England which insist upon using the port of New York even though their rates through Boston are lower (311 I.C.C. at 725, 737; App. 49, 65).

The wholly superficial character of the District Court's opinion is exemplified by that portion of the above-quoted finding reading—

> These witnesses [supporting the northern tier ports] * * * testified to the need to provide relief from congested ports, bunching and inefficient utilization of cars and delays in the flow of traffic. (*post*, p. 26).

The District Court does not mention that, according to the Commission, "there is no evidence that such situations have obtained or are now present at the southern tier ports" (311 I.C.C. at 736; App. 64).

Instead of applying section 3(1) "too narrowly" and failing to give "due weight to the interests of shippers, receivers, carriers, and inland localities," the Commission went out of its way to take these interests, usually in sharp conflict, into account. The difference between the Commission's treatment and that of the District Court is that the Commission considered the evidence on both sides and analyzed it with perception — as would be expected from a body expert in this field.

(c) *Aside from Section 3(1), there was a rational and lawful basis for the Commission's decision.*

In upsetting the Commission's decision, the District Court holds that the Commission's finding to the effect that "equalization is not necessary to enable that port [of New York] to compete" is beside the point. The District Court says that "the primary issue is whether equalization is necessary to enable the plaintiff [appellant] railroads to compete."[11]

The dispositive answer here — an answer that the District Court does not even discuss — is found in the Commission's decision where it is pointed out (311 I.C.C. at 741; App. 70):

> As hereinbefore mentioned, protestant railroads have filed a counter proposal, in the event that the respondents' rates are found lawful; they propose to reduce their rates between southern tier ports and the same interior territory by the same amounts as proposed by the respondents. The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly established. Thus, approval of respondents' proposed rates would require alternate approval of protestants' proposed rates.

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[11] The District Court elaborates on this point by saying (*post*, pp 29-30):

> * * * the Commission has failed to distinguish between rates which carriers may voluntarily publish to meet competition pursuant to section 15(7) and rates which carriers, on complaint under section 3(1) may be required to change. It is now well established that carriers may, within the zone of reasonableness, adjust rates to meet competition — (citations) — in which case the issue to be decided is whether the proposed rates are lawful. In a complaint proceeding the question is whether the *existing* rates are lawful and, if not, whether they should be required to be changed. However, both the Report and the Report on Reconsideration give continuous indication that the Commission regarded this as a "port" case, not a "railroad" case.

The District Court does not even suggest that carriers serving the southern tier ports have any less managerial discretion to meet competition than do the carriers serving the northern tier ports. That being so, the Commission was obviously sound in preserving the differential adjustment at the higher level (by rejecting the equalizing rates of the northern tier carriers). Otherwise, as held by the Commission, there would be "a needless dissipation of carrier revenues." (311 I.C.C. at 741; App. 70). As set forth in its decision (311 I.C.C. at 741; App. 70):

> We have been given the power to fix rates, among other reasons, for the purpose of preventing destructive competition and promoting the financial stability of the regulated carriers. Failure to observe our obligations in the exercise of that power would find us remiss in our duties.

There is no finding to the contrary by the District Court.

Finally, in taking issue with the Commission's finding that "equalization would not materially affect the flow of traffic" to the ports of Boston, Albany, and Portland, the District Court held that such findings contradict the Commission's ultimate conclusion of undue prejudice to the southern tire ports and ignored appellees' right to attempt to gain some of this traffic for their lines. But in so holding, the Court ignored the reality, as found by the Commission, that with rates equal to those of New York (and with an even lower rate at Albany) the northern tier ports are subservient to New York. To the extent that these ports have been able to gain traffic at the expense of New York, other factors than freight rates have controlled — all of which leads to the ultimate conclusion which the District Court criticised out of context.

(d) *The District Court erred in making an independent finding of reasonableness when the Commission had concluded that the appellant railroads had failed to sustain their burden of proving the proposed rates to be compensatory.*

Since the Commission rejected the rates proposed by the carriers serving the northern tier ports because of undue preference and prejudice under section 3(1), an ultimate finding as to whether the proposed rates would be just and reasonable was unnecessary, and the Commission made none. The Commission did find however that the appellant railroads had not sustained the burden of proving that the proposed rates would be compensatory, and the District Court held that "it [the Commission] refused to find the rates compensatory." (*post*, p. 26).

But the District Court, in setting aside the Commission's order, went further than to reverse the Commission's findings under section 3(1). Preempting the administrative function, the Court made its own evaluation of the evidence and its own finding of reasonableness.

And what evidence does the District Court cite in support of its finding of reasonableness? It referred to two contentions advanced before the Commission by the appellee railroads, and a subsidiary finding by that body (*post*, p. 26):

(a) The proposed reductions are for "minimal" amounts.

(b) The average rate per ton and per ton mile under the proposed rates would exceed the average for freight traffic in the United States.

(c) The Commission found, as to part of the traffic, that "the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs." (311 I.C.C. at 734; App. 61).

Certainly, evidence on these three points falls far short of establishing reasonableness.

The fact that proposed rates reflect only minimal reductions is no proof that they would be compensatory. There is no cost evidence in the record that even the present rates to and from the northern tier ports (before the proposed reductions) are compensatory. In fact, there is much evidence to the contrary.

The further fact that revenues under the proposed rates would exceed average revenues in the United States is not connected up with the services performed and therefore has no meaning. If the District Court had examined the record, it would have found that distances between the northern tier ports and differential territory are much longer than those for average traffic in the United States, and accordingly, the revenues *should* be greater (Record before I.C.C. at 1823-5). Moreover, traffic to and from the port of New York incurs extraordinary terminal expenses (see the table 311 I.C.C. at 735; App. 62) that bear no relation to average figures for the United States.

Finally, the Commission's finding "that the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs" is not a conclusion that the proposed rates would be compensatory. On the contrary, to be compensatory, rates must produce "a contribution to the transportation burden * * * recognizable contribution to the constant costs." *Animal or Poultry Feed, Hebron, N. Dak., to Twin Cities*, 314 I.C.C. 181, 184 (1961). Here, there is no evidence of such contribution, and the Commission added (311 I.C.C. at 734; App. 61).

> a presentation of costs adequate to determine whether the proposed rates would be reasonably compensatory should embrace all types of traffic which those rates are expected to attract, and should reflect the costs of the specific methods by which they would be handled. It may be that other traffic would be forced to absorb a larger portion of the constant costs in order to maintain a national transportation system conforming to the ultimate objectives of the national transportation policy.

Even if the proposed rates had been found to be compensatory, this would not have been conclusive as to their reasonableness. In presuming to pass on this question, there were other factors that the District Court should have taken into account.

CONCLUSION

For the reasons stated, the questions presented by this appeal are substantial. It is therefore respectfully submitted that probable jurisdiction should be noted.

Respectfully submitted,

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May 1, 1962.

APPENDIX A

United States District Court
District of Massachusetts

Civil Action No. 61-38-S

Boston and Maine Railroad and The New York, New Haven and Hartford Railroad Company,
Plaintiffs,
v.
United States of America and Interstate Commerce Commission,
Defendants.

Before WOODBURY, Chief Judge, United States Court of Appeals, SWEENEY, Chief Judge, United States District Court, and FORD, United States District Judge.

OPINION OF THE COURT

February 16, 1962

SWEENEY, CH. J. The plaintiffs — Boston and Maine Railroad and The New York, New Haven and Hartford Railroad Company — brought this action pursuant to 28 U.S.C. §§ 1336, 2284, 2321 and 2325, to set aside and enjoin enforcement of an order of the Interstate Commerce Commission, Investigation and Suspension Docket No. 6615, Equalization of Rates at North Atlantic Ports, 311 I.C.C. 689, denying a fourth-section application and cancelling new rate schedules filed by the plaintiffs and their connecting carriers,[1] in which they proposed to reduce rates

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[1] The Delaware and Hudson Railroad Corporation, Erie-Lackawanna Railroad Company, Grand Trunk Railway System-Lines East, The New York Central Railroad Company, New York, Susquehanna and Western Railroad Company.

on export and import traffic[2] between the ports of New York and Albany, New York, Boston, Massachusetts, and Portland, Maine, hereinafter referred to as northern tier ports, on one hand, and affected territory[3] on the other. The proposal was designed to place on a parity the rates on this traffic through these ports with rates on like traffic through the southern tier ports.

The original defendants are the United States and the I.C.C. Other railroads and various port and commercial interests have intervened on both sides.[4]

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[2] Except iron ore, coal, and coke which is a direct product of coal.

[3] It includes territory on and west of a line extending from a point just west of Buffalo through Warren, Oil City, Butler, Pittsburgh, and Washington, Pa., Wheeling, W. Va., thence along the east bank of the Ohio River to Kenova, W. Va., including points in West Virginia, Charleston and west thereof, certain points in Kentucky on the lines of The Chesapeake and Ohio Railway Company, and points on the south bank of the Ohio River from Huntington, W. Va., to Cincinnati, Ohio.

[4] The intervening plaintiffs include the Massachusetts Port Authority; the Port of New York Authority; the State of New York; the City of New York; Brooklyn Chamber of Commerce, Inc.; Belleville Manufacturers' Association; Bergen County Chamber of Commerce; Bronx Board of Trade; Chamber of Commerce, Garfield, N. J.; Chamber of Commerce, Irvington, N. J.; Chamber of Commerce of Eastern Union County; Clifton Chamber of Commerce; Commerce and Industry Association of New York, Inc.; Hoboken Chamber of Commerce; Ironbound Manufacturers' Association, Inc.; The Maritime Association of the Port of New York; Newark Association of Commerce and Industry; New Jersey Industrial Traffic League, Inc.; Queensborough Chamber of Commerce; The Shippers Conference of Greater New York; The West New York Chamber of Commerce; West Side Association of Commerce in the City of New York; and the railroads listed in paragraph one.

The intervening defendants include the Baltimore and Ohio Railroad Company; Canton Railroad Company; The Chesapeake and Ohio Railway Company, Norfolk and Western Railway Company; The Pennsylvania Railroad Company; Reading Company; Western Maryland Railway Company; the Delaware River Port Authority; the Virginia State Ports Authority; Norfolk Port and Industrial Authority; City of Philadelphia; Maryland Port Authority; Baltimore Association of Commerce; and the Maine Central Railroad Company.

The differences in existing rail rates on import and export traffic are shown below.

Port	*Differentials, in cents per 100 pounds*					
	Classes					
	1	*2*	*3*	*4*	*5*	*6*
Import traffic						
Canadian ports (same as Baltimore)						
Portland (Baltimore rates via Canadian routes; New York rates via standard routes)						
Boston (same as New York)						
Albany (Philadelphia rates, subject to domestic rates as maxima)						
Philadelphia under New York	6	6	2	2	2	2
Baltimore under New York	8	8	3	3	3	3
Hampton Roads[1] (same as Baltimore)						
Export traffic						
Canadian ports:						
Halifax, St. John, et cetera (same as New York)						
Montreal (same as Philadelphia)						
Portland						
Boston (same as New York)						
Albany (Philadelphia rates, subject to domestic rates as maxima)						
Philadelphia under New York:						
Grain, 0.5 cent under N.Y. Flour, 1 cent under N.Y.	2	2	2	2	2	2
Baltimore under New York:						
Grain, 1.5 cents under N.Y. Flour, 2 cents under N.Y.	3	3	3	3	3	3
Hampton Roads[2] (same as Baltimore)						

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[1] To territory west of the Sandusky, Mansfield, Zanesville, Marietta line.

[2] From territory west of the Sandusky, Mansfield, Zanesville, Marietta line.

The differentials were the result of an agreement entered into by North Atlantic port railroads in 1877. At that time ocean rates to Philadelphia and Baltimore were higher than to the northern tier ports and the object of the agreement was "to avoid misunderstanding as to the geographical advantages or disadvantages of New York, Philadelphia, and Baltimore as affected by railroad-ocean transportation, and to effect an equalization of rail-ocean transportation cost between interior points and foreign ports reached through these cities." Boston rates, under this agreement, were to be no less than those to and from New York.

Beginning in the early 1920's and extending to about 1935, ocean rates to and from the different ports gradually were equalized and the total transportation charge through the northern tier ports consequently became higher than the combined cost of rail and ocean transportation through a southern tier port. It is this competitive disadvantage which the plaintiff railroads sought to remove with their proposed rate schedule.

By schedules filed to become effective simultaneously with those of plaintiffs, certain railroads which serve the southern tier ports and, in some instances, also New York, proposed to reduce their rates by the same amounts. This counterproposal which was to take effect only if the plaintiffs' schedules were allowed, would restore the differential at a lower level.

Upon protests of each group to the other proposal, the I.C.C. suspended both schedules and instituted an investigation into their lawfulness. After hearing and review by the Commission, it issued the order from which this appeal was taken, denying the fourth-section application and cancelling the plaintiffs' proposed schedule on the findings that the "proposed rates are not shown to be reasonably related to the present rates on like traffic between the same interior points and the southern tier ports"; that they "would result in undue preference of and advantage to the northern tier ports as a group and in undue prejudice and disadvantage to the southern tier ports," and that they "are not shown to be just and reasonable." Equalization of Rates, *supra*, at 741, 742.

In its answer to the complaint in this action the United States admitted that the Commission's order was erroneous in that it treated the proposal vis-a-vis the northern tier ports as a group and failed to consider the lawfulness of the proposed rates as to each port separately. As a result, the Commission reopened the proceedings "for reconsideration on the present record of the lawfulness of the proposed rates separately and independently on traffic to and from each northern tier port." The proceedings in this court were held in abeyance pending this decision.

On reconsideration the Commission affirmed its original holding and also found that the greater distance of the northern tier ports from affected territory over Baltimore and Philadelphia "may not be ignored without running counter to the provisions of section 3(1) of the Act," p. 21, Recon.[1] Moreover, it found "so far as New York is concerned, rate equalization is not required to enable that port to meet the competition of the southern tier ports, and that, so far as Boston, Portland, and Albany are concerned, such equalization would not materially affect the flow of foreign traffic through any of these ports," p. 21, Recon.

The Commission's decision is attacked here generally as being erroneous in law, unsupported by essential basic findings and unsupported by substantial evidence on the record as a whole.

The specific object of attack by the plaintiffs in this proceeding is the Commission's conclusion of a section 3(1) violation, and the weight the Commission attached to the sole subsidiary finding upon which this conclusion is based — that the northern tier ports have a distance disadvantage over Baltimore of from 223 miles in the case of Boston to 117 miles in the case of New York.

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[1] Page references so designated are to the mimeographed copy of the Report of the Commission on Reconsideration.

It is admitted by the plaintiffs that the function of a court reviewing an administrative decision is a limited one. The general rule is that "The judicial function is exhausted when there is found to be a rational basis for the conclusions approved by the administrative body." *Mississippi Valley Barge Line Co. v. United States*, 292 U.S. 282, 286-7 (1934), and specifically "the orders of the Commission are final unless (1) beyond the power which it could constitutionally exercise; or (2) beyond its statutory power or (3) based upon a mistake in law." *I.C.C. v. Union Pacific R.R.*, 222 U.S. 541, 547 (1911). Further, an order cannot be sustained unless supported by essential basic facts particularly stated. *Atchison, T. & S. F. Ry., v. United States*, 295 U.S. 193 (1935); *United States v. Chicago, M., St. P. & P. R.R.*, 294 U.S. 499 (1935).

Under 49 U.S.C. § 15(7), the plaintiffs had the burden of proof to show that the proposed rates are "just and reasonable" within the meaning of section 1(5), free from unjust discrimination prohibited by section 2 and that they contain no undue preference or prejudice proscribed by section 3(1).

The evidence before the Commission showed and the Commission found that the four northern tier ports experienced a relative decline in the participation of *total* United States foreign tonnage in the period 1923-55, while the relative share of the southern tier ports increased markedly during the same period. Thus, even while the foreign traffic through New York during this period rose from 22.6 million gross tons to 36.2 million gross tons, its share of the total United States tonnage declined from 28.6 per cent to 14 per cent. Boston's participation dropped similarly from 4.7 per cent to 2.5 per cent. On the other hand the share of the southern tier ports of total United States imports and exports increased as follows: Philadelphia from 7.9 to 15.7 per cent, Baltimore from 8.4 to 10.4 per cent and Hampton Roads from 4.3 to 17.1 per cent.

Since these figures are not limited to affected territory traffic, nor even to rail tonnage, they are by no means conclusive proof of the plaintiffs' position; but they do serve as an indication of the trend in import-export traffic movement. In order to present a clearer and more complete picture of comparative traffic between all North Atlantic ports and affected territory the railroads conducted traffic studies during 1955-56 which showed that 75.8 per cent of imports and 63.7 per cent of exports (measured by carloads) moved through the southern tier ports. Similar, but incomplete studies for the years 1946 and 1947 tentatively indicate that a downward trend of import-export traffic to affected territory on the lines serving New York exists.

The Commission points out that New York still clearly dominates general cargo traffic and that the preponderance of southern tier traffic consists of bulk cargo[1] which prefers these ports because of their modern, specialized facilities and services. It is also apparent, however, that bulk cargo is necessarily more sensitive to rate differentials and the Commission implicitly so acknowledges by noting that the equalization of ex-lake rates on grain from Buffalo has resulted in a shift of the relative shares of that traffic in favor of the northern tier ports. Moreover, New York's dominance in general cargo traffic is not sufficient reason for denying it and the railroads serving it the opportunity to compete for bulk cargo traffic, as "both types of cargo are considered essential to a healthy port economy." Equalization of Rates, *supra*, at 701.

There was, furthermore, extensive evidence from shippers, both private and representatives of various agencies of the United States, that the differential adjustment is a controlling consideration in their choice of ports. These witnesses supported equalization and testified to the need to provide relief from congested ports, bunching and inefficient utilization of cars and delays in the flow of traffic.

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[1] "Ocean borne commerce is classified into two types of cargo. By far the largest in volume is bulk cargo. It consists generally of low-value heavy volume raw materials which are handled at the port by mechanical facilities and provide bottom loading for ships or may move as full cargoes. The other type, called general cargo, includes principally manufactured and semimanufactured goods of relatively high value, which are usually packaged. General cargo generally constitutes the more profitable 'top loading' for ships in a balanced cargo operation." Equalization of Rates, *supra*, at 700.

In addition to this evidence indicating the importance of the differential and showing the necessity for its removal, the plaintiffs presented proof that the proposed rates are just and reasonable. In view of the minimal amounts of the proposed reductions (reduction in revenue from Chicago to Boston would be .08 cents per ton-mile on first-class traffic and .10 cents on Column 13 traffic, for example), the plaintiffs relied on a prima facie showing of revenues. There was testimony that, using representative origins and destinations and the proposed rates, for 96.8 per cent of all tonnage moving through the port of New York, the import traffic averaged a rate per ton of $19.20 and revenues per ton-mile of 2.47 cents, and that for export traffic these figures were $18.00 and 2.32 cents. In comparison the average revenue per ton-mile for Class I railroads in the United States is 1.384 cents.

The defendant railroads countered this evidence by showing that with respect to traffic through the port of New York the proposed rates were insufficient to return out-of-pocket costs. But, while it refused to find the rates compensatory, the Commission did find after restating and adjusting the cost evidence, that "the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs." Equalization of Rates, *supra*, at 735.

On this evidence the plaintiffs certainly established prima facie that the proposed rate schedule is just and reasonable. We now turn to the Commission's disposition of the case. As noted above, it disallowed the proposal principally on the ground that the rates would violate section 3(1). This section provides that

> "It shall be unlawful for any common carrier subject to the provisions of this chapter to make, give, or cause any undue or unreasonable preference or advan-

> tage to any particular person, company, firm, corporation, association, locality, port, port district, gateway . . . or any particular description of traffic, in any respect whatsoever; or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway . . . or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever. . . ."

In one of the earliest cases to come before the Supreme Court under this Act, the Court said that when presented with a question of unjust discrimination, the Commission is to "take into consideration all the facts of the given case — among which are to be considered the welfare and advantage of the common carrier, and of the great body of the citizens of the United States. . . . The Commission is not only to consider the wishes and interests of the shippers and merchants of large cities, but to consider also the desire and advantage of the carriers in securing special forms of traffic; and the interest of the public that the carriers should secure that traffic, rather than abandon it, or not attempt to secure it." *Texas & Pac. Ry. v. I.C.C.*, 162 U.S. 197, 218 (1896). In 1940, Congress, by adding the National Transportation Policy, 49 U.S.C., affirmed and reiterated the view that the Act must be interpreted as a whole and the competing interests of shippers, carriers, and localities carefully balanced "to the end of developing a national transportation system. . . ."

While apparently recognizing these principles, the Commission, in this case, nonetheless wholly ignored them. It noted the voluminous testimony of shippers and receivers in favor of equalization, but in its conclusions completely disregarded this evidence. It considered the need of the plaintiffs and their competitive disadvantage, but discounted both in its findings. Its final decision rests solely on the proposition that some ports would be unduly preferred and others unduly prejudiced by the proposed rates.

In emphasizing the welfare of ports and port districts, the Commission apparently relied on the 1935 amendment to section 3(1) which added "ports, port districts, gateways and transit points," to the interests protected by that section.

In *Texas & Pac. Ry. v. United States*, 289 U.S. 627 (1933), the Supreme Court had held that the word "locality" referred to "points of origin or destination" and did not include gateways. The purpose of the amendment was only to restore to the Commission a power which it had previously exercised, but which the Supreme Court had held the Commission did not have. Neither the legislative history nor the plain words of the amendment indicate that any change in the prevailing rules respecting undue preference and prejudice or any special treatment of ports and port districts was intended.

We find that the Commission erred in applying section 3(1) too narrowly and in not giving due weight to the interests of shippers, receivers, carriers, and inland localities.

The Commission in reaching the conclusion that the proposed rates violate section 3(1) relies on a single subsidiary finding — the distance disadvantage of the northern tier ports. In the light of the history of the differential, earlier decisions of the Commission concerning it, the original report issued in this case, and the facts of this case, this finding in the Report on Reconsideration and its import are somewhat difficult to understand and, in view of the applicable law, erroneous. In the first place, the differential was established to place all North Atlantic ports on a parity with respect to the aggregate of rail and ocean charges. No consideration whatever was given to dispartity in rail distances then or later. On the contrary, when the Thurman-Cooley-Washburn Advisory Commission concluded in 1882 that the differentials should remain, it specifically rejected the "distance principle" as controlling port relationships and rested its award on the principle of "competitive opportunity."

Until it filed its Report on Reconsideration in this proceeding, the Commission, itself, has continually adhered to the proposition that distance plays no part in the determination of port differentials. It so stated even in its original report: "Such distance disadvantages as they (the northern tier ports) have are much less than the substantial differences to and from some other ports which have a parity or near parity of rates, including the Canadian ports, and the wide differences which obtain where the several South Atlantic and Gulf ports are equalized. . . . It is apparent that considerable disregard of rail distances is characteristic of all port adjustments, as it was in the establishment of the rates here dealt with." Equalization of Rates, *supra*, at 715, 716.

Even while proclaiming this new rule, the Commission ignores it. Import rates from Portland may remain on a parity with Baltimore in spite of a distance disadvantage of more than 300 miles. Moreover, the present differentials do not in any way reflect the distance differences.

Secondly, one of the purposes of the 1935 amendment to section 3 was, as the Commission had previously pointed out, Equalization of Rates, *supra*, at 716 and cites therein, to permit all ports and the carriers serving them to compete for all import and export traffic and thereby maximizing the number of ports available. The finding in this case, if pressed to its logical conclusion, would result in traffic flowing only through the most distance favored port. On the other hand, if applied only in this case, the decision is arbitrary and capricious.

Thirdly, the Commission has failed to distinguish between rates which carriers may voluntarily publish to meet competition pursuant to section 15(7) and rates which carriers, on complaint under section 3(1) may be required to change. It is now well established that carriers may, within the zone of reasonableness, adjust rates to meet competion — *United States v. Chicago, M., St. P. & P. R.R.*, 294 U.S. 499, 506 (1935); *Texas & Pac. Ry. v. United States*, 289 U.S. 627, 636 (1933); *New York Cent. R.R. v. United States*, 99 F. Supp. 394 (D.C. Mass. 1951) — in which case the issue to be decided is whether the pro-

posed rates are lawful. In a complaint proceeding the question is whether the *existing* rates are lawful and, if not, whether they should be required to be changed. However, both the Report and the Report on Reconsideration give continuous indication that the Commission regarded this as a "port" case, not a "railroad" case. For example, the observation that "in the rare instances where rate changes in port relationships have been required by us, distance has been an important consideration," p. 21, Recon., while perhaps true, was totally irrelevant to the issues before it. Distance differences might be relevant insofar as they reflect differences in the cost and value of the services of plaintiff and defendant railroads, see *United States v. Illinois Cent. R.R.*, 263 U.S. 515, 524 (1924), but the Commission made no such cost or value findings nor does the record contain evidence from which it could make such findings. We must, therefore, rule that its conclusion lacks the required basic findings to support it.

The Commission disapproved the plaintiff's proposal on the additional ground that, insofar as New York is concerned, equalization is not necessary to enable that port to compete. This conclusion again is based on a misunderstanding of the nature of the proceedings. While the New York Port Authority and other New York governmental and commercial interests were undoubtedly active participants in the case, the primary issue is whether equalization is necessary to enable the plaintiff railroads to compiete. And the evidence showed that the share of traffic handled by these railroads has been declining.

The last reason given in support of its decision is that with respect to the ports of Boston, Albany and Portland, "equalization would not materially affect the flow of traffic to these ports." Not only does this statement completely contradict the Commission's ultimate conclusion of undue prejudice to the southern tier ports, but it ignores the plaintiffs' right to attempt to gain some of this traffic for their lines.

We, therefore, conclude that the Commission's decision is erroneous in law and lacks the rational basis necessary to uphold it and it must be set aside. A judgment may be entered setting aside the order of the I.C.C. and issuing a permanent injunction as prayed for.

/s/ **Peter Woodbury**,
Chief Judge,
United States Court of Appeals.

/s/ **George C. Sweeney**,
Chief Judge,
United States District Court.

/s/ **Francis J. W. Ford**,
United States District Judge.

APPENDIX B

United States District Court
District of Massachusetts

Civil Action No. 61-38-S

Boston and Maine Railroad and The New York, New Haven and Hartford Railroad Company,
Plaintiffs,

v.

United States of America and Interstate Commerce Commission,
Defendants.

Before **Woodbury**, Chief Judge, United States Court of Appeals, **Sweeney**, Chief Judge, United States District Court, and **Ford**, United States District Judge.

JUDGMENT

In accordance with the opinion of the Court handed down on February 16, 1962, it is hereby ORDERED

> The order of the Interstate Commerce Commission of December 5, 1960, insofar as it directs the cancellation of schedules proposing differential-eliminating rates to and from the Ports of Portland, Maine, Boston, Massachusetts, Albany and New York, New York, denies fourth-section application No. 32204, and prevents differential-eliminating rates from becoming effective, is set aside and the operation, enforcement and execution thereof is permanently enjoined.

By the Court,

/s/ HELEN I. TWEEDY,
Deputy Clerk.

Approved:

/s/ PETER WOODBURY
/s/ GEORGE C. SWEENEY
/s/ FRANCIS J. W. FORD

Judgment entered February 23, 1962.

JOHN A. CANAVAN,
Clerk,

By /s/ HELEN I. TWEEDY,
Deputy Clerk.

APPENDIX C

The National Transportation Policy (Preamble to 49 U.S.C. 1) and the Interstate Commerce Act, 24 Stat. 379, as amended (49 U.S.C. 1 *et seq.*), provide as follows:

NATIONAL TRANSPORTATION POLICY

> "It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this Act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; to cooperate with the several States and the duly authorized officials thereof; and to encourage fair wages and equitable working conditions; — all to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as other means, adequate to meet the needs of the commerce of the United States, of the Postal Service, and of the national defense. All of the provisions of this Act shall be administered and enforced with a view to carrying out the above declaration of policy."

* * * * * *

> "Sec. 1 * * * (5) All charges made for any service rendered or to be rendered in the transportation of passengers or property as aforesaid, or in connection therewith, shall be just and reasonable, and every unjust and unreasonable charge for such service or any part thereof is prohibited and declared to be unlawful."

* * * * * *

> "Sec. 3 (1) It shall be unlawful for any common carrier subject to the provisions of this chapter to

make, give, or cause any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic, in any respect whatsoever; or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever: *Provided, however*, That this paragraph shall not be construed to apply to discrimination, prejudice, or disadvantage to the traffic of any other carrier of whatever description."

* * * * * *

"Sec. 4(1). It shall be unlawful for any common carrier subject to this chapter or chapter 12 of this title to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through rate than the aggregate of the intermediate rates subject to the provisions of this chapter or chapter 12 of this title, but this shall not be construed as authorizing any common carrier within the terms of this chapter or chapter 12 of this title to charge or receive as great compensation for a shorter as for a longer distance: *Provided*, That upon application to the Commission and after investigation, such carrier, in special cases, may be authorized by the Commission to charge less for longer than for shorter distances for the transportation of passengers or property, and the Commission may from time to time prescribe the extent to which such designated carriers may be relieved from the operation of the foregoing provisions of this section, but in exercising the authority conferred upon it in this proviso, the Commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed; and no such authorization shall be granted on account of merely potential water competition not actually in existence: *Provided further*, That any such carrier or carriers operating over a circuitous line or route may, subject only to the standards of lawfulness set forth in other provisions of this chapter or chapter 12 of this title and without further authorization, meet the charges of such carrier or carriers of the same type operating over a more direct line or route, to or from the competitive points, provided that rates so established over circuitous routes shall not be evidence on the issue of the compensatory character of rates involved in other proceedings: *And provided further*, That tariffs proposing rates subject to the provision of this paragraph requiring Commission authorization may be filed when application is made to the Commission under the provisions hereof, and in the event such application is approved, the Commission shall permit such tariffs to become effective upon one day's notice."

* * * * * *

"Sec. 15 (1) Whenever, after full hearing, upon a complaint made as provided in section 13 of this title, or after full hearing under an order for investigation and hearing made by the Commission on its own initiative, either in extension of any pending complaint or without any complaint whatever, the Commission shall be of opinion that any individual or joint rate, fare, or charge whatsoever demanded, charged, or collected by any common carrier or carriers subject to this chapter for the transportation of persons or property as defined in section 1 of this title, or that any individual or joint classification, regulation, or practice whatsoever of such carrier or carriers subject to the provisions of this chapter, is or will be unjust or unreasonable or unjustly discriminatory or unduly preferential or prejudicial, or otherwise in violation of any of the provisions of this chapter, the Commission is authorized and empowered to determine and prescribe what will be the just and reasonable individual or joint rate, fare, or charge, or rates, fares or charges, to be thereafter observed in such case, or the maximum or minimum, or maximum and minimum, to be charged, and what individual or joint classification, regulation, or practice is or will be just, fair, and reasonable, to be thereafter followed, and to make an order that the carrier or carriers shall cease and desist from such violation to the extent to which the Commission finds that the same does or will exist, and shall not thereafter publish, demand, or collect any rate, fare, or charge for such transportation other than the rate, fare, or charge so prescribed, or in excess of the maximum or less than the minimum so prescribed, as the case may be, and shall adopt the classification and shall conform to and observe the regulation or practice so prescribed."

* * * * * *

"Sec. 15 * * * (7) Whenever there shall be filed with the Commission any schedule stating a new individual or joint rate, fare, or charge, or any new individual or joint classification, or any new individual or joint regulation or practice affecting any rate, fare, or charge, the Commission shall have, and it is given, authority, either upon complaint or upon its own initiative without complaint, at once, and if it so orders without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, fare, charge, classification, regulation, or practice; and pending such hearing and the decision thereon the Commission, upon filing with such schedule and delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such schedule and defer the use of such rate, fare, charge, classification, regulation, or practice, but not for a longer period than seven months beyond the time when it would otherwise go into effect; and after full hearing, whether completed before or after the rate, fare, charge, classification, regulation, or practice goes into effect, the Commission may make such order with reference thereto as would be proper in a proceeding initiated after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change of rate, fare, charge, classification, regulation, or practice shall go into effect at the end of such period; but in case of a proposed increased rate or charge for or in respect to the transportation of property, the Commission may by order require the interested carrier or carriers to keep accurate account in detail of all amounts received by reason of such increase, specifying by whom and in whose behalf such amounts are paid and upon completion of the hearing and decision may by further order require the interested carrier or carriers to refund, with interest, to the persons in whose behalf such amounts were paid, such portion of such increased rates or charges as by its decision shall be found not justified. At any hearing involving a change in a rate, fare, charge, or classification, or in a rule, regulation, or practice, after September 18, 1940, the burden of proof shall be upon the carrier to show that the proposed changed rate, fare, charge, classification, rule, regulation, or practice is just and reasonable, and the Commission shall give to the hearing and decision of such questions preference over all other questions pending before it and decide the same as speedily as possible."

* * * * * *

"Sec. 15a. * * * (2) In the exercise of its power to prescribe just and reasonable rates the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable the carriers, under honest, economical and efficient management to provide such service."

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In The
Supreme Court of the United States

October Term, 1962

MARYLAND PORT AUTHORITY, BALTIMORE ASSOCIATION OF COMMERCE, DELAWARE RIVER PORT AUTHORITY, THE CITY OF PHILADELPHIA, VIRGINIA STATE PORTS AUTHORITY, and NORFOLK PORT AND INDUSTRIAL AUTHORITY,
Appellants,

v.

BOSTON AND MAINE RAILROAD, et al.,
Appellees.

On Appeal From the United States District Court
For the District of Massachusetts

JURISDICTIONAL STATEMENT

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Supreme Court of the

OCTOBER TERM,

No. -----

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NORFOLK PORT AND INDU

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ON APPEAL FROM THE UNITED S
FOR THE DISTRICT OF M

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OPINIONS BE

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The reports of the Interstate Comm
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United States

1961

Y. BALTIMORE ASSO-
DELAWARE RIVER
CITY OF PHILADEL-
RTS AUTHORITY, AND
STRIAL AUTHORITY,
Appellants.

ILROAD, ET AL.,
Appellees.

TATES DISTRICT COURT
ASSACHUSETTS

TATEMENT.

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689 and 314 I.C.C. 185, respectively. The order of the Interstate Commerce Commission, dated December 5, 1960, is unreported. The Commission's reports and order have been printed as a separate appendix for the convenience of the Court in this and related appeals and will hereinafter be referred to as App.

JURISDICTION

This action was brought under 28 U.S.C. § 1336 to set aside and enjoin an order of the Interstate Commerce Commission. The judgment of the District Court enjoining the order of the Commission was entered on February 23, 1962, and these appellants filed their notice of appeal in that court on March 30, 1962. The jurisdiction of the Supreme Court of the United States to review this decision by direct appeal is conferred by 28 U.S.C. 1253 and 2101 (b). The following decisions sustain the jurisdiction of the Supreme Court to review the judgment on direct appeal in this case: *Virginian Railway v. United States*, 272 U.S. 658; *United States v. Pennsylvania Railroad Company*, 323 U.S. 612.

STATUTES INVOLVED

The statutory provisions involved, the National Transportation Policy (49 U.S.C. preceding §§ 1, 301, 901, 1001) and Sections 1(5), 3(1), 4(1), 15(1), 15(7), and 15a(2) (49 U.S.C. §§ 1(5), 3(1), 4(1), 15(1), 15(7), and 15a(2)) of the Interstate Commerce Act, as amended, are set forth in Appendix C hereto.

QUESTIONS PRESENTED

This appeal is from a judgment enjoining enforcement of an order entered in an investigation and suspension proceeding under Section 15(7) of the Interstate Commerce Act (49 U.S.C., §15(7)) involving the lawfulness of proposed rates on export and import traffic to and from New York, Albany, Boston and Portland (the northern tier ports), filed by the appellee railroads for the sole purpose of abolishing the long existing differential in favor of Philadelphia, Baltimore and Hampton Roads (the southern tier ports), and the lawfulness of matching reductions filed by the appellant railroads to and from the southern tier ports for the sole purpose of maintaining the differential, both sides conceding that the issue is one of relationship.

The questions to be decided here are:

1. In such a proceeding does a claim by the carriers proposing the equalizing reductions that their proposed rates were published "in the exercise of their managerial discretion for the purpose of meeting competition of the southern tier ports, and to gain traffic for their lines" outweigh, *as a matter of law*, express findings by the Commission supported by substantial evidence:

(a) that competitive conditions, geographical advantages, and cost of service would all require approval of the matching reductions if the equalizing reductions were approved, with a resulting useless dissipation of carrier revenues to the injury of the national transportation system; and

(b) that if the proposed equalizing rates are permitted to become effective and the matching rates are not, undue preference of the northern tier ports and undue prejudice of the southern tier ports would result, in violation of section 3(1) of the Interstate Commerce Act (49 U.S.C. 3(1)).

2. In such a proceeding was the Commission entitled to give weight to the distance and cost disadvantages of the northern tier ports?

3. In such a proceeding may the District Court make its own evaluation of the evidence and find that the proposed rates to the northern tier ports have been shown to be just and reasonable, when the Commission made no such finding and there was a finding by the Commission, based on a careful analysis of conflicting testimony, that appellee railroads had not met the burden of proving the proposed rates to be compensatory?

STATEMENT OF THE CASE

The decision of the District Court upsets a rate relationship which has prevailed for 85 years among the railroads carrying export-import traffic between the North Atlantic ports and Differential Territory.* This rate relationship was embodied in the North Atlantic Ports Differential Agreement which was entered into on April 5, 1877 by the presidents of the major railroads serving the Atlantic ports and Differential Territory in an effort to avoid the damaging rate wars which had theretofore marked their competition. (See Ex. 17 (D-4) and Ex. 86 pp. 5 et seq.).

The rate relationship ultimately established by the differential agreement provided, in essence, that the Baltimore rate should be three cents (and the Philadelphia rate two cents) per hundred pounds under that of New York (and that the Boston rates should be not lower than the New York rates) on export-import traffic moving to and from the affected territory. Subsequently carriers serving the ports of Hampton Roads established Baltimore rates to and from points in Differential Territory lying west of the so-called "Sandusky" line.*

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* Roughly the area bounded by the Mississippi, the Ohio, the Great Lakes and the Buffalo-Pittsburgh line. For a more exact description see 311 I.C.C. 691 (App. 4).

The present case originated with the publication by appellee carriers** of reduced rates to the northern tier ports for the avowed purpose of abolishing the differential. The proposed rate schedules apply to export and import traffic, except iron ore, coal and coke. The southern railroads filed matching rate reductions for the purpose of maintaining the existing differential. Thus the Commission was presented with the basic question whether it had power to eliminate the differential by compelling the southern railroads to hold their rates to the southern tier ports at the same level as the rates established by the northern railroads to the northern tier ports. That this question of port relationship was the sole issue in the case was expressly conceded at the hearing before the Commission. (311 I.C.C. at 699, 700; App. 15, 16).

The Commission found not only that the existing differentials are proper but that they are "smaller than they would be if allowed to be set by competitive factors" and that

---

* By voluntary action of the carriers, Portland was given the Baltimore rates on import traffic moving through Canada to Differential Territory, since the Portland carriers were in direct competition with Canadian carriers which were beyond the jurisdiction of the Commission and which served Canadian ports under the Baltimore rates. *Maritime Assoc.; Boston Chamber of Commerce v. Ann Arbor R. Co.*, 95 I.C.C. 539 (1925). As a result of litigation, the Commission determined that Albany was entitled to the Philadelphia rates. *Albany Port District Comm. v. Ahnapee & W. Ry. Co.*, 219 I.C.C. 151 (1936).

** While all the railroads are, to some degree, participants in all the rates here involved, the appellee railroads, the Erie Lackawanna, the New York Central, the Lehigh Valley, the New Haven, and the Boston and Maine, primarily serve the northern tier ports and will be referred to as the northern railroads. The appellant railroads, the Pennsylvania, the Baltimore & Ohio, the Western Maryland, the Canton, the Chesapeake and Ohio, and the Norfolk and Western, primarily serve the southern tier ports and will be referred to as the southern railroads.

> "The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports are firmly established. Thus, approval of respondents' proposed rates would require alternate approval of protestants' proposed rates. This might result in the rates gravitating to their lowest possible level and in a needless dissipation of carrier revenues. We have been given the power to fix rates, among other reasons, for the purpose of preventing destructive competition and promoting the financial stability of the regulated carriers. Failure to observe our obligations in the exercise of that power would find us remiss in our duties. The present differentials have long served to retain a reasonable competitive relationship between the principal port groups and should be maintained." (311 I.C.C. at 741; App. 70)

The Commission also found that

> "* * * considering the volume and character of the traffic disclosed by the traffic study, and other evidence of circumstances which induce or deter the flow of the subject traffic, undue diversion from those ports to New York, at least of most types of that traffic, would result from the proposed equalization." (311 I.C.C. at 741; App. 70)

Accordingly, the Commission found that the rates proposed by the northern railroads were

> "* * * not shown to be reasonably related to the present rates on like traffic between the same interior points and the southern tier ports, and that the proposed rates would result in undue preference of and advantage to the northern tier ports as a group and in undue prejudice and disadvantage to the southern tier ports." (311 I.C.C. at 741-742; App. 71)

Furthermore, after analyzing with great care the exhaustive and conflicting cost evidence submitted by the protestant and respondent railroads, the Commission concluded that the revenue from the proposed rates as applied to existing traffic at New York "would equal or exceed by a very small margin the estimated out-of-pocket costs," but that the presentation of costs in the record was not adequate to determine "whether the proposed rates would be reasonably compensatory" or whether "other traffic would be forced to absorb a larger portion of the constant costs in order to maintain a national transportation system conforming to the ultimate objectives of the national transportation policy." (311 I.C.C. at 734; App. 61-62).

The Commission also found that the rates to the southern tier ports proposed by the southern carriers had not been shown to be just and reasonable, but made it clear that a different finding would have been made had the rates to the northern ports not been found to be unlawful. (311 I.C.C. at 700, 741-742; App. 16, 70-71).

The Commission accordingly entered an order on December 5, 1960, directing that all the proposed rate schedules be canceled. An appeal was then taken to the District Court for the District of Massachusetts, and, on behalf of the port interests of the port of Boston and the railroads primarily serving that port, the contention was made that the Commission had erred in failing to treat the proposed rates between Differential Territory and Boston separately and independently. The Department of Justice filed an answer supporting this contention, and the Commission thereupon reopened the proceedings "for reconsideration of the lawfulness of the proposed rates separately and independently on traffic to and from each of the northern tier ports." (314 I.C.C. at 187; App. 87).

On June 15, 1961, the Commission filed its report on reconsideration in which it found that:

> "Boston's rates, as proposed, would be lower than the present rates to and from Albany, and also lower than the present rates to and from New York and Philadelphia. Rates lower to or from Boston than to or from the other ports just mentioned, over some routes, would be in violation of the long-and-short haul provisions of section 4 of the Interstate Commerce Act." (314 I.C.C. at 197; App. 100)

* * * * * *

> "While, in the instant proceeding there is strong insistence by the respondents and the ports supporting them upon rate parity, equally strong are the claims of their opponents, fully substantiated of record, as to the opponents' geographical, transportation and cost advantages. In general, in the rare instances where rate changes in port relationships have been required by us, distance has been an important consideration (citing cases). Here, as stated, the distance disadvantages of Boston, for example, are 223 miles over Baltimore, 171 miles over Philadelphia; and 117 miles over New York; and the latter port, is 106 miles more distant than Baltimore. Such great differences in distance, under the circumstances here revealed, may not be ignored without running counter to the provisions of section 3(1) of the act." (314 I.C.C. at 198; App. 102)

The Commission then found that

> "* * * the proposed rates to and from Albany, New York, Boston and Portland, separately and collectively, are not shown to be reasonably related to the present rates on like traffic to and from the southern tier ports, and would cause undue preference of and advantage to the named ports and undue prejudice and disadvantage to the southern tier ports." (314 I.C.C. at 199; App. 102-103)

The District Court entered a judgment enjoining the enforcement of so much of the Commission's order of December 5, 1960, as required the cancellation of the "differential-eliminating" rates filed by the northern carriers (*post*, p. 38). This appeal is taken from that judgment.

THE QUESTIONS ARE SUBSTANTIAL

I.

The Case is of Great Public Importance

Over the years the North Atlantic Ports Differential has become the cornerstone of the economy of the Atlantic Seaboard. Mr. Daish, in "The Atlantic Ports Differential" (1918), says at p. ix:

> "The importance of the relation of freight rates which shall prevail as between the North Atlantic ports can hardly be overestimated. The volume of tonnage which moves under these rates, the amount and kind of business which the several ports can and do profitably handle, the tonnage of the carriers to particular ports and many other matters are largely influenced, if not governed, thereby. Historically, the present rate fabric is the oldest in the country; it is the result of many rate wars (now happily ended), compromises, competitions, arbitrations and strifes of carriers and ports."

In reliance upon the differential, the "outports" of Philadelphia, Baltimore and Hampton Roads (and to a lesser degree, Albany and Portland) have developed extensive facilities for the handling of certain types of cargo and have thus been able to compete to some degree with New York for export-import traffic. At the same time New York has become the self-styled "world's greatest port".* Thus the Commission found that in 1955 New York

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* See Exhibit 51, MLM-4

> "* * * handled more tonnage of all commodities than any of the southern tier ports; excluding petroleum, coal, and iron ore, it handled nearly as much as those ports combined; and it handled about 60% more general cargo exports and imports than those ports combined." (311 I.C.C. at 706; App. 23).

With regard to the particular traffic involved in this case, i.e., rail traffic between the North Atlantic ports and Differential Territory, the Commission found that the evidence demonstrated the ability even under the differential of the northern tier ports as a group "to attract the preponderance of the tonnage with the exception of export grain and import ores and concentrates * * *." (311 I.C.C. at 711; App. 31).

There was evidence before the Commission, noted in its original report, that the southern tier ports could not hope under parity rates to compete with New York for general cargo traffic and would in all probability lose their bulk traffic as well. (311 I.C.C. at 736-739; App. 63-68). The Commission expressly found that "considering the volume and character of the traffic disclosed by the traffic study, and other evidence of circumstances which induce or deter the flow of the subject traffic, undue diversion from those ports to New York, at least of most types of that traffic, would result from the proposed equalization." (311 I.C.C. at 741; App. 70).

Thus the District Court has in effect determined that New York and the carriers which serve it are entitled as a matter of law to a virtual monopoly of export-import traffic moving between the North Atlantic ports and Differential Territory. Looking at the other side of the coin the District Court has in effect determined that Philadelphia, Baltimore, and Hampton Roads must, as a matter of law, hereafter be relegated to the status of local facilities.

II.

The District Court Has Decided Questions of Great Importance in the Administration of the Interstate Commerce Act in a Manner Inconsistent with the Plain Provisions of the Statute and Has Flagrantly Disregarded Principles of Administrative Finality Established by the Decisions of This Court.

(1) In the Court below the northern carriers claimed that the proposed rates were published "in the exercise of their managerial discretion for the purpose of meeting competition of the southern tier ports and to gain traffic for their lines." They contended that this was not a "port" case but rather a "railroad" case.

This is the approach which the District Court seems to have adopted in its opinion. Thus the Court said:

> "* * * the Commission has failed to distinguish between rates which carriers may voluntarily publish to meet competition, pursuant to section 15(7) and rates which carriers, on complaint under section 3(1) may be required to change. It is now well established that carriers may, within the zone of reasonableness, adjust rates to meet competition — [Citations] — in which case the issue to be decided is whether the *proposed* rates are lawful. In a complaint proceeding the question is whether the *existing* rates are lawful and, if not, whether they should be required to be changed. However, both the Report and the Report on Reconsideration give continuous indication that the Commission regarded this as a 'port' case, not a 'railroad' case. For example, the observation that 'in the rare instances where rate changes in port relationships have been required by us, distance has been an important consideration,' [Citation to 314 I.C.C. at 198; App. 102], while perhaps true, was totally irrelevant to the issues before it". (*post*, pp. 35-36).

Again the Court says (*post*, p. 36):

> "While the New York Port Authority and other New York governmental and commercial interests were undoubtedly active participants in the case, *the primary issue is whether equalization is necessary to enable the plaintiff railroads to compete.*" (Emphasis supplied.)

Again the Court says (*post*, pp. 33-34):

> "[the Commission] considered the need of the plaintiffs and their competitive disadvantage, but discounted both in its findings."
>
> * * * * * *
>
> "We find that the Commission erred in applying section 3(1) too narrowly and in not giving due weight to the interests of shippers, receivers, carriers, and inland localities."

(a) The District Court has completely misunderstood the real nature of this case. Here all parties before the Commission had agreed that the issue was essentially one of relationship. The carriers proposing the rates to the northern ports had made it clear that their sole purpose was to abolish the differential and establish a new relationship of parity between the ports. (311 I.C.C. at 699; App. 15). The carriers proposing the matching reductions to the southern ports had expressly requested that the Commission decide the issue of relationship on the present level of rates. (311 I.C.C. at 700; App. 16).

The Commission specifically found, on the basis of a most exhaustive study of a most comprehensive record, that competitive considerations, geographical advantages, and cost of service all required that if the rates proposed to the northern ports became effective, the matching reductions to the southern ports should likewise be approved. To prevent destructive competition and a pointless waste of carrier revenues to the injury of the national transportation system, the Commission ordered cancellation of all the proposed rates.

The District Court treated the case as though no question of relationship were involved and held that the Commission lacked the power to prevent the rates to the northern tier ports from becoming effective, since the court, after making its own evaluation of the evidence, found that those rates were within the zone of reasonableness and had been proposed by the northern carriers in order that they might more effectively compete for bulk traffic to Differential Territory. The District Court ignored altogether the findings which, in the opinion of the Commission, demonstrated that the matching reductions of the southern railroads to the southern tier ports would likewise have to be approved as being within the lawful range of competition if the rates proposed by the northern railroads to the northern tier ports were permitted to become effective.

This one-sided approach of the District Court would inevitably lead to rate wars. According to the District Court, all that a carrier would need to show in order to justify a lower rate would be that the rate would return out-of-pocket costs and that it would aid the carrier in attracting traffic from competing carriers. But it is obvious that in many cases, competing carriers could make an equally strong showing and here the Commission has expressly found that this is such a case. If, as the District Court seems to think, the Commission lacks power in such a case to interfere with the managerial discretion of the carrier, then obviously the lowest cost carrer would win the battle, but only after a useless dissipation of carrier revenues. As the Commission points out, it was given the power to regulate rates for the very purpose of stopping such wasteful conflicts.

(b) The District Court has apparently failed to note that Section 15(7) explicitly authorizes the Commission to "make such order with reference [to a proposed rate] as would be proper in a proceeding initiated after it had become effective." This language has always been understood to mean that the Commission may properly order cancellation of rates which fail to meet the test of any of the statutory provisions. Thus rates which unduly prejudice or disadvantage any port and would thus violate Section 3(1) of the statute may be ordered cancelled in an investigation and suspension proceeding under Section 15(7). *Ayrshire Collieries Corp. v. United States*, 335 U.S. 573, 581-583; *Sioux City Terminal Ry. Switching*, 241 I.C.C. 53, 73-74 (1940).

In a closely analogous situation, this Court has definitely invalidated the approach to this case adopted by the District Court. In *Iron Ore From Eastern Ports to Central Freight Association Points*, 299 I.C.C. 195 (1956), the Commission, reversing a previous decision of Division 2, approved rate reductions establishing parity rates on iron ore to seven points in differential territory from New York, while at the same time disapproving matching rate reductions filed by carriers serving the port of Baltimore. On appeal the Maryland District Court enjoined the order. *Baltimore & Ohio Railroad Co. v. United States*, 151 F. Supp. 258 (1957). On direct appeal this Court sent the case back to the District Court with instructions to remand the case to the Commission for further consideration. This Court held that "the Commission should be permitted to take into account the effect of New York rates and the tariff relationship between Philadelphia and Baltimore and the effect of that relationship on New York and to enter such orders with respect to all three ports as the Commission may find to be required by their inter-relationship." *I.C.C. v. Baltimore and O. R. Co.*, 355 U.S. 175, 178. In the light of this decision the District Court was clearly in error in the present case in holding that this was a "railroad" and not a "port" case.

(c) It may be argued that the District Court's intention was to require the Commission to abolish the differential by permitting the northern carriers to lower thier rates and forbidding the southern carriers to do so. Nowhere in its opinion does the Court actually say this and its whole approach seems inconsistent with such a result. But if that is the correct interpretation of the Court's opinion and judgment, then it is even more clearly erroneous. The Commission plainly had no power to prohibit the southern carriers from maintaining a differential relationship unless that relationship was unlawful and the Court obviously lacked the power to order the Commission to do so. In the present case the Commission has expressly found that "the present differentials have long served to retain a reasonable competitive relationship between the principal port groups and should be maintained."* (311 I.C.C. at 741; App. 70). This finding should have been conclusive of this case in the District Court. In *Ayrshire*

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* For 85 years the lawfulness of the existing differential relationship has been upheld against every attack. Every argument made in the Court below has been repeatedly considered and reviewed by the Commission. The argument principally relied on here, i.e., that the differential should be eliminated since it was intended to equalize a difference in ocean rates which no longer exists, was first made and rejected by the Commission in 1898 in *New York Produce Exchange v. Baltimore & O. R. Co.*, 7 I.C.C. 612 and again rejected in 1905, with the Commission expressly finding at that time that the differential was greater than any inequality in ocean rates. *In the Matter of Differential Rates*, 11 I.C.C. 13 (at p. 67). It was reviewed and was again rejected in *Maritime Asso., Boston Chamber of Commerce v. Ann Arbor Railroad Company, et al.* 95 I.C.C. 539 (1925).

Collieries Corp. v. United States, 335 U.S. 573, 592, this Court said:

> "We would depart from our competence and our limited function in this field if we undertook to accommodate the factors of transportation conditions, distance and competition differently than the Commission has done in this case. That is a task peculiarly for it. In fashioning what the Commission called a differentially related and finely balanced rate structure for this coal, there is no place for dogma or rigid formulae. The problem calls for an expert, informal judgment on a multitude of facts."

(d) The District Court's assertion that the Commission should have given primary weight to whether "equalization is necessary to enable the plaintiff railroads to compete" (*post*, p. 36), as well as its complaint that the Commission "discounted" that need and failed to give "due weight to the interests of shippers, receivers, carriers, and inland localities" (*post*, p. 34), shows on its face a complete disregard for principles of administrative finality repeatedly proclaimed by this Court.

In *Texas and Pacific Railway Company v. I.C.C.*, 162 U.S. 197, 219, this Court said:

> "* * * as there is nothing in the act which defines what shall be held to be due or undue, reasonable or unreasonable, such questions are questions, not of law, but of fact."

Again, in *Board of Trade v. U.S.*, 314 U.S. 534, 546-548, this Court said:

> "'Whether a preference or advantage or discrimination is undue or unreasonable or unjust is one of those questions of fact that have been confided by Congress to the judgment and discretion of the Commission * * *, and upon which its decisions, made the basis of administrative orders operating in futuro, are not

> to be disturbed by the courts except upon a showing that they are unsupported by evidence, were made without a hearing, exceed constitutional limits, or for some other reason amount to an abuse of power.' *Manufacturers R. Co. v. U.S.*, 246 U.S. 457, 481, * * *"

In this case, the Commission expressly found that Baltimore and Hampton Roads were much more dependent upon the traffic to and from differential territory than were the northern tier ports and that they had "far less support in the hinterlands which they serve." (311 I.C.C. at 735; App. 62-63). The Commission also found that even under the differential, New York was handling all or substantially all of a great range of products. (311 I.C.C. at 735-736; App. 63). The Commission further found that the southern tier ports were largely dependent upon bulk movements, much of which might well be lost to the St. Lawrence Seaway. (311 I.C.C. at 737; App. 64). There was extensive testimony of which the Commission took note that under parity the southern tier ports could not compete for general cargo and would probably lose to the northern tier ports a large part of the bulk traffic not already diverted to the Seaway. (311 I.C.C. at 736-739; App. 63-68).

Accordingly, the Commission found that:

> "* * * the record is clear that New York continues to attract more of the highly desirable general-cargo tonnage so vital to its port economy than all of the other North Atlantic ports combined; that to obtain a volume of traffic which will support a much lower level of port activity and range of shipping services than New York, the southern tier ports have been depending heavily on bulk cargo tonnage; and that, considering the volume and character of the traffic disclosed by the traffic study, and other evidence of circumstances which induce or deter the flow of the subject traffic, undue diversion from those ports to New

> York, at least of most types of that traffic, would result from the proposed equalization." (311 I.C.C. at 741; App. 70).

Thus the Commission's ultimate conclusion that the proposed rates to the northern tier ports would unduly prejudice and disadvantage the southern tier ports was based on adequate subsidiary findings, supported by substantial evidence and cannot be challenged in this proceeding.

(2) The District Court refers to "the weight the Commission attached to the sole subsidiary finding upon which this conclusion is based — that the northern tier ports have a distance disadvantage over Baltimore of from 223 miles in the case of Boston to 117 miles in the case of New York." (*post*, p. 29). The Court holds that

> "Distance differences might be relevant insofar as they reflect differences in the cost and value of the services of plaintiff and defendant railroads, see *United States v. Illinois Cent. R.R.*, 263 U.S. 515, 524 (1924), but the Commission made no such cost or value findings nor does the record contain evidence from which it could make such findings. We must, therefore, rule that its conclusion lacks the required basic findings to support it." (*post*, p. 36).

Apparently the District Court overlooked the extensive subsidiary findings unrelated to distance which were set forth in the Commission's original report and on which the Commission based its ultimate conclusion.* These findings were expressly reaffirmed in the report on reconsideration. (314 I.C.C. at 199; App. 103).

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* See for example the extended analysis of the traffic moving through the various ports and the effect of the differential on that traffic and the detailed description of the services and facilities available at each port. (311 I.C.C. 701-730, 735-739; App. 17-56, 62-68).

Moreover, in the original report of the Commission there is a full review of extensive evidence bearing on the cost and value of the services of the railroads, and the Commission explicitly found that "the greater distance of the northern tier ports from the affected territory, *and the higher cost of service to and from those ports*, are firmly established." (311 I.C.C at 741; App. 70) (emphasis added.) Again, in the report on reconsideration, the Commission expressly found that the claims of the opponents of rate parity as to their "geographical, transportation, and cost advantages" were "fully substantiated of record." (314 I.C.C. at 198; App. 102).

The other reasons given by the District Court for holding that the Commission should have given no weight to the distance factor are equally specious. It is said that no consideration whatever was given to disparity in rail distance when the differential was originally established or later. (*post*, p. 34). This is flagrantly inaccurate as a matter of historical fact.* It is also irrelevant since circumstances alter cases and here the Commission specifically referred to "the circumstances revealed by this record."

Next it is said that:

> "* * * one of the purposes of the 1935 amendment to Section 3 was * * * to permit all ports and the carriers

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* The Court refers to the report of the Thurman-Cooley, Washburn Advisory Commission in 1882. This report was offered as an exhibit before the Commission and may be found reprinted in full in Ex. I (REB 1). The conclusion of that report, at p. 31, contains the following sentence:

"Differential rates have come into existence under the operation of competitive forces; *they bear some relation to relative distance and relative cost of service; they recognize as we think the relative advantages of the several seaports;* and they are subordinate to the great principle which compels the carriers of property competing between the same points and offering equal facilities to their customers, to make the same rates." (Emphasis supplied.)

> serving them to compete for all import and export traffic and thereby maximizing the number of ports available. The finding in this case, if pressed to its logical conclusion, would result in traffic flowing only through the most distance favored port. On the other hand if applied only in this case, the decision is arbitrary and capricious." (*post*, p. 35).

There is, of course, no principle that all ports and the carriers serving them are entitled to compete on equal terms for all export and import traffic to every inland point. Baltimore carriers are not entitled to compete on parity rates with New York carriers for traffic to the Hudson River Valley, nor are they entitled to compete on equal terms with the Philadelphia carriers for the traffic to Wilkes-Barre. The argument that no weight should be given to distance because, otherwise traffic would flow only through the most distance favored ports assumes that if any weight is given to distance, it must in every case be dispositive. This hardly seems to require discussion.

Equally faulty is the District Court's reasoning that in cases where carriers voluntarily publish rates to meet competition pursuant to Section 15(7) distance differences are irrelevant. The Court overlooks the fact that they are not dealing in the present case with *voluntary* action of carriers but with an effort of some to *impose* parity on others. If the voluntary action of carriers alone was involved here, then the Commission would have to give equal sanction to the voluntary action of the southern railroads in reducing their rates to the southern ports.

The passage quoted above (at p. 16) from the opinion of Mr. Justice Douglas in *Ayrshire Collieries* fits like a glove. The Court has clearly exceeded the proper bounds of judicial review.

(3) The District Court, adopting the view of dissenting Commissioner Webb, made its own finding that the proposed rates to the northern ports had been shown to be just and reasonable. (*post*, p. 32). The Commission made no such finding. On the contrary, the Commission found that the cost evidence in the record was not adequate to permit a finding that the rates would be compensatory. (311 I.C.C. 734; App. 61). In reaching its conclusion the District Court relied on cost studies which the Commission had found to be incomplete and on testimony, which the Commission had not found to be persuasive, to the effect that revenues from the proposed rates would be substantially in excess of "the average revenues per ton-mile for Class I railroads in the United States." (*post*, p. 32). This reliance of the Court on testimony as to comparative revenues was naive in the extreme. Revenues which may be exceeded by the cost of service can have little significance in a case of this character.

Appellants submit that in making its own determination that the rates had been shown to be just and reasonable the District Court far exceeded the proper bounds of judicial review as delimited by the decisions of this Court. In *Illinois Commerce Commission v. United States*, 292 U.S. 474 at p. 481, this Court said:

> "Whether or not the cost study was representative, whether the study should have been more refined, and whether it should have been supplemented as appellants desired, are questions of fact, the determination of which is within the competence of the Commission."

Moreover, the power of the Commission to find rates unreasonably low even though fully compensatory has been well settled by this Court. For example, in *New York v. United States*, 331 U.S. 284, the following appears:

> "In *Scandrett v. United States*, 32 F. Supp. 995, 996, aff'd, 312 U.S. 661, the Commission had found that proposed reduced rates were 'compensatory, considering all costs' but that they were below a minimum reasonable level and therefore unlawful." * * *. "The court sustained the order." (pp. 345-346).[*]

In the same opinion, at page 346, this Court said:

> "If the Commission were powerless to increase rates to a reasonable minimum in order to eliminate an unlawful discrimination, unless existing rates were shown to be non-compensatory or unless ruinous competition would result, it would in some cases be powerless to prescribe the remedy for unlawful practices."

A fortiori may the Commission refuse to permit existing ates to be reduced where the proposed reduced rates, irespective of their compensativeness, would cause undue preference or prejudice, and particularly where the statu-ory burden of proving the rates lawful under all sections f the Interstate Commerce Act is upon the proponent carriers.

CONCLUSION

For the reasons stated, the questions presented by this appeal are substantial and are of public importance. It is therefore respectfully submitted that probable jurisdiction should be noted.

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APPENDIX A

United States District Court
District of Massachusetts

Civil Action No. 61-38-S

Boston and Maine Railroad and The New York, New Haven and Hartford Railroad Company,
Plaintiffs,
v.
United States of America and Interstate Commerce Commission,
Defendants.

Before Woodbury, Chief Judge, United States Court of Appeals, Sweeney, Chief Judge, United States District Court, and Ford, United States District Judge.

Opinion of the Court

February 16, 1962

Sweeney, Ch. J. The plaintiffs — Boston and Maine Railroad and The New York, New Haven and Hartford Railroad Company — brought this action pursuant to 28 U.S.C. §§ 1336, 2284, 2321 and 2325, to set aside and enjoin enforcement of an order of the Interstate Commerce Commission, Investigation and Suspension Docket No. 6615, Equalization of Rates at North Atlantic Ports, 311 I.C.C. 689, denying a fourth-section application and cancelling new rate schedules filed by the plaintiffs and their connecting carriers,[1] in which they proposed to reduce rates on export and import traffic[2] between the ports of New York and Albany, New York, Boston, Massachusetts, and Portland, Maine, hereinafter referred to as northern tier ports, on one hand, and affected territory[3] on the other. The proposal was designed to place on a parity the rates on this traffic through these ports with rates on like traffic through the southern tier ports.

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[1] The Delaware and Hudson Railroad Corporation, Erie-Lackawanna Railroad Company, Grand Trunk Railway System-Lines East, The New York Central Railroad Company, New York, Susquehanna and Western Railroad Company.

The original defendants are the United States and the I.C.C. Other railroads and various port and commercial interests have intervened on both sides.[4]

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[2] Except iron ore, coal, and coke which is a direct product of coal.

[3] It includes territory on and west of a line extending from a point just west of Buffalo through Warren, Oil City, Butler, Pittsburgh, and Washington, Pa., Wheeling, W. Va., thence along the east bank of the Ohio River to Kenova, W. Va., including points in West Virginia, Charleston ~~and~~ west thereof, certain points in Kentucky on the lines of The Chesapeake and Ohio Railway Company, and points on the south bank of the Ohio River from Huntington, W. Va., to Cincinnati, Ohio.

[4] The intervening plaintiffs include the Massachusetts Port Authority; the Port of New York Authority; the State of New York; the City of New York; Brooklyn Chamber of Commerce, Inc.; Belleville Manufacturers' Association; Bergen County Chamber of Commerce; Bronx Board of Trade; Chamber of Commerce, Garfield, N. J.; Chamber of Commerce, Irvington, N. J.; Chamber of Commerce of Eastern Union County; Clifton Chamber of Commerce; Commerce and Industry Association of New York, Inc.; Hoboken Chamber of Commerce; Ironbound Manufacturers' Association, Inc.; The Maritime Association of the Port of New York; Newark Association of Commerce and Industry; New Jersey Industrial Traffic League, Inc.; Queensborough Chamber of Commerce; The Shippers Conference of Greater New York; The West New York Chamber of Commerce; West Side Association of Commerce in the City of New York; and the railroads listed in paragraph one.

The intervening defendants include the Baltimore and Ohio Railroad Company; Canton Railroad Company; The Chesapeake and Ohio Railway Company; Norfolk and Western Railway Company; The Pennsylvania Railroad Company; Reading Company; Western Maryland Railway Company; the Delaware River Port Authority; the Virginia State Ports Authority; Norfolk Port and Industrial Authority; City of Philadelphia; Maryland Port Authority; Baltimore Association of Commerce; and the Maine Central Railroad Company.

The differences in existing rail rates on import and export traffic are shown below.

Port	Differentials, in cents per 100 pounds					
	Classes					
	1	2	3	4	5	6
Import traffic						
Canadian ports (same as Baltimore)						
Portland (Baltimore rates via Canadian routes; New York rates via standard routes)						
Boston (same as New York)						
Albany (Philadelphia rates, subject to domestic rates as maxima)						
Philadelphia under New York	6	6	2	2	2	2
Baltimore under New York	8	8	3	3	3	3
Hampton Roads[1] (same as Baltimore)						
Export traffic						
Canadian ports:						
Halifax, St. John, et cetera (same as New York)						
Montreal (same as Philadelphia)						
Portland						
Boston (same as New York)						
Albany (Philadelphia rates, subject to domestic rates as maxima)						
Philadelphia under New York:						
Grain, 0.5 cent under N.Y. Flour, 1 cent under N.Y.	2	2	2	2	2	2
Baltimore under New York:						
Grain, 1.5 cents under N.Y. Flour, 2 cents under N.Y.	3	3	3	3	3	3
Hampton Roads[2] (same as Baltimore)						

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[1] To territory west of the Sandusky, Mansfield, Zanesville, Marietta line.

[2] From territory west of the Sandusky, Mansfield, Zanesville, Marietta line.

The differentials were the result of an agreement entered into by North Atlantic port railroads in 1877. At that time ocean rates to Philadelphia and Baltimore were higher than to the northern tier ports and the object of the agreement was "to avoid misunderstanding as to the geographical advantages or disadvantages of New York, Philadelphia, and Baltimore as affected by railroad-ocean transportation, and to effect an equalization of rail-ocean transportation cost between interior points and foreign ports reached through these cities." Boston rates, under this agreement, were to be no less than those to and from New York.

Beginning in the early 1920's and extending to about 1935, ocean rates to and from the different ports gradually were equalized and the total transportation charge through the northern tier ports consequently became higher than the combined cost of rail and ocean transportation through a southern tier port. It is this competitive disadvantage which the plaintiff railroads sought to remove with their proposed rate schedule.

By schedules filed to become effective simultaneously with those of plaintiffs, certain railroads which serve the southern tier ports and, in some instances, also New York, proposed to reduce their rates by the same amounts. This counterproposal, which was to take effect only if the plaintiffs' schedules were allowed, would restore the differential at a lower level.

Upon protests of each group to the other proposal, the I.C.C. suspended both schedules and instituted an investigation into their lawfulness. After hearing and review by the Commission, it issued the order from which this appeal was taken, denying the fourth-section application and cancelling the plaintiffs' proposed schedule on the findings that the "proposed rates are not shown to be reasonably related to the present rates on like traffic between the same interior points and the southern tier ports"; that they "would result in undue preference of and advantage to the northern tier ports as a group and in undue prejudice and disadvantage to the southern tier ports," and that they "are not shown to be just and reasonable." Equalization of Rates, *supra*, at 741, 742.

In its answer to the complaint in this action the United States admitted that the Commission's order was erroneous in that it treated the proposal vis-a-vis the northern tier ports as a group and failed to consider the lawfulness of the proposed rates as to each port separately. As a result, the Commission reopened the proceedings "for reconsideration on the present record of the lawfulness of the proposed rates separately and independently on traffic to and from each northern tier port." The proceedings in this court were held in abeyance pending this decision.

On reconsideration the Commission affirmed its original holding and also found that the greater distance of the northern tier ports from affected territory over Baltimore and Philadelphia "may not be ignored without running counter to the provisions of section 3(1) of the Act," p. 21, Recon.[1] Moreover, it found "so far as New York is concerned, rate equalization is not required to enable that port to meet the competition of the southern tier ports, and that, so far as Boston, Portland, and Albany are concerned, such equalization would not materially affect the flow of foreign traffic through any of these ports," p. 21, Recon.

The Commission's decision is attacked here generally as being erroneous in law, unsupported by essential basic findings and unsupported by substantial evidence on the record as a whole.

The specific object of attack by the plaintiffs in this proceeding is the Commission's conclusion of a section 3(1) violation, and the weight the Commission attached to the sole subsidiary finding upon which this conclusion is based — that the northern tier ports have a distance disadvantage over Baltimore of from 223 miles in the case of Boston to 117 miles in the case of New York.

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[1] Page references so designated are to the mimeographed copy of the Report of the Commission on Reconsideration.

It is admitted by the plaintiffs that the function of a court reviewing an administrative decision is a limited one. The general rule is that "The judicial function is exhausted when there is found to be a rational basis for the conclusions approved by the administrative body." *Mississippi Valley Barge Line Co. v. United States*, 292 U.S. 282, 286-7 (1934), and specifically "the orders of the Commission are final unless (1) beyond the power which it could constitutionally exercise; or (2) beyond its statutory power or (3) based upon a mistake in law." *I.C.C. v. Union Pacific R.R.*, 222 U.S. 541, 547 (1911). Further, an order cannot be sustained unless supported by essential basic facts particularly stated. *Atchison, T. & S. F. Ry., v. United States*, 295 U.S. 193 (1935); *United States v. Chicago, M., St. P. & P. R.R.*, 294 U.S. 499 (1935).

Under 49 U.S.C. § 15(7), the plaintiffs had the burden of proof to show that the proposed rates are "just and reasonable" within the meaning of section 1(5), free from unjust discrimination prohibited by section 2 and that they contain no undue preference or prejudice proscribed by section 3(1).

The evidence before the Commission showed and the Commission found that the four northern tier ports experienced a relative decline in the participation of *total* United States foreign tonnage in the period 1923-55, while the relative share of the southern tier ports increased markedly during the same period. Thus, even while the foreign traffic through New York during this period rose from 22.6 million gross tons to 36.2 million gross tons, its share of the total United States tonnage declined from 28.6 per cent to 14 per cent. Boston's participation dropped similarly from 4.7 per cent to 2.5 per cent. On the other hand the share of the southern tier ports of total United States imports and exports increased as follows: Philadelphia from 7.9 to 15.7 per cent, Baltimore from 8.4 to 10.4 per cent and Hampton Roads from 4.3 to 17.1 per cent.

Since these figures are not limited to affected territory traffic, nor even to rail tonnage, they are by no means conclusive proof of the plaintiffs' position; but they do serve as an indication of the trend in import-export traffic movement. In order to present a clearer and more complete picture of comparative traffic between all North Atlantic ports and affected territory the railroads conducted traffic studies during 1955-56 which showed that 75.8 per cent of imports and 63.7 per cent of exports (measured by carloads) moved through the southern tier ports. Similar, but incomplete studies for the years 1946 and 1947 tentatively indicate that a downward trend of import-export traffic to affected territory on the lines serving New York exists.

The Commission points out that New York still clearly dominates general cargo traffic and that the preponderance of southern tier traffic consists of bulk cargo[1] which prefers these ports because of their modern, specialized facilities and services. It is also apparent, however, that bulk cargo is necessarily more sensitive to rate differentials and the Commission implicitly so acknowledges by noting that the equalization of ex-lake rates on grain from Buffalo has resulted in a shift of the relative shares of that traffic in favor of the northern tier ports. Moreover, New York's dominance in general cargo traffic is not sufficient reason for denying it and the railroads serving it the opportunity to compete for bulk cargo traffic, as "both types of cargo are considered essential to a healthy port economy." Equalization of Rates, *supra*, at 701.

There was, furthermore, extensive evidence from shippers, both private and representatives of various agencies of the United States, that the differential adjustment is a controlling consideration in their choice of ports. These witnesses supported equalization and testified to the need to provide relief from congested ports, bunching and inefficient utilization of cars and delays in the flow of traffic.

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[1] "Ocean borne commerce is classified into two types of cargo. By far the largest in volume is bulk cargo. It consists generally of low-value heavy volume raw materials which are handled at the port by mechanical facilities and provide bottom loading for ships or may move as full cargoes. The other type, called general cargo, includes principally manufactured and semimanufactured goods of relatively high value, which are usually packaged. General cargo generally constitutes the more profitable 'top loading' for ships in a balanced cargo operation." Equalization of Rates, *supra*, at 700.

In addition to this evidence indicating the importance of the differential and showing the necessity for its removal, the plaintiffs presented proof that the proposed rates are just and reasonable. In view of the minimal amounts of the proposed reductions (reduction in revenue from Chicago to Boston would be .08 cents per ton-mile on first-class traffic and .10 cents on Column 13 traffic, for example), the plaintiffs relied on a prima facie showing of revenues. There was testimony that, using representative origins and destinations and the proposed rates, for 96.8 per cent of all tonnage moving through the port of New York, the import traffic averaged a rate per ton of $19.20 and revenues per ton-mile of 2.47 cents, and that for export traffic these figures were $18.00 and 2.32 cents. In comparison the average revenue per ton-mile for Class I railroads in the United States is 1.384 cents.

The defendant railroads countered this evidence by showing that with respect to traffic through the port of New York the proposed rates were insufficient to return out-of-pocket costs. But, while it refused to find the rates compensatory, the Commission did find after restating and adjusting the cost evidence, that "the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs." Equalization of Rates, *supra*, at 735.

On this evidence the plaintiffs certainly established prima facie that the proposed rate schedule is just and reasonable. We now turn to the Commission's disposition of the case. As noted above, it disallowed the proposal principally on the ground that the rates would violate section 3(1). This section provides that

> "It shall be unlawful for any common carrier subject to the provisions of this chapter to make, give, or cause any undue or unreasonable preference or advan-

> tage to any particular person, company, firm, corporation, association, locality, port, port district, gateway . . . or any particular description of traffic, in any respect whatsoever; or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway . . . or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever. . . ."

In one of the earliest cases to come before the Supreme Court under this Act, the Court said that when presented with a question of unjust discrimination, the Commission is to "take into consideration all the facts of the given case — among which are to be considered the welfare and advantage of the common carrier and of the great body of the citizens of the United States. . . . The Commission is not only to consider the wishes and interests of the shippers and merchants of large cities, but to consider also the desire and advantage of the carriers in securing special forms of traffic, and the interest of the public that the carriers should secure that traffic, rather than abandon it, or not attempt to secure it." *Texas & Pac. Ry. v. I.C.C.*, 162 U.S. 197, 218 (1896). In 1940, Congress, by adding the National Transportation Policy, 49 U.S.C., affirmed and reiterated the view that the Act must be interpreted as a whole and the competing interests of shippers, carriers, and localities carefully balanced "to the end of developing a national transportation system. . . ."

While apparently recognizing these principles, the Commission, in this case, nonetheless wholly ignored them. It noted the voluminous testimony of shippers and receivers in favor of equalization, but in its conclusions completely disregarded this evidence. It considered the need of the plaintiffs and their competitive disadvantage, but discounted both in its findings. Its final decision rests solely on the proposition that some ports would be unduly preferred and others unduly prejudiced by the proposed rates.

In emphasizing the welfare of ports and port districts, the Commission apparently relied on the 1935 amendment to section 3(1) which added "ports, port districts, gateways and transit points," to the interests protected by that section.

In *Texas & Pac. Ry. v. United States*, 289 U.S. 627 (1933), the Supreme Court had held that the word "locality" referred to "points of origin or destination" and did not include gateways. The purpose of the amendment was only to restore to the Commission a power which it had previously exercised, but which the Supreme Court had held the Commission did not have. Neither the legislative history nor the plain words of the amendment indicate that any change in the prevailing rules respecting undue preference and prejudice or any special treatment of ports and port districts was intended.

We find that the Commission erred in applying section 3(1) too narrowly and in not giving due weight to the interests of shippers, receivers, carriers, and inland localities.

The Commission in reaching the conclusion that the proposed rates violate section 3(1) relies on a single subsidiary finding — the distance disadvantage of the northern tier ports. In the light of the history of the differential, earlier decisions of the Commission concerning it, the original report issued in this case, and the facts of this case, this finding in the Report on Reconsideration and its import are somewhat difficult to understand and, in view of the applicable law, erroneous. In the first place, the differential was established to place all North Atlantic ports on a parity with respect to the aggregate of rail and ocean charges. No consideration whatever was given to dispartity in rail distances then or later. On the contrary, when the Thurman-Cooley-Washburn Advisory Commission concluded in 1882 that the differentials should remain, it specifically rejected the "distance principle" as controlling port relationships and rested its award on the principle of "competitive opportunity."

Until it filed its Report on Reconsideration in this proceeding, the Commission itself, has continually adhered to the proposition that distance plays no part in the determination of port differentials. It so stated even in its original report: "Such distance disadvantages as they (the northern tier ports) have are much less than the substantial differences to and from some other ports which have a parity or near parity of rates, including the Canadian ports, and the wide differences which obtain where the several South Atlantic and Gulf ports are equalized. . . . It is apparent that considerable disregard of rail distances is characteristic of all port adjustments, as it was in the establishment of the rates here dealt with." Equalization of Rates, *supra*, at 715, 716.

Even while proclaiming this new rule, the Commission ignores it. Import rates from Portland may remain on a parity with Baltimore in spite of a distance disadvantage of more than 300 miles. Moreover, the present differentials do not in any way reflect the distance differences.

Secondly, one of the purposes of the 1935 amendment to section 3 was, as the Commission had previously pointed out, Equalization of Rates, *supra*, at 716 and cites therein, to permit all ports and the carriers serving them to compete for all import and export traffic and thereby maximizing the number of ports available. The finding in this case, if pressed to its logical conclusion, would result in traffic flowing only through the most distance favored port. On the other hand, if applied only in this case, the decision is arbitrary and capricious.

Thirdly, the Commission has failed to distinguish between rates which carriers may voluntarily publish to meet competition pursuant to section 15(7) and rates which carriers, on complaint under section 3(1), may be required to change. It is now well established that carriers may, within the zone of reasonableness, adjust rates to meet competion — *United States v. Chicago, M., St. P. & P. R.R.*, 294 U.S. 499, 506 (1935); *Texas & Pac. Ry. v. United States*, 289 U.S. 627, 636 (1933); *New York Cent. R.R. v. United States*, 99 F. Supp. 394 (D.C. Mass. 1951) — in which case the issue to be decided is whether the *pro-*

posed rates are lawful. In a complaint proceeding the question is whether the *existing* rates are lawful and, if not, whether they should be required to be changed. However, both the Report and the Report on Reconsideration give continuous indication that the Commission regarded this as a "port" case, not a "railroad" case. For example, the observation that "in the rare instances where rate changes in port relationships have been required by us, distance has been an important consideration," p. 21, Recon., while perhaps true, was totally irrelevant to the issues before it. Distance differences might be relevant insofar as they reflect differences in the cost and value of the services of plaintiff and defendant railroads, see *United States v. Illinois Cent. R.R.*, 263 U.S. 515, 524 (1924), but the Commission made no such cost or value findings nor does the record contain evidence from which it could make such findings. We must, therefore, rule that its conclusion lacks the required basic findings to support it.

The Commission disapproved the plaintiff's proposal on the additional ground that, insofar as New York is concerned, equalization is not necessary to enable that port to compete. This conclusion again is based on a misunderstanding of the nature of the proceedings. While the New York Port Authority and other New York governmental and commercial interests were undoubtedly active participants in the case, the primary issue is whether equalization is necessary to enable the plaintiff railroads to complete. And the evidence showed that the share of traffic handled by these railroads has been declining.

The last reason given in support of its decision is that with respect to the ports of Boston, Albany and Portland, "equalization would not materially affect the flow of traffic to these ports." Not only does this statement completely contradict the Commission's ultimate conclusion of undue prejudice to the southern tier ports, but it ignores the plaintiffs' right to attempt to gain some of this traffic for their lines.

We, therefore, conclude that the Commission's decision is erroneous in law and lacks the rational basis necessary to uphold it and it must be set aside. A judgment may be entered setting aside the order of the I.C.C. and issuing a permanent injunction as prayed for.

s/ **Peter Woodbury,**
Chief Judge,
United States Court of Appeals.

s/ **George C. Sweeney,**
Chief Judge,
United States District Court.

s/ **Francis J. W. Ford,**
United States District Judge.

APPENDIX B

United States District Court
District of Massachusetts

Civil Action No. 61-38-S

Boston and Maine Railroad and The New York, New Haven and Hartford Railroad Company,
Plaintiffs,

v.

United States of America and Interstate Commerce Commission,
Defendants.

Before **Woodbury,** Chief Judge, United States Court of Appeals, **Sweeney,** Chief Judge, United States District Court, and **Ford,** United States District Judge.

JUDGMENT

In accordance with the opinion of the Court handed down on February 16, 1962, it is hereby ORDERED

> The order of the Interstate Commerce Commission of December 5, 1960, insofar as it directs the cancellation of schedules proposing differential-eliminating rates to and from the Ports of Portland, Maine, Boston, Massachusetts, Albany and New York, New York, denies fourth-section application No. 32204, and prevents differential-eliminating rates from becoming effective, is set aside and the operation, enforcement and execution thereof is permanently enjoined.

By the Court.

s/ HELEN I. TWEEDY,
Deputy Clerk.

Approved:

s/ PETER WOODBURY

s/ GEORGE C. SWEENEY

s/ FRANCIS J. W. FORD

Judgment entered February 23, 1962.

JOHN A. CANAVAN,
Clerk.

By s/ HELEN I. TWEEDY,
Deputy Clerk.

APPENDIX C

The National Transportation Policy (Preamble to 49 U.S.C. 1) and the Interstate Commerce Act, 24 Stat. 379, as amended (49 U.S.C. 1 *et seq.*), provide as follows:

NATIONAL TRANSPORTATION POLICY

"It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this Act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; to cooperate with the several States and the duly authorized officials thereof; and to encourage fair wages and equitable working conditions; — all to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as other means, adequate to meet the needs of the commerce of the United States, of the Postal Service, and of the national defense. All of the provisions of this Act shall be administered and enforced with a view to carrying out the above declaration of policy."

* * * * * * *

"Sec. 1 * * * (5) All charges made for any service rendered or to be rendered in the transportation of passengers or property as aforesaid, or in connection therewith, shall be just and reasonable, and every unjust and unreasonable charge for such service or any part thereof is prohibited and declared to be unlawful."

* * * * * * *

"Sec. 3 (1) It shall be unlawful for any common carrier subject to the provisions of this chapter to make, give, or cause any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic, in any respect whatsoever; or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever: *Provided, however*, That this paragraph shall not be construed to apply to discrimination, prejudice, or disadvantage to the traffic of any other carrier of whatever description."

* * * * * *

"Sec. 4(1). It shall be unlawful for any common carrier subject to this chapter or chapter 12 of this title to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through rate than the aggregate of the intermediate rates subject to the provisions of this chapter or chapter 12 of this title, but this shall not be construed as authorizing any common carrier within the terms of this chapter or chapter 12 of this title to charge or receive as great compensation for a shorter as for a longer distance: *Provided*, That upon application to the Commission and after investigation, such carrier, in special cases, may be authorized by the Commission to charge less for longer than for shorter distances for the transportation of passengers or property, and the Commission may from time to time prescribe the extent to which such designated carriers may be relieved from the operation of the foregoing provisions of this section, but in exercising the authority conferred upon it in this proviso, the Commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed; and no such authorization shall be granted on account of merely potential water competition not actually in existence: *Provided further*, That any such carrier or carriers operating over a circuitous line or route may, subject only to the standards of lawfulness set forth in other provisions of this chapter or chapter 12 of this title and without further authorization, meet the charges of such carrier or carriers of the same type operating over a more direct line or route, to or from the competitive points, provided that rates so established over circuitous routes shall not be evidence on the issue of the compensatory character of rates involved in other proceedings: *And provided further*, That tariffs proposing rates subject to the provision of this paragraph requiring Commission authorization may be filed when application is made to the Commission under the provisions hereof, and in the event such application is approved, the Commission shall permit such tariffs to become effective upon one day's notice."

* * * * * *

"Sec. 15 (1)[14] Whenever, after full hearing, upon a complaint made as provided in section 13 of this title, or after full hearing under an order for investigation and hearing made by the Commission on its own initiative, either in extension of any pending complaint or without any complaint whatever, the Commission shall be of opinion that any individual or joint rate, fare, or charge whatsoever demanded, charged, or collected by any common carrier or carriers subject to this chapter for the transportation of persons or property as defined in section 1 of this title, or that any individual or joint classification, regulation, or practice whatsoever of such carrier or carriers subject to the provisions of this chapter, is or will be unjust or unreasonable or unjustly discriminatory or unduly preferential or prejudicial, or otherwise in violation of any of the provisions of this chapter, the Commission is authorized and empowered to determine and prescribe what will be the just and reasonable individual or joint rate, fare, or charge, or rates, fares or charges, to be thereafter observed in such case, or the maximum or minimum, or maximum and minimum, to be charged, and what individual or joint classification, regulation, or practice is or will be just, fair, and reasonable, to be thereafter followed, and to make an order that the carrier or carriers shall cease and desist from such violation to the extent to which the Commission finds that the same does or will exist, and shall not thereafter publish, demand, or collect any rate, fare, or charge for such transportation other than the rate, fare, or charge so prescribed, or in excess of the maximum or less than the minimum so prescribed, as the case may be, and shall adopt the classification and shall conform to and observe the regulation or practice so prescribed."

* * * * * *

"Sec. 15 * * * (7) Whenever there shall be filed with the Commission any schedule stating a new individual or joint rate, fare, or charge, or any new individual or joint classification, or any new individual or joint regulation or practice affecting any rate, fare, or charge, the Commission shall have, and it is given, authority, either upon complaint or upon its own initiative without complaint, at once, and if it so orders without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, fare, charge, classification, regulation, or practice; and pending such hearing and the decision thereon the Commission, upon filing with such schedule and delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such schedule and defer the use of such rate, fare, charge, classification, regulation, or practice, but not for a longer period than seven months beyond the time when it would otherwise go into effect; and after full hearing, whether completed before or after the rate, fare, charge, classification, regulation, or practice goes into effect, the Commission may make such order with reference thereto as would be proper in a proceeding initiated after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change of rate, fare, charge, classification, regulation, or practice shall go into effect at the end of such period; but in case of a proposed increased rate or charge for or in respect to the transportation of property, the Commission may by order require the interested carrier or carriers to keep accurate account in detail of all amounts received by reason of such increase, specifying by whom and in whose behalf such amounts are paid and upon completion of the hearing and decision may by further order require the interested carrier or carriers to refund, with interest, to the persons in whose behalf such amounts were paid, such portion of such increased rates or charges as by its decision shall be found not justified. At any hearing involving a change in a rate, fare, charge, or classification, or in a rule, regulation, or practice, after September 18, 1940, the burden of proof shall be upon the carrier to show that the proposed changed rate, fare, charge, classification, rule, regulation, or practice is just and reasonable, and the Commission shall give to the hearing and decision of such questions preference over all other questions pending before it and decide the same as speedily as possible."

* * * * * *

"Sec. 15a. * * * (2) In the exercise of its power to prescribe just and reasonable rates the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management to provide such service."

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In the Supreme Court of the United States

OCTOBER TERM, 1962

INTERSTATE COMMERCE COMMISSION, APPELLANT

v.

BOSTON AND MAINE RAILROAD, ET AL., APPELLEES

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

JURISDICTIONAL STATEMENT

ROBERT W. GINNANE,
General Counsel,

I. K. HAY,
Associate General Counsel,
Interstate Commerce Commission,
Washington 25, D.C.

MAY 1962

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In the Supreme Court of the United States

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ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

JURISDICTIONAL STATEMENT

OPINIONS BELOW

The opinion of the United States District Court for the District of Massachusetts is not yet reported but is set forth in Appendix A to the Jurisdictional Statement of the Maryland Port Authority, et al., herein. The judgment of the District Court, dated February 23, 1962, is set forth in Appendix B to that Jurisdictional Statement. The report of the Interstate Commerce Commission dated December 5, 1960, *Equalization of Rates at North Atlantic Ports*, is reported at 311 I.C.C. 689, and the report of the Commission on reconsideration is reported at 314 I.C.C. 185, and these two reports and the Commission's order of December 5, 1960, are set forth on pages 1-83, 84-105, and 106-107, respectively, of the Appendix (a separate volume) to the three Jurisdictional Statements herein.[1]

JURISDICTION

The judgment of the District Court was entered on February 23, 1962. Notice of appeal was filed in that court by the Interstate Commerce Commission on March 30, 1962. The jurisdiction of this Court to review the decision of the District Court on direct appeal is conferred by 28 U.S.C. 1253 and 2101(b). *United States* v. *Drum*, 368 U.S. 370.

STATUTES INVOLVED

The pertinent provisions of the Interstate Commerce Act are set forth in Appendix C to the Jurisdictional Statement of the Maryland Port Authority, et al. herein.[2]

QUESTIONS PRESENTED

The District Court set aside an order of the Interstate Commerce Commission which directed the cancellation of reduced rates proposed by railroads serving the ports of New York, Boston, Albany and Portland (the northern tier ports) on export and import traffic moving between those ports and a defined interior territory. The purpose of the rate reductions was to eliminate long established rate differentials favoring Philadelphia, Baltimore and Hampton Roads (the southern tier ports) on such traffic. The questions presented are:

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[1] The Appendix (a separate volume) to the three Jurisdictional Statements herein is hereinafter referred to as App.

[2] The Appendix to the Jurisdictional Statement of the Maryland Port Authority, et al is hereinafter referred to as J.S. App.

1. Whether the District Court erred in rejecting the Commission's conclusion that the proposed differential-eliminating rates would be unduly prejudicial to the southern tier ports in violation of Section 3(1) of the Interstate Commerce Act, in view of the Commission's findings that (a) the railroads serving the southern tier ports enjoy advantages of distance and cost, (b) that under parity rates, such railroads could not compete for such traffic with the railroads serving the northern tier ports, and there would be an undue diversion of such traffic from the southern tier ports to New York?

2. Whether the District Court erred in setting aside the Commission's order on the grounds that the Commission (a) failed to give sufficient weight to the interests of shippers, receivers, carriers, and inland communities (b) gave undue weight to the distance disadvantages of the northern tier ports and to the effect of the proposed rates upon the competitive position of the various ports, and (c) failed to find that the distance disadvantages of the railroads serving the northern tier ports reflect cost disadvantages?

3. Whether the District Court erred in finding that the railroads serving the northern tier ports had met their burden under Section 15(7) of establishing that their proposed rates would be just and reasonable, thereby assuming a primary function of the Commission?

4. Whether in investigating proposed rates under Section 15(7), the Commission must permit railroads to compete for import and export traffic without regard to Section 3(1) and other standards for determining the lawfulness of rates?

5. Whether the District Court erred in rejecting or ignoring the Commission's conclusion that approval of the proposed rates notwithstanding the distance and cost disadvantages of the railroads serving the northern tier ports, would require approval of corresponding rate reductions proposed by the railroads serving the southern tier ports to maintain the differentials at a lower rate level, thereby producing destructive competition and needless dissipation of carrier revenues?

STATEMENT

This case arises out of the competition between New York, Boston, Albany and Portland, Maine (the northern tier ports) and the railroads which serve them, on the one hand, and Baltimore, Philadelphia and Hampton Roads (the southern tier ports) and the railroads which serve them, for import and export traffic to and from "differential" territory. Generally, differential territory comprises western Pennsylvania, Ohio, Indiana, Illinois, and southeastern Wisconsin.[1] For many years, the railroads serving these

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[1] It is defined more specifically in the Commission's first report in this proceeding as follows (311 I.C.C. at 691):

> The territory to and from which equalization of the northern tier ports with Baltimore is initially proposed is roughly that represented by Central Freight Associa

north Atlantic ports have maintained port differential rates under which the rail rates from differential territory to Baltimore and Hampton Roads on most import and export shipments are 3 cents per 100 pounds below the rates to and from New York; the rates to Philadelphia are 2 cents below New York; and Boston rates are on a parity with New York. The Baltimore rates also apply to imports through Portland, Maine, which move to differential territory over the lines of Canadian railroads; in other respects, the Portland rates are on the same level as New York. The Philadelphia rates have been made applicable to Albany, N. Y. *Albany Port District Comm.* v. *Ahnapee & W. Ry. Co.*, 219 I.C.C. 151 (1936).

By tariffs filed to become effective on various dates in 1956, railroads serving the northern tier ports (e.g. New York Central) proposed to reduce their rates on export and import traffic[4] (except iron ore,[5]

---

tion territory, including Illinois Freight Association territory and southern Wisconsin, hereinafter called the affected or differential territory. It includes territory on and west of a line extending from a point just west of Buffalo through Warren, Oil City, Butler, Pittsburgh, and Washington, Pa., Wheeling, W. Va., thence along the east bank of the Ohio River to Kenova, W. Va., including points in West Virginia, Charleston and west thereof, certain points in Kentucky on the lines of The Chesapeake and Ohio Railway Company, and points on the south bank of the Ohio River from Huntington, W. Va., to Cincinnati, Ohio.

[4] American railroads have long maintained rates on imports and exports which are lower than the rates on domestic shipments moving to and from the seaports.

[5] The differential rates on imported iron ore were and are the subject of separate Commission and court proceed-

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coal and coke) to the level of the Baltimore rates, with the admitted purpose of eliminating the long established port differentials. Thereupon, railroads serving the southern tier ports (e.g. Baltimore and Ohio) filed tariffs proposing (if the northern lines' reduced rates were found lawful) to so reduce their import and export rates as to maintain the differentials, but upon a lower level of rates. The Commission suspended all of the proposed rates pending investigation, pursuant to section 15(7) of the Interstate Commerce Act.

Following extensive administrative proceedings, the Commission issued its report and order in *Equalization of Rates at North Atlantic Ports*, 311 I.C.C. 689 (reproduced in pp. 1-83 and 106-107 of the Appendix to the three J.S. herein), finding that the proposed reduced rates to the northern tier ports "are not shown to be reasonably related to the present rates

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ings which are reported chronologically as: The initial decision of the Commission in *Iron Ore From Eastern Ports to Central Freight Association Points*, 291 I.C.C. 527, February 5, 1954; second decision of the Commission in *Iron Ore From Eastern Ports to Central Freight Association Points*, 299 I.C.C. 195 dated October 1, 1956. This decision was challenged in a court proceeding entitled *Baltimore & Ohio Railroad Co. v. United States*, 151 F. Supp. 258 (1957), USDC D. of Md. From this decision an appeal was taken to the Supreme Court, 355 U.S. 175, 178. The matter was remanded to the Commission which reopened the proceeding May 12, 1958. The final report of the Commission, designated as Report of the Commission on Second Further Hearing and Reconsideration, was entered on June 15, 1961, and published in 311 I.C.C. 149. Suits challenging this last decision are pending in the United States District Courts for the Southern District of New York and the District of Maryland.

on like traffic between the same interior points and the southern tier ports, and that the proposed rates would result in undue preference of and advantage to the northern tier ports as a group and in undue prejudice and disadvantage to the southern tier ports (in violation of Section 3(1) of the Interstate Commerce Act) (App., p. 71). Thereafter, the Commission reopened the proceeding for the purpose of reconsideration on the existing record "of the lawfulness of the proposed rates separately and independently on traffic to and from each of the northern tier ports" (App., p. 85). On June 15, 1961, the Commission issued its report on reconsideration (set forth on pp. 84-105 of the Appendix to the three Jurisdictional Statements herein) finding "that the proposed rates to and from Albany, New York, Boston, and Portland, separately and collectively, are not shown to be reasonably related to the present rates on like traffic to and from the southern tier ports, and would cause undue preference of and advantage to the named ports and undue prejudice and disadvantage to the southern tier ports. In other respects, the prior findings are affirmed." (App., p. 102)

In arriving at these conclusions, the Commission made many findings, the principal ones of which may be stated as follows: the present differentials are smaller than they would be if allowed to be set by competitive factors; even under the present rate differentials, New York, by reason of its more frequent ship sailings and similar advantages, handles more general cargo (other than bulk commodities) exports and imports than the southern tier ports combined

(App., pp. 70, 98); under the proposed reduced rates to New York, the revenue would equal or exceed by a very small margin the estimated out-of-pocket costs (App., p. 61); Boston would not be aided by rate parity with the southern tier ports, except perhaps as to grain exports, in that even with its present rate parity with New York it cannot compete with the latter port for general cargo traffic (App., p. 49); undue diversion of most types of traffic from the southern tier ports to New York would result from the proposed rate equalization; (App., p. 70); and, finally,

> * * * The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly established. Thus, approval of respondents' proposed rates would require alternate approval of protestants' proposed rates. This might result in the rates gravitating to their lowest possible level and in a needless dissipation of carrier revenues. We have been given the power to fix rates, among other reasons, for the purpose of preventing destructive competition and promoting the financial stability of the regulated carriers. Failure to observe our obligations in the exercise of that power would find us remiss in our duties. The present differentials have long served to retain a reasonable competitive relationship between the principal port groups and should be maintained (App., p. 70).

The Commission's action was challenged in the court below in a suit brought by the railroads serving Boston and New York and by groups representing the interests of those ports. Southern tier port groups and railroads serving those ports intervened as defendants.[1] On February 16, 1962, the court below rendered its opinion declaring that "the Commission's decision is erroneous in law and lacks the rational basis necessary to uphold it" (J.S. App. A). On February 23, the court below entered its judgment setting aside the Commission's order:

> * * * insofar as it directs the cancellation of schedules proposing differential-eliminating rates to and from the Ports of Portland, Maine, Boston, Massachusetts, Albany and New York, New York, denies fourth-section application No. 32204, and prevents differential-eliminating rates from becoming effective, * * * (J.S. App. B)

On March 1, the court below granted motions for a stay of judgment, conditioned upon the prompt perfection of appeals to this Court.

THE QUESTIONS ARE SUBSTANTIAL

The issues in this case are of the greatest importance both to the North Atlantic ports from Portland, Maine, to Hampton Roads and to the railroads which serve those ports.[1] As summarized in the Commission's report, the competitive rate relationships between these ports and railroads have been the subject of major controversy at least since 1877 (App., pp. 8-11).[2] Under the present and long-established port differential rates, the port of New York and the railroads serving it handle the great bulk of general cargo imports and exports, while Philadelphia, Baltimore and Hampton Roads and the railroads serving them handle most of the bulk cargoes consisting primarily of export grain and import ores. As the Commission found, elimination of the present differentials in favor of rate parity would result in a substantial diversion to New York of import and export traffic which has long been handled by the southern tier ports.

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[1] The original complaints in the court below were directed to the Commission's report of December 5, 1960. At this point, the Department of Justice filed an answer confessing error on the ground that the Commission had failed to consider separately the rates to the individual northern tier ports. Upon the subsequent issuance of the Commission's report on reconsideration and the filing of amended complaints, the Department filed a neutral answer and has not otherwise participated in the case.

Alternately, the decision below throws open the door to destructive competition between the railroads serving the respective North Atlantic ports and to a needless dissipation of the revenues of those carriers. This is because the same freedom of action which the decision below would accord to the railroads serving the northern tier ports, obviously must be accorded to the railroads which serve the southern tier ports.

---

[1] Problems of port differential rates were before this court in *Texas & Pacific Ry. Co. v. United States*, 289 U.S. 627 (1933), holding that a "port" was not a "locality" protected by Section 3(1). In 1935, Section 3(1) was amended to add "ports, port districts, gateways and transit points" to the entities protected by its prohibitions.

[2] Many of the early Interstate Commerce Commission decisions and other materials relating to these port differentials are collected in Daish, *The Atlantic Port Differentials* (1918).

As the Commission found, "The greater distance of the northern tier ports from the [differential] territory, and the higher costs of service to and from those ports, are firmly established" (App., p. 70). In brief, if the decision below stands, the railroads serving the southern tier ports will be free to reduce their rates so as to restore the differentials at a lower rate level, and they have made clear their purpose to do so. Since the greater costs of the railroads serving the northern tier ports will restrict their ability to further reduce their rates, the net result would be continuance of the differentials but with depleted carrier revenues.

Thus, solely in terms of the economic impact of the decision below upon the competing port interests and railroads, we submit that review by this Court is warranted.

Moreover, we contend that the decision below is erroneous in major respects. Thus, the three-judge court held that the Commission's conclusion that the proposed reduced rates by the railroads serving the northern tier ports would violate Section 3(1) was erroneous in that (1) the Commission failed to give due weight to the interests of shippers, receivers, carriers, and inland communities, (2) that the Commission's conclusion "relies on a single subsidiary finding—the distance disadvantage of the northern tier ports", and (3) that "Distance differences might be relevant insofar as they reflect differences in the cost and value of the services of [the competing] railroads * * * but the Commission made no such cost or value findings" (J.S. App., pp. 35-36)

As to (1), the Commission's detailed reports show that it gave detailed consideration to every relevant shipper and carrier interest. In particular, the Commission took into account (as the court below did not) the effect upon the revenues of the competing carriers of a rate war which would result in maintenance of the port differentials at a lower rate level. With respect to (2) and (3), the Commission did indeed take into account the distance disadvantages of the northern tier ports in relation to Baltimore—223 miles in the case of Boston and 117 miles in the case of New York. However, contrary to the statement of the court below, the Commission related distances and costs by its express finding that "The greater distance of the northern tier ports from the affected territory, *and the higher costs of service to and from these ports, are firmly established.*" Moreover, as indicated above, the Commission did not base its conclusion solely upon distance and cost differences, but also took into account the effect of preserving or eliminating the present differentials upon the competing ports and railroads, as well as the financial effect upon the railroads of a restoration of the differentials at a lower rate level.

In addition, the court below stated that in the establishment of the port differentials "No consideration whatever was given to disparity in rail distances then or later" (J.S. App. A, p. 34), and that until this case "the Commission, itself, has continually adhered to the proposition that distance plays no part in the determination of port differentials" (J.S. App. A, p. 34-35). To the contrary, the Commission has never held that differences in distances play no part in determining the lawfulness of rates to the ports; rather, as the court below itself noted (J.S. App., p. 35), the Commission stated that "It is apparent that considerable disregard of rail distances is characteristic of all port adjustments, as it was in the establishment of the rates here dealt with." That distances have been taken into account in port rate adjustments is illustrated by *Hillsborough County Port Authority* v. *Ahnapee & W. Ry. Co.*, 313 I.C.C. 691, 695, 704-705 (May 1961). In any event, if the court below was holding or suggesting that differences in distance are wholly irrelevant as a matter of law, that concept wholly ignores the principles laid down by this Court in *Ayrshire Collieries Corp.* v. *United States*, 335 U.S. 573, 593 (1949) that:

> * * * We would depart from our competence and our limited function in this field if we undertook to accommodate the factors of transportation conditions, distance and competition differently than the Commission has done in this case. That is a task peculiarly for it. In fashioning what the Commission called a differentially related and finely balanced rate structure for this coal, there is no place for dogma or rigid formulae. The problem calls for an expert, informed judgment on a multitude of facts. * * *

The reduced rates proposed by the railroads serving the northern tier ports were placed under suspension and investigation by the Commission pursuant to Section 15(7) of the Interstate Commerce Act. Under these circumstances, the burden of proof to show the lawfulness of the proposed rates was on the proponent carriers. The Commission found that under the proposed rates to and from New York "the revenue * * * would equal or exceed by a very small margin the estimated out-of-pocket costs" (App., p. 61). The Commission specifically refrained from determining whether the proposed rates would be reasonably compensatory pointing out that (App., p. 61):

> * * * a presentation of costs adequate to determine whether the proposed rates would be reasonably compensatory should embrace all types of traffic which those rates are expected to attract, and should reflect the costs of the specific methods by which they would be handled. It may be that other traffic would be forced to absorb a larger portion of the constant costs in order to maintain a national transportation system conforming to the ultimate objectives of the national transpotration policy.

Nevertheless, the court below, concluding that "On this evidence [as to out-of-pocket costs plus *revenue* comparisons which reveal nothing as to costs] the plaintiffs certainly established *prima facie* that the proposed rate schedule is just and reasonable" (J.S. App. A, pp. 32-33), set aside the Commission's order "insofar as it directs the cancellation of schedules proposing differential-eliminating rates to and from the Ports of Portland, Maine, Boston, Massachusetts, Albany and New York, New York * * *" (J.S. App. B, p. 38). In so doing, the court below assumed the Commission's primary responsibility for determining whether proposed rates are reasonably compensatory. As a minimum, this issue should have been remanded to the Commission, and the lower court's failure to do so was clearly erroneous. *Illinois Commerce Commission* v. *United States*, 292 U.S. 474, 481 (1934).

The court below further stated that "the primary issue is whether equalization is necessary to enable the [railroads serving the northern tier ports] to compete" (J.S. App. A, p. 36) We believe that a fair reading of this statement, in context, is a holding that the Commission erred as a matter of law in according weight to the effect upon the ports of elimination of the rate differentials. We submit that such a concept that the competitive relationships between the ports are wholly subordinate to the competitive needs of particular railroads is entirely inconsistent with this Court's recently expressed recognition of the relevance of the interrelationship between rates on imported iron ore from these same ports to differential territory. *Interstate Commerce Commission* v. *Baltimore & Ohio R. Co.*, 355 U.S. 175, 178 (1957).[9]

Finally, the court below did not even discuss the Commission's further conclusion that approval of the

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Elsewhere, (J.S., App. A, p. 25) the court below may have been holding or suggesting that the Commission's powers to deal with such rate relationships are less in an investigation and suspension proceeding under Section 15(7) of the Act than in a proceeding on a complaint alleging violation of Section 3(1). To the contrary, Section 15(7) specifically provides that in proceeding under that section "the Commission may make such order with reference thereto as would be proper in a proceeding initiated after it had become effective."

proposed rates would require that the lines serving the southern tier ports be allowed to use their cost advantages to restore the differentials at a lower rate level—with a resulting dissipation of carrier revenues. The failure of the court below to even discuss this aspect of the Commission's decision was error.

The inadequacy of the decision below in dealing with the complex and important problems of this case may be specifically illustrated by two matters. Thus, in criticizing the Commission's consideration of relative distance to the ports, the court below stated that "Even while proclaiming this new rule, the Commission ignores it. Import rates from Portland may remain on a parity with Baltimore in spite of a distance advantage of more than 300 miles" (J.S. App. A, p. 35). In fact, as the Commission pointed out in its report (App., p. 101), Portland enjoys import rates on the Baltimore level to differential territory only via routes of Canadian railroads whose lines extend from Portland through Canada to that territory, and whose rates are not subject to regulation by the Commission.

Similarly, the court below stated that the Commission's ultimate conclusion of undue prejudice to the southern tier ports was completely contradicted by its statement in its report on reconsideration that "so far as Boston, Portland, and Albany are concerned, such [rate] equalization would not materially affect the flow of foreign traffic through any of those ports" (J.S., App. A, p. 36). The criticized statement is based upon the fact that Boston and Portland, which already have the same rates as New York, and Albany, which has lower rates on the same basis as Philadelphia, cannot now compete effectively for general cargo traffic against New York with its non-rate advantages (e.g., more frequent sailings). For such traffic, Boston, Albany and Portland must compete with New York (which already has most of it)—rather than with the southern tier ports which have relatively little of it even under the existing rate differentials.

Generally, the decision below comes close to holding that differences in distance (and related costs) are totally irrelevant in determining the lawfulness of these competitive rates on import and export traffic, and that the controlling interest is the freedom of the railroads serving the respective ports to compete for such traffic in total disregard of effect upon the ports or upon the carriers' own revenues. We submit that such a result deletes "ports" from the protection of Section 3(1), and ignores the objective of the National Transportation Policy to encourage "sound economic conditions in transportation."

CONCLUSION

This appeal raises substantial questions which are of great importance both to the ports and railroads involved and in the maintenance of sound transportation conditions. It is respectfully submitted that probably jurisdiction should be noted.

Respectfully submitted.

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MAY 1962

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IN THE

Supreme Court of the United States

OCTOBER TERM, 196~~1~~2

INTERSTATE COMMERCE COMMISSION, *Appellant*,
v.
BOSTON AND MAINE RAILROAD, ET AL., *Appellees*.

MARYLAND PORT AUTHORITY, BALTIMORE ASSOCIATION OF COMMERCE, DELAWARE RIVER PORT AUTHORITY, THE CITY OF PHILADELPHIA, VIRGINIA STATE PORTS AUTHORITY, AND NORFOLK PORT AND INDUSTRIAL AUTHORITY, *Appellants*,
v.
BOSTON AND MAINE RAILROAD, ET AL., *Appellees*.

THE BALTIMORE & OHIO RAILROAD COMPANY, CANTON RAILROAD COMPANY, THE CHESAPEAKE AND OHIO RAILWAY COMPANY, NORFOLK AND WESTERN RAILWAY COMPANY, THE PENNSYLVANIA RAILROAD COMPANY, AND WESTERN MARYLAND RAILWAY COMPANY, *Appellants*,
v.
BOSTON AND MAINE RAILROAD, ET AL., *Appellees*.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

SEPARATE APPENDIX
To All Jurisdictional Statements

ORIGINAL REPORT, REPORT ON RECONSIDERATION, and ORDER OF THE INTERSTATE COMMERCE COMMISSION

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REPORTS AND ORDER OF THE INTERSTATE COMMERCE COMMISSION

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ORIGINAL REPORT	App. 1
REPORT ON RECONSIDERATION	App. 84
ORDER	App. 106

INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION DOCKET NO. 6615[1]

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

311
I.C.C.
689

Decided December 5, 1960

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1. Schedules of proposed reduced class and commodity rates on export and import traffic between interior points in differential territory and New York and Albany, N.Y., Boston, Mass., and Portland, Maine, affecting their relation to the present rates on like traffic to and from Baltimore, Md., Philadelphia, Pa., and Norfolk and Newport News, Va., found not shown to be just and reasonable, and to result in undue prejudice and preference as between the ports named.
2. Schedules of proposed reduced rates on like traffic between the same interior points and the ports last named, found not shown to be just and reasonable.
3. Schedules ordered canceled, and fourth-section application denied.

J. H. Colgren, R. E. Costello, J. F. Reilly, R. G. Bleakney, Jr., M. R. Warnock, J. T. Clark, B. Hulkhower, W. Q. Keenan, N. J. Holland, J. W. Grady, G. J. Schwartz, and S. W. Scully for respondents.

S. Goldstein, F. A. Mulhern, E. K. Laux, A. L. Winn, Jr., S. H. Moerman, J. S. Payne, W. J. Myskowski, C. H. Tenney, S. Mandell, S. Brandes, L. J. Lefkowitz, P. Blair, D. F. Tynan, J. B. McDonald, A. C. Welsh, C. W. Merritt, P. C.

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[1] This report embraces also fourth-section application No. 32204, Import and Export Rates from and to North Atlantic Ports.

Brown, J. J. Thornton, J. F. Toppeta, H. E. Foley, G. Waldstein, G. E. Pratt, D. F. Pinsky, J. T. Ryan, R. G. Curry, F. M. Dolan, M. D. Miller, J. H. Macomber, Jr., F. W. Denniston, A. G. Brand, L. B. Hillsinger, C. W. Bucy, E. L. Saunders, L. M. Shinn, J. L. Pease, J. S. Chartrand, and W. B. Grimes in support of respondents.

J. Langdon, Jr., R. R. Bongartz, C. J. Henry, Jr., J. S. Shannon, R. B. Claytor, J. W. Hanifin, H. Biaett, M. A. Meyer, Jr., W. J. Taylor, A. W. Hesse, Jr., R. J. Gunning, J. H. Lewin, W. C. Purnell, and W. P. Quinn for protestant railroads.

D. Macleay, W. Price, Jr., M. Duane, F. W. Sullivan, B. A. Wallace, D. Berger, A. M. Ruben, W. C. Burt, R. M. Beckman, H. L. Walker, P. G. Kraemer, C. R. Seal, H. E. Ketner, C. McD. Gillan, W. L. Marbury, J. M. Jones, Jr., and H. E. Mesirow for other protestants.

W. H. Wagner for an interested shipper.

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REPORT OF THE COMMISSION

BY THE COMMISSION:

Exceptions to the examiner's proposed report were filed by the respondents and port interests of New York and Boston, and the protestants and the several port interests supporting them replied. We have heard the parties in oral argument. Exceptions and requested findings not discussed herein nor reflected in our findings or conclusions have been considered and found not justified.

By schedules filed to become effective on July 10, 1956, and later dates, railroads which serve the ports of New York and Albany, N.Y., Boston, Mass., and Portland, Maine (except as hereinafter indicated), and connecting railroads, herein referred to as the respondents, proposed to reduce the rates[2] on export and import traffic, except iron ore, coal, and coke which is the direct product of coal, between those ports, hereinafter referred to as the northern tier ports, and points in the interior in an area on and north of the Ohio River, generally west of the Buffalo, N.Y.-Pittsburgh, Pa., line, and extending to the Mississippi River. The purpose of the proposal is to equalize the rates, on the Baltimore, Md., basis of rates, on such traffic to and from those ports with the rates on like traffic to and from the ports of Philadelphia, Pa., Baltimore, and the Hampton Roads ports in Virginia, hereinafter called the southern tier ports, and thus abolish the so-called port differentials which have obtained in connection with these rates for many years.

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[2] Rates and differences in rates are stated per 100 pounds, except as otherwise indicated.

By schedules filed to become effective simultaneously with those of the respondents, certain railroads which serve the southern tier ports, some of which also serve New York, for convenience herein referred to as the protestants, proposed to reduce the rates between the southern tier ports and the same interior territory, except as hereinafter described, by the same amounts, and to reduce their rates to and from New York by the same amounts as proposed by their competitors, the respondents. This counter proposal, in the event that the respondents' proposed rates were found lawful, would restore the present differentials, thus maintaining the longstanding port relationships, but upon a lower level of rates.

Upon protests of certain of each group of railroads, the one opposing and the other favoring equalization of the ports, and the several port interests and other parties supporting their respective positions, the operation of the proposed schedules was suspended until February 9, 1957, and the proponents of the schedules have voluntarily deferred their operation until the disposition of this proceeding. Certain, but not all, connecting railroads which participate in the rates to both the northern and southern tier 691 ports, in order to remain competitive, joined in the respective suspended schedules.

By fourth-section application No. 32204, filed concurrently with the proposed schedules and heard in connection with the title proceeding, the respondents seek authority to establish and maintain the proposed rates over their lines without observing the long-and-short-haul provisions of section 4 of the Interstate Commerce Act.

The territory to and from which equalization of the northern tier ports with Baltimore is initially proposed is roughly that represented by Central Freight Association territory, including Illinois Freight Association territory and southern Wisconsin, hereinafter called the affected or differential territory. It includes territory on and west of a line extending from a point just west of Buffalo through Warren, Oil City, Butler, Pittsburgh, and Washington, Pa., Wheeling, W. Va., thence along the east bank of the Ohio River to Kenova, W. Va., including points in West Virginia, Charleston and west thereof, certain points in Kentucky on the lines of The Chesapeake and Ohio Railway Company, and points on the south bank of the Ohio River from Huntington, W. Va., to Cincinnati, Ohio.

Some of the western railroads serving points in northern Illinois, Mississippi River cities, and Wisconsin did not join in the proposed equalization. Thus, if the respondents' proposal became effective, it would cause an increase in the present rate spreads from such points as Davenport, Iowa, and Madison, Wis., over Chicago, Ill., mentioned later herein.

Equalization is proposed only in connection with import and export rates published as such. Eventually it is intended to effect equalization as to all territory to and from which the recognized port differentials have been maintained and as to all export and import traffic, irrespective of the type of rate on which it moves. The protestants are apprehensive of the widespread collateral effects of the equalization of rates on such traffic, including traffic moving on combination rates; also the rates on coastwise and intercoastal traffic, and the domestic rates to and from the ports. There are numerous unrestricted domestic commodity rates to and from the North Atlantic ports which reflect the port differentials and under which there is a substantial movement of export-import traffic.

Differential rates on export-import traffic between the Hampton Roads ports and the interior apply only from and to the portion of differential territory which lies west of the line of The Baltimore and Ohio Railroad Company through Sandusky, Mansfield, Newark, Zanesville, and Marietta, Ohio, thence the Ohio River to Kenova; including points on the lines of the Chesapeake & Ohio and The New York Central Railroad Company in the portion of 69 West Virginia which lies in central territory.

The recognized differences in the present rail rates on import and export traffic, commonly known as the port differentials, including those at Canadian North Atlantic ports, are shown below:

Port	Differentials, in cents per 100 pounds					
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6
Import traffic						
Canadian ports (same as Baltimore)						
Portland (Baltimore rates via Canadian routes; New York rates via standard routes)						
Boston (same as New York)						
Albany (Philadelphia rates, subject to domestic rates as maxima)						
Philadelphia under New York	6	6	2	2	2	2
Baltimore under New York	8	8	3	3	3	3
Hampton Roads[1] (same as Baltimore)						
Export traffic						
Canadian ports:						
Halifax, St. John, et cetera (same as New York)						
Montreal (same as Philadelphia)						
Portland						
Boston (same as New York)						
Albany (Philadelphia rates, subject to domestic rates as maxima)						
Philadelphia under New York:						
Grain, 0.5 cent under New York	2	2	2	2	2	2
Flour, 1 cent under New York						
Baltimore under New York:						
Grain, 1.5 cents under New York	3	3	3	3	3	3
Flour, 2 cents under New York						
Hampton Roads[2] (same as Baltimore)						

[1] To territory west of the Sandusky, Mansfield, Zanesville, Marietta line.

[2] From territory west of the Sandusky, Mansfield, Zanesville, Marietta line.

On commodity rates, other than on export grain and flour, the same differentials are generally maintained as on class rates.[3] Thus, it will be observed that, except as to the export rates on grain and flour and as to imports moving on first-class or second-class rates, the present recognized differential is 3 cents, Baltimore and Hampton Roads under New York.

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[3] The rates on import iron ore from Baltimore and Philadelphia to the Pittsburgh area have been on a parity for over 50 years. See *Iron Ore from Eastern Ports to C.F.A. Points*, 291 I.C.C. 527, 536.

In applying the general increases in rates, usually in percentage form, which we have authorized since World War II, the railroads were admonished to restore these differentials. This was done quite promptly on grain and a few other commodities. However, there were extended periods, as much as 3 to 5 years, when, because of extenuating circumstances, rate relationships generally more favorable to the southern tier ports than those reflected by the normal differentials prevailed, thus disturbing the channels of trade. The differentials, normally 3 cents were
693 in numerous instances as much as 5 cents. These disruptions had not been corrected at the time of the traffic study, hereinafter described. Prompt restoration of the differentials was required in *Increased Freight Rates, E., W., and S. Territories, 1956*, 300 I.C.C. 633, 682-684, decided August 6, 1957.

Where class rates apply on this traffic, they are the old docket 15879 rates to and from Baltimore, with those to and from ports north thereof reflecting the above-indicated differentials, except as altered by the disruptions. For example, the class 27.5 import rates to Chicago, including the Ex Parte No. 196 increases, are 96 cents from Boston and New York and 92 cents from Baltimore, as compared with the docket 28300 domestic class rates of 114, 108, and 101 cents, respectively. Under respondents' proposal the 96-cent rate would become 92 cents.

Typical present rates (exclusive of increases authorized in Ex Parte No. 212) are as follows: On imports, in carloads, from New York, 152 cents on bananas to Detroit, Mich.; 169 cents on machinery, n.o.i.b.n., to St. Louis, Mo.; 91 cents on crude rubber to Akron, Ohio; 48 cents on ball or china clay to Erie, Pa.; and 671 cents per gross ton on chrome ore to Marietta, Ohio. On exports, in carloads, to New York, 269 cents on automobiles from Flint, Mich.; 114 cents on glass containers from East St. Louis, Ill.; 34

cents (proportional) on wheat from Chicago; 48 cents on manufactured iron and steel articles from Pittsburgh; 112 cents on packinghouse products from Chicago; and 96 cents on tractors from Peoria, Ill. Except on grain, the corresponding Baltimore rates are 3 cents (60 cents when the rates are published per ton) lower than those shown.

Except for the disruption occasioned by the general increases, above mentioned, and which was subsequently corrected, no increase has been made in the differentials which favor the southern tier ports for over 80 years. But the increase in rate level which occurred over those years has proportionately decreased their significance. For example, the sixth-class rates between Chicago and New York-Baltimore were 25 cents and 22 cents from 1877 to 1914. If the increases since authorized, through Ex Parte No. 206, had been applied to those rates they would now be 115 cents and 99 cents, respectively, and would reflect a differential of 16 cents. The increased value of goods has likewise diminished the relative significance of the differential.

When the present differentials were established there were higher ocean rates to and from Baltimore and Philadelphia than to and from the northern tier ports. The differentials were designed, and their effect was, to compensate for the differences in these ocean rates in favor of the northern tier ports. Thus, they tended to produce equal total transportation charges between an interior point and the foreign origin or destination over all routes through 694 the several ports, affording the different railroads and ports competitive rates.

Beginning in the early twenties and extending to about 1935, the ocean rates to and from the different ports were equalized. Consequently, the sum of the rail and ocean transportation charges through the northern tier ports served by the respondents became higher than the sum of those charges through the southern tier ports served by the protestants, by the amounts of the above differentials. The respondents and those supporting them here contend that as a result the northern tier ports cannot effectively compete for the traffic, and their share thereof has become actually and relatively less while the southern tier ports have increased their share of the total foreign trade through the North Atlantic ports. The evidence relied upon to support these claims is hereinafter discussed.

The respondents' proposal to abolish the differentials, if made effective, would generally provide an equality of aggregate transportation charges, rail and ocean, between foreign countries and points in the affected territory for the whole range of North Atlantic ports, including Albany. As the respondents do not serve Philadelphia, their proposal to equalize the northern tier ports with Baltimore, if found lawful, presumably would require that the Philadelphia rates also be reduced to the Baltimore basis.

In addition to the respondents, those presenting evidence in support of the proposed equalization include the City of New York, the State of New York, the Port of New York Authority, hereinafter called the authority, the Port of Boston Commission, The Greater Boston Chamber of Commerce, The Chamber of Commerce of the State of New York, The Brooklyn Chamber of Commerce, the Albany Port District Commission, the U.S. Department of Agriculture, the General Services Administration, the Board of Trade of the City of Chicago, and numerous trade and traffic associations in the New York and northern New Jersey port area.

The protestant railroads which urge continuation of the differentials are supported by the Maryland Port Authority, the Virginia State Ports Authority, the Delaware River Port Authority, the city of Philadelphia, the Baltimore Association of Commerce, and the Chamber of Commerce of Greater Philadelphia.

The present differentials, except for brief periods of disagreement between the carriers during the eighties, have been in effect since 1877[1] as the result of an agreement entered into by four North Atlantic port railroads, which had two objectives: To avoid misunderstanding as to the geographical advantages and disadvantages of New York, Philadelphia, and Baltimore as affected by railroad-ocean transportation, and to effect an equalization of rail-ocean transportation cost between interior points and foreign ports reached through those cities. It provided also that rates to and from Boston should be no less than those to and from New York. In 1882, the differentials agreed upon were the subject of an investigation made at the request of the principal terminal railroads serving those ports, conducted by the Thurman-Cooley-Washburn Advisory Commission. It concerned the differentials on domestic as well as foreign traffic. In its report therein, the so-called Cooley award, that commission concluded that the then existing differentials should not be disturbed. The respondents introduced that report in evidence, and direct particular attention to the following paragraph thereof: 695

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[1] So-called split differentials, one-half the standard differentials, were established on grain in 1899. See *In the Matter of Differential Rates*, 11 I.C.C. 13, 20.

> But we do not assume that the rates which are just today will be just indefinitely. They have become established by the force of circumstances and they ought to give way if future circumstances shall be such as to render it right and proper. They constitute a temporary arrangement only: equitable as we think for the present, but which may become inequitable before the lapse of any considerable time. Whenever they shall be found to operate unfairly and to give a force or unnatural direction to trade and whenever it shall appear that they tend to deprive any of the seaports affected by them of the proportion of business that would naturally come to it under the operation of normal competition, the want of equity in the rates will appear and it will be right to modify or perhaps abolish them.

Of the three principles referred to in the report, mentioned variously by the parties as controlling these port relationships: that is, the distance principle, the cost principle, and the "competitive" principle, the last named was found to be the true one and was qualified only to the

extent that it should operate in an atmosphere of controlled rate stability rather than of uninhibited rate cutting and competitive strife, the objective being the preservation and promotion of the prosperity of the several ports, not only from the standpoint of their local interests but in the interest and welfare of the people of the Nation as a whole. This principle of "competitive opportunity," stated by Albert Fink, commissioner of the trunklines, to whom the subject of differential rates had been referred, in his report of December 1, 1881, appears to have been the norm used in testing the soundness of the differentials from their inception.[5] Thus, the advisory commission concluded that the differential rates reflected and were subordinate to that principle, by the operation of which they had come into existence, and that under the circumstances then existing
696 they should not be disturbed. However, it added the paragraph above quoted which the respondents, as already indicated, deem significant in its bearing upon the instant controversy.

A detailed history of the differential adjustment is contained in appendix B to the report in *Maritime Assn., Boston Cham. of Com. v. Ann Arbor R. Co.*, 95 I.C.C. 539, 583. As early as 1905, and in a number of proceedings both prior and subsequent to the equalization of the ocean rates, we considered the lawfulness of that adjustment, when assailed by one or more of the port interests, and consistently upheld it as lawful. See *Lighterage Cases*, 203 I.C.C. 481, 504. This is the first instance in which any port railroads have proposed to alter the adjustment.

In *Albany Port District Comm. v. Ahnapee & W. Ry. Co.*, 219 I.C.C. 151 (1936), in which the port of Albany assailed the domestic rates, then applicable on its foreign traffic, as unreasonable and unduly prejudicial to it and unduly preferential of other North Atlantic ports, our decision, made in the light of the 1935 amendment bringing ports and port districts within the scope of section 3 of the act, prescribed reasonable rates on all port traffic between central territory and Albany on the Philadelphia basis, and required that the undue prejudice to Albany and preference of the other ports therein found be removed by establishing rates which reflected that relationship. In *Export Grain from Buffalo to New York*, 278 I.C.C. 31, 292 I.C.C. 647, we found lawful reduced rates proposed by the railroads, the respondents herein, on ex-lake grain for export from Buffalo to the northern tier ports, and which were on a parity with those of Baltimore. That adjustment is unrelated to the one here in issue. *Maritime Assn., Boston Cham. of Com. v. Ann Arbor R. Co.*, 126 I.C.C. 199, 208-209, 214. In a recent proceeding, import rates on iron ore from Philadelphia and New York to certain destinations in the affected territory the same as those from Baltimore, were found lawful. *Iron Ore from Eastern Ports to C.F.A. Points*, 291 I.C.C. 527, 299 I.C.C. 195 (this proceeding was reopened and is pending). The rates on import iron ore are not in issue herein.

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[5] See Daish, "Atlantic Port Differentials," p. 9. The principle was recognized by the Commission in a proceeding in which the differential rates on grain and flour to New York for export, were assailed. The complaint was dismissed. See footnote 4.

The principal respondents are the New York Central which serves New York, Boston, and Albany; the Erie Railroad Company, The Delaware, Lackawanna and Western Railroad Company, and the Lehigh Valley Railroad Company which serve New York; The New York, New Haven and Hartford Railroad Company which serves New York and Boston; and the Boston and Maine Railroad which serves Boston and Portland. The principal protestants are the Baltimore & Ohio and The Pennsylvania Railroad Company which serve Baltimore, Philadelphia, and New York; the Reading Company which serves Philadelphia; and the 697 Western Maryland Railway Company which serves Baltimore. The protestants serving Hampton Roads are the Pennsylvania, the Chesapeake & Ohio, the Norfolk and Western Railroad Company; and the Virginia Railway Company. Since the hearing the two last-named carriers have merged, as have the Erie and the Lackawanna.

The Maine Central Railroad Company, which also serves Portland, occupies a unique position. It reluctantly joined in the proposed reduced export rates to that port on the Baltimore basis, to avoid having the highest rates to any United States Atlantic port if the rates proposed by the other respondents were to become effective. Import rates on certain commodities from Portland to the affected territory are on the Baltimore basis and are published by the Canadian railroads, including the Grand Trunk Railway System, whose lines extend from Portland through Canada to the affected territory. The Maine Central participates in those rates, which are on the Baltimore level, differentially lower than the present rates from New York and Boston. It opposes the respondents' proposed import rates, which would eliminate the present differential.

The respondents contrast the present inequality in rail rates to and from the North Atlantic ports with adjustments of export and import rates to and from the South Atlantic and Gulf ports. The South Atlantic ports from Morehead City, N.C., to Jacksonville, Fla., and the Gulf ports are grouped as to import-export rates from and to central territory west of the lines of the Monon Railroad extending from Michigan City to Indianapolis, Ind., and of the New York Central thence to Cincinnati. Such equalization also obtains to and from a large portion of western trunkline territory. Similarly, the Gulf ports from Pensacola, Fla., to Corpus Christi, Tex., are equalized on both export and import traffic from and to portions of Illinois, Iowa, Missouri, and eastern Kansas. Between these South Atlantic and Gulf ports and certain points in the affected territory served by the eastern railroads, including the New York Central, the Pennsylvania, and the Baltimore & Ohio, the rates are generally lower than those to and from New York. Since 1947 these railroads, in order to be in a position to compete with other lines for this traffic, have participated in such rates which are either on the Baltimore basis or lower.

The respondents' position is that, as they are faced with diminishing traffic and the differences in the ocean rates to and from the North Atlantic ports have long since disappeared, the principle of the right to compete, which per-

mitted establishment of the equalized rates to and from the 698
South Atlantic and Gulf ports, to the extent above indicated, should be applied to the North Atlantic ports.

Other factors threatening to affect their competitive position, and which motivated the respondents in their decision to equalize the North Atlantic port rates, were (1) the then imminent completion of the St. Lawrence Seaway, recently opened to deep draft vessels, with its potential attraction for grain and other traffic, which they consider makes it all the more imperative that their rail rates be the same as those of the southern tier port lines in their competition for the remaining traffic and the generation of new tonnage to replace that diverted, and (2) the depletion of iron ore reserves in the upper Great Lakes region, adversely affecting the New York Central ex-lake ore traffic to the Youngstown, Ohio, and Pittsburgh areas.

Another consideration urged by the respondents is that the railroads serving the ports of Philadelphia, Baltimore, and Hampton Roads move large tonnages of export and tidewater coal to those ports, which in recent years have increased substantially and promise to continue; and that due to the geographical origin of this coal it is doubtful if much of it would be available to the ports of New York and Boston, but that such traffic affords a backbone of revenue-producing tonnage to the southern tier port roads which is important to their successful operation and prosperity, with the consequence that the conditions are now the reverse of those which induced establishment of the differentials, predicated on the concept of aiding weak or handicapped ports. The respondents argue also that the heavy importation of iron ore provides an important revenue contribution, especially to the Baltimore and Philadelphia roads. Their evidence, however, indicates wide fluctuations from year to year in coal tonnage. In 5 of the years in the postwar decade, the volume handled through Hampton Roads was less than half that in 1955, dropping from 20 million tons in 1947 to 2 million tons in 1950. Proportionately greater fluctuations occur at Baltimore. Its volume of 11.4 millions tons in 1947, the peak year, declined to 0.3 million in 1950.

rose to 4 million in 1951, and dropped to 0.6 million in 1954. Imports of iron ore through Baltimore and Philadelphia in the same decade were more stable, the volume expanding quite consistently. However, the proportion of this volume which is utilized in those port areas and the extent to which the remainder contributes to railroad revenues is not disclosed. The rates on such ore to the affected territory are the subject of other pending proceedings.

The respondents contend that a change in conditions has occurred in the transportation of foreign commerce through the North Atlantic ports since the differentials were established; that following equalization of the ocean rates, completed in 1935, the higher northern tier port rates had the effect of diverting a large share of the traffic to and from the affected territory through the ports south of New York; and that the full effect of this diversion was not immediately felt, but the peacetime shipping following World War II disclosed the impact of that change, as a result of which a preference of the southern tier ports now exists. In this connection they quote from *New York Produce Exc. v. Baltimore & O.R. Co.*, 7 I.C.C. 612 (1898), in which it was found that disturbance of the differentials, which had then been observed for over 20 years, was not justified. However at page 620 appears this statement: "Manifestly, however, the conditions which determine the fairness of a differential are continually varying," and on page 669 it is pointed out that "actual observation of the effect of these preferences is the best if not the only means of determining their fairness * * *." They also cite *Cham. of Com. of State of N.Y. v. N.Y.C. & H.R. Co.*, 24 I.C.C., 55 57, where this Commission said, with reference to the North Atlantic port adjustment: "We are not to be understood as holding that the present rate adjustment will for all time or for any particular period of time be just and reasonable. * * *" The respondents accept the view expressed by the Thurman commission in 1882, reiterated in the report first cited, that the most satisfactory test of these differentials is the result of their operation. As they put it, "the crucial test for Commission consideration is the proven traffic diversion, which continues today."

The position of the authority, in which the State of New York and the city of New York join, is that the overall decline in foreign tonnage through the port of New York in recent years indicates that the proposed reduced rates are necessary to enable the respondents to compete on more nearly equal terms with the railroads serving the southern tier ports, and that, with an equality of ocean rates, there is no competitive necessity for a rail rate differential against New York.

After the respondents had presented their evidence in chief, as provided by special rules of procedure, a petition was filed by the principal protestant railroads requesting that we institute, as part of these proceedings, an investigation into the cost of rail transportation of all export and import traffic to and from the port of New York, particularly with relation to the terminal costs of the respondent railroads at that port. In their reply the respondents urged that their proposal raised only a question of rate relationships between the North Atlantic ports and required no investigation of the level of those rates. The petition was denied on the ground, *inter alia*, that the burden of establishing the lawfulness of the proposed reduced rates to the northern tier ports rested upon the respondents.

The position of the protestants serving Baltimore and Philadelphia is (1) that the respondents have not sustained their burden of showing that the suspended rates between New York, Boston, and Albany and the affected territory would be lawful, nor that those rates from and to New York would be compensatory or competitively justified; and (2) that the southern tier ports would be seriously injured if the present differentials were abolished. They urge also that there is no justification for rates to and from Boston lower than those to and from New York. 700

The protestants serving the Hampton Roads ports (except the Pennsylvania) contend that no competitive need has been shown for the respondents' proposed reduced rates, and they are not shown to be just, reasonable, consistent with the national transportation policy, or otherwise lawful. Their evidence is directed almost wholly to the proposal as it relates to New York. That port, they say, is "the real competition faced by Hampton Roads."

With respect to their suspended schedules, which are in the nature of a counter proposal, the protestants are in agreement that this proceeding presents a basic issue of rate relationship between the port of New York and the southern tier ports. Accordingly, they request that this issue be decided on the present rate level so as to avoid needless sacrifice of carrier revenue, which would result in the event all of the schedules should become effective. As it is clear that the sole issue is one of lawful rate relationships, determination of that issue may appropriately be made independently of the counter proposal. In view of our conclusions herein, the evidence presented in support of the counter proposal need not be considered. See *Export Grain from Buffalo to New York*, on further hearing, *supra*, at page 658.

Excluding goods exported to Canada and Mexico, which comprise about 30 percent of all the foreign trade of the United States, the movement of United States manufacturers to foreign markets has been steadily declining. The principal movement of both exports and imports is raw materials, and to a lesser extent, semifinished goods.

Oceanborne commerce is classified into two types of cargo. By far the largest in volume is bulk cargo. It consists generally of low-value, heavy-volume raw materials which are handled at the port by mechanical facilities and provide bottom loading for ships or may move as full cargoes. The other type, called general cargo, includes principally manufactured and semimanufactured goods of relatively high value, which are usually packaged. General cargo generally constitutes the more profitable "top loading" for ships in a balanced cargo operation.

The type of traffic determines the character and to a large extent the cost of the port terminal service which the port railroads perform in delivering traffic to or receiving traffic from the ship, although the facilities employed may vary widely depending upon the physical characteristics of the harbor used. Another important distinguishing characteristic lies in the relative commercial and economic benefits which a port derives from these different types. General cargo, which requires the performance of various and numerous services, including handling and stevedore service and the supplementary port services hereinafter described, provides greater employment and produces a far greater revenue per ton for the port community through which it moves than bulk cargo does, which is mostly handled by specialized mechanical facilities such as those used in unloading grain and coal. However, both types of cargo are considered essential to a healthy port economy.

North Atlantic port foreign commerce. — The principal exports of the United States are grain, cotton, other raw materials such as coal and phosphate, and semimanufactures. The large volume imports are chiefly crude materials, such as petroleum and ores.

Foreign trade through United States coastal ports in 1955, expressed in net tons, consisted of 144 million tons of imports and 96 million tons of exports, a total of 240 million tons, as compared with a total of 83 million tons in 1923 and 124 million tons in 1946. In 1955 the North Atlantic ports' share was 102 million tons or about 71 percent of the imports, and 54 million tons or about 56 percent of the exports, as compared with 61 percent of the imports and 48 percent of the oceanborne exports in 1923. The principal bulk cargo moving through these ports includes petroleum, ores, grain, and coal.

North Atlantic bulk cargoes. — Petroleum imports through the North Atlantic ports rose from 5.5 million tons in 1923 to 65 million tons in 1955. The preponderance of the increase was through the ports of New York and Philadelphia. Most of this traffic consists of crude petroleum which is refined near the ports, and residual fuel oil consumed on or near the seaboard, which seldom, if ever, moves by rail. Little or none of it moves to differential territory.

Importation of iron ore through the North Atlantic ports aggregated 16.8 million tons in 1955. This ore enters for the most part through Baltimore and Philadelphia, with a relatively small volume through Hampton Roads and Boston, and a negligible amount through New York. It moves to some extent in full cargoes in chartered or private vessels. The rates thereon are not here in issue.

Other imports of ores and concentrates, the rates on which are embraced herein, move in much smaller volume than iron ore. They consist chiefly of chrome, copper, luminum, and manganese. Especially since 1946, they have moved in substantial and increasing volume, generally in bulk, but some in drums or barrels. These ores, of which 5.1 million tons were moved through North Atlantic ports in 1955 (1.5 million tons to the affected territory), enter mostly through Baltimore, Philadelphia, and New York, with much smaller but increasing volumes through Hampton Roads.

Coal, also not here concerned, with 34 million tons in 1955, is by far the chief commodity exported through the North Atlantic ports as a group. It moves generally in full cargo lots in tramp or chartered vessels. The great preponderance moves through Hampton Roads; the tonnage handled at that port increasing from 2.7 million tons in 1923 to 29.4 million tons in 1955, while that through Baltimore increased from 1.4 million to 3.7 million tons. During that period the combined volume through New York and Philadelphia was substantial only in 1945 to 1949 and in 1951 and 1952, but even in those years their aggregate volume was less than that at Baltimore. Thus, the increase in coal exports through the North Atlantic ports was most notable at Hampton Roads.

From the standpoint of volume, grain is the second most important commodity exported through these ports; increasing from 4.2 million tons in 1923 to 5.4 million tons in 1955. It is the chief export, and by far the most important bulk commodity, of the tonnage moving to and from the affected territory. From 1923 to 1955 there were large increases in the tonnage to Baltimore and Hampton Roads, a lesser increase to Albany, and a decrease in the volumes through New York, Philadelphia and Portland. The net result was an increase from 58 to 73 percent of the North Atlantic port total for the southern tier ports, and a drop from 42 to 27 percent of that total for the northern tier ports. Grain requires special port terminal facilities and moves largely in full cargo lots. The 1955 movement was distributed as follows: Baltimore 2.3 million tons, Hampton Roads 1 million, Albany 0.8 million, Philadelphia 0.7 million, New York 0.4 million, with Boston and Portland dividing 0.2 million tons.

General participation of North Atlantic ports in foreign commerce. — A considerable portion of the tonnage data relied upon by the respondents and those supporting them relates to the trends of the several North Atlantic ports' participation in all oceanborne foreign commerce of the United States, as distinguished from that to or from the affected territory. These data show the volume of such commerce through each of those ports since 1923, regardless of the mode of transportation used. It is not limited to rail tonnage nor to the specific interior area with which this case is concerned. Such evidence has little or no significance as an indication of the trends which the ports have experienced with respect to the traffic here concerned.

The total of oceanborne exports and imports combined through New York rose from 22.6 million gross tons in 1923 to 36.2 million tons in 1956, but that port's share of the total United States oceanborne exports and imports declined from 28.6 percent to 14 percent during this period. Its share in 1935 was 26.5 percent, and in 1946 it was 23.7 percent. The greater part of the decline in its relative foreign-trade position occurred in the period following World War II.[6] 703

For Boston the situation as to all oceanborne traffic is somewhat similar. Its imports increased from 2.4 million gross tons in 1946 to 5.5 million tons in 1956, a gain proportionately greater than for New York in the corresponding period. During the same years, its exports increased from 395,000 tons to 952,000 tons, while New York's declined from 12 million to 8.7 million tons. The change in tonnage, in the same period, exclusive of the principal bulk commodities, for Boston and New York and for the southern tier ports, is shown in appendix C. The percentage of total United States foreign tonnage moving through Boston dropped only slightly during that decade, from 2.6 to 2.5 percent. However, while the trend of Boston's total volume of exports and imports has been upward, since 1923 its percentage share has trended downward, declining from 4.7 percent in 1923 to 2.5 per cent in 1956, a drop slightly less proportionately than for New York.

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[6] These data and those in appendix D hereto were reported by the Bureau of the Census. Those shown in appendix A are from "Waterborne Commerce of The United States" by the U.S. Army Corps of Engineers.

The share of the southern tier ports in total United States imports and exports increased from 1923 to 1956 as follows: Philadelphia from 7.9 to 15.7 percent; Baltimore from 8.4 to 10.4 percent; and Hampton Roads from 4.3 to 17.1 percent. Bulk cargo accounted for most of this increase.

Tonnage data showing the total of exports and imports through New York, as compared with the total for the United States, in the years 1923 and 1946 through 1956, are set forth in appendix D. The extent of New York's participation in exports and imports of general cargo is also shown.

Except for 19.1 million gross tons of tanker cargo imports in 1956, an increase from 2.4 million tons in 1923, the principal foreign trade of New York in 1956 was general cargo. That port compares the increases in its share in this type of cargo, 1956 over 1955, of 0.1 percent in exports and 1.9 percent in imports, with much larger percentage increases, ranging up to 37 percent for exports and 29 percent for imports, at the principal Gulf and South Atlantic ports and the Pacific coast ports as a group.

New York's position in United States foreign trade. — While New York emphasizes the drastic decline in its percentage of the total United States import and export tonnage, particularly since World War II, its increasingly less favorable position relatively during this period stems largely from its failure to participate in the large increase in the export movement of coal, its generally smaller share of the increasing exports of grain, and its inability to share proportionately in the burgeoning imports of petroleum and ores, especially iron ore. Exclusive of coal and grain, total exports through Baltimore increased from 1,871,867 tons in 1946 to 2,348,734 tons in 1955. Because of declines in such tonnage through Philadelphia and Hampton Roads, the exports through southern tier ports aggregated 5,600,743 and 5,316,338 tons in those respective years. Comparable data for the northern tier ports are 8,893,598 and 8,827,021 tons, respectively, of which about 8.5 million and 8.2 million moved through New York. Nothing in these data suggests that any decline experienced by the northern tier port group or by New York in their percentage participation in such exports was due to an increase in the participation of the southern tier ports. 704

Carload export traffic, other than coal, coke, and grain, unloaded at United States North Atlantic ports increased from 203,432 carloads in 1939 to 303,149 carloads in 1956, an increase of almost 100,000 cars. Of the increase, 57.7 percent was at New York, 7.4 percent at Philadelphia, 17.1 percent at Baltimore, 13.6 percent at Hampton Roads, and 3 percent at Boston.

From 1946 to 1955, as to export coal and grain, New York like all the other North Atlantic ports, except Albany as to grain and Hampton Roads as to coal and grain, suffered a decline in the aggregate exports of these commodities. Through Hampton Roads their movement increased from 4.9 million tons in 1946 to 30.7 million tons in 1955, as compared with an increase from 45.5 million to 65.5 million tons from all of the United States. About 95 percent of the increase in total export volume at Hampton Roads in this period was of coal traffic.

The United States imports of petroleum and ores aggregated 23.7 million tons in 1946 and 119 million tons in 1955, an increase of 95.3 million tons. Of this, about 66 percent or 63 million tons occurred at North Atlantic ports, divided as follows: New York 14 million, Portland 8 million, and Boston 2 million tons, a total of 24 million tons, as compared with an increase of 39 million tons at southern tier ports, divided: Philadelphia 26 million tons, Baltimore 10.5 million tons, and Hampton Roads 2.5 million tons. During this decade New York's imports of these two commodity groups increased 181 percent, as compared with 400 percent for the United States and 247 percent for all North Atlantic ports.

705 Summarizing, the exceptionally heavy export of coal through Hampton Roads and the large increases in imports of petroleum and ores, in absolute volume and percentagewise, through Philadelphia and Baltimore, largely explain the loss of the relative position which New York has experienced in United States oceanborne foreign commerce. As shown in appendix A, if the tonnages of those bulk commodities and also that of export grain are excluded from the total tonnage of imports and exports through the North Atlantic ports, New York increased its percentage of the movement through those ports from 53.7 percent in 1935 to 56.9 percent in 1955.

Also contributing to the decline in New York's relative position as to total United States exports and imports has been the rapid growth since World War II of trade through the South Atlantic Gulf, and Pacific ports, due in large measure to the expanding population and industrial development in the areas tributary to those ports. Their relative importance in the handling of general cargo in 1956, as compared with New York and other North Atlantic ports, is shown in appendix B.

Considering New York's position in the competition for all North Atlantic foreign trade, the following table shows, in the first column, the total of exports and imports for 1955:

Port	Column 1 Total	Column 2 Imports	Column 3 Exports
	Tons	*Tons*	*Tons*
New York	38,897,567	9,442,033	8,612,347
Philadelphia	37,136,849	2,965,677	2,619,374
Baltimore	25,733,775	4,370,151	4,640,435
Hampton Roads	35,888,849	1,713,203	2,031,777

If import petroleum and iron ore, and export coal are eliminated, for the reasons, among others, that they do not move to or from the affected territory or the rates thereon are not in issue in this proceeding, the tonnages are as shown in columns 2 and 3. As those in column 3 include grain and those in column 2 bulk ores other than iron ore, they do not indicate the relative value to the several port communities of the tonnages. The following table shows the tonnages, excluding these commodities and also those previously named. Accordingly, it is representative of the total general cargo which moves through the ports named:

Port	Total	Imports	Exports
	Tons	*Tons*	*Tons*
New York	16,612,501	8,434,065	8,178,436
Philadelphia	4,455,974	2,651,018	1,804,956
Baltimore	3,795,869	1,648,071	2,147,798
Hampton Roads	1,937,100	1,142,812	794,288

These tables show that New York handled more tonnage 706 of all commodities than any of the southern tier ports; excluding petroleum, coal, and iron ore, it handled nearly as much as those ports combined; and it handled about 60 percent more general cargo exports and imports than those ports combined.

The foregoing comparative data relate to the foreign traffic flow through the ports regardless of its domestic origin or destination, or the mode of inland transportation when the goods moved to or from an inland point other than the port of entry or port of export. A July 1957 issue of a Port of New York Authority publication states that trucks pick up and deliver over 50 percent of the export and import general cargo at the port of New York's piers.

Reference is made therein to an instance of 35 trailer loads of machinery moved from a single pier in one day. There is no indication that any bulk cargo moved to or from any of the ports by truck. But such cargo moving between the affected territory and New York has available to it inland barge service by the New York State Barge Canal.

Alleged loss of competitive position since 1945. — The respondents claim that the northern tier ports have suffered a loss in relative position with respect to North Atlantic port tonnage beginning in 1946. In analyzing this claim, all export tonnage exclusive of coal and grain, and all import tonnage exclusive of petroleum and iron ores, will be considered. The results, with those for New York stated separately, are shown in appendix C.

In 1955, of the North Atlantic port exports, the share of the four northern tier ports, excluding coal and grain, was 62 percent, the same as it was in 1945, and slightly higher than it was in 1946, the year when the respondents claim their relative position began to deteriorate. The volume of exports through Boston of 435,118 tons in 1955 was the largest for any year shown except 1943, a war year, and was more than double that of 1946. As the table shows, the southern tier ports' exports declined from 1946 to 1955, Baltimore alone showing an increase from 1.9 million tons to 2.3 million tons.

As to imports, excluding petroleum products and iron ore, the northern tier ports are not shown to have suffered a marked loss in relative standing since World War II. Their 1955 volume was 11.2 million tons, as compared with 7.4 million tons in 1946. Those volumes represented 58 percent and 55 percent, respectively, of the total of these imports through the North Atlantic ports. Since 1945 their share of that total has ranged from 53 to 58 percent. Boston's share declined from 8 percent in 1946 to 7 percent in 1955, but its volume of 1.4 million tons in 1955 was about 40 percent greater than in 1946. There was little change in Portland's or Albany's relative position from 1946 to 1955, although their tonnage expanded.

The imports through New York increased from 6.2 million tons in 1946 to 8.4 million in 1948, while those of Baltimore increased from 2.2 million to 3.3 million tons. By 1955 these had risen to 9.4 million and 4.4 million tons, respectively. Baltimore's increase over 1946 was 2.2 million tons, but 1.3 million tons of this represented an increase in the movement of ores, other than iron ore. Of the increase of 3.2 million tons at New York from 1946 to 1955, about 0.6 million was of such other ores. While the volume of these ores rose from 0.4 million to 1 million tons at New York, it rose from 1.4 million to 2.7 million tons at Baltimore and from 0.6 million to 0.7 million tons at Philadelphia.

Foreign traffic embraced in this proceeding. — The record contains no complete comparative data from which the trend of the subject traffic, and the effect of ocean-rate equalization upon it, to and from New York and the other northern tier ports, can be determined. Nor were such data presented for the southern tier ports. The only evidence indicative of such a trend relates to the post World War II period for the port of New York only, and is restricted to traffic of the four respondent railroads as shown in the following table. The data in the last column relate to a test period hereinafter described. As most of the tonnage data for Boston are for this period, few comparisons with any earlier period are afforded. The Boston & Maine shows comparable Boston tonnage for 1951. Its export traffic in that year was 1,264 carloads, as compared with 3,253 carloads in 1955-56. All but 46 and 18 of such shipments were of grain. Its import traffic from Boston was 188 and 226 carloads for those years, of which 34 and 28 carloads, respectively, were woodpulp:

APP. 26

	1946	1947	1951	August 1955-July 1956
New York Central:	*Tons*	*Tons*	*Tons*	*Tons*
Import	148,073		229,373	149,002
Export	[1] 775,644		502,791	515,403
Delaware, Lackawanna & Western:				
Import		72,912	163,646	91,492
Export		407,868	273,795	351,108
Totals	923,717	480,780	1,169,605	1,107,003
Erie:	*Carloads*		*Carloads*	*Carloads*
Import	3,969		5,916	3,164
Export	18,807		22,816	19,660
Lehigh Valley:				
Import	5,042		5,348	2,939
Export	13,630		14,621	10,555
Totals	41,448		48,701	36,318

[1] Does not include grain; statistics unavailable.

The protestants contend that the data thus shown reveal a creditable performance under the prevailing differentials. 08 They urge that in evaluating them it must be borne in mind that 1946 and 1951 reflect the influence of war activities; nevertheless exports of the New York Central and the Lackawanna in the test year exceeded those of 1951, and their imports in that year exceeded those in 1946 or 1947. They stress that such traffic was obtained despite the development in these postwar years of fierce truck competition, affecting particularly general cargo, and in the face of differentials often greater than the normal ones here in issue. Other than an unusually heavy volume of export grain through the North Atlantic ports in 1951, the years 1946 and 1951 do not seem atypical with respect to the kind of traffic here considered.

In view of the paucity of comparative data relating to the trend in the movement of foreign traffic between the several North Atlantic ports and the affected territory, an attempt was made to demonstrate that New York's failure to participate more fully in this traffic is due to large increases in the volume of foreign tonnage through the southern tier ports, and that these tonnages originated in or were destined to the affected territory.

The authority contends that a close correlation existed, in the period 1929 to 1954, between manufacturing employment in the United States and total foreign trade.

During that period the number of manufacturing employees increased by 67 percent and the tonnage of oceanborne exports and imports increased 82 percent. As that tonnage includes large quantities of export coal and grain, and of import petroleum, production of which bears little, if any, direct relation to manufacturing, it is clear that the validity of this premise has not been established. The authority undertook to show also that there is a similar correlation between the total foreign tonnage moved through New York and the southern tier ports, and manufacturing employment in the affected territory and in the immediate hinterlands of those ports. The increase in tonnage was 118 percent and in employment 50 percent, during the same period.

Assuming the existence of the stated correlation, the authority reasons that in order to determine which North Atlantic port or ports serve as a gateway for the traffic to and from the affected territory it is necessary simply to compare the tonnage flowing through the ports with the manufacturing employment in their hinterlands. It argues that any increase in volume not generated by such employment in the port's hinterland area necessarily represents traffic to and from the affected territory. It shows data which purports to disclose such a situation with respect to the southern tier ports; that is, an increase in employment in their hinterland from 1.4 million to 1.8 million, contrasted with total export and import tonnage through those ports of 16.5 million and 63 million gross tons in 1929 and 1954, respectively.[7] From these it concludes that there has been an "astonishing increase" through these ports which cannot be ascribed to the relatively small increase in employment in their hinterland, and hence that this increase was caused by traffic to and from the affected territory. 709

An analysis of the tonnage data demonstrates the unsoundness of this conclusion. The data of record show that export-import tonnage through the southern tier ports was 19.1 million net tons in 1928 and 67.3 million tons in each of the years 1947 and 1954. Of these, petroleum, iron ore and concentrates, coal, and grain aggregated 10 million tons in 1928 and 54.4 million tons in 1954. Export coal and grain bear little, if any, relation to manufacturing employment; petroleum imports do not move to the affected territory; and probably very little of the iron ore in 1947 and less than half of that in 1954 moved to that territory. The aggregate tonnage of petroleum, coal, iron ore, and concentrates was 51.7 million tons in 1954, an increase of about 43 million tons over 1928, as compared with an increase in total foreign tonnage of 48.2 million tons, 1954 over 1928. Thus, there is little support for the conclusion that the increase in tonnage through the southern tier ports is attributable to movements of the subject traffic from and to the affected territory.

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[7] The volume shown for 1947 is 60.4 million gross tons.

The traffic studies. — The respondents made a study of the subject traffic, broken down by commodity classes, which moved to and from the northern tier ports over their lines during a 12-month test period ended July 31, 1956. The protestant railroads made a similar study of the traffic which they handled through the southern tier ports and also of that to and from New York over the Pennsylvania and the Baltimore & Ohio. Traffic data of The Central Railroad Company of New Jersey to and from New York were made available to them and were included in their study, although that road did not join in publishing the reduced rates to New York and is not a party to this proceeding. The protestants also compiled tonnage data for comparable port traffic handled over the same lines to and from areas other than the affected territory. All of the data relating to the subject traffic were combined to present a complete picture thereof handled to and from the affected territory in the test year.

While the record lacks comprehensive evidence from which comparative trends of this traffic through the northern tier ports and the southern tier ports can be determined, the data in the combined studies for the test year show, in detail, the volume of the specific commodities, including export grain but exclusive of export coal and import petroleum and iron ore, which moved through each of the ports during that period. These data are summar- 710 ized in appendices E and F by commodity groups and for the two opposing port groups, and show the extent to which each port and the railroads which serve it participated in the traffic in issue at the time this proceeding was instituted. These data are the best evidence which the record affords of the combined relative impact of the present differentials and other circumstances upon the movement of the subject traffic through the several ports.

Import tonnage here concerned. — As shown in appendix E, the 2,121,822 tons of imports which moved through the southern tier ports exceeded by far the 676,456 tons through the northern tier ports, but the difference in these volumes is somewhat less than the volume of products of mines, 1,622,761 tons, imported through the southern tier ports. The latter products consisted almost entirely of ores and concentrates, other than iron ore.

The next largest tonnage is in the manufactures and miscellaneous group, the total of 745,022 tons being divided almost equally between the two groups of ports. New York obtained 47.6 and Baltimore 28.2 percent of the total.

The chief agricultural imports were coffee and fresh bananas. Coffee totaled 135,762 tons and moved almost entirely through New York. Of the total of 117,142 tons of bananas, 62,664 tons moved through Baltimore and 53,946 tons through New York. Thus, the only import tonnage which moved in substantial volume as to which the northern tier ports failed to obtain a proportionate share was that of ores and concentrates, exclusive of iron ore.

Boston's imports of 17,739 tons, including 5,088 tons of crude rubber, were somewhat greater and more diversified than those of Portland, but they were insignificant as compared with the volume at New York or any of the southern tier ports. They comprised only about 0.6 percent of the total imports, excluding petroleum products, which moved to the affected territory through the North Atlantic ports, contrasted with 1.7 million tons moved through the port in 1955 to all destinations, a volume almost 100 times greater. Imports through Portland consisted of relatively small quantities of clay and woodpulp.

Export tonnage here concerned. — As in the case of imports, the preponderance of the 8.2 million tons of exports through all North Atlantic ports, or 63.7 percent, moved through the southern tier ports. The excess of 2,234,171 tons moved through those ports reflects the greater tonnage of agricultural products consisting of 3,993,051 tons, or 82.1 percent of the total of these products (as compared with 868,000 tons or 17.9 percent through the northern tier ports), offset by the difference in the tonnages of manufacturers and miscellaneous. Those tonnages were 1,099,690
711 tons for the southern tier ports and 1,913,481 tons for the northern tier ports, or 36.5 percent and 63.5 percent, respectively, of the total. New York's share was 63.4 percent and that of Baltimore 29.3 percent. The total of about 3 million tons included 950,022 tons of manufactured iron and steel, of which 61 percent moved through New York and 37 percent through Baltimore.

Thus, of the three groups supplying the principal volume of exports, only in the agricultural products group, of which about 88 percent was corn and wheat, were the southern tier ports able to show a greater share of the tonnage than the northern tier ports. The proportions of the agricultural exports through Boston, Albany, and Portland were 7.4 percent, 2.9 percent, and 1.4 percent, respectively, of the North Atlantic total, as compared with 6.2 percent for New York. Except for some grain, very little export traffic moved from the affected territory through Boston, Portland, and Albany. For example, only 68 carloads of such traffic to Boston were handled by the New Haven, as compared with 1,867 carloads from unaffected territory.

Summary of foreign traffic here concerned. — Of a total of about 11 million tons of exports and imports, exclusive of import petroleum and iron ore and export coal, handled between the North Atlantic ports and the affected territory in the year ended July 31, 1956, about one-third moved through the northern tier ports. The preponderance of the tonnage passed through the southern tier ports, but as to imports the excess consisted almost wholly of ores and concentrates other than iron ore, and as to exports it was represented entirely by grain and grain products. Of the only other group of importance in this case, manufacturers and miscellaneous, almost two-thirds of the exports and over one-half of the imports were handled through the northern tier ports. Thus, the evidence demonstrates the ability of those ports as a group to attract the preponderance of the tonnage, except as to export grain and import ores and concentrates, the movement of which appears to be largely attracted to the southern tier ports because of more adequate facilities or other circumstances relating peculiarly to those commodities, discussed later in this report.

The complete dominance by New York of the North Atlantic general-cargo traffic to and from the affected territory is clear. Of imports, its volume exceeded that of all the other ports combined, was more than double that of Baltimore, and almost four times that of Hampton Roads. As to general-cargo exports, New York's volume was 62.7 percent of the total volume for all of the ports and over 50 percent greater than that of the southern tier ports combined. Also, it was more than double the Baltimore volume and more than 10 times that of Hampton Roads.

Both as to the total exports from affected territory and the total imports handled to that territory, New York's volume was more than double that of Hampton Roads, and 712
about three time that of Philadelphia. Baltimore's tonnage surpassed New York only because of its large volume of export grain and of import bulk ores, other than iron ore.

Bulk cargo commodities. — The respondents call attention to the increase in total exports of grain since 1945 through Baltimore and Hampton Roads, and the decreasing volume of such traffic through their ports. The number of carloads of all export grain handled at the several ports in 1945 and 1956, respectively, were as follows: Portland, 8,960 and 1,639; Boston, 6,462 and 10,607; Albany, 2,270 and 13,709; New York, 21,419 and 12,639; Philadelphia, 26,423 and 23,423; Baltimore, 43,339 and 51,817; and Hampton Roads, 2,284 and 19,035.

As in the case of other traffic, the record contains little evidence showing the trend of grain exports to the respective ports from the affected territory. However, as shown in appendix F, this grain tonnage is an important part of the commerce of the southern tier ports. The volume of 2,339,309 tons moved through Baltimore in the test year represented more than 70 percent of all the export tonnage herein considered, and that exported through Philadelphia and Hampton Roads represented over 80 percent of all exports from the affected territory through each of those ports. The corresponding movement of export grain through New York was 204,000 tons, which was less than 10 percent of the tonnage of all commodities originated in the affected territory and exported through that port. Thus, the grain tonnage from the affected territory to Baltimore almost equaled the total export tonnage from that territory to New York.

While, as stated, New York's general-cargo tonnage far exceeds that of Baltimore, the protestant railroads have improved Baltimore's position as a port by attracting bulk commodities, chiefly grain and bulk ores, for which they have provided specialized loading or unloading facilities. As to grain, from 1915 to 1924 they constructed three modern elevators equipped for handling, cleaning, and bagging grain, with a storage capacity of 11.5 million bushels. This was increased to 13 million bushels in 1956. They provided berths for loading simultaneously at least eight ocean vessels directly from the elevators. New York continued to lead Baltimore by a wide margin in the export of grain through 1943. Notable in contributing to its supremacy were numerous parcel lot shipments moving in liners affording direct service to foreign ports, and the availability of grain exporters at the port. Also, ships could load grain from lighters while taking on general cargo on the pier side, thus effecting important savings. With the heavy Government exportation after World War II, and its need for storage capacity, the Baltimore facilities have attracted expanding volumes, which began to move increasingly in full-cargo lots. 713

Despite its prewar leadership, New York's elevator facilities and storage capacity of 10.75 million bushels in 1905 dwindled to three elevators, one of which, on Gowanus Bay, has no direct rail connection, and another only limited storage capacity. Their combined capacity is now only 4.5 million bushels. The construction of an elevator with a capacity of 13.5 million bushels at Albany in 1932, presently operated by a private interest, also affected the distribution of export grain among the North Atlantic ports through the years. However, significant changes beginning in 1952 reflect the increasing importance of commercial operations, and the Government's activity is of less relative importance. Parcel lot shipments are increasing, and large exporters have leased or constructed elevators at Boston and Norfolk, in addition to the private operation at Albany.

For many years prior to May 1, 1952, the Norfolk & Western operated its Sewall's Point elevator at Norfolk. On that date it leased it to the Continental Grain Company. Private operation enables the merchant to blend and upgrade the grain, including grain purchased from trucks. Receipts at this elevator, which ranged from a few hundreds to 1,749 carloads in the years prior to 1945, and from 2,100 to 4,300 carloads from 1945 to 1951, rose to 22,316 carloads in 1955. The operators of such facilities will no doubt continue to use them intensively, irrespective of the present freight rate adjustment. It is noteworthy that in 1952 the ex-lake rates on grain from Buffalo to the North Atlantic ports were equalized, and that Norfolk's share of that grain increased in that year from almost nothing to 6.9 percent. For the years 1952-56 its share averaged 15.3 percent, and the average for New York was 27.5 percent. Steamship lines at New York have begun to allow shippers a discount of 50 cents per ton from the ocean rates if the grain is loaded by lighter and floating elevator while the vessel is docked at a general-cargo pier. Beginning in early 1957, the Commodity Credit Corporation has sold grain delivered on track at any North Atlantic port at the same price, thus absorbing any differential in the inland freight rates.

The combination of several of the foregoing circumstances has affected Baltimore's grain traffic. Its share of North Atlantic exports declined from 47.6 percent in 1952 to 36.2 percent in 1956 and 25.4 percent in the first 9 months of 1957. In the same period Norfolk's share increased from 5.6 percent to 19.9 percent, Boston's share from 5.6 percent to 14.5 percent, and New York's share from 6.4 percent to 11.1 percent.

714 Baltimore has also made special efforts to attract low-grade bulk imports such as chrome and manganese ore, which move both in full-cargo lots and in large parcel lots of from 2,000 to 5,000 tons. Three railroads have built special ore-handling piers with high-capacity, efficient unloading facilities, permitting fast discharge of vessels and dispatch of the ore to the consignee. These facilities began operation in 1917, 1930, and 1951, respectively. Their use in 1956 was substantially less than maximum capacity, but with the increasing demand for import ore following the war these installations have proved attractive.

Almost all of the 218,151 tons of fertilizer from the affected territory exported through Baltimore in the test year (22.6 percent of its general cargo exports) was sulphate of ammonia. About 80 percent of this is bagged at the piers, by the use of specialized facilities. No other North Atlantic port except Hampton Roads has provided similar facilities. Also, special bulk-loading facilities have been installed to handle the bulk portion of this commodity.

Relative expenditures for port facilities. — The characteristics of the harbors at the several ports, their proximity and relative ease of access to the open sea, the scope and variety of yards and other rail and marine terminal facilities and equipment provided, and the types, capacities, and locations of the various physical facilities, including piers, grain elevators, and other installations at those ports, are shown in detail of record.

Expenditures for development of physical facilities at North Atlantic ports in the years 1946 to 1955 aggregated $266,000,000. The portions expended for general-cargo facilities and specialized facilities at the principal ports appear in the following table:

Port	Number of new general cargo berths	Expenditures, 1946-55 (millions of dollars)	
		General cargo facilities	Specialized facilities
New York	32	$92	$22.7
Boston	10	29.3	6
Total	42	121.3	28.7
Baltimore	2	6.8	25.8
Philadelphia	4	6.2	27.6
Newport News	2	1.4	22.6
Norfolk	4	6.5	5.2
Total	12	20.9	81.2

From the foregoing it is apparent that in making these expenditures the southern tier ports have stressed specialized and bulk-cargo facilities while New York and Boston have emphasized general-cargo facilities.

Value of port commerce.—New York is not only the 715 largest tonnage port, but its share of the total value of United States foreign trade also is the greatest. The authority reported the 1956 value of foreign commerce moving through the port is $8.3 billion, an increase of 7 percent over 1955 and 31 percent over 1954. The value of all exports and imports through New York in 1955 was $7.2 billion, as compared with $3 billion for the southern tier ports combined. The total value of such commerce in 1955 for New York was 43.7 percent of the United States total, as compared with 39.6 percent in 1954.

The average value per ton in 1955 of exports-imports, exclusive of export coal and grain and import ores and petroleum, was $444 for New York and $247 for Boston, as compared with $145 per ton for Philadelphia, $164 for Baltimore, and $287 for Hampton Roads. The last amount reflects the value of tobacco exports, very little of which originates in differential territory. If tobacco were excluded, the average for Hampton Roads would be $153. The total dollar value of the annual exports-imports through New York from 1887 to 1899 was, roughly, 9 or 10 times that at Baltimore. From 1920 to 1925 this increased to about 20 times, which ratio continued long after 1935. With the increase in volume of bulk cargo after World War II, the lower ratio again generally prevailed. The table in appendix A shows comparative values for New York and Baltimore.

Weight to be accorded the distance element.—There is much evidence of record relating to distances by rail between representative points in the affected territory and the several North Atlantic ports, including Canadian ports; also between them and other interior points and South Atlantic and Gulf ports; and by ocean between these United States ports and representative overseas ports. The respondents and the northern tier port interests deny that they have any significant disadvantage in their rail distances as compared with the southern tier ports. Such distance disadvantages as they have are much less than the substantial differences in distances to and from some other ports which have a parity or near parity of rates, including the Canadian ports, and the wide differences which obtain where the several South Atlantic and Gulf ports are equalized.

The southern tier ports, particularly Baltimore, emphasize the advantage in distance which they have to and from certain points in the affected territory. The average of the short-line distances from class-rate base points in the affected territory is 698 miles to Baltimore, 750 miles to Philadelphia, 804 miles to New York, and 921 miles to Boston. The average distance between Hampton Roads ports and the affected territory is 883 miles, as compared with 853 miles between that territory and New York. It is apparent that considerable disregard of rail distances is characteristic of all port adjustments, as it was in the establishment of the rates here dealt with. See *Baltimore Chamber of Commerce v. Ann Arbor R. Co.,* 159 I.C.C. 691, 696. In considering this matter in any early proceeding, *In the Matter of Differential Rates, supra* (1905), and the justness of the suggestion that each port should be given the rate to which its location entitles it, this Commission observed that traffic does not stop at the ports but moves to foreign destinations, that more important was the fact that as seaports the four large cities from Boston to Baltimore, inclusive, had a fundamental advantage of location which entitled them to participate in the foreign trade, and that the public interest required that this right be recognized. The conclusion reached (page 77) was that, in the public interest, the rates should be so adjusted "that all the ports and the various lines serving them may fairly compete for this traffic." That this is also the purpose of the 1935 amendment to section 3 of the act was indicated in *Albany Port District Comm. v. Ahnapee & W. Ry. Co., supra; Nueces County Nav. District No. 1 v. Baltimore & O. R. Co.,* 223 I.C.C. 75, 96; and *Port of New York Authority v. Baltimore & O. R. Co.,* 248 I.C.C. 165, 179. In the *Albany* case, at page 162, we said:

> The port rates * * * have, as their chief objective, the maintenance of a competitive relation between the ports. They are not distance rates. * * * adherence to the distance principle is incidental, and always gives way when necessary to the maintenance of the differential relation between the ports.

Steamship services at North Atlantic ports.—The types of ships engaged in foreign commerce on routes to and from the North Atlantic ports include those able to carry a wide variety of cargo, some specially designed to carry only one or more types of cargo, various types of general-cargo vessels which also are fitted to carry some specific types of cargo, or specialized vessels which are equipped also to carry some general cargo, generally on deck. The more specialized types are tankers, refrigerated ships, and coal-carrying vessels. General-cargo vessels carry all kinds of dry nonbulk cargo, as well as some dry bulk cargo, such as grain.

Three types of vessel service are available for ocean cargo. "Liners" are operated by the steamship line on schedules at regular intervals between designated ports. "Tramps," on the other hand, do not operate on schedules, but sail wherever traffic is available. They are the contract carriers of the water shipping business, are usually smaller and slower than liners, and may take a full load for one shipper or partial loads for several shippers. The third kind of service, not important in most foreign trade, is performed by shipper-owned vessels. They may carry freight for hire as well as for their owners' account.

717 General cargo, especially where delivery time is of importance, is most often carried by liners, since the shipper can rely on their published schedules. Where time of delivery is not crucial or when liner space is short, some shippers will use tramps, which generally carry bulk cargo, such as coal, grain, sulphur, fertilizer, or ores and bulk liquids. Shipper-owned vessels usually carry bulk and specialized cargo such as oil, coal, ores, and refrigerator cargo.

The frequency and quality of sailings at a port are largely dependent upon the availability of cargo. If the volume of traffic is adequate, good and frequent sailings will be available. Rescheduling and rerouting of vessels to take advantage of cargo availability are relatively simple matters. Frequently the only consideration, except where the cargo is not suited to the type of vessel space, is whether the new cargo represents a profitable haul as compared with other uses which may be made of vessels.

Liner operators commonly call at more than one port in a range so that vessels sail fully loaded, and their schedules are altered accordingly. Rerouting of tramps operating on voyage charter to secure desired cargo is characteristic of such an operation. Thus, availability of freight is a primary consideration as to these types of transportation.

The most important factors which influence the shipper of export or import freight in the choice of a port are the total cost of hauling the goods, the total time in transit via competing ports, and the service available at each port. The hauling cost involves principally the ocean freight and the rail freight rate. Other lesser items are possibilities of damage caused by excessive handling in congested ports and of incurring storage owing to congestion or delayed sailings.

Importance of time in transit depends upon the kind of freight. As freight rates are small in relation to the value of high-grade traffic, they may be of less concern to a shipper than time in transit, and dissuade him from routing such freight over a lower cost route when the higher cost route affords the quickest service. On the other hand, the shipper of low-grade freight, as to which the transportation cost represents a greater proportion of the delivered price generally uses the lowest cost route to remain competitive, and time in transit is a secondary consideration. Port services, particularly forwarding, banking, insurance, brokerage service, and availability of sailings are important, but relatively less so in the case of low-grade freight than of high-grade tonnage. Also, shippers of low-grade commodities such as ore, grain, coal, and other bulk cargo which usually move in fungible and continuous lots, are not greatly concerned with time in transit.

Comparison of dry-cargo vessel services at New York and Baltimore.—The consist of waterborne tonnage at the southern tier ports is for the most part bulk-cargo, such cargo comprising about 90 percent of Baltimore's tonnage. 718 Acting on the premise that the volume of general cargo which they can attract is a significant measure of the economic wellbeing and prosperity of a port community, these ports presented a comparative study of general dry-cargo steamship service available at the five major North Atlantic ports. Based on data supplied by the U.S. Maritime Administration showing all general-cargo vessels in foreign trade calling at one or more of these ports in the 6 months ended December 31, 1955, which is indicative of the relative quantity and quality of the service available, the following comparisons were developed:

	Number
Ships calling at New York	2,720
Ships calling at Baltimore	1,357
Shipping calling at New York but not at Baltimore	1,532
Ships calling at Baltimore but not at New York	181
Ships that both loaded and discharged general cargo at New York but not at any other of the 5 ports	678
Ships that both loaded and discharged general cargo at Baltimore but not at any other of the 5 ports	19
Direct-inbound ships unloading general cargo:	
At New York	1,451
At Baltimore	171
Direct outbound ships loading general cargo:	
At New York	1,767
At Baltimore	149

The order in which ships arrive at and depart from the several ports included in their itinerary is important to shippers, particularly of general cargo. Topping off with such cargo at New York is a primary characteristic of the trade. As indicative of the superior quality of the service at that port, a count of vessels which called there and at Baltimore during this period, and the elapsed time between their arrival at or departure from one as compared with the other, shows that, as to earlier arrivals, New York was favored with an advantage of 882 ship-days, while Baltimore's advantage was 246 ship-days. The advantage in later departure time was 1,039 and 199 days, respectively. The record shows similar advantages in service of general-cargo vessels, New York over Hampton Roads.

Numerous other comparisons show New York's preeminence in general-cargo services and in direct sailings over the major trade routes. For example, New York had 1,792 direct general-cargo departures to 180 first foreign ports of call, contrasted with 162 such departures from Baltimore to but 53 such foreign ports. New York had 1,475 direct general-cargo entrances from 200 different last foreign ports of call, as compared with 229 and 89 for Baltimore.

Data to rebut the foregoing showing were presented on behalf of New York. These relate to dry-cargo tonnage and to dry-cargo vessel sailings for 1951 and 1956 at New York and Baltimore. As they include bulk-cargo tonnage, such as large volumes of coal and iron ore, and vessels reported as bulk-cargo carriers, they are not indicative of the general-cargo services available at those ports. 719

The record is convincing that New York has a preponderance of excellent steamship services as compared with the southern tier ports; and that its general-cargo services far surpass those at such ports, and afford much more frequent sailings and service to and from a far wider range of trading areas. New York concedes its supremacy in this respect, but contends that its superiority is rapidly diminishing. To support this claim it relies also on dry-cargo vessel sailings, including bulk-cargo vessels which handle increasing volumes of coal and iron ore and some grain, of which only the latter is embraced in this proceeding.

Because of more frequent steamship services to a wider range of foreign ports available at New York than at southern tier ports, expenses incurred by shippers incident to delays at the latter are frequently avoided at New York. Free time accorded by the railroads, and wharfage and storage charges on import and export freight when held on their piers, are the same at all North Atlantic ports. This free time is 7 days on export freight and generally 5 days on import freight.

On export traffic the consignee or exporter orders the freight delivered by lighter to the steamship line's pier within the free-time period. Thus, storage charges on export freight which accrue after the expiration of free time when the freight is assembled on railroad piers, as at the southern tier ports, can be avoided at New York by ordering delivery to the steamship line piers within the free time. On import freight discharged at New York to a pier controlled by the steamship line, the latter allows the consignee 5 or 6 days to remove the freight. Since the railroads do not receive this freight directly from the ship, no question of free time arises as to it.

The cost to the shipper occasioned by the delay which occurs between loading at Baltimore and departure from New York (or arrival at New York and unloading at Baltimore) is frequently greater than the differential. A map exhibit presented by the authority showing rail terminal facilities at New York carries the inscription "Save Time — Save Money. Ship Via Port of New York." The witness through whom it was offered explained that the money saving would vary with individual shipments of a large variety of producers in the affected territory, but
720 that the authority believes that on some of their shipments, dependent upon the facilities and services available at New York, such savings are effected.

Rail terminal service on foreign freight at New York. — At New York, except for a few railroad-owned piers of little or no importance which are used for loading or unloading ores and scrap, the railroads have no piers comparable to regular cargo piers provided by them at the southern tier ports. Pier facilities at which the terminal operations of steamship lines are conducted are either owned by them or leased from the city of New York or the authority. They are generally on Manhattan Island or Brooklyn waterfronts and to a smaller extent on the lower Jersey shores or Staten Island. Except for some of the banana traffic which is unloaded at a private terminal of the New York Central operated by the United Fruit Company at Weehawken, N. J., ships loading and discharging general cargo do not generally dock at the railroad terminals in New York Harbor. Such traffic moving to and from New York by rail is usually unloaded from or loaded to cars by manual labor at railroad pier facilities, mainly on the New Jersey side of the harbor, where it is transferred to or from lighters and lightered, or trucked in lieu of lighterage, between these piers and the steamship piers at various points in the harbor.[8] A relatively small proportion of the traffic is transferred by car float.

During September 1956, of the export-import tonnage handled at New York by four of the respondents and the protestants which serve the port, 16.6 percent was transferred directly between car and ship, and the remainder was handled by railroad marine equipment or trucked in lieu of lighterage to or from shipside. The traffic which is loaded or unloaded directly between car and ship consists almost entirely of bulk commodities. For example, the New York Central's pier 9 at Weehawken is its only pier in the New York terminal area used primarily for direct docking. It is used almost exclusively for bulk import ore. That respondent has but one grain elevator, at pier 7, Weehawken. Its capacity is 2 million bushels. Grain handled there may be either loaded directly into ships or transferred to them at other points in the harbor, using floating elevators.

Supplementary port services at North Atlantic ports. —
New York, in addition to its preponderance of steamship
services, has a wealth of supplementary port services.
Their several functions and the influence which they exert
in supporting the movement of cargo, and in promoting and 721
expediting foreign trade, were shown in detail by the
protestant railroads in a comprehensive survey of 12 different
types of such services available at the southern tier
ports and New York. They include international freight
forwarders, customhouse brokers, international banking
facilities, steamship line representation, consular services,

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[8] A description of the rail and water terminal facilities at New York, the ways in which freight is handled at that port, and the lighterage limits of the harbor may be found in *Lighterage Cases*, *supra*, at pages 484 to 488. See also *State of New Jersey v. Baltimore & O. R. Co.*, 245 I.C.C. 581, 585-590.

combination export managers, foreign trade zones, commodity exchanges, shipbrokers, marine insurance, foreign government purchasing agencies, and foreign chambers of commerce. Among other functions, these contribute to the speed and promptness of movement of cargo, this effecting reductions in interest charges and meeting of letter-of-credit deadlines, and avoidance of charges and penalties which arise from unfamiliarity with the demands of foreign-trade procedures.

The survey disclosed a notable concentration of these and other interrelated services at the port of New York. Among other advantages of such concentration, not readily appraised, are the personal contact necessary in the effective movement of cargoes, the knowledge of experienced personnel, and the specialization available in all types of services, particularly required by various types of cargo.

Although the record is replete with details showing New York's superiority as to each type of service organization, only the principal ones relating to international freight forwarders will be set out. Their principal duties include the tracing of shipments to the seaboard where their principal offices are generally located, and, when necessary, to the foreign destination; booking or arranging for cargo space and the consolidation of ocean shipments; preparation and processing of necessary papers relating to the exporting of shipments; clearance of the shipments in accordance with regulations of the U.S. Government, and arranging for certification of consular documents; and clearance of imported commodities through United States customs when the forwarder functions as a customhouse broker. The forwarder also may arrange for cargo insurance, packing and crating, inspection, marking, and warehousing or storage. The foregoing services are essential in promoting foreign trade and are relied upon by shippers and consignees as well as the ocean carrier whom the forwarder serves as agent. The forwarder also provides information on ocean and land freight rates, sailing schedules, sales outlets, and sources of supply in this country and abroad, and rules and regulations affecting foreign trade. In his capacity as agent of the ocean carrier, he collaborates in performing essential services and substantially influences the movement of the traffic through ports where his offices are located, rather than through a rival port where his fees must be divided with the agent there employed.

The number of registered foreign-freight forwarders 722
who have their main or branch offices at each of the ports is as follows:

	Main offices	Branch offices
New York	924	55
Portland	4	(1)
Boston	23	(1)
Philadelphia	29	11
Baltimore	23	16
Hampton Roads	13	10

[1] No data shown.

International freight forwarders maintain 49 main offices and 60 branch offices at points in differential territory. Of 32 main offices of those branches located at the 4 ports, 31 are in New York and 1 in Philadelphia. Branches of New York firms constitute 44 percent of all such forwarders in Chicago.

Effect of differential on shippers' use of ports. — A number of shippers in the affected territory testified in support of the proposed equalization. Several of them are using Great Lakes, South Atlantic, and Gulf ports for substantial portions of their import and export traffic, lower rates being an important, if not the governing, factor in the choice of those ports. The authority states that diversion of general cargo from the respondent railroads serving New York has been primarily to railroads serving South Atlantic and Gulf ports, not to those serving other North Atlantic ports.

A manufacturer of paper products at Middletown, Ohio, receives from 10,000 to 15,000 tons of woodpulp each year. It is bought f.o.b. Baltimore, because of the lower import rate than from Philadelphia, New York, or Boston, and its tonnage moves either via Baltimore or via Portland over differential routes through Canada on rates the same as from Baltimore. Its export shipments of 1,500 to 2,000 tons annually move through West Palm Beach, Fla., New Orleans, La., or Norfolk because of more favorable freight rates. A steel producer with plants in Pennsylvania, Ohio, and Michigan ships 95 percent of its export traffic through Baltimore because of the freight differential as contrasted with the northern tier ports. Equalization of the rates to these ports would make available to it more sailings than the port of Baltimore affords.

A manufacturer of pig iron and ingots molds at Neville Island and Sharpsville, Pa., exports a substantial volume of pig iron, about 80 percent of which moves through Baltimore by reason of the differential and the remainder by rail-barge routes through New Orleans. If the rates were equalized with the northern tier ports it would use all of the ports. A manufacturer of steel exports, through its 723 export subsidiary, over 100,000 tons annually of plates, sheets, and other articles from five plants in the affected territory. As to most of this, it controls the selection of the port; but the ports used are not shown. A substantial portion is said to be routed through Baltimore and Hampton Roads because of the differential. However, only 5,416 tons moved through the latter port in the test year as compared with 580,073 tons through New York. A large manufacturer of heavy machinery with several plants in differential territory exports over 35,000 tons a year, about 80 percent of which moves through Gulf and South Atlantic ports. Its export traffic manager, with offices in New York, testified that in recent years it was forced to divert traffic previously moved through that port to other ports because of lower inland rates. However, the only example given of such diversion was Venezuelan exports, about 95 percent of which is now moved through New Orleans. Another manufacturer of machinery ships 75 percent of its exports, or about 15,000 tons, through New York to conform to conditions in letters of credit used by its customers. It is endeavoring to have these conditions made applicable through lower rated ports.

The Union Carbide Corporation imported 378,438 gross tons of chrome and manganese ores in 1956 to three of its plants in Ohio and West Virginia, which are in the affected territory except as to Hampton Roads ports. Less than 1 percent of this moved through New York and less than 2 percent through Philadelphia. The remainder entered at Baltimore, from which the rates are 60 cents and 20 cents per gross ton lower than through New York and Philadelphia, respectively. These ores arrive in shipload lots at ports designated by the receiver. Frequently, the plant to which the ore will ultimately move is not known and the ships are ordered to Baltimore to obtain the lowest inland rate. This shipper urges that, with equal rates, ships could be allocated freely according to the port's ability to accommodate them, which would permit a more equitable allocation of cars required for loading and would reduce congestion at the ports.

It is apparent from the foregoing testimony that at least some shippers regard the differential adjustment as a controlling consideration in their choice of a North Atlantic port for shipments to or from the affected territory.

Rates to and from Boston. — The Port of Boston Commission lays stress on the fact that the port of Boston has been able to attract but little affected-territory traffic, and that the respondents, including the Boston railroads, since about 1935, have operated under a serious handicap. As early as 1923, Boston asserted that because of the differentials, export and import traffic between the affected territory and its port had been reduced almost to the vanishing 724 point and that they prevented the movement of bulk cargo through that port. *Maritime Assn., Boston Cham. of Com. v. Ann Arbor R. Co., supra.*, page 545

It is urged that the reduced rates for Boston are lawful and should be permitted to take effect regardless of the conclusion which may be reached as to the respondents' proposal with respect to New York. As here presented, the respondents' proposal contemplates equalization of the northern tier ports as a group with Baltimore. The average distance from Boston to points in the affected territory is 223 miles greater than from Baltimore and 116 miles greater than from New York.

Boston's total foreign-trade tonnage has expanded substantially since 1935 despite equalization of the ocean rates, as shown in the table below. But, as presently will appear and as indicated in appendix F little traffic, other than export grain, moves between the port and the affected territory:

Oceanborne foreign commerce through Boston

[Thousands of gross tons]

Year	Export	Import	Total	Percent of United States
1935	280	1,852	2,132	3.5
1946	395	2,438	2,833	2.6
1955	952	5,467	6,419	2.3

An analysis of Boston's tonnage since 1945 shows that it is primarily an importing port for bulk cargoes, which totaled 44 million net tons in the years 1946 to 1955, inclusive, or about 82 percent of its imports. They consisted mainly of petroleum products and moved almost entirely to destinations in or near the Boston switching district. Of 10,140 carloads of general-cargo imports in the test year, only 680 or 6.7 percent moved to the area west of Buffalo-Pittsburgh, and 8.4 percent moved to Canadian destinations. Of the 680 carloads, 270 moved over differential routes through Canada at rates lower than the standard rates. In that year, of 6,713 carloads of general-cargo exports, only 93 or 1.3 percent originated at and west of Buffalo-Pittsburgh, and of the 773 which moved to or from that area only 30 percent were transported over the New York Central into or out of Boston. Including grain, the Boston railroads handled only 5.6 percent of the export carloads and 1.4 percent of the import carloads which moved between the affected territory and Boston, Philadelphia, Baltimore, and Hampton Roads.

725 The bulk of the foreign traffic in which the New Haven participates is that moving to and from nonaffected terri-

tory, principally New England. As to this segment, the great preponderance of the imports and most of the exports, aggregating about 7,000 carloads in the year ended July 31, 1956, flow through New York. Its traffic witness stated on cross-examination that, as compared with other railroads serving that port, it was under a definite handicap in competing for traffic from and to the affected territory.

Grain, Boston's principal bulk export, averaged about 18 million bushels annually from 1907 to 1919, and 5.2 million bushels from 1920 to 1955. The port attributes the decline to loss of its ocean rate advantage, which tended to offset the inland differential at the southern tier ports.

New England imports many raw materials from which it manufactures generally low-density, high-valued articles. These, when exported, are usually referred to as top cargo, and seek a port which has a multitude of shipping services. As the area has few heavy, basic industries and produces few basic raw materials, Boston lacks sufficient bulk and bottom cargoes and commodities such as heavy machinery, automobiles, and trucks to attract ships. As a consequence, the limited sailings from the port deter shippers in its immediate hinterland from using it, causing further reductions in ship calls. Scheduled sailings for representative periods shown by Boston were 473 at New York, 220 at Philadelphia, 242 at Baltimore, 175 at Hampton Roads, and 65 at Boston. Of the last, in 47 instances Boston was the first port of call to pick up export cargo, the least desirable schedule position.

Considering that most of the general-cargo traffic of the North Atlantic ports here concerned is attracted to New York despite its differential over the southern tier ports and over Albany, the failure of Boston, with rates the same as New York, to attract a larger volume of the traffic must be ascribed to factors other than an unfavorable rate relationship, chief of which are the superior steamship and port services which New York affords. The fact, as above shown, that much of the New England export-import traffic moves through New York confirms this.

As to grain from the affected territory, traffic said to be more sensitive to rate differences than general cargo, Boston has been able (as shown in appendix F) to attract considerably more than New York, and about 2.5 times as much as Albany, which has lower rates. Such a marked difference in Boston's ability to attract these two types of traffic strongly suggests the existence of influences affecting the choice and use of ports far more powerful than the present port differentials. In *Maritime Assn., Boston Cham. of Com.* v. *Ann Arbor R. Co., supra,* at pages 563-564, referring to a decline in Boston's tonnage prior to 1921, we observed that the extent to which this resulted from the port differentials was difficult to determine, and that one contributing cause of the difficulty was that Boston had equal rates with New York, its nearest and most powerful competitor. In *State of New Jersey* v. *Baltimore & O. R. Co., supra,* we disapproved a plus charge on this traffic to New York City over the rates to the New Jersey side of the harbor, as the complainant and the Boston intervener sought, and found the assailed rates to New York not unlawful. We found also that disturbance of the rate parity between the two sides of New York harbor, as sought, which would also have disrupted parity of rates as between New York and Boston, would most likely precipitate a chaotic situation such as prevailed prior to 1882.

In support of the argument that so long as the differential continues, virtually no affected territory traffic can move through Boston, that port points to the much larger movement of woodpulp to the affected territory from Portland than from Boston. The movements in the test period were 10,574 tons and 1,125 tons, respectively, as compared with imports of woodpulp approximating 40,000 tons and 100,000 tons, respectively. It attributes this to the fact that Portland's import rates, which apply over routes through Canada, are on the Baltimore basis and lower than those from Boston. It argues that this confirms the testimony of shippers and transportation experts who testified in support of the proposed equalization as to the effect of rate differentials.

The import rates from Portland have been on the Baltimore basis for over 30 years. Being ice free in winter, that port serves as a winter port for Canada and is accorded the same import basis as Halifax, St. John, and Montreal on traffic routed through Canada. The evidence is clear that the impact of the differential is of itself insufficient to induce the movement through Portland. Virtually the only commodities which are imported through that port are woodpulp and china clay, for which special handling facilities are provided at the port. They are raw materials used in the paper industry, which is the chief industry of Maine. As less than one-fifth of the woodpulp and one-fourth of the china clay move to the affected territory, it is evident that the movement to that territory is mostly incidental to the movement through Portland for the local market.

In seeking to show that the differentially lower rates from the southern tier ports are an absolute bar to its participation in the North Atlantic traffic, Boston also relies on evidence presented by the General Services Administration, an agency of the Federal Government, which supports the respondents. This agency directs the routing of about 300,000 tons of import traffic annually to the affected territory. However, it moved no imports through Boston in 1955 and only 339 tons in 1956, contrasted with 294,000 and 195,000 tons in those respective years through Baltimore. The remainder of its North Atlantic imports moved through Hampton Roads and Philadelphia. It states that equalization would enable it to route traffic equitably as between the various North Atlantic ports. However, it moved none through Portland, although the same rates are available from that port as from Baltimore. 727

Import traffic through Portland.—The general basis of import rates from Portland over routes through Canada has been indicated. Except on import clay, specific commodity import rates over standard routes are not generally published from Portland. The Main Central, joined by the Maine Port Authority, The Associated Industries of Maine, and the Maine State Chamber of Commerce, introduced evidence in support of maintaining the present differential under Boston and New York on imports through Portland over routes through Canada to the affected territory. They assert that any reduction of tonnage resulting from its elimination would have a serious economic effect upon the entire State of Maine, as the port now has few scheduled sailings, and as to imports it has no regular arrivals. If entry of the only imports, woodpulp and clay, should be shifted to other ports outside the State, it would result in additional expense for land transportation to Maine industries, and would adversely affect their competitive position.

The Maine Central expects no increase in exports to Portland if equalization is effected, as any export traffic which might be diverted for the southern tier ports would probably be attracted to the large-volume ports of New York or Boston. It points to the decline since 1952 in the volume of import woodpulp which it handled from Portland to the affected territory as an indication that the differential is not large enough to maintain or increase this movement.

The imports of china clay through Portland increased from 46,938 tons in 1947 to 73,564 tons in 1956. The Maine Central's movement to the affected territory increased from 10,266 tons in 1952 to 16,408 tons in 1956 as the result of solicitation by rail and port representatives and a large investment for handling and storage facilities at Portland. These facilities, mostly of recent construction, have a capacity of 14,500 tons and were designed especially for china clay. No import china clay moves through Boston as that port does not possess the necessary special facilities.

Rates to and from Albany.—Export and import rates between Albany and the affected territory have been the same as those to and from Philadelphia since 1936. However, except for some export grain, averaging about 15 percent of the movement through all North Atlantic ports since 1946, traffic between Albany and that territory has been almost negligible. Excluding export grain and coal and import iron ore (of which none moves through Albany) and petroleum, it has attracted less than 1 percent of the total movement through North Atlantic ports. Of the tonnage moved during the test year, only 1.7 percent of the exports and 0.1 percent of the imports through those ports moved through Albany, as contrasted with 10.6 percent of the exports and 6.6 percent of the imports through Philadelphia, although both ports have the same rates.

The port takes the position that the present adjustment discourages or prevents its use; that it deprives it and shippers using it of just, reasonable, and nondiscriminatory rates; and that its favorable geographic location, being served by a water level rail route and transportation over the barge canal and the Great Lakes, warrants a lower level or rates based on value-of-service as well as cost-of-service considerations. Accordingly, to encourage and promote freedom of movement through the port, it urges that it should be accorded rates no higher than those to and from Baltimore and Norfolk.

Government export shipments.—The U.S. Department of Agriculture, through its Commodity Stabilization Service and Commodity Credit Corporation, exports large quantities of grain and processed foods through the North Atlantic ports, generally paying the transportation cost to the port of exit. It favors equalization of these ports at the lowest level of lawful rates because of the benefits which producers and shippers of these products and its export program would derive therefrom. Selection of a port of export involves many factors. A number of problems are encountered in routing the shipments, such as car supply, terminal charges, availability of warehouse or elevator facilities at the ports, and the coordination of their arrival with sailing schedules. Other conditions, such as strikes which are beyond the control of the Department, also influence the movement. Its field offices directing the shipments, other things being equal, use the port which will afford the lowest cost, but in some circumstances the port designated or preferred by the receiver is used.

In the year ended May 31, 1957, about 235,000 tons of processed foods were shipped at the direction of the Department's Chicago and Cincinnati offices from undisclosed origins. Of these, 48,000 tons moved through Philadelphia and somewhat less through Baltimore, Norfolk and Newport News. About 62,000 tons moved through New York, 6,000 tons through Boston, and none through Albany or Portland. The shipment of grain by these offices from
29 January 1 to June 14, 1957, was about 53 million bushels of which about 29 million moved through the southern tier ports and 24 million through the northern tier ports, including about 11 million bushels through Boston and 9 million bushels through Albany.

Government-controlled import traffic.—The General Services Administration presented evidence in support of the respondents. It states that in the interest of economy, its duty and interest is to seek the lowest reasonable rates "in the furtherance of its shipper * * * interest," as a representative of the Government's executive agencies, and that with respect to foreign commerce this means that, other factors being equal, it should route its traffic through the ports having the lowest transportation cost. Accordingly, it favors equalization because it would enable it to select the port used on the basis of efficiency and service.

It presented no data as to its export traffic, which is of much less importance to it than the imports. Its choice of ports of export is dependent principally upon the availability of sailings and the total land cost to the foreign destination. In 1955 and 1956 the tonnage of imports through North Atlantic ports to the affected territory for which it was in a position to designate the port of entry, and which represents about 60 to 70 percent of its imports and at least 10 percent of all import tonnage here concerned, was as follows:

Port	1955	1956
	Tons	*Tons*
Boston		339
New York[1]	22,246	26,598
Philadelphia[1]	54,797	14,951
Baltimore	294,515	195,805
Newport News	21,404	30,340
Total	392,962	268,033

[1] Includes movements through other ports or subports in the same area.

The imports through Baltimore were principally ores other than iron ore. Although the differentials are important to it from the standpoint of economy, many considerations other than the rail rates have affected the selection of the port used. Among those cited are the practices of private industry and established markets, such as the principal market for crude rubber, which is in New York, and the fact that at that port the best inspection service is available. Also, vessel operators have some measure of control over ports of call and will schedule only those at which there is adequate traffic. That such considerations often have controlling importance is shown by the fact that the movement through Newport News was only about a tenth of that through Baltimore although the rates were the same, and that, except for a small volume 730 through Boston in 1956, no northern tier port other than New York was used, although such ports had rates the same as or lower than those from New York.

Other grain shippers.—The Board of Trade of the City of Chicago, two large grain dealers with elevator capacity of 11 million bushels in that city, and a cooperative association of country elevators in Iowa and Minnesota, which operates large elevators in Des Moines, Iowa, and Chicago, all of whom are interested in export movements of grain, presented evidence in support of the proposed equalization. On grain from Chicago, as well as from Duluth and Minneapolis, Minn., Peoria, St. Louis, and other midwestern markets, the rates to Baltimore and Hampton Roads and the Gulf ports are generally the same. Those to New York and Boston are 1.5 cents higher, equivalent to $9,000 on 1 million bushels of wheat. Despite this difference, substantial volumes of grain from the affected territory move through Philadelphia and the northern tier ports. In the test year this movement was 30 percent of the total from that territory to the North Atlantic ports. Owing to the keen competition in the marketing of grain and in the interest of an expanding export trade, these parties urge that equalization of the Gulf and North Atlantic ports be accomplished by applying the Baltimore basis of rates to all points.

Revenue-cost comparisons.—The respondents presented no cost evidence, except terminal costs of the New Haven at Boston as later indicated herein, in support of their claim that their proposed rates would be compensatory. Because those rates reflect relatively small reductions, a study of the costs was deemed unnecessary, nor did they consider such a study feasible or justified by the expense involved. They contend also that a showing of unit costs at New York would be irrelevant as they would be based on their presently diminished traffic volume and would reflect large investments in port facilities made in times of heavier traffic, while their proposal, by attracting increased volume, would reduce unit costs. Accordingly, to sustain their statutory burden of proof, they relied initially upon the minimal amounts of the proposed reductions and a prima facie showing of the revenues.

For example, the ton-mile revenues under the present and proposed rates from Chicago to New York are 8.18 and 8.09 cents for first class, and 1.15 and 1.03 cents for class 13, based on the docket 28300 short-line distances. The proposed rates to and from New York would yield average revenue of $19.20 per ton on import and $18 per ton on export traffic, as compared with averages of $8.12 and $9.38, respectively, to and from Baltimore. These average revenues reflect the differences in consist of the 31 tonnage which flows through the ports, particularly the relatively large volume of bulk traffic through Baltimore and the preponderance of the high-grade general cargo through New York.

The protestants, relying upon *Boston & M.R. v. United States*, 153 F. Supp. 952, in which the court held that we had discretion to reject a rate as unlawful which does not return out-of-pocket costs, undertook to show by revenue and cost relationships, determined as hereinafter described, that the proposed rates to and from New York would not be compensatory. Comparisons of the revenues on representative shipments of each commodity which moved in volume of 1,000 tons or more annually to or from that port in the test year, with estimated out-of-pocket costs of handling as of January 1, 1958, obtained as hereinafter explained, show average ratios of cost to revenues for the 174 carloads of import traffic of 111.6 percent, and for the 363 carloads of export traffic of 108.9 percent. The respondents agree that such traffic was representative of that moving through the port as to consist, interior destinations, and average loadings. However, as the protestants' showing is limited to cost for general cargo handled by the predominant or normal method at New York, no revenues were shown and no costs determined for bulk commodities handled by direct transfer, such as grain and ore which are transferred by special facilities at southern tier ports.

The cost-revenue ratios on individual shipments vary widely; for example, on imports as between commodities, from 78.3 percent on pig tin to Chicago to 158.8 percent on canned meats to Cleveland; and on exports, from 63.7 percent on cash registers from Dayton, Ohio, to 195.4 percent on salt from Manistee, Mich.

The cost evidence.—The protestants show their costs of performing the service to and from the southern tier ports and New York and certain factors of the costs to and from Boston. Discussion of such evidence will relate mainly to the New York costs. The out-of-pocket costs consist of inland terminal costs, line-haul costs, and port terminal costs. The inland terminal and line-haul costs were obtained by use of Rail Form A average unit costs for class I railroads in the eastern district as a group, based on expenses and statistics of the year 1955, eliminating expenses inapplicable to this traffic and also loss and damage expense. These were adjusted to reflect the wage and price level of January 1, 1958, a factor of 13 percent circuity to cover movements over actual routes used, and a return of 4 percent on investment after Federal income taxes.

The parties are in substantial agreement as to the correctness of data for these two elements of cost. The inland terminal cost used is the same for traffic to or from any of the ports. The line-haul average costs, which reflect
732 differences in average distances to and from the several ports, are higher than those to or from Baltimore by the following amounts per car and per 100 pounds, respectively: Philadelphia, $14.80 and 2.7 cents; New York, $30.22 and 5.5 cents; and Boston, $63.29 and 11.4 cents.

The principal area of controversy concerns the port terminal costs, especially those for the marine operations at New York, which the respondents and the authority contend are inflated. As stated, the respondents presented no cost data and refused to join the protestants in developing them for all railroads which serve New York. They sought, however, by rebuttal evidence, to adjust and restate the protestants costs to and from New York, thus obtaining a lower level of such costs.

The peculiar methods used in handling most of the import-export traffic at New York have been described. Typical elements of these costs include the expense of switching between trainyards and the float bridges or lighterage piers, station service, float-bridge service, and water operations. Freight trucked in lieu of lighterage, for example, crosses the float bridges, is carfloated across the Hudson River, receives pier-station handling on Manhattan Island, and is trucked thence to the steamship pier. As the respondents' records of expenses pertaining to their operation at New York were not made available to the protestants, the latter relied upon special studies of their own September 1956 operations at the port, exclusive of direct transfer between car and ship, from which they developed a weighted-average cost for the Pennsylvania, and for the Baltimore & Ohio and the Central of New Jersey which pool their New York Harbor operations. As shown in appendix F, these carriers handled about one-third of the considered traffic to and from the port during the test year and consider their operations typical of all the New York Harbor operations in handling foreign shipments. The respondents assert that they are not representative of those of the other New York lines, in that the proportion of the traffic handled by each of the four different methods of operation differs from those of the respondents, and the consist of commodities handled likewise varies. The following table shows the proportion of the traffic handled in September 1956 at New York which was transferred in each of the four types of terminal service:

Carrier	Lighterage	Car float	Trucking in lieu of lighterage	Direct
	Percent	*Percent*	*Percent*	*Percent*
New York Central	51	5.5	13.4	[1] 30.1
Lackawanna	93	0.9	6.1	0
Erie	80	11.7	8.3	0
New Haven	67.3	6.8	25.9	0
Pennsylvania	76.7	2.2	13.3	7.8
B. & O.-C.N.J.	40.1	0.2	9.9	49.8

[1] Import tonnage exclusively.

733 No data were reported by Lehigh Valley, but its witness referred to 4 percent of its traffic as being handled directly between ship and shore. As the table shows, the preponderance of the export-import traffic is handled in lighterage service. Lighters are also used in the delivery of domestic freight, particularly bulk cement by the New York Central and the Central of New Jersey. The loading of cement averaged 350 tons per lighter, as compared with about 60 tons for export-import freight.

The protestants' study includes no costs for the 13 percent of their traffic which was transferred directly, as they were concerned only with costs relating to the predominant types of transfer service used. This represented 83.4 percent of the September 1956 traffic of both the respondents and the protestants at New York Harbor. The remainder of 16.6 percent, which was transferred directly, included 14,288 tons of export scrap iron handled by the Central of New Jersey, embraced in the 49.8 percent indicated in the table. This movement has since dried up. Excluding this tonnage, the remainder of that carrier's tonnage transferred directly was 28 percent of the total.

As in the case of the New York Central's 30.1 percent, this consisted principally of bulk imports, such as ores, and some bananas transferred directly. The respondents criticise these harbor operating costs as not representative of the costs of their operations, but they did not support their position by evidence of specific differences in the cost of these operations.

Another area of disagreement is the degree in which the New York port costs, particularly those incident to the respondents' marine operations in the harbor, are variable with changes in traffic volume. The protestants contend that such operations, based on past experience, vary directly with fluctuations in port traffic volume and, as lighterage at New York is principally incurred on export-import freight, expenses thereof are in the nature of "solely related" expenses. The record shows that in 1956 the protestants' marine equipment in New York Harbor was almost fully utilized. They accordingly treated their vessel and lighterage pier operations, also trucking in lieu of lighterage, as 100 percent variable and included, as return on investment, 4 percent after income taxes of the entire investment in marine and other equipment and in lighterage piers. The respondents contend that, on the average, out-of-pocket portions of such expenses are about 60 percent of fully distributed costs. For some of the accounts they use very low ratios, such as 10 percent for repair of floating equipment, a major item of the marine expense, based on the premise that an increase in their traffic can be accommodated by handling additional tonnage in their lighters and more cars on each float. However, they treated investment in floating equipment as 100 percent variable, on the assumption that substantial increases in traffic would require adding more units "in the long term."

The record shows that, except in wartime, the loading of lighters, the number of lighters per tug tow, and the number of cars per carfloat-day have not varied substantially with changes in traffic volume, and that the service requirements of customers, the nature of the operations, and scheduled deliveries to meet ship loading or sailing schedules, limit the loading that can be handled in a given lighter movement, which averaged about 60 tons for the New York Central.

The respondents applied a variable portion of 50 percent to a second large item, operating floating equipment, two-thirds of which is wages of tug and barge crews. These expenses relate to the actual operation of this equipment, and from the long-term standpoint, such as here where rate relationships of a permanent nature are contemplated, they would be almost 100-percent variable with changes in traffic volume.

The respondents' revision of the protestants' costs, achieved principally by use of a minimum out-of-pocket level for the principal port costs, shows that for the general-cargo traffic as a group the overall costs would be about 81 percent of the revenue, contrasted with costs computed by the protestants, based on a solely related level of port costs, about 9 percent higher than the revenue. In our opinion, the out-of-pocket ratio of these port expenses used by the respondents is too low and that of the protestants is too high. We conclude that the traditional estimated level of 80 percent of the fully distributed costs should be used to ascertain the out-of-pocket costs of moving this traffic.

After restatement of the protestants' costs to reflect port costs computed on that basis, and giving effect to adjustments in other disputed but less important items of those costs, application of the resulting costs to the New York traffic indicates that the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs. However, a presentation of costs adequate to determine whether the proposed rates would be reasonably compensatory should embrace all types of traffic which those rates are expected to attract, and should reflect the costs of the specfic methods by which they would be handled. It may be that other traffic would be forced to absorb a larger portion of the constant costs in order to maintain a national transportation system conforming to the ultimate objectives of the national transportation policy.

Port costs. — An analysis of the cost data of record was made to show the relations between the terminal costs of 735 the ports. It reveals the weighted average of the full port costs of handling export-import traffic (boxcars-general cargo) of the several protestant railroads at each of the ports served by them, based on traffic handled in September 1956, with expenses adjusted to the July 1, 1957, level, and similar costs for the New Haven at Boston based on traffic and expenses in May 1957. The costs associated with the number of cars handled and those associated with the tons handled are as follows:

Port costs, export-import (boxcars—general cargo)

Items	New York	Boston	Baltimore	Philadelphia
Costs per car:				
Switching (including some station expenses)	$28.05	$26.03	$20.19	$22.37
Float bridge, car float, lighterage bureau	9.31			
Car detention		12.24		
Total cost per car	37.36	38.27	20.19	22.37
Costs per ton:				
Platform handling (including some station expenses)	4.58	3.22	2.76	3.58
Lighterage and trucking in lieu of lighterage	4.99		.35	
Total cost per ton	9.57	3.22	3.11	3.58

Other considerations. — In the test year about 55 percent of protestants' export-import traffic of the commodities embraced herein through the southern tier ports was to and from the affected territory, and 63 percent of that traffic between Baltimore and Hampton Roads and the interior moved to and from that territory, while only about 40 percent of the export-import traffic of the New York Central originated or terminated in that territory. Data from which a comparable ratio for other respondents serving New York might be determined were not supplied. The relatively small proportion of Boston's traffic which moves to and from that territory has already been shown. Thus, it is apparent that the southern tier ports, especially Baltimore and Hampton Roads, are much more dependent upon such traffic and have far less support in the hinterlands which they serve than the northern tier ports served by the respondents.

Data compiled from the traffic study show that the considered traffic which moved through New York and the southern tier ports, over 50 export commodities and about the same number of import articles moved exclusively through New York; that over 90 percent of the following exports moved through that port: Flour, ammunition, fresh meats, automobiles and trucks, soybean oil, agricultural implements, glassware, paint, and forwarder traffic. From 70 to 100 percent of the following imports, representing the more substantial tonnage volumes, also moved through New York: Copper, coffee, waste materials, metal and alloys, crude rubber, agricultural products, and lead 736 and zinc. The volume of each of the commodities named exceeded 10,000 tons.

The protestant railroads stress the superiority of the facilities available and the services provided at New York, as compared with the southern tier ports, and which they contend increase the value of the transportation service at New York to such an extent as to require differentials much greater than the present ones. The potency of these factors is emphasized particularly as it bears upon the validity of the claim of competitive need, relied upon by the respondents. The protestants and their supporting port interests take the position that as the southern tier ports afford no service advantages comparable to those provided by New York, their only competitive appeal is in the rate differential, and if that were lost there would soon be no incentive to use those ports.

The principal, and in some instances the only, reason given by one of the respondents' traffic officers, and by the shippers and receivers in the affected territory who testified in support of equalization, for routing traffic through the southern tier ports rather than the port of New York is the lower freight rates which the differentials provide. A large exporter of grain operating elevators at Albany and Norfolk, who testified in support of the respondents, attributed the much greater volume of grain exported through Baltimore and the increased volume through Norfolk to their freight-rate advantage, as by far the largest single factor.

Some of these shippers who use the southern tier ports stress that rate equalization would provide them relief from congestion and embargoes at those ports, excessive demurrage charges, delays in unloading, and difficulty in scheduling rapid transportation and maintaining an even flow of traffic from their plants. There is no evidence that such situations have obtained or are now present at the southern tier ports. To the extent that they may occur, particularly where they result in inferior service at those ports, they would supply an added incentive, in the event of rate equalization, for a shift in tonnage to the northern tier ports, especially New York.

Baltimore interests contend that with rate parity that port would lose a large part of its general cargo. They rely on the detailed evidence of New York's superior steamship service and port services and facilities, which the record shows attract substantial traffic through New York en route to or from areas in which the southern tier ports are located, although the rail rates to New York in most instances exceed those to the southern tier ports. As to bulk commodities, Baltimore contends that the effect of the loss of the differential would be less immediate but equally certain. Its excellent facilities for handling this traffic were developed primarily by the railroads in reliance upon their use by exporters of grain and importers of ore, because of the saving in inland freight. As bulk commodities, because of their low value, are peculiarly sensitive to transportation cost, the differential has greater influence on their movement than on general cargo. This movement is generally in regularly scheduled vessels, at equalized ocean rates, and in shipper-owned vessels. The variety of general cargo concentrated in New York has drawn such vessels to that port. With further concentration of such cargo resulting from rate parity, the steamship lines desiring diversified cargoes would use their influence to attract more bulk cargo to provide balanced ladings [sic] at that port, with resulting diversion of bulk cargo on which Baltimore is heavily dependent.

About 90 percent of Baltimore's waterborne commerce consists of bulk commodities such as ores, petroleum, raw sugar, gypsum rock, and grain. It is interested in increasing its volume of general cargo so that it may attract more liner-type vessels, and provide a better balance of tonnage and greater revenue for the port. The general cargo moving by rail to and from the affected territory, which in 1955 aggregated about 1.1 million tons, was only about one-fourth of the domestic and foreign general cargo passing through the port. It has had difficulty even with a rate advantage in building up its foreign trade of this type. It fears that the volume would diminish, with resulting curtailment of steamship service, if New York were accorded a parity of rates with the southern tier ports. If much of this traffic were lost because of rate parity, and the St. Lawrence Seaway should attract a substantial part of its bulk cargo tonnage, it fears that its port revenues and employment in the port area would suffer. Although the competition of the seaway, especially for export grain, is relied upon by the respondents and the authority to support equalization, Baltimore emphasizes that since bulk commodities are estimated to provide 80 percent of the seaway traffic, New York, predominantly a general-cargo port, would be affected much less than Baltimore which is primarily a bulk-cargo port.

Shipper evidence presented by the protestants shows a decided preference for the port of New York. A number of manufacturers of a variety of products at points in Maryland in or near Baltimore make a substantial portion of their export shipments through New York, in some instances as high as 95 percent. Most of these move by truck at rates as much as 79 cents higher than to Baltimore, generally at the direction of the foreign purchaser or a foreign freight forwarder at New York whom he designates, of brokers at New York, of the domestic corporations who consolidate the shipments at the port for move- 738 ment to their foreign bases, or of the U.S. Government when it controls the transportation.

A freight forwarder at Baltimore who specializes in moving export shipments, providing a carloading service from differential territory, and who is the only forwarder loading regularly scheduled export cars to Baltimore, loads such cars at Chicago, Indianapolis, and three Ohio cities. Similar service is provided by other forwarders to other ports, including New York and New Orleans. During the test year, 5,242 tons, or slightly more than 10 percent of the volume to New York, moved to Baltimore. When solicited for this traffic, shippers give numerous reasons for preferring New York, the chief of which is the advantage of more frequent direct sailings to more foreign ports, or the directions of their customers who maintain export offices in New York from which they can best control the movement of the freight and its consolidation at the port. Without the saving which the present rates to Baltimore afford the shipper, it would be impossible to obtain sufficient traffic to load cars for Baltimore, and the forwarder fears that it would be compelled to obtain authority to operate to New York or retire from the business.

Truckload rates from the affected territory on numerous articles exported or imported through North Atlantic ports. do not reflect recognized differentials as do the rail rates. The differences in such rates to or from these ports are greater than the differentials in the corresponding rail rates. For example, truckload rates on brass or copper ingots to Cleveland are 85 cents from Baltimore, 88 cents from Philadelphia, and 93 cents from New York.

To show that New York's competitive position is far superior to that of Hampton Roads, a study was made by the Chesapeake & Ohio for the year ended June 30, 1957, which disclosed that substantial tonnages from the affected territory moved to New York notwithstanding the lower rates to the southern tier ports. For example, of 5,870 carloads originated by the Chesapeake & Ohio in that territory during this period and exported either through Hampton Roads or New York, 4,654 carloads were exported through New York. Thus, notwithstanding its 3-cent advantage this carrier was able to hold only one out of five carloads which it originated. In the same period it handled for export through Hampton Roads only 561 carloads originated by the New York Central and 40 carloads originated by the Erie, which were turned over to it by those respondents.

To ascertain the effect of the 3-cent differential, a study was made of manufactured iron and steel traffic for export from the Pittsburgh district, from which the rates to New York and Hampton Roads are the same. During August and October 1955 and April, May, and June, 1956, 178,241 739 tons were moved from that district through New York by five respondents and only 545 tons moved through Newport News. During the test year the movement from the affected territory to New York of this commodity aggregated 580,073 tons, or over 100 times the 5,416 tons handled through Hampton Roads and over 60 percent more than through Baltimore.

A parity of rates to Hampton Roads and New York also obtains on export traffic from the Province of Ontario, Canada, served by the Chesapeake & Ohio and the New York Central. In the year ended with June 1957, only 14 carloads moved through Hampton Roads from origins on the Chesapeake & Ohio in that Province, as compared with 553 carloads from those origins to New York. The Chesapeake & Ohio was unable to attract a single carload originated by the New York Central in that territory for movement to Newport News.

A meatpacker operating plants at Madison, Wis., and Davenport, Iowa, exports lard, pork, and pork products over routes through Chicago and the North Atlantic ports in competition with other slaughterers at Chicago, St. Louis, East St. Louis, and Milwaukee. No reductions are proposed in the rates from Madison or Davenport. As it must absorb the difference in rates from its plants over those from Chicago in making such export sales, it objects to the substantial increase in the rate spreads, in some instances more than double the present, which would result from the proposed reductions from Chicago. It contends that undue prejudice to it would result, and states that under the proposed adjustment its only alternative would be to move more of its export traffic through Gulf ports.

DISCUSSIONS AND CONCLUSIONS

The port rates proposed to be reduced are part of a rate structure established by voluntary agreement of the eastern railroads more than 80 years ago. It was the purpose of that structure, as expressed in *In the Matter of Differential Rates, supra*, pages 13 and 62, that "these ports shall all be kept open * * * for export business upon such terms that each one may fairly complete for it." This purpose was reaffirmed in *Albany Port District Comm. v. Ahnapee & W. Ry. Co., supra*, at page 162, from which we have previously quoted herein. As was there said in prescribing reasonable and nonprejudicial port rates to and from Albany, this adjustment was not a loose aggregation of separately established rates, but a single entity composed of interrelated rates bound together by the port differentials. To the extent that these differentials are effective in controlling the movement of traffic through particular ports, their impact is registered in the tangible evidence of the 740 tonnage data. But as such data also reflect the influence of numerous other factors, including the rail service, the various port services, and the ocean service beyond, which may counteract or supplement the effect of the differentials, the complexity inherent in measuring or evaluating that impact is apparent. However, it is equally apparent that as the influence of all these factors has been registered, a change in the differentials could be expected to cause a shift in a substantial volume of the traffic.

The primary purpose of the proposed adjustment, as the respondents and the principal northern tier port interests emphasize, is to reestablish the equality of through ocean-rail charges which existed prior to the ocean-rate equalization in 1935. The respondents claim that, as a result of such equalization, the present unequal through charges have caused traffic diversion from the northern tier ports. However, the volume of foreign traffic having its origin or destination in the affected territory which those ports attracted prior to the equalization of the ocean rates is not revealed. Consequently, we are unable to find support for the assertion that the disparity in through charges thus created has diverted traffic from the northern tier ports, to the disadvantage of the respondents.

Some of these ports have at various times sought to alter the differentials, but prior to this proceeding no carrier or group of carriers has done so. While circumstances warranting or requiring some modification of the present adjustment may arise, the burden of establishing the need for such a change rests upon the proponents thereof. Of controlling importance in this connection are the provisions of sections 1 and 3(1) relating to reasonableness and to undue preference or advantage of ports or port districts. Also, section 15a(2), among other things, requires us to consider the effect of rates on the movement of traffic, and the national transportation policy stresses the importance of maintaining a national transportation system adequate for commerce and the national defense.

In *Export Grain from Buffalo to New York*, *supra*, we found "abundant evidence of the dominant position" of the southern tier ports and a clear indication that New York, particularly, had suffered a substantial loss of tonnage in its competition for the ex-lake grain traffic. By contrast, the claims made here by the respondents and the northern tier ports, of diminishing volume of their subject traffic since equalization of the ocean rates was effected, and that these traffic losses are attributable to the differentials, are not supported by impressive evidence. As to Boston, which argues that its port and the respondents which serve it have been handicapped since equalization of the ocean rates and seeks to restore the competitive situation which the differential adjustment was designed to create, the evidence of supporting data is even more meager than for New York.

741 The present differentials are smaller than they would be if allowed to be set by competitive factors, and also much smaller, relatively, than when initially established. As hereinbefore mentioned, protestant railroads have filed a counter proposal, in the event that the respondents' rates are found lawful; they propose to reduce their rates between southern tier ports and the same interior territory by the same amounts as proposed by the respondents. The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly established. Thus, approval of respondents' proposed rates would require alternate approval of protestants' proposed rates. This might result in the rates gravitating to their lowest possible level and in a needless dissipation of carrier revenues. We have been given the power to fix rates, among other reasons, for the purpose of preventing destructive competition and promoting the financial stability of the regulated carriers. Failure to observe our obligations in the exercise of that power would find us remiss in our duties. The present differentials have long served to retain a reasonable competitive relationship between the principal port groups and should be maintained.

The evidence upon which the respondents rely is not convincing that their proposed rates are necessary to afford them and the northern tier ports, as a group, the opportunity to compete for a larger proportionate share of the traffic here considered. On the contrary, the record is clear that New York continues to attract more of the highly desirable general-cargo tonnage so vital to its port economy than all of the other North Atlantic ports combined; that to obtain a volume of traffic which will support a much lower level of port activity and range of shipping services than New York, the southern tier ports have been depending heavily on bulk-cargo tonnage; and that, considering the volume and character of the traffic disclosed by the traffic study, and other evidence of circumstances which induce or deter the flow of the subject traffic, undue diversion from those ports to New York, at least of most types of that traffic, would result from the proposed equalization.

The comprehensive showing in that study strongly refutes the claim of the respondents and their supporting port interests that such equalization is required to enable them to meet the competition of the southern tier ports and to effect a reasonable and nonpreferential rate relationship as between the opposing port groups.

We find that the respondents' proposed rates are not shown to be reasonably related to the present rates on like traffic between the same interior points and the southern tier ports, and that the proposed rates would result in undue preference of and advantage to the northern tier ports as a 742 group and in undue prejudice and disadvantage to the southern tier ports. We further find that the proposed rates of the protestant railroads are not shown to be just and reasonable. An order will be entered requiring cancellation of the suspended schedules, denying the fourth-section application, and discontinuing the proceedings.

COMMISSIONER FREAS, whom Commissioner McPHERSON joins, concurring in the result:

I agree that the statutory burden of proving the proposed rates just and reasonable and of justifying the sought fourth-section departure has not been met by any of the proponents. It follows that the proposed rates should therefore be ordered canceled. This, however, is the extent of the finding the record, in my opinion, justified and all that is necessary to the disposition of the proceeding.

COMMISSIONER WEBB, dissenting:

For 83 years railroads have been permitted to establish inland rates which equalize rail-ocean and ocean-rail rates on export and import traffic moving through the North Atlantic ports between central territory and foreign ports. That policy of equalization, by preventing the growth of monopolies based on geographical advantages, has benefited railroads, shippers, ports, steamship operators, and the general public by insuring a free flow of commerce through as wide a range of ports as practicable. A policy of ratemaking which has served so well the needs of foreign commerce should not be repudiated except for compelling reasons.

From 1877 to 1935 rail rates to and from New York at levels generally 2 or 3 cents per 100 pounds higher than to and from the southern tier ports were required by the policy of rate equalization. The inland rate differentials compensated for generally higher ocean rates to and from the southern tier ports. Ocean rates were not fully equalized to all the North Atlantic ports until 1935. Beginning in 1935, therefore, the higher rail rates to and from New York and Boston, which the respondent carriers serving those ports seek to eliminate in this proceeding, were either outmoded or the then 58 year old policy of rate equality had suddenly become unsound.

After 1935, the respondents took no immediate action to remove their outmoded rate handicap. However during World War II and in the preceding period of aid to our prospective allies, a large volume of traffic moved through New York in spite of that port's rate disadvantage simply because New York was the only port then capable of handling the volume of emergency shipments involved. An attempt by the Port of New York authority to eliminate the
743 rail differential on ex-lake grain was defeated by the Commission. *Port of New York Authority v. Baltimore & O. R. Co.*, 248 I.C.C. 165 (1941). Rail-ocean and ocean-rail rate parity to and from the North Atlantic ports has generally been approved, however, in cases where parity was proposed by the carriers involved. Cf. *Export Grain from Buffalo to New York*, 278 I.C.C. 31, 292 I.C.C. 647 (1954); *Iron Ore from Eastern Ports to C.F.A. Points*, 291 I.C.C. 195 (1956) (reopened and now pending); *Coal from Clearfield Group to Philadelphia for Export*, 308 I.C.C. 425 (1959).

There is a fundamental difference between action by the Commission or by port interests to compel equalization and voluntary action by carriers to establish it. See *New York Central R. Co. v. United States*, 99 F. Supp. 394, 398 (1951), affirmed per curiam, *Interstate Commerce Commission v. New York Central R. Co.*, 342 U.S. 890. The

Commission has often recognized that carriers may make voluntary rate adjustments which the Commission could not require. This is not a complaint filed by port interests under section 3(1) of the act. The respondent carriers are merely seeking to reinstate a ratemaking policy voluntarily established 83 years ago — a policy which lapsed when ocean rates were equalized around 1935 without the corresponding adjustment of rail rates for which Commission approval is now sought. The burden of proving the lawfulness of a proposal which conforms to the traditional rule of rate equalization should be lighter than the burden of proof required to sustain a complaint which seeks to carve out an exception to the rule.

As pointed out by the Commission in *Cham. of Com. of State of New York v. N.Y.C. & H.R.R. Co.*, 24 I.C.C. 55 (at p. 69):

> The original agreement [of 1877] for differentials was based on the fact that the ocean rates for freights to and from foreign markets were less from and to New York than from and to the other ports, and the effort was to equalize the entire through charge via the several ports.

In 1882 the Thurman Advisory Commission was created by some of the railroads involved to investigate and report upon the differences in rates that should exist among the several Atlantic ports. The reasons given by the Advisory Commission for continuing the policy of equalization are just as valid today as they were three-quarters of a century ago. The Advisory Commission found that equalization aids the American producer by maximizing the number of buyers, carriers, and ports interested in his product; that, as to routes which are equally favorable, the bulk of the traffic will tend to move by the "through route" offering the lowest rate from interior points to European ports; that fixing rates upon the basis of distance from the port could not be achieved "except by subordinating competition altogether" to the distance principle; and that fixing differentials on the basis of relative cost of service would build 744 up some cities and transportation companies upon the ruin of others. Accordingly, the Thurman Advisory Commission concluded that distance and cost of service considerations "are subordinate to the great principle which compels the carriers of property competing between the same points and offering equal facilities to their customers to make the same rates."

The "great principle" of rate equalization has proved to be as sound in practice as the Thurman Advisory Commission found it to be in theory. Shippers have had additional ports available in time of strike or congestion. Because of the flexibility provided by rate equalization, shippers have been able to avoid delays in unloading, to minimize demurrage, and to schedule export and import shipments without bunching of cars at origin or destination. Railroads and ports have competed for traffic on the basis of service instead of monopolizing portions of the traffic by reason of cost and distance advantages. Operators of ocean vessels have been able to put into any North Atlantic port knowing that the total cost of transportation to the consignee would be the same.

Another advantage of rate equalization is that the Interstate Commerce Commission has less occasion to apportion traffic among the ports involved. Where, as here, the required rate differential is not justified solely on distance or cost of service considerations, apportionment of traffic is inherent in the fixing of the differential. For example, if the rate handicap against New York and the other northern tier ports were increased by 50 percent even less traffic would move through those ports, whereas a reduction of the differential by 50 percent would increase their tonnage. In forcing continuance of the rate handicap, the majority has necessarily determined that each of the carriers and ports involved is presently enjoying a fair share of the available traffic.

In allocating traffic between ports and carriers the Commission's expertise should not lightly be presumed. Under certain circumstances, apportionment of traffic is required by statute, but unless the duty of determining fair shares is unavoidable, it is far better to let the flow of traffic be determined in the transportation marketplace. If the policy of rate equalization were followed in this proceeding, the Commission would not be required to decide, *sub silentio*, how much of what kind of traffic should move through the various ports.

Adherence to the great principle of rate equalization requires disapproval of the retaliatory reductions by the carriers serving the ports of Philadelphia, Baltimore, and Hampton Roads, their cost and distance advantages to the contrary notwithstanding. If the dire predictions of these carriers and ports should begin to materialize in the wake 745 of rate equalization, a remedy is provided by section 3(1) of the act. In acting upon such a complaint, the Commission would be obliged to determine what volume of traffic is required to sustain the life of the port. However, no such determination should be made on this record or on any other record developed prior to the movement of traffic under rate parity. Rate equalization is the rule. Exceptions to the rule should not be prescribed on the basis of conjectural harm.

Even if it were proper to apportion traffic in this proceeding, the allocation effected by the majority seems inequitable. As shown by appendix F (which does not include substantial tonnages of export coal and import iron ore moving through the southern tier ports), rail exports from the affected territory through New York amounted to only 29.3 percent of the total and imports through New York to the affected territory amounted to only 23.1 percent of the total. It is no answer to say that New York continues to handle over 60 percent of the so-called "highly desirable general-cargo tonnage." The report recognizes that the exportation and importation of bulk commodities is increasing while "the movement of United States manufactures to foreign markets has been steadily declining." Moreover, the majority recognizes that the general cargo which moves predominantly through the port of New York is the most expensive type of traffic to handle and, in fact, that such traffic provides a return which is only barely compensatory.

These conclusions appear to restrict New York and the other northern tier ports to a shrinking class of traffic which is the most expensive to handle. Bulk commodities do not move freely against a rate differential. Railroads are volume carriers. To deny the respondents an opportunity to participate in the movement of bulk cargoes is a denial of their most important inherent advantage. Furthermore, any prospect of relief in the future seems remote. If, as the majority finds, the proposed adjustment would unduly prefer Boston, Portland, and Albany, which collectively handle only 6.9 percent of the involved exports and only 1.1 percent of the affected imports, the rate handicap of New York must be regarded as relatively permanent in nature.

The majority also finds that the reduction proposed by the respondents to achieve rate equalization has not been shown to be compensatory. The reductions are minimal, amounting to about one-tenth of a cent in ton-mile revenue. Since publication, the proposed equalization rates were subjected not only to authorized general increases to cover increased costs, but also to an additional charge of 6 cents per 100 pounds on waterborne traffic approved in Ex Parte No. 212, 304 I.C.C. 289 (1958). To require the respondents to submit a cost study embracing the whole range of export-import traffic from and to all the points involved in this proceeding would impose upon them a difficult, if not impossible, assignment.

Certain protestant rail lines which serve the port of New York attempted by a study of revenues on representative shipments to show that the proposed rates were not compensatory. This study did not include traffic handled by the least expensive means, that is, traffic transferred direct between car and ship and not handled in lighterage, car float, or trucking in lieu of lighterage service. In September 1956, respondent New York Central transferred 30 percent of its traffic at New York direct from car to ship. If the cost evidence had included "heavy-moving bulk commodities" transferred directly between ship and shore and which the respondents hope to attract by rate equalization, it is reasonable to assume that the showing of compensativity would be enhanced rather than diminished.

After restating protestants' cost figures and without making any allowance for any increase in bulk commodity traffic, the majority reaches the following conclusion:

> After restatement of the protestants' costs to reflect port costs computed on that basis, and giving effect to adjustments in other disputed but less important items of those costs, application of the resulting costs to the New York traffic indicates that the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs. However, a presentation of costs adequate to determine whether the proposed rates would be reasonably compensatory should embrace all types of traffic which those rates are expected to attract, and should reflect the costs of the specific methods by which they would be handled. It may be that other traffic would be forced to absorb a larger portion of the constant costs in order to maintain a national transportation system conforming to the ultimate objectives of the national transportation policy.

Included in the estimated out-of-pocket costs is a return of 4 percent on investment after Federal income taxes. None of the respondent railroads serving the port of New York had an average rate of return on investment of 4 percent for the years 1946-1957, inclusive. The record shows that for 1957 respondent Lehigh Valley had a return of 0.44 percent and respondent New Haven a return of 0.08 percent. Annual reports filed with the Interstate Commerce Commission show that respondent New York Central's rate of return on investment in 1958 was only 0.61 percent and that the New Haven failed to make any return at all on its investment in 1958 and 1959.

It is clear, therefore, that the proposed rates which are found to "equal or exceed by a small margin" the estimated out-of-pocket costs (which include a 4 percent return on investment after Federal income taxes) would not burden domestic traffic. Rather, the record shows that the proposed rates would make a far greater contribution to the
747 total transportation burden than the rates applicable to other traffic.

Approval of the proposed rates would be consonant with the Commission's duty under the national transportation policy to "foster sound economic conditions in transportation and among the several carriers." The precarious financial condition of some of the respondent carriers is a matter of common knowledge. The principal lines serving Philadelphia and Baltimore also serve New York and they would, therefore, participate to some extent in the handling of increased tonnage through the port of New York. The relative prosperity of the railroads serving Hampton Roads is well known.

By inflexible adherence to cost accounting theory, rates yielding a 4-percent return on investment after Federal income taxes can be found to be inadequately compensatory to carriers which have not enjoyed such a return for many years. Impressive support for such a conclusion may be found among practitioners of the science of cost accounting. It is their view that a return on investment and taxes other than payroll should be included in railroad out-of-pocket costs because, over a long span of time, these items of expense are variable in terms of traffic volume. But even if the theoretical validity of this approach is conceded, the Commission should recognize that the survival or demise of some of the respondent carriers will be determined over a much shorter period of time than that posited by conventional rail cost analysis.

I would approve the proposed reduced rates to the extent indicated above and grant fourth-section relief.

APPENDIX A

Comparison of waterborne foreign commerce through U.S. and North Atlantic ports, with that through New York

[Millions of net tons]

	1935	Percent of United States	1946	Percent of United States	1955	Percent of United States
Imports	38.7		52.1		153	
Exports	43.0		96.8		118.1	
Total, United States	81.7		148.9		271.1	
North Atlantic, total	35.0	42.8	69.9	46.9	158.1	58.3
New York, total	17.4	21.2	22.8	15.3	38.9	14.4
New York, percent of North Atlantic	49.7		32.6		24.6	
Imports (excluding petroleum and ores)	26.5		28.4		33.8	
Exports (excluding coal and grain)	33.3		51.2		52.4	
Total, United States	59.8	100.0	79.6	100.0	86.2	100.0
North Atlantic, total	23.8	40.0	24.5	30.8	29.2	33.9
New York, total	12.8	21.3	14.4	18.1	16.6	19.3
New York, percent of North Atlantic	53.4		58.7		[1] 56.9	

[1] Percentage of North Atlantic general-cargo exports and imports increased from 58.7 percent in 1955 to 59.1 percent in 1956.

Value of foreign trade

[Millions of dollars]

Year	Exports		Imports	
	New York	Baltimore	New York	Baltimore
1935	790	36	1,033	36
1945	4,020	499	1,477	118
1955	4,005	577	4,293	379

APPENDIX B

Oceanborne general cargo, 1956

[Gross tons (thousands)]

	Exports	Imports
North Atlantic:		
New York	6,397	6,495
Other North Atlantic	4,007	4,918
Total	10,404	11,413
South Atlantic:		
North Carolina	219	82
South Carolina	432	241
Georgia	441	365
Florida	995	1,360
Total	2,088	2,048
Gulf:		
Mobile	602	355
New Orleans	3,308	2,693
Sabine	885	87
Galveston	2,651	1,158
Laredo	400	30
Total	7,855	4,323
Pacific coast	4,870	3,865
Other	1,770	1,101
Total, United States	26,987	22,750

Exports, carloads (except coal, coke, and grain)

Port	1939	1956	Percent 1956 of 1939
Boston	7,679	10,673	139
New York	127,020	184,543	145
Philadelphia	16,447	23,857	145
Baltimore	23,322	40,380	173
Hampton Roads	24,949	37,539	150
(1) North Atlantic, total	203,432	303,149	149
(2) South Atlantic and Gulf, total	171,410	289,087	169
Grand total	374,842	592,236	158

APPENDIX C

[Millions of net tons]

	U.S. ports tons	North Atlantic ports tons	New York		North Atlantic ports			
					Northern tier		Southern tier	
			Tons	Percent of North Atlantic	Tons	Percent of North Atlantic	Tons	Percent of North Atlantic
EXPORTS, EXCLUDING COAL AND GRAIN								
1923	(1)	12.9	9.2	72	9.5	74	3.4	26
1946	51.2	14.5	8.5	59	8.9	61	5.6	39
1955	52.4	14.1	8.2	58	8.8	62	5.3	38
IMPORTS, EXCLUDING PETROLEUM AND IRON ORE								
1923	(2)	15.4	8.8	57	11.1	72	4.3	28
1946	28.4	12.8	6.2	49	7.4	58	5.3	42
1955	33.8	20.3	9.4	46	11.2	55	9.0	45

[1] 42.3 million tons in 1930.

[2] 26.6 million tons in 1930.

Imports, North Atlantic ports, net tons (exclusive of petroleum and ores)

Port	1955	1946
Boston	1,408,359	1,012,204
New York	8,434,065	5,890,592
Philadelphia	2,651,018	1,737,081
Baltimore	1,648,071	814,316
Hampton Roads	1,142,812	638,596
North Atlantic		
Total	15,660,246	10,265,704

Exports, North Atlantic ports, net tons (exclusive of coal, coke, and grain)

Port	1955	1946
Boston	435,118	191,307
New York	8,178,436	8,507,145
Philadelphia	1,804,956	2,460,268
Baltimore	2,147,798	1,812,643
Hampton Roads	794,288	1,174,030
North Atlantic		
Total	13,544,621	14,273,485

APPENDIX D

(Millions of gross tons)

Year	United States		New York Customs District		
	Total	General cargo	Total	General cargo	Percent of U.S. general cargo
OCEANBORNE EXPORTS					
1923	40.7	21.7	11.1	7.9	36.3
1946	64.2	26.2	11.9	9.9	37.7
1947	91.1	28.8	14.3	10.9	38.0
1948	66.8	22.0	11.4	8.1	36.8
1949	58.8	20.8	9.1	7.0	33.7
1950	39.1	17.0	6.6	5.1	29.9
1951	87.3	20.0	9.7	6.3	31.3
1952	76.1	18.1	7.8	5.7	31.7
1953	57.1	15.3	6.6	4.8	31.1
1954	57.0	18.4	6.6	4.9	26.8
1955	84.6	23.8	8.4	6.4	26.8
1956	[1] 113.0	27.0	8.7	6.4	23.7
OCEANBORNE IMPORTS					
1923	38.4	17.8	11.6	8.0	45.0
1946	44.2	13.6	13.7	5.2	38.2
1947	51.2	14.3	14.5	5.1	35.3
1948	60.8	16.3	17.8	6.2	38.2
1949	58.9	16.7	18.3	5.8	34.6
1950	86.1	21.4	23.0	7.6	35.5
1951	91.0	20.7	22.8	7.1	34.5
1952	97.0	19.5	25.1	6.9	35.6
1953	108.0	21.2	26.2	7.3	34.4
1954	110.7	19.4	25.4	5.8	30.0
1955	130.2	22.3	27.3	6.4	28.6
1956	[2] 146.8	22.8	27.5	6.5	28.5

[1] The increase in total exports of about 72,000,000 tons since 1923 distributed roughly was as follows (in millions of tons): Coal, 42; grain, 14; tanker cargo (petroleum, coal tar products, and molasses), 4; other minerals (sulphur, phosphate, and iron ore), 4; foreign aid, 3; and general cargo, 5.

[2] The increase in total U.S. imports of 108,000,000 tons since 1923 consisted of the following (in millions of tons): Tanker cargo (mainly residual fuel oil), 66; bulk ores (iron, manganese, chrome, ilmenite, bauxite, copper, and lead), 34; other minerals (clays, gypsum, and nitrates), 3; and general cargo, 5.

APPENDIX E

Rail transportation of foreign commerce between U.S. North Atlantic ports and affected territory

August 1955–July 1956

Imports	Northern tier		Southern tier	
	Net tons	Percent	Net tons	Percent
Products of agriculture	225,626	33.3	84,268	4.0
Animals and products	19,597	2.9	4,873	.3
Products of mines[1]	41,331	6.1	1,622,761	76.5
Products of forests	13,100	1.9	41,570	1.9
Manufactures and miscellaneous	376,672	55.6	368,350	17.3
Forwarder traffic	130	.2		
Total carload traffic	676,456	100.0	2,121,822	100.0
Percent of North Atlantic	[2] 24.2 (52.9)		[2] 75.8 (47.1)	

[1] Exclusive of petroleum and iron ore and concentrates.

[2] Exclusive of bulk ores.

Exports	Northern tier		Southern tier	
	Net tons	Percent	Net tons	Percent
Products of agriculture	868,000	29.3	3,993,051	59.5
Animals and products	124,182	4.2	87,524	2.6
Products of mines[1]	4,582	.1	19,213	.3
Products of forests	3,310	.1	2,605	.1
Manufactures and miscellaneous	1,913,481	64.6	1,090,690	36.8
Forwarder traffic	50,599	1.7	5,242	.7
Total carload traffic	2,964,154	100.0	5,207,325	100.0
Percent of North Atlantic	[2] 36.3 (62.7)		[2] 63.7 (37.3)	

[1] Exclusive of coal.
[2] Exclusive of grain.

APPENDIX F

Rail transportation of exports from affected territory (1955-56)

To—	Total		Grain		Other traffic	
	Net tons	Percent of North Atlantic	Net tons	Percent of North Atlantic	Net tons	Percent of North Atlantic
New York						
Respondents	1,642,349		154,125		1,488,224	
Protestants	750,696		49,869		700,827	
	2,393,045	29.3	203,994	4.4	2,189,051	62.7
Boston	361,772	4.4	358,516	7.7	3,256	.1
Portland	68,192	.8	68,192	1.5	None	
Albany	141,145	1.7	141,000	3.0	145	0
Total, northern tier	2,964,154	36.3	771,702	16.6	2,192,452	62.8
Baltimore	3,303,499	40.4	2,339,309	50.0	964,190	27.6
Philadelphia	854,809	10.6	705,578	15.1	149,231	4.3
Hampton Roads	1,049,017	12.9	859,191	18.4	189,826	5.4
Total, southern tier	5,207,325	63.7	3,904,078	83.5	1,303,247	37.3
		100.0		100.0		100.0

Rail transportation of imports to affected territory (1955-56)

From—	Total		Bulk ores[1]		Other traffic	
	Net tons	Percent of North Atlantic	Net tons	Percent of North Atlantic	Net tons	Percent of North Atlantic
New York:						
Respondents	391,979		27,790		364,189	
Protestants	253,813		2,182		251,631	
	645,792	23.1	29,972	1.9	615,820	50.4
Boston	17,739	.6	None		17,739	1.5
Portland	12,382	.4	None		12,382	1.0
Albany	543	.1	None		543	
Total, northern tier	676,456	24.2	29,972	1.9	646,484	52.9
Baltimore	1,644,844	[illegible].8	1,349,946	85.1	294,898	24.1
Philadelphia	184,759	6.6	59,490	3.8	125,269	10.25
Hampton Roads	292,219	10.4	136,046	8.6	156,173	12.8
Total, southern tier	2,121,822	75.8	1,545,482	98.1	576,340	47.1
		100.0		100.0		100.0

[1] Other than iron ore and concentrates.

INTERSTATE COMMERCE COMMISSION

INVESTIGATION AND SUSPENSION DOCKET NO. 6615[1]

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

Decided June 15, 1961

Upon reconsideration:

1. Prior findings that proposed reduced class and commodity rates on export and import traffic between interior points in differential territory, on the one hand, and New York and Albany, N.Y., Boston, Mass., and Portland, Maine, on the other, are not shown to be reasonably related to the present rates on like traffic to and from Baltimore, Md., Philadelphia, Pa., and the Hampton Roads (Va.) ports, and would cause undue prejudice and preference as between the ports named, amplified and affirmed.
2. Other findings in prior report, 311 I.C.C. 689, affirmed.

Appearances as shown in prior report.

REPORT OF THE COMMISSION ON RECONSIDERATION.

GOFF, *Commissioner*:

In the prior report, 311 I.C.C. 689, we found that schedules by which the respondent railroads proposed rate reductions and thus sought to equalize the rates[2] on export and import traffic between the ports of New York, N.Y., Boston, Mass., Portland, Maine, and Albany, N.Y., hereinafter called northern tier ports, and interior points in differential territory, described in that report, with the corresponding rates between Baltimore, Md., and the same interior points, were not shown to be reasonably related to the present rates on like traffic between the southern tier ports (Baltimore, Philadelphia, Pa., and Hampton Roads, Va.) served by competing (protestant) railroads; and would cause undue preference of the ports first named, as a group, and undue prejudice to the southern tier ports. We found also that schedules by which the protestant railroads proposed, if the foregoing rates should be found lawful, to reduce their rates between the southern tier ports and the interior territory, and thus restore the present relationships, were not shown to be just and reasonable. Some of these railroads serve New York, as well as Philadelphia and Baltimore. By our order of December 5, 1960, the schedules were ordered canceled and the fourth-section application in the embraced proceeding was denied.

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[1] This report embraces also fourth-section application No. 32204, Import and Export Rates from and to North Atlantic Ports.

[2] Rates and differences in rates are stated per 100 pounds.

Upon further consideration of the prior decision, and of the record herein, on April 11, 1961, we reopened the proceedings for reconsideration, on the record as made, of the lawfulness of the proposed rates separately and independently on traffic to and from each of the northern tier ports. 186

Only the principal facts recited in the prior report will be repeated herein. The evidence includes a vast amount of statistical data. Much of these relate to tonnage moving through each port and, collectively, through the northern and southern tier ports. The most important of these data are summarized in the appendices to the prior report, to which reference will herein be made.

The commodities embraced in these proceedings when moving by water are of two types, called bulk cargo and general cargo. The bulk cargo consists almost entirely of export grain and import ores, other than iron ore.[3] The general cargo includes principally manufactured and semi-manufactured articles of relatively high value, which generally provide the more profitable "top loading" for ships and the greater employment and revenue per ton for the port community.

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[3] Other much more important bulk commodities are export coal and import iron ore, and petroleum. Of the petroleum which moves through North Atlantic ports, little or none moves to the affected territory.

The present rates on import traffic are the same from New York, Boston, and Portland, except as noted below. Those from Philadelphia and Baltimore are 2 cents and 3 cents, respectively, under the rates from New York, except that on classes 1 and 2 they are 6 cents from Philadelphia and 8 cents from Baltimore under New York. Import rates from Portland, applicable over routes through Canada only, are the same as those from Baltimore, and such rates and routes also are in effect from Boston.

On export traffic, again New York, Boston, and Portland have the same rates. The rates to Philadelphia are 2 cents less and to Baltimore 3 cents less than those to New York, except that on export grain the rates to Philadelphia are 0.5 cent under and those to Baltimore 1.5 cents under New York, and on flour they are, respectively, 1 and 2 cents under the New York rates.

The Hampton Roads rates are the same as those to and from Baltimore only from and to points in differential territory west of a north-south line in central Ohio described in the prior report.

Rates to and from Albany are the same as those to and from Philadelphia, generally 2 cents under New York. The respondents proposed rates for Albany on the Baltimore basis.

As stated, our prior findings were directed to the northern tier ports as a group. This was done to accord with the group proposal made by the respondents. That proposal, in 87 which the respondents serving Boston joined, specifically purported to equalize their rates with the rates to and from Baltimore. The general brief of the respondents, in which the Boston respondents joined, stated their position as a unit, without reservation, and dealt with much of the evidence as such. The 16 findings which they requested made no mention of any individual port. This brief contains numerous references to their proposal as a "group adjustment.". For example, at page 60 of their argument the respondents refer to the fact that the instant "group adjustment" was initiated in an effort to remove the differential as was done with respect to ex-lake grain. Moreover, their requested finding 4 was as follows:

> Equalized through charges are a competitive necessity in the proposed group rate adjustment.

The New Haven and Boston & Maine, hereinafter called the Boston respondents, arguing that there was no need in this proceeding for cost evidence and that in a "competitive situation" relative distances must be ignored, in their supplemental brief stated that the proceeding "involves a broad group adjustment," and that the subject traffic "would move under a group adjustment."

However, the Boston respondents and particularly the Boston port interests in their exceptions, urge that, regardless of the conclusion reached as to New York, the reduced rates to and from Boston be found lawful. Upon further consideration of the position thus taken by the Boston interests and of our prior decision herein, we reopened these proceedings for consideration of the lawfulness of the proposed rates separately and independently on traffic to and from each of the northern tier ports. Facts and contentions stated in the prior report will be restated only to the extent necessary for a clear understanding of the issues.

In general. — Differentials of substantially the same amount as those now prevailing were initially agreed upon in 1877 as a compromise by the lines which served New York, on the one hand, and the Philadelphia and Baltimore railroads, on the other, following about a decade of rate instability in which rate wars were the outgrowth of repeated failures of the port railroads to agree on port rate relationships. Comparative rail distances between differential territory and Baltimore, Philadelphia, and New York were an important consideration in the compromise.

the Baltimore lines having insisted on greater rate differences, and the New York lines contending for equal rates with Baltimore. About a decade later it was agreed that Boston and Portland should have rates the same as New York. The average short-line distances between differential territory and the several ports are 698 miles to Baltimore,
188 750 miles to Philadelphia, 804 miles to New York, and 921 miles to Boston. Between Hampton Roads and its smaller differential territory, the average is 883 miles as compared with 853 miles to New York.

In a series of proceedings extending from 1898 and 1941, most of which are cited in the prior report,[4] the assailed differentials were repeatedly approved.

As explained in the prior report, at pages 693-694, because of the differences in the ocean rates which prevailed at the time the differential adjustment was first adopted, its effect was to place all of the North Atlantic ports on a roughly equal basis with respect to the combined rail and ocean charges between interior points and foreign destinations over routes through each of those ports.

By 1935, however, ocean tramp rates to and from the several ports having been equalized, the charges for each type of ocean service were then roughly equal, conference and nonconference rates having been equalized between 1916 and 1920. See *Maritime Assn., Boston Cham. of Com. v. Ann Arbor R. Co.*, 95 I.C.C. 539, 554. According to the record, ocean rates may vary dependent upon the type of service; nonconference lines may charge lower rates than conference lines; and tramp operators, whose service is generally slower, usually charge substantially less than conference rates. However, all ocean lines in the same type of service generally maintain the same charges. With equalization of the ocean rates, the combined rail-ocean charges through the northern tier ports became higher than those through the southern tier ports.

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[4] Others are *Export and Domestic Rates*, 8 I.C.C. 214; *In The Matter of Import Rates*, 24 I.C.C. 78; *Baltimore Chamber of Commerce v. Ann Arbor R. Co.*, 159 I.C.C. 691; *City of Philadelphia v. Baltimore & O.R. Co.*, 231 I.C.C. 21; and *State of New Jersey v. Baltimore & O.R. Co.*, 245 I.C.C. 581 (1941).

The respondents and New York and Boston port interests[5] contend that their tonnage of the subject[6] has declined and that the higher rail-ocean transportation charges through those ports than through the southern tier ports, which have prevailed since 1935 when equalization of all ocean rates was completed, have been the cause of their inability to compete for this traffic, with consequent diversion of a large share of it from their ports to the lower rated ports south of New York. They claim that this loss in tonnage has been experienced by them particularly since 1946, a period of extensive growth in total United States foreign trade. This growth was, for the most part, in certain bulk commodities, such as coal, petroleum, and iron ore, which tonnage is not here concerned.

The Boston respondents say that their share of the subject traffic "has been almost completely wiped out," that "they are no longer a competitive factor" in its movement; 189 that Boston is no longer able to participate in it to a signicant extent; and that they seek "once more [to] become competitive" for it. These statements imply, as do those of respondents generally, that at some earlier time they had opportunity to compete for this traffic and enjoyed a proportionately greater amount of it than they did in 1955-56. Such a time presumably was prior to 1935,[7] before the establishment of ocean rate parity, which they say was the circumstance that disrupted the equality of the rail-ocean charges through the several North Atlantic ports and thus placed the respondents and their ports in a disadvantageous position.

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[5] Albany's tonnage, except for export grain, was negligible.

[6] The total volume, about 11 million tons, of this traffic, as shown in appendix F to the prior report, was about 7 percent of all foreign commerce through the North Atlantic ports in 1955.

[7] This year will be used for purposes of discussion, although the ocean rates of most importance here apparently were equalized by 1920.

The evidence as to the tonnage which moved on the subject rates is limited to the years 1946 or 1947 and 1951, and to the traffic test period or composite year from August 1, 1955, to July 31, 1956. Except for the composite year, the data are incomplete or not on comparable bases. As to traffic through New York, the data include only tonnage handled by four of the respondent railroads which serve that port and do not include that handled by the Baltimore & Ohio, the Pennsylvania, or the Central Railroad of New Jersey, which also serve the port. As to Boston, the New Haven produced no data except for the composite year. The data for the Boston & Maine at that port and Portland are for that year and 1951 only. Albany's tonnage is shown only for the composite year. The figures for the test period, shown in appendix F to the prior report, are the only complete tonnage data of record for the subject traffic. As no corresponding data were presented for any period prior to the equalization of ocean rates, when the respondents presumably were in a position to compete, ratewise, for the subject traffic unhampered by a disparity in through charges, the record affords no basis for determining the relative participation of the opposing railroads and ports in this traffic before and after such equalization. Thus, it lacks evidence necessary to test the validity of the claimed loss of such traffic and to show that such loss was due to disruption of the parity of the rail-ocean charges.

The respondents say that the general tonnage data compiled annually by the Department of the Army, Corps of Engineers, were "one of the basic alarms" which prompted the proposed equalization. Such data reflect all tonnage handled through the North Atlantic ports, rather than rail carriage of the subject traffic to and from the affected territory only. The tonnage data presented by the port interests are, for the most part, even more general in character and are similar to those summarized in appendixes B and D to the prior report.

190 Analyses of these overall tonnage data for years since 1922, as shown in appendix D and the carload exports as shown in appendix B since 1938, which afford the only

indication of the relative participation of the several ports in the total North Atlantic trade for significant periods, were discussed on pages 700 to 707 of the prior report. Most of the increase in traffic which contributed to a greater increase in such trade through southern tier ports than through northern tier ports consisted of the bulk commodities mentioned above. As appendix C shows, excluding those commodities and grain, the percentages of the remainder of the total foreign tonnage shared by the northern tier ports and the southern tier ports were only slightly different in 1955 than in 1946, and, as indicated in the lower half of appendix C, the trends of the movements of such tonnage from 1946 to 1955 for Boston and New York compare favorably with those of the southern tier ports. Export coal, except for some movement through New York, presently minimal, moved and continues to move almost exclusively through the southern tier ports; so also, most of the North Atlantic grain exports, particularly since World War II, have moved through the southern tier ports.

From 1946 to 1955 as to exports, exclusive of coal and grain, the small decline through southern tier ports was slightly more than that through the northern tier ports. A comparison with 1939, however, in appendix B, shows that the major ports have experienced a substantial increase in such exports.

The respondents and the New York and Boston port interests contend that a parity of rates to and from the ports and equalized through charges are a competitive necessity. Boston emphasizes the small volume of the subject-traffic general cargo moving through its port. In view of the preponderance of such traffic, aggregating 2.8 million tons as shown in appendix F, which moved through New York at rates the same as those of Boston, the validity of this contention is not established.

Boston argues that, as a practical matter, its railroads are excluded from competing for the subject traffic, and that with rate parity they would be able to compete effectively for it. It points to the movement of export wheat to Hampton Roads and Baltimore under a parity of rates as an example of the effectiveness of parity in securing traffic for Hampton Roads. This and other grain movements under the subject rates in the composite year are shown in the following table:

191

Commodity	Port differential[1]	To—	Tons	Percent[2]
Wheat	1.5	Hampton Roads	819,609	36.8
Do	1.5	Baltimore	800,237	36.0
Do	.5	Albany	58,850	2.6
Do	.5	Philadelphia	488,310	21.9
Do		Boston	281,968	12.6
Do		New York	117,786	5.3
Do		Portland	35,405	1.6
Corn	1.5	Hampton Roads	None	
Do	1.5	Baltimore	1,243,846	81.7
Do	.5	Philadelphia	211,548	13.9
Barley and rye	1.5	Baltimore	176,774	91.0
Do	1.5	Hampton Roads	None	

[1] Under rates to Boston, New York, and Portland.

[2] Of total subject exports of same commodity through New York and southern tier ports.

It is obvious from this evidence that factors other than rate parity control or strongly affect the grain movement, as is indicated by the heavy movement of corn, barley, and rye to Baltimore and none to Hampton Roads; by the substantial tonnage of corn to Philadelphia at rates higher than to either port south of it; by the much larger movement of wheat to Boston than to New York or Portland, despite equality of rates; and by the much smaller movement of wheat to Albany than to Boston or Philadelphia even though Albany has the advantage of shorter distances and a lower rate than Boston and a parity of rates with Philadelphia.

The record shows that during 1955 and 1956, imports, including a variety of manufactured articles, arrived at the port of New York destined to Baltimore and Philadelphia. These were forwarded over protestant railroads, 738 carloads to Baltimore and 759 carloads to Philadelphia. Similarly, in those years, 1,722 carloads of commodities originating at Philadelphia and 863 carloads at Baltimore were forwarded over their lines to New York for export. These movements totaled 4,082 carloads and 122,067 tons. Another example of the attraction of New York for export traffic is the preponderance of New England's exports and imports which move through New York, as indicated in the prior report. This movement aggregated about 7,000 carloads in the composite years, and some of it moved from and to points nearer to Boston to New York.

Witnesses for the respondents and their supporting shipper interests testified that the differentials are not all controlling in the movement of this traffic, that the choice of ports is influenced by many other factors, and that it is impossible to determine the channeling effect of the differentials in such movement. Thus, witness for the New England Industrial League testified that its manufacturers "pay the higher rail costs involved in using a port other than Boston in return for ocean time advantages." The wide variety of imports and exports which move on the subject rates through New York, exclusively or almost so, 192 even though its rates are the same as those from or to Boston and higher than those from or to the southern tier ports, also evidence the influence of factors far more powerful than the differentials.

A Boston witness testified that in order to balance the relatively light-weight, small-lot shipments which New England manufacturers produce, it needs bulk and bottom cargoes, such as heavy machinery, cars, and trucks. The record shows that the movement of these articles to New York by protestants alone is far greater than to Baltimore or any other southern tier port. The following table shows the proportions of the exports of such subject traffic which moved to those ports in the composite year, expressed as a percentage of the total movement through New York and the southern tier ports:

Commodity	New York	Baltimore
	Percent	*Percent*
Automobiles and auto trucks, n.o.s.[1]	94.0	2.6
Agricultural implements, n.o.s.	92.9	3.0
Automobiles, passenger	90.5	8.8
Machinery and machines, n.o.s.	81.9	8.5
Vehicles, motor, n.o.s.	86.0	7.2

[1] Not otherwise specified.

In the prior report we referred to the preponderance of superior steamship and port services at New York, and we concluded that these, among other things, were the chief reasons why that port was in a position to attract the large volume of traffic which it did, notwithstanding that its rates were higher than those of the southern tier ports and Albany.

Boston's position is that, with respect to port services and facilities, it is fully competitive with the southern tier ports. It makes almost no mention of the extensive steamship and port services at New York. As to steamship services, its sailings are said to be adequate to accommodate its present traffic. It urges that the sailings would rapidly increase and be fully competitive if available tonnage were increased, and suggests that the lack of bulk cargo is the cause of the light movement of general cargo through its ports. As grain affords one of the principal bulk cargo exports, the following table based on the composite year, shows that both New York and the southern tier ports experienced no difficulty in this regard:

Port	Grain exports	Other exports
	Tons	*Tons*
Boston	358.516	3.256
Philadelphia	705.578	149.231
Hampton Roads[1]	859.191	189.826
New York	203.994	2.189.051

193 The location of the New Haven's lines, which do not extend westward from New York, handicaps it in competing with other railroads for the subject traffic to and from that port. This was shown by the volume of such traffic handled by it in the composite year, consisting of 16 carloads of imports and 26 carloads of exports from and to New York, as compared with 4.121 carloads of imports and 2.785 carloads of exports which it moved through New York from and to nonaffected territory. Through Boston it handled subject traffic consisting 320 carloads of imports and 68 carloads of exports, contrasted with 2.084 and 1.867 carloads, respectively, of other imports and exports principally to and from New England.

The Boston & Maine apparently has little participation in the subject traffic, except grain, of which it handled 3,235 carloads to Boston, as compared with 91 carloads to Portland, in the composite year. Of imports to differential territory, it handled 226 carloads from Boston and 164 from Portland.

Additional evidence of record relating more particularly to the individual North Atlantic ports will now be discussed.

Albany. — Following the eastern class-rate revision, effective December 3, 1931, the export-import rates to and from North Atlantic ports other than Albany were readjusted. After several attempts the railroads failed to agree upon properly related rates for Albany. In *Albany Port District Comm. v. Ahnapee & W. Ry. Co.*, 219 I.C.C. 151 (1936), hereinafter sometimes called the *Albany* case, that port assailed its rates as unreasonable and unduly prejudicial to it and unduly preferential of other North Atlantic ports. We found those rates unreasonable to the extent that they exceeded those on like traffic to and from Philadelphia, and unduly prejudicial and preferential to the extent that they bore a relation to the Baltimore, Philadelphia, and New York rates less favorable than the rates on the maximum bases prescribed.

Albany is 143 miles north of New York, and is served by the New York Central and the Delaware & Hudson. The similarity of the average distances between key points in differential territory and Albany of 737 miles, and Philadelphia, 746 miles, was an important consideration in prescribing the described port relationship. Albany's position herein is that the relief afforded it in the case last cited was inadequate as to the subject traffic, and that if the North Atlantic port rates are equalized, as sought by the respondents, its rates should be no higher than those to and from Baltimore and Norfolk.

The evidence upon which it relies, other than with respect to its port facilities, is mainly that presented by respondents herein. Total exports of grain moved through that port increased from 94,875 tons in 1923 to 844,827 tons in 1955, while Philadelphia's exports in those years were 16,641 and 712,767 tons. Since 1946 it obtained, on the average, annually about 15 percent of the grain exports through North Atlantic ports. Of the subject grain traffic, as shown in appendix F, it obtained 141,000 tons or 3 percent of such traffic to all the ports, as compared with 4.4 percent for New York, 7.7 percent for Boston, and 15 percent for Philadelphia.

Except for export grain, Albany's participation in this traffic is insignificant. Philadelphia, with the same rates, obtained 6.6 percent of the imports and 10.6 percent of the exports, and New York, with higher rates, obtained 23.1 percent of the imports and 29.3 percent of the exports. Thus, as to both exports and imports, it is apparent that factors other than the differentials strongly influenced the movements.

As we observed on page 172 of the report in the *Albany* case, the basic port rate structure was formed by the voluntary joint action of the railroads serving the several ports and their connections, and depends for its very existence upon the participation of every such carrier. Upon a comprehensive record, we there concluded that rates on port traffic between Albany and differential territory "in comparison with the port rate structure applying to and from the other ports" were unlawful as above indicated, and lawful port relations were prescribed, which are still in effect. The evidence presented in support of the Albany rates proposed herein, which would modify the present relationships, not only of Albany to the other northern tier ports, but also to Philadelphia and the other southern tier ports, is inadequate to support findings that the relationships required in the *Albany* case are in any respect unlawful under present conditions.

New York. — The rates to and from New York have been considered as the basic rates in this adjustment. Under those rates and other conditions favorable to it, the port, over many years, has developed its foreign commerce, including that considered herein, and has maintained its position as the nation's chief port. This is clearly portrayed by the facts previously discussed herein and in the prior report.

It is noteworthy that, since equalization of the ocean rates, the only complaint of any northern tier port in which the differential adjustment on export and import traffic generally has been assailed was filed by Boston in 1922. *Maritime Assn., Boston Cham. of Com. v. Ann Arbor R. Co., supra.* It there contended that the equalization of ocean rates pursuant to the policy of the United States Shipping Board, and the decline in Boston's commerce constituted material changes in circumstances and conditions which warranted revision of the port adjustment. Its need for bulk cargo and the decline in grain and flour exports from 195
the West, upon which it had largely relied for such cargo, were also stressed. In that proceeding New York opposed lower rates for Boston than for New York. In dismissing the complaints the Commission, at page 567 said:

> The port differentials are arbitrary. * * * It may be conceded that they "are the result of compromise, arbitration, and agreement resorted to as the only means so far found of averting rate wars." They do not accurately reflect transportation conditions, first, because they are uniform, and second, because the lesser distances from differential territory to Philadelphia and Baltimore as compared with New York and Boston are reflected only in part.
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> * * * * * * *
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> In the present proceeding there is no evidence that the rates under attack are either unreasonably high or unreasonably low. The real issue is whether undue preference and prejudice exist. In view of the very substantial advantages in distance from differential territory which Philadelphia and Baltimore enjoy, as compared with New York and Boston, * * * we are unable to find that there is anything unlawful about the port differentials in favor of Philadelphia and Baltimore. Compared with the advantages in distance, the present differentials in many cases are relatively small.

As we said in the prior report in summing up the evidence intended to show loss of the subject traffic after equalization of the ocean rates, such evidence fails to disclose that the parity in rail-ocean charges has diverted this traffic from the northern tier ports. On the contrary, it shows that New York alone attracts the greater part of the subject general-cargo traffic, and that the movement to and from the ports of the bulk cargo commodities, chiefly grain and bulk ores other than iron ore, is affected by numerous factors other than the differentials. Especially is this true of export grain. There are many circumstances peculiar to the movement of these commodities, as disclosed in our reports in *Export Grain from Buffalo to New York*, 278 I.C.C. 31, 292 I.C.C. 647; *Iron Ore from Eastern Ports to C.F.A. Points*, 291 I.C.C. 527, 299 I.C.C. 195, and 300 I.C.C. 102; *Coal, Clearfield Group to Philadelphia for Export*, 308 I.C.C. 425. Findings as to rates on such commodities are not decisive of issues concerning the lawfulness of existing relationships in the general body of rates on this port traffic.

The great variety and volume of the subject traffic which flows through New York under the circumstances disclosed of record emphasizes the strong attractions which induce shippers to use this port. Numerous commodities move entirely or preponderantly through the port, shippers preferring it not only to Boston and Portland, which have the same rates, but to Albany and the southern tier ports which have lower rates. The relative advantages which the port offers, such as superior steamship service and sailings, and its extensive port services, are important considerations along with the rail-ocean charges themselves.

196 *Boston.* — The Boston respondents and port interests supporting them contend that their rate disadvantage of 2 cents or 3 cents (0.5 cent or 1.5 cents on grain), as compared with Philadelphia and Baltimore, makes it impossible for them to compete to a significant extent with the southern tier ports. As previously discussed and as shown in appendix F, except for export grain, a relatively small volume of the subject traffic moves through Boston. Even less moves through Portland and Albany, despite import rates from the

former over differential routes through Canada the same as from Baltimore, and lower rates from and to Albany than from and to Boston. As portrayed in appendix F, New York was able to attract 2.8 million tons of general cargo, a volume larger than all of the other North Atlantic ports combined, while Boston, with the same rates as New York, obtained only 21,000 tons of such traffic. These and other comparative traffic data, as previously discussed herein, furnish impressive evidence that factors other than the claimed rate disadvantage with southern tier ports are the chief, if not the only, cause of Boston's failure to secure more of such traffic.

The Advisory Council to the Port of Boston Commission, in reports to the Governor of Massachusetts in December 1957, expressed deep concern as to the lower productivity and much higher labor costs incident to discharging and loading vessels at Boston as compared with New York, Baltimore, and Philadelphia. It cited stevedoring costs per long ton of $3.67 at the latter two ports, contrasted with $5.33 at Boston. Boston argues that the make-work practices causing these high costs have no effect on port competitive costs, as any additional costs are borne by the steamship companies. It calls attention also to the council's view, expressed in the second of its reports, that the practices would disappear if a more regular and increased volume of port traffic were made available.

Speaking of the subject traffic generally, a traffic officer of one of the principal respondents testified that it is impossible to determine the channeling effect of the differentials. As to export grain, of which Boston received 2.5 times as much as Albany although the rates to Albany are lower, the Boston respondents concede, and the record shows, that there are a number of factors other than the differential which influence movements to the ports.

As previously indicated, the average short-line distance to Boston exceeds that to Baltimore by 223 miles, and to New York by 117 miles. In formulating port rate adjustments, the railroads have, to a considerable degree, subordinated relative distances to other factors. However, in proceedings which involved the North Atlantic port adjustment since the 1935 amendment to section 3(1) of the act making that 197 paragraph applicable to ports and port districts, it is significant that relative distances were uniformly accorded substantial weight. *Albany Port District Comm. v. Ahnapee & W. Ry. Co., supra; City of Philadelphia v. Baltimore & O. R. Co.*, 231 I.C.C. 21; *State of New Jersey v. Baltimore & O. R. Co.*, 245 I.C.C. 581, 588. Domestic class rates generally reflect differences in distance and service. Including increases authorized in Ex Parte No. 196, the class rates from Chicago, for example, for classes 20 to 100, are from 10 to 48 cents higher to Boston than to Baltimore, and from 6 to 30 cents higher than to New York.

Albany's rates now reflect, to some degree, its shorter distances from the differential territory than to Boston and New York. From Chicago, for example, the distance to Albany is 184 miles less than to Boston, to which it is intermediate. Boston's rates, as proposed, would be lower than the present rates to and from Albany, and also lower than the present rates to and from New York and Philadelphia. Rates lower to or from Boston than to or from the other ports just mentioned, over some routes, would be in violation of the long-and-short-haul provisions of section 4 of the Interstate Commerce Act.

In an early case in which we dealt with the port rate adjustment to and from these ports, we indicated that Boston's rates should not be lower than those to and from New York. *Chamber of Commerce of N.Y. v. N.Y.C. & H.R. Co.*, 24 I.C.C. 55, 77, 24 I.C.C. 674. Consistently in subsequently proceedings where the issue was presented, the same conclusions were reached. *In the Matter of Import Rates*, 24 I.C.C. 78; *Maritime Assn., Boston Cham. of Com. v. Ann Arbor R. Co., supra.* Significantly, none of the substantial general increases in rates authorized since the latter decision in 1925 has been reflected in these differentials.

Portland. — Except from points in the northern part of the affected territory, such as Detroit, Mich., and points in northern Michigan, the short-line distances to Portland generally exceed those to any other North Atlantic port in the United States. While Portland has export rates from that territory the same as to New York and Boston, and import rates on certain commodities on the Baltimore level over routes through Canada, nevertheless, except for the small volume of imports through Albany, the volume of both exports and imports which it handled on the subject rates was the smallest of any of the North Atlantic ports. However, the total foreign commerce of the port in 1955 was 10.9 million tons (of which 10.6 million tons were petroleum), as compared with 6 million tons in 1946.

No evidence was presented by any Portland port interest in support of respondents' proposal. As stated in the prior report, this is the only port served by the Maine Central, and, for reasons therein stated, it opposed the respondents' proposed import rates. It was supported in this position 198
by the Maine Port Authority and by commercial and industrial interests of the State of Maine.

GENERAL DISCUSSION AND CONCLUSIONS

For over 20 years following the above-mentioned amendment to section 3(1) of the act, no North Atlantic port, except Philadelphia, has complained of any unlawfulness in the general adjustment of these port rates. Prior to that amendment, no northern tier port served by the respondents had complained since Boston, in 1922, assailed its rates in the proceeding above cited. New York commercial interests intervened in that proceeding and asked that the New York-Boston rate relationship be not disturbed.

The facts in support of the case for Boston as here presented are very similar to those relied upon to support that complaint. It is recognized by Boston that average distances to that port and New York are greater than to Baltimore, but it argues that competitive needs of the carriers justify a departure from distance-based rates. As above indicated, the present rates reflect substantial deviation from relative distances. Such departures from the transportation standard are characteristic of many port rate structures, the parity of rates being maintained generally by common consent of the carriers and the ports concerned.

The situation before us here differs. While in the instant proceeding there is strong insistence by the respondents and the ports supporting them upon rate parity, equally strong are the claims of their opponents, fully substantiated of record, as to the opponents' geographical, transportation, and cost advantages. In general, in the rare instances where rate changes in port relationships have been required by us, distance has been an important consideration. The *Albany* case, *supra; Nueces County Nav. District No. 1 v. Abilene & S. Ry. Co.*, 291 I.C.C. 459, and cases therein cited. Here, as stated, the distance disadvantages of Boston, for example, are 223 miles over Baltimore, 171 miles over Philadelphia, and 117 miles over New York; and the latter port is 106 miles more distant than Baltimore. Such great differences in distance, under the circumstances here revealed, may not be ignored without running counter to the provisions of section 3(1) of the act. What has just been said applies also, in greater or less degree, to each of the other northern tier ports.

Moreover, for the reasons previously discussed, the evidence is persuasive that, so far as New York is concerned, rate equalization is not required to enable that port to meet the competition of the southern tier ports, and that, so far as Boston, Portland, and Albany are concerned, such equalization would not materially affect the flow of foreign traffic through any of those ports.

199 We are equally persuaded that approval of rate equalization, or of rates to or from any northern tier port which would effect a closer relationship than now exists with the southern tier ports, would result in undue prejudice to the latter ports and in undue preference of northern tier ports.

Upon reconsideration, we find that the proposed rates to and from Albany, New York, Boston, and Portland, separately and collectively, are not shown to be reasonably related to the present rates on like traffic to and from the southern tier ports, and would cause undue preference of and advantage to the named ports and undue prejudice and disadvantage to the southern tier ports. In other respects, the prior findings are affirmed.

COMMISSIONER FREAS concurs in the result.

COMMISSIONER WEBB, whom COMMISSIONER TUCKER joins, dissenting:

My reasons for dissenting in the prior report are equally applicable here and will not be restated here in any great detail.

At several places in the report the present differentials are described as substantially the same as those which have prevailed for 75 years and which have been repeatedly approved by the Commission. These statements are technically correct. The present differentials were not designed, however, to place Boston and other northern tier ports at a competitive disadvantage by reason of the generally greater distances from those ports to the affected interior territory. On the contrary, the present differentials were designed to compensate for generally higher ocean rates to and from the southern tier ports. But, as noted in the report, when the equalization of all ocean rates was achieved in 1935, the combined rail-ocean charges through Boston and the other northern tier ports became generally higher than those through the southern tier ports. All that Boston and the carriers serving its port ask is that the condition of ocean-rail rate parity be restored so that they may once again enjoy an equal opportunity to compete for the export-import traffic involved. Inasmuch as Boston is seeking to restore, rather than to disrupt, the historic policy of rail-ocean rate equalization, the proposed rates, in my opinion, are entitled to a presumption of validity.

There are several inconsistencies in the report worthy of comment. It is said, for example, that Boston's minute share of the traffic is due to "influence of factors far more powerful than the differentials" and that "so far as Boston.

Portland, and Albany are concerned, such equalization would not materially affect the flow of foreign traffic through any of those ports." If these observations are correct, there is obviously no basis for the conclusion that the
200 proposed rates would cause *undue* preference of and advantage to the named ports.

One statement in the report, if my interpretation thereof is correct, seems clearly erroneous. Referring to the distance disavantages of Boston (223 miles over Baltimore, 171 miles over Philadelphia, and 117 miles over New York), the majority concludes:

> Such great differences in distance, under the circumstances here revealed, may not be ignored without running counter to the provisions of section 3(1) of the act.

In the first place, the distance disadvantages of Boston are reflected to only a negligible extent in the present differential. The differential, as previously noted, was originally fixed, not to compensate for any distance disadvantage, but to offset generally higher ocean rates from and to the southern tier ports.

More important, comparable distance disadvantages have been disregarded by the Commission in port cases too numerous to mention. Disregard of distance disadvantages is implicit in every port grouping recognized by the Commission. The Congress was well aware of this fact when it amended section 3(1) in 1935 by adding the words "port, port district, gateway, transit point." Prior thereto, the Supreme Court had held that ports are not localities within the meaning of section 3(1) susceptible of undue preference or prejudice with respect to import and export traffic. *Texas & P. Ry. Co. v. United States*, 289 U.S. 627 (1933).

The Commission was aware that the Congress was aware that distance considerations are subordinate to the goal of maximizing the number of ports available to shippers; preventing the growth of monopoly based on geographical advantages; and insuring a free flow of commerce through as wide a range of ports as practicable. In *Albany Port District Comm. v. Ahnapee & W. Ry. Co.*, 219 I.C.C. 151, 173, the following quotation appears from the House Committee report recommending passage of the bill to amend section 3(1):

> In recommending that this bill be passed, the committee does so with the idea in mind that by amending section 3 of the Interstate Commerce Act as thus contemplated it will encourage and promote the freedom of movement of export, import, and coastwise commerce through the ports of the country. The committee considers that it is to the interest of the public that such commerce be permitted to move freely through as many available ports as the governing circumstances will reasonably permit, and that no restrictions upon and impediments to the free movement thereof should be imposed that are not clearly shown to be sound or economically justified. The recommendation of the committee that this bill be enacted is intended to afford competing ports a forum in which to complain of rate adjustments which tend to concentrate the movement of the traffic through one port or a limited number of ports and to deprive other ports of an opportunity to handle a part of such traffic. The committee believes that such a diffusion of the traffic which moves through the ports will redound to the benefit of the producer 201 and consumer in the interior by whom in the last analysis the transportation charges levied both for the transportation thereof and for the use of the facilities at the ports are ultimately borne.

Accordingly, I would reverse the findings in the prior report, approve the proposed reduced rates to the northern tier ports, and grant fourth-section relief.

COMMISSIONER BUSH did not participate.

ORDER

At a General Session of the INTERSTATE COMMERCE COMMISSION, held at its office in Washington, D.C., on the 5th day of December, A.D. 1960.

INVESTIGATION AND SUSPENSION DOCKET NO. 6615

EQUALIZATION OF RATES AT NORTH ATLANTIC PORTS

FOURTH-SECTION APPLICATION NO. 32204

IMPORT AND EXPORT RATES FROM AND TO NORTH ATLANTIC PORTS

It appearing, That by order dated July 6, 1956, the Commission entered upon a hearing concerning the lawfulness of the rates, charges, regulations, and practices stated in the schedules enumerated and described in said order, and of the relief sought in the fourth section application filed therewith, and suspended the operation of the schedules until February 9, 1957, and that their operation has been voluntarily postponed by the respondents until the disposition of these proceedings;

It further appearing, That a full investigation of the matters and things involved has been made, and that the Commission, on the date hereof, has made and filed a report herein containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the respondents herein be, and they are hereby, notified and required to cancel the said schedules, on or before January 23, 1961, upon not less than one day's notice to this Commission and to the general public by filing and posting in the manner prescribed under section 6 of the Interstate Commerce Act.

It is further ordered, That fourth-section application No. 32204 be, and it is hereby, denied; and that these proceedings be, and they are hereby, discontinued.

By the Commission.

HAROLD D. MCCOY,
Secretary.

(Seal)

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IN THE
Supreme Court of the United States
OCTOBER TERM, 1961

No. ~~[illegible]~~ 97

THE BALTIMORE AND OHIO RAILROAD COMPANY, ET AL.

v.

BOSTON AND MAINE RAILROAD, ET AL.

No. ~~924~~ 98

MARYLAND PORT AUTHORITY, ET AL.

v.

BOSTON AND MAINE RAILROAD, ET AL.

No. ~~925~~ 99

INTERSTATE COMMERCE COMMISSION

v.

BOSTON AND MAINE RAILROAD, ET AL.

MOTION TO AFFIRM

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In the

Supreme Court of the United States

OCTOBER TERM, 1961

No. 923

The Baltimore and Ohio Railroad Company, *et al.*

v.

Boston and Maine Railroad, *et al.*

No. 924

Maryland Port Authority, *et al.*

v.

Boston and Maine Railroad, *et al.*

No. 925

Interstate Commerce Commission

v.

Boston and Maine Railroad, *et al.*

MOTION TO AFFIRM

The Appellees, Boston and Maine Railroad; The New York, New Haven and Hartford Railroad Company

Dorigan, Trustees); The New York Central Railroad Company; The Delaware and Hudson Railroad Corporation; Erie-Lackawanna Railroad Company; Grand Trunk Railway System—Lines East (Canadian National Railway Company); New York, Susquehanna and Western Railroad Company; the Massachusetts Port Authority; the State of New York; The Port of New York Authority; the City of New York; Chamber of Commerce of The State of New York; Brooklyn Chamber of Commerce, Inc.; Belleville Manufacturers' Association; Bergen County Chamber of Commerce; The Bronx Board of Trade; Chamber of Commerce, Garfield, New Jersey; Chamber of Commerce, Irvington, New Jersey; Chamber of Commerce of Eastern Union County; Clifton Chamber of Commerce; Commerce and Industry Association of New York, Inc.; Hoboken Chamber of Commerce; Ironbound Manufacturers' Association, Inc.; The Maritime Association of the Port of New York; Newark Association of Commerce and Industry; New Jersey Industrial Traffic League; New York Board of Trade; New York Shipping Association, Inc.; Queensborough Chamber of Commerce; The Shippers' Conference of Greater New York; The West New York Chamber of Commerce; and West Side Association of Commerce in the City of New York, pursuant to Rule 16, paragraph 1(c), of the Revised Rules of the Supreme Court; move that the judgment of the United States District Court for the District of Massachusetts be affirmed on the ground that the questions on which the decision of the cause depends are so unsubstantial as not to need further argument.

Background and Nature of the Proceedings

The pertinent facts as they appear from the reports of the Commission (311 I.C.C. 689 and 314 I.C.C. 185)[1] and the opinion of the District Court, reproduced as appendix 1 hereto, are as follows:

---

[1] These decisions are reproduced as a separate volume Appendix to the three jurisdictional statements of appellants.

The differential in rates here in issue was the result of an agreement entered into by North Atlantic port railroads in 1877. At that time ocean rates to the southern tier ports were higher than to the northern tier ports and the object of the agreement was "to avoid misunderstanding as to the geographical advantages or disadvantages of New York, Philadelphia and Baltimore as affected by railroad-ocean transportation, and to effect an equalization of rail ocean transportation cost between interior points and foreign ports reached through those cities." Boston rates, under this agreement, were to be no less than those to and from New York.

Beginning in the early 1920's and extending to about 1935, ocean rates to and from the different ports gradually were equalized and the total transportation charge through the northern tier ports consequently became higher than the combined cost of rail and ocean transportation through a southern tier port (App. 1, p. 31).

Subsequent to the period during which the ocean rates to and from all North Atlantic Ports were equalized there was a decline in the participation of the northern tier ports (New York, Albany, Boston and Portland) in the percentage of total United States imports and exports and an increase in the participation in such traffic by the southern tier ports, namely, Baltimore, Philadelphia and Hampton Roads, to the south of New York. During this period, New York's share of the total United States tonnage declined from 28.6 percent in 1923 to 14 percent in 1955. Boston's participation dropped similarly from 4.7 percent to 2.5 percent. On the other hand, the share of the southern tier ports of total United States imports and exports increased as follows: Philadelphia from 7.9 to 15.7 percent, Baltimore from 8.4 to 10.4 percent, and Hampton Roads from 4.3 to 17.1 percent. Since these figures are not limited to Affected Territory traffic, nor to rail traffic, they only serve as an indication of the trend in import/export traffic movement (App. 1, pp. 33-34). In order to present a clearer and more complete picture of competitive rail traffic between all North Atlantic ports and Affected Territory, the railroads conducted traffic studies during 1955-56 which showed that, exclusive of iron ore and coal, 75.8 percent of the imports and 63.7 percent of the exports moved through the southern tier ports. Similar studies for the years 1946 and 1947, when compared with the 1955-56 study, indicate a downward trend of import/export traffic to and from Affected Territory over the lines of appellee railroads serving New York (App. 1, p. 34).

The rates in issue were published by appellee railroads to halt the trend of declining import/export traffic and to become competitive with the appellant rail lines serving the southern tier ports (App. 1, p. 31). The proposed rates are on a parity with those maintained by the railroads serving Baltimore and Hampton Roads, and would restore the equality of through ocean-rail transportation costs which was disrupted between 1920 and 1935, which disruption still continues.

The differentials between the rates of appellant railroads and appellee railroads which would be eliminated by the proposed rates of appellees were carrier-made and not prescribed by the Commission. Until the pronounced loss of traffic since World War II made the elimination of the differentials imperative, the carriers had successfully defended the differentials against attack by various port interests since their inception in 1877. The original justification for the differentials, namely that of providing equal rail-ocean transportation charges through all North Atlantic ports, having long since disappeared and the adverse effects of the differentials favoring the railroads serving the southern tier ports having been amply demonstrated, the proposed differential-eliminating rates were published (311 I.C.C. 689, 697-8).

The only issue here is the lawfulness of the proposed equalized rail rates which would restore the equality of through ocean-rail transportation charges as first established by the railroads in 1877.

The Questions Propounded by Appellants Are Unsubstantial

The proposed differential-eliminating rates are opposed by the southern tier port interests and the railroads serving those ports because particularly, since World War II, both interests have prospered greatly at the expense of their non-competitive rivals to the north.

The key to an understanding of the questions presented by the three groups of appellants is found in the statement at pages 2 and 3 of the Jurisdictional Statement of the Commission that "The purpose of the rate reductions was to eliminate long-established rate differentials *favoring* Philadelphia, Baltimore and Hampton Roads (the southern tier ports) on such traffic." [Italics supplied]

Similarly, in the Jurisdictional Statement of the appellant railroads, at pages 10 and 11, appears the candid admission that "[The Commission's] primary reason for finding a section 3(1) violation was to preserve the *one and only competitive advantage* of the outports of Philadelphia, Baltimore, and Hampton Roads and *thus to prevent a further erosion of traffic* * * *" to the port of New York. [Italics supplied]. The traffic studies recited hereinbefore from the District Court opinion belie the statement as to preventing "further erosion to New York", and affirmatively establish, as recognized by the lower Court, that the "competitive advantage" of the railroads serving the southern tier ports is a very real and serious obstacle to effective competition by the appellee railroads for the subject traffic. The facts of this case, Commission precedent, its statutory obligations, Congressional directives and leading and authoritative decisions of this Court required the District Court reversal of the Commission's decision which would have perpetuated the rates favoring the railroads serving the southern tier ports.

The questions presented by the Commission are in substance the same as those of the other appellants. These questions therefore will be dealt with. Such treatment will disclose that all questions presented are unsubstantial.

The questions presented by the Commission are:

1. Whether the District Court erred in rejecting the Commission's conclusion that the proposed differential-eliminating rates would be unduly prejudicial to the southern tier ports in violation of Section 3(1) of the Interstate Commerce Act, in view of the Commission's findings that (a) the railroads serving the southern tier ports enjoy advantages of distance and cost, (b) that under parity rates, such railroads could not compete for such traffic with the railroads serving the northern tier ports, and there would be an undue diversion of such trafiic from the southern tier ports to New York?

2. Whether the District Court erred in setting aside the Commission's order on the grounds that the Commission (a) failed to give sufficient weight to the interests of shippers, receivers, carriers, and inland communities, (b) gave undue weight to the distance disadvantages of the northern tier ports and to the effect of the proposed rates upon the competitive position of the various ports, and (c) failed to find that the distance disadvantages of the railroads serving the northern tier ports reflect cost disadvantages?

3. Whether the District Court erred in finding that the railroads serving the northern tier ports had met their burden under Section 15(7) of establishing that their proposed rates would be just and reasonable, thereby assuming a primary function of the Commission?

4. Whether in investigating proposed rates under Section 15(7), the Commission must permit railroads to compete for import and export traffic without regard to Section 3(1) and other standards for determining the lawfulness of rates?

5. Whether the District Court erred in rejecting or ignoring the Commission's conclusion that approval of the proposed rates, notwithstanding the distance and cost disadvantages of the railroads serving the northern tier ports, would require approval of corresponding rate reductions proposed by the railroads serving the southern tier ports to maintain the differentials at a lower rate level, thereby producing destructive competition and needless dissipation of carrier revenues?

It is important to bear in mind that the agreement providing for the differentials in 1877 was a voluntary act of the carriers involved and constituted recognition of then prevailing conditions. Its purpose was to provide equality of total rail-ocean transportation charges through all of the North Atlantic ports. As the Commission recognized in an early attack on the differentials, "We are not to be understood as holding that the present rate adjustment will for all time or for any particular period of time be just and reasonable, * * *." *Chamber of Commerce of N. Y. v. N.Y.C. & H. R. R.R. Co.*, 24 I.C.C. 55, 57 (1912). Thus, there is nothing sacrosanct in the rate differentials which now, because of changed conditions, so overwhelmingly favor the railroads serving the southern tier ports and now in fact defeat the very purpose for which they were originally established.

Contrary to the contentions advanced by appellants, the District Court did not substitute its judgment for that of the Commission, but did hold that the Commission had improperly performed its functions as an administrative body. The District Court concluded that the Commission's Section 3(1) finding and the order based thereon were erroneous in law and lacked the rational basis necessary to uphold it. The District Court acted after full review of the pertinent and governing facts of record and in complete accord with this Court's ruling "that a reviewing Court is not barred from setting aside a Board decision when it cannot conscientiously find that the evidence supporting that decision is substantial, when viewed in the light that the record in its entirety furnishes, including the body of evidence opposed to the Board's view" *Universal Camera Corp.* v. *Labor Board*, 340 U. S. 474, 488 (1951). In urging the principle of "administrative finality", some of appellants would have the District Court judges be "automata" or "the judicial echo of the Board's conclusion" *Universal Camera Corp.* v. *Labor Board*, *supra*, 491.

All of the appellants' questions and statements in connection therewith urge that the reviewing Court must accept the Commission's ultimate conclusion even though the reasons therefor are not apparent from its reports nor justified from the record as a whole. Significantly, no attack is made upon the facts, legal precepts and governing cases cited by the Court as requiring reversal of the Commission's decision.

The Court Below Properly Disposed Of All Issues

The appellees' attack upon the decision and order of the Interstate Commerce Commission in the District Court was upon the grounds that it was erroneous in law, unsupported by essential basic findings and unsupported by substantial evidence on the record as a whole (App. 1, p. 32).

The District Court recognized that appellee railroads, under 49 U.S.C., § 15(7), had the burden of showing that the proposed rates are "just and reasonable" within the meaning of Section 1(5), free from unjust discrimination prohibited by Section 2 and that they contain no undue preference or prejudice proscribed by Section 3(1) (App. 1, p. 33).

It is a basic principle that railroads may freely adjust their rates to meet competition so long as they are within the so-called zone of reasonableness and meet the other tests of lawfulness recognized by the District Court. *U. S v. Chicago, M., St. P. & P. R. Co.*, 294 U. S. 499, 506 (1935) and *Texas & Pacific Ry. Co. v. U. S.*, 289 U. S. 627, 635-637 (1933).

The District Court properly held, after review of the record, that appellee railroads had met, on a *prima facie* basis, their burden of establishing that the proposed rates were just and reasonable and that the Commission's sole basis of condemnation under Section 3(1) was erroneous in law and lacked the rational basis to uphold it.

The allegations of error as set forth on pages 5 through 7 hereof will be discussed seriatim.

1. (a) Are appellees' rates unduly prejudicial of the southern tier ports in violation of Section 3(1) upon the Commission's finding that the railroads serving the southern tier ports enjoy advantages of distance and cost?

It is elementary, of course, that, under the Commission's rule-of-thumb cost-finding formula known as Form A, the shortest rail line between any two points is automatically the low-cost carrier. The formula adds an increment of average cost for every mile traveled to average costs for the terminal handling at each end of the journey. The average eastern district rail costs which are the basis of the Commission's Form A do not take into consideration individual route variations based on the terrain traversed (mountainous versus water-level routes), density of traffic on particular railroads, or partial use of special facilities, etc.

In this regard the fundamental error found by the District Court in the Commission's purported basis for its Section 3(1) finding is that relating to the "distance disadvantage" of the northern tier railroads.

In its opinion (App. 1, pp. 37 to 39), the Court discusses this "distance disadvantage" of the northern tier railroads as follows:

> **"The Commission in reaching the conclusion that the proposed rates violate section 3(1) relies on a single subsidiary finding—the distance disadvantage of the northern tier ports. In the light of the history of the differential, earlier decisions of the Commission concerning it, the original report issued in this case, and the facts of this case, this finding in the Report on Reconsideration and its import are somewhat difficult to understand and, in view of the applicable law, erroneous. In the first place, the differential was established to place all North Atlantic ports on a parity with respect to the aggregate of rail and ocean charges. No consideration whatever was given to disparity in rail distances then or later. On the contrary, when the Thurman-Cooley-Washburn Advisory Commission concluded in 1882 that the differentials should remain, it specifically rejected the 'distance principle' as controlling port relationships and rested its award on the principle of 'competitive opportunity'.**
>
> **"Until it filed its Report on Reconsideration in this proceeding, the Commission, itself, has continually adhered to the proposition that distance plays no part in the determination of port differentials. It so stated even in its original report: 'Such distance disadvantages as they (the northern tier ports) have are much less than the substantial differences to and from some other ports which have a parity or near parity of rates, including the Canadian ports, and the wide differences which obtain where the several South Atlantic and Gulf ports are equalized . . . It is apparent that**

> considerable disregard of rail distances is characteristic of all port adjustments, as it was in the establishment of the rates here dealt with.' Equalization of Rates, *supra* [311 I.C.C. 689], at 715, 716.
>
> "Even while proclaiming this new rule, the Commission ignores it. Import rates from Portland[*] may remain on a parity with Baltimore in spite of a distance disadvantage of more than 300 miles.[**] Moreover, the present differentials do not in any way reflect the distance differences.
>
> "Secondly, one of the purposes of the 1935 amendment to section 3 was, as the Commission had previously pointed out, Equalization of Rates, *supra*, at 716 and cites therein, to permit all ports and the carriers serving them to compete for all import and export traffic and thereby maximizing the number of ports available. The finding in this case, if pressed to its logical conclusion, would result in traffic flowing only through the most distance favored port. On the other hand, if applied only in this case, the decision is arbitrary and capricious." [Footnotes added by appellees].

In its condemnation of the Commission's Section 3(1) finding, the Court quite properly accepted principles heretofore recognized by the Commission and well established in law. Thus, in *Baltimore Chamber of Commerce* v. *Ann Arbor R. Co.*, 159 I.C.C. 691 (1929), the Commission stated (p. 696):

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[*] To say, as do certain appellants, that the Portland parity rates are made in conjunction with Canadian carriers and that the Commission has no jurisdiction over Canadian rates is highly misleading. The Commission has such jurisdicton where, as here, joint through rates to United States points are involved. See *Porter Co. v. Central Vermont R. Co.*, 366 U. S. 272, 275 (1961).

[**] It is also noteworthy that the Commission in its Report on Reconsideration pointed out that the average distance between Hampton Roads and its differential territory is 883 miles as compared with 853 miles to New York (314 I.C.C. 188). Yet, the Commission approved continuation of lower rates between Hampton Roads and its differential territory.

> "We can not make rates that will yield to each carrier serving the same port, or each group of carriers serving different ports, substantially the same rate of profit on the same character of traffic. To attempt to do so is to ignore the best interests of the carriers, the ports, and particularly the shippers, it being of prime importance to the latter that they have as many routes to each port and as many ports as possible available for their traffic, which they can not have if rates are to be made so as to yield substantially the same profit to each carrier or group of carriers for particular services."

And, in the export Ex-Lake Grain case, *New York Cent. R. Co.* v. *United States*, 99 F. Supp. 394 (1951), affirmed 342 U.S. 890, the Massachusetts District Court pointed out at page 402:

> "It is conceivable that the railroads serving New York absorb a greater amount of expense out of their line-haul rate than do the Baltimore and Philadelphia railroads and thus under a system of equal rates would receive a lower net return. But on the record before the Commission and the history of the differential, a holding of undue prejudice on the basis of terminal costs would not have been warranted. As pointed out previously, such costs played no part in the establishment of the differentials by the Commission in the 1905 proceeding. * * *"

Similarly, in *Texas & Pacific Ry. Co.* v. *U. S., supra*, 289 U. S. 627 (1933), this Court pointed out at page 639:

> "The legislative history of the Act demonstrates that Congress did not intend to forbid the equalization of export or import rates by lines serving several ports

in order to meet competition. These rates, it was said, were not to be proportioned to the respective distances between inland origins or destinations and the ports.[18]'

The footnote cited reads as follows:

"[18]See the explanation of Senator Cullom, chairman of the Committee having charge of the original bill, Cong. Rec., 49th Cong., 1st Sess., Vol. 17, Part 4, pp. 3471, 3472. House proceedings, Cong. Rec., Vol. 17, Part 7, pp. 7277, 7294, 7298. And see the Report of the Committee of the Senate, Report No. 46, 49th Cong., 1st Sess., p. 57, referring to the investigation by a committee of the British Parliament:

" 'Other important conclusions were reached by the Committee as follows:

" ' "That a system of equal mileage rates, or charges in proportion to distance, was inexpedient and impracticable for the following reasons:

" ' "(a) It would prevent railway companies from lowering their fares and rates, so as to compete with traffic by sea, by canal, or by a shorter or otherwise cheaper railway, and would thus deprive the public of the benefit of competition, and the company of a legitimate source of profit.

* * * * *

" ' "In short, to impose equal mileage on companies would be to deprive the public of the benefit of much of the competition which now exists, or has existed, to raise the charges on the public in many cases where the companies now find it to their interest to lower them, and to perpetuate monopolies in carriage, trade, and manufacture in favor of those rates and places which are nearest or least expensive where the varying charges of the companies now create competition." ' "

The Court's treatment of the Section 3(1) issue is entirely consistent with the above authorities and the legislative history of the 1935 amendment to Section 3(1) as shown in the Senate and House Reports, attached hereto as Appendices 3 and 4.

1. (b) Are appellees' rates unduly prejudicial to the southern tier ports in violation of Section 3(1) upon the Commission's finding that under parity rates, such [southern tier] railroads could not compete for such traffic with the railroads serving the northern tier ports, and there would be an undue diversion of such traffic from the southern tier ports to New York?

Here is the type of pure conjecture that this Court has repeatedly held improper. See *U. S.* v. *Chicago, M., St. & P. R. Co.*, 294 U. S. 499, 506-8 (1935).

The fact of the matter is that under the present rates the northern tier railroads are non-competitive. Appendix F of the Commission's original report indicates that the railroads serving New York are participating in 29.3 percent of the export traffic and but 23.1 per cent of the import traffic to and from the affected territory (311 I.C.C. 689, 751). In fact, as a group, the northern tier railroads participate in only 36.3 percent of the export traffic and 24.2 percent of the import traffic from the same territory.

The District Court treated this question as follows:

> "The Commission disapproved the plaintiffs' proposal on the additional ground that, insofar as New York is concerned, equalization is not necessary to enable that port to compete. This conclusion again is based on a misunderstanding of the nature of the proceedings. While the New York Port Authority and other New York governmental and commercial interests were undoubtedly active participants in the case, the primary issue is whether equalization is necessary to enable the plaintiff railroads to compete. And the

evidence showed that the share of traffic handled by these railroads has been declining.

"The last reason given in support of its decision is that with respect to the ports of Boston, Albany and Portland, 'equalization would not materially affect the flow of traffic to these ports.' Not only does this statement completely contradict the Commission's ultimate conclusion of undue prejudice to the southern tier ports, but it ignores the plaintiffs' right to attempt to gain some of this traffic for their lines." (App. 1, p. 40)

2. (a) Whether the District Court erred in setting aside the Commission's order on the grounds that the Commission failed to give sufficient weight to the interests of shippers, receivers, carriers, and inland communities?

The District Court opinion, after noting that the Commission had disallowed the proposed rates principally on the ground that the rates would violate Section 3(1), cited the pertinent provisions of Section 3(1) and then observed:

> "In one of the earliest cases to come before the Supreme Court under this Act, the Court said that when presented with a question of unjust discrimination, the Commission is to 'take into consideration all the facts of the given case—among which are to be considered the welfare and advantage of the common carrier, and of the great body of the citizens of the United States. . . . The Commission is not only to consider the wishes and interests of the shippers and merchants of large cities, but to consider also the desire and advantage of the carriers in securing special forms of traffic, and the interest of the public that the carriers should secure that traffic, rather than abandon it, or not attempt to secure it.' *Texas & Pac. Ry.* v. *I.C.C.*, 162 U. S. 197, 218 (1896). In 1940, Congress, by adding the National Transportation Policy, 49 U.S.C., affirmed and reiterated the view that the Act must be

interpreted as a whole and the competing interests of shippers, carriers, and localities carefully balanced to the end of developing a national transportation system. . . .

"While apparently recognizing these principles, the Commission, in this case, nonetheless wholly ignored them. It noted the voluminous testimony of shippers and receivers in favor of equalization, but in its conclusions completely disregarded this evidence. It considered the need of the plaintiffs and their competitive disadvantage, but discounted both in its findings. Its final decision rests solely on the proposition that some ports would be unduly preferred and others unduly prejudiced by the proposed rates.

"In emphasizing the welfare of ports and port districts, the Commission apparently relied on the 1935 amendment to section 3(1) which added 'ports, port districts, gateways and transit points', to the interests protected by that section.

"In *Texas & Pac. Ry.* v. *United States*, 289 U. S. 627 (1933), the Supreme Court had held that the word 'locality' referred to 'points of origin or destination' and did not include gateways. The purpose of the amendment was only to restore to the Commission a power which it had previously exercised, but which the Supreme Court had held the Commission did not have. Neither the legislative history nor the plain words of the amendment indicate that any change in the prevailing rules respecting undue preference and prejudice or any special treatment of ports and port districts was intended.

"We find that the Commission erred in applying section 3(1) too narrowly and in not giving due weight to the interests of shippers, receivers, carriers, and inland localities." (App. 1, pp. 36-37)

The District Court was correct in its insistence upon an evaluation by the Commission of all the interests that should be considered under Section 3(1).

2. (b) Whether the District Court erred in setting aside the Commission's order on the grounds that the Commission gave undue weight to the distance disadvantages of the northern tier ports and to the effect of the proposed rates upon the competitive position of the various ports?

The distance aspect of this question has been discussed under 1(a) hereinabove, and the competitive aspect under 1(b).

Another important consideration is the fact that the Commission's ultimate findings have the actual effect of apportioning traffic among the ports and railroads, and the facts of record present a clear showing that the Commission has actually preferred unduly the southern tier ports and has prejudiced unduly the northern tier ports.

Without conceding that the Commission has statutory authority to directly allocate traffic between ports and carriers, the following observations of Commissioner Webb in his dissenting opinion to the original Commission decision herein are pertinent to this discussion. At pages 744 and 745, Commissioner Webb states:

> "Another advantage of rate equalization is that the Interstate Commerce Commission has less occasion to apportion traffic among the ports involved. Where, as here, the required rate differential is not justified solely on distance or cost of service considerations, apportionment of traffic is inherent in the fixing of the differential. * * * In forcing continuance of the rate handicap, the majority has necessarily determined that each of the carriers and ports involved is presently enjoying a fair share of the available traffic.
>
> * * * *
>
> "Adherence to the great principle of rate equalization requires disapproval of the retaliatory reductions proposed by the carriers serving the ports of Philadelphia, Baltimore, and Hampton Roads, their cost and

distance advantages to the contrary notwithstanding. If the dire predictions of these carriers and ports should begin to materialize in the wake of rate equalization, a remedy is provided by section 3(1) of the act. * * * Rate equalization is the rule. Exceptions to the rule should not be prescribed on the basis of conjectural harm.

"Even if it were proper to apportion traffic in this proceeding, the allocation effected by the majority seems inequitable. As shown by appendix F (which does not include substantial tonnages of export coal and import iron ore moving through the southern tier ports), rail exports from the affected territory through New York amounted to only 29.3 percent of the total and imports through New York to the affected territory amounted to only 23.1 percent of the total. It is no answer to say that New York continues to handle over 60 percent of the so-called 'highly desirable general-cargo tonnage'. The report recognizes that the exportation and importation of bulk commodities is increasing while 'the movement of United States manufactures to foreign markets has been steadily declining'. Moreover, the majority recognizes that the general cargo which moves predominantly through the port of New York is the most expensive type of traffic to handle and, in fact, that such traffic provides a return which is only barely compensatory.

"These conclusions appear to restrict New York and the other northern tier ports to a shrinking class of traffic which is the most expensive to handle. Bulk commodities do not move freely against a rate differential. Railroads are volume carriers. To deny the respondents an opportunity to participate in the movement of bulk cargoes is a denial of their most important inherent advantage. Furthermore, any prospect of relief in the future seems remote. If, as the majority finds, the proposed adjustment would

> unduly prefer Boston, Portland, and Albany, which collectively handle only 6.9 percent of the involved exports and only 1.1 percent of the affected imports, the rate handicap of New York must be regarded as relatively permanent in nature."

It is clear from the foregoing that the District Court, as did dissenting Commissioner Webb, gave consideration to incontestable facts of record which demonstrated conclusively that the Commission decision not only gave "*undue* weight . . . to the effect of the proposed rates upon the competitive position of the various ports", but that the Commission in its decision *ignored* those conclusive facts in reaching its erroneous conclusions.

2. (c) Whether the District Court erred in setting aside the Commission's order on the grounds that the Commission failed to find that the distance disadvantages of the railroads serving the northern tier ports reflect cost disadvantages?

This question as presented must refer to the District Court's comments (App. 1, pp. 39 and 40) where it was discussing the fact that the Commission had failed to distinguish between rates which carriers may voluntarily publish to meet competition pursuant to section 15(7) and rates which carriers, on complaint under section 3(1) may be required to change. The discussion of the District Court is as follows:

> "It is now well established that carriers may, within the zone of reasonableness, adjust rates to meet competition—*United States* v. *Chicago, M., St. P. & P. R. R.*, 294 U. S. 499, 506 (1935); *Texas & Pac. Ry.* v. *United States*, 289 U. S. 627, 636 (1933); *New York Cent. R. R.* v. *United States*, 99 F. Supp. 394 (D. C. Mass. 1951)—in which case the issue to be decided is whether the *proposed* rates are lawful. In a complaint proceeding the question is whether the

> *existing* rates are lawful and, if not, whether they should be required to be changed. However, both the Report and the Report on Reconsideration give continuous indication that the Commission regarded this as a 'port' case, not a 'railroad' case. For example, the observation that 'in the rare instances where rate changes in port relationships have been required by us, distance has been an important consideration', p. 21, Recon., while perhaps true, was totally irrelevant to the issues before it. Distance differences might be relevant insofar as they reflect differences in the cost and value of the services of plaintiff and defendant railroads, see *United States* v. *Illinois Cent. R.R.*, 263 U. S. 515, 524 (1924), but the Commission made no such cost or value findings nor does the record contain evidence from which it could make such findings. We must, therefore, rule that its conclusion lacks the required basic findings to support it."

The District Court obviously had reference to the fact that the Commission, having found that the proposed rates would produce revenues equal to or above out-of-pocket costs, could not use the mere fact of a distance disadvantage as a basis for a section 3(1) finding of undue preference. The Court's observation that "Distance differences might be relevant insofar as they reflect differences in the cost and value of the services of plaintiff and defendant railroads" is a continuation of its distinction between a Section 15(7) proceeding and a complaint brought by a port, locality, or shipper alleging preference or prejudice under Section 3(1). In a Section 3(1) complaint proceeding, the Commission, as the Court recognizes, could properly find that a rate difference maintained between different points is justified and proper where greater distance, and its concomitant greater costs to the carrier, are shown as a matter of record. But the Court goes on to point out the irrelevance of a finding as to higher costs due to greater distances in a Section 15(7) proceeding, as here, where the carriers deem the absorption of such higher costs necessary if they are to effectively compete at rates otherwise lawful.

Consequently, even if the Court had held that the Commission correctly found that the distance disadvantage of the railroads serving the northern tier ports reflected cost disadvantages, it would not follow that the Court would have had to sustain the Commission's order. This Court and the Commission have long upheld the right of a carrier to compete for traffic with a rate-setting carrier having a distance advantage, e.g. *Texas & Pacific Ry. Co.* v. *U. S.*, 289 U. S. 627, 639 (1933); *Baltimore Chamber of Commerce* v. *Ann Arbor R. Co.*, 159 I.C.C. 691, 696 (1929).

3. Did the District Court err in finding that the railroads serving the northern tier ports had met their burden under Section 15(7) of establishing that their proposed rates would be just and reasonable, thereby assuming a primary function of the Commission?

As pointed out in the District Court's opinion (App. 1, p. 33):

> "Under 49 U.S.C. §15(7), the plaintiffs had the burden of proof to show that the proposed rates are 'just and reasonable' within the meaning of section 1(5), free from unjust discrimination prohibited by section 2 and that they contain no undue preference or prejudice proscribed by section 3(1)."

The Commission based its disapproval of the proposed equalized rates to and from the northern tier ports solely on its erroneous finding that they would result in undue preference and prejudice in violation of Section 3(1). The Commission made no finding that the proposed equalized rates would not be "just and reasonable" within the meaning of Section 1(5).

In reviewing the Commission's decision and order, the District Court indicated its agreement with the Commission that no basis existed on the record for a finding that the proposed rates would be unjust and unreasonable under Section 1(5), observing in this connection:

> ". . . plaintiffs certainly established *prima facie* that the proposed rate schedule is just and reasonable."

Approval by the reviewing Court of the Commission's refusal to condemn the rates under Section 1(5) can hardly be termed a usurpation by the District Court of a primary function of the Commission.

4. Whether in investigating proposed rates under Section 15(7), the Commission must permit railroads to compete for import export traffic without regard to Section 3(1) and other standards for determining the lawfulness of rates?

Contrary to the allegation of appellants, the District Court in its opinion made it abundantly clear that in investigating proposed rates under Section 15(7), the Commission must give due regard to Section 3(1) and other standards for determining the lawfulness of rates as set forth in the Interstate Commerce Act.

In its opinion, as mentioned above, the Court stated:

> "Under 49 U.S.C. § 15(7), the plaintiffs had the burden of proof to show that the proposed rates are 'just and reasonable' within the meaning of section 1(5), free from unjust discrimination prohibited by section 2 and that they contain no undue preference or prejudice proscribed by section 3(1)." (App. 1, p. 33)

Later, the Court observed:

> "In 1940, Congress, by adding the National Transportation Policy, 49 U.S.C., affirmed and reiterated the view that the Act must be interpreted as a whole and

> the competing interests of shippers, carriers, and localities carefully balanced 'to the end of developing a national transportation system . . .' " (App. 1, pp. 36-37).

Thus, the District Court in no way indicated that in a Section 15(7) investigation the Commission should disregard the statutory standards for determining the lawfulness of rates.

5. Whether the District Court erred in rejecting or ignoring the Commission's conclusion that approval of the proposed rates notwithstanding the distance and cost disadvantages of the railroads serving the northern tier ports, would require approval of corresponding rate reductions proposed by the railroads serving the southern tier ports to maintain the differentials at a lower rate level, thereby producing destructive competition and needless dissipation of carrier revenues?

This is a strange question to be propounded by the Commission. Is it going to abrogate its authority and distinct duty and obligation to prevent "destructive competition and needless dissipation of carrier revenues"?

It is fundamental that if the appellee railroads lawfully reduce their rates to a basis of equality with the rates of appellant railroads as a matter of necessity in order to meet competition, then a retaliatory reduction by appellants must be condemned as "unnecessary to meet competition".

This question was dealt with in *U. S.* v. *Chicago, M. St. P. & P. R. Co.*, 294 U. S. 499 (1935), at pages 509-10, where this Court stated:

> "The point of the decision is not that present rates are sound, but that they must be maintained, even if unsound, for fear of a rate war which might spread beyond control. The danger is illusory. The whole

> situation is subject to the power of the Commission, which may keep the changes within bounds. If Illinois lines attempt to lower their rates again, a proceeding will be available to maintain a fair relation. If the lines in Kentucky, operating in interstate commerce, apply for new reductions, the supervisory power of the Commission will subject them to the rule of reason. But other remedies even more plainly adequate are at hand in case of need. Under § 15 of the statute the Commission of its own motion may conduct a comprehensive inquiry into the rates of all the lines within the area of controversy, may fix the fair relation between one line and another, and may build the structure of the rates accordingly. *Florida* v. *United States*, 292 U. S. 1; *United States* v. *Louisiana*, 290 U. S. 70."

Thus, the retaliatory reductions published by the Baltimore and Philadelphia carriers on export grain from Buffalo, Oswego and Ogdensburg, after ~~this~~ the Court in *New York Cent. R. Co.* v. *United States*, 99 F. Supp. 394 (1951), aff'd 342 U. S. 890, had set aside a Commission order which condemned rate equalization, were held unlawful and ordered cancelled in *Export Grain From Buffalo to New York*, 292 I.C.C. 647 (1954), the Commission pointing out at page 658 that the carriers' rate-making discretion must yield to its power to require the maintenance of a lawful rate structure and to prevent unnecessary wasting of their revenues.

In *Iron Ore, Ex-Labrador, Canada to Youngstown, Ohio*, 302 I.C.C. 109 (1957), the Commission again condemned retaliatory reductions, stating at page 117:

> "The continuance of a relationship which prevents the movement of any of this traffic over the rail route from Contrecoeur would defeat the purpose of the rate proposed from that point and perpetuate the lack of competitive balance. There is no showing that

> the proposed reduction from Philadelphia is required by any existing competition. The proposed reduction from Philadelphia is disapproved for the reason that it would result in a rate war and in needless dissipation of greatly needed carrier revenue, and thus constitute an unfair and destructive competitive practice in contravention of the national transportation policy."

Accordingly, the Commission's authority is most adequate to condemn the appell~~ee~~ant railroads' retaliatory reductions.

CONCLUSION

Since it is evident that the appeals herein present questions which are neither novel nor substantial, it is respectfully submitted that the judgment and decree of the District Court should be affirmed.

Respectfully submitted,

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Appendix 1

United States District Court

DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

BOSTON AND MAINE RAILROAD and THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY,

Plaintiffs,

v.

UNITED STATES OF AMERICA and INTERSTATE COMMERCE COMMISSION,

Defendants.

Before: WOODBURY, Chief Judge, United States Court of Appeals, SWEENEY, Chief Judge, United States District Court, and FORD, United States District Judge.

OPINION OF THE COURT

February 16, 1962

SWEENEY, Ch. J. The plaintiffs—Boston and Maine Railroad and The New York, New Haven and Hartford Railroad Company—brought this action pursuant to 28 U.S.C., §§ 1336, 2284, 2321 and 2325, to set aside and enjoin enforcement of an order of the Interstate Commerce Commission, Investigation and Suspension Docket No. 6615, Equalization of Rates at North Atlantic Ports, 311 I.C.C. 689, denying a fourth-section application and cancelling new rate schedules filed by the plaintiffs and their connecting carriers,[1] in which they proposed to reduce rates

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[1] The Delaware and Hudson Railroad Corporation, Erie-Lackawanna Railroad Company, Grand Trunk Railway System-Lines East, The New York Central Railroad Company, New York, Susquehanna and Western Railroad Company.

Appendix 1

on export and import traffic[2] between the ports of New York and Albany, New York, Boston, Massachusetts, and Portland, Maine, hereinafter referred to as northern tier ports, on one hand, and affected territory[3] on the other. The proposal was designed to place on a parity the rates on this traffic through these ports with rates on like traffic through the southern tier ports.

The original defendants are the United States and the I.C.C. Other railroads and various port and commercial interests have intervened on both sides.[4]

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[2] Except iron ore, coal, and coke which is a direct product of coal.

[3] It includes territory on and west of a line extending from a point just west of Buffalo through Warren, Oil City, Butler, Pittsburgh, and Washington, Pa., Wheeling, W. Va., thence along the east bank of the Ohio River to Kenova, W. Va., including points in West Virginia, Charleston and west thereof, certain points in Kentucky on the lines of The Chesapeake and Ohio Railway Company, and points on the south bank of the Ohio River from Huntington, W. Va., to Cincinnati, Ohio.

[4] The intervening plaintiffs include the Massachusetts Port Authority; the Port of New York Authority; the State of New York; the City of New York; Brooklyn Chamber of Commerce, Inc.; Belleville Manufacturers' Association; Bergen County Chamber of Commerce; Bronx Board of Trade; Chamber of Commerce, Garfield, N. J.; Chamber of Commerce, Irvington, N. J.; Chamber of Commerce of Eastern Union County; Clifton Chamber of Commerce; Commerce and Industry Association of New York, Inc.; Hoboken Chamber of Commerce; Ironbound Manufacturers' Association, Inc.; The Maritime Association of the Port of New York; Newark Association of Commerce and Industry; New Jersey Industrial Traffic League, Inc.; Queensborough Chamber of Commerce; The Shippers Conference of Greater New York; The West New York Chamber of Commerce; West Side Association of Commerce in the City of New York; and the railroads listed in paragraph one.

The intervening defendants include the Baltimore and Ohio Railroad Company; Canton Railroad Company; The Chesapeake and Ohio Railway Company; Norfolk and Western Railway Company; The Pennsylvania Railroad Company; Reading Company; Western Maryland Railway Company; the Delaware River Port Authority; the Virginia State Ports Authority; Norfolk Port and Industrial Authority; City of Philadelphia; Maryland Port Authority; Baltimore Association of Commerce; and the Maine Central Railroad Company.

Appendix 1

The differences in existing rail rates on import and export traffic are shown below.

Port	Differentials, in cents per 100 pounds					
	Classes					
	1	2	3	4	5	6
Import traffic						
Canadian ports (same as Baltimore)	..	..	..	..	..	..
Portland (Baltimore rates via Canadian routes; New York rates via standard routes)	..	..	..	..	..	..
Boston (same as New York)	..	..	..	..	..	..
Albany (Philadelphia rates, subject to domestic rates as maxima)	..	..	..	..	..	..
Philadelphia under New York	6	6	2	2	2	2
Baltimore under New York	8	8	3	3	3	3
Hampton Roads[1] (same as Baltimore)	..	..	..	..	..	..
Export traffic						
Canadian ports:						
Halifax, St. John, et cetera (same as New York)	..	..	..	..	..	..
Montreal (same as Philadelphia)	..	..	..	..	..	..
Portland	..	..	..	..	..	..
Boston (same as New York)	..	..	..	..	..	..
Albany (Philadelphia rates, subject to domestic rates as maxima)	..	..	..	..	..	..
Philadelphia under New York:						
Grain, 0.5 cent under N. Y. Flour, 1 cent under N. Y.	2	2	2	2	2	2
Baltimore under New York:						
Grain, 1.5 cents under N. Y. Flour, 2 cents under N. Y.	3	3	3	3	3	3
Hampton Roads[2] (same as Baltimore)	..	..	..	..	..	..

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[1] To territory west of the Sandusky, Mansfield, Zanesville, Marietta line.

[2] From territory west of the Sandusky, Mansfield, Zanesville, Marietta line.

Appendix 1

The differentials were the result of an agreement entered into by North Atlantic port railroads in 1877. At that time ocean rates to Philadelphia and Baltimore were higher than to the northern tier ports and the object of the agreement was "to avoid misunderstanding as to the geographical advantages or disadvantages of New York, Philadelphia, and Baltimore as affected by railroad-ocean transportation, and to effect an equalization of rail-ocean transportation cost between interior points and foreign ports reached through these cities." Boston rates, under this agreement, were to be no less than those to and from New York.

Beginning in the early 1920's and extending to about 1935, ocean rates to and from the different ports gradually were equalized and the total transportation charge through the northern tier ports consequently became higher than the combined cost of rail and ocean transportation through a southern tier port. It is this competitive disadvantage which the plaintiff railroads sought to remove with their proposed rate schedule.

By schedules filed to become effective simultaneously with those of plaintiffs, certain railroads which serve the southern tier ports and, in some instances, also New York, proposed to reduce their rates by the same amounts. This counterproposal, which was to take effect only if the plaintiffs' schedules were allowed, would restore the differential at a lower level.

Upon protests of each group to the other proposal, the I.C.C. suspended both schedules and instituted an investigation into their lawfulness. After hearing and review by the Commission, it issued the order from which this appeal was taken, denying the fourth-section application and cancelling the plaintiffs' proposed schedule on the findings that the "proposed rates are not shown to be reasonably related to the present rates on like traffic between the same interior points and the southern tier ports"; that they "would result in undue preference of and advantage to the northern tier ports as a group and in undue prejudice and disadvantage to the southern tier ports," and that they "are not shown to be just and reasonable." Equalization of Rates, *supra*, at 741, 742.

In its answer to the complaint in this action the United States admitted that the Commission's order was erroneous in that it treated the proposal vis-a-vis the northern tier ports as a group and failed to consider the lawfulness of the proposed rates as to each port separately. As a result, the Commission reopened the proceedings "for reconsideration on the present record of the lawfulness of the proposed rates separately and independently on traffic to and from each northern tier port." The proceedings in this court were held in abeyance pending this decision.

On reconsideration the Commission affirmed its original holding and also found that the greater distance of the northern tier ports from affected territory over Baltimore and Philadelphia "may not be ignored without running counter to the provisions of section 3(1) of the Act," p. 21, Recon.[1] Moreover, it found "so far as New York is concerned, rate equalization is not required to enable that port to meet the competition of the southern tier ports, and that, so far as Boston, Portland, and Albany are concerned, such equalization would not materially affect the flow of foreign traffic through any of these ports," p. 21, Recon.

The Commission's decision is attacked here generally as being erroneous in law, unsupported by essential basic findings and unsupported by substantial evidence on the record as a whole.

The specific object of attack by the plaintiffs in this proceeding is the Commission's conclusion of a section 3(1) violation, and the weight the Commission attached to the sole subsidiary finding upon which this conclusion is based —that the northern tier ports have a distance disadvantage over Baltimore of from 223 miles in the case of Boston to 117 miles in the case of New York.

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[1] Page references so designated are to the mimeographed copy of the Report of the Commission on Reconsideration.

It is admitted by the plaintiffs that the function of a court reviewing an administrative decision is a limited one. The general rule is that "The judicial function is exhausted when there is found to be a rational basis for the conclusions approved by the administrative body," *Mississippi Valley Barge Line Co.* v. *United States,* 292 U. S. 282, 286-7 (1934), and specifically "the orders of the Commission are final unless (1) beyond the power which it could constitutionally exercise; or (2) beyond its statutory power or (3) based upon a mistake in law." *I.C.C.* v. *Union Pacific R.R.,* 222 U. S. 541, 547 (1911). Further, an order cannot be sustained unless supported by essential basic facts particularly stated. *Atchison T. & S. F. Ry.* v. *United States,* 295 U. S. 193 (1935); *United States* v. *Chicago, M., St. P. & P. R.R.,* 294 U. S. 499 (1935).

Under 49 U.S.C. § 15(7), the plaintiffs had the burden of proof to show that the proposed rates are "just and reasonable" within the meaning of section 1(5), free from unjust discrimination prohibited by section 2 and that they contain no undue preference or prejudice proscribed by section 3(1).

The evidence before the Commission showed and the Commission found that the four northern tier ports experienced a relative decline in the participation of total United States foreign tonnage in the period 1923-55, while the relative share of the southern tier ports increased markedly during the same period. Thus, even while the foreign traffic through New York during this period rose from 22.6 million gross tons to 36.2 million gross tons, its share of the total United States tonnage declined from 28.6 per cent to 14 per cent. Boston's participation dropped similarly from 4.7 per cent to 2.5 per cent. On the other hand the share of the southern tier ports of total

United States imports and exports increased as follows: Philadelphia from 7.9 to 15.7 per cent, Baltimore from 8.4 to 10.4 per cent and Hampton Roads from 4.3 to 17.1 per cent.

Since these figures are not limited to affected territory traffic, nor even to rail tonnage, they are by no means conclusive proof of the plaintiffs' position; but they do serve as an indication of the trend in import-export traffic movement. In order to present a clearer and more complete picture of comparative traffic between all North Atlantic ports and affected territory the railroads conducted traffic studies during 1955-56 which showed that 75.8 per cent of imports and 63.7 per cent of exports (measured by carloads) moved through the southern tier ports. Similar, but incomplete studies for the years 1946 and 1947 tentatively indicate that a downward trend of import-export traffic to affected territory on the lines serving New York exists.

The Commission points out that New York still clearly dominates general cargo traffic and that the preponderance of southern tier traffic consists of bulk cargo[1] which prefers these ports because of their modern, specialized facilities and services. It is also apparent, however, that bulk cargo is necessarily more sensitive to rate differentials and the Commission implicitly so acknowledges by noting that the equalization of ex-lake rates on grain from Buffalo has resulted in a shift of the relative shares of that traffic in favor of the northern tier ports. Moreover, New York's dominance in general cargo traffic is not sufficient reason for denying it and the railroads serving it the opportunity to compete for bulk cargo traffic, as "both types of cargo are considered essential to a healthy port economy." Equalization of Rates, *supra*, at 701.

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[1] "Ocean borne commerce is classified into two types of cargo. By far the largest in volume is bulk cargo. It consists generally of low-value heavy volume raw materials which are handled at the port by mechanical facilities and provide bottom loading for ships or may move as full cargoes. The other type, called general cargo, includes principally manufactured and semimanufactured goods of relatively high value, which are usually packaged. General cargo generally constitutes the more profitable 'top loading' for ships in a balanced cargo operation." Equalization of Rates, *supra*, at 700.

There was, furthermore, extensive evidence from shippers, both private and representatives of various agencies of the United States, that the differential adjustment is a controlling consideration in their choice of ports. These witnesses supported equalization and testified to the need to provide relief from congested ports, bunching and inefficient utilization of cars and delays in the flow of traffic.

In addition to this evidence indicating the importance of the differential and showing the necessity for its removal, the plaintiffs presented proof that the proposed rates are just and reasonable. In view of the minimal amounts of the proposed reductions (reduction in revenue from Chicago to Boston would be .08 cents per ton-mile on first-class traffic and .10 cents on Column 13 traffic, for example), the plaintiffs relied on a prima facie showing of revenues. There was testimony that, using representative origins and destinations and the proposed rates, for 96.8 per cent of all tonnage moving through the port of New York, the import traffic averaged a rate per ton of $19.20 and revenues per ton-mile of 2.47 cents, and that for export traffic these figures were $18.00 and 2.32 cents. In comparison the average revenue per ton-mile for Class I railroads in the United States is 1.384 cents.

The defendant railroads countered this evidence by showing that with respect to traffic through the port of New York the proposed rates were insufficient to return out-of-pocket costs. But, while it refused to find the rates compensatory, the Commission did find after restating and adjusting the cost evidence, that "the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs." Equalization of Rates, *supra,* at 735.

On this evidence the plaintiffs certainly established prima facie that the proposed rate schedule is just and reasonable. We now turn to the Commission's disposition of the case. As noted above, it disallowed the proposal principally on the ground that the rates would violate section 3(1). This section provides that

> "It shall be unlawful for any common carrier subject to the provisions of this chapter to make, give, or cause any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway . . . or any particular description of traffic, in any respect whatsoever; or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway . . . or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever . . ."

In one of the earliest cases to come before the Supreme Court under this Act, the Court said that when presented with a question of unjust discrimination, the Commission is to "take into consideration all the facts of the given case—among which are to be considered the welfare and advantage of the common carrier, and of the great body of the citizens of the United States . . . The Commission is not only to consider the wishes and interests of the shippers and merchants of large cities, but to consider also the desire and advantage of the carriers in securing special forms of traffic, and the interest of the public that the carriers should secure that traffic, rather than abandon it, or not attempt to secure it." *Texas & Pac. Ry.* v. *I.C.C.*, 162 U. S. 197, 218 (1896). In 1940, Congress, by adding the National Transportation Policy, 49 U.S.C., affirmed and reiterated the view that the Act must be interpreted as a whole and the competing interests of shippers, carriers, and localities carefully balanced "to the end of developing a national transportation system . . ."

While apparently recognizing these principles, the Commission, in this case, nonetheless wholly ignored them. It noted the voluminous testimony of shippers and receivers in favor of equalization, but in its conclusions completely disregarded this evidence. It considered the need of the plaintiffs and their competitive disadvantage, but discounted both in its findings. Its final decision rests solely on the proposition that some ports would be unduly preferred and others unduly prejudiced by the proposed rates.

In emphasizing the welfare of ports and port districts, the Commission apparently relied on the 1935 amendment to section 3(1) which added "ports, port districts, gateways and transit points", to the interests protected by that section.

In *Texas & Pac. Ry.* v. *United States*, 289 U. S. 627 (1933), the Supreme Court had held that the word "locality" referred to "points of origin or destination" and did not include gateways. The purpose of the amendment was only to restore to the Commission a power which it had previously exercised, but which the Supreme Court had held the Commission did not have. Neither the legislative history nor the plain words of the amendment indicate that any change in the prevailing rules respecting undue preference and prejudice or any special treatment of ports and port districts was intended.

We find that the Commission erred in applying section 3(1) too narrowly and in not giving due weight to the interests of shippers, receivers, carriers, and inland localities.

The Commission in reaching the conclusion that the proposed rates violate section 3(1) relies on a single subsidiary finding—the distance disadvantage of the northern tier ports. In the light of the history of the differential, earlier decisions of the Commission concerning it, the original report issued in this case, and the facts of this case, this finding in the Report on Reconsideration and its import are somewhat difficult to understand and, in view of the applicable law, erroneous. In the first place, the differential was established to place all North Atlantic ports on a parity with respect to the aggregate of rail and ocean charges. No consideration whatever was given to disparity in rail distances then or later. On the contrary, when the Thurman-Cooley-Washburn Advisory Commission concluded in 1882 that the differentials should remain, it specifically rejected the "distance principle" as controlling port relationships and rested its award on the principle of "competitive opportunity."

Until it filed its Report on Reconsideration in this proceeding, the Commission, itself, has continually adhered to the proposition that distance plays no part in the determination of port differentials. It so stated even in its original report: "Such distance disadvantages as they (the northern tier ports) have are much less than the substantial differences to and from some other ports which have a parity or near parity of rates, including the Canadian ports, and the wide differences which obtain where the several South Atlantic and Gulf ports are equalized. . . . It is apparent that considerable disregard of rail distances is characteristic of all port adjustments, as it was in the establishment of the rates here dealt with." Equalization of Rates, *supra*, at 715, 716.

Even while proclaiming this new rule the Commission ignores it. Import rates from Portland may remain on a parity with Baltimore in spite of a distance disadvantage of more than 300 miles. Moreover, the present differentials do not in any way reflect the distance differences.

Secondly, one of the purposes of the 1935 amendment to section 3 was, as the Commission had previously pointed out, Equalization of Rates, *supra,* at 716 and cites therein, to permit all ports and the carriers serving them to compete for all import and export traffic and thereby maximizing the number of ports available. The finding in this case, if pressed to its logical conclusion, would result in traffic flowing only through the most distance favored port. On the other hand, if applied only in this case, the decision is arbitrary and capricious.

Thirdly, the Commission has failed to distinguish between rates which carriers may voluntarily publish to meet competition pursuant to section 15(7) and rates which carriers, on complaint under section 3(1) may be required to change. It is now well established that carriers may, within the zone of reasonableness, adjust rates to meet competition—*United States* v. *Chicago, M., St. P. & P. R.R.*, 294 U. S. 499, 506 (1935); *Texas & Pac. Ry.* v. *United States,* 289 U. S. 627, 636 (1933); *New York Cent. R.R.,* v. *United States,* 99 F. Supp. 394 (D. C. Mass. 1951)—in which case the issue to be decided is whether the *proposed* rates are lawful. In a complaint proceeding the question is whether the *existing* rates are lawful and, if not, whether they should be required to be changed. However, both the Report and the Report on Reconsideration give continuous indication that the Commission regarded this as a "port" case, not a "railroad" case. For example, the observation that "in the rare instances where rate changes in port relationships have been required by us, distance has been an important consideration," p. 21, Recon., while perhaps true, was totally irrelevant to the issues before it. Distance differences might be relevant insofar as they reflect differences in the cost and value of the services of plaintiff and defendant railroads, see *United States* v. *Illinois Cent. R.R.*, 263 U. S. 515, 524 (1924), but the Commission made no such cost or value findings nor does the record contain evidence from which it could make such findings. We must, therefore, rule that its conclusion lacks the required basic findings to support it.

The Commission disapproved the plaintiffs' proposal on the additional ground that, insofar as New York is concerned, equalization is not necessary to enable that port to compete. This conclusion again is based on a misunderstanding of the nature of the proceedings. While the New York Port Authority and other New York governmental and commercial interests were undoubtedly active participants in the case, the primary issue is whether equalization is necessary to enable the plaintiff railroads to compete. And the evidence showed that the share of traffic handled by these railroads has been declining.

The last reason given in support of its decision is that with respect to the ports of Boston, Albany and Portland, "equalization would not materially affect the flow of traffic to these ports." Not only does this statement completely contradict the Commission's ultimate conclusion of undue prejudice to the southern tier ports, but it ignores the plaintiffs' right to attempt to gain some of this traffic for their lines.

We, therefore, conclude that the Commission's decision is erroneous in law and lacks the rational basis necessary to uphold it and it must be set aside. A judgment may be entered setting aside the order of the I.C.C. and issuing a permanent injunction as prayed for.

/s/ Peter Woodbury,
Chief Judge, United States Court of Appeals.

/s/ George C. Sweeney,
Chief Judge, United States District Court.

/s/ Francis J. W. Ford,
United States District Judge.

Appendix 2

UNITED STATES DISTRICT COURT

DISTRICT OF MASSACHUSETTS

Civil Action No. 61-38-S

Boston and Main Railroad and The New York, New Haven and Hartford Railroad Company,

Plaintiffs,

v.

United States of America and Interstate Commerce Commission,

Defendants.

Before WOODBURY, Chief Judge, United States Court of Appeals, SWEENEY, Chief Judge, United States District Court, and FORD, United States District Judge.

JUDGMENT

In accordance with the opinion of the Court handed down on February 16, 1962, it is hereby ORDERED

The order of the Interstate Commerce Commission of December 5, 1960, insofar as it directs the cancellation of schedules proposing differential-eliminating rates to and from the Ports of Portland, Maine, Boston, Massachusetts, Albany and New York, New York, denies fourth-section application No. 32204, and prevents differential-eliminating rates from becoming effective, is set aside and the operation, enforcement and execution thereof is permanently enjoined.

By the Court,

/s/ Helen I. Tweedy,
Deputy Clerk.

Approved:

/s/ Peter Woodbury

/s/ George C. Sweeney

/s/ Francis J. W. Ford

Judgment entered February 23, 1962.

John A. Canavan,
Clerk,

By /s/ Helen I. Tweedy,
Deputy Clerk.

Appendix ~~3~~

HOUSE OF REPRESENTATIVES

74th Congress 1st Session	Report No. 1512

AMEND PARAGRAPH (1) OF SECTION 3 OF THE INTERSTATE COMMERCE ACT

July 12, 1935—Referred to the House Calendar and ordered to be printed

Mr. Corning, from the Committee on Interstate and Foreign Commerce, submitted the following

REPORT

(To accompany S. 1633)

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (S. 1633) to amend the Interstate Commerce Act, as amended, and for other purposes, having considered and amended the same, report thereon with a recommendation that it pass.

Amend the bill as follows:

Page 1, line 6, strike out the word "part" and insert in lieu thereof "Act".

Amend the title so as to read:

A bill to amend the Interstate Commerce Act, as amended.

The purpose of the bill S. 1633 is to restore to the Interstate Commerce Commission the power to remove undue preference or prejudice against ports which it had exercised for many years prior to the five-to-four decision of the Supreme Court in Texas & Pacific Ry. Co. et al. v.

United States (289 U.S. 627, May 29, 1933), holding that the word "locality" in paragraph (4) of section 3, did not include a "port" with respect to export and import traffic routed through such a port. The majority opinion of the Court held that the word "locality" referred to "points of origin or destination". The minority opinion of Mr. Justice Stone, concurred in by three other justices, pointed out that the "commercial interests of a port, always of great magnitude, may suffer the same destruction from discriminatory rates as do shippers or other industrial interests at points of origin or destination."

At the hearings held before a subcommittee of the Committee on Interstate and Foreign Commerce of the House on June 12 and June 18, 1935, and before a subcommittee of the Interstate Commerce Committee of the Senate on March 26, to 28, 1935, witnesses representing the ports of New York, Massachusetts, New Jersey, Pennsylvania, Maryland, Virginia, California, Oregon, Texas, and other States, appeared in support of the Bills H.R. 5364 and S. 1633 introduced, respectively, by Representative Rayburn and Senator Wheeler upon request of Federal Coordinator Eastman.

Representatives of the shippers also favored the bills which were opposed only by representatives of the port of New Orleans, of the Texas interior points of origin, and the two railroads which were involved in the Supreme Court decision. The bill (S. 1633) included only "ports" and "gateways", while S. 1813 included, in addition "port districts" and "transit points." The Interstate Commerce Commission recommended the addition of these words to S. 1633 and the Senate committee adopted amendments which the Senate approved, adding these words in line 10 on page 1 and line 2 on page 2 of that bill.

Paragraph (4) of section 3 of the act was enacted as section 3 of the original act to regulate commerce, February 4, 1887, and its language has remained unchanged throughout the intervening years. Until 1929 no doubt was ever entertained that the word "locality" was broad enough to include any place, including a port; and the commission heard and decided many cases involving ports under that language.

In 1929 the Commission determined a controversy between the ports of New Orleans and Galveston partially in favor of Galveston, which had complained that certain railroad rates on export traffic denied it the advantage of its closer distance to Texas origins and discriminated against it in favor of New Orleans, which was farther away from these points. That case was carried to the Supreme Court and resulted in the May 1933 decision limiting the meaning of the word "locality" to points of origin or destination. Thereafter the Seventy-third Congress and this Congress have had a number of bills introduced to correct the situation by amending the paragraph in question so as to restore to the ports a right to complain of rail rates through the ports and to permit the Commission to entertain and decide such complaints.

The same consideration requiring such relief of the ports motivates the granting of similar relief to port districts, gateways, and transit points which otherwise could be discriminated against by the rail rates on traffic through them, without opportunity to complain.

In recommending that this bill be passed, the committee does so with the idea in mind that by amending section 3 of the Interstate Commerce Act as thus contemplated it will encourage and promote the freedom of movement of export, import, and coastwise commerce through the ports of the country. The committee considers that it is to the interest of the public that such commerce be permitted to move freely through as many available ports as the governing circumstances will reasonably permit, and that no restrictions upon and impediments to the free movement thereof should be imposed that are not clearly shown to be sound or economically justified. The recommendation of the committee that this bill be enacted is intended to afford competing ports a forum in which to complain of rate adjustments which tend to concentrate the movement of the traffic through one port or a limited number of ports and to deprive other ports of an opportunity to handle a part of such traffic. The committee believes that such a diffusion of the traffic which moves through the ports will redound to the benefit of the producer and consumer in the interior by whom in the last analysis the transportation charges levied both for the transportation thereof and for the use of the facilities at the ports are ultimately borne.

Appendix 4

SENATE

74TH CONGRESS } 1st Session } CALENDAR NO. 932 Report No. 885

TO AMEND PARAGRAPH (1) OF SECTION 3 OF THE INTERSTATE COMMERCE ACT

May 13 (calendar day, June 14), 1935—Ordered to be printed

Mr. MOORE, from the Committee on Interstate Commerce, submitted the following

REPORT

(To accompany S. 1633)

The Committee on Interstate Commerce, to whom was referred the bills (S. 874, S. 1633, and S. 1813) to amend paragraph (1) of section 3 of the Interstate Commerce Act, as amended, having held hearings and considered the bills and having adopted certain amendments to S. 1633, report that bill back to the Senate with the recommendation that it be passed with amendments.

The purpose of the bill S. 1633 and of S. 874 and S. 1813, is to restore to the Interstate Commerce Commission the power to remove undue preference or prejudice against ports which it had exercised for many years prior to the five-to-four decision of the Supreme Court in Texas & Pacific Ry. Co. et al. v. United States (289 U.S. 627 May 29, 1933), holding that the word "locality" in paragraph (1) of section 3, did not include a "port" with respect to export and import traffic routed through such a port. The majority opinion of the Court held that the word

Appendix 4

"Locality" referred to "points of origin or destination." The minority opinion of Mr. Justice Stone concurred in by three other justices, pointed out that the "commercial interests of a port, always of great magnitude, may suffer the same destruction from discriminatory rates as do shippers or other industrial interests at points of origin or destination." (see page 28 of subcommittee hearings.)

At the hearings held on these bills on March 26 to 28, 1935, the bill (S. 1633) introduced by Senator Wheeler at the request of Coordinator Eastman and the Interstate Commerce Commission, was supported by witnesses representing the ports of Massachusetts, New York, New Jersey, Pennsylvania, Maryland, Virginia, Texas, and Oregon.

Representatives of the shippers also favored the bills which were opposed only by representatives of the port of New Orleans, of the Texas interior points of origin, and the two railroads which were involved in the Supreme Court decision. The bill (S. 1633) included only "ports" and "gateways", while S. 1813 included in "port districts" and "transit points." The Interstate Commerce Commission recommended the addition of these words to S. 1633 and the committee adopted amendments adding these words in line 10 on page 1 and line 2 on page 2 of that bill.

Paragraph (1) of section 3 of the act was enacted as section 3 of the original act to regulate commerce, February 4, 1887, and its language has remained unchanged throughout the intervening years. Until 1929 no doubt was ever entertained that the word "locality" was broad enough to include any place, including a port and the commission heard and decided many cases involving ports under that language. In 1929 the Commission determined a controversy between the ports of New Orleans and Galveston partially in favor of Galveston, which had complained that certain railroad rates on export traffic denied it the advantage of its closer distance to Texas origins and discriminated against it in favor of New Orleans, which was farther away from these points. That case was carried to the Supreme Court and resulted in the May 1933 decision limiting the meaning of the word "locality" to points of origin or destination. Thereafter the Seventy-third Congress and this Congress have had a number of bills introduced to correct the situation by amending the paragraph in question so as to restore to the ports a right to complain of rail rates through the ports and to permit the Commission to entertain and decide such complaints.

The same considerations requiring such relief of the ports motivates the granting of similar relief to port districts, gateways, and transit points which otherwise could be discriminated against by the rail rates on traffic through them, without opportunity to complain.

The committee respectfully urges passage of the bill S. 1633, as amended.

Certificate of Service.

I hereby certify that I have this day served the foregoing document upon all parties of record in this proceeding, and also the Solicitor General, Department of Justice, Washington 25, D. C., by mailing by first-class mail a copy thereof properly addressed to each of such parties.

Dated at New York, N. Y., this 9th day of May, 1962.

JOHN H. COLGREN.

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FILED
MAY 29 1962
JOHN F. DAVIS, CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 196~~1~~2

No. ~~[illegible]~~ 97

THE BALTIMORE AND OHIO RAILROAD
COMPANY, ET AL,
Appellants,

v.

BOSTON AND MAINE RAILROAD, ET AL,
Appellees.

No. ~~924~~ 98

MARYLAND PORT AUTHORITY, ET AL,
Appellants,

v.

BOSTON AND MAINE RAILROAD, ET AL,
Appellees.

ON APPEALS FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

REPLY TO MOTION TO AFFIRM

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1961

No. 923

THE BALTIMORE AND OHIO RAILROAD COMPANY, ET AL,

Appellants,

v.

BOSTON AND MAINE RAILROAD, ET AL,

Appellees.

No. 924

MARYLAND PORT AUTHORITY, ET AL,

Appellants,

v.

BOSTON AND MAINE RAILROAD, ET AL,

Appellees.

ON APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

REPLY TO MOTION TO AFFIRM

I

Background and Nature of Proceeding

Under this subtitle two statements are made in the appellees' motion to affirm which require correction:

(1) At page 3 it is said that "beginning in the early 1920's and extending to about 1935, ocean rates to and from the different ports gradually were equalized and the total transportation charge through the northern tier ports conse-

quently became higher than the combined cost of rail and ocean transportation through a southern tier port." The clear implication of this statement, which is taken directly from the opinion of the District Court, is that until 1920 the ocean rates to the northern tier ports were lower than to the southern tier ports by an amount equal to the differential, and that beginning in 1920 a gradual equalization of ocean rates took place which was completed in 1935.

This is simply not true. The fact is that as early as 1898 the Commission found that the rates to the ports of New York, Baltimore and Philadelphia had been equalized insofar as full cargoes of grain were concerned. At that time the Commission also found that the rates on parcel lots of grain had been adjusted so that the difference in favor of New York was substantially less than the amount of the differential. *New York Produce Exchange v. B. & O. R. Co.*, 7 I.C.C. 612, 626, 630.

Again, in 1905 the Commission specifically found that the difference in ocean rates to the affected ports was less than the differential. In *In the Matter of Differential Freight Rates to and from North Atlantic Ports*, 11 I.C.C. 13, the Commission said, at p. 24:

> "We are satisfied that the difference is materially less in case of low-class traffic, which is mainly competitive, than the amount of the differentials, and that is about all that can be averred with certainty."

and at p. 67:

> "While, however, it would be impossible to secure by the application of any inland differential the same rate through all the ports it would be possible to say with confidence that if this were the proper basis of making the differential the present differentials are too high, for they undoubtedly exceed the difference in ocean rates. In our opinion they always have from

the very first. While the Thurman Commission reported that rates from Philadelphia and Baltimore were higher than from New York by an amount substantially equaling the differentials, Mr. Fink, a much closer observer, with much better means of information, stated in his report of 1881 that the difference in ocean rates was only about one-half the differential from Philadelphia, and something more than one cent less than the differential from Baltimore. This Commission found upon the former hearing that the difference in ocean rates did not equal the differentials. We have now expressed the belief in our finding of fact that for the last seven years the difference in ocean rates has been materially less than the differentials. During all this time the inland differential has been in effect and for the last two or three years it has been strictly observed. It must follow, therefore, that the rate through Baltimore and Philadelphia has been distinctly lower than the rate through New York."

In *Maritime Asso.; Boston Chamber of Commerce v. Ann Arbor R. Company, et al*, 95 I.C.C. 539 (1925), the Commission was asked by the Boston port interests to require the railroads to reduce to the Baltimore level the rates from Central Territory to Boston. The Commission said, at page 555:

> "It does not appear that Boston now gains any advantage whatever by reason of its shorter ocean route or that Philadelphia or Baltimore suffers any disadvantage by reason of its longer route."

In all of these cases the Commission refused to disturb the differential rate structure which had been established by voluntary action of the carriers, although it clearly appeared that the then existing differentials were greater than any inequality in ocean rates.

(2) On page 3 of the motion to affirm, the appellees present certain tonnage figures which again are taken directly from the opinion of the District Court and which purport

to show that traffic has been diverted from the northern tier ports to the southern tier ports as a result of the differentials. The District Court ignored the fact that the Commission had found expressly to the contrary.

The Commission first made a study of the movement of traffic through the ports which it summarized in tables attached to its original report (311 I.C.C. 747-51, App. pp. 79-83). The Commission then found that

> "Nothing in these data suggests that any decline experienced by the northern tier port group or by New York in their percentage participation in such exports was due to an increase in the participation of the southern tier ports." (311 I.C.C. 704, App. 21).
>
> * * *
>
> "These tables show that New York *handled more tonnage of all commodities than any of the southern tier ports;* excluding petroleum, coal, and iron ore, it handled nearly as much as those ports combined; and it handled about sixty per cent more general cargo exports and imports than those ports combined." (311 I.C.C. 706, App. 23) [Emphasis supplied].

On page 4 of the motion to affirm, appellees cite other tonnage figures taken from the opinion of the District Court. They obscure the unquestioned position of New York as "the world's greatest port," with an enormous hinterland that the southern tier ports do not have, and its "complete dominance," as found by the Commission, in the handling of general cargo to and from differential territory, despite longer distances and much higher transportation costs. The larger tonnage figures of the southern tier ports reflect bulk commodities, principally grain and import ores, moving to and from differential territory where, as found by the Commission, these ports have their natural market because of shorter distances and lower costs.

To place these figures in perspective, the Court should read the careful and thorough analysis of the movement and consist of the traffic through the ports and of the movement by rail to Central Territory which is to be found in the Commission's original report (311 I.C.C. 706-714, App. pp. 24-34).

II.

The Appellees Ignore the Real Issue in the Case

The motion to affirm argues that the order of the Commission was based primarily on a finding that the rates filed by the northern tier carriers violated Section 3(1) of the Act because of differences of distance and cost of service. But it is clear that these differences were not the sole basis of the Commission's order which the District Court has set aside. The issue before the Commission was whether the rates to all the North Atlantic ports should be equalized, that is to say, whether the rates to the southern tier ports should be compulsorily maintained at the same level as the rates to the northern tier ports. Stated in other words, the question was whether the southern tier carriers were entitled to maintain the differential which had been in force for so many years.

The northern tier carriers based their claim to parity on the right to compete for export-import traffic. But as the Commission pointed out, the right of the southern tier carriers to compete for this traffic is no less great. After careful analysis of the tonnage statistics and traffic studies showing the movement and consist of the traffic through the ports, of the services available at the respective ports, of testimony of shippers and traffic handlers indicating preference for the northern tier ports, and of the geographic disadvantages and higher cost through them, the Commission concluded that the southern tier carriers could not lawfully be prevented from availing themselves of their lower costs by lowering their rates so as to maintain a differential. Such being the case, the Commission held that no useful purpose would be served by permitting the northern tier carriers to file lower rates which would immediately be met by matching reductions, thus resulting in a useless dissipation of carrier revenues. It follows that cases such as *U. S. v. Chicago, M., St. P. & P. R. Co.*, 294 U.S. 499, and *Texas & Pacific Ry. Co. v. U. S.*, 289 U.S. 627, which uphold the right of carriers to disregard distance and cost of service in competing for traffic do not reach the question involved in the present appeals.

At pages 23-25 of the motion to affirm, appellees argue that the matching reductions filed by the southern tier carriers are unlawful because they would result in a rate war. But it is the northern tier carriers which have initiated a rate war. Not satisfied with the lion's share of the most valuable traffic moving through the North Atlantic ports, they seek to take away from the southern tier carriers the only traffic for which they can compete. The southern tier carriers have merely undertaken to defend themselves. The case is thus wholly unlike *U. S. v. Chicago M., St. P. & P. R. Co.*, 294 U.S. 499. There the existing rate relationship was admitted to be "unsound" but the argument was advanced that it could not be changed because a rate war would result. To this argument Mr. Justice CARDOZO replied that the Commission had full power to prevent such a rate war.

In the present case there is no finding by the Commission that the existing rate relationship is "unsound". On the contrary, the Commission has found that "the present differentials have long served to retain a reasonable competitive relationship between the principal port groups and should be maintained." (311 I.C.C. at 741; App. 70). The appellees do not contend that the existing rate differential structure is unlawful. What they argue is simply that since the northern tier carriers have taken the initiative in filing reduced rates, the southern tier carriers are now precluded from following suit because that would start a rate war.*

This Court should compare the *Milwaukee* case, *supra*, with its sequel, *Ayrshire Collieries Corp. v. United States*, 335 U.S. 573, where the action of the Commission in re-establishing the same differential rate structure which had been upset by this Court in the Milwaukee case was upheld. The Court, speaking through Mr. Justice DOUGLAS, said, at p. 590:

> "The Commission did in this case what the Court pointed out in *United States v. Chicago, M., St. P. & P. R. Co., supra*, it had not done there, viz, it adjudged the fairness of the relation subsisting between Illinois and Indiana rates."

The appellees correctly say that the Commission could prevent retaliatory rate reductions which are unlawful, as in *Export Grain from Buffalo to New York*, 292 I.C.C. 647. In that case the attempt of the southern tier carriers to lower ex-lake grain rates to re-establish a differential was condemned by the Commission on the ground that the carriers had made no showing of any material distance advantage or other transportation condition which would justify a differential. In the present case the Commission has found on substantial evidence that the southern tier carriers have significant transportation advantages and that they cannot effectively compete under parity rates. The cases are thus wholly dissimilar.

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* This perverse reasoning is reminiscent of the famous French couplet:

"Cet animal est très méchant,
Quand on l'attaque, il se défend."

See *Oxford Dictionary of Quotations* (2nd ed. 1953), p. 12.

III.

The Cases Cited by Appellees are Inapposite

It is apparent that the appellees proceed upon the assumption that there can be but one lawful rate relationship. But the contrary is clearly implicit from the decision of this Court in *United States v. Chicago, M., St. P. & P. R. Co.*, 294 U.S. 499. (See especially the remarks of Mr. Justice Cardozo at page 508.) It is conceivable that either parity or a differential might be within the zone of reasonableness and not otherwise prohibited by the statute. However, in this case the Commission has found that a parity relationship would be unduly prejudicial to the southern tier ports in violation of Section 3(1). The District Court held that this finding was without rational basis and in support of that ruling appellees invoke the decision of the Commission in *Baltimore Chamber of Commerce v. Ann Arbor R. Co.*, 159 I.C.C. 691 (1929), the decision of the District Court in *New York Cent. R. Co. v. United States*, 99 F. Supp. 394 (D. Mass. 1951), affirmed 342 U.S. 890, and the decision of this Court in *Texas & Pac. Ry. Co. v. U. S.*, 289 U.S. 627.

In the *Ann Arbor* case, the question was whether all of the carriers serving the North Atlantic ports should be compelled against their will to establish an even greater differential in favor of Baltimore than that which they were voluntarily maintaining. The Baltimore port interests argued that because of New York's higher terminal costs, a higher differential was required. A divided Commission rejected this argument, holding that the existing differentials were adequate.

In the so-called *Ex-Lake Grain Case*, *New York Cent. R. Co. v. United States*, *supra*, no question was presented as to the right of the southern tier carriers to lower their rates so as to maintain the existing differential. Unlike the case presented on the present record, no matching reductions had been filed by those carriers. Moreover, there was virtually no difference in the distance between the affected ports.

It is true that in *Texas & Pacific Ry. Co. v. U. S., supra*, this Court set aside the action of the Commission in compelling reluctant carriers to establish a differential which gave recognition to the distance advantages of Galveston over competing ports. However, the decision in that case was based primarily on the fact that ports were not localities within the meaning of Section 3(1) of the statute. Mr. Justice STONE, who dissented on behalf of a minority which included Chief Justice HUGHES and Justices BRANDEIS and CARDOZO, said (289 U.S. at p. 656):

> "In holding that the Commission is without power to make the order, the Court does not deny that a discrimination which is produced by charging equal rates for unequal service is prohibited by the statute as much as one resulting from unequal rates for equal service. Compare *The Shreveport Case*, 234 U.S. 342, 346."

Furthermore, the decision in that case led to the prompt amendment of Section 3(1) in 1935, as appears from the legislative history set forth in Appendices 3 and 4 attached to the motion to affirm. The appellees attempt to invoke that legislative history in support of their contention that rates intended to equalize port competition cannot be condemned under Section 3(1). But the plain fact is that the statute was intended to accomplish precisely the opposite purpose. Indeed, the Senate rejected by a vote of 49 to 23 an amendment offered by Senator Long of Louisiana which provided that "where rates and charges of common carriers to ports are made as reductions to equalize rates to ports served by competing carriers, it shall not be termed

undue preference or discrimination." 79 Cong. Rec. 10608; cf. *United States v. Pfitsch*, 256 U.S. 547, 550-552; *United States v. Great Northern Railway Co.*, 287 U.S. 144, 154-155; *Norwegian Nitrogen Prod. Co. v. United States*, 288 U.S. 294, 305-308.

IV.

The Fact that the Commission Found it Unnecessary to Determine whether the Rates Met All the Requirements of Section 1 Did Not Excuse the Action of the District Court in Making an Original Finding on this Issue.

Because it condemned the proposed equalizing rates under Section 3(1), the Commission found it unnecessary to make findings as to whether they met all the requirements of Section 1, although it did conclude that appellee railroads had not sustained the burden of proving the rates to be compensatory. Accordingly, when the District Court later upset the Commission's decision, it preempted the administrative function and made its own evaluation of the evidence and its own finding of reasonableness.

Now, in their motion to affirm, the appellees argue:

> "Approval by the reviewing Court of the Commission's refusal to condemn the rates under Section 1(5) can hardly be termed a usurpation by the District Court of a primary function of the Commission".

But there was no "refusal to condemn the rates under Section 1(5)" on the part of the Commission. Nor was there any such question before the District Court to approve or disapprove. On the contrary, when the District Court overruled the Commission on Section 3(1), a finding as to reasonableness under Section 1 became unavoidable, and this the Court undertook to make itself. The serious mistakes that the Court made in exercising the administrative function are outlined in the jurisdictional statements.

CONCLUSION

The importance of this case to the national economy is not denied. Moreover, it presents questions of interpretation of the Interstate Commerce Act which are of great significance in the administration of this important federal statute. It is also novel, in that it calls for definition of the powers of the Commission in cases where rates are proposed solely for the purpose of imposing an enforced parity. These questions are clearly substantial and it is therefore submitted again that probable jurisdiction should be noted.

Respectfully submitted,

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In the Supreme Court of the United States

OCTOBER TERM, 1962

INTERSTATE COMMERCE COMMISSION, APPELLANT

v.

BOSTON AND MAINE RAILROAD, ET AL., APPELLEES

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

BRIEF OF INTERSTATE COMMERCE COMMISSION IN OPPOSITION TO MOTION TO AFFIRM

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MAY 1962.

In the Supreme Court of the United States

OCTOBER TERM, 1961

No. 925

INTERSTATE COMMERCE COMMISSION, APPELLANT

v.

BOSTON AND MAINE RAILROAD, ET AL., APPELLEES

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

BRIEF OF INTERSTATE COMMERCE COMMISSION IN OPPOSITION TO MOTION TO AFFIRM

Our brief in opposition to the Motion to Affirm will deal only with certain contentions of the appellees which by themselves show that plenary consideration by this Court is warranted.

1. The Motion to Affirm filed by the appellees does not even controvert our submission that the economic impact of the decision below upon the North Atlantic ports and the railroads serving them, without more, warrants plenary review of that decision by this Court.

2. The appellees state (Motion to Affirm pp. 20-21) that:

> * * * In a Section 3(1) complaint proceeding, the Commission, as the Court recognizes, could

> properly find that a rate difference maintained between different points is justified and proper where greater distance, and its concomitant greater costs to the carrier, are shown as a matter of record. But the Court goes on to point out the irrelevance of a finding as to higher costs due to greater distances in a Section 15(7) proceeding, as here, where the carriers deem the absorption of such higher costs necessary if they are to effectively compete at rates otherwise lawful.

In so stating, the appellees put in blunter terms than the court below the proposition that the Commission in exercising its investigation and suspension powers under Section 15(7) of the Interstate Commerce Act (49 U.S.C. 15(7)) may not take into account comparative distances and costs in determining the lawfulness of rates to and from the various ports on export-import traffic, but may do so in a proceeding instituted by a complaint alleging a violation of Section 3(1). This amounts to saying that the railroads serving the northern tier ports (New York, Boston, Albany and Portland) have a statutory right to put into effect reduced rates which violate Section 3(1) by creating undue preference and prejudice as between the northern tier ports and the southern tier ports, and to maintain such unlawful rates until they are found to be unlawful in a separate proceeding several years later. This contention is inconsistent with any conceivable standard of effective regulatory procedure. It flies in the teeth of the express provision of Section 15(7) that in proceeding under that section "the Commission may make such order with reference thereto as would be proper in a proceeding initiated after it had become effective," i.e. in the complaint procedure referred to by appellees.

3. The Motion to Affirm also puts more clearly than the decision below the real thrust of this litigation, in the statement (at p. 23) that:

> It is fundamental that if the appellee railroads lawfully reduce their rates to a basis of equality with the rates of appellant railroads as a matter of necessity in order to meet competition, then a retaliatory reduction by appellants must be condemned as "unnecessary to meet competition".

In brief, the appellees candidly equate "freedom to compete" with enforced rate equalization. The quoted statement was coupled with a reference to *New York Central R. Co.* v. *United States,* 99 F. Supp. 394 (1951) affirmed 342 U.S. 890, and the subsequent decision of the Commission in *Export Grain from Buffalo to New York,* 292 I.C.C. 647 (1954).

However, as pointed out by the District Court in *New York Central Railroad Co.* v. *United States, ibid.,* at p. 403 the short tariff-route distance from Buffalo, N.Y., the origin, to New York was substantially the same as those to Baltimore and Philadelphia, and the working distance from Buffalo to New York was less than the like distance to Baltimore, and only slightly more than the like distance to Philadelphia. In the present proceeding, the average short-line distance from the affected territory to Boston is 223 miles greater than to Baltimore and 172 miles greater than to Philadelphia, and to New York it is 106 miles greater than to Baltimore and 54 miles greater than to Philadelphia. It is one thing to say that distance from Buffalo to the various North Atlantic ports did not vary sufficiently to permit the southern tier ports to put into effect an offsetting rate reduction for the purpose of preventing rate equalization on export grain moving through the North Atlantic ports. It is another thing to assert, as appellees do, that as a matter of law the distance and cost advantages of the railroads serving the southern tier ports on the traffic here involved may not be reflected in reduced rates which would result in maintaining a rate differential at a lower rate level.

CONCLUSION

We submit, therefore, that the appellees' Motion to Affirm clearly demonstrates that the decision below poses substantial questions warranting plenary consideration by this Court, and that the Motion should be denied.

Respectfully submitted,

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1962

No. 97

THE BALTIMORE AND OHIO RAILROAD COMPANY, CANTON RAILROAD COMPANY, THE CHESAPEAKE AND OHIO RAILWAY COMPANY, NORFOLK AND WESTERN RAILWAY COMPANY, THE PENNSYLVANIA RAILROAD COMPANY, READING COMPANY, AND WESTERN MARYLAND RAILWAY COMPANY,

Appellants,

v.

BOSTON AND MAINE RAILROAD, ET AL.,

Appellees.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

BRIEF FOR APPELLANTS

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Appellants,

v.

BOSTON AND MAINE RAILROAD, ET AL.,

Appellees.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

BRIEF FOR APPELLANTS

OPINIONS BELOW

The opinion of the United States District Court for the District of Massachusetts (WOODBURY, SWEENEY and FORD, JJ.) is officially reported in 202 F. Supp. 830 and is printed in the record at pp. 3994-4005. The final judgment of the District Court, dated February 23, 1962, is in the record at p. 4006. The reports of the Interstate Commerce Commission (hereinafter referred to as the Commission) dated

December 5, 1960, and June 15, 1961, respectively, are *Equalization of Rates at North Atlantic Ports*, 311 I.C.C. 689 and 314 I.C.C. 185, respectively. They are also printed in the record at pp. 3738-3820 and pp. 3836-3857. The order of the Interstate Commerce Commission dated December 5, 1960, appears at p. 3821 of the record. The order of the Commission dated March 7, 1961, correcting one of the findings in the report of December 5, 1960, is at p. 3822.

JURISDICTION

This action was brought under 28 U.S.C. §1336 to set aside and enjoin an order of the Interstate Commerce Commission. The judgment of the District Court enjoining the order of the Commission was entered on February 23, 1962, and these appellants filed their notice of appeal in that court on March 30, 1962. The jurisdiction of the Supreme Court of the United States to review this decision by direct appeal is conferred by 28 U.S.C. 1253 and 2101(b). On June 11, 1962, this Court noted probable jurisdiction (R. 4027). The following decisions sustain the jurisdiction of the Supreme Court to review the judgment on direct appeal in this case. *Virginian Railway v. United States*, 272 U.S. 658; *United States v. Pennsylvania Railroad Company*, 323 U.S. 612.

STATUTES INVOLVED

The statutory provisions involved, the National Transportation Policy (49 U.S.C. preceding §§1, 301, 901, 1001) and Sections 1(5), 3(1), 4(1), 15(1), 15(7), and 15a(2) (49 U.S.C. §§1(5), 3(1), 4(1), 15(1), 15(7), and 15a(2)) of the Interstate Commerce Act, as amended, are set forth in Appendix A hereto.

THE QUESTION PRESENTED

Did the District Court err (1) in overruling a decision of the Interstate Commerce Commission which rejected as unlawful a proposal on the part of certain railroads serving the ports of New York, Boston, Albany, and Portland to destroy a differential rate relation that has obtained for many years in the movement of import-export traffic between the named ports and Philadelphia, Baltimore, and Hampton Roads *and* so-called differential territory and (2) in requiring the establishment of equalized rates?

STATEMENT OF THE CASE

The basic freight rate relationship here in issue has been in effect for more than 85 years. On import and export traffic moving between North Atlantic Ports and differential territory (the territory generally bounded by the Great Lakes on the north, Buffalo, N.Y., and Pittsburgh, Pa., on the east, the Ohio River on the south, and the Mississippi River on the west)[1] the rates to and from Baltimore are 3 cents and Philadelphia 2 cents per 100 pounds less than New York rates. Boston has the same rates as New York, and from that part of differential territory west of the so-called Sandusky, Ohio, line; Hampton Roads has the same rates as Baltimore. To and from Portland the Baltimore rates also apply to certain import traffic when moving to differential territory over the lines of Canadian railroads. In 1936 Philadelphia rates were prescribed by the Commission on import-export traffic through Albany, N.Y. *Albany Port District Comm. v. Ahnapee & W. Ry. Co.*, 219 I.C.C. 151 (1936).

This rate adjustment has been attacked by various interests at various times, but the Commission, as pointed out in its decision in this proceeding, has "consistently upheld it as lawful" (R. 3748). Its history is set forth in the briefs of both the Interstate Commerce Commission and the Maryland Port Authority et al. as appellants in these proceedings and need not be repeated here.

---

[1] Differential territory is defined more exactly in the original report of the Commission in this case (R. 3740, 3741).

In 1956 certain railroads (hereinafter referred to as the northern carriers) serving New York, Boston, Albany, and Portland (hereinafter referred to as the northern tier ports) proposed to reduce their import and export rates to the Baltimore level, and as found by Commission in its decision herein (R. 3739, 3740):

> The purpose of the proposal is *to equalize* the rates, on the Baltimore, Md., basis of rates, on such traffic to and from those ports with the rates on like traffic to and from the ports of Philadelphia, Pa., Baltimore, and the Hampton Roads ports in Virginia, hereinafter called the southern tier ports, and *thus abolish* the so-called port differentials which have obtained in connection with these rates for many years. (Italics supplied.)

No sooner had these reductions been filed with the Commission than the railroads (hereinafter referred to as the southern carriers) serving the southern tier ports proposed matching reductions. As described in the Commission's report (R. 3740):

> This counter proposal, in the event that the respondents' [northern carriers'] proposed rates were found lawful, *would restore the present differentials*, thus maintaining the long standing port relationships, but upon a lower level of rates. (Italics supplied.)

Both schedules of reduced rates were thereupon suspended by the Commission which entered upon an investigation of their lawfulness under the provisions of section 15 (7) of the Interstate Commerce Act. There followed exhaustive hearings before the Commission's Examiner Boat who, on October 9, 1959, recommended in a detailed report that the Commission require all of the reduced rates to be cancelled. After considering exceptions to this recommendation and replies to the exceptions, the Commission, with only one dissent, adopted the Examiner's view and rejected the equalization of rates proposed by the northern carriers. This was the Commission's original decision (R. 3738-3820).

In taking this action, the Commission first found that the northern carriers had not proven their proposed equalizing rates to be compensatory (R. 3797). It then found that these rates would unduly prefer the longer-haul, higher-cost northern tier ports and unduly prejudice the shorter-haul, lower-cost southern tier ports (R. 3807). The Commission concluded also that the traffic diversion to the port of New York would be "undue" (R. 3806).

A further ground for the Commission's decision was that if the equalizing rates of the northern carriers were approved, the differential-restoring reductions of the southern carriers would also have to be approved, and such "a needless dissipation of carrier revenues" should be forestalled in the interest of "preventing destructive competition and promoting the financial stability of the regulated carriers" (R. 3806).

Action to set aside the Commission's decision was then brought in the United States District Court for the District of Massachusetts by the northern carriers, together with northern tier port and commercial interests. In its answer to the complaint, the United States, as set forth in the opinion of the District Court, admitted that the Commission's order was erroneous "in that it treated the proposal vis-a-vis the northern tier ports as a group and failed to consider the lawfulness of the proposed rates as to each port separately" (R. 3998). Accordingly, while the District Court held the proceedings in abeyance, the Commission, by order dated April 11, 1961, reopened the proceedings for reconsideration, on the record as made, "of the lawfulness of the proposed rates separately and independently on traffic to and from each of the northern tier ports" (R. 3835, 3836).

Again the Commission rejected the proposed rates (R. 3836-3857).

While in this further consideration by the Commission the issue concerned rates to and from each of the northern tier ports separately, the real question was whether, irrespective of the treatment of New York, Boston was entitled to rates on the lower Baltimore level. The Commission gave a negative answer for two reasons: first, Boston's much greater distances could "not be ignored" "under the circumstances here revealed" including the "geographical, transportation, and cost advantages" of the southern tier ports (R. 3854), and second, lower rates at Boston than at either New York or Albany, N.Y., as intermediate points on important routes "would be in violation of the long-and-short-haul provisions of section 4 of the Interstate Commerce Act" (R. 3852).

With the release of the further decision, the proceedings before the District Court were resumed, and there followed its decision of February 16, 1962, from which this appeal is taken (R. 3994-4005). The District Court concluded "that the Commission's decision is erroneous in law and lacks the rational basis necessary to uphold it and it must be set aside" (R. 4005).

In setting aside the decision of the Commission, the District Court first dealt with the reasonableness of the proposed equalizing rates from the northern tier ports. Overruling the Commission's finding that the northern carriers had failed to prove the proposed equalizing rates to be compensatory, the District Court upheld the rates as reasonable because:

(a) The proposed reductions were for "minimal" amounts (R. 4000).

(b) The average revenues per ton and per ton mile under the proposed rates would exceed the averages for freight traffic in the United States (R. 4001).

(c) The Commission found, as to part of the traffic, that "the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs" (R. 4001).

The District Court next turned to the Commission's affirmative finding of undue preference to the northern tier ports and undue prejudice to the southern tier ports, and again it overruled the Commission. It held that:

(a) The Commission erred "in not giving due weight to the interests of shippers, receivers, carriers, and inland localities" (R. 4003).

(b) The Commission erred in giving weight to the distance disadvantages of the northern tier ports because the differentials were not originally based on distance, greater differences in distance have often been ignored, "the finding in this case, if pressed to its logical conclusion, would result in traffic flowing only through the most distance-favored port. On the other hand, if applied only in this case, the decision is arbitrary and capricious," and in any event, the differences in distance were not supported by findings as to "the cost and value of the services of plaintiff and defendant railroads" and the record did not "contain evidence from which it could make such findings" (R. 4003, 4004).

(c) The Commission erred in failing to distinguish between rates which carriers may voluntarily publish to meet competition, and those they may be required to publish (R. 4004).

The District Court made no mention of the Commission's finding that if the proposed reductions from the northern tier ports were upheld despite the "firmly established" greater distances and higher costs of service to and from those ports, approval of the lower rates restoring the differentials of the southern tier ports, with their shorter distances and lower costs, would necessarily be required.

Judgment was entered in the District Court on February 16, 1962, setting aside and enjoining enforcement of the Commission's order "insofar as it directs the cancellation of schedules proposing differential-eliminating rates to and from the ports of Portland, Maine, Boston, Massachusetts, Albany and New York, New York, denies forth-section application No. 32204, and prevents differential-eliminating rates from becoming effective" (R. 4006). It is from this judgment that this appeal is taken.

THE ISSUES

Since the District Court held that the Commission's decision had no "rational basis," the issues presented on the present appeal are:

1. Was there a "rational basis" for the Commission's finding that equalizing rates to and from the northern tier ports, with longer distances and higher costs, would unduly prefer such ports and unduly prejudice the southern tier ports, with shorter distances and lower costs, particu-

larly when such equalizing rates threatened "undue diversion" from the southern tier ports to the port of New York?

2. Was there a "rational basis" for the Commission's finding that approval of the northern carriers' equalizing rates "would require alternate approval" of the differential-restoring rates of the southern carriers and that this would entail "a needless dissipation of carrier revenues" which should be avoided in the interest "of preventing destructive competition and promoting the financial stability of the regulated carriers"?

3. Even if the Commission had no "rational basis" for the findings referred to [illegible] foregoing paragraphs, was the District Court justified in setting aside the Commission's finding that the equalizing rates of the northern carriers were not shown to be compensatory and in making its own finding, based on its own evaluation of the evidence, that such rates were just and reasonable?

SUMMARY OF ARGUMENT

When railroads propose to change their rates, they file appropriate tariffs, and the Commission can either allow the tariffs to go into effect or it can suspend them and conduct an investigation pursuant to the provisions of section 15(7) of the Interstate Commerce Act. If, as was the case here, the Commission suspends the tariffs, the proponent carriers have the burden of proving their lawfulness. In its decision the District Court correctly pointed out (R. 3999):

> Under 49 U.S.C. §15(7), the Plaintiffs [northern carriers] had the burden of proof to show that the proposed rates are "just and reasonable" within the meaning of section 1(5), free from unjust discrimination prohibited by section 2 and that they contain no undue preference or prejudice proscribed by section 3(1).

Here, as we have seen, the Commission concluded that the northern carriers had not sustained their burden of proving the proposed equalizing rates to be compensatory. It also found that these rates would cause "undue diversion" of traffic from the southern tier ports, with their shorter distances and much lower costs, to the northern tier ports, with longer distances and much higher costs, particularly the port of New York, and thus result in undue preference and prejudice in violation of the Interstate Commerce Act. A related conclusion was that if the equalizing rates of the northern carriers were approved, "alternate approval" of the differential-restoring rates of the southern carriers would be required, and "this might result in the rates gravitating to their lowest possible level and in a needless dissipation of carrier revenues" which the Commission had an obligation to forestall.

The District Court, as we have also seen, overruled the Commission's conclusions as to (1) the failure of the northern carriers to prove the compensatory character of the equalizing rates and (2) the undue preference of the longer-haul, higher-cost northern tier ports and undue prejudice to the shorter-haul, lower-cost southern tier ports which they would cause. The District Court remained silent as to the differential-restoring rates of the southern carriers.

The Commission's decision is, we submit, correct. The District Court's decision should be reversed.

In the first place, in setting aside the Commission's conclusion as to the failure of the northern carriers to prove their rates to be compensatory and in making its own finding of reasonableness, the District Court cites evidence that has no relation to the issue and misinterprets a statement in the Commission's report that, as to part of the traffic, "the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs." Moreover, the District Court completely overlooks the significance in this connection of the point blank refusal of the northern carriers to supply for the record before the Commission available cost data of their own and to cooperate in the submission of data where not available — evidence which would throw light on the compensatory or non-compensatory nature of their proposed rates. The District Court also overlooks the unqualified admission of the management of the New York Central, as the principal northern carrier, that freight service to and from New York Harbor was being conducted at a staggering loss, and that import-export traffic was more costly than domestic traffic at that port.

Secondly, in overruling the Commission's finding of undue preference and prejudice, the District Court begins by misunderstanding the grounds upon which the Commission acted. It says that the greater distance of the northern tier ports was the "single" or "sole" consideration which guided the Commission, but this was not so. "Undue diversion" from the shorter-haul, lower-cost southern ports to the longer-haul, higher-cost northern ports was an equally important reason for the Commission's decision. The District Court does not deal with this reason. Moreover, in its rejection of distance as a factor to be considered, the District Court would decide in effect that the transportation standard has no proper place in determining relationship issues under section 3 of the Interstate Commerce Act. The one qualification that the District Court would allow in this connection is when "Distance differences * * * reflect differences in the cost and value of the services * * *." Apparently, the District Court is unaware of the enormous amount of cost evidence in the record and the findings of the Commission that (R. 3805, 3806):

> The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly established.

Thus, even under the test applied by the District Court the Commission's use of distance as one reason for disallowing the equalizing rates of the northern carriers was proper. The further ground for the Commission's decision was, of course, the "undue diversion" to the port of New York — a ground which the District Court does not really discuss. If the one competitive advantage of the southern tier ports is eliminated, there would be nothing to prevent a wholesale diversion of traffic to the port of New York. For years New York has been the self-advertised and acknowledged "World's Greatest Port" (R. 2514-2534). Under the decision of the District Court it would quickly become a monopoly.

Thirdly, as a separate ground for its rejection of the equalizing rates of the northern carriers, the Commission referred to its obligation under the Interstate Commerce Act to prevent destructive competition and to promote "the financial stability of the regulated carriers." The exercise of this power was necessary because of the Commission's conclusion that (R. 3806):

> approval of respondents' [northern carriers'] proposed rates would require alternate approval of protestants' [southern carriers'] proposed rates.

The result would be "a needless dissipation of carrier revenues," and the Commission was obviously correct in preserving the approved differential adjustment at its present higher level.

The District Court does not deal with this ground for the Commission's decision. It says merely that in this case "the primary issue is whether equalization is necessary to enable the plaintiff [northern] railroads to compete" (R. 4005). The District Court does not explain how the right to compete on the part of the northern carriers can be any greater than the right to compete on the part of the southern carriers.

Lastly, in the final stages of the proceeding before the Commission the port of Boston sought rates equalized with Baltimore's even though New York could not qualify for the same rates. As a practical matter, this would mean lower rates at the further distant port of Boston than at the intermediate ports of New York, Albany, and Philadelphia. Such a situation would create over important routes and departures from the long-and-short-haul clause of section 4 of the Interstate Commerce Act and thus be unlawful. In addition, on the only type of traffic that Boston could hope to attract its present rates are admittedly noncompensatory. Lower rates would only increase the loss.

ARGUMENT

In supporting the decision of the Commission and in challenging its reversal by the District Court, the argument in this brief of the southern carriers will be divided into four parts:

Part One: The District Court erred in making its own finding as to the reasonableness of the equalizing rates of the northern carriers.

Part Two: The District Court erred in setting aside the Commission's finding that the equalizing rates of the northern carriers would cause undue preference and prejudice.

Part Three: The District Court erred in completely ignoring the unqualified finding by the Commission that "approval of [the northern carriers'] proposed rates would require alternate approval of [the southern carriers'] proposed rates," and should, therefore, be disallowed in the interest "of preventing destructive competition and promoting the financial stability of the regulated carriers."

Part Four: Rates at Boston lower than at New York cannot be supported on any basis.

We proceed to the argument under these four principal headings.

PART ONE

THE DISTRICT COURT ERRED IN MAKING ITS OWN FINDING OF THE REASONABLENESS OF THE EQUALIZING RATES OF THE NORTHERN CARRIERS.

Since the Commission found the equalizing rates proposed by the northern carriers to be unduly preferential and prejudicial in violation of section 3, it was unnecessary for that agency to pass upon their reasonableness under section 1. Nevertheless, in commenting upon their level, the Commission found (R. 3797):

> After restatement of the protestants' cost to reflect port costs computed on that basis, and giving effect to adjustments in other disputed but less important items of those costs, application of the resulting costs to the New York traffic indicates that the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs. However, a presentation of costs adequate to determine whether the proposed rates would be reasonably compensatory should embrace all types of traffic which those rates are expected to attract, and should reflect the cost of the specific methods by which they would be handled. It may be that other traffic would be forced to absorb a larger portion of the constant costs in order to maintain a national transportation system conforming to the ultimate objectives of the national transportation policy.

When, at a later time, the District Court overruled the Commission's finding on the issue of undue preference and prejudice, it was immediately important to determine whether the equalizing rates were reasonable. In fact, the issue became inescapable. To have it resolved, the District Court did not remand. After pointing out that "it [the Commission] refused to find the rates compensatory," the District Court, preempting the administrative function, made its own evaluation of the evidence and its own finding of reasonableness and, in effect, undertook to fix rates, which it had no power to do.

This exercise by the District Court of an administrative function is in itself grounds for reversal. The fact that the District Court's performance in this area was anything but expert makes such disposition mandatory.

For in finding that the equalizing rates of the northern carriers would be reasonable, upon what evidence does the District Court rely?

The District Court first repeats the argument of the northern carriers that the proposed reductions are for "minimal amounts" (R. 4000). But this is no proof that the resulting rates would be compensatory. There is no cost evidence in the record that even the present rates to and from the northern tier ports (before the proposed reductions) are compensatory. In fact, there is overwhelming evidence to the contrary.

The District Court then repeats the argument of the northern carriers that average revenues per ton and per ton-mile under the equalizing rates would exceed the averages for freight traffic in the United States (R. 4001). But this fact is not connected up with the services to be performed under these rates and therefore has no meaning. Distances between the northern tier ports and differential territory are much longer than those for average traffic in the United States, and accordingly, the revenues should be greater (R. 1247-1251). Moreover, traffic to and from the port of New York incurs extraordinary terminal expenses that bear no relation to average figures for the United States (See p. 35, *infra*).

The District Court points, finally, to the conclusion of the Commission that, as to part of the traffic, "the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs" (R. 4001). But this is not a finding that the proposed rates would be compensatory. On the contrary, to be compensatory, rates must produce "a contribution to the transportation burden * * * recognizable contribution to the constant costs." *Feed, Hebron, N. Dak., to Twin Cities*, 314 I.C.C. 181, 184 (1961). Here, there is no evidence of such contribution, and the Commission added (R. 3797):

> a presentation of costs adequate to determine whether the proposed rates would be reasonably compensatory should embrace all types of traffic which those rates are expected to attract, and should reflect the costs of the specific methods by which they would be handled. It may be that other traffic would be forced to absorb a larger portion of the constant costs in order to maintain a national transportation system conforming to the ultimate objectives of the national transportation policy.

Thus, for its finding of reasonableness the District Court has no evidentiary support. There is in fact direct evidence to the contrary.

Further proof of the non-compensatory character of the equalizing rates proposed by the northern carriers — proof that the District Court completely overlooks — is found in the point blank refusal of these carriers to furnish any cost figures of their own at the hearings before the Commission. They strongly resisted a suggestion that the cost section of the Commission be invited to help in the development of relevant cost data (R. 52-58). Even in their attempts to discredit as unrepresentative the cost computations of the southern carriers, the northern carriers were always careful to avoid their own showing (R. 1325, 1327, 1329, 1330, 1342, 1377, 1381). Requests for actual figures bearing on their services were characterized by counsel for the northern carriers as "almost outrageous," and when reminded by the Examiner that he was "perfectly free to refuse to produce" information, he acknowledged that "I have had to do that throughout this whole proceeding" (R. 1350).

Special signficance should be attached to this attitude on the part of the northern carriers. The New York Central Railroad as the principal such carrier is certainly no stranger to studies of operating costs in New York Harbor and has made many such inquiries on its own. In fact, inquiries were under way at the same time as the hearings in this case before the Commission (R. 98, 99, 1310, 1311, 1361-1363). The results of one were announced by the President of the New York Central before the record in this case was closed, as follows (R, 3624):

> The freight services provided by the Central to industry within the City of New York include the only direct service by rail, as well as a lighterage service which enhances New York harbor. (Incidentally, as you know, both of these operate at substantial losses; in 1957 the loss on our freight service to Manhattan Island was $10,350,000.)

When confronted with this admission, counsel for northern carriers sought to attribute this enormous loss to domestic freight at New York. If this is so, contrary to the plain words of the statement, the loss arising from the handling at New York of export-import freight is much greater. The local superintendent of the New York Central gave several reasons why this is so: As distinguished from domestic freight at New York, export-import traffic receives special handling because of the requirements of the steamship operators, including special deliveries to steamers at their convenience, split deliveries, holding in yards, extra switching, more free time, free transfer between car and lighter (as distinguished from carfloat service principally used in domestic service), double handling in some cases from car to pier to lighter, special clearances with Customs, etc. As stated by the same witness "none of these difficulties are encountered in the handling of domestic traffic" (R. 3581-3597).

The result is plain.

In setting aside the Commission's refusal to find the proposed rates to be compensatory and in making its own finding in this connection, the District Court falls into serious error. Not only did the District Court err in exercising a clear administrative function but in doing so, it exhibits a total lack of understanding of the record before the Commission. Proof that has no bearing upon the compensatory nature of the proposed equalizing rates of the northern carriers is regarded as controlling by the District Court. At the same time, the District Court completely ignores clear evidence of the non-compensatory character of these rates, including an admission on this point by the New York Central as the principal northern carrier.

PART TWO

THE DISTRICT COURT ERRED IN SETTING ASIDE THE COMMISSION'S FINDING THAT THE EQUALIZING RATES OF THE NORTHERN CARRIERS WOULD CAUSE UNDUE PREFERENCE AND PREJUDICE.

In now turning to the District Court's reversal of the Commission's finding of undue preference and prejudice, it should first be observed that the District Court does not correctly state the grounds for the Commission's finding.

At two points in its opinion the District Court refers to the distance disadvantage of the northern tier ports as the only ground for the Commission's conclusion of a section 3(1) violation. It refers to this disadvantage as (R. 3998):

> the sole subsidiary finding upon which this conclusion [of the Commission] is based — that the northern tier ports have a distance disadvantage over Baltimore of from 223 miles in the case of Boston to 117 miles in the case of New York.

And later in its opinion the District Court repeats (R. 4003):

> The Commission in reaching the conclusion that the proposed rates violate section 3(1) relies on a single subsidiary finding — the distance disadvantage of the Northern tier ports.

The District Court is plainly wrong.

While distance is a definite factor in the Commission's decision, the Commission was careful to point out that this was so "under the circumstances here revealed" (circumstances not revealed, incidentally, in the opinion of the District Court) (R. 3854). But more than this, an equally important factor in the Commission's decision has nothing to do with distance. It concerns the "undue diversion" of traffic to the port of New York that an equalization of rates, according to the Commission, would produce. The Commission in its first opinion found (R. 3806):

> The evidence upon which the respondents rely is not convincing that their proposed rates are necessary to afford them and the northern tier ports, as a group, the opportunity to compete for a larger proportionate share of the traffic here considered. On the contrary, the record is clear that New York continues to attract more of the highly desirable general-cargo tonnage so vital to its port economy than all of the other North Atlantic ports combined; that to obtain a volume of traffic which will support a much lower level of port activity and range of shipping services than New York, the southern tier ports have been depending heavily on bulk-cargo tonnage; and that, considering the volume and character of the traffic disclosed by the traffic study, and other evidence of circumstances which induce or deter the flow of the subject traffic, *undue diversion from those ports to New York, at least of most types of that traffic, would result from the proposed equalization.* The comprehensive showing in that study strongly refutes the claim of the respondents and their supporting port interests that such equalization is required to enable them to meet the competition of the southern tier ports and to effect a reasonable and nonpreferential rate relationship as between the opposing port groups. (Italics supplied.)

In its decision ~~on~~ reconsideration, dealing with the rates to ~~and~~ from the individual northern tier ports — the decision which cited the distance disadvantage of the northern tier ports as an additional ground — the Commission specifically reaffirmed its "prior findings" against equalization (R. 3855).

The District Court is thus plainly wrong in describing as the "sole" or "single" ground for the Commission's decision the distance disadvantage of the northern tier ports.

(1) THE COMMISSION'S FINDING OF "UNDUE DIVERSION" WAS INEVITABLE AND FIRMLY SUPPORTED ITS CONCLUSION OF UNDUE PREFERENCE AND PREJUDICE.

To understand the significance of the Commission's finding of "undue diversion" as one ground for its ultimate conclusion that the equalizing rates of the northern carriers would unduly prefer the northern ports and unduly prejudice the southern ports, it is necessary to appreciate the traffic flow under the differential adjustment which the Commission approves.

To begin with, it is generally agreed that the differentials may properly be tested by the performance under them. As set forth in the Commission's report (R. 3752, 3804):

> The respondents [northern carriers] accept the view expressed by the Thurman commission in 1882 * * * that the most satisfactory test of these differentials is the result of their operation.
>
> * * * * * *
>
> To the extent that these differentials are effective in controlling the movement of traffic through particular ports, their impact is registered in the tangible evidence of the tonnage data.

To make the point specific, the northern carriers urged before the Commission that "the crucial test for Commission consideration is the proven traffic diversion, which continues today" under the differentials, while the southern carriers, supported by the southern port interests, argued that such diversion could not be shown and, moreover, the elimination of the differentials, representing the one competitive advantage of the Southern interests, would result in the gradual drying up of the southern tier ports in favor of the port of New York. In the decision of the Commission the argument of the northern carriers was rejected as not proven and the argument of the southern carriers was generally upheld. In later upsetting the Commission's decision, the District Court merely accepted the position of the northern carriers and did not really deal with the question of "undue diversion" from the southern ports.

What, then, are the relevant data?

The record is filled with figures showing total exports and imports at the several ports. New York has been gaining less rapidly than the rest of the country but, according to the Commission, its loss of relative position has been attributable to (R. 3759, 3760):

1) "the exceptionally heavy exports of coal through Hampton Roads and the large increases in imports of petroleum and ores, in absolute volume and percentagewise, through Philadelphia and Baltimore" — commodities which, as also found by the Commission, "do not move to or from the affected territory or the rates thereon are not in issue in this proceeding;" and

2) "the rapid growth since World War II of trade through the South Atlantic, Gulf, and Pacific ports, due in large measure to the expanding population and industrial development in the areas tributary to those ports."

But even after these larger percentage gains elsewhere, New York remains the self-advertised and acknowledged "World's Greatest Port" (R. 2513-2534). Tables of 1955 figures included in the Commission's report are described by that body as showing (R. 3760):

> that New York handled more tonnage of all commodities than any of the southern tier ports; excluding petroleum, coal, and iron ore, it handled nearly as

> much as those ports combined; and it handled about 60 percent more general cargo exports and imports than those ports combined.

But overall port figures have "nothing to do with the issue in this case," and this is admitted on behalf of the northern interests (R. 72, 245, 253, 258). To establish trends, the only meaningful data would be rail tonnages moving between differential territory and the North Atlantic ports, over a period of time, but as found by the Commission (R. 3762):

> The record contains no complete comparative data from which the trend of the subject traffic, and the effect of ocean-rate equalization upon it, to and from New York and the other northern tier ports, can be determined.

Certain figures confined to four railroads serving New York were produced in this connection, but were dismissed by the Commission as "incomplete or not on comparable basis" and two of the three years studied "do not seem atypical with respect to the kind of traffic here considered" (R. 3763, 3842).

In point of fact, the Commission found that "the only complete tonnage data of record for the subject traffic" and "the best evidence which the record affords of the combined relative impact of the present differentials and other circumstances upon the movement of the subject traffic through the several ports" were the actual traffic studies which were conducted by both the northern and southern carriers during a 12-month test period ended July 31, 1956. Appendix F to the Commission's original report summarizes the aggregates (R. 3820). So far as New York and the southern tier ports are concerned, the tonnage breakdown by individual commodities is set forth in Appendix B to this brief.

In its report the Commission comments on the division of import traffic shown by this "complete" traffic study as follows (R. 3766):

> Thus, the only import tonnage which moved in substantial volume as to which the northern tier ports failed to obtain a proportionate share was that of ores and concentrates, exclusive of iron ore.

As to the division of export traffic (R. 3767):

> Thus, of the three groups supplying the principal volume of exports, only in the agricultural products group, of which about 88 percent was corn and wheat, were the southern tier ports able to show a greater share of the tonnage than the northern tier ports.

And in summary (R. 3767-3768):

> Thus, the evidence demonstrates the ability of those [northern] ports as a group to attract the preponderance of the tonnage, except as to export grain and import ores and concentrates, the movement of which appears to be largely attracted to the southern tier ports * * *.
>
> Both as to the total exports from affected territory and the total imports handled to that territory, New York's volume was more than double that of Hampton Roads, and about three times that of Philadelphia. Baltimore's tonnage surpassed New York only because of its large volume of export grain and of import bulk ores, other than iron ore.

There thus emerges the traffic pattern that has grown up under the differential adjustment — the adjustment which the Commission would retain and the District Court would upset in favor of equalization.

On the one side, the northern tier ports, dominated by New York, have maintained an enormous lead in the handling of general cargo, both imports and exports. As found by the Commission (R. 3767, 3768):

> The complete dominance by New York of the North Atlantic general-cargo traffic to and from the affected territory is clear. Of imports, its volume exceeded that of all the other ports combined, was more than double that of Baltimore, and almost four times that of Hampton Roads. As to general-cargo exports, New York's volume was 62.7 percent of the total volume for all of the ports and over 50 percent greater than that of the southern tier ports combined. Also, it was more than double the Baltimore volume and more than 10 times that of Hampton Roads.

On the other side, the southern tier ports have developed bulk commodities and, so far as traffic to and from differential territory is concerned, taken a position of dominance there. As pointed out in the Commission's report (R. 3768, 3769, 3770, 3771):

> While, as stated, New York's general-cargo tonnage far exceeds that of Baltimore, the protestant railroads have improved Baltimore's position as a port by attracting bulk commodities, chiefly grain and bulk ores, for which they have provided specialized loading or unloading facilities.
>
> * * * * * *
>
> Baltimore has also made special efforts to attract low-grade bulk imports such as chrome and manganese ore, which move both in full-cargo lots and in large parcel lots of from 2,000 to 5,000 tons. Three railroads have built special ore-handling piers with high-capacity, efficient unloading facilities, permitting fast discharge of vessels and dispatch of the ore to the consignee.
>
> * * * * * *
>
> * * * it is apparent that * * * the southern tier ports have stressed specialized and bulk-cargo facilities while New York and Boston have emphasized general-cargo facilities.

We come now to the finding by the Commission that an elimination of the differential adjustment would cause "undue diversion" from southern to northern ports.

The conclusion that the Commission arrived at is inescapable.

For that relatively small part of the general cargo traffic that passes through the southern tier ports, what attraction is there except a lower rate? The advantages of New York facilities and services, including the great superiority of its direct and more frequent steamship services to all ports of the world, are already so overwhelming as to make its 3-cent higher rate level a matter of no consequence to the great majority of shippers and receivers (R. 2513-2534; 3774-3782). In the absence of differentially lower rates, how could the southern tier ports possibly retain any part of the general cargo business that presently comes their way?

Equalization would convert the already dominant port of New York — the self-advertized "World's Greatest Port" — into an absolute monopoly on general cargo.

It is important to realize in this connection that the southern tier ports, for their existence, rely much more heavily on traffic to and from differential territory — the traffic involved in this case — than do the northern tier ports, with their enormously productive hinterlands. As specifically found by the Commission (R. 3798, 3799):

> it is apparent that the southern tier ports, especially Baltimore and Hampton Roads, are much more dependent upon such [differential territory] traffic and have far less support in the hinterlands which they serve than the northern tier ports served by respondents.

Essentially the same diversion would follow an equalization of rates on bulk traffic. As set forth in the Commission's report (R. 3799):

> The principal, and in some instances the only, reason given * * * by the shippers and receivers in the affected territory who testified in support of equalization, for routing traffic through the southern tier ports rather than the port of New York is the lower freight rates which the differentials provide.

Remove the differential, and what would be left to the Southern ports?

As to general cargo there would obviously be nothing, and it would quickly go to New York. Bulk cargo would follow. As pointed out in the Commission's report (R. 3800, 3801):

> With further concentration of such [general] cargo resulting from rate parity, the steamship lines desiring diversified cargoes would use their influence to attract more bulk cargo to provide balanced ladings at that port, with resulting diversion of bulk cargo on which Baltimore is heavily dependent.

There would be nothing to retain to the southern ports the bulk commodities which "because of their low value, are peculiarly sensitive to transportation cost, * * * the differential has greater influence on their movement than on general cargo" (R. 3800). Even the northern carriers and port interests acknowledge:

> There is no question but that the proposed rate equalization will at least be partially effective in achieving its objectives * * * the evidence in this case shows that the equalization of rail rates will undoubtedly stimulate the movement of traffic via the New York railroads.[2]

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[2] Brief on behalf of New York Port Authority before the Commission dated August 7, 1961, at 80, 82.

The northern carriers' reason for arguing that equal rates would be only "partially effective" in diverting bulk traffic to New York is that they would have to contend "with the admittedly superior facilities for handling bulk commodities at the ports south of New York * * *."[*] But here the New York carriers overlook an important point. Philadelphia, Baltimore, and Hampton Roads are essentially private ports in the sense that private capital has provided the facilities, including the special ones employed in the movement of bulk traffic. New York, on the other hand, is a public port where two public agencies (The City of New York and the New York Port Authority) are in competition with each other in pouring millions of dollars of public funds into the providing of modern port facilities. A table comparing expenditures during the period 1946-1955 appears in the Commission's report (R. 3771). With equal rates on bulk commodities New York would provide the necessary special facilities overnight — at *public* expense. It is already on record in this respect. See *Iron Ore from Eastern Ports to Central Freight Association Points*, 314 I.C.C. 149 (1961), at 161.

The Commission's finding of "undue diversion" is thus adequately supported. The District Court's action in avoiding it is not.

The District Court does not hold that "undue diversion" is an invalid ground for a Commission order of the kind here under review. Nor does it say that "undue diversion" from the southern to the northern ports would not take place under equalization. Indeed, such diversion would be consistent with the District Court's finding that "There was * * * extensive evidence from shippers, both private and representatives of various agencies of the

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[*] *Id.*, at p. 81.

United States, that the differential adjustment is a controlling consideration in their choice of ports" (R. 4000).

The District Court's approach is quite different. It holds simply that "the primary issue is whether equalization is necessary to enable the plaintiff [northern] railroads to compete" and in reaching an affirmative answer, the District Court says (R. 4005):

> And the evidence showed that the share of traffic handled by these [northern] railroads has been declining.

And it also says (R. 4000):

> Moreover, New York's dominance in general cargo traffic is not sufficient reason for denying it and the railroads serving it the opportunity to compete for bulk cargo traffic, as "both types of cargo are considered essential to a healthy port economy."

We reserve for treatment in Part Three of this brief the District Court's statement that "the primary issue is whether equalization is necessary to enable the plaintiff railroads to compete" (R. 4005) and address ourselves now to the two findings which appear to be at odds, at least indirectly, with the Commission's conclusion of "undue diversion."

In finding that "the evidence showed that the share of traffic handled by these [northern] railroads has been declining" the District Court does not specify the evidence it has in mind or say why its conclusion is different from the Commission's. It cites *overall* port figures "as an indication of the trend" against import-export traffic through the northern tier ports but side-steps the reasons, enumerated in the Commission's decision, why this trend can in no way be attributed to the differential rates here under review (R. 3999). It says that "incomplete studies for the years 1946 and 1947 tentatively indicate that a downward trend of import-export traffic to affected territory on the lines serving New York exists," but fails to mention that these figures were rejected by the Commission not only because "incomplete" but also because they were "not on comparable bases" and include years that "do not seem atypical with respect to the kind of traffic here considered" (R. 3763; 3842).

The superficial character of the District Court's opinion is further shown by its reference to the 1955-56 traffic studies as indicating "75.8 percent of imports and 63.7 percent of exports (measured by carloads) moved through the southern tier ports" (R. 3999). Without the kind of breakdown that is contained in the Commission's report, these proportions can only mislead. Although at the heart of the Commission's finding of "undue diversion," the District Court does not mention the painstaking analysis of this subject in the Commission's report. See pp. 22-27, *supra.* The District Court does not substitute an analysis of its own.

The District Court refers to witnesses who, supporting equalization, "testified to the need to provide relief from congested ports, bunching and inefficient utilization of cars and delays in the flow of traffic" (R. 4000). The District Court would infer, at least, that such conditions existed at southern ports. But the record contains not one word of evidence as to the existence, past or present, of any such conditions. The District Court ignores the Commission's finding that "There is no evidence that such situations have obtained or are now present at the southern tier ports" (R. 3800).

The second point made in the District Court's opinion to the effect that despite "New York's dominance in general cargo traffic" it should not be denied "The opportunity to compete for bulk cargo traffic" is equally specious (R. 4000).

In justifying New York's right to such an opportunity, the District Court quotes language of the Commission that "both types of cargo are considered essential to a healthy port economy" (R. 4000). If this is so, what happens to the "port economy" of the southern tier ports when their small share of general cargo is transferred to New York? Even now, the southern ports fall far short of a "healthy port economy" because of their small general cargo tonnages. Moreover, with equalization, the bulk cargoes would go to New York too. In thus according a "healthy port economy" to New York, the District Court would deprive the southern tier ports of any "economy" at all.

(2) THE DISTRICT COURT'S FLAT REJECTION OF DISTANCE AS A VALID CONSIDERATION IN DETERMINING WHETHER PREFERENCE OR PREJUDICE IS UNDUE IS PLAINLY ERRONEOUS.

The District Court's reference to greater distances to and from the northern ports as the "sole" or "single" justification for the Commission's rejection of equalized rates, as previously pointed out in this brief, is incorrect. (See p. , *supra*). Nevertheless, greater distances were a factor in the Commission's upholding of higher rates to and from the individual Northern ports. The District Court's conclusion that distance should play no part in deciding this controversy is not defensible.

The District Court nevertheless tries to defend it. The Court first says that in the original establishment of the differential "No consideration whatever was given to disparity in rail distances then or later" (R. 4003). This is not accurate. Direct evidence to the contrary is cited at pp. 76, 77, 79, and 81 of Appendix A accompanying the brief concurrently being filed in this proceeding by the Maryland Port Authority, et al.

The District Court then says that "the Commission, itself, has continually adhered to the proposition that distance plays no part in the determination of port differentials," and "The finding in this case, if pressed to its logical conclusion, would result in traffic flowing only through the most distance favored port. On the other hand, if applied only in this case, the decision is arbitrary and capricious" (R. 4003, 4004). Here again, the District Court is not accurate.

To say that "the Commission, itself, has continually adhered to the proposition that distance plays no part in the determination of port differentials" is the same as saying that the Commission, in reviewing these rates, has never employed the transportation standard and should not do so now. One look at the Commission's decisions collected in Appendix A to the brief of the Maryland Port Authority, et al., filed in this proceeding will show how wrong this is. Distance is an integral part of the transportation standard, particularly when, as here, it reflects great differences in cost of service, and cannot be cast aside. *New York v. United States*, 331 U.S. 284 (1947), at 305. True, distance is not always controlling and under certain circumstances, particularly if there is agreement, can be ignored. But to hold that in a relationship controversy of the kind here presented distance plays no part is to hold that the transportation standard is irrelevant and beside the point.

The District Court's attempt to justify the exclusion of distance by citing "the 1935 amendment to section 3" as permitting "all ports and the carriers serving them to compete for all import and export traffic and thereby maximizing the number of ports available" is futile (R. 4004). The purpose of this amendment was to overcome the decision of this Court in *Texas & Pac. Ry. Co. v. United States*, 289

U.S. 627 (1933), which had disqualified ports as proper party complainants under section 3(1) of the Interstate Commerce Commission Act. To hold, as the District Court does, that this amendment requires an equalization of the rates to and from all competing ports is directly at odds with its legislative history as outlined in the brief being filed by the Commission in this case. Indeed, while this amendment was before the Senate, Senator Long of Louisiana offered an amendment which provided:

> Where rates and charges of common carriers to ports are made as reductions to equalize rates to ports served by competing carriers, it shall not be termed undue preference or discrimination.

The Senate rejected this amendment by a vote of 49 - 23 (79 Cong. Rec. 10619). Certainly the District Court cannot construe the 1935 amendment as requiring a result that the Congress specifically rejected.

The final point made by the District Court against the use of distance is found in the following passage from its opinion (R. 4004):

> Distance differences might be relevant insofar as they reflect differences in the cost and value of the services of plaintiff and defendant railroads, see United States v. Illinois Cent. R.R., 263 U.S. 515, 524 (1924), but the Commission made no such cost or value findings nor does the record contain evidence from which it would make such findings. We must, therefore, rule that its conclusion lacks the required basic findings to support it.

The District Court overlooks the record before the Commission and the Commission's decision.

As to railroad costs the record is full of it. There is more evidence on the subject of costs than on any other subject

— despite the refusal of the northern carriers (with the exception of the New Haven) to furnish any of their own figures. While most of this cost evidence is concerned with the non-compensatory character of the proposed equalizing rates to and from New York, certain studies indicate relative railroad costs on a comparable basis to and from New York, Boston, Philadelphia and Baltimore (R. 2391-2412). Costs to and from Hampton Roads are also set forth (R. 2983-3058).

On the basis of 57 representative import movements to different stations scattered throughout differential territory and 51 export movements from different stations in the same territory, the average ratios of costs to revenues, shown separately in the cited testimony, may be computed as follows:

57 import movements

Rail from:	*Ratio of Costs to Revenues*
Boston	93.9
New York	120.1
Philadelphia	82.3
Baltimore	75.3

51 export movements

Rail to:	*Ratio of Costs to Revenues*
Boston	98.9
New York	124.2
Philadelphia	8[illegible].3
Baltimore	79.0

There was no effort on the part of the northern carriers to restate the comparative costs shown in this study, and they had no quarrel with the method used (R. 1282, 1359).

Although the longer distances to and from the northern tier ports contribute to the higher cost ratios set forth above, the greater terminal costs, particularly at the port of New York, are a more important factor. In the decision of the Commission there is set forth its "analysis of the cost data of record * * * [which] show the relations between the terminal costs of the ports" in the following form (R. 3798):

Port costs, export-import (boxcars—general cargo)

Items	New York	Boston	Baltimore	Philadelphia.
Costs per car:				
Switching (including some station expenses)	$28.05	$26.03	$20.19	$22.37
Float, bridge, car float, lighterage bureau	9.31			
Car detention		12.21		
Total cost per car	37.36	38.27	20.19	22.37
Costs per ton:				
Platform handling (including some station expenses)	4.58	3.22	2.76	3.58
Lighterage and trucking in lieu of lighterage	4.99		.35	
Total cost per ton	9.57	3.22	3.11	3.58

On the basis of the same loading used by the northern carriers in computing the New Haven's terminal costs at Boston the differences per car at the several ports in railroad terminal costs, as computable from the figures appearing in the foregoing table, are (R. 3364):

	Terminal Cost Box cars—27.7 ton loading
Boston	$127.46
New York	302.45
Philadelphia	121.54
Baltimore	106.34

The record also contains an elaborate study of the cost of handling import-export traffic through Hampton Roads (R. 2983-3058). These costs are only a fraction of comparable costs to and from the port of New York. Taking typical shipping and receiving stations in that part of differential territory where Hampton Roads has the same rates as Baltimore (in Illinois, Indiana, Michigan, and parts of Ohio, Missouri, Kentucky, and Wisconsin), it appears that costs of rail transportation to and from Hampton Roads bear the following relationships to New York costs (R. 3023, 3024):

	With N.Y. costs at 100% Hampton Roads cost are:
Box Car	58.4%
Open Top Car	34.0%
Flat Car	40.3%

This means that on import-export freight moving to and from Hampton Roads the differential rates are fully compensatory. A study of 22 specific commodities, ranging from electric instruments in box cars to steel ingots in open top equipment, moving to and from 15 individual stations in differential territory indicates that such costs are, on the average, 49.7 percent of revenues. The highest relationship is 78.8 percent in the case of cotton linters to Grand Rapids, Michigan (R. 3024).

On these cost disparities the findings of the Commission are clear and unqualified. In its report it said (R. 3805, 3806):

> The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly established.

In the Commission's report on reconsideration it described the "geographical, transportation and cost advantages" of the southern carriers as "fully substantiated of record" (R. 3854).

How, in the light of this record and the unequivocal findings of the Commission, the District Court could find that the Commission made no cost findings and that the record contains no "evidence from which it could make such findings" is impossible to understand (R. 4004).

PART THREE

SINCE THE COMMISSION, IF IT UPHELD THE EQUALIZING RATES OF THE NORTHERN CARRIERS, WOULD NECESSARILY HAVE TO APPROVE THE DIFFERENTIAL-RESTORING RATES OF THE SOUTHERN CARRIERS, THE REJECTION OF THE EQUALIZING RATES IN THE INTEREST OF AVOIDING A "NEEDLESS DISSIPATION OF CARRIER REVENUES" AND "PROMOTING THE FINANCIAL STABILITY OF THE REGULATED CARRIERS" WAS INEVITABLE.

There is a further and separate ground for the Commission's decision that the District Court does not even mention. It is this: Since the southern carriers could not be denied the right to establish their differential-restoring rates if the equalizing rates of the northern carriers were approved, the Commission, in the interest of avoiding "a needless dissipation of carrier revenues," "preventing destructive competition and promoting the financial stability of the regulated carriers," disallowed the equalizing rates in the first instance. The Commission's precise finding on this point follows (R. 3805, 3806):

> The present differentials are smaller than they would be if allowed to be set by competitive factors, and also much smaller, relatively, than when initially established. As hereinbefore mentioned, protestant railroads have filed a counter proposal, in the event that the respondents' rates are found lawful; they propose to reduce their rates between southern tier ports and the same interior territory by the same amounts as proposed by the respondents. The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly established. Thus, approval of respondents' proposed rates would require alternate approval of protestants' proposed rates. This might result in the rates gravitating to their lowest possible level and in a needless dissipation of carrier revenues.

> We have been given the power to fix rates, among other reasons, for the purpose of preventing destructive competition and promoting the financial stability of the regulated carriers. Failure to observe our obligations in the exercise of that power would find us remiss in our duties. The present differentials have long served to retain a reasonable competitive relationship between the principal port groups and should be maintained.

And in its ultimate finding the Commission, aside from referring to the undue preference and prejudice that the equalizing rates would cause, concluded that these rates "are not shown to be reasonably related to the present rates on like traffic between the same interior points and the southern tier ports". (R. 3806, 3807).

The Commission's power under section 15 of the Interstate Commerce Act to protect an approved rate relationship in this manner is not open to question. *Youngstown Sheet & Tube Co. v. United States*, 295 U.S. 476 (1935). *Cf.* Commissioner Eastman's concurring opinion in *Lake Cargo Coal*, 139 I.C.C. 367 (1928), at 395.[4] In the present case the Commission refers also to the importance of section 15a(2) which (R. 3805):

> requires us to consider the effect of rates on the movement of traffic, and the national transportation policy [which] stresses the importance of maintaining a national transportation system adequate for commerce and the national defense.

The District Court completely ignores this ground for the Commission's decision. Its approach is that "the primary issue is whether equalization is necessary to enable the plaintiff [northern] railroads to compete," and it criticizes the Commission for finding that "insofar as New York is concerned, equalization is not necessary to enable that port to compete" (R. 4005). It says further that the Commission's decisions are "based on a misunderstanding of the nature of the proceedings" and "give continuous indication that the Commission regarded this as a 'port' case, not a 'railroad' case" (R. 4004, 4005). The District Court emphasizes that (R. 4004):

---

[4] Reversed on other grounds, *Anchor Coal Co. v. United States*, 25 F. 2d 462; dismissed as moot, *United States v. Anchor Coal Co.*, 279 U.S. 812 (1929).

> * * * the Commission has failed to distinguish between rates which carriers may voluntarily publish to meet competition pursuant to section 15(7) and rates which carriers on complaint under section 3(1) may be required to charge. It is now well established that carriers may, within the zone of reasonableness, adjust rates to meet competition — (citations) — in which case the issue to be decided is whether the *proposed* rates are lawful. In a complaint proceeding the question is whether the *existing* rates are lawful and, if not, whether they should be required to be changed.

But how can the District Court limit this right to compete, however it may be defined, to the northern carriers? How about the same right to compete on the part of the southern carriers? In its decision in *Lake Cargo Coal, supra*, the Commission said, at 391:

> Of course the southern carriers are not the only ones who may assert a right to an immune managerial discretion. Their rights in this regard can not be superior to the rights of other carriers. If conceded to them, * * * then in like circumstances we must concede the same right to each and every set of carriers which may claim it.

Clearly, whatever rights the northern carriers have in this respect accrue equally to the southern carriers. The District Court cannot say, as it does that (R. 4005):

> the primary issue is whether equalization is necessary to enable the plaintiff [northern] railroads to compete.

without *also* saying that:

> the primary issue is whether differentials are necessary to enable the defendant [southern] railroads to compete.

In point of fact, the findings of the Commission were that there was much more justification for lower rates by the southern carriers than by the northern carriers. On the following points included in the Commission's reports there can be, and is, no dispute:

> The present differentials are smaller than they would be if allowed to be set by competitive factors, and also much smaller, relatively, than when initially established (R. 3805).
>
> The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly established (R. 3805, 3806).
>
> While in the instant proceeding there is strong insistance by the respondents and the ports supporting them upon rate parity, equally strong are the claims of their opponents, fully substantiated of record, as to the opponents' geographical, transportation, and cost advantages (R. 3854).

Instead of supporting the District Court, the opinion of this Court in *United States v. Chicago, M., St. P. & P. R.R.*, 294 U.S. 499 (1935), supports the decision of the Commission. There, the Milwaukee Road was allowed to reduce certain coal rates from Indiana origins and thus to restore a pre-existing relationship with rates from Illinois. The Court held that a claim of "rate war" could not be sustained when the relationship being broken up had never been adjudged to be fair and sound. Cf. *Ayrshire Collieries v. United States*, 335 U.S. 573 (1949), where this Court pointed out, at 590:

> The Commission did in this case what the Court pointed out in *United States v. Chicago, M., St. P. & P. R. Co.*,

supra, at 510, it had not done there, viz, it adjudged the fairness of the relation subsisting between Illinois and Indiana rates.

Since in the present case the differential adjustment has specifically been found to be proper, proposed disruptions, such as threatened by the equalizing rates of the northern carriers, should be stopped by the Commission in the interest of forestalling "a needless dissipation of carrier revenues." Otherwise, the differential-restoring rates of the southern carriers would become effective, and the same relationship in rates as now would continue but at a lower level. Such a consequence of the decision of the District Court cannot be defended.

PART FOUR

RATES AT BOSTON LOWER THAN AT NEW YORK CAN NOT BE SUPPORTED ON ANY BASIS.

It is to be anticipated that Boston may raise in this Court the same question which led to the Commission's decision on reconsideration (R. 3836-3857). It is this: Even if New York must be denied, Boston should have rates on the same level as the southern tier ports. This would mean, of course, lower rates at the further distant port of Boston than at the port of New York.

The Commission found that such lower rates at Boston could not be upheld. There is no possible basis for a different decision.

To begin with, and on the basis of the case made by the northern tier ports for equalized rail rates, Boston's supporting evidence is even weaker than New York's. As found by the Commission:

> * * * the claims made here by the respondents and the northern tier ports, of diminishing volume of their subject traffic since equalization of the ocean rates was effected, and that these traffic losses are attributable to the differentials, are not supported by impressive evidence. As to Boston, which argues that its port and the respondents which serve it have been handicapped since equalization of the ocean rates and seeks to restore the competitive situation which the differential adjustment was designed to create, *the evidence of supporting data is even more meager than for New York* (R. 3805). (Italics supplied.)

So far as general cargo is concerned, Boston, with equal rates, has never been able to compete with New York. Even on import-export traffic to and from New England points — where the Boston rates are lower — New York is favored. As set forth in the Commission's report (R. 3784, 3785, 3845):

> The bulk of the foreign traffic in which the New Haven participates is that moving to and from non-affected territory, principally New England. As to this segment, the great preponderance of the imports and most of the exports, aggregating about 7,000 carloads in the year ended July 31, 1956, flow through New York.
>
> * * * * * * *
>
> Considering that most of the general-cargo traffic of the North Atlantic ports here concerned is attracted to New York despite its differential over the southern tier ports and over Albany, the failure of Boston, with rates the same as New York, to attract a larger volume of the traffic must be ascribed to factors other than an unfavorable rate relationship, chief of which are the superior steamship and port services which New York affords. The fact, as above shown, that much of the

New England export-import traffic moves through New York confirms this.

* * * * * *

witness for the New England Industrial League testified that its manufacturers "pay the higher rail costs involved in using a port other than Boston in return for ocean time advantages".

It follows that if Boston had Baltimore rates on general cargo Boston would fare no better than Baltimore in competing for general cargo with the "World's Greatest Port" of New York.

But there is a reason why, on this record at least, lower rates at Boston than at New York cannot even be considered. Such rates would violate the long-and-short haul clause of section 4 because many routes to the further distant port of Boston operate *through* the intermediate port of New York. Other routes pass through the intermediate ports of Albany and Philadelphia, and again there would be departures from the provisions of section 4. In its report on reconsideration the Commission pointed out (R. 3852):

> Albany's rates now reflect, to some degree, its shorter distances from the differential territory than to Boston and New York. From Chicago, for example, the distance to Albany is 184 miles less than to Boston, to which it is intermediate. Boston's rates, as proposed, would be lower than the present rates to and from Albany, and also lower than the present rates to and from New York and Philadelphia. Rates lower to or from Boston than to or from the other ports just mentioned, over some routes, would be in violation of the long-and-short haul provisions of section 4 of the Interstate Commerce Act.

For Boston to have lower rates than intermediate ports requires special relief from the provisions of section 4.

No application for such relief is presented in this proceeding. A prior attempt to have higher rates at New York than at Boston were rejected by the Commission as "most likely [to] precipitate a chaotic situation as between the North Atlantic ports * * *." *State of New Jersey v. Baltimore & O. R. Co.*, 245 I.C.C. 581 (1941), at 591.

Aside from section 4, Boston has another disability that shows up particularly in the movement of bulk traffic. Its longer distances to differential territory (223 miles more than Baltimore's and 117 miles more than New York's) mean that rates on the Baltimore level would be non-compensatory.

Grain, as noted by the Commission, "affords one of the principal bulk cargo exports," and yet in the cost study submitted by the New Haven Railroad as a terminal line at Boston the following comparisons of revenues and costs appear (R. 3368):

Commodity	*Revenue*	*Out-of-Pocket Costs*	*Ratio of Out-of-Pocket Costs to Revenue*
(2)	(4)	(7)	(8)
Wheat	$880.00	$1,127.03	128.07%
Corn	880.00	1,185.03	134.66
Wheat Flour	379.50	432.06	113.85
Corn Meal	438.70	533.33	121.57
Soybean Oil Meal	725.20	862.54	118.94
Malt	360.80	515.11	142.77

There is nothing new in having Baltimore rates turn out to be non-compensatory when applied to and from Boston. In *Boston & Maine R. Co. v. United States*, 153 F. Supp. 952 (1957), a finding to this effect by the Commission involving rates on import iron ore was upheld by the U.S. District Court for the District of Massachusetts as in this case. There, the estimated out-of-pocket costs for a movement from Boston to Youngstown, Ohio, exceeded revenues under the Baltimore rate level by 22.4 cents per ton. See *Iron Ore from Eastern Ports to C.F.A. Points*, 299 I.C.C. 195 (1956), at 208; *Boston and Maine Railroad v. United States, supra*, at 956.

Thus there is no possible basis for lower rates at Boston than at New York.

CONCLUSION

The judgment below should be reversed.

Respectfully submitted,

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January 28, 1963.

APPENDIX A

The National Transportation Policy (Preamble to 49 U.S.C. 1) and the Interstate Commerce Act, 24 Stat. 379, as amended (49 U.S.C. 1 *et seq.*), provide as follows:

NATIONAL TRANSPORTATION POLICY

"It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this Act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; to cooperate with the several States and the duly authorized officials thereof; and to encourage fair wages and equitable working conditions; — all to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as other means, adequate to meet the needs of the commerce of the United States, of the Postal Service, and of the national defense. All of the provisions of this Act shall be administered and enforced with a view to carrying out the above declaration of policy."

* * * * * *

"Sec. 1 * * * (5) All charges made for any service rendered or to be rendered in the transportation of passengers or property as aforesaid, or in connection therewith, shall be just and reasonable, and every unjust and unreasonable charge for such service or any part thereof is prohibited and declared to be unlawful."

* * * * * *

"Sec. 3 (1) It shall be unlawful for any common carrier subject to the provisions of this chapter to make, give, or cause any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic, in any respect whatsoever; or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever: *Provided, however,* That this paragraph shall not be construed to apply to discrimination, prejudice, or disadvantage to the traffic of any other carrier of whatever description."

* * * * * *

"Sec. 4(1). It shall be unlawful for any common carrier subject to this chapter or chapter 12 of this title to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through rate than the aggregate of the intermediate rates subject to the provisions of this chapter or chapter 12 of this title, but this shall not be construed as authorizing any common carrier within the terms of this chapter or chapter 12 of this title to charge or receive as great compensation for a shorter as for a longer distance: *Provided,* That upon application to the Commission and after investigation, such carrier, in special cases, may be authorized by the Commission to charge less for longer than for shorter distances for the transportation of passengers or property, and the Commission may from time to time prescribe the extent to which such designated carriers may be relieved from the operation of the foregoing provisions of this section, but in exercising the authority conferred upon it in this proviso, the Commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed; and no such authorization shall be granted on account of merely potential water competition not actually in existence: *Provided further*, That any such carrier or carriers operating over a circuitous line or route may, subject only to the standards of lawfulness set forth in other provisions of this chapter or chapter 12 of this title and without further authorization, meet the charges of such carrier or carriers of the same type operating over a more direct line or route, to or from the competitive points, provided that rates so established over circuitous routes shall not be evidence on the issue of the compensatory character of rates involved in other proceedings: *And provided further*, That tariffs proposing rates subject to the provision of this paragraph requiring Commission authorization may be filed when application is made to the Commission under the provisions hereof, and in the event such application is approved, the Commission shall permit such tariffs to become effective upon one day's notice."

* * * * * * *

"Sec. 15 (1) Whenever, after full hearing, upon a complaint made as provided in section 13 of this title, or after full hearing under an order for investigation and hearing made by the Commission on its own initiative, either in extension of any pending complaint or without any complaint whatever, the Commission shall be of opinion that any individual or joint rate, fare, or charge whatsoever demanded, charged, or collected by any common carrier or carriers subject to this chapter for the transportation of persons or property as defined in section 1 of this title, or that any individual or joint classification, regulation, or practice whatsoever of such carrier or carriers subject to the provisions of this chapter, is or will be unjust or unreasonable or unjustly discriminatory or unduly preferential or prejudicial, or otherwise in violation of any of the provisions of this chapter, the Commission is authorized and empowered to determine and prescribe what will be the just and reasonable individual or joint rate, fare, or charge, or rates, fares or charges, to be thereafter observed in such case, or the maximum or minimum, or maximum and minimum, to be charged, and what individual or joint classification, regulation, or practice is or will be just, fair, and reasonable, to be thereafter followed, and to make an order that the carrier or carriers shall cease and desist from such violation to the extent to which the Commission finds that the same does or will exist, and shall not thereafter publish, demand, or collect any rate, fare, or charge for such transportation other than the rate, fare, or charge so prescribed, or in excess of the maximum or less than the minimum so prescribed, as the case may be, and shall adopt the classification and shall conform to and observe the regulation or practice so prescribed."

* * * * * *

"Sec. 15 * * * (7) Whenever there shall be filed with the Commission any schedule stating a new individual or joint rate, fare, or charge, or any new individual or joint classification, or any new individual or joint regulation or practice affecting any rate, fare, or charge, the Commission shall have, and it is given, authority, either upon complaint or upon its own initiative without complaint, at once, and if it so orders without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, fare, charge, classification, regulation, or practice; and pending such hearing and the decision thereon the Commission, upon filing with such schedule and delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such schedule and defer the use of such rate, fare, charge, classification, regulation, or practice, but not for a longer period than seven months beyond the time when it would otherwise go into effect; and after full hearing, whether completed before or after the rate, fare, charge, classification, regulation, or practice goes into effect, the Commission may make such order with reference thereto as would be proper in a proceeding initiated after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change of rate, fare, charge, classification, regulation, or practice shall go into effect at the end of such period; but in case of a proposed increased rate or charge for or in respect to the transportation of property, the Commission may by order require the interested carrier or carriers to keep accurate account in detail of all amounts received by reason of such increase, specifying by whom and in whose behalf such amounts are paid and upon completion of the hearing and decision may by further order require the interested carrier or carriers to refund, with interest, to the persons in whose behalf such amounts were paid, such portion of such increased rates or charges as by its decision shall be found not justified. At any hearing involving a change in a rate, fare, charge, or classification, or in a rule, regulation, or practice, after September 18, 1940, the burden of proof shall be upon the carrier to show that the proposed changed rate, fare, charge, classification, rule, regulation, or practice is just and reasonable, and the Commission shall give to the hearing and decision of such questions preference over all other questions pending before it and decide the same as speedily as possible."

* * * * * * *

"Sec. 15a. * * * (2) In the exercise of its power to prescribe just and reasonable rates the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management to provide such service."

APPENDIX B

(R. 2535)

APPENDIX B

I&S Docket No. 6615
Exhibit No. 51, MLM-5
Witness: Mollman

EXPORT TONNAGE VIA THE PORTS OF NEW YORK, N.Y., PHILADELPHIA, PA., BALTIMORE, MD., AND HAMPTON ROADS, VA., SHOWING THE PERCENTAGE RELATIONSHIP TO THE TOTAL MOVEMENT OF EACH COMMODITY FROM DIFFERENTIAL TERRITORY, PERIOD AUGUST 1, 1955, THROUGH JULY 31, 1956.

Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		Total	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%
5	Sorghum Grain	183	100.0	—		—		—		183	100.0
27	Straw	12	100.0	—		—		—		12	100.0
35	Cotton Linters, Nolis & Regins	17	100.0	—		—		—		17	100.0
49	Apples, Fresh, Not Frozen	40	100.0	—		—		—		40	100.0
53	Berries, Fresh, Not Frozen	17	100.0	—		—		—		17	100.0
61	Oranges and Grapefruit	41	100.0	—		—		—		41	100.0
67	Watermelons	20	100.0	—		—		—		20	100.0
73	Fruits and Berries, Fresh, Frozen	23	100.0	—		—		—		23	100.0
75	Coffee	123	100.0	—		—		—		123	100.0
77	Cabbage	30	100.0	—		—		—		30	100.0
79	Celery	517	100.0	—		—		—		517	100.0
85	Potatoes, other than sweet	18	100.0	—		—		—		18	100.0
89	Vegetables, Fresh, NOS, not Frozen	94	100.0	—		—		—		94	100.0
105	Flaxseed	63	100.0	—		—		—		63	100.0
207	Sheep and Goats, Single Deck	52	100.0	—		—		—		52	100.0
211	Swine, Single Deck	22	100.0	—		—		—		22	100.0
213	Swine, Double Deck	14	100.0	—		—		—		14	100.0
221	Margarine, NOS	67	100.0	—		—		—		67	100.0
225	Poultry, Dressed and Frozen	338	100.0	—		—		—		338	100.0
227	Eggs	16	100.0	—		—		—		16	100.0
237	Wool and Mohair, NOS	82	100.0	—		—		—		82	100.0
245	Fish and Sea Animal Oil	24	100.0	—		—		—		24	100.0
321	Barytes	20	100.0	—		—		—		20	100.0
327	Gravel and Sand, NOS	66	100.0	—		—		—		66	100.0
329	Stone and Rock, Broken, Ground and Crushed	12	100.0	—		—		—		12	100.0
343	Phosphate Rock	29	100.0	—		—		—		29	100.0
345	Sulphur	74	100.0	—		—		—		74	100.0
407	Ties, Railroad	28	100.0	—		—		—		28	100.0
409	Pulpwood	50	100.0	—		—		—		50	100.0
417	Rosin and Turpentine	26	100.0	—		—		—		26	100.0
499	Products of Forests, NOS	204	100.0	—		—		—		204	100.0
511	Cottonseed Oil	77	100.0	—		—		—		77	100.0
521	Oils Foots Sediment and Tank Bottoms	148	100.0	—		—		—		148	100.0
545	Tanning Material, NOS	380	100.0	—		—		—		380	100.0
555	Aluminum: Bar, Ingot, Pig and Slab	1,289	100.0	—		—		—		1,289	100.0
563	Lead and Zinc: Bar, Ingot and Pig	37	100.0	—		—		—		37	100.0

Commodity No.	Commodity Description	New York, N.Y. Tons	New York, N.Y. %	Philadelphia, Pa. Tons	Philadelphia, Pa. %	Baltimore, Md. Tons	Baltimore, Md. %	Hampton Roads, Va. Tons	Hampton Roads, Va. %	Total Tons	Total %
565	Lead, Zinc, NOS	245	100.0	—		—		—		245	100.0
567	Magnesium Metal and Alloy	16	100.0	—		—		—		16	100.0
573	Iron. Pig	87	100.0	—		—		—		87	100.0
585	Cast Iron Pipe and Fittings	425	100.0	—		—		—		425	100.0
601	Business and Office Machines, NOS	3,282	100.0	—		—		—		3,282	100.0
643	Artificial Stone, NOS	28	100.0	—		—		—		28	100.0
683	Asbestos Articles, NOS	35	100.0	—		—		—		35	100.0
713	Floor Covering	139	100.0	—		—		—		139	100.0
725	Bags: Burlap Cotton Gunny and Jute, NOS	18	100.0	—		—		—		18	100.0
727	Cotton Cloth and Cotton Fabrics, NOS	142	100.0	—		—		—		142	100.0
733	Cloth and Fabrics, NOS	139	100.0	—		—		—		139	100.0
739	Luggage and Handbags, NOS	81	100.0	—		—		—		81	100.0
747	Wine	18	100.0	—		—		—		18	100.0
757	Molasses Residual	411	100.0	—		—		—		411	100.0
765	Food Products, NOS, Frozen	40	100.0	—		—		—		40	100.0
777	Cigarettes	7	100.0	—		—		—		7	100.0
791	Iron and Steel Borings, Turnings, etc.	329	100.0	—		—		—		329	100.0
19	Flour, Edible, NOS	20,410	99.8	—		—		47	.2	20,457	100.0
789	Scrap Iron and Steel	4,945	99.6	—		20	.4	—		4,965	100.0
553	Drugs, Medicines and Toilet Prep	2,723	99.2	—		—		21	.8	2,744	100.0
625	Airplanes, Aircraft and Parts	427	98.4	—		—		7	1.6	434	100.0
23	Mill Products, NOS	3,096	98.1	60	1.9	—		—		3,156	100.0
569	Alloys for Steel Manufacture	1,163	98.1	—		—		23	1.9	1,186	100.0
401	Logs, Butts and Bolts	1,717	97.8	—		—		38	2.2	1,755	100.0
631	Ammunition and Explosives	34,454	97.5	326	.9	—		569	1.6	35,349	100.0
593	Agricultural Implements. Parts, NOS	1,514	96.9	—		28	1.8	21	1.3	1,563	100.0
215	Meats, Fresh, NOS	10,279	96.7	353	3.3	—		—		10,632	100.0
729	Cotton Factory Products	919	96.5	—		11	1.2	22	2.3	952	100.0
797	Waste Material, NOS	2,319	96.4	86	3.6	—		—		2,405	100.0
689	Bathroom and Lavatory Fixtures and Sinks	823	95.8	—		36	4.2	—		859	100.0
659	Printing Paper, NOS	9,284	95.4	131	1.3	—		317	3.3	9,732	100.0
621	Automobiles and Auto Trucks, NOS	120,068	94.0	437	.4	3,377	2.6	3,884	3.0	127,766	100.0
709	Laundry Equipment	2,838	93.8	—		186	6.2	—		3,024	100.0
515	Soybean Oil	115,440	92.99	24	.02	8,410	6.77	272	.22	124,146	100.0
591	Agricultural Implements, NOS	15,088	92.9	—		478	3.0	671	4.1	16,237	100.0
21	Cereal Food Preparations, NOS	3,010	92.8	60	1.9	173	5.3	—		3,243	100.0
655	Scrap Paper and Rags	8,934	92.7	122	1.3	564	5.8	18	.2	9,638	100.0
695	Glassware, NOS	11,575	92.5	73	.6	847	6.8	13	.1	12,508	100.0
541	Insecticides and Fungicides, NOS	3,693	92.4	101	2.5	205	5.1	—		3,999	100.0
547	Paint, Paint Material, Putty and Varnish	10,092	92.4	55	.5	671	6.1	107	1.0	10,925	100.0

Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		Total	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%
319	Ores and Concentrates, NOS	672	92.1	—		58	7.9	—		730	100.0
517	Vegetable and Nut Oils, NOS	4,501	91.6	101	2.1	291	5.9	20	.4	4,913	100.0
673	Building Paper and Prepared Roofing Materials	720	91.6	20	2.5	46	5.9	—		786	100.0
657	Newsprint Paper	237	91.5	—		—		22	8.5	259	100.0
675	Insulating Materials, NOS	3,209	90.8	60	1.7	134	3.8	130	3.7	3,533	100.0
950	Forwarded Traffic	50,576	90.6	—		5,242	9.4	—		55,818	100.0
199	Products of Agriculture, NOS	2,598	90.5	—		212	7.4	61	2.1	2,871	100.0
613	Automobiles, Passenger	57,299	90.5	95	.2	5,582	8.8	303	.5	63,279	100.0
717	Furniture Parts	535	89.8	—		59	9.9	2	.3	596	100.0
707	Refrigerators, Freezing Apparatus and Parts	24,670	89.70	13	.05	1,057	3.84	1,763	6.41	27,503	100.0
685	Electrical Equipment and Parts, NOS	16,049	88.6	210	1.2	1,239	6.8	608	3.4	18,106	100.0
783	Containers, Fibreboard and Pulpboard, KD	2,689	87.9	57	1.9	273	8.9	40	1.3	3,059	100.0
503	Fuel Road and Petroleum Residual Oils, NOS	106	87.6	—		15	12.4	—		121	100.0
25	Hays	95	87.2	—		14	12.8	—		109	100.0
581	Iron and Steel Nails and Wire (Woven and Not Woven), NOS	11,482	86.9	191	1.4	1,264	9.6	280	2.1	13,217	100.0
519	Oils, NOS	299	86.4	—		47	13.6	—		346	100.0
549	Plastics	6,340	86.1	—		913	12.4	113	1.5	7,366	100.0
617	Vehicles, Motor, NOS	68,842	86.0	761	1.0	5,795	7.2	4,653	5.8	80,051	100.0
15	Flour Wheat	40,162	85.8	58	.1	5,794	12.4	779	1.7	46,793	100.0
779	Containers, Metal	2,834	85.8	145	4.4	183	5.5	141	4.3	3,303	100.0
705	Household Utensils, NOS	1,161	85.3	—		200	14.7	—		1,361	100.0
531	Acids, NOS	4,683	85.1	731	13.3	71	1.3	15	.3	5,500	100.0
551	Cellulose Articles, NOS	39	84.8	—		—		7	15.2	46	100.0
795	Waste Material for Remelting, NOS	1,699	84.5	—		312	15.5	—		2,011	100.0
239	Hides, Skins and Pelts, NOS	7,323	84.2	335	3.8	1,043	12.0	—		8,701	100.0
711	Stoves, Ranges and Parts	6,300	84.2	64	.9	864	11.5	258	3.4	7,486	100.0
677	Building, Woodwork and Millwork	78	83.9	—		—		15	16.1	93	100.0
751	Beverages, NOS	162	83.9	—		—		31	16.1	193	100.0
603	Railway Equipment Moved on own Wheels	945	83.2	—		179	15.8	12	1.0	1,136	100.0
507	Petroleum Products, Refined, NOS	44,231	82.1	8,005	14.9	1,243	2.3	378	.7	53,857	100.0
595	Machinery and Machines, NOS	162,400	81.9	5,904	3.0	16,931	8.5	13,182	6.6	198,417	100.0
627	Tires and Tubes, Rubber	33,086	81.5	60	.2	1,075	2.6	6,390	15.7	40,611	100.0
605	Railway Equipment, S.U., Not Moved on Own Wheels	2,897	81.0	—		681	19.0	—		3,578	100.0
589	Tanks, NOS	2,348	80.5	106	3.6	234	8.0	231	7.9	2,919	100.0
219	Packing House Products, Edible, NOS	57,030	78.9	316	.4	14,548	20.1	430	.6	72,324	100.0

Commodity No.	Commodity Description	New York, N.Y. Tons	New York, N.Y. %	Philadelphia, Pa. Tons	Philadelphia, Pa. %	Baltimore, Md. Tons	Baltimore, Md. %	Hampton Roads, Va. Tons	Hampton Roads, Va. %	Total Tons	Total %
67	Printed Matter, NOS	1,067	78.9	213	15.7	—		73	5.4	1,353	100.0
721	Abrasives, other than crude	641	78.5	43	5.3	43	5.3	89	10.9	816	100.0
557	Aluminum, NOS	401	78.3	—		111	21.7	—		512	100.0
509	Gases, other than Petroleum, NOS	370	78.1	104	21.9	—		—		474	100.0
647	Plaster: Stucco and Wall	163	78.0	—		46	22.0	—		209	100.0
749	Liquors, Malt	7,584	77.8	—		1,620	16.6	550	5.6	9,754	100.0
679	Building Materials, NOS	824	77.5	—		239	22.5	—		1,063	100.0
697	Glass Bottles, Jars and Packing Glasses, NOS	18,137	76.6	191	.8	5,276	22.3	84	.3	23,688	100.0
597	Machinery Parts	30,187	75.3	965	2.4	6,686	16.7	2,260	5.6	40,098	100.0
761	Candy and Confectionery	570	75.1	—		57	7.5	132	17.4	759	100.0
671	Wallboard	120	75.0	—		30	18.8	10	6.2	160	100.0
505	Lubricating Oils and Greases	42,145	73.6	4,799	8.4	10,063	17.6	249	.4	57,256	100.0
339	Asphalt	329	73.4	—		119	26.6	—		448	100.0
13	Grains, NOS	751	73.3	273	26.7	—		—		1,024	100.0
607	Railway Equipment Parts	16,462	73.2	189	.8	513	2.3	5,327	23.7	22,491	100.0
533	Sodium (Soda) Products	18,056	71.7	398	1.6	5,967	23.7	755	3.0	25,176	100.0
611	Vehicles, other than Motor	3,759	71.1	35	.6	146	2.8	1,349	25.5	5,289	100.0
691	Hardware, NOS	364	70.9	15	2.9	27	5.3	107	20.9	513	100.0
799	Manufactures & Miscl., NOS	28,749	70.8	1,844	4.5	5,433	13.4	4,568	11.3	40,594	100.0
693	Glass	2,779	70.6	54	1.4	670	17.0	431	11.0	3,934	100.0
701	Chinaware, Crockery & Earthenware	748	70.3	27	2.5	289	27.2	—		1,064	100.0
107	Seeds, NOS	127	70.2	—		—		54	29.8	181	100.0
787	Containers, returned empty	66	70.2	—		28	29.8	—		94	100.0
241	Leather, NOS	32	69.6	—		—		14	30.4	46	100.0
665	Paper and Paper Articles, NOS	1,081	69.1	—		359	22.9	125	8.0	1,565	100.0
623	Vehicles Parts, NOS	91,818	68.8	24,245	18.2	2,481	1.9	14,815	11.1	133,359	100.0
543	Tar, Pitch and Creosote	267	68.7	—		104	26.7	18	4.6	389	100.0
773	Feed, Animal and Poultry, NOS	47,674	67.78	2,228	3.17	20,403	29.01	31	.04	70,336	100.0
217	Meats, Cooked, Cured, Dried and Smoked	10,534	65.9	170	1.1	4,954	31.6	313	2.0	15,971	100.0
767	Starch	2,561	65.2	—		863	22.0	502	12.8	3,926	100.0
645	Lime, NOS	461	64.3	—		175	24.4	81	11.3	717	100.0
743	Games and Toys	83	64.3	—		46	35.7	—		129	100.0
341	Salt	2,277	63.8	—		878	24.6	416	11.6	3,571	100.0
561	Copper, Brass and Bronze, NOS	1,991	63.7	19	.6	—		1,114	35.7	3,124	100.0
635	Cement, NOS	1,273	63.1	36	1.8	558	27.6	152	7.5	2,019	100.0
527	Chemicals, NOS	19,722	62.1	753	2.4	10,456	32.9	836	2.6	31,767	100.0
615	Automobiles, Freight	9,497	61.9	84	.5	228	1.5	5,543	36.1	15,352	100.0
715	Furniture, NOS	3,715	61.6	85	1.4	1,208	20.0	1,026	17.0	6,034	100.0
583	Manufactured Iron and Steel	580,073	61.1	10,997	1.1	352,992	37.2	5,416	.6	949,478	100.0
785	Containers, NOS	1,642	59.4	114	4.1	635	23.0	374	13.5	2,765	100.0
535	Alcohols, NOS	487	58.5	—		—		345	41.5	832	100.0
69	Fruits, Fresh, NOS, not Frozen	47	56.6	—		—		36	43.4	83	100.0

Commodity No.	Commodity Description	New York, N.Y. Tons	New York, N.Y. %	Philadelphia, Pa. Tons	Philadelphia, Pa. %	Baltimore, Md. Tons	Baltimore, Md. %	Hampton Roads, Va. Tons	Hampton Roads, Va. %	Total Tons	Total %
577	Iron and Steel: Bar, Rod & Slab	1,314	56.3	13	.5	966	41.4	41	1.8	2,334	100.0
523	Rubber, Crude, Natural and Synthetic	15,563	54.8	223	.8	3,546	12.5	9,054	31.9	28,388	100.0
745	Liquors, alcoholic, NOS	659	54.7	—		531	44.1	15	1.2	1,205	100.0
609	Rails and Railway Track Material, Iron and Steel	3,751	53.1	—		3,007	42.5	311	4.4	7,069	100.0
769	Soap and Cleaning and Washing Compound	1,870	52.9	105	2.9	452	12.8	1,110	31.4	3,537	100.0
741	Athletic, Gymnasium, Playground and Sporting Equipment, NOS	294	49.1	—		60	10.0	245	40.9	599	100.0
687	Furnaces, Heaters, Radiators and Parts	1,489	49.2	40	1.3	1,310	43.3	188	6.2	3,027	100.0
229	Butter	7,603	48.9	2,450	15.8	1,819	11.7	3,662	23.6	15,534	100.0
771	Matches	12	48.0	—		13	52.0	—		25	100.0
755	Syrup and Molasses, refined	775	47.0	305	18.5	375	22.7	194	11.8	1,649	100.0
763	Food Products, NOS, in cans and Packages not frozen	36,013	46.9	8,556	11.2	13,117	17.1	19,025	24.8	76,711	100.0
641	Refractories	4,105	44.6	47	.5	4,876	53.0	172	1.9	9,200	100.0
411	Lumber, Shingles and Lath	898	43.2	91	4.4	326	15.7	764	36.7	2,079	100.0
299	Animals and Products, NOS	25,982	42.7	21,534	35.4	362	.6	12,993	21.3	60,871	100.0
793	Furnace Slag	32	42.7	—		43	57.3	—		75	100.0
587	Iron and Steel Pipe and Fittings, NOS	71,754	42.3	2,989	1.8	92,130	55.0	1,590	.9	169,463	100.0
91	Beans and Peas, Dried	209	42.2	166	33.5	—		120	24.3	495	100.0
525	Rubber Goods, NOS	1,106	42.2	15	.6	1,502	57.2	—		2,623	100.0
639	Brick, NOS, and Building Tile	1,309	41.4	—		1,816	57.4	40	1.2	3,165	100.0
103	Malt, NOS	9,986	40.0	—		11,335	45.5	3,626	14.5	24,947	100.0
663	Paper Bags	104	39.4	22	8.3	97	36.8	41	15.5	264	100.0
723	Bagging, Burlap, Cotton, Gunny and Jute, NOS	32	39.0	—		—		50	61.0	82	100.0
325	Sand, Industrial	378	38.8	—		595	61.2	—		973	100.0
681	Buildings and Houses: Fabricated and Portable, NOS	932	37.8	81	3.3	25	1.0	1,429	57.9	2,467	100.0
45	Soybean Oil Cake and Meal	12,006	35.9	—		16,576	49.5	4,888	14.6	33,470	100.0
311	Aluminum Ore and Concentrates	56	35.0	—		—		104	65.0	160	100.0
633	Cement: Natural and Portland	473	33.4	95	6.7	834	58.8	16	1.1	1,418	100.0
719	Tools and Parts, NOS	598	33.0	20	1.1	1,052	58.1	141	7.8	1,811	100.0
759	Sugar	468	32.5	110	7.6	632	43.9	230	16.0	1,440	100.0
703	Woodenware	51	31.9	—		41	25.6	68	42.5	160	100.0
513	Linseed Oil	59	29.8	—		139	70.2	—		198	100.0
619	Military Vehicles, NOS	1,113	29.4	6	.2	—		2,665	70.4	3,784	100.0
737	Boots, Shoes and Findings, NOS	58	28.3	—		—		147	71.7	205	100.0
669	Paperboard, Fibreboard and Pulpboard	2,017	27.3	27	.4	5,227	70.7	123	1.6	7,394	100.0

APPENDIX B

Commodity No.	Commodity Description	New York, N.Y. Tons	New York, N.Y. %	Philadelphia, Pa. Tons	Philadelphia, Pa. %	Baltimore, Md. Tons	Baltimore, Md. %	Hampton Roads, Va. Tons	Hampton Roads, Va. %	Total Tons	Total %
661	Wrapping Paper	593	27.0	—		1,500	68.3	103	4.7	2,196	100
413	Box Crate and Cooperage Materials	380	22.1	—		685	39.8	656	38.1	1,721	100
781	Containers, Wooden	293	21.8	—		1,048	78.2	—		1,341	100
403	Posts, Poles and Pilings, Wooden	7	20.6	—		—		27	79.4	34	100
29	Tobacco, Unmanufactured	1,189	20.4	—		41	.7	4,601	78.9	5,831	100
629	Guns, Small Arms and Parts, NOS	608	20.0	15	.5	—		2,414	79.5	3,037	100
17	Meal Corn	2,074	19.5	8,587	80.5	—		—		10,661	100
571	Metals and Alloys, NOS	258	18.6	72	5.2	168	12.1	890	64.1	1,388	100
231	Cheese	4,232	18.3	5,370	23.3	3,970	17.2	9,513	41.2	23,085	100
579	Iron and Steel, NOS	138	18.1	—		625	81.9	—		763	100
399	Products of Mines, NOS	308	17.7	—		1,404	80.4	33	1.9	1,745	100
575	Iron and Steel: Billet, Bloom and Ingot	11,951	16.4	568	.8	44,180	60.6	16,193	22.2	72,892	100
735	Rope Cordage and Binder Twine, NOS	34	16.1	—		—		177	83.9	211	100
7	Oats	11,571	9.8	21,081	17.8	85,487	72.4	—		118,139	100
233	Dairy Products, NOS	367	9.8	241	6.5	1,156	31.0	1,966	52.7	3,730	100
47	Vegetable and Nut Oil Cake and Meal, NOS	89	5.0	—		1,685	95.0	—		1,774	100
1	Wheat	117,786	5.3	488,310	21.9	800,237	36.0	819,609	36.8	2,225,942	100
3	Corn	66,393	4.4	211,548	13.9	1,243,846	81.7	—		1,521,787	100
9	Barley and Rye	7,310	3.8	10,141	5.2	176,774	91.0	—		194,225	100
653	Woodpulp	7	3.7	—		438	96.3	—		455	100
307	Coke	257	3.1	—		8,024	96.9	—		8,281	100
649	Sewer Pipe and Drain Tile (Not Metal)	65	2.8	—		2,268	97.2	—		2,333	100
323	Clay and Bentonite	104	1.4	—		705	9.2	6,877	89.4	7,686	100
539	Fertilizers, NOS	1,513	.7	815	.4	218,151	98.9	—		220,479	100
43	Soybeans	—		4,225	5.5	32,965	42.9	39,582	51.6	76,772	100
203	Cattle and Calves, Single Deck	—		—		12	100.0	—		12	100
415	Veneer Plywood and Built-Up Wood	—		—		18	100.0	—		18	100
559	Copper, Ingot, Matte and Pig	—		—		—		35	100.0	35	100
651	Broken or Ground Brick Block, Crockery and Glass	—		—		—		182	100.0	182	100
731	Synthetic Fibre and Yarns (Rayon or Nylon)	—		—		—		18	100.0	18	100

RECAPITULATION

Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		Total	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%
Group 1	— *Products of Agriculture* (1-199)	300,107	7.0	744,509	17.3	2,375,139	55.3	873,403	20.4	4,293,158	100.0
Group 2	— *Animals and Products* (201-299)	123,997	58.6	30,769	14.5	27,864	13.2	28,891	13.7	211,521	100.0
Group 3	— *Products of Mines* (301-399)—(Excluding Coal, Coke, Direct Product of Coal and Iron Ore)	4,582	19.3	—		111,783	49.5	7,430	31.2	23,795	100.0
Group 4	— *Products of Forests* (401-499)	3,310	56.0	91	1.5	1,029	17.4	1,485	25.1	5,915	100.0
Group 5	— *Manufactures and Miscellaneous* (501-799)	1,910,473	63.5	79,440	2.6	882,442	29.3	137,808	4.6	3,010,163	100.0
Group 6	— *Forwarder Traffic* (950)	50,576	90.6	—		5,242	9.4	—		55,818	100.0
TOTAL											
	Groups 1 to 6	2,393,045	31.5	854,809	11.2	3,303,499	43.5	1,049,017	13.8	7,600,370	100.0
	Items 1-3-5-7-9-13	203,994		735,285		2,339,309		859,970		4,138,558	
	Balance	2,189,051	63.24	119,524	3.45	964,190	27.85	189,047	5.46	3,461,812	100.0

SOURCE: Witness Mollman's Exhibit No. 3, Pages 1 to 6, and Exhibit No. 2, Pages 110 to 113, and Pages 125 to 129, inclusive, I.&S. Docket No. 6615.

IMPORT TONNAGE VIA THE PORTS OF NEW YORK, N.Y., PHILADELPHIA, PA., BALTIMORE, MD., AND HAMPTON ROADS, VA., SHOWING THE PERCENTAGE RELATIONSHIP TO THE TOTAL MOVEMENT OF EACH COMMODITY TO DIFFERENTIAL TERRITORY, PERIOD AUGUST 1, 1955, THROUGH JULY 31, 1956.

Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		Total	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%
5	Sorghum Grain	33	100.0	—		—		—		33	100.0
15	Flour, Wheat	119	100.0	—		—		—		119	100.0
23	Mill Products, NOS	52	100.0	—		—		—		52	100.0
57	Grapes, fresh	11	100.0	—		—		—		11	100.0
65	Pears, fresh, not frozen	204	100.0	—		—		—		204	100.0
71	Fruits, dried, dehydrated and evaporated, NOS	2,735	100.0	—		—		—		2,735	100.0
73	Fruits and Berries, fresh, frozen	21	100.0	—		—		—		21	100.0
81	~~Lettuce~~	29	100.0	—		—		—		29	100.0
83	Onions, dry	149	100.0	—		—		—		149	100.0
93	Vegetables, dried, dehydrated and evaporated, NOS	79	100.0	—		—		—		79	100.0
215	Meats, fresh, NOS	79	100.0	—		—		—		79	100.0
219	Packing House Products, edible, NOS	730	100.0	—		—		—		730	100.0
231	Cheese	624	100.0	—		—		—		624	100.0
241	Leather, NOS	177	100.0	—		—		—		177	100.0
243	Sea Food, NOS	142	100.0	—		—		—		142	100.0
245	Fish and Sea Animal Oil	333	100.0	—		—		—		333	100.0
309	Iron Ore	74	100.0	—		—		—		74	100.0
327	Gravel and Sand, NOS	29	100.0	—		—		—		29	100.0
329	Stone and Rock, broken, ground and crushed	525	100.0	—		—		—		525	100.0
345	Sulphur	62	100.0	—		—		—		62	100.0
417	Rosin and Turpentine	18	100.0	—		—		—		18	100.0
505	Lubrication Oils and Greases	13	100.0	—		—		—		13	100.0
507	Petroleum Products, refined, NOS	18	100.0	—		—		—		18	100.0
511	Cottonseed Oil	46	100.0	—		—		—		46	100.0
517	Vegetable and Nut Oil, NOS	6,451	100.0	—		—		—		6,451	100.0
521	Oils Foots Sediment and Tank Bottoms	26	100.0	—		—		—		26	100.0
525	Rubber Goods, NOS	225	100.0	—		—		—		225	100.0
535	Alcohol, NOS	81	100.0	—		—		—		81	100.0
541	Insecticides and Fungicides, NOS	149	100.0	—		—		—		149	100.0
543	Tar Pitch and Creosote	135	100.0	—		—		—		135	100.0
549	Plastics	43	100.0	—		—		—		43	100.0
553	Drugs, Medicines and Toilet Prep	456	100.0	—		—		—		456	100.0
557	Aluminum, NOS	171	100.0	—		—		—		171	100.0
559	Copper: Ingot Matte and Pig	24,084	100.0	—		—		—		24,084	100.0
579	Iron and Steel, NOS	50	100.0	—		—		—		50	100.0
585	Cast Iron Pipe and Fittings	31	100.0	—		—		—		31	100.0
591	Agricultural Implements, NOS	31	100.0	—		—		—		31	100.0

Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		Total	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%
607	Railway Equipment Parts	71	100.0	—		—		—		71	100.0
621	Automobiles and Auto Trucks, KD	5	100.0	—		—		—		5	100.0
631	Ammunition and Explosives	39	100.0	—		—		—		39	100.0
665	Paper and Paper Articles, NOS	99	100.0	—		—		—		99	100.0
673	Building Paper and Prepared Roofing Material	36	100.0	—		—		—		36	100.0
677	Building Woodwork and Millwork	12	100.0	—		—		—		12	100.0
679	Building Material, NOS	174	100.0	—		—		—		174	100.0
697	Glass Bottles, Jars and Packing Glasses, NOS	38	100.0	—		—		—		38	100.0
705	Household Utensils, NOS	148	100.0	—		—		—		148	100.0
739	Luggage and Handbags, NOS	9	100.0	—		—		—		9	100.0
741	Athletic, Gymnasium, Playground and Sporting Equipment, NOS	44	100.0	—		—		—		44	100.0
751	Beverages, NOS	587	100.0	—		—		—		587	100.0
755	Syrup, Molasses, Refined	513	100.0	—		—		—		513	100.0
761	Candy and Confectionery	288	100.0	—		—		—		288	100.0
787	Containers, Returned Empty	49	100.0	—		—		—		49	100.0
950	Forwarder Traffic	66	100.0	—		—		—		66	100.0
75	Coffee	133,265	98.62	—		1,854	1.37	16	.01	135,135	100.0
561	Copper, Brass and Bronze, NOS	2,397	97.6	—		60	2.4	—		2,457	100.0
727	Cotton Cloth and Cotton Fabrics, NOS	390	95.1	—		—		20	4.9	410	100.0
797	Waste Material, NOS	11,958	91.8	644	4.9	281	2.2	147	1.1	13,030	100.0
91	Beans and Peas, dried	1,071	90.6	—		111	9.4	—		1,182	100.0
701	Chinaware, Crockery and Earthenware	820	89.2	18	2.0	81	8.8	—		919	100.0
743	Games and Toys	185	88.9	—		23	11.1	—		208	100.0
217	Meats, Cooked, Cured, Dried and Smoked	8,783	88.7	418	4.2	83	.9	614	6.2	9,898	100.0
659	Printing Paper	201	88.5	26	11.5	—		—		227	100.0
789	Scrap Iron and Steel	355	87.7	22	5.4	28	6.9	—		405	100.0
745	Liquors, Alcoholic, NOS	1,774	87.2	170	8.4	90	4.4	—		2,034	100.0
97	Peanuts	178	86.4	—		—		28	13.6	206	100.0
779	Containers, Metal	76	86.4	—		12	13.6	—		88	100.0
571	Metals and Alloys, NOS	22,122	86.1	46	.2	3,519	13.7	—		25,687	100.0
519	Oils, NOS	1,439	83.5	285	16.5	—		—		1,724	100.0
333	Stone, rough	1,171	82.6	61	4.3	186	13.1	—		1,418	100.0
107	Seeds, NOS	2,471	82.5	64	2.2	28	.9	432	14.4	2,995	100.0
239	Hides, Skins and Pelts, NOS	1,944	82.5	288	12.2	125	5.3	—		2,357	100.0
547	Paint, Paint Material, Putty and Varnish	879	81.8	—		195	18.2	—		1,074	100.0
523	Rubber, Crude, Natural and Synthetic	164,953	80.90	360	.18	38,533	18.90	35	.02	203,881	100.0
69	Fruits, fresh, NOS, not frozen	1,280	80.2	317	19.8	—		—		1,597	100.0
19	Flour, edible, NOS	1,448	79.1	69	3.8	205	11.2	108	5.9	1,830	100.0
597	Machinery Parts	628	77.9	81	10.0	44	5.5	53	6.6	806	100.0
685	Electrical Equipment and Parts, NOS	261	77.9	—		—		74	22.1	335	100.0

No.	Commodity Description	New York, N.Y. Tons	New York, N.Y. %	Philadelphia, Pa. Tons	Philadelphia, Pa. %	Baltimore, Md. Tons	Baltimore, Md. %	Hampton Roads, Va. Tons	Hampton Roads, Va. %	Total Tons	Total %
725	Bags, Burlap, Cotton, Gunny and Jute, NOS	48	76.2	15	23.8	—		—		63	100.0
325	Sand, Industrial	177	74.4	61	25.6	—		—		238	100.0
89	Vegetables, fresh, NOS, not frozen	249	72.4	—		95	27.6	—		344	100.0
627	Tires and Tubes, rubber	110	72.4	—		—		42	27.6	152	100.0
335	Stone, finished, NOS	112	71.3	45	28.7	—		—		157	100.0
199	Products of Agriculture, NOS	19,842	71.1	4,373	15.7	3,514	12.6	167	.6	27,896	100.0
563	Lead and Zinc: Bar, ingot and Pig	12,646	70.5	103	.6	5,161	28.8	20	.1	17,930	100.0
691	Hardware, NOS	292	70.2	—		97	23.3	27	6.5	416	100.0
771	Matches	56	70.0	—		24	30.0	—		80	100.0
299	Animals and Products, NOS	5,536	69.6	421	5.3	1,997	25.1	—		7,954	100.0
785	Containers, NOS	586	66.4	198	22.4	64	7.2	35	4.0	883	100.0
623	Vehicles, parts, NOS	667	65.6	—		—		350	34.4	1,017	100.0
415	Veneer, Plywood and Built-Up Wood	4,343	62.9	282	4.1	1,622	23.5	657	9.5	6,904	100.0
531	Acids, NOS	381	61.7	—		237	38.3	—		618	100.0
773	Feed, Animal and Poultry, NOS	1,566	60.3	254	9.8	521	20	254	9.8	2,595	100.0
565	Lead Zinc, NOS	231	59.1	—		—		160	40.9	391	100.0
311	Aluminum Ore and Concentrates	13,583	58.2	9,741	41.8	—		—		23,324	100.0
595	Machinery and Machines, NOS	4,506	57.3	15	.2	342	4.4	2,999	38.1	7,862	100.0
713	Floor Covering	77	57.0	15	11.1	43	31.9	—		135	100.0
749	Liquors, Malt	1,423	56.9	42	1.7	1,034	41.4	—		2,499	100.0
729	Cotton Factory Products	325	56.0	23	4.0	82	14.1	150	25.9	580	100.0
35	Cotton Linters, Noils and Regins	4,447	54.3	211	2.6	2,704	33.0	830	10.1	8,192	100.0
799	Manufactures and Miscl., NOS	5,875	53.5	1,309	11.9	1,690	15.4	2,112	19.2	10,986	100.0
655	Scrap Paper and Rags	2,204	50.7	45	1.0	180	4.1	1,921	44.2	4,350	100.0
767	Starch	313	48.3	21	3.3	32	4.9	282	43.5	648	100.0
795	Waste Material for Remelting, NOS	309	48.2	92	14.4	240	37.4	—		641	100.0
399	Products of Mines, NOS	6,203	47.7	2,919	22.5	3,873	29.8	—		12,995	100.0
747	Wine	144	46.8	—		164	53.2	—		308	100.0
51	Bananas	53,946	46.0	532	.5	62,664	53.5	—		117,142	100.0
615	Automobiles, freight	190	45.1	—		—		231	54.9	421	100.0
703	Woodenware	46	44.2	58	55.8	—		—		104	100.0
545	Tanning Materials, NOS	6,218	42.7	164	1.1	6,757	46.3	1,443	9.9	14,582	100.0
723	Bagging, Burlap, Cotton, Gunny and Jute, NOS	6,284	40.9	1,420	9.3	199	1.3	7,452	48.5	15,355	100.0
719	Tools and Parts, NOS	63	39.4	—		28	17.5	69	43.1	160	100.0
625	Airplanes, Aircraft and Parts	44	37.6	—		—		73	62.4	117	100.0
763	Food Products, NOS, in cans and packages, not frozen	33,274	33.6	3,493	3.5	13,821	14.0	48,312	48.9	98,900	100.0
583	Manufactured Iron and Steel	7,850	31.2	4,640	18.5	12,502	49.8	119	.5	25,111	100.0
33	Cotton in Bales	39	31.0	—		32	25.4	55	43.6	126	100.0
533	Sodium (Soda) Products	508	26.9	313	16.6	1,066	56	—		1,887	100.0
641	Refractories	88	26.4	—		245	73.6	—		333	100.0

Commodity No.	Commodity Description	New York, N.Y. Tons	New York, N.Y. %	Philadelphia, Pa. Tons	Philadelphia, Pa. %	Baltimore, Md. Tons	Baltimore, Md. %	Hampton Roads, Va. Tons	Hampton Roads, Va. %	Total Tons	Total %
587	Iron and Steel Pipes and Fittings, NOS	390	25.4	497	32.3	583	37.9	67	4.4	1,537	100.0
539	Fertilizers, NOS	3,145	24.8	882	6.9	4,740	37.3	3,945	31.0	12,712	100.0
237	Wool and Mohair, NOS	142	24.3	421	72.1	6	1.0	15	2.6	584	100.0
715	Furniture, NOS	32	24.0	—		36	27.1	65	48.9	133	100.0
681	Buildings and Houses, Fabricated and Portable, NOS	32	22.5	—		—		110	77.5	142	100.0
575	Iron and Steel: Billet, Bloom and Ingot	28	22.0	99	78.0	—		—		127	100.0
671	Wallboard	743	21.7	110	3.2	2,499	72.9	77	2.2	3,429	100.0
577	Iron and Steel: Bar, Rod and Slab	20	21.5	—		73	78.5	—		93	100.0
735	Rope, Cordage and Binder Twine, NOS	1,875	21.15	6,736	75.98	247	2.79	7	.08	8,865	100.0
581	Iron and Steel Nails and Wire (Woven and Not Woven), NOS	971	20.3	182	3.8	3,291	[illegible]	352	7.3	4,796	100.0
657	Newsprint Paper	4,872	19.7	—		18,596	75.[illegible]	1,214	4.9	24,682	100.0
759	Sugar	6,913	17.7	2,332	6.0	29,830	76.3	—		39,075	100.0
499	Products of Forests, NOS	7,953	17.2	32,037	69.5	1,853	4.0	4,294	9.3	46,137	100.0
527	Chemicals, NOS	1,175	17.0	5,418	78.4	300	4.3	21	.3	6,914	100.0
61	Oranges and Grapefruit	18	16.7	—		90	83.3	—		108	100.0
617	Vehicles, Motor, NOS	225	16.0	150	10.7	—		1,028	73.3	1,403	100.0
737	Boots, Shoes and Findings, NOS	16	14.7	—		—		93	85.3	109	100.0
611	Vehicles, other than Motor	409	14.5	1,012	35.9	258	9.2	1,137	40.4	2,816	100.0
307	Coke	100	14.3	—		601	85.7	—		701	100.0
573	Iron, Pig	55	13.4	357	86.6	—		—		412	100.0
235	Wool and Mohair, in grease	62	11.8	465	88.2	—		—		527	100.0
411	Lumber, Shingles and Lath	102	11.0	181	19.5	620	66.9	24	2.6	927	100.0
675	Insulating Material, NOS	52	10.6	48	9.7	392	79.7	—		492	100.0
569	Alloys for Steel Manufacture	2,048	8.6	—		21,671	91.4	—		23,719	100.0
555	Aluminum: Bar, Ingot, Pig and Slab	330	8.14	106	2.62	3,610	89.09	6	.15	4,052	100.0
669	Paperboard, Fibreboard and Pulpboard	130	7.7	18	1.1	1,515	90.1	19	1.1	1,682	100.0
661	Wrapping Paper	95	6.8	753	53.8	512	36.6	39	2.8	1,399	100.0
721	Abrasives, other than crude	374	6.7	4,824	86.2	398	7.1	—		5,596	100.0
693	Glass	794	5.8	—		11,624	85.4	1,193	8.8	13,611	100.0
639	Brick, NOS; and Building Tile	49	4.5	—		1,031	95.5	—		1,080	100.0
339	Asphalt	30	2.7	—		1,097	97.3	—		1,127	100.0
667	Printed Matter, NOS	12	2.4	—		—		485	97.6	497	100.0
653	Woodpulp	424	1.9	3,874	17.3	15,487	[illegible]	2,609	11.6	22,394	100.0
633	Cement, Natural and Portland	231	1.5	4,543	28.8	478	3.0	10,537	66.7	15,789	100.0

Commodity		New York, N.Y.		Philadelphia, Pa.		Baltimore, Md.		Hampton Roads, Va.		Total	
No.	Description	Tons	%	Tons	%	Tons	%	Tons	%	Tons	%
319	Ores and Concentrates, NOS	16,389	1.1	49,749	3.3	1,283,888	86.4	136,046	9.2	1,486,072	100.0
695	Glassware, NOS	28	1.1	2,478	96.6	51	2.0	8	.3	2,565	100.0
31	Tobacco, Siftings, Sweeping and Waste	9	.9	20	2.0	985	97.1	—		1,014	100.0
29	Tobacco, Unmanufactured	31	.7	—		314	6.8	4,240	92.5	4,585	100.0
323	Clay and Bentonite	225	.7	33,621	99.2	34	.1	—		33,880	110.0
11	Rice	—		—		83	100.0	—		83	100.0
85	Potatoes, other than sweet	—		—		110	100.0	—		110	100.0
103	Malt, NOS	—		—		17	100.0	—		17	100.0
225	Poultry, Dressed and Frozen	—		—		20	100.0	—		20	100.0
317	Zinc Ore and Concentrates	—		—		66,058	100.0	—		66,058	100.0
321	Barytes	—		—		—		34,781	100.0	34,781	100.0
551	Cellulose Articles, NOS	—		—		28	100.0	—		28	100.0
589	Tanks, NOS	—		—		—		34	100.0	34	100.0
593	Agricultural Implements, Parts, NOS	—		—		5	100.0	—		5	100.0
609	Rails and Railway Track Material, Iron or Steel	—		172	45.5	206	54.5	—		378	100.0
629	Guns, Small Arms and Parts, NOS	—		—		—		859	100.0	859	100.0
635	Cement, NOS	—		—		—		19,470	100.0	19,470	100.0
687	Furnaces, Heaters, Radiators and Parts	—		—		—		12	100.0	12	100.0
731	Synthetic Fibre and Yarns (Rayon or Nylon)	—		—		—		145	100.0	145	100.0
757	Molasses, Residual	—		—		5,066	100.0	—		5,066	100.0
769	Soap and Cleaning and Washing Compounds	—		—		53	100.0	—		53	100.0

RECAPITULATION

Commodity Description	New York, N.Y. Tons	New York, N.Y. %	Philadelphia, Pa. Tons	Philadelphia, Pa. %	Baltimore, Md. Tons	Baltimore, Md. %	Hampton Roads, Va. Tons	Hampton Roads, Va. %	Total Tons	Total %
1 — *Products of Agriculture* (1-199)	221,726	72.5	5,586	1.8	72,806	23.8	5,876	1.9	305,994	100.0
2 — *Animals and Products* (201-299)	18,552	79.2	2,013	8.6	2,231	9.5	629	2.7	23,425	100.0
3 — *Products of Mines* (301-399)—(Excluding Coal, Coke, Direct Product of Coal and Iron Ore)	38,680	2.3	96,197	5.8	1,355,737	81.6	170,827	10.3	1,661,441	100.0
4 — *Products of Forests* (401-499)	12,416	23.0	32,500	60.2	4,095	7.6	4,975	9.2	53,986	100.0
5 — *Manufactures and Miscellaneous* (501-799)	354,352	49.0	48,463	6.7	209,975	29.1	109,912	15.2	722,702	100.0
6 — *Forwarder Traffic* (950)	66	100.0	—		—		—		66	100.0
Groups 1 to 6	645,792	23.3	184,759	6.7	1,644,844	59.4	292,219	10.6	2,767,614	100.0
Items 311-317-319	30,~~046~~		59,490		1,349,946		136,046		1,575,528	
Balance	615,746	51.65	125,269	10.51	294,898	24.74	156,173	13.10	1,192,086	100.0

Witness Mollman's Exhibit No. 3, Pages 1 to 6, and Exhibit No. 2, Pages 110 to 113, and Pages 125 to 129, inclusive, I.&S. Docket No. 6615.

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No. 98

IN THE

Supreme Court of the United States

OCTOBER TERM, 1962

MARYLAND PORT AUTHORITY, BALTIMORE ASSOCIATION OF COMMERCE, DELAWARE RIVER PORT AUTHORITY, THE CITY OF PHILADELPHIA, VIRGINIA STATE PORTS AUTHORITY, AND NORFOLK PORT AND INDUSTRIAL AUTHORITY,
Appellants,

v.

BOSTON AND MAINE RAILROAD, ET AL.,
Appellees.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

BRIEF FOR APPELLANTS

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In The

Supreme Court of the United States

October Term, 1962

No. 98

MARYLAND PORT AUTHORITY, BALTIMORE ASSOCIATION OF COMMERCE, DELAWARE RIVER PORT AUTHORITY, THE CITY OF PHILADELPHIA, VIRGINIA STATE PORTS AUTHORITY, and NORFOLK PORT AND INDUSTRIAL AUTHORITY,

Appellants,

v.

BOSTON AND MAINE RAILROAD, et al.,

Appellees.

On Appeal from the United States District Court for the District of Massachusetts

---

BRIEF FOR APPELLANTS

OPINIONS BELOW

The opinion of the District Court (Woodbury, Sweeney and Ford, JJ.) is officially reported in 202 F. Supp. 830 and is printed in the record at pp. 3994-4005. The reports of the Interstate Commerce Commission dated December 5, 1960, and June 15, 1961, respectively, are officially reported as *Equalization of Rates at North Atlantic Ports*, 311 I.C.C. 689 and 314 I.C.C. 185, respectively. They are also printed in the record at pp. 3738-3820 and pp. 3836-3857.

JURISDICTION

This action was brought under 28 U.S.C. §1336 to set aside and enjoin an order of the Interstate Commerce Commission. The judgment of the District Court enjoining the order of the Commission was entered on February 23, 1962, and these appellants filed their notice of appeal in that court on ~~March 30,~~ 1962. Jurisdiction to review this decision by direct appeal is conferred by 28 U.S.C. 1253 and 2101(b). *Virginian Railway v. United States*, 272 U.S. 658; *United States v. Pennsylvania Railroad Company*, 323 U.S. 612. On June 11, 1962, this Court noted probable jurisdiction (R. 4027).

STATUTES INVOLVED

The statutory provisions involved, the National Transportation Policy (49 U.S.C. preceding §§1, 301, 901, 1001) and Sections 1(5), 3(1), 4(1), 15(1), 15(7), and 15a(2) of the Interstate Commerce Act, as amended (49 U.S.C. §§1(5), 3(1), 4(1), 15(1), 15(7), and 15a(2)) are set forth in Appendix B hereto.

THE QUESTION PRESENTED

Did the District Court err (1) in overruling a decision of the Interstate Commerce Commission which rejected as unlawful a proposal on the part of certain railroads serving the ports of New York, Boston, Albany, and Portland to destroy a differential rate relation that has obtained for 85 years in the movement of import-export traffic between the named ports and Philadelphia, Baltimore, and Hampton Roads and so-called differential territory and (2) in requiring the establishment of equalized rates?

STATEMENT OF THE CASE

For more than three-quarters of a century the relationship of the rail rates on export-import traffic moving between the ports of the North Atlantic range and the great industrial and commercial area lying between the Mississippi, the Ohio, the Great Lakes and the Buffalo-Pittsburgh line has been governed by the North Atlantic Ports Adjustment, which generally conforms to the provisions of an agreement entered into on April 5, 1877 by the presidents of the major railroads serving the affected territory. That agreement provided as to both domestic and export-import traffic that the Baltimore rate should be 3¢ (and the Philadelphia rate 2¢) per hundred pounds under that of New York (except for first and second-class freight westbound, as to which the agreed differentials were 8¢ from Baltimore and 6¢ from Philadelphia less per hundred pounds than from New York) and that the Boston rates should not be lower than the New York rates.*

Railroads serving the ports of Hampton Roads subsequently established Baltimore rates on export-import traffic between those ports and points in differential territory lying west of the Sandusky line, and railroads serving the port of Portland (which were faced with the competition of Canadian carriers) established Baltimore rates on import traffic moving from that port through Canada to differential territory (See App. A *infra*, pp. 79, 87-88). In 1936 the Commission determined that the port of Albany was entitled to the same rates as Philadelphia on export import traffic moving to and from differential territory (See App. A *infra*, p. 96).

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* For the full text of the agreement, see R. 1903-1904. The application of the differentials to domestic freight for local deliveries at the port cities remained in effect until the decision of the Commission in *Eastern Class-Rate Investigation*, 164 I.C.C. 314 (1930), 171 I.C.C. 481 (1931) prescribed new domestic rates based essentially on distance. See Appendix A *infra*, p. 95. The differential on grain movements was later reduced to one and a half cents per 100 pounds Baltimore under New York and one cent per 100 pounds Philadelphia under New York, *Export and Domestic Rates*, 8 I.C.C. 214, 228 (1899). Differential territory is defined more exactly in the original report of the Commission in the present case (R. 3740).

Six years ago the rail carriers serving the ports of New York, Albany, Boston and Portland (to which we shall refer hereinafter from time to time as the "northern tier ports") filed tariffs to become effective July 10, 1956, reducing to the Baltimore level the rates between those ports and differential territory on all export-import traffic except coal, coke and iron ore. The appellant railroads, which serve the ports of Philadelphia, Baltimore and Hampton Roads (the "southern tier ports"), promptly protested the proposed rates and at the same time filed tariffs reducing their rates by the amount necessary to maintain the existing differentials. These matching rate reductions were in turn protested by the appellee railroads. Thereafter the appellant and appellee port and commercial interests intervened on the side of their respective carriers.

The Commission, proceeding under Section 15(7) of the Interstate Commerce Act, suspended all of the proposed rates and began an investigation into their lawfulness. The testimony of the first witness produced by the appellee railroads (hereinafter referred to as the "northern railroads" since they serve the northern tier ports) made it clear that their sole purpose in filing the reduced rates to the northern tier ports was to abolish the long-existing differentials and to establish a new relationship of parity between all the North Atlantic ports (R. 1615-1617). The Commission expressly found that this was the purpose of the proposed rates (R. 3739).

The appellant railroads, which serve the southern ports (and are hereinafter called "the southern railroads"), made it equally clear that their sole purpose in proposing matching reductions to the southern tier ports was to preserve the existing differential rate structure and the Commission so found (R. 3740, 3753).

It should be understood at once that the issue before the Commission was not whether carriers may *voluntarily* equalize rates between the North Atlantic ports and differential territory. This case is not one in which the railroads concerned have agreed on equalization — quite the contrary. While the northern railroads seek equalization, the southern railroads oppose it strongly and wish to preserve the existing rate structure. Thus the question before the Commission was whether the southern railroads could be *compelled* against their will to establish a relationship of parity.

Again, the question before the Commission was not solely whether the reduced rates proposed by the northern railroads are compensatory and not unduly prejudicial to the southern tier ports, although both aspects of that question would require affirmative answers before the Commission could properly permit the proposed rates to become effective. Here it is perfectly clear that the only reason the northern carriers desire to reduce their rates to the northern tier ports is in order to establish a parity relationship between all the North Atlantic ports. Indeed, they have made no effort to justify their proposal on any other basis. The southern carriers have filed matching reductions for the sole purpose of maintaining the existing rate structure. The Commission was thus faced with a rate war — actual and not just potential. In such a situation an important issue before the Commission was whether to exercise its power under Section 15 of the statute to prescribe a relationship even though none of the proposed rates taken by themselves would have violated any other express statutory provision, or whether to sit back and let the carriers fight it out until one or the other set of rates reached the non-compensatory level.*

On these issues exhaustive hearings were held before a hearing examiner (Marion L. Boat), who on October 9, 1959, filed a comprehensive report (R. 3669-3736) recommending that all the proposed rates be canceled. Exceptions to the examiner's report were filed and argued before the full Commission which on December 5, 1960, handed down its report and order directing that all the proposed rates be canceled. After analyzing with great care the extensive and conflicting cost evidence submitted by the protestant and respondent railroads, the Commission concluded that the revenue from the proposed rates as applied to existing traffic at New York "would equal or exceed by a very small margin the estimated out-of-pocket costs," but that the presentation of costs in the record was not adequate to determine "whether the proposed rates would be reasonably compensatory", or whether "other traffic would be forced to absorb a larger portion of the constant costs in order to maintain a national transportation system conforming to the ultimate objectives of the national transportation policy" (R. 3797).

The Commission stated, however, that "the sole issue is one of lawful rate relationship." (R. 3753). On that point the Commission found:

> "The present differentials are smaller than they would be if allowed to be set by competitive factors, and also much smaller, relatively, than when initially established. As hereinbefore mentioned, protestant railroads have filed a counter proposal, in the event that the respondents' rates are found lawful; they propose

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* The Commission referred specifically to sections 1, 3(1) and 15 a(2) as being of "controlling importance" (R. 3805). These statutory provisions are set out in Appendix B, infra at pp. 101, 102 and 105.

> to reduce their rates between southern tier ports and the same interior territory by the same amounts as proposed by the respondents. The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly established. Thus, approval of respondents' proposed rates would require alternate approval of protestants' proposed rates. This might result in the rates gravitating to their lowest possible level and in a needless dissipation of carrier revenues. We have been given the power to fix rates, among other reasons, for the purpose of preventing destructive competition and promoting the financial stability of the regulated carriers. Failure to observe our obligations in the exercise of that power would find us remiss in our duties. The present differentials have long served to retain a reasonable competitive relationship between the principal port groups and should be maintained" (R. 3805-3806).

The Commission also found that

> "* * * considering the volume and character of the traffic disclosed by the traffic study, and other evidence of circumstances which induce or deter the flow of the subject traffic, undue diversion from those ports to New York, at least of most types of that traffic, would result from the proposed equalization" (R. 3806).

Accordingly, the Commission found that the rates proposed by the northern railroads were

> "* * * not shown to be reasonably related to the present rates on like traffic between the same interior points and the southern tier ports, and that the proposed rates would result in undue preference of and advantage to the northern tier ports as a group and in undue prejudice and disadvantage to the southern tier ports" (R. 3806-3807).

The Commission also found that the rates to the southern tier ports proposed by the southern carriers had not been shown to be just and reasonable, but made it clear that a different finding would have been made had the rates to the northern ports not been found to be unlawful (R. 3753, 3807).

An appeal was then taken to the District Court for the District of Massachusetts, and, on behalf of the port interests of the port of Boston and the railroads primarily serving that port, the contention was made that the Commission had erred in failing to treat the proposed rates between differential territory and Boston separately and independently. The Department of Justice filed an answer supporting this contention, and the Commission thereupon reopened the proceedings "for reconsideration on the present record of the lawfulness of the proposed rates separately and independently on traffic to and from each northern tier port" (R. 3835-3836).

On June 15, 1961, the Commission filed its report on reconsideration in which it pointed out that in the proceedings before it the railroads and port interests of Boston had joined together with the other northern tier ports in treating their proposal as an integral part of a broad group adjustment in which all the North Atlantic ports were treated as a unit (R. 3838-3839). Nevertheless, the Commission proceeded to consider the proposed rates to each of the northern tier ports separately. As to Boston it found that (R. 3852):

> "Boston's rates, as proposed, would be lower than the present rates to and from Albany, and also lower than the present rates to and from New York and Philadelphia. Rates lower to or from Boston than to or from the other ports just mentioned, over some routes, would be in violation of the long-and-short haul provisions of section 4 of the Interstate Commerce Act."

> (R. 3854) "While in the instant proceeding there is strong insistence by the respondents and the ports supporting them upon rate parity, equally strong are the claims of their opponents, fully substantiated of record, as to the opponents' geographical, transportation, and cost advantages. In general, in the rare instances where rate changes in port relationships have been required by us, distance has been an important consideration [citing cases]. Here, as stated, the distance disadvantages of Boston, for example, are 223 miles over Baltimore, 171 miles over Philadelphia, and 117 miles over New York; and the latter port is 106 miles more distant than Baltimore. Such great differences in distance, under the circumstances here revealed, may not be ignored without running counter to the provisions of section 3(1) of the act."

The Commission then found (R. 3855):

> "* * * the proposed rates to and from Albany, New York, Boston, and Portland, separately and collectively, are not shown to be reasonably related to the present rates on like traffic to and from the southern tier ports, and would cause undue preference of and advantage to the named ports and undue prejudice and disadvantage to the southern tier ports".

Following the report of the Commission on reconsideration the case in the District Court was resumed, amended pleadings were filed, and after argument the Court handed down an opinion (per SWEENEY, Ch. J.) finding that the order of the Commission should be set aside insofar as it upheld the existing differential rate structure. Judge SWEENEY first dealt with the question whether the rates proposed by the northern carriers had been shown to be just and reasonable. He noted that the Commission had "refused to find the rates compensatory" (R. 4001). Nevertheless, he proceeded to hold that the Commission should have found the proposed rates to be just and reasonable.

Judge SWEENEY then turned to the Commission's conclusion that parity rates would unduly prejudice and disadvantage the southern tier ports and held that it was without rational basis. In support of this holding he found that the Commission had not given "due weight to the interests of shippers, receivers, carriers, and inland localities" (R. 4003). He also found that the Commission should have given no weight to the distance advantages of the port of Baltimore.

On February 16, 1962, a judgment was entered in the District Court setting aside and enjoining enforcement of the order of the Interstate Commerce Commission "insofar as it directs the cancellation of schedules proposing differential-eliminating rates to and from the ports of Portland, Maine, Boston, Massachusetts, Albany and New York, New York, denies fourth-section application No. 32204, and prevents differential-eliminating rates from becoming effective" (R. 4006). It is from this judgment that this appeal is taken.

The importance of this appeal to the southern tier ports, on whose behalf this brief is filed, can hardly be exaggerated. They serve communities whose economies are largely dependent upon the export-import traffic which moves through them, and this traffic in considerable part originates in or is destined to the affected territory. They are faced with the overwhelming competition of New York, "the world's greatest port" (R. 2514); and if, as the District Court has held, they must now be denied all recognition of the only advantages which they possess in the competitive struggle with that port, the effect on the communities which they serve cannot fail to be disastrous.

STATEMENT OF THE ISSUES

From the foregoing we think it is apparent that the Commission's decision rested on two fundamental propositions:

First: That since the claims of the southern carriers as to their geographical, transportation and cost advantages were fully substantiated by the record and their need for a differential in order to compete successfully with the northern carriers had been demonstrated, the existing differential rate structure was fair and the southern carriers could not be prevented from making matching reductions if the reduced rates proposed by the northern carriers were permitted to go into effect, and therefore unless cancelation of all the proposed rates was ordered, needless dissipation of carrier revenues would result.

Second: That the evidence as to the volume and character of the traffic moving between the North Atlantic ports and differential territory, (particularly the traffic studies) as well as the other circumstances which would affect the flow of that traffic, demonstrated that the rates proposed by the northern carriers would result in undue diversion of traffic from the southern tier ports and would cause them undue prejudice and disadvantage.

The District Court completely ignored the first ground of the Commission's decision, and its opinion made no reference whatsoever to the Commission's findings on this point. As to the second ground, the District Court found that the Commission's conclusion was irrational and that the Commission was bound as a matter of law to find that the proposed parity rates were lawful.

Thus the issues on the present appeal are:

1. Was there a rational basis for the Commission's conclusion that the differential was a fair relationship and

that the matching reductions proposed by the southern carriers to maintain the existing differential should not be prevented from going into effect if the reductions proposed by the northern carriers were permitted to become effective? If so, was the Commission justified in ordering cancelation of all the proposed rates in order to prevent a useless dissipation of carrier revenues?

2. Was there a rational basis for the Commission's conclusion that a parity relationship was unlawful since it would result in undue prejudice and disadvantage to the southern tier ports? In that connection was the District Court justified in holding that the Commission had given undue weight to the distance disadvantages of the northern ports and insufficient weight to the interests of shippers, receivers, carriers and inland localities?

3. Even if there had been no rational basis for either of the Commission's principal holdings, was the court justified in disregarding the Commission's finding that the proposed rates had not been shown to be compensatory and in making its own finding that the rates were just and reasonable?

SUMMARY OF THE ARGUMENT

I.

The Commission found that the long-existing rate relationship applicable to the movement of traffic between the North Atlantic ports and differential territory which is embodied in the North Atlantic Ports Adjustment continues to be fair and reasonable. This finding was supported by detailed subsidiary findings which were based on a careful analysis of statistical data and traffic studies showing the movement of traffic through the several ports, on the evidence as to the facilities and services available at those ports, on the testimony of shippers and traffic handlers indicating preference for the northern tier ports, on the evidence as to the greater dependence of the southern tier ports on traffic moving to and from differential territory, and on the evidence as to transportation conditions affecting the movement of traffic through the ports and particularly the geographical and cost advantages of the southern tier ports (*infra*, pp. 17-41).

In the District Court the appellees assailed this finding of the Commission on two grounds. First, they argued that equalization of ocean rates had eliminated the only justification for the North Atlantic Ports Adjustment, since the sole purpose of that adjustment was to offset ocean differentials by corresponding inland differentials. The District Court adopted this argument. In so doing, it misread the facts of history and misunderstood reports handed down by the Commission over a long series of years (*infra*, pp. 19-22).

Secondly, the appellees argued in the District Court that since World War II, changes have taken place in the flow of traffic through the North Atlantic ports which make the existing differential rate structure unfair to the northern tier ports. The District Court adopted this argument also, in spite of the fact that the Commission, after an exhaustive analysis of the evidence in the record bearing on this question, had found to the precise contrary. The Commission's finding was amply supported by the record and by detailed subsidiary findings (*infra*, pp. 22-41). In substituting its own findings to the contrary for that of the Commission, the District Court clearly exceeded the accepted bounds of judicial review of administrative action. *Ayrshire Collieries Corp. v. United States*, 335 U.S. 573 (*infra*, p. 54).

II.

The Commission, after weighing all the relevant factors determined that the existing differential relationship is a fair and reasonable one, and that it would not be justified in preventing the southern carriers from lowering their rates so as to maintain it. In this case the southern carriers have actually filed matching rate reductions for that express purpose. Thus, if the Commission had permitted the rates filed by the northern carriers to become effective, it would have been faced with a rate war, which the southern carriers would have been bound to win because of their lower costs. Under such circumstances, Section 15 of the Interstate Commerce Act confers full power on the Commission to order cancelation of all the proposed rates, thereby preventing the pointless dissipation of badly needed carrier revenues. *United States v. Chicago, M., St. P. & P. R.R.*, 294 U.S. 499; *Youngstown Sheet & Tube Co. v. United States*, 295 U.S. 476; *New York Central Railroad Company v. United States*, 207 F. Supp. 483 (S.D.N.Y. 1962) (*infra*, pp. 42-51).

III.

In addition to finding that the existing differential rate structure was lawful, the Commission went further and affirmatively found that parity rates would be unlawful since they would result in undue diversion of traffic from the southern tier ports in violation of Section 3(1) of the Interstate Commerce Act. This conclusion was based on the detailed subsidiary findings described in the first paragraph of I above. The District Court held that the Commission's finding of undue prejudice was arbitrary and without rational basis. In so holding, the District Court usurped the functions of the Commission, *Board of Trade v. United States*, 314 U.S. 534, 536 (*infra*, p. 51).

Moreover, the specific grounds advanced by the District Court in support of its holding were plainly erroneous. It is not true, as stated by the District Court, that the Commission's "conclusion that the proposed rates violate Section 3(1) relies on a single subsidiary finding — the distance disadvantages of the northern tier ports." Rather it was based on many factors developed by appraisal of a voluminous record revealing a complex factual situation which only an expert and experienced body such as the Commission is equipped to evaluate (*infra*, pp. 52-54). It is also untrue that the Commission made no cost or value findings, as stated by the District Court. Such findings were explicitly made by the Commission (*infra*, pp. 54-55).

The District Court's finding that the Commission had not given "due weight" to the interests of shippers, receivers, carriers and inland localities is equally unjustified, since the Commission carefully weighed all of these factors. Here the District Court seems to have based its holding on a misconstruction of the statute (*infra*, pp. 55-63).

Finally, the District Court based its holding on the erroneous assumption that except in the present case, the Commission has never given weight to distance factors in formulating port adjustments. A study of the Commission's reports discloses that the Commission has consistently recognized that distance is an important factor in justifying the North Atlantic Ports Adjustment and has given weight to considerations of distance in connection with other port adjustments (*infra*, pp. 21-22, 64-66).

IV.

The District Court made its own finding that the rates proposed by the northern carriers to the northern tier ports were just and reasonable. The Commission made no such finding. On the contrary, the Commission found that the cost evidence in the record showed that the proposed rates would produce at best a small margin above out-of-pocket costs and was not sufficiently complete to permit a finding that the rates would be compensatory. Because of this inconclusive showing and because the Commission has found that the proposed rates were not reasonably related to the present rates on like traffic to and from the southern tier ports, and would cause undue prejudice and disadvantage to those ports, the Commission made no finding as to whether the rates were otherwise just and reasonable. In making its own finding on this point, the District Court clearly exceeded the proper bounds of judicial review, *Illinois Commerce Commission v. United States*, 292 U.S. 474 (*infra*, pp. 67-70).

ARGUMENT

I.

The Commission's Finding that the Existing Rate Structure Continues to be Fair and Reasonable was Based on Detailed Subsidiary Findings Which Are Supported by the Record.

The North Atlantic Ports Adjustment had its origin in a voluntary agreement of carriers made 85 years ago but regardless of its origin, it has become a child of the Commission by adoption. While the Commission's first scrutiny of the adjustment was limited to the question whether it established a lawful relationship between the ports of Boston, New York, Philadelphia and Baltimore [the Commission held that it did, *New York Produce Exchange v. B & O. R.R., et al.*, 7 I.C.C. 612 (1898)], the Commission subsequently in two arbitrations recommended that the carriers continue the adjustment substantially without change. *In the Matter of Differential Freight Rates to and from North Atlantic Ports,* 11 I.C.C. 13 (1905); *In the Matter of Import Rates,* 24 I.C.C. 78, 678 (1912) and 27 I.C.C. 245 (1913). Thereafter the Commission has consistently refused to disturb it, although its legality and fairness has repeatedly been challenged by diverse interests. As the Commission said in one such case, *City of Philadelphia v. Baltimore & O. R. Co.,* 231 I.C.C. 21 (1938), at page 34:

> "The differential port-rate adjustment at the ports of Boston, New York, Philadelphia and Baltimore is the outgrowth of a long period of competitive strife. The relations between these port rates have stood unchanged for many years and should not be overthrown except upon definite proof that they are unlawful. We have repeatedly refused to disturb them and no evidence has here been presented which would warrant a different course."

In its original report in this case the Commission, after a careful analysis of the testimony and exhibits, reached the following conclusion:

> "The present differentials have long served to retain a reasonable competitive relationship between the principal port groups and should be maintained" (R. 3806).

In so holding, the Commission found that the appellees had failed to meet the burden which concededly rested upon them.*

This conclusion of the Commission was supported by detailed subsidiary findings which, in turn, were based on statistical data and traffic studies showing the movement of traffic through the several ports, on testimony as to the facilities and services available at those ports, on the testimony of shippers and traffic handlers indicating preference for the northern tier ports, on testimony as to the greater dependence of the southern tier ports on traffic moving to and from differential territory and on the admitted geographical disadvantages and higher cost of moving traffic through the northern tier ports (R. 3753-3803).

The District Court held that this conclusion of the Commission was without rational basis. While that holding was based in part on conclusions of law which we shall hereafter discuss, it was obviously influenced by two arguments advanced by the appellees which were designed to show first, that the basis of the North Atlantic Ports Adjustment had disappeared and second, that as a result of this change of conditions, the North Atlantic Port Adjustment had become unduly prejudicial to the northern tier ports and to the carriers which serve them. We believe the discussion of these two questions will develop the considerations which guided the Commission in reaching its conclusions in the present case and for this reason we propose to deal with them at the outset.

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* At page 12 of the brief filed by the Port of New York Authority, et al., when this case was before the Commission (I&S 6615, "*Equalization of Rates From and To North Atlantic Ports*"), the following statement appears:

> "The carriers serving New York should not, of course, be allowed to change anything which had been in existence as long as the Port Differential rail rate structure without good cause."

** The subsidiary findings of the Commission and the evidence supporting those findings are reviewed in detail (*infra*, at pp. 22-41).

A. THE HISTORICAL ARGUMENT

In the District Court, appellees argued that the differentials provided for in the North Atlantic Ports Adjustment were based on a policy of equalization and established inland rates solely for the purpose of offsetting ocean differentials, that until 1935 they served that purpose, but that since 1935 ocean rates to the North Atlantic ports have been equalized, and that the reason and, with it, the justification for the differentials has therefore vanished. The District Court adopted this argument and, by the same token, asserted that the North Atlantic Ports Adjustment had never been based on distance (R. 4003).

In Appendix A to this brief we have collected and analyzed the relevant material bearing on the origin and subsequent history of the North Atlantic Ports Adjustment (*infra*, pp. 75-99). We venture to assert that anyone who reads the material gathered there is bound to recognize that the District Court has misread the facts of history.

In *Maritime Association, Boston Chamber of Commerce v. Ann Arbor Railroad Company*, 95 I.C.C. 539 (1925), the Commission said (p. 567):

> "It may be conceded that they [the port differentials] 'are the result of compromise, arbitration, and agreement resorted to as the only means so far found of averting rate wars.'"

This statement is supported by the testimony of those who negotiated the original agreement of 1877 as well as by the fact that that agreement superseded one which provided for a much greater differential in favor of Baltimore and Philadelphia (see App. A *infra*, pp. 75-77). It would seem entirely clear, therefore, that the differential rate structure which was incorporated in the original agreement of 1877 was not intended simply to equalize ocean differentials. The text of this agreement bears this out, since the rate differences agreed upon were to apply to "freight shipped for local consumption" at the port cities, which could not possibly be affected by the ocean differentials in any manner (R. 1903). Further, the agreed rail rate differentials on westbound traffic differed materially from those on eastbound traffic, without any showing that the ocean differentials on such traffic also differed (R. 1904).

The very clear reports of the Commission filed in numerous cases decided from time to time over a long period of years demonstrate beyond dispute that the Commission's repeated approvals of the North Atlantic Ports Adjustment were not based on any policy of offsetting ocean differentials. It is true that Mr. Fink, in his report in 1880, and the Cooley commission in the 1882 arbitration, gave much emphasis to the fact that existing ocean differentials then appeared to give an advantage to New York and Boston over Baltimore and Philadelphia.* But as the Commission pointed out in *In the Matter of Differential Freight Rates to and from North Atlantic Ports*, 11 I.C.C. 13 (1905), at p. 18:

> "* * * a careful reading of these reports apparently shows that in the opinion of their authors difference in ocean rates was not the only factor which should be considered, partly for the reason that it was impossible

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* The Fink report is printed in full in *Daish, The Atlantic Port Differentials* (1918), at pp. 9-63. The report of the Cooley commission is printed in full at R., pp. 1627-1667.

> to determine exactly what the ocean rate was, and partly because the thing to be equalized was not the rate but the advantages of transportation through the several ports."

On the very first occasion that the Commission was called upon to consider the lawfulness of the North Atlantic Ports Adjustment, it found that there was no appreciable difference in the ocean rates from the three ports, New York, Baltimore and Philadelphia on full cargoes of grain, *New York Produce Exchange v. B. & O. R.R., et al.*, 7 I.C.C. 612, 626 (1898).* In 1905 the Commission expressed the flat opinion that the ocean differentials were then and had always been substantially less than the inland differentials. *In the Matter of Differential Freight Rates to and from North Atlantic Ports*, 11 I.C.C. 13, 67.* Again, in 1925, the Commission observed that there then appeared to be no significant difference whatever between the ocean rates to the ports of Boston, New York, Philadelphia and Baltimore, *Maritime Association, Boston Chamber of Commerce v. Ann Arbor Railroad Company*, 95 I.C.C. 539, 554.* On all of these occasions the Commission refused to disturb the North Atlantic Ports Adjustment. It is, therefore, apparent that the Commission's approval of the North Atlantic Ports Adjustment has never been based on any supposed principle of equalizing inland and ocean differentials.

The District Court was equally wrong in asserting that "distance plays no part in the determination of port differentials" (R. 4003). While it is true that the North Atlantic ports adjustment gives only partial recognition to the distance factor, the Commission, in upholding that adjustment over the past 65 years, has consistently held

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* Appendix A *infra*, pp. 80-82, 82-84, 88-94, contains pertinent extracts from the reports of the Commission in these cases.

(a) that the ports of Baltimore and Philadelphia are entitled to some rate advantage over the northern tier ports because of their greater proximity to differential territory, and (b) that because of its geographical location, Boston cannot properly be granted a differential over New York. *Chamber of Commerce of N.Y. v. N.Y.C. & H.R. R.R. Co.*, 24 I.C.C. 55, 674 (1912), 27 I.C.C. 238 (1913); *In the Matter of Import Rates*, 24 I.C.C. 78, 678 (1912), 27 I.C.C. 245 (1913); *Maritime Association, Boston Chamber of Commerce v. Ann Arb[illegible]r Railroad Company*, 95 I.C.C. 539 (1925).*

The fact is, as a reading of Appendix A will make clear, that the Commission's attitude toward the North Atlantic Ports Adjustment has been entirely consistent since it first was called upon to examine it in 1898. Every argument made in the present case on behalf of the northern tier ports had already been repeatedly considered and rejected by the Commission before the present proceedings were begun. When in the present case, therefore, the Commission stated that "the present differentials have long served to retain a reasonable competitive relationship between the principal port groups and should be maintained," it was doing only what was to be expected in the light of its previous rulings.

B. The Tonnage Argument

After a careful study of the voluminous evidence in the record bearing upon the flow of traffic through the North Atlantic ports and over the lines of the rail carriers which serve them during the period that the North Atlantic Ports Adjustment has been in effect, the Commission concluded that nothing in these data supported the view that the differential rates at issue in this proceeding were unfair or discriminatory against the northern tier ports or the rail carriers which serve them (R. 3806). The District Court rejected this finding and adopted the northern carriers' view of the true import of certain tonnage statistics which they cited in their brief. On the basis of these statistics, the District Court concluded, contrary to the express finding of the Commission, that in recent years the North Atlantic Ports Adjustment has operated in such a manner as to discriminate against the northern tier ports and their carriers (R. 3999-4000).

Aside from the fact that the District Court was obviously invading the province of the Commission in making its own findings on this point, it is submitted that the Commission's findings are fully supported by the record. The Commission did not suggest that the present differential rate structure has had no effect on the flow of traffic through the ports. Indeed, it found quite definitely that it is only because of the differential that the southern tier ports have been able to compete successfully with the northern tier ports for any part of this traffic. The Commission did, however, find the following facts:

First, in spite of the differential, New York has become the world's greatest port, with a near monopoly of the general cargo traffic which moves through the North Atlantic ports.

Second, in spite of the differential, the rail carriers which serve New York have handled the greater part of the general cargo which moves by rail between the North Atlantic ports and differential territory.

Third, general cargo is high-value, high-rated traffic which produces far greater benefits for the ports which handle it.

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* Pertinent extracts from the opinions in those cases will be found in App. A *infra*, pp. 84-87, 88-94.

Fourth, the southern carriers have invested heavily in facilities for handling coal, grains, fertilizer and iron ore, and because of these facilities and their proximity to the sources of coal and grain and to the users of fertilizers and iron ore, they have always, from the very beginning, handled a very large share of the movement of these bulk commodities. Much of this bulk movement is now threatened with diversion to the Saint Lawrence Seaway and the Gulf ports.

Fifth, the greater part of the bulk movement through the North Atlantic ports is not affected by the rates at issue in this proceeding. Neither coal nor petroleum move under these rates and the application of the differential to iron ore is the subject of a separate litigation and is not involved in this proceeding. The influence of the differential on the movement of grain is subordinate to other factors which are controlling. The movement of other bulk commodities, while vital to the southern tier ports and to the southern carriers, *represents approximately one-half of one percent of the total export-import business handled by the port of New York alone.*

Sixth, the failure of Boston, Portland and Albany to attract a large share of the export-import traffic moving through the North Atlantic ports is not primarily due to the differential rates here in issue. Even with substantially lower rates, Albany and Portland have been unable to compete successfully with New York. Similarly Boston cannot compete successfully with New York for traffic in its own hinterland although its rates in that area are lower than those at New York.

Seventh: "the greater distances of the northern tier ports from the affected territories, and the higher costs of service to and from those ports are firmly established."

Eighth, facilities and services at the port of New York are far more extensive than at the southern tier ports.

Ninth, the southern tier ports are much more dependent on traffic moving to and from differential territory and have far less support in the hinterlands which they serve than the northern tier ports.

Tenth, many large shippers to and from differential territory prefer to use the port of New York and would concentrate their business there if the differentials provided by the North Atlantic Ports Adjustment were eliminated.

In view of the cardinal importance of these findings we feel bound to call the attention of the Court to the evidence and the subsidiary findings on which they were based and the next sixteen pages of this brief will be devoted to that purpose.

C. The Flow of Traffic Through The Ports

The record in this case contains voluminous data as to the export-import traffic moving through the North Atlantic ports over a long period of years. In addition, traffic studies were presented showing the movements by commodity classes through the several ports to and from differential territory during a twelve-month test period ended July 31, 1956. The Commission found that

> "These data are the best evidence which the record affords of the combined relative impact of the present differentials and other circumstances upon the movement of the subject traffic through the several ports" (R. 3765).

The Commission has summarized this data in a series of appendices attached to the original report. In comparing these tables to the figures found in the District Court's opinion, this Court should bear in mind (as the District Court did not) that the rates at issue have no application to the movement of certain commodities. For example, nearly 21 million tons of New York's total imports are shipments of petroleum, little or none of which moves to differential territory (R. 3754). In like manner, more than 29 million tons of the export traffic through Hampton Roads come from coal mines which are not within differential territory (R. 3755, 3759). This coal traffic, as well as the movement of 16.8 millions tons of iron ore is eliminated for the additional reason that those commodities are expressly excepted from the ambit of the proposed rates (R. 3739). The rates on iron ore are the subject of separate litigation (App. A *infra*, p. 99).

The report of the Commission breaks down the tonnage figures in each category into two classifications — general cargo and bulk cargo. General cargo consists principally of manufactured and semi-manufactured goods, its handling requires the performance of many services, and it produces far more employment and revenue per ton for the community through which it moves than bulk cargo movements (R. 3753-3754, 3838).* Moreover, general cargo is high-rated traffic which yields more revenues to the railroad than does a corresponding bulk tonnage (R. 3791-3792).

(1) *The Total Movement of Waterborne Foreign Commerce.*

The statistical tables attached to the Commission's original report show that the amount of traffic moving through the port of New York has grown continuously throughout the period during which statistical data are available.**

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* Thus, the direct port revenue of Baltimore in 1955 varied from an average of $12.46 per ton for general cargo (excluding raw sugar) to $1.99 on some items of bulk traffic, the highest per ton revenue for any bulk item being $4.66. (Hamill, R. 2826).

** Thus, Appendix D to the Commission's original report, shows that in 1923 New York handled oceanborne exports and imports

The Commission found that during 1955 (the last year for which complete statistics were available) the port of New York alone

> "* * * handled more tonnage of all commodities than any one of the southern tier ports; excluding petroleum, coal, and iron ore, it handled nearly as much as those ports combined; and it handled about 60 percent more general cargo exports and imports than those ports combined" (R. 3760).

Tonnage statistics by no means tell the whole story. Of even greater importance is the dollar value of the cargo. Appendix A to the Commission's original report shows that the total dollar value of the cargo handled by New York has likewise steadily increased over the years, reaching the astonishing total in 1955 of $8,298,000 000 (R. 3815). The Commission found that throughout the period for which statistics are available the dollar value of the cargo handled by New York has been far greater than that of the southern tier ports combined (R. 3771). In 1955 the total dollar value of New York's export-import traffic was approximately ten times that of Baltimore, this being practically the same ratio as prevailed from 1887 to 1899 (R. 3771-3772, 3815).

It is thus apparent that New York has flourished under the differential and that the Port of New York Authority is fully warranted in calling it the "world's greatest port" (R. 2514). The other northern tier ports, faced with the overwhelming competition of New York, have been able to draw only a much smaller part of the traffic which has moved through the North Atlantic ports (R. 3817, Appendix C). This is in spite of the fact that, as we have seen (*supra*, p. 3), Boston has the same rates as New

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totaling 22.7 millions of gross tons, in 1946 25.6 millions, in 1951 32.5 millions, in 1955 35.7 millions and in 1956 36.2 millions (R. 3818).

York, Albany has the same rates as Philadelphia, and Portland the same rates as Baltimore on import traffic moving via Canadian routes.

(2) *The Movement of General Cargo*

As early as 1898, the Commission noted that "these high-grade exports go almost entirely to the port of New York."* Again, in 1912, the Commission found that "the great bulk of the high-class tonnage moves through the port of New York and that moving through the other ports is largely the heavier low-grade commodities."**

As to the movement by rail to and from differential territory, an analysis of the material collected in Appendix F to the Commission's original report shows that as to export traffic, subtracting grain, the northern tier ports and their carriers handled 2,192,452 tons of export traffic as compared to 1,303,247 tons handled by the southern tier ports and their carriers (R. 3820). In fact, Appendix F shows that New York alone handled 62.7% of the entire general cargo moving by rail from the affected territory to all of the North Atlantic ports (both the northern and southern tier ports combined) for export.

As to import tonnages, excluding bulk ores the northern tier ports and their carriers handled 646,484 tons and the southern tier ports 576,340 tons, New York alone importing 615,820 tons as compared with Baltimore's 294,898 tons and Hampton Roads' (the next largest) 156,173 tons (R. 3820).

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* *New York Produce Exchange v. B. & O. R.R., et al.*, 7 I.C.C. 612 at p. 678.

** *Chamber of Commerce of N.Y. v. N.Y.C. & H.R. R.R. Co.*, 24 I.C.C. 55 at p. 71.

The Commission found that:

> "* * * over 50 export commodities and about the same number of import articles moved exclusively through New York; that over 90 percent of the following exports moved through that port: Flour, ammunition, fresh meats, automobiles and trucks, soybean oil, agricultural implements, glassware, paint, and forwarder traffic. From 70 to 100 percent of the following imports, representing the more substantial tonnage volumes, also moved through New York: Copper, coffee, waste materials, metals and alloys, crude rubber, agricultural products, and lead and zinc. The volume of each of the commodities named exceeded 10,000 tons" (R. 3799).

These findings were based on traffic studies which showed movements by rail through New York and the southern tier ports. Those traffic studies show that the total tonnage of items, 75% to 100% of which were shipped through New York, amounted during the test period to 1,506,861 tons — more than the entire general cargo tonnage moved to and from the affected territory via the Baltimore carriers.*

The Commission expressly found that a number of manufacturers at points in Maryland in or near Baltimore make a substantial portion of their export shipments through New York, in some respects as high as 95%, at rates as much as 79¢ higher than to Baltimore (R. 3801). In like manner 5,870 carloads originated by the Chesapeake & Ohio in differential territory during the year ended June 30, 1957, and exported either through Hampton Roads or

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* See R. 2535-2545. See also Appendix F, R. 3820. The extent to which New York is able to attract cargo is graphically illustrated by the fact that 100% of all cigarette shipments move through that port, even though that commodity moves right past the ports of Hampton Roads, Baltimore and Philadelphia in order to get to New York, and even though the extra transportation charge involved in getting the cigarettes to New York is as much as 60¢ per 100 pounds (R. 2574).

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New York, 4,650 carloads were exported through New York. As the Commission aptly stated:

> "Thus, notwithstanding its 3-cent advantage this carrier was able to hold only one out of five carloads which it originated" (R. 3802).

On the basis of these and other findings, the Commission reached the following conclusion:

> "The complete dominance by New York of the North Atlantic general-cargo traffic to and from the affected territory is clear. Of imports, its volume exceeded that of all the other ports combined, was more than double that of Baltimore, and almost four times that of Hampton Roads. As to general-cargo exports, New York's volume was 62.7 percent of the total volume for all of the ports and over 50 percent greater than that of the southern tier ports combined. Also, it was more than double the Baltimore volume and more than 10 times that of Hampton Roads" (R. 3767).

The other northern tier ports do not share in this general cargo traffic to any great extent due to their geographical location and the competition of the port of New York (R. 3845). Thus, the Commission found that even with the advantage of Baltimore rates on imports moving via Canadian routes, Portland had attracted virtually no general cargo (R. 3786-3787).* Similarly, the Commission found that Albany has been unable to attract any substantial amount of general cargo, although it has the benefit of Philadelphia rates (R. 3788, 3848). The fact is that unless a substantial premium is paid, vessels will not move past New York harbor 143 miles up the Hudson River to Albany.** Boston, with a rate advantage over New York, does not even handle the general cargo which originates in its own hinterland and must stand helplessly by and watch the manufacturers of New England move their traffic through the port of New York (R. 3784, 3845). This predicament of the ports north of New York is nothing new. It has been the subject of consideration by the Commission on more than one occasion, but the Commission has found no lawful way to remedy it.*

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* See also Appendix F, R. 3820.

** See testimony of Springrose, R. 2304.

Notwithstanding the disabilities of individual ports it is clear from what has been said, that the northern tier ports as a group have an overwhelming advantage over the southern tier ports in their near-monopoly of the general cargo traffic and that the carriers which serve them are consequently in an advantageous position. In the District Court, the northern carriers contended that general cargo is now being moved primarily by motor truck and that for this reason the rail carriers no longer benefit from this predominance of the northern tier ports to the degree that they did in past years. The record does not support this contention. As previously noted, the traffic studies summarized in Appendix F to the Commission's original report show a very substantial movement by rail of general cargo between the northern tier ports and differential territory in the test year 1955-1956 (*supra*, pp. 28-29). These studies, however, do not contain any information as to the movement of traffic by rail from the northern tier ports to points other than those lying in differential territory.**

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* See *Chamber of Commerce of N.Y. v. N.Y.C. & H.R. R.R. Co., et al.*, 24 I.C.C. 55 (1912); *Maritime Association, Boston Chamber of Commerce v. Ann Arbor Railroad Company*, 95 I.C.C. 539 (1925). Quotations from these decisions will be found in Appendix A, infra at pp. 84-87, 88-94.

** At the hearing before the Commission the northern carriers flatly refused to produce this information although they admitted that it had been compiled and was readily available (R. 354-357; 1251-1253).

Nor do they contain any data from which a trend adverse to the northern tier ports can be discerned as to the movement by rail between those ports and differential territory. The very scanty data on this point is summarized in the original report of the Commission (R. 3762). It reveals that the New York carriers handled more export-import tonnage in the test year 1955-1956 than in the years 1946-1947. It also reveals that the export traffic handled by the New York carriers in the test year exceeded the total of such traffic handled in 1951 when the Korean War was at its height.

Accordingly, so far as the present record goes, there is nothing to show that the situation of the northern carriers with respect to the movement of general cargo is different from what it has been throughout the period that the differential has been in effect.

(3) *The Movement of Bulk Cargo*

Until 1943 the northern tier ports, and particularly New York, handled a heavy movement of export grain. Throughout this period New York in spite of the differential led Baltimore (at that time the leading southern tier port in the handling of grain) by a wide margin (R. 3769). The Commission found that New York's supremacy in this export grain was primarily attributable to the fact that commercial shippers preferred to move their grain in parcel lots in liners affording direct service to foreign ports—a service which was and is available primarily at New York. The Commission also pointed out that New York had made no effort to handle the grain which moved in full cargoes and had permitted its elevator and storage capacity to dwindle (R. 3769). On the other hand the southern tier ports had invested large sums in the development of modern elevators and adequate storage space, so that when, after 1943, the government began exporting grain in large quantities, the southern tier ports were prepared to handle this movement, while New York was not (R. 3768-3769). It is quite apparent that in the Commission's opinion, it was this failure of New York to maintain its facilities rather than the differential which accounted for the sharp decline in the tonnages handled by that port between 1943 and 1952.

Since 1952, as the Commission found, changes have taken place in the grain movement which have had a far greater effect than the differential on the movement of export grain. The first development was the increasing importance of commercial operation and the relative decline in importance of governmental activities (R. 3769). The other development was the leasing of elevators to private shippers at Boston and Norfolk (R. 3769). As a result, the Commission found that New York's share in the grain traffic had doubled between 1952 and 1956, that of Boston had nearly trebled, and that of Norfolk had more than trebled (R. 3770). More significant than either of these developments has been the diversion of grain to the St. Lawrence Seaway and the Gulf ports.* Thus, it is evident that factors other than the differential are primarily responsible for the fluctuations in the movement of export grain since 1943 through the several North Atlantic ports, and in its report on reconsideration the Commission expressly so found (R. 3844, 3850).

The Commission noted that in addition to the loss of part of their export grain, the northern tier ports had also suffered from their failure to participate in the movement of coal, petroleum and ores, particularly iron ore, which had "burgeoned" since World War II (R. 3758). So far as coal is concerned, it is not the differential but geography which prevents this participation; because of the physical location of the mines there is practically no movement of coal to or from differential territory, and the Commission expressly so found (R. 3760). Moreover the rates at issue in this case do not apply to the movement of coal (R. 3739). Thus, the failure of the northern tier ports to participate in this movement cannot possibly be attributed to the differential rates at issue in this proceeding. Similarly, as the Commission found, petroleum does not move to or from differential territory (R 3754). So far as iron ore is concerned, rates on this commodity, as has previously been noted, are the subject of separate proceedings (App. A, *infra*, p. 99) and are not included in the rates in issue in the present case (R. 3739).

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* When this record closed the Seaway had not yet opened but the Commission noted the possibility that it might attract a substantial part of the bulk cargo tonnage previously moving through the southern tier ports (R. 3801). The spectacular growth of movement through the Gulf ports is indicated by Appendix B to the Commission's original report (R. 3732).

Thus, the only bulk movement other than grain which is in any way affected by the differentials which the northern tier ports are here seeking to abolish is the movement of chrome, manganese and fertilizers. Appendix F shows the extent of this movement for the test year 1955-56, during which the southern tier ports handled 1,545,482 tons (R. 3820). (This may be compared with New York's total of 38.9 millions net tons of waterborne foreign commerce in 1955 and with the movement by rail between differential territory and New York of 3,038,837 tons.) The Commission found that Baltimore had made special efforts to attract this low-grade traffic by the erection of modern facilities. In striking contrast, none of the northern tier ports has adequate facilities for handling this traffic (R. 3771). Here again the Commission in its report on reconsideration expressly found that:

> "* * * the movement to and from the ports of the bulk cargo commodities, chiefly grain and bulk ores other than iron ore, is affected by numerous factors other than the differentials" (R. 3850).

With respect to these bulk movements, the situation of each northern tier port differs from that of the other. As previously noted, New York has made no particular effort to handle this traffic. Notwithstanding this fact, Appendix D of the Commission's original opinion shows that there has been a very substantial movement of bulk commodities through that port.* In sharp contrast, Portland has been unable to attract any substantial amount of export-import traffic except for wood pulp and china clay (R. 3787). So far as imports are concerned, this certainly cannot be attributed to the differential rates which are at issue in the present case, since Portland has the benefit of Baltimore rates to differential territory over Canadian routes. As to exports, it is significant that even when Commodity Credit Corporation agreed to absorb the differential, thereby equalizing rates on the movement of export grain through all North Atlantic ports, no grain moved through Portland (R. 3787). The Commission noted testimony offered on behalf of that port to the effect that equalization would not benefit Portland but "would merely cause the loss of the small amount of import traffic which now moves through that port" (R. 3787, 3853).

The record shows that Albany has been able to attract substantial movements of grain, although its rates are on the level of Philadelphia and somewhat higher than the rates to Baltimore and Hampton Roads. This would seem to show that Albany's failure to attract other bulk movements is attributable to causes other than the differential, and the Commission so found (R. 3848).

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* R. 3818. In 1956 the oceanborne exports other than general cargo amounted to 23 millions of gross tons, and the oceanborne imports other than general cargo amounted to 21 million gross tons.

On behalf of Boston it was strenuously contended that the differential precluded it from sharing in the movement of bulk products. The fact, however, is that Boston has always had a large grain movement (R. 3784), and the Commission expressly found that factors other than the differential, particularly abnormally high port costs and the lack of "superior steamship and port services" were the "chief if not the only" cause for Boston's failure to attract export-import traffic (R. 3785, 3851).

From what has been said, it is apparent that the Commission was satisfied that the failure of the ports north of New York to attract export-import traffic is not primarily due to the North Atlantic Ports Adjustment. This is not to say, however, that the preservation of the differentials embodied in that adjustment is not essential to the southern tier ports and the carriers which serve them. On the contrary, the record shows and the Commission found that without the partial recognition which the existing rate structure gives to the only competitive advantage which the southern tier ports possess, they would be in far worse case than the ports north of New York now are (see *infra*, pp. 39-41). In short, while a parity rate structure would be of little or no benefit to the ports north of New York, it would be disastrous to the southern tier ports in their attempt to compete with New York.

D. TRANSPORTATION AND COMPETITIVE CONDITIONS FULLY JUSTIFY THE EXISTING RATE RELATIONSHIPS.

In *Baltimore Chamber of Commerce v. Ann Arbor R.R. Company, et al.*, 159 I.C.C. 691 (1929), Commissioner **EASTMAN** observed (at p. 704) that "the existing differentials, Baltimore under New York, are fully justified by differences in the rail service alone to and from these ports." While this remark appears in the course of a dissenting opinion, this statement was not questioned by the majority of the Commission. It is reiterated in the original report in the present case, where the Commission expressly found:

> "The greater distance of the northern tier ports from the affected territories, and the higher costs of service to and from those ports, are firmly established" (R. 3805-3806).

Again in the report on reconsideration the Commission found that the "geographical, transportation, and cost advantages" of the southern carriers were "fully substantiated of record" (R. 3854).

A glance at any map will show that the ports of Baltimore and Philadelphia are much nearer to key points in differential territory than any of the northern tier ports. On this point the Commission found:

> "* * * the distance disadvantages of Boston * * * are 223 miles over Baltimore, 171 miles over Philadelphia, and 117 miles over New York; and the latter port is 106 miles more distant than Baltimore" (R. 3854).

As to the cost advantages of the southern carriers the record is equally clear. Approximately one-half of this immense record is devoted to cost testimony introduced at the hearing before the Commission by the respective carriers. To attempt to summarize it here would extend this brief inordinately and since it will be discussed in the brief of the appellant railroads, we content ourselves with pointing out that the cost advantage of the southern carriers was conceded even by dissenting Commissioner WEBB, who referred to "their [the northern carriers] cost and distance disadvantages to the contrary notwithstanding" (R. 3810).

So far as competitive conditions are concerned the advantage is all with the northern tier ports. In its original report the Commission found:

> "The present differentials are smaller than they would be if allowed to be set by competitive factors * * * The comprehensive showing in that [the traffic] study strongly refutes the claim of the respondents and their supporting port interests that such equalization is required to enable them to meet the competition of the southern tier ports and to effect a reasonable and nonpreferential rate relationship as between the opposing port groups" (R. 3805, 3806).

Again, in the report on reconsideration, the Commission found:

> "* * * the evidence is persuasive that so far as New York is concerned, rate equalization is not required to enable that port to meet the competition of the southern tier ports * * *" (R. 3854).

These conclusions of the Commission were based in large part on the evidence of the flow of traffic under the differentials which we have previously reviewed (*supra*, pp. 25-36). There was, however, other relevant evidence in the record, duly noted by the Commission, which also supported the conclusions which it reached.

Thus, we find that the facilities and services at the Port of New York are far more extensive than at the southern tier ports. The navigable water-front of the Port of New York consists of 650 miles and contain piers capable of berthing over 400 ships at one time (R. 1805). These facilities are readily accessible to ocean vessels, the distance to the open sea being 9 miles as compared with 150 miles in the case of Baltimore and 107 miles in the case of Philadelphia (R. 1973, 2523).

> "An average of one ship every twenty minutes, around the clock, enters or leaves the New York-New Jersey Port" (Gilman Ex. 15, sub-ex. C, p. 10, R. 1821).

General James H. Stratton testified that the advantages of New York over its competitor ports are today "overwhelming"; they are, in fact "almost stunning" (R. 407). On this point, the Commission found:

> "The record is convincing that New York has a preponderance of excellent steamship services as compared with the southern tier ports; and that its general-cargo services far surpass those at such ports, and afford much more frequent sailings and service to and from a far wider range of trading areas" (R. 3707).
>
> "The cost to the shipper occasioned by the delay which occurs between loading at Baltimore and departure at New York (or arrival at New York and unloading at Baltimore) is frequently greater than the differential" (R. 3708).
>
> "New York, in addition to its preponderance of steamship services, has a wealth of supplementary port services * * *. They include international freight forwarders, customhouse brokers, international banking facilities, steamship line representation, consular services, combination export managers, foreign trade zones, commodity exchanges, shipbrokers, marine insurance, foreign government purchasing agencies, and foreign chambers of commerce. * * * the record is replete with details showing New York's superiority as to each type of service organization * * *" (R. 3709).

In addition to its overwhelming advantages of facilities and services New York has an immensely rich hinterland which is far more productive than that of either Baltimore or Hampton Roads. On this point the Commission found:

> "* * * Thus it is apparent that the southern tier ports, especially Baltimore and Hampton Roads, are much more dependent upon such traffic and have far less support in the hinterlands which they serve than the northern tier ports served by the respondents" (R. 3798-3799).*

Because of these overwhelming advantages of New York, the southern tier ports and the carriers which serve them must rely primarily upon the differential in order to be able to compete with the northern tier ports and their carriers for any substantial part of the export-import traffic now moving between differential territory and the North Atlantic ports. There is ample testimony in the record noted by the Commission in its original report (R. 3799-3803) showing that under rate parity the southern tier ports would lose whatever general cargo they now handle to and from differential territory and that this would be followed by the loss of a great part of their bulk cargo as well. On this point the Commission expressly found:

> "The principal, and in some instances the only, reason given by one of the respondents' traffic officers, and by the shippers and receivers in the affected territory who testified in support of equalization, for routing traffic through the southern tier ports rather than the port of New York is the lower freight rates which the differentials provide" (R. 3799).
>
> "As bulk commodities, because of their low value, are peculiarly sensitive to transportation cost, the differential has greater influence on their movement than on general cargo. This movement is generally in regularly scheduled vessels, at equalized ocean rates; and

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* There is uncontradicted testimony that the value added by manufacturers in New York's hinterland was greater than that of the combined hinterlands of Philadelphia, Baltimore and Hampton Roads. Childe (R. 2932). See also Hamill (R. 2829).

in shipper-owned vessels. The variety of general cargo concentrated in New York has drawn such vessels to port. With further concentration of such cargo resulting from rate parity, the steamship lines desiring diversified cargoes would use their influence to attract more bulk cargo to provide balanced ladings at that port, with resulting diversion of bulk cargo on which Baltimore is heavily dependent." (R. 3800).

"Shipper evidence presented by the protestants shows a decided preference for the port of New York" (R. 3801).

"The great variety and volume of the subject traffic which flows through New York under the circumstances disclosed of record emphasizes the strong attractions which induce shippers to use this port. Numerous commodities move entirely or preponderantly through the port, shippers preferring it not only to Boston and Portland, which have the same rates, but to Albany and the southern tier ports, which have lower rates" (R. 3850).

In its original report the Commission concluded:

> "* * * that to obtain a volume of traffic which will support a much lower level of port activity and range of shipping services than New York, the southern tier ports have been depending heavily on bulk-cargo tonnage; and that, considering the volume and character of the traffic disclosed by the traffic study, and other evidence of circumstances which induce or deter the flow of the subject traffic, undue diversion from those ports to New York, at least of most types of that traffic, would result from the proposed equalization" (R. 3806).

This finding was reiterated in the Commission's report on reconsideration (R. 3854-3855).

II.

The Commission Was Justified In Cancelling The Rates Proposed By The Appellee Carriers.

A. APPROVAL OF THE PROPOSED RATES WOULD RESULT IN A POINTLESS DISSIPATION OF CARRIER REVENUES WHICH THE ACT GIVES THE COMMISSION FULL POWER TO PREVENT.

In the preceding portions of this argument we have, we believe, demonstrated that the record in this case furnishes no basis for holding that the differential relationship established by the North Atlantic Ports Adjustment is now unlawful.

In the District Court the appellees did not directly challenge this. Instead they sought to avoid it by pointing out that the present case is the first in which the Commission has been called upon to deal with a voluntary departure by any carrier from the North Atlantic Ports Adjustment. This, they say, alters the case entirely and brings into play the recognized principle that carriers in their managerial discretion may lower their rates within the zone of reasonableness in order to compete for traffic. In this connection they cite such cases as *Texas & Pac. Ry. Co. v. United States*, 289 U.S. 627; *United States v. Chicago, M., St. P. & P. R.R.*, 294 U.S. 499; and *New York Central R. Co. v. United States*, 99 F. Supp. 394 (D. Mass. 1951), affirmed 342 U.S. 890.

The argument does not wash. If the existing port relationship is lawful, then the principle invoked by the appellees would even more strongly justify the reductions proposed by the southern carriers. They, too, in their managerial discretion are entitled to lower their rates within the zone of reasonableness in order to compete for traffic. *Lake Cargo Coal*, 139 I.C.C. 367, 391 (1928). Furthermore, where, as here, it is clear that their costs are lower than their competitors, they are bound in the end to be the victors in any retaliatory lowering of rates, since their opponents rates will sooner reach the non-compensatory level.

So also, the argument that the northern tier ports are entitled to reduce their rates in order to compete with the St. Lawrence Seaway misses the point completely, since the southern tier ports are likewise faced with Seaway competition. Indeed in their case, the results of that competition are far more serious, as they have been handling bulk traffic primarily, and it is bulk traffic which is most likely to be diverted from the Atlantic ports to the Seaway (*supra*, pp. 33, 39-40). We may assume that a parallel reduction of rates on export-import traffic by all the carriers serving the North Atlantic ports could easily be justified in order to meet Seaway competition, but no attempt was made to do so in the present case. As the appellees themselves pointed out to the Commission, this case involves a proposal to alter existing rate relationships rather than a proposal to lower the level of existing rates.*

The case thus comes down to this:

(1) The Commission was faced with a rate war which could be stopped either by ordering cancellation of all the proposed rates (which would have the effect of maintain-

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* As the Commission pointed out in its original report in the present proceeding, the northern railroads in their reply to the petition of the southern railroads for an investigation into the cost of rail transportation of all export-import traffic to and from the port of New York urged that the reduced rates proposed by the northern railroads "raised only a question of rate relationships between the North Atlantic ports and required no investigation of the level of those rates" (R. 3752). The petition of the southern railroads and the reply of the northern railroads are printed in full at R. 41-45, 52-58.

ing the existing rate structure), or by canceling only the matching reductions proposed by the southern carriers (which would impose parity), or by prescribing a wholly different rate relationship. This latter course was not urged by either side, although in this connection it is significant to note that the Commission expressly found that the "present differentials are smaller than they would be if allowed to be set by competitive factors, and also much smaller relatively than when originally established" (R. 3805).

(2) The Commission found that the existing rate relationship is fair and that if the rate reductions proposed by the northern carriers are permitted to become effective the matching reductions proposed by the southern carriers should likewise be permitted to go into effect.

(3) No attempt has been made by any party to the case to justify a parallel reduction in rates by both the northern and southern carriers. The northern carriers' justification is for a parity relationship and the southern carriers' justification is for the existing differential rate structure.

(4) The southern carriers have lower costs, and since their rates would continue to be compensatory after those of the northern carriers would reach the non-compensatory level, the southern carriers have the power to maintain the existing differential rate structure if not prevented from doing so by the Commission.

Under such circumstances the Commission had to choose between intervening to stop the rate war by prescribing a relationship or permitting the carriers to fight it out, in which case the lower costs of the carriers seeking to maintain the differential would insure their ultimate victory. To avoid a futile dissipation of carrier revenues, the Commission chose to prescribe the relationship which a rate war would ultimately have achieved and which the Commission, after weighing all the relevant factors, found to be fair.

The Commission in its original report in the present case rested its conclusion on this precise ground, saying:

> "As hereinbefore mentioned, protestant railroads have filed a counter-proposal, in the event that the respondents' rates are found lawful; they propose to reduce their rates between southern tier ports and the same interior territory by the same amounts as proposed by the respondents. The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly established. Thus, approval of respondents' proposed rates would require alternate approval of protestants' proposed rates. This might result in the rates gravitating to their lowest possible level and in a needless dissipation of carrier revenues. We have been given the power to fix rates, among other reasons, for the purpose of preventing destructive competition and promoting the financial stability of the regulated carriers. Failure to observe our obligations in the exercise of that power would find us remiss in our duties" (R. 3805-3806).

Again, in its report on reconsideration the Commission said:

> "While in the instant proceeding there is strong insistence by the respondents and the ports supporting them upon rate parity, equally strong are the claims of their opponents, fully substantiated of record, as to the opponents' geographical, transportation and cost advantages" (R-3854).

This action of the Commission was firmly grounded in statutory authority. As the District Court conceded (R. 3999), under Section 15(7) of the Act, the burden of proof rested on the appellee carriers to show that the proposed rates were just and reasonable and otherwise lawful. The failure of the appellee carriers to meet this burden is, we think, perfectly apparent. They have failed to show that the existing differential rate structure is unsound, nor have they advanced any convincing reason why the southern carriers should not be permitted to maintain it. Thus, they have shown no basis upon which the Commission could have justified imposing equalization on the southern carriers and the ports which they serve. Faced with the choice between letting the carriers fight it out or ordering all proposed rates canceled, the Commission chose the only rational course, especially in view of the fact that the distance and costs advantages of the southern carriers made it inevitable that a rate war would end in the maintenance of the differential at a lower level. Rates which can have no effect except to dissipate badly needed carrier revenues are clearly not just and reasonable, and the Commission had full power to require their cancelation.

In *United States v. Chicago, M., St. P. & P. R.R.*, 294 U.S. 499, Mr. Justice Cardozo, speaking for a unanimous Court, said (pp. 509-510):

> "The danger [of a rate war] is illusory. The whole situation is subject to the power of the Commission, which may keep the changes within bounds. If Illinois lines attempt to lower their rates again, a proceeding will be available to maintain a fair relation. If the lines in Kentucky, operating in interstate commerce, apply for new reductions, the supervisory power of the Commission will subject them to the rule of reason. But other remedies even more plainly adequate are at hand in case of need. Under § 15 of the statute the Commission of its own motion may conduct a comprehensive inquiry into the rates of all the lines within the area of controversy, may fix the fair relation between one line and another, and may build the structure of the rates accordingly. *Florida v. United*

> *States*, 292 U.S. 1; *United States v. Louisiana*, 290 U.S. 70."

This broad interpretation of § 15 is required by the national transportation policy which declares the policy of Congress "to foster sound economic conditions in transportation and among the several carriers" and directs the Commission to administer and enforce all of the provisions of the Act with a view to carrying out that policy (see App. B *infra*, p. 101). In *Iron Ore, Ex-Labrador, Canada, to Youngstown, Ohio*, 302 I.C.C. 109 (1957), the Commission said at p. 117:

> "The proposed reduction from Philadelphia is disapproved for the reason that it would result in a rate war and in needless dissipation of greatly needed carrier revenue and thus constitute an unfair and destructive competitive practice in contravention of the national transportation policy."

In *New York Central Railroad Company v. The United States*, 207 F. Supp. 483 (S.D.N.Y. 1962), Judge **Friendly** said (at page 497):

> "The Milwaukee case is clear authority that the mere threat of a rate war is not enough to support a minimum rate order if the war be one the Commission ought to prevent. *On the other hand, if the Commission would not think it proper to prohibit a retaliatory reduction, either for lack of power or for lack of good reason, it may properly fix a minimum rate in the first instance in order to ward off developments that would simply result in reinstatement of existing differentials at a lower level.* The Youngstown case [Youngstown Sheet & Tube Co. v. The United States, 295 U.S. 476] was of that sort. The Commission had justifiably found both that the proposed rates were too low on general transportation standards and that they would disrupt a rate structure either fixed by the Commission or previously found by it to be just

and reasonable, 197 I.C.C. 617 (1933), 295 U.S. at 480, 55 S. Ct. 822."

(498) "There would seem to be three possible views about parity in the rates on imported iron ore among the three ports — that it is the only lawful relationship, the view the Commission took when the case was first before it; that it is unlawful; or that although parity is not unlawful; a differentially lower rate for Baltimore and Philadelphia could not properly be held to be. What is needed is that the Commission tell us which of these views it holds and, since it now appears to hold a different view from what it first did, why. Secretary of Agriculture v. United States, supra. Merely saying that a rate war is possible or probable is not a sufficient answer why; *an adequately supported statement that the Commission would not feel able to prevent one would be*." (Emphasis supplied.)

In the present case we respectfully submit that the reports of the Commission supply an "adequately supported statement" showing that the present differential rate structure is a fair one, and that the Commission would not feel able to prevent the southern tier carriers from lowering their rates so as to maintain it. Under such circumstances the Commission was clearly acting within its powers in ordering cancelation of all the proposed rates.

The District Court completely ignored this aspect of the case; indeed, Judge SWEENEY did not even mention the passages which we have quoted from the reports of the Commission. The appellees also failed to meet this issue in their arguments in the District Court and in their motion to affirm filed in this Court. Their only answer to the argument here advanced is that the Commission should cancel the matching reductions of the southern carriers because they would provoke a rate war. In this connection, they also seek to rely on Mr. Justice CARDOZO's opinion in *United States v. Chicago, M., St. P. & P. R.R.*, 294 U.S. 499

This reliance is clearly misplaced. In the *Milwaukee* case a long-standing and complex rate relationship applicable to the movement of coal from mines in Illinois, Indiana and Kentucky to the cities of Rockford and Freeport in the State of Illinois had been disrupted by an order of the Illinois Commerce Commission requiring the reduction of certain intra-state rates. To meet this situation, the Milwaukee proposed to lower rates over its single-line routes from two groups of mines to those cities. The Commission annulled the proposed rates on the ground that they would disrupt the existing rate structure and might lead to a rate war. This Court upheld a judgment of the District Court enjoining enforcement of the Commission's order. Mr. Justice Cardozo said (at page 509):

> "We are warned by the new report, however, that a change once permitted has a tendency to spread. The acceptance of the new schedule for Milwaukee will lead, it is said, to requests for proportionate reductions by other lines in Indiana, and this in turn to new reductions by lines in Illinois, and even in Kentucky, the outcome being characterized in the argument of counsel, though not in the report, as a rate war between the roads. *The threat of such a war may be a reason for rejecting a new schedule if the rate relation previously existing is a fair one, or even, we may assume, if the Commission is without power to avert the reprisals and thereby nullify the threat.* Neither of these conditions is satisfied in this case. *The Commission does not hold that the existing rate relation is intrinsically sound and fair.* On the contrary, it expressly concedes that the rate situation as between the Illinois and Indiana groups may be in need of correction, though it expresses the belief that this should not be done in any piecemeal fashion." (Emphasis supplied.)

So far from supporting the contentions of the appellees it seems clear to us that this opinion is precisely to the contrary effect. In the present case there is no finding by the Commission that the existing rate relationship is unsound. On the contrary, the Commission has found that the "present differentials have long served to retain a reasonable competitive relationship between the principal port groups and should be maintained" (R. 3806). The appellees do not contend that the existing rate differential structure is unlawful. What they argue is simply that since the northern carriers have taken the initiative in filing reduced rates, the southern carriers are now precluded from following suit because that would start a rate war.[*]

Following the decision in the *Milwaukee* case, the rates proposed by that railroad became effective. Thereupon the Illinois Central filed matching reductions of its single-line rates from mines in the same group to the same cities. Subsequently, other carriers proposed similar rates to Beloit, Wisconsin which would also have been applicable to movements from other groups of mines. These rates were protested and the Commission instituted an investigation under Section 15(7) of the Act. In *Coal to Beloit, Wis. and Northern Illinois*, 263 I.C.C. 179 (1945), the Commission proceeded to prescribe rates which abrogated the very rates which this Court had upheld in the *Milwaukee* case. That order of the Commission came before this Court in *Ayrshire Collieries Corp. v. United States*, 335 U.S. 573 and was upheld. Mr. Justice Douglas, speaking for a unanimous Court, said (pp. 589-590):

> "The chief problem of the Commission in this case was to provide a rate structure which would afford

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[*] This perverse reasoning is reminiscent of the famous French couplet:

"Cet animal est très méchant,
Quand on l'attaque, il se défend."

See *Oxford Dictionary of Quotations* (2nd ed. 1953), p. 12.

fair and reasonable relations of rates to northern Illinois destinations, both as between the respective origin groups and as between Indiana groups and Illinois groups. There had been historically no fixed relation either between the former or the latter. And the appearance of a dual basis of rates greatly distorted the picture. The Commission did in this case what the Court pointed out in United States v. Chicago, M. St. P. & P. R. Co., supra (294 U.S. at 510, 79 L. ed. 1031, 55 S. Ct. 462), it had not done there, viz, it adjudged the fairness of the relation subsisting between Illinois and Indiana rates."

B. THE PROPOSED RATES WOULD CAU[illegible] UNDUE PREJUDICE AND DISADVANTAGE TO THE SOUTHERN TIER PORTS.

Both in its original report and in its report on reconsideration, the Commission went beyond holding that the differential should be maintained in order to avoid a useless rate war and held that parity was unlawful. This conclusion was based on a finding that the proposed parity rates would cause undue diversion of traffic from the southern tier ports and would cause them undue prejudice and disadvantage in violation of Section 3(1) of the statute.

As this Court first pointed out in *Texas & Pac. Ry. Co. v. I.C.C.*, 162 U.S. 197, at p. 219, the question of undue preference and prejudice is a question "not of law, but of fact." In *Board of Trade v. U. S.*, 314 U.S. 534, this Court said (at p. 546):

> "The Act forbids the Commission to establish a rate structure which would give one transit point an 'undue or unreasonable preference or advantage' and would subject another point to an 'undue or unreasonable prejudice or disadvantage.' But this does not mean that the law compels identity of treatment for like services at different places. It prohibits only 'undue'

> or 'unreasonable' discriminations. 'Whether a preference or advantage or discrimination is undue or unreasonable or unjust is one of those questions of fact that have been confided by Congress to the judgment and discretion of the Commission. . . .' "

Notwithstanding this well-settled principle, the District Court held that the Commission's conclusion that the rates proposed by the northern carriers would cause undue prejudice to the southern tier ports was erroneous as a matter of law. In support of that holding, a variety of arguments were advanced.

(1) Judge SWEENEY asserted that the "Commission in reaching the conclusion that the proposed rates violate section 3(1) relies on a single subsidiary finding — the distance disadvantages of the northern tier ports" (R. 4003). Again Judge SWEENEY refers to "the weight the Commission attached to the sole subsidiary finding upon which this conclusion is based — that the northern tier ports have a distance disadvantage over Baltimore of from 223 miles in the case of Boston to 117 miles in the case of New York" (R. 3998).

It is difficult to understand how anyone can read the original report of the Commission in this case, with its detailed analysis of the vast amount of data which this record contains, without recognizing that the Commission's general finding of undue prejudice and disadvantage was based on an array of subsidiary findings bearing directly on that issue. We refer the Court to the preceding discussion at pp. 22-41, *supra*, where the principal subsidiary findings have been reviewed. That the Commission relied on these findings in reaching its conclusion as to undue prejudice seems indisputable. Thus the Commission said:

> "* * * the record is clear that New York continues to attract more of the highly desirable general-cargo

> tonnage so vital to its port economy than all of the other North Atlantic ports combined; that to obtain a volume of traffic which will support a much lower level of port activity and range of shipping services than New York, the southern tier ports have been depending heavily on bulk-cargo tonnage; and that, considering the volume and character of the traffic disclosed by the traffic study, and other evidence of circumstances which induce or deter the flow of the subject traffic, undue diversion from those ports to New York, at least of most types of that traffic, would result from the proposed equalization" (R. 3806).

In its report on reconsideration the Commission made it perfectly clear that it was not abandoning any of the findings in its original report. Thus at the very outset, the Commission said:

> "Only the principal facts recited in the previous report will be repeated herein. The evidence includes a vast amount of statistical data. Much of these relate to tonnage moving through each port and, collectively, through the northern and southern tier ports. The most important of these data are summarized in the appendices to the prior report, to which reference will herein be made" (R. 3837).

Again the Commission said:

> "* * * we reopened these proceedings for consideration of the lawfulness of the proposed rates separately and independently on traffic to and from each of the northern tier ports. Facts and contentions stated in the prior report will be restated only to the extent necessary for a clear understanding of the issues" (R. 3839).
>
> "Upon reconsideration, we find that the proposed rates to and from Albany, New York, Boston and Portland, separately and collectively, are not shown to be reasonably related to the present rates on like traffic to and from the southern tier ports, and would cause

> undue preference of and advantage to the named ports and undue prejudice and disadvantage to the southern tier ports. In other respects, the prior findings are affirmed" (R. 3855).

The report on reconsideration itself contains many important subsidiary findings other than those relating to distance on which the Commission based this conclusion (R. 3839-3853).

It is clear, therefore, that the District Court erred in assuming that the Commission's finding of undue prejudice was based solely on distance. Rather it was based on an appraisal of an enormous record which reveals a complex factual situation that only an expert and experienced body such as the Commission is equipped to evaluate. The remarks of Mr. Justice DOUGLAS in *Ayrshire Collieries Corp. v. United States*, 335 U.S. 573, are peculiarly apposite. He said (at p. 593):

> "We would depart from our competence and our limited function in this field if we undertook to accommodate the factors of transportation conditions, distance and competition differently than the Commission has done in this case. That is a task peculiarly for it. In fashioning what the Commission called a differentially related and finely balanced rate structure for this coal, there is no place for dogma or rigid formulae. The problem calls for an expert, informed judgment on a multitude of facts. The result is that the administrative rate-maker is left with broad discretion as long as no statutory requirement is overlooked. Yet that is, of course, precisely the nature of the administrative process in this field. * * *".

(2) As a second reason for reversing the Commission Judge SWEENEY asserted that

> "Distance differences might be relevant insofar as they reflect differences in the cost and value of the services of plaintiff and defendant railroads, see

> *United States v. Illinois Cent. R.R.*, 263 U.S. 515, 524 (1924), but the Commission made no such cost or value findings nor does the record contain evidence from which it could make such findings. We must, therefore, rule that its conclusion lacks the required basic findings to support it" (R. 4004).

The original report contains a full review of extensive evidence bearing on the cost and value of the services of the railroads (R. 3791-3798), and the Commission explicitly found that "the greater distance of the northern tier ports from the affected territory, and the higher cost of service to and from those ports, are firmly established" (R. 3805-3806). Again, in the report on reconsideration, the Commission expressly found that the claims of the opponents of rate parity as to their "geographical, transportation and cost advantages" were "fully substantiated of record" (R. 3854).

(3) Judge Sweeney concluded that the Commission had not given "due weight" to the interests of shippers, receivers, carriers and inland localities. In support of that conclusion Judge Sweeney said (R. 4002):

> "In 1940, Congress, by adding the National Transportation Policy, 49 U.S.C.A., note preceding section 1 affirmed and reiterated the view that the Act must be interpreted as a whole and the competing interests of shippers, carriers, and localities carefully balanced 'to the end of developing a national transportation system . . . .
>
> "While apparently recognizing these principles, the Commission, in this case, nonetheless wholly ignored them. It noted the voluminous testimony of shippers and receivers in favor of equalization, but in its conclusions completely disregarded this evidence. It considered the need of the plaintiffs and their competitive disadvantage, but discounted both in its findings. Its final decision rests solely on the proposition that some

> ports would be unduly preferred and others unduly prejudiced by the proposed rates."

This language should be read in connection with two other passages in Judge **Sweeney**'s opinion (R. 4004):

> "Thirdly, the Commission has failed to distinguish between rates which carriers may voluntarily publish to meet competition pursuant to section 15(7) and rates which carriers, on complaint under section 3(1) may be required to change. It is now well established that carriers may, within the zone of reasonableness, adjust rates to meet competition — United States v. Chicago, M., St. P. & P. R. R., 294 U.S. 499, 506, 55 S. Ct. 462, 79 L. Ed. 1023 (1935); Texas & Pac. Ry. v. United States, 289 U.S. 627, 636, 53 S. Ct. 768 (1933); New York Cent. R. R. v. United States, 99 F. Supp. 394 (D.C. Mass. 1951) — in which case the issue to be decided is whether the *proposed* rates are lawful. In a complaint proceeding the question is whether the *existing* rates are lawful and, if not, whether they should be required to be changed. However, both the Report and the Report on Reconsideration give continuous indication that the Commission regarded this as a 'port' case, not a 'railroad' case. For example, the observation that 'in the rare instances where rate changes in port relationships have been required by us, distance has been an important consideration,' p. 21, Recon., while perhaps true, was totally irrelevant to the issues before it. * * *"
>
> "The Commission disapproved the plaintiffs' proposal on the additional ground that, insofar as New York is concerned, equalization is not necessary to enable that port to compete. This conclusion again is based on a misunderstanding of the nature of the proceedings. While the New York Port Authority and other New York governmental and commercial interests were undoubtedly active participants in the case, the primary issue is whether equalization is necessary to enable the plaintiff railroads to compete."

While these passages do not yield readily to interpretation, they seem to be saying that the only issue in this proceeding is whether the northern carriers needed parity rates in order to compete and that if such a need existed, then any prejudicial effect of parity on the southern tier ports would be irrelevant. Such a construction of the statute is, we submit, plainly erroneous.

The statutory authority of the Commission in a proceeding under section 15(7) to order cancellation of proposed rates which it finds would subject any particular port to undue or unreasonable prejudice or disadvantage is perfectly clear. Section 3(1) (49 U.S.C. §3(1)), declares it to be unlawful for any rail carrier "to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic, to any undue or unreasonable prejudice or disadvantage in any respect whatsoever."

Together with section 1(5) which condemns unjust and unreasonable rates and charges and section 2 outlawing special rates and rebates, section 3(1) forms the keystone of federal regulation of transportation and is remedial in scope. *Texas & Pac. Ry. Co. v. I.C.C.*, 162 U.S. 197, 233-234. It differs from the others in that it may be availed of not only by shippers with respect to rates, but any other person or interest specifically named therein *who has been or may be injured* by any proposal by rail carriers "in any respect whatever." *Barringer & Co. v. United States*, 319 U.S. 1. It was aimed at wiping out discriminations of all types and Congress used language of the broadest scope to accomplish all of its purposes. *United States v. Baltimore & O. R. Co.*, 333 U.S. 169. The National Transportation Policy (54 Stat. 899) specifically includes its purposes within the Congressional statement of policy by which the Interstate Commerce Act shall be administered and enforced.

In the original Act (Feb. 4, 1887, c. 104, sec. 13, 24 Stat. 383), and until 1910 the only remedy available to a beneficiary of the prohibitions of section 3(1) and any other remedial section of the Act was by petition to the Commission after rates became effective. Upon full hearing the Commission was authorized to compel cessation of the violation. This remedy is today embodied in section 13(1) (49 U.S.C. §13(1)). However, Congress, by the Mann-Elkins Act of 1910, supplemented this remedy of complaint after alleged damage with the procedure embodied today in section 15(7) (49 U.S.C. 15(7)).

This is the procedure involved here. It is unnecessary at this point to quote the statute at length. It is sufficient only to emphasize that it authorizes the Commission in broad terms to suspend new rates, enter into an investigation of their "lawfulness" (which embraces each remedial section of the statute) and to "*make such order with reference thereto as would be proper in a proceeding initiated after it had become effective,*" i.e., as would be proper in a complaint proceeding under section 13(1) (Emphasis supplied). Thus, the statutory scheme is crystal clear.

The cases relied on by Judge SWEENEY do not establish any broad principle that the competitive needs of carriers are paramount and warrant disregard of the effect of proposed rates on ports. It is true that in the *Galveston* case (*Texas & Pac. Ry. Co. v. United States,* 289 U.S. 627), a bare majority of this Court over the dissent of Chief Justice HUGHES and Justices BRANDEIS, CARDOZO, and STONE, set aside an order of the Commission which compelled reluctant carriers to establish a differential recognizing a distance advantage of Galveston and other Texas ports over New Orleans in the movement of traffic to and from certain interior points. The decision in that case was based on two grounds, both of which have subsequently been repudiated. One ground was that no order could be made under section 3 unless the carrier against which the order was directed controlled the joint rate. In *New York Central Railroad Company v. United States*, 207 F. Supp. 483 (S.D.N.Y. 1962), Judge FRIENDLY pointed out that (p. 490):

> "* * * the combined effect of New York v. United States, 331 U.S. 284, 340-343, 67 S. Ct. 1207, 91 L. Ed. 1492 (1947), and Ayrshire Collieries Corp. v. United States, 335 U.S. 573, 593-594, 69 S. Ct. 278, 93 L. Ed. 243 (1949), is to validate Mr. Justice Stone's statement, dissenting for the Chief Justice, Mr. Justice Brandeis, Mr. Justice Cardozo and himself, in Texas & Pacific, 289 U.S. at 669, 53 S. Ct. 768, that the 'control' requirement exists only when the Commission issues an 'alternative order' requiring the removal of discrimination and not when, as here, it uses the minimum rate power against carriers which are parties to the two rates claimed to be discriminatory."

The principal ground on which the majority rested the decision in the *Galveston* case was that a port was not a "locality" entitled to the protection of section 3(1) of the statute as it then stood. Congress promptly passed the Act of August 12, 1935, c. 509, sec. 1 (49 Stat. 607), specifically including ports among the localities entitled to protection against undue prejudice and disadvantage.

It is true that Mr. Justice ROBERTS' opinion in the *Galveston* case contained some general language indicating that carriers in initiating rates may adjust them to competitive conditions and that such action does not amount to undue discrimination (289 U.S. at p. 636). But as Mr. Justice STONE was careful to point out in his dissent, at p. 656:

> "In holding that the Commission is without power to make the order, the Court does not deny that a discrimination which is produced by charging equal rates for unequal service is prohibited by the statute as much as one resulting from unequal rates for equal service. Compare the Shreveport Case (Houston, E. & W. T. R. Co. v. United States) 234 U.S. 342, 346, 58 L. ed. 1341, 1346, 34 S. Ct. 833. Nor does the Court consider material, in this respect, the findings of the Commission that the rates to Texas ports and New Orleans are both reasonable to shippers, in that the former are not too high, or the latter so low as to cast a burden on other traffic. For it is not denied that the Commission may remove a discrimination effected by rates which are within the zone of reasonableness if the discrimination is one forbidden by §3(1) of the Act."

We respectfully suggest that if any weight whatsoever can be attached to the language of Mr. Justice **Roberts** on which the appellees rely, it must be interpreted in the manner suggested by Mr. Justice **Stone** and his colleagues.

The District Court also relied upon the *Milwaukee* case (*United States v. Chicago, M., St. P. & P. R.R.*, 294 U.S. 499). Nothing in that case presented any issue under section 3(1) of the statute. The remarks of Mr. Justice **Cardozo** at p. 506 to which the District Court refers related to a wholly different question, viz.: whether the rates at issue in that case violated sections 1(5) and 15(a)2 of the statute.

Finally the District Court invoked *New York Central R. Co. v. United States*, 99 F. Supp. 394 (D. Mass. 1951), affirmed by this Court in 342 U.S. 890. That case held that carriers were entitled to publish rates eliminating a differential on the movement of ex-lake grain from Buffalo which had favored Philadelphia and Baltimore over New

York and Boston. Again that case presented no issue under section 3(1) of the statute. This was clearly pointed out by Judge **Magruder**, who said (at 99 F. Supp. 402):

> "Finally, the Commission did not find that, because of the difference in terminal operations, equalization of rates would unduly prejudice Baltimore and Philadelphia or unduly prefer New York, in violation of section 3(1)."
>
> (p. 404) "Perhaps the use of the word 'unjust' in the sentence quoted would imply that carriers in an effort to meet competition could reduce rates to bring about some diversion, but not too much. In any event, the statement falls short of an express finding that the proposed rate equalization would result in such a drastic diversion of traffic as to work undue prejudice to Baltimore and Philadelphia and thus to violate §3(1), the only section of the statute specifically dealing with the matter of port relationships. Hence, we think it is not a sufficient basic finding to support the Commission's ultimate conclusion.
>
> "Even if the statement is treated as a finding that rate equalization would produce such extensive diversion of traffic as to prejudice unduly the ports of Baltimore and Philadelphia, such finding is not supported by substantial evidence on the record as a whole."

It should also be noted that in the *Ex-Lake Grain* case, no matching reductions had been filed by the southern carriers and that there was virtually no difference in the distance between the affected ports and Buffalo as the Commission itself found (See 99 F. Supp. 398).

In a motion to affirm previously filed in this case, the appellees quote from the report of the House Committee on Interstate and Foreign Commerce some general language to the effect that the 1935 amendment to section 3 of the statute was intended to "afford competing ports a forum in which to complain of rate adjustments which tend to concentrate the movement of the traffic through one port or a limited number of ports and to deprive other ports of an opportunity to handle a part of such traffic." The appellees argue that this language demonstrates that the amendment of section 3 was intended to eliminate all differential rates from port adjustments. However, as the Commission pointed out (R. 3853):

> "For over 20 years following the above-mentioned amendment to section 3(1) of the act, no North Atlantic port, except Philadelphia, has complained of any unlawfulness in the general adjustment of these port rates."

Moreover, the legislative history of the 1935 amendment proves that the appellees construction of the statute is inadmissible. While that amendment was before the Senate, Senator Long of Louisiana offered an amendment which provided:

> "Where rates and charges of common carriers to ports are made as reductions to equalize rates to ports served by competing carriers, it shall not be termed undue preference or discrimination" (79 Cong. Rec. 10608).

This amendment was rejected by a vote of 49-23 (79 Cong. Rec. 10619). In view of that action, we submit that the 1935 amendment cannot be construed to accomplish what Congress refused to provide. Cf. *United States v. Pfitsch*, 256 U.S. 547, 550-552; *United States v. Great Northern Railway Co.*, 287 U.S. 144, 154-155; *Norwegian Nitrogen Prod. Co. v. United States*, 288 U.S. 294, 305-308.

In *New York v. United States*, 331 U.S. 284, 300, this Court pointed out that the 1935 and 1940 additions to section 3 were not intended to introduce any new standard of discrimination, but merely to make clear that ports, regions, districts and territories were entitled to protection against undue discrimination.*

Judge **Sweeney** took an even more extreme view of the statute than do the appellees, asserting that "one of the purposes of the 1935 amendment of Section 3 was * * * to permit *all* ports and the carriers serving them to compete for *all* import and export traffic and thereby maximizing the number of ports available." (Emphasis supplied.) (R. 4004). Such a construction of the statute would border on absurdity. There is, of course, no principle that all ports and the carriers serving them are entitled to compete on on equal terms for all export and import traffic to every inland point. No one would argue that Baltimore railroads are entitled to compete on equal terms with Philadelphia carriers for the traffic to Wilkes-Barre or Scranton. Nor would anyone contend that the Baltimore railroads are entitled to compete on equal terms with the New York carriers for traffic moving to the Hudson River Valley.

(4) Judge **Sweeney** asserted that (R. 4004):

> "The finding in this case, if pressed to its logical conclusion, would result in traffic flowing only through the most distance favored port. On the other hand, if applied only in this case, the decision is arbitrary and capricious."

This amounts to saying that if any weight is given to distance in adjusting rates between the North Atlantic ports, then no weight may be given to any other factor in this or any other port adjustment where a distance difference is found to exist. This kind of reasoning hardly requires an answer. Obviously distance may be given more weight in some cases than in others, the precise weight to be given in any case depending upon other relevant circumstances. It is unreasonable to say that no weight can be given to distance unless it is treated as dispositive.

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* See also the remarks of Senator Walsh of Massachusetts (79 Cong. Rec. 10596):

> "There is no change in the yardstick. The same yardstick or the same method of reaching a decision by the Interstate Commerce Commission will exist with the word 'port' in the law that now exists with the words 'person, firm, corporation or locality' in the law. It is simply an extension of the jurisdiction, where discrimination exists, to include 'port' and embrace it within the word locality."

A somewhat similar argument is that made by Commissioner WEBB, dissenting, who contended that in the present case the Commission has for the first time departed from an established policy of rate equality which "by preventing the growth of monopolies based on geographical advantages, has benefited railroads, shippers, ports, steamship operators, and the general public by insuring a free flow of commerce through as wide a range of ports as practicable" (R. 3807). Adoption of this argument by the District Court is implicit in Judge SWEENEY's statement that "Until it filed its report on reconsideration in this proceeding, the Commission, itself, has continually adhered to the proposition that distance plays no part in the determination of port differentials" (R. 4003).

In an earlier part of this brief we have undertaken to show that this was certainly not true in the case of the North Atlantic Ports Adjustment which from the very beginning has given at least partial recognition to the distance advantages of Baltimore and Philadelphia over New York and Boston (*supra*, pp. 21-22).

Nor is the North Atlantic Ports adjustment the only instance in which the distance factor has been given weight by the Commission. In *Galveston Commercial Association v. Galveston H. & S. A. Ry. Co.*, 100 I.C.C. 110 (1925), 128 I.C.C. 349 (1927), 160 I.C.C. 345 (1929), the Commission compelled reluctant carriers to give recognition to the distance advantage of the Texas ports over the port of New Orleans to certain interior points.* As previously noted, this case was reversed in this Court, but the opinion of Mr. Justice Roberts, who spoke for the majority, was based on grounds which have since been repudiated, and the dissenting opinion of Mr. Justice Stone speaking for Chief Justice Hughes and Justices Brandeis and Cardozo upholding the action of the Commission speaks with far greater authority today.

It is true that in the Commission's original report in the present case there are certain passages which appear to be consistent with Judge Sweeney's statement that "distance plays no part in the determination of port differentials", but the Commission properly set the matter straight in its report on reconsideration in the present case (See R. 3839-3840, 3847-3848, 3852-3853). It is, also true, of course, that distance considerations may in some cases not be regarded as controlling. In *Hillsborough County Port Authority v. Ahnapee & W. Ry. Co.*, 313 I.C.C. 691 (1961), aff'd. *Alabama, Tennessee and Northern Railroad Company, et al. v. United States, et al.*, 207 F. Supp. 638 (S.D. Ala. 1962) the Commission said (at pp. 695-696):

> "It is sound and reasonable to conclude that between the ports and their surrounding areas the inherent advantage of rail distance should be a factor in influencing the rate that will move the traffic through its natural port. Generally, however, as the distances from competitive ports increase, the significance of the mile-

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* See also *Port Commission of the City of Beaumont, Texas, v. Abilene & Southern Railway Company*, 251 I.C.C. 137 (1942), 253 I.C.C. 127 (1942); *Nueces County Navigation District No. 1 v. Abilene & Southern Railway Company*, 251 I.C.C. 115 (1942), 253 I.C.C. 99, 745 (1942); *Tampa Traffic Association, et al. v. Aberdeen & Rockfish Railroad Company*, 272 I.C.C. 217 (1948), 281 I.C.C. 483 (1951), 286 I.C.C. 455 (1952), aff'd. 132 F. Supp. 948 (S.D. Fla. 1955).

age factor decreases in arriving at just and reasonable port rate relationships."

Again, in *City of Wilmington v. Alabama Great Southern Railroad Company, et al.*, I.C.C. (decided June 14, 1962), the Commission said that where a more distant port is faced with the competition of stronger ports, equalization has often been permitted or even required, but such equalization has been confined within reasonable limits determined by the needs of the ports concerned, the carriers serving them and the shipping public.

It is upon this theory that Boston, in spite of its distance disadvantage, has always been held by the Commission to be entitled to the same rates as New York on traffic moving to and from differential territory. It is also consistent with this theory that Hampton Roads has received the benefit of Baltimore rates west of the Sandusky line and Portland has the same rates on imports moving to that territory via Canadian routes. See *Maritime Association, Boston Chamber of Commerce v. Ann Arbor Railroad Company*, 95 I.C.C. 539 (1925). No case, however, will be found in the Commission reports where recognition has been denied to the distance advantage of a competitively weaker port and that in a nutshell, is the position of Baltimore and Philadelphia in the present case as it was at Albany.

We submit, therefore, that the District Court was wrong in its history of the North Atlantic Ports Adjustment and equally wrong in its reading of the decisions of the Commission dealing with other port relationships.

III.

The District Court Erred in Making An Independent Finding That the Rates Proposed by the Northern Carriers Are Just and Reasonable.

The District Court, adopting the view of dissenting Commissioner WEBB, made its own finding that the proposed rates to the northern tier ports had been shown to be just and reasonable. The Commission made no such finding. On the contrary, the Commission found that the cost evidence in the record was not adequate to permit a finding that the rates would be compensatory (*supra*, p. 6).

In support of its finding the District Court said (R. 4000):

> "... the plaintiffs presented proof that the proposed rates are just and reasonable. In view of the minimal amounts of the proposed reductions (reduction in revenue from Chicago to Boston would be .08 cents per ton-mile on first-class traffic and .10 cents on Column 13 traffic, for example), the plaintiffs relied on a prima facie showing of revenues. There was testimony that, using representative origins and destinations and the proposed rates, for 96.8 per cent of all tonnage moving through the port of New York, the import traffic averaged a rate per ton of $19.20 and revenues per ton-mile of 2.47 cents, and that for export traffic these figures were $18.00 and 2.32 cents. In comparison the average revenue per ton-mile for Class I railroads in the United States is 1.384 cents.
>
> "The defendant railroads countered this evidence by showing that with respect to traffic through the port of New York the proposed rates were insufficient to return out-of-pocket costs. But, while it refused to find the rates compensatory, the Commission did find after restating and adjusting the cost evidence that 'the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs.' Equalization of Rates, *supra*, at 735,

> "On this evidence the plaintiffs certainly established prima facie that the proposed rate schedule is just and reasonable."

It will be seen that the District Court, in making its own finding that the rates proposed by the northern carriers are just and reasonable, relied primarily on the evidence as to revenues and on the Commission's finding as to out-of-pocket costs.

The evidence as to revenues need not detain us long. Whatever effect it might properly be given in the absence of specific evidence as to the cost of service, it can have no weight where the record contains cost studies which do demonstrate that the revenues, however great, barely exceed out-of-pocket costs. That is the case here, and in the face of such studies any inferences which might otherwise properly be drawn from the sort of testimony referred to in Judge SWEENEY's opinion simply fall to the ground.

It is true that the Commission did find that the revenues from the rates proposed by the northern carriers "would equal or exceed by a very small margin the estimated out-of-pocket costs" (R. 3797). But the Commission was careful to point out that this finding was limited to existing traffic only at the port of New York and concluded that the presentation of costs in the record by either side was not sufficiently comprehensive to permit a determination "whether the proposed rates would be reasonably compensatory" or whether "other traffic would be forced to absorb a larger portion of the constant costs in order to maintain a national transportation system conforming to the ultimate objectives of the national transportation policy" (R. 3797). Since, however, the Commission had considered the relationship question and had determined that the existing differential rate structure was fair and that the rates proposed by the northern carriers were unlawful, the Commission made no finding as to whether the rates proposed by the northern carriers had been shown to be otherwise unlawful.

Appellants submit that in making its own determination that the rates had been shown to be just and reasonable the District Court far exceeded the proper bounds of judicial review as delimited by the decisions of this Court. In *Illinois Commerce Commission v. United States*, 292 U.S. 474, this Court said (p. 481):

> "Whether or not the cost study was representative, whether the study should have been more refined, and whether it should have been supplemented as appellants desired, are questions of fact, the determination of which is within the competence of the Commission."

Moreover, the power of the Commission to find rates unreasonably low even though compensatory has been well settled by this Court. For example, in *New York v. United States*, 331 U.S. 284, this Court said (p. 346):

> "If the Commission were powerless to increase rates to a reasonable minimum in order to eliminate an unlawful discrimination, unless existing rates were shown to be non-compensatory or unless ruinous competition would result, it would in some cases be powerless to prescribe the remedy for unlawful practices."

In *New York Central Railroad Co. v. United States*, 207 F. Supp. 483 (S.D.N.Y. 1962), Judge FRIENDLY said (at p. 494):

> "The Commission's present disapproval of the New York rates thus cannot be sustained on the basis on which its earlier disapproval of parity for Boston

was upheld in Boston & Maine R.R. v. United States, 153 F. Supp. 952, 960 (D. Mass. 1957). On the other hand, defendants are right that this does not settle the case against the Commission. If the Commission's power to condemn rates as too low were confined to situations in which the rates did not cover out-of-pocket costs, its power to control ruinous competition among railroads would be largely ineffective. Rate reductions, counter-reductions by a competitor, and further cuts by the first carrier in retaliation could go on unchecked until the rates reached the level of out-of-pocket costs. Locklin, Economics of Transportation 5th Edition, 1960, at 311."

IV

Boston Is Not Entitled to Rates Lower than New York.

In the present case the northern carriers originally undertook to justify the proposed rates to all the northern tier ports as a group. They argued for equalization of rates to all North Atlantic ports and did not suggest that any one of the northern tier ports should be given preference over another. However, during the course of the hearings, Boston and the carriers which serve that port asserted an independent claim to Baltimore rates, even though the Commission should find that New York was not entitled to them. This claim was considered and rejected by the Commission in its original report, but the Department of Justice in its answer to the original complaint filed in the District Court took the position that the Commission had failed to give adequate consideration to the claims of each of the northern tier ports separately. Accordingly, in its report on reconsideration the Commission specifically dealt with each of the northern tier ports separately and reached the conclusion that whether considered separately or collectively the northern carriers had failed to justify the proposed rates.

So far as the group adjustment is concerned, the failure of the northern carriers to meet their burden of proof is, we submit, perfectly apparent for the reasons which we have stated. We submit that the northern carriers have also failed to justify the proposed rates to any of the northern tier ports separately considered. As to New York nothing can be added to what has already been said. The Commission has found that this giant among the northern tier ports completely overshadows its competitors without the need of any artificial equalization of rail rates in disregard of the geographical advantages of its rivals. Portland has made no attempt to justify the proposed rates; on the contrary, it has opposed the proposed equalization. Albany has completely failed to show that it would benefit in any way from the proposed rates.

There remains Boston. In the District Court the Boston interests argued strenuously that the carriers which served that port should be allowed to file rates at the Baltimore level even though the existing relationships between New York and the southern tier ports were maintained without change. As we have previously pointed out, this is not a new question. In 1912 the Commission was told that "Boston cannot live commercially without equal inland export and import rates with Baltimore" and at that time the Boston interests specifically asked the Commission to fix Boston rail rates at a level "lower than like rates to and from New York to the extent of the present differentials at Baltimore." The Commission refused this request, pointing out that it had no right to deprive New York of its natural advantages over Boston by fixing "arbitrary and artificial differentials." *Chamber of Commerce of N. Y. v. N. Y. C. & H.R. R.R. Co.*, 24 I.C.C. 55, 62.*

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* See Appendix A *infra*, pp. 84-87 for further quotations from this opinion.

Again, in 1925, the Commission said (*Maritime Association, Boston Chamber of Commerce v. Ann Arbor Railroad Company*, 95 I.C.C. 539, 565):

> "Complainants, however, are not seeking lower rates than New York, and it will hardly be contended that they could seek such rates under any provision of the interstate commerce act. * * * Certainly we are not warranted, in our determination of these matters, in disregarding differences in distance which are substantial and material when compared with the total hauls involved."

In *State of New Jersey v. Baltimore & O. R. Co.*, 245 I.C.C. 581 (1941), the port of Boston intervened in support of the claim of the State of New Jersey and the City of Jersey City to rates for the New Jersey side of New York harbor lower than those applicable to the New York side of the harbor. The effect of such an order would have been to give Boston lower rates than those applicable to the City of New York. The Commission dismissed the complaint on the ground that it would disturb the North Atlantic Ports Adjustment.

In the report on reconsideration in the present case the Commission pointed out that the average short-line distance to Boston from key points in differential territory exceeds that to New York by 117 miles and that the distance from Chicago to Albany is 184 miles less than to Boston, to which it is intermediate. The Commission then pointed out (R. 3854):

> "Boston's rates, as proposed, would be lower than the present rates to and from Albany, and also lower than the present rates to and from New York and Philadelphia. Rates lower to or from Boston than to or from the other ports just mentioned, over some

> routes, would be in violation of the long-and-short haul provisions of section 4 of the Interstate Commerce Act."

Boston is really asking the Commission to use its powers to allocate to Boston traffic which would naturally flow to its rivals. It is not asking for equal treatment, it is asking for preferential treatment. This no carrier has the right to give it; much less the Commission. In *Texas & Pac. Ry. Co. v. United States*, 289 U.S. 627, this Court said (at p. 637):

> "A tariff published for the purpose of destroying a market or building up one, of diverting traffic from a particular place to the injury of that place, or in aid of some other, is unlawful; and obviously, what the carrier may not lawfully do, the Commission may not compel."

In the footnote which follows that statement, the Court says:

> "The Commission has recognized the same principle. Ashland Fire Brick Co. v. Southern R. Co., 22 Inters. Com. Rep. 115, 121; Chamber of Commerce v. New York C. & H. R. R. Co., 24 Inters. Com. Rep. 55, 63, 70, 75; Maritime Asso. v. Ann Arbor R. Co., 95 Inters. Com. Rep. 539, 565."

The two cases last cited in the footnote are, of course, those in which the Commission discussed the claim of Boston to preferential treatment over New York.

It is true as we have previously pointed out, that in important respects the *Texas & Pacific* case has been subsequently repudiated either by this Court or by act of Congress. However, on this limited point, the case still stands as good authority. See *New York v. United States*, 331 U.S. 284, 331-332; *New York Central Railroad Company v. United States of America*, 207 F. Supp. 483, 494 (S.D. N.Y. 1962).

CONCLUSION

The general objectives proclaimed by Congress in the national transportation policy embody in statutory form a principle which the Cooley commission recognized many years ago. In upholding the reasonableness of the agreement of 1877, the commission said (R. 1650):

> "While it is not the province of Government to build up cities for its people, it is its plain duty to permit the cities the people built to live; and it should so shape its own action as to allow every town, as far as possible and reasonable, to avail itself of all its natural and acquired advantages in adding to the prosperity, happiness and comfort of the whole community."

The Commission heeded that admonition. The District Court failed to do so. Its judgment should be reversed.

Respectfully submitted,

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APPENDIX A

A. *The Origin of the North Atlantic Ports Adjustment*

Prior to 1875, four railroads had extended their lines across the Alleghenies. The New York Central lines reached Chicago in 1852; the Erie and Pennsylvania soon afterwards, and in 1874 the Baltimore & Ohio first entered Chicago over its own rails.[*] These four lines served the major North Atlantic ports of Boston, New York, Philadelphia and Baltimore, through which flowed most of the traffic between the United States and Europe.[**] Until 1876 the rates applying to shipments between these four ports and the territory west of the Alleghenies fluctuated with the tides of competition. For a time the Baltimore rates were ten cents per hundred pounds less than the New York rates,[†] but this was soon altered by unilateral reductions by carriers primarily serving New York. The result was a series of rate wars which ultimately produced a condition bordering on the chaotic.

To correct this situation, the carriers entered into an agreement in 1876 which provided that rates to Baltimore, Philadelphia and New York should be established upon the basis of actual distance from the inland point of origin to the several ports. This agreement continued in effect for only six weeks, whereupon the rate war was resumed.[††] On April 5, 1877, the Presidents of the New York Central, Erie, Pennsylvania, and Baltimore and Ohio Railroads entered into an agreement which recited that it had been made

> "To avoid all future misunderstandings in respect to the geographical advantages or disadvantages of the Cities of Baltimore, Philadelphia and New York, as affected by rail-and-ocean transportation, and with the view of effecting an equalization of the aggregate cost of rail and ocean transportation between all com-

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[*] *In the Matter of Differential Freight Rates to and from North Atlantic Ports*, 11 I.C.C. 13, at p. 17 (1905).

[**] Id. at p. 15.

[†] Id. at p. 16.

[††] Id. at p. 16.

> petitive points in the West, Northwest and Southwest, and all domestic or foreign ports reached through the above cities * * * "

After providing for fixed differences in the rates to the three named ports on all east-bound traffic, both domestic and export-import, from all competitive points beyond the western termini of the trunk lines of three cents less per hundred pounds to Baltimore and two cents less per hundred pounds to Philadelphia, the agreement provided that the rates to Boston should at no time be less than those to New York on domestic or foreign freights. As to west-bound traffic, the same differentials were established on third and fourth-class traffic, but on first and second class the differential was increased to eight cents less per hundred pounds from Baltimore and six cents less per hundred pounds from Philadelphia than the agreed rates from New York.*

The agreement of 1877 immediately came under investigation by the Hepburn Committee of the New York Legislature, and at a hearing held by that committee, the President of the New York Central Railroad said:

> "I think the railroads have done their full share towards the prosperity of the commercial interests of the State and City of New York from the very fact we are transporting goods in competition with other roads, 200 miles further for two cents more * * * "**

The President of the New York, Lake Erie and Western Railway Corporation testified that the agreement was a compromise, in securing which the New York carriers "thought we were very successful when we got it reduced from 6, 8 and 10."[*] The Vice President of the Erie, testifying at the same hearing, emphasized the fact that distance was a factor in fixing the differential. He said:

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* The agreement is printed in full at R. 1903-1904.

** Proceedings of the Special Committee on Railroads, appointed under a resolution of the Assembly to investigate alleged abuses in the management of railroads chartered by the State of New York, New York, 1879, at p. 1675. See *Daish, The Atlantic Port Differentials* (1918) p. X.

> "We are not called upon by any mercantile principle or usage to carry that extra distance for nothing, and there are no 272 miles of railroad that can be built for nothing, can be worked for nothing, that should be given to the public for nothing[**]."

B. *The 1880 Arbitration*

On June 3, 1880, the New York Central gave notice of its desire to modify the 1877 agreement "on the ground that the differences in rates adopted April 5, 1877, * * * were based upon the then existing ocean rates, with the view of equalizing shipments from common points west to common points in Europe, making at that time the rates substantially the same on all export business through the different ports; but that since that time reductions have been made in the ocean rates from Philadelphia and Baltimore, which bring them nearly on the same level with those from New York, thus giving the Southern ports greatly the advantage over New York on export freight." This matter was referred to Albert Fink, Commissioner of the Trunk Lines for investigation, who filed a report on December 1, 1881.[†] After reciting the facts quoted above, and after careful analysis of ocean rates, Mr. Fink concluded that "even if the principle to adjust inland rail rates on the exact basis of differences in ocean rates were adopted as correct, it would be impracticable to carry it into practice with justice to all parties.[††] He went on to say:

(pp. 29-30 of Daish)

"The adjustment of railroad transportation rates has so far been considered from the standpoint of the rail-

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[*] Id. at p. 1480. *Daish*, op. cit. p. XI.

[**] Id. at p. 3175. *Daish*, op. cit. p. XI.

[†] This report is printed in full in *Daish, The Atlantic Port Differentials* (1918) at pp. 9-63.

[††] *Daish*, op. cit. p. 29.

> road companies. The question at issue concerns in an equal degree the commercial communities competing with each other for the export grain trade. It is, therefore, necessary to consider it from the broader standpoint of the merchants or the commercial communities engaged in the trade. * * * It is not merely a question of railroad transportation rates, although that is no doubt, a very important element.
>
> "Assume, for the sake of illustration, that one of the ports possessed great commercial advantages, which, with equal transportation rates, would give it a decided preference, to such an extent that the whole export business would seek this port. Could it be expected that the other ports, less advantageously situated, and the railroads identified with them, would be willing to allow themselves to be debarred from participating in the commerce of the world; that they would allow their railroad facilities, their warehouses and elevators, their capital and investments, to lay idle, out of mere respect for the abstract principle that transportation rates to and through all ports must be the same, regardless of any and all other considerations that control trade and commerce.

Mr. Fink's suggested solution of the controversy was that the carriers should "agree upon a proper distribution of that traffic at its source, if possible, and then to allow it to flow to the different cities according to the natural laws of trade."* However, this suggestion was not adopted by the carriers. Instead, they referred the whole matter to the arbitration of a committee consisting of Messrs. Allen G. Thurman, E. B. Washburne and Thomas M. Cooley. On July 20, 1882, that committee filed a report which examined the whole question of the differentials with great thoroughness.** At the outset of its discussion, the committee remarked:

> "It seemed to be taken for granted, in the arguments presented to us, that the existing differentials

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* *Daish*, op. cit. p. 42.

** This important report is printed in full at R. 1627-1667.

> had not been determined on any principle, but that they were the result of a compromise between the railroad companies, whereby they had purchased peace between themselves'."*

The committee then considered whether the rates at issue should be based on mileage, on cost of service or on an attempt to equalize the competitive advantages of the various ports. After examining the existing differential rate structure in the light of each of these competing principles, the Commission said:**

> "It only remains for us to state that no evidence has been offered before us that the existing differentials are unjust, or that they operate to the prejudice of either of the Atlantic seaport cities. Differential rates have come into existence under the operation of competitive forces; they bear some relation to relative distance and relative cost of service; they recognize as we think the relative advantages of the several seaports; and they are subordinate to the great principle which compels the carriers of property competing between the same points and offering equal facilities to their customers, to make the same rates. We therefore cannot advise their being disturbed."

C. *The Hampton Roads Ports Adjustment*

Thereafter the differentials continued in effect without further litigation for a period of approximately fifteen years, during which (and prior to the year 1900), the railroads serving the ports of Hampton Roads published rates at the Baltimore levels between the ports of Norfolk and Newport News and various localities in differential territory lying west of the Sandusky-Mansfield-Newark-Marietta line.†

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* R. 1636

** R. 1666

† See testimony of T. Jefferson, Jr.; R. 2720-2721

D. *The New York Produce Exchange Case*

In 1887 the Interstate Commerce Act was placed on the statute books. Ten years later a group of New York merchants filed a complaint with the Commission charging that the North Atlantic Ports Adjustment unduly preferred Boston, Philadelphia, Baltimore, Newport News and Norfolk to New York.* The principle ground of complaint was that the agreement of April 5, 1877, was intended to equalize ocean rates, whereas "at the present time ocean freights upon grain, flour and provisions are substantially the same from all the ports."** The Commission found that so far as full cargo business was concerned "there is no appreciable difference in cost, and no appreciable difference in the ocean rate from the three ports, New York, Baltimore and Philadelphia."† As to grain carried at "berth rates," the Commission found that there was a difference in favor of New York over Philadelphia of from 1½ to 2 cents per hundred pounds; "and that about the same difference exists against Baltimore."††

The Commission then said:

> (p. 669) "The defendants do not justify these differentials upon the ground either of distance or cost of service. We do not express an opinion that they could be justified to their full extent upon either of these grounds. They certainly could not in the case of Norfolk and Newport News. But we do think that in this inquiry between the three localities, New York, Philadelphia and Baltimore, in determining whether there is an undue preference, the advantage which Philadelphia and Baltimore possess in the way of distance should be considered, and that the same is true of the additional expense of delivery at New York."

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* *New York Produce Exchange v. B. & O. R.R., et al.,* 7 I.C.C. 612 (1898).

** 7 I.C.C. at 624.

† 7 I.C.C. at 626.

†† 7 I.C.C. at 630.

(p. 667) "Distance is frequently disregarded by carriers in the making of their rates. The Commission has held it may be under some circumstances properly disregarded to some extent. It has been repeatedly said, however, that distance ought, when possible, to be regarded, and we have never held that a carrier would be compelled to disregard it for the purpose of putting two communities upon a commercial equality."

(p. 678) "These differentials apply upon all classes of freight and accordingly upon all commodities. In the very nature of the case they cannot be abstractly just, but only fair in the aggregate result. Their purpose is to give to each line its fair share of export business. Many other commodities are exported besides those embraced in this proceeding. In case of grain the freight rate is a very large factor in its value, while in case of other exports it may be insignificant. A differential which determines the route by which grain shall be exported would have no effect whatever upon some other article. These higher grade exports go almost entirely to the port of New York, from which they find quicker service to all parts of the world, and from which they can only find communication with many parts of the world. Now, if the quantity of these exports, which the differential does not divert to Baltimore or Philadelphia, has been increased in late years, it is manifest that this offsets to that extent any increased diversion of grain to the outports. The freight rate which these other exports pay is higher, and it is therefore more for the interest of the carrier to transport them. The ocean rate is also higher, and the advantages to the port of New York in the way of attracting shipping are probably greater than arise from the exportation of grain. So it is by no means certain that more grain ought not to go through the outports to offset the increased exports of other kinds from New York."

Following this decision of the Commission, the carriers concerned agreed to reduce the differential on coarse grain and wheat for export to one and a half cents for Baltimore and one cent for Philadelphia under New York.*

E. *The 1905 Arbitration*

In 1905 the commercial organizations of Boston, New York, Philadelphia and Baltimore appealed to the Commission by petition, asking that it examine the whole subject of differential rates to and from those four cities in the role of arbiter and "determine whether the present differentials should be abolished or if retained modified."** Commissioner Prouty, speaking for all but one member of the Commission, after reviewing the history of the differential, said (at p. 18):

> "The agreement of 1877 had been intended, as already seen, to equalize the rates through the different ports, the lower inland rate being supposed to correspond to the higher ocean rate. The New York lines withdrew from this agreement upon the plea that while ocean rates had been distinctly higher from Baltimore and Philadelphia in 1877, they had become in 1880 practically the same.
>
> "Both Mr. Fink and the Advisory Commission found that ocean rates were higher from Baltimore and Philadelphia than from New York and attached much importance to this fact, but a careful reading of these reports apparently shows that in the opinion of their authors the difference in ocean rates was not the only factor which should be considered, partly for the reason that it was impossible to determine exactly what the ocean rate was, and partly because the thing to be equalized was not the rate but the advantages of transportation through the several ports."
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> (p. 67) "While, however, it would be impossible to secure by the application of any inland differential the same rate through all the ports it would be possible

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* See. *Export and Domestic Rates*, 8 I.C.C. 214, 228 (1899).

** *In the Matter of Differential Freight Rates to and from North Atlantic Ports*, 11 I.C.C. 13 (1905).

to say with confidence that if this were the proper basis of making the differential the present differentials are too high, *for they undoubtedly exceed the difference in ocean rates. In our opinion they always have from the very first.* While the Thurman Commission reported that rates from Philadelphia and Baltimore were higher than from New York by an amount substantially equaling the differentials, Mr. Fink, a much closer observer, with much better means of information, stated in his report of 1881 that the difference in ocean rates was only about one-half the differential from Philadelphia, and something more than one cent less than the differential from Baltimore. This Commission found upon the former hearing that the difference in ocean rates did not equal the differentials. We have now expressed the belief in our findings of fact that for the last seven years the difference in ocean rates has been materially less than the differentials. During all this time the inland differential has been in effect and for the last two or three years it has been strictly observed. It must follow, therefore, that the rate through Baltimore and Philadelphia has been distinctly lower than the rate through New York." (Emphasis supplied.)

(p. 77) "We have not considered westbound differentials applicable to import traffic since there are no facts in this record upon which to base an opinion. With respect to export differentials we conclude: that the differential on flour both all-rail and lake-and-rail should be 2 cents per hundred pounds at Baltimore and 1 cent per hundred pounds at Philadelphia; that there should be allowed both Baltimore and Philadelphia a differential of $^{3}/_{10}$ of 1 cent per bushel on ex-lake grain; that otherwise the present differentials should remain in force. This is not a proceeding in which the Commission could make an order, nor do we intend to intimate that the facts appearing would justify an order in any proceeding. Our impression is that the above modifications would be fair to the various communities and lines of railway interested.

> and that it is in the public interest that these differentials should be so adjusted that all the ports and the various lines serving them may fairly compete for this traffic."

F. *The 1912 Arbitration*

In 1912 the Commission once again reviewed the entire North Atlantic Ports differential rate structure. In this proceeding the Commission acted in a dual capacity. Its jurisdiction was first invoked in 1910 by the railroads serving the ports of Boston, New York, Philadelphia and Baltimore and the commercial bodies of Boston, Philadelphia and Baltimore which requested the Commission "to decide and advise as to the adjustment of the inland import rates from the several ports." This intervention was requested after a rate war had been precipitated as the result of a reduction in rates by the Boston railroads. Thereafter the Chamber of Commerce of the State of New York, filed a formal complaint alleging that the rates charged by rail carriers to and from the city and port of New York were unjust and unreasonable "in themselves, and relatively so as compared with competitive ports, more particularly, Philadelphia, Baltimore, Newport News, Norfolk and Boston." The reports of the Commission show that the then existing differentials were approved as fair and proper with some modifications.*

The Commission said (24 I.C.C. at p. 62):

> "The Boston interests assert that the Boston railroads are entitled by law and that it is their duty to meet the lowest export and import rates offered via any of the ports here considered, and in this position the Boston & Maine Railroad concurs. Boston asks, therefore, an order or an expression of opinion from the Commission to the effect that the inland rates on import and export traffic from and to the ports of Boston...

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* *See Chamber of Commerce of N.Y. v. N.Y.C. & H.R. R.R. Co., et al.*, 24 I.C.C. 55, 674, and 27 I.C.C. 238; *In the Matter of Import Rates*, 24 I.C.C. 78, 678, and 27 I.C.C. 245.

Philadelphia, and Baltimore should be the same, and that they should be lower than like rates to and from New York to the extent of the present differentials at Baltimore. They state that it is conclusively shown that Boston can not live commercially without equal inland export and import rates with Baltimore. They ask 'the boon of free competition' in order that Boston may secure an equitable share of the export and import traffic. It is somewhat difficult to see how the fixing of arbitrary and artificial differentials can be tantamount to 'the boon of free competition.'

"They call attention to the long list of natural and acquired advantages existing at the port of New York, and from [illegible] argue that if Boston is deprived of its advantage of lower ocean and through rates it can not compete on even terms with New York any more than can Philadelphia or Baltimore. The advantages referred to are, a natural port, unlimited capacity for future development, the Erie Canal, fast and frequent steamship service, option market, guarantee of quality of export flour, banking facilities, credit market, ocean rates, and numerous established commercial and trade connections with foreign countries. Not doubting that New York has all of these advantages we inquire, Which of them has not come as a gift of Nature or as a result of judicious investment or commercial enterprise? And which if any of them may, as a matter of law, be taken from New York or nullified by arbitrary rail rate adjustments that are not founded in reasonableness measured by the recognized standards, and the absence of unjust discrimination?

p. 74: "It is our duty to see that shippers are accorded reasonable rates and that undue discrimination is not practiced against shippers, commodities, or communities. It is also our duty to consider the interests of all of the shippers and communities affected and to refrain from condemning discriminations which are not unjust. Much weight has always been given to rate adjustments of long standing to which commercial conditions have adjusted themselves, and in this connection it is to be noted that Baltimore and Philadelphia have had lower rates than New York for more than 40 years.

(p. 75) "It is urged that Boston is as dependent as is Philadelphia or Baltimore upon the differential territory for its exports and imports, and the Boston interests join in the contention that the railroads should so adjust their rates as to insure movement of a certain or substantial part of the traffic through those ports. Neither the carriers nor the Commission has any right to undertake to so apportion the traffic between rival ports or cities. While recognizing the right of the carriers to conserve the interests of the ports and territories served by them, we can not consider the carriers as one great and single system. *In Re Advances In Coal Rates by the Chesapeake & Ohio Ry. Co.*, 22 I.C.C. 604.

"The Baltimore & Ohio and the Pennsylvania systems, reaching by their own lines so many of the important commercial centers in the middle west and so many of the lake ports and having their own boats on the lakes and hauling all of their New York traffic through either Philadelphia or Baltimore or both, control the rate situation between the territory here considered and Baltimore and Philadelphia. The competitive conditions at Baltimore and Philadelphia are created by these systems, and the rate situation to and from those ports is controlled by them. It was this control by these systems that led to the making of the differential agreement. We do not recognize such an agreement as lawful, but the conditions which brought it about are as strong to-day as they ever were and we find now, as we found in the *North Atlantic Ports* case, *supra*, that the Pennsylvania and the Baltimore & Ohio have the lawful right to maintain lower rates to and from Baltimore and Philadelphia than they contemporaneously maintain to and from New York. They would probably also have the right to make these rates the same to and from all of those ports if they chose to do so.

"The Boston lines have an undoubted right to make such rates to and from Boston as their interests demand, subject only to the limitations that the rates must be reasonable; that they may not carry that traffic at less than the cost of the service and so unduly burden other traffic, and may not unjustly discriminate against other points which they serve or in whose traffic they participate.

(p. 76) "As before stated, we neither recognize nor consider the differential agreement as lawful. The law contemplates free competition and condemns any combination which restrains such competition. We repeat that defendants Baltimore & Ohio and Pennsylvania systems have a lawful right to maintain lower rates between this differential territory and Baltimore and Philadelphia than they contemporaneously maintain to and from New York. The New York lines and their connections have a right to meet the competition so created at Philadelphia and Baltimore and which is beyond their control, while at the same time maintaining higher rates to and from New York. We think that as to this traffic, it would not be unjustly discriminatory for defendants to maintain the same rates to and from New York and Boston. We are not to be understood as holding that the present rate adjustment will for all time or for any particular period of time be just and reasonable, but we can not find that reasonable differences in rates as between Philadelphia and Baltimore on the one hand and New York on the other hand unjustly discriminate against New York. We find no justification for lower rates to and from Boston than to and from New York."

G. *The Portland Rates*

Sometime between the final decision on reconsideration of that case in 1913 and February 28, 1922, the rail carriers serving Portland, Maine, published import rates to differential territory over Canadian routes. At that time Portland was served by three railroads, the Canadian National (Grand Trunk New England Lines), Maine Central, and Boston and Maine. Both Canadian National and Maine Central moved traffic from Portland to differential territory via Canadian routes. Portland thus was in direct competition with the Canadian ports of Montreal, St. John's and Halifax, and, being an ice-free port in winter, served as winter port for Canada. All of these Canadian ports were served by Canadian carriers which had published Baltimore rates on imports moving to differential territory, and this was the reason why Portland was put on the Baltimore basis on import traffic moving via Canadian routes. Other traffic remained on the same basis as Boston and New York.*

H. *The Boston Case*

In 1922 a complaint was filed with the Commission by various civic and commercial bodies of Boston and other New England cities. In *Maritime Association, Boston Chamber of Commerce v. Ann Arbor Railroad Company*, 95 I.C.C. 539 (1925), the object of this complaint is succinctly stated by the Commission as follows:

> (p. 541) "Complainants do not contend that the rates attacked are inherently unreasonable; the issue is one of relationship. Although they ask for Boston and the other New England ports rates not exceeding those applicable between differential territory and the various ports named, what they in reality desire is that all differences in the import and export rates shall be abolished. They want equalization of rates, and it is immaterial to them how that equalization is accomplished. Boston and New York are on a parity with respect to export and import rates from and to differential territory. Complainants do not ask that the export and import rates to and from Boston be made lower than the like and contemporaneous rates to and from New York."

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* See testimony of Merrow and Langlois, R. 2366-2373, 2374-2383.

There followed a full discussion of the existing differential rate structure, in the course of which the Commission said:

> (p. 544) "Complainants say that the port differentials had their origin in an endeavor to compose rate wars and controversies between the carriers under bygone conditions, are arbitrary, were not intended to reflect, and do not reflect transportation conditions. A detailed history is given in Appendix B. Complainants assert that arbiters in the past, and we ourselves, have recognized these differentials as temporary expedients to be modified or abolished when they should prejudicially affect the natural flow of commerce to the ports. They contend that, notwithstanding efforts of those interested in the welfare of Boston to maintain and develop it as a port, the differentials have been a bar to its development, have reduced export and import traffic between differential territory and Boston almost to the vanishing point, and have prevented the securing of bulk or dead-weight cargo, such as grain and grain products, the lack of which accounts for the absence of satisfactory trans-Atlantic steamship service from and to Boston.
>
> "Prior to the entry of the United States Shipping Board, Emergency Fleet Corporation, into ocean carriage the effect of the differentials is said to have been offset and nullified by shrinkage of ocean rates in corresponding amounts. Thus the rates between inland points of the United States and foreign ports were equalized through the north Atlantic ports. Upon this record the policy of the United States Shipping Board is to make the ocean rates to and from the north Atlantic ports uniform. This equalization of the ocean rates to and from the ports complainants offer as a reason for like equalization of the rail rates to and from the same ports."
>
> (p. 554) "After careful consideration of the present record and of the conclusions reached in prior decisions with reference to this matter, we are of the opinion

that for many years prior to the World War there was a generally prevailing policy, except with respect to full cargo rates on grain, which were of minor importance, to offset the inland rail differentials in whole or in part by differences in the ocean rates to and from the north Atlantic ports. On the other hand appears that, since the World War at least, it has been and is now the generally prevailing policy to equalize these ocean rates. Apparently this change of policy was gradual rather than abrupt, and it is not possible on this record to fix the date when the change took place."

* * * * * *

(p. 554) "There is nothing to indicate, however, that in the fluctuations of the ocean rates the inland rail differentials are now taken into consideration. *It does not appear that Boston now gains any advantage whatever by reason of its shorter ocean route, or that Philadelphia or Baltimore suffers any disadvantage by reason of its longer route.*" (Emphasis supplied.)

(p. 563) "What is said as to the advantages of New York in comparison with the southern ports in general applies, although with somewhat less force, to the advantages which New York enjoys in comparison with the other north Atlantic ports. It is evident that what Baltimore and Philadelphia particularly prize are their differentials, not under Boston, but under New York. It is the competition of the latter port that they chiefly fear, and it is not at all unlikely that a proposition to give Boston also a differential under New York would, if it could be made, meet with less objection upon the part of Baltimore and Philadelphia than the present proposition to place all four ports upon the same basis."

(p. 565) "It is conceivable, for example, that it might be in the public interest to establish lower rates on export and import traffic to and from Boston, Philadelphia, and Baltimore than to and from New York. Complainants, however, are not seeking lower rates than New York, *and it will hardly be contended that they could seek such rates under any provision of the interstate commerce act.* The question which we are facing is whether the rates under attack violate, in the respects alleged by complainants, the law which we administer. We have no arbitrary power to do what may seem to be in the public interest, but only such powers as are conferred by statute, and here our only duty is to determine whether the rates under attack are unreasonably high or low and whether they unduly prejudice the New England ports and unduly prefer the other ports named. (Emphasis supplied.)

"In passing upon the reasonableness of rates or in determining whether or not undue prejudice and preference exist, it is well settled that cost of service is a factor which must be taken into consideration. There are other factors which have weight, but cost of service is one of the most important. *Certainly we are not warranted, in our determination of these matters, in disregarding differences in distances which are substantial and material when compared with the total hauls involved.* It is true that there are many instances in the rate structure where distance seems to have been given little or no consideration and that rates are often blanketed over great areas. But these situations are either the product of common consent, so that they are not subjected to the tests of the law, or they result from competitive influences. (Emphasis supplied.)

"These competitive influences are frequently encountered and explain many of the situations which complainants have brought to our attention where rates and distances are out of accord. The situation at Hampton Roads may be taken as an illustration. The distances from points in differential territory to Norfolk are in general considerably greater than they are to Baltimore, yet to a large extent the export rates and the domestic rates, and to a lesser extent the import rates, are the same to both ports. This comes about because the Chesapeake & Ohio and the Norfolk &

Western, particularly the former, have direct lines to Norfolk from certain points in differential territory and do not serve Baltimore, except in connection with circuitous routes. *If they constituted or participated in rate making routes to Baltimore as well as to Norfolk, we might, upon complaint, require greater observance of distance in the rates to these ports.* Having no control over the Baltimore rates, they may equalize these rates at Norfolk without being guilty of unduly preferring Norfolk over Baltimore. We have held that we can not prohibit carriers from meeting competition in this way so long as they are not guilty of undue preference and prejudice and so long as they do not charge rates which are so unreasonably low that they burden other traffic. On the other hand, we can not require carriers to meet competition. (Emphasis supplied.)

(p. 567) "The port differentials are arbitrary. They are fixed and uniform. Except on the first two classes westbound, they are not graded to correspond with the different class and commodity rates and have not fluctuated with fluctuations in those rates. It may be conceded that they are the result of compromise, arbitration, and agreement resorted to as the only means so far found of averting rate wars. They do not accurately reflect transportation conditions, first, because they are uniform, and second, because the lesser distances from differential territory to Philadelphia and Baltimore as compared with New York and Boston are reflected only in part. * * *

"In the present proceeding there is no evidence that the rates under attack are either unreasonably high or unreasonably low. The real issue is whether undue preference and prejudice exist. *In view of the very substantial advantages in distance from differential territory which Philadelphia and Baltimore enjoy as compared with New York and Boston, and as compared with the total hauls, we are unable to find that there is anything unlawful about the port differentials in* *favor of Philadelphia and Baltimore. Compared with the advantages in distance the present differentials in many cases are relatively small."* (Emphasis supplied.)

(p. 574) "* * * there are many other points in differential territory where the routes to these Canadian ports are made up in part of lines within the United States which have control over the rates to and from Boston. *In such instances, the differences in distance amply warrant a finding of undue prejudice against Boston, provided the evidence shows that Boston is injured by the present relationship.* In our opinion, the record is lacking in such evidence. It does not appear that St. John and Halifax attract any substantial amount of import and export traffic to and from differential territory. In default of such evidence, we are unable to make a finding that the present adjustment of rates to these Canadian ports results in undue prejudice to Boston. (Emphasis supplied.)

"Very much the same situation exists with reference to the south Atlantic and Gulf ports. To some extent these ports are reached from points in differential territory by lines of railroad which have no control over the rates to Boston. In such instances, there is no basis for a finding of undue preference of the south Atlantic and Gulf ports and undue prejudice to Boston. In other instances, the haul from the point in differential territory to the Ohio River, at least, is performed by a carrier which can control the rate to Boston. *In such cases, in view of Boston's advantage in distance and transportation conditions, there is a basis for a finding of undue preference and prejudice provided it can be shown that Boston suffers injury from the present relationship.* In our opinion, the record does not contain evidence which indicates that the south Atlantic and Gulf ports attract a substantial amount of export traffic from differential territory which would, if the rate adjustment were corrected, be likely to move through Boston or other north Atlantic ports. In default of such evidence we are unable to make a finding of undue preference and prejudice with respect to the rates to these south Atlantic and Gulf ports. (Emphasis supplied.)

"Upon the issues presented and the record made we find that the rates assailed are not unjust, unreasonable, or unduly prejudicial to the New England ports or unduly preferential of the other ports as alleged."

I. *The Baltimore Case*

In the latter part of 1928 the Baltimore Chamber of Commerce complained to the Commission that the differential rate adjustments were too low to reflect the cost advantages of Baltimore and asked that the carriers involved be required to increase them. In *Baltimore Chamber of Commerce v. Ann Arbor R.R. Company, et al.*, 159 I.C.C. 691, (1929), the Commission by a vote of 7 to 4 refused to grant the relief requested. The report of the majority said:

(p. 696) "The present differentials have been in effect for many years, as heretofore stated. When originally established only a limited consideration was given to differences in distance and terminal services and costs. At no time since have such differences been considered as determinative of the proper measure of the differentials, which have been many times approved by us. As no good reason appears why we should now accept complainant's theory and make these differentials reflect differences in cost of that part of the terminal services that take place beyond the rail ends, it seems unnecessary to further refer to the mass of so-called cost evidence of record. Complainant has made no attempt to show the relative terminal costs up to the rail ends at New York and Baltimore or to show the relative costs of line-haul transportation to those ports, except by a comparison of rates and distances. If the port differentials should reflect differences in cost only, which has not been the

> case heretofore, they should reflect the differences in cost of all the transportation, including the line-haul transportation and all terminal services, whether performed on the rails or beyond the rail ends. While cost of service is important in determining the measure of rates, it never has been the sole consideration."

Commissioner Eastman, who was one of the four Commissioners dissenting, said:

> (p. 704) "Our duty here is to consider the facts as developed of record, in the light of the statutory law which we administer. Summarizing these facts, it is shown, I believe:
>
> 1. *That, with the exception of ex-lake grain from Buffalo, the existing differentials, Baltimore under New York, are fully justified by differences in the rail service alone to and from these ports.* (Emphasis supplied.)
>
> 2. That the ultra-rail service, which has never been considered in any of the previous port differential cases to the extent now possible, is much more extensive and expensive at New York than at Baltimore, the excess in cost being in general materially greater than the existing differentials."

J. *The Domestic Class Rates Adjustment*

In 1930 the Commission ordered a general readjustment of domestic class rates in the east. The previously existing differential rate structure was abandoned insofar as domestic rates were concerned and a wholly new adjustment based solely on distance was substituted in its place. The result was that on domestic movements Baltimore's geographical advantage over competing North Atlantic ports was given much greater recognition.* However, as a result of this readjustment the domestic rates generally were less than the existing port rates, and to meet this situation the railroads established new port rates based on the domestic rate to Baltimore, to which were added the former differentials in order to make the rates to and from Philadelphia and New York. As a result of this readjustment which became effective in 1932, the port rates as a whole became lower than the corresponding domestic rates.*

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* *See Eastern Class-Rate Investigation*, 164 I.C.C. 314 (1930).

K. *The Albany Case*

Thereafter, the Albany Port District Commission filed a complaint charging that the new rate structure was unduly prejudicial to Albany and unduly preferential of the other North Atlantic ports. In *Albany Port District Comm. v. Ahnapee & W. Ry. Co.*, 219 I.C.C. 151, at pp. 155-156 (1936), the Commission upheld this complaint and found that Albany was entitled to the same rates to and from differential territory as Philadelphia. While stating that distance per se was not controlling, the Commission noted that the average distance between those two ports and all key points in differential territory was almost the same (219 I.C.C. 165) and, as the Commission noted in its report on reconsideration in the present case, this "was an important consideration in prescribing the described port relationship" (R. 3847-3848).

L. *The Philadelphia Case*

In 1938 the City of Philadelphia and other Philadelphia interests filed a complaint claiming that the rates applicable on import-export, coast-wise and intercoastal traffic between that port and points in trunk line, central, and western trunk line territories were unjust and unreasonable, unduly prejudicial to the port, and unduly preferential of other Atlantic and Gulf ports.** The Commission said (p. 25):

> "Taking as a basis of comparison the domestic rates, which were prescribed by us upon consideration of

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* *Albany Port District Comm. v. Ahnapee & W. Ry. Co.*, 219 I.C.C. 151, at pp. 155-156 (1936); *City of Philadelphia v. Baltimore & O. R. Co.*, 231 I.C.C. 21 (1938), at p. 23.

** *City of Philadelphia v. Baltimore & O. R. Co.*, 231 I.C.C. 21 (1938).

relative transportation conditions, it appears that Baltimore's port differential under Philadelphia is less by about 2.7 cents on the average than it would be if it were on the domestic basis. Certainly this does not indicate that the adjustment complained of gives Baltimore an undue advantage over Philadelphia. * * *"

(p. 34) "The differential port-rate adjustment at the ports of Boston, New York, Philadelphia, and Baltimore is the outgrowth of a long period of competitive strife. The relations between these port-rates have stood unchanged for many years and should not be overthrown except upon definite proof that they are unlawful. We have repeatedly refused to disturb them and no evidence has here been presented which would warrant a different course.

"The relation between the Philadelphia rates and the Norfolk rates in some respects might be difficult of justification if the same carriers were responsible for both sets of rates, but this is not the case. For the same reason the relatively lower rates between the south Atlantic and Gulf ports and the western part of central territory than between Philadelphia and the same territory cannot be said to be unlawful. There is no showing that the rates at Norfolk or at the southern ports are unreasonably low. The import rates from the Canadian ports are relatively lower than from Philadelphia but the water competition on the St. Lawrence River and the Great Lakes is a circumstance affecting the traffic from those ports and not encountered at Philadelphia. With respect to Albany we have in a recent case fixed the relation between that port and Philadelphia in the port-rate adjustment. No doubt as to the correctness of that decision is raised by the present record."

M. *The New York Harbor Case*

In 1941 the State of New Jersey and City of Jersey City, joined by the Boston Port Authority, sought to establish higher rates for the New York portion of New York harbor than for the New Jersey portion.* The effect of such an order would have been to give Boston lower rates than those applicable to the New York side of the harbor. The Commission dismissed the complaint, saying (at p. 591):

> "The assailed rates on water-borne traffic reflect relations to most of the other north Atlantic ports as fixed in 1882 and since then repeatedly found not unlawful by us. Disturbance of the present parity between the two sides of New York harbor as sought by complainants and the Boston intervenor would most likely precipitate a chaotic situation as between the north Atlantic ports similar to that which existed prior to 1882."

N. *The Ex-Lake Grain Cases*

Since 1941 the differential applicable to the movement of ex-lake grain from Buffalo to the North Atlantic ports has been eliminated.** But while this differential may in its origin have borne some relation to the North Atlantic Ports differential "It seems reasonably certain that the Buffalo differentials have, during the years, become entirely independent of the central-territory adjustment and cannot now be supported by the past or present history of, or the reason for the latter."† In *Maritime Asso., Boston Chamber of Commerce v. A. A. R.R. Co.*, 126 I.C.C. 199 (1927), at page ~~214~~, the Commission said:

> "Viewed either from the standpoint of history or that of the inherent nature of the traffic moving thereon, the ex-lake grain rates cannot be considered an integral part of the system of port differentials as a whole * * *"

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* *State of New Jersey v. Baltimore & O. R. Co.*, 245 I.C.C. 581 (1941).

** See *Port of New York Authority v. Baltimore & O. R. Co.*, 248 I.C.C. 165 (1941); *Export Grain from Buffalo to New York*, 278 I.C.C. 31 (1950); *New York Central R. Company v. United States*, 99 F. Supp. 394 (D. Mass. 1951), affirmed 342 U.S. 890; *Export Grain from Buffalo to New York*, 292 I.C.C. 87 (1954).

† *Port of New York Authority v. Baltimore & O. R. Co.*, *supra*, at p. 168.

O. The Iron Ore Cases

Finally, reference should be made to the prolonged and, as yet, inconclusive litigation over rates on iron ore moving from North Atlantic ports to certain points in Central Territory.* As Judge Friendly has pointed out, these iron ore cases differ significantly from the present proceeding.**

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* See 291 I.C.C. 527 (1954); 299 I.C.C. 195 (1956); 151 F. Supp. 258 (D. Md. 1957); 153 F. Supp. 952 (D. Mass. 1957); 355 U.S. 175 (1957); 314 I.C.C. 149 (1961); 200 F. Supp. 944 (S.D. N.Y. 1961); 207 F. Supp. 483 (S.D. N.Y. 1962); — F. Supp. — (D. Md., decided Dec. 19, 1962).

** *New York Central Railway Company v. United States*, 207 F. Supp. at p. 487.

APPENDIX B

APPENDIX B

The National Transportation Policy (Preamble to 49 U.S.C. 1) and the Interstate Commerce Act, 24 Stat. 379, as amended (49 U.S.C. 1 *et seq.*), provide as follows:

NATIONAL TRANSPORTATION POLICY

"It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this Act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; to cooperate with the several States and the duly authorized officials thereof; and to encourage fair wages and equitable working conditions; — all to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as other means, adequate to meet the needs of the commerce of the United States, of the Postal Service, and of the national defense. All of the provisions of this Act shall be administered and enforced with a view to carrying out the above declaration of policy."

* * * * * * *

"Sec. 1. (5) All charges made for any service rendered or to be rendered in the transportation of passengers or property as aforesaid, or in connection therewith, shall be just and reasonable, and every unjust and unreasonable charge for such service or any part thereof is prohibited and declared to be unlawful."

* * * * * * *

"Sec. 3. (1) It shall be unlawful for any common carrier subject to the provisions of this chapter to make, give, or cause any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic, in any respect whatsoever; or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever: *Provided, however*, That this paragraph shall not be construed to apply to discrimination, prejudice, or disadvantage to the traffic of any other carrier of whatever description."

* * * * * *

"Sec. 4(1). It shall be unlawful for any common carrier subject to this chapter or chapter 12 of this title to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance; or to charge any greater compensation as a through rate than the aggregate of the intermediate rates subject to the provisions of this chapter or chapter 12 of this title, but this shall not be construed as authorizing any common carrier within the terms of this chapter or chapter 12 of this title to charge or receive as great compensation for a shorter as for a longer distance: *Provided*, That upon application to the Commission and after investigation, such carrier, in special cases, may be authorized by the Commission to charge less for longer than for shorter distances for the transportation of passengers or property, and the Commission may from time to time prescribe the extent to which such designated carriers may be relieved from the operation of the foregoing provisions of this section, but in exercising the authority conferred upon it in this proviso, the Commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed; and no such authorization shall be granted on account of merely potential water competition not actually in existence: *Provided further*, That any such carrier or carriers operating over a circuitous line or route may, subject only to the standards of lawfulness set forth in other provisions of this chapter or chapter 12 of this title and without further authorization, meet the charges of such carrier or carriers of the same type operating over a more direct line or route, to or from the competitive points, provided that rates so established over circuitous routes shall not be evidence on the issue of the compensatory character of rates involved in other proceedings: *And provided further*, That tariffs proposing rates subject to the provision of this paragraph requiring Commission authorization may be filed when application is made to the Commission under the provisions hereof, and in the event such application is approved, the Commission shall permit such tariffs to become effective upon one day's notice."

* * * * * * *

"Sec. 15 (1) Whenever, after full hearing, upon a complaint made as provided in section 13 of this title, or after full hearing under an order for investigation and hearing made by the Commission on its own initiative, either in extension of any pending complaint or without any complaint whatever, the Commission shall be of opinion that any individual or joint rate, fare, or charge whatsoever demanded, charged, or collected by any common carrier or carriers subject to this chapter for the transportation of persons or property, as defined in section 1 of this title, or that any individual or joint classification, regulation, or practice whatsoever of such carrier or carriers subject to the provisions of this chapter, is or will be unjust or unreasonable or unjustly discriminatory or unduly preferential or prejudicial, or otherwise in violation of any of the provisions of this chapter, the Commission is authorized and empowered to determine and prescribe what will be the just and reasonable individual or joint rate, fare, or charge, or rates, fares, or charges, to be thereafter observed in such case, or the maximum or minimum, or maximium and minimum, to be charged, and what individual or joint classification, regulation, or practice is or will be just, fair, and reasonable, to be thereafter followed, and to make an order that the carrier or carriers shall cease and desist from such violation to the extent to which the Commission finds that the same does or will exist, and shall not thereafter publish, demand, or collect any rate, fare, or charge for such transportation other than the rate, fare, or charge so prescribed, or in excess of the maximum or less than the minimum so prescribed, as the case may be, and shall adopt the classification and shall conform to and observe the regulation or practice so prescribed

* * * * * * *

Sec. 15 (7) Whenever there shall be filed with the Commission any schedule stating a new individual or joint rate, fare, or charge, or any new individual or joint classification, or any new individual or joint regulation or practice affecting any rate, fare, or charge, the Commission shall have, and it is given authority, either upon complaint or upon its own initiative without complaint, at once, and if it so orders without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, fare, charge, classification, regulation, or practice; and pending such hearing and the decision thereon the Commission, upon filing with such schedule and delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such schedule and defer the use of such rate, fare, charge, classification, regulation, or practice; but not for a longer period than seven months beyond the time when it would otherwise go into effect; and after full hearing, whether completed before or after the rate, fare, charge, classification, regulation, or practice goes into effect, the Commission may make such order with reference thereto as would be proper in a proceeding initiated after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change of rate, fare, charge, classification, regulation, or practice shall go into effect at the end of such period; but in case of a proposed increased rate or charge for or in respect to the transportation of property, the Commission may by order require the interested carrier or carriers to keep accurate account in detail of all amounts received by reason of such increase, specifying by whom and in whose behalf such amounts are paid and upon completion of the hearing and decision may by further order require the interested carrier or carriers to refund, with interest, to the persons in whose behalf such amounts were paid, such portion of such increased rates or charges as by its decision shall be found not justified. At any hearing involving a change in a rate, fare, charge, or classification, or in a rule, regulation, or practice, after September 18, 1940, the burden of proof shall be upon the carrier to show that the proposed changed rate, fare, charge, classification, rule, regulation, or practice is just and reasonable, and the Commission shall give to the hearing and decision of such questions preference over all other questions pending before it and decide the same as speedily as possible.

Sec. 15a. (2) In the exercise of its power to prescribe just and reasonable rates the Commission shall give consideration, among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management to provide such service."

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No. 99

In the Supreme Court of the United States

OCTOBER TERM, 1962

INTERSTATE COMMERCE COMMISSION, APPELLANT

v.

BOSTON AND MAINE RAILROAD ET AL., APPELLEES

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

BRIEF FOR THE INTERSTATE COMMERCE COMMISSION

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JANUARY 1963

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BRIEF FOR THE INTERSTATE COMMERCE COMMISSION

OPINION BELOW

The opinion of the United States District Court for the District of Massachusetts (Woodbury, Sweeney and Ford JJ.) (R. 3994-4005) is officially reported at 202 F. Supp. 830. The report of the Interstate Commerce Commission dated December 5, 1960, *Equalization of Rates at North Atlantic Ports* (R. 3738-3820), is reported at 311 I.C.C. 689, and the Commission's report on reconsideration dated June 15, 1961 (R. 3836-3857), is reported at 314 I.C.C. 185.

JURISDICTION

The judgment of the District Court (R. 4006) was entered on February 23, 1962. Notice of appeal was filed in that Court by the Interstate Commerce Commission on March 30, 1962 (R. 4024-4026); and this Court noted probable jurisdiction on October 8, 1962 (R. 4027). The jurisdiction of this Court to review the decision of the District Court on direct appeal is conferred by 28 U.S.C. 1253 and 2101(b).

STATUTES INVOLVED

The National Transportation Policy (49 U.S.C. preceding § 1), and the pertinent provisions of the Interstate Commerce Act are set forth in the Appendix to this brief.

QUESTIONS PRESENTED

1. Whether the District Court erred in rejecting the Commission's conclusion that enforced equalization of rail rates on export-import traffic moving between the North Atlantic ports and a defined interior territory, would result in undue preference of the northern tier ports (New York, Boston, Albany and Portland) and undue prejudice to the southern tier ports (Philadelphia, Baltimore and Hampton Roads) in violation of Section 3(1) of the Interstate Commerce Act?

2. Whether the District Court erred in rejecting or ignoring the Commission's conclusion that approval of the proposed rates notwithstanding the distance and cost disadvantages of the railroads serving the northern tier ports, would require approval of corresponding rate reductions proposed by the railroads serving the southern tier ports to maintain the differentials at a lower rate level, thereby producing destructive competition and needless dissipation of carrier revenues?

3. Whether the District Court erred in finding that the railroads serving the northern tier ports had met their burden under Section 15(7) of establishing that their proposed rates would be just and reasonable, thereby assuming a primary function of the Commission?

STATEMENT

By filing tariffs to become effective July 10, 1956, and later dates, railroads which serve the North Atlantic ports of New York, Albany, Boston, and Portland, Maine (the northern tier ports) proposed to reduce rates on export and import traffic, except iron ore,[1] coal, and coke, between those ports and differential territory—which roughly is the area on and north of the Ohio River, west of the Buffalo-Pittsburgh line, and extending to the Mississippi River. The purpose of the proposal was to equalize, at the level of rates applying to and from Baltimore, the rates on such traffic moving to and from those ports with the rates on such traffic moving to and from Philadelphia, Baltimore and the Hampton Roads ports (the southern tier ports). The purpose of these proposed rate reductions was to eliminate the North Atlantic port differentials described above. Almost simultaneously, railroads serving the southern tier ports (e.g., Baltimore & Ohio R. Co.) filed tariffs proposing (if the northern lines' reduced rates were found lawful) to reduce their import and export rates from the southern tier ports to differential territory by the same amounts—so as to maintain the differentials but upon a lower level of rates. Pursuant to Section 15(7) of the Interstate Commerce Act (49 U.S.C. 15(7)), the Commission suspended both sets of proposed rates for the statutory suspension period of seven months, after which the railroads voluntarily postponed their effectiveness (R. 3739-3740).

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[1] The differential rates on imported iron ore were and are the subject of separate Commission and court proceedings which are reported chronologically as: The initial decision of the Commission in *Iron Ore From Eastern Ports to Central Freight Association Points*, 291 I.C.C. 527; February 5, 1954; second decision of the Commission in *Iron Ore From Eastern Ports to Central Freight Association Points*, 299 I.C.C. 195 dated October 1, 1956. This decision was challenged in a court proceeding entitled *Baltimore & Ohio Railroad Co.* v. *United States*, 151 F. Supp. 258 (1957), USDC D. of Md. From this decision an appeal was taken to the Supreme Court; 355 U.S. 175, 178. The matter was remanded to the Commission which reopened the proceeding on May 12, 1958. The final report of the Commission, designated as Report of the Commission on Second Further Hearing and Reconsideration, was entered on June 15, 1961, and published in 314 I.C.C. 149. In *New York Central R. Co., et al.* v. *United States*, 207 F. Supp. 483 (S.D.N.Y., 1962), that portion of the Commission's latest order which found unlawful reduced import rates on iron ore from New York to differential territory on the same level as Philadelphia and Baltimore was set aside. In *Baltimore & Ohio R. Co., et al.* v. *United States*, (D.C. Md.) decided December 19, 1962, there was set aside that portion of the Commission's order which found lawful

Following extensive administrative proceedings, the Commission issued its report and order in Investigation and Suspension Docket No. 6615, *Equalization of Rates at North Atlantic Ports*, 311 I.C.C. 689 (R.

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import rates on iron ore from Philadelphia on the same level as Baltimore. The Commission has reopened the proceeding for still further hearings.

3738 et seq.), finding, among other things, that the proposed reduced rates to the northern tier ports "are not shown to be reasonably related to the present rates on like traffic between the same interior points and the southern tier ports, and that the proposed rates would result in undue preference of and advantage to the northern tier ports as a group and in undue prejudice and disadvantage to the southern tier ports (in violation of Section 3(1) of the Interstate Commerce Act) (R. 3806–3807). Treating the proposed rate reductions of the lines serving the southern tier ports as conditional counter proposals, the Commission found them "not shown to be just and reasonable."

On January 11, 1961, the Boston & Maine Railroad and the New York, New Haven & Hartford Railroad Company filed a complaint in the United States District Court for Massachusetts attacking the Commission's order on the ground, *inter alia*, that the Commission erred in treating the proposed reduced rates to and from Boston, Portland, Albany and New York as a group, rather than separately and independently (R. 3823–3832). The United States filed an answer concurring in this objection (R. 3834–3835). Thereafter, the Commission reopened the proceeding for the purpose of reconsideration on the existing record "of the lawfulness of the proposed rates separately and independently on traffic to and from each of the northern tier ports" (R. 3835–3836). On June 15, 1961, the Commission issued its report on reconsideration (314 I.C.C. 185; R. 3836–3857) finding "that the proposed rates to and from Albany, New York, Boston, and Portland, separately and collectively, are not shown to be reasonably related to the present rates on like traffic to and from the southern tier ports, and would cause undue preference of and advantage to the named ports and undue prejudice and disadvantage to the southern tier ports. In other respects, the prior findings are affirmed" (R. 3855).

Thereafter, amended pleadings were filed in the court below which, following briefs and arguments, on February 16, 1962, issued its opinion (R. 3994-4005) concluding "that the Commission's decision is erroneous in law and lacks the rational basis necessary to uphold it and it must be set aside." On February 23, 1962, the court entered its judgment (R. 4006) ordering that:

> The order of the Interstate Commerce Commission of December 5, 1960, insofar as it directs the cancellation of schedules proposing differential-eliminating rates to and from the Ports of Portland, Maine, Boston, Massachusetts, Albany and New York, New York, denies fourth-section application No. 32204, and prevents differential-eliminating rates from becoming effective, is set aside and the operation, enforcement and execution thereof is permanently enjoined.

SUMMARY OF ARGUMENT

I

In proposing reduced rates on export-import traffic moving through the northern tier ports, the appellee railroads are insisting the Commission is required to enforce equalized rates on such traffic upon the railroads serving all of the North Atlantic ports. Thus, the case does not involve the question as to what rates might be voluntarily established by the railroads serving the various ports. The Commission found that such enforced equalization would cause an undue diversion of traffic from the sothern tier ports to New York, and would deny to those ports and the railroads serving them any benefits from their advantages of distance and cost. The Commission concluded that such enforced equalization of rates would result in undue preference and prejudice between the northern tier and southern tier ports, in violation of Section 3(1), of the Interstate Commerce Act.

A. The District Court, in setting aside the Commission's finding under Section 3(1), erred in concluding that the sole function of the differentials was to offset different ocean rates and that no consideration was ever given to disparity of rail distances in the establishment and maintenance of the differentials. To the contrary, a review of the history of the rail rate differentials, as reflected in prior Commission decisions, clearly reveals that they were rarely if ever tailored to offsetting ocean freight differentials and, indeed, that the existence and amount of the latter was often in dispute. It further shows that the distance advantages of the southern tier ports have been repeatedly asserted and considered in both the maintenance and modification of the differentials.

B. The court below erred in concluding that the 1935 amendment to Section 3(1), which added "ports" to the entities to be protected from undue preference and prejudice, was intended "to permit all ports and the carriers serving them to compete for all import and export traffic and thereby maximizing the number of ports." The 1935 amendment followed this Court's decision in *Texas & Pacific Ry. Co.* v. *United States,* 289 U.S. 627 (1933) that "locality" as used in Section 3(1) did not include "ports". The 1935 amendment was widely supported by port interests urging the need for a forum for the determination of just such issues as are presented in this case. The Senate's defeat of the Long amendment, which would have provided that "Where rates and charges of common carriers to ports are made as reductions to equalize rates to ports served by competing carriers, it shall not be termed undue preference or discrimination," amounts to a rejection of the view of the appellees and the court below as to the effect of the 1935 amendment. The Congress fully understood that the rejection of the Long amendment meant that the Commission would be empowered to take into account relative distances and other transportation factors in determining such matters.

Since 1935, both the Commission and the lower Federal courts have recognized that in determining issues of undue preference and prejudice between ports, the Commission is not required to ignore the transportation advantages of particular ports and the carriers serving them.

C. The Commission's conclusion that the enforced rate equalization proposed by the appellees would violate Section 3(1) is supported by detailed findings as the present distribution of export-import traffic among the ports, the effect of equalization in diverting traffic from the southern tier ports to New York, and the distance and cost advantages of the southern tier ports and carriers. The appellees failed to adduce evidence from which the Commission could determine whether, with the asserted disappearance of the ocean freight differentials in 1935, the rail differentials caused a diversion of traffic from the northern ports. Contrary to the decision below, the Commission may determine issues of undue preference and prejudice violative of Section 3(1) in a proceeding under Section 15(7) in which the burden of proof was on the appellees as proponents of the rate change.

II

Even if the court below had been correct in holding that Section 3(1) issues may not be determined in a proceeding under Section 15(7), it was in error in failing to sustain the Commission's action as necessary to prevent unnecessary dissipation of carrier revenues. The freedom asserted by the appellees to reduce their rates for competitive purposes must also be accorded to the railroads serving the southern tier ports, so as to enable them to use their distance and cost advantages in an offsetting rate reduction. Since no one proposed that the differentials be continued at a lower rate level, it was an appropriate use of the Commission's minimum rate powers to prevent such a dissipation of carrier revenues. *Ayrshire Collieries Corp. v. United States*, 335 U.S. 573 (1949).

III

Based upon its own evaluation of limited cost evidence and revenue comparisons of little probative value, the court below concluded that "the [appellee railroads] certainly established *prima facie* that the proposed rate schedule is just and reasonable." The court clearly erred in assuming the Commission's primary responsibility "for determining whether proposed rates are reasonably compensatory." *Illinois Commerce Commission* v. *United States*, 292 U.S. 474, 481 (1934).

ARGUMENT

I

THE COMMISSION WAS WARRANTED IN FINDING THAT ENFORCED EQUALIZATION OF RAIL RATES ON EXPORT-IMPORT TRAFFIC BETWEEN THE NORTH ATLANTIC PORTS AND DIFFERENTIAL TERRITORY WOULD RESULT IN UNDUE PREFERENCE AND PREJUDICE BETWEEN PORTS, IN VIOLATION OF SECTION 3(1) OF THE INTERSTATE COMMERCE ACT

In this portion of our brief, we will (1) summarize the history of the North Atlantic port differentials insofar as it bears upon certain important conclusions in the opinion below, (2) show that Section 3(1), as amended in 1935 was intended to empower the Commission to deal with ~~undue~~ preference and prejudice between ~~ports~~ as it did here, and (3) point to the salient findings and evidence which support the Commission's finding that the enforced rate equalization proposed by the appellees would violate Section 3(1).

A. PRELIMINARY HISTORICAL BACKGROUND

It is clear that a major element in the lower court's rejection of the Commission's finding that the appellee's proposed rate reductions (looking to enforced equalization of rates), would violate Section 3(1) was its conclusion (R. 4003) that:

> In the first place, the differential was established to place all North Atlantic ports on a parity with respect to the aggregate of rail and ocean charges. No consideration whatever was given to disparity in rail distances then or later. * * *

We will not attempt to review here all of the historical and legal materials relating to this rate adjustment which are summarized in the appendix to the brief of the appellants in No. 98. However, we will utilize some of these materials to demonstrate, contrary to the opinion below, that the inland rate differentials have rarely if ever coincided with the differences in ocean freight rates between Europe and the various North Atlantic ports, and that the distance advantages of the southern tier ports and the railroads serving them have never been wholly ignored.

The North Atlantic port differentials on export and import traffic arose out of the rate wars between the railroads serving the North Atlantic ports after they had extended their lines to Chicago and the middle West. Primarily these railroads were New York Central, Erie, Pennsylvania, and Baltimore & Ohio, serving the North Atlantic ports of Boston, New York, Philadelphia, and Baltimore. The early history of the differentials is summarized in *New York*

Produce Exchange v. *Baltimore & Ohio R. Co.*, 7 I.C.C. 612, 617–618 (1898) as follows:

> * * * The earliest agreed differential of which the testimony gives any account was that of 1869, by which Baltimore enjoyed an advantage of 10 cents per hundred pounds over New York. It does not appear what the differential in favor of Philadelphia was. In 1870 a war of rates occurred, with the result that the Baltimore differential was reduced to 5 cents per hundred pounds on grain and the lower classes of freight, while upon the higher classes of freight the differential was 10 cents per hundred pounds, and these differentials seem to have continued until about 1876. It does not appear what the differential of Philadelphia upon east-bound traffic was, but a tariff of November, 1875, gives the differentials upon west-bound traffic as follows:

	First Class.	Second Class.	Third Class.	Fourth Class.	Special Class.
Baltimore	10 cts.	9 cts.	8 cts.	6 cts.	5 cts.
Philadelphia	7 cts.	7 cts.	6 cts.	4 cts.	3 cts.

> In March, 1876, this system of an arbitrary differential was abandoned and the lines agreed upon a system of percentage differentials based upon the relative distances from western cities to Baltimore, Philadelphia, and New York, respectively, taking New York as the basis. Under this agreement the rate from Chicago to Baltimore was 13 percent and to Philadelphia 10 percent less than to New York, and from Cincinnati to Baltimore 24 percent, and to Philadelphia 12 percent less than to New York.
>
> After a few weeks' experience, the New York Central and the Erie withdrew from this

> agreement upon the assertion that it was too favorable to Baltimore and Philadelphia. Thereupon another rate war ensued, which terminated in an agreement of April 5, 1877, by which fixed differences in rate were reestablished in place of differences based on relative distances. Under this agreement east-bound differentials from western points were 3 cents to Baltimore and 2 cents to Philadelphia upon all classes. On west-bound traffic the differentials in favor of Baltimore and Philadelphia differed with different classes, and were as follows:

From	First Class.	Second Class.	Third Class.	Fourth Class.
Baltimore	8 cts.	8 cts.	3 cts.	3 cts.
From Philadelphia	6 cts.	6 cts.	2 cts.	2 cts.

The agreement of April 5, 1877 (R. 1903–1904), referred to in the above quotation, recited that it was

> To avoid all future misunderstandings in respect to the geographical advantages or disadvantages of the Cities of Baltimore, Philadelphia and New York, as affected by rail-and-ocean transportation, and with the view of effecting an equalization of the aggregate cost of rail and ocean transportation between all competitive points in the West, Northwest and Southwest, and all domestic or foreign ports reached through the above cities. * * *

The agreement further provided that the rates to Boston should at no time be less than those to New York on domestic or foreign freights.

However, the agreement of 1877 was far from settling the controversy (7 I.C.C. 618–619)

The agreement provided that, upon the giving of certain notice, any party to it might withdraw, and in June, 1880, the New York Central gave notice of withdrawal, stating that the differentials were originally based upon supposed differences in ocean rates, that such differences no longer existed, that therefore the reasons for the differentials had ceased to exist and that the differentials themselves should also cease.[1] The Pennsylvania and the Baltimore and Ohio insisted upon the differentials, and the action of the New York Central apparently led to another rate war, which terminated in the latter part of 1881 by a restoration of the differentials of April 5, 1877.

Thereupon, the subject of differential rates was referred to Albert Fink, commissioner of the Trunk Lines, who submitted a report on December 1, 1881.[2] Nor did the Fink report settle much. For in 1882, the principal railroads serving the ports asked Messrs. Thurman, Cooley and Washburn to act as an advisory commission upon the "differences in rates that should exist, both Eastwardly and Westwardly, upon all classes of freights between the several terminal Atlantic ports." The Advisory Commission[3] concluded that the then existing differentials should not be disturbed (R. 1627–1667).

Thus, at the very beginning of the history of this rate adjustment, the distance advantages of the southern tier ports and railroads were asserted and taken into account, and there was dispute as to their relationship to the ocean freight rates.

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[2] The Fink report is reproduced in Daish, *The Atlantic Port Differentials* (1918), pp. 9 et seq.

[3] Its report also appears in *Daish, ibid.*, at pp. 71 et seq.

New York Produce Exchange v. *Baltimore & Ohio R. Co.*, 7 I.C.C. 612 (1898), arose out of a complaint filed by a group of New York merchants alleging that the port differentials unduly preferred Boston, Philadelphia, Baltimore, Newport News and Norfolk over New York, in violation of Section 3(1) of the Act. A major contention was that while the agreement of 1877 contemplated that the differentials would offset higher ocean freight rates from Philadelphia (so as to equalize the through charge from inland points to European markets), "at the present time ocean freights are substantially the same from all of the ports" (7 I.C.C. at 623–624). The Commission found that "so far as the full cargo business is concerned, there is no appreciable distance in cost, and no appreciable distance in the ocean rate from the three ports, New York, Baltimore and Philadelphia" (*id.*, p. 626). As to grain carried at berth rates,[4] the Commission found that there was a difference in favor of New York over Philadelphia "which amounts, perhaps, to from 1½ to 2 cents per hundred pounds; and that about the same difference exists against Baltimore" (*id.* p. 630). In a long report (which dismissed the complaint without prejudice), the Commission discussed the distance factor as follows:

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[4] "Merchandise is said to be carried at berth rates when it does not constitute the entire freight cargo of the vessel, but only a portion of it" (7 I.C.C. at p. 626).

> Distance is frequently disregarded by carriers in the making of their rates. The Commission has held that it may be under some circumstances properly disregarded to some extent. It has been repeatedly said, however, that distance ought, when possible, to be regarded, and we have never held that a carrier would be compelled to disregard it for the purpose of putting two communities upon a commercial equality.
>
> * * * * *
>
> The defendants do not justify these differentials upon the ground either of distance or cost of service. We do not express an opinion that they could be justified to their full extent upon either of these grounds. They certainly could not in the case of Norfolk and Newport News. But we do think that in this inquiry between the three localities, New York, Philadelphia and Baltimore, in determining whether there is an undue preference, the advantage which Philadelphia and Baltimore possess in the way of distance should be considered, and that the same is true of the additional expense of delivery at New York. (*id.* pp. 667, 669)

In the Matter of Differential Rates, 11 I.C.C. 13 (1905), arose out of a petition by the commercial organizations of Boston, New York, Philadelphia, and Baltimore that the Commission "examine the whole subject of differential rates to and from these four cities and determine whether the present differentials should be abolished, or, if retained, modified" (*id.* at p. 15). In finding, in its role as arbiter, that the differentials generally were fair, the Commission made the following points, *inter alia*:

> Both Mr. Fink and the Advisory Commission found that ocean rates were higher from Baltimore and Philadelphia than from New York and attached much importance to this fact, but a careful reading of these reports apparently shows that in the opinion of their authors difference in ocean rates was not the only factor which should be considered, partly for the reason that it was impossible to determine exactly what the ocean rate was, and partly because the thing to be equalized was not the rate but the advantages of transportation through the several ports. (*id.* p. 18)
>
> * * * * * *
>
> While, however, it would be impossible to secure by the application of any inland differential the same rate through all the ports it would be possible to say with confidence that if this were the proper basis of making the differential the present differentials are too high, for they undoubtedly exceed the difference in the ocean rates. In our opinion they always have from the very first. While the Truman Commission reported that rates from Philadelphia and Baltimore were higher than from New York by an amount substantially equaling the differentials, Mr. Fink, a much closer observer, with much better means of information, stated in his report of 1881 that the difference in ocean rates was only about one-half the differential from Philadelphia, and something more than one cent less than the differential from Baltimore. This Commission

> found upon the former hearings that the difference in ocean rates did not equal the differentials. We have now expressed the belief in our findings of fact that for the last seven years the difference in ocean rates has been materially less than the differentials. * * * (*id.* pp. 67–68)

In 1910, following the outbreak of a rate war between railroads serving the North Atlantic ports on import traffic destined to differential territory, the railroads serving the ports of Boston, New York, Philadelphia, and Baltimore and the commercial bodies of Boston, Philadelphia, and Baltimore requested the Commission "to decide or advise as to the adjustment of the inland import rates from the several ports." This request for arbitration was followed by the filing by associations of New York merchants of complaints charging, with respect to import and export traffic having its origin or destination in differential territory, that higher rates to and from New York than were charged to and from Boston, Philadelphia, and Baltimore, were unjustly discriminatory against New York and unduly preferential to Boston, Philadelphia, and Baltimore, in violation of Section 3(1). The Boston interests intervened to urge that the rates to and from Boston, Philadelphia, and Baltimore should be equalized at the Baltimore level, i.e., below the New York rates. The Commission found nothing unlawful in the then existing differentials, but prescribed some modifications, e.g., that the import rates from Boston should be not lower than from New York. In its main report in the complaint case, *Chamber of*

Commerce of N. Y. v. *New York Central & Hudson R. R. Co.*, 24 I.C.C. 55 (1912), the Commission, while stating that "in so far as the differential adjustment is observed, distance is largely disregarded" (*id.* p. 66) apparently found it unnecessary to come to grips with the contention "that the rail haul to or from Baltimore or Philadelphia is shorter than to or from New York, and that therefore lower rates to and from Philadelphia or Baltimore than to and from New York are fully justified" (*id.* 57). Thus, treating the complaint primarily as one brought by port and shipper interests against railroads who were voluntarily maintaining the differentials, the Commission stated (at p. 75) that

> The Baltimore & Ohio and the Pennsylvania systems, reaching by their own lines so many of the important commercial centers in the middle west and so many of the lake ports and having their own boats on the lakes and hauling all of their New York traffic through either Philadelphia or Baltimore or both, control the rate situation between the territory here considered and Baltimore and Philadelphia. The competitive conditions at Baltimore and Philadelphia are created by these systems, and the rate situation to and from those ports is controlled by them. It was this control by these systems that led to the making of the differential agreement. We do not recognize such an agreement as lawful, but the conditions which brought it about are as strong to-day as they ever were and we find now, as we found in the *North Atlantic Ports case, supra,* that

> the Pennsylvania and the Baltimore & Ohio have the lawful right to maintain lower rates to and from Baltimore and Philadelphia than they contemporaneously maintain to and from New York. They would probably also have the right to make these rates the same to and from all of those ports if they chose to do so.

It should be noted that in this case, too, the Commission had difficulty in ascertaining whether and to what extent the rail differentials were in fact serving the purpose of offsetting ocean freight rate differentials between the ports (*id.* pp. 69-74).

Maritime Assoc. of Boston Chamber of Commerce v. *Ann Arbor R. Co., et al.*, 95 I.C.C. 539 (1925) involved another attack by Boston and New England interests upon the North Atlantic port differentials as unduly prejudicial to Boston in violation of Section 3(1). In finding that the assailed rates were not unduly prejudicial to the New England ports or unduly preferential of the other ports (*id.* p. 574), the Commission made the following statements:

> Complainants do not contend that the rates attacked are inherently unreasonable; the issue is one of relationship. Although they ask for Boston and the other New England ports rates not exceeding those applicable between differential territory and the various ports named, what they in reality desire is that all differences in the import and export rates shall be abolished. They want equalization of rates, and it is immaterial to them how that equalization is accomplished. * * * (*id.* pp. 541-542)

* * * * *

After careful consideration of the present record and of the conclusions reached in prior decisions with reference to this matter,* [Footnote omitted] we are of the opinion that for many years prior to the World War there was a generally prevailing policy, except with respect to full cargo rates on grain, which were of minor importance, to offset the inland rail differentials in whole or in part by differences in the ocean rates to and from the North Atlantic ports. On the other hand it appears that, since the World War at least, it has been and is now the generally prevailing policy to equalize these ocean rates. * * * (*id.* p. 554)

* * * * *

In passing upon the reasonableness of rates or in determining whether or not undue prejudice and preference exist, it is well settled that cost of service is a factor which must be taken into consideration. There are other factors which have weight, but cost of service is one of the most important. Certainly we are not warranted, in our determination of these matters, in disregarding differences in distances which are substantial and material when compared with the total hauls involved. It is true that there are many instances in the rate structure where distance seems to have been given little or no consideration and that rates are often blanketed over great areas. But these situations are either the product of common consent, so that they are not subjected to the tests of the law, or they result from competitive influences. (*id.* p. 565)

* * * * *

> In the present proceeding there is no evidence that the rates under attack are either unreasonably high or unreasonably low. The real issue is whether undue preference and prejudice exist. In view of the very substantial advantages in distance from differential territory which Philadelphia and Baltimore enjoy, as compared with New York and Boston, and as compared with the total hauls, we are unable to find that there is anything unlawful about the port differentials in favor of Philadelphia and Baltimore. Compared with the advantages in distance the present differentials in many cases are relatively small. * * * (*id.* pp. 567–568)

Baltimore Chamber of Commerce v. *Ann Arbor R. Co., et al.*, 159 I.C.C. 691 (1929) involved the complaint of Baltimore that the differentials, Baltimore under New York, on export and import traffic to differential territory were "too low to reflect the advantages of Baltimore either as to line haul service or as to terminal costs, and that, therefore, the export and import rates between Baltimore and differential territory are unreasonable and unduly prejudicial to Baltimore and unduly preferential of New York" (*id.* p. 692). In rejecting Baltimore's request that the differential in its favor be increased, the majority of the Commission apparently held that differences in distance and terminal expenses were not "determinative of the proper measure of the differentials" (*id.* p. 696). In his separate dissenting opinion, Commissioner Eastman, in concluding that "the existing differentials, Baltimore under New York, are fully justified by differences in the rail service alone to and from these ports," and that the higher terminal costs at New York would justify increased differentials, stated that the intent of Section 3(1) "is to forbid a carrier from charging one locality relatively and substantially more for the transportation service furnished than it charges another and competing community." (*id.* pp. 704, 705).

In *Albany Port District Commission* v. *Ahnapee & W. Ry. Co.,* 219 I.C.C. 151 (1936), the Commission found that the structure of import and export rates was unduly prejudicial to Albany and unduly preferential of other North Atlantic ports, and held that import and export rates between differential territory and Albany should be the same as to Philadelphia. In so holding, the Commission pointed out that (*id.* p. 165).

> * * * The average distances from the ports to all key points in central territory are, to New York 804 miles, to Philadelphia 746 miles, to Albany 737 miles, and to Baltimore 692 miles. The average distances from Albany and from Philadelphia are almost the same. We conclude that maximum reasonable port rates between the port of Albany and points in central territory will be rates the same in amount as the port rates concurrently applicable between the port of Philadelphia and the same points, subject to Albany's corresponding domestic rates as maxima.

While the Commission stated that the distance factor was not controlling, distance was obviously an important consideration in arriving the particular result.

The foregoing discussion of some of the principal prior decisions of the Commission with respect to the North Atlantic port differentials, while not exhaustive, illustrates the historical complexity of the problem. Specifically this history shows (1) that during much of this period since 1877 the rail differentials were not in fact measured by the differences in ocean freight rates at the North Atlantic ports, and (2) that in determining the lawfulness of the rail differentials, it has been impossible to ignore the factor of relative distance (and cost) and the Commission has repeatedly taken it into account.

B. THE LANGUAGE AND HISTORY OF THE PROHIBITION IN SECTION 3(1) OF UNDUE PREFERENCE AND PREJUDICE BETWEEN PORTS INDICATE THAT CONGRESS DID NOT INTEND TO REQUIRE THE COMMISSION TO ENFORCE RATE PARITY ON EXPORT-IMPORT TRAFFIC MOVING THROUGH DIFFERENT PORTS IN TOTAL DISREGARD OF THE TRANSPORTATION ADVANTAGES OF PARTICULAR PORTS

In setting aside the Commission's order in this case, the decision below has mistaken the purpose and history of Section 3(1) insofar as it prohibits undue preference and prejudice between ports. It apparently holds, we contend erroneously, that as a matter of law differences in distance to the port cannot justify differential rates (R. 4003). Again, it erred in concluding that "one of the purposes of the 1935 amendment to Section 3 was * * * to permit all ports and the carriers serving them to compete for all import and export traffic and thereby maximizing the number of ports" (R. 4004). This conclusion apparently lead the court below to "find that the Commission erred in applying Section 3(1) too narrowly and in not giving due weight to the interests of shippers, receivers, carriers, and inland communities" (R. 4003). Even if, contrary to our contention, the court below was correct as to the state of law prior to 1935, it was clearly in error as to the purpose of the 1935 amendment to Section 3(1) which is now controlling.

Prior to 1935, Section 3(1) provided that

> It shall be unlawful for any common carrier * * * to make or give any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, or locality, or any particular description of traffic, in any respect whatsoever, or to subject any particular person, company, firm, corporation, or locality, or any particular description of traffic, to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

The words "port, port district, gateway, transit point", which now appear in Section 3(1) after "locality", were added by a 1935 amendment (49 Stat. 607). This 1935 amendment was the aftermath to the decision of this Court in *Texas & Pacific Ry. Co. v. United States*, 289 U.S. 627 (1933), holding that "locality" as used in Section 3(1) did not include "ports". That case arose out of the Commission's decision in *Galveston Commercial Association v. Galveston, H. & S.A. Ry. Co., et al.*, 100 I.C.C. 110 (1925); 128 I.C.C. 349 (1927), in which the Commission found that the maintenance of same import and export rates to and from New Orleans and Galveston and a defined inland territory, notwithstanding the distance advantages of Galveston, was unduly prejudicial to Galveston and unduly preferential to New Orleans.[5] The Commission further found that the undue prejudice should be remanded by the establishment of specific differentials, Galveston under New Orleans, where the differences in distance in favor of Galveston were greater than 100 miles. In its report on further hearing (128 I.C.C. 349), the Commission affirmed its finding of undue preference and prejudice under Section 3(1), but prescribed specific differentials where the short-line distances to New Orleans exceeded those to Galveston by more than 25%. In so doing, the Commission stated (128 I.C.C. 387-388) that

> where it is shown that extensive grouping or port equalization, voluntarily maintained by the same carriers, without justification by competition, has disregarded substantial differences in distance and has resulted in substantial injury to shippers or localities, we have found such grouping or port equalization to be unlawful, and in the latter class of cases have prescribed reasonable rate differences. * * *

In the *Texas & Pacific* case, this Court, with Chief Justice Hughes and Justices Stone, Brandeis and Cardozo dissenting, held that "ports as such are not localities with respect to export and import traffic routed through them susceptible of undue perference or prejudice within the intent of the Act" (289 U.S. at 644). In so holding, the majority of this Court stated (*id.* at 639-640) that

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[5] The Commission found that the same ocean rates applied to all of the Gulf ports.

> The legislative history of the Act demonstrates that Congress did not intend to forbid the equalization of export or import rates by lines serving several ports in order to meet competition. These rates, it was said, were not to be proportioned to the respective distances between inland origins or destinations and the ports.* [Footnote omitted] Both equalizations and differentials had for some time been maintained in the rates to various Atlantic ports. Congress was aware of this, and had no intention of interfering with the maintenance of these rate adjustments.

This and other language in the Court's opinion strongly suggests that its holding that a "port" is not a "locality" was based upon the view that Congress intended to allow railroads to compete for export and import traffic wholly without regard for the effect of such competition upon particular ports.

Justice Stone's long dissenting opinion made the following points, *inter alia:*

> In holding that the Commission is without power to make the order, the Court does not deny that a discrimination which is produced by charging equal rates for unequal service is prohibited by the statute as much as one resulting from unequal rates for equal service. * * * [*id.* at 656]

* * * * * *

* * * A rate structure which diverts from one port to another a portion of the ocean-borne traffic, which would otherwise naturally pass through the former, sufficient to destroy the business of banks, marine insurance companies, freight forwarders, freight and ship brokers, stevedores, tonnage companies, pilots, drydocks, ship supply and bunker coal merchants, customs brokers, export and import commission houses, centered there, would seem to have an effect upon the commerce and general welfare of the country of precisely the kind which the act was intended to prohibit and the Commission empowered to prevent. So the Commission has concluded in a series of cases dealing with discrimination against ports, going back to the first years of its existence. * * * [*id.* at 659].

* * * * *

The port differentials and equalizations maintained prior to the passage of the original act, in order to secure a fair distribution of traffic among the Atlantic ports and the carriers serving them, were very different in quality and prejudicial effect upon the localities concerned from the rate structure resulting in the discrimination disclosed here.* [Footnote omitted] The existence of those equalizations before 1887 and the fact that in some instances since that date they have been regarded as innocuous even by the Commission itself. can hardly lend support to the supposition that the statute was not intended to forbid destructive discriminations in that form as well as in any other. The argument seems to be that the statute cannot be deemed to forbid unjust discriminations against ports since if it did all rates to competing ports not measured by mileage or carrier service would be forbidden whether unjust or not. With equal plausibility it was argued that because competition between carriers was an established practice before the enactment of § 3 and is not forbidden by the Act, no discrimination induced by carrier competition was forbidden. But that construction was rejected by this Court, *Wight* v. *United States,* 167 U.S. 512, 517; *United States* v. *Illinois Central R. Co., supra; Merchants Warehouse Co.* v. *United States, supra,* for the same reason that the present construction should be rejected—that although carrier competition was not destroyed by the Interstate Commerce Act, it was limited by the prohibition of § 3 of those discriminations which, in the light of all the circumstances, are found to be undue or unreasonable. [*id.* at 660–661].

* * * * *

* * * The statute does not command or the Commission's order direct that the rates shall be measured exclusively by mileage or carrier service; carrier competition for business passing through gateways or elsewhere is not forbidden; but when the discrimination goes so far beyond the line of reasonableness as to result in the commercial destruction of a locality, the Commission may declare it "undue or unreasonable" and, therefore, forbidden by the statute, whether aimed at ports or points of shipment or destination. Nothing that this Court has ever said is inconsistent with this conclusion. The legislative history of the

> statute seems to support, rather than to deny it. [*id.* at 622-663].

As we have noted above, the *Texas & Pacific* decision led to the 1935 amendment which added "port, port districts" etc. to the entities to be protected from undue preference and prejudice under Section 3(1). *Of course, the mere insertion of "port", without more, indicates that ports were to be protected from undue preference and prejudice—even though this meant some restriction upon the freedom of carriers to compete for traffic.* But there is a great deal more in the legislative history of the 1935 amendment.

The 1934 report of the Federal Coordinator of Transportation (Eastman) Sen. Doc. No. 152, 73rd Cong., 2d Sess. (1934) p. 95, after referring to this Court's *Texas & Pacific* decision, contains the following statement:

> In the dissenting opinion by Justice Stone, in which three other members of the court concurred, it was pointed out (page 659) that the "commercial interests of a port, always of great magnitude, may suffer the same destruction from discriminatory rates as do shippers or other industrial interests at points of origin or destination." This is obviously true; and if section 3 is not so worded that undue preference of or prejudice to ports is prohibited, plainly it should be amended to cure this deficiency. Many cases of discrimination as between ports have been considered by the Commission in the past, and no question as to the jurisdiction under section 3 over such cases

was raised prior to the above decision of the Supreme Court.

The Coordinator's recommendation for remedial legislation was endorsed by the Commission (*id.* p. v.). Thereafter, bills were introduced in the second session of the 73rd Congress (1934) and the first session of the 74th Congress (1935). In the 73rd Congress, a subcommittee of the Senate Committee on Interstate Commerce held hearings on S. 2477; in the 74th Congress, the same subcommittee held hearings on S. 874 and similar bills, while a subcommittee of the House Committee on Interstate and Foreign Commerce held hearings on H.R. 3006 and other bills to amend Section 3(1).

At all three hearings, representatives of many ports urged that Section 3(1) be amended to include ports so as to give the Commission jurisdiction to entertain and determine complaints of undue preference and prejudice between ports. For the most part, there was little discussion of the specific principles to be applied by the Commission in determining such issues. However, representatives of the New Orleans interests, which had been participants in the New Orleans vs. Galveston situation involved in the *Texas & Pacific* case, testified in opposition to any such amendment unless it included a provision to the effect, for example, that "Nothing herein contained shall be held to prevent carriers from equalizing, in whole or in part, to meet carrier competition, the rates on export, import, or coastwise traffic between interior points and the ports, where such rates do not impose an unjust bur-

den on other traffic." Senate 1934 hearings on S. 2477, pp. 175–178, 198; Senate 1935 hearings on S. 874, pp. 80, 84; House 1935 hearings on H.R. 3006, etc., p. 40. Significantly, Joseph B. Eastman, the Federal Coordinator of Transportation, in a colloquy with Senator Huey Long of Louisiana, put the issue in these simple terms:

> "I have always thought that a port or any other locality is entitled to the benefit of its natural geographic advantages, and that we did not attempt to give any advantage in rates to Galveston, except where the distances favored it by very substantial proportions" (Senate 1935 hearings, p. 7).

Notwithstanding the clarity with which the basic issue was presented, both by the amendments urged by the New Orleans interests and by Commissioner Eastman's candid statement, none of these amendments were adopted by either the Senate or House Commerce Committees in the bills which they reported to their respective Houses.

The bill was reported first by the Senate Committee on Interstate Commerce on May 13, 1935 (Sen. Rep. 885, 74th Cong., 1st Sess., pp. 1–2) which characterized the 1935 amendment as follows:

> The purpose of the bill S. 1633 and of S. 874 and S. 1813, is to restore to the Interstate Commerce Commission the power to remove undue preference or prejudice against ports which it had exercised for many years prior to the five-to-four decision of the Supreme Court in *Texas & Pacific Ry. Co. et al.* v. *United States* (289 U.S. 627, May 29, 1933), holding that the

word "locality" in paragraph (1) of section 3, did not include a "port" with respect to export and import traffic routed through such a port. The majority opinion of the Court held that the word "locality" referred to "points of origin or destination." The minority opinion of Mr. Justice Stone, concurred in by three other justices, pointed out that the "commercial interests of a port, always of great magnitude, may suffer the same destruction from discriminatory rates as do shippers or other industrial interests at points of origin or destination." (See p. 28 of subcommittee hearings.)

At the hearings held on these bills on March 26 to 28, 1935, the bill (S. 1633) introduced by Senator Wheeler at the request of Coordinator Eastman and the Interstate Commerce Commission, was supported by witnesses representing the ports of Massachusetts, New York, New Jersey, Pennsylvania, Maryland, Virginia, Texas, and Oregon.

Representatives of the shippers also favored the bills which were opposed only by representatives of the port of New Orleans, of the Texas interior points of origin, and the two railroads which were involved in the Supreme Court decision. * * *

Paragraph (1) of section 3 of the act was enacted as section 3 of the original act to regulate commerce, February 4, 1887, and its language had remained unchanged throughout the intervening years. Until 1929 no doubt was ever entertained that the word "locality" was broad enough to include any place, including a port and the commission heard and decided many cases involving ports under that language. In

> 1929 the Commission determined a controversy between the ports of New Orleans and Galveston partially in favor of Galveston, which had complained that certain railroad rates on export traffic denied it the advantage of its closer distance to Texas origins and discriminated against it in favor of New Orleans, which was farther away from these points. That case was carried to the Supreme Court and resulted in the May 1933 decision limiting the meaning of the word "locality" to points of origin or destination. * * *

S. 1633 was debated extensively in the Senate. 79 Cong. Rec. 10595 et seq. There was extensive discussion of the issue underlying *Texas & Pacific, i.e.*, whether the Commission could prescribe differential rates between competing ports which gave some weight to the distance advantages of one port over the other. See, for example, 79 Cong. Rec. 10602, where Senator Long of Louisiana was attacking the concept that some weight be given to distance in the Galveston-New Orleans situation, and *id.* 10605-10606, where Senator Tydings of Maryland defended the view that distance was a factor to be considered.

Senator Long proposed the following amendment (79 Cong. Rec. 10596):

> Where rates and charges of common carriers to ports are made as reductions to equalize rates to ports served by competing carriers, it shall not be termed undue preference or discrimination.

The Long amendment was debated extensively (79 Cong. Rec. 10608-10619). The effect of the amendment was characterized immediately as follows (*id.* 10610):

> Mr. SMITH. The object is to prevent further discrimination against ports where they are more advantageously situated by virtue of their nearness to the source of supply. If this amendment should be agreed to, we might just as well tear up the remainder of the bill——
>
> Mr. TYDINGS. That is the way it appears to me.
>
> Mr. SMITH. For the reason that any road which is farther away can reduce its rates to the given port in order to compete with those roads which are nearer to the port. Just strike out all the remainder of the bill and adopt this amendment, and we will have exactly the condition we now have.

Finally, Senator Long, in defending his amendment, touched upon an underlying issue in this case, as follows (*id.* 10618):

> The Senator from Maryland [Mr. Tydings] is absent now. Nonetheless, I have to answer some of the statements he makes. In speaking of the amendment, he says, "Suppose one railroad reduces its rate, and then the other railroad reduces its rate below the first reduction?"
>
> Such a thing is not contemplated by the amendment, Mr. President. I am sorry the Senator has gone. The amendment provides that the railroad line can reduce the rate to a point of equality, but there is nothing which permits the other railroad to reduce its rate

> below that equality without the consent of the Interstate Commerce Commission. * * *

The Long amendment was defeated in the Senate by a vote of 49 to 23 (*id.* 10619). The entire Senate debate makes clear that its action amounted to a rejection, with full knowledge of what was involved, of the appellees' basic position.

Following the passage of S. 1633 by the Senate, that bill was reported favorably by the House Committee on Interstate and Foreign Commerce (H. Rep. 1512, 74th Cong., 1st Sess. (1935) pp. 1-3), which described the effect of the proposed amendment as follows:

> The purpose of the bill S. 1633 is to restore to the Interstate Commerce Commission the power to remove undue preference or prejudice against ports which it had exercised for many years prior to the five-to-four decision of the Supreme Court in *Texas & Pacific Ry. Co. et al.* v. *United States* (289 U.S. 627, May 29, 1933), holding that the word "locality" in paragraph (1) of section 3, did not include a "port" with respect to export and import traffic routed through such a port. The majority opinion of the Court held that the word "locality" referred to "points of origin or destination." The minority opinion of Mr. Justice Stone, concurred in by three other justices, pointed out that the "commercial interests of a port, always of great magnitude, may suffer the same destruction from discriminatory rates as do shippers or other industrial interests at points of origin or destination."

At the hearings held before a subcommittee of the Committee on Interstate and Foreign Commerce of the House on June 12 and June 18, 1935, and before a subcommittee of the Interstate Commerce Committee of the Senate on March 26 to 28, 1935, witnesses representing the ports of New York, Massachusetts, New Jersey, Pennsylvania, Maryland, Virginia, California, Oregon, Texas, and other States, appeared in support of the bills H.R. 5361 and S. 1633, introduced, respectively, by Representative Rayburn and Senator Wheeler upon request of Federal Coordinator Eastman.

Representatives of the shippers also favored the bills which were opposed only by representatives of the port of New Orleans, of the Texas interior points of origin, and the two railroads which were involved in the Supreme Court decision. * * *

Paragraph (1) of section 3 of the act was enacted as section 3 of the original act to regulate commerce, February 4, 1887, and its language has remained unchanged throughout the intervening years. Until 1929 no doubt was ever entertained that the word "locality" was broad enough to include any place, including a port, and the Commission heard and decided many cases involving ports under that language.

In 1929 the Commission determined a controversy between the ports of New Orleans and Galveston partially in favor of Galveston, which had complained that certain railroad rates on export traffic denied it the advantage of its closer distance to Texas origins and discriminated against it in favor of New Orleans, which was farther away from these points. That case was carried to the Supreme Court and resulted in the May 1933 decision limiting the meaning of the word "locality" to points of origin or destination. Thereafter the Seventy-third Congress and this Congress have had a number of bills introduced to correct the situation by amending the paragraph in question so as to restore to the ports a right to complain of rail rates through the ports and to permit the Commission to entertain and decide such complaints.

The same considerations requiring such relief of the ports motivates the granting of similar relief to port districts, gateways, and transit points which otherwise could be discriminated against by the rail rates on traffic through them, without opportunity to complain.

In recommending that this bill be passed, the committee does so with the idea in mind that by amending section 3 of the Interstate Commerce Act as thus contemplated it will encourage and promote the freedom of movement of export, import, and coastwise commerce through the ports of the country. The committee considers that it is to the interest of the public that such commerce be permitted to move freely through as many available ports as the governing circumstances will reasonably permit, and that no restrictions upon and impediments to the free movement thereof should be imposed that are not clearly shown to be sound or economically justified. The recommendation of the committee that this bill be enacted is intended to afford competing ports a forum in which to complain of rate adjustments which

> tend to concentrate the movement of the traffic through one port or a limited number of ports and to deprive other ports of an opportunity to handle a part of such traffic. The committee believes that such a diffusion of the traffic which moves through the ports will redound to the benefit of the producer and consumer in the interior by whom in the last analysis the transportation charges levied both for the transportation thereof and for the use of the facilities at the ports are ultimately borne.

The House debate was perfunctory, in contrast with the bitter and dramatic Senate debate.

Clearly, therefor, the purpose of the 1935 amendment to Section 3(1) is to be found in (a) the net result of the Senate and House Committee hearings discussed above, (2) the Senate debate, and (3) the Senate and House Committee reports. These directly pertinent materials compel, we submit, the following conclusions as to the Congressional purpose:

(1) By inserting "port" in Section 3(1), Congress fully understood that the Commission would determine issues of undue preference and prejudice between ports; (2) that in doing so, the Commission would take into account comparative distances and costs, and other relevant factors, all to the view that "commerce be permitted to move freely through as many available ports *as the governing circumstances will* reasonably permit" (emphasis added); and (3) that the Congress specifically rejected the view that carriers serving different ports may establish equalized or parity rates to attract export and import

traffic wholly without regard to any other transportation standard. It is fair to say that the appellees' basic position was argued and rejected in the Congress in 1935.

These conclusions, forced by the history of the 1935 amendment, coincide with the view of this Court in *New York* v. *United States*, 331 U.S. 284, 296–300 (1947) involving the 1940 amendment which inserted in Section 3(1) the words "Region, district, territory" that some meaning must be attributed to the action of the Congress in adding to the entities protected by Section 3(1). In that case, this Court stated (at p. 300) that:

> * * * the addition of "region, district, territory" to § 3(1) did not change the law respecting discrimination by authorizing uniform freight rates, mile for mile, without regard to differing costs of the service. Congress, by adding those words, made plain the duty of the Commission, in determining whether discriminatory practices exist, to consider the interests of regions, districts, and territories, and to eliminate territorial rate differences which are not justified by differences in territorial conditions. In other words Congress did not introduce a new standard of discrimination by its amendment to § 3(1); it merely made clear its purpose that regions, districts, and territories should be the beneficiaries of the law against discrimination.

Recently, three-judge courts in the Districts of Maryland (two cases), Massachusetts and the Southern District of New York have reviewed the Commission's attempts to deal with rail rates on imported iron ore moving from the North Atlantic ports to differential territory. The Commission's first decision in *Iron Ore from Eastern Ports to Central Freight Association Ports*, 291 I.C.C. 527 (1954) and 299 I.C.C. 195 (1956) approved reduced rates from New York and Philadelphia on the Baltimore level, but disapproved as noncompensatory similar reduced rates from Boston. The three-judge court in Maryland in *Baltimore & Ohio R. Co.* v. *United States*, 151 F. Supp. 275 (1957) set aside the Commission's order insofar as it approved reduced rates from New York and Philadelphia, stating, *inter alia* (at p. 274) that "In upholding parity of rates for Baltimore, Philadelphia and New York the Commission has disregarded the disparity of distances and thus in effect has approved a lower rate from Philadelphia and New York than the rate from Baltimore."[6] The three-judge court in Massachusetts sustained the Commission's rejection as non-compensatory of the proposed reduced rates from Boston, in *Boston & Maine Rd.* v. *United States*, 153 F. Supp. 952 (1957), pointed out, *inter alia* (at p. 957) that in any event, under Section 3(1) "the Commission

> would be obliged to give due consideration to the natural geographical advantages possessed by the ports of Baltimore and Philadelphia over the port of Boston in the form of a far shorter railroad route to differential territory.

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[6] This Court's *per curiam* opinion on appeal appears at 355 U.S. 175.

Following additional hearings, the Commission issued its further report and order on imported iron ore sustaining rates from Philadelphia on the same level but rejecting similar rates from New York. A three-judge court in the Southern District of New York, in *New York Central R. Co.* v. *United States*, 207 F. Supp. 483 (June 1962) set aside the Commission's second order insofar as it failed to equalize the rates from New York. However, in so doing the court stated, *inter alia* (at p. 490) that:

> It is undeniable that unlawful discrimination can be effected as readily by giving more transportation for the same price as by charging a higher price for the same transportation.

In December, 1962, in *Baltimore & Ohio R. Co.* v. *United States* (Civil Action 13129) a three-judge court in Maryland set aside the Commission's further order insofar as it approved reduced rates from Philadelphia on the Baltimore level.[7]

Since the Commission issued its reports in this case, it has dealt with other port relationships by taking into account the factor of comparative distances to the ports. Thus, in *Hillsborough County Port Authority* v. *A. & W.R. Co.*, 313 I.C.C. 691 (1961) it found that higher export and import rates at Tampa than at competing ports were unduly prejudicial to Tampa and required equalization of such rates, limited however to interior points with the range of distances between such points and the competing ports. Tampa's participation in the traffic had been negligible.

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[7] The Commission has again reopened the Iron Ore case for further hearing.

On July 6, 1962, a three-judge court in the Southern District of Alabama sustained the Commission's order in a *per curiam* decision. *Alabama, T. & N.R. Co.* v. *United States* (Civil Action 2747). Again, in Docket No. 33247, *City of Wilmington* v. *Alabama G.S.R. Co.*, decided June 14, 1962, the Commission held that equalized rates on export and import traffic between interior points, on the one hand, and the ports of Wilmington and Morehead City, N.C., would result in undue preference of Morehead City and undue prejudice to Wilmington when distance to Morehead City exceed those to Wilmington by 25 percent. In so doing, Division 2 stated (p. 24) that:

> The general policy of the Commission in cases of this kind has been to permit or require equalization where the geographically-handicapped port appeared to be at a serious competitive disadvantage by reason of the rate adjustment, provided that such equalization was confined within reasonable limits determined by the needs of the ports concerned, the carriers serving them, and the shipping public. * * *

We submit, therefore, that there is no basis for the view of the court below that the purpose of the 1935 amendment to Section 3(1) was to enable "all ports and the carriers serving them to compete for all import and export traffic and thereby maximizing the number of ports available" wholly without regard to differences in distance and cost. The court's suggestion (R. 4004) that the Commission's decision "if pressed to its logical conclusion, would result in traffic flowing only through the most distance favored port," simply does not reflect what was done in this case or in the Commission's general treatment of port cases under Section 3(1). As indicated above, the Commission has permitted or required disregard of distance and cost within limits so as to enable disadvantaged ports and railroads serving them some opportunity to compete for export-import traffic. In other cases, it has found parity unlawful, and required differential rates giving some recognition to the natural advantages of distance-favored ports. A basic flaw in the lower court's decision is its assumption that the Commission's finding of a violation of Section 3(1) "relies on a single subsidiary finding--the distance disadvantage of the northern tier ports." We discuss below the error in this assumption. Here, it is enough to point out not only that the Commission's finding was in terms of distance and cost disadvantages, but also was coupled with the finding that the proposed equalization of rates would result in an undue diversion of traffic from the southern tier ports to New York (R. 3806). Moreover, it is clear that in cases such as this the Commission is to take into account not only factors of distance and cost but the effect upon both ports and carriers of rate parity or rate differentials, as well as any other circumstances relevant in determining whether undue preference and prejudice exists or would be created. Clearly, the Commission's task in dealing with the structure of export-import rates is that described by this Court in *Ayrshire Collieries Corp.* v. *United States*, 335 U.S. 573, 593 (1949) in referring to the coal rate structure:

> * * * We would depart from our competence and our limited function in this field if we undertook to accommodate the factors of transportation conditions, distance and competition differently than the Commission has done in this case. That is a task peculiarly for it. In fashioning what the Commission called a differently related and finely balanced rate structure for this coal, there is no place for dogma or rigid formulae. The problem calls for an expert, informed judgment on a multitude of facts. The result is that the administrative rate-maker is left with broad discretion as long as no statutory requirement is overlooked. * * *

C. THE COMMISSION'S FINDINGS SUPPORT ITS CONCLUSION THAT THE PROPOSED RATES TO AND FROM THE NORTHERN TIER PORTS WOULD VIOLATE SECTION 3(1)

We contend that the detailed findings of fact in the Commission's two reports fully support its conclusion that the reduced rates on export-import traffic proposed by the railroads serving the northern tier ports would result in undue preference of the northern tier and undue prejudice to the southern tier ports. While its painstaking analysis of this complicated problem cannot be fully reflected here, some of its principal findings may be summarized as follows:

1. Except for [temporary disruptions] "no increase has been made in the differentials which favor the southern tier ports for over 80 years. But the increase in rate levels which occurred over those years has proportionately decreased their significance. For example, the sixth-class rates between Chicago and New York-Baltimore were 25 cents and 32 cents from

1877 to 1914. If the increases since authorized, through Ex Parte No. 206, had been applied to those rates they would now be 115 cents and 99 cents respectively, and would reflect a differential of 16 cents. The increased value of goods has likewise diminished the importance of the differential" (R. 3744–3745).

2. The present differentials are smaller than they would be if allowed to be set by competitive factors (R. 3805). "Domestic class rates generally reflect differences in distance and service. * * * the class rates from Chicago for example, for classes 20 to 100, are from 10 to 48 cents higher to Boston than to Baltimore, and from 6 to 30 cents higher than to New York" (R. 3852).

3. "Ocean-borne commerce is classified into two types of cargo. By far the largest in volume is bulk cargo. It consists generally of low-value, heavy-volume raw materials which are handled at the port by mechanical facilities and [fol. 4985] provide bottom loading for ships or may move as full cargoes. The other type, called general cargo, includes principally manufactured and semimanufactured goods of relatively high value, which are usually packaged. General cargo generally constitutes the more profitable 'top loading' for ships in a balanced cargo operation.

"The type of traffic determines the character and to a large extent the cost of the port terminal service which the port railroads perform in delivering traffic to or receiving traffic from the ship, although the facilities employed may vary widely depending upon the physical characteristics of the harbor used. Another important distinguishing characteristic lies in the relative commercial and economic benefits which a port derives from these different types. General cargo, which requires the performance of various and numerous services, including handling and stevedore service and the supplementary port services hereinafter described, provides greater employment and produces a far greater revenue per ton for the port community through which it moves than does bulk cargo, which is mostly handled by specialized mechanical facilities such as those used in unloading grain and coal. However, both types of cargo are considered essential to a healthy port economy" (R. 3753–3754).

4. New York's relative share of the total of United States ocean-borne exports and imports declined from 28.6% in 1923 to 14% in 1956, and Boston's declined from 4.7% to 2.5%, while both ports showed tonnage increases. "The share of the southern tier ports in total United States imports and exports increased from 1923 to 1956 as follows: Philadelphia from 7.9 to 15.7 percent; Baltimore from 8.4 to 10.4 percent; and Hampton Roads from 4.3 to 17.1 percent. Bulk cargo accounted for most of this increase" (R. 3756–3757). The principal bulk cargo moving through North Atlantic ports includes petroleum, ores, grain and coal (R. 3754). Little or none of the crude petroleum imported through the North Atlantic moves to differential territory (R. 3754). Imported iron ore (the rates of which are involved in separate proceedings) enters for the most part through Baltimore and Philadelphia. Coal (the rates on which are not in issue) is

the chief export, with the great preponderance moving through Hampton Roads (R. 3755).

"From the standpoint of volume, grain is the second most important commodity exported through these ports, increasing from 4.2 million tons in 1923 to 5.4 million tons in 1955. It is the chief export and by far the most important bulk commodity, of the tonnage moving to and from the affected territory. From 1923 to 1955 there were large increases in the tonnage to Baltimore and Hampton Roads, a lesser increase to Albany, and a decrease in the volumes through New York, Philadelphia, and Portland. The net result was an increase from 58 to 73 percent of the north Atlantic port total for the southern tier ports, and a drop from 42 to 27 percent of that total for the northern tier ports. Grain requires special port terminal facilities and moves largely in full cargo lots. The 1955 movement was distributed as follows: Baltimore 2.3 million tons, Hampton Roads 1 million, Albany 0.8 million, Philadelphia 0.7 million, New York 0.4 million, with Boston and Portland dividing 0.2 million tons" (R. 3755–6). However, elsewhere in its report (R. 3769–3770) the Commission pointed to recent trends as a result of which "[Baltimore's] share of north Atlantic [grain] exports declined from 47.6 percent in 1952 to 36.2 percent in 1956 and 25.4 percent in the first 9 months of 1957. In the same period Norfolk's share increased from 5.6 percent to 19.9 percent, Boston's share from 5.6 percent to 14.5 percent, and New York's share from 6.4 percent to 11.1 percent."

5. New York's "increasingly less favorable position relatively during the period stems largely from its failure to participate in the large increase in the export movement of coal, its generally smaller share of the increasing exports of grain, and its inability to share proportionately in the burgeoning imports of petroleum and ores, especially iron ore" (R. 3757–8). "Also contributing to the decline in New York's relative position as to total United States exports and imports has been the rapid growth since World War II of trade through the South Atlantic, Gulf, and Pacific ports, due in large measure to the expanding population and industrial development in the areas tributary to those ports" (R. 3759).

6. In 1955, considering all north Atlantic foreign trade, "New York handled more tonnage of all commodities than any of the southern tier ports; excluding petroleum, coal, and iron ore, it handled nearly as much as those ports combined; and it handled about 60 percent more general cargo exports than those ports combined" (R. 3760).

Turning to the movement of export-import traffic between the North Atlantic ports and the differential territory, the Commission found that the record lacks comprehensive evidence as the trends in such traffic (R. 3762, 3765). However, it summarized the results of a study for the 12 months ending July 31, 1956, as follows (R. 3767–3768):

> Of a total of about 11 million tons of exports and imports, exclusive of import petroleum and iron ore and export coal, handled between the north Atlantic ports and the

affected territory in the year ended July 31, 1956, about one-third moved through the northern tier ports. The preponderance of the tonnage passed through the southern tier ports, but as to imports the excess consisted almost wholly of ores and concentrates other than iron ore, and as to exports it was represented entirely by grain and grain products. Of the [fol. 5001] only other group of importance in this case, manufactures and miscellaneous, almost two-thirds of the exports and over one-half of the imports were handled through the northern tier ports. Thus, the evidence demonstrates the ability of those ports as a group to attract the preponderance of the tonnage, except as to export grain and import ores and concentrates, the movement of which appears to be largely attracted to the southern tier ports because of more adequate facilities or other circumstances relating peculiarly to those commodities, discussed later in this report.

The complete dominance by New York of the north Atlantic general-cargo traffic to and from the affected territory is clear. Of imports, its volume exceeded that of all the other ports combined, was more than double that of Baltimore, and almost four times that of Hampton Roads. As to general-cargo exports, New York's volume was 62.7 percent of the total volume for all of the ports and over 50 percent greater than that of the southern tier ports combined. Also, it was more than double the Baltimore volume and more than ten times that of Hampton Roads.

Both as to the total exports from the affected territory and the total imports handled to that territory, New York's volume was more than double that of Hampton Roads, and about three times that of Philadelphia. Baltimore's tonnage surpassed New York only because of its large volume of export grain and of import bulk ores, other than iron ore.[a]

7. "* * * the volume of foreign traffic having its origin or destination in the effected territory which those ports attracted prior to the equalization of the ocean rates is not revealed. Consequently, we are unable to find support for the assertion that the disparity in through charges created has diverted traffic from the northern tier ports, to the disadvantage of the [appellee carriers]" (R. 3804–5).

8. New York has a preponderance of excellent steamship services as compared with the southern tier ports, and its general cargo services far surpass those at such ports, and afford much more frequent sailings and service to and from a far wider range of trading areas (R. 3777); in addition, New York's supplementary port services (e.g., freight forwarding, banking, marine insurance, etc.) are superior to those of the southern tier ports (R. 3779–3781).

9. Some shippers testifying in support of the proposed rate equalization "regard the differential adjustment as a controlling consideration" in their choice of a port (R. 3783). However, the Commission found that New York, with its more frequent sailings and other advantages attracted away from Boston much of the export-import traffic moving to and

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[a] The results of this study are also reflected in Appendices E and F of the Commission's original report (R. 3735–6).

from New England points. The Commission concluded (R. 3785) that:

> Considering that most of the general-cargo traffic of the north Atlantic ports here concerned is attracted to New [fol. 5021] York despite its differential over the southern tier ports and over Albany, the failure of Boston, with rates the same as New York, to attract a larger volume of the traffic must be ascribed to factors other than an unfavorable rate relationship, chief of which are the superior steamship and port services which New York affords. The fact, as above shown, that much of the New England export-import traffic moves through New York confirms this. As to grain from the affected territory, traffic said to be more sensitive to rate differences than general cargo, Boston has been able (as shown in appendix F) to attract considerably more than New York, and about 2.5 times as much as Albany, which has lower rates. Such a marked difference in Boston's ability to attract these two types of traffic strongly suggests the existence of influences affecting the choice and use of ports far more powerful than the present port differentials. * * *

The Commission similarly noted (R. 3801) that a number of manufacturers located in or near Baltimore make a substantial portion of their export shipments through New York.

8. The southern tier ports and the railroads serving them have concentrated on attracting bulk commodities, chiefly grain and bulk ores for which they have provided specialized loading and unloading fa-

cilities (R. 3768–3771). Thus, during the years 1946 to 1955, in which $121.3 million for general cargo facilities and $28.7 million for specialized facilities were invested in New York and Boston, the southern tier ports saw expenditures of $20.9 million for general cargo facilities and $81.2 million for specialized facilities (R. 3771). "As bulk commodities, because of their law value, are peculiarly sensitive to transportation cost, the differential has greater influence on their movement than on general cargo" (R. 3800).

9. Rate equalization "would not materially affect the flow of traffic" through Boston, Portland and Albany. New York in 1955–1956 "was able to attract 2.8 million tons of general cargo while Boston with the same rates as New York, obtained only 21,000 tons of such traffic. Albany, with rates on the level of Philadelphia, has not participated significantly in the traffic to and from differential territory, except for export grain" (R. 3848), and as to grain Albany handled much less than Boston or Philadelphia although it enjoys rates lower than Boston and on the same level as Philadelphia (R. 3820, 3844).

10. "The average of the short-line distances from * * * points in the affected territory is 698 miles to Baltimore, 750 miles to Philadelphia, 804 miles to New York, and 921 miles to Boston. The average distance between Hampton Roads ports and the affected territory is 883 miles as compared with 853 miles between that territory and New York" (R. 3773). "The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly

established" (R. 3805-6). The Commission also referred to the claims of the southern tier lines and ports "fully substantiated of record, as to [their] geographical, transportation, and cost advantages" (R. 3854). This finding is supported by studies indicating relative rail costs to and from the various ports (R. 2391-2412; 2983-3058).

The Commission's ultimate conclusions. The Commission's ultimate conclusions were drawn from the findings of basic facts partially summarized above. Again, we submit that the validity of those conclusions must be measured in terms of the real and precise issue before the Commission (and this Court). This issue is whether, under the facts, the Commission is required to *enforce or impose* rate parity as to the traffic involved upon the railroads serving the North Atlantic ports. Moreover, since this proceeding arose under Section 15(7) of the Interstate Commerce Act, the railroads serving the northern tier ports bore the burden of proving that "equalizing" rates on this traffic would be lawful in all respects.

In support of the ultimate finding that enforced rate parity would cause undue preference of and advantage to the northern tier ports separately and collectively, and undue prejudice and disadvantage to the southern tier ports, the Commission concluded, first, "that, so far as Boston, Portland, and Albany are concerned, such equalization would not materially affect the flow of foreign traffic through any of those ports" (R. 3854). A fact of life apparent from this record is that the ports of Boston, Portland and Albany are overshadowed competitively by New York, and that if those three ports plus New York achieved rate parity with the southern tier ports, New York would be the almost exclusive beneficiary of such enforced equalization. Stated otherwise, these three northern ports are primarily competing against New York, rather than Baltimore and Hampton Roads. We submit that the Commission was entitled, if not required, to draw this conclusion from the fact that Boston, with rates at the New York level, and Albany, with rates below New York at the Philadelphia level, simply have not been significant competitors of New York with its frequent sailings and other undisputed advantages as described in the Commission's report. If the rates to and from Boston were reduced to the Baltimore level while the New York and Boston rates were required to remain at higher levels, this would result, as the Commission pointed out (R. 3852), in violations of the long-and-short-haul provisions of Section 4 of the Act.

Thus, the case tends to center, as it has again and again since 1877, upon the competitive relationships between New York, on the one hand, and the southern tier ports on the other. As to this, the Commission concluded (R. 3806):

> * * * the record is clear that New York continues to attract more of the highly desirable general-cargo tonnage so vital to its port economy than all of the other north Atlantic ports combined; that to obtain a volume of traffic which will support a much lower level of port activity and range of shipping services than New York, the southern tier ports have been depending heavily on bulk-cargo tonnage; and

> that, considering the volume and character of the traffic disclosed by the traffic study, and other evidence of circumstances which induce or deter the flow of the subject traffic, undue diversion from those ports to New York, at least of most types of that traffic, would result from the proposed equalization. The comprehensive showing in that study strongly refutes the claim of the respondents and their supporting port interest that such equalization is required to enable them to meet the competition of the southern tier ports and to effect a reasonable and nonpreferential rate relationship as between the opposing port groups.

The Commission's conclusion that enforced rate parity would result in an undue diversion of traffic from the southern tier ports to New York is fully supported by the subsidiary findings summarized above. Obviously, New York's present dominance in general cargo would be enhanced if the railroads serving the southern tier ports were required through equalized rates to ignore their transportation advantages of distance and cost. Moreover, the divertibility of bulk traffic by small rate changes is a well-known fact which underlies decades of difficulty in the grain and coal rate structures in this country. See *Ayrshire Collieries Corp.* v. *United States, supra.*, at p. 586. Thus, the Commission found that the present differentials, though diminished in importance with the passage of time and less than competition would produce, were necessary to enable the southern tier ports to use some of their geographical advantage to compete against the dominant port of New York.

After referring to the shorter distances and lower costs of service to and from the southern tier ports, the Commission pointed out that approval of the proposed rate reduction to the northern tier ports would require approval of the conditional rate reductions proposed by the southern tier ports—thereby restoring the differentials at a lower rate level. As the Commission stated (R. 3806):

> This might result in the rates gravitating to their lowest possible level and in a needless dissipation of carrier revenues. We have been given the power to fix rates, among other reasons, for the purpose of preventing destructive competition and promoting the financial stability of the regulated carriers.

The opinon below did not even discuss this aspect of the Commission's decision.

At this point, it should be emphasized that none of the appellees (railroads or ports) is proposing that the differentials should be maintained at a lower level. Rather, as stated in their Motion to Affirm (p. 23) they contend that "if the appellee railroads reduce their rates to a basis of equality with the rates of appellant railroads as a matter of necessity in order to meet competition, then a retaliatory reduction by appellants must be condemned as 'unnecessary to meet competition.'"

The court below apparently adopted the appellees' position, but through a chain of reasoning which is wholly erroneous. The Commission's order was issued as a result of its suspension and investigation, pursuant to Section 15(7), into the lawfulness of proposed rates. The court below stated that "the Commission has failed to distinguish between rates which carriers may voluntarily publish to meet competition pursuant to Section 15(7) and rates which carriers, on complaint under section 3(1), may be required to change" (R. 4004). From this it concluded that "the primary issue is whether equalization is necessary to enable the [appellee] railroads to compete" (R. 4005). Simultaneously, it held that the rights or interests of competing ports under Section 3(1) were not properly in issue before the Commission. Thus, the court below stated in obvious criticism that the Commission's reports "give continuous indication that the Commission regarded this as a 'port' case, not a 'railroad' case. For example, the [Commission's] observation that 'in the rare instances where rate changes in port relationships have been required by us, distance has been an important consideration', while perhaps true, was totally irrelevant to the issue before it" (R. 4004).

As the appellees' put it in their Motion to Affirm (pp. 20-21):

> * * * In a Section 3(1) complaint proceeding, the Commission, as the Court recognizes, could properly find that a rate difference maintained between different points is justified and proper where greater distance, and its concomitant greater costs to the carrier, are shown as a matter of record. But the Court goes on to point out the irrelevance of a finding as to higher costs due to greater distances in a Section 15(7) proceeding, as here, where the car-

> riers deem the absorption of such higher costs necessary if they are to effectively compete at rates otherwise lawful.

In so stating, the appellees put in blunter terms than the court below the proposition that the Commission in exercising its investigation and suspension powers under Section 15(7) of the Interstate Commerce Act (49 U.S.C. 15 (7)) may not take into account comparative distances and costs in determining the lawfulness of rates to and from the various ports on export-import traffic, but may do so in a proceeding instituted by a complaint alleging a violation of Section 3(1). Such a reading of the lower court's opinion finds support in its judgment which enjoins the Commission's order insofar as it "prevents differential-eliminating rates from becoming effective."

The holding below amounts to saying that the railroads serving the northern tier ports (New York, Boston, Albany and Portland) have a statutory right to put into effect reduced rates which violate Section 3(1) by creating undue preference and prejudice as between the northern tier ports and the southern tier port, and to maintain such unlawful rates until they are found to be unlawful in a separate proceeding several years later. This contention is inconsistent with any conceivable standard of effective regulatory procedure. It flies in the teeth of the express provision of Section 15(7) that in proceeding under that section "the Commission may make such order with reference thereto as would be proper in a proceeding initiated after it had become effective," i.e. in the complaint procedure referred to by appellees. It was specifically rejected by this Court in *Ayrshire Collieries Corp.* v. *United States, supra,* pp. 581–583. It is inconsistent with this Court's recently expressed recognition of the relevance, in a proceeding under Section 15(7) of the interrelationships between rates on imported iron ore from these same North Atlantic ports to differential territory. *Interstate Commerce Commission* v. *Baltimore & Ohio R. Co.*, 355 U.S. 175, 178 (1957).

We have already pointed out that the 1935 amendment to Section 3(1), in adding "ports" to the entities entitled to protection under Section 3(1), necessarily rejected the view that the competitive motives of a port and the railroads serving it override every other consideration of public interest and sound national transportation policy. As noted above, Congress, in 1935, specifically refused to require that a railroad serving a port should have an unqualified right to reduce rates to the level of a competing railroad serving another port; and that Congress did so with the specific knowledge that by rejecting Senator Long's amendment, differences in distance and other transportation factors would enter into the resolution of such issues.

We submit, therefore, that the court below erred, both as to the scope of a proceeding under Section 15(7) and as to the intended result of the 1935 amendment to Section 3(1). However, we do not suggest a remand to the lower court; rather, we believe that that court should be directed to sustain the Commission's order.

Above, we have shown that discrimination, i.e., preference and prejudice, can be caused by charging the same rate for different transportation services for different persons. We have shown that on this record the Commission was justified in finding that enforced rate equalization between the railroads serving the northern and southern tier ports, respectively, would unduly prejudice the latter by failing to recognize their natural advantages and thereby causing an undue diversion of export-import traffic to New York, the already dominant North Atlantic port. The rate reduction proposed by the railroads serving the northern tier ports was matched by the railroads serving the southern tier ports filing tariffs with lower rates which would have restored the established differentials at a lower level. Since, as we have shown, the Commission was not required by law to enforce rate equalization, the next question, not discussed by the court below, was how it should deal with the incipient rate war. The Commission's finding that such an imminent drop in the *level* of the dfferential rate structure would result in a needless dissipation of carrier revenues, was not challenged by any contention that the rates on this traffic to the southern tier ports were too high. Rather, it was clear that the original and countervailing rate proposals immediately threatened a renewal of the old rate wars on this precise traffic which led to railroads' establishment of approximately these very differentials in 1877. In addition, the Commission found that "The present differentials have long been served to retain a reasonable competitive relationship between the principal port groups and should be maintained" (R. 3806).

Since the Commission has found that the structure of rates in question is lawful and reasonable, and that the proposal for enforced parity would violate Section 3(1), it was doubly appropriate for the Commission to use its minimum rate powers to preserve the present differentials. First, it may use its minimum rate powers to eliminate the undue preference and prejudice between ports prohibited by Section 3(1), as it may to eliminate undue preference and prejudice between regions. *New York* v. *United States*, 331 U.S. 284, 340-343 (1947). Secondly, it may use the same minimum rate power to prevent the erosion of a lawful and reasonable rate structure by destructive rate wars. *Youngstown Sheet & Tube Co.* v. *United States*, 295 U.S. 476 (1935); *Ayrshire Collieries Corp.* v. *United States*, 335 U.S. 573, 590 (1949). These cases point out the inapplicability of *United States* v. *Chicago, M. St. P. & P. Co.*, 294 U.S. 499 (1935), where, as here, the Commission has found the existing rate relationship to be reasonable. In any event, where, as here, the sole issue is whether the Commission must enforce rate parity at the Baltimore level, and no one urges that the differentials should be preserved at a lower rate level following offsetting rate reductions, the Commission clearly acted properly in preventing a violation of Section 3(1) by maintaining the differentials at the present rate level. Its action was clearly consonant with the command of the National Transportation Policy that the Act be so administered as to "foster sound economic conditions in transportation and among the several carriers" and to preserve a transportation system adequate for the Nation's needs.[9]

It begs the question to say that what the Commission did in this case was to allocate traffic between the ports. Of course, whatever the Commission did in a case like this would have some effect upon shippers' choices in the routing of export-import traffic by particular routes and ports. We contend that here the Commission did exactly what the Congress intended when, by adding "ports" to Section 3(1) in 1935, it reiterated its purpose that these competitive export-import rate problems be determined by the Commission, and its further purpose that these problems be decided in the light of such transportation factors as relative distance, rather than solely in terms of competitive necessity as the court below erroneously held. We have pointed out that, as in the *Galveston* v. *New Orleans* situation which led to this Court's *Texas & Pacific* decision, the Commission has required differential rates to enable a dominated port to gain some competitive advantage from its geographically favored position. Again, as in the case of Tampa and Morehead City, the Commission has required rate equalization in the face of partial distance disadvantages to enable the disadvantaged and dominated port to compete for some of the traffic involved. And in so enforcing either rate differentials or rate equalization, the Commission has done so only within limits measured by differences in distances. Coming closer to this case, the Commisison, following *New York Central R. Co.* v. *United States,* 99 F. Supp. 394 (1951), affirmed, *per curiam,* 342 U.S. 890, enforced equalized rates on export grain moving from Buffalo, on the one hand, to New York, Albany, Philadelphia and Baltimore (thereby ending a differential in favor of Philadelphia and Baltimore) when the distances involved were substantially the same and where the northern ports had been getting little of the export grain traffic. *Export Grain from Buffalo to New York*, 292 I.C.C. 647 (1954).

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[9] The following may be noticed as to the revenue needs of several railroads involved in this case: New Haven is in reorganization under Section 77 of the Bankruptcy Act; Boston & Maine, Erie-Lackawanna, and New York Central are the recipients of Federal loan guarantees under Section V of the Interstate Commerce Act; the Erie-Lackawanna merger was a marriage of financial necessity. *Maintenance of Way Employees* v. *United States*, 366 U.S. 169. The Commission's recent approval of Chesapeake & Ohio's acquisition of control of Baltimore & Ohio was based in part upon the latter's financial necessity. *Chesapeake & Ohio R. Co.—Control—Baltimore & Ohio R. Co.*, Finance Docket 21160, decided December 17, 1962.

The Commission has never required rate equalization in disregard of significant differences in distance (and cost) where the effect would be diversion of traffic from the geographically favored ports to an already dominant port (New York). In thus taking into account all of the circumstances involved in a competitive export-import rate situation, the Commission avoids the extreme anticipated by the court below, i.e., the concentration of such traffic in "the most distant favored port". At the same time, it has never so exercised its powers as to deprive ports and railroads with natural advantages of an opportunity to compete in terms of such advantages.

Here, the Commission concluded, upon a balance of many factors, that enforced rate equalization would unduly prefer the northern tier ports. At the risk of oversimplification, it may be said that the Commission balanced New York's advantages, e.g., frequent sailings, and its dominance of the general cargo traffic (with the greater employment and other port benefits which such traffic produces than does bulk traffic) against the dependence of the southern tier ports upon bulk cargo plus the distance and cost advantages of the railroads serving the latter ports. We submit that its conclusion, on this balance, that it should not impose upon the North Atlantic ports a rate parity which would result in a substantial diversion of traffic from the southern tier ports to New York; has a rational basis.

II

THE COMMISSION'S ORDER WAS VALID AS AN EXERCISE OF ITS MINIMUM RATE POWERS TO PREVENT NEEDLESS DISSIPATION OF CARRIER REVENUES

Even if the court below were correct in its conclusion that issues of undue preference and prejudice under Section 3(1) may not be determined in a proceeding instituted under Section 15(7), it does not follow that the Commission was powerless to act to avert a rate war with attendant dissipation of carrier revenues.

The purpose of the rate reductions proposed by the appellee railroads was to bring about an enforced equalization of rates to and from all of the North Atlantic ports. As they have put it bluntly, they must be allowed freedom to reduce their rates to the Baltimore level for competitive purposes, but the railroads serving the southern tier ports must be denied similar freedom to counter with rate reductions which would restore the present differentials. Thus, they argue that a rate war (such as led to the original establishment of the differentials) cannot occur.

We know of no basis for the contention that the southern lines can thus be deprived of the same competitive freedom to put into effect reduced rates warranted by their relative distance and cost advantages. As the Commission stated in *Lake Cargo Coal*, 139 I.C.C. 367, 391 (1928):

> * * * Of course the southern carriers are not the only ones who may assert a right to an immune managerial discretion. Their rights in this regard can not be superior to the rights of other carriers. If conceded to them, * * * then in like circumstances we must concede the same right to each and every set of carriers which may claim it. * * *

Accordingly, the Commission correctly concluded (R. 3806) that in view of the distance and cost advantages of the southern lines, "approval of [appellees] proposed rates would require alternate approval" of the counter rate reductions proposed by the southern lines.

The Commission found that "The present differentials have long served to retain a reasonable competitive relationship between the principal port groups and should be maintained" (R. 3806). There is not even a contention that the present rates to and from the southern tier ports are unreasonably high The Commission further noted (R. 3805) that "section 15a(2), among other things, requires us to consider the effect of rates upon the movement of traffic, and the national transportation policy stresses the importance of maintaining a national transportation system adequate for commerce and the national defense." As we have pointed out, the appellees "competition" argument would lead to a rate war which no one wants, for the appellees seek enforced rate equalization—not a continuance of the differentials at a lower rate level. Thus, the Commission was uniquely warranted in concluding that approval of countervailing rate reductions "might result in the rates gravitating to their lowest possible level and in a needless dissipation of carrier revenues." The Commission action in preventing such consequences was a proper exercise of its minimum rate powers under Section 15. *Ayrshire Collieries Corp. v. United States, supra.*

III

THE DISTRICT COURT ERRED IN MAKING ITS INDEPENDENT DETERMINATION THAT THE PROPOSED REDUCED RATES TO THE NORTHERN TIER PORTS ON EXPORT-IMPORT TRAFFIC WERE JUST AND REASONABLE

In addition to its findings under Section 3(1), the Commission concluded that the proposed reduced rates to the northern tier ports "were not shown to be just and reasonable" (R. 3807).[10] Under Section 15(7), the burden of establishing the lawfulness of proposed rates is on the proponent of the rates. The Commission's conclusion was based upon its finding (R. 3797) that the available evidence as to the costs to New York,

> * * * indicates that the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs. However, a presentation of costs adequate to determine whether the proposed rates would be reasonably compensatory should embrace all types of traffic which those rates are expected to attract, and should reflect the costs of the specific methods by which they would be handled. It may be that other traffic would be forced to absorb a larger portion of the constant cost in order to maintain a national transportation system conforming to the ultimate objectives of the national transportation policy.

The court below, however, concluded (R. 4000–4001) that:

> the [appellees] presented proof that the proposed rates are just and reasonable. In view of the minimal amounts of the proposed reductions (reduction in revenue from Chicago to

---

[10] A finding that the proposed reduced rates to and from the northern tier ports were not just and reasonable (i.e., compensatory in the sense of at least covering out-of-pocket costs), was not essential to the Commission's finding of a violation of Section 3(1). It is settled that rates within the range of reasonableness may create undue preference and prejudice in violation of Section 3(1). *New York* v. *United States*, 331 U.S. 248, 344–346 (1947).

> Boston would be .08 cents per ton-mile on first-class traffic and .10 cents on Column 13 traffic, for example), the plaintiffs relied on a prima facie showing of revenues. There was testimony that, using representative origins and destinations and the proposed rates, for 96.8 per cent of all tonnage moving through the port of New York, the import traffic averaged a rate per ton of $19.20 and revenues per ton-mile of 2.47 cents, and that for export traffic these figures were $18.00 and 2.32 cents. In comparison the average revenue per ton-mile for Class I railroads in the United States is 1.384 cents.
>
> The defendant railroads countered this evidence by showing that with respect to traffic through the port of New York the proposed rates were insufficient to return out-of-pocket costs. But, while it refused to find the rates compensatory, the Commission did find after restating and adjusting the cost evidence, that "the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs."
>
> On this evidence the plaintiffs certainly established prima facie that the proposed rate-schedule is just and reasonable. * * *

In thus making the independent finding that the appellee railroads had met their statutory burden of showing the proposed reduced rates to be just and reasonable, the court below relied upon "the minimal amounts" of the reductions, revenue comparisons, and the Commission's finding that from and to New York "the revenue from the proposed rates would equal or exceed by a very small margin the estimated out of pocket costs."

Even if the making of such a finding had been a proper function for the lower court, the materials upon which it relied did not support its finding. Its statement that proposed rate reductions were for "minimal amounts" does not prove that lower rates would be compensatory, particularly in the absence of any cost evidence that the present rates are compensatory. The lower court's assertion that on export-import traffic moving through New York the reduced rates would produce revenues per ton and per ton mile in excess of the average revenue per ton mile for Class I railroads in the United States, is meaningless in that it is not related to the services to be rendered under these particular rates and the costs of performing them. To infer the profitability of the proposed rates from such a generalized comparison of revenues was particularly improper in the face of specific cost evidence that the rates to and from New York would only "equal or exceed by a very small margin" the out-of-pocket costs.

Finally, it was equally improper for the court below to infer that the reasonableness of the proposed rates was demonstrated by the Commission's finding that the revenue from New York rates "would equal or exceed by a very small margin" the out-of-pocket costs. Rates which barely meet out-of-pocket are not necessarily just and reasonable, i.e., compensatory, as a matter of law. Rather, as stated by Judge Friendly in *New York Central R. Co.* v. *United States*, 207 F.

Supp. 483, 495 (S.D. N.Y., 1962) (one of the iron ore port differential cases):

> We do not doubt the power of the Commission, on proper findings, to proscribe as too low a rate which, although covering long term out-of-pocket costs, fails to meet fully distributed ones. Some traffic must pay for the "non-variable" portion of operating expenses and property taxes and meet the deficits occasioned by traffic (such as the passenger business) that does not pay its way. If the Commission thinks a particular carrier should not haul particular traffic at a rate that will not contribute to such expenses, that is a judgment competent for the Commission to make. * * *

In any event, the court below assumed administrative functions in making an independent determination from such materials that the appellee railroads had sustained the burden of showing that the proposed rates would be just and reasonable. As a minimum, this issue should have been remanded to the Commission, and the lower court's failure to do so was clearly erroneous. *Illinois Commerce Commission* v. *United States*, 292 U.S. 474, 481 (1934).

CONCLUSION

The judgment below should be reversed.

Respectfully submitted.

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General Counsel.

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Washington 25, D.C.

January 1963.

APPENDIX

The National Transportation Policy (Preamble to 49 U.S.C. 1) and the Interstate Commerce Act, 24 Stat. 379, as amended (49 U.S.C. 1 *et seq.*), provide as follows:

NATIONAL TRANSPORTATION POLICY

> It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this Act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; to cooperate with the several States and the duly authorized officials thereof; and to encourage fair wages and equitable working conditions;—all to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as other means, adequate to meet the needs of the commerce of the United States, of the Postal Service, and of the national defense. All of the provisions of this Act shall be administered and enforced with a view to carrying out the above declaration of policy.

* * * * *

SEC. 1 * * * (5) All charges made for any service rendered or to be rendered in the transportation of passenger or property as aforesaid, or in connection therewith, shall be just and reasonable, and every unjust and unreasonable charge for such service or any part thereof is prohibited and declared to be unlawful.

* * * * * *

SEC. 3(1). It shall be unlawful for any common carrier subject to the provisions of this chapter to make, give, or cause any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic, in any respect whatsoever; or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever: *Provided, however,* That this paragraph shall not be construed to apply to discrimination, prejudice, or disadvantage to the traffic of any other carrier of whatever description.

* * * * * *

SEC. 4(1). It shall be unlawful for any common carrier subject to this chapter or chapter 12 of this title to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through rate than the aggregate of the intermediate rates subject to the provisions of this chapter or chapter 12 of this title, but this shall not be construed as authorizing any common carrier within the terms of this chapter or chapter 12 of this title to charge or receive as great compensation for a shorter as for a longer distance: *Provided,* That upon application to the Commission and after investigation, such carrier, in special cases, may be authorized by the Commission to charge less for longer than for shorter distances for the transportation of passengers or property, and the Commission may from time to time prescribe the extent to which such designated carriers may be relieved from the operation of the foregoing provisions of this section, but in exercising the authority conferred upon it in this proviso, the Commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed; and no such authorization shall be granted on account of merely potential water competition not actually in existence: *Provided further*, That any such carrier or carriers operating over a circuitous line or route may, subject only to the standards of lawfulness set forth in other provisions of this chapter or chapter 12 of this title and without further authorization, meet the charges of such carrier or carriers of the same type operating over a more direct line or route, to or from the competitive points, provided that rates so established over circuitous routes shall not be evidence on the issue of the compensatory character of rates involved in other proceedings: *And provided further*, That tariffs proposing rates subject to the provision of this paragraph requiring Commission authorization may be filed when application is made to the Commission under the provisions hereof, and in the event such application is approved, the Commission shall permit such tariffs to become effective upon one day's notice.

* * * * * *

SEC. 15(1). Whenever, after full hearing, upon a complaint made as provided in section 13 of this title, or after full hearing under an order for investigation and hearing made by the

Commission on its own initiative, either in extension of any pending complaint or without any complaint whatever, the Commission shall be of opinion that any individual or joint rate, fare, or charge whatsoever demanded, charged, or collected by any common carrier or carriers subject to this chapter for the transportation of persons or property as defined in section 1 of this title, or that any individual or joint classification, regulation, or practice whatsoever of such carrier or carriers subject to the provisions of this chapter, is or will be unjust or unreasonable or unjustly discriminatory or unduly preferential or prejudicial, or otherwise in violation of any of the provisions of this chapter, the Commission is authorized and empowered to determine and prescribe what will be the just and reasonable individual or joint rate, fare, or charge, or rates, fares or charges, to be thereafter observed in such case, or the maximum or minimum, or maximum and minimum to be charged, and what individual or joint classification, regulation, or practice is or will be just, fair, and reasonable, to be thereafter followed, and to make an order that the carrier or carriers shall cease and desist from such violation to the extent to which the Commission finds that the same does or will exist, and shall not thereafter publish, demand, or collect any rate, fare, or charge for such transportation other than the rate, fare, or charge so prescribed, or in excess of the maximum or less than the minimum so prescribed, as the case may be, and shall adopt the classification and shall conform to and observe the regulation or practice so prescribed.

* * * * *

SEC. 15 * * * (7) Whenever there shall be filed with the Commission any schedule stating a new individual or joint rate, fare, or charge, or any new individual or joint classification, or any new individual or joint regulation or practice affecting any rate, fare, or charge, the Commission shall have, and it is given, authority, either upon complaint or upon its own initiative without complant, at once, and if it so orders without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, fare, charge, classification, regulation, or practice; and pending such hearing and the decision thereon the Commission, upon filing with such schedule and delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such schedule and defer the use of such rate, fare, charge, classification, regulation, or practice, but not for a longer period than seven months beyond the time when it would otherwise go into effect; and after full hearing, whether completed before or after the rate, fare, charge, classification, regulation, or practice goes into effect, the Commission may make such order with reference thereto as would be proper in a proceeding initiated after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change of rate, fare, charge, classification, regulation, or practice shall go into effect at the end of such period; but in case of a proposed increased rate or charge for or in respect to the transportation of property, the Commission may by order require the interested carrier or carriers to keep accurate account in detail of all amounts received by reason of such increase, specifying by whom and in whose behalf such amounts are paid and upon completion of the hearing and decision may by further order require the interested carrier or carriers to refund, with interest, to the persons in whose behalf such amounts were paid, such portion of such increased rates or charges as by its decision shall be found not justified. At any hearing involving a change in a rate, fare, charge, or classification, or in a rule, regulation, or practice, after September 18, 1940, the burden of proof shall be upon the carrier to show that the proposed changed rate, fare, charge, classification, rule, regulation, or practice is just and reasonable, and the Commission shall give to the hearing and decision of such questions preference over all other questions pending before it and decide the same as speedily as possible.

* * * * *

Sec. 15a. * * * (2) In the exercise of its power to prescribe just and reasonable rates the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management to provide such service.

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Nos. 97, 98, and 99

In the Supreme Court of the United States

OCTOBER TERM, 1962

THE BALTIMORE & OHIO RAILROAD COMPANY,
ET AL., APPELLANTS

v.

BOSTON AND MAINE RAILROAD, ET AL.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR
THE DISTRICT OF MASSACHUSETTS

BRIEF FOR THE UNITED STATES

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In the Supreme Court of the United States

OCTOBER TERM, 1962

Nos. 97, 98, 99

THE BALTIMORE & OHIO RAILROAD COMPANY,
ET AL., APPELLANTS
v.
BOSTON AND MAINE RAILROAD, ET AL.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS.

BRIEF FOR THE UNITED STATES

OPINIONS BELOW

The opinion of the district court (R. 3994–4005) is reported at 202 F. Supp. 830. The Commission's initial opinion (R. 3738–3820) is reported at 311 I.C.C. 689 and its opinion on reconsideration (R. 3836–3857) is reported at 314 I.C.C. 185.

JURISDICTION

The judgment of the three-judge district court (R. 4006) was entered on February 23, 1962. Timely notices of appeal were filed by the various appellants (R. 4007, 4020, 4024). The Court noted jurisdiction on June 11, 1962 (370 U.S. 914; R. 4027). The Court's jurisdiction on direct appeal is conferred by 28 U.S.C. 1253 and 2101(b) and is sustained by

Interstate Commerce Commission v. *J-T Transport Co., Inc.*, 368 U.S. 81, and *United States* v. *Central Vermont Ry., Inc.*, 366 U.S. 272.

The United States, a statutory defendant in the court below, filed a neutral answer and did not appeal from the judgment. It is an appellee in this Court.

STATUTES INVOLVED

The National Transportation Policy, 49 U.S.C. preceding Sections 1, 301, 901, and 1001 and Sections 1(5), 3(1)), 4(1), 15(7), and 15a(2) of the Interstate Commerce Act, 49 U.S.C. 1(5), 3(1), 4(1), 15(7), and 15a(2), are set forth in the Appendix, *infra*, pp. 49–53.

QUESTIONS PRESENTED

The so-called northern railroads filed a schedule of reduced rates on export-import traffic between the northern tier ports and differential territory. The Interstate Commerce Commission held the proposed rates unlawful on the ground that they "would cause undue preference of and advantage to the named ports and undue prejudice and disadvantage to the southern tier ports" in violation of Section 3(1) of the Interstate Commerce Act. The questions presented are:

1. Whether the findings on which the Commission's conclusion of undue prejudice rests are identified with sufficient clarity and establish a rational basis for its decision.

2. Whether the district court erred in finding the proposed rates just and reasonable under Section 1(5) of the Act on the basis of its own evaluation of the evidence, where the Commission found the

record inadequate to determine whether the rates were even compensatory.

STATEMENT

These are appeals by southern railroads and port authorities and the Interstate Commerce Commission from a judgment of a three-judge district court setting aside and permanently enjoining enforcement of an order of the Commission. The order in question required appellee railroads to cancel tariffs that would have reduced rates on import and export traffic moving between New York, Boston, Albany and Portland, Maine (the northern tier ports) and differential territory, an area in north central United States (roughly the area north of the Ohio River, west of a line running between Buffalo and Pittsburgh, and east of the Mississippi).[1] The purpose of the rate reductions, which have now been ordered approved by the district court, was to eliminate the long-standing rate differentials on this traffic favoring Philadelphia, Baltimore and Hampton Roads (the southern tier ports).

1. BACKGROUND OF THE RATE DIFFERENTIALS

This controversy stems from the continuing rivalry among the ports along the North Atlantic and the railroads serving them for the import and export traffic to and from differential territory. The railroads have for many years maintained a rate relationship under which, with respect to most of this traffic, the rail rates applicable to Baltimore and Hampton

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[1] A more detailed description of differential territory is given in the Commission's original report (R. 3740–3741).

Roads[2] are three cents per 100 pounds below the rates to New York; the rates to Philadelphia are two cents below New York; and the rates to Boston are the same as those to New York. Philadelphia rates apply to Albany, and New York rates to Portland except on import traffic moving through Portland to the differential territory via Canada where Baltimore rates apply (R. 3741-3743).[3]

The rate relationship presently in effect derives from a voluntary agreement entered into in 1877 by four North Atlantic port railroads (R. 1903).[4] According to the Commission, the two objectives of the agreement were as follows (R. 3746):

> To avoid misunderstanding as to the geographical advantages or disadvantages of New York, Philadelphia, and Baltimore as affected by railroad-ocean transportation, and to effect an equalization of rail-ocean transportation cost between interior points and foreign ports reached through those cities. It provided also that rates to and from Boston should be no less than those to and from New York. * * *

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[2] The differential rates to the Hampton Roads ports apply only on that portion of differential territory which lies in the area west of the Sandusky (Ohio) line (R. 3741).

[3] Minor deviations from the rate pattern described above, such as the rates applicable to export grain and flour (as to which Baltimore is 1.5 and 2 cents respectively less than New York) and as to first-class and second-class traffic (as to which Baltimore is 8 cents less than New York), are set forth in the Commission's original report (R. 3741-3743).

[4] The 1877 agreement made the rate differential prescribed thereby applicable to both domestic and foreign traffic. A new basis for domestic rates was prescribed by the Commission in 1930. *Eastern Class-Rate Investigation*, 164 I.C.C. 314.

The relevance of the ocean rate-relationship between the northern and southern ports in establishing the rail differentials, as stated by the Commission, was as follows (R. 3744–3745):

> When the present differentials were established there were higher ocean rates to and from Baltimore and Philadelphia than to and from the northern tier ports. The differentials were designed, and their effect was, to compensate for the differences in these ocean rates in favor of the northern tier ports. Thus, they tended to produce equal total transportation charges between an interior point and the foreign origin or destination over all routes through the several ports, affording the different railroads and ports competitive rates.

Beginning in the early twenties and extending to about 1935, the ocean rates to and from the different ports were equalized (R. 3745). Consequently, the sum of the rail and ocean transportation charges through the northern tier ports served by the appellee carriers became higher than the sum of those charges through the southern tier ports served by the appellant roads by the amounts of the old differentials. Subsequently, a number of attempts have been made to eliminate aspects of the resulting differentials favoring the southern tier ports. See, *e.g.*, *Lighterage Cases*, 203 I.C.C. 481, 504; *Albany Port District Comm.* v. *Ahnapee & W. Ry. Co.*, 219 I.C.C. 151; *Export Grain from Buffalo to New York*, 278 I.C.C. 31, 292 I.C.C. 647; *Iron Ore From Eastern Ports to Central Freight Association Points*, 291 I.C.C. 527, 299 I.C.C. 195.

2. THE ADMINISTRATIVE DECISION

By schedules filed to become effective July 10, 1956 and later, the railroads serving the northern tier ports[5] proposed to reduce their rates on export-import traffic (except iron ore,[6] coal, and coke) between those ports and the differential territory to the level prevailing between Baltimore and the differential territory.[7] The railroads serving the southern tier ports[8] thereupon countered with schedules to become effective if the rates proposed by the northern carriers were found lawful. The rate reductions they proposed corresponded in amount with those sought by the northern carriers (R. 3739–3740). Protests were filed by each side against the proposed reductions of the other and the various ports and other parties intervened in support of their respective interests. The Commission suspended all of the proposed rates pending investigation of their lawfulness and that suspension has been continued in effect by agreement of the carriers (R. 1–10).

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[5] These railroads include the New York Central which serves New York, Boston, and Albany; the Erie Railroad Company, The Delaware, Lackawanna and Western Railroad Company, and the Lehigh Valley Railroad Company which serve New York; The New York, New Haven and Hartford Railroad Company which serves New York and Boston; the Boston and Maine Railroad which serves Boston and Portland; the Maine Central Railroad Company which serves Portland, Maine; and the Grand Trunk Railway System Lines East and the New York, Susquehanna and Western Railroad Company which are connecting roads (see R. 3748-3749, 3994 n. 1). Since the administrative hearing, the Erie and the Lackawanna have merged (R. 3749).

The Maine Central reluctantly joined in the proposed reduced export rates to Portland in order to avoid having the highest rates to any United States Atlantic port if the rates proposed by the other appellee roads would be approved. It has, however, opposed the proposed import rates which would eliminate the present differential favoring import traffic through that port. Portland import rates are on the Baltimore level, which is three cents per hundred pounds below the rates to New York (R. 3749).

[6] A similar controversy presently exists as to differential rates on import iron ore and is the subject of separate proceedings which began in 1953. The history of those proceedings is contained in the following reports: *Iron Ore From Eastern Ports to Central Freight Association Points*, 291 I.C.C. 527, 299 I.C.C. 195; *Baltimore & Ohio Railroad Co. v. United States*, 151 F. Supp. 258 (D. Md.); *Interstate Commerce Commission v. Baltimore & Ohio Railroad Co.*, 355 U.S. 175; *Boston and Maine Railroad Co. v. United States*, 153 F. Supp. 952 (D. Mass.); *Report of the Commission on Second Further Hearing and Reconsideration*, 314 I.C.C. 149; *New York Central Railroad Co. v. United States*, 200 F. Supp. 944 (S.D. N.Y.); *New York Central*

a. *The Commission's Original Report*

After an administrative hearing, the Commission issued a lengthy report and order holding the reductions proposed by the northern carriers unlawful and

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Railroad Co. v. *United States*, 207 F. Supp. 483 (S.D. N.Y.); *Baltimore & Ohio Railroad Co.* v. *United States*, decided December 19, 1962, C.A. No. 13,129 (D. Md.).

The iron ore controversy is now before the Commission on separate remands from the district courts in the last two of the cases cited above.

[7] The northern lines at the same time applied for authority to establish and maintain the proposed rates without observing the long-and-short-haul provisions of Section 4 of the Interstate Commerce Act (49 U.S.C. 4) (*infra*, pp. 50–51).

[8] These railroads are the Baltimore & Ohio and the Pennsylvania Railroad Company which serve Baltimore, Philadelphia, and New York; the Reading Company which serves Philadelphia: and the Western Maryland Railway Company which serves Baltimore. The protestants serving Hampton Roads are the Pennsylvania, the Chesapeake & Ohio, the Norfolk and Western Railway Company, and the Virginian Railway Company. Since the administrative hearing, the two last-named carriers have merged (R. 3748–3749).

ordering their cancellation (R. 3738–3821). In its report, the Commission first reviewed the history of the port differentials (R. 3743–3748) and the contentions of the parties for and against the reductions (R. 3749–3753). It then made findings concerning (1) the changing relative positions of the northern and southern tier ports with respect to all export-import traffic (R. 3754–3761)[9] and with respect to export-import traffic moving to and from the differential territory only (R. 3762–3768); (2) the factors affecting the amount of traffic moving through these competing ports, including such factors as the facilities and services available at the ports (R. 3768–3771, 3774–3781), the number and frequency of sailings (R. 3774) and the rate differentials (R. 3781–3791); and (3) the costs of rail transportation to the ports, with particular reference to whether the proposed rates would be compensatory (R. 3791–3798).[10]

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[9] The relevant data in this respect were not limited to traffic carried solely by rail, nor to traffic which originated or terminated in differential territory. For these reasons, they were regarded by the Commission as having "little or no significance as an indication of the trends which the ports have experienced with respect to the traffic here concerned". (R. 3756).

[10] The rails serving the northern ports presented no cost evidence to support their proposed reduction in rates. They maintained that this was unnecessary because of the relatively small reductions involved and because they deemed a study of the costs neither feasible nor justified by the expense. They also contended that a showing of unit costs at New York would not be helpful because they would be based on a diminished traffic volume and reflected large investments in port facilities made when there was heavier traffic (R. 3791). However, the southern lines put in certain cost eidence to show that the proposed rates to and from New York would not be compensatory and the northern rails put in rebuttal evidence (R. 3792–3793).

The Commission also made findings with respect to the differences in the average distance between the differential territory and the several southern and northern tier ports as follows (R. 3773):

> The average of the short-line distances from class-rate base points in the affected territory is 698 miles to Baltimore, 750 miles to Philadelphia, 804 miles to New York, and 921 miles to Boston. The average distance between Hampton Roads ports and the affected territory is 883 miles, as compared with 853 miles between that territory and New York.

The short-line distances to Portland generally exceed those to any other northern Atlantic port (R. 3853). In connection with these findings, the Commission discussed the weight to be given the factor of distance in establishing the port rate structure. It noted that the distance disadvantages of the northern tier ports are much less than the substantial differences in distance to and from other ports which have a parity or near parity of rates and stated that (R. 3772-3773):

> * * * considerable disregard of rail distances is characteristic of all port adjustments, as is [*sic*:] was in the establishment of the rates here dealt with. See *Baltimore Chamber of Commerce v. Ann Arbor R. Co.*, 159 I.C.C. 691, 696.* * *

The Commission adhered to its decision in an earlier case in which, in response to the suggestion that the port rate should be fixed in relation to location, it had observed (R. 3773).

> that traffic does not stop at the ports but moves to foreign destinations, that more important

> was the fact that as seaports the four large cities from Boston to Baltimore, inclusive, had a fundamental advantage of location which entitled them to participate in the foreign trade, and that the public interest required that this right be recognized. * * *

and had concluded that the "rates should be so adjusted that all the ports and the various lines serving them may fairly compete for this traffic.' * * *" (*Ibid.*)

The Commission rejected the reduced rates as unlawful on the ground that they "are not shown to be reasonably related to the present rates on like traffic between the same interior points and the southern tier ports, and that the proposed rates would result in undue preference of and advantage to the northern tier ports as a group and in undue prejudice and disadvantage to the southern tier ports" (R. 3806-3807). The basis for this holding is explained in the concluding section of the Commission's report entitled "Discussion and Conclusions" (R. 3804-3807). There the Commission noted that the existing rate structure was "established by voluntary agreement of the eastern railroads more than 80 years ago" and that it "was the purpose of that structure * * * that 'these ports shall all be kept open * * * for export business upon such terms that each one may fairly compete for it'" (R. 3804). It recognized that the amount of traffic moving through the particular ports is influenced not only by the extent of the rate differentials, but also by other factors, including the availability of rail and port services and the frequency of ocean service.

While recognizing the impact of these other factors, the Commission found that "a change in the differentials could be expected to cause a shift in a substantial volume of the traffic" (*ibid.*). At the same time, it said, "we are unable to find support for the assertion that the disparity in through charges thus created [*i.e.*, by the equalization of ocean rates] has diverted traffic from the northern tier ports, to the disadvantage of the [northern carriers]" (R. 3804-3805).

The Commission held that "the burden of establishing the need for such a change rests upon the proponents * * *" and noted that the instant case is unlike *Export Grain from Buffalo to New York*, 278 I.C.C. 31, 292 I.C.C. 647, where the northern carriers were allowed to reduce to the Baltimore level their rates on ex-lake grain for export from Buffalo to the northern tier ports. In that case, "we found 'abundant evidence of the dominant position of the southern tier ports and a clear indication that New York particularly, had suffered a substantial loss of tonnage in its competition for the ex-lake grain traffic.' By contrast, the claims made here * * * of diminishing volume * * * since equalization of the ocean rates was effected, and that these traffic losses are attributable to the differentials, are not supported by impressive evidence" (R. 3805).

It found that the northern tier ports, "as a group," do not need the lower rates in order to compete; that New York, because of its many port advantages, was able to attract most of the highly desirable general cargo,[11] in spite of the disadvantage of the higher rail rates; and that allowance of the rate reduction would result in an undue diversion of traffic to New York from the southern tier ports, especially of bulk cargo traffic on which those ports heavily depend (*ibid.*), and the movement of which is more sensitive to rate changes (R. 3800).[12]

In its conclusions, the Commission also referred to the retaliatory rate reductions which were proposed by the southern lines in the event that the reductions proposed by the northern lines were found lawful. It said (R. 3805–3806):

> The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly established. Thus, approval of respondents' proposed rates would require alternate approval of protestants' proposed rates. This might result in the rates gravitating to their

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[11] (R. 3753): "Ocean-borne commerce is classified into two types of cargo. By far the largest in volume is bulk cargo. It consists generally of low-value, heavy-volume raw materials which are handled at the port by mechanical facilities and provide bottom loading for ships or may move as full cargoes. The other type, called general cargo, includes principally manufactured and semimanufactured goods of relatively high value, which are usually packaged. General cargo generally constitutes the more profitable 'top loading' for ships in a balanced cargo operation."

[12] Because of its low value, bulk cargo is sensitive to transportation cost and its movement is more readily influenced by the differential than is the movement of general cargo (R. 3800).

> lowest possible level and in a needless dissipation of carrier revenues.[13]

It said that, having been given power to fix rates for the purpose of preventing destructive competition and promoting the financial stability of the regulated carriers, it would be remiss in its duties if it approved ~~the~~ reductions (*ibid.*).

While the Commission stated that the cost of service to and from the northern tier ports was higher (R. 3806), it made no finding that the reduced rates would not be compensatory. It said that the evidence as to costs was inadequate "to determine whether the proposed rates would be reasonably compensatory * * *" (R. 3797). Such evidence as was presented indicated that with respect to New York traffic "the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs" (*ibid.*).

The order entered by the Commission required the northern carriers to cancel the schedules proposing the parity rates and denied the application for fourth-section relief (R. 3821).

b. *The Commission's Report on Reconsideration*

In the district court action brought to set aside the Commission's order, the answer of the United States admitted that the Commission had erred in failing to consider "separately and independently for each northern tier port, the lawfulness of the proposed rates as applied to the traffic to and from each of said ports" (R. 3834–3835).[14] The Commission thereafter reopened the proceedings "for reconsideration on the present record of the lawfulness of the proposed rates separately and independently on traffic to and from each northern tier port" (R. 3835–3836).

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[13] Although the Commission stated as an ultimate conclusion that the rate counterproposal of the southern lines is "not shown to be just and reasonable" (R. 3807), the Commission did not in fact make any findings regarding the validity of the counterproposal. It said, "In view of our conclusions herein, the evidence presented in support of the counter proposal need not be considered" (R. 3753).

In its report on reconsideration (R. 3836–3855), the Commission concluded that the proposed rates to the northern tier ports both "separately and collectively * * * would cause undue preference of and advantage to the named ports and undue prejudice and disadvantage to the southern tier ports" (R. 3855). It reiterated that "so far as New York is concerned, rate equalization is not required to enable that port to meet the competition of the southern tier ports" (R. 3854). "[S]o far as Boston, Portland, and Albany are concerned, such equalization would not materially affect the flow of foreign traffic through any of these ports" (*ibid.*). In this connection, the Commission reasoned, as it had previously, that factors other than the rate differential were the principal cause of the inability of these ports to secure more traffic. It again concluded that New York, because of its many port advantages, would be the primary beneficiary under a regime of equalized rates (R. 3844–3853).

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[14] The answer of the United States neither admitted nor denied the other errors asserted in the complaint (R. 3823–3832).

As to the importance of distance as a consideration in the rate relationship, the Commission again acknowledged that departures from distance-based rates are characteristic of many port rate structures, and that "the present rates reflect substantial deviation from relative distances" (R. 3854). It stated, however, that those opposed to rate parity have strong claims based on "geographical, transportation and cost advantages" (*ibid.*). Referring specifically to the distance disadvantages of Boston in relation to Baltimore, Philadelphia and New York, and that of the latter port in relation to Baltimore, the Commission said (*ibid.*):

> Such great differences in distance, under the circumstances here revealed, may not be ignored without running counter to the provisions of section 3(1) of the act. What has just been said applies also, in greater or less degree, to each of the other northern tier ports.

3. THE DISTRICT COURT DECISION

The district court set aside and permanently enjoined enforcement of the Commission order "insofar as it directs the cancellation of schedules proposing differential-eliminating rates to and from * * * [the northern tier ports], denies fourth-section [relief] * * * and prevents differential-eliminating rates from becoming effective" (R. 4006). The court, although acknowledging that the Commission had "refused to find the [proposed] rates compensatory," ruled that the northern lines had "certainly established prima facie that the proposed rate schedule is just and reasonable" (R. 4001).

The court held that, in disapproving the proposed rates on the ground that they would cause undue prejudice to the southern tier ports and give undue preference to the northern ports, the Commission had misapplied Section 3(1). It erred, the court said, by focussing unduly on the needs of the ports without giving due weight to the interests of shippers, receivers, carriers and inland localities (R. 4001–4003). The court held further that the Commission was not justified in relying on the distance disadvantage of the northern tier ports as the single basis for its conclusion that the proposed rates would violate Section 3(1) because (1) distance played no part originally in establishing the differential; (2) the Commission itself has "continually adhered to the proposition that distance plays no part in the determination of port differentials"; (3) the Commission is inconsistent in its application of the distance factor in the instant case; (4) "the present differentials do not in any way reflect the distance differences"; (5) the emphasis on distance was contrary to one of the purposes of the 1935 amendment to Section 3(1), which was "to permit all ports and the carriers serving them to compete for all import and export traffic and thereby maximizing the number of ports available"; (6) "[d]istance differences might be relevant insofar as they reflect differences in the cost and value of the services of plaintiff and defendant railroads * * *, but the Commission made no such cost or value findings nor does the record contain evidence from which it could make such findings" (R. 4003–4004). Having rejected this "single subsidiary finding" on which the Commission relied, the court ruled that the Commission's "conclusion lacks the required basic findings to support it" (R. 4003-4004).

Finally, the court ruled that the Commission's finding that equalization would not materially affect the flow of traffic to the northern tier ports other than New York is inconsistent with the Commission's conclusion that parity would cause undue prejudice to the southern tier ports (R. 4005).

INTRODUCTION AND SUMMARY

This case presents an old but important controversy—the dispute over the port differentials which establish the railroad rate relationships on traffic to and from the North Atlantic ports. The northern roads proposed that their rates on all import and export traffic—except for iron ore, coal and coke—between the differential territory and the northern tier ports be reduced by one to three cents per hundred pounds to place them on a parity with the rates between that territory and Baltimore and Hampton Roads, southern tier ports. The southern roads responded by filing reductions which would restore the existing differentials in the event the northern tariffs were approved. Thousands of different rates are involved covering virtually every item of export or import traffic carried by the railroads. Millions of dollars in direct rail revenues and related port payrolls will be affected by the decision, as well as patterns of traffic developed since the mid-1800's. Above all, the decision will have bearing upon the future of the eastern railroads, the Atlantic seaports and the great cities which depend upon them.

Because of this myriad of intense and conflicting interests, the port differential cases have historically been among the most difficult for the Commission as well as the courts. See, *e.g.*, *In the Matter of Differential Freight Rates to and from North Atlantic Ports*, 11 I.C.C. 13; *Chamber of Commerce of N. Y. v. N. Y. C. & H. R. R. Co.*, 24 I.C.C. 55; *Maritime Assn. of Boston Chamber of Commerce v. Ann Arbor R. Co.*, 95 I.C.C. 539; *Baltimore Chamber of Commerce v. Ann Arbor R. Co.*, 159 I.C.C. 691; *Texas & Pacific Ry. Co. v. United States*, 289 U.S. 627; *Port of New York Authority v. Baltimore & Ohio R. Co.*, 248 I.C.C. 165; *Export Grain from Buffalo to New York*, 278 I.C.C. 31 (1950), order enjoined in *New York Cent. R. Co. v. United States*, 99 F. Supp. 394 (D. Mass.), affirmed, 342 U.S. 890, same case on remand, 292 I.C.C. 647. See also the cases cited *supra*, p. 6, n. 6.

It was to provide a forum and an arbitrator for the solution of just such technical and complex matters as this that the Interstate Commerce Commission was created by Congress. *Board of Trade v. United States*, 314 U.S. 534, 546. It has been given the powers to deal with the issues presented in these disputes and must necessarily be afforded wide discretion in formulating appropriate solutions. See *Secretary of Agriculture v. United States*, 347 U.S. 645, 652; *Ayrshire Collieries Corp. v. United States*, 335 U.S. 573, 592-593; *New York v. United States*, 331 U.S. 284, 331, 335; *Board of Trade v. United States*, *supra* at 546–548. However, the very magnitude of the Commission's task emphasizes the necessity that it make adequate findings and spell out with clarity the essential facts upon which its decision rests. *Burlington Truck Lines, Inc.* v. *United States*, 371 U.S. 156, 167–168; *United States* v. *Chicago, M., St. P. & P.R. Co.*, 294 U.S. 499, 510–511.

In the view of the United States, the Commission's decision does not meet this requirement. We shall urge below that the Commission's report suffers from deficiencies in the following respects:

It lumps together relevant and irrelevant findings without sufficient identification of those which determined its conclusion that the rate reductions proposed by the northern carriers would unduly prefer the northern tier ports and unduly prejudice the southern tier ports in violation of Section 3(1) of the Interstate Commerce Act. The findings upon which the Commission appeared to rely do not provide a rational basis for its conclusion.

Thus, the Commission held that the distance disadvantages of the northern-tier ports cannot be ignored without causing undue preference and prejudice. However, it did not explain why these disadvantages, frequently disregarded in the setting of port differentials and ignored by the Commission in its initial report herein, were determinative on reconsideration. The existing differentials do not reflect important distance differences and their retention is inconsistent with the Commission's suggestion that these port rates must follow distance.

The Commission made a similar departure from past practice in holding that Section 3(1) requires it to give effect to the cost advantages of the southern ports. We do not question the relevance of the cost factors. The Commission, however, failed to determine the extent of the differences among the costs of service to the various ports—making no findings as to Portland, Albany and Hampton Roads—and gave no explanation why any cost advantages which do exist are given proper effect by maintaining the existing rate differentials.

The Commission placed reliance on the relative competitive advantages of the ports. However, its findings as to the comparative advantages of Boston, Albany and Portland vis-a-vis the various southern tier ports were inadequate. It did not explain why, if New York's competitive advantages require maintenance of its rate disadvantage vis-a-vis the southern ports, the apparent competitive disadvantages of Boston, Portland and Albany do not warrant a reduction in their existing rate disadvantages.

Finally, the Commission appeared to rely in part upon an assumption that approval of the reductions proposed by the northern carriers would set off a rate war. Even if true, this assumption would be irrelevant to a determination whether the proposed reductions would cause undue preference and prejudice. Beyond this, however, the Commission failed to make findings to support its assumption. Thus, the rate war threat warranted no consideration, even under sections of the Act to which, if substantiated, it would be relevant.

For these reasons, we believe that the report was properly set aside by the court below. However, in the circumstances of this case, where the approval or rejection of the rates necessarily depends upon an evaluation of numberless technical factors and their interrelationships and where the decision will have such far-reaching consequences, the court should have remanded the case to the Commission to determine whether, in light of the court's opinion, the evidence warrants a different result and, in any event, to make proper findings in support of its conclusion.

In addition, we believe that the court erred in a second respect. Because the Commission concluded that the proposed reduced rates were unlawful under Section 3(1) of the Interstate Commerce Act (*infra*, p. 50), it never reached the question whether, as required by Section 1(5) of the Act (*infra*, pp. 49-50), they were just and reasonable. In fact, the Commission's report stated that the evidence was inadequate to permit a determination whether the proposed rates were even compensatory (R. 3797). Under the Act, it is the Commission's primary responsibility to determine whether proposed rates have been shown to be reasonably compensatory. *Illinois Commerce Commission* v. *United States*, 292 U.S. 474, 481. The court, by proceeding to make its own determination prior to any ruling by the Commission and upon a record found inadequate by the Commission, improperly invaded the province of the administrative agency. *Securities and Exchange Commission* v. *Chenery Corp.*, 318 U.S. 80, 88.

ARGUMENT

I

THE COMMISSION'S FINDINGS LUMP TOGETHER THE RELEVANT AND THE IRRELEVANT AND DO NOT PROVIDE A RATIONAL BASIS FOR ITS CONCLUSION OF UNDUE PREFERENCE AND PREJUDICE

The Commission held the rate reductions proposed by the northern carriers unlawful on the ground that they "separately and collectively, are not shown to be reasonably related to the present rates on like traffic to and from the southern tier ports, and would cause undue preference of and advantage to the named ports and undue prejudice and disadvantage to the southern tier ports" (R. 3855). In so holding, the Commission was acting pursuant to Section 3(1) of the Interstate Commerce Act (*infra*, p. 50) which provides:

> It shall be unlawful for any common carrier * * * to make, give, or cause any undue or unreasonable preference or advantage to any particular person * * * [or] port * * * in any respect whatsoever; or to subject any particular person * * *, [or] port * * * to any undue or unreasonable prejudice or disadvantage in any respect whatsoever * * *.

"Section 3 is a broad charter, giving the Commission wide latitude of definition." *New York Central Railroad Co.* v. *United States*, 207 F. Supp. 483, 492 (S.D. N.Y.) (Friendly, J., in setting aside the Commission's ruling of undue preference and prejudice in the iron ore port differential case). This Court has held that in the application of Section 3(1) "the administrative rate-maker is left with broad discretion * * *" "to accommodate the factors of transportation conditions, distance and competition * * *. That is a task peculiarly for it. * * * there is no place for dogma or rigid formulae." *Ayrshire Collieries Corp.* v. *United States*, 335 U.S. 573, 593. See, also, *Board of Trade* v. *United States*, 314 U.S. 534, 546–548.

On the other hand, this Court has time and again admonished the Commission to spell out and identify the findings deemed essential to its conclusion and to do so with an adequacy which will leave the Court reasonably certain of the Commission's grounds. For only by so doing will the Court be enabled to perform its role of determining whether there was a rational basis for the Commission's conclusion. *Secretary of Agriculture* v. *United States*, 347 U.S. 645, 654; *United States* v. *Chicago, M., St. P. & P.R. Co.*, 294 U.S. 499, 510–511. *United States* v. *Baltimore & Ohio R. Co.*, 293 U.S. 454, 463; *Beaumont, S. L. & W. Ry. Co.* v. *United States*, 282 U.S. 74, 86–87; *Florida* v. *United States*, 282 U.S. 194, 215. This admonition was reiterated recently in *Burlington Truck Lines, Inc.* v. *United States*, 371 U.S. 156, 167–168, in which the Court stated:

> The Commission must exercise its discretion * * * within the bounds expressed by the [statutory] standard * * *. And for the courts to determine whether the agency *has* done so, it must "disclose the basis of its order" and "give clear indication that it has exercised the discretion with which Congress has empowered it." * * * The agency must

> make findings that support its decision, and those findings must be supported by substantial evidence; * * * [and] articulate [the] rational connection between the facts found and the choice made. * * *

As we read the Commission's report, its decision of undue preference and prejudice rests upon some combination of one or more of four factors: (1) the distance advantages of certain of the southern tier ports; (2) the "firmly established" "higher costs of service to and from those [northern] ports" (R. 3806); (3) the great competitive advantages of the port of New York and the competitive disadvantages of the other northern tier ports; and (4) the threat that approval of the proposed reductions would require alternate approval of the counter-reductions proposed by the southern carriers, resulting in a needless dissipation of carrier revenues. We will analyze each factor and show that no one factor standing alone nor any combination discernible from the Commission's report provides a rational basis for the holding. We also suggest that the Commission's ultimate conclusions as to comparative costs and port advantages are not supported by sufficient subsidiary findings and that the assumed threat of a rate war has no relevance to a determination of undue preference and prejudice.

A. THE COMMISSION'S DECISION DOES NOT REVEAL THE BASIS FOR ITS DETERMINATION THAT THE DISTANCE DISADVANTAGES OF THE NORTHERN TIER PORTS CANNOT BE IGNORED WITHOUT CAUSING UNDUE PREFERENCE AND PREJUDICE

Distance is indeed one of the variables in the equation which determines the issue of undue preference and prejudice. *Ayrshire Collieries Corp.* v. *United States, supra.*[15] Of course, not every difference need be, or indeed ever has been, reflected by a corresponding difference in rates. As Judge Friendly said in the related port differential case involving iron ore (*New York Central Railroad Co.* v. *United States*, 207 F. Supp. 483, 490 (S.D.N.Y.)):

> It is undeniable that unlawful discrimination can be effected as readily by giving more transportation for the same price as by charging a higher price for the same transportation * * *. However, the Commission has never adopted a doctrinaire position that any failure to bring rail charges into exact accord with differences in distance is a preference or prejudice, much less an undue one. One reason is that although distance must have some effect on rail transport costs, the relationship is by no means direct. Even on transportation in the same direction over the same line, a heavy proportion of total costs is represented by originating and terminating expenses, as well as overhead expenses, such as accounting, which do not vary with mileage. When different carriers are involved, still other factors enter into the comparison. Neither has the Commission ever insisted that rates to or from competing markets or ports should cover cost by precisely the same margin. Hence the fact that differentials based on longer mileage and higher cost may not be an undue prejudice to the higher rated

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[15] Accordingly, we believe that the district court was in error when it stated "* * * the Commission, itself, has continually adhered to the proposition that distance plays no part in the determination of the port differentials" (R. 1003).

> port has never been thought to mean, in and of itself, that equalization would unduly prejudice the formerly lower rated one.

In addition, distance differences, standing alone, cannot determine whether an existing differential is fair or whether a change would cause an undue prejudice.

In this case, the Commission's definition of the role of distance in its determination is neither clear nor consistent. In its original report the Commission specifically considered, under a separate heading, the "Weight to be accorded the distance element" (R. 3772). It said, in response to a contention emphasizing the southern tier ports' distance advantage, "that considerable disregard of rail distances is charactertistic of all port adjustments, as [it] was in the establishment of the rates here dealt with" (R. 3773). It also noted that "[s]uch distance disadvantages as [the northern tier ports] have are much less than the substantial differences in distances to and from some other ports which have a parity or near parity of rates * * *." (R. 3772.) "[P]ort rates," it stressed (quoting from one of its earlier decisions), "are not distance rates" (R. 3773). Except for a passing reference to "the greater distance of the northern tier ports * * *" (R. 3805–3806) made as part of its conclusion that approval of the northern rates would require approval of the retaliatory southern reductions—letting loose a rate war—the Commission made *no* mention of the distance differences in the "Discussion and Conclusions" supporting its original determination of undue preference and prejudice.

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Yet, the Commission's report on reconsideration appears to rest upon these same distance differences with virtually no explanation of the change in emphasis. Thus, the Commission again acknowledged that "the present rates reflect substantial deviation from relative distances * * * characteristic of many port rate structures" (R. 3854). But it then proceeded to reject the characteristic approach (*ibid.*) (emphasis added):

> The situation before us here differs. While in the instant proceeding there is strong insistence by the respondents and the ports supporting them upon rate parity, equally strong are the claims of their opponents, fully substantiated of record, as to the opponents' geographical, transportation, and cost advantages. * * * Here, as stated, the distance disadvantages of Boston, for example, are 223 miles over Baltimore, 171 miles over Philadelphia, and 117 miles over New York; and the latter port, is 106 miles more distant than Baltimore. *Such great differences in distance, under the circumstances here revealed, may not be ignored without running counter to the provisions of section 3(1) of the act.* * * *

The Commission failed to spell out what the circumstances are in this case which make it a violation of Section 3(1) for the carriers' rates to fail to give recognition to differences in distance. If the "geographical, transportation, and cost advantages" of those opposed to rate parity are "the circumstances" which the Commission meant, we are no better informed for the Commission never identified what these advantages are, how they differ from other port cases where these advantages have been disregarded, and what the relationship is between these advantages and the existing differentials.

If, despite the statement that other "circumstances here revealed" required it to give effect to the distance advantages, distance alone was determinative, the Commission's report is still inexplicably inconsistent. Hampton Roads is further away from differential territory than New York (R. 3773). Except as to certain points in Michigan, Portland is further away from differential territory than any of the other ports (R. 3853). Nevertheless, Hampton Roads (on export and import traffic to differential territory), and Portland (on import traffic to differential territory via Canada), enjoy the same favorable rate differential as Baltimore. If Section 3(1) requires that distance differences be given effect, the Commission's decision should explain why they bar parity in this case but permit it in these others which appear indistinguishable.

In the companion proceeding involving iron ore only, the difference in distance was also one of the findings relied on by the Commission in support of its conclusion of undue preference and prejudice and its consequent disallowance of rate parity. The Commission's explanation relating to this finding was held to be inadequate by the three-judge court in *New York Central Railroad Co. v. United States*, 207 F. Supp. 483 (S.D. N.Y.). The court, after reviewing Commission decisions dealing with rates on import and export traffic, made comments which are applicable here. It said (207 F. Supp., at 492):

> We do not say that these past pronouncements bind the Commission forever and that it may not lawfully adopt a policy that equalization of import rates for interior distances differing as significantly as here violates § 3 * * *. If the Commission has reached the considered conclusions that present conditions in the railroad industry demand a closer correspondence of rates to costs, so that departures from a uniform relationship, which have previously been tolerated or even encouraged to promote port competition, shall now be deemed "undue or unreasonable," it is free to say so. But we cannot find in the instant report, * * * either any such general pronouncement or any sufficient statement of reason why the Commission here departed from a construction of § 3 to which it has generally adhered for more than half a century and has previously applied to these very rates. Before we can sustain a conclusion of violation of § 3, the Commission must explain it with a clarity and make supporting findings with a specificity beyond the instant report. *Secretary of Agriculture* v. *United States*, 347 U.S. 645 (1954).[16]

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[16] These comments of Judge Friendly apply notwithstanding his statement that the "iron ore" case differed significantly from the instant one in which "the record showed a preponderant movement through the northern ports despite the differentially higher rail rates * * *" (207 F. Supp. at 488). This statement was made with respect to the Commission's findings in the original report in the instant case which treated the northern tier ports as a group and thus applied considerations applicable exclusively to New York to the other northern tier

B. THE COMMISSION'S FINDINGS ARE INADEQUATE TO SUPPORT ITS CONCLUSION THAT BECAUSE OF THE "COST ADVANTAGES" OF THE SOUTHERN TIER PORTS, THEIR DISTANCE ADVANTAGES "MAY NOT BE IGNORED WITHOUT RUNNING COUNTER TO THE PROVISION OF SECTION 3(1) OF THE ACT"

In its original report, the Commission does not appear to have relied on cost comparisons as a basis for its conclusion of undue preference and prejudice, although it did describe some evidence adduced by the parties with respect to costs (R. 3791–3798). In the "Discussion and Conclusions" section of that report, the Commission made only one reference to "the higher costs of service" to the northern tier ports (R. 3806), and this was made not to show that the rate reductions would be unlawfully discriminatory because they failed to reflect cost differences, but to show that because of the cost differences the Commission would be unable to deny the counter-reductions proposed by the southern carriers.

In the Commission's report on reconsideration, however, the Commission appears to have placed major reliance on cost comparisons in reaching its conclusions. As noted, it held that under Section 3(1) it was bound to recognize the distance advantages of the southern tier ports "under the circumstances here revealed." It identified those circumstances as the

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ports. While the Commission found that a preponderance of traffic moves through New York, it made no such finding as to Boston, Albany or Portland either in the original report or on reconsideration. In fact, the Commission acknowledged their insignificant share of the relevant traffic (R. 3783–3789, 3847–3853). Hence, the distinction referred to by Judge Friendly would not apply to the northern tier ports other than New York.

"geographical, transportation and cost advantages" of the opponents of the reductions and said that these advantages were "fully substantiated of record" (R. 3854). Since the only apparent meaning of "geographical" and "transportation" advantages is distance, the Commission's conclusion appears to rest essentially upon its finding that the southern ports possess cost advantages.[17]

These important cost relationships were not adequately treated. The proponents of the reductions presented no cost evidence (R. 3791). They took the position that because the port rates reflect relatively small reductions, "a study of the costs was * * * unnecessary * * *." In any event, they did not consider such a study feasible or justified by the expense involved (*ibid.*). In turn, the southern opponents of the reductions introduced evidence of their costs of performing service to and from the southern ports and New York as well as certain factors of the costs to and from Boston (R. 3793). The northern roads put in a limited amount of rebuttal evidence (R. 3792-3793).

The Commission did not require the presentation of additional cost data. Its finding that the southern ports possess cost advantages rests on three subsidiary findings limited to out-of-pocket costs of service to certain of the ports:

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[17] While "transportation" advantages might be read to refer to comparisons among the rail, port and ocean services available at the ports, such a reading is precluded here by the Commission's finding that the advantages of New York in this respect exceed those of any other port (R. 3774-3781, 3806, 3850, 3854). If, however, the Commission meant "the circumstances here revealed" to refer to the competitive advantages of the northern tier ports, then these circumstances are still inadequate to provide a rational basis for its conclusion. See Section C, *infra*, pp. 34-37.

(1) that the inland terminal cost of traffic to and from the ports is the same in all cases (R. 3793);

(2) that as of 1955 the line-haul average cost of service to and from Baltimore was below that for Philadephia, New York, and Boston (in that order) (*ibid.*);

(3) that as of September 1956 the port terminal costs of handling export-import traffic at Baltimore were below those of Boston, Philadelphia, and New York (in that order) (R. 3797-3798).

These findings form an inadequate basis for the Commission's conclusion that Section 3(1) requires it to give effect to distance differences by maintaining the existing rate differentials. First, the findings depend in large measure upon those very distance differences and so add little or no independent support for the Commission's conclusion. Thus, the line-haul costs to each port were obtained by multiplying the Rail Form A average unit costs for class I railroads in the eastern district as a group for the year 1955 by the average distance to and from the port (R. 3793). Since the same unit cost was used for each railroad, the costs varied precisely in relation to the distances.

Second, the cost comparisons are incomplete. Thus, on the evidence submitted, the Commission was unable to determine the fully distributed costs of service to and from the various ports and, accordingly, made no findings as to the differences in such costs. In fact, the Commission looked closely only at the evidence of costs of service to and from New York (R. 3793).

Third, the Commission made no findings whatsoever as to the costs of service to and from Albany, Portland or Hampton Roads. Thus, the comparative cost advantages or disadvantages of these ports vis-a-vis others were unknown and afford no support for the Commission's conclusion.

Before giving cost comparisons a determinative weight, we believe the Commission should have evaluated, as to each of the ports—northern and southern—data as to fully distributed costs. Similarly, it would seem that the Commission might appropriately make findings as to whether the proposed reductions would increase the traffic carried by the northern roads so as to reduce their line-haul unit costs below the 1955 average and their port terminal costs below those of September 1956 and what effect the reductions would have on the per-unit costs of carriage by the southern roads.

The Commission's treatment of the cost differences raises a further question. "In no area has the Commission taken a less rigid attitude in requiring precise adjustment of rates to distance or even to costs than with respect to rates on import and export traffic." *New York Central Railroad Co. v. United States*, 207 F. Supp. 483, 490 (S.D. N.Y.). If the Commission, in the instant case meant to place greater reliance upon cost factors—an approach with which we would agree—it is all the more important that its conclusions should be grounded on adequate supporting findings.

including cost comparisons as to each of the northern and southern tier ports.

C. THE COMMISSION DID NOT ESTABLISH A RATIONAL CONNECTION BETWEEN THE RELATIVE COMPETITIVE ADVANTAGES OF THE VARIOUS PORTS AND ITS CONCLUSION OF UNDUE PREFERENCE AND PREJUDICE

The Commission's conclusion of undue preference and prejudice appears to rest heavily upon its subsidiary finding as to the competitive advantages of the port of New York as compared to the southern tier ports. It found that New York possessed a great many port advantages—vastly superior steamship services and port facilities (R. 3775-3781; 3798-3803). It found further that these advantages more than offset the disadvantage of higher rates and that, because of them, New York was able to secure more of the highly desirable general-cargo tonnage than all of the other ports combined (R. 3806).[18]

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[18] In its original report, the Commission seems to have relied entirely on an assumption that New York is getting its fair share of the traffic and that the proposed rates would give it more than its fair share and therefore would unduly prejudice the southern tier ports.

If the sole basis of the Commission's conclusion of undue preference and prejudice was, in fact, the assumption that the propose[illegible]tes would give New York more, and southern tier ports less, than a fair share of the traffic, the Commission was proceeding on the theory that the Act gives it "an umpiring role over the fate of cities * * *." *New York Central Railroad Co.* v. *United States*, 207 F. Supp. 483, 494 (S.D. N.Y.). This is a power, however, which it has previously disclaimed, *Stoves, Ranges, Boilers, etc.*, 182 I.C.C. 59, 68, and which this Court has repeatedly rejected. *New York* v. *United States*, 331 U.S. 284; *Texas & Pacific Ry. Co.* v. *United States*, 289 U.S. 627, 637-

On the other hand, the Commission made no finding that any of the other northern tier ports—Albany, Boston and Portland—offered steamship services and port facilties superior to those available at the southern tier ports. In fact, the report indicates at several points that these other northern tier ports were at a disadvantage in this respect in relation to their southern competitors (R. 3848 (Albany), 3851 (Boston)).[19] These disadvantages, the Commission found, were reflected by the fact that each of these other northern tier ports had been able to obtain only an insignificant share of almost all types of traffic involved in this case (R. 3783–3789, 3847–3853).

638; *United States v. Illinois Central R. Co.*, 263 U.S. 515, 524; *Interstate Commerce Commission v. Diffenbaugh*, 222 U.S. 42, 46.

Even if the Act conferred on the Commission the broad power to allocate traffic, the Commission's conclusion would still be deficient for lack of adequate findings. For it made no findings that the present allocation of traffic is the desirable one, at least with respect to the northern tier ports other than New York. In its original report, it concluded merely (R. 3806) (emphasis added): "The present differentials have long served to retain a reasonable competitive relationship between the *principal port groups* and should be maintained." Furthermore if it had the power of allocation, it could prevent the retaliatory rate reduction (see Section D *infra*, pp. 37–41).

[19] Thus, a limited number of sailings from a port will deter shippers from using it and thereby cause further reductions in traffic. During a representative period the number of scheduled sailings were 473 at New York, 220 at Philadelphia, 242 at Baltimore, 175 at Hampton Roads, and 65 at Boston. On 47 of the 65, Boston was the first port of call to pick up export cargo, the least desirable schedule position (R. 3785).

Accordingly, insofar as the Commission's conclusion that it would be an undue preference and prejudice to deny the southern tier ports the benefit of their natural advantages of distance and the related advantages of cost rests on the competitive advantages of the northern tier ports, it is sustainable, on its own reasoning, only in the case of New York.[20] The rest of the northern ports have no comparable competitive advantages, but the Commission has nowhere explained the relation between their disadvantages and its conclusion that rate parity would give them an undue preference. In short, the Commission's reliance on competitive advantages can only be rationally explained if the northern tier ports are considered as a group and New York's competitive advantages attributed to each of the others. This, however, would be directly contrary to the Commission's approach on reconsideration where it purported to make its determination of undue preference and prejudice on the basis of considerations applicable individually to each of the northern tier ports (R. 3834-3836). It may be that the Commission, although considering the legality of the proposed reduction separately as to each northern port, believed it was required to approve or disapprove the reductions as a group. If the Commission was acting pursuant to such an assumption, we believe it was in error. The Commission was free to approve reduced rates for one or more of the northern ports while disapproving them as to the others.

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[20] In our view, each port, so far as practicable, should be given an opportunity to realize its own advantages, whether the advantage is a natural one (*e.g.*, location or the possession of a good harbor) or a commercial one (*e.g.*, the availability of frequent sailings). We would not endorse the view that rates should be designed to cancel out inherent advantages. Whether this was the Commission's design is not made clear by its report.

The Commission's finding that "so far as Boston, Portland, and Albany are concerned, such equalization would not materially affect the flow of foreign traffic through any of these ports" (R. 3854) appears to be inconsistent with its conclusion of undue preference and prejudice. A reduction which would not materially affect the flow of traffic to the northern ports could not, it would seem, either prefer them or prejudice the southern ports. This inconsistency suggests again that the Commission was proceeding on the erroneous assumption that it was required to treat all the northern tier ports alike—parity to all or to none.

D. THE POSSIBILITY THAT APPROVAL OF RATE PARITY MIGHT SET OFF A RATE WAR IS IRRELEVANT TO THE COMMISSION'S CONCLUSION OF UNDUE PREFERENCE AND PREJUDICE

In the "Discussion and Conclusions" of its original report, the Commission referred to the counter reductions proposed by the southern railroads and to its inability to prevent their taking effect in the event it approved the rates proposed by the northern roads. It then emphasized the serious consequences to carrier revenues flowing from such a course, stating (R. 3805-3806):

> The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly established. Thus, approval of respondents' proposed rates would require alternate approval of protestants' proposed rates. This might result in the rates gravitating to their lowest possible level and in a needless dissipation of carrier revenues. We have been given the power to fix rates, among other reasons, for the purpose of preventing destructive competition and promoting the financial stability of the regulated carriers. Failure to observe our obligations in the exercise of that power would find us remiss in our duties. The present differentials have long served to retain a reasonable competitive relationship between the principal port groups and should be maintained.

We believe that the Commission erred if it placed any reliance upon these suppositions concerning the threat of a rate war in reaching its conclusion of undue preference and prejudice. Assuming, *arguendo,* that the threat of a rate war might be relevant to a determination whether the proposed reductions would be unjust and unreasonable under Section 1(5) of the Act (see *New York Central Railroad Co.* v. *United States*, 207 F. Supp. 483, 496-497; *United States* v. *Chicago, M., St. P. & P. R. Co.*, 294 U.S., at 507-509), there is still no rational relationship between the possibility that an adjustment in rates may elicit a similar move by competitors and a holding that the initial adjustment of rates would be unduly prejudicial to those competitors. Plainly, the possibility of a rate war has no bearing on the question whether the rates proposed by the northern carriers bear a fair relationship to the present rates on like traffic between the differential territory and the southern ports.

Beyond this, however, the Commission's statement that the reductions pose a threat of a rate war is not supported by sufficient findings. Therefore, even if the Commission had rested its disapproval of the rates on Section 1(5)—to which the rate war threat might be relevant—the Commission would not have been entitled to give weight to what was essentially no more than an assumption. The Commission's approach in this instance suffers from the same failings which this Court found in *United States v. Chicago, M., St. P. & P. R. Co., supra.* There, the Court held that the disruption and disturbance which the proposed rate reductions would cause was not a sufficient reason for denying the carrier the privilege of reaching out for a larger share of the business of transportation by reducing its rates. The Court pointed out (*id.* 509):

> The threat of such a war may be a reason for rejecting a new schedule if the rate relation previously existing is a fair one, or even, we may assume, if the Commission is without power to avert the reprisals and thereby nullify the threat. Neither of these conditions is satisfied in this case. * * *

Here, while the Commission declared broadly that the existing relationship is a fair one, it failed to make the subsidiary findings to support the statement. Such findings would require, at a minimum, reasonably detailed cost-revenue comparisons on service to each of the ports, which were not made here. Furthermore, the Commission's assumption that it would be required to approve the counter-reductions filed by southern carriers is highly questionable if not wholly unsupported. The Commission specifically refrained from considering the evidence offered by the southern carriers in support of these rates (R. 3753). Therefore, it was not in a position to say whether it would have been required to approve them. Such a determination could only have been made in the light of the evidence as well as the pertinent provisions of the Act, including the national transportation policy and the provisions of Sections 1(5) and 15(a)(2). (Appendix, *infra*, pp. 49–50, 53).

Finally, there is no basis for the suggestion that the proposed reduced rates should be disapproved because they might result in a needless dissipation of carrier revenues. As noted, the Commission made no determination of the relationship between the fully-distributed costs of any of the carriers and the proposed rates. It did find that the rates would equal or exceed by a very small margin the estimated out-of-pocket costs on traffic to New York, but made no such review in relation to the other ports. As noted, the Commission did not review any evidence as to

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the cost-revenue relationships involved in the southern roads' proposed counter-reductions. Without such findings there is no basis for holding that the reductions would effect a needless dissipation of carrier revenues.

E. THE COURT SHOULD REMAND THE CASE TO THE COMMISSION FOR THE MAKING OF ADEQUATE FINDINGS IN SUPPORT OF ITS CONCLUSION

The Commission has not made adequate findings to explain and support its conclusion that the proposed reductions would unduly prefer the northern tier ports and unduly prejudice the southern ports. It disclaimed reliance upon the distance differences standing alone but failed to indicate what other facts were determinative. It appeared to rely on the cost advantages of the southern roads but did not explain why they should be determinative here when they have not been controlling in the past. It gave weight to the inherent competitive advantages of New York but appeared to disregard the disadvantages of the other northern tier ports. It said it would be remiss in the performance of its duties if it approved the reductions because this would precipitate a rate war, but this factor should have been irrelevant to its determination of undue preference and prejudice.

Until the Commission indicates clearly which of these factors (and possibly others) were determinative and makes the necessary subsidiary findings to support its conclusions, no court can decide with assurance whether the decision to disapprove the rates has a rational foundation. Under the circumstances, we believe the court below was correct in refusing to uphold the Commission's order. However, it should not have issued a permanent injunction against enforcement of the order but should have remanded the case to afford the Commission, which is charged with primary responsibility in this area, an opportunity to remedy the deficiencies. See, e.g., *Burlington Truck Lines, Inc.* v. *United States*, 371 U.S. 156; *Secretary of Agriculture* v. *United States*, 347 U.S. 645, 654; *Eastern-Central Motor Carriers Ass'n* v. *United States*, 321 U.S. 194, 209–210. Cf. *New York Central Railroad Co.* v. *United States*, 207 F. Supp. 483, 498 (S.D. N.Y.)

We suggest accordingly that it would be appropriate for this Court to remand the case to the Commission with instructions:

(1) To explain separately as to each northern port what the circumstances are which require the Commission in this case, in contrast to the practice in other cases, to give effect to the port's distance disadvantages vis-a-vis the southern tier ports by maintaining the existing rate differentials;

(2) To make findings as to the relationships among costs of service to and from each of the various ports and to explain the relevance of these cost relationships to its conclusions;

(3) To make findings as to the relationship between the competitive advantages of Boston, Albany and Portland vis-a-vis the southern tier ports and to explain the connection between these relationships and its conclusions;

(4) To determine whether the evidence supports the finding that the proposed reductions threaten to set off a rate war which would lead to an unnecessary dissipation of carrier revenues, and, if so, to consider whether this finding warants approval or disapproval of the proposed rates under appropriate sections of the Interstate Commerce Act other than Section 3(1); and

(5) To determine whether the proposed reductions to one or more of the northern tier ports are lawful or unlawful under other pertinent provisions of the Act, if the Commission should find that the reductions are consistent with Section 3(1).

In addition, we believe that the Commission should be directed to make findings as to whether each of the northern carriers which filed reduced rates serves the various southern tier ports direct from the differential territory or through joint rates covering such service. This finding is a prerequisite to the Commission's jurisdiction under Section 3(1) which applies only where a carrier gives an undue preference between ports which it serves. *Texas & Pacific Ry. Co.* v. *United States*, 289 U.S. 627; *New York* v. *United States*, 331 U.S. 284; *Ayrshire Collieries Corp.* v. *United States*, 335 U.S. 573. We do not suggest that such jurisdictional facts are lacking here; but, since neither the Commission nor the parties appear to have considered this question, it appears appropriate that the facts should be determined and set forth in the Commission's report.

II

THE DISTRICT COURT WAS REQUIRED TO REMAND THE CASE BECAUSE IT IS FOR THE COMMISSION, NOT THE COURTS, TO DETERMINE IN THE FIRST INSTANCE WHETHER PROPOSED RATES ARE JUST AND REASONABLE

A remand is required, we submit, quite apart from the inadequacy of the Commission's findings. Section 1(5) of the Interstate Commerce Act (*supra*, pp. 49–50) requires that "[a]ll charges * * * shall be just and reasonable, and every unjust and unreasonable charge * * * is prohibited and declared to be unlawful." Because the Commission rejected the proposed rates on the ground of undue preference and prejudice under Section 3(1), it did not determine whether they were just and reasonable. The Commission did find that under the proposed rates "the revenue * * * would equal or exceed by a very small margin the estimated out-of-pocket costs" (R. 3797). This finding, however, related only to New York traffic. But even as to that traffic, the Commission specifically refrained from determining whether the rates would be reasonably compensatory. It indicated that the evidence needed for such a determination was lacking, saying (R. 3797):

> * * * a presentation of costs adequate to determine whether the proposed rates would be reasonably compensatory should embrace all types of traffic which those rates are expected to attract, and should reflect the costs of the specific methods by which they would be handled. It may be that other traffic would be forced to absorb a larger portion of the con-

> stant costs in order to maintain a national transportation system conforming to the ultimate objectives of the national transportation policy.

Despite the limited nature of the evidence and the Commission's refusal to pass on the issue of whether the revenues from the proposed rates would be reasonably compensatory, the district court made its own evaluation of the evidence, and held that the northern carriers had "established *prima facie* that the proposed rate schedule is just and reasonable" (R. 4001).[21] In so doing, the court plainly erred. "The Commission is the fact-finding body and the Court examines the evidence not to make findings for the Commission but to ascertain whether its findings are properly supported." *Florida v. United States,* 282 U.S. 194, 215. It is the Commission's primary responsibility to determine whether the rates are reasonably compensatory. *Illinois Commerce Commission* v. *United States,* 292 U.S. 474, 481, and the court, in making its own determination, improperly invaded the province of the Commission. As this Court said in *Securities and Exchange Commission* v. *Chenery Corp.,* 318 U.S. 80, 88:

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[21] The following material was cited by the district court in support of its determination: the proposed reductions are of "minimal amounts"; the testimony that under the proposed rates the average rate per ton and revenues per ton-mile would exceed the average revenue per ton-mile for traffic in the United States; and the Commission's finding, as to New York, that "the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs" (R. 4000-4001).

> If an order is valid only as a determination of policy or judgment which the agency alone is authorized to make and which it has not made, a judicial judgment cannot be made to do service for an administrative judgment. For purposes of affirming no less than reversing its orders, an appellate court cannot intrude upon the domain which Congress has exclusively entrusted to an administrative agency.

See, also, *Burlington Truck Lines, Inc.,* v. *United States,* 371 U.S. 156, 168–169; *Texas & Pacific Ry. Co.* v. *Abilene Cotton Oil Co.,* 204 U.S. 426.[22]

The district court's action also improperly foreclosed the Commission from considering other factors which it may have deemed relevant to a resolution of the issue of whether the rates were just and reasonable. The Commission may find rates unjust and unreasonable, even though they be compensatory. See *Scandrett* v. *United States,* 32 F. Supp. 995, 996 (D. Ore.), affirmed *per curiam,* 312 U.S. 661; *New York Central Railroad Co.* v. *United States,* 207 F. Supp. 483, 494 (S.D.N.Y.).

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[22] Simultaneously with the publication of the proposed reduced rates, the northern carriers sought authority from the Commission to establish these rates without observing the long-and-short haul requirements of Section 4 of the Act (R. 3740). Grant of this authority is barred, however, if the rates are not "reasonably compensatory." Since the Commission found that the proposed rates would violate section 3(1), a grant of the fourth section application was unnecessary and the Commission denied it without findings. The district court set aside the Commission's order insofar as it denied the fourth-section application (R. 4006). In doing so, the court was here, too, invading the province of the Commission.

Indeed, assuming that the court was correct in holding that Section 3(1) does not bar the rate parity, it should have afforded the Commission an opportunity to determine the legality of the proposed rates under other provisions of the Act including, as the Commission stated (R. 3805), "the national transportation policy [which] stresses the importance of maintaining a national transportation system adequate for commerce and the national defense."[23]

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[23] The district court was plainly mistaken insofar as it suggested (R. 4004–4005) that because this is not a proceeding brought on complaint (by a port, for example), alleging that the existing rates violate Section 3(1), but rather is a proceeding under Section 15(7) (*infra*, pp. 51–53) to determine the lawfulness of proposed rates, the Commission was foreclosed from finding that the failure of the proposed rates to reflect cost and distance differences violates Section 3(1). Section 15(7) in terms gives the Commission broad authority "either upon complaint or upon its own initiative without complaint" to investigate and determine "the lawfulness of such [proposed] rate * * * and after full hearing, whether completed before or after the rate * * * goes into effect * * * [to] make such order with reference thereto as would be proper in a proceeding initiated after it had become effective." Furthermore, this Court in *Ayrshire Collieries Corp.* v. *United States*, 335 U.S. 573, 581–583, settled that both proposed rates and existing rates which create an undue preference and prejudice in violation of Section 3(1) may be cancelled in a proceeding under Section 15(7).

CONCLUSION

For the foregoing reasons, the decision of the district court should be reversed and the cause remanded to the Commission for further proceedings as outlined herein.

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APPENDIX

The National Transportation Policy (49 U.S.C. preceding Sections 1, 301, 901 and 1001) and the Interstate Commerce Act, 24 Stat. 379, as amended (49 U.S.C. 1 *et seq.*), provide as follows:

NATIONAL TRANSPORTATION POLICY

It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; to cooperate with the several States and the duly authorized officials thereof; and to encourage fair wages and equitable working conditions;—all to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as other means, adequate to meet the needs of the commerce of the United States, of the Postal Service, and of the national defense. All of the provisions of this act shall be administered and enforced with a view to carrying out the above declaration of policy.

* * * * *

SEC. 1. * * * (5) All charges made for any service rendered or to be rendered in the transportation of passengers or property as aforesaid, or in connection therewith, shall be just and reasonable, and every unjust and unreasonable charge for such service or any part thereof is prohibited and declared to be unlawful.

Sec. 3(1). It shall be unlawful for any common carrier subject to the provisions of this chapter to make, give or cause any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic, in any respect whatsoever; or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever: *Provided, however*, That this paragraph shall not be construted to apply to discrimination, prejudice, or disadvantage to the traffic of any other carrier of whatever description.

* * * * * *

Sec. 4(1). It shall be unlawful for any common carrier subject to this chapter or chapter 12 of this title to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through rate than the aggregate of the intermediate rates subject to the provisions of this chapter or chapter 12 of this title, but this shall not be construed as authorizing any common carrier within the terms of this chapter or chapter 12 of this title to charge or receive as great compensation for a shorter as for a longer distance: *Provided,* That upon application to the Commission and after investigation, such carrier, in special cases, may be authorized by the Commission to charge less for longer than for shorter distances for the transportation of passengers or property, and the Commission may from time to time prescribe the extent to which such designated carriers may be relieved from the operation of the foregoing provisions of this section, but in exercising the authority conferred upon it in this proviso, the Commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed; and no such authorization shall be granted on account of merely potential water competition not actually in existence: *Provided further,* That any such carrier or carriers operating over a circuitous line or route may, subject only to the standards of lawfulness set forth in other provisions of this chapter or chapter 12 of this title and without further authorization, meet the charges of such carrier or carriers of the same type operating over a more direct line or route, to or from the competitive points, provided that rates so established over circuitous routes shall not be evidence on the issue of the compensatory character of rates involved in other proceedings: *And provided further,* That tariffs proposing rates subject to the provision of this paragraph requiring Commission authorization may be filed when application is made to the Commission under the provisions hereof, and in the event such application is approved, the Commission shall permit such tariffs to become effective upon one day's notice.

* * * * *

SEC. 15. * * * (7) Whenever there shall be filed with the Commission any schedule stating a new individual or joint rate, fare, or charge, or any new individual or joint classification, or any new individual or joint regulation or practice affecting any rate, fare, or charge, the Commission shall have, and it is given, authority, either upon complaint or upon its own initiative without complaint at once, and if it so orders without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, fare, charge, classification, regulation or practice; and pending such hearing and the decision thereon the Commission, upon filing with such schedule and delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such schedule and defer the use of such rate, fare, charge, classification, regulation, or practice but not for a longer period than seven months beyond the time when it would otherwise go into effect; and after full hearing, whether completed before or after the rate, fare, charge, classification, regulation, or practice goes into effect the Commission may make such order with reference thereto as would be proper in a proceeding initiated after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change of rate, fare, charge, classification, regulation or practice shall go into effect at the end of such period; but in case of a proposed increased rate or charge for or in respect to the transportation of property, the Commission may by order require the interested carrier or carriers to keep accurate account in detail of all amounts received by reason of such increase, specifying by whom and in whose behalf such amounts are paid and upon completion of the hearing and decision may by further order require the interested carrier or carriers to refund, with interest, to the persons in whose behalf such amounts were paid such portion of such increased rates or charges as by its decision shall be found not justified. At any hearing involving a change in a rate, fare, charge or classification, or in a rule, regulation, or practice, after September 18, 1940, the burden of proof shall be upon the carrier to show that the proposed changed rate, fare, charge, classification, rule, regulation, or practice is just and reasonable, and the Commission shall give to the hearing and decision of such questions preference over all other questions pending before it and decide the same as speedily as possible.

SEC. 15a. * * * (2) In the exercise of its power to prescribe just and reasonable rates the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management to provide such service.

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ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

BRIEF FOR APPELLEES THE STATE OF NEW YORK, THE PORT OF NEW YORK AUTHORITY, THE CITY OF NEW YORK, ET AL.

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BRIEF FOR APPELLEES THE STATE OF NEW YORK, THE PORT OF NEW YORK AUTHORITY, THE CITY OF NEW YORK, ET AL.

This brief is submitted on behalf of The State of New York, The Port of New York Authority, The City of New York, Newark Association of Commerce and Industry, New Jersey Industrial Traffic League and other parties* having an interest in the Port of New York.

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* Chamber of Commerce of the State of New York, Brooklyn Chamber of Commerce, Inc., Belleville Manufacturers' Association, Bergen County Chamber of Commerce, The Bronx Board of Trade, Chamber of Commerce, Garfield, New Jersey, Chamber of Commerce, Irvington, New Jersey, Chamber of Commerce of Eastern Union County, Clifton Chamber of Commerce, Commerce and Industry Association of New York, Inc., Hoboken Chamber of Commerce, Ironbound Manufacturers' Association, Inc., The Maritime Association of the Port of New York, New York Board of Trade, New York Shipping Association, Inc., Queensborough Chamber of Commerce, The Shippers' Conference of Greater New York, The West New York Chamber of Commerce and West Side Association of Commerce in the City of New York.

The Port of New York includes not only New York City but also more than 200 municipalities which make up the New York-New Jersey Port District (R. 1803). That district includes most of the nine counties in the northeastern part of New Jersey, as well as nine counties in southerly New York State (R. 1804). It includes 650 miles of navigable waterfront (R. 1805).

The brief submitted on behalf of the New York Central and other Railroads serving the New York-New Jersey Port District has stated the law and the facts showing that the District Court was correct when it found that the decision of the Commission was erroneous in law and lacked the rational basis necessary to uphold it. Accordingly, this brief will be confined to a short statement.

The Appellees on behalf of which this brief is submitted represent governmental, business, shipping and commercial interests which have a vital need for the New York-New Jersey Port District to obtain a fair and equal opportunity to compete for export-import traffic to and from the Affected Territory. Those interests also have a vital need for the Northern Tier Railroads serving the New York-New Jersey Port District to improve their deteriorating financial position so that they will be able to maintain efficient and adequate transportation services to and from that Port District.

These Appellees did not appear in these proceedings in the role of complainants seeking any order to compel the Appellee Northern Tier Railroads to reduce their export-import rates. This proceeding is not a port complaint case.

The question in this proceeding is whether the Appellee Northern Tier Railroads had a lawful right voluntarily to put their rates on a basis of rail-ocean equality via the New York-New Jersey Port District so as to create equal competitive opportunity with the Appellant Southern Tier Railroads moving the traffic via the ports of Baltimore, Philadelphia and Hampton Roads.

The Appellees, on behalf of which this brief is submitted, appeared in this proceeding in the role of intervenors in support of those rate reductions made voluntarily by Appellee Northern Tier Railroads.

Under the existing rate differentials favoring the Southern Tier ports, New York is practically the only large port on the United States coast line which does not have an opportunity to compete for export-import traffic to and from the Affected Territory under the long established principle of rail-ocean rate equality.

The philosophy of the Commission seems to be because nature bountifully gave the Port of New York an excellent harbor and because huge investments and continuous enterprise, over many years, have built up that Port, that, therefore, it should be the object of discrimination in railroad export-import rates.

The evidence in the record shows that of the export-import traffic which moves to and from the Affected Territory via the Port of New York, on the one hand, and via Baltimore, on the other, 62.7% moved through the port of Baltimore and only 37.3% through the Port District of New York (R. 3820). This was the kind of comparative treatment which the Commission apparently concluded should be stabilized under the existing rate differentials favoring the port of Baltimore.

To be sure, the Appellants and the Commission also referred to the large amount of total export-import traffic which moves into and out of the Port District of New York. That traffic is irrelevant to the present proceeding. The rate reductions in issue in these proceedings do not apply to that traffic. To inject it into these proceedings is to raise false issues.

As the following comparisons and facts establish, the position of Appellants and the Commission is wrong even as to these false issues which they raise.

During the ten-year post-war period from January 1, 1946 to December 31, 1955, the following amounts were spent by the indicated ports for new construction of port facilities and for modernization and rehabilitation of general cargo and special bulk facilities (R. 1803):

New York	$114,630,000
Philadelphia	$ 33,810,000
Baltimore	$ 32,595,000
Newport News (Hampton Roads)	$ 24,015,000

Thus, New York invested more money in port development than Philadelphia, Baltimore and Newport News combined.

The City of New York, which includes only a part of the New York-New Jersey Port District, has municipally-owned waterfront property with an assessed value of $325,000,000 and, during the seven years prior to the hearing before the Commission, the City spent $27,000,000 for capital improvements and betterment of its piers (R. 2253).

The various members of the New York-New Jersey Port District have made investments in 200 piers capable of berthing 400 ships at one time (R. 1805). The total population in the area in that Port District is about 13,000,000 (R. 1803). More than $2,000,000,000 of salaries are dependent on port jobs in that district (R. 1820, Ex. C). Those salaries, when spent for food, shelter and the like, generate a total of more than $6,000,000,000 of income for people living in that Port District (R. 1820, Ex. C). The activities in that Port District are important not only to the people who live in it but also to this nation as a whole. The Federal Government spent more than $196,000,000 for navigation projects in New York harbor from 1905 to June 30, 1956, recognizing the importance which this Port District has to the nation as a whole (R. 1809).

If, contrary to law, the Commission is to base its decisions on its views as to what the general welfare of the Port of New York should be as compared with other ports, then due consideration should be given to the welfare of the people living in that Port District. Also, due consideration should be given to the welfare of this nation, which that Port District has served so dramatically in the past and could continue to so serve in the future if it is not denied a fair and equal opportunity to maintain a flow of commerce through its great port facilities.

What has been happening to the total export-import traffic which moves into and out of the Port of New York since 1935 destroys the arguments of Appellants that this Port District has any dominating hold on the total export-import traffic as compared with the Baltimore and other Southern Tier ports.

In 1933, shortly before equalization of the ocean rates was completed in 1935, the total import and export tonnages through the four Northern Tier Ports of Portland, Me., Boston, Albany and New York were almost double the tonnages which flowed through the three Southern Tier Ports of Philadelphia, Baltimore and Hampton Roads. By 1955, twenty years after ocean rates were equalized while rail differentials continued, the reverse was true (R. 1703, 1705). The following table indicates the relative percentage positions of the two tiers in both years.

	1933	1955
Northern Tier Ports	65.3%	36.5%
Southern Tier Ports	34.7%	63.5%

New York is competing for export-import traffic to and from the Affected Territory with every major port south of New York and all the way to the Mexican border (R. 1853, 1866, 1872-73). From points in the Affected Territory, including Chicago, the export-import rates via those ports to the south of New York are in each case lower than the rates via New York (R. 1928). This is true although the short line rail distances from Chicago to those southern ports range up to 1257 miles, as compared with 890 miles to New York (R. 1928). Under the existing rates, New York Railroads suffer a drastic competitive disadvantage; and the Northern Tier Railroads serving New York are denied, under the existing differentials, the right to compete under the generally prevailing principle of rail-ocean rate equality.

The City of New York had outstanding at the time of the hearing before the Commission, $161,000,000 of bonds issued to finance its municipally-owned piers. The facilities of the Port can accommodate a large amount of additional export-import freight traffic. Many facilities are in partial disuse; some piers in favorable locations are not being used; and eight City piers on Staten Island have been unused for many years although they have direct rail connections (R. 2261, 2264).

However, as we have said, this is not a port complaint case in which we sought the right to compel railroads to eliminate the differentials. The sole question which is involved in this case, and which the District Court reviewed, is whether the voluntary action of the Northern Tier Railroads in eliminating those differentials was an unlawful exercise of their managerial discretion.

The District Court correctly found that when the Commission concluded that such voluntary action on the part of Appellee Railroads was unlawful, its conclusion was erroneous in law and lacked a rational basis to uphold it.

CONCLUSION

The judgment of the District Court should be affirmed in all respects.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1962

THE BALTIMORE & OHIO RAILROAD COMPANY,
ET AL., APPELLANTS

v.

BOSTON AND MAINE RAILROAD, ET AL., APPELLEES

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

BRIEF FOR THE APPELLEES, THE NEW YORK CENTRAL RAILROAD COMPANY, THE DELAWARE AND HUDSON RAILROAD CORPORATION, ERIE-LACKAWANNA RAILROAD COMPANY, GRAND TRUNK RAILWAY SYSTEM—LINES EAST, AND THE NEW YORK, SUSQUEHANNA AND WESTERN RAILROAD COMPANY.

Questions Presented

1. Whether the District Court correctly held that the Interstate Commerce Commission acted erroneously and without rational basis as a matter of law in holding it unlawful under Section 3(1) of the Interstate Commerce Act for Appellee Railroads voluntarily to reduce their rates on export-import traffic through North Atlantic Ports served by them in order to equalize those rates with the export-import rates of competing railroads serving other North Atlantic Ports,

with consequent equalization of total rail-ocean freight charges.

2. Whether the District Court properly set aside and enjoined, without remand, enforcement of an order of the Interstate Commerce Commission cancelling such voluntary rate reductions as unlawful under Section 3(1), having concluded that the order of the Commission was erroneous and without rational basis as a matter of law.

Introduction

Appellee Railroads in this case seek to eliminate the last major railroad rate obstruction to the free flow of commerce between the interior of the United States and the rest of the world. The obstruction results from differentials in railroad freight rates which were devised 86 years ago and have long since become obsolete. Appellee Railroads have voluntarily filed schedules of reduced rail rates to eliminate those obsolete differentials.

In the 1870s freight rates on ocean steamers varied according to the distance travelled. Since ocean distances were greater from Europe to Baltimore and Philadelphia, ocean shipping costs were higher at those ports than at New York and Boston. To compensate for those differences, differentially higher rail rates on export-import traffic were established between interior points in the United States and the ports of Boston and New York. The result was that Midwest and foreign shippers had a wide choice of railroads and ports at the same total transportation cost. The railroads involved likewise had an equal opportunity to compete for the traffic.

Gradually, over the years, ocean rates to these American ports became equalized. Meanwhile equal rail-ocean charges were established generally from the interior through the South Atlantic Ports, the Gulf Coast Ports and the major ports of the Pacific, all regardless of distance.

There remain the ports of the North Atlantic from Hampton Roads, Virginia to Portland, Maine. Ocean rates have now been equalized to those ports since 1935 and rail differentials lost their purpose at that time. Nevertheless, the higher rail rates of the Appellee Railroads have persisted down to the present day and have had a serious impact on the competitive position of these important carriers.

The rail rates proposed in this case are designed to wipe out a vestigial remnant of Nineteenth Century differentials whose demise has long been overdue.

Statement

Prior to 1877 higher ocean freight rates to ports more distant from Europe were the cause of frequent railroad rate wars in the competitive struggle for export-import traffic between the Midwest and Europe (R. 3839). Since ocean rates were higher to Baltimore and Philadelphia than to Boston and New York (R. 3744)* the rail carriers to the Southern Tier Ports cut rates in an effort to equalize the through shipping costs to Europe. The Northern Tier Railroads retaliated and chaos often resulted.

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* Today Baltimore and Philadelphia, together with Hampton Roads (including Norfolk) are known as the Southern Tier Ports. Boston and New York, together with Portland, Maine and Albany, N. Y. are known as the Northern Tier Ports. Both sets are within the North Atlantic seacoast.

Finally, in 1877, in order to substitute stability for rate wars and to provide shippers a free choice of ports, the railroads entered into an agreement to maintain rail differentials from interior points which would equalize the overall rail-ocean charges through all the North Atlantic Ports (R. 3839).*

After several years of actual experience under equalized rates, the entire matter of the rate structure was placed in the hands of a distinguished Advisory Commission.** On July 20, 1882 it filed a sixty-page "Report Upon Differential Rates", known as the Cooley Report (R. 1627). Because of its breadth of vision and depth of scholarship, this report has so commended itself to the courts and the Interstate Commerce Commission that it has served as a basic charter in this area of transportation thought ever since.

The Cooley Commission undertook to analyze the weight which should be given to factors of cost, distance and competition in determining these rates.

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* The interior points to and from which the rail-ocean charges were equalized are referred to in this case as the Affected Territory. It corresponds roughly to what is known as the Central Freight Association Territory and covers primarily the States of Illinois, Michigan, Indiana, Ohio, and portions of southern Wisconsin and of western Pennsylvania (R. 3740).

** The Commission consisted of Allen G. Thurman, who served as a member of the Ohio Supreme Court and also as a United States Senator; Thomas M. Cooley, who later served as the first Chairman of the Interstate Commerce Commission and as Chief Justice of the Michigan Supreme Court; and Elihu B. Washburne, who served as a Member of Congress and as Secretary of State of the United States (R. 1620).

(R. 3747). It concluded that neither cost nor distance should control, but that in the final analysis, equality of competitive opportunity was the decisive factor (R. 3747). Upon the basis of the ocean rate differentials then prevailing, the Cooley Commission found that substantially equal through rates to Europe would be accomplished by differentially higher rail rates to New York and Boston by 2¢ per hundred pounds over the rates to Philadelphia and 3¢ over the rates to Baltimore (R. 1662).

Prophetically, the Cooley Report foresaw the day when these differentials would disappear (R. 1666):

> "But we do not assume that the rates which are just to-day will be just indefinitely. * * * Whenever they shall be found to operate unfairly, and to give a force or unnatural direction to trade, and whenever it shall appear that they tend to deprive any one of the seaports affected by them of the proportion of business that would naturally come to it under the operation of normal competition, the want of equity in the rates will appear, and it will be right to modify, or, perhaps, abolish them."

The rate differentials thus confirmed continued generally until the present day, a period of eighty-six years (R. 3744). However, as the Cooley Commission foresaw, the reasons for the differentials began to disappear in the early 1920s, and by about 1935 the ocean rates to and from the North Atlantic Ports were equalized (R. 3745). But the rail differentials continued on. As a result rail-ocean charges through the Northern Tier Ports exceeded those through the Southern Tier Ports by the amount of the rail differentials

(R. 3745). The essential foundation of competition by equal total rail-ocean rates was thus destroyed (R. 3745).

This disruption of rail-ocean rate equality has now become disastrous for the Northern Tier Railroads and Ports. Except for the periods of World War II and the Korean War, the traffic carried by Appellee Railroads between Affected Territory and the Northern Tier Ports steadily dwindled to the point where they now have left only 24% of the export-import traffic as against 76% for the Appellant Railroads (R. 3820).

Two of the Appellant Railroads, the Pennsylvania and Baltimore & Ohio, serve both the Southern Tier Ports and the Port of New York. Of the total traffic carried by both Appellee and Appellant Railroads between Affected Territory and the North Atlantic Ports, two-thirds moves through the Southern Tier Ports and only one-third through the Northern Tier Ports (R. 3819). Correspondingly, the financial condition of Appellee Railroads has been steadily going from bad to desperate (R. 3813; *infra*, p. 46).

Ocean rates for all other sections of the American seacoast are generally equalized, within those respective sections. Correspondingly, railroad rates are equalized under the express or tacit sanction of the Commission (R. 1886, 3749). Thus, these rail-ocean charges are equalized from the interior through the ports on those coasts. Railroad rates to the North Atlantic Ports remain to be equalized.

Railroads can compete on equal terms for traffic from the Midwest and the East to all the major West Coast ports from San Diego to Vancouver, B. C., regardless of distance. Equality of rates from Central territory is similarly established to the Gulf Coast ports from Corpus Christi on the west to Tampa, Florida on the east, regardless of distance. There is similar equality to the South Atlantic, from Jacksonville, Florida to Morehead City, North Carolina, also regardless of distance (Appendices A and B).

This Court has already compelled the Commission to recognize the right of the Northern Tier Railroads to equalize rail rates to all North Atlantic Ports with respect to export grain shipped from Buffalo after arrival there via the Great Lakes.* Similar equalization to the Affected Territory for import iron ore has been proposed and is still in litigation.

Unlike so many of the early Commission cases, this is not a "port case" where a port filed a complaint to compel a railroad to change rates. These rate reductions were voluntarily proposed in June, 1956, as a matter of managerial discretion by Appellee Northern Tier Railroads. The proposed rates are on the same basis as those of competing railroads serving Baltimore and Hampton Roads (R. 3739). They seek to restore the traditional equality of total rail-ocean rates from Affected Territory through the North Atlantic Ports (R. 3745). Equality for shippers, railroads and ports alike is the objective.

This basic competitive principle of equal through rates on export-import traffic is the crucial element of this case. It was established in 1877, articulated by the Cooley Report, defended by the Interstate Commerce Commission in case after case for sixty years and advanced and strengthened by Acts of Congress, including the 1935 Amendment to Section 3(1) designed to prevent undue preference or prejudice between ports.

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* The proposed rates involved in the present case are not concerned with Buffalo ex-lake grain, since it does not involve rail shipment from Affected Territory. The proposed rates apply to all export-import rail traffic to and from Affected Territory except iron ore, coal, and coke made from coal.

The principle was recognized and restated by the Commission in its decision in this case and ignored in the result. The District Court observed the basic principle and found that the Commission had no rational basis for ignoring it.*

Summary of Argument

I

The only question of substance on this appeal is whether the District Court correctly held as a matter of law that the Commission acted erroneously and without rational basis in finding the rates proposed by Appellee Railroads unlawful under Section 3(1) of the Interstate Commerce Act. Both the Commission and the District Court considered the sole issue to be one of rate relationships under Section 3(1).

The transportation standards governing export-import rate relationships have long been recognized to be different from those applicable to domestic rates. In the case of export-import traffic, rail rates are only a part of the total charge for transportation between the interior of the United States and foreign points. As far back as 1877, when the rail differentials here involved were first established, it became clear that equalization of total rail-ocean charges was the sound basis for export-import rail rates. Under equalization, stability of rates was substituted for the chaotic rate wars which had plagued the railroads. This enabled railroads and ports alike to compete for more traffic by improving their service and facilities. At the same time it provided shippers with a wide choice of ports in foreign commerce instead of funneling all the traffic through the port with the lowest rate.

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* After Appellee Railroads published their reduced rates, the Appellant Southern Tier Railroads published retaliatory reductions in rates, designed to recover their preferential rate relationships (R. 3739). These were challenged by Appellee Railroads and the Commission found that the proposed retaliatory rates were "not shown to be just and reasonable", ordering them to be cancelled (R. 3807). No appeal was taken by Appellants from this order.

Over the years the soundness of this basic principle has been reviewed and reaffirmed many times in the light of actual experience—first by the Cooley Commission in 1882 and time after time since then by the I.C.C. and the courts.

The Commission in the present case reaffirmed that the purpose of the rail differentials was to compensate for differences in ocean charges. It also recognized that ocean rates became equalized by 1935 and rail-ocean equalization was then disrupted. It reaffirmed that port rates are not distance rates and that distance has characteristically been disregarded in port adjustments. It conceded that in the other coastal areas of the country equalization has prevailed, with disregard of distance differences vastly greater than those here involved. It presented as the "best evidence" of traffic ratios a study showing that Appellee Railroads have only one-fourth of the relevant traffic and Appellants three-fourths. After all this, the Commission abruptly concluded as a matter of law that because of the relatively minor distance factor the equalizing rates proposed by Appellees could not be approved without violating Section 3(1).

The Commission here attempted to perform the forbidden function of "an umpiring role over the fate of cities". Its departure from established concepts of export-import rate making plainly reflected an effort to allocate prosperity among ports. This is evident from the irrelevant and extraneous circumstances on which it relied heavily. These included comparisons of the natural endowments of the ports and their harbors; comparisons of the brokerage, banking, consular and other services available at the ports; comparisons of the facilities available through public expenditure and private enterprise at the ports; and comparisons of the total commerce passing through the ports, regardless of any connection with the Affected Territory or even whether the traffic moved by rail.

Emphasizing these irrelevancies the Commission held unlawful a managerial decision by Appellee Railroads to compete for an improved traffic position by conforming to a pattern of rail-ocean equalization already in effect on all other coasts. As the District Court held, the decision was erroneous and without rational basis as a matter of law.

The validity of the Commission's order cancelling the retaliatory rate proposals of the Appellant Railroads was not put in issue before the District Court. Appellants did not appeal the Commission's finding that their proposed rates were not shown to be just and reasonable. Therefore the District Court did not deal with them, and they are not in issue on this appeal.

The argument that the rates proposed by Appellees were unlawful because Appellants subsequently retaliated by threatening a rate war is untenable on its face. If the proposed rates were lawful when published, later retaliatory conduct by another could not make them unlawful. In any event this Court has held that the threat of a rate war is illusory since the Commission has ample power to stop it when and if it develops.

II

The District Court properly set aside and enjoined the order of the Commission since remand was neither requested nor necessary nor useful with regard to either Section 1(5) or Section 3(1).

Appellees established by familiar methods of proof before the Commission that the proposed rates would be compensatory and therefore just and reasonable. The proof showed that the reductions were minimal, and that revenues would still be almost double the national average for all Class I railroads. Specifically, in the case of the New York Central, the revenues would be about double the average of all its other freight revenues. The cost evidence also showed that Appellees' rates would be compensatory.

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In the light of this evidence, the Commission found no basis for a finding adverse to Appellees under Section 1(5). It therefore rejected the recommendation of the Hearing Examiner that it find the rates not shown to be just and reasonable.

A remand for reconsideration of the issue under Section 3(1) has been suggested by the United States alone. No appellant has joined in the request. The principal reason offered for the request is that the Commission might explain why it suddenly departed in this case from the standard of rate-making applied in all other export-import rate cases and endeavored to use power over railroad rates to interfere with the opportunities of ports to realize their natural advantages.

For nearly seven years this important managerial decision regarding rates has been prevented from going into effect. The Commission has already had two opportunities to deal with it. The basic rights and obligations are clear. Remand for unnecessary clarification of details, and purposeless explanations by the Commission, would be a grave injustice to Appellees.

At no time in the District Court did any party remotely suggest remand by the District Court to the Commission. The District Court found that Appellees had made a *prima facie* showing that the proposed rates were just and reasonable, and that the Commission's application of Section 3(1) lacked any rational basis. In setting aside the Commission's order, without remand, the District Court exercised its proper statutory function and followed the precise procedure approved by recent decisions of this Court.

ARGUMENT

I.

The District Court correctly held as a matter of law that the Commission acted erroneously and without rational basis in finding the equalizing rate reductions proposed by Appellee Railroads unlawful under Section 3(1) of the Interstate Commerce Act.

A. The Issue Before This Court Is Whether the District Court Erred in its Determination of the Legal Principles to be Applied to the Action of the Commission under § 3(1).

The only question of substance on this appeal is whether the District Court was correct in its determination of the legal principles governing its decision that the action of the Commission in cancelling the proposed equalizing rate reductions under Section 3(1) was without rational basis.

The Commission found that "the sole issue is one of lawful rate relationships" (R. 3753).

In its brief to the District Court, the Commission spelled out the issue in the same way and represented that it was "the sole question presented" (Br. p. 2).

The Maryland Port Authority and other Appellant Intervenors in their brief to the District Court said this is "the real issue in this case" (Br. p. 14).

Concerning the decision of the Commission, the District Court held: "Its final decision rests solely on the proposition that some ports would be unduly preferred and others unduly prejudiced by the proposed rates." (R. 4602)

The Commission more than once indicated its view that there was no *bona fide* doubt that the rates met the test of Section 1(5). Early in the proceeding, Appellant Railroads made a formal request for a study by the Commission of the costs of Appellee Railroads, basing it on the asserted existence of an issue as to whether the proposed rates of Appellee Railroads were compensatory. The Commission denied the request as "not warranted" (R. 59).

In his Report the Hearing Examiner recommended a finding that the rate reductions proposed by Appellee Railroads were not shown to be just and reasonable under Section 1(5) (R. 3729). The Commission refused to adopt that recommendation and cancelled the proposed rate reductions solely on the ground that they would result in undue prejudice and disadvantage to the Southern Tier Ports in violation of Section 3(1). (R. 3797, 3806, 3807).*

The Appellants inject an irrelevant consideration when they rely on the power of the Commission to "prescribe" minimum rates. This is a non-existent issue. The proceeding before the Commission was an investigation and suspension proceeding under Section 15(7) of the Act to determine whether rates voluntarily proposed by carriers were lawful. It was not a proceeding under Section 15(1) for the purpose of prescribing rates. The difference is important. Under Section 15(7) the Commission exercises the quasi-judicial function of determining whether rates proposed by a carrier are within the zone of reasonableness and otherwise lawful.* Under Section 15(1) the Commission acts in a quasi-legislative capacity, taking over the rate-making function from the management of the carrier and itself prescribing the rates.

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* The disappearance from the case of the issue under Section 1(5) is discussed in further detail in Point II below.

All parties recognize, of course, that the Commission has power to prescribe rates, as provided in Section 15(1), in a proceeding under Section 15(7). But that is of no relevance at all here.

In the present case the Commission did not purport to prescribe any rates. And even if it had purported to prescribe rates, it would have had no power to do so unless it had first correctly found that the rates Appellee Railroads had proposed were unlawful under Section 3(1).** Reliance by Appellants on the prescriptive power of the Commission begs the whole question. It merely brings the argument back to the sole issue presented: Did the District Court err in finding that there was no rational basis for the Commission's decision, that the proposed rates were unlawful under Section 3(1)?

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* This Court in *United States v. Chicago, M., St. P. & P. R. Co.*, 294 U.S. 499, 506 (1935) and again in *Georgia v. Pennsylvania R. Co.*, 324 U.S. 439 at page 460-61 (1945), declared:

> "A zone of reasonableness exists between maxima and minima within which a carrier is ordinarily free to adjust its charges for itself."

** It is a fundamental premise of the Interstate Commerce Act that the carrier retains the primary right to set rates, and that the Commission may prescribe rates only after a valid finding that the rates proposed by the carrier are unlawful. This is so clear on the face of the Act, and has been held by this Court so many times, that extended discussion of the point is unnecessary. *I.C.C. v. Louisville & N. R. Co.*, 227 U.S. 88, 92 (1913); *United States v. Chicago, M., St. P. & P. R. Co.*, 294 U.S. 499 (1935); *Ayrshire Collieries Corp. v. United States*, 335 U.S. 573 (1949).

The same confusion reappears in different semantic attire when the Appellants argue that the issue below was not whether carriers might voluntarily equalize rates but whether "enforced equalization" of rates could be compelled (Appellants' Brief in No. 98, p. 5, and in No. 99, p. 7). The District Court did not purport to compel anyone to adopt any rates. "Enforced equalization" is an invention of the Appellants' briefs. The sole issue before the District Court was whether the cancellation of the Appellees' proposed rates was supported by a rational basis.

Neither the Commission nor the District Court purported to order any "enforced equalization" of rates. There was never any effort to prescribe rates for either the Appellee or Appellant Railroads. The proceeding involved a determination as to the lawfulness of rates voluntarily proposed by Appellee Railroads. The District Court held that there was no rational basis in the record for the decision of the Commission that those rates were unlawful. The sole question before this Court is whether the District Court erred in so holding.

As the District Court pointed out (R. 4004), there is a sharp distinction between rates which a carrier may voluntarily set in equalizing competition and rates which the Commission could require it to adopt.*

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* *New York C. R. Co. v. United States*, 99 F. Supp. 394, 398 (1951); *aff'd per curiam sub nom.: I. C. C. v. New York C. R. Co.* 342 U.S. 890 (1951); *Seattle Traffic Ass'n v. Consolidated Freightways, Inc.*, 306 I.C.C. 87, 93-94 (1959). Hence the complaint cases cited by Appellants in which the Commission refused to compel elimination of the North Atlantic port differentials are not in point. It may also be noted that most of those cases arose prior to 1935 before the ocean rates which the differentials were designed to offset had become equalized. The cases cited by Appellants are analyzed in Appendix C annexed hereto.

The District Court agreed with the finding of the Commission that equalization of rail-ocean charges has characteristically been the overriding consideration in the setting of export-import rates. It agreed with the finding that rail distance differences have been a minor factor and almost universally disregarded in the setting of such rates. It agreed with the Commission when it reaffirmed one of its oldest principles—that "in the public interest, the rates should be so adjusted 'that all the ports and the various lines serving them may freely compete for this traffic.'" (R. 4003, 3773)

The District Court reviewed the 4,000 page record and found these and other relevant findings fully supported by the evidence. It disagreed, however, with the Commission's abrupt disregard of its own findings in concluding as a matter of law that Section 3(1) made unlawful a competitive decision by carriers to conform their rates to a pattern of equalization which prevails in every coastal area of the country except the North Atlantic, and until about 1935 obtained in the North Atlantic as well.*

This Court is presented solely with a question of law: whether the District Court was correct in its determination of the applicable legal principles:

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* The briefs of the Commission (Br. p. 9) and of the United States (Br. footnote p. 47) suggest that the District Court held that, because this was not a complaint case, the Commission had no power in a proceeding under Section 15(7) to determine the issue under Section 3(1). There was no such holding. The District Court simply recognized the fact that in cases of this kind neither the courts nor the Commission had ever given controlling weight to factors of cost and distance; and the Court decided the case under Section 3(1).

This is so for two reasons:

In the first place, the essential controversy in the District Court was not over the relevant facts but over the legal principles governing the conclusions to be drawn under a proper application of Section 3(1).

Secondly, under the scope of review established by this Court, the sifting of the voluminous record to test the evidence against those legal principles was the function of the District Court as the initial reviewing court. Hence, if the District Court was correct in its determination of the legal principles, its decision should be affirmed. This Court has recently held:

> "This is not the place to review a conflict of evidence nor to reverse a Court of Appeals because were we in its place we would find the record tilting one way rather than the other, though fair-minded judges could find it tilting either way."*

The Appellants lay great stress on the administrative expertise of the Commission. There is no need here to rebut lengthy arguments of the obvious. Of course all agree that determinations of fact in rate cases are entrusted initially to the administrative expertise of the Commission. But the function of administrative expertise in this case has been performed—not once, but twice. The facts are clear and the relevant findings of fact made by the Commission are clear. Where the Commission went astray was in applying the law and reaching conclusions without rational basis. The District Court corrected the error and should be affirmed.

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* *N. L. R. B.* v. *Pittsburgh Steamship Co.*, 340 U.S. 498, 503 (1951). The many other cases to the same effect include *Universal Camera Corp.* v. *N. L. R. B.*, 340 U.S. 474 (1951); *N. L. R. B.* v. *American Nat. Ins. Co.*, 343 U.S. 395 (1952). In the cases cited, this Court was reviewing decisions of a Court of Appeals, but the rule is of general applicability whether the initial reviewing court be a Court of Appeals or a three-judge District Court. *United States* v. *Great Northern R. Co.*, 343 U.S. 562, 578 (1952); *Thompson, Trustee, Missouri P. R. Co.* v. *United States*, 343 U.S. 549 (1952). See also *Radio Corp. of America* v. *United States*, 341 U.S. 412 (1951).

B. The District Court Correctly Held that on the Relevant Facts Found by the Commission and the Undisputed Evidence, the Commission's Decision that Appellees' Proposed Rates Were Unlawful Under Section 3(1) Was Without Rational Basis.

Transportation standards and principles for ratemaking vary in accordance with the types of commodities involved, the relevant rate structure, whether the traffic is purely domestic or bound for foreign ports, and whether it involves the immediate hinterland of a domestic port or Affected Territory. Different factors enter into the questions of fact and law in each area. This case concerns only rail rates involved in commerce between the Affected Territory and foreign ports, and specifically rates which may be voluntarily set by the railroads in order to compete, as distinguished from those which the railroads may be compelled to adopt.

1. HISTORICAL BACKGROUND

The basic principles here involved were established nearly a century ago by the agreement of 1877 between the railroads serving the North Atlantic ports. This equalization of rail-ocean rates was submitted to the Cooley Commission for study. It held extensive hearings in the various cities involved. Its Report, referred to above, gave thorough consideration to the weight to be given to costs, distance and competition in determining export-import rail rates. It found that neither costs nor distance was the governing factor and that equality of competitive opportunity was the controlling consideration. To this end, it concluded that the principle of equalization of through ocean-rail rates was sound and should be continued (R. 1627-1667). In the case at bar, the I.C.C. said of the Cooley Report (R. 3747):

> "Of the three principles referred to in that report, mentioned variously by the parties as controlling these port relationships; that is, the distance principle, the cost principle, and the 'competitive' principle, the last named was found to be the true one * * * not only from the standpoint of their local interests but in the interest and welfare of the people of the nation as a whole. This principle of 'competitive opportunity', * * * appears to have been the norm used in testing the soundness of the differentials from their inception."

The Cooley Report gave its reasons as follows (R. 1662):

> "But when so treated, the Atlantic cities become merely so many points on so many through routes between the interior of the country and the European ports, and the charges on shipments must regard the whole lines and not parts of them merely. On these several through lines, competing for the same business between the same interior American towns and the foreign ports, the whole charges, if the routes are equally favorable, must be substantially the same, or the one giving the best rates would obtain the business. The question

> of ocean rates must, therefore, have an important bearing on the inland rates; for if the ocean rates are greater from Baltimore to foreign ports than from New York to the same ports, the inland rates to Baltimore must necessarily be lower, or Baltimore will be excluded from the trade."

The equalization of rail-ocean through rates thus established prevailed and the principle operated successfully for more than half a century.

As the I.C.C. found in this case (R. 3745):

> "The differentials were designed, and their effect was, to compensate for the differences in these ocean rates in favor of the northern tier points. Thus, they tended to produce equal total transportation charges between an interior point and the foreign origin or destination over all routes through the several ports, affording the different railroads and the ports competitive rates."

It was not until 1935 that equalization of ocean rates was completed and the reason for the rail differentials was gone. The Original Report of the Commission in this case found that (R. 3745):

> "Beginning in the early twenties and extending to about 1935, the ocean rates to and from the different ports were equalized. Consequently, the sum of the rail and ocean transportation charges through the northern tier ports * * * became higher than the sum of those charges through the southern tier ports served by the protestants, by the amounts of the above differentials."

The Appellants repeatedly assert that ocean rate differentials disappeared late in the Nineteenth Century or at the latest, early in the Twentieth Century. From this they argue that the rail differentials must have been maintained during all the intervening years for some reason other than ocean rate differences. On this assumption they launch a major attack on the District Court for its holding that differences in rail distance have never been a controlling factor in fixing rail rates on export-import traffic.

The difficulty with this argument by Appellants is that its basic assumption is wholly contrary to the finding of the Commission whose decision they seek to uphold. It is true that in some port complaint cases as early as 1898 and as late as 1925 there is language in Commission reports indicating that the usually fluctuating ocean charges had become temporarily equalized in the case of some of the ports (e.g., *Chamber of Commerce of N. Y. v. N.Y.C. & H. R. R. Co.*, 24 I.C.C. 55, 674 (1912); *Export and Domestic Rates*, 8 I.C.C. 214, 227 (1899)). It is these cases upon which Appellants rely. They do not alter the basic fact found by the Commission that the whole purpose of establishing the rail differentials was to offset the ocean differentials. Moreover, it appears that the moments of partial and temporary stabilization were so brief that the Commission was wise in ignoring them, as subsequent history disclosed.

The ultimate fact is that ocean rates were not finally equalized until 1935, as the Commission found. See also *New York C. R. Co. v. United States*, 207 F. Supp. 483, 487 (S.D.N.Y. 1962). There is no substance therefore to the argument that rail distance differences or some other undisclosed factors must have led the Commission to continue the rail differentials prior to 1935. Until that time the ocean rate differences required the rail differentials. The early cases cited by Appellants are analyzed in Appendix C hereto.

The impact of ocean rate equalization, completed in 1935, was not immediately felt. World War II intervened, bringing a vast concentration of shipping to New York. With the return of peace, the decline in traffic continued. It became substantial by 1949. R. 3734; *New York C. R. Co.* v. *United States*, 99 F. Supp. 394 (D. Mass. 1951), *aff'd per curiam sub nom., I.C.C.* v. *New York C. R. Co.*, 342 U.S. 890 (1951). It was only after the conclusion of the Korean hostilities that the full and devastating impact of continuing rail rate discrimination was felt.

By 1956 the Appellee Northern Tier Railroads had lost export-import traffic to and from the Affected Territory at such a rate that they were reduced to 24% of the whole as compared with a total of 76% carried by the Southern Tier Railroads (R. 3820). Including the traffic moved through the Northern Tier Ports by Appellants Pennsylvania and Baltimore & Ohio Railroads, the total share of all relevant traffic between Affected Territory and the Northern Tier ports was 33%, compared with 67% for the Southern Tier Ports (R. 3819).

2. COMPETITION, NOT DISTANCE, AS THE GOVERNING LEGAL STANDARD FOR EXPORT-IMPORT RATES

The Cooley Commission rejected cost and distance as controlling factors, finding the true basis for export-import rail rates in the principle of competition (*supra*,

p. 20). Until the present case, and since, the I.C.C. has consistently followed the principles of the Cooley Report. It pays respectful obeisance to factors of both distance and cost and then proceeds to base its decisions upon the essentials of equal, competitive through rates.

Distance and cost may be significant factors in fixing some domestic rates, but they are not controlling in determining rail export-import rates.[*] Railroads are subject to harsh rules of competition, the same as are all other business enterprises. In rail-ocean commerce, the ultimate destination is overseas and rail carriage to and from ports is only part of the total costs.

Thousands of traffic managers with sharp pencils, on both sides of the ocean, are dedicated to finding the most economical way of shipping goods in fiercely competitive world trade. Every penny is counted, and those business enterprises which cannot compete will die. Likewise, when railroads cannot compete—or are not allowed to compete—they also die.

As early as 1905 the I.C.C. itself made it clear that it considered equality of competitive opportunity to be the decisive factor in determining export-import rail rates:

> "The real question is on what basis shall rates be equalized through the various ports. * * * The

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[*] Although domestic rates ordinarily reflect differences in short-line distances, the rate over all competing routes between any two given points is generally the same, regardless of distance, to enable the carriers to compete. If the rate were higher over the longer route, that route would never be used if avoidable. For the same reason the competitive principle requires equalization of export-import rates through competing ports. See, *e.g.*, *Grain and Grain Products*, 205 I.C.C. 301, 380-382 (1934); *aff'd* 215 I.C.C. 83, 104 (1936).

> through rate is made by adding together the inland rail rate from the interior to the port of export and the water rate from the port of export to the foreign destination. * * *
>
> "The purpose is to permit these carriers and the ports which they serve to compete for this traffic. The rates are to be so adjusted that there can be fair competition for this business via all the ports, so that no one shall possess a distinct advantage over the other."*

Competitive rail rates in rail-ocean traffic are not distance rates. They are merely part of the through charge between the Affected Territory and foreign ports. It was natural therefore that in the present case the Commission should have found:

> "It is apparent that considerable disregard of rail distances is characteristic of all port adjustments, as it was in the establishment of the rates here dealt with." (Citing cases) (R. 3773)**

Continuing, citing its decision in *Differential Rates*, 11 I.C.C. 13 (1905), the Commission noted that "traffic does not stop at the ports but moves to foreign destinations." (R. 3773). Citing also its decision in *Albany*

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* *In the Matter of Differential Rates*, 11 I.C.C. 13, 65-66 (1905).

** Despite this finding, the I.C.C. in its Report on Reconsideration, abruptly announced as its conclusion of law, "Such great differences in distance, under the circumstances here revealed, may not be ignored without running counter to the provisions of Section 3(1) of the act." (R. 3854)

Port Dist. v. *A. & W. R. Co.*, 219 I.C.C. 151, 162 (1936), the Commission quoted (R. 3773):

> "The port rates * * * have, as their chief objective, the maintenance of a competitive relation between the ports. They are not distance rates."

This principle has been followed in every final decision of the Commission since it was founded, except in the case at bar.*

To put it another way, no final decision of the Commission or of any court has ever denied a railroad the right to equalize rates on rail-ocean traffic from interior competitive territory. For this there is good reason. The national interest, economics and justice have required equal through rates and the nation has grown and prospered under them. Such is the essential justice of the underlying policy of equal competitive opportunity that it has been adopted on an ever-widening scale even as to domestic traffic. It was applied on a broad national scale in *New York* v. *United States*; 331

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* The *Iron Ore* cases (*infra*, p. 72) are not an exception to this rule. There the Commission has been reversed twice, has made two different, inconsistent decisions, and is now undertaking to review the question for the third time, ten years after the case was started. Equally inapropos is *City of Wilmington* v. *A. G. S. R. Co.*, Docket No. 33247 (Div. 2, 1962) which is pending on appeal to the full Commission. That decision concerned export-import rates between South Atlantic Ports and certain interior "hinterland" southern areas, relatively close and immediately contiguous to the involved ports. In "hinterland" cases, the Commission and the railroads have accorded greater weight to distance differences because such areas are generally less than 500 miles distant from port areas and are considered as being tributary to the nearby port. Such, of course, is not the case with central territories which are properly served by many ports and groups of ports.

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U.S. 284 (1947) where this Court applied the principle of equality of opportunity to great regions of the nation.

3. DISREGARD OF DISTANCE IN PRACTICE

The grand design of equalization is illustrated in Appendix B. The shaded area represents the Affected Territory. This map demonstrates the magnitude of equalization of rail rates for export-import traffic. It reflects wide disregard of distance differences in port adjustments all over the country.

Ocean rates are now equalized for every section of our coast (R. 1813). *Hillsborough County Port Authority* v. *A. & W. Ry. Co.*, 313 I.C.C. 691 (1961), *aff'd per curiam sub nom., Alabama, T. & N. R. Co.* v. *United States*, 207 F. Supp. 638 (S.D. Ala. 1962); *City of Portland* v. *Pacific Westbound Conference*, 4. F.M.B. 664, 667, 671 (1955).

Taking the Pacific first, it will be observed that on Appendix B a line runs irregularly from the Canadian border between Montana and North Dakota south to the Mexican border at El Paso. From every point in the United States east of that line, goods may be shipped at identical rates to any major port on the Pacific Coast from San Diego to Vancouver. Disregard of distance, permitted or specifically authorized by the Commission, is particularly marked with respect to the export-import rates between points west of the Mississippi River and the Pacific Coast ports. The Commission has permitted equalized rates from Texas, New Mexico and North Dakota points to Seattle and

Los Angeles which resulted in disregard of mileage differences ranging from 50 to 153%* (R. 2058-59).

From central points in the United States the same equalization of rail rates in rail-ocean traffic exists to all Gulf ports and to all South Atlantic Ports** (See Appendix B).

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* The following table illustrates the disregard of distance in export-import rail rates to the West Coast.

Inland Point	Number of Miles		Mileage Disregard	
	To Seattle	To Los Angeles	Miles	%
Rincon, N. M.	1972	779	1193	153
El Paso, Tex.	2007	813	1194	147
Albuquerque, N. M.	1912	883	1029	117
Odessa, Texas	2240	1101	1139	103
Laredo, Tex.	2649	1486	1163	78
San Angelo, Tex.	2228	1262	966	77
San Antonio, Tex.	2496	1423	107[illegible]	76
Abilene, Tex.	2171	1267	904	71
Lubbock, Tex.	2009	1205	804	67
Corpus Christi, Tex.	2625	1569	1056	67
Brownsville, Tex.	2761	1706	1055	62
Austin, Tex.	2418	1503	918	61
Amarillo, Tex.	1888	1192	696	58
Ft. Worth, Tex.	2257	1441	816	57
Dallas, Tex.	2257	1441	816	57
Waco, Tex.	2299	1466	833	57
Ft. Buford, N. D.	1121	1751	630	56
Williston, N. D.	1142	1772	630	55
Houston, Tex.	2483	1629	854	52
Galveston, Tex.	2483	1629	854	52
Wichita Falls, Tex.	2097	1393	704	51
Tyler, Tex.	2351	1565	786	50

** In two cases, one decided just before the decision in the case at bar and the other just afterward, the Commission extended equalization to interior areas outside the Affected Territory. *Coal From Clearfield Group to Philadelphia for Export*, 308 I.C.C. 425 (1959); *Nueces County Nav. Dist. v. A., T. & S. F. Ry. Co.*, 315 I.C.C. 155 (1961). The Commission permitted disregard of distance differences in excess of 28% in the former case and compelled disregard of distance differences exceeding 32% in the latter.

In its Original Report, the Commission agreed that the distance disadvantages of the carriers serving the Northern Tier Ports were far less than the distances disregarded in other coastal areas. The Commission said (R. 3772):

> "Such distance disadvantages as they have are much less than the substantial differences in distances to and from some other ports which have a parity or near parity of rates, including the Canadian ports, and the wide differences which obtain where the several south Atlantic and Gulf ports are equalized."

This was a masterpiece of understatement in the light of distance differences disregarded in setting West Coast rates.

Turning now to the Gulf Coast, the South Atlantic and the North Atlantic, Appendix A shows the comparable distances. For purposes of illustration of short-line rail mileages to the ports, the City of Chicago was selected as the largest industrial and marketing complex in the Affected Territory, with equalized rates to the Gulf Coast and the South Atlantic but not to the North Atlantic.

Obviously, neither distance nor cost has been the controlling factor in shaping these far-reaching policies.

Even since the Commission strangely denied equalization in the case at bar, progress toward complete equalization for all other coasts has continued. Tampa is more than half of the way down the Gulf Coast of Florida. The short-line rail distance from Chicago to Tampa is 1199 miles. It is 837 miles from Chicago to Mobile, Alabama (Appendix A).

Nevertheless, Tampa sought equalized rates over the objection of the railroads. It is 362 miles (or 42%) farther from Chicago to Tampa than to Mobile. The Commission disregarded all considerations of cost and distance and compelled the railroads to give equalized rates to Tampa. *Hillsborough County Port Authority v. A. & W. R. Co.*, 313 I.C.C. 695 (1961), *aff'd. per curiam sub nom., Alabama, T. & N. R. Co. v. United States*, 207 F. Supp. 638 (S.D. Ala. 1962).

The order by the Commission in that case produced still further disregard of respective distances. For example, Pittsburgh, Pa. is 1193 miles from Tampa and only 660 miles from the closest South Atlantic Port. Yet the Commission compelled the railroads to disregard the distance advantage of that port, amounting to 533 miles, and to equalize the Port of Tampa even though the distance to Tampa was 81% greater than to the South Atlantic Port closest to Pittsburgh (313 I.C.C., at 709).

Even Corpus Christi, by compulsion of the Commission, is now equalized with all the other Gulf ports (Appendix A).* From Chicago the distance to Corpus Christi is 1257 miles compared with 837 to Mobile. The short-line mileage to Corpus Christi thus exceeds that to Mobile by 50%.

If distance is to be disregarded even when greater by 40%, 50%, 81%—and even 153%—it is impossible to understand how 16% greater distance can be cause for denying railroads an equal opportunity to compete. New York is 16% farther than Baltimore from Chicago.

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* *Nueces County Nav. Dist. v. A. & S. Ry. Co.*, 251 I.C.C. 115 (1942).

The same conclusion results from a study of average distances to the North Atlantic ports from representative points in the Affected Territory. The Commission found the average of the short-line distances from class rate base points in the Affected Territory to be as follows (R. 3840):

North Atlantic Coast	Average short-line miles from class-rate base points in the Affected Territory*
Boston	921
New York	804
Philadelphia	750
Baltimore	698

It is notable that from those average points in the Affected Territory, Baltimore is 698 miles and New York is 804, or 15% farther. When distance differences up to 50%, 81% and even 153% are comfortably disregarded, there is no rational basis for treating 15% as cause for discrimination.

Hampton Roads has a somewhat different Affected Territory than the other two Southern ports. From its average points the distance to Hampton Roads is 883 miles but only 853 miles to New York. Hampton Roads is therefore actually 30 miles farther away than New York. But it has parity rates with Baltimore (R. 3840). Again it is impossible to understand how distance can be used as an excuse for such damaging discrimination against New York; but if that be its purpose, it has succeeded. Of all the grain passing through the North Atlantic Ports from the Affected Territory in 1955-1956, Hampton Roads handled 18%, and New York 4% (R. 3820).

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* The Commission also found Portland to be farther away from Affected Territory than any other North Atlantic port and Albany to be almost exactly the same distance as Philadelphia (R. 3847, 3853). Portland import rates have parity with Baltimore as to traffic passing over Canadian routes, and otherwise parity with New York. The Albany rates are the same as those of Philadelphia.

It is difficult to resist the District Court's conclusion in this case that the decision of the Commission was capricious and arbitrary. Distance could not possibly have provided a rational basis for that decision.*

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* The extreme nature of the discrimination in this case against the Northern Tier Railroads and Ports is demonstrated by the following table. It shows that the only consistent feature of ocean-rail rate regulation has been to ignore distance differences elsewhere but to discriminate against the railroads serving the four Northern Tier Ports (See Appendix A).

Port Terminal	Short-line miles from Chicago	Levels of export-import rates (¢ per cwt.) LOWER than New York[1]
Corpus Christi, Tex.	1257	3¢ to 23¢
Tampa, Fla.	1199	3¢ to 23¢
Jacksonville, Fla.	1055	3¢ to 23¢
Portland, Me.	1045	3¢ to 8¢[2]
Houston, Tex.	1035	3¢ to 23¢
Morehead City, N. C.	991	3¢ to 23¢
Savannah, Ga.	989	3¢ to 23¢
Charleston, S. C.	980	3¢ to 23¢
Boston, Mass.	973	—
Port District of Hampton Roads (including Norfolk, Va.)	914	3¢ to 8¢
New Orleans, La.	890	3¢ to 23¢
New York, N. Y.	890	—
Pensacola, Fla.	886	3¢ to 23¢
Mobile, Ala.	837	3¢ to 23¢
Philadelphia, Pa.	814	2¢ to 6¢
Albany, New York	789	2¢ to 6¢
Baltimore, Md.	767	3¢ to 8¢

[1] The ranges in the rate levels under New York reflect different classes or kinds of freight. In the case of the South Atlantic and Gulf ports, the levels are the same for the same class or kind of freight where the same foreign country is involved.

[2] On import traffic via Canadian routes to the Affected Territory, otherwise same as the New York level.

Another illustration of the arbitrary nature of the Commission's decision is its total disregard of the testimony by shippers and receivers. A long line of witnesses whose business it is to route freight between the Affected Territory and foreign ports took the witness stand in the present case. Those witnesses included representatives of practically all grain merchants in Chicago, which is the largest grain distributing center in the nation (R. 2303-2336). They testified unanimously that Appellee Northern Tier Railroads will continue to lose the subject export-import traffic because of the rate differentials favoring the Southern Tier Railroads.*

This testimony was entirely uncontradicted and not a single witness from the Affected Territory supported the position of Appellants.

It was also notable that the only agencies of the federal government which appeared gave testimony in support of the proposed equalizing rates. The position of Appellees was supported by the United States Department of Agriculture and the General Services Administration (R. 2277, 2287).

As the Commission itself found:

> "The respondents' proposal * * *, if made effective, would generally provide an equality of aggregate transportation charges, rail and ocean, between foreign countries and points in the affected territory for the whole range of north Atlantic ports" (R. 3745).
>
> * * * * *
>
> "The primary purpose of the proposed adjustment * * *, is to re-establish the equality of

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* *E.g.*, R. 2299, 2306, 2329, 2333, 2338, 2342.

through ocean-rail charges which existed prior to the ocean-rate equalization in 1935." (R. 3804)

The proposed equalizing rates of Appellee Northern Tier Railroads cannot be said to create undue and unreasonable prejudice against the Southern Tier Ports. On the contrary, they are consistent with the historic principle of equalized rail-ocean rates which began in 1877 in the North Atlantic and extends to the South Atlantic, the Gulf Coast and the Pacific Coast. The inescapable conclusion is that the rates proposed by the Appellee Northern Tier Railroads create no undue or unreasonable prejudice or discrimination against the Southern Tier Ports. If there be such prejudice, it is against the Northern Tier Ports under the existing rates.

4. THE IRRELEVANT AND EXTRANEOUS CONSIDERATIONS ON WHICH THE COMMISSION BASED ITS DECISION.

Recognizing that distance differences are widely disregarded in all other export-import rates, the Commission sought support for its decision here in reference to "numerous other factors" and "circumstances here revealed". (R. 3804, 3854). Those "factors" and "circumstances" had no relevance to the issue of railroad rates here involved. They reflected an effort by the Commission to apportion prosperity among ports by allocation of traffic. This the law does not permit.

The Commission recognized this in one of its early decisions involving the North Atlantic ports and the Affected Territory. In *Chamber of Commerce of*

N. Y. v. N. Y. C. & H. R. R. Co., 24 I.C.C. 55, 75 (1912), it declared:

> "It is urged that Boston is as dependent as is Philadelphia or Baltimore upon the differential territory for its exports and imports, and the Boston interests join in the contention that the railroads should so adjust their rates as to insure movement of a certain or substantial part of the traffic through those ports. *Neither the carriers nor the Commission has any right to undertake to so apportion the traffic between rival ports or cities.*" (Emphasis supplied.)

In *United States* v. *Illinois C. R. Co.*, 263 U.S. 515, 524 (1924), this Court held that the advantage which comes to a shipper by virtue of the location of his plant does not constitute an unlawful preference under Section 3(1), as the law does "not attempt to equalize opportunities among localities." This principle had been recognized by this Court at least as far back as its decision in *I.C.C.* v. *Diffenbaugh*, 222 U.S. 42, 46 (1911).

This principle was subsequently reaffirmed by this Court in a landmark decision upholding the right of a railroad to compete by equalizing rail-ocean rates. *Texas & P. R. Co.* v. *United States*, 289 U.S. 627, 636-638 (1933). In that case this Court held that a railroad was entitled to establish rail rates to a port with a distance disadvantage on a basis of equality with a distance-favored port in order to equalize total rail-ocean charges. This Court accordingly struck down an order of the Commission which had required a distance differential. In so doing this Court held that railroads were entitled to adjust their rates to competitive conditions, but that neither carriers nor the Commission could set rates for the purpose of building up one market or locality to the detriment of another. In this connection this Court said (*Id.*, at 638):

> "The Act was passed for the protection of those who pay or bear the rates. The standards it establishes are transportation standards, not criteria of general welfare."

The above section of the opinion met the approval of the minority and has not been overruled or modified. This Court further held that since ports were not mentioned in Section 3(1) they were not entitled to complain of prejudice under its provisions. After the *Texas & Pacific* decision Congress amended Section 3(1) in 1935 and again in 1940. The 1935 Amendment did nothing but add the words "port, port district, gateway, transit point" to the list of those protected against undue prejudice. (49 Stat. 607) The 1940 Amendment added regions, districts and territories. (54 Stat. 902)

The briefs of Appellants devote many pages to an effort to establish that the 1935 Amendment changed the standards by which unlawful prejudice was to be determined. Actually all that amendment did was to give ports, port districts, gateways and transit points standing to complain under Section 3(1), the same as shippers and others. It did not enable one port to complain of railroad rates because another port was bigger or more prosperous, any more than one shipper could insist on a preferential rate because his business was less prosperous than that of a competitor.* Senators Moore and Walsh, two of the sponsors of the Amendment, both assured the Senate that the only purpose of the Amendment was to give ports the same standing as those already within the protection of Section 3(1).** 79 Cong. Rec. 10476, 10608.

In *New York* v. *United States*, 331 U.S. 234, 300, 305 (1947) this Court had occasion to consider the effect of the similar 1940 Amendment which added the words "region, district, territory" to Section 3(1). It confirmed that Congress intended no change in the applicable standard for determining undue prejudice. This Court said:

> "In other words Congress did not introduce a new standard of discrimination by its amendment to § 3(1); it merely made clear its purpose that regions, districts, and territories should be the beneficiaries of the law against discrimination." (*Id.*, at 300).

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* Even before the *Texas & Pacific* case was decided the Commission had held that it could not set rates to enable one manufacturer to obtain markets of competing manufacturers. *Stoves, Ranges, Boilers, etc.*, 182 I.C.C. 59, 68 (1932).

** The Appellants place heavy reliance upon the Senate's rejection of an amendment proposed by Senator Long. Their reliance is misplaced. The Long amendment said nothing about distance. It read (79 Cong. Rec. 10608): "Where rates and charges of common carriers to ports are made as reductions to equalize rates to ports served by competing carriers it shall not be termed undue preference or discrimination." Thus the proposed amendment would have written into legislation that whenever rates were made as reductions to equalize rates to ports it should not constitute undue preference or discrimination regardless of the motive, the type of traffic or any other circumstances. The District Court did not hold that equalization must under all circumstances and at all times be held to be lawful under Section 3(1).

> "And, as we have said, the 1940 amendment to § 3 * * * did not change the prevailing rules respecting unlawful discrimination; it merely enlarged the reach of § 3. Hence we must determine from the pre-existing law whether a discrimination against a territory is obnoxious to § 3." (*Id.*, at 305).

The rationale of the 1935 Amendment was obviously the same.

This Court in the same case (331 U.S. at 315, 331) recognized that under the rule of the *Diffenbaugh* case the Commission is barred from attempts to equalize economic advantages, but concluded that on the facts of the case the Commission had not violated that rule.

The absence of power on the part of the Commission to allocate traffic and to act as an economic czar was forcibly restated in a recent decision of the District Court for the Southern District of New York involving equalization of iron ore rates to Affected Territory. The Court said:

> "* * * [T]he Commission makes the point that rate parity will help New York and hurt Baltimore. * * * The Act does not vest the Commission with power to proscribe a reduced rate otherwise lawful under §§ 3 and 1(5) simply to prevent diversion resulting from competition; there was no finding that the New York rates constituted an 'unfair or destructive competitive practice.' We do not read the Act as giving the Commission so general an umpiring role over the fate of cities * * *." *New York C. R. Co.* v. *United States*, 207 F. Supp. 483, 494 (1962).

The role of "umpire over the fate of cities" is precisely the role the Commission assumed in the present case. It brushed aside the competitive needs of the

Northern Tier Railroads, and even those of the ports in their railroad rate aspects. It repeatedly emphasized the natural and commercial advantages of New York as a port and the large volume of traffic which passes through it.

The Appellants here seek to justify the Commission's decision on the same basis. Running like a refrain through their briefs are references to New York as "The Greatest Port in the World". Of course New York is a great port. San Francisco is a great port. So too are Galveston, New Orleans, Mobile, Baltimore, Hampton Roads, Philadelphia and Boston. Some are larger. Some are smaller. But all are entitled to be free of unjust discrimination.

Nature endowed the Port District of New York with unique advantages. It has 650 miles of navigable waterfront, including 200 piers capable of berthing 400 ships at one time. The total population of the area of the Port District of New York is about 13,000,000. More than 430,000 people depend on Port jobs for their livelihood (R. 1808), earning more than $2 billion annually (R. 1803, 1805, 1820). The Port District of New York is not just one port or one city. It is not just Manhattan, Brooklyn, Queens, the Bronx or Staten Island. It consists of many deep-water ports in two states, each with its own waterfront* (R. 1803-1804).

The facilities of the Port of New York are vital to national defense (R. 2255, 2263). During World War II it was the Port of Embarkation from which sailed

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* These include:

Newark, New Jersey
Jersey City, New Jersey
Hoboken, New Jersey
Elizabeth, New Jersey
Weehawken, New Jersey
Irvington, New York
Bayonne, New Jersey
Edgewater, New Jersey
Yonkers, New York
Perth Amboy, New Jersey

half of our armies overseas and a third of all their supplies (R. 1809). It would be a tragedy indeed if the Port District of New York should be allowed to decline further and the Nation should lose the priceless services it provides both in time of peace and in time of war.

It seems curiously inappropriate to suggest that because the port is large or because its name is New York, it should be denied the same equal treatment which has been conferred upon all other major ports in America outside the Northern Tier. It would be equally inappropriate to suggest that the railroads which serve it should be denied an equal opportunity to compete for traffic.

A further indication of reliance on the non-existent power to allocate prosperity among ports is found in the many pages of Appellants' briefs, and of the Commission's Reports in this case, devoted to showing how much traffic passes through the Port District of New York. Naturally it takes a tremendous flow of traffic to support a port of this enormous size. But that has nothing to do with the question whether the railroads which serve it are to be allowed to survive as competing carriers. Nor is it relevant to the question whether the proposed rate reductions would cause prejudice to any of the Appellants. Equalizing rates applying only to rail traffic to and from Affected Territory could not prejudice Appellants merely because other kinds of traffic are flowing through the Port of New York.

Over 90% of the traffic flowing through the Port of New York does not move by rail to and from the Affected Territory (R. 3818, 3820). Most of it does not move by rail at all. At least half of it goes by truck (R. 3760).

Appellee Railroads are before this Court because they desperately need an opportunity to compete for an improved portion of the export-import traffic which is carried by rail and does move to and from the Affected Territory through the North Atlantic Ports—the only traffic with which this case is concerned. The hard fact is that Appellee Railroads carry only 24% and the Appellants 76% of that traffic (R. 3820).

In the Commission's own words, the traffic study reflected in Appendices E and F to the Commission's Original Report (R. 3819, 3820) is the "best evidence which the record affords of the combined relative impact of the present differentials and other circumstances upon the movement of the subject traffic through the several ports." (R. 3765) Appendix F shows the total figures on traffic to and from the Affected Territory for a 12 month period in 1955-1956, immediately preceding the publication by Appellee Railroads of the proposed equalizing rates. The amount of the total rail-ocean traffic between the Affected Territory and North Atlantic ports during that period was as follows:

	Net Tons*	Percentage of Total
Moved by Appellee Northern Tier Railroads (Respondents Before the Commission)	2,636,101	24%
Moved by Appellant Southern Tier Railroads (Protestants before the Commission)	8,333,656	76%
Total	10,969,757	100%

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* These are the combined totals of export and import rail tonnage taken from Appendix F and allocated to the respective railroads as stated therein. (R. 3820)

There could be no more dramatic proof that the Commission could not have based its decision on the competitive needs of Appellee Railroads.

Appellants insist however that the total volume of traffic handled by the respective ports is an important basic consideration, regardless of the commodities involved, their origin or destination or even whether they move by rail. Since they so argue, the total figures, not mere fractions of them, should be examined.

The record shows the total export-import tonnage moving through all the North Atlantic Ports in 1933 (shortly before equalization of ocean rates was completed in 1935). Of all the traffic through the North Atlantic Ports, in 1933, the four Northern Tier Ports handled 65.3% compared with 34.7% for the Southern Tier Ports (R. 1703, 1705).

By 1955, the situation had dramatically reversed. The Southern Tier Ports handled 63.5% and the Northern Tier Ports 36.5%.

Taking the total traffic of the Port of New York alone provides an illuminating contrast with the total of all traffic flowing through the three Southern Tier Ports. The same record data show that in 1933, of the total traffic flowing through these four ports, New York handled 61.4% as compared with 38.6% for the Southern Tier Ports. Again the reversal was dramatic. By 1955 the total tonnage through the three Southern Tier Ports was more than 2.5 times that of New York, *i.e.* 71.7% as against 28.3% (R. 1703).

Of the total relevant rail traffic between Affected Territory and the seven North Atlantic Ports in the test year 1955-1956, we find that all four of the Northern

Tier Ports together handled only 33% and the Southern Tier Ports 67% (R. 3219). With two-thirds of the relevant traffic the three Southern Tier Ports are scarcely in a position to claim prejudice or discrimination of any kind. It is notable that these computations do not include import iron ore or export coal because they are not involved in this case. Since Appellants choose to rely on total volume of traffic as a relevant fact it should be observed that were coal and iron ore included it would be found that the proportion of the traffic handled by the Northern Tier Ports would be further radically reduced (R. 3750).

The traffic figures called by the Commission the "best evidence" cannot be obscured by synthetic compilations of selected types of traffic moving through selected ports. Fragmentation of statistics is never profitable, whoever may appear to be the beneficiary. It is the height of sophistry to make an argument based on the total amount of traffic moving through a port, without regard to the means of transportation, and then, when dealing with the rail traffic actually involved, to eliminate the very portions most vital to the competitive needs of Appellee Railroads. Yet this is exactly the basis on which the Appellants appeal to this Court.

Specifically, both the Commission and Appellants employ statistics excluding altogether the products on which the Southern Tier Ports have a near monopoly: import ores (other than iron ores not affected by the proposed rates) of which they handle 98.1%, and export grain of which they handle 83.4% (R. 3820).

The Commission found that a balance between general cargo and bulk cargo is "essential to a healthy port economy." (R. 3754) By this definition, New York is the unhealthiest port in America. The railroads which serve it also vitally need equalized rates for their own survival. Without such rates they have no chance of competing for bulk traffic.

The heavy emphasis on general cargo moving through New York is another illustration of resort to such statistics by Appellants. They, as well as the Commission, stress the fact that much general cargo flows through New York, but persistently neglect to point out that even if relevant, these data would provide the very statistics as to the decline of the Port of New York which they say do not exist. Between 1923 and 1956 the Nation's exports of general cargo increased from 21.7 million tons to 27 million tons. In that same period, New York's share declined from 7.9 million tons to 6.4 million tons. Even more striking is the fact that in percentage terms New York's share of the Nation's exports of general cargo declined from 36.3% to 23.7% (R. 3818).

The Nation's imports of general cargo increased in the same 33-year period from 17.8 million tons to 22.8 million tons. During the same period New York's share declined in absolute terms from 8 million tons to 6.5 million tons and in percentage terms from 45% to 28.5% (R. 3818). As these figures dramatically indicate, general cargo is a diminishing asset to the railroads serving the Northern Tier Ports (R. 3818). As Commissioner Webb said in his compelling dissent:

> "These conclusions appear to restrict New York and the other northern tier ports to a shrinking class of traffic * * *." (R. 3811).

Various other irrelevant circumstances were relied on by the Commission and other Appellants concerning services and facilities in the respective ports. New York is, to be sure, a city of superior services and facilities. New York citizens and its public authorities have built 200 piers and many other facilities at tremendous cost. New York does indeed have many banks, freight forwarders, ship brokers, consular services and foreign chambers of commerce which facilitate speed of movement of cargo. All these are mentioned as if they were evils to be remedied.

As the Commission found, Southern Tier Ports have their own special facilities too. They include large modern facilities which, coupled with the favorable rail differentials, have given Appellant Railroads a virtual monopoly in the transportation of the heavy volume bulk ores and grain so necessary to mass movement and reduction of unit costs (R. 3768-69). In these facilities, unlike those of New York, the Commission sees no evil. Nor should it—in either case.

The development by each port of its own special facilities and services is the essence of competition. It is the very competition which the great principle of equalization of rail-ocean rates is designed to foster. It is the antithesis of the result that would be produced by distance rates which naturally tend to funnel the traffic through the most distance-favored port.

By some process of inverted reasoning, however, it is suggested that the railroads serving Northern Tier Ports should not be allowed to compete by establishing equal rail rates. In any event, the Commission says, equal rates would not benefit Portland, Boston or Albany because they do not offer the attraction of special facilities, and such rates would be too helpful to New York which does (R. 3785, 3806). At the same time the Commission argues that because the Southern Tier Ports have the best bulk cargo facilities of all, the Northern Tier Railroads should not be allowed to compete for the grain and ore traffic (R. 3768-69). So, New York's special facilities on this curious reasoning are to be counted against it. Yet the special facilities located at the Southern Tier Ports are to be counted in their favor.

It is scarcely comforting to railroads in desperate financial condition to be told that they are serving three ports which cannot possibly benefit from fair treatment and another port which would benefit too much. It is thin gruel to Appellee Railroads to be told that they are serving a flourishing Port of New York while they starve for lack of business.[*]

If there was ever a case where the Commission ignored its own findings and based a decision as to railroad rates on an effort to perform an "umpiring role over the fate of cities"; this is the case.

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[*] Of the various Northern Tier Railroads which originally participated in proposing the equalizing rates, two have avoided bankruptcy only by merging, one has actually gone into bankruptcy and the others are in serious financial difficulty. *Erie R. Co. Merger*, 312 I.C.C. 185 (1960); *In the matter of the New York, N. H. & H. R. Co., debtor*, U.S.D.C. D. Conn., July 26, 1961. See, *e.g.*, *New York C. R. Co. Loan Guaranty*, 307 I.C.C. 365 (1959); Mass. Gen. Laws ch. 464 (1961).

C. There was No Issue Before the District Court and there is None Here, as to Retaliatory Rate Proposals by Appellant Railroads.

As previously noted, after Appellee Railroads published their equalizing rate reductions, Appellant Railroads as a retaliatory step published new rates at a lower level in an effort to restore the differentials in their favor.

The Commission determined the issue under Section 3(1), as to the equalizing rates proposed by Appellee Railroads, independently of the retaliatory counterproposal (R. 3753). As to the counter-proposal, it found that the retaliatory rates proposed by Appellant Railroads were "not shown to be just and reasonable" and ordered them cancelled (R. 3807).*

They took no cross-appeal and entered no prayer for reversal of the action of the Commission in cancelling their proposed retaliatory rates, confining themselves to an argumentative defense that those proposed rates were a reason for dismissing the complaint. Their only prayer was for a dismissal of the action. Accordingly the District Court was presented with no issue as to the validity of the Commission's order cancelling the retaliatory rates and there is none before this Court (R. 3909-3992).

Nevertheless, Appellants belatedly seek to raise in this Court questions relating to their retaliatory rate proposals. They make the curious argument that because they threatened a retaliatory rate war, the rate reductions earlier proposed by Appellee Railroads became unlawful under Section 3(1). Arguing that Appellant Railroads have been deprived of "competitive freedom to put into effect reduced rates", the Brief for the Commission (pp. 65-66) again resorts to the shibboleth of "enforced equalization". There is nothing in the decision of the District Court depriving Appellant Railroads of freedom to propose reductions of their own rates or preventing the filing of a complaint under Section 3(1) against the rates being charged by Appellee Railroads. Either step can be taken at any time.* Moreover, the Commission itself can at any time institute a proceeding under Section 15(1) to determine whether it should undertake to prescribe rates to be charged by Appellees, Appellants or both.

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* The citation of this finding as relating to the rates proposed by Appellees in the Brief for the Commission (pp. 67-68, citing R. 3807) is obviously an inadvertence, as is made clear elsewhere in the same brief (p. 5 and fn. p. 68). No such finding was made at page 3807 of the Record or elsewhere.

If Appellant Railroads wish to reduce their own rates under a claim of "undue diversion" of traffic, orderly procedure will make possible a determination in the light of actual performance under equalized rates.

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* The outcome would have to depend upon proof in an appropriate proceeding and cannot be hypothesized in advance on the basis of briefs of counsel. In such a proceeding, for example, the showing of need by Appellants to compete might be quite different from that shown by Appellees here. The Commission's own findings here showed that Appellee Railroads had a particularly pressing need to compete for the bulk cargo traffic so important to mass volume and reduction of unit costs. One of the findings was that the Southern Tier Railroads during the test year 1955-1956 carried to and from Affected Territory all but 1.8% of the total volume of import bulk ores and all but 15.4% of the export grain. Thus, Appellee Railroads were asserting the right to compete against a monopoly; but Appellant Railroads (absent some change of circumstances since 1956, the time as of which the present record speaks) would be asserting the right to preserve a monopoly maintained by preferential rates (R. 3812, 3820).

One point on which there appears to be unanimity is that the most satisfactory test of rates is the result of their operation. The Commission majority said so (R. 3752). The dissent of Commissioner Webb said so (R. 3811). Appellant Railroads say so (Brief, p. 21). We agree.

The decisions upholding equalization of export rates on ex-lake grain vividly illustrate the difference between prejudice and harm when seen in a crystal ball and when sought to be proved on a record.

In 1949, in a case remarkably similar to the present case, the Northern Tier Railroads published proposed rate reductions to equalize their rates with those of the Southern Tier Roads, thereby restoring equality of total rail-ocean charges on export grain shipped from Buffalo after arrival by way of the Great Lakes.* As they do here, the Southern Tier Railroads and Ports opposed the equalizing reductions and made dire predictions of the calamity that would befall them if competition on a basis of equality were permitted. They forecast that under equalized rates all the export grain traffic would be siphoned off from Baltimore and Philadelphia. The Commission apparently accepted these gloomy predictions and ordered the equalizing rates cancelled as not shown to be just and reasonable. *Export Grain From Buffalo To New York*, 278 I.C.C. 31 (1950).

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* Since this grain does not move by rail from Affected Territory, it is not involved in the present case.

On review a three-judge District Court unanimously reversed the Commission. *New York C. R. Co. v. United States*, 99 F. Supp. 394 (D. Mass. 1951). This Court affirmed. *I.C.C. v. New York C. R. Co.*, 342 U.S. 890 (1951). The District Court in the *Ex-Lake Grain* case noted that the Commission had intimated, without expressly finding, that the equalized rates would result in unlawful prejudice to the Southern Tier Ports in violation of Section 3(1) (99 F. Supp. at 402, 404). The court said, however, that undue preference or prejudice was not a matter to be determined by speculating on the future. It regarded threats by the Baltimore & Ohio of a retaliatory rate war as "insufficient justification for the Commission's refusal to allow a carrier to alter the rate relationship, since the Commission has adequate power to deal with such a situation should it arise." (*Id.* at 405) The court also concluded (at 404):

> "Evidence that at some time in the future under changed conditions New York might have too great a competitive advantage if the rates are equal is not a sufficient basis for finding that such equalization must now be denied on the ground of undue preference or undue prejudice. * * * Should future changes in conditions cause the rate equalization to result in undue prejudice, the Commission can correct the situation at that time."

It is the last act of the ex-lake grain drama that relates most importantly to the present discussion. After the equalizing rates on export grain became effective, the Southern Tier Roads did in fact publish retaliatory rates seeking to restore the differentials in their favor. After full hearings, the Commission was compelled to find that the earlier predictions of calamity had not eventuated. *Export Grain From Buffalo To New York*, 292 I.C.C. 647 (1954). When the matter was examined on the basis of proof instead of prophecy, there was a drastic difference. In the light of actual performance under the equalized rates, the Commission found "abundant evidence of the dominant position which Baltimore and Philadelphia have attained with respect to this traffic, as contrasted with that at the time of the hearing in the proceeding last above mentioned." (*Id.* at 659).

The bugaboo of threats of danger of a rate war is at best illusory and at worst a form of procedural blackmail. Appellants argue as if the possibility of a rate war stemmed from the equalizing reductions of Appellee Railroads rather than from the threat of retaliation by Appellants. Quite the reverse is true. Equalization has been the means by which rate wars historically have been prevented and stability of rate structure achieved. As the Cooley Report so convincingly demonstrated, that was the great practical achievement of the original North Atlantic equalization agreement of 1877.

This Court has itself pointed out the absurdity of the argument that existing rates must be maintained, even if unsound, for fear of a rate war. *United States v. Chicago, M., St. P. & P. R. Co.*, 294 U.S. 499 (1935). The Commission there had ordered proposed rate reductions cancelled, partly on the ground that a rate war might be precipitated. A three-judge District

Court set aside the order. This Court affirmed the District Court, saying (*Id.* at 509):

> "The danger is illusory. The whole situation is subject to the power of the Commission, which may keep the changes within bounds."

The Court went on to point out that the Commission has two ways of keeping changes within bounds—by exercising its supervisory power to keep rates proposed by carriers within "the rule of reason" and by initiating a proceeding of its own under Section 15(1) and prescribing a rate structure.[*]

Finally, the phantom of a possible rate war does not have the slightest relevance to the issue held by both the Commission and the District Court to be the real issue in this case—whether the rate reductions of Appellees caused unlawful prejudice to Appellants. The reductions proposed by Appellees were either lawful or unlawful under Section 3(1) when published. There could be no rational basis for holding that an act lawful when done was rendered unlawful by subsequent retaliatory conduct of another.

There is no question of any kind for determination on this appeal as to any rates of Appellant Railroads, actual or prospective. The appeals are from a decision which dealt with the one question presented to the District Court—the lawfulness of the equalizing rates proposed by Appellee Railroads.

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[*] There can be no quarrel with the statement in the Commission's brief (p. 62) that the Commission may use its power to prescribe minimum rates as a means of preventing rate wars as was done in *Ayrshire Collieries Corp. v. United States*, 335 U.S. 573 (1949). The *Ayrshire* case is pertinent here, however, only as an enlightening contrast. There the Commission had prescribed the rate structure. Here it has not.

II.

The District Court properly set aside and enjoined the order of the Commission since remand was neither requested nor necessary nor useful.

Alone of all the Appellants, the Commission contends that the District Court should have remanded the case to it for a third review. It is supported on this point and on no other by the United States. The suggested purpose is for the Commission again to reconsider whether the rates proposed by Appellee Railroads were just and reasonable under Section 1(5) of the Act. The United States alone urges also a remand for further consideration of the issue under Section 3(1).

A remand for a third round of proceedings before the Commission would serve no purpose other than delay and prolongation of the windfall Appellant Railroads have enjoyed through seven years of litigation. It is not surprising that none of the Appellant Railroads and none of the Appellant Ports have had the temerity to suggest it.

A. The District Court Properly Set Aside the Commission's Order Without Remand for Further Consideration Under Section 1(5).

As shown in Point I, both the Commission and the District Court found the real issue involved in this case to be one of rate relationships. They could not have so found had there been a *bona fide* doubt whether the rates proposed by Appellee Railroads were just and reasonable within the meaning of Section 1(5) of the Act. There was none. The decision of the Commission was based solely on an erroneous conclusion of illegality under Section 3(1) of the Act, and the District Court properly vacated and enjoined the order of the Commission without remanding the matter for further proceedings.

In the original hearing before the Examiner, Appellants took the position that the rates proposed by Appellee Railroads were not compensatory and therefore not "just and reasonable" within the meaning of Section 1(5). The hearings before the Examiner were spread over a period of seven months, and much evidence and argument was presented on the question whether the rates proposed by Appellee Railroads were just and reasonable. (See, *e.g.*, R. 122, 1684-88, 3279-82).

The Examiner recommended to the Commission that it make certain findings, including the following (R. 3729):

> "The Commission should find: (1) That respondents [Appellee Railroads] have not shown that their proposed rates would be just and reasonable * * *.
>
> "The Commission should further find that protestant railroads' [Appellant Railroads'] proposed rates are not shown to be just and reasonable."

Appellee Railroads filed an exception to the first of the above recommendations, relating to their rates.

and the exception was the subject of briefs and oral argument before the Commission (R. 1607).

When the Commission issued its Original Report, fourteen months after the Examiner's report, it was logical that the Commission should first dispose of the just and reasonable aspects of the rates proposed by Appellee Railroads before taking up the issue of rate relationship. It did so. The Commission found no basis for declaring that the proposed rates of Appellee Railroads had not been shown to be just and reasonable. It rejected the adverse finding recommended by the Examiner. (R. 3807; Certified Transcript of Oral Argument before the District Court, p. 73 (Oct. 16, 1961)).

The Commission did, however, make the recommended finding that the retaliatory rates proposed by Appellant Southern Tier Railroads had not been shown to be just and reasonable (R. 3807).

Appellee Railroads demonstrated the reasonableness of the proposed rates by proof which is standard in cases of this character. This proof satisfied both the Commission and the District Court that the reductions proposed were minimal in nature (R. 3792, 4000). The Commission found that the ton-mile revenues of Appellee Railroads on export-import traffic between Chicago and New York would be reduced by only 9/10ths of a mill on first class traffic and by only 1 and 2/10ths mills on class 13 traffic (R. 3792).

In addition to demonstrating the minimal nature of the revenue reductions, Appellee Railroads submitted evidence comparing the anticipated revenues from the proposed export-import rates with revenues from other types of traffic and revenues of other railroads. It showed that average ton-mile revenues would be 2.47¢ on import traffic from New York to Affected Territory and 2.32¢ on export traffic from Affected Territory to New York as compared with average ton-mile revenues of 1.384¢ for all Class I railroads in the United States (R. 3280, 3282, 4001). Thus, the reduced export-import rates proposed by Appellee Railroads would produce revenues almost double the average for all Class I railroads.

In another comparison the Commission found that the proposed reduced rates between New York and the Affected Territory would produce average revenues of $19.20 per ton on import traffic and $18 per ton on export traffic, as compared with $8.12 and $9.38 respectively under the present rates between Baltimore and Affected Territory (R. 3792). Of course the New York traffic includes the higher-rated, more costly general cargo. Nevertheless the comparison shows a ratio of two to one—in this instance the comparison being between Appellee and Appellant Railroads.

Most significantly, the uncontradicted evidence also showed that the average revenues of Appellee New York Central Railroad under the proposed reduced rates would be about double the average revenues produced by all its other freight operations (R. 122, 101).

The Appellees made a *prima facie* showing that their proposed reduced rates were just and reasonable and the District Court so found (R. 4001).

In other cases the Commission has repeatedly ruled that evidence similar to that reviewed above is sufficient not only to make out a *prima facie* case but to show that such rates are in fact compensatory. Notable examples are *Powdered or Flaked Milk From Vermont To Boston*, 246 I.C.C. 522, 524 (1945); *Tea From Chicago, Ill. To St. Louis, Mo.*, 304 I.C.C. 470, 471-472 (1958); and *Soda Ash From Delaware etc., To Bessemer City, N.C.*, 308 I.C.C. 720, 721-722 (1959).

In the *Flaked Milk* case the Commission found the reduced rates proposed by the railroads to be compensatory on the basis of comparisons of the revenues anticipated from the proposed rates on flaked milk with the average revenues from all freight traffic of the same railroad. The comparison showed that on the basis of car-mile revenue the proposed rates would yield about 38% above the average and on the basis of ton-mile revenue about 65% above the average. The Commission referred to no cost evidence.

The *Tea From Chicago* case involved another single commodity rate. Again, the Commission referred to no cost evidence but only to a comparison of car-mile revenue under the proposed reduced rate on tea with the average car-mile revenue from all freight traffic of all Class I railroads in the Central Western Region. The comparison showed that the revenue under the proposed rate would be approximately double that average. The Commission specifically rejected the contention that the railroads had not shown the proposed rate to be compensatory, saying (304 I.C.C. at 471-472):

> "The protestant contends that the respondents have failed to meet their burden of proof with

respect to the compensatory nature of the proposed rate, and have failed to furnish any satisfactory rate comparisons. It states that the average revenue experience of all carriers in a region is of little value in determining whether rates on particular commodities are just and reasonable. While the average revenue on all carload traffic in a region or territory may not ordinarily be accepted as determinative of the reasonableness of any specific rate, nevertheless when the revenue yield under a proposed rate, as here, is more than double the average revenue on all carload traffic, it is logical to conclude, in the absence of other evidence to the contrary, that the rate is compensatory."

In the *Soda Ash* case, only a year before the Original Report of the Commission in the present case, the Commission found the rates compensatory on the basis of a comparison of the revenue under the proposed rates with the average freight revenue of all Class I railroads in the Eastern District. The comparison showed that the revenue from the proposed rates would exceed by 44% the average freight revenue of all Class I railroads operating in that District on either a car-mile or ton-mile basis. Again there was no reference to cost evidence.

These three cases are particularly apposite authority here. The ton-mile revenues from the proposed rates in the present case were shown to exceed the revenues with which they were compared by an equal or greater percentage than in the cases cited. Moreover, the comparisons in the present case involve the average of a wide variety of commodities, not just a single commodity. Thus, the Commission and the District Court here had before them a much more reliable indicator than in the cases cited.

If there had been any real need in the cited cases to add proof in the form of cost studies to the proof afforded by revenue comparisons, it would have been a relatively simple matter to present a cost study on a single commodity. In the present case, however, meaningful cost studies on literally thousands of commodities, moving to and from numerous points throughout the Affected Territory, would have been practically impossible to compile. To have required them would have been grossly unreasonable. Even if at all possible, such studies would have involved time and expense out of all proportion to their probative value. During the proceedings before the Commission the Southern Tier Railroads made a formal request for an investigation by the Commission of such costs. The Commission denied the petition, saying in part:

> "to grant the petition would entail a costly and time consuming delay * * * the circumstances and the matters submitted in the petition do not warrant institution by the Commission of the requested investigation." (R. 59)

That such cost evidence is not required in order to establish that rates are just and reasonable has been recognized by this Court as well as by the Commission. *Louisiana Pub. Serv. Commission* v. *Texas & N. O. R. Co.*, 284 U.S. 125 (1931). *Alabama Great Southern R Co.* v. *United States*, 340 U.S. 216, 223. 225 (1951).

In the *Louisiana Public Service Commission* case railroad rates for ferry service across the Mississippi River were challenged for lack of evidence to show the cost of the service. No rate specifically applied to carriage across the river, but to cover the ferry service eight cents per ton had been added to the mileage scale applied generally in the states through which the traffic moved to the river. This Court upheld the rate, saying (*Id.*, at 132):

> "While in the making of reasonable rates all material facts are to be regarded, it has never been deemed necessary or practicable—if indeed it is at all possible—to ascertain in advance the cost to carriers of each of the various elements embraced in the transportation service. The Act does not require any such determination."

In the *Alabama Great Southern* case the Commission had ordered certain railroads and interstate barge lines to establish joint through rail-barge rates differentially lower than the all-rail rates. There was no proof as to the relative cost of all-rail and rail-barge service, and the Commission had concluded that it was unable to find that there were demonstrable economies in rail-barge transportation which from the standpoint of cost of service would justify differentials. The railroads affected by the order attacked its validity on the ground that the Commission could not prescribe rail-barge differentials without such cost evidence. This court upheld the order saying in part (340 U.S. at 223, 225):

> "Neither the Commission nor this Court has held that lesser cost of service is a finding without which the Commission may not fix a charge, division of rate, or differential * * * (Footnote omitted.) * * * There is no provision in the statute making relative costs of rail and water carriers

> the sole and controlling consideration in establishing joint rates. Indeed, the statute makes no mention of such costs at all. We do not say that relative costs when properly supported by evidence are not a matter to be considered, but we cannot say that the absence of that factor is fatal."

As shown above, Appellees made out a *prima facie* case by standard methods which have been accepted for over half a century. In response, Appellants introduced cost evidence with respect to part of the traffic in an effort to show that the proposed rates would not be compensatory. That evidence was challenged by Appellee Railroads. After adjusting and restating these costs, the Commission said that the cost evidence was not complete because it did not embrace all types of traffic and the specific methods of handling each type* (R. 3797). However, as to the type of traffic it did embrace, Appellants' rebuttal failed to convince the Commission that the proposed rates would not be compensatory. The Commission found (R. 3797):

> "* * * application of the resulting costs to the New York traffic indicates that the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs."

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* As mentioned above the Commission had earlier recognized that the time and expense of such a study was neither necessary nor warranted (R. 59). It would have involved thousands of commodities moving to and from numerous different points in the Affected Territory and would have been an impossible task. Moreover, a *prima facie* case of reasonableness was made out by other standard methods of proof. The Commission's reference to such a cost study related particularly to "traffic which those rates are expected to attract." This of course would consist mostly of direct-loading bulk cargo. Such cargo involves substantially lower transportation costs than other cargo and would lower unit costs rather than raise them (R. 3385, 1388). Increased volume of traffic as a result of the proposed rate reductions would reduce unit costs and thereby increase total net revenues (R. 54-56).

Time after time the Commission has ruled that a rate is compensatory if it covers variable or "out-of-pocket" costs and makes some contribution to constant costs. In a decision rendered in a complaint case only six weeks ago, the Commission referred to this elementary rule and added that so long as out-of-pocket costs are covered, a rate need not exceed such costs by more than a very small margin if any at all. *Baltimore & O. R. v. Chicago & E. I. R.*, I.C.C. Docket No. 33706, decided January 28, 1963. In that case out-of-pocket cost per ton on 75% of the traffic involved was $2.13 and on 25% of the traffic $2.17, the composite average being $2.14. The Commission prescribed a rate of $2.17 as a reasonably compensatory rate. It pointed out that, despite references in some of its decisions to "a contribution" over and above out-of-pocket costs, the general rule is that "out-of-pocket costs establish the rate floor." The Commission added:

> "More often than not the Commission finds, in the light of the facts developed in a particular case, that a minimum reasonable rate is one that contributes something more than the carrier's bare out-of-pocket costs. *E.g., Animal or Poultry Feed, Hebron, N. Dak., to Twin Cities*, 314 I.C.C. 181, 184. However, the Commission is not precluded from finding that a minimum reasonable rate is one which merely covers out-of-pocket costs and, in fact, has found in exceptional circumstances (not here present) that *a minimum reasonable rate may be less than the out-of-pocket cost* determined in accordance with Rail Form A. *Cf.* I. & S. Docket No. 7179, *Coal—Southern Mines to Tampa and Sutton, Fla.*, I.C.C. , decided October 1, 1962." (Emphasis supplied).

The finding of the Commission in the present case, shows on its face that Appellee Railroads met the compensatory test. Indeed, the showing was stronger, and the finding more significant, than appears on the surface. The Commission included in out-of-pocket costs a return of 4% on investment after Federal income taxes (or approximately 8% before taxes) (R. 3793). Such a return would not only be compensatory; it would be a bonanza to all the Appellee Railroads. None of the Appellee Railroads realizes an average rate of return of anything like 4%.*

In his able dissenting opinion, Commissioner Webb expressed his agreement with the Commission's statement about out-of-pocket costs (*supra*, p. 61), pointing out that "the proposed rates which are found to 'equal or exceed by a small margin' the estimated out-of-pocket costs (which include a 4 percent return on investment after Federal income taxes) would not burden domestic traffic" and in fact "would make a far greater contribution to the total transportation burden than the rates applicable to other traffic." (R. 3813)

Thus, the record that came to the District Court showed minimal rate reductions, uniformly favorable revenue comparisons, the above-quoted finding of the Commission regarding out-of-pocket costs, rejection by the Commission of the recommendation of its Examiner adverse to Appellees on the issue of reasonableness, a finding by the Commission that the sole issue was one of rate relationships under Section 3(1) and its representation to the same effect to the District Court. What the record showed was further reinforced on oral argument in the following colloquy between Judge Woodbury and Mr. Hay, representing the Commission:

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* The Record contains the figures for 1958, showing a rate of return of only .61% for the New York Central and none at all for the New Haven. For 1957 the Lehigh Valley had a rate of return of .44% and the New Haven .08% (R. 3813).

> "Judge Woodbury. Well, now, did the Trial Examiner make any finding as to the rates being fair and reasonable?
>
> "Mr. Hay. He made a finding that they were not just and reasonable. *That finding was eliminated by the Commission.*" (Emphasis supplied) (Certified Transcript p. 73 (Oct. 16, 1961)).

The Commission's request for remand is not only groundless but is not timely. At no time in the District Court, in briefs or oral argument or otherwise, did any Appellant or the United States remotely suggest remand by the District Court to the Commission. After the District Court made its decision, the Commission joined the other Appellants in a motion in the District Court for a stay pending appeal to this Court; but even then no one even suggested any remand or any reason why the Commission should review the matter further. It was not until the Commission filed its Jurisdictional Statement in this Court that it sought for the first time to raise the remand point (J.S., 14-15). No party to this case except the United States and the Commission itself has sought to raise the question even in this Court.

The judgment of the District Court in the present case was precisely the type of judgment affirmed by this Court in the *Ex-Lake Grain* case. In that case the

Commission had ordered cancellation of equalizing export rates proposed by the Northern Tier Railroads on ex-lake grain from Buffalo solely on the basis of a finding that such rates were not shown to be just and reasonable. *Export Grain From Buffalo, N. Y.*, 278 I.C.C. 31 (1950). A three-judge District Court reversed on the ground that the decision of the Commission lacked the support of adequate findings and substantial evidence. The court held that the proposed rates had been shown *prima facie* to be just and reasonable. It further held that if statements in the Commission's report were to be treated as a finding that the rates would unduly prejudice the ports of Baltimore and Philadelphia, the finding was not supported by the record. Accordingly, the court set aside the order of the Commission. *New York Central R. Co.* v. *United States*, 99 F. Supp. 394 (D. Mass. 1951).

This Court affirmed *per curiam*, rejecting the precise contention made by Appellants in the present case —that the court below had erred by improperly assuming the primary jurisdiction and the administrative functions of the Commission.* *I.C.C.* v. *New York Central R. Co.*, 342 U.S. 890 (1951).**

None of the four cases cited by the Commission and the United States supports their request for remand.

In *Texas and Pacific Ry. Co.* v. *Abilene Cotton Oil Co.*, 204 U.S. 426 (1907) the case before this Court had originally commenced in a court and had never been before the Commission. In that remand case it was obvious that the doctrine of primary jurisdiction was applicable.

---

* *I.C.C.* v. *New York Central R. Co., supra*, Brief in Opposition to Motion to Affirm, pp. 2-8.

** The reference on page 18 of the brief for the United States to a remand in the *Ex-Lake Grain* case must have been inadvertent, for there was no remand. The District Court set aside the Commission's order without remand, and this Court affirmed without remand.

In contrast to the *Texas & Pacific* case, *Illinois Commerce Comm'n* v. *United States*, 292 U.S. 474 (1934), concerned an issue of fact which had been initially submitted to the I.C.C. and which had been decided. This Court upheld the Commission's decision without discussing either primary jurisdiction or remand.

Of course, when faced with an issue which has never been considered by or presented to the Commission a court must apply the doctrine of primary jurisdiction. Further, when exercising its reviewing function a court must accord due recognition to the administrative wisdom and expertise of the Commission, as the District Court did in the present case. But, however great the degree of deference to administrative wisdom, quasi-judicial decisions of administrative agencies must be permanently enjoined if, as a matter of law, the grounds upon which the issuing agency relied are invalid.

In the noted case of *S.E.C.* v. *Chenery Corp.*, 318 U.S. 80 (1943), this Court determined that a reviewing court cannot exercise the quasi-legislative or purely discretionary functions of an administrative agency, saying (*Id.* at 88):

> "If an order is valid *only* as a determination of *policy or judgment* which the agency alone is authorized to make and which it has not made, a judicial judgment cannot be made to do service

for an administrative judgment." (Emphasis supplied.)

The decision in *Chenery* reflected the inability of the federal courts to exercise the delegated legislative authority of Congress. The present case does not involve the rule-making or quasi-legislative power of the Commission but the quasi-judicial power to declare acts of carriers lawful or unlawful. Neither the holding nor the rationale of *Chenery* applies.

The decision of this Court in *Burlington Truck Lines, Inc.* v. *United States*, 371 U.S. 156 (1962) is distinguishable for the same reason. That case involved the discretionary power of the Commission to issue or revoke certificates of public convenience and necessity to operate a motor carrier as a means of remedying unlawful discrimination.

Remand of this case for a third proceeding before the Commission would accomplish nothing except inexcusable delay and further impoverishment of Appellee Railroads already suffering from a seven year wait for a decision which the Act, in Section 15(7), commands to be made "as speedily as possible".

B. The Commission's Misapplication of Section 3(1) Was an Error of Law, and Remand to the Commission is Neither Necessary Nor Warranted.

All the Appellants evidently agree that the question presented under Section 3(1) is now ripe for decision by this Court. None of them even suggests the possibility of remand of the issue under Section 3(1).

Only the brief of the United States, technically an Appellee, suggests such a remand. The reasons advanced are contradicted by the forceful analysis in the same brief of the absence of rational basis for the decision of the Commission. The impact of that analysis is actually heightened by the contrasting lack of substance in the plea for remand. This is easily demonstrated by brief reference to the five categories of considerations suggested in the brief (Br. pp. 41-43) as making remand to the Commission appropriate.

1. The brief suggests that on remand the Commission explain why it gave controlling effect to distance in contrast with the practice in all other cases. The answer is plain. It needs no further explanation from the Commission. The Commission made a mistake of law. There is no need to have the Commission explain why it thought the law forbade the equality of rates. The question is whether this is or is not the law, and that is a question for this Court.

2. The United States suggests that the Commission deal further with cost of service and explain why it has any relevance. In the case of export-import rates involving interior territory, factors of distance and cost have universally been subordinated to the basic competitive principle of rail-ocean equalization. Costs, like distance, have never been the criteria of lawfulness under Section 3(1). Here again, there is no need to have the Commission explain why it thought the law was otherwise. Its conclusion of law is clear, and it is wrong. The District Court was right and should be affirmed.

3. The next task suggested for the Commission on remand relates to ports, not railroads. It is suggested

that since the Commission gave weight to the "inherent competitive advantages of New York" it might explain what competitive advantages the other Northern Tier Ports have and what their connection is with the conclusions of the Commission. This is just one more instance of Commission reliance on irrelevancies in deciding the question of lawfulness under Section 3(1). One needs only to turn back to page 36 of the same brief to find agreement by the United States that it is not the function of railroad rates to interfere with the opportunity of a port to realize its own advantages, whether they result from natural endowments or commercial preferment. No useful purpose would be served by having the Commission explain why it chose to rest its determination of law on an admittedly irrelevant consideration.

4. In a crescendo of self-contradiction, the brief suggests (p. 43) that the Commission deal further on remand with the possible threat of a rate war. The brief had just said two pages earlier (p. 41) that even assuming the proposed rate reductions would precipitate a rate war "this factor should have been irrelevant to its determination of undue preference and prejudice," and five pages earlier (pp. 38-39) that the Commission erred if it placed any reliance upon the threat of a rate war in reaching its conclusion of undue preference and prejudice.

5. Finally, the brief suggests (p. 43) that the Commission comb through the entire Interstate Commerce Act to see whether there are any other provisions that are pertinent to the lawfulness of the rate reductions.

This is a suggestion that the case now go back for a third set of Commission proceedings to see if anyone can think of any new legal arguments. This seems peculiarly inappropriate after two sets of proceedings before the Commission followed by these judicial proceedings, spanning almost seven years. There were more than forty parties or intervenors arrayed on one side or the other of this case. It seems to be an exercise in futility to suggest remand just in case someone forgot something.

This is no less than suggesting that remand be automatic in every appeal involving the Interstate Commerce Commission. Under such a rule all contested rate proposals would remain pending in perpetuity.*

The cogency of the brief for the United States in demonstrating the absence of rational basis for the decision of the Commission is striking. Its labored effort to provide the Commission with still another chance to explain how it happened to fall into such error may be commended as deferential consideration for our oldest Federal agency but would serve no useful purpose. Curiosity alone would be satisfied by a remand for explanation by the Commission as to which of the various irrelevancies on which it relied influenced it the most.*

---

* The United States refers to one legal argument by which, if valid, Appellees themselves could buttress their position on remand. It refers to the cases holding that Section 3(1) could not apply to the proposed rate reductions of any Northern Tier carrier which does not serve the Southern Tier Ports. This would be an additional reason why Section 3(1) as a matter of law did not bar the rate reductions proposed by Appellees. Since the District Court correctly held there was no rational basis for the decision of the Commission that the proposed equalizing rates were unlawful, a remand to deal with this additional reason would be academic. *Texas & Pac. Ry. Co.* v. *United States*, 289 U.S. 627 (1933); *New York* v. *United States*, 331 U.S. 284 (1947); *Ayrshire Collieries Corp.* v. *United States*, 335 U.S. 573 (1949).

To remand for purposeless explanations which could not change the substantive disposition of this case would be a grave injustice to the Appellees. Even with an opportunity to compete on the basis of equality, Appellee Railroads will be hard pressed to attract additional traffic for some time to come in view of the superior facilities at the Southern Tier Ports for handling bulk commodities (R. 3769). Extensive new facilities will be necessary before even a beginning can be made (R. 3769).

A remand would seriously injure Appellee Railroads. The equalizing rate reductions were proposed in June, 1956. After almost seven years the rates are still not in effect even though the reviewing court has unanimously held them lawful in every respect. During this entire time Appellant Railroads have continued to maintain their near monopoly on the high-volume bulk cargo held by the Commission itself to be essential to a healthy port economy (R. 3754).

---

* Even cases cited by the United States illustrate the uniformity with which this Court has set aside, without remand, quasi-judicial decisions of the Interstate Commerce Commission lacking a rational basis. *United States* v. *Baltimore & O. R. Co.*, 293 U.S. 454 (1935); *United States* v. *Chicago, M., St. P. & P. R. Co.*, 294 U.S. 499 (1935); *Florida* v. *United States*, 282 U.S. 194 (1931). In the other cases cited by the United States the problem was different. In *Eastern-Central Motor Carriers Ass'n* v. *United States*, 321 U. S. 194 (1944) and *Secretary of Agriculture* v. *United States*, 347 U.S. 645 (1954) the Court pointed out that the Commission had overlooked novel questions never before considered by it and remanded to give the Commission an opportunity to express its views for the first time. In *New York C. R. Co.* v. *United States*, 207 F. Supp. 483 (S. D. N. Y. 1962) the initial reviewing court was unable to determine from the report of the Commission whether there was or was not a rational basis for its decision. Here the District Court could and did determine that there was no rational basis for the decision. Its reversal without remand followed the practice approved by this Court.

Delays in the resolution of rate controversies can be serious cause for alarm. However pressing a railroad management may consider the need for a rate change, however burdensome an inequality may exist, a competitor has less and less need of persuasive facts or legal precedents to defeat the change. By obtaining suspension of rates the adversary can maintain the *status quo* by merely keeping the proceedings going indefinitely.*

This case is by no means the first time that equalization of rail-ocean rates has been effectively thwarted by such delays. A similar controversy, involving equalization of rates on import iron ore, is now entering its second decade with no end in sight.** Having had a managerial decision of first importance blocked for ten years, the New York Central still faces the future with uncertainty as to when, if ever, the issue will be resolved.

---

* Although expressly authorized to suspend rates for no longer than seven months, the power of the Commission to deny relief on some subsidiary technical point can as a practical matter force indefinite suspension. The purely incidental "Fourth Section" point in this case is of that nature. The point is technically in the case, but no one argues about it because all realize that it has no real bearing on the merits of the controversy.

** *Iron Ore From Eastern Ports To Central Freight Association Points*, 299 I.C.C. 195 (1956); *modifying in part* 291 I.C.C. 527 (1954), *aff'd in part on reopening*, 300 I.C.C. 102 (1957), *aff'd in part sub nom., Boston and Maine R. R. v. United States*, 153 F. Supp. 952 (D. Mass. 1957), *rev'd in part and remanded sub nom., Baltimore & O. R. Co. v. United States*, 151 F. Supp. 258 (D. Md. 1957), *rev'd in part and remanded sub nom., I.C.C. v. Baltimore & O. R. Co.*, 355 U.S. 175 (1957), *motion to clarify denied*, 356 U.S. 970 (1958).

Iron Ore From Eastern Ports To Central Freight Association Points, 314 I.C.C. 149 (1961), *on remand and aff'g., Iron Ore Ex-Labrador, Canada to Youngstown, Ohio*, 302 I.C.C. 109 (1957), *rev'd and remanded in part sub nom., New York C. R. Co. v. United States*, 207 F. Supp. 483 (S.D.N.Y. 1962), *motion for change of venue denied*, 200 F. Supp. 944 (S.D.N.Y. 1961), *rev'd and remanded in part sub nom., Baltimore & O. R. Co. v. United States*, 212 F. Supp. 13 (D. Md. 1962).

In a case of this kind presenting a question of high legal principle—equality or inequality—someone is basically right and someone basically wrong. The side that is wrong should not be enabled to prevail by the sheer delay of unnecessary remands for clarification of details after the basic rights and obligations have become clear.

CONCLUSION

The judgment of the District Court should be affirmed in all respects.

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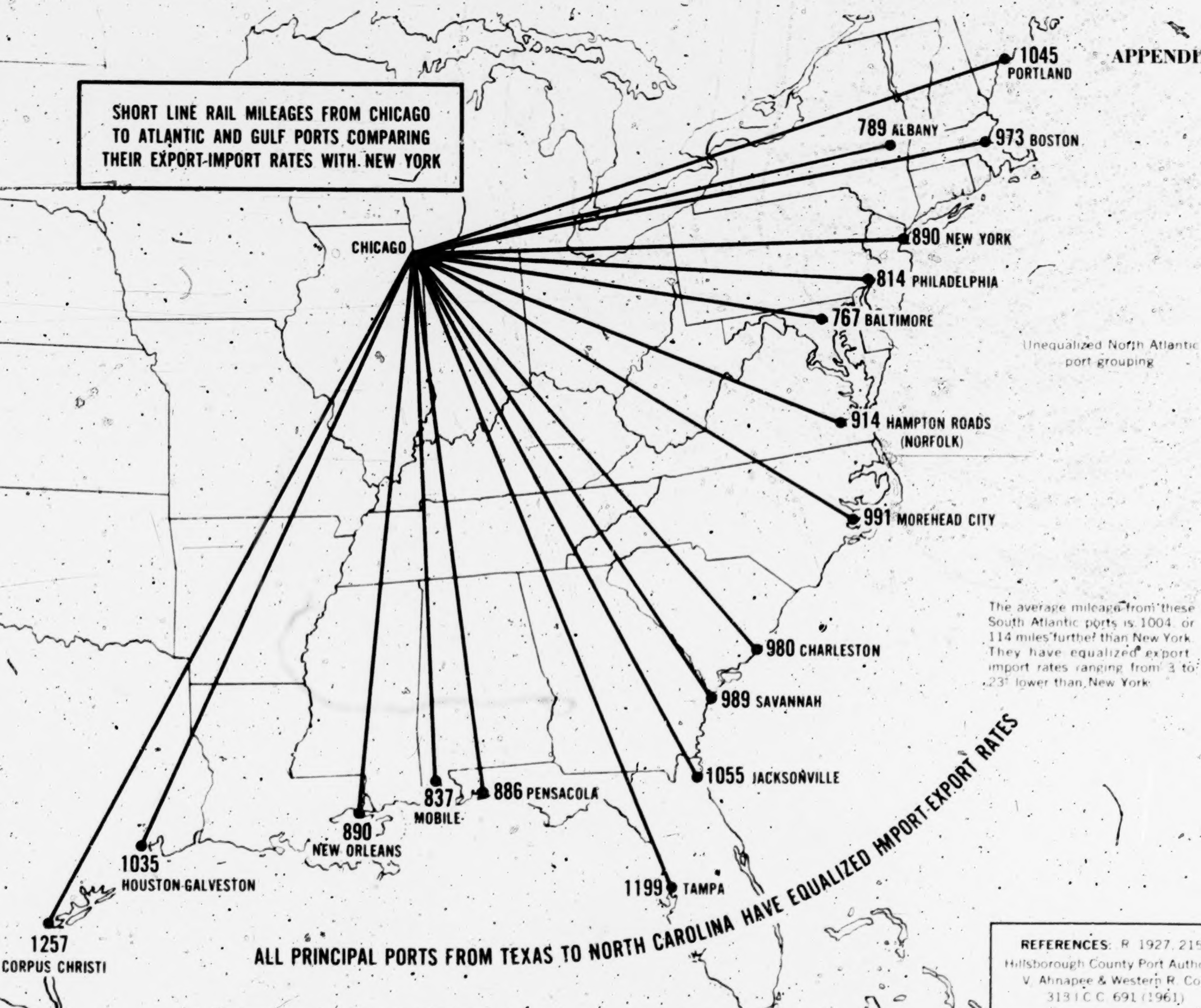
March 6, 1963

APPENDI


SHORT LINE RAIL MILEAGES FROM CHICAGO TO ATLANTIC AND GULF PORTS COMPARING THEIR EXPORT-IMPORT RATES WITH NEW YORK
CHICAGO
1045 PORTLAND
789 ALBANY
973 BOSTON
890 NEW YORK
814 PHILADELPHIA
767 BALTIMORE
914 HAMPTON ROADS (NORFOLK)
991 MOREHEAD CITY
980 CHARLESTON
989 SAVANNAH
1055 JACKSONVILLE
1199 TAMPA
886 PENSACOLA
837 MOBILE
890 NEW ORLEANS
1035 HOUSTON-GALVESTON
1257 CORPUS CHRISTI
ALL PRINCIPAL PORTS FROM TEXAS TO NORTH CAROLINA HAVE EQUALIZED IMPORT-EXPORT RATES

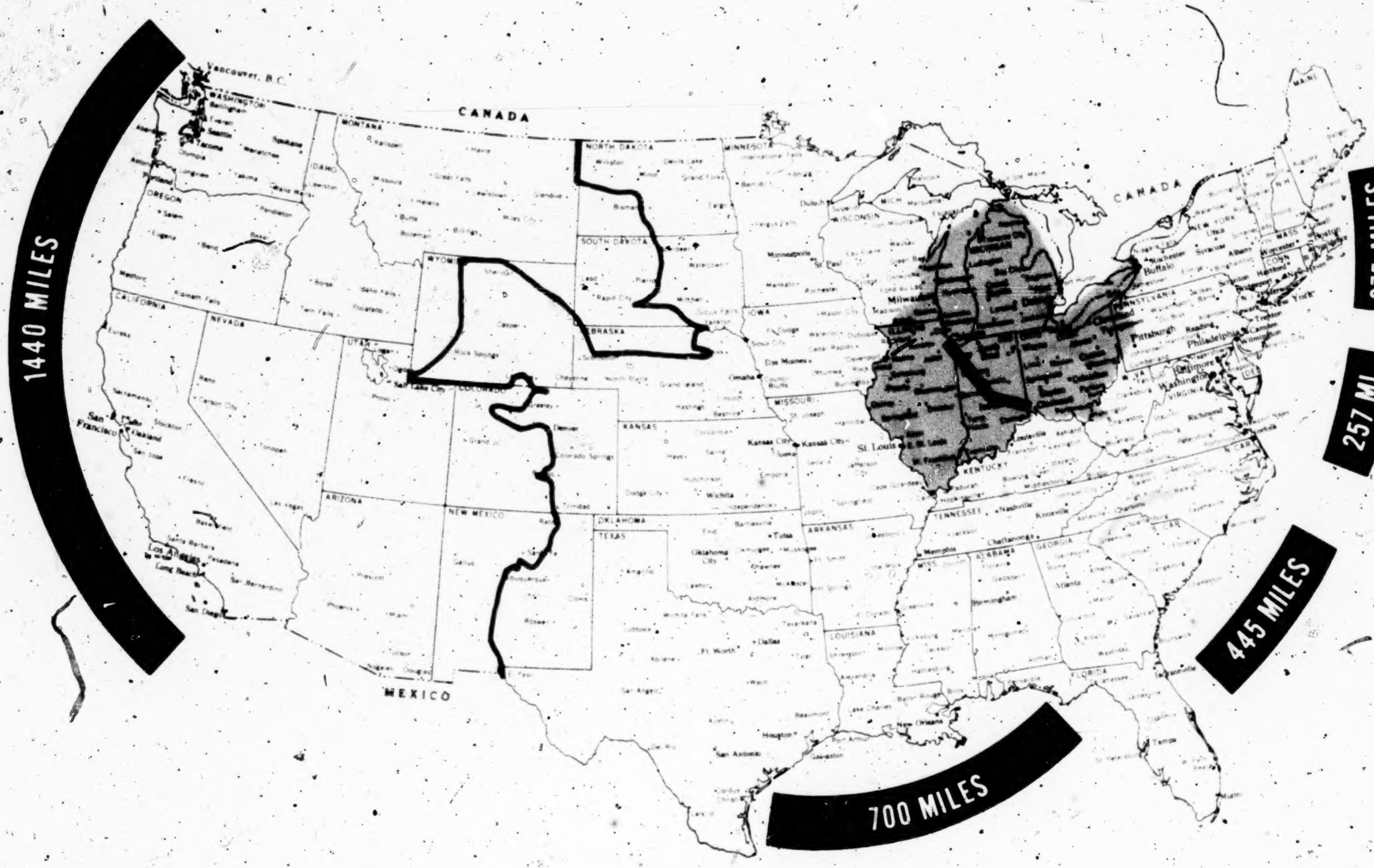
Unequalized North Atlantic port grouping

The average mileage from these South Atlantic ports is 1004, or 114 miles further than New York. They have equalized export import rates ranging from 3 to 23¢ lower than New York.

The average mileage from these Gulf ports is 1017 miles, or 127 miles further than New York. They have equalized export import rates ranging from 3 to 23¢ lower than New York.

REFERENCES: R 1927, 21
Hillsborough County Port Autho
V. Ahnapee & Western R. Co
313 I.C.C. 691 (1961)

Exhibit No.
I & S 6615
Witness E


1440 MILES
CANADA
MEXICO
700 MILES
445 MILES
257 MI.
375 MILES

1440 MILES

Map portraying
tory of the Unit
solid red line fr
import rates are
all. Pacific Coa
British Columbia
a range of approx

700 MILES – 4

From and to the
and import rates
Ports from Corp
City, Florida, a
miles and to an
ports extending f
Morehead City,
approximately 4
import rates app
east of the Mon
export rates are
Atlantic and Gu

257 MILES – 3

To and from the
rates lower than
the North Atla
Roads to Phila
proximately 257
apply in the Nor
York, New York
mately 375 mile
Portland, Maine

APPENDIX B

Exhibit No. **17 (X-1)**
I & S 6615
Witness **EDWARD K. LAUX**

375 MILES
257 MI.
San Francisco

1440 MILES

Map portraying origin and destination territory of the United States located east of the solid red line from and to which export and import rates are on an equality to and from all Pacific Coast ports from Vancouver, British Columbia to San Diego, California, a range of approximately 1440 miles.

700 MILES 445 MILES

From and to the shaded area equalized export and import rates apply to and from the Gulf Ports from Corpus Christi, Texas to Panama City, Florida, a range of approximately 700 miles and to and from the South Atlantic ports extending from Jacksonville, Florida to Morehead City, North Carolina, a range of approximately 445 miles, equalized export-import rates apply, except that from points east of the Monon Line (Black Line) only export rates are equalized and only to South Atlantic and Gulf Ports, Louisiana and east.

257 MILES 375 MILES

To and from the shaded area, export-import rates lower than New York apply to ports in the North Atlantic range from Hampton Roads to Philadelphia, Pennsylvania, approximately 257 miles, and highest rates apply in the North Atlantic range from New

APPENDIX C

In their briefs, Appellants cite certain decisions of the Interstate Commerce Commission as authority for continuation of the existing rail differentials. Those decisions do not support their position.

1. *Decisions Before 1935 in Proceedings Concerning the North Atlantic Ports*

Prior to complete equalization in 1935 of the ocean rates to and from the North Atlantic ports, various port interests from time to time complained that the rail differentials were unjust and unduly prejudicial to them. After their attempts to obtain abolition or modification of the differentials were rejected by the railroads, those interests complained to the Commission and commenced proceedings for orders by the Commission compelling the railroads to abolish or modify the differential adjustment.

New York port interests did so on two occasions. *N.Y. Produce Exchange* v. *B. & O. R. Co.*, 7 I.C.C. 612 (1898); *Chamber of Commerce of N.Y.* v. *N.Y.C. & H.R.R. Co.*, 24 I.C.C. 55, 674 (1912) *aff'd* 27 I.C.C. 238 (1913). In both proceedings, despite claims that differences in ocean rates had disappeared, the Commission refused to compel the railroads to eliminate or change the rail differentials. In the *Produce Exchange* case the Commission found that although ocean rates of cargo lots had become virtually equal at the ports of New York, Baltimore and Philadelphia, New York still had a substantial ocean rate advantage as to freight carried in less than full cargo lots. The Commission also found that fluctuations in ocean rates for less than cargo lots were very great. In a decision the following year, rendered upon the completion of an investigation undertaken by the Commission on its own motion, the Commission made somewhat different findings. The Commission found that ocean rates at that time varied substantially, often from day to day. It also found that New York and Boston had lower ocean rates than the other North Atlantic ports and in so doing it drew no distinction between cargo and less than cargo lots. *Export and Domestic Rates*, 8 I.C.C. 214, 227, 231 (1899).

In 1905 the Commission found that New York and Boston continued to enjoy lower ocean rates than the other North Atlantic ports. *In the Matter of Differential Rates*, 11 I.C.C. 13 (1905). This landmark advisory opinion gave emphatic recognition to rail-ocean equalization as a basic principle underlying export-import rates.

In 1912 New York port interests again tried without success to convince the Commission that the rail differentials should be eliminated. The Commission found that New York still enjoyed lower ocean rates although they were volatile and fluctuating in nature. In a related contemporaneous proceeding, involving import rates through the Port of Boston, the Commission ruled that Boston was not entitled to a level of import rates lower than those from New York to the Affected Territory. Thus the Commission held that Boston's inability to compete with New York on a basis of *equal* rail and ocean rates did not entitle the Boston port to lower rates since the rail distances from

Boston were greater than those from New York, despite higher terminal costs at New York. *Chamber of Commerce of N.Y.* v. *N.Y.C. & H.R.R. Co., supra; In the Matter of Import Rates,* 24 I.C.C. 78, 678 (1912), *aff'd* 27 I.C.C. 245 (1913).

Subsequently the Boston port interests tried again. In the second Boston proceeding, Boston requested equality of rates with Philadelphia and Baltimore. There Boston argued that the United States Shipping Board's policy was one of uniformity of ocean rates at all North Atlantic ports. The Commission however found that policy to be of recent vintage, and it did *not* find that ocean rates had in fact been equalized. *Maritime Ass'n. of Boston Chamber of Commerce* v. *A.A.R. Co.,* 95 I.C.C. 539 (1925), *aff'd* 126 I.C.C. 199 (1927).

Baltimore port interests also attempted to compel changes in the rail differentials. *Baltimore Chamber of Commerce* v. *A.A.R. Co.,* 159 I.C.C. 691 (1929). In that proceeding, the Commission refused to compel the rail carriers to *increase* the differentials in favor of Baltimore from 3¢ to 6¢, rejecting a strict distance formula while emphasing the national interest in carrier competition.

In a somewhat different vein, New Jersey port interests also complained to the Commission about the differentials. Those interests complained that the railroads serving the Port of New York were absorbing the expense of lighterage from the New Jersey side of the port to the New York side of the port. The complainants sought differentially lower rail rates for the New Jersey side of the port. The complaint was dismissed. *Lighterage Cases,* 203 I.C.C. 481 (1934).

2. *Decisions after 1935 in Proceedings Concerning the North Atlantic Ports*

In 1936, shortly after equalization of ocean rates to the North Atlantic ports was completed, port interests in Albany complained that the railroads had not established export rates from the Affected Territory to Albany. Since Albany had not previously been accorded the status of a port, it had had no place in the existing rate structure relating to export rail and ocean transportation. The Commission found that the failure of the railroads to establish export rates to Albany constituted a violation of Section 3(1). Taking into consideration the fact that the mileage from Albany to the Affected Territory was approximately equal to that from Philadephia, the Commission set the new export rates on the Philadelphia basis. The Commission did not consider or even discuss the ocean rates at Albany.

The Albany port interests at that time were apparently satisfied with the level of rail rates the Commission fixed. No real issue was raised as to the level of export rail rates vis-a-vis the other North Atlantic ports. The issue was whether Albany would obtain export rates at all. *Albany Port Dist.* v. *A. & W. Ry. Co.*, 219 I.C.C. 151 (1936).

Two years later the City of Philadelphia failed to obtain levels of rates from and to the Affected Territory equal to those at Baltimore, Norfolk, the South Atlantic and the Gulf ports. In that proceeding, Philadelphia expressly disclaimed any wish to have the rail differentials disturbed insofar as they concerned New York and other Northern Tier ports. The Commission disposed of the Philadelphia complaint with respect to Norfolk and the South Atlantic and Gulf ports by finding that the group of carriers controlling the rates to Norfolk, and ports south, did not control the rates to Philadelphia. The Commission found a lack of proof as to Baltimore arising from the fact that virtually no evidence had been presented to the Commission with respect to the Baltimore situation. Philadelphia's main thrust had been directed at the rates of the more southerly ports. *City of Philadelphia* v. *B. & O. R. Co.*, 231 I.C.C. 21 (1938).

In 1941 interests located on the New Jersey side of the Port of New York again attempted to obtain rail rates, differentially lower than those which applied to the New York side of the port. Again those interests contended that costly lighterage service to the New York side of the port entitled them to lower rates on the New Jersey side. The proceeding was nothing more than a re-trial of the *Lighterage Cases, supra.* The result was the same and the complaint was dismissed. *State of New Jersey* v. *B. & O. R. Co.*, 245 I.C.C. 581 (1941).

Also in 1941, the Port of New York complained that its export rates from Buffalo on export grain, which had arrived there via the Great Lakes, were higher than those to Philadelphia and Baltimore. The Commission dismissed the complaint stating that New York still had some ocean rate advantages with respect to parcel lot shipments of grain. *Port of New York Authority* v. *B. & O. R. Co.*, 248 I.C.C. 165 (1941). That case did not involve the Affected Territory. In 1949, however, the railroads voluntarily sough[illegible]o abolish the differentials on this export grain from Buffalo. The District Court, affirmed by this Court, sustained the right of the railroads to make the change in the *Ex-Lake Grain* cases discussed at pp. 49-51 of this brief.

3. *Decisions in Proceedings Concerning Ports in Other Coastal Areas*

During the 1920s interests at Galveston, Texas convinced the Commission that the Port of Galveston was entitled to rates differentially lower than rates at New Orleans, because of shorter rail distances to Galveston. *Galveston Commercial Ass'n* v. *G., H. & S. A. Ry.*, 100 I.C.C. 110 (1925) *mod.* 128 I.C.C. 349 (1927) *mod.* 160 I.C.C. 345 (1929) *aff'd sub nom.*, *Texas & P. R. Co.* v. *United States*, 42 F.2d 281 (S.D. Tex. 1930). This Court reversed that decision in *Texas & P. R. Co.* v. *United States*, 289 U. S. 627 (1933). This decision is discussed at pp. 35-37 of this brief.

As authority for their proposition that equalization is unlawful when it results from a disregard of distance, the Appellants also cite a number of Commission decisions rendered in the early 1940s and early 1950s concerning ports on the Texas Gulf coast and the City of Tampa on the Florida Gulf coast. *Nueces County Nav. Dist.* v. *A. & S. Ry. Co.*, 251 I.C.C. 115 (1942), *mod.* 253 I.C.C. 99 (1942), *mod.* 253 I.C.C. 745 (1942); *Port Comm'n. of City of Beaumont, Tex.* v. *A. & S. R. Co.*, 251 I.C.C. 137 (1942), *mod.* 253 I.C.C. 127 (1942), *mod.* 253 I.C.C. 753 (1942); *Tampa Traffic Ass'n* v. *A. & R.R. Co.*, 272 I.C.C. 217 (1948), *aff'd*, 281 I.C.C. 483 (1951), *aff'd on rearg.* 286 I.C.C. 455 (1952); *aff'd sub* *nom. Tampa Traffic Ass'n v. United States*, 132 F. Supp. 948 (S.D. Fla. 1955). Those decisions do not support Appellants' position.

In the *Nueces County* proceeding, the Commission compelled equalization of Corpus Christi with the other Texas ports with respect to export-import rates from and to Central Territory. The only action of the Commission limiting port equalization and declining to grant the relief sought by the complainant concerned rates to and from interior areas in Southwest and Western Trunk Line Territories since those interior areas were hinterlands of other ports. The *Beaumont* proceeding was concerned solely with export-import rates between Texas ports and points in Southwest and Western Trunk Line Territories. Unlike *Nueces County* it did not concern rates to and from Central Territory. Again hinterlands were involved in those instances where the Commission placed limitations on the degree of equalization of Beaumont with other Texas ports.

The *Tampa Traffic Association* decisions cited by Appellants were concerned with export-import rates between that port and portions of Central Territory. The Commission in those cases dismissed the complaint of Tampa seeking equalization and its action was sustained by the Federal District Court. However, these decisions have recently been overruled and Tampa is now equalized with other Gulf and South Atlantic ports as to traffic to and from Central Territory. *Hillsborough County Port Authority v. A. & W. Ry. Co.*, 313 I.C.C. 691 (1961), *aff'd per curiam sub nom. Ala-*

bama, T. & N.R. Co. v. *United States*, 207 F. Supp. 638 (S.D. Ala. 1962.)*

Finally, Appellants rely on *City of Wilmington* v. *A.G.S.R. Co.*, Docket No. 33247 (Div. 2, 1962.) There the Commission was concerned with the legality of existing equalized rates on export and import traffic between points in interior Southern Territory and Morehead City and Wilmington, North Carolina. The Commission found that equalized rates at Morehead City which disregarded distance advantages of Wilmington in excess of 25% were unduly preferential of Morehead City and unduly prejudicial to Wilmington. Other South Atlantic port relationships were disposed of in similar fashion. The Wilmington case, which is pending on review by the full Commission and not yet final, did not deal with Central Territory but was concerned only with hinterland territories.

---

* The Commission has also extended equalization to Corpus Christi, Texas. In *Nueces County Nav. Dist.* v. *A., T. & S. F. Ry. Co.*, 315 I.C.C. 155 (1961), the Commission directed the defendant railroads to equalize Corpus Christi with other Texas ports as to export rates on grain and grain products from points in the Southwest Territory. The distance advantages of other Texas ports exceeded 32%.

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In the
Supreme Court of the United States

OCTOBER TERM, 1962

Nos. 97, 98, 99

INTERSTATE COMMERCE COMMISSION, ET AL.,
APPELLANTS,
v.
BOSTON AND MAINE RAILROAD, ET AL.,
APPELLEES.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

BRIEF ON BEHALF OF APPELLEES BOSTON AND MAINE RAILROAD, THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY (RICHARD JOYCE SMITH, WILLIAM J. KIRK, HARRY W. DORIGAN, TRUSTEES) AND MASSACHUSETTS PORT AUTHORITY

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In the

Supreme Court of the United States

October Term, 1962

Nos. 97, 98, 99

INTERSTATE COMMERCE COMMISSION ET AL.,

APPELLANTS,

v.

BOSTON AND MAINE RAILROAD, ET AL.,

APPELLEES.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

BRIEF ON BEHALF OF APPELLEES BOSTON AND MAINE RAILROAD, THE NEW YORK, NEW HAVEN AND HARTFORD RAILROAD COMPANY (RICHARD JOYCE SMITH, WILLIAM J. KIRK, HARRY W. DORIGAN, TRUSTEES) AND MASSACHUSETTS PORT AUTHORITY

Opinions Below

The opinion of the United States District Court for the District of Massachusetts (Woodbury, Sweeney and Ford, J.J.) is officially reported at 202 F. Supp. 830 and is printed in the record at pages 3994 to 4005. The reports of the Interstate Commerce Commission (hereinafter referred to as "the Commission") in *Equalization of Rates at North Atlantic Ports*, dated December 5, 1960 and June 15, 1961, respectively, are officially reported at 311 I.C.C. 689 and 314 I.C.C. 185, and are printed in the record at pages 3738 to 3820 and pages 3836 to 3857.

Jurisdiction

The suit was brought in the District Court pursuant to 28 U.S.C. §§ 1336, 2284, and 2321 to 2325, and was heard before three judges, as required by 28 U.S.C. §2325. The judgment of the District Court was entered on February 23, 1962 (R. 4006), and various notices of appeal were filed on March 30, 1962. (R. 4007, 4020, 4024) The jurisdiction of this Court is conferred by 28 U.S.C. §§1253 and 2101(b), and on June 11, 1962 probable jurisdiction was noted and the appeals consolidated. (370 U.S. 914; R. 4027)

Questions Presented

The District Court set aside an order of the Commission which directed the cancellation of reduced rates proposed by railroads serving the Ports of New York, Boston, Albany and Portland (hereinafter sometimes referred to as "the northern tier carriers")[1] on export and import traffic moving between those ports and a defined interior territory, the purpose of the rate reductions being to eliminate rate differentials maintained by the railroads serving Philadelphia, Baltimore and Hampton Roads (hereinafter sometimes referred to as the "southern tier carriers") on such traffic.

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[1] As used herein and by the Commission, the term "northern tier carriers" means those carriers serving directly or with their connections the Ports of New York, Boston, Albany and Portland, and the term "southern tier carriers" means those carriers serving directly or with their connections the Ports of Baltimore, Philadelphia and Hampton Roads. The term "Boston carriers" means the carriers serving Boston directly or with their connections.

The questions presented on this appeal, so far as concerns the Boston carriers and Massachusetts Port Authority,[2] are: (1) whether the District Court correctly ruled that there is no warrant in law for the Commission's order insofar as it directed cancellation of the proposed differential-eliminating rates of the Boston carriers, and (2) whether the District Court properly ruled that this part of the Commission's order should be set aside and permanently enjoined rather than be remanded to the Commission.

Statement

This appeal arises from a suit brought by the Boston carriers to set aside an order of the Interstate Commerce Commission dated December 5, 1960. (R. 3821) That order, based upon an accompanying Report,[3] directed the cancellation of rates which had been voluntarily published by the Boston carriers and which are applicable to the movement of export and import traffic between the north central part of the United States (described in the Commission's Report and hereinafter referred to as "Affected

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[2] Massachusetts Port Authority was a party to the proceeding before the Commission (R. 3737), and, in accordance with leave granted, intervened in the District Court in support of the position of the Boston carriers. (R. 3871) It seeks here, as do the Boston carriers, affirmance of the order of the District Court setting aside the order of the Commission insofar as it directs cancellation of the proposed Boston parity rates.

[3] R. 3738-3820; 311 I.C.C. 689; and hereinafter referred to as the "Original Report".

Territory")[4] and the Ports of Boston, New York, Albany and Portland. The rates ordered to be cancelled are on a parity with corresponding rates maintained on like traffic moving between Affected Territory and the Ports of Baltimore and Hampton Roads. (R. 3739-40; 311 I.C.C. at 690)

At the present time, differentially lower rail rates are applicable to the movement of export and import traffic between Affected Territory and the Ports of Baltimore and Hampton Roads than are applicable to the movement of such traffic between Affected Territory and the Ports of Boston, New York and Albany and, in part, Portland.[5] Except with respect to first and second class import traffic (where the differential in favor of Baltimore is 8¢ per 100 lbs.) and except with respect to grain and flour (where the differential in favor of Baltimore and Hampton Roads is 1-1/2¢ and 2¢, respectively), the differential in favor of Baltimore and Hampton Roads is, in all instances, 3¢ per 100 lbs. (R. 3742-43; 311 I.C.C. at 692)

In an effort to put themselves in a position where they might have an opportunity effectively to compete for export and import traffic originating in or destined to Affected Territory, the carriers serving the Ports of Boston, New York, Albany and Portland published rates on a parity with those to and from Baltimore and Hampton Roads. Simultaneously, the carriers serving Baltimore and

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[4] Affected Territory generally comprises the area on and north of the Ohio River, west of the Buffalo-Pittsburgh line and east of the Mississippi River. It is more specifically defined at pages 3740 and 3741 of the record, 311 I.C.C. at 691-92.

[5] The differential applies only to import traffic from the Port of Portland to Affected Territory. The Port of Hampton Roads generally has the benefit of the Baltimore differentials on traffic to and from that part of Affected Territory west of the Sandusky-Marietta line. (R. 3742-43; 311 I.C.C. at 692). Philadelphia also has lower rates to Affected Territory than has Boston. The Baltimore-Hampton Roads rates are lower than Philadelphia's, however, and are the rates with which the Boston carriers propose to equalize their rates

Hampton Roads and their connections published rates which, if permitted to become effective, would restore the present differential though, of course, on a lower rate level. These differential-restoring rates were intended to take effect *only* if the simultaneously published parity rates were permitted to stand. (R. 3740; 311 I.C.C. at 690)

Upon protests filed by the various carriers and by civic and port interests at the various ports, the Commission suspended both sets of rates—the parity rates and the differential-restoring rates—and instituted an Investigation and Suspension proceeding under Section 15(7) of the Act. Following hearings, it filed its Original Report, in which it found that the proposed parity rates

> "are not shown to be reasonably related to the present rates on like traffic between the same interior points and the southern tier ports, and that the proposed rates would result in undue preference of and advantage to the northern tier ports *as a group* and in undue prejudice and disadvantage to the southern tier ports." (R. 3806-07; 311 I.C.C. at 741-742) (Emphasis supplied.)

and

> "We further find that the proposed rates of the protestant railroads (i.e. the southern carriers' differential-restoring rates) are not shown to be just and reasonable." (Ibid.) (Parenthetical phrase supplied.)

It thereupon directed cancellation of the proposed Boston rates, as well as the proposed parity rates to and from the Ports of New York, Albany and Portland, and also directed cancellation of the proposed retaliatory differential-restoring rates. (R. 3807, 3821)

No appeal was taken from that part of the Commission's order which directed cancellation of the proposed southern tier rates. By a complaint filed in the District Court (R. 3823), the Boston carriers and the Massachusetts Port Authority did appeal, however, from that portion of the Commission's order directing cancellation of the Boston rates. Promptly after the commencement of the action, various other carriers, and commercial, civic and port interests were granted leave to intervene.[6]

The statutory defendant, the United States of America, in its answer to the original and intervening complaints, admitted that the Commission had erred in treating the proposed rates of the northern tier carriers as a *unit*, intended to take effect only if all were found to be lawful. Accordingly, the United States prayed that the Commission's order be set aside. (R. 3834-35)

In light of the answer filed by the United States, the Commission on April 11, 1961 reopened the proceedings for reconsideration of the lawfulness of the proposed rates to and from *each* northern tier port. (R. 3835) The District Court proceedings were, of course, deferred pending such reconsideration.

On June 15, 1961, a sharply divided Commission[7] handed down its Report on Reconsideration. (R. 3836; 314 I.C.C. at 185) In that report the Commission restated what it characterized as "the principal facts" recited in the Original Report; referred to the greater average distance between Affected Territory points and the northern tier ports than between the same points and Baltimore; cited some of its decisions involving complaints against, as distinguished from voluntary attempts by the carriers to change, the existing differential adjustments, and said:

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[6] The New York Central Railroad Company, The Delaware & Hudson Railroad Corporation, Canadian National Railway Company, The New York, New Haven & Hartford Railroad Company, Erie-Lackawanna Railroad Company and New York, Susquehanna & Western Railroad Company, pursuant to leave of Court, filed an intervening complaint asking that the order be set aside insofar as it directed cancellation of any of the proposed parity rates, including the rates to and from Boston. The Port of New York Authority together with the City and State of New York and various other New York civic and commercial organizations intervened in support of the intervening carriers' complaints. Carriers serving the Ports of Baltimore, Philadelphia and Hampton Roads, together with various civic and commercial interests at those ports, were permitted to become intervening defendants.

[7] Commissioners Webb and Tucker filed a vigorous dissent. Commissioner Freas refused to concur in the finding of undue preference and undue prejudice, and Commissioner Bush did not participate in the decision. (R. 3855, 3857; 314 I.C.C. at 199, 201)

> "Such great differences in distance, under the circumstances here revealed, may not be ignored without running counter to the provisions of section 3(1) of the act. What has just been said applies also, in greater or less degree, to each of the other northern tier ports." (R. 3854; 314 I.C.C. at 198).

It added:

> "Moreover, for the reasons previously discussed, the evidence is persuasive that, so far as New York is concerned, rate equalization is not required to enable that port to meet the competition of the southern tier ports, and that, so far as Boston, Portland, and Albany are concerned, such equalization would not materially affect the flow of foreign traffic through any of those ports." (Ibid.)

The Commission's ultimate finding was that the proposed parity rates violated Section 3(1) of the Act, and it condemned the rates *solely* on this ground, saying:

> "Upon reconsideration we find that the proposed rates to and from Albany, New York, Boston and Portland, separately and collectively, are not shown to be reason-

> ably related to the present rates on like traffic to and from the southern tier ports, and would cause undue preference of and advantage to the named ports and undue prejudice and disadvantage to the southern tier ports." (R. 3855; 314 I.C.C. at 199)

and

> "In other respects, the prior findings are affirmed." (Ibid.)

Again no appeal was taken from that part of the Commission's decision which directed cancellation of the proposed southern tier rates, but the Boston carriers (R. 3858) and the Massachusetts Port Authority (R. 3871) once again appealed, filing amended complaints.[8] The principal defendant, United States of America, filed an answer neither admitting nor denying the allegations of the complaint and thus, in legal effect, it again confessed error. (R. 3993) The Commission's answers admitted certain, and denied other, allegations (R. 3938-46), as did the answers of the intervening defendants. (R. 3947-3993)

On February 16, 1962, the three-judge District Court, after hearing, filed its opinion holding that the cancellation of the proposed northern tier rates was contrary to the mandates of the Act. (R. 3994; 202 F. Supp. 830) The court recognized that the Commission's decision was bottomed upon a Section 3(1) finding, but it held that the Commission had "wholly ignored" controlling legal principles (R. 4002; 202 F. Supp. at 836) and that, with respect to the Boston, Albany and Portland rates, the order was fatally defective for the additional reason that the Commission's ultimate conclusion of undue prejudice to the southern tier ports was "completely contradicted" by the express finding that "equalization would not materially affect the flow of traffic to these ports." (R. 4005; 202 F. Supp. at 837-838) It therefore entered its order setting aside and enjoining the Commission's order insofar as it ordered cancellation of the proposed northern tier rates. (R. 4006) This appeal followed.

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[8] The intervening plaintiffs in the original complaint proceeding (page 6, footnote 6, *supra*) also sought review and filed amended complaints in the District Court. (R. 3884-3908).

So far as concerns the *Boston rail carriers and Massachusetts Port Authority,* the sole question presented in this proceeding is whether the District Court was correct in granting the injunction sought by the Boston rail carriers. *Their position does not stand or fall on the validity of the District Court's action with respect to the rates at any of the other northern tier ports.*

Additional facts are stated hereinafter where they are necessary to the argument.

Summary of Argument

Point I (pp. 16-33) demonstrates that the District Court correctly understood and analyzed the grounds of the Commission's decision with respect to the proposed Boston rates. That Court, composed as it was of three experienced judges, clearly understood that the Commission's order must stand unless infected by error of law or lacking in substantial evidence. (R. 3998-99) Accordingly, it carefully and meticulously analyzed the basis of the Commission's action, and accepted, as supported by substantial evidence, the Commission's basic findings:

(A) That the present rate differentials have their origin and sole justification in promoting effective competition for Affected Territory traffic among all the North Atlantic ports. (E.g., R. 3745-47) The differentials admittedly "were designed, and their effect was, to compensate for the differences in . . . ocean rates in favor of the northern tier ports" (R. 3745) by equalizing the through ocean-rail costs on this traffic. (pp. 18-22)

(B) That the "primary purpose" of the proposed Boston rates "is to *re-establish* the equality of through ocean-rail charges"[9] (R. 3804), which had ceased to be the fact by 1935, when the ocean-rate differential completely disappeared. (E.g., R. 3745) (pp. 22-23)

(C) That the present rail differentials exert an enormous impact upon cost-sensitive Affected Territory traffic. "*By far the largest in volume [of the traffic] is bulk cargo*" (R. 3753), which is "*peculiarly sensitive* to transportation costs." (R. 3800) Accordingly, because of the present rate differentials, the great mass of bulk cargo flows through the lower-rated southern tier ports (R. 3775) and, moreover, virtually none of it moves to or from Boston. (R. 3783; 3851) (pp. 23-28)

In addition, the District Court correctly recognized that the *sole* basis for the Commission's decision denying parity to the Boston carriers was its conclusion that the proposed rates would be unduly prejudicial to the southern tier ports, the *sole* subsidiary support for which was the Commission's mistaken emphasis on the factor of relative distance. (pp. 28-30)

Finally, the District Court was not confronted with any finding that the proposed northern tier rates were not just and reasonable. The Commission *expressly* found the southern tier rates not to have been shown to be just and reasonable (R. 3807, aff'd., 3855) but rested its conclusion with respect to the northern tier rates *solely* on Section

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[9] Emphasis supplied throughout summary unless otherwise indicated.

3(1) (Ibid.). The District Court's discussion of the reasonableness of the northern tier rates, written as part of a thorough opinion, was intended to show only that the Commission had correctly refrained from finding any of the northern tier rates violative of Section 1. Thus, after reviewing the evidence before the Commission, the District Court concluded *only* that the northern tier carriers had made out an unrebutted *prima facie* case on reasonableness (R. 4001) It then said: "*We now turn to the Commission's disposition of the case*" (ibid.), and thereafter discussed only the Section 3(1) problem. (pp. 30, 33)

POINT II (pp. 34-57) demonstrates that the District Court correctly concluded on the record before it[10] that the Commission's decision was without rational basis in law because:

> (A) The Commission's conclusion in its Report on Reconsideration that the factor of relative distance must be accorded "substantial weight" (R. 3852, 3854) in the competitive port-rate making here involved represents an arbitrary and incomprehensible departure from thoroughly settled precedents, and is a complete about-face from the position which the Commission itself had taken in the Original Report. There, after reviewing the matter at length, the Commission had concluded that it "is apparent that *considerable disregard* of rail distances is characteristic of all port adjustments, as it was in the establishment of the rates here dealt with." (R. 3773) Moreover, the Commission does not even currently accord substantial significance to comparable or far greater relative distance disregard in *other* port rate-making cases. See, e.g., *Hills-*

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[10] The Court, like the court in *The New York Central R.R. Co. v. United States*, 207 F. Supp. 483 (S.D. N.Y. 1962), properly refused to treat the questions before it as foreclosed to judicial review by any cloak of administrative expertise. (pp. 34-35)

borough County Port Authority v. Ahanapee & Western Ry. Co., 313 I.C.C. 695, appeal dismissed; 207 F. Supp. 638; *City of Wilmington v. Alabama Great Southern R. R. Co.*, No. 33247, at page 24. Finally, it is to be recalled that detailed studies in evidence before the Commission demonstrated beyond doubt that Baltimore's 223 and Hampton Road's 38 miles average distance advantage is far less than the distance disregard characteristic in port rate-making. (pp. 36-46)

(B) The Commission erred as a matter of law in ignoring the basic importance of the right of the Boston carriers' right to adjust their rates to meet competition as a defense to a charge of undue prejudice. E.g., *Texas & P. Ry. Co. v. Interstate Commerce Commission*, 162 U.S. 197, 205-206, 217 et seq. The importance of this right is "not an open question in this Court" (*Interstate Commerce Commission v. Alabama Midland R. Co.*, 168 U.S. 144, 165,) because the Act is "not designed . . . to prevent competition between different roads." *Interstate Commerce Commission v. B. & O. R. Co.*, 145 U.S. 263, 276. These principles have been stressed over and over again.[11] And it has been specifically pointed out that it is contrary to the Act's purposes to deny rate adjustments merely because previous rates have been in effect for a number of years, *United States v. Chicago, M. & St. P. R. Co.*, 294 U.S. 499, 507—quite apart from the situation here, where the element which gave rise to the present rates relationship (the ocean differentials) has completely disappeared. In these proceedings the record shows that the Commission totally ignored the Boston carriers' right to compete, and the few precedents of its own upon which it apparently relied afford no warrant whatsoever for such action. (pp. 46-[illegible])

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[11] E.g., *East Tenn., V. & G. Ry. Co. v. Interstate Commerce Commission*, 184 U.S. 1, 14-20; *United States v. Illinois Cent. R.R.* 263 U.S. 515, 523-524; *Texas & P. Ry. Co. v. United States*, 289 U.S. 627, 636.

(C) The Commission expressly found that, even with parity rates, the Boston carriers would be unable to attract any Affected Territory traffic (R. 3854). This finding, as the District Court rightly pointed out, renders absurd the ultimate conclusion of "undue" prejudice—since before there can be "undue" prejudice, there must be actual or threatened *prejudice in fact.* The Commission's finding of no material traffic diversion reflects its belief that Boston's proposed action would be competitively futile. (E.g., R. 3846-47, 3851-52) But, plainly, such a belief is irrelevant. The sole justification for its order must inhere in the prevention of the evils proscribed by statute.[12] (pp. 53-57)

Point III (pp. 57-60) demonstrates that recognition of the northern tier carriers' right to reduce their rates to a competitively required level does not by any means compel validation of corresponding reduction by the southern tier carriers, thereby preventing competition by their northern tier competitors. The proposed southern-tier retaliatory rates must be shown to be just and reasonable and not unduly prejudicial. If they would have a monopolistic effect or cause destructive rate competition, they are unlawful because either result would be contrary to the National Transportation Policy. Accordingly, there is no merit in the contention (e.g., R. 3806) that recognition of the Boston carriers' right to reduce their rates to eliminate a presently uncompetitive position necessarily carries with it a sanctioning of rate warfare. "*The danger is illusory. The whole situation is subject to the power of the Commission, which may keep changes within bounds.*" *United States v. Chicago, M. & P. R.R. Co.*, 294 U.S. 499, 509.[13] And numerous decisions of the Commission recognize that differential-restoring rates will not be permitted if monopoly or rate war would ensue. E.g., *Iron Ore from Eastern Ports to Central Freight Association Points*, 291 I.C.C. 527, 555; *Iron Ore, Ex-Labrador, Canada to Youngstown, Ohio Area*, 302 I.C.C. 109, 117.

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[12] In the past the Commission itself has recognized that forecasts of competitive futility were no reason for denying to carriers their right to try to compete. E.g., *Maritime Ass'n., Boston Chamber of Commerce v. Ann Arbor R.R.*, 95 I.C.C. 539, 572; *Galveston Commercial Ass'n. v. G. H. & S. A. Ry.*, 128 I.C.C. 349, 368. (pp. 56-57)

POINT IV (pp. 60-74) demonstrates that no basis exists on this record for recommittal of the Boston rates, whatever disposition may be made of the remainder of the appeal. No one disputes that, while ever watchful not to invade the administrative domain, this Court will not order recommittal unless the record warrants such a course. (pp. 60-62) Recommittal here would be unjustified with respect to the Boston rates because the record discloses no basis whatsoever for inferring that these rates are violative of the Act:

(A) Since the Commission affirmatively found that the proposed Boston rates, even if effective, would result in no material traffic diversion, these rates could not possibly violate Section 3(1) of the Act. (pp. 63-64)

(B) The Commission's technical omission affirmatively to find the proposed Boston rates just and reasonable is no warrant for further delaying the rights of the Boston carriers. The Commission, after examining the evidence, rejected its Examiner's recommended finding that the northern tier carriers' rates had not been shown to be just and reasonable. The only evidence offered in rebuttal of the northern tier carriers' *prima facie* showing of reasonableness concerned *New York* harbor costs, which the Commission discussed at some length in its Original Report. (R. 3793) The Commission criticized this rebuttal evidence as not being representative, and as dealing only with the most costly to handle traffic, but found that, even accepting it, the New York rates would equal or exceed out-of-pocket costs including return on investment. No serious attempt was ever made to rebut the *prima facie* case of reasonableness of the Boston rates, and neither in its Original Report nor in its Report on Reconsideration did the Commission ever suggest any basis of record for finding the Boston rates not just and reasonableness. Nor could it have done so on the basis of the evidence before it. (pp. 64-70)

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[13] Moreover, the southern tier carriers may never actually seek new rates if Boston, but not New York, is allowed parity, because basically they seem only to fear New York competition. In any event, the southern tier carriers probably would not be permitted by the Commission to increase the present rate differential vis-a-vis New York.

(C) The fact that the Boston carriers *may* require certain Fourth Section relief is of mechanical interest only and no warrant for recommittal. (pp. 70-72)

Moreover, additional important factors weigh heavily against recommittal. This proceeding has been pending before the Commission—which has twice considered the matter—and the courts for more than seven years, and recommittal can only portend interminable further delay—all of which, of course, is the aim of the southern tier carriers. The rights of the Boston carriers should not be further sacrificed. Furthermore, if the District Court be affirmed in its decision as to the Boston rates, the Commission is *not* thereby foreclosed from additionally considering the matter. This is an appeal from an order of the Commission made pursuant to the investigation and suspension procedure of Section 15(7). Complaint proceedings may still be used to inquire further into the validity of the rates; indeed, under Section 13(2), the Commission itself may institute such proceedings. On balance, therefore, this record clearly calls for affirmance, without remand. (pp. 72-74)

Argument

POINT I. THE DISTRICT COURT CORRECTLY ANALYZED THE FINDINGS AND GROUNDS OF THE COMMISSION'S DECISION.

In briefs which they have filed with this Court, the southern tier carriers, the southern port interests and the Interstate Commerce Commission itself have in some instances asserted and, in other instances, implied, that the District Court mininterpreted or misunderstood the reports and orders of the Commission and that this alleged misinterpretation or misunderstanding explains the judgment of the District Court—which they claim to be in error and seek to have overturned.

Included among the claims which the southern interests and the Commission now advance to this Court in this regard are such contentions—directly in the teeth of the Commission's findings—as the following:

(a) that the North Atlantic port differential adjustment was not really premised upon through ocean-rail rate equality but that distance was a prime determinant in fixing the differentials.

(b) that this proceeding does not really involve a voluntary effort on the part of the northern tier carriers to offset the loss of the ocean rate differentials which formerly favored their ports, but rather raises the question of whether parity may be "forced" upon the southern tier carriers.

(c) that the only traffic of real importance in the proceeding is general-cargo, and that bulk traffic is neither particularly important nor profitable to handle, and

(d) that the Commission did not really base its Section 3(1) finding in the case of Boston, Portland and Albany solely upon distance disregard but also on a belief that the northern tier ports (presumably as a group) already had a fair share of the total traffic.

Fair analysis of the Commission's reports and the District Court decision makes clear that these "interpretations" offered by the appellants are without substance.

The District Court's opinion manifests a keen awareness by that Court of the Commission's findings and conclusions concerning the historical background of the problem presented, the nature and purpose of the respective carriers' rate proposals, the issues which were framed for the Commission's consideration, the evidence which the Commission weighed and considered, the Commission's findings of subsidiary and ultimate fact and, finally, its conclusions of law. The District Court obviously fully understood the factual situation before the Commission, as well as the ingredients of and rationale for the Commission's ultimate decision. And, most important, that court, composed as it was of three experienced judges, understood clearly the limited role entrusted to it. At the very outset of its opinion, it recognized that it must not intrude upon the administrative domain, and, accordingly, must not disturb the Commission's action unless that action was infected by error of law or lacking in substantial evidence. (R. 3998-3999; 202 F. Supp. at 834).

A. *The District Court Correctly Analyzed The Commission's Findings With Respect To The Origin And Purpose Of The North Atlantic Port Differentials And The Competitive Rationale Thereof.*

In its preliminary discussion of the facts of the case, the District Court first described the existing rail rate differentials on import and export traffic and then said, with respect to the origin and purpose thereof,

> "The differentials were the result of an agreement entered into by North Atlantic port railroads in 1877. At that time ocean rates to Philadelphia and Baltimore were higher than to the northern tier ports and the object of the agreement was 'to avoid misunderstanding as to the geographical advantages of New York, Philadelphia, and Baltimore as affected by railroad-ocean transportation, and to effect an equalization of rail-ocean transportation cost between interior points and foreign ports reached through these cities.'" (R. 3997; 202 F. Supp. at 833)

In subsequently commenting upon the competitive rationale for the differentials, the District Court said,

> "In the first place, the differential was established to place all North Atlantic ports on a parity with respect to the aggregate of rail and ocean charges. No consideration whatever was given to disparity in rail distances then or later. On the contrary, when the Thurman-Cooley-Washburn Advisory Commission concluded in 1882 that the differentials should remain, it specifically rejected the 'distance principle' as controlling port relationships and rested its award on the

> principle of 'competitive opportunity.'" (R. 4003; 202 F. Supp. at 836)

This analysis by the District Court correctly paraphrases and summarizes findings to precisely the same effect which the Commission had made. Thus, the Commission's findings with respect to the origin and purpose of the differentials were that,

> "When the present differentials were established there were higher ocean rates to and from Baltimore and Philadelphia then to and from the northern tier ports. *The differentials were designed, and their effect was, to compensate for the differences in these ocean rates in favor of the northern tier ports. Thus, they tended to produce equal total transportation charges* between an interior point and the foreign origin or destination over all routes through the several ports, affording the different railroads and ports competitive rates." (R. 3744-45; 311 I.C.C. at 693-94) (Emphasis supplied.)

and further;

> "The present differentials, except for brief periods of disagreement between the carriers during the eighties, have been in effect since 1877 as the result of an agreement entered into by four North Atlantic port railroads, which had two objectives: To avoid misunderstanding as to the geographical advantages or disadvantages of New York, Philadelphia and Baltimore as affected by railroad-ocean transportation, and to effect an equalization of rail-ocean transportation cost between interior points and foreign ports reached through those cities." (R. 3746; 311 I.C.C. at 694-95)

The Commission's findings with respect to the competitive rationale of the differentials were equally precise. The Commission quoted with approval from the report of the Thurman-Cooley-Washburn Advisory Commission,[14] which made a study of the differential in 1882. The Advisory Commission had first concluded that the rate differential should be maintained, *given the then-existing ocean differential*. It then issued the following important *caveat:*

> "*But we do not assume that the rates which are just today will be just indefinitely.* They have become established by the force of circumstances and they ought to give way if future circumstances shall be such as to render it right and proper. They constitute a temporary arrangement only; equitable as we think for the present, but which may become inequitable before the lapse of any considerable time. Whenever they shall be found to operate unfairly and to give a force or unnatural direction to trade and *whenever it shall appear that they tend to deprive any of the seaports affected by them of the proportion of business that would naturally come to it under the operation of normal competition, the want of equity in the rates will appear and it will be right to modify or perhaps abolish them.*" (R. 3746-47; 311 I.C.C. at 695) (Emphasis supplied.)

After quoting this language with approval, the Commission referred again to the Advisory Commission report, saying:

> "*Of the three principles referred to in that report,* mentioned variously by the parties as controlling these port relationships: *that is, the distance prin-*

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[14] That Report is Exhibit AEB-1, (R. 109, 1627).

> *ciple, the cost principle, and the 'competitive' principle, the last named was found to be the true one* and was qualified only to the extent that it should operate in an atmosphere of controlled rate stability rather than of uninhibited rate cutting and competitive strife,
>
> ". . . This principle of 'competitive opportunity' . . . appears to have been the norm used in testing the soundness of the differentials from their inception. Thus, the advisory commission concluded that the differential rates reflected and were subordinate to that principle . . ." (R. 3747; 311 I.C.C. at 695) (Emphasis supplied.)

Still later in its Original Report the Commission returned to the purpose of the rate differential. Referring to its earlier decision in *Matter of Differential Rates*, 11 I.C.C. 13, it said:

> "The conclusion reached [there] was that, in the public interest, the rates should be so adjusted 'that all the ports and the various lines serving them may *fairly compete* for this traffic.'" (R. 3773; 311 I.C.C. at 716) (Emphasis supplied.)

And it then quoted with approval from *Albany Port District Comm. v. Ahnapee & W. R. Co.*, 219 I.C.C. 151, wherein the Commission said, of port rates,

> "They are not distance rates." (Ibid.)

Finally, in that part of its Report entitled "Discussion and Conclusions", the Commission concluded with respect to the differential adjustment:

> "It was the purpose of that structure that . . . 'these [North Atlantic] ports shall all be kept open . . . for

export business upon such terms that *each one may fairly compete for it.*' " (R. 3804; 311 I.C.C. at 739). (Emphasis and parenthetical phrase supplied.)

B. *The District Court Correctly Analyzed the Commission's Findings That The Northern Tier Carriers' Proposed Rates Were Published To Overcome The Competitive Disadvantage Confronting Them As A Result Of Ocean Rate Equalization.*

The District Court aptly and succinctly summarized the reasons for the northern tier carriers' proposed parity rates as follows:

> "Beginning in the early 1920's and extending to about 1935, ocean rates to and from the different ports gradually were equalized and the total transportation charge through the northern tier ports consequently become higher than the combined cost of rail and ocean transportation through a southern tier port. It is this competitive disadvantage which the plaintiff railroads sought to remove with their proposed rate schedule." (R. 3997; 202 F. Supp. at 833)

Once again, this summarization by the District Court amounted to an accurate restatement and analysis of the Commission's findings. Thus, the Commission had found,

> "Beginning in the early twenties and extending to about 1935, the ocean rates to and from the different ports were equalized. Consequently, the sum of the rail and ocean transportation charges through the northern tier ports served by the respondents became higher than the sum of those charges through the southern tier ports served by the protestants, by the

> amounts of the above differentials." (R. 3745; 311 I.C.C. at 694)

and further,

> "The *primary purpose* of the proposed adjustment, as the respondents and the principal northern tier port interests emphasize, *is to reestablish the equality of through ocean-rail charges* which existed prior to the ocean-rate equalization in 1935." (R. 3804; 311 I.C.C. at 740) (Emphasis supplied.)

C. The District Court Correctly Analyzed The Commission's Findings With Respect To The Impact Of Rate Differentials Upon The Routing Of The Principal Traffic—Bulk Cargo:

The District Court's analysis of the Commission's findings with respect to the impact of rate differentials upon the movement of import and export traffic also reflects that Court's clear understanding of the factual situation presented to the Commission and of the Commission's appraisal thereof.

The Court adopted (R. 4000; 202 F. Supp. at 835), by direct quotation, the Commission's classification of cargo by type and its finding that bulk cargo constitutes by far the largest volume of traffic movement. This finding was as follows:

> "Oceanborne commerce is classified into two types of cargo. *By far the largest in volume is bulk cargo.* It consists generally of low-value, heavy-volume raw materials which are handled at the port by mechanical facilities and provide bottom loading for ships or may move as full cargoes. The other type, called general

> cargo, includes principally manufactured and semi-manufactured goods of relatively high value, which are usually packaged." (R. 3753; 311 I.C.C. at 700) (Emphasis supplied.)

The Commission's finding, moreover, that bulk cargo represents, by any test, the largest volume of movement is unassailable, and has never been questioned. In this connection, the Commission's Original Report shows that, of 10,969,757 net tons of export-import traffic moving during an appropriate test period between Affected Territory and the North Atlantic Ports, 6,251,234 net tons, or 57%, consisted of grain and of bulk ores.[15] (Appendix F; R. 3820; 311 I.C.C. at 751) Similarly, Appendix E to that Report (R. 3819; 311 I.C.C. at 750-751) shows that, if there be subtracted from the aggregate net tons moving through the North Atlantic Ports the net tonnage of manufactures and miscellaneous and forwarded traffic, the remaining traffic (products of agriculture, animals and products, products of mines and products of forests) constitutes 65% of the total. Thus, the Commission found:

> "Excluding goods exported to Canada and Mexico, . . . the movement of United States manufactures to foreign markets *has been steadily declining*. The *principal movement* of both exports and imports *is raw materials*. . . ." (R. 3753; 311 I.C.C. at 700) (Emphasis supplied.)

The District Court properly recognized the importance of the Commission's findings that rate differentials have a profound influence upon the movement of export and import traffic to and from Affected Territory, which differentials are of particular importance in the case of the predominant traffic—bulk cargo—due to its greater sensitivity to cost differences. The Court noted in this regard the ample evidentiary support for the proposition that the differentials are of controlling importance,

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[15] The 6,251,234 net tons do not include iron ore or concentrate because the rates on these commodities were not the subject of the proceeding before the Commission.

> "There was, furthermore, extensive evidence from shippers, both private and representatives of various agencies of the United States, that the differential adjustment is a controlling consideration in their choice of ports." (R. 4000; 202 F. Supp. at 835)

as well as for the finding that the southern tier ports now have a dominant position in the movement of import-export traffic to and from Affected Territory,

> "In order to present a clearer and more complete picture of comparative traffic between all North Atlantic ports and affected territory the railroads conducted traffic studies during 1955-56 which showed that 75.8 per cent of imports and 63.7 per cent of exports (measured by carloads) moved through the southern tier ports." (R. 3999; 202 F. Supp. at 834)

that such traffic studies clearly demonstrated that

> ". . . the preponderance of southern tier traffic consists of bulk cargo. . . ." (R. 4000; 202 F. Supp., at 835)

and that this is an inevitable consequence of the differential advantage which the southern tier ports enjoy. As the Court said,

> "It is also apparent, however, that bulk cargo is necessarily more sensitive to rate differentials and the Commission implicitly so acknowledges by noting that the equalization of ex-lake rates on grain from Buffalo has resulted in a shift of the relative shares of that traffic in favor of the northern tier ports." (Ibid.)

The District Court's summary was in precise accord with the Commission's findings of fact. Thus, the Commission found that, even taking into consideration other factors:

> ". . . a *change in the differentials* could be expected to cause a *shift in a substantial volume* of the traffic." (R. 3804: 311 I.C.C. at 740) (Emphasis supplied.)

And dealing with the *particular sensitivity* of *bulk* traffic (which it had found to be the predominant Affected Territory traffic) to the cost of shipment, the Commission said:

> "The most important factors which influence the shipper of export or import freight in the choice of a port are the total cost of hauling the goods, the total time in transit via competing ports, and the service available at each port. The hauling cost involves principally the ocean freight and the rail freight rate. . . .
>
> "Importance of time in transit depends upon the kind of freight. As freight rates are small in relation to the value of high-grade traffic, they may be of less concern to a shipper than time in transit. . . . On the other hand, *the shipper of low-grade freight, as to which the transportation cost represents a greater proportion of the delivered price generally uses the lowest cost route to remain competitive*, and time in transit

> is a secondary consideration. Port services, particularly forwarding, banking insurance, brokerage service, and availability of sailings are important, but relatively less so in the case of low-grade freight than of high-grade tonnage;" (R. 3775; 311 I.C.C. at 717). (Emphasis supplied.)

and

> "As *bulk commodities*, because of their low value, are *peculiarly sensitive* to transportation cost, the differential has greater influence on their movement than on general cargo." (R. 3800; 311 I.C.C. at 737) (Emphasis supplied.)

Those findings, morover, were compelled by the showing of Appendix F to its Original Report (R. 3820; 311 I.C.C. at 751), which demonstrates that *virtually all of the major bulk traffic moves through the lower-rated ports*. Thus, it shows that 83.5% of export grain (the principal bulk export commodity shipped from Affected Territory) moved through Baltimore, Philadelphia or Hampton Roads (50% moving through Baltimore) and that 98.1% of import ore, the principal import destined to Affected Territory, moved through Baltimore, Philadelphia or Hampton Roads (85.1% of the total moving through Baltimore alone).

The same source data also show conclusively that the *Boston carriers*, under the present differential adjustment, *attract* virtually *no* Affected Territory *traffic*. Thus the Commission found, with respect to *exports*, that, of 8,171,479 net tons of exports moved from Affected Territory through the North Atlantic Ports, *only* 361,772 net tons, or *4.4% of the total, moved through Boston*, whereas 5,207,325 net tons, or 63.7% moved through Baltimore, Philadelphia and Hampton Roads, and, of this, 3,303,499 net tons, or

40.4% of the total, moved through Baltimore alone. With respect to *import traffic* destined to Affected Territory, the Original Report shows Boston with an even smaller proportion of the total Affected Territory tonnage. The total imports moving through all North Atlantic Ports was 2,798,278 net tons, and of this total, *only* 17,739 net tons, or *6/10ths of 1%, moved through Boston*, whereas 2,121,822 net tons, or 75.8%, moved through Baltimore, Philadelphia and Hampton Roads, of which 1,644,844 net tons, or 58.8% of the total moved through Baltimore alone. (Appendix F; R. 3820; 311 I.C.C. at 751)

The Commission, therefore, had no choice but to conclude that

> " . . . little traffic . . . moves between the port [of Boston] and the Affected Territory" (R. 3783; 311 I.C.C. at 724)

a finding expressly confirmed in the Report on Reconsideration. (R. 3851; 314 I.C.C. at 196)

D. *The District Court Correctly Analyzed The Grounds Of The Commission's Decision With Respect To The Boston Carriers' Rates.*

In briefs which they have filed with this Court the southern tier carriers and port interests, as well as the Commission, have asserted that the District Court erred in its analysis of the Commission's report and order. In advancing this claim, the southern interests and the Commission seek to inject confusion into the proceeding by failing to distinguish between what the Commission and the District Court had to say concerning the New York carriers' rates, on the one hand, and the other northern tier carriers' rates—including the Boston carriers'—on the other hand. Defense of the District Court's action in respect of the New York carriers' rates will be ably presented in the briefs filed on behalf of the New York carriers and port interests. It is the purpose of this brief, and in particular this portion, to make clear that the District Court correctly understood and analyzed the Commission's decision insofar as it dealt with the Boston carriers' rates.

1. The District Court Correctly Analyzed the Section 3(1) Ground for the Commission's Decision With Respect to the Boston Carriers' Rates.

Although the southern tier carrier and port interests, as well as the Commission, would have this Court believe differently, the unassailable fact is, as the District Court properly found, that at least so far as concerns the Boston carriers' rates,

> "The Commission in reaching the conclusion that the proposed rates violate section 3(1) relies on a single subsidiary finding—the distance disadvantage of the northern tier ports." (R. 4003; 202 F. Supp. at 836)

None of the Commission's other subsidiary findings tends in any way to give credence to the claim that the rate relationship involved might give rise to undue preference and prejudice. Indeed, the only other subsidiary finding which bears at all upon the issue of the lawfulness *vel non* of the Boston carriers' proposed rates under Section 3(1) negatives any possibility that such rates might give rise to undue prejudice. That finding, as the District Court pointed out, is that,

> "with respect to the ports of Boston, Albany and Portland, 'equalization would not materially affect the flow

> of traffic to these ports.' " (R. 4005; 202 F. Supp. at 837)

and such a finding, as the District Court properly recognized,

> ". . . completely contradict(s) the Commission's ultimate conclusion of undue prejudice to the southern tier ports. . ." (R. 4005; 202 F. Supp. at 837-838)

Although the Commission indicated its belief that, in the case of New York, equalization of rates was not necessary to enable that port to compete, *no one*—least of all the Commission—*has ever suggested that Boston can compete without parity rates, and no one has ever suggested that, with parity rates, Boston would be overly-competitive.* Indeed, *the Commission's own finding is precisely to the contrary*—that, even with parity rates, Boston would not be effectively competitive. This finding, alone, affords ample proof that Boston's distance disadvantage was, indeed, the only premise for the Commission's finding that parity rates to and from Boston would offend against Section 3(1) of the Act.

2. Although the District Court At One Point Wrote Less Then Clearly Concerning The Commission's Finding With Respect to Justness and Reasonableness, It Correctly Dealt With That Matter In Its Opinion.

In its introductory statement, the District Court included the Commission's finding that the southern carriers' proposed rates "are not shown to be just and reasonable" in its summarization of other Commission findings in a manner which might seem to indicate that the finding referred to the northern carriers' rates. Thus the Court, speaking of the "proposed rates" and without differentiating between rates proposed by the northern carriers and those proposed by the southern carriers, referred to

> "findings that the 'proposed rates are not shown to be reasonably related to the present rates on like traffic between the same interior points and the southern tier ports'; that they 'would result in undue preference of and advantage to the northern tier ports as a group and in undue prejudice and disadvantage to the southern tier ports,' and that they 'are not shown to be just and reasonable.' Equalization of Rates, *supra*, at 741, 742." (R. 3997; 202 F. Supp. at 833)

The District Court was clearly right that the finding in question related to "proposed rates"; it should perhaps have made more clear the fact that it referred *only* to the southern tier carriers' proposed rates. The finding in question first appeared in the final paragraph of the majority opinion in the Original Report and was as follows:

> "We further find that the proposed rates of the *protestant* railroads are not shown to be just and reasonable." (R. 3807; 311 I.C.C. at 742). (Emphasis supplied.)

This finding was not repeated in terms in the Report on Reconsideration but was dealt with, as were most other findings in the Original Report, by the closing statement of the majority opinion that:

> "In other respects, the prior findings are affirmed." (R. 3855; 314 I.C.C. at 199)

That the finding applied to, *and only to*, the southern tier carriers' proposed rates is not open to debate. At the outset of its Report on Reconsideration, the Commission, after reciting that in the Original Report it had found that the northern tier carriers' rates would cause undue preference and prejudice, continued as follows:

> "We found also that schedules by which the *protestant railroads* proposed . . . to *reduce their rates between the southern tier ports and the interior territory*, and thus restore the present relationships, *were not shown to be just and reasonable*." (R. 3837; 314 I.C.C. at 185) (Emphasis supplied.)[16]

While the District Court's initial summary of Commission findings did not sharply pinpoint the aforementioned distinction, it is abundantly clear that the District Court fully understood the Commission's "just and reasonable" finding to relate *only* to the southern carriers' rates. Thus, the Court nowhere treated the finding as one which would have to be set aside before the Commission's order could be overturned. It merely reviewed the evidence and position of the northern carriers that they were relying on a *prima facie* showing of revenues, the defensive countering that, in the case of New York, the rates were not sufficient to cover costs, and the Commission's finding that, even in the case of New York, with its special cost situation, the rates would equal or exceed out-of-pocket costs including a 4% return on investment. (R. 3999-4001; 202 F. Supp. at 834-835). From this the Court concluded that no real controversy existed as to whether the northern carriers' rates were just and reasonable, and *very significantly* said,

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[16] The contention advanced to this Court by the Commission, at pages 67 and 68 of its brief, that,

> "In addition to its findings under Section 3(1), the Commission concluded that the proposed reduced rates to the northern tier ports 'are not shown to be just and reasonable' (R. 3807)."

is simply error.

> "*We now turn to the Commission's disposition of the case:*" (R. 4001; 202 F. Supp. at 835) (Emphasis supplied.)

This, we submit, is a clear indication that the District Court recognized the issue of justness and reasonableness of the northern rates not to be before it, that the finding previously mentioned related only to the southern rates and that the correctness of that finding had not been appealed from and was, therefore, not before the Court. The Court plainly recognized that the Commission had based its decision with respect to the proposed northern tier rates *solely* upon considerations of undue preference and prejudice, for after turning "to the Commission's disposition of the case", it never again referred to justness and reasonableness. The context of its opinion thus clearly indicates the District Court's belief that the record before it presented no *bona fide issues* of justness and reasonableness. In substance, the District Court, as an integral part of writing a complete opinion, summarized the evidence to show only that on the evidence the Commission quite properly refrained from finding any of the proposed northern tier rates to be unjust and unreasonable.

POINT II. THE DISTRICT COURT CORRECTLY RULED THAT THE COMMISSION HAD MISAPPLIED THE LAW AND THAT ITS DECISION WAS WITHOUT RATIONAL BASIS.

A. *The District Court Correctly Concluded That The Questions Presented For Judicial Review Are Not Foreclosed By Any Doctrine Of Administrative Expertise.*

At the outset it is necessary to clear away the coating with which the appellants here seek to encase the Commission's determinations. They assert that nothing more is involved than the Commission's expert appraisal and weighing of various relevant factors; and, so the argument runs, the scope of review by the three-judge court is therefore fixed by such cases as *Alabama Great Southern Ry. Co. v. United States*, 340 U.S. 216, 223-224, where this Court recognized the there unquestioned principle that it is the Commission, not the courts, that is charged by Congress with the primary responsibility of weighing the factors involved in ascertaining whether proposed rates are unduly prejudicial. However, such a characterization of the questions presented for review lacks substance.

No one disputes that the Commission is charged with the primary responsibility for weighing the various factors relevant in determining whether proposed rates are unduly prejudicial. But that is not to say that the Commission is entitled to discharge the weighing process with a wholly erroneous conception of the controlling legal principles. The claim of administrative "expertise" in weighing is no answer when the offense is that the Commission put the wrong weights into the scales. As will be shown below, the Commission, in its Report on Reconsideration, has suddenly and unjustifiably interpreted Section 3(1) as *requiring* it to give *controlling* significance to the factor of relative distance in port rate cases, even where rates are adjusted to meet competition. It has done so despite the fact, as is shown in detail hereafter, that the relative distances in this case are *far less* than those disregarded in the vast majority of other port rate cases. Moreover, with equal suddenness and lack of explanation, the Commission has minimized or wholly ignored the legal significance of the Boston carriers' right to publish rates to meet competition. Finally, it found that the proposed Boston rates would be unduly prejudicial despite its conclusion that, even with parity rates, the Boston carriers would be unable to attract Affected Territory traffic. These errors are in flat contradiction to the teachings of this Court, as well as contrary to the Commission's own precedents.

By ascribing controlling significance to relative distance, by disregarding the carriers' right to attempt to meet competition, and by finding undue prejudice in the teeth of its own conclusion that there would be no actual injury, the Commission evaluated the record before it on the basis of an erroneous conception of the relevant legal standards. Clearly, what are essentially errors of law cannot be converted into matters of expertise by simple fiat.

The posture of this case on review is, therefore, clear. It falls squarely within the familiar rule that *the Commission's determination cannot stand if it is unsupported by the evidence or is founded upon an erroneous construction of the statute.* E.g., *L. T. Barringer & Co. v. United States*, 319 U.S. 1, 6-7 (and cases cited). Accordingly, the court below (like the court in *The New York Central R.R. Co. v. United States*, 207 F. Supp. 483 (S.D.N.Y. 1962) (discussed infra p. 36)) properly treated the precise questions here presented as not foreclosed to judicial review by any cloak of administrative expertise.

B. *The District Court Was Correct In Ruling That The Commission Erred As A Matter Of Law In Concluding That The Boston Carriers' Proposed Rates Are Violative Of Section 3(1) Of The Act.*

1. The Commission's Conclusion That Relative Distance Must Be Accorded Controlling Significance in Port Rate Making Is Erroneous As a Matter of Law.

a. Such conclusion represents an arbitrary break with the Commission's own precedents.

The fulcrum of the Commission's finding that the proposed Boston rates are violative of Section 3(1) is, as the District Court pointed out, its emphasis upon the factor of relative distance. But its conclusion that this factor must be accorded "substantial weight" (R. 3852; 314 I.C.C. at 197) in competitive port rate-making, otherwise the result would run "counter to the provisions of Section 3(1)" (R. 3854; 314 I.C.C. at 198), represents an arbitrary and incomprehensible departure from thoroughly settled precedents.

The court below so recognized, observing that, until its decision on reconsideration in this case, the Commission had consistently minimized relative distance as a significant factor in port rate proceedings. (R. 4003; 202 F. Supp. at 836-7) The precedents referred to by the Court below were also recently reviewed in *The New York Central Railroad Company v. United States*,[37] decided June 27, 1962. There, as here, a three-judge court unanimously rebuffed the Commission on this very issue, in an opinion written by

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[37] 207 F. Supp. 483 (S.D.N.Y. 1962). At issue was an attempt by New York carriers to publish tariffs so as to eliminate the differential in favor of the southern tier carriers on the import of iron ore from New York to interior steel producing points.

Circuit Judge Friendly. Summarizing the Commission's attitude, as reflected in "a few of the many decisions that could be cited", Judge Friendly said,

> ". . . *the Commission has never adopted a doctrinaire position that any failure to bring rail charges into exact accord with differences in distance is a preference or prejudice, much less an undue one.* One reason is that although distance must have some effect on rail transport costs, *the relationship is by no means direct.* Even on transportation in the same direction over the same line, a heavy proportion of total costs is represented by originating and terminating expenses, as well as overhead expenses, such as accounting, which do not vary with mileage. When different carriers are involved, still other factors enter into the comparison. Neither had the Commission ever insisted that rates to or from competing markets or ports should cover cost by precisely the same margin. Hence the fact that differentials based on longer mileage and higher cost may not be an undue prejudice to the higher rated port has never been thought to mean, in and of itself, that equalization would unduly prejudice the formerly lower rated one.
>
> "*In no area has the Commission taken a less rigid attitude in requiring precise adjustment of rates to distance or even to costs than with respect to rates on import and export traffic.*" 207 F. Supp. at 490 (Emphasis supplied.)

- b. **Such conclusion represents a wholly unexplained about-face from the position taken by the Commission in its Original Report.**

Perhaps the single most startling aspect of the Commission's action is that it represents a completely unexpected and wholly unexplained *volte-face* from the views the Commission itself had expressed in its Original Report. As heretofore shown (pp. 19-22, supra), the Commission, completely in accord with settled precedents, there underscored the insignificance of relative distance as a factor in competitive port rate-making. It referred with approval to the 1882 report on port differentials by the Thurman-Cooley-Washburn Advisory Commission, and, as heretofore pointed out, said:

> "*Of the three principles referred to* in that report, mentioned variously by the parties as controlling these port relationships; *that is*, the *distance principle*, the *cost principle*, and the '*competitive principle*,' *the last named was found to be the true one*. . ." (R. 3747; 311 I.C.C. at 695) (Emphasis supplied.)

The Commission went on to underline specifically the unimportance of relative distance to the matters at hand. It reviewed the arguments on distance pressed upon it (R. 3772-73; 311 I.C.C. at 715), and then flatly and unequivocally *rejected* relative distance as being of any material significance in port rate differentials, saying:

> "*It is apparent that considerable disregard of rail distances is characteristic of all port adjustments, as it was in the establishment of the rates here dealt with.* See *Baltimore Chamber of Commerce* v. *Ann Arbor R. Co.*, 159 I.C.C. 691, 696. In considering this matter in an early proceeding, *In the Matter of Differential Rates, supra* (1905), and the justness of the suggestion that each port should be given the rate to which its location entitles it, this Commission observed that *traffic does not stop at the ports but moves to foreign destinations, that more important was the*

> fact that as *seaports* the four large cities from Boston to Baltimore, inclusive, *had a fundamental advantage of location which entitled them to participate in the foreign trade, and that the public interest required that this be recognized.* The conclusion reached (page 77) was that, in the public interest, the *rates* should be *so* adjusted '*that all the ports* and the various lines serving them *may fairly compete* for this traffic.' " (R. 3773; 311 I.C.C. at 715-716) (Emphasis supplied.)

Continuing in precisely the same vein, the Commission further said,

> "That this is also the purpose of the 1935 amendment to section 3 of the act was indicated in *Albany Port District Comm. v. Ahnapee & W. Ry. Co., supra; Nueces County Nav. District No. 1 v. Baltimore & O. R. Co.*, 223 I.C.C. 75, 96; and *Port of New York Authority v. Baltimore & O. R. Co.*, 248 I.C.C. 165, 179. In the *Albany*[18] case, at page 162, we said:
>
>> '*The port rates * * * have, as their chief objective, the maintenance of a competitive relation between the ports. They are not distance rates. * * * [A]dherence to the distance principle is incidental*, and always gives way when necessary to the maintenance of the differential relation between the ports.' " (R. 3773; 311 I.C.C. at 716) (Emphasis supplied.)

In its Report on Reconsideration, however, the Commission did a complete about-face on this very issue. Relative distance became the fundamental principle on which the

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[18] *Albany Port District Comm. v. Ahnapee & W. Ry. Co.*, 219 I.C.C. 151.

Commission rested its determination to deny parity to the Boston carriers. The Report on Reconsideration is, however, singularly barren of any explanation for this action and, therefore, appellees and the court below are at a complete loss to understand by what process that which had been denominated "incidental" was transmuted into a factor of controlling significance.

c. The Commission does not even currently accord controlling significance to relative distance in other port rate-making cases.

Although it arbitrarily proclaimed the controlling importance of relative distance in the case at bar, the Commission is currently and consistently applying the orthodox doctrine elsewhere. Thus, in *Hillsborough County Port Authority v. Ahnapee & Western Ry. Co.*, 313 I.C.C. 695,[19] decided May 17, 1961, the Commission *ordered* the railroads to make effective to Tampa, Florida, import and export rates on the same basis as those applicable at the Gulf and South Atlantic ports, even though the average distance to Tampa was shown to be 304 miles longer than the average distance to the Gulf ports. Indeed, in many instances the disregard of distance involved in that proceeding was striking. For example, from Pittsburgh, Pennsylvania, the distance to the nearest South Atlantic port is 660 miles, compared with 1,193 miles to Tampa. So, also, in *City of Wilmington v. Alabama Great Southern R.R. Co.*, No. 33247, decided June 14, 1962, the Commission defined its general policy in port rate proceedings in language wholly at variance with what it said here:

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[19] An appeal in the United States District Court for Southern Alabama was dismissed by a *per curiam* order on July 6, 1962. *Alabama, Tenn. & N.R.R. v. United States*, 207 F. Supp. 638.

> "The general policy of the Commission in cases of this kind has been to permit or require equalization where the geographically-handicapped port appeared to be at a serious competitive disadvantage by reason of the rate adjustment, provided that such equalization was confined within reasonable limits determined by the needs of the ports concerned, the carriers serving them, and the shipping public." (Sh. 24).

No one, of course, suggests that the Commission must place itself in a strait jacket, unable to treat situations differently when different treatment is warranted. But, surely, differences in treatment must reflect an articulated, rational basis. In suddenly and without explanation reversing its position, disregarding its own precedents and contemporaneous decisions, and treating this situation in a most singular fashion the Commission obviously strikes at notions deeply embedded in our law. See Friendly, *The Federal Administrative Agencies: The Need For Better Definition of Standards*, 75 Harv. L. Rev. 863, 879-883.

2. The Commission Correctly Found That The Northern Tier Ports Have Much Less Distance Disadvantage Than Exists In Other Parity or Near Parity Adjustments.

The Commission's Original Report itself puts to rest any possible basis for contending that Boston's distance disadvantage or that of any of the other northern tier ports is in any way excessive by normal port adjustment standards. Thus, the Commission noted that there was "*much evidence of record,*"

> "relating to distances by rail between representative points in the affected territory and the several North

> Atlantic ports, including Canadian ports; also between them and other interior points and South Atlantic and Gulf ports; and by ocean between these United States ports and representative overseas ports." (R. 3772; 314 I.C.C. at 715)

It further noted the position of the northern tier carriers and port interests, as follows:

> "The respondents and the northern tier port interests deny that they have any significant disadvantage in their rail distances as compared with the southern tier ports." (Ibid.)

It then proceeded to make a flat and unequivocal finding that the distance disadvantages of the northern tier ports are *much less* than those extant elsewhere in parity or near-parity adjustments, saying,

> "Such distance disadvantage as they have *are much less than the 'substantial* differences in distances to and from some other ports which have a parity or near parity of rates, including the Canadian ports, and the wide differences which obtain where the several South Atlantic and Gulf ports are equalized." (Ibid.)' (Emphasis supplied.)

Such a finding was, of course, compelled by the uncontrovertible evidence before the Commission. Witness Brooks, a transportation and traffic consultant, testified on behalf of the northern tier carriers and port interests. He presented extensive analyses of rate adjustments involving distance disregard, and comparisons thereof with the distance disregard proposed by the northern tier carriers in this proceeding. These comparisons included showings.

among others, that, in contrast with this case, where the average distance from Affected Territory to Baltimore is 228 miles shorter than to Boston, and from Affected Territory to Hampton Roads *only 38 miles* shorter:

(1) Export and import rates are equalized between numerous differential territory points and the major Gulf and South Atlantic ports, notwithstanding mileage differences of from 300 to 400 miles. (Ex. 711, R. 2045)[20]

(2) Export and import rates are equalized from Milwaukee to both Baltimore and Corpus Christi, notwithstanding the 510 mile greater distance to Corpus Christi. (Ex. 710, R. 2043)

(3) Import rate equalization prevails on various commodities to southeastern points from South Atlantic ports involving mileage disregard of as much as 328 miles. (Ex. 712, R. 2049)

(4) Import commodity rates from Gulf ports to southwestern points are equalized, even though they involve mileage disregard of as much as 553 miles. (Ex. 713, R. 2051)

(5) Equalized export-import commodity rates between Texas and Louisiana interior points and Texas and Louisiana ports involve mileage disregard of as much as 252 miles. (Ex. 714, R. 2054)

(6) Export-import rates between North Dakota, Texas and New Mexico points, on the one hand, and the widely distant ports of Los Angeles and Seattle, on the other, *are equalized in disregard of mileage differences of as much as 1194 miles.* (Ex. 715, R. 2059)

Witness Brooks also showed that, on traffic other than export-import traffic, carriers with circuitous routes serving the same port were allowed to ignore distances of as much as 475 miles in order to compete with the carrier having the shortline route. (Exs. 721 and 723; R. 2072, 2076)

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[20] References to Exhibit 28 (introduced in evidence at R. 277) are hereinafter only to the record page on which the testimony appears. References to Exhibits 711 et seq. are references to exhibits which were presented as a part of Exhibit 28 and which consist of various charts. They will be cited by exhibit number along with their record references.

Witness Brooks' testimony was confirmed and supplemented by Witness Day,[21] Transportation Manager for the Greater Boston Chamber of Commerce, and a rate and traffic expert of many years standing (Ex. 29; R. 277, 2093). His Exhibit 163 (R. 2181), a copy of which is attached to this brief as Appendix "B", conclusively and graphically demonstrates that relative distance plays little or no part in competitive port rate making. Mr. Day pointed out that *Portland is on the Baltimore basis with respect to import rates although the average distance disregard involved is almost 300 miles*[22] (Ex. 160, R. 2144); that import rates from the North Atlantic ports of Halifax, St. John, Montreal, Portland and Norfolk are equalized on the Baltimore basis to differential territory points despite wide mileage differences, and that export rates from Halifax, St. John and Portland are on the Boston basis despite extremely wide mileage disparities (Ex. 162, R. 2145)

Percentage computations of the mileage disregard inherent in the proposed and other existing adjustments were also introduced. Based on the Commission's finding that in this case the average short line distance to Baltimore is 6[illegible]8 miles; to Hampton Roads, 883 miles; and to Boston, 92[illegible] miles, it is apparent that Baltimore's *distance ad-*

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[21] Citation of the testimony of Witness Day will be in the manner in which Witness Brooks' testimony was cited. See footnote 20, *supra*.

[22] The Commission in its Report on Reconsideration *inexplicably* denies parity export rates to the Portland carriers because of the distance disregard involved and yet for years has allowed them to retain the advantage of differential rates on import traffic despite the same distance disregard.

vantage over Boston is approximately 30%, while that of *Hampton Roads over Boston is a mere 4%*. The following recapitulation shows that these percentage differences are well within the range, and considerably below the average of customary disregard. Thus:

(i) Parity import rates are in effect from Portland and Baltimore to numerous Affected Territory points as listed in Exhibit 29, Ex. 160. (R. 2144) Distance disregard averages 41%

(ii) Parity import and export rates with Baltimore are in effect between major South Atlantic and Gulf ports and Affected Territory points as listed in Exhibit 28, Ex. 710. (R. 2043) Distance disregard averages 59%

(iii) Parity import and export rates are in effect between major South Atlantic and Gulf ports and Affected Territory points as listed in Exhibit 28, Ex. 741. (R. 2045) Distance disregard averages 56%

(iv) Parity import and export rates are in effect between all United States and Canadian North Atlantic ports (except Montreal) and interior Canadian points as listed in Exhibit 28, Ex. 716, (R. 2060) Distance disregard averages 138.5%

(v) Parity import and export commodity rates are in effect between the ports of Seattle and Los Angeles, on the one hand, and North Dakota, Texas and New Mexico points, on the other hand, as listed in Exhibit 28, Ex. 715. (R. 2058-59) Distance disregard ranges from 50% to 153% and averages 73%

(vi) Parity import rates are in effect from South Atlantic and Gulf ports to certain

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southeastern interior points as listed in Exhibit 28, Ex. 712. (R. 2047-49) Mileage disregard ranges from 21% to 100%, and averages 44%

(viii) Parity import rates are in effect from Gulf ports as listed in Exhibit 28, Ex. 713. (R. 2051) Mileage disregard ranges from 17% to 119%, and averages 43%

(viii) Parity import and export commodity rates are in effect between Texas and Louisiana ports and interior Texas and Louisiana points as listed in Exhibit 28, Ex. 714. (R. 2054) Mileage disregard ranges from 34% to 186% and averages 93%

3. The Commission Erred, As A Matter of Law, In Ignoring The Boston Carriers' Right To Compete.

a. The law is clear that a carrier's right to compete for traffic is a transportation condition which may not be ignored in assessing the lawfulness of its rates.

An unbroken line of decision in this Court stresses that competition between carriers is one of the cornerstones of the Interstate Commerce Act, and, consequently, that a carrier's right voluntarily to adjust its rates to meet competition is of critical importance as a defense to any charge that the rate adjustment creates *undue* preference and prejudice.

As long ago as *Texas & P. Ry. Co. v. Interstate Commerce Commission*, 162 U.S. 197, 205-206, 217 et seq., this Court emphasized the fundamental importance of the carrier's right to meet competition as a transportation condition charge that its rates were unduly prejudicial. There, lower import than domestic rates on the same traffic were sanctioned because water and rail-and-water competition would othrewise have prevented New Orleans carriers from effectively competing for import traffic.

Only a few years later, this Court was to say that the importance of meeting competition as a justification for rates was ". . . not an open question in this Court" (*Interstate Commerce Commission v. Alabama Midland R. Co.*, 168 U.S. 144, 165,) because, of course, the Act is "not designed . . . to prevent competition between different roads." *Interstate Commerce Commission v. Baltimore & O. R. Co.*, 145 U.S. 263, 276.

The importance of meeting competition as a defense to charges that rates are *unduly* prejudicial was noted again in *Louisville & N. R. Co. v. Behlmer*, 175 U.S. 648, 674; discussed at considerable length in *East Tenn., V. & G. Ry. Co. v. Interstate Commerce Commission*, 181 U.S. 1, 14-20; and again reaffirmed in *Interstate Commerce Commission v. Clyde Steamship Co.*, 181 U.S. 29. The same principal was clearly and expressly recognized in *Interstate Commerce Commission v. Diffenbaugh*, 222 U.S. 42, 47-48; *Intermountain Rate Cases*, 234 U.S. 476, 483; *United States v. Illinois Cent. R.R.*, 263 U.S. 515, 523-524;[23] and tersely stated by Mr. Justice Roberts in *Tex. & P. Ry. Co. v. United States*, 289 U.S. 627:

> "The theory of the Act is that the carriers in initiating rates may adjust them to competitive conditions,

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[23] "The effort of a carrier to obtain more business and to retain that which it had secured, proceeds from the motive of self interest which is recognized as legitimate . . . . To bring a difference of rates within the prohibition of §3, it must be shown that the discrimination practiced is unjust when measured by the transportation standard. In other words, the difference in rates cannot be held illegal, unless it is shown that it is not justified by the cost of the respective services, by their

> and that such action does not amount to undue discrimination." (Id. at 636)

After observing that the purpose of the Act was "not to stifle competition" (ibid.), the opinion specifically recognized that competition could be met "by equalizing rates or maintaining differentials." (Id. at 637). And, without exception, the more recent decisions of this Court recognize the importance of competition as a justification for rates alleged to be unduly prejudicial. *United States v. Chicago, M. & St. P. R. Co.*, 294 U.S. 499; *Baltimore & O. R. Co. v. United States*, 298 U.S. 349, 358, 379; *Eastern-Central Motor Carriers Ass'n. v. United States*, 321 U.S. 194, 201-202, especially at note 8; *Alabama Great Southern Ry. Co. v. United States*, 340 U.S. 216, 224.

This Court's opinion in the *Chicago* case is significant not only for its reaffirmance of the carrier's general right to "'adopt such policy of rate making as to it seems best'" (id. at 506), but also because it puts completely to rest a spurious argument advanced in this case by the appellants as a justification for denying parity to the Boston carriers. They urge that the present differentials have remained virtually uncontested for a number of years, and this is apparently taken as in some mysterious manner investing the present relationship with a sacrosanct and immutable quality. (E.g.: R. 3853; 314 I.C.C. at 198). Laid bare, the suggestion is that the southern tier carriers have now acquired a prescriptive right in favor of the *status quo—notwithstanding the complete disappearance of* the elements which gave rise to it, namely, the erstwhile *ocean rate differentials*. Such a claim wholly lacks substance *even* where the circumstances underlying the status quo are unchanged, and the claim would not warrant comment except for its constant and rather insidious repetition. Mr. Justice Cardozo, writing the opinion for the Court in the *Chicago* case, after expressly observing that the differentials there under consideration "[had been] maintained for many years" (id. at 507), flatly rejected this fact as being of substantial significance, in words which have special relevance here:

> "This brings us to the question whether such disruption and disturbance [of the previous rate structure] may be deemed a sufficient reason for taking from a carrier the privilege of reaching out for a larger share of the business of transportation and initiating its own schedule to help it in the struggle. . . .
>
> Every change of a rate schedule, either voluntarily or involuntarily, is a disruption *pro tanto* of the rate structure, theretofore prevailing. *Plainly such disruption without more is no sufficient reason for prohibiting a change.*" (Ibid.) (Emphasis supplied in part.)

It is manifest, of course, that the position of the Boston carriers does not stand or fall on any proposition that the necessities of competition inexorably provide an absolute defense to a charge of undue prejudice.[24] No such point need be maintained here. However, their position does rest on a requirement of *recognition* by the Commission of the principles expounded over and over again by this Court, the basic outlines of which admit of no doubt: The Interstate Commerce Act is not designed to eliminate competition between carriers—quite the contrary is true. Consequently, the Commission lacks authority to perpetuate *ad infinitum* a differentially based foreclosure of competition. *Prima facie*, a carrier has a right "within the zone of reasonableness" to adjust its rates to meet competition, a right which must be accorded significant weight and which (ordinarily, at least) is of controlling significance as a defense to any charge of undue prejudice.

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[24] Nor, of course, does it rest upon a proposition that relative distance must always be totally disregarded.

b. The Commission completely ignored the Boston carriers' right to compete.

The importance of the carriers' right voluntarily to adjust their rates in the interest of competition cannot be minimized.[25] Yet the Report on Reconsideration—the Commission's authoritative exposition explaining why the Boston carriers must be denied parity—strangely and inexplicably makes *no* reference to the right of the *Boston* carriers to adjust their rates in the interest of competition. The closest that the Commission comes is its statement that *New York*, as a port, does *not need* parity in order to be competitive. (R. 3854; 314 I.C.C. at 198) Not only is this a far cry from recognition of the basic right of the *Boston carriers* to compete, it casts into sharp relief the irrational basis of the Commission's action: *there can be no warrant for refusing parity to the New York carriers on the assertion that New York, as a port, would thereby become overcompetitive while in the same breath denying parity to the Boston carriers without so much as a mention of their right to compete.*

The Commission's error in according no recognition whatsoever to the Boston carriers' right to meet competition not only saps its determination of any vitality but *is clearly at war with the fundamental tenets of the Act.* The Act is not designed to destroy competition among carriers, nor does it give sanction to any attempt perpetually to foreclose Boston carriers from the bulk traffic market merely because of the Commission's wish to perpetuate the status quo.

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[25] See, generally, Sharfman, III-B *Interstate Commerce Commission*, 554, *et seq.*

c. The authorities relied upon by the Commission afford no justification for disregarding the basic nature of the carriers' right to compete.

When the cases which the Commission cites are examined, the Commission's misconceptions of law are once more starkly exposed. What is apparent at once is that the Commission uncritically relied upon *complaint* cases as being dispositive of the issues before it (R. 3852-53, 3854; 314 I.C.C. at 196-197; 198) As the District Court correctly points out,

> "... the Commission has failed to distinguish between rates which carriers may voluntarily publish to meet competition pursuant to section 15(7) and rates which carriers, on complaint under section 3(1), may be required to change." (R. 4004; 202 F. Supp. at 837)

The limited scope of a complaint proceeding was accurately pinpointed by the District Court, when it said,

> "In a complaint proceeding the question is whether the *existing* rates are lawful and, if not, whether they *should be required* to be changed." (Ibid.) (Emphasis supplied in part.)

The difference between a complaint proceeding (often initiated by a port—whence the term "port" case) and a voluntary carrier proposal (initiated by a railroad—whence the term "railroad" case) is readily apparent, once it is recognized that while carriers have a right to compete, they have an equally undoubted right not to compete, if that be their choice. Thus, carriers may, if they choose, publish a particular rate in order to compete. They may not, however, *be compelled* to publish that rate, and thus be competitive, if a higher rate is also lawful.[26]

> "Carriers may adjust their charges to meet competition, or may decline to do so, as they see fit; and if their policy is to make no special concession to attract traffic, shippers who would have been benefited by the establishment of competitive rates have no lawful grounds of complaint." *IIIB Sharfman, Interstate Commerce Commission*, p. 580.

Judge Magruder clearly spelled out the distinction in *New York Cent. R. R. v. U. S.*, 99 F. Supp. 394, 398, aff'd., 342 U.S. 890, as follows,

> " . . . for the first time, in the instant proceeding, has the Commission been asked to find that a change in the differential *proposed by one of the competing groups of railroads* would be unlawful. Heretofore, the Commission has only had to decide whether to permit the carriers to maintain the differential, or at least not to reduce it . . ." (Emphasis supplied)

and see *Export Grain from Buffalo to New York*, 292 I.C.C. 647, 650.

The pressing point here is that all of the proceedings relied upon by the Commission involved attempts by non-carrier interests to *compel* carriers, against their will, to compete or to compete more aggressively. And all such attempts proved futile. Thus, *Maritime Ass'n., Boston Chamber of Commerce* v. *A. A. R.R. Co.* 95 I.C.C. 539, upon which the Commission apparently places some reliance (R. 3849-50; 314 I.C.C. at 194-195), is a graphic illustration of the proposition. There, Boston port interests were seeking *to compel competition* between the Baltimore and the Boston carriers. The Commission determined that it could not require such competition.[27] *City of Philadelphia* v. *Baltimore & O. R. Co.*, 231 I.C.C. 21, and *State of New Jersey* v. *Baltimore & O. R. Co.*, 245 I.C.C. 581, mentioned by the Commission (R. 3852; 314 I.C.C. at 197), are of precisely the same character.

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[26] The principle that there is a difference between what a carrier could charge to meet competition and what it could be compelled by law to accept is hornbook law and has been recognized many times by this Court. E.g., *Baltimore & O. R. Co. v. United States*, 298 U.S. 348, 379; *Alabama Great Southern R. Co. v. United States*, 340 U.S. 216, 224.

In the instant case, the northern tier carriers *seek* affirmatively to exercise their undeniable right to compete. They are not resisting pressures, brought against them by others, which would force them to compete, contrary to their wishes. Obviously, decisions in the past which uphold their equally undeniable, but concomitant, right *not to compete* have no bearing upon the instant case. The District Court clearly grasped the distinction; the Commission obviously missed it.

4. The Commission's Subsidiary Finding That, Even With Parity Rates, the Boston Carriers Could Not Effectively Complete For Affected Territory Traffic is Fatal to Its Section 3(1) Finding.

As a further "reason" for its conclusion that the Boston carriers' proposed rates should be struck down as violative of Section 3(1), the Commission—in language which, so far as we can tell, is without precedent in the law of undue preference and prejudice—said

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[27] *Albany Port District Comm.* v. *Ahnapee & W. Ry. Co.*, 219 I.C.C. 151, also relied upon by the Commission (R. 3854; 314 I.C.C. at 198), readily yields to essentially the same analysis. In substance, it raised the question of whether Albany was a port and therefore entitled to port rates. (Id. at 163). After answering both questions in the affirmative, the Commission cancelled Albany's old rates and prescribed new ones. The decision merely prescribed *a* lawful rate; it did not remotely purport to pass upon the range of permissible adjustments which the Albany carriers could take in the interest of engaging in or withdrawing from competition.

> ". . . the evidence is persuasive that . . . so far as Boston, Portland and Albany are concerned, such [rate] *equalization would not materially affect the flow of foreign traffic through any of these ports.*" (R. 3854; 314 I.C.C. at 198) (Emphasis supplied.)

The District Court condemned this finding as fatal to the Commission's Section 3(1) conclusion on two counts, namely, that it precluded a finding of undue prejudice to the southern tier ports and that it also manifested the Commission's complete disregard of the Boston carriers' right to compete. Thus the Court said,

> "The last reason given in support of its decision is that with respect to the ports of Boston, Albany and Portland, 'equalization would not materially affect the flow of traffic to these ports.' Not only does this statement completely contradict the Commission's ultimate conclusion of undue prejudice to the southern tier ports, but it ignores the plaintiffs' right to attempt to gain some of this traffic for their lines." (R. 4005; 202 F. Supp. at 837-838).

The District Court was plainly right.

Obviously, a finding that, even with lower rates, the Boston carriers would be unable to attract any Affected Territory traffic renders totally absurd an ultimate finding that the proposed lower rates would be *unduly prejudicial* to other ports. It labors the obvious to go much more than simply point out that before there can be *undue* prejudice there must be prejudice in fact—some actual or prospective injury. The Commission itself has consistently recognized that actual or prospective injury is an indispensable ingredient of undue prejudice, and that a finding of injury is, accordingly, a prerequisite to a valid Section 3 order. "*In the absence of injury rates can not be condemned as unduly prejudicial even where they may appear improper when measured by distance.*" *Anson, Gilkey & Hurd Co. v. Great No. Ry.*, 182 I.C.C. 102, 113-114[28] (Emphasis supplied) Yet, here, the Commission unequivocally asserts that no injury will result, because it finds that the Boston carriers *cannot* attract Affected Territory traffic, even with parity rates, and, notwithstanding this, it finds that the proposed rates would be unduly prejudicial to the southern tier ports. This incredible juxtaposition of findings of no prejudice and undue prejudice has an Alice-in-Wonderland ring to it, and the sharp criticism which it drew from the dissenting Commissioners and the court below was fully warranted.[29]

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[28] See, also, for example, *Bunker Hill & Sullivan M. & C. Co. v. Northern Pac. Ry.*, 129 I.C.C. 242, 246; *Carthage Pulp and Board Company v. Pennsylvania R.R.*, 177 I.C.C. 217, 223; *Scharff-Koker Manufacturing Co. v. Atchison, T. & S. F. R. Co.*, 151 I.C.C. 270, 277; *Sand, Gravel and Crushed Stone from Indiana and Illinois Points to Destinations in Illinois*, 181 I.C.C. 373, 393; *Southern Kansas Grain and Grain Products Ass'n. v. Chicago R. I. & Pac. Ry.*, 139 I.C.C. 641, 670; *U. S. Phosphoric Products Corp. v. A. & P. Ry.*, 153 I.C.C. 459, 465

[29] The Department of Justice charitably, but without justification, urges that this finding of the Commission "properly construed" refers only to the situation in which the Boston carriers would find themselves, if parity rates were *also* approved for New York. The quick answer to this contention is to be found in the following:

a. The plain meaning of the words is otherwise;
b. Commissioners Webb and Tucker, dissenting, understood their colleagues to be saying what the plain meaning of the language indicates.
c. Given other than its plain meaning, the finding would be in conflict with the Commission's order reopening the proceeding specifically to consider "the lawfulness of the proposed rates separately and individually on traffic to and from each of the northern tier ports." (R. 3835-3836; 314 I.C.C. [illegible] 186, 189)
d. The finding is obviously based upon the Commission's forecast that, whatever the rates to and from New York might be, Bos-

The Commission's insistence that the proposed Boston rates would be unlawful even though they would not materially affect the flow of traffic demonstrates once more that the Commission acted arbitrarily. The Commission forbade the Boston carriers to reduce their rates because it "forecast" that such action would be competitively futile. But, such a "forecast"—even if it were correct—would provide no warrant for denying parity to the Boston carriers. The crucial point is that carriers, within the limits prescribed by law, have a right to try to compete and, accordingly, "to adjust their rates so as to obtain or retain the desired traffic. . . ." *Texas & P. Ry. Co. v. United States*, 289 U.S. 627, 636. The Commission is not authorized to determine what is best for the carriers; it is not charged with "running" the railroads. Congress has given it no such mandates. The Commission, therefore, may *not* justify its decision on the ground that the proposed action would be futile. The *sole* measure of its authority is the prevention of the results proscribed by statute.

The Commission in the past has consistently recognized that forecasts of competitive futility were no reason for denying to carriers their right *to try* to compete. Thus, in *Maritime Ass'n., Boston Chamber of Commerce v. Ann Arbor R. R.*, 95 I.C.C. at 530, 572, it said:

> "one [argument] is that equalization would be of no benefit to Boston, but would instead tend to divert all this traffic to New York . . . [E]ven if it did, we have never regarded the fact that a particular community may reap most of the benefit as a reason for failure to require a just and reasonable charge in rates. Boston is fairly entitled to equal opportunity . . . Conceivably it may not avail itself of this opportunity,

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ton's rates would be competitively futile because of other factors unrelated to the rate structure, such as allegedly high port labor costs and allegedly inadequate port facilities and service. (See, e.g., R. 3846-47, 51-52; 314 I.C.C. at 191-92, 956; see, also R. 3850; 314 I.C.C. at 195, last sentence.)

> *but we are certainly not justified in forecasting a failure in this respect and still less are we justified in using such a forecast as a reason for withholding what we would otherwise accord.*" (Emphasis supplied.)

And in *Galveston Commercial Ass'n, v. G. H. & S. A. Ry.*, 128 I.C.C. 349, 368, it remarked:

> "Several intervenors take the position that no matter what differentials may be prescribed against New Orleans on said commodities *Galveston never was and never will be a port of any consequence* as to those commodities. But Galveston is entitled to a fair opportunity to secure the foreign and coastwise traffic in such commodities, and we are certainly not justified in predicting a failure on the part of Galveston to take advantage of such opportunity. *Still less would we be justified in using such a forecast as a reason for withholding an order we would otherwise accord.*" (Emphasis supplied.)

These decisions confirm the obvious. A belief that parity rates will not materially affect the flow of traffic is no warrant for prohibiting the Boston carriers from trying to obtain Affected Territory traffic.

POINT III. THE CONTENTION THAT THE COMMISSION IS WITHOUT POWER TO PREVENT THE SOUTHERN TIER CARRIERS FROM RESTORING THE DIFFERENTIALS — THEREBY MOOTING THIS PROCEEDING AND PRECIPITATING A RATE WAR — IS WHOLLY GROUNDLESS.

The southern tier carriers and port interests argue that if the proposed Boston and other northern tier rates be put into effect, the southern tier carriers, *as a matter of law*, are necessarily entitled to reduce their rates to a level which would reestablish the differential.

This contention, which ignores the fundamental distinction between rates which carriers *may* establish in order to compete and rates which carriers *may not* establish in order to monopolize, has been advanced as a ground for sustaining the Commission's action with respect to the northern tier rates. It is completely devoid of substance, however, and is in the very teeth of Sections 1 and 3 of the Act, as interpreted in the light of the National Transportation Policy and the Policy statement in Section 15(a) of the Act. The Commission's findings demonstrate that the Boston carriers cannot effectively compete for Affected Territory traffic without parity rates, and that parity rates will not prove overcompetitive. Any differential-restoring rates which the southern tier carriers might publish therefore would be *lower than needed* to be competitive with the proposed parity rates of the Boston carriers. Any such differential-restoring rates would be monopolistic and aimed *solely* at keeping their Boston competitors out of Affected Territory and would, accordingly, have to be condemned. The Boston carriers having elected—with all propriety—to be competitive, it devolves upon the Commission—*not merely as a matter of power but as a matter of duty*—in pursuance of the National Transportation Policy, to police the resulting competition and protect—in the national interest—against its deterioration into destructive competition.

The Commission, in the exercise of its statutory powers, has repeatedly recognized that rates which are monopolistic or destructively competitive are unlawful. With respect to the differential-restoring rates which were at issue in *Iron Ore from Eastern Ports to Central Freight Association Points*, 291 I.C.C. 527, 555, it said:

> "A further reduction . . . would result in rates lower than competitively necessary and would fail to bear their just proportion of the total transportation system

in conformity with the National Transportation Policy, and in a needless sacrifice of carrier revenues."

Export Grain from Buffalo to New York, 292 I.C.C. 647, and *Iron Ore, Ex-Labrador, Canada to Youngstown, Ohio Area*, 302 I.C.C. 109, are to the same effect. In the latter proceeding, the Pennsylvania Railroad had published reduced rates from Philadelphia to offset competitive rates published by the New York Central. The Commission found that the New York Central rates were competitive and lawful and, accordingly, ordered the reduced rates of the Pennsylvania cancelled on the ground that they would be destructively competitive, saying:

> "The proposed reduction from Philadelphia is disapproved for the reason that it would result in a rate war and in needless dissipation of greatly needed carrier revenue, and thus constitute an unfair and *destructive competitive practice* in contravention of the national transportation policy." (Id. at 117). (Emphasis supplied.)

These holdings follow past precedent, wherein the Commission has consistently condemned rates which would bar other carriers from an opportunity to compete effectively at reasonable rate levels. See, for example, *Shoe Dressing in Official Territory*, 246 I.C.C. 579, 582; *Coke from Southern Points to Southern Ports*, 204 I.C.C. 767, 773; and compare *Jefferson Island Salt Mining Co. v. United States*, 6 F. 2d 315, 318; *Atlanta and Saint Andrews Bay Ry. v. United States*, 104 F. Supp. 193, 199; and *Scandrett v. United States*, 32 F. Supp. 995, 998, aff'd, 312 U.S. 661.

The Commission's suggestion (e.g., R. 3806; 311 I.C.C. at 741) and the appellants' arguments to this Court assert that recognition of the right of the Boston carriers to reduce their rates would automatically *compel* a sanctioning of lower southern rates, leading to rate warfare, is simply absurd. As this Court said in a similar set of circumstances:

> "The danger is illusory. The whole situation is subject to the power of the Commission which may keep the changes within bounds." *United States v. Chicago, M. & P. R.R. Co.*, 294 U.S. 499, 509.

POINT IV. THE DISTRICT COURT PROPERLY CONCLUDED THAT THE COMMISSION'S ORDER WITH RESPECT TO THE BOSTON RATES SHOULD BE SET ASIDE AND PERMANENTLY ENJOINED, RATHER THAN BE REMANDED TO THE COMMISSION.

A. *Settled Principles Governing The Relationship Between Courts And Administrative Agencies Demonstrate That Recommittal Will Not Be Ordered Where The Record Discloses That It Would Be Essentially Wasteful Or Grossly Inequitable.*

In defining the proper relationship between the Federal courts and administrative agencies, this Court has developed a consistent body of doctrine embracing principles of fundamental importance with respect to the division of functions between courts and administrative agencies. And, of course, it has been made very clear that where Congress has committed determinations to an agency, courts must carefully refrain from trespassing upon the administrative domain, and judicial review gives to the judges neither justification nor excuse to decide what Congress has committed elsewhere for decision. E.g., *Federal Power Commission v. Idaho Power Co.*, 344 U.S. 17, 20-21. Accordingly, no one questions that, if the administrative agency's errors of law have resulted in undue abbreviation of the administrative process, the reviewing court's task is at an end when an agency's "error of law is laid bare" (id. at 20), and recommittal is appropriate, since the agency should be given the opportunity to apply the correct legal standards to the issue at hand. (Ibid.)

Recommittal—once error is exposed—is not, however, an inexorable and unalterable command. The very principles which call for recommittal in particular cases act *also* to preclude recommittal in others. Thus, for example, recommittal is not ordered where the process would be essentially "academic" and wasteful, as where, under any view of the law and the evidence, the result could be but one way. See, e.g., *Gilbertville Trucking Co. v. United States*, 371 U.S. 115, 130; *Interstate Commerce Commission v. Diffenbaugh*, 222 U.S. 42, 47-48; *Diminich v. Esperdy*, 299 F.2d 244, 248, cert. den., 369 U.S. 844. Limitations upon recommittal also inhere in the fact that courts do not review administration action garbed in a statutory strait-jacket, but rather as courts of equity.

> "The jurisdiction to review . . . is vested in a court with equity powers, and while the court must act within the bounds of the statute and without intruding upon the administrative province, it may adjust its relief to the exigencies of the case in accordance with the equitable principles governing judicial review." *Ford Motor Co. v. National Labor Relations Board*, 305 U.S. 364, 374.[30]

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[30] The fundamental reason that a court necessarily reviews administrative action with the broad powers of a court of equity is discussed by Professor Jaffe:

> "But the statute under which an agency operates is not the whole law applicable to its operation. An agency is not an island entire of itself. It is one of the many rooms in the magnificent

There are, of course, any number of decisions expressly holding that the federal courts sit with broad equity powers in reviewing the decisions of the Commission. See, e.g., *Texas & Pacific Ry. Co. v. Interstate Commerce Commission*, 162 U.S. 197, 239; *Inland Steel Co. v. United States*, 306 U.S. 153, 157-158; cf. *United States v. Morgan*, 307 U.S. 183, 191.

It is apparent, therefore, that recommittal will not be ordered where it would be inequitable to do so. Considerations basic to our legal system preclude the idea that the participants in the administrative process must inevitably run again and again the gauntlet of the administrative process every time the agency fails to perform completely its task. The ancient maxim that justice delayed is justice denied is not without application to the economic regulatory agencies. Thus, the Administrative Procedure Act, 5 U.S.C. § 1001, et seq., which clearly applies to the Commission,[31] specifically recognizes that administrative action "shall proceed with reasonable dispatch" (id., § 1005(a)), a right which is judicially enforceable. *Deering Milliken, Inc. v. Johnston*, 4 Cir., 295 F.2d 856, 860-864.

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mansion of the law. The very subordination of the agency to judicial jurisdiction is intended to proclaim the premise that each agency is to be brought into harmony with the totality of the law; the law as it is found in the statute at hand, the statute book at large, the principles and conceptions of the 'common law', and the ultimate guarantees associated with the Constitution." Thus in the review of administrative actions a court may appeal to criteria of validity which have no specific locus in the statute." Jaffe, *Judicial Review: Question of Law*, 69 Harv. L. Rev. 239, 274-275.

[31] *Minneapolis & St. Louis Ry. Co. v. United States*, 361 U.S. 173, 192.

B. *The Record In This Case Fully Discloses That Recommittal On The Issue Of Lawfulness Of The Boston Rates Would Be Wasteful And Inequitable.*

1. Recommittal Would Be Wasteful and Accomplish Nothing But Delay

The record on this appeal demonstrates clearly that further Commission consideration of the proposed Boston rates would be wasteful and productive of nothing but further delay since this record indicates nothing which even suggests that the proposed Boston rates are unlawful.

a. The Section 3(1) issue.

So far as concerns the issue of Section 3(1), remand of the Boston rates to the Commission would, we submit, serve no useful purpose. The facts are not disputed. The Commission in its Original Report, pointed out that competitive considerations are the touchstone of port rate adjustments, that distance disregard is the rule, rather than the exception, in such adjustments, and that the distance disregard inherent in the Boston and other northern tier carrier rates was much less than commonly prevails elsewhere in parity or near-parity adjustments. The Commission also found, so far as Boston is concerned, that, even with parity, Boston will have difficulty competing, and no one has ever suggested either that Boston has no competitive necessity for parity or that, if accorded parity, it would be over-competitive.

On these facts, when viewed in the light of the singularly clear legal principles which the Commission itself reaffirmed in its Original Report, we think it clear that the District Court properly concluded that the result on remand could be but one way. Accordingly, it properly exercised its equity jurisdiction not to remand, and that determination should not be disturbed here.

b. The Section 1(5) issue.

So far as concerns the issue of Section 1(5), remand of the Boston rates to the Commission in order that it may make a specific finding of justness and reasonableness cannot be justified. The Commission's technical omission to find the Boston rates just and reasonable is no warrant for the delay and consequent injury to the Boston carriers and port interests which would result from remand, particularly where neither of the Commission's reports indicates any basis whatsoever for believing these rates to be unreasonable.

So far as concerns Section 1(5) the Commission had before it:

(1) The evidence, consisting of the northern carriers' *prima facie* justification of their rates on the basis of revenues, and the southern carriers' cost evidence in rebuttal, including an analysis by the Pennsylvania and Baltimore & Ohio Railroads of their own New York harbor costs; and

(2) A recommendation by the Hearing Examiner that the Commission find the northern rates, as a group, not shown to be just and reasonable. (R. 3729)

So far as concerns the evidence, the Commission noted, in its Original Report, the absence of any material controversy as to the so-called inland-terminal and line-haul costs, saying:

> "The parties are in substantial agreement as to the correctness of data for these two elements of cost." (R. 3793; 311 I.C.C. at 731)

It then proceeded to identify the areas of disagreement as those principally affecting *New York* harbor costs, saying, first,

> "The principal area of controversy concerns the port terminal costs, especially those for the marine operations at New York . . ." (R. 3793; 311 I.C.C. at 732)

and

> "The peculiar methods used in handling most of the import-export traffic at New York have been described. Typical elements of these costs include the expense of switching between trainyards and the float bridges or lighterage piers, station service, float-bridge service, and water operations." (R. 3794; 311 I.C.C. at 732)

and still further,

> "Another area of disagreement is the degree in which the New York port costs, particularly those incident to the respondents' marine operations in the harbor, are variable with changes in traffic volume." (R. 3795; 311 I.C.C. at 733)

The Commission considered these areas of disagreement and sharply criticized the *southern tier carriers'* showing of New York costs, pointing out that they were limited to general cargo traffic, which is lightered, and omitted costs and revenues on bulk commodities which are handled by much less expensive direct transfer from pier to ship. Thus, the Commission said,

> "However, as *the protestants' showing* is limited to cost for general cargo handled by the predominant or normal method at New York, no revenues were shown and no costs determined for bulk commodities handled by direct transfer, such as grain and ore . . ." (R. 3792; 311 I.C.C. at 73) (Emphasis supplied.)

The Commission then proceeded to use these southern tier carrier costs which it had just criticized as unrealistically high, restate them into out-of-pocket costs at the "traditional estimated level" of 80 percent of fully distributed costs, make certain other adjustments (minor in nature) and then to find that

> ". . . application of the resulting costs to the New York traffic indicates that the revenue from the proposed rates would equal or exceed by a very small margin the estimated out-of-pocket costs. . ."[32] (R. 3797; 311 I.C.C. at 734)

The Commission went on, moreover, to repeat its misgivings concerning the *fairness to the northern tier carriers* of premising such cost findings upon only one type of traffic—general cargo—which is handled generally by only one method and that the most expensive, namely, lighterage.

On the basis of this analysis of the evidence and its own conclusion therefrom that even if *average costs at New*

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[32] As dissenting Commissioner Webb pointed out,

"Included in the estimated out-of-pocket costs is a return of 4 percent on investment after Federal income taxes. None of the respondent railroads serving the port of New York had an average rate of return on investment of 4 percent for the years 1946-1957, inclusive. The record shows that for 1957 respondent Lehigh Valley had a return of 0.44 percent and respondent New Haven a return of 0.08 percent. Annual reports filed with the Interstate Commerce Commission show that respondent New York Central's rate of return on investment in 1958 was only 0.61 percent and that the New Haven failed to make any return at all on its investment in 1958 and 1959.

"It is clear, therefore, that the proposed rates which are found to 'equal or exceed by a small margin' the 'estimated out-of-pocket costs' (which include a 4 percent return on investment after Federal income taxes) would not burden domestic traffic. Rather, the record shows that the proposed rates would make a far greater contribution to the total transportation burden than the rates applicable to other traffic." (R. 3813; 311 I.C.C. at 746-747)

York were as great as claimed by the southern carriers, the New York rates would produce revenues equal to or in excess of out-of-pocket costs, including 4% return on investment, the Commission disavowed and rejected—by refusing to adopt—its Examiner's recommended finding that the northern tier carriers' rates, as a group, had not been shown to be just and reasonable. Plainly, the Commission had no other choice.

The Commission's language is admittedly inept, and the southern tier interests have taken advantage of this fact to completely distort its meaning to this Court. It is perfectly clear from a reading of the entire Original Report, however, that when [illegible] Commission said (after noting that, on the basis of the southern tier carriers' cost studies, it had concluded that the New York rates were compensatory):

> "However, a presentation of costs adequate to determine whether the proposed rates would be reasonably compensatory should embrace all types of traffic which those rates are expected to attract, and should reflect the costs of the specific methods by which they would be handled." (R. 3797; 311 I.C.C. at 734)

the Commission was reiterating *precisely* what it earlier had said *critically* with respect to those same southern tier showings of New York costs, namely,

> "as the protestants' showing is limited to cost for general cargo handled by the predominant or normal method at New York, no revenues were shown and no costs determined for bulk commodities handled by direct transfer, such as grain and ore. . ." (R. 3792; 311 I.C.C. at 731)

Both of these statements plainly say that cost studies based on both types of traffic (general cargo and bulk) and all methods of handling cargo (including direct transfer between ship and pier and not merely Marine service handling) would obviously be more favorable to the New York carriers than was the southern tier carriers' cost showing.[33]

Be that as it may, however, it is clear beyond cavil that this record makes clear that the Commission *could not* properly have held concern as to the reasonableness of the Boston rates. *The Boston carriers* made a *prima facie showing of adequate revenues*, and there were no replies to that showing which the Commission regarded as even worth mentioning in either of its Reports. Moreover, the Commission's finding that revenues from the New York rates would equal or exceed out-of-pocket costs (even using the southern carriers' higher than average cost data) when taken with the Commission's own clear findings of the relationship between the Boston and New York carriers' costs make it abundantly clear that Boston's rates would be substantially more remunerative to the Boston carriers than New York's rates would be to the New York carriers, that the Boston rates *ipso facto* would be substantially above the level required to cover out-of-pocket costs, including 4% return on investments, and accordingly, would be just and reasonable.

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[33] Dissenting Commissioner Webb said precisely the same thing, but more articulately, in criticism of the southern tier carriers' cost study, "This study did not include traffic handled by the least expensive means, that is, traffic transferred direct between car and ship and not handled in lighterage, car float, or trucking in lieu of lighterage service. In September 1956, respondent New York Central transferred 30 percent of its traffic at New York direct from car to ship. If the cost evidence had included 'heavy-moving bulk commodities' transferred directly between ship and shore and which the respondents hope to attract by rate equalization, it is reasonable to assume that the showing of compensativity would be enhanced rather than diminished." (R. 3812; 311 I.C.C. at 746)

The Commission's findings show beyond question that the Boston carriers incur substantially lower over-all costs than the New York carriers, because their much lower port terminal costs far more than compensate for the modest advantage in line-haul costs which New York enjoys, due to its closer proximity to Affected Territory. Thus, the Commission's findings make clear that the Boston carriers do not incur any of the unusual harbor costs associated with lighterage, trucking in lieu of lighterage and car floatage services which the New York carriers perform. These are admittedly costly services,[34] and their costs far exceed the additional costs which the Boston carriers incur by reason of their somewhat longer line-hauls.[35]

All of the foregoing findings and conclusions are contained in the Original Report. In its Report on Reconsideration, the Commission, although purporting to consider the northern tier carriers' rates on an individual port basis, rather than as a group, confined itself to Section 3(1) issues and made no reference whatsoever to Section 1(5). Had the Commission adverted to the Section 1(5) issue on reconsideration and dealt with the rates on an individual port basis, its own Original Report makes clear that it could not properly have refused to find the Boston rates just and reasonable.[36] Indeed, it is plain that the reason that the Commission did *not* address itself to the question of the reasonableness of the Boston rates in the Report on Reconsideration is precisely because it realized there could be no serious issue with respect to them.

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[34] The Commission's findings at R. 3797-98; 311 I.C.C. at 735, show that the fully-distributed cost of lighterage and trucking in lieu of lighterage at New York during a test period was $4.99 per ton. If, as the Appellee New York carriers contend, approximately 60% of this cost represents out-of-pocket expense, the cost attributable to lighterage (or trucking in lieu thereof) of the contents of a typical 27-1/2 ton car would be approximately $82.50. If 80% of fully-distributed cost be considered out-of-pocket cost, the corresponding figure would be approximately $103.

[35] The Commission found at R. 3793; 311 I.C.C. 731-732 that Boston has a line-haul cost disadvantage in relation to New York of only $33.07 per car in costs which vary with the number of cars handled, and $1.18 per ton in costs which vary with the number of tons handled. This would represent, on a typical 27-1/2 ton box car, a total cost disadvantage of only $65.52.

[36] The contention advanced to this Court by the southern tier car-

In these circumstances, we submit, the District Court was clearly right in not remanding the Boston rates.

c. Section 4 issues.

There remains to be answered the one further "red-herring" argument which the southern tier carriers and port interests have advanced to this Court in an attempt further to forestall the effectiveness of Boston's *proposed* parity rates. That contention is that, if the Boston rates, and the Boston rates only, are permitted to become effective, as they would if this Court were to affirm the District Court's action only with respect to the proposed Boston rates, Boston's approved parity rates would be lower than the *present* rates to and from the ports of New York, Albany and Philadelphia *over some routes*, i.e., the routings *through* the ports of Albany, New York and Philadelphia and *in such instances* might be violative of the long-and-short-haul provisions of Section 4 of the Act. This, the southern tier carrier and port interests speciously argue, calls for remand of the entire proceeding, including the Boston rates portion thereof, to the Commission.[37]

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riers—that when the New Haven Railroad's analysis of Boston costs is compared with the revenues which the Boston carriers would receive on grain and other bulk commodities, operating losses are shown (Brief for Appellants, page 44)—must be completely disregarded. Such a comparison is meaningless, because the costs used are average costs far in excess of those incurred in the predominantly-mechanized port handling of bulk-commodities. The southern tier carriers knew the contention to be specious and did not even advance it before the Commission.

[37] The southern tier carrier and port interests do not suggest—although the Department of Justice appears to—that remand is necessary because the northern tier carriers' original Fourth Section Application No. 32204 remains undisposed of. This suggestion is obviously with-

Of all the spurious contentions which have been advanced by the southern tier carrier and port interests in this proceeding, this is probably the most absurd. The Court will note that the language quoted from the Commission's Report on Reconsideration compares Boston's *proposed* parity rates with the *present* rates from Albany, New York and Philadelphia, all of which are differentially higher than Baltimore's present rates. The Commission then points out that, if Boston's rates were the only rates permitted to be reduced to the Baltimore level, such rates would—over certain routings *through* the ports of Albany, New York and Philadelphia—involve departures from the standards of Section 4.

The Commission made this statement only in passing, and was careful to limit its comment to "over some routes". The Commission was well aware (as are appellants) that, via many other and important routings available to the Boston carriers, there are no Fourth Section problems as to these or any other ports and that the Boston rates could properly become effective over such other routes immediately without Fourth Section relief, except as to the noncompetitive inland points covered by the northern carriers' original Fourth Section application.

Another answer to the southern carriers' and port interests' contention is that, when the Boston rates become legally effective over such routes as do not involve Fourth Section departures, the Boston carriers will be in a position to seek such Fourth Section relief as they think appropri-

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out merit. It is common practice, dictated by necessity in proceedings of this type, for carriers to await final action on the substantive aspects of their rate proposals before submitting the specific Fourth Section Application data required to be filed. Thus, in their initial brief to the Examiner, the northern tier carriers stated,

> "It is contemplated that an amendment to the present Fourth Section Application No. 32204, giving the usual detailed analyses of the Fourth Section departures, will be filed upon receipt of the Commission's decision on the broad question of port equalization."

ate, which, presumably, would be readily forthcoming. E.g. *Texas & Pac. Ry. Co. v. United States*, 289 U.S. 627, 637. If New York's and Albany's parity rates are approved, and the Philadelphia carriers publish rates on the Baltimore level, no relief will be needed. If Albany's are the only other parity rates which are approved, the Boston carriers might well decide not to publish their parity rates over the circuitous routes which pass through Philadelphia and New York.

In other words, the alleged Fourth Section "problem", far from being one of substance, involves only clerical and administrative problems for the Boston carriers' traffic departments. This Court can and should resolve those "problems" by affirming the District Court's action relative to the Boston rates, subject only to such further permissions, if any, as the Boston carriers may choose to seek pursuant to Section 4 of the Act.

2. Recommittal Would Be Grossly Inequitable To The Boston Carriers And Port Interests And Is Entirely Unnecessary.

Recommittal of the Boston rates for further Commission action would unconscionably delay and interfere with the right of the Boston carriers to make their tariffs effective. This matter has been before the Commission and the courts for *nearly seven years*—since 1956. Recommittal can only portend interminable further delay, before the Commission and in still further proceedings before the courts—all of which, of course, is the aim of the southern tier carriers and port interests.

The injustice which recommittal would work becomes even more apparent when it is recalled that the Commission has *already* twice considered this matter. The first time, it erroneously focused its attention solely on the New York rates, treating the northern carriers' proposal as a group reduction, and viewing the northern tier ports other than New York as of no competitive importance. The United States confessed error, and the Commission undertook reconsideration on its own motion. The second time around, the Commission presented the parties with a decision which (1) the District Court found to be erroneous in law and to lack the rational basis necessary to uphold it, and (2) the findings of which, in the language of the brief filed in this Court by the United States,

> "lump together the relevant and irrelevant and do not provide a rational basis for its conclusion . . ."

There comes a time when embattled litigants are entitled to be protected from delay and the studied arbitrariness of an administrative agency. As pointed out in the preceding section of this brief, there is nothing in this case which can properly be said to call for further Commission consideration, and the Boston carriers have quite obviously reached the point at which they are entitled to protection against further protracted delay.

It should be pointed out, in conclusion, that in balancing the equities of recommittal or not, the Court is not required to reach any final or binding determination as to whether the Boston rates are lawful. This proceeding is *only* an appeal from an order of the Commission made pursuant to its investigation and suspension powers under Section 15(7) of the Act. If recommittal be denied, and the decree of the lower court be confirmed, the Commission is *not* thereby foreclosed from considering the matter further. Complaint proceedings may be instituted under Section 13(1) to test further the validity of the rates. And, under Section 13(2), the Commission itself may, on its own motion, fully inquire into the validity of these rates. This ready availability of other channels for further investigation into the validity of the rates, coupled with the manifest injustice which would inhere in compelling the Boston carriers and port interests to run the lengthy course of the administrative and judicial processes for yet a third time argues compellingly, we submit, for affirmance of the lower court's judgment with respect to the Boston rates. (pp. 72-74)

Conclusion

For the reasons stated, the decree of the District Court should be affirmed insofar as it enjoins the Commission's order with respect to the proposed Boston rates.

Respectfully submitted,

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Appendix

The National Transportation Policy (49 U.S.C. preceding Sections 1, 301, 901 and 1001) and the Interstate Commerce Act, 24 Stat. 379, as amended (49 U.S.C. 1 *et seq.*), provide as follows:

NATIONAL TRANSPORTATION POLICY

It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; to cooperate with the several States and the duly authorized officials thereof; and to encourage fair wages and equitable working conditions;—all to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as other means, adequate to meet the needs of the commerce of the United States, of the Postal Service, and of the national defense. All of the provisions of this act shall be administered and enforced with a view to carrying out the above declaration of policy.

* * * * *

Sec. 1 * * * (5) All charges made for any service rendered or to be rendered in the transportation of passengers or property as aforesaid, or in connection therewith, shall be just and reasonable, and every unjust and unreasonable charge for such service or any part thereof is prohibited and declared to be unlawful.

Sec. 3(1) It shall be unlawful for any common carrier subject to the provisions of this chapter to make, give or cause any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic, in any respect whatsoever; or to subject any particular person, company, firm, corporation, association, locality, port, port district, gateway, transit point, region, district, territory, or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever: *Provided, however*, That this paragraph shall not be construed to apply to discrimination, prejudice, or disadvantage to the traffic of any other carrier of whatever description.

Sec. 4(1) It shall be unlawful for any common carrier subject to this chapter or chapter 12 of this title to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through rate than the aggregate of the immediate rates subject to the provisions of this chapter or chapter 12 of this title, but this shall not be construed as authorizing any common carrier within the terms of this chapter or chapter 12 of this title to charge or receive as great compensation for a shorter as for a longer distance: *Provided*, That upon application to the Commission and after investigation, such carrier, in special cases, may be authorized by the Commission to charge ss for longer than for shorter distances for the transportation of passengers or property, and the Commission may from time to time prescribe the extent to which such designated carriers may be relieved from the operation of the foregoing provisions of this section, but in exercising the authority conferred upon it in this proviso, the Commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed; and no such authorization shall be granted on account of merely potential water competition not actually in existence: *Provided further*, That any such carrier or carriers operating over a circuitous line or route may, subject only to the standards of lawfulness set forth in other provisions of this chapter or chapter 12 of this title and without further authorization, meet the charges of such carrier or carriers of the same type operating over a more direct line or route, to or from the competitive points, provided that rates so established over circuitous routes shall not be evidence on the issue of the compensatory character of rates involved in other proceedings: *And provided further*, That tariffs proposing rates subject to the provision of this paragraph requiring Commission authorization may be filed when application is made to the Commission under the provisions hereof, and in the event such application is approved, the Commission shall permit such tariffs to become effective upon one day's notice.

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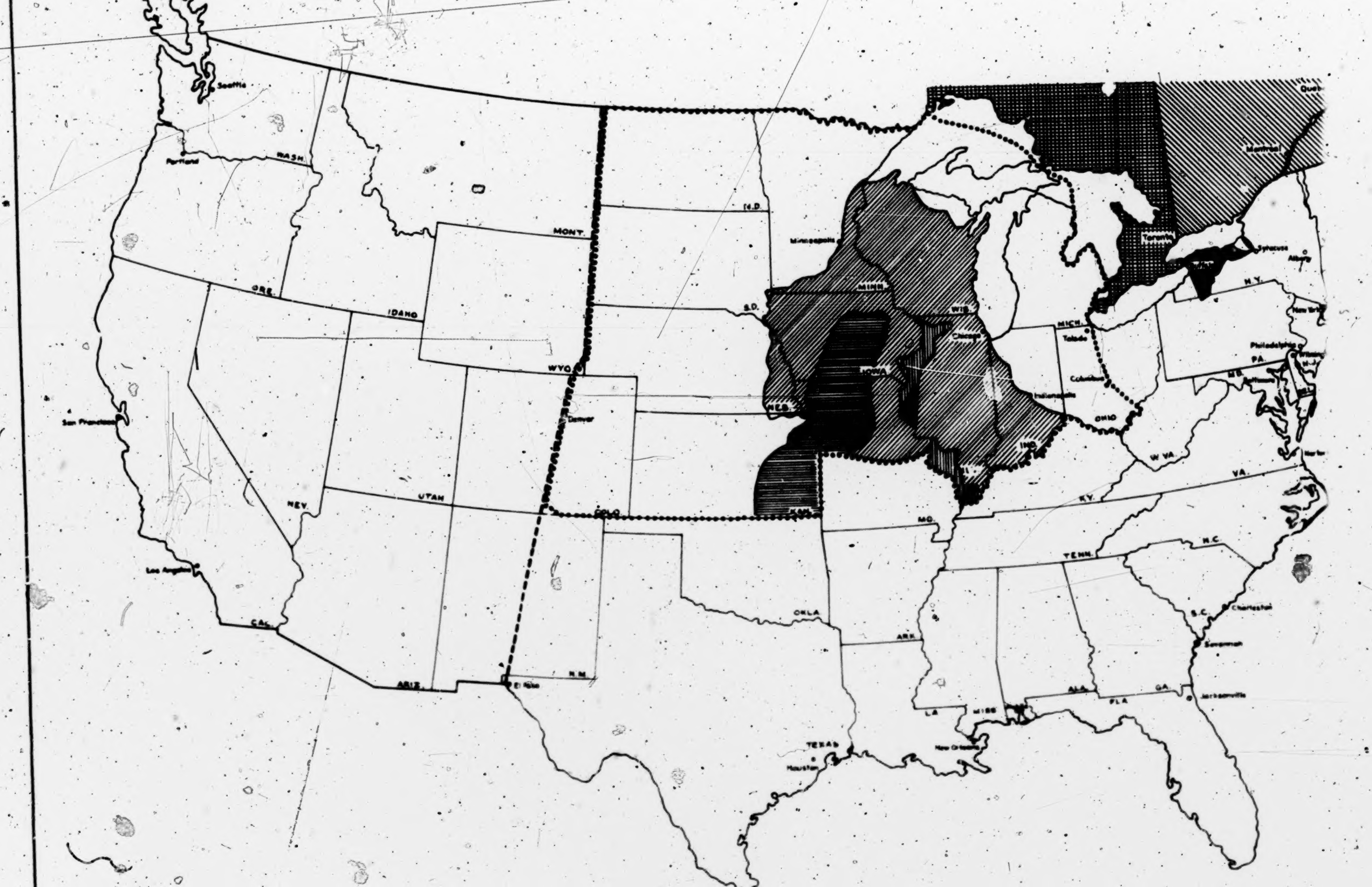
Sec. 15 • • • (7) Whenever there shall be filed with the Commission any schedule stating a new individual or joint rate, fare, or charge, or any new individual or joint classification, or any new individual or joint regulation or practice affecting any rate, fare, or charge, the Commission shall have, and it is given, authority, either upon complaint or upon its own initiative without complaint at once, and if it so orders without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, fare, charge, classification, regulation or practice; and pending such hearing and the decision thereon the Commission, upon filing with such schedule and delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such schedule and defer the use of such rate, fare, charge, classification, regulation, or practice but not for a longer period than seven months beyond the time when it would otherwise go into effect; and after full hearing, whether completed before or after the rate, fare, charge, classification, regulation, or practice goes into effect the Commission may make such order with reference thereto as would be proper in a proceeding initiated after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change of rate, fare, charge, classification, regulation or practice shall go into effect at the end of such period; but in case of a proposed increased rate or charge for or in respect to the transportation of property, the Commission may by order require the interested carrier or carriers to keep accurate account in detail of all amounts received by reason of such increase, specifying by whom and in whose behalf such amounts are paid and upon completion of the hearing and decision may by further order require the interested carrier or carriers to refund, with interest, to the persons in whose behalf such amounts were paid such portion of such increased rates or charges as by its decision shall be found not justified. At any hearing involving a change in a rate, fare, charge or classification, or in a rule, regulation, or practice, after September 18, 1940, the burden of proof shall be upon the carrier to show that the proposed changed rate, fare, charge, classification, rule, regulation, or practice is just and reasonable, and the Commission shall give to the hearing and decision of such questions preference over all other questions pending before it and decide the same as speedily as possible.

Sec. 15a * * * (2) In the exercise of its power to prescribe just and reasonable rates the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management to provide such service.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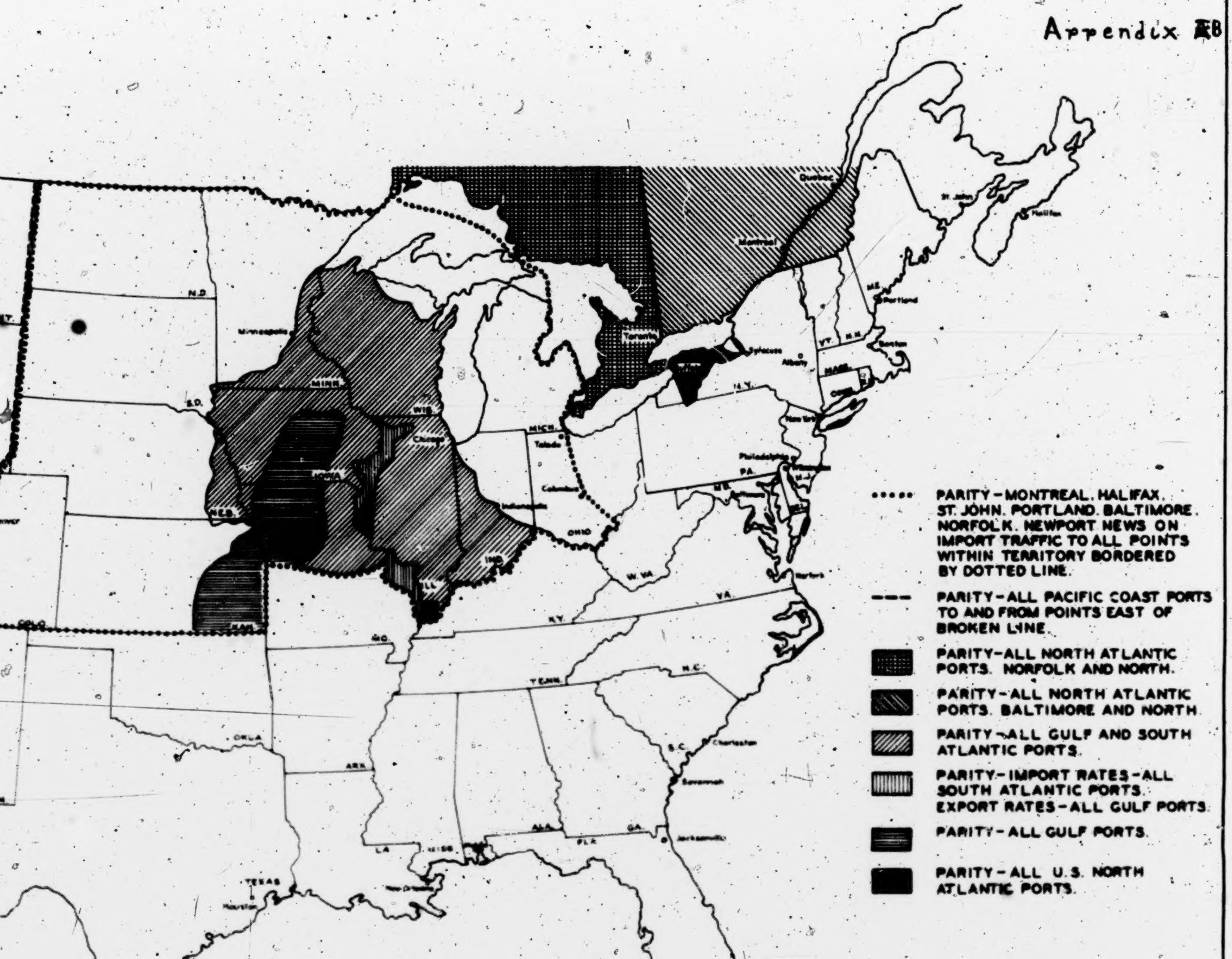
WITNESS
EXHIBIT 29-1

Appendix B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••••• PARITY – MONTREAL, HALIFAX, ST. JOHN, PORTLAND, BALTIMORE, NORFOLK, NEWPORT NEWS ON IMPORT TRAFFIC TO ALL POINTS WITHIN TERRITORY BORDERED BY DOTTED LINE.

– – – PARITY – ALL PACIFIC COAST PORTS TO AND FROM POINTS EAST OF BROKEN LINE.

▦ PARITY – ALL NORTH ATLANTIC PORTS, NORFOLK AND NORTH.

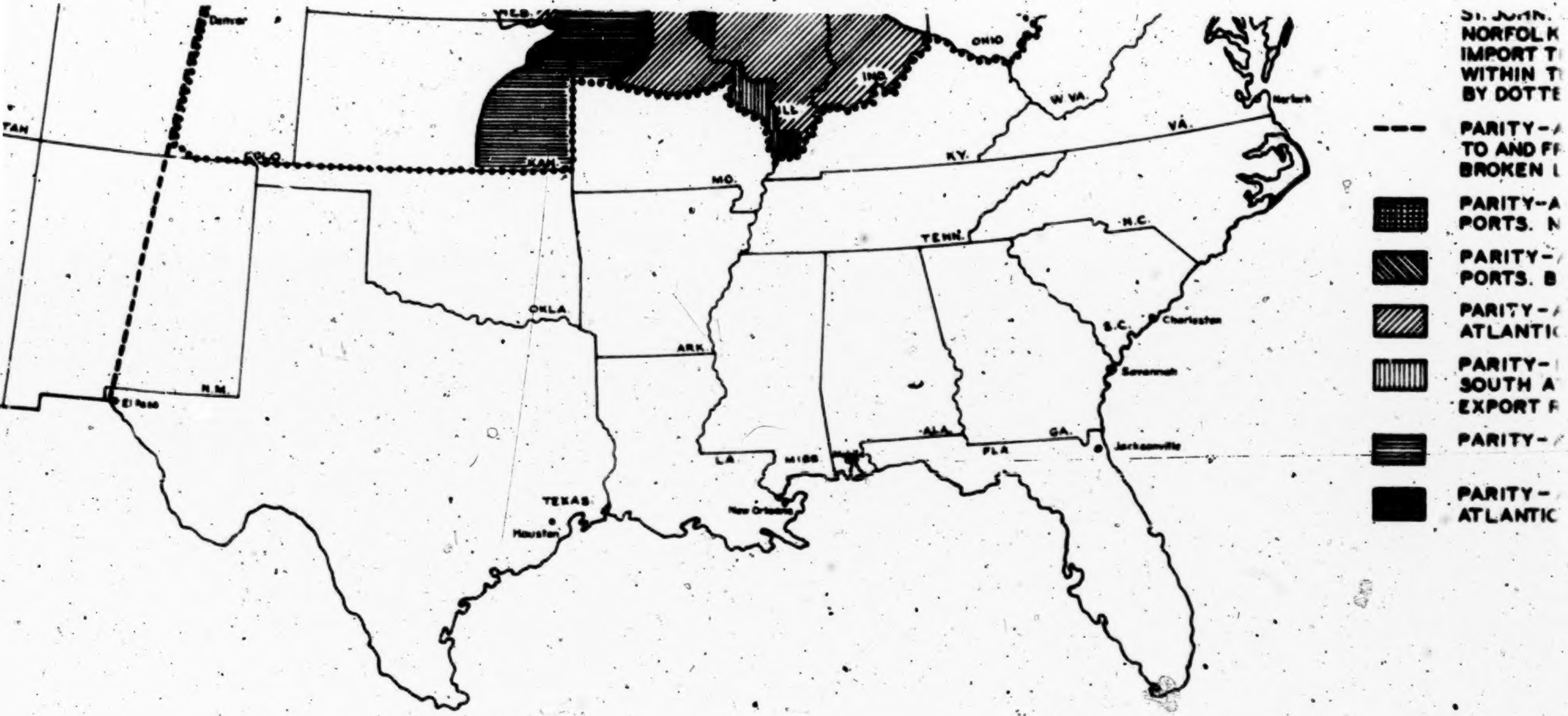
▧ PARITY – ALL NORTH ATLANTIC PORTS, BALTIMORE AND NORTH.

▨ PARITY – ALL GULF AND SOUTH ATLANTIC PORTS.

▥ PARITY – IMPORT RATES – ALL SOUTH ATLANTIC PORTS. EXPORT RATES – ALL GULF PORTS.

▤ PARITY – ALL GULF PORTS.

■ PARITY – ALL U.S. NORTH ATLANTIC PORTS.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MAP ILLUSTRATING EXTENT OF
UNITED STATES AND CANADIAN
INTERIOR TERRITORIES ENJOYING PARITY
OF IMPORT - EXPORT RAILROAD RATES VIA
ATLANTIC, GULF AND PACIFIC COASTAL PORTS

Office Supreme Court, U.S.
FILED
MAR 21 1963
JOHN F. DAVIS, CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1962

No. 97

THE BALTIMORE AND OHIO RAILROAD COMPANY, CANTON RAILROAD COMPANY, THE CHESAPEAKE AND OHIO RAILWAY COMPANY, NORFOLK AND WESTERN RAILWAY COMPANY, THE PENNSYLVANIA RAILROAD COMPANY, READING COMPANY, AND WESTERN MARYLAND RAILWAY COMPANY,

Appellants,

v.

BOSTON AND MAINE RAILROAD, ET AL.,

Appellees.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

REPLY BRIEF FOR APPELLANTS

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March 21, 1963.

The Daily Record Co., Baltimore 3, Md.

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Appellees.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

REPLY BRIEF FOR APPELLANTS

On the primary issue in this litigation the appellant railroads are in complete agreement with the position taken in the reply briefs of the appellants in No. 98 and the Interstate Commerce Commission as appellant in No. 99. This reply brief will be concerned with the principal point that in promoting the equalizing rates to and from New York and the other northern tier ports the appellee railroads lost before the Commission because they failed to sustain the burden of proving them lawful under section 15(7), and in this Court, they should lose for the same reason.

The lower court's decision, the effect of which was to relieve the appellees of their burden of proof by imposing a parity of rail rates without regard to acknowledged transportation standards, should be summarily reversed. There is no valid reason for a remand.

REPLY ARGUMENT

I. The Failure of Appellees to Prove the Proposed Equalizing Rates to be Reasonable.

When the appellee railroads filed their equalizing rates from New York and the other northern tier ports, they assumed the burden of proving such rates to be "just and reasonable." This is the clear mandate of section 15(7) of the Interstate Commerce Act, and as stated in the opinion of the lower court (R. 3999):

> "Under 49 U.S.C. §15(7), the plaintiffs had the burden of proof to show that the proposed rates are 'just and reasonable' within the meaning of section 1(5), free from unjust discrimination prohibited by section 2 and that they contain no undue preference or prejudice proscribed by section 3(1)."

In the proposed report of Examiner Boat (which followed extensive hearings before the Commission at which the appellees and appellants as well as many other parties submitted evidence) it was recommended to the Commission that (R. 3729):

> "The Commission should find: (1) That respondents [appellees] have not shown that their proposed rates would be just and reasonable; (2) that they have not shown that they would be reasonably related to those on like traffic between the same interior points and the southern tier ports; and (3) that their proposed rates would result in undue preference and advantage of

> the northern tier ports, particularly New York, and undue prejudice and disadvantage to the southern tier ports."

The Commission, however, limited its ultimate findings o the relationship issue, holding in its original report of December 5, 1960 (R. 3806-7):

> "We find that the respondents' [appellees'] proposed rates are not shown to be reasonably related to the present rates on like traffic between the same interior points and the southern tier ports, and that the proposed rates would result in undue preference of and advantage to the northern tier ports as a group and in undue prejudice and disadvantage to the southern tier ports * * *"

Upon reconsideration the Commission's disposition was the same (R. 3855):

> "Upon reconsideration, we find that the proposed rates to and from Albany, New York, Boston, and Portland, separately and collectively, are not shown to be reasonably related to the present rates on like traffic to and from the southern tier ports, and would cause undue preference of and advantage to the named ports and undue prejudice and disadvantage to the southern tier ports. * * *".

The Commission, in other words, concluded that on the relationship issue the appellee railroads had failed to sustain their burden of proof. It was not necessary for the Commission to go further in disposing of the litigation.

Now, however, with a decision of the lower court reversing the Commission on the relationship issue, it is vital for the appellee railroads to show that, aside from producing a lawful relationship, the proposed equalizing rates are "just and reasonable" from the point of view of level. This is an inescapable part of the burden of proof of any carrier proposing rate changes under section 15(7).

Where do the appellees discover such a finding? They produce one out of thin air by arguing (Brief of Appellee Railroads, at p. 55):

> "When the Commission issued its Original Report, fourteen months after the Examiner's report, it was logical that the Commission should first dispose of the just and reasonable aspects of the rates proposed by Appellee Railroads before taking up the issue of rate relationship. It did so. The Commission found no basis for declaring that the proposed rates of Appellee Railroads had not been shown to be just and reasonable. It rejected the adverse finding recommended by the Examiner (R. 3807; Certified Transcript of Oral Argument before the District Court, p. 73 (Oct. 16, 1961))."

This is indeed a novel approach.

The Commission it is true did not incorporate in its ultimate findings the Examiner's conclusion that the equalizing rates had not been shown to be just and reasonable. But certainly this omission cannot be converted into an affirmative finding that the rates were shown to be just and reasonable.

The appellee railroads say that the Commission, by omitting the Examiner's conclusion, "rejected" it. This is not so. There was no rejection, and appellees point to none. Nor can a rejection be implied. In fact, the exact opposite is true. The Commission in its report pointed out that the appellees had failed to prove that the proposed equalizing rates to and from New York would be compensatory (R. 3797). In the opinion of the lower court it is noted that the Commission "refused to find the rates compensatory * * *" (R. 4001). Rates that are not shown to be compensatory can hardly qualify as just and reasonable. Even compensatory rates may fall short of being just and reasonable. *New York Central Railroad Co. v. United States*, 207 F. Supp. 483, 495.

In the circumstances the appellees are forced to rely upon the analysis by the lower court of the evidence before the Commission and that court's conclusion that "the plaintiffs [appellees] certainly established prima facie that the proposed rate schedule is just and reasonable" (R. 4001).

The appellees do not and cannot justify this performance by the lower court of a function specifically assigned to the Commission by the Interstate Commerce Act. Whether or not the appellees sustained the burden of proving their rates to be just and reasonable was a question for the Commission to decide, certainly in the first instance. Here, by refusing to find the rates to be compensatory, the Commission did in effect decide that question — against the appellees.

The finding to the contrary by the lower court is defended by the appellees on the grounds that (1) the standards of reasonableness used by the court were proper, (2) a cost study by appellees "would have been an impossible task," and (3) the Commission found no "warrant" for such a study (Brief of Appellee Railroads, at pp. 55-63).

In this reply brief it is not our purpose to point up the shortcomings in the standards adopted by the lower court to find the equalizing rates to be just and reasonable. This has been done previously (Brief of Appellant Railroads, at pp. 15-18). Their defense in the brief of appellee railroads only emphasizes their defective character. An example is appellees' heavy reliance upon the fact that revenues under the proposed rates "would be about double the average revenues produced by all its [New York Central's] other freight operations" (Brief of Appellee Railroads, at p. 56). Such a revenue level, any revenue level, is a completely meaningless standard unless related to relevant expenses. In the case of the New York Central the point is beyond argument. During the course of the hearings before the

Commission there was public acknowledgment that the New York Central's incurred in the one year of 1957 a *loss* of $10,350,000 on its freight service to New York, including the "lighterage service which enhances New York harbor" (R. 3624).

Moreover, it is impossible to take seriously appellees' argument that a cost study "would have been an impossible task." Appellees are equipped to make cost studies, and they do so at any time when it serves their purpose (R. 1309-10; 1314-5). See *Iron Ore (ex-Labrador, Canada) to Youngstown, Ohio, Area*, 302 I.C.C. 109; Cf. *New York Central Railroad Co. v. United States*, 207 F. Supp. 483, 493. In fact, the New York Central either had completed, or was in the process of completing, studies of its New York harbor costs at the time of the hearing in this proceeding before the Commission (R. 98-100; 1310-1; 1360-2; 1363-4). But to this record the appellees refused to contribute a single cost figure of their own. As noted in the Commission's report, they assailed as "unrepresentative" the cost computations of the two appellants with service to and from New York, but they failed to support their criticism with evidence of *their* operating costs (R. 3795).

The conclusion is inescapable that the appellees, knowing their costs, could not afford to display them.

Appellees' final suggestion that the Commission found a cost study not "warranted" is grossly misleading. In an effort to force the appellees to disclose their New York costs, appellant railroads, before the hearings at the Commission began, requested an investigation of New York terminal costs to —

> insure that the costs of all of the lines serving New York would be before the Commission when deciding the fundamental and primary issue of whether the suspended rates are reasonably compensatory (R. 45).

The appellees contested this petition, and the Commission denied it because of the delay involved (R. 59). But in doing so, the Commission pointed out that "the burden of establishing the lawfulness of the proposed rates in these proceedings rests upon respondents [appellee railroads]" (R. 59).

The effort on the part of the lower court to make its own findings of reasonableness, reflecting such a false understanding of the evidence before the Commission, cannot stand. Nor is there any reason for remand. By refusing to supply data as to their own costs, the appellees failed to sustain the burden of proving their rates to be compensatory and, in consequence, as noted in the lower court's opinion, the Commission "refused to find the rates compensatory" (R. 4001). This ended the matter. Rates not shown to be compensatory can hardly be held to be just and reasonable.

II. The Failure of Appellees to Prove the Proposed Equalizing Rates to be Non-Preferential and Non-Prejudicial.

On the issue of rate relations, the appellee railroads *also* failed to sustain the burden of proof. In fact, as noted above, the Commission made an affirmative finding that the equalizing rates "would cause undue preference of and advantage" to the northern ports and "undue prejudice and disadvantage to the southern tier ports" (R. 3855).

The basic question here presented is, in a controversy over the relationship of rates on export-import traffic is the Commission entitled to give weight to the transportation standard, including relative distances and relative costs,[1] or must it give "overriding consideration" to an equalization of rail-ocean charges through the competing ports? The Commission answered the question by recognizing the transportation standard as relevant. The lower court, upsetting the Commission, held in effect that the transportation standard was beside the point, and that parity rates must be imposed in any event.

---

[1] In the Brief for the United States, at p. 33, it is said that "we would agree" with greater reliance upon cost factors.

Before dealing with this basic question, it is important to understand that the appellants win if the transportation standard plays any part. As found in the original report of the Commission (R. 3805-6):

> The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly established. * * *

Again in its report on reconsideration the Commission described the "geographical, transportation, and cost advantages" of the appellant railroads and ports as "fully substantiated of record" (R. 3854):

One instance where a southern tier port has longer distances is Hampton Roads, and the appellee railroads point to the "damaging discrimination against New York" arising from the fact that Hampton Roads, with the same rates as Baltimore, has a 3-cent advantage although "actually 30 miles farther away than New York." (Brief of Appellee Railroads, at p. 31). But rail transportation costs to and from Hampton Roads are much lower than to and from New York. In fact, on export-import traffic to and from Hampton Roads appellants' costs are only about 50 per cent of the revenues. (See Appendix A to this brief.) This means that such costs are lower than those at New York by about 40 cents per 100 pounds — as compared to a differential of only 3 cents per 100 pounds in the rates. (See Appendix B to this brief.)

Certainly a cost difference of 40 cents justifies a rate difference of 3 cents.[2]

The lesser distances[3] at the ports of Baltimore and Philadelphia are also supported by strikingly lower costs. In Appendix C to this brief is found a summary of adjusted

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[2] Actually, the rate differential should be much more than 3 cents. In its principal decision the Commission pointed out (R. 3802-3):

> To show that New York's competitive position is far superior to that of Hampton Roads, a study was made by the Chesapeake & Ohio for the year ended June 30, 1957, which disclosed that substantial tonnages from the affected territory moved to New York notwithstanding the lower rates to the southern tier ports. For example, of 5,870 carloads originated by the Chesapeake & Ohio in that territory during this period and exported either through Hampton Roads or New York, 4,654 carloads were exported through New York. Thus, notwithstanding its 3-cent advantage this carrier was able to hold only one out of five carloads which it originated. In the same period it handled for export through Hampton Roads only 561 carloads originated by the New York Central and 40 carloads originated by the Erie, which were turned over to it by those respondents.
>
> To ascertain the effect of the 3-cent differential, a study was made of manufactured iron and steel traffic for export from the Pittsburgh district, from which the rates to New York and Hampton Roads are the same. During August and October 1955 and April, May, and June, 1956, 178,241 tons were moved from that district through New York by five respondents and only 545 tons moved through Newport News. During the test year the movement from the affected territory to New York of this commodity aggregated 580,073 tons, or over 100 times the 5,416 tons handled through Hampton Roads and over 60 percent more than through Baltimore.
>
> A parity of rates to Hampton Roads and New York also obtains on export traffic from the Province of Ontario, Canada, served by the Chesapeake & Ohio and the New York Central. In the year ended with June 1957, only 14 carloads moved through Hampton Roads from origins on the Chesapeake & Ohio in that Province, as compared with 553 carloads from those origins to New York. The Chesapeake & Ohio was unable to attract a single carload originated by the New York Central in that territory for movement to Newport News.

[3] It is to be emphasized that the rate adjustment upheld by the Commission does not reflect distance as such. If it did, Baltimore's differential would be two or three times greater than 3 cents (Ex. 51, pp. 17-20). Moreover, the differentials have not changed as the

full costs of transporting representative import commodities from New York, Philadelphia, and Baltimore to typical destinations in differential territory (R. 2391-2399). Appendix D covers representative export commodities from origins in the same territory (R. 2403-2412).

These cost differences cannot be discredited on the ground that they do no more than reflect differences in distance (Brief for the United States, at p. 32; Brief of Boston Appellees, at p. 37). As vividly demonstrated in the case of the drastically lower costs (see Appendix B) to and from Hampton Roads with its 30 miles of greater distance than New York, relative costs, as an integral part of transportation standard, supply completely independent support for the Commission's decision. Moreover, aside from the lower costs of the appellee railroads attributable to the shorter distances of Philadelphia and Baltimore, a more important influence is their lower terminal costs at tidewater. These obviously have no relation to distance. Contrary to the intimation in the brief of the United States (at p. 32), these costs were computed after painstaking special investigations on the ground, including time switching studies, analyses of marine logs, and computations of the costs of operating and maintaining piers (R. 2387-8). Their restatement by the Commission appears in its report (R. 3798).

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rate-level and the value of goods have increased over a period of more than 80 years. As found by the Commission (R. 3805):

The present differentials are smaller than they would be if allowed to be set by competitive factors, and also much smaller, relatively, than when initially established * * *

Port costs, export-import (boxcars—general cargo)

Items	New York	Boston	Baltimore	Philadelphia
Costs per car:				
Switching (including some station expenses)	$28.05	$26.03	$20.19	$22.37
Float bridge, car float, lighterage bureau	9.31			
Car detention		12.24		
Total cost per car	37.36	38.27	20.19	22.37
Costs per ton:				
Platform handling (including some station expenses)	4.58	3.22	2.76	3.58
Lighterage and trucking in lieu of lighterage	4.99		.35	
Total cost per ton	9.57	3.22	3.11	3.58

On the basis of the same loading used by the northern carriers in computing the appellee New Haven's terminal costs at Boston the differences per car at the several ports in railroad terminal costs, as computable from the figures appearing in the foregoing table, are (R. 3364):

	Terminal Cost *Box cars—27.7-ton loading*
Boston	$127.46
New York	302.45
Philadelphia	121.54
Baltimore	106.34

Returning now to the basic issue above referred to, is the Commission's use of the transportation standard in deciding this case to be set aside in favor of an imposed equalization of rail-ocean charges? The answer clearly is negative.

In deciding rate relationship questions generally the Commission properly employs the transportation standard. There can be no question on this point. *United States v. Illinois Cent. R.R.*, 263 U.S. 515, 524; *New York v. United States*, 331 U.S. 284, 305. The same principle applies when the relationship in controversy involves export-import traffic. Whatever may have been the rule at the time of the decision of the majority of the Court in *Texas & Pacific Ry. Co. v. U. S.*, 289 U.S. 627, the Congress, in subsequently giving to ports the right to complain of undue preference and undue prejudice under section 3, made no distinction. The Senate's defeat of the Long amendment,[4] which would have provided that "Where rates and charges of common carriers to ports are made as reductions to equalize rates to ports served by competing carriers, it shall not be termed undue preference or discrimination" was a rejection of appellees' basic argument. The Congress specifically empowered the Commission, in deciding cases of the kind here presented, to take into account relative distances and costs and other transportation factors — exactly as the Commission has done in this instance.

On the transportation standard the appellants refused to supply *any* cost evidence — the type of evidence "with which we [United States] would agree." (Brief for United States, at p. 33.) They concentrated on questions of competition and attempted to show that, since the equalization of ocean rates many years ago, traffic at the northern tier ports had fallen off relatively. Appellees were unable to prove this, however, in reference to traffic moving to and from differential territory. The record contains no reliable figures indicating any trend in the flow of this traffic. In consequence, the appellees resorted to overall port figures to prove New York's relative decline. But, as the Commission clearly indicated in its report, the influences producing such a result, including the economic growth of other sections of the country and the movement of traffic under rates not involved in this proceeding, have nothing to do with the particular rate adjustment here involved (R. 3759-3760).

---

[4] 79 Cong. Rec. 10596, 10619.

III. The Special Failure of Proof on Part of Boston Appellees.

In the Boston brief an effort is made to forsake New York and to strike for lower rates for Boston alone. The acknowledged target is the bulk traffic that the record (which was closed prior to the opening of the St. Lawrence Seaway) shows passing through the southern tier ports.

Lower rates at Boston than at New York were not an open issue in the proceeding and certainly could not be authorized until there had been an opportunity to review the question. Boston's prior efforts to obtain such rates have been fiercely and successfully resisted by New York.

Moreover, Boston did not sustain the burden of proving such lower-than-New York rates lawful. The target is bulk cargo and yet, as we have seen, the Boston carriers themselves submitted the following revenue-cost relationships on export grain (R. 3368):

	Commodity Revenue	*Out-of-Pocket Costs*	*Ratio of Out-of-Pocket Costs to Revenue*
(2)	(4)	(7)	(8)
Wheat	$880.00	$1,127.03	128.07%
Corn	880.00	1,185.03	134.66
Wheat Flour	379.50	432.06	113.85
Corn Meal	438.70	533.33	121.57
Soybean Oil Meal	725.20	862.54	118.94
Malt	360.80	515.11	142.77

On import iron ore the Commission has already held to be non-compensatory from Boston the same level of rates as applicable from the Southern tier ports. *Boston and Maine Railroad v. United States*, 153 F. Supp. 952.

To obtain rates lower than New York, Boston would also have to justify a special type of discrimination. It would not be a case of merely having lower rates despite 200 miles of additional service, but of having lower rates in the face of higher rates at ports such as New York and Albany that are *intermediate* on the same routes. Discrimination of this type can only be justified in a special proceeding under section 4. There has been no application for such special relief on the part of the Boston appellees.

CONCLUSION

The judgment below should be reversed.

Respectfully submitted,

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March 21, 1963.

APPENDICES A, B, C and D

APPENDIX A

(Based on
Witness Petterson's
[fol. 4177] Exhibit R. 3024)

STATEMENT SHOWING 1957 REVENUE AND COSTS PER CWT.—DIFFERENTIAL TERRITORY POINTS AND HAMPTON ROADS

(CENTS PER CWT.)

Origin or Destination	Commodity	Type of Car	Cost Per Cwt.	Revenue Per Cwt.	Percent Cost To Revenue
Chicago, Ill.	Candy	Box	67.826	109.480	61.943
	Tractor Engines	Flat	35.427	92.000	38.507
Decatur, Ill.	Elec. Instruments	Box	101.194	302.929	33.405
Fort Wayne, Ind.	Powdered Milk	Box	62.185	81.000	76.772
Muncie, Ind.	Glass Blocks	Box	54.832	119.000	46.077
Ashland, Ky.	Extract Tanning	Box	36.421	83.000	43.881
Louisville, Ky.	Leaf Tobacco	Box	69.066	90.135	76.625
	Neoprene Rubber	Box	42.195	96.240	43.844
	Neoprene Rubber	Open Top	25.543	95.000	26.887
Detroit, Mich.	Autos K.D.	Open Top	46.506	115.000	40.440
	Burlap	Box	69.858	87.853	79.517
Grand Rapids, Mich.	Cotton Linters	Box	58.568	74.730	78.373
	Machinery	Box	72.787	147.000	49.515
St. Louis, Mo.	Shortening	Box	58.153	87.000	66.843
	Grass Seed	Box	85.798	124.544	68.890
Cincinnati, Ohio	Steel Ingots	Open Top	18.915	51.913	36.436
Columbus, Ohio	Butter Oil	Box	54.036	95.703	56.462
Lima, Ohio	Mill Rolls	Open Top	30.774	109.000	28.233
Toledo, Ohio	Auto Parts	Box	64.570	103.536	62.365
	Tractor Treads	Open Top	47.217	107.499	43.923
	Auto Parts	Flat	62.056	123.219	50.362
Charleston, W. Va.	Chemicals	Box	46.703	81.000	57.658
Huntington, W. Va.	Nickel	Open Top	17.379	105.000	16.551
	Nickel	Box	58.179	105.000	55.409
			1,286.188	2,586.781	49.722

APPENDIX B
(Witness Warren)
[fol. 4210] R. 3053

LINE-HAUL OUT-OF-POCKET COSTS BETWEEN NEWPORT NEWS-NORFOLK, VIRGINIA, VERSUS NEW YORK, NEW YORK AND ALL DIFFERENTIAL TERRITORY PLUS FULL PORT TERMINAL AND PIER COSTS

	All Differential Territory	NEWPORT NEWS-NORFOLK, VIRGINIA				NEW YORK, NEW YORK				Differences Newport News-Norfolk Virginia, under New York, New York		
			Out-of-Pocket Costs				Out-of-Pocket Costs					
		Distances* 1	Per 100 Pounds 2	Per Ton 2,000 Pounds 3	Per Car 55,400 Pounds 4	Distances* 5	Per 100 Pounds 6	Per Ton 2,000 Pounds 7	Per Car 55,400 Pounds 8	Per 100 Pounds 9	Per Ton 2,000 Pounds 10	Per Car 55,400 Pounds 11
1.	West Virginia	546	$0.47619	$ 9.52	$263.81	719	$0.90866	$18.17	$503.40	$0.43247	$8.65	$239.59
2.	Kentucky	697	.51769	10.35	286.80	888	.98469	19.69	545.52	.46700	9.34	258.72
3.	Ohio	739	.53670	10.73	297.33	744	.91991	18.40	509.63	.38321	7.67	212.30
4.	Indiana	898	.60520	12.10	335.28	941	1.00854	20.17	558.73	.40334	8.07	223.45
5.	Michigan	1,029	.62170	12.43	344.42	842	.96400	19.28	534.06	.34230	6.85	189.64
6.	Wisconsin	1,184	.69470	13.89	384.86	1,044	1.05488	21.10	584.40	.36018	7.21	199.54
7.	Illinois	1,097	.69470	13.89	384.86	1,133	1.09492	21.90	606.59	.40022	8.01	221.73
8.	Iowa	1,201	.70020	14.00	387.91	1,202	1.12596	22.52	623.78	.42576	8.52	235.87
9.	Missouri	1,171	.72820	14.56	403.42	1,212	1.13046	22.61	626.27	.40226	8.05	222.85
10.	Averages	951	$0.61870	$12.37	$342.76	970	$1.01978	$20.40	$564.96	$0.40108	$8.03	$222.20

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* Based, in each case, on class-rate miles plus 13 percent

SUMMARY OF REVENUES, COSTS AND RATIOS
REPRESENTATIVE MOVEMENTS OF
IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORTS OF: NEW YORK, PHILADELPHIA AND BALTIMORE

Commodity					New York, N.Y.		
Group No.	*Description*	*Type of Car*	*Average Weight (Tons)*	*Destination*	*Revenues*	*Costs*	*Ratio of Costs to Revenues*
75	Coffee	B	31	Cincinnati, O.	$520.80	$625.50	120.1%
199	Prod. Agriculture — Coconut	B	22	Chicago, Ill.	422.40	557.41	132.0
399	Prod. Mines — Talc	B	32	Crooksville, O.	384.00	583.09	151.8
399	Prod. Mines — Talc	B	32	New Castle, Pa.	371.20	554.37	149.3
399	Prod. Mines — Talc	B	32	Sebring, O.	384.00	561.55	146.2
415	Plywood	B	22	Warsaw, Ind.	431.20	522.81	121.2
415	Plywood	B	22	Rockford, Ill.	484.00	584.57	120.8
523	Rubber — Crude	B	35	Akron, O.	637.00	611.01	95.9
555	Aluminum — Bar, Ingot, Pig & Slab	B	14	Cleveland, O.	282.80	350.19	123.8
559	Copper — Bars & Ingots	B	50	Indianapolis, Ind.	1,010.10	918.28	90.9
559	Copper — Bars & Ingots	B	50	Cleveland, O.	640.00	805.42	125.8
571	Metals & Alloys, N.O.S. — Tin	B	29	Weirton, W. Va.	545.20	509.86	93.5
583	Mfd. Iron & Steel	G	40	Canton, O.	696.00	660.43	94.9
583	Mfd. Iron & Steel	B	40	Canton, O.	696.00	668.00	96.0
583	Mfd. Iron & Steel	G	40	Detroit, Mich.	824.00	704.89	85.5
583	Mfd. Iron & Steel	B	40	Detroit, Mich.	824.00	708.06	85.9
583	Mfd. Iron & Steel	G	40	Chicago, Ill.	896.00	826.10	92.2
583	Mfd. Iron & Steel	B	40	Chicago, Ill.	896.00	817.26	91.2
653	Woodpulp	B	41	Chagrin Falls, O.	508.40	691.61	136.0
653	Woodpulp	B	41	Middletown, O.	615.00	746.28	121.3
657	Newsprint Paper	B	26	Cincinnati, O.	431.60	557.85	129.3
657	Newsprint Paper	B	26	Cleveland, O.	390.00	501.93	128.7
657	Newsprint Paper	B	26	Toledo, O.	436.80	538.52	123.3
657	Newsprint Paper	B	26	Milwaukee, Wis.	535.60	612.05	114.3
657	Newsprint Paper	B	26	Pittsburgh, Pa.	338.00	458.43	135.6
671	Wallboard	B	22	Dayton, O.	356.40	492.74	138.3
671	Wallboard	B	22	Cleveland, O.	330.00	451.35	136.8

SUMMARY OF REVENUES, COSTS AND RATIOS
REPRESENTATIVE MOVEMENTS OF
IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORTS OF: NEW YORK, PHILADELPHIA AND BALTIMORE

	New York, N.Y.			Philadelphia, Pa.			Baltimore, Md.		
Destination	*Revenues*	*Costs*	*Ratio of Costs to Revenues*	*Revenues*	*Costs*	*Ratio of Costs to Revenues*	*Revenues*	*Costs*	*Ratio of Costs to Revenues*
Cincinnati, O.	$520.80	$625.50	120.1%	$508.40	$415.19	81.7%	$502.20	$366.77	73.0%
Chicago, Ill.	422.40	557.41	132.0	413.60	401.96	97.2	409.20	373.95	91.4
Crooksville, O.	384.00	583.09	151.8	371.20	368.71	99.3	364.80	327.29	89.7
New Castle, Pa.	371.20	554.37	149.3	358.40	339.61	94.8	352.00	304.62	86.5
Sebring, O.	384.00	561.55	146.2	371.20	346.79	93.4	364.80	311.42	85.4
Warsaw, Ind.	431.20	522.81	121.2	422.40	366.39	86.7	418.00	338.38	81.0
Rockford, Ill.	484.00	584.57	120.8	473.20	429.12	90.3	470.80	401.11	85.2
Akron, O.	637.00	611.01	95.9	623.00	378.86	60.8	616.00	341.67	55.5
Cleveland, O.	282.80	350.19	123.8	277.20	243.30	87.8	274.40	221.46	80.7
Indianapolis, Ind.	1,010.10	918.28	90.9	990.00	596.78	60.3	980.00	535.77	54.7
Cleveland, O.	640.00	805.42	125.8	620.00	485.83	78.4	610.00	437.67	71.7
Weirton, W. Va.	545.20	509.86	93.5	533.60	312.89	58.6	527.80	279.73	53.0
Canton, O.	696.00	660.43	94.9	680.00	389.48	57.3	672.00	301.18	44.8
Canton, O.	696.00	668.00	96.0	680.00	405.81	59.7	672.00	364.54	54.2
Detroit, Mich.	824.00	704.89	85.5	808.00	472.32	58.5	800.00	390.57	48.8
Detroit, Mich.	824.00	708.06	85.9	808.00	480.43	59.5	800.00	445.07	55.6
Chicago, Ill.	896.00	826.10	92.2	880.00	555.16	63.1	872.00	466.86	53.5
Chicago, Ill.	896.00	817.26	91.2	880.00	555.06	63.1	872.00	513.80	58.9
Chagrin Falls, O.	508.40	691.64	136.0	492.00	425.19	86.4	483.80	383.62	79.3
Middletown, O.	615.00	746.28	121.3	598.60	478.15	79.9	590.40	425.04	72.0
Cincinnati, O.	431.60	557.85	129.3	421.20	377.30	89.6	416.00	333.57	80.2
Cleveland, O.	390.00	501.93	128.7	379.60	324.14	85.4	374.40	293.53	78.4
Toledo, O.	436.80	538.52	123.3	426.40	360.38	84.5	421.20	329.43	78.2
Milwaukee, Wis.	535.60	612.05	114.3	525.20	458.07	87.2	520.00	427.12	82.1
Pittsburgh, Pa.	338.00	458.43	135.6	327.60	279.26	85.2	322.40	248.31	77.0
Dayton, O.	356.40	492.74	138.3	347.60	337.28	97.0	343.20	300.87	87.7
Cleveland, O.	330.00	451.35	136.8	321.20	297.19	92.5	316.80	269.50	85.1

SUMMARY OF REVENUES, COSTS AND RATIOS
REPRESENTATIVE MOVEMENTS OF
IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORTS OF: NEW YORK, PHILADELPHIA AND BALTIMORE

COMMODITY					NEW YORK, N.Y.		
Group No.	*Description*	*Type of Car*	*Average Weight (Tons)*	*Destination*	*Revenues*	*Costs*	*Ratio of Costs to Revenues*
671	Wallboard	B	22	Massillon, O.	$303.60	$442.94	145.9%
671	Wallboard	B	22	Chicago, Ill.	444.40	557.41	125.4
723	Burlap Bagging	B	21	Indianapolis, Ind.	424.20	514.05	121.2
723	Burlap Bagging	B	21	Pittsburgh, Pa.	373.80	398.65	106.6
759	Sugar	B	39	Pittsburgh, Pa.	405.60	613.89	151.4
759	Sugar	B	39	Cleveland, O.	608.40	666.32	109.5
759	Sugar	B	39	Columbus, O.	639.60	690.88	108.0
759	Sugar	B	39	Detroit, Mich.	639.60	695.04	108.7
763	Food Prod., N.O.S. — Unfrozen	B	21	Cincinnati, O.	327.60	490.20	149.6
763	Food Prod., N.O.S. — Unfrozen	B	21	Cleveland, O.	289.80	438.70	151.4
763	Food Prod., N.O.S. — Unfrozen	B	21	Chicago, Ill.	403.20	542.98	134.7
763	Food Prod., N.O.S. — Unfrozen	B	21	Pittsburgh, Pa.	260.40	398.65	153.1
735	Rope, Cordage — Baler & Binder Twine	B	14	Cleveland, O.	226.80	350.19	154.4
735	Rope, Cordage — Baler & Binder Twine	B	14	Detroit, Mich.	252.00	369.49	146.6
735	Rope, Cordage — Baler & Binder Twine	B	14	Pittsburgh, Pa.	193.20	314.95	163.0
735	Rope, Cordage — Baler & Binder Twine	B	14	Dayton, O.	249.20	385.99	154.9
735	Rope, Cordage — Baler & Binder Twine	B	14	Madison, Wis.	330.40	461.51	139.7
499	Prod. Forests — Cork Waste	B	11	Beaver Falls, Pa.	178.20	279.07	156.6
323	Clay — Ball or China	B	50	New Castle, Pa.	520.00	775.90	149.2
323	Clay — Ball or China	B	50	Barberton, O.	570.00	799.71	140.3
323	Clay — Ball or China	B	50	Robinson, Ill.	780.00	983.05	126.0
35	Cotton Linters	B	20	Flint, Mich.	344.00	455.74	132.5
35	Cotton Linters	B	20	Chicago, Ill.	376.00	528.54	140.6
35	Cotton Linters	B	20	St. Louis, Mo.	404.00	575.41	142.4
545	Tanning Material — Divi Pods	B	29	Boyne City, Mich.	667.00	636.05	95.4
545	Tanning Material — Divi Pods	B	29	Columbus, Ind.	597.40	630.26	105.5
545	Tanning Material — Divi Pods	B	29	Chicago, Ill.	626.40	658.47	105.1
763	Food Prod., N.O.S. — Unfrozen — Olives in Bbls.	B	15	Terre Haute, Ind.	285.00	450.94	158.2
763	Food Prod., N.O.S. — Unfrozen — Olives in Bbls.	B	15	Chicago, Ill.	288.00	456.36	158.5
763	Food Prod., N.O.S. — Unfrozen — Citrus Juice in Bbls.	B	15	Chicago, Ill.	288.00	456.36	158.5
				TOTALS	27,182.30	32,637.26	120.1

SUMMARY OF REVENUES, COSTS AND RATIOS
REPRESENTATIVE MOVEMENTS OF
IMPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORTS OF: NEW YORK, PHILADELPHIA AND BALTIMORE

		NEW YORK, N.Y.			PHILADELPHIA, PA.			BALTIMORE, MD.		
Average Weight (Tons)	*Destination*	*Revenues*	*Costs*	*Ratio of Costs to Revenues*	*Revenues*	*Costs*	*Ratio of Costs to Revenues*	*Revenues*	*Costs*	*Ratio of Costs to Revenues*
22	Massillon, O.	$303.60	$442.94	145.9%	$294.80	$287.49	97.5%	$290.40	$259.48	89.4%
22	Chicago, Ill.	444.40	557.41	125.4	435.60	401.96	92.3	431.20	373.95	86.7
21	Indianapolis, Ind.	424.20	514.05	121.2	415.80	364.52	87.7	411.60	328.99	79.9
21	Pittsburgh, Pa.	373.80	398.65	106.6	365.40	249.13	68.2	361.20	221.85	61.4
39	Pittsburgh, Pa.	405.60	613.89	151.4	390.00	357.62	91.7	382.20	317.09	83.0
39	Cleveland, O.	608.40	666.32	109.5	592.80	411.72	69.5	585.00	371.61	63.5
39	Columbus, O.	639.60	690.88	108.0	624.00	434.61	69.6	616.20	386.17	62.7
39	Detroit, Mich.	639.60	695.04	108.7	624.00	472.90	75.8	616.20	438.19	71.1
21	Cincinnati, O.	327.60	490.20	149.6	319.20	339.41	106.3	315.00	300.38	95.4
21	Cleveland, O.	289.80	438.70	151.4	281.40	290.45	103.2	277.20	263.50	95.1
21	Chicago, Ill.	403.20	542.98	134.7	394.80	393.45	99.7	390.60	366.18	93.7
21	Pittsburgh, Pa.	260.40	398.65	153.1	252.00	249.13	98.9	247.80	221.85	89.5
14	Cleveland, O.	226.80	350.19	154.4	221.20	243.30	110.0	218.40	221.46	101.4
14	Detroit, Mich.	252.00	369.49	146.6	246.40	284.41	115.4	243.60	266.21	109.3
14	Pittsburgh, Pa.	193.20	314.95	163.0	187.60	206.94	110.3	184.80	184.82	100.0
14	Dayton, O.	249.20	385.99	154.9	243.60	277.98	114.1	240.80	248.59	103.2
14	Madison, Wis.	330.40	461.51	139.7	324.80	370.28	114.0	322.00	348.16	108.1
11	Beaver Falls, Pa.	178.20	279.07	156.6	173.80	188.85	108.7	171.60	168.95	98.5
50	New Castle, Pa.	520.00	775.90	149.2	500.00	454.39	90.9	490.00	406.24	82.9
50	Barberton, O.	570.00	799.71	140.3	550.00	478.68	87.0	540.00	430.53	79.7
50	Robinson, Ill.	780.00	983.05	126.0	760.00	661.55	87.0	750.00	600.53	80.1
20	Flint, Mich.	344.00	455.74	132.5	336.00	337.77	100.5	332.00	321.86	96.9
20	Chicago, Ill.	376.00	528.54	140.6	368.00	384.95	104.6	364.00	358.42	98.5
20	St. Louis, Mo.	404.00	575.41	142.4	396.00	431.82	109.0	392.00	397.16	101.3
20	Boyne City, Mich.	667.00	636.05	95.4	655.40	468.73	71.5	649.60	451.84	69.6
29	Columbus, Ind.	597.40	630.26	105.5	585.80	431.85	73.7	580.00	385.31	66.4
29	Chicago, Ill.	626.40	658.47	105.1	614.80	461.50	75.1	609.00	428.34	70.3
15	Terre Haute, Ind.	285.00	450.94	158.2	279.00	337.00	120.8	276.00	306.74	111.1
15	Chicago, Ill.	288.00	456.36	158.5	282.00	342.42	121.4	279.00	319.57	114.5
15	Chicago, Ill.	288.00	456.36	158.5	282.00	342.42	121.4	279.00	319.57	114.5
	TOTALS	27,182.30	32,637.26	120.1	26,535.80	21,837.88	82.3	26,212.60	19,746.39	75.3

SUMMARY OF REVENUES, COSTS AND RATIOS
REPRESENTATIVE MOVEMENTS OF
EXPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORTS OF NEW YORK, PHILADELPHIA AND BALTIMORE

Commodity		Type of Car	Average Weight (Tons)	Origin	New York, N.Y.			P
Group No.	Description				Revenues	Costs	Ratio of Costs to Revenues	Revenues
15	Wheat Flour	B	33	Indianapolis, Ind.	$379.50	$681.31	179.5%	$372.90
17	Corn Meal	B	41	Decatur, Ill.	438.70	858.17	195.6	422.30
103	Malt	B	44	Manitowac, Wisc.	360.80	871.46	241.5	343.20
217	Meats, Cooked, Cured or Preserved	R	23	Cleveland, Ohio	377.20	537.71	142.6	
219	Packing House Prod. (Lard)	R	22	Cleveland, Ohio	360.80	525.24	145.6	
229	Butter	R	19	Chicago, Ill.	528.20	628.78	119.0	
231	Cheese	R	24	Green Bay, Wisc.	715.20	713.82	99.8	
299	Animal Tallow	B	26	Cincinnati, Ohio	509.60	557.85	109.5	490.20
45	Soybean Oil Meal	B	37	Decatur, Ill.	395.90	799.07	201.8	381.10
45	Soybean Oil Meal	B	37	Painesville, Ohio	329.30	631.30	191.7	314.50
515	Soybean Oil	B	31	Louisville, Ky.	663.40	666.47	100.5	651.00
539	Fertilizer (Ammonium Sulphate)	B	56	Bessemer, Pa.	418.88	817.16	195.1	396.48
539	Fertilizer (Ammonium Sulphate)	B	56	Gary, Ind.	638.40	1,048.23	164.2	616.00
549	Plastics	B	29	Marietta, Ohio	609.00	533.36	87.6	597.40
549	Plastics	B	29	Ottawa, Ill.	899.00	683.05	76.0	887.40
575	Billets, Iron and Steel	G	50	Canton, Ohio	532.00	777.09	146.1	512.00
583	Tin Plate	B	51	Steubenville, Ohio	489.60	778.08	158.9	469.20
583	Tin Sheets	G	36	Cleveland, Ohio	388.80	625.36	160.8	374.40
583	Tin Plate	G	50	Chicago, Ill.	760.00	962.09	126.6	740.00
583	Tin Plate	G	50	Gary, Ind.	760.00	962.09	126.6	740.00
583	Tin Plate	G	50	Detroit, Mich.	620.00	826.74	133.3	600.00
587	Iron and Steel Pipe	G	41	Aliquippa, Pa.	393.60	624.74	158.7	377.20
587	Iron and Steel Pipe	G	41	Youngstown, Ohio	426.40	655.04	153.6	410.00
587	Iron and Steel Pipe	G	41	Lorain, Ohio	442.80	684.40	154.6	426.40
595	Machinery	F	18	Oakley, Ohio	468.00	446.74	95.5	460.80
595	Machinery	G	18	Oakley, Ohio	468.00	469.16	100.2	460.80
659	Printing Paper	B	23	Hamilton, Ohio	423.20	517.27	122.2	414.00
669	Pulpboard	B	24	Rittman, Ohio	384.00	472.63	123.1	374.40
669	Pulpboard	B	24	Middletown, Ohio	398.40	519.43	130.4	388.80
697	Glass Bottles	B	18	Lancaster, Ohio	273.60	415.85	152.0	266.40

APPENDIX D

Page 1 — Revised

SUMMARY OF REVENUES, COSTS AND RATIOS
REPRESENTATIVE MOVEMENTS OF
EXPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORTS OF NEW YORK, PHILADELPHIA AND BALTIMORE

Type of Car	*Average Weight (Tons)*	*Origin*	New York, N.Y.			Philadelphia, Pa.			Baltimore, Md.		
			Revenues	*Costs*	*Ratio of Costs to Revenues*	*Revenues*	*Costs*	*Ratio of Costs to Revenues*	*Revenues*	*Costs*	*Ratio of Costs to Revenues*
B	33	Indianapolis, Ind.	$379.50	$681.31	179.5%	$372.90	$460.63	123.5%	$366.30	$414.55	113.2%
B	41	Decatur, Ill.	438.70	858.17	195.6	422.30	590.05	139.7	414.10	536.94	129.7
B	44	Manitowac, Wisc.	360.80	871.46	241.5	343.20	621.90	181.2	334.40	590.99	153.0
R	23	Cleveland, Ohio	377.20	537.71	142.6				363.40	322.70	88.8
R	22	Cleveland, Ohio	360.80	525.24	145.6				347.60	317.44	91.3
R	19	Chicago, Ill.	528.20	628.78	119.0				516.80	440.45	85.2
R	24	Green Bay, Wisc.	715.20	713.82	99.8				700.80	540.50	77.1
B	26	Cincinnati, Ohio	509.60	557.85	109.5	499.20	377.30	75.6	494.00	333.57	67.5
B	37	Decatur, Ill.	395.90	799.07	201.8	381.10	554.67	145.5	373.70	505.07	135.2
B	37	Painesville, Ohio	329.30	631.30	191.7	314.50	392.16	124.7	307.10	358.78	116.8
B	31	Louisville, Ky.	663.40	666.47	100.5	651.00	456.16	70.1	644.80	407.74	63.2
B	56	Bessemer, Pa.	418.88	817.16	195.1	396.48	460.08	116.0	385.28	407.03	105.6
B	56	Gary, Ind.	638.40	1,048.23	164.2	616.00	691.15	112.2	604.80	638.10	105.5
B	29	Marietta, Ohio	609.00	533.36	87.6	597.40	334.95	56.1	591.60	288.41	48.8
B	29	Ottawa, Ill.	899.00	683.05	76.0	887.40	486.09	54.8	881.60	452.93	51.4
G	50	Canton, Ohio	532.00	777.09	146.1	512.00	446.34	87.2	502.00	335.78	66.9
B	51	Steubenville, Ohio	489.60	778.08	158.9	469.20	450.65	96.0	459.00	401.29	87.4
G	36	Cleveland, Ohio	388.80	625.36	160.8	374.40	380.12	101.5	367.20	301.17	82.0
G	50	Chicago, Ill.	760.00	962.09	126.6	740.00	631.34	85.3	730.00	520.78	71.3
G	50	Gary, Ind.	760.00	962.09	126.6	740.00	631.34	85.3	730.00	520.78	71.3
G	50	Detroit, Mich.	620.00	826.74	133.3	600.00	538.84	89.8	590.00	435.59	73.8
G	41	Aliquippa, Pa.	393.60	624.74	158.7	377.20	347.81	92.2	369.00	257.29	69.7
G	41	Youngstown, Ohio	426.40	655.04	153.6	410.00	378.11	92.2	401.80	288.06	71.7
G	41	Lorain, Ohio	442.80	684.40	154.6	426.40	409.36	96.0	418.20	319.31	76.4
F	18	Oakley, Ohio	468.00	446.74	95.5	460.80	308.41	66.9	457.20	259.15	56.7
G	18	Oakley, Ohio	468.00	469.16	100.2	460.80	328.39	71.3	457.20	276.20	60.4
B	23	Hamilton, Ohio	423.20	517.27	122.2	414.00	354.57	85.6	409.40	313.66	76.6
B	24	Rittman, Ohio	384.00	472.63	123.1	374.40	305.65	81.6	369.60	276.51	74.8
B	24	Middletown, Ohio	398.40	519.43	130.4	388.80	352.12	90.6	384.00	313.95	81.8
B	18	Lancaster, Ohio	273.60	415.85	152.0	266.40	282.91	106.2	262.80	246.69	93.9

SUMMARY OF REVENUES, COSTS AND RATIOS
REPRESENTATIVE MOVEMENTS OF
EXPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORTS OF: NEW YORK, PHILADELPHIA AND BALTIMORE

Commodity		Type of Car	Average Weight (Tons)	Origin	New York, N.Y.		
Group No.	*Description*				*Revenues*	*Costs*	*Ratio of Costs to Revenues*
763	Food Products, N.O.S., Unfrozen (Milk)	B	26	Columbus, Ohio	$390.00	$522.30	133.9%
505	Lubricating Oil	B	24	Rouseville, Pa.	336.00	438.87	130.6
773	Feed, Animal or Poultry	B	32	Battle Creek, Mich.	406.40	649.23	159.8
773	Feed, Animal or Poultry	B	32	Toledo, Ohio	320.00	617.86	193.1
215	Fresh Meats	R	20	Chicago, Ill.	748.00	643.04	86.0
239	Hides and Skins	B	44	Chicago, Ill.	941.60	875.01	92.9
591	Agricultural Implements	F	25	Racine, Wisc.	415.00	600.14	144.6
623	Vehicle Parts	B	37	Detroit, Mich.	769.60	668.99	86.9
627	Tires and Tubes	B	14	Akron, Ohio	305.20	346.83	113.6
627	Tires and Tubes	B	14	Cleveland, Ohio	305.20	350.19	114.7
707	Refrigerators	B	10	Appliance Park (Louisville), Ky.	356.00	369.74	103.9
1	Wheat	B	55	Chicago, Ill.	[3]374.00	549.74	147.0
1	Wheat	B	55	Columbus, O.	506.00	414.29	81.9
3	Corn	B	55	Chicago, Ill.	[3]374.00	549.65	147.0
3	Corn	B	55	Indianapolis, Ind.	506.00	503.92	99.6
613	Automobiles, Pass., S.U.	B	6.25	Flint, Mich.	[1]327.50	274.74	83.9
613	Automobiles, Pass., S.U.	B	10	Flint, Mich.	524.00	324.10	61.9
613	Automobiles, Pass., S.U.	B	6.25	Detroit, Mich.	311.25	268.57	86.3
613	Automobiles, Pass., S.U.	B	10	Detroit, Mich.	498.00	317.40	63.7
613	Automobiles, Pass., S.U.	B	7.5	Detroit, Mich.	[2]315.00	284.85	90.4
613	Automobiles, Pass., S.U.	B	10	Detroit, Mich.	420.00	317.40	75.6
				TOTALS	24,301.03	30,176.55	124.2

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[1] Not applicable for account N.Y.C.R.R. as origin carrier.
[2] Applicable only for N.Y.C.R.R. as origin carrier.
[3] Reshipping rate.

APPENDIX D

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SUMMARY OF REVENUES, COSTS AND RATIOS
REPRESENTATIVE MOVEMENTS OF
EXPORT TRAFFIC TERMINATING IN DIFFERENTIAL TERRITORY
VIA
PORTS OF: NEW YORK, PHILADELPHIA AND BALTIMORE

Type of Car	*Average Weight (Tons)*	*Origin*	New York, N.Y.			Philadelphia, Pa.			Baltimore, Md.		
			Revenues	*Costs*	*Ratio of Costs to Revenues*	*Revenues*	*Costs*	*Ratio of Costs to Revenues*	*Revenues*	*Costs*	*Ratio of Costs to Revenues*
B	26	Columbus, Ohio	$390.00	$522.30	133.9%	$379.60	$343.12	90.4%	$374.40	$305.61	81.6%
B	24	Rouseville, Pa.	336.00	438.87	130.6	326.40	275.57	84.4	321.60	255.11	79.3
B	32	Battle Creek, Mich.	406.40	649.23	159.8	393.60	446.57	113.5	387.20	411.20	106.2
B	32	Toledo, Ohio	320.00	617.86	193.1	307.20	404.24	131.6	300.80	368.87	122.6
R	20	Chicago, Ill.	748.00	643.04	86.0				736.00	447.48	60.8
B	44	Chicago, Ill.	941.60	875.01	92.9	924.00	589.09	63.8	915.20	544.87	59.5
F	25	Racine, Wisc.	415.00	600.14	144.6	405.00	437.70	108.1	400.00	384.44	96.1
B	37	Detroit, Mich.	769.60	668.99	86.9	754.80	457.81	60.7	747.40	424.23	56.8
B	14	Akron, Ohio	305.20	346.83	113.6	299.60	239.10	79.8	296.80	217.27	73.2
B	14	Cleveland, Ohio	305.20	350.19	114.7	299.60	243.30	81.2	296.80	221.46	74.6
B	10	Appliance Park (Louisville), Ky.	356.00	369.74	103.9	352.00	284.42	80.8	350.00	255.71	73.1
B	55	Chicago, Ill.	[3]374.00	549.74	147.0	[3]363.00	462.70	127.5	[3]357.50	434.86	121.6
B	55	Columbus, O.	506.00	414.29	81.9	495.00	327.25	66.1	489.50	289.85	59.2
B	55	Chicago, Ill.	[3]374.00	549.65	147.0	[3]363.00	462.70	127.5	[3]357.50	434.86	121.6
B	55	Indianapolis, Ind.	506.00	503.92	99.6	495.00	416.88	84.2	489.50	375.95	76.8
B	6.25	Flint, Mich.	[1]327.50	274.74	83.9	325.00	232.16	71.4	323.75	223.82	69.1
B	10	Flint, Mich.	524.00	324.10	61.9	520.00	260.96	50.2	518.00	250.56	48.4
B	6.25	Detroit, Mich.	311.25	268.57	86.3	308.75	225.98	73.2	307.50	212.90	69.2
B	10	Detroit, Mich.	498.00	317.40	63.7	494.00	254.25	51.5	492.00	238.69	48.5
B	7.5	Detroit, Mich.	[2]315.00	284.85	90.4						
B	10	Detroit, Mich.	420.00	317.40	75.6						
		TOTALS	24,301.03	30,176.55	124.2	20,301.43	17,934.90	88.34	22,695.13	17,919.15	78.96

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No. 98

In The
Supreme Court of the United States

October Term, 1962

MARYLAND PORT AUTHORITY, BALTIMORE ASSOCIATION OF COMMERCE, DELAWARE RIVER PORT AUTHORITY, THE CITY OF PHILADELPHIA, VIRGINIA STATE PORTS AUTHORITY, and NORFOLK PORT AND INDUSTRIAL AUTHORITY,
Appellants,

v.

BOSTON AND MAINE RAILROAD, et al.,
Appellees.

On Appeal from the United States District Court
for the District of Massachusetts

REPLY BRIEF FOR APPELLANTS

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In The

Supreme Court of the United States

October Term, 1962

No. 98

MARYLAND PORT AUTHORITY, BALTIMORE ASSOCIATION OF COMMERCE, DELAWARE RIVER PORT AUTHORITY, THE CITY OF PHILADELPHIA, VIRGINIA STATE PORTS AUTHORITY, and NORFOLK PORT AND INDUSTRIAL AUTHORITY,
Appellants,

v.

BOSTON AND MAINE RAILROAD, et al.,
Appellees.

On Appeal from the United States District Court
for the District of Massachusetts.

REPLY BRIEF FOR APPELLANTS

I.

REPLY TO THE NEW YORK BRIEFS

The most important fact in this case is that the filing of reduced rates by the northern carriers was promptly met by the filing of matching reductions by the southern carriers. These matching reductions were intended to become effective "simultaneously with those of the respondents" and were clearly stated to be conditional upon approval of the rates proposed by the northern carriers (R. 3740). The brief of the appellee New York railroads tries to draw attention away from this fact by relegating it to a footnote (Brief of New York Central, et al., p. 8). This is an interesting variant on the conduct of the ostrich who seeks to escape danger by hiding his head in the sand, and is just about as effective.

In a further attempt to avoid the significance of the matching reductions filed by the southern carriers, these appellees point to the Commission's finding that these reductions had not been shown to be just and reasonable and argue that since no appeal was taken from this part of the order, the matching reductions were not before the District Court (New York Central Brief, p. 47). It is true that the Commission did find that the matching rates proposed by the southern carriers were not shown to be just and reasonable, but this finding was admittedly not based on any evaluation of the evidence. Since the Commission had concluded not to approve the rates proposed by the northern carriers, disapproval of the conditional matching rates filed by the southern carriers followed automatically and without regard to the evidence in support of those rates (R. 3753). As a matter of fact, the Commission specifically found that because of the geographical, transportation and cost advantages of the southern carriers "approval of respondents' [the northern carriers] proposed rates would require alternative approval of protestants' [the southern carriers]. proposed rates" (R. 3806). As to the failure to appeal to the District Court, since the rates filed by the southern carriers had been conditioned upon approval of the rate reductions proposed by the northern carriers, there was nothing on which the southern carriers could have based such an appeal.

The brief filed on behalf of the State of New York, the Port of New York Authority, the City of New York, et al., similarly seeks to evade the real issue in the case. According to those appellees, "the sole question which is involved in this case, and which the District Court reviewed, is whether the voluntary action of the Northern Tier Railroads in eliminating those differentials was an unlawful exercise of their managerial discretion" (Lefkowitz Brief, p. 7).

The plain fact is that the issue, and the only issue, before the District Court (aside from whether the rates had been shown to be compensatory) was whether the Commission acted irrationally or arbitrarily in refusing to impose an enforced parity on the southern carriers. As Judge **Friendly** so clearly pointed out in a similar situation, had the Commission approved the equalizing rates filed by the northern carriers and at the same time disapproved the matching rate reductions filed by the southern carriers, this would have been tantamount to saying that parity is "the only lawful relationship." *New York Central Railroad Company v. United States*, 207 F. Supp. 483, 498 (S.D. N.Y. 1962).

Manifestly, there are only two ways that rates can be equalized, by the voluntary concurrence of the carriers or by the Commission's compulsion. In this case the southern carriers did not and do not concur in equalization. They intend to reduce their rates so as to preserve the existing differential unless prevented from doing so, and have manifested this intention by filing matching rate reductions. As the Commission expressly found, and as the proponents openly declared, the sole purpose of the rate reductions proposed by the northern carriers was to equalize the rates of the North Atlantic ports with Baltimore (R. 1616, 3739). Thus, the question of relationship was put squarely before the Commission, and this was recognized by all parties. Indeed, the northern carriers, in refusing to furnish data as to the cost of handling export-import traffic to and from the port of New York, contended that the reduced rates proposed by them "raised only a question of rate relationships between the North Atlantic ports and required no investigation of the level of those rates" (R. 3752).

The Commission was thus faced with three possible courses of action. It could permit all the proposed rates to become effective, thereby maintaining the existing differential at a lower level. This none of the parties desired, and the Commission found that it would result in a pointless dissipation of badly needed carrier revenues. Alternately, the Commission could permit the proposed reductions of the northern carriers to become effective and cancel the matching reductions of the southern carriers. This would have resulted in an enforced parity against the will of the southern carriers. Or, finally, the Commission could order both sets of rates cancelled, thereby preserving the existing rate structure. This is what the Commission did.

When the most competent of counsel are forced to resort to such feats of legerdemain in order to evade an issue, it may be fairly assumed that they have found no other way to deal with it. And indeed they cannot afford to admit that the real issue here is whether the Commission was required as a matter of law to impose an enforced parity on protesting southern carriers and southern tier ports since the only arguments by which they have attempted to support their position are simply not relevant to this issue. It was in order to empower the Commission to deal with just such situations that Congress amended Section 3 of the Act in 1935 (I.C.C. Brief, pp. 24-45). Moreover, the fact that the Commission was faced with a choice of prescribing a relationship or permitting a pointless reduction in rates which would have served no purpose except to maintain the existing differential at a lower level, created a situation in which the Commission was fully justified in exercising its power under Section 15(1) of the Act to prescribe rates. That this power exists is admitted at p. 15 of the New York Central brief. It is argued, however, that this "is of no relevance at all here," since the Commission did not purport to exercise this power and could not have exercised it without first finding that the rates were unlawful under Section 3(1). But this is plainly wrong. The Commission did exercise its power to prescribe rates. It expressly found that to permit rates to gravitate to their lowest possible level would result in a "needless dissipation of carrier revenues" and stated that "we have been given *the power to fix rates*, among other reasons, for the purpose of preventing destructive competition and promoting the financial stability of the regulated carriers" (R. 3806). That this power may be exercised by requiring cancellation of proposed rates without first finding the rates forbidden by Section 3(1) is clear and is virtually admitted by the Solicitor General. (See main Brief of Maryland Port Authority, pp. 42-51, Brief for United States, pp. 38-40.)

II.

The Commission's conclusion that the rates proposed by the northern carriers would result in undue prejudice to the southern tier ports in violation of Section 3(1) of the Act was based on a well-supported finding that these rates would cause undue diversion of traffic from those ports to the port of New York, which already holds a monopolistic position. This finding is vehemently assailed in the New York briefs as irrelevant to the real issues in the case. But as the main brief of the appellant railroads demonstrates, it furnishes a solid base for the Commission's finding that the rates proposed by the northern carriers are unlawful (Brief of Baltimore & Ohio Railroad Company, et al., pp. 24-31).

The contrary argument of the New York Central appears to be based on the assumption that the existing differentials are operating unfairly to the northern tier ports and are unduly diverting traffic to the southern tier ports. But the Commission, after a most exhaustive and scrupulous study of the evidence, reached the contrary conclusion, and that conclusion is amply supported by the record (See main Brief of Maryland Port Authority, et al., pp. 22-36). Superficial arguments based on misleading tonnage statistics afford no answer to the Commission's careful analysis. For example, the statement is made at pp. 6 and 41 of the brief for the New York Central and many times repeated thereafter that the northern carriers now have left only 24% of the export-import traffic between the affected territory and North Atlantic ports as against 76% for the southern carriers. This is highly misleading since those figures have been constructed by adding to the tonnages moved by the southern carriers *approximately one million tons which they moved through the northern tier ports!* (See Appendix F to Commission's original report, R. p. 3620). Furthermore, the tonnages relied on by the appellees consist primarily of bulk ores and grain, whereas the movement through the northern tier ports is primarily high-rated, high-valued general cargo. (It is significant that ore and grain are commodities which are peculiarly subject to diversion to the St. Lawrence Seaway — a diversion which, as is common knowledge, has to a marked degree taken place since the record in this case was closed.)

REPLY TO THE BOSTON BRIEF

To the extent that the Boston brief makes the same arguments as those found in the briefs of the New York appellees, no separate reply is necessary. However, Boston strongly emphasizes its lack of ability to compete under the existing rate structure and also places great emphasis on the managerial prerogative of the northern carriers to adjust rates so as to compete for traffic.

If New York could be eliminated from the picture, these arguments might have force, although Boston would still have to contend with other difficulties pointed out in the main brief of the appellant railroads (Brief of Baltimore & Ohio, et al., pp. 41-45). But the Commission has repeatedly ruled that there is no justification for putting Boston on the Baltimore basis unless New York is also to receive the same treatment. While the Commission has in some instances approved or even compelled *equalization* for the benefit of geographically handicapped ports, it has always recognized its lack of power to grant a *differential* to the handicapped port under such circumstances (See main Brief of Maryland Port Authority, et al., pp. 71-73).

REPLY TO BRIEF FOR THE UNITED STATES

The Solicitor General states that "the Commission appeared to rely in part upon an assumption that approval of the reductions proposed by the northern carriers would set off a rate war." He argues, however, that "even if true, this assumption would be irrelevant to a determination whether the proposed reductions would cause undue preference and prejudice" (Brief for United States, p. 20).

It is apparent that the Solicitor General has misunderstood the Commission's holding. He virtually concedes that where the Commission is faced with the necessity of choosing between prescribing a relationship and permitting needless dissipation of carrier revenues, it may properly disapprove proposed rates even though no violation of Section 3(1) of the Act has been shown (Brief for United States, pp. 38-40). Indeed, he suggests that the case be remanded to the Commission with instructions "to determine whether the evidence supports the finding that the proposed reductions threaten to set off a rate war which would lead to an unnecessary dissipation of carrier revenues, and, if so, to consider whether this finding warrants approval or disapproval of the proposed rates under appropriate sections of the Interstate Commerce Act other than Section 3(1)" (Brief for United States, p. 43).

But no remand is necessary for that purpose since the Commission has expressly found that a rate war has already been started. Moreover, the Commission has found that since "the greater distance of the northern tier ports from the affected territory, and the higher costs of services to and from those ports, are firmly established, * * * approval of respondents' proposed rates would require alternate approval of protestants' proposed rates. This might result in the rates gravitating to their lowest possible level and in a needless dissipation of carrier revenues" (P. 3805-3806).

The Solicitor General argues that these findings are not adequately supported because the Commission did not make "reasonably detailed cost-revenue comparisons on service to each of the ports" and made "no determination of the relationship between the fully distributed costs of any of the carriers and the proposed rates" (Brief for United States, p. 40). But there is not the slightest necessity in this case for the detailed studies and comparisons upon which the Solicitor General insists and the Commission was amply justified in making the findings on which it based its decision to exercise its power to prescribe rates by requiring maintenance of the existing differentials.

First as to cost of service, the fact that the southern tier ports enjoy domestic rates lower than those of the northern tier ports by a far wider margin than the export-import differentials is certainly indicative of the higher cost of service to and from the northern ports and the testimony in the record presented on behalf of the southern tier ports shows that the cost of service to and from the northern tier ports is indeed much higher (See summary and analysis of this testimony in the brief of appellant railroads, pp. 34-36). The appellees did not dispute this before the Commission. Instead when challenged to show their costs, the New York carriers flatly refused to do so, contending that such evidence would be irrelevant (R. 53). The Boston carriers did introduce cost evidence in an attempt to show that their rates would be compensatory, but made no effort to show costs as low as those of the southern carriers. Finally, the finding of the Commission that the higher costs of service to and from the northern tier ports "are firmly established" has not been challenged either in the District Court or here.

Granted the lower costs of the southern carriers, it is obvious that a rate war could only result in re-establishing the existing differentials at a lower level. Surely it requires no elaborate study of fully-distributed costs to show that such a pointless and futile exercise would result in the dissipation of badly needed carrier revenues. Nobody argues here that the carriers are not in need of revenues — least of all the appellees. They are not proposing to reduce rates for any purpose other than to establish parity.

If they fail in that, their whole case fails. Having made their bed, they must lie in it. *Boston and Maine Railroad v. United States*, 153 F. Supp. 952, 960 (D. Mass. 1957).

CONCLUSION

The judgment of the District Court should be reversed.

Respectfully submitted,

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No. 99

In the Supreme Court of the United States

OCTOBER TERM, 1962

INTERSTATE COMMERCE COMMISSION, APPELLANT
v.
BOSTON AND MAINE RAILROAD ET AL., APPELLEES

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

REPLY BRIEF FOR THE INTERSTATE COMMERCE COMMISSION

ROBERT W. GINNANE,
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I. K. HAY,
Deputy General Counsel,
Interstate Commerce Commission,
Washington 25, D.C.

MARCH 1963.

In the Supreme Court of the United States

OCTOBER TERM, 1962

No. 99

INTERSTATE COMMERCE COMMISSION, APPELLANT

v.

BOSTON AND MAINE RAILROAD ET AL., APPELLEES

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

REPLY BRIEF FOR THE INTERSTATE COMMERCE COMMISSION

1. The appellees' briefs tend to confuse the underlying issue of this case. That issue is not merely whether the appellee railroads have a right to reduce their rates on export-import traffic to better compete with the appellant railroads serving the southern tier ports, but whether the Interstate Commerce Commission is required as a matter of law to enforce rate parity with the appellee railroads upon the railroads serving the southern tier ports. The reduced rate proposals of the northern carriers were met by matching rate reductions proposed by the southern lines to maintain the existing rate differentials at a lower rate level. Before the Commission,

all of the parties were agreed that the issue was one of rate *relationships* rather than rate *levels.* The court below understood the real nature of the controversy, as shown by the reference in its judgment to "differential-eliminating rates."

In this Court, the brief of the New York Central and other railroads serving New York states (at pp. 10-11) that:

> "The validity of the Commission's order cancelling the retaliatory rate proposals of the Appellant railroads was not put in issue before the District Court. Appellants did not appeal the Commission's finding that their proposed rates were not just and reasonable. Therefore the District Court did not deal with them and they are not in issue in this appeal."

This is followed by the suggestion (at p. 48) (heavily qualified by a footnote) that "There is nothing in the decision of the District Court depriving Appellant railroads of freedom to propose reductions of their own rates * * *."

The Commission's finding that the countervailing reduced rates proposed by the southern carriers "are not shown to be just and reasonable" merely recognized the conditional nature of those rate reductions. As the Boston appellees accurately state in their brief (p. 5), "These differential-restoring rates were intended to take effect *only* if the simultaneously published parity rates were permitted to stand." The Commission made no finding that the countervailing reduced rates proposed by the southern carriers would be non-compensatory or otherwise unlawful in any particular respect. There is, therefore, no basis for a suggestion that the reduced rates proposed by the southern carriers have already been prescribed as unlawful, and that the issue is no longer one of rate *relationships*.

The true nature of the case is revealed in the brief of the Boston appellees in which, after asserting an unlimited right in the northern carriers to make competitive rate reductions, they urge that "Any differential-restoring rates which the southern tier carriers might publish therefore would be lower than needed to be competitive with the proposed rates of the Boston carriers" (at p. 58), and therefore unlawful.[1] This amounts to saying that the issue is whether enforced parity is required as a matter of law.[2]

2. The flat position of the Boston appellees (Br. pp. 58-59) (and the guarded suggestion of the New York appellees, Br. p. 48, fn.) that the southern carriers as a matter of law may not be permitted to lower their rates to respond to the competitive effect of rate re-

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[1] Indeed, this was the position of all of the appellees (except the United States) in their Motion to Affirm filed with this Court (at p. 23):

> "It is fundamental that if the appellee railroads lawfully reduce their rates to a basis of equality with the rates of the appellant railroads as a matter of necessity in order to meet competition, then a retaliatory reduction by appellants must be condemned as unnecessary to meet competition."

[2] Also, since the northern carriers do not challenge the Commission's findings as to the lower costs of the southern carriers, it amounts to a claim of "umbrella" rate protection such as some of the appellee carriers recently decried in *Interstate Commerce Commission et al.* v. *New York, N. H. & H. R. Co. et al.*, Nos. 108, 109, 110 and 125, argued before this Court in February 1963.

ductions by the northern carriers, coupled with Boston's view that its position does not stand or fall with that of New York, could have some dramatic consequences. It could mean that if the carriers serving Boston must be and are permitted to reduce their rates to the Baltimore level, they would have lower rates than the carriers serving New York and Philadelphia, and the latter, together with the carriers serving Baltimore, may not publish reduced rates which would be lower than necessary to be competitive with the rates of the Boston carriers ("competitive" presumably meaning to "allocate" a substantially increased share of export-import traffic to Boston and the carriers which serve it.)

3. The appellees misread both history and law in contending that distance has been "almost universally" disregarded in determining the rate relationships between carriers serving different ports (New York appellees' brief p. 17). It is true that there has been a substantial disregard of distance—as there has been in the North Atlantic differentials as to which distance and cost differences of the southern carriers, if not qualified, would warrant larger differentials (R. 3805). It was taken into account when the Commission prescribed differentials between Galveston and New Orleans which gave some recognition to the distance advantages of the former. The appellees' position that advantages of distance and cost must be wholly ignored in favor of the "competition" of enforced parity rates would mean that the Pennsylvania Railroad, which serves New York only via Philadelphia, must be required to

charge the same rate for hauling export-import traffic an additional 86 miles to and from New York, as it does to and from Philadelphia.

The true significance of the 1935 amendment to Section 3(1), read in the context of this Court's decision in *Texas & Pacific R. Co.* v. *United States*, 289 U.S. 627 (1933) which evoked it, is that it totally rejects the appellees' basic argument and the primary basis of the decision below. It is a rejection of the view that carriers serving a port have an unlimited right to reduce rates in competition for export-import traffic with carriers serving other ports without regard to any other consideration. It is an express affirmance of the position of the Commission and of four members of this Court in the *Texas & Pacific* case that ports, as such, have interests which may be subjected to undue preference and prejudice by the rate relationships between the carriers serving the respective ports, and that such discrimination can be "produced by charging equal rates for unequal service." (289 U.S. at 656). Finally, it is a recognition that the Commission may deal with these problems, as it did in the *Galveston* case and in the present case, by taking into account the distance and cost advantages and disadvantages of the carriers serving competing ports. The clear purposes of the 1935 amendment cannot be dissipated by generalizations from the Fink and Cooley arbitration reports (or from reports of the Commission).

4. In this Court, and for the first time, the Department of Justice urges that before the Commission could deal with the relationship between rates of the

carriers serving the northern and southern tier ports, respectively, "the Commission should have evaluated, as to each of the ports—northern and southern—data as to fully distributed costs. Similarly, it would seem that the Commission might appropriately make findings as to whether the proposed reductions would increase the traffic carried by the northern roads so as to reduce their line-haul unit costs below the 1955 average and their port terminal costs below those of September 1956 and what effect the reductions would have on the per-unit costs of carriage by the southern roads." (D. of J. br. 33).

(a) None of the appellees other than the Department of Justice is now challenging the Commission's finding that the carriers serving the southern tier ports have advantages of *distance and cost* over the carriers serving the northern tier ports. We submit that the Department of Justice should not be permitted to do so for the first time at this late date. The various parties to the proceeding before the Commission were entitled to develop their cases along the lines which they considered proper. Thus, the appellee railroads specifically declined to produce the detailed evidence as to their costs of serving the northern tier ports which the Department belatedly finds to be indispensable. The appellant carriers serving the southern tier ports produced extensive evidence as to their costs of serving those ports and New York. The Commission's conclusion as to relative costs, unchallenged here by the appellee railroads, was based upon this cost evidence. Certainly under these circumstances questions as to the quantum and quality of the cost evidence—the conclusions that could be validly drawn from it—are for the Commission to determine. *New York* v. *United States,* 331 U.S. 284, 328 (1947).

It is also important that even cases such as this should be determined by the Commission within a reasonable time and without imposing upon the parties expensive and time-consuming evidentiary burdens as to matters which they do not choose to put in issue.

(b) If the Department had recognized that the issue is one of rate relationships—whether the Commission was required to impose rate parity upon the railroads serving the North Atlantic ports, it would have further recognized that under its proposed evidentiary requirements the appellee carriers serving the northern tier ports have wholly failed to meet their burden of proof under Section 15(7) of the Act as to the lawfulness of their proposed rate reductions. Recognizing this, the New York appellees (Br. p. 68) attack the Department's approach on the ground that costs are wholly irrelevant.

(c) In another suggestion made for the first time in this Court, the Department proposes (Br. p. 43) that upon a remand:

> * * * the Commission should be directed to make findings as to whether each of the northern carriers which filed reduced rates serves the various southern tier ports direct from the

> differential territory or through joint rates covering such service. This finding is a prerequisite to the Commission's jurisdiction under Section 3(1) which applies only where a carrier gives an undue preference between ports which it serves. *Texas & Pacific Ry. Co.* v. *United States*, 289 U.S. 627; *New York* v. *United States*, 331 U.S. 284; *Ayrshire Collieries Corp.* v. *United States*, 335 U.S. 573. We do not suggest that such jurisdictional facts are lacking here; but, since neither the Commission nor the parties appear to have considered this question, it appears appropriate that the facts should be determined and set forth in the Commission's report.

Again, we fail to see why issues should be raised as to matters which the parties involved, presumably informed, are willing to take for granted. It should be noted that the identical question was raised by the three-judge court *sua sponte* in *New York Central R. Co.* v. *United States*, 207 F. Supp. 483 (S.D.N.Y., 1962), with respect to import rates on iron ore. That court stated in its opinion that "However, inquiry elicited that the New York Central and the Erie are parties to joint rates between Baltimore and differential territory" (id. at p. 489). What was there found to be the fact with respect to a single commodity is presumably true as to at least many of the countless commodities involved in this proceeding.

It is fair to assume that this is why none of th
appellee railroads has raised such an issue.

Respectfully submitted.

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MARCH 1963.

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Nos. 97 and 98.

In The

Supreme Court of the United States

October Term, 1962

BALTIMORE & OHIO RAILROAD CO.,
et al., *Petitioners*,

vs.

BOSTON & MAINE RAILROAD, et al.

Appeals from the United States District Court for the District of Massachusetts.

PETITION FOR REHEARING

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June 6, 1963.

The Daily Record Co., Baltimore, 3, Md.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1962

Nos. 97 and 98.

BALTIMORE & OHIO RAILROAD CO.
ET AL., *Petitioners,*

VS.

BOSTON & MAINE RAILROAD, ET AL.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF MASSACHUSETTS.

PETITION FOR REHEARING

MAY IT PLEASE THE COURT:

On May 20, 1963, the judgment below was affirmed *per curiam* by an equally divided Court. Mr. Justice White took no part in the consideration or decision of this case.

Petitioners respectfully request that the Court grant a rehearing in these cases.

The reason is easily stated. At the present time there is great confusion as to the proper standards for the Interstate Commerce Commission to employ in determining the lawfulness of freight rates on export-import traffic moving by rail through highly competitive ports. The decision of the lower court, which now stands affirmed, only adds to the confusion in at least two respects.

First. Before a proper relationship of freight rates is determined, the reasonableness of the rates is ordinarily first established. In the present case, a prior finding of reasonableness by the Commission was unnecessary because the Commission rejected the relationship which the proposed rates created. When, however, the lower court later upset the Commission's relationship findings, it suddenly became necessary to determine the reasonableness of the rates. *This the lower court did itself.* It performed the administrative function and evaluated the evidence, without remand to the Commission. In fact, the lower court found reasonableness despite strong inferences in the Commission's report that, had it been necessary for the Commission to deal with the subject, the proposed rates at New York would have been found non-compensatory (R. 3793-7).

Second. The lower court undertook to resolve a bitter controversy between two groups of carriers over rate relationships by merely finding that one group of carriers could exercise its right to compete with lower rates. The lower court did not even mention, let alone deny, the right of the other group of carriers (Petitioners in No. 97) to do likewise, and it completely ignored the fact that this other group of carriers had specifically exercised the right. Nor did the lower court refer to the Commission's finding that "approval of respondents' [appellees'] proposed rates would require alternate approval of protestants' [appellants'] proposed rates". (R. 3806).

Obviously, when rate relationships of the kind here involved are put in issue, only a tribunal with a national responsibility is qualified to arrive at decisions protecting the public interest. The Commission meets this qualification, but when its decisions are challenged on principle, only the Supreme Court should decide. Not only the parties but the public at large are entitled to such opinions by this Court.

Lower courts are in hopeless conflict.

In *Baltimore & Ohio Railroad Company v. United States*, 151 F. Supp. 258 (1957, D. Md.) relative distances were important in dealing with relationships of this kind, and in *New York Central R. Co. v. United States*, 207 F. Supp. 483 (1962, S.D. N.Y.), Judge Friendly remanded a similar controversy to the Commission to develop, among other things, the extent to which relative distances were supported by relative costs of transportation. Here, in the instant case, while recognizing that relative distances "might be relevant insofar as they reflect differences in the cost and value of the services of plaintiff and defendant railroads," the lower court completely disregards the Commission's finding that "the higher costs of service to and from those [the northern tier] ports, are firmly established" and the extensive evidence to be found in this record in support of that finding (R. 4004, 3806, 3854).

The Commission and the lower federal courts are thus left without any authoritative guidance in dealing with cases of this character. The situation is particularly acute because the Court has not really dealt with the subject since Congress amended the Interstate Commerce Act in 1935 to give ports the right to complain of undue preference and prejudice — an amendment that was the direct consequence of this Court's decision in *Texas & Pacific Ry. v. United States*, 289 U.S. 627 (1933).

At the very least, the cases should be remanded to the Commission, with direction to perform its proper administrative function of determining the compensatory character and reasonableness of the proposed rates. This would insure that an administrative function is performed by an agency of the federal government that has a direct, national responsibility and special qualifications for the task.

3

Conclusion

A rehearing should be granted with the hope that it would enable a majority opinion of the Court to be handed down. An alternative is a remand of this controversy to the Interstate Commerce Commission with direction to determine the reasonableness of the proposed rates.

Respectfully submitted,

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CERTIFICATE OF COUNSEL

Jervis Langdon, Jr. and William L. Marbury, counsel for the petitioners in No. 97 and No. 98, do hereby certify that the foregoing petition is presented in good faith and not for delay.

Jervis Langdon, Jr.,
William L. Marbury,
Counsel for Petitioners.

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No. 99

In the Supreme Court of the United States

OCTOBER TERM, 1962

INTERSTATE COMMERCE COMMISSION, APPELLANT

v.

BOSTON AND MAINE RAILROAD, ET AL., APPELLEES

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

PETITION FOR REHEARING

ROBERT W. GINNANE,
General Counsel,
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JUNE 1963.

In the Supreme Court of the United States

OCTOBER TERM, 1962

No. 99

INTERSTATE COMMERCE COMMISSION, APPELLANT

v.

BOSTON AND MAINE RAILROAD, ET AL., APPELLEES

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

PETITION FOR REHEARING

On May 20, 1963, this Court entered the following order in this case (and in Nos. 97 and 98):

> PER CURIAM.
>
> The judgment is affirmed by an equally divided Court.
>
> MR. JUSTICE WHITE took no part in the consideration or decision of this case.

Appellant Interstate Commerce Commission respectfully requests that the Court order rehearing in these consolidated appeals.

This Court on occasion has granted petitions for rehearing in cases where the original argument resulted in an automatic per curiam affirmance by an equally divided Court. In some of such cases, rehearing has produced a decisive majority in the Court and an opinion stating the grounds for decision.[1] We submit that the importance of the issues involved, together with the possible aftermaths of the decision below, warrant rehearing by this Court in the hope that further exploration of the issues might result in a majority.

In the original argument before this Court, there was no challenge to our contention that the real issue before the Court was whether the Commission was required to prescribe rate parity as between railroads serving the northern tier ports and railroads serving the southern tier ports, on a large volume of export-import traffic originating in or destined to the so-called differential territory, without regard to the undisputed distance and cost advantages of the southern lines. It is as obvious as it is undenied that the railroads serving the northern tier ports are not seeking a rate war (which they cannot afford) which would simply result in maintenance of the existing rate differentials on export-import traffic *at a lower rate level*. The appellee northern lines made clear in their pleadings filed before this Court that the issue was whether the Commission was required to enforce rate parity. It is fairly clear that they will urge that the decision below, as affirmed by this C urt, stands for that proposition. Thus, the Journal of Commerce for May 22, 1963, discusses the consequences of this Court's order of May 20, under the heading "*Feel Principles Set* Northern Tier Ports Confident on Rate Cuts", in part as follows:

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[1] *Railroad Commission of California v. Pacific Gas & Electric Co.*, affirmed by an equally divided Court, 301 U.S. 669; rehearing granted, 302 U.S. 771, reversed (6 to 2), 302 U.S. 388; *Gray v. Powell*, affirmed by an equally divided Court, 312 U.S. 666, rehearing granted, 313 U.S. 596, reversed (5 to 3), 314 U.S. 402; *Lisenba v. California*, affirmed by an equally divided Court, 313 U.S. 537, rehearing granted, 313 U.S. 597, affirmed (7 to 2), 314 U.S. 219; *Halliburton Oil Well Cementing Co. v. Walker*, affirmed by an equally divided Court, 326 U.S. 696, rehearing granted, 327 U.S. 812, reversed (8 to 1), 329 U.S. 1; *Ladner v. United States*, affirmed by an equally divided Court, 355 U.S. 282, rehearing granted, 356 U.S. 969, reversed (8 to 1), 358 U.S. 169.

> Jubilant New York port and railroad officials believe that their Supreme Court victory on Monday gives them sufficient ammunition to fight off any new attempt to restore the railroad rate differential favoring ports to the South.
>
> * * * * *
>
> John H. Colgren, counsel for the New York Central, commented yesterday that "the commission has the duty not to let rates gravitate to the lowest level."
>
> The Supreme Court has said many times that the ICC has "ample power" to prevent such a downward rate spiral, with its harmful effect on the transportation system, he declared.
>
> Moreover, Mr. Colgren said, the southern tier ports and carriers must "build a record" before they can launch any attempt to regain the differential. This means, he said, that the parity rates must be given a chance, to show whether or not they are detrimental.
>
> Now that the Supreme Court has affirmed the Boston decision, the latter is "the law of the land" and the burden of proof would rest on the southern carriers if they tried to put

through rates restoring the differential, Mr. Colgren pointed out.

* * * * * *

Clearly, the appellees are contending that the judgment and opinion of the court below supports their basic position. The judgment employs unique language in setting aside the Commission's order "insofar as it directs the cancellation of schedules proposing differential-eliminating rates to and from the Ports of Portland, Maine, Boston, Massachusetts, Albany and New York, New York, * * * and prevents differential-eliminating rates from becoming effective * * *". Obviously, the appellees contend that the concept of "differential-eliminating rates" precludes the southern lines from making retaliatory rate reductions, even though cost justified, which would restore the differentials at a lower rate level. However, the opinion of the court below, while emphasizing the right of the appellee northern lines to reduce their rates to meet competition, is silent as to whether and to what extent the southern lines may assert a similar right to reduce their rates for competitive reasons. Cf. *Interstate Commerce Commission et al. v. New York, N. H. & H. R. Co. et al.*, 372 U.S. 744.

Also, the court below stated in its opinion (R. 4004) that "Distance differences might be relevant insofar as they reflect differences in the cost and value of the services of [appellee] and [appellant] railroads, * * * but the Commission made no such cost or value findings nor does the record contain evidence from which it could make such findings." It is enough now to point out that before this Court there was no challenge to the Commission's finding (R. 3805-6) that "The greater distance of the northern tier ports from the affected territory, and the higher costs of service to and from those ports, are firmly established."

Thus, there is squarely presented the question of whether the Commission, in applying Section 3(1) of the Interstate Commerce Act to the problems of export-import rates to and from competing ports, may apply such transportation standards as relative distance and cost, or whether these standards must be wholly subordinated to the "competitive" principle of enforced rate parity. If, as we contend, the 1935 amendment to Section 3(1) was intended to abrogate this Court's reliance upon the "competitive" principle in *Texas & Pacific Ry. Co.* v. *United States*, 289 U.S. 627 (1933), it is peculiarly important to determine whether the will of the Congress has been effectuated. An authoritative construction of Section 3(1), as amended in 1935, is needed to guide carriers, ports, Commission and lower courts in the recurrent rate controversies between competing ports and the railroads serving them.

Looking only to the immediate possible consequences of the decision below, it should be noted that the direct competitive relationships between the appellant and appellee railroads and the North Atlantic ports which they serve respectively, present by far the most important of the various port competition situations in the country. We do not know what course of action the southern lines will attempt to pursue. If they propose countervailing rate reductions, does the decision below require the Commission to find such reductions unlawful—even though shown to be cost-justified? If, on the other hand, such countervailing rate reductions become effective, must the Commission permit the northern lines to reduce their rates still further regardless of costs?

The importance to all concerned of an authoritative disposition of the basic questions involved by this Court is further illustrated by the long and continuing controversy between most of the same railroads and ports over rates on imported iron ore. The history of the administrative proceeding and of the proceedings of the various Federal courts with respect to iron ore is summarized and discussed in our brief filed in this Court in the present case (I.C.C. brief p. 3, fn. 1; 40-42). It is clear that the ultimate determination of the iron ore controversy will involve at least some of the basic issues involved in this case. The prior judicial history of that controversy leaves no doubt that it will again be presented to this Court. We submit that it would be infinitely preferable to resolve these questions now in this case which involves many commodities and has a far greater impact upon carrier revenues and the interests of the various ports.

Accordingly, we respectfully submit that this petition for rehearing should be granted.

ROBERT W. GINNANE,
General Counsel,
I. K. HAY,
Deputy General Counsel,
Interstate Commerce Commission,
Washington 25, D.C.

JUNE 1963.

CERTIFICATE

I certify that this petition is presented in good faith and not for purposes of delay.

ROBERT W. GINNANE.